

*This prospectus constitutes a base prospectus (the **Base Prospectus** or the **Prospectus**) in respect of non-equity securities within the meaning of Article 22 Para.(6) No. 4 of the Commission Regulation (EC) No 809/2004 of April 29, 2004 (the **Commission Regulation**).*

BASE PROSPECTUS



BRE FINANCE FRANCE SA

(incorporated as a société anonyme in the Republic of France)

€2,000,000,000

Euro Medium Term Note Programme unconditionally and irrevocably guaranteed by

BRE BANK SA

(incorporated as a joint stock company in the Republic of Poland)

Under this €2,000,000,000 Euro Medium Term Note Programme (the **Programme**), BRE Finance France SA (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by BRE Bank SA (the **Guarantor** or the **Bank**, and together with its consolidated subsidiaries, the **Group**).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority (the **Competent Authority**) under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the **Prospectus Act 2005**) to approve this document as a base prospectus (*Loi relative aux prospectus pour valeurs mobilières*; which implements Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the **Prospectus Directive**)) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**)). The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act

2005. This Base Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

The Issuer has requested the CSSF to provide each of the competent authorities of the Federal Republic of Germany (**Germany**), The Netherlands, the Republic of Austria, the United Kingdom and Poland with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Act 2005 (the **Notification**). The Issuer may request the CSSF to provide the competent authorities in additional member states of the European Economic Area (**EEA**) with similar certificates of approval.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

Any person (an **Investor**) intending to acquire or acquiring any securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Base Prospectus only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore verify whether the Offeror is acting in association with the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice.

The rating of certain Series of Unsubordinated Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Unsubordinated Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the Final Terms. At the date of this Prospectus, the Subordinated Notes are not intended to be rated. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Arranger

Commerzbank

Dealers

**Barclays
Commerzbank
Deutsche Bank
Erste Group
J.P. Morgan**

**BofA Merrill Lynch
Credit Suisse
DZ BANK AG
HSBC
UniCredit Bank**

The date of this Base Prospectus is 12 April 2012.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the Prospectus Directive) as amended (which includes the amendments made by Directive 2010/73/EU (the 2010 PD Amending Directive)) to the extent such amendments have been implemented in a relevant Member State of the European Economic Area.

The Issuer and the Guarantor (the Responsible Persons) accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the 3rd paragraph on the second page of this Base Prospectus.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

Each of the Issuer and the Guarantor confirms that any information which has been extracted from an external source has been accurately reproduced and that, so far as it is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such

information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, France and Poland, see "*Subscription and Sale*").

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance

with the Prospectus Directive, provided that any such prospectus has subsequently been completed by applicable Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

None of the Dealers, the Issuer or the Guarantor makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus.

All references in this document to United States dollars, U.S. dollars, U.S.\$ and \$ refer to the lawful currency of the United States of America, to euro, EUR and € refer to the currency of the European

Union Member States for the time being participating in economic and monetary union under the Treaty on the functioning of the European Union, as amended, to £ and Pounds Sterling refer to the lawful currency of the United Kingdom, to Japanese Yen refer to the lawful currency of Japan, to CHF refer to the lawful currency of Switzerland and to PLN, zloty or zlotys refer to the lawful currency of the Republic of Poland (Poland). On 11 April 2012 the National Bank of Poland (the NBP) exchange rate between the euro and zloty was 1 EUR = 4.2008 PLN and the exchange rate between United States dollars and zloty was 1 USD = 3.2034 PLN.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary.

Issuer: BRE Finance France SA

Guarantor: BRE Bank SA

Risk Factors: An investment in the Notes involves certain risks relating to the Issuer, the Guarantor and the Notes. While all of these risk factors are contingencies which may or may not occur, potential investors should be aware that the risks involved with investing in any Notes may (i) affect the ability of the Issuer and/or the Guarantor to fulfil its obligations under Notes issued under the Programme (including in the case of the Guarantor, its obligations under the Senior Guarantee and the Subordinated Guarantee) and/or (ii) lead to a volatility and/or decrease in the market value of the relevant Notes whereby the market value falls short of the expectations (financial or otherwise) of an investor upon making an investment in such Notes.

Risks Relating to the Group

In particular, the Group through its lending activities (both mortgage and non-mortgage lending) is subject to the risk that borrowers and other contractual partners may become unable to meet their obligations to the Group. The Group's risk management methods may prove ineffective at mitigating credit risk. In addition, there will be risk associated with changes in interest rates and foreign exchange rates. In particular, the Group is exposed to risk resulting from the granting, financing and securing of foreign exchange denominated loans. The Group's credit ratings may be lowered or withdrawn by the relevant rating agencies and any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest margins.

Other risks may arise out of the general macro-economic environment in which the Group operates. Such risks include regulatory changes which may affect the members of the Group including the Bank. The effects of the global financial crisis and its impact on the local economies in which the Group operates may have an adverse effect on the Group's business, financial condition and results of operations.

Disruptions recently experienced in the international capital markets may result in a reduction of available financing.

There are also risks relating to the Group and its relationship with Commerzbank and its affiliates. Commerzbank holds corporate control over the Bank and the Group depends significantly on Commerzbank for its funding requirements. Commerzbank is not required to support the Bank.

Risks Relating to Notes Generally

Prospective investors in the Notes are exposed to certain risks associated with investment in the Notes. This includes the fact that the Notes may not be a suitable investment for all investors. In addition, there can be no assurance given that there will be a market for any Notes. There are limited remedies in the event of a default. An investment in the Notes may involve exchange rate risks. The Notes may be modified or waived subject to defined majority voting provisions that are binding on all the Noteholders (including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority) and the issuer may, without the consent of the Noteholders, substitute for itself another company as principal debtor under any Notes in place of the Issuer.

The investment activities of certain investors are restricted by applicable legal investment laws and regulations by certain authorities. As Notes in global form are held by or on behalf of certain clearing systems, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Risks Relating to the Structure of a Particular Issue of Notes

In addition, prospective investors in the Notes are exposed to certain risks associated with the structure of a particular issue of Notes. The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to unsubordinated obligations. Furthermore, the Subordinated Notes might not be treated as "subordinated notes" for regulatory capital purposes in Poland.

The Issuer may have the right to redeem certain Notes, a feature that is likely to limit such Notes' market value and expose investors to certain reinvestment risks. Amounts due in respect of principal and/or interest in respect of index linked interest Notes will be dependent upon the performance of an index or formula, which itself may contain substantial credit, interest rate or other risks.

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies,

guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding Notes.

The above factors and risks are, with others, discussed under "*Risk Factors*" below.

- Programme Size: Up to €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
- Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
- Form of Notes: The Notes will be issued in bearer form.
- Terms of Notes: Notes may be issued on a fully-paid and at an issue price which is at par or at a discount to, or premium over, par.

Notes may be denominated in any agreed currency and with any agreed maturity, subject to any applicable legal or regulatory restrictions and any requirements of the relevant central bank (or equivalent body).

The terms of the Notes will be specified in the applicable Final Terms. The following types of Note may be issued: (a) Notes which bear interest at a fixed rate or a floating rate; (b) Notes which do not bear interest; and (c) Notes which bear interest, and/or the redemption amount of which is, calculated by reference to a specified factor such as movements in an index or a currency exchange rate, changes in share or commodity prices or changes in the credit of an underlying entity. In addition, Notes which have any combination of the foregoing features may also be issued.

- Interest Periods: Interest periods, rates of interest and the terms of and/or amounts payable on redemption may differ depending on the Notes being issued and such terms will be specified in the applicable Final Terms.

- Early Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Denomination:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by (i) any Tax Jurisdiction or (ii) pursuant to FATCA, as provided in Condition 8. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	<p>The terms of the Unsubordinated Notes (as defined in the Terms and Conditions) will contain a negative pledge provision (see Condition 3).</p> <p>The terms of the Subordinated Notes (as defined in the Terms and Conditions) will not contain a negative pledge provision.</p>
Events of Default:	<p>The terms of the Unsubordinated Notes (as defined in the Terms and Conditions) will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> (a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer or the Guarantor of any of its other material obligations under the Terms and Conditions or, in the case of the Guarantor only, the Senior Guarantee or the Subordinated Guarantee continuing for a specified period of time; (c) cross-default in respect of default in payment of other indebtedness of the Issuer and Guarantor or certain of their material subsidiaries as more fully described in Condition 10.1(c); and (d) events relating to the dissolution, cessation of business, insolvency or winding up of the Issuer and the Guarantor. <p>The Subordinated Notes (as defined in the Terms and Conditions) will not contain any events of default.</p>
Status:	The Notes may be issued on a subordinated or unsubordinated basis,

as specified in the relevant Final Terms.

- Senior Guarantee: The payment of principal and interest in respect of the Unsubordinated Notes has been unconditionally and irrevocably guaranteed by the Guarantor in the Deed of Covenant dated 12 April 2012 (the **Deed of Covenant**) (the **Senior Guarantee**). The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Guarantor present and future (save for certain mandatory exceptions provided by Polish law).
- Subordinated Guarantee: The Guarantor has irrevocably and unconditionally guaranteed the due payment of all sums expressed to be payable under the Subordinated Notes on a subordinated basis in the Deed of Covenant (the **Subordinated Guarantee**). The obligations of the Guarantor under the Subordinated Guarantee constitute unsecured and subordinated obligations of the Guarantor to the extent that, in the event of the bankruptcy, liquidation, dissolution or other winding up of the Guarantor, and to the extent permitted by Polish law, payment by the Guarantor will be subordinated to claims against the Guarantor of all unsubordinated creditors of the Guarantor and to claims preferred under Polish law generally.
- Use of Proceeds: The net proceeds of the issue of each Tranche will be transferred to the ownership of the Guarantor and deposited to its account under the terms of a deposit agreement (*umowa kaucji*), establishing a deposit (*kaucja*), to be entered into between the Issuer and the Guarantor on or before the Issue Date, and will be used by the Guarantor for general corporate purposes.
- Rating: The rating of certain Series of Unsubordinated Notes to be issued under the Programme may be specified in the applicable Final Terms. At the date of this Prospectus, the Subordinated Notes are not intended to be rated. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the Final Terms.
- Listing and admission to trading: Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.
- Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.
- The applicable Final Terms will state whether or not the relevant

Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law except the provisions of Conditions 2.3 which will be governed by French law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area including the United Kingdom, France and Poland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

Prospective investors should consider carefully the risks set out below and the other information contained in this Prospectus (including any documents deemed to be incorporated by reference herein) prior to making any investment decision with respect to the Notes. Certain of the risks highlighted below could have a material adverse effect on the Group's business, operations and financial condition which, in turn, could have a material adverse effect on the ability of the Issuer and the Bank to fulfil their respective obligations under the Notes. In addition, the value of the Notes could decline due to any of these risks, and prospective investors may lose some or all of their investment. Prospective investors should note that the risks described below are not the only risks the Group faces. The Bank has described only those risks relating to its operations that it considers material. In addition, the Bank has described certain general risks applicable to an investment in Poland and to the Polish banking industry which are associated with an investment in the Notes. There may be additional risks that the Bank currently considers not to be material or of which the Bank is not currently aware, and any of these risks could have the effects set out above. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings as given to them in this section.

Risks relating to the Group's business and the industry in which it operates

The Group may not be able to maintain the quality of its loan, investment, proprietary investment or trading book portfolios

The quality of the assets in the Group's loan portfolio is affected by changes in the creditworthiness of its customers, their ability to repay their loans on time, the Group's ability to enforce its security interests on customers' collateral should such customers fail to repay their loans and whether the value of such collateral is sufficient to cover the full amounts of those loans.

The quality of the Group's loan and investment portfolio may deteriorate due to various other reasons, including internal factors (such as failure of risk management procedures) and factors beyond the Group's control (such as any negative developments in Poland's economy resulting in the financial distress or bankruptcy of the Group's customers, or restriction of credit information concerning certain customers).

The quality of the Group's loan portfolios can also be influenced by counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions, to fulfil their obligations under transactions and financial instruments entered into with the Bank due to a number of factors, including, in particular, bankruptcies, lack of market or individual customer liquidity, economic downturns, adverse financial and market movements (e.g. in interest rates or foreign currency exchange rates, commodity prices, the implied volatility of foreign exchange options), operational failures and increased economic and political uncertainty. If the level of the counterparty risk increases, it would adversely impact the creditworthiness and financial standing of the counterparties, and as a result, could trigger additional adverse consequences in the financial contracts of the Group's customers, which could worsen their financial exposure and make it more difficult for them to fulfil their obligations to the Bank. See "*The Group has significant exposure to counterparty credit risk in connection with its banking operations*" in this section.

The Group's proprietary investment and trading book portfolio consists of stocks, shares, fund units, debt securities and derivatives. The quality of the Group's proprietary investment portfolio is affected by macroeconomic and other factors, including the general business environment, the financial standing of companies in which the Group invests and the stock market. The quality of the trading book depends significantly on developments in financial markets and on the creditworthiness and financial standing of

counterparties of the transactions in this portfolio. See "*The value of the Group's trading book portfolios may be adversely affected by adverse movements in market parameters*" in this section.

The quality of the Group's debt securities portfolio is substantially dependent upon the ability of the issuers of the securities in the portfolios to make payments on the securities when due. The ability of the issuers to make such payments may be affected by changes in their financial standing, including liquidity issues, as well as by the global financial crisis, liquidity concerns, increased credit risk and other macroeconomic factors.

Realisation of these risks described above could have an adverse effect on the Group's business, financial condition and results of operations.

Increases in the Group's impairment losses on loans and advances may have an adverse effect on the Group's business, financial condition and results of operations

The non-performing loans ratio of the Group decreased from 5.3% as at 31 December 2010 to 4.7% as at 31 December 2011, generally as a result of the improving financial standing of the Group's customers. The Group recorded net impairment losses on loans and advances of PLN 373.5 million as at 31 December 2011, down from PLN 634.8 million as at 31 December 2010.

Although the Management Board uses its best efforts to establish an appropriate amount of impairment losses on loans and advances, that determination is subject to the evaluation of credit risk and may be affected by numerous factors, including uncertainties relating to the current macroeconomic environment. The Group could be required to increase or decrease its impairment losses on loans and advances in the future as a result of increases or decreases in non-performing assets or for other reasons. Any increase in the impairment losses on loans and advances, any loan losses in excess of the previously determined impairment losses on loans and advances with respect thereto or changes in the estimate of the provision for incurred but not yet identified losses on loans and advances could have an adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to risk resulting from the granting, financing and securing of foreign exchange denominated loans

The Group has significant exposure to foreign currency-denominated loans (predominantly retail mortgage loans denominated in CHF). The majority of the Group's retail customers who have mortgage loans in CHF earn their income in PLN. Those customers are usually not secured against exchange rate fluctuations. Any depreciation of the PLN against a loan in a foreign currency results in increase of the monthly instalment denominated in PLN. Although the Bank's approach to credit capacity assessment for such customers has always been conservative (specific income buffers imposed to mitigate the impact of currency mismatch on the customer's financial condition), the significant and permanent PLN depreciation may result in difficulties in servicing loans. In turn it may lead to an increase in impairment allowances of mortgage loans, a decrease in value of the Group's loan portfolio and adversely affect the business, financial condition and results of operations of the Group.

Housing and mortgage loans to retail customers denominated in foreign currencies are mostly CHF-denominated and are funded by CHF-denominated loans from Commerzbank AG (**Commerzbank**) and, to a lesser extent, by foreign currency deposits. Because the maturity of the Group's funding instruments is shorter than the contractual maturity of the underlying loans, the Group may be exposed to an ongoing funding risk if the cost of funding is higher than the net interest and fee and commission income generated from the mortgage loans. Any occurrence of these risks could adversely affect the business, financial condition and results of operations of the Group.

The value of the Bank's securities portfolio may be adversely affected by the prices of Polish treasury securities

As at 31 December 2011, a significant portion of the Bank's securities portfolio was composed of debt securities issued by the Polish State Treasury. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them, (ii) increases in domestic interest rates, or (iii) a decrease in the credit ratings for Poland's sovereign debt. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The value of the Group's trading book portfolios may be adversely affected by adverse movements in market parameters

The Group's trading book portfolio is composed of negotiable financial instruments whose daily valuations depend on certain market parameters (such as foreign exchange rates, interest rates, prices of bonds and stocks, stock indices values, futures prices, and implied volatilities of options). As these parameters vary continuously according to market forces, valuations of the financial instruments also change accordingly, which may adversely impact unrealised results of these portfolios, even though certain components of market risk of those portfolios are hedged and the trading is carried out within set market risk limits. In addition, market movements may also adversely affect realised results of the trading book. Any occurrence of any of these factors may have an adverse effect on the business, financial condition and results of operations of the Group.

The Group has significant exposure to counterparty credit risk in connection with its banking operations

The Group has substantial assets, associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level. Due to the significant depreciation of the PLN against certain foreign currencies many customers who purchased foreign exchange derivatives have been unable to provide the required collateral.

Continued foreign exchange rate volatility and depreciation of the PLN against foreign currencies could increase the pressure on the Group's customers and could lead to increased defaults of the Group's customers and further losses incurred by the Group on its foreign exchange derivatives. Such developments could have an adverse effect on the business, financial condition and results of operations of the Group.

Any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest margins

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A reduction in the Group companies' credit and financial strength ratings could increase the costs associated with its interbank and capital market transactions and could adversely affect the Group's liquidity and competitive position, undermine confidence in the Group, increase its borrowing costs and adversely affect its interest margins.

A reduction in the Group companies' long-term and financial strength ratings could increase the financing costs associated with transactions on the interbank market and could adversely affect the Group's business, financial condition and results of operations.

Historical results of the Group's loans and advances portfolio may not be indicative of expected future results

The Group's loan portfolio has increased significantly in recent years, following a key strategic decision to increase the loan portfolio of the Group several years ago. As a result, a significant portion of the loans in the portfolio still have not reached the anticipated years during which default is most likely and the Group's default rate may increase as these loans season. If the default rate significantly exceeds the default rate that was assumed in setting interest rates for these loans, then the Group's business, financial condition and results of operations could be adversely affected.

The Group may not be able to improve or sustain its current interest rate margins

Various factors could make the Group unable to maintain its current interest rate margins, including increasing market competition for deposits interests, changing demand for fixed rate and floating rate loans, changes in the monetary policy of the NBP, increased inflation and changes in both domestic and international interest rates.

The Group could suffer decreasing interest rate margins for various reasons, including: (i) if market interest rates on floating rate loans decline and the Group is unable to offset such effect by decreasing the rates payable on deposits; (ii) if interest rates payable on deposits increase resulting from additional competition among banks or other factors beyond the Group's control; or (iii) if increased competition on the market and economic recovery push the credit spreads down. Any such changes in interest rates may result in lower net interest income, and therefore adversely affect the business, financial condition and results of operations of the Group.

A high proportion of long-term mortgages in the Group's loan portfolio makes it difficult for the Group to adjust its loan margins to market terms whilst any deterioration of residential real estate prices may negatively affect the Group's business, financial condition and/or the results of its operations.

In accordance with Polish law, the Bank or any member of the Group is not able to unilaterally change the terms of extended loans and advances, including credit margins. As at 31 December 2011, housing and mortgage loans to individuals (retail mortgage loans) constituted a material part of the Group's total loans and advances to customers. As a result, the Group is limited in its ability to change its average credit portfolio margins through the generation of new mortgage loans and advances reflecting current credit margins on the market compared to other financial institutions operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans. This limited ability to re-price its loan portfolio may adversely affect the business, financial condition and results of operations of the Group.

When granting mortgage loans and calculating the applicable interest rates, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security might be adversely affected and in cases of foreclosure, the Group may not be able to recover the entire amount of the loan if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared to other types of investments and such liquidity may further deteriorate in periods of economic downturn. The Group cannot guarantee that if the residential real estate market in Poland deteriorates significantly, the ability to enforce its security in a timely and effective manner would not deteriorate significantly. This could have an adverse effect on the Group's business, financial condition and the results of its operation.

The Group is exposed to credit risk resulting from the extending of non-mortgage lending operations

The Group plans to increase the share of non-mortgage loans in the retail credit portfolio. In recent years the Group offered consumer credit products mostly to existing, low-risk customers. This further growth might require increased acquisition of external customers which, if the plan proves unsuccessful, could have an adverse effect on the business, financial condition and results of operations of the Group.

The Group's risk management methods may prove ineffective at mitigating credit risk

Losses relating to credit risk may arise if the risk management policies, procedures and assessment methods implemented by the Group to mitigate credit risk and to protect against credit exposures prove less effective than expected. The Group employs qualitative tools and metrics for managing risk that are based on observed historical market behaviour. These tools and procedures may fail to predict future risk exposures, especially in a market characterised by increased volatility and falling prices. Given the Group's variety of lending activities, the risk management systems employed by the Group may prove insufficient in measuring and managing risks. As a result, the Group's business, financial condition and results of operations may be adversely affected.

The Group is exposed to operational risk related to its business activities

The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human errors, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, or external events. Typical categories of operational loss include: errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud (including related to credit cards), legal claims over transactions or operations and damage to assets. In addition, because some of the Group's business transactions (e.g. with mBank and Multibank customers) are conducted via internet platforms, the Group is exposed to third-party attacks on its IT systems (See "*The Group's IT systems may fail or their security may be compromised*") which could result in financial or reputational loss. The Group has numerous IT systems used to conduct its operations (e.g., *inter alia*, the Kondor+ system for transactions on financial instruments entered into by the Bank, the Globus platform and the Altamira platform for retail customers), and, due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure the error-free and timely transfer of data within the IT structure of the Bank and the Group. The Group also outsources performance of specific activities on its behalf, including IT services as well as document consignment services, to third parties. Additionally, the Bank outsources to external service providers the performance of certain services related to the sale of retail banking products offered by the Bank. Failures of the Group's operational risk management system to detect or prevent operational problems of third parties which prevent them from performing the activities outsourced to them could affect the Group's business, financial condition and results of operations.

The Bank's fee and commission income may be negatively affected by a decline of business activity in Poland

The Bank generates fee and commission income primarily from the placement of new loan products, current account products, card products, electronic online banking products with retail customers and the placement of cash management and trade finance products with corporate banking customers. A slowdown in business activity in Poland as a result of the current economic environment could decrease the demand for these products, which could have an adverse impact on its fee and commission income and, therefore, its business, financial condition and results of operations.

The introduction of new products and services by the Group and the commencement or continuation of business activities in new markets may involve increased risk

The Group concentrates its business activities in retail banking, corporate banking and investment banking. As part of its development strategy, the Group has undertaken steps to diversify its business by providing a wider range of new products and services to its retail, corporate and investment banking customers in the expectation of generating new revenues, raising brand awareness and attracting new customers. However, there can be no assurance that the historical performance of the Group's products and services will be indicative of the future performance of these new products and services. In addition, these new products may involve increased credit risk.

Additionally, the Group began to provide retail banking services in 2007 in the Czech Republic and Slovakia.

Any failure of these new products and services to generate additional revenues for the Group, raise brand awareness of the Group's products and services or attract new customers or the increased credit risk associated with new products or services, may adversely affect the business, financial condition and results of operations of the Group.

The Group may fail in implementing its strategy

The Group may fail to implement its strategy in the coming years in particular due to potential difficult market conditions and legal and regulatory impediments which, coupled with strong competition from other universal banks, could lead the Group also to lose its position as one of the leading universal banking groups in Poland. This could affect the business, financial condition and results of operations of the Group.

The Group faces increasing competition in Poland's banking industry

Since Poland's accession to the EU, at which time restrictions on foreign financial institutions conducting certain type of business activities were lifted, the Polish banking sector has been marked by low barriers to entry and increasing competition, which resulted in a number of acquisitions and market entries by non-Polish financial institutions. The Group primarily faces competition in its universal banking activities, where its competitors include large Polish and international banks operating in Poland's retail, corporate and investment banking markets.

Increasing competition in the banking industry could also lead to increased pricing pressures on the Group's products and services which would have an adverse effect on the business, financial condition and results of operations of the Group. In particular, increased competition for deposits may lead to a higher loans-to-deposit ratio and increase the Group's cost of funding. In addition, increased competition could lead to a consolidation in the Polish banking sector as smaller banks merge to become more competitive against larger domestic and international competitors in the Polish market. This could affect the business, financial condition and results of operations of the Group.

The Group faces liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet current and future (including contingent) payment obligations as they become due.

The Bank becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. In particular, the Bank may be exposed to increased liquidity risk as a result of its holdings of real estate mortgage loans, which are long-term assets. Although generally holdings of real estate mortgage loans are covered by long and mid-term funding, they are partially financed by short-term and on-demand deposits.

Maturity mismatches between the Bank's assets and liabilities may have an adverse effect on the Bank's business, financial condition and results of operations if the Bank is unable to obtain new deposits or find alternative sources of funding for existing and future loan and advances portfolios.

In terms of current and short-term liquidity risk, if a substantial portion of the Bank's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, as would be the case with many other banks, the Bank's liquidity position, financial condition and results of operations may be adversely affected.

Current liquidity may also be affected by unfavourable financial market conditions. If assets held by the Bank in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially, the Bank might not be able to meet its obligations as they come due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, the Bank's ability to use such external funding sources is directly connected with the level of credit lines available to the Bank, and this in turn is dependent on the Bank's financial and credit condition, as well as general market liquidity.

A loss of liquidity or an inability to raise sufficient funds to finance its operations, particularly its lending operations, may have an adverse effect on the business, financial condition and results of operations of the Bank.

The Group may not be able to hire, train or retain a sufficient number of qualified personnel

The success of the Group's business depends, among other things, on its ability to recruit and maintain qualified personnel. The Group is dependent upon high-level management to implement its strategy and day-to-day operations. In Poland, there is strong competition for qualified personnel specialised in banking and finance, especially at middle and upper management levels. The level of competition increased when large foreign banks entered the Polish market. Some competitors in the Polish market have taken an aggressive approach in the recruitment of qualified and talented personnel currently employed by their competition and are offering significant increases in remuneration. Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and offer incentives to qualified personnel. In addition, the Group's senior management or key employees of the Group's companies may resign or file a termination notice at any time, which could harm the relationships the Group's companies have developed with its customers. The Group's companies may not be able to retain such employees, and if they do resign, the Group's companies may not be able to replace them with persons of the same ability and experience. This could affect the business, financial condition and results of operations of the Group.

The Group's IT systems may fail or their security may be compromised

The Group relies heavily on numerous IT systems for a variety of functions, including processing applications, providing information to customers, maintaining financial records and providing crucial financial and market data to the Management Board. The Group's activities involve the use and constant development of several IT platforms dedicated to the various segments of the Group. In particular, the business model of mBank as an online bank is significantly dependent on the availability, functionality and security of the Group's IT systems and, as a result of its high reliance on online platforms, it is also particularly exposed to third-party attacks via the internet. Malfunctions, in particular with respect to the use of and the interactions between the Group's IT platforms, information leakages, service interruptions or similar events may affect the relationship between the Group and its customers.

Despite the implementation of security and redundancy measures, including back-up systems, the integrated IT system and other IT systems used in the Group may be vulnerable to physical or electronic intrusions, computer viruses or other attacks in light of the growing importance of the electronic access channels. Moreover, programming errors and similar disruptions could impact the Group's ability to serve the needs of

its customers on a timely basis, interrupt the Group's operations, damage the Group's reputation or require it to incur significant technical, legal and other expenses. In addition, the integrated IT system or upgraded information technology systems may fail to meet the needs of the Group's growing and changing business.

These risks may have an adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to macroeconomic and regulatory conditions

The effects of the global financial crisis had, and any further deterioration of the global economy may have, an adverse effect on the Group's business, financial condition and results of operations

The performance of the Group is generally influenced by the condition of the global economy and, in particular, the crisis in the international financial markets and the decline of macroeconomic conditions in Europe, including Poland. The crisis was accompanied by, among other things, a slowdown in economic growth, an erosion of trust in financial institutions, restricted access to the interbank market and other forms of financing, increasing unemployment rates and declines in stock market valuations. Such circumstances have caused disruptions in financial markets worldwide, impacting liquidity and funding in the international banking system. This situation has had a significant adverse effect on the valuation of assets and capital adequacy requirements for many financial institutions worldwide. Especially in Europe, regulatory decisions require banks to improve capital adequacy ratios by mid-2012 which may result in a further sell-off of their assets. As a result of the crisis, access to capital and credit markets and to other available forms of financing and liquidity has been significantly impaired, and the cost of financing has increased considerably. This impaired access to capital and credit markets and increased credit spreads may raise the Bank's financing costs and reduce its financial flexibility. These developments have created an unfavourable environment for the banking sector and may adversely affect the business, financial condition and results of operations of the Group.

The economic conditions in Central and Eastern Europe and the devaluation of the currencies in these countries could have an adverse effect on the Group's business, financial condition and results of operations

There is a perceived notion that the economic or financial conditions of Central and Eastern European countries influence the economic or financial conditions of Poland, and that financial assets of Central and Eastern European countries may be treated as the same "asset class" by foreign investors. As a result, these investors may reduce their investments in Polish financial assets due to the worsening economic or financial conditions in other countries of Central and Eastern Europe. Specifically, the devaluation or depreciation of any of the currencies in Central and Eastern Europe could impair the strength of the PLN. A depreciation of the PLN against foreign currencies may make it more difficult for the Bank's customers to repay their foreign currency loans, which would have a negative impact on the Group's business, financial condition and results of operations. In addition, depreciation of the PLN against foreign currencies would affect the value of the foreign exchange derivatives held by many of the Group's customers. As a result, these customers could become unable to repay amounts due under these foreign exchange derivatives, which could also have an adverse effect on the Group's business, financial condition and results of operations. The financial problems faced by the Group's customers could also adversely affect the Group's business, financial condition and results of operations. Market turmoil and economic deterioration could adversely affect the respective liquidity, businesses and/or financial conditions of the Group's borrowers, which could in turn further increase the Group's non-performing loan ratios, impair its loan and other financial assets and result in decreased demand for the Group's products. In an environment of continued market turmoil, economic deterioration and increasing unemployment, coupled with declining consumer spending, the value of assets collateralising the Group's secured loans, including real estate, also could decline significantly. In addition, customers already have and may further significantly decrease their risk tolerance to non-deposit investments

such as stocks, bonds and mutual funds, which would adversely affect the Group's fee and commission income. Any of these factors, or a combination of them, could have an adverse effect on the Group's business, financial condition and results of operations.

Poland's economic conditions could affect the Group's business, financial condition and results of operations

The Group principally conducts its operations in Poland where the overwhelming majority of its customers are located. As a result, the macroeconomic situation in Poland has a material impact on the business, financial condition and result of operations of the Group.

The economic situation in Poland has, in various ways, been adversely affected by weakening economic conditions and the turmoil in the global financial markets. In particular, Poland has experienced declining economic growth, increasing rates of unemployment, depreciation of the PLN against foreign currencies and decreasing asset values. Adverse economic developments of the kind described above have affected and may continue to affect the income, wealth, liquidity, business or financial condition of the Group's customers which, in turn, could affect the Group's loan portfolio quality and demand for the Group's financial products and services. The Polish government has taken several steps to stabilise the financial system and economic situation, enacting regulations that would, among other things, alleviate the negative consequences of the economic downturn for the labour market and stimulate credit granting operations due to government guarantees of loans. The NBP has also provided certain stabilisation instruments for the financial sector, including tools aimed at preventing disorderly PLN depreciation (FX interventions). However, no assurance can be given that the objectives of the Polish government and the NBP will be achieved.

Further deterioration of the economic, business, political and social conditions in Poland, the failure of the policy of the Polish government, or the actions of the NBP aimed at stabilising the economic situation and the financial system, may adversely affect the business, financial condition and results of operations of the Group.

The Bank and the Group may be unable to satisfy its or their minimum capital adequacy and other capital adequacy ratios

According to current regulations, the Bank and the Group are obliged to maintain a minimum capital adequacy ratio of 8.0%. As at 31 December 2011, the consolidated capital adequacy ratio of the Group was 15.0% and stand-alone capital adequacy ratio of the Bank was 15.3%. Certain developments could affect the Group's ability to continue to satisfy the current capital adequacy requirements, including:

- an increase of the Group's risk-weighted assets as a result of the rapid expansion of its business or depreciation of the PLN against the foreign currencies in which the Group's assets are denominated;
- ability to raise capital;
- losses resulting from a deterioration in the Group's asset quality, a reduction in income levels, an increase in expenses or a combination of all of the above;
- a decline in the values of the Group's securities portfolio;
- failure to implement advanced credit and operational risk assessment methods;
- changes in accounting rules or in the guidelines regarding the calculation of the capital adequacy ratios of banks; and
- changes in PLN exchange rates.

The Group may also be required to raise additional capital in the future in order to maintain its capital adequacy ratios in line with potential future regulatory requirements as well as those implied by the marketplace. The Group's ability to raise additional capital may be limited by numerous factors, including:

- the Group's future financial condition, results of operations and cash flows;
- any necessary government regulatory approvals;
- the financial condition of the Bank's majority shareholder;
- the Bank's credit rating;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

Moreover, there can be no assurance that in the future the Bank will be able to comply with more stringent prudential regulations concerning capital adequacy under the reform package published by the Basel Committee on Banking Supervision (the **BCBS**) in 2010 (commonly referred to as Basel III), and which will give rise to amendments to the Capital Requirements Directive.

Failure to maintain the minimum capital adequacy and other capital adequacy ratios or to otherwise maintain sufficient levels of capital may have an adverse effect on the business, financial condition and results of operations of the Group. Moreover, a breach of existing laws relating to the minimum capital adequacy and other capital adequacy ratios may result in entities in the Group being subject to administrative sanctions which may result in an increase of the operating costs of the Group, loss of reputation, and, consequently, it may have an adverse effect on the business, financial condition and results of operations of the Group.

Increased regulation of the financial services and banking industry in Poland and internationally could have an adverse effect on the Group's business

Regulations governing the banking and financial services industries in Poland and internationally are likely to increase, particularly in the current market environment, where supervisors have recently moved to tighten regulations governing financial institutions. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed on the Group as a result of governmental or regulatory initiatives, such as the recommendations of the European Union, recommendations of PFSA and new regulations from the Basel Committee on Banking Supervision), the Group may face greater regulation in Poland and other countries in which it conducts operations. Compliance with such changes may increase its capital requirements and costs, heighten disclosure requirements, hinder entering into or carrying out certain types of transactions, affect the Group's strategy and limit or require modification of the rates or fees that it charges on certain loan and other products, any of which could lower the return ratio on its investments, assets and equity. The Group may also thus face increased compliance costs and limitations on its ability to pursue certain business opportunities. This could affect the business, financial condition and results of operations of the Group.

The Group may fail to comply with, or be subject to changes in, certain regulatory requirements applicable to banking and other regulated business, or with the guidelines set forth by the Polish, German, Czech or Slovakian financial supervisory authorities

Apart from its banking operations, the Group also renders other regulated financial services and offers transactional banking products, products relating to the market for financial instruments and insurance

products that are subject to the supervision of PFSA, the authority supervising financial markets, including the banking sector in Poland and other relevant authorities in the jurisdictions where it operates, including the Czech Republic and Slovakia. The scope of supervision and regulation of these products and services is also dependent on directives and regulations issued by European regulatory authorities.

The Bank is a subsidiary of Commerzbank, a German bank under the supervision of the German Financial Supervision Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, **BaFin**). Therefore, the Bank may be required to implement and comply with certain German regulations or BaFin recommendations which are not binding in Poland. These German regulations and BaFin recommendations may only be adopted by the Group if they do not violate any relevant Polish laws. However, if they are adopted by the Group and they are more restrictive than the normal requirements and regulations binding Polish banks, the Group may be put at a significant competitive disadvantage compared to its competitors in Poland.

The increasing number and ambiguity of certain regulatory requirements, together with changes to Polish, German, Czech and Slovakian regulatory requirements and guidelines, has placed an increased burden on the Bank and other Group entities to amend their internal policies and procedures to meet the requirements of supervisory authorities, including the PFSA, and EU directives and regulations, which in some cases may have led to instances of non-compliance of the Bank and other Group entities.

A failure to satisfy these requirements may expose the Bank or other Group entities to sanctions, fines and other penalties which may have an adverse effect on the business, financial condition and results of operations of the Group.

The PFSA identified issues during its recent inspection of the Bank, and may identify further issues during inspections of the Bank in the future which, if not adequately resolved by the Bank, may result in sanctions, fines or other penalties

In a letter dated 15 December 2011 to the Bank, the PFSA reported a number of issues related to the Bank's operations resulting from its most recent inspection of the Bank as of 30 June 2011. In particular, the PFSA noted, among others: observations related to the management of certain credit exposures, certain insufficiencies in some of the procedures relating to the management of liquidity risk, concerns with respect to the classification of exposures and assignments of risk weighting, a partial lack of documentation, outsourcing activities and the need to strengthen certain areas of compliance risk management. If the Group fails to remedy the irregularities found by the PFSA or if the PFSA continues to uncover irregularities during future reviews and inspections, which the Group fails to remedy, the Bank and Group entities may be exposed to sanctions, fines and other penalties, as prescribed by the Polish Banking Law Act of 29 August 1997 (as amended) (the **Banking Law**). This could affect the business, financial condition and results of operations of the Group.

Interpretation of Polish laws and regulations may be unclear and Polish laws and regulations may change

The Bank has been established and operates under Polish law. The Polish legal system is based on statutory law enacted by the Parliament. A significant number of regulations relating to the issue of and trading in securities, shareholders' rights, foreign investments, issues related to corporate operation and corporate governance, commerce, taxes and business activity have been or may be changed. These regulations are also subject to diverse interpretations and may be applied in an inconsistent manner. Moreover, not all court decisions are published in official journals and, as a matter of general rule, they are not binding in other cases and are thus of limited importance as legal precedent. The Bank cannot provide assurance that its interpretation of Polish law regulation will not be challenged and any successful challenge could result in fines or penalties or could require the Bank to modify its practices, all of which would have an adverse effect on the Group's business, financial condition and results of operations.

There is also a risk that new taxes or levies may be introduced. The Ministry of Finance has already presented draft law introducing a new charge to be paid by banks to the Bank Guarantee Fund, the so called 'banking tax'. The new precautionary fee would be an addition to an already existing charge paid by banks to the Bank Guarantee Fund. Introduction of such a fee would have an adverse effect on the Group's business, financial condition and results of operations. The new levy will likely be introduced in 2013.

Interpretation of Polish tax law regulations may be unclear and Polish tax laws and regulations may change

The Polish tax system is subject to frequent changes. Some provisions of Polish tax law are ambiguous and often there is no unanimous or uniform interpretation of law or uniform practice by the tax authorities. Because of different interpretations of Polish tax law, the risk connected with Polish tax law may be greater than that under other tax jurisdictions in more developed markets. The Bank cannot guarantee that the Polish tax authorities will not take a different, unfavourable, interpretation of tax provisions implemented by the Bank or any Group member, which may have an adverse effect on the business, financial condition and results of operations of the Group.

The Bank may be required to prepare and enforce a recovery programme under Polish banking law

Under Polish banking law, if a bank incurs a loss, there is a threat of a loss or if there is any threat of insolvency on the part of a bank, the management board of that bank is required to notify the PFSA by presenting a recovery programme and must ensure that this programme will be implemented.

The PFSA may impose a deadline on the bank to prepare a recovery programme or instruct the bank to supplement an existing programme or prepare a new recovery programme. If a recovery programme is implemented by a bank, the profit generated by the bank is first designated to cover the losses and thereafter to increase the bank's equity. The PFSA may also appoint a trustee to supervise the implementation of the recovery programme. If the PFSA views that a recovery programme is not sufficient or the recovery programme is incorrectly implemented, certain additional restrictions and obligations such as the duty to convene a general meeting of the bank may be required to review the bank's financial condition and to adopt a relevant resolution, including a resolution to increase the bank's equity.

There can be no assurance that the Bank, especially in the event of a deterioration of the results of its operations, may not be required to prepare and implement such a recovery programme. Any failure of the Bank to correctly implement the recovery programme may have an adverse effect on the Group's business, financial condition and results of operations and on the Group's ability to implement its strategies as set forth in this Prospectus.

Centre of main interests

The Issuer has its registered office in France. As a result there is a rebuttable presumption that its centre of main interest (**COMI**) is in France and consequently that any main insolvency proceedings applicable to it would be governed by French law. In the recent decision by the European Court of Justice (**ECJ**) in relation to Eurofood IFSC Limited, the European Court of Justice restated the presumption in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in France and is registered for tax in France, the Issuer and the Bank do not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. Such an adverse decision could affect the business, financial condition and results of operations of the Issuer.

The Bank may be required to make substantial contributions to the Bank Guarantee Fund

Pursuant to the provisions of the Polish Act on Bank Guarantee Fund, the Bank is a member of the mandatory guarantee system and is obliged to contribute to a fund created to guarantee deposits in the Polish banking system. If an entity that is a member of the fund is declared bankrupt, other members may be required to make additional one-off payments to cover the liabilities of such entity. The amount of the payment by each member would be proportional to its interest in the Bank Guarantee Fund. Due to the scale of the Group's operations, if a member of the mandatory guarantee system were to declare bankruptcy, the Bank may be obliged to make larger payments to the Bank Guarantee Fund than its smaller competitors. Such contributions may have an adverse effect on the business, financial condition and results of operations of the Group.

The Bank or any Group member may fail to comply with requirements set out in the Markets in Financial Instruments Directives ("MiFID")

MiFID aims to harmonise the laws of EU Member States for trading in financial instruments and related services, in particular to improve the execution of clients' orders, implementation of procedures for managing conflicts of interest, classification of clients and assessment of the suitability and appropriateness of products and services in the light of the knowledge and experience of clients.

As a result of some ambiguities about certain MiFID provisions and differences in their interpretation, there is a risk that the PFSA, the Bank or any Group member has not amended its internal procedures accordingly in order to comply with MiFID.

Consequently, the Bank or a Group member may need to consult with the PFSA about the interpretation of MiFID provisions. This may result in the need for making corrections to the already implemented provisions.

As a result, the potential need for correcting the regulations and solutions implementing MiFID provisions may entail additional financial costs related to those corrections for the Bank or a Group member, or penalties imposed for the failure, in the PFSA's opinion, to meet MiFID provisions. It must be stressed that any of those possibilities may have an adverse effect on the business, financial condition and results of operations of the Group.

However, in the light of results of the PFSA inspections conducted at the Bank upon implementation of MiFID requirements, this risk of a potential negative opinion of the PFSA is relatively small.

The risk involved in the decisions of the antimonopoly authorities

The Group's business must comply with regulations regarding competition, consumer protection and public aid. Under the Antimonopoly Act, the President of the Office for Competition and Consumer Protection (the **Antimonopoly Office**) has the right to issue a decision stating that a business entity is participating in an arrangement which aims at or results in the limitation of competition. Moreover, the President of the Antimonopoly Office may accuse business entities having a dominant position in the Polish market of an abuse of such position. Having determined that such practice has taken place, the President of the Antimonopoly Office may order the discontinuance of such practices and may also impose a fine. The President of the Antimonopoly Office also has the authority to declare that the provisions of agreements, as well as the tariffs and fees used by a particular business, violate the collective interest of consumers and, by consequence, it may order the discontinuance of such agreements and impose a fine on the business.

If there is any suspicion of a breach which could impact trade between Member States, the Treaty establishing the EC and other community legislation apply directly, while the authority competent to enforce them is the European Commission or the President of the Antimonopoly Office. Within the scope of their

competencies, the European Commission or the President of the Antimonopoly Office may come to the conclusion that a specific action of a business entity constitutes a prohibited action that restricts competition and is an abuse of market position or breach of common consumer interests, and it may prohibit any such practices or apply other sanctions provided for in the community law regulations or the Antimonopoly Act, which may adversely affect the business, financial condition and results of operations of the Group.

Moreover, acquisitions by the Bank of businesses operating in the financial services and banking sectors may require consents for concentration issued by Polish authorities, foreign competition authorities or financial sector regulatory authorities. The grant of any such consent depends, among other things, on the evaluation of the consequences that the relevant concentration may have on the competition in the market. No assurance can be given that any such consents would be granted. If consent for concentration is refused for a particular acquisition, it will prevent the completion of such acquisition and would restrict the Group's ability to grow, which could adversely affect the business, financial condition and results of operations of the Group.

Risks relating to the Group and its relationship with Commerzbank and its affiliates (the Commerzbank Group)

Commerzbank holds corporate control over the Bank

As at the date of this Prospectus, Commerzbank indirectly through its subsidiary Commerzbank Auslandsbanken Holding AG (**Commerzbank Holding**) held 29,352,897 shares, representing 69.72% of the Bank's share capital which indirectly gave Commerzbank the right to exercise 69.72% of the total number of votes at any General Shareholders' Meeting.

Commerzbank is able to exercise corporate control over the Bank due to its share in the capital of the Bank and in the total number of votes at the General Meeting. In particular, Commerzbank has majority voting power at the General Meeting, and thus has a decisive voice regarding major corporate actions, such as the amendment of the Articles of Association, issuance of new shares of the Bank, decrease of the Bank's share capital, issuance of convertible bonds, payment of dividends and other actions which according to the Polish Code of Commercial Companies and Partnerships of 15 September 2000 (as amended) (**KSH**) require a qualified or simple majority vote at a General Shareholders' Meeting for approval. In addition, Commerzbank holds a sufficient number of votes to appoint a majority of the members of the Supervisory Board, which in turn appoints the members of the Management Board. As a result, Commerzbank has the ability to exercise considerable control over the Bank's operations. This could affect the business, financial condition and results of operations of the Group.

The Group depends significantly on Commerzbank for its funding requirements

The Group depends significantly on Commerzbank for its funding requirements. The Bank issued subordinated CHF-denominated bonds which have been acquired by Commerzbank and was granted subordinated CHF-denominated loans. In addition, the Bank has been provided with foreign currency-denominated senior unsecured funding by Commerzbank. As at 31 December 2011 the value of subordinated liabilities granted to the Bank by Commerzbank was PLN 3.5 billion, and the utilisation of non-subordinated loans extended by Commerzbank was PLN 20.2 billion.

In the event that Commerzbank is unable to financially support the Group as it has done in the past or there is any material reduction in Commerzbank's funding to the Group, this would have a material adverse effect on the Group's business, financial condition and results of operation.

In addition, under its loan agreements with Commerzbank, the Bank may be required to repay all outstanding loans with all outstanding interest and associated costs if Commerzbank ceases, directly or indirectly, to own at least 50% of the Bank's share capital and/or total number of votes in the Bank. Any reduction in

Commerzbank's holding in the Bank's share capital and/or total number of votes in the Bank resulting in an early repayment obligation would have a material adverse effect on the Group's business, financial condition and results of operations.

For more information see the section "*Material Contracts*".

The obligations of the Commerzbank Group to the Financial Market Stabilisation Fund (Sonderfonds Finanzmarktstabilisierung) (SoFFin) and the European Commission may adversely affect the Bank's results of operations

The state stabilisation measures received by Commerzbank from SoFFin in response to the financial markets crisis are associated with various conditions and requirements which could adversely affect the Bank's business, financial condition and results of operations. The European Commission declared that the stabilisation measures which Commerzbank has received are, in principle, compatible with the state aid provisions set out in the EC Treaty. For reasons of competition law, the Federal Republic of Germany was obliged to ensure that Commerzbank complies with a number of requirements which Commerzbank has contractually committed to vis-à-vis SoFFin.

As the Bank was not a signatory to the agreements between Commerzbank and SoFFin, it was unclear to what extent the restrictions set forth in the agreements and the commitments to the European Commission apply to the Bank. On 16 November 2010, the Management Board of the Bank took the decision to issue the statement that the Bank shall comply with:

- an advertising ban – the Bank will not use the fact that it has received support from SoFFin for promotion of any of its products and services;
- a ban on buy-backs of own shares – the Bank will not purchase or otherwise acquire Commerzbank shares, unless (1) Commerzbank shares are to be offered to the employees or former employees of the Bank, (2) the acquisition is made by the Bank in execution of a purchase order of a customer, or (3) the acquisition is made by the Bank on the basis of a resolution by the shareholders' meeting for the purposes of trading in securities;
- a non-price-leadership commitment (until 31 December 2012) – the Bank will not offer more favourable prices for its products and services, in particular for retail and corporate customers, than its three most favourable competitors on the Polish market. This obligation applies to product markets in which the Bank holds not merely a subordinated market position (<5%); and
- an acquisition ban (until 30 April 2012) – the Bank will not (partially) acquire financial institutions or other businesses in potential competition with Commerzbank, excluding inter alia however, (1) Commerzbank Group internal sales and restructurings, (2) capital increases in order not to be diluted, (3) the exercising of put-options granted to the Bank before 7 May 2009, (4) creation of an SPV exclusively with own funds, (5) transferring a business into a joint venture as long as the proportion transferred falls short of or is equal to the Bank's share in the joint venture and as long as the Bank does not gain control of the joint venture,

unless these commitments are inconsistent (inter alia) with Polish law, the Bank's Articles of Association, any recommendations and opinions of the Financial Supervision Commission or, for example, are not in the best interests of the Bank having regard to the policy of cautious and stable management.

The Bank's shareholders are not required to support the Bank

The Bank is an independent entity from its principal shareholder (Commerzbank) and, as indicated above, has historically benefited from its support in different areas. Commerzbank's past efforts do not necessarily

mean that it is obliged to ensure supporting and financing the Group in the future, in particular to subscribe for newly-issued shares in any future equity offering or ensure debt financing for the Group. If the Bank needs further equity injections or debt financing and/or a significant decrease of Commerzbank's shareholding in the Bank in the future were to occur, a lack of financial support from Commerzbank may have a negative reputational effect on the Group. Moreover, a loss of control over the Bank by Commerzbank in the future may lead to negative consequences resulting from the agreements based on which the Group obtained debt financing, in particular the potential necessity to repay such debt financing earlier.

The occurrence of any of these situations may have a material adverse effect on the Group's business, financial condition or results of operations.

Potential conflicts of interest

Neither the Issuer nor the Bank is aware of any conflicts of interest at the date of this Prospectus which would be material for the issue and subscription of the Notes.

Nevertheless the following potential conflicts of interest could exist in connection with any issue of Notes in the context of this Programme:

- (i) the Issuer is a subsidiary of the Bank and is subject to the corporate governance rules of the Group, which aim to ensure that the direct or indirect control of the Issuer complies with applicable law. Subject to this provision, it is not excluded that potential conflicts of interest between the Issuer and its principal shareholder and indeed Commerzbank as Arranger or Dealer (since the Issuer and the Bank are part of the Commerzbank Group) could affect the Noteholders;
- (ii) in case of Notes linked to an underlying (e.g., but not limited to, an index, a currency, a commodity, single shares or a basket), the Bank, the Dealer(s) for any of their respective affiliates may from time to time engage in transactions relating to such underlying for their own accounts or for the accounts of third parties and may issue other financial products in respect of such underlying. Such activities could create conflicts of interest and may have a negative impact on the underlying value; and
- (iii) certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Group in the ordinary course of business.

Dispute resolution risk

Litigation, administrative or other proceedings or actions may adversely affect the Group's business, financial condition and results of operations

Due to the nature of its business, the Bank and the Group's companies may be subject to the risk of litigation, administrative and other proceedings initiated by customers, employees, shareholders or others through private actions, administrative proceedings, regulatory actions or other litigation. As at the date of this Prospectus, the outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions against the Bank or the Group's companies may seek recovery in large or indeterminate amounts or other remedies that may affect the Bank's or the Group companies' ability to conduct their business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation against the particular Group's companies that could damage the reputation of the Group or the particular Group's companies, regardless of whether the allegations are valid or whether the Group is ultimately found liable. As a result, litigation, administrative

and other proceedings may adversely affect the Group's business, financial condition and results of operations.

Former clients of Interbrok have brought claims against the Bank

As indicated below under "*Legal, Administrative and Arbitration Proceedings - Claims of former clients of Interbrok*", some of the clients of Interbrok Investment E. Drożdż spółka jawna (**Interbrok**) accused the Bank, as the custodian of Interbrok's cash accounts, of being an accessory to Interbrok's fraudulent activity. If some or all of the respective final courts of jurisdiction were to decide against the Bank, such decisions and the accompanying payments of damages by the Bank may have an adverse effect on the Bank's business, financial conditions and results of operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (e) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (f) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (g) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (h) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (i) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Interest Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Interest Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Interest Notes and the suitability of such Notes in light of its particular circumstances.

Fixed/floating rate Notes

Fixed/floating rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the fixed/floating rate Notes may be less favourable than the prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank *pari passu* without any preference among themselves and at least *pari passu* with all present and future, direct, unconditional, unsecured and subordinated obligations of the Issuer outstanding from time to time, save for certain obligations required to be preferred by French law in connection with any *prêts participatifs* granted to the Issuer. In the event of a bankruptcy, insolvency, liquidation, dissolution or winding up of the Issuer, and to the extent permitted by French law, the rights of a holder of such Subordinated Notes shall be subordinated in right of payment only to claims against the Issuer of all unsubordinated creditors of the Issuer, as more fully described in Condition 2.3.

The Subordinated Notes might not be treated as "subordinated notes" for regulatory capital purposes in Poland

It is not certain whether the Polish Financial Supervision Authority (the **PFSA**) will agree to recognise the issue proceeds transferred to the Guarantor by the Issuer from the issue of Subordinated Notes as the Guarantor's supplementary funds according to Art. 127(3) 2) a) of the Banking Law. Under the Banking Law the repayment of supplementary funds cannot be secured directly or indirectly by the Bank. The Subordinated Guarantee does not secure the repayment of the subordinated funds received by the Guarantor, it only secures the repayment of the Subordinated Notes issued by the Issuer. However, the PFSA may adopt the view that the existence of the Subordinated Guarantee results in the issue proceeds from the issue of Subordinated Notes not meeting the criteria set out in Art. 127(3) 2) a) of the Banking Law.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer may, with the consent of the Issuer and Paying Agent, but, without the consent of Noteholders, (i) amend the Conditions of the Notes to correct a manifest error, cure any ambiguity or cure, correct or supplement any defective provision contained therein or (ii)

amend the Conditions of the Notes in any manner which is not materially prejudicial to the interests of holders of such Notes, or (iii) substitute for itself another company as principal debtor under any Notes in place of the Issuer, as more fully described in Condition 15.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Withholding

The Issuer, the Guarantor, and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes treated as debt for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date and (ii) any Notes treated as equity for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (**FFI**) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on its account holders (making the Issuer a **Participating FFI**), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax where such withholding is required by reason of the holder failing to comply with FATCA. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued after 31 December 2012 (or whenever issued, in the case of Notes treated as equity for U.S.

federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

Change of law

The conditions of the Notes (except the provisions of Conditions 2.3 which will be governed by French law) are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, French law or administrative practice after the date of this Prospectus.

Risk of suspension, interruption or termination of trading in the Notes

The listing of the Notes may, depending on the rules applicable to the relevant stock exchange, be suspended or interrupted by the respective stock exchange or a competent regulatory authority for a number of reasons, including a violation of price limits, a breach of statutory provisions, the occurrence of operational problems involving the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of investors. Furthermore, trading in the Notes may be terminated, either upon the decision of the stock exchange or a regulatory authority or upon application by the Issuer.

Because the global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg (as defined below), investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more global Notes. Such global Notes will be deposited with a common depositary or common safekeeper (as the case may be) for Euroclear Bank S.A/N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Except in the circumstances described in the relevant global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the global Notes.

While the Notes are represented by one or more global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global Notes.

Holders of beneficial interests in the global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Clearing system risk of discontinuance

Secondary market sales of book-entry interests in the global Notes will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time.

Secondary market sales of interests in the global Notes may be conducted in accordance with the normal rules and operating procedures of the domestic clearing system or interests in the global Notes may be transferred to a direct or indirect participant of another clearing system in accordance with the standard arrangements for such cross-market transfers. None of Euroclear, Clearstream, Luxembourg nor any other

Clearing System is under any obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time.

Any such discontinuance could have a material adverse effect on an investor's holding of Notes or his ability to resell the Notes in the secondary market.

The Notes may be de-listed, which may materially affect an investor's ability to resell

Any Notes that are listed on any listing authority, stock exchange or quotation system may be de-listed. If any Notes are delisted, the Issuer is obliged to endeavour promptly to obtain an alternative listing. Although no assurance is made as to the liquidity of the Notes as a result of listing on any listing authority, stock exchange or quotation system, delisting the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

Bearer Notes where denominations involve integral multiples: definitive bearer Notes

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in case of the opening in France of an accelerated financial preservation (*procédure de sauvegarde financière accélérée*) or a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a Euro Medium Term Notes programme) and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into shares or securities that give or may give right to the share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus and, if applicable, the applicable Final Terms will not be applicable in these circumstances.

Risks related to the market generally

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration

has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in "*Description of the Group – Ratings*" of this Prospectus and further details may be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Prospectus:

1. the audited consolidated financial statements of the Group for the year ended 31 December 2011 prepared in accordance with the International Financial Reporting standards adopted by the European Union (**IFRS**) included in the consolidated annual report of the Group for the year ended 31 December 2011 (the **2011 Consolidated Financial Statements**):
 - (a) consolidated income statement (page 4);
 - (b) consolidated statement of comprehensive income (page 5);
 - (c) consolidated statement of financial position (page 6);
 - (d) consolidated statement of changes in equity (page 7);
 - (e) consolidated statement of cash flows (page 8);
 - (f) explanatory notes to the consolidated financial statements (pages 9 to 109);
2. the independent registered auditor's opinion on the audited IFRS consolidated financial statements of the Group for the year ended 31 December 2011 (pages 1 to 2);
3. the consolidated annual report of the Group for the year ended 31 December 2010 – exclusively those portions comprising the:
 - (a) independent registered auditor's opinion (pages 8 to 10); and
 - (b) consolidated financial statements of the Group for the year ended 31 December 2010 (the **2010 Consolidated Financial Statements**), prepared in accordance with IFRS:
 - (i) consolidated income statement (page 36);
 - (ii) consolidated statement of comprehensive income (page 37);
 - (iii) consolidated statement of financial position (page 37);
 - (iv) consolidated statement of changes in equity (page 39);
 - (v) consolidated statement of cash flow (page 41); and
 - (vi) explanatory notes to the consolidated financial statements (pages 43 to 145);
4. the auditor's report on the stand-alone financial statements of the Issuer for the year ended 31 December 2011 and the stand-alone financial statements of the Issuer for the year ended 31 December 2011:
 - (a) statutory auditor's report (pages 2 and 3);
 - (b) income statement (pages 6 and 7);
 - (c) balance sheet (pages 4 and 5);

- (d) cash flow statement (page 8); and
 - (e) notes to the financial statements (pages 9 and 10);
5. the auditor's report on the stand-alone financial statements of the Issuer for the year ended 31 December 2010 and the stand-alone financial statements of the Issuer for the year ended 31 December 2010:
- (a) statutory auditor's report (pages 2 and 3);
 - (b) income statement (pages 6 and 7);
 - (c) balance sheet (pages 4 and 5);
 - (d) notes to the financial statements (page 8 and 9).

Where only certain parts of a document have been incorporated by reference into this Base Prospectus as listed in the cross-reference list above, any non-incorporated parts of such document are not relevant to an investor. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and Luxembourg.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the Summary and the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer: BRE Finance France SA

Guarantor: BRE Bank SA

Description: Euro Medium Term Note Programme

Arranger: Commerzbank Aktiengesellschaft

Dealers: Barclays Bank PLC
Commerzbank Aktiengesellschaft
Credit Suisse Securities (Europe) Limited
Deutsche Bank AG, London Branch
DZ BANK AG Deutsche Zentral-
Genossenschaftsbank, Frankfurt am Main
Erste Group Bank AG
HSBC Bank plc
J.P. Morgan Securities Ltd.
Merrill Lynch International
UniCredit Bank AG

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19

of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Issuing and Principal Paying Agent:	Deutsche Bank Aktiengesellschaft
Luxembourg Listing Agent	Deutsche Bank Luxembourg S.A.
Currencies:	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid and at an issue price which is at par or at a discount to, or premium over, par.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: <ul style="list-style-type: none">(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Index Linked Interest Notes:

Payments of principal or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year are/may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depository (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent

requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act, **Regulation S**) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Guarantor and the Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 12 April 2012 and executed by the Issuer.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).

[Date]

BRE Finance France SA

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by BRE Bank SA
under the €2,000,000,000
Euro Medium Term Note Programme**

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (b) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (a) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 34 of Part A below, provided such person is one of the persons mentioned in Paragraph 34 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.¹

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any

¹ Consider including this legend where a non-exempt offer of Notes is anticipated.

relevant implementing measure in the Relevant Member State and the expression 2010 **PD Amending Directive** means Directive 2010/73/EU.]²

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [*date*] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [*original date*] which are incorporated by reference in the Base Prospectus dated [*current date*] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Base Prospectus dated [*current date*] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [*current date*]. Copies of such Base Prospectus are available for viewing at [[*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[In the case of Notes which do not benefit from the Exception provided under the ruling (rescrit) 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010 (please see Taxation section), it may be necessary to include additional risk factors, and to make additional modifications to the terms of these Final Terms.]

1. (a) Issuer: BRE Finance France SA

² Consider including this legend where only an exempt offer of Notes is anticipated.

- (b) Guarantor: BRE Bank SA
2. (a) Series Number: []
- (b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 or equivalent minimum denomination is not required.)
- (N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State)*
- (b) Calculation Amount: []
(If only one Specified Denomination, insert that Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (a) Issue Date: []
[specify/Issue Date/Not Applicable]
- (b) Interest Commencement Date:
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes)
8. Maturity Date: *[Fixed rate - specify date/
Floating rate - Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent.]

- Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [*specify other*]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Dual Currency Redemption]
 [Instalment]
 [*specify other*]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. (a) Status of the Notes: [Unsubordinated/Subordinated]
 (b) Status of the Guarantee: [Unsubordinated/Subordinated]
 (c) [Date of corporate authorisations for issuance of Notes [and Guarantee] obtained: [] [and []], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee)
 [Syndicated/Non-syndicated]
14. Method of distribution:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- [Applicable/Not Applicable]
15. Fixed Rate Note Provisions
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi annually/quarterly/other (*specify*)] in arrear]
(If payable other than annually, consider amending Condition [Interest])
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[*specify other*]
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive

form.)

(d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form.)

(e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *specify other*]

(f) Determination Date(s): [[] in each year] [Not Applicable]

(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration

N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)

(g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Specified Period(s)/Specified Interest Payment Dates: []

(b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]

[For the avoidance of doubt, Condition 5.2(a) states that Interest Payment Dates shall be adjusted in accordance with the Business Day Convention.]

(c) Additional Business Centre(s): []

(d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]

(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []

(f) Screen Rate Determination:

- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional

information is required if other - including fallback provisions in the Agency Agreement)

- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(g) [ISDA Determination:

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []]

(h) Margin(s): [+/-] [] per cent. per annum

(i) Minimum Rate of Interest: [] per cent. per annum

(j) Maximum Rate of Interest: [] per cent. per annum

(k) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition [Interest] for alternatives)

(l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Accrual Yield: [] per cent. per annum

(b) Reference Price: []

- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [Redemption and Purchase - Early Redemption Amounts] 7.5(c) and 7.9 [- Late Payment on Zero Coupon Notes] apply/specify other]
- (Consider applicable day count fraction if not U.S. dollar denominated)
18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (e) Specified Period(s)/Specified Interest Payment Dates: []
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): []
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum
- (j) Day Count Fraction: []

19. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating principal and/or interest due (if not the Agent): []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Call Period(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer*

and the Agent)

21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Put Period(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
22. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5): [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes[on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves.)

- (b) New Global Note: [Yes][No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which paragraphs 16(c) and 18(g) relate)
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
28. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
29. Other final terms: [Not Applicable/give details]

[(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers)

DISTRIBUTION

30. (a) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)

- (b) Date of [Subscription] Agreement: []
- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
31. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
32. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
33. U.S. Selling Restrictions: [Reg. S Category; TEFRA D/TEFRA C/TEFRA not applicable]
34. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and *specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [] Business Days thereafter"*] (**Offer Period**). See further Paragraph 10 of Part B below.*
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
35. Additional selling restrictions: [Not Applicable/give details]
36. Additional U.S. Federal tax considerations [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [the Luxembourg Stock Exchange] of the Notes described herein] pursuant to the €2,000,000,000 Euro Medium Term Note Programme of BRE Finance France SA.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of BRE FINANCE FRANCE SA: Signed on behalf of BRE BANK SA:

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Official List of the Luxembourg Stock Exchange with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Official List of the Luxembourg Stock Exchange with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

2. RATINGS

Ratings:

[The Unsubordinated Notes to be issued [have been]/[are expected to be] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended)

(the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union and is registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*]. While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that ratings issued in third countries may continue to be used in the EU by relevant market participants for a transitional period ending on 30 April 2012).]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[**EITHER:**] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [**OR:**] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in

accordance with the CRA Regulation].]

[[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority[and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*], although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer] and any on-lending arrangement of the net proceeds of the issue of the Notes between the Issuer and the Guarantor, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) [Reasons for the offer []]

(*See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)]

(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: [].

[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]

(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate Notes Only)

Indication of yield: []

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (Floating Rate Notes Only)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-Linked Notes Only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities].

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT *(Dual Currency Notes Only)*

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. This paragraph 8 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]

[Note that the designation "yes" simply means that the

Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case Notes must be issued in NGN form]*

10. TERMS AND CONDITIONS OF THE OFFER

[Offer Price (<i>where this is different to the Issue Price</i>):]	[Not applicable/specify with details as to how calculated]	
[Conditions to which the offer is subject:]	[Not applicable/give details]	
[Description of the application process:]	[Not applicable/give details]	
[Details of the minimum and/or maximum amount of application:]	[Not applicable/give details]	
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not applicable/give details]	
[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable/give details]	
[Manner in and date on which results of the offer are to be made public:]	[Not applicable/give details]	
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not applicable/give details]	
[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not applicable/retail investors/qualified investors/others/give details]	
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable/give details]	
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable/give details]	

[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]

[None/*give details*]

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

[Date]

BRE Finance France SA

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by BRE Bank SA

under the €2,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [date] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] which are incorporated by reference in the Base Prospectus dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State) and must be read in conjunction with the Base Prospectus dated [current date] which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [current date]. Copies of such Base Prospectus are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[In the case of Notes which do not benefit from the Exception provided under the ruling (rescrit) 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010 (please see Taxation section), it may be necessary to include additional risk factors, and to make additional modifications to the terms of these Final Terms.]

1. (a) Issuer: BRE Finance France SA
- (b) Guarantor: BRE Bank SA
2. (a) Series Number: []
- (b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (a) Specified Denominations: []

(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)

(Note – where Notes with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:

"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.")

(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 or equivalent minimum denomination is not required.)

(b) Calculation Amount: []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: []

(b) Interest Commencement Date: [specify/Issue Date/Not Applicable]

(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

8. Maturity Date: [Fixed rate - specify date/
Floating rate - Interest Payment Date falling in or nearest to [specify month and year]]

9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Dual Currency Redemption]
[Instalment]
[specify other]

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (a) Status of the Notes: [Unsubordinated/Subordinated]
- (b) Status of the Guarantee: [Unsubordinated/Subordinated]
- (c) [Date of corporate authorisations for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee)
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum [payable[annually/semi-annually/quarterly/other (specify)] in arrear]
(If payable other than annually, consider amending Condition [Interest])
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) Determination Date(s): [[] in each year] [Not Applicable]
*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration
N.B. Only relevant where Day Count Fraction is*

Actual/Actual (ICMA)

- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*Give details*]

16. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: []

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]

[For the avoidance of doubt, Condition 5.2(a) states that Interest Payment Dates shall be adjusted in accordance with the Business Day Convention.]

- (c) Additional Business Centre(s): []

- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]

- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []

- (f) Screen Rate Determination:

- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)

- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR)

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) Margin(s): [+/-] [] per cent. per annum
- (i) Minimum Rate of Interest: [] per cent. per annum
- (j) Maximum Rate of Interest: [] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition [Interest] for alternatives)

- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []

17. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions [Redemption and Purchase - Early Redemption Amounts] 7.5(c) and 7.9 [- Late Payment on Zero Coupon Notes] apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)

18. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (e) Specified Period(s)/Specified Interest Payment Dates: []
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): []
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum
- (j) Day Count Fraction: []

19. Dual Currency Interest Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest []

due (if not the Agent):

- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Call Period(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Put Period(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is*

advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

22. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.5): [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time at the request of the Issuer options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

- (b) New Global Note: [Yes][No]
25. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(c) and 18(g) relate)
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
27. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
28. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))][(If Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
29. Other final terms: [Not Applicable/give details]
*[(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)*

DISTRIBUTION

30. (a) If syndicated, names of Managers: [Not Applicable/give names]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (b) Date of [Subscription] Agreement: []

(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
31. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
32. U.S. Selling Restrictions: [Reg. S Category; TEFRA D/TEFRA C/TEFRA not applicable]
33. Additional selling restrictions: [Not Applicable/give details]
34. Additional U.S. Federal tax considerations [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Luxembourg Stock Exchange of the Notes described herein pursuant to the €2,000,000,000 Euro Medium Term Note Programme of BRE Finance France SA.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of BRE FINANCE FRANCE SA:

Signed on behalf of BRE BANK SA:

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Official List of the Luxembourg Stock Exchange with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Official List of the Luxembourg Stock Exchange with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Unsubordinated Notes to be issued [have been]/[are expected to be] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

*[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such *[insert the legal name of the relevant credit rating agency entity]* is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]*

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [[Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

*[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied**

for registration], which is established in the European Union and is registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*]. While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that ratings issued in third countries may continue to be used in the EU by relevant market participants for a transitional period ending on 30 April 2012).]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation.[As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].

[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding

registration decision has not yet been provided by the relevant competent authority [and *[insert the legal name of the relevant credit rating agency]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer] and any on-lending arrangement of the net proceeds of the issue of the Notes between the Issuer and the Guarantor, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer []
- (ii) Estimated net proceeds: []
- (iii) Estimated total expenses: []]

(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-linked Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear and Clearstream, [Not Applicable/give name(s) and number(s)]

Luxembourg and the relevant identification number(s):

- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
- [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case Notes must be issued in NGN form]*

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by BRE Finance France SA (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 12 April 2012 and made between the Issuer, the Guarantor, Deutsche Bank Aktiengesellschaft as issuing and principal paying agent (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The applicable Final Terms will state in particular whether this Note is (i) an unsubordinated Note guaranteed on an unsubordinated basis by the Guarantor as described in Condition 2.2 (an **Unsubordinated Note**) or (ii) a subordinated Note guaranteed on a subordinated basis by the Guarantor as described in Condition 2.3 (a **Subordinated Note**). The payment of all amounts in respect of the Unsubordinated Notes and the Subordinated Notes have been guaranteed by the Guarantor pursuant to a Deed of Covenant (the **Guarantee**) dated 12 April 2012 and executed by the Guarantor.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (containing the Guarantee) (the **Deed of Covenant**) dated 12 April 2012 and made by the Issuer and the Guarantor. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and by the Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (Directive 2003/71/EC), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Instalment Note, a Dual Currency Redemption Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

This Note may also be an Unsubordinated Note or a Subordinated Note as indicated in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft

thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Guarantor and the Agent.

2. STATUS OF THE UNSUBORDINATED NOTES, THE SENIOR GUARANTEE, SUBORDINATION AND THE SUBORDINATED GUARANTEE

2.1 Status of the Unsubordinated Notes

The Unsubordinated Notes and any related Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

2.2 Status of the Senior Guarantee

The payment of principal and interest expressed to be payable by the Issuer in respect of the Unsubordinated Notes and has been unconditionally and irrevocably guaranteed by the Guarantor in the Guarantee (the **Senior Guarantee**). The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Guarantor present and future (save for certain mandatory exceptions provided by Polish law).

2.3 Subordination

- (a) The Subordinated Notes and (if not otherwise specified in the applicable Final Terms) the Coupons constitute unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all present and future, direct, unconditional unsecured and subordinated obligations of the Issuer outstanding from time to time, but in priority to the *prêts participatifs* granted to the Issuer.

- (b) The Subordinated Notes shall, in the event of a bankruptcy, insolvency, liquidation, dissolution or winding-up of the Issuer, and to the extent permitted by French law, be subordinated in right of payment only to claims against the Issuer of all unsubordinated creditors of the Issuer. If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of unsubordinated creditors and, subject to such payment in full, the holders of Subordinated Notes shall be paid in priority to any *prêts participatifs* granted to the Issuer. In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Subordinated Notes will be terminated.
- (c) No holder of Subordinated Notes who shall be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Subordinated Notes.

2.4 Subordinated Guarantee

The Guarantor has irrevocably and unconditionally guaranteed the due payment of all sums expressed to be payable under the Subordinated Notes on a subordinated basis (the **Subordinated Guarantee**). The obligations of the Guarantor under the Subordinated Guarantee constitute unsecured and subordinated obligations of the Guarantor to the extent that, in the event of the bankruptcy, liquidation, dissolution or other winding up of the Guarantor, and to the extent permitted by Polish law, payment by the Guarantor will be subordinated to claims against the Guarantor of all unsubordinated creditors of the Guarantor and to claims preferred under Polish law generally.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

This Condition 4 is applicable only in relation to Unsubordinated Notes. So long as any Unsubordinated Note remains outstanding (as defined in the Agency Agreement):

- (a) the Issuer will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness, except that the Issuer shall be permitted to maintain deposits (*kaucja*) or substantially similar other deposits with the Guarantor as security for guarantees granted by the Guarantor of Relevant Indebtedness of the Issuer; and
- (b) the Guarantor will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Guarantor shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that:
 - (i) all amounts payable by the Guarantor under the Senior Guarantee are secured by the Encumbrance equally and rateably with the Relevant External Indebtedness; or
 - (ii) such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders;

provided that, the above provisions shall not apply to: (x) any Encumbrance created on property, at the time of purchase thereof, solely as security for the payment of the purchase price thereof and provided that the Relevant External Indebtedness thereby secured does not exceed the purchase price thereof; or (y) any Encumbrance on or with respect to the assets, receivables, remittances or other payment rights of the Guarantor which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the principal amount of the Relevant External Indebtedness secured by such Encumbrance is substantially limited to the proceeds received by the Guarantor in exchange for the sale, assignment, pledge or other transfer of such assets, receivables, remittances or other payment rights.

3.2 Definitions

In these Conditions:

Encumbrance means any mortgage, pledge, lien, charge, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement;

Relevant External Indebtedness means any Relevant Indebtedness which is payable in or by reference to a currency which is not the lawful currency for the time being of Poland; and

Relevant Indebtedness means: (A) any obligation with a maturity greater than one year for the payment of borrowed money which is in the form of, represented or evidenced by a note, bond, debenture or other security or a similar instrument, which is, or is capable of, being quoted, listed, dealt in or traded on a stock exchange or other recognised securities market; or (B) any present or future guarantee or indemnity in respect of any of the foregoing.

4. REDENOMINATION

4.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding; and

- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

4.2 Definitions

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 4.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest**

Payment Date) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (1) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (2) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest

Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

5.3 Notification of Rate of Interest and Interest Amounts

The Agent (in the case of Floating Rate Notes) and the Calculation Agent (in the case of Index Linked Interest Notes) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.]

(a) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.4 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of

part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Interest Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Interest Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

6.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

6.5 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and

- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

6.6 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a

result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date or within the time period(s) specified in the applicable Final Terms (the **Call Period(s)**) (in the case of a Call Period such notice shall specify an Optional Redemption Date for the Notes) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this

Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

7.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date or within the time period(s) specified in the applicable Final Terms (the **Put Period(s)**) (in the case of a Put Period such notice shall specify an Optional Redemption Date for the Notes) and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, or any depositary for them to the Agent by electronic means) in a form acceptable to Euroclear, and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4 and instead to declare such Note forthwith due and payable pursuant to Condition 10.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

7.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5 above.

7.7 Purchases

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation, with the exception of the Notes purchased by the Issuer that may be held and resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L. 213-1-A and D. 213-1-A of the French *Code monétaire et financier*.

7.8 Cancellation

All Notes purchased for cancellation will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.7 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied (i) by or on behalf of any Tax Jurisdiction or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 to 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto (**FATCA**), unless such withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA). In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment in France or Poland; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6); or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.
- (f) where such withholding or deduction is required by reason of the holder, its agent, custodian, or any other person acting directly or indirectly on the holder's behalf (i) failing to enter into an agreement described in Section 1471(b) of the Code, (ii) being a "recalcitrant account holder" as defined in Section 1471(d)(6) of the Code, (iii) electing to be withheld against pursuant to Section 1471(c) of the Code, (iv) failing to satisfy the requirements of Section 1472(b) of the Code, or (v) otherwise failing to claim or perfect an exemption or comply with requirements under FATCA)

As used herein:

- (i) **Tax Jurisdiction** means France or Poland, or any political subdivision or any authority thereof or therein having power to tax; and

- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. **PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. **EVENTS OF DEFAULT**

10.1 **Events of Default relating to Unsubordinated Notes**

This Condition 10.1 is applicable in relation to Unsubordinated Notes only.

The following events or circumstances (each an **Event of Default**) shall be events of default in relation to the Notes of any Series, namely:

(a) **Non-payment**

The Issuer or the Guarantor fails to pay any amount of interest or principal due in respect of the Notes of the relevant Series or any of them on the due date for payment thereof and such default continues for a period of five days on which banks are open for business in France and Poland; or

(b) **Breach of Other Obligations**

If the Issuer or the Guarantor fails to perform or observe any of its other material obligations under these Conditions or in respect of Notes of the relevant Series or the Agency Agreement or (in the case of the Guarantor only) the Senior Guarantee or the Subordinated Guarantee and (except in any case where the failure is incapable of remedy when no continuation or notice as if hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any holder on the Issuer or the Guarantor, as the case may be, of notice requiring the same to be remedied; or

(c) **Cross Default**

If any Relevant Indebtedness of the Issuer or the Guarantor or any of their respective Material Subsidiaries becomes due and repayable prematurely by reason of any event of default (however described) or the Issuer or the Guarantor or any of their respective Material Subsidiaries fails to make any payment in respect of any Relevant Indebtedness on the due date therefor as extended by any applicable grace period or any security given by the Issuer or the Guarantor or any of their respective Material Subsidiaries for any Relevant Indebtedness becomes enforceable or if default is made by the Issuer or the Guarantor or any of their respective Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Relevant Indebtedness of any other person, provided that no such event shall constitute an Event of Default unless the Relevant Indebtedness or other relative liability either alone or when aggregated with other Relevant Indebtedness and/or other liabilities relative to all (if any) other such event which shall have occurred and be continuing shall amount to at least €10,000,000 or its equivalent in any other currency; or

(d) Dissolution

If any order is made by any competent court or a resolution is passed for the dissolution of the Issuer or the Guarantor or any of their respective Material Subsidiaries; or

(e) Cessation of Business

If the Issuer or the Guarantor or any of their respective Material Subsidiaries ceases or announces an intention to cease to carry on the whole or a substantial part of its business, save for the purposes of a reorganisation of the Issuer, the Guarantor and its other Subsidiaries taken as a whole on terms approved by an Extraordinary Resolution of the holders or as otherwise permitted by applicable law, or the Issuer or the Guarantor or any of their respective Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or if the Issuer is adjudicated or found bankrupt or insolvent; or

(f) Insolvency/Winding-up

if (i) proceedings are initiated against the Issuer or the Guarantor or any of their respective Material Subsidiaries under any applicable bankruptcy, recovery, liquidation, insolvency, composition, or other similar laws or a receiver, manager, administrator or other similar official is appointed in relation to the Issuer or the Guarantor or any of their respective Material Subsidiaries or, as the case may be, in relation to the whole or a part of the undertaking or assets of any of them, or any encumbrancer takes possession of the whole or a part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets of any of them and (ii) in any case is not discharged within 21 days; or if the Issuer or the Guarantor or any of their respective Material Subsidiaries initiates or consents to judicial or other proceedings relating to itself under any applicable bankruptcy, recovery, liquidation, insolvency, composition or other similar laws or makes a transfer of title or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(g) Withdrawal of Banking Licence

If the banking operations of the Guarantor are suspended or the Guarantor's banking licence is withdrawn pursuant to applicable Polish banking law; or

(h) Guarantees in Effect

If either the Senior Guarantee or the Subordinated Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect; or

(i) Issuer Wholly-owned

If the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor.

10.2 Definitions

In these Conditions:

Material Subsidiary means any Subsidiary of the Issuer or the Guarantor: (a) whose gross profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent of the consolidated gross profits of the Issuer or the Guarantor, or, as the case may be, consolidated total assets, of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated, or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer or the Guarantor, as the case may be, and their respective Subsidiaries; or (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer or the Guarantor, as the case may be, which immediately before the transfer is a Material Subsidiary of the Issuer or the Guarantor, all as more particularly defined in the Agency Agreement. A certificate by the Directors of the Issuer or the Management Board of the Guarantor confirming that in their opinion a Subsidiary of the Issuer or the Guarantor is or is not or was or was not at any particular time a Material Subsidiary of the Issuer or the Guarantor, as the case may be, accompanied by a report of the Auditors addressed to the Issuer or the Guarantor (as to proper extraction of the figures used by the Directors of the Issuer or the Management Board of the Guarantor in determining the Material Subsidiaries of the Issuer or the Guarantor and mathematical accuracy of the calculation), as the case may be, shall, in the absence of manifest error, be conclusive and binding on all parties.

Subsidiary means any company or corporation: (A) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or (B) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or (C) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation, and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

Auditors means the auditors from time to time of the Issuer or the Guarantor, as the context may require, or, in the event of any of them being unable or unwilling to carry out any actions requested from them pursuant to these Terms and Conditions, means any other firm of certified accountants of international standing or repute in Poland or France, as the case may be, nominated by the Issuer or the Guarantor;

If any Event of Default shall occur and be continuing in relation to any Series, any holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Paying Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the **Early Termination Amount**) (which shall be its Outstanding Principal Amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 7.5) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with all interest (if any) accrued thereon without

presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

10.3 Events of Default relating to Subordinated Notes

This Condition 10.3 only applies to Subordinated Notes.

There will be no Events of Default in relation to Subordinated Notes.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 10. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency or, from the effective date of withholding on "passthru payments," where the Paying Agent is a "foreign financial institution" and does not become, or ceases to be, a "participating foreign financial institution" as from the effective date of withholding on "passthru payments" (as such terms are defined pursuant to FATCA), when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting

any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the holders Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of these Conditions and the Deed of Covenant insofar as the same may apply to such Notes.

An Extraordinary Resolution passed at any meeting of the holders of Notes of any Series will be binding on all holders of the Notes of such Series, whether or not they are present at the meeting, and on all holders of Coupons relating to Notes of such Series.

The Issuer may, with the consent of the Paying Agent, but without the consent of the holders of the Notes of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes either:

- (a) to correct a manifest error, cure any ambiguity or cure, correct or supplement any defective provision contained herein or therein; or
- (b) in any manner which is not prejudicial to the interests of holders of such Notes.

Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of an Extraordinary Resolution. The Issuer, or any previous substituted company, may at any time, without the consent of the holders of the Notes of any Series or Coupons, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the **Substitute**) that is the Guarantor, or a Subsidiary of the Guarantor, provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the **Deed Poll**), to be substantially in the form scheduled to the Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each holder of a Note, Coupon, Receipt or Talon against any tax, duty, assessment or governmental charge that is imposed on it by, or by any authority in or of, the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and the Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the holders of Notes shall have been delivered to them (care of the Paying Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of paragraph (iii) above and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the holders of Notes, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to holders of Notes, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons, are and shall be governed by, and construed in accordance with, English law except the provisions of Condition 2.3 which shall be construed by French law.

18.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Issuer appoints Commerzbank Aktiengesellschaft at its office at 30 Gresham Street, London EC2V 7PG as its agent for service of process, and undertakes that, in the event of Commerzbank Aktiengesellschaft ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

18.4 Other documents and the Guarantor

The Issuer and, where applicable, the Guarantor has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche will be transferred to the ownership of the Guarantor and deposited to its account under the terms of a deposit agreement (*umowa kaucji*), establishing a deposit (*kaucja*), to be entered into between the Issuer and the Guarantor on or before the first Issue Date, and will be used by the Guarantor for general corporate purposes.

SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION

SELECTED FINANCIAL INFORMATION OF THE ISSUER

The following paragraphs present selected financial data of the Issuer as at and for the years ended 31 December 2011 and 2010, extracted from the audited financial statements of the Issuer for the years 2011 and 2010 (see also "*Documents Incorporated by Reference*").

The Issuer is an entity controlled by the Bank and its assets, liabilities and results are consolidated into the Group for the purposes of the consolidated financial statements of the Group, as to which see "*Documents Incorporated by Reference*".

As at 31 December 2011 and 31 December 2010, the Issuer had total assets of EUR 166,815 and EUR 186,071 respectively. Total equity of the Issuer as at 31 December 2011 and 31 December 2010 was EUR 140,014 and EUR 164,539 respectively, and short-term liabilities as at 31 December 2011 and 31 December 2010 amounted to EUR 26,801 and EUR 21,531 respectively.

Given the limited object of the Issuer and its limited activity (as to which, see "*Description of the Issuer*"), the Issuer had no operating income in the years ended 31 December 2011 and 31 December 2010. As a result, for the years ended 31 December 2011 and 31 December 2010 the Issuer generated a negative operating result of EUR 24,930 and EUR 28,676 respectively, and a net loss of EUR 24,525 and EUR 18,437 respectively.

This section should be read along with the financial data included or incorporated by reference elsewhere in this Prospectus.

FINANCIAL DATA OF THE GROUP

The last two financial years have represented a period of strong business and financial performance of the Group supported by a set of strategic initiatives aimed at revenue enhancement and cost optimisation in a response to a more challenging market and economic environment since the onset of the financial crisis. In addition, the Group's capital adequacy was substantially improved following the successful execution of a PLN 1.97 billion share issue by way of a rights offering in June 2010.

The Group's core income (i.e. net interest income and net fee and commission income) increased from PLN 2,556.9 million for the year ended 31 December 2010 to PLN 2,988.6 million for the year ended 31 December 2011 representing an increase of 16.9%. Improving margins and increase of loan volumes have supported the growth of net interest income while the growth in fee and commission income is attributed to increased sales of loans, insurance and other financial products as well as higher transaction activity from the Bank's retail and corporate clients. Accordingly, net interest income grew from PLN 1,811.0 million for the year ended 31 December 2010 to PLN 2,148.6 million for the year ended 31 December 2011 representing an increase of 18.6% while net fee and commission income increased from PLN 745.9 million for the year ended 31 December 2010 to PLN 840.0 million for the year ended 31 December 2011 representing an increase of 12.6%.

The business development of the Group was accompanied by a continued focus on maintaining cost discipline. Consequently, the Group's revenues increased more rapidly than costs allowing for a significant improvement in efficiency. As a result, the Group's cost to income ratio declined from 51.8% for the year ended 31 December 2010 to 48.3% for 2011.

The Group's ongoing implementation of prudent risk management policy combined with a general improvement in the financial standing of the Group's clients supported a reduction in overall risk costs. For the year ended 31 December 2011, net impairment losses on loans and advances for the Group amounted to PLN 373.5 million, compared to PLN 634.8 million for the year ended 31 December 2010 representing a decrease of 41.2%. During the same period, the Group's non-performing loans ratio decreased to 4.7% from 5.3% for 2010.

The Group's capital ratios improved in 2010 supported by profit retention and a share issue by way of a rights offering in June 2010. For the year ended 31 December 2011, the capital adequacy ratio stood at 15.0%, compared to 15.9% for the year ended 31 December 2010, while the Tier 1 capital ratio stood at 9.6% for the year ended 31 December 2011 compared to 10.4% for the year ended 31 December 2010.

The profit before income tax of the Group during 2010 totalled PLN 872.5 million and during 2011 reached PLN 1,467.1 million. ROE gross rose from 15.6% in 2010 to 21.0% in 2011.

PRESENTATION OF THE GROUP FINANCIAL AND OTHER INFORMATION

Key Factors Affecting Comparability

Change of presentation of comparative financial data

In the 2011 Consolidated Financial Statements, the Group changed the presentation of selected items in its consolidated statement of financial position. The comparative data was also adjusted so as to reflect for the changes in presentation introduced in the current year.

The Group changed the presentation of liabilities arising from the Bank's clients cash funds, for which the outgoing transfer orders were submitted beyond hours enabling execution of the transfer on the same day. This change was introduced in order to reflect the economic nature of the funds in a better way.

Moreover, the Group made changes in the presentation of receivables and liabilities arising from the Social Benefits Fund (SBF). In accordance with the legal nature of the funds, receivables and liabilities arising from SBF were removed from the Group's Statement of Financial Position.

Additionally, the Group ceased to present debt securities eligible for rediscounting at the Central Bank in a separate line in the Statement of Financial Position and present them within the item "Loans and advances to customers".

The change had no impact on the profit and equity of the Group in 2011, neither on the presented comparative data for 2010.

The effect of the changes in presentation of comparative data in the Group's Consolidated Financial Statements is summarised in the following tables.

Changes in the Consolidated Statement of Financial Position as at 31 December 2010

	31.12.2010		31.12.2010
	before	presentation	after
	adjustments	adjustments	adjustments
Debt securities eligible for rediscounting at the Central Bank	3,686	(3,686)	-
Loans and advances to banks	2,510,892	(3,610)	2,507,282
Loans and advances to customers.....	59,370,365	3,686	59,374,051
Amounts due to customers.....	47,420,057	(269,104)	47,150,953

Other liabilities.....	871,130	265,494	1,136,624
Total assets	90,042,441	(3,610)	90,038,831
Total liabilities	82,965,156	(3,610)	82,961,546

Source: Consolidated Financial Statements

The information presented in this Prospectus has been provided on the revised presentation basis.

GROUP HISTORICAL FINANCIAL INFORMATION

The following tables present selected consolidated financial data of the Group as at and for each of the years ended 31 December 2010 and 31 December 2011 which were derived from the Consolidated Financial Statements.

This section should be read along with the financial data included or incorporated by reference elsewhere in this Prospectus.

Consolidated Income Statements

	Year ended 31 December	
	2011	2010
	<i>(PLN thousands)</i>	
	<i>(audited)</i>	
Interest income	3,871,231	3,421,704
Interest expense	(1,722,629)	(1,610,740)
Net interest income.....	2,148,602	1,810,964
Fee and commission income.....	1,279,172	1,178,745
Fee and commission expense.....	(439,200)	(432,826)
Net fee and commission income	839,972	745,919
Dividend income.....	15,113	8,173
Net trading income, including:.....	424,091	410,672
<i>Foreign exchange result.....</i>	<i>393,943</i>	<i>369,982</i>
<i>Other trading income and result on hedge accounting.....</i>	<i>30,148</i>	<i>40,690</i>
Gains less losses from investment securities.....	11,985	45,148
Other operating income	301,930	311,271
Net impairment losses on loans and advances.....	(373,470)	(634,779)
Overhead costs.....	(1,471,501)	(1,380,351)
Amortisation and depreciation	(251,412)	(236,918)
Other operating expenses.....	(178,183)	(207,588)
Operating profit.....	1,467,127	872,511
Profit before income tax	1,467,127	872,511
Income tax expense.....	(322,692)	(211,646)
Net profit	1,144,435	660,865
Net profit attributable to:		
Owners of BRE Bank SA.....	1,134,972	641,602
Non-controlling interests	9,463	19,263

Source: Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

	Year ended 31 December	
	2011	2010
	<i>(PLN thousands)</i> <i>(audited)</i>	
Net profit	1,144,435	660,865
Other comprehensive income net of tax:	2,248	172,788
Exchange differences on translation of foreign operations (net of tax).....	3,451	(5,231)
Change in valuation of available-for-sale financial assets (net of tax).....	(1,203)	178,019
Total comprehensive income net of tax, total	1,146,683	833,653
Total comprehensive income (net), attributable to:		
Owners of BRE Bank SA	1,135,612	816,638
Non-controlling interests	11,071	17,015

Source: Consolidated Financial Statements

Consolidated Statements of Financial Position

	As at 31 December	
	2011	2010
	<i>(PLN thousands)</i> <i>(audited)</i>	
ASSETS		
Cash and balances with the Central Bank.....	1,038,356	2,359,912
Loans and advances to banks	4,008,874	2,507,282
Trading securities	991,559	1,565,656
Derivative financial instruments.....	1,506,595	1,226,653
Loans and advances to customers.....	67,851,516	59,374,051
Hedge accounting adjustments related to fair value of hedged items.....	1,924	-
Investment securities	16,697,212	18,762,688
Pledged assets.....	4,339,523	1,830,803
Investments in associates	-	317
Intangible assets	436,769	427,837
Tangible fixed assets	832,455	777,620
Current income tax assets	4,728	5,922
Deferred income tax assets	307,052	316,372
Other assets	859,084	883,718
Total assets	98,875,647	90,038,831
LIABILITIES		
Amounts due to the Central Bank	-	79
Amounts due to other banks.....	27,390,809	28,727,008
Derivative financial instruments.....	1,862,747	1,363,508
Amounts due to customers.....	54,244,388	47,150,953
Debt securities in issue	1,735,988	1,371,824
Subordinated liabilities	3,456,200	3,010,127
Other liabilities	1,723,856	1,136,624
Current income tax liabilities	235,568	25,469
Deferred income tax provisions	258	629
Provisions.....	153,168	175,325

Total liabilities	90,802,982	82,961,546
EQUITY		
Equity attributable to owners of BRE Bank SA	8,048,755	6,909,303
Share capital:	3,493,812	3,491,812
<i>Registered share capital</i>	168,411	168,347
<i>Share premium</i>	3,325,401	3,323,465
Retained earnings:	4,493,157	3,356,345
<i>Profit from the previous years</i>	3,358,185	2,714,743
<i>Profit for the current year</i>	1,134,972	641,602
Other components of equity	61,786	61 146
Non-controlling interest	23,910	167,982
Total equity	8,072,665	7,077,285
Total equity and liabilities	98,875,647	90,038,831

Source: Consolidated Financial Statements

Items from Consolidated Cash Flow Statements

	Year ended 31	
	December	
	2011	2010
	<i>(PLN thousands)</i>	
	<i>(audited)</i>	
Cash and cash equivalents at the beginning of the reporting period	5,805,816	6,867,880
Net cash flows from/(used in) operating activities	1,594,968	(1,641,347)
Net cash flows from/(used in) investing activities	(187,372)	(134,115)
Net cash flows from/(used in) financing activities	(2,519,401)	737,505
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	(18,800)	(24,107)
Cash and cash equivalents at the end of the reporting period	4,675,211	5,805,816
Net increase/decrease in cash and cash equivalents	(1,111,805)	(1,037,957)

Source: Consolidated Financial Statements

Capital Adequacy

The table below presents selected data concerning the capital adequacy ratio and Tier 1 capital ratio of the Group as at the dates indicated below.

	31 December	
	2011	2010
Capital adequacy ratio (%) (audited)	15.0	15.9
Tier 1 capital ratio (%)* (unaudited)	9.6	10.4

Source: Consolidated Financial Statements

**Unaudited: Tier 1 ratio constitutes a percentage ratio, the numerator of which is the value of Tier 1 capital and the denominator of which is the entire regulatory capital requirements, multiplied by 12.5. Tier 1 capital is calculated in accordance with the requirements of (a) Resolution No. 381/2008 of the PFSA dated 17 December 2008 on other reductions of core equity capital, their amounts, scope and prerequisites to reduce core equity capital, other balance sheet items reported under other reserve funds, their amount, the scope and conditions to reduce reserve funds, scope and manner of banks within holding groups in calculation of equity capital as well as (b) Resolution No. 314/2009 of the PFSA dated 14 October 2009 on other balance*

sheet items included in core equity capital of a bank, their amount, scope and prerequisites to recognise them in core equity capital of a bank. The total regulatory capital requirement is calculated in accordance with Resolution No. 76/2010 of the PFSA dated 10 March 2010 on the scope and detailed principles for specifying capital requirements in respect of particular risks.

Key Financial Ratios

The table below presents selected financial ratios for the Group as at the dates and for the periods indicated below.

	As at and for the year ended 31 December	
	2011	2010
	(%)	
	(unaudited)	
ROE gross ¹	21.0	15.6
ROE net ²	16.4	11.8
ROA net ³	1.3	0.8
Cost to income ratio (C/I) ⁴	48.3	51.8
Non-performing loans ratio ⁵	4.7	5.3

Source: The Bank

¹ Calculated by dividing gross profit/(loss) by the average total equity net of the year's results, including non-controlling interests (calculated as the average of total equity during the reporting period).

² Calculated by dividing net profit/(loss) attributable to equity holders of the Bank and non-controlling interests by the average total equity net of the year's results, including non-controlling interests (calculated as the average of total equity during the reporting period).

³ Calculated by dividing net profit/(loss) attributable to equity holders of the Bank and non-controlling interests by the average total assets (calculated as the average of total assets during the reporting period).

⁴ Calculated by dividing overhead costs and depreciation and amortisation by operating income comprising: net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, other operating income/ operating expenses.

⁵ Calculated by dividing the gross carrying value of non-performing loans (loans and advances to customers and loans and advances to banks with recognized impairment) and the gross carrying value of loans and advances to customers and loans and advances to banks.

DESCRIPTION OF THE GROUP

Overview

The Group is one of the largest financial services groups in Poland providing retail, corporate and investment banking as well as other financial services. It is the third largest banking group in the Polish market in terms of total assets, customer loans and number of retail current accounts and the fourth largest banking group in terms of deposits (*source*: Rzeczpospolita, 31 August 2011 (preliminary results)). Furthermore, the Group has leading positions in brokerage, commercial real estate financing, factoring, leasing and distribution of insurance products.

As at 31 December 2011, the Group had approximately 3.9 million retail customers, including individual retail customers and micro-businesses. The consistently strong business and financial performance of the Bank's retail operations is a result of its continued focus on building the best service on the market and forging long-term client relationships. The Bank remains a market leader in acquiring new clients and it continues to broaden the scope of products and services offered. The Group offers its retail clients a full range of products and services, including current and savings accounts (including foreign currency accounts), term deposits, lending products (including mortgage loans, consumer loans, car loans, cash loans, overdrafts, credit cards and other products), debit cards, insurance and investment products and brokerage services. In Poland, the Group distributes its products and services in its Retail Banking segment predominantly through the internet platforms of mBank and MultiBank, over 130 branches of MultiBank as well as over 100 distribution units of mBank managed under the Aspiro brand. mBank targets young, self-directed customers seeking low-cost banking alternatives as well as micro-businesses. In 2007, mBank's retail platform was extended into the neighbouring countries of the Czech Republic and Slovakia. MultiBank offers a broad range of products and services targeted at affluent customers and micro-businesses seeking high quality, personalised service. In addition, the Group offers private banking services to high net worth individuals.

The Bank offers its corporate banking customers in its Corporates and Markets segment 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. As at 31 December 2011, the Bank had approximately 14 thousand corporate banking customers and distributes its products and services through a fully dedicated network of approximately 30 corporate branches and 20 corporate offices, as well as through its corporate banking internet platform iBRE.

The Bank's investment banking services consist of trading in financial instruments, origination of debt securities for corporate banking customers and banks in the Polish market as well as direct sales of financial products to corporate banking customers, non-banking financial institutions and selected private banking customers.

History

The Bank was established in 1986 under the business name of Bank Rozwoju Eksportu SA. The State Treasury of the Republic of Poland and the NBP were among its founding shareholders. The Bank was originally dedicated solely to serving corporate customers and focused on granting foreign currency loans to Polish exporters for the purchase of investment goods and technology.

Following its initial public offering in 1992 under which the State Treasury of the Republic of Poland sold a portion of its shareholding, the Bank's shares were admitted to trading on the regulated market operated by the Warsaw Stock Exchange.

In 1994, the Bank signed a strategic partnership agreement with Commerzbank, which purchased 21% of the Bank's shares. Subsequently the Bank's share capital was increased. As at the date of this Prospectus, Commerzbank through its wholly-owned subsidiary, Commerzbank Holding, holds shares representing 69.72% of the Bank's share capital and of the total number of votes at the Bank's General Shareholders' Meeting.

In 1998, the Bank merged with Polski Bank Rozwoju SA (**Bank Rozwoju**) following the acquisition of Bank Rozwoju's shares in a public tender offer.

In 2000, the Bank started its retail operations by launching mBank, a fully internet based bank, which was a pioneering project in the Polish market. During the last decade it has managed to become the leading online bank and the third largest retail bank in Poland in terms of number of customer loans and number of retail current accounts. In November 2007 it commenced its foreign expansion to the Czech Republic and Slovakia. In 2001, the Bank added a second retail brand, MultiBank, a high street brick-and-mortar bank aimed at servicing affluent clients.

Competitive Strengths

Leading Market Position across Key Segments

The Group is a market leader in retail, corporate and investment banking. As at 31 December 2011, the Group's market share in retail loans and retail deposits stood at approximately 4.8% and 6.5%, respectively (based on NBP figures). Based on publicly available information from, *inter alia*, the Association of Polish Banks and the online portal Bankier.pl, the Bank is one of the leading retail banks in Poland, both in terms of active users of internet banking and the number of new customers based on new current account openings.

As at 31 December 2011, the Bank's market share in corporate loans and corporate deposits stood at approximately 8.6% and 6.2%, respectively (based on NBP figures). Furthermore, the Bank has been consistently ranked as one of the leading banks providing investment banking services in Poland. According to Fitch Polska SA, Rating and Rynek, as at 31 December 2011 the Bank is the market leader for arranging bank debt securities, ranked fourth for providing short-term debt securities and ranked second in the market for providing corporate bonds. The Bank is also ranked among the leading government debt securities primary dealers by the Polish Ministry of Finance as well as money market dealers by the NBP.

Multi-Brand, Multi-Channel Retail Banking Model

The Group's Retail Banking business model is based on a multi-brand (mBank, MultiBank, BRE Private Banking) and a multi-channel distribution (branches, internet, telephone, mobile phones) approach. An integrated internet platform is the central pillar of the Bank's broad product and service offering. The Bank's ability to provide different customer groups with a broad range of products and services tailored to their needs has been the key driver supporting the rapid and steady growth in the number of customers.

mBank has a strong brand recognition in Poland. It targets young, self-directed customers seeking low-cost banking alternatives, as well as micro-businesses. MultiBank appeals to affluent customers and micro-businesses seeking high-quality, seamless and personalised service. The Group also benefits from the cost synergies of having both mBank and MultiBank brands use one common operating platform.

The consistently strong business and financial performance of the Bank's retail operations is a result of its continued focus on building the best service on the market and forging long-term client relationships. The Bank remains a market leader in acquiring new clients and it continues to broaden the scope of products and services offered.

Strong Corporate and Investment Banking Business

The Corporates and Markets segment of the Bank is organised into two sub-segments: (i) Corporates and Institutions which covers a comprehensive corporate banking product and services offering and (ii) Trading and Investment which focuses on investment banking offering and trading activities.

The strong position of the Bank's corporate and investment banking business in Poland results primarily from its comprehensive offering of financial products and services, diversified distribution channels (including a branch and office network exclusively dedicated to corporate customers and an integrated iBRE internet platform), as well as long-standing relationships with its customers. In addition to its standard range of corporate banking products and services, the Bank provides tailor-made product solutions to meet the increasingly complex demands of its clients.

The Bank also operates a modern customer relationship management (**CRM**) system which enables it to perform comprehensive analyses of corporate customers' potential and needs for banking products and services. The tool effectively supports the Bank's increasing cross selling activities.

The Group's corporate customer base has grown from 13,271 customers as at 31 December 2010 to 13,977 customers as at 31 December 2011.

Prudent Risk Management

The Group views risk management as an essential part of its activities. It has a decisive influence on the Bank's choice of business strategies, selection of target customers and optimisation of profitability against risks. The quality of its risk management constitutes part of the Group's competitive advantage. The Group's risk management system, which conforms to the highest market standards, includes up-to-date methodology and procedures of risk identification and measurement, and tools supporting measurement and monitoring of risk with respect to individual types of inherent risks in the Group's business. One of the elements of the risk management process is correct valuation of assets. For several years the Group has applied an appropriate approach to the profile of conducted activities which aims to identify circumstances of impairment of loans exposure and properly charge impairment losses on loans and advances exposure. For the year ended 31 December 2011, within the framework of the above process, impairment losses on loans and advances amounted to PLN 373.5 million. The Group also considers that one of its competitive strengths is its efficient credit process, both in respect of corporate and retail customers. Nonetheless, the Group strives to continuously optimise its lending procedures and to actively manage and monitor individual customers' exposures.

Proven Management Track Record

The Group's management team has extensive experience in the banking sector in Poland. The consistent realisation of management strategy has helped the Group to maintain its leading position while markedly improving its financial performance amid a challenging economic environment marked by continued uncertainty in the financial markets globally. The Bank was named the best bank in Poland by Euromoney Magazine in the Euromoney Awards for Excellence 2011 in which banks are assessed in terms of their financial standing and performance, and their position on the domestic market. Euromoney Magazine's jury highlighted that the Bank has developed faster than its peers and reported financial results above analysts' expectations.

For the year ended 31 December 2010 the Group's core income (calculated as a sum of net interest income and net fee and commission income) reached PLN 2,556.9 million and grew to PLN 2,988.6 million for the year ended 31 December 2011, representing an increase of 16.9% during this period. At the same time, the Group's management team worked to improve the Group's cost base which resulted in the improvement of

efficiency measured by cost to income ratio decreasing from 51.8% for the year ended 31 December 2010 to 48.3% for the year ended 31 December 2011.

Commerzbank as the Strategic Shareholder of the Group

Commerzbank through its subsidiary Commerzbank Holding is the principal shareholder of the Bank. As at the date of this Prospectus, Commerzbank holds shares representing 69.72% of the Bank's share capital and the total number of votes at the General Shareholders' Meeting. The Group benefits from its relationship with Commerzbank as its strategic shareholder, including access to foreign exchange-denominated funding provided by Commerzbank and operational and know-how support in various areas of business (for example, product development risk management, and access to global capital markets).

Strategy

Increase Revenues in the Retail Banking Business by Cross Selling to Existing Retail Customers and Potential Retail Customers

The Group intends to increase its revenues in the most lucrative segments in its retail banking business by focusing on existing and potential affluent customers who have high expectations of the Group's product offering and service. The affluent customer segment in Poland has above average market growth potential. The Group intends to increase its revenues by: (i) attracting new customers through the broad functionality of its current account products which are fully integrated with all of the Bank's retail products, (ii) offering cutting-edge transactional and mobile banking, (iii) increasing the number of products provided to its customers for whom the Bank is not currently its first choice and (iv) segmenting its retail customer base through the use of its CRM system to intensify the sale of certain products and services, depending on the current and anticipated future needs of individual customer groups. The range of products and services the Group intends to cross sell include: (i) saving and investment products, (ii) non-mortgage lending products such as automatic pre-approved loan limits for certain customers, (iii) mortgage loans and (iv) other products such as transaction products, brokerage and bank-assurance products. By offering such a broad range of retail banking products, the Bank believes it can be the "bank for life" for its existing and new customers.

The Group also recognises the high revenue potential of the new younger generation of customers. The Bank will continue to provide innovative, cutting-edge solutions, both for mobile and traditional internet platforms, which integrate with the customer's bank account including social media, online shopping and entertainment. The youngest customers will be allowed to conduct key banking activities via the internet without signing any paper documents including opening bank accounts and video conferencing with bank advisers.

Consolidate the Bank's Strong Corporate and Investment Banking Services

The Bank intends to consolidate its strong market position in corporate and investment banking by building a competitive advantage in the large companies sub-group (K2) and maintaining its strong position in the large corporations sub-group (K1). This requires more effective use of its corporate network of branches and offices and focusing on new areas of growth in the corporate and investment banking market. The Bank intends to further develop its transactional banking services business and to increase cross selling of investment banking products. In particular, the Bank intends to focus on (i) servicing public finance business, (ii) business opportunities with Polish subsidiaries of international corporations, including Commerzbank's customers and (iii) financing projects conducted with the use of EU funds. The Bank also intends to become the market leader in transactional banking services by reaching to more customers through the network of MultiBank's branches and through co-operation with the Bank's subsidiaries, continuing development of innovative products, including those offered via the iBRE platform, innovative cash management products, expansion of its card offering, improving PLN cash payments and fully automating

outgoing international payments, and benefiting from strong relations with exporters and importers. The Bank intends to focus on cross selling and increase the volume of corporate and investment banking products and services such as foreign exchange transactions, debt origination, mergers and acquisitions, and products supporting risk management (including foreign exchange options, forward contracts, interest rate derivatives and commodity swaps).

The Group is also planning to strengthen its presence in the SME sub-group (K3) aiming to increase its market share. The Bank's network of corporate branches and corporate offices, combined with an improved customer relationship system, allow the Bank, by conducting comprehensive and multi-dimensional analyses, to focus on individual customers' needs.

Strengthen the Group's Funding Sources

Throughout the financial crisis, the Bank has been able to maintain a solid liquidity situation by increasing deposits to fund the growing loan business in PLN. Furthermore in 2010/2011 the Bank extended the maturity of loans received from Commerzbank up to eight years to reduce its liquidity risk. Due to regular repayments of CHF mortgages and entering into swap transactions on CHF, the Bank was in a position to reduce funding received from Commerzbank during 2010 and 2011. The Group will use a mix of diversified funding sources in 2012 to further reduce dependency on Commerzbank funding. This will include the swap markets, bilateral loans, commercial papers, domestic and international senior unsecured capital markets issuances and covered bonds. Furthermore the Bank intends to increase the deposit base in PLN and EUR to fund to a greater extent its existing portfolio as well as new loan business.

Further Improve Cost Efficiency

The Group intends to further strengthen its cost efficiency by focusing on strict cost control and monitoring in order to maintain operational efficiency at a high level.

In addition, the Bank believes that the Group will be able to realise increasing economies of scale. The Bank believes that it will benefit significantly from its efficient and high quality IT systems, which have a capacity up to 15 million retail customers with existing applications and therefore allow the Group to grow its business with relatively low incremental costs. In addition, since September 2009, the Group has functioned as a near shore centre for Commerzbank and is responsible for certain aspects of Commerzbank Group's transactional support management services, allowing the Group to share a portion of its operational cost and, therefore, to improve its cost effectiveness. A common purchasing platform with Commerzbank was also established, which will further enhance cost effectiveness.

Maintain Prudent Risk Management Approach

The Group intends to maintain a prudent risk management approach through the implementation of a number of measures, including improvement of credit processes by implementing a standard verification mechanism when determining the creditworthiness of existing and potential customers of the Group. A granular customer rating model based on prospective probability of default (**PD**) and expected losses (**EL**) ratios and a client value at risk model based on a risk return approach (**CVaR**) shall be maintained. With regard to the structure of the loans and advances to customers portfolio, the Group intends to maintain a diversified portfolio (both in terms of industry and rating). In the Retail Banking segment, the Group intends to maintain a low risk profile by addressing its non-mortgage loan business primarily to customers with a proven history at the Bank.

In the Corporates and Markets segment, the Group intends to strengthen its risk profile by maintaining the model which risk managers operate at its corporate branches allowing them direct access to information on customers. This in turn enables the Group to make more informed credit decisions while still being able to

process credit applications for its customers quickly and to tailor product structures more efficiently to a customer's needs.

Operations

The Bank offers a broad range of retail, corporate, and investment banking services and products to individual retail customers, micro-businesses, small and medium-sized companies, large corporations, non-banking financial institutions and public sector entities (including large and medium-sized local governments).

The Group divides its operations into two principal segments:

- (1) The Retail Banking segment, which divides its customers into mBank customers, MultiBank customers and BRE Private Banking customers, offering a full range of the Bank's products and services as well as specialised products offered by several subsidiaries. The key products in this segment include current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit card and other loan products), credit cards, insurance, investment products, and brokerage services offered to both individual customers and to micro-businesses. The financial results of the Retail Banking segment include the results of mBank's branches in the Czech Republic and in Slovakia. The Retail Banking segment also consolidates the results of BRE Wealth Management SA (**BRE Wealth Management**), Aspiro SA (**Aspiro**) and BRE Ubezpieczenia TUiR SA (**BRE Ubezpieczenia TUiR**) and BRE Ubezpieczenia Sp. z o.o. (**BRE Ubezpieczenia**)
- (2) The Corporates and Markets segment is divided into two sub-segments:
 - (i) *Corporates and Institutions, a sub-segment that targets small, medium-sized and large companies, public sector entities, non-banking financial institutions and banks. The key products offered to non-banking institutions include transactional banking products and services including current account products, multi-functional internet banking, tailor made cash management and trade finance services, term deposits, foreign exchange transactions, a comprehensive offering of short-term financing and investment loans, cross-border credit, project finance, structured and mezzanine finance services, investment banking products including foreign exchange options, forward contracts, interest rate derivatives, commodity swaps and options, structured deposit products, treasury bonds and bills, non-government debt, medium-term bonds, buy sell back and sell buy back transactions and repo transactions, as well as leasing and factoring services. The Bank also cooperates with numerous correspondent banks and develops relationships with other banks. The Corporates and Institutions sub-segment consolidates the results of the following subsidiaries: BRE Leasing Sp. z o.o. (**BRE Leasing**), BRE Faktoring SA (**BRE Faktoring**), Transfinance a.s. (**Transfinance**), BRE Holding Sp. z o.o. (**BRE Holding**), Garbary Sp. z o.o. (**Garbary**) as well as BRE GOLD FIZ Aktywów Niepublicznych (**BRE GOLD FIZ**) all of whose investment certificates were bought by the Bank in November 2009. The only assets of BRE GOLD FIZ are shares in Powszechny Zakład Ubezpieczeń SA, which were formerly owned by the Bank.*
 - (ii) Trading and Investments sub-segment consists primarily of treasury, financial markets, and financial institutions operations, and manages the liquidity, interest rate and foreign exchange risks of the Bank, its trading and investment portfolios, and conducts market making in PLN denominated cash and derivative instruments, debt origination, and financial institutions' coverage. This sub-segment also includes the financial results of BRE Bank

Hipoteczny SA (**BRE Bank Hipoteczny**), Dom Inwestycyjny BRE Banku SA (**DI BRE**) and the Issuer.

The following table shows the gross profit of the Group's segments for the periods indicated below.

	Year ended 31 December			
	2011		2010	
	Amount	% of total	Amount	% of total
	(PLN thousands (audited))	(%)	(PLN thousands (audited))	(%)
Retail Banking.....	973,921	66.4	455,642	52.2
Corporates and Markets	503,558	34.3	408,427	46.8
- Corporates and Institutions.....	264,798	18.0	179,111	20.5
- Trading and Investment Activity	238,760	16.3	229,316	26.3
Remaining Business	(16,101)	(1.1)	15,210	1.7
Eliminations	5,749	0.4	(6,768)	(0.7)
Total	1,467,127	100	872,511	100

Source: Consolidated Financial Statements

Retail Banking

Overview

Based on publicly available information from the Association of Polish Banks, the independent online portal Bankier.pl and the Bank's own estimations, the Bank is the leading retail bank in Poland, both in terms of numbers of active users of internet banking and the number of new customers based on new current account openings for 2011. The Bank is one of the few banks in Poland with an integrated internet product, combining current accounts as well as investment and insurance products.

As at 31 December 2011, the Bank serviced approximately 3.9 million retail customers with loans and advances in the amount of PLN 38.6 billion and amounts due to retail customers of PLN 26.5 billion.

The Bank's retail banking products and services include current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit card and other loan products), debit cards, insurance and investment products and brokerage services offered to retail customers.

mBank

mBank was launched in 2000 as an internet-based platform. mBank currently offers a broad range of products and services primarily targeted at young and aspiring professional customers who seek convenience and integrated end-to-end experience in banking services. mBank also has dedicated services for micro and small business clients. The services include: online current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loan products), debit cards, insurance and investment products as well as brokerage services. Customers have access to all of mBank's products and services and can manage their products online with one integrated transactional internet platform. mBank provides an

"Investment Fund Supermarket" and an insurance portal through which customers can manage their investment products and buy insurance products.

As at 31 December 2011, mBank's distribution network in the Czech Republic and Slovakia consisted of 13 financial centres (nine in the Czech Republic and four in Slovakia) and 22 mKiosks (17 in the Czech Republic and five in Slovakia).

Distribution Channels

mBank offers its products and services to its customers primarily through the internet, but also through a physical distribution network managed by Aspiro, telephone banking and ATM networks.

Internet

The internet is mBank's primary distribution channel. mBank's customers access their products and services through mBank's internet platform. By using their identification code and password, mBank's customers have access to a broad range of products and full functionality of the platform. As for more complex products which require an agreement with mBank, mBank's customers can file applications online and execute any required documentation at a chosen outlet managed by Aspiro or have the documentation delivered to them via courier. After the documentation is signed by a customer, the courier returns it to mBank for processing and execution, thereby eliminating the need for mBank's customers to physically visit a branch. Certain products, such as retail mortgages and other collateralised loans such as car loans, must be signed by mBank's customers at one of Aspiro's outlets. In 2011, mBank launched a new version of the on-line service for mobile devices "mBank light" with the broadest functionalities available in the market.

mBank predominantly acquires new customers through its own website and a network of partner online portals. Typically, a customer applies online and subsequently provides mBank with the documentation necessary to open an account and to access banking products and services.

Physical Distribution Network

Since July 2009, the physical distribution network of mBank in Poland has been managed by a subsidiary, Aspiro. As at 31 December 2011, the physical distribution network consisted of approximately 25 financial centres, 62 mKiosks and 10 partner mkiosks plus 30 agent service points throughout Poland.

For a more detailed discussion of Aspiro, see "Services Rendered by Bank's subsidiaries within Retail Banking – Aspiro".

As at 31 December 2011, mBank's physical distribution network in the Czech Republic and Slovakia was made up of over 10 financial centres and 20 mKiosks.

Telephone Banking

mBank also offers its retail customers access to its products and services through telephone banking. mBank's customers can choose to be connected to a call-centre based operator or to work with an interactive voice response system (**IVR**).

ATM network

mBank does not operate its own ATM network. In Poland, mBank's customers can use their Visa or MasterCard branded debit cards to access their accounts and withdraw money free of charge at all Euronet, Cash4You, eCard, and BZ WBK networks. mBank's customers can withdraw money at ATM networks of

other banks for a fee unless they use "all ATMs for free" service. mBank's customers can withdraw money from all ATMs that accept Visa and MasterCard free of charge outside of Poland.

MultiBank

MultiBank started its operations in 2001 to target affluent customers seeking quality, seamless and personalised service. MultiBank also has a dedicated service for micro and small business clients. MultiBank's product services include current and savings accounts (including foreign currency accounts), term deposits, lending products (mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loan products), debit cards, insurance and investment products, and brokerage services.

All MultiBank customers have access to bank advisers at MultiBank's branches. MultiBank's affluent customers whose average monthly net income exceeds PLN 5,000 or who have a minimum of PLN 100,000 in assets with MultiBank can become members of the Aquarius Club. Members of the Aquarius Club have a dedicated personal relationship manager. Aquarius Club membership offers additional benefits, such as invitations to special cultural events and discounts at certain restaurants and stores, as well as spa, sports and recreational facilities.

Distribution Channels

MultiBank offers its products and services to its customers mainly through a physical distribution network and internet platform, but also through telephone banking and ATM networks.

Physical Distribution Network

As at 31 December 2011, MultiBank's physical distribution network consisted of more than 70 financial service centres and 60 partner outlets in Poland. Financial service centres are located in Poland's largest cities and focus on banking product sales, banking transactions service and providing consultation services for customers interested in MultiBank's offering. Franchise partner outlets offer the same products and services as MultiBank's own financial service centres, but are located in mid-sized Polish cities.

MultiBank's products are also offered via a distribution network managed by Aspiro.

For a more detailed discussion of Aspiro, see "*Services Provided by Bank's Subsidiaries within Retail Banking – Aspiro*".

Internet

MultiBank's internet platform allows access to all of its products and services and constitutes a significant part of the bank's interactions with its clients.

Telephone Banking

MultiBank also offers its retail customers access to its products and services through telephone banking. MultiBank's customers can choose to be connected to a call-centre based operator or to work with an IVR.

ATM network

MultiBank does not operate its own ATM network. In Poland, all MultiBank's customers can use their Visa and MasterCard debit cards to access their accounts and effect withdrawals free of charge at all Euronet, Cash4You, eCard and BZ WBK networks. MultiBank's Aquarius customers or MultiBank's customers using MultiKonto Active tariff can withdraw money at ATM networks of other Polish banks free of charge.

BRE Private Banking and BRE Wealth Management

Private Banking

To qualify for Private Banking, a customer must have a minimum of PLN 1 million in assets and deposits with the Bank. BRE Private Banking offers standard banking products (current accounts, term deposits, overdrafts, electronic banking, credit and debit cards), bank-assurance products, financial markets products (domestic and foreign mutual funds, brokerage services, commercial debt securities, government, municipal and international bonds, government bills, and foreign exchange transactions) as well as various types of non-standard loans. Each customer is serviced by a dedicated relationship manager who is responsible for the customer's relations with the Bank, the management of the customer's account and the execution of transactions in accordance with the customer's instructions.

Additionally, it is planned that by the end of 2012 all BRE Private Banking clients will have access to MultiBank's distribution channels. As a result, they may benefit from an advanced internet banking platform, where they can both execute standard transactions as well as use investment and brokerage services.

BRE Wealth Management

BRE Wealth Management offers customers investing a minimum of PLN 2 million a variety of different investment products and strategies. The company offers standard investment strategies tailored to the risk and investment profile of its customers and also specialised, personalised investment solutions. In co-operation with business partners, customers are also offered tax optimisation and estate planning solutions, as well as investments in property and in alternative assets, e.g. in art (art banking).

As at 31 December 2011, the Group had approximately 4,200 Private Banking and Wealth Management customers. For a more detailed discussion, see "*Services Provided by Bank's Subsidiaries within Retail Banking – BRE Wealth Management*".

Products and Services in Poland

The Bank offers products and services to its retail customers such as current and savings accounts and deposit products, term deposits, lending products (mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loans products), debit cards, insurance and investment products, and brokerage services. As at 31 December 2011, the vast majority of the Bank's deposit products were PLN denominated.

Mortgage loans constituted the majority of the total loans to retail customers as at 31 December 2011. The Bank offers mortgage loans primarily in PLN and EUR. In August 2011 the Bank discontinued to offer mortgage loans in CHF. As at 31 December 2011, mortgage loans denominated in foreign currencies constituted the vast majority of the total mortgage loans portfolio.

The Bank also offers non-mortgage loans in the form of car loans, cash loans, overdraft facilities, and credit cards to its customers. Non-mortgage loans constituted a minority of the total loans as at 31 December 2011.

The Bank offers its retail customers a wide range of debit and credit cards, issued in conjunction with Visa and MasterCard. As at 31 December 2011, the Bank had issued approximately 3.5 million debit cards and 600,000 credit cards to its customers.

The Bank also offers an open platform of investment funds launched by mBank in February 2003 under the name "Investment Funds Supermarket" and launched by MultiBank in July 2003 as part of MultiBank's "Saving Center" which provides an overview of all of MultiBank's savings and investment products. The

open platform of investment funds is fully integrated with customer current accounts. As at 31 December 2011, investment funds assets of retail clients amounted to PLN 1.7 billion.

The Group's brokerage services are offered through DI BRE, through eMakler service at mBank and through the "Brokerage Service" at MultiBank. The brokerage accounts are fully integrated with customer current accounts. As at 31 December 2011, the Bank's customers had over 230,000 brokerage accounts. For a more detailed discussion of DI BRE, see "*Services Provided by Bank's Subsidiaries within the Trading and Investments Activity – DI BRE*".

Services Provided by Bank's Subsidiaries within Retail Banking

Aspiro

Aspiro was originally founded in July 2005. Aspiro enters into distribution agreements with the Bank and other banks operating in the Polish market under which it sells retail banking products through a distribution network which it operates.

BRE Wealth Management

BRE Wealth Management was founded in August 2000. BRE Wealth Management offers a wide range of investment products and strategies to wealthy customers. The company offers standard investment strategies tailored to the risk and investment profile of its customers and also specialised, personalised investment solutions. Customers are also offered investments in property and in alternative assets, such as art banking. In 2011, BRE Wealth Management's services were strengthened by more complex fund picking strategies and benchmark fund portfolio recommendations. Additionally, a new advisory focused model in respect of all assets, both financial assets as well as non-financial assets, was implemented.

BRE Ubezpieczenia TUiR

The core business of the BRE Ubezpieczenia TUiR is personal insurance and property insurance. BRE Ubezpieczenia TUiR sells its products through an internet platform developed in co-operation with retail branches of the Bank. In addition, typical products known as *bancassurance* for customers of the Bank are sold via an insurance agent, BRE Ubezpieczenia.

BRE Ubezpieczenia

The core business of BRE Ubezpieczenia is to provide services as an insurance agent and wider services related to settlement of insurance agreements. Its direct parent entity is BRE Ubezpieczenia TUiR. The Bank holds 100% of the shares in BRE Ubezpieczenia indirectly through BRE Ubezpieczenia TUiR.

Corporates and Markets

The Corporates and Markets segment includes Corporates and Institutions and Trading and Investment sub-segments.

Corporates and Institutions

Overview

Corporates and Institutions are divided into:

- (i) Corporate banking customers comprising enterprises with a minimum annual turnover of PLN 3 million, public sector entities (including local governments) and non-banking financial institutions (including insurance companies, open pension funds and investment funds); and

- (ii) Banks which are offered products such as current account products, loan products, overdrafts, loans including syndicated loans, and loans guaranteed by Korporacja Ubezpieczeń Kredytów Eksportowych (**KUKE**).

The Bank divides its Corporate Banking Customers into three sub-groups:

- (i) K1 customers: capital groups and large companies with annual revenues exceeding PLN 500 million, the largest public sector entities (including the largest local governments) state funds and non-banking financial institutions (including pension and investment funds and insurance companies);
- (ii) K2 customers: medium-sized enterprises with annual revenues between PLN 30 million and PLN 500 million, mid-sized public sector companies (including local governments); and
- (iii) K3 customers: small and medium enterprises with annual revenues between PLN 3 million and PLN 30 million.

The Bank holds a strong position in the corporate banking segment in Poland. According to the NBP, as at 31 December 2011, the Bank had a market share in excess of 6% in corporate loans and nearly 10% in corporate deposits.

Distribution Channels

Corporate Banking Customers have access to over 45 corporate branches and offices in Poland. The corporate physical distribution network is dedicated exclusively to servicing Corporate Banking Customers. On 10 November 2011 in Koszalin a new pilot branch which combines the servicing of corporate and retail customers started its operations. The joint services project tested in Koszalin aims at increasing effectiveness and optimising costs. Each Corporate Banking Customer is managed by a team of experts dedicated to developing the individual customer's relationship with the Bank comprising a client relationship manager, business analyst and product advisers as well as a risk officer.

In addition, Corporate Banking Customers can obtain certain corporate services (such as cash services) at certain MultiBank outlets.

Corporate Banking Customers can also enter into certain transactions (for example, domestic and foreign payment transactions, selected trade finance transactions, foreign exchange transactions, cash management and deposits) by using the Bank's internet banking platform iBRE.

Products and Services

Transactional Banking

The Bank offers its Corporate Banking Customers transactional banking solutions ranging from standard transactional banking products to specialised, tailor-made products. The standard transactional banking products include accounts, payments, cash operations management, payment cards, foreign exchange transactions, overdrafts, overnight and term deposits. The specialised, tailor-made products include advanced liquidity management services, cash pooling and advanced cash management products, including mass payment collection and identification services as well as financial surplus management. These tailor-made products offered by the Group also facilitate effective management of payments, cash flows and the liquidity of small- and medium-sized companies, large corporations and public finance sector entities and result in the enhancement of customers' operational efficiency. A number of the Bank's products are available through its BRE internet platform.

Short-term and long-term financing

The Bank provides targeted short-term financing through overdraft facilities and revolving loans, comprehensive packages of short-term multi-product and multi-currency financing (umbrella credit facility) available under one facility comprising overdraft, revolving loan, guarantees and letters of credit.

The Bank offers tailor-made long-term financing dedicated to customers' investments needs. The Bank's products include co-financing with the use of EU funds, tailor—made to customer needs.

Investment Banking Products

Investment Banking Products for Corporate Banking Customers

The Bank provides its Corporate Banking Customers with market risk management products, liquidity management and investment products as well as debt origination services. Risk management products enable customers to manage their foreign exchange, interest rate and commodity risk through the use of derivative instruments. Liquidity management and investment products include deposits with the possibility of negotiated terms of agreements, debt securities and sell buy back transactions or repo transactions. Services in relation to arranging issues of securities concerning the issuance of debt securities, such as corporate bonds. Corporate Banking Customers are managed by dedicated corporate sales dealers from the financial markets department, who are located both at the Bank's headquarters and in selected corporate branches. Transactions are primarily conducted via direct telephone communication and the iBRE FX platform.

Investment Banking Products for Non-banking Financial Institutions

The Bank provides its non-banking financial institution clients with market risk management products, liquidity management and investment products.

These financial institutions are serviced by a dedicated team of financial institution sales dealers in the Financial Market Department who are located at the Bank's headquarters as well as through the iBRE platform.

Trade Finance Products

The Bank offers a wide range of trade finance products including various types of guarantees, documentary collections, letters of credit, receivables assignment and forfeiture services. These products are designed to mitigate companies' risk related to the non-performance of a contract.

Structured and Mezzanine Finance

The Bank offers its Corporate Banking Customers a wide range of structured and mezzanine financing, including project and asset finance, commercial real estate finance and acquisition finance. The Bank provides all of these finance offerings either as stand-alone or syndicated financing.

Services Provided by Bank's Subsidiaries within Corporates and Institutions

BRE Leasing

BRE Leasing was established in 1991. BRE Leasing provides financial and operating leasing of cars, trucks, machinery and real estate. The majority of BRE Leasing's customers are small- and medium-sized enterprises.

BRE Faktoring

BRE Faktoring (formerly Polfactor SA) was established in 1995. BRE Faktoring offers factoring services including domestic and export recourse and non-recourse factoring and import guarantees. BRE Faktoring relies on the Bank's distribution channel. BRE Faktoring's products are also distributed through its own distribution channel, comprising seven branches located throughout Poland.

Other information

On 28 July 2011, the Group completed the sale of its shares in Intermarket Bank AG and Magyar Factor zRt. and acquired from Intermarket Bank AG its respective shares in Polfactor SA (now BRE Faktoring) and Transfinance a.s..

Trading and Investment Activity

Overview

The Bank's Trading and Investment sub-segment is divided into the following departments: (i) Treasury Department, (ii) Financial Markets Department, and (iii) Financial Institutions Department.

Treasury Department

The Treasury Department is responsible for the Bank's liquidity management and the Bank's asset and liability management (including interest rate risk management of the loan and deposit portfolios). In addition, the Treasury department implements the decisions of the Asset and Liability Committee (**ALCO**), which is composed of certain Management Board members and department heads and is responsible for strategic decisions in relation to the Bank's liquidity which is managed through money market transactions, foreign exchange swaps, interest rate derivatives, the purchase of Treasury bills and bonds and monetary bills of the NBP and repo transactions.

Financial Markets Department

The main activities of the Financial Markets Department are:

- managing the foreign exchange risk of the Bank, interbank foreign exchange trading (spot and derivatives), interest rate instruments trading (government bonds and bills, interest rate derivatives), commodity derivatives and equity derivatives;
- origination of debt securities for corporate banking customers and banks, trading and sale of those debt securities; and
- direct sales of financial markets products and custody services to corporate banking customers and non-banking financial institutions (such as pension funds, mutual funds, asset management companies) and selected private banking customers.

Financial Institutions Department

The Financial Institutions Department is responsible for establishing and maintaining relationships with other banks, providing products such as current account products, overdrafts, loans including syndicated loans, and loans guaranteed by KUKI to support the Polish export market. Currently, the Bank focuses the sale of its loans in this department on Central and Eastern Europe. The Financial Institutions Department is also responsible for arranging loans in the interbank market and for negotiations over documentation.

Services Provided by Bank's Subsidiaries within the Trading and Investment Activity

BRE Bank Hipoteczny

BRE Bank Hipoteczny was established in 1999 as a specialised mortgage bank. It offers the following services to its customers: loans for commercial developers, loans for residential developers and loans for local governments. BRE Bank Hipoteczny continues to be the largest specialised mortgage bank in Poland and the largest issuer of covered bonds in the Polish market.

DI BRE

DI BRE was founded in 1991. DI BRE is one of the leading brokerage and investment advisory firms in the Polish market providing a full range of services and products to investors and issuers.

DI BRE's institutional trading desk provides services to major Polish institutional investors (pension funds, mutual funds and asset management firms) as well as selected international funds and its retail platform serves a significant number of retail clients active on the Warsaw Stock Exchange. As at 31 December 2011, DI BRE held approximately 292,000 securities accounts serviced through 15 full service customer service points as well as the internet trading platform for mBank and MultiBank customers. In 2011, DI BRE accounted for some 4% of all stock trades, some 14% of all futures trades, some 5% of all options trades and some 4% of all bonds trades on the Warsaw Stock Exchange according to that Exchange's data.

Employees

Employment Structure

The table below presents the number of employees employed (on full or part time basis) by the Bank and the Group as at the indicated dates.

	Number of Employees as at 31 December	
	2011	2010
Bank.....	5,683	5,300
Subsidiaries (consolidated)		1,723
	2,475	
Total.....	8,158	7,023

Source: The Bank

Training programmes offered to the Bank's employees are aimed at developing the employee's competencies. The training policy is focused specifically on the improvement of the qualifications and skills of key employees, providing training in introducing new technologies and developing techniques aimed at increasing sales effectiveness. These objectives are supported by unifying the rules on the eligibility of employees for specialist training and implementing solutions to improve internal communication.

Pursuant to the Bank's internal regulations, all the employees are entitled to additional medical services under health care packages.

The Bank enters into two types of non-compete agreements with its Management Board members and its employees for the duration of their employment as well as for a period post-employment.

As at the date of this Prospectus, there are no trade unions operating at the Bank.

In the period from 1 January 2010 until the date of this Prospectus, there have been no strikes at the Bank or its subsidiaries, and the Bank or its subsidiaries have not been a party to any collective labour disputes.

Employees' Involvement in the Company's Capital

In 2011, two employee incentive programmes were implemented by the Group which consisted of granting bonds convertible to shares.

The first programme was for the Management Board of the Bank and was adopted on 14 March 2008 by the Ordinary General Meeting. 16,072 shares were issued under this programme in 2011, and this was reflected in the Bank's capital increase.

The second programme was for the key personnel of the Bank and the Group subsidiaries and was adopted on 27 October 2008 by the Extraordinary General Meeting of the Bank. By the end of 2011, 106 people had participated in this programme. In 2010, Tranche III of the programme was released in which 12,650 bonds convertible to shares (exercisable between 1 May 2012 and 31 December 2019), were granted. In 2011, two subsequent tranches IV and V were released in which 20,000 bonds convertible to shares (exercisable between 1 May 2013 and 31 December 2019) and 19,990 bonds convertible to shares (exercisable between 1 May 2014 and 31 December 2019), were granted.

IT and Operations

The Bank has a centralised and integrated computer system in place which covers its entire distribution network in Poland. The Management Board believes that the telecommunication infrastructure meets market standards and is protected with a business continuity solution which is tested regularly.

As at the date of this Prospectus, the Bank has over 440 employees supporting, maintaining and developing the infrastructure and information systems. The Bank possesses an application environment, which allows for effective management of operating costs and enables future developments.

The information technology systems of material importance to the operations of the Bank are: (i) Globus – the Group's central transaction and accounting system for corporate and investment transactions which also serves as the legacy system, (ii) Altamira – a system used in the Retail Banking segment for providing complex services to customers with respect to banking products through access to the database of the Group's products, (iii) CHDB – a comprehensive, common and structured source of historical information regarding corporate, retail, investment and private banking information of the Group (it acts as a data warehouse for all IT related information of the Group), (iv) Kondor 3.1 – registers all transactions conducted by dealers and presents the transaction data in a form that allows for it to be assessed by risk management (it also reports on risk and profitability from concluded transactions and controls limits), (v) Uniflow – the workflow tracking tool for the Retail Banking segment with all other credit applications running through it, (vi) CRD SE – the Group's credit risk calculation tool which assists in the obligatory process of measuring the capital adequacy of the Bank and the Group calculating the credit risk exposure of the Group, (vii) CRM – handles the customer relation management for corporate and retail customers and (viii) applications for ERB settlements (dealing with the NBP with respect to all collateral management matters) and applications that help to restructure the Group's suppliers.

The Group has executed standard agreements with suppliers of IT systems material to its operations under which it acquired licenses to use such systems. Moreover, the Group has secured guaranteed service support in the event of system breakdowns and system updates. According to the Bank neither the Bank nor its subsidiaries are dependent on any key suppliers of IT services and can replace them at any given point in time.

Ratings

The table below sets forth information regarding the ratings assigned to the Bank as at the date of this Prospectus.

	Fitch Polska S.A.	Moody's Investors Service Ltd.	Standard & Poor's Credit Market Services France S.A.S.*
Long-term rating of deposits/liabilities.....	A	Baa2	BBBpi
Short-term rating of deposits/liabilities.....	F1	Prime-2	–
Support rating.....	1	–	–
Financial strength rating	–	D	–
Viability rating	bbb-	–	–
Outlook of long-term rating	stable	under review for a possible downgrade	–

* *Standard & Poor's rating is based on publicly available information and is an unsolicited rating. Capital Intelligence also provides an unsolicited rating for the Bank.*

Source: Fitch Ratings, Moody's Investors Service, Standard & Poor's

Fitch Polska S.A., Moody's Investors Service Ltd. and Standard & Poor's Credit Market Services France S.A.S. are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such Fitch Polska S.A., Moody's Investors Service Ltd and Standard & Poor's Credit Market Services France S.A.S. are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Material Contracts

In the course of its operations, the Bank concludes various contracts as a matter of day-to-day business. Where mandated by law, the Bank reports the execution and discloses the terms of such agreements, in particular in the form of relevant current reports published by the Bank, as a public company with shares listed on a regulated market and hence bound by the reporting obligations set out in the Public Offering Act, secondary legislation thereto and other applicable provisions of law.

The Group has entered into a number of financing arrangements with the Commerzbank Group comprising bilateral facility agreements (mostly denominated in CHF), CHF denominated subordinated loan agreements, CHF denominated subordinated bonds issued by the Bank to Commerzbank and, in the case of certain other members of the Group as borrowers, funding agreements mostly denominated in EUR and PLN.

The Group believes these transactions constitute typical and routine transactions in the ordinary course of business concluded on market terms.

The above financing arrangements provided by Commerzbank have been used for the general financial requirements of the Bank.

The agreements implementing these arrangements contain clauses typical of facility agreements, including (i) a *pari passu* clause; (ii) a negative pledge (however, not all of the facility agreements contain a negative pledge); and (iii) a change of ownership clause under which the Bank may be required to repay all

outstanding loans with all outstanding interest and associated costs if Commerzbank ceases, directly or indirectly, to own at least 50% plus one share (or 51% in some instances) of the Bank's share capital or a corresponding majority of the total number of votes in the Bank.

As at 31 December 2011 and 2010 the total outstanding long-term (over one year) indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 21.7 billion and PLN 22.1 billion respectively. The total outstanding short-term indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 3.6 billion as at 31 December 2011 and PLN 2.8 billion as at 31 December 2010.

In addition to the above, as at 31 December 2011, the Group indebtedness to banks other than Commerzbank was as follows:

- Euro denominated loan agreements with the European Investment Bank - PLN 1.8 billion;
- loan agreements with other banks - PLN 1.0 billion; and
- debt securities issued - PLN 1.7 billion.

See "*Documents incorporated by reference - I(f) notes to the financial statements*" for further details.

Insurance Coverage

The Bank maintains insurance coverage against risks of physical damage or loss to fixed assets. The Bank has insurance coverage against fire, lightning, hurricane, hail, flood, earthquake and others as well as theft and burglary, acts of vandalism, riots, strikes and acts of terror. Moreover, the Bank has insurance coverage against civil liability towards third parties for any assets held or activities conducted with professional business activity covered under its professional liability policy.

The Bank maintains professional liability insurance coverage for its business in connection with potential customer claims due to errors, mistakes or wrongful acts committed by the Bank and/or its employees during rendering of professional services. In addition, the Bank is insured against banking crime risks, with such insurance specifically covering damages related to money, funds or property misappropriated by employees and for damages resulting from unauthorised operations by a third party related to information technology crimes.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

Moreover, members of the Management and Supervisory Board and members of the management and supervisory boards of some subsidiaries are subject to civil liability insurance related to their functions including director and officers liability insurance.

Significant Fixed Assets and Intangible Assets

Significant Tangible Fixed Assets

The table below presents, at the dates indicated, the various categories of the Group's fixed tangible assets.

	As at 31 December	
	2011	2010
	<i>(PLN thousands) (audited)</i>	
Fixed assets	765,993	733,648
land	1,875	1,867
buildings and constructions	228,823	237,487
equipment	168,804	132,444
vehicles	216,964	194,824
other tangible fixed assets ¹	149,527	167,026
Fixed assets under construction ²	66,462	43,972
Total fixed assets	832,455	777,620

Source: Consolidated Financial Statements

¹ Other tangible fixed assets include improvements (mainly related to adapting premises for new outlets of the Bank), furniture, deposit ATMs, night depositories and similar equipment

² Fixed assets under construction include improvements related to work not completed at the year-end, incurred in relation to preparing new corporate offices and retail outlets of the Bank, modernisation of own buildings and air-conditioning.

As at the date of this Prospectus, the material existing fixed assets of the Group are real estate properties. The material real estate of the Group is owned by the Bank.

Significant Intangible Assets

As at the date of this Prospectus, the most significant intangible asset of the Group is its computer software as presented in the table below.

	As at 31 December	
	2011	2010
	<i>(PLN thousands) (audited)</i>	
Development costs	789	1,452
Goodwill	4,728	7,137
Patents, licences and similar assets, including:	313,925	333,317
- computer software	247,070	279,355
Other intangible assets	9,231	10,057
Intangible assets under development	108,096	75,874
Total	436,769	427,837

Source: Consolidated Financial Statements

Regulatory Issues

The operations of the Group carried out in the financial sector are subject to supervision and the need to obtain relevant permits by the Group.

The activities subject to supervision are also carried out by the Bank and its subsidiaries, DI BRE, BRE Ubezpieczenia TUiR, BRE Wealth Management and BRE Bank Hipoteczny.

The operations of the Group are subject to the strict supervision of the PFSA and other supervisory authorities and are in accordance with EU and Polish regulations and the provisions of local law, as well as with specific recommendations, instructions, guidelines and operational and equity-related requirements (see "*Market and Legal Environment*"). In the course of its business the Group is subject to various inspections, checks, audits and inquiries conducted by different regulatory authorities supervising the financial services sector and other areas of activities of the Group.

Legal, Administrative and Arbitration Proceedings

Introduction

To the best of the Bank's knowledge, as at the date of this Prospectus, the Bank and its subsidiaries are party to 352 court cases, in 168 of which it is the plaintiff and in 184 the defendant. To the best of the Bank's knowledge, as at the date of this Prospectus, the total value of claims in which the Bank is acting as defendant amounts to some PLN 203.4 million, while the total value of claims brought by the Bank amounts to some PLN 98.6 million. As at the date of this Prospectus, the total value of the provisions created against any litigation amounts to PLN 18.3 million.

According to information available to the Bank, as at the date of this Prospectus and over the 12 months preceding the date of this Prospectus, no administrative, civil, arbitration or criminal proceedings, which could have impacted or recently have impacted the financial position of the Group or its operating results, other than the proceedings described in this Prospectus, were pending against the Bank or the Group companies.

Material court proceedings pending within 12 months before the date of the Prospectus

Proceedings related to the foreign exchange derivative transactions

As at the date of this Prospectus, the Bank is a party to 19 court proceedings related to foreign exchange derivative transactions (futures transactions, CIRS, foreign exchange options). Of these 19 court proceedings, the Bank is the defendant in 13 and the plaintiff in the other six. The aggregate value of claims subject to court dispute in these cases amounts to PLN 121.8 million.

The highest individual claim is for PLN 37.9 million for by Teleskop Sp. z o.o. (**Teleskop**) before the Arbitration Court of the Polish Bank Association. Teleskop has demanded that, *inter alia*, certain financial market transactions concluded between Teleskop and the Bank in August 2008 be declared void and ineffective. This action was dismissed in its entirety. The Bank was awarded PLN 24,159,517 plus interest and PLN 107,162 as reimbursement of proceedings costs and has made a declaration of enforceability of the judgment for which proceedings are in progress. Teleskop has submitted a complaint to set aside the judgment.

It is possible that 10 further clients will institute similar claims against the Bank to avoid paying their obligations under derivative contracts entered into with the Bank.

The Bank has also instituted proceedings against clients who refused to pay their underlying obligations under these foreign exchange derivatives.

Lawsuit brought by Bank BPH SA against Garbary

The Bank is also a party to proceedings brought by Bank BPH SA (**BPH**). The claims relate to the creation of Garbary and a contribution in kind made by Pozmeat toward its share capital. BPH have demanded that the contribution in kind be deemed ineffective as it was made to the detriment of creditors. The value of the dispute is PLN 42.9 million. The claim has been subject to a series of appeals. On 24 February 2011, the

Court of Appeal made a decision on revoking the ruling and discontinuance of proceedings involving Bank Pekao SA (which had entered into the proceedings as successor to BPH) justified by lack of standing to bring the action before the court on the part of Bank Pekao SA. The case was returned to the court of first instance where it will be continued with the participation of BPH as the claimant. Bank Pekao SA filed the last resort appeal against the aforesaid decision with the Supreme Court.

Lawsuit brought by Bank BPH SA against the Bank and Tele-Tech Investment

The Bank, along with Tele-Tech Investment, are currently party to proceedings pending in the Regional Court of Warsaw brought by BPH. Bank Pekao SA is presently party to these proceedings as BPH's successor. BPH seeks damages of PLN 34.9 million plus statutory interest for the allegedly illegal sale of all shares in Garbary to Tele-Tech Investment. The Bank requested dismissal of the claim due to the lack of legal grounds for upholding it. Proceedings were suspended and the case was re-examined by the District Court. On 26 January 2011, the court has decided to reinstate proceedings. The case is pending.

Lawsuit initiated by Bank Leumi and Migdal Insurance Company against the Bank for compensation

The Bank is currently party to proceedings pending in the Court of Jerusalem brought by Bank Leumi and its insurer, Migdal Insurance Company (**Migdal**). In 2008 Art-B Sp. z o.o. Eksport - Import (**Art-B**), Bank Leumi and Migdal settled a previous dispute pursuant to which Art-B received USD 13.5 million. The current proceedings against the Bank is a recourse claim related to a disbursement of amounts due under the settlement. The value of the dispute is USD 13.5 million (PLN 46.1 million according to the official average exchange rate of the NBP at 31 December 2011).

Claims of former clients of Interbrok

The owners of Interbrok Investment E. Drożdż spółka jawna (**Interbrok**) are facing allegations of fraudulent conduct in their management of Interbrok's operations. Some of Interbrok's clients have accused the Bank, as the custodian of Interbrok's cash accounts, of being an accessory to Interbrok's fraudulent activity. As at the date of this Prospectus, 153 entities have requested that the Bank enter into settlement negotiations over an aggregate amount of PLN 296,461,000. The Bank has also received eight statements of claim for damages totalling PLN 800,000 with the reservation that these claims could be extended up to PLN 6 million. As at the date of this Prospectus one statement of claim has been dismissed and the judgement is final and valid. The remaining seven have been referred back to the District Court in Warsaw.

Material administrative proceedings pending within 12 months before the date of the Prospectus

Court proceedings resulting from the administrative decision of the President of the UOKiK regarding the "interchange fee" on transactions with the use of Visa and MasterCard cards

In 2001, the President of the UOKiK initiated proceedings against operators of Visa and MasterCard systems and Polish banks issuing Visa and MasterCard credit cards, including the Bank. On 29 December 2006, the UOKiK issued a decision ruling that the banks entered into anticompetitive agreements fixing the level of "interchange" fees on transactions with the use of Visa and MasterCard cards. UOKiK ordered the banks to refrain from such agreements and imposed fines on the banks, including a fine on the Bank amounting to PLN 7.7 million.

On 12 November 2008, the Court for Protection of Competition and Consumers (the **Antimonopoly Court**) overruled the UOKiK's decision. On 22 April 2010 the Appellate Court repealed the judgment of the Antimonopoly Court and referred the case back to the Antimonopoly Court for re-examination. As at the Prospectus Date, the Antimonopoly Court has not issued its decision. Within the above court proceedings on

20 August 2008 the Antimonopoly Court suspended the enforcement of the President of the UOKiK's decision of 29 December 2006. Therefore this decision is neither legally binding nor enforceable.

Proceedings initiated by the UOKiK regarding violation of collective consumer interests by using prohibited clauses in general terms of MultiKonto mortgage credit agreements

On 26 March 2009, the UOKiK filed a suit with the Antimonopoly Court demanding that the Bank be prohibited from using the following provisions in the mortgage credit agreements offered to MultiKonto account holders: (i) provisions imposing on consumers the obligation to notify the Bank of any circumstances influencing their financial condition and their ability to timely repay the credit and (ii) provisions allowing the Bank to change the interest rate if certain financial market parameters changed. On 22 October 2009, the Antimonopoly Court upheld the UOKiK's decision prohibiting the Bank from using provision (i) and the Bank has since complied. As regards provision (ii), on 10 February 2012 the Antimonopoly Court ruled in favour of UOKiK and stated that these provisions are not legal and shall be null and void by operation of law. The Bank has not included such provisions in mortgage credit agreements for several years.

Proceedings instituted by the UOKiK regarding violation of collective consumer interests

On 17 November 2009, the UOKiK initiated administrative proceedings against the Bank alleging that the Bank improperly provided certain legally required information in part of its advertising materials regarding the terms of loans offered by the Bank and charged consumers fees for providing monthly bank account statements in writing, against collective consumer interests. The Bank has rejected most of the charges, but has introduced certain changes to its procedures. The proceedings are still pending.

Class action against the Bank

On 4 February 2011, the Bank received a class action brought to the District Court in Łódź on 20 December 2010 by the Municipal Ombudsman who represents a group of retail clients of the Bank.

The Municipal Ombudsman has requested, among others, a determination on whether the Bank failed to reduce interest rates on loans when it should have.

The Bank applied for a dismissal of the claim as a whole but this was rejected by the Appeal Court in Łódź, which will now make a public call to all interested persons to join the plaintiff group. The case is pending.

Intellectual Property

The Bank uses a number of trademarks in its activities. As at the date of this Prospectus, the Bank has registered rights to some 40 trademarks and filed for the registration of additional trademarks with the Polish Patent Office. Additionally, the Bank has obtained protection rights to MultiBank trademarks and filed for the registration of additional marks.

The Bank has filed for the registration of a number of trademarks outside Poland, as well as for the international registration of trademarks under the Madrid system.

The Bank has also obtained protection rights to a number of Community designs.

Website Domains

The Group uses some 340 registered internet domains, including brebank.pl, mbank.pl, and multibank.pl.

RISK MANAGEMENT

The following is a summary only of the Group's risk management system. For a more detailed discussion of the Group's risk management system, see Note 3 in the 2011 Consolidated Financial Statements.

Overview

The Group's risk management system is a crucial component of the overall management of its activities and is designed to (i) identify and assess the various risks associated with the activities of each of the Group's individual business lines and the Group as a whole, (ii) control and mitigate such risks, (iii) ensure that the Group's activities comply with regulatory requirements and (iv) optimise the use of the Group's economic and regulatory capital.

The underlying principle of risk management in the Group is to optimise the allocation of its available resources, being the available funding base, own capital, and ability to generate current profits to fund the achievement of the pursued business goals, while ensuring liquidity and risk coverage.

The risk management addresses all the risk types relevant for the Group. In co-operation with Group subsidiaries, the Bank identifies and assesses all the risk types relevant from the point of view of the scale and scope of the Group's operations. For this purpose, the principles laid down in the document entitled "Internal Capital Adequacy Assessment Process (ICAAP) in the BRE Bank SA Group" are applied. Those measures result in estimation of capital necessary to cover risk.

The risk management process takes place at every level of the Bank's operations: from individual business units, through specialised units responsible for identification, measurement, monitoring, control and mitigation of risk, to the major decision-making bodies, i.e. the Management Board and the Supervisory Board of the Bank.

Individual risks are monitored and controlled by relevant organisational units within the Bank and those of its subsidiaries. Internal policies and procedures have been implemented with respect to the management, mitigation and reporting of these risks. In selected risk management areas, contingency plans and procedures have been implemented to address any particular risks and are intended to be applied if a particular risk increases significantly. In the process of risk identification, assessment and mitigation, the Group applies modern methodologies in accordance with regulatory standards. Such methods, as well as the IT systems used in the risk management process, are constantly reviewed and updated as necessary.

The amount of risk to which the Group is exposed results from the Group's willingness to accept such risk, which is expressed by threshold values of capital adequacy set on an annual basis, assets weighted with risk and limits and control figures for every specific risk type. These limits and control figures refer to general exposure to certain risk types such as market risk and for chosen aspects of risk types including concentration limits.

Internal Organisation

The risk management process is organised on two levels. The first level comprises the Supervisory Board, the Management Board and the Directors of the Bank, and the second level comprises the Bank's organisational units. The risk management activities of the Supervisory Board and the Management Board are conducted through committees.

Supervisory Board

The Supervisory Board, through its Risk Committee, exercises constant supervision of the Bank's operations in the risk taking area, which includes approving the Risk Management Strategy and supervising its execution.

Management Board

The Management Board develops the Risk Management Strategy and is responsible for establishing and implementing the principles of managing individual risk types and for their coherence with the Risk Management Strategy. Moreover, the Management Board defines the organisational structure of the Bank, ensuring the separation of roles, and allocates the tasks and responsibilities to individual units.

Directors of the Bank

The Chief Risk Officer is responsible for organising, developing and implementing the process of identifying, measuring, monitoring and controlling credit risk, market risk, operational risk and liquidity risk in the Group.

The Managing Director for Credit Operations is responsible for organising the credit process in the scope of the retail loans portfolio and corporate loans portfolio of the Bank and the Group and for the quality of each credit portfolio.

Committees

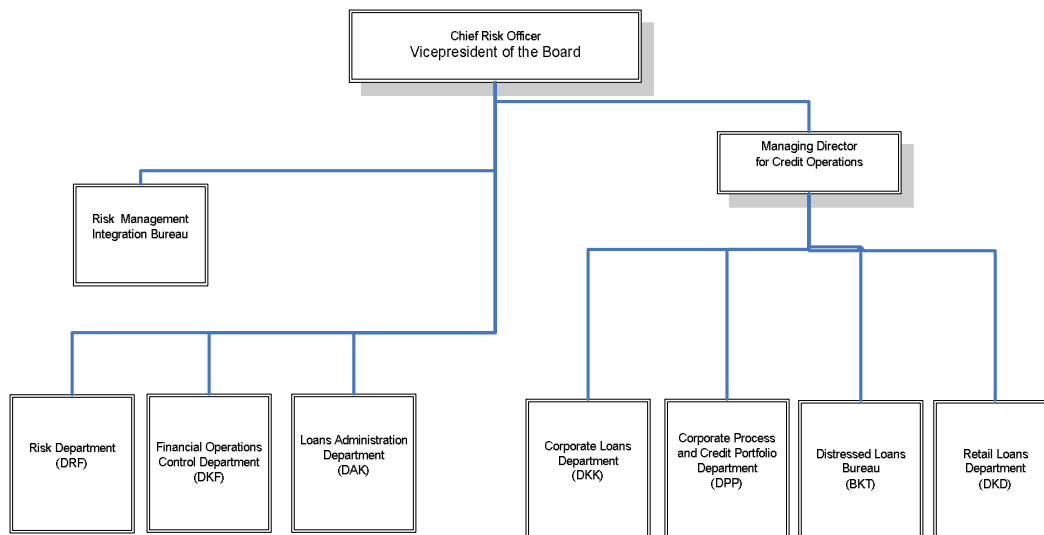
The Management Board of the Bank oversees the Group's risk management processes through a number of committees. These committees include:

- **The Risk Committee of the Bank** responsible, in particular, for establishing the principles of identifying, measuring, monitoring and controlling risk and for setting limits on each risk type.
- **The Assets and Liabilities Committee of the Group (ALCO)** responsible, in particular, for developing the Bank's strategy on the structure of assets and liabilities, obligations, and off-balance sheet items, with the aim of optimising funds allocation.
- **The Capital Management Committee** responsible, in particular, for managing capital, which includes also issuing recommendations for the Management Board on measures in respect of capital management, capital level and structure, and on increasing the effectiveness of capital utilisation, and recommendations on the Bank's internal procedures related to capital management and capital planning.
- **The Data Quality Management Committee for the purpose of calculating the Bank's regulatory capital requirement (AIRB)** responsible, in particular, for creating conditions for the implementation and development of an effective system for managing the quality of credit portfolio data in order to ensure compliance with the requirements of the advanced internal ratings based approach (AIRB), used to calculate the capital requirement for credit risk.
- **The Credit Committee of the Management Board (KKZB)** responsible, in particular, for:
 - making credit decisions concerning companies in accordance with the decision-making matrix, depending on the rating and amount of exposure;
 - making decisions on debt conversion into shares, stocks or other instruments;

- making decisions on taking over properties in return for debts;
- making any other decisions going beyond the jurisdiction of the lower-level decision-making authorities.
- **The Credit Policy Committee of the Retail Banking (KPK)** responsible, in particular, for:
 - approving or amending the decision-making methodology for granting credit products of retail banking;
 - making decisions on admitting credit products to, or withdrawing them from, sale; and
 - monitoring the quality and profitability of the credit products portfolio, and making decisions on measures to be taken in the case of negative occurrences related with the quality or profitability of that portfolio.
- **The Credit Committee of the Retail Banking (KKD)** responsible, in particular, for:
 - making individual credit decisions concerning retail clients in the case when the exposure to such a client exceeds a specified threshold set for this decision-making level,
 - making decisions on granting decision-making powers to individual employees of the Bank, or on changing or revoking those powers.

Risk Area Units

The function of management at the strategic level and control of credit, market, liquidity and operational risks is performed in the Risk Area supervised by the Chief Risk Officer. The chart below presents the organisational structure of this area.



The roles played by particular units in the process of identifying, measuring, monitoring and controlling risk, which also includes assessing individual credit risk posed by clients and establishing the client selection rules, have been strictly defined. Within the scope of their powers, the units develop methodologies and systems supporting the aforesaid areas. Furthermore, the risk control units also report on risk and support the major authorities of the Bank.

Risk reporting

The Bank has adopted the principle of double risk reporting. On the one hand, the directors of the Bank's organisational units that deal with risk management on an operational level report directly and on an ongoing basis to the Management Board members responsible for the relevant units. On the other hand, the risk area departments that monitor and control quantifiable risks submit independent risk reports to the Vice-President of the Management Board – the Chief Risk Officer and to the appropriate committees of the Bank's Management Board.

The Supervisory Board, the Risk Committee of the Supervisory Board, the Management Board and the Risk Committee receive on a quarterly basis comprehensive Risk and Capital Monitor reports from the Risk Department. The risk report covers credit, market, liquidity and operational risk, as well as capital adequacy of the Group.

MARKET AND LEGAL ENVIRONMENT

Market

The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources such as PFSA or government publications none of it has been independently verified by the Group, the Arranger or the Dealers or any of their affiliates or the Group's advisers in connection with the Programme.

The Bank does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, subject to the duties resulting from generally binding regulations.

Development of the Polish Banking Sector

Between 1989 and 1991, a two-tiered banking sector was established, separating the central bank from the rest of the banking sector. Nine regional commercial banks were created out of the NBP's commercial and retail banking operations. The NBP branch network and respective commercial loan portfolios of those branches were divided among the newly-established banks to give each new bank a regional base. All of these regional banks were transformed into joint stock companies in October 1991 and were subsequently privatised between 1993 and 2001. Since 1991, Polish banking law has allowed licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result there has been a rapid expansion in the number of banks due to foreign banking groups entering the market.

The Polish banking market is still operating as a two-tiered system. According to the PFSA, as at 30 September 2011, there were more than 45 commercial banks in Poland, some 20 branches of credit institutions and more than 570 relatively small co-operative banks.

The current shareholders' structure of Polish commercial banks continues to be characterised by the high capital involvement of foreign investors.

Largely as a result of foreign investment, there is a relatively high level of competition between the leading banks in the local market, including the Bank.

Financial Situation of the Polish Banking Sector

The Polish banking sector still has considerable potential for growth, as compared to many other EU Member States. According to European Central Bank data the banks' aggregate assets in the Polish banking sector, expressed as a percentage of Poland's GDP, are significantly lower compared to the average in the European Union.

In 2010/11, customer deposits were the main funding source of loan activity, as following prolonged turmoil in global financial markets, the supply of foreign funding was still significantly reduced. This gradual growth in the deposit base was driven by a general increase in corporate and household income, as well as remaining uncertainty surrounding the financial markets, which encouraged recourse to safer savings and investment opportunities.

The Polish banking sector showed a strong financial performance in 2011. Results were supported by a favourable interest rate environment and solid growth of loan portfolios, both in retail banking and in corporate banking. In this period most of the banks also improved significantly their operating efficiency, as

demonstrated by the decline in cost to income ratio and a substantial decline in impairment charges. As a result, it is expected that the banking sector is likely to show a good level of net profit for the full year 2011.

Trends in the Polish Banking Sector

The trends in the Polish banking sector have been shaped by domestic economic activity (local fundamentals) and overall economic environment (Eurozone difficulties, risk aversion and accessibility of funding). Among the most important domestic developments for 2012 which are expected by the Bank are as follows:

- In 2012, the Bank expects gross domestic product (**GDP**) growth to decelerate. Currently, the Polish economy is losing momentum albeit slowly.
- Domestic demand growth decreased in 2011 and this tendency is expected to continue in 2012. As usual in a case of GDP deceleration, automatic stabilisers impose a rising contribution to GDP growth from the net exports side, which offsets to a certain extent domestic demand.
- In the coming months, consumption should be decelerating gradually as a result of higher prices and depreciation of the PLN. In addition, owing to good savings opportunities (high interest on deposits), consumption is set to give way to saving. The situation in the labour market is expected to worsen during the year although a stabilising factor may be infrastructure spending since many projects have been postponed to 2012 and will be resumed. The level of foreign direct investment should be another key factor affecting domestic demand. Due to a weaker PLN exchange rate and thus higher competitiveness of Polish exports, foreign demand is expected to contribute positively to GDP growth.
- The consumer price index is expected to decrease below the level at the beginning of 2012 mainly due to the statistical base effect (increase of VAT rate in 2011). Inflation should remain elevated due to a weaker PLN exchange rate and higher fuel and energy prices.
- The Bank expects that the decreasing economic activity will contain the Bank's activity in 2012. In the area of consumer products, the Bank's activity is expected to deteriorate. The Bank is dependent on the situation in the global markets, where higher risk aversion affects the banking sector negatively.

Legal environment

Specific Requirement for the Banks

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations made by the PFSA. The most important of these obligations relate to the Bank's own funds, the capital adequacy ratio, solvency ratio, exposure concentration, risk management systems and financial management conducted by the Bank.

Banks have a duty to protect banking secrecy. Regulations on personal data protection are particularly important for the functioning of banks in order to protect individual customers. Personal data may be processed exclusively in compliance with detailed regulations, using technical and organisational resources which ensure the protection of personal data against unauthorised processing, including making it available to third parties.

The Bank must also comply with regulations for the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Certain restrictions also apply if banks retain any third parties for the performance of banking activities for and on behalf of the bank or for the performance of any banking-related operations (so-called "outsourcing").

Agreements concluded by banks with their customers are subject to detailed regulations (see also "Consumer Protection" below).

Banking Supervision Exercised by the PFSA

In Poland, banking supervision is currently exercised by the PFSA and covers in particular:

- assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;
- estimating, maintaining and reviewing internal capital;
- auditing the quality of risk management systems, and in particular of the risk management system and internal control system;
- auditing compliance of the bank's activities with the appropriate regulations; and
- monitoring and controlling the bank's compliance with the exposure concentration limits and standards for the risk acceptable in banks' operations as determined by PFSA.

The PFSA has wide powers and legal instruments which enable it to carry out supervision over banks (including the possibility to conduct inspections).

Other Supervisory Authorities

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are as follows:

- the President of the Office for Protection of Competition and Consumers with respect to protecting market competition and consumers' collective rights;
- the General Inspector for Personal Data Protection with respect to collecting, processing, managing and protecting personal data; and
- the minister responsible for financial institutions (the Minister of Finance) and the General Inspector for Financial Information with respect to the prevention of money laundering and financing of terrorism.

Bank Guarantee Fund

The Bank Guarantee Fund covers the monetary assets deposited in bank accounts or receivable in respect of claims confirmed by documents issued by banks with a guarantee system. Participation in the Bank Guarantee Fund is mandatory for all Polish banks and in certain instances for branches of foreign banks operating in Poland. Banks covered by the guarantee system make mandatory annual payments to the Bank Guarantee Fund and are obliged to set up a guaranteed funds protection fund. The mandatory guarantee system ensures that if a bank becomes insolvent, the funds deposited in bank accounts, up to an amount specified in the regulations, are returned. As at the date of this Prospectus, funds up to the amount equivalent

to EUR 100,000 per single person in respect of deposits in all accounts in a given bank are fully covered by the guarantee system. Funds deposited in particular by government administration authorities, other banks, credit institutions, insurance companies, investment and pension funds are not covered by the guarantee system.

Bank privileges

Based on the provisions of the Banking Law, banks were granted several privileges enabling them, among others, to secure and claim their fees. The most important of these are (i) the "bank deductions privilege" providing a simplified procedure for securing bank receivables in the event of a debtor's insolvency; (ii) the "securitisation privilege" allowing for the securitisation of bank receivables and consisting of a bank's entitlement to transfer its receivables to another entity the purpose of which is to issue securities collateralised by such receivables; and (iii) the "bank execution title privilege" enabling the bank to enforce its receivables from its customer's assets without the need of any previous court proceedings, provided that the bank has obtained a written statement from such customer agreeing to submission to enforcement and that the court has granted an enforcement stamp on the execution title issued by the bank.

Consumer Protection

The Consumer Credit Act dated 12 May 2011 (as amended), the Civil Code regulations and other consumer protection laws impose on the banks several obligations related to agreements signed with natural persons who perform actions which are not directly related to their business or professional activities (consumers). The most important of those are the requirements to inform the consumer about the cost of extended credit and loans and to include specified terms in the consumer loan agreement as well as the prohibition from including specific clauses which are unfavourable to consumers in agreements. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act, the borrower is authorised under the law to repay the loan in principal amount, without interest, fees and any other amounts due to the bank under the loan agreement, on the scheduled repayment dates and if there are no repayment dates set out in the loan agreement, then in equal monthly instalments until the final maturity.

The maximum interest rates which may be charged by a bank under a loan agreement are equal to four times the NBP lombard credit rates.

Personal Data Protection

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organisational means that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, the persons which such data relates to should have the right to access all of their personal data and to correct it.

DESCRIPTION OF THE ISSUER

Incorporation

The Issuer, BRE Finance France SA, was incorporated with limited liability under the laws of France on 21 July 2003 as a *société anonyme*.

The Issuer is registered with the commercial registry (*Registre de Commerce et des Sociétés*) of Nanterre, France with registration number 449 370 584. The Issuer has no other entry number.

The registered office of the Issuer is Tour Opus 12, 77 Esplanade du Général de Gaulle, La Défense 9, 92914 Paris La Défense Cedex, France. The telephone number of the Issuer is +48 (22) 829 00 00.

Business Activity

The Issuer has not engaged, since its incorporation, in any material activities other than those relating to the raising of funds through the capital markets.

On 9 December 2009, the last bonds issued by the Issuer (in 2004) in the principal amount of USD 10 million were redeemed. As at the date of this Prospectus, the Issuer has not undertaken any further issues of debt instruments.

There are no recent significant events to report.

Principal markets

The main object of the Issuer is to carry out, directly or indirectly, both in France and abroad, either on its own account or for the account of third parties or in agreement with third parties, the activity of financing and cash management for the purposes of the development and the needs of the Group, in accordance with applicable laws.

In pursuance of this object, the principal activity of the Issuer involves issuing and offering debt securities to a broad investor base in the following principal markets: Austria, Germany, The Netherlands, Poland, Switzerland and the UK.

In view of the limited activity of the Issuer, it does not have a competitive position as of itself. Its competitive position must be considered by reference that of the Group, as to which see "*Description of the Group*".

Directors

The Board of Directors of the Issuer are:

Name	Position
Oliver Koepke	Chairman and Managing Director
Marcin Zając	Director
Monika Katarzyna Maciolek-Romanowska	Director

All the members of the Board of Directors are employees of the Bank.

As at the date of this Prospectus, the Issuer is not aware of any conflicts of interest relating to responsibilities of members of the Board of Directors of the Issuer and their private interests or other duties.

Board Practices

As at the date of this Prospectus, the Issuer is not required under applicable French law to have an audit committee. On or before the date on which the Issuer has securities admitted to trading on a regulated market, the Issuer will establish an audit committee as required by French law.

The Issuer complies with the corporate governance regime applicable in France.

Capitalisation and major shareholders

The fully paid share capital of the Issuer is EUR 225,000, consisting of EUR 22,500 shares of EUR 10 par value each, all of which have been issued and are fully paid up. The Issuer is a directly owned 99.97% subsidiary of the Bank. As a result the Bank directly controls the Issuer.

There are a number of provisions set out in the relevant French legal framework applicable to the Issuer aimed at preventing the abuse of control over the Issuer by its major shareholder the Bank. For a description in turn of the control exercised over the Bank by Commerzbank via Commerzbank Holding and the mechanisms to prevent abuse of such control, see "*Control of Commerzbank over the Bank*" and "*Mechanisms Preventing the Abuse of Control*".

The Issuer has no subsidiaries.

Material contracts

At the date of this Prospectus, the Issuer had not entered into any material contracts other than in the course of its business.

However, on or before the first Issue Date, the Issuer and the Guarantor will enter into a deposit agreement (*umowa kaucji*), establishing a deposit (*kaucja*), which will be used by the Guarantor for general corporate purposes.

Financial statements

The financial year of the Issuer is the calendar year. Since its incorporation, the Issuer has not engaged in any material activities other than those relating to the raising of funds through the capital markets. The financial statements of the Issuer for the year ended 31 December 2011 have been audited and submitted for approval by the Ordinary General Meeting of its shareholders. For selected financial information of the Issuer, see "*Selected Financial Information of the Issuer*".

GENERAL INFORMATION ON THE BANK

Introduction

Name:.....	BRE Bank Spółka Akcyjna
Legal form:.....	Joint-stock company established and operating under Polish law
Registered office:	Warsaw
Address:	ul. Senatorska 18, 00-950 Warsaw
Telephone:.....	+48 (22) 829 00 00
Website address:.....	www.brebank.pl
E-mail address:.....	relacje.inwestorskie@brebank.pl
National Court Register registration number:	0000025237
REGON (STATISTICAL NUMBER):.....	001254524
NIP:	5260215088

History

The Bank was established on the basis of Resolution No. 99 of the Council of Ministers dated 20 June 1986 as Bank Rozwoju Eksportu Spółka Akcyjna, and it commenced operations on 2 January 1987.

On 4 March 1999, the 9th Extraordinary General Shareholders' Meeting passed a resolution to change the name of the Bank to BRE Bank Spółka Akcyjna. Currently, the registration court having jurisdiction over the Bank is the District Court for the capital city of Warsaw, 12th Business Department of the National Court Register.

The Bank was established for an unspecified period.

Legal Regulations Concerning the Bank's Operations

The Bank operates in accordance with the KSH, the Banking Law and other regulations relating to commercial companies and entities engaged in banking operations.

The basic regulation determining the organisation and manner of operations of the Bank are the Bank's Articles of Association.

The Bank's Business Purpose Specified in the Articles of Association

In accordance with paragraph 5 of the Articles of Association, the Bank's business purpose is to provide banking services, consulting and advisory services in financial matters, and to engage in economic activities within the scope defined in the Articles of Association (broadly the traditional services of an EU Bank).

On 30 March 2010, the Extraordinary General Shareholders' Meeting passed Resolution no. 24 amending the Bank's Articles of Association under which the Bank's operations were expanded to include:

- issuing e-money instruments; and

- performing the function of a settlement agent in accordance with the provisions of the act of 12 September 2002 on electronic payment instruments.

Share Capital

Major Shareholders

As at the date of this Prospectus, the share capital of the Bank comprised 42,102,746 shares, including (a) 42,081,246 ordinary bearer shares listed on the main market of the Warsaw Stock Exchange and (b) 21,500 registered dematerialised shares which are not listed on the main market of the Warsaw Stock Exchange.

There are no preferences attached to shares and each share entitles the holder to a right to one vote at the General Shareholders' Meeting.

Given the Bank's status as a public company within the meaning of the Public Offering Act and the fact that the majority of the shares of the Bank are listed on a regulated market (main market) operated by the WSE, the Bank does not have detailed information on all of its shareholders.

Apart from the information resulting from the content of the Bank's share register (maintained for 21,500 registered shares of the Bank), the Bank has information on its shareholders based on notifications provided to the Bank under Article 69 of the Public Offering Act.

As at the date of this Prospectus, Commerzbank Holding, a sole-shareholder subsidiary of Commerzbank, was the Bank's majority shareholder. Commerzbank Holding holds 29,352,897 shares representing 69.72% of the share capital of the Bank and the same proportion of the voting rights at the General Shareholders' Meeting. Commerzbank Holding holds only ordinary bearer shares, each of which gives the right to one vote at the General Shareholders' Meeting. Commerzbank Holding does not have any additional voting rights at the General Shareholders' Meeting. For a more detailed discussion on Commerzbank Holding's control over the Bank, see "*Control of Commerzbank over the Bank*".

On 18 July 2011 and on 1 December 2011, the National Depository for Securities (the **KDPW**) made a registration of respectively 15,864 and 208 shares of the Bank which were issued as a part of the conditional increase in the share capital of the Bank pursuant to resolution No. 21 of the 21st Ordinary General Meeting of the Bank of 14 March 2008 (on the issuance of bonds with pre-emptive rights to acquire shares of the Bank and the conditional increase of share capital by the issuance of shares with no subscription rights for the existing shareholders in order to enable beneficiaries of the long-term incentive programme to take up shares in the Bank, on application for admission of the shares to trading on the regulated market and on dematerialisation of the shares).

As a result of the above registration, in 2011 the Bank's share capital was increased by PLN 64,288.

In the second half of 2011, ING Open Pension Fund disclosed that as a result of acquiring the Bank's shares through transactions on the Warsaw Stock Exchange, it became a holder of over 5% of the votes at the General Shareholders' Meeting.

Prior to this acquisition of shares, ING Open Pension Fund held 2,085,431 shares of the Bank, which constituted 4.96% of the Bank's share capital and entitled it to exercise 2,085,431 votes at the General Meeting of the Bank, which represented 4.96% of the total number of votes at the General Meeting of the Bank.

On 8 July 2011, there were 2,290,882 shares of the Bank in ING Open Pension Fund's securities account. This constitutes 5.44% of the Bank's share capital which entitles it to exercise 2,290,882 votes at the General Meeting of the Bank, representing 5.44% of the total number of votes at the General Meeting of the Bank.

The table below sets out information on the shareholding structure of the Bank as at the date of this Prospectus:

	Number of shares	% of voting rights at the General Shareholders' Meeting
Commerzbank Holding.....	29,352,897	69.72%
Other shareholders.....	12,749,849	30.28%
Total.....	42,102,746	100%

Control of Commerzbank over the Bank

Nature of Control

Commerzbank, via Commerzbank Holding, as a holder of the majority of voting rights at the General Shareholders' Meeting of the Bank, can execute decisive influence on the resolutions adopted by this body, and in particular on the resolutions on key issues relating to the Bank's organisation and operations, including: (a) the appropriation of the profit/offsetting of losses incurred by the Bank, (b) the approval of the due performance of their duties by the Bank's bodies, (c) the appointments and dismissals of the members of the Supervisory Board, (d) the amendments of the Articles of Association, (e) the increases and decreases in the share capital of the Bank, (f) the redemption of shares, (g) the utilisation of the supplementary capital and other reserves by the Bank, (h) the issue of convertible bonds or bonds with a pre-emptive right, (i) the determination of remuneration rules for the Supervisory Board members and (j) the Bank's liquidation, merger, demerger or transformation. Since Management Board members are appointed and dismissed by the Supervisory Board, Commerzbank, via Commerzbank Holding, by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board. At the date of this Prospectus, no other entity than Commerzbank, via Commerzbank Holding, has control over the Bank.

In the opinion of the Bank, neither the Articles of Association nor the Regulations of the General Shareholders' Meeting, Supervisory Board and Management Board contain any provisions which might delay, forestall or prevent a change of control over the Bank.

Mechanisms Preventing the Abuse of Control

There are a number of legal instruments aimed at preventing the abuse of control over the Bank by its major shareholder specified in the provisions of the Public Offering Act and the KSH.

The Bank's Position in the Commerzbank Group

Commerzbank is, according to its own estimate, the second largest bank in Germany measured by total assets. It has one of the most extensive branch networks of all private German banks, serving customers from every group. In May 2009, Commerzbank acquired Dresdner Bank AG. This was one of the largest acquisitions in the history of German banking.

The German State is the largest shareholder (25% plus one share) of Commerzbank. The shareholding owned by the State enables it to block key decisions adopted by the General Shareholders' Meeting and other corporate bodies of Commerzbank. The position of the German State in the shareholding of Commerzbank is related to public aid having been granted to Commerzbank twice, in 2008 and 2009. In accordance with the declaration of the Management Board of Commerzbank, the Bank remains Commerzbank's most important subsidiary in Central and Eastern Europe.

The co-operation with Commerzbank covers a number of areas. The major areas of co-operation include:

- financing: as at 31 December 2011, the value of subordinated liabilities granted to the Bank by Commerzbank amounted to PLN 3.5 billion; the utilisation of non-subordinated loans granted to the Bank by Commerzbank as at 31 December 2011 amounted to PLN 20.2 billion; as at 31 December 2011 and 2010 the total outstanding long-term (over one year) indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 21.7 billion and PLN 22.1 billion respectively;
- risk management: the Bank takes advantage of the experience and knowledge of Commerzbank, in particular in the areas of measuring market risk and liquidity risk, operational risk monitoring methodology; the rating system for corporate entities; credit process optimisation and credit risk monitoring, as well as compliance with the requirements of Basel II;
- compliance and anti-money laundering procedures;
- the Bank's ability to take advantage of Commerzbank's bank rating;
- co-operation in the areas of logistics and IT;
- a common reporting system for accounting and controlling; and
- co-operation in servicing international customers, including Commerzbank's customers.

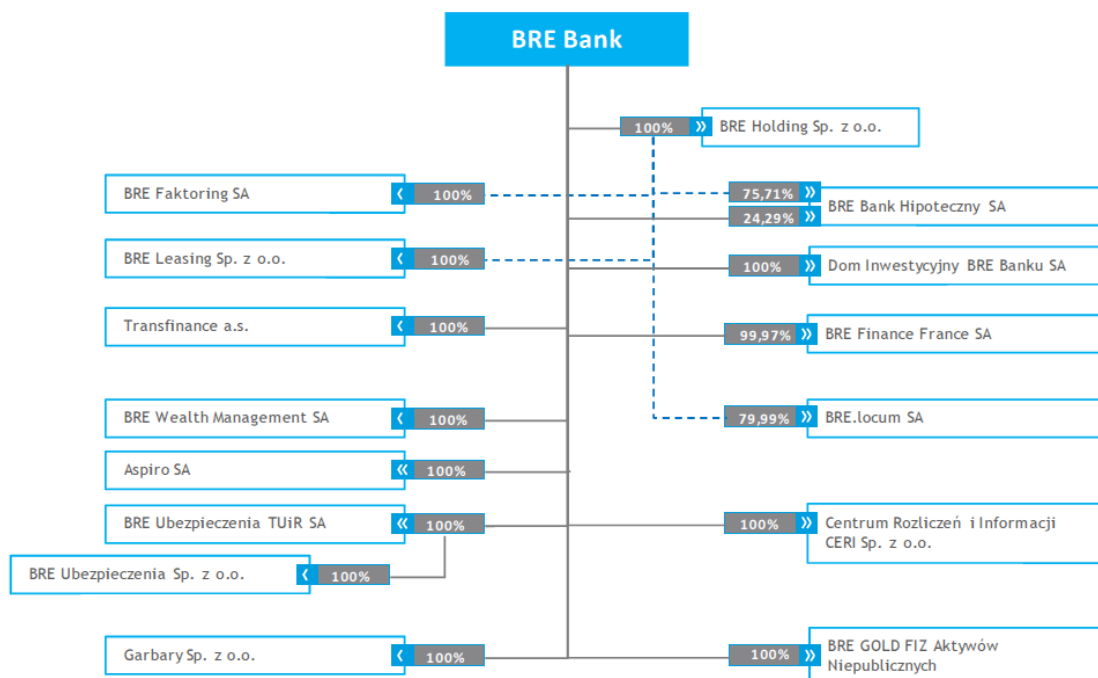
The Group

General Information

The Group comprises entities controlled by the Bank and which, in respect of the Bank, are of the following nature:

- strategic: in respect of entities supporting the Bank's particular segments (Corporates and Markets, and Retail), which were established or acquired to expand the Bank's offer in respect of its customers;
- other: in respect of related companies acquired for debt, as a result of conciliatory agreements and composition arrangements with debtors made in order to recover a part or all the amounts due in respect of loans, and companies under liquidation or bankruptcy proceedings.

The diagram below shows the structure of the Group as at the date of this Prospectus.



The Bank's Material Subsidiaries

Introduction

General information on the Bank's material subsidiaries is presented below. All material subsidiaries referred to below were included in the 2011 Consolidated Financial Statements. Unless otherwise stated, the Bank holds, directly and indirectly, 100% of the share capital of each subsidiary which entitles it to exercise 100% of the voting rights of the General Shareholders Meetings of the subsidiary.

BRE Bank Hipoteczny

Principal information:

Name and legal form:	BRE Bank Hipoteczny SA (joint-stock company)
Registered office and address:	Warsaw; Aleja Armii Ludowej 26, 00-609 Warsaw
Share capital:	PLN 175,000,000
Core activities:	granting mortgage loans to finance commercial property, development projects and projects for local authorities, and issuing mortgage and public bonds

BRE Holding

Principal information:

Name and legal form:	BRE Holding Sp. z o.o. (limited liability company)
Registered office and address:	Warsaw; ul. Senatorska 18, 00-950 Warsaw
Share capital:	PLN 100,500,000
Core activities:	special purpose entity established in connection with restructuring within the Group; it holds 100% shares in BRE Leasing, 100% shares in BRE Faktoring, 75.71% shares in BRE Bank Hipoteczny and 79.99% shares in BRE.locum SA

BRE Leasing

Principal information:

Name and legal form: BRE Leasing Sp. z o.o. (limited liability company)
Registered office and address: Warsaw; ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 6,121,500
Core activities: acquiring, renting, leasing real estate, acquiring, creating, renting and leasing all types of plots of land, buildings and facilities

DI BRE

Principal information:

Name and legal form: Dom Inwestycyjny BRE Banku SA (joint-stock company)
Registered office and address: Warsaw; ul. Wspólna 47/49, 00-684 Warsaw
Share capital: PLN 26,719,000
Core activities: providing all services related to trading in securities, property rights which are not securities and other financial instruments on the capital market

Garbary

Principal information:

Name and legal form: Garbary Sp. z o.o. (limited liability company)
Registered office and address: Poznań; ul. Garbary 101/111, 61-757 Poznań
Share capital: PLN 48,176,000
Core activities: administering real estate consisting of land located at ul. Garbary 101/111 in Poznań

BRE Faktoring (formerly Polfactor SA)

Principal information:

Name and legal form: BRE Faktoring SA (formerly Polfactor SA) (joint-stock company)
Registered office and address: Warsaw; ul. Królewska 14, 00-065 Warsaw
Share capital: PLN 11,505,000
Core activities: factoring activities

Transfinance

Principal information:

Name and legal form: Transfinance a.s.
Registered office and address: Corso Karlin Krizikova 237/36a, 186 00 Prague 8, Czech Republic
Share capital: CZK 112,000,000
Core activities: factoring activities

BRE GOLD FIZ

The Bank holds all investment certificates issued by the Fund.

Principal information:

Name and legal form: BRE GOLD FIZ Aktywów Niepublicznych (non-public assets investment fund)
Registered office and address: Warsaw; ul. Waliców 11, 00-851 Warsaw (the registered office and address of Ipopema Towarzystwo Funduszy Inwestycyjnych SA as the entity managing the Fund)
Share capital: PLN 97,451,291.60
Core activities: the Fund's major asset is a block of 471,170 shares in Powszechny Zakład Ubezpieczeń SA which previously had been held directly by the Bank

BRE Finance France

The Bank holds directly and indirectly shares representing 99.99% of the share capital of BRE Finance France, which entitles it to exercise 99.99% of the total number of voting rights at the General Shareholders' Meeting of this Company.

Principal information:

Name and legal form: BRE Finance France SA
Registered office and address: Tour Opus 12, 77 Esplanade du Général de Gaulle, La Défense 9, 92914 Paris La Défense Cedex, France
Share capital: EUR 225,000
Core activities: special purpose entity whose purpose is to raise funds for the Bank through the issuance of debt securities on international financial markets; on 9 December 2009, the last bonds issued by the Company in 2004 in the amount of USD 10 million were redeemed

Aspiro

Principal information:

Name and legal form: Aspiro SA (joint-stock company)
Registered office and address: Łódź; Aleja Piłsudskiego 3, 90-368 Łódź
Share capital: PLN 3,620,000
Core activities: sales of credit products

BRE Wealth Management

Principal information:

Name and legal form: BRE Wealth Management SA (joint-stock company)
Registered office and address: Warsaw; ul. Królewska 14, 00-065 Warsaw
Share capital: PLN 2,241,500
Core activities: managing portfolios of securities on commission and providing wealth management services covering among other things financial planning, tax and investment advisory services

BRE Ubezpieczenia TUiR

Principal information:

Name and legal form: BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji SA (joint-stock company)
Registered office and address: Warsaw; ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 12,941,177
Core activities: insurance activities in the 2nd, non-life insurance segment — other personal and property insurance

BRE Ubezpieczenia

Principal information:

Name and legal form: BRE Ubezpieczenia Sp. z o.o. (limited liability company)
Registered office and address: Warsaw; ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 1,000,000
Core activities: providing insurance agent services and providing services in respect of settlements of insurance contracts on behalf of the insured

BRE Centrum Operacji

Principal information:

Name and legal form: BRE Centrum Operacji (formerly Centrum Rozliczeń i Informacji CERI Sp. z o.o. (limited liability company))
Registered office and address: Aleksandrów Łódzki; ul. Piotrkowska 22, 95-070 Aleksandrów Łódzki
Share capital: PLN 26,539,000
Core activities: providing services in respect of settlement and servicing databases, and electronic archives, traditional archives and entering data

BRE.locum

The Bank holds, indirectly via its subsidiary BRE Holding, shares representing 79.99% of the share capital of BRE.locum, which entitles it to exercise 79.99% of the voting rights at the General Shareholders' Meeting of this Company.

Principal information:

Name and legal form: BRE.locum SA (joint-stock company)
Registered office and address: Łódź: ul. Piotrkowska 173/515, 90-447 Łódź
Share capital: PLN 27,688,000
Core activities: investing in real estate, managing real estate and respective advisory services

MANAGEMENT AND SUPERVISORY CORPORATE AUTHORITIES

In accordance with the KSH and Banking Law regulations, the Bank is managed by the Management Board and supervised by the Supervisory Board. The information provided below relating to the organisation, competencies and activities of the Management Board and Supervisory Board has been prepared based on the provisions of KSH and the Banking Law, the Articles of Association of the Bank and the internal regulations of such bodies binding as at the date of this Prospectus.

Management Board

The governing body of the Bank is the Management Board.

Organisation and Competencies of the Management Board

The Management Board is composed of at least three members appointed for a joint term of office of five years by the Supervisory Board. The Management Board comprises the President and other members of the Management Board. The Supervisory Board may appoint members to the Management Board to the position of First Vice-President or Vice-President of the Management Board.

At least half of the members of the Management Board, including the President of the Management Board, have to hold Polish citizenship.

The term of a member of the Management Board expires at the latest at the General Shareholders' Meeting that approves the financial statements for the last full financial year of the term of office of the Management Board. The term of a member of the Management Board also expires in the case of death, resignation, or dismissal of the member from the Management Board. The term of a member of the Management Board appointed before the end of the term of office expires on the expiration of the terms of the other members of the Management Board.

Two members of the Management Board, including the President of the Management Board, are appointed with the consent of the PFSA. The Supervisory Board requests consent for the appointment. The Supervisory Board informs the PFSA of the composition of the Management Board and upon changes to its composition immediately after appointing or changing the composition of the Management Board. The Supervisory Board also informs the PFSA of members of the Management Board who under the segregation of duties are responsible specifically for risk management and internal audit.

The President of the Management Board is the head of the Management Board. The responsibilities of the President include, among others:

- heading the Management Board;
- representing the Bank;
- issuing internal regulations and instructions, rules, and other provisions that regulate the Bank's activities, however if required by a provision of law or internal regulation of the Bank, such internal regulations and instructions, rules, and other provisions should be based on a prior resolution of the Management Board on this respect; and
- dividing competences among the Bank's directors, based on a resolution of the Management Board; however, no resolution in this respect can be passed without the consent of the President of the Management Board. Members of the Management Board manage the Bank's activities in accordance with the regulations of the Management Board.

Members of the Management Board may be entrusted by the President of the Management Board with supervision over specific areas of the Bank's activities.

The Management Board works on the basis of internal regulations approved by the Supervisory Board. The internal regulations determine, among other things, matters which require collective review and resolution by the Management Board.

The Management Board manages the Bank's business, represents the Bank, reviews the Bank's current matters and: (a) specifies the guidelines for the Bank's operations, specifically those exposed to risk, (b) monitors management reporting, (c) participates in defining the Bank's medium and long-term development plans, (d) oversees preparation and implementation of budgets and preparation of the Bank's financial statements, (e) reviews policies relating to human resources including bonuses and remuneration, (f) takes decisions related to investments within the Management Board's powers, (g) grants and revokes proxies, (h) manages issues related to the Bank's organisation or otherwise submitted for review by the Supervisory Board and the General Shareholders' Meeting and (i) determines detailed principles and organisation of accounting, capital adequacy, capital management, internal controls and risk management.

Issues requiring the passing of a resolution by the Management Board include among other things: (a) approving the Bank's financial statements and related matters for the previous financial year, (b) approving the report regarding Bank's operations for the previous financial year, (c) determining certain information policies for risk and capital adequacy management, (d) as a rule, approving acquisitions and disposals of real estate or other shares by the Bank, (e) as a rule, incurring liabilities or managing assets whose total value in respect of one entity exceeds 5% of the Bank's own funds, (f) granting proxies, (g) establishing organisational matters for the Bank, (h) establishing and liquidating branch offices and other organisational entities of the Bank and (i) all decisions and transactions which require the consent or authorisation of the Supervisory Board.

Resolutions of the Management Board are passed by a majority of votes of the members of the Management Board present at the meeting; if an even amount of votes is cast for and against, the President of the Management Board has a casting vote.

Without the consent of the Supervisory Board, members of the Management Board cannot engage in competing activities or have an interest in another competing legal entity. This restriction extends to members of the Management Board holding at least 10% of the shares in the competing entity, or the right to appoint at least one member of its management board.

Members of the Management Board

Basic Information

Basic information on the members of the Management Board in office as at the date of this Prospectus is set out below.

Full name	Age	Position on the Management Board	Date of coming into office	Date of end of the term of office
Cezary Stypułkowski	55	President of the Management Board, the Bank's Director General	1 October 2010	15 March 2013
Wiesław Thor	53	Vice-President of the Management Board, the Bank's Director for Risk Management	2 November 2002	15 March 2013

Karin Katerbau ¹	48	Vice-President of the Management Board, the Bank's Director for Finance	5 September 2008	15 March 2013
Przemysław Gdański	45	Member of the Management Board, the Bank's Director for Corporate Banking	19 November 2008	15 March 2013
Hans Dieter Kemler	43	Member of the Management Board, the Bank's Director for Investment Banking	10 July 2009	15 March 2013
Cezary Kocik	41	Member of the Management Board, the Bank's Director for Retail Banking	1 April 2012	15 March 2013
Jaroslaw Mastalerz	40	Member of the Management Board, the Bank's Director for Operations and IT	1 April 2012	15 March 2013

¹ Karin Katerbau will be leaving the Management Board before the end of her term of office on 15 April 2012, to take up a position with a German regional bank. From 16 April 2012, Joerg Hessenmueller will take up the position of Member of the Management Board and Chief Financial Officer for the period until the end of the present term of office of the Management Board of the Bank.

The mandates of all members of the Management Board who are in office as at the date of this Prospectus will expire on the day of the General Shareholders' Meeting approving the financial statements for the last full financial year of the member of the Management Board being in office at the latest.

Qualifications and Professional Experience

Cezary Stypułkowski

Born in 1956, Cezary Stypułkowski holds a Ph.D. in corporate law from the University of Warsaw. He studied at Columbia University Business School in New York as a member of the Fulbright Programme in 1988-1989. He worked in government administration in the 1980s, among others as Secretary to the Economic Reform Committee of the Council of Ministers and, in 1987, as Advisor to the Prime Minister. As of February 1991, he chaired the Management Board of Bank Handlowy SA for more than 12 years. He was President of PZU Group between June 2003 and June 2006. In December 2006, he became Managing Director of J.P. Morgan Investment Banking responsible for Central and Eastern Europe. Cezary Stypułkowski was also a member of the Deutsche Bank International Advisory Board. He was also a board member of INSEAD International Advisory Board and the Institute of International Finance in Washington. In 2005-2006 he was a member of the Geneva Association.

He was appointed President of the Management Board of the Bank on 2 August 2010, President of the Management Board of the Bank as of 1 October 2010 and approved as a President of the Management Board by the PFSA on 27 October 2010.

Wiesław Thor

Born in 1958, he is a graduate of Central School of Planning and Statistics in Warsaw (currently Warsaw School of Economics). He also completed a training programme conducted by KPMG and the South Carolina Business School ("Train the Trainer") and attended summer school in banking at McIntire University Business School. Since 1990 he has worked at the Bank as a specialist, branch head, vice-director of Warsaw branch, director of the Credit Department (1997-2000) and Head of Risk (since May 2000). As of 1 August 2002 he became the Managing Director at Bank Handlowy w Warszawie SA. On 2 November 2002, he was appointed a member of the Management Board of the Bank, Chief Risk Officer. As at the date of this Prospectus, he is the Vice-President of the Management Board and Chief Risk Officer for which he was appointed on 15 March 2008. He is a lecturer at the Warsaw Institute of Banking and the Warsaw School of Economics and is a former member of the Steering Committee of Risk Management Association European Credit & Risk Management Round Table and PRIMA Polska.

Karin Katerbau

Born in 1963, she is a graduate of Reutlingen University of Applied Science and Groupe ESC in Reims in France, where in 1989 she received a French and German diploma in management. She started her professional career in 1990 in Société Générale — Elsaessische Bank & Co in Frankfurt. She joined the Commerzbank Group in 1994. From 2001-2008 she worked for comdirect bank AG, where starting in 2004 she held the position of Management Board member, Chief Financial Officer responsible, among others, for finance and controlling. Since March 2008 she held the position of Chief Operating Officer of Private & Business Customers at Commerzbank, Frankfurt. She has been a member of the Management Board of the Bank since 5 September 2008 (she did not hold any positions at the Bank before that date). On 1 October 2009, she was appointed Vice-President of the Management Board of the Bank.

Przemysław Gdański

Born in 1967, he 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. His banking career began in Solidarność Chase D.T. Bank in 1991. At the same time he worked as a lecturer at the University of Gdańsk.

He has over 20 years of experience in corporate banking. He worked for IBP Bank SA (the Bank was one of its shareholders) from 1993 – 1995, for ABN AMRO Bank (Poland) and in 1998 he was seconded to ABN AMRO Bank (Romania) in Bucharest. There he was in charge of corporate banking, structured finance and transactional banking. From 2001 he worked at the headquarters of ABN AMRO in Amsterdam and was responsible for global clients' portfolio within the Global Commodity Finance Department.

From 2002 to the end of April 2006 he was Managing Director of Large Corporates Division in BPH Bank and a member of the Corporate Credit Committee. From May to November 2006 he held the position of Chief Executive Officer and General Director of Calyon Bank Polska and Calyon SA Branch in Poland. In November 2006 he took the position of Vice-President of the Management Board in Bank BPH, responsible for corporate banking and real estate financing.

As a result of the merger of part of BPH Bank and Pekao SA in November 2007, he assumed the position of Vice-President of the Board, responsible for Corporate Banking, Markets and Investment Banking in a division of Pekao SA.

Since 19 November 2008 he has been a member of the Management Board responsible for Corporate Banking in the Bank (he did not hold any positions at the Bank before that date).

Hans Dieter Kemler

Born in 1968, he graduated from the Westphalian Wilhelm University of Münster in 1996. From 1991-1992 he worked in the Bond Trading Department at Dresdner Bank. From 1996-1998 he worked at Sal. Oppenheim jr & Cie. KGaA in Frankfurt in the Financial Market Department, and from 1998-2005 in the Head Office of Commerzbank as Head of the Corporate Risk Advisory. Since 2005, he has worked as a Managing Director of Luxembourg-based Public Finance Bank EEPK and a member of the senior management team of Commerzbank responsible for international public finance. He has been a member of the Management Board of the Bank since 10 July 2009 (he did not hold any positions at the Bank before that date).

Jarosław Mastalerz

Born in 1972, he graduated in 1996 from the Faculty of Economy and Foreign Trade at the University of Łódź. From 1996-1998 he worked in the audit department of PricewaterhouseCoopers. From 1998-2003, he worked as Marketing Director and later Financial Director at the Zurich Group. After the take-over of the Polish Zurich operations by Generali in 2003, he worked as the Financial Director (also responsible for bank-assurance) at Generali TU and Generali TUnZ. Since 2006 he has worked for the Group, where he was a co-author of the insurance project BRE Ubezpieczenia, and he held the position of the President of the BRE Ubezpieczenia and BRE Ubezpieczenia TUiR Management Board. He has been a member of the Management Board of the Bank since 1 August 2007 (he did not hold any positions at the Bank before that date).

Cezary Kocik

Mr. Cezary Kocik (born 1971) graduated from the University of Łódź, degree in Finance and Banking. He is a licensed stockbroker.

From 1994 – 1996 he worked in the Stockbroker House of PBG Bank as a Stockholder. In 1996 he worked for PBG Bank in particular in investment banking and debt and restructuring.

In 1999, he worked at Bank Pekao SA in the Debt Recovery and Restructuring Department. Since 2000, he has been Head of Branch in Łódź.

Since 2004 he has been associated with BRE Bank. He was Head of Retail Credit Risk Department. In 2007 he was Head of Multibank Marketing and Sales Department. Since 2008 he has been Managing Director for retail banking sales and business processes.

Mr. Kocik is President of the Management Board of Aspiro. He is a member of the supervisory boards of the following subsidiaries of the Bank: DI BRE, BRE Wealth Management and BRE Ubezpieczenia TUiR.

Business Address

The business address of all members of the Management Board is:

ul. Senatorska 18,
00-950 Warsaw.

Positions held by members of the Management Board in other companies

In the table below, information on other companies in which members of the Management Board held or are still holding Management Board or Supervisory Board positions during the last five years is shown. Except

for the companies and positions listed above, the members of the Management Board held or are still holding management and supervisory board positions at the following companies:

Full name	Company	Position	Is the position held as at the Date of this Prospectus?
Cezary Stypułkowski	TELE-FONIKA Kable Sp. z o.o. S.K.A.	Member of the Supervisory Board	No
Wiesław Thor	–	–	–
Karin Katerbau	Commerzbank	Chief Operating Officer, Segment Board Private and Business Customers	No
	comdirect bank AG	Member of the Management Board	No
	comdirect private finance AG	Member/Chairperson of the Supervisory Board	No
	Commerz Servicegesellschaft für Kundenbetreuung mbH	Member/Chairperson of the Supervisory Board	No
	European Bank for Fund Services GmbH	Member of the Supervisory Board	No
	comdirect bank AG	Member of the Supervisory Board	Yes
Hans Dieter Kemler	Erste Europäische Pfandbrief- und Kommunalkredit AG	Managing Director	No
	ABC Data SA	Member of the Supervisory Board	Yes
Przemysław Gdański	Bank Polska Kasa Opieki SA	Deputy President of the Management Board	No
	Pekao Leasing SA	Chairman of the Supervisory Board	No
	Bank BPH SA	Deputy President of the Management Board	No
	BPH Bank Hipoteczny SA	Member of the Supervisory Board	No
	BPH PBK Leasing SA	Chairman of the Supervisory Board	No
	BPH Leasing SA	Chairman of the Supervisory Board	No
	BPH Auto Finanse SA	Chairman of the Supervisory Board	No
	Calyon Bank Polska SA/Calyon SA Oddział w Polsce	Chief Executive Officer	No
	Mennica Polska SA	Member of the Supervisory Board	No
	Optimus SA	Member of the Supervisory Board	No
Jarosław Mastalerz	GENERALI PTE SA	Member of the Management Board	No

	GENERALI Życie Towarzystwo Ubezpieczeń SA	Member of the Management Board	No
	GENERALI Towarzystwo Ubezpieczeń SA	Member of the Management Board	No
	GENERALI Finance Sp. z o.o.	Member of the Management Board	No
	GENERALI Autoprogram Sp. z o.o.	Member of the Management Board	No
Cezary Kocik	Aspiro	President of the Management Board	Yes
	DI BRE	Member of the Supervisory Board	Yes
	BRE Wealth Management	Member of the Supervisory Board	Yes
	BRE Ubezpieczenia TUiR	Member of the Supervisory Board	Yes

Source: The Bank

Supervisory Board

The Supervisory Board exercises regular supervisions over the Bank's operations.

Organisation and Competences of the Supervisory Board

The Supervisory Board is comprised of not less than five members elected by the General Shareholders' Meeting, for a joint term of office of three years.

At least half of the members of the Supervisory Board, including the Chairman, have Polish citizenship.

The terms of members of the Supervisory Board expire at the latest on the day of the General Shareholders' Meeting approving the financial statements of the Bank for the last full year of the term of office of the members of the Supervisory Board. The term of a member of the Supervisory Board also expires in the case of death, resignation, or dismissal of the member. The term of a member of the Supervisory Board appointed before the end of the term of office expires at the same time as the expiry of the term of other members of the Supervisory Board.

The number of members of the Supervisory Board is determined by the General Shareholders' Meeting. At least two of the Supervisory Board members have to be independent Supervisory Board members, unless the General Shareholders' Meeting decides otherwise. An independent member of the Supervisory Board is a member of the Supervisory Board who, as of the date of its election, meets all the following conditions:

- (a) during the last five years has not held the position of Management Board member at the Bank;
- (b) during the last five years has not held the position of Management Board member at any associate company of the Bank within the meaning prescribed by the relevant Polish legislation;
- (c) during the last three years has not been an employee of the Bank, any entity dependent on the Bank or an employee of any associate company of the Bank within the meaning prescribed by the relevant Polish legislation;

- (d) does not have any factual and essential relations with a shareholder having the right to exercise at least 5% of all votes at the General Meeting of the Bank;
- (e) has not received any remuneration from the Bank nor from any associate company of the Bank, within the meaning prescribed by the relevant Polish legislation, of any kind, except for remuneration for participation in the Supervisory Board of the Bank;
- (f) is not a shareholder of the Bank and does not represent any shareholder acting as a dominating entity in respect of the Bank;
- (g) during the last year, has not been a significant client or business partner of the Bank or any associate company of the Bank, within the meaning prescribed by the relevant Polish legislation, directly or in the form of an associate, shareholder, director, or senior management officer at an entity being in such relation with the Bank;
- (h) during the last three years, has not been an associate or employee of the current or former chartered auditor of the Bank or any associate company of the Bank;
- (i) is not a member of the management board at a company in which a member of the Management Board of the Bank is a member of the supervisory board, and has no other significant associations with members of the Management Board of the Bank by participation in other companies or governing bodies;
- (j) may not hold the position of an independent member of the Bank's Supervisory Board for longer than twelve years;
- (k) is not a spouse, descendant, adoptee, daughter-in-law or son-in-law of a member of the Management Board or the Supervisory Board of the Bank or any persons mentioned in (a)-(j).

The Supervisory Board elects the Chairman and Deputy Chairmen from among its members.

A member of the Supervisory Board whose term expired in the course of the joint term of office of the Supervisory Board can be replaced by another person elected by the Supervisory Board. The election of members of the Supervisory Board within the joint term of office of the Supervisory Board requires the approval of the next General Shareholders' Meeting. If the General Shareholders' Meeting refuses to approve any member of the Supervisory Board elected within the joint term of office, the General Shareholders' Meeting shall elect another member of the Supervisory Board in lieu of the person whose election was refused. If the number of members of the Supervisory Board is less than five due to the expiration of the terms of members of the Supervisory Board within the joint term of office, the Supervisory Board shall elect new members to replace the members whose terms have expired.

In addition to the rights and obligations prescribed by law and the Articles of Association, the responsibilities of the Supervisory Board specifically include the following matters: (a) approving the proposals of the Management Board concerning the Bank's essential organisational structure, (b) approving the Bank's annual financial plans and multi-annual development plans, (c) examining all motions and matters subject to resolutions of the General Shareholders' Meeting, (d) issuing or approving rules provided for in the Articles of Association, (e) defining management contracts and setting remuneration for members of the Management Board, (f) receiving information on formation, acquisition, closing and disposal of branches, permanent establishments and parts of a business as well as of initiating and terminating lines of business and fields of activity in advance, (g) approving conclusion or amendment of each significant agreement or arrangement with the members of the Management Board or the Supervisory Board, (h) approving conclusion, amendment or termination of any significant affiliation agreements or co-operation treaties, (i) receiving

information on expected deviations from the annual budget and (j) issuing general guidelines for the Management Board regarding the level and structure of remuneration for senior management of the Bank.

The Supervisory Board passes resolutions if at least half of its members are present and all of its members were invited. In specific cases, members of the Supervisory Board may participate in passing resolutions voting in writing via another member of the Supervisory Board. Voting in writing cannot refer to issues introduced to the agenda at the Supervisory Board meeting. The Supervisory Board may pass resolutions in writing or using direct remote communication. A resolution is valid when all the members of the Supervisory Board were notified of the content of the draft resolution. Resolutions of the Supervisory Board require an ordinary majority of votes, in the event of an even number of votes cast for and against, the vote of the Chairman of the Supervisory Board prevails. Without the consent of the majority of independent members of the Supervisory Board resolutions on the following issues should not be passed: (a) performance of any kind by the Bank or entities related to the Bank on behalf of members of the Management Board and (b) granting consent to the Bank's concluding a material contract with an entity related to the Bank, member of the Supervisory Board or Management Board and with their related entities.

Standing Committees of the Supervisory Board

The Supervisory Board may appoint a Standing Committee whose members perform their functions as members of the Supervisory Board delegated to carry out specific supervision activities at the Bank. The scope of authority of a Standing Committee is set out in a resolution of the Supervisory Board. In particular, the Supervisory Board may appoint the following Standing Committees:

- The Executive Committee, whose authority includes, among others, the following: (a) exercising regular supervision of the operations of the Bank between meetings of the Supervisory Board, (b) authorising the Board of Management to acquire, encumber, and sell real estate, a perpetual usufruct or part of real estate and shares in companies as well as other fixed assets, if the value of these transactions exceeds 1% of the Bank's own funds as at 31 December of the preceding year; such authorisation is not required if such acquisition results from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired, (c) reviewing principles and amounts of remuneration of members of the Management Board, including determining the relevant amounts, (d) giving opinions concerning approval for members of the Management Board of the Bank to engage in competitive activity and (e) issuing recommendations to the Supervisory Board regarding general guidelines for the Management Board on the level and structure of remuneration for the senior management of the Bank, as well as monitoring the level and structure of these remunerations.
- The Audit Committee, whose authority includes, among others, the following: (a) giving opinions about the election of the independent auditor by the General Shareholders' Meeting, (b) recommending approval or rejection of financial statements by the Supervisory Board, (c) exercising regular supervision over the internal audit system at the Bank; and (d) accepting the personnel changes in the position of head of the Internal Audit Department proposed by the Management Board. The Audit Committee includes at least one independent Supervisory Board member qualified and experienced in accounting and finance.
- The Risk Committee, whose authority includes, among others, the following: (a) exercising regular supervision of credit risks, market risks and operational risks as well as approving individual counterparty risk according to the parameters defined by the Supervisory Board from time to time; and (b) recommending approval or disapproval to the Supervisory Board for transactions between the Bank and the members of the Bank's bodies, as provided by the Banking Law; the Supervisory

Board is entitled to define the aforementioned parameters, further rights and authorities of the Risk Committee.

The Standing Committees of the Supervisory Board present annual reports to Supervisory Board on their activities. The Bank makes the report available to the shareholders before the Ordinary General Shareholders' Meeting.

As at the date of this Prospectus:

- The Executive Committee is composed of: Maciej Leśny (Chairman), Ulrich Sieber, Andre Carls and Jan Szomburg;
- The Audit Committee is composed of: Stephan Engels (Chairman), Andre Carls, Maciej Leśny, Teresa Mokrysz. The Audit Committee includes two members who meet the independence criteria (Maciej Leśny and Teresa Mokrysz). All members of the Audit Committee have the qualifications required by law in accounting or audit; and
- The Risk Committee is composed of: Sascha Klaus (Chairman), Thorsten Kanzler, Maciej Leśny and Waldemar Stawski.

Members of the Supervisory Board

Basic Information

As at the date of this Prospectus, the Supervisory Board consists of 10 members. On 30 March 2011 the 24th Ordinary General Meeting of the Bank elected the members of the Supervisory Board for the joint term of office of three years. Furthermore, on 30 March 2011 the Supervisory Board appointed Maciej Leśny as Chairman of the Board, and Achim Kassow as Deputy Chairman of the Board. On 21 June 2011, the Bank was informed by Achim Kassow, member of the Supervisory Board, of his resignation from the Supervisory Board as of 12 July 2011. On 29 June 2011, the Supervisory Board appointed Ulrich Sieber as from 13 July 2011 to be the Deputy Chairman of the Board and member of the Executive Committee of the Board.

The table below sets out information on the members of the Supervisory Board who held their positions as at the date of this Prospectus.

Full name	Age	Position in the Supervisory Board	Date of coming into office	Date of end of the term of office
Maciej Leśny	65	Chairman of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	30 March 2014
Ulrich Sieber	46	Deputy Chairman of the Supervisory Board	13 July 2011	30 March 2014
Andre Carls	48	Member of the Supervisory Board	30 March 2011	30 March 2014
Teresa Mokrysz	58	Member of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	30 March 2014
Sascha Klaus	41	Member of the Supervisory Board	30 March 2011	30 March 2014
Waldemar Stawski	53	Member of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	30 March 2014
Jan Szomburg	60	Member of the Supervisory Board (independent member of the	30 March 2011	30 March 2014

		Supervisory Board)		
Marek Wierzbowski	65	Member of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	30 March 2014
Thorsten Kanzler	47	Member of the Supervisory Board	30 March 2011	30 March 2014
Stephen Engels	50	Member of the Supervisory Board	1 April 2012	30 March 2014

Source: The Bank

The mandates of all members of the Supervisory Board who are in office as at the date of this Prospectus will expire on the day of the General Shareholders' Meeting approving the financial statements for the last full financial year of the member of the Supervisory Board being in office at the latest.

Qualifications and professional experience

Ulrich Sieber

Deputy Chairman of the Supervisory Board of the Bank

After the completion of a banking traineeship and other functions within the Loan and HR department of Bayerische Vereinsbank AG in 1991 Ulrich Sieber went to Credit Suisse in Frankfurt as Credit Officer and later as Head of HR development. In 1996 he was appointed Chief Administration Officer of JP Morgan Germany's Investment Banking department. In 2001 he managed the project office of Dresdner Bank's Allianz Dresdner Integration and later the Corporate Banking department. At the beginning of 2006 Ulrich Sieber took the executive position of Commerzbank's HR department and since June 2009 he has been a member of the Management Board of Commerzbank.

Business address:
Kaiserplatz,
60311 Frankfurt am Main,
Germany.

Dr Andre Carls

Member of the Supervisory Board of the Bank

Having studied business economics and completed a doctorate at the University of Cologne, Dr Carls joined Commerzbank through an international trainee programme in 1990.

He subsequently held various positions in Corporate Finance and Capital Markets and from 1998 to 2000, he played a key role in setting up the investment banking division of Commerzbank in London.

From 2000 to 2008 Dr Carls was a member of the Board of Managing Directors of comdirect bank AG, from September 2002 to November 2004 as CFO and from November 2004 to March 2008 as CEO of comdirect bank AG.

From March 2008 to September 2008 he held the position as Vice-President of the Management Board and CFO in the Bank.

Since March 2008 Dr Carls has been CEO of Commerzbank Holding and CEO of Central & Eastern Europe-Holding of Commerzbank.

In addition, he is a member of the Supervisory Board of:

Joint Stock Commercial Bank Forum (Kiev, Ukraine), Commerzbank (Eurasija), SAO (Moscow, Russia), Commerzbank Zrt. (Budapest, Hungary) and member of the Board of Directors of Joint Stock Company Promsvyazbank (Moscow).

Business address:

Kaiserplatz Office: Platz der Einheit 1,
60261 Frankfurt am Main,
Germany.

Jan Szomburg

Member of the Supervisory Board of the Bank

Jan Szomburg has been a member of the Supervisory Board of the Bank since May 1998. He has a PhD degree in economics. Previously he worked as an assistant and then as a lecturer at the University of Gdańsk. At present, he is the President of the Management Board of the Institute for Market Economics.

Business address:

Instytut Badań nad Gospodarką Rynkową, ul.,
Do Studzienki 63,
80-227 Gdańsk,
Poland.

Maciej Leśny

Chairman of the Supervisory Board of the Bank (independent member)

In 1969 Maciej Leśny completed his studies at the Faculty of Economic Sciences at the Warsaw University. During his professional career he worked for six years in the shipbuilding industry in Gdańsk, and eight years for Zakłady Elektronicznej Techniki Obliczeniowej. He worked 22 years in the central state administration, including eight years in the position of the Under Secretary of State: at the Ministry of Foreign Economic Co-operation, the Ministry of Economy (twice), the Ministry of Economy, Labour and Social Policy – recently as the Under Secretary of State in the Ministry of Infrastructure. He completed post-graduate studies and training run by universities in the USA: the University of Michigan (Business School of Administration) and De Paul University (Chicago). In 1992-1993, as a scholarship holder of the government of the USA he studied at the American University in Washington, DC. During his scholarship he completed four months training at the World Bank and completed privatisation training at the International Monetary Fund. Between March 1994 and 1998 he was appointed as Chairman of the Supervisory Board and then until December 2001 he was the member of the Supervisory Board. He was reappointed as Chairman of the Supervisory Board in 2004.

Business address:

ul. Senatorska 18,
00-950 Warsaw,
Poland.

Sascha Klaus

Member of the Supervisory Board of the Bank

Sascha Klaus completed Hochschule für Bankwirtschaft (HfB) Frankfurt (Business School of Finance and Management). Including one semester of MBA studies at Goizueta Business School – Emory University, Atlanta (USA). He holds the degree Diplom - Betriebswirt (Master of Arts in administration and business).

He started his professional career in the Deutsche Bank group, where he held a number of positions, including for financial institutions, corporate finance and investment banking risk.

From January 2000 to April 2008 he worked for Dresdner Kleinwort in New York, where he held the following positions – in 2000-2001 the Head of the Listed and Structured Products Team, Capital Market Loans – Vice-President. Then, in 2002 he was Head for Capital Market Loans – Director. Next, since February 2003 to April 2008 he was Head for Financial Institutions – of America, Investment Banking Risk Management – Managing Director, also Global Head of the Hedge Funds, Investment Banks and Brokers/Dealers Sector.

From May 2008 to December 2008 he worked for Dresdner Bank AG, Frankfurt /London where he was Head for Portfolio Analytics, Investment Banking Risk Management – Managing Director.

Since January 2009 he has worked for Commerzbank, Head Office in Frankfurt where he held the position of the Deputy Head of Risk Management – Investment Banking, Global Head of Non-bank Financial Institutions – Managing Director. In October 2009 he was appointed Global Head of the Group Credit Risk Management – Financial Institutions and Specialist Products – Managing Director.

Since March 2010 in Commerzbank Holding he has held the position of member of the Management Board, Head of Risk in Central and Eastern Europe. He is a member of the Supervisory Boards of the Commerzbank Group subsidiaries (including the Bank) and Chairman of the Risk Committee of the Bank.

Business address:

Kaiserplatz Office: Platz der Einheit 1,
60261 Frankfurt am Main,
Germany.

Teresa Mokrysz

Member of the Supervisory Board of the Bank (independent member).

Teresa Mokrysz graduated from the University of Economics in Katowice in 1978. She is a co-owner of MOKATE. In 1992-1994, she launched instant cappuccino as a new product on the Polish market, and gained a 70% share in the market and has since been a leader in this product category. In 1994-1995 she built a greenfield MOKATE plant in Ustroń and in 2001 her company gave another plant in Żory for use. Thanks to the investment, she introduced the company to the market of half-finished products, and launched new production divisions at MOKATE, equipped with the state-of-the-art technologies. At present, she is leading a group of nine MOKATE companies, out of which five are based abroad. She attaches great importance to exports, its share in turnover is close to 60%. She received the Knight's Cross of the Order of Polonia Restituta. She is the winner of the "Leader of the Decade" title given by Gazeta Wyborcza daily, and the "Success of the Decade" given by the Businessman Magazine. In 2000 the International Foundation for Women's Entrepreneurial Spirit from Los Angeles awarded her the title of the "the most entrepreneurial woman of the world". She has founded scholarships for skilled young people of limited means, and offered financial support to the health care institutions, welfare institutions, orphanages and schools.

Business address:

ul. Katowicka 265a,
43-450 Ustroń,
Poland.

Thorsten Kanzler

Member of the Supervisory Board of the Bank

Treasury Director of the Commerzbank Group. Thorsten Kanzler has held the positions of a member of the Management Board for treasury of the Commerzbank Group since the beginning of 2009. His scope of tasks includes assets and liabilities management, cash and repo transactions management and capital markets financing. Earlier, since May 2007 he was Director for Treasury and Capital Management of the Dresdner Bank AG Group in Frankfurt am Main.

Between 2004 and 2007 he was Director for Treasury of the Group and a member of the Management Board for Corporate and Investment Banking in WestLB AG in Düsseldorf. From 1991 to 2004 Thorsten Kanzler worked for Deutsche Bank AG in various positions in the treasury and risk management area in Frankfurt, New York, Sydney and London. Thorsten Kanzler studied microeconomics (MA thesis on the European banking sector) and mechanical engineering (MSc thesis on industrial production systems) at the University of Technology in Darmstadt (Germany). He obtained the Diplom - Wirtschaftsingenieur (M.Sc. Eng.).

Business address:
Mainzer Landstrasse 153,
60327 Frankfurt am Main,
Germany.

Waldemar Stawski

Member of the Supervisory Board of the Bank (independent member).

He studied at the Faculty of Electronics of the Gdańsk University of Technology, Processing and Usage of Electrical Energy, specialising in Industrial Energoelectronics, and obtained the M.Sc. Eng. degree in 1983. He completed post-graduate studies in the following: Accounting and Finance (2009-2010 University of Gdańsk), Financial Analysis in Business Management (1992-1993 University of Gdańsk), Microprocessors in Energoelectronics and Propulsions (1986-1987 Gdańsk University of Technology), and Didactics and Pedagogy (1984-1985 University of Gdańsk/Marine Academy in Gdynia). He holds the Accounting Certificate No.48720/2011 issued by the Minister of Finance certifying his qualifications and authorising him to provide bookkeeping services. He has also passed the exam for candidates for members of supervisory boards at state-owned companies (MPW certificate 8 April 1995). From 1991 to 2011 he underwent domestic and foreign training on banking, finance and organisation.

Upon completion of his studies, from 1983 to 1991 he was a scientific worker and a lecturer in the Marine Academy in Gdynia at the Institute of Ship Electroenergetics. From 1991 to 1993 in Pomorski Bank Kredytowy SA II/O Gdynia in the Department of Accountancy he was senior specialist for implementation and exploitation of the EPD integrated systems. From 1993 to 1995 he was director of the II Branch of Pomorski Bank Kredytowy SA in Gdynia. From 1995 to 2000 he was director of the regional Branch in Gdańsk of Powszechna Kasa Oszczędności Bank Państwowy. From 2000 to 2002 in Powszechna Kasa Oszczędności Bank Polski SA he was Vice-President of the Management Board, responsible for managing treasury, corporate clients, capital markets and corporate governance areas.

Between June 2002 and February 2003 the Commission for Banking Supervision appointed him Chairman of the Receivership Board at Wschodni Bank Cukrownictwa SA where he prepared and implemented the rehabilitation programme. From 2003 to 2005 he was a member of the Management Board and advisor to the Management Board of CTL Logistics SA. In 2006 and 2007 he was General Director of the Polish Federation of Employers of the Transport and Logistics. Since 2006 he has been consultant to ALDAZ Sp. z o.o. From 2007 to 2008 he was advisor to the Management Board of CTL Logistics SA. At present, he is cooperating with Doradztwo Ekonomiczne Dariusz Zarzecki as Director. From 1995 to 2002 he was engaged in the following teaching activity in the field of banking and finance: he was a member of examination boards according to the System of Standards in Polish Banking at the Foundation for Education and Banking

Research in Warsaw and the Gdańsk Academy of Banking in Gdańsk in the scope of banking control and HR management.

Business address:

ul. Senatorska 18,
00-950, Warsaw,
Poland.

Marek Wierzbowski

Member of the Supervisory Board of the Bank (independent member).

Professor Wierzbowski is professor ordinarius at the University of Warsaw, a legal counsel, a partner at Prof. Marek Wierzbowski and Partners - Advocates and Legal Counsellors law firm.

Professor Wierzbowski is a member of the Public Procurement Board, Vice Chairman of the Board of Giełda Papierów Wartościowych SA (Warsaw Stock Exchange), a member of supervisory boards of several companies and the president of the Court of the Chamber of Brokerage Houses.

Professor Wierzbowski was a Vice-Dean of the Faculty of Law and Administration and a Vice-Rector of the University of Warsaw. He used to chair the Stock Exchange Board, was a Vice-Chairman of the Court of Arbitration at the Polish Chamber of Commerce and was member of the National Board for Scientific Degrees and Titles.

For many years he was a senior partner in the Warsaw offices of international law firms Weil Gotshal & Manges and thereafter Linklaters. He has also represented the Securities and Exchanges Commission and the Commission for Banking Supervision in proceedings before the Supreme Administrative Court.

Professor Wierzbowski lectured as visiting professor, for at least one semester, at five law departments in American universities.

Business address:

Prof. Marek Wierzbowski i Partnerzy Adwokaci i Radcowie Prawni
ul. Mokotowska 15A lok.17
00-640 Warsaw
Poland.

Except for Dr Andre Carls who acted as member of the Management Board responsible for Finance and the Vice-President of the Bank's Management Board, none of the Supervisory Board members have held any positions in the Bank.

Stephan Engels

Stephan Engels was born on 9 March 1962 in Hamburg. He studied Economics and Social Sciences at the University of St. Gallen in Switzerland from 1983 until 1987.

In 1988 he joined Daimler-Benz AG, as the company was then called. Subsequently, he held various positions in Corporate Audit, Finance and Controlling and became Chief Financial Officer, DaimlerChrysler Financial Services AG in 2003.

Prior to becoming a Member of the Management Board of Commerzbank on 1 April 2012, Mr. Stephan Engels has been a member of the Executive Committee of Mercedes-Benz Cars with responsibility for Finance & Controlling since 2007.

The Supervisory Board of Commerzbank appointed Stephan Engels to the Board of Managing Directors of Commerzbank as Chief Financial Officer with effect as from April 2012.

Business address:
Kaiserstrasse 16,
60311 Frankfurt am Main,
Germany.

Positions held by members of the Supervisory Board in other companies

In the table below, information on other companies in which members of the Supervisory Board held management board or supervisory board positions during the last five years is shown.

Name and Surname	Company	Position	Is the position held as of the date of the Prospectus?
Maciej Leśny	Gdańskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.	Member of the Supervisory Board	No
	CTL Logistics SA	Member of the Supervisory Board	No
	Fusion Invest Polska SA	Member of the Supervisory Board	Yes
	Centralny Ośrodek Żeglarstwa PZZ im. Andrzeja Benesza Sp. z o.o.	Member of the Supervisory Board	No
	Track Tec SA	Member of the Supervisory Board	Yes
Andre Carls	comdirect bank AG	Chairman of the Board of Managing Directors	No
	Commerzbank Holding	Chief Executive Officer	Yes
	comdirect private finance AG	Member of the Supervisory Board	No
	JSC Bank "Forum"	Member of the Supervisory Board	Yes
	Commerzbank Eurasija ZAO	Deputy Chairman of the Supervisory Board	Yes
	Commerzbank Zrt.	Member of the Supervisory Board	Yes
	Joint Stock Company Promsvyazbank (Moscow)	Member of the Board of Directors	Yes
Ulrich Sieber	Commerzbank	Member of the Management Board	Yes
	Commerzbank Holding	Chairman of the Supervisory Board	Yes

	BVV	Deputy Chairman of the Supervisory Board	Yes
Teresa Mokrysz	MOKATE SA	Deputy Chairman of the Supervisory Board	Yes
	Global Coffee Group Sp. z o.o.	President of the Management Board	No
	Biuro Inwestycyjno – Consultingowe "M&T" Sp. z o.o.	Deputy President of the Management Board	No
Sascha Klaus	Commerzbank Holding	Member of the Management Board	Yes
	Carbon Trade & Finance SICAV	Member of the Supervisory Board	Yes
	Commerzbank Eurasija ZAO	Member of the Supervisory Board	Yes
	Dresdner Bank ZAO	Member of the Supervisory Board	Yes
	Commerzbank Zrt.	Member of the Supervisory Board	Yes
	JSC Bank "Forum"	Chairman of the Supervisory Board	Yes
Waldemar Stawski	CTL Logistics SA	Member of the Management Board	No
	CTL TransPort Sp. z o.o.	Member of the Supervisory Board	No
	Pol Euro Linie Żeglugowe Sp. z o.o.	Member of the Supervisory Board	No
Jan Szomburg	Grupa LOTOS SA	Chairman of the Supervisory Board	No
	Europejski Instytut Infrastruktury Sp. z o.o.	Member of the Supervisory Board	No
Marek Wierzbowski	Betacom SA	Member of the Supervisory Board	No
	Bank BPH SA	Member of the Supervisory Board	No
	KGHM Polska Miedź SA	Member of the Supervisory Board	No
	DANTEK SA	Member of the Supervisory Board	No
	IMAGIS SA	Deputy Chairman of the Supervisory Board	No
	Zakłady Przemysłu Cukierniczego MIESZKO SA	Member of the Supervisory Board	No
	Axa PTE SA	Member of the Supervisory Board	Yes

	Gielda Papierów Wartościowych w Warszawie SA	Deputy Chairman of the Supervisory Board	Yes
	Ceramika Nowa Gala SA	Deputy Chairman of the Supervisory Board	No
	Novitus SA	Member of the Supervisory Board	Yes
	CITY INTERACTIVE SA	Member of the Supervisory Board	No
	Mostostal Zabrze Holding SA	Member of the Supervisory Board	Yes
	Skyline Investments SA	Deputy Chairman of the Supervisory Board	Yes
	PEKAES SA	Member of the Supervisory Board	No
	Vindexus SA	Member of the Supervisory Board	Yes
Thorsten Kanzler	Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main	Deputy Chairman Anlageausschuss AllianzGI-Fonds CPT2	Yes
	Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main	Deputy Chairman Anlageausschuss ATZ-Banken	Yes
	Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main	Deputy Chairman Anlageausschuss CBP	Yes
	Bundesverband deutscher Banken e.V., Berlin	Member of Ausschuss für Treasury- Management	Yes
Stephan Engels	Commerzbank	Member of the Board of Managing Directors	Yes
	Mercedes-Benz Car Group	Member of the Executive Committee	No

Source: The Bank

Other information on members of the Management and Supervisory Boards

- 1 In accordance with the declarations submitted by members of the Management and Supervisory Boards during the last five years, none of the members of the Management and Supervisory Boards have been in breach of their respective obligations as such members.
- 2 There are no family relations between members of the Management and Supervisory Boards.

- 3 The total remuneration paid to the members of the Management Board of the Bank in 2010 and in 2011 was PLN 17,490,856 and PLN 20,557,522, respectively. The total remuneration paid to the members of the Supervisory Board of the Bank in 2010 and in 2011 was PLN 1,855,598 and PLN 2,057,942, respectively.
- 4 Except as described above, none of the members of the Management and Supervisory Boards has performed administrative, supervisory or managing roles in any other company or has conducted any activities, outside the Bank, of material significance to the Bank.
- 5 As at the date of this Prospectus, there are no conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations. As at the date of this Prospectus, the Bank is not aware of any potential conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations.
- 6 There are no agreements or arrangements between the key shareholders of the Bank, its customers, suppliers or other entities based on which any member of the Management or Supervisory Boards was appointed to the Management Board or the Supervisory Board.

TAXATION

GENERAL

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, establishment or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

POLAND

1. GENERAL INFORMATION

The following is a discussion on certain Polish tax considerations relevant to an investor who is a resident of Poland or otherwise subject to Polish taxation. This statement must not be understood to be tax advice. It is based on the Polish tax laws and their interpretation in effect as of the date of this Base Prospectus which may be subject to changes. Such changes may also be enacted retroactively and may negatively affect the tax treatment as described below. This description does not purport to be complete with respect to the tax information that may be relevant for investors due to their personal circumstances. Prospective buyers of the Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the Notes. The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.

2. TAXATION OF POLISH TAX RESIDENT INDIVIDUALS (NATURAL PERSONS)

2.1 Income from capital investments – no withholding tax

Income, other than interest, derived by a Polish tax resident individual (as a rule, a natural person whose centre of personal or economic interests (the centre of life affairs) is in Poland or a natural person who resides in Poland for longer than 183 days in a fiscal year) from the Notes held as non-business assets, qualifies as capital income according to Art. 17 of the Polish Personal Income Tax Act dated 26 July 1991, as amended (the **PIT Act**). Such income does not cumulate with general income subject to progressive tax rates and is subject to 19% flat-rate tax. This income is not subject to withholding tax but the tax should be settled by the taxpayer by 30 April of the following year. However, if the individual is also a taxpayer (as referred to in Arts. 31, 33, 34 and 35 of the PIT Act, which are mostly persons who obtain income from employment or pensions), under one of the possible interpretations of Art. 40 of the PIT Act, he/she is obliged to pay monthly instalments by the twentieth day of the month following the month in which the income was earned. There are arguments as to whether this interpretation is correct, as it puts certain individuals in a worse financial position than other persons, without any reasonable justification. Individuals are encouraged to seek professional advice in this respect. The costs of acquiring securities should be recognised at the time the revenue is achieved.

If an individual holds the Notes as a business asset, in principle, the income should be taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and certain conditions being met by the individual, should be settled by the individual himself/herself.

2.2 Withholding tax on interest income

According to Article 30a of the PIT Act, interest income, including discounts, derived by a Polish tax resident individual (as a rule, a person who has his/her centre of personal or business interests

located in Poland or who stays in Poland for longer than 183 days in a year) does not cumulate with general income subject to the progressive tax rate but is subject to 19 per cent. flat-rate tax.

Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties in particular can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the 19 per cent. Polish tax upon any interest payment. In practice, the obligation to withhold tax applies only to Polish interest payers and not foreign taxpayers. Moreover, given that the term "interest payer" is not precisely defined in the law, under some interpretations issued by the Polish tax authorities, in certain cases Polish banks or Polish brokerage houses maintaining securities accounts may refuse to withhold the tax based on the fact that they are acting only as an intermediary and therefore should not be obliged under Polish law to remit due tax. According to Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

If an individual holds the Notes as a business asset, in principle, interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and certain conditions being met by the individual, should be settled by the individual himself/herself.

3. TAXATION OF A POLISH TAX RESIDENT CORPORATE INCOME TAXPAYER

A Polish tax resident corporate income taxpayer should be subject to 19 per cent. income tax on the Notes (both on any capital gain and on interest/discount) following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes, interest is recognised as taxable revenue on a cash basis, that is when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes should be recognised at the time the revenue is achieved.

4. SECURITIES HELD BY A NON-POLISH TAX RESIDENT INDIVIDUAL OR CORPORATE

Non-Polish residents are subject to Polish income tax only on their income earned in Poland. Although there are no clear provisions of Polish tax law, if the Notes are issued by a foreign entity, in principle, interest should not be considered as having been earned in Poland. Capital gains should also not be considered as arising in Poland unless the securities are traded on a stock exchange in Poland (the Warsaw Stock Exchange). However, if the latter is the case, most of the tax treaties concluded by Poland provide for Polish tax exemption on capital gains earned in Poland by a foreign tax resident. In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

There is a risk that certain payments (those corresponding to interest) made by the Guarantor may be subject to Polish withholding tax. This would be the case if these payments were classified by the tax authorities as interest derived from Poland. If this were the case, domestic 19% (in case of non-resident individuals) or 20% (in case of non-resident corporates) withholding tax would apply unless the interest recipient benefitted from a reduced rate or an exemption under the relevant double tax treaty. In order to benefit from a reduced rate or an exemption under the relevant double tax treaty, the interest recipient would need to produce the relevant certificate of tax residency.

Moreover, with respect to the interest payments, the relevant provisions of the EU Savings Directive may apply.

If a foreign recipient of income acts through a permanent establishment in Poland, to which the interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

5. PCC – CIVIL LAW ACTIVITIES TAX

PCC is levied on civil law transactions, such as a sale or exchange of rights, if such rights are exercisable in Poland or, if exercisable abroad and the acquirer is a Polish resident and the transaction is carried out in Poland. As a rule, given that the issuer is a non-Polish entity, the Notes should not be considered as rights exercisable in Poland.

Neither an issuance of Notes nor a redemption of Notes is subject to PCC.

PCC on the sale or exchange of Notes (which, as a rule are considered to be rights) is 1% of their market value. It is payable within 14 days after the sale or exchange agreement has been entered into. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public. PCC is payable by the entity acquiring the Notes. In the case of exchange agreements, PCC should be payable by both parties jointly and severally.

However, the sale of the Notes: (i) to investment firms or foreign investment firms, (ii) made with the intermediation of investment firms or foreign investment firms; (iii) made on an organised market, (iv) made outside an organised market by investment firms or foreign investment firms is exempt from PCC if the proprietary rights were acquired by those firms on an organised market.

6. REMITTER'S LIABILITY

Under Art. 30.1 of the Tax Ordinance dated 29 August 1997, as amended, a remitter which has not carried out its obligation to calculate and withhold due tax from a taxpayer, and has not transferred the appropriate amount of tax to a relevant tax office, is liable for tax not withheld or tax withheld but not transferred to a relevant tax office. The remitter is liable for those obligations with all of its assets. The provisions on the remitter's liability do not apply only if separate provisions provide otherwise or if the tax has not been withheld due to the taxpayer's fault.

LUXEMBOURG

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(a) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended, (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the

Territories), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

(b) **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

FRANCE

The following is a summary limited to certain French tax considerations relating to the Notes that may be issued under the Programme and specifically contains information on withholding taxes applicable to payments made under the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

Withholding tax

Following the introduction of the French *loi de finances rectificative pour 2009* n°3 (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other revenues made by the Issuer with respect to Notes issued on or after 1 March 2010 are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 50% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French

Code général des impôts, at a rate of 30% or 55% (subject to the more favourable provisions of an applicable tax treaty).

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of an issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the ruling (*rescrit*) 2010/11 (FP and FE) of the French tax authorities dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

EU Savings Directive

The Directive (as defined below) has been implemented into French law by Article 242 *ter* of the French *Code général des impôts* and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to French *Code général des impôts*. Article 242 *ter* of the French *Code général des impôts* imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 12 April 2012, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Interest Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the

public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

This Base Prospectus has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

Each of the Dealers and the Issuer has severally represented and agreed that:

(i) **Offer to the public in France:**

It has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of its publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of approval of the base prospectus; or

(ii) **Private placement in France:**

It has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

Republic of Poland

No permit has been obtained from the Polish Financial Supervision Authority (KNF) in relation to the issue of the Notes nor has the issue of the Notes been notified to KNF in accordance with applicable procedures. Accordingly, the Notes may not be offered to the public in Poland. Pursuant to Art. 3 of the Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies dated 29 July 2005, a **public offering** is defined as making available to at least 100 persons or an unspecified addressee, in any form and in any manner, sufficient information on securities and the conditions of their purchase to enable a decision to be made to purchase such securities.

General

Each Dealer has severally represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 28 March 2012 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 3 April 2012.

Any issue of Notes by the Issuer will, to the extent that such Notes constitute *obligations* under French law, require prior authorisation of the *Conseil d'administration* (Board of Directors) of the Issuer acting under the authority of a General Meeting of shareholders. The *Conseil d'administration* (Board of Directors) may delegate, for a period of one year from the date of such authorisation to the *Président-Directeur Général*, the powers which are required for the implementation of the issue of *obligations* and for the determination of the terms and conditions of the *obligations*.

By a resolution passed on 28 March 2012, the *Conseil d'administration* (Board of Directors) of the Issuer, acting under the authority confirmed by a resolution of a General Meeting of shareholders passed on 12 April 2012, has, in accordance with Article L.228-40 of the *Code de Commerce*, delegated to its *Président-Directeur Général*, Mr. Oliver Köpke all powers to issue Notes in the form of *obligations* up to a maximum aggregate amount of Euro 2,000,000,000 and to determine their terms and conditions.

To the extent that Notes to be issued by the Issuer do not constitute *obligations*, their issues will fall within the general authority of the *Président-Directeur Général* of the Issuer or any other duly authorised person acting by delegation.

Listing of Notes and Admission to Trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The listing of the Programme in respect of Notes is expected to be granted on 12 April 2012.

Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection (or from the date of subsequent publication (as the case may be)) from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer and the constitutional documents (with an English translation thereof) of the Guarantor;
- (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2010 and December 2011 together with the audit reports prepared in connection therewith. The Issuer currently prepares audited non-consolidated accounts on an annual basis but not on a semi-annual basis;

- (c) the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2010 and 31 December 2011 (with an English translation thereof). The Guarantor currently prepares audited consolidated and unconsolidated financial statements on an annual basis as well as unaudited consolidated and unconsolidated financial statements on a semi-annual basis and unaudited unconsolidated financial statements on a quarterly basis;
- (d) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited semi-annual financial statements (if any) of the Issuer and the Guarantor (in each case with an English translation thereof), together with any audit or review reports prepared in connection therewith);
- (e) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (f) a copy of this Base Prospectus;
- (g) any future Base Prospectuses, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (h) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial position of the Issuer, the Guarantor and the Group taken as a whole since 31 December 2011 and there has been no material adverse change in the financial position or prospects of the Issuer, the Guarantor and the Group taken as a whole since 31 December 2011.

Litigation

Save as disclosed in the Base Prospectus at pages 29 to 30 and pages 135 to 137, neither the Issuer, the Guarantor nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or any member of the Group.

Auditors

PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw (00-638 Warszawa, Al. Armii Ludowej 14), audited the consolidated financial statements of the Group for the years ended 31 December 2011 and 2010 and issued unqualified auditor's opinions on the aforementioned financial statements. PricewaterhouseCoopers Sp. z o.o. audited the standalone financial statements of the Bank for the year ended 31 December 2011 and the standalone financial statements for the year ended 31 December 2010 and issued unqualified opinions on the aforementioned financial statements. The standalone financial statements audited by PricewaterhouseCoopers Sp. z o.o. are not incorporated into this Base Prospectus by reference.

PricewaterhouseCoopers Sp. z o.o. is registered in the register of auditors held by the National Chamber of Statutory Auditors under No. 144. On behalf of PricewaterhouseCoopers Sp. z o.o., the consolidated financial statements of the Group for the years ended 31 December 2011 and 2010 were audited by Agnieszka Accordi-Krawiec (certified auditor, licence No. 11665).

PricewaterhouseCoopers Audit SA, with its registered office in Neuilly-sur-Seine Cedex (63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex) audited the standalone financial statements of the Issuer for the years ended 31 December 2011 and 2010 and issued unqualified auditor's opinions on the aforementioned financial statements.

On behalf of PricewaterhouseCoopers Audit SA, the standalone financial statements of the Issuer for the years ended 31 December 2011 and 2010 were audited by Edouard Sattler.

There were no events of resignation or dismissal of a certified auditor appointed to audit the financial statements of the Bank or the Group in the period covered by the Consolidated Financial Statements included in this Base Prospectus.

Post-issuance information

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities except if required by any applicable laws and regulations.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Guarantor and their affiliates in the ordinary course of business.

ISSUER

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THE GUARANTOR

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Poland

ARRANGER AND DEALER

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To the Issuer

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