BRE BANK SA

Our people make the difference.

Management Board Report on the Performance of BRE Bank Group SA in 2012

Warsaw, March 7, 2013

I. Brief description of BRE Bank

Key figures and facts

BRE Bank SA was established in 1986 (under the name Bank Rozwoju Eksportu SA) and its operations were launched at the beginning of 1987. Within 26 years of the Bank existence, it has evolved from small specialized bank to the one of the biggest Polish universal banks.

Since its inception, the Bank focussed on providing innovative services and products that would distinguish it from the group of large, incumbent institutions that dominated the market at the time. In the early years, the Bank concentrated on granting foreign currency loans to Polish companies for the purchase of investment goods and technologies. Over time, the product and service offer for companies was expanded to include foreign trade financing, a variety of deposits and loans, derivative instruments or cash management, allowing BRE Bank to become a fully corporate bank capable of competing with the largest and established players on the market.

In 1998, the Bank launched its Private Banking service for high net worth individuals predominantly representing the existing corporate clients of the Bank.

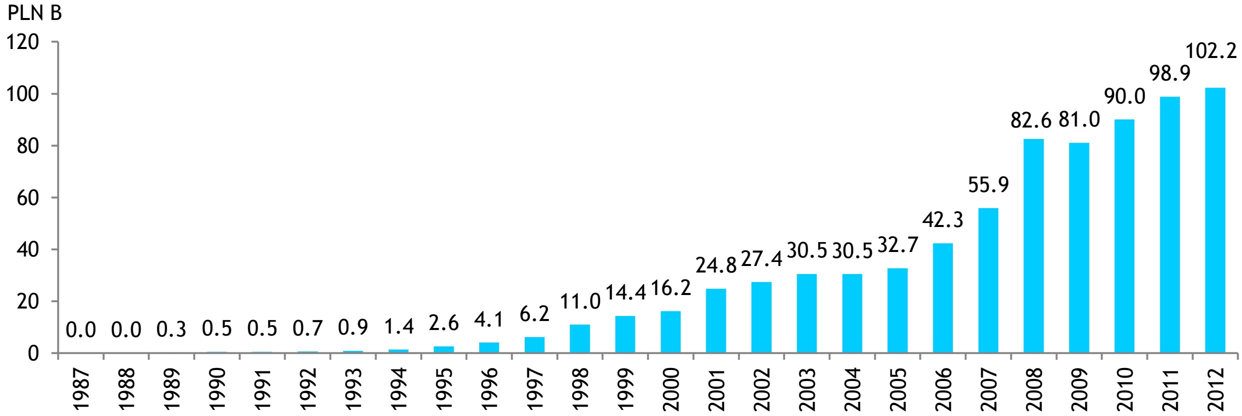
The Bank's business profile changed substantially in late 2000 when BRE Bank launched its retail banking arm: mBank, the first Internet bank in Poland for mass clients and micro-enterprises. A year later, BRE Bank made another step towards retail banking by launching MultiBank, which targets demanding affluent clients with a strong need for personalised service and advice.

The domestic success of mBank meant that in 2007, the retail banking arm expanded abroad: mBank outlets were set up in the Czech Republic and Slovakia. However, in 2012 it was announced the launch the New mBank project, which in assumptions will be one of the most advanced retail banking platform in the world.

Today, BRE Bank is a fully universal bank. It services large corporations, small and medium-sized enterprises (SMEs), micro-enterprises and private individuals. The Bank's customer base includes 4.1 million retail customers and 15.1 thousand corporations.

BRE Bank's expansion was accompanied by setting-up and acquisitions of several companies offering financial products and services complementary to the Bank's offer and catering to the needs of the Bank's clients, among others including leasing, factoring, brokerage and insurance Together with the Bank, they form BRE Bank Group.

BRE Bank Group Total Assets



The Group concluded 2012 on a strong note with profit before tax of PLN 1 472.1 million, the highest in its history.

Composition of BRE Bank Group as of 31.12.2012

The main subsidiaries of the Group include: BRE Leasing, BRE Bank Hipoteczny, Dom Inwestycyjny BRE Banku, BRE Faktoring as well as the insurance company BRE Ubezpieczenia. In total, 16 companies were consolidated at the end of December 2012.

The composition of BRE Bank Group by business segments and areas was as follows:

BRE Bank Group

Segment	**Corporates & Financial Markets**		**Retail Banking**
	Corporates & Institutions	**Trading & Investments**	
Bank	▪ Corporations (capital groups) ▪ Large Companies ▪ SMEs ▪ Structured and Mezzanine Finance	▪ Risk and Liquidity Management ▪ Financial Markets ▪ Financial Institutions ▪ Brokerage House	▪ mBank (retail customers and microenterprises) ▪ MultiBank (affluent retail customers) ▪ Private Banking (high net worth individuals)
Consolidated subsidiaries	▪ BRE Leasing Sp. z o.o. ▪ BRE Faktoring SA ▪ Transfinance a.s. (factoring activities in the Czech Republic) ▪ BRE Holding Sp. z o.o. (special purpose entity) ▪ MLV 35 Sp. z o.o. (special purpose entity) ▪ Garbary Sp. z o.o. (company in restructuring)	▪ Dom Inwestycyjny BRE Banku SA (brokerage house) ▪ BRE Bank Hipoteczny SA (mortgage bank) ▪ BRE Finance France SA (special purpose entity reserved for financing activities of the Bank)	▪ BRE Wealth Management SA ▪ Aspiro SA (sales of financial products) ▪ BRE Ubezpieczenia TUiR SA (insurance company) ▪ BRE Ubezpieczenia Sp. z o.o. (insurance company) ▪ BRE Agent Ubezpieczeniowy Sp. z o.o. (insurance agent)
	Other subsidiaries	▪ BRE.locum SA (property developer) ▪ BRE Centrum Operacji Sp. z o.o. (outsourcing services provider)	

Compared to the end of 2011 two new subsidiaries joined the Group: BRE Agent Ubezpieczeniowy Sp. z o.o and MLV 35 Sp. z o.o. In December 2012, the Group ceased to consolidate BRE GOLD Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in connection with the redemption of certificates issued by the company and as of December 31, 2012, the Group did not have any certificates issued by BRE GOLD Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. Under IFRS, all above subsidiaries are consolidated using acquisition accounting. The business of selected subsidiaries is briefly described in sections on relevant business lines.

BRE Bank Group - key data

BRE Bank Group's Key Data	2008	2009	2010	2011	2012
Balance sheet total (PLN M)	82,605.2	81,023.9	90,038.8	98,875.6	**102,236.0**
Credit and loans granted to customers (PLN M)	52,142.5	52,468.8	59,374.1	67,851.5	**67,059.3**
Liabilities to customers (PLN M)	37,750.0	42,791.4	47,151.0	54,244.4	**57,983.6**
Book value (PLN M)	3,894.5	4,120.2	6,909.3	8,048.8	**9,685.5**
Pre-tax profit from continued and discontinued activities	1,000.1	209.4	872.5	1,467.1	**1,472.1**
Net profit from continued and discontinued activities attributable to the Bank's shareholders	857.5	128.9	641.6	1,135.0	**1,203.2**
Capital adequacy ratio (%)	10.04	11.50	15.90	14.96	**18.73**
ROE before tax (%)	30.8	5.1	15.6	21.0	**17.9**
Cost/Income ratio (%)	55.1	54.2	51.8	47.7	**46.4**
Headcount YE (FTE)	6,133	5,566	6,018	6,294	**6,138**
Number of BRE Bank corporate units, YE					
branches	24	24	24	29	**29**
offices	21	21	21	19	**19**
Number of retail branches, YE					
mBank (Poland)	161	142	115	97	**94**
mBank CZ	27	26	26	26	**26**
mBank SK	16	9	9	9	**9**
MultiBank	131	134	133	135	**133**
BRE Bank Group's Key Stock Exchange Figures	**2008**	**2009**	**2010**	**2011**	**2012**
Number of shares, YE	29,690,882	29,690,882	42,086,674	42,102,746	**42,138,976**
Profit from continued and discontinued activities per share (PLN)	24.49	4.34	17.49	26.96	**28.57**
BV/PS (PLN)	131.17	138.77	164.17	191.17	**229.85**
P/E	7.08	52.89	17.38	9.12	**11.41**
P/BV	1.32	1.65	1.85	1.29	**1.42**
Share price at the year's last trading session (PLN; for 2005 -2009 adjusted by 0,88275 ratio due to new issue of shares in 2010)	173	230	304	246	**326**

Authorities of BRE Bank

Supervisory Board of BRE Bank SA

As of December 2012, the Supervisory Board was composed of the following persons:

1. Maciej Leśny - Chairman of the Supervisory Board (independent Member)
2. Ulrich Sieber - Deputy Chairman of the Supervisory Board
3. Andre Carls – Member of the Supervisory Board
4. Thorsten Kanzler – Member of the Supervisory Board
5. Teresa Mokrysz - Member of the Supervisory Board (independent Member)
6. Dirk Wilhelm Schuh – Member of the Supervisory Board
7. Waldemar Stawski - Member of the Supervisory Board (independent Member)
8. Stephan Engels – Member of the Supervisory Board
9. Jan Szomburg – Member of the Supervisory Board
10. Marek Wierzbowski - Member of the Supervisory Board (independent Member)

On February 13, 2012, Eric Strutz, Member of the Supervisory Board of BRE Bank, handed in his resignation, effective as of March 30, 2012. On March 30, 2012, the 25th Annual General Meeting of BRE Bank appointed Stephan Engels as Member of the Supervisory Board as of April 1, 2012 for a joint term of the Supervisory Board of BRE Bank SA.

On July 9, 2012, Sascha Klaus resigned from his position as Member of the Supervisory Board as of July 25, 2012. Mr Klaus was succeeded by Dirk Wilhelm Schuh, who will serve until the end of the present term of the Supervisory Board.

Management Board of BRE Bank SA

As of December 2012, the Management Board was composed of the following persons:

1. Cezary Stypułkowski - President of the Management Board, Chief Executive Officer
2. Wiesław Thor – Vice - President of the Management Board, Chief Risk Officer
3. Przemysław Gdański - Member of the Management Board, Head of Corporate Banking
4. Jörg Hessenmüller - Member of the Management Board, Chief Financial Officer
5. Hans-Dieter Kemler – Member of the Management Board, Head of Investment Banking
6. Cezary Kocik - Member of the Management Board, Head of Retail Banking
7. Jarosław Mastalerz - Member of the Management Board, Head of Operations and IT

On December 9, 2011, Karin Katerbau Vice-President of the Management Board and Chief Financial Officer announced her intention to resign from her position at BRE Bank in 2012. On April 16, 2012, Jörg Hessenmüller became a new Member of the Management Board of BRE Bank and Chief Financial Officer.

On January 27, 2012, Christian Rhino, Member of the Management Board, Head of Operations and IT, announced his intention to resign from his position at BRE Bank as of March 31, 2012. On April 1, 2012, Mr Rhino was succeeded by Jarosław Mastalerz, formerly acting as Member of the Management Board, Head of Retail Banking. At the same time, the position of Member of the Management Board, Head of Retail Banking was entrusted on April 1, 2012, to Cezary Kocik, formerly Managing Director for retail banking sales and business processes.

The detailed profiles of Members of the Supervisory Board and the Management Board are presented in the chapter entitled “Statement of BRE Bank on application of corporate governance principles”.

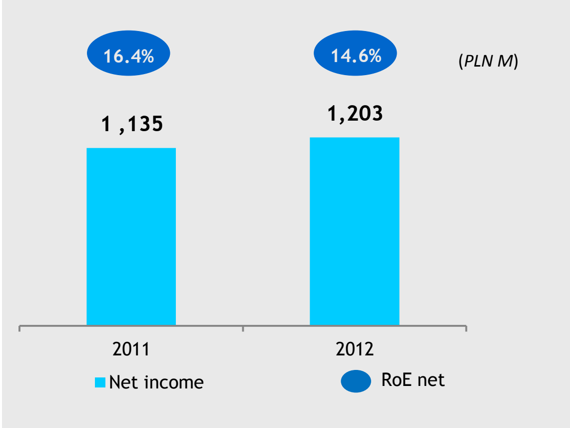
II. Year 2012 - key highlights of BRE Bank Group

II.1. 2012 in numbers

Key financial data

Solid profitability maintained

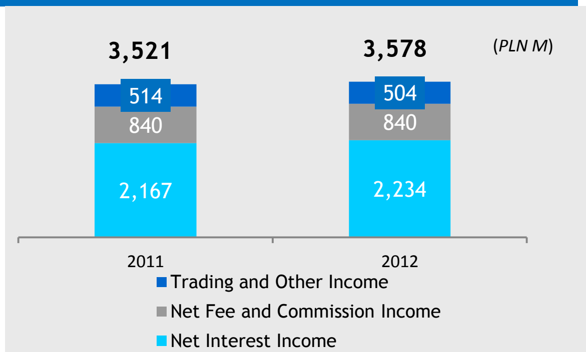
- Profit before tax of BRE Bank Group at the level of PLN 1,472 million in 2012 (PLN +5.0 million or +0.3% year on year).
- Increase of net profit attributable to BRE Bank Shareholders by PLN 68 million or 6.0%.
- Decrease of Net Return on Equity ratio by 1.8 p.p. to 14.6% at the end of 2012.



Improving income and effective cost management

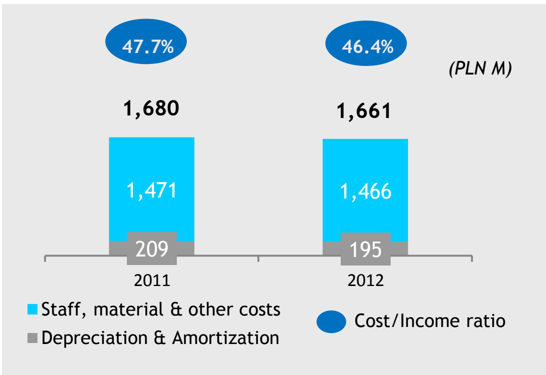
Resilient core revenues

- Increase of net interest income by PLN 67 million or 3.1%.
- Net fee and commission income unchanged and stable.
- Increase of total income by PLN 57 million or 1.6% in 2012.



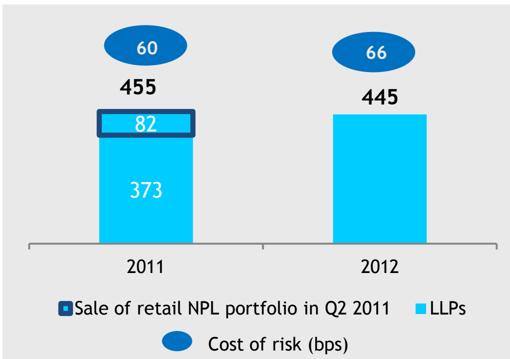
Improved efficiency despite significant investment in future growth

- Decrease of Cost to Income ratio by 1.3 p.p. to 46.4% at the end of 2012.
- Decrease of administrative costs with depreciation and amortization by PLN 19 million or 1.1% in 2012.



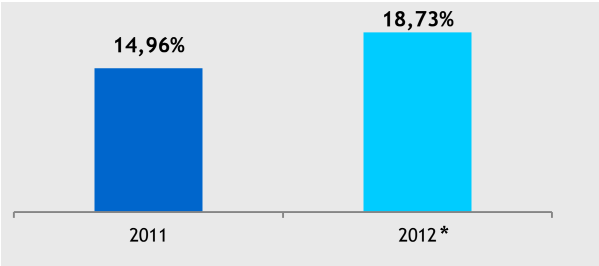
Prudent risk management

- Decrease of loan loss provisions by PLN 10 million or 2,3% in 2012, including the release of provisions related to the sale of retail NPL portfolio in 2011.

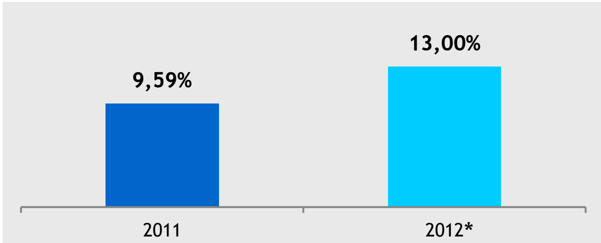


A balance sheet that significantly surpasses regulatory requirements

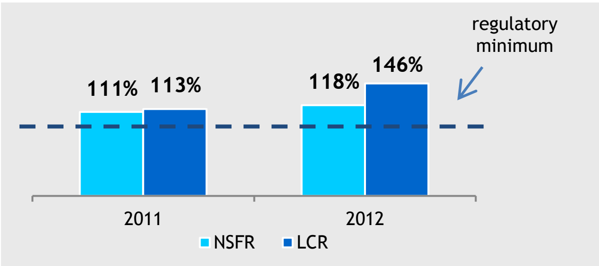
Capital Adequacy Ratio (CAR)



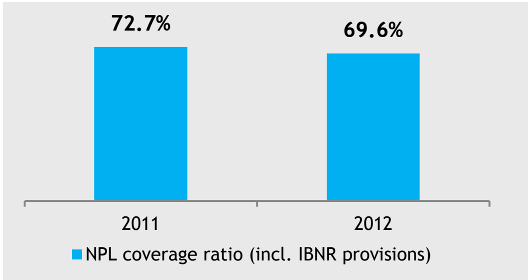
Core Tier 1 ratio well above regulatory requirements



Full compliance with Basel III liquidity ratios



A well provisioned loan book

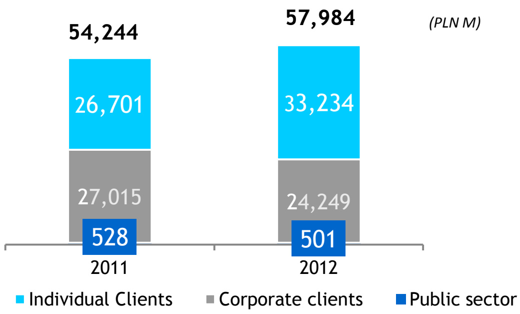


* AIRB methodology

Development of Loans and Deposits

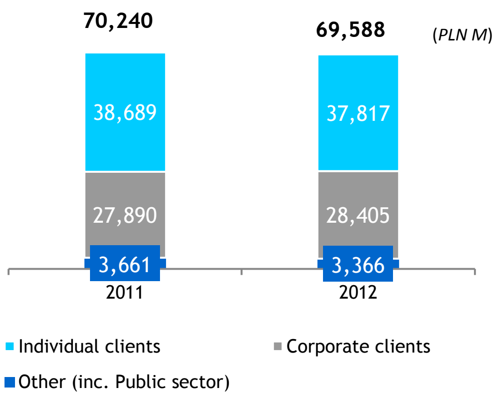
Development of Deposits

- Increase of total deposits volumes by PLN 3,740 million or 6.9%.
- Increase of retail deposits volume by PLN 6,533 million or 24.5% and decrease of corporate deposits by PLN 2,776 million or 10.2%.



Development of Gross Loans

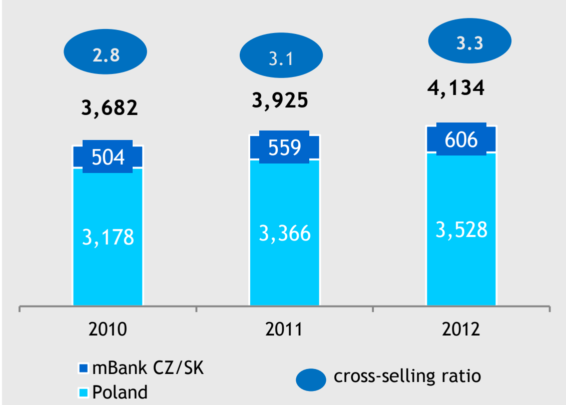
- Decrease of gross loan book value by PLN 652 million or 0.9% due to the economy slowdown.
- Increase in lending to corporate clients by PLN 515 million or 1.8% and decline in lending to individual clients by PLN 872 million or 2.3%.



Client growth maintaining momentum

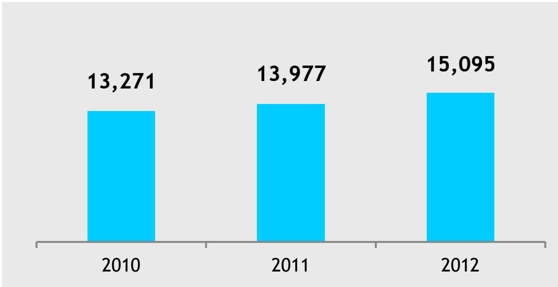
Retail Customers (in thou.)

- Increase of retail customer base in 2012 by 209 thou. or 5.3%.
- Further improvement of the cross-selling ratio at the end of 2012.



Corporate Customers

- Increase of number of corporate customers in 2012 by 1,118.



II.2. Quarterly summary of 2012

Q1 2012

- Announcement of the plan to launch New mBank as one of the most advanced retail banking platform.
- Implementation of iBRE FX Trading Platform, enabling to conduct spot and forward FX transactions.
- mBank granted the "Golden Banker" award by Internet users.
- Diversification of funding in PLN through the issue of certificates of deposits for an amount of PLN 1 billion.

Q2 2012

- Signing of the agreement for a Euro Medium Term Note Programme (EMTN) between BRE Finance France SA and BRE Bank SA.
- Launch of a new product for retail banking customers – mSaver – innovative and pioneer programme for regular saving.
- Launch of the online version of the annual report of the BRE Bank Group.

Q3 2012

- Acquisition of the fourth million retail customer.
- MultiBank selected the best traditional bank and mBank with the best mobile banking offering In the „Newsweek's Friendly Bank" ranking.
- Start of iBRE News platform dedicated for corporate clients, a new source of information for businesses.
- Extension of the functionality of the online annual report with the interactive and convenient tool to analyze financial and business data - BRE Analyzer.

Q4 2012

- Issue of the first tranche of the Eurobonds with the nominal value of EUR 500 million and maturing in 2015 under the EMTN programme.
- Launch of HalCash transfer, allowing clients to send and instantly withdraw money from an ATM using a mobile phone.
- Sale of all shares of BRE Bank by Commerzbank Auslandbanken AG to Commerzbank AG, through an internal transfer of shares within the Commerzbank Group.
- Full implementation of the Advanced Internal Ratings-Based Approach methodology to measure the Group's capital requirements.

II.3. Important transactions announced by BRE Bank Group in 2012

Ownership changes within BRE Bank Group

On June 28, 2012, the share capital of Aspiro was increased by PLN 109.3 million through the issue of 109,342 B-series ordinary registered shares. The shares were acquired by BRE Bank in a private placement and covered by a non-financial contribution in the form of 12,941,177 ordinary registered shares of BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji SA The transaction was a result of reorganisation of the retail sales network.

Changes of the BRE Bank Group's Shareholder structure

On December 27, 2012, Commerzbank AG announced the acquisition of 29,352,897 shares of BRE Bank from Commerzbank Auslandbanken AG. The shares carry 29,352,897 votes at the General Meeting of BRE Bank and account for 69.66% of share capital and votes at the General Meeting. Before the transaction, Commerzbank held the stake in BRE Bank indirectly through Commerzbank Auslandsbanken AG. Commerzbank AG acquired the stake in BRE Bank through an internal transfer of shares within Commerzbank AG Group and as such, the dominant entity of BRE Bank has not changed.

II.4. The most important projects in BRE Bank Group in 2012

Announcement of the plan to launch the "New mBank"

In 2012, BRE Bank worked on developing a modern Internet banking platform under the New mBank project announced on March 28, 2012. New mBank is built independently of mBank, which has been operating for 11 years, and responds to the evolving needs of clients who have become increasingly active in using modern technologies.

Users of the New mBank will receive, with among others, a new intuitive transaction service together with a personal finance management system, while interactive video-chats will eliminate the need to visit the Bank's branches. Each component of the new Internet service has been carefully thought out and designed from scratch, inspired by the examples of world's best practices (Amazon, Mint, Google, Zappos, Facebook or Apple). One of the main ideas behind the design of New mBank was to make it even more easy, ergonomic and faster to use. This goal will be achieved by reducing to a minimum the number of clicks and screens needed to make a transfer, review account history or purchase another banking product. These functionalities will allow clients to save time and help them understand their past, present and future financial situation. The new service will aim at encouraging clients to intensify the use of products and services.

The project will ensure full mobility for users, who will have unlimited access to the banking system through computers and mobile devices.

As part of the first phase of the New mBank Project, in Q2 2013 BRE Bank will offer a wide range of services, such as:

- Personal Finance Manager, a tool for comprehensive management of household budget,
- option to discuss and buy banking products via a video chat,
- discount programme in the form of a Facebook application allowing clients to network with their friends by offering and sharing discounts on selected products and services,
- enhanced mobile banking platform - option to monitor the account balance on an ongoing basis without the need to log into the application every single time.

At the same time, in H2 2013 the second phase of the project will be rolled out, covering further development of the aforesaid services and implementation of new innovative solutions.

Euro Medium Term Note Programme

The Management Board of BRE Bank informed on April 12, 2012 that BRE Finance France SA as the issuer and BRE Bank as the issue underwriter signed an agreement for a Euro Medium Term Note Programme (EMTN) for a total amount of up to EUR 2 billion. Under the EMTN Programme, the issuer will have a right to issue debt securities in multiple tranches, various currencies and with diverse interest structure. The Luxembourg Stock Exchange admitted the Programme to trading. The debt securities will be unconditionally and irrevocably guaranteed by BRE Bank. The Bank agreed to extend future guarantees of payment of any amounts on debt securities issued under the Programme.

Fitch Ratings and Moody's Investors Service assigned ratings to the Euro Medium Term Note Programme. Fitch assigned a Long-term senior unsecured debt rating of 'A' and a short-term senior unsecured debt rating of 'F1', which corresponds to BRE Bank's rating. Moody's assigned a provisional rating of (P) Baa2 (the rating is on review for possible downgrade) to the backed senior unsecured debt, i.e. in accordance with the level and outlook of BRE Bank's long-term rating.

On October 4, 2012, BRE Finance France SA issued the first tranche of eurobonds with a nominal value of EUR 500 million, maturing in 2015. The interest on eurobonds was 2.75% per annum. Receipts from the issue of debt securities have been remitted by the issuer to BRE Bank as issue underwriter in the form of a cash deposit as collateral for the guarantee of repayment. The Bank will pay BRE Finance France SA, provider of the cash deposit, a fixed interest on an annual basis, and an additional repurchase premium amounting to EUR 2,230 thousand. The funds will be used to finance general banking operations of BRE Bank.

On October, 5 and 10, 2012 Fitch Ratings and Moody's Investors Service assigned ratings to the first tranche of euro bonds issued under the EMTN Programme. The ratings are in accordance with those assigned to the EMTN Programme.

The continuation of the Cross Border project

In an effort to improve and facilitate the cross-border cooperation within the Commerzbank Group in services provided to German-speaking international clients, BRE Bank has launched a project to exchange data on mutual customers of BRE Bank and Commerzbank. The overall purpose of this project is the desire to exploit the full potential of existing customers of Commerzbank from SME segment, who themselves or through subsidiaries conduct their business in Poland, by offering them products and services available for BRE Bank's domestic customers. In addition, the Bank aims to increase the profitability of the existing and mutual customers and increase the number of new corporate customers, acquired on the basis of this cooperation. At the end of 2012 the number of international customers rose by 469 year on year and amounted to 3,202, while the income on this customer segment increased by 21.0% in comparison to 2011.

Online version of BRE Bank Group's Annual Report

BRE Bank Group, as the first banking group on the Polish market, launched an online version of the annual report, enabling investors, analysts, journalists and other interested parties with a convenient and highly interactive access to the financial data based on the audited financial statements of BRE Bank Group. The traditional content of the annual report is enhanced with multimedia materials, interactive graphs, tables as well as selective download and printing functionalities.

The user experience of the online Annual Report is further strengthened with an interactive tool to data analysis called BRE Analyzer. The 2011 online Annual Report of BRE Bank Group is available at www.raportroczny.brebank.pl in both Polish and English version.

Innovative and convenient tool for data analysis – BRE Analyzer

BRE Analyzer allows users to interactively analyze and customize BRE Bank Group's financial and business data across many different dimensions. Items and key ratios are presented in customizable data tables and on graphs. The user can switch between quarters and years as well as choose between three currencies (EUR, PLN, USD). The data covers all periods from the first quarter of 2006 and can be easily exported to a separate Excel worksheet.

The structure of the service is divided into five categories to facilitate navigation and effective data search:

- Summary of key financials and ratios
- Profit and loss account, with details on each position
- Balance sheet, where apart from standard items also FX structure and portfolio quality data are available (including non-performing loans and NPL ratio)
- Business data split between: Retail Banking (Poland, mBank CZ and mBank SK separately) and Corporate and Financial Markets
- Capital adequacy, with a comprehensive report on the Group's regulatory capital.

In the investor relations and financial reporting areas, BRE Analyzer is one of the first such tools in the world and the only one in Poland. BRE Analyzer can be accessed both at the on-line report website and at www.breanalyzer.brebank.pl.

II.5. Distinctions and awards

In 2012, BRE Bank and its subsidiaries were appreciated by both the clients and external experts, which was reflected in a number of awards and distinctions granted to the Bank. The most important awards and distinctions include:

BRE Bank and Corporate Banking:

- BRE Bank was named the best bank in Poland in the annual "Best Emerging Market Banks in Central and Eastern Europe" contest organised by Global Finance magazine. The international jury applied banks operating on the emerging markets in terms of growth in assets, profitability, customer service and competitive pricing. Innovative products were yet another major criterion.
- BRE Bank was named "Bank of the Last 20 Years" in "The Best Bank" contest organised by Gazeta Bankowa, and awarded a special prize for being the most frequently awarded bank in the contest's history.

- BRE Bank was granted the Honourable Distinction and Promotional Emblem of "Entrepreneur-Friendly Bank" with 7 Gold Stars. This annual contest is organised by the Polish Chamber of Commerce and the Polish-American Small Business Advisory Foundation. BRE Bank received special praise for the development of its "SME Service Quality Formula" and the ensuing top standards of customer service, product mix providing clients with measurable and tangible benefits, as well as high culture of cooperation between bankers and entrepreneurs.
- BRE Bank received the "The Best Bank of the Year" award of the private equity industry in the "Diamonds of Private Equity" contest. The criteria included the number, value and diversity of new investment projects subject

to financing. The contest aims to promote persons, companies and institutions active on the private equity market, who contribute to the growth of Polish enterprises and are exceptional in their high professional standards, economic efficiency and innovation.

- For the fifth time, the private banking services offered by BRE Bank were awarded the title of "The Best Private Banking in Poland" by British financial Euromoney Magazine. BRE Private Banking & Wealth Management won this title also in 2007, 2009, 2010, 2011. Euromoney experts choose the best banks in each country, taking into account the range of services on offer, customer relations, product mix, average growth in deposits from clients, changes in the number of clients, assets under management and financial result.
- BRE Bank was ranked first by the National Bank of Poland in a summary of the performance of banks aspiring to the role of "Money Market Dealer" in 2013. The evaluation covered the period from November 1, 2011 to April 30, 2012. When choosing the entities to act as "Money Market Dealers" in a given calendar year, the NBP applies the candidate's settlement and offering potential, as well as the candidate's activity on the market of unsecured interbank deposits, conditional operations, FX swap, domestic interest rate derivatives FRA and IRS and domestic interest rate derivatives OIS.
- iBRE FX a foreign currency exchange platform won a prize for the best solution of its kind in Poland in the best in online treasury services category of a contest organised by Global Finance.
- In the contest organised by Central European Electronic Card, the MasterCard eMoney PayPass "American Classic Car" card issued by BRE Bank won in the category of the best card design in Poland.

- The annual report of BRE Bank Group won the second prize in the financial institutions category in "The Best Annual Report" contest for listed companies organised by the Tax and Accounting Institute (IRiP). Moreover, the online version of the annual report won in the best online annual report category.
- Krzysztof Olszewski was named the best banking spokesman in Poland, while his deputy, Piotr Rutkowski, came third in the "Survey of journalists' opinion about banks and their Public Relation policy" prepared by ARC Market and Opinion Institute. The press teams of mBank and MultiBank (operating jointly since 2011) were appreciated mainly for the fastest communication on the market, and professionalism of the team members, their proactive approach and understanding of the specificity of journalist work.

Retail Banking:

- In the prestigious tenth edition of the "Newsweek's Friendly Bank" ranking in 2012, MultiBank was named the best traditional bank, while mBank won the title of the best institution offering mobile banking. Moreover, mBank was ranked second in the Internet banking category.
- MultiBank won the "TNS Polska Quality You Can Bank On" ranking prepared by TNS Polska, Deloitte and Puls Biznesu. As part of the ranking, mysterious shoppers visited branches of 22 banks to assess the customer service standards (among others: the aesthetic qualities of the branches, the appearance of the employees and their work stations, but first of all, the analysis of the customer's needs and the presentation of products and services).
- For the third time in a row mBank received the "Golden Banker" award granted by Internet users. The retail arm of BRE Bank triumphed in three categories: the best private account for Internet users, the best mobile banking and the best business account for

Internet entrepreneurs. Moreover, since mBank scored the highest number of points in all the categories, it also won the title of “Golden Bank of 2011”.

- MultiBank won the “Internet 2012 Service Quality” ranking in the banks category. Consumers appreciated the quality of services provided by MultiBank at the branches, via the infoline and on the website.
- The Czech subsidiary of mBank was named the best Internet bank in the Czech Republic in the annual contest “World’s Best Internet Banks in Central & Eastern Europe” organised by Global Finance and mBank Slovakia won 3 distinctions in the “Golden Coin 2012” contest: an audience award for mKonto and 2 places on the podium for mKreditka and mKonto.
- mBank was named the second best bank in the Czech Republic in the prestigious “Golden Wallet 2012” contest. This plebiscite is organised by Měšec.cz, one of the major opinion-forming financial web portals in the Czech Republic.

Subsidiaries of BRE Bank Group:

- The team of analysts representing Dom Inwestycyjny BRE Banku (DI BRE) was named the best on the market in the annual ranking of Forbes magazine. The fund managers assessed the professionalism, the range of products and services offered, and the quality and usefulness of reports compiled by the analysts of the largest domestic brokerage houses. Moreover, DI BRE topped the annual ranking of Gazeta Giełdy Parkiet and was named the “Brokerage House of the Year”.
- BRE Bank Private Banking & Wealth Management was awarded the top five-star score in the survey analysing the quality of offer dedicated to the most affluent clients of Polish banks commissioned by Forbes and conducted in the “mysterious client” formula.

III. Economy and the banking sector in 2012

III.1. Gradual slowdown of GDP growth

The Polish GDP growth rate slowed down to 2.0% by the end of 2012 compared to 4.3% in 2011. The slowdown of the economic growth was combined with a modest decrease of inflation, which had reached 4.3% in 2011 but fell to 3.7% in 2012.

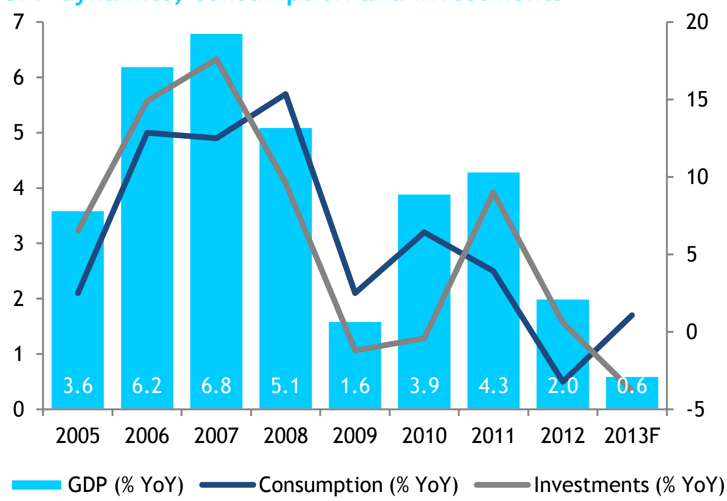
The change in the mid-term trend in GDP and inflation prompted the Monetary Policy Council (RPP) to move from a restrictive policy, ended with the last interest rate hike in May, through a neutral policy all the way to an accommodating policy, which brought the first interest rate cut in November and the second cut in December 2012. As a consequence, the NBP's main rate stood at 4.25% at 2012 year-end. At the Monetary Policy Council meetings in January and February 2013 the interest rate was lowered again, each time by 25 bps.

2012 was very gentle to the Polish currency, which started the year at an FX rate of 4.50 against EUR and strengthened to around 4.10 by the end of 2012. The strengthening of the zloty was not strictly unidirectional as episodes of weakening coincided with the rising risk aversion on the market due to the turbulences in the euro zone. The Polish currency was particularly strong at the turn of 2012 and 2013, when the zloty was supported by intensified inflows of portfolio capital from abroad to the Polish bond market. Looking for positive returns, foreign investors were forced to extend the average maturities in their portfolios and/or to look for securities carrying moderately higher but not excessive credit risk. The Polish bond market turned out to be the perfect place for such allocations.

GDP and inflation

The GDP growth rate was 4.6% year on year at the end of 2011. According to BRE Bank's estimates, the GDP rate fell to c. 0.5% (or even less) in Q4 2012 compared to 2011. There were two reasons for the slowdown in the Polish economy. On the one hand, the growth rate of exports decreased significantly (from 7.7% in all of 2011 to 0.7% in Q3 2012); this was a result of the downward trend in GDP and the restrictive fiscal policy of the euro zone countries. On the other hand, domestic demand in Poland was curbed sharply due to:

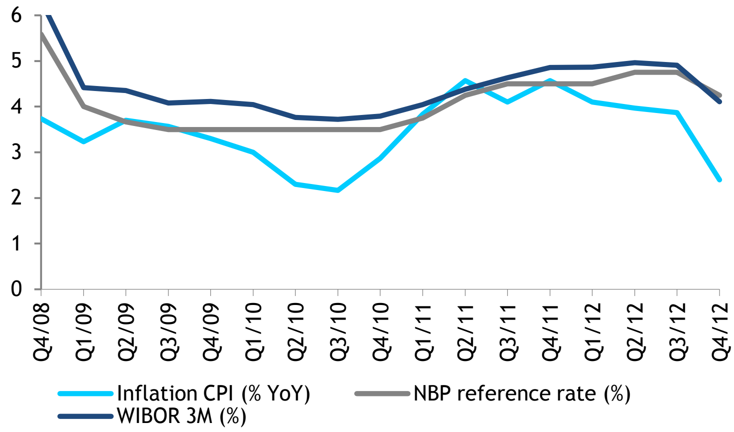
GDP dynamics, consumption and investments



- further decrease of the growth rate of consumption (from 1.7% year on year in Q1 2012 to c. 1% in Q4 2012) as the continuation of the downward trend that followed a short cyclical recovery in 2010. The reasons for the weakening of consumption mainly include the decrease of real disposable incomes driven by high inflation in H1 2012 and subsequent fast decrease of the growth rate of wages;
- slowdown of the growth rate of investments from 6% year on year in Q1 2012 to c. -1% in Q4 2012 (the growth rate of investments was negative already in Q3). The slowdown of investment demand was driven by temporary cuts in public spending for infrastructure and a slowdown of private investments in delayed reaction to economic conditions.

The CPI was c. 4% year on year at the beginning of 2012 and remained stable in H1 2012. In later months, the CPI decreased as a result of the statistical base effect, depreciation of the zloty and falling food and fuel prices, which brought the CPI down to 2.4% at 2012 year-end (NBP's target). At the same time, core inflation fell from 2.5% year on year in early 2012 to 1.4% at the end of the year; has such, the fall in prices was also driven by the cyclical slowdown of the Polish economy.

CPI, NBP reference rate, WIBOR 3M



Interest rates and FX rates

The monetary policy was restrictive at the beginning of the year. In May 2012, the Monetary Policy Council raised the rates to 4.75%, while ignoring the symptoms of the coming economic slowdown and imminent fall in inflation.

The policy of the Monetary Policy Council turned more neutral in September 2012; in October, the Council announced the November interest rate cut, which actually took place (4.50%). The rates were cut to 4.25% in December 2012 and to 4.00% in January 2013 and to 3.75% in February 2013.

The interest rate cuts coincided with the falling inflation. As a result, the real interest rates in the economy rose. As a consequence, the FX rate of the zloty lost the cyclicity it followed since 2008 and proved resilient to the fall of the GDP rate. In the Bank's opinion, this will not be neutral to the GDP rate trajectory in 2012. The cyclicity was also distorted by the above mentioned capital inflows to the Polish bond market. Favouring longer maturities of Treasury securities. The share of foreign investors in the financing of Polish debt was close to 50% in 2012.

III.2. Banking sector mirrors economy

The financial results of the Polish banking sector in 2012 were better than in the record-breaking year 2011. The net profit of the sector reached PLN 16.1 billion compared to PLN 15.5 billion in 2011 (+3.9% year on year). The monthly profits in 2012 were more stable than in 2011. Assuming no unforeseen circumstances in 2013, the net profit of the banking sector is most likely to be stable.

The increase of the net profit was mainly driven by an increase of income (+2.6%), which stood at PLN 58.8 billion in 2012 compared to PLN 57.3 billion in 2011. The increase of income, in turn, was driven by all of its components including net interest income (PLN 35.5 billion, i.e., +1.5% year on year) and net fee and commission income (PLN 14.3 billion, i.e., +0.4% year on year).

Banks focused on maintaining cost discipline in 2012; however, the percentage increase of costs was higher than that of income. Banks' administrative expenses stood at PLN 27.8 billion in 2012 (PLN 30.3 billion including depreciation and amortisation), which was 4.1% more than in 2011 (+3.7% including depreciation and amortisation).

The quality of bank's loan portfolios deteriorated slightly in 2012; as a result, loan loss provisions increased by 7.2% year on year and stood at PLN 8.0 billion in 2012.

The capital adequacy of banks in the Polish banking sector continued to improve in 2012. Contrary to 2011, the capital adequacy ratio was in an uptrend in 2012 and reached 14.74% compared to 13.10%

at the end of 2011. The Core Tier 1 ratio also increased from 11.71% at the end of 2011 to 13.13% at the end of 2012.

The product and service offer of the Polish banking sector was influenced in 2012 by the following trends:

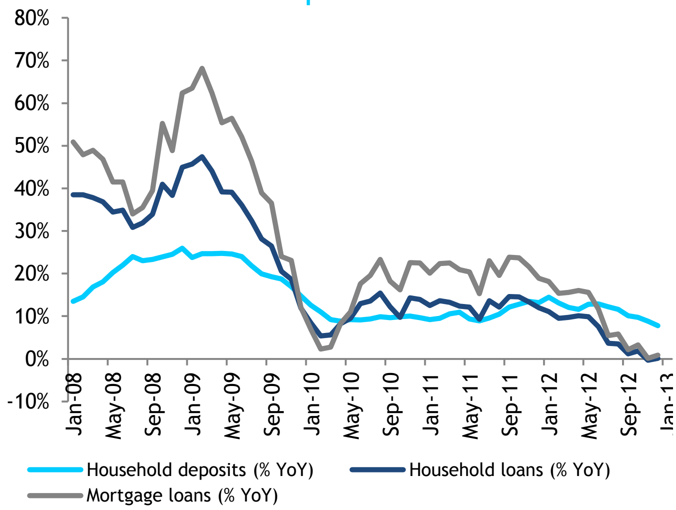
- reduction of foreign funding of banks replaced by the deposit base (resulting in a higher cost of funding with customer deposits) and issuance of long-term debt securities;
- reduced growth rate of loans, including both corporate and household (housing and consumer) loans;
- more restrictive lending policy of banks for SMEs (compared to large enterprises);
- decreasing quality of loans to the construction sector;
- development of mobile banking and access to bank accounts and other bank services from mobile devices including mobile phones, smart phones, tablets: at present, nearly all major commercial banks offer more or less advanced mobile banking services;
- near discontinuation of new lending in foreign currencies to retail customers following Recommendation S implemented by the Polish Financial Supervision Authority as of January 2012;
- expiration of the government subsidy programme “Family’s Own Home” as of the end of 2012.

The balance-sheet total of the banking sector increased by 4.5% compared to the end of 2011 and was more than PLN 1.3 trillion. In equity and liabilities, equity grew at a much higher rate (+14.2%) than the liabilities (+3.4%).

Unlike in 2011, the growth rate of both loans and deposits decreased sharply. This affected both retail and corporate banking. More specifically, the trends were as follows:

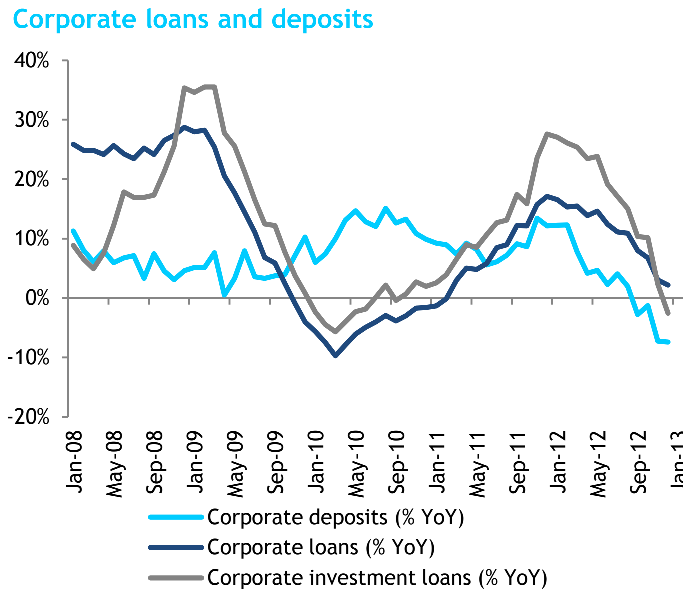
- Household deposits grew by PLN 38.6 billion or +8.1% in 2012 and reached PLN 516 billion; however, savings grew at a lower rate. By comparison, the growth was PLN 55 billion or 13.0% in 2011. This was coupled with a higher growth rate of assets invested with investment funds: it was 27.2% year on year in 2012, of which 45.6% was driven by positive net investment fund flows.

Household loans and deposits



- The growth of household loans was marginal in 2012 at only PLN 1.2 billion or 0.2%. By comparison, the growth was over PLN 56 billion or 12.0% in 2011. The growth rate of household loans decreased to 0.1% in December 2012 (2.8% net of the FX effect). The sharp decrease was largely driven by the appreciation of the zloty as FX loans still represent more than 50% of household mortgages:
    - The growth rate of household loans was c. 4.5% year on year in December 2012 compared to 9.9% in December 2011 (net of the FX effect);
    - The volume of consumer loans decreased to PLN 128.3 billion in December 2012 and the annual growth rate was negative at -4.6% (for the first time since mid-2009).

- Corporate deposits decreased by PLN 14.7 billion or 7.1% at the end of 2012 compared to the end of 2011. Corporate deposits were still growing in 2011 (+PLN 22.4 billion). In addition to the negative effect of a high statistical base of 2011, this was driven by weaker financial results of companies.
- Loans granted to enterprises grew by PLN 7.6 billion or 2.9%, but the growth was much less dynamic than in 2011 (+PLN 44.8 billion or 20.4%). Furthermore, new loans are mainly used for current financing. Investments decreased most sharply in sector industries and among companies which operate exclusively on the domestic market, which suggests a strong correlation of changes in investments and consumer behaviour.



Similar to 2011, there was a consolidation trend among commercial banks (but not co-operative banks). Mergers involved also some of the top 10 banks. As a result, the number of commercial banks decreased from 49 at the end of 2010 to 47 at the end of 2011 and to 45 at the end of 2012.

III.3. Changes in recommendations of the Polish Financial Supervision Authority (PFSA) concerning banks

Amendments to Recommendation T

Recommendation T, a best-practice guideline for the management of credit risk arising from exposures to households, entered into force in December 2010. On February 26, 2013, the Polish Financial Supervision Authority issued the amended Recommendation T applicable to all banks covered by Polish law and branches of credit institutions operating in Poland. The scope of the Recommendation T has changed, as the new Recommendation divides the competences of Recommendation S and Recommendation T, by excluding credit exposures financing real estate which are not backed by mortgage from Recommendation S and focusing only on the mortgage segment. As a result, the amended Recommendation T applies to all retail exposures, excluding mortgage loans and loans for the purchase of securities.

According to the amended Recommendation T, in the area of customer relations, the bank should have prepared internal procedures in written form, consistent with the Consumer Credit Act, specifying the form and the scope of the information, which each client applying for the retail credit should receive.

The amended Recommendation T introduces increased requirements for granting and management of the foreign exchange credit exposures, including that the bank should obtain from the client the written statement confirming that the client is aware of the risk and its consequences related to the loan and that the client has received from the bank all the information necessary to make a decision on the outstanding loan (the information about the impact of the FX spread on the size of the loan and its repayment burden level).

Moreover, the new Recommendation T provides simplified rules of evaluating clients' creditworthiness and resignation from the stringent norms on the maximum DtI ratio (Debt to Income). The value of the DtI ratio should be determined by the bank’s management board and in the bank’s risk management strategy approved by the supervisory board.

Additionally, the amended Recommendation explicitly stipulates that banks should always use external databases, e.g. the Credit Information Bureau or the information provided by the bureaus of economic information, when assessing the creditworthiness of retail clients.

The PFSA expects that the amended Recommendation T would enter into force no later than until July 31, 2013.

Amendments to Recommendation S

On December 21, 2012, the Polish Financial Supervision Authority proposed amendments to Recommendation S, a best-practice guideline for the management of mortgage-backed credit exposures. Moreover, the amended Recommendation will be binding not only for all banks licensed in Poland, but also on branches of credit institutions operating in Poland.

In accordance with the amended Recommendation S, foreign-currency mortgage loans should be a niche product offered only to borrowers earning permanent income in the loan currency. Moreover, banks bearing in mind the risk posed by high LtV (Loan to Value) to the clients, the banks and the economy, as well as considerable costs incurred by the clients to meet their debt servicing obligations - should not grant loans amounting to the total value of the real estate put up as collateral.

Furthermore, the amendments introduce a limitation on LtV to 80%, or 90% if the loan is additionally insured with a reliable insurer, subject to a two-year transitional period. In the first year after the amended recommendation takes effect, the maximum LtV will be 100%, in the second year - 90%, and in the following years - 80% or 90% as indicated above. Taking into account the impact of long lending periods on the amount of credit instalments and the total interest paid on loans, the amended Recommendation S proposes to extend the maximum lending period used in creditworthiness analysis from 25 to 30 years.

The last substantial change in Recommendation S is the introduction of recommendations on relations with customers. In particular, the PFSA recommends that prior to signing an agreement the client should be provided with all information relevant for the assessment of risk and estimation of costs related with the agreement.

The amended Recommendation S should enter into force in March 2013, with six months of implementation.

Recommendation J

On September 11, 2012, the Polish Financial Supervision Authority adopted a new Recommendation J on good practices in managing the credit risk related with mortgage-backed credit exposures or exposures which will ultimately be backed by mortgages, regulating the banks' approach to the collection and processing of data on the real estate market comprised in banks' internal databases or interbank databases. The new regulations will be binding on all banks having more than 10% of mortgage-backed exposures in their credit portfolios.

Under Recommendation J, banks should apply uniform standards to collecting, processing and disclosing real estate market data. The information will be stored in "reliable databases" containing sufficient information to identify a given real property (in accordance with PFSA's guideline). Recommendation J will enter into force on October 1, 2013, except for recommendations 11 and 12 on the application of statistical models which will take effect on April 1, 2014.

Recommendation J complements Recommendation S on good practices in managing credit exposures financing real estate and mortgage-backed credit exposures, and Recommendation T on good practices in managing the risk of retail credit exposures, and consequently, sets the minimum criteria for database reliability indicated in Recommendation S.

Amendments to Recommendation M

On January 8, 2013, the Polish Financial Supervision Authority announced the amended Recommendation M on managing operational risk at banks, introduced for the first time in 2004.

The amendments apply to in-house operations (IT system failures, unreliability of procedures, etc.). Under the amended Recommendation M, banks are obliged to create the so-called risk maps, establish procedures mitigating operational risk and run tests and simulations testing their preparedness for the worst-case scenarios.

The Recommendation M is expected to enter into force by the end of June 2013. Certain regulations on the disclosure of information on operational risk management (not only on financial regulations, but also on all the incidents related to them) will enter into force in late 2013.

Position of the Polish Financial Supervision Authority on the dividend policy of financial institutions

On November 27, 2012, the Polish Financial Supervision Authority announced its position on the dividend policy of financial institutions (banks, insurance and reinsurance companies, general pension companies, investment fund companies and brokerage houses). Against a backdrop of continued high external risk, reflected especially in the situation of international financial markets and economic growth forecasts, the PFSA decided that it is important to continue the policy aimed at strengthening the capital base of Polish financial institutions operating, which forms a basis for their stability, security and continued growth. In accordance with the PFSA recommendations, banks meeting all the following criteria will be entitled to pay dividends:

- Capital adequacy ratio above 12%
- Core Tier 1 ratio above 9%
- Capital adequacy ratio and Tier 1 ratio forecast at the end of 2013 under every stress test scenario (base scenario, stress scenario I and II) above 12% and 9% respectively
- BION (supervisory review and evaluation) result for capital and capital adequacy better than 2.5
- General BION result better than 2.5.

The banks which fail to meet one or more conditions listed above are obliged to retain 100% of their 2012 profit. All the remaining banks may pay dividends for the fiscal year 2012, of up to 75% of the year’s profits.

III.4. Expected trends in the economy in 2013 and their impact on the banking sector

According to BRE Bank’s Chief Economist, the GDP growth rate in 2013 will be lower than in 2012, reaching 0.6%. The positive growth rate will be driven by a moderate economic recovery in H2 2013. However, in view of recent statistics and observed economic trends, the Bank expects a recession and a negative GDP rate in H1 2013. On the other hand, the expectations of recovery in H2 2013 rely on historical properties of time series and may be distributed over time or even less strong than expected.

As a result, this will entail further decrease of inflation below the NBP’s target in mid-2013 and further cuts of the NBP rates to 3.25% at the end of 2013. A recession in H1 2013 which is not anticipated by the financial markets will cause zloty to depreciate (the Bank expects the FX rate to reach 4.30/EUR in Q1 2013). However, with an emerging global recovery, the zloty could strengthen to 4.10/EUR at the end of 2013. The slowdown will be less acute thanks to the stronger external balance of the Polish economy (cyclical improvement of the current account gap).

Stabilising commodity prices on the global markets, reductions of controlled prices in Poland (gas), and slowdown in inflation driven by the demand gap suggest that inflation could fall below 1.5% (the lower band of the NBP's inflation target) in H1 2013. Low inflation and the unanticipated deeper economic slowdown will encourage the Monetary Policy Council to further cut rates. As a consequence, BRE Bank expects that the NBP's main rate will fall to 3.25% at the end of 2013.

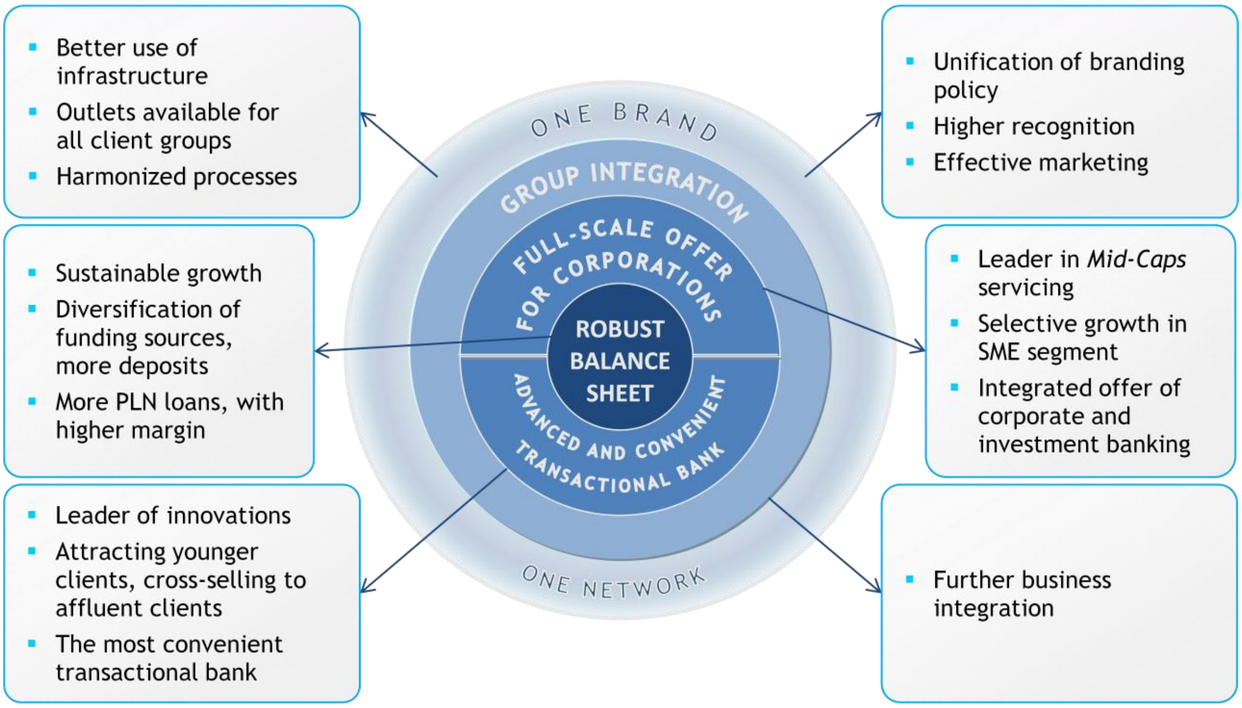
The economic slowdown has impacted monetary aggregate statistics and determined a prudential product policy of banks. The currently emerging trends include the tightening of lending criteria and a falling competitive pressure to grow deposits. Expectations for a muted GDP growth in the Polish economy suggest a banking operating conditions where:

- corporate deposits are set to grow by c. 2% in 2013; the Bank expects the volumes to continue the downward trend in H1 2013 as corporates are only keen on financing the necessary investments with own funds;
- according to BRE Bank's forecasts, the annual growth rate of retail deposits will continue to fall to around nil in H1 2013; this will be driven by falling real disposable incomes and strong interest in investment funds;
- BRE Bank's recession scenario for H1 2013 entails a strong downtrend in both corporate and household lending:
    - household lending has been curbed by the expiration of the government subsidy programme "Family's Own Home" at the end of 2012 and the postponement of the launch of the new programme "Apartment for the Young" until at least 2014. All in all, in 2013 the Bank expects a c. 2% growth in the volume of property loans (net of the FX effect);
    - corporate loans will suffer the sharpest fall in 2013, largely due to the effect of the statistical base of late 2011 and further weakening of market conditions.

IV. BRE Bank Group Strategy for 2012-2016 and its implementation

On July 25, 2012, the Supervisory Board of BRE Bank Group approved the Bank's 2012-2016 strategy. The strategy is a product of joint efforts of the Management Board and many Bank employees representing various levels and all the organisational lines of the Bank. Consequently, a coherent concept was developed aiming for closer organisational and business integration of BRE Bank Group. The main idea behind the new Strategy is the theme of "One Bank".

"One Bank" Strategy is a comprehensive set of guidelines for BRE Group's development addressing the external challenges faced by the Group (e.g. macroeconomic and regulatory conditions, evolving needs, behaviours and profiles of clients), as well as internal challenges (client-centered internal improvements aimed at increasing the Group's effectiveness).



The pillars of the "One Bank" concept include:

- One Team - composed of employees focused on the implementation of strategic goals. The underlying basis of changes in the organisational culture will be formed by management based on cooperation, trust and open communication;
- One Brand - unification of the Group's image by the replacement of three main BRE Bank brands by the strongest brand in the portfolio, i.e. mBank;
- One Network - universalisation of the Bank's branches, which will integrate sale and after-sale services for all retail and corporate banking clients;
- One Group - closer cooperation and business integration within the Group, oriented on achieving significant synergies across the Group, and in the long term, on strengthening the Group's competitive advantage in building long-standing client relationships.

As part of the new Strategy, the Bank will work towards optimizing its balance sheet from both the profitability and the structural perspective, increasing the share of customer deposit funding, further diversifying the broader funding base, as well as increasing the share of higher yielding assets. The balance sheet optimization will define specific strategic initiatives undertaken in respective business lines. As such, the development directions for the Retail and Corporates and Financial Markets segments comprise:

- continuation of efforts to strengthen the Group’s position in the segment of large corporations, where there is a significant cross-selling potential for high margin products, by providing integrated solutions across financing, advisory, transactional and other non-credit products and increasing the Bank's competence with respect to servicing small and medium enterprises, especially in the area of integrated financial solutions;
- continued development of the Group’s Retail Banking offer ensuring that clients receive highly innovative and most convenient transactional solutions with the Bank remaining the leader in technological innovation and being perceived as a financial institution that sets the standards of modern banking;
- focus on affluent clients, the most promising young clients segment, entrepreneurs and micro-enterprises in the Retail Banking area. Apart from developing its core operations in Poland, BRE Bank will intensify its presence on the Czech and Slovak market;

- new edition of the retail bank based on interactive solutions, mobility and social media: New mBank. The new solutions under New mBank project will be offered to clients in 2013 (for more information, read chapter II.3 Key Projects in BRE Bank Group in 2012).

A number of universal principles that have underpinned the previous (2010-2012) strategy of the Bank remain in place:

- sustainable and profitable organic growth;
- disciplined approach towards managing the cost base;
- prudent risk management; and
- maintenance of adequate capital levels to reflect both stricter regulatory requirements and allow for further growth in attractive areas.

BRE Bank's actions for the years 2012-2016 will be organized by the following financial targets:

BRE Bank Group Strategy for 2012-2016 - financial targets and its realization	
Financial targets	As of 31 December, 2012
Loans to deposits ratio: c. 115% by 2016	115.7%
Net Stable Funding ratio (NSFR): min. 110%	118%
Core Tier 1 ratio: c. 11% */	13.0% */
Revenue growth: c. 6% CAGR	n/a
Cost/Income ratio (C/I): max. 48%	46.4%
Gross RoE: min. 15%	17.9%
Net RoA: min. 1.4%	1.2%

**/ Core Tier 1 based on AIRB methodology.*

Successful implementation of the new Strategy depends, in particular, on the employees' understanding and support. In 2012, the Bank launched a new initiative - One Bank Academy - covering workshops on One Bank Strategy dedicated to BRE Bank's employees, led by experienced managers of BRE Bank Group. Ultimately, by mid-2013, several hundred representatives of all organisational units of the Bank and BRE Bank Group subsidiaries will take part in discussions on the Strategy and attend creative sessions focused on individual components of the Strategy and ways of becoming involved in their implementation.

V. Ratings of BRE Bank and Group subsidiaries

V.1. Fitch rating

BRE Bank's rating

In 2012, the rating assigned to BRE Bank by Fitch Ratings remained unchanged and at the end of the year, the ratings were as follows:

Fitch Ratings Ltd. - ratings of BRE Bank SA	
Long-term IDR	A (outlook stable)
Short-term IDR	F1
Viability rating	bbb-

Support rating	1
Rating of BRE Bank's senior unsecured debt issued under the Euro Medium Term Note Programme (EMTN)	A; F1
Issue of EUR 500 million bonds by BRE Finance France on October 4, 2012	A

On June 13, 2012, Fitch Ratings affirmed its current ratings with a stable outlook for long-term rating.

The key factors determining BRE Bank's ratings include: ample capital base, stable and diversified deposit base, low exposure concentration, high quality of assets and a very high probability of parental support from Commerzbank. According to the rating agency, the ratings also reflect the potential risk posed by the FX mortgage portfolio and high share of Commerzbank in the long-term funding structure. Fitch Ratings emphasized that a decrease of Commerzbank's share in BRE Bank's funding would positively affect its viability rating, provided that new funding is characterised by appropriate maturity and currency structure.

BRE Leasing's and BRE Bank Hipoteczny's rating

At the end of 2012, the ratings assigned to BRE Leasing and BRE Bank Hipoteczny were as follows:

Fitch Ratings Ltd. - ratings of BRE Bank Hipoteczny and BRE Leasing	
Long-term IDR	A (outlook stable)
Short-term IDR	F1
Support rating	1

The ratings were affirmed on June 13, 2012.

Furthermore, Fitch Ratings assigned an "A" rating to mortgage and public sector covered bonds issued by BRE Bank Hipoteczny.

V.2. Moody’s Investors Service rating

BRE Bank's rating

At the end of 2012, the ratings of BRE Bank were as follows:

Moody’s Investors Service Ltd.- ratings of BRE Bank SA	
Long-term deposits rating	Baa2 (outlook negative)
Short-term deposits rating	Prime-2
Bank’s Financial Strength Rating (BFSR)	D (ba2) (outlook stable)
Provisional rating for senior unsecured debt issued under the Euro Medium Term Note Programme (EMTN)	(P) "Baa2"
Issue of EUR 500 million bonds by BRE Finance France on October 4, 2012	Baa2

In 2012, Moody’s took two rating actions on BRE Bank, driven by the downgrade of ratings assigned to BRE Bank's dominant shareholder. On January 19, 2012, Moody’s downgraded BRE Bank's long-term rating to "Baa2" from "Baa1". The action was driven by the downgrade of Commerzbank's financial strength rating (BFSR) to "D+" from "C-". Both BRE Bank's ratings, the long-term rating of "Baa2" and short-term rating of "Prime-2", were placed on review for further downgrade. On June 6, 2012, Moody's downgraded the long-term and short-term rating of Commerzbank by one notch to "A3" and "Prime-2" respectively. The Bank Financial Strength Rating (BFSR) of Commerzbank, which affects the long-term rating of BRE Bank, was affirmed at "D+", but with a negative outlook. Consequently, on June 11, 2012, Moody's confirmed the long-term rating of BRE Bank at "Baa2". The rating carries a negative outlook.

In its rationale for BRE Bank's long-term rating, Moody's emphasized a very high probability of parental support from Commerzbank and a high expectation of systemic support. The key factors impacting the standalone rating include strong presence on the Polish banking market, favourable funding structure consisting of customer deposits and medium-term FX funding from Commerzbank that offers a satisfactory maturity mismatch profile for BRE Bank's mortgage portfolio and better efficiency compared to similarly rated peers. According to Moody's, upwards pressure could develop due to BRE Bank's considerable exposure to FX mortgage loans and its relatively low Core Tier 1 ratio compared to the peer group analysed by Moody's.

BRE Bank Hipoteczny's rating

On June 11, 2012, Moody's confirmed the long-term rating of BRE Bank Hipoteczny at "Baa3" with a negative outlook, and the bank financial strength rating at "E+" on which the outlook remained stable.

Moody's Investors Service Ltd.- ratings of BRE Bank Hipoteczny and covered bonds	
Long-term deposits rating	Baa3 (outlook negative)
Short-term deposits rating	Prime-3
Bank's Financial Strength Rating (BFSR)	E+ (b1) (outlook stable)
Rating of public sector covered bonds	A3
Rating of mortgage covered bonds	Baa2

V.3. Standard & Poor's rating

In addition to the ratings given by the aforesaid two agencies, BRE Bank was also rated by Standard & Poor's at "BBBpi". The rating was based on publicly available information (pi - public information). On December 11, 2012, the rating was affirmed.

V.4. Ratings of Poland, BRE Bank and Commerzbank - comparison

The table below compares the long-term ratings of Poland, BRE Bank and Commerzbank as of December 31, 2012.

Rating as of 31.12.2012	Poland	BRE Bank SA	Commerzbank AG
Moody's	A2 (stab.)	Baa2 (neg.)	A3 (neg.)
Fitch Ratings	A- (stab.) [1)]	A (stab.)	A+ (stab.)
Standard & Poor's	A- (stab.)	BBBpi	A (neg.) [2)]

Rating outlook in brackets: stab. - stable, neg.- negative
1) *On February 21, 2013 Fitch raised Poland's long-term foreign-currency debt-rating outlook from stable to positive.*
2) *On February 7, 2013 Standard & Poor's placed Commerzbank's long term rating on CreditWatch with negative implications.*

VI. BRE Bank shareholders and share price on the WSE

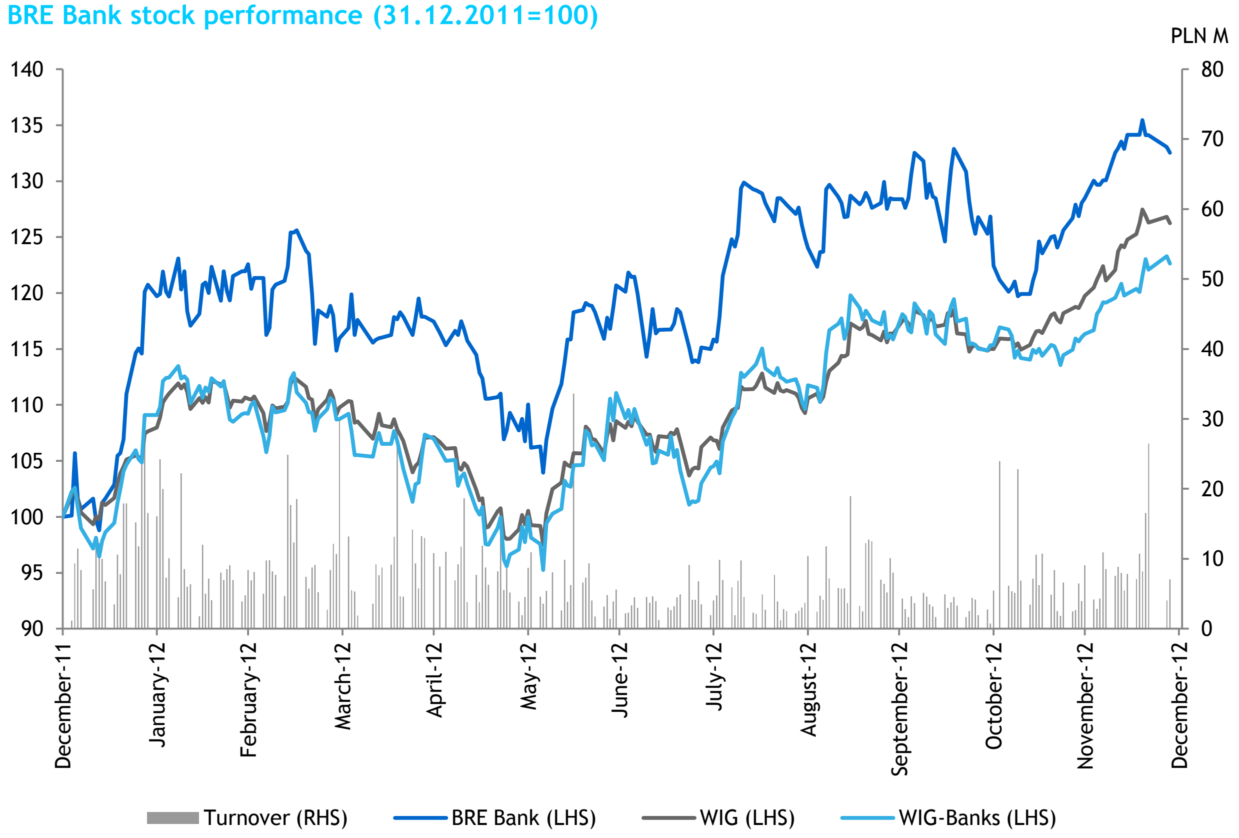
VI.1. BRE Bank shares

On December 31, 2012, the following key characteristics of BRE Bank shares can be highlighted:

- Total number of BRE Bank shares: 42,138,976 ordinary and bearer shares.
- There are no preferred shares, each share represents one vote at the General Meeting.
- Nominal value per share: PLN 4.00
- Registered share capital: PLN 168,556 thousand, fully paid up.
- BRE Bank shares have been listed on Warsaw Stock Exchange (WSE) since 1992.
- The shares participate in the following WSE indices: WIG, WIG20 and WIG Banks, WIG 20 short, WIG 20 lev and WIG PL.

In 2012, the total number of shares increased by 36,230 shares issued as part of an incentive programme for the Bank. Consequently, the registered share capital increased by PLN 144.9 thousand.

BRE Bank stock performance (31.12.2011=100)



Stock indices displayed higher dynamics at the end of 2012 compared to the previous two years. Investor sentiment on the WSE and European stock exchanges improved, especially in the second half of the year, influenced by the trends observed on the global financial markets. These trends were determined mainly by central banks' monetary easing, release of macroeconomic figures of the world's major economies, EBC's announcement, made in early September 2012, of outright transactions in secondary sovereign bond markets (Outright Monetary Transactions - OMT) and reduced risk of eurozone breakdown.

The annual change in WIG index and WIG20 index amounted to 26.2% and 20.4% respectively. WIG Banks index increased by 22.6% in 2012. BRE Bank shares outperformed the market and the banking industry index. The closing price for BRE Bank shares at the last session in 2012 (on December 28) stood at PLN 326.0, which represents an increase by 32.5% compared to the price reported at the end of 2011. The lowest price of BRE Bank shares was reported on January 11, 2012 (PLN 243.0), while the highest price was reached on December 19, 2012 (PLN 333.2). BRE Bank's capitalisation amounted to PLN 13.7 billion (EUR 3.4 billion) at the end of 2012 compared to PLN 10.4 billion (EUR 2.3 billion) at the end of 2011.

In 2012, the daily average trading volume in BRE Bank shares stood at PLN 7.6 million (PLN 12.8 million in 2011). The fall in BRE Bank's trading volume was in line with the general trend in trading volumes observed in 2012 on the global exchanges and the Warsaw Stock Exchange.

At the end of 2012, the trading multiples for the Bank's shares were as follows:

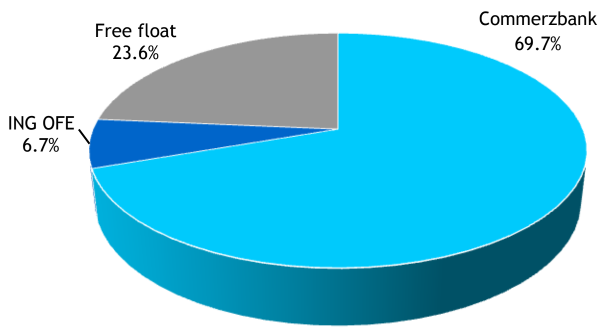
- P/BV (price/book value) ratio stood at 1.4 compared to 1.3 a year earlier,
- P/E (price/earnings per share) ratio stood at 11.4 compared to 9.1 in 2011.

VI.2. BRE Bank shareholders

Commerzbank AG is BRE Bank's strategic shareholder. Up to December 27, 2012, the 100% owned subsidiary, Commerzbank Auslandsbanken Holding AG was BRE Bank's direct shareholder. On December 27, 2012, Commerzbank AG announced the acquisition of 29,352,897 shares from Commerzbank Auslandbanken AG. These shares entitle to 29,352,897 votes at the General Meeting of BRE Bank and represent 69.66% of the share capital of BRE Bank and the total number of votes at the General Meeting. The sale of shares of BRE Bank was subject to an internal transfer of shares within the Commerzbank Group and did not change the ultimate parent company of BRE Bank.

The stake of Commerzbank has been increasing gradually, from 21.0% in 1995 through 50.0% in 2000, to the level of 72.2% in 2003. Since 2005, Commerzbank's stake has reduced slightly due to the execution of a management options scheme at BRE Bank.

BRE Bank's shareholders as of 31.12.2012



The second strategic shareholder of BRE Bank is ING Powszechny Fundusz Emerytalny which become the owner of BRE Bank shares, representing 6.7% of the votes at the General Meeting of BRE Bank.

All of the remaining shareholders hold stakes not exceeding 5.0% of the votes at the General Meeting of BRE Bank and comprise individual and institutional investors, in particular Polish pension funds, as well as Polish and foreign investment funds.

Areas of cooperation with Commerzbank

Under a strategic agreement signed in 1994, BRE Bank has received several capital injections from Commerzbank, the last of which in 2010 totalling c. PLN 1.4 billion as Commerzbank acquired c. 70.0% of new issue of shares during BRE Bank's capital increase. BRE Bank has received subordinated loans in CHF totalling CHF 950 million. These were equivalent to c. PLN 3.2 billion at the end of 2012 as compared to PLN 3.4 billion at the end of 2011 (with the increase solely explained by FX effects). In addition, the Bank used funding from Commerzbank; credit lines (excluding subordinated loans) stood at PLN 16.9 billion at the end of 2012 compared to PLN 20.1 billion at the end of 2011.

A technical co-operation agreement gives BRE Bank access to the network of Commerzbank and its correspondent banks around the world.

In addition, Commerzbank offers its know-how to BRE Bank, enabling co-operation in many areas under separate agreements. The key areas include:

1) Risk Control, including in particular:

- market risk and liquidity risk measurement methods,
- operational risk monitoring methods,
- client rating systems,
- credit process integration,
- harmonisation with Basel II and Basel III requirements,
- and other;

Within the basic agreement on methodologies between BRE Bank and Commerzbank, BRE Bank is fully responsible and ensures decisions independence in all Risk Management areas, especially in credit operation.

2) Co-operation in serving international clients, including Commerzbank clients;

3) Compliance and money laundering prevention;

4) Co-operation in logistics and IT;

5) Shared reporting system in accounting and controlling.

BRE Bank also participates in the Commerzbank Group multi-year-planning system.

VI.3. Investor Relations (IR) function at BRE Bank

BRE Bank has traditionally paid close attention to ensuring the effective communication with its investors and analysts. The Bank’s IR Team establishes and maintains day-to-day dialogue with existing and prospective investors and analysts through regular meetings, calls, conferences and road-shows in Poland, Europe and the United States. In addition, analysts and investors of BRE Bank are kept informed of important events related to the Bank via monthly newsletters and e-mails.

In line with the practice of the past years, four conferences for analysts and investors were held in 2012 to discuss the Bank’s quarterly results. For viewers' convenience, the conferences were broadcast on-line and are available on the official website of BRE Bank.

The members of the Management Board took an active role in the Bank’s dialogue with investors, analysts and rating agencies, as they participated in the majority of meetings held throughout the year. In 2012, almost 290 shareholders took part in 190 meetings. In particular, the representatives of the Bank's Management Board took part in six investor conferences abroad and three domestic events. Meetings with investors were also held during two foreign road-shows in Europe (London, Stockholm, Amsterdam) and the United States, and two mini road-shows with TFI, OFE and PTE.

In addition, in relation with the issue of the first tranche of eurobonds under the Euro Medium Term Note Programme (EMTN), meetings with potential buyers of debt securities were held in ten largest cities in Europe. For the purpose of meetings with such specific group of investors (investors of debt securities), the detailed presentation which describes the activity of BRE Bank and the banking sector in Poland has been prepared, including forecasts for economic development of Poland and Central and Eastern Europe in the coming years. Furthermore, two specialist due-diligence sessions were organised as part of regular meetings with the Bank’s rating agencies.

The Internet site of the Bank's investor relations www.brebank.pl/relacje_inwestorskie is a source of information on BRE Bank Group, including on the shareholding structure of BRE Bank, Annual Meetings, ratings, performance of the Bank shares on the WSE, and gives access to periodic and current reports, and details on research analyst consensus estimates for the Bank.

BRE Bank Group and its performance are monitored by analysts representing various financial institutions, banks and brokers. At the end of 2012, BRE Bank was covered by 20 analysts representing both domestic and foreign institutions.

VII. Financial results of BRE Bank Group in 2012

Changes in the presentation of results

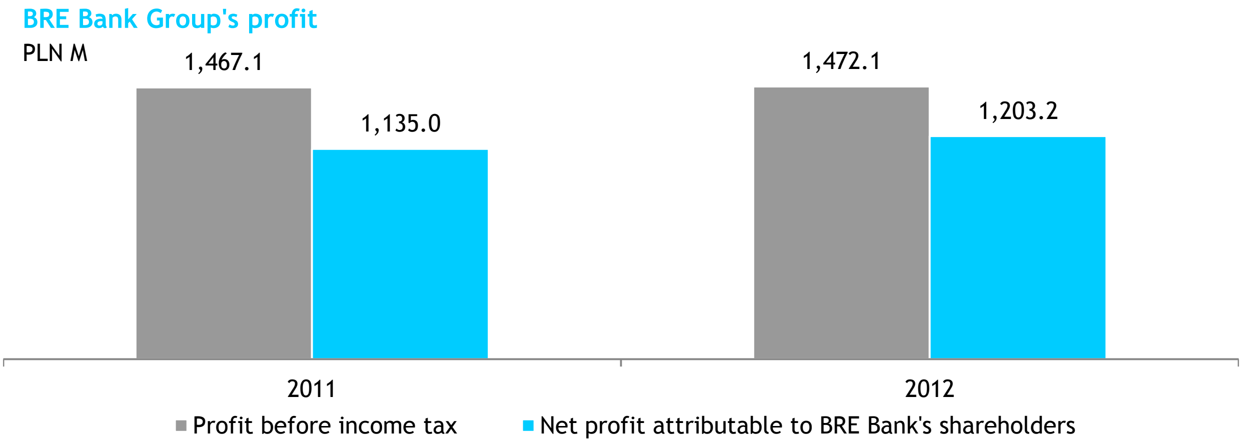
The following changes were introduced in 2012, aiming at a better presentation of the business nature of BRE Bank Group's results:

- Net income on swap points was moved from net trading income to net interest income;
- Change in the reporting of operating leases impacting net interest income, amortisation and depreciation, and net other operating income. The result on operating lease was moved from net interest income and amortisation and depreciation to other operating income.

The above changes are presented in detail in point 2.32. Comparative Data of the Consolidated Financial Statement of BRE Bank SA Group.

VII.1. Profit and Loss account of BRE Bank Group

In 2012, BRE Bank Group reported a profit before income tax of PLN 1,472.1 million, compared to PLN 1,467.1 million a year earlier (+PLN 5.0 million or +0.3%). Net profit attributable to the shareholders of BRE Bank reached PLN 1,203.2 million, compared to PLN 1,135.0 million in 2011 (+PLN 68.2 million or +6.0%).



The profit before income tax in 2012 was predominantly driven by:

- **Increase of total income** by PLN 3,578.1 million, which represents an increase in comparison to 2011 driven by an increase of net interest income and net trading income. Net fee and commission income remained stable.
- **Decrease of operating expenses** (including depreciation and amortisation) to PLN 1,661.4 million year on year.
- **Increase of effectiveness** measured by the cost to income ratio which stood at 46.4% in 2012 (47.7% in 2011).

- **Continued high quality of the loans portfolio** resulting in net impairment of loans and advances amounting to PLN 444.6 million in 2012.
- **Continued organic growth and business expansion** as demonstrated by:
    - **Growing retail customer base** which reached 4,134 thousand (and increase of 209 thousand customers in 2012);
    - **Growing number of corporate customers**, which reached the historically highest number of 15,095 clients (an increase of 1,118 in 2012).

Net loans and advances decreased by 1.2% in 2012, customer deposits increased by 6.9%. Consequently, loans to deposits ratio decreased from 125.1% to 115.7%.

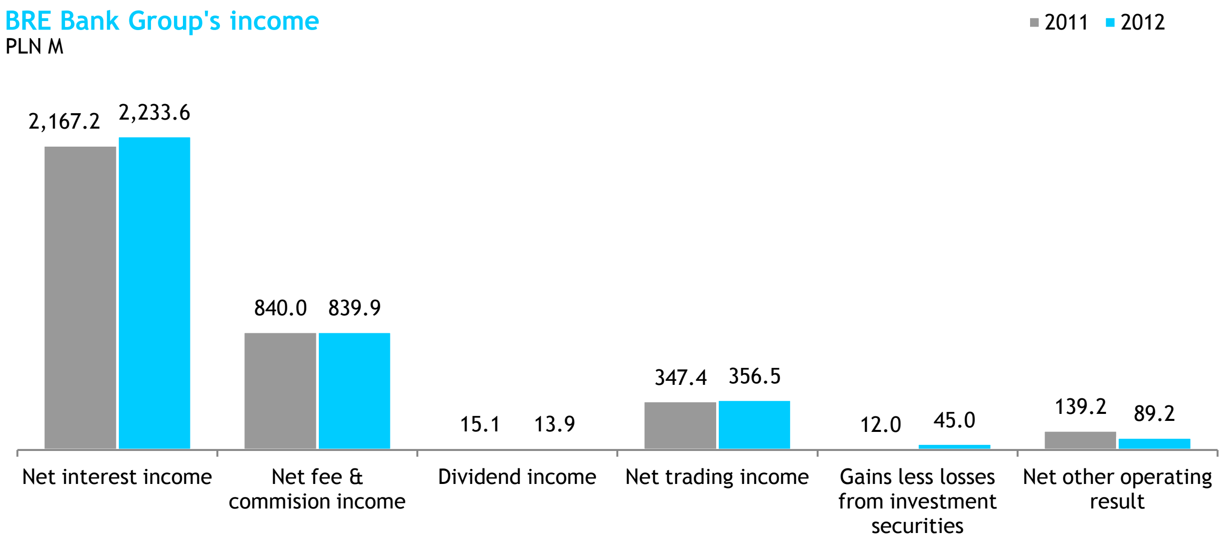
The changes in the Group's results translated into the following profitability ratios:

- Gross ROE of 17.9% (21.0% at the end of 2011);
- Net ROE of 14.6% (16.4% at the end of 2011).

The Group’s capital ratios remained adequate. The capital adequacy ratio stood at 18.73% at the end of December 2012, compared to 14.96% in 2011. Core Tier 1 ratio reached 13.00% compared to 9.59% at the end of 2011. As of December 2012, BRE Bank Group reports its capital adequacy ratios using the Advanced Internal Ratings-Based Approach (AIRB). Detailed information related to the capital adequacy ratio calculation is presented in Note 47 of the BRE Bank SA Group IFRS Consolidated Financial Statements 2012.

Income of BRE Bank Group

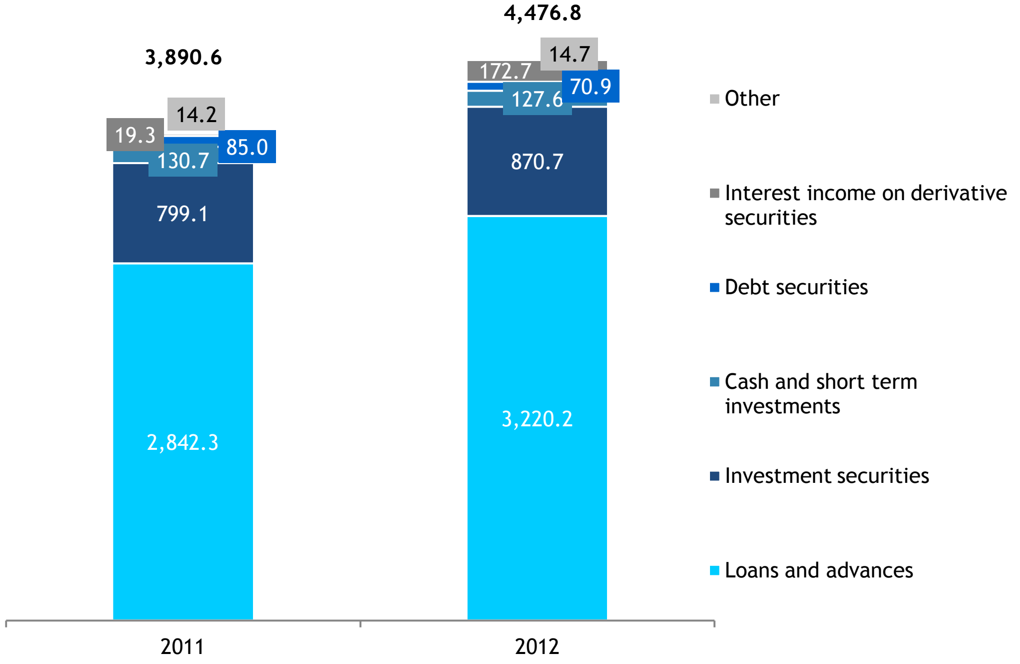
In 2012, total income generated by BRE Bank Group amounted to PLN 3,578.1 million compared to PLN 3,520.9 million in 2011 (up by PLN 57.2 million or +1.6%). The increase was predominantly driven by growth of net interest income and gains less losses on investment securities.



Net interest income remained the Group’s largest revenue source and reached PLN 2,333.6 million compared to PLN 2,167.2 million in 2011 (up 1.7% year on year). The increase of net interest income (+15.1%) coupled with stable credit volumes was a result of rising sales of non-mortgage loans and high nominal interest rates in H1 2012. Compared to 2011, interest cost in 2012 increased by 30.2% mainly driven by rapidly growing customer deposits, higher interest rates and the issue of eurobonds in Q4 2012 under the EMTN programme.

Interest income structure

PLN M



BRE Bank Group's net interest margin remained stable amid rising interest income and growing interest cost. The margin, calculated as a relation between net interest income and average interest-earning assets, stood at 2.4% in 2012 compared to 2.5% in 2011.

The average interest rate of BRE Bank's deposits and loans denominated in zloty and foreign currency is presented in the following table:

Average interest rate (BRE Bank)				
		Retail	**Corporates**	**Bank Total**
Deposits				
	PLN	3.57%	4.13%	3.81%
	FX	0.86%	0.32%	0.60%
Loans				
	PLN	9.83%	6.13%	7.47%
	FX	2.18%	2.32%	2.21%
of which mortgage loans				
	PLN	6.00%		
	FX	2.08%		

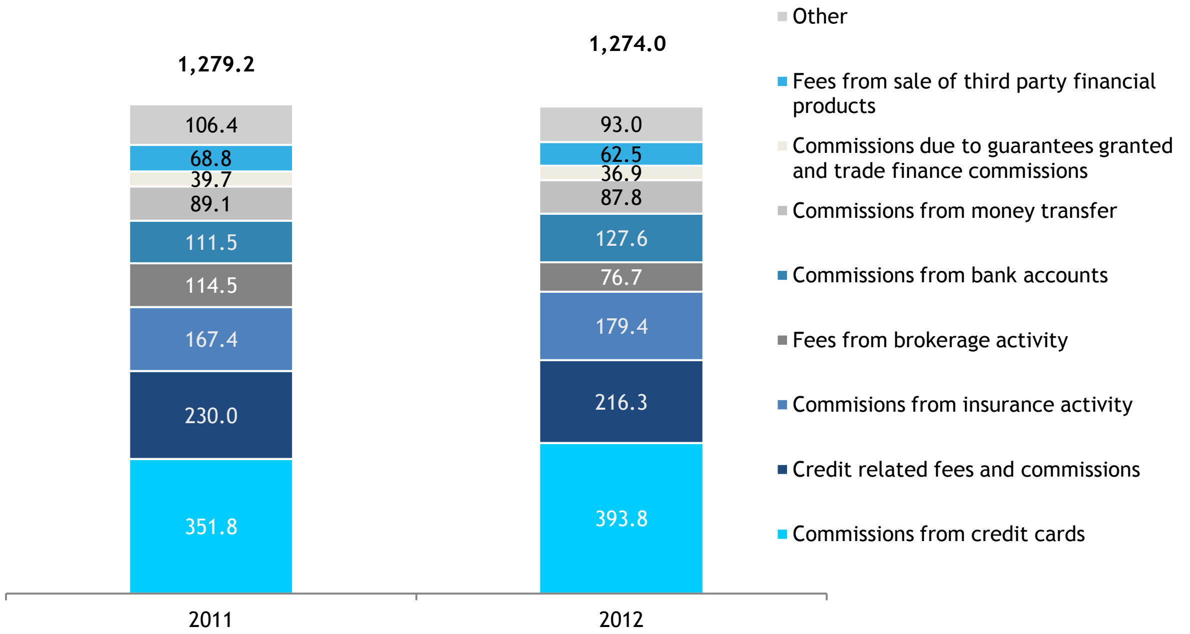
Loans and advances to customers remained the main source of interest income (71.9%). Interest income increased by PLN 377.9 million or 13.3% compared to the previous year. The increase of nominal interest rates in H1 2012 triggered an increase of interest income (up by PLN 71.6 million or 9.0%) from investment securities. Interest income from debt securities held for trading decreased by PLN 14.1 million or 16.6% driven by decreasing volume of this asset category. At the same time, there was a decrease of interest income from cash and short term deposits (down by PLN 3.1 million or 2.4%).

The growth of interest expenses was attributed to higher costs in respect of client deposits (up by PLN 517.4 million or 47.3% year on year), driven by growing volumes and higher interest rates offered.

Net fee and commission income, accounting for 23.5% of BRE Bank Group income, remained stable compared to 2011. In 2012, net fee and commission income amounted to PLN 839.9 million, representing a decrease by PLN 0.1 million compared to 2011.

Fee & commission income structure

PLN M



The Group reported an increase of commission income from payment card services, insurance activity and client's account maintenance as a consequence of intensified cross-selling, effective acquisition of clients and growing number of accounts. Net fee and commission income from brokerage activity decreased by 33.0% due to reduced investors' activity on the Warsaw Stock Exchange in 2012. Fees and commissions related with credit operations decreased due to a slowdown in demand for corporate investment loans.

Dividend income amounted to PLN 13.9 million in 2012, representing a decrease of PLN 1.2 million compared to 2011. The fall was attributed to lower dividend payment received from PZU compared to 2011.

Net trading income amounted to PLN 356.6 million in 2012 and was higher by PLN 9.1 million (+2.6%) compared to 2011. The increase was driven by other trading income and income from hedge accounting which grew by PLN 13.8 million (+73.3%) compared to 2011. In turn, FX result decreased by PLN 4.6 million or 1.4% compared to 2011.

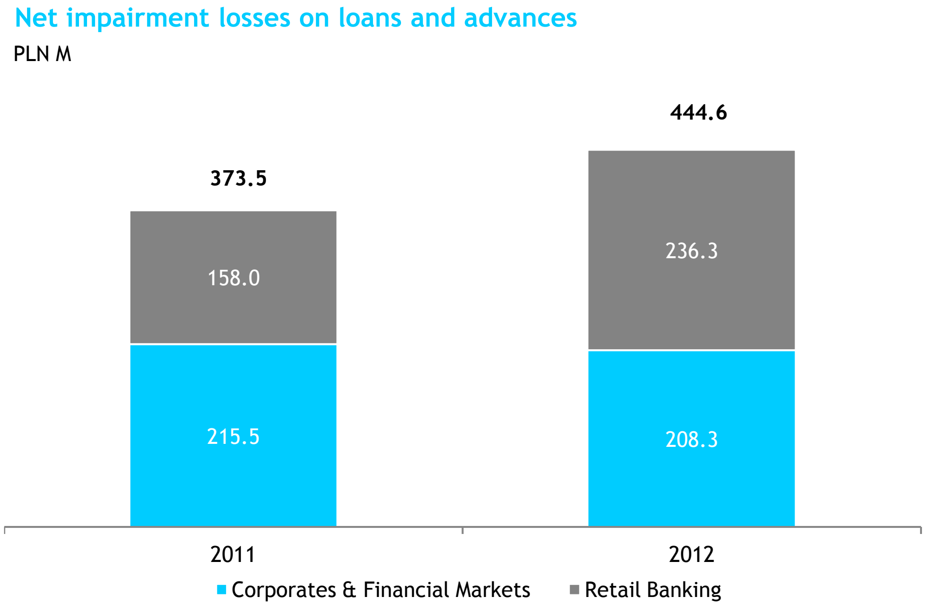
Gains less losses on investment securities in 2012 amounted to PLN 45.0 million (PLN 12.0 million in 2011). The rise was achieved amid falling yields on government bonds. Consequently, in 2012 the portfolio of investment securities was partially sold.

Net other operating income (other income net of operating costs) amounted to PLN 89.2 million in 2012 (down by PLN 50.0 million year on year). The fall was caused mainly by provisions set up in Q4 2012 against legal risk, unused employee holiday and office properties rental.

Net impairment of loans and advances

In 2012, net impairment losses on loans and advances in BRE Bank Group amounted to PLN 444.6 million, compared to PLN 373.5 million in 2011 (+19.0%).

The increase in credit risk costs in Retail Banking was caused predominantly by the base effect. In 2011, the non-performing loan portfolio was partially sold, resulting in release of PLN 81.8 million in credit risk provisions.



Net impairment losses on loans and advances in Corporates and Financial Markets amounted to PLN 208.3 million in 2012 (PLN 215.5 million in 2011). In 2012, BRE Bank Group managed to avoid considerable losses related to the construction sector.

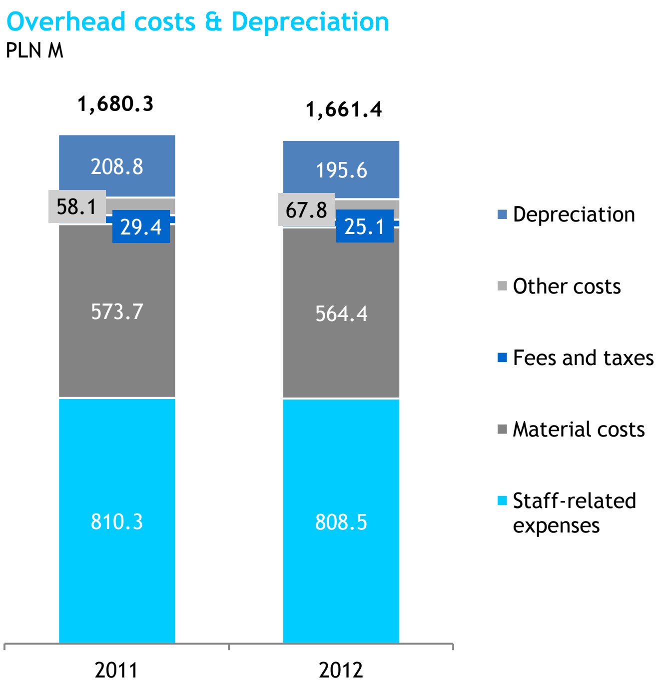
Costs of BRE Bank Group

Total overhead costs of BRE Bank Group (including depreciation) reached PLN 1,661.4 million, which represents a decrease by 1.1% compared to 2011.

The fall in personnel costs of PLN 1.8 million (0.2%) resulted mainly from a reduction in employment compared to 2011.

Non-personnel costs decreased by PLN 9.3 million or 1.6%. In 2012, BRE Bank Group reported lower marketing and IT costs, while costs of the logistics area rose.

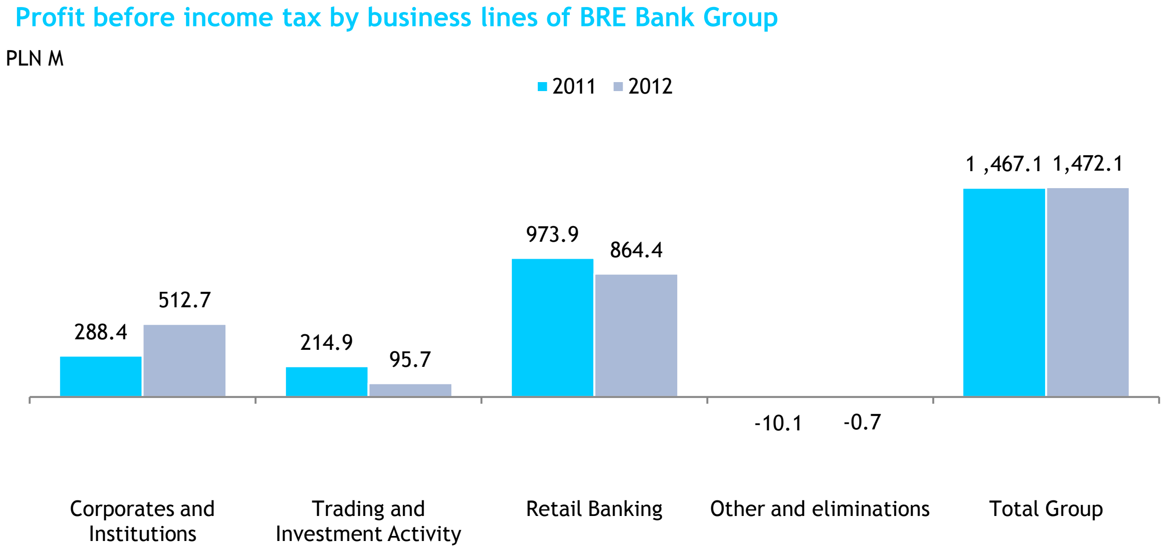
Effective cost management allowed the Group to further improve its efficiency measured by the cost/income ratio which stood at 46.4% at the end of 2012 compared to 47.7% a year before.



Contribution of business segments and business lines

Owing to the introduction of a new funds transfer pricing system (FTP) and cost allocation system in 2012, the profit before income tax generated by particular segments of BRE Bank Group has restricted comparability. The most significant changes resulting from both implementations were noticed in Corporates and Institutions and Trading and Investment Activity.

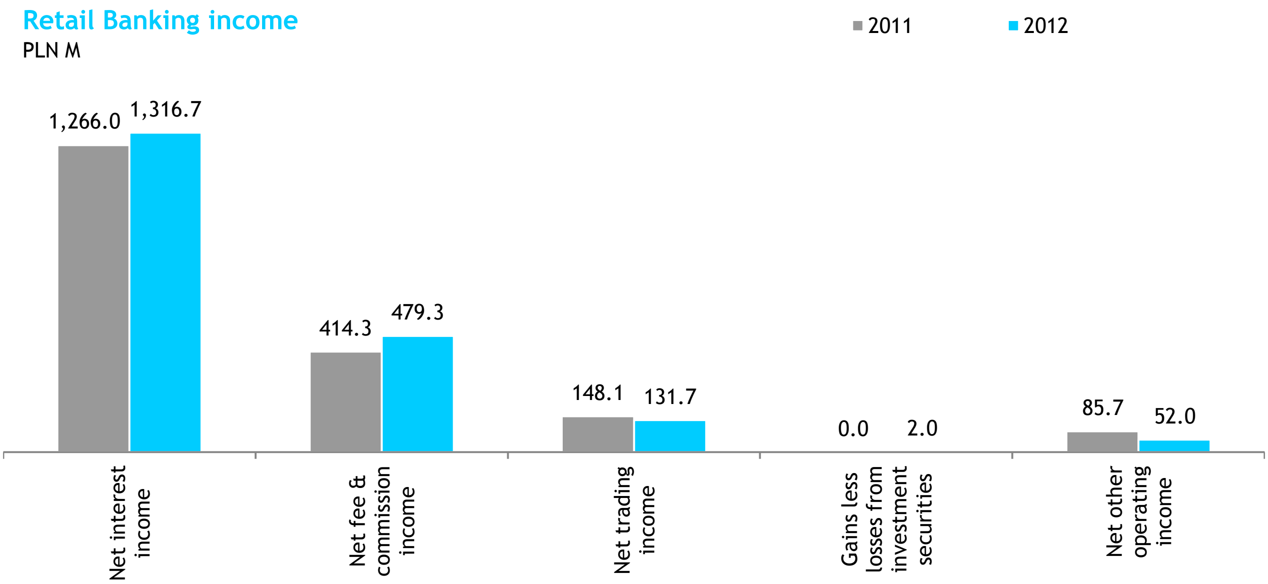
The chart below illustrates the contribution of individual business areas to the profit before income tax of BRE Bank Group.



The Retail Banking segment was the largest contributor (58.7%) to the Group's profit before income tax. The contribution of Corporates and Institutions and Trading and Investment Activity constituted 34.8% and 6.5% of the Group's profit before income tax respectively.

Retail Banking

In 2012, the Retail Banking segment generated a profit before income tax of PLN 864.4 million, which represents a decrease of PLN 109.5 million or 11.2% compared to 2011.



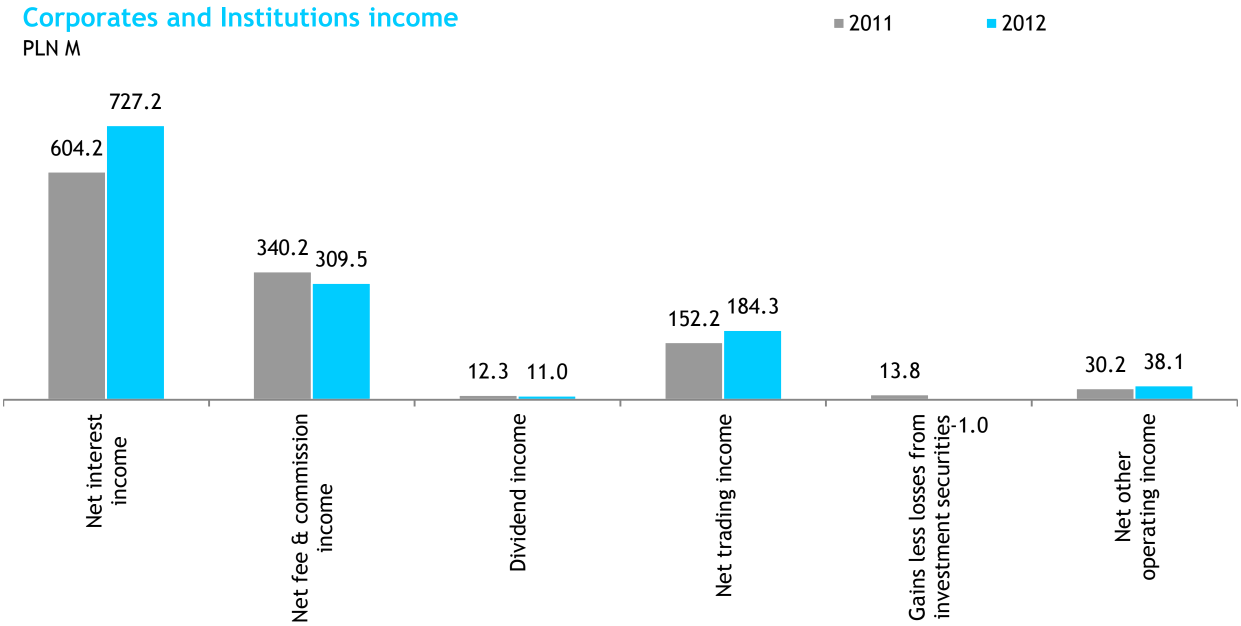
The profit before income tax of Retail Banking was predominantly driven by:

- **Increase of total income** by PLN 67.6 million or 3.5% year on year to PLN 1,981.7 million. Net interest income grew by PLN 50.6 million or 4.0%, while net fee and commission income increased by PLN 65.0 million or 15.7%.
- **Increase of overhead costs** (including amortization and depreciation) by PLN 98.8 million or 12.6% year on year to PLN 881.0 million.
- **Increase of net impairment of loans and advances** compared to 2011 due to low base effect in 2011 driven by the sale of non-performing loan portfolio (up by PLN 78.3 million or 49.6%).

Corporates and Financial Markets

Corporates and Institutions

In 2012, the Corporates and Institutions segment generated a profit before income tax of PLN 512.7 million (up by PLN 224.3 million or 77.8% year on year). The Corporates and Institutions segment was the largest beneficiary of the changes resulting from the implementation of the new funds transfer pricing system and cost allocation system.

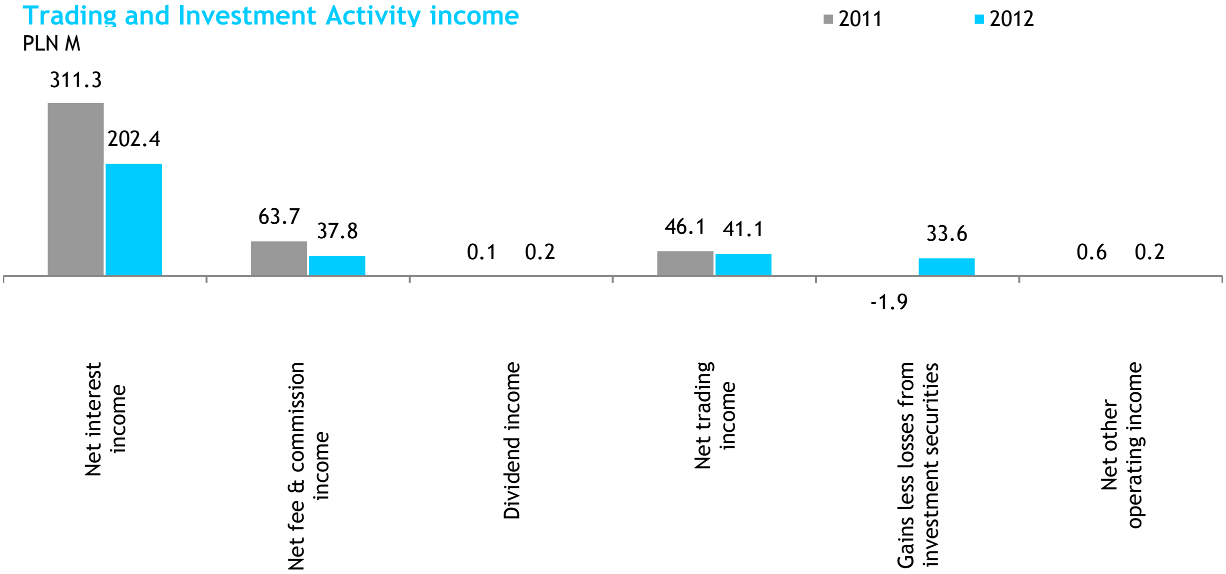


The profit before income tax of Corporates and Institutions was predominantly driven by:

- **Increase of total income** by PLN 116.2 million or 10.1% year on year to PLN 1,269.1 million. Net interest income grew by PLN 123.0 million or 20.4%, while net fee and commission income decreased by PLN 30.7 million or 9.0%.
- **Decrease of overhead costs** (including amortization and depreciation) by PLN 65.5 million or 10.0% to PLN 589.7 million.
- **Decrease of net impairment losses on loans and advances** by PLN 42.7 million or 20.4% year on year.

Trading and Investment Activity

In 2012, Trading and Investment Activity generated a profit before income tax of PLN 95.7 million, which represents a decrease of PLN 119.2 million or 55.5% compared to 2011.

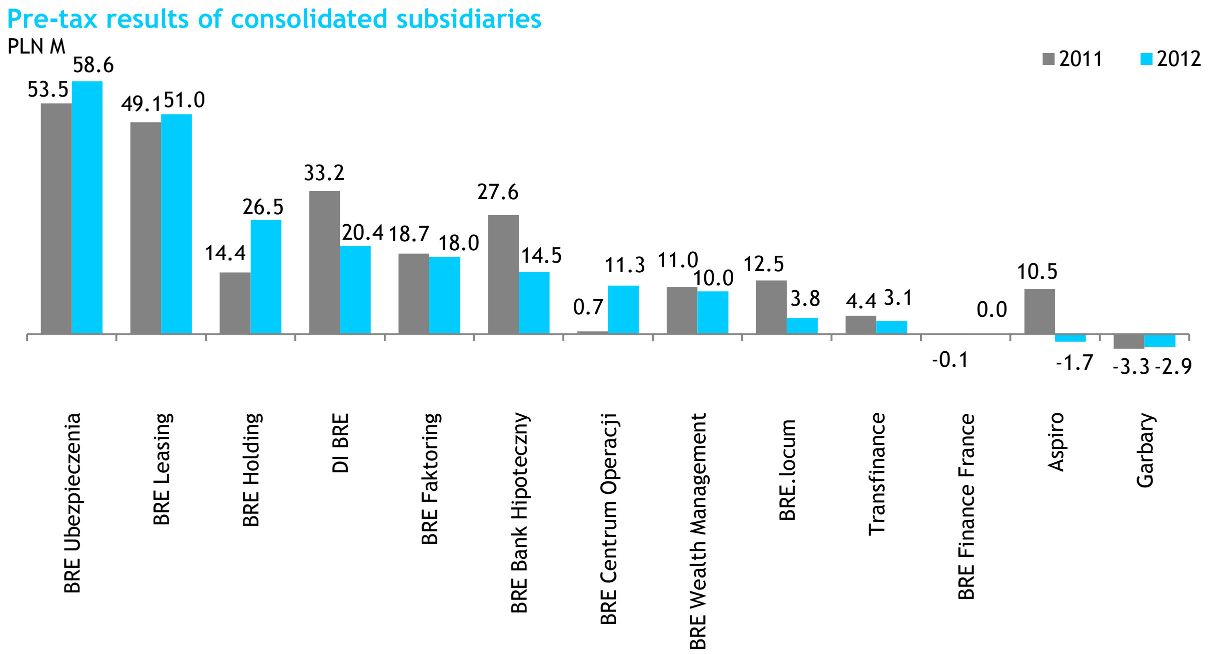


The profit before income tax of Trading and Investment Activity was predominantly driven by:

- **Decrease of total income** by PLN 104.6 million or 24.9% year on year to PLN 315.3 million. Net interest income fell by PLN 108.9 million or 35.0% and stood at PLN 202.4 million. Net trading income decreased by PLN 5.0 million. Gains less losses on investment securities improved considerably influenced by favourable conditions on the government bonds market and profits realized from the partial sale of the bonds portfolio.
- **Increase of net impairment losses on loans and advances** by PLN 35.5 million. Net impairment losses on loans and advances of Trading and Investment Activity stood at PLN 41.6 million in 2012 compared to PLN 6.1 million in 2011.

Financial results of BRE Bank Group subsidiaries

In 2012, the consolidated profits before income tax generated by BRE Bank Group subsidiaries based on a comparable number of subsidiaries amounted to PLN 212.6 million compared to PLN 232.1 million a year earlier. In particular, the following subsidiaries improved their results in a year on year comparison: BRE Ubezpieczenia, BRE Leasing and BRE Faktoring. The graph below presents the profit before income tax of the subsidiaries in 2012 compared to 2011.



VII.2. Changes in the consolidated statement of financial position

Changes in the assets of BRE Bank Group

In 2012, the assets of BRE Bank Group increased by PLN 3,360.4 million or3.4% to PLN 102,236.0 million as of December 31, 2012.

	31.12.2012		31.12.2011		Δ in PLN M	YoY change
Assets	PLN M	in %	PLN M	in %		
Cash and balances with Central Bank	4,819.2	4.7%	1,038.4	1.1%	3,780.8	364.1%
Loans and advances to banks	3,944.6	3.9%	4,008.9	4.1%	(64.3)	-1.6%
Trading securities	1,150.9	1.1%	1,477.0	1.5%	(326.1)	-22.1%
Derivative financial instruments	2,802.7	2.7%	1,506.6	1.5%	1,296.1	86.0%
Loans and advances to customers	67,059.3	65.6%	**67,851.5**	68.6%	(792.2)	-1.2%
Investment securities	19,993.4	19.6%	**20,551.3**	20.8%	(557.9)	-2.7%
Intangible assets	436.1	0.4%	436.8	0.4%	(0.7)	-0.2%
Tangible fixed assets	773.9	0.8%	832.5	0.8%	(58.6)	-7.0%
Others	1,255.9	1.2%	1,172.6	1.2%	83.3	7.1%
Total Assets	102,236.0	100.0%	**98,875.6**	**100.0%**	3,360.4	3.4%

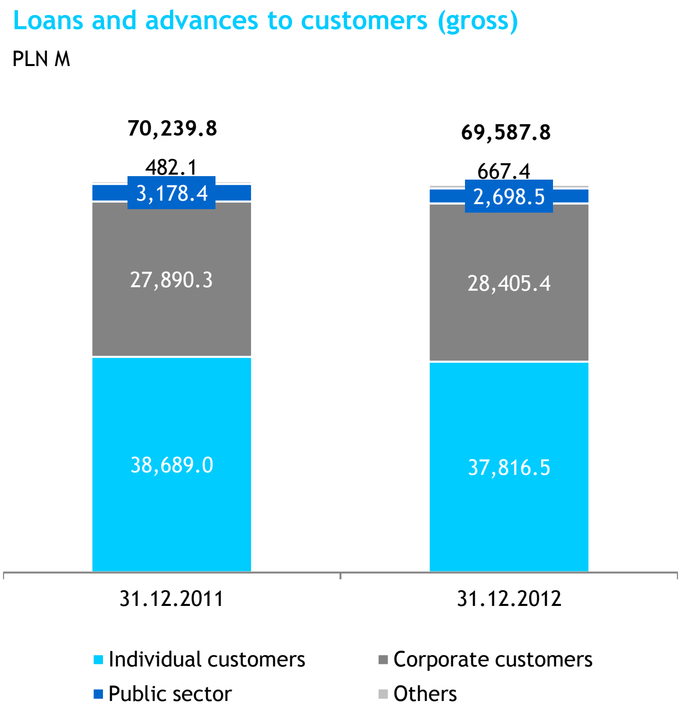
Loans and advances to customers had the largest share in the balance sheet (65.6% of total assets at the end of 2012 compared to 68.6% at the end of 2011).

The volume of net loans and advances to customers decreased by 1.2% or PLN 792.2 million compared to the end of 2011.

Loans and advances to retail customers decreased by PLN 872.5 million driven by the weakening PLN, especially against CHF, but also by decreasing sales of non-mortgage loans. Excluding the effect of the weakening PLN, the increase in loans and advances to individuals amounted to approximately 2.8%.

At the same time, gross loans and advances to corporate customers grew by PLN 515.1 million or 1.8%. Excluding reverse repo/buy sell back transactions and FX changes, the value of loans to corporate clients decreased by approximately 1.3% compared to 2011. Gross loans and advances to the public sector decreased by PLN 479.9 million or 15.1%.

Investment securities constituted the Group's second largest asset category (20.8% of total assets). During 2012, their value decreased by PLN 557.9 million or-2.7%. In the face of reduced yield on government bonds, BRE Bank Group decided to realize profit from a partial sale of its government bonds portfolio.



Changes in the liabilities of BRE Bank Group

The table below presents the changes in the liabilities of BRE Bank Group in 2012:

Equities and Liabilities	31.12.2012		31.12.2011		Δ in PLN M	YoY change
Liabilities	PLN M	in %	PLN M	in %		
Amounts due to other banks	**21,110.9**	20.6%	**27,390.8**	27.7%	(6,279.9)	-22.9%
Derivative financial instruments and other trading liabilities	3,476.7	3.4%	1,862.7	1.9%	1,613.9	86.6%
Amounts due to customers	**57,983.6**	56.7%	**54,244.4**	54.9%	3,739.2	6.9%
Debt securities in issue	4,892.3	4.8%	1,736.0	1.8%	3,156.3	181.8%
Subordinated liabilities	3,222.3	3.2%	3,456.2	3.5%	(233.9)	-6.8%
Others	1,840.3	1.8%	2,112.9	2.1%	(272.6)	-12.9%
Total liabilities	**92,526.1**	90.5%	**90,803.0**	**91.9%**	1,723.1	1.9%
Total equity	**9,709.9**	9.5%	**8,072.7**	**8.1%**	1,637.2	20.3%
Total equity and liabilities	**102,236.0**	100.0%	**98,875.6**	**100.0%**	3,360.4	3.4%

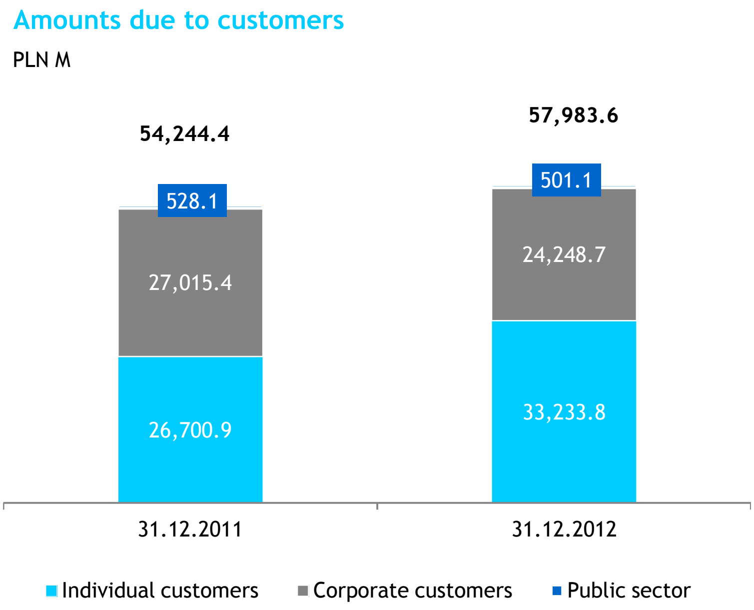
Amounts due to customers, which accounted for 56.7% of liabilities as at the end of 2012 (compared to 54.9% a year before), remain the dominant funding source of BRE Bank Group.

Amounts due to customers increased by PLN 3,739.2 million or 6.9% and reached PLN 57,983.6 million in 2012.

The increase was observed mainly in amounts due to retail customers (up by PLN 6,532.9 million or 24.5%), which was connected with the campaign aimed at attracting new deposits in Q4 2012 organised as part of the Strategy of BRE Bank Group for 2012-2016.

Amounts due to corporate customers amounted to PLN 24,248.7 million at the end of 2012, compared to PLN 27,015.4 million in 2011 (down by 10.2%). Excluding repo transactions, amounts due to corporate customers decreased by approximately 11.2%.

Amounts due to other banks decreased by PLN 6,279.9 million or 22.9% and reached PLN 21,110.9 million at the end of 2012. The change was mainly driven by the repayment of loans granted by Commerzbank.



The share of debt securities in issue in the funding structure of BRE Bank Group increased from 1.8% at the end of 2011 to 4.8% at the end of 2012, mainly due to the issue of EUR 500 million bonds under the EMTN programme.

The share of equity in the liabilities of BRE Bank Group rose from 8.1% at the end of December 2011 to 9.5% at the end of 2012 due to the retention of the Group's net profit.

VII.3. Performance indicators

The key performance indicators of BRE Bank Group were as follows:

	31.12.2012	31.12.2011	31.12.2010
Net ROA	1.23%	1.26%	0.77%
Gross ROE	17.9%	21.0%	15.6%
Net ROE	14.6%	16.4%	11.8%
C/I ratio	46.4%	47.7%	51.8%
Net interest margin	2.4%	2.5%	2.2%
Capital adequacy ratio	18.73%*/	14.96%	15.90%
Core Tier 1 ratio	13.00%*/	9.59%	10.40%

**/ Capital adequacy ratio and Core Tier 1 based on AIRB methodology*

ROA = net profit (including minority shareholders)/total assets;

Gross ROE = pre-tax profit / equity (including minority shareholders, excluding current year's profit);

Net ROE = net profit (including minority shareholders) / equity (including minority shareholders, excluding current year's profit);

C/I = overhead costs + depreciation/net income (including net of other income/costs);

Net interest margin = net interest income/average interest earning assets;

Capital Adequacy Ratio = own funds (core funds and supplementary funds after deductions)/risk weighted assets;

Core Tier 1 Ratio = core funds after deductions/risk weighted assets.

VIII. BRE Bank Group in the Financial Services Market in 2012

At the end of 2012, BRE Bank was the third largest bank listed on the Warsaw Stock Exchange by assets, own funds, the portfolio of loans and advances to non-financial clients and the public sector as well as by deposits and amounts due to clients (consolidated figures).

Most of the Group subsidiaries also rank high in their respective market segments. The table below presents the market share and the position of the Bank and of selected subsidiaries at the end of 2012 compared to 2011 and 2010.

Business category	Market position in 2012 */	Market Share		
		2012	2011	2010
Corporate Banking				
Corporate loans		6.3%	6.8%	6.2%
Corporate deposits		8.7%	9.9%	8.6%
Leasing	3	7.0%	8.2%	7.1%
Factoring				
Poland	5	8.8%	8.8%	8.0%
Czech Republic	3	14.1%	14.0%	13.4%
Retail Banking (mBank+MultiBank)				
Total loans		6.5%	6.7%	6.5%
of which mortgage loans		7.9%	8.5%	8.7%
non-mortgage loans		4.2%	3.7%	3.6%
Deposits		5.3%	4.6%	4.8%
Investment Banking				
Financial markets				
Treasury bills and bonds		8.9%	7.4%	5.7%
IRS/FRA		24.5%	18.6%	19.0%
FX spot and forward		7.8%	7.2%	5.2%
Non-Treasury securities (outstanding debt)				
Short-term debt securities	4	12.0%	16.9%	14.6%
Corporate bonds	2	16.3%	19.0%	18.1%
Bank debt securities**	1	29.8%	22.0%	22.5%
Brokerage				
Equities trading	7	4.9%	5.3%	5.4%
Bonds trading	8	2.0%	2.1%	5.5%
Derivative transactions	1	15.5%	13.5%	14.2%
Options	3	16.8%	5.7%	21.8%

Source: Own calculations based on data from BRE Bank, NBP, WSE, Fitch Polska, Polish Association of Leasing Companies, press reports

**/ where determinable*

***/without "road bonds" issued by BGK*

IX. BRE Bank Group's development in Corporates and Financial Markets segment

The Corporates and Financial Markets Segment of BRE Bank offers its corporate banking and institutional customers a broad range of products and services, including current accounts, internet banking based cash management services, term deposits, foreign exchange transactions, short-term financing and investment loans, cross-border credit, project finance and trade finance solutions, structured and mezzanine finance services, and investment banking services and products. The Bank distributes its products and services through a fully dedicated network of corporate branches and offices, as well as through its innovative corporate banking internet platform – iBRE.

IX.1. Corporates and Institutions clients

2012 was a challenging year for corporate banking. Corporate loans were stable (+0.7% year on year) compared to 2011 (+19.4%), while corporate deposits fell by 6.6% (+12.5% in 2011). The situation prompted the Bank to intensify its sales efforts, especially the acquisition of corporate clients which reached a record high in 2012. The gross increase of the number of corporate clients rose by more than 20% year on year, as throughout 2012 BRE Bank acquired 2,830 new clients. The corporate client base increased to a record level of 15,095 entities.

The acquisition of new clients impacted positively on a rise of the value of funds deposited in current accounts; at the end of December 2012, the deposited amount reached PLN 4.8 billion, which is the highest result ever achieved by the Bank. This forms a basis for further development of the transactional banking area which is of special interest for the Bank due to its growth potential and clients' impact.

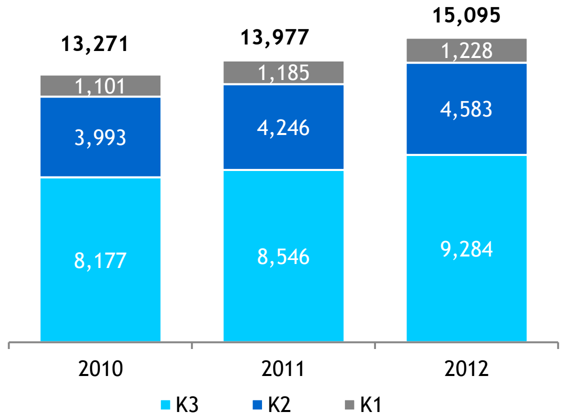
At the same time, the quality of services provided to corporate clients measured by Net Promoter Score, calculated for the main bank (NPS, a customer loyalty metric) improved markedly: according to GfK Polonia, NPS for BRE Bank stood at 20, compared to the market average of 11.

IX.1.1. Increase of corporate client base

During 2012, BRE Bank acquired 2,830 new corporate clients, of which 72.0% were K3 clients and 23.9% were K2 clients. The total number of clients reached 15,095 companies at the end of December 2012 (+1,118 year on year).

K1 represents the segment of the largest corporations with annual sales of over PLN 500 million; K2 is the segment of medium sized corporations with annual sales between PLN 30 and 500 million and K3 is the segment of small and medium sized companies with annual sales between PLN 3 and 30 million.

Corporate Banking Customers



IX.1.2. Product and service offer

Loans and deposits

The value of loans of corporate clients amounted to PLN 28,405.4 at the end of 2012 in comparison to 27,890.3 a year earlier (+1.8% year on year).

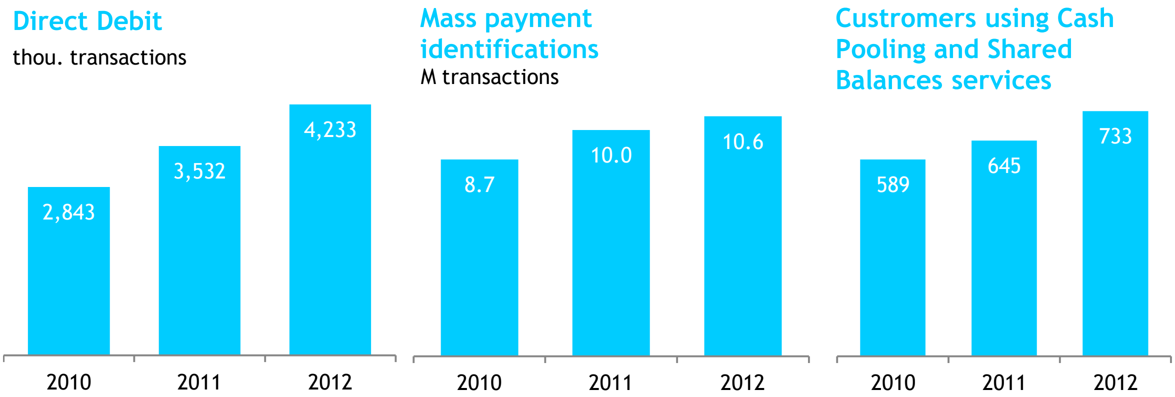
In 2012, the market for loans to enterprises remained practically unchanged (+0.7% year on year). The market share of BRE Bank's lending to enterprises stood at 6.3% at the end of December 2012 versus 6.8% a year earlier.

The corporate deposits market decreased by 6.6% in 2012. The share of BRE Bank in corporate deposits market fell to 8.7% at the end of December 2012, compared to 9.9% at the end of 2011.

Development of transactional banking

BRE Bank Group's comprehensive cash management offer, supporting the Group's long-term relationships with corporate clients, resulted in a further increase of payment identification transactions and the number of clients using advanced cash management solutions.

In 2012, the number of Direct Debit transactions reached 4,233 thousand, which represents an annual increase of 19.9%. The number of Trade Payment Identification transactions has also been growing dynamically. The number of transactions executed in 2012 exceeded 10.6 million (+6.2% year on year). In 2012, the number of clients using the most sophisticated solutions involving cash pooling on bank accounts rose by 13.6% (compared to December 2011). At the end of 2012, there were 733 clients using Cash Pooling and Shared Balance offers.



The following figures illustrated the development of transactional banking in 2012:

- The number of domestic transfers made by corporate clients in 2012 increased by 42.3% year on year; the strong growth was driven by the acquisition of a large volume of orders from micro-payment integrators.
- The number of foreign transfers increased by 18.5% in 2012 (compared to 2011) with the highest increase observed in the case of SEPA transfers which increased by 47.3% in the discussed period,
- The total number of corporate cards issued grew by more than 246.7% year on year; the most dynamic growth (+276.7%) was observed in prepaid cards,
- Over 360 thousand cards were issued as Electronic Money Instrument,
- The number of iBRE system users rose by 19.5%. Currently, there are 62,423 active authorisations allowing the entitled employees of BRE Bank clients to cooperate with the Bank.

Development of the corporate banking offer

The Corporate Banking area of BRE Bank continued its efforts to expand the product offer, to streamline processes and to implement solutions aimed at increasing the satisfaction of the Bank's corporate clients. The area's major projects in 2012 included:

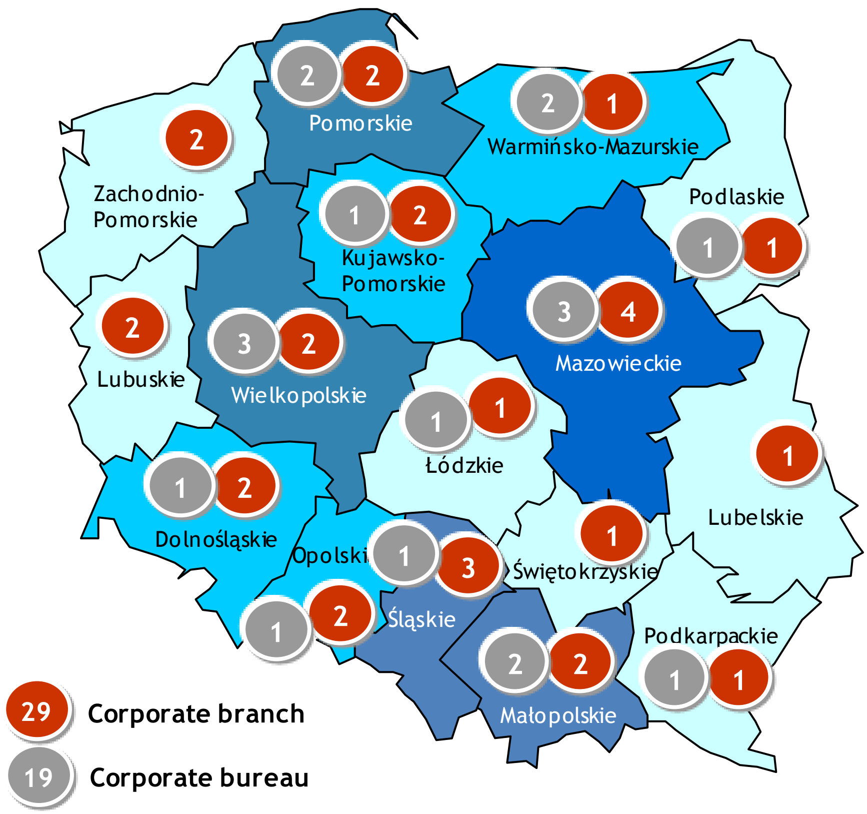
- **Instant domestic payments.** On June 12, 2012, the National Clearing House (KIR SA, operator of Poland's clearing system) launched a new domestic clearing system, EXPRESS ELIXIR, designated for instant interbank transfers. As a result, the expected time from debiting the debtor's account to crediting the creditor's account became as short as several seconds. After the UK, Poland is the second European country to launch such a system. BRE Bank's corporate clients were among the first in Poland to use EXPRESS ELIXIR on the first day of operation.
- **Escrow accounts for developers.** On April 29, 2012, a new law took effect which introduces protection for natural persons who buy homes and apartments from developers. One of the key

requirements of the law is that developers must open special escrow accounts, where buyers deposit their funds. The mechanism is designed to protect the funds of natural persons from arbitrary use by a developer. Consequently, the escrow accounts for developers were added to the Bank's product offering.

- **Electronic debt payment.** Electronic version of the product "debt payment with deferred due date". The solution provides purpose finance to clients where the Bank pays the client's trade debt documented with invoices issued by suppliers approved by the Bank.
- **Further expansion of iBRE Connect services**. BRE Bank systematically expands the functionalities of services which integrate the iBRE internet banking system with financial and accounting systems of corporate clients (iBRE Connect service package.
- **iBRE News - innovative information platform.** BRE Bank offered its corporate clients iBRE News, a new information service integrated with iBRE Internet banking platform. The new service is dedicated to corporations, medium and small enterprises, and public sector. iBRE News offers access to an aggregated stream of market news from leading information services all over the world.
- **HalCash Transfer.** BRE Bank, in cooperation with HalCash Central Eastern Europe, launched HalCash transfers allowing its clients to order instant funds transfers and ATM withdrawals using their mobile phones. The new solution is available in iBRE electronic banking system to the Bank's clients authorised to submit domestic transfers. HalCash solution makes it possible to execute fund transfers in real time in one of four thousand ATMs located across Poland.

IX.1.3. Corporate Banking Network

BRE Bank serves its corporate customers through the network of 29 branches and 19 corporate bureaus at the end of 2012. In January 2013 the corporate bureau in Ostroleka was closed. As of today corporate network comprises 29 corporate branches and 18 corporate bureaus.



IX.2. Subsidiaries within the Corporates and Institutions area

BRE Faktoring SA

In 2012, the factoring market in Poland continued to expand (+21.9% according to the Polish Factors Association). BRE Faktoring reported a turnover of PLN 7.2 billion (+20.6% year on year) and achieved the fifth position among companies associated in the Polish Factors Association with a market share of 8.8% mainly driven by strong growth in domestic and export factoring.

The profit before income tax of BRE Faktoring was similar to the 2011 figure and amounted to PLN 18.0 million (-4.0% year on year).

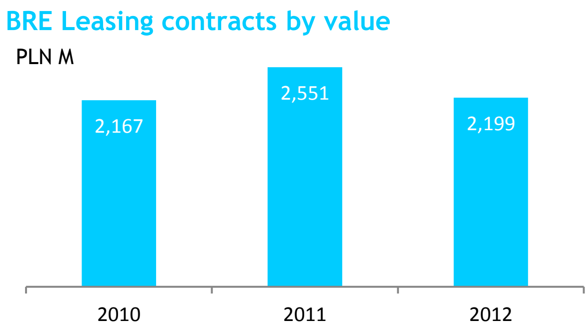
Transfinance a.s.

Transfinance a.s. provides factoring services to small and medium-sized enterprises in the Czech Republic. In 2012, Transfinance recorded a turnover of PLN 3.3 billion (+8.2% compared to 2011). Considerable growth in export and import factoring was combined with a moderate increase of domestic factoring.

The company generated a profit before income tax of PLN 3.1 million (-29.8% year on year). The decline was predominantly driven by higher impairment losses (+36.7% year on year).

BRE Leasing Sp. z o.o.

The value of leasing contracts concluded by BRE Leasing in 2012 amounted to PLN 2,198.6 million (-13.8% compared to 2011). Despite a very good performance delivered in the last months of 2012, the sales of BRE Leasing failed to reach the 2011 level, mainly due to a fall in the vehicle segment, which accounts for nearly half of the company's sales. However, the company maintained the third market position with a market share of 7.0% at the end of 2012, and became the leader of the real estate segment with a market share of 33.0%.



The profit before income tax reported by BRE Leasing in 2012 reached PLN 51.0 million, which represents an increase by 3.9% year on year.

BRE Holding Sp. z o.o.

BRE Holding Sp. z o.o. was established in November 2007 with BRE Bank as its sole shareholder. The assets of BRE Holding comprise shares in BRE Bank Hipoteczny SA, BRE Faktoring SA and BRE Leasing Sp. z o.o., valued at PLN 536.1 million. In 2012, the main source of revenues generated by BRE Holding were dividends totalling PLN 26.2 million.

Garbary Sp. z o.o.

The company is a part of the Bank's portfolio since May 2004. Garbary's only asset is a piece of land with buildings at 101/111 Garbary St., Poznań, including a meat plant facility (currently not in use) subject to protection as a historical monument.

IX.3. Trading and Investment Activity area

The Trading and Investment Activity of the Bank comprises:

- Management of the Bank's liquidity as well as its assets and liabilities (including deposit and loan portfolio interest risk management). In order to manage the Bank's liquidity a number of transactions are executed, including money market transactions, currency swaps, interest rate derivative transactions, T-bond, T-bill and NBP bill purchase transactions, as well as repo transactions.
- Management of the Bank's interest rates and currency risk, trading in FX interbank instruments (spot transactions and derivatives), trading in interest rate instruments (T-bonds and T-bills, interest rate derivatives), commodity derivatives, shares, and equity and stock index derivatives.
- Organising the issue of debt securities for corporate banking clients and banks, as well as trading in these securities.
- Direct sale of financial market products to corporate banking clients and non-banking financial institutions (such as e.g. insurance companies, pension and investment funds and companies managing assets) and selected private banking clients.

In 2012, BRE Bank organised or co-organised many bond issues on the domestic market for corporate issuers and banks, in particular for:

- Energa SA – PLN 4.0 billion mid-term bond issue programme;
- PKO Bank Polski SA – PLN 1.6 billion subordinated bond issue;
- Ford Credit Polska SA and Ford Bank Polska SA – PLN 1.0 billion debt securities issue;
- Agencja Rozwoju Przemysłu SA – PLN 1.0 billion mid-term bond issue programme;
- Bank Pocztowy SA – PLN 400 million mid-term bond issue programme;
- Polnord SA - PLN 300 million secured bond issue programme;
- PKP Intercity SA – PLN 120 million bond issue programme;
- Dino Polska SA – PLN 100 million bond issue programme;
- Meritum Bank ICB SA – PLN 100 million subordinated bond issue programme.

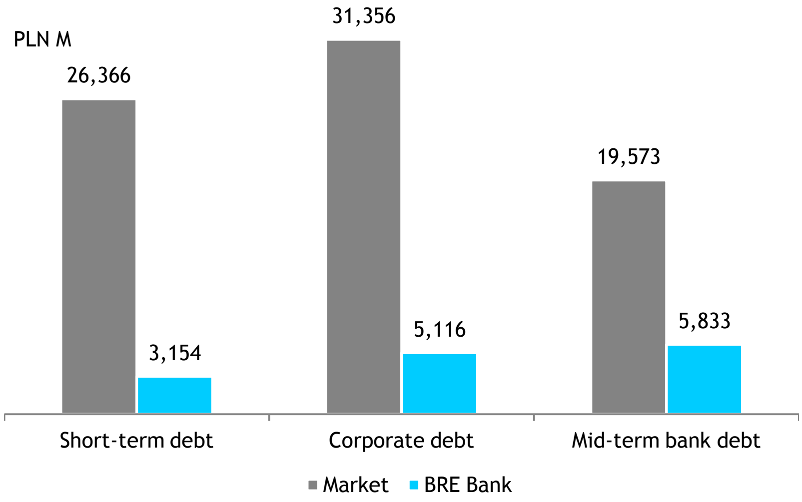
In 2012, the Bank maintained its leading position on the market of treasury securities and interest rate derivatives. At the end of December, the Bank’s market share in the treasury bills and bonds segment increased to 8.9% from 7.4% at the end of 2011. The Bank’s market share in IRS/FRA transactions reached 24.5% at the end of 2012, compared to 18.6% at the end of 2011.

The value of short-term debt securities placed on the market reached PLN 3.2 billion at the end of December 2012. The Bank attained a market share of 11.6% (data based on Fitch Polska).

With a market share of 16.3%, BRE Bank became the second player on the dynamically growing corporate bonds market. BRE Bank organised a range of new major issues, including Echo-Investment, Polnord SA, Katowicki Holding Węglowy, Magellan and Energa. At the end of December 2012, the issued and unredeemed corporate bonds totalled approximately PLN 5.1 billion compared to PLN 4.6 billion at the end of 2011.

BRE Bank in Non-Treasury Debt Market

at 31.12.2012



BRE Bank Group secured a share of 29.8% in the market for bank's debt securities (excluding the road bonds issued by BGK), compared to 22.0% at the end of 2011, while the issued and unredeemed securities amounted to c. PLN 5.8 billion compared to PLN 3.4 billion at the end of 2011. The largest issues in 2012 included the issues of covered bonds totalling PLN 790 million for BRE Bank Hipoteczny arranged by BRE Bank. Other major transactions arranged by BRE Bank covered the issue of BGK bonds worth PLN 1.0 billion and the issue of subordinated bonds of PKO BP amounting to approximately PLN 1.6 billion. Moreover, BRE Bank issued 3-year bonds worth PLN 450 million, which have been placed on the domestic market.

Last but not least, BRE Bank made a successful comeback to international debt securities markets by issuing the first tranche of eurobonds with a nominal value of EUR 500 million under the Euro Medium Term Note Programme (EMTN).

Enhancement of Investment Banking offer for corporate clients

In 2012, the Bank introduced numerous changes in order to increase the sales of financial market products. The key initiatives aimed at increasing the transaction volumes and net income generated from cooperation with clients included:

- Implementation of a new sales structure comprising, in particular, a new position of financial market specialist and the existing position of foreign currency dealer. Financial market specialists implement the strategy of increasing the sales of derivative transactions used to hedge clients against financial risks. Consequently, the sales of derivative transactions and the number of clients active in this area grew by 28.0%;
- Implementation of a new customer service model which takes into account the specific requirements of K1, K2 and K3 segments. As part of this initiative, the Bank established a new service desk dedicated exclusively to K3 clients and iBRE FX platform users, and reorganised the K1 and K2 teams. Consequently, the average monthly revenues of the Bank increased (c. 40%) over six months, which was coupled with a substantial rise in the number of clients;
- BRE Bank implemented a new iBRE FX platform offering a multitude of innovative functionalities, and at the same time, redoubled its efforts to intensify the use of this tool among its existing clients and to acquire new ones. As a result, the number and volume of transactions concluded via the iBRE FX platform rose by 29.0% and 21.0% respectively;
- Owing to BRE Bank's large involvement in servicing international entities, in particular German-speaking clients, the Bank created a German desk offering access to financial market transactions in German via the platform and foreign currency dealers. In the case of sophisticated transactions, the clients are additionally supported by dedicated specialists fluent in German;
- As part of efforts to simplify the conclusion of financial market transactions, a number of modifications were proposed to facilitate product activation, contact with the bank and transaction confirmation.

The Bank continues to work on new functionalities of the iBRE FX platform and financial market products which will allow BRE Bank to expand its cooperation with clients. At the same time, BRE Bank works on processes which determine the quality of cooperation with the Bank and satisfaction from BRE Bank's services.

IX.3.1. Financial Institutions

Relations with financial institutions are managed by the Trading and Investment Activity business line. The activities include funding from other banks and placements with other banks.

As of December 31, 2012, the Bank had 27 active loans amounting to the equivalent of PLN 24,503 million, of which PLN 19,834 million were drawn. In 2012, 3 loans in CHF, 1 loan in USD and 1 loan in EUR, amounting to PLN 1,971 million in total, were repaid at maturity. Additionally, the Bank contracted 2 new loans in EUR and 1 loan in USD, amounting to PLN 159 million in total. BRE Bank's total exposure under loans from other banks was by PLN 3,474 million lower than at the end of 2011. At 2011 exchange rates, the decrease would amount to PLN 1,995 million.

The Bank's exposure under loans granted to other banks reached the equivalent of PLN 441.1 million as of December 31, 2012. The Bank's portfolio included 34 active short-term and long-term loans granted to other banks.

Finally, the Bank maintained its leading position in export financing (mid-term loans insured with the Export Credit Insurance Corporation - KUKE) and continued to foster trade finance relations with correspondent banks.

IX.3.2. BRE Bank's custody services

BRE Bank's custody clients comprise local and foreign financial institutions, banks which offer custodian and investment services, pension funds and investment funds, insurance companies, asset management institutions, and non-financial institutions.

The Bank provides services including settlement of transactions in securities registered in local and foreign markets, safe-keeping of clients' assets, maintenance of securities accounts and registers of securities in non-public trading, maintenance of asset registers of pension funds and investment funds, monitoring of the valuation of their assets and the processing of corporate actions.

The year 2012 was a record year for the Bank in terms of the Bank's custody services. The number of investment and pension funds increased by c. 126% year on year and the total net asset value of the serviced funds increased by c. 137% year on year.

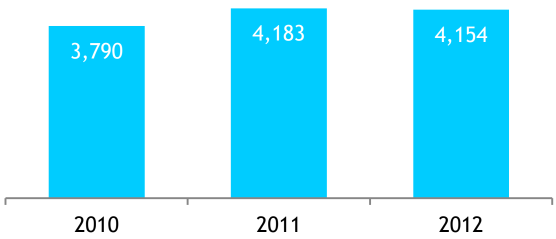
IX.4. Trading and Investment Activity subsidiaries

BRE Bank Hipoteczny SA (BBH)

BRE Bank Hipoteczny SA specialises in offering mortgage loans to commercial and residential developers as well as local governments. The company issues mortgage and public bonds to finance its lending operations.

In 2012, BBH's loan portfolio remained almost unchanged compared to the level reported at the end of 2011 and amounted to PLN 4.2 billion (-0.7%). At the end of 2012, the nominal value of covered bonds issued by BBH amounted to PLN 2.2 billion.

BBH loan portfolio
PLN B



In 2012, BBH reported a profit before income tax of PLN 14.5 million (-47.4% year on year). The decrease was driven by an increase of impairment losses (+PLN 11.8 million).

Dom Inwestycyjny BRE Banku SA (DI BRE)

DI BRE is a brokerage services firm providing services to major Polish institutional investors (pension funds, investment funds and asset management firms) as well as selected international funds and retail clients active on the WSE.

At the end of 2012, DI BRE had 291.6 thousand clients and it has remained unchanged compared to the end of 2011.

DI BRE (acting as the offering side) arranged the PLN 156 million IPO of Solar Company SA and organised a debt issue via an accelerated book-build for Work Service SA, Zetkama SA and Seco/Warwick SA and PKO BP (as a syndicate member). DI BRE's share in the turnover on the equity market reached 4.9%, ensuring the seventh position on the market. The company was ranked first in the forward transactions market with a market share of 15.5% and third in options trading with a market share of 16.8%.

In 2012, DI BRE generated a profit before income tax of PLN 20.4 million, which was lower by PLN 12.8 million or 38.6% compared to 2011 (PLN 33.2 million in 2011) due to a significant decrease in turnover on the financial markets during the year.

BRE Finance France SA (BFF)

BRE Finance France is a special purpose vehicle set up to acquiring funds on the international markets through the issue of eurobonds. In 2012, the Euro Medium Term Note Programme was renewed. The company issued EUR 500 million bonds maturing in 2015.

In 2012, BFF registered a loss before income tax of PLN 8 thousand compared to a loss of PLN 94 thousand in 2011.

X. Group’s Retail Banking segment

The Retail Banking business model has been based on a multi-brand portfolio (mBank, MultiBank and BRE Bank’s Private Banking), but since the beginning of 2012 both brands mBank and MultiBank are presented as “Retail Banking in Poland”.

Historically, mBank has been targeting young, self-directed customers seeking low-cost banking alternatives, as well as microenterprises. MultiBank has been appealing to affluent customers and micro-businesses seeking highest-quality, seamless and personalized service. Currently, the Bank leads the process of product and services consolidation under one retail banking brand mBank (more information on rebranding in chapter IV. BRE Bank Group Strategy for 2012-2016 and its implementation).

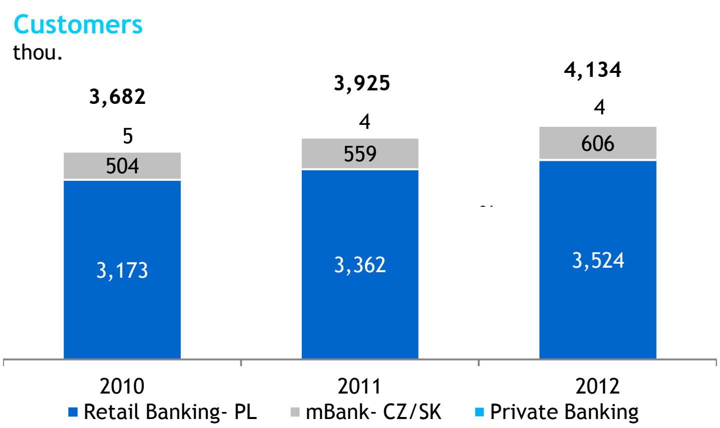
In addition, a broad range of products and investment strategies dedicated to the most affluent clients is offered by BRE Wealth Management.

The wide range of products and services is offered through an integrated Internet platform. Such model enables to provide different segments of customers with services tailored to their needs and is the key driver supporting the dynamic growth in the number of customers.

X.1. Retail customers

Over the past several years the Bank has remained a consistent market leader in attracting new customers to its retail offer. At the end of December 2012, the number of retail customers of the Bank was higher by 209.4 thousand or 5.3% compared to December 2011 and reached over 4.1 million.

The graph presents the growth of the Bank’s retail customer base in the past years.



Retail customers served by the Bank in Poland include individuals as well as microenterprises. There were 426 thousand microenterprise customers at the end of December 2012, of which 16.3 thousand or 4.0% were acquired in 2012.

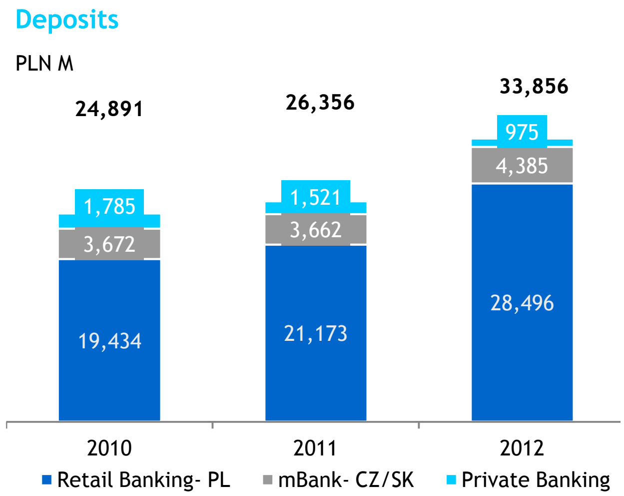
X.2. Product offer

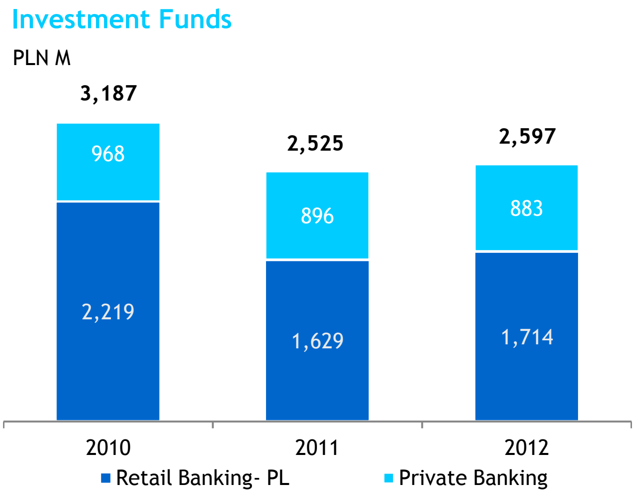
The data presented in chapter X.2. is based on internal management information of the Bank.

Deposits and investment products

Through the Bank's dedicated "funds supermarket" BRE Bank's retail customers can purchase participation units of local and foreign investment funds and a broad range of other financial products offered by a number of third party providers matching their specific investment criteria.

A detailed breakdown of the development of the Bank's deposits and investment fund balances is presented in the graphs below.





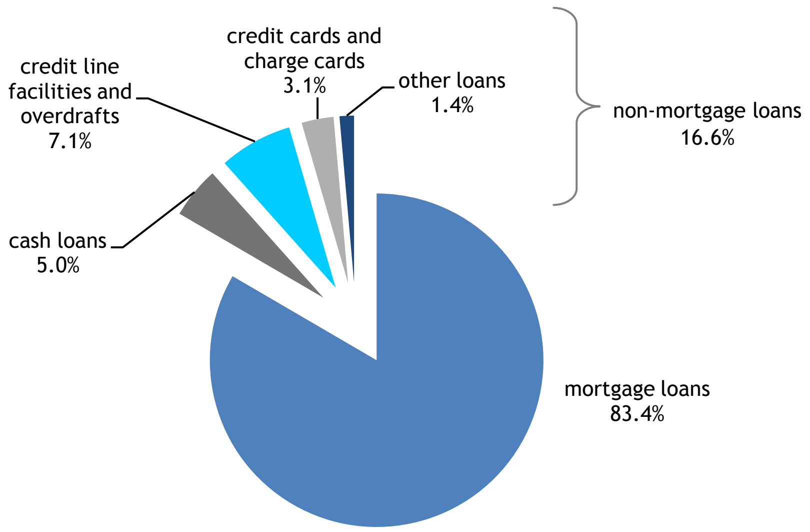
At the end of December 2012, retail deposits reached PLN 33,856 million (an increase by PLN 7.5 billion or 28.5% year on year), while assets held in investment funds increased by PLN 72 million to reach PLN 2,597 million.

Loans

The value of gross loans granted to Retail Banking clients in Poland, the Czech Republic and Slovakia stood at PLN 37,266 million at the end of 2012 and decreased by PLN 830 million or 2.2% year on year.

At the end of December 2012, the structure of the Bank's retail loan portfolio in Poland was as follows:

Retail loan portfolio in Poland



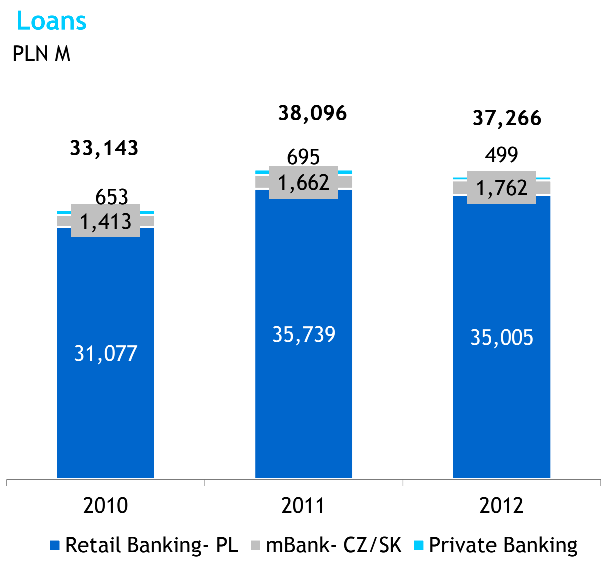
Mortgage loans to retail customers in Poland as of December 31, 2011 and 2012 had the following characteristics:

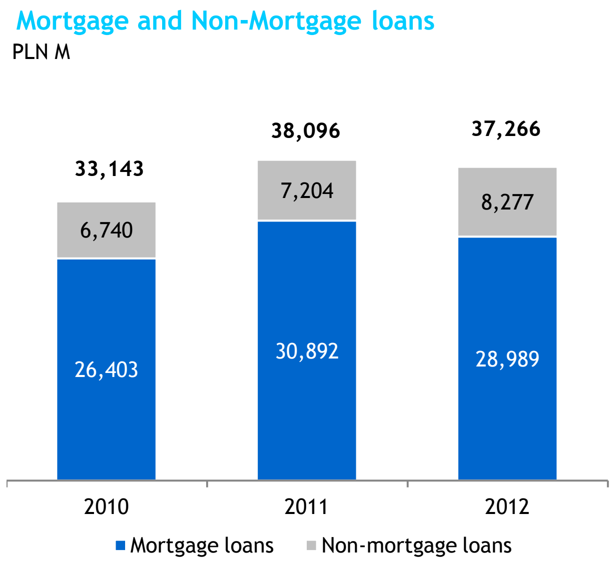
Mortgage loans to households	31.12.2011	31.12.2012
Balance sheet value (PLN billion)	29.0	27.2
Average maturity (years)	22.3	21.6
Average value (PLN thousand)	306.9	280.9
Average LTV (%)	86.3%	79.4%
NPL ratio	1.2%	1.8%

In 2012, the non-mortgage loan portfolio grew by PLN 1,073 million or 14.9%. The fastest growth was registered in cash loans and credit line facilities resulting from the increasing interest of existing clients in the pre-assigned global credit limits.

The increase of NPL ratio for mortgages in 2012 resulted from a shrinking mortgage portfolio combined with the natural aging process of the portfolio.

The following graphs present details of the development of the retail loans portfolio:





Cards

2012 marked another period of dynamic growth of issued cards, both credit and debit, driven by the demand of existing and new clients.

At the end of December 2012, the number of credit cards issued reached 701.9 thousand, an increase by 71.4 thousand in comparison to 2011.

The number of debit cards issued by the Bank as at the end of December 2012 reached 4,783.5 thousand (+793.3 thousand or 19.9% in 2012).

The Bank continued to put strong emphasis on innovation and enhanced its card product offer. Examples of new initiatives in this area include the issuance of multi-purpose payment cards (debit and pre-paid cards), such as the Bydgoszcz City Card which serves as a seasonal public transport ticket and electronic wallet.

Brokerage and insurance services

In 2012, the number of clients utilising the Bank's brokerage services was stable. As part of eMakler service, mBank kept 202.1 thousand of investment accounts, which is an increase by 1.5 thousand compared to the end of 2011. MultiBank serviced 32.2 thousand accounts (-0.6 thousand) as part of the Brokerage Service.

In addition, Dom Inwestycyjny BRE Banku launched one of the most sophisticated platforms dedicated to Forex investors - BRE Forex ECN. The quotations are not delivered by brokers but by banks, which determine the buy and sell offers for currency pairs. Clients using BRE Forex ECN may invest not only in currencies, but also in forward contracts. DI BRE offers to execute transactions involving instruments based on 17 major European and global indices (including WIG20), commodities and government bonds. In addition to the traditional transactional platform accessible on personal computers, BRE Forex ECN is also available as a mobile application for iOS and Android devices.

The sale of insurance products (motor, tourist, real property) takes place in MultiBank's Insurance Centre and through mBank's unit mUbezpieczenia (in particular through widely popular the Supermarket of Car Insurances). The sale of insurance products is also carried out by BRE Insurance TUiR. Apart from traditional insurance products, it offers also bancassurance products (mortgage loan insurance, cash loans and car insurance packages related to credit card and current account), which continue to register strong interest from the Bank's clients.

Retail Banking offer development

The continued dynamic growth of BRE Bank's retail client base is the result of the Bank's constant focus on innovation and addressing of client's changing needs. Throughout 2012, efforts to further develop the Bank's retail offering continued. New or strongly modified products across loans, deposits and investments as well as new processes supporting sales were introduced in Retail Banking included:

- Launch of new regular savings products (mSaver, MultiSaver);
- Launch of Miles & More card with Travel insurance package;
- Strategic partnership with BMW in the area of loans for the purchase of new cars;
- Large-scale NFC payments in cooperation with T-mobile and Orange;
- Implementation of a new account dedicated to students - eKONTO for young people with free ATM withdrawals for a year, charge-free card in the form of a key ring, dedicated programme of discounts in language schools, and a free pendrive for active use of the card;
- NML online - totally online credit process for external clients (individual clients and microenterprises) covering non-mortgage loans of mBank and MultiBank;
- Introduction of an online process of opening accounts for microenterprises - in just 15 minutes the client is granted access to fully operational account without leaving home or signing an agreement - all the necessary documents are confirmed by sms passwords;
- Combining the process of setting up a company and opening a bank account - when setting up the business in the Internet, the client may simultaneously open a company bank account in a single user-friendly process;
- Introduction of industry-specific packages: "Trade and Services" package - a combination of banking services and POS terminals offer to the client for a single price; a package for companies which carries full accounting – the new option to open company accounts available to companies from the new segment;
- Option for mBank clients (individual clients and microenterprises) to use the services of MultiBank experts;
- New cards on offer:
    - World MasterCard (credit and debit cards);
    - Master Card Debit sticker dedicated to PayPass payments;
    - Bydgoszcz mBank Card - a combination of a city card and a payment card linked to eKonto or izzyKonto accounts;
    - mBank pre-paid card.

The Czech Republic and Slovakia mBank offer enhancement

- Launch of PayPass VISA cards;
- Extension of the non-mortgage loans offer including launch of Click Loan in Slovakia and overdraft transfer as primary non-mortgage loan products for new clients in both markets.

X.3. Branch network

The size and scope of the Bank's retail branch network reflects its focus on areas with high growth potential as well as the bank's focus and strength of other distribution channels (including internet, mobile and telephone banking) which continue to attract a rapidly growing number of client interactions effectively supporting the traditional branch based service offering.

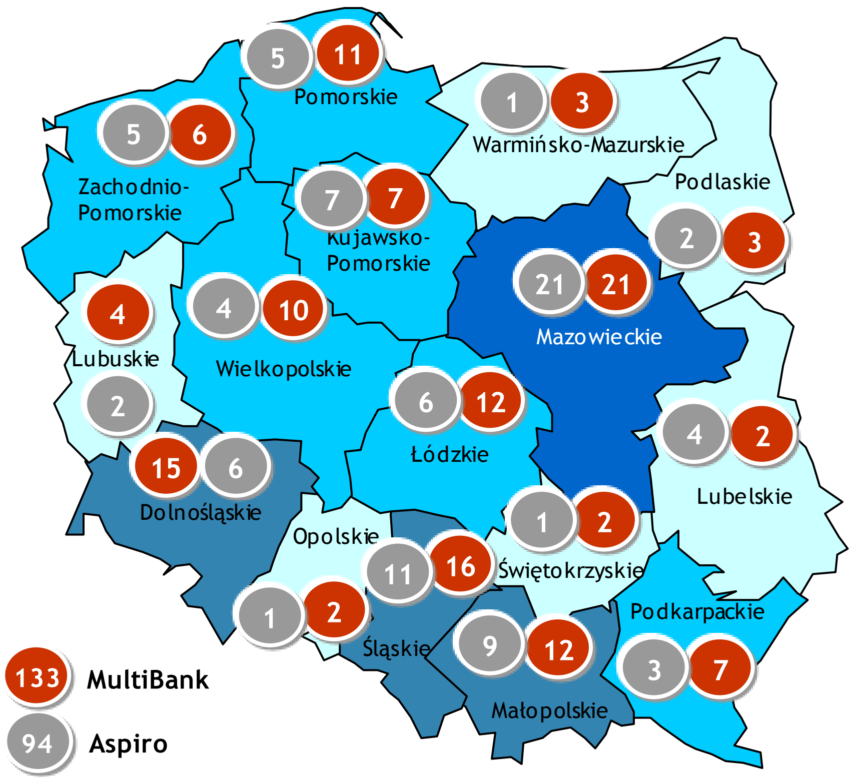
Since July 2009, the mBank distribution network has been managed through Aspiro, a subsidiary offering a wide range of financial products of the Group as well as products of third parties.

As of December 31, 2012, the mBank network covered 94 locations (26 Financial Centres, 62 mKiosks and 6 partner mKiosks) and 29 Agent Service Points across Poland.

The number of foreign mBank outlets remained unchanged compared to the end of 2011. In the Czech Republic, the network consists of 26 outlets (9 Financial Centres and 17 mKiosks), and 9 in Slovakia (4 Financial Centres and 5 mKiosks).

MultiBank operates through 133 outlets (71 Financial Service Centres and 62 Partner Outlets), compared to 135 outlets at the end of 2011. The MultiBank network is focussed predominantly on larger urban areas reflecting the affluent target client group it services.

The following map presents mBank and MultiBank branch network in Poland:



X.4. Retail Banking subsidiaries

Aspiro SA

As at the end of 2012, Aspiro offered products of 28 different financial companies, including mBank and MultiBank. Currently, the offering covers 58 products, including: mortgage loans, cash loans, insurance products, investment products, leasing and factoring.

In 2012, the sale of cash loans rose by more than 73.8%, while the sale of investment products surged by over 182.7%.

The rise in car loans accounted for 46.4%. Despite the crisis observed in the car market, Aspiro reported a stable growth in its share in the car loans market to 9.1% (compared to 7.8% in 2011). To a large extent, the improvement was helped by the strengthening of Aspiro's position in the luxury cars segment, and by the continuation, together with MultiBank, of promotional campaigns addressed mainly to clients interested in new cars.

In 2012, amid worsening market environment and modification of BRE Bank's policy on mortgage products, the sales of Aspiro fell by 25.0%.

The company closed 2012 with a loss before income tax of PLN 1.6 million, compared to a profit before income tax of PLN 10.5 million in 2011. The decrease was driven predominantly by the costs of reorganising the company (start of the reorganisation of Aspiro's sales network and higher costs of amortization and depreciation).

BRE Wealth Management SA (BWM)

In 2012, BRE WM continued the development of a new business model implemented in 2011, focusing on the offer related to investment advisory services. The scale of advisory services as well as the number of clients using the services increased in 2012 (BRE WM issued more than 2 thousand recommendations in 2012).

In 2012, the company reported high rates of return on the strategies managed by BRE Wealth Management. At the end of 2012, BRE WM held assets under management worth PLN 3.7 billion, which is higher by PLN 300 million or 9.0% compared to December 2011.

Profit before income tax amounted to PLN 10.0 million in 2012 compared to PLN 11.0 million in 2011.

BRE TUiR SA and BRE Ubezpieczenia Sp. z o.o.

In 2012, gross written premiums generated by the direct business rose by 8.9% year on year to PLN 153 million. Gross written premium in the bancassurance area amounted to PLN 236 million (excluding investment products), which represents a fall by 2.2% compared to 2011. The decrease was triggered by the falling number of mortgage loans granted by mBank and MultiBank and deteriorating conditions in the lowdown-payment insurance business. Gross written premium from the cooperation with BRE Leasing fell by about 11% to PLN 116 million, along with the decrease of the value of leased properties and deterioration of penetration ratios.

In 2012 the company launched new products dedicated to individual clients - travel insurance covering telephones and mobile devices.

BRE Ubezpieczenia Group reported a profit before income tax amounting to PLN 58.6 million, which represents a rise by PLN 5.1 million year on year. The better than planned result was driven by high volume of investment premiums in the bancassurance area in H1 2012, conservative assumptions about the sale of low contribution insurance and improvement in the valuation of the portfolio managed by BRE Wealth Management. Moreover, the strict cost policy observed by the company, especially in the area of marketing campaigns, also supported the financial performance of BRE Ubezpieczenia Group.

Since the reorganisation introduced in the mid-2012, BRE Ubezpieczenia TUiR SA, BRE Ubezpieczenia Sp. z o.o. and BRE Agent Ubezpieczeniowy Sp. z o.o. are members of the Aspiro capital group.

XI. Other activities of BRE Bank Group

BRE Centrum Operacji Sp. z o.o. (BRE CO)

BRE Centrum Operacji provides BRE Bank Group with services related with settlements and database administration, electronic and traditional archives, and data processing.

In 2012, BRE CO provided its services to BRE Bank's corporate and retail banking as well as to selected BRE Bank Group subsidiaries. Following the sale of CERI International (a company which was providing the outsourcing services related with archiving of documents), BRE CO ceased to provide services to entities from outside BRE Bank Group, except for support services rendered to CERI International.

In 2012, BRE CO generated a profit before income tax amounting to PLN 11.3 million (PLN 0.7 million in 2011). The result was impacted by the recognition of the profit on the sale of CERI International in Q1 2012.

BRE.locum SA

BRE.locum is a property developer operating on the primary market for residential estate. In 2012, the company sold 188 apartments, whereas at the end of 2011 it sold 185 apartments (177 preliminary agreements signed in 2012 in comparison to 229 preliminary agreements signed at the end of 2011). At the end of 2012, the company was offering 396 apartments in completed projects as well as 157 apartments in ongoing projects. In 2012, BRE.locum reported a profit before income tax of PLN 3.8 million (PLN 12.5 million in 2011).

XII. Main change directions and types of risk of the BRE Bank Group's activities

XII.1. Main directions of change in the risk area

BRE Bank Group manages risks on the basis of regulatory requirements and best market practice, by developing risk management strategies, policies and various guidelines.

In 2012, the Management Board of the Bank approved the Risk Management Strategy which defines the strategic goals of the risk area and implemented a set of strategic risk measures based on the risk bearing capacity concept.

On July 4, 2012, the Polish Financial Supervision Authority (PFSA) in co-operation with Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) gave conditional approval for the Bank to apply the Advanced Internal Rating-Based (AIRB) approach in order to calculate the capital requirement for credit risk of the corporate portfolio and the retail mortgage loan portfolio provided that, until the fulfilment of high significance conditions set out in the decision, the aggregate capital requirement calculated under the AIRB approach must be maintained at a level including 100% of the capital requirement for credit risk calculated under the standardised approach.

BRE Bank fulfilled all high significance conditions set out in the BaFin and PFSA decision concerning application of the AIRB approach. The calculation of the consolidated capital adequacy ratio of both BRE Bank Group and the Bank as of December 31, 2012 included the aggregate capital requirement calculated under the AIRB approach for credit risk according to Appendix 5 to Resolution No. 76/2010 of PFSA of March 10, 2010 (as amended) without any limitation in the form of additional capital requirements arising from conditions set out in the BaFin and PFSA decision concerning application of the AIRB approach.

Additionally, on August 27, 2012, BaFin in cooperation with KNF granted consent to the application of internal rating based approach concerning the risk weighting for specialized lending exposures (IRB slotting approach) by BRE Bank Hipoteczny SA to the calculation of the capital requirement for credit risk.

The application of the internal rating-based approach aims to enhance the flexibility of the risk and capital management process by tying the amount of allocated capital to the level of risk. Optimisation of the allocation of capital is the key element of the RAPM (Risk Adjusted Performance Measures) project under implementation in the Bank, which involves organisational units of the risk, finance, and business areas.

XII.2. Main risks of BRE Bank Group's business

The Management Board of the Bank takes measures necessary to ensure that the Bank manages all significant risks arising from the implementation of the adopted business strategy.

Within the Group's risk inventory process implemented under the principles of ICAAP (Internal Capital Adequacy Assessment Process), the following risks were identified in 2012 in the operation of the Group:

- credit risk
- market risk
- operational risk
- business risk
- liquidity risk
- capital risk
- insurance risk
- reputation risk
- strategic risk.

The Bank monitors all the aforementioned risks within ICAAP. Due to the specificity and characteristics of the portfolio, this section presents the rules of monitoring credit risk, operational risk, liquidity risk, market risk of the trading book as well as interest rate risk of the banking book in BRE Bank Group using risk measures applied by BRE Bank and taking into account differences in the profile and scale of business of particular Group entities.

XII.3. Credit risk

Credit risk is the most important risk to which BRE Bank Group is exposed, and consequently credit risk management is a priority. BRE Bank exercises control over the credit risk in the Group subsidiaries generating that type of risk.

The Bank measures and monitors credit portfolio risk and related risks (residual, concentration risks) based on the estimation of Expected Loss and Credit Value at Risk, calculated on the basis of the extended CreditRisk+ model (ECVaR), which incorporates correlations between various sectors of the economy. The on-going monitoring of credit risk involves the verification of internal ratings and events of default as defined under Basel II and the IFRS.

The ECVaR model measures the frequency and severity of particular losses conditioned also by the exposure value. Thanks to the above, the share of capital charges of particular clients grows more than proportionally along with the rise in the client's exposure, which results in adequate identification of risk concentration by the model.

One of the methods of credit risk mitigation is a system under which credit decisions are made by competent decision-making bodies. The criterion qualifying any given case to be considered by the appropriate decision-making body is the amount of exposure and the level of risk assigned to the client and to the transaction (internal rating). ECVaR's sensitivity to the size of particular exposures makes it possible to use this model to measure the size of concentration risk and to manage it operationally (amount of economic capital allocated to individual exposures as an additional risk measure in the decision-making process). Identification of the increased ECVaR value generated by a given exposure is a reason for taking the decision at a level one rank higher compared to that stipulated in the standard procedure based on EL-rating (Expected Loss rating) and exposure size. The potential ECVaR value is estimated at the time of structuring a limit for the client, which makes it possible to take credit decisions based on the initial calculation of the future concentration risk on the basis of the client's rating and the proposed terms of the transaction: volume, collateral and tenor. In such a way, the Bank does not undertake excessive risk when creating and developing the portfolio, i.e. reduces (closing positions) / mitigates credit risk through diversification of the credit portfolio.

An additional tool for credit risk assessment are stress tests which supplement the risk measurement by ECVaR method. The analyses of stress test impact on the economic capital for covering credit risk are carried out on a quarterly basis.

Stress tests of credit risk are two-dimensional, analysed separately and jointly:

- the analysis of sensitivity of ECVaR model indications to assumptions concerning credit exposures (e.g., correlation) – i.e., parametric tests;
- the analysis of extreme credit losses on the assumption of an unfavourable macroeconomic situation – i.e., macroeconomic tests in which an econometrical model forecasts values of input parameters for the economic capital model (PD, LGD) based on assumptions of the Chief Economist about macro parameters in the case of the negative economic scenario. The risk parameters developed according to the above scenario form the basis for calculating economic capital both before and after the assumptions of parametric tests are taken into account.

XII.3.1 Quality of the loan portfolio

The share of default exposures in gross loans and advances to clients at the end of 2012 was 5.2% compared to 4.7% in 2011. Provisions for loans and advances increased from PLN 2,388.3 million at the end of 2011 to PLN 2,528.5 million, including PLN 198.7 million of IBNI (Incurred But Not Identified) loss provision (PLN 212.4 million in 2011).

The ratio of provisions to default loans (coverage ratio) stood at 64.1%, compared to 66.2% a year earlier.

In 2012, the Bank issued 208 enforcement orders for corporate clients (256 in 2011) and 25,548 enforcement orders for retail clients (10,804 in 2011).

The table below presents the quality of the credit portfolio of BRE Bank Group by groups of clients at the end of 2012 compared to 2011. For more detailed information on the quality and concentration of the credit portfolio see the notes 3 and 22 of the BRE Bank SA Group IFRS Consolidated Financial Statements 2012.

Quality of BRE Bank Group's Loan Portfolio	31.12.2012 PLN M	31.12.2011 PLN M
Loans and advances to customers (gross)	**69,587.8**	**70,239.8**
Not impaired	65,955.5	66,953.0
Impaired	3,632.3	3,286.8
Impaired as % of gross exposure	**5.2%**	**4.7%**
Provisions for loans and advances to customers	**2,528.5**	**2,388.3**
Provisions for not impaired exposures	198.7	212.4
Provisions for impaired exposures	2,329.8	2,175.9
Coverage ratio impaired exposures	**64.1%**	**66.2%**
Coverage ratio for gross portfolio	**3.6%**	**3.4%**
Loans and advances to individuals (gross)	**37,816.5**	**38,689.0**
Not impaired	36,510.1	37,675.5
Impaired	1,306.4	1,013.5
Impaired as % of gross exposure	**3.5%**	**2.6%**
Loans and advances to corporate entities (gross)	**28,405.4**	**27,890.3**
Not impaired	26,079.5	25,618.40
Impaired	2,325.9	2,271.9
Impaired as % of gross exposure	**8.2%**	**8.1%**
Loans and advances - other customers (gross)	**3,365.9**	**3,660.5**
Not impaired	3,365.9	3,659.1
Impaired		1.4
Impaired as % of gross exposure	**-**	**0.04%**

XII.4. Liquidity risk

The purpose of liquidity risk management is to assure the capacity of the Bank to honour both its current and future liabilities, taking into account the costs of liquidity.

Liquidity risk management involves the analysis of various risk measures, including as core measure the mismatch gap. It covers all the assets, liabilities and off-balance sheet items of the Bank in all the currencies and in the time-bands set by the Bank. The Bank secures an adequate liquidity level by means of active management of the structure of future cash flows and maintenance of sufficient liquidity surplus. In 2012, the Bank maintained a high liquidity surplus (adequate to the needs arising from the Bank's activity and to the current market situation) in a portfolio of liquid Treasury and monetary securities which may be pledged or sold at any time without any considerable loss in value.

In accordance with PFSA Resolution No. 386/2008 on establishing liquidity measures binding on banks, the Bank calculates the supervisory liquidity measures defined in the Resolution. In 2012, the supervisory limits of liquidity measures, including both short-term and long-term liquidity, were not exceeded. At the end of 2012, measure M2 was at 1.94 while measure M4 was at 1.2. Moreover, in accordance with the Resolution, the Bank conducts an in-depth analysis of long-term liquidity and sets limits on exposures to long-term assets. In addition, the analysis examines the stability and structure of the funding sources, including the core and concentration level of term deposits and current accounts. The Bank also monitors the variability of the balance sheet and off-balance sheet items, in particular open credit line facilities and overdraft facilities.

The on-going analysis covers not only liquidity under normal conditions but also examines a situation involving a potential liquidity loss. In order to determine the Bank's resistance to major unfavourable events, the Bank conducts scenario analyses covering extreme assumptions on the operation of financial markets and behavioural events relative to the Bank's clients. The Bank has put in place contingency procedures in case of a threat of financial liquidity loss.

In 2012, the liquidity and funding of the Bank remained at safe levels. The liquidity situation was closely monitored and maintained at a level adequate to the needs by adjusting the deposit base level and using additional sources of funding depending on the growth of lending and other liquidity needs. In 2012, liquidity as measured by the loan-to-deposit ratio (L/D) improved from 125.1% at the end of 2011 to 115.7% at the end of 2012. The Bank's long-term activity focuses on growth determined by funding opportunities and the profitability of business. In order to maintain liquidity, the Bank diversifies stable sources of funding by client, product, and currency category while optimising the profitability of the balance sheet.

XII.5. Market risk

In its market risk management processes, the Bank follows the principles and requirements set out in the resolutions and recommendations of the Polish Financial Supervision Authority (PFSA) which address issues related to market risk management, in particular Recommendations A and I.

The cardinal principle of organisation of the market risk management process stipulates separation between the market risk monitoring and control function and the functions related with opening and maintaining open market risk positions. The market risk monitoring and control functions are performed by the Risk Department (DRF) and the Financial Operations Control Department (BKF) in the Risk Area of the Bank supervised by the Chief Risk Officer, whereas operational management of market risk positions takes place in the Financial Markets Department (DFM), the Brokerage House (BM) and the Treasury Department (DS) supervised by the Member of the Management Board of the Bank responsible for the Investment Banking Area. BM is an organisational unit of the Bank which was separated from the DFM structure and started its operations in June 2012. In addition, investment positions sensitive to market risk factors (to prices of shares listed on the Warsaw Stock Exchange) are managed by the Structured and Mezzanine Finance Department (DFS), which is part of the Corporate Banking area.

In its business, the Bank is exposed to market risk, i.e., the risk of unfavourable changes in the present value of financial instruments in the Bank's portfolios due to changes in market risk factors: interest rates, FX rates, prices of securities, the implied volatility of options, and credit spreads. The Bank identifies market risk related with positions of the trading book measured at fair value (using the direct measurement method or the model measurement method) which may materialize in the form of losses reflected in the Bank's financial performance. Moreover, the Bank attributes market risk to banking book positions, regardless of the methods for calculating earnings generated from those positions used for the purpose of accounting reporting. In particular, in order to measure the interest rate risk of retail and corporate banking products without a fixed interest revaluation date or with rates administered by the Bank, the Bank uses replicating portfolio models. Market risk measures of the interest positions of the banking book are calculated with the use of net present value (NPV) models. Market risk exposure is quantified by measurement of Value at Risk (VaR) and by use of stress tests and scenario analyses based on market performance during previous financial crises.

Market risk, in particular interest rate risk of the banking book, is also quantified by measurement of Earning at Risk (EaR) of the banking book.

In order to limit the level of exposure to market risk, BRE Bank Risk Committee sets binding VaR limits as well as stress test limits, which are control numbers, by portfolio of the Bank.

Value at Risk

In 2012, Bank's market risk exposure, as measured by the value at risk (VaR, for one day holding period, at 97.5% confidence level), was in relation to the established limits on moderate level. The average utilisation of VaR limit for Financial Markets Department, whose positions consist primarily of trading book portfolios, amounted to 29% (PLN 1.6 million), for the Brokerage Bureau (BM) 18% (PLN 0.4 million), while for the Treasury Department, whose positions are classified solely to the banking book, it was 65% (PLN 10.4 million). The average utilization of the VaR limit for the position of the Structured and Mezzanine Finance Department (DFS) in shares listed in the Warsaw Stock Exchange accounted for 49% (PLN 0.5 million) in the period by November 2012. From November 2012, due to restructuring of BRE Bank Group's holding in PZU SA shares, as a result of which the Bank took over the PZU shares to the DFS portfolio, the average VaR on the DFS portfolio amounted to PLN 4.6 million. By November 2012, the VaR figures for BRE Bank's portfolio ware driven mainly by portfolios of instruments sensitive to interest rates – the banking book T-bonds portfolios managed by Treasury Department and the trading book portfolios and interest rate exchange positions managed by Financial Markets Department. The DFM portfolios of instruments sensitive to changes in exchange rates had a relatively low impact on the Bank's risk profile, while the exposure of BM and DFS portfolios to equity price risk and risk of implied variability of options traded on the Warsaw Stock Exchange was even lower. However, starting from November 2012, equity price risk (in particular, PZU shares) became the second relevant type of market risk for the Bank's positions.

BRE Bank's VaR

The tables below present VaR statistics from two perspectives. The first table compares the 2012 data with 2011 figures (the values presented in the table were calculated for the Bank's portfolio excluding the DFS positions).

PLN thousand	2012				2011			
	31.12.2012	average	max	min	31.12.2011	average	max	min
VaR IR	6,162	11,146	14,368	6,162	12,157	11,166	14,480	8,219
VaR FX	132	506	2,004	76	229	258	719	29
VaR EQ	274	245	815	0	3	30	160	0
VaR	6,171	11,241	14,885	6,131	12,217	11,118	14,238	8,118

VaR IR - Interest rate risk

VaR FX - FX risk

VaR EQ - Stock price risk

The table below presents analogous VaR statistics for the Bank's portfolio including the DFS positions, and takes into account the PZU shares transferred to DFS on November 2012.

w tys. zł	2012			
	31.12.2012	średnia	maksimum	minimum
VaR IR	6,162	11,146	14,368	6,162
VaR FX	132	506	2 004	76
VaR EQ	4,750	925	4,801	1
VaR	9,879	11,588	14,779	8,059

Stress Testing

Stress testing is an additional measure of market risk which supplements VaR measurement. Stress testing measures the hypothetical change in the present value of the Bank's portfolios that would materialise under stress test scenarios as a result of the risk factors moving to specific extreme values within a one-day horizon. The Bank applies two stress testing methods simultaneously:

- one involves scenarios based on large and extremely correlated changes in risk factors, the same in each group;
- the other one uses scenarios of changes in risk factors, based on large changes in market parameters observed during past crises.

The stress test values calculated under the second method for DS and DFM portfolios are subject to limits which are control numbers. In 2012, the average utilisation of the limits was 32% (PLN 39.4 million) for the portfolio held by the Treasury Department, compared to 83% (PLN 103.6 million) in 2011, and 20% (PLN 15.2 million) for the portfolio held by the Financial Markets Department, compared to 19% (PLN 14.3 million) in 2011. Under these scenarios, the largest potential loss was observed on large volatility in interest rates (mainly Polish rates). At a 15% increase in interest rates, the average change of valuation of BRE Bank's portfolio would be PLN 38.1 million. If the scenario providing for the increase in interest rates materialised, it would in large part (corresponding to the portfolios of the DS banking book comprised of debt instruments classified as available for sale) reduce the Bank's capital and have a lesser impact on the P&L. In the case of the portfolio held by the Treasury Department, the average potential change of valuation under this scenario would amount to PLN 38.5 million in 2012.

The average value of the stress test based on the observed past crises amounted in 2012 to PLN 17.6 million for the portfolios of the Financial Market Department (PLN 14.6 million in 2011) and PLN 48.5 million for the portfolios of the Treasury Department (PLN 102.4 million in 2011).

Market Risk of BRE Bank Group

The main sources of market risk of the BRE Bank Group are the Bank's positions. The table below shows VaR statistics (at 97.5% confidence level for a one-day holding period) for BRE Bank Group (i.e. BRE Bank, BRE Bank Hipoteczny, BRE Leasing, Dom Inwestycyjny BRE Banku and BRE Gold FIZ) in 2012 for individual members of the Group in which market risk positions were identified and their decomposition to the VaRs corresponding to the main risk factor types – interest rate risk (VaR IR), foreign exchange risk (VaR FX), and equity prices risk (VaR EQ). The table below presents VaRs for BRE Bank including the DFS positions together with the PZU shares transferred from BRE Gold FIZ.

PLN thousand	BRE Bank Group	BRE Bank	BBH	BRE Leasing	DI BRE	BGF
VaR IR	11,162	11,146	108	287	20	0
VaR FX	526	506	78	238	3	0
VaR EQ	5,955	925	0	0	117	5,839
VaR average	14,800	11,588	111	299	119	6,900
VaR max	18,125	14,779	192	461	237	4,345
VaR min	9,914	8,059	61	201	55	0
31.12.2012	9,999	9,879	129	253	58	0

For comparison, at the end of 2011 VaR for the BRE Bank Group was PLN 16,132 thousand (with an indirect position in PZU shares resulting from the shares in BRE Gold FIZ), with VaR of BRE Bank at PLN 12,217 thousand, BRE Bank Hipoteczny – PLN 146 thousand, BRE Leasing – PLN 373 thousands, Dom Inwestycyjny BRE Banku – PLN 91 thousand, and BRE Gold FIZ – PLN 5 842 thousand.

Interest Rate Risk of the Banking Book

In 2012, the interest rate risk of the banking book as measured by EaR (potential decrease of net interest income within 12 months assuming an unfavourable 100 bps change of market interest rates based on a stable value of the portfolio over the period) was moderate for positions in PLN and CHF, and low for positions in CZK, USD and EUR due to the small interest rate position gap in these currencies. At the end of 2012, EaR (in PLN million) was 90 for PLN, 14 for CHF, 8 for CZK, 11 for EUR, and 2 for USD.

Noticeable volatility of EaR (in particular, for PLN) resulted from a change of the methodology. More product categories were gradually subject to the replicating portfolio method throughout the year in order to better reflect the reaction of their interest rates to changes in the market interest rates. This was reflected both in risk measures and the utilisation of limits.

In addition, the Bank was monitoring underlying risk, yield curve risk, and customer option risk of the banking book.

The table below presents the potential decrease in interest income over 12 months assuming an unfavourable 100 bps change of market interest rates in every currency.

PLN milion	2012				2011			
	31.12.2012	average	max	min	31.12.2011	average	max	min
PLN	90.3	38.5	101.8	0.1	35.1	46.5	74.0	23.9
USD	2.2	3.1	9.3	0.4	4.5	1.4	6.0	0.0
EUR	10.9	5.0	15.1	0.0	2.2	3.3	9.1	0.0
CHF	14.5	17.8	27.6	11.2	18.9	16.2	27.1	9.3
CZK	8.3	7.1	9.7	3.6	7.6	5.7	8.8	3.8

XII.6. Operational risk

BRE Bank understands operational risk as the possibility of incurring a loss arising from inadequate or defective internal processes, systems, errors or actions taken by a Bank employee or from external events. In particular, operational risk includes legal risk and model risk.

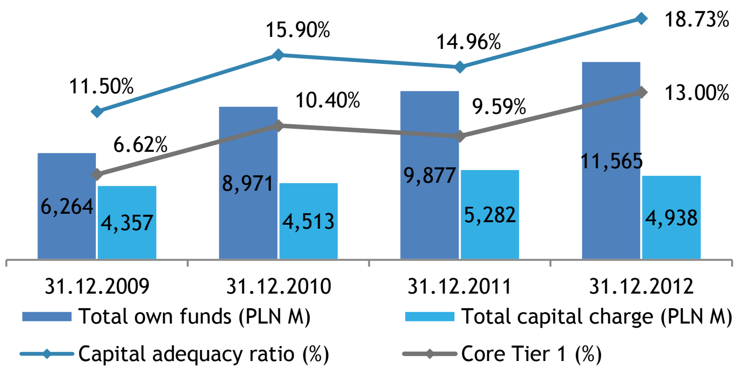
The operational risk control and management system, with its classification of roles and responsibilities, forms an organisational basis and the necessary structures in order to enable expedient and effective control and management of operational risk at every level of the Bank's organisational hierarchy. The PFSA resolutions and recommendations (Recommendation M in particular) constitute a starting point for developing the framework of the operational risk control and management system in BRE Bank Group. In accordance with their provisions, the structure of operational risk control and management covers in particular the role of the Management Board of the Bank, the Bank’s Risk Committee, the Chief Risk Officer, the Risk Department, and the tasks assigned to persons managing operational risk in particular organisational units and business areas of the Bank. The preparation and coordination of the operational risk control and management process at the Bank are gathered in the central operational risk control function while operational risk management takes place in every organisational unit of the Bank and in every subsidiary of the Group. It consists in identifying and monitoring operational risk and taking actions aimed to avoid, limit or transfer operational risk.

The entire operational risk control process is supervised by the Supervisory Board of the Bank through the Risk Committee of the Supervisory Board.

Throughout most of 2012, operational risk remained at a moderate level; Q1 2012 was particularly good in that regard. Later in the year, operational risk level gradually increased with the decline of macroeconomic conditions.

XII.7. Capital adequacy

Capital adequacy of BRE Bank Group



Maintaining an adequate level of capital is one of the main tasks of managing the balance sheet of a bank. The Management Board of the Bank ensures consistency of the capital and risk management process by the system of strategies, policies and procedures for management of particular risks which constitute the ICAAP architecture. Furthermore, in line with the Capital Management Policy applicable at the Bank, the Bank maintains the optimum level and structure of own funds, guaranteeing maintenance of the capital adequacy ratio at a level higher than the statutory minimum and higher than the level recommended by the PFSA, at the same time covering all significant risks identified in the Bank's operations.

The Capital Management Policy at BRE Bank is based on two main pillars:

- maintenance of optimal level and structure of own funds, with the use of available methods and means (retained net profit, issue of shares, subordinated loans, etc.);
- effective use of the existing capital by applying the system of capital use measures resulting in the reduction of the activity that is not bringing the expected return and development of products with lower capital absorption.

Furthermore in 2012, the Management Board of the Bank approved the Risk Management Strategy introducing a set of strategic risk measures based on the risk bearing capacity concept. They are regularly monitored and reported both to the Management Board and to the Supervisory Board of the Bank.

BRE Bank Group's capital adequacy ratio in 2012 was significantly influenced by the following factors:

- implementation of the Advanced Internal Rating-Based (AIRB) approach to the calculation of the credit risk and the counterparty credit risk requirement for corporate exposures, mortgage-secured retail exposures and specialised lending exposures, following the PFSA and BaFin approval granted in 2012;
- decision of the General Meeting to allocate 100% of the net profit for 2011 to own funds.

XIII. HR development

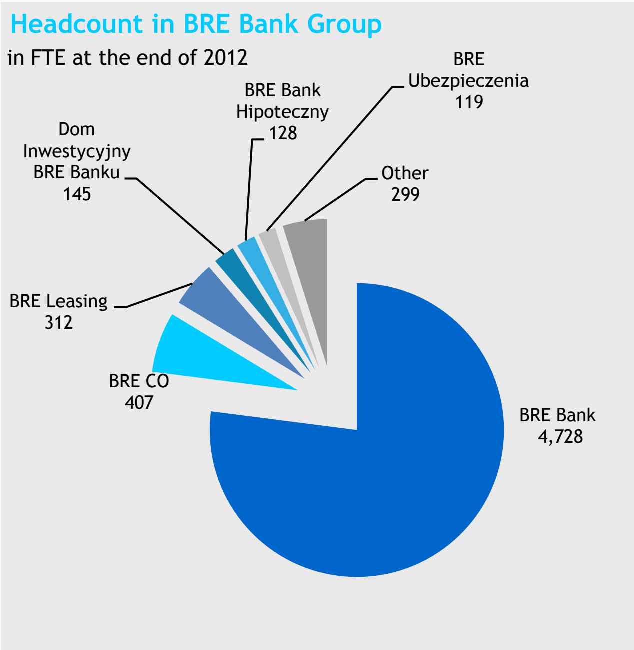
XIII.1. Changes in employment

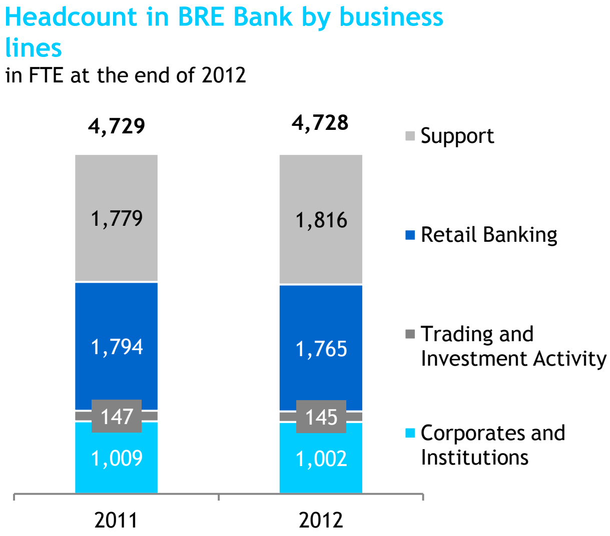
The total employment in BRE Bank Group expressed in full time equivalents (FTE) amounted to 6,138 FTE at the end of 2012, compared to 6,294 FTE a year before.

Employment at BRE Bank remained unchanged and amounted to 4,728 FTE at the end of 2012 and was lower by 1 FTE compared to 2011 (-0.03%).

At the end of 2012, employment in the Group subsidiaries decreased from 1,565 FTE reported in 2011 to 1,410 FTE (-9.9%) mainly due to the reorganisation of outsourcing services in BRE Bank Group and the sale of CERI International.

The Group's employment breakdown – per company and by business lines at the Bank is presented below:





The Bank's employees are relatively young: 65.8% are younger than 35 years. Employees are also well-educated: above 76% are university graduates. Many employees undertake post-graduate studies and internal MBA studies, thus acquiring new professional qualifications.

XIII.2. Training

The qualifications of BRE Bank employees were improved by training and development activities linked to the business goals of the Bank. BRE Bank offers its employees a wide array of solutions to develop both their professional skills and working style. Every employee can formulate his or her development plan with the support of the supervisor and HR Business Partner. In particular, the employees have access to:

- individual training,
- group training,
- e-learning training (mandatory training in compliance, personal data protection, products, IT, and "soft skills", etc.),
- conferences / specialist meetings,
- off-sites.

In 2012, group training sessions aimed at improving professional and personal skills of the employees attracted the greatest interest. More than 1,200 employees underwent individual training. The overall number of employees who took part in traditional training (group and individual) in 2012 reached almost 5 thousand.

E-learning training proved to be a popular form of knowledge transfer. In total, the number of training sessions in 2012 reached 30,678 man-hours and was by 45% higher compared to 2011.

A vast majority of training courses in 2012 were organised as part of general banking projects. Some of them were addressed to medium-level management; their aim was to develop team management skills, personal effectiveness, and improve the organisation of managers' own work and the work of their subordinates.

In addition, the Bank organises comprehensive development programmes, such as: BREmba, One Bank Academy (related with the Bank's new Strategy), Coaching Management Style or Situation-Based Management.

In 2012, the Bank organised the first edition of the contest "Our People Make the Difference" aimed at supporting the new strategy of the Bank and award the forward-looking employees who inspire others, constantly learn new things and expand their horizons. The awards were granted in seven categories. By introducing the categories, the Bank intended to show how important, in the light of the new strategy and challenges faced by the Bank, is the role of managers, adaptation of new employees to the organisational culture, mutual support between areas, innovative thinking of every employee and cooperation with a capital C. The Bank appointed a special committee to select the contest winners from among the candidates nominated by BRE Bank employees.

The Management Board of the Bank allotted a special pool of funds which were awarded to 200 employees in the form of participation in various training and development projects. By doing this, the Bank not only awarded the top performers, but also supported their development and improved their everyday effectiveness.

Young talents

Looking forward - one of the Bank's organisational values - materializes in activities addressed to students and graduates. In 2012, more than 300 students served their traineeship or internship at BRE Bank. At BRE Bank, trainees are offered flexible working hours, which allows them to combine work and studies. During the one-year full-time internship, interns have the chance to work in various units of the Bank, thus preparing themselves to take up new responsibilities at the job position intended for them. Just like regular employees, they are subject to formal, multidimensional assessment, while the top performers are offered a permanent job.

Culture of cooperation and engagement

The implementation of BRE Bank's new Strategy (more about the Strategy in chapter IV. Strategy of BRE Bank Group in 2012-2016 and its realization), which covers also initiatives related with organisational culture, gave rise to actions which call for greater co-operation at all levels of the organisation and inside BRE Bank Group. This objective was accomplished by the following:

- increasing the mobility of employees – there was a rise in the number of temporary transfers of employees among organisational units and in the importance of internal recruitment as a source of candidates; in 2012, the share of internal recruitment in all recruitment processes accounted for 35% (13% in 2011 and 10% in 2010);
- promoting the desired attitudes and behaviours - multi-source assessment of behaviours based on organisational values was included in the annual assessment of every employee, thus supporting the task module (MbO); a new tool was introduced to manage the quality of co-operation among the Bank's units; employees who stand out for their attitudes were awarded the participation in training and development projects in Poland and abroad;
- building the social capital of the organisation - development of networking in the Group has become the general principle which underlies the organisation of task teams or group training.

The actions supported open communication in the organisation, offered the employees new career development opportunities inside the Bank, while from the Bank's perspective - they streamlined the use of the skills and expertise of BRE Bank employees.

Another major factor positively impacting on the development of organisational culture was the continuation of actions introduced in 2010 supporting the engagement of employees. In co-operation with Aon Hewitt, which organises the Best Employers Programme, an engagement culture survey was carried out at the Bank. In 2012, more than 3,600 employees took the opportunity to express their opinion on the atmosphere and effectiveness of work at BRE Bank and their satisfaction from being a BRE Bank employee. The survey results are used by managers, supported by the representatives of the HR area, dedicated to particular business lines (HR Business Partners) to initiate measures aimed at eliminating the problems identified by the survey. The employee engagement ratio measured in accordance with Aon Hewitt methodology rose once again in 2012.

XIII.3. BRE Bank's incentive system

The incentive system of BRE Bank is based on the remuneration policy and intangible elements (e.g. possibility of career development). The incentive system plays a key role in developing corporate culture and builds a competitive advantage by acquiring and retaining competent employees.

The remuneration policy at BRE Bank covers both the base salary (fixed component) as well as the variable part depending on the objectives achieved by the whole organisation and by individual employees.

In 2012, two incentive programmes, consisting in granting bonds convertible to shares, were implemented in BRE Bank Group. The former was a programme for the Management Board of BRE Bank adopted on March 14, 2008 by the Ordinary General Meeting of BRE Bank.

The latter programme of bonds convertible to shares, dedicated to the key personnel of the Bank and the Group subsidiaries, was adopted on October 27, 2008 by the Extraordinary General Meeting of BRE Bank. In 2010, the Management Board of the Bank decided to launch the programme and approved the list of participants for Tranche III. Options not granted under Tranche I and II may be granted in the future years of the programme execution The rights stemming from Tranches III, IV and V may be exercised upon meeting specified conditions from May 1, 2012 to December 31, 2019 (Tranche III), from May 1, 2013 to December 31, 2019 (Tranche IV) and from May 1, 2014 to December 31, 2019 (Tranche V), respectively. The conversion of bonds to shares by the authorised persons will be possible, provided that all the following conditions for each tranche are jointly met:

- the authorised person is employed with BRE Bank Group over the period of the tranche and
- achieves the individual yearly assessment grade in each year of the tranche,
- BRE Bank Group achieves the economic factor set by the Management Board.

In 2011 it was decided o suspend the programme and not to activate the remaining tranches.

On December 7, 2012, the Supervisory Board, in accordance with the recommendation of the Remuneration Committee, adopted a new Inventive Programme at BRE Bank which will replace the currently applicable programme signed on March 14, 2008 (provided that the General Meeting adopts respective resolutions). Under the new Programme, Members of the Bank's Management Board have the right to receive a "cashless bonus" paid in the Bank's shares, including phantom shares (i.e. virtual). The acquisition of the bonus right and estimation of the basis amount used to calculate the bonus are based on net ROE of the Group. For the first time, the bonus will be calculated and awarded in accordance with the new rules for 2012. The new incentive system covers every Member of the Management Board. Detailed information on the share-based incentive programme for the

Management Board is presented in note 43 to the Financial Statements of BRE Bank Group SA for 2012 in accordance with the International Financial Reporting Standards.

XIII.4. MbO (Management by Objectives) - planning and assessment system

2012 was the second consecutive year of operation of the coherent system for planning and assessment (MbO - Management by Objectives). During this period, BRE Bank worked intensively on developing the system and clarifying the coherent and internally transparent rules for setting and cascading objectives, in order to raise the awareness about targets among all the employees and the entire organisation.

By the end of 2012, based on more than 2-year experience, the process of setting and cascading the 2013 objectives was implemented in the Bank and in selected Group subsidiaries. The knowledge of the strategic objectives of the Bank and the Group will allow the organisation to focus the employees' involvement on the most important issues, right from the start and at the same time, will result in notable effectiveness and time savings.

The MbO system has several functions in the organisation:

- it translates directly into the Bank's performance – imposes discipline and involves the entire organisation in the achievement of results
- it forms a direct communication platform - forwarding information on the role and involvement of an individual employee in developing the organisation and achieving the strategic objectives of the Bank.

XIV. Investments

In 2012, investment spending was lower compared to the past years. Investments by the Group amounted to PLN 224.7 million, compared to PLN 359.2 million in 2011, whereas the Bank spent PLN 146.1 million compared to PLN 211.2 million a year earlier.

The majority of investment spending at the Bank, i.e. PLN 114.4 million was related to the IT area. The Bank continued the modernisation and development of the core components of its IT systems.

Investments in the logistics and security area, amounting to PLN 18.7 million were related to the development and modernisation of the corporate branch network and the Head Office (in Warsaw and in Łódź) as well as the purchase of new equipment for the Bank's retail outlets.

XV. BRE Bank and Corporate Social Responsibility

Banks play an important role in the economy and the society. For a number of years, the Group has strived to accompany its commercial success with efforts to play an important role in supporting valuable projects that benefit the society. That role is played mainly by the BRE Bank Foundation in addition to numerous volunteer employee projects and initiatives supported by the Bank.

XV.1. BRE Bank Foundation

BRE Bank Foundation, established 18 years ago, was one of the first such foundations in the banking sector. Being a public benefit organisation, the Foundation provides financial support to a wide range of beneficiaries, including children. The mission of BRE Bank Foundation is to support actions aimed at enhancing individual development, education and quality of life. The Foundation supports social initiatives of BRE Bank.

BRE Bank Foundation fulfils its mission in the following three areas of social life:

- education, science and entrepreneurship,
- health care, social welfare and charity work,
- culture and art, protection of national heritage.

During 2012, the Foundation has been implementing the strategy for 2010-2012 by providing financial assistance to projects including:

- multi-year programmes, e.g. scholarships or educational programmes,
- social campaigns aimed at promoting specific attitudes or exposing social problems,
- support or subsidy for one-off undertakings or projects in the above-mentioned three areas,
- participation in the employee volunteering programme at BRE Bank.

In 2012, the Foundation disbursed PLN 2,470.5 thousand on its statutory objectives.

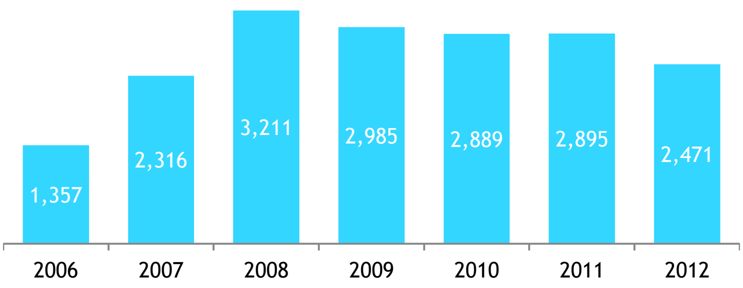
In line with the BRE Bank Foundation objectives, the structure of allocated funds was as follows:

- education, entrepreneurship and science – 51.0%,
- health protection and social welfare – 36.7%,
- culture and protection of national heritage – 12.3 %.

In 2012, the Foundation continued the cooperation with its regular partners and supported the implementation of one-off projects.

BRE Bank Foundation expenses in 2006-2012

in PLN thousand



The Foundation supported in 2012 the following project:

- The Foundation and the CASE (“Centre for Social and Economic Research”) continued their co-operation which consists in organising seminars and conferences for researchers, experts and practitioners of management concerning the transition of the Polish economy (BRE-CASE Seminars).
- The Educational Enterprise Foundation (FEP) – continuing support for the Bridge Scholarship Programme (financial assistance to freshmen students from underprivileged backgrounds). In 2012, the Foundation endowed 25 scholarships. In addition, twenty seven scholarships were granted to students of faculties as such: economics, finance and accounting, and international relations participating in contests organised by the Foundation and FEP.
- The National Fund for Children - in 2012, the Foundation granted awards for the winners of the Polish Preliminary Round of the European Contest for Young Scientists (next two editions of the Contest).
- The ABCXXI - All of Poland Reads to Kids Foundation - co-funding of another edition of the Foundation's social campaign and organisation of the 10th Polish Week of Reading to Kids.
- The Junior Entrepreneurship Foundation - financial support for "Company Management", the educational programme based on computer simulation.
- The Gdansk Institute for Market Economics - co-funding of the project entitled 7th Civic Congress "Attitudes and skills - the key to Poland's and Poles' development".

- The Friends of Integration Association - co-funding of another edition of the "Barrier Free Man - edition 2012" (contest promoting people who achieved success despite their disability).
- The Nobody's Children Foundation - co-funding of the project "Helpline for Children and Youth" which started a free helpline available in Poland for children and youth seeking support, help and protection.
- The SYNAPSIS Foundation - co-funding of the project entitled PECS - new communication system, which gives people suffering from autism a chance to communicate effectively, and counteracts social isolation.
- The Foundation for Children "Help on Time" - co-funding of the renovation and equipment purchase of a EEG Biofeedback therapy room in a rehabilitation centre in Warsaw which is directed to ill and disabled children. Moreover, in 2012 the BRE Bank Foundation co-funded the rehabilitation and therapy given to more than 90 children in care of the "Help on Time" Foundation by "Amicus" rehabilitation centre in Warsaw.
- Hospices (including hospices for children) operating in Poland - support in the purchase of medical devices and necessary equipment, and co-funding of training for volunteers.
- The PATRIA foundation – co-founding of the "Smile Republic" project supporting the organisation of several rehabilitation camps for disabled children in 2012.
- The Polish Humanitarian Action (PAH) - co-founding of the "Pajacyk" campaign (PAH's school lunch campaign with a long-time history).
- The Royal Castle in Warsaw - co-funding of an educational programme for children and another edition of the multi-cultural project organised in 2012: the Royal Arcades of Art.
- Polish museums - cofounding of exhibitions, expositions and publications.

Moreover, just like in the previous years, the Foundation supported other entities implementing valuable projects in the areas consistent with the Foundation’s strategy.

XV.2. Other social – oriented activities

"Let’s Do Good Together"

“Let’s Do Good Together” is a regular volunteer employee programme which went into its fourth year in 2012. The programme supports social welfare projects proposed and developed by Bank employees. Participants can initiate and implement interesting initiatives with the involvement of colleagues, friends and family. Every three months, the jury selects the most interesting projects from the area of education, health care, social welfare, culture and arts. In 2012, 23 teams were given funds for the implementation of their projects. There were four editions of the programme in 2012.

Furthermore, in 2012 BRE Bank for the first time launched two initiatives addressed to the employees:

"Tomorrow Belongs to Women"

"Tomorrow Belongs to Women" is a support programme addressed to all women working at BRE Bank. As part of the project the Bank organises meetings with experts, networking discussions and other activities making it easier for women working at the Bank to achieve the work-life balance. The key themes of the meetings were selected based on suggestions from women working at the Bank given in

"**Stay Fit with BRE Bank"**

Each week office workers spend 40 hours behind their desks and thus they are accustomed to working long hours in a sitting position. However, the sitting position and numerous unfortunate habits accompanying it may be detrimental to our health. This is why it is worth knowing how to protect yourself.

Bearing in mind the specificity of work at the bank, BRE Bank launched a pilot programme "Stay Fit with BRE Bank". From July 13, 2012 to November 20, 2012, the employees had the opportunity to find out how to take care of their locomotor system, while 140 employees from Warsaw and Łódź consulted a physiotherapist. The programme will be continued in 2013.

XVI. Statement of BRE Bank on application of Corporate Governance Principles

This statement on application of corporate governance principles was prepared pursuant to Article 91.5(4) of the Regulation of the Minister of Finance dated February 19, 2009, on current and periodic information published by issuers of securities and on the conditions under which such information may be recognised as being equivalent to information required by the regulations of law of a state which is not a member state (Journal of Laws No. 33/2009, item 259).

Information contained in the Statement meets the requirements of the report on application of the “Code of Best Practice for Warsaw Stock Exchange Listed Companies” set forth in Article 1 of Resolution No. 1013/2007 of the Management Board of the Warsaw Stock Exchange of December 11, 2007. In connection with the foregoing, under Article 2 of Resolution No. 718/2009 of the Management Board of the Warsaw Stock Exchange (WSE) of December 16, 2009, providing the WSE with this Statement is equivalent to providing the WSE with the report referred to in Article 29.5 of the Warsaw Stock Exchange Rules.

XVI.1. Corporate Governance Principles binding on BRE Bank

The set of corporate governance principles binding on BRE Bank is contained in the document "Code of Best Practice for WSE Listed Companies". In 2012, the version of "Code of Best Practice for WSE Listed Companies" adopted by the WSE Board on October 19, 2011, (Resolution No. 20/1287/2011) was in force. On November 21, 2012, the WSE Board amended the "Code of Best Practice" under Resolution No. 19/1307/2012. The amendments govern mainly the organisation of electronic annual meetings of listed companies. The amended version of the "Code of Best Practice for WSE Listed Companies" entered into force on January 1, 2013.

The text of the “Code of Best Practice for WSE Listed Companies” is available on the website of the Warsaw Stock Exchange (http://www.corp-gov.gpw.pl/), and a link to this site is also available on BRE Bank's website (http://www.brebank.pl).

In its internal statutory documents, the Bank has integrated the regulations concerning the corporate governance principles, in particular those relating to the rules of operation of the General Meeting and the Supervisory Board (and its standing committees) as well as the rights of the shareholders and the Supervisory Board.

Irrespective of the “Code of Best Practice for WSE Listed Companies”, already in 1995, BRE Bank undertook to voluntarily abide by best industry practices, that is the Good Banking Practice Principles, developed by the Polish Bank Association (the original name – Code of Best Banking Practice). The Good Banking Practice Principles are a set of rules relating to the operation of banks and apply to banks, bank employees, persons acting as intermediaries in banking activities of banks.

The document establishes standards which should be observed by bank employees in their everyday work with clients. The Good Banking Practice Principles are available on the website of the Polish Bank Association (http://zbp.pl/site.php?s=MDAwMTk4).

In December 2012, the authorities of BRE Bank approved the Corporate Governance Policy at BRE Bank. The document outlines the uniform standards applicable at BRE Bank with respect to creating, documenting and maintaining an integrated organisational structure (including guidelines on powers of attorney and job descriptions). The main goals of the policy include:

- to lay down the guidelines for effective management of the Bank and its units,
- to lay the foundation for an effective internal control system,
- to set out guidelines for creating a flat organisational structure with simple decision-making paths and clearly defined responsibilities,
- to meet the requirement of compliance with the requirements of the major shareholder.

XVI.2. Application of corporate governance principles

In 2012, BRE Bank was applying all the corporate governance principles established in the document "Code of Best Practice for WSE Listed Companies" (chapter II, III and IV) in accordance with the "comply or explain" principle.

The following points of the Recommendations require an additional commentary:

- Point 5 of the Recommendations regarding the remuneration policy. In accordance with the recommendation, BRE Bank has a remuneration policy which determines the form, structure and level of remuneration, including the remuneration of members of the supervisory and management bodies of the Company. The remuneration system is transparent and ensures a linkage between the remuneration of senior managers, the financial results of the Company and the performance of the remunerated persons. The remuneration system integrates a range of principles derived from the Commission Recommendation of December 14, 2004, fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) supplemented by the Commission Recommendation of April 30, 2009 (2009/385/EC). These principles include among others: determination of fixed and variable components of remuneration of the Management Board, a linkage of the variable components of remuneration with pre-defined performance criteria, detailed regulations concerning the option scheme, and specification of the total remuneration and its components of individual members of the Management Board and the Supervisory Board in the notes to the annual financial statements. In H1 2012, as a result of amendments to the By-laws of BRE Bank introduced on March 30, 2012 by the 25th Ordinary General Meeting, the Bank established the Remuneration Committee which establishes the remuneration principles and determines the amount of remuneration paid to members of the Management Board. The solution is in accordance with the Commission Recommendation.

  However, the Commission Recommendations were not used as a model for the remuneration system of the Bank and not all their provisions were applied. In particular, the remuneration policy is not regularly a separate item on the agenda of every General Meeting and is not submitted for a vote.

- Point 9 of the Recommendations which calls for ensuring a balanced proportion of women and men in management and supervisory functions in companies. Both the General Meeting, which appoints the Supervisory Board, and the Supervisory Board, which appoints the Management Board, are guided by the principle that the persons sitting on the company's bodies should display the highest competence, be creative, adequately educated and experienced. Other factors, such as gender, are not a determinant in this respect. The Bank is of the opinion that it would be unjustified to introduce regulations based on pre-established parities, and leaves the decision on selecting members of the Management Board and Supervisory Board in the hands of duly authorised bodies of the Company.

Since the Ordinary General Meeting held in 2002, the 10-member Supervisory Board of BRE Bank has had one female member - Teresa Mokrysz. At the same time, Ms. Mokrysz is a member of the Audit Committee of the Supervisory Board. At the end of 2012, the Management Board of BRE Bank was composed of men only. From September 2008 to April 2012, Karin Katerbau was a member of the Management Board supervising the finance area.

- Point 12 of the Recommendations concerning the possibility to participate in the annual meeting with the use of electronic means of communication, which consists in broadcasting the meeting, enabling real-time bilateral communication and execution of the voting right in person or by proxy during the annual meeting. On January 1, 2013, the principle on ensuring real-time bilateral communication during annual meeting, which allows the shareholders located outside the meeting place to address the meeting, was added to part IV of the "Code of Best Practice for WSE Listed Companies".

  For many years, BRE Bank has been broadcasting its annual meetings in real time. However, neither the By-laws of the Company or the Standing Rules of the Annual Meeting provide for real-time bilateral communication with shareholders located outside the meeting place, and for execution of voting rights with the use of electronic communication. BRE Bank's primary goal is to ensure that the Annual Meeting proceeds smoothly and that the risk of any potential attempt to challenge the adopted resolutions due to technical errors is minimized. At the same time, the Bank takes into account the existing conditions, in particular the geographic diversification of the Bank's shareholders, their number, potential time delays in communication and the need to identify the meeting participants and ensure the adequate security and confidentiality of the voting process.

It is worth stressing that the principle which requires companies to publish the broadcast of their general meetings on the Internet, introduced to the Code of Best Practice in 2013, has already been applied by BRE Bank for many years.

BRE Bank attaches a lot of weight to open, transparent and effective information policy. On a regular basis, the representatives of the Management Board and the Investor Relations team actively participate in meetings with investors, both in Poland and abroad.

The website operated by the Company has become an important communication platform. In the investor relations section (www.brebank.pl/relacje_inwestorskie) the Bank publishes information on the shareholders of BRE Bank, Annual Meetings, ratings, quotations of the Bank's shares on the WSE, analysts' recommendations, consensus of BRE Bank Group's forecasted performance, and the target share price. All those interested may review annual statements, periodic and current reports, presentations on the Company's strategy and performance, as well as spreadsheets containing business and financial data. BRE Bank was one of the first banks in Poland to offer an on-line version of its annual report, which provides convenient and highly interactive access to financial data of BRE Bank Group. Moreover, in 2012 BRE Bank launched BRE Analyzer, an innovative interactive tool which can be used to analyse financial and business data of BRE Bank Group from many different angles. Additionally, the information is accompanied by webcasts of meetings with analysts at which the financial results of the BRE Bank Group are presented (more information in chapter VI.2. “Investor Relations (IR) function at BRE Bank”).

The website also has a section dedicated to corporate governance and best practice, which includes among others the By-laws and rules of the Bank's bodies, statements on the application of corporate governance principles, principles of remunerating the Management Board and the Supervisory Board and information on incentive programmes.

XVI.3. Internal control and risk management systems with regard to the process of preparing financial statements of the Bank

The process of preparing of financial statements is covered by the Bank's internal control system, which contributes to full reliability and accuracy of financial reports.

The internal control system includes the following:

- functional internal control,
- institutional internal control.

Functional internal control is a system applicable to each organisational unit of BRE Bank. Each organisational unit of the Bank performs internal control tasks under the supervision of the head of the organisational unit. The functional internal control system is subject to regular assessment and monitoring through institutional internal control.

Institutional internal control is exercised by the Internal Audit Department (DAW). DAW operates based on the Banking Law, BRE Bank's internal regulations, International Standards for the Professional Practice of Internal Auditing, and best business practices in this respect.

The Internal Audit Department is under the administration of the President of the Management Board of the Bank and reports to the President of the Management Board and to the Audit Committee of the Supervisory Board of the Bank. The principle of operational independence of internal audit is respected since auditors are not involved in operational activity.

The process of preparing financial data for reporting needs is automated and based on the General Ledger of the Bank. Preparation of data in source systems is subject to formalised operational and acceptance procedures. Creating the General Ledger of the Bank takes place within a process covering respective internal controls. Manual adjustments are subject to special controls.

The process of monitoring the operational risk which occurs in the preparation of financial statements in the Bank includes mechanisms which effectively ensure the security of IT systems. The Bank has in place a business continuity plan which covers also the IT systems used in the process of preparing financial statements.

The financial statements of the Bank and the Group for 2012 were prepared by the Accounting Department. On April 1, 2013, the Accounting Department will be split into two specialized units: the Accounting Department and the Financial Reporting Department. The Financial statements will be prepared in the Financial Reporting Department, while the Accounting Department will be responsible for keeping the Bank's books and records as well as administering the model chart of accounts. Both Departments will report directly to the Chief Financial Officer.

The prepared financial statements are submitted to the Management Board for verification. The Audit Committee of the Supervisory Board receives information on the quarterly financial statements and on profit and loss before it is published. After in-depth discussions with the Bank's external auditor and the Management Board of the Bank, the Audit Committee recommends whether the Supervisory Board should approve or reject the annual financial statements.

The annual and semi-annual financial statements of the Bank are subject to an independent audit and a review by a statutory auditor, respectively. The selection of the statutory auditor of the Bank requires a resolution of the General Meeting. The Audit Committee of the Supervisory Board issues an opinion on the selection of the statutory auditor. BRE Bank observes the rule stipulating that the key statutory auditor should change at least once every five years. This is in line with Article 89 of the Act on Statutory Auditors and their Self-Government, Entities Entitled to Audit Financial Statements and Public Supervision dated May 7, 2009 (Journal of Laws of 2009, No. 77, item 649).

The Bank and the external auditor introduced cooperation procedures under which all the important issues related with the recognition of economic events in the books and financial statements are being consulted on an ongoing basis.

All the subsidiaries of BRE Bank Group consolidated for the purpose of financial statements are obliged to apply uniform accounting policies with respect to the recognition of measurement and disclosures in accordance with the International Accounting Standards. The Accounting Department monitors the reporting packages prepared by the subsidiaries in terms of their correctness, completeness, coherence and continuity of data. The control functions with respect to the Group subsidiaries are performed by representatives of BRE Bank sitting on the Supervisory Boards of the subsidiaries.

The aspiration to ensure the highest standards of financial statements is reflected in the high quality of reporting. The financial statements of BRE Bank Group have been appreciated not only by shareholders and analysts, but also by independent industry institutions.

The annual consolidated financial statements of BRE Bank Group for 2011 ranked second in "The Best Annual Report" category of the contest organised by the Institute of Accounting and Taxes (IRiP). Moreover, BRE Bank was also awarded in the Best Online Report category. This has been yet another award won by BRE Bank in this contest. In the six editions which have taken place so far, BRE Bank won the first prize in the financial institutions category for its financial statements for 2006, 2007 and 2009. In 2008, the Bank came second in this category, while in 2010 BRE Bank won the special award “The Best of the Best”.

XVI.4. Significant blocks of shares

Commerzbank AG is the majority shareholder of BRE Bank. The share of Commerzbank has been increasing from 21.00% in 1995, to 50.00% in 2000 and 72.16% in 2003. Starting from 2005, the share has declined slightly due to the implementation of the managerial options programme in BRE Bank.

At the end of 2012, Commerzbank held 29,352,897 shares of BRE Bank, which accounted for 69.66% of the share capital and votes at the General Meeting. By December 27, 2012, the stake was held by Commerzbank Auslandsbanken Holding AG, a 100% subsidiary of Commerzbank. On December 27, 2012, Commerzbank acquired the stake in BRE Bank through an internal transfer of shares within Commerzbank AG Group, so the dominant entity of BRE Bank has not changed.

30.34% of shares in free float are held by institutional investors (in particular Polish pension funds, and Polish and foreign investment funds and individual investors. ING Otwarty Fundusz Emerytalny exceeded the 5% threshold of shares and votes at the General Meeting, which obligated it to announce the shares purchase.

Shareholder Status as of 31.12.2012	Percentage of share capital and total number of votes
Commerzbank AG	69.66%
ING Otwarty Fundusz Emerytalny	6.67%

The strategic shareholder of BRE Bank, Commerzbank AG, is a leading German bank with a history dating back to 1870, which provides its services to private and corporate customers.

At the turn of 2008 and 2009, in an effort to support the takeover of Dresdner Bank, the German government - currently the largest shareholder of Commerzbank - acquired a stake giving it 25% plus one share. Institutional investors hold about 47% of shares in free float (the largest investor - BlackRock - holds more than 3%). Individual investors hold about 25% of shares.

With the segments Private Customers, Small and Medium-sized Enterprises (Mittelstandsbank), Corporates & Markets, Central & Eastern Europe, Commerzbank offers its customers an attractive portfolio of products and services. Commerzbank is a strong partner for the export-oriented SME sector in Germany and worldwide. With a total of about 1,200 branches in Germany, Commerzbank has one of the densest networks of branches among German banks. Moreover, Commerzbank operates in more than 50 countries through 25 foreign branches, 32 representative offices and 8 major subsidiaries. In 2012, Commerzbank had nearly 15 million individual clients and about 1 million corporate clients. At the end of December 2012, Commerzbank Group held assets of EUR 635.9 billion and total capital of EUR 27.0 billion. Commerzbank Group employs 53.6 thousand employees, including 42.9 thousand in Germany.

XVI.5. Special control rights and limitations concerning the shares

Pursuant to the By-laws of BRE Bank, all the existing shares are ordinary bearer shares. In no way are the shares differentiated in terms of the rights carried by them. There are no preferred shares. The control rights of Commerzbank AG as the parent entity of BRE Bank are a result of the number of shares held and their percentage share in the equity and the number of votes at the General Meeting of BRE Bank.

The By-laws of BRE Bank do not impose any limitations on the exercise of the voting right. There are no provisions which would separate the equity rights attached to securities from the holding of securities. Furthermore, there are no limitations on the transfer of the property right to securities issued by the Bank.

XVI.6. Principles of appointing and dismissing Management Board Members

Pursuant to the By-laws of BRE Bank, the Management Board is composed of at least three members appointed for a joint term of 5 years. At least half of the Management Board members, including the President of the Management Board, must hold Polish citizenship.

The President of the Management Board, the Vice-Presidents of the Management Board and the other Members of the Management Board are appointed and dismissed by the Supervisory Board, acting pursuant to the provisions of the Banking Law and considering relevant qualifications for the assigned functions. The Polish Financial Supervision Authority (PFSA) approves two Members of the Management Board of the Bank: the President of the Management Board and the member responsible for developing and implementing the Bank’s credit policy and risk management.

In accordance with the Code of Commercial Partnerships and Companies, a Member of the Management Board may also be dismissed or suspended by the General Meeting.

The mandate of a Member of the Management Board expires at the latest on the day of the General Meeting that approves the financial statements for the last full financial year of the term of that Management Board Member. The mandate of a Member of the Management Board also expires if the member dies, resigns from his position or is recalled. The mandate of a Member of the Management Board appointed before the end of the term expires on the expiration of mandates of the other Members of the Management Board.

XVI.7. Amendments to the Company’s By-Laws

Amendments to the By-Laws of BRE Bank require adoption of a resolution by the General Meeting of BRE Bank and registration of the adopted amendment in the National Court Register. Before the General Meeting of BRE Bank is presented with a draft resolution concerning amendment to the By-Laws, the Management Board of BRE Bank adopts a resolution on the proposed amendment by approving the draft resolution of the General Meeting, and then the draft is presented to the

Supervisory Board of BRE Bank for approval. Under the Code of Commercial Partnerships and Companies, the resolution on amendments to the By-Laws is passed by a majority of 75% of votes. In accordance with Article 34.2 of the Banking Law Act of 29 August 1997, any amendment to the Bank's By-laws requires the authorisation of the Polish Financial Supervision Authority where such amendment relates to:

- the Bank's registered business name,
- the Bank's registered office, objects and scope of the Bank's activity,
- the bodies and their competences, including particularly the competences of the Members of the Management Board appointed with the approval of the Polish Financial Supervision Authority and the decision-making principles, the basic organisational structure of the Bank, the procedures applicable to making legally binding statements regarding property rights and obligations, the procedures for issuing internal regulations and the procedure for making decisions on assuming obligations or disposing of assets whose total value with regard to a single entity exceeds 5% of the Bank's own funds,
- the principles of functioning of the internal control system,
- the own funds and the financial management principles, and
- shares preferred or limited as to voting rights.

The latest amendments to the Bank's By-laws were introduced by Resolution No. 25 of the 25th General Meeting held on March 30, 2012.

The amendments are itemized in detail in Resolution No. 25 of the General Meeting on amending the By-laws of BRE Bank SA published on the Bank's website.

(http://www.brebank.com.pl/Relacje_Inwestorskie/ZWZ/Archiwum_ZWZ/)

XVI.8. General Meeting procedures and authority, shareholder rights and exercise procedures

XVI.8.1. General Meeting procedures

The General Meeting is convened and prepared pursuant to the provisions of the Code of Commercial Partnerships and Companies, the Bank's By-laws, and the Standing Rules of the General Meeting. Both the By-laws and the Standing Rules of the General Meeting are available on BRE Bank's website.

The General Meeting (GM) convened by the Management Board by way of an ordinary procedure is held once a year, no later than in June. The Supervisory Board may convene an Ordinary General Meeting if the Management Board fails to convene it within the time limits set out in the By-laws and an Extraordinary General Meeting if the Supervisory Board considers it necessary. In addition, under specific circumstances, the shareholders have the right to convene a General Meeting or to request that a General Meeting be convened.

Shareholders may participate in the General Meeting and cast their votes either in person or by proxies. One proxy may represent more than one shareholder.

Subject to the cases defined in the Code of Commercial Partnerships and Companies, the General Meeting is valid regardless of the number of shares represented at the General Meeting.

All matters submitted to the General Meeting are previously submitted to the Supervisory Board for consideration.

Subject to specific exceptions, resolutions of the General Meeting are passed in an open ballot by a simple majority of votes, unless the Code of Commercial Partnerships and Companies or the BRE Bank By-laws impose a stricter requirement for the passing of resolutions on specific issues. A secret ballot is required in the case of elections and motions for dismissal of members of the authorities of the Bank or liquidators, motions to bring members of the authorities of the Bank or liquidators to justice, and in personnel issues. In addition, a secret ballot is required if requested by at least one shareholder present or represented at the General Meeting.

Voting takes place with the use of a computer system which also counts the votes. The correct course of voting is supervised by the three-member Returning Committee elected from among the candidates put forward by the Chairman of the Meeting.

The By-laws and Standing Rules of the General Meeting do not provide for the possibility to vote by mail or with the use of electronic means of communication.

The Bank's Supervisory Board is elected in a secret ballot by the General Meeting. The shareholders propose candidates for Members of the Supervisory Board to the Chairman of the General Meeting, orally or in writing. The right to propose candidates concerns also Members of the existing Supervisory Board. Prior to the election to the Supervisory Board, the General Meeting determines the number of Members of the Supervisory Board of the given term within the limits specified in the By-laws.

XVI.8.2. Fundamental Authority of the General Meeting

The following matters require a resolution of the General Meeting in addition to other matters set out in the Code of Commercial Partnerships and Companies:

- examination and approval of the report of the Management Board on the Bank's operations and financial statements for the past financial year,
- adoption of resolutions on the distribution of profit or coverage of losses,
- vote of discharge of duties for members of the Bank's authorities,
- election and dismissal of Members of the Supervisory Board,
- amendment of the By-laws,
- increase or reduction of the Bank's share capital,
- adoption of resolutions concerning the cancellation of shares and resolutions on cancellation of shares, in particular on setting the policy of share cancellation not regulated in the By-laws,
- creation and winding up of special purpose funds,
- issue of convertible bonds or preferred bonds,
- establishment of the principles of remunerating Members of the Supervisory Board,
- liquidation of the Bank or its merger with another bank,
- appointment of liquidators,
- matters submitted by the Supervisory Board,
- matters submitted by shareholders in accordance with the By-laws,
- election of an entity qualified to audit financial statements as statutory auditor of the Bank.

XVI.8.3. Shareholder rights

The Company's shares are bearer shares and can be sold. The shareholders have the right to participate in the profit reported in the audited financial statements and allocated by the General Meeting to be paid to the shareholders.

The shareholders representing at least one-half of the share capital or at least one-half of the total number of votes in the Company may convene an extraordinary general meeting. The shareholders appoint the chairman of such meeting. The shareholder(s) representing at least one-twentieth of the share capital may request that the Management Board convene an extraordinary general meeting and that specific items be put on the agenda for such meeting.

Only persons who are shareholders of the Bank sixteen days before the date of the General Meeting ("record day") have the right to participate in the General Meeting of the Bank. The shareholder(s) of the Bank representing at least one-twentieth of the share capital may request that specific items be put on the agenda for the Ordinary General Meeting. The request should be submitted to the Management Board of the Bank no later than twenty-one days prior to the date of the Ordinary General Meeting.

In accordance with the Code of Commercial Partnerships and Companies, documents to be presented to a General Meeting, including draft resolutions, are published on the website of the Bank as of the date of calling the General Meeting.

Shareholders can participate in the General Meeting and cast their votes either in person or by proxies.

A shareholder has the right to:

- vote, propose motions and raise objections,
- justify his or her position briefly,
- stand for election for Chairman of the General Meeting and propose a candidate for Chairman of the General Meeting to be noted in the minutes,
- take the floor during the proceedings and make a reply,
- table draft resolutions concerning the items put on the agenda,
- propose amendments and additions to draft resolutions on the agenda for the General Meeting before the discussion on the item covering the draft resolution concerned by the proposal is closed,
- propose formal motions relating to the proceedings and the voting procedure,
- propose candidates for the Bank's Supervisory Board in writing to the Chairman of the General Meeting or orally to the minutes,
- review the book of minutes and request a copy of resolutions authenticated by the Management Board,
- take legal action to have a resolution of the General Meeting annulled where the shareholder voted against a resolution of the General Meeting and after its adoption raised an objection to the minutes or the shareholder was unreasonably prevented from participating in the General Meeting or the shareholder was not present at the General Meeting as a result of it being convened incorrectly or the adopted resolution not being on the agenda,
- take legal action against the Company to have a resolution of the General Meeting annulled where the resolution is in breach of law.

The Management Board is obliged to provide the shareholder, at the shareholder's request, with information concerning the Company if this is justified by the assessment of an issue on the agenda. The Management Board should refuse information if:

- this could damage the Company or its associated company or subsidiary, in particular due to disclosure of technical, trade or organisational secret of the Company,
- this could expose a Member of the Management Board to criminal, civil or administrative liability.

In justified cases, the Management Board may provide information in writing no later than two weeks after the General Meeting is adjourned.

The Bank places great emphasis on equal treatment of shareholders. On matters related with the General Meeting, in particular with granting a power of attorney in electronic form, notifying the Bank about granting a power of attorney in electronic form, requesting that specific items be put on the agenda of the General Meeting, the shareholders may contact the Management Board of the Bank by sending an e-mail to the address given in the Notice of General Meeting.

The General Meetings take place on the Bank's premises in Warsaw and are broadcast on-line. The General Meetings may be attended by the representatives of the media.

XVI.8.4. General Meeting in 2012

The 25th General Meeting was held on March 30, 2012. The Meeting was attended by shareholders or their proxies representing in total 79.03% of shares in the Company's share capital. The following resolutions were adopted:

- resolution on approving the reports of the Management Board of BRE Bank and BRE Bank Group, and the financial statements of the Bank and the Group for 2011,
- resolution on distribution of the 2011 profit,
- resolution on vote of discharge of duties for members of the Management Board of BRE Bank,
- resolution on approving the appointment of a member of the Supervisory Board (Ulrich Sieber) under the procedure laid down in Article 19(3) of the By-laws of BRE Bank, which allows the Bank to appoint a new member of the Supervisory Board during the year due to resignation of another member,
- resolution on vote of discharge of duties for members of the Supervisory Board of the Bank,
- resolution on amending the By-laws of BRE Bank,
- resolution on remuneration paid to members of the Supervisory Board of BRE Bank,
- resolution on electing a new member of the Supervisory Board of BRE Bank (Stephan Engels),
- resolution on selecting the auditor to review the financial statements of BRE Bank and BRE Bank Group for 2012 - PricewaterhouseCoopers Sp. z o.o.

The resolutions adopted by the 25th General Meeting and the detailed voting results are available on http://www.brebank.com.pl/relacje_inwestorskie, in the section dedicated to General Meetings.

XVI.9. Composition of and changes in the Management Board and the Supervisory Board of the Bank and their procedures

XVI.9.1. Composition of the Management Board

The Management Board is composed of at least three members appointed for a joint term of 5 years. The Members of the Management Board manage selected areas of the Bank's operation within the scope determined by the President of the Management Board. Resolutions of the Management Board specify in detail the division of powers and the procedures of replacement in the case of absence or holiday of the Management Board Members.

In 2012, the composition of the Management Board of BRE Bank changed.

Under the resolution of the Supervisory Board of BRE Bank of March 30, 2012, Jarosław Mastalerz, so far acting as Head of Retail Banking, was appointed as Member of the Management Board for Operations and IT, effective as of April 1, 2012. Mr. Mastalerz replaced Christian Rhino, who left BRE Bank at the end of March to take on new responsibilities in Commerzbank Group. At the same time, the position of Member of the Management Board responsible for Retail Banking was entrusted to Cezary Kocik. Cezary Kocik has been employed with BRE Bank since 2004. Before his appointment to the Management Board, Mr. Kocik acted as Managing Director for Sales and Retail Banking Business Processes.

As of April 16, 2012, the Supervisory Board appointed Jörg Hessenmüller as Member of the Management Board, Chief Financial Officer. Jörg Hessenmüller replaced Karin Katerbau, whose resignation took effect on April 15, 2012. Ms. Katerbau was appointed as Member of the Management Board of Oldenburgische Landesbank (Germany). In 2009, Mr. Hessenmüller was appointed Managing Director in Commerzbank Group and worked as Head of Investment Banking Finance, Group Finance, responsible for controlling and management reporting.

The term of the current Management Board expires on the day of the General Meeting in 2013.

The current composition of the Management Board of BRE Bank is as follows:

Cezary Stypułkowski - President of the Management Board, CEO

Born in 1956, Cezary Stypułkowski holds a PhD in law from the University of Warsaw. He studied at Columbia University Business School in New York as a member of the Fulbright Program in 1988-1989. In 1980s, he worked in government administration, among others as secretary to the Economic Reform Committee of the Council of Ministers and, in 1987, as advisor to the Prime Minister. From February 1991, he chaired the Management Board of Bank Handlowy SA for more than twelve years. He acted as President of the Management Board of PZU Group from June 2003 to June 2006. In December 2006, Mr. Stypułkowski was appointed Managing Director of J.P. Morgan Investment Bank responsible for Central and Eastern Europe. Cezary Stypułkowski was also a member of the Deutsche Bank International Advisory Board, INSEAD International Advisory Board, Institute of International Finance in Washington and Geneva Association.

Appointed President of the Management Board of BRE Bank on August 2, 2010, acting President of the Management Board of the Bank as of October 1, 2010, approved as a President of the Management Board by the Polish Financial Supervision Authority on October 27, 2010.

Wiesław Thor - Vice-President of the Management Board, Chief Risk Officer

Born in 1958, graduate of the Central School of Planning and Statistics (currently Warsaw School of Economics - SGH), training program “Train the Trainer” organised by KPMG and the South Carolina Business School, and summer school of banking at McIntire University Business School. Lecturer at the Warsaw Institute of Banking and SGH. Employed with BRE Bank since 1990 on the following positions: specialist, division head, deputy director of the Warsaw branch, director of the Credit Department, and Chief Risk Officer since May 2000. From August 1, 2002, Managing Director at Bank Handlowy in Warsaw.

On November 2, 2002, Mr. Thor was appointed Member of the Management Board of BRE Bank, Chief Risk Officer. Vice-President of the Management Board of BRE Bank since March 15, 2008.

Przemysław Gdański - Member of the Management Board, Head of Corporate Banking

Born in 1967, graduated from the University of Gdańsk (major: International Trade) and completed a one-year programme in international banking and finance at Loughborough University in the UK. In 2012 completed AMP at IESE Business School. He has over 20 years of experience in corporate banking. In 1993 - 1995 he worked for IBP Bank SA (BRE Bank was one of its shareholders), then for ABN AMRO Bank in Poland, Romania and in the headquarters in Amsterdam. In 2002 - 2006 he was the Managing Director of Large Corporates Division in BPH Bank. From May to November 2006 - CEO and General Director of Calyon Bank Polska and Calyon SA Branch in Poland. In November 2006 he took the position of Deputy CEO in BPH Bank, responsible for corporate banking and real estate financing. After the merger of part of BPH Bank and Pekao SA - Deputy CEO of Pekao SA, responsible for Corporate Banking, Markets and Investment Banking in Division.

Member of the Management Board of BRE Bank since November 19, 2008.

Jörg Hessenmüller - Member of the Management Board, Chief Financial Officer

Born in 1970. Jörg Hessenmüller graduated from the Hochschule für Bankwirtschaft in Frankfurt am Main in 1997 and was awarded a master's degree in management (Diplom -Betriebswirt (FH)). From 1989 to 2009 he worked for Dresdner Bank, in particular as Head of Financial Control responsible for London, New York, Moscow, San Paulo and Asia. In 2009 Mr. Hessenmüller was appointed Managing Director in Commerzbank Group and worked as Head of Investment Banking Finance, Group Finance, responsible for controlling and management reporting on: Corporates & Financial Markets, Portfolio Restructuring Unit, Group Treasury, Public Finance.

Member of the Management Board of BRE Bank since April 16, 2012.

Hans-Dieter Kemler, Member of the Management Board, Head of Investment Banking

Born in 1968, graduated from the Westphalian Wilhelm University of Münster in 1996. In 1991–1992, worked in Bond Trading Department at Dresdner Bank. In 1996-1998, employed with Sal. Oppenheim jr & Cie. KGaA, Financial Markets Department, Frankfurt. In 1998-2005, Head of the Corporate RiskAdvisory in the Head Office of Commerzbank. Since 2005, member of the senior management of Commerzbank responsible for international public finance. He also acted as a managing director at Erste Europäische Pfandbrief-Kommunalkreditbank AG in Luxemburg.

Member of the Management Board of BRE Bank since July 10, 2009.

Cezary Kocik - Member of the Management Board, Head of Retail Banking

Born in 1971, Mr. Kocik graduated from the University of Łódź. Holder of a degree in Finance and Banking and a securities broker license. In 1999, employed with Pekao SA, in particular as branch manager in Łódź. In 1994–1996, securities broker at Dom Maklerski Banku PBG. In 1996, employed with Bank PBG in the area of investment banking, debt collection and restructuring. Mr. Kocik has been working in BRE Bank since 2004, first as director of the Credit Risk Management Department and director of the MultiBank Sales and Marketing Department, and since 2008 as Managing Director for Sales and Retail Banking Business Processes. Member of the Management Board of BRE Bank since April 1, 2012.

Jarosław Mastalerz - Member of the Management Board, COO

Born in 1972. In 1996, graduated from the Faculty of Economics and Foreign Trade at University of Łódź. In 1996-1998, worked in the Audit Department of PricewaterhouseCoopers. In 1998-2003, Marketing Director and then Financial Director in Zurich Group. After the take-over of the Polish Zurich operations by Generali in 2003, Financial Director (also responsible for bank assurance) at Generali TU and Generali TUnŻ. Since 2006, Mr. Mastalerz has been working for BRE Bank Group. Co-author of the insurance project BRE Ubezpieczenia. President of the Management Board of BRE Ubezpieczenia and BRE Ubezpieczenia TUiR.

Member of the Management Board of BRE Bank since August 1, 2007. Head of Retail Banking by March 30, 2012. On April 1, 2012, appointed as Member of the Management Board for Operations and IT.

XVI.9.2. Authority and principles of operation of the Management Board

The Members of the Management Board are jointly liable for the overall operation of the Bank. They work collegially and inform each other about the most important matters concerning the Bank for which particular Members of the Management Board are responsible. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the Bank or to perform specific tasks.

The following committees led by Members of the Management Board operate at BRE Bank:

- Resource Management Committee (chairperson: Cezary Stypułkowski)
- Capital Management Committee (chairperson: Jörg Hessenmüller)
- Assets and Liabilities Management Committee (ALCO) of BRE Bank Group (chairperson: Hans-Dieter Kemler)
- Risk Committee of BRE Bank (chairperson: Wiesław Thor)
- Credit Committee of the Management Board of BRE Bank (chairperson: Wiesław Thor)
- Credit Policy Committee of Retail Banking (chairperson: Wiesław Thor)
- Committee on Data Quality Management for the purposes of the Bank’s regulatory requirements calculation /AIRB/ (chairperson: Wiesław Thor)
- IT Architecture Committee (chairperson: Jarosław Mastalerz)
- IT Projects Committee of BRE Bank (chairperson: Jarosław Mastalerz).

The Management Board manages the Bank’s business, represents the Bank and defines the guidelines for the Bank’s operation, especially for the areas subject to risks, including the credit policy, the investment policy, the Bank’s assets and liabilities management policy, and the guarantee policy. The Management Board presents to the Supervisory Board comprehensive information on all significant aspects of the Bank's operations and risks related to its operations as well as risk management methods, on a regular basis.

The Management Board operates pursuant to its Rules approved by the Supervisory Board (available on the Bank's website). The Rules determine among others the issues which require consideration of the Management Board as a collegial body and adoption of a resolution of the Management Board.

All resolutions are adopted by a majority of votes of the Management Board Members present at the meeting, and in the case of an equal number of opposing votes, the President of the Management Board has the casting vote. The Members of the Management Board strive to adopt resolutions by consensus.

Pursuant to best practice principle, the Rules of the Management Board stipulate that a Member of the Management Board should abstain from participating in decision-making on such matters where a conflict of interest arises or may potentially arise between the Bank and the Member of the Management Board, his or her spouse or relatives.

The Remuneration Committee of the Supervisory Board determines the rules and levels of remuneration of Members of the Management Board.

The rules of the incentive programme for the Management Board and rules on awarding bonuses to Members of the Management Board have been adopted by resolutions of the Supervisory Board.

Total remuneration of Management Board Members includes a fixed and a variable part. The fixed part includes basic remuneration of which amount is set for each Member of the Management Board. The second component is the annual cash bonus for the previous financial year. The final third component is the bonus in shares of BRE Bank and cash equivalent of Commerzbank shares which serves as a long-term incentive.

Both the annual cash bonus and the value of shares and cash equivalent of shares granted to each Member of the Management Board are determined by the following three factors:

- net return on equity (ROE) of BRE Bank Group or of the supervised area,
- total budget performance or budget performance in the supervised area,
- individual assessment of the Management Board Member made by the Supervisory Board.

Total remuneration of the Management Board for the last two years is presented below:

Year (in PLN thousand)	Basic remuneration	Other profits	Bonus (in 2011 for 2010, in 2012 for 2011)	Cash settlement of the incentive programme based on Commerzbank shares	Additional bonus for 2008
Remuneration paid in 2012					
Members of the Management Board who performed their function on December 31, 2012	9,393.7	1,359.1	6,597.2	343.7	1,900.0
Former Members of the Management Board	1,029.8	50.8	2,205.0	680.9	636.9
Total	**10,423.5**	**1,409.9**	**8,802.2**	**1,024.6**	**2,536.9**
Remuneration paid in 2011					
Members of the Management Board who performed their function on 31 December 2011	9,886.7	1,198.0	6,977.8	934.0	
Former Members of the Management Board		0.1	1,098.1	462.7	
Total	**9,886.7**	**1,198.1**	**8,075.9**	**1,396.7**	

Information on the remuneration received by particular Management Board Members is presented in note 44 of BRE Bank SA Group IFRS Consolidated Financial Statements 2012 in accordance with the International Financial Reporting Standards, while the description of the share-based incentive programme for the Management Board is presented in note 43 of the BRE Bank SA Group IFRS Consolidated Financial Statements 2012.

XVI.9.3. Composition of the Supervisory Board - changes in 2012

The Supervisory Board acts on the basis of adopted Rules and performs the functions provided for in the By-laws of BRE Bank, the Code of Commercial Partnerships and Companies, and the Banking Law Act. The By-laws of BRE Bank provide that the Supervisory Board consists of no less than five Members elected by the General Meeting for a joint term of three years. The number of the Supervisory Board Members is defined by the General Meeting. A Member of the Supervisory Board whose mandate expired in the course of the joint term of the Supervisory Board may be replaced with another person, elected by the Supervisory Board.

At least half of all Supervisory Board Members, including the Chairman, must hold Polish citizenship. Pursuant to the statutory requirement, at least two Supervisory Board Members are independent, unless the General Meeting decides otherwise. The independence criteria of the Supervisory Board Members are stipulated in the Rules of the Supervisory Board.

In 2012, the composition of the Supervisory Board changed twice.

On February 13, 2012, Eric Strutz, Member of the Supervisory Board, handed in his resignation, effective as of March 30, 2012. The 25th Ordinary General Meeting of BRE Bank appointed Stephan Engels as Member of the Supervisory Board as of April 1, 2012. Since April 2012, Stephan Engels has been acting as Member of the Management Board, Chief Financial Officer of Commerzbank AG.

Furthermore, on July 9, 2012, BRE Bank received the resignation of Sascha Klaus from his position as Member of the Supervisory Board with effect on July 25, 2012. At the meeting held on July 25, 2012, the Supervisory Board appointed Dirk Wilhelm Schuh as Member of the Supervisory Board; since 2008 Mr. Schuh has been employed with Commerzbank Group as head of credit and operational risk.
Composition of the Supervisory Board is presented below:

Maciej Leśny - Chairman of the Bank's Supervisory Board
Born in 1946. In 1969, graduated from the Faculty of Economy of the Warsaw University. During his professional career, Mr. Leśny worked for 6 years in the shipbuilding industry in Gdańsk and 8 years for Zakłady Elektronicznej Techniki Obliczeniowej. For more than 22 years he had worked in the central state administration, including 8 years in the position of Undersecretary of State: in the Ministry of Foreign Economic Cooperation; the Ministry of Economy; the Ministry of Economy, Labour and Social Policy; and finally in the Ministry of Infrastructure. Completed post-graduate studies and training at US universities: the Michigan University (Business School of Administration) and De Paul University (Chicago). In 1992-1993, as a scholarship holder of the US government, Mr. Leśny studied at the American University in Washington, DC. During his scholarship he served a four-month internship at the World Bank and completed a privatization training course in the International Monetary Fund. From March 1994 to 1998, Chairman of the Supervisory Board of BRE Bank. By December 2001, Member of the Supervisory Board. In 2004, Mr. Leśny was re-elected Chairman of the Supervisory Board.

Ulrich Sieber - Deputy Chairman of the Supervisory Board
Born in 1965, Mr. Sieber graduated the Banking Academy (Bankakademie) in Frankfurt. From 1983 to 1991 he was employed with Bayerische Vereinsbank AG as banking trainee, credit officer and HR specialist. Afterwards Mr. Sieber worked for Credit Suisse Deutschland AG in Frankfurt, at first as credit officer, then as Head of HR Development. In the years between 1996 and 2001 he was employed with JP Morgan GmbH Deutschland in Frankfurt, at first as Chief Administration Officer and later as Chief Operating Officer in Investment Banking. In 2001-2005 Mr. Sieber worked for Dresdner Bank AG in several positions, e.g. Chief Operating Officer, Corporates & Markets Germany DrKW and Global Head of Corporate Banking. At the beginning of 2006 he took the position of Commerzbank's

Global Head of HR. Since June 2009 Mr. Sieber is a Member of the Board of Managing Directors of Commerzbank and responsible for the Business Segment Non-Core Assets, Group Human Resources and Group Management Commerzbank Excellence.

Stephan Engels - Member of the Supervisory Board

Born in 1962. Graduate of the University of St. Gallen, Switzerland. Between 1988-1993 employed at Daimler-Benz AG´s internal audit department. Afterwards he was with debis AG and CFO at debis AirFinance B.V. From 2000 worked at DaimlerChrysler Bank AG. In 2003 was appointed chief financial officer. From 2003 worked at DaimlerChrysler Services AG, lastly as Member of the Board for Finance, Controlling, Risk Management & Strategy. Between 2007-2012, a Member of the Executive Committee of Mercedes-Benz Car Group responsible for finance and controlling as well as head of corporate controlling in Daimler AG. Since April, 2012, Chief Financial Officer, Member of the Management Board of Commerzbank.

Andre Carls - Member of the Supervisory Board

Born in 1963. Graduate of the University of Cologne, PhD in economics. Employee of Commerzbank since 1990. From 1990-2000 held various positions in the Investment Banking division in Frankfurt and London. From 2000 to 2008, acted as Member of the Management Board of comdirect bank AG, from November 2004 to March 2008 - as CEO. From March to September 2008, Chief Financial Officer and Vice-President of the Management Board of BRE Bank. Since March 2008, CEO of Commerzbank Auslandsbanken Holding AG, Frankfurt, and CEO of Central & Eastern Europe-Holding of Commerzbank AG.

Thorsten Kanzler - Member of the Supervisory Board

Born in 1964. Studied mechanical engineering and economics at the University of Technology in Darmstadt (Germany), where he obtained the Diplom-Wirtschaftsingenieur (M.Sc. Eng.). From 1991 to 2004, employed at Deutsche Bank AG on various positions in the treasury and risk management area in Frankfurt, New York, Sydney and London. Between 2004 and 2007, Group Treasurer and Divisional Board Member of Corporate & Investment Banking in WestLB AG in Düsseldorf. Since May 2007, Head of Group Treasury & Capital Management at Dresdner Bank AG in Frankfurt am Main. Since the beginning of 2009, Divisional Board Member for Group Treasury at Commerzbank AG. Mr. Kanzler is responsible for assets and liabilities management, risk management of the banking books, capital management and funding.

Teresa Mokrysz - Member of the Supervisory Board

Born in 1952. Graduated from the University of Economics in Katowice in 1978. Co-owner of MOKATE. In 1992-1994, launched cappuccino coffee as a new product on the Polish market and acquired a 70% market share and a leading position in this product category. In 1994-1995, built a greenfield MOKATE plant in Ustroń, and in 2001 another one in Żory. The investments allowed Ms. Mokrysz to introduce her company on the market for half-finished products. At present, leading a group of nine MOKATE companies, five of which are based abroad.

Winner of the "Leader of the Decade" title given by Gazeta Wyborcza daily, and the "Success of the Decade" title given by the Businessman Magazine. In 2000, the International Foundation for Women's Entrepreneurial Spirit from Los Angeles awarded Ms. Mokrysz the title of "the most entrepreneurial woman of the world". Founder of scholarships for talented and impoverished youth, provides financial support to health care institutions, nursing homes, orphanages and schools.

Waldemar Stawski - Member of the Supervisory Board
Born in 1958. Graduate of the Gdańsk Technical University and post-graduate studies in financial analysis, accounting and finance. In 1983-1991, member of the teaching staff of the Maritime University of Gdynia. From 1991, employee of Pomorski Bank Kredytowy, from 1993 - Director of the Branch in Gdynia. In 1995-2000, Director of the Regional Branch of PKO BP in Gdańsk. In 2000, Mr. Stawski was appointed Vice-President of the Management Board of PKO BP SA responsible for managing the treasury, corporate clients, capital market and corporate governance areas. From June 2002 to February 2003, Chairman of the Team of Receivers for Wschodni Bank Cukrownictwa SA. Then, Member of the Management Board of CTL Logistics SA and General Director of the Polish Association of Transport and Logistics Employers. At present, associate to Doradztwo Ekonomiczne Dariusz Zarzecki as Director. Holder of the Accounting Certificate issued by the Minister of Finance, authorising him to provide bookkeeping services.

Dirk Wilhelm Schuh - Member of the Supervisory Board
Born in 1956, graduate of the Frankfurt School of Finance and Management, Bankakademie. Employed with Dresdner Bank AG for 19 years. In 1989–1991, team leader in the credit risk department of the head office of Dresdner Bank; in 1992-1995, branch director in Dortmund. In 1996, responsible for the development of the corporate banking strategy in the head office; in 1997, responsible for the corporate banking area in Dresdner Bank in Dresden. In 1998, Mr. Schuh was appointed regional manager for the south-east region in Leipzig. Since 2000, spokesperson for the Management Board of Deutsche Hypothekenbank Frankfurt - Hamburg AG. In 2002, appointed deputy chairman of the Management Board of Eurohypo AG. Since 2008, employed with Commerzbank Group as head of operations and credit risk.

Jan Szomburg – Member of the Supervisory Board
Born in 1951. Graduate of the University of Gdańsk, PhD in economics. Previously worked as an assistant and then as a lecturer at the University of Gdańsk. Founder and the President of the Management Board of the Gdańsk Institute for Market Economics. In 1990s, Chairman of the Supervisory Board of Polski Bank Rozwoju and Bank Gdański, advisor to the ownership transformation minister, member of the Prime Minister's Ownership Transformation Council. Economic advisor to the prime minister, chairman of the Prime Minister's Ownership Transformation Council.

Marek Wierzbowski - Member of the Supervisory Board
Born in 1946. Full professor of the University of Warsaw, legal counsel, partner to the law office "Prof. Marek Wierzbowski i Partnerzy - Adwokaci i Radcowie Prawni", member of the Public Procurement Council, president of the Court of the Chamber of Brokerage Houses, vice-president of the Stock Exchange Board. For many years he was a partner in international law firms: Weil Gotshal & Manges, and then Linklaters. Mr. Wierzbowski represents entrepreneurs in proceedings before administrative bodies, and before administrative and arbitrage courts. Professor Wierzbowski has been leading legal teams servicing numerous transactions, in particular the sale of shares of privatized large enterprises. Creator of brokerage houses, representative of the Securities and Exchanges Commission and the Commission for Banking Supervision in proceedings before the Supreme Administrative Court. Acted as advisor to the Ownership Transformation Minister, Treasury Minister, and President of the Power Industry Regulatory Office, and as vice-president of the Arbitrage Court at the Polish Chamber of Commerce in Warsaw.

The composition of the Supervisory Board reflects the care exercised to achieve the greatest possible diversification of members both in terms of their professional experience as well as their knowledge and skills. The Supervisory Board is composed of representatives of BRE Bank's main shareholder, specialists of science and business, and persons having vast legal knowledge and banking expertise.

Independent Members of the Supervisory Board of BRE Bank SA are: Maciej Leśny, Teresa Mokrysz, Waldemar Stawski and Marek Wierzbowski. Jan Szomburg does not meet the independence criterion, as he has been acting as Supervisory Board Member for more than 12 years. Dependent Members, having relations with the dominant shareholder of BRE Bank, are: Andre Carls, Stephan Engels, Thorsten Kanzler, Dirk Wilhelm Schuh and Ulrich Sieber.

The term of the Supervisory Board expires on the day of the General Meeting in 2014.

XVI.9.4. Authority and principles of operation of the Supervisory Board

The powers of the Supervisory Board involve in particular:

- providing the Management Board with advice and exercising supervision over the Management Board in developing guidelines for the Bank's operation which is risk bearing, including its credit, investment, guarantee policies, as well as compliance policy, and approving proposals of the Management Board concerning the Bank's basic organisational structure,
- exercising supervision over compliance of the Bank's regulations with regard to risk taking with the strategy and the financial plan of the Bank,
- approving the rules of information policy adopted by the Management Board, regarding risk management and capital adequacy,
- approving strategies and procedures developed by the Management Board regarding the internal control system, the risk management system, the internal capital assessment process, capital management and capital planning,
- assessing the adequacy and effectiveness of the risk management system,
- examining all regular reports and exhaustive information received from the Management Board on all important aspects relating to the Bank's operation, the risk related to its operation, and the manner and effectiveness of risk management,
- drawing up a concise assessment of the Bank's situation in order to submit it to the Ordinary General Meeting and append it to the annual report of the Bank for the previous financial year,
- approving the Bank's annual financial plans, multi-year development plans, as well as a strategy of the Bank's operation and the rules of prudent and stable management of the Bank,
- reviewing any motions and matters subject to resolutions of the General Meeting, including draft resolutions of the General Meeting; drawing up justifications for draft resolutions to be submitted for approval to the General Meeting,
- issuing or approving the rules provided for in the Bank's By-laws,
- appointing and dismissing the President, the Vice-Presidents and other Members of the Management Board in accordance with the Banking Law, taking into consideration relevant qualifications for performing the functions assigned to them,
- defining terms and conditions of contracts and setting remuneration for the Management Board,
- authorising the Chairman of the Supervisory Board to represent the Bank in agreements with Members of the Management Board, and also when signing management contracts with Members of the Management Board,
- approving the conclusion of or amendments to any significant agreement or arrangement with Members of the Management Board or the Supervisory Board,
- approving the conclusion of, amendments to or termination of any significant affiliation agreements or co-operation agreements,

- analysing the reports from the director of the Internal Audit Department, received at least once a year.

Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board on his or her own initiative, or on request of the Management Board, or on request of a Supervisory Board Member, no less frequently than three times a year. All the Management Board Members participate in meetings of the Supervisory Board except for those agenda items which directly concern the Management Board or its Members.

Resolutions of the Supervisory Board are adopted by a simple majority of votes cast. In the case of an equal number of opposing votes, the Chairman of the Supervisory Board has the casting vote.

No resolution should be passed without the consent of the majority of independent Members of the Supervisory Board on the following matters:

- any benefits provided by the Bank or any entities associated with the Bank to the benefit of Members of the Management Board,
- consent for the Bank to enter in a significant agreement with an entity associated with the Bank, a Member of the Supervisory Board or the Management Board, and entities associated with them.

The Supervisory Board has 4 Committees: the Executive Committee, the Risk Committee, the Audit Committee, and the Remuneration Committee. The latter was established in H1 2012 in accordance with the amendments made to the By-laws of BRE Bank on March 30, 2012 by the 25th Ordinary General Meeting.

Executive Committee	Risk Committee	Audit Committee	Remuneration Committee
Maciej Leśny	Dirk Wilhelm Schuh	Stephan Engels	Ulrich Sieber
Andre Carls	Thorsten Kanzler	Andre Carls	Andre Carls
Jan Szomburg	Maciej Leśny	Maciej Leśny	Maciej Leśny
Ulrich Sieber	Waldemar Stawski	Teresa Mokrysz	Marek Wierzbowski

The tasks of the Executive Committee involve, in particular, exercising regular supervision of the Bank's operation in the periods between meetings of the Supervisory Board. The Executive Committee authorises the Management Board to acquire, encumber or dispose of real estate, perpetual leasehold, or interests in real estate, shares or equity interests in companies, and other fixed assets if the value of the transaction exceeds 1% of the Bank's own funds. Such authorisation is not required if the aforesaid acquisition took place as part of enforcement or bankruptcy proceedings, including the bankruptcy proceeding with the possibility to make an arrangement or other settlement with the Bank's debtor or in the case of the sale of assets so acquired.

The Audit Committee issues opinions about the selection of the Bank's statutory auditor by the General Meeting, recommends whether the Supervisory Board should approve or reject financial statements, exercises regular supervision over the internal control system at the Bank, and approves changes proposed by the Management Board of the Bank as regards the head of the Internal Audit Department.

The Audit Committee must be composed of at least one independent Supervisory Board Member with qualifications and experience in accounting and finance.

The Risk Committee has among others the following tasks: exercising permanent supervision over credit risk, market risk, operational risk and liquidity risk. Moreover, the Risk Committee issues recommendations for approval or rejection of exposures posing single entity risk, in accordance with the parameters defined by the Supervisory Board at the time. Moreover, the Risk Committee issues recommendations for approval or rejection of the transactions, provided for in the Banking Law, between the Bank and Members of the Bank's authorities, and recommendations for approval or rejection of the Bank's information policy regarding risk management.

The tasks of the Remuneration Committee include: reviewing the remuneration principles and amounts of remuneration paid to Members of the Management Board, setting the remuneration levels, presenting opinions concerning approval for Members of the Management Board of BRE Bank SA to engage in competitive activity, issuing recommendations to the Supervisory Board regarding the general guidelines for the Management Board on the level and structure of remuneration for the Bank's senior management and the policy of variable components of remuneration paid to persons holding managerial positions at the Bank. Moreover, the Committee monitors the level and structure of the remuneration paid to senior managers.

All standing committees of the Supervisory Board make reports pertaining to their performance in the past reporting period available to shareholders. The aforesaid reports are appended to the set of materials for the Ordinary General Meeting.

The amount of monthly remuneration of the Members of the Supervisory Board was set in Resolution No. 26 adopted by the 25th General Meeting of BRE Bank held on March 30, 2012. The Chairperson of the Supervisory Board earns PLN 17,000 monthly, the Deputy Chairperson - PLN 14,500 monthly, while members of the Supervisory Board earn PLN 12,000 monthly.

Additional monthly remuneration is granted for the participation in standing committees: 50% of monthly basic remuneration for the first committee and 25% for participating in every other committee. Total remuneration for the participation in committees cannot exceed 75% of the basic remuneration.

Total remuneration of the Supervisory Board paid in 2011 and 2012 is presented in the table below.

Year	2011	2012
Remuneration in PLN thousand	2,057.9	2,283.7

Detailed information about the remuneration amounts paid to individual Members of the Supervisory Board is included in explanatory note 44 of the BRE Bank SA Group IFRS Consolidated Financial Statements 2012.

XVI.9.5. Operations of the Supervisory Board and its commissions in 2012

In 2012, the Supervisory Board co-operated closely and on a regular basis with the Management Board in order to develop the strategic directions for the future business development of BRE Bank Group. The co-operation resulted in the adoption of the Strategy of BRE Bank Group for 2012-2016 "One Bank for Clients and Employees".

In 2012, the Supervisory Board held 6 meetings and adopted 55 resolutions. The resolutions concerned among others:

- adoption of the financial statements of BRE Bank and BRE Bank Group and other materials for the Ordinary General Meeting,
- adopting the Financial Plan for 2013,

- adoption of the Mid-term Financial Plan for 2013-2016,
- adoption of the Strategy of BRE Bank Group for 2012-2016 "One Bank for Clients and Employees",
- adoption of the rules of prudent and stable management of the Bank,
- adoption of the Capital Management Policy,
- approval of the Corporate Governance Policy at BRE Bank,
- approval of the general organisational structure of BRE Bank,
- adoption of the remuneration system at BRE Bank, including the policy and rules for remunerating risk-takers at BRE Bank,
- adoption of amendments to the Employee Programme Rules and the Incentive Programme for Management Board Members,
- adoption of the rules for planning and evaluating MbO objectives for Management Board Members,
- adoption of amendments to the Rules of the Supervisory Board,
- adoption of the new By-laws of BRE Bank,
- establishment of the Remuneration Committee of the Supervisory Board and approval of its rules,
- adoption of the Rules of Procedure for the Risk Committee of the Supervisory Board,
- allocation of funds to the BRE Bank Foundation,
- adoption of the Internal Audit Plan for 2012,
- adoption of amendments to the Rules of Internal Control,
- adoption of the assessment of the Internal Control and Risk Management System in 2011,
- adoption of the Risk Management Strategy of BRE Bank Group,
- adoption of the Operational Risk Management Strategy and Policy,
- adoption of the Liquidity Management Strategy,
- adoption of the Internal Capital Adequacy Assessment Process (ICAAP) in BRE Bank Group,

The Supervisory Board passed all the resolutions and decisions unanimously.

Furthermore, current results of BRE Bank Group and its particular business areas were discussed and evaluated with reference to the financial plan in a systematic, regular manner at the meetings of the Supervisory Board.

Attendance of the Supervisory Board Members at the meetings and participation in the Committees in 2012:

	Attendance*	Executive Committee	Risk Committee	Audit Committee	Remuneration Committee
Andre Carls	6/6	X		X	X
Stephan Engels (from April 1, 2012)	5/5			X (from April 1, 2012)	
Thorsten Kanzler	5/6		X		
Sascha Klaus (to July 25, 2012)	4/4		X (to July 25, 2012)		

Maciej Leśny	6/6	X	X	X	X
Teresa Mokrysz	6/6			X	
Dirk W. Schuh (from July 26, 2012)	3/3		X (from July 26, 2012)		
Ulrich Sieber	4/6	X			X
Waldemar Stawski	6/6		X		
Eric Strutz (to March 30, 2012)	1/3			X (to March 30, 2012)	
Jan Szomburg	6/6	X			
Marek Wierzbowski	4/6				X

** Attendance at meetings / number of meetings during the mandate.*

In performing its function of ongoing supervision of the Bank's operation in the periods between meetings of the Supervisory Board, the Executive Committee co-operated closely with the Management Board and was informed about the situation in the Bank on an ongoing basis in 2012. Members of the Committee held regular meetings with Members of the Management Board. The Executive Committee considered, among others, bonuses for Members of the Management Board (prior to the official establishment of the Remuneration Committee) and approved the membership of the Management Board Members in authorities of other companies.

The Audit Committee has been regularly informed about the results and the financial standing of the Bank and BRE Bank Group and has been receiving and analysing information on actions taken in the key risk areas.

The Committee held four meetings in 2012 and discussed, among others, the following:

- compliance of the process of preparing financial statements with the law and applicable regulations,
- conclusions from the audit of the annual financial statements of BRE Bank Group for 2011,
- summary of the audit of the financial statements for H1 2012,
- scope of the audit of the financial statements for 2012,
- assessment of the internal control and risk management system at BRE Bank in 2011 made by the Internal Audit Department,
- co-operation with the auditor PricewaterhouseCoopers.

The Audit Committee recommended that the Supervisory Board approve the following:

- Reports of the Management Board on operations of BRE Bank and BRE Bank Group in 2011, and Financial Statements for 2011
- Annual report on compliance risk management at BRE Bank in 2011
- Report of the Outsourcing Coordinator in respect to the implementation of the Outsourcing Policy at BRE Bank in 2011
- Annual report on supervising the processes of handling claims and complaints in 2011
- Audit Plans of the Internal Audit Department for 2011

- Approval of amendments to the Internal Control Rules at BRE Bank.

In 2012, the Risk Committee paid much attention to the introduction at BRE of statistical methods for calculating credit risk regulatory capital requirements (AIRB approach).

In 2012, the Risk Committee issued 51 recommendations concerning exposures posing single entity risk in accordance with the parameters defined by the Supervisory Board.

At its meetings, the Risk Committee discussed the quarterly risk reports (capital adequacy, liquidity risk, credit risk, operational risk, market risk and interest rate risk), and a range of issues related with the credit portfolio. Other major issues considered by the Committee included the largest exposures, development of risk parameters and of loan loss provisions at the Bank and in the Group..

The Remuneration Committee held three meetings in 2012 and discussed the following issues:

- development and adoption of new managerial contracts for Members of the Management Board,
- adoption of the remuneration system at BRE Bank, including the policy and rules for remunerating risk-takers at BRE Bank,
- adoption of amendments to the Employee Programme Rules and the Incentive Programme for Management Board Members,
- MbO system at BRE Bank, approval of the rules for planning and evaluating the MbO objectives for Management Board Members and adoption of the MbO objectives for Management Board Members for 2013.

The Remuneration Committee issued recommendations on all those issues for the Supervisory Board.

XVII. Statements of the Management Board

True and Fair Picture in the Presented Reports

The Management Board of BRE Bank SA declares that according to their best knowledge:

- The annual consolidated financial statements and the comparative figures were prepared in compliance with the binding accounting principles and present a true, fair and clear picture of the financial position and the condition of the assets of BRE Bank SA Group as well as its financial performance
- The report of the Management Board on the business of the BRE Bank Group in 2012 presents a true picture of the developments, achievements, and situation of the BRE Bank SA Group, including a description of the main risks and threats.

Appointment of the Auditor

The Auditor authorised to audit financial statements and performing the audit of the annual financial statements of BRE Bank SA Group for 2012 - PricewaterhouseCoopers Sp. z o.o. - was appointed in compliance with legal regulations. The audit company and its auditors fulfilled the conditions necessary for an impartial and independent audit report in compliance with respective provisions of Polish law and professional standards.

Signatures of the Members of the Management Board of BRE Bank SA

Data	First and last name	Position	Signature
07.03.2013	Cezary Stypułkowski	President of the Management Board, General Director of the Bank	
07.03.2013	Wiesław Thor	Deputy President of the Management Board, Chief Risk Officer	
07.03.2013	Przemysław Gdański	Member of the Management Board, Head of Corporate Banking	
07.03.2013	Jörg Hessenmüller	Member of the Management Board, Chief Financial Officer	
07.03.2013	Hans-Dieter Kemler	Member of the Management Board, Head of Investment Banking	
07.03.2013	Cezary Kocik	Member of the Management Board, Head of Retail Banking	
07.03.2013	Jarosław Mastalerz	Member of the Management Board, Head of Operations & Information Technology	