

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

Dear Shareholders,

It is with pleasure that I report that 2012 was another year of solid business and financial results for both BRE Bank and the Group. We delivered on the promises made earlier in the year as despite a more challenging market environment our profit was similar to that of last year.

We generated a net profit of more than PLN 1.2 billion, which was 6% more than in 2011. Our profit before tax was close to PLN 1.5 billion, which implied a (gross) return on equity of almost 18%. In addition, our operations in the Czech Republic and Slovakia for the first time made a positive contribution to the results of the Group. The maintained cost discipline helped us to further reduce the cost/income ratio to 46.4%.

Our Retail Banking segment reported another successful year and contributed more than 55% to the Group's income and 59% to its profit before tax. We earned the trust of 209.4 thousand new retail customers, including our 4 millionth customer gained in Q3. The average number of products per customer grew steadily and reached 3.3 at the end of the year, driven by our efforts to fully leverage the potential of the retail platform. Our deposit portfolio also grew substantially as its volume increased by almost one-fourth. We continued to pursue our drive for innovation: 2013 will be the year of the New mBank, which stands a strong chance of becoming the most advanced online banking platform and setting new standards on the Polish retail market and beyond.

The Corporates and Financial Markets segment contributed more than 44% of the Group's income and 41% to its profit before tax. With 1,118 new customers acquired in 2012, we now serve a record-high number of more than 15 thousand business entities. Uncertainty on the markets discouraged companies from making major investment decisions; however, the Bank managed to grow the volume of corporate loans by around 2% and its market share stood at 8.7% in December. In 2012, we have introduced new products and solutions aimed at increasing the satisfaction of our corporate clients, such as a new iBRE FX trading platform, new functionalities of iBRE Connect services and an iBRE News information platform.

In 2012, we continued our efforts aiming to strengthen the Bank's funding profile. In December 2012, customers held PLN 58 billion in accounts with the Bank, which was 7% more than at the end of 2011, contributing significantly to the improvement of the loan-to-deposit ratio, which decreased by 9.4 p.p. to 115.7% at the end of 2012. Furthermore, we made a successful come-back to the international bond markets by issuing EUR 500 million of debt under the EMTN programme.

A major milestone in 2012 was the full implementation of the advanced internal rating-based (AIRB) approach to the calculation of capital requirements, confirming the top quality of the Bank's credit risk management processes and setting us apart from the local market. Furthermore, the sound quality



of our loan portfolio and comprehensive management of financial risk ensured that the Group maintained a safe capital adequacy levels. The capital adequacy ratio stood at 18.7% and Core Tier 1 was 13.0% at the end of the year.

In August, we presented our new strategy called: "One Bank" which will define our activities until 2016. A range of initiatives are already underway. We will shortly present the outcome of two key projects: the launch of the New mBank and the unification of the BRE Bank Group under one brand of mBank. These initiatives should help to strengthen our market position and support customer acquisitions, which is one of our priorities for 2013. I am also convinced that the rebranding will also afford an opportunity of a stronger focus on cross-selling as well as synergies across the Group.

The Bank and Group companies won many awards and distinctions in 2012, both for our overall business performance and product innovations. The monthly *Gazeta Bankowa* awarded us the most prestigious title of "The Bank of Two Decades" while our Retail Banking once again triumphed in the *Friendly Bank of Newsweek* ranking.

In last year's letter, I informed you about the inability of paying out a dividend for 2011 and about the retention of all earnings of the year in view of the recommendations of the Polish Financial Supervision Authority (KNF) forced by the turbulences on the European and international financial markets. Today, it is with satisfaction that I convey the message from the Management Board of BRE Bank which, for the first time since 2001, wishes to recommend the payment of a part of the 2012 profits as dividend.

I would like to thank you, our Shareholders, for the confidence and support you have given us. I also thank our Customers who always inspire us to never stop in our efforts to develop and identify business solutions good both for the Customers and for the Bank.

I thank the Supervisory Board for its good co-operation and unfailing support.

I trust that with the engagement of our employees - whom I wish to thank for their contribution to the success of the Bank and Group companies - the year 2013 will be another successful year for us.

With best regards,

Cezary Stypułkowski

President of BRE Bank SA Management Board