



Management Board Report on the Performance of BRE Bank Group SA in 2011

Warsaw, March 2, 2012

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I. 2011 - 25th anniversary of BRE Bank

I.1. From a small corporate bank to a large universal bank

BRE Bank was formed twenty-five years ago. The Resolution of the Council of Ministers setting up Bank Rozwoju Eksportu SA (Export Development Bank, the Bank's original name) was dated June 20, 1986, while the start of operations dates back to January 2, 1987. Since then, from a small specialist, Bank has grown to become the third largest universal bank in Poland in terms of assets value, loans to customers and own funds.

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

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

The Bank's business profile changed substantially in late 2000 when BRE Bank launched its retail banking arm: mBank, the first Internet bank in Poland for mass clients and micro-enterprises. With time, small outlets called mKiosks, and larger Financial Centres were opened to support the Internet communication channel. In 2001, BRE Bank made another step towards retail banking by launching MultiBank, which targets demanding affluent clients with a strong need for personalised service and advice. MultiBank uses both remote channels and a network of local branches.

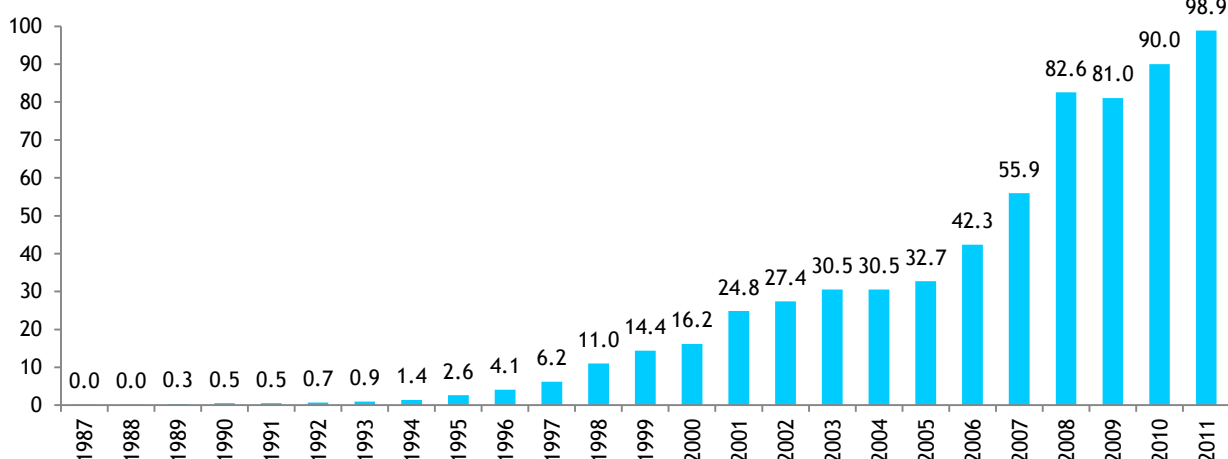
The domestic success of mBank meant that in 2007, the retail banking arm expanded abroad: mBank outlets were set up in the Czech Republic and Slovakia.

Today, BRE Bank is a universal bank. It services large corporations, small and medium-sized enterprises (SMEs), micro-enterprises, and private individuals. In the retail area it serves a wide range of clients, from the most affluent Private Banking clients to students. BRE Bank's expansion was accompanied by setting-up and by acquisitions of several companies offering financial products and services complementary to the Bank's offer and catering to the needs of the Bank's clients. Together with the Bank, they form BRE Bank Group. The most important subsidiaries include: BRE Leasing, BRE Faktoring (formerly Polfactor), Dom Inwestycyjny BRE Banku, BRE Bank Hipoteczny, BRE Ubezpieczenia and BRE Wealth Management.

At the end of 2011, BRE Bank provided its services to about 14 thousand corporate clients and to almost 3.9 million retail clients. Corporate clients are serviced through 29 Corporate Branches and 19 Corporate Bureaus located across the country and through the iBRE Internet platform. Retail clients rely predominantly on the Bank's integrated Internet platform, telephone and mobile banking channels supported by a network of about 240 outlets.

BRE Bank Group Total Assets

PLN B



I.2. Short History of BRE Bank

1986 - founding of the Bank

In June, Bank Rozwoju Eksportu is set up as a joint-stock company; on December 11, the Bank is registered. The main shareholders of the Bank include: the Foreign Trade Ministry (41% of shares), the Finance Ministry (10%), the National Bank of Poland (10%), and Bank Handlowy w Warszawie S.A., Bank PKO S.A. and Bank Gospodarki Żywnościowej which hold 10% of shares in total. 29% of shares are covered by the first post-war public offering addressed to foreign trade centres, state-owned enterprises, service companies and cooperatives. The Bank's capital amounts to PLN 3,550 million (PLN 355 thousand after denomination).

The Bank's initial activity concentrated on collecting funds in domestic and foreign currencies for the financing of investments for the centrally steered economy. Krzysztof Szwarc is appointed President of the Management Board of the Bank. The first headquarters of the Bank are located in the Ministry of Finance at Świętokrzyska street.

1987 - first operations and contacts

In early January, the Bank starts its operations by offering export loans to selected companies. From May until the end of 1989, the Bank organises currency tenders, thus providing Polish companies with wide access to convertible currencies. Relations with foreign banks are being established - 30 banks grant the Bank limits for confirming import letters of credit while cooperation with 50 banks involves foreign currency operations.

1988 - towards competitive advantage

The Bank expands its operations by supporting pro-export projects of the Polish economy with loans. Gradually, it becomes a commercial bank with a comprehensive corporate banking offer.

The Bank has already more than 100 employees who systematically undergo training in Poland and abroad. This gives the Bank a competitive advantage when entering the period of profound social and economic transformations in Poland.

1989 - credit line facilities from the World Bank and IFC

BRE Bank is the first bank in Poland to be granted credit line facilities by the International Finance Corporation and the World Bank, earmarked for the development of exports and the food processing

industry in the private and cooperative sectors. The Export Development Fund is also created, and BRE acts as its administrator. The Bank undergoes modernization, including a thorough computerisation. Moreover, the Bank becomes a member of the international settlement system SWIFT (Society for Worldwide Interbank Financial Telecommunication).

1990 - privatization decision

Decision is made regarding the privatization of BRE Bank, the first privatization in the Polish banking sector. BRE shares are offered for sale in a public offering. The Bank opens a branch in Warsaw, and soon after, representative offices and then branches in Łódź and Lublin. BRE Bank becomes the first Polish bank audited by a foreign company, Moore Stephens.

1991 - beginning of BRE Bank Group

BRE Bank Group begins to form. The following subsidiaries are established: BRE Brokers, a brokerage bureau (currently Dom Inwestycyjny BRE Banku), and BRE Service (currently BRE Leasing). A new Management Board is formed, with a mandate to manage the Bank for the next five years. Once again, Krzysztof Szwarc is appointed President of the Management Board. The branch network continues to expand. There are already 3 branches outside Warsaw (including a new branch in Kraków), 5 additional branches are in the roll-out phase.

1992 - stock exchange debut

On July 31, BRE Bank's privatization process is completed. Through a public offering, the shares are sold by the main shareholders, representing the State Treasury and the National Bank of Poland. In total, 950 thousand shares are sold: 400 thousand to institutional investors, 350 thousand to retail investors and 200 thousand to employees. Since October 1992, the shares are listed on the Warsaw Stock Exchange. On its debut, the share price amounts to PLN 203 thousand (PLN 4 after the PLN denomination and share split conducted in 1994).

1993 - launch of electronic banking

BRE Bank becomes the first bank in Poland to launch IBS-90 integrated IT system. Since June, transactions are executed in real time. The electronic banking systems, BRESOK and BRESOK 2, allow clients to track and execute operations on their accounts. The headcount of the Group reaches nearly 800 people.

1994 - strategic partnership with Commerzbank

An agreement on strategic partnership is signed with Commerzbank AG of Germany. McKinsey, a US company, acts as an advisor on the Bank's development strategy. BRE Bank Foundation is set up.

1995 - share capital of nearly PLN 60 million

The foundation stone is laid for a new head office of the Bank at Senatorska street in Warsaw. The share capital of the Bank is increased to PLN 58 million. For the first time, BRE Bank is rated by two agencies: Moody's and Standard & Poor's. The Bank launches its Private Banking. The Bank employs over 1,000 people.

1996 - still in the lead

The investment banking offer of the Bank continues to expand. BRE Bank joins a group of leading banks arranging issues of debt securities for companies. Commerzbank increases its interest in BRE Bank to 33%. Krzysztof Szwarc and Wojciech Kostrzewa, appointed as Member of the Management Board of BRE Bank, are recognised in the ranking of the best managers in the Poland.

1997 - further rise in share capital

Towarzystwo Funduszy Inwestycyjnych Skarbiec (Investment Funds Association) launches its operations. At the end of the year, Skarbiec has PLN 17 million assets under management. BRE Bank acquires a leading Polish consulting company, Business Management & Finance, which specializes in privatization transactions. A new issue of 4.5 million shares allows Commerzbank to increase its interest in the Bank to 48.7%.

1998 - merger with Polski Bank Rozwoju (Polish Development Bank)

BRE Bank merges with Polski Bank Rozwoju becoming a leader in investment and electronic banking. Wojciech Kostrzewa is appointed President of the Management Board and General Director of BRE Bank, while Krzysztof Szwarc is elected Chairman of the the Supervisory Board. The Bank's new head office at Senatorska street in Warsaw is opened. BRE operates 23 branches in 16 voivodships.

1999 - further development of the Group

The following new entities within BRE Bank Group are established: the first Polish mortgage bank: Rheinhyp-BRE Bank Hipoteczny SA, Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura in which BRE Bank holds a stake of 75%, and Dom Inwestycyjny BRE Banku (formerly BRE Brokers). The Bank is preparing for a merger with Bank Handlowy, which, in the end, does not materialise.

2000 - internet retail banking starts

Anticipating new market trends, BRE Bank starts operations in the retail banking sector, launching, in just one hundred days, mBank, the first Internet Bank in Poland. Commerzbank increases its interest in BRE Bank's share capital to 50%. BRE Bank is the first bank in Poland to acquire a majority stake in an EU-based bank, namely the Austrian Intermarket Factoring Bank.

2001 - MultiBank - the second retail arm of BRE Bank is launched

BRE Bank launches MultiBank, its second retail arm dedicated to demanding and affluent individuals. BRE Asset Management, offering securities portfolio management, a new service on the Polish market, launches its operations.

2002 - four companies incorporated in an Asset Management holding

Registration of Skarbiec Asset Management Holding S.A.(SAMH) takes place. The company focusses on asset management, expected to reinforce the position of BRE Bank Group on this market. PTE Skarbiec-Emerytura merges with PTE BIG BG.

2003 - further development of the Group

Commerzbank increases its interest in BRE Bank to 72.16%. Rheinhyp-BRE Bank Hipoteczny carries out the first post-war public issue of mortgage bonds, worth PLN 200 million. BRE Bank Group adds new entities: Magyar Factor, a factoring company, and Centrum Rozliczeń i Informacji (CERI). mBank launches the Investment Funds Supermarket which allows clients to buy units in numerous investment products.

2004 - internet banking for companies

Wojciech Kostrzewa steps down as President of the Management Board. He is succeeded by Vice-President Sławomir Lachowski. iBRE, a modern Internet banking system for companies, is launched. The retail banking arm, servicing nearly 1 million clients, builds a 7.0% market share. The Bank's share capital is increased to PLN 114.8 million.

2005 - Bank for demanding clients

According to its mission statement, the Bank wants to become the best financial institution for demanding clients. A “BREactivation” project is launched involving a deep restructuring of the corporate banking area, while the retail banking area generates its first profits. The Management Board declares its intention to withdraw from the asset management business by selling Skarbiec Asset Management Holding and PTE Skarbiec Emerytura and decides to operate an open distribution platform offering products and services from a variety of third-party providers.

2006 - continuation of rapid organic growth and entry into the insurance market

The number of employees of the Group exceeds 4 000. The number of retail clients exceeds 1.6 million, while the number of outlets approaches 150. The Bank, through its new subsidiary BRE Ubezpieczenia, enters the insurance market.

2007 - foreign expansion

The Bank's performance improves compared to the previous year, profitability in all strategic areas grows dynamically; BRE is the winner of many prestigious awards. The retail banking launches foreign operations: the first mBank outlets are set up in the Czech Republic and Slovakia.

2008 - PLN 1 billion profit

In this extremely difficult year for the financial industry, BRE Bank manages to meet its targets: the consolidated pre-tax profit of the Group exceeds the previous year's figure and reaches PLN 1 billion. PTE Skarbiec-Emerytura is sold after a merger with Aegon PTE. The new Supervisory Board of BRE Bank appoints Mariusz Grendowicz as President of the Management Board of BRE Bank.

2009 - sound performance amid an unprecedented financial crisis

Despite the global financial crisis, BRE Bank increased its core income maintaining strong growth of clients' base. The functionalities of iBRE, the innovative Internet corporate platform, continue to develop dynamically.

2010 - successful new share issue

The Bank conducts a highly successful issue of shares, raising nearly PLN 2 billion and significantly bolstering its solvency ratios. A “Cross Border” project is launched to facilitate cooperation in servicing international clients within Commerzbank Group. The Bank wins the title of the best corporate Internet bank in Central and Eastern Europe. Cezary Stypułkowski is appointed as new President of the Management Board

2011 - organic growth and record profit

Total client number reaches nearly 4 million and record high pre-tax profit of the Group exceeds PLN 1.4 billion. The Bank focuses on increasing its core revenues (net interest and fee and commission income) by enhancing the product usage by its existing retail and corporate clients. It upgrades its investment banking product offer and continues to expand its client base. The Bank takes over 100% of BRE Leasing Sp. z o.o., becomes the sole owner of BRE Faktoring (formerly Polfactor) and Transfinance, the leading factoring companies in Poland and the Czech Republic, and sells its shares in Intermarket Bank AG (Austria) and Magyar Factor (Hungary), thus aligning its product and service offering with its physical banking presence. Five new corporate branches are established including a branch in Koszalin which as a pilot branch provides services also to retail clients. Last but not least, in 2011 BRE Bank is named the Best Bank in Poland by the prestigious Euromoney Magazine in the Euromoney for Excellence contest.

I.3. Composition of BRE Bank Group as of 31.12.2011

Along with the development of its operations, BRE Bank established or acquired companies offering products and services complementary to its banking offer to meet needs of BRE Bank Group's customers. The main subsidiaries include: BRE Leasing, BRE Bank Hipoteczny, Dom Inwestycyjny BRE Banku, BRE Faktoring (former Polfactor) as well as the insurance company BRE Ubezpieczenia. In total, 15 companies were consolidated at the end of December 2011.

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

BRE Bank Group			
Segment	Corporates & Financial Markets		Retail Banking
Bank	Corporates & Institutions	Trading & Investment Activity	
	<ul style="list-style-type: none"> Corporations Large Companies SMEs Structured & Mezzanine Finance 	<ul style="list-style-type: none"> Risk and Liquidity Management Financial Markets Financial Institutions 	<ul style="list-style-type: none"> mBank (retail customers and microenterprises) MultiBank (affluent retail customers) Private Banking (high net worth individuals)
Consolidated subsidiaries	<ul style="list-style-type: none"> BRE Leasing Sp. z o.o. BRE Faktoring SA Transfinance a.s. BRE Holding Sp. z o.o. BRE Gold FIZ Aktywów Niepublicznych Garbary Sp. z o.o. 	<ul style="list-style-type: none"> Dom Inwestycyjny BRE Banku SA BRE Bank Hipoteczny SA BRE Finance France SA 	<ul style="list-style-type: none"> BRE Wealth Management SA Aspiro SA BRE Ubezpieczenia TUIR SA BRE Ubezpieczenia Sp. z o.o.
	Other subsidiaries	<ul style="list-style-type: none"> BRE.locum SA Centrum Rozliczeń i Informacji CERI Sp. z o.o. 	

Compared to the end of 2010, two subsidiaries were sold: Intermarket Bank AG and Magyar Factor zRt. (more details under "Major transactions in BRE Bank Group in 2011") The transaction was closed on 28 July 2011. Under IFRS, all above subsidiaries are consolidated using acquisition accounting. Their business is briefly described in sections on relevant business lines.

I.4. BRE Bank Group - Key Data

BRE Bank Group's Key Data	2007	2008	2009	2010	2011
Balance sheet total (PLN M)	55,983.0	82,605.2	81,023.9	90,038.8	98,875.6
Credit and loans granted to customers (PLN M)	33,682.7	52,142.5	52,468.8	59,374.1	67,851.5
Liabilities to customers (PLN M)	32,401.9	37,750.0	42,791.4	47,151.0	54,244.4
Book value (PLN M)	3,324.5	3,894.5	4,120.2	6,909.3	8,048.8
Pre-tax profit from continued and discontinued activities	954.5	1,000.1	209.4	872.5	1,467.1
Net profit from continued and discontinued activities attributable to the Bank's shareholders	710.1	857.5	128.9	641.6	1,135.0
Capital adequacy ratio (%)	10.16	10.04	11.50	15.90	14.96
ROE before tax (%)	35.9	30.8	5.1	15.6	21.0
Cost/Income ratio (%)	55.5	55.1	54.2	51.8	48.3
Headcount YE (FTE)	5,426	6,133	5,566	6,018	6,294
Number of BRE Bank corporate units, YE					
branches	23	24	24	24	29
offices	4	21	21	21	19
Number of retail branches, YE					
mBank (Poland)	103	161	142	115	97
MultiBank	109	131	134	133	135
BRE Bank Group's Key Stock Exchange Figures	2007	2008	2009	2010	2011
Number of shares, YE	29,660,668	29,690,882	29,690,882	42,086,674	42,102,746
Profit from continued and discontinued activities per share (PLN)	21.08	24.49	4.34	17.49	26.96
BV/PS (PLN)	112.08	131.17	138.77	164.17	191.17
P/E	21.15	7.08	52.89	17.38	9.12
P/BV	3.98	1.32	1.65	1.85	1.29
Share price at the year's last trading session (PLN; for 2005 -2009 adjusted by 0,88275 ratio due to new issue of shares in 2010)	446	173	230	304	246

I.5. Authorities of BRE Bank

Supervisory Board of BRE Bank SA

As of December 2011, the Supervisory Board was composed of the following persons:

1. Maciej Leśny - Chairman of the Supervisory Board (independent Member)
2. Ulrich Sieber - Deputy Chairman of the Supervisory Board
3. Andre Carls - Member of the Supervisory Board
4. Thorsten Kanzler - Member of the Supervisory Board
5. Teresa Mokrysz - Member of the Supervisory Board (independent Member)
6. Sascha Klaus - Member of the Supervisory Board
7. Waldemar Stawski - Member of the Supervisory Board (independent Member)
8. Eric Strutz - Member of the Supervisory Board
9. Jan Szomburg - Member of the Supervisory Board
10. Marek Wierzbowski - Member of the Supervisory Board (independent Member)

On February 13, 2012 BRE Bank received a notice of Eric Strutz who resigned from his position as Member of the Supervisory Board as of March 30, 2012.

Management Board of BRE Bank SA

In 2011, the composition of the Management Board of BRE Bank was unchanged:

1. Cezary Stypulkowski - President of the Management Board, Chief Executive Officer

2. Karin Katerbau - Vice - President of the Management Board, Chief Financial Officer
3. Wiesław Thor - Vice - President of the Management Board, Chief Risk Officer
4. Przemysław Gdański - Member of the Management Board, Head of Corporate Banking
5. Hans-Dieter Kemler - Member of the Management Board, Head of Investment Banking
6. Jarosław Mastalerz - Member of the Management Board, Head of Retail Banking
7. Christian Rhino - Member of the Management Board, Head of Operations and IT

On December 9, 2011, Ms Karin Katerbau, Vice-President of the Management Board announced her intention of resignation from the position at BRE Bank in the first half of 2012. Following her departure from BRE Bank, Ms Karin Katerbau will become a Member of the Management Board of Oldenburgische Landesbank.

After the end of 2011, on January 27, 2012, Mr. Christian Rhino, Member of the Management Board, Head of Operations and IT, informed the Bank, that he intends to hand in his resignation as of March 31, 2012. Mr. Rhino plans to assume a position of Managing Director at Commerzbank AG.

The detailed profiles of the Members of the Supervisory Board and the Management Board are presented in the chapter entitled "Statement of BRE Bank on Application of Corporate Governance Principles".

II. 2011 - Major Achievements of BRE Bank Group

II.1. Record high revenues and profit

At the end of 2011, BRE Bank Group reported a pre-tax profit of PLN 1,467.1 million compared to PLN 872.5 million in 2010 (up by PLN 594,6 million or 68.1%). Net profit attributable to the shareholders of the Bank amounted to PLN 1,135.0 million compared to PLN 641.6 million in the previous year (up by PLN 493.4 million or 76.9%).

The strong financial performance of the Group in 2011 was predominantly driven by:

- Record-high net interest income which reached PLN 2 148.6 million (against PLN 1 811.0 million in 2010), driven by increasing loan volumes, higher deposit margins and as a result - by the improvement of the net interest margin from 2.2% in 2010 to 2.5% in 2011
- High level of net fee and commission income which reached PLN 840.0 million (up by 12,6% YoY) supported by the growth across all major income items, including credit related fees and commissions, credit cards and insurance products
- Continued organic business growth reflected in:
 - Expansion of the retail client base, despite intensified marketing and pricing campaigns introduced by a number of competitor banks. At the end of 2011, the number of retail customers reached 3,893 thousand, up by 237,000 clients or 6.5% YoY
 - Rising product penetration among retail customers reflected in the continued improvement of the cross-selling ratio which grew to 3.12 at the end of 2011 up from 2.81 in 2010, while at the same time the number of clients increased considerably
 - Increasing number of corporate clients with a total of 706 customers added since the start of the year, reaching the highest historical level of 13,977 as the Bank recorded first benefits of its expanded corporate network

- Increased lending: in 2011 the value of gross loans granted to clients increased by PLN 8,477.5 million or 14.3% YoY. The growth was achieved both in retail banking (up by 14.9% or 4.2% excluding FX effects), with a growing share of non-mortgage lending as well as in corporate banking (+9.1%).

The increase of the loan portfolio was accompanied by prudent risk management, which was reflected in a further decrease in the recurrent cost of risk to 72 bps in 2011, compared to 114 bps in 2010.

The business development was complemented by cost discipline: the cost/income ratio improved to 48.3% from 51.8% reported at the end of 2010. In 2011, the Group's total income increased by 14.0%, while administrative costs including depreciation increased by 6.5% compared to 2010.

Favourable changes in the profit and loss account are reflected in the Group's solid profitability ratios:

- Pre-tax ROE at 21.0% (compared to 15.6% a year before)
- Net ROE at 16.4% (compared to 11.8% a year before).

The Group's capital ratios remained at a high and safe level. The capital adequacy ratio stood at 14.96% at the end of 2011, compared to 15.90% a year before. The Core Tier I ratio stood at 9.59% compared to 10.40% at the end of 2010.

In addition, on March 2, 2012, the Management Board of BRE Bank SA passed a resolution on submitting to the 25th Ordinary General Meeting a motion concerning non-payment of dividend for the year 2011 to the shareholders. The Management Board's motion will be presented for review to the Supervisory Board of the Bank. The motion on the retention of the Group's 2011 profits is in line with KNF's guidance on dividend payments.

II.2. Calendar of 2011

2011 was an eventful year for the Bank and the Group; the major events are presented briefly in the table below:

January	On January 31, BRE purchases 49.9% of shares in BRE Leasing from Commerz Real AG (a 100% subsidiary of Commerzbank AG). BRE Bank becomes the sole owner of the third largest leasing company in Poland.
February	On February 28, the annual statements of BRE Bank and BRE Bank Group for 2010 are published.
March	On March 30, the 24th General Meeting of Shareholders is held and the Supervisory Board is elected for a new term of office.
April	On April 28, the Bank accedes to a syndicate agreement related with extending a loan to one of the Bank's clients. The Bank's share in the syndicate loan amounts to EUR 200 million (PLN 787.1 million). The value of the aforesaid agreement exceeds 10% of the Bank's own capital.
May	On May 25, a new Corporate Branch in Toruń is opened.
June	On June 2, opening of a new Corporate Branch in Nowy Sącz. On June 6, BRE Bank joins the TARGET2 settlement platform - the pan-European system for real time gross interbank settlements in Euro. On June 7, the Bank sells a portfolio of non-performing retail loans with a nominal value of PLN 621.5 million. On June 8, two credit agreements are signed with the European Investment Bank (EIB), worth EUR 200 million mainly to support the financing of small and medium enterprises (SMEs) and local governments.

	<p>On June 9-10, Warsaw hosts a two-day conference of the Institute of International Finance, an international organisation associating more than 400 leading financial institutions from all over the world. BRE Bank and Commerzbank act as hosts of this event.</p> <p>On account of the fact that Achim Kassow stepped down as Member of the Supervisory Board as of July 13, the Supervisory Board appoints Ulrich Sieber as its new Member.</p>
July	<p>The Bank issues 14 thousand prepaid cards with mBank logo in the MasterCard PayPass technology for the participants of the Heineken Open'er Festival ending on July 3.</p> <p>On July 8, ING Otworthy Fundusz Emerytalny exceeds the 5% threshold as shareholder of BRE Bank shares.</p> <p>On July 18, 15,864 new shares of BRE Bank, issued as part of its incentive programme are registered.</p> <p>On July 28, the Bank completes the sale of Intermarket Bank and Magyar Factor as well as the purchase of Polfactor (currently BRE Faktoring) and Transfinance.</p>
September	<p>On September 14, the Corporate Branch in Wałbrzych is opened.</p> <p>On September 27, the 4th Corporate Branch in Warsaw is opened.</p>
October	<p>On October 28, the Bank signs an annex to a guarantee agreement concerning the acquisition of bonds issued by a client. As a result, the amount of bonds to be acquired by the Bank increases by PLN 500 million (and thus the Bank's obligation rises to PLN 716.6 million). The total value of the aforesaid credit agreement exceeds 10% of the Bank's own capital.</p>
November	<p>On November 10, the Branch in Koszalin, known as "Branch of the Future", is opened. It is fully adapted to service both corporate and retail clients. It is the fifth and the last branch opened in 2011.</p> <p>On November 19, a further credit line facility agreement, worth EUR 100 million, is signed with the European Investment Bank (EIB). It constitutes the third credit line facility from EIB in 2011, following facilities for SMEs and local government units. This time, the credit facility is dedicated solely to the financing of medium-sized enterprises.</p>
December	<p>mBank is the first bank in Poland to offer a personal account bundled with Mobile Internet, and aims to increase its presence on the market for mobile solutions.</p> <p>On December 9, 2011, Karin Katerbau, Vice-President of the Management Board of BRE Bank and Chief Financial Officer, announces her intention of resigning from the position at BRE Bank in H1 2012 due to her plans to become a Member of the Management Board of Oldenburgische Landesbank in Germany.</p> <p>On December 16, the 25-th anniversary of BRE Bank is celebrated with participation of over 1,000 customers and BRE Bank Group management at the new National Stadium in Warsaw.</p>

II.3. Important transactions announced by BRE Bank Group in 2011

II.3.1. Ownership changes within BRE Bank Group

On January 31, 2011, BRE Bank Group became the sole owner of BRE Leasing following the acquisition of a 49.9% stake from Commerz Real AG (a 100% subsidiary of Commerzbank AG). Ownership changes also took place in factoring subsidiaries. On April 8, 2011, a preliminary binding agreement was concluded between entities of BRE Bank Group and entities of Erste Group. Under this agreement BRE Bank sold its stakes in Intermarket Bank AG and Magyar Factor zRt. to Erste Group entities and acquired from Intermarket Bank AG its respective stakes in Polfactor SA (currently BRE Faktoring) and Transfinance a.s.

As a result of this transaction BRE Bank Group became the sole owner of Polfactor SA (later renamed to BRE Faktorig SA) and Transfinance a.s., leading factoring providers in Poland and in the Czech Republic respectively.

The transaction allowed to unwind the international factoring operations of BRE Bank Group. The Group concentrates on factoring activities in Poland and in the Czech Republic, where it is also present with banking operations (mBank Czech Republic).

The transaction was concluded on July 28, 2011, following the receipt of all necessary regulatory approvals and the materialisation of all contractual suspending conditions.

In December 2011, a decision was made to reorganise the outsourcing services area of BRE Bank Group by means of transferring the operations and processes related to services provided to clients from outside BRE Bank Group from Centrum Rozliczeń i Informacji CERI Sp. z o.o. (CERI) to BRE Systems Sp. z o.o. (BRE Systems). On February 29, 2012, an agreement was signed on the sale of 100% of BRE Systems to Commerzbank AG. BRE Bank and CERI sold their respective shareholdings of 0.42% and 99.58% in BRE Systems for a total amount of PLN 13.2 million to Commerzbank AG.

Moreover, in December 2011, the General Meetings of CERI and BRE Systems adopted resolutions on changing the registered business names of both companies. Consequently, following the registration of the aforesaid resolutions with the Commercial Court, Centrum Rozliczeń i Informacji Sp. z o.o. changed its registered business name to BRE Centrum Operacji Sp. z o.o. and BRE Systems Sp. z o.o. changed its registered business name to CERI International Sp. z o.o.

As a result of the changes, BRE Centrum Operacji (formerly CERI) will be providing outsourcing services to BRE Bank and the subsidiaries of BRE Group, while CERI International Sp. z o.o. (formerly BRE Systems) will be rendering its services to Commerzbank AG and entities from outside BRE Bank Group.

II.3.2. Sale of part of Retail Non Performing Loan portfolio

On June 7, 2011, BRE Bank concluded the disposal of a part of its non performing retail loan portfolio with the total nominal value of PLN 621.5 million to Prokura Niestandaryzowany Sekurytyzowany Fundusz Inwestycyjny Zamknięty, a part of Kruk Capital Group. The book value of the portfolio stood at PLN 449.6 million. The positive impact of the transaction (including costs of this transaction) to the pre-tax result of BRE Bank Group amounted to approximately PLN 89.3 million. The Group's decision to sell a part of its non performing retail loan portfolio was a result of a detailed analysis of market prices for similar receivables and portfolio purchase offers the Bank had received from specialized collection firms.

III. Ratings of BRE Bank and Group Subsidiaries

III.1. Fitch Rating

BRE Bank's rating

On June 16, 2011, Fitch Ratings affirmed its long-term A rating for BRE Bank, which confirms BRE Bank's strong capacity for payment of financial commitments. The short-term rating was affirmed at F1. According to the agency, the long-term rating outlook is stable. Fitch Ratings stressed that the individual rating of BRE Bank reflects the improved capital position of the Bank, which was reached as a consequence of an equity increase in 2010 and full retention of the 2010 profit. Moreover, in its report Fitch emphasized that BRE Bank had a stable and diversified deposit base, low exposure concentration and resilience shown by the Bank's pre-impairment operating profit amid difficult market conditions. At the end of December 2011, Fitch ratings assigned to BRE Bank were as follows:

- long-term rating A (3rd best rating on a scale of 11) with stable outlook
- short-term rating F1 (top rating on a scale of 7)
- individual rating C/D (6th best rating on a scale of 10)
- support rating 1 (top rating on a scale of 5).

On July 20, 2011, due to the introduction of a new rating scale designed to represent the agency's assessment of intrinsic creditworthiness, BRE Bank was assigned a viability rating of 'bbb-'. The viability rating reflects the same core risks as the individual rating, but on a much wider 19-point rating scale ("aaa", "aa+", etc.). The individual rating was based on a scale of 10.

On January 25, 2012, Fitch Ratings has withdrawn its individual ratings on all rated financial institutions. They were replaced by Viability Ratings.

BRE Leasing's and BRE Bank Hipoteczny's rating

Fitch assigns ratings also to BRE Leasing: long-term rating A, short-term rating F1, support rating 1. The rating of BRE Leasing was affirmed on 16 June 2011.

On November 30, 2011, Fitch assigned ratings to BRE Bank Hipoteczny. The ratings are as follows:

- long-term rating A with stable outlook
- short-term rating F1
- support rating 1
- rating for public mortgage bonds A (3rd best rating on a scale of 11)
- rating for mortgage bonds A (3rd best rating on a scale of 11).

III.2. Moody's Investors Service Rating

BRE Bank's rating

At the end of December 2011, the rating of BRE Bank was as follows:

- long-term deposits rating Baa1 (8th best rating on a scale of 21), outlook stable
- short-term deposits rating Prime-2 (2nd best rating on a scale of 4)

Bank's Financial Strength Rating D (on a scale from A to E), outlook stable.

In 2011, Moody's rating of BRE Bank remained unchanged. In its credit opinion issued in November 2011, the agency highlighted several factors that influence the creditworthiness rating:

- strong presence on the Polish market

- favourable funding structure, consisting of customer deposits and medium-term FX funding from Commerzbank that offers a satisfactory maturity mismatch profile for BRE's mortgage portfolio
- better efficiency compared to similarly rated peers.

It was stressed that BRE Bank's long-term deposit rating is based on Moody's assessment of parental support from Commerzbank.

Following Moody's decision from January 18, 2012 to downgrade Commerzbank's stand-alone financial strength rating (BFSR) from C- to D+, on January 19, 2012 Moody's Investors Service downgraded BRE Bank's long-term deposit rating from Baa1 to Baa2. Both BRE Bank's long-term rating „Baa2” and short-term rating „Prime-2” were placed on review for further downgrade, similarly to Commerzbank's BFSR rating.

BRE Bank's stand-alone BFSR, reflecting Moody's intrinsic stand-alone assessment of BRE Bank's financial strength excluding potential external support, remained unchanged at „D”. BFSR's outlook is stable.

Rating of BRE Bank Hipoteczny

At the end of November 2011, Moody's upgraded its rating for the public sector covered bonds offered publicly by BRE Bank Hipoteczny (BBH) from Baa1 to A3. The agency justified the upgrade by the 25% over-collateralisation supporting the covered bond programme. The remaining ratings for BBH remained unchanged:

- long-term deposits rating Baa3, short term deposits rating Prime-3
- financial strength rating E+ (outlook stable)
- mortgage covered bonds rating Baa2.

On January 19, 2012 BRE Bank Hipoteczny's long-term and short-term ratings were placed on review for downgrade.

III.3. Standard & Poor's Rating

In addition to the ratings given by the aforesaid two agencies, BRE Bank was also rated by Standard & Poor's at BBBpi (based on publicly available information), which is the 4th rating on a scale of 10. On December 13, 2011, Standard & Poor's affirmed this rating.

III.4. Ratings of Poland, BRE Bank and Commerzbank - Comparison

The table below compares the long-term ratings of Poland, BRE Bank and Commerzbank. According to Moody's and Fitch, the long-term rating outlook for Poland and for both banks is stable. In the opinion of Standard & Poor's, the outlook for Poland and BRE Bank is stable, while Commerzbank was placed on watch negative.

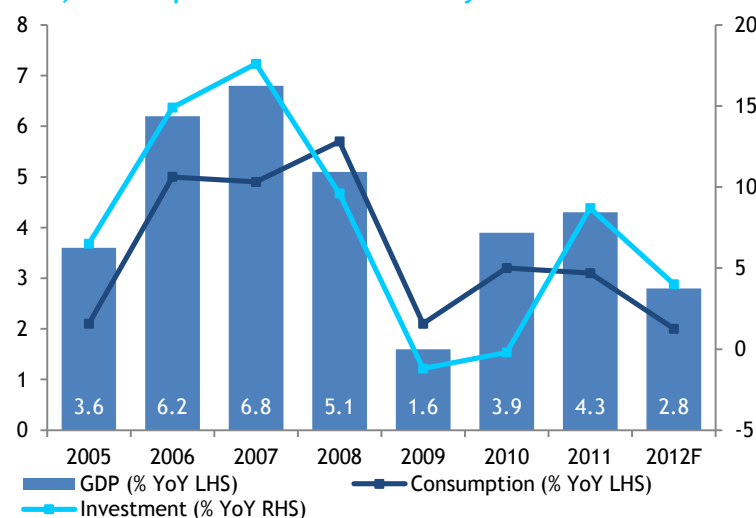
Rating as of 02.03.2012	Poland	BRE Bank	Commerzbank
Moody's	A2	Baa2	A2
Fitch	A-	A	A+
Standard & Poor's	A-	BBBpi	A

IV. Economy and the banking sector in 2011

IV.1. Resilience of economic performance despite external turbulences

In 2011, the Polish economy proved relatively resistant against the backdrop of an adverse and volatile environment on the global and European markets. The GDP growth rate increased to 4.3% compared to 3.9% registered in 2010 predominantly driven by investments in fixed assets, which accelerated considerably to reach an 8.7% growth rate. According to the Polish Central Statistical Office, domestic companies reported improved results for the first three quarters of 2011 compared to the same period in 2010, which combined with high rates of utilisation of existing production capacity has prompted an increase in investments. On the other hand, a higher inflation rate at 4.6%, lack of improvement on the labour market and persistent uncertainty about economic prospects due to the ongoing sovereign crisis in the peripheral countries of the Eurozone has tempered private consumption to a growth rate of 3.1%. Finally, weakness of PLN against the major trade currencies including EUR and USD has supported the price competitiveness of the Polish exports. As a result, exports grew quicker than imports ensuring a positive contribution to the GDP growth.

GDP, consumption and investment dynamics



Other material facts concerning Poland's economic performance in 2011 included:

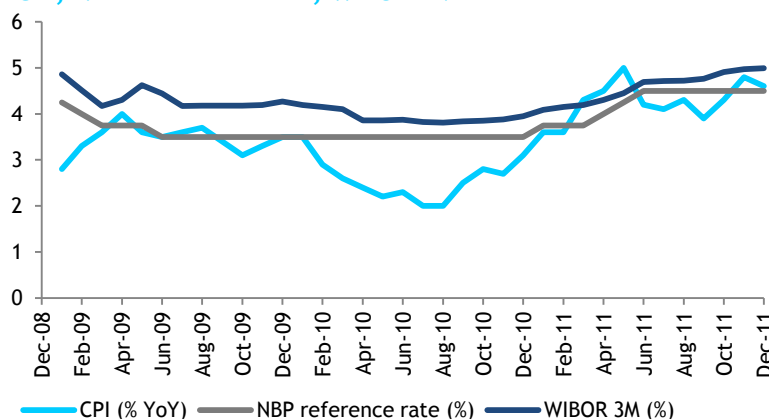
- Total sold industry production increased by 7.5% against 9.0% in the previous year
- Increase in the building and assembly production reached 12% against 4.6% in the previous year
- Average employment in the corporate sector rose by 3.2%
- Unemployment rate reached 12.5% compared to 12.4% a year earlier
- In 2011, average monthly gross nominal salary in the corporate sector grew quicker (+5.0%) than in 2010 (+3.3%).

Inflation and Interest Rates

After a temporary decline during the holiday season, inflation accelerated to reach 4.6% YoY in December 2011. The basic determinants for the inflation hike observed in H2 were FX effects, fuel prices and amendments to the act on reimbursed medicines.

Growing price pressures in H1 prompted the beginning of the monetary tightening cycle that brought interest rates to the level of

CPI, NBP reference rate, WIBOR 3M

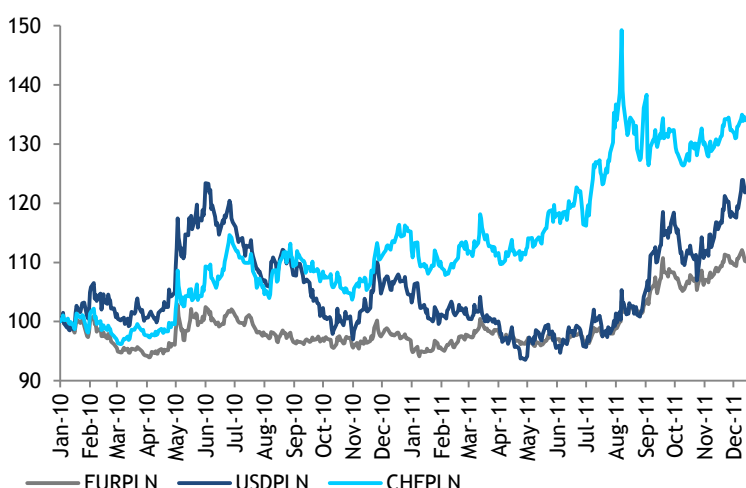


4.5%. The subsequent slowdown in the economic growth, and above all, the growing scale of debt crisis in the euro zone encouraged the Monetary Policy Council (RPP) to take a wait-and-see approach, and to toughen its rhetoric towards the end of the year on the rising tide of positive market sentiment and persistently high inflation.

PLN Exchange Rates

While the exchange rate of the Polish currency in H1 was stable at around PLN/EUR 4.0, the second half of the year brought a rapid depreciation to about PLN/EUR 4.6. The primary cause for the depreciation was the escalating debt crisis (insufficient precautionary measures presented at successive EU summits). This was combined with revised expectations about the growth rate of the Polish economy and new risks related with the stability of the banking sector due to the weakening of PLN against EUR, and above all - against CHF.

PLN vs. main currencies (01.01.2010=100)



IV.2. Record high profits in the Polish banking system in 2011

In 2011, the Polish banking sector reported record high financial results. Profit before income tax for the entire sector generated in 2011 exceeded PLN 19.5 billion versus PLN 14.2 billion in 2010 (+37.3% YoY). The rise in profit was triggered by an increase of net interest income by 13.1 % (PLN 34.9 billion compared to PLN 30.9 billion) and an increase in net fee and commission income by 3.6% (PLN 14.3 billion compared to PLN 13.8 billion).

Results were positively affected by an improvement of the banks' loan portfolios. Impairment losses on financial assets dropped by as much as 29.5% YoY amounting to PLN 7.4 billion against PLN 10.5 billion a year before. Operating costs of the banks grew by 5.0% (4.8% including depreciation). The increase in costs was lower than the rise of revenues, which were up 8.0% YoY.

In 2011, despite an increase in the banking sector's equity (+10.2% YoY) the capital adequacy ratio decreased slightly (13.13% at the end of December 2011 compared to 13.84% at the end of 2010). This phenomenon was driven by faster growth of capital charges, especially in H2 2011, due to the weakening of PLN against e.g. CHF.

In connection with the critical situation of European finances, the European Banking Authority (EBA) in cooperation with national supervisors, including the Polish Financial Supervision Authority (PFSA), carried out an analysis of the capital position and government exposures of 71 European banks. In the analysis EBA assumed that the banks which at the end of September 2011 had a Core Tier 1 capital ratio below 9.0% would be obliged to create additional capital buffers until the end of June 2012.

At the end of September 2011, Core Tier 1 capital ratio in the Polish banking sector reached 11.8%. The existing capital buffer confirms high resistance of the Polish banking sector to an adverse macroeconomic environment.

Crisis in European finances was reflected in the trends in the Polish banking sector. European banks with insufficient level of capital sought for a possibility of recapitalisation and decreasing risk-weighted assets. Owing to the fact that the majority shareholders of most of the banks operating in Poland are foreign banks, some of them were put up for sale.

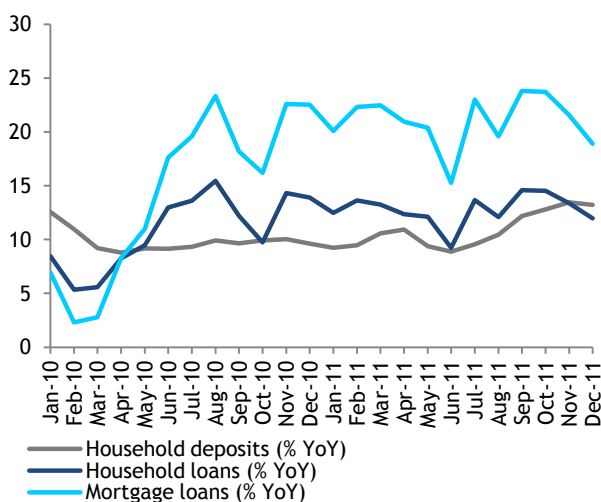
Polish banks continued to adjust their product offer in 2011, including:

- Widening of the deposit offer, including the so-called tax free deposits, that is exempt from the 19.0% tax on deposit gains
- Development of mobile banking (access to the account or other banking services via mobile devices such as mobile phones, smartphones, tablets). At present, nearly all of the major commercial banks offer mobile banking applications
- Accelerated withdrawal from foreign currency mortgage loans predominantly driven by PLN weakness against CHF and ongoing regulatory changes aimed at restricting FX lending.

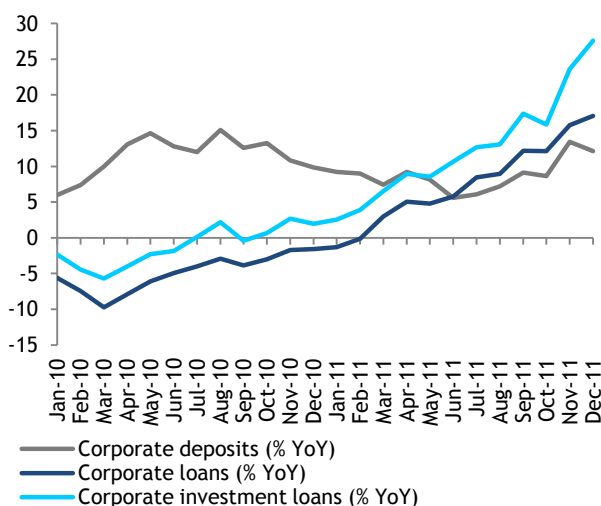
The banking sector's balance sheet total increased by 11.7% compared to the end of 2010 to exceed PLN 1.29 trillion. The year saw a strong rise in deposits in the retail sector and a slowdown of growth in loans, whereas in the corporate sector, strong double-digit growth of loans and deposits was registered. The detailed dynamics were as follows:

- Household deposits grew by PLN 54.7 billion compared to an increase of PLN 36.2 billion in 2010 (+13.2% YoY or +12.4% after eliminating FX effects) compared to 9.6% in December 2010. It was accompanied by a negative balance of inflows and withdrawals from investment funds, which in 2011 amounted to PLN 3.3 billion. Growth of the average interest rate of new PLN deposits was 1.0 pp for households and 1.4 pp for enterprises
- Household loans grew by PLN 56.1 billion (+13.9% YoY; +6.5% after eliminating FX effects), compared to PLN 57.0 billion in 2010. Loan dynamics slowed down in 2011, which was mainly the result of a weakening dynamics of mortgage loans and a decrease in consumer loans, whose dynamics have been negative since March 2011
- Deposits of enterprises grew by PLN 22.2 billion compared to an increase of PLN 16.4 billion in 2010. In December, the annual dynamics were at 12.2% or 10.2% after eliminating FX effects
- Corporate lending accelerated and increased by PLN 34.9 billion (+17.1% YoY or +13.9% after eliminating the effect of the weakening of PLN against EUR). The growth was supported by an increase in investment loans which rose by PLN 17.2 billion.

Households loans and deposits



Corporate loans and deposits



IV.3. Changes in recommendations of the Polish Financial Supervision Authority (KNF) concerning banks

In 2011, Recommendation T and two other major amendments to existing regulatory recommendations were introduced. At the end of December the UKNF position concerning 2011 profit allocation was announced.

Recommendation T

The Recommendation T on good practices in managing the risk of retail credit exposures adopted in February 2010, came into force already in 2010. The part of the Recommendation aimed at improving risk management entered into force in the middle of 2010, while its remaining provisions became effective as of December 23, 2010. The Recommendation imposes additional restrictions on testing of the creditworthiness of clients, which practically eliminated loans granted solely on the basis of personal ID or loans not requiring proof of revenue. Under the provisions of Recommendation T banks should assess the client's standing not only based on their certificates of income, assets or family situation provided by the client, but also through the Credit Information Bureau (BIK) and analysis of the client's past track record.

In addition, the Recommendation intends to prevent clients from excessive borrowing, which occurs when credit instalments exceed the borrower's payment capacity. Recommendation T set the permissible proportion between the client's income and all his credit instalments, i.e. the so-called DTI-ratio (debt to income ratio). In the case of borrowers earning no more than the national average, the ratio cannot exceed 50.0%, otherwise it cannot be higher than 65.0% (regardless of the loan currency).

Amended Recommendation S

The amendment to Recommendation S adopted in January 2011, introduced new restrictions on mortgage loans extended in foreign currencies. The amendment stipulates that all credit instalments of a given borrower cannot exceed 42.0% of disposable income. Furthermore, regardless of the lending period, banks will be obliged to calculate the borrower's creditworthiness as if the loan was granted for 25 years.

The majority of new provisions will enter into force in 2012, while the risk-related regulations (risk assessment, monitoring, etc.) became effective in July 2011. The Recommendation obliges the Management Board of a bank to develop a mortgage loan portfolio management policy and to assess it periodically. Additionally, on a regular basis, banks should analyse how fluctuations in foreign exchange rates and interest rates affect the credit risk. Moreover, the KNF recommends that banks monitor the changes in the real estate market and the value of real estate accepted as loan collateral.

KNF Resolution of June 2011 on capital requirements for particular risk types

The aforesaid Resolution, amending KNF Resolution No. 76/2010 on the scope and detailed rules for specifying capital requirements for individual risk types, will enter into force on June 30, 2012. The major change will be introduced by the provision stipulating that "retail exposures for which the amount of principal or interest instalment depend on fluctuations in the exchange rate of a currency or currencies other than the currencies in which the debtor is remunerated shall be assigned a 100.0% risk weight", instead of a 75.0% risk weight assigned so far.

The Office of the Polish Financial Supervision Authority (UKNF) position regarding the distribution of bank's 2011 profits

On December 29, 2011, the Chairman of KNF sent a letter addressed to Chief Executive Officers of banks, recommending not to pay dividends for 2011. The Chairman explained that the present sound

results of the Polish banking sector should be used to maintain the growth prospects and protect banks against an unfavourable external environment and high volatility of financial markets.

The above applies especially to banks which meet one or more of the following criteria:

- Capital Adequacy Ratio below 12.0%
- Tier 1 Ratio below 9.0%
- BION (supervisory assessment) grade below 2.5 (on a scale from 1 to 4)
- the share of foreign currency denominated loans for individuals in retail portfolio loans is higher than 50.0%
- the parent bank faces capital shortage and must build up its capital until the Tier 1 ratio reaches 9.0%
- the bank reported a loss or is subject to a recovery programme.

The banks to which the above criteria do not apply may pay 50.0% of their 2011 profit in dividends at the maximum, or more if they were assigned a stable external rating.

In the opinion of the Office of the Polish Financial Supervision Authority, proactive and anti-cyclical measures taken by banks, including the reinforcement of the capital base in view of positive results reported by the sector, will allow them to limit the potential negative effects should the unfavourable scenarios materialize, and will ensure safe and stable growth of banks.

IV.4. Projected economic tendencies in 2012 and their impact on the banking sector

According to the forecasts of BRE Bank, the GDP growth rate in 2012 will slow down from 4.3% in 2011 to approximately 2.8%. However, the scale of the slowdown will be incomparably smaller compared to 2008-2009. It will be predominantly driven by reduced dynamics of private and public consumption. Private investments should continue to support GDP growth. Net exports will act as an automatic stabilizer, while a change in inventories is expected to have a pro-cyclical negative impact.

The slowdown in private consumption will be impacted by the deteriorating situation on the labour market. Due to the slowdown in employment growth, the salaries growth rate is expected to reduce slightly. Private consumption will also be affected by the growth in prices while relatively weak PLN will affect repayments of mortgage loans denominated in foreign currencies. A slowdown in public consumption will be a consequence of fiscal tightening resulting from the need to reduce the deficit of the government and local government institutions to no more than 3.0% of GDP.

In 2012, the investment dynamics will be lower compared to 2011. Uncertainty among enterprises about the economic situation in the euro zone and the reduction in private and public consumption is expected to discourage entrepreneurs from investments. Nevertheless, corporate investments will result from the necessity to maintain production capacity. Investments of the public sector will remain unchanged compared to 2011.

Inflation in 2012 is expected to remain above the upper limit of the NBP inflation target due to the weak PLN, growth in regulated prices and higher fuel and energy prices. Inflation, which at the end of December 2011 was at 4.6% will fall to nearly 3.3% at the end of 2012. Improvement in the real economy and increased inflation will translate into unchanged interest rates (4.5%) at least by the mid year 2012. A chance of cutting interest rates by the MPC will emerge in H2 if inflation decreases.

Taking into account the solid foundations of the Polish economy the PLN should strengthen, however a risk will be posed by the prolonged debt crisis in the euro zone. According to BRE Bank's estimates, at the end of 2012, EUR/PLN exchange rate is estimated to be at 4.1, USD/PLN exchange rate at 2.8, whereas CHF/PLN is expected to be close to 3.0.

The expected directions of growth of the Polish economy should have a relatively positive impact on the performance of the banking sector, including BRE Bank. In particular:

- It is expected that the trends in retail volumes will be maintained i.e. higher deposit dynamics than loan dynamics (financing uncertainty related to the standing of the banking sector in the euro zone, and ensuing strong competition on the deposit market, limiting lending activity in the retail sector, effect of the recommendation of the KNF in the form of limiting creditworthiness of households and restrictions in the governmental programme "Rodzina na swoim" ("Family's Own Home")).
- Limited lending for households will increase the financing for corporate investments (banks expect growth in the demand for long-term loans in Q1 2012), although due to the high base in the last year the annual dynamics will decrease.

V. Outlook of BRE Bank Group for 2012-2015

Preparation of the new Group strategy

The Group is currently in the final stages of preparations of a new strategy for its operations until 2015, which will be submitted for appropriate corporate approvals. A number of universal principles that have underpinned the existing strategy of the Bank will remain in place. These include:

- Continuation of Group's focus on building lasting shareholder value through balanced and profitable organic growth
- Disciplined approach towards managing of the cost base seeking to selectively invest in revenue-enhancing projects while taking full advantage of the economies of scale
- Prudent risk management will - as a key pillar - be defining the growth philosophy of the Group
- Maintenance of adequate capital levels to reflect both stricter regulatory requirements and allow for further growth in attractive areas.

The underpinning idea behind the currently prepared strategy is the theme "One Bank". The concept will involve much closer cooperation of all units of the Bank and the Group to provide clients of the Bank and the Group with comprehensive financial solutions catering for all their needs.

As part of the preparations of the new strategy, the Group has identified a number of areas of high potential, which include among others:

- Strengthening of the Group's position in the segment of larger corporations (K2) where there is significant cross-selling potential for high margin products providing integrated solutions across financing, advisory, transactional and other non-credit products
- Increasing the Bank's competence with respect to servicing small and medium enterprises, especially in the area of integrated financial solutions
- Development of the retail bank offer based on interactivity, mobility (mobile banking) and social media)
- Making the existing integrated branch infrastructure available to all client groups
- Gaining a competitive advantage in the IT area, both internally (efficient processes and project implementation) and externally (cutting-edge, user-friendly solutions offered to the clients)
- Flattening of the organisational structure and transferring greater responsibility and decision-making powers to employees and teams
- Improving the effectiveness of internal processes, including business process optimisation, digitalisation of documents (eg. secure model for managing paper and electronic documentation).

Realisation of targets presented in the 2010-2012 strategy

The Management Board report on the business of BRE Bank Group in 2010 presented the strategic assumptions and financial targets to be achieved by the Group by 2012.

The number of clients reported at the end of 2011, i.e. 3,893 thousand, is drawing close to the target figure of 4.0 million while the key financial targets set for 2012 have been achieved or even exceeded a year in advance. In particular:

- The average annual growth in income assumed to be above 10.0% in 2010 - 2012 amounted to 14.0% in 2011
- Gross ROE stood at 21.0% compared to the target of c. 20.0%
- Core Tier 1 Ratio reached 9.6% and was within the range of 8-10% indicated for 2010-2012,
- The cost/income ratio reached 48.3%, whereas the assumed target level was c.50.0%.

VI. BRE Bank Shareholders and Share Price on the WSE

VI.1. BRE Bank Shareholders

Commerzbank AG is BRE Bank's strategic shareholder. Through a 100% owned subsidiary, Commerzbank Auslandsbanken Holding AG., Commerzbank held 69.72% of BRE Bank shares and votes at the General Meeting as of December 31, 2011.

The stake of Commerzbank has been increasing gradually, from 21.0% in 1995 through 50.0% in 2000, to the level of 72.16% in 2003. Since 2005, Commerzbank's stake has reduced slightly due to the execution of a management options scheme at BRE Bank.

Pursuant to a notice received on July 8, 2011, the Bank was informed that ING Powszechny Fundusz Emerytalny became the owner of BRE Bank shares representing 5.44% of the votes at the General Meeting of the Bank.

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

Areas of co-operation with Commerzbank

Under a strategic agreement signed in 1994, BRE Bank has received several capital injections from Commerzbank, the last of which in 2010 totalling c. PLN 1.4 billion as Commerzbank acquired c. 70.0% of new issue shares during BRE Bank's capital increase. BRE Bank has received subordinated loans in CHF totalling CHF 950 million. These were equivalent to c. PLN 3.4 billion at the end of 2011 as compared to PLN 3.0 billion at the end of 2010 (with the increase solely explained by FX effects). In addition, the Bank used funding from Commerzbank; credit lines (excluding subordinated loans) stood at PLN 20.1 billion at the end of 2011 compared to PLN 19.4 billion at the end of 2010.

On February 22, 2011, BRE Bank Group was informed by Commerzbank that in view of BRE Bank Group's sustainable core capital and earnings strength and in accordance with international standards, the existing letters of comfort issued to BRE Bank and its subsidiaries BRE Bank Hipoteczny and BRE Leasing would expire by the end of March 2011. In the information delivered to BRE Bank Group, Commerzbank AG confirmed that BRE Bank is a strategic core investment of Commerzbank Group and together with its subsidiaries part of the funding pool of Commerzbank Group.

A technical co-operation agreement gives BRE Bank access to the network of Commerzbank and its correspondent banks around the world. In addition, Commerzbank offers its know-how to BRE Bank, enabling co-operation in many areas under separate agreements. The key areas include:

1) Risk controlling, including:

- market risk and liquidity risk measurement methods
- operational risk monitoring methods
- corporate client rating system
- credit process optimisation, credit risk monitoring
- harmonisation with Basel II and Basel III requirements.

In particular, the Bank uses the know-how of Commerzbank experts in a current project implementing statistical methods of calculation of regulatory capital requirements for credit risk (AIRB). While decisions on credit risk, market risk and liquidity risk are made by BRE Bank, risk management methodologies are systematically agreed with Commerzbank.

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

3) Compliance and money laundering prevention

4) Co-operation in logistics and IT

5) BRE Bank's use of Commerzbank's bank ratings

6) Shared reporting system in accounting and controlling.

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

VI.2. BRE Bank Shares at the end of 2011

At the end of December 2011, the following key facts can be highlighted:

- Total number of BRE Bank shares: 42,102,746 ordinary and bearer shares
- There are no preferred shares, each share represents one vote at the General Meeting
- Nominal value: PLN 4 per share
- BRE Bank share capital: PLN 168,410,984, fully paid up
- The shares are listed on the Warsaw Stock Exchange (WSE) since 1992
- The shares participate in the following WSE indices: WIG, WIG20, WIG Banks, WIG 20 short, WIG 20 lev and WIG PL.

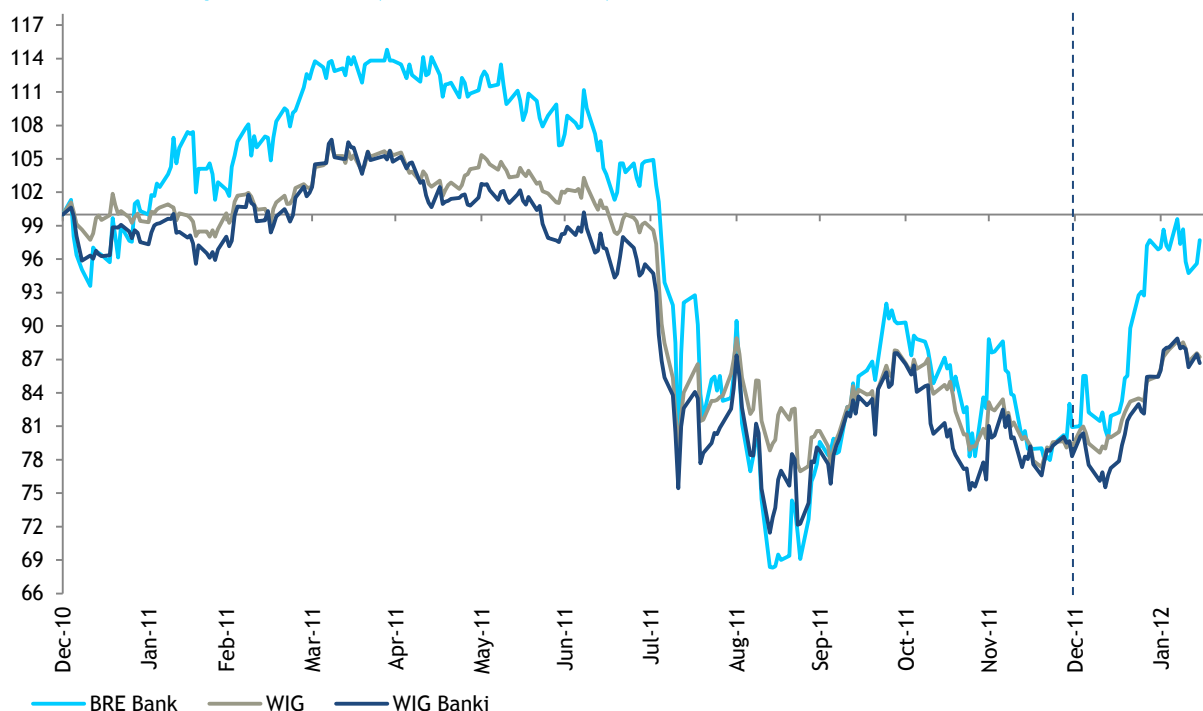
In 2011 the number of shares increased by 16,072 shares, which were issued under the long term incentive program for The Management Board. As a result of new issues, BRE Bank's share capital increased by PLN 64.3 thousand.

VI.3. BRE Bank's Stock Performance on the WSE

The performance of stock markets in Poland and abroad in 2011 was negatively impacted by the aggravating fiscal condition of Europe's peripheral economies affecting the valuations of most companies and the banking sector in particular.

The closing price of BRE Bank shares on WSE's final day of trading in 2011 (30 December) stood at PLN 246.0, representing a decrease of 19.1% compared to the price of December 31, 2010. At the same time, WSE's WIG, WIG20 and WIG Banks indices decreased by 20.8%, 21.9% and 21.7%, respectively.

BRE Bank stock performance (31.12.2010 = 100)



At the end of 2011, the market capitalisation of BRE Bank amounted to PLN 10.4 billion (EUR 2.3 billion) compared to PLN 12.8 billion (EUR 3.2 billion) as at December 31, 2010.

In 2011, the average daily trading in the shares of BRE Bank reached PLN 12.8 million and was higher compared to 2010 (PLN 11.2 million).

At the end of 2011, the Bank's market capitalisation implied the following valuation ratios:

- P/BV ratio at 1.3x compared to 1.9x a year earlier
- P/E ratio at 9.1x compared to 17.4x in 2010.

VI.4. Investor Relations (IR) function at BRE Bank

BRE Bank's IR function integrates transparent communication regarding the Bank's performance and strategy in order to promote its equity story and financial achievements in full compliance with all securities regulations.

BRE Bank has traditionally paid close attention to ensuring effective communication with its investors and analysts. As such, the Bank's IR Team established and maintained day-to-day dialogue with existing and prospective investors and analysts through regular meetings, calls, conferences and roadshows in Poland, Europe and the United States.

The representatives of the Management Board took an active role in the Bank's dialogue with investors, analysts and rating agencies having participated in the majority of meetings held during the year. In 2011, well over 300 different shareholders took part in 199 meetings. In particular, the representatives of the Bank's Management Board took part in seven foreign investor conferences and three domestic ones. Meetings with investors were also held during four foreign roadshows in Europe and the United States. Furthermore, two specialist due-diligence sessions were organised as part of regular meetings with the Bank's rating agencies.

In line with the practice of the past years, 4 conferences for analysts and investors were held in 2011 to discuss the Bank's quarterly results. The conferences were broadcasted online to ensure their broadest possible reception.

The Internet site of the Bank's investor relations (www.brebank.pl/relacje_inwestorskie) is an important communication platform for the Bank. It provides investors and other stakeholders with information on the shareholding structure of BRE Bank, Annual Meetings, ratings, performance of the Bank's shares on the WSE and gives access to annual, periodic and current reports, presentations on the Company's strategy and results, business and financial data spreadsheets and details on research analyst consensus estimates for the Bank. Finally, the recordings of quarterly performance conferences are also available for online viewing.

BRE Bank Group and its performance are monitored by analysts representing various financial institutions, banks and brokers. At the end of 2011, BRE Bank was covered by 21 analysts, representing both domestic and foreign institutions.

VII. BRE Bank Group in the Financial Services Market in 2011

BRE Bank is a leading Polish bank in terms of assets and equity. At the end of 2011, BRE Bank was the third largest bank listed on the Warsaw Stock Exchange by assets, own funds, the portfolio of loans and advances to non-financial clients and the public sector as well as by deposits and amounts due to clients (consolidated figures).

Most of the Group subsidiaries also rank high in their sectors of the financial services market. The table below presents the market share and the position of the Bank and of selected subsidiaries at the end of 2011 compared to 2009 and 2010.

Business category	Market position in 2011*/	Market Share		
Corporate Banking		2011	2010	2009
Corporate loans	4	6.8%	6.2%	6.4%
Corporate deposits	3	9.9%	8.6%	8.9%
Leasing	3	8.2%	7.1%	8.1%
Factoring				
Poland	5	8.8%	8.0%	13.8%
Czech Republic	3	14.0%	13.4%	12.9%
Retail Banking (mBank+MultiBank)				
Total loans		6.7%	6.5%	6.4%
of which mortgage loans	2	8.5%	8.7%	10.0%
non-mortgage loans	9	3.7%	3.6%	3.2%
Deposits	7	4.6%	4.8%	5.3%
Investment Banking				
Financial markets				
Treasury bills and bonds		7.4%	5.7%	4.7%
IRS/FRA		18.6%	19.0%	19.5%
FX spot and forward		7.2%	5.2%	5.9%
Non-Treasury securities (outstanding debt)				
Short-term debt securities	4	16.9%	14.6%	24.7%
Corporate bonds	2	19.0%	18.1%	22.2%
Bank debt securities**	2	22.0%	22.5%	24.4%

Brokerage				
Equities trading	8	5.3%	5.4%	6.9%
Bonds trading	9	2.1%	5.5%	6.5%
Derivative transactions	1	13.5%	14.2%	15.0%
Options	8	5.7%	21.8%	32.6%

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

*/ where determinable

**/without "road bonds" issued by BGK

VIII. BRE Bank Group's Corporates & Financial Markets Segment

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

VIII.1. Corporates and Institutions (BRE Bank)

Market conditions in the corporate sector improved compared to 2010 although the level of activity was lower than anticipated at the beginning of the year 2011. The growing utilisation of production capacity did not translate into substantially increased investment activity, as corporates continued to rely extensively on their own funds for the financing of their investments. Nonetheless, acceleration in corporate lending was registered towards the end of the year particularly in the segment of the largest enterprises.

In the context of the prevailing conditions, BRE Bank's efforts in the corporate banking segment focused on maximising the existing market potential. With continued focus on identifying new high potential clients, BRE Bank was able to increase the number of corporate clients to a record level of 13,977 entities. In 2011, gross client acquisition increased by 5.0%, with nearly 19% share of international clients among the newly acquired customers, as a result of efficient cooperation with Commerzbank Group.

Furthermore, the Bank's market shares in key products were maintained or expanded. In particular, the corporate deposits market share increased by 1.3 p.p. to 9.9 % in 2011 from 8.6% in 2010 while the corporate loans market share expanded 0.6 p.p. to 6.8% in 2011 up from 6.2% in 2010.

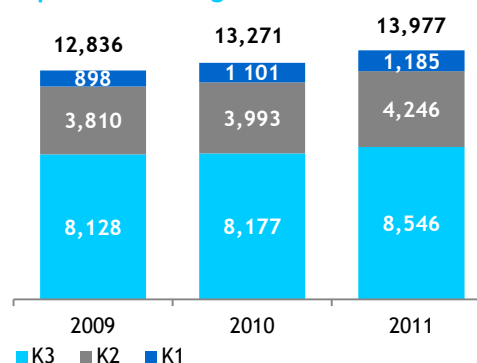
The growth of the segment's net income in 2011 continued to be supported by transactional banking revenues, an area of the Bank's strategic focus due to its high growth potential and significant client interest. In particular, the Bank won several important tenders in the transactional banking area including the implementation of the Silesian Public Transportation Services Card and a City Card designed jointly with the city of Cracow.

Finally, a 72% rise in project finance loans is a notable example of BRE Bank's product strength and ability to service particular corporate client needs in a changing market environment.

VIII.1.1. Increase of Corporate Client Base

During 2011, BRE Bank acquired 2,343 new corporate clients, of which 63.4% were K3 clients and 30.7% were K2 clients. The total number of clients reached 13,977 companies at the end of December 2011, up by 706 YoY.

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

Corporate Banking Customers**VIII.1.2. Product offer****Loans and Deposits**

The volume of corporate loans and deposits is presented in detail in chapter XI.2.1.

The market for loans to enterprises grew by 19.4% in 2011. The market share of BRE Bank's lending to enterprises grew to 6.8% at the end of December 2011 versus 6.2% a year earlier.

The corporate deposits market increased by 12.5% in 2011. The share of BRE Bank in corporate deposits market increased to 9.9% at the end of December 2011 compared to 8.6% at the end of 2010.

BRE Bank, in line with its strategy, continued to intensify its activity in servicing the public sector. The Bank's market share in loans granted to local governments at the end of December 2011 reached 6.7% compared to 4.1% at the end of 2010.

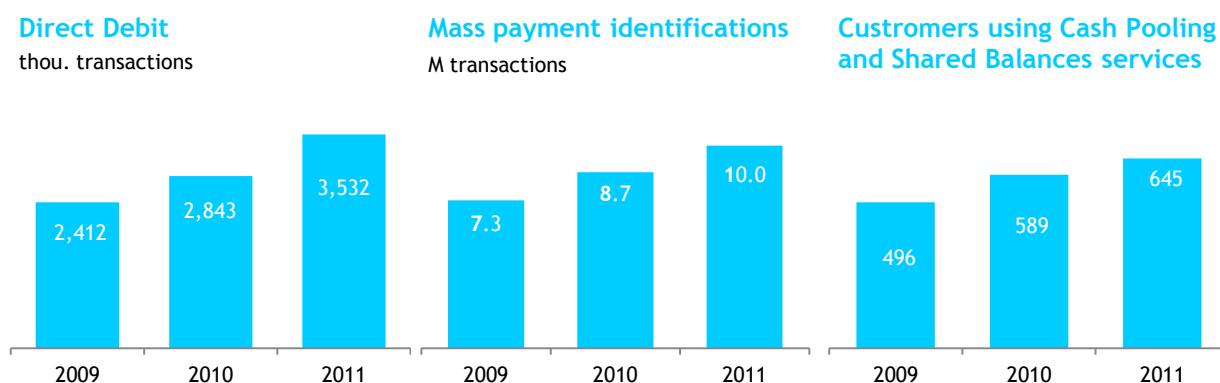
Structured Finance, Project Finance and Syndicated Loans

This area of the Bank's Corporate Banking business includes M&A finance, project finance, syndicated loans and mezzanine finance. Throughout 2011, the Bank remained a major player on the market for syndicated loans and participated in 44 syndicated loan transactions. BRE Bank newly generated and refinanced exposures in respect of syndicated loans in the amount PLN 3,975 million. The Bank also finalized 20 bilateral loans totalling PLN 743 million. The total value of loans and guarantees granted by the Bank during 2011 amounted to PLN 4,848 million.

Transactional Banking

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

In 2011, the number of Direct Debit transactions reached 3,532 thousand, which represents an annual increase of 24.2%. The number of Trade Payment Identification transactions has also been growing dynamically. The number of transactions executed in 2011 exceeded 10 million constituting an increase of 14.5% compared to a year earlier. In 2011, the number of clients using the most sophisticated solutions involving cash pooling on bank accounts rose by 9.5% compared to December 2010. At the end of 2011, there were 645 clients using Cash Pooling and Shared Balance offers.



The following figures illustrate the development of transactional banking in 2011:

- The number of domestic transfers made by corporate clients in 2011 increased by 28.0% YoY
- The number of foreign transfers increased by 23.0% compared to 2010 with the highest rise observed in the case of SEPA transfers which surged by 42.0% in the discussed period
- The volume of cash processing services for corporate clients increased by 27.0% YoY
- The total number of corporate cards issued grew by more than 173.0% YoY; the most dynamic growth, of 255.0%, was observed in prepaid cards
- Over 100 thousand cards were issued as Electronic Money Instrument
- The number of users of the iBRE system rose by 13.0%. Currently, there are 58,147 active authorisations to utilise the iBRE platform.

Development of the corporate banking offer

The Transactional Banking area of BRE Bank continued its efforts to expand the product offer, to streamline processes and to implement solutions aimed at increasing the satisfaction of the Bank's corporate clients. The area's major projects in 2011 included:

- **Electronic Money Instruments offer.** BRE Bank, in cooperation with MasterCard launched an issue of cards in the form of electronic money becoming the first institution to offer this solution to its corporate clients. BRE Bank offers two cards: MasterCard eMoney PayPass, a reloadable card suitable for contactless payments, and MasterCard eMoney, an electronic card substitute for cash that cannot be reloaded once utilised.
- **Use of Electronic Money Instruments in clients' projects,** e.g. the Sports Fan Card issued for football clubs (Korona Kielce, Pogoń Szczecin, Wisła Płock), the Event Card used at major cultural events organised by Alterart (Coke Live Festival, Selector Festival, Heineken Open'er Festival) or the City Card designed jointly with the city of Cracow.
- **Completed implementation of all products under the CashBREaker project.** The two-year project the Central Cash Management System in BRE Bank Group was completed. CashBREaker is a central cash management system used by MultiBank outlets, corporate branches of BRE Bank and sorting offices cooperating with the Group. This solution allowed for reducing costs and optimizing cash processes in the entire Bank.
- **Modification of the Integrated Bank Account Agreement (ZURB) documentation.** To maximise clients' convenience, the Bank introduced modifications aimed at streamlining the process of signing new agreements, and made necessary changes in the already signed agreements at the request of clients. The modifications are expected to improve the effectiveness of product documentation management and to make the offer more flexible. The modified application for opening ZURB sets a new market standard in terms of transparency, conciseness and compliance with the applicable regulations and good practices.

- **iBRE platform functionality enhancement.** The platform was enhanced with several new modules including: Custody (presentation, management and trading in securities), Liquidity (collective information on accounts and orders, liquidity analysis, presentation of shared balance or cash pooling structures and limits), Business Information (access to market information downloaded from various sources). In addition, an option for active information exchange with the Bank was added to the iBRE Client Area.
- **Successful tender for the Silesian Public Transportation Services Card.** In November 2011, the process of selecting the main provider of the Silesian Public Transportation Services Card was finalised. Asseco Poland and BRE Bank consortium won the tender for supply, implementation and maintenance of the system servicing the Silesian Public Transportation Services Card. The project involves the introduction of a system of electronic payments for services provided by public institutions in the Upper Silesia region through the use of electronic contactless cards. Apart from the function of electronic money, the card will serve as citizens' ID, a carrier of electronic signature as well as a travel card. In addition, an electronic platform integrating online public services in the region will be launched.
- **Continuation of Cross Border Business Enhancement Project.** The aim of the "Cross Border" project is to facilitate the cross border co-operation within Commerzbank Group in services provided to German-speaking international clients that conduct their business activities in more than one country. The project, when completed, should result in significant harmonization of services and products offered within the Commerzbank Group. The harmonization involves, among others, a revised organization of servicing of international clients, utilization of dedicated CRM infrastructure, close co-operation of Commerzbank's and BRE Bank's product sales forces and streamlining of cross boarder credit processes. As a result, a number of German-speaking clients operating in Poland have already been acquired and serviced through the joint efforts of Commerzbank Group and BRE Bank Group.

VIII.1.3. Corporate Network Enhancement and "Branch of the Future" Project

As a result of a detailed analysis of the territorial layout of small and medium enterprises in Poland additional new locations were identified and marked for the future roll-out of the Bank's corporate banking presence.

In 2011, 5 new branches were opened: in Nowy Sącz and Toruń, Wałbrzych, Branch IV in Warsaw and Koszalin. The unit in Koszalin is a pilot model of the so called "Branch of the Future" concept, combining corporate and retail banking offering (MultiBank) with the aim of achieving additional cost and operational synergies. The Bank expects cost synergies mainly in the cash service area in which the needs of corporate and retail clients are similar. Additionally, MultiBank clients will have the option to use night depositories which are not available in traditional retail branches. On the other hand, corporate clients will have the possibility to use cash deposit machines which are usually not available in other corporate branches. Apart from cost synergies, the Bank expects an increase in the effectiveness of cross selling, especially among corporate clients to whom retail products will be offered. At the end of 2011, the Group operated 29 branches and 19 corporate bureaus.

VIII.2. Subsidiaries within the Corporates & Institutions area

BRE Faktoring S.A. (former Polfactor S.A.)

On November 16, 2011, the Annual General Meeting of Polfactor S.A. decided to change the name of the company to BRE Faktoring S.A. This change was a natural consequence of the purchase of the remaining 50% of company shares by BRE Bank in July 2011.

In 2011, the factoring market in Poland continued to expand (+19.3%, according to the Polish Factors Association). BRE Faktoring reported a turnover of PLN 5.9 billion (+33.0% YoY) and strengthened its fifth position among companies associated in the Polish Factors Association with a market share of

8.8% mainly driven by strong growth in export factoring. The company's dynamic increase in sales translated into higher net interest and net fee and commission income. As a result, the pre-tax profit of BRE Faktoring reached PLN 18.7 million (+56.3% YoY).

Transfinance a.s.

In 2011, the factoring market in the Czech Republic grew by over 14.0%. The annual turnover of Transfinance reached PLN 3.1 billion and was 26.1% higher compared to 2010. Considerable growth in export and import factoring was combined with a marginal decrease in domestic factoring. As a result, the pre-tax profit for 2011 reached PLN 4.3 million, compared to a pre-tax loss of PLN 10.1 million generated a year earlier. The improvement was predominantly driven by higher income and lower impairment charges on factoring receivables.

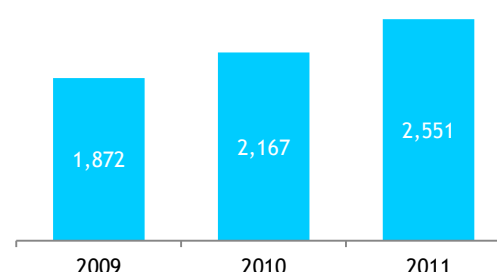
BRE Leasing Sp. z o.o.

The value of leasing agreements concluded by BRE Leasing in 2011 amounted to PLN 2,551 million, increasing by 17.7% compared to a year earlier. The growth was predominantly driven by a 20.6% rise in real estate leasing. Consequently, the pre-tax profit of BRE Leasing in 2011 reached PLN 49.1 million and was higher by 11.4% compared to 2010.

The growth of the pre-tax profit was mainly driven by lower overhead costs which declined by 11.3% YoY. Net interest income was impacted by two effects: a rise in sales which brought an increase in the portfolio of receivables, and lower margins on newly signed leasing agreements compared to the expiring ones.

BRE Leasing Contracts by value

PLN M



BRE Holding Sp. z o.o.

BRE Holding sp. z o.o. was established in November 2007 with BRE Bank as its sole shareholder. The assets of BRE Holding comprise shares in BRE Bank Hipoteczny SA, BRE Faktoring SA and BRE Leasing Sp. z o.o., valued at PLN 460 million in total. In 2011, the main source of revenues generated by BRE Holding were dividends totalling PLN 14.7 million.

BRE GOLD Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (BRE Gold FIZAN)

All the investment certificates issued by the fund have been acquired by the Bank. The fund's assets include PZU shares and dividends. The value of the investment certificates stood at PLN 235.2 million as of December 31, 2011. At the end of 2011, BRE Gold FIZ's investment in PZU comprised 471,170 shares. Pre-tax profit amounted to PLN 14.8 million and was generated predominantly through dividends.

Garbary Sp. z o.o.

The company is a part of the Bank's portfolio since May 2004, following a restructuring of the Bank's investment in the debt securities of Tele-Tech Investment Sp. z o.o. Garbary's only asset is a piece of land with buildings at 101/111 Garbary St., Poznań, including a meat plant facility (currently not in use) subject to protection as a historical monument.

VIII.3. Trading and Investment Activity area

The Trading and Investments area of the Bank comprises:

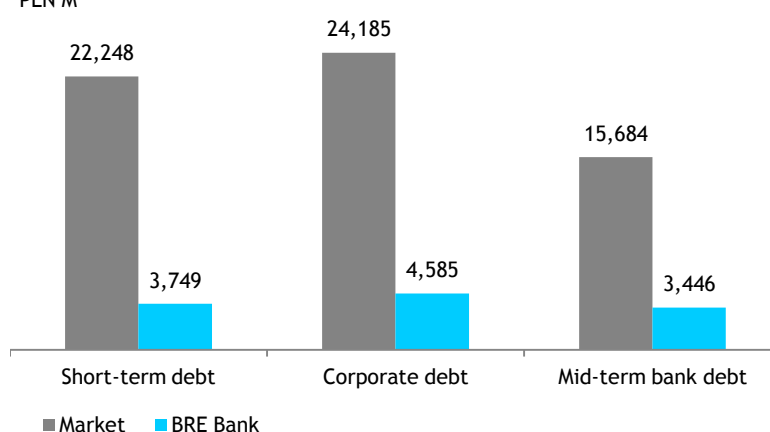
- Management of the Bank's liquidity as well as its assets and liabilities (including deposit and advance portfolio interest risk management). In order to manage the Bank's liquidity a number of transactions are executed, including money market transactions, currency swaps, interest rate derivatives, treasury bond, treasury bill and NBP bill purchase transactions, as well as entering into repo transactions. These operations are performed by the Treasury Department
- Management of the Bank's currency risk, trading in FX interbank instruments (spot transactions and derivatives), trading in interest rate instruments (treasury bonds and treasury bills, interest rate derivatives), commodity derivatives, share and stock exchange index derivatives
- Organising the issuance of debt securities for corporate banking clients and banks, as well as trading of these securities
- Direct sale of financial markets products to corporate banking clients and non-banking financial institutions (such as e.g. insurance companies, pension and investment funds and companies managing assets) and selected private banking clients.

In 2011, the Bank maintained its leading position on the market for trading treasury securities and interest rate derivatives. At the end of December the Bank's market share in the T-bills and bonds segment increased to 7.4% compared to 5.7% at the end of 2010. The Bank's market share in IRS/FRA transactions reached 18.6%, compared to 19.0% at the end of 2010. Furthermore, the Bank reached a market share of 16.9% in arranging short term debt securities with total issuance of PLN 3.75 billion (data based on Fitch Polska).

With a market share of 19.0%, BRE Bank became the second largest player on the rapidly growing market for arranging corporate bonds. BRE Bank organised a number of important new issues, including those of Echo-Investment, Arctic Paper, Katowicki Holding Węglowy, Magellan and Siódemka SA. At the end of December 2011, the value of corporate bonds placed by BRE Bank reached nearly PLN 4.6 billion compared to PLN 3.2 billion at the end of 2010.

The Group's market share as arranger of bank debt securities (excluding the bonds for road investments issued by BGK) reached 22.0% compared to 22.5% at the end of 2010 while the value of securities placed stood at PLN 3.4 billion compared to PLN 2.4 billion at the end of 2010. Covered bonds issuance organised by BRE Bank on behalf of BRE Bank Hipoteczny totalled PLN 800 million. Other large transactions included the issue of BGK bonds worth PLN 340 million and the issue of subordinated bonds for Getin Bank totalling PLN 400 million.

BRE Bank in Non-Treasury Debt Market
at 31.12.2011
PLN M



Enhancement of Investment Banking Offer for Corporate Clients

During 2011, a number of specific initiatives were started and carried out in order to strengthen the investment banking product offer for the corporate clients of BRE Bank Group. They included among others:

- The increase of cross selling of Treasury products to existing and new corporate clients through more active marketing efforts
- The upgrade of iBRE FX electronic platform enabling enhanced service and more efficient product sales to corporate clients
- The improvement of derivative product sales processes developed jointly by Corporate and Risk areas.

Currently, iBRE FX allows clients to conclude FX transactions quickly and effectively, and to negotiate attractive exchange rates. The system offers rates depending on market prices, transaction volumes and the company's profile of operations, and automatically settles all the transactions on the clients' accounts. This solution helps to optimise the settlement costs related to trade transactions in which foreign exchange rates play an important role.

Thanks to a further enhancement of the iBRE FX platform which allows clients to conduct foreign currency transactions on the Internet, the number of its active users rose from about 250 in January to more than 3.3 thousand at the end of December 2011. The share of foreign currency transactions conducted via the platform in the total volume of FX transactions conducted by the Bank's corporate clients quadrupled within the year and amounted to c. 30% at the end of December 2011.

VIII.3.1. Financial Institutions

Relations with Financial Institutions are managed by the Trading & Investments business line. The activities include funding from other banks and placements with other banks.

As of December 31, 2011, the Bank had 28 active loans amounting to the equivalent of PLN 26,976 million, of which PLN 20,719 million were drawn. The total amount of loans raised increased by PLN 358.5 million compared to the end of 2010.

BRE Bank's total exposure under loans granted to other banks amounted to the equivalent of PLN 1,511.4 million as of December 31, 2011. The Bank's portfolio comprised 41 active short- and long-term loans granted to other banks.

The number of correspondent banks of BRE Bank stood at 1,637 at the end of 2011. New accounts were opened in CNY (Chinese yuan) and RON (Romanian leu) to meet the needs of corporate clients for settling commercial transactions with these two countries.

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

VIII.3.2. BRE Bank's Custody Services

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

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

The Bank's custody services expanded in 2011. The Bank continued to acquire new clients, predominantly investment funds.

VIII.4. Trading & Investment Activity subsidiaries

BRE Bank Hipoteczny SA (BBH)

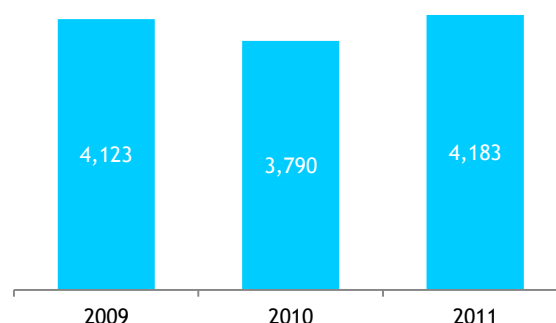
BRE Bank Hipoteczny SA is a specialised mortgage bank offering loans for commercial and residential developers as well as loans for local governments. The company issues mortgage and public bonds to finance its lending operations.

In 2011, BBH's loan portfolio increased by 10.4% to reach PLN 4.2 billion. At the end 2011, the nominal value of covered bonds issued by BBH amounted to PLN 1.9 billion.

In 2011, BBH reported a pre-tax profit of PLN 27.6 million (-27% YoY). The decrease in pre-tax profit was driven by higher impairment charges (+PLN 9.4 million).

BBH loan portfolio (book value)

PLN M



Dom Inwestycyjny BRE Banku SA (DI BRE)

DI BRE's institutional trading desk provides services to major Polish institutional investors (pension funds, mutual funds and asset management firms) as well as selected international funds, while its Internet platform serves a significant number of retail clients active on the WSE.

In 2011, DI BRE opened 11 thousand new brokerage accounts. As a consequence, the number of accounts reached 294.3 thousand.

DI BRE was a joint book runner on the initial public offering of Kruk, a company specializing in the collection of overdue receivables, for a total amount of PLN 369 million, it was the co-manager of the JSW S.A. initial public offering of PLN 5.4 billion and conducted the initial public offering of VOXEL S.A. for a total amount of PLN 19 million. DI BRE's share in the turnover on the equity market reached 5.3%, ensuring the 7th position on the market. The ranked 2nd in the forward transactions market with a market share of 14.1% and 8th in options trading with a 5.7% market share. In 2011, DI BRE generated a pre-tax profit of PLN 33.2 million compared to PLN 37.1 million a year earlier.

BRE Finance France SA

BRE Finance France is a special purpose vehicle (SPV) set up for the purpose of acquiring funds for BRE Bank on the international capital markets through the issuance of Eurobonds. In 2011, the SPV was not active.

IX. BRE Bank Group's Retail Banking Segment

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

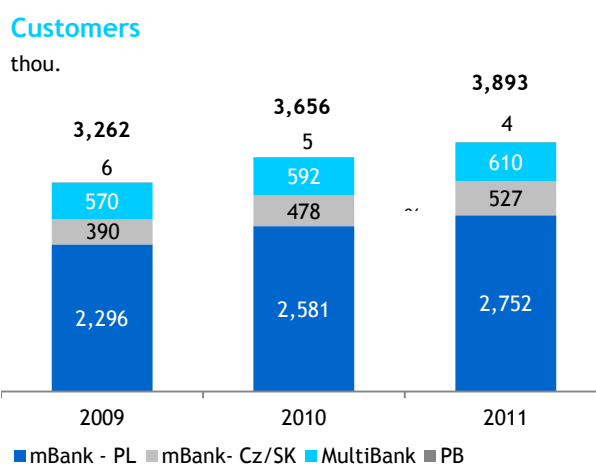
mBank and MultiBank are the Group's two Retail Banking brands. mBank targets young, self-directed customers seeking low-cost banking alternatives, as well as micro-businesses. Multibank appeals to affluent customers and micro-businesses seeking highest-quality, seamless and personalized service.

The Retail Banking clients also include the most affluent group, i.e. the Private Banking clients. The number of private banking customers reached 4 thousand. A broad range of products and investment strategies dedicated to the most affluent clients is offered by BRE Wealth Management.

IX.1. Retail customers

Over the past several years the Bank has remained a consistent market leader in attracting new customers to its retail offer. As of December 31, 2011, the number of retail customers of the Bank reached nearly 3.9 million (+237.0 thousand, +6.5%). The graph presents the growth of the Bank's retail customer base in the past years.

Retail customers served by the Bank in Poland include individuals as well as microenterprises. There were 409 thousand microenterprise customers at the end of December 2011. The number of microenterprise clients grew by 19.3 thousand (5.0%) during 2011.

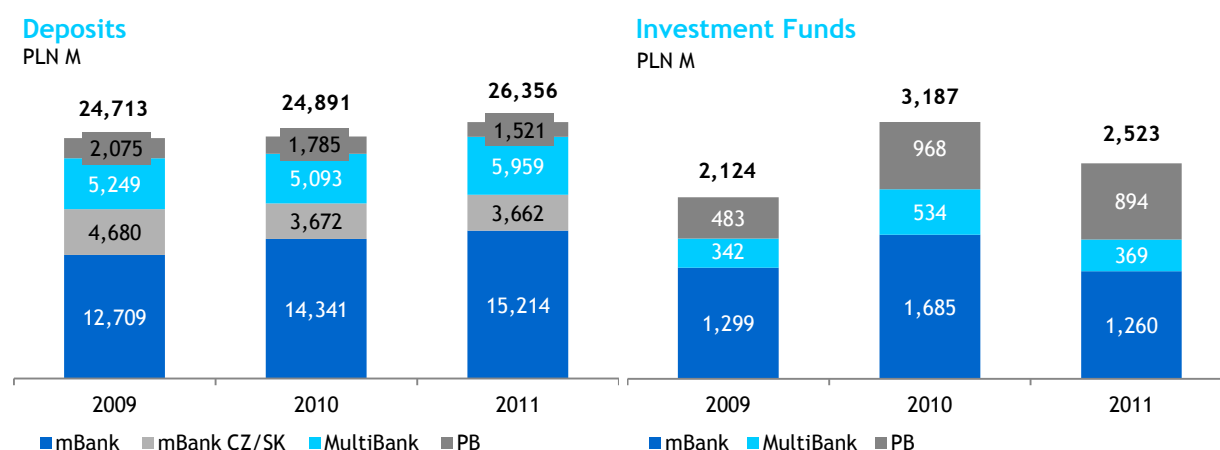


IX.2. Product offer

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

Deposits and Investment Products

Through the Bank's dedicated "funds supermarket" BRE Bank's retail customers can purchase participation units of local and foreign investment funds and a broad range of other financial products offered by a number of third party providers matching their specific investment criteria. A detailed breakdown of the development of the Bank's deposits and investment fund balances is presented in the graph below.



At the end of December 2011, retail deposits reached PLN 26,356 million (up by PLN 1,153 million or 5.9%) while assets held in investment funds decreased by PLN 664 million to reach PLN 2,523 million, as a result of persisting turbulence on the financial markets as well as relatively attractive rates offered on bank deposits.

Loans

The value of gross loans granted to Retail Banking clients in Poland, Czech Republic and Slovakia stood at PLN 38,102 million at the end of 2011 and increased by PLN 4,959 million (+15% YoY).

At the end of December 2011, the structure of the Bank's retail loan portfolio in Poland was as follows:

- mortgage loans 86.4%
- non-mortgage loans 13.6%:
 - cash loans 4.1%
 - credit line facilities and overdrafts 5.6 %
 - credit cards and charge cards 2.7%
 - other loans 1.2%.

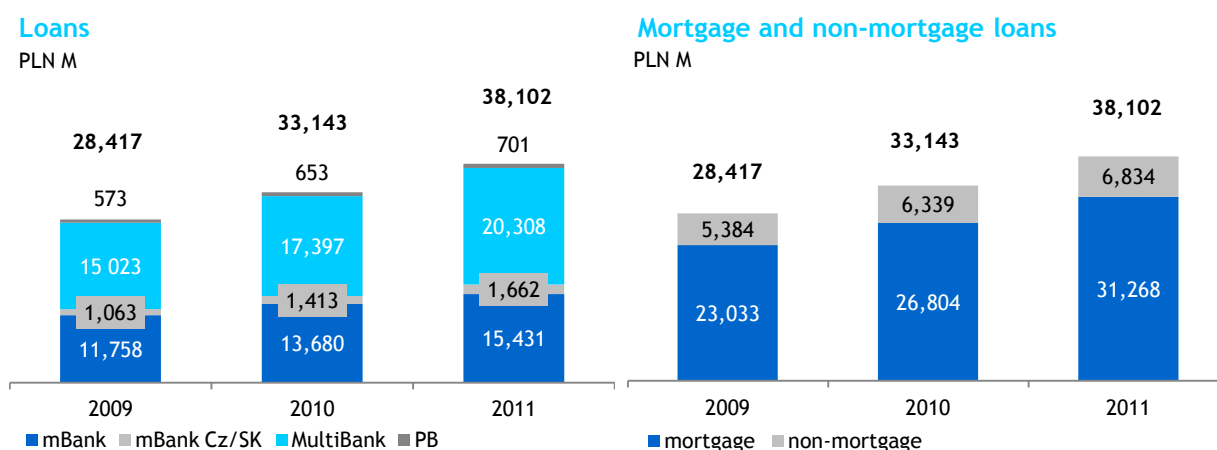
The growth of retail loans in 2011 was influenced by the appreciation of the CHF against PLN by 14.8% YoY. Excluding the impact of FX rates, the retail loan portfolio grew by 4.2% YoY. Moreover, in 2011 the retail loan portfolio was impacted by the sale of PLN 449.6 million of non-performing loans.

Mortgage loans to retail customers in Poland at the end of December 2010 and 2011 had the following characteristics:

	31.12.2010	31.12.2011
Balance sheet value (PLN B)	24.8	29.0
Average maturity (years)	22.8	22.3
Average value (PLN thou.)	278.3	306.1
Average LTV (%)	82.0%	85.5%
NPL	0.84%	1.2%

In 2011, the non-mortgage loan portfolio grew by PLN 495 million or 7.8%. The fastest growth was recorded in cash loans and credit line facilities resulting from the increasing interest of existing clients in the pre-assigned global credit limits.

The following graph presents details of the development of the retail loans portfolio.



Cards

2011 marked another period of dynamic growth of issued cards, both credit and debit, driven by the demand of existing and new clients. At the end of December the number of credit cards issued reached 630.5 thousand, up by 60.0 thousand YoY.

The number of debit cards issued by the Bank stood at 3,988.3 thousand, up by 963.5 thousand (31.9%) YoY.

The Bank continued to put strong emphasis on innovation and enhanced its card product offer. Examples of new initiatives in this area include the issuance of 30,000 prepaid cards for Korona Kielce football club and of 14,000 eMoney Cards for the participants in Poland's largest music festival - Open'er, prepared in a co-operation with the Corporates and Institutions area.

Brokerage and insurance

The brokerage and insurance services provided via the Retail Banking distribution channels bring considerable benefits for the Bank's clients and constitute a growing source of income for BRE Bank Group.

In 2011, a rise in the number of retail clients utilising the Bank's brokerage services was registered. mBank serviced 200.7 thousand investment accounts, up by 11.5 thousand accounts compared to 2010 whereas MultiBank serviced 32.8 thousand investment accounts up by 1.4 thousand accounts compared to the end of 2010.

In addition, Dom Inwestycyjny BRE Banku introduced a new comprehensive and highly user-friendly application designed for clients investing on the financial markets. The application provides information about the current situation on the market for instruments listed on the Warsaw Stock Exchange. All information (prices, offers, etc.) is displayed in tables which parameters can be easily modified, or presented in a graphic form thus supporting the investment decisions of clients in a modern and efficient manner. The application allows for direct submission of buy and sell orders for market instruments.

The Bank's insurance policies (motor, tourist, real property insurance) are distributed by MultiBank's Insurance Centre and via the mUbezpieczenia offer operated by mBank (in particular through the widely popular Car Insurance Supermarket). In addition, insurance policies are also sold by BRE Ubezpieczenia TUIR. Apart from traditional insurance, BRE Ubezpieczenia offers bancassurance products (mortgage loan insurance, insurance packages related with credit cards and current accounts) which continue to register strong interest from the Bank's clients.

Retail offer development

The continued and dynamic growth of BRE Bank's retail client base is the result of the Bank's constant focus on innovation and addressing of client's changing needs. Throughout 2011, efforts to further develop the Bank's retail offering continued. New or strongly modified products across loans, deposits and investments as well as new processes supporting sales were introduced in both mBank and MultiBank and included:

- Launch of the express on-line transfer making it possible to credit the beneficiary's account held with another bank within 15 minutes, without the need to await the next interbank clearing session
- Modification of rules for granting consumer loans, allowing clients to enter into agreements via telephone without the need to sign a Framework Credit Agreement
- Launch of an on-line car loan and cash loan in 15 minutes
- Implementation of a new automatic telephone service
- Launch of term deposits with daily capitalization of interest.

MultiBank offer enhancement

- Launch of "PIT loan", a loan available on preferential terms to those obliged to pay a surcharge on their 2010 income tax
- Launch of a car loan for exclusive makes such as Jaguar, Land Rover and Range Rover

- Introduction of a special loan offer dedicated to car dealers cooperating with MultiBank for the purchase of vehicles from importers
- Launch of Active Funds Portfolio PRO with regular premium
- Savings Centre offer enriched with funds managed by AXA TFI
- Second subscription of Allianz Platinum FIZ, a prestigious investment product
- Launch of a new card in the portfolio of prestigious MultiBank cards family: MasterCard World Signia
- Introduction of MasterCard Business card supported by PayPass technology in debit cards offer dedicated to corporate clients
- Introduction of MasterCard Professional credit card for self-employed individuals
- Launch of pilot Near Field Communication (NFC) mobile payments for users of iPhones
- Addition of new partners to discount programmes.

mBank Poland offer enhancement

- Launch of an instalment loan for purchases made in Internet stores - mBank INSTALMENTS
- Cash payments and withdrawals made available to mBank clients in 74 MultiBank branches
- Start of subscription for 8 new structured deposits
- Launch of Active Funds Portfolio PLUS with a regular premium
- Investment Funds Supermarket offer enlarged with funds managed by AXA TFI
- Launch of mPolisolakata ensuring withdrawal of profit in the form of an insurance service, instead of interest
- Launch of a new version of the on-line service for mobile devices: "mBank light"
- Launch of pilot Near Field Communication mobile payments for users of iPhones
- Launch of eKonto with free mobile Internet or tablets with Internet access
- Launch of a transactional application for iPads and iPhones and telephones equipped with Android system.

In February 2012, more than 300 thousand clients were using mobile banking services, including the light version of the transactional system as well as mobile applications for iPhones and iPads and Android devices.

mBank Czech Republic and Slovakia offer enhancement

Clients in both countries are now able to use services already available in Poland such as mobile banking for iPhone and iPad, light Internet banking for smartphones, transfers from credit cards. In addition:

- mBank CZ introduced an overdraft for retail and business clients, click loan under a limit already granted and a new account insurance available to individuals
- mBank SK introduced insurance policies for debit and credit cards as well as SEPA direct debit service.

Establishment of the "Client Lab" unit

In 2011, the Bank established a research and development unit in the area of Retail Banking. "Client Lab" develops innovative research and implements projects in the retail and SME segments emphasizing the importance of clients' opinions. The department collects information about the

clients and their needs from different sources such as internal and external surveys, monitors the Polish and foreign markets and conducts analysis of client transaction data.

The initial projects of the unit focussed on the area of mobile banking, social media, modern user interfaces and integrated services of modern internet banking reflecting the growing importance of this communication channel.

IX.3. Branch network

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

Since July 2009, the mBank distribution network has been managed through Aspiro, a subsidiary offering a wide range of financial products of the Group as well as products of third parties. As of December 31, 2011, the mBank network covered 97 locations (25 Financial Centres, 62 mKiosks and 10 partner mKiosks) and 30 Agent Service Points across Poland.

The number of foreign mBank outlets remained unchanged compared to the end of 2010. In the Czech Republic, the network consists of 26 outlets (9 financial centres and 17 mKiosks), and 9 in Slovakia (4 financial centres and 5 mKiosks).

MultiBank operates 135 outlets (74 Financial Service Centres and 61 Partner Outlets), compared to 133 outlets at the end of 2010. The MultiBank network is focussed predominantly on larger urban areas reflecting the affluent target client group it services.

IX.4. Retail Banking Subsidiaries

Aspiro SA

As of the end of 2011, Aspiro offered products of 24 different financial services companies, including mBank and MultiBank. Currently, the offer comprises 50 products, including: mortgage loans, cash loans, insurance products, investment products, leasing and factoring.

In 2011, the sales of mortgage products of BRE Bank and third party banks grew by 18%. In Q4 2011, Aspiro reported a significant increase in sales of investment and insurance products. The company keeps developing its sales activities of car loans at dealership networks. It systematically broadens the number of contracting parties, which as of Q4 2011 reached over 214 entities across the country. The company has also started to cooperate with financial intermediaries in respect of car sales. By the end of 2011, 40 such agreements had been signed.

The company closed 2011 with a pre-tax profit of PLN 10.5 million, compared to PLN 7.9 million a year before.

BRE Wealth Management SA (BWM)

In 2011, a new business model was implemented, focusing on the offer related to investment advisory services. The new model offers advice in respect of all assets, both financial assets as well as non financial assets, with special focus on the client's business plans. Thus the target group of BRE Wealth Management has changed - currently the offer is addressed to clients with assets over PLN 1 million. The advisory services are provided by own advisory network, in which advisors are responsible for strategic allocation of active clients and for the acquisition of new clients. Since January 2011, 160 investment advisory agreements have been signed.

In 2011, the advisory service related to tax optimisation developed dynamically. The offer of BWM was extended by model portfolios managed under the formula of Insurance Capital Funds, pension fund and insurance policies combined with deposits.

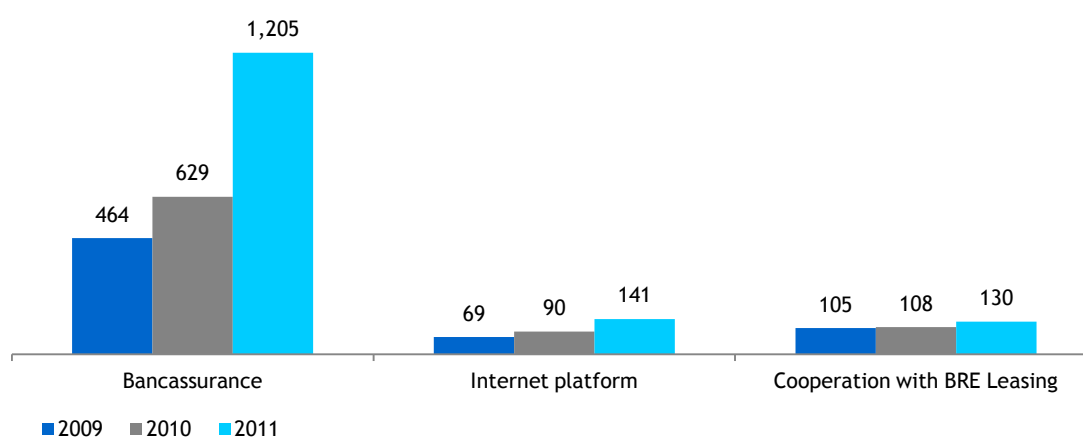
At the end of 2011, the assets managed by the company amounted to PLN 3.4 billion, an increase by 25% compared to December 2010. In 2011 the company generated a pre-tax profit of PLN 10.9 million compared to PLN 10.7 million in 2010.

BRE TUiR S.A. and BRE Ubezpieczenia Sp.z o.o.

In 2011, BRE TUiR S.A. and BRE Ubezpieczenia Sp z o.o. generated the highest gross written premiums of PLN 1,204.7 million, from bancassurance activity (+91,4% compared to 2010) supported by strong sales of mortgages and cash loans. Gross written premiums related to products sold via the Internet platform reached PLN 140.8 million (up by 61.1% YoY). The company offers its own risk policies and products of other insurance companies. High sales dynamics were achieved in cooperation with BRE Leasing - gross written premiums rose by 20.1% YoY and amounted to PLN 129.6 million. In 2011, the total gross written premiums amounted to PLN 1,475.1 million which represents an increase of 79% compared to 2010.

Gross written premium

PLN M



The consolidated pre-tax profit of BRE TUiR S.A. and BRE Ubezpieczenia Sp. z o.o. for 2011 amounted to PLN 50.5 million compared to PLN 17.2 million a year earlier.

X. Other activities of BRE Bank Group

Centrum Rozliczeń i Informacji CERI Sp. z o.o. (Centre for Settlements and Information CERI)

The core business of the company includes providing services such as settlements, database servicing, electronic archives, document archives and input of data for BRE Bank Group and Commerzbank Group, as well as other entities.

In 2011, CERI continued its cooperation with corporate and retail banking of BRE Bank as well as with certain subsidiaries of BRE Bank Group. The company broadened cooperation in respect of supporting transaction settlements, document transportation and archiving. The company also widened its cooperation with Comerzbank with respect to new operational processes from Commerzbank Group (e.g. backup for Regional Centre in Prague).

The company reported a pre-tax profit for 2011 amounted to PLN 0.7 million compared to PLN 3.6 million a year earlier.

Ownership and organisational changes taking place at CERI at the turn of 2011 and 2012 are presented in point "Important transactions announced by BRE Bank Group".

BRE.locum S.A.

BRE.locum is a property developer, operating on the primary market for residential estate. In 2011, the company sold 185 apartments compared to 259 apartments in 2010. At the end of 2011, the

company offered 287 apartments in completed projects as well as 368 apartments in ongoing projects. In 2011, the company reported a pre-tax profit of PLN 12.5 million compared to PLN 7.6 million in 2010.

XI. Financial Results of BRE Bank Group in 2011

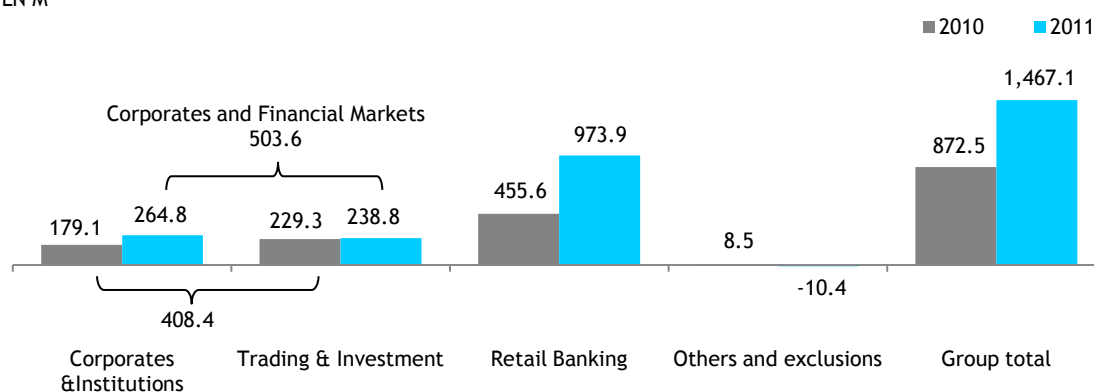
XI.1. Profit and Loss Account of BRE Bank Group

In 2011, BRE Bank Group reported a pre-tax profit of PLN 1,467.1 million, compared to PLN 872.5 million earned a year earlier (+PLN 594.6 million or 68.1% YoY). Net profit attributable to the shareholders of the Group reached PLN 1,135.0 million, compared to PLN 641.6 million in the previous year (+PLN 493.4 million or +76.9%). The considerable year-on-year increase was achieved predominantly by rising core revenues of BRE Bank Group coupled with a reduction in cost of risk.

The graph below presents pre-tax profits generated by the Group's business areas.

Result before tax by business lines of BRE Bank Group

PLN M



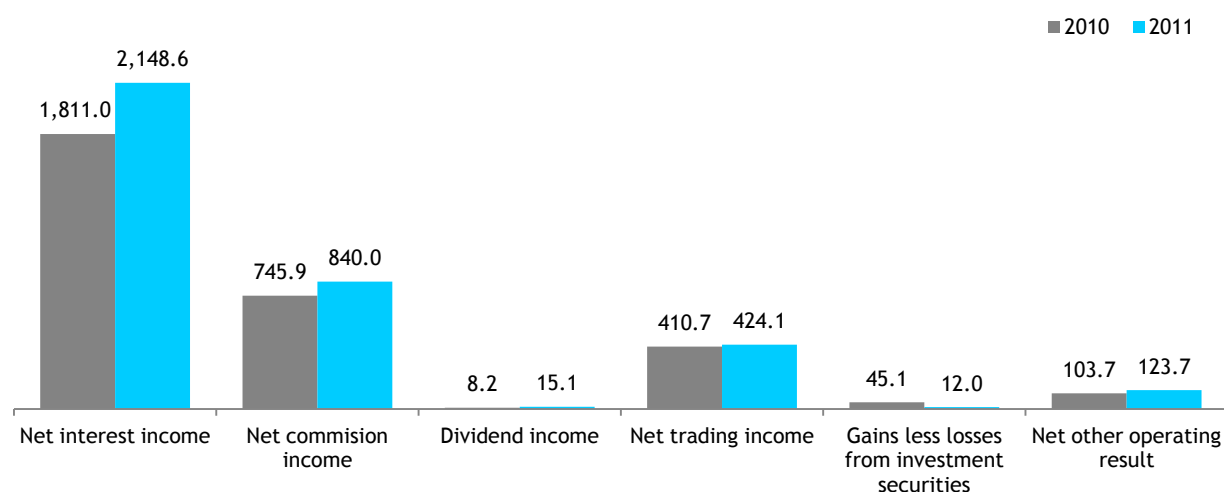
The Retail Banking segment was the largest contributor to the Group's pre-tax profits in 2011 (66.4%). The contribution of the Corporates and Institutions and Trading and Investment Activity constituted 18.0% and 16.3% of the Group's pre-tax profits respectively.

XI.1.1. Income of BRE Bank Group

In 2011, the total income generated by BRE Bank Group amounted to PLN 3,563.5 million compared to PLN 3,124.6 million a year earlier increasing by PLN 439.0 million or 14.0%. The increase was predominantly driven by a considerable improvement in net interest and net fee and commission income.

BRE Bank Group's income

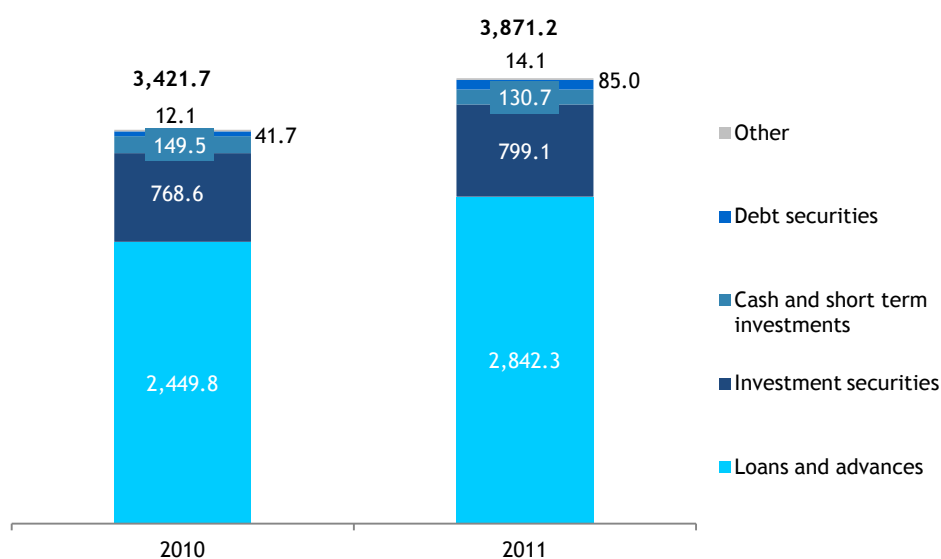
PLN M



Net interest income remained the largest contributor to the revenues of BRE Bank Group in 2011. It amounted to PLN 2,148.6 million compared to 1,811.0 million in 2010 constituting an increase of 18.6%. The 13.1% rise in interest income was predominantly driven by considerable growth in credit volumes and higher nominal interest rates. Compared to the previous year, interest expenses in 2011 rose by 6.9% predominantly driven by a rapid increase in client deposits registered in H2 2011.

Interest income structure

PLN M



The significant improvement in net interest income translated into a rise in net interest margin of BRE Bank Group. The margin, calculated as a relation between net interest income and average interest-earning assets, amounted to 2.5% in 2011 compared to 2.2% a year earlier.

Average interest rate (Bank)				
		Retail	Corporates	Bank total
Deposits				
	PLN	2.83%	3.33%	3.01%
	FX	0.62%	0.43%	0.53%
Loans				
	PLN	9.72%	5.89%	7.37%
	FX	2.25%	2.81%	2.34%
incl. mortgage loans				
	PLN	5.67%		
	FX	2.13%		

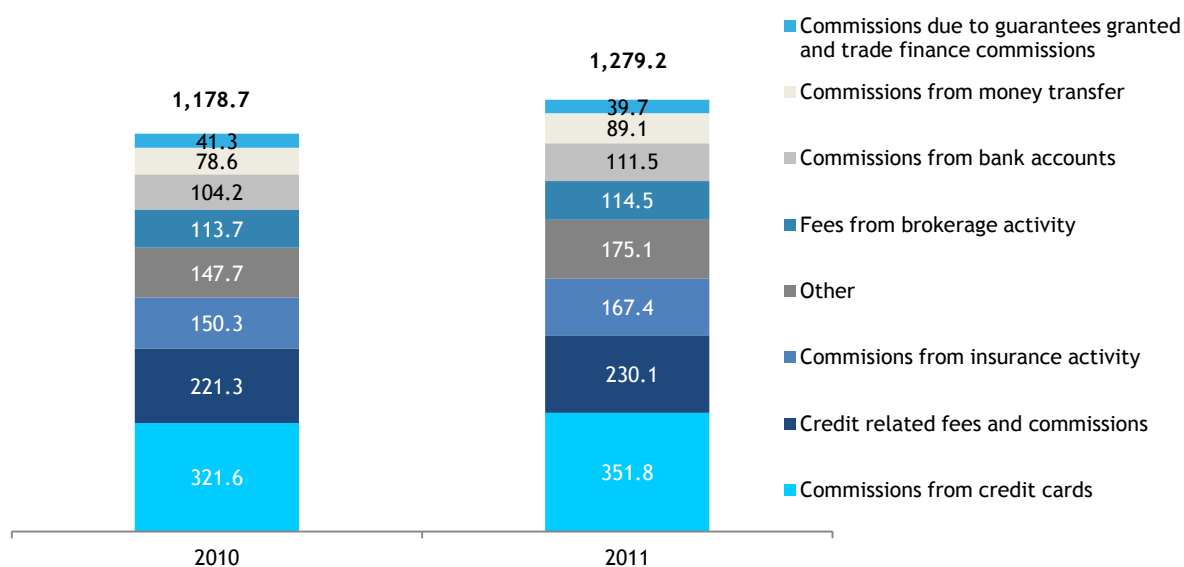
Loans and advances continued to be the main source of interest income (73.4%). Interest income rose by PLN 392.5 million or 16.0% compared to the previous year. The rise in nominal interest rates was one of the drivers of an increase in interest income (+PLN 30.5 million or 4.0%) earned from investment securities (including investment securities presented as pledged assets). The growth in interest income from debt securities held for trading (by PLN 43.3 million or 104.0%) was driven by a considerable increase in the volume of this asset category (including debt securities presented as pledged assets). At the same time, there was a decrease in interest income derived from cash and short-term deposits by PLN 18.8 million or 12.6%.

The growth in interest expenses is attributed to higher costs in respect of settlements with banks and clients (increase of PLN 87.6 million or 5.9% year on year) driven by a rise in interests paid on client deposits.

Net fee and commission income, accounting for 23.6% of BRE Bank Group's income grew dynamically in 2011, supported by a balanced contribution from credit, insurance and transactional products. It amounted to PLN 840.0 million representing an increase of PLN 94.1 million or 12.6% compared to 2010.

Fee & commission income structure

PLN M



The Group reported a rise in nearly all of its fee and commission income drivers. The largest growth was observed in fee and commission income from payment card services, insurance activity and account maintenance as a consequence of intensified cross-selling, effective acquisition of clients and a growing number of accounts.

Dividend income in 2011 amounted to PLN 15.1 million, which represents an increase of PLN 6.9 million compared to 2010. The growth was attributed to a higher dividend payment received from PZU in 2011.

Net trading income in 2011 amounted to PLN 424.1 million, which represents an increase of PLN 13.4 million or 3.3% compared to a year earlier. The increase was driven by FX income which grew by PLN 24.0 million or 6.5% compared to the previous year. Other trading income decreased by PLN 10.5 million YoY.

Gains less losses on investment securities in 2011 amounted to PLN 12.0 million and included income from the sale of Intermarket Bank AG and Magyar Factor zRt and the closure of BRELINVEST sp. z o.o. FLY 2, while a higher 2010 result was due to the partial sale of BRE's PZU stake by BRE Gold FIZ (PLN 47.5 million).

Net other operating income amounted to PLN 123.7 million in 2011 and increased by PLN 20.1 million compared to a year earlier. The growth can be attributed predominantly to higher income from insurance activities of BRE Ubezpieczenia TUiR S.A.

XI.1.2. Net impairment of loans and advances

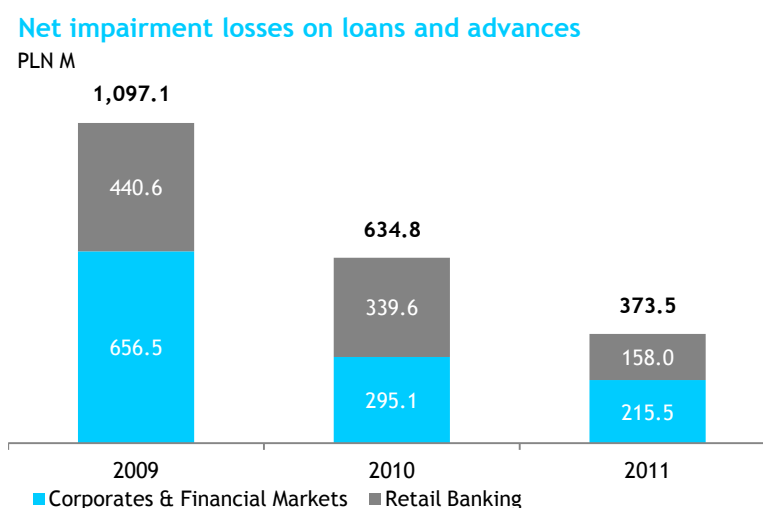
In 2011, net impairment losses on loans and advances in BRE Bank Group amounted to PLN 373.5 million, compared to PLN 634.8 million in 2010, which constitutes a decrease of 41.2%.

The reduction in credit risk costs was helped by the general improvement in the financial standing of the Group's clients and a major reduction in net impairments in the Retail Banking area (PLN 158.0 million at the end of 2011 compared to PLN 339.6 million in 2010). It should be noted, that the net impairment level in Retail Banking was positively impacted by the sale of a non-performing loan portfolio, which resulted in a release of PLN 81.8 million of loan loss provisions.

Net impairment losses on loans and advances in the Corporates and Financial Markets Segment reached PLN 215.5 million in 2011, compared to PLN 295.1 million a year before. The reduction can be attributed to an improved portfolio quality and effective restructuring actions taken by the Bank.

XI.1.3. Costs of BRE Bank Group

Total overhead costs of BRE Bank Group including depreciation reached PLN 1,722.9 million, which represents an increase of 6.5% compared to 2010.



The growth in personnel costs of PLN 65.9 million or 8.8% resulted mainly from higher provisions for incentive bonuses compared to 2010 as a consequence of improved business performance of BRE Bank Group in 2011. An increase of employment in BRE Bank Group by 4.6%, driven by developing business was the second reason of rising costs.

Non-personnel costs decreased by PLN 5.4 million or 0.9% as the doubling of the Bank's contributions to the Bank Guarantee Fund was offset by lower marketing expenditures and lower external advisory costs.

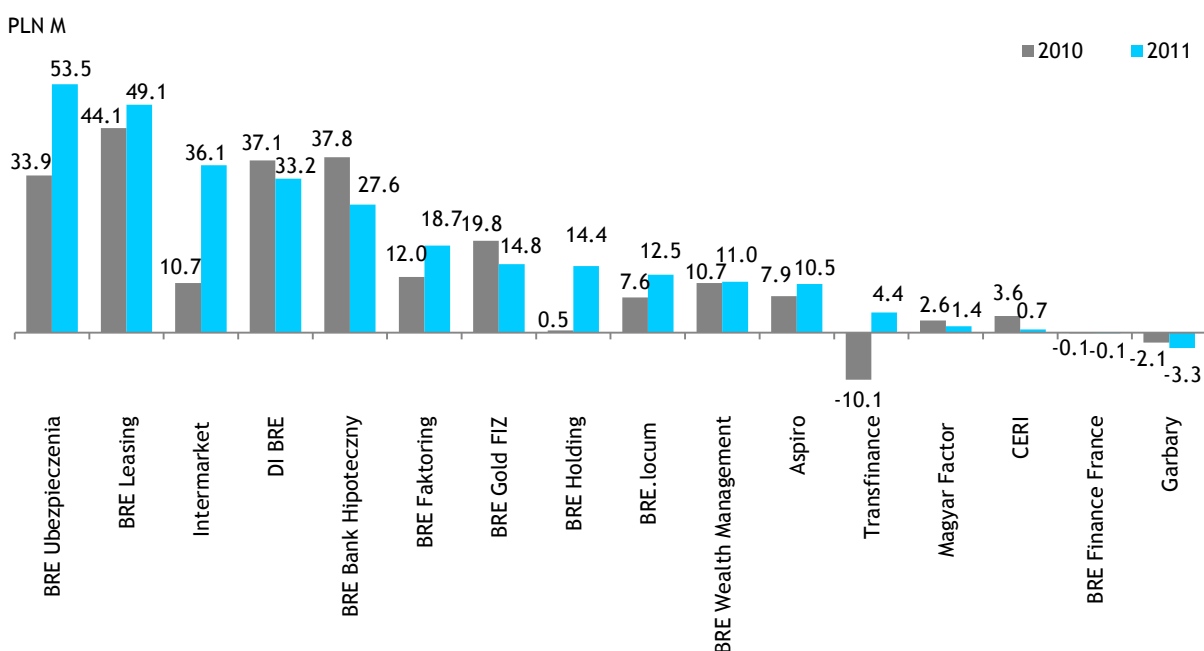
Effective resource management allowed the Group to further improve its efficiency measured by the cost/income ratio which stood at 48.3% compared to 51.8% at the end of 2010.

XI.1.4. Financial Results of BRE Bank Group Subsidiaries

In 2011, the consolidated subsidiaries of BRE Bank Group generated a pre-tax profit of PLN 284.3 million compared to PLN 217.7 million a year earlier. In particular, the following subsidiaries improved their results in a year on year comparison: BRE Ubezpieczenia, BRE Leasing, BRE Faktoring and BRE Holding.

The graph below presents the pre-tax results of the subsidiaries in 2011 compared to 2010. Two of the presented subsidiaries: Intermarket Bank AG and Magyar Factor include the 2011 results generated until their sale i.e. for the period between January and July 2011. Intermarket Bank's profit of PLN 36.1 million includes PLN 27.4 million of capital gains on disposal of subsidiaries.

Pre-tax results of consolidated subsidiaries



XI.2. Changes in the Consolidated Statement of Financial Position

XI.2.1. Changes in the Assets of BRE Bank Group

In 2011, the assets of BRE Bank Group increased by PLN 8,836.8 million or 9.8% to reach PLN 98,875.6 million as of December 31, 2011.

Assets	31.12.2011		31.12.2010		Δ in PLN M	YoY change
	PLN M	in %	PLN M	in %		
Cash and balances with Central Bank	1,038.4	1.1%	2,359.9	2.6%	(1,321.5)	-56.0%
Loans and advances to banks	4,008.9	4.1%	2,507.3	2.8%	1,501.6	59.9%
Trading securities	991.6	1.0%	1,565.7	1.7%	(574.1)	-36.7%
Derivative financial instruments	1,506.6	1.5%	1,226.7	1.4%	279.9	22.8%
Loans and advances to customers	67,851.5	68.6%	59,374.1	65.9%	8,477.5	14.3%
Investment securities	16,697.2	16.9%	18,762.7	20.8%	(2,065.5)	-11.0%
Pledged assets	4,339.5	4.4%	1,830.8	2.0%	2,508.7	137.0%
Intangible assets	436.8	0.4%	427.8	0.5%	8.9	2.1%
Tangible fixed assets	832.5	0.8%	777.6	0.9%	54.8	7.1%
Others	1,172.6	1.2%	1,206.2	1.4%	(33.6)	-2.8%
Total Assets	98,875.6	100.0%	90,038.8	100.0%	8,836.8	9.8%

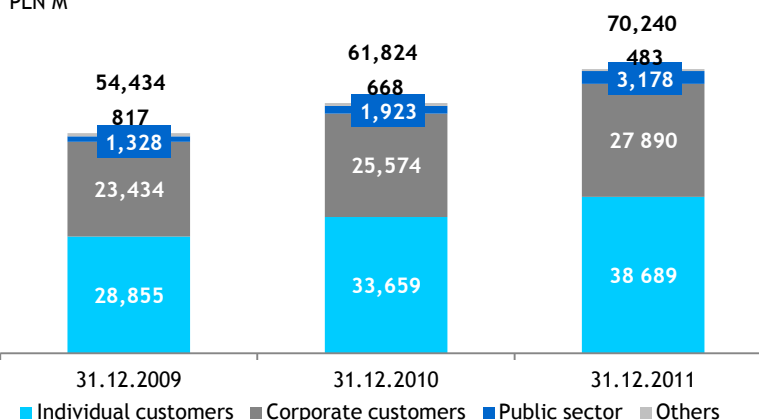
At the end of 2011, the Group's balance sheet structure was dominated by loans and advances to customers, which accounted for 68.6% of total assets compared to 65.9% a year earlier.

The volume of net loans and advances to customers grew by PLN 8,477.5 million or 14.3% compared to a year earlier. The growth dynamics was impacted by the sale of two subsidiaries: Intermarket Bank AG and Magyar Factor concluded in 2011. The total value of loans and advances to customers of those subsidiaries amounted to PLN 1,194.3 million at the moment of disposal. Moreover, the volume of total loans was affected by the disposal of a non-performing retail loan portfolio in the amount of PLN 449.6 million.

The largest increase of PLN 5,030.3 million or 14.9% was observed in gross loans and advances to individuals. The growth was a result of both the weakening of PLN, especially against CHF and the increasing sales of mortgage and non-mortgage loans. Excluding the effect of the weakening PLN, the increase of loans and advances to individuals amounted to 4.2%.

Loans and advances to customers (gross)

PLN M



At the same time, gross loans and advances to corporate customers grew by PLN 2,316.3 million or 9.1%

compared to the end of 2010. Excluding reverse repo/buy sell back transactions, the value of loans to corporate clients increased by PLN 4,501.1 million or 20.2% compared to the end of 2010. Loans and advances to the public sector grew by PLN 1,255.4 million or 65.3%.

Investment securities constituted the Group's second largest asset category. During 2011, their value reduced by PLN 2,065.5 million or 11.0%. The decrease should be attributed mainly to the part of the

portfolio moved to pledged assets as collateral for the loan received from the European Investment Bank.

XI.2.2. Changes in the Liabilities of BRE Bank Group

The table below presents the changes in the liabilities of BRE Bank Group in 2011:

Equities and Liabilities	31.12.2011		31.12.2010		Δ in PLN M	YoY change
	PLN M	in %	PLN M	in %		
Amounts due to Central Bank	-	0.0%	0.1	0.0%	(0.1)	-100.0%
Amounts due to other banks	27,390.8	27.7%	28,727.0	31.9%	(1,336.2)	-4.7%
Derivative financial instruments and other trading liabilities	1,862.7	1.9%	1,363.5	1.5%	499.2	36.6%
Amounts due to customers	54,244.4	54.9%	47,151.0	52.4%	7,093.4	15.0%
Debt securities in issue	1,736.0	1.8%	1,371.8	1.5%	364.2	26.5%
Subordinated liabilities	3,456.2	3.5%	3,010.1	3.3%	446.1	14.8%
Others	2,112.9	2.1%	1,338.0	1.5%	774.8	57.9%
Total liabilities	90,803.0	91.9%	82,961.5	92.1%	7,841.4	9.5%
Total Equity	8,072.7	8.1%	7,077.3	7.9%	995.4	14.1%
Total equity and liabilities	98,875.6	100.0%	90,038.8	100.0%	8,836.8	9.8%

Amounts due to customers, which accounted for 54.9% of liabilities as at the end of 2011 (compared to 52.4% a year earlier), remain the dominant funding source of BRE Bank Group.

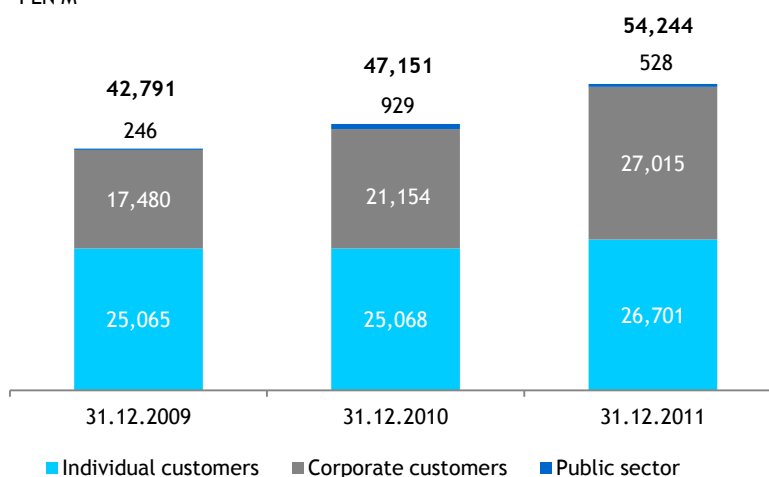
Amounts due to customers increased by PLN 7,093.4 million or 15.0% to reach PLN 54,244.4 million in 2011.

The increase was observed mainly in amounts due to corporate customers (increase of PLN 5,861.3 million or 27.7%).

At the end of 2011, amounts due to individuals amounted to PLN 26,700.9 million, compared to PLN 25,068.3 million reported a year earlier.

Amounts due to customers

PLN M



Amounts due to corporate customers amounted to PLN 27,015.4 million at the end of 2011, compared to PLN 21,154.1 million in 2010. Excluding repo transactions, amounts due to corporate customers grew by PLN 6,751.0 million or 36.6%.

Amounts due to other banks decreased by PLN 1,336.2 million or 4.7% to reach PLN 27,390.8 million at the end of 2011, compared to PLN 28,727.0 million (including PLN 640.9 million of amounts due from Intermarket Bank and Magyar Factor) reported a year before. The changes resulted mainly from a decrease in the value of repo/sell buy back transactions.

The share of equity in the liabilities of BRE Bank Group rose from 7.9% at the end of 2010 to 8.2% at the end of 2011.

XI.3. Performance Indicators

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

	31.12.2011	31.12.2010	31.12.2009
Net ROA	1.26%	0.77%	0.16%
Gross ROE	21.0%	15.6%	5.1%
Net ROE	16.4%	11.8%	3.2%
C/I	48.3%	51.8%	54.2%
Net interest margin	2.5%	2.2%	2.3%
Capital adequacy ratio	14.96%	15.90%	11.50%
Core Tier 1 ratio	9.59%	10.40%	6.62%

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

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

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

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

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

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

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

XII. Main Risks of BRE Bank Group's Business

BRE Bank monitors credit risk, operational risk, liquidity risk, and market risk of the trading book as well as interest rate risk of the banking book in BRE Bank Group using risk measures applied by BRE Bank and taking into account differences in the profile and scale of business of particular Group entities. In addition, within the ICAAP process, the Bank monitors other risks to which its business is exposed.

XII.1. Credit Risk

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

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

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

One of the methods of credit risk mitigation is a system under which credit decisions are made by competent decision-making bodies. The criterion qualifying any given case to be considered by the appropriate decision-making body is the amount of exposure and the level of risk assigned to the client and to the transaction (internal rating). ECVaR's sensitivity to the size of particular exposures

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

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

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

- the analysis of sensitivity of ECVaR model indications to assumptions concerning credit exposures (e.g. correlation) - i.e. parametric tests
- the analysis of extreme credit losses on the assumption of an unfavorable macroeconomic situation -i.e. macroeconomic tests in which an econometrical model forecasts values of input parameters for the economic capital model (PD, LGD) based on assumptions of the Chief Economist about macro parameters in the case of three economic variants: a mild recession, a severe crisis and a sudden economic slump.

The risk parameters developed according to the above scenarios form the basis for calculating economic capital both before and after the assumptions of parametric tests are taken into account.

XII.1.1. Quality of the Loan Portfolio

The share of default exposures in gross loans and advances to clients at the end of 2011 was 4.7% compared to 5.3% in 2010. Provisions for loans and advances decreased from PLN 2,449.8 million at the end of 2010 to PLN 2,388.3 million, including PLN 212.4 million of IBNI (Incurred But Not Identified) loss provision (PLN 215.9 million in 2010).

The decrease of provisions resulted mainly from the disposal of a part of the non-performing retail loan portfolio (described in chapter „Important transactions announced by BRE Bank Group in 2011”).

The ratio of provisions to default loans (coverage ratio) stood at 66.2%, compared to 68.0% a year earlier.

In 2011, the Bank issued 256 enforcement orders for corporate clients (191 in 2010) and 10,804 enforcement orders for retail clients (36,173 in 2010).

The table below presents the quality of the credit portfolio of BRE Bank Group by groups of clients at the end of 2011 compared to 2010. For more detailed information on the quality and concentration of the credit portfolio see the notes 3 and 22 of BRE Bank SA Group IFRS Consolidated Financial Statements 2011.

Quality of BRE Bank Group's Loan Portfolio	31.12.2011	31.12.2010
	PLN M	PLN M
Loans and advances to customers (gross)	70,239.8	61,823.8
Not impaired	66,953.0	58,538.6
Impaired	3,286.8	3,285.2
Impaired as % of gross exposure	4.7%	5.3%
Provisions for loans and advances to customers	2,388.3	2,449.8
Provisions for not impaired exposures	212.4	215.9
Provisions for impaired exposures	2,175.9	2,233.9
Coverage ratio impaired exposures	66.2%	68.0%
Coverage ratio for gross portfolio	3.4%	4.0%
Loans and advances to individuals (gross)	38,689.0	33,658.7
Not impaired	37,675.5	32,509.5
Impaired	1,013.5	1,149.2
Impaired as % of gross exposure	2.6%	3.4%
Loans and advances to corporate entities (gross)	27,890.3	25,574.0
Not impaired	25,618.40	23,438.0
Impaired	2,271.9	2,136.0
Impaired as % of gross exposure	8.1%	8.4%
Loans and advances - other customers (gross)	3,660.5	2,591.1
Not impaired	3,659.1	2,591.1
Impaired	1.4	-
Impaired as % of gross exposure	0.04%	-

XII.2. Liquidity Risk

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

Liquidity risk management involves the analysis of various risk measures, including as core measure the mismatch gap. It covers all the assets, liabilities and off-balance sheet items of the Bank in all the currencies and in the time-bands set by the Bank. The Bank secures an adequate liquidity level by means of active management of the structure of future cash flows and maintenance of sufficient liquidity surplus adequate to the liquidity needs arising from the Bank's activity and the current market situation. To achieve that, the Bank holds a reserve of liquid assets which secure its liquidity and may be pledged or sold at any time without any considerable loss in value. In accordance with KNF Resolution No. 386/2008 on establishing liquidity measures binding on banks, the Bank calculates the supervisory liquidity measures defined in the Resolution and maintains them above the set limits. Moreover, in accordance with the Resolution, the Bank conducts an in-depth analysis of long-term liquidity and sets limits on exposures to long-term assets. In addition, the analysis examines the stability and structure of the funding sources, including the core and concentration level of term deposits and current accounts. The Bank also analyses the variability of the balance sheet and off-balance sheet items, in particular the open credit line facilities and overdraft facilities.

The ongoing analysis covers not only liquidity under normal conditions, but also examines a situation involving a potential liquidity loss. In order to determine the Bank's resistance to major unfavourable events, the Bank conducts scenario analyses covering extreme assumptions on the operation of

financial markets and behavioural events relative to the Bank's clients. The Bank has put in place contingency procedures in case of a threat of financial liquidity loss.

In 2011, the level of liquidity and funding was adequate to the Bank's needs. Although the liquidity situation of the Polish banking sector was relatively good, taking into account the situation of banks in the euro zone and the sensitivity of liquidity risk to any potential market disturbances, the Bank intensified its monitoring of the current liquidity situation.

XII.3. Market Risk

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

The cardinal principle of organisation of the market risk management process stipulates separation between the market risk monitoring and control function and the functions related with opening and maintaining open market risk positions. The market risk monitoring and control functions are performed by the Risk Department and the Financial Operations Control Department in the Risk Area of the Bank supervised by the Chief Risk Officer, whereas operational management of market risk positions takes place in the Financial Markets Department and the Treasury Department supervised by the Member of the Management Board of the Bank responsible for the Investment Banking Area.

In its business, the Bank is exposed to market risk, i.e., the risk of unfavourable changes in the present value of the Bank's trading book and banking book due to changes in market risk factors: interest rates, FX rates, prices of securities, and the volatility of implied options, and credit spreads. The Bank identifies market risk related with the position of the trading book measured in market value (using the direct measurement method or the model measurement method) which may materialize in the form of losses reflected in the Bank's financial performance. Moreover, the Bank attributes market risk to banking book positions, regardless of the methods for calculating earnings generated from those positions used for the purpose of accounting reporting. Market risk measures of the interest positions of the banking book are calculated with the use of net present value (NPV) models. Market risk exposure is quantified by measurement of Value at Risk (VaR) and by use of stress tests and scenario analyses based on market performance during previous financial crises. Market risk, in particular interest rate risk is also quantified by measurement of Earning at Risk (EaR) of the banking book.

In order to limit the level of exposure to market risk, BRE Bank Risk Committee sets binding VaR limits as well as stress test limits which are control numbers, and interest rate repricing gap limits of the banking book. All these limits are monitored and controlled on a daily basis.

Value at Risk

In 2011, market risk of the Bank measured by Value at Risk (one-day horizon, confidence level 97.5%) remained moderate in relation to VaR limits. The average VaR of the Bank's total portfolio was approximately PLN 11.1 million and the maximum VaR was approximately PLN 14.2 million. The utilisation of VaR limits was at a safe level and on average amounted to 26% for the portfolio of the Financial Markets Department, comprising mainly trading book positions, and at a relatively higher level for the portfolio of the Treasury Department, comprising banking book positions (64%). VaR was mainly affected by portfolios of interest-rate-sensitive instruments, i.e. portfolios of debt securities which are mainly part of the banking book managed by the Treasury Department, and as regards the trading book managed by the Financial Markets Department, by positions resulting from IRS transactions, and to a lower degree, by portfolios of FX -rate-sensitive instruments, such as FX options and FX transactions.

VaR at BRE Bank

PLN thousand	2011				2010			
	31 Dec. 2011	avg	max	min	31 Dec. 2010	avg	max	min
Interest rate risk	12,157	11,166	14,480	8,219	9,529	7,242	10,411	3,895
FX risk	229	258	719	29	222	651	2,786	178
Stock price risk	3	30	160	0	25	184	906	2
VaR total	12,217	11,118	14,238	8,118	9,423	7,314	10,375	3,951

Moreover, the Bank is indirectly exposed to the stock price risk related with the shares of closed - end investment fund. The average VaR for the position managed by this fund amounted to PLN 5.2 million in 2011. The impact of this position on the aggregated market risk was moderate and the average VaR for the Bank's position including this exposure stood at PLN 13.2 million.

Stress Testing

Stress testing is an additional measure of market risk which supplements VaR measurement. Stress testing measures the hypothetical change in the present value of the Bank's portfolios that would materialise as a result of the risk factors moving to specific extreme values within a one-day horizon. The Bank applies two stress testing methods simultaneously: the first one uses scenarios of changes in risk factors, based on large changes in market parameters observed during past crises; the second one involves scenarios based on large and extremely correlated changes in risk factors, the same in each group. The stress tests are conducted regularly on a daily basis.

The stress test values calculated under the second method are subject to a limit which is a control number. In 2011, the average utilisation of the limits was 83% for the portfolio held by the Treasury Department (PLN 103.6 million), and 19% for the portfolio held by the Financial Markets Department (PLN 14.3 million). Under these scenarios, the largest potential loss was observed on volatility in interest rates (mainly Polish rates). At a 15% increase in interest rates, the average loss of BRE Bank's portfolio would be PLN 112.1 million. If the scenario providing for an increase in interest rates materialised, it would in large part (corresponding to the portfolios of instruments available for sale held by the Treasury Department) reduce the Bank's capital and have a lesser impact on the P&L. In the case of the portfolio held by the Treasury Department, the average potential loss under this scenario would amount to PLN 102.1 million in 2011.

The average value of the stress test based on the observed past crises amounted in 2011 to PLN 14.6 million for the portfolios of the Financial Market Department (PLN 11.7 million in 2010) and PLN 102.4 million for the portfolios of the Treasury Department (PLN 72,0 million in 2010).

Interest Rate Risk of the Banking Book

In 2011, the interest rate risk of the banking book as measured by EaR (potential decrease of net interest income within 12 months assuming an unfavourable 100 bp change of market interest rates based on a stable value of the portfolio over the period) was moderate for positions in PLN and CHF, and low for positions in CZK, USD and EUR due to the small interest rate position gap in these currencies. At the end of 2011, EaR (in PLN million) was 35 for PLN, 19 for CHF, 8 for CZK, 2 for EUR, and 4.5 for USD.

In 2011, the utilisation of the repricing gap limits for individual currencies was moderate.

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

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

PLN million	2011				2010			
	31 Dec. 2011	avg	max	min	31 Dec. 2010	avg	max	min
PLN	35.1	46.5	74.0	23.9	35.8	24.5	49.8	0.1
USD	4.5	1.4	6.0	0.0	0.1	0.7	3.0	0.0
EUR	2.2	3.3	9.1	0.0	4.6	2.5	7.4	0.0
CHF	18.9	16.2	27.1	9.3	16.3	14.0	21.7	9.0
CZK	7.6	5.7	8.8	3.8	5.5	4.7	6.7	3.0

XII.4. Operational Risk

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

The entire operational risk control process is supervised by the Supervisory Board of the Bank through the Risk Committee. In 2011, despite the dynamically changing economic environment, operational risk in BRE Group was at a stable and moderate level.

XII.5. Capital Adequacy

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

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

1. Maintenance of optimal level and structure of equity, with the use of available methods and means (retained net profit, issuance of shares, subordinated loans etc.);

2. Effective use of the existing capital by applying the system of capital use measures resulting in the reduction of the activity that is not bringing the expected return and development of products with lower capital absorption.

The capital adequacy ratio development in 2011 is presented below (data in PLN million).

Capital Adequacy	31.12. 2011	31.12. 2010
Total equity	9,877	8,971
Total risk weighted assets and off-balance sheet liabilities	60,232	51,335
Total capital charge	5,282	4,513
Capital adequacy ratio (%)	14.96%	15.90%

XII.6. Major Projects in the Risk Area

AIRB

Since the Bank applied to Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in Germany for consent to use the advanced internal ratings based approach (AIRB) in order to calculate the capital charge for credit risk, within the next few years BRE Group will be improving the methods of assessing the credit risk of clients in order to ensure compliance of processes and tools with the requirements of the AIRB approach and for the purpose of implementing the gradual AIRB rollout plan.

BASEL III/CRD 4

In December 2010, the Basel Committee on Banking Supervision updated the prudential framework in order to reinforce the resistance of banks and banking systems to crisis situations. In July 2011, as part of implementing the Basel Committee's regulation into the legal order of the EU, the EU CRD 4 directive was drafted, providing for tightening of capital and liquidity requirements and improving corporate governance in banks and investment companies.

For BRE Bank Group the adoption of CRD 4 causes a need for launching projects aimed to bring BRE Bank Group into compliance with the new regulatory requirements in the capital and liquidity management area.

XIII. HR development

XIII.1. Changes in employment

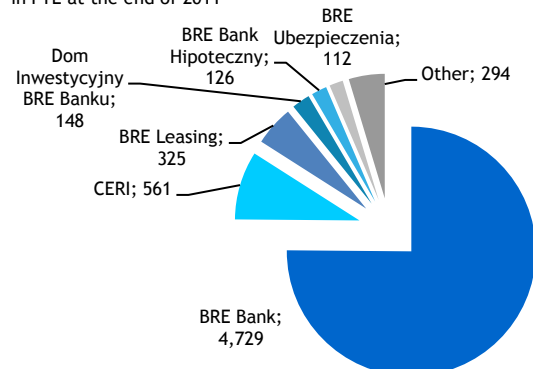
The total employment in BRE Bank Group expressed in full time equivalents (FTE) amounted to 6,294 FTE at the end of 2011, compared to 6,018 FTE a year before. Employment at BRE Bank amounted to 4,729 FTE at the end of 2011 and was higher by 313 FTE compared to 2010 (+7%). The increase in employment was observed mainly in the support area and as a result of ongoing enhancement of the Bank's corporate network coverage.

At the end of 2011, employment in the Group subsidiaries decreased from 1,602 FTE reported in 2010 to 1,565 FTE (-2.3%) due to the sale of two factoring subsidiaries.

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

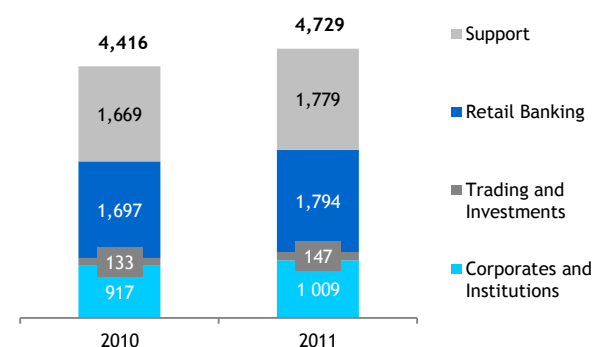
Headcount in BRE Bank Group

in FTE at the end of 2011



Headcount in BRE Bank by business lines

in FTE at the end of 2011



The Bank's employees are relatively young: 60.3% are younger than 35 years. Employees are also well-educated: 80% are university graduates. Many employees undertake post-graduate studies and internal MBA studies, thus acquiring new professional qualifications.

XIII.2. Training

The qualifications of BRE Bank employees were improved by training and development activities linked to the business goals of the Bank. A majority of training activities took the form of e-learning sessions. The total number of such training sessions amounted to 21,240.

In addition, traditional training sessions were organized in 2011 for nearly 4,300 employees.

A vast majority of training courses in 2011 were organised as part of general banking projects. Some of them were addressed to medium-level management addressing specific managerial topics.

Moreover, 80 employees from the Group's top management underwent a profound competence assessment as part of the Bank's Development Center, forming the basis for preparing their individual development plans.

Moreover, two annual development programmes were implemented at the Bank:

- "Kuznia Talentów" ("Breeding Ground for New Talents") - 24 participants
- "Akademia Inwestycyjna" ("Investment Academy") - 80 participants.

The Management Board of the Bank granted special funds to 68 employees to support their participation in various training courses.

Student training and internships

Students who completed at least the 2nd year of studies may take part in the integrated programme of training and internships. The development programme for students is open all-year-round however its intensity rises during summer holiday. During the training, students learn from the best specialists and experts on the market. In 2011, 271 students participated in student training.

XIII.3. BRE Bank's Incentive System

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

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

Since 2009, the Bank has been participating in remuneration market analyses, which allow for the day-to-day monitoring of the competitiveness of the whole remuneration (permanent and variable portions) for employees as compared to the market.

In 2011, two incentive programmes, consisting in granting convertible bonds, were implemented in BRE Bank Group. The former was the programme for the Management Board of BRE Bank adopted on March 14, 2008 by the Ordinary General Meeting of BRE Bank. In 2011, 16,072 shares were issued as part of the programme.

The latter programme of bonds convertible to shares was adopted on 27 October 2008 by the Extraordinary General Meeting of BRE Bank for the key personnel of the Bank and the Group subsidiaries. In 2010, the Management Board of the Bank took the decision to launch the program and approved the list of participants for Tranche III. Not granted options from Tranche I and II may be granted in the future years of the program execution. There were 12,650 options granted from Tranche III. Additionally, in 2011 there were 20 000 options granted from Tranche IV and 19 990 options granted from Tranche V. The options granted will allow participants to purchase the Bank shares with an issue price of PLN 4 per share. Realization of rights stemming from Tranches III, IV and V is conditional and the options will be exercisable between 1 May 2012 and 31 December 2019 (Tranche III), 1 May 2013 and 31 December 2019 (Tranche IV) and 1 May 2014 and 31 December 2019 (Tranche V), respectively. The conversion of bonds to shares by the authorised persons will be possible provided that the following conditions for each of the tranches will be met in whole:

- the authorised persons will be employees of BRE Bank Group incessantly for 3 calendar years until the date of acquisition of bonds of a given tranche
- the person receives the annual appraisal of tasks performance at the minimum of 95% in each year of a given tranche
- BRE Bank Group will achieve a gross ROE specified by the Management Board.

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

2011 was the first year in which a new coherent system for planning and assessment was put into operation (MbO - Management by Objectives). During this period, BRE worked on adjusting the system to the specific nature of the Bank and on establishing coherent and transparent rules for setting and cascading objectives, in order to raise the awareness about targets among all the employees and the entire organisation.

By the end of 2011, based on the 1-year experience, the process of setting and cascading the 2012 objectives started. The knowledge of the strategic objectives of the Bank will allow the organisation to focus the employees' involvement on the most important issues, right from the start, and at the same time, will result in notable effectiveness and time savings.

The MbO system has several functions in the organisation:

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

XIV. Investments

In 2011, investment spendings were higher compared to the past years. Investments by the Group amounted to PLN 359.2 million, compared to PLN 257.0 million in 2010, whereas the Bank spent PLN 211.2 million compared to PLN 128.6 million a year earlier.

The majority of investment spendings at the Bank, i.e. PLN 115.3 million, related to the IT area. The Bank continued the modernisation and development of the core components of its IT systems.

Investments in the logistics and security area, amounting to PLN 61.2 million, related to the development and modernisation of the corporate branch network and the Head Office as well as the purchase of new equipment for the Bank's retail outlets.

XV. BRE Bank and Corporate Social Responsibility

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

XV.1. BRE Bank Foundation

BRE Bank foundation, established 17 years ago as an umbrella organisation of the Bank's numerous social projects, was one of the first such foundations in the banking community. The Foundation provides financial support to a wide range of beneficiaries, including children. The mission of BRE Bank Foundation is to support actions aimed at enhancing individual development, education and quality of life.

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

- Science, education and entrepreneurship
- Health care, social welfare and charity work
- Culture and art, protection of national heritage.

During 2011, the Foundation has been implementing the Group's strategy for 2010-2012 by providing financial assistance to projects including:

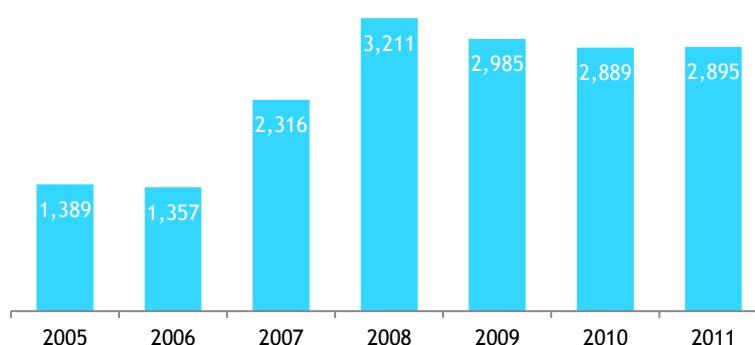
- Multi-year programmes, e.g. scholarships or educational programmes
- Social campaigns
- Support or subsidy for one-off undertakings or projects in the abovementioned three areas
- Participation in the employee volunteering programme at BRE Bank.

In 2011, the Foundation disbursed PLN 2,895.3 thousand on its statutory objectives. In line with the objectives of the Foundation, the structure of allocated funds was as follows:

- Education, entrepreneurship and science - 50.7%
- Health care and social welfare - 35.3%

Culture and protection of national heritage - 14.0%.

BRE Bank Foundation expenses 2005 -2011
PLN thou.



In 2011, the Foundation continued to work with its regular partners. Major projects supported by the Foundation in 2011 are listed below:

- The Foundation and the CASE (“Center for Social and Economic Research”) continued their co-operation organising seminars and conferences for researchers, experts and practitioners of management concerning the transition of the Polish economy (BRE-CASE Seminars)
- The Educational Enterprise Foundation (FEP) - which provides continuous support for the Bridge Scholarship Programme (financial assistance to first year students from unprivileged backgrounds). In 2011, the Foundation endowed 30 scholarships. Additional 32 scholarships were granted to students of finance and accounting, and international relations participating in contests organised by the Foundation and FEP
- The Foundation co-funded the next edition of a business plan competition for students organised by University Entrepreneurship Incubators (AIP). Moreover, financial support was provided to the educational campaign "Vote" organised in 2011 by AIP
- The National Fund for Children - in 2011, the Foundation helped the Support Programme for the Highly Gifted and granted awards for the winners of the Polish Preliminary Round of the European Contest for Young Scientists
- The Foundation for Children "Help on Time" was supported by subsidies to medical and rehabilitation costs for more than 200 children in care of the Foundation (in particular, children with cerebral palsy)
- The All of Poland Reads to Kids Foundation - co-funding of another edition of the Foundation's social campaign and organisation of the 10th Polish Week of Reading to Kids
- The Friends of Integration Association - co-funding of the project "Economic Activity Incubator - Economic Education and Support for Self-Employment and Entrepreneurship among the Disabled in 2011" and co-funding of another edition of the "Barrier Free Man - edition 2011" (contest promoting people who achieved success despite their disability)
- The Royal Castle in Warsaw - co-funding of another edition of the multi-cultural project organised in 2011: the Royal Arcades of Art
- The Junior Entrepreneurship Foundation - financial support for the Polish Contest for the Best Junior Mini-Enterprise PRODUCT 2011
- The Gdańsk Institute for Market Economics - co-funding of the project "Development and education in the 21st century - 6th Civic Congress"
- The Polish Community Association - project "Poland Discovered Anew" - co-financing of preparations of materials, films and educational games, and development of the main bilingual educational portal
- Hospices (including hospices for children) operating in Poland - support in the purchase of medical devices and necessary equipment, and co-funding of training for volunteers
- The Nobody's Children Foundation - co-funding of the project "Helpline for Children and Youth" which started a free helpline available in Poland for children and youth seeking support, help and protection
- The SYNAPSIS Foundation - co-funding of the project aimed at adaptation and creation of new rooms on the premises of the First Non-Public Therapeutic Nursery School of the SYNAPSIS Foundation (for children suffering from autism)
- Campus of Excellence - co-funding of the participation of Polish students in the educational project "The Future of MINT" (educational workshops with individual mentors and professional training for high school students).

XV.2. Other social - oriented activities

“Success Written In Lipstick” is an initiative to promote and support women entrepreneurs in Poland. Educational seminars “Tomorrow Belongs to Women” are organised three times a year. BRE Bank has for three years been a partner of the regular radio broadcast “Success Written In Lipstick” on Radio PIN and, since October 2010, a TV broadcast of TVN24. The project includes the “Businesswomen of the Year Success Written In Lipstick” competition. The 2010 awards were presented in November 2011. The grand prix and the title of the Businesswoman of the Year 2010 went to Agnieszka Świergiel - President of Imperial Tobacco Poland.

Let's Do Good Together

“Let's Do Good Together” is a regular volunteer employee programme which went into its third year in 2011. It supports social welfare projects proposed and developed by Bank employees. Participants can initiate and implement interesting initiatives with the involvement of colleagues, friends and family. Every three months, the jury selects the five most interesting projects which match the statutory goals of the BRE Bank Foundation (education, health care and social welfare, culture and the arts). The five selected teams receive financial support for their projects. There were four editions of the programme in 2011, implementing a total of 20 different projects. As part of the programme, 66 employees devoted 449 hours of their free time to voluntary work.

Diverse projects are submitted every quarter. Volunteers often help disadvantaged children and children from orphanages. An interesting yet untypical project implemented in 2011 was the help offered to save historical graves of the Old Cemetery in Łódź. The volunteers were cleaning plots of land which were renovated afterwards.

XVI. Distinctions and Awards

In 2011, the operation of the Bank and its subsidiaries was appreciated by both the clients and external experts, which was reflected in a number of awards and distinctions. The most important awards and distinctions include:

- BRE Bank was named the Best Bank in Poland by the prestigious Euromoney Magazine in the 2011 Euromoney Awards for Excellence contest. BRE Bank ranked first in the Best Bank category, in which institutions are assessed in terms of their financial standing and performance as well as their position on the domestic market. When justifying its decision, the jury of Euromoney Awards pointed out that BRE Bank grew faster compared to the market, had conducted a successful share capital increase and that its performance exceeded the analysts' forecasts
- In the “Newsweek's Friendly Bank” contest, MultiBank won the title of the best traditional bank. MultiBank scored the highest number of points in two major categories - quality of service, and acquisition and retention of clients. Also mBank was awarded in this contest and won the title of the most friendly Internet Bank
- BRE is the Best Bank in Poland according to the Global Finance magazine. BRE Bank was awarded in the 'Best Emerging Market Banks in CEE' contest (Best Emerging Market Banks - Central and Eastern Europe)
- In another prestigious contest 'World's Best Internet Banks 2011', also organised by Global Finance, BRE's Internet banking for retail and corporate clients was awarded as the best institution not only in Poland but also in Central and Eastern Europe. The retail banking won the following titles:
 - Best Consumer Internet Bank in Poland
 - Best Consumer Internet Bank in Czech Republic
 - Best Consumer Internet Bank in Slovakia
 - Best Consumer Internet Bank in Central & Eastern Europe

- Best in Social Media in Central & Eastern Europe.

The corporate banking of BRE Bank won the following awards in this contest: Best Corporate/ Institutional Internet Bank in Poland and Best Corporate/ Institutional Internet Bank in Central & Eastern Europe.

- The annual report of BRE Bank Group was awarded “The Best of the Best” title for the best bank which in the past three years ranked highest in “The Best Annual Report” contest organised by the Tax and Accounting Institute (IRiP)
- Honourable distinction and promotional logo of the 12th edition of the Entrepreneur-Friendly contest organised by the Polish Chamber of Commerce and the Polish-American Small Enterprises Advisory Foundation
- BRE Bank was named “The Listed Company of 2010” in a poll organised by inwestycje.pl portal. The group of the best companies was selected by the Internet users. Additional criteria included financial ratios and transparency of financial reporting
- The Private Banking and Wealth Management of BRE Bank once again won the title of the Best Private Banking in Poland. For the fourth time, the prestigious British financial magazine, Euromoney Magazine, named the offer of BRE Private Banking & Wealth Management the best offer for affluent clients. Previously, BRE won this title in 2007, 2009 and 2010
- mBank was also distinguished at the 6th Electronic Economy Congress organised by the Polish Bank Association (ZBP). The express transfer implemented by mBank in 2010 was named the Project of 2010
- “Złoty Bank 2011” (Golden Bank 2011) award for mBank, granted by net surfers in the ranking “Złoty Bankier” (Golden Banker). The winning categories were as follows:
 - Best account for a net surfer
 - Best mobile banking
 - Best company Internet account for an entrepreneur.
- Ernest Pytlarczyk and Marcin Mazurek won a prestigious contest for the best macroeconomic analysts of the year, organised by the National Bank of Poland (NBP). Apart from winning in the main category, the group of BRE Bank analysts ranked first in the “inflation” and “balance of payments” categories, and third in the “GDP” category. The contest, organised by the NBP, covered forecasts for 2010. The contest participants included 34 analysts and analytical teams
- Just like in the previous years, the analysts of Dom Inwestycyjny BRE Banku came first in the tenth ranking of stock exchange analysts organised by Gazeta Giełdy Parkiet
- BRE Bank was among the best employers in the TOP 100 Perfect Employer 2011 ranking based on questionnaires completed by students
- BRE Bank Group ranked high in the ranking of the most desired employers organised by Antal International, an international company recruiting specialists and medium and top managers in a range of market sectors.

XVII. Statement of BRE Bank on Application of Corporate Governance Principles

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

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

XVII.1. Corporate Governance Principles Binding on BRE Bank

Since its initial public offering, BRE Bank has made every effort to ensure that all the shareholders have access to information on the company and that their rights are respected regardless of the size of their shareholding. The aspiration to ensure full transparency of operations and to act in compliance with business etiquette has been reflected in the application of best practice of listed companies, starting from the "Code of Best Practice for Public Companies 2002". Both, the Management Board and the Supervisory Board of BRE Bank, adopted resolutions expressing their intention to apply the recommendations and principles contained in the "Code of Best Practice" and undertook to report on their breach.

The set of corporate governance principles, which are now binding for BRE Bank, is contained in the document "Code of Best Practice for WSE Listed Companies", appended to Resolution No. 20/1287/2011 of the Supervisory Board of the Warsaw Stock Exchange dated October 19, 2011.

In August and October 2011, the "Code of Best Practice for WSE Listed Companies" was amended by the WSE in the following areas:

- introduction of a recommendation to publish information on the principles of a public company's activity in the area of supporting cultural expression, educational, scientific or sport activities
- introduction of a recommendation obliging public companies to comment on their websites on publicly available untrue or outdated information which could affect the pricing of the company's financial instruments, such information being misleading to the public, as it distorts the true picture of the company's situation
- postponement to 1 January 2013 of the entry into force of the principle concerning general meetings held by listed companies using the electronic means of communication (however, it is recommended that this principle be applied as of January 1, 2012)
- deletion of the provisions obliging supervisory boards to make, present and publish the annual assessment of their activity
- adding a new item to the catalogue of information published on the website of a listed company, i.e. information on the gender composition of the management board and the supervisory board of the company in the last two years.

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

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

Irrespective of the “Code of Best Practice for WSE Listed Companies”, already in 1995, BRE Bank undertook to voluntarily abide by best industry practices, that is the Good Banking Practice Principles, developed by the Polish Bank Association (the original name - Code of Best Banking Practice). The Good Banking Practice Principles are a set of rules relating to the operation of banks and apply to banks, bank employees, persons acting as intermediaries in banking activities of banks. In accordance with the Order of the President of the Management Board, BRE Bank applies the Good Banking Practice Principles, set forth in Appendix 1 to Resolution No. 11 of the 21st General Meeting of the Polish Bank Association of April 22, 2010. The document is available on the website of the Polish Bank Association (http://zbp.pl/prawo_bankowe).

XVII.2. Application of Corporate Governance Principles

In 2011, BRE Bank has been applying all the corporate governance principles established in the document “Code of Best practice for WSE Listed Companies” (chapter II, III and IV).

The following points of the Recommendations require an additional commentary.

- Point 5 of the Recommendations regarding remuneration policy. In accordance with the recommendation, BRE Bank has a remuneration policy which determines the form, structure, and the level of remuneration, including the remuneration of members of the supervisory and management bodies of the Company. The remuneration system is transparent and it ensures a linkage between the remuneration of senior managers and the financial results of the Company and the performance of remunerated persons. The remuneration system integrates a range of principles derived from Commission Recommendation of December 14, 2004, fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) supplemented by Commission Recommendation of April 30, 2009 (2009/385/EC). These principles include among others: determination of fixed and variable components of remuneration of the Management Board, a linkage of the variable components of remuneration with pre-defined performance criteria, detailed regulations concerning the option scheme, and specification of the total remuneration and its components of individual Members of the Management Board and the Supervisory Board in the notes to the annual financial statements
- However, the Commission Recommendations were not used as a model for the remuneration system of the Bank and not all their provisions are applied. The remuneration policy is not regularly a separate item on the agenda of every General Meeting and is not put to a vote. The Bank has not disclosed or published on its website a “remuneration statement”. However, it should be noted that in different publicly available documents the Bank discloses a range of information, which would constitute a substantive part of such a statement. The rules and the level of remuneration of Members of the Management Board of BRE Bank are determined by the Executive Committee of the Supervisory Board, which performs the function of the Remuneration Committee within the meaning of the European Union recommendation. The amount of monthly remuneration paid to Members of the Supervisory Board of BRE Bank was approved in a resolution of the General Meeting of BRE Bank. More details on the remuneration of Members of Supervisory and Management bodies of the Bank are presented further in this Statement
- Point 9 of the Recommendations which calls for ensuring a balanced proportion of women and men in management and supervisory functions in companies. Both the General Meeting which appoints the Supervisory Board, and the Supervisory Board which appoints the Management Board are guided by the principle that the persons sitting on the company's bodies should display the highest competence, be creative, adequately educated and experienced. Other factors, such as gender, are not a determinant in this respect

- Point 12 of the Recommendations concerning the possibility to participate in the annual meeting with the use of electronic means of communication. For many years, BRE Bank has been broadcasting its annual meetings in real time. However, neither the By-laws of the Company or the Standing Rules of the Annual Meeting provide for real-time bilateral communication with shareholders located outside the meeting place, and for execution of voting rights with the use of electronic communication. BRE Bank's primary goal is to ensure that the Annual Meeting proceeds smoothly and that the risk of any potential attempt to challenge the adopted resolutions due to technical errors is minimized. At the same time, the Bank takes into account the existing conditions, in particular the geographic diversification of the Bank's shareholders, their number, potential time delays in communication and the need to ensure the adequate security and confidentiality of the voting process.

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

The website operated by the Company has become an important communication platform. In the investor relations section (www.brebank.pl/relacje_inwestorskie) the Bank publishes information on the shareholders of BRE Bank, Annual Meetings, ratings, quotations of the Bank's shares on the WSE, analysts' recommendations, consensus of the Group's forecasted performance, and the target share price. All those interested may review annual statements, periodic and current reports, presentations on the Company's strategy and performance, as well as spreadsheets containing business and financial data. Additionally, the information is accompanied by webcasts of meetings with analysts at which the financial results of BRE Bank Group are presented, and by recordings of the Annual Meetings (see chapter VI.4.).

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

XVII.3. Internal Control and Risk Management Systems with regard to the process of preparing Financial Statements of the Bank

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

The internal control system includes the following:

- functional internal control
- institutional internal control.

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

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

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

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

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

The process of organising the examination of the Bank's financial statements is laid down in the Bank's internal legislation. The Bank's financial statements are prepared by the Accounting Department, which reports directly to the Managing Director of Accounting and Controlling and to the Chief Financial Officer.

Substantive and organisational supervision over the course of examining financial statements is exercised by the Director of the Accounting Department. The prepared financial statements are submitted to the Management Board for verification. The Audit Committee receives information on the quarterly financial statements and on profit and loss before they are published. After in-depth discussion with the Bank's external auditor and the Management Board of the Bank, the Audit Committee recommends the Supervisory Board to approve or reject the annual financial statements.

The annual and semi-annual financial statements of the Bank are subject to an independent audit and a review by a statutory auditor, respectively. Moreover, the Bank and the external auditor introduced cooperation procedures under which all the important issues related with recognition of economic events in the books and financial statements are being consulted on an ongoing basis.

The Bank manages the risk of the process of preparation of financial statements also by ongoing monitoring of changes in requirements under external legislation and regulations concerning reporting obligations of banks, and by preparing for their implementation well in advance.

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

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

The annual consolidated financial statements of BRE Bank Group for 2010 ranked first in "The Best of the Best" category of the annual contest organised by the Institute of Accounting and Taxes. This has been yet another award won by BRE Bank Group in this contest. In the five editions which have taken place so far, BRE Bank won the first prize in the financial institutions category for its financial statements for 2006, 2007 and 2009. In 2008, the Bank came second in this category.

XVII.4. Significant Blocks of Shares

Commerzbank AG has for many years been the majority shareholder of BRE Bank. The share of Commerzbank has been increasing from 21% in 1995, to 50% in 2000 and 72.16% in 2003. Starting from 2005, the share has been declining slightly due to the implementation of the managerial options programme in BRE Bank.

As at the end of 2011, Commerzbank held 69.72% of shares and votes at the General Meeting through its 100% subsidiary Commerzbank Auslandsbanken Holding AG. 30.28% of shares in free float are held

by institutional investors (in particular Polish pension funds, and Polish and foreign investment funds) and individual investors. In 2011, ING Otworthy Fundusz Emerytalny exceeded the 5% threshold of shares and votes at the General Meeting, which obligated it to announce the shares purchase (stock exchange report dated July 8, 2011).

Significant blocks of shares				
Shareholder	Total number of shares		Total number of votes	
	42,102,746		42,102,746	
Commerzbank Auslandsbanken Holding AG	29,352,897	69.72%	29,352,897	69.72%
ING Otworthy Fundusz Emerytalny	2,290,882	5.44%	2,290,882	5.44%

The strategic shareholder of BRE Bank, Commerzbank AG, is a leading bank for private and corporate customers in Germany. With the segments Private Customers, Mittelstandsbank, Corporates & Markets, Central & Eastern Europe as well as Asset Based Finance, the Bank offers its customers an attractive product portfolio, and is a strong partner for the export-oriented SME sector in Germany and worldwide. With a total of some 1,200 branches, Commerzbank has one of the densest networks of branches among German private banks. It has around 60 sites in more than 50 countries and serves more than 14 million private clients as well as 1 million business and corporate clients worldwide.

For more information about Commerzbank, see chapter VI.1 of the Report of the Management Board on operations of BRE Bank Group.

XVII.5. Special Control Rights

Pursuant to the By-laws of BRE Bank, all the existing shares are ordinary bearer shares. In no way are the shares differentiated in terms of the rights carried by them. There are no preferred shares; each share represents one vote at the General Meeting. The control rights of Commerzbank AG as the parent entity of Commerzbank Auslandsbanken Holding AG are a result of the number of shares held and their percentage share in the equity and the number of votes at the General Meeting of BRE Bank, which translates into consolidated supervision exercised over BRE Bank as a subsidiary of Commerzbank.

XVII.6. Limitations on the Exercise of the Voting Right

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

XVII.7. Limitations on the Transfer of the Property Right to Securities of the Issuer

The BRE Bank By-laws do not impose any limitations on the transfer of the property right to securities issued by the Bank.

XVII.8. Principles of Appointing and Dismissing Management Board Members

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

The President of the Management Board, the Vice-Presidents of the Management Board and the other Members of the Management Board are appointed and dismissed by the Supervisory Board, acting pursuant to the provisions of the Banking Law and considering relevant qualifications for the assigned

functions. The Polish Financial Supervision Authority (KNF) approves two Members of the Management Board of the Bank: the President of the Management Board and the member responsible for developing and implementing the Bank's credit policy and risk management. In accordance with the Code of Commercial Partnerships and Companies, a Member of the Management Board may also be dismissed or suspended by the General Meeting.

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

XVII.9. Amendments to the Company's By-Laws

Amendments to the By-Laws of BRE Bank require adoption of a resolution by the General Meeting of BRE Bank and registration of the adopted amendment in the National Court Register. Before the General Meeting of BRE Bank is presented with a draft resolution concerning amendment to the By-Laws, the Management Board of BRE Bank adopts a resolution on the proposed amendment by approving the draft resolution of the General Meeting, and then the draft is presented to the Supervisory Board of BRE Bank for approval. Under the Code of Commercial Partnerships and Companies, the resolution on amendments to the By-Laws is passed by a majority of 75% of votes.

In accordance with Article 34.2 of the Banking Law of 29 August 1997, any amendment of the Bank's By-laws requires the authorisation of the Polish Financial Supervision Authority where such amendment relates to:

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

The latest amendments to the Bank's By-laws were introduced by resolution of the 24th General Meeting held on March 30, 2011. In the article concerning banking activities the nature of brokerage operations pursued by the Bank was specified more precisely. Moreover, the banking activities have been supplemented by the operations pursued based on Article 70(2) of the Act on trading in financial instruments, which consist in receiving and transmitting instructions to purchase or sell financial instruments, purchasing or selling financial instruments on own account, investment advisory, offering financial instruments, and providing services having financial instruments as their subject matter.

XVII.10. General Meeting Procedures and Authority, Shareholder Rights and Exercise Procedures

XVII.10.1. General Meeting Procedures

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

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

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

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

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

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

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

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

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

XVII.10.2. Fundamental Authority of the General Meeting

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

- examination and approval of the report of the Management Board on the Bank's operations and financial statements for the past financial year
- adoption of resolutions on the distribution of profit or coverage of losses
- vote of discharge of duties for members of the Bank's authorities
- election and dismissal of Members of the Supervisory Board
- amendment of the By-laws

- increase or reduction of the Bank's share capital
- adoption of resolutions concerning the cancellation of shares and resolutions on cancellation of shares, in particular on setting the policy of share cancellation not regulated in the By-laws
- creation and winding up of special purpose funds
- issue of convertible bonds or preferred bonds
- establishment of the principles of remunerating Members of the Supervisory Board
- liquidation of the Bank or its merger with another bank
- appointment of liquidators
- matters submitted by the Supervisory Board
- matters submitted by shareholders in accordance with the By-laws
- election of an entity qualified to audit financial statements as statutory auditor of the Bank.

XVII.10.3. Shareholder Rights

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

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

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

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

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

A shareholder has the right to:

- vote, propose motions and raise objections
- justify his or her position briefly
- stand for election for Chairman of the General Meeting and propose a candidate for Chairman of the General Meeting to be noted in the minutes
- take the floor during the proceedings and make a reply
- table draft resolutions concerning the items put on the agenda
- propose amendments and additions to draft resolutions on the agenda for the General Meeting before the discussion of the item covering the draft resolution concerned by the proposal is closed
- propose formal motions relating to the proceedings and the voting procedure

- propose candidates for the Bank's Supervisory Board in writing to the Chairman of the General Meeting or orally to the minutes
- review the book of minutes and request a copy of resolutions authenticated by the Management Board
- take legal action to have a resolution of the General Meeting annulled where the shareholder voted against a resolution of the General Meeting and after its adoption raised an objection to the minutes or the shareholder was unreasonably prevented from participating in the General Meeting or the shareholder was not present at the General Meeting as a result of it being convened incorrectly or the adopted resolution not being on the agenda
- take legal action against the Company to have a resolution of the General Meeting annulled where the resolution is in breach of law.

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

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

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

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

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

XVII.10.4. General Meeting in 2011

The 24th General Meeting was held on March 30, 2011. The Meeting was attended by shareholders or their proxies representing in total 83.39% of shares in the Company's share capital. The following resolutions were adopted:

- resolution on approving the reports of the Management Board of BRE Bank and BRE Bank Group, and the financial statements of the Bank and the Group for 2010
- resolution on distribution of the 2010 profit
- resolution on vote of discharge of duties for Members of the Management Board of BRE Bank
- resolution on approving the appointment of a Member of the Supervisory Board under the procedure laid down in Article 19(3) of the By-laws of BRE Bank, which allows the Bank to appoint a new Member of the Supervisory Board during the year due to resignation of another member
- resolution on vote of discharge of duties for Members of the Supervisory Board of the Bank
- resolution on amending the By-laws of BRE Bank (specified in section IX)
- resolutions on determining the number of Members of the Supervisory Board of BRE Bank SA
- resolution on electing Members of the Supervisory Board of BRE Bank for a joint 3-year term

- resolution on selecting the auditor to review the financial statements of BRE Bank and BRE Bank Group for 2011 (PricewaterhouseCoopers Sp. z o.o.).

The resolutions adopted by the 24th General Meeting and the detailed voting results are available on http://www.brebank.com.pl/relacje_inwestorskie, in the section dedicated to General Meetings.

XVII.11. Composition of and Changes in the Management Board and the Supervisory Board of the Bank and their Procedures

XVII.11.1. Composition of the Management Board

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

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

Member/function	Professional experience
Cezary Stypułkowski President of the Management Board, CEO	Born in 1956, Cezary Stypułkowski holds a PhD in law from the University of Warsaw. He studied at Columbia University Business School in New York as a member of the Fulbright Program in 1988-1989. In 1980s, he worked in government administration, among others as secretary to the Economic Reform Committee of the Council of Ministers and, in 1987, as advisor to the Prime Minister. From February 1991, he chaired the Management Board of Bank Handlowy S.A. for more than twelve years. He acted as President of the Management Board of PZU Group from June 2003 to June 2006. In December 2006, Mr. Stypułkowski was appointed Managing Director of J.P. Morgan Investment Bank responsible for Central and Eastern Europe. Cezary Stypułkowski was also a member of the Deutsche Bank International Advisory Board, INSEAD International Advisory Board, Institute of International Finance in Washington and Geneva Association. Appointed President of the Management Board of BRE Bank on August 2, 2010, acting President of the Management Board of the Bank as of October 1, 2010, approved as a President of the Management Board by the Polish Financial Supervision Authority on October 27, 2010.
Karin Katerbau Vice-President of the Management Board, Chief Financial Officer	Born in 1963, graduate of Reutlingen University of Applied Science and Groupe ESC in Reims (France) in 1989, holder of French and German diploma in economics and business management. Started her professional career in 1990 in Societe Generale - Elsaessische Bank & Co in Frankfurt. In 1994, she joined the Commerzbank Group. In 2001-2008, Ms. Katerbau worked for comdirect bank AG, where from 2004 she held the position of Management Board Member, Chief Financial Officer responsible, among others, for finance and controlling. Since March 2008, Chief Operating Officer of the Group Segment Private & Business Customers at Commerzbank AG, Frankfurt. Member of the Management Board of BRE Bank since September 5, 2008, Vice-President of the Management Board since October 1, 2009.
Wiesław Thor	Born in 1958, graduate of the Central School of Planning and Statistics (currently Warsaw School of Economics), training program "Train the Trainer" organised by KPMG and the South

<p>Vice-President of the Management Board, Chief Risk Officer</p>	<p>Carolina Business School, and summer school of banking at McIntire University Business School. Employed with BRE Bank since 1990 on the following positions: specialist, division head, deputy director of the Warsaw branch, director of the Credit Department, and Chief Risk Officer since May 2000. As of August 1, 2002, Managing Director at Bank Handlowy in Warsaw.</p> <p>On November 2, 2002, Mr. Thor was appointed Member of the Management Board of BRE Bank, Chief Risk Officer. Vice-President of the Management Board of BRE Bank since March 15, 2008.</p>
<p>Przemysław Gdański</p> <p>Member of the Management Board, Head of Corporate Banking</p>	<p>Born in 1967, graduated from the University of Gdańsk (major: International Trade) and completed a one-year programme in international banking and finance at Loughborough University in the UK.</p> <p>In 1993 - 1995, worked for IBP Bank S.A., for ABN AMRO Bank (Poland) and in 1998 he was seconded to ABN AMRO Bank (Romania) in Bucharest. From 2001 he worked at the headquarters of ABN AMRO in Amsterdam and was responsible for global clients' portfolio within the Global Commodity Finance Department.</p> <p>In 2002- 2006, Managing Director of Large Corporates Division in BPH Bank. From May to November 2006, Chief Executive Officer and General Director of Calyon Bank Polska and Calyon SA Branch in Poland. In November 2006, he took the position of Vice-President of the Management Board in Bank BPH, responsible for corporate banking and real estate financing.</p> <p>As a result of the merger of part of BPH Bank and Pekao S.A. - Vice-President of the Board, responsible for Corporate Banking, Markets and Investment Banking in Division of Pekao SA.</p> <p>Member of the Management Board of BRE Bank since November 19, 2008.</p>
<p>Hans-Dieter Kemler</p> <p>Member of the Management Board, Head of Investment Banking</p>	<p>Born in 1968, graduated from the Westphalian Wilhelm University of Münster in 1996. In 1991-1992, worked in Bond Trading Department at Dresdner Bank. In 1996-1998, employed with Sal. Oppenheim jr & Cie. KGaA, Financial Markets Department, Frankfurt. In 1998-2005, Head of the Corporate Risk Advisory in the Head Office of Commerzbank. Since 2005, member of the senior management of Commerzbank responsible for international public finance. He also acted as a managing director at Erste Europäische Pfandbrief-Kommunalkreditbank AG in Luxemburg.</p> <p>Member of the Management Board of BRE Bank since July 10, 2009.</p>
<p>Jarosław Mastalerz</p> <p>Member of the Management Board, Head of Retail Banking</p>	<p>Born in 1972. In 1996, graduated from the Faculty of Economics and Foreign Trade at University of Łódź. In 1996-1998, worked in the Audit Department of PricewaterhouseCoopers. In 1998-2003, Marketing Director and then Financial Director in Zurich Group. After the take-over of the Polish Zurich operations by Generali in 2003, Financial Director (also responsible for bank assurance) at Generali TU and Generali TUnŽ. Since 2006, Mr. Mastalerz has been working for BRE Bank Group. Co-author of the insurance project BRE Ubezpieczenia. President of the Management Board of BRE Ubezpieczenia and BRE Ubezpieczenia TUiR.</p> <p>Member of the Management Board of BRE Bank since August 1, 2007.</p>
<p>Christian Rhino</p>	<p>Born in 1969, graduate of Berlin Technical University. In banking</p>

Member of the Management Board, Head of Operations and IT	<p>since 1998 when he started working for Deutsche Bank AG, first as e-commerce coordinator, then as director of the eBusiness Department, finally as Vice President of Corporate Banking. Since 2001 employed with Commerzbank, where he held the position of Global Head Trade Finance & Transaction Services and Managing Director in Corporate Banking.</p> <p>Member of the Management Board of BRE Bank since March 15, 2008.</p>
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In 2011, the composition of the Management Board of BRE Bank remained unchanged. In December 2011, Ms Karin Katerbau, Vice-President of the Management Board, announced her intention to resign from the position at BRE Bank in the first half of 2012. Following her departure from BRE Bank, Ms Karin Katerbau will become a Member of the Management Board of Oldenburgische Landesbank. In January 2012, Christian Rhino, the Board Member responsible for Operations and IT, announced the termination of his employment in BRE Bank by the end of March. Starting from April, he will take a position as Managing Director in Commerzbank AG.

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

XVII.11.2. Authority and principles of operation of the Management Board

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

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

- Resource Management Committee (Chairperson: Cezary Stypułkowski)
- Capital Management Committee (Chairperson: Karin Katerbau)
- Assets and Liabilities Management Committee (ALCO) of BRE Bank Group (Chairperson: Hans-Dieter Kemler)
- Risk Committee of BRE Bank (Chairperson: Wiesław Thor)
- Credit Committee of the Management Board of BRE Bank (Chairperson: Wiesław Thor)
- Credit Policy Committee of Retail Banking (Chairperson: Wiesław Thor)
- Committee on Data Quality Management for the purposes of the Bank's regulatory requirements calculation /AIRB/ (Chairperson: Wiesław Thor)
- IT Architecture Committee (Chairperson: Christian Rhino)
- IT Projects Committee at BRE Bank SA (Chairperson: Christian Rhino).

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

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

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

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

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

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

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

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

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

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

Year (in PLN thousand)	Basic remuneration	Other profits	Cash bonus	Cash settlement of the incentive programme based on Commerzbank shares	Total
2010 - Members of the Management Board who performed their function on December 31, 2010	8,295.2	928.7	1,167.3	907.0	11,298.2
2010 - former Members of the Management Board	1,179.4	4,525.0	225.0	263.3	6,192.7
Total 2010	9,474.6	5,453.7	1,392.3	1,170.3	17,490.9
2011 - Members of the Management Board who performed their function on December 31, 2011	9,886.7	1,198.0	6,977.8	934.0	18,996.5
2011 - former Members of the Management Board	0	0.1	1,098.1	462.7	1 560.9
Total 2011	9,886.7	1,198.1	8,075.9	1,396.7	20,557.4

Information on remuneration received by particular Management Board Members divided into the fixed and variable part is presented in item 44 of the explanatory notes to the Financial Statements of BRE Bank SA Group for 2011 in accordance with the International Financial Reporting Standards. The description of the share-based incentive programme for the Management Board is presented in note 40 to the Financial Statements.

XVII.11.3. Composition of the Supervisory Board - changes in 2011

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

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

The General Meeting of Shareholders held on March 30, 2011 appointed the following Members of the Supervisory Board for a three-year term: Maciej Leśny - Chairman of the Supervisory Board, Achim Kassow - Deputy Chairman of the Supervisory Board, Andre Carls, Thorsten Kanzler, Sascha Klaus, Teresa Mokrysz, Waldemar Stawski, Eric Strutz, Jan Szomburg and Marek Wierzbowski. Thorsten Kanzler and Eric Strutz have been appointed Members of the Supervisory Board of BRE Bank for the first time. They replaced Stefan Schmittmann and Martin Zielke, Members of the Supervisory Board in the previous term.

After the General Meeting, there was one change in the composition of the Supervisory Board in 2011. Dr. Achim Kassow resigned from his position as Member of the Supervisory Board of the Bank as of 12 July 2011. On July 13, 2011, the Supervisory Board appointed Ulrich Sieber until the end of the present term. At the same time, Mr. Sieber was entrusted the function of Deputy Chairman of the Supervisory Board.

Furthermore, on February 13, 2012, BRE Bank received the resignation of Dr. Eric Strutz from his position as Member of the Supervisory Board with effect on March 30, 2012.

Composition of the Supervisory Board is presented below:

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

	From March 1994 to 1998, Chairman of the Supervisory Board of BRE Bank. By December 2001, Member of the Supervisory Board. In 2004, Mr. Leśny was re-elected Chairman of the Supervisory Board.
Ulrich Sieber Deputy Chairman of the Supervisory Board	Born in 1965. Graduate of the Banking Academy (Bankakademie) in Frankfurt am Main. In 1983-1991, employed with Bayerische Vereinsbank AG. Afterwards, Mr. Sieber worked for Credit Suisse Deutschland AG in Frankfurt am Main, at first as credit officer, then as Head of HR Development Department. In 1996-2001, employed with JP Morgan GmbH Deutschland in Frankfurt am Main, at first as Chief Administration Officer and then as Chief Operating Officer in Investment Banking. In 2001-2005, director at Dresdner Bank AG. In early 2006, Mr. Sieber took the executive position of Commerzbank's HR department. Since June 2009, Member of the Management Board of Commerzbank AG.
Andre Carls Member of the Supervisory Board	Born in 1963. Graduate of the University of Cologne, PhD in economics. Employee of Commerzbank since 1990. In 1998-2000, played a key role in developing the investment banking division of Commerzbank in London. From 2000 to 2008, acted as Member of the Management Board of comdirect bank AG, from November 2004 to March 2008 - as CEO. From March to September 2008, Chief Financial Officer and Vice-President of the Management Board of BRE Bank. Since March 2008, CEO of Commerzbank Auslandsbanken Holding AG, Frankfurt, and CEO of Central & Eastern Europe-Holding of Commerzbank AG.
Thorsten Kanzler Member of the Supervisory Board	Born in 1964. Studied microeconomics and mechanical engineering at the University of Technology in Darmstadt (Germany), where he obtained the Diplom-Wirtschaftsingenieur (M.Sc. Eng.). From 1991 to 2004, employed at Deutsche Bank AG on various positions in the treasury and risk management area in Frankfurt, New York, Sydney and London. Between 2004 and 2007, Director for Treasury of the Group and Board Member for Corporate & Investment Banking in WestLB AG in Düsseldorf. Since May 2007, Head of Group Treasury & Capital Management at Dresdner Bank AG in Frankfurt am Main. Since the beginning of 2009, Divisional Board Member for Group Treasury at Commerzbank AG. Mr. Kanzler is responsible for assets and liabilities management, cash funds and repo transactions management and capital market financing.
Sascha Klaus Member of the Supervisory Board	Born in 1970. Graduated from the Frankfurt School of Finance and Management. In 1992-1999, employed at Deutsche Bank AG on various positions in the financial institutions, corporate finance and investment banking risk areas. From January 2000 to April 2008, held managerial positions at Dresdner Kleinwort in New York, in particular Managing Director for Investment Banking Risk Management (from February 2003). In May 2008, took up a similar position at Dresdner Bank AG, Frankfurt/ London. Since 2009, Mr. Klaus had been responsible for Investment Banking Risk Management at Commerzbank AG. Since March 2010, Member of the Management Board of Commerzbank Auslandsbanken Holding AG responsible for risk management in Central and Eastern Europe.
Teresa Mokrysz Member of the Supervisory Board	Born in 1952. Graduated from the University of Economics in Katowice in 1978. Co-owner of MOKATE. In 1992-1994, launched cappuccino coffee as a new product on the Polish market and acquired a 70% market share and a leading position in this product category. In 1994-1995, built a greenfield MOKATE plant in Ustroń, and in 2001 another one in Żory. The investments allowed Ms. Mokrysz to introduce her company on the market for half-finished products. At present, leading a group of nine MOKATE companies, five of which are based abroad.

	<p>Winner of the "Leader of the Decade" title given by Gazeta Wyborcza daily, and the "Success of the Decade" title given by the Businessman Magazine. In 2000, the International Foundation for Women's Entrepreneurial Spirit from Los Angeles awarded Ms. Mokrysz the title of "the most entrepreneurial woman of the world". Founder of scholarships for talented and impoverished youth, provides financial support to health care institutions, nursing homes, orphanages and schools.</p>
<p>Waldemar Stawski</p> <p>Member of the Supervisory Board</p>	<p>Born in 1958. Graduate of the Gdańsk Technical University and post-graduate studies in financial analysis, accounting and finance. In 1983-1991, member of the teaching staff of the Maritime University of Gdynia. From 1991, employee of Pomorski Bank Kredytowy, from 1993 - Director of the Branch in Gdynia. In 1995-2000, Director of the Regional Branch of PKO BP in Gdańsk. In 2000, Mr. Stawski was appointed Vice-President of the Management Board of PKO BP SA responsible for managing the treasury, corporate clients, capital market and corporate governance areas. From June 2002 to February 2003, Chairman of the Team of Receivers for Wschodni Bank Cukrownictwa SA. Then, Member of the Management Board of CTL Logistics SA and General Director of the Polish Association of Transport and Logistics Employers. At present, associate to Doradztwo Ekonomiczne Dariusz Zarzecki as Director. Holder of the Accounting Certificate issued by the Minister of Finance, authorising him to provide bookkeeping services.</p>
<p>Eric Strutz</p> <p>Member of the Supervisory Board</p>	<p>Born in 1964. Studied business administration at the University of Erlangen- Nuremberg and the University of St. Gallen. In 1989, obtained his "lic. oec. HSG"; in 1991, awarded the MBA degree from the University of Chicago; in 1993, obtained a PhD degree at the University of St. Gallen. In 1993, joined The Boston Consulting Group where he became Vice-President, Director and Partner in 2000. A year later, Mr Strutz joined Commerzbank AG as Executive Vice President for Strategy and Controlling. In June 2003, appointed Chief Financial Officer, while in April 2004, Member of the Management Board of Commerzbank AG.</p>
<p>Jan Szomburg</p> <p>Member of the Supervisory Board</p>	<p>Born in 1951. Graduate of the University of Gdańsk, PhD in economics. Previously worked as an assistant and then as a lecturer at the University of Gdańsk. Founder and the President of the Management Board of the Gdańsk Institute for Market Economics. In 1990s, Chairman of the Supervisory Board of Polski Bank Rozwoju and Bank Gdański, advisor to the ownership transformation minister, member of the Prime Minister's Ownership Transformation Council. Economic advisor to the prime minister, chairman of the Prime Minister's Ownership Transformation Council.</p>
<p>Marek Wierzbowski</p> <p>Member of the Supervisory Board</p>	<p>Born in 1946. Full professor of the University of Warsaw, legal counsel, partner to the law office "Prof. Marek Wierzbowski i Partnerzy - Adwokaci i Radcowie Prawni", member of the Public Procurement Council, president of the Court of the Chamber of Brokerage Houses, vice-chairman of the Stock Exchange Board. Mr. Wierzbowski was a vice dean of the Law and Administration Faculty, and deputy vice chancellor of the University of Warsaw. For many years he was a partner in international law firms: Weil Gotshal & Manges, and then Linklaters. Mr. Wierzbowski represents entrepreneurs in proceedings before administrative bodies, and before administrative and arbitrage courts. Professor Wierzbowski has been leading legal teams servicing numerous transactions, in particular the sale of shares of privatized large enterprises. Creator of brokerage houses, representative of the Securities and Exchanges Commission and the Commission for Banking Supervision in proceedings before the Supreme Administrative Court. Acted as</p>

	advisor to the Ownership Transformation Minister, Treasury Minister, and President of the Power Industry Regulatory Office, and as vice-president of the Arbitrage Court at the Polish Chamber of Commerce in Warsaw.
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The composition of the Supervisory Board reflects the care exercised to achieve the greatest possible diversification of members both in terms of their professional experience as well as their knowledge and skills. The Supervisory Board is composed of representatives of BRE Bank's main shareholder, specialists of science and business, and persons having vast legal knowledge and banking expertise.

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

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

XVII.11.4. Authority and principles of operation of the Supervisory Board

The powers of the Supervisory Board involve in particular:

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

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

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

Resolutions of the Supervisory Board are adopted by a simple majority of votes cast. In the case of an equal number of opposing votes, the Chairman of the Supervisory Board has the casting vote. No resolution should be passed without the consent of the majority of independent Members of the Supervisory Board on the following matters:

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

The Supervisory Board has 3 Committees: the Executive Committee, the Risk Committee, and the Audit Committee.

The tasks of the Executive Committee involve, in particular, exercising regular supervision of the Bank's operation in the periods between meetings of the Supervisory Board. The Executive Committee authorises the Management Board to acquire, encumber or dispose of real estate, perpetual leasehold, or interests in real estate, shares or equity interests in companies, and other fixed assets if the value of the transaction exceeds 1% of the Bank's own funds, handles matters related with the principles and levels of remuneration of Members of the Management Board, monitors the level and structure of remuneration of the Members of the Management Board, and issues opinions on granting Members of the Management Board approval for engaging in competitive activity.

The Executive Committee is composed of Maciej Leśny as Chairman and Members: Andre Carls, Jan Szomburg and Ulrich Sieber, who replaced Achim Kassow in July 2011.

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

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

The Audit Committee is composed of: Eric Strutz as Chairman, and Andre Carls, Maciej Leśny and Teresa Mokrysz as Members.

The Risk Committee has among others the following tasks: exercising permanent supervision over credit risk, market risk and operational risk. Moreover, the Risk Committee issues recommendations on approval or rejection of the transactions, provided for in the Banking Law, between the Bank and Members of the Bank's authorities, and recommendations on approval or rejection of the Bank's information policy regarding risk management.

The Risk Committee is composed of: Sascha Klaus as Chairman, and Thorsten Kanzler, Maciej Leśny and Waldemar Stawski as Members.

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

The amount of monthly remuneration of the Members of the Supervisory Board was set in Resolution No. 27 adopted by the 17th General Meeting of BRE Bank held on April 21, 2004.

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

Total remuneration of the Supervisory Board paid in 2011 amounted to PLN 2,057.9 thousand, up by PLN 202.3 M YoY.

Detailed information about the remuneration amounts paid to individual Members of the Supervisory Board is included in explanatory note no. 44 to the Financial Statements of BRE Bank SA Group for 2011 in accordance with the International Financial Reporting Standards.

XVII.11.5. Operations of the Supervisory Board and its Commissions in 2011

In 2011, the Supervisory Board, including especially the Executive Committee, co-operated closely and on a regular basis with the Management Board in order to develop the Mid-term Business Plan for BRE Bank Group for 2012-2015 and the strategic directions for the future business development of BRE Bank Group.

In 2011, the Supervisory Board held 6 meetings and adopted 51 resolutions. The resolutions concerned among others:

- adoption of the financial statements of BRE Bank and BRE Bank Group and of other materials for the Ordinary General Meeting
- adoption of the financial plan for 2012
- adoption of the Mid-term Plan for 2012-2015
- personnel issues
- adoption of amendments to the Rules of the Supervisory Board
- adoption of the new text of the By-laws of BRE Bank
- allocation of funds to BRE Bank's Foundation
- adoption of the report on compliance risk management
- adoption of the Compliance Policy
- adoption of the new rules and scope of operation of the Risk Committee of the Supervisory Board
- adoption of the Internal Audit Plan for 2011
- adoption of the Capital Management Policy
- adoption of the Internal Capital Adequacy Assessment Process (ICAAP) in BRE Bank Group
- implementation of the Employee Programme and the Incentive Programme for Management Board Members
- adoption of the Capital Investments Policy Principles
- adoption of the assessment of the Internal Control and Risk Management System in 2010
- approval for changing the procedure for supervising credit risk by the Risk Committee of the Supervisory Board concerning banks, credit institutions and international financial institutions
- adoption of the Operational Risk Management Strategy and Policy

- adoption of the Report of the Outsourcing Coordinator on Implementation of the Outsourcing Policy in 2010
- adoption of amendments to the Rules of Internal Control
- approval of the Liquidity Risk Management Strategy
- approval of the Market Risk Management Strategy
- approval of the Credit Risk Management Strategy
- approval of the Annual report on supervising the processes of handling claims and complaints in 2010.

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

The Supervisory Board of the Bank operated in an effective manner. The Supervisory Board passed all the resolutions and decisions unanimously.

Attendance of the Supervisory Board Members at the meetings and participation in the Committees in 2011:

Member	Attendance*	Executive Committee	Risk Committee	Audit Committee
Andre Carls	6/6	X	X (until March 30, 2011)	X
Achim Kassow (until July 12, 2011)	3/4	X (until July 12, 2011)		
Thorsten Kanzler (from March 30, 2011)	4/4		X (from March 30, 2011)	
Sascha Klaus	6/6	X (until March 30, 2011)	X	
Maciej Leśny	6/6	X	X	X
Teresa Mokrysz	6/6			X (from March 30, 2011)
Stefan Schmittmann (until March 30, 2011)	2/2			
Ulrich Sieber (from July 13, 2011)	2/2	X (from July 13, 2011)		
Waldemar Stawski	5/6		X	
Eric Strutz (from March 30, 2011)	3/4			X (from March 30, 2011)
Jan Szomburg	5/6	X		X (until March 30, 2011)
Marek Wierzbowski	6/6			
Martin Zielke (until March 30, 2011)	1/2			X (until March 30, 2011)

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

In performing its function of ongoing supervision of the Bank's operation in the periods between meetings of the Supervisory Board, the Executive Committee co-operated closely with the Management Board and was informed about the situation in the Bank on an ongoing basis in 2011. Members of the Committee held regular meetings with Members of the Management Board. The

Executive Committee considered, among others, bonuses for Members of the Management Board and approved membership of the Management Board Members in authorities of other companies.

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

The Committee held four meetings in 2011 and discussed, among others, the following:

- compliance of the Process of Preparing Financial Statements with the law and applicable regulations
- conclusions from the Audit of the Annual Financial Statements of BRE Bank Group for 2010,
- assessment of the Internal Control and Risk Management System at BRE Bank in 2010 made by the Internal Audit Department
- current and future amendments to the IFRS
- co-operation with the Auditor PricewaterhouseCoopers
- independent Assessment of the Internal Audit Function at BRE Bank made by PricewaterhouseCoopers
- summary of the Audit of the Financial Statements for H1 2011
- scope of the Audit of the Financial Statements for 2011.

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

- Reports of the Management Board on operations of BRE Bank and BRE Bank Group in 2010, and Financial Statements for 2010
- Annual Report on compliance Risk Management at BRE Bank in 2010
- Report of the Outsourcing Coordinator in respect to Implementation of the Outsourcing Policy at BRE Bank in 2010
- Audit Plans of the Internal Audit Department for 2011
- Approval of Amendments to the Internal Control Rules at BRE Bank.

Moreover, the Audit Committee issued a positive opinion on the appointment of the statutory auditor and recommended changes on the position of Director and Deputy Director of the Internal Audit Department.

In 2011, the Risk Committee paid much attention to the introduction at BRE of statistical methods for calculating credit risk regulatory capital requirements (the AIRB approach, Basel II).

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

XVIII. Statements of the Management Board

True and Fair Picture in the Presented Reports

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

- The annual consolidated financial statements and the comparative figures were prepared in compliance with the binding accounting principles and present a true, fair and clear picture of the financial position and the condition of the assets of BRE Bank SA Group as well as its financial performance
- The report of the Management Board on the business of the BRE Bank Group in 2011 presents a true picture of the developments, achievements, and situation of the BRE Bank SA Group, including a description of the main risks and threats.

Appointment of the Auditor

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

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

Data	First and last name	Position	Signature
02.03.2012	Cezary Stypułkowski	President of the Management Board, General Director of the Bank	
02.03.2012	Karin Katerbau	Deputy President of the Management Board, Chief Financial Officer	
02.03.2012	Wiesław Thor	Deputy President of the Management Board, Chief Risk Officer	
02.03.2012	Przemysław Gdański	Member of the Management Board, Head of Corporate Banking	
02.03.2012	Hans-Dieter Kemler	Member of the Management Board, Head of Investment Banking	
02.03.2012	Jarosław Mastalerz	Member of the Management Board, Head of Retail Banking	
02.03.2012	Christian Rhino	Member of the Management Board, Head of Operations & Information Technology	