

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's report of the above-mentioned Polish Company. In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland.

The accompanying translated report has not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancy in interpreting the terminology, the Polish language version is binding.

Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and the Supervisory Board of BRE Bank SA

We have audited the accompanying financial statements of BRE Bank SA (hereinafter called "the Bank"), Senatorska 18 Street, Warsaw, which comprise the statement of financial position as at 31 December 2012, showing total assets and total equity and liabilities of PLN 98,148,976 thousand, the income statement for the financial year from 1 January to 31 December 2012, showing a net profit of PLN 1,199,484 thousand, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the financial year and additional information on adopted accounting policies and other explanatory notes.

The Bank's Management Board is responsible for preparing the financial statements and a Directors' Report in accordance with the applicable regulations, and for the correctness of the accounting records. The Management Board and Members of the Supervisory Board are obliged to ensure that the financial statements and the Director's Report comply with the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" - Journal of Laws of 2009, No. 152, item 1223 as amended).

Our responsibility was to perform an audit of the accompanying financial statements and to express an opinion on whether the financial statements comply in all material respects with the applicable accounting policies and whether they present, in all material respects, a true and fair view of the Bank's financial position and its results, and whether the accounting records constituting the basis for their preparation are properly maintained.

We conducted our audit in accordance with:

- (a) the provisions of Chapter 7 of the Accounting Act;
- (b) national standards of auditing issued by the National Council of Registered Auditors.

Our audit was planned and performed to obtain reasonable assurance that the financial statements were free of material misstatements and omissions. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing of the accounting policies applied by the Bank and significant estimates made in the preparation of the financial statements, as well as overall assessment of their presentation. We believe that our audit provides a reasonable basis for our opinion.

Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and the Supervisory Board of BRE Bank SA (cont.)

In our opinion, and in all material respects, the accompanying financial statements:

- (a) give a fair and clear view of the Bank's financial position as at 31 December 2012 and of the financial results for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- (b) comply in terms of form and content with the applicable laws and the Bank's Memorandum of Association;
- (c) have been prepared on the basis of properly maintained books of account, in accordance with the applicable accounting policies.

The information contained in the Directors' Report for the financial year ended 31 December 2012 has been prepared in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (*"the Decree"* – Journal of Laws of 2009, No. 33, item 259, with further amendments) and is consistent with the information presented in the audited financial statements.

Conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Agnieszka Accordi-Krawiec

Key Registered Auditor
No. 11665

Warsaw, 7 March 2013

BRE Bank SA

**Registered Auditor's report on the audit of financial statements
for the year ended 31 December 2012**



TRANSLATION ONLY

**Registered auditor's report on the audit of the financial statements
for the financial year ended 31 December 2012**

**To the General Shareholders' Meeting and the Supervisory Board of BRE
Bank SA**

This report contains 16 consecutively numbered pages and consists of:

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BRE Bank SA
Report on the financial statements
for the financial year from 1 January to 31 December 2012

I. General information about the Bank

- (a) BRE Bank SA ("the Bank") has its seat in Warsaw, ul. Senatorska 18.
- (b) The Bank was formed on the basis of Resolution No. 99 of the Council of Ministers dated 20 June 1986. The Bank began operating on 2 January 1987. The Memorandum of Association of the Bank was drawn up as a Notarial Deed at the State Notarial Office in Warsaw on 11 December 1986 and registered with Rep. No. A I 5919/86. On 11 July 2001, the Bank was entered in the Register of Businesses maintained by the District Court in Warsaw, 19th Business Department of the National Court Register, with the reference number KRS 0000025237.
- (c) On 24 June 1993, the Bank was assigned a tax identification number (NIP) 526-021-50-88 for making tax settlements. For statistical purposes, the Bank was assigned a REGON number 001254524 on 2 June 1998.
- (d) As at 31 December 2012, the Bank's registered share capital amounted to PLN 168,555,904 and consisted of 42,138,976 shares with a nominal value of PLN 4.00 each. Equity as at that date amounted to PLN 9,163,857 thousand.
- (e) As at 31 December 2012, the Bank's shareholders were:

| Shareholder's name | Number of shares held | Par value of shares held (PLN) | Type of shares held | Votes (%) |
|--------------------|-----------------------|--------------------------------|---------------------|---------------|
| Commerzbank AG | 29,352,897 | 117,411,588 | ordinary | 69.66 |
| Other shareholders | 12,786,079 | 51,144,316 | ordinary | 30.34 |
| | 42,138,976 | 168,555,904 | | 100.00 |

As at 31 December 2011, the Bank's shareholders were:

| Shareholder's name | Number of shares held | Par value of shares held (PLN) | Type of shares held | Votes (%) |
|--|-----------------------|--------------------------------|---------------------|---------------|
| Commerzbank Auslandsbanken Holding AG | 29,352,897 | 117,411,588 | ordinary | 69.72 |
| Other shareholders | 12,749,849 | 50,999,396 | ordinary | 30.28 |
| | 42,102,746 | 168,410,984 | | 100.00 |

In 2012, Commerzbank AG acquired 29,352,897 shares of BRE Bank from Commerzbank Auslandsbanken AG (a subsidiary of Commerzbank AG) continued to be the main shareholder of BRE Bank SA. Purchase of shares of BRE Bank was a subject to an internal transfer within the Commerzbank Group and did not change the ultimate parent company of BRE Bank.

As at 31 December 2012, the interest of the other shareholders in the Bank's share capital amounted to 30.34%, among which one shareholder ING Powszechnie Towarzystwo Emerytalne SA held more than 5%.

BRE Bank SA
Report on the financial statements
for the financial year from 1 January to 31 December 2012

I. General information about the Bank (cont.)

(f) In the audited year, the Bank's operations comprised:

- accepting cash placements payable on demand or on maturity and maintaining accounts for these placements;
- maintaining other bank accounts;
- clearing cash transactions;
- granting loans and cash advances;
- granting and confirming bank guarantees and opening letters of credit;
- issuing bank and other securities;
- performing commissioned tasks related to issuing securities;
- conducting forward transactions;
- issuing payment cards and conducting transactions with the use of such cards;
- acting in the capacity of a depositary within the meaning of the provisions of the Act on the Organization and Operations of Pension Funds;
- taking up or purchasing shares and share-related rights, shares in other legal entities, and purchasing units and investment certificates in investment funds;
- soliciting customers for pensions funds;
- acting in the capacity of a depositary within the meaning of the provisions of the Act on Investments Funds, conducting activities which consist of accepting orders to purchase, repurchase and subscribe for units or investment certificates in investment funds;
- maintaining registers of pension fund members and registers of investment fund participants;
- performing tasks classified as insurance intermediation;
- trading in securities, providing custody services, including maintaining securities accounts, and performing tasks related to the provision of custody services.

(g) During the audited year, the Management Board of the Company comprised:

- | | | |
|-----------------------|-----------------|--------------------|
| • Cezary Stypułkowski | Chairman | |
| • Karin Katerbau | Deputy Chairman | to 15 April 2012 |
| • Wiesław Thor | Deputy Chairman | |
| • Przemysław Gdański | Board Member | |
| • Hans Dieter Kemler | Board Member | |
| • Jarosław Mastalerz | Board Member | |
| • Christian Rhino | Board Member | to 31 March 2012 |
| • Joerg Hessenmueller | Board Member | from 16 April 2012 |
| • Cezary Kocik | Board Member | from 1 April 2012 |

(h) The Company has the following related entities:

- | | | |
|---------------------------------|---|-----------------------------|
| Commerzbank AG | - | the ultimate parent company |
| Aspiro SA | - | a subsidiary |
| BRE Bank Hipoteczny SA | - | a subsidiary |
| BRE Centrum Operacji Sp. z o.o. | - | a subsidiary |
| BRE Faktoring SA | - | a subsidiary |
| BRE Finance France SA | - | a subsidiary |
| BRE Holding Sp. z o.o. | - | a subsidiary |

BRE Bank SA
Report on the financial statements
for the financial year from 1 January to 31 December 2012

I. General information about the Bank (cont.)

| | | |
|--|---|--------------|
| BRE Leasing Sp. z o.o. | - | a subsidiary |
| BRE.locum SA | - | a subsidiary |
| BRE Ubezpieczenia TUiR SA | - | a subsidiary |
| BRE Ubezpieczenia Sp. z o.o. | - | a subsidiary |
| BRE Agent Ubezpieczeniowy Sp. z o.o. | - | a subsidiary |
| BRE Wealth Management SA | - | a subsidiary |
| Dom Inwestycyjny BRE Banku SA | - | a subsidiary |
| Garbary Sp. z o.o. | - | a subsidiary |
| Transfinance a.s. | - | a subsidiary |
| MLV 35 Sp. z o.o. spółka komandytowo - akcyjna | - | a subsidiary |

and the companies which belong to the Group of the Bank's ultimate parent company.

- (i) The Bank is an issuer of securities admitted for trading on the Warsaw Stock Exchange. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Bank has decided to prepare its financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The decision to prepare the Bank's financial statements in accordance with these standards was made by the General Shareholders' Meeting in their Resolution No. 1 passed on 27 January 2005.

- (j) As the parent company of the BRE Bank Group, the Bank has also prepared consolidated financial statements in accordance with IFRS as adopted by the European Union dated 7 March 2013. To better understand the Bank's financial position and its results of operations as the parent company, the financial statements should be read in conjunction with the consolidated financial statements.

BRE Bank SA
Report on the financial statements
for the financial year from 1 January to 31 December 2012

II. Information about the audit

- (a) The audit of the financial statements for the year ended 31 December 2012 was conducted by PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor Agnieszka Accordi-Krawiec (no. 11665).
- (b) PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Bank by Resolution No. 10 of the General Shareholders' Meeting dated 30 March 2012 in accordance with paragraph 11 of the Bank's Memorandum of Association.
- (c) PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws, No. 77, item 649, as amended).
- (d) The audit was conducted in accordance with an agreement dated 19 June 2012, in the following periods:
- interim audit from 19 November 2012 to 21 December 2012;
 - final audit from 2 January 2013 to 7 March 2013.

BRE Bank SA
Report on the financial statements for the financial year from 1 January to 31 December 2012

III. The Bank's results, financial position and significant items of financial statements

STATEMENT OF FINANCIAL POSITION as at 31 December 2012

| | 31.12.2012 | 31.12.2011* | Change | Change | 31.12.2012 | 31.12.2011* |
|---|-------------------|--------------------|------------------|---------------|----------------------|----------------------|
| | PLN'000 | PLN'000 | PLN'000 | (%) | Structure (%) | Structure (%) |
| ASSETS | | | | | | |
| Cash and balances with the Central Bank | 4,816,095 | 1,032,081 | 3,784,014 | 367 | 5 | 1 |
| Loans and advances to banks | 5,052,629 | 5,222,678 | (170,049) | (3) | 5 | 6 |
| Trading securities | 1,528,994 | 1,676,798 | (147,804) | (9) | 2 | 2 |
| Derivative financial instruments | 2,796,542 | 1,504,020 | 1,292,522 | 86 | 3 | 2 |
| Loans and advances to customers | 62,100,314 | 61,663,992 | 436,322 | 1 | 64 | 65 |
| Hedge accounting adjustments related to fair values of hedged items | 2,439 | 1,924 | 515 | 27 | - | - |
| Investment securities | 19,740,852 | 20,930,666 | (1,189,814) | (6) | 20 | 22 |
| Investments in subsidiaries | 937,336 | 546,430 | 390,906 | 72 | 1 | 1 |
| Intangible assets | 389,325 | 389,807 | (482) | - | - | - |
| Tangible assets | 480,647 | 542,410 | (61,763) | (11) | - | 1 |
| Deferred income tax assets | 127,505 | 63,194 | 64,311 | 102 | - | - |
| Other assets | 176,298 | 321,432 | (145,134) | (45) | - | - |
| TOTAL ASSETS | 98,148,976 | 93,895,432 | 4,253,544 | 5 | 100 | 100 |

* Adjusted data

BRE Bank SA
Report on the financial statements for the financial year from 1 January to 31 December 2012

III. The Bank's results, financial position and significant items of financial statements (cont.)

STATEMENT OF FINANCIAL POSITION as at 31 December 2012 (cont.)

| | 31.12.2012 | 31.12.2011* | Change | Change | 31.12.2012 | 31.12.2011* |
|--|-------------------|--------------------|------------------|---------------|----------------------|----------------------|
| | PLN'000 | PLN'000 | PLN'000 | (%) | Structure (%) | Structure (%) |
| LIABILITIES AND EQUITY | | | | | | |
| Liabilities | | | | | | |
| Amounts due to other banks | 20,241,514 | 25,281,169 | (5,039,655) | (20) | 21 | 27 |
| Derivative financial instruments | 3,481,294 | 1,857,371 | 1,623,923 | 87 | 4 | 2 |
| Amounts due to customers | 59,881,918 | 54,018,635 | 5,863,283 | 11 | 61 | 58 |
| Hedge accounting adjustments related to fair value of hedged items | 4,220 | - | 4,220 | - | - | - |
| Debt securities in issue | 659,048 | - | 659,048 | - | 1 | - |
| Subordinated liabilities | 3,222,295 | 3,456,200 | (233,905) | (7) | 3 | 4 |
| Other liabilities | 1,147,996 | 1,371,511 | (223,515) | (16) | 1 | 1 |
| Current income tax liabilities | 217,940 | 227,251 | (9,311) | (4) | - | - |
| Deferred income tax liabilities | 79 | 85 | (6) | (7) | - | - |
| Provisions | 128,815 | 72,304 | 56,511 | 78 | - | - |
| | 88,985,119 | 86,284,526 | 2,700,593 | 3 | 91 | 92 |
| Equity | | | | | | |
| Share capital | 3,501,633 | 3,493,812 | 7,821 | - | 4 | 4 |
| Retained earnings | 5,175,884 | 3,972,711 | 1,203,173 | 30 | 5 | 4 |
| Other components of equity | 486,340 | 144,383 | 341,957 | 237 | - | - |
| | 9,163,857 | 7,610,906 | 1,552,951 | 20 | 9 | 8 |
| TOTAL EQUITY AND LIABILITIES | 98,148,976 | 93,895,432 | 4,253,544 | 5 | 100 | 100 |

* Adjusted data

BRE Bank SA
Report on the financial statements for the financial year from 1 January to 31 December 2012

III. The Bank's results, financial position and significant items of financial statements (cont.)

INCOME STATEMENT

For the financial year from 1 January to 31 December 2012

| | 2012 | 2011* | Change | Change | 2012 | 2011* |
|--|------------------|------------------|----------------|---------------|----------------------|----------------------|
| | PLN'000 | PLN'000 | PLN'000 | (%) | Structure (%) | Structure (%) |
| Interest income | 4,089,597 | 3,484,479 | 605,118 | 17 | 71 | 70 |
| Interest expense | (2,073,614) | (1,545,562) | (528,052) | 34 | (48) | (42) |
| Net interest income | 2,015,983 | 1,938,917 | 77,066 | 4 | | |
| Fee and commission income | 1,068,839 | 994,969 | 73,870 | 7 | 18 | 20 |
| Fee and commission expense | (378,429) | (362,391) | (16,038) | 4 | (9) | (10) |
| Net fee and commission income | 690,410 | 632,578 | 57,832 | 9 | | |
| Dividend income | 35,663 | 45,806 | (10,143) | (22) | 1 | 1 |
| Net trading income | 344,897 | 337,847 | 7,050 | 2 | 6 | 7 |
| Gain less losses from investment securities, investments in subsidiaries and associates | 149,850 | 68,870 | 80,980 | 118 | 3 | 1 |
| Other operating income | 75,029 | 69,597 | 5,432 | 8 | 1 | 1 |
| Net impairment losses on loans and advances | (383,735) | (318,684) | (65,051) | 20 | (9) | (9) |
| Overhead costs | (1,206,956) | (1,180,098) | (26,858) | 2 | (28) | (32) |
| Amortization and depreciation | (168,589) | (185,077) | 16,488 | (9) | (4) | (5) |
| Other operating expenses | (96,205) | (67,556) | (28,649) | 42 | (2) | (2) |
| Profit before income tax | 1,456,347 | 1,342,200 | 114,147 | 9 | | |
| Income tax expense | (256,863) | (276,188) | 19,325 | (7) | | |
| Net profit | 1,199,484 | 1,066,012 | 133,472 | 13 | | |
| Total income | 5,763,875 | 5,001,568 | 762,307 | | 100 | 100 |
| Total expenses | (4,307,528) | (3,659,368) | (648,160) | | (100) | (100) |
| Profit before tax | 1,456,347 | 1,342,200 | 114,147 | | | |

* Adjusted data

III. The Bank's results, financial position and significant items of financial statements (cont.)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year from 1 January to 31 December 2012

| | 2012 PLN'000 | 2011 PLN'000 | Change PLN'000 | Change (%) | 2012 Structure (%) | 2011 Structure (%) |
|---------------------------------------|------------------|------------------|-------------------|---------------|-----------------------|-----------------------|
| Net profit | 1,199,484 | 1,066,012 | 133,472 | 13 | 78 | 100 |
| Other comprehensive income net of tax | 341,957 | 2,549 | 339,408 | 13,315 | 22 | - |
| Total comprehensive income net of tax | <u>1,541,441</u> | <u>1,068,561</u> | <u>472,880</u> | 44 | <u>100</u> | <u>100</u> |

BRE Bank SA
Report on the financial statements for the financial year from 1 January to 31 December 2012

III. The Bank's results, financial position and significant items of financial statements (cont.)

Selected ratios characterising the Bank's financial position and results

The following ratios characterize the Bank's business activities, its results of operations for the financial year and its financial position as at the balance sheet date compared with the previous period:

| | 31.12.2012 /2012 | 31.12.2011 /2011* | 31.12.2010 /2010 |
|--|-----------------------------------|------------------------------------|-----------------------------------|
| Profitability ratios | | | |
| Return on equity (net profit for the financial period / average net assets)(1) | 14.3% | 15.1% | 10.0% |
| Return on equity (net profit for the financial period / average net assets excluding the net profit for the period) (1) | 16.5% | 17.0% | 10.5% |
| Return on assets (profit before tax for the financial period / average assets) (1) | 1.5% | 1.5% | 0.9% |
| Interest margin (interest income/average working assets(3))-(interest expense/average interest-bearing liabilities) | 2.0% | 2.1% | 1.9% |
| C/I ratio (Bank's overheads / profit/loss on banking activities) (2) | 42.8% | 45.1% | 50.3% |
| Portfolio quality ratios | | | |
| Impaired loans and advances to customers to gross loans and advances to customers | 4.9% | 4.4% | 5.2% |
| Provision coverage of not impaired loans and advances | 0.3% | 0.3% | 0.4% |
| Provision coverage of impaired loans and advances | 65.7% | 69.0% | 70.6% |
| Capital market ratios | | | |
| Earnings per share | PLN 28.48 | PLN 25.32 | PLN 14.11 |
| Book value per share | PLN 217.47 | PLN 180.77 | PLN 155.18 |
| Capital adequacy ratios | | | |
| Equity in accordance with KNF (<i>Polish Financial Supervision Authority</i>) Resolution No. 325/2011 | PLN 10,227,174 thousand | PLN 9,043,541 thousand | PLN 8,168,754 thousand |
| Total regulatory capital requirement in accordance with KNF Resolution No. 76/2010 | PLN 4,161,105 thousand | PLN 4,735,731 thousand | PLN 3,864,756 thousand |
| Capital adequacy ratio in accordance with KNF Resolution No. 76/2010 | 19.7% | 15.3% | 16.9% |
| (1) The average balances of balance sheet items were calculated on the basis of the balances of the individual items as at the beginning and the end of the current financial period and the previous financial period.. | | | |
| (2) The profit/loss on banking activities understood as the profit/loss before tax less the Bank's overheads, amortization and depreciation and net impairment losses on loans and advances. | | | |
| (3) The interest-bearing receivables are included in working assets. | | | |
| (4) Gross loans and advances comprise loans and advances to customers only. | | | |
| * Adjusted data | | | |

The above ratios have been calculated on the basis of the financial statements.

Ratios may differ from those presented in the Financial Statements or in the Management Board Report as calculation patterns may be different.

It was not the purpose of the audit to present the Bank in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Bank's operations and its circumstances.

BRE Bank SA
Report on the financial statements
for the financial year from 1 January to 31 December 2012

III. The Bank's results, financial position and significant items of financial statements (cont.)

The financial statements do not take account of the effects of inflation. The consumer price index (from December to December) amounted to 2.4% in the audited year (4.6% in 2011).

The following comments are based on information obtained during the audit of the financial statements.

- In the financial year from 1 January to 31 December 2012, total assets increased by PLN 4,253,544 thousand to PLN 98,148,976 thousand. This increase was mainly due to net profit for the year of PLN 1,199,484 thousand, increase of liabilities to customers by PLN 5,863,283 thousand and derivative financial instruments by PLN 1,623,923 thousand. At the same time amounts due to other banks decreased by PLN 5,039,655 thousand.
- The main assets comprised loans and advances to customers in the amount of PLN 62,100,314 thousand (representing 64% of total assets) and investment securities in the amount of PLN 19,740,852 thousand (representing 20% of total assets); whereas the largest items on the liabilities side were amounts due to customers in the amount of PLN 59,881,918 thousand (representing 61% of total liabilities and equity) and amounts due to other banks in the amount of PLN 20,241,514 thousand (representing 21% of total liabilities and equity).
- In the audited period, there was an increase in loans and advances to customers of PLN 436,322 thousand. The share of loans and advances to customers in total assets decreased slightly from 65% to 64% as at the end of audited period.
- The balance of impairment losses on loans and advances increased by PLN 123,148 thousand to PLN 2,236,161 thousand as at the end of the year. The quality of the portfolio of loans and advances to customers remained stable with share of impaired loans and advances to customers in the gross portfolio of 4.9% as at the balance sheet date compared with 4.4% as at 31 December 2011. As at the end of 2011, the amount of impairment losses on impaired loans and advances to customers amounted to PLN 2,066,654 thousand and increased by PLN 135,697 thousand compared to the previous year. At the same time, the provision coverage ratio of impaired loan receivables dropped slightly by 3.3 percentage points to 65.7% as at the end of the audited period.
- In the audited period, the valuation of derivative financial instruments on the assets side increased by PLN 1,292,522 thousand to PLN 2,796,542 thousand as at the end of 2012, which was accompanied by an increase in derivative financial liabilities of PLN 1,623,923 thousand to PLN 3,481,294 thousand as at the end of the audited period.
- The amounts due to customers amounted to PLN 59,881,918 thousand as at 31 December 2012, which represented an increase of PLN 5,863,283 thousand compared to the end of the previous financial year, which was mainly driven by increase of amounts due to individual customers' current accounts. Additionally the increase was driven by security deposit placed by BRE Finance France as a result of guarantee issued by the Bank to secure the payment obligations from the Eurobonds issued by BRE Finance France amounted to EUR 498 million. The value of the security deposit amounted to PLN 2,034,983 thousand as at 31 December 2012.

III. The Bank's results, financial position and significant items of financial statements (cont.)

- The amounts due to other banks amounted to PLN 20,241,514 thousand as at 31 December 2012, which represented a decrease of PLN 5,039,655 thousand compared with the previous year. The balance comprised mainly loans and advances received of PLN 17,461,980 thousand that decreased by PLN 3,257,109 thousand as compared to the previous year.
- In the current financial period, interest income amounted to PLN 4,089,597 thousand, which represented an increase of PLN 605,118 thousand (i.e. of 17%) as compared to the previous year. In the audited period, interest income comprised mainly of interest income on loans and advances including the unwind of the impairment provision discount amounted to PLN 2,848,335 thousand, representing 70% of total interest income. The interest income from loans and advances increased in the current financial period by PLN 463,059 thousand (i.e. of 19%) as compared with the previous year. Due to the changes in the structure of obtaining the financing, the Bank changed in 2012 presentation of the current accrual of the interest component of derivatives (FX swaps) classified into banking book and included it as interest income or expense instead of net trading income. Interest income on derivatives classified into banking book amounted to PLN 139,659 thousand in current financial year and increased by PLN 74,356 thousand (i.e. of 114%) as compared to the previous year due to increased range of obtained financing in Polish currency and the increased volumes of FX swap instruments.
- In the current financial period, interest expense amounted to PLN 2,073,614 thousand and increased by PLN 528,052 thousand as compared to the previous year. Interest expense comprised mainly interest expenses on settlements with customers in the amount of PLN 1,638,349 thousand, that represents 79% of total interest expense. The amount of interest expenses on settlements with customers increased by PLN 533,602 thousand (i.e. by 48%) compared to the previous year.
- In 2012, net impairment losses on loans and advances amounted to PLN 383,735 thousand and increased by PLN 65,051 thousand (i.e. 20%) compared to the previous year. This change was mainly due to an increase of PLN 32,197 thousand of net impairment losses on loans and advances to customers and an increase of provisions on off-balance sheet items of PLN 25,034 thousand compared to the previous year.
- In the audited period, the Bank's overhead costs amounted to PLN 1,206,956 thousand, which represented an increase of PLN 26,858 thousand compared to the previous year. The main position in the Bank's overhead costs was staff-related expenses of PLN 631,470 thousand (52% of total overheads). At the same time, due to higher increase of income than expenses, the C/I ratio dropped from 45.1% in 2011 to 42.8% in 2012.
- The profit before tax amounted to PLN 1,456,347 thousand in 2012 and was PLN 114,147 thousand (i.e. 9%) higher than in 2011. This increase was mainly due to an increase in net interest income of PLN 77,066 thousand, an increase in gains less losses on investment securities and investments in subsidiaries and associates of PLN 80,980 thousand and an increase in net fee and commission income of PLN 57,832 thousand. The increase was partly offset by an increase in net impairment losses on loans and advances of PLN 65,051 thousand, an increase in other operating expenses of PLN 28,649 thousand and an increase in the Bank's overheads of PLN 26,858 thousand.

III. The Bank's results, financial position and significant items of financial statements (cont.)

- In the audited year, the income tax expense amounted to PLN 256,863 thousand and decreased by PLN 19,325 thousand as compared to the previous year. The effective tax rate amounted to 17.64% as compared to 20.58% in 2011. The difference between the effective tax rate and the tax rate in force (19%) resulted mainly from the tax relief for the new technologies and realization of non-taxable income on restructuring of equity instruments.
- In 2012, net comprehensive income amounted to PLN 1,541,441 thousand and comprised the net profit of PLN 1,199,484 thousand, the valuation of available-for-sale financial assets in the amount of PLN 341,402 thousand and foreign exchange losses on the translation of foreign operations in the amount of PLN 555 thousand.
- Return on equity calculated as the ratio of the net profit for the financial period to average net assets (including the net profit for the period) amounted to 14.3% and was 0.8 percentage points lower than in the previous year.
- Decrease of total capital requirement by PLN 574,626 thousand to PLN 4,161,105 thousand in 2012 and at the same time an increase of capital adequacy ratio from 15.3% in 2011 to 19.7% in 2012 was mainly driven by the implementation of AIRB for a part of Bank's exposure.

The financial statements have been prepared in accordance with the going concern principle.

IV. The independent registered auditor's statement

- (a) The Management Board of the Bank provided all the information, explanations, and representations requested in the course of the audit and provided a representation letter confirming the completeness of the data included in the accounting records and the disclosure of all contingent liabilities and post balance-sheet events which occurred up to the date on which that letter was signed.
- (b) The scope of the audit was not limited.
- (c) The Bank has up-to-date documentation of its accounting policies, approved by the Management Board. The Bank's accounting policies were tailored to its needs and ensured the recognition of all events having a material effect on the assessment of its financial position and results, taking into consideration the prudence principle. Changes to accounting policies were properly disclosed in notes to the financial statements.
- (d) The closing balances as at the end of the previous year were correctly brought forward as the opening balances of the current financial year in all material respects.
- (e) The stocktaking of assets and liabilities were carried out and reconciled in accordance with the Accounting Act, and the results were included in the accounting records for the audited year.
- (f) The financial statements of the Bank for the year ended 31 December 2011 were approved by Resolution No. 1 passed by the General Shareholders' Meeting on 30 March 2012, filed with the National Court Register in Warsaw on 5 April 2012 and published in *Monitor Polski B* No. 1043, item 1558 on 26 June 2012.
- (g) In accordance with the resolution of the General Shareholders' Meeting of 30 March 2012, the net profit for the prior year of PLN 1,066,012 thousand was appropriated in the following manner:
- PLN 100,000 thousand for General risk fund,
 - PLN 966,012 thousand for other supplementary capital.
- (h) The financial statements for the previous financial year were audited by PricewaterhouseCoopers Sp. z o.o. The registered auditor issued an unqualified opinion.
- (i) We have assessed the operation of the accounting system. Our assessment covered in particular:
- the accuracy of the documentation relating to business transactions;
 - the fairness, accuracy and verifiability of the books of account, including computerised books of account;
 - the methods used for controlling access to data and the computerised data processing system;
 - the safeguarding of the accounting documentation, books of account, and financial statements.

IV. The independent registered auditor's statement (cont.)

This assessment, together with our verification of individual items of the financial statements, provides the basis for expressing an overall and comprehensive opinion on these financial statements. The audit was not intended to provide a comprehensive opinion on the operations of the said system.

- (j) The notes to the financial statements present all significant information required by IFRS as adopted by the European Union.
- (k) The information in the Directors' Report for the financial year ended 31 December 2012 has been prepared in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws of 2009, No. 33, item 259, as amended) and is consistent with that presented in the financial statements.
- (l) We have not indentified any misstatements in calculation of capital adequacy ratio as at 31 December 2012. In the audited year the Bank complied with the applicable prudential measures in all material respects.

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V. Final information

This report has been prepared in connection with our audit of the financial statements of BRE Bank SA, Senatorska 18 Street, Warsaw. The financial statements were signed by the Bank's Management Board on 7 March 2013.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting of BRE Bank SA dated 7 March 2013, concerning the said financial statements. The opinion on the financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements as a whole.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Agnieszka Accordi-Krawiec

Key Registered Auditor
No. 11665

Warsaw, 7 March 2013