

Letter of the President of the Management Board of BRE Bank SA to Shareholders

Ladies and Gentlemen,

The year 2010 was very successful for BRE Bank Group. Profit before tax of PLN 872.5 million was more than four times higher than a year earlier while net profit of PLN 641.6 million was five times higher. The Bank alone generated profit before tax of PLN 682.0 million and net profit of PLN 517.7 million.

However, our biggest success was the historically highest income of over PLN 3.1 billion, up by almost 10% year on year. It should be stressed that it mainly consisted of typical banking revenue: interest as well as fees and commissions. The income level improved both in Retail Banking and Corporate Banking.

At the same time, the level of loan loss provisions was reduced by a high 42% compared to 2009, when the provisions determined the weaker results of the Bank and the Group. The cost of risk (new provisions to average loans in the year) decreased from 210 basis points in 2009 to 114 basis points in 2010. Considering the current risk profile, this is an acceptable level in line with market benchmarks.

While the costs of the Group increased by less than 5%, the cost/income ratio was reduced to 51.8%, as compared to 54.2% a year earlier. We will be working to improve the ratio further by focusing more on income growth. I believe that BRE Bank Group, taking into account the value of its total assets and costs born in recent years, must generate higher revenue, including interest income as well as fee and commission income, because our current income level is relatively lower compared to our peers.

Retail Banking generated the biggest part of the profit before tax (52.2%). We acquired 394 thousand new customers in 2010 and increased cross-selling ratio from 2.6 to 2.8 products per customer. Deposits were stable year on year despite our more aggressive pricing policy. Non-mortgage loans started to gradually grow and our market share increased in this segment.

Retail Banking, which serves 3.7 million customers, will be the main driver of our further income improvement. Clients acquired during last years represent a huge asset of the Bank and its retail subsidiaries. Our ambition is to grow our income by improving customer relations, making mBank and MultiBank into first-choice banks, and selling more products and services to clients. We must also remain on the forefront of innovation and anticipate clients' needs.

Corporates and Markets generated almost as much profit before tax (46.8%). It was possible thanks to a higher number of customers and their increased activity, especially in transactional banking. In 2010, companies were still accumulating cash and their investment decisions were on hold. As a result, BRE Bank's corporate deposits increased by 10.4% while corporate loans fell slightly in line with the market trend (figures adjusted for significant repo transactions at the end of 2010, which distorted the aggregates).

According to our strategy, BRE Bank expanded its share in financing local governments, up from 0.8% at 2009 year-end to 4.1% in 2010. We will continue to grow our market share by offering services including co-financing of EU projects.

The subsidiaries made a significant contribution (38%) to the profit of Corporates and Markets. Their total profit reached PLN 154 million. BRE Leasing was the profitability leader (profit before tax of PLN 44.1 million) followed by BRE Bank Hipoteczny (PLN 37.8 million) and Dom Inwestycyjny BRE Banku (PLN 37.1 million).

Income in this business segment can improve thanks to higher level of cross-selling including sales of investment banking products and products of our subsidiaries to corporate clients.

A significant growth potential can also be unlocked by extending our relations with German clients operating in Poland in order to make BRE Bank into the first-choice bank for German businesses in

Poland. While we have a strong position in this customer segment, we are yet to tap the potential supported by our 15-year-long relations with Commerzbank.

In 2010, the Bank successfully completed a new share issue and added almost PLN 2 billion to its capital base. The level of our equity ensures a very safe position of the Group: our capital adequacy ratio was 15.90% and our Core Tier I ratio was 10.40% as at the end of 2010. This enables us to take advantage of improving market conditions and to expand relatively actively in 2011.

To make the improvement of our income base even more dynamic, we have initiated internal changes to our organisation in early 2011. These include mainly the MbO (Management by Objectives) system. Objectives of our managers, cascaded down to employees, will be set on an annual basis, by quarter, and subject to quarterly review.

I do believe that these initiatives will improve our income base and ensure better shareholder satisfaction. I want the Bank to pay out a satisfactory dividend to the shareholders (starting from 2011 net profit) after years of no dividend payments.

Our Bank (established as Banku Rozwoju Eksportu) is celebrating its 25th anniversary in late 2011. This will be a time of reflection on what our founders and ourselves have achieved, and what challenges we will face in the future.

I wish BRE Bank to enter its second 25 years with energy typical of its age and not only to be the third largest institution in Poland but to gradually generate at least the third highest income in the sector. I do believe that we can do that if we pursue our strategy with dedication and employee involvement.

Today, on behalf of the Management Board, I would like to thank all those without whose input last year's achievements would not have been possible.

I thank our shareholders for confidence and support over the years. I would like to thank especially those investors, who participated in new share issue and entrusted us with additional funds. I thank our clients, who make us a partner to their business success, for their trust and partnership. We will do our best to meet your expectations. I thank the employees of the Bank and the Subsidiaries for efforts, persistence and commitment and also for a friendly welcome to me in the new role.

With best regards,

Cezary Stypułkowski

28 February 2011