BRE Bank SA

Independent registered auditor's report on the financial statements for the year ended 31 December 2010

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's report of the above-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

Independent registered auditor's report on the financial statements
To the General Shareholders' Meeting and the Supervisory Board of
BRE Bank SA

This report contains 27 consecutively numbered pages and consists of:

I. General information about the Bank

(a) BRE Bank SA (hereinafter referred to as "the Bank") was formed on the basis of Resolution No. 99 of the Council of Ministers dated 20 June 1986. The Bank began operating on 2 January 1987. The Bank was formed on the basis of a Notarial Deed drawn up at the State Notarial Office in Warsaw on 11 December 1986 and registered with Rep. No. A I 5919/86. On 11 July 2001, the Bank was entered in the Register of Businesses maintained by the District Court in Warsaw, 19th Business Department of the National Court Register, with the reference number KRS 0000025237.

(b) On 24 June 1993, the Bank was assigned a tax identification number (NIP) 526-021-50-88 for making tax settlements. For statistical purposes, the Bank was assigned a REGON number 001254524 on 2 June 1998.

(c) As at 31 December 2010, the Bank's registered share capital amounted to PLN 168,346,696 and consisted of 42,086,674 shares with a par value of PLN 4 each.

(d) In the audited period, the Bank's operations comprised, amongst others:

- accepting cash placements payable on demand or on maturity and maintaining accounts for these placements;
- maintaining other bank accounts;
- clearing cash transactions;
- granting loans and cash advances;
- granting and confirming bank guarantees and opening letters of credit;
- issuing bank and other securities;
- performing commissioned tasks related to issuing securities;
- conducting forward transactions;
- issuing payment cards and conducting transactions with the use of such cards;
- taking up or purchasing shares and share-related rights, shares in other legal entities, and purchasing units and investment certificates in investment funds;
- soliciting customers for pensions funds;
- acting in the capacity of a depositary within the meaning of the provisions of the Act on the Organization and Operations of Pension Funds;
- acting in the capacity of a depositary within the meaning of the provisions of the Act on Investments Funds, conducting activities which consist of accepting orders to purchase, repurchase and subscribe for units or investment certificates in investment funds;
- maintaining registers of pension fund members and registers of investment fund participants;
- performing tasks classified as insurance intermediation;
- trading in securities, providing custody services, including maintaining securities accounts, and performing tasks related to the provision of custody services.

I. General information about the Bank (cont.)

(e) In the financial year, the following people were on the Bank's Management Board:

• Cezary Stypułkowski	Chairman (from 1 October 2010)
• Karin Katerbau	Deputy Chairman
• Wiesław Thor	Deputy Chairman (Acting Chairman from 2 August to 1 October 2010)
• Przemysław Gdański	Board Member
• Hans Dieter Kemler	Board Member
• Jarosław Mastalerz	Board Member
• Christian Rhino	Board Member
• Mariusz Grendowicz	Chairman (to 2 August 2010)

(f) The Bank has the following significant related entities:

Commerzbank Auslandsbanken Holding AG	-	the parent company;
Aspiro SA	-	a subsidiary;
BRE Bank Hipoteczny SA	-	a subsidiary;
BRE Finance France SA	-	a subsidiary;
BRE Holding Sp. z o.o.	-	a subsidiary;
BRE Leasing Sp. z o.o.	-	a subsidiary;
BRE.locum SA	-	a subsidiary;
BRE Ubezpieczenia TUiR SA	-	a subsidiary;
BRE Ubezpieczenia Sp. z o.o.	-	a subsidiary;
BRE Wealth Management SA	-	a subsidiary;
Centrum Rozliczeń i Informacji CERI Sp. z o.o.	-	a subsidiary;
Dom Inwestycyjny BRE Banku SA	-	a subsidiary;
Garbary Sp. z o.o.	-	a subsidiary;
Intermarket Bank AG	-	a subsidiary;
Magyar Factor zRt.	-	a subsidiary;
Polfactor SA	-	a subsidiary;
Transfinance a.s.	-	a subsidiary;
BRE Gold FIZ Aktywów Niepublicznych (*BRE Gold Non-Public Assets Closed-Ended Investment Fund*)	-	a subsidiary,

and the companies which belong to the Group of the parent company of the Bank.

(g) The Bank issues securities admitted to trading on the Warsaw Stock Exchange. As permitted by the Accounting Act, the Bank has elected, commencing 2005, to prepare its financial statements in accordance with the International Financial Reporting Standards (hereinafter referred to as "'IFRS") as adopted by the European Union. The decision to prepare the Bank's financial statements in accordance with those standards was taken by the General Shareholders' Meeting by means of Resolution No. 1 passed on 27 January 2005.

(h) The Bank, as the parent company in the BRE Bank SA Group, also prepared consolidated financial statements in accordance with IFRS as adopted by the European Union, dated 28 February 2011. In order to understand the financial position and the results of operations of the Bank as the parent company, the separate financial statements should be read in conjunction with the consolidated financial statements.

II. Information on the audit

(a) PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Bank by Resolution No. 26 of the Ordinary General Shareholders' Meeting dated 30 March 2010, on the basis of paragraph 11 of the Bank's Articles of Association.

(b) PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of Art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (*Journal of Laws* No. 77, item 649).

(c) The audit was conducted on the basis of an agreement concluded on 1 June 2010, in the following periods:

- interim audit from 25 October 2010 to 23 December 2010;
- final audit from 3 January 2011 to 28 February 2011.

III. The Bank's results and financial position

The financial statements do not take account of the effects of inflation. The consumer price index (from December to December basis) amounted to 3.1% in the audited year (3.5% in 2009).

The observations below are based on the knowledge obtained during the audit of the financial statements. The financial statements have been prepared in accordance with the going concern principle.

- In the financial year ended 31 December 2010, total assets increased by PLN 10,913,473 thousand to PLN 83,520,654 thousand. The main elements of assets were "Loans and advances to customers" of PLN 51,662,336 thousand (representing 62% of total assets) and "Investment securities" of PLN 19,195,574 thousand (representing 23% of total assets). The main elements of liabilities were "Amounts due to customers" of PLN 47,067,347 thousand (representing 56% of total liabilities and equity) and "Amounts due to other banks" of PLN 24,880,962 thousand (representing 30% of total liabilities and equity).
- As a result of the public issue of 12,371,200 shares and the issue of 24,592 shares in connection with the Incentive Program for the Management Board Members and the key managers of the BRE Bank Group, as at 31 December 2010, the Bank's share capital was higher by PLN 1,970,129 thousand compared with the end of the prior year and amounted to PLN 3,491,812 thousand.
- In the audited period, the balance of loans and advances to customers increased by PLN 7,401,636 thousand. That increase comprised mainly a PLN 4,826,478 thousand increase in gross amounts due from retail customers to PLN 33,597,904 thousand and a PLN 2,564,389 thousand increase in amounts due from corporate customers to PLN 18,163,080 thousand. This increase was partially offset by a PLN 498,181 thousand increase in impairment charges related to loans to PLN 2,167,970 thousand as at the end of the audited year. Consequently, the share of loans and advances to customers in total assets increased from 60% to 62%.
- The share of impaired loans and advances to customers in the gross portfolio amounted to 5.2% as at the reporting date while as at 31 December 2009 it amounted to 4.5%. As at the end of 2010, the balance of impairment losses on loans and advances to customers amounted to PLN 1,981,165 thousand and increased by PLN 515,096 thousand compared with the end of the prior year. At the same time, in the audited period, the ratio of impairment losses to impaired loan receivables increased by 1 percentage point to 71% as at the end of the audited period, mainly as a result of a growth in impairment losses at a similar pace as the growth in gross loan receivables.
- Funds available were invested in investment securities, securities held for trading and pledged assets which mainly comprised sell-buy-back transactions. As at the reporting date, the total balance of these assets amounted to PLN 22,755,328 thousand and increased by PLN 4,609,029 thousand compared with the end of the prior year. The change resulted in an increase in the share of securities in total assets from 25% as at the end of 2009 to 27% as at the end of the audited year.
- In the audited period, amounts due from banks increased by PLN 1,226,775 thousand (i.e. 51%) to PLN 3,764,172 thousand as at the end of the reporting period, mainly due to an increase in loans and advances to other banks of PLN 593,836 thousand (i.e. 115%) and reverse repo and buy-sell-back transactions from PLN 357,161 thousand as at the end of 2009 to PLN 919,553 thousand as at 31 December 2010 (i.e. 157%).

III. The Bank's results and financial position (cont.)

- In the audited period, derivative financial instruments decreased by PLN 710,303 thousand to PLN 1,221,565 thousand as at the end of 2010 while derivative financial liabilities decreased by PLN 571,242 thousand to PLN 1,361,907 thousand as at the end of the audited period.
- In 2010, net comprehensive income amounted to PLN 744,854 thousand and comprised the net profit of PLN 517,724 thousand, the valuation of available-for-sale financial assets of PLN 228,303 thousand and net foreign exchange losses on translation of foreign operations of PLN 1,173 thousand. Compared with the prior year, the Bank's total net comprehensive income increased by PLN 551,704 thousand as a result of an increase in the net profit of PLN 460,581 thousand and an increase in the valuation of available-for-sale financial assets of PLN 100,297 thousand, partially offset by a decrease in foreign exchange differences on translation of foreign operations of PLN 9,174 thousand.
- The profit before tax for 2010 amounted to PLN 681,961 thousand and was higher than in 2009 by PLN 583,083 thousand (i.e. 590%). The increase was mainly due to a PLN 404,710 thousand decrease in negative net impairment losses on loans and advances, a PLN 175,835 thousand increase in net interest income and a PLN 134,712 thousand increase in fee and commission income. This increase was offset mainly by a PLN 43,984 thousand decrease in net gains on investment securities and a PLN 87,017 thousand increase in overheads.
- In 2010 net impairment losses on loans and advances amounted to PLN 561,942 thousand and were PLN 404,710 thousand (i.e. 42%) lower than in 2009. The change in net impairment charges was mainly due to the level of incurred impairment losses on loans and advances to customers, which decreased by PLN 385,226 thousand and amounted to PLN 572,211 thousand in 2010. Net impairment losses on loans and advances amounting to PLN 338,985 in the retail portfolio and PLN 230,776 thousand in the corporate loan portfolio, resulted from deterioration in the financial position of some borrowers.
- In the audited financial year, the income tax expense increased by PLN 122,502 thousand to PLN 164,237 thousand. The increase comprised an increase in the current income tax of PLN 139,857 thousand, partially offset by a decrease in the deferred income tax of PLN 17,355 thousand.
- Return on equity calculated as the ratio of net profit for the period to average net assets (including the net profit for the current period) amounted to 10.01% and was 8.47 percentage points higher than in the prior year. In 2010, gross margin calculated as the ratio of profit before tax for the period to total income improved and amounted to 15.65% compared with 2.34% in 2009.

IV. Discussion of financial statement components

STATEMENT OF FINANCIAL POSITION as at 31 December 2010

	Note	31.12.2010 PLN'000	31.12.2009 PLN'000	Change PLN'000	Change (%)	31.12.2010 Structure (%)	31.12.2009 Structure (%)
ASSETS							
Cash and balances with the Central Bank	1	2,340,672	3,771,992	(1,431,320)	(38)	3	5
Debt securities eligible for rediscounting at the Central Bank		3,686	9,134	(5,448)	(60)	-	-
Amounts due from banks	2	3,764,172	2,497,397	1,266,775	51	5	3
Securities held for trading	3	1,731,030	1,234,792	496,238	40	2	2
Derivative financial instruments	4	1,221,565	1,931,868	(710,303)	(37)	1	3
Loans and advances to customers	5	51,662,336	44,260,700	7,401,636	17	62	60
Investment securities	6	19,195,574	13,397,725	5,797,849	43	23	18
Pledged assets	7	1,828,724	3,513,782	(1,685,058)	(48)	2	5
Investments in subsidiaries	8	491,761	480,709	11,052	2	1	1
Intangible assets	9	379,981	396,121	(16,140)	(4)	-	1
Property, plant and equipment	10	534,450	555,864	(21,414)	(4)	1	1
Current tax assets		-	116,081	(116,081)	(100)	-	-
Deferred tax assets	30	62,291	108,975	(46,684)	(43)	-	-
Other assets	11	304,412	332,041	(27,629)	(8)	-	1
TOTAL ASSETS		**83,520,654**	**72,607,181**	**10,913,473**	15	**100**	**100**

IV. The Bank's results and financial position (cont.)

STATEMENT OF FINANCIAL POSITION as at 31 December 2010 (cont.)

	Note	31.12.2010 PLN'000	31.12.2009 PLN'000	Change PLN'000	Change (%)	31.12.2010 Structure (%)	31.12.2009 Structure (%)
LIABILITIES AND EQUITY							
Liabilities		**76,989,696**	**68,793,555**	**8,196,141**	**12**	**92**	**95**
Amounts due to the Central Bank	12	79	2,003,783	(2,003,704)	(100)	-	3
Amounts due to other banks	13	24,880,962	19,184,949	5,696,013	30	30	26
Derivative financial instruments and other liabilities held for trading	14	1,361,907	1,933,149	(571,242)	(30)	2	3
Amounts due to customers	15	47,067,347	42,414,412	4,652,935	11	56	58
Subordinated liabilities	16	3,010,127	2,631,951	378,176	14	3	4
Other liabilities	17	573,450	516,443	57,007	11	1	1
Current income tax liability	30	19,689	-	19,689	-	-	-
Deferred tax provision	30	77	79	(2)	(3)	-	-
Provisions	18	76,058	108,789	(32,731)	(30)	-	-
Equity	**19**	**6,530,958**	**3,813,626**	**2,717,332**	71	**8**	**5**
Share capital	20	3,491,812	1,521,683	1,970,129	129	4	2
Retained earnings		2,897,312	2,377,239	520,073	22	4	3
Other equity items		141,834	(85,296)	227,130	(266)	-	-
TOTAL LIABILITIES AND EQUITY		**83,520,654**	**72,607,181**	**10,913,473**	15	**100**	**100**

IV. The Bank’s results and financial position (cont.)

INCOME STATEMENT
For the year ended 31 December 2010

	Note	2010 PLN’000	2009 PLN’000	Change PLN’000	Change (%)	2010 Structure (%)	2009 Structure (%)
Interest income		2,973,672	2,865,773	107,899	4	68	68
Interest expense		(1,440,820)	(1,508,756)	67,936	(5)	(39)	(37)
Net interest income	**21**	**1,532,852**	**1,357,017**	**175,835**	**13**		
Fee and commission income		894,050	777,932	116,118	15	21	18
Fee and commission expense		(360,109)	(378,703)	18,594	(5)	(10)	(9)
Net fee and commission income	**22**	**533,941**	**399,229**	**134,712**	**34**		
Dividend income	**23**	**19,277**	**59,738**	**(40,461)**	**(68)**	-	1
Foreign exchange position		357,027	402,115	(45,088)	(11)	8	10
Net other trading income		35,491	(16,848)	52,339	-	1	(1)
Net trading income	**24**	**392,518**	**385,267**	**7,251**	**2**		
Net gain/loss on investment securities	25	11,362	55,346	(43,984)	(79)	-	1
Other operating income	26	66,617	68,477	(1,860)	(3)	2	2
Net impairment losses on loans and advances	27	(561,942)	(966,652)	404,710	(42)	(15)	(23)
Bank’s overheads	28	(1,080,399)	(993,382)	(87,017)	9	(29)	(24)
Depreciation and amortization	29	(178,692)	(207,942)	29,250	(14)	(5)	(5)
Other operating expenses	26	(53,573)	(58,220)	4,647	(8)	(2)	(1)
Profit before tax		**681,961**	**98,878**	**583,083**	**590**		
Income tax expense	30	(164,237)	(41,735)	(122,502)	294		
Net profit for the year	**31**	**517,724**	**57,143**	**460,581**	**806**		
Total income		4,357,496	4,229,381	128,115	3	100	100
Total expenses		(3,675,535)	(4,130,503)	454,968	(11)	(100)	(100)
Profit before tax		**681,961**	**98,878**	**583,083**	**590**		

IV. The Bank's results and financial position (cont.)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	2010 PLN'000	2009 PLN'000	Change PLN'000	Change (%)	2010 Structure (%)	2009 Structure (%)
Net profit	**517,724**	**57,143**	**460,581**	**806**	70	30
Foreign exchange differences on the translation of foreign entities (net)	(1,173)	8,001	(9,174)	-	-	4
Valuation of available-for-sale financial assets (net)	228,303	128,006	100,297	78	30	66
Net comprehensive income	**744,854**	**193,150**	**551,704**	**286**	**100**	**100**

IV. The Bank's results and financial position (cont.)

Presentation of financial ratios summarizing the Bank's financial position and results

The following ratios characterize the Bank's business activities, its results of operations for the financial year, and its financial position as at the end of the reporting period compared with the prior period:

	31.12.2010/2010	31.12.2009/2009
Profitability ratios		
Return on equity (net profit for the financial period / average net assets)(1)	10.01%	1.54%
Return on equity (net profit for the financial period / average net assets excluding the net profit/loss for the period)(1)	10.54%	1.55%
Return on assets (profit before tax for the financial period / average assets)(1)	0.87%	0.14%
Gross margin (profit before tax for the financial period / total income)	15.65%	2.34%
Interest income to working assets (interest income / average working assets)(3)	3.99%	4.30%
C/I ratio (Bank's overheads / profit/loss on banking activities)(2)	50.30%	53.00%
Liability ratios		
Cost of borrowings (interest expense for the financial period / average interest-bearing liabilities)(1)	2.04%	2.36%
Equity to liabilities & equity (average equity / average total liabilities & equity)(1)	6.63%	5.13%
Loans to assets (average gross amounts due from banks and customers / average total assets)(1)	67.95%	67.25%
Impaired loans and advances to gross amounts due from banks and customers	4,98%	4.49%
Working assets to total assets(3)	96.41%	94.60%
Liquidity ratios		
Liquidity I (assets maturing within 1 month / liabilities maturing within 1 month)(4)	1,20%	0.40
Liquidity II (assets maturing within 3 months / liabilities maturing within 3 months)(4)	0,96%	0.47
Capital market ratios		
Earnings per share	14.11	PLN 1.92
Book value per share	155.18	PLN 128.44
Other ratios		
Equity in accordance with KNF (*Polish Financial Supervision Authority*) Resolution No. 381/2008	PLN 8,168,754 thousand	PLN 5,338,650 thousand
Total regulatory capital requirement in accordance with KNF Resolution No. 76/2010	PLN 3,864,756 thousand	PLN 3,639,569 thousand
Capital adequacy ratio in accordance with KNF Resolution No. 76/2010	16.91%	11.73%

(1) The average balances of balance sheet items were calculated on the basis of the balances of the individual items as at the beginning and the end of the current financial period and the previous financial period.
(2) The profit/loss on banking activities understood as the profit/loss before tax less the Bank's overheads, net impairment losses on loans and advances, and other operating income and expenses.
(3) Interest receivable was not eliminated from working assets.
(4) The values of the individual ratios may differ from the ratios presented in the financial statements due to a different calculation method being used.

IV. The Bank's results and financial position (cont.)

STATEMENT OF FINANCIAL POSITION as at 31 December 2010

1. Cash and balances with the Central Bank

As at 31 December 2010, "Cash and balances with the central bank" amounted to PLN 2,340,672 thousand, which represented a 38% decrease compared with PLN 3,771,992 as at the end of 2009.

The decrease in the balance was mainly due to a PLN 1,449,009 thousand decrease in cash on current accounts to PLN 2,173,831 as at 31 December 2010.

The Bank calculates and maintains the mandatory reserve in accordance with Resolution No. 15/2004 of the Management Board of the National Bank of Poland ("NBP") of 13 April 2004 on the principles and method of calculating and maintaining mandatory reserves by banks. The balance of mandatory reserve declared to be maintained in December amounted to PLN 1,394,153 thousand, compared with PLN 1,039,065 thousand as at the end of the prior year.

2. Cash and balances with the Central Bank

As at 31 December 2010, the balance of amounts due from banks amounted to PLN 3,764,172 thousand and increased by PLN 1,266,775 thousand (i.e. 51%) compared with the end of 2009.

The increase resulted mainly from an increase in loans and advances to other banks of PLN 593,836 thousand (i.e. 115%) and an increase in the balance of receivables resulting from the reverse repo and buy-sell-back transactions of PLN 562,392 thousand (i.e. 157%).

As at the end of 2010, the balance of impairment provisions related to the amounts due from banks amounted to PLN 34,247 thousand and decreased by PLN 3,840 thousand compared with the end of 2009.

3. Securities held for trading

As at 31 December 2010, the balance of securities held for trading amounted to PLN 1,731,030 thousand, which represented an increase of PLN 496,238 thousand (i.e. 40%) compared with 31 December 2009.

As at 31 December 2010, the balance consisted solely of debt securities with a carrying value of PLN 1,731,030 thousand.

The increase in the carrying value of securities held for trading resulted mainly from an increase in the balance of Treasury bills of PLN 865,810 thousand (i.e. 380%), partly offset by a decrease in the portfolio of other debt securities of PLN 239,158 and in Treasury bonds of PLN 127,820 thousand.

IV. The Bank's results and financial position (cont.)

4. Derivative financial instruments

As at the end of the reporting period, the balance of "Derivative financial instruments" amounted to PLN 1,221,565 thousand and decreased by PLN 710,303 thousand (i.e. 37%) compared with the end of the prior reporting year.

The balance comprised mainly the valuation of interest rate derivatives which amounted to PLN 768,236 thousand as at the end of the audited period and was PLN 385,395 thousand lower than as at 31 December 2009 and valuation of foreign exchange derivatives which amounted to PLN 383,869 thousand as at the end of the reporting period which represented a decrease of PLN 373,356 thousand compared with the balance as at the end of 2009.

5. Loans and advances to customers

As at 31 December 2010, the balance of loans and advances to customers amounted to PLN 51,662,336 thousand and increased by PLN 7,401,636 thousand (i.e. 17%) compared with 31 December 2009. At the same time, the share of this item in total assets increased by 2 percentage points to 62%. As at 31 December 2010, impairment losses on this item amounted to PLN 2,167,970 thousand, compared with PLN 1,669,789 thousand as at the end of 2009.

(a) Structure of the loan portfolio by type of loans

As at 31 December 2010 loans to retail customers of PLN 33,597,904 thousand and loans to corporate customers of PLN 18,163,080 thousand had the largest share in the gross loan portfolio. The increase in gross loans compared with the prior year resulted mainly from an increase in the retail and corporate loan portfolios of PLN 4,826,478 thousand (i.e. 17%) and PLN 2,564,389 (i.e. 16%), respectively, compared with the end of the prior financial year.

Since the end of 2009, the proportions within the gross loan portfolio have changed slightly. As at 31 December 2010 loans to retail customers accounted for 62% of the portfolio and loans to corporate customers accounted for 34% of the portfolio, while at the end of the prior year they accounted for 63% and 34%, respectively.

(b) Structure of the loan portfolio by quality

In the audited period, the ratio of impairment provision to the gross receivables balance increased by 0.4 percentage points and amounted to 4.0% as at the end of the financial year.

The gross value of impaired receivables increased by PLN 715,368 thousand (i.e. 34%) and amounted to PLN 2,804,912 thousand as at 31 December 2010. The increase in gross impaired receivables was accompanied by an increase in impairment losses of PLN 515,096 thousand (i.e. 35%) from PLN 1,466,069 thousand to PLN 1,981,165 thousand as at the end of the audited year. Along with an increase in impaired loan portfolio, the ratio of impairment provision to the portfolio of impaired loans increased slightly by 1 percentage point and amounted to 71% at the end of 2010, mainly as a result of a growth of impairment provision at a similar pace as the growth in gross loan receivables.

IV. The Bank's results and financial position (cont.)

5. Loans and advances to customers (cont.)

The carrying value of gross receivables subject to the portfolio analysis amounted to PLN 51,025,394 thousand as at 31 December 2010 and increased by PLN 7,184,449 thousand compared with the end of the prior year. The increase in these receivables was accompanied by a PLN 16,915 thousand decrease in impairment losses on exposures which were subject to the portfolio analysis to PLN 186,805 thousand as at 31 December 2010. The improvement in the quality of the loan portfolio for which an "incurred but not identified" provision was created resulted from both, a growth of gross portfolio and improvement of the financial position of the Bank's borrowers as a result of the economic recovery, what was reflected in the level of the provisions.

6. Investment securities

As at 31 December 2010, the balance of "Investment securities" amounted to PLN 19,195,574 thousand which represented an increase of PLN 5,797,849 thousand (i.e. 43%), compared with the end of the prior year. The balance comprised debt securities of PLN 18,939,606 thousand (PLN 13,271,099 as at the end of 2009) and equity instruments amounting to PLN 255,968 thousand (PLN 126,626 as at the end of 2009).

The increase in the balance of debt securities compared with the prior year resulted mainly from an increase in the balance of Treasury bonds of PLN 5,862,485 thousand and an increase in the balance of NBP bills of PLN 1,429,859 thousand, partly offset by a decrease in the balance of Treasury bills of PLN 1,747,563.

The balance of equity instruments increased by PLN 129,342 thousand to PLN 255,968 thousand, mainly due to an increase in the value of investment certificates of BRE Gold Close-Ended Non-public Asset Investment Funds.

7. Pledged assets

As at 31 December 2010, the balance of pledged assets amounted to PLN 1,828,724 thousand which represented a decrease of PLN 1,685,058 thousand (i.e. 48%) compared with the end of 2009.

The decrease was mainly due to a lower value of sell-buy-back transactions of PLN 1,935,906 thousand which was partly offset by an increase in securities held as a collateral for a loan from European Investment Bank of PLN 239,360 thousand (i.e. 64%).

The Bank also disclosed debt securities pledged for the benefit of the Banking Guarantee Fund as pledged assets. These securities amounted to PLN 196,309 thousand as at 31 December 2010 compared with PLN 184,821 thousand as at the end of the prior year.

IV. The Bank's results and financial position (cont.)

8. Investments in subsidiaries

As at 31 December 2010, the balance of investments in subsidiaries amounted to PLN 491,761 thousand and increased by PLN 11,052 thousand (i.e. 2%) compared with the end of the prior year.

The increase was mainly due to the reversal of an impairment write-down on shares in one of the BRE Bank Group's subsidiaries of PLN 11,020 thousand.

9. Intangible assets

As at 31 December 2010, the balance of intangible assets amounted to PLN 379,981 thousand which represented a decrease of PLN 16,140 thousand (i.e. 4%), compared with the end of the prior year.

In the audited period, the gross intangible assets increased by PLN 56,046 thousand (i.e. 7%) to PLN 814,210 thousand as at the end of 2010. The increase resulted from expenditure on intangible assets in the course of construction of PLN 59,765 thousand and purchases of intangible assets of PLN 15,467 thousand. This increase was partly offset by liquidation and other disposals totaling PLN 19,364 thousand.

10. Property, plant and equipment

As at the end of the reporting year, "Property, plant and equipment" amounted to PLN 534,450 thousand and decreased by PLN 21,414 thousand (i.e. 4%) compared with 31 December 2009. The balance comprised mainly: buildings and structures with a net book value of PLN 190,757, machinery and technical equipment of PLN 104,447 thousand and other tangible fixed assets of PLN 161,712 thousand.

The gross book value of property, plant and equipment increased by PLN 30,704 thousand to PLN 1,275,377 as at the end of the audited year. The increase resulted from expenditure on tangible fixed assets in the course of construction of PLN 43,336 thousand, and purchases of tangible fixed assets of PLN 20,644 thousand. This increase was partly offset by scrapping, sale and other disposals totaling PLN 42,826 thousand.

11. Other assets

As at the end of the audited year, other assets amounted to PLN 304,412 thousand compared with PLN 332,041 thousand as at the end of the prior year which represented a decrease of PLN 27,629 thousand (i.e. 8%) compared with the prior year.

The decrease in "Other assets" was mainly due to a decrease in the balance of "Debtors" of PLN 22,259 thousand and "Other prepayments and deferred costs" of PLN 14,545 thousand.

This decrease was partly offset by an increase in the balance of "Accrued income" of PLN 7,914 thousand.

IV. The Bank's results and financial position (cont.)

12. Amounts due to the Central Bank

As at the end of the reporting period, the balance of "Amounts due to the central bank" amounted to PLN 79 thousand, compared with PLN 2,003,783 thousand as at 31 December 2009. The decrease resulted from an absence of liabilities in respect of the repo transactions which represented the majority of the balance as at the end of the prior year.

13. Amounts due to other banks

As at 31 December 2010, the balance of "Amounts due to other banks" amounted to PLN 24,880,962 thousand and was PLN 5,696,013 thousand (i.e. 30%) higher than at the end of the prior year.

The increase in amounts due to other banks resulted mainly from an increase in loans and advances received of PLN 2,766,444 thousand (i.e. 16%), an increase in liabilities resulting from the repo and sell-buy-back transactions of PLN 1,414,937 thousand (i.e. 224%) and an increase in the balance of term deposits of PLN 1,085,248 thousand (i.e. of 1,689%).

14. Derivative financial instruments and other liabilities held for trading

As at 31 December 2010, the item amounted to PLN 1,361,907 thousand and comprised solely the valuation of derivative financial instruments. Compared with the end of 2009, the balance decreased by PLN 571,242 thousand (i.e. 30%).

As at 31 December 2010, the balance comprised the valuation of interest rate derivatives of PLN 816,413 thousand, the valuation of foreign exchange derivatives of PLN 529,184 thousand and the valuation of market risk derivatives of PLN 16,310 thousand.

The decrease resulted mainly from a decrease in the valuation of interest rate derivatives of PLN 365,057 thousand and a decrease in the valuation of foreign exchange derivatives of PLN 203,648 thousand.

15. Amounts due to customers

As at 31 December 2010, the value of amounts due to customers amounted to PLN 47,067,347 thousand which represented an increase of PLN 4,652,935 thousand (i.e. 11%) compared with the end of the prior year.

The increase resulted mainly from a PLN 4,433,327 thousand increase in amounts due to corporate customers to PLN 21,832,056 as at the end of the audited year. This increase was mainly due to an increase in cash on current accounts of PLN 1,477,086 thousand (i.e. 17%) and in sell-buy-back transactions of 1,827,007 PLN (i.e. 207%).

Compared with the prior year, amounts due to the public sector also increased, by PLN 680,058 thousand (i.e. 276%) while amounts due to retail customers decreased by PLN 460,450 thousand (i.e. 2%).

IV. The Bank's results and financial position (cont.)

16. Subordinated liabilities

As at 31 December 2010, the balance of subordinated liabilities amounted to PLN 3,010,127 thousand and increased by PLN 378,176 thousand (i.e. 14%) compared with the end of the prior year.

As at 31 December 2010, subordinated liabilities comprised bonds and subordinated loans with the nominal value totaling CHF 950,000 thousand. In 2010, the change in the balance was mainly due to a change in the CHF exchange rate.

17. Other liabilities

As at 31 December 2010, "Other liabilities" amounted to PLN 573,450 thousand which represented an increase of PLN 57,007 thousand (i.e. 11%), compared with the end of the prior year.

That increase resulted mainly from a PLN 49,149 thousand increase in the balance of accruals and in other liabilities to employees of PLN 59,134 thousand. The increase was partly offset by a decrease in the balance of "Creditors" of PLN 39,130 thousand.

18. Provisions

As at the end of the reporting year, provisions amounted to PLN 76,058 thousand which represented a decrease of PLN 32,731 thousand (i.e. 30%) compared with the end of the prior year.

As at 31 December 2010, the balance comprised provisions for off-balance sheet liabilities of PLN 39,378 thousand, other provisions for future liabilities of PLN 17,662 thousand and provisions for disputed claims of PLN 19,058 thousand.

The decrease in provisions compared with 31 December 2009 was mainly due to a decrease in provisions for off-balance sheet liabilities of PLN 21,945 thousand and in other provisions for future liabilities of PLN 27,756 thousand. The decrease was partly offset by an increase in the balance of provisions for disputed claims of PLN 16,970 thousand.

IV. The Bank's results and financial position (cont.)

19. Equity

	31.12.2009	Capital increase	Exchange differences on translating foreign operations	Valuation of available-for-sale financial assets	Change in equity due to the valuation and execution of option plans	Net profit/ (loss) for the year	31.12.2010
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Share capital	1,521,683	1,966,203	-	-	3,926	-	3,491,812
Retained earnings	2,377,239	-	-	-	2,349	517,724	2,897,312
Other equity items	(85,296)	-	(1,173)	228,303	-	-	141,834
Total equity	**3,813,626**	**1,966,203**	**(1,173)**	**228,303**	**6,275**	**517,724**	**6,530,958**

As at the end of the audited year, "Equity" amounted to PLN 6,530,958 thousand (PLN 3,813,626 thousand as at 31 December 2009).

In the audited year, the share capital was increased and amounted to PLN 3,491,812 thousand as at 31 December 2010. The increase was due to an increase in registered share capital through a public issue of 12,371,200 shares of PLN 4 par value and an issue of 24,592 shares in connection with the Incentive Plan for the Management Board. At the same time, the supplementary capital presented under the "Share capital" increased due to a public issue by PLN 1,916,620 thousand and due to the settlement of option schemes by PLN 3,926 thousand.

The increase in "Retained earnings" of PLN 520,073 thousand was mainly due to the net profit for 2010 of PLN 517,724 thousand and the result of valuation and execution of option schemes totaling PLN 2,349 thousand. The option schemes comprised the Incentive Plan for the Bank's Management Board Members approved by the General Shareholders' Meeting on 14 March 2008 and the Incentive Plan for the Key Managers of the BRE Bank Group approved by the General Shareholders' Meeting on 27 October 2008. Detailed information on the plans was presented in Note 39 to the financial statements of the Bank.

IV. The Bank's results and financial position (cont.)

19. Equity (cont.)

In the audited period, other equity items increased from the negative amount of PLN 85,296 as at 31 December 2009 to the positive amount of PLN 141,834 as at the end of the audited period. The increase was mainly due to gains on the valuation of the available-for-sale financial asset portfolio of PLN 228,303 thousand, partly offset by foreign exchange losses recognized in connection with shares in subordinated entities held by the bank and foreign branches totalling PLN 1,173 thousand.

20. Share capital – ownership structure

As at 31 December 2010, the Bank's shareholders were as follows:

Name	Number of shares held	Par value of shares held	Type of shares held (ordinary/ preference)	Voting rights %
Commerzbank Auslandsbanken Holding AG	29,352,897	117,411,588	ordinary shares	69.74
Other shareholders	12,733,777	50,935,108	ordinary shares	30.26
	42,086,674			**100.00**

As at the balance sheet date, the share capital comprised 42,086,674 shares with PLN 4 par value each and amounted to PLN 168,346,696. In 2010, Commerzbank Auslandsbanken Holding AG, a subsidiary of Commerzbank AG, continued to be the Bank's main shareholder.

As at 31 December 2010, no other shareholder exceeded the threshold of 5% of the shares held. The interest of the other shareholders in the Bank's share capital amounted to 30.26%.

IV. The Bank's results and financial position (cont.)

Income statement for the year ended 31 December 2010

21. Net interest income

In the current financial period, net interest income amounted to PLN 1,532,852 thousand (PLN 1,357,017 thousand in the prior financial year) which represented an increase of PLN 175,835 thousand (i.e. 13%). The increase was due to a PLN 107,899 thousand increase in interest income to PLN 2,973,672 combined with a PLN 67,936 thousand decrease in interest expense to PLN 1,440,820 thousand.

Among income items, the largest increase was recorded in interest income on investment securities (an increase of PLN 249,940 thousand, i.e. 46%). The increase was partially offset by a decrease in interest income on debt securities held for trading (a decrease of PLN 59,280 thousand, i.e. 52%), on loans and advances (a decrease of PLN 48,487 i.e. 2%) and on cash and cash equivalents and short-term deposits (a decrease of PLN 33,288 thousand, i.e. 23%).

The increase in interest income was due to an increase in the balance of working assets. Their share in total assets grew by 1.81 percentage points to 96.41%. This increase was partly offset by a decrease in interest income to working assets ratio (calculated as interest income to average working assets) of 0.31 percentage points to 3.99%.

Interest expense included mainly interest on transactions with banks and customers of PLN 1,386,512 thousand, whose balance decreased by PLN 61,707 thousand (i.e. 4%) compared with the prior year. The cost of borrowings (calculated as the ratio of interest expense for the period to the average interest-bearing liabilities) decreased by 0.32 percentage points to 2.04%.

Interest margin (calculated as the ratio of net interest income to interest income) increased compared with the prior year, from 47% to 52%.

22. Net fee and commission income

In 2010, net fee and commission income amounted to PLN 533,941 thousand and increased by PLN 134,712 thousand (i.e. 34%) compared with the prior year. The increase in the balance resulted from an increase in fee and commission income of PLN 116,118 thousand (i.e. 15%) combined with a decrease in fee and commission expense of PLN 18,594 thousand (i.e. 5%).

The increase in fee and commission income was mainly due to an increase in credit-related fees and commissions (of PLN 37,421 thousand, i.e. 20%), commission income from handling payment cards (of PLN 32,522 thousand, i.e. 11%) and fee and commission income on maintaining accounts (of PLN 18,036 thousand, i.e. 21%). The increase in credit-related fees and commissions income was a result of an increase in lending activities. The increase in income on handling payment cards was due to both the higher number of cards issued and the higher number of transactions involving cards, while the increase in fee and commission income for maintaining accounts resulted from a greater number of active accounts. These increases were partially offset by a decrease in commission income due to guarantees and letter of credit related commissions of PLN 5,268 thousand (i.e. 12%) compared with the prior year.

IV. The Bank's results and financial position (cont.)

22. Net fee and commission income (cont.)

The level of fee and commission expense in the period discussed was driven mainly by the costs of handling and insuring payment cards of PLN 187,586 thousand. The PLN 24,966 thousand decrease in commissions to external entities paid for sale of the Bank's products also significantly contributed to the decrease in this item. The decrease was partially offset by an increase in other fees of PLN 8,093 thousand.

23. Dividend income

In 2010, dividend income amounted to PLN 19,227 thousand and decreased by PLN 40,461 thousand (i.e. 68%) compared with 2009. Dividend income comprised mainly dividends received from Dom Inwestycyjny BRE Banku SA (PLN 14,203 thousand), and BRE Holding Sp. z o.o. (PLN 2,500 thousand).

24. Net trading income

Net trading income amounted to PLN 392,518 thousand in 2010 and increased by PLN 7,251 thousand (i.e. 2%) compared with 2009. The net trading income comprised foreign exchange result of PLN 357,027 thousand and net trading income of PLN 35,491 thousand.

The foreign exchange result decreased by PLN 45,088 thousand compared with the prior year due to a decrease in "net transaction gains and losses" of PLN 875,842 thousand, offset by an increase in net foreign exchange differences on translation of PLN 830,754 thousand.

Net income on other trading activities increased by PLN 52,339 thousand compared with the prior year, mainly as a result of an increase in the result on interest rate instruments of PLN 42,306 thousand and on market risk derivatives of PLN 9,543 thousand.

25. Net gain/loss on investment securities

In 2010, the Bank recorded gains on investment securities of PLN 11,362 thousand, which represented a decrease of PLN 43,984 thousand, i.e. of 79%, compared with the prior financial year.

In 2010, gains on investment securities was mainly due to the reversal of an impairment charges on shares in one of the subsidiaries of PLN 11,020 thousand.

26. Other operating income and other operating expenses

Other operating income amounted to PLN 66,617 thousand and decreased by PLN 1,860 thousand (i.e. 3%) compared with 2009. In 2010, the item comprised mainly other operating income of PLN 25,306 thousand, income from services provided of PLN 23,013 thousand and income due to a release of provisions for future commitments of PLN 16,791 thousand.

IV. The Bank's results and financial position (cont.)

26. Other operating income and other operating expenses (cont.)

Other operating expenses decreased from PLN 58,220 thousand in 2009 to PLN 53,573 in the audited period. In 2010, the balance comprised mainly other operating expenses of PLN 24,123 thousand, provisions for future commitments of PLN 22,320 thousand, and donations made of PLN 3,105 thousand.

27. Net impairment losses on loans and advances

In the audited period, the balance of net impairment losses on loans and advances amounted to PLN 561,942 thousand, compared with PLN 966,652 thousand in the prior year.

In the audited year, this item comprised net impairment losses on loans and advances to customers of PLN 572.211 thousand, net impairment losses on amounts due from banks of PLN 11,318 thousand and released net impairment losses on off-balance sheet contingent liabilities to customers of PLN 21.587 thousand.

Net impairment losses on loans and advances that amounted to PLN 338,985 in the retail portfolio and PLN 230,776 thousand in the corporate loan portfolio, resulted from deterioration in the financial position of some borrowers.

Net impairment losses in 2010 resulted mainly from impairment losses on the portfolio of loans with the recognized impairment. The level of net impairment losses in the audited year were PLN 404,710 thousand lower than in the 2009. The difference was a result of a lower level of net impairment losses on cash advances granted to customers without previous business with the Bank and a lower level of net impairment losses on receivables from customers who had liabilities to the Bank resulting from derivative transactions, compared to their levels at the end of the previous year.

28. The Bank's overheads

In the audited period, overheads amounted to PLN 1,080,399 thousand and increased by PLN 87,017 thousand (i.e. 9%) compared with 2010.

The increase in overheads was mainly due to an increase in employee expenses of PLN 97,281 (i.e. 21%). The decrease was partly offset by a decrease in material costs of PLN 10,275 thousand.

29. Amortization and depreciation

In the audited period, depreciation and amortization amounted to PLN 178,692 thousand and decreased by PLN 29,250 thousand (i.e. 14%) compared with the prior financial year.

In the audited period, the balance comprised amortization of intangible assets of PLN 89,440 thousand and depreciation of property, plant and equipment of PLN 89,252 thousand.

IV. The Bank's results and financial position (cont.)

30. Income tax expense

	2010 PLN'000	2009 PLN'000	Change PLN'000
Current income tax	156,383	16,526	139,857
Deferred income tax	7,854	25,209	(17,355)
Income tax expense	**164,237**	**41,735**	**122,502**

In the current financial year, income tax was calculated using the 19% rate on the basis of profit before tax determined in accordance with IFRS as adopted by the European Union, adjusted for non-taxable income and non-deductible costs. In the course of 2010, the Bank remitted advances in respect of corporate income tax using CIT-2 tax return. As at the end of the reporting period, current tax liability amounted to PLN 19,689 thousand.

The balance of deferred income tax comprised deferred tax on deductible temporary differences which amounted to PLN 298,218 thousand compared with PLN 332,305 thousand as at 31 December 2009. The deferred tax on deductible temporary differences related to, among others, impairment losses on loans and off-balance sheet liabilities which had not been classified so far as tax deductible expenses (PLN 153,973 thousand), the valuation of derivatives and forward contracts (PLN 47,722 thousand), prepayments and deferred costs (PLN 27,981 thousand), interest payable on deposits from customers and banks (PLN 24,237 thousand) and provisions for pensions, holiday equivalents, jubilee and other bonuses (PLN 19,788 thousand).

As at the end of the audited year, deferred tax on taxable temporary differences amounted to PLN 236,004 thousand compared with PLN 223,409 thousand as at the end of 2009. Deferred tax on taxable temporary differences related to, among others, the valuation of available-for-sale financial instruments (PLN 96,010 thousand), other taxable temporary differences comprising mainly interests and commissions received in advance (PLN 52,983 thousand), interest receivable on loans to customers (PLN 33,380 thousand), the difference in depreciation and amortization under tax and accounting regulations (PLN 32,860 thousand) and investment tax relief (PLN 18,657 thousand).

Due to the fact that as at the end of 2010 deductible temporary differences exceeded taxable ones, the Bank recognized a deferred tax asset of PLN 62,291 thousand (PLN 108,975 thousand as at the end of 2009). In addition, a deferred tax provision of PLN 77 thousand (PLN 79 thousand as at the end of 2009) was recognized in respect of deferred tax of foreign operations in the Czech Republic and Slovakia.

The effective corporate income tax rate was 24.1%. The difference between the effective income tax rate and the statutory rate (19%) resulted mainly from tax losses of foreign operations in the Czech Republic and Slovakia, non deductible expenses and the difference in depreciation and amortization under tax and accounting regulations.

Detailed information on the deferred tax has been presented in notes 13 and 33 of the Bank's financial statements.

IV. The Bank's results and financial position (cont.)

31. Net profit for the year

The net profit for the audited year amounted to PLN 517,724 thousand.

In accordance with Resolution No. 2 of the 23nd Ordinary Shareholders' Meeting held on 30 March 2010, the net profit for 2009 amounting to PLN 57,143 thousand was transferred to the general risk reserve. In the Bank's statement of financial position this item was presented in Retained earnings.

32. Off-balance sheet liabilities

As at 31 December 2010, off-balance sheet liabilities of PLN 318,884,136 thousand comprised: contingent liabilities granted and received, and derivative financial instruments.

Off-balance sheet liabilities granted and received amounted to PLN 14,749,119 thousand as at 31 December 2010. The balance comprised liabilities granted of PLN 13,659,448 thousand which increased by PLN 1,432,265 thousand compared with the end of the prior year and liabilities received of PLN 1,089,671 thousand which increased by PLN 405,168 thousand compared with the end of the prior year.

As at the end of the audited period, derivative financial instruments amounted to PLN 304,135,017 thousand and decreased by PLN 12,223,079 thousand compared with 2009. The balance consisted mainly of interest rate derivatives of PLN 255,719,874 thousand.

Detailed information on off-balance sheet liabilities was presented in Note 35 to the Bank's financial statements.

V. The independent registered auditor's statement

(a) In the course of the audit, the Bank's Management Board presented the required information, explanations, and representations and provided us with a representation letter confirming the completeness of the data in the books of account and the disclosure of all the contingent liabilities. They also informed us of significant events which occurred between the end of the reporting period and the date of that letter being signed.

(b) The scope of the audit was not limited.

(c) The Bank had up-to-date documentation of its accounting policies, approved by the Management Board. The Bank's accounting policies were tailored to its needs and ensured the specification, in its accounting records, of all the events material to the assessment of its financial position and results, taking into consideration the prudence principle. Changes in the accounting policies used were correctly disclosed in the notes to the financial statements.

(d) The closing balances as at the end of the previous financial year were correctly brought forward as the opening balances of the current period in all material respects.

(e) We have assessed the operations of the accounting system. Our assessment covered in particular:
- the accuracy of the documentation relating to business transactions;
- the fairness, accuracy and verifiability of the books of account, including computerized books of account;
- the methods used for controlling access to data and the computerized data processing system;
- the safeguarding of the accounting documentation, books of account, and financial statements.

This assessment, together with our verification of the individual items of the financial statements, provides the basis for expressing a general, comprehensive and unqualified opinion on the truth and fairness of these financial statements. Our audit was not aimed at providing a comprehensive opinion on the operations of the system.

(f) The notes to the financial statements present all the material information required by the International Financial Reporting Standards as adopted by the European Union.

(g) The information in the Directors' Report for the year ended 31 December 2010 has been prepared in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws No. 33, item 259) and is consistent with the information presented in the audited financial statements..

(h) The counts of assets and equity & liabilities were carried out and reconciled in accordance with the Accounting Act, and their results were recognized in the books of account for the audited year.

V. The independent registered auditor's statement (cont.)

(i) The total regulatory requirement along with the requirement concerning the risk of excessive capital exposures amounted to PLN 3,864,756 thousand as at the end of the reporting period. The capital adequacy ratio amounted to 16.91% as at 31 December 2009. As at the end of the reporting period, the Bank complied with the applicable prudence standards in all material respects.

(j) We determined the materiality levels at the planning stage. The materiality levels specify the limits up to which the irregularities identified may be left unadjusted without detriment to the quality of the financial statements or the correctness of the underlying books of account, since failing to make such adjustments will not be misleading for the users of the financial statements. Materiality measures both the quantity and quality of the audited items, and therefore it varies for different balance sheet and income statement items. Due to the complexity and the number of the materiality levels adopted for audit purposes, they are included in the audit documentation.

(k) The financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The registered auditor issued an unqualified opinion.

(l) The Bank's financial statements as at and for the year ended 31 December 2009 were approved by Resolution No. 1 of the 23nd of the Ordinary General Shareholders' Meeting dated 30 March 2010. They were filed with the National Court Register in Warsaw on 12 April 2010 and published in Monitor Polski B No. 949, item 5239 on 14 June 2010.

VI. Final information and comments

This report has been prepared in connection with our audit of the financial statements of BRE Bank SA, Warsaw, ul. Senatorska 18 (hereinafter referred to as "the Bank"). The audited financial statements comprised:

(a) the statement of financial position as at 31 December 2010, showing total assets and total liabilities & equity of PLN 83,520,654 thousand;

(b) the income statement for the year ended 31 December 2010, showing a net profit of PLN 517,724 thousand;

(c) the statement of comprehensive income for the year ended 31 December 2010, showing comprehensive income of PLN 744,854 thousand;

(d) the statement of changes in equity for the year ended 31 December 2010, showing an increase in the equity of PLN 2,717,332 thousand;

(e) the cash flow statement for the year ended 31 December 2010, showing net cash outflows of PLN 582,882 thousand;

(f) additional information on the adopted accounting policies and other explanatory notes.

The financial statements were signed by the Bank's Management Board on 28 February 2011. This report should be read in conjunction with the Independent Registered Auditor's Opinion to the General Shareholders' Meeting and the Supervisory Board of BRE Bank SA dated 28 February 2011, concerning the financial statements. The opinion is a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of the individual components of the financial statements or issues. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., registered audit company no. 144:

Agnieszka Accordi-Krawiec

Key Registered Auditor
No. 11665

Warsaw, 28 February 2011