IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this notice and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum you agree to be bound by the following terms and conditions, including any modification to them any time you receive any information from the Bank or the Global Coordinator and Sole Bookrunner (each as defined in the Offering Memorandum) as a result of such access.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA, OR TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THE TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Nothing in this Offering Memorandum constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. The securities described in the Offering Memorandum have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdiction and the securities cannot be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. This Offering Memorandum is available only to persons outside of the United States as defined in Regulation S.

The Bank has not authorized any offer to the public of securities in any member state of the European Economic Area (the "**EEA**") which has implemented the Prospectus Directive other than Poland. With respect to each member state of the EEA (other than Poland) which has implemented the Prospectus Directive (each a "relevant member state"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring a publication of a prospectus in any relevant member state. This Offering Memorandum is being distributed only to, and is directed only at, persons in member states of EEA who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (the "**Qualified Investors**"). This Offering Memorandum must not be acted on or relied on in any member state of the EEA by persons who are not Qualified Investors. The securities covered by this Offering Memorandum are only available to, and any investment or investment activity to which this Offering Memorandum relates is available only to, Qualified Investors, and will be engaged in only with such persons. Accordingly, any person making or intending to make any offer within the EEA of the securities which are the subject of this Offering Memorandum should only do so in circumstances in which no obligation arises for the Bank or the Global Coordinator and Sole Bookrunner to produce a prospectus or any other offering document for such offer.

The Offering Memorandum is being distributed only to and is directed only at (a) persons outside the United Kingdom, or (b) investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), or (c) high net worth entities and other persons to whom it may lawfully be communicated in accordance with Article 49(2) (a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Persons distributing the Offering Memorandum must satisfy themselves that it is lawful to do so.

YOU ARE REMINDED THAT THE OFFERING MEMORANDUM HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE OFFERING MEMORANDUM MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT, NOR ARE YOU AUTHORIZED TO, DELIVER OR DISCLOSE TO CONTENTS OF THE OFFERING MEMORANDUM TO ANY OTHER PERSON.

BRE BANK SA

BRE BANK S.A.

(a joint-stock company incorporated and organized under the laws of the Republic of Poland with its registered office in Warsaw at ul. Senatorska 18, 00-950, entered in the Register of Business Entities of the National Court Register under no. 0000025237)

Offering of 12,371,200 ordinary bearer shares with a nominal value of PLN 4 each and an application for admission and introduction to trading on the regulated market (main market) operated by the Warsaw Stock Exchange of 29,690,882 individual preemptive rights, 12,371,200 rights to shares and 12,371,200 ordinary bearer shares with a nominal value of PLN 4 each.

This offering memorandum ("**Offering Memorandum**") has been prepared in connection with (a) the issue on the basis of the pre-emptive rights and by way of a public offering in the territory of the Republic of Poland ("**Public Offering**" or "**Offering**") of 12,371,200 ordinary bearer shares with a nominal value of Polish zloty ("**PLN**") 4 each ("**Offer Shares**") by BRE Bank S.A. with its registered office in Warsaw, a joint-stock company incorporated and organized under the Polish law (the "**Bank**" or "**Company**"; and together with its consolidated subsidiaries, the "**Group**"), and (b) an application for admission and introduction to trading on the regulated market (main market) operated by the Warsaw Stock Exchange ("**WSE**") of 29,690,882 individual preemptive rights to the Offer Shares ("**Individual Pre-Emptive Rights**"), 12,371,200 rights to the Offer Shares ("**Rights to Shares**") and 12,371,200 Offer Shares.

In connection with the Offering in the territory of the Republic of Poland, the Global Coordinator and Sole Bookrunner will undertake limited marketing activities outside the territory of the Republic of Poland, solely among international institutional investors, in compliance with the applicable laws of the jurisdictions in which such marketing activities are undertaken, on the basis of this Offering Memorandum delivered to selected international investors. The promotional activities outside the territory of the Republic of Poland will be directed solely to selected institutional investors outside Poland. The Offering Memorandum will be prepared in English and will not be subject to approval by any authority, in particular the competent authority within any jurisdiction in which such promotional activities will be carried out. The Offering contemplated in this Offering Memorandum is conducted solely outside the territory of the Republic of Poland, and the sole binding document prepared for the purposes of the Public Offering containing information on the Bank and the Offer Shares is the Polish-language prospectus (the "**Prospectus**").

The final number of the Offer Shares offered in the Public Offering was determined by the Management Board of the Bank in consultation with the Global Coordinator and Sole Bookrunner. On 12 May 2010, the Bank disclosed to the public the information on the final number of the Offer Shares and the number of the Offer Shares per one Individual Pre-Emptive Right. The Bank disclosed to the public the information mentioned in the preceding sentence in the same way as the Prospectus was published and by way of a current report.

The Bank, in consultation with the Global Coordinator and Sole Bookrunner, set the issue price at PLN 160 per Offer Share ("**Issue Price**"). On 12 May 2010, the Bank disclosed to the public the information on the Issue Price in the same way as the Prospectus was published and by way of a current report.

The date for recording the shareholders authorized to subscribe for the Offer Shares ("**Record Date**") is 18 May 2010.

The number of the Offer Shares that may be subscribed for was set at five Offer Shares for every twelve existing shares. The Management Board of the Bank will allocate, at its own discretion, the Offer Shares unsubscribed for as a result of the exercise of the Individual Pre-Emptive Rights or under additional subscriptions made by the shareholders ("**Additional Subscription**"), to entities that subscribed for such Offer Shares in response to the Management Board's prior invitation. The Management Board will, subject to the terms of the Underwriting Agreement (as defined herein), invite investors to file subscriptions and will allocate the Offer Shares (unsubscribed for following exercise of the Individual Pre-Emptive Rights or under Additional Subscriptions) to the investors designated by the Global Coordinator and Sole Bookrunner or to the Global Coordinator and Sole Bookrunner itself if no other investors are designated or if the Global Coordinator and Sole Bookrunner resolve to subscribe for the Offer Shares.

An investment in the Offer Shares involves significant risks typical of equity securities and risks referring to the Group, its business and the banking sector in which the Bank operates. See "Risk Factors" for a discussion of certain risk factors that persons to whom this offering is addressed should consider before investing in the Offer Shares. The contents of this Offering Memorandum are not to be construed as legal, financial or tax advice. Each potential investor should consult its own legal advisor or independent financial or tax advisor for legal, financial or tax advice and should not rely exclusively on the legal, financial or tax information contained in this Offering Memorandum.

As of the date of this Offering Memorandum, 29,669,382 ordinary bearer shares issued by the Group are listed on the regulated market (main market) of the WSE. The Group intends to apply for the admission and introduction to trading on the same market of the Individual Pre-Emptive Rights, Rights to Shares and Offer Shares.

This Offering Memorandum does not constitute an offer to subscribe for, or a solicitation of an offer to subscribe for, Offer Shares by persons in any jurisdiction in which the making of such offer or solicitation to such person would be illegal. The public offering of the Offer Shares is being conducted exclusively within Poland. This Offering Memorandum has not been registered, approved or submitted to any regulatory body in any jurisdiction. The Offer Shares have not been registered or approved, nor are they the subject of a notification submitted to any regulatory body in any jurisdiction other than Poland. For an overview of certain transfer restrictions of the Individual Pre-emptive Rights, the Rights to Shares and the Offer Shares, see "Selling Restrictions".

The investors also acknowledge that: (i) they have not relied on the Global Coordinator and Sole Bookrunner or any person affiliated with the Global Coordinator and Sole Bookrunner in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; and (ii) they have relied only on the information contained in this document, and that no person has been authorized to give any information or to make any representation concerning the Group or its subsidiaries or the Individual Pre-emptive Rights and the Offer Shares (other than as contained in this Offering Memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Group or the Global Coordinator and Sole Bookrunner.

THE PRE-EMPTIVE RIGHTS, THE RIGHTS TO SHARES AND THE OFFER SHARES AND THE OTHER SECURITIES COVERED BY THIS OFFERING MEMORANDUM HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE OFFERING IS BEING MADE, SUBJECT TO CERTAIN EXCEPTIONS, ONLY OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT). FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFERS OF THE INDIVIDUAL PRE-EMPTIVE RIGHTS, THE RIGHTS TO SHARES AND THE OFFER SHARES, SEE "SELLING RESTRICTIONS."

Prior to the date that the increase in the share capital of the Bank as a result of the issue of the Offer Shares has been registered with the National Depository for Securities ("**NDS**"), such Offer Shares will be represented by Rights to Shares and will be delivered to investors through book entry facilities of the NDS. Upon the share capital increase and the registration of the Offer Shares with the NDS, the Rights to Shares will expire and the accounts of investors holding Rights to Shares on that date will be automatically credited with the Offer Shares at a ratio of one Offer Share per one Rights to Share. It is expected that the listing of the Rights to Shares on the WSE will start about one week from the final allotment of the Offer Shares. It is expected that the listing of the Offer Shares on the WSE will commence about one month from the allotment of the Offer Shares.

Global Coordinator and Sole Bookrunner

Deutsche Bank AG London Branch

Joint Lead Manager

Commerzbank Corporates & Markets

Domestic Lead Manager and Offering Agent

Dom Inwestycyjny BRE Banku S.A.

The date of this Offering Memorandum is 12 May 2010.

IMPORTANT INFORMATION

Capitalized terms used in this Offering Memorandum and not otherwise defined herein have the meaning ascribed to such terms in "*Abbreviations and Definitions*". Certain industry terms and other terms used in this Offering Memorandum are explained in "*Abbreviations and Definitions*".

Unless indicated or implied otherwise, in this Offering Memorandum the terms "Group" and similar terms refer to BRE Bank S.A. together with all of its consolidated subsidiaries. The term "Bank" and "BRE Bank" refer solely to BRE Bank S.A. without its subsidiaries.

Unless indicated otherwise, references to statements as to beliefs, knowledge, expectations, estimates and opinions of the Bank are those of the Management Board.

Neither the Group nor the Global Coordinator and Sole Bookrunner makes any assurance as to compliance with laws of an investment in the Pre-emptive Rights or the Offer Shares by any investor.

RESPONSIBILITY STATEMENT

The Group accepts responsibility for the completeness and accuracy of the information contained in this Offering Memorandum. To the best of the Group's knowledge and belief (having taken all reasonable care to ensure that such is the case), this Offering Memorandum contains all the information with respect to the Bank, the Group and the Offer Shares that is material in the context of the Offering and does not omit anything likely to affect its accuracy or completeness. The opinions, assumptions, intentions, projections and forecasts expressed in this Offering Memorandum with regard to the Bank and the Group are honestly held by the Group, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

IMPORTANT NOTICE

This Offering Memorandum is intended to provide information to prospective investors in the context of and for the sole purpose of evaluating a possible investment in the Pre-emptive Rights and/or the Offer Shares offered hereby. It contains selected and summarized information, does not express any commitment or acknowledgement or waiver and does not create any express or implied right towards anyone other than a prospective investor in the context of the Offering. It cannot be used except in connection with the promotion of the Offering. The contents of this Offering Memorandum are not to be construed as an interpretation of the Group's obligations, of market practice or of contracts entered into by the Group.

Please note that the Offering and Admission are conducted exclusively in the territory of Poland.

No representation or warranty, express or implied, is made by the Global Coordinator and Sole Bookrunner as to the accuracy, completeness or verification of the information set forth in this Offering Memorandum or any other information provided by the Group in connection with the Preemptive Right and/or the Offer Shares or their distribution, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation in this respect, whether made in the past or the future. The Global Coordinator and Sole Bookrunner assumes no responsibility for its accuracy, completeness or verification and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

The Global Coordinator and Sole Bookrunner, which is authorized and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Group, and for no one else, as the Global Coordinator and Sole Bookrunner in relation to the Offering and the Admission, and will not be responsible to any other person for providing the protections afforded to clients of the Global Coordinator and Sole Bookrunner nor for providing advice in connection with the Offering, Admission or listing or contents of this Offering Memorandum or any other matters referred to in this Offering Memorandum, other than to the extent required by law or appropriate regulation in the UK.

Prospective investors are expressly advised that an investment in the Pre-emptive Rights or the Offer Shares entails financial risk and that they should, therefore, read this Offering Memorandum in its entirety and, in particular, "Risk Factors", when considering an investment in the Pre-emptive Rights or the Offer Shares. In making an investment decision, prospective investors must rely on their own examination of the Group and the information contained in this Offering Memorandum, including the merits and risks involved with an investment in the Pre-emptive Rights or the Offer Shares.

Any decision to invest in the Pre-emptive Rights or the Offer Shares offered hereby should be based solely on this Offering Memorandum (and any supplement hereto) or the Polish-language Prospectus (the "**Prospectus**"), taking into account that any summary or description, set forth in this Offering Memorandum and/or the Prospectus, of legal provisions, accounting principles or comparison of such principles, corporate structuring or contractual relationships is for informational purposes only and should not be construed as legal, accounting or tax advice as to the interpretation or enforceability of such provisions, information or relationships.

Except for the mandatory provisions of law, no person is authorized to give any information or to make any representation in connection with the Offering other than as contained in this Offering Memorandum and/or the Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Group or the Global Coordinator and Sole Bookrunner.

This Offering Memorandum is confidential. Any reproduction or distribution of this Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares offered hereby is prohibited, except to the extent that such information is otherwise publicly available. Each prospective investor in the Offer Shares, by accepting delivery of this Offering Memorandum, agrees to the foregoing.

This Offering Memorandum does not constitute an offer to sell or a solicitation by or on behalf of the Group or the Global Coordinator and Sole Bookrunner to any person to subscribe for any of the Pre-emptive Rights or the Offer Shares offered hereby in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this Offering Memorandum and the offer of the Pre-emptive Rights or the Offer Shares in certain jurisdictions is restricted by law. Persons into whose possession this Offering Memorandum may come are required by the Group and the Global Coordinator and Sole Bookrunner to inform themselves about and to observe such restrictions. Other than in Poland with respect to the Offering, no action has been taken by the Group or the Global Coordinator and Sole Bookrunner that would permit an offer of the Pre-emptive Rights or the Offer Shares, or possession or distribution of this Offering Memorandum or any other offering material or application form relating to the Pre-emptive Rights or the Offer Shares, in any jurisdiction where action for that purpose is required. This Offering Memorandum may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful. Neither the Group nor the Global Coordinator and Sole Bookrunner accepts any responsibility for any violation by any person, whether or not such a person is a prospective investor in the Pre-emptive Rights or the Offer Shares, of any of these restrictions. See "Selling Restrictions".

This Offering Memorandum has not been submitted for approval to any regulatory authority in any jurisdiction. Therefore, no steps may be taken that would constitute, or result in, a public offering of the Offer Shares, except for the offering of the Offer Shares in the territory of Poland pursuant to the Prospectus. The Bank has submitted the Prospectus to the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) ("**PFSA**"). The Prospectus has been prepared in accordance with the Act on Public Offerings and Regulation 809/2004 and other applicable legislation governing the public offering of securities in Poland. The Prospectus was approved by the PFSA and published in Poland.

Neither the Group nor the Global Coordinator and Sole Bookrunner nor any of their respective representatives is making any representation to any offeree or purchaser of the Pre-emptive Rights and the Offer Shares regarding the legality of an investment in the Pre-emptive Rights and the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. The contents of this Offering Memorandum should not be construed as legal, financial or tax advice. The investors are advised to consult their own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

For the purpose of or in connection with the Offering, the Global Coordinator and Sole Bookrunner and any of its respective affiliates acting as an investor for its own account may take up the Preemptive Rights or the Offer Shares and in that capacity may retain, purchase or sell for its own account the Pre-emptive Rights or the Offer Shares and any other securities of the Group or related investments and may offer or sell securities of the Group or other investments other than in connection with the Offering. Accordingly, references in this Offering Memorandum to the Preemptive Rights or the Offer Shares being offered or placed should be read as including any offering or placement of such securities to the Global Coordinator and Sole Bookrunner and any relevant affiliate acting in such capacity. The Global Coordinator and Sole Bookrunner does not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

Neither the delivery of this Offering Memorandum nor any sale made hereunder at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the entirety of the information set forth in this Offering Memorandum is correct as of any time subsequent to its date.

NOTICE TO PROSPECTIVE INVESTORS

In connection with the Offering conducted in the territory of Poland, the Global Coordinator and Sole Bookrunner shall undertake limited offering activities outside the territory of Poland only among international institutional investors whose offices are registered outside of Poland, in accordance with the laws prevailing in the respective jurisdictions where such activities shall be undertaken, on the basis only of this Offering Memorandum made separately available and addressed to selected institutional investors, which in no case shall be deemed to constitute an offering document as defined in the Prospectus Directive constituting a basis for offering any securities.

In certain countries, applicable legislation may restrict distribution of this Offering Memorandum or the undertaking of the Offering by the Global Coordinator and Sole Bookrunner. This Offering Memorandum may not be used for the purpose or in connection with, and does not constitute, any offer to sell, or any solicitation or invitation to purchase, the Pre-emptive Rights, Rights to Offer Shares or the Offer Shares under the Offering Memorandum in any jurisdiction in which such an offer or solicitation or invitation would be unlawful. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

As a condition to the execution of the Pre-emptive Rights, Additional Subscriptions for the Offer Shares or the purchase of any Offer Shares which have not been subscribed for through the exercise of the Pre-emptive Rights or through Additional Subscriptions, each purchaser will be deemed to have made, or in some cases be required to make, certain representations and warranties concerning the terms of placing a subscription for the Offer Shares by such investor and their compliance with the applicable provisions of law. In particular, these provisions may contain statements by an investor that it has read the Prospectus and approved the terms and conditions of the Offering, including the principles of allotment and consent to transmitting personal data within a scope necessary to effect the Offering. Additionally, the investor may be required to make a statement that at the time of placing the subscription it does not stay in the territory of the United States of America and that it subscribes for the Offer Shares (i) outside the United States of America in the form of an offshore transaction, as defined in Regulation S under the US Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (ii) not as a result of directed selling efforts, as defined in Regulation S under the U.S. Securities Act. Each investor will also be required to take certain actions described in particular in "Terms and Conditions of the Offering".

NOTICE TO EEA INVESTORS

This Offering Memorandum is being distributed only to, and is directed only at persons in member states of the European Economic Area (the "**EEA**") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (the "**Qualified Investors**"). This Offering Memorandum must not be acted on or relied on in any member state of the EEA by persons who are not Qualified Investors. The Offer Shares are only available to, and any investment or investment activity to which this Offering Memorandum relates is available only to Qualified Investors, and will be engaged in only with such persons.

This Offering Memorandum has been prepared on the basis that all marketing activities with respect to the Offer Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States, from the requirement to produce a prospectus for offers of ordinary shares. Accordingly, any person making or intending to make any offer within the EEA of the Offer Shares which are the subject of this Offering Memorandum should only do so in circumstances in which no obligation arises for the Group or the Global Coordinator and Sole Bookrunner to produce a prospectus or any other offering document for such offer.

NOTICE TO UK INVESTORS

In the United Kingdom this Offering Memorandum is being distributed only to, and is directed only at, Qualified Investors: (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) order 2005, as amended, (the "**Order**"); or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise be lawfully communicated (all such persons together being referred to as "**Relevant Persons**"). This Offering

Memorandum must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. The Offer Shares are only available to, and any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons, and will be engaged in only with such persons.

This Offering Memorandum has been prepared on the basis that all marketing activities with respect to the Offer Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in the UK, from the requirement to produce a prospectus for offers of ordinary shares. Accordingly, any person making or intending to make any offer within the UK of the Offer Shares which are the subject of this Offering Memorandum should only do so in circumstances in which no obligation arises for the Group or the Global Coordinator and Sole Bookrunner to produce a prospectus or any other offering document for such offer.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General Information

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2007, 2008 and 2009 (separately, the "**2007 Consolidated Financial Statements**", the "**2008 Consolidated Financial Statements**" and the "**2009 Consolidated Financial Statements**", respectively and collectively, the "**Consolidated Annual Financial Statements**") are incorporated into this Offering Memorandum by reference. See "*Documents Incorporated by Reference*" below. Moreover, the unaudited consolidated quarterly condensed financial statements of the Group as at and for the three-month period ended 31 March 2010 (the "**Consolidated Condensed Interim Financial Statements**" and together with the Consolidated Annual Financial Statements, the "**Consolidated Financial Statements**") are incorporated into this Offering Memorandum by reference. See "*Documents Incorporated by Reference*" below.

The Consolidated Annual Financial Statements were audited by PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw, which issued unqualified opinions. The Consolidated Condensed Interim Financial Statements were reviewed by PricewaterhouseCoopers Sp. z o.o. which issued an unqualified review report. See "*Other Information — Auditor*".

The Consolidated Annual Financial Statements and the Consolidated Condensed Interim Financial Statements have been prepared in accordance with the EU approved International Financial Reporting Standards ("**IFRS**"). Presentation of financial information in accordance with IFRS requires the management to make various estimates and assumptions which may impact the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The Consolidated Annual Financial Statements and the Consolidated Condensed Interim Financial Statements are presented in PLN, the functional currency of the Bank and the presentation currency of the Group. Furthermore, unless otherwise indicated, financial and statistical data included in this Offering Memorandum is expressed in PLN.

Unless otherwise indicated, all financial data pertaining to the Group presented herein is based on the Consolidated Financial Statements or has been calculated based thereon.

Certain figures included in this Offering Memorandum have been subject to rounding adjustments and presented in PLN million or PLN billion (not in PLN thousand as in the Consolidated Financial Statements). Accordingly, in certain instances the sum of numbers in a column or a row in tables contained in this Offering Memorandum may not conform exactly to the total figure given for that column or row. Some percentages in the tables in this Offering Memorandum have also been rounded, and accordingly the totals in these tables may not exactly add up to 100%. Percentage changes during the compared periods were computed on the basis of the original (not rounded) amounts.

Unless otherwise indicated, all references in this Offering Memorandum to "PLN", "Polish Zloty" and "zloty" are to the lawful currency of Poland. References to "EUR", "Euro" or "€" are to the lawful currency of the European Economic and Monetary Union. References to "USD" are to the lawful currency of the United States. References to "CHF" are to the lawful currency of Switzerland. References to "CZK" are to the lawful currency of the Czech Republic. References to "JPY" are to the lawful currency of Japan, and references to "HUK" are to the lawful currency of Hungary.

Key Factors Affecting Comparability

Change of presentation of comparative financial data

In the 2008 Consolidated Financial Statements, the Group changed the presentation of selected items in its consolidated statement of financial position in order to present such financial information in accordance with IFRS. Comparative data have been adjusted so as to reflect the changes in presentation introduced in 2008.

Discontinued operations

In 2007 and 2008, the Group sold all the shares in its two subsidiaries, Skarbiec Asset Management Holding S.A. ("**SAMH**") and PTE Skarbiec-Emerytura S.A., respectively. The operations of the subsidiaries, as well as the results on disposal of those subsidiaries were presented under the heading "*Discontinued Operations*" in the 2007 and 2008 consolidated income statements of the Group.

Change in Presentation of Segmental Information

At the beginning of 2009, as a result of organizational changes (which included a transfer of the Bank's organizational unit that manages long-term investments to the Corporates and Institutions sub-segment) the results of Garbary and Tele-Tech Investment were transferred from the Trading and Investment Activity sub-segment and were presented under the Corporates and Institutions sub-segment. The comparative data for the year ended 31 December 2008 regarding the respective business lines of the Group have been adjusted accordingly to ensure the comparability of the data for the respective reporting periods.

For a more detailed discussion of *"Key Factors Affecting Comparability",* see "*Operating and Financial Review — Key Factors Affecting Comparability*" in this Offering Memorandum.

MARKET, ECONOMIC AND INDUSTRY DATA

Certain macroeconomic and statistical data included in this Offering Memorandum has been derived from publicly available sources, the reliability of which may vary. Macroeconomic and statistical data concerning Poland is mostly based on information published by the Polish Central Statistical Office (*Główny Urzad Statystyczny*) ("**GUS**") and the National Bank of Poland (*Narodowy Bank Polski*) ("**NBP**"). In any case, macroeconomic and statistical data, as well as the source data on which it is based, may not have been extracted or derived from a source in a manner analogous to that used in other countries. There is no guarantee that a third party using different methods of gathering, analyzing and processing information would obtain the same results.

Market data and certain industry data and forecasts used, as well as statements made herein regarding the Bank and the Group's position in the industry were estimated or derived based upon assumptions the Bank and the Group deem reasonable and from the Group's own research, surveys or studies conducted at its request by third parties, or derived from publicly available sources (Eurostat, Bloomberg), industry or general publications such as reports issued by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) ("**PFSA**") or the NBP, and Polish newspapers. The source of any external information is provided each time such information is used in this Offering Memorandum. When searching for, processing and preparing macroeconomic, market, industry and other data from sources other than the Group, such as governmental publications, third party publications, industry publications and general interest publications, the Group has not verified such data. The Group has accurately reproduced such information from this third-party data from published sources and, as far as the Group is aware and to the extent the Group can ascertain from the information published by these sources, there are no omissions that would render such information in this Offering Memorandum materially misleading.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. However, in the preparation of this Offering Memorandum, this third-party information has not been independently verified nor has there been any investigation of the validity of the methodology or the basis used by the third parties in producing such data or making estimates and forecasts. Neither the Group nor the Global Coordinator and Sole Bookrunner can give any assurance that any such information is accurate or, in respect of projected data, that such projections have been based on correct information and assumptions or that they will prove to be accurate.

The Group does not intend, nor is it obligated, to update the data presented herein, save for obligations arising under provisions of law.

DOCUMENTS INCORPORATED BY REFERENCE

Due to the fact that the Bank is a Polish public company, the existing shares are listed on the main market of the WSE and it is subject to disclosure obligations under applicable laws and stock exchange regulations, the below information and documents were incorporated into this Offering Memorandum by reference. Such information is derived from the documents which were made public by the Group and delivered to the PFSA prior to the date of this Offering Memorandum.

The Consolidated Annual Financial Statements and the Consolidated Condensed Interim Financial Statements, together with the respective audit and review reports, have been incorporated into this Offering Memorandum by reference to:

- the consolidated IFRS financial statements of the Group for the year ended 31 December 2007 and to the independent auditor's opinion on those consolidated IFRS financial statements included in the consolidated annual report of the Group for the year ended 31 December 2007, published by the Bank on 28 February 2008;

- the consolidated IFRS financial statements of the Group for the year ended 31 December 2008 and to the independent auditor's opinion on those consolidated IFRS financial statements included in the consolidated annual report of the Group for the year ended 31 December 2008, published by the Bank on 27 February 2009;

- the consolidated IFRS financial statements of the Group for the year ended 31 December 2009 and to the independent auditor's opinion on those consolidated IFRS financial statements included in the consolidated annual report of the Group for the year ended 31 December 2009, published by the Bank on 1 March 2010;

- the consolidated condensed IFRS financial statements of the Group for the first quarter of 2010 and to the independent auditor's report on the review of those consolidated condensed IFRS financial statements included in the consolidated quarterly report of the Group for the first quarter of 2010, published by the Bank on 28 April 2010.

The Consolidated Annual Financial Statements and the Consolidated Condensed Interim Financial Statements are available at the Bank's website (www.brebank.pl).

Information contained in other sections of the consolidated annual reports of the Group, as referred to above, have not been included in the Offering Memorandum by reference. It is the Group's opinion that such information is not material for the investor's evaluation of the Group's business, financial or property related condition or perspectives or is already included elsewhere in the Offering Memorandum.

The contents of the Bank's website and any other website referenced herein (including that of the WSE) other than the documents listed above do not form part of this Offering Memorandum.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions of the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the Group's actual results, financial condition, results of operations or developments to differ materially from any future results, financial condition, results of operations or developments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it currently operates and will operate in the future. Among the important factors that could cause the Group's actual results, financial condition, results of operations or developments to differ materially from those expressed in such forward-looking statements include those factors discussed in the "Operating and Financial Review" and "Risk Factors" sections and elsewhere in this Offering Memorandum. These forward-looking statements speak only as of the date of this Offering Memorandum. The Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein in order to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by applicable laws or the listing rules of the WSE.

Investors should be aware that several important factors and risks cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- Risks relating to macroeconomic conditions, including the global financial crisis and subsequent economic deceleration, Poland's economic, political and social conditions, as well as government policies and financial problems faced by banking sector customers;

- Risks relating to the Group's business and industry in which it operates, including increased regulation of the financial services and banking industry in Poland and internationally, increased competition in Poland's banking industry, the rate of growth of the Polish banking sector, the Group's failure to implement its strategy, the introduction of new products and services, the failure to maintain the quality of the Group's loan, investment, proprietary investment and trading or debt securities portfolios, increases in the Group's impairment losses and advances, significant exposure to counterparty risk, exposure to risk from granting, financing and servicing foreign exchange denominated loans, a decrease in the value of the Bank's securities portfolio or the Group's trading book portfolios, increased liquidity risk, a reduction in the Group's credit rating, a failure to satisfy minimum capital adequacy and other capital adequacy ratios, an inability to improve or sustain its current interest rate margins, an high proportion of long-term mortgages in the Group's loan portfolio, a deterioration of residential real estate prices, an inability to expand its retail non-mortgage lending operations, ineffective risk management methods, increased operational risk, a reduction in support from Commerzbank and others.

This list of important factors is not exhaustive. When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. The Group does not make any representation, warranty or prediction that the factors anticipated by such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The Group undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

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SUMMARY

The following summary is intended as an introduction to this Offering Memorandum. It contains information which may be found in other sections hereof. It must be stressed that this summary is not exhaustive and does not present all the information material to potential investors' decisions on the acquisition or the exercise of the Individual Pre-emptive Rights or investing in the Offer Shares. A decision on the acquisition or the exercise of the Individual Pre-emptive Rights or investing in Offer Shares should always be made on the basis of the entire Offering Memorandum. Prior to making any investment decision, potential investors should thoroughly review the entire Offering Memorandum, including the information set forth in "Risk Factors", the Consolidated Financial Statements and other financial information, including notes thereto. The Bank shall not be liable for any damage caused by this summary (including the summary of financial and operating data), unless the summary is misleading, inaccurate in light of the information contained in the other sections of the Offering Memorandum or inconsistent with the information in the other sections of the Offering Memorandum.

Summary of the Business

The Group is one of the largest universal banking groups in Poland providing retail banking, corporate banking and investment banking and other financial services. It was the third largest banking group in the Polish market in terms of total assets, loans and advances and number of retail current accounts and the fourth largest banking group in terms of deposits as of 31 December 2009. The Group also has a strong position in the following markets: brokerage services, commercial real estate financing, factoring and leasing. The Group has also expanded the distribution of insurance products, including third-party insurance products. The Group's operations are divided into the Retail Banking segment and the Corporates and Markets segment. For the three months ended 31 March 2010, the Retail Banking segment and Corporates and Markets segment contributed 49.9% and 49.5%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The contribution of remaining business segments was 0.6% for the three months ended 31 March 2010. For the year ended 31 December 2009, the Retail Banking segment and the Corporate and Markets segment contributed 47.8% and 51.1%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The contribution of remaining business activities was 1.1% for the year ended 31 December 2009.

As at 31 March 2010, the Group had approximately 3.4 million retail customers, including individual retail customers and micro-businesses. The Group offers customers in its Retail Banking segment a full range of products and services, including current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as consumer loans, car loans, cash loans, overdrafts, credit cards, and other loan products), debit cards, insurance and investment products and brokerage services. In Poland, the Group distributes its products and services in its Retail Banking segment through the internet platforms of mBank and MultiBank, through the 134 branches of MultiBank as well as 23 financial centers, 65 mKiosks and 46 partner kiosks throughout Poland and over 270 mobile agents managed by Aspiro, and also through phone services and through ATM networks. mBank targets young, self-directed customers seeking low-cost banking alternatives as well as micro-businesses. MultiBank offers a broad range of products and services targeted at affluent customers and micro-businesses seeking high quality, personalized service. All MultiBank customers have access to bank advisors at MultiBank s branches. In addition, the Group offers private banking services through its BRE Private Banking business and BRE Wealth Management. As at 31 March 2010, the Group had approximately 5.4 thousand private banking customers. In 2010, BRE Private Banking and Wealth Management businesses were awarded the title of *The Best Private Banking Institution in Poland* by Euromoney magazine for the third time in its history. Additionally, MultiBank received *Service Quality Emblem for 2009* ("*Godło Jakości Obsługi 2009*") — an award granted on the basis of clients' opinions, and mBank ranked first in the competition *Golden Banker of 2009* ("*Złoty Bankier 2009*") organized by Pay U S.A. and the portal Bankier.pl.

The Bank has offered its retail banking products and services in the Czech Republic and Slovakia through its mBank brand since November 2007. The total number of mBank's customers in the Czech Republic and Slovakia increased by 59.7% from approximately 244 thousand customers as at 31 December 2008 to approximately 390 thousand customers as at 31 December 2009 (to approximately 424 thousand customers as at 31 March 2010). mBank distributes its products and services in the Czech Republic and Slovakia through its internet platforms, through a physical distribution network operated by mBank and comprised of 17 financial centers and 23 mKiosks, through phone services and through ATM networks.

Most of the Group's corporate banking activities are conducted by the Bank, with the remaining activities conducted by specialized subsidiaries of the Group. As at 31 March 2010, the Bank had approximately 13 thousand corporate banking customers. The Bank offers its corporate banking customers in its Corporates and Markets segment a broad range of transactional banking products and services, including current accounts, internet banking based on cash management services, term deposits, foreign exchange transactions, short-term financing and investment loans, cross-border credit, project finance and trade finance solutions, structured and mezzanine finance services, and investment banking services and products. The Bank distributes its products and services through a fully dedicated network of 24 corporate branches and 21 corporate offices, as well as through its corporate banking internet platform iBRE. The corporate banking internet platform iBRE was awarded by the Euromoney magazine the "Europroduct" award in 2009. It also received the highest award in the *"World's Best Internet Bank*" contest organized by Global Finance magazine in the category of "*the best integrated bank corporate platform of 2009*" in the Central and Eastern European region. In the first quarter of 2010, the Bank was also awarded prizes for corporate banking services: (a) the Rose without Thorns ("*Róża bez kolców*") award from the "Home&Market" monthly magazine and (b) the European Medal in the 20th edition of a competition organized by the Office of the Committee for European Integration, Business Centre Club and the European Economic and Social Committee for a comprehensive asset management platform of the Bank.

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 markets products to corporate banking customers and non-banking financial institutions (such as insurance companies, pension funds, mutual funds and asset management companies) and selected private banking customers.

In addition to its banking products and services offered by the Bank to retail and corporate banking customers, the Group provides the following services through its subsidiaries: leasing, factoring, commercial real estate financing, brokerage and equity origination, insurance, and corporate finance advisory.

The Bank's retail customer base has increased, from approximately 2.0 million retail customers as at 31 December 2007 to approximately 2.8 million as at 31 December 2008, to approximately 3.3 million retail customers as at 31 December 2009, and to approximately 3.4 million as at 31 March 2010, which represents an increase of approximately 70% from 31 December 2007.

Despite the global financial crisis in the fourth quarter of 2008 and in 2009, the Group's net interest income from continued operations increased from PLN 1,027.8 million for the year ended 31 December 2007 to PLN 1,392.5 million for the year ended 31 December 2008 to PLN 1,658.2 million for the year ended 31 December 2009, representing an increase of 61.3% over this period. The Group's net fee and commission income from continued operations slightly decreased from PLN 564.3 million for the year ended 31 December 2007 to PLN 551.5 million for the year ended 31 December 2008 and then increased to PLN 594.7 million for the year ended 31 December 2009. At the same time, the Group has reduced its overhead costs from PLN 1,346.6 million for the year ended 31 December 2008 to PLN 1,285.4 million for the year ended 31 December 2009, a decrease of 4.5%.

As a result of revenue enhancement and cost-reduction initiatives in 2009, the Group's cost to income ratio from continued operations decreased from 57.7% for the year ended 31 December 2008 to 54.2% for the year ended 31 December 2009, the lowest cost to income ratio for the Group in the last five years. As of 31 December 2009, the Group had amounts due to customers of PLN 42,791.4 million and loans and advances to customers of PLN 52,468.8 million, with market shares of 6.6% and 7.4%, respectively, according to the NBP.

See "*Operating and Financial Review*" for a more detailed discussion of the Group's results of operations and financial condition.

History

The Bank was established in 1986 under the business name of Bank Rozwoju Eksportu S.A. 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 banking 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 of the date of this Offering Memorandum, Commerzbank, through its wholly-owned subsidiary, Commerzbank Auslandsbanken Holding AG ("Commerzbank Holding"), holds shares representing 69.78% of the Bank's share capital and the total number of votes at the Bank's General Shareholders' Meeting.

In 1998, the Bank merged with Polski Bank Rozwoju S.A. ("Bank Rozwoju") following the acquisition of Bank Rozwoju's shares in a public tender offer. In 2000, mBank was launched as an internet platform to provide banking services, which was a pioneering project in the Polish market. Since November 2007, mBank has operated in the Czech Republic and Slovakia. In 2001, MultiBank was formed.

Competitive Strengths

Leading Market Position

The Group is one of the largest universal banking groups in Poland. As at 31 March 2010, the Bank had approximately 3.4 million retail and approximately 13.0 thousand corporate banking customers. It is the third largest banking group in the Polish market in terms of total assets, value of loans and advances and number of retail current accounts and the fourth largest banking group in terms of deposits as at 31 December 2009. The Group has a strong market position in retail banking, corporate banking and investment banking. As at 31 December 2009, the Group's market share in total amounts due to individual customers and total loans and advances to retail customers was 5.3% and 6.7%, respectively, resulting in the Group having the sixth largest amounts due to retail customers portfolio and the third largest loans and advances to retail customers portfolio in Poland based on publicly available data provided by NBP and other Polish banks. Based on publicly available information from the Association of Polish Banks, the online portal Bankier.pl and the Bank's estimates, the Bank is the leading retail bank in Poland, both in terms of active users of internet banking (as at 31 December 2009) and the number of new customers acquired (based on new current account openings during 2009). The Bank is one of the few banks in Poland that offers retail customers investment and insurance products from many institutions via an internet platform integrated with a customer's current account in the form of an open architecture. As at 31 December 2009, the Bank's market share in total amounts due to corporate customers and total loans and advances to corporate customers was 8.9% and 6.4%, respectively, resulting in the Bank having the third largest amounts due to corporate customers portfolio and the fourth largest loans and advances to corporate customers portfolio in Poland according to publicly available data provided by NBP. The Bank has consistently been ranked as one of the leading banks providing investment banking services in Poland. According to Fitch Polska S.A., Rating and Rynek, the Bank was the market leader for providing bank debt securities with a market share of 24.4%, number one for providing short-term debt securities with a market share of 24.7% and number two in the market for providing corporate bonds with a market share of 22.2% as at 31 March 2010.

According to information from the Polish Leasing Association, the Group is also one of the market leaders in leasing services in Poland through its subsidiary BRE Leasing, with a market share of 9% as at 31 December 2009. Additionally, the Group is one of the leading companies in the factoring market through its subsidiary Polfactor, with a market share of approximately 14%, as at 31 December 2009, according to information from the Polish Factoring Association.

Innovative Integrated Internet Platforms for both Retail and Corporate Banking Customers

The Bank has innovative integrated internet platforms for both retail and corporate banking customers through which it provides its products, which offer a high degree of functionality. The Bank was one of the first banks in Poland to offer integrated internet platforms which provide the Bank's customers with convenient and fast access to the Bank's products and services. According to the daily newspaper *Dziennik Gazeta Prawna* and the financial adviser Expander, the internet platform of mBank was rated number one in Poland in terms of quality and functionality in 2009. In 2009, Euromoney magazine awarded iBRE, an internet platform designed for corporate banking customers, the "Europroduct" award for its comprehensive approach to meeting the needs of corporate banking customers. Additionally, the platform received the highest award in 2009 at the *"World's Best Internet Bank"* contest organized by Global Finance in the category of *"the best integrated bank corporate platform of 2009"* in the Central and Eastern European region.

Multi-Brand, Multi-Channel Retail Banking Model

The retail banking model is based on a multi-brand approach, a multi-channel distribution network and an integrated online platform through which the Bank offers a broad product range. The Bank believes that this approach allows it to provide a more focused and tailored service offering to its different customer groups. This has enabled the Bank to significantly grow the number of its retail customers since 2007. The Group's retail customer base has grown from approximately 2.0 million customers as at 31 December 2007 to approximately 3.4 million customers as at 31 March 2010. The net interest income from the Retail Banking segment has increased from PLN 431.5 million for the year ended 31 December 2007 to PLN 955.4 million for the year ended 31 December 2009, an increase of 121.4% over this period. For the three months ended 31 March 2010, net interest income from the Retail Banking segment was PLN 226.8 million.

The Bank is one of the leading retail banks in Poland, both in terms of numbers of retail current accounts, retail loans and advances volumes, the number of new customers acquired (based on new current account openings) and the number of active users of internet banking.

According to a 2008 "*Retail Banking Audit*" report by Pentor, an independent researcher, the Bank estimates that mBank is the bank of first choice for approximately 30% of all retail customers opening bank accounts for the first time.

mBank has strong brand recognition in Poland. It targets young, self-directed customers seeking low-cost banking alternatives, as well as micro-businesses. In February 2010, mBank was awarded first place in the nationwide Golden Banker 2009 ("*Złoty Bankier 2009*") contest. mBank won in four out of eight categories: best current account for internet users (mBank current account received more than 30% of all votes), best current account for entrepreneurs using the internet, best loans for SME and best credit card and was granted a Golden Bank 2009 ("*Złoty Bank 2009*") award. In 2009, mBank received the highest rank as a bank for small and medium sized enterprises in the Forbes Best SME ranking in 2009.

MultiBank appeals to affluent customers and micro-businesses seeking high-quality, seamless and personalized service. In 2009, MultiBank was awarded the Quality of Service Emblem 2008 ("*Godło Jakości Obsługi 2008*") and won first place in the nationwide quality of service contest Service Emblem 2008 ("*Jakości Obsługi 2008*") in the banking category based on independent voting of over 12 thousand consumers. In 2010, MultiBank was also awarded the Quality of Service Emblem 2009 ("*Godło Jakości Obsługi 2009*").

The Group also benefits from the cost synergies of having both mBank and MultiBank brands use one common operating platform.

Strong Corporate and Investment Banking Business

The strong position of the Bank's corporate banking business in Poland results primarily from the 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 its customers with tailor-made solutions. The Bank's products and services are both offered through its exclusively dedicated network of 24 corporate branches and 21 corporate offices and through its iBRE multi-functional internet banking platform. The Bank also introduced a new customer relationship management ("CRM") system which enables it perform comprehensive analyses of corporate customers' potential and needs for banking products and services as well as to plan and monitor the sales activities. This tool effectively supports the Bank's increasing cross selling and upselling activities in order to maximize the Group's revenues.

The Bank also offers its customers investment banking services, i.e. financial instruments that are offered to both businesses and financial institutions. The Bank has consistently been ranked as one of the leading banks providing investment services in Poland. According to Fitch Polska S.A., Rating and Rynek, the Bank was recognized as the market leader for providing bank debt securities with a market share of 24.4%, number one for providing short-term debt securities with a market share of 24.7% and number two in the market for providing corporate bonds with a market share of 22.2% as at 31 March 2010.

The Bank was also ranked as one of the leading government debt securities primary dealers by the Ministry of Finance as well as money market dealers by the NBP.

Proven Management Track Record

The Bank was awarded the best managed company in Central and Eastern Europe by Euromoney magazine in 2009. The Group's management team has extensive operational and financial experience in the banking sector in Poland. As a result of the professional expertise of the management team, the Group succeeded at maintaining a leading position in the banking sector in Poland, despite the challenging economic environment from the global economic crisis.

Despite the global financial crisis in the fourth quarter of 2008 and in 2009, the net interest income from continued operations earned by the Group increased from PLN 1,027.8 million for the year ended 31 December 2007 to PLN 1,392.5 million for the year ended 31 December 2008 and to PLN 1,658.2 million for the year ended 31 December 2009, representing an increase of 61.3% over this period. The Group's fee and commission income from continued operations decreased from PLN 564.3 million for the year ended 31 December 2007 to PLN 551.5 million for the year ended 31 December 2008 and then increased to PLN 594.7 million for the year ended 31 December 2009.

With the introduction of the BREnova program, the Group reduced its overhead costs from PLN 1,346.6 million for the year ended 31 December 2008 to PLN 1,285.4 million for the year ended 31 December 2009. The Group's cost to income ratio from continued operations decreased from 58.1% for the year ended 31 December 2007 to 57.7% for the year ended 31 December 2008 and then to 54.2% for the year ended 31 December 2009.

The Management Board believes that it will continue to be able to improve the level of the Group's revenues and to consistently manage costs, taking advantage of the synergies within its business segments.

Prudent Risk Management

The Bank 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 optimization of profitability against risks. Its quality constitutes a part of the Bank's competitive advantage. The Bank's risk management system includes up-to-date methodology and procedures of risk identification and measurement, tools supporting measurement and monitoring of risk with respect to individual types of inherent risks in the Group's business, which conform to the highest market standards. One of the elements of the risk management process is the correct valuation of assets. The Bank has maintained an adequate 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. In 2009, within the framework of the above process, impairment losses on loans and advances amounted to PLN 1,097.1 million, which included mainly customers with significant exposures related to foreign exchange derivatives, the retail portfolio consisting of cash loans to customers of mBank without previous history with the Bank and liabilities originating from lease payments in the transportation sector. The Bank applies procedures aimed at selecting customer target groups that are less likely to default on their obligations and has a large percentage of mortgage loans in its loan portfolio. The Bank also considers that one of its competitive strengths is its efficient credit process, both in respect of corporate and retail customers. Nonetheless, the Bank strives to continuously optimize its lending procedures and to actively manage and monitor individual customer exposures.

Commerzbank as the Strategic Shareholder of the Group

Commerzbank, through its subsidiary Commerzbank Holding, is the principal shareholder of the Bank. As of the date of the Offering Memorandum, Commerzbank holds shares representing 69.78% 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 specifically access to foreign exchange-denominated funding provided by Commerzbank, operational and know-how support in various areas of business (e.g. product development, risk management, and access to global capital markets).

Strategy

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

The Group aims to increase revenues in the most attractive 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 services. 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) increase the number of products provided to its customers for whom the Group is not currently the bank of the first choice, and (iii) segment its retail customer base through the use of its CRM system to intensify the sale of certain products and services, depending on the needs of individual customer groups. The range of the products and services the Group intends to cross sell include: (i) non-mortgage lending products such as automatic pre-approved loan limits for certain customers, (ii) mortgage loans including foreign currency-denominated loans and (iii) other products such as transaction products, brokerage and bancassurance products. By offering such a broad range of retail banking products, the Bank believes it can be the "bank for life" for its new and existing customers. The Group also intends to improve the profitability in the Czech Republic and Slovakia by building a high quality asset portfolio through increasing its lending activity to customers with high credit worthiness.

Solidify the Bank's Strong Corporate and Investment Banking Services

The Bank intends to solidify its strong corporate and investment banking position by more effective use of its dedicated corporate network of 24 corporate branches and 21 corporate offices and focusing on new attractive areas of growth in corporate and investment banking market. In particular, the Bank intends to develop its transactional banking services business and to increase cross selling of investment banking products. In addition, the Bank intends to exploit attractive areas of growth, including: (i) servicing public finance business which offers attractive risk profiles, (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 more customers through the network of MultiBank's branches and through cooperation with the Bank's subsidiaries, continuing development of innovative products, including those offered via iBRE platform, innovative cash management products, expansion of its payment card offering, improving PLN cash payments and fully automating outgoing international payments, and benefiting from strong relations with exporters and importers. In light of the gradually improving Polish economy, the Bank intends to focus on cross selling and increasing the volume of corporate and investment banking products and services such as debt origination, and products supporting risk management (such as foreign exchange options, forward contracts, interest rate derivatives and commodity swaps). 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. As a consequence, cross selling and continuous upselling initiatives led by the Bank, using modern customer relationship management tools, allow the Bank to maximize its share of income generated from customers and to increase Group revenues.

Strengthen the Group's Funding Sources

Throughout the global financial crisis in the fourth quarter of 2008 and in 2009, the Group maintained a solid liquidity position as it managed to increase its customer deposits and funding from Commerzbank as well as other financial institutions. The Group intends to expand its funding sources in the future through the continued build-up of customer deposits, other financial instruments from capital markets and financial instruments from interbank markets. The Bank also intends to finance the growth of the volume of its loans and advances portfolio via currency-matched funding sources.

Further Improve Cost Efficiency

The successful implementation of the BREnova program enabled the Group to improve its cost structure in the future. The Group intends to strengthen its cost efficiency by focusing on strict cost control and monitoring in order to keep operational efficiency at a high level.

In addition, the Bank believes that the Group will be able to realize increasing economies of scale. The Bank believes that it will benefit significantly from its efficient and high quality IT systems, which are scalable to 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 center for Commerzbank and is responsible for certain aspects of Commerzbank'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 its 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 quality standard verification mechanism when determining the creditworthiness of the 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") will be maintained. With regard to the structure of the corporate loans and advances 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 in which risk managers operate at its corporate branches, which gives them direct access to information on customers which 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.

Shareholding Structure

As at the date of this Offering Memorandum, Commerzbank Holding, a wholly-owned subsidiary of Commerzbank, was the Bank's majority shareholder. Commerzbank Holding holds 20,719,692 Shares representing 69.78% of the share capital of the Bank and the same proportion of the voting rights at the General Shareholders' Meeting. According to the information available to the Management Board as at the date of this Offering Memorandum, Commerzbank, via Commerzbank Holding, intends to fully exercise its pre-emptive rights.

Other than Commerzbank Holding, as at the date of this Offering Memorandum, the Bank does not have any information whether other shareholders of the Bank which, based on the number of Shares held, would be subject to the disclosure obligation referred to in Article 69 of the Public Offering Act or other disclosure obligations specified in relevant provisions of law.

Summary of the Risk Factors

Investing in securities covered by the Offering Memorandum, including the Individual Pre-emptive Rights and the Offer Shares, is subject to risks which might adversely affect the business, financial condition, the results of operations or development perspectives of the Group and may adversely impact the value of Individual Pre-emptive Rights and the Shares. For a review of the risk factors relating to the macroeconomic conditions and risk factors relating to the Group's business and the risk factors relating to the Offering, see "Risk Factors".

Risks Relating to Macroeconomic Conditions

- The Effects of the Global Financial Crisis Had, and Any Further Deterioration of the Global Economy Would 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

- Catastrophic Events, Terrorist Attacks and Acts of War Could have a Negative Impact on the Group's Financial Condition and Results of Operation

Risks Relating to the Group's Business and the Industry in Which It Operates

- Increased Regulation of the Financial Services and Banking Industry in Poland and Internationally Could Have an Adverse Effect on the Group's Business
- The Group Faces Competition in Poland's Banking Industry
- The Rate of Growth of the Polish Banking Sector May Be Significantly Lower Compared to Historical Experience
- The Group May Fail in Implementing Its Strategy
- 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 Bank May Fail to Comply with the Use of Proceeds of the Offer Shares
- The Group May Not Be Able to Maintain the Quality of Its Loan, Investment, Proprietary Investment or Trading Book Portfolios
- 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 Group Has Significant Exposure to Counterparty Credit Risk in Connection with Its Banking Operations
- The Group Is Exposed to Risk Resulting from the Granting, Financing and Securing Foreign Exchange Denominated Loans
- The Value of the Bank's Securities Portfolio May Be Adversely Affected by the Prices of Polish Treasury Securities
- The Value of the Group's Trading Book Portfolios May Be Adversely Affected By Adverse Movements in Market Parameters
- The Group Faces Liquidity Risk
- Any Reduction in the Group's Credit Rating Could Increase Its Cost of Funding and Adversely Affect Its Interest Margins
- Historical Results of the Group's Loans and Advances Portfolio May Not Be Indicative of Expected Future Results
- The Bank and the Group May Be Unable to Satisfy Its or Their Minimum Capital Adequacy and Other Capital Adequacy Ratios
- The Group May Not Be Able to Comply with the Increasing Number and Ambiguity of Certain Regulatory Requirements Applicable to Banking and Other Regulated Business, as well as with the Guidelines Set Forth by the Polish, Czech or Slovakian Financial Supervisory Authorities
- 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
- The Group May Be Subject to Changes in Certain Regulatory Requirements Applicable to Banking Activity and Other Regulated Business, as well as Changes in the Recommendations Set Forth by the Polish, Czech and Slovakian Financial Supervisory Authorities

- Risk Associated With Divesting Assets
- Risk Associated with Acquisitions
- The Group May Not Be Able to Improve or Sustain Its Current Interest Rate Margins
- A High Proportion of Longer Term Mortgages in the Group's Loan Portfolio Makes It Difficult for the Group to Adjust Its Loan Margins to Market Terms
- Any Deterioration of Residential Real Estate Prices May Negatively Affect the Group's Business, Financial Condition and/or the Results of Its Operations
- The Group May Fail to Expand its Retail Non-Mortgage Lending Operations
- The Group's Risk Management Methods May Prove Ineffective at Mitigating Credit Risk
- The Group is Exposed to Operational Risk Related to Its Business Activities
- The Group May Not Be Able to Hire, Train or Retain a Sufficient Number of Qualified Personnel
- The Group's IT Systems May Fail or Their Security May Be Compromised
- Commerzbank Holds Corporate Control Over the Bank
- The Group Depends Significantly on Commerzbank for its Funding Requirements
- The Obligations of Commerzbank's Group Companies to the SoFFin and European Commission May Adversely Affect the Bank's Results of Operations
- The Bank's Shareholders Are Not Required to Support the Bank
- The Bank May or May Not Pay Dividends
- The Bank May Be Required to Make Substantial Contributions to the Bank Guarantee Fund
- The Bank or Any Group Member May Fail to Comply with Provisions of the MiFID
- The Risk Involved in the Decisions of the Antimonopoly Authorities
- Banks in Poland Face Extensive Procedures for the Perfection of Mortgages
- The Process of Enforcing Security of Bank Loans in Poland Is Often Complex and Time Consuming
- Litigation, Administrative or Other Proceedings or Actions May Adversely Affect the Group's Business, Financial Condition and Results of Operations
- Former Clients of Interbrok Have Brought Claims Against the Bank
- Investors May Not Be Able to Enforce Foreign Courts' Judgments Against the Bank
- Interpretation of Polish Laws and Regulations May Be Unclear and Polish Laws and Regulations May Change
- The Bank May Be Required to Prepare and Enforce a Recovery Program under Polish Banking Law
- Interpretation of Polish Tax Law Regulations May Be Unclear and Polish Tax Laws and Regulations May Change

Risks Relating to the Offering

- Risk of Failure of the Issue of Offer Shares
- Risk of the Offering Being Cancelled or Suspended
- Risk Involved in a Suit for the Revocation of the Issue Resolution or Resolution on Amending the Bank's Articles of Association Adopted in Relation to the Issue Resolution
- PFSA May Prohibit, Suspend or Delay the Offering
- Risk of the Individual Pre-emptive Rights, the Rights to Shares or the Shares Being Excluded from Public Trading on the Regulated Market
- Risk of Trading in the Individual Pre-emptive Rights, the Rights to Shares or the Shares on the WSE Being Suspended
- In Certain Jurisdictions the Bank's Shareholders May be Restricted in Exercising Pre-emptive Rights in Future Offerings
- The Underwriting Agreement is Subject to Customary Terms and Conditions
- Shareholders Who Do Not Acquire the Offer Shares in the Offering May Incur a Loss and Will Experience a Dilution of Their Ownership in the Bank.
- The Individual Pre-emptive Rights, the Rights to Shares or the Offer Shares May Not Be Eligible for Trading or Listing on the Main Market of the WSE
- The Price of the Individual Pre-emptive Rights, the Rights to Shares and the Shares May Fluctuate
- The Individual Pre-emptive Rights, Rights to Shares and the Shares May Have Limited Liquidity
- The Future Sale of a Significant Number of Shares by the Bank's Shareholders May Have a Negative Impact on the Bank's Ability to Outsource Funds
- Foreign Shareholders of the Bank Face Additional Investment Risks in Shares Resulting from the Exchange Rates of the PLN
- If the Offering is Unsuccessful or Cancelled, Investors Who Acquired the Individual Pre-emptive Rights on the Secondary Market Will Suffer a Loss

Summary of the Offering

The following summary of the terms and conditions of the Offering presents selected information on the Offering and the Offer Shares. The information contained in this summary is not exhaustive and should be read exclusively in the context of more detailed information provided elsewhere in this Offering Memorandum, in particular in the "Terms and Conditions of the Offering".

Bank	BRE Bank Spółka Akcyjna with its registered office in Warsaw at ul. Senatorska 18, 00-950 Warsaw, entered in the Register of Business Entities of the National Court Register under number 0000025237
Offer Shares	12,371,200 ordinary bearer shares with a nominal value of PLN 4 each.
Persons to whom the Offering is addressed	The Offering is addressed to the persons entitled to subscribe for the Offer Shares as result of the exercise of their Individual Pre-emptive Rights and to make an Additional Subscription. The Offer Shares which have not been subscribed for as result of the exercise of the Pre-emptive Rights and are not subject to Additional Subscription will be allocated by the Management Board, at its discretion, upon consultation with the Global Coordinator and Sole Bookrunner to entities which have submitted their offers in response to the invitation by the Management Board.
Number of Offer Shares which may be acquired as a result of the exercise of an Individual Pre-emptive Right	5 Offer Shares for 12 Individual Pre-emptive Rights (five Offer Shares for twelve Individual Pre-emptive Rights)
Pre-emptive Right Record Date	18 May 2010
Issue Price	PLN 160 per one Offer Share
Date of filing subscription in exercise of Individual Pre-emptive Rights and Additional Subscriptions	12 May 2010 — Publication of the Offering Memorandum; execution of the Underwriting Agreement 18 May 2010 — Pre-emptive Right Record Date 19 May 2010 — Beginning of the subscription period to exercise Individual Pre-emptive Rights and to make Additional Subscriptions 19–21 May 2010 — Listing of the Individual Pre-emptive Rights on the WSE 26 May 2010 — Closing of the subscription period to exercise Individual Pre-emptive Rights and to make Additional Subscriptions 7-8 June 2010 — Subscription period for the Offer Shares which were not subscribed for as a result of the exercise of the Pre-emptive Rights and making of Additional Subscriptions (rump placement) 9 June 2010 — Allotment of the Offer Shares

	not later than 17 June 2010 — First listing of the Rights to Shares
Underwriting	Pursuant to the Issue Resolution, the Management Board is authorized to enter into underwriting agreements to ensure the successful completion of the Offering, including firm commitment and stand-by underwriting agreements. On 12 May 2010, the Bank entered into an underwriting agreement (the "Underwriting Agreement") with the Global Coordinator and the Sole Bookrunner (the "Underwriter"). In the Underwriting Agreement, the Underwriter agreed to use reasonable endeavours to solicit subscribers for the Offer Shares, excluding Commerzbank Shares (as defined below), and should such efforts fail, to subscribe for the shares itself. The Underwriting Agreement covers 30.22% of the total number of the Offer Shares. On 12 May 2010, Commerzbank Holding delivered to the Bank its written commitment to exercise all Pre-emptive Rights under the Shares held by it and to take up the corresponding number of the Offer Shares, i.e. 69.78% of the total number of the Offer Shares (provided that all the Offer Shares finally offered under the Offering are acquired by the investors) ("Commerzbank Shares").
Lock-up Agreements	On 12 May 2010, the Bank and Commerzbank Holding entered into lock-up agreements that are customary for international offerings of this kind.
Listing market	The Bank intends to apply for the admission of Individual Pre-emptive Rights, Rights to Shares and the Offer Shares to trading on the regulated market (main market) operated by the WSE.

Selected Historical Financial and Operating Information

This section should be read along with the information provided in "Selected Historical Financial Information", "Operating and Financial Review" as well as in the Consolidated Financial Statements and notes thereto included in this Offering Memorandum and other financial data presented elsewhere in this Offering Memorandum.

Selected financial and operating data

The following tables present selected consolidated financial data of the Group as at the dates and for the periods indicated below.

	For the three months ended 31 March		For the year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	(thousand of PLN) (unaudited)		(thousand of PLN) (audited)		
Interest income	821,758	947,760	3,453,207	3,637,222	2,355,279
Fee and commission income	278,558	219,745	1,001,287	844,463	785,237
Profit before income tax from continued operations	157,774	103,321	209,389	867,146	845,555
Net profit from continued operations	122,591	75,749	130,523	758,711	660,977
Profit before income tax from discontinued operations	—	—	—	132,969	108,990
Net profit from discontinued operations	—	—	—	130,633	86,640
Net profit from continued and discontinued operations attributable to:	122,591	75,749	130,523	889,344	747,617
- Owners of BRE Bank SA	115,416	77,221	128,928	857,459	710,094
- Non-controlling interests	7,175	(1,472)	1,595	31,885	37,523

Source: Consolidated Financial Statements

	As at 31 March	As at 31 December		
	2010	**2009**	**2008**	**2007**
	(thousand of PLN) (unaudited)	(thousand of PLN) (audited)		
Total Assets	**84,751,381**	**81,023,886**	**82,605,202**	**55,941,900**
Amounts due to other banks	26,110,616	25,019,805	27,488,807	12,245,867
Amounts due to customers	44,931,447	42,791,387	37,750,027	32,401,863
Share capital	1,521,683	1,521,683	1,521,683	1,517,432
Total equity	4,525,445	4,271,154	4,048,036	3,441,323
Total equity and liabilities	**84,751,381**	**81,023,886**	**82,605,202**	**55,941,900**

Source: Consolidated Financial Statements

Capital adequacy

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

	31 March	31 December		
	2010	2009	2008	2007
	(unaudited)		(audited)	
Own funds*	6,488,190	6,263,844	5,911,760	3,971,101
Tier 1 capital*(unaudited)	3,866,274	3,603,377	3,309,014	2,434,507
Total regulatory capital requirement*	4,266,484	4,356,859	4,712,225	3,127,259
Capital adequacy ratio (%)	12.2	11.5	10.0	10.2
Tier 1 capital ratio (%) (unaudited)**	7.2	6.6	5.6	6.2

Source: Consolidated Financial Statements, Bank

* *in PLN thousand*

** *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 total 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 December 17, 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 October 14, 2009 on other balance sheet items included in core equity capital of a bank, their amount, scope and prerequisites to recognize 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 March 10, 2010 on the scope and detailed principles for specifying capital requirements in respect of particular risks.*

Selected key financial ratios

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

	As at and for the three months ended 31 March		As at and for the year ended at 31 December		
	2010	2009	2009	2008	2007
			(%) (unaudited)		
ROE gross[1]	14.7	10.4	5.1	30.8	35.9
ROE net[2]	11.4	7.6	3.2	27.4	28.1
ROA net[3]	0.6	0.4	0.2	1.3	1.5
Cost to income ratio from continued and discontinued operations[4] (C/I)	51.4	53.4	54.2	55.1	55.5
Cost to income ratio from continued operations[5] (C/I)	51.4	53.4	54.2	57.7	58.1
Net interest margin[6]	2.0	2.2	2.3	2.3	2.3
Loan to deposit ratio (as at 31 March/31 December)[7]	113.3	159.1	122.6	138.1	104.0
Adjusted loan to deposit ratio (as at 31 March/31 December)[8]	73.5	85.9	77.2	81.8	74.1
Leverage (as at 31 March/31 December)[9]	5.3	5.0	5.3	4.9	6.2

Source: the Bank

1 *Calculated by dividing gross profit/(loss) from continued and discontinued operations by the average total equity net of the current year's results, including non-controlling interests (calculated as the arithmetical average of equity at the end of each month during the reporting period).*

2 *Calculated by dividing net profit/(loss) from continued and discontinued operations 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 equity at the end of each month during the reporting period).*

3 *Calculated by dividing net profit/(loss) from continued and discontinued operations attributable to equity holders of the Bank and non-controlling interests by the average total assets (calculated as the average of total assets at the end of each month during the reporting period).*

4 *Calculated by dividing overhead costs and depreciation and amortization 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/ expenses — calculated for continued and discontinued operations in total.*

5 *Calculated by dividing overhead costs and depreciation and amortization 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/ expenses — calculated for continued operations.*

6 *Calculated by dividing net interest income by average interest assets (calculated as the average of interest earning assets at the end of each month during the reporting period).*

7 *Calculated by dividing loans and advances to customers by amounts due to customers.*

8 *Calculated by dividing the total loans and advances to customers and loans and advances to banks (net of current accounts and placements in other banks) by the total of amounts due to customers, loans and advances received from other banks, debt securities in issue, and subordinated liabilities.*

9 *Calculated by dividing total equity by total assets.*

Quality of loans portfolio

The table below sets forth certain information on the quality of the Group's loan portfolio as at the dates and for the periods indicated below.

	As at and for the three months ended 31 March	As at and for the year ended 31 December		
	2010	2009	2008	2007
		(unaudited)		
Net impairment losses on loans and advances (PLN thousand) (for three months' period ended 31 March/ year ended December 31)	(177,061)	(1,097,134)	(269,144)	(76,810)
Non-performing loans ratio (%)[1]	4.4	4.6	2.1	2.2
Total impairment provision for loans and advances (thousand PLN)	(2,176,859)	(2,002,856)	(890,746)	(687,912)

Source: the Bank

1 *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.*

RISK FACTORS

Prospective investors should carefully consider the following risks as well as the other information contained in this Offering Memorandum before deciding to invest in the Offer Shares by exercising or acquiring their Individual Pre-emptive Rights. The Group's business, financial condition and results of operations have been, and could be, adversely affected by the following risk factors. If any of the following risks materialize, the value and trading price of the Individual Pre-emptive Rights, Rights to Shares or Offer Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties, including those that the Group is not currently aware of or deems immaterial, may also affect the Group's business, financial condition, result of operations or they could cause result a decline in the value of the Shares and the Offer Shares. The order of the risks factors described below is not an indication of their relative importance for the Group or their potential influence on the Group's activities.

Risks Relating to Macroeconomic 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 influenced in general by the condition of the global financial markets and the global economy and in particular by the condition of the economies of Poland's important trading partners such as Germany and other EU countries. The crisis in the international financial markets and deteriorating macroeconomic conditions in Europe, including Poland, and in the economies of its important trading partners such as Germany and other EU countries, from the end of 2008 to the end of 2009, had a significant adverse impact on the European and Polish banking sectors. The global economic crisis was accompanied by, among other things, a slowdown in economic growth, a deterioration of the financial standing of businesses, credit defaults, 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 caused disruptions in financial markets worldwide, impacting liquidity, as well as availability and terms of funding in the international banking system. This situation had a significant adverse effect on the valuation of assets for many financial institutions worldwide and, in some cases, on the ability to meet minimum capital adequacy requirements.

As a result of the global financial crisis, credit risk provisions increased, access to financing from capital and credit markets and to other available forms of financing and liquidity was significantly impaired, and the costs of financing increased considerably. This situation also had a significant adverse impact on the capital adequacy and liquidity of many financial institutions worldwide. The impaired access to capital and credit markets and increased credit spreads caused an increase of the Group's financing costs and reduced its financial flexibility.

Since the beginning of 2010, financial and economic conditions in some Western countries have stabilized to a certain extent, primarily as a result of the introduction of unprecedented government stimulus packages. However, there can be no assurance that a long-term economic recovery will occur or that global or European financial and economic conditions will not deteriorate in the near future. It is also unclear how the growing budgetary problems of certain European Union countries may affect inflation rates, unemployment rates, interest rates, foreign currency exchange rates and other macroeconomic conditions in Europe and globally. Any further deterioration of the global economy would have a negative effect on macroeconomic conditions in Europe, which could lead to a renewed slowdown in economic growth, an increase in funding costs, a more pronounced increase in unemployment and other negative macroeconomic developments and would also create an unfavourable environment for the global, European and Polish banking sectors, in particular by increasing the level of impaired loans and advances, restricting access to credit markets, further impairing access to financing and reducing liquidity. The occurrence of any of these developments could adversely affect the business, financial condition and results of operations of the Group.

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.

From the last quarter of 2008 to the end of 2009, the macroeconomic situation in Poland was adversely affected by weakening economic conditions and the turmoil in the global financial markets. In particular, during that period, Poland in general experienced limited economic growth, increasing rates of unemployment, depreciation of the PLN against foreign currencies and decreasing asset values.

Fluctuations in financial markets and the economic slowdown adversely affected and may continue to adversely affect the financial conditions of the Group's customers, which could in turn, impair the quality and volume of the Group's loans and advances portfolio and other financial assets and result in decreased demand for the Group's products.

The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing obligations, make deposits and acquire new financial products offered by the Group. The financial situation of Polish households, including the Group's customers, is highly correlated with the unemployment rate. As of 31 March 2010, the registered unemployment rate in Poland was 12.9%, compared with 11.9% as of 31 December 2009 and 11.1% as of 31 March 2009 (according to data provided by GUS). A further increase in the unemployment rate in Poland could cause an increase in the Group's impairment losses or hinder the expansion of the Group's loans and advances portfolio, which could have an adverse effect on the business, financial condition and results of the operations of the Group. A decline in business activity in Poland could decrease the demand for these products, which could have an adverse impact on income and thus on its business, financial condition and results of operations.

In addition, in an environment of continued market turmoil, economic deterioration or increasing unemployment, coupled with declining consumer spending, the value of assets collateralizing the Group's secured loans, including, to a lesser extent, real estate in its mortgage loans and advances portfolio, could decline. During 2009 customers decreased investments in products such as stocks, bonds and units of mutual funds, and such investments may continue to decrease, which may adversely affect the Group's fee and commission income. Any of these conditions could have an adverse effect on the Group's business, financial condition and results of operations.

Further deterioration of the economic conditions in Poland may adversely affect the business, financial condition and results of operations of the Group.

Catastrophic Events, Terrorist Attacks and Acts of War Could have a Negative Impact on the Group's Financial Condition and Results of Operation

Catastrophic events, terrorist attacks and acts of war or hostility, and responses to those acts, may create economic and political uncertainties which could have a negative impact on economic conditions in Poland and, as a result, could have an adverse effect on the Group's business, financial condition and results of operations.

Risks Relating to the Group's Business and the Industry in Which It Operates

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 governments 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, restrict 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.

The Group Faces 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.

The Rate of Growth of the Polish Banking Sector May Be Significantly Lower Compared to Historical Experience

In recent years the Polish banking sector has experienced rapid growth, reflecting increases in personal wealth and the overall growth of Poland's economy. However, in the last quarter of 2008 and in 2009, growth was not as rapid as in previous years. Consequently, there is no assurance that the growth and development of Poland's banking sector in general or the growth in the Group's universal banking businesses in particular will be sustainable, which would have an adverse effect on the Group's business, financial condition and results of operations. Furthermore, past performance of the Polish banking sector may not be indicative of future trends and results.

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. Additionally, the Group may not be able to fully implement its strategy as a result of less than expected internal operational performance levels, and less funds than expected from the issuance of the Offer Shares. This could affect the business, financial condition and results of operations of the Group.

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 the Czech Republic and Slovakia in 2007. Since that time the Bank's activities in the Czech Republic and Slovakia have generated losses. It cannot be ruled out that these activities will continue to generate losses in the future.

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, as well as generating further losses on services provided in the Czech Republic and Slovakia, may adversely affect the business, financial condition and results of operations of the Group.

The Bank May Fail to Comply with the Use of Proceeds from the Offer Shares

The Bank intends to apply the proceeds from the issue of the Offer Shares to implement its growth strategy for 2010 through 2012 and to ensure that its Tier 1 capital ratio is in line with potential future regulatory requirements as well as those of the marketplace. The key elements of the growth strategy for 2010 to 2012 are to increase the scope of its products in its retail and corporate lending business, expand its market share in non-mortgage retail lending and strengthen its position in the public finance sector. Several factors independent of the Group may impact the implementation of these objectives, including: the economic condition of the banking sector; actions taken by the Group's competitors; changes in law or regulations; decisions of public administration authorities (including the PFSA, NBP, and the central banks of the Czech Republic and of Slovakia); access to sources of funding; and the corporate decisions of Commerzbank in its capacity as the indirect majority shareholder of the Bank. There can be no assurance that above factors will not impact the implementation of some or all of the strategies for which the proceeds from the Offering are intended to be used or that such uses of proceeds will not be restricted or abandoned, which may in turn adversely affect the business, financial condition and results of operations of the Group.

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.

Realization 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 increased from 2.1% as at 31 December 2008 to 4.6% as at 31 December 2009 generally as a result of a slowdown in the Polish economy and the economies of other European Union member states. As at 31 March 2010, the non-performing loans ratio of the Group was 4.4%. In 2009, the main reasons for the increase in the Group's provisions for receivables from customers were: the increase in impairment losses on receivables related to foreign exchange derivatives, a significant deterioration in quality of the portfolio of cash loans and advances to new customers of mBank with no previous credit history with the Bank, and an increase in impairment losses on lease receivables of BRE Leasing as customers in the transportation sector increasingly defaulted on their leases. The Group recorded increased impairment losses on loans and advances to customers from PLN 859.7 million as at 31 December 2008 to PLN 1,964.8 million as at 31 December 2009 (see "*Operating and Financial Review — Statement of Financial Position — Assets — 31 December 2009 Compared to 31 December 2008*"). The value of impairment losses on loans and advances to customers increased to PLN 2,134.2 million as at 31 March 2010.

Although the Management Board uses its best efforts to establish an appropriate amount of impairment losses on loans and advances to customers, 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 to customers 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 to customers, any loan losses in excess of the previously determined impairment losses on loans and advances to customers 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 Has Significant Exposure to Counterparty Credit Risk in Connection with Its Banking Operations

In connection with the Group's banking operations, the Group routinely executes a variety of transactions including derivative transactions. As a result, the Group is exposed to typical market risks associated with these transactions and to counterparty credit risks. The counterparty risk arises from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions to fulfil their obligations under transactions entered into with the Group and cooperation agreements entered into between the Group and its customers, due to a combination of factors such as bankruptcies, lack of customer liquidity, adverse market movements. The amount of exposure to counterparty risk depends on market rates and certain parameters (including but not limited to interest rates, foreign exchange rates, commodity prices, and the implied volatility of foreign exchange options). For that reason, any change in financial markets may result in an increase in the level of counterparty risk of certain customers and, as a consequence, they will be requested to supplement cash collateral deposited in the Bank.

This risk was particularly evident in foreign exchange derivative transactions with certain corporate customers during the global crisis from the fourth quarter of 2008 through 2009. Many customers which had entered with the Bank into foreign exchange derivative transactions with a maturity date in that period were unable to provide the required collateral covering increased exposure under those transactions due to the significant depreciation of the PLN against foreign currencies and the increased level of volatility of foreign exchange options. As a result, the Bank reduced the valuation of derivative instruments disclosed in net trading income by PLN 31.6 million in 2009 and PLN 56.6 million in 2008. Additionally, the Group restructured some financial liabilities of its clients under derivative instruments and to a certain extent converted them into new loans, or recorded impairment losses (in an amount of PLN 27.7 million for the year ended 31 December 2008 and PLN 275.1 million for the year ended 31 December 2009). The restructuring had an adverse effect on the Group's operating results and therefore adversely affected the Group's net profit for the years ended 31 December 2008 and 31 December 2009. The Bank still faces the risk that similar financial market movements may again put adverse pressure on its customers, which could lead to increased defaults among its customers and thereby expose the Group to additional losses on its foreign exchange derivatives activities.

In addition, in order to fund its operations and manage its risks, the Group engages in routine transactions with other financial institutions, including commercial banks, investment banks, investment and pension funds, and other institutional clients which are also exposed to counterparty risk. As financial institutions are significantly interdependent because of their trading, clearing, settlement and other relationships, a default by or a decline in market confidence in individual institutions could lead to individual defaults or losses by other financial institutions or systemic breakdowns. As a result, transactions with other financial institutions could result in an additional concentration of counterparty credit risk.

The realization of these risks may adversely impact the business, financial condition and results of operations of the Group.

The Group Is Exposed to Risk Resulting from the Granting, Financing and Securing Foreign Exchange Denominated Loans

Foreign currency denominated loans and advances (predominantly loans denominated in CHF) represent a significant share of the loans and advances to the Group's customers. As at 31 December 2009, 57.4% of the Group's total portfolio of loans and advances to customers as at 31 December 2009 was denominated in currencies other than PLN. Of this amount, 67.1% was denominated in CHF, 22.2% was denominated in EUR, 5.4% was denominated in USD and the remaining 5.3% in other currencies.

The majority of the Group's retail customers who have mortgage loans in foreign currencies earn their income in PLN. Those customers are usually not secured against exchange rate fluctuations of the PLN against foreign currencies. As a result of the lack of such security, any depreciation of the PLN against foreign currencies, results in an increase of the monthly installment payments denominated in PLN. This may result in difficulties in repaying of the assumed loans which in turn may lead to an increase in impairment allowances of mortgage loans and a decrease in value of the Group's loan portfolio, which may 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 that are funded by CHF-denominated loans from 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 March 2010, 57.3% 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 unrealized 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 realized 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 Faces Liquidity Risk

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

The Group becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. In particular, the Group 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 Group's assets and liabilities may have an adverse effect on the Group's business, financial condition and results of operations if the Group 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, the Group is exposed to the risk of unexpected, rapid withdrawal of deposits by its clients in significant volumes. As at 31 December 2009, 38.2% of its amounts due to customers had contractual maturities of one year or less and 59.4% were payable on demand. If a substantial portion of the Group's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, the Group'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 Group in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially, the Group 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 Group's ability to use such external funding sources is directly connected with the level of credit lines available to the Group, and this in turn is dependent on the Group'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 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.

On 10 November 2009, Moody's Investors Service downgraded the long-term debt and deposit rating of BRE Bank to "Baa1" from "A3". The downgrade of the Bank's long-term rating was due to the reassessment of the level of systemic support for Poland to "A1" from "Aaa". Fitch assigned Bank's Long-term Issuer Default Rating at "A" on 8 May 2009 and re-affirmed it on 11 September 2009.

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

In recent years the Group focused on expanding its loans and advances portfolio. For example, loans and advances to customers increased by 55.8% from PLN 33,682.7 million as of 31 December 2007 to PLN 52,468.8 million as of 31 December 2009. As at 31 March 2010, loans and advances to customers amounted to PLN 50,905,6 million. As a result, a significant portion of the loans and advances 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 mature. 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. In addition, the Group cannot provide any assurance that it will be able to maintain the growth of its loans and advances portfolio in the future comparable to its historical growth rates. Therefore, historical growth may not be indicative of future growth.

The Bank and the Group May Be Unable to Satisfy Its or Their Minimum Capital Adequacy and Other Capital Adequacy Ratios

The Bank and the Group are obliged to maintain a minimum capital adequacy ratio of 8%. As at 31 March 2010, the consolidated capital adequacy ratio of the Group was of 12.2% and stand-alone capital adequacy ratio of the Bank was of 12.5%. 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.

The Bank cannot assure prospective investors that the Group will not need to raise additional capital in the future, nor can it assure prospective investors that it will be able to obtain such capital on favourable terms, in a timely manner or at all. 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.

The Group May Fail to Comply with Certain Regulatory Requirements Applicable to Banking and Other Regulated Business, or with the Guidelines Set Forth by the Polish, Czech or Slovakian Financial Supervisory Authorities

Other than its banking operations, the Group also renders other regulated financial services and offers transactional banking products, brokerage products, and insurance products that are subject to supervision by the PFSA, the authority exercising supervision over the financial markets, including the banking sector in Poland, and other relevant authorities in the jurisdictions it operates, including the Czech Republic and Slovakia. The level of supervision and regulation of these products and services is also affected by 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 can 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 on 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 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. In particular, the Bank's internal compliance department, and subsequently the PFSA, identified that certain agreements entered into between the Bank and third-party providers with respect to the Bank's operations in the Czech Republic and Slovakia did not comply with the appropriate requirements of Polish banking laws. The risk of such non-compliance results primarily from the fact that there is very little clarity as to whether the Bank's operations in the Czech Republic should fall under the scope of Czech or Polish law and whether the Bank's operations in Slovakia should fall under the scope of Slovakian or Polish law. If the PFSA were to decide that Polish laws as opposed to Czech and Slovakian laws were applicable, then the Bank's operations in those countries would be put at a significant competitive disadvantage in relation to their local competitors as Polish laws governing personal data protection and banking outsourcing operations are significantly more stringent than corresponding laws in the Czech Republic or Slovakia.

Due to the increasing number and ambiguity of certain regulatory requirements, the Bank and other Group entities may not be able to meet the requirements and recommendations of the PFSA or other regulators. 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 April 16, 2010 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 at 30 September 2009. In particular, the PFSA noted, among others: concerns related to the management of certain credit exposures, certain insufficiencies in some of the procedures relating to the management of long-term liquidity risk, a lack of diversity of funding sources, concerns with respect to the classification of exposures and assignments of risk weighting, a partial lack of documentation for internal audit procedures and outsourcing activities and the need to strengthen certain areas of compliance risk management. In addition, the PFSA noted that the Bank has failed in certain instances to implement formal recommendations from previous PFSA inspections. As a result, the PFSA, exercising its statutory powers, issued a reprimand to the Bank for: (i) allowing certain short-term liquidity measures to be exceeded, (ii) a lack of implementation of certain recommendations issued by the PFSA in connection with previous inspections regarding, in particular, improvement of certain procedures of risk management, as well as a specific element of the management information system and some liquidity management procedures, (iii) shortcomings in the effective management of compliance risk and (iv) non-compliance with certain requirements in connection with granting loans for the acquisition of shares in the primary market. 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.

The Group May Be Subject to Changes in Certain Regulatory Requirements Applicable to Banking Activity and Other Regulated Business, as well as Changes in the Recommendations Set Forth by Polish, Czech and Slovakian Financial Supervisory Authorities

Polish, Czech and Slovakian financial supervisory authorities might amend their respective regulatory frameworks, including the regulations or guidelines that govern the undertakings of financial institutions in their respective countries. Such amendments might impact the way the Group is able to carry out its business and might require changes to its capital structure or business model.

In 2009, European Union authorities adopted a number of new EU regulations concerning the banking sector that will be implemented in Poland in 2010, including in particular, Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC with regard to banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements and crisis management, Commission Directive 2009/27/EC of 7 April 2009 amending certain Annexes to Directive 2006/49/EC of the European Parliament and of the Council with regard to technical provisions concerning risk management and Commission Directive 2009/83/EC of 27 July 2009 amending certain Annexes to Directive 2006/48/EC of the European Parliament and of the Council with regard to technical provisions concerning risk management. All of these new EU regulations may affect the Group's business, financial condition and results of operations.

In December 2009, the Basel Committee on Banking Supervision published for consultation a package of proposals to strengthen global capital base and liquidity regulations with the goal of promoting a more resilient banking sector. A new set of standards is expected to be developed by the end of 2010 and implemented by the end of 2012. The Basel Committee is further expected to put in place appropriate phase-in measures and grandfathering arrangements for a sufficiently long period to ensure a smooth transition to the new standards.

On February 23, 2010, the PFSA approved Recommendation T concerning retail credits and the assessment of the retail clients' credit reliability which will become effective six months after its approval.

Uncertainty with regard to the new rules and guidelines, during the period in which they are implemented in the jurisdictions relevant to the Group, might impact the Group's ability to access capital or carry out certain business activities.

Risk Associated With Divesting Assets

The Group pursues a strategy of profitable growth. In executing such strategy, the Group might consider making certain divestments of businesses no longer deemed to be complementary to the core business of the Group. Any divestment may impose new challenges in terms of identifying and evaluating suitable business or assets to be divested as well as conducting and completing the divestment in a timely manner and on an efficient basis. Moreover, based on the market situation at the time of any potential divestment of non-core businesses, the Group might be forced to accept a lower price than anticipated in such divestment. If a divestment cannot successfully be completed on a timely and efficient basis or is completed on unfavourable terms, the Group may incur higher than expected costs and may not realize all of the benefits originally expected to result from these divestments. Moreover, the Group may continue to be subject to liability with respect to the divested businesses, or might be obligated to indemnify the purchasers in certain circumstances. This could lead to adverse financial consequences, such as the need to make provisions or to write off certain amounts with respect to the assets sold. This could affect the business, financial condition and results of operations of the Group.

Risk Associated with Acquisitions

The Group periodically evaluates potential acquisitions that it believes will present opportunities to realize synergies and strengthen its market position, among other perceived benefits. Any acquisitions the Group may undertake in the future could require it to use significant financial resources (including cash) to make potentially dilutive issuances of securities and to incur debt, including contingent liabilities. If the Group experiences any difficulties in carrying out these acquisitions, it may incur higher than expected costs and not realize all of the benefits of these acquisitions, which could be a material adverse effect on its business, financial condition and results of operations.

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 further 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

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 of 31 December 2009, housing and mortgage loans to individuals (retail mortgage loans) constituted 41.3% of the Group's total loans and advances to customers. As of 31 December 2009, the average contractual residual term for the repayment of mortgage loans and advances granted by the Group was 23 years. 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 reprice its loan portfolio may adversely affect the business, financial condition and results of operations of the Group.

Any Deterioration of Residential Real Estate Prices May Negatively Affect the Group's Business, Financial Condition and/or the Results of Its Operations

As of 31 December 2009, mortgage loans and advances to individuals (retail mortgage loans) constituted 41.3% of the Group's total loans and advances to customers. These loans are secured by mortgages on real estate property (until the time such mortgages are registered in the title and mortgage register kept by the respective court, the loans are secured by bridge insurance). 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 characterized by low liquidity as compared to other types of investments and such liquidity may further deteriorate in periods of economic downturn. The Bank 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/or the results of its operation.

The Group May Fail to Expand its Retail Non-Mortgage Lending Operations

Traditionally, the Group has focused on mortgage lending operations as compared to its non-mortgage lending operations. As of 31 December 2009, the Group's retail housing and mortgage lending to retail customers represented 77.9% of its retail lending business, while other products represented 22.1% of the retail lending business. In the near to mid term, the Group intends to increase its retail non-mortgage activities. One of the key elements to achieve this goal is to improve cross-selling of non-mortgage lending products to existing customers and to approach affluent customers who do not yet have a relationship with the Group. The Group may, however, fail to achieve its objectives in the future due to, among other factors, difficult market conditions or competing products from other companies. The inability to expand its activities in the non-mortgage lending business or the increased credit risk associated with such expansion may adversely impact the business, financial condition and results of operations of the Group. In addition, an increase in the volume of retail non-mortgage loans may involve increased risk because the credit risk associated with these loans is higher.

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 characterized 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, clerical or record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud (including related to credit cards), money laundering, unauthorized 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 to perform the activities outsourced to them could affect the Group's business, financial condition and results of operations.

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 specialized 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 compensation. 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.

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.

Commerzbank Holds Corporate Control Over the Bank

As at the date of the Offering Memorandum, Commerzbank, indirectly through its subsidiary Commerzbank Holding, held 20,719,692 Shares, representing 69.78% of the Bank's share capital which indirectly gave Commerzbank the right to exercise 69.78% of the total number of votes at any General Meeting. Following the Offering, it is expected that Commerzbank's share in the total number of votes will remain unchanged.

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 Shareholders' Meeting, and thus has a decisive voice regarding major corporate actions, such as the amendment of the Statute, 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 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.

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 in the years 2007-2008 was granted subordinated CHF-denominated subordinated loans. In addition, the Bank has been provided with foreign currency-denominated senior unsecured funding by Commerzbank. As at 31 March 2010, the value of subordinated liabilities granted to the Bank by Commerzbank was PLN 2.6 billion, and the utilization of loans extended by Commerzbank was PLN 17.8 billion as at 31 March 2010.

In 2009, in response to the global economic crisis and resulting deterioration in the German banking sector, the Financial Markets Stabilization Law (*Finanzmarktsstabilisierungsgesetz*) was enacted, which included the creation of a new authority named the Financial Market Stabilization Fund (*Sonderfonds Finanzmarktstabilisierung*) ("SoFFin"). Commerzbank applied to SoFFin for financial assistance to stabilize its banking operations. The SoFFin provided Commerzbank directly and indirectly with approximately EUR 18 billion in equity and stabilization funds, and as a result, Commerzbank became subject to a number of restrictions on its business, including limitations on the number of divestments and acquisitions it can make over a certain period. The European Commission declared that the stabilization measures granted to Commerzbank by the SoFFin were in principle compatible with state aid provisions under the Treaty of the European Union. However, due to competition law requirements, the EC imposed a number of additional restrictions for a limited period of time on Commerzbank, including the reduction of Commerzbank's total assets, the requirement for certain divestments, a ban on acquiring other financial institutions, and restrictions on certain terms and conditions offered to its customers.

In the event that Commerzbank is unable to fulfil the restrictions set forth by SoFFin or the European Union, it could be required to return any public aid it has received and become ineligible for such public aid in the future. In such event, Commerzbank may not be able to financially support the Group as it has done in the past. Any reduction in Commerzbank's funding to the Group 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 51% 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.

The Obligations of Commerzbank Group Companies to the SoFFin and European Commission May Adversely Affect the Bank's Results of Operations

In connection with receiving financial support from SoFFin, Commerzbank entered into formal agreements with SoFFin pursuant to which Commerzbank agreed to certain restrictions which could adversely affect the Bank's business, financial condition and results of operations. The principal restrictions to Commerzbank's activities include inter alia; (i) requiring Commerzbank to reduce selected exposures in Central and Eastern Europe; (ii) restricting Commerzbank until the end of 2012 in product markets in which Commerzbank's market share exceeds 5% from offering more favourable prices than the three best pricing competitors (non-price leadership commitment); (iii) restricting Commerzbank from paying interest or share in profits on equity related instruments under certain circumstances; and (iv) preventing Commerzbank until 30 April 2012 from acquiring (partially) financial institutions or other businesses which are potentially in competition with the group companies of Commerzbank, except under certain circumstances. As far as the Bank is aware, the liabilities of Commerzbank towards SoFFin and the European Commission do not prevent it from acquiring the Offer Shares. On 1 March 2010, Commerzbank issued a press release declaring that it will fully exercise its preemptive rights in relation to the share capital increase in the Bank.

As the Bank was not a signatory to the agreements between Commerzbank and SoFFin, it is currently unclear to what extent the restrictions set forth in the agreements and the commitments to the European

Commission apply to the Bank. The Bank and Commerzbank are currently discussing the extent to which these above obligations may apply to the Bank. The Bank is considering applying the following restrictions: (i) an advertising ban under which the Bank cannot refer to the fact that Commerzbank received financial support from SoFFin in promoting its products or services; (ii) a ban on the acquisition of Commerzbank shares — the Bank will not purchase or otherwise acquire Commerzbank shares, unless (a) Commerzbank shares are to be offered for acquisition to the employees or former employees of the Bank, (b) the acquisition is made by the Bank in execution of a purchase order of a customer, or (c) the acquisition is made by the Bank on the basis of a resolution by the shareholder's meeting for the purposes of trading in securities; (iii) a non-price-leadership commitment (until 31 December 2012) under which the Bank will not offer more favourable prices for its products and services, in particular for retail and corporate customers, than in three most attractive offers from its competitors on the Polish market. This obligation applies to product markets in which the Bank holds a share greater than 5%; (iv) an acquisition ban (until 30 April 2012) under which the Bank will not acquire (partially) financial institutions or other businesses in potential competition with Commerzbank, but excluding inter alia (a) Commerzbank group internal sales and restructurings, (b) capital increases in order not to be diluted, (c) the realization of put-options granted before 7 May 2009, (d) the creation of an SPV with own funds, (e) 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 the Bank does not gain control of the joint venture, provided that these restrictions are not contrary to Polish law, the Bank's by-laws, any recommendations and opinions of PFSA, and/or fall outside the scope of competences of the Management Board of the Bank.

Any application of the above restrictions to the Bank's operations or any imposition by Commerzbank of these restrictions to the Bank's operations, particularly implementation of the non-price-leadership commitment and the acquisition ban, could adversely affect the Bank's competitive position in the Polish market which may have a material adverse effect on the Group's business, financial condition and result of operations.

The Bank's Shareholders Are Not Required to Support the Bank

The Bank is an independent entity from its principal shareholder (Commerzbank) and has historically benefited from its support in different areas, such as debt financing, experience sharing, and the granting of letters of comfort (*Patronatserklärung*) regarding the Bank and selected subsidiaries. In particular, the Group has historically received substantial liquidity in the form of CHF-denominated loans from Commerzbank in order to finance the CHF-denominated loans and advances primarily extended to its mortgage loan customers. Even though Commerzbank currently has no intention of ending such support, Commerzbank's past efforts do not necessarily mean that it is obliged to ensure supporting and financing to 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, 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.

Furthermore, for the years ended 31 December 2007, 2008 and 2009, respectively, to strengthen its financial position, Commerzbank has granted letters of comfort regarding the Bank (and selected subsidiaries) by announcing in its annual reports that it would ensure that, except in the case of political risks, the Bank would be able to meet its contractual liabilities, thereby intending to increase the financial standing of the Bank. Commerzbank's granting of letters of comfort in the past does not necessarily mean that it will continue to grant such letters of comfort in the future. If Commerzbank does not provide letters of comfort in the future, this could have an adverse effect on the financial standing of the Bank.

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

The Bank May or May Not Pay Dividends

The last dividend payment made by the Bank was in 2002. Under the Polish KSH, dividend payments are authorized only if at the General Shareholders' Meeting a resolution providing for the distribution of profit to shareholders in the form of a dividend is adopted. The Management Board is under no obligation to propose, to the General Shareholders' Meeting, the adoption of a resolution on the payment of dividends for the respective financial year. Even if the Management Board does recommend that the profits generated in a respective financial year be paid out as a dividend, the Management Board cannot assure that the General Shareholders'

Meeting will adopt the relevant resolutions permitting payment of the dividend. Moreover, the resolution of the General Shareholders' Meeting adopting the payment of dividends requires an absolute majority of the votes currently held by Commerzbank, and the interests of Commerzbank regarding dividend payment may not be consistent with the interests of the other shareholders in this respect. Therefore, the Bank may or may not pay any dividends to its shareholders in the foreseeable future. See "*Dividends and Dividend Policy*" in this Offering Memorandum.

The Bank May Be Required to Make Substantial Contributions to the Bank Guarantee Fund

Pursuant to the provisions of the 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 obligated 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 Provisions of the MiFID

In December 2009, the process of implementing the provisions of MiFID into Polish law was finalized. The MiFID aims to harmonize the laws of the Member States as they relate to trading in financial instruments and related services, particularly the execution of customer orders, conflicts of interest policies, classification of clients and assessment of suitability and appropriateness of products in light of the knowledge and experience of clients. As a result of the partly ambiguous nature of some MiFID provisions (since no applicable court precedents exist as of the date of this Offering Memorandum), and their application to Polish law, there is a risk that the Bank or any Group member may not amend its or their internal procedures appropriately to comply with the relevant provisions of MiFID. Alternatively, the Bank or Group members may need to consult PFSA interpretations of MiFID provisions (which are not always explicit as how to implement the relevant MiFID provisions), which could extend the process. As a result, in connection with the implementation of the MiFID, the Bank or any Group member may have to incur additional financial costs to ensure timely compliance with the MiFID provisions or incur penalties for not promptly complying with the MiFID provisions, any of which may have an adverse effect on the business, financial condition and results of operations of the Group.

The Risk Involved in the Decisions of the Antimonopoly Authorities

The Group's business must comply with regulations regarding competition, and consumer protection. Under the Antimonopoly Act, the President of 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 (such as providing inaccurate information to customers, dishonest market practices and the use of prohibited contract clauses and terms). As a result, the President of the Antimonopoly Office may order the discontinuance of such agreements and impose a fine on the business (in general up to 10% of the revenues earned in the year preceding the year in which such penalty is imposed) and/or other remedies, which may have an adverse effect on the Group's business, results of operations or financial condition. Any potential dispute with the President of the Antimonopoly Office referring to his decision mentioned in the preceding sentences may result in court proceedings before the respective Polish court which may uphold or overrule such decision. The competition authorities (and certain legal authorities) may also bring an action seeking a decision finding that the provision of the form agreement is prohibited. If a final court judgment holds that a clause or standard term is prohibited, such clause or standard term is entered into the Register of Prohibited Contract Clauses maintained by the President of the Antimonopoly Office. Once a clause or standard term has been entered into such register, the clause or standard term declared as prohibited cannot be used by any entity operating in Poland.

If there is any suspicion of breach which could impact trade between Member States, the treaty establishing the European Community and other community legislation applies directly, while the authority competent to enforce this treaty 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 Group of businesses operating in the financial services and banking sectors may require consents for concentration issued by Polish or 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 consent 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.

Banks in Poland Face Extensive Procedures for the Perfection of Mortgages

Mortgages in Poland are perfected by registering the mortgage with land and mortgage registries kept by local courts corresponding to the location of the real estate. The procedure of establishing a security interest by registering a mortgage in the land and mortgage registry book may be time-consuming depending on the location of the given court. In addition, the procedure is very formalistic, and the court may refuse registration if there are even minor errors in the application for registration. Traditionally, banks in Poland will disburse loans prior to the registration of the mortgages in the land and mortgage registry book. As a result, there will be a period prior to registration when the loans are not collateralized by the mortgage. In order to limit the risks related to granting loans, banks will insure these loans until the registration of the relevant mortgage. If the borrower defaults on the loan before the mortgage is registered and the insurance company fails to pay damages under the insurance policy, the Group's claim under the loan may be unsecured and thus difficult to collect, which may have an adverse effect on the business, financial condition and results of operations of the Group.

The Process of Enforcing Security of Bank Loans in Poland Is Often Complex and Time Consuming

Although loans granted by the Group are secured by various types of collateral, mostly mortgages, the enforcement of such security interests may be time consuming and difficult. In particular, the procedures for the sale or other enforcement of mortgages on real property may be protracted and difficult to implement in practice. A delay in enforcing or inability to enforce a security interest in collateral may have an adverse effect on the business, financial condition and results of operations of the Group.

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 of the date of this Offering Memorandum, 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

Interbrok Investment E. Drożdż spółka jawna ("Interbrok") operated as an investment company until 2007. Interbrok maintained cash accounts for transacting its business and settlement transactions at the Bank during this time. To the Bank's knowledge, Interbrok incurred significant losses as of result of transactions in the foreign exchange market and declared bankruptcy in May 2007. The owners of Interbrok subsequently faced allegations of fraudulent conduct in their management of Interbrok's operations. Some of Interbrok´s clients accused the Bank, as the custodian of Interbrok's cash accounts, of being an accessory to Interbrok´s fraudulent activity. As of the date of this Offering Memorandum, 91 individuals have requested that the Bank enter into amicable settlements in a total amount of approximately PLN 200 million. Additionally, an entity acting as the legal successor to 37 creditors of Interbrok (based on assignment agreements) sent a demand letter to the Bank to pay an amount of PLN 39,691,098.08 stating that if this amount were not paid by April 23, 2010 the entity would file a lawsuit against the Bank for the amount. As at the date of this Offering Memorandum the Bank has not paid the demanded amount and has no information of any lawsuit having been brought. The Bank has also received 8 statements of claims for damages totalling PLN 800 thousand with the reservation that these claims could be extended up to PLN 6 million. The Bank has not paid any damages because it believes that it is not liable for the losses incurred by Interbrok to its former clients. As of the date of this Offering Memorandum, courts have dismissed 2 out of the 8 statements of claims for damages. The main legal argument to justify dismissal in two claims is that the petitioners did not prove causality between Interbrok's business activity without the required permit and losses incurred by the petitioners. One of these judgments is not final and the claimants have filed an appeal. In one case the Court of Appeals in Warsaw (2nd instance court) dismissed the appeal of the claimant. The most significant case for an amount of damages of PLN 600 thousand (with the reservation that these claims could be extended up to PLN 4.6 million) brought before a court by six claimants is still pending. If some or all of the respective final courts of jurisdiction were to decide against the Bank, such decisions and the accompanying damage payments by the Bank may have an adverse effect on the Bank's business, financial conditions and results of operations.

Investors May Not Be Able to Enforce Foreign Courts' Judgments Against the Bank

The Bank is an entity established and operating in accordance with Polish law and the vast majority of the Group's assets are located in the territory of Poland. Investors from the EU may enforce, in Poland, any judgment issued by a court in a Member State, because Poland, as a Member State, directly applies Council Regulation No 44/2001 of 22 December 2000 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. Investors outside of the EU may face difficulties when attempting to enforce in Polish courts, judgments that are issued by foreign courts. In general, foreign court judgments issued in civil matters are recognized by operation of law and may be enforced in Poland pursuant to the general provisions of the Polish Civil Procedure Code. Judgments of foreign courts may be enforced in Poland provided that, inter alia, the judgments of foreign courts are final in their original jurisdiction and do not contradict the basic principles of the Polish legal system. The Bank cannot provide assurance that all conditions precedent to the enforcement of foreign judgments in Poland will be met or that any particular judgment will be enforceable in Poland.

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.

The Bank May Be Required to Prepare and Enforce a Recovery Program under Polish Banking Law

Under Polish Banking Law, if a bank incurs a loss, a loss is threatened 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 program and must ensure that this program will be implemented.

The PFSA may impose a deadline on the bank to prepare a recovery program or instruct the bank to supplement an existing program or prepare a new recovery program. If a recovery program 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 program. If the PFSA views that a recovery program is not sufficient or the recovery program 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 program. Any failure of the Bank to correctly implement the recovery program 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 Offering Memorandum.

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.

Risks Relating to the Offering

Risk of Failure of the Issue of Offer Shares

The Offer Shares will not be issued if (i) as of the day of closing the subscription period defined in the Offering Memorandum, none of the Offer Shares are subscribed for and paid up properly; (ii) the Management Board fails to submit the resolution regarding the share capital increase (the Issue Resolution) to the relevant court within twelve months of the date of approval of the Prospectus and not later than one month after the allocation of Offer Shares or (iii) a final and absolute ruling is passed by a court, refusing to register the increase in the Bank's share capital by way of the issue of the Offer Shares. If the Management Board, acting pursuant to Article 432 § 4 of the KSH and the provisions of the Issue Resolution, determines a final number of the Offer Shares subject to the Public Offering different than the minimum or maximum number of the Offer Shares specified in the Issue Resolution, the issue of the Offer Shares shall be abandoned. This will also apply in the event that the Offer Shares in the number so determined by the Management Board are not taken up.

The registration of the increase of the Bank's share capital by way of the issue of the Offer Shares is also contingent on the Management Board making a representation in which it shall define the amount of the capital increase based on the number of Offer Shares covered by valid subscriptions. This representation is made based on Article 310 of the KSH in connection with Article 431 § 7 of KSH. The representation should specify the amount of the share capital subscribed for in compliance with the terms set out in the Issue Resolution. The failure of the Management Board to make such representation may make it impossible to register the increase of the share capital by way of the issue of the Offer Shares and, consequently, cause the failure of the issue of the Offer Shares to materialize.

In such cases the funds paid by investors may be frozen for some time and investors may incur a loss because the funds they paid for the Issue Price would be reimbursed to them without any interest, compensation or repayment of expenses, including the costs incurred by subscribers in relation to subscribing for the Offer Shares or the price of purchasing the Individual Pre-emptive Rights on the secondary market.

In the event that the Offer Shares are not issued, after the introduction of the Rights to Shares to stock exchange trading, investors holding such Rights to Shares in their securities accounts will have their cash funds returned in an amount corresponding to the product of the number of Rights to Shares and the Issue Price (without interest). For investors who purchase Rights to Shares on the WSE this may translate into a loss if the price paid on the market for Rights to Shares is higher than the highest Issue Price. As a result of returning the

Issue Price, investors may receive taxable income equal to the amount of the surplus of the price returned by the Bank over the amount actually paid against the Offer Shares or paid by the investor for the Rights to Shares, if trading in Rights to Shares takes place, which will be subject to income taxation. The Bank will return the Issue Price to investors from its own funds.

If the issuance of the Offer Shares does not come into effect, a holder of Rights to Shares will only obtain a reimbursement of funds in the amount of the product of the number of Rights to Shares held and the Issue Price of the Offer Shares. This may result in a loss if the price paid for Rights to Shares on the market is higher than the Issue Price of the Offer Shares. Moreover, in such event, the holders of Rights to Shares will not be entitled to any damages or reimbursement of costs, including costs incurred in relation to the subscription for the Offer Shares or the price of purchase of Individual Pre-emptive Rights on the secondary market.

Risk of the Offering Being Cancelled or Suspended

Until the commencement of the subscription period for the Offer Shares, the Bank may cancel the Offering without providing a reason. From the date of commencement of the subscription period for the Offer Shares under the Offering until the date of allocation of the Offer Shares, the Bank may cancel the Offering only for a valid reason. Valid reasons, in the opinion of the Bank, may include inter alia: (a) a significant change in the economic or political situation in Poland or abroad (for example terrorist acts, wars, ecological disasters, floods), (b) a significant change in capital markets in Poland or abroad, (c) a material adverse change affecting the activity, management, financial condition, equity or operating results of the Group, or (d) a suspension of limitation of trading in financial instruments on WSE. Information about the cancellation of the Offering shall be released to the public in the form of a supplement to the Prospectus and in the form of a Current Report, subject to the respective legal requirements. Should the Offering be cancelled, subscriptions for the Offer Shares that have been made will be disregarded, and any subscription payments that have been made will be returned without interest or compensation no later than fourteen days after the date of the notice of withdrawal of the Offering. The return of payment received for the Offer Shares without interest or compensation may also occur when the Offer Shares are not allotted or where there is a reduction of orders placed according to rules set out in the Offering Memorandum or if excess payments are being returned.

A decision to suspend the Offering without providing a reason thereto may be made at any time before the commencement of the subscription period. From the date of commencement of the subscription period for the Offer Shares under the Offering until the date of allocation of the Offer Shares, the Bank may suspend the Offer only for a valid reason. Valid reasons, in the opinion of the Bank, include, inter alia, events that might restrict the likelihood of all Offer Shares being taken up in the Offering or, in the opinion of the Bank, increase the investment risk for purchasers of the Offer Shares. The decision to suspend the Offering may be made without indicating new dates of the Offering which may be set at a later date. If the decision to suspend the Offering is made during the subscription period, both the subscriptions and payments made shall be deemed valid. Investors, however, will be entitled to withdraw from the Offering for two business days following the publication of a supplement to the Prospectus concerning the suspension of the Offering.

The Offering may be suspended without simultaneously giving any new dates for its completion. A decision on reinstatement of the Offering will in any event be made within such a time that will allow the Offering to still be legally completed, specifically on account of the restrictions resulting from Article 431 § 4 of the KSH.

Information on the cancellation, suspension or reinstatement of the Offering will be published in the form of a Current Report and in the form of a supplement to the Prospectus in accordance with Article 51 of the Public Offering Act. If the Offering is suspended after the acceptance of subscriptions has been commenced, all the subscriptions that were made will remain in force, although the persons who placed subscription orders will have the right to avoid the consequences of their representation of will within two business days from the date on which the supplement to the Prospectus is made available in accordance with Article 51 of the Public Offering Act. If the Offering is cancelled after the acceptance of subscriptions has been commenced, all of the subscriptions already delivered will be ineffective.

Payments for the Offer Shares do not accrue interest and the persons making the payments, if the Bank cancels the Offering or the Offering is suspended, are not entitled to any compensation or reimbursement of expenses, including for the costs incurred in relation to the subscription for the Offer Shares or the price of purchase of the Individual Pre-emptive Rights on the secondary market. Reimbursement of payments for the Offer Shares subject to subscriptions for which the consequences of the relevant representation of will were avoided will be made in accordance with the instructions given by the subscriber in the subscription form within

14 days from the date the statement on avoiding the consequences of the representation of will was made. The reimbursement of the payments for the Offer Shares, in case the Bank cancels the Offering after the acceptance of subscriptions has been commenced, will be made in accordance with the instructions given by the subscriber in the subscription form within 14 days from the date of publication of the current report on the cancellation of the Offering in accordance with Article 56, Section 1 of the Public Offering Act.

Risk Involved in a Suit for the Revocation of the Issue Resolution or Resolution on Amending the Bank's Articles of Association Adopted in Relation to the Issue Resolution

Pursuant to Article 422 of the KSH, a resolution of a general meeting of the shareholders which is either: (i) in breach of the statute or good customs and violates such company's interests; or (ii) its objective is to harm a shareholder, may be appealed against by way of a claim for revocation of the resolution instituted against the company. Under Article 425 of the KSH, it is possible to appeal against a resolution of a general meeting of the shareholders which violates the law by filing a suit against the company in order to establish such resolution as invalid. As of the date of this Offering Memorandum, the Bank has not received any information regarding any suit being filed with respect to the Issue Resolution or resolution on amending the Bank's Articles of Association adopted in relation to the Issue Resolution, but since as of the date of this Offering Memorandum the deadlines for filing such suits have not passed, no assurance may be given that such suits will not be filed.

PFSA May Prohibit, Suspend or Delay the Offering

Pursuant to Article 16 of the Public Offering Act, in the event that the issuer or other entities participating in a public offering, subscription or sale carried out in the course of such offering, on behalf of or upon the instructions from the issuer are in breach, or there is a reasonable suspicion of their being in breach, of the laws in connection with public offerings, subscription or sale in the territory of Poland, or a reasonable suspicion that such breach may occur, the PFSA may, subject to Article 19 of the Public Offering Act:

(i) order that the commencement of the public offering is delayed, subscription or sale is delayed or suspended for up to 10 business days; or

(ii) prohibit the commencement of the public offering, subscription or sale or their further conduct; or

(iii) publish at the issuer's or the selling shareholder's expense, information on acting in breach of the law in connection with the public offering, subscription or sale.

With respect to a public offering, subscription or sale, the PFSA may repeatedly apply the measure provided in items (ii) and (iii) above.

Pursuant to Article 17 of the Public Offering Act, in the event that the issuer, or other entities acting on its behalf or upon instructions from the issuer, are in breach, or there is a reasonable suspicion of their being in breach, of the law in connection with applying for the admission of securities to trading or the admission to trading of securities on the regulated market in the territory of Poland, or there is a reasonable suspicion that such breach may occur, the PFSA may, subject to Article 19 of the Public Offering Act:

(i) order that the application for the admission or introduction of the securities to trading on the regulated market be suspended for up to 10 business days;

(ii) prohibit the application for admission or introduction of the securities to trading on the regulated market; or

(iii) publish, at the issuer's expense, information on acting in breach of the law when seeking to have the securities admitted or introduced to trading on the regulated market.

In connection with any attempts to gain the admission or introduction of securities to trading on the regulated market, the PFSA may repeatedly apply the measures enumerated in items (ii) and (iii) above.

Pursuant to Article 19a of the Public Offering Act, if the grounds for the PFSA decision provided in items (i) and (ii) above cease to exist, the PFSA may, upon the request of the issuer or ex officio, repeal such decision.

Pursuant to Article 18 of the Public Offering Act, the PFSA may apply measures specified in Article 16 and 17 of the Public Offering Act if from any documents and information submitted to the PFSA or published, it follows that:

(i) the public offering, subscription or sale of securities pursuant to an offer or their admission to trading on the regulated market is materially against investors' interests;

(ii) there are premises proving that under the law the issuer may cease to exist as a legal person;

(iii) the issuer's activity has been or is conducted in flagrant breach of law and such breach may have a material influence on the valuation of the issuer's securities or may, under the provisions of law, cause the Bank to go bankrupt or cease to exists as a legal person; or

(iv) the legal status of securities is in breach of the provisions of law or under the provisions of law there is a risk that such securities will be considered nonexistent or burdened with legal defect that has a material influence on their evaluation.

Pursuant to Article 19a of the Public Offering Act, if the grounds for the PFSA decision provided in items (i) to (iv) above cease to exist, the PFSA may, upon the request of the issuer or ex officio, repeal such decision.

Pursuant to Article 20, Section 1 of the Trading Act, if the security of trading on a regulated market so requires or if the interests of investors are prejudiced, the company operating a regulated market shall suspend, at the request of the PFSA, the admission to trading on that market or the commencement of listing of securities or other financial instruments designated by the PFSA for a period not exceeding ten days.

Risk of the Individual Pre-emptive Rights, the Rights to Shares or the Shares Being Excluded from Public Trading on the Regulated Market

Pursuant to Article 96 of the Public Offering Act, if a public company fails to comply with certain of its legal obligations provided therein, the PFSA could issue a decision to exclude its securities from public trading on the regulated market, for a specified term or indefinitely, or impose, taking into consideration the financial condition of an entity, the cash penalty up to PLN 1 million, or may administer both sanctions simultaneously. Following such decision of the PFSA, pursuant to § 31 Section 1 item 4 of the WSE Rules, the Management Board of the WSE must delist such securities from the WSE.

The Management Board of the WSE may delist financial instruments in the event of circumstances provided for in the WSE Rules. Pursuant to § 31, Section 1 of the WSE Rules, the Management Board of the WSE shall delist a financial instrument: (i) if its transferability has become restricted, (ii) upon request of the PFSA in accordance with the provisions of the Trading Act, (iii) if they are no longer dematerialized, (iv) if they are delisted from trading on the regulated market by a relevant supervisory authority (here PFSA). The Management Board of the WSE may delist financial instruments from trading on the stock exchange: (i) if financial instruments no longer meet the requirements for admission to exchange trading on a given market other than the requirements provided in § 31 Section 1 item 1 of the WSE Rules, i.e. the requirement of unrestricted transferability, (ii) if the issuer is persistently in breach of the regulations governing the WSE, (iii) if so requested by the issuer, (iv) if the issuer's bankruptcy is declared or the petition in bankruptcy is dismissed by the court because the issuer's assets are insufficient to cover the costs of the proceedings, (v) if it considers that this is necessary to protect the interests and safety of trading participants, (vi) following a decision on merger, split or transformation of the issuer, (vii) if within the last three months no exchange transactions were effected with respect to the financial instrument, (viii) if the issuer starts a business that is illegal under applicable laws, or (ix) if the issuer is placed in liquidation.

Pursuant to Article 176 of the Trading Act, if the issuer does not fulfil or inadequately fulfils the obligations provided for in Articles 157 and 158 of the Trading Act, or does not fulfil or adequately fulfil the requirements of regulations issued pursuant to Article 160 Section 5 of the Trading Act, the PFSA may:

(i) issue a decision on the exclusion of the securities from trading on the regulated market, or

(ii) impose on such company a pecuniary penalty in the amount of PLN 1 million; or

(iii) issue a decision on delisting, for a specified period of time or indefinitely, the securities from trading on the regulated market, while at the same time imposing the pecuniary penalty referred to in the above item.

Pursuant to Article 20 Section 3 of the Trading Act, upon the PFSA's demand, the WSE may delist the securities indicated by the PFSA, if the trading in securities poses a possible threat to the proper operation of the regulated market or the security of trading on such market, or a possible compromise of investors' interests.

We cannot guarantee that the Individual Pre-emptive Rights, Rights to Shares and the Shares will never be delisted from the regulated market operated by the WSE.

Risk of Trading in the Individual Pre-emptive Rights, the Rights to Shares or the Shares on the WSE Being Suspended

Under § 30 of the Rules of the WSE, the Management Board of the WSE may suspend trading in the financial instruments listed on the WSE for a period of up to three months, (i) upon the issuer's request, (ii) if it considers that it is required in the interest and security of the trading participants, or (iii) if the issuer is in breach of the WSE Rules. Pursuant to Article 20 Section 2 of the Trading Act, if the trading in securities or other financial instruments poses a possible threat to the proper operation of the regulated market or the security of trading on such market, or there is a possible compromise of investors' interests, upon the PFSA's demand, the WSE may delist the securities or financial instruments indicated by the PFSA for a period not exceeding one month. The Group cannot guarantee that trading in the Individual Pre-emptive Rights, Rights to Shares and the Shares will never be suspended based on such grounds.

In Certain Jurisdictions the Bank's Shareholders May be Restricted in Exercising Pre-emptive Rights in Future Offerings

If the Bank increases its share capital, existing shareholders of the Bank are entitled to exercise pre-emptive rights pursuant to the KSH, unless waived in part or in whole by a resolution of the General Meeting. To the extent that pre-emptive rights are granted, Bank's shareholders in the United States may be unable to exercise their pre-emptive rights unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. Shareholders in other jurisdictions may also be prohibited from exercising their pre-emptive rights. The Bank cannot give any assurance that in the future it will register any of its shares in accordance with the Securities Act or provisions of any other jurisdiction outside of Poland. If the Bank's share capital is increased in the future, the Bank's shareholders who will not be able to exercise a potential pre-emptive right in accordance with the laws of the country in which they have their registered office must take into account that their interest in the Bank's share capital may be diluted.

The Underwriting Agreement is Subject to Customary Terms and Conditions

The Bank entered into an Underwriting Agreement with the Global Coordinator and Sole Bookrunner (see "*Underwriting, Stabilization and Lock-up Arrangements*"). Pursuant to the terms and conditions provided in the Underwriting Agreement, the Global Coordinator and Sole Bookrunner undertake to use reasonable endeavours to procure subscribers for all of the Offer Shares which have not been taken up during the subscription period through the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions or, if no such subscribers are found to subscribe for such Offer Shares at the agreed Issue Price provided therein. The Underwriting Agreement relates to 30.22% of the Offer Shares (i.e. the shares that are subject to pre-emptive rights of other shareholders than Commerzbank). The Underwriting Agreement includes such conditions precedent for the obligations of the Global Coordinator and Sole Bookrunner as are customary in international rights offerings similar to the Offering and authorizes the parties to terminate such agreement on terms reflecting general market practice applicable to international offers subject to pre-emptive rights similar to the Offering. The Bank cannot assure that no circumstances will occur in result of which the underwriting obligation does not come into force or that no circumstances will occur which will authorize the Global Coordinator and Sole Bookrunner to terminate the Underwriting Agreement.

Shareholders Who Do Not Acquire the Offer Shares in the Offering May Incur a Loss and Will Experience a Dilution of their Ownership in the Bank

If an existing shareholder of the Bank does not exercise its pre-emptive rights and does not subscribe for the Offer Shares in the Offering or otherwise sell its unexercised Individual Pre-emptive Rights, the Individual Pre-emptive Rights will expire and the shareholder may incur losses. In such case proportionate ownership of the shareholder who does not exercise its Pre-emptive Rights it is entitled to as well as voting interests of such shareholder in the Bank will be reduced. Even if an existing shareholder that is entitled to exercise its pre-emptive rights elects to sell its unexercised Individual Pre-emptive Rights, the consideration received by such shareholder may not be sufficient to fully compensate it for the dilution of its percentage ownership of the Bank's share capital as a result of the Offering.

Individual Pre-emptive Rights that are not exercised during the subscription period for the Offer Shares will expire with no value and a holder of such Individual Pre-emptive Rights will not be entitled to compensation or reimbursement of expenses, including the purchase price of the Individual Pre-emptive Rights on the secondary market.

The Individual Pre-emptive Rights, the Rights to Shares or the Offer Shares May Not Be Eligible for Trading or Listing on the Main Market of the WSE

The admission of the Individual Pre-emptive Rights, the Rights to Shares and the Offer Shares to stock exchange trading on the official listing market (the WSE's main market) requires the satisfaction of the conditions set out in the Market Ordinance of the Ministry of Finance of 14 October, 2005 regarding detailed conditions which the market of official stock exchange listing and issuers of securities admitted to trading on the market ("Market Ordinance") and the WSE Rules and requires a decision of the WSE Management Board. The WSE Management Board may refuse to admit the Rights to Shares or the Offer Shares to trading on the main market if the conditions set out in the Market Ordinance or in the WSE Rules are not met.

There is a risk that we might fail to meet the criteria set out in the Market Ordinance and the WSE Rules and fail to obtain the relevant consent of the WSE Management Board and, in consequence, the Individual Pre-emptive Rights, the Rights to Shares or the Offer Shares will not be admitted to trading on the WSE, which could have an adverse effect on their liquidity. The Management Board of the Bank intends to apply for the admission of the Individual Pre-emptive Rights, the Rights to Shares and the Offer Shares to trading on the WSE's main market. As at the date of this Offering Memorandum, the Management Board is not aware of any factors that might lead to a negative decision of the WSE Management Board, or any other events or circumstances which might prevent the admission of these instruments to trading on the main market of the WSE.

The Price of the Individual Pre-emptive Rights, the Rights to Shares and the Shares May Fluctuate

WSE-listed companies from time to time experience significant fluctuations in their market share prices and securities trading volumes, which can also have a significant negative impact on the market price of the Individual Pre-emptive Rights, the Rights to Shares and Shares. In particular, because the trading price of the Individual Pre-emptive Rights depends on the trading price of the Shares, any volatility in the price of the Shares may cause greater volatility in the price of the Individual Pre-emptive Rights. As of the date of this Offering Memorandum, the Bank does not foresee any stabilization actions with respect to the Individual Pre-emptive Rights, the Rights to Shares or the Shares. Thus, the Bank can give no assurance that these financial instruments will not experience price fluctuations.

Furthermore, the price of the Pre-emptive Rights, Rights to Shares and Shares on the WSE may be influenced by a number of other factors, including, without limitation, general economic and business trends, changes in the general situation on securities markets, changes in laws and other regulations in Poland and the European Union, the situation in the banking sector in Poland, potential and actual sales of large numbers of Shares on the secondary market, changes of forecasts by analysts of financial markets as well as actual or forecast changes in our activity, financial condition and operating results. Fluctuations in the securities markets in Poland and abroad in the future may also have an adverse influence on the market price of the Individual Pre-emptive Rights, Rights to Shares and Shares, regardless of the Bank's business, financial condition, results of operations or prospects.

The Individual Pre-emptive Rights, Rights to Shares and the Shares May Have Limited Liquidity

The Polish securities market in general is characterized by relatively low liquidity levels and securities quoted on the WSE tend to be subject to more intense price volatility as compared to other markets. There can be no assurance that an active and liquid market will develop in the Individual Pre-emptive Rights, the Rights to Shares and the Offer Shares upon admitting them to trading on the WSE. The Bank is unable to predict the level of interest that investors may have in Shares. In addition, to the extent that a significant number of the Offer Shares are taken up by a limited number of institutional investors, it may limit the number of interested buyers and affect the liquidity of the Shares in the market. Thus, there can be no assurance that investors may not be able to purchase or sell the Offer Shares at the prices or in the timeframe expected, and in particular the price of the Offer Shares sold or purchased on the WSE may be higher or lower than the Issue Price of the Offer Shares.

The Future Sale of a Significant Number of Shares by the Bank's Shareholders May Have an Adverse Impact on the Bank's Ability to Gain Funds

The price of the Shares on the WSE may be susceptible to the future sale of a substantial number of such shares by the Bank's shareholders, or to the issue of new shares, or even to the anticipation of such disposal or issue. It should be noted that future sales of a significant number of the Shares or even the anticipation thereof may also have a negative effect on the Bank's ability to gain funds when it is convenient for the Bank and at a satisfactory price.

Foreign Shareholders of the Bank Face Additional Investment Risks in Shares Resulting from the Exchange Rates of the PLN

The Shares (including Offer Shares after their inclusion with the Bank's Shares listed on the WSE), the Rights to Shares and Individual Pre-emptive Rights are quoted in PLN and any future payments related to the Shares, the Rights to Shares and Individual Pre-emptive Rights, including the dividends on the Shares and the sell price of the Shares, the Rights to Shares and/or Individual Pre-emptive Rights on the regulated market will be denominated in PLN. The currency equivalent of any dividends paid on the Shares or any amount received in connection with any sale of the Shares, the Rights to Shares and Individual Pre-emptive Rights on the regulated market could be adversely affected by the depreciation of the PLN against foreign currencies.

If the Offering is Unsuccessful or Cancelled, Investors Who Acquired the Individual Pre-emptive Rights on the Secondary Market Will Suffer a Loss

Trading in Individual Pre-emptive Rights on the secondary market is made at the exclusive risk of the potential buyers of the Individual Pre-emptive Rights. If the issue of the Offer Shares fails for any reason or if the Offering is cancelled in accordance with the terms and conditions of the Offering included in this Offering Memorandum, the Individual Pre-emptive Rights will expire, but all the sales transactions of the Individual Pre-emptive Rights previously made on the secondary market will remain effective and it will not be possible, in principle, to avoid the consequences of the concluded transactions for the purchase of the Individual Pre-emptive Rights (save for extraordinary events permitting a purchaser to avoid the legal consequences of legal actions on the grounds of the Civil Code, provided that in the case of transactions on the WSE, avoiding the legal consequences of such transaction will not be possible). The purchasers of the Individual Pre-emptive Rights will not be entitled to any compensation or reimbursement of costs in relation to the expiry of the Individual Pre-emptive Rights or in relation to the concluded transactions relating to the Individual Pre-emptive Rights, including in particular any reimbursement of the purchase price of such Individual Pre-emptive Rights or brokerage commissions.

USE OF PROCEEDS

The Bank expects to receive an amount of PLN 2 billion in gross proceeds from the issue of the Offer Shares in the Offering. The final amount of proceeds received by the Bank from the issue of the Offer Shares in the Offering will depend on the total costs of the Offering as described in "*Other Information — Costs of the Offering*" in this Offering Memorandum.

After the end of the term of subscription for Offer Shares offered under the Offering, the Bank will publish, in the form of a current report, on the basis of Article 56, Section 1, item 2 of the Public Offering Act, details of the results of the Offering, including information on the value of the Offering (proceeds received by the Bank from the issue of the Offer Shares) and the amount of costs incurred by the Bank.

The increase in the Bank's share capital through the issuance of the Offer Shares pursuant to the Offering will contribute to enhancing its competitive position by enabling the Bank to enter into profitable transactions with its customers, while simultaneously facilitating the implementation of the Bank's development plans as macroeconomic conditions improve.

The Bank's intention is to use the proceeds of the Offering by the end of 2012 for the following purposes (listed in order of priority):

- supporting the implementation of the Bank's strategy for the years 2010-2012; the Bank's strategic objectives include, without limitation: accelerating the growth of the existing business lines in Retail Banking and Corporate and Markets, increasing the market share in its retail non-mortgage loan business and strengthening the Bank's position in selected areas of corporate banking — the Bank plans to use approximately 40% of the proceeds from the issuance of the Offer Shares from the Offering for this purpose;

- adjusting the core Tier 1 capital ratio to any potential new capital requirements, both those stipulated by the regulatory authorities and those resulting from market expectations – the Bank plans to use approximately 60% of the proceeds from the issuance in the Offering of the Offer Shares for this purpose (the method of calculation of the core Tier 1 capital ratio is described in section "*Selected Historical Financial Information — Selected Key Financial Ratios*"). The aim of the Bank is to maintain its core Tier 1 capital ratio above 8%, without ruling out a possibility of designating these funds also for banking activities.

If the net proceeds of the issuance of the Offer Shares from the Offering received by the Bank are insufficient, the implementation of the foregoing projects will be co-financed with debt financing or future retained profits.

The Bank does not intend to change the purpose of the proceeds received from the Offering. However, in the event of a potential change in the purpose, the respective information will be immediately published in the form of an annex to the Prospectus and a current report on the basis of Article 56, Section 1, item 2 of the Public Offering Act (in the event of a change of goals of the issue in the period of validity of the Prospectus), or only in the form of a current report on the basis of Article 56, Section 1, item 2 of the Public Offering Act (in the event of a change of goals of the issue after the period of validity of the Prospectus lapses).

Until the proceeds from the Offering are used, the funds received by the Bank will be invested on market terms, among other things, in Treasury securities and in bank deposits.

DILUTION

The Offer is directed to the existing shareholders of the Bank.

The scale and scope of the dilution of the existing shareholders of the Bank will depend upon the number of the existing shareholders which subscribe for the Offer Shares as a result of exercising their Individual Pre-emptive Rights, the number of existing shareholders of the Bank which will sell their Individual Pre-emptive Rights, the number of existing shareholders of the Bank which will subscribe for additional Offer Shares by making an Additional Subscription and the number of Offer Shares subscribed for by entities other than existing shareholders of the Bank in relation to subscription of the Offer Shares as a result of exercising Individual Pre-emptive Rights acquired by such entities or acquisition of the Offer Shares which have not been covered by subscriptions as a result of exercising Individual Pre-emptive Rights and making Additional Subscriptions.

If the existing shareholders of the Bank do not exercise their preemptive rights or subscribe for any Offer Shares, the scale and magnitude of dilution of their shares in the Bank will depend on the number of non-shareholders who subscribe for the Offer Shares exercising their acquired Individual Preemptive Rights, or in response to invitations from the Bank's Management Board, or the number of Offer Shares covered by such subscriptions.

Assuming that pursuant to the Offering the Bank has issued the maximum permitted number of Offer Shares and all Offer Shares have been offered and subscribed for by the investors, an immediate dilution of a shareholder's share who will not exercise the right to subscribe for the Offer Shares, such right arising from its Individual Pre-emptive Rights, in the share capital and in the total number of votes at the General Meeting will amount to 41.18%.

Following the registration of the increase of the Bank's share capital arising from the issue of Offer Shares, 29,690,882 Shares representing, as at the date of the Offering Memorandum, 100% of the share capital of the Bank and all votes at the General Shareholders' Meeting, will constitute 58.82% of the share capital of the Bank and will entitle its holders to 58.82% of the total number of votes at the General Shareholders' Meeting.

The table below shows the structure of the share capital of the Bank as at the date of the Offering Memorandum and the anticipated immediate dilution after the completion of the Offering (in terms of numbers and in percentage terms) provided that all the Offer Shares have been effectively offered and subscribed for by investors.

	As at the date of this Offering Memorandum		**After the Completion of the Offering**	
Existing Shares before the issue of Offer Shares	29,690,882	100%	29,690,882	58.82%
Offer Shares	—	—	20,783,617	41.18%
Total number of Shares after the issue of Offer Shares	**29,690,882**	**100%**	**50,474,499**	**100%**

Source: the Bank

DIVIDENDS AND DIVIDEND POLICY

Dividends Paid in the Past

The table below presents information concerning the net profit of the Bank for each of the most recently ended financial years.

	Year ended December 31,		
	2009	2008	2007
Distributable net profit of the Bank (in PLN millions)	57.1	829.5	637.2

Source: the Bank

The Bank did not pay any dividends for the periods under review.

The net profit of the Bank for 2007 of PLN 637.2 million was allocated to the general risk fund (PLN 50 million) and to the supplementary capital (PLN 587.2 million).

The net profit of the Bank for 2008 of PLN 829.5 million was allocated to the general risk fund (PLN 100 million) and to the supplementary capital (PLN 729.5 million).

The net profit of the Bank for 2009 of PLN 57.1 million was allocated to the general risk fund.

The Bank's Dividend Policy

Decisions to pay dividends are made by the Annual Shareholders' Meetings of the Bank.

On 30 March 2010, the Annual Shareholders' Meeting adopted a resolution on the distribution of the Bank's profit earned in 2009 as proposed by the Management Board (and approved by the Supervisory Board). The Management Board of the Bank justified its proposal for the entire net profit to be allocated to equity in order to continue the Group's development policy and to maintain a stable capital base based to a larger extent on Tier 1 capital and also by the planned expansion in the financial services market.

The dividend policy in the following years will be subject to the Management Board's analysis and decisions and will depend on a range of factors concerning the Bank, including the prospects for its further operations, the amount of profit earned, capital adequacy ratios, its financial condition, development plans and legal requirements in this respect.

Other Information Concerning Dividends

All of the Bank's Shares, including the Offer Shares, carry equal rights to participate in the Bank's profit from the date of their acquisition or, in case of the Offer Shares, from the date of registration of such Shares in the Register of Business Entities of the National Court Register and have the same dividend rights. Shareholders become entitled to dividends provided that the Annual Shareholders' Meeting adopts a resolution on the distribution of profits allocating at least a part of the profits to dividend payments and a dividend payment date is set after the purchase of Shares (and in case of the Offer Shares after their registration in the Register of Business Entities of the National Court Register).

The Bank's Articles of Association do not provide for the payment of interim dividends to shareholders.

For more detailed information on the rights of the Bank's Shareholders with respect to dividends, see "*Share Capital and Shares — Rights and Obligations Related to the Shares — Right to Dividends*" in this Offering Memorandum.

CAPITALIZATION AND INDEBTEDNESS

The information included in this section should be analyzed in connection with the information provided in "Operating and Financial Review", the Consolidated Financial Statements and the notes thereto, and with other financial data presented in other sections of this Offering Memorandum.

Capitalization and debt

The table below presents information on the Group's consolidated capitalization and indebtedness as at 31 March 2010.

Capitalization and indebtedness	*(in PLN million)*
Total short-term debt[(1)]	**4,953**
Guaranteed	—
Secured[(2)]	437
Not guaranteed/Unsecured	4,516
Total long-term debt[(3)]	**21,961**
Guaranteed	19
Secured[(4)]	1,048
Not guaranteed/Unsecured	20,894
Equity	**4,525**
Registered share capital	119
Other reserves	3,996
Foreign exchange differences on translation	(3)
Results for the current year	115
Unappropriated profit/loss	121
Other equity items	23
Non-controlling interest	154
Total	**31,439**
Net debt	
A. Cash and cash equivalents, including:	**9,490**
- cash and funds with the NBP	1,894
- bills of exchange eligible for rediscounting with the NBP	7
- amounts due from other banks	6,559
- debt securities held for trading (up to 3 months)	910
- debt securities available-for-sale (up to 3 months)	120
B. Assets held for trading[(5)]	280
C. Liquidity (A+B)	**9,770**
D. Current financial receivables (up to 12 months)[(6)]	9,815
E. Current debt (up to 12 months)	4,953
F. Current financial debt, net (E-D-C)	**(14,632)**
G. Non-current financial debt	21,961
H. Financial debt, net (F+G)	**7,329**

Source: the Bank

(1) Short-term debt includes liabilities due to: Central Bank, loans received from other banks with a maturity date up to 1 year, debt securities in issue (bonds and mortgage bonds) with a redemption date up to 1 year.

(2) Includes liabilities under issuance of mortgage bonds secured with mortgage-backed receivables.

(3) Long-term debt includes liabilities: loans received from other banks (including the European Investment Bank) with a maturity date over 1 year, debt securities in issue (mortgage bonds) with a redemption date over 1 year and subordinated liabilities.

(4) Includes liabilities under issuance of mortgage bonds secured with mortgage-backed receivables and under a credit facility from the European Investment Bank secured with treasury bonds.

(5) Assets held for trading include securities and pledged assets held for trading.

(6) Current financial receivables include loans and advances granted to other banks with a maturity date up to 1 year and investment securities, including pledged assets, with a maturity date up to 1 year.

There have been no material changes in the Group's capitalization, indebtedness and liquidity since the date of publication of the most recent financial information.

Indirect and Conditional Indebtedness

For information on indirect and contingent liabilities, see "*Operating and Financial Review — Contingent Liabilities*".

Working capital

The Management Board represents that in its opinion the existing working capital of the Group is sufficient to cover current needs and conduct operations in a period of at least 12 months commencing as at the date of this Offering Memorandum.

EXCHANGE RATES

The tables below present the average, highest and lowest rates, as well as period-end rates as announced by the NBP for exchange transactions between the PLN and foreign currencies in the respective periods. The Bank cannot guarantee, however, that the actual value of the PLN corresponds to the given value of the respective currency or that it might have corresponded or been translated into the respective currency at the referred rate.

PLN/EUR Exchange Rate

	PLN/EUR exchange rate			
	Average	Highest	Lowest	Period End
2007	3.7829	3.9385	3.5699	3.5820
2008	3.5166	4.1848	3.2026	4.1724
2009	4.3273	4.8999	3.9170	4.1082
1 January — 31 March 2009	4.4903	4.8999	3.9170	4.7103
1 January — 31 March 2010	3.9924	4.1109	3.8622	3.8622

Source: NBP

On 31 March 2010, the PLN/EUR exchange rate published by the NBP amounted to 3.8622.

PLN/USD Exchange Rate

	PLN/USD exchange rate			
	Average	Highest	Lowest	Period End
2007	2.7667	3.0400	2.4260	2.4350
2008	2.4092	3.1303	2.0220	2.9618
2009	3.1162	3.8978	2.7093	2.8503
1 January — 31 March 2009	3.4420	3.8978	2.8844	3.5416
1 January — 31 March 2010	2.8841	2.9915	2.7930	2.8720

Source: NBP

On 31 March 2010, the PLN/USD exchange rate published by the NBP amounted to 2.8720.

PLN/CHF Exchange Rate

	PLN/CHF exchange rate			
	Average	Highest	Lowest	Period End
2007	2.3035	2.4510	2.1459	2.1614
2008	2.2202	2.8014	1.9596	2.8014
2009	2.8658	3.3167	2.6131	2.7661
1 January — 31 March 2009	2.9993	3.3167	2.6131	3.1001
1 January — 31 March 2010	2.7273	2.7869	2.6503	2.7000

Source: NBP

On 31 March 2010, the PLN/CHF exchange rate published by the NBP amounted to 2.7000.

PLN/CZK Exchange Rate

	PLN/CZK exchange rate			
	Average	Highest	Lowest	Period End
2007	0.1363	0.1408	0.1306	0.1348
2008	0.1408	0.1576	0.1337	0.1566
2009	0.1637	0.1744	0.1501	0.1554
1 January — 31 March 2009	0.1627	0.1725	0.1501	0.1708
1 January — 31 March 2010	0.1543	0.1572	0.1505	0.1517

Source: NBP

On 31 March 2010, the PLN/CZK exchange rate published by the NBP amounted to 0.1517.

PLN/JPY (100) Exchange Rate

	PLN/JPY (100) exchange rate			
	Average	**Highest**	**Lowest**	**Period End**
2007	2.3482	2.5869	2.1657	2.1728
2008	2.3516	3.3590	1.8937	3.2812
2009	3.3306	4.2083	2.9713	3.0890
1 January — 31 March 2009	3.6852	4.2083	3.0924	3.6049
1 January — 31 March 2010	3.1802	3.3450	3.0233	3.0746

Source: NBP

On 31 March 2010, the PLN/JPY (100) exchange rate published by the NBP amounted to 3.0746.

MARKET PRICE OF SHARES

Since 6 October 1992, the Bank's shares have been listed on the regulated market (main market) of the Warsaw Stock Exchange (WSE) under the symbol "BRE". The trading currency of the Bank's shares is PLN.

The Bank's existing shares are included in the WIG 20 index (the index of the 20 largest companies listed on the main market of the WSE).

The following table provides an overview of changes in the share price of the Bank's shares (based on the closing price on the WSE) in the periods indicated.

Period	Highest price (PLN)	Lowest price (PLN)
Year ended 31 December 2007	600.0	323.7
Year ended 31 December 2008	500.0	145.0
Year ended 31 December 2009	291.0	92.7
1 January — 31 March 2010	290.0	220.1
1st quarter of 2007	479.0	323.7
2nd quarter of 2007	550.0	460.0
3rd quarter of 2007	548.0	469.3
4th quarter of 2007	600.0	470.0
1st quarter of 2008	500.0	331.8
2nd quarter of 2008	417.0	345.0
3rd quarter of 2008	404.9	301.8
4th quarter of 2008	323.0	145.0
1st quarter of 2009	217.6	92.7
2nd quarter of 2009	195.0	102.4
3rd quarter of 2009	278.0	145.5
4th quarter of 2009	291.0	230.0

Source: WSE

On 31 March 2010, the closing price of the Bank's outstanding shares on the WSE was PLN 259.9.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables present selected financial data as at and for each of the three years ended 31 December 2007, 2008 and 2009 which was derived from the Consolidated Annual Financial Statements and as at and for the three months ended 31 March 2010 and 31 March 2009 derived from the Consolidated Condensed Interim Financial Statements.

This section should be read along with the information provided in "Operating and Financial Review" as well as in the Consolidated Financial Statements and other financial data presented elsewhere in this Offering Memorandum.

Consolidated Income Statements

	Three months ended 31 March		Year ended 31 December		
	2010	2009	2009	2008	2007
	(PLN thousand) (unaudited)			(PLN thousand) (audited)	
Continued Operations:					
Interest income	821,758	947,760	3,453,207	3,637,222	2,355,279
Interest expense	(431,221)	(550,657)	(1,795,030)	(2,244,770)	(1,327,496)
Net interest income	**390,537**	**397,103**	**1,658,177**	**1,392,452**	**1,027,783**
Fee and commission income	278,558	219,745	1,001,287	844,463	785,237
Fee and commission expense	(104,665)	(97,903)	(406,564)	(292,997)	(220,959)
Net fee and commission income	**173,893**	**121,842**	**594,723**	**551,466**	**564,278**
Dividend income	330	—	99,067	9,429	2,327
Net trading income, including:	96,171	122,991	406,374	483,855	486,468
Foreign exchange result	*83,270*	*152,142*	*415,048*	*517,314*	*434,956*
Other net trading income	*12,901*	*(29,151)*	*(8,674)*	*(33,459)*	*51,512*
Gains less losses from investment securities	—	(16,606)	(772)	135,765	3,834
Other operating income	52,131	90,158	263,522	266,505	249,661
Net impairment losses on loans and advances	(177,061)	(210,028)	(1,097,134)	(269,144)	(76,810)
Overhead costs	(294,937)	(300,610)	(1,285,425)	(1,346,601)	(1,103,319)
Amortization and depreciation	(59,201)	(58,526)	(259,362)	(203,475)	(176,325)
Other operating expenses	(24,089)	(43,003)	(169,781)	(153,106)	(132,342)
Operating profit	**157,774**	**103,321**	**209,389**	**867,146**	**845,555**
Profit before income tax from continued operations	**157,774**	**103,321**	**209,389**	**867,146**	**845,555**
Income tax expense	(35,183)	(27,572)	(78,866)	(108,435)	(184,578)
Net profit from continued operations	**122,591**	**75,749**	**130,523**	**758,711**	**660,977**
Discontinued operations:					
Profit before income tax from discontinued operations	**—**	**—**	**—**	**132,969**	**108,990**
Income tax expense	—	—	—	(2,336)	(22,350)
Net profit from discontinued operations	**—**	**—**	**—**	**130,633**	**86,640**
Net profit from continued and discontinued operations attributable to:	**122,591**	**75,749**	**130,523**	**889,344**	**747,617**
Owners of BRE Bank S.A.	115,416	77,221	128,928	857,459	710,094
Non-controlling interests	7,175	(1,472)	1,595	31,885	37,523

Source: Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

	Three months ended 31 March		Year ended 31 December	
	2010	2009	2009	2008
	(PLN thousand) (unaudited)		(PLN thousand) (audited)	
Financial Result	**122,591**	**75,749**	**130,523**	**889,344**
Other comprehensive income subject to taxation:	**130,538**	**(48,480)**	**99,454**	**(278,443)**
Exchange differences on trading foreign operations (net)	(9,701)	20,566	6,114	13,569
Available-for-sale financial assets (net)	140,239	(69,046)	93,340	(292,012)
Total comprehensive income net of tax, total	**253,129**	**27,269**	**229,977**	**610,901**
Total comprehensive income (net), attributable to:				
Owners of BRE Bank S.A.	249,851	19,955	229,406	568,887
Non-controlling interests	3,278	7,314	571	42,014

Source: 2009 Consolidated Financial Statements, Consolidated Condensed Interim Financial Statements

In reference to the application by the Group of the changes resulting from the amended IAS 1 "Presentation of Financial Statements", the consolidated statement of comprehensive income of the Group was first presented in the 2009 Consolidated Financial Statements (including comparative data for 2008). Since it was not required under the accounting standards applicable to the Group in the preceding years, it was not presented in the 2007 Consolidated Financial Statements and 2008 Consolidated Financial Statements and, thus, the 2007 consolidated statement of comprehensive income has not been included in the Offering Memorandum. Data for 2008 was presented as comparative data in the 2009 Consolidated Financial Statements.

Consolidated Statements of Financial Position

	As at 31 March 2010	As at 31 December 2009	2008	2007
	(PLN thousand) (unaudited)		(PLN thousand) (audited)	
ASSETS				
Cash and balances with the Central Bank	1,894,145	3,786,765	2,512,333	2,003,535
Debt securities eligible for rediscounting at the Central Bank	6,704	9,134	9,238	23,259
Loans and advances to banks	8,279,884	2,530,572	6,104,093	2,089,936
Trading securities	674,387	1,065,190	4,624,621	4,257,982
Derivative financial instruments	1,818,894	1,933,627	5,632,872	2,272,638
Loans and advances to customers	50,905,628	52,468,812	52,142,477	33,682,665
Investment securities	15,332,498	13,120,687	5,502,312	6,386,574
Available for sale	15,332,498	13,120,687	5,502,312	6,386,574
Non-current assets held for sale	—	—	—	336,078
Pledged assets	3,291,143	3,516,525	3,445,281	2,812,277
Investments in associates	1,081	1,150	16,953	4,823
Intangible assets	425,624	441,372	438,452	404,967
Tangible fixed assets	768,656	786,446	814,469	670,213
Current income tax assets	89,111	125,308	—	—
Deferred income tax assets	318,789	331,828	327,558	116,290
Other assets	944,837	906,470	1,034,543	880,663
Total assets	**84,751,381**	**81,023,886**	**82,605,202**	**55,941,900**
LIABILITIES				
Amounts due to the Central Bank	2,255,598	2,003,783	1,302,469	—
Amounts due to other banks	26,110,616	25,019,805	27,488,807	12,245,867
Derivative financial instruments and other trading liabilities	1,968,765	1,935,495	6,174,491	2,164,214
Amounts due to customers	44,931,447	42,791,387	37,750,027	32,401,863
Debt securities in issue	1,386,777	1,415,711	1,790,745	2,928,414
Subordinated liabilities	2,568,881	2,631,951	2,669,453	1,661,785
Other liabilities	834,350	776,195	996,280	879,975
Current income tax liabilities	2,451	904	218,807	134,234
Deferred income tax provisions	622	544	81	455
Provisions	166,429	176,957	166,006	71,227
Liabilities held for sale	—	—	—	12,543
Total liabilities	**80,225,936**	**76,752,732**	**78,557,166**	**52,500,577**

	As at 31 March 2010	As at 31 December 2009	2008	2007
	(PLN thousand) (unaudited)		(PLN thousand) (audited)	
EQUITY				
Equity attributable to owners of BRE Bank SA	**4,371,200**	**4,120,187**	**3,894,452**	**3,324,511**
Share capital:	**1,521,683**	**1,521,683**	**1,521,683**	**1,517,432**
Registered share capital	118,764	118,764	118,764	118,643
Share premium	1,402,919	1,402,919	1,402,919	1,398,789
Retained earnings:	**2,828,972**	**2,712,394**	**2,587,137**	**1,732,875**
Profit from the previous years	2,713,556	2,583,466	1,729,678	1,022,781
Profit for the current year	115,416	128,928	857,459	710,094
Other components of equity	**20,545**	**(113,890)**	**(214,368)**	**74,204**
Non-controlling interests	**154,245**	**150,967**	**153,584**	**116,812**
Total equity	**4,525,445**	**4,271,154**	**4,048,036**	**3,441,323**
Total equity and liabilities	**84,751,381**	**81,023,886**	**82,605,202**	**55,941,900**

Source: Consolidated Financial Statements

Selected Items from Consolidated Statements of Cash Flows

	Three months ended 31 March 2010	2009	Year ended 31 December 2009	2008	2007
	(PLN thousand) (unaudited)			(PLN thousand) (audited)	
Cash and cash equivalents at the beginning of the reporting period	6,867,880	8,693,727	8,693,727	7,516,362	9,082,846
Net cash flows from/(used in) operating activities	1,634,530	(2,234,126)	(670,775)	(7,911,232)	(5,457,563)
Net cash flows from/(used in) investing activities	(26,546)	(46,447)	(126,806)	403,437	(136,693)
Net cash flows from/(used in) financing activities	1,000,839	(88,735)	(983,417)	8,527,796	4,028,692
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	13,251	(3,178)	(44,849)	157,364	(920)
Cash and cash equivalents at the end of the reporting period	9,489,954	6,321,242	6,867,880	8,693,727	7,516,362
Net increase/decrease in cash and cash equivalents	2,608,823	(2,369,308)	(1,780,998)	1,020,001	(1,565,564)

Source: Consolidated Financial Statements

Capital Adequacy

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

	31 March 2010	31 December 2009	2008	2007
	(unaudited)		(audited)	
Own funds*	6,488,190	6,263,844	5,911,760	3,971,101
Tier 1 capital* (unaudited)	3,866,274	3,603,377	3,309,014	2,434,507
Total regulatory capital requirement*	4,266,484	4,356,859	4,712,225	3,127,259
Capital adequacy ratio (%)	12.2	11.5	10.0	10.2
Tier 1 capital ratio (%) (unaudited)**	7.2	6.6	5.6	6.2

Source: Consolidated Financial Statements, the Bank

* *in PLN thousand.*

** *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 total 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 December 17, 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 October 14, 2009 on other balance sheet items included in core equity capital of a bank, their amount, scope and prerequisites to recognize 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 March 10, 2010 on the scope and detailed principles for specifying capital requirements in respect of particular risks*

Selected 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 three months ended 31 March		As at and for the year ended 31 December		
	2010	2009	2009	2008	2007
			(%) (unaudited)		
ROE gross[1]	14.7	10.4	5.1	30.8	35.9
ROE net[2]	11.4	7.6	3.2	27.4	28.1
ROA net[3]	0.6	0.4	0.2	1.3	1.5
Cost to income ratio from continued and discontinued operations (C/I)[4]	51.4	53.4	54.2	55.1	55.5
Cost to income ratio from continued operations (C/I)[5]	51.4	53.4	54.2	57.7	58.1
Net interest margin[6]	2.0	2.2	2.3	2.3	2.3
Loan to deposit ratio (as at 31 March/31 December)[7]	113.3	159.1	122.6	138.1	104.0
Adjusted loan to deposit ratio (as at 31 March/ 31 December)[8]	73.5	85.9	77.2	81.8	74.1
Leverage (total equity/total assets) (as at 31 March/ 31 December)[9]	5.3	5.0	5.3	4.9	6.2

Source: the Bank

1 *Calculated by dividing gross profit/(loss) from continued and discontinued operations by the average total equity net of the current year's results, including non-controlling interests (calculated as the arithmetical average of equity at the end of each month during the reporting period).*

2 *Calculated by dividing net profit/(loss) from continued and discontinued operations 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 equity at the end of each month during the reporting period).*

3 *Calculated by dividing net profit/(loss) from continued and discontinued operations attributable to equity holders of the Bank and non-controlling interests by the average total assets (calculated as the average of total assets at the end of each month during the reporting period).*

4 *Calculated by dividing overhead costs and depreciation and amortization 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/ expenses — calculated for continued and discontinued operations in total.*

5 *Calculated by dividing overhead costs and depreciation and amortization 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/ expenses — calculated for continued operations.*

6 *Calculated by dividing net interest income by average interest assets (calculated as the average of interest earning assets at the end of each month during the reporting period).*

7 *Calculated by dividing loans and advances to customers by amounts due to customers.*

8 *Calculated by dividing the total loans and advances to customers and loans and advances to banks (net of current accounts and placements in other banks) by the total of amounts due to customers, loans and advances received from other banks, debt securities in issue, and subordinated liabilities.*

9 *Calculated by dividing total equity by total assets.*

Quality of Loan Portfolio

The table below sets forth, certain information on the quality of the Group's loan portfolio as at the dates and for the periods indicated below.

	As at and for the three months ended 31 March	As at and for the year ended 31 December		
	2010	2009	2008	2007
	(unaudited)			
Net impairment losses on loans and advances (PLN thousand) (for three months ended 31 March/year ended 31 December)	(177,061)	(1,097,134)	(269,144)	(76,810)
Non-performing loans ratio (%)[1]	4.4	4.6	2.1	2.2
Total impairment provision for loans and advances (thousand PLN)	(2,176,859)	(2,002,856)	(890,746)	(687,912)

Source: the Bank

1 *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.*

SELECTED STATISTICAL FINANCIAL INFORMATION

Unless indicated otherwise, the following selected statistical and other information has been derived from the Group's Consolidated Annual Financial Statements.

This section should be read along with the information provided in "Operating and Financial Review", Consolidated Financial Statements and other financial data presented elsewhere in the Offering Memorandum.

Loan Portfolio

The following table sets forth certain information with respect to the Group's impairment losses on loans and advances as at the dates indicated:

	As at 31 December		
	2009	2008	2007
	(PLN thousand) (audited)		
Impairment losses on amounts due from other banks	(19,950)	(21,894)	(631)
Impairment losses on off-balance sheet contingent liabilities due to other banks	542	(287)	(247)
Impairment losses on loans and advances to customers	(1,087,919)	(233,747)	(71,213)
Impairment losses on off-balance sheet contingent liabilities due to customers	10,193	(13,216)	(4,719)
Total impairment losses on loans and advances	**(1,097,134)**	**(269,144)**	**(76,810)**

Source: Consolidated Annual Financial Statements

The following tables set forth certain information with respect to the Group's loans and advances which are past due but not impaired as at the dates indicated:

	As at 31 December 2009									
	Individuals			Corporate Entities				Public Sector	Total — Loans and Advances to Customers	Loans and Advances to Banks
		including:			Term Loans					
	Current Accounts	Term Loans	Housing and Mortgage Loans	Current Accounts	Corporate & Institutional Enterprises	Medium & Small Enterprises	Other			
	(PLN thousand) (audited)									
Past due up to 30 days	335,270	606,124	514,620	20,480	800	456,042	29,742	596	1,449,054	—
Past due 31-60 days	70,197	113,833	103,060	10,959	46	147,643	71,564	—	414,242	—
Past due 61-90 days	60,654	108,978	57,345	12,140	24	263,255	9,182	—	454,233	—
Total	**466,121**	**828,935**	**675,025**	**43,579**	**870**	**866,940**	**110,488**	**596**	**2,317,529**	**—**

Source: 2009 Consolidated Financial Statements

	Individuals: Current Accounts	Individuals: Term Loans	Individuals, including: Housing and Mortgage Loans	Corporate Entities: Current Accounts	Corporate Entities, Term Loans: Corporate & Institutional Enterprises	Corporate Entities, Term Loans: Medium & Small Enterprises	Corporate Entities: Other	Public Sector	Total — Loans and Advances to Customers	Loans and Advances to Banks
	As at 31 December 2008 (PLN thousand) (audited)									
Past due up to 30 days	254,029	830,478	734,204	19,511	203,588	814,502	36,299	2,743	2,161,150	—
Past due 31-60 days	40,731	68,244	59,298	11,350	3,219	201,553	11,699	—	336,796	—
Past due 61-90 days	33,377	31,674	23,856	8,759	211	51,219	151	—	125,391	—
Total	**328,137**	**930,396**	**817,358**	**39,620**	**207,018**	**1,067,274**	**48,149**	**2,743**	**2,623,337**	**—**

Source: 2008 Consolidated Financial Statements

	Individuals: Current Accounts	Individuals: Term Loans	Individuals, including: Housing and Mortgage Loans	Corporate Entities: Current Accounts	Corporate Entities, Term Loans: Corporate & Institutional Enterprises	Corporate Entities, Term Loans: Medium & Small Enterprises	Corporate Entities: Other	Public Sector	Total — Loans and Advances to Customers	Loans and Advances to Banks
	As at 31 December 2007 (PLN thousand) (audited)									
Past due up to 30 days	136,395	238,146	190,570	17,261	78,936	619,726	43,415	4,416	1,138,295	—
Past due 31-60 days	17,224	24,617	21,709	3,298	—	72,548	6,648	—	124,335	—
Past due 61-90 days	15,903	16,350	13,086	34,838	133,439	31,408	224	2,676	234,838	—
Total	**169,522**	**279,113**	**225,365**	**55,397**	**212,375**	**723,682**	**50,287**	**7,092**	**1,497,468**	**—**

Source: 2007 Consolidated Financial Statements

The following tables set forth certain information with respect to the Group's loans and advances which are individually impaired as at the dates indicated:

	Individuals: Current Accounts	Individuals: Term Loans	Individuals, including: Housing and Mortgage Loans	Corporate Entities: Current Accounts	Corporate Entities, Term Loans: Corporate & Institutional Enterprises	Corporate Entities, Term Loans: Medium & Small Enterprises	Corporate Entities: Other	Total — Loans and Advances to Customers	Loans and Advances to Banks
	As at 31 December 2009 (PLN thousand) (audited)								
Loans and advances with impairment	519,064	189,747	101,871	578,768	309,386	890,298	73,665	2,560,928	86,827
Fair value of collateral	19,562	94,664	72,639	88,658	38,247	274,215	—	515,346	—

Source: 2009 Consolidated Financial Statements

	As at 31 December 2008								
	Individuals			Corporate Entities				Total — Loans and Advances to Customers	Loans and Advances to Banks
		including:			Term Loans				
	Current Accounts	Term Loans	Housing and Mortgage Loans	Current Accounts	Corporate & Institutional Enterprises	Medium & Small Enterprises	Other		
					(PLN thousand) (audited)				
Loans and advances with impairment	175,332	130,199	69,151	191,123	33,954	463,182	176,301	1,170,091	76,863
Fair value of collateral	8,913	66,825	55,725	59,493	—	203,594	—	338,825	—

Source: 2008 Consolidated Financial Statements

	As at 31 December 2007								
	Individuals			Corporate Entities				Total — Loans and Advances to Customers	Loans and Advances to Banks
		including:			Term Loans				
	Current Accounts	Term Loans	Housing and Mortgage Loans	Current Accounts	Corporate & Institutional Enterprises	Medium & Small Enterprises	Other		
					(PLN thousand) (audited)				
Loans and advances with impairment	111,074	98,305	49,477	129,367	13,637	364,900	83,094	800,377	—
Fair value of collateral	13,708	53,167	42,277	45,391	4,334	90,610	—	207,210	—

Source: 2007 Consolidated Financial Statements

Loans and Advances to Customers

The following table sets forth certain information with respect to the Group's past due and impaired loans and advances to customers as at the dates indicated:

	As at 31 December					
	2009		2008		2007	
	Exposure	Share/ Coverage	Exposure	Share/ Coverage	Exposure	Share/ Coverage
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)
Neither past due nor impaired	49,555,124	91.04	49,208,781	92.84	32,067,523	93.31
Past due but not impaired	2,317,529	4.26	2,623,337	4.95	1,497,468	4.36
Impaired	2,560,928	4.70	1,170,091	2.21	800,377	2.33
Total, gross	**54,433,581**	**100.00**	**53,002,209**	**100.00**	**34,365,368**	**100.00**
Provision (provision for impaired loans and advances as well as IBNI provision)	(1,964,769)	(3.61)	(859,732)	(1.62)	(682,703)	(1.99)
Total, net	**52,468,812**	**96.39**	**52,142,477**	**98.38**	**33,682,665**	**98.01**

Source: Consolidated Annual Financial Statements

The following table sets forth certain information with respect to the breakdown by product of the Group's loans and advances to customers as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Loans and advances to individuals:	**28,855,129**	**26,653,688**	**13,876,425**
- overdrafts	4,236,226	3,564,876	2,301,686
- term loans, including:	24,618,903	23,088,812	11,574,739
housing and mortgage loans	22,469,413	21,489,562	10,622,334
Loans and advances to corporate entities:	**23,433,995**	**25,016,257**	**19,477,259**
- overdrafts	3,249,607	3,757,743	2,768,093
- term loans:	17,904,615	18,740,334	14,234,717
corporate & institutional enterprises	3,501,742	4,035,266	2,962,818
medium & small enterprises	14,402,873	14,705,068	11,271,899
- reverse repo/buy-sell-back transactions	353,808	407,579	669,018
- other	1,925,965	2,110,601	1,805,431
Loans and advances to public sector	**1,327,936**	**663,580**	**599,155**
Other receivables	**816,521**	**668,684**	**412,529**
Total (gross) loans and advances to customers	**54,433,581**	**53,002,209**	**34,365,368**
Provisions for loans and advances to customers (negative amount)	(1,964,769)	(859,732)	(682,703)
Total (net) loans and advances to customers	**52,468,812**	**52,142,477**	**33,682,665**
Short-term (up to 1 year)	17,018,006	16,241,124	13,824,483
Long-term (over 1 year)	35,450,806	35,901,353	19,858,182

Source: Consolidated Annual Financial Statements

The following table presents the changes in provisions for loans and advances to customers as at the dates indicated:

	As at 31 December		
	2009	2008	2007
	(PLN thousand) (audited)		
INDIVIDUALS			
Current accounts			
As at the beginning of the period	**205,998**	**116,907**	**80,463**
increase (due to)	384,952	113,773	40,395
- provisions created	384,952	113,773	37,311
- reclassification of provisions & foreign exchange differences	—	—	3,084
release (due to)	(4,175)	(24,682)	(3,951)
- release of provisions	(804)	(6,845)	(304)
- write-offs	(3,371)	(17,837)	(3,647)
As at the end of the period	**586,775**	**205,998**	**116,907**
Term loans			
As at the beginning of the period	**89,009**	**66,747**	**73,827**
increase (due to)	58,998	35,388	14,112
- provisions created	58,899	31,814	14,112
- reclassification of provisions & foreign exchange differences	99	3,574	—
release (due to)	(24,382)	(13,126)	(21,192)
- release of provisions	(5,477)	(6,113)	(12,536)
- reclassification of provisions & foreign exchange differences	—	—	(3,936)
- write-offs	(18,905)	(7,013)	(4,848)
- other	—	—	128
As at the end of the period	**123,625**	**89,009**	**66,747**
Including:			
Housing and mortgage loans			
As at the beginning of the period	**36,034**	**24,886**	**20,646**
increase (due to)	25,617	15,150	7,421
- provisions created	25,617	15,143	7,293
- reclassification of provisions & foreign exchange differences	—	7	—
- other	—	—	128
release (due to)	(19,400)	(4,002)	(3,181)
- release of provisions	(1,944)	(1,769)	(3,133)
- write-offs	(17,456)	(2,233)	(48)
As at the end of the period	**42,251**	**36,034**	**24,886**
TOTAL — INDIVIDUALS			
As at the beginning of the period	**295,007**	**183,654**	**154,290**
increase (due to)	443,950	149,161	54,507
- provisions created	443,851	145,587	51,423
- reclassification of provisions & foreign exchange differences	99	3,574	3,084
release (due to)	(28,557)	(37,808)	(25,143)
- release of provisions	(6,281)	(12,958)	(12,840)
- reclassification of provisions & foreign exchange differences	—	—	(3,936)
- write-offs	(22,276)	(24,850)	(8,495)
- other	—	—	128
As at the end of the period	**710,400**	**295,007**	**183,654**

	As at 31 December		
	2009	2008	2007
	(PLN thousand) (audited)		
CORPORATE ENTITIES			
Current accounts			
As at the beginning of the period	**108,033**	**79,963**	**109,245**
increase (due to)	652,822	92,952	38,274
- provisions created	579,394	83,417	38,274
- reclassification of provisions & foreign exchange differences	73,428	9,535	—
release (due to)	(417,388)	(64,882)	(67,556)
- release of provisions	(405,824)	(50,482)	(11,735)
- reclassification of provisions & foreign exchange differences	(9,253)	—	(16,030)
- write-offs	(2,311)	(14,400)	(39,791)
As at the end of the period	**343,467**	**108,033**	**79,963**
Term loans			
As at the beginning of the period	**388,193**	**370,002**	**527,259**
increase (due to)	668,403	167,036	109,986
- provisions created	667,517	167,036	90,206
- reclassification of provisions & foreign exchange differences	886	—	15,877
- other	—	—	3,903
release (due to)	(216,079)	(148,845)	(267,243)
- release of provisions	(205,786)	(115,468)	(96,309)
- reclassification of provisions & foreign exchange differences	(588)	(5,241)	(2,183)
- write-offs	(9,705)	(28,136)	(168,751)
As at the end of the period	**840,517**	**388,193**	**370,002**
Including:			
Corporate & institutional enterprises			
As at the beginning of the period	**31,006**	**28,480**	**87,427**
increase (due to)	111,760	11,817	10,692
- provisions created	110,874	11,817	10,692
- reclassification of provisions & foreign exchange differences	886	—	—
release (due to)	(34,354)	(9,291)	(69,639)
- release of provisions	(34,354)	(8,422)	(12,727)
- reclassification & foreign exchange differences	—	(869)	(2,183)
- write-offs	—	—	(54,729)
As at the end of the period	**108,412**	**31,006**	**28,480**
Medium & small enterprises			
As at the beginning of the period	**357,187**	**341,522**	**439,832**
increase (due to)	556,643	155,219	99,294
- provisions created	556,643	155,219	79,514
- reclassification of provisions & foreign exchange differences	—	—	15,877
- other	—	—	3,903
release (due to)	(181,725)	(139,554)	(197,604)
- release of provisions	(171,432)	(107,046)	(83,582)
- reclassification of provisions & foreign exchange differences	(588)	(4,372)	—
- write-offs	(9,705)	(28,136)	(114,022)
As at the end of the period	**732,105**	**357,187**	**341,522**
Other			
As at the beginning of the period	**68,120**	**48,770**	**46,194**
increase (due to)	24,766	33,783	16,557
- provisions created	24,300	25,170	16,557
- reclassification of provisions & foreign exchange differences	466	8,613	—
release (due to)	(25,302)	(14,433)	(13,981)
- release of provisions	(11,674)	(8,620)	(4,583)
- reclassification of provisions & foreign exchange differences	(1,419)	(681)	(2,034)
- write-offs	(12,209)	(5,132)	(7,364)
As at the end of the period	**67,584**	**68,120**	**48,770**

	As at 31 December		
	2009	2008	2007
	(PLN thousand) (audited)		
TOTAL — CORPORATE ENTITIES			
As at the beginning of the period	**564,346**	**498,735**	**682,698**
increase (due to)	1,345,991	293,771	164,817
- provisions created	1,271,211	275,623	145,037
- reclassification of provisions & foreign exchange differences	74,780	18,148	15,877
- other	—	—	3,903
release (due to)	(658,769)	(228,160)	(348,780)
- release of provisions	(623,284)	(174,570)	(112,627)
- reclassification of provisions & foreign exchange differences	(11,260)	(5,922)	(20,247)
- write-offs	(24,225)	(47,668)	(215,906)
As at the end of the period	**1,251,568**	**564,346**	**498,735**
PUBLIC SECTOR			
As at the beginning of the period	**379**	**314**	**94**
increase (due to)	2,468	193	220
- provisions created	2,468	193	220
release (due to)	(46)	(128)	—
- release of provisions	(46)	(128)	—
As at the end of the period	**2,801**	**379**	**314**
TOTAL — MOVEMENTS IN PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS			
As at the beginning of the period	**859,732**	**682,703**	**837,082**
increase (due to)	1,792,409	443,125	219,544
- provisions created	1,717,530	421,403	196,680
- reclassification of provisions & foreign exchange differences	74,879	21,722	18,961
- other	—	—	3,903
release (due to)	(687,372)	(266,096)	(373,923)
- release of provisions	(629,611)	(187,656)	(125,467)
- reclassification of provisions & foreign exchange differences	(11,260)	(5,922)	(24,183)
- write-offs	(46,501)	(72,518)	(224,401)
- other	—	—	128
As at the end of the period	**1,964,769**	**859,732**	**682,703**

Source: Consolidated Annual Financial Statements

Loans and Advances to Banks

The following table sets forth certain information with respect to the loans and advances to banks as at the dates indicated:

	As at 31 December					
	2009		2008		2007	
	Exposure	Share/ Coverage	Exposure	Share/ Coverage	Exposure	Share/ Coverage
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)
Neither past due nor impaired	2,481,832	96.62	6,058,244	98.75	2,095,145	100.00
Past due but not impaired	—	—	—	—	—	—
Impaired	86,827	3.38	76,863	1.25	—	—
Total, gross	**2,568,659**	**100.00**	**6,135,107**	**100.00**	**2,095,145**	**100.00**
Provision (provision for impaired loans and advances as well as IBNI provision)	(38,087)	(1.48)	(31,014)	(0.51)	(5,209)	(0.25)
Total, net	**2,530,572**	**98.52**	**6,104,093**	**99.49**	**2,089,936**	**99.75**

Source: Consolidated Annual Financial Statements

The following table sets forth a breakdown by product of the Group's loans and advances to banks as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Current accounts	380,982	192,296	87,756
Placements with other banks	1,254,389	4,268,514	638,590
Included in cash equivalents	**1,635,371**	**4,460,810**	**726,346**
Loans and advances	497,890	936,315	687,558
Reverse repo/buy-sell-back transactions	357,161	515,694	513,866
Other receivables	78,237	222,288	167,375
Total (gross) loans and advances to banks	**2,568,659**	**6,135,107**	**2,095,145**
Provisions created for loans and advances to banks (negative amount)	(38,087)	(31,014)	(5,209)
Total (net) loans and advances to banks	**2,530,572**	**6,104,093**	**2,089,936**
Short-term (up to 1 year)	2,459,414	5,766,396	1,851,413
Long-term (over 1 year)	71,158	337,697	238,523

Source: Consolidated Annual Financial Statements

The following table sets forth certain information with respect to the Group's loans and advances to banks broken down to Polish and foreign banks as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Loans and advances to Polish banks (gross)	691,692	847,391	618,539
Provisions created for loans and advances to Polish banks	(331)	(57)	(247)
Loans and advances to foreign banks (gross)	1,876,967	5,287,716	1,476,606
Provisions created for loans and advances to foreign banks	(37,756)	(30,957)	(4,962)
Total (net) loans and advances to banks	**2,530,572**	**6,104,093**	**2,089,936**

Source: Consolidated Annual Financial Statements

The following table presents changes in provisions for loans and advances to banks as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Provisions for loans and advances to banks as of the beginning of the period	**31,014**	**5,209**	**4,578**
Increase	26,405	25,805	631
provisions created	26,405	21,894	631
foreign exchange differences	—	3,911	—
Release	(19,332)	—	—
release of provisions	(6,455)	—	—
write-offs	(10,565)	—	—
foreign exchange differences	(2,312)	—	—
Provisions for loans and advances to banks as of the end of the period	**38,087**	**31,014**	**5,209**

Source: Consolidated Annual Financial Statements

Securities Portfolio

The following table sets forth information with respect to the maturity profile of the Group's securities portfolio at the dates indicated:

	31 December 2009					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	(PLN thousand) (unaudited)					
Trading Securities						
Debt	136,180	383,523	204,262	284,961	49,463	1,058,389
Equity	6,801	—	—	—	—	6,801
Total	142,981	383,523	204,262	284,961	49,463	1,065,190
Investment Securities						
Debt	6,693,975	950,633	1,787,853	1,352,643	2,193,223	12,978,327
Equity	—	—	—	—	142,360	142,360
Total	6,693,975	950,633	1,787,853	1,352,643	2,335,583	13,120,687
Pledged Assets						
Trading securities	—	503,036	57,058	117,821	88,398	766,313
Investment securities	—	73,131	21,670	—	2,655,411	2,750,212
Total	—	576,167	78,728	117,821	2,743,809	3,516,525
Total securities	**6,836,956**	**1,910,323**	**2,070,843**	**1,755,425**	**5,128,855**	**17,702,402**

Source: the Bank

	31 December 2008					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	(PLN thousand) (unaudited)					
Trading Securities						
Debt	3,293,158	162,108	514,407	601,537	45,223	4,616,433
Equity	8,188	—	—	—	—	8,188
Total	3,301,346	162,108	514,407	601,537	45,223	4,624,621
Investment Securities						
Debt	51,391	19,784	1,388,171	1,341,414	2,605,158	5,405,918
Equity	—	—	—	—	96,394	96,394
Total	51,391	19,784	1,388,171	1,314,414	2,701,552	5,502,312
Pledged Assets						
Trading securities	—	—	604,003	492,371	410	1,096,784
Investment securities	—	—	84,251	—	2,264,246	2,348,497
Total	—	—	688,254	492,371	2,264,656	3,445,281
Total securities	**3,352,737**	**181,892**	**2,590,832**	**2,435,322**	**5,011,431**	**13,572,214**

Source: the Bank

	31 December 2007					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	(PLN thousand) (unaudited)					
Trading Securities						
Debt	1,289,261	192,215	295,833	1,418,272	1,058,138	4,253,719
Equity	4,263	—	—	—	—	4,263
Total	1,293,524	192,215	295,833	1,418,272	1,058,138	4,257,982
Investment Securities						
Debt	1,494,254	19,650	1,504,324	1,816,254	1,163,509	5,997,991
Equity	—	—	—	—	388,583	388,583
Total	1,494,254	19,650	1,504,324	1,816,254	1,552,092	6,386,574
Pledged Assets						
Trading securities	—	—	14,362	624,620	2,092,853	2,731,835
Investment securities	80,442	—	—	—	—	80,442
Total	80,442	—	14,362	624,620	2,092,853	2,812,277
Total securities	**2,868,220**	**211,865**	**1,814,519**	**3,859,146**	**4,703,083**	**13,456,833**

Source: the Bank

Trading Securities and Pledged Assets

The following table sets forth certain information with respect to the Group's trading securities portfolio and pledged assets as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Debt Securities	**1,824,702**	**5,713,217**	**6,985,554**
Government bonds included in cash equivalents and pledged government bonds (sell-buy-back transactions)	1,079,141	836,767	4,733,535
Pledged government bonds (sell-buy-back transactions)	766,313	716,356	2,717,473
Treasury bills included in cash equivalents and pledged treasury bills (sell-buy-back transactions)	227,557	874,579	25,623
Pledged treasury bills (sell-buy-back transactions)	—	380,428	14,362
Other debt securities	518,004	4,001,871	2,226,396
Equity Securities	**6,801**	**8,188**	**4,263**
Listed equities	6,801	8,188	4,263
Total trading debt and equity securities and pledged assets	**1,831,503**	**5,721,405**	**6,989,817**
Trading securities	1,065,190	4,624,621	4,257,982
Pledged assets	766,313	1,096,784	2,731,835

Source: Consolidated Annual Financial Statements

Investment Securities and Pledged Assets

The following table sets forth certain information with respect to the Group's investment securities portfolio and pledged assets as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Debt Securities	**15,728,539**	**7,754,415**	**6,078,433**
Listed, including:	15,671,265	7,702,443	6,014,425
Pledged government bonds (sell-buy-back transactions)	2,188,251	2,171,905	—
Pledged government bonds (loan collateral)	374,397	—	—
Government bonds pledged under the Bank Guarantee Fund	145,323	175,300	—
Treasury bills pledged under the Bank Guarantee Fund	42,241	1,292	80,442
Unlisted	57,274	51,972	64,008
Equity Securities	**142,360**	**96,394**	**388,583**
Listed equities	14,068	7,958	10,021
Unlisted equities	128,292	88,436	378,562
Total securities	**15,870,899**	**7,850,809**	**6,467,016**
Total investment securities and pledged assets, of which	**15,870,899**	**7,850,809**	**6,467,016**
Available for sale securities	13,120,687	5,502,312	6,386,574
Pledged assets	2,750,212	2,348,497	80,442
Short-term (up to 1 year)	9,547,762	1,545,996	3,061,950
Long-term (over 1 year)	6,323,137	6,304,813	3,405,066

Source: Consolidated Annual Financial Statements

Amounts Due to Customers

The following table sets forth certain information with respect to amounts due to customers as at the dates indicated:

	As at 31 December		
	2009	2008	2007
		(PLN thousand) (audited)	
Individual Customers	**25,064,578**	**21,047,662**	**12,932,340**
Current accounts	16,808,287	13,430,357	9,676,219
Term deposits	8,206,679	7,567,276	3,195,406
Other liabilities	49,612	50,029	60,715
Liabilities in respect of cash collaterals	30,030	42,693	55,620
Other	13,582	7,336	5,095
Corporate Customers	**17,479,925**	**16,626,162**	**18,764,868**
Current accounts	8,486,646	7,895,523	9,349,668
Term deposits	7,256,219	6,711,777	5,364,977
Loans and advances received	289,691	97,285	193,510
Repo transactions	881,157	933,924	3,343,495
Other liabilities	566,212	987,653	513,218
Liabilities in respect of cash collaterals	378,540	813,914	336,265
Other	187,672	173,739	176,953
Public Sector Customers	**246,884**	**76,203**	**704,655**
Current accounts	139,446	61,276	658,632
Term deposits	106,063	13,812	39,480
Other liabilities	1,375	1,115	6,543
Liabilities in respect of cash collaterals	—	80	—
Other	1,375	1,035	6,543
Total amounts due to customers	**42,791,387**	**37,750,027**	**32,401,863**
Short-term deposits (up to 1 year)	41,767,594	37,079,660	31,765,645
Long-term deposits (over 1 year)	1,023,793	670,367	636,218

Source: Consolidated Annual Financial Statements

OPERATING AND FINANCIAL REVIEW

The operating and financial review presented below was prepared based on the Consolidated Financial Statements.

The following discussion of the Group's results of operations and financial condition should be read and interpreted in conjunction with the Consolidated Financial Statements (as defined herein) and other financial information included in other sections of this Offering Memorandum. The discussion includes forward-looking statements that reflect the current views of the Management Board and due to their nature, involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of the factors discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" (see also "Important Information — Forward-Looking Statements"). Investors should read this Offering Memorandum in its entirety and not base their decisions or opinions solely upon the information included in this section.

In the 2009 Consolidated Financial Statements, the Group changed the presentation of data regarding its business segments. In the 2008 Consolidated Financial Statements, the Group changed the method of presentation of selected items of the consolidated statement of financial position in relation to comparable data for 2007. For a more detailed discussion, see "*Key Factors Affecting Comparability — Change of Presentation of Comparative Financial Data*" in this section.

A summary of critical accounting policies and estimates that have been applied to our Consolidated Financial Statements is set forth in this section under *"— Critical Accounting Policies and Estimates"*.

Overview

The Group is one of the largest universal banking groups in Poland providing retail banking, corporate banking and investment banking and other financial services. It was the third largest banking group in the Polish market in terms of total assets and loans and number of retail current accounts and the fourth largest banking group in terms of deposits as of 31 December 2009. The Group also has a strong position in the following markets: brokerage services, commercial real estate financing, factoring and leasing. The Group also expanded the distribution of insurance products, including third-party insurance products.

The Group's operations are divided into two segments: the Retail Banking Segment and the Corporates and Markets segment (including the Corporates and Institutions sub-segment and the Trading and Investment Activity sub-segment).

For the three months ended 31 March 2010, the Retail Banking segment and the Corporate and Markets segment contributed 49.9% and 49.5%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The remaining business accounted for 0.6% of these items. For the year ended 31 December 2009, the Retail Banking Segment and the Corporates and Markets Segment contributed 47.8% and 51.1%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The remaining business accounted for 1.1% of these items.

As of 31 March 2010, the Group had approximately 3.4 million retail customers, including individual retail customers and micro-businesses. The Group offers customers in its Retail Banking segment a full range of products and services, including current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as consumer loans, car loans, cash loans, overdrafts, credit cards, and other loan products), debit cards, insurance and investment products and brokerage services. In Poland, the Group distributes its products and services in its Retail Banking segment through the internet platforms of mBank and MultiBank, through the 134 branches of MultiBank as well as 23 financial centres 65 mKiosks and 46 partner kiosks throughout Poland and 270 mobile agents managed by Aspiro, and also through phone services and through ATM networks. mBank targets young, self-directed customers seeking low-cost banking alternatives as well as micro-businesses. MultiBank offers a broad range of products and services targeted at affluent customers and micro-businesses seeking high quality, personalized service. All MultiBank customers have access to bank advisors at MultiBank's branches. In addition, the Group offers private banking services through its BRE Private Banking business and BRE Wealth Management. As of 31 March 2010, the Group had approximately 5.4 thousand private banking customers.

Most of the Group's corporate banking activities are conducted by the Bank with others conducted by different subsidiaries of the Group. As of 31 March 2010, the Bank had approximately 13.0 thousand corporate banking customers. The Bank offers its corporate banking customers in its Corporates and Markets Segment a broad range of transactional banking products and services, including current accounts, internet banking based cash management services, term deposits, foreign exchange transactions, short-term financing and investment loans, cross-border credit, project finance and trade finance solutions, structured and mezzanine finance services, and investment banking services and products. The Bank distributes its products and services through a fully dedicated network of 24 corporate branches and 21 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 markets products to corporate banking customers and non-banking financial institutions (such as insurance companies, pension funds, mutual funds and asset management companies) and selected private banking customers.

In addition to its banking products and services offered by the Bank to retail and corporate banking customers, the Group provides the following services through its subsidiaries: leasing and factoring, commercial real estate financing, brokerage and financial instrument origination, insurance, and corporate finance advisory.

For a more detailed discussion of the Group's Business, see "*Business Description*".

General Factors Affecting Operating and Financial Results

The Group's operating and financial results are affected by: (i) general economic conditions, in particular the economic environment in Poland and, to a much lesser extent, in the Czech Republic and Slovakia; (ii) the inflation rate, the level of interest and foreign currency exchange rates; (iii) developments in the Polish banking sector, especially in terms of the level of competition, and regulatory changes; and (iv) the situation in the capital markets. In addition, the Group's operating and financial results are also affected by the development of the mortgage and real estate markets in Poland, the development of fee and commission based products and services, the quality of its loan portfolio and the availability and cost of funding.

The key factors affecting the Group's financial and operating results for the years 2007 to 2009 and in the first three months of 2010 are discussed below. The Management Board believes that these factors had, and in the future may continue to have an impact on the business, operating and financial results, financial condition and development prospects of the Group.

A detailed analysis of the impact of the factors referred to below on the specific items of the consolidated income statements and consolidated statements of financial position of the Group in the indicated periods and on the indicated dates is provided in this section under "— *Results of Operations*" and "— *Statement of Financial Position*".

Economic Environment in Poland

The Group conducts its operations mostly in Poland where 99.1% of the total of its net interest income, net fee and commission income, and net trading income for the year ended 31 December 2009 was generated. Therefore, the macroeconomic factors relating to Poland, such as GDP, inflation, interest rates and foreign currency exchange rates, as well as the unemployment rate, household income, the financial situation of companies, together with various other factors, have a material impact on customer demand and margins for the Group's products and services, which materially affect the Group's results and statement of financial position.

A favourable economic environment existed in Poland in 2007 and throughout the first three quarters of 2008 which had a positive impact on the Polish banking sector as a whole. According to data from GUS, Poland's GDP grew by 6.8% in 2007 and 5.0% in 2008. Average gross monthly wages in the corporate sector increased from approximately PLN 3,028 in December 2006 to PLN 3,245 in December 2007 and to PLN 3,428 in December 2008. The unemployment rate in Poland decreased significantly from 14.8% in December 2006 to 11.4% in December 2007 and to 9.5% in December 2008. Economic growth in Poland during this period led to growth in personal wealth, which resulted in increased consumption. These factors, combined with a stable interest rate environment (see "*Inflation and Interest Rate Environment*" in this section), resulted in: (i) generally increased corporate activity which fuelled the growth of the corporate banking business of the Group, (ii) increased private consumption and personal wealth, which led to an increased demand for consumer loans on and investment products and (iii) strong demand for home ownership, which resulted in a rapid growth of the Group's retail mortgage lending activities. These developments, in particular, resulted in the significant growth of the Group's loan portfolio, including loans to companies, retail mortgage loans and other retail consumer finance products.

The positive market environment resulted in the relatively good quality of the loan portfolio of the Group. All factors combined led to double-digit growth in net profit from continued operations for the year ended 31 December 2008 as compared to the year ended 31 December 2007.

However, the fourth quarter of 2008 and the year 2009, especially the first two quarters, saw a marked deterioration in Poland's key economic indicators and its growth prospects as the global financial crisis spilled over into the real economy. According to GUS, the growth rate of Poland's GDP decreased from 5.0% in 2008 to 1.8% in 2009 and the unemployment rate in Poland increased from 9.5% in December 2008 to 11.9% in December 2009 and 12.9% as at the end of March 2010. The above factors led to a slower growth rate in the volume of corporate and retail loans. According to data from NBP, the growth rate in the volume of corporate and retail loans in the Polish market reached 28.3% and 44.6% in 2008, respectively, and (3.6)% and 12% in 2009, respectively. By comparison, the growth rate of loans and advances to corporate entities and to individuals of the Group reached 28.4% and 92.1% in 2008, respectively, as well as (6.3)% and 8.3% in 2009, respectively. The increase in the growth rate of loans and advances to individuals in 2008 was partially explained by the movement in the CHF/PLN exchange rate. The first quarter of 2010 saw a gradual recovery of the Polish economy. It was evidenced by a strong industrial production growth (9.4% on an annualized basis) and monthly data for January and February 2010 on the balance of payments which indicated positive trends in exports and imports for the first quarter of 2010. A significant decline in production in the building industry (especially in February 2010) was caused by adverse weather. Based on currently available data, GDP growth in the first quarter of 2010 is expected to amount to 3.0% year-to-year. The recovery of the Polish economy in the first quarter of 2010 has not yet resulted in an increase in the Group's lending business as annual corporate loans dynamics fell to (9%) from (3.6%) at the end of 2009. Growth in the amount of consumer loans granted fell to 5.8% from 12.0% in December 2009.

Inflation and Interest Rate Environment

Interest income represents a substantial portion of the Group's operating income. Interest income, as well as the Group's assets and liabilities, are sensitive to changes in the interest rate environment. The level of market interest rates, the yield curve and the trend of the changes thereof each have a material impact on net interest income earned by the Group and also impact the value of the Group's investment securities portfolio.

The basic objective of the monetary policy conducted by the Monetary Policy Council is maintaining price stability. Since 1998 the Monetary Policy Council has utilized a direct inflation target strategy in the implementation of its monetary policy. Within the framework of this strategy, the Monetary Policy Council defines the inflation target and then adjusts the NBP basic interest rates in order to maximize the probability of achieving the target. Since the beginning of 2004, the Monetary Policy Council has pursued a continuous inflation target at the level of 2.5% with a permissible fluctuation band of +/- 1 p.p. The Monetary Policy Council maintains interest rates at a level consistent with the adopted inflation target by influencing the level of nominal short-term interest rates on the money market.

Polish banks may use their own discretion in setting interest rates on loans and deposits, subject to restrictions imposed by anti-usury regulations and the Act of 20 July 2001 on Consumer Loan (Dz. U. No. 100, item 1081, as amended). However, the official interest rates published by the NBP, particularly the reference rate, have a significant influence on market interest rates, and therefore on interest rates on loans and deposits. The three-month Polish interbank offered rate (commonly referred to as the three-month "WIBOR") is widely used in Poland as the reference rate for interbank borrowings and deposits as well as for loans and deposits to retail and corporate customers.

The following table sets forth, in the periods and on the dates indicated, the average annual inflation rates, the NBP reference rates and the three-month interbank loan interest rates.

	Average Annual Inflation Rate in Poland*	NBP Reference Rate (end of period)	Three-month interbank loan interest rate (end of period)				
			WIBOR(1)	EUR LIBOR(2)	USD LIBOR(3)	CHF LIBOR(4)	CZK Pribor(5)
31 December 2007	2.5	5.00	5.68	4.68	4.70	2.76	4.11
31 December 2008	4.2	5.00	5.88	2.89	1.43	0.66	3.63
31 March 2009	3.6**	3.75	4.17	1.51	1.19	0.40	2.44
31 December 2009	3.5	3.50	4.27	0.66	0.25	0.25	1.54
31 March 2010	2.6**	3.50	4.10	0.58	0.29	0.25	1.44

Source: GUS, NBP, Bloomberg

(1) Represents the Polish interbank interest rates on PLN-denominated three-month interbank loans.

(2) Represents the London interbank interest rates on EUR-denominated three-month interbank loans.

(3) Represents the London interbank interest rates on USD-denominated three-month interbank loans.

(4) Represents the London interbank interest rates on CHF-denominated three-month interbank loans.

(5) Represents the Prague interbank interest rates on CZK-denominated three-month interbank loans

(*) For a given year ended 31 December.

(**) Annual inflation rate as at March of given year.

The relatively stable inflation and interest rate environment had a positive impact on general economic activity in Poland in 2007 and in the first three quarters of 2008 from which the Group benefited, particularly in relation to its net interest income and asset quality. A lower level of CHF LIBOR rates and an increasing interest rate differential as compared to WIBOR rates and the appreciation of the PLN against the CHF (see "— *Exchange Rate Environment*" below) resulted in a strong demand for retail housing and mortgage loans denominated in CHF and was one of the drivers in the overall increase in demand for the Group's housing and mortgage loans to individuals (retail mortgage loans) (see "— *Development of the Mortgage and Real Estate Markets*" in this section).

The deterioration of the macroeconomic environment in the fourth quarter of 2008 resulted in a reduction in the official interest rates by the NBP and other central banks. 98.0% and 98.2% of loans and advances portfolio granted to customers by the Group as of 31 December 2008 and 31 December 2009, respectively, were floating rate loans and advances, in particular linked to WIBOR, CHF and EUR LIBOR rates. Interbank market liquidity was limited due to the financial crisis. However, net interest income of the Group was not as significantly adversely affected as compared to other Polish banks and continued to grow on a year on year basis for the following reasons: (i) the CHF-funding provided by Commerzbank enabled the Group to avoid the use of expensive cross currency interest rate swaps ("CIRS") to fund its CHF-denominated retail housing and mortgage loans, (ii) the Group avoided offering aggressive interest rates to customers for PLN deposits as it had sufficient PLN liquidity to fund its PLN-denominated lending activities and (iii) the Group early increased lending margins for the portfolio of new corporate and retail loans. As a result of the above factors and due to the continued growth of its client base and growing use by customers of the Bank's interest-bearing products, the Group's net interest income increased from PLN 1,027.8 million for the year ended 31 December 2007 to PLN 1,392.5 million for the year ended 31 December 2008 and to PLN 1,658.2 million for the year ended 31 December 2009. In the first quarter of 2010, consumer prices increased by 3.0% on an annualized basis but inflation decreased significantly. The consumer price index fell from 3.5% in January 2010 to 2.6% in March 2010. In this period the Monetary Policy Board commenced its third term of office. At its meetings, the newly appointed board maintained the main reference interest rate at 3.5%. Additionally, the Monetary Policy Board continued its neutral approach to monetary policy, focusing on the PLN exchange rate, as a rapid appreciation of the Polish currency could be detrimental to the economy at the moment of its recovery. This approach eased expectations concerning interest rate increases in the coming months.

Exchange Rate Environment

A substantial portion of the total loans and advances to customers of the Group 57.4% as at 31 December 2009), is denominated in or indexed to foreign currencies, primarily CHF. Historically, the relatively high demand for CHF-denominated loans was mainly driven by lower interest rates for CHF-denominated loans than PLN-denominated loans combined with the appreciation of the PLN against foreign currencies, in particular the CHF. In addition as at 31 December 2009, 45.2%, of the Group's total interest bearing liabilities were denominated in or indexed to foreign currencies.

As a result, fluctuations in exchange rates between PLN and foreign currencies, especially the EUR and CHF, impact the Group's results and operations. In particular, exchange rate fluctuations impact the Group's total amount of assets and liabilities due to the fact that the assets and liabilities denominated in or indexed to foreign currencies are presented in PLN as the presentation currency of the Group. However, since a large portion of the Group's assets and liabilities especially in CHF is currency matched, exchange rate fluctuations impact the movement of the total amounts of assets and liabilities similarly.

In addition, exchange rate fluctuations can impact the scale of the Group's lending activity in foreign currencies. Also, the ability of customers to service foreign currency denominated lending obligations can change adversely for customers who earn their salaries in PLN in case of the depreciation of the PLN (see "— *Loan Portfolio Quality*" below).

For information on the impact on the valuation of foreign exchange derivatives due to the depreciation of the PLN against foreign currencies in the fourth quarter of 2008 and in 2009 on the Group's results of operations, see "*Specific Factors Affecting Financial and Operating Results — Decrease in Valuation of Foreign Exchange Derivatives*" below.

For information on the exchange rates of the PLN against the EUR, USD, CHF, CZK and JPY in recent years, see "*Exchange Rates*" in this Offering Memorandum.

Competitive Landscape in the Polish Banking Sector

The Polish banking sector is highly competitive. According to the PFSA, the combined market share of the five largest banks in the Polish banking sector in terms of assets, deposits and loans for the non-financial sector as of 30 September 2009 were 43.5%, 53.2% and 42.8%, respectively. In addition, some large international banks have entered the market over the last five years. The degree of competition in the Polish banking sector and material changes in the competitive landscape (see "*Market and Legal Environment*") have a significant impact on the Group's levels of interest margins and fees on the volume of loans and deposits, on the distribution of investment and insurance products as well as on its access to funding and the cost thereof.

Development of the Mortgage and Real Estate Markets

The condition of the mortgage and real estate market in Poland has a material impact on the Group's net interest income and the growth and quality of its housing and mortgage loan portfolio.

The mortgage and real estate markets in Poland developed significantly in the period between 2004 and the first half of 2008, as evidenced by the significant number of new apartments built from 2004 to 2008 (on average 110,000 per year in 2004 to 2006, 134,000 in 2007 and 165,000 in 2008 according to GUS). This was mainly driven by: (i) the relatively low number of apartments per one thousand inhabitants in Poland (334 in 2004 according to data from GUS) compared to the Eurozone (for example, this ratio was 478 in Germany in 2006 according to Eurostat); and (ii) an increase in personal income, which resulted in a strong demand for housing and, together with the expansion of construction capacities in the real estate sector, created a favourable environment for the development of the mortgage market. The development of the mortgage and real estate markets in Poland had a direct impact on the increase in the Group's portfolio of loans, in particular retail housing and mortgage loans, which had a favourable impact on the results of operations in the Retail Banking segment of the Group.

The global financial crisis resulted in a slowdown of the Polish real estate market. Polish banks tightened their lending policies and limited sales of loans in the later part of 2008 and in 2009. The Group decided to adjust its lending policies to reflect the new market conditions by, inter alia, introducing additional restrictions on new retail housing and mortgage loans denominated in CHF and in PLN. These restrictions included implementing even stricter parameters for internal assessment and scoring of client credit worthiness and rearranging its client acquisition model to assist its sales personnel in the Bank's network to attract more affluent customers.

At the same time, the Group increased its spreads on new retail housing and mortgage loans denominated in CHF and PLN. The limited supply of loans, supply overhang of new apartments as well as the slower growth in household income led to the decline in housing prices from the fourth quarter of 2008. This negatively affected the value of the collateral for the Group's loan portfolio (see "— *Loan Portfolio Quality*").

In the first quarter of 2010, the amount of mortgage loans granted continued to decrease. It was mainly attributable to the strong appreciation of PLN (mortgage loans are mainly denominated in foreign currencies). After eliminating the effect of the exchange rate fluctuation, the amount of mortgage loans granted was stable.

Loan Portfolio Quality

The quality of the Group's loan portfolio is reflected in the development of net impairment losses on loans and advances. The increase in net impairment losses on loans and advances to customers in 2009, which were driven mainly by the deterioration of the Polish economy, occurred across all segments in which the Group operates, but to the largest degree in loans to companies, especially resulting from foreign exchange derivative contracts, in unsecured cash loans to new retail customers of mBank with no previous history with the Group (as opposed to loans to existing customers), and in the commercial leasing portfolio of the Group.

The asset quality of the Group's retail mortgage and other loans to individuals portfolios is primarily affected by: (i) the level of household income of its customers; (ii) the unemployment rate in Poland; (iii) interest rates; and (iv) foreign exchange rates with respect to foreign exchange denominated loans. In the portfolio of other loans to individuals, where loans are generally unsecured (such as cash loans), the non-performing loan ("NPL") ratio is generally higher than in the housing and mortgage loans to individuals (retail mortgage loans).

The asset quality of the Group's corporate loan portfolio is significantly affected by: (i) macroeconomic factors influencing the financial condition of the Group's corporate customers; (ii) the number of company insolvencies; (iii) market prices of the collateral being leased and (iv) foreign exchange rates.

The financial crisis, as described above, resulted in the deterioration of the loan portfolio quality of Polish banks, including the Group's loan portfolio, in particular due to: (i) PLN depreciation against foreign currencies up until the first quarter of 2009, which had a negative impact on the valuation of foreign exchange derivatives resulting in increased credit risk which led to further adjustments to valuation and impairment losses to reflect this risk; (ii) an increase in the unemployment rate, which in particular adversely impacted the quality of the portfolio of loans and advances to individuals (apart from housing and mortgage loans) — as at 31 December 2009 the non-performing loan ratio for the Group's portfolio of loans and advances to individuals (apart from housing and mortgage loans) was 9.5% and was mainly driven by the non-performing loan ratio from mBank consumer loan customers with no previous history with the Group); and, to a lesser extent, the quality of the housing and mortgage loans to individuals (retail mortgage loans), as at 31 December 2009 the non-performing loan ratio for the Group's housing and mortgage loans to individuals (retail mortgage loans) was 0.5%; and (iii) a decrease in the economic and financial condition of companies which adversely impacted the quality of the loans and advances to corporate entities including leasing activities (as at 31 December 2009 the non-performing loan ratio for the corporate portfolio of the Group was 7.9% and the non-performing loan ratio for the leasing portfolio was 8.8%).

Net impairment losses in respect of loans and advances constituted 0.25%, 0.60%, and 1.99% of annual average loans and advances granted to customers and amounts due form the banks in 2007, 2008 and 2009, respectively. The Group's focus on affluent customers was one of the factors that helped the Group to maintain higher quality of the portfolio of loans and advances granted to retail customers with previous history with the Group.

Availability and Cost of Funding

The main sources of funding used by the Group for its lending activities include: (i) amounts due to customers, (ii) CHF and other foreign currency-denominated senior lending from Commerzbank, (iii) CHF-denominated subordinated loans from and CHF-denominated subordinated bonds issued to Commerzbank, (iv) bilateral loan agreements with other domestic and foreign banks and (v) equity.

In light of the significant growth of CHF-denominated retail housing and mortgage loans in the Group's loan portfolio, the total balance of CHF-denominated senior lending and subordinated loans from Commerzbank and subordinated bonds issued in favour of Commerzbank has grown significantly from 31 December 2007 to 31 December 2008 and, to a much lesser extent, to 31 December 2009 and became the primary source of CHF-denominated funding. As at 31 December 2007, CHF-denominated senior lending and subordinated loans from Commerzbank and subordinated bonds issued in favour of Commerzbank amounted to PLN 6,731.1 million and increased to PLN 18,150.1 million as at 31 December 2008 and increased to PLN 19,007.2 million as at 31 December 2009 and increased to PLN 19,498.3 million as at 31 March, 2010.

The availability of long-term funding from Commerzbank and the cost of funding have a material impact on net interest income of the Group by influencing the level of growth of loan portfolios and net interest margins.

Historically, the largest source of funding for the Group's lending activity was amounts due to customers. The Group's amounts due to customers increased from PLN 32,401.9 million as at 31 December 2007 to PLN 37,750.0 million as at 31 December 2008, an increase of 16.5%, and to PLN 42,791.4 million as at 31 December 2009, an increase of 13.4%. In the first quarter of 2010, amounts due to customers increased to PLN 44,931.4 million, an increase by 5.0% compared to 31 December 2009. This resulted from the Group's continued initiatives to expand its deposit base. The significant growth of the loan portfolio in the period between 2007 and 2009 affected the Group's loans to deposits ratio, i.e. the amount of net loans and advances granted to customers compared to amounts due to customers, which as at 31 December 2007, 31 December 2008 and 31 December 2009, respectively, amounted to 104.0%, 138.1% and 122.6%, respectively. As at 31 March 2010 the loan to deposits ratio was 113.3%.

The adjusted loans to deposits ratio amounted to 74.1%, 81.8%, 77.2% and 73.5%, respectively, as at 31 December 2007, 31 December 2008 and 31 December 2009 and as at 31 March 2010, respectively.

Long term CHF as well as other foreign currency-denominated funding and foreign currency denominated subordinated liabilities substantially differentiate the Group from competitors where short-term client deposits constitute the key source of funding.

Performance of Capital Markets

The Group's operations and financial condition are affected by the performance of the capital markets (both equity and debt capital markets). In addition to a wide scope of banking products and services, the Group also offers its customers certain financial products and services, including third-party mutual funds, brokerage and custodian services. Therefore, the performance of the capital markets, especially that of the WSE, has a material impact, on the Group's net fee and commission income as well as net trading income where such performance affects the capital market activities of the Group's customers. It may also affect the value of the Group's assets, depending on the composition of the securities portfolio.

The positive performance of the capital markets, especially the WSE, in 2007 and the first three quarters of 2008 had a positive impact on the distribution of investment products and the volume of capital markets-related services of the Group. This contributed to an increase in net fee and commission income as well as net trading income.

Despite the negative performance of capital markets in the first six months of 2009, DI BRE's net fee and commission income for 2009 after elimination of intragroup transactions increased by 40.4% in relation to 2008 due to increased turnover on the WSE.

Regulatory Environment

EU and Polish laws, regulations, policies and interpretations of laws relating to the banking sector and financial institutions, in particular regarding capital adequacy, liquidity and other areas such as consumer protection, are continually evolving and changing. Changes in banking and other regulations affect the Group's business, financial condition, capital position and results of operations.

Among the most important regulations adopted and/or implemented since 2007 are the capital adequacy requirements stemming from the Basel II — CRD framework effective as of January 2008 (see "— *Capital Adequacy*" below), consumer protection-related regulations, including the restriction of the maximum interest rates which may be charged on consumer loans to four times the NBP Lombard rate (effective as of 2006) and a number of the guidelines of the PFSA relating to Polish banks' lending activities, including Recommendation S II and Recommendation T.

For details on the regulatory environment, see "*Market and Legal Environment*" and "— *Capital Adequacy*" below.

Specific Factors Affecting Financial and Operating Results

Impairment Losses on Receivables Related to Foreign Exchange Derivatives, Certain Non-Mortgage Loans and Advances and Certain Leasing Receivables

Between the fourth quarter of 2008 and the end of 2009, the Group experienced a significant increase in its loan loss provisions. In 2009 the most significant impairment losses related to (i) foreign exchange derivatives in an amount of PLN 275.1 million, (ii) cash loans in an amount of PLN 247.2 million, the majority of which related to cash loans to new customers of mBank with no previous history with the Bank; and (iii) the leasing portfolio of BRE Leasing resulting from an increasing amount of overdue lease payments from the transportation sector customers in an amount of PLN 104.5 million. The total amount of impairment losses of the Group increased significantly from PLN 269.1 million in 2008 to PLN 1,097.1 million in 2009, representing an increase of 307.6% over this period. The incurrence of these impairment losses adversely affected the Group's net profit for the year ended 31 December 2009.

Decrease in Valuation of Foreign Exchange Derivatives

As of 31 December 2008, the Group had assets of PLN 82,605.2 million (of which PLN 5,632.9 million were derivative financial instruments) and liabilities of PLN 78,557.2 million (of which PLN 6,174.5 million were derivative financial instruments and other trading liabilities). These derivative financial instruments were, inter alia, comprised of foreign exchange swaps as well as forward and option contracts entered into with customers. The derivative financial instruments require the customer to settle the transactions related to these derivative financial instruments upon maturity.

In response to the growing global financial crisis and rapid depreciation of PLN against foreign currencies in the fourth quarter of 2008 and the first six months of 2009, the Group decreased the valuation of some of these derivative financial instruments in late 2008 and the first half of 2009 due to the deterioration of the financial standing of certain corporate customers which were the Group's counterparties in foreign exchange derivatives.

The Group also added a component for counterparty credit risk to the valuation of derivatives entered into with customers as of 31 December 2009, thus additionally decreasing the valuation of derivatives.

The net impact of the decrease in valuation of these derivative financial instruments, as reported under the net trading result amounted to PLN 31.6 million in 2009 and to PLN 56.6 million in 2008. As a result, the decrease in valuation of foreign exchange derivatives had a negative impact on the Group's operating profit and thus negatively affected the Group's net profit for the year ended 31 December 2008 and 2009.

Foreign exchange derivatives have also an influence on impairment losses on loans and advances. As many of the Group's customers were no longer able to meet their liabilities stemming from maturing foreign exchange derivatives, the Group restructured some of the financial obligations under these derivative financial instruments and, to a certain extent, converted these into new loans or recognized impairment losses (in the amount of PLN 27.7 million for the year ended 31 December 2008 and PLN 275.1 million for the year ended 31 December 2009). The Group restructured some financial obligations of its customers into new loans only after the Group determined that the respective customers met creditworthiness conditions (see "*— Impairment Losses on Receivables Related to Foreign Exchange Derivatives, Certain Non-Mortgage Loans and Advances and Certain Leasing Receivables.*")

BREnova Program

The Group implemented the BREnova program in the beginning of 2009. The purpose of the BREnova program was to increase the effectiveness of the Group's business operations during the global economic slowdown. The main goals of the BREnova program were:

- to enhance revenues by means of improving the income structure, increasing cross-selling, and expanding the offering and product range; and
- to optimize and monitor costs and to improve cost management over the short and long term as in the last few years the Group had registered growing costs connected with the fast development of its business.

Under the BREnova program the Group implemented a number of initiatives in the Corporates and Institutions sub-segment to stimulate income growth. These included:

- capital utilization based on return ratios resulting in increased efficiency regarding the Group's total net interest income, net fee and commission income and net trading income;
- increased profitability of lending by focusing on increasing margins in the Group's loan portfolio;
- intensive development of non-capital binding products such as cash management, trade finance, transactional banking;
- development of electronic banking products;
- intensive development of cross-selling to its existing customer base and cross selling of products within the Group (i.e. leasing, factoring); and
- implementation of advanced management tools supporting the above initiatives: customer relations management system and a management information system.

The Management Board believes that the BREnova measures implemented in the Retail Banking segment resulted in an increase in the net interest income and net fee and commission income by 33.9% in 2009 as compared to 2008. The increase was driven by a number of factors, including among others the growth of the customer base. In addition, the Group increased the product penetration, i.e. the average number of products per customer. Product penetration in Poland only, excluding the Czech Republic and Slovakia, grew by 7% from 2.44 at the end of 2008 to 2.62 at the end of 2009. This ratio improved in particular for non-mortgage loans, especially car loans (an increase of 15.4%), foreign currency accounts (an increase of 12.6%) and securities accounts (an increase of 10.2%). As a result, income from non-mortgage lending products, deposits and savings accounts improved while income from retail mortgage products decreased.

The BREnova program also led to substantial cost savings. These savings included:

- a decrease in human resources costs driven by a reduction in personnel by 383 full time jobs in the Bank and by 183 full time jobs in the Group's subsidiaries;
- a reduction in the bonus fund for employees as compared to 2008;
- a suspension of the long-term executive incentive program (in the form of bonds convertible into shares) approved in October 2008; and
- reduction of costs of training and business travel.

In addition, significant savings were realized in the logistics and IT areas, driven by cost measures implemented under the BREnova program, which included:

- halting of the further development of the branch network including both corporate and retail outlets;
- comprehensive renegotiation of the terms of rent of property leased by the Bank and its subsidiaries;
- reduction in the number of company cars and a revised car fleet policy; and
- savings in postal and telephone fees due to implemented process improvements.

Implementation of the BREnova program was one of the factors which caused the Bank's overhead costs to decrease from PLN 1,346.6 million in 2008 to PLN 1,285.4 million in 2009. In 2009, BRE Bank and its subsidiaries incurred costs relating to staffing costs, logistics expenses, IT, business and marketing expenses which were approximately PLN 296 million less than the amounts initially budgeted for by the Management Board in October 2008. The Management Board estimates that the ability to reduce such costs below the budgeted amounts was achieved primarily due to the actions undertaken as part of the BREnova program. In addition, the cost to income ratio from continued operations declined from 57.7% as of 31 December 2008 to 54.2% as of 31 December 2009. The Group's cost to income ratio is calculated as overhead costs plus amortization and depreciation divided by income. For the calculation of the cost to income ratio, income includes net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, other operating income less other operating expenses.

Key Factors Affecting Comparability

Change of Presentation of Comparative Financial Data

In the 2008 Consolidated Financial Statements, the Group changed the presentation of selected items in its consolidated statement of financial position in order to present such financial information in accordance with IFRS. Comparative data have been adjusted so as to reflect the changes in presentation introduced in 2008.

In 2008, the Group modified accounting for "buy-sell-back" and "sell-buy-back" transactions. The new treatment takes an individual rather than collective approach to each subportfolio of debt instruments involved in these transactions as the Group believes that this approach better reflects the character of the transactions conducted by the Group. The restatement had no impact on the Group's operating profit and equity in presented comparative data as at and for the year ended 31 December 2007.

The effect of this reclassification is presented in the table below.

	31 December 2007 before restatement	31 December 2007 presentation adjustments	31 December 2007 after restatement
Trading securities	3,403,174	854,808	4,257,982
Pledged assets	3,708,158	(895,881)	2,812,277
Amounts due to other banks	12,286,940	(41,073)	12,245,867
Total assets	55,982,973	(41,073)	55,941,900

Source: 2008 Consolidated Financial Statements

In 2008, the Group began consolidating its two insurance subsidiaries, BRE Ubezpieczenia TUiR and BRE Ubezpieczenia, into its consolidated financial statements, applying the full consolidation method.

BRE Ubezpieczenia TUiR started its business activity in January 2007. The core business of the company is to provide non-life insurance policies. The company sells its products both through the internet platform in cooperation with retail branches of the Bank and, in the case of bancassurance products, through BRE Ubezpieczenia, which acts as an underwriter. BRE Ubezpieczenia started its activity in the middle of 2006. Its core business is primarily to provide underwriting services, including selling third-party insurance policies. For a more detailed discussion, see "*Business Description — Retail Banking — Services Provided by Bank's Subsidiaries within Retail Banking — BRE Ubezpieczenia TUiR*" in this Offering Memorandum.

These insurance companies were not consolidated during their start-up phase until the end of 2007 as their contribution was immaterial from the Group's perspective. Consequently, they were measured at cost in the consolidated financial statements of the Group. After they were consolidated using the full consolidation method for the first time in 2008, comparative data for the year 2007 was not adjusted due to reasons of impracticability. The impact of the first-time consolidation of the insurance companies on the net assets of the Group as at 1 January 2008 is presented below.

	1 January 2008 before restatement	The impact of consolidation of the insurance entities	1 January 2008 after restatement
Net assets attributable to the equity holders of BRE Bank S.A.	3,324,511	(6,789)	3,317,722

Source: 2008 Consolidated Financial Statements

Discontinued Operations

Discontinued operations are components of the Group that either were disposed of or are classified as held for sale and represent a separate major line of business or geographical area of operation, are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or are a subsidiary acquired exclusively with a view to resale.

The relevant operation is classified as a discontinued operation at the moment of sale or at the moment such operation is classified as held for sale, if the operation is classified as such before its sale.

In 2007 and 2008, the Group sold all the shares in its two subsidiaries, Skarbiec Asset Management Holding S.A. ("SAMH") and PTE Skarbiec-Emerytura S.A. The operations of the subsidiaries, as well as the results on disposal of those subsidiaries were presented under the heading "*Discontinued Operations*" in the 2007 and 2008 consolidated income statements of the Group.

In the past the subsidiaries of the Group for which the main activity was asset management had been centralized under SAMH. In the 2007 Consolidated Financial Statements, the Group presented a gain on disposal of SAMH under discontinued operations. In January 2007, the Group sold SAMH to the Polish Enterprise Fund V, L.P. pursuant to an agreement dated 25 September 2006.

PTE Skarbiec-Emerytura S.A. had been part of the Group since August 1998. The business of the company included the management of the open pension fund, OFE Skarbiec-Emerytura. As a result of the Group's decision to sell this subsidiary, the Group presented PTE Skarbiec-Emerytura's operations under discontinued operations in the 2007 and 2008 Consolidated Financial Statements. In the 2008 Consolidated Financial Statements, the Group presented the results on sale of this subsidiary under discontinued operations. The disposal of PTE Skarbiec-Emerytura S.A. was conducted during 2008 in two steps. In the first step, on 30 June 2008, PTE Skarbiec-Emerytura S.A. was merged with another pension fund company, Aegon PTE S.A. and the Group received 49.7% shares in the newly merged entity. The newly merged entity was named Aegon PTE S.A. In the second step, on 30 December 2008, the Group sold all its shares in Aegon PTE S.A. to Aegon Woningen BV.

Change in Presentation of Segmental Information

As of the beginning of 2009, as a result of organizational changes (which included a transfer of the Bank's organizational unit that manages long-term investments to the Corporates and Institutions sub-segment) the results of Garbary and Tele-Tech Investment were transferred from the Trading and Investment Activity sub-segment and were presented under the Corporates and Institutions sub-segment. The comparative data for the year ended 31 December 2008 regarding the respective business lines of the Group have been adjusted accordingly to ensure the comparability of the data for the respective reporting periods.

Outlook and Recent Developments

The statements under this section contain forward-looking statements. These statements are not guarantees of future financial performance and the Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly in "Risk Factors" (see also "Important Information — Forward-Looking Statements"). Investors are urged not to place undue reliance on the forward-looking statements set out below.

Outlook

Due to prevailing market conditions, the following outlook and trends observed by the Bank with respect to the Polish banking sector are marked with high degree of uncertainty.

The Bank expects that the growth rate of household deposits in 2010 will decrease from 15.3% (year-to-year) at the end of 2009 to approximately 8% (year-to-year) in the first half of 2010, and stabilize at this level by the end of 2010. This will be associated with a deterioration in labor market conditions leading to a decrease in wages and a continued growth of unemployment in the first half of 2010 representing the deferred effect of the current economic downturn. The growth rate of deposits will also be limited by the continued inflows to investment funds (the balance of payments and withdrawals has remained positive since mid 2009) and further large initial public offerings on the Warsaw Stock Exchange in the intensified privatization process of state-owned companies.

It is estimated that the average annual growth rate of corporate deposits in 2010 will be approximately 10%, as compared to 4.5% (year-to-year) in 2009. The growth of corporate deposits accelerated and should further accelerate in 2010, driven by major improvements in the financial results of companies (increase by 18.5% compared to the third quarter of 2009) due to the economic recovery.

The limited availability of long-term bank lending combined with high credit risk may lead to a moderate increase in lending activity in 2010. In addition, the volume of loans will likely be affected by the appreciation of the PLN as the value of foreign exchange loans will decrease (in particular, housing loans). Lending levels can be expected to increase only in the second half of 2010 when the Polish economy is expected to grow more robustly and the credit risk is expected to decline.

The Bank expects that retail loans will grow by approximately 6 % in 2010, as compared to 12.0 % in 2009. New lending to corporate customers will continue to fall more rapidly, following a decrease reported at the end of 2009. The annual growth rate of corporate loans is expected to remain negative for most of 2010 but it is expected to turn positive at the end of 2010 (with expected growth by approximately 4% (year-to-year) at the end of 2010).

The Bank expects that as a delayed effect of the financial crisis, the quality of loan portfolio will continue to deteriorate in 2010.

Further growth in the banking sector is in the distribution market and especially in the internet and other intermediary distribution markets expected.

In 2010, the Bank expects the GDP growth to accelerate significantly to approximately 3% as compared to an estimated 1.8% in 2009. In the coming months, consumption is expected to be relatively stable with a tendency to increase slightly later in the year. The Bank expects that the growth in consumption will be limited by a delayed effect of a deterioration in the labour market and a decrease in total wages. The situation in the labour market is expected to improve only in the second half of the year, when companies hire new staff, which is expected to consequently increase private consumption. The situation in the labour market is expected to be largely dependent on the outlook of both domestic and foreign demand.

As for domestic demand, the first positive signal is a decrease in the trend to reduce inventories (observed especially in the third quarter of 2009). Inventories are expected to gradually increase in the coming months as the market grows. Another important factor is the expected increase in infrastructure investments, which the Ministry of Finance expects to total approximately PLN 12 billion. Another key factor driving domestic demand is expected to be the level of foreign direct investments. This part of investment demand is difficult to forecast because it depends on global sentiment and risk aversion. However, assuming that the global risk aversion decreases, the inflow of foreign direct investment to Poland is expected to reach the level close to the average recorded in past years. Private investments is another important category. Slow growth in 2010 is expected to increase as stocks are replenished. However, assuming that the production capacity is utilized at 77% while new lending remains limited, private investments cannot be expected to grow sharply. If investments were to grow more dynamically, this will happen at the expense of a larger negative contribution of net exports due to growing imports.

The inflation path should be “V”-shaped. The consumer price index is expected to decrease in the first half of 2010, approaching the floor of the NBP inflation target band, mainly due to the strong effect of a high statistical base of the previous year (prices grew sharply month to month in early 2009 due to a strong PLN depreciation). In the second half of 2010, the inflation is expected to rebound quickly as inflation pressure mounts due to growing consumption and the disappearance of the base effect. The outlook of high inflation in the second half of 2010 and the improving economy may encourage the Monetary Policy Council to raise interest rates this year. According to the Bank, the NBP reference rate will increase to 4.0% by the end of 2010, as compared to 3.5% at the end of 2009.

The Bank expects that continued economic growth will boost the Bank’s activity in 2010. Growth is expected both in the Retail Banking and Corporate and Markets segments. The Bank expects that this trend, supported by efficient cost management and prudent risk management, will be reflected in the financial results for 2010.

Recent Events

On 27 January 2010, the Bank entered into three loan agreements with Commerzbank for a total amount of PLN 1,554,010 thousand. Under the largest loan agreement, the Bank received funds under a loan in the amount of CHF 350.0 million (PLN 972,370 thousand at the NBP mid exchange rate of 27 January 2010) for the purpose of general financial needs of the Bank. These agreements are discussed in detail under “*Business Description — Material Contracts — Long-term Loans from Commerzbank*” in this Offering Memorandum.

On 1 March 2010, the Management Board of the Bank decided to propose to the Bank’s shareholders a share capital increase of the Bank of no less than PLN 4 and up to PLN 83,134,468 by way of a closed subscription (i.e. offering new shares to the Bank’s shareholders based on their pre-emptive rights) of no less than 1 and up to 20,783,617 Offer Shares and offering such Offer Shares in a public offering in the Republic of Poland in order to raise PLN 2 billion from the issue of Offer Shares. In addition, the Management Board adopted a resolution concerning the update of the Bank’s strategy. The Management Board of the Bank recommended to the Supervisory Board of the Bank to approve the update of the Bank’s strategy.

Identification by the PFSA of Issues in its Recent Inspection of the Bank

The PFSA inspects Polish banks, including the Bank, on a regular basis. In a letter dated April 16, 2010 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 at 30 September 2009. In particular, the PFSA noted, among others: concerns related to the management of certain credit exposures, certain insufficiencies in some of the procedures relating to the management of long-term liquidity risk, a lack of diversity of funding sources, concerns with respect to the classification of exposures and assignments of risk weighting, a partial lack of documentation for internal audit procedures and outsourcing activities and the need to strengthen certain areas of compliance risk management. In addition, the PFSA noted that the Bank has failed in certain instances to implement formal recommendations from previous PFSA inspections. As a result, the PFSA, exercising its statutory powers, issued a reprimand to the Bank for: (i) allowing certain short-term liquidity measures to be exceeded, (ii) a lack of implementation of certain recommendations issued by the PFSA in connection with previous inspections regarding, in particular, improvement of certain procedures of risk management, as well as a specific element of the management information system and some liquidity management procedures, (iii) shortcomings in the effective management of compliance risk and (iv) non-compliance with certain requirements in connection with granting loans for the acquisition of shares in the primary market.

For a discussion of the risks associated with this matter, see "*Risk Factors — Risks Relating to the Group's Business and the Industry in which it Operates — 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*".

The Management Board of the Bank will present to the PFSA within one month of 22 April 2010 (the date of the receipt of the letter from the PFSA) a detailed timetable relating to the implementation of these inspection recommendations and the elimination of the irregularities in the Bank's business activities. This timetable will set forth specific deadlines and methods of implementing the individual tasks and persons directly responsible for their implementation.

The Management Board of the Bank will report to the PFSA on the implementation of these actions on a quarterly basis by the end of the month following the end of each quarter. The last report will be presented after the quarter in which all of the irregularities set forth have been eliminated.

Explanation of Key Consolidated Income Statement Items

The key consolidated income statement items are defined and explained below.

Net Interest Income

Net interest income represents the difference between interest income earned and interest expense incurred by the Group in the applicable period. The net interest income of the Group depends primarily on the amount of its interest-earning assets and interest-bearing liabilities, as well as the average rate of return on its interest-earning assets and the average rate paid on its interest-bearing liabilities.

The largest component of the Group's interest income is income from loans and advances granted to customers, including the unwinding of the impairment losses discount. Interest income also includes income from cash and short-term placements, interest income from investment securities and trading debt securities.

Interest income also comprises commissions resulting from the calculation of the effective interest rate ("EIR"). The EIR method is a method of calculating the amortized initial value of financial assets or financial liabilities and allocation of interest over the relevant period. The EIR is the interest rate at which the discounted future payments or future cash inflows are equal to the net present carrying value of the respective financial asset or liability. When calculating the EIR, the Group estimates the cash flows taking into account all the contractual conditions attached to the given financial instrument, but without taking into account the possible future losses on account of non-recovered loans. This calculation takes into account all the fees paid or received between the contracting parties, which constitute an integral component of the EIR, as well as transaction expenses and any other premiums or discounts.

Following the recognition of an impairment loss on a financial asset or a group of similar financial assets, the subsequent interest income is measured according to the interest rate at which the future cash flows were discounted for the purpose of valuation of impairment.

The interest expense of the Group primarily comprise interest expense arising from amounts due to banks and customers, arising from issue of debt securities and interest expense on other borrowed funds.

Net Fee and Commission Income

The main components of fee and commission income of the Group are: (i) income resulting from payment cards, which is mainly driven by the volume of bank card transactions and the value of such transactions and by the number of new bank cards issued by the Group as well as the payment behaviour of customers; (ii) income from loan activity, which is impacted by the volume of loans granted in the relevant period with respect to the loans without repayment schedules; (iii) income from insurance activity, which comprises income on services provided by insurance agents and income on account of payments for arranging instalments for a premium for insurance products sold through the Group's internet platforms; (iv) income from brokerage activity which is driven by the volumes of the transactions; (v) income from money transfers which is driven by the volume of the transfers; (vi) income from bank accounts, which is driven by the number of bank accounts operated by the Group, the scale of transactions made by customers and the Group's policy regarding the level of fees charged; (vii) income resulting from guarantees granted and trade finance commissions depending on the number of guarantees granted and the scale of trade finance; (viii) income resulting from trust and fiduciary activities including domestic and foreign securities and services provided to investment and pension funds and income resulting from handling of securities accounts of the clients; and (ix) income resulting from portfolio management services and other management-related fees.

The fee and commission expense of the Group is primarily comprised of: (i) expenses resulting from handling and insuring payment cards which is driven by the volume of bank card transactions and the value of such transactions, as well as the number of new bank cards issued; (ii) expenses resulting from brokerage fees paid in connection with transactions concluded via intermediates (foreign exchange swaps, options, futures and all the other transactions in the portfolio of treasury and trading departments) which is driven by the volume of the transactions; and (iii) expenses resulting from other fees paid, which mainly comprises commissions paid to external entities for sale of the Group products.

Dividend Income

Dividend income is income earned from dividends paid with respect to securities held by the Group, which are classified as either trading securities or securities available for sale.

Foreign Exchange Result

Foreign exchange result is calculated by taking into account foreign exchange gains and losses on the revaluation of assets and liabilities in foreign currencies, realized foreign exchange differences on transactions in foreign currencies (such as transfers in foreign currencies, interest paid and received in foreign currencies), (NPV) valuation of foreign exchange swaps, CIRS, foreign exchange forwards and futures as well as profit and loss realized on foreign exchange swaps, foreign exchange futures and foreign exchange forwards (when transaction terminates).

Other Net Trading Income

Other net trading income comprises: (i) income from interest-bearing instruments, which includes profit/(loss) on money market instrument trading, swap contracts for interest rates and interest rate options; (ii) income from equity instruments, which includes the valuation and profit/(loss) on the global trade of equity securities; (iii) income from market risk instruments, which includes profit/(loss) on bond futures, index futures, security options, stock exchange index options, and options on futures contracts as well as result from commodity swaps and futures.

Gains Less Losses from Investment Securities

Investment securities of the Group comprise: (i) debt securities including pledged government bonds, governments bonds pledged under the Bank Guarantee Fund, and Treasury bills pledged under the Bank Guarantee Fund; and (ii) equity securities both listed and unlisted.

Gains and losses from investment securities are derived from the sale/redemption of a financial asset available for sale by the Bank or from impairment of available for sale equity securities.

Other Operating Income

Other operating income of the Group mainly includes: (i) income from the sale and liquidation of tangible fixed assets and intangible assets and assets held for disposal, which comprises primarily income of the BRE.locum from its real estate development activities; (ii) income from the release of provisions for future commitments; (iii) income from insurance activity (net), which comprises income from premiums, reinsurance and co-insurance activity, deducted by compensations disbursed and costs of liquidation and adjusted by the changes in provisions for compensations connected with insurance activity conducted within the Group; (iv) income from services provided concerning non-banking services; (v) income from compensation, penalties and fines received; and (vi) income from recovering receivables designated previously as prescribed, remitted or uncollectible.

Other Operating Expenses

Other operating expenses of the Group mainly include: (i) cost arising from sale and liquidation of tangible fixed assets and intangible assets and assets held for disposal, which comprises primarily the cost of sale of apartments of BRE.locum related to its real estate development activities; (ii) cost of receivables and liabilities recognized as expired, written off and unrecoverable; (iii) cost of donations made; (iv) cost of provisions for future commitments; (v) costs of sale of services; (vi) cost of compensation, penalties and fines paid; and (vii) cost arising from impairment losses created for other receivables (excluding loans and advances).

Net Impairment Losses on Loans and Advances

Net impairment losses on loans and advances of the Group are mainly driven by the size and composition of the loan portfolio (the mix share of corporate loans and retail loans, loans to banks, leasing and factoring receivables), overall loan quality, the industry concentration of the loan portfolio, the quality and valuation of collateral, as well as economic developments and movements of PLN against foreign currencies, especially CHF.

Overhead Costs

Overhead costs of the Group comprise general costs and staff-related costs. Staff-related costs are driven by the number of employees the Group has, as well as the level of wages and salaries and social security expenses. The main components of the Group’s general costs are material costs (including rental costs, office supply costs, general administrative costs, marketing costs, IT costs, and other), taxes and fees, contributions and transfers to the Bank Guarantee Fund and contributions to the Social Benefits Fund.

Amortization and Depreciation

Amortization of intangible assets and depreciation of tangible fixed assets in the Group are accounted for according to the straight line method taking into account the expected period of economic useful life of the respective assets. The economic useful life of an asset is verified once a year. The Group does not possess any intangible assets with an indefinite period of economic use, with the exception of goodwill. Goodwill is not amortized, but it is tested annually for impairment. Plots of land are not depreciated.

Income Tax Expense

Income tax expense is mainly determined by the statutory corporate income tax rates in Poland and in general it is proportional to the Group’s profit before income tax. For the periods under review, the corporate income tax rate for the Group’s operations in Poland remained stable at 19%.

Net Profit from Continued and Discontinued Operations, Attributable To Non-Controlling Interests

The Bank does not own all of the shares of all of its subsidiaries. The following is a list of consolidated non wholly-owned subsidiaries of the Bank included in the Group's consolidated financial statements as at 31 December 2009:

Subsidiary	Shares of voting rights owned by the Bank (directly and indirectly)	Shares of voting rights owned by non-controlling interests
BRE Leasing	50.004%	49.996%
Intermarket Bank	56.24%	43.76%
Magyar Factor	78.12%	21.88%
Polfactor	78.12%	21.88%
Transfinance	78.12%	21.88%
BRE.locum	79.99%	20.01%
BRE Finance France	99.98%	0.02%

Source: the Bank

As a result, the share of non-controlling interests in the net results generated by the above-mentioned subsidiaries is presented separately from the overall net profit of the Group under "*Net Profit from Continued and Discontinued Operations, Attributable To Non-Controlling Interests*" in accordance with the percentage of non-controlling interests' shares of voting rights owned in the respective subsidiaries.

Results of Operations

Three Months Ended 31 March 2010 Compared to Three Months Ended 31 March 2009

The table below sets forth, for the periods indicated, certain consolidated income statement information on the results of the Group's operations.

	Three months ended 31 March		Change
	2010	2009	
	(PLN thousand) (unaudited)		(%)
Interest income	821,758	947,760	(13.3)
Interest expense	(431,221)	(550,657)	(21.7)
Net interest income	**390,537**	**397,103**	**(1.7)**
Fee and commission income	278,558	219,745	26.8
Fee and commission expense	(104,665)	(97,903)	6.9
Net fee and commission income	**173,893**	**121,842**	**42.7**
Dividend income	330	—	—
Net trading income, including:	96,171	122,991	(21.8)
Foreign exchange result	83,270	152,142	(45.3)
Other net trading income	12,901	(29,151)	—
Gains less losses from investment securities	—	(16,606)	100.0
Other operating income	52,131	90,158	(42.2)
Net impairment losses on loans and advances	(177,061)	(210,028)	(15.7)
Overhead costs	(294,937)	(300,610)	(1.9)
Amortization and depreciation	(59,201)	(58,526)	1.2
Other operating expenses	(24,089)	(43,003)	(44.0)
Operating profit	**157,774**	**103,321**	**52.7**
Profit before income tax	**157,774**	**103,321**	**52.7**
Income tax expense	(35,183)	(27,572)	27.6
Net profit including non-controlling interest	**122,591**	**75,749**	**61.8**
Net profit attributable to:	122,591	75,749	61.8
Owners of BRE Bank S.A.	115,416	77,221	49.5
Non-controlling interests	7,175	(1,472)	—

Source: Consolidated Condensed Interim Financial Statements

Net Interest Income

The table below sets forth, for the periods indicated, the principal components of the Group's interest income and expense.

	Three months ended 31 March		
	2010	2009	Change
	(PLN thousand) (unaudited)		(%)
Interest income			
Loans and advances including the unwinding of the impairment provision discount	596,799	706,402	(15.5)
Cash and short-term placements	42,143	75,907	(44.5)
Investment securities	168,105	117,674	42.9
Trading debt securities	10,746	42,919	(75.0)
Other	3,965	4,858	(18.4)
Total	**821,758**	**947,760**	**(13.3)**
Interest expense			
Arising from amounts due to banks and customers	(397,949)	(499,914)	(20.4)
Arising from issue of debt securities	(18,061)	(30,608)	(41.0)
Other borrowed funds	(12,103)	(19,433)	(37.7)
Other	(3,108)	(702)	342.7
Total	**(431,221)**	**(550,657)**	**(21.7)**
Net interest income	**390,537**	**397,103**	**(1.7)**
Net interest margin (unaudited)	**2.0%p.a.**	**2.2% p.a.**	

Source: Consolidated Condensed Interim Financial Statements

Net interest income decreased by PLN 6.6 million, or 1.7%, to PLN 390.5 million for the three months ended 31 March 2010, compared to PLN 397.1 million for the same period in 2009.

Interest income decreased by PLN 126.0 million, or 13.3%, to PLN 821.8 million for the three months ended 31 March 2010, compared to PLN 947.8 million for the same period in 2009. Interest expense decreased by PLN 119.5 million, or 21.7%, to PLN 431.2 million for the three months ended 31 March 2010, compared to PLN 550.7 million in the same period of 2009. Both interest income and interest expense were affected by, inter alia, a significant decrease in the average base nominal interest rates between these periods.

The decrease in interest income was additionally driven by lower: (a) volumes of loans and advances and (b) trading debt securities portfolio. These developments were partly offset by an increase in interest income on investment securities as a result of a increase in the investment securities portfolio.

For detailed information on the Group's assets, see "*Operating and Financial Review — Statement of Financial Position — Assets — 31 March 2010 Compared to 31 December 2009.*"

The decrease in interest expense was a consequence of a significant decrease in interest expense arising from amounts due to banks and customers and a decrease in interest expense arising from issues of debt securities.

The reduction in interest expense from amounts due to banks and customers was mainly attributable to a decrease in base nominal interest rates and was partially offset by an increase in the volume of deposits.

The decrease in interest expense from the issue of debt securities was caused by the decrease in average base nominal interest rates and decrease in debt securities issued by the Group.

For detailed information on the Group's liabilities, see "*Operating and Financial Review — Statement of Financial Position — Liabilities — 31 March 2010 Compared to 31 December 2009.*"

Net Fee and Commission Income

The table below sets forth, for the periods indicated, information on the Group's fee and commission income and expenses.

	Three months ended 31 March 2010	Three months ended 31 March 2009	Change
	(PLN thousand) (unaudited)		(%)
Fee and commission income			
Credit-related fees and commissions	55,413	51,716	7.1
Commission from payment cards	75,808	63,322	19.7
Commissions from insurance activity	28,038	13,574	106.6
Fees from brokerage activity	27,563	20,077	37.3
Commissions from money transfers	17,696	17,401	1.7
Commissions from bank accounts	23.894	20,100	18.9
Commissions due to guarantees granted and trade finance commission	12,386	11,004	12.6
Commissions on trust and fiduciary activities	2,439	2,313	5.4
Fees from portfolio-management services and other management-related fees	2,162	1,864	16.0
Other	33.159	18,374	80.5
Total	**278,558**	**219,745**	**26.8**
Fee and commission expense			
Payment cards-related fees (handling and insurance)	(48,065)	(39,489)	21.7
Brokerage fees discharged	(7,965)	(6,314)	26.1
Insurance activity related fees	(3,463)	(3,800)	(8.9)
Other fees discharged	(45,172)	(48,300)	(6.5)
Total	**(104,665)**	**(97,903)**	**6.9**
Net fee and commission income	**173,893**	**121,842**	**42.7**

Source: Consolidated Condensed Interim Financial Statements

Total fee and commission income increased by PLN 58.9 million, or 26.8%, to PLN 278.6 million for the three months ended 31 March 2010, compared to PLN 219.7 million in the same period of 2009, mainly due to an increase in other by PLN 14.8 million (which includes primarily sales from third party mutual funds), commissions from insurance activity by PLN 14.5 million (which includes sales of third party insurance products), payment cards-related commissions by PLN 12.5 million, brokerage fees by PLN 7.5 million, and credit related fees and commissions by PLN 3.7 million.

The increase of income on insurance activity was mainly due to the development of that activity by Group's insurance subsidiaries. The increase in fees from brokerage activity was mainly attributable to higher demand for mutual funds or other capital market products. The increase in credit-related fees and commissions was mainly attributable to an increase in sales of high-commission products such as non-mortgage lending.

The increase in fee and commission income from payment cards-related fees was mainly attributable to the increase in the number of debit and credit cards issued and the increase in the number and volume of transactions conducted by customers using these cards, which was also partially explained by greater activity of clients' due to the Easter festive period in the first quarter of 2010.

Fee and commission expense increased by PLN 6.8 million, or 6.9%, to PLN 104.7 million for the three months ended 31 March 2010, compared to PLN 97.9 million for the same period in 2009, mainly due to an increase in payment cards-related fees of PLN 8.6 million resulting from increased handling and insurance of payment cards and discharged brokerage fees.

As a result of the factors described above, net fee and commission income increased by PLN 52.1 million, or 42.7%, to PLN 173.9 million for the three months ended 31 March 2010, compared to PLN 121.8 million for the same period in 2009.

Net Trading Income

The table below sets forth, for the periods indicated, information on the Group's net trading income.

	Three months ended 31 March		
	2010	**2009**	**Change**
	(PLN thousand) (unaudited)		**(%)**
Foreign exchange result	**83,270**	**152,142**	**(45.3)**
Foreign exchange differences from the conversion (net)	161,804	(680,698)	—
Net transaction gains and losses	(78,534)	832,840	—
Other net trading income	**12,901**	**(29,151)**	**—**
Interest-bearing instruments	8,349	(22,872)	—
Equities	1,530	(186)	—
Market risk instruments	3,022	(6,093)	—
Total net trading income	**96,171**	**122,991**	**(21.8)**

Source: Consolidated Condensed Interim Financial Statements

Net trading income for the three months ended 31 March 2010 decreased by PLN 26.8 million, or 21.8%, to PLN 96.2 million, compared to PLN 123.0 million for the same period in 2009, mainly due to a decrease in customer activity in the currency market as foreign exchange market volatility was significantly lower than in the first three months ended 31 March 2009.

The decrease in net trading income was also driven by modified requirements for the Bank's customers to enter into foreign exchange transactions to reflect the more prudent risk management policy. This has led to a major reduction in the sale of foreign exchange derivatives.

In addition, in the first quarter of 2009, the valuation of interest rate derivatives in other net trading income was negative as compared to the valuation of interest rate derivatives for the first quarter of 2010.

Gains Less Losses from Investment Securities

The table below sets forth, for the periods indicated, information on the Group's gains less losses from investment securities.

	Three months ended 31 March		
	2010	**2009**	**Change**
	(PLN thousand) (unaudited)		**(%)**
Sale/redemption by the issuer of the financial assets available for sale	—	531	(100.0)
Impairment of available for sale equity securities	—	(17,137)	(100.0)
Total gains and losses from investment securities	**—**	**(16,606)**	**(100.0)**

Source: Consolidated Condensed Interim Financial Statements

For the three months ended 31 March 2010, gains less losses from investment securities was nil because the Group did not sell investment securities in this period, compared to a PLN 16.6 million loss in the same period in 2009 connected with an impairment of shares in Compania de Factoring IFN SA, a subsidiary of Intermarket Bank (which was sold by Intermarket Bank in October 2009).

Other Operating Income

The table below sets forth, for the periods indicated, information on the Group's other operating income.

	Three months ended 31 March		
	2010	2009	Change
	(PLN thousand) (unaudited)		(%)
Income from sale or liquidation of fixed assets, intangible assets and assets held for disposal	18,216	41,556	(56.2)
Income from services provided	13,653	10,922	25.0
Income from insurance activity net	11,621	12,005	(3.2)
Income due to release of provisions for future commitments	116	16,123	(99.3)
Income from recovering receivables recognised as expired, written off and unrecordable	104	353	(70.5)
Income from compensation, penalties and fines received	124	454	(72.7)
Other	8,297	8,745	(5.1)
Total other operating income	**52,131**	**90,158**	**(42.2)**

Source: Consolidated Condensed Interim Financial Statements

Other operating income decreased by PLN 38.0 million, or 42.2%, to PLN 52.1 million for the three months ended 31 March 2010, compared to PLN 90.2 million for the same period in 2009, mainly due to lower income from the sale or liquidation of tangible fixed assets, intangibles and assets held for disposal, including mainly income on activities of the Group's real estate developer BRE.locum (sale of apartments), which was partly offset by an increase in income from services provided.

Income from Insurance Activity (Net)

The table below sets forth, for the periods indicated, information on the Group's income from insurance activity. Net income from insurance activity comprises income from premiums, reinsurance and co-insurance activity, deducted by compensations disbursed and costs of liquidation and adjusted by the changes in provisions for compensations connected with insurance activity conducted within the Group.

	Three months ended 31 March		
	2010	2009	Change
	(PLN thousand) (unaudited)		(%)
Income from premiums			
Premiums attributable	21,512	29,568	(27.2)
Change in provision for premiums	1,528	(5,999)	—
Premium revenue	23,040	23,569	(2.2)
Reinsurance contracts			
Premiums attributable	(9,008)	(9,273)	(2.9)
Change in provision for premiums	1,882	594	216.8
Premiums on reinsurer's share	(7,126)	(8,679)	(17.9)
Net premiums	15,914	14,890	6.9
Compensations and benefits			
Compensations and benefits paid out in the current year including costs of liquidation before tax	(6,847)	(2,916)	134.8
Change in provision for compensations and benefits paid out in the current year including costs of liquidation before tax	(3,559)	(5,872)	(39.4)
Compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	5,230	2,447	113.7
Change in provision for compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	1,066	3,145	(66.1)
Compensations and benefits net	(4,110)	(3,196)	28.6
Other costs on own share	(190)	(219)	(13.2)
Other operating income	7	530	(98.7)
Insurance income net, total	**11,621**	**12,005**	**(3.2)**

Source: Consolidated Condensed Interim Financial Statements

Income from insurance activity net decreased by PLN 0.4 million, or 3.2%, to PLN 11.6 million for the three months ended 31 March 2010, compared to PLN 12.0 million for the same period of 2009.

Impairment Losses on Loans and Advances

The table below sets forth, for the periods indicated, information on the Group's impairment losses on loans and advances.

	Three months ended 31 March		
	2010	2009	Change
	(PLN thousand) (unaudited)		(%)
Impairment losses on amounts due from other banks	(5,126)	(6,111)	(16.1)
Impairment losses on off-balance sheet contingent liabilities due to other banks	(192)	85	—
Impairment losses on loans and advances to customers	(180,095)	(202,402)	(11.0)
Impairment losses on off-balance sheet contingent liabilities due to customers	8,352	(1,600)	—
Total impairment losses on loans and advances	**(177,061)**	**(210,028)**	**(15.7)**

Source: Consolidated Condensed Interim Financial Statements

Impairment losses on loans and advances amounted to PLN 177.1 million for the three months ended 31 March 2010. This represented a decrease of PLN 33.0 million, or 15.7%, compared to PLN 210.0 million in the same period of 2009. The decline in impairment losses on foreign exchange products from PLN 70.2 million for the three months ended 31 March 2009 to PLN 2.4 million for the three months ended 31 March 2010 was the most important factor explaining the decline in total impairment losses on loans and advances over this period. This was partially offset by higher impairment losses on loans and advances to customers in Retail Banking segment resulting mainly from non-mortgage loans.

The Group's non-performing loan ratio decreased by 0.2 p.p. to 4.4% as of 31 March 2010, compared with 4.6% as of 31 December 2009, mainly due to a significant increase of receivables from banks at the end of the first quarter of 2010.

Overhead Costs

The table below sets forth, for the periods indicated, information on the Group's overhead costs.

	Three months ended 31 March		
	2010	2009	Change
	(PLN thousand) (unaudited)		(%)
Staff-related expenses	(159,291)	(163,329)	(2.5)
Material costs	(120,228)	(121,602)	(1.1)
Taxes and fees	(7,324)	(6,829)	7.2
Contributions and transfers to the Bank Guarantee Fund	(5,279)	(6,310)	(16.3)
Contribution to the Social Benefits Fund	(1,404)	(1,160)	21.0
Other	(1,411)	(1,380)	2.2
Total overhead costs	**(294,937)**	**(300,610)**	**(1.9)**

Source: Consolidated Condensed Interim Financial Statements

Overhead costs decreased by PLN 5.7 million, or 1.9%, to PLN 294.9 million for the three months ended 31 March 2010, compared to PLN 300.6 million for the same period of 2009, mainly due to lower staff-related costs by PLN 4.0 million and material costs by PLN 1.4 million which was connected with continued optimization of cost and resources management.

Amortization and depreciation

Amortization and depreciation increased by PLN 0.7 million, or 1.2%, to PLN 59.2 million for the three months ended 31 March 2010, compared to PLN 58.5 million for the same period of 2009. A relatively low increase of amortization and depreciation in this period was possible due to adopted structural cost-reduction initiatives in the previous year, as a result of accelerated amortization and depreciation of certain functionalities of applications in selected IT systems.

Other Operating Expenses

The table below sets forth, for the periods indicated, information on the Group's other operating expenses.

	Three months ended 31 March		
	2010	2009	Change
	(PLN thousand) (unaudited)		(%)
Costs arising from sale or liquidation of fixed assets, intangible assets and assets held for resale	(15,849)	(31,792)	(50.1)
Costs arising from provisions created for other receivables (excluding loans and advances)	(141)	(86)	64.0
Costs arising from receivables and liabilities recognized as prescribed, remitted and uncollectible	(37)	(2,405)	(98.5)
Donations made	(2,821)	(2,766)	2.0
Costs of services provided	(179)	(386)	(53.6)
Compensation, penalties and fines paid	(29)	(199)	(85.4)
Other operating costs	(5,033)	(5,369)	(6.3)
Total other operating expenses	**(24,089)**	**(43,003)**	**(44.0)**

Source: Consolidated Condensed Interim Financial Statements

Other operating expenses decreased by PLN 18.9 million, or 44.0%, to PLN 24.1 million for the three months ended 31 March 2010, compared to PLN 43.0 million for the same period of 2009, mainly due to a decrease by PLN 15.9 million in the costs arising from sale or liquidation of tangible fixed assets, intangible assets and assets held for resale, which was related to a lower level of activity of the real estate developer BRE.locum in that period.

Operating Profit/Profit Before Income Tax

Operating profit/profit before income tax increased by PLN 54.5 million, or 52.7%, to PLN 157.8 million for the three months ended 31 March 2010, compared to PLN 103.3 million for the same period of 2009.

Net Profit

The net profit increased by PLN 46.8 million, or 61.8%, to PLN 122.6 million for the three months ended 31 March 2010, compared to PLN 75.7 million for the same period of 2009.

Year Ended 31 December 2009 Compared to Year Ended 31 December 2008

The table below sets forth, for the periods indicated, certain consolidated income statement information on the results of the Group's operations.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Continued Operations			
Interest income	3,453,207	3,637,222	(5.1)
Interest expense	(1,795,030)	(2,244,770)	(20.0)
Net interest income	**1,658,177**	**1,392,452**	**19.1**
Fee and commission income	1,001,287	844,463	18.6
Fee and commission expense	(406,564)	(292,997)	38.8
Net fee and commission income	**594,723**	**551,466**	**7.8**
Dividend income	99,067	9,429	950.7
Net trading income, including:	406,374	483,855	(16.0)
Foreign exchange result	415,048	517,314	(19.8)
Other net trading income	(8,674)	(33,459)	(74.1)
Gains less losses from investment securities	(772)	135,765	—
Other operating income	263,522	266,505	(1.1)
Net impairment losses on loans and advances	(1,097,134)	(269,144)	307.6
Overhead costs	(1,285,425)	(1,346,601)	(4.5)
Amortization and depreciation	(259,362)	(203,475)	27.5
Other operating expenses	(169,781)	(153,106)	10.9
Operating profit	**209,389**	**867,146**	**(75.9)**
Profit before income tax from continued operations	**209,389**	**867,146**	**(75.9)**
Income tax expense	(78,866)	(108,435)	(27.3)
Net profit from continued operations including non-controlling interest	**130,523**	**758,711**	**(82.8)**
Discontinued operations			
Profit before income tax from discontinued operations	**—**	**132,969**	**(100.0)**
Income tax expense	—	(2,336)	(100.0)
Net profit from discontinued operations including non-controlling interest	**—**	**130,633**	**(100.0)**
Net profit from continued and discontinued operations, attributable to:	**130,523**	**889,344**	**(85.3)**
Owners of BRE Bank S.A.	128,928	857,459	(85.0)
Non-controlling interests	1,595	31,885	(95.0)

Source: 2009 Consolidated Financial Statements

Net Interest Income

The table below sets forth, for the periods indicated, the principal components of the Group's interest income and expense.

	Year ended 31 December 2009	2008	Change
	(PLN thousand) (audited)		(%)
Interest income			
Loans and advances including the unwinding of the impairment losses discount	2,623,911	2,676,885	(2.0)
Cash and short-term placements	190,829	394,903	(51.7)
Investment securities	530,331	317,533	67.0
Trading debt securities	94,442	238,251	(60.4)
Other	13,694	9,650	41.9
Total	**3,453,207**	**3,637,222**	**(5.1)**
Interest expense			
Arising from amounts due to banks and customers	(1,642,814)	(2,009,607)	(18.3)
Arising from issue of debt securities	(90,102)	(150,895)	(40.3)
Other borrowed funds	(58,180)	(82,086)	(29.1)
Other	(3,934)	(2,182)	80.3
Total	**(1,795,030)**	**(2,244,770)**	**(20.0)**
Net interest income	**1,658,177**	**1,392,452**	**19.1**
Net interest margin (unaudited)	**2.3%**	**2.3%**	

Source: 2009 Consolidated Financial Statements, the Bank

Net interest income increased by PLN 265.7 million, or 19.1%, to PLN 1,658.2 million for the year ended 31 December 2009, compared to PLN 1,392.5 million in 2008. The Group's net interest margin (net interest income to average interest-earning assets) was 2.3% in 2009, remaining stable compared to 2008.

Both interest income and interest expense were affected by (i) the significant decrease in base nominal interest rates and (ii) an increase in lending margins. Due to the availability of long-term funding in foreign currencies, the Group could avoid raising interest rates on its deposit products for funding purposes to the extent that some other Polish banks did.

Interest income decreased by PLN 184.0 million, or 5.1%, to PLN 3,453.2 million for the year ended 31 December 2009, compared to PLN 3,637.2 million in 2008, mainly due to a decrease in interest income on trading debt securities of PLN 143.8 million and a decrease in interest income from cash and short-term placements of PLN 204.1 million, which were partially offset by an increase in interest income from investment securities of PLN 212.8 million. The principal component of interest income, i.e. interest income on loans and advances including the unwinding of impairment losses discount, remained stable during this period despite a worsening economic situation and decreasing nominal interest rates due to increased volumes and margins increase in both retail and in corporate banking.

The decrease in interest income from trading debt securities was attributable to a shift by the Group from trading debt securities into investment securities.

The decrease in cash and short-term placements was mainly attributable to changing conditions in the interbank market with declining nominal interest rates, which led the Group to invest significantly smaller amounts in the interbank market as short-term deposits. Amounts due from banks decreased by PLN 3,573.5 million from PLN 6,104.1 million in 2008 to PLN 2,530.6 million in 2009.

The stable level of interest income from loans and advances including the unwinding of the impairment provision discount was mainly attributable to the stabilization of the Group's loans and advances to customers portfolio which amounted to PLN 52,142.5 million as of 31 December 2008 and PLN 52,468.8 million as of 31 December 2009, while declining interest rates were offset by improved sales of higher margin products.

For detailed information on the Group's assets, see "*Operating and Financial Review — Statement of Financial Position — Assets — 31 December 2009 Compared to 31 December 2008.*"

Interest expense decreased by PLN 449.8 million, or 20.0%, to PLN 1,795.0 million for the year ended 31 December 2009, compared to PLN 2,244.8 million in 2008, mainly due to a significant decrease in interest expense arising from amounts due to banks and customers and a decrease in interest expense arising from issues of debt securities.

The decrease in interest expense from amounts due to banks and customers was mainly attributable to declining market interest rates, which was partly offset by an increase in the volume of deposits from customers.

The decrease in interest expense from the issue of debt securities was caused by a decrease in market interest rates and a decrease in the amount of debt securities issued by the Group during the period as previously issued debt securities were partly redeemed.

For detailed information on the Group's liabilities, see *"Operating and Financial Review — Statement of Financial Position — Liabilities — 31 December 2009 Compared to 31 December 2008.*"

Net Fee and Commission Income

The table below sets forth, for the periods indicated, information on the Group's fee and commission income and expenses.

	Year ended 31 December		
	2009	**2008**	**Change**
	(PLN thousand) (audited)		**(%)**
Fee and commission income			
Credit-related fees and commissions	203,877	178,992	13.9
Payment cards-related fees	289,104	206,445	40.0
Commissions from insurance activity	79,443	89,659	(11.4)
Fees from brokerage activity	107,574	73,491	46.4
Commissions from money transfers	73,139	72,718	0.6
Commissions from bank accounts	86,149	62,175	38.6
Guarantees granted and trade finance commissions	46,371	39,257	18.1
Commissions on trust and fiduciary activities	10,171	10,164	0.1
Fees from portfolio-management services and other management-related fees	10,612	8,385	26.6
Other	94,847	103,177	(8.1)
Total	**1,001,287**	**844,463**	**18.6**
Fee and commission expense			
Payment cards-related fees (handling and insurance)	(188,796)	(143,629)	31.4
Brokerage fees discharged	(26,365)	(20,713)	27.3
Commissions cost of insurance activity	(2,096)	(34)	6,064.7
Other fees discharged	(189,307)	(128,621)	47.2
Total	**(406,564)**	**(292,997)**	**38.8**
Net fee and commission income	**594,723**	**551,466**	**7.8**

Source: 2009 Consolidated Financial Statements

Total fee and commission income increased by PLN 156.8 million, or 18.6%, to PLN 1,001.3 million for the year ended 31 December 2009, compared to PLN 844.5 million in 2008, mainly due to an increase in fee and commission income from payment cards-related fees of PLN 82.7 million, in fee income from brokerage activity of PLN 34.1 million, in fee and commission income from credit-related fees and commissions of PLN 24.9 million and in commission income from commissions from bank accounts of PLN 24.0 million.

The increase in fee and commission income from payment cards-related fees was mainly attributable to the increase in the number of debit and credit cards issued and the increase in the number and volume of debit and credit card transactions as a result of the steady growth of the Group's customer base and increased product penetration with respect to customers who use debit and credit cards.

The increase in fees from brokerage activity was mainly attributable to investors making renewed investments in capital markets after the initial disruption from the global financial crisis, while the increase in credit related fees and commissions was mainly attributable to an increased overall level of margins in the market as compared to 2008 and increased sales of higher margin products.

Fee and commission expense increased by PLN 113.6 million, or 38.8%, to PLN 406.6 million for the year ended 31 December 2009, compared to PLN 293.0 million in 2008, mainly due to an increase in payment cards-related fees of PLN 45.2 million resulting from handling and insurance of payment cards, other fees discharged of PLN 60.7 million (mainly related to fees paid to third parties for the sale of retail banking products) and brokerage fees discharged.

As a result of the factors described above, net fee and commission income increased by PLN 43.3 million, or 7.8%, to PLN 594.7 million for the year ended 31 December 2009, compared to PLN 551.5 million in 2008.

Dividend Income

The table below sets forth, for the periods indicated, information on the Group's dividend income.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Trading securities	117	1,699	(93.1)
Securities available for sale	98,950	7,730	1,180.1
Total dividend income	**99,067**	**9,429**	**950.7**

Source: 2009 Consolidated Financial Statements

Dividend income increased by PLN 89.6 million, or 950.7%, to PLN 99.1 million for the year ended 31 December 2009, compared to PLN 9.4 million in 2008, as a result of a one-time significant dividend paid by the Polish insurance company PZU in the amount of PLN 96.2 million in which the Group held 0.76% of the shares. This one-time significant dividend payment by PZU was the first dividend distribution made by PZU during the periods under review.

Net Trading Income

The table below sets forth, for the periods indicated, information on the Group's net trading income.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Foreign exchange result	**415,048**	**517,314**	**(19.8)**
Foreign exchange differences from the conversion (net)	(333,488)	417,755	—
Net transaction gains and losses	748,536	99,559	651.9
Other net trading income	**(8,674)**	**(33,459)**	**(74.1)**
Interest-bearing instruments	(20,803)	(28,564)	(27.2)
Equities	4,081	(8,394)	—
Market risk instruments	8,048	3,499	130.0
Total net trading income	**406,374**	**483,855**	**(16.0)**

Source: 2009 Consolidated Financial Statements

Net trading income decreased by PLN 77.5 million, or 16.0%, to PLN 406.4 million for the year ended 31 December 2009 compared to PLN 483.9 million in 2008, mainly due to continued weak economic conditions during that period. Net trading income for the year ended 31 December 2009 included costs of PLN 31.6 million resulting from the decrease in the valuation of foreign exchange derivatives for the year ended 31 December 2009 (PLN 56.6 million for the year ended 31 December 2008).

Gains Less Losses from Investment Securities

The table below sets forth, for the periods indicated, information on the Group's gains less losses from investment securities.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Sale/redemption by the issuer of the financial assets available for sale	(2,725)	136,787	—
Impairment of available for sale equity securities	1,953	(1,022)	—
Total gains and losses from investment securities	**(772)**	**135,765**	**—**

Source: 2009 Consolidated Financial Statements

Gains less losses from investment securities decreased by PLN 136.5 million, to a loss of PLN 0.8 million for the year ended 31 December 2009, compared to a gain of PLN 135.8 million in 2008, mainly due to the one-time sale of shares of Vectra S.A that contributed PLN 137.7 million to gains from investment securities in 2008.

Other Operating Income

The table below sets forth, for the periods indicated, information on the Group's other operating income.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Income from sale or liquidation of fixed assets, intangible assets and assets held for resale	105,409	172,184	(38.8)
Income from services provided	51,436	44,274	16.2
Income from insurance activity net	50,401	20,513	145.7
Income due to release of provisions for future commitments	27,123	10,213	165.6
Income from recovering receivables designated previously as prescribed, remitted or uncollectible	5,957	5,048	18.0
Income from compensation, penalties and fines received	3,365	419	703.1
Other	19,831	13,854	43.1
Total other operating income	**263,522**	**266,505**	**(1.1)**

Source: 2009 Consolidated Financial Statements

Other operating income decreased by PLN 3.0 million, or 1.1%, to PLN 263.5 million for the year ended 31 December 2009, compared to PLN 266.5 million in 2008, mainly due to a decrease in income from the sale and liquidation of fixed assets, intangible assets and assets held for resale comprised of primarily income from the activity of BRE.locum (a real estate developer (e.g. sale of apartments)), which was partly offset by an increase in income from insurance activity net resulting from the growth in the business of the insurance companies of the Group.

Income from Insurance Activity Net

The table below sets forth, for the periods indicated, information on the Group's income from insurance activity net. Income from insurance activity net comprises income from premiums, reinsurance and co-insurance activity, deducted by compensations disbursed and costs of liquidation and adjusted by the changes in provisions for compensations connected with insurance activity conducted within the Group.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Income from premiums			
Premiums attributable	72,120	108,551	(33.6)
Change in provision for premiums	14,726	(63,299)	—
Premium revenue	86,846	45,252	91.9
Reinsurance contracts			
Premiums attributable	(25,671)	(21,517)	19.3
Change in provision for premiums	869	5,956	(85.4)
Premiums on reinsurer's share	(24,802)	(15,561)	59.4
Net premiums	62,044	29,691	109.0
Compensations and benefits			
Compensations and benefits paid out in the current year including costs of liquidation before tax	(19,328)	(9,513)	103.2
Change in provision for compensations and benefits paid out in the current year including costs of liquidation before tax	(14,626)	(15,148)	3.4
Compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	17,052	8,593	98.4
Change in provision for compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	6,074	8,799	(31.0)
Compensations and benefits net	(10,828)	(7,269)	49.0
Other costs on own share	(536)	(1,942)	(72.4)
Other operating income	—	33	(100.0)
Costs of expertise and certificates concerning risk assessment	(279)	—	—
Insurance income net, total	**50,401**	**20,513**	**145.7**

Source: 2009 Consolidated Financial Statements

Income from insurance activity net increased by PLN 29.9 million, or 145.7%, to PLN 50.4 million for the year ended 31 December 2009, as compared to PLN 20.5 million in 2008. The increase resulted mainly from growth in the businesses of the insurance companies of the Group.

Impairment Losses on Loans and Advances

The table below sets forth, for the periods indicated, information on the Group's impairment losses on loans and advances.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Impairment losses on amounts due from other banks	(19,950)	(21,894)	(8.9)
Impairment losses on off-balance sheet contingent liabilities due to other banks	542	(287)	—
Impairment losses on loans and advances to customers	(1,087,919)	(233,747)	365.4
Impairment losses on off-balance sheet contingent liabilities due to customers	10,193	(13,216)	—
Total impairment losses on loans and advances	**(1,097,134)**	**(269,144)**	**307.6**

Source: 2009 Consolidated Financial Statements

Impairment losses on loans and advances amounted to PLN 1,097.1 million for the year ended 31 December 2009. This represented an increase of PLN 828.0 million, or 307.6%, compared to PLN 269.1 million in 2008. Other than regular provisioning resulting from a deterioration of the economic situation, the most significant impairment losses were: (i) impairment losses on receivables related to foreign exchange derivatives in an amount of PLN 275.1 million, (ii) impairment losses on cash loans in an amount of PLN 247.2 million, out of which the majority was related to cash loans granted to new customers of mBank with no previous history with the Bank and (iii) impairment losses on the leasing portfolio of BRE Leasing due to a significant increase in defaults by its customers on leases in the transportation sector in an amount of PLN 104.5 million. Net impairment losses incurred on retail mortgage retail loans amounted to PLN 23.7 million.

The non-performing loan ratio increased by 2.5 p.p. to 4.6% as of 31 December 2009, compared with 2.1% as of 31 December 2008.

Overhead Costs

The table below sets forth, for the periods indicated, information on the Group's overhead costs.

	Year ended 31 December		
	2009	**2008**	**Change**
	(PLN thousand) (audited)		**(%)**
Staff-related expenses	(644,751)	(738,697)	(12.7)
Material costs	(585,227)	(561,476)	4.2
Taxes and fees	(25,222)	(26,598)	(5.2)
Contributions and transfers to the Bank Guarantee Fund	(22,711)	(6,923)	228.1
Contribution to the Social Benefits Fund	(5,034)	(5,483)	(8.2)
Other	(2,480)	(7,424)	(66.6)
Total overhead costs	**(1,285,425)**	**(1,346,601)**	**(4.5)**

Source: 2009 Consolidated Financial Statements

Overhead costs decreased by PLN 61.2 million, or 4.5%, to PLN 1,285.4 million for the year ended 31 December 2009, compared to PLN 1,346.6 million in 2008, mainly due to a decrease in staff-related expenses by 12.7% from PLN 738.7 million to PLN 644.8 million resulting from: (i) a decrease in human resources costs driven by a reduction in personnel by 383 full time employees in the Bank and by 183 full time employees in the Group's subsidiaries, (ii) a reduction in the bonus fund for employees and (iii) a reduction in costs of training and business travel. This was partly offset by a slight increase in material costs (non-personnel costs) related mainly to increased spending on media campaigns and advertisements and increased overhead costs resulting from the Bank's branch network expansion in 2008. In addition, the Bank Guarantee Fund fee increased by 228.1% in 2009 compared to 2008 due to a change in Polish law related to the fee calculation method and the participation of the National Bank of Poland in paying part of this fee.

Amortization and Depreciation

Amortization and depreciation increased by PLN 55.9 million, or 27.5%, to PLN 259.4 million for the year ended 31 December 2009, compared to PLN 203.5 million in 2008, mainly due to the expansion of the branch network in 2008, capitalized IT projects related to the development of banking applications and an increase in leased assets of BRE Leasing following the growth of the leasing portfolio in 2008. In the fourth quarter of 2009, the Group incurred costs amounting to PLN 20.4 million relating to the accelerated amortization of some functionalities of selected IT systems as these functionalities were shut down.

Other Operating Expenses

The table below sets forth, for the periods indicated, information on the Group's other operating expenses.

	Year ended 31 December		
	2009	2008	Change
	(PLN thousand) (audited)		(%)
Costs arising from sale or liquidation of fixed assets, intangible assets and assets held for resale	(82,981)	(114,627)	(27.6)
Costs arising from provisions created for other receivables (excluding loans and advances)	(19,333)	(8,604)	124.7
Provisions for future commitments	(34,538)	(4,935)	599.9
Costs arising from receivables and liabilities recognized as prescribed, remitted and uncollectible	(284)	(4,464)	(93.6)
Donations made	(2,974)	(3,360)	(11.5)
Costs of services provided	(1,118)	(1,968)	(43.2)
Compensation, penalties and fines paid	(651)	(790)	(17.6)
Costs arising from impairment losses created for tangible fixed assets and intangible assets	(4,838)	—	—
Other operating costs	(23,064)	(14,358)	60.6
Total other operating expenses	**(169,781)**	**(153,106)**	**10.9**

Source: 2009 Consolidated Financial Statements

Other operating expenses increased by PLN 16.7 million, or 10.9%, to PLN 169.8 million for the year ended 31 December 2009, compared to PLN 153.1 million in 2008, mainly due to an increase in provisions for future commitments of PLN 29.6 million and costs arising from provisions for other receivables of PLN 10.7 million and an increase in other operating costs of PLN 8.7 million. The increase in the provisions was mainly attributable to: (i) provisions created by the Bank for future commitments arising from signed contracts (unused leased office space) and liabilities arising from court decisions for fees the Group charged its customers for bridge insurance on mortgage loans until these mortgages were registered with respective Polish courts and (ii) provisions for other receivables (excluding loans and advances) created by Intermarket due to impaired receivables from the factoring business of its subsidiary Compania de Factoring, which was sold in October 2009. The increase in other operating costs was mainly attributable to unused office space in the Czech Republic and Slovakia.

Operating Profit/Profit before Income Tax from Continued Operations

Operating profit/profit before income tax from continued operations decreased by PLN 657.8 million, or 75.9%, to PLN 209.4 million for the year ended 31 December 2009, compared to PLN 867.1 million in 2008.

Income Tax Expense

The table below sets forth, for the periods indicated, information on the Group's income tax expense.

	Year ended 31 December 2009	2008	Change
	(PLN thousand) (audited)		(%)
Current tax	(98,459)	(306,606)	(67.9)
Deferred income tax	19,593	198,171	(90.1)
Total income tax	**(78,866)**	**(108,435)**	**(27.3)**
Profit before tax	**209,389**	**867,146**	**(75.9)**
Tax calculated at Polish current tax rate (19%)	(39,784)	(164,758)	(75.9)
Effect of different tax rates in other countries	(1,013)	(2,677)	(62.2)
Income not subject to tax	11,292	42,219	(73.3)
Costs other than tax deductible costs	(34,360)	(31,007)	10.8
Other positions affecting income tax	7,179	64,190	(88.8)
Losses of foreign branches of the Bank	(22,180)	(16,402)	35.2
Income tax expense	**(78,866)**	**(108,435)**	**(27.3)**
Effective tax rate calculation			
Profit before income tax	**209,389**	**867,146**	**(75.9)**
Income tax	(78,866)	(108,435)	(27.3)
Effective tax rate	**37.66%**	**12.50%**	

Source: 2009 Consolidated Financial Statements

Income tax expense decreased by PLN 29.5 million, or 27.3%, to PLN 78.9 million for the year ended 31 December 2009, compared to PLN 108.4 million in 2008, mainly due to the fact that profit before tax decreased by PLN 657.8 million, or 75.9%, to PLN 209.4 million for the year ended 31 December 2009, compared to PLN 867.1 million in 2008. The percentage decrease in the income tax expense was significantly lower than the percentage decrease in the profit before tax mainly because of: (i) a lower level of total income tax in 2008 (the effective tax rate amounted to 12.5%) due to the recognition of tax losses on the sale of shares in Aegon PTE S.A. in the amount of PLN 257.9 million and the reversal of impairment losses on the shares of PTE Skarbiec-Emerytura S.A.'s valuation in the amount of PLN 146.7 million as well as a tax free gain on sale of shares in Vectra S.A. in the amount of PLN 137.7 million (the sale of shares in Vectra S.A. was treated as a non-taxable redemption of shares pursuant to the Polish tax law) and (ii) higher level of losses incurred by mBank's branches in the Czech Republic and in Slovakia and costs not deductible for tax purposes based on the regulation of the CIT Act in 2009.

Net Profit from Continued Operations

Net profit from continued operations including non-controlling interest decreased by PLN 628.2 million, or 82.8%, to PLN 130.5 million for the year ended 31 December 2009, compared to PLN 758.7 million in 2008.

Discontinued Operations

In the year ended 31 December 2009, the Group did not carry out any operations classified as discontinued operations in the consolidated financial statements of the Group for the year then ended.

For a detailed description of discontinued operations of the Group for the year ended 31 December 2008, see *"Year Ended 31 December 2008 Compared to Year Ended 31 December 2007"* in this section.

Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

The table below sets forth, for the periods indicated, certain consolidated income statement information on the results of the Group's operations.

	Year ended 31 December		
	2008	**2007**	**Change**
	(PLN thousand) (audited)		**(%)**
Continued Operations:			
Interest income	3,637,222	2,355,279	54.4
Interest expense	(2,244,770)	(1,327,496)	69.1
Net interest income	**1,392,452**	**1,027,783**	**35.5**
Fee and commission income	844,463	785,237	7.5
Fee and commission expense	(292,997)	(220,959)	32.6
Net fee and commission income	**551,466**	**564,278**	**(2.3)**
Dividend income	9,429	2,327	305.2
Net trading income, including:	483,855	486,468	(0.5)
Foreign exchange result	517,314	434,956	18.9
Other net trading income	(33,459)	51,512	—
Gains less losses from investment securities	135,765	3,834	3,441.1
Other operating income	266,505	249,661	6.7
Net impairment losses on loans and advances	(269,144)	(76,810)	250.4
Overhead costs	(1,346,601)	(1,103,319)	22.1
Amortization and depreciation	(203,475)	(176,325)	15.4
Other operating expenses	(153,106)	(132,342)	15.7
Operating profit	**867,146**	**845,555**	**2.6**
Profit before income tax from continued operations	**867,146**	**845,555**	**2.6**
Income tax expense	(108,435)	(184,578)	(41.3)
Net profit from continued operations including non-controlling interest	**758,711**	**660,977**	**14.8**
Discontinued operations:			
Profit before income tax from discontinued operations	**132,969**	**108,990**	**22.0**
Income tax expense	(2,336)	(22,350)	(89.5)
Net profit from discontinued operations including non-controlling interests	**130,633**	**86,640**	**50.8**
Net profit from continued and discontinued operations, attributable to:	**889,344**	**747,617**	**19.0**
Owners of BRE Bank S.A.	857,459	710,094	20.8
Non-controlling interests	31,885	37,523	(15.0)

Source: 2008 Consolidated Financial Statements

Net Interest Income

The table below sets forth, for the periods indicated, the principal components of the Group's interest income and expense.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Interest income			
Loans and advances including the unwinding of the impairment losses discount	2,676,885	1,713,284	56.2
Cash and short-term placements	394,903	268,495	47.1
Investment securities	317,533	184,481	72.1
Trading debt securities	238,251	154,418	54.3
Other	9,650	34,601	(72.1)
Total	**3,637,222**	**2,355,279**	**54.4**
Interest expense			
Arising from amounts due to banks and customers	(2,009,607)	(1,095,770)	83.4
Arising from issue of debt securities	(150,895)	(168,682)	(10.5)
Other borrowed funds	(82,086)	(58,460)	40.4
Other	(2,182)	(4,584)	(52.4)
Total	**(2,244,770)**	**(1,327,496)**	**69.1**
Net interest income	**1,392,452**	**1,027,783**	**35.5**
Net interest margin (unaudited)	**2.3%**	**2.3%**	

Source: 2008 Consolidated Financial Statements, the Bank

Interest income increased by PLN 1,281.9 million, or 54.4%, to PLN 3,637.2 million for the year ended 31 December 2008, compared to PLN 2,355.3 million in 2007, mainly due to the increase in interest income on loans and advances including the unwinding of the impairment losses discount of PLN 963.6 million to PLN 2,676.9 million, the increase in interest income on investment securities of PLN 133.1 million to PLN 317.5 million and the increase in interest income on cash and short-term placements by PLN 126.4 million to PLN 394.9 million.

The increase in interest income on loans and advances including the unwinding of the impairment losses discount was mainly attributable to the continued growth of the Group's loans and advances to customers portfolio from PLN 33,682.7 million as at 31 December 2007 to PLN 52,142.5 million as at 31 December 2008, which was primarily caused by an increase in housing and mortgage loans to individual customers (retail mortgage loans), coupled with increased returns on this portfolio from higher interest rates. The growth in the investment and trading debt securities portfolios and cash and short-term placements also contributed to the increase in interest income.

For detailed information on the Group's assets, see "*Operating and Financial Review —Statement of Financial Position — Assets — 31 December 2008 Compared to 31 December 2007.*"

Interest expense increased by PLN 917.3 million, or 69.1%, to PLN 2,244.8 million for the year ended 31 December 2008, compared to PLN 1,327.5 million in 2007, mainly due to an increase in interest expense arising from amounts due to banks and customers of PLN 913.8 million.

The increase in interest expense arising from amounts due to banks and customers was mainly attributable to the increased costs of funding due to increased nominal interest rates in the market.

The decrease in interest expense arising from the issue of debt securities of PLN 17.8 million was mainly attributable to the Group's redemption of part of its outstanding debt securities and reduced funding by debt securities.

For detailed information on the Group's liabilities, see *"Operating and Financial Review — Statement of Financial Position — Liabilities — 31 December 2008 Compared to 31 December 2007.*"

As a result of the factors described above, net interest income increased by PLN 364.7 million, or 35.5%, to PLN 1,392.5 million for the year ended 31 December 2008, compared to PLN 1,027.8 million in 2007.

The Group's net interest margin (net interest income to average interest-earning assets) was 2.3% for both the year ended 31 December 2008 and 2007.

Net Fee and Commission Income

The table below sets forth, for the periods indicated, information on the Group's fee and commission income and expenses.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Fee and commission income			
Credit-related fees and commissions	178,992	201,515	(11.2)
Payment card-related fees	206,445	152,787	35.1
Commissions from insurance activity	89,659	—	—
Fees from brokerage activity	73,491	138,611	(47.0)
Commissions from money transfers	72,718	76,074	(4.4)
Commissions from bank accounts	62,175	45,398	37.0
Guarantees granted and trade finance commissions	39,257	39,182	0.2
Commissions on trust and fiduciary activities	10,164	10,997	(7.6)
Fees from portfolio-management services and other management-related fees	8,385	10,755	(22.0)
Other	103,177	109,918	(6.1)
Total	**844,463**	**785,237**	**7.5**
Fee and commission expense			
Payment cards-related fees (handling and insurance)	(143,629)	(106,854)	34.4
Brokerage fees discharged	(20,713)	(24,094)	(14.0)
Commission costs of insurance activity	(34)	—	—
Other fees discharged	(128,621)	(90,011)	42.9
Total	**(292,997)**	**(220,959)**	**32.6**
Total net fee and commission income	**551,466**	**564,278**	**(2.3)**

Source: 2008 Consolidated Financial Statements

Total fee and commission income increased by PLN 59.3 million, or 7.5%, to PLN 844.5 million for the year ended 31 December 2008, compared to PLN 785.2 million in 2007, mainly due to an increase in payment card-related fees of PLN 53.7 million, an increase in commissions from bank accounts of PLN 16.8 million and a contribution of PLN 89.7 million from insurance activity.

The increase in commissions from insurance activity was mainly attributable to the first time consolidation of the Group's subsidiary, BRE Ubezpieczenia TUiR, whose core business is non-life insurance.

Despite an increase in the Group's loan portfolio, credit-related fees and commissions decreased by PLN 22.5 million. This decrease was mainly due to the fact that certain proceeds from the sale of insurance products of BRE Ubezpieczenia TUiR and BRE Ubezpieczenia that were previously accounted for as credit-related fees and commissions were reclassified following the consolidation of BRE Ubezpieczenia TUiR and BRE Ubezpieczenia in 2008 as either part of "Commissions from insurance activity" within "Fee and commission income" (in case of sales of third party insurance products) or as part of "Income from insurance activity (net)" within "Other operating income" (in case of sales of the Group's insurance products).

The increase in fee and commission income from payment card-related fees was mainly attributable to the increase in the number of payment cards issued and the increase in the number and volume of payment transactions concluded with payment cards.

The significant decrease in fee and commission income from brokerage activity by PLN 65.1 million resulted from a significant decline in demand for brokerage services offered by DI BRE, as a result of unfavourable market conditions on the WSE beginning in the second quarter of 2008.

Fee and commission expense increased by PLN 72.0 million, or 32.6%, to PLN 293.0 million for the year ended 31 December 2008, compared to PLN 221.0 million in 2007, mainly due to an increase in fee and commission expense of PLN 38.6 million on other fees discharged and of PLN 36.8 million on payment card-related fees (handling and insurance).

The increase in fee and commission expense from other fees discharged was mainly attributable to an increase in sales of retail banking products sold by third-party sales teams. The increase in fee and commission expense on payment card-related fees (handling and insurance) was primarily driven by the increase in the number of cards issued, the number of payment card transactions, fees paid to credit card companies for the use of their services, settlement and insurance costs.

As a result of the factors described above, net fee and commission income decreased by PLN 12.8 million, or 2.3%, to PLN 551.5 million for the year ended 31 December 2008, compared to PLN 564.3 million in 2007.

Dividend Income

The table below sets forth, for the periods indicated, information on the Group's dividend income.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Trading securities	1,699	2	84,850.0
Securities available for sale	7,730	2,325	232.5
Total dividend income	**9,429**	**2,327**	**305.2**

Source: 2008 Consolidated Financial Statements

Dividend income increased by PLN 7.1 million, or 305.2%, to PLN 9.4 million for the year ended 31 December 2008, compared to PLN 2.3 million in 2007, mainly due to an increase in dividend income from securities available for sale of PLN 5.4 million resulting from a PLN 5.7 million dividend from VISA Europe Ltd. and an increase in dividend income from trading securities of PLN 1.7 million, primarily resulting from a PLN 1.6 million dividend from TVN S.A.

Net Trading Income

The table below sets forth, for the periods indicated, information on the Group's net trading income.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Foreign exchange result	**517,314**	**434,956**	**18.9**
Foreign exchange differences from the translation (net)	417,755	506,744	(17.6)
Net transaction gains and losses	99,559	(71,788)	—
Other net trading income	**(33,459)**	**51,512**	**—**
Interest-bearing instruments	(28,564)	18,522	—
Equities	(8,394)	23,444	—
Market risk instruments	3,499	9,546	(63.3)
Total net trading income	**483,855**	**486,468**	**(0.5)**

Source: 2008 Consolidated Financial Statements

Net trading income decreased slightly by PLN 2.6 million, or 0.5%, to PLN 483.9 million for the year ended 31 December 2008, compared to PLN 486.5 million in 2007, mainly due to a decrease in other net trading income of PLN 85.0 million (comprised principally of a decrease in trading income from interest-bearing instruments of PLN 47.1 million and a decrease in trading income in equities of PLN 31.8 million) as a result of the deterioration of the capital markets in the second half of 2008, which was largely offset by an increase in the foreign exchange result of PLN 82.4 million (comprised of PLN 171.3 million in transaction gains, which was partially offset by a decrease of PLN 89.0 million in foreign exchange translation results).

Gains Less Losses from Investment Securities

The table below sets forth, for the periods indicated, information on the Group's gains less losses from investment securities.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Sale/redemption by the issuer of the financial assets available for sale	136,787	3,882	3,423.6
Impairment of available for sale equity securities	(1,022)	(48)	2,029.2
Total gains and losses from investment securities	**135,765**	**3,834**	**3,441.1**

Source: 2008 Consolidated Financial Statements

Gains less losses from investment securities increased by PLN 132.0 million, or 3,441.1%, to PLN 135.8 million for the year ended 31 December 2008, compared to PLN 3.8 million in 2007, mainly due to an increase in the sale of financial assets available for sale of PLN 132.9 million (comprised mainly of gains from the sale of shares of Vectra S.A.).

Other Operating Income

The table below sets forth, for the periods indicated, information on the Group's other operating income.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Income from sale or liquidation of fixed assets, intangible assets and assets held for resale	172,184	148,449	16.0
Income from services provided	44,274	49,417	(10.4)
Income from insurance activity net	20,513	—	—
Income due to release of provisions for future commitments	10,213	15,801	(35.4)
Income from recovering receivables designated previously as prescribed, remitted or uncollectible	5,048	2,553	97.7
Income from the release of impairment losses for tangible fixed assets and intangible assets	—	1,830	(100.0)
Income from compensation, penalties and fines received	419	513	(18.3)
Other	13,854	31,098	(55.5)
Total other operating income	**266,505**	**249,661**	**6.7**

Source: 2008 Consolidated Financial Statements

Other operating income increased by PLN 16.8 million, or 6.7%, to PLN 266.5 million for the year ended 31 December 2008, compared to PLN 249.7 million in 2007, mainly due to an increase in income from the sale or liquidation of fixed assets, intangible assets and assets held for resale of PLN 23.7 million resulting mainly from the increased income from sale of apartments by BRE.locum S.A., an increase in income from recovering receivables designated previously as prescribed, remitted or uncollectible of PLN 2.5 million and a first-time contribution of PLN 20.5 million from insurance activity. These increases were partly offset by a decrease in other of PLN 17.2 million, a decrease in income due to release of provisions for future commitments of PLN 5.6 million, a decrease from services provided of PLN 5.1 million and a decrease in income from the release of impairment losses for tangible fixed assets and intangible assets of PLN 1.8 million.

The table below sets forth, for the periods indicated, information on the Group's income from insurance activity. Income from insurance activity net comprises income from premiums, reinsurance and co-insurance activity, deducted by compensations disbursed and costs of liquidation and adjusted by the changes in provisions for compensations connected with insurance activity conducted within the Group.

	Year ended 31 December	
	2008	2007
	(PLN thousand) (audited)	
Income from premiums		
Premiums attributable	108,551	—
Change in provision for premiums	(63,299)	—
Premium revenue	**45,252**	**—**
Reinsurance contracts		
Premiums attributable	(21,517)	—
Change in provision for premiums	5,956	—
Premiums on reinsurer's share	**(15,561)**	**—**
Net premiums	**29,691**	**—**
Compensations and benefits		
Compensations and benefits paid out in the current year including costs of liquidation before tax	(9,513)	—
Change in provision for compensations and benefits paid out in the current year including costs of liquidation before tax	(15,148)	—
Compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	8,593	—
Change in provision for compensations and benefits paid out in the current year including reinsurer's share of costs of liquidation	8,799	—
Compensations and benefits net	**(7,269)**	**—**
Other costs on own share	(1,942)	—
Other operating income	33	—
Income from insurance activity net, total	**20,513**	**—**

Source: 2008 Consolidated Financial Statements

The Group started to consolidate the insurance activities of its subsidiaries, BRE Ubezpieczenia TUiR and BRE Ubezpieczenia, for the first time in 2008 Consolidated Financial Statements. Revenues in 2008 were mainly attributable to proceeds from insurance policies, principally in non-life insurance. For a more detailed discussion, see "*Key Factors Affecting Comparability — Change of Presentation of Comparative Financial Data*" in this section.

Impairment Losses on Loans and Advances

The table below sets forth, for the periods indicated, information on the Group's impairment losses on loans and advances.

	Year ended 31 December		
	2008	2007	Change
	(PLN thousand) (audited)		(%)
Impairment losses on amounts due from other banks	(21,894)	(631)	3,369.7
Impairment losses on off-balance sheet contingent liabilities due to other banks	(287)	(247)	16.2
Impairment losses on loans and advances to customers	(233,747)	(71,213)	228.2
Impairment losses on off-balance sheet contingent liabilities due to customers	(13,216)	(4,719)	180.1
Total impairment losses on loans and advances	**(269,144)**	**(76,810)**	**250.4**

Source: 2008 Consolidated Financial Statements

Impairment losses on loans and advances amounted to PLN 269.1 million for the year ended 31 December 2008. This represented an increase of PLN 192.3 million, or 250.4%, compared to 2007. The majority of this increase was attributable to a PLN 162.5 million increase in impairment losses on loans and advances to customers. This increase was primarily caused by defaults on loans by borrowers adversely affected by the global financial crisis, primarily starting in the fourth quarter of 2008. In addition, impairment losses were also created for receivables related to foreign exchange derivatives, which were adversely affected by the strong depreciation of the PLN against the EUR. The Loss Identification Period used for calculating provisions for incurred but not identified loan losses in retail banking was also extended in 2008 from three to four months resulting in an increase in provisions.

Impairment losses on amounts due from other banks increased significantly in the last six months of 2008 as the result of the collapse of various financial institutions affected by the global financial crisis.

The Group's non-performing loan ratio decreased by 0.1 p.p. to 2.1% as of 31 December 2008, compared with 2.2% as of 31 December 2007.

Overhead Costs

The table below sets forth, for the periods indicated, information on the Group's overhead costs.

	Year ended 31 December		
	2008	**2007**	**Change**
	(PLN thousand) (audited)		**(%)**
Staff-related expenses	(738,697)	(628,586)	17.5
Material costs	(561,476)	(447,729)	25.4
Taxes and fees	(26,598)	(12,191)	118.2
Contributions and transfers to the Bank Guarantee Fund	(6,923)	(5,438)	27.3
Contribution to the Social Benefits Fund	(5,483)	(4,326)	26.7
Other	(7,424)	(5,049)	47.0
Total overhead costs	**(1,346,601)**	**(1,103,319)**	**22.1**

Source: 2008 Consolidated Financial Statements

Overhead costs increased by PLN 243.3 million, or 22.1%, to PLN 1,346.6 million for the year ended 31 December 2008, compared to PLN 1,103.3 million in 2007, mainly due to an increase in material costs of PLN 113.7 million resulting from the expansion of business operations and the branch network, including mBank and MultiBank branches, an increase in staff-related expenses of PLN 110.1 million resulting from an expansion in the business which required hiring of additional employees as well as the creation of bonus provisions (accruals for potential future bonus payments for employees) as the Group's overall performance improved.

Amortization and Depreciation

Amortization and depreciation increased by PLN 27.2 million, or 15.4%, to PLN 203.5 million for the year ended 31 December 2008, compared to PLN 176.3 million in 2007 resulting mainly from an increase in fixed assets owned by the Group due to expansion of its activities, including leasing activities.

Other Operating Expenses

The table below sets forth, for the periods indicated, information on the Group's other operating expenses.

	Year ended 31 December 2008	Year ended 31 December 2007	Change
	(PLN thousand) (audited)		(%)
Costs arising from sale or liquidation of fixed assets, intangible assets and assets held for resale	(114,627)	(89,775)	27.7
Costs arising from provisions created for other receivables (excluding loans and advances)	(8,604)	(1,111)	674.4
Provisions for future commitments	(4,935)	(8,565)	(42.4)
Costs arising from receivables and liabilities recognized as prescribed, remitted and uncollectible	(4,464)	(3,698)	20.7
Donations made	(3,360)	(2,630)	27.8
Costs of services provided	(1,968)	(3,957)	(50.3)
Costs arising from impairment losses created for tangible fixed assets and intangible assets under financial lease agreements and rentals	—	(1,367)	(100.0)
Compensation, penalties and fines paid	(790)	(402)	96.5
Costs arising from impairment losses created for tangible fixed assets and intangible assets	—	(367)	(100.0)
Other operating costs	(14,358)	(20,470)	(29.9)
Total other operating expenses	**(153,106)**	**(132,342)**	**15.7**

Source: 2008 Consolidated Financial Statements

Other operating expenses increased by PLN 20.8 million, or 15.7%, to PLN 153.1 million for the year ended 31 December 2008, compared to PLN 132.3 million in 2007, mainly due to an increase in the costs arising from the sale or liquidation of fixed assets, intangible assets and assets held for resale of PLN 24.9 million related to the cost of sale of apartments sold by BRE.locum.

Operating Profit/Profit before Income Tax from Continued Operations

Operating profit/profit before income tax from continued operations increased by PLN 21.6 million, or 2.6%, to PLN 867.1 million for the year ended 31 December 2008, compared to PLN 845.6 million in 2007 as set forth above.

Income Tax Expense

The table below sets forth, for the periods indicated, information on the Group's income tax expense.

	Year ended 31 December 2008	Year ended 31 December 2007	Change
	(PLN thousand) (audited)		(%)
Current tax	(306,606)	(232,819)	31.7
Deferred income tax	198,171	48,241	310.8
Total income tax	**(108,435)**	**(184,578)**	**(41.3)**
Profit before tax	**867,146**	**845,555**	**2.6**
Tax calculated at Polish current tax rate (19%)	(164,758)	(160,655)	2.6
Effect of different tax rates in other countries	(2,677)	(2,070)	29.3
Income not subject to tax	42,219	7,136	491.6
Costs other than tax deductible costs	(47,409)	(21,509)	120.4
Other positions affecting income tax	64,190	(7,235)	—
Utilization of previously unrecognized tax losses	—	(245)	(100.0)
Total income tax expense	**(108,435)**	**(184,578)**	**(41.3)**
Effective tax rate calculation			
Profit before income tax	867,146	845,555	2.6
Income tax	(108,435)	(184,578)	(41.3)
Effective tax rate	**12.50%**	**21.83%**	

Source: 2008 Consolidated Financial Statements

Income tax expense decreased by PLN 76.1 million, or 41.3%, to PLN 108.4 million for the year ended 31 December 2008, compared to PLN 184.6 million in 2007, mainly due to the recognition of tax losses on the sale of shares in Aegon PTE S.A. in the amount of PLN 257.9 million and the reversal of impairment losses on shares in PTE Skarbiec-Emerytura S.A. in the amount of PLN 146.7 million, as well as tax free gains on the sale of shares in Vectra S.A. in the amount of PLN 137.7 million (the sale of shares in Vectra S.A. was treated as a non-taxable redemption of shares under Polish tax law).

Net Profit from Continued Operations

Net profit from continued operations increased by PLN 97.7 million, or 14.8%, to PLN 758.7 million for the year ended 31 December 2008, compared to PLN 661.0 million in 2007.

Discontinued Operations

	Year ended 31 December		
	2008	**2007**	**Change**
	(PLN thousand) (audited)		**(%)**
Interest income	2,430	3,407	(28.7)
Interest expenses	—	—	—
Net interest income	**2,430**	**3,407**	**(28.7)**
Fee and commission income	25,376	46,347	(45.2)
Fee and commission expense	(11,583)	(19,125)	(39.4)
Net fee and commission income	**13,793**	**27,222**	**(49.3)**
Net trading income, including:	(1)	(4)	(75.0)
Foreign exchange result	(1)	(4)	(75.0)
Other net trading income	—	—	—
Gains less losses from investment securities	—	2,731	(100.0)
Other operating income	701	38	1,744.7
Overhead costs	(4,935)	(8,290)	(40.5)
Amortization and depreciation	(245)	(448)	(45.3)
Other operating expenses	(33)	(5,124)	(99.4)
Operating profit	**11,710**	**19,532**	**(40.0)**
Income from sale/income from merger of assets held for disposal	121,259	89,458	35.5
Profit before income tax from discontinued operations	**132,969**	**108,990**	**22.0**
Income tax expense	(2,336)	(22,350)	(89.5)
Net profit from discontinued operations, attributable to:	**130,633**	**86,640**	**50.8**
Owners of BRE Bank S.A.	130,633	86,640	50.8
Non-controlling interests	—	—	—

Source: 2008 Consolidated Financial Statements

The presentation of the results of operations under the heading "*Discontinued Operations*" for the year ended 31 December 2008 includes the results of operations for PTE Skarbiec-Emerytura S.A. for the six months ended 30 June 2008 and income from merger of PTE Skarbiec-Emerytura S.A. and Aegon PTE S.A. and the subsequent sale of shares in Aegon PTE S.A. on 30 December 2008 while the presentation of the results of operations under the heading "*Discontinued Operations*" for the year ended 31 December 2007 includes the results of operation of PTE Skarbiec-Emerytura as well as income from sale of SAMH. For the description of the operations of SAMH and PTE Skarbiec-Emerytura S.A., presented under the heading "*Discontinued Operations*" in the 2007 and 2008 Consolidated Financial Statements, see "*Key Factors Affecting Comparability — Discontinued Operations*".

Results of Operations by Business Segment

The Group conducts it business through different business segments which offer specific products and services targeted at specific client groups and market segments. The Group currently conducts its operations through the following business segments:

- The Retail Banking segment, which divides its customers into mBank customers, MultiBank customers and BRE Private Banking customers, offers a full range of the Bank's banking products and services as well as specialized products offered by a number of subsidiaries belonging to the Retail Banking segment. The key products in this segment include current and savings accounts (including accounts in foreign currencies), term deposits, lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loans products), debit cards, insurance, investment products and brokerage services offered to both individual customers and to micro-businesses. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of BRE Wealth Management, Aspiro (until 2 October 2009: emFinanse Sp. z o.o.) as well as BRE Ubezpieczenia TUiR and BRE Ubezpieczenia.

- The Corporates and Markets segment, which is divided into two sub-segments:

  - Corporates and Institutions sub-segment, which targets small, medium and large-sized 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 and commodity swaps and options, structured deposit products with embedded options (interest on structured deposit products are directly linked to the performance of certain underlying financial instruments such as foreign exchange options, interest rate options and stock options), treasury bills and bonds, 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 maintains an extensive correspondent banking network and also develops relationships with other banks providing products such as current accounts, overdrafts, stand alone and syndicated loans and loans insured by KUKE to support the Polish export market. The Corporates and Institutions sub-segment includes the results of the following subsidiaries: BRE Bank Hipoteczny, BRE Leasing, DI BRE, BRE Corporate Finance, Intermarket Bank, Polfactor, BRE Holding, Transfinance, Magyar Factor, Garbary, Tele-Tech Investment as well as BRE Gold FIZ Aktywów Niepublicznych, all of whose investment certificates were acquired by BRE Bank in November 2009. The only asset of BRE Gold FIZ Aktywów Niepublicznych is a shareholding in Powszechny Zakład Ubezpieczeń S.A., which was formerly owned by the Bank.

  - The Trading and Investment Activity 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 results of BRE Finance France.

- Operations which are not included in the Retail Banking segment and the Corporates and Markets segment were reported under "*Remaining Business*" below. This segment includes the results of BRE.locum and CERI.

The Group conducted its operations through the business segment asset management until its discontinuation at the end of 2008, which included the activity of Aegon PTE S.A. and PTE Skarbiec-Emerytura S.A. for the first half of 2008. On June 30, 2008, PTE Skarbiec-Emerytura S.A. and Aegon PTE S.A. were merged together and on December 30, 2008 the Group sold the shares of Aegon PTE S.A., which were taken over as a result of the merger of the companies.

Three Months Ended 31 March 2010 Compared to Three Months Ended 31 March 2009

The table below sets forth certain information on the Group's results of operations, as well as assets and liabilities by business segments in the three months ended 31 March 2010 and 31 March 2009, respectively.

	Retail Banking (including Private Banking)		Corporates & Markets: Corporates & Institutions		Corporates & Markets: Trading & Investment Activity		Remaining Business		Eliminations		Group		Statement of Financial Position Reconciliation/Income Statement Reconciliation	
	Three months ended 31 March													
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(PLN thousand)													
Net interest income	**226,791**	**244,438**	**178,117**	**162,613**	**(12,148)**	**(9,650)**	**(479)**	**(298)**	**(1,744)**	**—**	**390,537**	**397,103**	**390,537**	**397,103**
Sales to external clients	92,115	145,180	187,480	162,200	112,641	89,781	45	(58)	(1,744)	—	390,537	397,103	—	—
Sales to other segments	134,676	99,258	(9,363)	413	(124,789)	(99,431)	(524)	(240)	—	—				
Net fee and commission income	**67,293**	**22,989**	**98,463**	**92,090**	**(174)**	**(3,076)**	**(55)**	**(410)**	**8,366**	**10,249**	**173,893**	**121,842**	**173,893**	**121,842**
Sales to external clients	68,236	24,020	95,775	88,300	1,571	(317)	(55)	(410)	8,366	10,249	173,893	121,842	—	—
Sales to other segments	(943)	(1,031)	2,688	3,790	(1,745)	(2,759)	—	—	—	—	—	—	—	—
Trading income	**35,656**	**31,894**	**33,048**	**45,408**	**29,824**	**45,708**	**60**	**(19)**	**(2,417)**	**—**	**96,171**	**122,991**	**96,171**	**122,991**
Gains less losses from investment securities	**—**	**—**	**—**	**(17,138)**	**—**	**770**	**—**	**—**	**—**	**(238)**	**—**	**(16,606)**	**—**	**(16,606)**
Net impairment losses on loans and advances	**(103,488)**	**(82,174)**	**(70,283)**	**(127,667)**	**(3,290)**	**(187)**	**—**	**—**	**—**	**—**	**(177,061)**	**(210,028)**	**(177,061)**	**(210,028)**
Gross result of the segment	**108,975**	**74,017**	**23,030**	**(42,423)**	**26,056**	**56,425**	**2,917**	**16,266**	**(3,204)**	**(964)**	**157,774**	**103,321**	**157,774**	**103,321**
Income tax											**(35,183)**	**(27,572)**	**(35,183)**	**(27,572)**
Net profit attributable to BRE Bank SA shareholders											**115,416**	**77,221**	**115,416**	**77,221**
Net profit attributable to minority interests											**7,175**	**(1,472)**	**7,175**	**(1,472)**
Assets of the segment	**28,873,331**	**30,478,657**	**28,970,748**	**31,122,887**	**29,955,275**	**21,167,218**	**1,214,895**	**1,108,063**	**(4,262,868)**	**(2,631,349)**	**84,751,381**	**81,245,476**	**84,751,381**	**81,245,476**
Liabilities of the segment	**27,030,246**	**21,060,582**	**50,320,615**	**48,628,134**	**5,732,765**	**8,668,203**	**612,149**	**788,446**	**(3,469,839)**	**(1,973,605)**	**80,225,936**	**77,171,760**	**80,225,936**	**77,171,760**
Other items of the segment														
Expenditures incurred on fixed assets and intangible assets	(5,185)	(27,395)	(25,139)	(23,873)	(672)	(1,877)	(51)	(1,360)	—	—	(31,047)	(54,505)	—	—
Amortization/depreciation	(22,350)	(22,677)	(32,751)	(32,833)	(3,227)	(2,094)	(968)	(1,017)	95	95	(59,201)	(58,526)	(59,201)	(58,526)
Losses on credits and loans	(143,548)	(83,098)	(243,121)	(205,321)	(4,752)	(525)	—	—	—	—	(391,421)	(288,944)	—	—
Other costs/income without cash outflows/ inflows, of which:	1,736	(4)	2,240	7,350	(107,320)	318,322	151	13	(2,417)	—	(105,610)	325,681	—	—
other non-cash costs	—	*(4)*	*(53)*	*(483)*	*(1,380,086)*	*(1,330,635)*	—	—	*6,930*	—	*(1,373,209)*	*(1,331,122)*	—	—
other non-cash income	*1,736*	—	*2,293*	*7,833*	*1,272,766*	*1,648,957*	*151*	*13*	*(9,347)*	—	*1,267,599*	*1,656,803*	—	—

Source: Consolidated Condensed Interim Financial Statements

In the three months ended March 31, 2010, the Retail Banking segment and the Corporates and Markets segment generated a gross profit of PLN 109.0 million and PLN 49.1 million, respectively.

Net Interest Income

In the three months ended 31 March 2010, net interest income in the Retail Banking segment decreased by PLN 17.6 million, or 7.2%, compared to the corresponding period in 2009 as a result of a decrease in loans and advances to customers and a decrease in average base nominal market interest rates combined with lower deposit margins, despite higher deposit volumes.

In the three months ended 31 March 2010, net interest income in the Corporates and Markets segment increased by PLN 13.0 million, or 8.5%, compared to the corresponding period in 2009, mainly due to increased lending margins which was partially offset by lower volume of lending.

Net Commission Income

In the three months ended 31 March 2010, net commission income in the Retail Banking segment and the Corporates and Markets segment increased by PLN 44.3 million, or 192.7%, and PLN 9.3 million, or 10.4%, respectively, compared to the corresponding period in 2009.

The increase in net commission income in the Retail Banking segment was driven mainly by increased sales of investment products (third party mutual funds), third party insurance products and growth in credit-related fees and commission.

The increase in net commission income in the Corporate and Market segment was driven mostly by increased sales of cash management-related products and higher income on brokerage activity of DI BRE.

Year Ended 31 December 2009 Compared to Year Ended 31 December 2008

The segment results of 2008 were actualized based on the results presented in the 2009 Consolidated Financial Statements due to factors impacting comparability. See "*Key Factors Affecting Comparability*".

	Retail Banking (including Private Banking)		Corporates & Markets: Corporates & Institutions		Corporates & Markets: Trading & Investment Activity		Asset Management (discontinued operation)		Remaining Business		Eliminations		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
					(PLN thousand)									
Net interest income	**955,375**	**680,076**	**714,400**	**652,320**	**(1,949)**	**94,488**	**—**	**(18,910)**	**(4,671)**	**(13,092)**	**(4,978)**	**—**	**1,658,177**	**1,394,882**
Sales to external clients	591,869	394,932	727,399	772,689	347,244	235,726	—	2,430	(3,357)	(10,895)	(4,978)	—	1,658,177	1,394,882
Sales to other segments	363,506	285,144	(12,999)	(120,369)	(349,193)	(141,238)	—	(21,340)	(1,314)	(2,197)	—	—	—	—
Net fee and commission income	**173,585**	**163,040**	**395,035**	**376,225**	**(9,674)**	**(23,696)**	**—**	**13,795**	**(1,504)**	**(1,795)**	**37,281**	**37,690**	**594,723**	**565,259**
Sales to external clients	178,018	167,036	381,025	353,561	(97)	(5,028)	—	13,795	(1,504)	(1,795)	37,281	37,690	594,723	565,259
Sales to other segments	(4,433)	(3,996)	14,010	22,664	(9,577)	(18,668)	—	—	—	—	—	—	—	—
Trading income	**142,647**	**164,515**	**125,912**	**177,200**	**134,740**	**142,114**	**—**	**(1)**	**(452)**	**26**	**3,527**	**—**	**406,374**	**483,854**
Gains less losses from investment securities	**(1,508)**	**(1,000)**	**(19,805)**	**(349)**	**985**	**137,114**	**—**	**121,313**	**19,794**	**(54)**	**(238)**	**—**	**(772)**	**257,024**
Net impairment losses on loans and advances	**(440,647)**	**(134,749)**	**(651,210)**	**(120,064)**	**(5,280)**	**(14,402)**	**—**	**—**	**3**	**71**	**—**	**—**	**(1,097,134)**	**(269,144)**
Gross profit/(loss) of the segment	**216,253**	**241,510**	**(215,916)**	**342,628**	**186,103**	**274,774**	**—**	**109,768**	**17,136**	**27,813**	**5,813**	**3,622**	**209,389**	**1,000,115**
Assets of the segment	**29,152,371**	**27,276,331**	**29,697,434**	**29,270,216**	**24,944,930**	**27,720,756**	**—**	**—**	**1,243,486**	**981,555**	**(4,014,335)**	**(2,643,656)**	**81,023,886**	**82,605,202**
Segment's liabilities	**25,577,889**	**21,980,940**	**49,412,460**	**44,576,787**	**4,608,648**	**13,473,269**	**—**	**—**	**373,356**	**531,864**	**(3,219,621)**	**(2,005,694)**	**76,752,732**	**78,557,166**
Other items of the segment														
Expenditures incurred on fixed assets and intangible assets	(85,234)	(145,769)	(169,654)	(201,046)	(12,264)	(11,826)	—	(764)	(2,883)	(18,824)	—	—	(270,035)	(378,229)
Amortization/depreciation	(107,476)	(75,005)	(140,493)	(114,336)	(8,785)	(10,492)	—	(963)	(2,984)	(3,300)	376	376	(259,362)	(203,720)
Losses on credits and loans	(527,981)	(89,873)	(1,405,347)	(416,655)	(11,241)	(5,332)	—	—	(933)	(208)	—	—	(1,945,502)	(512,068)
Other costs/ income without cash outflows/ inflows, of which	(97)	(63,726)	17,732	—	12,233	(78,385)	—	—	(55)	(3)	—	—	29,813	(142,114)
other non-cash costs	*(97)*	*(63,730)*	*(925)*	—	*(5,465,237)*	*(4,067,265)*	—	—	*(55)*	*(3)*	—	—	*(5,466,314)*	*(4,130,998)*
other non-cash income	—	*4*	*18,657*	—	*5,477,470*	*3,988,880*	—	—	—	—	—	—	*5,496,127*	*3,988,884*

Source: 2009 Consolidated Financial Statements

In 2009, the Retail Banking segment generated a profit before tax of PLN 216.3 million while the Corporates and Markets segment generated a loss before tax of PLN 29.8 million mainly as a result of net impairment losses of PLN 656.5 million.

Net Interest Income

Net interest income increased in the Retail Banking segment by PLN 275.3 million, or 40.5%, for the year ended 31 December 2009, compared with the year ended 31 December 2008, mainly due to the growth of the loan portfolio, consisting primarily of retail housing and mortgage loans (retail mortgage loans) and an increase in lending margins on new housing and mortgage loans.

Net interest income decreased in the Corporates and Markets segment by PLN 34.4 million, or 4.6%, for the year ended 31 December 2009, compared with the year ended 31 December 2008, mainly due to higher costs of funding reported by the Trading and Investment sub-segment was only partially offset by the increase of lending margins in the Corporates & Institutions sub-segment.

Net Fee and Commission Income

In 2009, net fee and commission income in the Retail Banking segment and the Corporates and Markets segment increased by PLN 10.5 million, or 6.5%, and PLN 32.8 million, or 9.3%, respectively, compared with the year ended 31 December 2008, mainly due to growth in the insurance business in the Retail Banking segment and an increase in brokerage activity (DI BRE) in the Corporates and Markets segment.

Year Ended 31 December 2008 Compared to Year Ended 31 December 2007

The table below sets forth certain information on the Group's results of operations, as well as assets and liabilities by business segments in the year ended 31 December 2008 or 31 December 2007, respectively.

	Retail Banking (including Private Banking)		Corporates & Markets: Corporates & Institutions		Corporates & Markets: Trading & Investment Activity		Asset Management (discontinued operation)		Remaining Business		Eliminations		Group	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	(PLN thousand)													
Net interest income	**680,076**	**431,516**	**654,209**	**556,947**	**92,598**	**63,964**	**(18,910)**	**(12,979)**	**(13,091)**	**(1,129)**	**—**	**(7,129)**	**1,394,882**	**1,031,190**
- sales to external clients	394,932	327,355	757,570	633,704	250,845	73,846	2,430	3,407	(10,895)	7	—	(7,129)	1,394,882	1,031,190
- sales to other segments	285,144	104,161	(103,361)	(76,757)	(158,247)	(9,882)	(21,340)	(16,386)	(2,196)	(1,136)	—	—	—	—
Net fee and commission income	**163,040**	**189,977**	**375,728**	**392,657**	**(23,199)**	**(17,400)**	**13,795**	**26,978**	**(1,795)**	**(712)**	**37,690**	**—**	**565,259**	**591,500**
- sales to external clients	167,036	192,706	353,060	374,336	(4,527)	(1,808)	13,795	26,978	(1,795)	(712)	37,690	—	565,259	591,500
- sales to other segments	(3,996)	(2,729)	22,668	18,321	(18,672)	(15,592)	—	—	—	—	—	—	—	—
Gross profit/(loss) of the segment	**241,510**	**227,507**	**355,729**	**444,811**	**261,673**	**131,930**	**109,768**	**91,285**	**27,813**	**80,808**	**3,622**	**(21,796)**	**1,000,115**	**954,545**
Profit on operating activities													1,000,115	954,545
Gross profit (before tax)													1,000,115	954,545
Corporate income tax													(110,771)	(206,928)
Net profit attributable to minority interest													31,885	37,523
Net profit (after tax)													857,459	710,094
Asset of the segment	**27,276,331**	**14,201,223**	**28,934,813**	**22,304,587**	**28,056,158**	**21,231,555**	**—**	**501,522**	**981,556**	**759,334**	**(2,643,656)**	**(3,056,321)**	**82,605,202**	**55,941,900**
Total assets							—						82,605,202	55,941,900
Segment's liabilities	**21,980,940**	**12,927,618**	**44,519,300**	**31,534,832**	**13,530,756**	**9,870,498**	**—**	**12,543**	**531,864**	**632,240**	**(2,005,694)**	**(2,477,154)**	**78,557,166**	**52,500,577**
Total liabilities													78,557,166	52,500,577
Other items of the segment														
Expenditures incurred on fixed assets and intangible assets	(145,769)	(91,711)	(201,046)	(170,508)	(11,826)	(12,094)	(764)	(1,853)	(18,824)	(9,292)	—	—	(378,229)	(285,458)
Amortization/depreciation	(75,005)	(63,136)	(114,323)	(99,443)	(10,505)	(7,937)	(963)	(1,117)	(3,300)	(3,057)	376	(2,082)	(203,720)	(176,772)
Losses on credits and loans	(89,873)	(38,039)	(416,655)	(233,292)	(5,332)	(6,409)	—	—	(208)	(1,221)	—	—	(512,068)	(278,961)
Other costs/income without cash outflows/inflows, of which:	(63,726)	(1)	—	—	(78,385)	(51,781)	—	—	(3)	—	—	—	(142,114)	(51,782)
other non-cash costs	*(63,730)*	*(1)*	—	—	*(4,067,265)*	*(1,308,542)*	—	—	*(3)*	—	—	—	*(4,130,998)*	*(1,308,543)*
other non-cash income	*4*	—	—	—	*3,988,880*	*1,256,761*	—	—	—	—	—	—	*3,988,884*	*1,256,761*

Source: 2008 Consolidated Financial Statements

The segment results for the year ended 31 December 2008 were presented in accordance with the 2008 Consolidated Financial Statements.

In 2008, the Retail Banking segment and the Corporates and Markets segment generated a profit before tax of PLN 241.5 million and PLN 617.4 million, respectively, compared with PLN 227.5 million and PLN 576.7 million in 2007.

Net Interest Income

In 2008, net interest income in the Retail Banking segment and the Corporates and Markets segment increased by PLN 248.6 million, or 57.6%, and PLN 125.9 million, or 20.3%, respectively, compared with the year ended 31 December 2007, mainly due to growth in the loan portfolio, primarily housing and mortgage loans (retail mortgage loans) (an increase of 101.9% from 2007 to 2008).

Net Fee and Commission Income

In 2008, net fee and commission income in the Retail Banking segment and the Corporates and Markets segment decreased by PLN 26.9 million, or 14.2%, and PLN 22.7 million, or 6.1%, respectively, compared with the year ended 31 December 2007. In terms of the Retail Banking segment, this was mainly due to the impact of the first-time consolidation of insurance companies, which decreased the results of the Retail Banking segment due to the necessity of the elimination of intragroup transactions. In terms of the Corporates and Markets segment, this was mainly due to a decrease in lending as well as lower commissions from brokerage activities (due to weaker conditions in the capital markets) of DI BRE.

Statement of Financial Position

Assets

31 March 2010 Compared to 31 December 2009

The table below sets forth, as of the dates indicated, information on the assets of the Group.

	As at 31 March 2010		As at 31 December 2009		Change
	(PLN thousand) (unaudited)	(%)	(PLN thousand) (audited)	(%)	(%)
Cash and balances with the Central Bank	1,894,145	2.2	3,786,765	4.7	(50.0)
Debt securities eligible for rediscounting at the Central Bank	6,704	0.0	9,134	0.0	(26.6)
Loans and advances to banks	8,279,884	9.8	2,530,572	3.1	227.2
Trading securities	674,387	0.8	1,065,190	1.3	(36.7)
Derivative financial instruments	1,818,894	2.1	1,933,627	2.4	(5.9)
Loans and advances to customers	50,905,628	60.1	52,468,812	64.8	(3.0)
Investment securities	15,332,498	18.1	13,120,687	16.2	16.9
Pledged assets	3,291,143	3.9	3,516,525	4.3	(6.4)
Investments in associates	1,081	0.0	1,150	0.0	(6.0)
Intangible assets	425,624	0.5	441,372	0.5	(3.6)
Tangible fixed assets	768,656	0.9	786,446	1.0	(2.3)
Current income tax assets	89,111	0.1	125,308	0.2	(28.9)
Deferred income tax assets	318,789	0.4	331,828	0.4	(3.9)
Other assets	944,837	1.1	906,470	1.1	4.2
Total assets	**84,751,381**	**100.0**	**81,023,886**	**100.0**	**4.6**

Source: Consolidated Condensed Interim Financial Statements

As at 31 March 2010, the main components of the total assets of the Group were loans and advances to customers, investment securities, loans and advances to banks and pledged assets representing 60.1%, 18.1%, 9.8% and 3.9%, respectively.

As at 31 March 2010, the Group's total assets increased by PLN 3,727.5 million, or 4.6%, to PLN 84,751.4 million, compared to PLN 81,023.9 million as at 31 December 2009, which was mainly attributable to an increase in loans and advances to banks as well as to an increase in investment securities balance.

The main components of the Group's assets and the key drivers of the changes in the total assets of the Group as of the indicated dates are described below.

Loans and Advances to Customers

The table below sets forth, as of the dates indicated, information on the composition of the loans and advances portfolio of the Group by type of loan.

	As at 31 March 2010		As at 31 December 2009		Change
	(PLN thousand) (unaudited)	(%)	(PLN thousand) (audited)	(%)	(%)
Loans and advances to individuals	28,760,913	54.2	28,855,129	53.0	(0.3)
Loans and advances to corporate entities	22,574,442	42.6	23,433,995	43.1	(3.7)
Loans and advances to public sector	1,083,735	2.0	1,327,936	2.4	(18.4)
Other receivables	620,696	1.2	816,521	1.5	(24.0)
Total (gross) loans and advances to customers	**53,039,786**	**100.0**	**54,433,581**	**100.0**	**(2.6)**
Provisions for loans and advances to customers (negative amount)	(2,134,158)	(4.0)	(1,964,769)	(3.6)	8.6
Total (net) loans and advances to customers	**50,905,628**		**52,468,812**		**(3.0)**

Source: Consolidated Condensed Interim Financial Statements

As at 31 March 2010, the gross value of loans and advances to customers amounted to PLN 53,039.8 million, a decrease of PLN 1,393.8 million, or 2.6% compared to PLN 54,433.6 million as at 31 December 2009.

As at 31 March 2010, loans and advances to individuals constituted the largest component of the Group's loans and advances portfolio, representing 54.2% of the gross loans and advances, an increase of 1.2 p.p. compared to 31 December 2009. However, loans and advances to individuals decreased by PLN 94.2 million compared to 31 December 2009 primarily as a result of the appreciation of the PLN (resulting in a decrease of in the PLN equivalent of loans denominated in foreign currencies) and repayment of loans which outweighed the positive impact of new loans.

As at 31 March 2010, loans and advances to corporate entities represented 42.6% of the gross loans and advances and compared to 31 December 2009 showed a decrease of 0.5 p.p. The loans and advances to corporate entities decreased by PLN 859.6 million compared to 31 December 2009, mainly due to the appreciation of the PLN and decreased demand from the Group's corporate clients in the aftermath of the economic crisis. The demand was further hindered by adverse weather in the first quarter of 2010 which prevented the launch of new investments and those already in progress.

As at 31 March 2010, provisions for loans and advances to customers increased compared to 31 December 2009 by PLN 169.4 million.

Loans and Advances to Banks

As at 31 March 2010, loans and advances to banks increased by PLN 5,749.3 million, or 227.2%, compared to 31 December 2009, mainly as a result of the Bank's increase in short-term investments of customer new deposits and funds from decreasing the receivables from the Central Bank on the interbank market.

Derivative Financial Instruments

As at 31 March 2010, derivative financial instruments decreased by PLN 114.7 million, or 5.9%, compared to 31 December 2009, mainly as a result of a decrease in the value of derivative transactions entered into in the first three months of 2010.

Investment Securities

As at 31 March 2010, investment securities increased by PLN 2,211.8 million, or 16.9%, compared to 31 December 2009, mainly as a result of the investment a portion of the new customer deposits in investment securities.

Trading Securities

As at 31 March 2010, trading securities decreased by PLN 390.8 million, or 36.7%, compared to 31 December 2009, mainly as a result of increased sales of these securities.

Cash and Balances with the Central Bank

As at 31 March 2010, cash and balances with the Central Bank decreased by PLN 1,892.6 million compared to 31 December 2009, mainly as a result of increased investment in the interbank market as described above.

Pledged Assets

As at 31 March 2010, pledged assets decreased by PLN 225.4 million, or 6.4%, compared to 31 December 2009.

31 December 2009 Compared to 31 December 2008

The table below sets forth information on the assets of the Group.

	As at 31 December				
	2009		2008		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Cash and balances with the Central Bank	3,786,765	4.7	2,512,333	3.0	50.7
Debt securities eligible for rediscounting at the Central Bank	9,134	0.0	9,238	0.0	(1.1)
Loans and advances to banks	2,530,572	3.1	6,104,093	7.4	(58.5)
Trading securities	1,065,190	1.3	4,624,621	5.6	(77.0)
Derivative financial instruments	1,933,627	2.4	5,632,872	6.8	(65.7)
Loans and advances to customers	52,468,812	64.8	52,142,477	63.1	0.6
Investment securities	13,120,687	16.2	5,502,312	6.7	138.5
Pledged assets	3,516,525	4.3	3,445,281	4.2	2.1
Investments in associates	1,150	0.0	16,953	0.0	(93.2)
Intangible assets	441,372	0.5	438,452	0.5	0.7
Tangible fixed assets	786,446	1.0	814,469	1.0	(3.4)
Current income tax assets	125,308	0.2	—	0.0	—
Deferred income tax assets	331,828	0.4	327,558	0.4	1.3
Other assets	906,470	1.1	1,034,543	1.3	(12.4)
Total assets	**81,023,886**	**100.0**	**82,605,202**	**100.0**	**(1.9)**

Source: 2009 Consolidated Financial Statements

As at 31 December 2009, the main components of the total assets of the Group were loans and advances to customers, loans and advances to banks, derivative financial instruments, investment securities, trading securities and pledged assets, representing, respectively, 64.8%, 3.1%, 2.4%, 16.2%, 1.3% and 4.3% of the total assets.

As at 31 December 2009, the Group's total assets decreased by PLN 1,581.3 million, or 1.9%, to PLN 81,023.9 million, compared to PLN 82,605.2 million as at 31 December 2008, which was mainly attributable to a decrease of (i) loans and advances to banks of PLN 3,573.5 million, (ii) trading securities of PLN 3,559.4 million and (iii) derivative financial instruments of PLN 3,699.2 million. These decreases were partly offset by an increase in investment securities by PLN 7,618.4 million and in cash and balances with the Central Bank of PLN 1,274.4 million. Loans and advances to customers, net, remained at a stable level at 31 December 2008 and 31 December 2009.

The main components of the Group's total assets and the key drivers of the changes in the total assets of the Group as of the indicated dates are described below.

Loans and Advances to Customers

The table below sets forth information on the structure of the loans and advances portfolio of the Group by type of loan as at the dates indicated.

	As at 31 December				
	2009		2008		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Loans and advances to individuals:	**28,855,129**	**53.0**	**26,653,688**	**50.3**	**8.3**
Overdrafts	4,236,226	7.8	3,564,876	6.7	18.8
Term loans, including:	24,618,903	45.2	23,088,812	43.6	6.6
Housing and mortgage loans (retail mortgage loans)	22,469,413	41.3	21,489,562	40.5	4.6
Loans and advances to corporate entities:	**23,433,995**	**43.1**	**25,016,257**	**47.2**	**(6.3)**
Overdrafts	3,249,607	6.0	3,757,743	7.1	(13.5)
Term loans:	17,904,615	32.9	18,740,334	35.3	(4.5)
Corporate & institutional enterprises	3,501,742	6.4	4,035,266	7.6	(13.2)
Medium & small enterprises	14,402,873	26.5	14,705,068	27.7	(2.1)
Reverse repo/buy-sell-back transactions	353,808	0.7	407,579	0.8	(13.2)
Other	1,925,965	3.5	2,110,601	4.0	(8.7)
Loans and advances to public sector	**1,327,936**	**2.4**	**663,580**	**1.2**	**100.1**
Other receivables	**816,521**	**1.5**	**668,684**	**1.3**	**22.1**
Total (gross) loans and advances to customers	**54,433,581**	**100.0**	**53,002,209**	**100.0**	**2.7**
Provisions for loans and advances to customers (negative amount)	(1,964,769)	(3.6)	(859,732)	(1.6)	128.5
Total (net) loans and advances to customers	**52,468,812**		**52,142,477**		**0.6**

Source: 2009 Consolidated Financial Statements

As at 31 December 2009, the gross value of the loans and advances to customers was PLN 54,433.6 million, an increase of PLN 1,431.4 million, or 2.7%, as compared to the gross value of PLN 53,002.2 million as at 31 December 2008.

As at 31 December 2009, gross term loans to individuals (including housing and mortgage loans (retail mortgage loans)) were the largest component of the Group's loan portfolio accounting for 45.2% of gross loans and advances to customers representing an increase of 1.6 p.p. as compared to 31 December 2008. As at 31 December 2009, the value of term loans increased slightly compared to the value as at 31 December 2008 mainly as a result of a slower increase in the growth of mortgage loans volume as a result of lower clients' demand caused, among other things, by higher interest margins and unfavourable foreign currency exchange rates (the majority of the mortgage loan portfolio was CHF denominated). In addition, the policy of granting loans became more restrictive in this period than in previous periods.

As at 31 December 2009, term loans to corporate entities (including corporate and institutional enterprises and medium and small enterprises) represented 32.9% of gross loans and advances representing an decrease of 2.4 p.p. as compared to 31 December 2008. Term loans to corporate entities decreased by PLN 835.7 million compared to 31 December 2008, mainly as a result of a reduction in demand from the Group's corporate customers and a deterioration in their financial standing.

As at 31 December 2009, the value of provisions for loans and advances to customers increased compared to 31 December 2008, mainly as a result of an increase in impairment losses on receivables related to foreign exchange derivatives, a significant increase in impairment losses on cash loans provided to new customers of mBank with no previous history with the Bank, and a significant increase in impairment losses on leases of BRE Leasing in the transportation sector.

Loans and Advances to Banks

The table below sets forth information on the structure of loans and advances to banks of the Group as at the dates indicated.

	As at 31 December				
	2009		2008		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Current accounts	380,982	14.9	192,296	3.1	98.1
Placements with other banks	1,254,389	48.8	4,268,514	69.6	(70.6)
Included in cash equivalents	**1,635,371**	**63.7**	**4,460,810**	**72.7**	**(63.3)**
Loans and advances	497,890	19.4	936,315	15.3	(46.8)
Reverse repo/buy-sell-back transactions	357,161	13.9	515,694	8.4	(30.7)
Other receivables	78,237	3.0	222,288	3.6	(64.8)
Total (gross) loans and advances to banks	**2,568,659**	**100.0**	**6,135,107**	**100.0**	**(58.1)**
Provisions created for loans and advances to banks (negative amount)	(38,087)	(1.5)	(31,014)	(0.5)	22.8
Total (net) loans and advances to banks	**2,530,572**		**6,104,093**		**(58.5)**

Source: 2009 Consolidated Financial Statements

As at 31 December 2009, the gross value of loans and advances to banks decreased from PLN 6,135.1 million to PLN 2,568.7 million as at 31 December 2008 .

As at 31 December 2009, placements with other banks were the largest component of the loans and advances to banks portfolio and represented 48.8% of loans and advances to banks (gross), representing decrease of 20.8 p.p. as compared to 31 December 2008. As at 31 December 2009, the value of placements with other banks decreased compared to the value as at 31 December 2008 due to the Bank's policy of decreasing risk weighted assets and investing surpluses in NBP bills.

As at 31 December 2009, loans and advances represented 19.4 % of loans and advances to banks (gross), representing an increase of 4.1 p.p. as compared to 31 December 2008. Loans and advances decreased by PLN 438.4 million compared to 31 December 2008, mainly as a result of increased risk and pricing factors in the interbank credit market.

Derivative Financial Instruments

As at 31 December 2009, derivative financial instruments decreased by PLN 3,699.2 million, or 65.7%, compared to 31 December 2008, mainly as a result of the settlement of existing contracts with considerable positive valuation in 2008.

Investment Securities

As at 31 December 2009, investment securities increased by PLN 7,618.4 million, or 138.5%, compared to 31 December 2008, mainly as a result of allocating the additional funds received from increasing customer deposits and an emphasis from investments to money market placements.

Trading Securities

As at 31 December 2009, trading securities decreased by PLN 3,559.4 million, or 77.0%, compared to 31 December 2008, mainly as a result of the sale of trading securities resulting from changing market conditions.

31 December 2008 Compared to 31 December 2007

The table below sets forth information on the assets of the Group as at the dates indicated.

	As at 31 December				
	2008		2007		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Cash and balances with the Central Bank	2,512,333	3.0	2,003,535	3.6	25.4
Debt securities eligible for rediscounting at the Central Bank	9,238	0.0	23,259	0.1	(60.3)
Loans and advances to banks	6,104,093	7.4	2,089,936	3.7	192.1
Trading securities	4,624,621	5.6	4,257,982	7.6	8.6
Derivative financial instruments	5,632,872	6.8	2,272,638	4.1	147.9
Loans and advances to customers	52,142,477	63.1	33,682,665	60.2	54.8
Investment securities	5,502,312	6.7	6,386,574	11.4	(13.8)
Non-current assets held for sale	—	—	336,078	0.6	(100.0)
Pledged assets	3,445,281	4.2	2,812,277	5.0	22.5
Investments in associates	16,953	0.0	4,823	0.0	251.5
Intangible assets	438,452	0.5	404,967	0.7	8.3
Tangible fixed assets	814,469	1.0	670,213	1.2	21.5
Deferred income tax assets	327,558	0.4	116,290	0.2	181.7
Other assets	1,034,543	1.3	880,663	1.6	17.5
Total assets	**82,605,202**	**100.0**	**55,941,900**	**100.0**	**47.7**

Source: 2008 Consolidated Financial Statements

As at 31 December 2008, the main components of the total assets of the Group were loans and advances to customers, loans and advances to banks, derivative financial instruments, investment securities, trading securities and pledged assets, representing, respectively, 63.1%, 7.4%, 6.8%, 6.7%, 5.6% and 4.2% of its total assets.

As at 31 December 2008, total assets increased by PLN 26,663.3 million, or 47.7%, to PLN 82,605.2 million, compared to PLN 55,941.9 million as of 31 December 2007, which was mainly attributable to an increase in loans and advances to customers of PLN 18,459.8 million, an increase in loans and advances to banks of PLN 4,014.2 million, and an increase in derivative financial instruments of PLN 3,360.2 million and an increase in pledged assets of PLN 633.0 million.

The main components of the Group's assets and the key drivers of the changes in these assets of the Group are described below.

Loans and Advances to Customers

The table below sets forth information on the composition of the loan portfolio of the Group by type of loan as at the dates indicated.

	As at 31 December				
	2008		2007		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Loans and advances to individuals:	**26,653,688**	**50.3**	**13,876,425**	**40.4**	**92.1**
Overdrafts	3,564,876	6.7	2,301,686	6.7	54.9
Term loans, including:	23,088,812	43.6	11,574,739	33.7	99.5
Housing and mortgage loans (retail mortgage loans)	21,489,562	40.5	10,622,334	30.9	102.3
Loans and advances to corporate entities:	**25,016,257**	**47.2**	**19,477,259**	**56.7**	**28.4**
Overdrafts	3,757,743	7.1	2,768,093	8.1	35.8
Term loans:	18,740,334	35.3	14,234,717	41.4	31.7
Corporate & institutional enterprises	4,035,266	7.6	2,962,818	8.6	36.2
Medium & small enterprises	14,705,068	27.7	11,271,899	32.8	30.5
Reverse repo/buy-sell-back transactions	407,579	0.8	669,018	1.9	(39.1)
Other	2,110,601	4.0	1,805,431	5.3	16.9
Loans and advances to public sector	**663,580**	**1.2**	**599,155**	**1.7**	**10.8**
Other receivables	**668,684**	**1.3**	**412,529**	**1.2**	**62.1**
Total (gross) loans and advances to customers	**53,002,209**	**100.0**	**34,365,368**	**100.0**	**54.2**
Provisions for loans and advances to customers (negative amount)	(859,732)	(1.6)	(682,703)	(2.0)	25.9
Total (net) loans and advances to customers	**52,142,477**		**33,682,665**		**54.8**

Source: 2008 Consolidated Financial Statements

As at 31 December 2008, the gross value of the loans and advances to customers was PLN 53,002.2 million, an increase by PLN 18,636.8 million, or 54.2% as compared to the gross value of PLN 34,365.4 million as at 31 December 2007.

As at 31 December 2008, term loans to individuals (including housing and mortgage loans (retail mortgage loans)) were the largest component of the Group's loan portfolio and represented 43.6% of gross loans and advances to customers, an increase of 9.9 p.p. as compared to 31 December 2007. As at 31 December 2008, the value of term loans increased compared to the level as at 31 December 2007 principally as a result of an increase in the value of housing and mortgage loans (retail mortgage loans) granted by mBank and Multibank as well as an increase in the valuation of loans denominated in foreign currencies as a result of the depreciation of the PLN in relation to foreign currencies (mainly CHF, USD and EUR).

As at 31 December 2008, term loans to corporate entities represented 35.3% of gross loans and advances to customers, a decrease of 6.1 p.p. as compared to 31 December 2007. Term loans to corporate entities increased by PLN 4,505.6 million compared to 31 December 2007. The Bank's gross term loans to customers increased by PLN 2,382.9 million. The value of BRE Leasing's gross term lease receivables from corporate customers increased by PLN 1,326.6 million principally as a result of the growth of the company's business. The value of BRE Bank Hipoteczny's gross term loans and advances to customers increased by PLN 989.3 million principally as a result of a growth in the company's business.

As at 31 December 2008, provisions for loans and advances to customers increased by PLN 177.0 million compared to 31 December 2007, mainly as a result of the significant growth in the number of defaults on retail and corporate banking loans as a result of the financial crisis. In addition, the Loss Identification Period for retail loans and advances was extended in 2008 from three months to four months, which contributed to a slight increase in provisions.

Loans and Advances to Banks

The table below sets forth information on the structure of loans and advances to banks of the Group, as at the dates indicated.

	As at 31 December				
	2008		2007		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Current accounts	192,296	3.1	87,756	4.2	119.1
Deposits with other banks	4,268,514	69.6	638,590	30.5	568.4
Included in cash equivalents	**4,460,810**	**72.7**	**726,346**	**34.7**	**514.1**
Loans and advances	936,315	15.3	687,558	32.8	36.2
Reverse repo/buy-sell-back transactions	515,694	8.4	513,866	24.5	0.4
Other receivables	222,288	3.6	167,375	8.0	32.8
Total (gross) loans and advances to banks	**6,135,107**	**100.0**	**2,095,145**	**100.0**	**192.8**
Provisions created for loans and advances to banks (negative amount)	(31,014)	(0.5)	(5,209)	(0.2)	495.4
Total (net) loans and advances to banks	**6,104,093**		**2,089,936**		**192.1**

Source: 2008 Consolidated Financial Statements

As at 31 December 2008, the gross total value of loans and advances to banks increased by PLN 4,040.0 million, or 192.8% as compared to the gross value as at 31 December 2007.

As at 31 December 2008, deposits with other banks were the largest component of the Group's loan and advances to banks and represented 69.6% of loans and advances to banks (gross), representing an increase of 39.1 p.p. as compared to 31 December 2007. As at 31 December 2008, the gross value of deposits with other banks increased by PLN 3,629.9 million compared to the gross value as at 31 December 2007. The main reason for this significant increase was that some funds was withdrawn from the trading securities and investment securities due portfolios to the deterioration of the capital markets and were placed in the interbank market.

As at 31 December 2008, loans and advances represented 15.3% of loans and advances to banks (gross), a decrease of 17.5 p.p. as compared to 31 December 2007. The value of loans and advances increased by PLN 248.8 million as compared to 31 December 2007 primarily as a result of interbank credit market growth and a strong increase in the volume of export finance.

As at 31 December 2008, reverse repo/buy-sell-back transactions represented 8.4% of loans and advances to banks (gross) (representing a decrease of 16.1 p.p. as compared to 31 December 2007). Reverse repo/buy-sell-back transactions remained at a similar level as compared to 31 December 2007.

As at 31 December 2008, provisions for loans and advances to banks increased compared to 31 December 2007, mainly as a result of the deteriorating situation in the banking sector after the onset of the global financial crisis.

Derivative Financial Instruments

As at 31 December 2008, derivative financial instruments increased by PLN 3,360.2 million, or 147.9%, compared to 31 December 2007, mainly as a result of an increase in interest rate derivatives of PLN 2,004.6 million and an increase in foreign exchange derivatives of PLN 1,552.8 million, which were partly offset by a decrease in market risk derivative transactions of PLN 197.1 million.

Investment Securities

As at 31 December 2008, investment securities decreased by PLN 884.3 million, or 13.8%, compared to 31 December 2007, mainly as a result of a decrease in the balance of debt securities of PLN 592.1 million primarily from a decrease in the balance of Treasury bills, which was partly offset by an increase in the portfolio of PLN bonds and debt securities issued by banks. The Group's balance of equity securities decreased mainly as a result of the sale of shares of Vectra SA.

Trading Securities

As at 31 December 2008, trading securities increased by PLN 366.6 million, or 8.6%, compared to 31 December 2007, mainly as a result of an increase in the balance of other debt securities of PLN 1,775.5 million and Treasury bills of PLN 482.9 million, which was partly offset by a decrease in the balance of government bonds of PLN 1,895.7 million. The increase in the balance of the Group's trading securities was also due to the first-time consolidation of BRE Ubezpieczenia TUiR resulting in an increase of PLN 43.6 million.

Pledged Assets

As at 31 December 2008, pledged assets increased by PLN 633.0 million, or 22.5%, compared to 31 December 2007, mainly as a result of an increase in the balance of securities provided as collateral for sell-buy-back transactions of PLN 536.9 million and an increase in debt securities pledged to the Bank Guarantee Fund of PLN 96.2 million.

Liabilities

31 March 2010 Compared to 31 December 2009

	As at 31 March 2010		As at 31 December 2009		Change
	(PLN thousand) (unaudited)	(%)	(PLN thousand) (audited)	(%)	(%)
Liabilities					
Amounts due to the Central Bank	2,255,598	2.8	2,003,783	2.6	12.6
Amounts due to other banks	26,110,616	32.5	25,019,805	32.6	4.4
Derivative financial instruments and other trading liabilities	1,968,765	2.5	1,935,495	2.5	1.7
Amounts due to customers	44,931,447	56.0	42,791,387	55.8	5.0
Debt securities in issue	1,386,777	1.7	1,415,711	1.8	(2.0)
Subordinated liabilities	2,568,881	3.2	2,631,951	3.4	(2.4)
Other liabilities	834,350	1.0	776,195	1.0	7.5
Current income tax liabilities	2,451	0.0	904	0.0	171.1
Deferred income tax provisions	622	0.0	544	0.0	14.3
Provisions	166,429	0.2	176,957	0.2	(5.9)
Total liabilities	**80,225,936**	**100.0**	**76,752,732**	**100.0**	**4.5**

Source: Consolidated Condensed Interim Financial Statements

As at 31 March 2010, the main components of the total liabilities of the Group were amounts due to customers, amounts due to other banks, subordinated liabilities, amounts due to the Central Bank, derivative financial instruments and other trading liabilities, representing, 56.0%, 32.5%, 3.2%, 2.8% and 2.5%, respectively.

As at 31 March 2010, the Group's total liabilities increased by PLN 3,473.2 million, or 4.5%, to PLN 80,225.9 million, compared to PLN 76,752.7 million as at 31 December 2009, mainly as a result of growth in amounts due to customers and amounts due to other banks.

The main drivers of the changes in the total liabilities of the Group as of the dates indicated are described below.

Amounts Due to Customers

	As at 31 March 2010		As at 31 December 2009		Change
	(PLN thousand) (unaudited)	(%)	(PLN thousand) (audited)	(%)	(%)
Amounts due to individual customers	26,487,899	59.0	25,064,578	58.6	5.7
Amounts due to corporate customers	17,738,183	39.5	17,479,925	40.8	1.5
Amounts due to public sector customers	705,365	1.6	246,884	0.6	185.7
Total	**44,931,447**	**100.0**	**42,791,387**	**100.0**	**5.0**

Source: Consolidated Condensed Interim Financial Statements

As at 31 March 2010, amounts due to customers increased by PLN 2,140.1 million compared to 31 December 2009.

As at 31 March 2010, amounts due to individual customers represented 59.0% of amounts due to customers and compared to 31 December 2009 increased by PLN 1,423.3 million mainly as a result of the continued growth of the Group's deposit base.

As at 31 March 2010, amounts due to corporate customers represented 39.5% of amounts due to customers and compared to 31 December 2009 increased by PLN 258.3 million.

As at 31 March 2010, amounts due to public sector customers represented 1.6% of amounts due to customers and compared to 31 December 2009 increased by PLN 458.5 million.

Amounts Due to Other Banks

As at 31 March 2010, amounts due to other banks increased by PLN 1,090.8 million compared to 31 December 2009. This increase was mainly due to new CHF and USD long-term senior loans granted to the Bank by Commerzbank.

Amounts Due to Central Bank

As at 31 March 2010, amounts due to Central Bank increased by PLN 251.8 million, or 12.6%, compared to 31 December 2009. This increase was mainly driven by an increase in repo transactions with the Central Bank.

Derivative Financial Instruments and Other Trading Liabilities

As at 31 March 2010, derivative financial instruments and other trading liabilities increased by PLN 33.3 million, or 1.7%, compared to 31 December 2009, mainly as a result of a decrease in the value of derivatives transactions.

Subordinated Liabilities

As at 31 March 2010, subordinated liabilities decreased by PLN 63.1 million, or 2.4%, compared to 31 December 2009, mainly as a result of the appreciation of the PLN against the CHF.

31 December 2009 Compared to 31 December 2008

	As of 31 December				
	2009		2008		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Liabilities					
Amounts due to the Central Bank	2,003,783	2.6	1,302,469	1.6	53.8
Amounts due to other banks	25,019,805	32.6	27,488,807	35.0	(9.0)
Derivative financial instruments and other trading liabilities	1,935,495	2.5	6,174,491	7.9	(68.7)
Amounts due to customers	42,791,387	55.8	37,750,027	48.0	13.4
Debt securities in issue	1,415,711	1.9	1,790,745	2.3	(20.9)
Subordinated liabilities	2,631,951	3.4	2,669,453	3.4	(1.4)
Other liabilities	776,195	1.0	996,280	1.3	(22.1)
Current income tax liabilities	904	0.0	218,807	0.3	(99.6)
Deferred income tax provisions	544	0.0	81	0.0	571.6
Provisions	176,957	0.2	166,006	0.2	6.6
Total liabilities	**76,752,732**	**100.0**	**78,557,166**	**100.0**	**(2.3)**

Source: 2009 Consolidated Financial Statements

As at 31 December 2009, the main components of the total liabilities of the Group were amounts due to customers, amounts due to other banks, subordinated liabilities, amounts due to the Central Bank and derivative financial instruments and other trading liabilities representing, respectively, 55.8%, 32.6%, 3.4%, 2.6% and 2.5% of total liabilities.

As at 31 December 2009, the Group's total liabilities decreased by PLN 1,804.5 million, or 2.3%, to PLN 76,752.7 million, compared to PLN 78,557.2 million as at 31 December 2008, mainly as a result of PLN 4,239.0 million decrease in derivative financial instruments.

The main drivers of the changes in the total liabilities of the Group are described below.

Amounts Due to Customers

	As at 31 December				
	2009		2008		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Amounts due to individual customers	25,064,578	58.6	21,047,662	55.8	19.1
Amounts due to corporate customers	17,479,925	40.8	16,626,162	44.0	5.1
Amounts due to public sector customers	246,884	0.6	76,203	0.2	224.0
Total	**42,791,387**	**100.0**	**37,750,027**	**100.0**	**13.4**

Source: 2009 Consolidated Financial Statements

As at 31 December 2009, amounts due to customers increased by PLN 5,041.4 million compared to 31 December 2008.

As at 31 December 2009, amounts due to individual customers represented 58.6% of amounts due to customers and compared to 31 December 2008 had increased by PLN 4,016.9 million. Although the Bank did not raise interest rates to the extent of other Polish banks, it did raise interest rates on some promotional products which led to an increase in deposits.

As at 31 December 2009, amounts due to corporate customers represented 40.8% of amounts due to customers and compared to 31 December 2008 increased by PLN 853.8 million. This increase was mainly a result of an increase in the current accounts and term deposits of corporate customers. In addition, in 2009, the Bank received a loan from the European Investment Bank of which the amount of PLN 205.5 million was outstanding as at 31 December 2009.

As at December 2009, amounts due to public sector customers represented 0.6% of amounts due to customers and compared to 31 December 2008 increased by PLN 170.7 million, mainly in terms of term deposits.

Amounts Due to Other Banks

	As at 31 December				
	2009		2008		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Payables to be settled	1,535	0.0	26,067	0.1	(94.1)
Current accounts	737,222	3.0	453,179	1.7	62.7
Term deposits	1,152,115	4.6	1,374,150	5.0	(16.2)
Loans and advances received	22,320,066	89.2	23,541,750	85.6	(5.2)
Repo/sell-buy-back transactions	632,927	2.5	1,861,683	6.8	(66.0)
Liabilities in respect of cash collaterals	148,072	0.6	231,978	0.8	(36.2)
Other	27,868	0.1	—	0.0	—
Amounts due to other banks	**25,019,805**	**100.0**	**27,488,807**	**100.0**	**(9.0)**

Source: 2009 Consolidated Financial Statements

As at 31 December 2009, amounts due to other banks decreased by PLN 2,469.0 million compared to 31 December 2008.

The decrease was mainly due to: (i) a decrease of loans and advances received from Commerzbank as a result of partial repayment of these loans by subsidiaries, (ii) foreign exchange fluctuations as most of the loans and advances received were denominated in foreign currencies, and (iii) a decrease in the volume of repo/sell-buy-back transactions with other banks resulting from normal banking operations in 2009.

Amounts Due to the Central Bank

As at 31 December 2009, amounts due to the Central Bank increased by PLN 701.3 million, or 53.8%, compared to 31 December 2008, mainly as a result of an increase in repo transactions with the Central Bank.

Derivative Financial Instruments and Other Trading Liabilities

As at 31 December 2009, derivative financial instruments and other trading liabilities decreased by PLN 4,239.0 million, or 68.7%, compared to 31 December 2008, mainly as a result of a lower valuation of both interest rate and foreign exchange derivatives.

Subordinated Liabilities

As at 31 December 2009, subordinated liabilities decreased by PLN 37.5 million, or 1.4%, as compared to the level as at 31 December 2008 primarily due to changes in foreign exchange rates.

31 December 2008 Compared to 31 December 2007

	As at 31 December				
	2008		2007		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Liabilities					
Amounts due to the Central Bank	1,302,469	1.7	—	—	—
Amounts due to other banks	27,488,807	34.9	12,245,867	23.3	124.5
Derivative financial instruments and other trading liabilities	6,174,491	7.9	2,164,214	4.1	185.3
Amounts due to customers	37,750,027	48.0	32,401,863	61.7	16.5
Debt securities in issue	1,790,745	2.3	2,928,414	5.6	(38.8)
Subordinated liabilities	2,669,453	3.4	1,661,785	3.2	60.6
Other liabilities	996,280	1.3	879,975	1.7	13.2
Current income tax liabilities	218,807	0.3	134,234	0.3	63.0
Deferred income tax provisions	81	0.0	455	0.0	(82.2)
Provisions	166,006	0.2	71,227	0.1	133.1
Liabilities held for sale	—	—	12,543	0.0	—
Total liabilities	**78,557,166**	**100.0**	**52,500,577**	**100.0**	**49.6**

Source: 2008 Consolidated Financial Statements

As at 31 December 2008, the main components of the total liabilities of the Group were amounts due to customers, amounts due to other banks, derivative financial instruments and other trading liabilities, and subordinated liabilities representing, respectively, 48.0%, 34.9%, 7.9% and 3.4% of total liabilities, respectively.

As at 31 December 2008, the Group's total liabilities increased by PLN 26,056.6 million, or 49.6%, to PLN 78,557.2 million, compared to PLN 52,500.6 million as at 31 December 2007, mainly as a result of an increase in amounts due to other banks of PLN 15,242.9 million, an increase in amounts due to customers of PLN 5,348.2 million, an increase in derivative financial instruments and other trading liabilities of PLN 4,010.3 million, and an increase in subordinated liabilities of PLN 1,007.7 million.

The main drivers of the changes in the total liabilities of the Group are described below.

Amounts Due to Customers

	As at 31 December				
	2008		2007		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Amounts due to individual customers	21,047,662	55.8	12,932,340	39.9	62.8
Amounts due to corporate customers	16,626,162	44.0	18,764,868	57.9	(11.4)
Amounts due to public sector customers	76,203	0.2	704,655	2.2	(89.2)
Total	**37,750,027**	**100.0**	**32,401,863**	**100.0**	**16.5**

Source: 2008 Consolidated Financial Statements

As at 31 December 2008, amounts due to customers increased by PLN 5,348.2 million compared to 31 December 2007.

As at 31 December 2008, amounts due to individual customers represented 55.8% of amounts due to customers and compared to 31 December 2007 increased by PLN 8,115.3 million. This increase was mainly a result of the inflow to the Bank of funds withdrawn from investment funds following the deterioration of capital markets and increasing interest rates.

As at 31 December 2008, amounts due to corporate customers represented 44.0% of amounts due to customers and compared to 31 December 2007 decreased by PLN 2,138.7 million. The decrease in corporate deposits was caused by three factors precipitated by the global financial crisis, which had an impact on some of the Group's customers. These factors were: (i) the need to cover current financial commitments from their own resources as a result of delays in payments of liabilities by their customers; (ii) preventative measures to increase risk diversification by dispersing excess funds in deposit accounts with various banks; and (iii) outflow of deposits to other banks which offered attractive interest rates as these banks attempted to increase their own funds levels as a result of the lack of liquidity in the market.

Amounts Due to Other Banks

	As at 31 December				
	2008		2007		Change
	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(%)
Payables to be settled	26,067	0.1	20,068	0.2	29.9
Current accounts	453,179	1.7	567,619	4.6	(20.2)
Term deposits	1,374,150	5.0	792,730	6.5	73.3
Loans and advances received	23,541,750	85.6	10,316,862	84.2	128.2
Repo/sell-buy-back transactions	1,861,683	6.8	517,107	4.2	260.0
Liabilities in respect of cash collaterals	231,978	0.8	31,481	0.3	636.9
Amounts due to other banks	**27,488,807**	**100.0**	**12,245,867**	**100.0**	**124.5**

Source: 2008 Consolidated Financial Statements

As at 31 December 2008, amounts due to other banks increased by PLN 15,242.9 million compared to 31 December 2007.

As at 31 December 2008, loans and advances received represented 85.6% of amounts due to other banks and compared to 31 December 2007 increased by PLN 13,224.9 million, mainly as a result of an increase in CHF-denominated funding from Commerzbank used to finance a portfolio of housing and mortgage loans (retail mortgage loans) denominated in CHF. The increase in the PLN equivalent value of loans in foreign currencies was also strengthened by the appreciation of foreign currencies against the PLN.

Derivative Financial Instruments and Other Trading Liabilities

As at 31 December 2008, derivative financial instruments and other trading liabilities increased by PLN 4,010.3 million, or 185.3%, compared to 31 December 2007, mainly as a result of the increasing negative valuation of foreign exchange derivative instruments resulting from the significant PLN depreciation against foreign currencies as a result of the global financial crisis.

Subordinated Liabilities

As at 31 December 2008, subordinated liabilities increased by PLN 1,007.7 million, or 60.6%, compared to 31 December 2007, mainly as a result of the issuance of CHF-denominated subordinated debt securities to Commerzbank, and the contracting of a CHF-denominated subordinated loan from Commerzbank, each for the purpose of financing CHF-denominated mortgage loans.

Equity

The table below sets forth data regarding the equity of the Group as at the dates indicated:

	As at 31 March 2010		As at 31 December 2009		As at 31 December 2008		As at 31 December 2007	
	(PLN thousand) (unaudited)	(%)	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)
Share capital:	**1,521,683**	**33.6**	**1,521,683**	**35.6**	**1,521,683**	**37.6**	**1,517,432**	**44.0**
Registered share capital	118,764	2.6	118,764	2.8	118,764	2.9	118,643	3.4
Share premium	1,402,919	31.0	1,402,919	32.8	1,402,919	34.7	1,398,789	40.6
Retained earnings:	**2,828,972**	**62.5**	**2,712,394**	**63.5**	**2,587,137**	**63.9**	**1,732,875**	**50.4**
Profit from the previous years	2,713,556	60.0	2,583,466	60.5	1,729,678	42.7	1,022,781	29.7
Profit for the current year	115,416	2.5	128,928	3.0	857,459	21.2	710,094	20.6
Other components of equity	**20,545**	**0.5**	**(113,890)**	**(2.6)**	**(214,368)**	**(5.3)**	**74,204**	**2.2**
Non-controlling interest	**154,245**	**3.4**	**150,967**	**3.5**	**153,584**	**3.8**	**116,812**	**3.4**
Total equity	**4,525,445**	**100.0**	**4,271,154**	**100.0**	**4,048,036**	**100.0**	**3,441,323**	**100.0**

Source: Consolidated Financial Statements

31 March 2010 Compared to 31 December 2009

As at 31 March 2010, total equity increased by PLN 254.2 million or 6.0%, to PLN 4,525.4 million, compared to PLN 4,271.2 million as at 31 December 2009, mainly as a result of an increase in the valuation of available for sale financial assets and profit for the first quarter of 2010.

31 December 2009 Compared to 31 December 2008

As at 31 December 2009, total equity increased by PLN 223.2 million, or 5.5%, to PLN 4,271.2 million, compared to PLN 4,048.0 million as at 31 December 2008, mainly as a result of a net profit generated from continued and discontinued operations of PLN 130.5 million in 2009 and a decrease in the negative valuation of available for sale financial assets.

31 December 2008 Compared to 31 December 2007

As at 31 December 2008, total equity increased by PLN 606.7 million, or 17.6%, to PLN 4,048.0 million compared to PLN 3,441.3 million as at 31 December 2007, mainly as a result of a net profit from continued and discontinued operations in 2008 of PLN 889.3 million, which was partly offset by a significant negative valuation of available for sale financial assets.

Contingent Liabilities

The table below sets forth data regarding the off-balance conditional commitments granted by the Group.

	As at 31 March 2010	As at 31 December 2009	Change
	(PLN thousand) (unaudited)	(PLN thousand) (audited)	(%)
Financing commitments	10,331,239	10,102,505	2.3
Credit commitments	10,148,575	9,902,769	2.5
Operating lease commitments	182,664	199,736	(8.5)
Guarantees and other financial facilities	1,753,226	2,312,114	(24.2)
Other commitments	954,845	43,615	2,089.3
Total	**13,039,310**	**12,458,234**	**4.7**

Source: Consolidated Condensed Interim Financial Statements

In its operating business the Group enters into transactions which, upon being entered into, result in contingent liabilities which are not disclosed in the Group's statement of financial position as assets or liabilities. The main items of off-balance sheet liabilities include: lending commitments, guarantees and other financial facilities, and operating lease liabilities. The contingent liabilities expose the Group to various risks, including credit risk.

Sources of Funding

The Group funds its business mainly through (i) amounts due to customers, (ii) long-term CHF- and other foreign currency-denominated senior lending from Commerzbank, (iii) CHF-denominated subordinated loans from and bonds issued to Commerzbank, (iv) bilateral loan agreements with other domestic and foreign banks and (v) equity. As at 31 March 2010, amounts due to customers were the primary source of funding for the Group. CHF-denominated funding from Commerzbank has increased significantly since 2007. As at 31 March 2010, 53.0% of the Group's total liabilities and equity were amounts due to customers, 26.8% were CHF- and other foreign-currency denominated loans from banks, 3.0% were CHF-denominated subordinated loans from Commerzbank and CHF-denominated subordinated bonds issued to Commerzbank, and 5.3% were represented by equity.

Amounts due to customers

Amounts due to customers include amounts due to individual customers, amounts due to corporate customers and amounts due to public sector customers. Amounts due to customers constitute the main source of funding of the Group's activities and are principally comprised of the funds of its customers deposited in current accounts and term deposits. Current accounts generally bear no or low interest rates. For overnight deposits, savings accounts and term deposits, different interest rates are paid depending on the respective amount and maturity. Between 2007 and 2009, the Group's amounts due to customers increased, mainly as a result of increasing amounts due to individual customers due to the growth of the Retail Banking segment, resulting primarily from the opening of foreign branches by mBank in the Czech Republic and Slovakia and the general growth in customer deposits in mBank and MultiBank, increased interest rates on certain deposit instruments to attract new customers, the introduction of new structured products and services, and improved access to online banking services. Amounts due to corporate customers have remained generally stable since 2007. The overall increase of amounts due to customers allowed the Group to maintain its market share in customer deposits at 6.6% (as at 31 December 2007 and 31 December 2009). The Group gained additional market share in amounts due to individual customers, which increased from 4.8% as at 31 December 2007 to 5.3% as at 31 December 2009. The growth in the volume of customer deposits enabled the Group to support the growth of the loan portfolio while keeping a balanced loan to deposit ratio.

On 31 March 2010, the Group's loan to deposits ratio was 113.3%. The growth of the deposit base is a key element in ensuring stable financial sources for the Group's operations, in particular for its lending activity.

Long-term CHF and Other Foreign Currency-Denominated Senior Lending from Commerzbank

Long-term CHF Denominated Loan Agreements Between the Bank and Commerzbank

CHF-denominated funding from Commerzbank is the second largest source of funding. From 31 December 2006 to 31 March 2010, the Bank had entered into 11 loan agreements with Commerzbank for a total amount of CHF 6,260.0 million.

For a more detailed discussion of these agreements, see "*Business Description — Material Contracts*".

Long-term USD Denominated Loan Agreements between the Bank and Commerzbank

From 31 December 2006 to 31 March 2010, the Bank entered into 3 loan agreements with Commerzbank for a total amount of USD 300.0 million.

For further details of this agreement, see "*Business Description — Material Contracts*".

Long-term foreign currency-denominated loan agreements between Bank's subsidiaries and Commerzbank

Four subsidiaries of the Bank, BRE Bank Hipoteczny, BRE Leasing, Transfinance and Magyar Factor, have entered into bilateral loan agreements with Commerzbank. As at 31 March 2010, the outstanding loans related to those agreements amounted to USD 1.2 million, EUR 92.2 million, JPY 12,715.0 million, CZK 500.0 million, HUF 2,176.1 million and PLN 1,442.1 million.

CHF-denominated Subordinated Loans From and CHF-denominated Subordinated Bonds Issued to Commerzbank

CHF-denominated subordinated loans from and CHF-denominated subordinated bonds issued to Commerzbank are an important source of funding. As at 31 March 2010, they included two subordinated loan agreements entered into between the Bank and Commerzbank for a total amount of CHF 210.0 million and four issues of subordinated bonds to Commerzbank for a total amount of CHF 740.0 million.

For further details of these agreements, see "*Business Description — Material Contracts*".

Bilateral Loan Agreements with other Domestic and Foreign Banks

From 2007 to 2009, the Bank entered into bilateral EUR loan agreements with other domestic and foreign banks. As at 31 March 2010, the balance outstanding under these loan agreements totalled EUR 279.4 million (PLN 1,079.2 million).

For a more detailed discussion of these agreements, see "*Business Description — Material Contracts*".

Equity

The share of equity in the funding structure as a percentage of total equity and liabilities was: 5.3% as at 31 March 2010 and as at 31 December 2009, 4.9% as at 31 December 2008 and 6.2% as at 31 December 2007. The share capital of the Bank increased for the years ended 31 December 2007, 2008 and 2009 as the result of the exercise of stock options by the qualified employees of the Bank. The Bank's equity will increase as a result of the Offering.

Statement of Cash Flows

The key consolidated cash flow statement items are described below.

Operating Activities

The Group's cash flow from operating activities is derived from the profit (loss) before tax, adjusted for items not included in cash flow. Adjustments for items not included in cash flow include items such as amortization, foreign exchange gains (losses), and the gains and losses on investing activities. Operating assets and liabilities consist of assets and liabilities that are a part of the Group's basic scope of operations connected with services provided by the Group and which cover events whose purpose is to earn a profit but are not investment or financial activity, such as loans, receivables, deposits and debt securities.

Investment Activities

Investment activities of the Group cover operations connected with the purchasing and selling of fixed assets, financial assets available for-sale (other than debt financial instruments), shares and shares in subsidiaries, tangible and intangible fixed assets.

Financing Activities

The Group's financial activities cover activities connected with raising capital or contracting liabilities, as well as servicing sources of funding.

Cash and Cash Equivalents

Cash and cash equivalents of the Group consist of cash and balances with the central bank, notes rediscountable at the central bank, receivables from interbank deposits with a maturity less than three months and State Treasury or NBP securities with a maturity less than three months.

Cash Flows

The following table sets out the principal components of the Group's cash flows for the three months ended 31 March 2010 and 31 March 2009 and for the years ended 31 December 2009, 2008 and 2007.

	Three months ended 31 March		Year ended 31 December		
	2010	2009	2009	2008	2007
	(PLN thousand) (unaudited)		(PLN thousand) (audited)		
Cash and cash equivalents at the beginning of the reporting period	6,867,880	8,693,727	8,693,727	7,516,362	9,082,846
Net cash flows from/(used in) operating activities	1,634,530	(2,234,126)	(670,775)	(7,911,232)	(5,457,563)
Net cash flows from/(used in) investing activities	(26,546)	(46,447)	(126,806)	403,437	(136,693)
Net cash flows from/(used in) financing activities	1,000,839	(88,735)	(983,417)	8,527,796	4,028,692
(Decrease)/increase in cash and cash equivalents in respect of foreign exchange gains and losses	13,251	(3,178)	(44,849)	157,364	(920)
Cash and cash equivalents at the end of the reporting period	9,489,954	6,321,242	6,867,880	8,693,727	7,516,362
Net increase/decrease in cash and cash equivalents	2,608,823	(2,369,308)	(1,780,998)	1,020,001	(1,565,564)

Source: Consolidated Financial Statements

Net Cash from Operating Activities

Three Months Ended 31 March 2010

Net cash from operating activities amounted to PLN 1,634.5 million for the three months ended 31 March 2010, as compared to net cash used in operating activities of PLN 2,234.1 million for the three months ended 31 March 2009. This increase resulted mainly from changes in loans and advances to customers and in amounts due to customers, which was partially offset by changes in the balance of debt securities and loans and advances to banks.

Year Ended 31 December 2009

Net cash used in operating activities amounted to PLN 670.8 million for year ended 31 December 2009, a PLN 7,240.4 million decrease from net cash used in operating activities of PLN 7,911.2 million for the year ended 31 December 2008. This decrease resulted from changes in trading securities, changes in the balance of investment securities and changes in amounts due to customers.

Year Ended 31 December 2008

Net cash used in operating activities amounted to PLN 7,911.2 million for the year ended 31 December 2008, a PLN 2,453.6 million increase from net cash used in operating activities of PLN 5,457.6 million for the year ended 31 December 2007. This increase resulted from changes in loans and advances to customers, changes in derivative financial markets and changes in trading securities.

Net Cash from Investing Activities

Three Months Ended 31 March 2010

Net cash used in investing activities amounted to PLN 26.5 million for the three months ended 31 March 2010, a PLN 19.9 million decrease from net cash used in investing activities of PLN 46.4 million for the three months ended 31 March 2009.

Year Ended 31 December 2009

Net cash used in investing activities amounted to PLN 126.8 million for the year ended 31 December 2009, a PLN 530.2 million decrease from net cash from investing activities of PLN 403.4 million for the year ended 31 December 2008. This decrease resulted mainly from the disposal of shares in Aegon PTE S.A. and Vectra S.A. in 2008 which resulted in the high level of net cash flow from investing activities in 2008. For a more detailed description of the sale of the Group's shares in Aegon PTE S.A., see *"Key Factors Affecting Comparability — Discontinued Operations"*.

Year Ended 31 December 2008

Net cash from investing activities amounted to PLN 403.4 million for the year ended 31 December 2008, a PLN 540.1 million increase from net cash used in investing activities of PLN 136.7 million for the year ended 31 December 2007. This increase resulted mainly from the disposal of shares in Aegon PTE S.A. and Vectra in 2008. For a more detailed description on the sale of the Group's shares in Aegon PTE S.A., see *"Key Factors Affecting Comparability — Discontinued Operations"*.

Net Cash from Financing Activities

Three Months Ended 31 March 2010

Net cash from financing activities amounted to PLN 1,000.8 million for the three months ended 31 March 2010, a PLN 1,089.5 million increase from net cash used in financing activities of PLN 88.7 million for the three months ended 31 March 2009. This increase resulted mainly from new long-term loans obtained from Commerzbank.

Year Ended 31 December 2009

Net cash used in financing activities amounted to PLN 983.4 million for the year ended 31 December 2009, a PLN 9,511.2 million decrease from net cash from financing activities of PLN 8,527.8 million for the year ended 31 December 2008. The decrease was attributable to a significantly lower level of new funding from Commerzbank following a significantly decreased growth rate in CHF-denominated housing and mortgage loans (retail mortgage loans) in 2009 compared to 2008, and a repayment by the Bank's subsidiaries of part of the long-term loans obtained previously from Commerzbank.

Year Ended 31 December 2008

Net cash from financing activities amounted to PLN 8,527.8 million for the year ended 31 December 2008, a PLN 4,499.1 million increase from net cash from financing activities of PLN 4,028.7 million for the year ended 31 December 2007. This increase resulted mainly from higher proceeds from loans and advances from other banks, mainly Commerzbank, and the issuance of subordinated bonds and entering into a subordinated loan by the Bank.

Capital Expenditures

The modernization and the development of the Group's IT infrastructure, various investments in the banking branch network, including the opening and relocation of several branches, and investments in logistics and security accounted for most of the Group's capital expenditures between 2007 and 2009.

In 2009, capital expenditures of the Group decreased by PLN 107.2 million, or 28.3%, to PLN 271.0 million, compared to PLN 378.2 million in 2008. This decrease was mainly attributable to the implementation of the BREnova program, the purpose of which, among other items, was to reduce capital expenditures.

In 2009, capital expenditures of the Bank on property, plant and equipment amounted to PLN 77.7 million and were mostly related to the development of the Bank's branch network and a modernization of the technology platform of the retail customers' banking call centre. Capital expenditures of the Bank on intangible assets amounted to PLN 104.5 million, the majority of which related to purchases of licenses and software (including the ongoing development of the GLOBUS system and the unification of the source code of Altamira).

Capital expenditures on property, plant and equipment in other Group companies amounted to PLN 72.1 million and related mainly to purchases of vehicles (mostly for the purposes of operating leases) and computer hardware. Capital expenditures on intangible assets in other Group companies amounted to PLN 16.7 million and related mostly to licenses and software.

In 2008, capital expenditures of the Group increased by PLN 93.5 million, or 32.8%, to PLN 378.2 million, compared to PLN 284.7 million in 2007.

In 2008, capital expenditures of the Bank on property, plant and equipment amounted to PLN 135.4 million. The increase of capital expenditures in this category was related, among other things, to the expansion of the corporate and retail banking branch network in Poland and the investment in mBank branches in the Czech Republic and in Slovakia. Capital expenditures of the Bank on intangible assets amounted to PLN 105.4 million and comprised mainly purchases of licenses and software.

In 2008, Group companies spent PLN 125.7 million on purchases of property, plant and equipment, mainly vehicles (mostly for the purposes of operating leases) and computer hardware, as well as on the modernization of office and archive storage buildings. The Group companies spent PLN 11.7 million on intangible assets, mostly on licenses and software.

In 2007, the Group's capital expenditures amounted to PLN 284.7 million.

In 2007, capital expenditures of the Bank on property, plant and equipment amounted to PLN 106.8 million. These expenditures were related mainly to the the expansion and modernization of the corporate and retail banking branch network in Poland and the investment in mBank branches in the Czech Republic and in Slovakia. Capital expenditures of the Bank on intangible assets amounted to PLN 91.0 million and comprised mainly purchases of licenses and software.

In 2007, Group companies spent PLN 80.8 million on purchases of property, plant and equipment, mainly vehicles (mostly for the purposes of operating lease) and computer hardware. Group companies spent PLN 6.1 million on intangible assets, mostly on licenses and software.

The Group financed the above capital expenditures from its own funds.

The above capital expenditures have been incurred with respect to the investments conducted mainly within the territory of Poland while some capital expenditures have been incurred with respect to the investments conducted in the Czech Republic and in Slovakia.

Current and Planned Capital Expenditures

Capital expenditures planned for 2010 amount to PLN 166 million. In 2010, a major share of the Group's capital expenditures will be dedicated to the enhancement and development of the Bank's IT applications (total IT capital expenditures planned are PLN 109 million) as well as upgrades of the Bank's branch network. The Bank is planning to dedicate PLN 34 million to the logistics and security in the Bank. Capital expenditures planned by the Bank's subsidiaries amount to PLN 23 million.

The Group finances its capital expenditures from own funds.

Current and planned capital expenditures will be implemented exclusively within Poland.

Capital Adequacy

The Bank is required to comply with the capital requirements for credit institutions and the capital adequacy guidelines adopted by the Basel Committee on Banking Supervision (Basel I and Basel II), as adopted by the EU (CAD and CAD 2 implementing Basel I and CRD implementing Basel II) and implemented in the Polish legal system by the Banking Law and rules and regulations thereto.

The Bank's capital adequacy is the condition under which the amount of the capital base of the Bank is sufficient to meet regulatory requirements concerning capital requirements ("Pillar I") and internal capital ("Pillar II") resulting from the CRD. Public disclosure of information on capital adequacy constitutes the so-called Pillar III. The objective of capital adequacy management is to maintain, on an on-going basis, a level of capital that is adequate to the scale and risk profile of the business activities of the Bank.

The main capital adequacy requirement provided in the Banking Law is a capital adequacy ratio of at least 8%.

As of 1 January 2008, the Bank adopted revised international capital adequacy framework (the Basel II and CRD framework), which introduced changes to the methods of calculating regulatory capital adequacy with regard to credit, market and operational risks.

The table below sets forth the capital adequacy ratio of the Group calculated in accordance with CAD 2, as at 31 December 2007 and in accordance with CRD as of 31 December 2008 and 2009 and as at 31 March 2010.

	CRD			CAD 2
	31 March	31 December		
	2010	2009	2008	2007
	(unaudited)		(audited)	
Capital adequacy ratio	12.2%	11.5%	10.0%	10.2%

Source: Consolidated Financial Statements

The Group's capital adequacy ratios as of 31 March 2010, 31 December 2009, 2008 and 2007 were above the statutory requirements.

The most important factors which had an impact on the capital adequacy levels were:

- growth in the Group's loan portfolio between 2007 and 2009, resulting in an increase in capital requirements and internal capital to cover credit risk;
- retaining all of the Bank's net profit for the years ended 31 December 2007, 2008 and 2009, respectively, increasing the Bank's equity;
- subordinated loan agreements in the total amount of CHF 210 million between the Bank and Commerzbank between 12 December 2007 and 11 June 2008 which resulted in an increase in the Group's supplementary funds (see "*Business Description — Material Contracts*").
- subordinated bond issuances in the total amount of CHF 740 million made by the Bank to Commerzbank between 20 December 2006 and 24 June 2008 which resulted in an increase in the Group's supplementary funds (see "*Business Description — Material Contracts*"); and
- the CRD directive framework was first implemented as of 1 January 2008 and in 2008 the Group began to calculate capital requirements for operational risk (based on standard method). As at 31 December 2008 and 2009, respectively, the Group calculated the capital requirements for operational risk at PLN 326.5 million and PLN 374.7 million, respectively.

Own Funds

The table below sets forth, at the dates indicated, information on the Group's own funds.

	As at 31 March	As at 31 December		
	2010	2009	2008	2007
		(PLN thousand)		
Core capital (Tier 1)	**3,866,274**	**3,603,377**	**3,309,014**	**2,434,507**
Core capital	4,235,239	4,105,149	3,251,361	2,540,213
Share Capital	118,764	118,764	118,764	118,643
Supplementary fund	1,402,919	1,402,919	1,402,919	1,398,789
Reserve fund	2,713,556	2,583,466	1,729,678	1,022,781
Additional items of core capital	154,245	161,575	793,909	440,678
Profit under approval by shareholders and net profit of the current year	—	10,608	640,325	323,866
Non-controlling interests	154,245	150,967	153,584	116,812
Deductions from core capital	(523,210)	(663,347)	(736,256)	(546,384)
Own shares held by Bank	—	—	—	—
Intangible assets	(425,624)	(441,372)	(438,130)	(433,696)
Retained losses from previous years	—	—	—	—
Loss under approval by shareholders	—	—	—	—
Loss for the current year	—	—	—	—
Other deductions from core capital	(97,586)	(221,975)	(298,126)	(112,688)
Supplementary funds (Tier 2)	**2,621,916**	**2,660,467**	**2,602,746**	**1,536,594**
Revaluation reserve resulting from valuation of tangible fixed assets	—	—	—	—
Subordinated liabilities	1,647,000	1,687,321	1,654,507	1,123,928
Funds created from own and foreign resources	—	—	—	—
Debt securities in issue with undefined maturity and other instruments of similar nature(1)	918,000	940,474	952,476	531,112
Other items of supplementary funds	72,941	48,828	20,425	92,734
Deduction from supplementary capital defined by the Polish Financial Supervision Authority	(16,025)	(16,156)	(24,662)	(18,897)
Additional items included in calculation of Bank's own funds on consolidated basis Goodwill on subsidiaries	—	—	—	(192,283)
Total own funds	**6,488,190**	**6,263,844**	**5,911,760**	**3,971,101**

Source: Consolidated Financial Statements, the Bank

(1) Including all liabilities under subordinated bonds with unspecified maturity issued by the Bank to Commerzbank

In the period from 31 December 2007 to 31 March 2010, the Group's total own funds increased by PLN 2,517.1 million from PLN 3,971.1 million as of 31 December 2007 to PLN 6,488.2 million as of 31 March 2010.

The most important factors which influenced the Group's total own funds at the indicated dates were:

- retaining all of the Bank's net profit for the years ended 31 December 2007, 2008 and 2009, respectively, increasing the Bank's equity;
- subordinated loan agreements in the total amount of CHF 210 million between the Bank and Commerzbank between 12 December 2007 and 11 June 2008 which resulted in an increase in the Bank's supplementary funds (see "*Business Description — Material Contracts*").
- subordinated bond issuances in the total amount of CHF 740 million made by the Bank to Commerzbank between 20 December 2006 and 24 June 2008 which resulted in an increase in the Bank's supplementary funds (see "*Business Description — Material Contracts*").

Capital Requirements (Pillar I)

As at 31 March 2010 and 31 December 2009, the Group calculated its capital requirements in accordance with Resolution 380/2008 of the PFSA, which implements the CRD. In 2007, the Group calculated the aforementioned capital requirements (except for operational risk) in accordance with the requirements of CAD 2. In 2008 and 2009, the Group, for the purposes of calculating the capital requirement for operational risk, applied a standard approach.

The table below sets forth, at the dates indicated, information on the Group's total capital requirements.

	CRD			CAD 2
	As at 31 March	As at 31 December		
	2010	2009	2008	2007
	(PLN thousand) (unaudited)	(PLN thousand) (audited)		
Credit Risk	3,814,973	3,886,092	4,176,602	3,009,261
Market Risk	40,195	46,145	89,255	94,337
Settlement/ delivery and counterparty credit risk	36,600	49,906	119,906	23,661
Operational risk	374,716	374,716	326,462	—
Total capital requirements	**4,266,484**	**4,356,859**	**4,712,225**	**3,127,259**

Source: Consolidated Financial Statements

From 31 December 2007 to 31 March 2010, the total capital requirement for the Group increased by PLN 1,139.2 million from PLN 3,127.3 million to PLN 4,266.5 million.

The most important factors affecting the capital requirements in the period from 31 December 2007 to 31 March 2010 were:

- growth in the Group's loan portfolio between 2007 and 2009, resulting in an increase in capital requirements and the internal capital required to cover the increased credit risk; and

- implementation as of 1 January 2008 of the capital requirements provided for in the CRD and inclusion for the first time in 2008 the capital requirements on operational risk (based on standard method); as at 31 December 2008 and 2009, the capital requirements on operational risk were PLN 326.5 million and PLN 374.7 million, respectively.

Internal Capital (Pillar II)

Internal capital is the amount of capital, as estimated by the Group, that is required to cover all of the identified significant types of risk present in the Group's activities as well as the effects of changes in the business environment, with the anticipated risk level taken into account. As of the date of this Offering Memorandum, the Group's internal capital was calculated in accordance with Resolution 383/2008 of the PFSA, implementing the Basel II – CRD framework.

Calculation of internal capital covers all material risk types which the Group is exposed to and is based on a set of parameters that reflect the specifics of the Polish market. The Group considers the following material risk types in its internal capital calculation: (i) credit risk; (ii) market risk; (iii) operational risk and (iv) business risk.

Disclosures (Pillar III)

The Bank, as a dominant entity within the meaning of the applicable regulations, annually discloses information concerning its capital adequacy in a separate document, published not later than within 30 days from the date of approval of the annual financial statements by the General Shareholders Meeting.

The reports "*Disclosure regarding the capital adequacy of the BRE Bank S.A. Group as of 31 December 2008*" and "*Disclosure regarding the capital adequacy of the BRE Bank S.A. Group as of 31 December 2007*" have been published on the Bank's website (www.brebank.pl).

Critical Accounting Policies and Estimates

The Group applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances. Estimates and assumptions made by the Group are subject to periodic reviews.

Critical accounting policies and estimates applied by the Group are presented below.

Impairment of loans and advances

The Bank reviews its loan portfolio in terms of possible impairments at least once every quarter. In order to determine whether any impairment loss should be recognized in the income statement, the Bank assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio before such a decrease can be attributed to a specific loan. The estimates may take into account any observable indications pointing at the occurrence of an unfavourable change in the solvency position of debtors belonging to any particular group or in the economic situation of a given country or part of a country, which is associated with the problems appearing in that group of assets. The Management Board plans future cash flows based on estimates from historical experience of losses incurred on assets based on credit risk exposure and objective impairment symptoms similar to those which characterize the portfolio. The methodology and the assumptions on the basis of which the estimated cash flow amounts and their anticipated timing are determined will be regularly reviewed in order to reduce the discrepancies between the estimated and the actual magnitude of the impairment losses concerned.

Fair value of derivative instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All the models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, the models applied resort exclusively to observable data originating from an active market.

Impairment of debt instruments available for sale

Impairment and increase in value of debt securities available for sale is determined at the date of valuation, i.e. at the end of the reporting period, separately for each category of debt security. Impairment is recognized if the issuer incurs a loss not covered by its equity capital over a period of one year or in the event of other circumstances indicating impairment. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

Technical insurance provisions

Provisions for unpaid claims and benefits which were reported to the insurer and in relation to which the information held does not enable an assessment of compensations and benefits is calculated using a lump sum method. Values of lump sum-based ratios for particular risks were established on the basis of information concerning the average value of loss arising from the given risk.

Provisions for claims incurred but not reported to the insurer ("IBNR") are calculated using the actuarial Naive Loss Ratio ULR ("Ultimate Loss Ratio") method which consists of establishing the value of claims only on the basis of the expected loss ratio. The expected loss ratios are produced based on available market studies concerning losses arising from the given group of risks.

BUSINESS DESCRIPTION

Overview

The Group is one of the largest universal banking groups in Poland providing retail banking, corporate banking and investment banking and other financial services. It was the third largest banking group in the Polish market in terms of total assets, loans and advances and number of retail current accounts and the fourth largest banking group in terms of deposits as of 31 December 2009. The Group also has a strong position in the following markets: brokerage services, commercial real estate financing, factoring and leasing. The Group has also expanded the distribution of insurance products, including third-party insurance products. For the three months ended 31 March 2010, the Retail Banking segment and Corporates and Markets segment contributed 49.9% and 49.5%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The contribution of remaining business segments was 0.6% for the three months ended 31 March 2010. For the year ended 31 December 2009, the Retail Banking segment and the Corporate and Markets segment contributed 47.8% and 51.1%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The contribution of remaining business activities was 1.1% for the year ended 31 December 2009.

As at 31 March 2010, the Group had approximately 3.4 million retail customers, including individual retail customers and micro-businesses. The Group offers customers in its Retail Banking segment a full range of products and services, including current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as consumer loans, car loans, cash loans, overdrafts, credit cards, and other loans products), debit cards, insurance and investment products and brokerage services. In Poland, the Group distributes its products and services in its Retail Banking segment through the internet platforms of mBank and MultiBank, through the 134 branches of MultiBank as well as 23 financial centers, 65 mKiosks and 46 partner kiosks throughout Poland and over 270 mobile agents managed by Aspiro, and also through phone services and through ATM networks. mBank targets young, self-directed customers seeking low-cost banking alternatives as well as micro-businesses. MultiBank offers a broad range of products and services targeted at affluent customers and micro-businesses seeking high quality, personalized service. All MultiBank customers have access to bank advisors at MultiBank´s branches. In addition, the Group offers private banking services through its BRE Private Banking business and BRE Wealth Management. As at 31 March 2010, the Group had approximately 5.4 thousand private banking customers. In 2010, BRE Private Banking and Wealth Management businesses were awarded the title of *The Best Private Banking Institution in Poland* by Euromoney magazine for the third time in its history. Additionally, MultiBank received the Service Quality Emblem for 2009 ("*Godło Jakości Obsługi 2009*") — an award granted on the basis of clients' opinions, and mBank ranked first in the competition Golden Banker of 2009 ("*Złoty Bankier 2009*") organized by Pay U S.A. and the portal Bankier.pl.

The Bank has offered its retail banking products and services in the Czech Republic and Slovakia through its mBank brand since November 2007. The total number of mBank's customers in the Czech Republic and Slovakia increased by 59.7% from approximately 244 thousand customers as at 31 December 2008 to approximately 390 thousand customers as at 31 December 2009 (to approximately 424 thousand customers as at 31 March 2010). mBank distributes its products and services in the Czech Republic and Slovakia through its internet platforms, through a physical distribution network operated by mBank and comprised of 17 financial centers and 23 mKiosks, through phone services and through ATM networks.

Most of the Group's corporate banking activities are conducted by the Bank, with the remaining activities conducted by specialized subsidiaries of the Group. As at 31 March 2010, the Bank had approximately 13 thousand corporate banking customers. The Bank offers its corporate banking customers in its Corporates and Markets segment a broad range of transactional banking products and services, including current accounts, internet banking based on cash management services, term deposits, foreign exchange transactions, short-term financing and investment loans, cross-border credit, project finance and trade finance solutions, structured and mezzanine finance services, and investment banking services and products. The Bank distributes its products and services through a fully dedicated network of 24 corporate branches and 21 corporate offices, as well as through its corporate banking internet platform iBRE. The corporate banking internet platform iBRE was awarded by the Euromoney magazine the "Europroduct" award in 2009. It also received the highest award in the *"World's Best Internet Bank*" contest organized by Global Finance magazine in the category of "*the best integrated bank corporate platform of 2009*" in the Central and Eastern European region. In the first quarter of 2010, the Bank was also awarded prizes for corporate banking services: (a) the Rose without Thorns ("*Róża bez kolców*") award from the "Home&Market" monthly magazine and (b) the European Medal in the 20th edition of a competition organized by the Office of the Committee for European Integration, Business Centre Club and the European Economic and Social Committee for a comprehensive asset management platform of the Bank.

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 markets products to corporate banking customers and non-banking financial institutions (such as insurance companies, pension funds, mutual funds and asset management companies) and selected private banking customers.

In addition to its banking products and services offered by the Bank to retail and corporate banking customers, the Group provides the following services through its subsidiaries: leasing, factoring, commercial real estate financing, brokerage and equity origination, insurance, and corporate finance advisory.

The Bank’s retail customer base has increased, from approximately 2.0 million retail customers as at 31 December 2007 to approximately 2.8 million as at 31 December 2008, to approximately 3.3 million retail customers as at 31 December 2009, and to approximately 3.4 million as at 31 March 2010, which represents an increase of approximately 70% from 31 December 2007.

Despite the global financial crisis in the fourth quarter of 2008 and in 2009, the Group’s net interest income from continued operations increased from PLN 1,027.8 million for the year ended 31 December 2007 to PLN 1,392.5 million for the year ended 31 December 2008 to PLN 1,658.2 million for the year ended 31 December 2009, representing an increase of 61.3% over this period. The Group´s net fee and commission income from continued operations slightly decreased from PLN 564.3 million for the year ended 31 December 2007 to PLN 551.5 million for the year ended 31 December 2008 and then increased to PLN 594.7 million for the year ended 31 December 2009. At the same time, the Group has reduced its overhead costs from PLN 1,346.6 million for the year ended 31 December 2008 to PLN 1,285.4 million for the year ended 31 December 2009, a decrease of 4.5%.

As a result of revenue enhancement and cost-reduction initiatives in 2009, the Group’s cost to income ratio from continued operations decreased from 57.7% for the year ended 31 December 2008 to 54.2% for the year ended 31 December 2009, the lowest cost to income ratio for the Group in the last five years. As of 31 December 2009, the Group had amounts due to customers of PLN 42,791.4 million and loans and advances to customers of PLN 52,468.8 million, with market shares of 6.6% and 7.4%, respectively, according to the NBP.

See “*Operating and Financial Review*” for a more detailed discussion of the Group’s results of operations and financial condition.

Competitive Strengths

Leading Market Position

The Group is one of the largest universal banking groups in Poland. As at 31 March 2010, the Bank had approximately 3.4 million retail and approximately 13.0 thousand corporate banking customers. It is the third largest banking group in the Polish market in terms of total assets, value of loans and advances and number of retail current accounts and the fourth largest banking group in terms of deposits as at 31 December 2009. The Group has a strong market position in retail banking, corporate banking and investment banking. As at 31 December 2009, the Group´s market share in total amounts due to individual customers and total loans and advances to retail customers was 5.3% and 6.7%, respectively, resulting in the Group having the sixth largest amounts due to retail customers portfolio and the third largest loans and advances to retail customers portfolio in Poland based on publicly available data provided by NBP and other Polish banks. Based on publicly available information from the Association of Polish Banks, the online portal Bankier.pl and the Bank’s estimates, the Bank is the leading retail bank in Poland, both in terms of active users of internet banking (as at 31 December 2009) and the number of new customers acquired (based on new current account openings during 2009). The Bank is one of the few banks in Poland that offers retail customers investment and insurance products from many institutions via an internet platform integrated with a customer’s current account in the form of an open architecture. As at 31 December 2009, the Bank´s market share in total amounts due to corporate customers and total loans and advances to corporate customers was 8.9% and 6.4%, respectively, resulting in the Bank having the third largest amounts due to corporate customers portfolio and the fourth largest loans and advances to corporate customers portfolio in Poland according to publicly available data provided by NBP. The Bank has consistently been ranked as one of the leading banks providing investment banking services in Poland. According to Fitch Polska S.A., Rating and Rynek, the Bank was the market leader for providing bank debt securities with a market share of 24.4%, number one for providing short-term debt securities with a market share of 24.7% and number two in the market for providing corporate bonds with a market share of 22.2% as at 31 March 2010.

According to information from the Polish Leasing Association, the Group is also one of the market leaders in leasing services in Poland through its subsidiary BRE Leasing, with a market share of 9% as at 31 December 2009. Additionally, the Group is one of the leading companies in the factoring market through its subsidiary Polfactor, with a market share of approximately 14%, as at 31 December 2009, according to information from the Polish Factoring Association.

Innovative Integrated Internet Platforms for both Retail and Corporate Banking Customers

The Bank has innovative integrated internet platforms for both retail and corporate banking customers through which it provides its products, which offer a high degree of functionality. The Bank was one of the first banks in Poland to offer integrated internet platforms which provide the Bank's customers with convenient and fast access to the Bank's products and services. According to the daily newspaper *Dziennik Gazeta Prawna* and the financial adviser Expander, the internet platform of mBank was rated number one in Poland in terms of quality and functionality in 2009. In 2009, Euromoney magazine awarded iBRE, an internet platform designed for corporate banking customers, the "Europroduct" award for its comprehensive approach to meeting the needs of corporate banking customers. Additionally, the platform received the highest award in 2009 at the *"World´s Best Internet Bank*" contest organized by Global Finance in the category of "*the best integrated bank corporate platform of 2009*" in the Central and Eastern European region.

Multi-Brand, Multi-Channel Retail Banking Model

The retail banking model is based on a multi-brand approach, a multi-channel distribution network and an integrated online platform through which the Bank offers a broad product range. The Bank believes that this approach allows it to provide a more focused and tailored service offering to its different customer groups. This has enabled the Bank to significantly grow the number of its retail customers since 2007. The Group´s retail customer base has grown from approximately 2.0 million customers as at 31 December 2007 to approximately 3.4 million customers as at 31 March 2010. The net interest income from the Retail Banking segment has increased from PLN 431.5 million for the year ended 31 December 2007 to PLN 955.4 million for the year ended 31 December 2009, an increase of 121.4% over this period. For the three months ended 31 March 2010, net interest income from the Retail Banking segment was PLN 226.8 million.

The Bank is one of the leading retail banks in Poland, both in terms of numbers of retail current accounts, retail loans and advances volumes, the number of new customers acquired (based on new current account openings) and the number of active users of internet banking.

According to a 2008 "*Retail Banking Audit*" report by Pentor, an independent researcher, the Bank estimates that mBank is the bank of first choice for approximately 30% of all retail customers opening bank accounts for the first time.

mBank has strong brand recognition in Poland. It targets young, self-directed customers seeking low-cost banking alternatives, as well as micro-businesses. In February 2010, mBank was awarded first place in the nationwide Golden Banker 2009 ("*Złoty Bankier 2009*") contest. mBank won in four out of eight categories: best current account for internet users (mBank current account received more than 30% of all votes), best current account for entrepreneurs using the internet, best loans for SME and best credit card and was granted a Golden Bank 2009 ("*Złoty Bank 2009*") award. In 2009, mBank received the highest ranking as a bank for small and medium sized enterprises the Forbes Best SME ranking in 2009.

MultiBank appeals to affluent customers and micro-businesses seeking high-quality, seamless and personalized service. In 2009, MultiBank was awarded the Quality of Service Emblem 2008 ("*Godło Jakości Obsługi 2008*") and won first place in the nationwide quality of service contest Service Emblem 2008 ("*Jakości Obsługi 2008*") in the banking category based on independent voting of over 12 thousand consumers. In 2010, MultiBank was also awarded the Quality of Service Emblem 2009 ("*Godło Jakości Obsługi 2009*").

The Group also benefits from the cost synergies of having both mBank and MultiBank brands use one common operating platform.

Strong Corporate and Investment Banking Business

The strong position of the Bank's corporate banking business in Poland results primarily from the 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 its customers with tailor-made solutions. The Bank´s products and services are both offered through its exclusively dedicated network of 24 corporate branches and 21 corporate offices and through its iBRE multi-functional internet banking platform. The Bank also introduced a new customer relationship management ("CRM") system which enables it to perform comprehensive analyses of corporate customers' potential and needs for banking products and services as well as to plan and monitor the sales activities. This tool effectively supports the Bank's increasing cross selling and upselling activities in order to maximize the Group's revenues.

The Bank also offers its customers investment banking services, i.e. financial instruments that are offered to both businesses and financial institutions. The Bank has consistently been ranked as one of the leading banks providing investment services in Poland. According to Fitch Polska S.A., Rating and Rynek, the Bank was recognized as the market leader for providing bank debt securities with a market share of 24.4%, number one for providing short-term debt securities with a market share of 24.7% and number two in the market for providing corporate bonds with a market share of 22.2% as at 31 March 2010.

The Bank was also ranked as one of the leading government debt securities primary dealers by the Ministry of Finance as well as money market dealers by the NBP.

Proven Management Track Record

The Bank was awarded the best managed company in Central and Eastern Europe by Euromoney magazine in 2009. The Group's management team has extensive operational and financial experience in the banking sector in Poland. As a result of the professional expertise of the management team, the Group succeeded at maintaining a leading position in the banking sector in Poland, despite the challenging economic environment from the global economic crisis.

Despite the global financial crisis in the fourth quarter of 2008 and in 2009, the net interest income from continued operations earned by the Group increased from PLN 1,027.8 million for the year ended 31 December 2007 to PLN 1,392.5 million for the year ended 31 December 2008 and to PLN 1,658.2 million for the year ended 31 December 2009, representing an increase of 61.3% over this period. The Group´s fee and commission income from continued operations decreased from PLN 564.3 million for the year ended 31 December 2007 to PLN 551.5 million for the year ended 31 December 2008 and then increased to PLN 594.7 million for the year ended 31 December 2009.

With the introduction of the BREnova program, the Group reduced its overhead costs from PLN 1,346.6 million for the year ended 31 December 2008 to PLN 1,285.4 million for the year ended 31 December 2009. The Group's cost to income ratio from continued operations decreased from 58.1% for the year ended 31 December 2007 to 57.7% for the year ended 31 December 2008 and then to 54.2% for the year ended 31 December 2009.

The Management Board believes that it will continue to be able to improve the level of the Group's revenues and to consistently manage costs, taking advantage of the synergies within its business segments.

Prudent Risk Management

The Bank 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 optimization of profitability against risks. Its quality constitutes a part of the Bank's competitive advantage. The Bank's risk management system includes up-to-date methodology and procedures of risk identification and measurement, tools supporting measurement and monitoring of risk with respect to individual types of inherent risks in the Group's business, which conform to the highest market standards. One of the elements of the risk management process is the correct valuation of assets. The Bank has maintained an adequate 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. In 2009, within the framework of the above process, impairment losses on loans and advances amounted to PLN 1,097.1 million, which included mainly customers with significant exposures related to foreign exchange derivatives, the retail portfolio consisting of cash loans to customers of mBank without previous history with the Bank and liabilities originating from lease payments in the transportation sector. The

Bank applies procedures aimed at selecting customer target groups that are less likely to default on their obligations and has a large percentage of mortgage loans in its loan portfolio. The Bank also considers that one of its competitive strengths is its efficient credit process, both in respect of corporate and retail customers. Nonetheless, the Bank strives to continuously optimize its lending procedures and to actively manage and monitor individual customer exposures.

Commerzbank as the Strategic Shareholder of the Group

Commerzbank, through its subsidiary Commerzbank Holding, is the principal shareholder of the Bank. As of the date of the Offering Memorandum, Commerzbank holds shares representing 69.78% 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 specifically access to foreign exchange-denominated funding provided by Commerzbank, operational and know-how support in various areas of business (e.g. product development, risk management, and access to global capital markets).

Strategy

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

The Group aims to increase revenues in the most attractive 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) increase the number of products provided to its customers for whom the Group is not currently the bank of the first choice, and (iii) segment its retail customer base through the use of its CRM system to intensify the sale of certain products and services, depending on the needs of individual customer groups. The range of the products and services the Group intends to cross sell include: (i) non-mortgage lending products such as automatic pre-approved loan limits for certain customers, (ii) mortgage loans including foreign currency-denominated loans and (iii) other products such as transaction products, brokerage and bancassurance products. By offering such a broad range of retail banking products, the Bank believes it can be the "bank for life" for its new and existing customers. The Group also intends to improve the profitability in the Czech Republic and Slovakia by building a high quality asset portfolio through increasing its lending activity to customers, with high credit worthiness.

Solidify the Bank's Strong Corporate and Investment Banking Services

The Bank intends to solidify its strong corporate and investment banking position by more effective use of its dedicated corporate network of 24 corporate branches and 21 corporate offices and focusing on new attractive areas of growth in the corporate and investment banking market. In particular, the Bank intends to develop its transactional banking services business and to increase cross selling of investment banking products. In addition, the Bank intends to exploit attractive areas of growth, including: (i) servicing public finance business which offers attractive risk profiles, (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 more customers through the network of MultiBank's branches and through cooperation with the Bank's subsidiaries, continuing development of innovative products, including those offered via iBRE platform, innovative cash management products, expansion of its payment card offering, improving PLN cash payments and fully automating outgoing international payments, and benefiting from strong relations with exporters and importers. In light of the gradually improving Polish economy, the Bank intends to focus on cross selling and increasing the volume of corporate and investment banking products and services such as debt origination, and products supporting risk management (such as foreign exchange options, forward contracts, interest rate derivatives and commodity swaps). 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. As a consequence, cross selling and continuous upselling initiatives led by the Bank, using modern customer relationship management tools, allow the Bank to maximize its share of income generated from customers and to increase Group revenues.

Strengthen the Group's Funding Sources

Throughout the global financial crisis in the fourth quarter of 2008 and in 2009, the Group maintained a solid liquidity position as it managed to increase its customer deposits and funding from Commerzbank as well as other financial institutions. The Group intends to expand its funding sources in the future through the continued build-up of customer deposits, other financial instruments from capital markets and financial instruments from interbank markets. The Bank also intends to finance the growth of the volume of its loans and advances portfolio via currency-matched funding sources.

Further Improve Cost Efficiency

The successful implementation of the BREnova program enabled the Group to improve its cost structure in the future. The Group intends to strengthen its cost efficiency by focusing on strict cost control and monitoring in order to keep operational efficiency at a high level.

In addition, the Bank believes that the Group will be able to realize increasing economies of scale. The Bank believes that it will benefit significantly from its efficient and high quality IT systems, which are scalable to 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 center for Commerzbank and is responsible for certain aspects of Commerzbank'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 its 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 quality standard verification mechanism when determining the creditworthiness of the 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") will be maintained. With regard to the structure of the corporate loans and advances 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 in which risk managers operate at its corporate branches, which gives them direct access to information on customers which 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.

History

The Bank was established in 1986 under the business name of Bank Rozwoju Eksportu S.A. 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 banking 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 of the date of this Offering Memorandum, Commerzbank through its wholly-owned subsidiary, Commerzbank Holding, holds shares representing 69.78% of the Bank´s share capital and the total number of votes at the Bank's General Shareholders' Meeting.

In 1998, the Bank merged with Polski Bank Rozwoju S.A. ("Bank Rozwoju") following the acquisition of Bank Rozwoju's shares in a public tender offer. In 2000, mBank was launched as an internet platform to provide banking services, which was a pioneering project in the Polish market. Since November 2007, mBank has operated in the Czech Republic and Slovakia. In 2001, MultiBank was formed.

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). As at 31 March 2010, the Bank had approximately 3.4 million retail customers and approximately 13.0 thousand corporate banking customers. The Bank's business is divided into two segments: the Retail Banking segment and the Corporates and Markets segment (including the Corporates and Institutions business line and Trading and Investment Activity business line).

For the three months ended 31 March 2010, the Retail Banking segment and Corporates and Markets segment contributed 49.9% and 49.5%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The contribution of remaining business activities was 0.6% for the three months ended 31 March 2010. Of the 49.5% contributed by the Corporates and Markets segment in the three months ended 31 March 2010, 94.6% was generated by the Corporates and Institutions sub-segment and 5.4% was generated from the Trading and Investment Activity sub-segment. In 2009, the Retail Banking segment and Corporates and Markets segment generated 47.8% and 51.1%, respectively, of the Group's total net interest income, net fee and commission income and net trading income. The contribution of remaining business segments was 1.1% for the year ended 31 December 2009. Of the 51.1% contributed by the Corporates and Markets segment in 2009, 90.9% was generated by the Corporates and Institutions sub-segment and 9.1% was generated from the Trading and Investment Activity sub-segment.

In addition to products and services offered by the Bank, the Group offers a broad range of products and services in brokerage services, insurance services, financing commercial real estate, leasing, and factoring through its subsidiaries. In the years ended 31 December 2007, 31 December 2008 and 31 December 2009 and for the first three months of 2010, respectively, the total net interest income, net commission income and net trading income of the Group's Subsidiaries accounted for 22.4%, 17.1%, 18.7% and 18.7%, respectively, of the Group's total net interest income, net commission income and net trading income from continued and discontinued operations.

The Group divides its operations into two segments:

- The Retail Banking segment, which divides its customers into mBank customers, MultiBank customers and BRE Private Banking customers, offers a full range of the Bank's products and services as well as specialized products offered by several subsidiaries in the Retail Banking segment. 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 loans products), credit cards, insurance, investment products, and brokerage services offered to both individual customers and to micro-businesses. The results of the Retail Banking segment include the results of mBank's branches in the Czech Republic and in Slovakia. Retail Banking also consolidates the results of BRE Wealth Management, Aspiro (until October 2, 2009: emFinanse Sp. z o.o.) and BRE Ubezpieczenia TUiR and BRE Ubezpieczenia.

- The Corporates and Markets segment is divided into two sub-segments:

  - 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 (*usługi zarządzania płynnością finansową*) 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 with embedded options (interest on structured deposit products is directly linked to the performance of certain underlying financial instruments such as foreign exchange options, interest rate options and stock options), 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 offering products such as current accounts, overdrafts, stand alone and syndicated loans and loans guaranteed by Korporacja Ubezpieczeń Kredytów Eksportowych ("KUKE") to support the Polish export. The Corporates and Institutions sub-segment consolidates the results of the following subsidiaries: BRE Bank Hipoteczny, BRE Leasing, DI BRE, BRE Corporate Finance, Intermarket Bank, Polfactor, BRE Holding, Transfinance, Magyar Factor, Garbary, Tele-Tech Investment, as well as BRE Gold FIZ Aktywów Niepublicznych all of whose investment certificates were bought by BRE Bank in November 2009. The only asset of BRE Gold FIZ Aktywa Niepubliczne is a shareholding in Powszechny Zakład Ubezpieczeń S.A., which was formerly owned by the Bank.

- Trading and Investment Activity 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 results of BRE Finance France

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

	Three months ended 31 March 2010		Year ended 31 December					
			2009		2008		2007	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(PLN thousand) (unaudited)	(%)	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)	(PLN thousand) (audited)	(%)
Retail Banking	108,975	69.1	216,253	103.2	241,510	24.1	227,507	23.8
Corporates and Markets	49,086	31.1	(29,813)	(14.2)	617,402	61.7	576,741	60.4
-*Corporates and Institutions*	23,030	14.6	(215,916)	(103.1)	342,628	34.2	444,811	46.6
-*Trading and Investment Activity*	26,056	16.5	186,103	88.9	274,774	27.5	131,930	13.8
Remaining Business	2,917	1.8	17,136	8.2	27,813	2.8	80,808	8.5
Asset Management	—	—	—	—	109,768	11.0	91,285	9.6
Eliminations	(3,204)	(2.0)	5,813	2.8	3,622	0.4	(21,796)	(2.3)
Total	**157,774**	**100.0**	**209,389**	**100.0**	**1,000,115**	**100.0**	**954,545**	**100.0**

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 estimates, the Bank is the leading retail bank in Poland in terms of numbers of active users of internet banking (as at 31 December 2009) and the number of new customers acquired (based on new current account openings during 2009). The Bank is one of the few banks in Poland that offers retail customers fully integrated with current account investment and insurance products from many institutions via an internet platform in the form of an open architecture.

The Bank divides its retail customers ("Retail Customers") into three categories:

- mBank customers;
- MultiBank customers; and
- BRE Private Banking and Wealth Management customers.

As at 31 March 2010, the Bank serviced approximately 3.4 million Retail Customers (including approximately 2.8 million through mBank, approximately 0.6 million through MultiBank and approximately 5.4 thousand through BRE Private Banking and BRE Wealth Management), with loans and advances in the aggregate amount of PLN 27,905.5 million and deposits in an aggregate amount of PLN 26,234.3 million.

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, self-directed customers seeking convenience, online and low-cost banking as well as micro-businesses. The offering includes: 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, and 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 supermarket through which customers can manage their investment products and buy insurance products.

In February 2010, mBank was awarded first place in the nationwide Golden Banker 2009 ("*Złoty Bankier 2009*") contest. Based on independent voting of over 4,000 internet users organized by the independent online portal Bankier.pl and online payment service provider PayU S.A., mBank won in four out of eight categories: best current account for internet users (mBank current account received more than 30% of all votes), best current account for entrepreneurs using the internet, best loans for SME and best credit card and was granted the Golden Bank 2009 ("*Złoty Bank 2009*") award. In 2009, mBank received the highest ranking as a bank for small- and medium-sized enterprises in the Forbes Best SME ranking ("*Najlepszy bank dla malych i średnich firm*"). According to ranking prepared by the daily newspaper *Dziennik Gazeta Prawna* and financial adviser Expander, the internet platform of mBank was rated number one in Poland in terms of quality and functionality in 2009.

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, phone banking and through 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 collateralized loans such as car loans, must be signed by mBank's customers at one of Aspiro´s outlets. mBank's customers perform 98% of their money transfers through internet banking, with the remaining money transfers being conducted via call centers.

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 March 2010, the physical distribution network consisted of 23 financial centers, 65 mKiosks and 46 partner kiosks throughout Poland and over 270 mobile agents.

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

As at 31 March 2010, mBank´s physical distribution network in the Czech Republic and Slovakia consisted of 17 financial centers and 23 mKiosks.

Phone Banking

mBank also offers its Retail Customers access to its products and services through phone banking. mBank's customers can choose to be connected to a call-center based operator or to work with an interactive voice response system ("IVR"). mBank's customers can execute all basic banking transactions such as money transfers and the purchase of certain banking products via their phone and can obtain information about more complex products and give other instructions regarding such products via phone. mBank uses two call centers in Łódź together with MultiBank. These call centers and the IVR can be accessed by mBank's customers twenty-four hours a day, seven days a week, 365 days a year.

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, which represented 26% of all ATMs in Poland as of 31 December 2009. mBank's customers can withdraw money at ATM networks of other banks for a fee. mBank's customers can withdraw money from all ATMs that accept VISA and MasterCard free of charge outside of Poland. Customers of mBank in the Czech Republic or Slovakia can withdraw money from any ATMs in the Czech Republic or Slovakia that accept VISA cards, with the first three withdrawals within a month free of charge, regardless of the network of the ATM used.

mBank's customers in Poland also can make cash deposits through 222 deposit machines which are operated by the Bank and accessible twenty-four hours, seven days a week, 365 days a year. mBank's customers can also make cash deposits for a low fee in two nationwide grocery chains Żabka and FreshMarket comprised of over 2 thousand outlets.

MultiBank

MultiBank started its operations in 2001 to target affluent customers. In 2009, MultiBank was awarded the Quality of Service Emblem 2008 ("*Godło Jakości Obsługi 2008*") and won first place in the nationwide quality of service contest Service Emblem 2008 ("*Jakośći Obsługi 2008*") in the banking category based on independent voting of over 12,000 consumers. MultiBank was also awarded Quality of Service Emblem 2009 ("*Godło Jakości Obsługi 2009*") in 2010. In 2009, MultiBank was also awarded second place "Best Traditional Bank" in Newsweek magazine's ranking for the most customer friendly bank ("*Przyjazny Bank Newsweeka*").

MultiBank targets its offering at affluent customers and micro-businesses seeking quality, seamless and personalized service. MultiBank's product offering includes 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 advisors at MultiBank's branches. MultiBank´s customers whose average monthly net income exceeds PLN 5 thousand or who have a minimum of PLN 100 thousand 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 and sport and recreation facilities.

Distribution Channels

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

Physical Distribution Network

As at 31 March 2010, MultiBank´s physical distribution network consisted of 75 financial service centers and 59 partner outlets in Poland. Financial service centers are located in Poland's 10 largest cities and in other large cities in Poland, 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 centers, but are located in mid-sized Polish cities with up to 100 thousand residents.

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 customers to access all of its products and services. As at 31 March 2010, approximately 80% of MultiBank's customers used the internet to conduct banking services.

Phone Banking

MultiBank also offers its Retail Customers access to its products and services through phone banking. MultiBank's customers can choose to be connected to a call-center based operator or to work with an IVR. MultiBank's customers can execute all basic banking transactions such as money transfers and the purchase of selected products via phone and can obtain information about more complex products and give other instructions regarding such products via phone. mBank uses two call centers in Łódź together with mBank. These call centers and the IVR can be accessed by MultiBank's customers twenty-four hours a day, seven days a week, 365 days a year.

ATM Network

MultiBank does not operate its own ATM network. In Poland, MultiBank's customers can use their VISA and MasterCard cards to access their accounts and effect withdrawals free of charge at all Euronet, Cash4You, eCard and BZ WBK networks, which represented 26% of all ATMs in Poland as of 31 December 2009. MultiBank's customers can withdraw money at ATM networks of other Polish banks for a fee. Outside of Poland, MultiBank's customers can withdraw money from all ATMs that accept VISA and MasterCard for a fee.

MultiBank's customers can also make cash deposits at 222 deposit machines of the Bank which are accessible twenty-four hours, seven days a week, 365 days a year.

BRE Private Banking and BRE Wealth Management

Private Banking

To qualify for private banking, a customer must have a minimum of PLN 500 thousand 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), bancassurance 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 and for the management of the customer's account and the execution of transactions in accordance with such customer's instructions. Meetings with relationship managers are held at the Bank or outside the Bank's premises at a location convenient to the customer.

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 specialized, personalized investment solutions. Customers are also offered tax optimization and estate planning solutions, as well as investments in property and in alternative assets, e.g. in art (art banking).

As at 31 March 2010, the Group had approximately 5.4 thousand Private Banking and Wealth Management customers.

Products and Services in Poland

The Bank offers products and services to its Retail Customers such as 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 loans products), debit cards, insurance and investment products, and brokerage services.

Accounts

The Bank offers its customers a variety of current and saving accounts. Current accounts are standard accounts which are used by the Bank's customers for day-to-day transactions and bear low to no interest. Savings accounts provide the customers with higher interest rates but limit the access to the funds by reducing the number of free withdrawals.

mBank offers its retail customers low-fee internet accounts, with special product offerings for young customers aged thirteen to eighteen.

MultiBank tailors its products to affluent customers and micro-businesses. Customers with a monthly average net income of at least PLN 5 thousand or minimum assets with MultiBank of PLN 100 thousand are offered special Aquarius package products and services and 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 and sport and recreation facilities.

Deposit Products

The Group offers its customers current and savings accounts and deposit products (including standard term deposits with maturities ranging between one day and 12 months, structured deposits combining the features of standard term deposits with investments in the capital markets), and individual pension accounts. As at 31 December 2009 and as at 31 March 2010, the vast majority of the Bank's deposit products were PLN denominated.

Mortgage Loans

Mortgage loans constituted the vast majority of the total loans to Retail Customers as at 31 December 2009 and 31 March 2010. The Bank offers mortgage loans primarily in PLN, EUR and CHF, but also in USD and GBP. As at 31 December 2009 and as at 31 March 2010, mortgage loans denominated in foreign currencies constituted the vast majority of total mortgage loans.

The Bank's mortgage loans are offered primarily for residential purposes. These loans are normally secured by mortgages on the property acquired or other property. Until such mortgages are perfected, loans may be secured primarily by other forms of security, specifically by credit insurance.

Non-Mortgage Loans

The Bank offers non-mortgage loans to its customers in the form of car loans, cash loans, overdraft facilities, and credit cards. Non-mortgage loans constituted a small minority of the total loans as at 31 December 2009 and as at 31 March 2010. All of these loans (with the exception of overdrafts) are offered with insurance packages, the majority of which are sold in cooperation with BRE Ubezpieczenia TUiR acting as insurer to the Bank's customers.

Debit and Credit Cards

The Bank offers its Retail Customers a wide range of debit card and credit cards, issued in conjunction with VISA and MasterCard, including, as basic options: Visa Classic and MasterCard Standard, as prestigious cards: VISA Gold, MasterCard Gold, VISA Platinum, VISA Aquarius and MasterCard Aquarius and as co-branded cards, cards issued with third party providers (Rossmann, Orange, Gruner+Jahr, Telewizja n). The Bank's credit card offering is supplemented with a selection of additional benefits, primarily insurance and discount programs, as well as additional functionalities (transfers to bank accounts and conversion of credit card loans into an installment loan). Additionally, the Bank's MasterCard cards may be equipped with *PayPass* contactless payment functionality, which enables a customer to pay for its transactions by tapping its PayPass card against a PayPass reader instead of swiping a card or inserting it into a traditional reader. As at 31 December 2009, the Bank had issued approximately 2.5 million debit cards and 0.5 million credit cards to its customers. According to NBP, the Bank's market share in non-cash card transactions in Poland was over 10% in 2009.

Investment Funds

The Bank 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. As at 31 March 2010, the open platform of investment funds allowed mBank and MultiBank customers to invest in over 240 investment funds managed by 15 investment funds' management companies which are not capital related to the Bank. Additionally, within the same platform the Bank offers participation in four open pension funds. The open platform of investment funds is fully integrated with current accounts, which means that customers are not required to have any additional personal identification numbers ("PIN") or make money transfers to place orders. As at 31 March 2010, the Bank carried over 560 thousand investment fund accounts.

Brokerage services

The Group's brokerage services are offered through DI BRE, through eMakler service at mBank and the "Saving Center" at MultiBank. The brokerage accounts are fully integrated with current accounts, which means that customers are not required to have any additional PIN codes or make money transfers to place orders. As at 31 March 2010, the Bank's customers had over 170 thousand of these brokerage accounts. For a more detailed discussion of DI BRE, see "*Services Provided by Bank's Subsidiaries within Corporates and Institutions — DI BRE*".

Other Products and Services Offered to Retail Customers

In addition to the loan and deposit banking products and services described above, the Group offers a wide array of additional products and services to its customers, including stand-alone insurance policies, leasing services for micro-business customers and mobile network services. mBank was one of the first mobile virtual network operators ("MVNO") in Poland. As at 31 March 2010, mBank had approximately 25 thousand active users.

In cooperation with leading Polish and international insurance companies (including Vienna Insurance Group, Amplico, Europe Assistance, Allianz, HDI, Generali), the Bank offers its customers various insurance products of those companies, including property insurance, motor insurance, unemployment protection and travel, health and life insurance. With regard to these products, neither the Bank nor the Group acts as insurer, but as an intermediary that merely offers its customers access to these products.

Innovative Products and Services

Since November 2009, the Bank has offered MasterCard debit and credit cards with contactless payment functionality ("PayPass") to its retail customers. These cards enable the Bank's retail customers to make secure transactions at designated points of sale using near field communication technology, which enables a retail customer to pay for its transactions by tapping its PayPass card against a PayPass reader instead of swiping a card or inserting it into a traditional reader. As at 31 March 2010, the Bank had issued approximately 25 thousand MasterCard cards with PayPass functionality.

BILIX (Electronic Bill Presentment and Payment) offers retail customers the ability to receive their bills or invoices in an electronic form and to settle them directly via internet banking. The service has been offered by MultiBank in co-operation with KIR since December 2009. A similar offer is planned to be launched by mBank in May 2010.

In January 2010, mBank implemented and MultiBank is still in the process of implementing a customer-friendly process to assist customers in transferring their current accounts from other banks. The service implemented at mBank includes the ability to import data of the defined money transfer recipients and standing orders automatically via a dedicated application in the internet banking system. The service also includes support in closing a current account with the other bank and notifying a customer's tax office, Polish Social Security Institution ("ZUS"), the customer's employer, as well as other institutions indicated by the customer, of the change in the customer's current account number. The process takes into account the recommendations of the Association of Polish Banks to facilitate the process of transferring accounts between banks.

Since February 2010, mBank has provided automatic pre-approved loan limits that can be used as new or increased limits for credit cards, cash loans or overdrafts. Retail Customers that are interested in the Bank's offer within the proposed loan limit can buy the selected product directly via internet banking, provided they have previously signed a framework loan agreement at mBank. Otherwise, they are requested to sign the above mentioned agreement at a branch operated by Aspiro or via courier delivery. The Bank plans to launch a similar offer for MultiBank by July 2010.

mBank's Foreign Operations

The Group has offered retail banking services through its mBank brand in the Czech Republic and Slovakia since November 2007.

Customers

As of 31 December 2009, mBank had 389.8 thousand retail customers in the Czech Republic and Slovakia (of which 288.9 thousand were in the Czech Republic and 100.9 thousand were in Slovakia). In 2009, the number of customers increased by 145.8 thousand compared to 31 December 2008. As at 31 March 2010, mBank had 424.0 thousand retail customers in the Czech Republic and Slovakia, of which 312.7 thousand were in the Czech Republic and 111.3 thousand in Slovakia.

Accounts

The Bank offers current and saving accounts to retail customers with the same functionalities as in Poland. As of 31 December 2009, mBank held 775.1 thousand accounts (of which 584.5 thousand were held in the Czech Republic and 190.6 thousand were held in Slovakia). In 2009, the number of accounts increased by 385.8 thousand as compared to 31 December 2008. As at 31 March 2010, mBank held 846.4 thousand accounts, of which 628.9 thousand were Czech and 217.5 thousand were Slovak accounts.

Deposits

Customer deposits in the Czech Republic and Slovakia include funds held in current and savings accounts and in Slovakia also term deposits with various maturities. As of 31 December 2009, deposits with mBank totaled PLN 4,682.5 million (of which PLN 3,486.5 million in the Czech Republic and PLN 1,196.0 million in Slovakia), which represents an increase of PLN 1,361.3 million as compared to 31 December 2008. As at 31 March 2010, the aggregate value of mBank customer's deposits was PLN 4,442.4 million, of which PLN 3,188.3 million were Czech and PLN 1,254.1 million were Slovak deposits.

Loans

The Bank's lending products portfolio includes mortgage loans, non-mortgage loans (cash loans and credit card related loans) for individual customers. Loans and advances to customers as at 31 December 2009 amounted to PLN 1,029.6 million (of which PLN 686.2 million were provided in the Czech Republic and PLN 343.4 million provided in Slovakia), an increase of PLN 272.7 million as compared to 31 December 2008. The value of loans and advances to customers as at 31 March 2010 was PLN 1,047.4 million, of which PLN 726.5 million were loans granted in the Czech Republic and PLN 320.9 million were loans granted in Slovakia.

Physical Distribution Network

As at 31 March 2010, mBank´s distribution network in the Czech Republic and Slovakia consisted of 17 financial centers (10 in the Czech Republic, 7 in Slovakia) and 23 mKiosks (17 in the Czech Republic and 6 in Slovakia).

Services Provided by Bank's Subsidiaries within Retail Banking

Aspiro

Aspiro is a financial broker company which was originally founded in July 2005 as emFinanse. In 2009, the company was renamed Aspiro. 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 it operates. Aspiro sells mostly Bank products.

Since July 2009, Aspiro has operated a physical distribution network, which as at 31 March 2010 was comprised of 23 financial centers, 65 mKiosks and 46 partner kiosks throughout Poland and 270 mobile agents. Financial centers are located in Poland´s largest cities, including the ten largest Polish cities, with seven financial centers in Warsaw. The financial centers offer primarily all of the Bank's products and products of other banks. mKiosks are located in shopping malls in Poland´s largest cities and offer all Bank's as well as other banks' products and services other than mortgages. Partner kiosks are mainly located in mid-sized Polish cities (with up to 100,000 residents) as well as in Warsaw and offer the same products and services as mKiosks. Mobile agents offer lending products (mainly mortgage loans) to Bank's customers, acquired through financial intermediaries and real estate agents cooperating with the Bank.

BRE Wealth Management

BRE Wealth Management was founded in August 2000. BRE Wealth Management offers a wide range of investment products and strategies to customers investing a minimum of PLN 2 million. The company offers standard investment strategies tailored to the risk and investment profile of its customers and also specialized, personalized investment solutions. Customers are also offered tax optimization and estate planning solutions, as well as investments in property and in alternative assets, e.g. in art (art banking).

BRE Ubezpieczenia TUiR

BRE Ubezpieczenia TUiR was founded in January 2007. BRE Ubezpieczenia TUiR offers classic bancassurance (insurance for mortgage loans, insurance packages connected with a credit card and a current account) motor, travel and real-estate insurance, and provides BRE Leasing customers with insurance packages (including, among other insurance policies, the monitoring of the claim handling process). All insurance policies are sold through the branches of MultiBank, the distribution network operated by Aspiro, the distribution network of BRE Private Banking and via internet platforms of mBank and MultiBank.

Corporates and Markets

The Corporates and Markets segment includes Corporates and Institutions and Trading and Investment Activity.

Corporates and Institutions

Overview

Corporates and Institutions are divided into:

- 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
- Banks that are offered products such as current account products, loan products, overdrafts, loans including syndicated loans, and loans guaranteed by KUKE.

The Bank divides its Corporate Banking customers into three sub-groups:

- 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, insurance companies). Until 31 December 2009, K1 comprised capital groups and companies with an annual revenues exceeding PLN 1 billion;

- K2 customers: medium-sized enterprises with annual revenues between PLN 30 million and PLN 500 million, mid-sized public sector companies (including local governments). Until 31 December 2009, K2 comprised medium-sized enterprises with annual revenues from PLN 30 million to PLN 1 billion; and

- 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 of 31 December 2009, the Bank had a market share of 6.4% in corporate loans and 8.9% in corporate deposits. As of 31 December 2009, the number of corporate banking customers (the total number of K1, K2, K3 customers) amounted to approximately 13 thousand (approximately 13 thousand as at 31 March 2010). Of this number, approximately 900 Corporate Banking customers (approximately 1.0 thousand as at 31 March 2010) were assigned to the K1 segment, approximately 3.8 thousand (approximately 3.7 thousand as at 31 March 2010) to the K2 segment and approximately 8.1 thousand (approximately 8.1 thousand as at 31 March 2010) to the K3 segment (based on segmentation criteria applicable as of 31 December 2009 and 31 March 2010, respectively). As of 31 March 2009, loans and advances to Corporate Banking customers amounted to PLN 24,350.1 million and amounts due to the Bank's Corporate Banking customers amounted to PLN 18,614.4 million.

Distribution Channels

Corporate Banking customers have access to 24 corporate branches located in Poland's largest cities, including each of the 16 capitals of provinces, to 3 corporate branches located in Warsaw and to 21 corporate offices located in other cities. The corporate physical distribution network is dedicated exclusively to servicing Corporate Banking customers. Each Corporate Banking customer has a dedicated team of experts dedicated to developing the individual customer´s relationship with the Bank comprising a client relationship manager, business analyst and product advisors as well as risk officer. Transactional banking specialists and financial instruments and trade finance product advisors are located in Warsaw and in other major cities in Poland.

In addition, Corporate Banking customers can obtain certain corporate services (such as cash services) at certain MultiBank outlets.

The Bank's business related to K2 and K3 customers, conducted primarily through a sales network located in corporate branches and offices throughout Poland, as of 31 March 2010, was comprised of 566 employees, including 169 relationship managers. They are supported by 186 business analysts, who are mainly focused on credit risk assessment and establishing proposed credit limits for risk-related product structures tailor made to specific customer needs and risk profile. The client service teams dedicated to K2 and K3 customers, apart from relationship managers and business analysts, include 41 product advisers (including transactional banking, trade finance and financial instruments specialists located at branches) and 30 regional risk managers (representing the Corporate Credit Department) are responsible for risk approval.

In addition to this, 25 corporate relationship managers at the Bank's headquarters are assigned to K1 customers. Lending and credit limits for K1 customers are initially proposed by a team of 24 business analysts. To ensure a better understanding of individual sector's specifics, both relationship managers and business analysts are grouped into industry sector-oriented teams. K1 customers are serviced by 21 dedicated product advisors (including transactional banking, trade finance and financial instruments specialists) and 11 dedicated industry sector–oriented risk managers who are responsible for risk approval.

Daily over-the-counter customer service business (including cash deposits, cash withdrawals, document dealing) is served by 122 employees in all 24 corporate branches.

Structured and mezzanine finance granted either as standalone financing or through a syndication with other banks is provided by 21 experts in the Structured and Mezzanine Finance Department at the Bank's headquarters.

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. Certain Corporate Banking customers also use the electronic banking system called BRESOK Multicash (offline systems which are a physical wire installed at a customer location with a direct link to the Bank) primarily for payment and current account related transactions.

Products and Services

Transactional Banking

The Bank offers its Corporate Banking customers transactional banking solutions from standard transactional banking products to specialized, 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 specialized, tailor-made products include advanced liquidity management services, cash pooling and advanced cash management products, including mass payment collection and identification services and 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.

Transactional products are divided into the following categories:

- Domestic and international payments;
- Liquidity management products and cash pooling;
- Cash and receivables management (*produkty zarządzania płatnościami i należnościami*) including current accounts, mass payment collection and their identification, and escrow accounts);
- Cash management products (cash deposit, withdrawal services and collection services);
- Debit, credit, pre-paid cards; and
- Electronic banking — iBRE — internet platform, a multi-product and services access channel designed to meet the requirements of corporate customers; broad product range communication facilities available through the platform to provide on-line access to a wide range of products and services and current market information, as well as to enable customers to actively manage their financial matters.

iBRE platform consists of the following modules :

— **iBRE Banking**, which combines transaction and communication features that allow customers to manage their accounts and execute domestic and foreign payment orders and provides tools for account and transactions data report analysis.

— **iBRE Cards**, which enables effective management of cards, including pre-paid cards, and provides full-time on-line access to current information on available funds and card limits as well as a full history of transactions executed by the card user. A customer can also change its card limits, restrict the card, increase or limit available funds or make other instructions regarding card use.

— **iBRE Cash**, which is designed for customers who have to manage high volumes of physical cash on a daily basis; it enables clients to order cash transports (pick ups and drop offs), and be notified of cash deposits or withdrawals. iBRE Cash also makes it possible to monitor the progress of work on a transaction.

— **iBRE Invoice.NET**, which provides exchange and presentment of invoices and provides functionality of EBPP/EIPP class solutions (Electronic Bill Presentment and Payment, Electronic Invoice Presentment and Payment), allowing electronic issuance and presentation of invoices, along with an option to accept and pay for the invoice by the debtor. Customers can also apply online for invoice discounting.

— **iBRE Trade**, which allows filing and reviewing of electronic instructions with respect to products such as guarantees, letters of credit, documentary collections; this module also enables customers to negotiate documents online.

— **iBRE FX**, which enables customers to execute foreign exchange forward and spot transactions.

— **iBRE Depo Plus**, which is directly linked to courts' and prosecution offices' financial systems and makes it possible to manage payments into a bank account, including the accruing of interest on individual deposits, as well as full data exchange between courts or prosecution offices and the bank without any extra manual intervention.

— **iBRE Connect**, which enables the exchange of financial data between Corporate Banking customers' ERP systems and the Bank's systems in order to execute clients' payments and financial data collection for accounting purposes.

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 offering includes co-financing with the use of the EU funds, tailor made to the 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 (*zarządzanie płynnością*) 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 foreign exchange forward contracts and options, interest rate derivative instruments (forward rate agreements ("FRA"), interest rate swaps ("IRS"), currency interest rate swaps ("CIRS")) and commodity derivatives (commodity options and swaps, commodity futures contracts). Liquidity management and investment products include: (i) deposits with the possibility of negotiated terms of agreements (e.g., deposits and term deposits carrying higher interest rates); (ii) structured deposit products (deposit products are directly linked to the performance of certain underlying financial instruments such as foreign exchange rates, interest rates. prices of commodities or stocks), (iii) government bills and bonds; (iv) non-government debt securities issued in Poland (short-term corporate debt securities and medium-term bonds); (v) bonds issued abroad; and (vi) sell buy back transactions or repo transactions. Any services offered by the Bank regarding the arranging of financial instruments concern, without limitation, debt securities, e.g. corporate bonds. Corporate Banking customers are serviced 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 phone communication and the iBRE FX platform.

Investment Banking Products for Non-banking Financial Institutions

The Bank provides its non-banking financial institutions clients with market risk management products, liquidity management and investment products.

These financial institutions are serviced by a dedicated team of financial institutions sales dealers in the Financial Market Department, which are located at the Bank's headquarters.

Trade Finance Products

The Bank offers a wide range of trade finance products including various types of guarantees, documentary collection, letters of credit, receivables assignments and forfeiture services. These products are designed to mitigate companies' risk related to the non-performance of a contract.

Structured Finance and Mezzanine

The Bank offers its Corporate Banking customers a wide range of structured and mezzanine finance, including project and object finance, commercial real estate finance, and acquisition finance. The Bank provides all of these finance offerings either as standalone or syndicated financing.

Services Provided by Bank's Subsidiaries within Corporates and Institutions

BRE Bank Hipoteczny

BRE Bank Hipoteczny was established in 1999 as a specialized mortgage bank. It offers the following services to its customers: loans for commercial developers, loans for residential developers and loans for local governments. In response to the global financial crisis and the related difficulties in securing funding, BRE Bank Hipoteczny suspended the granting of new loans in the last quarter of 2008. In the first quarter of 2010, BRE Bank Hipoteczny resumed its lending activities and continues to be the largest specialized mortgage bank in Poland and the largest issuer of covered bonds in the Polish market.

BRE Corporate Finance

BRE Corporate Finance was established in 1991. BRE Corporate Finance is an advisory firm in the area of corporate finance, mergers and acquisitions (including privatizations) and capital markets.

BRE Corporate Finance provides services to both Polish and foreign entities. BRE Corporate Finance has participated in a number of mergers and acquisitions and capital market transactions, privatizations and restructuring processes, mostly in Poland.

BRE Leasing

BRE Leasing was established in 1991. BRE Leasing provides financial and operating leasing of cars, trucks, machinery and real estate. In 2009, BRE Leasing was the second largest leasing company in Poland with a market share of approximately 9% by value of assets under leasing (based on data provided by the Polish Leasing Association). The majority of BRE Leasing's customers are small- and medium-sized companies.

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 services 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 WSE. As of 31 March 2010, DI BRE held approximately 200 thousand securities accounts serviced through fifteen full service customer service points as well as the internet trading platform for mBank and MultiBank customers. In the first quarter of 2010, DI BRE accounted for 6.7% of all stock trades, 14.0% of all futures trades, 38.4% of all options trades and 6.0% of all bonds trades on the WSE according to the WSE data. Additionally, DI BRE is one of the leading Polish brokerage businesses in Poland in terms of amount and value of public offerings.

Intermarket Group

The Intermarket Group includes Intermarket Bank (Austria) — a subsidiary of the Bank — and the following subsidiaries of Intermarket Bank: Polfactor (Poland), Transfinance a.s. (Czech Republic), Magyar Factor (Hungary), Transfactor Slovakia a.s. (Slovakia) and S-Factoring d.d. (Slovenia). Transfactor Slovakia a.s. (indirect subsidiary of the Bank) was not fully consolidated in the Group's financial statements because the scale of its business is immaterial compared to the scale of business of the whole Group. S-Factoring d.d. (indirect affiliate of the Bank) was not valuated using the equity method because its scale of business is immaterial compared to the scale of business of the whole Group. Transfactor Slovakia a.s. and S-Factoring d.d. are disclosed in the consolidated financial statements of the Group at their acquisition price.

The Intermarket Group offers factoring services to small- and medium-sized enterprises in Central and Eastern Europe. Its activities focus on financing, receivables management, credit risk coverage and debt collection services. It operates through 15 branches.

Polfactor

Polfactor was established in 1995. Polfactor offers factoring services and is ranked one of Poland's largest factoring companies by Polish Factoring Association with a market share of approximately 14% in 2009.

Among the factoring services offered by Polfactor to its customers are domestic recourse and non-recourse factoring, export recourse and non-recourse factoring and import guarantees. Polfactor relies on the Bank's distribution channel, which accounted for approximately 70% of Polfactor's new customers in 2009. Polfactor's products are also distributed through its own distribution channel, comprising seven branches located throughout Poland.

Other companies

Intermarket Bank (Austria) is the largest factoring bank in Austria with a market share of 49% as at 31 December 2009. Transfinance a.s. (Czech Republic) and Magyar Factor (Hungary) are leading companies on their local markets with a market share of 13% and 10%, respectively. The market presence of Transfactor Slovakia a.s. (Slovakia) and S-Factoring d.d. (Slovenia) on their relevant markets is less significant.

Trading and Investment Activity

Overview

The Bank's Trading and Investment Activity subsegment is divided into the following departments: (i) Treasury, (ii) Financial Markets, and (iii) Financial Institutions. In addition, the Bank's Trading and Investments Activity has an internal controlling unit, the Bureau for Control and Analysis ("BKA").

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 concerning the Bank's liquidity. In order to manage the Bank's liquidity, the Treasury Department engages in a variety of transactions, including money market transactions, foreign exchange swaps, interest rate derivatives, the purchase of Treasury bills and bonds and monetary bills of the NBP and enters into 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, listed stocks, equity derivatives and stock market indices;

- origination of debt securities for corporate banking customers and banks, trading and sale of those debt securities; and

- direct sales of financial markets products 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 Korporacja Ubezpieczeń Kredytów Eksportowych ("KUKE") to support the Polish export market. Currently, the Bank focuses the sale of its loans in this department on Central and Eastern Europe. The Department is also responsible for arranging loans in the interbank market and for negotiations over documentation.

Bureau of Control and Analyses (BKA)

The BKA provides support functions to other investment banking units such as the preparation of managerial profit and loss and risk reports, the monitoring of operational limits, the conducting of business and performance analysis, the supporting of budgeting processes and the reconciliation of results.

Remaining Business — Services Rendered by Other Subsidiaries

CERI

CERI was established in 2003. CERI provides processing services for settlement transactions and services related to electronic and paper archives. The main customer of CERI is the Bank. Other clients are both Group companies as well as third party customers from the Polish banking sector and other service sectors.

BRE.locum

BRE.locum was established in 2000. BRE.locum focuses on developing real estate projects. BRE.locum operates in the largest cities of Poland.

Employees

Employment Structure

The table below presents the number of employees employed (on full or part time basis) by the Bank and its consolidated subsidiaries as at the indicated dates.

	Number of Employees as at date of this Offering Memorandum	Number of Employees as at 31 December		
		2009	2008	2007
The Bank	5,019	4,901	5,770	4,795
Subsidiaries (consolidated)	788	762	826	713
Total	**5,807**	**5,663**	**6,596**	**5,508**

Source: the Bank

As at the date of this Offering Memorandum, approximately 74% of the employees of the Bank held higher education qualifications, and approximately 26% had a secondary or post-secondary education.

The Bank does not employ temporary staff. As at the date of this Offering Memorandum, approximately 44% of the Bank's employees had entered into employment agreements with a defined duration.

The average monthly basic salary paid to the Bank's employees was PLN 5,488.7, PLN 6,143.6 and PLN 6,448.6 in the years ended 31 December 2007, 2008 and 2009, respectively.

Training programs 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: (i) with its Management Board members and (ii) with its employees, for the duration of their employment and post employment at the Bank.

As of the date of this Offering Memorandum, there were no trade unions operating at the Bank.

In the period from 1 January 2007 until the date of this Offering Memorandum, 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 labor dispute.

Pension, Retirement or Similar Benefits

The provisions against pension benefits, holiday equivalents or any other employee benefits for the Group employees as at 31 December 2009 was PLN 104.1 million.

Employees' Involvement in the Company's Capital

As of the date of this Offering Memorandum, there are no existing particular arrangements for involving the Bank or Group's employees in the capital of the Bank, except for the incentive programs referred to in detail in "*Management and Supervisory Corporate Authorities – Shares and Share Options*". Additionally, some of the Shares may be still held by existing and former Bank's employees that acquired such Shares during the privatization of the Bank.

IT and Operations

The Bank has a centralized and integrated computer system in place which covers its entire distribution network in Poland. The Management Board believes that the telecommunication infrastructure meets the market standard and is protected with a business continuity solution which is tested regularly.

As of the date of this Offering Memorandum, the Bank has over 400 employees supporting, maintaining and developing the infrastructure and information systems. The Bank possesses a simplified application environment, which allows for effective management of operating costs and enables future developments. The Bank uses more than 150 applications, out of which 80 support the core business of the Bank.

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) HDB — a comprehensive, common and structured source of historical information regarding corporate and private banking information of the Group (it acts as a data warehouse for all IT related information of the Group); (iv) Kondor 2.6 – it 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 — it handles 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 Offering Memorandum.

	Fitch Ratings	Moody's Investors Service	Standard & Poor's*	Capital Intelligence*
Long-term rating of deposits/liabilities	A(1)	Baa1(2)	BBBpi(3)	BBB+(4)
Short-term rating of deposits/liabilities	F1(5)	Prime-2(6)	—	A2(7)
Support rating	1(8)	—	—	2(9)
Financial strength rating	—	D(10)	—	BBB(11)
Individual rating	C/D(12)	—	—	—
Outlook of long-term rating	stable(13)	stable(13)	—	stable(13)

* Standard & Poor's and Capital Intelligence ratings are based on publicly available information

Source: Fitch Ratings, Moody's Investors Service, Standard & Poor's, Capital Intelligence

(1) An "A" rating denotes a low default risk and a high capacity to meet financial obligations. However, changes in economic conditions may affect the capacity for timely repayment to a greater degree than in the case of entities in a higher rated category.

(2) "Baa"-rated banks have adequate credit rating. However, some elements relating to security may be missing or they may be insufficient in the longer term. Moody's add numerical modifiers 1, 2 and 3 to each of the ratings from "Aa" to "Caa". The modifier "1" indicates that the obligation ranks in the higher end of its generic rating category; a "2" indicates a mid-range ranking; and a "3" a ranking in the lower end of that category.

(3) "BBB"-rated obligations have acceptable security parameters. However, unfavourable economic conditions or changing circumstances could likely lead to an erosion of the ability to meet the obligations. A rating with a "pi" added is based on an analysis of financial information published by the entity and other generally available information.

(4) Good credit rating. Satisfactory ability to meet financial liabilities in a timely manner. Acceptable portfolio quality but some vulnerability to unfavourable changes in business, economic and financial environment. The lowest investment-grade category. Capital Intelligence adds "+" or "-" signs to long-term assessments of deposits and liabilities in foreign and national currencies on the "AA" to "C" scale, to indicate that the given entity's credit rating is slightly higher or lower than that of other units having a similar rating.

(5) "F1": top-notch credit rating, an indication of the highest ability to service short-term financial liabilities in a timely manner.

(6) Banks having a "Prime-2" rating have a high ability to repay short-term financial liabilities.

(7) "A2" denotes a very high ability to repay short-term liabilities in a timely manner, which can, however, be affected in a small measure by unfavourable changes in the environment.

8) Support rating "1" concerns a bank for which there is an extremely high probability of obtaining external support, if external support is needed. The potential provider of such support will itself have a very high rating and a high ability to provide the indispensable support to the bank, which means that its long-term rating is "A-" or better.

(9) A "2" rating means a very high probability of obtaining support. Both the ability and the readiness of a potential provider of assistance to provide timely and sufficient support are very high.

(10) Banks having a "D" rating have little internal financial strength, and could potentially require periodic external support. In such institutions there is a likelihood of occurrences of a limiting factor, or set of such factors, caused by weaknesses in the business profile, financial fundamentals or unforeseeable or unstable business environment.

(11) "BBB" — in general a healthy situation; minor problems do occur but can easily be coped with. Restrictions could follow from an unstable business environment.

(12).Individual ratings are awarded on an "A" to "F" scale. Between "A" and "E" rating, intermediate ratings may be awarded, i.e., "A/B", "B/C", "C/D" and "D/E". This does not apply to " F" rating.

"C" — a good Bank, although some aspects of its operations could be a source of problems. Concerns could relate to its profitability, the structure of its balance sheet, business profile, management, external environment and development prospects.

"D": A bank with weaknesses, either internal or external. These can relate to the bank's rate of return, structure of the balance sheet, business profile, management, external environment and development prospects. Banks engaging in business in emerging markets are by definition likely to face more potential risk factors of an external nature.

(13) Rating prospects indicate a likely trend of change of the rating in the medium term. The basic categories of the prospects are: positive, stable and negative; Moody's also identifies development prospects, contingent on the occurrence of specific events.

Material Contracts

The Group believes that the contracts listed below, other than the agreements entered into in the ordinary course of business, are material to the Group given their significant influence on the key areas of the Group's operations and their financing.

In the course of its operations, the Bank enters into material contracts as a matter of day-to-day business. Where mandated by law, the Bank reported the execution and disclosed the terms of such agreements, in particular in the form of relevant current reports published by the Bank, as a public company 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.

Long-term Loans from Commerzbank

Facility Agreements

The financing provided by Commerzbank under the agreements listed below as of the date of this Offering Memorandum has been used for the general financial requirements of the Bank.

The facility agreements described below contain clauses typical to facility agreements, including (i) a pari passu clause (the obligation of the borrower to ensure equal treatment to the liabilities under the loan agreement compared to any of its other, existing or future, unsecured obligations); (ii) negative pledge (a warranty of the borrower not to establish any encumbrances on its existing or future assets which could hinder satisfaction of the lender´s claims, other than those arising in the ordinary course of or necessary for conduct of the banking, leasing, factoring and/or consumer finance business) (however, not all of the above described loan agreements contain a negative pledge); and (iii) 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.

29 June 2007 Facility Agreement

On 29 June 2007, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 500.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is three years (as of the date of this Offering Memorandum, the Bank and Commerzbank are about to extend the loan to a term of six years), and it is scheduled to be repaid in full on the maturity date. Pursuant to an annex of March 30, 2010, the first tranche of this facility amounting to CHF 250.0 million, with interest, is to be repaid on 4 July 2013. The second tranche of CHF 250.0 million, with interest, is to be repaid on 4 July 2014.

28 September 2007 Facility Agreement

On 28 September 2007, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 500.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is three years (as of the date of this Offering Memorandum, the Bank and Commerzbank are about to extend the loan to a term of nine years), and it is scheduled to be repaid in full on the maturity date. Pursuant to an annex of 30 March 2010 the first tranche of the facility amounting to CHF 250.0 million, with interest, is to be repaid on 2 October 2015. The second tranche of CHF 250.0 million, with interest, is to be repaid on 2 October 2016.

10 March 2008 Facility Agreement

On 10 March 2008, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 500.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan, which was originally three years, has been extended to six years, and it is scheduled to be repaid in full on the maturity date.

25 April 2008 Facility Agreement

On 25 April 2008, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 1.0 billion. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is three years, and it is scheduled to be repaid in full on the maturity date.

4 July 2008 Facility Agreement

On 4 July 2008, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 1.0 billion. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan was originally three years, and one-half of the loan is scheduled to be repaid on the original maturity date. Pursuant to an annex of 13 April 2010 the term of repayment for the first tranche of the facility of CHF 500 million was extended to seven years.

4 November 2008 Facility Agreement

On 4 November 2008, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 1.0 billion. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan was originally set for three years, with one half of the loan scheduled to be repaid at the end of three years. The term of the balance of the loan is eight years, and it is scheduled to be repaid in full on the maturity date.

5 December 2008 Facility Agreement

On 5 December 2008, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 1.0 billion. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of CHF 500.0 million of the loan is for three years, and it is scheduled to be repaid in full at the end of three years. The term of the remaining balance of the loan is nine years, and it is scheduled to be repaid in full on the maturity date.

23 April 2009 Facility Agreement

On 23 April 2009, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 30.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is three years, and it is scheduled to be repaid in full on the maturity date.

15 June 2009 Facility Agreement

On 15 June 2009, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 100.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is three years, and it is scheduled to be repaid in full on the maturity date.

10 November 2009 Facility Agreement

On 10 November 2009, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of USD 100.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is four years, and it is scheduled to be repaid in full on the maturity date.

16 November 2009 Facility Agreement

On 16 November 2009, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 280.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is four years, and it is scheduled to be repaid in full on the maturity date.

27 January 2010 Facility Agreement

On 27 January 2010, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of CHF 350.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is eight years, and it is scheduled to be repaid in full on the maturity date.

27 January 2010 Facility Agreement

On 27 January 2010, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of USD 100.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is two years, and it is scheduled to be repaid in full on the maturity date.

27 January 2010 Facility Agreement

On 27 January 2010, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a loan under the facility agreement in the amount of USD 100.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is four years, and it is scheduled to be repaid in full on the maturity date.

CHF Denominated Subordinated Loan Agreements

12 December 2007 Facility Agreement

On December 12, 2007, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a subordinated loan under the facility agreement in the amount of CHF 120.0 million. The interest rate is based on the 3M LIBOR and the margin specified in the agreement. The term of the loan is ten years, and it is scheduled to be repaid in full on the maturity date.

11 June 2008 Facility Agreement

On 11 June 2008, the Bank entered into a facility agreement with Commerzbank under which Commerzbank granted the Bank a subordinated loan under the facility agreement in the amount of CHF 90.0 million. The interest rate is based on the 3M LIBOR rate and the margin specified in the agreement. The term of the loan is ten years, and it is scheduled to be repaid in full on the maturity date.

CHF Denominated Subordinated Bonds Issued by Bank to Commerzbank

CHF 80 Million Perpetual Subordinated Bonds

On 20 December 2006, the Bank and Commerzbank entered into a note issuance facility agreement pursuant to which Commerzbank agreed to acquire, and the Bank agreed to issue and offer to Commerzbank, perpetual subordinated bonds at a total nominal value of CHF 80.0 million. The bonds were issued for general funding purposes. The interest rate on the bonds is based on 3M LIBOR rate and the margin specified in the agreement. The Bank has an option to redeem the bonds.

CHF 400 Million Subordinated Bonds Due in 2017

On 5 March 2007, the Bank and Commerzbank entered into a subordinated note issuance facility agreement pursuant to which Commerzbank agreed to acquire, and the Bank agreed to issue and offer to Commerzbank, 10-year subordinated bonds at a total nominal value of CHF 400.0 million. The subordinated bonds were issued for general funding purposes. The interest rate on the bonds is based on the 3M LIBOR rate and the margin specified in the agreement. The final redemption date of the bonds, at the nominal value thereof, was set for March 8, 2017. The Bank has the option to redeem the bonds not earlier than after five years from the issue date and after approval of the PFSA.

Early Repayment Agreements of 5 March 2007

On 5 March 2007, the Bank and Commerzbank entered into two early repayment agreements pursuant to which the Bank repaid: (i) the Bank's subordinated bonds of EUR 50.0 million due in 2012 and (ii) Bank's subordinated bonds of EUR 200.0 million due in 2012 which had been issued in 2002.

CHF 170 Million Perpetual Subordinated Bonds

On 9 January 2008, the Bank and Commerzbank entered into a note issuance facility agreement pursuant to which Commerzbank agreed to acquire, and the Bank agreed to issue and offer to Commerzbank, perpetual subordinated bonds at a total nominal value of CHF 170 million. The interest rate on the bonds is based on the 3M LIBOR rate and the margin specified in the agreement. The Bank has the option to redeem the bonds.

Early Repayment Agreement of 12 December 2007

On 12 December 2007, the Bank and Commerzbank entered into an early repayment agreement pursuant to which the Bank repaid perpetual subordinated bonds held indirectly by Commerzbank at a nominal value of EUR 100.0 million which had been issued on February 2, 2005.

CHF 90 Million Perpetual Subordinated Bonds

On 24 June 2008, the Bank and Commerzbank entered into a note issuance facility agreement pursuant to which Commerzbank agreed to acquire, and the Bank agreed to issue and offer to Commerzbank, perpetual subordinated bonds at a total nominal value of CHF 90.0 million. The interest rate on the bonds is based on the 3M LIBOR rate and the margin specified in the agreement. The Bank has the option to redeem the bonds not earlier than after five years from the issue date and after approval of the PFSA.

Other Financing Contracts

Facility Agreement of 4 June 2007 between the Bank and Bayerische Landesbank

On 4 June 2007, the Bank and Bayerische Landesbank entered into a facility agreement pursuant to which the Bank received a loan of CHF 100.0 million. The purpose of the facility is to finance the Bank's general funding requirements. The interest rate was based on the 3M LIBOR rate and the margin specified in the agreement. The facility has been repaid.

Facility Agreement of 31 October 2007 between the Bank and Landesbank Hessen-Thüringen Gz

On 31 October 2007, the Bank and Landesbank Hessen-Thüringen Gz entered into a facility agreement, pursuant to which the Bank received a two-year facility of CHF 250.0 million. The purpose of the facility is to finance the Bank's general funding requirements. The interest rate was based on the 3M LIBOR rate and the margin specified in the agreement. The facility has been repaid.

Facility Agreement of 25 April 2008 between the Bank and Bayerische Landesbank

On 25 April 2008, the Bank and Bayerische Landesbank entered into a facility agreement pursuant to which the Bank was granted EUR 150.0 million. The purpose of the facility is to finance the Bank's general funding requirements. The interest rate is based on the 6M EURIBOR rate and the margin specified in the agreement. The term for repayment of all amounts under this facility is 30 April 2011.

Facility Agreement of 31 July 2009 between the Bank and the European Investment Bank

On 31 July 2009, the Bank and the European Investment Bank entered into a facility agreement pursuant to which the Bank was granted EUR 100.0 million of which EUR 50 million were utilized as of 31 December 2009. The purpose of the facility is to finance small and medium enterprises. The interest rate is based on the EURIBOR, LIBOR and WIBOR rates (3M, 6M and 12M, depending on the currency of the drawing) as specified in the agreement. Under the terms of this agreement, the Bank pledged an equivalent of minimal value of EUR 50 million in Polish government bonds to the European Investment Bank. The term for repayment of all amounts under this facility is 18 December 2017.

In addition to the above facility agreements, the Bank entered into several EUR denominated loan agreements with other banks during the periods under review.

As at 31 March 2010, the outstanding EUR loans amounted to EUR 279.4 million (PLN 1,079.2 million).

Funding Agreements between Subsidiaries and Commerzbank

Facility Agreement of 1 December 2005 between BRE Leasing and Commerzbank

On 1 December 2005 BRE Leasing entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Leasing a loan in the amount of EUR 2.0 million. The interest rate is based on 1M EURIBOR rate increased by a margin defined in the agreement. The loan repayment deadline is 11 November 2010. The full amount of the loan will be repaid on the maturity date.

Annex dated 25 June 2006 to Facility Agreement of 28 July 2004 between Magyar Factor and Commerzbank

On 28 July 2004, Magyar Factor entered into a loan agreement with Commerzbank, pursuant to which Commerzbank granted Magyar Factor a revolving loan of HUF 4.3 billion. The interest rate is based, depending on the currency of the draw down, on various 1M reference rates, including LIBOR, EURIBOR and WIBOR, increased by a margin specified in the agreement. The agreement was signed for an indefinite period of time. The amount of each draw down must be repaid within one year. Pursuant to the Annex dated 25 June 2006, the amount of the revolving loan was increased to HUF 5.2 billion.

Facility Agreement of 1 June 2007 between BRE Leasing and Commerzbank

On 1 June 2007, BRE Leasing entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Leasing a loan in the amount of PLN 500.0 million. The interest rate is based, depending on the currency of the drawing, on various (2W, 1M, 3M and 6M) reference rates, including LIBOR, EURIBOR and WIBOR, increased by a margin specified in the agreement. The term for the repayment of the loan is 31 May 2012. The full amount of the loan will be repaid on the maturity date.

Facility Agreement of 24 September 2007 between BRE Leasing and Commerzbank

On 24 September 2007, BRE Leasing entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Leasing a loan of PLN 1.0 billion. The interest rate is based, depending on the currency of the drawing, on various (2W, 1M, 3M and 6M) reference rates, including LIBOR, EURIBOR and WIBOR, increased by a margin specified in the agreement. The term for the repayment deadline is 27 September 2012. The full amount of the loan will be repaid on the maturity date.

Facility Agreement of 22 January 2008 between BRE Bank Hipoteczny and Commerzbank

On 22 January 2008, BRE Bank Hipoteczny entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Bank Hipoteczny a loan in the amount of EUR 200.0 million. The interest rate is based on EURIBOR rate (1M, 3M, 6M and 12M, as agreed before the drawing) increased by a margin specified in the agreement. The loan may be drawn within one year from the execution of the facility agreement, and must be repaid within two years.

Facility Agreement of 11 August 2008 between BRE Bank Hipoteczny and Commerzbank

On 11 August 2008, BRE Bank Hipoteczny entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Bank Hipoteczny a loan in the amount of EUR 50.0 million. The interest rate is based on EURIBOR rate (1M, 3M, 6M and 12M, as agreed before the drawing) increased by a margin specified in the agreement. The loan was granted for two years and must be repaid within two years of the date of drawing.

Facility Agreement of 27 February 2009 between BRE Leasing and Commerzbank

On 27 February 2009, BRE Leasing entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Leasing a loan in the amount of PLN 500.0 million. The interest rate is based on various (2W, 1M, 3M and 6M) reference rates, depending on the currency of the drawing, on various reference rates, including LIBOR, EURIBOR and WIBOR, increased by a margin specified in the agreement. The deadline for the repayment of the loan is 30 December 2011. The full amount of the loan will be repaid on the maturity date.

Facility Agreement of 29 June 2009 between BRE Bank Hipoteczny and Commerzbank

On 29 June 2009, BRE Bank Hipoteczny entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted BRE Bank Hipoteczny a loan of EUR 50.0 million. The interest rate is based on 1M EURIBOR rate increased by a margin specified in the agreement. The loan was granted for two years and must be repaid within two years of the date of drawing.

Facility Agreement of 11 November 2009 between Transfinance and Commerzbank

On 11 November 2009, Transfinance entered into a facility agreement with Commerzbank, pursuant to which Commerzbank granted Transfinance a renewable loan in the amount of CZK 900.0 million. The interest rate is based, depending on the currency of the drawing, on 1M reference rates, including LIBOR, EURIBOR and WIBOR, increased by a margin specified in the agreement. The agreement was signed for an indefinite period of time. The amount of each drawing must be repaid within one year.

Insurance Coverage

The Group maintains insurance coverage against risks of physical damage or loss to fixed assets. The Group 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 Group maintains professional liability insurance coverage for its business in connection with potential customer claims due to errors, mistakes or wrongful acts committed by the Group and/or its employees during rendering of professional services. In addition, the Group 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 unauthorized operations by a third party related to information technology crimes.

All insurance policies are renewed annually, apart from vehicle insurance coverage which is a three-year policy. Currently, the insurance coverage is provided, inter alia, by TU Allianz Polska S.A., Powszechny Zakład Ubezpieczeń S.A. and STU Ergo Hestia S.A. 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 (director & officers liability insurance).

Significant Fixed Assets and Intangible Assets

Significant Tangible Fixed Assets

General Information

The table below presents, at the dates indicated, the various categories of the Group's fixed tangible assets.

	As at 31 December		
	2009	2008	2007
	(PLN thousand) (audited)		
Fixed assets	742,880	771,627	615,443
land	18,726	10,937	7,990
buildings and constructions	236,811	247,270	226,393
equipment	136,925	141,431	127,563
vehicles	169,154	185,253	121,487
other tangible fixed assets(1)	181,264	186,736	132,010
Fixed assets under construction(2)	43,566	42,842	54,770
Total fixed assets	**786,446**	**814,469**	**670,213**

Source: Consolidated Annual 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, modernization of own buildings and air-conditioning.*

As at the date of this Offering Memorandum, the material existing fixed assets of the Group are real estate properties. The material real estate of the Group is owned by the Bank.

The Bank's Real Property

As at 31 March 2010, the Bank owned 11 pieces of real estate (including 10 buildings and one apartment) with the total surface area of 38,326 m^2, situated on 17 plots of land with the total surface area of 20,519.6 m^2 which were owned or perpetually usufructed by the Bank. The following table presents information regarding the location, surface area and designation of these real property items.

No.	Location	Building surface (m^2)	Number (pcs) and surface area (m^2) of the plots of land	Designation
1	Warsaw, ul. Królewska 14	14,508	1 (3,628)	Head office of the Bank
2	Bielsko-Biała, Plac Wolności 7	1,374	1 (1,266)	Corporate Branch
3	Bydgoszcz, ul. Grodzka 17	4,900	3 (2,353)	Corporate Branch
4	Katowice, ul. Powstańców 43	9,500	4 (7,391)	Corporate Branch
5	Kraków, ul. Augustiańska 15	2,136	1 (1,054)	Corporate Branch
6	Lublin, ul. Krakowskie Przedmieście 6	2,104	1 (569)	Corporate Branch
7	Rybnik, ul. Rudzka 3	558	1 (1,174)	Corporate Branch
8	Rzeszów, ul. Sokoła 6	1,393	1 (485)	Corporate Branch
9	Częstochowa, ul. Focha 89	393	2 (1,995)	For sale
10	Wrocław, ul. Podwale 63	1,345	2 (577)	For sale
11	Warsaw, ul. Grochowska 221*	115	28**	Employees housing

Source: the Bank

* *Apartment*

** *Share in land attached to ownership of an apartment of 115m^2*

As at 31 March 2010, 20 real property pieces were material to the Bank, of which 10 are listed in the table above, items 1-10. As at 31 March 2010 the Bank leased (under rental agreement) office space in 10 material buildings with the total office surface area of 53,647 m^2. With respect to the building in Warsaw at ul. Senatorska 18 and 18a, the floor is leased under a lease agreement and the Bank also rents the plots of land with the surface area of 8,829 m^2 on which the building is located. The table below presents information concerning the office space rented by the Bank in 10 material buildings.

No.	Location of the buildings in which the Bank leases office space	Leased office space (m^2)	Designation of the leased office space
1	Łódź, ul. Jaracza 52	4,627.9	Office space
2	Łódź, Al. Mickiewicza 10	1,643.4	Office space
3	Łódź, ul. Narutowicza 136	183.0	Office space
4	Łódź, Al. Piłsudskiego 5	2,589.8	Office space
5	Łódź, ul. Piotrkowska 148	8,568.3	Head Office
6	Olsztyn, ul. Piłsudskiego 44a	1,778.6	Corporate Branch, office space
7	Poznań, ul. Półwiejska 42	1,906.1	Corporate Branch, office space
8	Warszawa, ul. Cybernetyki 7	5,526.0	Office space
9	Warszawa, ul. Senatorska 18/18a*	25,033.0	Head Office
10	Szczecin, Plac Żołnierza Polskiego 1B	1,791.8	Corporate Branch, office space

Source: the Bank

* *Office space leased by the Bank under an agreement of June 30, 2004*

The Group's properties are located throughout Poland. The properties are primarily used for client service purposes (branches, offices) as well as for corporate and administrative purposes (registered seats and offices of the Bank and other Group companies, IT and settlement centers, back-office).

As at the date of this Offering Memorandum, the Bank had no litigation pending with regard to the legal title of the real properties. Material real properties of the Bank owned or held under perpetual usufruct are not encumbered with mortgages. With respect to certain properties, the relevant city or commune authorities have a statutory pre-emption right over the property in the event of sale of a property entered in a listed buildings list or the right of perpetual usufruct of such property, if shown in the title and mortgage register.

With regard to the properties held under tenancy, the Bank has entered into relevant long-term tenancy agreements. As at the date of this Offering Memorandum, no litigation is pending concerning the performance of such tenancy agreements.

The headquarters of the Bank are located in Warsaw at ul. Senatorska 18/18A. The land is occupied by the Bank pursuant to the tenancy agreement of 30 June 2004 while the office buildings located thereon are occupied pursuant to a leasing agreement of 30 June 2004, both having been entered into with Senatorska VmbH & Co. Object Warschau KG (a Commerzbank Group company). Both agreements were entered into for the period of 15 years and expire on 30 June 2019. A part of the building in which the headquarters is located is situated on plots held by the City of Warsaw with respect to which certain property restitution claims have been advanced but neither the Bank nor the owner of the real property are parties to any respective reprivatization claims.

Significant Intangible Assets

As at the date of this Offering Memorandum, the most significant intangible asset of the Group is its computer software as presented in the below table.

	As at 31 December		
	2009	2008	2007
	(PLN thousand) (audited)		
Development costs	2,015	2,774	3,591
Goodwill	7,137	7,137	7,137
Patents, licenses and similar assets, including:	363,251	376,316	311,152
- computer software	298,291	311,955	277,302
Other intangible assets	2,209	5,635	8,018
Intangible assets under development	66,760	46,590	75,069
Total	**441,372**	**438,452**	**404,967**

Source: Consolidated Annual Financial Statements

Environmental Protection

The Bank believes that its activities, its financial condition and the exploitation of its tangible assets are not materially influenced by, nor do they have a material influence on, environmental matters.

Regulatory Issues

The operations of the Group carried out in the financial sector is 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 Bank, BRE Ubezpieczenia TUiR, BRE Wealth Management, BRE Bank Hipoteczny, Intermarket Bank and Magyar Factor.

The operations of the Group are subject to the strict supervision of the PFSA and other supervision authorities and must be pursued 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"* and "*Operating and Financial Review — Capital Adequacy*"). 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 the other areas of activities of the Group.

Legal, Administrative and Arbitration Proceedings

Introduction

In the ordinary course of business, the Bank and its subsidiaries are party to legal proceedings concerning their operating activities. To the Bank's best knowledge, as of the date of this Offering Memorandum, the Bank and it subsidiaries were party to 130 court cases, 43 in which it was plaintiff and 87 in which it was defendant. These proceedings mostly include civil and commercial suits and labor law suits. To the Bank's best knowledge, as of the date of this Offering Memorandum, the total value of claims subject to court dispute where the Bank acted as defendant amounted to PLN 195.5 million, while the total value of claims subject to court dispute brought by the Bank amounted to PLN 111.7 million. As of the date of this Offering Memorandum, the total value of the provisions created against any litigation amounted to PLN 2.1 million.

According to information available to the Bank, as of the date of this Offering Memorandum and over the 12 months preceding the date of this Offering Memorandum, 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 Offering Memorandum, were pending against the Bank or the Group companies.

Material Court Proceedings Pending within 12 Months before the Date of this Offering Memorandum

Proceedings Related to the Foreign Exchange Derivative Transactions

As of the date of this Offering Memorandum, the Bank is a party to 12 court proceedings related to foreign exchange derivative transactions (futures transactions, CIRS, and foreign exchange options). Of these 12 court proceedings, the Bank acted as defendant in 6 court proceedings and as plaintiff in the other 6.

The aggregate value of claims subject to court dispute in the aforementioned cases amounted to PLN 77.1 million.

The largest individual value in dispute is PLN 37.9 million and relates to proceedings initiated in 2010 by Teleskop Sp. z o.o. ("Teleskop") before the Arbitration Court of the Polish Bank Association. In its statement of claim Teleskop demands, alternatively, that either certain financial market transactions entered into by Teleskop and the Bank in August 2008 be declared void and ineffective, or that they be voided. Additionally, Teleskop demands that certain representations and actions of the Bank relating to accelerated settlement of the financial market transactions be asserted void, including the Bank charging Teleskop's bank account and setting-off a security margin against the closing amount. Additionally, Teleskop demands that it be awarded an amount of PLN 13.8 million, with interest, on the terms and in a manner specified by Teleskop in its statement of claim.

The abovementioned claims arise from derivative transactions entered between the Bank and its clients. In some cases, clients of the Bank instituted court proceedings to release themselves from obligations under foreign exchange derivative contracts with the Bank. In these court proceedings, the customers of the Bank seek to be relieved from the obligation to pay the Bank its fees under these contracts, have the foreign exchange derivative transactions declared invalid or to receive compensation from the Bank. In other cases, the Bank instituted proceedings against clients who refused to pay their underlying obligations under these foreign exchange derivatives.

As of the date of this Offering Memorandum, the Bank intends to file another claim against a customer who has refused to pay such client's underlying obligations under the derivative contracts with the Bank. As of the date of this Offering Memorandum, the total value of claims subject to court dispute in these proceedings is estimated at PLN 24.2 million.

To the best knowledge of the Bank, it is currently possible that 6 clients will institute claims against the Bank to avoid paying their obligations under these contracts, to have these foreign exchange derivative transactions declared invalid or to otherwise seek compensation from the Bank.

Court Proceedings Related to Incorporation of Garbary and the Sale of its Shares to the Bank

Lawsuit Brought by the Official Receiver of the Bankrupt Zakłady Mięsne POZMEAT SA with its Registered Office in Poznań ("Pozmeat") against the Bank and Tele-Tech Investment)

The Bank is a party to proceedings in the Regional Court in Warsaw brought by the Official Receiver of Pozmeat with its registered office in Poznań (the "Receiver"). The claims under the proceedings relate to two agreements: (i) an agreement entered into by Pozmeat regarding the sale of the shares of Garbary to Tele-Tech Investment, and (ii) a subsequent agreement under which the shares of Garbary were sold by Tele-Tech to the Bank and which the Receiver now seeks to be ruled ineffective. The value of the dispute is PLN 100 million. The proceedings were originally brought before the Regional Court in Warsaw, which granted the Receiver an injunction prohibiting the Bank from disposing of or encumbering its interests in Garbary. On 8 October 2008, the Court dismissed the Receiver's claim in its entirety. The Receiver appealed this decision and on 1 December the Court of Appeal in Warsaw dismissed the appeal in its entirety. The Receiver has not filed a cassation appeal against the Court of Appeal's verdict.

Lawsuit Brought by Bank BPH S.A. Against Garbary

The Bank is also a party to proceedings pending in the Regional Court in Poznan brought by Bank BPH S.A. ("BPH"). Bank Pekao S.A. is presently party to these proceedings as BPH's successor. The claims under the proceedings relate to the actions related to the creation of Garbary and a contribution in kind made by Pozmeat toward its share capital, in the form of perpetual usufruct of land and the buildings erected on it. BPH demanded that the contribution in kind be deemed ineffective as it was made to the detriment of creditors. Specifically, the dispute focuses on the determination of the value of the real estate that Pozmeat contributed in kind to the share capital of Garbary. The value of the dispute is PLN 42.8 million. The proceedings were originally brought before the Regional Court in Poznan, which on 6 June 2006 issued a verdict dismissing the claims in their entirety. The claimant appealed this decision and the appeal was heard before the Court of Appeal. The Court of Appeal in Poznań allowed the ruling to stand and dismissed the claimant's appeal. On 2 October 2007, the Supreme Court revoked the ruling of the Court of Appeal pursuant to a cassation appeal and referred the case back to the Court of Appeal. After re-examining the case, the Court of Appeal dismissed the ruling of the District Court in Poznan, and referred the case back to the District Court. The case is still being re-examined by the District Court.

Lawsuit Brought by Bank BPH S.A. 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 (currently Bank Pekao S.A. is party to the proceedings, having succeeded BPH). BPH seeks damages in the amount of PLN 34.8 million for the allegedly illegal sale of all shares in Garbary to Tele-Tech Investment. Bank BPH alleges that the Bank and Tele-Tech Investment violated the law by buying the assets below their actual market value, causing the company to experience financial difficulties, to the detriment of its creditors. The value of the dispute is PLN 34.8 million plus statutory interest from 20 November 2004 to the date of payment. The Bank filed a reply to the claim in which it requested the dismissal of the claim due to a lack of legal grounds. By a decision of 1 December 2009, the Court suspended the proceedings pending the completion of bankruptcy proceedings in respect of Pozmeat.

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"). The proceedings are a sequel to a suit filed in 1997 by Art-B Sp. z o.o. Eksport — Import ("Art-B") against Bank Leumi over the transfer of funds by the Bank, at the request of Art-B, to Art-B's trading partner being wired to a wrong account at Bank Leumi. Art-B sued Bank Leumi for negligence. Bank Leumi in turn impleaded the Bank in 1998 charging it with contribution to the damage by accepting and performing the transfer order submitted by Art-B. Art-B, Bank Leumi and Migdal reached a settlement pursuant to which Art-B received USD 13.5 million. This settlement was approved by a court in 2008. As at the date of this Offering Memorandum, proceedings continue against the Bank, and the claim of Bank Leumi and Migdal is a recourse claim related to a disbursement of amounts due under the settlement. After the initial attempt to mediate this dispute failed, on 7 April 2010 an amended lawsuit against the Bank was filed. The Bank has 45 days to respond to the lawsuit. The value of the dispute is USD 13.5 million (PLN 38.5 million according to the official average exchange rate of the NBP of 31 December 2009). The matter is still pending before a court in Jerusalem.

Claims of Former Clients of Interbrok

Interbrok Investment E. Drożdż spółka jawna ("Interbrok") provided investment services until 2007. Interbrok maintained cash accounts for transacting its business and settlement transactions at the Bank during this time. To the best of Bank's knowledge, Interbrok incurred significant losses as a result of transactions in the foreign exchange market and declared bankruptcy in May 2007. The owners of Interbrok subsequently faced allegations of fraudulent conduct in their management of Interbrok's operations. Some of Interbrok's clients accused the Bank, as the custodian of Interbrok's cash accounts, of being an accessory to Interbrok's fraudulent activity. As of the date of this Memorandum, 91 individuals have requested that the Bank enter into settlement negotiations over an aggregate amount of approximately PLN 200 million. Additionally, an entity acting as the legal successor to 37 creditors of Interbrok (based on assignment agreements) sent a demand letter to the Bank to pay an amount of PLN 39,691,098.08 stating that if this amount is not paid by April 23, 2010 the entity would file a lawsuit against the Bank for the amount. As at the date of this Offering Memorandum the Bank has not paid the demanded amount and has no information of any lawsuit having been brought. The Bank has also received 8 statements of claims for damages totaling PLN 800 thousand with the reservation that these claims could be extended up to PLN 6 million. The Bank has not paid any damages because it believes that it is not liable for the losses caused by Interbrok to its former clients. As of the date of this Offering Memorandum, courts have dismissed 2 out of the 8 statements of claims for damages. The main legal argument to justify dismissal in two claims is that the petitioners did not prove causality between Interbrok's business activity without the required permit and losses incurred by the petitioners. One of these judgements is not final and the claimants have filed an appeal. In one case the Court of Appeals in Warsaw (2nd instance court) dismissed the appeal of the claimant. The most significant case for an amount of damages of PLN 600 thousand (with the reservation that these claims could be extended up to PLN 4.6 million) brought before a court by six claimants is still pending. The Bank currently estimates that the total value of these claims is approximately PLN 240 million.

Material Administrative Proceedings Pending within 12 Months Before the Date of this Offering Memorandum

Proceedings Initiated by the UOKiK President Regarding "Interchange Fee" on Transactions with the Use of Visa and MasterCard Cards

In 2006, the UOKiK initiated proceedings against operators of Visa and Europay systems and Polish banks issuing Visa and MasterCard credit cards, including the Bank. The UOKiK claimed that the involved parties introduced anti-competitive practices affecting Polish banking card payments. According to the UOKiK, this practice consisted of an illegal price fixing agreement under which the parties fixed the "interchange" fees on transactions with the use of Visa and MasterCard cards. On 29 December 2006, the UOKiK ruled that such practices restricted the competition in the relevant market and, consequently, ordered the banks to refrain from these practices. The UOKIK imposed fines on the banks. The fines imposed on the Bank amounted to PLN 7.7 million. The UOKiK's decision was appealed by the banks to the Regional Court in Warsaw — the Antimonopoly Court (the "Antimonopoly Court"). On 12 November 2008, the Antimonopoly Court overruled the UOKiK's decision. On 12 January 2009, the UOKiK appealed against the Antimonopoly Court's verdict. On 22 April 2010 the Appellate Court repealed the judgment of the Antimonopoly Court and returned the case to this court for re-consideration. As at the Prospectus Date, the Bank has not received the substantiation of this judgment and it is not acquainted with details of the Appellate Court's arguments. As a result of the Appellate Court's judgment, the Antimonopoly Court will need to reconsider the Antimonopoly Office's decision of 29 December 2006.

Proceedings Initiated by the UOKiK Regarding Violation of Collective Consumers Interest 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 the determination of inadmissibility of the following provisions used by the Bank 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 imposing on its clients the obligation to provide information on their financial condition. In this regard, the Bank has not appealed against the ruling and discontinued using such provisions. As regards the provision concerning the conditions for changing the interest rate, the Antimonopoly Court rejected the suit, but UOKiK has appealed this ruling. The proceedings are pending.

Proceedings Instituted by the UOKiK Regarding Violation of Collective Consumers Interest

On 17 November 2009, the UOKiK initiated administrative proceedings regarding the violation of collective consumer interests by certain practices of the Bank. These practices consisted in improperly providing certain legally required information in part of its advertising materials regarding the terms of loans offered by the Bank and charging consumers fees for providing monthly bank account statements in writing. The Bank has presented its position, rejecting most of the charges, while at the same time introducing certain changes to its procedures that were questions by the UOKiK. The proceedings are still pending.

Intellectual Property

The Bank uses a number of trademarks in its activities. As at the date of this Offering Memorandum, the Bank has registered rights to 34 trademarks and filed for the registration of an additional 8 trademarks with the Polish Patent Office. Additionally, the Bank has obtained protection rights to 16 MultiBank trademarks and filed for the registration of an additional 17 marks. The Bank also obtained protection for 65 mBank trademarks and filed for the registration of an additional 15.

The Bank has filed for the registration of 23 mBank trademarks in the Czech Republic (two of which trademarks are owned jointly with a Czech web portal www.seznam.cz) and 15 trademarks in Slovakia, as well as for the international registration of 14 trademarks under the Madrid system. Currently, the Bank holds protection rights to 16 community trademarks.

The Bank has also obtained protection rights to 8 community designs (5 for MultiBank and 3 for mBank).

Material Trademarks and Designs

The table below presents information on the material trademarks and designs of the Group:

Trademarks Registered with the Polish Patent Office

Name	Type of mark	Application number	Application date	Class under the Niece classification	Holder of trademark
BRE Bank z misją	word	Z.304919	16.01.2006	36	BRE Bank S.A.
BRE BRE BANK S.A.	figurative	Z.307440	10.03.2006	36	BRE Bank S.A.
BRE Bank SA	word	Z.307439	10.03.2006	36	BRE Bank S.A.
BRE	figurative	Z.84938	03.09.1987	36	BRE Bank S.A.
BRE BRE Bank S.A. Private Banking	figurative	Z.309189	07.04.2006	36	BRE Bank S.A.
brebank	word	Z.313426	21.07.2007	36	BRE Bank S.A.
MULTI BANK	figurative	Z.224374	20.09.2000	36	BRE Bank S.A.
mBank	figurative	Z.224375	20.09.2000	36	BRE Bank S.A.
mBank	figurative	Z.273509	05.12.2003	36	BRE Bank S.A.
mBank	figurative	Z.223462	30.08.2000	36	BRE Bank S.A.
mBank	figurative	Z.306058	13.02.2006	9,35,36	BRE Bank S.A.

Source: the Bank

Community Trademarks

Name	Type of mark	Application number	Application date	Class under the Niece classification	Holder of trademark
BRE BRE BANK SA	figurative	005111621	01.06.2006	36	BRE Bank S.A.
brebank	word	005221692	26.07.2006	36	BRE Bank S.A.
mBank	figurative	004411021	24.05.2004	9,35,36	BRE Bank S.A.
mBank	figurative	004612801	30.05.2004	9,35,36	BRE Bank S.A.
MultiBank	word	004592945	16.08.2005	9,35,36	BRE Bank S.A.
MultiBank	figurative	004612859	30.08.2005	9,35,36	BRE Bank S.A.

Source: the Bank

International Trademarks

Name	Type of mark	Application number	Application date	Class under the Niece classification	Holder of trademark
mBank	figurative	935638	08.06.2007	9,35,36	BRE Bank S.A.
mBank	figurative	888141	13.02.2006	36	BRE Bank S.A.

Source: the Bank

Community Designs

Description	Design number	Application date	Class under the Locarno Classification (EUROLOCARNO)	Holder of trademark
Wall ornaments	000527148-0001	11.05.2006	11.02	BRE Bank S.A.
Get-up	000544432-0001	14.06.2006	99.00	BRE Bank S.A.
Get-up	00544432-0002	14.06.2006	99.00	BRE Bank S.A.
Get-up	000530811-0001	17.05.2006	99.00	BRE Bank S.A.
Tables	000530787-0001	17.05.2006	06.03	BRE Bank S.A.
Get-up	000530852-0001	17.05.2006	99.00	BRE Bank S.A.
Self-service internet posts for clients	000530837-0001	17.05.2006	14.02	BRE Bank S.A.
Writing desks,partition walls	000530829-0001	08.06.2006	06.03, 06.06	BRE Bank S.A.

Source: the Bank

Website Domains

The Group uses 343 registered internet domains, including www.brebank.pl, www.mbank.pl, and www.multibank.pl.

RISK MANAGEMENT

The following is a summary of the Group's risk management system. It does not contain a complete description of the Group's risk management system. For a more detailed discussion of the Group's risk management system, see Note 3 in the Consolidated Annual 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) optimize the use of the Group's economic and regulatory capital.

The Group has identified the following key risks with respect to its operations: credit risk, market risk, liquidity risk, operational risk, non-compliance risk, reputational risk, strategic risk, business risk, business processes risk and insurance risk. These individual risks are monitored and controlled by relevant organizational 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. For example, in 2009, the Group implemented a system, comprising of IT tools, new organization, internal processes and models to assess adequate levels of regulatory capital to cover credit risk based on an internal rating model introduced by the Advanced Internal Rating Based ("AIRB") Basel II approach. On December 18, 2009, the Bank applied to PFSA for approval of use of the described model.

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 (e.g. market risk) and for chosen aspects of risk types (e.g. concentration limits).

Internal Organization

The risk management process is organized on two levels. The first level comprises the Supervisory Board and the Management Board, and the second level comprises the Bank's organizational units. The risk management activities of the Supervisory Board and the Management Board are conducted through committees.

The Supervisory Board

The main functions of the Supervisory Board include approving the Group's risk management strategy and policy, supervising the risk management process and monitoring the Group's exposure to various types of risks, including its largest individual exposures. These functions are carried out by the Supervisory Board's risk committee (the "Supervisory Board Risk Committee"), which is comprised of four members of the Supervisory Board.

Management Board

The risk management responsibilities of the Management Board are divided to ensure the separation of the two basic roles in the risk management process. The first basic role is to set standards by which to assess the risk, exposure limits, establish procedures and methodologies for risk measurement and assessment, and monitoring, controlling and making risk management decisions. The second basic role is to conduct operational risk management at the Bank's departments which generate different risks.

The responsibility of the Management Board members for risk management is organized as follows:

- the President of the Management Board is responsible for strategic, compliance and reputational risks;
- Vice President of the Management Board, the Chief Financial Officer is responsible for business risk;

- Vice President of the Management Board, the Head of Risk Management is responsible for the Group's risk management strategy, guidelines and limits and the monitoring and control of those limits and guidelines in respect of market, liquidity, credit and operational risks;

- Member of the Management Board, the Head of Investment Banking is responsible for operational management of risks associated with investment banking activities, including market risk positions and liquidity risks; and

- Member of the Management Board, the Head of Operations and IT is responsible for the business processes risk.

Management Board Risk Management Committees

The Management Board of the Bank oversees the Group's risk management processes through a number of committees. These committees include:

Assets and Liabilities Committee of the Group (ALCO Committee)

The ALCO Committee focuses on managing the assets and liabilities of the Bank and the Group. In particular, the ALCO Committee recommends to the Management Board the rules for managing assets and liabilities and the methods for ensuring financing of the Bank's operations.

The ALCO Committee develops, monitors and manages the structure of assets, liabilities, obligations and off-balance-sheet items in order to optimise the allocation of available funds, taking into account planned financial results, the acceptable level of incurred risk and current market conditions

Its main responsibilities are deciding on:

- the Bank's strategy in terms of assets and liabilities

- the fund transfer price (internal costs of funding within the Bank);

- new financing sources, including prices and maturity terms;

- current and long-term liquidity; and

- activities aiming at increasing or decreasing subordinated debt

It is also responsible for examining at least on a monthly basis:

- the Bank's liquidity on the basis of the development of new loans and deposits, including current financing

- the adherence to liquidity limits set forth by the PFSA;

- capital and capital ratios and the development of risk-weighted assets

The ALCO Committee is comprised of: (i) Management Board Member — Head of Investment Banking as chairman, (ii) President of the Management Board, (iii) Vice-President of the Management Board — Chief Financial Officer, (iv) Vice-President of the Management Board — Chief Risk Officer, and (v) directors of Controlling, Accounting, Financial Risk and Treasury Department.

Risk Committee of the Bank

The Risk Committee is responsible for controlling and managing financial risk (i.e. market, liquidity and portfolio credit risk) and operational risk.

The Risk Committee's main responsibilities include:

- establishing the rules for financial and operational risk controls;

- approving the methods used to measure the individual financial risks and calculate regulatory and internal capital; and

- defining risk management policies, including establishing limits and guidelines used in the financial risk management process.

The Risk Committee is also responsible for monitoring the Bank's profile of operational risk by analyzing recorded operating losses, assessing capital adequacy levels and the level of capital charges at the Bank, and monitoring the utilization of the limits, the results of Financial Markets Department and Treasury Department, and ensuring price conformity of transactions concluded by those departments with market prices. Moreover, the Risk Committee reviews compliance in accordance with the limits imposed by external regulatory institutions.

The Risk Committee is comprised of: (i) Vice-President of the Management Board Member — Chief Risk Officer as chairman, (ii) Vice-President of the Management Board — Chief Financial Officer, (iii) Management Board Member — Head of Investment Banking, (iv) Management Board Member — Chief Operating and IT Officer, (v) directors of Financial Risk and Strategy Department.

The Management Board Credit Committee

The main tasks of the Management Board Credit Committee include:

- making credit decisions with respect to loan exposures, debt conversions into shares or bonds with respect to financial restructurings; and

- reviewing the level of risk in the loan portfolio and the levels of impairment losses on loans and advances recorded.

The Management Board Credit Committee is comprised of: (i) Management Board Members, (ii) Bank's Director of Credit Operations, and (iii) directors of Corporate Credit Department, Credit Administration Department. The Vice-President of the Management Board — Chief Risk Officer chairs the committee.

The Investment Committee

The main tasks of the Investment Committee mainly include issuing recommendations regarding capital investments.

The Investment Committee is comprised of: (i) Management Board Member — Head of Investment Banking as chairman, (ii) Vice-President of the Management Board — Chief Risk Officer, (iii) Vice-President of the Management Board — Chief Financial Officer, and (iv) Management Board Member — Head of Corporate Banking.

The Capital Management Committee

The Capital Management Committee is responsible for:

- the Group's capital management of the Bank, including the long-term capital strategy of the Bank;

- setting the rules for regulatory and internal capital management as well as the principles of estimation and allocation of capital to the individual business areas of the Group, depending on the actual risk levels; and

- setting the rules for minimum margin assessment in relation to capital employed and risks taken, capital utilization limits for particular business areas and organizational units of the Group.

The Capital Management Committee is comprised of: (i) Vice-President of the Management Board — Chief Financial Officer as chairman, (ii) Director of Accounting and Controlling, (iii) Director of Corporate Banking and Corporate Banking Management, (iv) Director of Ownership Supervision and the Group Strategy, (v) Director of Analysis and Control Bureau, (vi) and representatives of certain other departments.

Data Quality Management Committee

The main function of the Data Quality Management Committee is to make decisions with respect to the quality of the data necessary for implementing advanced methods for calculating the regulatory capital charge for credit risk (“AIRB”). In particular, the Data Quality Management Committee is responsible for:

- supervising data quality units in both the retail and corporate areas of risk management; and
- making decisions with respect to the processes of ensuring data quality.

The Data Quality Management Committee is comprised of: (i) Vice-President of the Management Board — Chief Risk Officer as chairman, (ii) Management Board Member — Chief Operating and IT Officer and (iii) representatives of organizational units from corporate, retail and investment divisions.

Risk Line Departments

The Bank’s Risk Line Departments are responsible for controlling and monitoring credit risk, market and liquidity risk, operational risk and monitoring capital adequacy. These Bank Risk Line Departments are under the supervision of the Vice-President of the Management Board — Head of Risk Management.

The Risk Line Departments consist of the following:

Corporate Credit Department

The Corporate Credit Department is responsible for with respect to corporate customers, including companies and financial institutions:

- implementing the Group’s credit policy in corporate banking;
- analyzing and managing credit risk for the Bank and the Group subsidiaries;
- monitoring the structure of exposure of the corporate credit risk portfolio;
- analyzing and managing country credit risk and controlling country exposure limits;
- controlling customer limits (for non-financial customers, banks and international financial institutions);
- determining customer and expected loss (“EL”) ratings and making decisions about credit exposures, or recommending such decisions to the Management Board Credit Committee; and
- approval of the level of impairment losses on loans and advances portfolio.

In addition, the Corporate Credit Department is responsible for private banking customers.

Corporate Credit Process and Portfolio Department

The Corporate Credit Process and Portfolio Department is responsible for with respect to corporate customers:

- organizing and supervising the corporate credit process;
- implementing and supervising quality management principles for purposes of AIRB in corporate banking; and
- preparing credit risk portfolio analyses.

Retail Credit Department

The Retail Credit Department is responsible for with respect to retail customers:

- implementing credit policies in retail banking;
- monitoring the quality of the retail loan portfolio and managing the credit risk of that portfolio;

- organizing the retail credit process;
- collecting loan receivables from retail customers; and
- administration of retail loan contracts.

Credit Administration Department

The Credit Administration Department is responsible for with respect to corporate and private banking customers:

- supervising the process of corporate credit administration;
- direct administration of products bearing credit risk of Restructure and Debt Collection Department and Structured Finance and Mezzanine Department (with respect to financing of projects and restructuring and debt collection);
- administration of the impairment losses recognized in respect of the credit products portfolio of the Group; and
- monitoring of risk concentration of large exposures.

Financial Risk Department

The Financial Risk Department is responsible for:

- creating and developing market risk assessment models liquidity risk, operational risk and portfolio credit risk assessment models;
- creating and developing financial instrument measurement methods;
- developing measurement methodologies for credit exposure associated with derivative transactions and setting conversion factors for credit equivalents;
- creating and developing internal rating models for the purposes of assessing retail and corporate clients' creditworthiness;
- measuring and monitoring the credit risk exposures of the Bank's and the Group's portfolios, among others, by setting credit risk limits and monitoring their utilization;
- measuring and monitoring the market rate risk exposure and liquidity risk, among others, by setting limits for such risks and monitoring their utilization; and
- monitoring operational risk and the process of its management.

Financial Operations Control Department

The Financial Operations Control Department is responsible for:

- the valuation of financial instruments in investing banking portfolios and settling the financial results of individual investment banking portfolios;
- the ongoing monitoring of the utilization of exposure limits with respect to issuers of securities and customers concluding transactions with investment banking units;
- controlling the operational risk associated with transactions in financial instruments, in particular monitoring whether they are in line with market prices; and
- the administration of systems used by the Financial Markets Department and Treasury Department.

Risk Reporting

The Bank has adopted the principle of double risk reporting. On the one hand, the directors of the Bank's organizational 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 line departments that monitor and control quantifiable risks submit independent risk reports to the Vice-President of the Management Board — Head of Risk Management and to the appropriate committees of the Bank's Management Board.

The Supervisory Board Risk Committee receives a risk report on a quarterly basis from the Vice-President of the Management Board — Head of Risk Management on exposures to different risks and changes in those risks. The risk report covers credit, market, liquidity, operational and legal risks of the Group.

Credit Risk Management

Credit risk is defined as the risk of incurring losses due to a customer's failure to meet its financial obligations, or the customer's partial or delayed satisfaction of those obligations. The Management Board considers credit risk to be the most important risk type for the Group, and therefore, considerable attention is given to the management of credit risk-bearing exposures.

As of 31 December 2009, the Group's capital charge for credit risk amounted to PLN 3,886.1 million and accounted for 89.2% of the total capital charge of the Group.

As of 31 December 2009, the non-performing loan ratio for the Group's portfolio of loans and advances to customers and banks was 4.6%. The non-performing loan ratio for the Group's portfolio of housing and mortgage loans to individuals was 0.5%. The non-performing loan ratio for the Group's portfolio of loans and advances to individuals other than housing and mortgage loans was 9.5%.

As of 31 December 2009, the non-performing loan ratio for Group's portfolio of loans and advances to corporate clients was 7.9%.

Credit Approval Process

Credit decisions within the Group are initially made at various decision-making levels depending on the customer type, size of the loan, total exposure to a customer and the customer's assigned rating or score.

Corporate Banking

The Bank applies a uniform credit approval process based on an assessment of a customer's ability to repay its debt with regard to corporate customers. The authority of the individual departments of the Bank is determined based on the Bank's exposure to particular clients, the credit rating and additional criteria defined in the credit policy (e.g. increased-risk sectors etc.). Decisions are based on a customer's rating ("CR") and the exposure volume to that customer. Such assessments are prepared by analysts specializing in this type of work in the corporate banking department, and then analyzed and approved by credit risk advisors in risk line departments.

Any credit decision must be made unanimously by the representative for the responsible business department and a representative for risk management. If a unanimous decision cannot be reached, the application is sent to the next highest decision making level. The procedure of credit approval is composed out of three levels, depending on credit risk and EL rating: (i) a decision by a Senior Credit Officer and Corporate Branch Director; (ii) the Head of the Corporate Credit Department and the head of the respective business department in Bank's Headquarters; and (iii) the Credit Committee of the Management Board. Decisions indicated in points (i) and (ii) are conducted in unanimously. If the credit decision cannot be reached unanimously, the application can by subject to an appeal procedure. Appeal of decisions reached in (i) are considered by the Director of the Corporate Credit Department, which appeals of decisions reached in (ii) point are considered by the Vice-President of the Management Board — Chief Risk Officer.

Decisions reached by the Credit Committee of the Management Board are established in the majority vote. The decisions reached by the Committee are final, and there is to appeal procedure.

In addition, the Supervisory Board Risk Committee is involved in the decision-making process for the Bank's largest individual exposures. The Supervisory Board Risk Committee is authorized to make recommendations for these proposed large exposures. If the Supervisory Board Risk Committee makes a recommendation, the Credit Committee of the Management Board is required to review this recommendation. If the Supervisory Board Risk Committee recommends additional conditions, the Credit Committee of the Management Board is required to re-consider the matter but has ultimate authority for the final decision.

Private Banking

Private banking is organized similarly to corporate banking, and the credit process is based on similar principles.

Retail Banking

The Bank has standardized credit risk assessment policies that are based on rating models for retail customers. The decision-making process is highly automated (with respect to obtaining a borrower's details from internal and external data sources), except for mortgages. The tasks performed manually include verifying the credit documentation.

The risk line departments make the credit decisions regarding a particular product and are independent of the units responsible for selling such product.

Client Rating and Scoring Systems

The Group uses several scoring and rating systems to manage credit risk depending on the type of exposure and on the customer segment involved (Retail Banking or Corporates and Markets segment). A scoring and rating system is a set of methods (models), processes, controls, data collection procedures and IT systems that identify and measure credit risk, sort levels of exposure by grades and pools (rating), and quantify default and loss estimates for specific types of exposure. The Bank's corporate and retail customers are rated and scored as follows:

Corporate Customers

A corporate customer's credit rating is performed according to the RC-POL method that is based on the statistical measurement of the probability of default ("PD"). The two-stage method is based on:

- a client rating ("PD-rating"), which is based on assessing the probability that the customer will default on its obligations; and

- a credit rating ("EL-rating"), which defines the estimated expected loss ("EL") and takes into account both the client-related risk (i.e. the PD-rating) and the transaction-specific risk (i.e. the so-called loss given default ("LGD") — which is the loss arising from default on repayment). EL is expressed as the product of PD-rating and LGD.

A corporate customer's credit rating is based on relative EL (relative to the amount of exposure). The rating consists of 24 such rating classes for the non-default portfolio, and 6 rating classes for default portfolio.

The corporate customer rating (PD-rating) is calculated based on:

- a financial analysis of the customer's annual reports (the process is conducted based on the discriminating function in logistic regression of a set of selected financial indicators);

- a financial analysis of interim figures (on this basis, trends of changes in PD, which have a material effect on the rating, are evaluated);

- an assessment as to whether financial statements are submitted in a timely manner;

- an analysis of qualitative risks, taking into account factors including the business environment, management quality, and individual business development opportunities;

- warning indicators — a set of selected indicators included in the financial analysis, data describing the customer's behavior in relation to the Group, and other information about the client's group; and
- the financial situation of the group (if the debtor is a part of a group), as well as the degree of the debtor's integration within such a group.

The EL-rating is determined by combining the corporate customer risk with transactional risk, which results from the value of exposure and the nature and coverage of collateral for transactions carried out with the customer.

Exposure is measured in terms of exposure at default ("EAD"), which represents the present balance sheet exposure increased by the expected level of off-balance sheet items to be converted to balance sheet items at the time of default.

LGD describes the loss which can be incurred in the event of default, taking into account both the possibility of realizing property and financial collateral and the debtor's own repayments. LGD is defined as a percentage of EAD.

Retail Customers

A retail customer's creditworthiness is based on its PD-rating, which describes the estimated probability of default.

For retail customers, the Group calculates a PD value based on the following models:

- application model — based mainly on data included in the loan application;
- external information — based on information from the Credit Information Bureau; and
- behavioral model — based on internal information about the history of the client's relations with the Bank.

Information about ongoing delays in the customer's repayments to the Bank, which is updated on a daily basis, is also taken into account.

Depending on the customer information available, the PD value can be determined on the basis of one or more models referred to above. The Group then uses the PD value to assign a PD-rating to a particular customer.

Collateral Policy

The collateral policy followed by the Group is intended to appropriately secure the interests of the Group, which is implemented by attempting to obtain collateral that offers the highest potential for recovery upon default. The specific types of collateral that are required depend on the product and the customer type.

Corporate Customers

The Bank employs a comprehensive collateral policy. The form and amount of collateral depends on the particular corporate customer's exposure to risk. Both tangible and personal collateral is used. The quality of the tangible collateral is assessed according to the asset's liquidity and the quality of personal collateral is assessed based on the financial situation of a given entity. The most common collateral accepted by the Bank includes:

- a monetary deposit;
- a guarantee deposit or cash blocked in an account at the Bank;
- transfer of receivables (assignment of rights);
- mortgage on real estate;
- registered pledge;

- transfer of ownership to collateral;
- bills of exchange — including blank promissory notes with a relevant declaration;
- a letter of comfort issued by a company whose reliability and fairness is known on the international financial markets; and
- guarantees and warranties.

The value of real-estate collateral, which is a part of tangible collateral, exceeding PLN 2 million is determined based on the valuation survey report prepared by an independent expert surveyor. The assumptions upon which the independent expert surveyor bases its analysis are verified by the Corporate Credit Department. The assessment of the real estate collateral also covers the liquidity of the asset in terms of its suitability and liquidity for the Bank. The most common tangible collateral is established for real estate, for plant and machinery and for inventories.

The value of real-estate collateral is examined at least once a year in a regular monitoring process or any time a deterioration of the quality is recognized. Third party providers of personal guarantees such as parent companies and banks are reviewed in a regular monitoring process applicable to all Bank's borrowers as set forth above.

Retail Banking

Based on the Group's current portfolio and sales structure, most retail credit transactions are secured with a mortgage on typical residential property, i.e. apartments, houses or building plots in the largest metropolitan areas and surrounding areas.

The value of such properties is determined based on a valuation survey report prepared by an independent expert surveyor or on an internal analysis of market/transaction prices performed by the employees of the Retail Credit Department of the Bank. The valuation methods depend on the type of real estate (the number of similar transactions on the local market).

In connection with mortgage loans, final collateral is always established in the form of the final binding entry of the first mortgage on a residential real property (a mortgage may be established on a real property other than the one being acquired). Until a mortgage can be effectively established, the Bank requires temporary collateral. The standard temporary collateral is bridge insurance, i.e. loan insurance effective until the first mortgage on a residential real property in favor of the Bank is entered.

For loan amounts exceeding the standard maximum loan-to-value ratio available in the Bank, additional collateral is required in the form of insurance with a minimal down-payment.

Other common forms of collateral (used for housing loans and other loans) are:

- mortgages on commercial real estate and loan insurance (low own share insurance, bridge insurance);
- pledges/transfer of ownership title to a vehicle and the assignment of rights under insurance policies;
- a blank promissory note with a relevant declaration; and
- warranties.

Credit Policy

Corporates and Markets

The credit policy defines the basic terms and conditions of financing the Bank's corporate customers. The policy includes general principles and limits associated with corporate customers. It is possible to finance customers/transactions which do not satisfy the basic criteria set out in the policy. In such cases, credit decisions are made at higher decision level by specified escalation procedure.

In addition to restrictions imposed by law (e.g. for criminal activity, terrorism etc.), the Bank does not as a rule finance certain entities or types of activity (e.g. political parties, religious communities etc.). Moreover, there are limits based on the maximum acceptable risk levels defined in terms of PD/EL-ratings, limits on lending in certain currencies, and restrictions concerning the types of derivative transactions concluded. Limits are also imposed on certain sectors which the Bank considers to be particularly risky.

With respect to the individual customer segments, the Bank applies restrictions with respect to the financing of non-residents. Non residents need to satisfy a set of additional conditions specified in a loan agreement and other conditions such as a minimum period of activity, etc.

However, it is possible to provide financing to customers that do not satisfy the principles of the above-mentioned policy. In the case of clearly defined exceptions, the Credit Committee of the Management Board is the decisive body irrespective of the amount of exposure and quality of collateral.

The Bank's credit policy is approved annually by resolution of the Management Board on the basis of the recommendations of both the Retail and Corporate Credit departments with regard to retail and corporate customers, respectively. The Bank's Director of Credit Operations, based on recommendations of the Corporate Credit Department, is authorized to indicate sectors with increased financing risk and to impose adequate restrictions on the financing of entities from such sectors.

Retail Banking

The Bank's aim is to maintain the sound quality of its loan portfolio. The portfolio consists mainly of mortgages and housing loans. Since the portfolio is not yet mature and the possibilities of preparing reliable long-term forecast of losses on the basis of the Bank's own historical data are limited, the Bank's policy focuses on ensuring portfolio profitability and maintaining a low default rate on transactions. This approach does not allow credit to be extended to customers with low creditworthiness or which are in poor financial condition.

Moreover, in order to ensure a high rate of recovery in the event of a customer's insolvency, the Bank requires that its retail customers have certain maximum loan to value ("LTV") and LGD values regardless of the customer's creditworthiness (represented by PD), payment capacity and the loan price.

Assessment of Creditworthiness

The Bank determines a customer's current and projected creditworthiness by analyzing its present income, liabilities and borrowing patterns. The creditworthiness assessment model takes into account the customer's income, amount a customer spends per month, loan repayment obligations and credit limits granted to it. As part of this policy, such information is verified by requesting that the customer prove its income and checking its previous banking relationship in the Polish banking system at the Credit Information Bureau.

The approach used to assess the ability of a customer to repay in the process of evaluating mortgage loan applications is as a rule compliant with the Polish Financial Supervision Authority's guidelines included in Recommendation S.

The latest T recommendation issued by PFSA requires the Bank should take certain actions targeted at adjusting the Bank's policy to guidelines included in the Recommendation.

Client Information Management

The effective management of a retail customer's credit risk is based on the proper utilization of customer information possessed by the Bank. The Bank has data exchange tools and systems in place which allow the Bank to limit the exposure it has to unreliable customers. Furthermore, the Bank's pro-active approach towards customers which do not default on their obligations plays an important role. Such customers regularly receive cross-selling offers, which comprise a considerable portion of the loan portfolio.

The decision-making system and the scoring models and creditworthiness assessment algorithm implemented within that system form a central element of the infrastructure, which allows the Bank to achieve the above-mentioned objectives. The development of this system is one of the key tasks executed by the Bank in the retail banking sector.

Cooperation with External Institutions

The Bank believes that active cooperation with external institutions processing a customer's data is very important for retail customer credit risk management.

The Bank currently cooperates with the Credit Information Bureau and the Economic Information Bureau — the National Debt Register. The Bank intends constantly to increase the role of data obtained from these sources in its decision-making processes and in the process of managing customer relations. In accordance with this policy, the Bank also closely cooperates with local credit information bureaus in the Czech Republic and Slovakia.

Loan Portfolio Quality

The table below illustrates the percentage share of on- and off-balance sheet items of the Group relating to loans and advances to customers and the coverage of the exposure with impairment provisions for each of the Group's internal rating categories.

	31 December					
	2009		2008		2007	
PD/Rating range	**Exposure**	**Provision coverage**	**Exposure**	**Provision coverage**	**Exposure**	**Provision coverage**
	(in percentage terms) (audited)					
1	36.42	0.05	38.36	0.01	31.21	0.01
2	16.89	0.10	24.22	0.17	11.89	0.12
3	9.39	0.37	9.51	0.35	21.08	0.30
4	19.94	0.61	17.35	0.81	17.03	0.67
5	5.88	1.74	3.22	1.40	5.22	1.54
6	1.62	1.16	0.20	2.77	0.34	2.72
7	0.60	16.72	0.54	2.25	0.24	1.79
8	2.05	—	1.80	—	6.49	0.28
Other(1)	2.33	3.75	2.73	3.05	4.57	1.68
Default category	4.88	52.73	2.07	47.27	1.93	54.85
Total	**100.00**	**3.08**	**100.00**	**1.34**	**100.00**	**1.44**

Source: Consolidated Annual Financial Statements

(1) The term "Other" refers to Group entities which do not use the same rating systems as the Bank.

The following table sets forth certain information with respect to the Group's maximum exposure to credit risk as of the dates indicated (without taking collateral into account).

	31 December	
	2009	2008
	(thousands of PLN) (audited)	
Debt securities eligible for rediscounting at the Central Bank	**9,134**	**9,238**
Loans and advances to banks	**2,530,572**	**6,104,093**
Loans and advances to customers	**52,468,812**	**52,142,477**
Loans to individuals	28,144,729	26,358,681
Current accounts	3,649,451	3,358,878
Term loans	24,495,278	22,999,803
Housing and mortgage loans	22,427,162	21,453,528
Loans to corporate clients	22,182,427	24,451,911
Current accounts	2,906,140	3,649,710
Term loans	17,064,098	18,352,141
Corporate & institutional enterprises	3,393,330	4,004,260
Medium & small enterprises	13,670,768	14,347,881
Reverse repo/buy-sell-back transactions	353,808	407,579
Other	1,858,381	2,042,481
Loans and advances to public sector	1,325,135	663,201
Other receivables	816,521	668,684
Trading Assets		
Debt securities	1,058,389	4,616,433
Derivative financial instruments	**1,933,627**	**5,632,872**
Investment Securities		
Debt securities	12,978,327	5,405,918
Pledged assets	**3,516,525**	**3,445,281**
Other assets — debtors	**312,364**	**290,873**
Total exposures relating to on-balance sheet items	**74,807,750**	**77,647,185**
Credit risk exposures relating to off-balance sheet items		
Loan commitments and other commitments	9,946,384	15,899,977
Guarantees, banker's acceptances, documentary and commercial letters of credit	2,312,114	3,027,249
Total exposures relating to off-balance sheet items	**12,258,498**	**18,927,226**
Total exposures related to balance and off-balance sheet items	**87,066,248**	**96,574,411**

Source: 2009 Consolidated Financial Statements

As illustrated above, as of 31 December 2009, 73.5% of the total maximum balance sheet exposure is derived from loans and advances to banks and customers (31 December 2008: 75.0%). 17.3% represents investments in debt securities (31 December 2008: 7.0%).

The current structure of loans and advances portfolio and debt securities indicates mitigation of credit risk, which is presented by following data:

- as of December 31, 2009 62.7% of the loans and advances to customers is categorized in the top three grades of the internal rating system (31 December 2008: 72.1%; 31 December 2007: 64.2%);

- as of December 31, 2009 91.0% of the loans and advances to customers is considered to be neither past due nor impaired (31 December 2008: 92.8%; 31 December 2007: 93.3%); and

- as of December 31, 2009 97.8% of the investments in debt securities received a minimum of an A- credit rating (31 December 2008: 95.7%; 31 December 2007: 81.9%)

As at 31 December 2009, provisions for loans and advances to customers amounted to PLN 1,964.8 million and increased by PLN 1,105.0 million compared to 31 December 2008. The increase was caused primarily by activities in the Corporate and Markets segment. A significant part of the increase related to provisions for loans related to foreign exchange derivative transactions. A substantial increase in the provisions occurred in the Retail

Banking segment, mainly due to cash loans granted to new customers of mBank with no previous history with the Bank. The Group stopped granting such loans in May 2009.

The table below sets forth certain information with respect to loans and advances to customers at the dates indicated:

	31 December			
	2009		2008	
Loans and advances to customers	**Exposure**	**Share/coverage**	**Exposure**	**Share/coverage**
	(in PLN thousands)	(%)	(in PLN thousands)	(%)
		(audited)		
Neither past due nor impaired	49,555,124	91.04	49,208,781	92.84
Past due but not impaired	2,317,529	4.26	2,623,337	4.95
Impaired	2,560,928	4.70	1,170,091	2.21
Total gross	**54,433,581**	**100.00**	**53,002,209**	**100.00**
Provision (provision for impaired loans and advances and IBNI provision)	(1,964,769)	(3.61)	(859,732)	(1.62)
Total net	**52,468,812**	**96.39**	**52,142,477**	**98.38**

Source: 2009 Consolidated Financial Statements

The non-performing loan ratio for the loans and advances to customers was 4.7% at the end of 2009, compared to 2.2% at the end of 2008.

The table below sets forth certain information with respect to loans and advances to banks for the periods indicated.

	31 December			
	2009		2008	
Loans and advances to banks	**Exposure**	**Share/coverage**	**Exposure**	**Share/coverage**
	(in PLN thousands)	(%)	(in PLN thousands)	(%)
		(audited)		
Neither past due nor impaired	2,481,832	96.62	6,058,244	98.75
Past due but not impaired	—	—	—	—
Impaired	86,827	3.38	76,863	1.25
Total gross	**2,568,659**	**100.00**	**6,135,107**	**100.00**
Provision (provision for impaired loans and advances and IBNI provision)	(38,087)	(1.48)	(31,014)	(0.51)
Total net	**2,530,572**	**98.52**	**6,104,093**	**99.49**

Source: 2009 Consolidated Financial Statements

The non-performing loan ratio for the loans and advances to banks was 3.4% at the end of 2009, compared to 1.3% at the end of 2008.

Credit Risk Concentration

The Bank actively manages credit risk resulting from the exposure concentration among customers and within individual industry sectors and geographical regions. For this purpose, exposure limits are set by appropriate Risk Line Departments, and the key credit decisions are made with the participation of the Supervisory Board Risk Committee and the Risk Committee of the Bank.

The geographic concentration risk is managed with the use of procedures aimed at identifying, measuring and monitoring the risk, ensuring compliance with formal concentration risk limits for individual countries, and determining the courses of action in the event such limits are exceeded. The Group does not identify assets, liabilities and off-balance sheet items by geographical region because the geographical risk variations are immaterial.

If the exposure of the Group is concentrated in an industry sector, the Group reviews the financial position of the customer of the Group as compared to other companies in that particular industry sector.

All industry sectors in which the Bank's exposure exceeds PLN 800 million and the industry sectors indicated by the Bank's Vice-President of Management Board — Head of Risk Management are also monitored. Unless the Bank's Credit Committee decides otherwise, the exposure limits in particular industries are determined on the basis of the following principles:

- 10% of the gross loan portfolio in the prior reporting period for low risk sectors;
- 8% of the gross loan portfolio in the prior reporting period for medium risk sectors; and
- 6% of the gross loan portfolio in the prior reporting period for high risk sectors.

Risk assessments of the above mentioned industry sectors are carried out by credit risk officers on a quarterly basis. The above mentioned classes, i.e. low, medium and high, are imposed and reviewed by credit risk specialists based on their expert knowledge and experience, up to date assessments of the businesses of the Bank's customers in their respective industries and all available external information about industries.

The total exposure of the Group to industry sectors as illustrated below (except for individuals and remaining sectors) as at 31 December 2009 represents 33.56% of the loans and advances to customers portfolio. The exposure structure of the Group to individual sectors is presented in the following table for the dates indicated:

		31 December			
		2009		2008	
No.	Sector	Principal debt		Principal debt	
		(in PLN thousand)	% (audited)	(in PLN thousand)	%
1.	Household customers	28,880,998	53.06	26,653,688	50.29
2.	Real estate management	3,633,779	6.68	3,632,976	6.85
3.	Building industry	1,966,738	3.61	1,931,461	3.64
4.	Transport and travel agencies	1,528,405	2.81	2,130,806	4.02
5.	Metals	1,164,163	2.14	1,256,768	2.37
6.	Wholesale trade	1,126,252	2.07	1,284,879	2.42
7.	Management, consulting, advertising	1,124,020	2.06	904,823	1.71
8.	Liquid fuels and natural gas	975,529	1.79	1,076,000	2.03
9.	Wood and furniture	854,870	1.57	894,538	1.69
10.	Power industry and heat engineering	821,326	1.51	930,687	1.76
11.	Building materials	766,793	1.41	934,353	1.76
12.	Motorization	754,903	1.39	789,591	1.49
13.	Basic groceries	708,945	1.30	704,515	1.33
14.	Chemicals and plastics	570,039	1.05	610,935	1.15
15.	Leasing and renting	519,234	0.95	790,312	1.49
16.	Insurance	458,484	0.84	180	0.88
17.	Financial agencies	449,424	0.83	455,794	0.07
18.	Fleshy industry	421,950	0.78	437,050	0.51
19.	Household goods	420,572	0.77	6,400	0.50

Source: 2009 Consolidated Financial Statements

The Group also monitors concentration risk related to major exposures and compliance with limits defined in the Banking Law. The following principles have been devised in order to properly develop the Bank's policies:

- internal limits have been set, which are lower than those specified in the Banking Law;
- before a customer exceeds 5% of the Group's equity, the Group requires a special credit approval from the Credit Committee of the Management Board; and
- a report is prepared on a weekly basis listing all customers with exposure exceeding 5% of the Group's equity.

The following table sets forth certain information with respect to the Group's ten largest exposures to customers (excluding subsidiaries from the Group) as at 31 December 2009.

No.	Customer	Exposure in PLN million (unaudited)	Share in total (%)
1.	Customer 1	495	0,91
2.	Customer 2	347	0,64
3.	Customer 3	328	0,60
4.	Customer 4	270	0,50
5.	Customer 5	198	0,36
6.	Customer 6	162	0,30
7.	Customer 7	157	0,29
8.	Customer 8	151	0,28
9.	Customer 9	128	0,23
10.	Customer 10	116	0,21
	Total Exposure (gross)	**54,434**	

Source: the Bank

Risk Related to Derivatives Transactions

As a proactive participant in the financial market, the Bank is exposed to credit risks related to derivatives transactions. Activities targeted at risk mitigation are conducted in frames of a homogeneous system composed from:

Setting Limits for Possible Credit Exposures Arising from Derivatives for Every Single Client

Limits for every possible exposure related to derivative transactions are set for every single client in the form of maximum exposure — referred to as credit risk equivalent. The above mentioned limits regard both types of products and the maximum period of a transaction — referred to as tenor. The limits are set forth in the credit process, described earlier, in the Corporate and Market segment. Limits are set based on the assumption that that the aim of transactions which are concluded to secure finance risk of the clients.

Collateral on Derivatives Transaction

Most of the client's derivative transactions are concluded on the basis of framework agreements. If the negative (for the client) value of exposure for the client grows and exceeds the described limits, the client is asked to increase the collateral. The collateral consists mainly of money. The Bank has the right to settle all derivative transactions with each client, which does not provide collateral on time.

Monitoring Derivative Transaction Credit Exposure

Credit exposure arising from derivative transactions is measured on the basis of: (i) current credit exposure (current fair value of those instruments, if it is positive for the Bank) and, (ii) potential future credit exposure (presenting the estimate of future current credit exposure). Derivative exposure is monitored on daily basis.

Credit Restructuring

As a rule, the renegotiation of the terms of loans and advances is treated as an indication of impairment, unless it is based on market conditions. The purpose of the restructuring process is to implement recovery plans, modify or postpone the repayment of indebtedness by a customer who, as a result of the process, is shifted to the default portfolio. The restructuring processes are based on these principles and certain processes which maximize the likelihood of obtaining timely collection of outstanding payments. According to the accounting principles adopted, the Bank recognizes impairment of renegotiated loans if the amendment of the contractual terms results from a higher credit risk. As at 31 December 2009, the value of renegotiated loans without impairment was PLN 91.7 million.

Market Risk Management

Market risk results from the current and prospective impact on earnings or capital arising from adverse changes in value of the Group's trading portfolio or banking portfolio due to adverse movements in interest rates, foreign exchange rates, share prices and indices, and the volatility of the implicated derivatives. The trading portfolio includes transactions entered into by the Group to realize profit on financial instruments (e.g. transactions with the Group's customers, including transactions entered into by the Group acting in the capacity of a market maker, transactions concluded for the purposes of market risk management, and speculative transactions). In particular, the trading portfolio includes in particular the Bank's foreign exchange position. The Bank's trading portfolio, including the foreign exchange position, is managed by the Financial Markets Department. The banking portfolio comprises all other transactions that have not been included in the trading portfolio, i.e. credit and interest rate transactions, transactions concluded for the purposes of the management of interest rate risk of the banking portfolio assets and liabilities and transactions concluded for liquidity risk management purposes. The banking portfolio interest rate risk is managed by the Treasury Department.

Market risk is managed in accordance with the strategy adopted by the Supervisory Board. The Risk Committee establishes market risk limits, including the value of risk limits and stress test limits. Market risk is monitored on a daily basis by the Financial Risk Department.

Exposure to Market Risk

The Group uses a value at risk (VaR) model and stress test values to monitor its market risk exposure.

The Bank monitors value at risk at a 97.5% confidence level for a one-day holding period. The table below presents different VaR components: interest rate risk ("VaR IR"), foreign exchange risk ("VaR FX") and share price and index value risk ("VaR EQ") on the total VaR as of 31 December 2009 for the Group, the Bank and various Subsidiaries.

	31 December 2009				
	Group	Bank	BRE Bank Hipoteczny	BRE Leasing	DI BRE
	in PLN thousands (audited)				
VaR IR	6,667	6,496	378	358	0
VaR FX	1,969	2,293	70	571	0
VaR EQ	174	163	0	0	139
VaR	7,339	7,685	439	652	139

Source: the Bank

As of 31 December 2008, VaR was PLN 9,108 thousand for the Group, PLN 8,623 thousand for the Bank, PLN 80 thousand for BRE Bank Hipoteczny, PLN 2,927 thousand for BRE Leasing, and PLN 113 thousand for DI BRE.

Stress tests show the hypothetical changes in the current valuation of the Bank's portfolios, which would take place as a result of the realization of the so-called stress scenarios, i.e. market situations at which the risk factors would reach specified extreme values in a one-day period. The Bank applies several types of stress tests, which differ in terms of the assumptions adopted to construct scenarios of the changes in risks. In 2009, the annual average value of a daily stress test (based on observed crisis situations in the past) was PLN 12 million (in 2008: PLN 20 million) for the Financial Markets Department portfolio, and PLN 44 million (in 2008: PLN 42 million) for the Treasury Department portfolio.

Banking Book Exposure to Interest Rate Risk

The Bank defines interest rate risk as the adverse effect of changes in interest rates on the Bank's financial performance. The following tools are used in the process of interest rate risk management: repricing date mismatch gap and interest earnings at risk ("EaR") based on it. The Bank also employs stress test methods and monitors the banking book structure for basic risk, yield curve risk and client option risk.

As at 31 December 2009 and 31 December 2008, a sudden, lasting and disadvantageous change in market interest rates by 100 basis points for all maturities would result in a decrease in the annual interest income within 12 months after the balance sheet date as shown in the table below by the following amounts for the respective currencies.

31 December 2009 (audited)		31 December 2008 (audited)	
PLN million	**Currency**	**PLN million**	**Currency**
7.47	PLN	7.85	PLN
0.13	EUR	5.04	EUR
1.46	USD	0.06	USD
14.18	CHF	16.30	CHF
5.09	CZK	2.64	CZK

Source: 2009 Consolidated Financial Statements

To calculate these values, the Bank assumed that the banking book structure would be unchanged during the year and the Bank would not take any measures to change the related exposure to interest rate change risk.

The Bank also uses stress tests to evaluate its exposure. Under the stress test which assumes an unfavorable shift in the interest rates for respective currencies by 200 basis points, the economic value of the banking book at the end of 2009 amounted to PLN 121 million, of which PLN 111 million is due to available for sale instruments. In calculating these values it was assumed that interest rates could not become zero or negative.

Liquidity Risk Management

The objective of liquidity risk management is to ensure and maintain the Bank's ability to meet ongoing and future financial commitments at their maturity in light of the costs of liquidity. A lack of liquidity means the lack of the ability to obtain funds that are necessary to finance the Bank's activity on reasonable terms with respect to cost and maturity. The Bank's liquidity risk management comprises monitoring the Group's liquidity situation and taking preventative actions to avoid losing liquidity. The Bank divides its decisions regarding the liquidity risk management into two stages (strategic and operational)

The strategic stage is aimed at ensuring adequate funding in the long term and is based on a set of assumptions about the Bank's future operations. Financial liquidity risk management at the strategic level is the responsibility of the ALCO Committee and the Risk Committee. It involves, among others, establishing the structure and levels of strategic risk limits, establishing the structure and minimum amount of the Bank's liquidity reserves, establishing methods of calculating the financial liquidity risk and forms of banking reports, neutralizing emergency situations so as not to lose liquidity, and establishing the Bank's strategy in relation to the structure of assets and liabilities.

The operational stage involves managing current liquidity and monitoring exposure to liquidity risk. The first task is conducted in the Bank's Treasury Department by ensuring resources for the purpose of settlements on the Bank's account, implementing ALCO's strategic recommendations, forming the structure of future cash flows within the limits set up by the Risk Committee, keeping securities portfolios (liquid assets) at appropriate levels to ensure maintaining liquidity within the limits established by the Risk Committee and performing emergency procedures in order to neutralize emergency situations related to the threat of losing financial liquidity. Monitoring the liquidity risk, which is conducted by Financial Risk Department includes daily assessments of liquidity indicators, control of internal and regulatory limits, especially control of supervisory liquidity indicators and reporting liquidity risk profile. The Bank also analyses potential future funding mismatches using scenario analysis. In the case of this analysis, stress test scenarios are particularly important and their results are analyzed carefully by the ALCO Committee and the Risk Committee.

The following table presents the values of regulatory liquidity measures as at the periods indicated.

		31 December	
		2009	2008
		(unaudited)	
Regulatory liquidity measures			
Short-term liquidity gap (in PLN million)	M1	7,641.18	6,927.53
Short-term liquidity ratio	M2	1.66	1.66
Coverage of non-liquid assets with equity	M3	3.28	2.81
Coverage of non-liquid assets and assets with limited liquidity with equity and core external funds	M4	1.29	1.20

Source: the Bank

Operational Risk Management

Operational risk is the risk of incurring a loss due to deficient or unreliable internal processes, people or systems, or from external events. The Group also includes legal risk as part of its operational risk.

Effective operational risk management is based on risk control tools defined and implemented by the Financial Risk Department. The methods and tools used by the Bank and its subsidiaries to monitor and control operational risk include conducting the register of operational incidents, self-assessment of operational risk, monitoring key operational risk factors, and defining operational risk scenarios. The quantity assessment of liquidity risk is conducted on the basis of regulatory capital, with the use of standard method as set forth by the PFSA and the basis of economic capital for liquidity risk, based on statistical modeling.

The tools used by the Group are intended to implement source-oriented operational risk management and are focused on a bottom-up approach to risk identification.

The results of the process of operational risk identification and monitoring, obtained with the use of these tools, form a basis for the reports for the Risk Committee and are also communicated to employees involved in operational risk management directly in the Bank's units and subsidiaries. They are an important source of information on operational risks occurring in different areas of the Group's activity, which direct the attention and efforts of Bank's and Group's organizational units to the most important issues relating to the mitigation of operational risk.

Management of Other Risks

Compliance Risk

Compliance risk is the risk of not complying with relevant provisions of law, internal rules and regulations, and the code of conduct adopted by the Group. The Compliance Bureau is in charge of compliance risk. The Compliance Bureau operates independently of other departments of the Group and reports directly to the President of the Management Board.

As far as the compliance risk management is concerned, the Bank aims at eliminating potential and actual non-compliance of internal legal acts with the applicable provisions of law and market standards recognized by the Bank.

The Compliance Bureau is responsible for the identification of new legal requirements and standards of operation of financial institutions, informing the organizational units about their content, and monitoring the implementation of such laws and standards to the Bank's internal regulations.

The Compliance Bureau's duties are complementary to the duties of the parties responsible for a specific internal regulation from their obligation to monitor its compliance. Therefore, the compliance risk is managed by two independent units, i.e. the Compliance Bureau and the party responsible for the particular internal regulation. Additionally, the Bank's departments receive a legal alert prepared by the Bank's Legal Department on a monthly basis. The legal alert contains information about newly introduced laws which are relevant for the Bank's activity. In certain cases, the Bank's Legal Department prepares and distributes extraordinary legal alerts concerning issues which require urgent attention.

The Compliance Bureau submits annual compliance risk reports and current reports (whenever a material risk has been identified) to the Management Board and the Supervisory Board.

Under its risk management policy, the Group places particular emphasis on the following:

- preventing money laundering and financing of terrorism. For this purpose the Bank has created several procedures identifying potential threats. Both customers and individual transactions are monitored;

- proper handling of inside information within the meaning of the Act on Trading in Financial Instruments. The Bank has developed a system of regulations for the proper handling of information, which (if disclosed) could affect the assessment of financial instruments quoted on regulated market;

- personal data protection;

- supervising compliance of the brokerage and custody activities;

- conflict of interests management — the Bank has implemented a conflict of interests management policy, which includes guidelines aimed in particular at protecting the customers' interest and ensuring their equal treatment through transparent relations with the Bank and its employees;

- adhering to rules of giving and accepting gifts by officers and employees of the Bank;

- verifying whether the outsourcing agreements entered into by the Bank are in compliance with the provisions of law;

- the obligation to disclose to the public and to the regulatory authority reports concerning circumstances related to the activity of the Bank provided for in law; and

- providing consultancy services to organizational units of the Bank regarding the application of newly enacted and applicable laws and market standards.

Reputational Risk

Reputational risk is the risk of certain unfavorable circumstances occurring which may undermine the Bank's reputation in the market. Therefore, in an effort to shape the general public's perception of its actions, the Bank undertakes the following:

- corporate governance and good practice. Corporate governance is understood by the Bank as the entirety of actions and regulations to balance the interests of all entities engaged in a given company (investors, officers, employees and suppliers). The Bank also complied with the Code of Best Practices for WSE Listed Companies since it came into force on the Warsaw Stock Exchange. The Bank also complied with its latest version, which entered into force on 1 January 2008. On 7 January 2008, the Management Board of the Bank passed a resolution on the application of the Best Practices and the Supervisory Board passed a resolution to the same effect on 24 January 2008;

- corporate social responsibility. When implementing its business strategy, the Group attempts to chooses solutions which are good not only from a financial point of view, but also from the point of view of the whole environment, its employees, society, and the community in which it operates; and

- charitable activity of BRE Bank Foundation. The mission of the BRE Bank Foundation is to support activities which contribute to the development of individuals and increase the awareness and quality of life of the society. The Foundation was established in 1994. It was the first foundation established in the banking industry and symbolized the Bank's social involvement. The Foundation focuses on supporting the following areas: science and education, health and social protection, and culture and national heritage.

While managing its reputational risk, the Bank attempts to anticipate activities which generate negative publicity and which could weaken the Bank's reputation in the market. Therefore, the Bank monitors all areas that may generate negative publicity.

The Bank also applies mathematical methods to assess reputational risk. On the basis of information provided by the mass media, the Bank prepares media reports which constitute a base for an analysis of the Bank's position compared with other banks. The information obtained makes it possible to make decisions concerning the Bank's media policy.

Strategic Risk

Strategic risk is the current or future risk for the Group's income revenue or the Group's equity deriving from changes in the market environment or making a strategic decision which has a negative impact on the Group, not properly implementing a decision, or not properly responding to changes in the market environment.

Strategic risk is monitored on a quarterly basis by monitoring the significance level of three indicators, also called significance criteria, which are:

- market position (based on total assets) versus competitors;
- income level; and
- gross profit.

For each of the above mentioned criteria, a threshold value and current value is defined, and each can be estimated on the basis of quantitative and qualitative criteria.

Strategic risk is considered as significant if at least one of the significance criteria exceeds its threshold value.

Market position (based on total assets) presents the strategic potential of the Group. The threshold value was determined as the arithmetical average of the Group market position measured from 2004 as a temporal sequence (the arithmetical average of numbers being ranking positions of BRE Bank Group in terms of assets among banks acting in Poland, each year since 2004 gives one such number being the ranking position as at 31 December). The current value is determined as present ranking position of BRE Bank Group in terms of assets among banks acting in Poland.

For the second significance criteria (income level — performance versus planning) income is considered as income before deducting costs, decreased by net impairment losses on loans and advances. The threshold value is determined as the planned level of execution in the medium term financial plan.

In case of the third significance indicator (gross profit — performance versus planning), the threshold value is determined as the planned level of execution in the medium term financial plan.

Business Risk

Business risk is defined as the risk of unexpected losses caused by fluctuations of the Group's actual income and costs compared to average figures.

The methodology of estimating business risk is based on historical fluctuations of monthly income and costs. With respect to business risk, the term "income" refers to net commission and fees income (due to the fact that other sources of the Group's income are used to determine other kinds of risks) while the term "costs" refers primarily to personnel related costs. For the calculation of business risk, the Group uses the earnings volatility model (Earnings at risk — EaR).

Insurance Risk Management

Insurance risk is the risk of the occurrence of the insured event and the uncertainty of the amount of the resulting claim the insurer is required to pay upon the occurrence of this event.

This risk has a marginal share in the risk profile of the Group. This risk is managed by a special subsidiary — BRE Ubezpieczenia.

MARKET AND LEGAL ENVIRONMENT

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 or the Joint Bookrunners or any of their affiliates or the Group's advisors in connection with the Offering.

The Bank does not intend to and does not commit to update the data concerning the market or the industry as presented in this section, subject to duties resulting from generally binding legal regulations.

Market

The Polish Banking Sector

The Polish banking sector plays an important role in the Polish financial system. According to data published by the PFSA as at the end of 2009, there were 643 banks operating in Poland (*source: PFSA's report "Banking Sector — Basic Information 12/2009"; available at www.knf.gov.pl/en/*). Since the beginning of 2010, this number has increased to 649 (comprising 50 commercial banks, 20 branches of credit institutions and 579 cooperative banks). This represents a slight increase of 0.93% as compared to the fourth quarter of 2009 (source: *www.knf.gov.pl/en/*).

According to data published by the NBP, the Polish banking sector is the largest sector of all financial institution sectors in Poland in terms of asset value (source*: "Development of Polish Financial Sector" NBP, Warsaw, December 1, 2009; available at www.nbp.pl*). At the end of the second quarter of 2009, commercial banks and cooperative banks held assets totalling PLN 1,052.5 billion as compared to the total value of assets in the financial institution sector, which amounted to PLN 1,443.6 billion. As a result, the value of assets held by commercial banks and cooperative banks constituted 72.91% of total assets in the financial institution sector.

According to the data published by the NBP, the ratio of assets in the financial institution sector to GDP amounted to 110.5% in 2008 (*source: "Development of Polish Financial Sector", NBP, Warsaw, December 1, 2009, available at www.nbp.pl*). This ratio was four times lower than in Eurozone countries (456.4%).

At the end of 2009, (a) 89% of the total assets in the banking sector was attributed to commercial banks (62.9% of the total assets in the banking sector was attributed to banks with foreign capital), (b) 5.1% of the total assets in the banking sector was attributed to branches of credit institutions, and (c) 5.8% of the total assets in the banking sector was attributed to cooperative banks (*source: "PFSA's report "Banking Sector — Basic Information 12/2009"; available at www.knf.gov.pl/en/*).

At the end of 2009, commercial banks granted 88.8% of loans granted to non-financial customers (customers not belonging to the financial sector) (63.3% of these loans were granted by banks with foreign capital), 5.4% of these loans were granted by branches of credit institutions, and 5.7% of these loans were granted by cooperative banks. In terms of deposits of non-financial customers, 88.9% were held with commercial banks (63% of the deposits of non-financial customers were held with the banks with foreign capital), 2.9% were held with branches of loan institutions, and 8.2% were held with cooperative banks (source: *PFSA's report "Banking Sector — Basic Information 12/2009"; available at www.knf.gov.pl/en/*).

The value of assets, loans (to non-financial customers) and deposits (from non-financial customers) in percentage terms comprised, 79.05%, 46.79%, 41.74% of GDP respectively, according to PFSA's data for 2009 on the size of the banking market and GUS data on Gross Domestic Product (at market prices) for 2009. These ratios were higher in the Eurozone: 346.58%, 107.30% and 80.05%, respectively (comparing the data of the European Central Bank for 2009 to the size of the monetary financial institutions in terms of assets, loans (to non-financial sector) and deposits (from non-financial sector) with GDP data (at market prices) from Eurostat (source: *PFSA's report "Banking Sector — Basic Information 12/2009"; available at www.knf.gov.pl/en/*) *"Annual Economic Measures Part IV, National Accounts", GUS available at www.stat.gov.pl); "Monthly Bulletin Monetary Statistics February 2010, Money Banking and Investment Funds", ECB; available at www.ecb.int, "National accounts. Annual National Accounts, Gross Domestic Product at Market Prices" Eurostat, available at www.*ec.europa.eu/eurostat).

The following table presents a comparison of the Eurozone with the Polish banking sector in 2009.

	Poland		Eurozone	
	Value	Ratio	Value	Ratio
	PLN million	(% PKB)	EUR million	(% PKB)
GDP in market prices for Poland — in Million PLN, Eurozone — in Million EUR	1,341,881	—	8,986,875	—
Assets	1,060,759	79.05%	31,146,700	346.58%
Loans to non-financial sector	627,898	46.79%	9,642,900	107.30%
- to corporates	212,712	15.85%	4,693,100	52.22%
- to households, including	412,470	30.74%	4,949,800	55.08%
- housing loans	216,414	16.13%	3,547,900	39.48%
Deposits taken from non-financial customers, including	560,049	41.74%	7,193,900	80.05%
- from corporates	166,028	12.37%	1,603,700	17.84%
- from households	379,671	28.29%	5,590,200	62.20%

Source: Bank based on the data provided by ECB, Eurostat, PFSA, GUS

Employment in the banking sector decreased from 176,601 in the third quarter of 2009 to 175,016 in the fourth quarter of 2009, representing a decrease of 0.9%. There was a reduction in the number of the bank branches, which decreased from 14,905 in the third quarter of 2009 to 14,890 in the fourth quarter of 2009, constituting a decrease of 0.1% (*source: PFSA's report "Banking Sector — Basic Information 12/2009"; available at www.knf.gov.pl/en/*).

According to the Public Opinion Research Center (the "CBOS") survey conducted in March 2009 *(source: Research Report BS/86/2009 conducted by CBOS "Opinions about banks"; available at www.cbos.pl/),* the percentage of people not using any banking services amounted to 31%. Over half of those surveyed use only one bank (52%), 13% use two banks, and only 4% use more than two banks. This provides substantial growth possibilities for the banking sector.

In accordance with the PFSA's opinion presented in the document *"Information on Polish Banks in the Period of January-September 2009*" *(source: PFSA Warsaw 2009; available at www.knf.gov.pl/en/*), external factors present major threats for banks. Due to the financial downturn, the business activity of enterprises decreased significantly, resulting in the deterioration of their creditworthiness and a limitation of growth opportunities in the deposit base.

Competitive Landscape of the Polish Banking Sector

The competiveness of the Polish banking sector was particularly visible during the so-called "deposit war" in 2008 and 2009, when most of the financial institutions — due to limited possibilities of obtaining external financing — offered high interest rates on deposits in order to attract customers.

In 2007, part of BPH S.A. was spun off, resulting in part of the Bank's assets being transferred to Bank Pekao S.A.

In 2008, Alior Bank S.A. and Allianz Bank S.A. entered the Polish banking market.

In 2009, a number of mergers took place between banks in the Polish banking market. In particular, Fortis Bank Polska S.A. merged with Dominet Bank S.A., Noble Bank S.A. merged with Getin Bank S.A. and BPH S.A. (after the above mentioned spin off) merged with GE Money Bank S.A.

The table below presents the concentration ratios of the five largest banks in Poland as at the dates indicated.

	As at 30 September		
	2009	2008	2007
Share of the five largest banks in:			
Employment	**39.1%**	**40.7%**	**39.7%**
Network	**38.9%**	**39.6%**	**39.0%**
- branches	43.7%	45.6%	43.7%
- other	35.3%	35.4%	35.8%
Market share			
- assets	43.5%	44.7%	43.8%
- loans to non-financial sector	42.8%	43.2%	41.9%
- deposits of non-financial sector	53.2%	56.0%	53.3%
- equity	43.9%	45.4%	42.7%
- net profit	79.0%	58.5%	49.5%

Source: PFSA's Report "Information on the Condition of Polish Banks in the period of January — September 2009" (available at www.knf.gov.pl/en/)

The following table presents data regarding the concentration ratios of the financial institutions in EU countries in 2007. When analyzing the data presented in the tables below and comparing it with the data presented in the table above, it should be noted that the "credit institution" category used by the ECB covers also enterprises other than banks. Those enterprises, which conduct their business of receiving deposits or other funds repayable to them as well as extending loans or of issuing electronic money, are acting on their own behalf and for their own account on the basis of an authorization by the competent supervisory authority.

The Herfindahl index, which is used to measure the concentration and the level of competition for a particular industry, ranges from 0 to 10,000.

	Herfindahl index for Credit Institutions	Share of the 5 largest Credit Institutions
Belgium	2,079	83.4%
Bulgaria	833	56.7%
Czech Republic	1,100	65.7%
Denmark	1,120	64.2%
Germany	183	22.0%
Estonia	3,410	95.7%
Ireland	600	46.1%
Greece	1,096	67.7%
Spain	459	41.0%
France	679	51.8%
Italy	330	33.1%
Cyprus	1,082	64.8%
Latvia	1,158	67.2%
Lithuania	1,827	80.9%
Luxemburg	276	27.9%
Hungary	839	54.1%
Malta	1,174	70.1%
Netherlands	1,928	86.3%
Austria	527	42.8%
Poland	**640**	**46.6%**
Portugal	1,097	67.8%
Romania	1,041	56.3%
Slovenia	1,282	59.5%
Slovakia	1,082	68.2%
Finland	2,540	81.2%
Sweden	934	61.0%
United Kingdom	449	40.7%
MU 13	654	44.1%
unweighted average	1,006	54.7%
EU 27	628	44.4%
unweighted average	1,102	59.4%

Source: "Report on EU Banking Structures October 2008", ECB (available at www.ecb.int)

The table below presents the following ratios describing the credit institution sector in EU countries in 2007: (a) number of credit institutions, (b) population per credit institution, (c) population per branch, (d) population per ATM and (e) population per employee in the sector. When analyzing the data presented in the tables below and comparing it with the data presented in the table above, it should be noted that the "credit institution" category used by the ECB covers also enterprises other than banks. Those enterprises, which conduct their business of receiving deposits or other funds repayable to them as well as extending loans or of issuing electronic money, are acting on their own behalf and for their own account on the basis of an authorization by the competent supervisory authority.

	number of Credit Institutions	population per Credit Institution	population per branch	population per ATM	population per Credit Institution's employee
Belgium	110	96,564	2,400	756	158
Bulgaria	29	263,456	1,311	2,103	250
Czech Republic	56	184,250	5,541	3,129	258
Denmark	189	28,889	2,489	1,758	110
Germany	2,026	40,603	2,068	1,528	119
Estonia	15	89,493	5,047	1,465	212
Ireland	81	53,613	3,750	1,287	104
Greece	63	177,329	2,902	1,654	173
Spain	357	125,696	986	754	163
France	808	78,679	1,607	1,322	133
Italy	821	72,252	1,785	1,349	174
Cyprus	215	3,663	855	1,474	70
Latvia	31	73,402	3,336	2,403	177
Lithuania	80	42,194	3,480	2,962	328
Luxemburg	156	3,079	2,044	1,086	18
Hungary	206	48,814	2,969	2,643	240
Malta	22	18,603	3,935	2,607	109
Netherlands	341	48,026	4,544	2,014	143
Austria	803	10,356	1,949	1,037	107
Poland	**718**	**53,086**	**3,284**	**3,837**	**219**
Portugal	175	60,619	1,759	721	174
Romania	42	512,201	3,393	3,575	326
Slovenia	27	75,032	2,849	1,321	168
Slovakia	26	207,560	4,616	2,702	273
Finland	360	14,689	3,228	1,606	211
Sweden	201	45,512	4,956	3,235	208
United Kingdom	390	155,854	4,892	1,002	—
MU 13	6,128	52,098	1,735	1,203	140
EU 27	8,348	59,401	2,123	1,362	153

Source: "Report on EU Banking Structures October 2008", ECB (available at www.ecb.int)

Financial Situation of the Polish Banking Sector

General Information

The table below presents basic information concerning the Polish banking sector as at the dates indicated below.

	As at 31 December (PLN million)			Change (%)	
	2009	2008	2007	2009/2008	2008/2007
Total balance sheet	1,060,759	1,039,085	792,777	2.1%	31.1%
Loans to non-financial sector	627,898	593,379	427,543	5.8%	38.8%
Deposits from non-financial sector	560,049	494,052	419,308	13.4%	17.8%

Source: PFSA's Report "Banking Sector — Basic Information 12/2009"; (available at www.knf.gov.pl/en/)

Total Balance Sheet

As of 31 December 2009, the total balance sheet of the banking sector amounted to PLN 1,060.8 billion, which constituted an increase by 2.1% as compared to 31 December 2008, when it amounted to PLN 1,039.1 billion.

Loans

In January 2010, the NBP published its report *"Situation on the Polish credit market: The outcome of the Survey directed to the Heads of Credit Committees, First quarter 2010*" (*available at the official website of NBP*). The report summarizes the results of a survey conducted by the NBP at the end of 2009 with the sample of 30 banks, which had a combined market share of 83.2% in the fourth quarter of 2009 of all banking sector receivables due from enterprises and domestic households. According to this report, the requirements for granting housing credit were loosened, while criteria for granting commercial credit remained unchanged and credit policy towards consumer credit became stricter.

While 20% of all banks lowered their credit margins, more than half of them considered this decrease slight. Furthermore, approximately 10% of banks decided to tighten their credit criteria with regards to non-interest fees and collateral. Those banks which tightened their credit policy justified it by the increasing number of those loans in their portfolios which increase the risk of non-performance as well as with industry specific risk.

General demand for loans increased in the fourth quarter of 2009. The strongest increase occurred in short-term loans for large enterprises. This was experienced by around 45% of the banks, nearly half of which considered it significant. According to the prevailing opinion in the banking sector, the increased demand for corporate credit is mainly driven by debt restructuring and refinancing.

With regard to the housing credit, most of the banks lossened their credit criteria by lowering their credit margins. The loosened criteria prevailed in the foreign currency denominated loan sector. According to the NBP survey (mentioned above), the capital situation of banks was no longer the cause of the decreasing number of approved housing credit.

The banking sector decided to tighten its consumer credit policy. The main reason for that has been the increasing bad debt ratio in the consumer credit portfolio.

The table below presents the changes in credits granted to non-financial customers in Poland as at the dates indicated.

	As of 31 December (PLN million)			Change (%)	
	2009	2008	2007	2009/2008	2008/2007
Loans to non-financial customers	**627,898**	**593,379**	**427,543**	**5.8%**	**38.8%**
to corporates	212,712	222,562	171,714	(4.4%)	29.6%
to households, including	412,470	368,578	254,202	11.9%	45.0%
housing loans, of which	216,414	193,986	117,732	11.6%	64.8%
- in PLN	75,674	59,079	52,600	28.1%	12.3%
- in foreign currency	140,740	134,907	65,132	4.3%	107.1%

Source: PFSA's Report "Banking Sector — Basic Information 12/2009; (available at www.knf.gov.pl/en/).

Comparing 2009 to 2008, there was a 4.4% decrease in corporate credits in the banking sector. During that same period, the household credit sector saw an increase of almost 12%, which was still significantly lower than the 45% increase between 2007 and 2008. A particularly visible decrease from 107.1% in 2007 to 2008 to 4.3% in 2008 to 2009 occurred in the foreign currency denominated loans sector, which was caused to a large extent by significant exchange rate fluctuations (*source: PFSA's Report "Banking sector — Basic Data 12/2009"; available at www.knf.gov.pl/en/).*

According to the information provided by the PFSA, the quality of banks' loan portfolios in the period between January and September 2009 deteriorated as indicated by the increase in non-performing and so called watch-list loan portfolios (*source:* "*Report on the Condition of Polish banks in the period of January — September 2009", Warsaw 2009; available at www.knf.gov.pl/en/*). Non-performing loan portfolios increased by 60.3% from PLN 26.6 billion at the end of 2008 to PLN 42.6 billion at the end of September 2009, and their share in total loan portfolio increased from 4.5% to 6.8%. During that same period, the amount of the so-called watch-list loan portfolio also increased from PLN 21.0 billion at the end of 2008 to PLN 29.7 billion at the end of September 2009, constituting an increase of 41.7%. The contribution of watch-list loans of the corporate sector amounted to PLN 23.2 billion, and the retail sector to PLN 6.5 billion. Respectively, watch-list portfolios of corporate loans increased by 65% from the level of PLN 14.1 billion, while the share of retail loans decreased by 4% from PLN 6.8 billion.

According to the information provided by the PFSA, the main reason for such a considerable decrease in the financial results was a more than a 100% increase in the negative balance of write-offs from PLN 5.3 billion in 2008 to PLN 12 billion in 2009 (in the first quarter net write-offs amounted to PLN 2.6 billion; in the second quarter — PLN 3.1 billion; in the third quarter — PLN 2.6 billion; and in the fourth quarter — PLN 3.7 billion) (*source: "Banking Sector Basic Information 12/2009"; available at www.knf.gov.pl/en/*). Consequently, write-offs accounted for 24.2% of the result on banking operations compared to 1.1% in the corresponding period of 2008. Such a high increase was caused by the deterioration of the financial condition of some of the clients resulting from the worsened macroeconomic situation, write-offs relating to foreign currency derivatives and capital investments in the countries of the region. A very high increase in write-offs is an indication of the impact of the global crisis on some of the borrowers but it also reveals poor risk management and an excessive expansion in the earlier periods.

In the Eurozone the total amount of write-offs and write-downs reached EUR 54.7 billion in 2009, which represents a 42.4% increase as compared to 2008, when write-offs and write-downs amounted to EUR 38.4 billion (the total amount of write-offs and write-downs for households, non-financial corporations and non-euro area residents). In 2009, write-offs and write-downs for households amounted to EUR 18.4 billion (including consumer credits in the amount of EUR 7.3 billion, lending for real estate purchase in the amount of EUR 3.9 billion, and other lending in the amount of EUR 7.2 billion), which represented a 31.4% increase as compared to 2008, when the amount of write-offs and write-downs equaled EUR 14.0 billion (including consumer credits in the amount of EUR 4.6 billion, lending for house purchase in the amount of EUR 2.7 billion, and other lending in the amount of EUR 6.7 billion). The amount of write-offs and write-downs for non-financial corporations increased to EUR 30.0 billion in 2009 as compared to EUR 17.8 billion in 2008, representing an increase of 68.5%. The total amount of write-offs and write-downs for non-euro area residents amounted to EUR 6.3 billion which represents a decrease of 4.5% as compared to 2008, when the credit write-offs and write-downs amounted to EUR 6.6 billion (*Source: "Monthly Bulletin, Monetary Statistics February 2010 Money and Banking Investment Funds," European Central Bank; available at www.ecb.int*).

The table below presents changes in credits granted to non-financial entities in the Eurozone (the ECB publishes data concerning all monetary financial institutions without differentiating between banks and other monetary financial institutions. Therefore, the data presented does not represent the same categories but refers merely to those closely similar to the PFSA's data) as at the dates indicated. In terms of loan activity, the Polish banking sector has not been as significantly affected by the downturn as the Eurozone sector.

	As of 31 December (EUR million)			Change (%)	
	2009	2008	2007	2009/2008	2008/2007
Loans to non-financial customers	**9,642,900**	**9,705,200**	**9,173,900**	**(0.64%)**	**5.79%**
to corporates	4,693,100	4,823,400	4,385,000	(2.70%)	10.00%
to households, including	4,949,800	4,881,800	4,788,900	1.39%	1.94%
- loans for house purchase	3,547,900	3,487,600	3,425,200	1.73%	1.82%

Source: "Monthly Bulletin, Monetary Statistics February 2010 Money and Banking and Investment Funds", ECB (available at www.ecb.int)

Deposits

The table below presents changes in the deposits taken from non-financial customers in Poland as at the dates indicated.

	As of 31 December (PLN million)			Change (%)	
	2009	2008	2007	2009/2008	2008/2007
Deposits taken from non-financial customers, including	**560,049**	**494,052**	**419,308**	**13.4%**	**17.8%**
- corporates	166,028	149,099	144,809	11.4%	3.0%
- households	379,671	330,762	262,400	14.8%	26.1%

Source: PFSA's Report "Banking Sector — Key Data 12/2009; (available on the official PFSA's website)

According to data provided by the PFSA describing the changes in the deposit amounts, the largest growth occurred in the household sector, where the deposits increased by 14.8 % primarily as a result of the "deposit war". In the corporate sector, the growth rate increased from 3.0% to 11.4%.

The table below presents changes in the deposits taken from non-financial customers in the Eurozone (ECB publishes data concerning all monetary financial institutions without differentiating between banks and other financial institutions. Therefore, the data presented does not concern the same categories but refers merely to those closely similar to the PFSA's data) as at the dates indicated. In terms of deposits, the Polish banking sector has also experienced higher dynamics than the Eurozone.

	As at 31 December (EUR million)			Change (%)	
	2009	2008	2007	2009/2008	2008/2007
Deposits taken from non-financial customers, including	**7,193,900**	**6,871,500**	**6,466,200**	**4.69%**	**6.27%**
- non financial corporations	1,603,700	1,502,900	1,477,200	6.71%	1.74%
- households	5,590,200	5,368,600	4,989,000	4.13%	7.61%

Source: Money, Banking and Investment Funds, ECB (available at www.ecb.int)

Intermediation

According to the data published by the GUS, intermediaries participated in 3.3 million credit and loan agreements in 2008 (a 8.5% decrease as compared to 2007) (*source: document dated 17 July 2009 "Activity of Credit Intermediation Companies in 2009"; available at www.gus.pl*). The share of large brokerage companies participating in the conclusion of the credit and loan agreements in 2009 totaled 76.7% (as opposed to 62.3% in 2008).

The table below presents the value and the structure of the credits and loan agreements that were concluded via intermediates.

	2007 (PLN million)	2008 (PLN million)
Cash credits	1,311	2,801
Cash loans	1,985	2,266
Installment credits	3,878	3,284
Credit cards	52	111
Mortgage credits	5,248	14,737
Car credits	557	591
Consolidation credit	24	287
Other	8	48
Total	13,065	24,125

Source: "The Activity of Credit Intermediaries in 2008" Warsaw, 17 July 2009; available at www.gus.pl.

Financial Results

In the period from January to December 2009, the net financial result of the banking sector amounted to PLN 8,708 million, representing a decrease of 36.2% (PLN 4,950 million) as compared to that same period in 2008, when it amounted to PLN 13,658 million.

The share of irregular claims (official term in Poland) to non-financial customers increased from 4.5% in 2008 to 7.6% in 2009, which represent an increase of 3.1% percentage points (s*ource: "Banking Sector Basic Information 12/2009"; available at www.knf.gov.pl/en/*).

The table below presents earnings and the effectiveness ratio in the banking sector as at the dates indicated.

	As at 31 December (PLN million)			Change (%)	
	2009	2008	2007	2009/2008	2008/2007
Net income from banking activity, of which	**49,517**	**48,311**	**41,394**	**2.5%**	**16.7%**
- net interest income	28,516	30,089	24,313	(5.2%)	23.8%
- net non-interest income (fees)	12,368	11,512	11,009	7.4%	4.6%
- net non-interest income (equities)	1,735	1,505	967	15.3%	55.6%
- net non-interest income (financial operations)	3,865	(757)	1,439	—	—
- net non-interest income (FX)	3,032	5,962	3,667	(49.1%)	62.6%
Net income/expense on other operating activity	676	1,011	1,096	(33.1%)	(7.8%)
General expense of which	24,943	24,850	21,747	0.4%	14.3%
- personal expenses	13,536	13,818	12,250	(2.0%)	12.8%
Depreciation	2,533	2,339	2,296	8.3%	1.9%
Net movement in provisions and valuation allowances	12,004	5,322	1,716	125.6%	210.1%
Pre-tax earnings	10,715	16,787	16,726	(36.2%)	0.4%
Net earnings	8,708	13,658	13,674	(36.2%)	(0.1%)
Share of irregular claims on non-financial customers %	7.6%	4.5%	5.2%	—	—

Source: PFSA's Report: "Banking Sector-Basic Information 12/2009"; (available at www.knf.gov.pl)

Despite the financial crisis of 2009, the Polish banking sector reported income from banking activity in the amount of PLN 49.5 billion, which represents an increase of 2.5% as compared to 2008. Net interest income decreased by 5.2% as compared to 2008, while net income on fees and commissions increased by 7.4%. Net non-interest income (equities) has increased by 15.3%. In 2009 the banking sector experienced a substantial growth of income from financial operations. At the same time income from foreign exchange transactions decreased by almost 50%.

A tendency to reduce the costs of the banking activity has also been noticeable in the banking sector (source: PFSA's report: "*Banking sector-basic information 12/2009*", available at www.knf.gov.pl/en/).

The table below presents performance ratios in the banking sector for the periods indicated.

(%)	Period from January to September		
Performance	**2009**	**2008**	**2007**
Net interest margin	2.7	3.5	3.3
Cost-income ratio	54.6	52.0	54.6
ROA	1.2	2.5	2.0
ROE	11.8	26.1	26.2
Average gross monthly salary (PLN)	5,261.8	5,235.7	4,868.2
Assets / 1 employee (PLN thousand)	5,958.1	4,917.2	4,737.1
Gross profit (loss) / 1 employee (PLN thousand)	48.6	86.5	78.6

Source: "Report Information on the Condition of Polish banks in the Period of January — September 2009" PFSA (available at www.knf.gov.pl/en)

The interest margin decreased due to the financial crisis and deposit war. Profitability ratios (e.g. ROE, ROA, gross result per one employee) decreased sharply due to a substantial increase in the risk management costs.

Liquidity

At the end of September 2009, 13 banks (3 commercial banks, 1 branch of credit institution and 9 cooperative banks) did not comply with Resolution 386/2008 of the PFSA on establishing mandatory standards for bank liquidity. However, their total share in the banking sector assets amounted to merely 0.3% *(source: "Report Information on the Condition of Polish banks in the period of January-September 2009, PFSA").*

Trends in the Polish Banking Sector

The following trends in the Polish banking sector have been observed by the Bank:

- The Bank expects that the growth rate of household deposits in 2010 will decrease from 15.3% at the end of 2009 to approximately 8% in the first half of 2010, and stabilize at this level by the end of 2010.

This will be associated with a deterioration in labor market conditions leading to a decrease in wages and a continued growth of unemployment in the first half of 2010 representing the deferred effect of the current economic downturn. The growth rate of deposits will also be limited by the continued inflow of cash to investment funds (with the balance of payments and withdrawals remaining positive since mid 2009) and further large initial public offerings on the WSE in the intensified privatization process of state-owned companies.

- It is estimated that the average annual growth rate of corporate deposits in 2010 will be approximately 10%, as compared to 4.5% in 2009. The growth of corporate deposits accelerated and should further accelerate in 2010, driven by major improvements in the financial results of companies (increase by 18.5% compared to the third quarter of 2009), due to the economic recovery.

- The limited availability of long-term bank lending combined with high credit risk may lead to a moderate increase in the lending activity in 2010. In addition, the volume of loans will likely be affected by the appreciation of the PLN as the value of foreign exchange loans will decrease (in particular, housing credits). It is expected that the lending activity will pick up in the second half of 2010 when the Polish economy grows more strongly and the credit risk declines.

- The Bank expects that retail loans will grow by approximately 6% in 2010, as compared to 12.0% in 2009. New lending to corporate customers will decrease more rapidly, following the decrease that was reported at the end of 2009. The annual growth rate of corporate loans is expected to remain negative for most of 2010 but it shall turn positive at the end of 2010 (with expected growth of approximately 4% at the end of 2010).

- The Bank expects that as a delayed effect of the financial crisis the quality of loan portfolios will continue to deteriorate in 2010.

- Further growth is expected in the distribution market, in particular in the internet and other intermediary distribution markets.

- In 2010, the Bank expects GDP growth to accelerate significantly to approximately 3% as compared to an estimated 1.8% in 2009. In the coming months, consumption should be relatively stable with a tendency to increase slightly later in the year. The Bank expects that the consumption growth will be gradually limited by a delayed effect of deterioration in the labour market and a decrease in wages. The situation in the labour market is expected to improve only in the second half of the year, when companies hire new staff, which is expected to consequently increase private consumption. The situation in the labour market is expected to be largely dependent on the outlook of both domestic and foreign demand.

- In terms of domestic demand, a decrease in the trend to reduce inventories (observed especially in the third quarter of 2009) is a positive signal. Inventories are expected to gradually increase in the coming months as the market grows. Another important factor is the expected increase in infrastructure investments, which the Ministry of Finance expects to total approximately PLN 12 billion. The level of foreign direct investments should be another key factor driving domestic demand. This part of investment demand is difficult to forecast because it depends on global sentiment and risk aversion. Provided that the global risk aversion decreases, it is expected that the inflow of foreign direct investment to Poland to reach the average level close to that observed in the past years. Private investments are another important category. Slow growth in 2010 is expected as supplies are replenished. However, assuming that the production capacity is utilized at 77% with limited new lending, private investments cannot be expected to grow sharply. If the investments were to grow significantly, this will happen at the expense of an increased negative contribution of net exports, due to growing imports.

- The inflation path should be "V"-shaped. The consumer price index is expected to decrease in the first half of 2010, approaching the floor of the NBP inflation target band, mainly due to the strong effect of a high statistical base of the previous year (prices grew sharply month to month in early 2009 due to a strong PLN depreciation). In the second half of 2010, the consumer price index is expected to rebound quickly as inflation pressure mounts due to growing consumption and the disappearance of the base effect. The outlook of high inflation in the second half of 2010 and the improving economy may encourage the Monetary Policy Council to raise interest rates still this year (in the third quarter of 2010). According to the Bank, the NBP reference rate is expected to increase to 4.0% by the end of 2010, as compared to 3.5% at the end of 2009.

The Bank expects that continued economic growth will boost the Bank's activity in 2010. Growth is expected both in the Retail Banking and Corporates and Markets segments. The Bank expects that this trend, supported by efficient cost management and prudent risk management, will be reflected in 2010 financial results.

Legal Environment

Banking Activities

Engaging in banking activities in Poland requires a permit from the PFSA and is subject to several regulatory requirements.

Undertaking and engaging in banking activities in Poland is primarily regulated by the provisions of the Banking Law which, among other things, specifies:

- the terms and conditions for engaging in banking activities and related activities;
- the terms and conditions for granting permits related to engaging in banking activities;
- the specific rights and obligations of banks;
- the terms and conditions for establishing and organizing banks;
- the terms and conditions for the bank's fund, equity and finance management;
- interest in a bank's capital (acquisition and disposal of shares in banks); and
- the terms and conditions for exercising banking supervision.

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 bank secrets. 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 organizational resources which ensure the protection of personal data against unauthorized processing, including making it available to third parties.

The Bank must also comply with the regulations on counteracting the admittance of financial assets that are derived from illegal or undisclosed sources to financial trading and counteracting the financing of terrorism (so-called "money laundering").

Some 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 entered into by banks with their customers are subject to detailed regulations. Appropriate regulations protecting consumer rights impose many obligations on banks related to the conclusion of agreements with customers (i.e. individuals who do not engage in business or professional activities in their own name). One of the key obligations is the ban on including prohibited provisions in such agreements, in particular provisions that are not individually agreed and that form the rights and obligations of a customer in a manner contrary to good practices, grossly violating the customer's interests.

Banking Supervision Exercised by the Polish Financial Supervision Authority

In Poland, banking supervision is currently exercised by the PFSA and covers in particular:

- assessing the financial position of banks, including analyzing 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 broad competences and legal instruments which enable it to carry out supervision over banks (including the possibility to conduct inspections), which in particular include:

- granting permits for establishing banks, amending the articles of association, appointing two management board members (including the chairman), taking up or acquiring a bank's shares which cause a specific threshold in the total number of voting rights at the general shareholders' meeting to be exceeded;

- supervising the banks' compliance with the relevant legal regulations and the provisions of their articles of association and internal regulations;

- monitoring the financial condition of banks and determining binding prudence standards and other standards for risk acceptable in the banks' operations;

- issuing recommendations concerning best practices for the prudent and stable management of banks;

- issuing recommendations to the banks concerning taking or refraining from specific actions;

- imposing penalties and specifying other remedies in a situation where the regulations relating to banking operations have been violated, including in particular imposing fines, suspending members of the management board, restricting the scope of the bank's operations and revoking permits for engaging in banking operations; and

- putting a bank into receivership.

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 counteracting 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 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 Offering Memorandum, funds up to the amount equivalent to EUR 50,000 are fully covered by the guarantee system. Funds deposited in particular by government administration authorities, other banks, financial 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 to secure and claim their fees. The most important of these are:

- bank deductions allowing the bank to deduct from its debt fees which have not yet become due if the debtor entity was declared insolvent and in all other instances when the bank is entitled to collect its fees before they become due; the deduction cannot cover the portion of the bank's fees constituting the subject matter of executory proceedings with respect to tax liabilities; deductions are also subject to other restrictions stemming from the provisions of law;

- securitization consisting of a bank's entitlement to transfer its receivables to another entity the purpose of which is to issue securities (an issuing entity); the receivables transferred constitute a fund for the issuing entity from which it will cover the claims of the securities' owners in the future; in return for the transfer of the dues, the bank receives funds raised from the securities issue; and

- the bank executory title entitling the bank to demand that its customers sign representations on voluntary subjection to executory proceedings on the basis of the bank's executory title; in accordance with the representations, the bank may issue a bank executory title in the event that the bank's fees resulting from banking activities and covered by the title are due; after a court has granted an enforcement clause, the bank may request that the court bailiff commence executory proceedings.

GENERAL INFORMATION ON THE COMPANY

Introduction

Name:	BRE Bank Spółka Akcyjna
Legal form:	joint-stock company established and operating under the 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

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.

The Bank was registered in the commercial register on 23 December 1986 under RHB number 14036. 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. The new name of the Bank was registered on 23 March 1999. On 11 July 2001, the District Court in Warsaw issued a decision to enter the Bank in the Register of Business Entities of the National Court Register with the KRS number 0000025237. 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 organization 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 § 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 Article § 6 of the Articles of Association. In accordance with § 6 of the Articles of Association, in order to accomplish the tasks specified in § 5 of the Bank's Articles of Association, the Bank performs the following:

- banking operations: (a) accepting cash deposits payable on request or within certain time limits and operating the accounts of such deposits; (b) operating other bank accounts; (c) performing bank financial settlements; (d) extending financial credits and loans; (e) performing check and bill of exchange operations and operations with warrants; (f) extending and confirming sureties; (g) extending and confirming bank guarantees and opening and confirming letters of credit; (h) intermediating in effecting money transfers and settlements made in foreign exchange dealings; (i) issuing bank securities; (j) performing operations ordered by third parties related to issuing securities; (k) taking valuables and securities into deposit, and making safe deposit boxes available to customers; (l) performing forward financial transactions; (m) purchasing and selling monetary receivables; (n) performing the functions of a representative bank as stipulated in the Law of 29 June 1995 on Bonds (*Journal of Law* of 2001, No. 120, item 1300, with subsequent amendments); (o) purchasing and selling foreign exchange values; (p) issuing payment cards and performing operations using such cards;

- other operations: (a) providing consulting and advisory services in financial matters; (b) purchasing or acquiring shares and rights, shares of another legal entity and purchasing participation units and investment certificates in investment funds; (c) carrying out acquisition activities on behalf of pension funds; (d) acting as depositary within the meaning of the provisions of the Act of 28 August 1997 on the Organization and Operation of Pension Funds (Journal of Laws of 2004, No. 159, item 1667, as amended); (e) acting as depositary in accordance with the provisions of the Act on Investment Funds; (f) performing activities consisting of accepting purchase and re-purchase orders and subscriptions for participation units or investment certificates in investment funds; (g) managing registers of members of pension funds and investment funds; (h) operating as an insurance agent; (i) acquiring and disposing of real estate; (j) converting debt into the debtor's assets, under the terms and conditions arranged with the debtor, to the extent permitted by the Banking Law; (k) performing brokerage activities to the extent of accepting and transferring orders to buy or to sell financial instruments; (l) trading in securities, providing custody services, including maintaining securities accounts, as well as executing activities related to providing custody services; (m) issuing securities other than bank securities; (n) operating as an agent in the scope of leasing and factoring activities; (o) acting as paying agent in accordance with the provisions of the Act on Investment Funds.

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 (Journal of Laws No. 169, item 1385, as amended).

The amendments to the Bank's Articles of Association described above required the obtaining of a permit from the Polish Financial Supervision Authority by the Bank and registering these amendments at the commercial register with jurisdiction over the Bank.

The Group

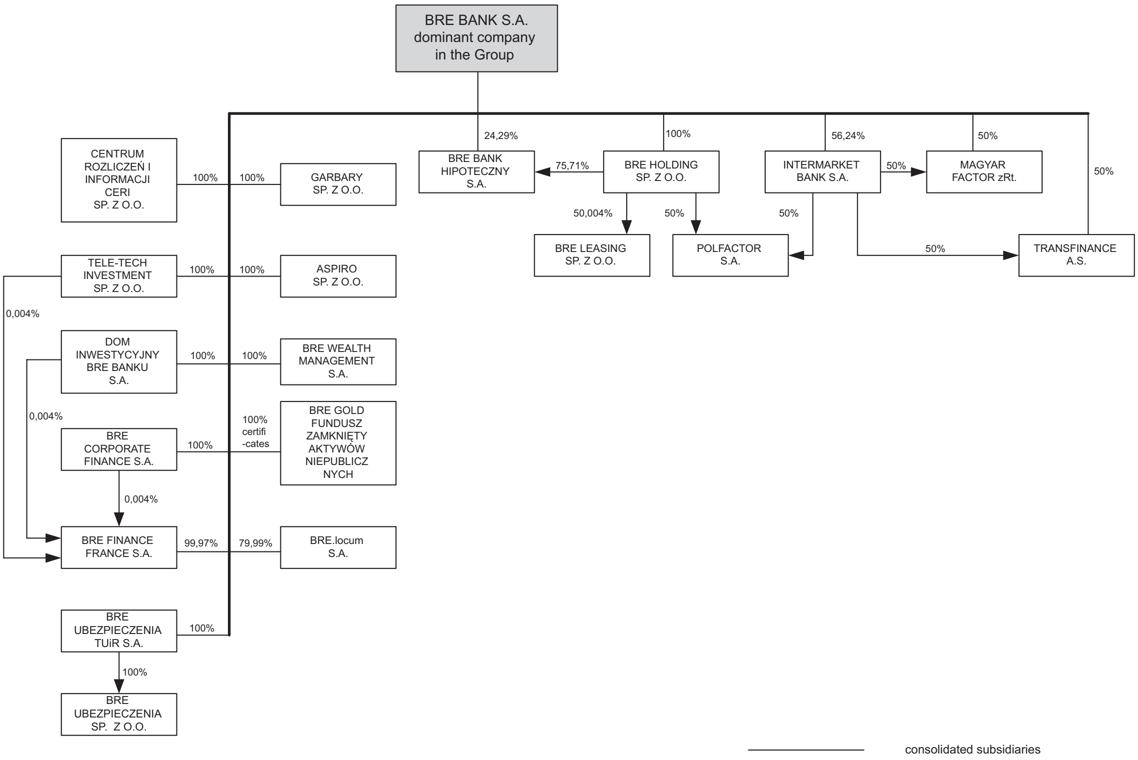
General Information

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 business lines (corporate and financial markets, and retail), which were established or acquired to expand the Bank's offer in respect of its customers;

- other — in respect of 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 the Offering Memorandum.



Source: Bank

The Bank is member of the Commerzbank Group. Detailed information on the Bank's position within the Commerzbank Group is included in the section "*Major Shareholders — The Bank's Position in the Commerzbank Group*".

The Bank's Significant Subsidiaries

Introduction

General information on the Bank's material subsidiaries is presented below. All material subsidiaries referred to below were included in the 2009 Consolidated Financial Statements.

BRE Bank Hipoteczny

The Bank holds, directly and indirectly, via its subsidiary BRE Holding, shares representing 100% of the share capital of BRE Bank Hipoteczny, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	BRE Bank Hipoteczny S.A. (joint-stock company)
Registered office and address:	Warsaw; Aleja Armii Ludowej 26, 00-609 Warsaw
Share capital:	PLN 175,000,000
Core activities:	extending mortgage loans to finance commercial property, development projects and projects for local authorities, and issuing mortgage and public bonds

BRE Corporate Finance

The Bank holds shares representing 100% of the share capital of BRE Corporate Finance, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	BRE Corporate Finance S.A. (joint-stock company)
Registered office and address:	Warsaw; ul. Wspólna 47/49, 00-684 Warsaw
Share capital:	PLN 1,500,000
Core activities:	mergers and acquisitions, privatizations, strategic advisory services and finance raising advisory services, including through the issuance of shares on public and private markets

BRE Holding

The Bank holds shares representing 100% of the share capital of BRE Holding, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic 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 1,000,000
Core activities:	special purpose entity established in connection with restructuring within the Group; it holds 50.004% shares of BRE Leasing Sp. z o.o., 50% shares in Polfactor and 75.71% shares in BRE Bank Hipoteczny

BRE Leasing

The Bank holds, indirectly via its subsidiary BRE Holding Sp. z o.o., shares representing 50.004% of the share capital of BRE Leasing, which entitles it to exercise 50.004% of the total number of voting rights at the general shareholders' meeting of this company.

Basic 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

The Bank holds shares representing 100% of the share capital of DI BRE, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	Dom Inwestycyjny BRE Banku S.A. (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

The Bank holds shares representing 100% of the share capital of Garbary, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic 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, on which a complex of meat-processing plant buildings, which are currently not in operation, is located

Intermarket Bank

The Bank holds shares representing 56.24% of the share capital of Intermarket Bank, which entitles it to exercise 56.24% of the total number of voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	Intermarket Bank AG
Registered office and address:	Marokkanergasse 7, A-1031 Vienna, Austria
Share capital:	EUR 2,543,549.20
Core activities:	factoring — finance factoring (granting financing secured with dues purchased) and full finance (a service consisting of financing plus a number of additional services in the area of administration and collection of amounts due)

Magyar Factor

The Bank holds shares representing 50% of the share capital of Magyar Factor, which entitles it to exercise 50% of the total number of voting rights at the general shareholders' meeting of this company. The remaining 50% shares of the company are held by Intermarket Bank AG.

Basic information:

Name and legal form:	Magyar Factor zRt.
Registered office and address:	Dohany ut.14,1074 Budapest, Hungary
Share capital:	HUF 400,000,000
Core activities:	services in the area of domestic, export and import factoring

Polfactor

The Bank holds, indirectly via its subsidiary BRE Holding Sp. z o.o., shares representing 50% of the share capital of Polfactor, which entitles it to exercise 50.01% of the total number of voting rights at the general shareholders' meeting of this company. The remaining shares are held by Intermarket Bank.

Basic information:

Name and legal form:	Polfactor S.A. (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

The Bank holds shares representing 50% of the share capital of Transfinance, which entitles it to exercise 50% of the total number of voting rights at the general shareholders' meeting of this company. The remaining 50% shares of the company are held by Intermarket Bank.

Basic 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:	purchase of dues and intermediation in collecting the amounts due

Tele-Tech Investment

The Bank holds shares representing 100% of the share capital of Tele-Tech Investment, which entitles it to exercise 100% of the total number of voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	Tele-Tech Investment Sp. z o.o. (limited liability company)
Registered office and address:	Warsaw; ul. Senatorska 18a/4.50, 00-950 Warsaw
Share capital:	PLN 50,000
Core activities:	investing funds in securities and trading in dues, transactions in securities on own account, managing controlled enterprises, management and business advisory services

BRE GOLD FIZ Aktywów Niepublicznych

The Bank holds all investment certificates issued by the Fund.

Basic 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 S.A. as the entity managing the Fund)
Share capital:	—
Core activities:	the Fund's major asset is a block of 651,660 shares in Powszechny Zakład Ubezpieczeń S.A. which previously had been held directly by the Bank

BRE Finance France

The Bank holds shares representing 99.98% of the share capital of BRE Finance France, which entitles it to exercise 99.98% of the total number of voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	BRE Finance France S.A.
Registered office and address:	8/10 Rue Pierre Brossolette, 92309 Levallois Perret 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 (formerly emFinanse Sp. z o.o.)

The Bank holds shares representing 100% of the share capital of Aspiro, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	Aspiro Sp. z o.o. (formerly emFinanse Sp. z o.o.) (limited liability 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

The Bank holds shares representing 100% of the share capital of BRE Wealth Management, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	BRE Wealth Management S.A. (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

The Bank holds shares representing 100% of the share capital of BRE Ubezpieczenia TUiR, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (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

The Bank holds, indirectly via its subsidiary BRE Ubezpieczenia TUiR, shares representing 100% of the share capital of BRE Ubezpieczenia, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic 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

CERI

The Bank holds shares representing 100% of the share capital of CERI, which entitles it to exercise 100% of the voting rights at the general shareholders' meeting of this company.

Basic information:

Name and legal form:	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 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.

Basic information:

Name and legal form:	BRE.locum S.A. (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

RELATED PARTY TRANSACTIONS

Introduction

The Bank is the dominant entity of the Group. Commerzbank is the ultimate parent of the Bank. The direct dominant entity of the Bank is Commerzbank Holding, which is a wholly-owned subsidiary of Commerzbank.

The Bank enters into and intends to enter into transactions in the future within the meaning of IAS 24 "Related party disclosures" (Annex to Commission Regulation (EC) No. 1126/2008 of November 3, 2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, as amended by Commission Regulation (EC) No 1274/2008 of December 17, 2008 amending Regulation (EC) No. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard IAS 1).

The Group conducts related party transactions with the following related parties:

- transactions with subsidiaries, eliminated on consolidation pursuant to item 4 of IAS 24;
- transactions with Commerzbank;
- transactions between the Group and members of the Management and Supervisory Board.

Transactions of the Bank with Subsidiaries and Commerzbank

General Information

All transactions were typical, were entered into on market terms and conditions, and the terms and conditions resulted from the current operating activities of the Bank. The related party transactions conducted within the ordinary course of operating activities mainly include granting loans, issuing bank guarantees, underwriting services and arrangement of debt issuance provided by the Bank with respect to securities issued by its related parties, accepting deposits and entering into foreign currency transactions, as well as specialized services provided to the Bank by related parties (i.e. loan solicitation, insurance services, handling of settlements).

Some companies from the Group provide services to the Bank. Profits generated from transactions between the Bank and its subsidiaries as well as any intragroup transactions are eliminated on consolidation. Losses are also eliminated, unless the transactions provide evidence that the asset subject to transfer is impaired.

Information on the transactions concerning financing of the Group by Commerzbank are included in the section *"Business Description — Material Contracts"*.

From 1 January 2010 to the Date of This Offering Memorandum

Credit Agreement of 28 January 2010 with BRE Bank Hipoteczny

In accordance with a credit agreement of 28 January 2010, the Bank granted a loan in a total amount of EUR 200 million to BRE Bank Hipoteczny. Proceeds from the loan will be allocated and used to finance ongoing operations of BRE Bank Hipoteczny. The loan will be repaid in tranches maturing two years following the draw down date. The final tranche is to be repaid on 29 June 2012. The interest rate on the loan is based on the one-, three- or six month EURIBOR plus the Bank's margin. The agreement has standard termination clauses for such agreements.

Issue of Bonds with the Priority Right

On 17 February 2010, the Bank issued 550,000 registered bonds series C 1-10 with a nominal value of 0.01 PLN, with the priority right to acquire ordinary bearer shares of the Bank ("Bonds"). The purpose of the issue is the implementation of the incentive program for members of the Management Board of the Bank under Resolution No. 20 and 21 of the General Shareholders' Meeting of the Bank dated 14 March 2008 (for detailed information regarding the incentive program, see *"Management and Supervisory Corporate Authorities — Shares and Share Options — Share Options — 2008 Incentive Program for the Management Board Members"*). Bonds were issued as dematerialized bonds. The Bonds are zero-coupon bonds. The Bonds for which the priority right to acquire shares was exercised will be redeemed by the Bank within 30 (thirty) days following the day on which the bondholder files a statement to acquire shares. If the deadline for redemption of the Bonds falls subsequent to 31 December 2018, the Bonds will be redeemed on 31 December 2018. The Bonds will be redeemed at maturity through payment of an amount equal to the nominal value of each Bond. If the Bank is transformed or liquidated, all the Bonds will be redeemed immediately on the date on which the decision to register the transformation of the Bank becomes final and valid or on the date on which the liquidation of the Bank is commenced respectively. In such a case, the right to acquire shares expires on the date of transformation or liquidation of the Bank. The Bonds are not secured. The Bank does not intend to establish security for the Bonds. Each Bond entitles its holder to acquire one share. The priority right to acquire the shares will be exercised at the issue price of PLN 4 (four) per share, equal for each share.

The Bonds were acquired in whole by DI BRE. The acquisition of the Bonds took place by allocation of the Bonds to DI BRE acting as a custodian. DI BRE acquired the Bonds as a result of the implementation of the program in order to offer them to the entitled persons.

Annex of 4 March 2010 to Revolving Credit Agreement between the Bank and Polfactor

Based on the Annex of 4 March 2010 to the revolving credit agreement entered into between the Bank and Polfactor in 2009, the original credit amount was reduced (from PLN 370 million to PLN 270 million).

Annex of 17 March 2010 to Agreement on Co-operation Terms regarding Bank Guarantees and Acceptance of Promissory Notes between the Bank and BRE Corporate Finance

Based on the Annex of 17 March 2010 to the agreement on co-operation terms regarding bank guarantees and acceptance of promissory notes entered into in 2002, the Bank granted to BRE Corporate Finance a guarantee line to 31 March 2014.

Loan agreement of 17 March 2010 between the Bank and BRE Corporate Finance

Based on the agreement of 17 March 2010, the Bank granted to BRE Corporate Finance a current account loan up to PLN 800 thousand. Proceeds from that loan will be designated for financing current operations of BRE Corporate Finance. BRE Corporate Finance may incur debt under the granted loan in the period from 31 March 2010 to 30 March 2011. The Bank will charge interest at variable interest rate calculated annually from the amount of loan which has been used. The amount of interest will be equal to the variable WIBOR rate for overnight deposits increased by the Bank's commission. The agreement sets forth standard terms and conditions for these types of agreements.

Financial Years 2007-2009

The tables below present information on transactions concluded between the Bank and its subsidiaries and Commerzbank for the periods indicated.

Financial Year Ended 31 December 2009

	Statement of Financial Position		Separate Income Statement				Contingent commitments granted and received	
Company's name	Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	(PLN thousands)							
Subsidiaries								
Ambresa Sp. z o.o.	—	688	—	—	2	—	—	—
Aspiro Sp. z o.o.*	4,451	19,879	—	—	—	(41,311)	—	—
BRE Bank Hipoteczny S.A.**	940,697	6,765	52,386	—	—	—	268,679	—
BRE Corporate Finance S.A.	—	—	—	—	—	—	—	—
BRE Finance France S.A.	—	—	—	(1,517)	—	—	—	—
BRE Holding Sp. z o.o.	—	2,621	—	—	—	—	—	—
BRE Leasing Sp. z o.o.**	995,364	33,279	12,879	(2,658)	—	—	120,655	—
BRE.locum S.A.	116,676	—	7,941	—	—	—	68,000	—
BRELINVEST Sp. z o.o. Fly 2 sp.k.	—	775	—	(3)	1	—	—	—
BRE Systems Sp. z o.o.***	—	2,469	17	(2)	30		1,000	—
BRE Ubezpieczenia TUiR S.A.****	11,254	26,148	—	—	65,204	(8,949)	—	—
BRE Wealth Management S.A.	—	6,947	—	—	—	—	—	—
Centrum Rozliczeń i Informacji CERI Sp. z o.o.	22,780	16,578	—	—	—	(26,353)	—	—
Dom Inwestycyjny BRE Banku S.A.	15,095	514,156	—	(22,403)	13,266	(7,853)	30,673	—
Garbary Sp. z o.o.	—	—	—	—	—	—	6,300	—
Polfactor S.A.**	382,191	48,726	15,495	—	—	—	82,565	—
Tele-Tech Investment Sp. z o.o.	57,274	—	6,460	—	—	—	—	—
Commerzbank	311,900	19,394,631	13,019	(314,090)	—	—	782,779	171,656

* *Former emFinanse Sp. z o.o.*

** *Bank holds shares in the companies through BRE Holding, a 100% subsidiary.*

*** *Former Service Point Sp. z o.o.*

**** *Former BRE Ubezpieczenia TU S.A.*

Source: the Bank

Financial Year Ended 31 December 2008

Company's name	Statement of Financial Position		Separate Income Statement				Contingent commitments granted and received	
	Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	(PLN thousands)							
Subsidiaries								
Ambresa Sp. z o.o.	—	847	—	—	2	—	—	—
BRE Bank Hipoteczny S.A	696,622	56,877	37,093	—	—	—	269,046	—
BRE Corporate Finance S.A.	—	—	—	—	—	—	1,573	—
BRE Finance France S.A.	—	17,577	—	(18,993)	—	—	29,980	—
BRE Holding Sp. z o.o.	—	11,743	—	—	—	—	—	—
BRE Leasing Sp. z o.o.*	206,293	46,229	11,030	(2,738)	—	—	102,375	—
BRE Ubezpieczenia TU S.A.	16,776	38,933	—	—	121,032	(11,338)	—	—
BRE Wealth Management S.A.	—	3,972	—	—	1,881	—	—	—
BRE.locum S.A.	151,109	—	9,881	—	—	—	28,000	—
BRELINVEST Sp. z o.o. Fly 2 sp.k.	—	715	—	(1)	1	—	—	—
Centrum Rozliczeń i Informacji CERI Sp. z o.o.	20,000	37,937	—	—	—	(26,352)	3,000	—
Dom Inwestycyjny BRE Banku S.A.	—	299,009	—	(21,468)	7,302	(3,961)	50,000	—
emFinanse Sp. z o.o.	—	—	—	—	—	(4,496)	—	—
Intermarket Bank AG	—	—	3,889	—	—	—	—	—
Polfactor S.A.*	347,181	3,464	19,614	—	—	—	53,232	—
BRE Systems sp z o.o.**	—	150	9	(6)	17	—	1,000	—
Tele-Tech Investment Sp. z o.o.	51,972	—	5,563	—	—	—	—	—
Associates								
Xtrade S.A.	—	34	—	(4)	7	—	—	—
Commerzbank	1,834,878	24,587,002	38,424	(549,414)	—	—	580,504	557,636

* *Bank holds shares in the companies through BRE Holding, a wholly owned subsidiary*

** *Former Service Point Sp. z o.o.*

Source: the Bank

Financial Year Ended 31 December 2007

Company's name	Statement of Financial Position		Separate Income Statement				Contingent commitments granted and received	
	Receivables	Liabilities	Interest income	Interest cost	Commission income	Commission cost	Commitments granted	Commitments received
	(PLN thousands)							
Subsidiaries								
Ambresa Sp. z o.o.	—	354	—	—	2	—	—	—
BRE Bank Hipoteczny S.A.	425,374	27,769	6,625	—	—	—	16,189	—
BRE Corporate Finance S.A.	—	3,195	—	—	—	—	—	—
BRE Finance France S.A.	—	731,809	—	(64,423)	—	—	740,733	—
BRE Holding Sp. z o.o.	—	98	—	—	—	—	—	—
BRE Leasing Sp. z o.o.	174,441	52,692	9,737	(5,944)	—	—	25,000	—
BRE Ubezpieczenia TU S.A.	—	8,383	—	(121)	2	—	—	—
BRE Wealth Management S.A.	—	3,712	—	—	2,307	—	—	—
BRE.locum S.A.	82,475	1,938	2,842	—	—	—	18,500	—
BRELINVEST Sp. z o.o. Fly 2 sp.k.	—	1	—	(8)	1	—	—	—
BREL-MAR Sp. z o.o.	—	1	—	—	1	—	—	—
Centrum Rozliczeń i Informacji CERI Sp. z o.o.	3,465	12,684	—	—	—	—	16,535	—
Dom Inwestycyjny BRE Banku S.A.	3,939	581,333	—	(21,808)	13,995	(6,447)	70,000	—
emFinanse Sp. z o.o.	6,803	—	—	—	—	(6,082)	—	—
Garbary Sp. z o.o.	3,000	2,138	—	—	—	—	—	—
Intermarket Bank AG	82,386	—	4,377	—	—	—	—	—
Polfactor S.A.	234,968	—	13,272	—	—	—	165,032	—
PTE Skarbiec Emerytura S.A.	—	4,055	—	—	—	—	—	—
ServicePoint Sp. z o.o.	155	74	1	(14)	10	—	345	—
Tele-Tech Investment Sp. z o.o.	38,978	—	3,867	—	—	—	—	—
Associates								
Xtrade S.A.	—	61	—	(4)	7	—	—	—
Commerzbank	387,525	9,861,963	25,838	(246,096)	—	—	54,308	106,369

Source: the Bank

Other Transactions

Agreement of 13 October 2009 Regarding the Branch of Dresdner Bank AG in Poland

On 13 October 2009, the Bank and Commerzbank concluded an agreement on terms and procedures for sale of the banking enterprise of the Commerzbank AG Spółka Akcyjna Branch in Poland (former branch of Dresdner Bank AG in Poland) to the Bank.

Conditional Enterprise Sale Agreement to Sell Commerzbank AG Spółka Akcyjna Branch in Poland of 29 April 2010

On 29 April 2010 the Bank and Commerzbank entered into an agreement in which Commerzbank committed to sell and the Bank committed to purchase the banking business of Commerzbank AG Spółka Akcyjna Branch in Poland (previously a branch of Dresdner Bank AG in Poland) ("Branch"). The effective transfer should take place in Q4 2010 on the basis of a definite sale agreement transferring the Branch that is to be executed by the Bank and Commerzbank. The value of the Branch's banking business has been established at PLN 16.8 million. The final selling price is to be determined in the definite agreement but it should not exceed this amount.

Transactions with the Members of the Supervisory Board and Management Board

Remuneration

Management Board

Detailed information regarding the remuneration paid to the Management Board members (in a breakdown on each member) for the year ended 31 December 2009 and for the period from 1 January 2010 to the date of this Offering Memorandum are included in *"Management and Supervisory Corporate Authorities — Remuneration and Other Benefits — Management Board"* in this Offering Memorandum.

The following table presents information regarding the value of remuneration, awards and other benefits paid and due to members of the Bank's Management Board in office at the end of 2008 — as at 31 December 2008 and 31 December 2007.

Remuneration paid in 2008 (PLN)	Base salary	Other benefits*	2007 bonus
Mariusz Grendowicz	1,425,000	45,954	—
Wiesław Thor	1,341,250	117,347	2,583,000
Przemysław Gdański	142,105	5,402	—
Karin Katerbau	384,478	29,242	—
Bernd Loewen	1,110,726	107,912	2,400,000
Jarosław Mastalerz	1,103,750	146,988	999,375
Christian Rhino	970,988	129,057	—
Total	**6,478,297**	**581,902**	**5,982,375**

* *With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens, this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.*

Source: 2008 Consolidated Financial Statements

The following table presents information regarding the members of the Bank's Management Board who vacated their positions in 2008.

Remuneration paid in 2008 (PLN)	Base salary	Other benefits*	2007 bonus
Sławomir Lachowski	659,730	1,995,417	4,300,000
Jerzy Józkowiak	433,571	1,565,502	2,583,000
Andre Carls	543,240	26,063	—
Reiner Ottenstein	168,878	32,425	2,400,000
Janusz Wojtas	420,393	466,353	2,583,000
Total	**2,225,812**	**4,085,761**	**11,866,000**

* *With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens, this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.*

Source: 2008 Consolidated Financial Statements

Remuneration paid in 2007 (PLN)	Base salary	Other benefits*	2006 bonus
Sławomir Lachowski	1,200,000	95,000	3,930,395
Jerzy Józkowiak	738,000	39,145	2,355,693
Bernd Loewen	681,522	201,847	2,298,237
Jarosław Mastalerz	307,500	36,838	—
Reiner Ottenstein	681,522	242,870	2,298,237
Wiesław Thor	738,000	53,781	2,355,693
Janusz Wojtas	738,000	53,781	2,083,157
Total	**5,084,544**	**723,262**	**15,321,412**

* *With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens, this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.*

Source: 2008 Consolidated Financial Statements

Supervisory Board

Detailed information regarding the remuneration paid to the Supervisory Board members (in a breakdown on each member) for the year ended 31 December 2009 and for the period from 1 January 2010 to the date of this Offering Memorandum are included in *"Management and Supervisory Corporate Authorities — Remuneration and Other Benefits — Supervisory Board"* in this Offering Memorandum.

The following table presents information regarding the value of remuneration, awards and other benefits paid and due to members of the Bank's Supervisory Board as at 31 December 2008 and 31 December 2007.

	Remuneration paid in 2008 (PLN)	Remuneration paid in 2007 (PLN)
Maciej Leśny	315,000	315,000
Andre Carls	86,864	—
Jan Szomburg	231,000	231,000
Teresa Mokrysz	132,000	132,000
Waldemar Stawski	156,750	—
Michael Schmid	198,000	198,000
Martin Zielke	156,750	—
Achim Kassow	213,625	198,000
Marek Wierzbowski	104,500	—
Krzysztof Szwarc*	—	33,000
Gromosław Czempiński**	27,500	132,000
Nicholas Teller**	48,125	231,000
Martin Blessing***	178,011	234,000
Total	**1,838,125**	**1,704,000**

* *Krzysztof Szwarc resigned on 28 February 2007*

** *Term of office expired on 14 March 2008*

*** *Martin Blessing resigned on 4 September 2008*

Source: 2008 Consolidated Financial Statements

Other Transactions

In the period covered by the financial statements in this Offering Memorandum as a reference and as of the date of this Offering Memorandum, members of the Management Board and the Supervisory Board and their family members were and are parties to transactions connected with the use of products and services offered by Group companies, in particular used or still use banking products and services offered directly by the Bank (e.g. personal accounts, credit cards, loans, saving products, investment accounts), or by other Group members (e.g. insurance policies, insurance brokerage, wealth management services). Those are typical transactions concluded by particular Group entities on an arm's length basis in relation to products and services covered by each transaction.

SHARE CAPITAL AND SHARES

The information included in this chapter is of a general nature and was prepared in accordance with the relevant legal provisions and regulations in force as at the date of this Offering Memorandum and the Articles of Association and Permanent Rules of the General Shareholders' Meeting. Investors should perform an in-depth analysis of the Articles of Association and the Permanent Rules of the General Shareholders' Meeting taking into consideration the information provided below on amendments to the content of the documents adopted by the General Shareholders' Meeting held on 30 March 2010 and consult their legal advisors for detailed information on the rights and obligations attached to the Shares and the General Shareholders' Meeting.

The Bank's Share Capital

Basic Information on the Bank's Share Capital and Shares

As at the date of this Offering Memorandum, the Bank's share capital amounted to PLN 118,763,528. The Bank's share capital comprises 29,690,882 ordinary shares with a nominal value of PLN 4 each, including: (a) 29,669,382 ordinary bearer Shares listed on the main market of the WSE and (b) 21,500 registered dematerialized shares which are not listed on the main market of the WSE. All the outstanding Shares have been registered in the deposit of securities kept by the National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych SA*) with its registered office in Warsaw, ul. Książęca 4, 00-498 Warszawa. All existing Shares have been fully paid up. In relation to the intention to apply for admission of the Offer Shares to trading on a regulated market operated by WSE, the Bank intends to register the Offer Shares with the securities deposit maintained by the NDS, in which all existing Shares of the Bank have been registered.

As at the date of this Offering Memorandum, 29,669,382 ordinary bearer shares of the Bank are listed on a regulated market (main market) operated by the WSE. The Bank intends to apply for the admission and listing of the Offer Shares on the same market.

As at the date of this Offering Memorandum, the Articles of Association do not include binding provisions regarding the possibility of increasing the Bank's share capital within the limits of its target capital. In accordance with the wording of § 35a of the Articles of Association in the period to 20 April 2007, the Management Board could increase the share capital once or several times within the limits of the target capital by issuing bearer shares.

As at the date of this Offering Memorandum, the aggregate nominal value of the conditional increase in the share capital of the Bank was PLN 5 million. The share capital of the Bank was conditionally increased by the aggregate amount specified in the preceding sentence for the purposes of the 2008 incentive program for the Management Board members and the 2008 incentive program for key employees of the Group, which are described in the section *"Management and Supervisory Bodies — Shares and Share Options"*.

As at the date of this Offering Memorandum:

- there are no shares which do not represent the Bank's share capital (do not constitute interest in the Bank's share capital);
- The Bank does not have any treasury shares, none of the Bank's subsidiaries and no third party acting in the name and on behalf of the Bank hold any of the Bank's Shares; and
- subject to item below, neither the Bank's capital nor the capital of any of the members of the Group is subject to options, neither was it agreed, conditionally or unconditionally that the capital of any of these entities will become subject to options; and
- shares of BRE.locum held by a minority shareholder with 20.01% shares are subject to a call option issued to that shareholder and the put option issued by the Bank.

Detailed information on the incentive plan for Members of the Management Board is given in the section *"Management and Supervisory Corporate Authorities — Shares and Share Options"*.

Changes in the Bank's Share Capital and the Number of the Bank's Shares in the Periods Covered by the Consolidated Financial Statements

In the table below information on changes in the Bank's share capital and the number of the Bank's outstanding Shares admitted to trading on a regulated market (the main market) of the WSE in the period covered by these financial statements in this Offering Memorandum as a reference is set forth.

Periods covered by the Consolidated Financial Statements	Number of the Bank's Shares as at the beginning of the period	Amount of the Bank's share capital as at the beginning of the period (PLN)	Number of the Bank's Shares issued during the period	Number of the Bank's Shares as at the end of the period	Amount of the Bank's share capital as at the end of the period (PLN)
2007	29,516,035	118,064,140	144,633	29,660,668	118,642,672
2008	29,660,668	118,642,672	30,214	29,690,882	118,763,528
2009	29,690,882	118,763,528	—	29,690,882	118,763,528

Source: the Bank

The Bank's shares issued in a period covered by the Consolidated Financial Statements and described in the table above were issued under two management option programs launched and implemented pursuant to the following resolutions of the General Shareholders' Meeting:

- Resolution No. 7 XII of the General Shareholders' Meeting of 24 May 2000 concerning management options for the Bank's management, as amended in resolution No. 27 of the General Shareholders' Meeting of 21 May 2003;

- Resolution No. 28 XVI of the General Shareholders' Meeting of 21 May 2003 concerning the issuance of "A" series bonds with pre-emptive rights, and conditional share capital increase through the issuance of shares with excluded pre-emptive rights of existing shareholders for the purpose of offering the shares to participants of the management options program implemented pursuant to resolution No. 7 of the General Shareholders' Meeting of 24 May 2000;

- Resolution No. 29 XVI of the General Shareholders' Meeting of 21 May 2003 concerning management options for the Bank's management; and

- Resolution No. 30 XVI of the General Shareholders' Meeting of 21 May 2003 concerning the issuance of "B" series bonds with pre-emptive rights, and conditional share capital increase through the issuance of shares with excluded pre-emptive rights of existing shareholders for the purpose of offering the shares to participants of the management options program implemented pursuant to resolution No. 29 of the General Shareholders' Meeting of 21 May 2003.

The table above does not present complete information regarding all shares of the Bank issued under these programs but only with respect to 174,847 Shares issued in the period covered by the Consolidated Financial Statements. As an effect of implementation of these programs, in the years 2005-2008 the Bank issued in aggregate 977,757 ordinary bearer shares, and the Bank's share capital was increased by a total of PLN 3,911,028 from PLN 114,852,500 to PLN 118,763,528.

The shares issued under both management option programs were offered in public offerings addressed to members of the Management Board of the Bank, directors of its organizational units and other persons indicated by the Management Board, including the executives of various entities from the Bank Group personally nominated by the Management Board.

The issue price per share under the management option programs was PLN 135.80 in the former program and PLN 96.16 in the latter program.

In the course of implementation of both management option programs, the share capital was increased with each issuance of the shares resulting from subscriptions placed by the entitled persons (dates for placing subscriptions were made in each month, starting from June 2005 to June 2008). All capital increases under both management option programs were effected as conditional capital increases of the Bank pursuant to § 34a letters a) and b) of the Bank's Articles of Association. In discharge of its obligations under Article 452 of the KSH, the Management Board of the Bank filed a list of the shares taken up and the persons who exercised their subscription rights with the registry court for the purpose of updating the entries concerning the Bank's share capital in the Bank's registration files with the Register of Entrepreneurs. Since the KSH does not provide for a special legal basis or procedure (other than a standard resolution of the General Shareholders' Meeting) for updating the Bank's Articles of Association to reflect changed share capital levels as a result of issuing shares under a conditional share capital increase, in approving the consolidated text of the Bank's Articles of Association the Supervisory Board did not revise § 34 of the Articles of Association. In particular, the Articles of Association in the presently binding form available on the web site of the Bank and made available as described in *"Other Information — Documents on Display*" does not reflect current information regarding the share capital amount of the Bank. This amount is disclosed in the Bank's records at the Register of Entrepreneurs of the National Court Register (an extract from the Register of Entrepreneurs of the National Court Register will be made available for review as described in *"Other Information — Documents on Display*").

Given the discrepancy between the share capital amount indicated in the Articles of Association and in the extract from the Register of Entrepreneurs of the National Court Register, resolution No. 23 concerning amendments to the Bank's Articles of Association in relation to the share capital increase amends § 34 in a manner not only reflecting the issuance of the Offer Shares but also the shares which have already been reflected in the Register of Entrepreneurs but which have not been reflected in the Articles of Association for the reasons described above. In its decision of 8 April 2010 r. (ref. DLB/LBI/700/47/3/10), the PFSA approved the change of the Articles of Association by way of revising § 34 of the Articles of Association as effected pursuant to Resolution No. 23 of the General Shareholders' Meeting of 30 March 2010.

Shareholder Agreements and Restrictions Related to the Shareholding Structure

As at the date of this Offering Memorandum, the Bank has no information on the Bank's shareholder agreements and restrictions related to the shareholding structure.

Restrictions in the Transferability of Shares

In accordance with the provisions of the KSH, the shares in a joint-stock company are, as a rule, transferable.

As of the date of registering the Shares in the securities deposit maintained by the National Securities Deposit (dematerialization), the Offer Shares will exist exclusively in the form of entries in the securities accounts maintained by specialized entities. In accordance with the provisions of the Act on Trading in Financial Instruments, contracts obligating the transfer of dematerialized securities transfer these securities upon an appropriate entry being made in the securities account, and the entry in the securities account is made after the transfer of securities is registered among the appropriate deposit accounts maintained by the National Securities Deposit.

In accordance with the provisions of the Public Offering Act, shares in public companies encumbered with a pledge cannot be traded until the pledge expires, with the exception of a situation in which they are purchased under the execution of an agreement for establishing collateral within the meaning of the Act of 2 April 2004 on certain collateral (Journal of Laws No. 91, item 871, as amended).

In accordance with the provisions of the KSH, in the period when the shares in a public company which were encumbered by a pledge or the right of use are entered in the securities account maintained by an authorized entity in accordance with the provisions of the Act on Trading in Financial Instruments, the voting rights from these shares are vested in the respective shareholder.

Legal Basis for Issuing the Offer Shares and the Currency of their Denomination

The Offer Shares have been issued pursuant to the provisions of the KSH.

The Offer Shares have been issued in PLN.

The Offer Shares are issued pursuant to the provisions of Resolution No. 22 of the Ordinary General Shareholders' Meeting dated 30 March 2010 which states the following:

"Resolution No. 22

on the Bank's share capital increase, public offering of the new shares of the new issue, setting the date of the pre-emptive rights to the shares of the new issue, dematerialisation and application for admission of the pre-emptive rights, rights to shares and new shares to trading on a regulated market operated by the Warsaw Stock Exchange.

Pursuant to Articles 430, 431, 432, 433 and 436 of the Commercial Companies Code of 15 September 2000 — (Journal of Laws No.94, item 1037, as amended) ("CCC"), Article 5 of the Act of 29 July 2005 on Trading in Financial Instruments (Journal of Laws No. 183, item 1538, as amended) ("Act on Trading"), Article 14, 15 and 27 of the Act of 29 July 2005 on public offering and the conditions for introduction of financial instruments to organised trading and public companies (consolidated text: Journal of Laws from 2009 No. 185, item 1439) ("Act on Public Offering") and Article 11 letter e) and f) of the By-Laws of BRE Bank S.A. ("Bank"), Ordinary General Meeting of the Bank ("General Meeting") it is resolved as follows:

§ 1

1. The Bank's share capital is increased by the amount not lower than PLN 4 (four) and not higher than PLN 83,134,468 (eighty three million one hundred and thirty-four thousand four hundred and sixty-eight) by way of an issue not less than 1 (one), but not more than PLN 20,783,617 (twenty million seven hundred and eighty-three thousand six hundred and seventeen) new ordinary bearer shares with a nominal value PLN 4 (four) each ("New Shares").

2. The New Shares will be issued by way of a private placement within the meaning of Article 431 § 2 point 2 of the CCC and offered in a public offering within the meaning of Article 3 (3) the Act on Public Offering.

3. The New Shares will participate in the dividend distributions starting from 1 January 2010 equally with the remaining Bank's shares , i.e. for the whole year 2010.

4. The New Shares must be paid for in cash.

§ 2

1. 18 May 2010 shall be the record date for pre-emptive rights of the New Shares within the meaning of Article 432 § 2 of the CCC ("Record Date").

2. The Bank's shareholders holding shares of the Bank at the end of the Record Date shall be entitled to a pre-emptive right to acquire New Shares ("Pre-emptive Right") in such a way that 1 (one) share of the Bank held at the end of the Record Date shall entitle its holder to 1 (one) Pre-emptive Right. The number of the New Shares to be allotted per one Pre-emptive Right will be established by dividing the number of New Shares, specified by the Management Board in accordance with Article 3 (1) letter b) of this Resolution, by the total number of Pre-emptive Rights. The final number of the New Shares to be allotted to the persons who placed their subscriptions in exercising their Pre-emptive Rights will be established as a product of the number of the Pre-emptive Rights, corresponding to all valid subscriptions placed by that person and the number of the New Shares that will be allotted per one Pre-emptive Right then rounded down to the nearest integer.

3. The dates for the exercise of the Pre-emptive Right shall be specified in a prospectus of the New Shares, prepared for a public offering of the New Shares and the application for the admission and introduction of the Pre-emptive Rights, the rights to the New Shares ("Rights to Shares") and the New Shares to trading on a regulated market operated by the Warsaw Stock Exchange ("WSE") ("Prospectus").

§ 3

1. The General Meeting hereby authorises the Bank's Management Board to determine:

a) the final amount by which the share capital of the Bank is to be increased, provided that this amount cannot exceed the minimum or the maximum amount of the increase specified in Article 1 (1) of this Resolution of the General Meeting, and *b) the issue price and the final number of the offered New Shares.*

2. The General Meeting hereby authorises the Bank's Management Board to take any actions connected with the increase of the share capital of the Bank, the issuance and public offering of the New Shares and application for their admission and introduction to trading on a regulated market operated by WSE, and in particular to:

a) offer the New Shares in a public offering;

b) determine the rules of subscription and allocation of the New Shares, including the date of opening and closing of subscription of the New Shares, determination of the rules of subscription and allocation of the New Shares and the rules of allocation and subscription of the Shares which may remain unsubscribed for after the exercise of the Pre-emptive Rights or under the additional subscriptions referred to in Article 436 § 2 CCC;

c) apply to the Polish Financial Supervision Authority for approval of the Prospectus; and

d) enter into underwriting agreements to secure successful issuance and offering of the New Shares, including an agreement or agreements on firm commitment underwriting or investment underwriting within the meaning of the Act on Public Offering .

3. Additionally, the General Meeting hereby authorises the Bank's Management Board, after the approval of the Bank's Supervisory Board, to:

a) make a decision on withdrawing from the performance or suspending the performance of this Resolution

b) make a decision on withdrawing from the public offering of the New Shares; and

c) make a decision on suspending the public offering of the New Shares;

- provided that in the event of suspending the public offering of the New Shares the Management Board of the Bank shall be authorised not to specify the new date on which the Public Offering of the New Shares will be resumed, as such date may be determined and announced by the Bank's Management Board at a later date.

§ 4

1. The General Meeting hereby decides to dematerialise, within the meaning of the Act on Trading, no more than:

a) 29,690,882 (twenty-nine million six hundred and ninety thousand eight hundred and eighty two) Pre-emptive Rights;

b) 20,783,617 (twenty million seven hundred and eighty-three thousand six hundred and seventeen) Rights to Shares; and

c) 20,783,617 (twenty million seven hundred and eighty-three thousand six hundred and seventeen) New Shares.

2. The General Meeting hereby authorises the Bank's Management Board to conclude with the National Depository of Securities ("NDS") an agreement on the registration of the Pre-emptive Rights, Rights to Shares and the New Shares referred to in (1) above with the depository securities kept by the NDS and to take any actions necessary to effect their dematerialisation.

§ 5

1. The General Meeting hereby decides that the Bank shall apply for admission and introduction to trading on a regulated market operated by WSE of no more than:

a) 29,690,882 (twenty nine million six hundred and ninety thousand eight hundred and eighty-two) Pre-emptive Rights;

b) 20,783,617 (twenty million seven hundred and eighty-three thousand six hundred and seventeen) Rights to Shares; and

c) 20,783,617 (twenty million seven hundred and eighty-three thousand six hundred and seventeen) New Shares.

2. The General Meeting hereby authorises the Bank's Management Board to take all actions related to admission and introductions of the Pre-emptive Rights, Rights to Shares and the New Shares referred to in (1) above to trading on a regulated market operated by WSE.

§ 6

This Resolution comes into effect on the date of its adoption."

In connection with the Issue Resolution on 30 March 2010, the General Shareholders' Meeting passed Resolution No. 23 to amend the Bank's Articles of Association in connection with the increase in the Bank's share capital, to change the provisions of the Articles of Association to the change in the amount of the Bank's share capital following from the Issue Resolution, reading as follows:

"Resolution No. 23

on amendments to the Bank's By-Laws related to an increase of the share capital of the Bank

Pursuant to Articles 430, 431, 432, 433 and 436 of the Commercial Companies Code of 15 September 2000 (Journal of Laws No. 94, item 1037, as amended) ("CCC") and Article 11 letter e) and f) of the By-Laws of BRE Bank S.A. ("Bank") the Annual General Meeting of Shareholders of the Bank ("General Meeting") hereby resolves as follows:

§ 1

1. The General Meeting of the Bank adopted the Resolution No. 22 of 30 March 2010 on increasing the Bank's share capital, a public offering of the new shares, specifying the record date for the new shares, dematerialization and application for admission of the pre-emptive rights, rights to shares and new shares to trading on a regulated market operated by the Warsaw Stock Exchange ("Resolution No. 22/2010"), Article 34 of the Bank's By-Laws (" By-Laws") reading:

"The share capital amounts to PLN 114,852,500 (one hundred and fourteen million eight hundred and fifty-two thousand five hundred)and is divided into 28,713,125 (twenty-eight million seven hundred and thirteen thousand one hundred and twenty five) registered and ordinary bearer shares with the nominal value of PLN 4 (four) each."

shall be so amended that Article 34 of the By-Laws reads as follows:

"The share capital amounts to no less than PLN 118.763.532 (one hundred and eighteen million seven hundred and sixty-three thousand five hundred and thirty-two) and no more than PLN 201,897,996 (two hundred and one million eight hundred and ninety-seven thousand nine hundred and ninety-six) and is divided into no less than 29,690,883 (twenty-nine million six hundred and ninety thousand eight hundred and eighty-three) and no more than 50,474,499 (fifty million four hundred and seventy-four thousand four hundred and ninety-nine) registered and ordinary bearer shares with the nominal value of PLN 4 (four) each."

2. The final amount of the Bank's share capital increase, which cannot exceed the minimum or the maximum amount set forth in Article 1 (1) of the Resolution No. 22/2010, the subscribed share capital and the language of Article 34 of the Bank's By-Laws shall be determined by the Bank's Management Board pursuant to Article 432 § 4 of the CCC, Article 431 § 7 of the CCC in conjunction with Article 310 of the CCC, in the form of a statement made as a deed before a notary as to the amount of subscribed capital after the allotment of the new shares.

3. The amendment of the Bank's By-Laws referred to in this Resolution requires consent of the Polish Financial Supervision Authority pursuant to Article 34(2) in conjunction with Article 31 (3) of the Banking Law Act of 29 August 1997 (consolidated text: Journal of Laws from 2002 No. 72, item 665, as amended).

§ 2

The General Meeting hereby authorises the Supervisory Board of the Bank to adopt amended and restated By-Laws of the Bank, reflecting the amendments implemented pursuant to this Resolution.

§ 3

This Resolution comes into effect on the date of its adoption.".

Detailed information on the availability of the content of the resolutions referred to above was included in the section "*Other Information — Documents on Display*".

In accordance with the provisions of the Banking Law, the amendment in the Articles of Association related to the issue of Offer Shares and the increase in the Bank's share capital require a permit of the Polish Financial Supervision Authority. In its decision of 8 April 2010 (No. DLB/LBI/700/47/3/10), the PFSA approved the amendment to Article 34 of the Articles of Association implemented pursuant to Resolution No. 23 of the General Shareholders' Meeting.

Legal Basis for Requesting Admission and for Introducing Offer Shares, Individual Pre-emptive Rights and Rights to Shares to Trading on the Main Market of the WSE

The Issue Resolution is the legal basis for requesting admission and for introducing Offer Shares, Individual Pre-emptive Rights and Rights to Shares to trading on the main market of the WSE.

Rights and Obligations related to the Shares

The rights and obligations related to Shares are regulated by the KSH, the Banking Law, the Act on Trading in Financial Instruments, the Public Offering Act and the Articles of Association.

Right to Dispose of Shares

The Bank's Shareholders have the right to dispose of their Shares.

Shareholders' Rights related to the General Shareholders' Meeting

Convening the General Shareholders' Meeting

Date for Convening the General Shareholders' Meeting

The Ordinary General Shareholders' Meeting should be held within six months of the end of each financial year. In accordance with the Articles of Association, the Ordinary General Shareholders' Meeting is convened once a year, in June at the latest.

An Extraordinary General Shareholders' Meeting is convened as provided for in the KSH, the Articles of Association, and when the Bank's authorities or persons authorized to convene the General Shareholders' Meeting deem appropriate.

Parties Authorized to Convene the General Shareholders' Meeting

The General Shareholders' Meeting is convened by the Management Board. The Supervisory Board may convene an ordinary General Shareholders' Meeting if the Management Board fails to convene such a meeting within the prescribed time-frame, and an Extraordinary General Shareholders' Meeting if the Supervisory Board is of the opinion that convening such a meeting is necessary.

The Extraordinary General Shareholders' Meeting may be convened by the Bank's shareholders representing at least half of the share capital or at least half of the voting rights in the Bank. The Shareholders nominate the chairman of the meeting.

In accordance with § 10 clause 5 of the Articles of Association in the wording adopted by the Bank's General Shareholders' Meeting on 30 March 2010, if the General Shareholders' Meeting is convened by parties other than the Management Board, the Management Board is obliged to exercise actions necessary to hold the General Shareholders' Meeting. The provisions of § 10 clause 5 of the Articles of Association will come into force when registered by the registration court.

Parties Authorized to Request the Convening of the General Shareholders' Meeting

Shareholder(s) representing at least one-twentieth of the Bank's share capital may request an extraordinary General Shareholders' Meeting be convened and place certain matters on the agenda of such a meeting.

The request to convene a General Shareholders' Meeting should be filed with the Management Board in writing or in electronic form.

In accordance with § 10 clause 4 of the Articles of Association in the wording adopted by the Bank's General Shareholders' Meeting on 30 March 2010, the request to convene the General Shareholders' Meeting should include the proposed agenda for the Meeting and draft resolutions with justification. The provisions of § 10 clause 4 of the Articles of Association will come into force when registered by the registration court.

If within two weeks of the submission of the request to the Management Board, the extraordinary General Shareholders' Meeting is not convened, the registration court may authorize the shareholders submitting the request to convene the extraordinary General Shareholders' Meeting and to place certain matters on the agenda.

Request to Place Certain Matters on the Agenda of the General Shareholders' Meeting

Shareholder(s) representing at least one-twentieth of the Bank's share capital may request to have certain matters placed on the agenda of the next General Shareholders' Meeting.

The request should be filed with the Management Board no later than twenty-one days before the indicated date of the General Shareholders' Meeting.

The request should contain substantiation or a draft of the proposed items for the agenda. The request may be submitted in electronic form.

The Management Board is obliged to announce forthwith, however no later than eighteen days before the date of the General Shareholders' Meeting, changes to the agenda introduced upon the Shareholders' request, in the manner appropriate for convening the General Shareholders' Meeting (see *"Manner of Convening the General Shareholders' Meeting"* below).

Issues not covered by the agenda cannot be resolved unless the shares representing the entire share capital of the Bank is represented at the General Shareholders' Meeting and none of those present raises objections in respect of passing the resolution.

Submission of Draft Resolutions of the General Shareholders' Meeting

Shareholder(s) representing at least one-twentieth of the Company's share capital may, before the date of the General Shareholders' Meeting, submit draft resolutions concerning matters already placed, or matters that will be placed, on the agenda of the Meeting, in writing or by the use of electronic communications devices.

The Bank shall place a draft resolution on its website forthwith.

Each shareholder may propose draft resolutions concerning matters placed on the agenda during the General Shareholders' Meeting.

In accordance with the Articles of Association, all matters placed on the agenda of the General Shareholders' Meeting must first be submitted for review to the Supervisory Board.

Manner of Convening the General Shareholders' Meeting

The General Shareholders' Meeting is convened by publishing an announcement on the Bank's website in a manner specified for submitting current information in accordance with the Public Offering Act, i.e. in the form of a current report on the basis of Article 56 clause 1, item 2 of the Public Offering Act.

The announcement should be made at least twenty-six days before the date of the General Shareholders' Meeting.

The announcement on the General Shareholders' Meeting should include specifically:

- the date, time and venue of the General Shareholders' Meeting and a detailed agenda;
- a detailed description of the procedures regarding participation in the General Shareholders' Meeting and the exercise of the voting rights, and information about: (a) the shareholders' right to have certain matters placed on the agenda of the General Shareholders' Meeting; (b) the shareholders' right to propose draft resolutions pertaining to matters placed on the agenda of the General Shareholders' Meeting, or matters which are to be placed in the agenda, before the date of the General Shareholders' Meeting; (c) the shareholders' right to propose draft resolutions concerning matters placed on the agenda during the General Shareholders' Meeting; (d) the manner of exercising voting rights by proxy, including forms used by the proxy during voting and the method of notifying the Bank about proxy nomination by means of electronic communications devices; (e) the possibility and method of participating in the General Shareholders' Meeting by means of electronic communications devices; (f) the method of voicing an opinion during the General Shareholders' Meeting by means of electronic communications devices; (g) the method of exercising voting rights by mail or by means of electronic communications devices;
- the date of registration of participation in the General Shareholders' Meeting;
- the information that only such Bank's shareholders have the right to participate in the General Shareholders' Meeting who are the Bank's shareholders on the date of registering one's participation in the General Shareholders' Meeting;
- the information regarding where and how a person authorized to participate in the General Shareholders' Meeting may obtain all materials which are to be presented at the General Shareholders' Meeting as well as draft resolutions; or if it is not planned that any resolution will be adopted, comments from the Management Board or the Supervisory Board concerning matters placed on the agenda of the General Shareholders' Meeting, or matters which are to be placed on the agenda, before the date of the General Shareholders' Meeting;
- the website address where information on the General Shareholders' Meeting will be placed.

If the provisions of the KSH or the Articles of Association do not provide otherwise, the General Shareholders' Meeting is valid irrespective of the number of represented Shares.

Right to Put Forward Motions in respect of the Bank

In accordance with § 14 clause 4 of the Permanent Rules of the General Shareholders' Meeting in the wording following from Resolution No. 25 of the General Shareholders' Meeting dated 30 March 2010, the Bank's shareholder(s) that wish to put forward a motion relating to the Bank at the General Shareholders' Meeting should put it forward in writing to the Management Board which in turn will submit it with its opinion to the Supervisory Board. The Supervisory Board is entitled to determine at its discretion whether a given motion should be submitted at the General Shareholders' Meeting; however, any motion filed by the shareholder(s) representing at least one-twentieth of the Bank's share capital must be submitted at the General Shareholders' Meeting.

Participation and Voting at the General Shareholders' Meeting

<u>Venue of the General Shareholders' Meeting</u>

The General Shareholders' Meeting shall be held in the Bank's registered office which in accordance with the provisions of the Civil Code is in Warsaw.

Persons Authorized to Participate in the General Shareholders' Meeting and Exercise Voting Rights

The right to participate in the General Shareholders' Meeting can only be exercised by persons who are shareholders of the Bank sixteen days prior to the date of the Meeting (the date of registering participation in the Meeting). The date of registering participation in the General Shareholders' Meeting is uniform in respect of those vested in rights from bearer and registered Shares of the Bank.

Those vested in rights from registered Shares of the Bank are entitled to participate in the General Shareholders' Meeting if they are entered in the Shareholders' Register on the date of registering their participation in the General Shareholders' Meeting.

Upon the request of a person with rights attaching to bearer shares of the Bank made no earlier than the announcement of the convening of the General Shareholders' Meeting and no later than the first week day after registering participation in the General Shareholders' Meeting, the entity keeping the securities account shall issue a registered certificate of the right to participate in the General Shareholders' Meeting.

The certificate of the right to participate in the General Shareholders' Meeting, which is issued by an entity keeping the securities account, shall constitute the basis for the entity to use to draw up a list, which then will be given to the National Securities Deposit as the entity which keeps the securities deposit; on that basis the National Securities Deposit will draw up a list of the persons entitled under the Shares to participate in the General Shareholders' Meeting; this list drawn up by the National Securities Deposit will be given to the Bank and will constitute the basis for the Bank to establish a list of the persons authorized under the shares to participate in the General Shareholders' Meeting.

During the period from the date of registering participation in the General Shareholders' Meeting until the end of the day of the General Shareholders' Meeting, a shareholder of the Bank's may transfer shares.

Manner of Participation in the General Shareholders' Meeting and of Exercising Voting Rights

The Bank's shareholders can participate in General Shareholders' Meetings and vote in person or through a proxy.

A power of attorney must be granted in writing (without sanction of nullity), or in an electronic form, to participate in and vote at the General Shareholders' Meeting. A power of attorney granted in an electronic form does not require a secure electronic signature verified with a valid, qualified certificate, and should be enclosed with the minutes. The form including the pro-forma power of attorney shall be placed by the Bank together with the announcement on convening the General Shareholders' Meeting. Moreover, the Bank should be informed of granting the power of attorney in electronic form using the electronic communication means indicated in the announcement on convening the General Shareholders' Meeting.

If the person exercising the proxy at the General Shareholders' Meeting is a member of the Management Board, Supervisory Board, a liquidation officer, employee of the Bank, member of corporate bodies or employee of a Bank or a cooperative being a subsidiary of the Bank, the power of attorney may only authorize such person to participate and vote at one General Shareholders' Meeting. The proxy is obliged to inform the shareholder of any circumstances that indicate the existence, or possible existence, of a conflict of interests. The proxy cannot grant further proxies. The proxy shall vote according to the instructions given to him by the shareholder of the Bank.

Each share entitles the holder to one vote at the General Shareholders' Meeting. The shareholder may vote differently with each individual share.

The Bank's shareholder cannot vote personally or by proxy on any resolution relating to its responsibility in relation to the Bank for any reason whatsoever, including the endorsement of the performance of members of its corporate bodies, the release from obligations to the Bank or a dispute between the shareholder and the Bank. This restriction does not relate to the shareholders' voting by proxy when representing another shareholder on the resolution referred to in the sentence above.

The Permanent Rules of the General Shareholders' Meeting do not stipulate the possibility of the Bank's shareholder voting by correspondence at the General Shareholders' Meeting. Neither do they stipulate the possibility of conducting General Shareholders' Meetings using electronic communication means.

The voting is open. Secret voting is ordered on elections and on motions to dismiss members of the Bank's bodies or liquidators, or on calling them to account for their acts, including personal liability. Secret voting is also ordered at the request of at least one shareholder present or represented at the General Shareholders' Meeting.

Competencies of the General Shareholders' Meeting

The General Shareholders' Meeting is the corporate body authorized to decide, by resolution, on matters regarding the Bank's organization and operations. Resolutions passed by the General Shareholders' Meeting are passed by the majority of votes unless the provisions of the KSH or the Bank's Articles of Association provide otherwise.

The most significant competencies of the General Shareholders' Meeting provided in the KSH, the Banking Law and the Bank's Articles of Association include in particular the authority to:

- consider and approve the Management Board's report on the Bank's activities as well as its financial statements for the fiscal year and to approve the performance of the duties of members of the corporate bodies;
- decide on the offset of loss or appropriation of profit;
- decide on the issue of convertible or preferred bonds or subscription warrants;
- specify a record date, which is the date on which the list of shareholders entitled to dividends for the previous fiscal year is to be prepared, as well as a dividend payment date;
- appoint and dismiss Supervisory Board members;
- amend the Articles of Association;
- increase or decrease the Bank's share capital;
- decide to redeem Shares;
- exclude the pre-emptive rights of existing shareholders to new shares in part or in their entirety;
- decide on the Bank's financing the acquisition of taking-up the shares issued;
- decide on claims for the repair of damage done in establishing the Bank or managing or supervising it;
- set up reserves and determine their use or the manner for using them;
- determine the principles for remunerating Members of the Supervisory Board;
- wind up the Bank or merge with another bank;
- appoint the Bank's liquidators;
- resolve issues brought up by the Supervisory Board; and
- appoint the Bank's independent auditor.

Right to Review or Demand the Delivery of a List of Shareholders

The list of the shareholders authorized to participate in the General Shareholders' Meeting signed by the Management Board should be provided to the office of the Management Board three weekdays before the date of the General Shareholders' Meeting.

Each shareholder of the Bank may review a list of the shareholders authorized to participate in the General Shareholders' Meeting and demand a copy of such list, provided that it reimburses the Bank with the cost of making such a copy.

Any shareholder of the Bank may demand that the list be sent to him free of charge by e-mail, provided that he specifies an email address to which the list should be sent.

Right to Request Copies of Motions on Matters Included on the Agenda of the General Shareholders' Meeting

Each shareholder of the Bank is entitled to request a copy of motions on matters included on the agenda of the next General Shareholders' Meeting of the Bank no later than one week before the General Shareholders' Meeting. The request should be submitted to the Management Board. The copies of the motions should be given to the shareholders no later than a week before the date of the General Shareholders' Meeting.

Right to Request Copies of the Annual Financial Statements

Each of the Bank's shareholders is entitled to request copies of the Management Board's Report and the financial statements with a copy of the Supervisory Board's report and the independent auditor's opinion fifteen days before the date of the General Shareholders' Meeting at the latest.

Right to Request Checking the Attendance List of Shareholders at the General Shareholders' Meeting

A list of attendance, listing all of the participants in the General Shareholders' Meeting and specifying the number of shares in the Bank held, and the number of votes exercised by each of them, should be produced promptly after the election of the Chairperson of the General Shareholders' Meeting. The attendance list should be signed by the Chairperson of the General Shareholders' Meeting and made available for review during the meeting.

Upon request of the shareholders representing at least one-tenth of the share capital represented at the General Shareholders' Meeting, the attendance list should be verified by a committee of at least three persons appointed for that purpose. The shareholders who make the request have the right to appoint one representative for such a committee.

Right to Request that the Supervisory Board be Appointed by Voting in Separate Groups

At the request of shareholders representing at least one-fifth of the share capital of the Bank, the Supervisory Board shall be appointed by the next General Shareholders' Meeting by voting in separate groups, even if the Articles of Association provide for a different method of appointing the Supervisory Board. The shareholders representing the number of Shares arrived at by dividing the total number of Shares represented at that General Shareholders' Meeting by the number of Supervisory Board Members, can establish a separate group to appoint one member of the Supervisory Board, but they cannot participate in the appointment of other Supervisory Board Members. Vacancies on the Supervisory Board that have not been filled by the groups of shareholders pursuant to the procedure described above are filled by those shareholders who did not cast their votes for the Supervisory Board Members elected by voting in separate groups. If shareholders representing at least one-fifth of shares of the Bank's share capital request that the Supervisory Board be appointed by voting in separate groups, other procedures set forth in the Articles of Association for the Supervisory Board's appointment do not apply, provided, however, that when the Supervisory Board includes a member appointed by the entity specified in a separate act, then only the remaining Supervisory Board members are so appointed.

Right to Request Information About the Bank from the Management Board

During the General Shareholders' Meeting, the Management Board of the Bank is obliged to give to a shareholder, upon request, information about the Bank if such information is reasonably required to evaluate a matter on the agenda of this General Shareholders' Meeting. The Management Board can refuse to provide such information if it could cause damage to the Bank, its affiliates, or subsidiaries, in particular by revealing technical, trade or organizational information of the enterprise. A member of the Management Board may refuse to provide information if he or she may be held responsible under criminal, civil or administrative regulations.

regulations. The information is deemed to be provided if appropriate information is available on the internet website of the Bank in a place designated for shareholders' questions and answers to such questions. The Management Board may provide an answer in writing to the shareholder's request outside the General Shareholders' Meeting, if there are significant reasons to do so. The Management Board is obliged to provide information no later than two weeks after the request is submitted during the General Shareholders' Meeting. If a request to be provided with information about the Bank is submitted by a shareholder outside the General Shareholders' Meeting, the Management Board may provide the shareholder with an answer in writing taking into account all restrictions pertaining to possible damage caused to the Bank, its affiliate, or subsidiary or cooperative, as described above. In documentation presented to the next General Shareholders' Meeting, the Management shall disclose in writing information provided to a shareholder outside the General Shareholders' Meeting, together with the date of its delivery and the name of the person to whom it was delivered. Information presented at the next General Shareholders' Meeting may not include information made available to the public and provided in the course of the General Shareholders' Meeting.

A shareholder who has been refused information about the Bank during the General Shareholders' Meeting and whose objection was recorded in the minutes may submit a motion to the registration court requesting that the Management Board provide the information. Such motion shall be submitted within a week of the end of the General Shareholders' Meeting during which the disclosure of information was denied. The shareholder may also submit a motion to the registration court to require that the Bank announce the information disclosed to another shareholder outside the General Shareholders' Meeting. Pursuant to the Decree on Current Reports, the Bank is obliged to disclose information provided to a shareholder in the form of a Current Report pursuant to art. 56 clause 1 item 2 of the Public Offering Act to the shareholder whose objection to the refusal to provide information requested at the General Shareholders' Meeting was recorded in the minutes, and the information to the disclosure of which the Bank will be obliged by the registration court and which is disclosed to any other shareholder outside the General Shareholders' Meeting.

Shareholders' Right to Bring an Action to Repeal or Invalidate a General Shareholders' Meeting Resolution

Action to Repeal a Resolution

A resolution of the Bank's General Shareholders' Meeting which is contrary to the Articles of Association or decency, or violates the Bank's interests or is intended to be unjust to the shareholder may be challenged by way of an action brought against the Bank to have the relevant resolution repealed.

The right to bring an action to have a resolution repealed can be brought by the following types of shareholders of the Bank:

- a shareholder that voted against the resolution and who after its adoption requested that the objection be recorded in the minutes;
- a shareholder that was unreasonably denied the opportunity to participate in the General Shareholders' Meeting; or
- a shareholder that was absent from the General Shareholders' Meeting, provided that the General Shareholders' Meeting was invalidly convened or the resolution was adopted on a matter not included on its agenda.

An action to have a resolution of the General Shareholders' Meeting repealed shall be brought within one month from the receipt of information about the resolution, but no later than three months after the adoption of the resolution.

Action to Invalidate a Resolution

Shareholders of the Bank entitled to bring an action to repeal the General Shareholders' Meeting resolution are also authorized to bring an action against the Bank to invalidate a General Shareholders' Meeting resolution that is inconsistent with the Act.

The action to invalidate a resolution of the General Shareholders' Meeting of the Bank should be brought within thirty days of the announcement of such resolution, but no later than one year after its adoption.

Although an action against the General Shareholders' Meeting resolution pursuant to the rules provided for above does not suspend proceedings before the registration court to register the challenged resolution, the registration court may suspend the registration proceedings after a hearing has been held. If the action is clearly unfounded, then the court, at the Bank's request, may require the plaintiff to pay an amount of up to ten times the court's charges and the remuneration for one advocate or legal advisor. This does not exclude the possibility of seeking indemnity under the general regulations.

Right to Dividends

Persons Entitled to Dividends

All persons on whose accounts the Bank's Shares are recorded on the dividend date and holders of the Bank's registered shares entered on that date to the Shareholders Register are entitled to receive dividends.

Record Date

Shareholders have the right to participate in the profit of the Bank disclosed in the audited separate financial statements which are designated for distribution among the shareholders by a General Shareholders' Meeting of the Bank.

The ordinary General Shareholders' Meeting of the Bank sets a record date, which is the date as at which the list of shareholders entitled to dividends for a specified financial year is prepared, as well as the dividend payment date. The record date may be specified as at the resolution date or within three months of the resolution date. The dividend is paid on the day stipulated by a resolution of the General Shareholders' Meeting. If the resolution of the General Shareholders' Meeting does not specify a date, then the dividend is paid on the date indicated by the Supervisory Board.

The Bank does not pay its shareholders interest on dividend that is not collected on time.

Expiration of the Right to Dividends; the Person to Whom such Expiration Applies

A shareholders' claim for dividend payments against the Bank is valid for ten years from the date on which the General Shareholders' Meeting adopts a resolution to designate part of or the entire profit for payment to the shareholders. Upon the lapse of this term, the claim is barred and the Bank may refuse to pay, raising objections based on the statute of limitations.

It should be noted that public companies disburse dividends to holders of the Bank's dematerialized shares through the National Securities Deposit to the relevant account maintained by the National Securities Deposit for the shareholder and then paid to the cash accounts of the Bank's shareholders maintained by particular brokerage houses.

Dividend Rate or its Calculation, Cumulative or Non-cumulative Payments and Their Frequency

Shareholders have the right to participate in the profit disclosed in the audited financial statements of the Bank that has been approved by the General Shareholders' Meeting for distribution to shareholders. The amount to be distributed to shareholders cannot exceed the profit for the last financial year, increased by unappropriated profits from previous periods and amounts transferred from the reserves and supplementary capital that can be appropriated for dividends. The amount should be decreased by losses not offset, treasury shares and amounts that pursuant to the Act or Articles of Association should be allocated to the reserves or supplementary capital from the profit for the last financial year.

The amount of dividend due to the Bank's shareholder in respect of one share is calculated as a result of dividing the amount to be distributed to shareholders by the number of Shares.

In accordance with the provisions of the Banking Law, earmarking an amount exceeding the profit for the last financial year net of losses not offset, which may not be earmarked for the payment of dividend, for distribution among the Bank's shareholders requires the consent of the Polish Financial Supervision Authority.

Interim Dividend

The Bank's Articles of Association do not stipulate payment of interim dividend.

Rights Associated with Liquidation of the Bank

Distribution of the Bank's Assets

In the event of the liquidation of the Bank, any assets remaining after the claims of its creditors have been satisfied or secured shall be distributed to its shareholders in proportion with their interests in the Bank's share capital. Such asset distribution referred to in the preceding sentence cannot be effected earlier than one year after the last announcement of the Bank's liquidation and request to the Bank's creditors to lodge their claims against the Bank.

In accordance with the provisions of the Banking Law, in the event that the Polish Financial Supervision Authority issues a decision on taking over the Bank by another bank at the consent of the acquiring bank, after the creditors of the acquiree bank are satisfied, the acquirer shall pay the shareholders or members of the acquiree from the acquiree's remaining assets, amounts in proportion to the interest previously held, or issue treasury shares to the Bank's shareholders. The treasury shares will be issued at a preset issue price no higher than the book value of the shares.

In the period of liquidation no dividend is paid.

Pre-emptive Right

The Bank's shareholders have the pre-emptive right to newly issued shares in proportion to the number of shares they hold. A resolution to increase the share capital should also indicate the date as at which the shareholders with pre-emptive rights acquire the right to acquire the newly issued shares (date of pre-emptive rights), if they have not been deprived of the right in its entirety. The date of pre-emptive rights cannot be determined later than within six months of the date of passing the resolution.

Shareholders can be deprived of the pre-emptive rights to newly issued shares in part or in their entirety when the following conditions are satisfied:

- if the shareholders' pre-emptive rights are excluded in the Bank's best interests;
- if at least four-fifths of votes were cast in favour of the resolution to exclude the shareholders' pre-emptive rights at the General Shareholders' Meeting;
- if such matter was included on the General Shareholders' Meeting's agenda;
- the Bank's Management Board is obliged to submit to the General Shareholders' Meeting a written opinion stating the reasons behind the exclusion of pre-emptive rights and the proposed share issue price or the manner of its calculation before the adoption of a resolution to exclude the shareholders' pre-emptive rights.

A majority of four-fifth of votes is not necessary to pass a resolution on refusing pre-emptive rights to the then current shareholders:

- when the resolution on increasing the share capital provides for the Bank's new shares to be taken up in their entirety by a financial institution (the underwriter) with the duty to offer them subsequently to the Bank's shareholders in order to enable them to exercise the pre-emptive rights on the terms and conditions specified in the resolution, and
- when the resolution stipulates that the Bank's new shares are to be taken up by the underwriter in the event that the Bank's shareholders entitled to pre-emptive rights do not take up a part or all of the shares they are offered.

Share Redemption and Conversion

Share Redemption

The KSH permits shares in a joint-stock company to be redeemed if its articles of association so provide. According to the KSH, a voluntary redemption may only be effected once in any financial year. The redemption of the Bank's shares requires a resolution of that Bank's General Shareholders' Meeting and a decrease in the

Bank's share capital. The resolution to decrease the share capital should be adopted at the same General Shareholders' Meeting which resolves to redeem the shares. The shares are redeemed at the moment the share capital is decreased. This is the record date of the new, reduced amount of share capital in the Register of Businesses for the Bank.

In accordance with § 35b of the Articles of Association of the Bank, the Shares may be redeemed after they have been repurchased by the Bank with or without the Shareholders' consent on the terms and conditions specified in the KSH. The share redemption requires a resolution of the General Shareholders' Meeting to be passed.

Share Conversion

The conversion of the Bank's registered shares to bearer shares or vice versa may be done at a shareholders' request if the Act or the Articles of Association do not provide otherwise. The Bank's Articles of Association do not provide for exclusion or restrictive provisions.

The Obligation to Give Notification of a Parent Relationship under the KSH

Under the KSH, the Bank's parent means a commercial company which:

- holds, directly or indirectly, a majority of votes at the General Shareholders' Meeting, also as a pledgee or beneficial owner, or in the Management Board, as well as under agreements with other persons; or
- has the power to appoint or remove a majority of the Management Board members, also under agreements with other persons; or
- has the power to appoint or remove a majority of the Supervisory Board members, also under agreements with other persons; or
- members of its Management Board constitute over half of the Bank's Management Board; or
- has a significant influence over the Bank's operations, specifically on the basis of management contracts concluded with the Bank or agreements on the transfer of profits by the Bank.

If any shareholder of the Bank meets the prerequisites to be deemed the parent company of the Bank, then such shareholder is obliged to notify the Bank of the parent relationship within two weeks of its establishment, otherwise the voting rights attaching to its shares representing over 33% of the share capital shall be suspended. A General Shareholders' Meeting resolution adopted in breach of the KSH's provisions relating to notification of any parent relationship is invalid, unless it satisfies the requirements on quorums and a voting majority irrespective of the invalid votes.

The shareholder of the Bank, or a member of the Management Board or Supervisory Board, can request the commercial company which is the shareholder of the Bank to provide information on whether or not it is in any parent or subsidiary relationship with the Bank or with the cooperative which is also a shareholder in the Bank. An authorized shareholder can also request the disclosure of the number of shares or votes held by the commercial company in the Bank, as well as those held as a pledgee or beneficial owner, or under agreements with other persons. The request should be made in writing. The answers to questions should be given to an authorized shareholder and the Bank within ten days of the receipt of such request. If the request for information was received by its addressee later than two weeks before the date of the General Shareholders' Meeting, then the term for reply should commence on the date following the day that the General Shareholders' Meeting ended. From the commencement of the term to reply to the date of reply, the company obliged to reply cannot exercise the rights attached to its Shares in the Bank.

The aforementioned principles apply when the parent relationship ceases. The company that is no longer the parent in relation to the Bank is obliged to give notification of the end of such parent relationship.

Special Auditor

At the request of the Bank's shareholder or shareholders holding at least 5% of the aggregate number of votes, the General Shareholders' Meeting may adopt a resolution to have a specific issue relating to the Bank's formation or the conduct of the Bank's matters examined by an auditor, at the Bank's expense (special auditor). The shareholder or shareholders referred to, may request an Extraordinary General Shareholders' Meeting to be convened or such resolution to be included on the agenda of the next General Shareholders' Meeting in order for the General Shareholders' Meeting to adopt such a resolution.

If a General Shareholders' Meeting does not adopt the relevant resolution conforming to the aforementioned request within fourteen days of passing the resolution, or adopts such a resolution in violation of the provisions regulating the passing of such resolution, the applicants may, within 14 days of passing the resolution, apply to the registration court to appoint an indicated entity as the special auditor. The registration court may, upon a motion of the Bank's Management Board, make the decision to appoint a special auditor conditional on applicants providing relevant security. If the audit does not demonstrate any violations of the law, upon the motion of the Management Board of the Bank, the registration court may decide that the security is forfeited for the benefit of the Bank. The decision of the court may be appealed.

The Management and Supervisory Boards of the Bank are required to make available for the special auditor's review any document indicated pursuant to the General Shareholders' Meeting's resolution referred to above or in a court decision to appoint the special auditor, as well as provide it with any explanations for the purposes of the review. The special auditor is required to present the Management and Supervisory Boards with a written report on the results of the review. The Management Board is obliged to publish such report in the form of a current report, as specified in art. 56 item 1 of the Public Offering Act.

Duties Related to Acquiring and Selling the Bank's Shares Stipulated in the Banking Law

The Duty to Obtain a Permit from the PFSA to Exceed the Threshold of the Total Number of Voting Rights at the Bank's General Shareholders' Meeting

The person intending to take up or acquire — indirectly or directly — the Bank's shares is each time obliged to request that the Polish Financial Supervision Authority grant a permit for exercising voting rights at the General Shareholders' Meeting, if as a result of taking up or acquiring the Shares he/she would have in total more than 10%, 20%, 25%, 33%, 50%, 66% and 75% of voting rights at the General Shareholders' Meeting.

The duty to obtain a permit from the Polish Financial Supervision Authority also relates to:

- the person who after obtaining a permit from the Polish Financial Supervision Authority to exercise voting rights at the General Shareholders' Meeting at the level specified in the permit, as a result of selling Shares or for another reason, loses his/her right to exercise voting rights at that level;
- the pledgee and beneficial user of shares, if in accordance with art. 340 § 1 of the KSH they are authorized to exercise the voting rights from the Shares; and
- a situation where there is a change in the number of voting rights at the General Shareholders' Meeting as a result of amendments to the Bank's Articles of Association or as a result of expiry of the preferential rights to Shares.

In the event that the permit relates to the parent company subscribing or acquiring the Shares indirectly, it also covers subsidiaries, including the entity acquiring or subscribing for the Shares directly.

Exercising voting rights from the Bank's Shares subject to legal proceedings or another legal event causing reaching or exceeding a given threshold in the number of voting rights at the General Shareholders' Meeting is ineffective, if the threshold was reached or exceeded in violation of the duties referred to above. A resolution of the General Shareholders' Meeting passed in the situation described above shall be invalid.

Duty to Notify the Bank of Exceeding the Threshold in the Total Number of Voting Rights at the Bank's General Shareholders' Meeting

A person that subscribed for or acquired the Bank's Shares is each time obliged to immediately notify the Bank of the fact if, together with the Shares subscribed for or acquired previously, they reach or exceed the threshold of 5%, 10%, 20%, 25%, 33%, 50%, 66% and 75% votes at the General Shareholders' Meeting.

The duty to notify the Bank also relates to:

- a situation where there is a change in the number of voting rights at the General Shareholders' Meeting as a result of amendments to the Bank's Articles of Association or as a result of expiry of the preferential rights to Shares.

- acquiring and disposing of bonds convertible to the Bank's Shares, deposit certificates and other securities which result in the right or obligation to acquire the Bank's Shares.

Duty to Notify the PFSA of Selling a Block of the Bank's Shares

A person who intends to sell a block of the Bank's Shares:

- entitling to exercise more than 10% of voting rights at the Bank's General Shareholders' Meeting;

- as a result of which the block of shares remaining in the person's possession will entitle him/her to exercise less than 10%, 20%, 25%, 33%, 50%, 66% and 75% of the voting rights at the General Shareholders' Meeting

- is obliged to notify the PFSA of its intention. The duty to notify the PFSA applies respectively to the purchase and sale of bonds convertible into the Bank's Shares, deposit certificates and other securities which result in the right or duty to purchase the Bank's Shares.

Duties Related to the Indirect Take-over of DI BRE, BRE Wealth Management, BRE Ubezpieczenia TUiR or BRE Banku Hipoteczny

DI BRE, BRE Wealth Management

DI BRE and BRE Wealth Management are brokerage houses within the meaning of the Act on Trading in Financial Instruments.

In accordance with the provisions of the Act on Trading in Financial Instruments, the PFSA has to be notified of the intention to directly or indirectly acquire or subscribe to shares in a brokerage house as follows:

- constituting at least 10% of the total number of voting rights or of the amount of share capital, or

- which leads to reaching or exceeding 10%, 20%, 33% or 50% of the total number of voting rights or of the amount of share capital.

- where for the purpose of determining the number of voting rights or interest in share capital, holding shares of a brokerage house via the subsidiary shall be deemed to be holding them by the parent company.

In the event of indirect acquisition or subscription to shares in a brokerage house, the Group's parent and the entity which intends to engage in legal activities which will result in direct or indirect acquisition of or subscription to shares in a brokerage house will be obliged to make the notification.

Indirect acquisition or subscription to the shares in a brokerage house shall be construed as the acquisition or subscription to shares in an entity holding directly or indirectly shares in a brokerage house, if as a result of the acquisition or subscription a threshold of 50% of the total number of voting rights or 50% interest in the share capital of the entity is reached or exceeded, as well as the acquisition of or subscription to the shares in the brokerage house by a direct or indirect subsidiary.

The PFSA is entitled to raise objections to the planned direct or indirect acquisition or subscription to the shares of a brokerage house within three months of the date of the notification, in the event that there is justified suspicion that the entity which intends to acquire shares in the brokerage house could have an unfavourable impact on the management of the brokerage house. If the PFSA does not raise objections, it may set a date by which the shares in the brokerage house may be acquired.

The shares may be acquired or subscribed for on the terms and conditions indicated in the notification:

- after the lapse of the deadline referred to above — if the PFSA does not raise objections, or
- within the period determined by the PFSA — in the event that the Commission does not raise objections and a period is set within which shares in the brokerage house may be acquired or subscribed for.

Exercising voting rights from shares of the brokerage house acquired or subscribed for without notifying the Polish Financial Supervision Authority, after notifying but before the lapse of the period referred to above, despite the Polish Financial Supervision Authority raising objections or in violation of the period set by the Polish Financial Supervision Authority, in which the shares may be acquired or subscribed for, is ineffective.

BRE Ubezpieczenia TUiR

BRE Ubezpieczenia TUiR is a nationwide insurance company within the meaning of the Insurance Activity Act.

In accordance with the provisions of the Insurance Activity Act, an entity which intends — directly or indirectly through its subsidiaries or arrangements — to acquire or subscribe shares or share rights in a domestic insurance company in a number ensuring at least 10% votes at the General Shareholders' Meeting or 10% interest in share capital is each and every time obliged to notify the PFSA of the fact no later than 30 days before the said acquiring or subscribing indicating the number of shares or share rights acquired or subscribed for.

An entity which intends — directly or indirectly through its subsidiaries or arrangements — to acquire or subscribe for shares or share rights in a domestic insurance company in a number ensuring at least 20%, $33^1/_3$%, 50% votes at the General Shareholders' Meeting or 20%, $33^1/_3$%, 50% interest in the share capital is each and every time obliged to notify the Polish Financial Supervision Authority of the fact. An entity which intends to perform other actions referred to in art. 4 item 14 of the Public Offering Act leading to a domestic insurance company becoming its subsidiary is each and every time obliged to notify the PFSA of the fact. An entity which notifies the PFSA also gives information on shares and share rights held in a domestic insurance company — directly or indirectly through subsidiaries or by way of arrangements — and of the entity's parents and arrangements concluded by the entity, the factual and legal status which allows other entities to exercise rights from the shares of a domestic insurance company or engage in actions referred to in art. 4 item 14 of the Public Offering Act.

The PFSA may, by way of a decision, within three months of the date of submitting the notification, raise objections as to the acquisition or subscription to shares or share rights, or to taking other actions referred to in Article 4, item 14 of the Public Offering Act, which would lead to the domestic insurance company becoming a subsidiary of the notifying entity. If the PFSA does not raise objections, it may, by way of a decision, determine the deadline for acquiring the shares or share rights or taking other actions referred to in art. 4 item 14 of the Public Offering Act, which would lead to the domestic insurance company becoming a subsidiary of the notifying entity.

If shares or share rights are acquired or subscribed for in violation of the above terms and conditions, or if the PFSA raises objections, or if shares or share rights are acquired or subscribed for after the deadline for acquiring or subscribing for shares or share rights indicated by the PFSA, the voting rights vested in the shares cannot be exercised. If other actions referred to in Article 4, item 14 of the Public Offering Act are taken which lead to the domestic insurance company becoming a subsidiary of the entity which took the action in question, in violation of the terms and conditions referred to above, or if the PFSA raises objections, or if the actions are taken after the deadline specified by the PFSA, members of the Management Board of the domestic insurance company appointed by the parent or who are members of the Management Board, proxies, or managers in the parent company cannot participate in any actions relating to the representation of the domestic insurance company. If it cannot be determined which members of the Management Board were appointed by the parent company, the appointment of the Management Board is ineffective until the date of the parent company taking other actions referred to in Article 4, item 14 of the Public Offering Act, which would lead to the domestic insurance company becoming a subsidiary of the entity taking those actions.

Resolutions of the General Shareholders' Meeting of the domestic insurance company passed in violation of the ban on exercising voting rights from shares referred to above and actions relating to representing the domestic insurance company taken with the participation of members of the Management Board in violation of the restrictions referred to in the paragraph above shall be invalid.

BRE Bank Hipoteczny

The obligations related to acquiring and disposing of shares described in the section "*Duties Related to Acquiring and Selling the Bank's Shares Stipulated in the Banking Law*" apply to acquiring and disposing of the shares in BRE Bank Hipoteczny respectively.

Anti-monopoly Regulations

Act on Protection of Competition and Consumers

The President of the Office for Protection of Competition and Consumers ("AMO") must be notified of a contemplated concentration of undertakings if :

- the aggregate global turnover of the undertakings engaged in the concentration in the fiscal year preceding the year of the notification exceeded the equivalent of EUR 1 billion or
- the aggregate turnover in the territory of the Republic of Poland of the undertakings engaged in the concentration in the fiscal year preceding the year of the notification exceeded the equivalent of EUR 50 million.

The above turnover figures apply both to:

- undertakings directly involved in the concentration and
- to the remaining undertakings in the groups to which the undertakings directly involved in the concentration belong.

The AMO President usually consents to a concentration as a result of which competition on the market is not materially reduced, in particular through the emergence or consolidation of a dominant position on the market.

The provisions of the Act on Protection of Competition and Consumers apply not only to entrepreneurs within the meaning of the regulations dealing with business activity but also to natural persons exercising control within the meaning of the provisions of the Act on Protection of Competition and Consumers over at least one entrepreneur, even if that person did not engage in business activities within the meaning of the regulations on business activity if such person takes further actions falling within the scope of supervision over concentration ensuing from the provisions of the Act on Protection of Competition and Consumers.

The obligation of notification of a contemplated concentration applies, for instance, to a plan to takeover, by way of acquisition or subscription for shares or other securities or in any other manner, direct or indirect control over one or more undertakings by one or more undertakings. The acquisition of control shall mean any form of directly or indirectly obtaining rights which, severally or jointly, taking into account all the legal or factual circumstances, make it possible to exert a decisive influence on a certain undertaking or undertakings.

The contemplated concentration does not require notification if the total turnover of the undertaking, over which control is to be acquired, and its subsidiaries in the territory of the Republic of Poland does not exceed the equivalent of EUR 10 million in the two fiscal years preceding the notification. Furthermore, no notification is required of a contemplated concentration:

- consisting in the interim acquisition or subscription for shares by a financial institution for the purpose of the resale of the same if the scope of business of that institution includes investing in shares of other enterprises on its own or other investors' behalf, provided that such resale takes place within one year from the date of the acquisition or subscription for the shares, and that (a) that institution does not exercise the rights attaching to the shares, except for the right to dividends, or (b) that it only exercises such rights for the purpose of preparing the resale of the whole or part of a business, its assets or such shares;
- consisting in an interim acquisition or subscription for shares by an undertaking for the purpose of securing receivables, provided it does not exercise the rights attaching to those shares, except the right to sell them;

- occurring in the course of bankruptcy proceedings, except for acquiring control by competing entities or entities from competing capital groups towards the acquired undertaking, and

- of undertakings belonging to the same group.

Undertakings whose contemplated concentration requires a notification are required to refrain from effecting the concentration pending the issue by the AMO President of a decision consenting to the effecting of the concentration or the expiry of the deadline by which such a decision should be issued. The legal action pursuant to which the concentration is to take place may be effected subject to the issue by AMO President of its consent to the concentration or the expiry of the deadlines determined by the Act for the completion of proceedings involving concentration. The implementation of a public bid to buy or exchange shares of which the AMO President was notified shall not constitute a breach of the statutory duty to refrain from effecting a concentration referred to above, if the purchaser is not exercising voting rights attached to the acquired shares or does so solely for the purpose of preserving the full value of its equity investment or in order to prevent material damage that may occur to the undertakings involved in the concentration.

European Union regulations

A concentration of undertakings operating in the Republic of Poland may also be subject to European Regulations. The Concentration Regulation applies to concentrations having a Community dimension within the meaning of the provisions of that Regulation. A given concentration has a Community dimension where:

- the combined aggregate worldwide turnover of all the undertakings concerned exceeds EUR 5 billion, and

- the aggregate Community-wide turnover of each of at least two of the undertakings concerned exceeds EUR 250 million, unless each of the undertakings concerned achieves more than two-thirds of its aggregate Community-wide turnover within the same Member State.

A concentration that does not meet the thresholds set forth above still has a Community dimension where:

- the combined worldwide aggregate of all of the undertakings concerned is more than EUR 2.5 billion;

- in each of at least three Member States, the combined aggregate turnover of all of the undertakings concerned exceeds EUR 100 million;

- in each of at least three Member States included for the purpose of the item above, the aggregate turnover of each of at least two of the undertakings concerned exceeds EUR 25 million, and

- the aggregate Community-wide turnover of each of at least two of the undertakings concerned exceeds EUR 100 million, unless each of the undertakings concerned achieves more than two-thirds of its Community-wide aggregate turnover within the same Member State.

The Concentration Regulation introduces the rule whereby a concentration governed by that Regulation shall arise where a change of control on a lasting basis results from:

- the merger of two or more previously independent undertakings or parts of undertakings, or

- the acquisition, by one or more persons already controlling at least one undertaking, or by one or more undertakings, whether by purchase of securities or assets, by contract or by any other means, of direct or indirect control of the whole or parts of one or more undertakings.

Concentrations with a Community dimension defined in that Regulation must be notified to the European Commission prior to their implementation or following the conclusion of the agreement, the announcement of a public takeover bid or the acquisition of a controlling interest. However in some specific cases, concentration may be notified at an earlier stage. Concentration should be suspended until the European Commission takes its final decision or the deadline stipulated for issuing the decision lapses. If the European Commission finds that a notified concentration will not significantly affect effective competition on a common market or a significant part thereof, in particular as a result of creating or strengthening a dominant position, it will deem such concentration to be consistent with the common market.

As a rule, concentrations covered by the provisions of the Regulation are not subject to notification to the anti-monopoly authorities of the Member State.

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 organization, 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 and the internal regulations of the bodies binding as at the date of this Offering Memorandum.

Management Board

Organization and Competencies of the Management Board

The Management Board is composed of at least three members appointed for a joint term of office of 5 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;
- 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 and represents the Bank.

The Management Board reviews the Bank's current matters and specifically: (a) the Management Board specifies the guidelines for the Bank's operations, specifically those exposed to risk, including its credit, investment, guarantee, asset and liability management and compliance policy; (b) the degree to which the budget is met and the management reporting related to on-going control over the Bank's operations; (c) the Bank's medium and long-term development plans (the Bank's business strategies), in accordance with the risk-taking strategies and policies; (d) draft annual budgets, the profit and loss accounts and balance sheets of the Bank; (e) human resources and remuneration policies, and specifically appointing, removing, and determining remuneration, including bonuses of the Bank's directors and directors of the Bank's organizational entities; (f) decisions related to investments within the competencies of the Management Board; (g) granting and revoking proxies, (h) issues related to the Bank's organization; (i) other issues brought up by the President or Members of the Management Board, including the Bank's directors, directors of organizational entities, the Bank's organizational entities, other collective bodies of the Bank appointed in accordance with the Bank's Organizational Regulations or the Bank's Chief Economist, to be reviewed by the Management Board; (j) issues submitted for review by the Supervisory Board and the General Shareholders' Meeting; (k) determination of detailed financial guidelines for the Bank if the legal regulations require it; (l) determination of detailed principles and organization of accounting, if the legal regulations require this; (m) undertaking actions aimed at ensuring that the Bank engages in policies for managing all types of risks to which the Bank is exposed and has the respective policies, including: (i) segregates the duties to be realized by the Bank ensuring independence of the measurement, monitoring and risk control functions from operating activities from which the risk arises; (ii) is responsible for developing and implementing respective written strategies and procedures: internal control system; risk management system; the process for assessing internal capital; capital management and planning; (iii) is responsible for the effectiveness and updating written strategies and procedures described in item (ii) above; (iv) supervises the effectiveness of the internal capital assessment and maintenance, including reviews conducted at least once a year, implementing the necessary corrections and enhancements in the event of a change: in the Bank's operating risk level; business environment factors and irregularities in the operation of systems and processes; and (v) approves procedures in respect of the principles for determining capital requirements in respect of particular types of risk, and specifically the Management Board approves the process for measuring the Bank's and Group's capital adequacy.

Issues requiring the passing of a resolution by the Management Board include issues related to representing the Bank and regarding, among other things: (a) approving the Bank's financial statements for the previous financial year; (b) approving the report regarding Bank's operations for the previous financial year; (c) determining the information policies for risk and capital adequacy management, (d) approving the information relating to capital adequacy information to be published which is not covered by an audit; (e) conclusions as to the appropriation of the Bank's profit or offset of loss for the previous financial year; (f) as a rule, acquisitions and disposals of real estate or shares in real estate by the Bank; (g) as a rule, acquisitions and disposals of shares in companies by the Bank; (h) as a rule, incurring liabilities or managing assets whose total value in respect of one entity exceeds 5% of the Bank's own funds; (i) granting proxies; (j) establishing the Bank's basic organizational structures compliant as to the amount and profile of the risk incurred; (k) establishing and liquidating branch offices and other organizational entities of the Bank in Poland and abroad; (l) segregating duties between the Bank's directors; however, such a resolution cannot be passed without the consent of the President of the Management Board; and (m) all decisions and transactions which require the consent or authorization of the Supervisory Board. The Management Board takes decisions in respect of issues which do not require passing a resolution.

As a rule, decisions on incurring liabilities or managing assets whose total value in respect of one entity exceeds 5% of the Bank's own funds, require a resolution of the Management Board. On the condition that all other requirements stipulated in the Articles of Association are met, the purchase, encumbering and disposing of real estate, perpetual usufruct or interest in real estate, as well as shares in companies, as well as other assets, if the value of the transaction exceeds 1% of the Bank's own fund calculated as at 31 December of the previous year, require passing resolutions by the Management Board unless the acquisition referred to above was part of executory, or bankruptcy proceedings, including bankruptcy proceedings with the possibility of composite arrangement or another agreement with the Bank's creditor, or if the assets to be sold were acquired in the above manner.

Resolutions of the Management Board are passed by a majority of votes of the members of the Management Board present at the Management Board meeting; if an even amount of votes is cast for and against, the vote of the President of the Management Board decides.

Two Members of the Bank's Management Board acting jointly or one member of the Management Board acting jointly with the proxy are authorized to make representations in respect of the Bank's asset rights and obligations.

Without the consent of the Supervisory Board, members of the Management Board cannot engage in competitive activities or have an interest in a competitive partnership or company as partners in a general partnership, another partnership or members of bodies of a commercial company, or participate in another competitive legal entity. The ban referred to above also refers to members of the Management Board in a competitive commercial company if the member of the Management Board holds at least 10% shares in the company, or the right to appoint at least one member of the 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 Offering Memorandum is set forth below.

Full name	Age	Position on the Management Board	Date of coming into office	Date of end of the term of office
Mariusz Grendowicz	49 years	President of the Management Board, the Bank's Director General	15 March 2008	15 March 2013
Wiesław Thor	52 years	Vice President of the Management Board, the Bank's Director for Risk Management	15 March 2008	15 March 2013
Karin Katerbau	47 years	Vice President of the Management Board, the Bank's Director for Finance	5 September 2008 /1 October 2009*	15 March 2013
Przemysław Gdański	43 years	Member of the Management Board, the Bank's Director for Corporate Banking	19 November 2008	15 March 2013
Hans Dieter Kemler	42 years	Member of the Management Board, the Bank's Director for Investment Banking	10 July 2009	15 March 2013
Jarosław Mastalerz	37 years	Member of the Management Board, the Bank's Director for Retail Banking	15 March 2008	15 March 2013
Christian Rhino	41 years	Member of the Management Board, the Bank's Director for Operations and IT	15 March 2008	15 March 2013

* On 5 September 2008, Ms Karin Katerbau was appointed a member of the Management Board. On 1 October 2009, Ms Karin Katerbau was appointed Vice President of the Management Board.

Source: the Bank

The mandates of all members of the Management Board who are in office as at the date of this Offering Memorandum 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

Mariusz Grendowicz

Born in 1961, he is a graduate of the Faculty of Economics of Transport at the University of Gdansk and studied banking in Great Britain (he was awarded a diploma in International Banking from the Chartered Institute of Bankers in London). He started his professional career at foreign banks: Grindlays Bank in Australia and the New Zealand Banking Group in London. In 1991-1992 he worked at Citibank in London, and afterwards at ING Bank, where in 1992-1995 he held managerial positions in Poland, and in 1995-1997 in Hungary. From 1997 to 2000, he served as the President of the Management Board of ABN AMRO Bank Polska and the Head of the ABN AMRO Group in Poland. From 2001-2006, he served as Vice President of the Management Board of BPH S.A. in charge of Corporate Banking and Real Estate Finance. He has been a member of the Management Board of the Bank since 15 March 2008 (he did not hold any positions at the Bank before that date).

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 program 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 S.A. On 2 November 2002, he was appointed a member of the Management Board of BRE Bank, Chief Risk Officer. As at the date of this Offering Memorandum, 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. He is member of the Steering Committee of Robert Morris Association European Credit & Risk Management Round Table and GARP 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 Societe Generale — 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 Operational Officer of Private & Business Customers at Commerzbank, Frankfurt. She has been a member of the Management Board of BRE 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.

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 Oppenheim jr. & Cie KGaA, the Financial Market Department, Frankfurt and from 1998-2005 in the Head Office of Commerzbank as Head of the Corporate Risk Advisory. Since 2005, he was 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 BRE Bank since 10 July 2009 (he did not hold any positions at the Bank before that date).

Przemysław Gdański

Born in 1967, he graduated from the Faculty of Foreign Trade at the University of Gdansk and completed a one-year program in banking and international finance at Loughborough University in Great Britain. From 1993-1995, he worked for IBP Bank S.A., then for ABN AMRO in Romania and in the Head Office of ABN AMRO in Amsterdam. From 2002-2006, he was the Managing Director of the Corporate Division in BPH S.A. From May to November 2006 he held the position of Chief Executive Officer and General Director of Calyon Bank Polska and Calyon Branch in Poland. In November 2006 he became Vice President of the Management Board in BPH S.A. responsible for corporate banking and real estate financing. After the spin-off BPH S.A. by transfer of a portion of its property to Pekao S.A. he became Vice President of the Management Board responsible for Corporate Banking, Markets and Investment Banking of Pekao S.A. He has been a member of the Management Board of the Bank since 5 September 2008 (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 TUnŻ. Since 2006 he has worked at the BRE Bank Group, where he was a coauthor 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).

Christian Rhino

Born in 1969, he is a graduate of Berlin Technical University. He has worked in banking since 1998 when he started working at Deutsche Bank AG, first as e-commerce coordinator, later as director of the eBusiness department, finally as Vice President of Corporate Banking. Since 2001, he has been employed at Commerzbank, where he held the position of Global Head Trade Finance & Transaction Services and Managing Director in Corporate Banking. He has been a member of the Management Board of the Bank since 15 March 2008 (he did not hold any positions at the Bank before that date).

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 Offering Memorandum?
Mariusz Grendowicz	Bank BPH S.A.	Deputy President of the Management Board	No
	BPH Leasing S.A.	Chairman of the Supervisory Board	No
	BPH PBK Leasing	Member of the Supervisory Board	No
	BPH Bank Hipoteczny S.A.	Deputy Chairman of the Supervisory Board	No
	BPH Auto Finanse S.A.	Member of the Supervisory Board	No
	PBK Leasing S.A.	Member of the Supervisory Board	No
	Globe Trade Centre S.A.	Member of the Supervisory Board	Yes
	Atena Usługi Informatyczne i Finansowe Sp. z o.o.	Member of the Supervisory Board	Yes
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 of the Supervisory Board	No
	Commerz Servicegesellschaft für Kundenbetreung mbH	Member/Chairman of the Supervisory Board	No
	European Bank for Fund Services GmbH	Member of the Supervisory Board	Yes
Hans Dieter Kemler	Commerzbank	Head Officer Corporates and Markets	No

Full name	Company	Position	Is the position held as at the date of this Offering Memorandum?
	Erste Europäische Pfandbrief- und Kommunalkredit AG	Managing Director	No
	ABC Data Holding S.A.	Member of the Supervisory Board	Yes
Przemysław Gdański	Bank Polska Kasa Opieki S.A.	Deputy President of the Management Board	No
	Pekao Leasing S.A.	Chairman of the Supervisory Board	No
	Bank BPH S.A.	Deputy President of the Management Board	No
	BPH Bank Hipoteczny S.A.	Member of the Supervisory Board	No
	BPH PBK Leasing S.A.	Chairman of the Supervisory Board	No
	BPH Leasing S.A.	Chairman of the Supervisory Board	No
	BPH Auto Finanse S.A.	Chairman of the Supervisory Board	No
	Calyon Bank Polska S.A./Calyon S.A. Oddział w Polsce	Chief Executive Officer	No
	Mennica Polska S.A.	Member of the Supervisory Board	No
	Optimus S.A.	Member of the Supervisory Board	No
Jarosław Mastalerz	GENERALI PTE S.A.	Member of the Management Board	No
	GENERALI Życie Towarzystwo Ubezpieczeń S.A.	Member of the Management Board	No
	GENERALI Towarzystwo Ubezpieczeń S.A.	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
Christian Rhino	Soltrx Transaction Services GmbH	Member of the Supervisory Board	No
	Montrada GmbH	Chairman of the Supervisory Board	No
	Land in Sicht AG	Member of the Supervisory Board	Yes
	Seal OneAG	Chairman of the Supervisory Board	Yes

Source: the Bank

Shares in Other Companies

In the table below, information is shown on other companies in which members of the Management Board during the last five years: (a) held shares or (b) were partners. In respect of public companies or companies listed on the stock exchange, the table below only shows information on such companies if due to the number of shares or interest in share capital or in the total number of voting rights represented by the shares, the respective member of the Management Board was obliged to fulfill relevant notification duties related to acquiring and holding a significant block of shares.

Full name	Company	Does the member of the Management Board hold shares or is it a partner or shareholder in the following companies as at the date of the Offering Memorandum?
Karin Katerbau	IGB Nawaro Bioenergie GmbH & Co. KG	Yes

Source: the Bank

Supervisory Board

Organization 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 jointly the following conditions: a) holds less than 5% shares in the Bank; (b) is not related to any of the Bank's shareholders who hold at least 5% of the Bank's Shares (this relates to shareholders who are individuals); (c) is not a member of the governing authorities of the Bank's subsidiary within the meaning of the Accounting Act; (d) is not related to a member of the Bank's governing authorities or to a Bank employee in the position of director or at a higher level; (e) does not collect remuneration from the Bank for any reason, apart from remuneration for participating in the Bank's Supervisory Board; (f) is not an employee or member of the authorities of a shareholder of the Bank, holding at least 10% of the Bank's shares. A relative of a member of the Supervisory Board for the purpose of (b) and (d) above shall be deemed to be the spouse, predecessors, descendants, sons and daughters in law of the member of the Supervisory Board.

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 organizational 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 cooperation treaties; (i) receiving information on expected deviations from the annual budget; (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 is decisive. 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; (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) authorizing 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 authorization 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; (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, (d) accepting the personnel changes in the position of head of the Internal Audit Department proposed by the Management Board;

- 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; (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 Audit Committee includes at least one independent Supervisory Board member qualified and experienced in accounting and finance. 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 Offering Memorandum:

- The Executive Committee is composed of: (a) Maciej Leśny — Chairman, (b) Andre Carls, (c) Jan Szomburg;
- The Audit Committee is composed of: (a) Martin Zielke — Chairman; (b) Andre Carls; (c) Maciej Leśny; (d) Jan Szomburg; the Audit Committee includes two members who meet the independence criteria (Maciej Leśny and Jan Szomburg); all Members of the Audit Committee have the qualifications required by law in accounting or audit;
- The Risk Committee is composed of: (a) Andre Carls; (b) Maciej Leśny; (c) Waldemar Stawski.

Members of the Supervisory Board

Basic Information

As at the date of this Offering Memorandum, the Supervisory Board consists of 10 Members.

On March 22, 2010 the Bank was informed by a Member of the Supervisory Board, Michael Schmid that he submitted his resignation. The resignation shall be effective as of 31 March 2010. On 30 March 2010 the Supervisory Board of the Bank appointed Mr. Sascha Klaus as a Member of the Supervisory Board with effect from 1 April 2010, until the end of the term of office of the existing Supervisory Board.

The table below shows basic information on the Members of the Supervisory Board who held their positions as at the date of this Offering Memorandum.

Full name	Age	Position in the Supervisory Board	Date of coming into office	Date of end of the term of office
Maciej Leśny	64 years	Chairman of the Supervisory Board (independent Member of the Supervisory Board)	14 March 2008	14 March 2011
Andre Carls	47 years	Deputy Chairman of the Supervisory Board	14 March 2008	14 March 2011
Achim Kassow	44 years	Member of the Supervisory Board	14 March 2008	14 March 2011
Teresa Mokrysz	58 years	Member of the Supervisory Board (independent Member of the Supervisory Board)	14 March 2008	14 March 2011
Sascha Klaus	39 years	Member of the Supervisory Board	1 April 2010	14 March 2011
Waldemar Stawski	52 years	Member of the Supervisory Board (independent Member of the Supervisory Board)	14 March 2008	14 March 2011
Jan Szomburg	59 years	Member of the Supervisory Board (independent Member of the Supervisory Board)	14 March 2008	14 March 2011
Marek Wierzbowski	64 years	Member of the Supervisory Board (independent Member of the Supervisory Board)	14 March 2008	14 March 2011
Martin Zielke	47 years	Member of the Supervisory Board	14 March 2008	14 March 2011
Stefan Schmittmann	54 years	Member of the Supervisory Board	16 March 2009	14 March 2011

Source: the Bank

The mandates of all members of the Supervisory Board who are in office as at the date of this Offering Memorandum 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

Maciej Leśny

Born in 1946, he is a graduate of the Economics Division at University of Gdansk and foreign post-graduate studies. He worked 22 years in the central state administration, including 8 years in the position of Undersecretary of State at the Ministry of Foreign Economy Co-operation, the Ministry of Economy, Labour and Social Policy and the Ministry of Infrastructure. He was chairman of the Supervisory Board of BRE Bank S.A. from 1994-1998. In December 2001, he was reappointed as a member of the Supervisory Board. He was re-elected Chairman in 2004.

His business address is: ul. Senatorska 18, 00-950 Warsaw.

Andre Carls

Born in 1963, he is a graduate of economics at the University of Cologne (PhD). He joined Commerzbank in 1990 and subsequently held various positions in Corporate Finance and Capital Markets. From 1998 to 2000, he played a major part in building up Commerzbank's Investment Banking operation in London. From 2001 to 2008, he was a member of the board of comdirect bank AG and has served since 2004 as its CEO. From March 2008 until September 2008 Andre Carls was CFO and Vice President of the Management Board of the Bank. Currently, he is CEO of the Segment Board Central & Eastern Europe and CEO of Commerzbank Holding.

His business address is: Mainzer Landstrasse 16, D-60325 Frankfurt, Federal Republic of Germany.

Achim Kassow

Born in 1966, he is a graduate of business administration at the University of Cologne, with a PhD in economics. From 1993-2002, he worked at Deutsche Bank Group, since 2001 as a member of the Board of Managing Directors of Deutsche Bank 24 AG. From 2002-2004, he was Chief Executive Officer of comdirect bank AG, Quickborn. Since 10 November 2004, he has been a member of the Management Board of Commerzbank, responsible for the retail customers segment and Group's operations in Central and Eastern Europe.

His business address is: Kaiserplatz, 60311 Frankfurt, Federal Republic of Germany

Teresa Mokrysz

She is a graduate of the University of Economics in Katowice and co-owner of MOKATE. From 1992-1994, she launched cappuccino coffee as a new product on the Polish market and acquired a 70% market share. From 1994-1995, she built a greenfield MOKATE plant in Ustroń and in 2001 her company started operations at a plant in Żory. She is the winner of the "Leader of the Decade" title awarded by Gazeta Wyborcza daily newspaper, and the "Success of the Decade" awarded by the Businessman Magazine.

Her business address is: ul. Katowicka 265A, 43-450 Ustroń

Sascha Klaus

Sascha Klaus graduated from the Frankfurt Business, Finance and Management School in 1998. From 1990-1992 he participated in a training program of Deutsche Banku AG. From 1992-1999 he worked at Deutsche Bank AG. From 2000-2008, he held the position of Managing Director of Investment Banking Risk at Dresdner, New York. In 2008, he assumed a similar position at Dresdner Bank AG, Frankfurt/London. Since 2009 he has worked as the operating chief for Investment Risk Management in Commerzbank. From March 2010 he has been a member of the Management Board of Commerzbank Holding, responsible for risk management in the Central and Eastern Europe.

His business address is as follows: Mainzer Landstrasse 16, D-60325 Frankfurt, Federal Republic of Germany

Waldemar Stawski

Born in 1958, he is a graduate of Gdansk Technical University and completed post-graduate studies inter alia in the financial analysis. From 1993-1995 he was employed with Pomorski Bank Kredytowy, then with PKO BP as Vice President responsible for treasury, corporate clients and capital market management. From June 2002 to February 2003, he was Chairman of the Team of Receivers for Wschodni Bank Cukrownictwa S.A. He later served as Management Board member of CTL Logistics S.A. and CEO of the Polish Association of Transport and Logistics Employers.

His business address is: ul. 5-go Lipca 15, 70-373 Szczecin

Jan Szomburg

Born in 1951, he is a graduate of the University of Gdansk with a PhD in economics. Previously he worked as an assistant and then as a lecturer at the University of Gdansk. He is the founder and the President of the Management Board of the Gdansk Institute for Market Economics. In the 1990's, he was the Chairman of the Polski Bank Rozwoju Supervisory Board, Bank Gdanski Supervisory Board, advisor to Minister of Ownership Transformation, and member of the Ownership Transformation Council, an advisory body to the Prime Minister. He advised former prime minister Jerzy Buzek on economic issues. He was the chairman of the Ownership Transformation Council to the Prime Minister.

His business address is: ul. Do Studzienki 63, 80-227 Gdańsk

Marek Wierzbowski

Born in 1946, he is a full professor at the University of Warsaw and legal counsel, partner at the law firm of Prof. Marek Wierzbowski Radcowie Prawni Spółka Partnerska, a member of the Public Procurement Board, of the Central Commission for Scientific Degrees and Titles, and 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 was a chairman of the Stock Exchange Board and a vice chairman of the Court of Arbitration at the Polish Chamber of Commerce.

His business address is: ul. Mokotowska 15 A lok. 17, 00-640 Warszawa

Martin Zielke

Born in 1963, he is an economist and graduate of the University in Göttingen. From 1990 to 2000, he worked at Dresdner Bank AG and in 1997 became Regional Head Retail Banking for Northern Germany. From 2000-2001, he was Regional Head of Portfolio Investment in Deutsche Bank 24, and afterwards Regional Head of Retail Banking Finance at Deutsche Hyp. In 2002 Martin Zielke joined Commerzbank and worked as Group Manager Retail Banking and subsequently in Corporate Banking. Since April 2006 he has been a member of the Management Board of Eurohypo Aktiengesellschaft, Eschborn and since 1 February 2008 he has been Divisional Board Member for Group Finance in Commerzbank.

His business address is: Kaiserplatz, 60311 Frankfurt, Federal Republic of Germany

Stefan Schmittmann

Born in 1956, he is a graduate of business economics, with a PhD in business management from the University of St.Gallen in Switzerland. From 1986 to 2003, he was employed with Bayerische Vereinsbank AG and as of 1998 with Bayerische Hypo- und Vereinsbank AG. From 2004-2005, he served as Chairman of the Board of Directors of Vereins- und Westbank AG, Hamburg. In 2005, he was Member of the Divisional Board of Directors of Bayerische Hypo — und Vereinsbank AG in Munich. From 2006-2008, he served as a member of the Management Board of Bayerische Hypo — und Vereinsbank AG in Munich, where he was responsible for the Corporate Customer and Commercial Real Estate Customer Division and a member of the Executive Committee UniCredit Corporate Division. Since 1 November 2008, he has been a member of the Management Board of Commerzbank, currently responsible for the risk area.

His business address is: Kaiserplatz, 60311 Frankfurt, Federal Republic of Germany.

Except for 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.

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 this Offering Memorandum?
Maciej Leśny	Gdańskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.	Member of the Supervisory Board	No
	CTL Logistics S.A.	Member of the Supervisory Board	No
	Fusion Invest Polska S.A.	Member of the Supervisory Board	Yes
	Centralny Ośrodek Żeglarstwa PZŻ im. Andrzreja Benesza Sp. z o.o.	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	Yes
	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
Achim Kassow	comdirect bank AG	Member of the Supervisory Board	Yes
	Caisse Centrale de Réescompte SA	Member of the Supervisory Board	No
	cominvest Asset Management GmBH	Member of the Supervisory Board	No
	Commerz Grundbesitz Investmentgesellschaft mbH	Member of the Supervisory Board	No
	Commerz Grundbesitzgesellschaft mbH	Member of the Supervisory Board	No
	COMMERZ PARTNER Beratungsgesellschaft für Vorsorge- und Finanzprodukt	Member of the Supervisory Board	No
	Commerzbank (Schweiz) AG	Member of the Supervisory Board	No

Name and Surname	Company	Position	Is the position held as of the date of this Offering Memorandum?
	Commerzbank International S.A.	Member of the Supervisory Board	No
	CommerzLeasing und Immobilien AG	Member of the Supervisory Board	No
	Eurohypo AG	Member of the Supervisory Board	No
	Jupiter International Group plc	Member of the Supervisory Board	No
	Commerz Asset Management (UK) plc	Member of the Management Board	No
	ThyssenKrupp Steel AG	Member of the Supervisory Board	No
	Volksfürsorge Deutsche Sachversicherung AG	Member of the Supervisory Board	No
	Dresdner Bank AG	Member of the Board of Managing Directors	No
	Commerzbank	Member of the Board of Managing Directors	Yes
	Allianz Global Investors Deutschland GmbH	Member of the Supervisory Board	Yes
	Generali Deutschland Holding AG	Member of the Supervisory Board	Yes
	Commerzbank Holding	Member of the Supervisory Board	Yes
Teresa Mokrysz	MOKATE S.A.	Deputy Chairman of the Supervisory Board	Yes
	Global Cofee 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	
	Dresdner Bank ZAO	Member of the Supervisory Board	
	Commerzbank Zrt.	Member of the Supervisory Board	
	JSC Bank “Forum”	Member of the Supervisory Board	
Waldemar Stawski	CTL Logistics S.A.	Member of the Management Board	No
	CTL TransPort Sp. z o.o.	Member of the Supervisory Board	No

Name and Surname	Company	Position	Is the position held as of the date of this Offering Memorandum?
	Pol Euro Linie Żeglugowe Sp. z o.o.	Member of the Supervisory Board	No
Jan Szomburg	Grupa LOTOS S.A.	Chairman of the Supervisory Board	No
	Europejski Instytut Infrastruktury Sp. z o.o.	Member of the Supervisory Board	No
Marek Wierzbowski	Betacom S.A.	Member of the Supervisory Board	No
	Bank BPH S.A.	Member of the Supervisory Board	No
	KGHM Polska Miedź S.A.	Member of the Supervisory Board	No
	DANTEX S.A.	Member of the Supervisory Board	No
	IMAGIS S.A.	Deputy Chairman of the Supervisory Board	No
	Zakłady Przemysłu Cukierniczego MIESZKO S.A.	Member of the Supervisory Board	No
	Axa PTE S.A.	Member of the Supervisory Board	Yes
	Giełda Papierów Wartościowych w Warszawie S.A.	Deputy Chairman of the Supervisory Board	Yes
	Ceramika Nowa Gala S.A.	Deputy Chairman of the Supervisory Board	Yes
	Novitus S.A.	Member of the Supervisory Board	Yes
	CITY INTERACTIVE S.A.	Member of the Supervisory Board	Yes
	Mostostal Zabrze Holding S.A.	Member of the Supervisory Board	Yes
	Skyline Investments S.A.	Deputy Chairman of the Supervisory Board	Yes
	PEKAES S.A.	Member of the Supervisory Board	Yes
Martin Zielke	Eurohypo AG	Member of the Board of Managing Directors	No
	Eurohypo Systems GmbH	Member of Advisory Board	No
	Commerzbank Pension-Trust e.V.	Member of Board of Managing Directors	No
	Collegium Glasshütten Zentrum für Kommunikation GmbH	Member of the Advisory Board	No
	CommerzLeasing und Immobilien AG	Member of the Supervisory Board	No

Name and Surname	Company	Position	Is the position held as of the date of this Offering Memorandum?
	CORECD GmbH Commerz Real Estate Consulting and Development GmbH	Member of the Supervisory Board	No
	Bonitos GmbH & Co. KG	Chairman of the Advisory Board	No
	comdirect private finance AG	Member of the Supervisory Board	No
	ConCardis GmbH	Member of the Supervisory Board	No
	Visa Deutschland e.V.	Member of the Administrative Board	No
	Commerz Grundbesitzgesellschaft mbH	Member of the Supervisory Board	No
	Commerz Grundbesitz-Investmentgesellschaft mbH	Member of the Supervisory Board	No
	Commerz Grundbesitz-Spezialfondsgesellschaft mbH	Member of the Supervisory Board	No
	Commerz Partner Beratungsgesellschaft fur Vorsorge und Finanzprodukte mbH	Member of the Supervisory Board	No
	COMINVEST Asset Management S.A.	Member of the Administrative Board	No
	COMINVEST Asset Management GmbH	Member of the Supervisory Board	No
	comdirect bank AG	Member of the Supervisory Board	Yes
	Commerzbank Auslandsbanken Holding Nova GmbH	Member of the Supervisory Board	Yes
	JSC Bank "Forum"	Member of the Supervisory Board	Yes
Stefan Schmittmann	Bayersiche Hypo- und Vereinsbank AG	Member of Divisional Board of Directors	No
	Vereins- und Westbank AG	Chairman of the Board of Directors	No
	i-Faber S.p.A.	Member of the Board of Directors	No
	HVB Leasing GmbH	Member of the Administrative Board	No
	HVB Investitionsbank GmbH	Member of the Administrative Board	No
	Bankhaus Neelmeyer AG	Chairman of the Supervisory Board	No

Name and Surname	Company	Position	Is the position held as of the date of this Offering Memorandum?
	Blue Capital GmbH	Chairman of the Administrative Board	No
	PlanetHome AG	Member of the Supervisory Board	No
	Commerz Real Investmentgesellschaft mbH	Chairman of the Supervisory Board	No
	Deutsche Schiffsbank AG	Chairman of the Supervisory Board	No
	Dresdner Bank AG	Member of the Supervisory Board	No
	debis AirFrance B.V.	Member of the Supervisory Board	No
	LfA/Bayerische Landesanstalt für Aufbaufinanzierung	Member of the Administrative Board	No
	Bankenverband Hamburg e.V.	President	No
	Commerzbank	Member of the Board of Managing Directors	Yes
	Eurohypo AG	Member of the Supervisory Board	Yes
	Commerz Real AG	Member of the Supervisory Board	Yes
	Commerzbank Holding	Member of the Supervisory Board	Yes
	Schaltbau Holding AG	Member of the Supervisory Board	Yes
	Verlagsgruppe Weltbild GmbH	Member of the Supervisory Board	Yes
	Kunzmann GmbH & Co. KG	Member of the Advisory Board	Yes
	KG Allgemeine Leasing GmbH/Co.	Chairman of the Administrative Board	Yes
	BS Schmittmann Beteiligungs GmbH	Executive Director	Yes

Source: the Bank

Shares in Other Companies

In the table below, information is shown on other companies in which members of the Supervisory Board during the last five years: (a) held shares or (b) were partners. In respect of public companies or companies listed on the stock exchange, the table below only shows information on such companies if due to the number of shares or interest in share capital or in the total number of voting rights represented by the shares, the respective Member of the Supervisory Board was obliged to fulfill relevant notification duties related to acquiring and holding significant blocks of shares.

Name and surname	Company	Does the Member of the Supervisory Board hold shares or if he is a partner or shareholder in the following companies as at the date of this Offering Memorandum?
Andre Carls	CFB SchiffsflottenFond Nr. 146	No
	KGAL SeaClass 8	Yes
	VIP Medienfonds 4	Yes
	Academy Filmfonds	Yes
Teresa Mokrysz	MOKATE S.A.	Yes
	Mokate Sp. z o.o.	Yes
	Global Coffee Group Sp. z o.o.	Yes
	Biuro Inwestycyjno-Consultingowe “M&T” Sp. z o.o.	Yes
	MOKATE International Hungary Kft.	Yes
Waldemar Stawski	ELCON — Zakład Rozwoju i Wdrożeń Elektrotechniki Przemysłowej Sp. z o.o.	Yes
	READ-Gene S.A.	No
Jan Szomburg	Europejski Instytut Infrastruktury Sp. z o.o.	No
Marek Wierzbowski	Prof. Marek Wierzbowski Radcowie Prawni Sp. P.	Yes
Stefan Schmittmann	BHG Schmittmann GbR	Yes
	GbR Forstbetrieb Schmittmann Schwenzin, Icking	Yes
	GbR Forstbetrieb Schmittmann, Icking	Yes

Source: the Bank

Other Information on Members of the Management and Supervisory Boards

In accordance with the declarations submitted by members of the Management and Supervisory Boards, with the exceptions referred to above and below in “*Shares and Share Option*”, during the last five years, none of the members of the Management and Supervisory Boards:

- was a shareholder in a company or a partner in a partnership;
- was a shareholder in a public company holding a number of shares which gives rise to a disclosure obligation associated with the acquisition and disposal of large blocks of shares;
- conducted any activities, outside the Bank, of material significance to the Bank;
- was convicted of fraud;
- had public charges officially brought against him/her by any statutory or regulatory body (including recognized professional associations), nor was any sanction imposed on him/her by any state body or supervisory body (including a recognized professional association);
- no court has issued a ban on his/her performance of the duties in administrative, managing or supervisory bodies of the companies, or a ban on working on managerial positions or carrying out the affairs of any company;
- was a member of an administrative, managing or supervisory body or a member of the top management of entities which were subject to receivership, bankruptcy, insolvency or similar proceedings.

There are no family relations between members of the Management and Supervisory Boards.

Except for the circumstances 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.

As at the date of this Offering Memorandum, there are no conflicts of interests 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 Offering Memorandum, the Bank is not aware of any potential conflicts of interests relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations.

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.

Shares and Share Options

Shares

As at the date of this Offering Memorandum, none of the members of the Management or the Supervisory Boards holds any Shares in the Bank.

As at the date of this Offering Memorandum, there are no restrictions on the ability to dispose of the Shares held by members of the Management and Supervisory Boards.

Share Options

2008 Incentive Program for the Management Board Members

On 14 March 2008, the Ordinary General Shareholders' Meeting of the Bank approved an incentive program for the Bank's Management Board members.

Under the program, the Management Board members can acquire bonds with a pre-emptive right to acquire shares of the Bank and shares of Commerzbank.

In connection with the implementation of the program relating to the Bank's Shares, the share capital of the Bank was increased conditionally by PLN 2,200,000 through an issue of 550,000 ordinary bearer Shares. In connection with the implementation of the incentive program, the Bank issued 550,000 bonds with a pre-emptive right to acquire Shares of the Bank, in ten series (from C1 to C10), 55,000 bonds in each series, with an issue price of PLN 0.01 which have been subscribed for by DI BRE as the trustee (see "*Related Party Transactions — Transactions of the Group with Subsidiaries and Commerzbank — From 1 January 2010 to the date of this Offering Memorandum — Issue of Bonds with the Priority Right*"). Each priority bond referred to in the preceding sentence entitles its holder to subscribe for one share in the conditional share capital increase. Bonds can be acquired by entitled persons in the period 2010-2018, provided that their employment continues; however, in special cases, C1 series bonds can be acquired in 2009. According to the program bylaws, the dates for acquisition of the bonds and the Bank shares are determined in a resolution of the Supervisory Board. The priority bonds will be offered to the persons nominated by the Supervisory Board from among Management Board members, provided that the number of such persons will not exceed 99. The bonds will not be offered publicly. The Bonds will be available to the entitled persons during the incentive program period, on the terms and conditions to be determined in detail in a resolution of the Supervisory Board concerning the adoption of bylaws for the program. The bonds' pre-emptive rights to acquire Shares as part of the conditional capital increase can be exercised by entitled persons in the period from the acquisition of bonds until 31 December 2018. The issue price of each share acquired under the program will be equal to the nominal prices of PLN 4. As at the date of this Offering Memorandum, the bonds have not been offered or taken up by the entitled persons. In its resolution of 17 March 2010 the Supervisory Board of the Bank determined the following periods in which the Bank's bonds and shares can be acquired under the 2010 program: (a) 15-29 June 2010 and (b) 15-29 November 2010.

The right to acquire bonds and the number of bonds will depend on the degree the following conditions are fulfilled: (a) individual assessment of the entitled person by the Supervisory Board; (b) net return on equity (ROE) ratio for the financial year in which shares are granted; and (c) the performance of the consolidated profit before tax of the Group or the consolidated profit before tax of the Group's business lines for a given financial year.

In addition, under the incentive program, members of the Bank's Management Board can acquire shares in Commerzbank. These shares will be transferred to the Management Board members by the Bank. The right to acquire shares and the value of Commerzbank shares transferred will also depend on the degree of fulfillment of the conditions specified above. The number of Commerzbank shares granted will depend on their market prices in the period of 30 days before their allocation date in 2010-2018.

As at the date of this Offering Memorandum, the 2008 incentive program for the Management Board Members had not been launched (i.e. the bond trustee has not commenced the subscription for Offer Shares under the program).

On March 17, 2010 the Supervisory Board determined, subject to possible restrictions arising in particular from the Trading Act, the period from 15 to 29 June 2010 and the period from 15 to 29 November 2010 when members of the Management Board may acquire Bank's bonds and shares under the incentive program.

2008 Incentive Program for Key Employees of the Group

On 27 October 2008, the Extraordinary General Shareholders' Meeting of the Bank adopted an incentive program for key employees of the Group.

The program is aimed at linking a significant part of the remuneration of the key personnel with the value of the Bank and the interests of its shareholders through the long-term creation of the Bank's value, increasing the effectiveness of the Bank's and the Group's performance and stabilizing the management team by including a long-term element in the remuneration package which maintains its value in times of both economic market upturn and downturn.

The participants of the 2008 incentive program for the key employees of the Group include the following decision makers who materially contribute to the implementation of the strategy specified by the Management Board, the Group's results, business continuity and security, as well as the development of the organization and value creation.

- management board members of key subsidiaries of the Group;
- the Bank's directors, and
- representatives of key personnel.

In connection with the implementation of the program, the share capital of the Bank was increased conditionally by PLN 2,800,000 through an issue of 700,000 ordinary bearer Shares. In connection with the implementation of the incentive program, the Bank will issue 700,000 bonds with a pre-emptive right to acquire Shares in the Bank. Each priority bond referred to in the preceding sentence will entitle its holder to subscribe for one share of the Bank in the conditional share capital increase. The entitled persons will be able to acquire the bonds in the period 2010-2019 in ten tranches. The issue price of each share acquired in exercise of the rights attached to the bnods will be equal to the nominal prices of PLN 4.

The number of entitled persons will be greater than 99, therefore, the proposal to acquire the bonds and shares will need to be public, and will be effected in the public offering regime under Article 3 of the Public Offering Act; a public offering of the bonds and shares will be conducted on the basis of an offering memorandum which will be made available to the entitled persons in relation to the conclusion of indentures, to be executed between the entitled persons and the trustee.

As at the date of this Offering Memorandum, the 2008 incentive program for the key employee of the Group had not been launched. In particular, the Bank has not issued any bonds to the trustee.

As at the date of this Offering Memorandum, none of the Management and Supervisory Board Members of the Bank held options for Shares in the Bank.

Remuneration and Other Benefits

Management Board

Management Board Members who are Polish citizens are employed by the Bank based on employment contracts (so-called management contracts) for specified periods, i.e. for the duration of their term of office in the Management Board. Moreover, the Bank entered into additional agreements with these Management Board members under Polish Civil Law which grant additional financial benefits (including a right to additional remuneration, severance pay, shares in the Bank and shares of Commerzbank), as specified below.

Management Board Members who are not Polish citizens (Karin Katerbau, Christian Rhino and Hans-Dieter Kemler) entered into management contracts with the Bank. These Management Board members have been seconded by Commerzbank to perform their roles as Management Board members for a specified period. Commerzbank has the right to terminate the secondment period at any time, including without specifying the reasons for such termination; however Commerzbank should notify the Bank of any planned termination of the secondment period at least six months in advance. Both the Bank and Commerzbank may terminate the secondment agreement with a 6-month notice period given at the end of a quarter.

In respect of their employment at the Bank and the performance of their roles in the Management Board, all Management Board members are entitled to monthly salaries, annual cash bonus under the incentive program implemented by the Bank and the right to acquire, once a year, free of charge shares in Commerzbank, and to acquire (at an issue price equal to the nominal value of PLN 4) shares of the Bank, on the dates determined by the Supervisory Board (under the incentive program for Management Board members described in the section "*Shares and Share Options — Share Options — 2008 Incentive Program for the Management Board Members*" above). As part of the additional benefits, the Management Board members employed based on employment contracts are entitled to all benefits provided for in the Bank's internal regulations. In addition, the Bank covers documented representation costs, costs of medical treatment for Management Board members and their immediate families, costs of specific insurance policies, including policy of civil liability on performing the function of Management Board member. Management Board members employed based on management contracts are also entitled to reimbursement of the costs of Polish language tuition.

The provisions of the Polish Labor Code apply to employment contracts entered into with the Management Board members. Such contracts may be terminated by any of the parties with 3-months' notice. In the case of the Bank terminating the employment contract/management contract before expiry of the term of office of a respective Management Board member, the Management Board member is entitled to severance pay amounting to its remuneration for 24 months. In the case of non-appointment of a Management Board member for another term of office, severance pay for 12 months is due. Severance pay will not be granted in the following cases: (a) if the contract is terminated due to the Management Board member's dishonesty, negligence, acting to the detriment of the Bank or for other reasons indicated in the contract; (b) lack of consent by the Management Board Member to be appointed for the next term of office, or (c) resignation from its role in the Management Board.

In the case of ownership changes within Commerzbank resulting in the Bank's exclusion from the Group (i.e. 50% or more voting rights being exercised by a non-Group entity), the Management Board Member is entitled to severance pay amounting to his/her total remuneration for 36 months.

Information on remuneration, bonuses and benefits paid and due to Management Board members performing their roles at the end of 2009, as at 31 December 2009 and 31 December 2008 is presented in the table below.

	Remuneration paid in 2009 (PLN)		
	Basic salary	**Other benefits***	**Bonus for 2008**
Mariusz Grendowicz	1,800,000	236,696	2,400,000
Wiesław Thor	1,508,186	148,430	862,500
Karin Katerbau	1,275,000	208,751	223,068
Przemysław Gdański	1,200,000	143,661	1,000,000
Hans Dieter Kemler**	569,565	760,098	—
Jarosław Mastalerz	1,200,000	167,408	870,000
Christian Rhino	1,200,000	101,878	553,890
Total	**8,752,751**	**1,766,922**	**5,909,458**

* With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens, this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.

** Hans-Dieter Kemler was appointed Management Board member on 10 July 2009.

Source: 2009 Consolidated Financial Statement

Information on the remuneration of Management Board members who ceased to perform their functions in 2009 is presented in the table below.

	Remuneration paid in 2009 (PLN)		
	Basic salary	**Other benefits***	**Bonus for 2008**
Bernd Loewen	600,000	71,043	1,270,000
Total	**600,000**	**71,043**	**1,270,000**

* With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.

Source: 2009 Consolidated Financial Statement

Information on the remuneration paid in 2009 to Management Board Members who ceased to perform their functions in 2008 is presented in the table below.

	Remuneration paid in 2009 (PLN)		
	Basic salary	**Severance pay and compensations, other benefits***	**Bonus for 2008**
Andre Carls	—	—	310,146
Sławomir Lachowski	—	1,225,337	—
Janusz Wojtas	—	726,168	—
Rainer Ottenstein	—	—	600,000
Total	**—**	**1,951,505**	**910,146**

* With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.

Source: 2009 Consolidated Financial Statement

Moreover, due to the fact that the effects of a one-off transaction were excluded from the basis for calculating the bonus for 2008, Management Board members Karin Katerbau and Christian Rhino had additional agreements with the Bank. The agreements provide for the payment of an additional amount in cash and the transfer of additional shares in the Bank and shares in Commerzbank, should the employee be dismissed as a Management Board member on or before 16 March 2012 due to ownership changes in Commerzbank which, theoretically, could result in the Bank's exclusion from Commerzbank (i.e. 50% or more of voting rights at the General Shareholders' Meeting being moved outside Commerzbank). In the case of the occurrence of such a hypothetical event, Karin Katerbau would be entitled to an additional cash payment of PLN 96,987 and an additional 1,534 shares in the Bank and 4,263 shares in Commerzbank, and Christian Rhino would be entitled to an additional cash payment of PLN 240,882 and 3,807 additional shares in the Bank and 10,586 shares in Commerzbank. In both cases described above, a cash compensation may be paid instead of the Shares in the Bank and shares in Commerzbank. The cash compensation should be calculated based on the market prices of the Bank's shares on the Warsaw Stock Exchange and of the Commerzbank's shares on the Xetra stock exchange in Frankfurt on the day preceding such payment.

As at the date of this Offering Memorandum, Management Board members Mariusz Grendowicz, Wiesław Thor and Jarosław Mastalerz were negotiating a similar arrangement with the Bank.

In accordance with the remuneration system applicable at the Bank, Management Board members are entitled to a bonus for 2009 calculated on the basis of the following criteria (a) individual evaluation of the Management Board member by the Supervisory Board, (b) net ROE in 2009, and (c) profit before tax of the Group or profit before tax of individual business segments of the Group measured against budgeted value.

In 2009, Management Board members of the Bank did not receive any remuneration for their roles in the management and supervisory boards of related companies.

The total remuneration received by Management Board Members who performed their functions in 2009 amounted to PLN 18,370,174.

The following table presents information regarding the value of remunerations, awards and benefits paid and due to members of the Bank's Management Board for the period from 1 January 2010 to 31 March 2010.

	Remuneration paid for the period from 1 January to 31 March 2010 (PLN)		
	Base salary	**Other benefits***	**2009 bonus**
Mariusz Grendowicz	450,000	39,106	—
Wiesław Thor	375,000	29,430	—
Karin Katerbau	375,000	20,543	—
Przemysław Gdański	300,000	23,760	—
Hans Dieter Kemler	300,000	64,699	—
Jarosław Mastalerz	300,000	39,529	—
Christian Rhino	300,000	34,246	—
Total	**2,400,000**	**251,313**	**—**

* *With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.*

Source: Bank

The following table presents information regarding the value of remunerations, awards and benefits paid and due to members of the Bank's Management Board for the period from 1 April 2010 to the date of this Offering Memorandum. With respect to the principles of payment of remunerations, awards and benefits to Management Board applied by the Bank, the following table includes data for April 2010.

	Remuneration paid for April 2010 (PLN)		
	Base salary	**Other benefits***	**2009 bonus**
Mariusz Grendowicz	150,000	13,430	225,000
Wiesław Thor	125,000	10,110	250,000
Karin Katerbau	125,000	6,370	250,000
Przemysław Gdański	100,000	7,920	150,000
Hans Dieter Kemler	100,000	20,319	117,260
Jarosław Mastalerz	100,000	7,911	200,000
Christian Rhino	100,000	8,735	200,000
Total	**800,000**	**74,796**	**1,392,260**

* *With respect to the Management Board members who are Polish citizens, this figure includes revenues reflecting the reimbursement of apartment rental expenses, insurance (individual policies for which the Bank pays premiums), medical care subscriptions. With respect to the Management Board members who are not Polish citizens, this figure additionally includes revenues reflecting the reimbursement of air travel expenses and relocation, as defined in the respective contracts signed by these members.*

Source: Bank

Supervisory Board

In accordance with the Articles of Association, the remuneration rules applicable to the Management Board Members are determined by the General Shareholders' Meeting.

Information on the remuneration, bonuses or benefits paid to the Supervisory Board Members as at 31 December 2009 and 31 December 2008 is presented in the table below.

	Remuneration paid in 2009 (PLN)	Remuneration paid in 2008 (PLN)
Maciej Leśny	315,000	315,000
Andre Carls	273,000	86,864
Jan Szomburg	231,000	231,000
Teresa Mokrysz	132,000	132,000
Waldemar Stawski	198,000	156,750
Michael Schmid	206,250	198,000
Martin Zielke	198,000	156,750
Achim Kassow	181,500	213,625
Marek Wierzbowski	132,000	104,500
Stefan Schmittmann	—	—
Gromosław Czempiński*	—	27,500
Nicholas Teller*	—	48,125
Martin Blessing**	—	178,011
Total	**1,866,750**	**1,848,125**

** His term of office ended on 14 March 2008*

*** Resigned as at 4 September 2008.*

Source: 2009 Consolidated Financial Statement

The following table presents information regarding the value of remunerations, awards and benefits paid and due to members of the Bank's Supervisory Board for the period from 1 January 2010 to 31 March 2010 and for the period from 1 April 2010 to the date of this Offering Memorandum. With respect to the principles of payment of remunerations, awards and benefits to Supervisory Board applied by the Bank, the following table includes data for April 2010.

	Remuneration for the period 1 January — 31 March 2010 (PLN)	Remuneration for April 2010 (PLN)
Maciej Leśny	78,750	26,250
Andre Carls	68,250	22,750
Jan Szomburg	57,750	19,250
Teresa Mokrysz	33,000	11,000
Waldemar Stawski	49,500	16,500
Michael Schmid*	57,750	—
Sasha Klaus**	—	19,250
Martin Zielke	49,500	16,500
Achim Kassow	33,000	11,000
Marek Wierzbowski	33,000	11,000
Stefan Schmittmann	—	—
Total	**460,500**	**153,500**

** Vacated his position on the Supervisory Board as of 31 March 2010*

** Supervisory Board member appointed as of 1 April 2010*

Source: Bank

Participation in the Offering

No Management or Supervisory Board member intends to participate in the Public Offering or acquire Offer Shares thereunder.

Corporate Governance

Corporate governance comprises all activities and regulations aimed at ensuring a balance between the interest of all shareholders of a given company (investors, the management, employees and suppliers), thus contributing to the company's development. In Poland, corporate governance rules are set out in "The Code of Best Practices for Public Companies", first published by the WSE in September 2002. The document established the basic principles of the business ethics to be followed by listed companies, and in particular, their bodies and shareholders. Another version of the rules, "The Code of Best Practices for Public Companies 2005", applied from the beginning of 2005 to the end of 2007. Since the very introduction of the Code of Best Practices, the Bank has declared its willingness to comply with them. The same applies to the most recent version of the document, i.e. "The Code of Best Practices for WSE Listed Companies", effective from 1 January 2008. In connection with the above, on 7 January 2008, the Management Board of the Bank adopted a resolution on the application of the Best Practices, and the Supervisory Board passed the relevant resolution on 24 January 2008.

In accordance with the Internal Regulations of the Warsaw Stock Exchange in the case of a permanent or incidental breach of a corporate governance rule, the Bank is obliged to publish a report containing information on the specific rule that had not been followed, the circumstances of and reasons why the rule had not been complied with and how the Bank intended to remedy any potential effects of non-compliance or on the steps to be taken to mitigate the risk of non-compliance with the corporate governance rules in the future. The reports should be published on the Bank's official website in the form of current reports under §29 of the Internal Regulations of the WSE. The duty to report arises immediately the Bank becomes aware of non-compliance with a given rule, and in any case immediately after an event representing the non-compliance occurred. In addition, corporate governance compliance reports shall be published in addition to annual reports.

Detailed information on compliance with the Code of Best Practices is included in the declaration of compliance with the corporate governance rules in 2009, representing a separate section of the Bank's Directors Report for 2009 included in the 2009 consolidated annual report of the Group for 2009.

The 2009 consolidated annual report of the Group is available at the Bank's web site (*www.brebank.pl*) and on the web page *www.gpwinfostrefa.pl*.

MAJOR SHAREHOLDERS

Major Shareholders

As at the date of this Offering Memorandum, the share capital of the Bank comprised 29,690,882 Shares, including (a) 29,669,382 ordinary bearer Shares listed on the main market of the WSE; and (b) 21,500 registered dematerialized Shares, not listed on the Main Market of the WSE.

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 Bank's Shares 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 Art. 69 of the Public Offering Act (see "*Polish Capital Market Regulations — Public Offering Act — Obligations Relating to Large Blocks of Shares in Public Companies — Disclosure obligations*") or information provided to the Bank based on other legal regulations (see "*Share Capital and Shares — Rights and Obligations Related to the Shares — Duties Related to Acquiring and Selling the Bank's Shares Stipulated in the Banking Law*").

As at the date of this Offering Memorandum, Commerzbank Holding, a sole-shareholder subsidiary of Commerzbank, was the Bank's majority shareholder. Commerzbank Holding holds 20,719,692 Shares representing 69.78% 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.

According to the information available to the Management Board as at the date of this Offering Memorandum, Commerzbank, via Commerzbank Holding, intends to fully exercise its pre-emptive rights.

Apart from Commerzbank Holding, as at the date of this Offering Memorandum, the Bank did not have any information whether other shareholders of the Bank which, given the number of shares held, would be subject to the disclosure obligation referred to in Art. 69 of the Public Offering Act or other disclosure obligations specified in the relevant provisions of the law.

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 organization 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 utilization 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; (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.

Corporate Mechanisms of the Bank Which Might Delay, Adjourn or Prevent a Change of Control over the Bank

In the opinion of the Bank, neither the Articles of Association or 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 (see "*Share Capital and Shares — Rights and Obligations Related to the Shares — Special Auditor*") and the KSH (with regard to rights of minority shareholders in particular those relating to the General Shareholders' Meeting, see "*Share Capital and Shares — Rights and Obligations Related to the Shares*").

Certain mechanisms aimed at preventing the abuse of control over the Bank are also provided for in the Bank's corporate documents:

- in accordance with the new wording of § 14 clause 4 of the Permanent Rules of the General Shareholders' Meeting as adopted by the Resolution dated 30 March 2010, shareholder(s) of the Bank intending to request to have certain matters relating to the Bank's affairs placed on the agenda at the next General Shareholders' Meeting should submit a written motion to the Management Board which, in turn, will present its opinion to the Supervisory Board. The Supervisory Board may decide, at its own discretion, whether or not to present the motion at the General Shareholders' Meeting; however, this does not apply to matters submitted under clause 3 of the Permanent Rules of the General Shareholders' Meeting by shareholders representing at least one-twentieth of the share capital of the Bank;

- in accordance with § 14 clause 3 of the Articles of Association, a resolution dismissing the consideration of a matter placed on the agenda at the General Shareholders' Meeting may only be passed if there are compelling reasons for its dismissal. A related motion should include a detailed justification. To remove a matter from the agenda or dismiss the consideration of a matter placed on the agenda at the request of the shareholders, a resolution of the General Shareholders' Meeting must be passed, following the consent of all present shareholders who submitted such a request, by the majority of three quarters of the votes at the General Shareholders' Meeting.

The Bank's Position in the Commerzbank Group

Commerzbank is the second largest private bank in Germany. 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 package 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, on 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 cooperation with Commerzbank covers a number of areas. The major areas of cooperation include:

- financing — as at 31 March 2010, the value of subordinated liabilities granted to the Bank by Commerzbank amounted to about PLN 2.6 billion; the utilization of loans granted by Commerzbank as at 31 March 2010 amounted to about PLN 17.8 billion; in addition to direct capital support, Commerzbank provides support to the Bank in the form of a so-called "letter of comfort" (*Patronatserklärung*) — a promise to provide financial support in the event of any problems with liquidity (in the form of an official warranty that in all events, except for political risks, the Bank shall satisfy its contractual obligations);

- 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 optimization 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;

- cooperation in the areas of logistics and IT;
- a common reporting system for the accounting and controlling;
- cooperation in servicing international customers, including Commerzbank's customers.

Structure of the Shareholding following the Offering

The Offering is addressed to the existing shareholders of the Bank.

Assuming that all existing shareholders fully exercise their pre-emptive rights by subscribing for Offer Shares from all their Individual Pre-emptive Rights, the structure of the Bank's shareholding after the Offering should not change.

The actual structure of the Bank's shareholding following the Offering will depend on the number of existing shareholders of the Bank who subscribe to the Offer Shares exercising their Individual Pre-emptive Rights; the number of existing shareholders of the Bank who dispose of their Individual Pre-emptive Rights; the number of existing shareholders of the Bank who acquire additional Offer Shares as a result of the Additional Subscription and the number of Offer Shares acquired by entities which are not shareholders of the Bank in connection with the acquisition of the Offer Shares resulting from these entities exercising the Individual Pre-Emptive Rights acquired by them or the acquisition of the Offer Shares which were not covered with the subscription as part of the execution of Individual Pre-emptive Rights and the Additional Subscriptions.

The table below shows basic information on the structure of the Bank's shareholding as at the date of the Offering Memorandum and following the Offering, based on the assumption that the maximum number of Offer Shares will be subscribed for, and all existing shareholders of the Bank, including Commerzbank (via Commerzbank Holding) will fully exercise their pre-emptive rights to the Offer Shares.

Shareholding structure	As at the date of the Offering Memorandum		Following the Completion of the Offering	
	Number of Shares	% of voting rights at the General Shareholders' Meeting	Number of Shares	% of voting rights at the General Shareholders' Meeting
Commerzbank (via Commerzbank Holding)	20,719,692	69.78%	35,223,476	69.78%
Other shareholders	8,971,190	30.22%	15,251,023	30.22%
Total	**29,690,882**	**100%**	**50,474,499**	**100%**

Source: the Bank

The table below shows basic information on the structure of the Bank's shareholding as at the date of this Offering Memorandum and following the Offering, based on the assumption that the maximum number of Offer Shares will be subscribed for, and all existing shareholders of the Bank, including Commerzbank (via Commerzbank Holding) will not fully exercise their pre-emptive rights to the Offer Shares.

Shareholding structure	As at the date of the Offering Memorandum		Following the Completion of the Offering	
	Number of Shares	% of voting rights at the General Shareholders' Meeting	Number of Shares	% of voting rights at the General Shareholders' Meeting
Commerzbank (via Commerzbank Holding)	20,719,692	69.78%	20,719,692	41.05%
Other existing shareholders	8,971,190	30.22%	8,971,190	17.77%
New shareholders	—	—	20,783,617	41.18%
Total	**29,690,882**	**100%**	**50,474,499**	**100%**

Source: the Bank

TERMS AND CONDITIONS OF THE OFFERING

Summary of the Offering

This Offering of 12,371,200 Offer Shares will be conducted as a rights issue: the existing shareholders will have pre-emptive rights to subscribe for the Offer Shares *pro rata* to their current holdings (Pre-emptive Rights). The Issue Price is PLN 160 per Offer Share. The Individual Pre-emptive Rights have not been restricted or waived. The Pre-emptive Right Record Date will be 18 May 2010. 29,690,882 Individual Pre-emptive Rights will entitle the holder of such to subscribe for 12,371,200 Offer Shares. The Offering does not involve the sale of any Shares existing at the date of this Offering Memorandum.

It is the Bank's intention to list 29,690,882 Individual Pre-emptive Rights, 12,371,200 Rights to Shares, and 12,371,200 Offer Shares on the WSE's main market.

Persons to Whom the Offering is Addressed

The Offering is addressed to the persons entitled to subscribe for the Offer Shares as a result of the exercise of their Individual Pre-emptive Rights and within the scope of Additional Subscriptions. The Offer Shares that have not been subscribed for as a result of the exercise of the Pre-emptive Rights and within the scope of Additional Subscriptions will be allocated by the Management Board at its discretion upon consultation with the Global Coordinator and Sole Bookrunner to entities who have submitted their offers in response to the invitation by the Management Board.

The Offering shall not be divided into tranches.

The Offering shall be conducted only in the territory of the Republic of Poland. Outside the Republic of Poland, this Offering Memorandum shall not be treated as a recommendation, offer or solicitation to submit offers to acquire any securities. Neither this Offering Memorandum nor the securities covered by this Offering Memorandum have been subject to any approval, registration or notification procedure in any country, in particular under the regulations implementing the Prospectus Directive in the Member States or under U.S. federal or states securities laws or regulations.

The securities covered by this Offering Memorandum may not be offered outside the Republic of Poland, unless such an offer is conducted in a respective country in compliance with applicable laws without the need to fulfill any additional legal requirements. Investors intending to participate in the Offering who reside outside the Republic of Poland or whose registered office is situated outside the Republic of Poland should familiarize themselves with the relevant provisions of Polish law and of the laws of other countries which may be applicable to such investors.

Offering Schedule

12 May 2010	Publication of the Offering Memorandum, execution of the Underwriting Agreement
18 May 2010	Pre-emptive Right Record Date. Since 18 May 2010 is the Pre-Emptive Right Record Date, the existing Shares purchased during a WSE trading session after 13 May 2010 (the last day on which the acquisition of the Existing Shares at a WSE trading session vests the right to acquire Individual Pre-Emptive Rights) shall not vest the right to receive Individual Pre-Emptive Rights or to exercise Individual Pre-Emptive Rights in line with the NDS settlement system. The first day on which the Shares may be sold on the WSE while retaining the Pre-Emptive Rights will be 14 May 2010.
19 May 2010	Beginning of the subscription period to exercise Individual Pre-emptive Rights and to make Additional Subscriptions
19–21 May 2010	Listing of the Individual Pre-emptive Rights on the WSE
26 May 2010	Closing of the subscription period to exercise Pre-emptive Rights and to make Additional Subscriptions
7-8 June 2010	Subscription period for the Offer Shares which were not subscribed for as a result of the exercise of the Pre-emptive Rights and making of Additional Subscriptions (rump placement)
9 June 2010	Allotment of the Offer Shares
not later than 17 June 2010	First listing of the Rights to Shares

The Management Board may decide to change the commencement dates of the acceptance period for the orders. Information of any such change will be made available to the public in a current report released under Article 56, Section 1 of the Public Offering Act, and by way of an update announcement made available to the public in the same manner as the Prospectus under Article 52 Section 2 of the Public Offering Act.

The Management Board may also decide to change the closing dates of the acceptance period for the orders. Information on any such change will be made available to the public in a current report released under Article 56, Section 1 of the Public Offering Act, and by way of an update announcement made available to the public in the same manner as the Prospectus under Article 52, Section 2 of the Public Offering Act. This will take place not later than on the closing date of the acceptance period for the orders. If the Bank believes that such change may constitute a material factor which could affect the assessment of the securities, then apart from the publication of information on such change in a current report released under Article 56, Section 1 of the Public Offering Act, such information will also be made available to the public in the form of a supplement to the Prospectus prepared pursuant to Article 51 of the Public Offering Act. In such case, persons who placed subscription orders may cancel such subscriptions by filing a written statement to that effect with any customer service point of a brokerage house, a bank maintaining securities accounts, or the bank in which they placed a subscription order as a result of the exercise of the Individual Pre-emptive Right or under an Additional Subscription within two business days of the date when the supplement to the Prospectus is made available under Article 51a of the Public Offering Act. Where the relevant subscription order for the Offer Shares has not yet been placed or the subscriber cancelled such subscription pursuant to Article 51a of the Public Offering Act, the payment made for the Offer Shares will be returned by the brokerage house, the bank maintaining the securities accounts or the bank which received the payment. Payments for the Offer Shares will be returned in line with the instruction given by the subscriber in the subscription order form or by the person making the payment within 14 days from the date on which a statement to the effect that the subscription placed has been cancelled is made or on which the person who has not yet placed a subscription order indicates the manner in which the payment is to be returned. Payments for the Offer Shares will not bear interest, and the person making the payment shall not be entitled to claim any compensation or reimbursement of costs, including the costs incurred by the subscriber in connection with the placement of a subscription order for the Offer Shares or the purchase price of the Individual Pre-emptive Rights on the secondary market.

Other dates of the Offering may also change. The new dates will be provided to the public not later than on such deadline in the form of a current report in compliance with Article 56, Section 1 of the Public Offering Act and, additionally, in the form of an update communication (*komunikat aktualizacyjny*) in the manner in which the Prospectus has been published in accordance with Article 52 Section 2 of the Public Offering Act.

Any change to the dates of the Offering shall not be considered as a cancellation of the Offering.

Cancellation or Suspension of the Offering

The Management Board, after obtaining the Supervisory Board’s consent, may decide to cancel the Offering at any time. If the Offering is cancelled prior to the commencement of the subscription period, then the Bank shall not be obliged to provide reasons for such cancellation. The Offering may be cancelled after the subscription period has commenced only if circumstances arise which may limit the likelihood that all the Offer Shares which have been or are to be offered for subscription will be subscribed for as part of the Offering, or if circumstances arise which may exacerbate the investment risk for the subscribers of the Offer Shares. In the opinion of the Management Board such circumstances include in particular: (i) a material change in the economic or political situation in Poland or worldwide; (ii) a material change in the situation in Polish or global financial markets; (iii) a material adverse change in the Bank’s business, management, financial standing, equity standing or operating performance; or (iv) any suspension or limitation of trading in financial instruments on the WSE.

The Management Board, after obtaining the Supervisory Board’s consent, may decide to suspend the Offering at any time. If the Offering is suspended prior to the commencement of the subscription period, then the Bank shall not be obliged to give reasons for such suspension. The Offering may be suspended after the subscription period has commenced only if circumstances arise which may limit the likelihood that all the Offer Shares which have been or are to be offered for subscription will be subscribed for as part of the Offering or if circumstances arise which may exacerbate the investment risk for the subscribers of the Offer Shares.

The Offering may be suspended without new dates for its resumption being provided. A decision on any resumption of the Offering shall in each case take place at such time as it is legally possible to conduct the Offering, in particular taking into consideration the restrictions imposed by Article 431, Section 4 of the KSH.

Information that the Offering has been cancelled or suspended will be made available to the public in a current report released under Article 56, Section 1 of the Public Offering Act, and, furthermore, in the form of a supplement to the Prospectus prepared pursuant to Article 51 of the Public Offering Act.

If the Offering is suspended after the subscription period has commenced, all subscription orders shall remain valid, under the condition that persons who placed subscription orders may cancel such subscription within two business days of the date when the supplement to the Prospectus is made available under Article 51a of the Public Offering Act. If the Offering is cancelled after the acceptance of subscriptions has commenced, all the subscription orders already made will be ineffective.

Payments for the Offer Shares shall not bear interest, and if the Bank cancels the Offering or the Offering is suspended, the person making the payment will not be entitled to claim any compensation or reimbursement of costs, including the costs incurred in connection with the placement of a subscription order for the Offer Shares or the purchase price of the Individual Pre-emptive Rights on the secondary market. Payments made for the Offer Shares covered by cancelled subscription orders as a result of suspension of the Offering will be returned in line with the instruction provided by the subscriber in the subscription order form within 14 days of the date on which a statement to the effect that the subscription placed has been cancelled was made. If the Bank cancels the Offering after the acceptance of subscription orders has commenced, the payments made for the Offer Shares will be reimbursed in accordance with the instructions given by the subscriber in the subscription form within 14 days from the date of publication of the current report on cancellation of the Offering in accordance with Article 56, Section 1 of the Public Offering Act.

Issue Price

The Issue Price of the Offer Shares is PLN 160 per share.

The issue price of the Offer Shares that have not been subscribed for under subscription orders submitted as a result of the exercise of the Pre-emptive Rights and within the scope of Additional Subscriptions and which will be offered by the Management Board in consultation with Global Coordinator and Sole Bookrunner to entities selected pursuant to Article 436, Section 4 of the KSH may not be lower than the Issue Price. The Management Board does not foresee differentiating between the issue price of the Offer Shares, and the issue price of the Offer Shares that have not been subscribed for under subscription orders submitted as a result of the exercise of the Individual Pre-emptive Rights and within the scope of Additional Subscriptions.

In addition to paying the Issue Price, a shareholder or investor placing a subscription for the Offer Shares may be required to make additional payments or expenses related to the realization or settlement of the subscription placed, and recording the RTSs or Offer Shares on the securities account of such shareholder or investor. The amount of these fees or expenses will depend on the prevailing regulations concerning the fees and expenses of the investment firm intermediating in the placing of the subscription for the Offer Shares, realization and settlement of such a subscription, and recording the RTSs and the Offer Shares on the securities account.

Holders of Individual Pre-emptive Rights

The Bank's shareholders at the end of day on 18 May 2010 (the Pre-emptive Right Record Date) will be granted one Individual Pre-emptive Right per each share held by them.

The individual pre-emptive rights granted to the existing shareholders will be registered as Individual Pre-emptive Rights in their respective securities accounts.

Trading in Individual Pre-emptive Rights

Trading in Individual Pre-emptive Rights will be conducted in accordance with the regulations of the WSE. It is the intention of the Issuer that the trading in the Individual Pre-emptive Rights commences on the day following the Record Date (i.e. on 19 May 2010) and continues until 21 May 2010, the third trading day preceding the closing of the subscription period as a result of the exercise of the Individual Pre-emptive Rights and within the scope of Additional Subscriptions. Notwithstanding the above, Individual Pre-emptive Rights may also be traded outside the regulated market in transactions under civil law.

Non-exercised Individual Pre-emptive Rights will expire upon the conclusion of the subscription period for the Offer Shares. The holder of an expired Individual Pre-emptive Right will be entitled to no benefits in lieu of the right.

Persons Entitled to Subscribe for the Offer Shares as a Result of the Exercise of the Individual Pre-emptive Rights or Within the Scope of Additional Subscriptions

Persons entitled to subscribe for the Offer Shares as a result of the exercise of the Individual Pre-emptive Rights will be:

- persons who held shares at the end of the day on the Pre-emptive Right Record Date and who have not disposed of the Individual Pre-emptive Rights by the time they place a subscription order for the Offer Shares; and

- persons who have acquired Individual Pre-emptive Rights and have not disposed of them by the time they place a subscription order for the Offer Shares.

A person entitled to subscribe for the Offer Shares as a result of the exercise of the Individual Pre-emptive Rights may subscribe for not more than the number of Offer Shares resulting from the Individual Pre-emptive Rights held. If the number of the Offer Shares which a given person is entitled to subscribe for under the Individual Pre-emptive Rights is not an integer, such person may place a subscription order for no more than the number of the Offer Shares resulting from rounding down, to the nearest integer, of the number of the Offer Shares which a given person is entitled to subscribe for under the Individual Pre-emptive Right. The final number of the Offer Shares allotted to a person that subscribed for the Offer Shares in exercise of the Pre-emptive Rights shall be determined by multiplying the number of Individual Pre-emptive Rights subscribed for by that person based on all validly placed subscriptions by the number of Offer Shares available for subscription and under one Individual Pre-emptive Right and subsequently rounding the product down to the nearest integer. Irrespective of any such rounding down, each Individual Pre-emptive Right used in such subscription will be deemed to have been exercised in full.

Within the above limits, a single authorized party may place multiple subscription orders as a result of the exercise of the Individual Pre-emptive Right. The minimum required size of a subscription order as a result of the exercise of the Individual Pre-emptive Right shall be one Offer Share.

Persons entitled to place an additional subscription order by the Individual Pre-emptive Right exercise date shall be persons who were shareholders at the end of the Pre-emptive Right Record Date. No Additional Subscription may be made by persons who were not shareholders of the Bank at the end of the Pre-emptive Right Record Date and who acquired the Individual Pre-emptive Rights. Those persons may only place a subscription as a result of their exercise of the Individual Pre-emptive Rights.

Effectiveness of the Additional Subscription shall not depend on submission by persons of a subscription order in exercise of their Individual Pre-emptive Rights.

An Additional Subscription filed with a single entity accepting subscriptions for the Offer Shares may not be larger than the size of the Offering (including the number of Offer Shares subscribed for in exercise of the Individual Pre-emptive Rights). Within above limits, the placement of multiple Additional Subscriptions will be permitted. The minimum required size of an Additional Subscription will be one Offer Share.

A subscription order placed by a person non-entitled to subscribe for the Offer Shares shall be ineffective. A subscription order placed for a number of the Offer Shares exceeding the number permitted in accordance with the rules described above will be ineffective to the extent that it exceeds such permitted number.

Venue for Accepting Subscription Orders Placed as a Result of the Exercise of the Individual Pre-emptive Rights or Within the Scope of Additional Subscriptions

Persons entitled to subscribe for the Offer Shares as a result of the exercise of the Individual Pre-emptive Rights may place their orders for the Offer Shares at the brokerage houses or banks maintaining securities accounts in which their Individual Pre-emptive Rights are registered. If the Individual Pre-emptive Rights of an entitled person are registered in a securities account maintained by a custodian bank, such a person may place a subscription order for the Offer Shares in accordance with the rules of placing orders to be followed by customers of such custodian bank.

Persons entitled to place Additional Subscriptions may place their orders for the Offer Shares at the brokerage houses or banks maintaining securities accounts in which Shares were registered in their favor by the end of the Pre-emptive Right Record Date.

The acceptance of subscription orders placed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions shall not be limited to the Offering Agent.

Procedure for Placing Subscription Orders in as a Result of the Exercise of the Individual Pre-emptive Rights or Within the Scope of Additional Subscriptions

A subscription order for the Offer Shares in exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscription will be placed on separate forms, in each case in three copies. The form of a subscription order for the Offer Shares in exercise of the Individual Pre-emptive Rights and the Additional Subscription form will be available at the website of the Bank (www.brebank.pl) and of the Offering Agent (www.dibre.com.pl).

Orders placed otherwise than on the forms and orders which do not contain all of the required details will be invalid. Any additional provisions that are not specified in the forms will have no legal effect. A subscription order placed conditionally or subject to any reservations as to dates or time, will also be invalid. All the consequences of improperly filling in the forms for subscription orders for the Offer Shares will be borne by the subscriber.

As a confirmation of acceptance of a subscription order, the person placing the order shall receive one copy of a completed in and signed subscription order form and in the case of an order placed over the Internet, by phone, fax or using other technical means, provided that such possibility is allowed by the rules of the brokerage houses and banks maintaining securities accounts which accept the orders, the person placing the subscription order will receive a confirmation of acceptance of the order given in the manner and form as specified in such rules.

When placing a subscription order for the Offer Shares as a result of the exercise of the Individual Pre-emptive Rights or an Additional Subscription, the investor does not submit an instruction to deposit the Shares because following the exercise of the Individual Pre-emptive Rights held by the investor the allotted Offer Shares shall be registered on the account from which the Individual Pre-emptive Rights were exercised.

The type, contents, and form of documents required to be submitted when placing a subscription order for the Offer Shares in exercise of the Individual Pre-emptive Rights or Additional Subscriptions, as well as the rules governing an investor acting through a proxy, should comply with the procedures applicable at the brokerage house or bank maintaining securities accounts which accepts the order.

Each such brokerage house or bank maintaining securities accounts will furnish technical information on placing orders and will make available subscription order forms.

Subscription orders for the Offer Shares or Additional Subscriptions may be placed over the Internet, by phone, fax or using other technical means, provided that such possibility is allowed by the rules of the brokerage houses and banks keeping securities accounts which accept the orders.

Payments in Respect of Subscription Orders Placed in Exercise of the Individual Pre-emptive Rights or Within the Scope of Additional Subscriptions; Effects of Failure to Make the Payment

A payment made in respect of a subscription order for the Offer Shares placed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions should be equal to the amount resulting from multiplying the number of the Offer Shares covered by the order by the Issue Price of the Offer Shares. The payment should be made no later than at the time of placing the order.

Payment for the Offer Shares should be made in cash or by the wire transfer, in the Polish zloty, in a form acceptable to the brokerage house or bank maintaining securities accounts which accepts the order.

Where payment for the Offer Shares is made by bank transfer (provided that a given brokerage house or bank keeping securities accounts accepts such form of payment for the Offer Shares), the date of crediting the full amount of the payment to the relevant bank account of the brokerage house or bank maintaining securities accounts which accepts a given order shall be deemed to be the date of payment. Persons intending to make payment for the Offer Shares by bank transfer should contact the brokerage house or bank maintaining securities accounts at which they intend to place their order to obtain the number of the relevant bank account. Such subscribers should note that they will bear all the risk of timely execution of bank transfers made to pay for subscription orders.

If the Individual Pre-emptive Rights of an entitled person are registered in a securities account maintained by a custodian bank, such person should make payment for the Offer Shares in accordance with the rules for making payments in respect of subscription orders to be followed by customers of such custodian bank.

Payments for the Offer Shares shall bear no interest.

In the event of failure to make payment for the Offer Shares, placement of a subscription order will be impossible, and where an order has already been placed, it will be invalid to the extent that the amount paid, after deducting any fees and commission, is not sufficient to make a full payment for the Offer Shares.

Subscriptions for the Offer Shares which Are Not Subscribed for in Exercise of the Individual Pre-emptive Rights or Within the Scope of Additional Subscriptions

The Management Board will, subject to the terms of the Underwriting Agreement, invite investors to file subscriptions and will allocate, at its own discretion, the Offer Shares (which are unsubscribed as a result of the exercise of the Individual Pre-emptive Rights or under Additional Subscriptions) to the investors designated by the Global Coordinator and Sole Bookrunner in consultation with the Bank or to the Global Coordinator and Sole Bookrunner itself if no other investors are designated or if the Global Coordinator and Sole Bookrunner resolves to subscribe for the Offer Shares (see, "*Underwriting, Stabilization and Lock-up Arrangements*").

Subscription orders for the Offer Shares not covered by subscription orders placed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions will be accepted at the offices of the Offering Agent on the date specified in the Management Board's invitation or, if none is so specified, no later than on the date specified in the Offering schedule as the end of the period for acceptance of subscription orders for the Offer Shares which were not acquired in exercise of the Pre-emptive Rights or within the scope of Additional Subscriptions (i.e. on 7-8 June 2010).

An investor who subscribes for the Offer Shares which are not covered by subscription orders placed in exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions may place a subscription order for not less than one Offered Share and not more than the number of the Offer Shares specified in the invitation to place orders issued by the Management Board. If a subscription order is placed for a number of the Offer Shares which exceeds the number of Offer Shares specified in the invitation, such subscription order shall be deemed to have been placed for the number of the Offer Shares specified in the invitation.

An investor who subscribes for the Offer Shares which are not covered by subscription orders placed in exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions shall be obliged to submit an irrevocable instruction to deposit the Offer Shares, which will make it possible for the allotted Offer Shares to be registered on the investor's securities account. Once submitted by the investor, the instruction to deposit the Offer Shares may not be changed. Submission of an instruction to deposit the Offer Shares will be deemed to be equivalent with a submission of an instruction to deposit the Rights to Shares. Failure to submit an instruction to deposit the Offer Shares shall result in non-acceptance of the subscription order. A subscription order for the Offer Shares which are not covered by subscription orders placed in exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions will be placed on a prescribed form, in three copies. The type, contents, and form of documents required to be submitted when placing a subscription order for the Offer Shares which are not covered by subscription orders placed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions, as well as the rules governing an investor acting through a proxy, should comply with the procedures of the Offering Agent.

A subscription order placed otherwise than on the prescribed form or which does not contain all the data required by the form, shall be invalid. Additional provisions not provided for in the subscription order form will not give rise to any legal consequences. A subscription order placed conditionally or subject to any reservations as to dates or time will also be invalid. All the consequences of improperly filling in a subscription order form for the Offer Shares will be borne by the subscriber.

As a confirmation of acceptance of a subscription order, the entitled person will receive one copy of a completed in and signed subscription order form.

Payments in Respect of Subscription Orders for the Offer Shares not Subscribed for as a Result of the Exercise of the Individual Pre-emptive Rights or Within the Scope of Additional Subscriptions; Effects of Failure to Make Payment

Payments in respect of subscription orders for the Offer Shares not covered by subscription orders placed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions should be made in an amount which is the product of the number of the Offer Shares covered by the subscription order and the Issue Price. Payments should be made on the day of the acceptance of subscription orders for the Offer Shares not covered by subscription orders placed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions. Failure to make payment for the Offer Shares will invalidate the order to the extent that the amount paid is not sufficient to make full payment for the Offer Shares.

Payments for the Offer Shares should be made in cash, in the Polish zloty, by bank transfer made to the account indicated by the Offering Agent.

The date of crediting the full amount to the Offering Agent's account will be deemed to be the date on which the payment is made. Subscribers must note that they shall exclusively bear the risk of the timely execution of bank transfers made in connection with a payment for a subscription order.

Payments for the Offer Shares shall bear no interest.

Binding Nature of Subscription Orders

Once placed, a subscription order cannot be revoked. A subscription order will be binding upon the person placing the order until the allotted Offer Shares are registered in such person's securities account, unless the issue is earlier announced to be unsuccessful.

A person placing a subscription order may cancel the subscription placed if the conditions set out in Article 51a of the Public Offering Act are met, i.e. if a supplement to the Offering Memorandum is published after the opening of the subscription, provided that the subscription order was placed before the publication of such a supplement. In order to cancel the subscription orders placed, a written statement must be submitted to any customer service point of the brokerage house or a bank maintaining securities accounts, in which they placed a subscription order for the Offer Shares within two business days of the date when the supplement to the Offering Memorandum is made available. The Bank may only allot the securities after the expiry of the period within which investors have the right to cancel subscription orders placed by them.

Payments for the Offer Shares made under cancelled subscription orders will be returned in line with the instructions provided by the subscriber in the subscription order form within 14 days of the date on which a statement to the effect that the subscription order has been cancelled was made. Payments will be returned without any interest, compensation or reimbursement of costs, including the costs incurred by the subscriber in connection with the placement of a subscription order for the Offer Shares or the purchase price of Individual Pre-emptive Rights on the secondary market.

Allotment of the Offer Shares

Persons placing subscription orders for the Offer Shares as a result of the exercise of the Individual Pre-emptive Rights will be allotted the number of the Offer Shares specified in the subscription orders effectively placed and fully paid by them.

If the subscription orders placed as a result of the exercise of the Individual Pre-emptive Rights do not cover all the Offer Shares, the Offer Shares which have not been so subscribed for shall be allocated for the execution of effectively placed and fully paid Additional Subscriptions. If the number of the Offer Shares covered by the Additional Subscriptions exceeds the number of unsubscribed Shares, the Additional Subscriptions shall be reduced proportionately to their number. The number of allotted Offer Shares will be rounded down to the nearest integer. The Offer Shares not allotted as a result of the rounding down will be allotted, in succession, to those subscribers who placed subscription orders for the largest number of the Offer Shares, and in the case of subscription orders for an equal number of the Offer Shares, the investor to whom the Offer Shares will be allotted shall be selected by a draw. The number of the Offer Shares allotted under an Additional Subscription will in no case be higher than the number of the Offer Shares specified in such order.

The Offer Shares unsubscribed for in exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions will be allocated by the Management Board at its discretion only if they are effectively placed and fully paid as a result of the Management Board's invitation. The Management Board will, subject to the terms of the Underwriting Agreement, invite investors to file subscriptions and at its discretion will allocate the Offer Shares to the investors indicated by the Global Coordinator and Sole Bookrunner in consultation with the Bank or to the Global Coordinator and Sole Bookrunner itself if no other investors are indicated or if the Global Coordinator and Sole Bookrunner resolve to subscribe for the Offer Shares (see, "*Underwriting, Stabilization and Lock-up Arrangements*").

The subscribers will be notified of the allotment of the Offer Shares in line with the procedures in place at the brokerage houses or banks maintaining securities accounts which accept the subscription orders. Insofar as required by law, results of the allotment of the Offer Shares shall be published in a current report in accordance with § 33 Section 1 of the Ordinance on Current Reports, provided that the listing of the Offer Shares may commence even before the publication of results of the allotment of the Offer Shares pursant to Article 56.1.2 of the Public Offering Act.

Rules for the Return of Funds

The Offering will be settled through the NDS. This will not apply exclusively in the case of settlement of the Offering with respect to subscription orders for the Offer Shares unsubscribed as a result of the exercise of the Individual Pre-emptive Rights or within the scope of Additional Subscriptions in the event of the issue being unsuccessful prior to the admission of the Rights to Shares to trading on the WSE, in which case the settlement will be made through the Offering Agent.

The return of funds to the persons who have not been allotted Offer Shares or whose subscription orders have been reduced will be performed in line with the given subscriber's instructions included in the subscription order form within 14 days from the allotment date. In the event of the issue being unsuccessful, the payments shall be returned within 14 days from the announcement of the issue being unsuccessful. The payments or overpayments, as the case may be, will be returned with no interest, compensation or reimbursement of costs, including the costs incurred by the subscriber in connection with the placement of a subscription order for the Offer Shares or the purchase price of Individual Pre-emptive Rights on the secondary market.

If the issue proves unsuccessful following the admission of the Rights to Shares to trading on the WSE, payments will be returned to the investors in whose accounts the Rights to Shares are registered on the date of settlement of trades made on the last day of trading in the Rights to Shares. In such a case, the amount returned will be the product of the number of the Rights to Shares registered in a given investor's securities account and the Issue Price per one Offered Share.

Delivery of the Rights to Shares and the Offer Shares

Prior to the commencement of the Offering, the Bank will apply to the Management Board of the NDS to adopt a resolution on the conditional registration of the Offer Shares and Rights to Shares.

Immediately upon the allotment of the Offer Shares, the Management Board will apply to the WSE for introducing the Rights to Shares to trading on the main market of the WSE. The Bank expects trading in the Rights to Shares to commence approximately on the fourth working day following the allotment; however, the time of commencement of trading is not entirely under the Bank's control.

Immediately upon the allotment of the Offer Shares, the Management Board will apply to the Registry Court for registering an increase in the share capital by the value of the Offer Shares. Following such registration of the share capital increase, the Management Board will apply to the WSE for introducing the Offer Shares to trading on the main market of the WSE. The Bank expects trading in the Offer Shares to commence approximately one month from the allotment, however, the time of commencement of trading is not entirely under the Bank's control.

Once the registry court registers the Bank's share capital increase related to the issue of the Offer Shares and following the registration of the Offer Shares with the NDS, they will be registered in the accounts of the investors in exchange for the Rights to Shares held in their accounts on that date. In return for each Right to Shares, one Offered Share shall be registered in an investor's account. The expiry date for the Rights to Shares shall be the last day of trading in the Rights to Shares on the WSE. Starting from the next trading day, the Offer Shares will be listed.

Details concerning new shares of the Bank which may be issued to Management Board members of the Bank under the 2008 incentive program are provided in the section "*Management and Supervisory Corporate Authorities — Shares and Share Options — Share Options — 2008 Incentive Program for the Management Board Members*".

UNDERWRITING, STABILIZATION AND LOCK-UP ARRANGEMENTS

Global Coordinator and Sole Bookrunner, Joint Lead Manager, Offering Agent

Deutsche Bank AG, London Branch will act as the Global Coordinator and Sole Bookrunner with respect to the Offering.

Commerzbank Corporates & Markets will act as the Joint Lead Manager.

DI BRE will act as the Offering Agent with respect to the Offering.

Name and address of payment and depositary agents

The Bank does not expect to engage payment agents. The Offer Shares will be registered in depositary system maintained by the NDS with its registered seat in Warsaw, Książęca 4, 00-498 Warsaw.

Underwriting

Pursuant to the Issue Resolution, the Management Board is authorized to enter into underwriting agreements to ensure the successful completion of the Offering, including firm-commitment and stand-by underwriting agreements. On 12 May 2010, the Bank entered into an underwriting agreement (the "Underwriting Agreement") with the Global Coordinator and the Sole Bookrunner (the "Underwriter"). In the Underwriting Agreement, the Underwriter agreed to use reasonable endeavours to solicit subscribers for the Offer Shares, excluding Commerzbank Shares (as defined below), and should its efforts fail, it shall subscribe for the shares itself. The Underwriting Agreement covers 30.22% of the total number of the Offer Shares. On 12 May 2010, Commerzbank Holding delivered to the Bank its written commitment to exercise all Pre-emptive Rights under the Shares held by it and to take up the corresponding number of the Offer Shares, i.e. 69.78% of the total number of the Offer Shares (provided that all the Offer Shares finally offered under the Offering are acquired by the investors) ("Commerzbank Shares").

The Underwriting Agreement includes conditions precedent for the obligations of the Underwriters, including those applicable to specific force majeure events and compliance with representations and warranties made by the Bank in the Underwriting Agreement, as are customary in international rights offerings similar to the Offering and to authorize the parties to terminate such agreement on terms reflecting general market practice applicable to international offerings subject to pre-emptive rights similar to the Offering. The Underwriting Agreement includes customary provisions indemnifying the Underwriter against certain liabilities in line with the prevailing market practice applied to international offerings similar to the Offering.

The Bank has agreed to pay the Underwriter a commission of 1.25% of the gross proceeds of the Offer Shares that are subject to the Underwriting Agreement (i.e., excluding Commerzbank's Shares), which means that if such proceeds are equal to PLN 604.4 million the commission will be PLN 7,555 thousand. The above fee includes commission for managing the Offering, the placement of the Offer Shares and underwriting the issue of the Offer Shares. Additionally, however only in the event the Bank decides not to continue with the Offering or the Underwriting Agreement or the Engagement Letter is terminated, the Underwriter will receive compensation for costs incurred in connection with performing services for the Bank however not more than 400,000 euro in the aggregate.

Stabilization

As of the date of this Offering Memorandum no stabilization actions are expected to be undertaken. The terms and conditions of the Offering do not provide for an over-allotment or a greenshoe option.

Lock-up

On 12 May 2010, the Bank and Commerzbank Holding entered into lock-up agreements that are customary for international offerings of this kind.

The lock-up agreements include provisions pursuant to which at any time during the period between the date of the Underwriting Agreement and the date which is 180 days from the date of the Underwriting Agreement the Bank as well as Commerzbank Holding will not, without the prior written consent of the Global Coordinator and

Sole Bookrunner (and subject to certain exceptions): (i) offer, sell, enter into sale contracts, pledge or otherwise transfer or dispose of the shares or other equity securities or securities convertible into or entitling the holder to acquire shares in the Bank or make an announcement relating thereto, with the proviso of the incentive program implemented upon the Resolution 65/08 of the Supervisory Board of the Bank dated 29 January 2008; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any shares of the Bank or any warrants or other securities entitling the Bank or a Group company to acquire shares in the Bank's share capital nor to mandate any third party to do so, or announce the intention to do so, with the proviso of the incentive program implemented upon the Resolution 65/08 of the Supervisory Board of the Bank dated 29 January 2008 and the employees incentive program adopted by the resolution of the Supervisory Board no. 28/08 dated 5 September 2008.

If, in the Bank's judgment (i) the content of the Underwriting Agreement or any lock-up agreements or a change of the time of the execution thereof or (ii) a failure by Commerzbank Holding to submit written commitment to exercise all Preemptive Rights under the Shares held by it and to take up Commerzbank Shares will be delivered to the Bank by 12 May 2010 constitute a material factor that could affect the evaluation of the Offer Shares, if required by law, the information will be made public in supplement to the Prospectus, pursuant to Article 51 of the Public Offering Act. Persons who place subscriptions may in such event avoid the consequences of its declaration of intent within two business days of making the supplement to the Prospectus available pursuant to Article 51a of the Public Offering Act.

SELLING RESTRICTIONS

Offering of the Offer Shares in Poland

The Offering Memorandum has been prepared solely for the purposes of the Offering conducted through the public offering within the meaning of Article 3 Section 3 of the Public Offering Act in the territory of Poland.

The Offer will be advertised outside Poland by the Global Coordinator and the Sole Bookrunner on the basis of this Offering Memorandum addressed to selected institutional investors outside the territory of Poland under the Prospectus Directive (in the manner in which it has been implemented in the Member States) and is exempt from the requirement to prepare a prospectus or any other offering document for the share offer, which needs to be approved by a relevant authority or filed with a relevant authority and then published. Neither the Group nor the Global Coordinator and Sole Bookrunner has granted or will grant a consent to conduct any offering of the Offer Shares through a public offering in Poland in any other manner than on the basis of the Prospectus or any other financial intermediary.

Neither the Bank nor the Global Coordinator and the Sole Bookrunner has undertaken or will undertake any actions to enable carrying out the public offering of the Offer Shares or holding or distribution of the Offering Memorandum or any other offering material relating to the Bank, Individual Pre-emptive Rights or the Offer Shares in any jurisdiction where such actions are required to be undertaken. In view of the above, the Individual Pre-emptive Rights and the Offer Shares shall not be subject to a direct or an indirect offer or sale and the Offering Memorandum may not be distributed or published in or from a territory of any country or jurisdiction but only in compliance with all relevant rules and regulations in force in such country or jurisdiction.

In certain jurisdictions distribution of the Offering Memorandum or the Offer advertisement may be subject to legal restrictions. Thus, persons holding the Offering Memorandum should familiarize themselves with all such restrictions of that kind, comply with them as well as principles of conducting limited advertisement activities connected with the Offer taking into account restrictions specified below. A failure to comply with such restrictions may constitute a violation of provisions regulating trade in securities which are valid in a given jurisdiction.

The Offering Memorandum does not constitute an offer of taking up or acquisition of any securities described in the Offering Memorandum, addressed to any person in any jurisdiction if making an offer to such person or soliciting it to acquire securities is contrary to valid laws in such jurisdiction.

European Economic Area

This Offering Memorandum has been approved by PFSA, a supervisory authority over the capital market in the territory of Poland. The Global Coordinator and the Sole Bookrunner has represented and warranted that he has not carried out or will carry out the public offer of the Offer Shares in any country which is a member of the European Economic Area which has implemented the Prospectus Directive (a "Relevant Member State"). Nonetheless, the Global Coordinator and the Sole Bookrunner may advertise the Offer in a Relevant Member State on the basis of the Offering Memorandum under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to legal entities which fulfill at least two of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43 million; and (3) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated financial statements;
- to fewer than 100 natural or legal persons in a Relevant Member State or fewer than 100 natural or legal persons in all Member States depending on the method of calculation specified in relevant legal regulations in such Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

- provided that (i) no such offer of Offer Shares shall result in a requirement for the publication of a Offering Memorandum by the Bank or the Global Coordinator and the Sole Bookrunner pursuant to Article 3 of the Prospectus Directive, or (ii) such natural or legal person ("Authorized Investor") acquires those Offer Shares under the Offer carried out solely in the territory of Poland pursuant to the principles set forth in the Offering Memorandum on its own account with no intention to sell the Offer Shares or their placement in any Relevant Member State (unless for other Authorized Investors), or on the account of other Authorized Investors, or (iii) an Authorized Investor shall acquire such Offer Shares under the Offer carried out solely in the territory of Poland in accordance with principles specified in the Offering Memorandum on the account of other persons or entities on behalf of which it makes investment decisions regarding management on commission of third party securities portfolio.

A subscription made by any investor from the Relevant Member State for the Offer Shares on the principles set forth in the Offering Memorandum under the offer carried out solely in the territory of Poland shall be treated as representation and warranty made by such investor to the Bank and the Global Coordinator and the Sole Bookrunner that such investor is a Authorized Investor and that it has complied with any other restrictions applicable in such Relevant Member State and that subscription has been made by such investor in compliance with principles of the Offer set forth in the Offering Memorandum.

Neither the Prospectus nor the Offering Memorandum has been submitted or will be submitted for approval by the Financial Services Authority in the United Kingdom for the Offer advertisement. Furthermore, the Offering Memorandum may be distributed solely among and addressed to: (a) persons with professional experience in investment issues, as referred to in Article 19(5) (Financial Promotion) Order 2005 published on the basis of the Financial Services and Markets Act of 2000, as amended (the "Order") or (b) high net worth persons as referred to in Article 49(2)(a) — (d) Order, or (c) persons to whom the Offering Memorandum may be delivered in any other legal manner (all such persons shall be hereinafter referred to as "Relevant Persons") in the United Kingdom.

In a Member State other than the United Kingdom additional rules and provisions may be in force (adopted in such country or jurisdiction within EEA) referring to limited advertisement activities with respect to the Offer Shares or distribution or publication of the Offering Memorandum. Persons in possession of the Offering Memorandum should familiarize themselves with all such restrictions regarding distribution of the Offering Memorandum as well as limited advertisement activities with respect to the Offer Shares valid in such Member State as well as comply with them.

United Kingdom

Outside the territory of Poland the Offer will be advertised solely to, and the Offering Memorandum will be delivered only to, and intended only for, the Relevant Persons. Entities which are not Relevant Persons may not undertake any decisions on the basis of the Prospectus or the Offering Memorandum. Any investment or investment activity covered by the Offering Memorandum is available in the United Kingdom only to the Relevant Persons, and investment activity shall be carried out only with participation of such persons.

United States

Neither the Offer Shares nor other securities offered in the Offering Memorandum have been and will be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States for offer or sale as part of their distribution and, subject to certain exceptions, may not be offered or sold in the United States unless pursuant to the exemption from the registration requirements of the US Securities Act. The Offer will be advertised solely to investors outside the United States in reliance on Regulation S under the US Securities Act. Without prejudice to the foregoing, the Bank is authorized to place the Offer Shares through its offering to selected investors in a private placement pursuant to a relevant exemption from registration requirements under the US Securities Act.

Canada

Neither the Prospectus nor the Offering Memorandum is not, and under no circumstance is to be construed as, a prospectus, an advertisement or a public offering of the securities described herein in any province or territory of Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence under applicable Canadian securities laws.

Japan

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended), and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term as used herein includes any corporation or other entity organized under the laws of Japan), or to others for offering or sale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of Japanese law.

POLISH CAPITAL MARKET REGULATIONS

This section includes a general description of the Polish regulations governing the capital market, applicable as at the date of this Offering Memorandum. The information contained in this chapter does not represent legal advice nor does it represent a comprehensive and complete description of all Polish regulations governing the capital market.

General Information

The key Polish legal regulations governing the capital market include:

- the Act on Trading in Financial Instruments;
- the Public Offering Act, and
- the Act of 29 July 2005 on supervision over the capital market, subsequently amended by the Act of 21 July 2006 on supervision over the financial market, to the extent that it relates to the position and rights of the PFSA (Polish Financial Supervision Authority) in respect of supervision over the capital market.

Act on Trading in Financial Instruments

Dematerialization

The Bank is a public company within the meaning of the Public Offering Act, i.e. a company in which at least one share is dematerialized within the meaning of the Act on Trading in Financial Instruments.

Dematerialization of securities consists of the fact that securities:

- which are subject to a public offering, or
- are admitted to trading in a regulated market, or
- are introduced to an alternative system of trading, or
- are issued by the State Treasury or the National Bank of Poland, or

— do not have a documentary form from the time of their registration by the National Depository for Securities (NDS) in the depository for securities maintained by the NDS.

Dematerialization may not apply, if so decided by an issuer, to securities which are the subject of a public offering and will not be subject to admittance to trading in a regulated market or introduced collectively to an alternative system of trading.

For the purposes of dematerialization, an issuer of securities must sign an agreement with the NDS on the registration of such securities in the depository for securities maintained by the NDS.

The agreement on the registration of shares in the depository for securities is also the basis for registering pre-emptive rights from such shares in the depository for securities.

Rights from dematerialized securities arise when the securities are first recorded in a securities account and represent the rights of the holder of the account.

Manipulation

The Act on Trading in Financial Instruments bans any manipulation involving financial instruments, such as:

- placing orders or concluding transactions which are or may be misleading as to the actual demand, supply or price of a financial instrument, unless the reasons for acting accordingly were justified, and the orders placed or transactions concluded have not infringed the market practices adopted in a given regulated market;

- placing orders or concluding transactions which result in unnatural or artificial pricing of one or more financial instrument, unless the reasons for acting accordingly were justified, and the orders placed or transactions concluded have not infringed the market practices adopted in a given regulated market;

- placing orders or concluding transactions with the intention of bringing about legal effects other than those for which a given legal act is actually performed;

- distributing in the public media, including Internet, false or inaccurate information or rumours on financial instruments, which are or may be misleading: (a) by a journalist — if such person failed to exercise due professional care or obtained direct or indirect personal or material benefit for himself/herself or another person as a result of distributing such information, even if acting with due professional care; (b) by another person, if this person knew or could have known by exercising due care, that such information is untrue or misleading;

- placing orders or concluding transactions while misleading market participants, or taking advantage of them being mislead, as to the price of financial instruments;

- ensuring control over the demand or supply of a financial instruments in breach of the rules of fair trading or in a manner resulting in a direct or indirect determination of the purchase or sale prices of financial instruments;

- purchasing or selling financial instruments towards the closing of quotations in a manner misleading to investors acting on the basis of the price determined at this stage of the quotations;

- obtaining material benefits resulting from the impact of opinions on financial instruments or their issuers expressed in the public media occasionally or regularly, on the price of financial instruments held, unless the existing conflict of interest has been fully and fairly disclosed to the public.

A person performing manipulation or colluding with another person to manipulate may be subject to a penalty or fine of up to PLN 5 million or imprisonment for a period from 3 months to 5 years, or both.

Confidential Information

Confidential information is the information relating directly or indirectly to one or more issuers of financial instruments, one or more financial instruments or to purchasing or selling such instruments, which has not been disclosed publicly and, if disclosed publicly, could have affected the price of such financial instruments or the prices of related derivative financial instruments, given that the information:

- is specific — when referring to circumstances or events which have occurred or may reasonably be expected to occur, and the nature of the information sufficiently enables assessing the impact of such circumstances or events on the price or value of financial instruments or the price of related derivative financial instruments;

- having been disclosed publicly, could materially impact the price or value of financial instruments or the price of related derivative financial instruments, and a reasonable investor could then use it when making investment decisions;

- as regards persons involved in executing instructions relating to financial instruments, is of a confidential nature even if disclosed to this person by an investor or another person aware of such instructions, and relates to instructions placed by the investor as to buying or selling financial instruments, given that both of the conditions listed above are met.

Any person having access to confidential information due to this person's role in corporate bodies, shareholding or employment, professional practice, including a contractor relationship or another legal relation of a similar nature, cannot:

- take advantage of confidential information;

- disclose confidential information, or

- recommend or encourage another person, based on confidential information, to purchase or sell financial instruments to which the confidential information related.

Taking advantage of confidential information includes purchasing or selling, on own account or on behalf of a third party, financial instruments based on confidential information held by such a person; or performing, on own account or on behalf of a third party, another legal act which results or may result in disposing of financial instruments referred to in the Act on Trading in Financial Instruments.

Disclosing confidential information includes providing, allowing or facilitating access to confidential information for an unauthorized person referred to in the Act on Trading in Financial Instruments.

Disclosing or taking advantage of confidential information, or making recommendations for or encouraging the purchase or sale of financial instruments to which the confidential information relates may be subject to a fine of up to PLN 5 million or imprisonment for a period from 3 months to 8 years, or both.

Restrictions as to the Acquisition of Shares in a Public Company During the Closure Periods

Members of the management board, supervisory board, proxies or plenipotentiaries of a public company, its employees, auditors or other persons having a contractor's relation with this public company or another legal relation of a similar nature (persons having access to confidential information) cannot, during a closure period, buy or sell, on their own account or on behalf of third parties, the shares of the public company, derivative rights attached to the shares of the public company and other financial instruments related thereto, nor perform, on their own account or on behalf of the third parties, any other legal actions which results or may result in disposing of such financial instruments. The person referred to in the preceding sentence cannot, during the closure period and acting as an organ of a legal person, perform actions intended to result in a purchase or sale by this legal person, on its own account or on behalf of a third party, of shares of a public company, derivative rights attached to the shares of the public company and other financial instruments related thereto, nor perform, on their own account or on behalf of a third party, any other legal actions which result or may result in the legal person disposing of such financial instruments, on its own account or on behalf of a third party.

The restrictions listed in the preceding paragraph shall not apply to actions performed:

- by an entity conducting brokerage activities to which a person having access to confidential information entrusted the management of a portfolio of financial instruments in a manner which excludes this person from investment decisions made on his/her behalf; or
- as part of the execution of an agreement imposing an obligation to sell or purchase shares in a public company, derivatives rights attached to the shares of a public company and other financial instruments related thereto, concluded in writing with a certified date before the beginning of a given closure period; or
- as a result of a person having access to confidential information responding to a tender offer for the sale or exchange of shares, in accordance with the provisions of the Public Offering Act; or
- in connection with an obligation of a person having access to confidential information to announce a tender offer for the sale or exchange of shares, in accordance with the provisions of the Public Offering Act; or
- in connection with the execution of a pre-emptive right of an existing shareholder of a public company; or
- in connection with an offer addressed to employees or members of the statutory bodies of a public company, provided that information on such an offer was publicly available before the beginning of a given closure period.

The closure period shall mean the following:

- the period from the moment when a person having access to confidential information obtained confidential information relating to the shares of a public company, derivatives rights attached to the shares of a public company and other financial instruments related thereto until the moment of the said information becoming publicly available;
- in the case of an annual report — two months before the publication of the report, or the period between the end of the relevant financial year and the publication of the report, if shorter than the first of the periods indicated, unless a person having access to confidential information did not have access to financial information based on which the report was prepared;

- in the case of a semi-annual report — one month before the publication of the report, or the period between the end of the relevant semi-annual period and the publication of the report, if shorter than the first of the periods indicated, unless a person having access to confidential information did not have access to financial information based on which the report has been prepared;

- in the case of a quarterly report — two weeks before the publication of the report, or the period between the end of the relevant quarter and the publication of the report, if shorter than the first of the periods indicated, unless a person having access to confidential information did not have access to financial information based on which the report was prepared;

A person having access to confidential information who violates the restrictions described above may be punished by the PFSA with a fine of up to PLN 200 thousand.

Public Offering Act

Obligations Relating to Large Blocks of Shares in Public Companies

Disclosure Obligations

Any person who

- reached or exceeded 5%, 10%, 15%, 20%, 25%, 33%, $33^{1}/_{3}$%, 50%, 75% or 90% of the total voting rights of a public company, or

- held at least 5%, 10%, 15%, 20%, 25%, 33%, $33^{1}/_{3}$%, 50%, 75% or 90% of the total voting rights of such company, and as a result of reducing this interest reached, respectively, 5%, 10%, 15%, 20%, 25%, 33%, $33^{1}/_{3}$%, 50%, 75% or 90% or less of the total voting rights

— is obliged to notify PFSA and the relevant public company of this fact immediately, but no later than within four working days of the date on which such person learned of the change in its share in the total number of votes, or could have learned exercising due care, and in the case of a change resulting from acquiring shares in a public company in a transaction concluded in a regulated market, no later than within six session days of the date of transaction. The session days shall be defined as specified by the company which operates a given regulated market (WSE, in the Bank's case) in accordance with the Act on Trading in Financial Instruments and announced by the PFSA. The notification may be prepared in English.

The obligation to notify the PFSA and the public company also arises on:

- a change in the already held interest of more than 10% of the total voting rights, by at least: (a) 2% of the total voting rights in the case of a public company whose shares have been admitted to trading on the official stock market; (b) 5% of the total voting rights — in the case of a public company whose shares have been admitted to trading on a regulated market other than the official stock exchange market;

- a change in the already held interest of more than 33% of the total voting rights in a public company, by at least 1% of the total voting rights.

The requirement to notify the PFSA and the public company does not arise if upon the settlement in the depository for securities of a number of transactions executed on a regulated market on a single day, the change in the holding of the total voting rights in the public company at the end of the settlement day does not result in reaching or exceeding any threshold which triggers the disclosure obligations referred to above.

Tender Offer for Sale or Exchange of Shares of a Public Company

Tender Offer Pursuant to Article 72 of the Public Offering Act

An acquisition of shares in a public company, of a number that results in the aggregate number of votes being increased by more than:

- 10% of the total voting rights within less than 60 days by an entity whose share in the total voting rights was lower than 33%;

- 5% of the total voting rights within less than 12 months by a shareholder whose share in the total voting rights was at least 33%;

  — may only be effected by announcing a tender for the sale or exchange of such shares in a number not less than 10% or 5%, of the total voting rights, respectively.

Tender Offer Pursuant to Article 73 of the Public Offering Act

A shareholder may exceed 33% of the total voting rights in a public company, subject to the exceptions described below, only as a result of a tender offer to sell or exchange shares in such company, concerning a number of shares which confers the right to 66% of the total voting rights, unless the 33% threshold is to be exceeded as a result of a tender offer for the sale or exchange of all remaining shares in a company.

If a shareholder exceeds the 33% threshold as a result of an indirect acquisition of shares (i.e. of obtaining the status of a parent entity in a company or another legal person holding shares in a public company, or in another company or a legal person which is its parent entity and acquisition or subscription for shares of a public company by a direct or indirect subsidiary), subscription for newly issued shares, acquisition of shares as part of a public offering or a non-cash contribution to the company, a merger or demerger of the company, amendments to the company's articles of association, expiry of preference rights attached to shares, or otherwise as a result of a legal event other than a legal transaction, the shareholder or entity acquiring shares indirectly shall, within three months from the date of exceeding the 33% threshold:

- announce a tender offer to sell or exchange the company's shares, concerning the number of shares conferring the right to 66% of the total voting rights; or

- dispose of a sufficient number of shares as to hold shares conferring the right to no more than 33% of the total voting rights

— unless within that period the share of such shareholder or entity acquiring shares indirectly in the total voting rights decreases to no more than 33% of the total voting rights, as a result of an increase in the share capital, amendments to the company's articles of association, or the expiry of preference rights attached to shares, as the case may be.

If a shareholder exceeds the 33% threshold as a result of inheritance, then the obligation referred to above only applies if following such an acquisition the shareholders' voting rights increases further. The time period in which the shareholder must perform the obligation commences on the day of the event resulting in an increase in the shareholders' voting rights.

Tender Offer Pursuant to Article 74 of the Public Offering Act

A shareholder may exceed 66% of the total voting rights of a public company, subject to the exception described below, only as a result of a tender offer to sell or exchange the remaining shares in the company.

If the threshold of 66% of the total voting rights is exceeded as a result of an indirect acquisition of shares, subscription for shares of a new issue, acquisition of shares as part of a public offering or non-cash contribution to the company, merger or demerger of the company, amendments to the company's articles of association, expiry of preference rights attached to shares, or otherwise as a result of a legal event other than a legal transaction, the shareholder or entity acquiring shares indirectly shall, within three months of the date of exceeding the 66% threshold, announce a tender offer for the sale or exchange of the remaining shares in the company, unless within that period the holding of such shareholder or entity acquiring shares indirectly in the total vote decreases below 66% as a result of an increase in share capital, amendments to the company's articles of association, or the expiry of preference rights attached to shares, as the case may be.

If, within six months of a tender offer for the sale or exchange of all remaining shares in a public company, a shareholder acquires further shares in the company at a price higher than the price set in the tender offer other than by way of a tender offer or squeeze-out of the shares upon the request of a minority shareholder, the shareholder is obliged, within a month from the date of such acquisition, to pay the difference in the share price to all persons that sold shares by accepting that tender offer, except for those from whom the shares were acquired at a reduced price, with respect to all shares constituting at least 5% of all shares of the public company acquired from a person responding to the tender, where the entity obliged to announce the tender and such person decided to reduce the share price.

If a shareholder exceeds the 66% threshold as a result of inheritance, then the obligation referred to above only applies if following such an acquisition the shareholder's voting rights increases further. The time period in which the shareholder must perform the obligation commences on the day of the event resulting in an increase in the shareholder's voting rights.

Exception to the Obligation to Announce the Tender Offer

An obligation to announce the tender offer pursuant to Article 72 of the Public Offering Act shall not arise in the case of acquiring shares as part of an initial public offering, a non-cash contribution to the company, and merger or demerger of the company.

The obligation to announce the tender offer pursuant to Articles 72 and 73 shall not arise in the case of acquiring shares from the State Treasury

- through an initial public offering;
- within the period of three years of the closing of the sale of the shares by the State Treasury through an initial public offering.

The obligation to announce the tender offer pursuant to Articles 72-74 of the Public Offering Act shall not arise in the case of acquiring shares:

- in a company whose shares have been introduced to an alternative trading system only or have not been traded on a regulated market;
- of a member of the same group;
- by way of a procedure provided for in bankruptcy and recovery regulations, or enforcement proceedings;
- under an agreement on the creation of financial collateral between qualifying entities, concluded on the terms and conditions defined in the Act on Certain Types of Financial Collateral of 2 April 2004;
- encumbered with a pledge in order to satisfy a pledgee entitled, under statutes, to satisfy its claims by the foreclosure of a pledged asset;
- though inheritance, except for cases referred to in items "*Tender Offer Pursuant to Article 73 of the Public Offering Act*" and "*Tender Offer Pursuant to Article 74 of the Public Offering Act*".

Rules Governing the Announcement of Tender Offers

A tender offer may be announced after collateral is created for not less than 100% of the value of the shares covered by the tender offer. The collateral should be documented with a certificate issued by a bank or another financial institution which granted, or intermediated in the granting of, the collateral.

A tender offer shall be announced and carried out via an entity conducting brokerage activities in the Republic of Poland, which is obliged, no later than fourteen business days before the commencement of the subscription period, to simultaneously notify the PFSA and the company operating the regulated market on which the given shares are listed, of the intention to announce the tender offer. A copy of the tender offer document should be attached to the notification.

Upon receipt of notification of the intention to announce a tender offer, the PFSA may, no later than three business days before the commencement of the subscription period, request that within a specified period of no less than two days, the tender offer document be amended or supplemented as necessary or that clarification of its wording be provided. The commencement of the subscription period under a tender offer shall be suspended until the entity obligated to announce the tender offer completes the actions specified in the request.

A tender offer may not be abandoned, unless another entity announces a tender offer for the same shares after the first tender offer has been announced. A tender offer for the remaining shares in a given company pursuant to Art. 74 of the Public Offering Act may be abandoned only if another entity announces a tender offer for all remaining shares in the company at a price not lower than the price of the first tender offer.

In the period between the notification of the intention to announce a tender offer to the PFSA and the company operating the regulated market and the closing of the tender offer, the entity obliged to announce the tender offer and its subsidiaries or its dominant entities, or parties to a written or oral agreement concluded with the entity obliged to announce the tender offer regarding the acquisition of a public company's shares by these entities, or voting in concert at the Shareholders' Meeting or carrying out a consistent policy towards the company, may acquire shares in the public company to which the tender offer refers, only as part of the tender offer and in a manner defined therein; may not dispose of shares in the public company to which the tender offer refers, or enter into any agreement under which they would be obliged to dispose of the shares, during the tender offer, as well as indirectly acquire shares of a public company to which the tender offer refers.

Upon the completion of the tender offer, the entity announcing the tender offer shall be obliged to notify, in the manner prescribed in the item "*Disclosure Obligations*", of the number of shares acquired in the tender offer and the percentage of the total number of voting rights resulting from the tender offer.

The Price Proposed in the Tender Offer

The share price proposed in a tender offer, if any shares in the company are traded on a regulated market, may not be lower than the average market price for the six months preceding the announcement of the tender offer in which the shares were traded on the main market, or the average market price for a shorter period, if the shares were traded on the main market for less than the period specified above.

Furthermore, the share price proposed in the tender offer may not be lower than the highest price paid for the shares tendered in the tender offer by the entity obliged to announce the tender offer, its subsidiary or parent entity, or a party to an agreement concluded with the entity obliged to announce the tender offer regarding the acquisition of a public company's shares by these entities, or voting in concert at the Shareholders' Meeting or carrying out a consistent policy towards the company, for the tendered shares within the twelve months preceding the announcement of the tender offer, or the highest value of assets or rights, delivered in exchange for shares offered under the tender offer, within the twelve months before the tender announcement, by the entity obliged to announce the tender offer or entities referred to above.

The share price proposed in the tender offer for the sale or exchange of all remaining shares in a public company announced pursuant to Article 74 of the Public Offering Act may not be lower than the average market price for the three months, preceding the announcement of the tender offer, of trading in shares on a regulated market.

The price proposed in the tender offer may be lower than the price determined pursuant to the principles discussed above for shares constituting at least 5% of all the shares of the company to be acquired in the tender offer from a specific person accepting the tender offer, if the entity required to announce the tender offer and such person so decide.

If it is impossible to determine the price in accordance with the rules discussed above or for a company in respect of which debt restructuring or bankruptcy proceedings have been instituted, the price proposed in the tender offer may not be lower than the fair value.

If the average market price of shares offered as part of the tender offer, determined in accordance with the principles discussed in this item, is significantly different than their fair value as a result of:

- shareholders being granted any pre-emptive right, right to dividend, right to acquire shares in a surviving company following the spin-off of a public company and/or other property rights connected with holding shares in a public company;

- material deterioration of the financial standing or assets of the company as a result of events and/or circumstances that could not have been anticipated and/or prevented by the company;

- the threat of permanent insolvency of the company;

- the entity announcing a tender offer may apply to the PFSA for a consent to offer in a tender a price that is not in accordance with the criteria referred to above. The PFSA may give such consent, provided that the proposed price is not lower than the fair value of the shares and the announcement of the tender offer will not be contrary to the valid interests of shareholders, and may determine, by way of a decision, a time limit within which the tender offer with the price as specified in the decision should be announced.

The price proposed in a tender offer for an exchange of shares is the value of the dematerialized shares of the other company that will be transferred in exchange for the shares subject to the tender offer. The value of the dematerialized shares with respect to shares traded on a regulated market is established as follows: (a) at the average market price for six months of trading in shares on the regulated market preceding the date of announcement of the tender offer; or (b) at the average price for a shorter period if the shares were traded on the regulated market for a period shorter than specified above. If the value of the shares cannot be established pursuant to the preceding sentence — they should be priced at their fair value.

The average market price referred to in the foregoing rules concerning the tender offer means an arithmetical mean of the average daily price weighed by trading volume.

Squeeze-out

A shareholder in a public company, that on its own or together with its subsidiaries or parent companies or with companies which are parties to a written or oral agreement regarding the purchase of shares or voting in concert at the Shareholders' Meeting or carrying out a consistent policy towards a public company, holds 90% or more of the total number of voting rights in such company, may demand, within three months of reaching the relevant threshold, that the remaining shareholders sell all the shares held by them to such majority shareholder.

The squeeze-out price is determined in accordance with the principles set out in the Public Offering Act which concerns the determination of a share price under a tender offer (Art. 79 sections 1-3) provided that, if the 90% threshold of the total voting rights was reached or exceeded as a result of a tender offer for the sale or exchange of the remaining shares in the company announced pursuant to Art. 74 of the Public Offering Act, the squeeze-out price may not be lower than the price proposed in this tender offer.

The purchase of shares in a squeeze-out shall take place without the consent of the shareholder to which the demand to sell is addressed.

The announcement of the demand to sell shares under a squeeze-out shall take place after the establishment of collateral of not less than 100% of the value of the shares that are to be squeezed out. The collateral should be documented with a certificate issued by a bank or another financial institution which granted, or intermediated in the granting of, the collateral.

The squeeze-out shall be announced and carried out via an entity conducting brokerage activities in the Republic of Poland, which is obliged, na later than fourteen business days before the commencement of the squeeze-out, to simultaneously notify the PFSA and the company operating the regulated market on which the given shares are listed, and if the company's shares are listed in a number of regulated markets, all such companies, of the intention to announce the tender offer. Information on the squeeze-our shall be attached to the notification by such an entity.

Once announced, the rescission of a squeeze out is not permitted.

Sell-out

A shareholder in a public company may demand that another shareholder, which holds 90% or more of the total voting rights, purchase the shares it holds in such company. The demand is made in writing within three months from the date on which such shareholder reaches or exceeds the relevant threshold. If, on reaching or exceeding the relevant threshold of 90% of the total voting rights referred to above, the information is not published in the manner specified in the Public Offering Act, the period during which a shareholder must submit a demand shall commence on the date on which the shareholder of a public company entitled to demand the purchase of shares held by him became aware or could have become aware, while acting with due care, that another shareholder had reached or exceeded the relevant threshold.

The demand to sell-out shares of the public company shall be satisfied jointly by the shareholder that holds 90% or more of the overall number of shares and by its subsidiaries and parent entities within 30 days of its submission. The requirement to purchase the shares shall also rest jointly with any party to an agreement regarding the purchase of shares in a public company by its parties or on concerted voting at a Shareholders' Meeting or carrying out a consistent policy towards a public company, provided the parties to such agreement command in aggregate, together with parent entities or subsidiaries, not less than 90% of the total voting rights.

A shareholder requesting the sell-out of shares on the basis specified above is entitled to be offered a price not lower than that determined in accordance with the provisions of Article 79 sections 1-3 of the Public Offering Act which concerns the determination of a share price under a tender offer, provided that if the 90% threshold of the total voting rights was reached or exceeded as a result of a tender offer for the sale or exchange of the remaining shares in the company announced pursuant to Article 74 of the Public Offering Act, the sell-out price may not be lower than the price proposed in this tender offer.

Special Instances Relating to Significant Blocks of Shares in Public Companies

Regulations relating to significant blocks of shares in public companies discussed in this chapter also apply to:

- an entity which reached or exceeded the statutory threshold of the total voting rights in connection with acquiring or disposing of deposit certificates issued in connection with shares of a public company;
- an investment fund, also in a case when a given statutory threshold of the total voting rights is reached or exceeded in connection with the aggregate holding of shares by: (a) other investment funds managed by the same investment funds managing company; (b) other investment funds established outside the territory of the Republic of Poland and managed by the same entity;
- an entity which reached or exceeded a given statutory threshold of the total voting rights specified in the regulations governing significant blocks of shares in connection with the holding of shares by: (a) a third party acting in its own name, but on behalf of that entity, excluding shares acquired as part of performing activities which consist in executing purchase or sale orders for brokerage financial instruments on the account of the orderer; (b) as part of performing activities which consist in managing the portfolios including one or more financial instruments, in accordance with the Act on Trading in Financial Instruments and the Act on Investment Funds, as far as they concern shares included in the portfolio of securities managed, which give the entity the right to exercise the voting rights in the name of the orderers; (c) by a third party with which such an entity concluded an agreement to transfer the right to exercise the voting rights;
- a proxy who, in his capacity as the representative of a shareholder at the general shareholders' meeting, was authorized to exercise the voting rights from a share of a public company, if the shareholder has not issued any binding written instructions as to how to vote;
- also, jointly on all parties of a written or oral agreement regarding the purchase of shares or voting in concert at the Shareholders' meeting or carrying out a consistent policy towards a public company, even if only one of such entities undertook or intended to undertake actions giving rise to such obligations;
- on parties of an agreement referred to in the preceding item which hold the number of shares in a public company which ensures that a given threshold specified in the provisions of the Public Offering Act has been jointly reached or exceeded.

In the instances specified in the two preceding items, the obligations set out in the provisions of the Public Offering Act concerning significant blocks of shares in public companies may be implemented by one of the parties to the agreement designated by the parties to the agreement.

The obligations set out in the provisions of the Public Offering Act concerning significant blocks of shares of a public company shall also arise when voting rights concern securities deposited and/or registered with an entity which may dispose of them at its discretion.

It is assumed that an agreement regarding the purchase of shares in a public company or voting in concert at the Shareholders' meeting or carrying out a consistent policy towards a public company exists when shares in the public company are held by:

- spouses, their ascendants, descendants and siblings or relatives of the same degree, as well as persons under their care or tutelage, and adoptive children;
- persons sharing a household;
- the principal and its proxy, other than an investment company, authorized to place orders to acquire or sell securities in a securities account;

- related entities within the meaning of the Accounting Act.

The number of voting rights which gives rise to the obligations referred to in the Public Offering Act with respect to significant blocks of shares in public companies includes:

- on the part of the dominant entity — the voting rights held by its subsidiaries;

- on the part of the proxy holder who has been authorized to vote on behalf of the shareholder represented at the meeting, given that the shareholder has not issued any binding written instructions as to how to vote — the number of voting rights attached to the shares covered by the proxy;

- the votes attached to all shares, even if the exercise of these voting rights is restricted or prohibited under the articles of association, contract or provisions of law.

Special Auditor

Detailed information on the regulations referring to the special auditor are included in the section "*Share Capital and Shares — Rights and Obligations Related to the Shares — Special Auditor*".

Reversal of Dematerialization of Shares

At the request of an issuer whose registered office is located in the territory of the Republic of Poland, PFSA may grant its permit for the shares to be reversed into documentary form (reversal of dematerialization of shares). The legal effect of the permit being granted is that the obligations resulting from the Public Offering Act and arising in connection with the public offering of share or with their admittance to trading in a regulated market within the territory of the Republic of Poland, and the obligations specified in the chapter concerning significant blocks of shares, cease to apply. In its decision granting such a permit, the PFSA shall specify a time period of not more one month, upon the expiry of which the reversal is effected.

An application for the reversal of dematerialization may be filed with the PFSA, if a general shareholders' meeting adopts a resolution on the reversal of dematerialization in the presence of shareholders representing at least half of the company's share capital and with the majority of four-fifths of the votes cast.

The shareholder(s) who requested the resolution to reverse the dematerialization to be placed on the agenda of the general shareholders' meeting are first obliged to announce a tender offer for the sale of shares in the company by all remaining shareholders. The shareholder(s) who requested the resolution to reverse the dematerialization to be placed on the agenda of the general shareholders' meeting may only acquire shares in that company under the tender offer procedure in the period between submitting the request and closing the tender.

The obligation to announce the aforementioned tender offer does not arise if all of the shareholder(s) request the resolution to reverse the dematerialization to be placed on the agenda of the general shareholders' meeting.

In the case of the Bank's shares being excluded from trading in a regulated market or in the case of re-materialization of the Bank's shares, bearer Shares will be changed into registered Shares.

TAXATION

This chapter presents the key tax consequences of acquiring, holding, exercising or selling the Individual Pre-emptive Rights, Rights to Shares and Offer Shares arising under the Polish tax regulations. The information provided is of general nature and does not purport to constitute a complete or exhaustive analysis. The investors are urged to seek individual tax advice or an official ruling of the relevant administrative authorities.

Taxation of Income from Disposal of Securities for a Consideration

Taxation of Natural Person's Income

Taxation of Income of the Natural Persons Who Are Subject to Unlimited Tax Liability in Poland (the Persons Whose Place of Residence for Tax Purposes is in Poland)

Natural persons are subject to tax liability affecting all their income (revenues) regardless of the location of the source of such revenues (unlimited tax liability) if they have their place of residence in the territory of the Republic of Poland (Article 3 Section 1 and 1a of the PIT Act).

A person whose place of residence is in the Republic of Poland is the natural person who:

- has its center of personal or economic interests (centre of life interests) within the territory of the Republic of Poland; or
- stays within the territory of the Republic of Poland longer than 183 days in a tax year (Article 3, Section 1a of the PIT Act).

These rules apply without prejudice to double taxation conventions signed by the Republic of Poland (Article 3, Section 1a of the PIT Act). In particular, these conventions may define the "place of residence" in a different manner or further clarify the notion of the "center of life interests".

Income generated by natural persons subject to unlimited tax liability in Poland earned on the disposal of securities for consideration (including pre-emptive rights, shares and rights to shares) is taxed with the personal income tax pursuant to the PIT Act.

Income on the disposal of securities for consideration is the difference between total revenues earned on such activity in the calendar year and the costs of generating these revenues, calculated pursuant to the PIT Act (Article 30b item 2 Section 1 in conjunction with Section 6 of the PIT Act).

The revenue on the disposal of securities for consideration is the value expressed as the price in the relevant agreement. However, if without good reason the price set out in the agreement significantly deviates from the market value of the transferred securities, the revenue on the disposal of securities for a consideration will be assessed by the relevant tax authority or tax inspection authority, at the level of the market value of these securities (Article 19, Section 1 in conjunction with Article 17, Section 2 of the PIT Act).

The revenue on the disposal of securities for a consideration is the revenue due, even if not yet received (Article 17, Section 1, item 6 of the PIT Act).

The tax-deductible costs of generating revenue on the disposal of securities for consideration are the expenses incurred to acquire or otherwise take up the securities. These costs can only be deducted when revenue is generated on the disposal of the relevant securities for a consideration (Article 23, Section 1, item 38 of the PIT Act).

If a taxpayer disposes of securities which were acquired at various prices and it is not possible to determine a uniform purchase price for the securities so transferred, then for the purpose of determining income on such a disposal the transaction shall be deemed to concern the securities which had been acquired first (the oldest of the securities transferred). The presumption referred to in the preceding sentence is applied separately to each securities account (Article 24, item 10 of the PIT Act).

The personal income tax rate applicable to natural persons having their tax residence in Poland in relation to the disposal of securities for consideration is 19% of the income earned (Article 31b, Section 1 of the PIT Act).

Income earned on the disposal of securities for consideration does not trigger an obligation of the tax remitter to deduct and remit tax advances during the fiscal year. After the end of the fiscal year the taxpayer is obligated to report the income generated during the fiscal year on the disposal of securities for consideration and — where taxable income was generated — calculate the relevant income tax charge in a tax return reporting its income earned (loss incurred) during the fiscal year (Article 30b, Section 6 of the PIT Act).

The return referred to in the preceding paragraph should be filed by April 30 of the year following the fiscal year in which the revenues on the disposal of securities for a consideration was earned. On the same date the taxpayer should pay the due tax, as disclosed in the tax return.

Where income is generated on disposing for a consideration of securities, such income is not amalgamated with income generated from other sources of revenues (Article 30b, Section 5 of the PIT Act).

Losses incurred on disposing for consideration of securities in one fiscal year can be deducted from income generated from the same sources in the following five consecutive fiscal years, provided that the deduction in any of these years cannot exceed 50% of the amount of the loss. Losses incurred on this activity cannot be amalgamated with losses incurred by the taxpayer on other sources of revenues (Article 9, Section 6 of the PIT Act).

The above principles do not apply if securities are transferred for a consideration in the course of professional business activity conducted by the taxpayer (Article 30b, Section 4 of the PIT Act). In such case these revenues will qualify as regular revenues on business activity and should be accounted for pursuant to the principles applicable to that source of revenues.

Taxation of Income of the Natural Persons Who Are Subject to Limited Tax Liability in Poland (the Persons Whose Place of Residence for Tax Purposes is Not in Poland)

The taxation principles discussed above also apply to income generated within the territory of Poland on the disposal of securities for consideration by persons who are not Polish tax residents.

Such persons are subject to tax liability only with respect to the income (revenues) generated within the territory of the Republic of Poland (limited tax liability) (Article 3, Section 2a of the PIT Act).

The taxation principles discussed above applying to income generated in the territory of Poland on the disposal of securities for consideration by persons who are not Polish tax residents apply without prejudice to the double taxation conventions signed by the Republic of Poland. However, a tax rate set out in the relevant convention can only apply, or such payment can only be avoided (if permitted under the convention), if the taxpayer evidences its tax residency by presenting an appropriate tax residency certificate (Article 30b, Section 3 of the PIT Act).

Taxation of Income of Legal (Corporate) Persons and Organizations With No Legal Personality

Taxation of Corporate Income Tax Payers Which Are Subject to Unlimited Tax Liability in Poland (Those Having Their Registered Office or Place of Management in Poland)

Taxpayers subject to the corporate income tax in Poland are legal persons, companies under organization and organizations with no legal personality (other than the companies and partnerships which are not afforded legal personality) (Article 1, Section 1 and 2 of the CIT Act).

Taxpayers that have their registered office or place of management in Poland are subject to the tax liability with respect to all their income, wherever generated (Article 3 Section 1 of the CIT Act).

Income generated by the taxpayers that are subject to unlimited tax liability in Poland on the disposal of securities for a consideration (including pre-emptive rights, shares and rights to shares) are subject to the corporate income tax on the general terms set out in the CIT Act.

Income is the surplus of total revenues earned on such activity in the fiscal year over the costs of generating these revenues (Article 7, Section 1 of the CIT Act).

Revenue on the disposal of securities for a consideration is the value expressed as the price in the relevant agreement. However, if without good reason the price set out in the agreement significantly deviates from the market value of the transferred securities, the revenue on the disposal of securities for consideration will be assessed by the relevant tax authority or tax inspection authority at the level of the market value of these securities (Article 14, Section 1 of the CIT Act).

The tax-deductible costs of generating revenue on the disposal of securities for consideration are the expenses incurred to acquire or otherwise take up the securities. These costs can only be deducted when revenue is generated on the disposal of the relevant securities for a consideration (Article 16, Section 1, item 8 of the CIT Act).

Income on the disposal of securities for a consideration is amalgamated with income generated from other sources. The tax rate applicable to income generated by corporate income taxpayers is 19% of the tax base (Article 19, Section 1 of the CIT Act).

Taxation of Corporate Income Tax Payers Which Are Subject to Limited Tax Liability in Poland (Those Not Having Their Registered Office or Place of Management in Poland)

The principles of taxation discussed above apply to income generated within the territory of Poland on the disposal of securities for consideration by legal persons which have no registered office nor place of management in Poland. The provisions of the CIT Act also apply to income generated within the territory of Poland by companies which are not afforded legal personality and have their registered office or place of management in another state, provided that pursuant to the relevant tax regulations of such state these companies are treated as legal persons and are subject to taxation of all their income, irrespective of the place where they are earned (Article 1, Section 3 of the CIT Act).

Such persons are subject to tax liability only with respect to the income (revenues) earned within the territory of the Republic of Poland (limited tax liability) (Article 3, Section 2 of the CIT Act).

The principles of taxation of income generated in Poland on the disposal of securities for a consideration by corporate income taxpayers who have no registered office nor place of management in Poland apply without prejudice to double taxation conventions signed by the Republic of Poland.

Taxation of Dividends and Other Revenues from Shares in Profits of Legal Persons

Taxation of Income (Revenues) of Natural Persons

Taxation of Income (Revenues) of the Natural Persons Who Are Subject to Unlimited Tax Liability in Poland (the Persons Whose Place of Residence for Tax Purposes is in Poland)

Income (revenues) earned on shares in profits of legal persons which have their registered office in Poland, earned by natural persons subject to unlimited tax liability in the territory of Poland, are subject to a flat 19% income tax on the revenue earned (Article 30a, Section 1, item 4 of the PIT Act).

The income (revenue) from shares in profits of legal persons is the income (revenue) actually received on such share (Article 24 Section 5 of the PIT Act). This class includes income from dividends and other revenues from shares in profits of legal persons (e.g. distributions resulting from a redemption of shares or assets received in relation to a liquidation of a company).

The legal person which provides aforesaid income (revenues) to the taxpayer by making a disbursement or making cash or cash equivalents available to the taxpayer (such legal person being referred to as the "tax remitter") is required to withhold a flat rate income tax on the disbursements made (benefits delivered) (Article 41, Section 4 of the PIT Act). The tax remitter is required to file with the relevant tax office an annual return on an appropriate form by the end of January of the following fiscal year (Article 42, Section 1a of the PIT Act). The tax remitter is not required to notify the domestic taxpayers of the level of income achieved, and the taxpayers are not required to disclose the tax withheld by the tax remitter in their annual tax returns.

Taxation of Income (Revenue) of the Natural Persons Who Are Subject to Limited Tax Liability in Poland (the Persons Whose Place of Residence for Tax Purposes is not in Poland)

The principles of taxation discussed above apply to income earned on shares in profits of legal persons which have their registered office in Poland, earned by natural persons subject to limited tax liability in the territory of Poland.

The above principles of taxation of income from shares in profits of legal persons generated in the territory of Poland by the natural persons who are not Polish tax residents apply without prejudice to double taxation conventions signed by the Republic of Poland. However, tax rate set out in the relevant convention can only apply, or such payment can only be avoided (if permitted under the convention), if the taxpayer evidences its tax residency by presenting an appropriate tax residency certificate (Article 30a, Section 2 of the PIT Act).

By the end of February of the year following the relevant fiscal year, the tax remitter is required to send to the taxpayer, and to the tax office managed by the tax office head responsible for handling the taxation of foreign persons, certain personal details on an appropriate form (Article 42, Section 2, item 2 of the PIT Act). Additionally, at the written request of the taxpayer, the tax remitter should prepare, within 14 days from receiving such a request, and send the personal details referred to above to the taxpayer and the tax office managed by the tax office head responsible for handling the taxation of foreign persons (Article 42, Section 4 of the PIT Act).

Taxation of Income (Revenues) of Legal Persons and Organizations Without Legal Personality

Taxation of Income (Revenue) of the Corporate Income Tax Payers Subject to Unlimited Tax Liability in Poland (Those Having Their Registered Office or Place of Management in Poland)

Income (revenue) earned on shares in profits of legal persons which have their registered office in Poland earned by the corporate income taxpayers that are subject to unlimited tax liability in Poland are subject to a flat 19% income tax on the revenue earned (Article 22, Section 1 of the CIT Act).

The income (revenue) from shares in profits of legal persons is the income (revenue) actually received on such share (Article 10, Section 1 of the CIT Act). This class includes income from dividends and other revenues from shares in profits of legal persons (e.g. distributions resulting from a redemption of shares or assets received in relation to a liquidation of a company).

The legal person which makes disbursements to the taxpayer against the aforesaid income (revenue) ("tax remitter") is required to withhold a flat rate income tax on the disbursements made (Article 26 Section 1 of the CIT Act).

The tax remitter is required to file with the relevant tax office an annual return on an appropriate form by the end of the first month of the year following the relevant fiscal year (Article 26a of the CIT Act). Additionally, by the seventh day of the month following the month in which the tax was collected the tax remitter is required to distribute information concerning the amount of the collected tax to the taxpayers (Article 26, Section 3, item 1 and Section 3a of the CIT Act).

Taxation of Income (Revenue) of the Corporate Income Tax Payers Subject to Limited Tax Liability in Poland (Those not Having Their Registered Office or Place of Management in Poland)

The principles of taxation discussed above apply to income earned on shares in profits of legal persons which have their registered office in Poland, earned by the corporate income tax payers that are subject to limited tax liability in Poland.

Income from dividends and other revenues from shares in profits of legal persons generated within the territory of Poland by the persons subject to limited tax liability are governed by the taxation principles described above, without prejudice to relevant double taxation conventions (Article 22a of the CIT Act). However, a tax rate set out in the relevant convention can only apply, or such payment can only be avoided (if permitted under the convention), if the taxpayer evidences his/her tax residency by presenting an appropriate tax residency certificate (Article 26, Section 1 of the CIT Act).

The tax remitter making a disbursement of dividends or other revenues from the share in profits of the legal person to corporate income tax payers that are subject to limited tax liability in Poland, is required to deliver information concerning such disbursement and the amount of collected tax by the end of the third month following the end of the fiscal year in which the disbursements were made, to the taxpayer and to the tax office managed by the tax office head responsible for handling the taxation of foreign persons (Article 26, Section 3, item 2 and Section 3a of the CIT Act). Additionally, at the written request of the taxpayer, the tax remitter should prepare, within 14 days of receiving such a request, and send the information referred to above to the taxpayer and the tax office managed by the tax office head responsible for handling the taxation of foreign persons (Article 26, Section 3b of the CIT Act).

Income Tax Exemption Available to Polish and Foreign Legal Persons Holding Major Blocks of Shares

In certain instances, the income referred to above earned by corporate income tax payers that are subject to either limited or unlimited tax liability may be exempted from the corporate income tax.

An income tax exemption applies to dividends and other revenues from shares in profits of legal persons generated by a company whose entire income is taxed in Poland or in another EU member state or EEA member state (Article 22, Section 3 of the CIT Act) (regardless of where the income is earned) if all of the following conditions are met:

- the company that earns the income holds directly not less than 10% of all the shares in the share capital of the company paying the dividend or other revenues from participation in profits of legal persons;
- the company that earns the income has continuously held the number of shares specified above for two years. The exemption also applies if the required two-year period expires after the income earning date. Should the above condition not be met, the company benefiting from the exemption will be required to pay the tax otherwise due by the 20th day of the month following the month in which such company forfeited the right to the exemption, including any accrued default interest (Article 22, Section 4a and 4b of the CIT Act), and
- the registered office of the company earning the income is documented for tax purposes by a tax residency certificate issued by the relevant foreign tax authority (pursuant to Article 26, Section 1c Item 1 of the CIT Act).

If these conditions are met, the exemption will also apply if the recipient of dividends is a foreign establishment (within the meaning of Article 4a item 11 of the CIT Act) of a company whose entire income (regardless of the place where it is earned) is taxed in Poland or in another EU Member State or EEA member state. The existence of a foreign establishment should be evidenced by the company that benefits from the exemption by a certificate issued by the applicable tax authority of the country in which the company's registered office and/or place of management is located or by the applicable tax authority of the country in which the establishment is located (pursuant to Article 26, Section 1c, Item 2 of the CIT Act).

This exemption may also apply to income (revenues) distributed to the recipient (company) if all of its income is subject to income tax in Switzerland, regardless of where it is generated, and the direct share in the company distributing such dividend is no lesser than 25% (Article 22 Section 4c item 2 and Section 6 of the CIT Act). Also in this case it is necessary to produce a tax residency certificate issued by the relevant foreign tax authority.

The exemption described above applies accordingly to cooperatives established pursuant to the Regulation No. 1435/2003/EC of July 22, 2003 on the Statute for a European Cooperative Society (SCE) (EC OJ L 207 of 18.08.2003).

Transfer Tax (Tax on Civil Law Transactions) Payable on the Sale of Securities

The transfer tax is payable on agreements concerning the sale or exchange of property or economic rights (including securities) if the items subject to such agreements are situated in the territory of the Republic of Poland, or the economic rights are exercised within the territory of the Republic of Poland (Article 1 Section 1 letter a) in conjunction with Article 1, Section 4 of the Transfer Tax Act). The tax base is the market value of the property or the economic rights (Article 6, Section 1, letter c) of the Transfer Tax Act). The tax liability resulting from a sale agreement is borne by the buyer and arises upon the finalization of the civil law transaction (Article 3, Section 1, item 1 of the Transfer Tax Act). The taxpayers are required to file, without any additional request from the tax office, a transfer tax return and calculate and remit the due tax within 14 days following the day on which the tax liability arose. This obligation does not apply if the transaction is executed in the form of notarial deed where the transfer tax is collected by the notary who, in this case, acts as the tax remitter (Article 10, Section 1 and 2 of the Transfer Tax Act).

The sale of broker financial instruments (including pre-emptive rights, shares and rights to shares) to or through investment companies, as well as the sale of such instruments through organized trade channels, as defined in the Act on Trading in Financial Instruments, is exempted from the transfer tax (Article 9, item 9 of the Transfer Tax Act).

Inheritance and Donation Tax on the Acquisition of Securities by Natural Persons

The inheritance and donation tax is charged on the acquisition by natural persons of property located, and economic rights exercised within the territory of Poland (including securities), by way of, among other ways, inheritance, legacy, further legacy, bequest, donation or donor's order (Article 1, Section 1 of the Inheritance and Donation Tax Act). The tax liability is borne by the person acquiring the property or economic rights (Article 5 of the Inheritance and Donation Tax Act) and it may arise at different times, depending on the form of such acquisition (Article 6 of the Inheritance and Donation Tax Act).

The amount of tax depends on the degree and kind of kinship or relationship or other personal ties between the testator (intestate) and the heir or the donor and the beneficiary. The tax rates grow progressively from 3% to 20% of the tax base, depending on the tax group in which the transferee qualifies. There is a tax-free amount defined for each of these groups.

Unless the tax is collected by the tax remitter, the taxpayers are required to file, within one month of the date on which the tax liability arose, a tax return disclosing the acquisition of property or economic rights on an appropriate form with the head of the relevant tax office (Article 17a Section 1 and 2 of the Inheritance and Donation Tax Act). The tax is payable within 14 days of receiving a decision of the head of the relevant tax office assessing the amount of the tax liability.

Securities acquired by the closest relatives (a spouse, descendants, ascendants, stepchildren, siblings, stepfather and stepmother) are tax-exempt subject to filing an appropriate notice with the head of the relevant tax office in due time (Article 4a Section 1 of the Inheritance and Donation Tax Act). The aforementioned exemption applies if, at the time of acquisition, the acquirer was a citizen of Poland, another Member State, European Free Trade Association member state being party to the EEA Agreement or was a resident of Poland or such state (Article 4 Section 4 of the Inheritance and Donation Tax Act).

The tax is not charged on an acquisition of movable property located in the territory of Poland (including securities) if on the date of such acquisition neither the transferee nor the testator (or intestate) were Polish citizens and had no place of permanent residence or registered office in the territory of Poland (Article 3 Section 1 of the Inheritance and Donation Tax Act).

OTHER INFORMATION

Costs of the Offering

Assuming that all of the Offer Shares are subscribed for, it is anticipated that the gross proceeds of the Offer Shares will amount to approximately PLN 2 billion. The estimated commission and fees of the Global Coordinator and the Sole Bookrunner will amount to PLN 7,555.0 thousand (increased by VAT, if payable). The Bank anticipates that other issue costs, excluding the estimated commission and fees payable to the Global Coordinator and the Sole Bookrunner will amount to approximately PLN 5.04 million (increased by VAT, if payable).

Information on the amount of costs of the Offering will be published in the form of a current report.

Costs and expenses associated with the offer the Offer Shares as part of the Offering include, inter alia, costs of legal services, administrative costs and other costs associated with issuing and publicly offering the Offer Shares, registration fees in respect of the Offer Shares, costs associated with the publication of notifications required by the law, this Offering Memorandum and other marketing documents.

Auditor

PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw under the address of Al. Armii Ludowej 14, 00-638 Warszawa is the Bank's independent auditor. PricewaterhouseCoopers Sp. z o.o. is entered in the register of entities authorized to conduct audits of financial statements with the registration number 144.

PricewaterhouseCoopers Sp. z o.o. audited the stand-alone and consolidated financial statements of, respectively, the Bank and the Group, as at and for the years ended 31 December 2007, 2008 and 2009, respectively, and issued unqualified opinions on these financial statements. Opinions on the audit of the financial statements referred to in the preceding sentence were signed by the registered auditor Adam Celiński (No. 90033).

PricewaterhouseCoopers Sp. z o. o. reviewed the Consolidated Condensed Interim Financial Statements and issued an unqualified review report.

In accordance with its Articles of Association, the General Shareholders' Meeting appoints an entity authorized to perform an audit as the independent auditor of the Bank.

PricewaterhouseCoopers Sp. z o.o. was appointed by the General Shareholders' Meeting as the entity authorized to perform the audits of the financial statements of the Bank and the Group in 2007, 2008 and 2009.

On 30 March 2010, the General Shareholders' Meeting appointed PricewaterhouseCoopers Sp. z o.o. the independent auditor to conduct the audit of the financial statements of the Bank and the consolidated financial statements of the Group for 2010.

During the period covered by historical information included in this Offering Memorandum by reference, there were no cases of the auditor authorized to conduct the audits of the financial statements of the Bank and the Group resigning, being dismissed or not being re-appointed for the subsequent year.

Advisors Involved in Preparing and Conducting of the Offering

Deutsche Bank AG, London Branch

Deutsche Bank AG, London Branch (address: One Great Winchester Street, London, EC2N 2DB, UK) acts as the Global Coordinator and the Sole Bookrunner for the purposes of the Public Offering, and the scope of its mandate includes services to the Bank related to preparing and conducting the Public Offering. The total amount of remuneration due to Deutsche Bank AG, London Branch for these services which includes in particular, the fees for the management of the Offering, the placement of the Offer Shares and for underwriting the issue of the Offer Shares, depends on the amount of proceeds obtained by the Bank from the issue and the public offering of the Offer Shares. As at the date of this Offering Memorandum, Deutsche Bank AG, London Branch does not hold shares of the Bank in a number which would trigger a reporting obligation under relevant laws. As at the date of this Offering Memorandum, there are no conflicts of interests in relation to the engagement of Deutsche Bank AG, London Branch in the preparation and conducting of the Public Offering.

Commerzbank Corporates & Markets

Commerzbank Corporates & Markets, with its registered office in Frankfurt (address: Kaiserplatz, Frankfurt, D-60261, Germany) is the Joint Lead Manager of the Offering, and the scope of its mandate includes services to the Bank related to preparing and conducting the Public Offering. Commerzbank is the majority shareholder of the Bank (see "*Major Shareholders*"). As at the date of this Offering Memorandum, there are no conflicts of interests in relation to the engagement of Commerzbank Corporates & Markets in the preparation and conducting of the Public Offering.

Dom Inwestycyjny BRE Banku S.A.

Dom Inwestycyjny BRE Banku S.A. with its registered office in Warsaw at ul. Wspólna 47/49, 00-684 Warszawa, acts as the National Offering Manager and the Offerer for the purposes of the Offering, and the scope of its mandate includes services to the Bank related to preparing and conducting the Public Offering, in particular acting as the offeror for the Offer Shares. The total amount of remuneration due to Dom Inwestycyjny BRE Banku S.A. for services provided to the Bank for the purposes of preparing and conducting the Offering depends on the amount of proceeds obtained by the Bank from the issue and the public offering of the Offer Shares. As at the date of this Offering Memorandum, Dom Inwestycyjny BRE Banku S.A. does not hold shares of the Bank in a number which would trigger a reporting obligation under relevant laws. As at the date of this Offering Memorandum, there are no conflicts of interests in relation to the engagement of Dom Inwestycyjny BRE Banku S.A. in the preparation and conducting of the Public Offering.

Deutsche Bank AG, London Branch, Commerzbank Corporates & Markets, Dom Inwestycyjny BRE Banku S.A. or their related entities:

- have provided in the past and may provide in the future, investment banking services or perform other types of transactions with the Bank and its related entities;

- have received and may receive in the future remuneration and commission which are customary for such services or transactions;

- may acquire financial instruments of the Company or related with the financial instruments of the Company, including in particular, as part of the Underwriting Agreement with the Bank for the purposes of the Offering.

Dewey & LeBoeuf

The law firm Dewey & LeBoeuf Grzesiak Sp. k. with its registered office in Warsaw at ul. Książęca 4, 00-498 Warszawa, has been providing legal advisory services to the Bank relating to Polish law for the purposes of preparing and conducting the Public Offering. The law firm Dewey & LeBoeuf LLP (address: Skyper Taunusanlage 1, 60329 Frankfurt, Germany) has provided legal advisory services to the Bank relating to US law for the purposes of preparing and conducting the Offering. The total amount of remuneration due to the law firms referred to in the preceding sentences for services provided to the Bank for the purposes of preparing and conducting the Offering does not depend on the amount of proceeds obtained by the Bank from the issue and the public offering of the Offer Shares. As at the date of this Offering Memorandum, these law firms do not hold shares of the Bank in a number which would trigger a reporting obligation under relevant laws. As at the date of this Offering Memorandum, there are no conflicts of interests in relation to the engagement of these law firms in the preparation and conducting of the Public Offering.

White & Case

The law firm White & Case W. Daniłowicz, W. Jurcewicz i Wspólnicy — Kancelaria Prawna Sp.k. with its registered office in Warsaw at ul. Marszałkowska 142, 00-061 Warszawa, has been providing legal advisory services relating to Polish law for the purposes of preparing and conducting the Public Offering to Deutsche Bank AG, London Branch. The law firm White & Case LLP (address: 5 Old Broad Street, London, EC2N 1DW, United Kingdom) has provided legal advisory services relating to US law to Deutsche Bank AG, London Branch. The total amount of remuneration due to the law firms referred to in the preceding sentences for services provided to the Bank for the purposes of preparing and conducting the Offering does not depend on the amount of proceeds obtained by the Bank from the issue and the public offering of the Offer Shares. As at the date of this Offering Memorandum, these law firms do not hold Shares of the Bank in a number which would trigger a reporting obligation under relevant laws. As at the date of this Offering Memorandum, there are no conflicts of interests in relation to the engagement of the aforementioned law firms in the preparation and conducting of the Public Offering.

Information From Third Parties, Experts

Other than the publications referred to in the sections "*Business Description*" and "*Market and Legal Environment— Market Environment*", this Offering Memorandum does not contain any documents or information obtained from experts within the meaning of Regulation 809/2004.

Documents on Display

During the period of validity of the Prospectus, the following documents or their copies will be made available for inspection at the Bank's Head Office (ul. Senatorska 18, 00-950 Warszawa) and on the Bank's website (www.brebank.pl):

- Articles of Association, Resolution No. 24 of the General Shareholders' Meeting dated 30 March 2010 amending the Articles of Association of BRE Bank S.A.

- the Bank's excerpts from the Register of Businesses maintained by the National Court Register;

- the By-laws of the Management Board, the By-laws of the Supervisory Board, the Permanent Rules of the General Shareholders' Meeting and Resolution No. 25 of the General Shareholders' Meeting dated 30 March 2010 amending the Permanent Rules of the General Shareholders' Meeting;

- (i) Resolution No. 22 of the General Shareholders' Meeting dated 30 March 2010 on the increase in the share capital of the Bank, the public offering of the new issue of shares, determination of the date for pre-emptive rights to shares of the new issue, dematerialization and application for admittance of the pre-emptive rights, rights to shares and shares of the new issue to trading in the regulated market operated by the Warsaw Stock Exchange; and (ii) Resolution No. 23 of the General Shareholders' Meeting dated 30 March 2010 amending the Bank's Articles of Association in connection with the increase in the share capital of the Bank;

- Consolidated Financial Statements, included by reference to this Offering Memorandum, referred to in the section "*Financial Information*" and the financial statements of Bank's subsidiaries consolidated in each of the last two financial years.

ABBREVIATIONS AND DEFINITIONS

This chapter lists solely the abbreviations and definitions which used consistently throughout this document, in more than one of its chapters. The abbreviations and definitions which are only used internally in any single chapter of this document are provided where the term or expression so abbreviated or defined first appears in such chapter.

2007 Consolidated Financial Statements	Consolidated financial statements of the BRE Bank S.A. Group for 2007 prepared in accordance with the International Financial Reporting Standards, with an independent auditor's opinion, as set out in the annual report of the BRE Bank S.A. Group for 2007 published by the Bank on 28 February 2008
2008 Consolidated Financial Statements	Consolidated financial statements of the BRE Bank S.A. Group for 2008 prepared in accordance with the International Financial Reporting Standards, with an independent auditor's opinion, as set out in the annual report of the BRE Bank S.A. Group for 2008 published by the Bank on 27 February 2009
2009 Consolidated Financial Statements	Consolidated financial statements of the BRE Bank S.A. Group for 2009 prepared in accordance with the International Financial Reporting Standards, with an independent auditor's opinion, as set out in the annual report of the BRE Bank S.A. Group for 2008 published by the Bank on 1 March 2010
Accounting Act	The Accounting Act of September 29, 1994 (consolidated text in: Dz. U. of 2002, No. 76, Item 694, as amended)
Additional Subscription	a subscription for the Offer Shares (for 12,371,200 Offer Shares) which may be placed by the Bank's shareholders entitled to pre-emptive rights to the Offer Shares
AMO	Polish Antimonopoly Office (*Urząd Ochrony Konkurencji i Konsumentów*)
Antimonopoly Act, Act on Protection of Competition and Consumers	The Act of February 16, 2007 on protection of competition and consumers (Dz. U. of 2007, No. 50, Item 331, as amended)
Articles of Association	Articles of Association of the Bank
Aspiro	Aspiro Sp. z o.o.
average interest bearing assets	Average interest bearing assets for a year, calculated as an average of the values at the end of month over a 12-month period (weighted by the number of days in a month)
average loans and advances	Average receivables under loans and advances (to customers and banks) in a given year, calculated as an average of the net values at the end of month over a 12-month period (weighted by the number of days in a month)
Bank	BRE Bank S.A. with its registered office in Warsaw, at: ul. Senatorska 18, 00-950 Warszawa, spółka akcyjna, incorporated and operating under Polish law, entered into the Register of Business Entities of the National Court Register, KRS No. 0000025237

Bank Guarantee Fund . . . . institution in charge of bank-funded deposit insurance established on the basis of the Act on the Bank Guarantee Fund of 14 December 1994 (uniform text: Dz. U. of 2009, No. 84, Section 711, as amended)

Banking Law . . . . Banking Law Act of 29 August 1997 (uniform text: Dz. U. of 2002, No. 72, Section. 665, as amended)

Basel I . . . . the 1988 Basel Accord published by the Basel Committee of Banking Supervision, a set of external laws specifying a method calculation of capital requirements under credit risk

Basel II . . . . New Capital Accord of 2004, published by the Basel Committee of Banking Supervision, a set of external laws specifying a new method of calculation of capital requirements under credit risk

BGF . . . . see "*Bank Guarantee Fund*"

BRE Bank Hipoteczny . . . . BRE Bank Hipoteczny S.A.

BRE Corporate Finance . . . . BRE Corporate Finance S.A.

BRE Finance France . . . . BRE Finance France S.A.

BRE GOLD FIZ Aktywów Niepublicznych . . . . BRE GOLD Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

BRE Holding . . . . BRE Holding Sp. z o.o.

BRE Leasing . . . . BRE Leasing Sp. z o.o.

BRE Ubezpieczenia . . . . BRE Ubezpieczenia Sp. z o.o.

BRE Ubezpieczenia TUiR . . . . BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A.

BRE Wealth Management . . . . BRE Wealth Management S.A.

BRE.locum . . . . BRE.locum S.A.

CAD . . . . Council Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions

CAD 2 . . . . Directive 98/31/EC of the European Parliament and of the Council of 22 June 1998 amending Council Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions

CBOS . . . . Centrum Badania Opinii Społecznej, Public Opinion Research Center

CBS . . . . Commission for Banking Supervision

CC, Civil Code . . . . Polish Civil Code of April 23, 1964 (Dz. U. of 1964 No. 16, Item 93, as amended)

CERI . . . . Centrum Rozliczeń i Informacji CERI Sp. z o.o.

CHF . . . . Swiss franc

CIRS . . . . cross-currency interest rate swap

CIT Act . . . . The Corporate Income Tax Act of February 15, 1992 (consolidated text in: Dz. U. of 2000, No. 54, Item 654, as amended)

Commerzbank	refers to Commerzbank AG, a company incorporated and operating under the laws of the Federal Republic of Germany or Commerzbank AG and all of its consolidated subsidiaries together as a group, as the context requires
Commerzbank Group	see "*Commerzbank*"
Concentration Regulation	Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings
Consolidated Annual Financial Statements	collectively, the 2007 Consolidated Financial Statements, 2008 Consolidated Financial Statements and 2009 Consolidated Financial Statements
Consolidated Financial Statements	collectively, the Consolidated Annual Financial Statements and Consolidated Condensed Interim Financial Statements
Consolidated Condensed Interim Financial Statements	consolidated condensed financial statements of the BRE Bank SA Group prepared in accordance with the International Financial Reporting Standards for the first quarter of 2010, together with an auditor review report, as set out in the consolidated quarterly report of the BRE Bank SA Group for the first quarter of 2010 published on 28 April 2010
CRD, CRD Directive	Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions
CZK	Czech crown
date of the Offering Memorandum	12 May 2010
Detailed Rules for Stock Exchange Trading	Detailed Rules for Stock Exchange Trading (Resolution of the Management Board of the WSE No. 4/2006 dated 10 January 2006)
Detailed Rules of Operation of the NDS	Detailed Rules of Operation of the National Depository for Securities (Appendix No. 1 to the Resolution of the Management Board of the NDS No. 176/09 dated 15 May, 2009, as amended)
DI BRE	Dom Inwestycyjny BRE Banku S.A.
Dz. U.	*Dziennik Ustaw*
ECB	European Central Bank
EEA	European Economic Area, a free trade zone covering the European Union and European Free Trade Association member states (without Switzerland)
EU	European Union
EUR	euro
Garbary	Garbary Sp. z o.o.
GBP	Pound sterling

GDP	gross domestic product
General Shareholders' Meeting	General Shareholders' Meeting of the Bank
Group, Capital Group	Bank and subsidiaries subject to full consolidation
GUS	Central Statistical Office
HUF	Hungarian forint
IAS	depending on the context: an International Accounting Standard or International Accounting Standards approved by the European Union
IFRS	depending on the context: an International Financial Reporting Standard or the International Financial Reporting Standards approved by the European Union
IMF	International Monetary Fund
Individual Preemptive Right, Preemptive Right	preemptive rights authorizing its holder to subscribe for Offer Shares
Inheritance and Donations Tax Act	The Inheritance and Donations Tax Act of 28 July 1983 (consolidated text in: Dz. U. of 2009, No. 93, item 768)
Insurance Activity Act	The Insurance Activity Act of 22 May 2003 (consolidated text in: Dz. U. of 2010, No. 11, item 66)
interest bearing liabilities	interest-bearing liabilities defined as total amounts due to other banks, total amounts due to customers, debt securities in issue and subordinated liabilities
interest-bearing assets	Interest-bearing assets construed as a sum of receivables from banks (gross), credits and loans granted to customers (gross), debt securities held for trading, debt investment securities and pledged assets
Intermarket Bank	Intermarket Bank AG
Issue Price	issue price of the Offer Shares
Issue Resolution	Resolution No. 22 of the Annual General Shareholders' Meeting of 30 March 2010 on the increase in the Bank's share capital, public offering of new shares, determining the pre-emptive right record day, dematerialization and applying for the admission of the pre-emptive rights, rights to shares and the new shares to trading on the regulated market operated by the Warsaw Stock Exchange
JPY	Japanese yen
KRS	National Court Register
KSH	Polish Code of Commercial Companies and Partnerships of September 15, 2000 (Dz. U. of 2000, No. 94, Item 1037, as amended)
KUKE	Korporacja Ubezpieczeń Kredytów Eksportowych, Export Credit Insurance Corporation
Magyar Factor	Magyar Factor zRt.
Management Board	Management Board of the Bank
Member State	Member State of the European Union

MiFID Directive . . . . Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EC

MPC . . . . Monetary Policy Council

NBP . . . . National Bank of Poland

NDS . . . . Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna (*National Depository of Securities*) with its registered office in Warsaw and, unless the context requires otherwise, the depository of securities kept by that company

non-performing loans . . . . the loans and advances to clients and to banks for which impairment losses have been recorded

Offer Shares . . . . 12,371,200 ordinary bearer shares with the nominal value of PLN 4 each offered in the Offering on basis of this Offering Memorandum

Offering . . . . public offering within the meaning of Article 3 Section 3 of the Public Offering Act carried out on the basis of the Prospectus

Offering Memorandum . . . . this Offering Memorandum

OJ EU . . . . Official Journal of the European Union

Ordinance on Current Reports . . . . . . Ordinance of the Minister of Finance of 19 February 2009 concerning current and periodic information reported by issuers of securities and the terms of acknowledging equivalence of information reported under regulations on non-member states (Dziennik Ustaw No. 33 item 259, as amended)

p.b. . . . . base points

p.p. . . . . percentage points

PFSA . . . . Polish Financial Supervision Authority

PIT Act . . . . The Personal Income Tax Act of July 26, 1991 (consolidated text in: Dz. U. of 2000, No. 14, Item 176, as amended);

PLN . . . . Polish zloty

Polfactor . . . . Polfactor S.A.

Pre-emptive Right Day, Pre-emptive Right Record Day . . . . day pursuant to which those shareholders of the Bank are determined who are entitled to the pre-emptive right to Offer Shares: 18 May 2010

Prospectus Directive, 2003/71/EC . . . . Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC

Public Offering Act, Offering Act . . . . Act on public offers, conditions governing the introduction of financial instruments to organized trading, and public companies of July 29, 2005 (Dz. U. of 2005, No. 185, Item 1439, as amended)

Recommendation S II .... PFSA's Recommendation adopted on 17 December 2008 on good practices in the area of mortgage-backed loan exposures

Recommendation T .... PFSA's Recommendation adopted on 23 February 2010 on retail loans and assessment of creditworthiness of retail customers

Regulation 809/2004 .... Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements

Resolution No. 382/2008 .... Resolution No. 383/2008 of the Polish Financial Supervision Authority dated 17 December 2008 on the detailed rules of the operation of risk management and internal auditing systems and detailed conditions of estimating internal capital by banks and reviewing the process of estimating and maintaining such internal capital (*Dziennik Urzędowy KNF* of 2008, No. 8, Item 37)

Resolution of the PFSA No 380/2008 .... Resolution No. 380/2008 of the Polish Financial Supervision Authority dated 17 December 2008 on the scope and detailed rules of specifying capital requirements for individual types of risk, including the scope and rules for applying statistical methods and the scope of information to be provided together with requests for approval of their application, rules and conditions of taking into account receivables transfer agreements, sub-participation agreements, credit derivative agreements and any agreements other than receivables transfer agreements, sub-participation agreements, for the purpose of specifying capital requirements, the conditions, scope and manner of using the ratings assigned by external credit-rating agencies and export credit agencies, the manner and detailed rules for calculating the bank's capital adequacy ratio, the scope and manner of reflecting the fact that banks operate in holdings when calculating the capital requirements and the capital adequacy ratio of the bank and defining additional balances sheet items reported together with the bank's equity in the capital adequacy ratios, as well as the scope, manner and conditions for the calculation thereof (*Dziennik Urzędowy KNF* of 2008, No. 8, Item 34).

Rights to Shares, RTS .... rights to the Offer Shares

Shares .... 29,690,882 shares with the nominal value of PLN 4 each issued by the Bank, including: (a) 29,669,382 ordinary bearer Shares and (b) 21,500 registered Shares

Spółka .... See the "*Bank*"

Supervisory Board .... Supervisory Board of the Bank

Tele-Tech Investment .... Tele-Tech Investment Sp. z o.o.

Trading Act, Act on Trading in Financial Instruments .... The Act on Trading in Financial Instruments of 29 July 2005 (Dz. U. No. 183, Item 1538, as amended)

Transfer Tax Act .... The Transfer Tax Act of 9 September 2000 (consolidated text in: Dz. U. of 2007, No. 68, Item 450, as amended)

Transfinance .... Transfinance a.s.

Treaty of the European Union .... The Treaty on the European Union signed in Rome on March 25, 1957 (Dz. U. of 2004, No. 90, Item 864/2, as amended)

US Securities Act .... United States Securities Act of 1933

USD .... United States Dollar

WSE Rules .... Rules of Stock Exchange adopted by the Resolution of Warsaw Stock exchange Board in Warsaw No. 1/1110/2006 of 4 January 2006, as amended

WSE, Stock Exchange .... Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (*Warsaw Stock Exchange*) with its registered office in Warsaw and, unless the context requires otherwise, the regulated market operated by this company

FINANCIAL INFORMATION

The Bank is a public company within the meaning of the Public Offering Act. Given the fact that the existing Shares of the Bank are listed on a regulated market (the Main Market) operated by the WSE, the Bank is subject to information duties comprising, *inter alia*, the publication, in its periodical reports, of the consolidated financial statements of the Group.

The following financial information is included in this Offering Memorandum by way of reference:

- consolidated financial statements of BRE Bank S.A. Group for 2007, prepared in accordance with the EU approved International Financial Reporting Standards including the opinion of the independent auditor, contained in the consolidated annual report of the BRE Bank S.A. Group for 2007, published by the Bank on 28 February 2008;

- consolidated financial statements of BRE Bank S.A. Group for 2008, prepared in accordance with the EU approved International Financial Reporting Standards including the opinion of the independent auditor, contained in the consolidated annual report of the BRE Bank S.A. Group for 2008, published by the Bank on 27 February 2009;

- consolidated financial statements of BRE Bank S.A. Group for 2009, prepared in accordance with the EU approved International Financial Reporting Standards including the opinion of the independent auditor, contained in the consolidated annual report of the BRE Bank S.A. Group for 2009, published by the Bank on 1 March 2010; and

- consolidated condensed financial statements of BRE Bank S.A. Group for the first quarter of 2010, prepared in accordance with the EU approved International Financial Reporting Standards including a review report of an independent auditor, contained in the consolidated quarterly report of the BRE Bank S.A. Group for the first quarter of 2010, published by the Bank on 28 April 2010.

The financial information referred to above is available on the Bank's website (*www.brebank.pl*) and on the website *www.gpwinfostrefa.pl*.

Other than the abovementioned financial statements, auditor's opinions and reports, no financial financial information should be deemed included by reference to this Offering Memorandum.

The information included in other sections of the consolidated annual reports of the Group, referred to above, have not been included in this Offering Memorandum by way of reference since, in the opinion of the Bank, they are not relevant for the investor's assessment of the business, financial and economic position and the outlook of the Group, or are already included in other sections of this Offering Memorandum.

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