This is a translation from the original Appendix 4 dated 07.09.2010 and should not be read in substitution of the original Appendix 4. This translation of the original Appendix 4 dated 07.09.2010 does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Offer or to subscribe or purchase of any of the Mortgage and Public Sector Covered Bonds.

# Appendix 4
# approved by the Polish Financial Supervision Authority on September 7th 2010, to the Base Prospectus of BRE Bank Hipoteczny S.A., approved by the Polish Financial Supervision Authority on October 28th 2009

This Appendix 4 has been drawn up to update the Issue Prospectus by supplementing it with interim financial information for H1 2010 and with information on relevant changes in the period from January 1 to July 31st 2010, in connection with the publication of condensed financial statements of BRE Bank Hipoteczny S.A. for H1 2010 on August 31st 2010.

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**Page 2 of the cover**

*The last paragraph is changed to read as follows:*

During the subscription period the following documents will be on display at the Issuer's registered office: (a) the uniform text of the Issuer's Articles of Association, (b) the Issuer's financial statements for the year ended December 31st 2009 and December 31st 2008, prepared in accordance with the IFRS and audited (by PricewaterhouseCoopers Sp. z o.o.), along with the auditor's opinions and reports, (c) the Issuer's condensed financial statements for H1 2010, prepared in accordance with IAS 34 *Interim Financial Reporting*, containing comparative data for H1 2009 and reviewed by PricewaterhouseCoopers Sp. z o.o.), along with a review report, (d) this Prospectus, along with all Supplements, and (e) the Issuer's annual financial statements for two subsequent financial years which will end before the closing of the Programme but not before all Covered Bonds issued in the Programme are repurchased/redeemed.

**Chapter II.**

**Section 1.**
*The first paragraph is changed to read as follows:*

The financial information presented below is based on audited, IFRS-compliant financial statements prepared for the financial year ended December 31st 2009, including comparative data for the financial year ended December 31st 2008, and on condensed, IFRS-compliant financial statements for H1 2010, including comparative data for H1 2009. The financial information is supplemented with selected unaudited operating and financial data sourced from the Issuer's management accounts.

**Sub-Section 1.1**
*The first paragraph is changed to read as follows:*

As at the end of June 2010 the volume of the loan portfolio (including off-balance-sheet items) decreased slightly, by PLN 222,713 thousand relative to the end of 2009, the total on-balance-sheet and off-balance-sheet exposures reached PLN 4,300.3m as at the end of H1 2010 (commercial loans, housing loans, loans to local government institutions), and loans granted from January to June 2010 amounted to PLN 138,700 thousand (Table 3). In 2009, the volume of the loan portfolio (including off-balance-sheet items) decreased slightly, by PLN 504,685 thousand and the total off-balance sheet and on-balance-sheet exposures as at the end of 2009 reached PLN 4,523,042 thousand (commercial loans, housing loans, loans to local government institutions, and loans to public healthcare centres (ZOZ) guaranteed by local government institutions), while the value of loans advanced in 2009 alone stood at PLN 286,904 thousand (Table 3).

*The second paragraph is changed to read as follows:*

Commercial loans for the financing of commercial real estate accounted for 78.8% of the Bank's entire loan portfolio as at the end of H1 2010, and 79.1% as at the end of 2009. In terms of currency, PLN-denominated loans represented the largest share in the total portfolio, followed by EUR-denominated loans. As at the end of June 2010, foreign currency loans accounted for 39.6% of the aggregate loan portfolio (Table 2). From 2002 to mid 2008, the share of PLN-denominated loans grew steadily, which was attributable to strong volatility of exchange rates and the Bank's financing of residential developers who contracted mainly PLN-denominated loans. The rise in the share of foreign-currency loans, observed from 2008, was an outcome of such factors as the weakening of the złoty against the euro and the US dollar.

*Table 1 The Bank's total loan portfolio by product group (PLN '000)* is replaced with the following table:*

Table 1 The Bank's total loan portfolio by product group (PLN '000)*

| Product | | Jun 30 2010 | Jun 30 2009 | Change Jun 30 2010/ Jun 30 2009 | Dec 31 2009 | Dec 31 2008 | Change Dec 31 2009/ Dec 31 2008 |
|---|---|---|---|---|---|---|---|
| Commercial loans | *On-balance-sheet exposure* | 3,194,942 | 3,636,509 | -12.1% | 3,348,913 | 3,537,700 | -5.34% |
| | *Off-balance-sheet exposure* | 194,999 | 369,789 | -47.3% | 229,326 | 531,241 | -56.83% |
| | ***Total exposure*** | **3,389,941** | **4,006,298** | **-15.4%** | **3,578,239** | **4,068,942** | **-12.06%** |
| Housing loans | *On-balance-sheet exposure* | 57,829 | 67,835 | -14.7% | 58,586 | 70,804 | -17.26% |
| | *Off-balance-sheet exposure* | 940 | 1,687 | -44.3% | 839 | 1,448 | -42.05% |
| | ***Total exposure*** | **58,770** | **69,522** | **-15.5%** | **59,425** | **72,252** | **-17.75%** |
| Loans to local government institutions | *On-balance-sheet exposure* | 671,841 | 722,851 | -7.1% | 699,245 | 702,023 | -0.40% |
| | *Off-balance-sheet exposure* | 179,778 | 196,844 | -8.7% | 186,133 | 184,511 | 0.88% |
| | ***Total exposure*** | **851,618** | **919,695** | **-7.4%** | **885,378** | **886,534** | **-0.13%** |
| Total | *On-balance-sheet exposure* | 3,924,612 | 4,427,195 | -11.4% | 4,106,744 | 4,310,527 | -4.73% |
| | *Off-balance-sheet exposure* | 375,717 | 568,321 | -33.9% | 416,299 | 717,200 | -41.96% |
| | ***Total exposure*** | **4,300,330** | **4,995,516** | **-13.9%** | **4,523,042** | **5,027,728** | **-10.04%**. |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts. The presented portfolio values include loan interest and are net of impairment losses.*

*Table 2 "Total loan portfolio by currency and main product groups (%)" is replaced with the following table:*

Table 2 Total loan portfolio by currency and main product groups*

| Product | Jun 30 2010 | | | Jun 30 2009 | | | Dec 31 2009 | | | Dec 31 2008 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PLN | EUR | USD | PLN | EUR | USD | PLN | EUR | USD | PLN | EUR | USD |
| Commercial loans | 50.9% | 45.0% | 4.1% | 55.4% | 41.2% | 3.4% | 54.7% | 41.9% | 3.4% | 61.6% | 36.7% | 1.7% |
| Housing loans | 38.1% | 47.5% | 14.4% | 42.2% | 43.6% | 14.2% | 41.8% | 46.8% | 11.4% | 48.4% | 41.0% | 10.6% |
| Loans to local government institutions | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| **Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)** | **60.4%** | **36.1%** | **3.5%** | **63.4%** | **33.6%** | **3.0%** | **63.4%** | **33.8%** | **2.8%** | **68.2%** | **30.3%** | **1.5%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 3 Sales of loans – value and number of executed loan agreements, by product group (PLN '000)**

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Table 3 Sales of loans – value and number of executed loan agreements, by product group (PLN '000)*

| **Product** | **Jan 1 - Jun 30 2010** | | **Jan 1 - Jun 30 2009** | | **Jan 1 - Dec 31 2009** | | **Jan 1 - Dec 31 2008** | |
|---|---|---|---|---|---|---|---|---|
| | **value** | **number** | **value** | **number** | **value** | **number** | **value** | **number** |
| **Commercial loans** | **138,700** | **16** | **184,021** | **8** | **250,545** | **15** | **1,203,137** | **93** |
| including: | | | | | | | | |
| - construction projects | 16,722 | 3 | 0 | 0 | 0 | 0 | 428,687 | 17 |
| - refinancing of real estate | 57,278 | 9 | 3,500 | 1 | 48,079 | 5 | 274,803 | 43 |
| - land purchase | 0 | 0 | 2,362 | 1 | 2,362 | 1 | 79,101 | 7 |
| - loans to residential developers | 64,700 | 4 | 178,159 | 6 | 200,104 | 9 | 420,546 | 26 |
| **Loans to local government institutions** | **0** | **0** | **36,359** | **1** | **36,359** | **1** | **270,648** | **23** |
| Local government institutions | 0 | 0 | 36,359 | 1 | 36,359 | **1** | 243,648 | 22 |
| Public healthcare centres (loans guaranteed by local government institutions) | 0 | 0 | 0 | 0 | 0 | **0** | 27,000 | 1 |
| **Total** | **138,700** | **16** | **220,380** | **9** | **286,904** | **16** | **1,473,785** | **116** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

**Sub-Section: Loans for the Purchase or Refinancing of Existing Real Estate (including purchase of shares in special purpose vehicles holding real estate)**

*The sixth, seventh, eighth, ninth and tenth paragraphs are changed to read as follows:*

As at the end of H1 2010, the total value of the commercial loan portfolio was PLN 3,389,941 thousand (off-balance sheet and on-balance sheet exposures), and as at the end of 2009 it was PLN 3,578,239 thousand (off-balance sheet and on-balance sheet exposures). The change in the loan portfolio in 2009 and H1 2010 is attributable to reduced lending and repayment of loans originated in the previous years.

The loan portfolio comprises primarily agreements with large institutional clients (including chiefly loans for refinancing of commercial real estate and loans to residential developers, followed by loans for new construction projects). The average loan repayment period is 11.8 years. Loans bearing interest at variable rates prevailed in the portfolio. PLN-denominated loans had the largest share in the total commercial loan portfolio – 50.9% as at the end of June 2010.

The Bank financed chiefly developers investing in office and service buildings and in residential projects. Loans to developers investing in retail and warehouse space accounted for a significant portion of the commercial loan portfolio. The share of loans for the financing of hotels and entertainment and recreation facilities was not significant due to the higher credit risk involved in financing such projects.

A geographical diversification was clearly visible in the structure of the lending activity. Most of the projects financed by the Bank were located the Warsaw, Kraków and Wrocław Provinces; commercial loans advanced in these provinces accounted for 64.98% of the Bank's total on-balance-sheet exposures. The growing importance of the Gdańsk and Katowice Provinces in the portfolio's geographical structure is also worthy of notice.

In line with the concentration limits, the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's equity as at June 30th 2010 (i.e. PLN 108,837 thousand).

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**Sub-Section 1.1.2: Loans to Local Government Institutions**

*The first paragraph is changed to read as follows:*

In 2004, BRE Bank Hipoteczny S.A. started to provide financing to a new group of clients – local government institutions, and rapidly developed this business line in the following years.

The growth in the sales of loans to local government institutions and loans guaranteed by such institutions (contracted to finance public hospitals and healthcare centres) was attributable, among other things, to the low risk involved in lending to local government institutions as such entities have no legal capacity to go bankrupt. As no structural changes had been introduced in the Polish healthcare system, in 2008 the Bank discontinued the financing of public healthcare centres with loans guaranteed by local government institutions.

As at the end of H1 2010, the total value of off- and on-balance-sheet exposures to the public sector was PLN 851,618 thousand compared with PLN 885,378 thousand as at the end of 2009.

*The last but one paragraph is changed to read as follows:*

The average repayment period for loans from the local government institutions as at June 30th 2010 was 13.6 years.

**Sub-Section 1.1.3: Housing Loans to Retail Clients**

*The second paragraph is changed to read as follows:*

The total value of the housing loan portfolio as at the end of H1 2010 was PLN 58.77m, compared with PLN 59.43m as at the end of 2009. PLN-denominated loans represent the largest portion of the portfolio, and their share in total lending rose sharply – from approximately 10% in 2002 to 41.8% as at the end of 2009 and 38.1% as at the end of H1 2010.

*Table 4 "Housing loans to retail clients – value of the portfolio as at December 31st 2009" is replaced with the following table:*

Table 4 Housing loans to retail clients – total value of the portfolio as at June 30th 2010*

| Housing loans in | Total exposure (PLN m) |
|---|---|
| PLN | 22.41 |
| EUR | 27.89 |
| USD | 8.47 |
| **Total** | 58.77 |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

**Section 1.3: Issues of Covered Bonds**

*The first, second, third, fourth and fifth paragraphs are changed to read as follows:*

BRE Bank Hipoteczny S.A. has carried out a total of 28 issues of covered bonds, including 11 private placements and 17 public offerings, maintaining the leading position on the Polish covered bonds market as at the end of H1 2010. The total value of covered bonds issued by BRE Bank Hipoteczny and outstanding as at the end of H1 2010 was approximately PLN 2bn. The Bank offers chiefly covered bonds with three- and five-year maturities.

To the Issuer's knowledge, BRE Bank Hipoteczny S.A. has remained the largest issuer of covered bonds since they were first introduced into the Polish capital market in 2000, with a market share of approximately 68% as at the end of H1 2010.

In H1 2010, the Bank issued covered bonds for a total amount of PLN 50m. The issues comprised two tranches of mortgage covered bonds. In July 2010, the Issuer issued mortgage covered bonds for a total amount of PLN 200m.

*The sixth paragraph is changed to read as follows:*

As at June 30th 2010, the covered bonds issued by BRE Bank Hipoteczny S.A. were assigned an investment-grade rating by international rating agency Moody's Investors Service Ltd. (Baa2 for mortgage covered bonds and Baa1 for public sector covered bonds).

*The heading of Table 5 is changed to read as follows:*

Table 5 Mortgage Covered Bonds issued by BRE Bank Hipoteczny S.A., not traded on a regulated market as at June 30th 2010.

*Table 6 "Mortgage Covered Bonds issued by BRE Bank Hipoteczny S.A., traded on a regulated market as at December 31st 2009," is replaced with the following table:*

Table 6 Mortgage Covered Bonds issued by BRE Bank Hipoteczny S.A., traded on a regulated market as at June 30th 2010.

| Issue date | Maturity | Currency | Value ('000) | Moody`s rating |
|---|---|---|---|---|
| Nov 28 2007 | Nov 29 2010 | PLN | 170,000 | Baa2 |
| Mar 12 2008 | Sep 28 2010 | PLN | 200,000 | Baa2 |
| Apr 25 2008 | Apr 28 2011 | PLN | 250,000 | Baa2 |
| Jun 13 2008 | Jun 15 2011 | PLN | 200,000 | Baa2 |
| Oct 10 2008 | Oct 7 2011 | PLN | 150,000 | Baa2 |
| May 20 2009 | May 16 2011 | PLN | 60,000 | Baa2 |
| Jun 24 2009 | Jun 15 2012 | PLN | 300,000 | Baa2 |
| Apr 28 2010 | Apr 29 2013 | PLN | 25,000 | Baa2 |
| Apr 28 2010 | Apr 28 2014 | PLN | 25,000 | Baa2 |
| **Total** | | **PLN** | **1,380,000** | |

*Source: the Issuer.*

*The heading of Table 7 is changed to read as follows:*

Table 7 Public Sector Covered Bonds issued by BRE Bank Hipoteczny S.A., traded on a regulated market as at June 30th 2010.

*Table 8 "Issues of Mortgage Covered Bonds of BRE Bank Hipoteczny S.A. – redeemed as at December 31st 2009,." is replaced with the following table:*

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Table 8 Issues of Mortgage Covered Bonds of BRE Bank Hipoteczny S.A. – redeemed as at June 30th 2010.

| Issue date | Maturity | | Currency | Value ('000) |
|---|---|---|---|---|
| Jun 28 2000 | Jun 28 2005 | Private placement | PLN | 5,000 |
| Jul 29 2002 | Jul 31 2006 | Private placement | PLN | 50,000 |
| Sep 14 2001 | Sep 14 2004 | Private placement | EUR | 5,000 |
| May 20 2002 | May 20 2009 | Private placement | EUR | 10,000 |
| May 20 2003 | May 20 2009 | Private placement | EUR | 20,000 |
| May 20 2004 | May 20 2009 | Private placement | EUR | 25,000 |
| Sep 14 2001 | Sep 14 2004 | Private placement | USD | 10,000 |
| Nov 20 2001 | Nov 21 2005 | Private placement | USD | 10,000 |
| May 20 2002 | May 20 2008 | Private placement | USD | 10,000 |
| May 20 2004 | May 20 2009 | Private placement | USD | 25,000 |
| Apr 10 2003 | Apr 10 2008 | Public offering | PLN | 200,000 |
| Oct 23 2003 | Oct 10 2008 | Public offering | PLN | 200,000 |
| Apr 14 2005 | Apr 12 2010 | Public offering | PLN | 100,000 |

*Source: the Issuer.*

## 2. Financial Information

*The first paragraph is changed to read as follows:*

The financial information presented below is based on audited, IFRS-compliant financial statements prepared for the financial year ended December 31st 2009, including comparative data for the financial year ended December 31st 2008, and on condensed financial statements for H1 2010, prepared in accordance with IAS 34 *Interim Financial Reporting*, including comparative data for H1 2009. The financial information is supplemented with selected unaudited operating and financial data sourced from the Issuer's management accounts.

*Table 9 "Selected financial data of the Issuer (PLN '000)" is replaced with the following table:*

Table 9 Selected financial data of the Issuer (PLN '000)

| | Jun 30 2010 | Jun 30 2009 | Dec 31 2009 | Dec 31 2008 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and balances with Central Bank | 18,533 | 41,202 | 14,680 | 15,537 |
| Amounts due from other financial institutions | 30,319 | 176,038 | 6,779 | 42,828 |
| Derivative financial instruments | 1,434 | 33,962 | 1,349 | 59,730 |
| Amounts due from non-financial sector | 3,924,612 | 4,427,195 | 4,106,744 | 4,310,527 |
| Investment securities | 279,609 | 147,674 | 308,806 | 224,445 |
| Pledged assets | 2,579 | 2,566 | 2,743 | 1,292 |
| Investments in subsidiaries | 65 | 65 | 65 | 65 |
| Intangible assets | 1,920 | 2,425 | 2,160 | 2,387 |
| Property, plant and equipment | 7,829 | 8,743 | 8,408 | 9,658 |

| | | | | |
|---|---|---|---|---|
| Deferred tax assets | 7,821 | 4,391 | 7,345 | 7,696 |
| Other assets | 2,280 | 5,682 | 5,863 | 939 |
| **Total assets** | **4,277,001** | **4,849,943** | **4,464,942** | **4,675,104** |

*Source: Issuer's financial statements.*

*Table 10 “Selected financial data of the Issuer (PLN ‘000)” is replaced with the following table:*

Table 10 Selected financial data of the Issuer (PLN ‘000)

| | **Jun 30 2010** | **Jun 30 2009** | **Dec 31 2009** | **Dec 31 2008** |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| Amounts due to other financial institutions | 1,530,465 | 1,759,884 | 1,559,839 | 1,672,447 |
| Derivative financial instruments | 5,015 | 4,970 | 2,346 | 2,346 |
| Amounts due to non-financial sector | 185,183 | 215,425 | 239,949 | 217,981 |
| Liabilities under debt securities in issue | 2,096,602 | 2,440,967 | 2,221,470 | 2,358,941 |
| Subordinated liabilities | 100,234 | 100,267 | 100,265 | 100,369 |
| Other liabilities, including: | 2,888 | 2,337 | 3,266 | 9,993 |
| - income tax payable | - | - | - | 4,411 |
| **Total liabilities** | **3,920,387** | **4,523,850** | **4,127,135** | **4,362,077** |
| | | | | |
| **Equity** | | | | |
| Share capital | 175,000 | 175,000 | 175,000 | 175,000 |
| Retained earnings | 181,833 | 335 | 162,697 | 137,563 |
| - Profit/(loss) brought forward | 162,550 | **150,758** | 137,400 | 94,500 |
| - Current year profit/(loss) | 19,283 | 137,400 | 25,297 | 43,063 |
| Other items of the equity | (219) | 13,358 | 110 | 464 |
| **Total equity** | **356,614** | **326,093** | **337,807** | **313,027** |
| | | | | |
| **Total equity and liabilities** | **4,277,001** | **4,849,943** | **4,464,942** | **4,675,104** |

*Source: Issuer's financial statements.*

*The text below Table 10 is changed to read as follows:*

The Bank's balance-sheet total as at the end of H1 2010 was PLN 4,277,001 thousand and was lower than at the end of 2009 by PLN 187,941 thousand. 2009 saw a slight drop in the Bank's balance-sheet total – by PLN 210,162 thousand, to PLN 4,464,942 thousand as at December 31st 2009.
The key item of assets was amounts due from non-financial sector. They accounted for 91.8% of total assets as at June 30th 2010 and for 92.0% of total assets as at December 31 2009.

The Bank's total loan portfolio as at the end of June 2010 amounted to PLN 4,300,329.7 thousand. Compared with the end of 2009, its value slightly fell as a result of the Bank’s policy in this respect. As at the end of H1 2010, 78.8% of amounts due from non-financial sector (gross) were amounts due from corporate clients, and the remaining 21.2% – from retail clients and the budget sector.

In 2009, the value of the loan portfolio decreased slightly, by PLN 504,685 thousand, on the 2008 year-end figure. The lending activity was financed chiefly with a PLN 21,968 thousand increase in amounts due to non-financial sector, issue of debt securities, and with net profit, which in 2009 reached PLN 25,297 thousand.
The main item of the Bank's equity and liabilities is liabilities under debt securities in issue, which as at June 30th 2010 accounted for 49.0% of the balance-sheet total (49.8% as at the end of 2009). The debt securities in

issue comprise covered bonds and bonds. As at the end of H1 2010, liabilities under mortgage covered bonds and public sector covered bonds fell by PLN 45,037 thousand, while those under bonds went down by PLN 79,831 thousand from the 2009 year-end level.

Other items of liabilities are amounts due to other financial institutions (with a 35.8% share in total equity and liabilities as at June 30th 2010 and 34.9% as at December 31st 2009) and liabilities to non-financial sector (4.3% and 5.4% of total equity and liabilities as at June 30th 2010 and December 31st 2009, respectively).

*Table 11 Off-balance-sheet items (PLN '000) is replaced with the following table:*

Table 11 Off-balance-sheet items (PLN '000)

| **Contingent liabilities and commitments** | **Jun 30 2010** | **Jun 30 2009** | **Dec 31 2009** | **Dec 31 2008** |
|---|---|---|---|---|
| Financial commitments and liabilities | 378,739 | 572,355 | 419,793 | 722,020 |
| Interest rate derivatives | 996,183 | 1,852,634 | 695,310 | 2,426,007 |
| Foreign currency derivatives | 330,896 | 733,704 | - | 769,025 |
| Financial commitments received | 19,602 | 270,404 | 268,654 | 269,046 |
| **Total off-balance sheet items** | **1,725,420** | **3,429,097** | **1,383,757** | **4,186,098** |

*Source: Issuer's financial statements.*

*Table 12 Selected items of the income statement (PLN '000) is replaced with the following table:*

Table 12 Selected items of the income statement (PLN '000)

| | **H1 2010** | **H1 2009** | **2009** | **2008** |
|---|---|---|---|---|
| Interest income | 112,252 | 141,497 | 261,546 | 297,581 |
| Interest expense | -72,977 | -109,328 | -193,648 | -215,755 |
| **Net interest income** | **39,275** | **32,169** | **67,898** | **81,826** |
| | | | | |
| Fee and commission income | 644 | 2,438 | 3,221 | 3,116 |
| Fee and commission expense | -511 | -786 | -1,327 | -1,125 |
| **Net fee and commission income** | **133** | **1,652** | **1,894** | **1,991** |
| | | | | |
| **Trading profit, including:** | **1,479** | **1,491** | **1,391** | **8,620** |
| *Foreign exchange gains/(losses)* | *1,719* | *2,552* | *1,858* | *7,091* |
| *Profit/(loss)on other trading activities* | *-240* | *-1,061* | *-467* | *1,529* |
| Other operating income | 405 | 525 | *1,170* | 1,060 |
| Net impairment losses on loans | -887 | -1,038 | *-4,670* | -2,031 |
| General and administrative expenses | -16,200 | -16,135 | *-31,451* | -34,652 |
| Depreciation and amortisation | -1,669 | -1,602 | *-3,213* | -2,888 |
| Other operating expenses | -22 | -400 | *-545* | -818 |
| **Operating profit/(loss)** | **22,514** | **16,662** | **32,474** | **53,108** |
| | | | | |
| **Pre-tax profit** | **22,514** | **16,662** | **32,474** | **53,108** |
| Corporate income tax | -3,231 | -3,304 | -7,177 | -10,045 |
| **Net profit** | **19,283** | **13,358** | **25,297** | **43,063** |

*Source: Issuer's financial statements.*

*The text below Table 12 is changed to read as follows:*

The main item of the Bank's income was interest on banking transactions. Similarly, expenses were dominated by interest expense. These items had a decisive effect on the operating profit, which amounted to PLN 22,514 thousand for H1 2010, and was PLN 5,852 thousand higher than the operating profit earned for H1 2009. The operating profit for 2009 was PLN 32,474 thousand (down by PLN 20,634 thousand on the operating profit for 2008).

The financial performance for H1 2010 improved chiefly on the back of higher net interest income (increase by PLN 7,106 thousand from H1 2009), lower other operating expenses (down by PLN 378 thousand and lower net impairment losses on loans and borrowings (down by PLN 151 thousand). The net fee and commission income fell by PLN 1,519 thousand, general and administrative expenses rose by PLN 65 thousand, and other operating income decreased by PLN 120 thousand. The net profit was PLN 19,283 thousand and was higher by PLN 5,925 thousand compared with H1 2009.

The deteriorated financial performance in 2009 was chiefly an outcome of lower net interest income (down by PLN 13,928 thousand), lower trading profit (down by PLN 7,229 thousand), as well as higher net impairment losses on loans (up by PLN 7,229 thousand). At the same time, general and administrative expenses and other operating expenses fell by PLN 3,201 thousand and PLN 273 thousand, respectively. As a result, the net profit reached PLN 25,297 thousand and was lower by PLN 17,766 thousand compared with 2008.

## Chapter III.

### Section 1.1: Credit Risk

*The second paragraph is changed to read as follows:*

As at June 30th 2010, the Issuer's loan portfolio was of high quality, evidenced by a low share (1.78%) of impaired loans in the total gross credit exposure.

*Table 13 "Quality of the Bank's loan portfolio" is replaced with the following table:*

Table 13 Quality of the Bank's loan portfolio

| | Jun 30 2010 | | Dec 31 2009 | | Dec 31 2008 | |
|---|---|---|---|---|---|---|
| **Amounts due from non-financial sector** | **Exposure (PLN '000)** | **Share/coverage (%)** | **Exposure (PLN '000)** | **Share/coverage (%)** | **Exposure (PLN '000)** | **share/coverage (%)** |
| Not past due, not impaired | 3,564,117 | 90.43 | 3,950,350 | 95,82 | 3,971,880 | 91.90 |
| Past due, not impaired | 307,207 | 7.79 | 125,659 | 3,05 | 315,440 | 7.30 |
| Impaired | 70,053 | 1.78 | 46,613 | 1,13 | 34,427 | 0.80 |
| **Total gross** | **3,941,377** | **100.00** | **4,122,622** | **100,00** | **4,321,747** | **100.00** |
| Impairment charge (on impaired loans and not impaired loans) | -16,765 | 0.43 | -15,878 | 0,39 | -11,220 | 0.26 |
| **Total net** | **3,924,612** | **99.57** | **4,106,744** | **99,61** | **4,310,527** | **99.74** |

*Source: Issuer's financial statements.*

*Sub-Section: "High Share of Commercial Loans in the Loan Portfolio" is changed to read as follows:*

As at June 30th 2010, the share of commercial loans in the Issuer's total loan portfolio (on-balance-sheet and off-balance-sheet exposures) was at a high level of 78.83%.

As BRE Bank Hipoteczny S.A. is a mortgage bank, the credit risk which it can take is limited by a number of provisions of the Covered Bond and Mortgage Banks Act, dated August 29th 1997, including:

- the concept of the mortgage lending value of real estate and the rules for determining the value;
- Limit on the share of loans exceeding 60% of the mortgage lending value of real estate in the total loan portfolio, whose value may not exceed 30% of the loan portfolio value (Art. 13.1) – as at June 30th 2010, the share was 20.37% (representing 67.89% of limit utilisation),
- Limit on refinancing of loans under covered bonds of up to 60% of the mortgage lending value of real estate (Art. 14) – a mortgage bank may apply the proceeds from issue of covered bonds to refinance mortgage-backed loans and acquired claims of other banks under mortgage-backed loans originated by those banks; however, the amount of such refinancing may not exceed the equivalent of 60% of mortgage lending value of real estate – as at June 30th 2010, it amounted to 56.08% (representing 56.08% of the limit utilisation),
- Limit on the share of loans secured with real estate under construction (Art. 23.1) – receivables secured with mortgages created during the execution of construction projects may not exceed 10% of the aggregate value of the mortgage-backed receivables which are the basis for issuing mortgage covered bonds – as at June 30th 2010, the share was 5.05% (representing 50.52% of the limit utilisation),

and of the Polish Banking Law of August 29th 1997:

- Limit on large exposures (in excess of 10% of the Bank's equity), whose value may not exceed 800% of the Bank's equity (Art. 71.2) – as at June 30th 2010, it was 334% (representing 41.7% of the limit utilisation),
- Limit on concentration with respect to a single entity or group of entities with equity or organisational links, under which the concentration may not exceed 25% of the Bank's equity (Art. 71.1.2) – as at June 30th 2010, the limit was not exceeded.

As at June 30th 2010, none of the above limits was exceeded.

As at June 30th 2010, the Bank's equity was PLN 435,349.5 thousand.

As at the end of June 2010, loans exceeding 10% of the Bank's equity totalled PLN 728,827.66 thousand, i.e. 167.4% of the Bank's equity. Pursuant to Art. 71.6 of the Banking Law, the Bank's Management Board is required to promptly notify the Polish Financial Supervision Authority each time the limit of 10% of the Bank's equity is exceeded with respect to the level of the Bank's receivables or off-balance sheet liabilities and commitments exposed to the risk relating to a single entity or a group of entities with equity or organisational links. Such notifications are submitted on a monthly basis.

**Sub-Section: High Share of Foreign Currency Loans in the Loan Portfolio**

*The first paragraph is changed to read as follows:*

As at June 30th 2010, the share of foreign currency loans in the Issuer's total loan portfolio (on-balance-sheet and off-balance-sheet exposures) was 39.6%.

*The third and fourth paragraphs are changed to read as follows:*

As at June 30th 2010, foreign-currency loans accounted for 49.1% of commercial loans. A relatively high share of foreign-currency loans in the Bank's commercial portfolio follows from the specific nature of the real estate market. A majority of the cash flows, including income from the rental of commercial real estate, is expressed and generated in foreign currencies. The main group of funds for the repayment of commercial loans is the income from the rental of real estate purchased with a loan. Loans denominated in the euro and the U.S. dollar are granted provided that the currency is consistent with the currency of respective incomes and that the dates for rent payment and debt servicing are consistent. These measures limit the effects of potential depreciation of the złoty on the loan portfolio quality.

As at the end of H1 2010, PLN-denominated loans represented 60.4% of the total loan portfolio (63.4% as at the end of 2009 and 68.2% at the end of 2008). The changing share of Polish currency loans is attributable, among other things, to exchange rate volatility and the high share of commercial loans, of which a large portion is denominated in foreign currencies. In the recent years, the importance of PLN-denominated loans has been growing, driven by, among other things, the growing share of loans to residential developers and local government institutions, which are – as a rule – denominated in the złoty. New loans for residential developers were granted in the złoty, and new loans for commercial developers were denominated in the złoty and the euro.

**Sub-Section: High Share of Variable Interest Rate Loans in the Loan Portfolio**

*The first paragraph is changed to read as follows:*

As at December 31st 2009, the proportion of variable interest rate loans to the total credit portfolio was high and amounted to 97.9% of the Issuer's credit exposure. A significant and lasting increase in interest rates may affect the borrowers' ability to service and repay debt. Consequently, this could have a bearing on the Bank's performance and have an adverse effect on the Issuer's ability to service and repurchase Covered Bonds.

(...)

**Sub-Section: Geographical and Sectoral Concentration of the Loan Portfolio**

*The first paragraph is changed to read as follows:*

Pursuant to the credit policy, the real estate financed by the Bank should be situated in prime locations enabling its re-sale in a long term. These factors are reflected in the geographical structure of the loan portfolio. As at the end of June 2010, 64.98% of the Bank's entire commercial loan portfolio was real estate located in the Warsaw, Kraków and Wrocław Provinces. The capital cities of provinces show the highest demand for real estate. The largest cities, enjoying the fastest rates of economic growth, attract investors who have access to substantial sources of capital abroad. These cities are good markets for commercial real estate, which can be leased out in a relatively short time.

*Table 14 "Loans by geographical exposure*" is replaced with the following table:*

Table 14 Loans by geographical exposure*

| **Commercial loans and loans to local government institutions - geographical exposure (by provinces)** | **Jun 30 2010**<br>**Share in on-balance-sheet exposure** | **Dec 31 2009**<br>**Share in on-balance-sheet exposure** | **Dec 31 2008**<br>**Share in on-balance-sheet exposure** |
|---|---|---|---|
| Warsaw Province | 35.14% | 36.88% | 36.83% |
| Wrocław Province | 13.64% | 13.17% | 14.41% |
| Kraków Province | 10.95% | 10.22% | 8.49% |
| Gdańsk Province | 8.45% | 8.52% | 7.65% |
| Katowice Province | 7.25% | 6.70% | 6.82% |
| Poznań Province | 5.40% | 5.48% | 5.60% |
| Łódź Province | 4.87% | 4.86% | 4.39% |
| Bydgoszcz Province | 3.05% | 3.13% | 4.05% |
| Szczecin Province | 2.65% | 2.67% | 2.60% |
| Lublin Province | 2.50% | 2.45% | 2.48% |
| Olsztyn Province | 1.65% | 1.62% | 1.61% |
| Zielona Góra Province | 1.50% | 1.49% | 1.56% |
| Rzeszów Province | 1.10% | 1.08% | 1.09% |

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| | | | |
|---|---|---|---|
| Opole Province | 0.85% | 0.71% | 0.75% |
| Białystok Province | 0.58% | 0.58% | 1.20% |
| Kielce Province | 0.41% | 0.42% | 0.47% |
| **Total** | **100.00%** | **100.00%** | **100.00%** |

*Source: The Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 15 "Loans by sector exposure*" is replaced with the following table:*

Table 15 Loans by sector exposure*

| **Loans, by sector exposure - type of loan-financed project** | **Jun 30 2010 Share in on-balance-sheet exposure** | **Dec 31 2009 Share in on-balance-sheet exposure** | **Dec 31 2008 Share in on-balance-sheet exposure** |
|---|---|---|---|
| Office and service buildings | 29.04% | 26.21% | 23.15% |
| Local government institutions | 17.37% | 17.27% | 16.56% |
| Residential development projects | 14.14% | 18.62% | 20.75% |
| Retail space | 14.10% | 12.98% | 13.31% |
| Warehouse space | 8.06% | 7.73% | 7.47% |
| Office and retail complexes | 6.88% | 6.66% | 6.59% |
| Land | 4.35% | 4.52% | 5.59% |
| Hotels | 3.79% | 3.73% | 3.91% |
| Other | 1.21% | 1.22% | 1.59% |
| Entertainment and recreation facilities | 1.06% | 1.05% | 1.08% |
| Total | 100.00% | 100.00% | 100.00% |

*Source: The Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

**Section 1.2 Market Risk**

**Sub-Section: Liquidity Risk**

*The first paragraph is changed to read as follows:*

Liquidity risk relates to differences between maturities of the Bank's assets and liabilities, typical of all banks, including mortgage institutions. At the current stage of the Bank's development, as regards covered bonds, there is a mismatch in maturities between the issued securities and the loans securing their redemption, specified in the register of collateral for covered bonds. As at the end of June 2010, liabilities with a principal-weighted average maturity of 1.18 years were used to finance assets with an average maturity of 6.85 years and duration of 5.84 years, including depreciation of the principal. Therefore, it may prove necessary at the maturity dates of Covered Bonds to refinance part of the debt under the Bonds through, for instance, new securities issues or obtaining financing from other banks. The Bank strives to eliminate the mismatch between its assets and liabilities used to finance those assets, while enhancing the stability of its sources of financing, which is done by extending the maturities of long-term covered bonds and by contracting long-term liabilities under loans and deposits with other banks. As at the end of June 2010, the average maturity of the issued covered bonds was 1.08 years in the case of mortgage covered bonds and 1.84 years in the case of public sector covered bonds. The average maturity of long-term deposits was 1.18 year. The average maturity of mortgage covered bonds issued in H1 2010 was 3.33 years.

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**Sub-Section: Risk Related to Investment in Covered Bonds**

*The information was updated to reflect the situation as at June 30th 2010.*

*Previous wording:*

As at December 31st 2009:

- The proportion of loans advanced by the Bank for projects under construction to the total value of mortgage-backed receivables entered in the register of collateral for covered bonds was 5.94%, which represented a decline of 0.86 percentage points relative to December 31st 2008.
- The share of the value of receivables secured with mortgages created on real estate intended for development in accordance with the zoning plan represented 0% of the value of the receivables secured with mortgages created during the execution of construction projects and serving as the basis for issuing mortgage covered bonds.
- The Bank did not maintain substitute security for issues of mortgage covered bonds and public sector covered bonds in 2008–2009.
- The value of the mortgage covered bonds and public sector covered bonds issued by the Bank represented 478.79% of the Bank's equity, having declined by 31.27 percentage points relative to December 2008.
- The total value of outstanding mortgage covered bonds and public sector covered bonds issued by the Bank was PLN 1,458,503 thousand and PLN 570,000 thousand, respectively. They were secured with receivables totalling PLN 2,127,867.6 thousand and PLN 700,199.67 thousand.
- The total value of outstanding mortgage covered bonds increased by 3.95% relative to the end of 2008, while the value of loan receivables entered in the register of collateral for mortgage covered bonds grew by 8.49%.
- The total value of outstanding public sector covered bonds did not change relative to the end of 2008, while the value of loan receivables entered in the register of collateral for public sector covered bonds grew by 1.78%.
- The value of mortgage-backed loans in the part above the 60% threshold of the mortgage lending value of real estate represented approximately 20.6% of the total value of all mortgage-backed loans (the maximum permitted level is 30%).
- The value of mortgage covered bonds is issue represented 54.31% of the value of mortgage-backed loans in the part not exceeding the 60% threshold of the mortgage lending value of real estate. This means that PLN 1,226,855 thousand still remains to reach the limit.
- The total overcollateralisation of receivables in the register of collateral for mortgage covered bonds amounted to PLN 669,364 thousand and represented 45.89% of the value of receivables serving as the basis for issuing mortgage covered bonds. This figure is by 6.11 percentage points higher relative to the end of 2008. The value of receivables in the register allows for an additional issue of PLN 475,922 thousand, taking into account the 10-percent overcollateralisation for mortgage covered bonds.
- The total overcollateralisation of receivables in the register of collateral for public sector covered bonds amounted to PLN 130,200 thousand and represented 22.84% of the value of receivables serving as the basis for issuing public sector covered bonds. This figure is by 2.15 percentage points higher compared with the end of 2008. The value of receivables in the register allows for an additional issue of PLN 90,566 thousand, taking into account the 6% overcollateralisation for public sector covered bonds.

*New wording:*

As at June 30th 2010:

- The proportion of loans advanced by the Bank for projects under construction to the total value of mortgage-backed receivables entered in the register of collateral for covered bonds was 5.05%, which represented a decline of 0.89 percentage points relative to December 31st 2009.
- The share of the value of receivables secured with mortgages created on real estate intended for development in accordance with the zoning plan represented 0% of the value of the receivables secured with mortgages created during the execution of construction projects and serving as the basis for issuing mortgage covered bonds.
- The Bank did not maintain substitute security for issues of mortgage covered bonds and public sector covered bonds in 2008–2009 and H1 2010.
- The value of the mortgage covered bonds and public sector covered bonds issued by the Bank represented 455.71% of the Bank’s equity, having declined by 23.08 percentage points relative to the end of December 2009.
- The total value of outstanding mortgage covered bonds and public sector covered bonds issued by the Bank was PLN 1,413,946 thousand and PLN 570,000 thousand, respectively. They were secured with receivables totalling PLN 2,039,102.7 thousand and PLN 674,572.3 thousand.
- The total value of outstanding mortgage covered bonds dropped by 3.05% relative to the end of 2009, while the value of loan receivables entered in the register of collateral for mortgage covered bonds fell by 4.17%.
- The total value of outstanding public sector covered bonds did not change relative to the end of 2009, while the value of loan receivables entered in the register of collateral for public sector covered bonds fell by 3.66%.
- The value of mortgage-backed loans in the part above the 60% threshold of the mortgage lending value of real estate represented approximately 20.4% of the total value of all mortgage-backed loans (the maximum permitted level is 30%).
- The value of mortgage covered bonds is issue represented 56.08% of the value of mortgage-backed loans in the part not exceeding the 60% threshold of the mortgage lending value of real estate. This means that PLN 1,107,512.5 thousand still remains to reach the limit.
- The total overcollateralisation of receivables in the register of collateral for mortgage covered bonds amounted to PLN 625,156.7 thousand and represented 44.21% of the value of receivables serving as the basis for issuing mortgage covered bonds. This figure is by 1.78 percentage points lower relative to the end of 2009. Given the value of receivables in the register, the Bank is statutorily permitted to make an additional issue of PLN 439,783.7 thousand, taking into account the 10-percent overcollateralisation for mortgage covered bonds.
- The total overcollateralisation of receivables in the register of collateral for public sector covered bonds amounted to PLN 104,572.3 thousand and represented 18.35% of the value of receivables serving as the basis for issuing public sector covered bonds. This figure is lower by 4.5 percentage points compared with the end of 2009. The value of receivables in the register allows for an additional issue of PLN 66,389 thousand, taking into account the 6% overcollateralisation for public sector covered bonds.

**Section 2**

**Risk Factors Connected with the Issuer’s Business Environment**

**Sub-Section: Growing Competition in the Banking Sector**
*The first paragraph is changed to read as follows:*

Competition from local universal banks may interfere with the Issuer’s intention to increase the share of commercial loans in its total loan portfolio. Universal banks’ competitive advantage in the commercial loans sector follows from the lower refinancing costs of most such banks, more developed sales networks, greater awareness of their brands among clients and, in some cases, more lenient approach to the assessment of a potential borrower’s creditworthiness. In addition, the Bank faces competition from major universal banks in large-scale projects financing. This is a consequence of such banks having larger capital than the Issuer. The Bank's equity as at December 31st 2009 amounted to PLN 435,349.53 thousand, thus, according to the banking law, the Issuer's credit exposure per client (or group of clients with capital links) may reach PLN 108,837 thousand, therefore the Bank may only finance large-scale projects as a member of syndicates. The Bank intends to focus on financing medium-scale projects.

**Chapter V**

**Section 6**

*The section is changed to read as follows:*

**6. Auditor**

The Auditor is associated with the Issuer by virtue of a contract for the audit of the Issuer's financial statements. PricewaterhouseCoopers Sp. z o.o. audited the Issuer's financial statements for the year ended December 31st 2009, December 31st 2008 and December 31st 2007 and issued opinions and reports on those financial statements. PricewaterhouseCoopers Sp. z o.o. also reviewed the Issuer's condensed financial statements for H1 2010 and H1 2009.

PricewaterhouseCoopers Sp. z o.o. has no financial interest contingent upon a successful completion of the Public Offering of the Covered Bonds.

**Chapter VII**

**Sub-Section: Share Capital, Major Shareholders, and Related Party Transactions**

**Previous wording:**

[...]
As at December 31st 2009, BDH's share capital amounted to PLN 65,000. The Bank holds 100% of shares in BDH and all votes at the shareholders meeting. As at December 31st 2009, BDH did not conduct operations.

[...]
The Bank's liabilities to BRE Bank S.A. include in particular a subordinated loan. As at December 31st 2009, the amount due to BRE Bank S.A. was PLN 101,945 thousand.

[...]

The Bank's liabilities to Commerzbank AG comprise chiefly loans received: as at December 31st 2009 the amount of the liabilities was PLN 1,560,505 thousand (including PLN 1,234,600 thousand under loans, PLN 324,384 thousand under deposits and PLN 1,521 thousand under derivative instruments).

[...]

*New wording:*

[...]
As at June 30th 2010, BDH's share capital amounted to PLN 65,000. The Bank holds 100% of shares in BDH and all votes at the shareholders meeting. As at June 30th 2010, BDH did not conduct operations.

[...]
The Bank's liabilities to BRE Bank S.A. as at June 30th 2010 amounted to PLN 981,993 thousand, including PLN 100,234 thousand under a subordinated loan, PLN 46,868 thousand under deposits, PLN 831,774 thousand under loans, and PLN 3,117 thousand under derivative instruments.
On July 22nd 2010, BRE Bank Hipoteczny and BRE Bank S.A. entered into an agreement on a stand-by loan of up to PLN 200,000 thousand.

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[...]

As at June 30th 2010, the Bank's liabilities to Commerzbank AG amounted to PLN 653,718 thousand, including PLN 414,927 under loans, PLN 236,897 thousand under deposits, and PLN 1,894 thousand under derivative instruments).

[...]

**Chapter VIII**

**Section 1.3**

*The first paragraph is changed to read as follows:*

The financial information presented below is based on audited, IFRS-compliant, financial statements prepared for the financial year ended December 31st 2009, including comparative data for the financial year ended December 31st 2008, and on condensed financial statements for H1 2010, prepared in accordance with IAS 34 *Interim Financial Reporting*, including comparative data for H1 2009. The financial information is supplemented with selected unaudited operating and financial data sourced from the Issuer's management accounts.

*Table 16 "Selected financial data of the Issuer (PLN '000)" is replaced with the following table:*

Table 16 Selected financial data of the Issuer (PLN '000)

| | Jun 30 2010 | Jun 30 2009 | Dec 31 2009 | Dec 31 2008 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and transactions with Central Bank | 18,533 | 41,202 | 14,680 | 15,537 |
| Amounts due from other financial institutions | 30,319 | 176,038 | 6,779 | 42,828 |
| Derivative financial instruments | 1,434 | 33,962 | 1,349 | 59,730 |
| Amounts due from non-financial sector | 3,924,612 | 4,427,195 | 4,106,744 | 4,310,527 |
| Investment securities | 279,609 | 147,674 | 308,806 | 224,445 |
| Pledged assets | 2,579 | 2,566 | 2,743 | 1,292 |
| Investments in subsidiaries | 65 | 65 | 65 | 65 |
| Intangible assets | 1,920 | 2,425 | 2,160 | 2,387 |
| Property, plant and equipment | 7,829 | 8,743 | 8,408 | 9,658 |
| Deferred tax assets | 7,821 | 4,391 | 7,345 | 7,696 |
| Other assets | 2,280 | 5,682 | 5,863 | 939 |
| **Total assets** | **4,277,001** | **4,849,943** | **4,464,942** | **4,675,104** |

*Source: financial statements of the Issuer.*

*Table 17 "Selected financial data of the Issuer (PLN '000)" is replaced with the following table:*

Table 17 Selected financial data of the Issuer (PLN '000)

| | Jun 30 2010 | Jun 30 2009 | Dec 31 2009 | Dec 31 2008 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| Amounts due to other financial institutions | 1,530,465 | 1,759,884 | 1,559,839 | 1,672,447 |

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| | | | | |
|---|---|---|---|---|
| Derivative financial instruments | 5,015 | 4,970 | 2,346 | 2,346 |
| Amounts due to non-financial sector | 185,183 | 215,425 | 239,949 | 217,981 |
| Liabilities under debt securities in issue | 2,096,602 | 2,440,967 | 2,221,470 | 2,358,941 |
| Subordinated liabilities | 100,234 | 100,267 | 100,265 | 100,369 |
| Other liabilities, including: | 2,888 | 2,337 | 3,266 | 9,993 |
| - current income tax liability | - | - | - | 4,411 |
| **Total liabilities** | **3,920,387** | **4,523,850** | **4,127,135** | **4,362,077** |
| | | | | |
| **Equity** | | | | |
| Share capital | 175,000 | 175,000 | 175,000 | 175,000 |
| Retained earnings | 181,833 | 335 | 162,697 | 137,563 |
| - Profit/(loss) brought forward | 162,550 | 150,758 | 137,400 | 94,500 |
| - Current year profit/(loss) | 19,283 | 137,400 | 25,297 | 43,063 |
| Other items of the equity | (219) | 13,358 | 110 | 464 |
| **Total equity** | **356,614** | **326,093** | **337,807** | **313,027** |
| | | | | |
| **Total equity and liabilities** | **4,277,001** | **4,849,943** | **4,464,942** | **4,675,104** |

*Source: financial statements of the Issuer.*

*The text below Table 17 is changed to read as follows:*

As at the end of H1 2010, the Bank's balance-sheet total stood at PLN 4,277,001 thousand and was PLN 187,941 thousand lower than as at the end of the previous year. 2009 saw a slight drop in the Bank's balance-sheet total – by PLN 210,162 thousand, to PLN 4,464,942 thousand as at December 31st 2009. The key item of assets were amounts due from non-financial sector. They accounted for 91.8% of total assets as at June 30th 2010 and for 92.0% of total assets as at December 31 2009.

The Bank's total loan portfolio as at the end of June 2010 was PLN 4,300,329.7 thousand. Compared with the end of 2009, its value slightly fell as a result of the Bank's policy in this respect. As at the end of H1 2010, 78.8% of amounts due from non-financial sector (gross) were amounts due from corporate clients, and the remaining 21.2% – from retail clients and the budget sector.

In 2009, the value of the total loan portfolio decreased slightly, by PLN 504,685 thousand, on the 2008 year-end figure. The lending activity was financed chiefly with a PLN 21,968 thousand increase in amounts due to clients, with issues of debt securities and out of the net profit, which in 2009 was PLN 25,297 thousand.

The Bank's liabilities are dominated by liabilities related to issues of debt securities (covered bonds and bonds), which as at June 30th 2010 accounted for 49.0% of total equity and liabilities, compared with 49.8% as at the end of 2009. As at the end of H1 2010, liabilities under mortgage covered bonds and public sector covered bonds fell by PLN 45,037 thousand, while those under bonds went down by PLN 79,831 thousand from the 2009 year-end level.

Another item of liabilities are amounts due to other financial institutions (with a 35.8% share in total equity and liabilities as at June 30th 2010 and 34.9% as at December 31st 2009), and liabilities to non-financial sector (4.3% of total equity and liabilities as at June 30th 2010 and 5.4% as at December 31st 2009).

*Table 18 "Off-balance-sheet items (PLN '000)" is replaced with the following table:*

Table 18 Off-balance-sheet items (PLN '000)

| **Contingent liabilities and commitments** | **Jun 30 2010** | **Jun 30 2009** | **Dec 31 2009** | **Dec 31 2008** |
|---|---|---|---|---|
| Financial commitments and | 378,739 | 572,355 | 419,793 | 722,020 |

| | | | | |
|---|---|---|---|---|
| liabilities | | | | |
| Interest rate derivatives | 996,183 | 1,852,634 | 695,310 | 2,426,007 |
| Foreign currency derivatives | 330,896 | 733,704 | - | 769,025 |
| Financial commitments received | 19,602 | 270,404 | 268,654 | 269,046 |
| **Total off-balance sheet items** | **1,725,420** | **3,429,097** | **1,383,757** | **4,186,098** |

*Source: financial statements of the Issuer.*

*Table 19 "Selected items of the income statement (PLN '000)" is replaced with the following table:*

Table 19 Selected items of the income statement (PLN '000)

| | **H1 2010** | **H1 2009** | **2009** | **2008** |
|---|---|---|---|---|
| Interest income | 112,252 | 141,497 | 261,546 | 297,581 |
| Interest expense | -72,977 | -109,328 | -193,648 | -215,755 |
| **Net interest income** | **39,275** | **32,169** | **67,898** | **81,826** |
| | | | | |
| Fee and commission income | 644 | 2,438 | 3,221 | 3,116 |
| Fee and commission expense | -511 | -786 | -1,327 | -1,125 |
| **Net fee and commission income** | **133** | **1,652** | **1,894** | **1,991** |
| | | | | |
| **Trading profit, including:** | **1,479** | **1,491** | **1,391** | **8,620** |
| *Foreign exchange gains/(losses)* | *1,719* | *2,552* | *1,858* | *7,091* |
| *Profit/(loss) on other trading activities* | *-240* | -1,061 | -467 | *1,529* |
| Other operating income | 405 | 525 | 1,170 | 1,060 |
| Net impairment losses on loans | -887 | -1,038 | -4,670 | -2,031 |
| General and administrative expenses | -16,200 | -16,135 | -31,451 | -34,652 |
| Amortisation and depreciation | -1,669 | -1,602 | -3,213 | -2,888 |
| Other operating expenses | -22 | -400 | -545 | -818 |
| **Operating profit** | **22,514** | **16,662** | **32,474** | **53,108** |
| | | | | |
| **Pre-tax profit** | **22,514** | **16,662** | **32,474** | **53,108** |
| Corporate income tax | -3,231 | -3,304 | -7,177 | -10,045 |
| **Net profit** | **19,283** | **13,358** | **25,297** | **43,063** |

*Source: financial statements of the Issuer.*

*The text below Table 19 is changed to read as follows:*

The main items of the Bank's income and expenses were, respectively, interest on banking transactions and interest expense. These items had a decisive effect on the operating profit, which amounted to PLN 22,514 thousand in H12010 and was PLN 5,852 thousand higher than the operating profit generated in H1 2009. The operating profit for 2009 reached PLN 32,474 thousand and was PLN 20,634 thousand lower than the operating profit generated in 2008.

The financial performance for H1 2010 improved chiefly on the back of higher net interest income (increase by PLN 7,106 thousand from H1 2009), lower other operating expenses (drop by PLN 378 thousand and lower net impairment losses on loans (drop by PLN 151 thousand). The net fee and commission income fell by PLN 1,519 thousand, general and administrative expenses rose by PLN 65 thousand, and other operating income decreased by PLN 120 thousand. The net profit amounted to PLN 19,283 thousand and was higher by PLN 5,925 thousand compared with H1 2009.

The deterioration in the financial performance in 2009 was due mainly to lower net interest income and trading profit (down by PLN 13,928 thousand and PLN 7,229 thousand, respectively), as well as higher net impairment losses on loans (up by PLN 2,639 thousand). At the same time, general and administrative expenses and other operating expenses fell by PLN 3,201 thousand and PLN 273 thousand, respectively. As a result, the net profit reached PLN 25,297 thousand, down by PLN 17,766 thousand relative to 2008.

*The following text is added at this point:*

In H1 2010, due to a rise of PLN 5,925 thousand (or 44.4%) in the net profit relative to H1 2009, the Bank recorded higher profitability ratios, calculated as the ratio of net profit or gross profit to a relevant given financial item. In H1 2010, ROE (net profit/ average net assets net of net profit/(loss) for the period) calculated on a one-year basis was 11.4% (vs. 8.5% in H1 2009). The gross margin rose from 11.78% to 20.06%.

In H1 2010, the book value per share grew to PLN 203.78, vs. PLN 186.34 after H1 2009. In the same period, earnings per share went up to PLN 11.02, from PLN 7.63.

As at the end of H1 2010, the solvency ratio stood at 12.32% (vs. 10.30% as at the end of June 2009) and remained at a safe level. According to the banking law, the minimum level of the solvency ratio should be 8%.

As at June 30th 2010, the Issuer’s loan portfolio was of high quality, evidenced by a low share (1.78%) of impaired loans in the total gross credit exposure.

**Section 1.4.**

*The first and second paragraphs are changed to read as follows:*

As at the end of June 2010, the volume of the loan portfolio (including off-balance-sheet items) decreased slightly, by PLN 222,713 thousand relative to the end of 2009. The total on-balance-sheet and off-balance-sheet exposures reached PLN 4,300.3m as at the end of H1 2010 (commercial loans, housing loans, loans to local government institutions), and loans granted from January to June 2010 amounted to PLN 138,700 thousand. (Table 23). In 2009, the volume of the loan portfolio (including off-balance-sheet items) fell slightly, by PLN 504,685 thousand, with the total on-balance-sheet and off-balance-sheet exposures reaching PLN 4,523,042 thousand as at the end of 2009 (commercial loans, housing loans, loans to local government institutions and loans to public healthcare centres guaranteed by local government institutions), and the value of loans advanced in 2009 alone stood at PLN 286,904 thousand (Table 23).

Commercial loans for the financing of real estate accounted for 78.8% and 79.1% of the Bank’s entire loan portfolio as at the end of H1 2010 and the end of 2009, respectively. In terms of currency, PLN-denominated loans had a dominant share in the total portfolio, followed by EUR-denominated loans. As the end of June 2010, foreign currency loans accounted for 39.6% of the aggregate loan portfolio (Table 22). From 2002 to mid 2008, the share of PLN-denominated loans grew steadily, which was attributable to large exchange rate fluctuations and the Bank’s financing of residential developers contracting predominantly PLN-denominated loans. The rise in the share of foreign-currency loans, seen from 2008, was an outcome of such factors as the weakening of the złoty against the euro and the US dollar.

*Table 21 “The Bank’s total loan portfolio by product group (PLN ‘000)*” is replaced with the following table:*

Table 21 The Bank’s total loan portfolio by product group (PLN ‘000)*

| **Product** | | **Jun 30 2010** | **Jun 30 2009** | **Change Jun 30 2010/ Jun 30 2009** | **Dec 31 2009** | **Dec 31 2008** | **Change Dec 31 2009/ Dec 31 2008** |
|---|---|---|---|---|---|---|---|
| | ***On-balance-sheet exposure*** | 3,194,942 | 3,636,509 | -12.1% | 3,348,913 | 3,537,700 | -5.34% |
| **Commercial loans** | ***Off-balance-sheet exposure*** | 194,999 | 369,789 | -47.3% | 229,326 | 531,241 | -56.83% |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | ***Total exposure*** | **3,389,941** | **4,006,298** | **-15.4%** | **3,578,239** | **4,068,942** | **-12.06%** |
| | ***On-balance-sheet exposure*** | 57,829 | 67,835 | -14.7% | 58,586 | 70,804 | -17.26% |
| | ***Off-balance-sheet exposure*** | 940 | 1,687 | -44.3% | 839 | 1,448 | -42.05% |
| **Housing loans** | ***Total exposure*** | **58,770** | **69,522** | **-15.5%** | **59,425** | **72,252** | **-17.75%** |
| | ***On-balance-sheet exposure*** | 671,841 | 722,851 | -7.1% | 699,245 | 702,023 | -0.40% |
| | ***Off-balance-sheet exposure*** | 179,778 | 196,844 | -8.7% | 186,133 | 184,511 | 0.88% |
| **Loans to local government institutions** | ***Total exposure*** | **851,618** | **919,695** | **-7.4%** | **885,378** | **886,534** | **-0.13%** |
| | ***On-balance-sheet exposure*** | 3,924,612 | 4,427,195 | -11.4% | 4,106,744 | 4,310,527 | -4.73% |
| | ***Off-balance-sheet exposure*** | 375,717 | 568,321 | -33.9% | 416,299 | 717,200 | -41.96% |
| **Total** | ***Total exposure*** | **4,300,330** | **4,995,516** | **-13.9%** | **4,523,042** | **5,027,728** | **-10.04%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts. The presented portfolio values include loan interest and are net of impairment losses.*

*Table 22 "Total loan portfolio by currency and main product groups*" is replaced with the following table:*

Table 22 Total loan portfolio by currency and main product groups*

| **Product** | **Jun 30 2010** | | | **Jun 30 2009** | | | **Dec 31 2009** | | | **Dec 31 2008** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** |
| Commercial loans | 50.9% | 45.0% | 4.1% | 55.4% | 41.2% | 3.4% | 54.7% | 41.9% | 3.4% | 61.6% | 36.7% | 1.7% |
| Housing loans | 38.1% | 47.5% | 14.4 % | 42.2% | 43.6% | 14.2% | 41.8% | 46.8% | 11.4% | 48.4% | 41.0% | 10.6% |
| Loans to local government institutions | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| **Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)** | **60.4%** | **36.1%** | **3.5%** | **63.4%** | **33.6%** | **3.0%** | **63.4%** | **33.8%** | **2.8%** | **68.2%** | **30.3%** | **1.5%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 23 "Sales of loans – value and number of executed loan agreements by product group (PLN '000)*" is replaced with the following table:*

Table 23 Sales of loans – value and number of executed loan agreements by product group (PLN '000)*

| **Product** | **Jan 1–Jun 30 2010** | | **Jan 1–Jun 30 2009** | | **Jan 1–Dec 31 2009** | | **Jan 1–Dec 31 2008** | |
|---|---|---|---|---|---|---|---|---|
| | **value**** | **number** | **value** | **number** | **value** | **number** | **value** | **number** |
| **Commercial loans** | **138,700** | **16** | **184,021** | **8** | **250,545** | **15** | **1,203,137** | **93** |
| including loans for: | | | | | | | | |
| - construction projects | 16,722 | 3 | 0 | 0 | 0 | 0 | 428,687 | 17 |
| - refinancing of real estate | 57,278 | 9 | 3,500 | 1 | 48,079 | 5 | 274,803 | 43 |
| - purchase of land | 0 | 0 | 2,362 | 1 | 2,362 | 1 | 79,101 | 7 |
| - loans to residential developers | 64,700 | 4 | 178,159 | 6 | 200,104 | 9 | 420,546 | 26 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Loans to local government institutions** | **0** | **0** | **36,359** | **1** | **36,359** | **1** | **270,648** | **23** |
| Local government institutions | 0 | 0 | 36,359 | 1 | 36,359 | **1** | 243,648 | 22 |
| Public healthcare centres (loans guaranteed by local government institutions) | 0 | 0 | 0 | 0 | 0 | **0** | 27,000 | 1 |
| **Total** | **138,700** | **16** | **220,380** | **9** | **286,904** | **16** | **1,473,785** | **116** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*
***The value of sales in January 1st – June 30th 2010 accounts for annexes to loan agreements which increase the principal amounts of previous years' loans by PLN 22,706.8 thousand.*

## Section 1.4.1

**Sub-Section: Loans for the Purchase or Refinancing of Existing Real Estate (Including the Purchase of Shares in Special Purpose Vehicles Owning Real Estates)**

*The three paragraphs preceding Chart 6-1 "Loans (principal) by industry as at December 31st 2009" are changed to read as follows:*

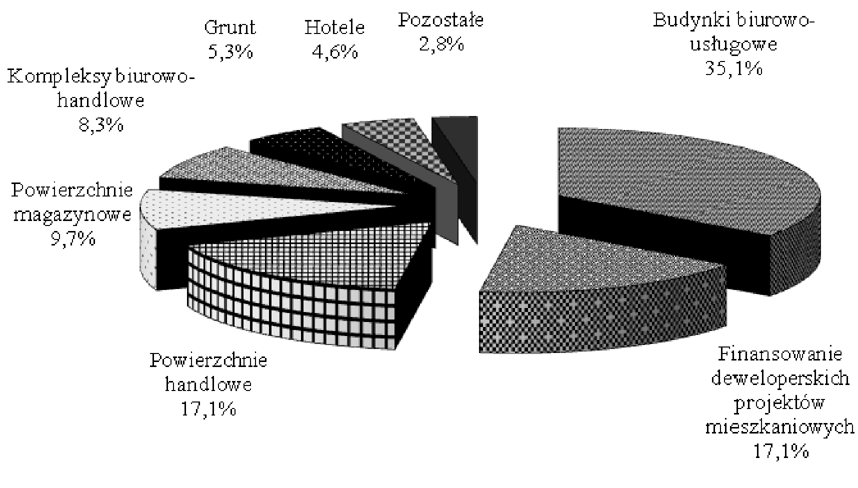
As at the end of H1 2010, the total value of the commercial loan portfolio was PLN 3,389,941 thousand (on-balance-sheet and off-balance-sheet exposures), compared with PLN 3,578,239 thousand as at the end of 2009. The change in the loan portfolio in 2009 and H1 2010 was attributable chiefly to reduced lending activity and repayment of loans originated in previous years.

The loan portfolio comprises primarily agreements with large institutional clients (including in the first place loans for the refinancing of commercial real estate and loans to residential developers, followed by loans for new construction projects). The average loan repayment period is 11.8 years. Loans bearing variable-rate interest prevailed in the portfolio. PLN-denominated loans had the largest share in the total commercial loan portfolio – 50.9% as at the end of June 2010.

The Bank financed chiefly developers investing in office and service buildings and developers' residential projects. Loans to developers investing in retail and warehouse space accounted for a significant portion of the commercial loan portfolio. The share of loans for the financing of hotels and entertainment and recreation facilities was insignificant due to the higher credit risk connected with such financing.

*Chart 6-1 "Loans (principal) by industry as at December 31st 2010" is replaced with the following chart:*

Chart 6-1 Commercial loans (on-balance-sheet exposure, net) by type of loan-financed project as at June 30th 2010*



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*Source: the Issuer.*

[description of the chart]

| | |
|---|---|
| Budynki biurowo-usługowe 35,1% | Office and service buildings 35.1% |
| Finansowanie deweloperskich projektów mieszkaniowych 17,1% | Residential development projects 17.1% |
| Powierzchnie handlowe 17,1% | Retail space 17.1% |
| Powierzchnie magazynowe 9,7% | Warehouse space 9.7% |
| Kompleksy biurowo-handlowe 8,3% | Office and retail complexes 8.3% |
| Hotele 4,6% | Hotels 4.6% |
| Grunt 5,3% | Land 5.3% |
| Other 2,8% | Other 2.8% |

*The text below Chart 6-1 is changed to read as follows:*

A geographical diversification was clearly visible in the structure of lending activity. The projects financed by the Bank were located in the most part in the Warsaw, Kraków and Wrocław Provinces; commercial loans advanced in these provinces accounted for 64.98% of the Bank's total on-balance-sheet exposure. The shares of the Gdańsk and Katowice Provinces in the portfolio's geographical structure increased.

*Chart 6-2 "Commercial loans – geographical structure (by provinces) as at December 31st 2009*" is replaced with the following chart:*

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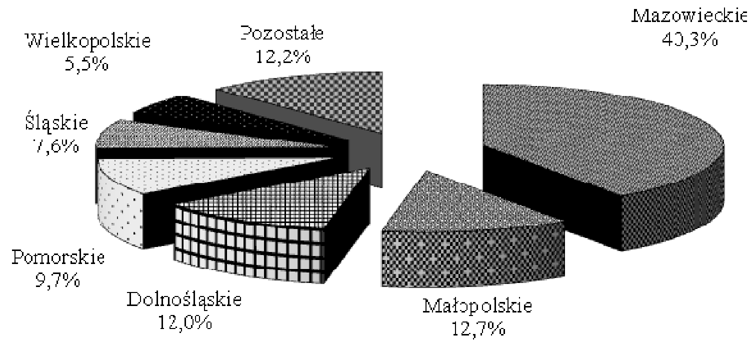
Chart 6-2 Commercial loans (on-balance-sheet exposure, net) – geographical structure (by provinces) as at June 30th 2010*




*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

[description of the chart]

| | |
|---|---|
| Mazowieckie 40,3% | Warsaw Province 40.3% |
| Dolnośląskie 12,0% | Wrocław Province 12.0% |
| Małopolskie 12,7% | Kraków Province 12.7% |
| Pomorskie 9,7% | Gdańsk Province 9.7% |
| Śląskie 7,6% | Katowice Province 7.6% |
| Wielkopolskie 5,5% | Poznań Province 5.5% |
| Pozostałe 12.2% | Other 12.2% |

*The text below Chart 6-2 is changed to read as follows:*

In line with the concentration limit, the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's equity (i.e. PLN 108,837 thousand as at June 30th 2010).

**Sub-Section 1.4.2 Loans to Local Government Institutions**

*The first paragraph is changed to read as follows:*

In 2004, BRE Bank Hipoteczny S.A. started to provide financing to a new client group – local government institutions. Over the next years, this area of the Bank's business developed rapidly.

The growth in the sales of loans to local government institutions and loans guaranteed by such institutions, contracted to finance public hospitals and healthcare centres, was attributable, among other things, to the fact that such loans are a low-risk product since local government institutions have no legal capacity to go bankrupt.

As no structural changes had been introduced in the Polish healthcare system, in 2008 the Bank discontinued financing of public healthcare centres with loans guaranteed by local government institutions.

As at the end of H1 2010, the total on-balance-sheet and off-balance-sheet exposures to the public sector reached PLN 851,618 thousand, compared with PLN 885,378 thousand as at the end of 2009.

*The last but one paragraph is changed to read as follows:*

In the portfolio of loans to local government institutions, the average repayment term was 13.6 years as at June 30th 2010.

**Sub-Section 1.4.3 Housing Loans to Retail Clients**

*The second paragraph is changed to read as follows:*

As at the end of H1 2010, the total value of the housing loan portfolio stood at PLN 58.77m compared with PLN 59.43m as at the end of 2009. PLN-denominated loans hold a prevailing share in the portfolio. The share of PLN-denominated loans rose sharply – from approximately 10% in 2002 to nearly 41.8% as at the end of 2009 and 38.1% as at the end of H1 2010.

*Table 24 "Housing loans to retail clients – portfolio value as at December 31st 2009" is replaced with the following table:*

Table 24 Housing loans to retail clients – portfolio value as at June 30th 2010*

| **Housing loans in** | **Total exposure (PLNm)** |
|---|---|
| PLN | 22.41 |
| EUR | 27.89 |
| USD | 8.47 |
| **Total** | 58.77 |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

**Section 1.6 Issues of Covered Bonds**

*The first, second, third, fourth and fifth paragraphs are changed to read as follows:*

BRE Bank Hipoteczny S.A. has carried out a total of 28 issues of covered bonds, including 11 private placements and 17 public offerings, maintaining the leading position on the Polish covered bonds market as at the end of H1 2010. The total value of covered bonds issued by BRE Bank Hipoteczny and outstanding as at the end of H1 2010 was approximately PLN 2bn. The Bank offers chiefly covered bonds with three- and five-year maturities.

To the Issuer's knowledge, BRE Bank Hipoteczny S.A. has remained the largest issuer of covered bonds since they were first introduced into the Polish capital market in 2000, with a market share of approximately 68% as at the end of H1 2010.

In H1 2010, the Bank issued covered bonds totalling PLN 50m. The issues comprised two tranches of mortgage covered bonds. In July 2010, the Issuer issued mortgage covered bonds for a total amount of PLN 200m.

*The sixth paragraph is changed to read as follows:*
As at June 30th 2010, the covered bonds issued by BRE Bank Hipoteczny S.A. were assigned an investment-grade rating by international rating agency Moody's Investors Service Ltd. The respective ratings assigned to the mortgage covered bonds and public sector covered bonds issued by the Bank were Baa2 and Baa1.

*The heading of Table 25 is changed to read as follows:*

Table 25 Mortgage Covered Bonds issued by BRE Bank Hipoteczny S.A., not traded on a regulated market as at June 30th 2010

Table 26 Mortgage Covered Bonds issued by BRE Bank Hipoteczny S.A., traded on a regulated market as at December 31st 2009 is replaced with the following table:

This is a translation from the original Appendix 4 dated 07.09.2010 and should not be read in substitution of the original Appendix 4. This translation of the original Appendix 4 dated 07.09.2010 does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Offer or to subscribe or purchase of any of the Mortgage and Public Sector Covered Bonds.

| Issue date | Maturity | Currency | Value (thousands) | Moody`s rating |
|---|---|---|---|---|
| Nov 28 2007 | Nov 29 2010 | PLN | 170,000 | Baa2 |
| Mar 12 2008 | Sep 28 2010 | PLN | 200,000 | Baa2 |
| Apr 25 2008 | Apr 28 2011 | PLN | 250,000 | Baa2 |
| Jun 13 2008 | Jun 15 2011 | PLN | 200,000 | Baa2 |
| Oct 10 2008 | Oct 7 2011 | PLN | 150,000 | Baa2 |
| May 20 2009 | May 16 2011 | PLN | 60,000 | Baa2 |
| Jun 24 2009 | Jun 15 2012 | PLN | 300,000 | Baa2 |
| Apr 28 2010 | Apr 29 2013 | PLN | 25,000 | Baa2 |
| Apr 28 2010 | Apr 28 2014 | PLN | 25,000 | Baa2 |
| **TOTAL** | | **PLN** | **1,380,000** | |

*The heading of Table 27 is changed to read as follows:*

Table 27 Public Sector Covered Bonds issued by BRE Bank Hipoteczny S.A., traded on a regulated market as at June 30th 2010

*Table 28 Issues of Mortgage Covered Bonds of BRE Bank Hipoteczny − redeemed as at December 31st 2009 is replaced with the following table:*

Table 28 Issues of Mortgage Covered Bonds of BRE Bank Hipoteczny − repurchased as at June 30th 2010

| Issue date | Maturity | | Currency | Value (thousands) |
|---|---|---|---|---|
| Jun 28 2000 | Jun 28 2005 | Private placement | PLN | 5,000 |
| Jul 29 2002 | Jul 31 2006 | Private placement | PLN | 50,000 |
| Sep 14 2001 | Sep 14 2004 | Private placement | EUR | 5,000 |
| May 20 2002 | May 20 2009 | Private placement | EUR | 10,000 |
| May 20 2003 | May 20 2009 | Private placement | EUR | 20,000 |
| May 20 2004 | May 20 2009 | Private placement | EUR | 25,000 |
| Sep 14 2001 | Sep 14 2004 | Private placement | USD | 10,000 |
| Nov 20 2001 | Nov 21 2005 | Private placement | USD | 10,000 |
| May 20 2002 | May 20 2008 | Private placement | USD | 10,000 |
| May 20 2004 | May 20 2009 | Private placement | USD | 25,000 |
| Apr 10 2003 | Apr 10 2008 | Public offering | PLN | 200,000 |
| Oct 23 2003 | Oct 10 2008 | Public offering | PLN | 200,000 |
| Apr 14 2005 | Apr 12 2010 | Public offering | PLN | 100,000 |

*Source: the Issuer.*

*Sub-Section: Main Features of the Portfolio of Mortgage-Backed Loan Receivables Underlying the Issues of Mortgage Covered Bonds as at December 31st 2009 (all figures in PLN '000) is changed to read as follows:*

*Main Features of the Portfolio of Mortgage-Backed Loan Receivables Underlying the Issues of Mortgage Covered Bonds as at June 30th 2010 (all figures in PLN '000)*
*Table 29 "Portfolio of receivables securing mortgage covered bonds, by currency and amounts* as at December 31st 2009" is replaced with the following table:*

This is a translation from the original Appendix 4 dated 07.09.2010 and should not be read in substitution of the original Appendix 4. This translation of the original Appendix 4 dated 07.09.2010 does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Offer or to subscribe or purchase of any of the Mortgage and Public Sector Covered Bonds.

Table 29 Portfolio of receivables securing mortgage covered bonds, by currency and amounts as at June 30th 2010*

| Value range (PLN '000) | Value of loans advanced (PLN '000) | Value of loans advanced in EUR (PLN '000) | Value of loans advanced in USD (PLN '000) | Total |
|---|---|---|---|---|
| <= 250 | 12,506 | 15,444 | 3,831 | 31,782 |
| 250 - 500 | 7,154 | 9,022 | 1,929 | 18,105 |
| 500 – 1,000 | 8,500 | 12,371 | 1,399 | 22,270 |
| 1,000 – 5,000 | 124,390 | 104,300 | 21,686 | 250,376 |
| >5,000 | 623,375 | 1,004,670 | 88,525 | 1,716,570 |
| Total | 775,925 | 1,145,807 | 117,371 | 2,039,103 |
| % of total portfolio | 38.05% | 56.19% | 5.76% | |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 30 "Portfolio of receivables securing mortgage covered bonds, by type of borrower* as at December 31st 2009" is replaced with the following table:*

Table 30 Portfolio of receivables securing mortgage covered bonds, by type of borrower* as at June 30th 2010*

| Borrower | Value (PLN '000) | % of total portfolio |
|---|---|---|
| **Legal persons/sole traders** | 1,997,602 | 97.96% |
| **Natural persons** | 41,501 | 2.04% |
| **Total** | 2,039,103 | 100% |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 31 "Portfolio of receivables securing mortgage covered bonds, by type of financed project as at December 31st 2009" is replaced with the following table:*

Table 31 Portfolio of receivables securing mortgage covered bonds, by type of financed project as at June 30th 2010*

| Financed project | Value (PLN '000) | % of total portfolio |
|---|---|---|
| **Commercial real estate** | 1,885,806 | 92.48% |
| **Residential real estate** | 153,297 | 7.52% |
| **Total** | **2,039,103** | **100.00%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 32 "Portfolio of receivables securing mortgage covered bonds, by type of interest rate* as at December 31st 2009" is replaced with the following table:*

Table 32 Portfolio of receivables securing mortgage covered bonds, by type of interest rate* as at June 30th 2010

| Interest rate | Value (PLN '000) | % of total portfolio |
|---|---|---|
| **Variable interest rate** | 1,961,134 | 96.18% |
| **Fixed interest rate** | 77,969 | 3.82% |
| **Total** | **2,039,103** | **100.00%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 33 "Portfolio of receivables securing mortgage covered bonds, by maturity* as at December 31st 2009" is replaced with the following table:*

Table 33 Portfolio of receivables securing mortgage covered bonds, by maturity* as at June 30th 2010

| Loan terms | Value (PLN '000) | % of total portfolio |
|---|---|---|
| **<2 years** | 161,526 | 7.92% |
| **2-3 years** | 7,325 | 0.36% |
| **3-4 years** | 9,996 | 0.49% |
| **4-5 years** | 26,439 | 1.30% |
| **5-10 years** | 221,166 | 10.85% |
| **> 10 years** | 1,612,651 | 79.09% |
| **TOTAL** | 2,039,103 | 100.00% |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 34 "Portfolio of receivables securing mortgage covered bonds, by geographical area* as at December 31st 2009" is replaced with the following table:*

Table 34 Portfolio of receivables securing mortgage covered bonds, by geographical area as at June 30th 2010*

| Province | Value (PLN '000 ) | % of total portfolio |
|---|---|---|
| Wrocław Province | 235,465 | 11.55% |
| Bydgoszcz Province | 18,255 | 0.90% |
| Lublin Province | 64,256 | 3.15% |
| Zielona Góra Province | 3,106 | 0.15% |
| Łódź Province | 68,261 | 3.35% |
| Kraków Province | 225,004 | 11.03% |
| Warsaw Province | 796,408 | 39.06% |
| Opole Province | 22,032 | 1.08% |
| Białystok Province | 10,493 | 0.51% |
| Rzeszów Province | 36,080 | 1.77% |
| Gdańsk Province | 191,695 | 9.40% |
| Katowice Province | 174,352 | 8.55% |
| Kielce Province | 0 | 0.00% |
| Olsztyn Province | 23,412 | 1.15% |
| Poznań Province | 126,011 | 6.18% |
| Szczecin Province | 44,274 | 2.17% |
| TOTAL | **2,039,103** | **100.00%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 35 "Portfolio of receivables securing mortgage covered bonds by progress of investment project as at December 31st 2009" is replaced with the following table:*

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Table 35 Portfolio of receivables securing mortgage covered bonds by progress of investment project as at June 30th 2010*

| | **Value (PLN '000)** | **% of total portfolio** |
|---|---|---|
| Construction projects in progress | 103,015 | 5.05% |
| Completed real estate projects | 1,936,088 | 94.95% |
| **Total** | **2,039,103** | **100.00%** |

*Source: the Issuer.*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Sub-Section: Overview of the Portfolio of Mortgage-Backed Loan Receivables Underlying the Issues of Public Sector Covered Bonds as at December 31st 2009 (all figures in PLN '000) is changed to read as follows:*

Overview of the Portfolio of Loan Receivables Underlying the Issues of Public Sector Covered Bonds as at June 30th 2010 (all figures in PLN '000):

*Table 36 Value range of receivables securing public sector covered bonds as at December 31st 2009 is replaced with the following table:*

Table 36 Value range of receivables securing public sector covered bonds as at June 30th 2010*

| **Value range (PLN '000)** | **Value of loans advanced (PLN '000)** | **% of total portfolio** | **No. of agreements** |
|---|---|---|---|
| **<= 2,500** | 46,539 | 6.9% | 33 |
| **2,500 - 5,000** | 116,040 | 17.2% | 32 |
| **5,000 - 10,000** | 184,092 | 27.3% | 26 |
| **10,000 - 20,000** | 247,015 | 36.6% | 17 |
| **> 20,000** | 80,886 | 12.0% | 3 |
| **TOTAL** | 674,572 | 100% | 111 |

*Source: the Issuer*

** Unaudited operating and financial data sourced from the Issuer's management accounts.*

*Table 37 Portfolio of receivables securing public sector covered bonds, by maturity as at December 31st 2009 is replaced with the following table:*

Table 37 Portfolio of receivables securing public sector covered bonds, by maturity as at June 30th 2010*

| **Loan term** | **Value (PLN '000 )** | **% of total portfolio** |
|---|---|---|
| **1-5 years** | 53,648 | 8.0% |
| **5-10 years** | 213,831 | 31.7% |
| **10-15 years** | 157,184 | 23.3% |
| **> 15 years** | 249,909 | 37.0% |
| **TOTAL** | 674,572 | 100% |

*Source: the Issuer.*

** Unaudited operating and financial data sourced from the Issuer's management accounts.*

This is a translation from the original Appendix 4 dated 07.09.2010 and should not be read in substitution of the original Appendix 4. This translation of the original Appendix 4 dated 07.09.2010 does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Offer or to subscribe or purchase of any of the Mortgage and Public Sector Covered Bonds.

*Table 38 Portfolio of receivables securing public sector covered bonds, by geographical area as at December 31st 2009 is replaced with the following table:*

Table 38 Portfolio of receivables securing public sector covered bonds, by geographical area as at June 30th 2010*

| **Province** | **Value (PLN ‘000 )** | **% of total portfolio** |
|---|---|---|
| Wrocław Province | 145,158 | 21.5% |
| Bydgoszcz Province | 81,475 | 12.1% |
| Lublin Province | 34,044 | 5.0% |
| Zielona Góra Province | 51,278 | 7.6% |
| Łódź Province | 59,063 | 8.8% |
| Kraków Province | 16,791 | 2.5% |
| Warsaw Province | 72,525 | 10.8% |
| Opole Province | - | - |
| Rzeszów Province | 7,041 | 1.0% |
| Białystok Province | 11,780 | 1.7% |
| Gdańsk Province | 15,522 | 2.3% |
| Katowice Province | 37,734 | 5.6% |
| Kielce Province | 15,785 | 2.3% |
| Olsztyn Province | 33,423 | 5.0% |
| Poznań Province | 33,149 | 4.9% |
| Szczecin Province | 59,804 | 8.9% |
| **TOTAL** | **674,572** | **100%** |

*Source: the Issuer.*

** Unaudited operating and financial data sourced from the Issuer’s management accounts.*

*Table 39 Portfolio of receivables securing public sector covered bonds, by type of interest rate* as at December 31st 2009 is replaced with the following table:*

Table 39 Portfolio of receivables securing public sector covered bonds, by type of interest rate as at June 30th 2010*

| **Interest rate** | **Value (PLN ‘000 )** | **% of total portfolio** |
|---|---|---|
| **Variable interest rate** | 674,572 | 100% |

*Source: the Issuer.*

** Unaudited operating and financial data sourced from the Issuer’s management accounts.*

*Table 40 Portfolio of receivables securing public sector covered bonds, by type of borrower as at December 31st 2009 is replaced with the following table:*

Table 40 Portfolio of receivables securing public sector covered bonds, by type of borrower* as at June 30th 2010*

| **Borrower** | **Value (PLN ‘000)** | **% of total portfolio** |
|---|---|---|
| **Local government institutions** | 366,693 | 54.4% |
| **Public healthcare centres** | 307,879 | 45.6% |
| **TOTAL** | **674,572** | **100%** |

*Source: the Issuer.*

* *Unaudited operating and financial data sourced from the Issuer's management accounts.*

**Section 2.1. Description of the Real Estate Market in Poland**

*The following text is added after the existing wording:*

In Q1 2010, the commercial real estate market showed signs of recovery, but the individual segments of the market quite differed in terms of their sensitivity to the changes that occurred in 2009.

The office space market saw a drop in demand by tenants, and developers started to suspend some of their projects already in 2009. Consequently, 2010 is expected to see less office space completed compared with 2009. The lower demand made office space owners reduce rents. The strongest reductions in rent rates were seen in Kraków and Katowice. The reductions in Kraków were caused by a high ratio of unleased space, while the reductions in Katowice may have followed a nationwide trend. The office space market in Warsaw was an exception: from the perspective of property owners and developers the demand was satisfactory. Despite an improved climate on the office space market, demonstrated by the number of commenced projects, most office space lease agreements are renegotiated contracts.

In H1 2010 in Warsaw, 62.5 thousand square metres of office space were completed, which stabilised the total stock of office space at 3,311 thousand square metres. Monthly rent rates ranged from EUR 12 to EUR 17 per square metre outside the Central Business District in Warsaw and from EUR 18 to EUR 25 per square metre within the Central Business District. The ratio of unleased space remained unchanged from the beginning of Q1 2010 and was 8%. Yields for the best premises remained at 7%, and at the end of Q2 2010 the yield for some premises was 6.50%. According to the Association of Polish Banks, as at the end of 2010 yields will go down to 6%.

In other large cities outside of Warsaw, the largest quantity of office space was completed in Katowice (79.8 thousand square metres), and the smallest in Poznań (10 thousand square metres). The highest ratio of unleased space in Poland was seen in Łódź (29%), but despite this fact H1 2010 saw additional 18.8 thousand square metres of office space completed. The average yield was 7.00%. The highest monthly rent rates were charged in Poznań (EUR 14.5–16 per square metre) and the lowest in Łódź (EUR 11.5–13.5 per square metre), which most probably was the outcome of the highest ratio of unleased space.

The office space completed in Q2 2010 includes the Vinci office centre in Kraków, with the surface area of 24,958 square metres, and the Łużycka Office Park of Gdynia, with the surface area of 33,500 m2 square metres.

Adverse developments observed on the market of retail properties included the higher number of bankruptcy proceedings concerning some chain tenants, lower consumption, and a consequent drop in turnover rents at shopping malls.

However, the demand for retail space in Poland remains high. Additionally, the recent months saw an expansion of retail chains in smaller towns with the population of 100–200 thousand. Despite this expansion, the retail space market saw a slight stagnation. The market is expected to gain full momentum only at the turn of 2011 and 2012, which is due to such factors as the suspension of some investment projects in 2009 (e.g. Felicity in Lublin or Millenium Hall in Rzeszów).

Moreover, in order to retain tenants shopping mall owners frequently renegotiate the rent rates. Such an approach follows from the fact that they are required to maintain specific ratios of leased space in their properties, which in most cases serve as loan collateral. This caused a slight, but still tangible, decrease in rents. In Warsaw, monthly rents remained at EUR 50–55 per square metre, in Wrocław – at EUR 43–50 per square metre, and the lowest rent rates were recorded in Trójmiasto (Gdańsk, Gdynia and Sopot) and Upper Silesia – EUR 25–40 per square metre.

The warehouse space was in oversupply in 2009, which fairly soon contributed to curbing investments in the sector. It is estimated that at the end of 2009 there was 1m square metres of warehouse space remaining to be commercialised. Such a situation has continued until now. Developers in this sector focus primarily on built-tosuit projects. Other investments are planned for 2011–2013. Owners of completed properties are more and more frequently forced to reduce the rent rates or make other concessions, not related to rent.

The average ratio of unleased space in the large cities outside of Warsaw is 12.7%, with the highest ratio reported in Upper Silesia and Central Poland (19%) and the lowest in Trójmiasto (Gdańsk, Gdynia and Sopot, 5.7%). In the Warsaw region the ratio of unleased space remained high (17%), and this is what most probably caused monthly rents to drop to EUR 3.10–4.50 per square metre (EUR 4.50–6.25 per square metre in zone I only). Lease rents in the main provincial cities ranged from EUR 3.20–3.40 per square metre in Central Poland to EUR 4.80–5.00 per square metre in the Kraków region, where the total stock of space was also the lowest: 65 thousand square metres (the highest stock of space is available in the Warsaw region (2,483 thousand square metres) and Upper Silesia (1,076 thousand square metres).

Limited access to bank financing remains a significant obstacle for the commercial real estate market. Banks usually provide financing for the best facilities which can boast a high level of commercialisation. As regards the investment perspective, early 2010 saw higher interest in commercial real estate on the part of investment funds. Their interest was driven by declined rents and selling prices of properties as well as an expected stabilisation of yields. It is estimated that from January to May 2010 the value of commercial real estate purchases and sales was EUR 900m, which is almost 12% higher than the value reported for the entire 2009.

**Section 2.2.**

*Previous wording:*

Since the introduction of covered bonds to the Polish equity market in 2000, BRE Bank Hipoteczny has remained, in the opinion of the Management Board, the largest issuer of these securities, with a market share of around 68% as at the end of 2009.

In addition to mortgage covered bonds, BRE Bank Hipoteczny S.A., as the only bank among the new EU member states from Central Europe, issues public sector covered bonds where the underlying instrument are claims under loans granted to local government institutions or loans granted to public healthcare centres and guaranteed by local government institutions. First public sector covered bonds were issued by BRE Bank Hipoteczny S.A. at the end of July 2007. The European Investment Bank of Luxemburg was one of their main purchasers. In 2008, BRE Bank Hipoteczny S.A. issued covered bonds of the record value of PLN 900m. The issues comprised four tranches of mortgage covered bonds and one tranche of public sector covered bonds.

As at December 31st 2009, the Bank carried out two issues of mortgage covered bonds with the aggregate value of PLN 360m.

Since its inception a decade ago, BRE Bank Hipoteczny S.A. has carried out 25 issues of covered bonds, including 11 private placements and 14 public offerings, maintaining, in the opinion of the Management Board, its leadership position on the Polish covered bond market at the end of H1 2009. As at the end of 2009, the total value of all outstanding covered bonds issued by BRE Bank Hipoteczny was over PLN 2bn. Mortgage bonds issued by BRE Bank Hipoteczny are secure instruments, as evidenced by the investment grade ratings assigned by Moody's: -Baa2 for mortgage covered bonds, and Baa1 (one notch higher) for public sector covered bonds (as at December 31st 2009).

As of October 27th 2008, covered bonds issued by mortgage banks can be used as security for lombard loans, and as of May 8th 2009 they can also serve as security for repo transactions between the National Bank of Poland and the banks.

*Current wording:*

Since the introduction of covered bonds to the Polish equity market in 2000, BRE Bank Hipoteczny has remained, in the opinion of the Management Board, the largest issuer of these securities, with a market share of around 68% as at the end of H1 2010.

In addition to mortgage covered bonds, BRE Bank Hipoteczny S.A., as the only bank among the new EU member states from Central Europe, issues public sector covered bonds where the underlying instrument are claims under loans granted to local government institutions or loans granted to public healthcare centres and guaranteed by local government institutions. First public sector covered bonds were issued by BRE Bank Hipoteczny S.A. at the end of July 2007. The European Investment Bank of Luxemburg was one of their main purchasers. In 2008, BRE Bank Hipoteczny S.A. issued covered bonds of the record value of PLN 900m. The issues comprised four tranches of mortgage covered bonds and one tranche of public sector covered bonds. In 2009, the Bank carried out two issues of mortgage covered bonds with the aggregate value of PLN 360m.

In H1 2010, the Bank issued covered bonds for a total of PLN 50m. The issues comprised two tranches of mortgage covered bonds. In July 2010, the Issuer issued mortgage covered bonds for a total of PLN 200m.

Since its inception a decade ago, BRE Bank Hipoteczny S.A. has carried out 28 issues of covered bonds, including 11 private placements and 17 public offerings, maintaining, in the opinion of the Management Board, its leadership position on the Polish covered bond market at the end of H1 2010. As at the end of H1 2010, the total value of all outstanding covered bonds issued by BRE Bank Hipoteczny was approximately PLN 2bn. Mortgage bonds issued by BRE Bank Hipoteczny are secure instruments, as evidenced by the investment grade ratings assigned by Moody's: -Baa2 for mortgage covered bonds, and Baa1 (one notch higher) for public sector covered bonds (as at June 30th 2010).

As of October 27th 2008, covered bonds issued by mortgage banks can be used as security for lombard loans, and as of May 8th 2009 they can also serve as security for repo transactions between the National Bank of Poland and the banks.

**Chapter IX**

**Section 3: Structure of the BRE Bank Hipoteczny Group**

*The last paragraph is changed to read as follows:*

As at June 30th 2010, BDH's share capital amounted to PLN 65,000. The Bank holds 100% of shares in BDH and all votes at the shareholders meeting. As at June 30th 2010, BDH did not conduct operations.

**Chapter X**

*Previous wording:*

**1. Material Trends Observed since the Date of the Last Audited Financial Statements**

Pursuant to Section 7.1 of Commission Regulation (EC) No. 809/2004 of April 29th 2004, we represent that no adverse changes in the Issuer's growth prospects have occurred since the publication of the last audited financial statements of the Issuer prepared for the financial year 2009.
Pursuant to Section 11.7 of Commission Regulation (EC) No. 809/2004 of April 29th 2004, below we provide a description of all material changes in the Issuer's financial standing since the end of the most recent financial period for which audited financial data was published, that is the period from December 31st 2009 to February 28th 2010.

The total commercial loan portfolio decreased by 18.4% compared with the corresponding period of 2009 and reached PLN 3,465,965 thousand.
The total portfolio of loans to local government institutions fell by 0.23% from the level reported as at February 28th 2010, with growth observed in the loans for financing the operations of local government institutions (by 16.1% compared with February 28th 2009), reaching the total amount of PLN 565,316 thousand.

The share of PLN-denominated loans remained high and accounted for 63.6% of total loans as at February 28th 2010.

The average LTV ratio in the case of commercial loans advanced in the period January–February 2010 (one loan agreement) amounted to 80%.

The ratio of mortgage lending value to market value for commercial loans advanced in the period January–February 2010 (one loan agreement) amounted to 91.1% and was lower than the level reported for loans advanced in the same period of the previous year, which stood at 96.76%.

The concentration ratio for high credit exposures in the portfolio, computed as a quotient of the value of high exposures (loan agreements for amounts exceeding 10% of equity) and the total exposure, amounted to 23.15% and was lower than the level reported as at February 28th 2009, when it stood at 27.99%.

In the period January – February 2010, the Bank did not execute any loan agreement with a value representing more than 10% of the Bank's equity.

In the wake of the crisis on the financial markets, the financial standing of the Bank and other financial institutions deteriorated compared with the corresponding period of the previous year. The deterioration was accompanied by lower financial results, poorer quality of the loan portfolio, and a limitation of lending activity necessary to maintain a safe level of the solvency ratio.

Table 41 The Bank's total loan portfolio by product group (PLN '000)*

| **Product** | | **Feb 28 2010** | **Feb 28 2009** | **Change (%)** |
|---|---|---|---|---|
| I Commercial loans | *On-balance-sheet exposure* | 3,264,582 | 3,764,711 | -13.28% |
| | *Off-balance-sheet exposure* | 201,384 | 482,350 | -58.25% |
| | ***Total exposure*** | 3,465,965 | 4,247,060 | -18.39% |
| II Housing loans | *On-balance-sheet exposure* | 60,351 | 77,067 | -21.69% |
| | *Off-balance-sheet exposure* | 1,081 | 1,480 | -26.99% |
| | ***Total exposure*** | 61,431 | 78,548 | -21.79% |
| III Loans to local government institutions | *On-balance-sheet exposure* | 696,232 | 713,108 | -2.37% |
| | *Off-balance-sheet exposure* | 184,133 | 169,253 | 8.79% |
| | ***Total exposure*** | 880,365 | 882,361 | -0.23% |
| Loans for financing of operations of local government institutions | *On-balance-sheet exposure* | 381,183 | 318,170 | 19.80% |
| | *Off-balance-sheet exposure* | 184,133 | 168,703 | 9.15% |
| | ***Total exposure*** | 565,316 | 486,873 | 16.11% |
| Loans to public healthcare centres guaranteed by local government institutions | *On-balance-sheet exposure* | 315,049 | 394,938 | -20.23% |
| | *Off-balance-sheet exposure* | 0 | 550 | -100.00% |
| | ***Total exposure*** | 315,049 | 395,488 | -20.34% |
| Total ( I+II+III ) | ***On-balance-sheet exposure*** | 4,021,164 | 4,554,886 | -11.72% |
| | ***Off-balance-sheet exposure*** | 386,597 | 653,083 | -40.80% |
| | ***Total exposure*** | 4,407,762 | 5,207,969 | -15.37% |

*Source: the Issuer.*

**The above data concerns the portfolio value net of loan interest and before impairment losses. Unaudited operating and financial data is sourced from the Issuer's management accounts.*

Table 42 Total loan portfolio by currency in main product groups*

| **Product** | **Feb 28 2010** | | | **Feb 28 2009** | | |
|---|---|---|---|---|---|---|
| | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** |
| Commercial loans | 54.7% | 41.7% | 3.6% | 55.1% | 41.0% | 3.9% |
| Housing loans | 42.0% | 45.4% | 12.6% | 41.6% | 42.7% | 15.6% |
| Loans to local government institutions | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)** | **63.6%** | **33.4%** | **3.0%** | **62.5%** | **34.1%** | **1.7%** |

*Source: the Issuer.*

**Unaudited operating and financial data is sourced from the Issuer's management accounts.*

Table 43 Sales of loans – value and number of executed loan agreements by product group (PLN '000)*

| Product | Jan 1 – Feb 28 2010 | | Jan 1 – Feb 28 2009 | |
|---|---|---|---|---|
| | Value** | Number | Value** | Number |
| **Commercial loans** | **14,046,080** | **3** | **34,133,259** | **2** |
| Including loans for: | | | | |
| - construction projects | 8,268,925 | 2 | 0 | 0 |
| - refinancing of real estate | 5,777,155 | 1 | 0 | 0 |
| - land purchase | 0 | 0 | 0 | 0 |
| - residential developers | 0 | 0 | 34,133,259 | 2 |
| **Loans to local government institutions including loans for:** | | | | |
| - financing of operations of local government institutions | | | | |
| - financing of public healthcare centres guaranteed by local government institutions | | | | |
| **Total** | **14,046,080** | **3** | **34,133,259** | **2** |

*Source: the Issuer.*

**The above data concerns the portfolio value net of loan interest and before impairment losses. The value of sales in 2009 reflects annexes under which the principal values of loans advanced in earlier years were increased by a total of PLN 42,430,875.*
*Unaudited operating and financial data is sourced from the Issuer's management accounts.*

***The value of agreements corresponds to the loan amount as per agreement, translated at historical exchange rate.*

Table 44 Sector concentration for the portfolio of commercial loans and loans to local government institutions (PLN '000)*

| Commercial loans by type of loan-financed project | Feb 28 2010 | | | Feb 28 2009 | | |
|---|---|---|---|---|---|---|
| | *Total exposure (drawn and undrawn loans)* | *No. of loans* | *% of the Bank's total exposure* | *Total exposure (drawn and undrawn loans)* | *No. of loans* | *% of the Bank's total exposure* |
| Office and service buildings | 1,129,986 | 155 | 26.00% | 1,290,474 | 161 | 25.16% |
| Office and retail complexes | 261,542 | 20 | 6.02% | 307,977 | 20 | 6.00% |
| Loans to local government institutions | 880,365 | 111 | 20.26% | 882,361 | 106 | 17.20% |
| Land | 186,776 | 19 | 4.30% | 226,796 | 22 | 4.42% |
| Hotels | 148,058 | 14 | 3.41% | 181,564 | 15 | 3.54% |
| Entertainment and recreation facilities | 42,132 | 8 | 0.97% | 45,779 | 8 | 0.89% |
| Residential development projects | 818,533 | 58 | 18.83% | 1,151,742 | 76 | 22.45% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Retail space | 521,836 | 89 | 12.01% | 610,126 | 92 | 11.89% |
| Warehouse space | 306,805 | 35 | 7.06% | 363,934 | 37 | 7.10% |
| Other | 50,297 | 22 | 1.16% | 68,669 | 24 | 1.34% |
| Total | 4,346,330 | 531 | 100.00% | 5,129,421 | 561 | 100.00% |

*Source: the Issuer.*

** The above data concerns the portfolio value net of loan interest and before impairment losses. Unaudited operating and financial data is sourced from the Issuer's management accounts.*
*Current wording:*

### 1. Material Trends Observed since the Date of the Last Audited Financial Statements

Pursuant to Section 7.1 of Commission Regulation (EC) No. 809/2004 of April 29th 2004, we represent that no adverse changes in the Issuer's growth prospects have occurred since the publication of the last audited financial statements of the Issuer prepared for the financial year 2009.

Pursuant to Section 11.7 of Commission Regulation (EC) No. 809/2004 of April 29th 2004, below we provide a description of all material changes in the Issuer's financial standing since the end of the most recent financial period for which audited financial data was published, that is the period from December 31st 2009 to July 31st 2010.

The total commercial loan portfolio decreased by PLN 459,307 thousand (11.94%) compared with the corresponding period of 2009.
The total portfolio of loans to local government institutions fell by 7.18% from the level reported as at July 31st 2010, with growth seen in the loans for financing the operations of local government institutions (by 3.10% compared with July 31st 2010), reaching the total amount of PLN 548,547 thousand.

The share of PLN-denominated loans remained high and accounted for 59.8% of total loans as at July 31st 2010.

The average LTV ratio in the case of commercial loans advanced from January to July 2010 amounted to 81.4%.

The ratio of mortgage lending value to market value for commercial loans advanced from January to July 2010 amounted to 94.7% and was lower than the level reported for loans advanced in the corresponding period of 2009, when it stood at 99.47% (a vast majority of loans in the period were loans financing developers' residential projects).

The concentration ratio for high credit exposures in the portfolio, computed as a quotient of the value of high exposures (loan agreements for amounts exceeding 10% of equity) and the total exposure, amounted to 17.4% and was lower than the level reported as at July 31st 2010, when it stood at 29.8%.

In the period January – July 2010, the Bank did not execute any loan agreement with a value representing more than 10% of the Bank's equity.

After the period of recession on the financial markets, the financial standing of the Bank improved gradually compared with the corresponding period of the previous year. The improvement was accompanied by better financial results and a higher solvency ratio. However, relative to H1 2009 the loan portfolio quality (reflected in the size of the provision for loans to non-financial sector) was slightly poorer and the value of the Bank's total loan portfolio fell, chiefly as a consequence of loan repayments.

Table 41 The Bank's total loan portfolio by product group (PLN '000)*

| **Product** | | **Jul 31 2010** | **Jul 31 2009** | **Change (%)** |
|---|---|---|---|---|
| I Commercial loans | *On-balance-sheet exposure* | 3,150,577 | 3,533,278 | -10.83% |
| | *Off-balance-sheet exposure* | 235,832 | 312,438 | -24.52% |

This is a translation from the original Appendix 4 dated 07.09.2010 and should not be read in substitution of the original Appendix 4. This translation of the original Appendix 4 dated 07.09.2010 does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Offer or to subscribe or purchase of any of the Mortgage and Public Sector Covered Bonds.

| | | | | |
|---|---|---|---|---|
| | ***Total exposure*** | **3,386,409** | **3,845,716** | **-11.94%** |
| II Housing loans | *On-balance-sheet exposure* | 57,965 | 66,687 | -13.08% |
| | *Off-balance-sheet exposure* | 876 | 1,025 | -14.50% |
| | ***Total exposure*** | **58,841** | **67,711** | **-13.10%** |
| III Loans to local government institutions | *On-balance-sheet exposure* | 672,931 | 724,976 | -7.18% |
| | *Off-balance-sheet exposure* | 178,286 | 193,676 | -7.95% |
| | ***Total exposure*** | **851,217** | **918,651** | **-7.34%** |
| Loans for financing of operations of local government institutions | *On-balance-sheet exposure* | 370,261 | 338,358 | 9.43% |
| | *Off-balance-sheet exposure* | 178,286 | 193,676 | -7.95% |
| | ***Total exposure*** | **548,547** | **532,033** | **3.10%** |
| Loans to public healthcare centres guaranteed by local government institutions | *On-balance-sheet exposure* | 302,671 | 386,618 | -21.71% |
| | *Off-balance-sheet exposure* | 0 | 0 | - |
| | ***Total exposure*** | **302,671** | **386,618** | **-21.71%** |
| Total ( I+II+III ) | ***On-balance-sheet exposure*** | 3,881,473 | 4,324,941 | -10.25% |
| | ***Off-balance-sheet exposure*** | 414,994 | 507,138 | -18.17% |
| | ***Total exposure*** | **4,296,468** | **4,832,079** | **-11.08%** |

*Source: the Issuer.*

**The above data concerns the portfolio value net of loan interest and before impairment losses. Unaudited operating and financial data is sourced from the Issuer's management accounts.*

Table 42 Total loan portfolio by currency in main product groups*

| **Product** | **Jul 31 2010** | | | **Jul 31 2009** | | |
|---|---|---|---|---|---|---|
| | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** |
| Commercial loans | 50.1% | 46.2% | 3.7% | 57.1% | 39.6% | 3.4% |
| Housing loans | 39.6% | 46.8% | 13.6% | 41.8% | 44.0% | 14.1% |
| Loans to local government institutions | 100.0% | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| **Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)** | **59.8%** | **37.1%** | **3.1%** | **65.0%** | **32.1%** | **2.9%** |

*Source: the Issuer.*

**Unaudited operating and financial data is sourced from the Issuer's management accounts.*

Table 43 Sales of loans – value and number of executed loan agreements by product group (PLN '000)*

| **Product** | **Jan 1 – Jul 31 2010** | | **Jan 1 – Jul 31 2009** | |
|---|---|---|---|---|
| | **Value**** | **Number** | **Value**** | **Number** |
| **Commercial loans** | **239,219,642** | **30** | **184,021,486** | **8** |
| Including loans for: | | | | |
| - construction projects | 24,722,475 | 4 | 0 | 0 |
| - refinancing of real estate | 81,151,130 | 16 | 3,500,000 | 1 |
| - land purchase | 0 | 0 | 2,362,243 | 1 |
| - residential developers | 133,346,037 | 10 | 178,159,243 | 6 |
| **Loans to local government institutions including** | **0** | **0** | **36,359,000** | **1** |

| | | | | |
|---|---|---|---|---|
| **loans for:** | | | | |
| - financing of operations of local government institutions | 0 | 0 | 36,359,000 | 1 |
| - financing of public healthcare centres guaranteed by local government institutions | 0 | 0 | 0 | 0 |
| **Total** | **239,219,642** | **30** | **220,380,486** | **9** |

*Source: the Issuer.*

**The above data concerns the portfolio value net of loan interest and before impairment losses. The value of sales in 2009 reflects annexes under which the principal values of loans advanced in earlier years were increased.*
*Unaudited operating and financial data is sourced from the Issuer's management accounts.*

***The value of agreements corresponds to the loan amount as per agreement, translated at historical exchange rate.*

Table 44 Sector concentration for the portfolio of commercial loans and loans to local government institutions (PLN '000)*

| **Commercial loans by type of loan-financed project** | **Jul 31 2010** | | | **Jul 31 2009** | | |
|---|---|---|---|---|---|---|
| | ***Total exposure (drawn and undrawn loans)*** | ***No. of loans*** | ***% of the Bank's total exposure*** | ***Total exposure (drawn and undrawn loans)*** | ***No. of loans*** | ***% of the Bank's total exposure*** |
| Office and service buildings | 1,153,481 | 162 | 27.22% | 1,154,547 | 157 | 24.23% |
| Loans to local government institutions | 851,217 | 111 | 20.09% | 918,651 | 113 | 19.28% |
| Residential development projects | 729,047 | 58 | 17.20% | 1,081,903 | 64 | 22.71% |
| Retail space | 542,928 | 90 | 12.81% | 544,603 | 89 | 11.43% |
| Warehouse space | 312,056 | 35 | 7.36% | 325,682 | 36 | 6.84% |
| Office and retail complexes | 259,147 | 19 | 6.12% | 275,817 | 20 | 5.79% |
| Land | 157,778 | 14 | 3.72% | 196,968 | 20 | 4.13% |
| Hotels | 143,641 | 13 | 3.39% | 157,647 | 15 | 3.31% |
| Entertainment and recreation facilities | 40,674 | 8 | 0.96% | 44,190 | 8 | 0.93% |
| Other | 47,659 | 19 | 1.12% | 64,359 | 24 | 1.35% |
| **Total** | **4,237,627** | **529** | **100.00%** | **4,764,367** | **546** | **100.00%** |

*Source: the Issuer.*

** The above data concerns the portfolio value net of loan interest and before impairment losses. Unaudited operating and financial data is sourced from the Issuer's management accounts.*

## 2. Factors with a Material Bearing on the Issuer's Growth Prospects

### 2.1. External Factors

Macroeconomic factors:

*The following text is added after the existing wording:*

- Poland's GDP in Q1 2010 grew by 3.1% year on year and 0.5% quarter on quarter.
- In June 2010, the unemployment rate stood at 11.6%, compared with 11.9% at the end of 2009. A potential increase in the unemployment rate or more stringent conditions of mortgage lending to retail customers adversely affect the demand for residential real estate.
- In June 2010, the inflation rate stood at 2.3% year on year. Due to the slower economic growth and a mild increase in the CPI, the National Bank of Poland decided not to change the base interest rates. As at the end of June 2010, the reference rate published by the National Bank of Poland stood at 3.5%.

- Exchange rates have a decisive effect on the structure of the Bank's loan portfolio. This is connected with foreign exchange gains/losses, which – in the case of loans advanced in foreign currencies – result from exchange rate fluctuations and thus might increase borrowers' debt. A large portion of commercial loans are advanced in foreign currencies, which might adversely affect borrowers' ability to repay loans, should a currency crisis occur. The high share of foreign currency loans is attributable to their interest rates, which are lower than in the case of PLN-denominated loans, as well as the fact that rents in commercial developments are established in foreign currencies.
- As at the end of June 2010, the base interest rate in the Euro zone stood at 1.0%, while the main USD interest rate was 0.25%.
- The planned change of the VAT rate in Poland may increase inflation, which could translate into higher interest rates and have an adverse effect on the real estate market. The planned change of the VAT rate for residential property (from 7% to 8%) should not have a significant effect on this market segment.

**Section 4. Significant Changes in the Issuer's Financial and Economic Standing**

*The first paragraph is changed to read as follows:*

From December 31st 2009 to the date of approval of this Supplement 4 to the Prospectus, no significant changes occurred in the financial and economic standing of the Issuer. The key trends which took place since the last financial statements are discussed in Chapter X, Section 1.

**Chapter XIII Financial Information**

*The following text is added after the existing wording:*

The Issuer's condensed financial statements for H1 2010, along with the auditor's report on the review of the financial statements, are included in this Prospectus by reference to the Issuer's report for H1 2010, released on August 31st 2010 and posted on the Issuer's website at: www.rhb.com.pl.

**Chapter XIV**

*Table "Claims for payment of amounts exceeding PLN 100,000 (amounts in the table as at February 28th 2010)" is replaced with the following table:*

Claims for payment of amounts exceeding PLN 100,000 (amounts in the table as at July 31st 2010)

| No. | Claimant | Defendant | Amount (PLN) |
|---|---|---|---|
| 1 | BRE Bank Hipoteczny S.A. | Natural person | 1,625,395.06 |
| 2 | BRE Bank Hipoteczny S.A. | Natural person | 372,942.68 |
| 3 | BRE Bank Hipoteczny S.A. | Legal person | 198,840.12 |
| 4 | BRE Bank Hipoteczny S.A. | Legal person | 287,290.87 |
| | | **Total:** | **2,484,468.73** |

**Chapter XV**

*Previous wording:*

Until all Covered Bonds are repurchased or redeemed, the following documents shall be available for inspection (in electronic or paper form) on Business Days, from 9am to 5pm, at the Issuer's offices at Al. Armii Ludowej 26, 00-609 Warsaw, Poland:

(i) the consolidated text of the Issuer's Articles of Association;
(ii) the Issuer's financial statements for 2009, prepared in accordance with the International Financial Reporting Standards, audited by PricewaterhouseCoopers Sp. z o. o., along with the auditor's opinion and report, and the Issuer's financial statements for 2008, prepared in accordance with the International Financial Reporting Standards, audited by PricewaterhouseCoopers Sp. z o. o., along with the auditor's opinion and report;
(iii) this Prospectus along with all its Supplements; and

(iv) the Issuer’s annual financial statements for the subsequent financial years ending prior to the completion of the Programme, however no sooner than before the repurchase/redemption of all Covered Bonds issued under the Programme.

*New wording:*

Until all Covered Bonds are repurchased or redeemed, the following documents shall be available for inspection (in electronic or paper form) on Business Days, from 9am to 5pm, at the Issuer’s offices at Al. Armii Ludowej 26, 00-609 Warsaw, Poland:

(i) the consolidated text of the Issuer’s Articles of Association;
(ii) the Issuer’s financial statements for 2009, prepared in accordance with the International Financial Reporting Standards, audited by PricewaterhouseCoopers Sp. z o. o., along with the auditor’s opinion and report, and the Issuer’s financial statements for 2008, prepared in accordance with the International Financial Reporting Standards, audited by PricewaterhouseCoopers Sp. z o. o., along with the auditor’s opinion and report;
(iii) the Issuer's condensed financial statements for H1 2010, prepared in accordance with IAS 34 *Interim Financial Reporting*, containing comparable data for H1 2009 and reviewed by PricewaterhouseCoopers Sp. z o.o.), along with a review report;
(iv) this Prospectus along with all its Supplements; and
(v) the Issuer’s annual financial statements for the subsequent financial years ending prior to the completion of the Programme, however no sooner than before the repurchase/redemption of all Covered Bonds issued under the Programme.

**Chapter XIX**

*The following text is added after the existing wording:*

3) the Issuer’s report for H1 2010, released on August 31st 2010 and published on the Issuer’s website at www.rhb.com.pl, containing the Issuer’s condensed financial statements for the period January 1st–December 31st 2010 along with the auditor’s opinion on the review of those statements,