



FINANCIAL MARKETS DEPARTMENT

PAGES: 8

WARSAW, MARCH 4, 2011

POLAND WEEKLY REVIEW MACROECONOMICS AND FINANCIAL MARKETS

IN FOCUS / MACROECONOMICS	 GDP accelerated in Q4. Interest rates unchanged. ECB supposed to indicate direction 	• pages 1-2
FIXED INCOME	Moving steeper	• pages 2-3
MONEY MARKET	 No rate hikes in March Benchmark T-bill quite cheap during the tender 	• page 4
FOREIGN EXCHANGE	 Zloty in range Implied vols traded at low levels 	• page 5
MARKET PRICES CONTACT LIST DISCLAIMER		•page 6 •page 7 •page 8
	EVIEW. The survey is a financial difficult to be such doth and	

PREVIEW: The week of March 4 th 2011 to March 10 th 2011						
Indicator	Date of release	Pe- riod	BRE forecast	Consen- sus	Last	Comment
			NO SIGNIFIC	ANT RELEASES		

In Focus / Macroeconomics

GDP accelerated in Q4

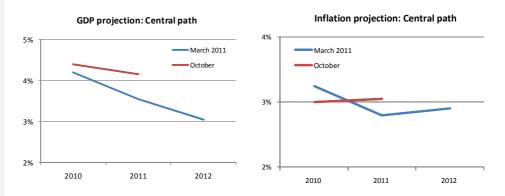
As expected, Polish GDP accelerated to 4.4% yoy in Q4. Decomposition is not at all a surprise – it is more or less the same as one could have calculated using annual data (published in January).

Composition with respect to expenditures points to a strong momentum in individual consumption: 4.1% (from 3.5% in the third quarter) as well as in public consumption (5.4% from 4.3%); minor acceleration was also recorded in investment demand (to 0.9% from 0.4%). The contribution of net exports to GDP growth stood at -1.2 pp (this is a result of higher imports corresponding to substitution effects in consumption), and was easily compensated by the contribution of change in inventories (2.1 pp). Domestic demand became even stronger and stood at 5.6% yoy. Expenditures decomposition showed weaker industry growth (6.2% compared to 10.2% in Q3), steady construction momentum (6.6% compared to 6.1% in the previous quarter) and stronger market services (3.3% versus 2.2% previously, showing a steady growth path for several quarters).

High individual consumption growth is not a surprise due to substitution effects which occurred last year. Currently, we expect weaker individual consumption in the first quarter, but it should get back to a growth path in the quarters to come. Investment has been showing relatively tepid growth. Nevertheless, we think that we will see an acceleration in investment, due to several factors: 1) growing capacity utilization, 2) growing labor productivity – considerable utilization of labor generates a need to expand capital base as well, 3) high liquidity of enterprises and a beginning of expansion in corporate loans (excluding currency exchange effects). Moreover, delay in the investment demand does not prove that the cycle will end. Basing on the American economy (the so called "stylized facts"), such delay in investment process occurred in 20% of upswing phases and was not followed by any break in the cycle. Therefore, we expect continuing recovery of the Polish economy. In 2011 the GDP growth should amount to about 4.2% (as we noted, a slowdown in GDP expansion will be noticeable only in Q1, corresponding to a reversion of substitution effects – we think this tendency is already noticeable in the PMI). Annual investment growth is set to be strong.

Interest rates unchanged. ECB supposed to indicate direction...

As expected MPC did not decide to change interest rates. The statement after the meeting was relatively mild, just as chairman opinions during the conference. March meeting brought the results of the fresh inflation projection (see charts below).



MPC highlights that global economy is on the rise, but risk factors are still in place: fiscal imbalances and results of unconventional monetary policy. In the context of Middle East and North Africa events, two-fold results of oil prices growth were mentioned: pro-inflationary and antigrowth ones.

After the very optimistic January "Minutes", MPC became again more cautious in its assessment of the Polish economy, mentioning solid GDP growth in IV quarter although fuelled by consumption, not investment. The statement refers to stronger production, weaker sales, growing employment and wages (although still only "moderatetely"), but also increasing unemployment rate. Traditionally, MPC has mentioned slow growth of corporate credit and ongoing fast growth of mortgage (MPC, as usual, highlights the need for restricting expansion of mortgage in foreign currencies). As far as prices are concerned, MPC stressed that inflation rate breached the upper target range, however, owing to exogenous factors. Exchange rate hasn't even been mentioned, which may be interpreted as willingness of MPC to focus more on inflationary target, at least in the medium-term.

MPC embarked on a classic wait-and-see mode. However, this idyllic (and comfortable) picture may have been destroyed by the hawkish ECB stance. It is hard to neglect that risk factors are more or less the same in Poland and euro zone (with a tilt towards the latter, owing to the debt problems). Moreover, it is even harder to pick factors which may spoil cyclical recovery in Poland without any disruptions in Germany (with this respect the assessment of ECB is clear). Therefore rate hikes in Poland should be regarded as warranted, the more so inflation expectations may soar in March and anchoring them seems of utmost importance right now (especially for MPC which does not have strong credibility, even comparable to the one of ECB). We think that MPC may raise rates in April, unwilling to be divergent with the ECB. One has to note, however, that MPC stays very data dependent and large swings of mood are recently nothing unusual within this body. Mid-term wise and taking into account inflation projection, earlier rate hikes (frontloaded) may deliver price stability and the total scale of tightening does not have to be considerable (75-100bp. total) if only inflation expectations stay properly anchored. The same applies to ECB. Crucial is the timing and prevention of second-round effects. This way, at the end of the day the cycle may be shortened, without compromising price stability.

MID-TERM FORECATS

Indicator	2007	2008	2009	2010	2011
GDP y/y (%)	6.5	4.8	1.7	3.8	4.2
Inflation rate (%, average)	2.4	4.3	3.5	2.8	3.7
Current account (% of GDP, average)	-4.5	-5.3	-1.6	-3.1	-3.8
Unemployment rate (end-of-year)	11.4	9.5	11.9	12.3	11.9
NBP repo rate (end-of-year)	5.00	5.00	3.50	3.50	4.25

Indicator			2010		2011	
	Q1	Q2	Q3	Q4	Q1	Q2
GDP y/y (%)	3.0	3.5	4.2	4.5	4.4	3.8
Inflation rate (%, average)	3.0	2.1	2.6	2.9	3.7	3.7
NBP repo rate (end-of-quarter) 3.		3.5	3.5	3.50	3.75	4.25

Bold denotes changes from the last release with arrows showing the direction of changes

Fixed Income

Moving steeper

Most important event of the passing week was the MPC rate decision announced on Wednesday. As recent comments from Council members suggested that rates would be left unchanged, rates in the front end drifted lower already ahead of the decision, and afterwards the move continued, all together by some 8bp. Positive sentiment didn't last long though, as hawkish ECB comments pushed the rates back up to the levels from the beginning of the week. Potential rate increases in the eurozone, if they actually materialize, could surely have some impact on rate path in Poland. But that would only mean that we would only get a bit closer to what is already priced in the curve. Now, that April's hike is already fully priced in, and there is still almost whole month till the decision, and two weeks before this month economic data releases, it looks that current yields are around some equilibrum level and will most likely fluctuate in a range, following EUR curve and currency moves. We think curve is likely to steepen further in 2y-10y and 5y-10y. We think bonds are quite cheap, especially in 10y sector - with no supply from FinMin, and probably quite limited in coming month, asset swaps should tighten. In the front end, we still don't change our opinion - rate hike expectations are exaggerated, especially what's priced in 1y1y forward, and we tend to receive tops there. POLAND WEEKLY REVIEW

FINANCIAL MARKETS DEPARTMENT, BRE BANK SA

AUCTIONS

	next auc.	offer	avg yield last	last auction date
13 Week T-bills	-	-	6.142%	12/9/2008
26 Week T-bills	-	-	4.456%	5/4/2009
52 Week T-bills	2/28/2011	-	4.291%	1/31/2011
2Y T-bond OK1013	3/9/2011	-	5.031%	2/9/2011
5Y T-bond PS0416	3/9/2011	-	5.642%	1/5/2011
10Y T-bond DS1020	3/16/2011	-	6.210%	1/12/2011
20Y T-bond WS0429	3/16/2011	-	6.246%	1/12/2011

Money Market

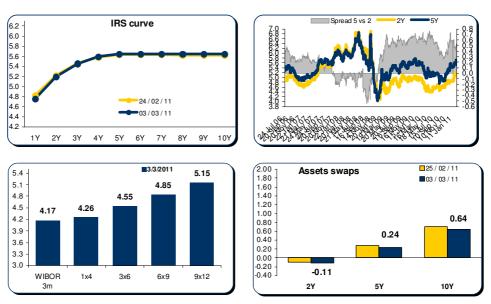
No rates hike in March

Benchmark T-bill quite cheap during the tender

The end of the reserve was very cheap as expected plus pln 3 bln of cash surplus left for the beginning of the new settlement period. Despite the fact of the surplus shortest rates are relatively high just below 3.5%. If the market is square after OMO, we can move further north.

The MPC did not change any of the monetary policy parameters which can be perceived as expected, however drop in the derivatives rates by 5-10 bps proves that some probability was built in till the very end. CPI, wages and retail sales will determine the timing of the next hikes. April is still in prices but the bet may be similar as in March. New benchmark T-bill was very cheap during the tender with an average yield of 4.51%. Those papers should be more expensive on Monday.

Since longest ois contracts lost least after MPC, we still see much value in receiving them.



FIXED INCOME & MONEY MARKET CHARTS

Foreign Exchange

After trading 4.0030 top, EURPLN has traded stronger side reaching quickly 50% retracement of last upside move placed at 3.95. Long Zloty positions, threaten by global worries and high oil prices, were washed out of market leaving EURPLN's rate at no man's land. Although without those positions Zloty has become less vulnerable for upside pressure (barely no reaction for lack of March rate hike) trading sub 3.95 levels is also unlikely. Simply Zloty is not most popular asset these days.

Well, weaker PLN do not exclude new implied low. While short end is traded relatively steady: 1M is traded in 9.0-9.5 range (slightly above realized – 8.5% realized in weekly terms), 3M about 9.75, 1Y has touched new low - 10.8 was traded (11.0 last week's low). Smile is priced at very same levels -3M 25D RR benchmark has stuck at 1.8%. Low EURPLN vs EURUSD correlation readings has translated into slightly lower USDPLN run – about 0.3-0.5 lower (3M ATM 15.25).

SPOT

Short-term forecasts:

FX CHARTS

Implied vols traded at low

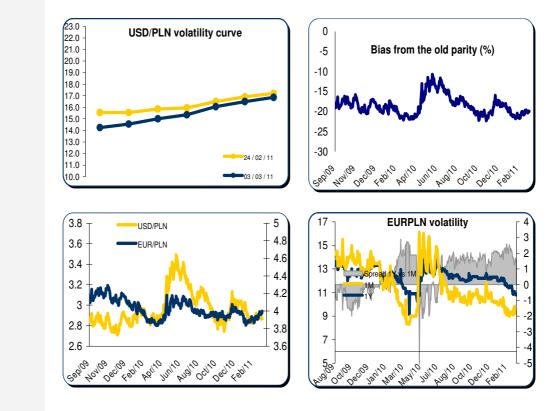
levels

Main supports / resistances: EUR/PLN: 3.9500 / 4.0200 USD/PLN: 2.8400 / 2.9700

Neither 4.01 sell (4.0030 top) nor 3.94 buy levels were drawn (3.95 low). Sentiment remains poor but positioning don't help here anymore. We see 3.95/3,96 as buy level, 4.00/4.02 as sell one. Play range.

OPTIONS

Vega is priced lower (1Y tenor 12.3 to 10.8 since 1st of Jan!) and it is hard to convince us to catch running train. We would be a buyer of it if PLN weakness will extend,10.0-10.2 desired level. Gamma is still priced above realized – 9.8% implied, 9.0 realized but this is the price of anxious times.



$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$		Money mark		<u> </u>	,					
RATES 25/02/11 3.99% 4.13% 4.23% 4.26% 4.40% 4.42% 28/02/11 4.04% 4.13% 4.23% 4.26% 4.40% 6.42% 01/03/11 4.06% 4.15% 4.26% 4.41% 6.59% 02/03/11 4.06% 4.17% 4.26% 4.43% 4.44% 02/03/11 4.07% 4.17% 4.26% 4.43% 4.44% 02/03/11 4.09% 4.17% 4.26% 4.43% 4.45% FRA MARKET RATES FRA Market Rates (Closing mid-market levels) 519% 5.14% 519% 01/03/11 4.31% 4.61% 4.98% 5.19% 5.12% 02/03/11 4.28% 4.69% 4.91% 5.16% 5.86% 03/03/11 4.28% 4.99% 4.91% 5.16% 5.86% 5.86% 62/02/11 4.29% 4.99% 5.17% 5.16% 5.88% 5.83% 5 63/02/11 4.42% 4.52% 5.20% 5.09%		date	-		-					
28/02/11 4.04% 4.13% 4.28% 4.26% 4.41% 6.59% 01/03/11 4.06% 4.15% 4.27% 6.43% 4.43% 4.44% 02/03/11 4.06% 4.17% 4.24% 4.27% 6.43% 4.43% 4.44% 03/03/11 4.06% 4.17% 4.28% 4.28% 4.43% 4.44% 03/03/11 4.07% 4.17% 4.28% 4.28% 4.43% 4.44% 03/03/11 4.07% 4.17% 4.28% 4.28% 4.43% 4.45% ctast Closing mid-market levels) 6X12 514% 514% 514% 01/03/11 4.30% 4.68% 4.98% 5.18% 5.18% 5.16% 02/03/11 4.28% 4.59% 5.18% 5.16% 5.88% 5 etate 1Y 2Y 5Y 51 date 1Y 2Y 5Y 51 date 1Y 2Y 5Y 51 da		-				_			ļ.	
01.03/11 02/03/11 4.09% 4.15% 4.15% 4.27% 4.24% 6.49% 4.27% 4.43% 4.43% 4.44% 4.45% FRA MARKET RATES FRA Market Rates (Closing mid-market levels) date 1/4 3/6 6/3 9/12 6/12 Composition 1/4 3/6 6/3 9/12 6/12 6/12 Composition 1/2 2/20 5/21 5/21 5/21 5/21 Composition 1/20/11 2/20% 5/21% 5/21% 5/21% 5/21% Composition 1/20/13 1/20/13 1/20/13 5/21% 5/21% 5/21% Composition 1/20/13 1/20/13 1/20/12 1/20/21 2/21/20 <	RATES									
PRA MARKET RATES 0203/11 4.07% 4.17% 4.17% 4.24% 4.26% 4.27% 4.28% 4.43% 4.43% 4.45% 4.45% FRA Market Rates Closing mid-market levels) 6X12 6X12 6X12 25/02/11 4.31% 4.61% 9.94% 5.19% 5.14% 25/02/11 4.31% 4.62% 4.96% 5.22% 5.16% 01/03/11 4.29% 4.69% 4.91% 5.18% 5.11% 01/03/11 4.29% 4.69% 4.91% 5.18% 5.10% FixeD INCOME MAR- (SET RATES Fixed Income Market Rates (Closing mid-market levels) 517 512% 03/03/11 4.29% 4.59% 5.19% 5.10% 5.88% 5 FixeD INCOME MAR- (SET RATES Fixed Income Market Rates (Closing mid-market levels) 517% 5.18% 5.10% 5.88% 5 C2/03/11 4.42% 4.52% 5.18% 5.07% 5.61% 5.88% 5 C2/03/11 4.45% 4.52% 5.18% 5.07% 5.61% 5.88% 5										
FRA MARKET RATES GXX GXX </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>										
FRA Market Rates (Closing mid-market levels) date 1X4 3X6 6X12 6X12 colspan="2">6X12 6X12 6X14% <th c<="" td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th>	<td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
TAL MARKET RATES date $1X4$ $3X6$ $6X9$ $9X12$ $6X12$ 25/02/11 4.31% 4.61% 4.94% 5.19% 5.14% 25/02/11 4.29% 4.69% 4.94% 5.19% 5.14% 01/03/11 4.30% 4.69% 4.96% 5.22% 5.16% 02/03/11 4.29% 4.69% 4.91% 5.18% 5.10% FixED INCOME MAR- CET RATES Fixed Income Market Rates (Closing mid-market levels) date 1Y 2Y 5Y WIBOR TB IRS OK0112 IRS PS0511 28/02/11 4.42% 4.52% 5.18% 5.07% 5.61% 5.83% 5 28/02/11 4.42% 4.52% 5.18% 5.07% 5.61% 5.83% 5 28/02/11 4.45% 4.52% 5.14% 5.07% 5.61% 5.83% 5 02/03/03/11 4.45% 4.55% 5.14% 5.06% 5.83% 5 02/03/03/11		03/03/11	4.07%	4.17%	4.26%	4.28%	4.43%	4.45%		
$\frac{date}{2502/11} = \frac{1X4}{4.31\%} = \frac{3X6}{4.61\%} = \frac{6X9}{9.412} = \frac{6X12}{6.11\%}$ $\frac{2502/11}{2.607/11} = \frac{4.31\%}{4.31\%} = \frac{4.61\%}{4.61\%} = \frac{5.19\%}{5.18\%} = \frac{5.14\%}{5.11\%}$ $\frac{2502/11}{0.103/11} = \frac{4.29\%}{4.29\%} = \frac{4.60\%}{4.60\%} = \frac{4.93\%}{5.18\%} = \frac{5.12\%}{5.12\%}$ $\frac{02/03/11}{0.3/03/11} = \frac{4.29\%}{4.28\%} = \frac{4.60\%}{4.93\%} = \frac{4.96\%}{5.12\%} = \frac{5.12\%}{5.12\%}$ $\frac{02/03/11}{0.3/03/11} = \frac{4.29\%}{4.28\%} = \frac{4.60\%}{4.91\%} = \frac{5.18\%}{5.18\%} = \frac{5.12\%}{5.12\%}$ $\frac{02/03/11}{2.502/11} = \frac{4.29\%}{4.28\%} = \frac{4.52\%}{5.20\%} = \frac{5.07\%}{5.07\%} = \frac{5.61\%}{5.61\%} = \frac{5.88\%}{5.88\%} = \frac{5.20\%}{5.09\%} = \frac{5.61\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.02\%}{5.09\%} = \frac{5.61\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.02\%}{5.09\%} = \frac{5.09\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.09\%}{5.09\%} = \frac{9.0211}{5.020/11} = \frac{4.42\%}{4.45\%} = \frac{4.52\%}{5.20\%} = \frac{5.09\%}{5.09\%} = \frac{5.61\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.61\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.09\%}{5.09\%} = \frac{5.61\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.61\%}{5.61\%} = \frac{5.83\%}{5.83\%} = \frac{5.09\%}{5.09\%} = \frac{5.61\%}{5.65\%} = \frac{5.83\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.65\%}{5.89\%} = \frac{5.83\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.65\%}{5.89\%} = \frac{5.83\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.65\%}{5.83\%} = \frac{5.20\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.65\%}{5.83\%} = \frac{5.20\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.20\%}{5.09\%} = \frac{5.20\%}{5.65\%} = \frac{5.83\%}{5.83\%} = \frac{5.20\%}{5.09\%} = \frac{5.20\%}{5.09\%} = \frac{10.101/31}{10.12/12} = \frac{10.01}{10.11} = \frac{10.01}{2.01} = \frac{10.01}{10.01} = \frac{10.01}{10.$		FRA Market	Rates (Closi	ng mid-mark	et levels)					
28/02/11 4.29% 4.58% 4.91% 5.18% 5.11% 01/03/11 4.29% 4.62% 4.96% 5.22% 5.16% 02/03/11 4.29% 4.60% 4.93% 5.19% 5.12% 03/03/11 4.28% 4.60% 4.93% 5.19% 5.12% 03/03/11 4.28% 4.60% 4.93% 5.10% 5.10% Fixed Income Market Rates (Closing mid-market levels) date 1Y 2Y 5Y date 1Y 2Y 51% 5.0% 25/02/11 4.42% 4.52% 5.09% 5.61% 5.88% 5 28/02/11 4.45% 4.52% 5.19% 5.09% 5.61% 5.88% 5 28/02/11 4.45% 4.55% 5.14% 5.09% 5.61% 5.88% 5 03/03/11 4.45% 4.54% 5.20% 5.09% 5.61% 5.89% 5 03/03/11 4.45% 4.54% 5.20% 5.09% 5.65% 5.89% 5 02/03/11 1.45%		date	1X4	3X6	6X9	9X12	6X12	_		
01/03/11 02/03/11 4.29% 4.82% 4.60% 4.96% 4.93% 5.22% 5.19% 5.16% 5.12% FixeD INCOME MAR- CET RATES Fixed Income Market Rates (Closing mid-market levels) date TY 2Y 5Y date 1Y 2Y 5Y 5.16% 5.00% 5.61% 5.88% 5 28/02/11 4.42% 4.52% 5.20% 5.09% 5.61% 5.88% 5 28/02/11 6.59% 4.52% 5.18% 5.07% 5.61% 5.88% 5 02/03/11 4.45% 4.55% 5.14% 5.09% 5.61% 5.88% 5 02/03/11 4.45% 4.55% 5.14% 5.09% 5.61% 5.89% 5 03/03/11 4.45% 4.54% 5.20% 5.09% 5.65% 5.89% 5 PRIMARY MARKET au. date maturity avg price avg yield supply demand 52W TB 11/01/31 12/01/31 98.841 4.35% 2000 2468 0K0113 10/12/01 </td <td></td> <td>25/02/11</td> <td>4.31%</td> <td>4.61%</td> <td>4.94%</td> <td>5.19%</td> <td>5.14%</td> <td>-</td> <td></td>		25/02/11	4.31%	4.61%	4.94%	5.19%	5.14%	-		
02/03/11 03/03/11 4.29% 4.28% 4.60% 4.59% 4.93% 4.91% 5.19% 5.18% 5.12% 5.10% FixeD INCOME MAR- (ET RATES) Fixed Income Market Rates (Closing mid-market levels) date IRS OX 5V date 1Y 2Y 5V 51% 5.18% 5.08% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.89% 5.88% 5.89% 5.88% 5.89% 5.88% 5.89% 5.88% 5.89% 5.88% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5.89% 5		28/02/11	4.29%	4.58%	4.91%	5.18%	5.11%			
03/03/11 4.28% 4.59% 4.91% 5.18% 5.10% FIXED INCOME MAR- KET RATES Fixed Income Market Rates (Closing mid-market levels) date 1Y 2Y 5Y date 1Y 2Y 5Y 5011 1RS 0K0112 IRS PS0511 25/02/11 4.42% 4.52% 5.20% 5.09% 5.61% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.88% 5.89% 5.81% 5.90% <t< td=""><td></td><td>01/03/11</td><td>4.30%</td><td>4.62%</td><td>4.96%</td><td>5.22%</td><td>5.16%</td><td></td><td></td></t<>		01/03/11	4.30%	4.62%	4.96%	5.22%	5.16%			
EXED INCOME MAR- KET RATES Fixed Income Market Rates (Closing mid-market levels) date 1Y 2Y 5Y date 1Y 2Y 5Y 500/11 28/02/11 4.42% 4.52% 5.20% 5.09% 5.61% 5.88% 5 28/02/11 6.59% 4.52% 5.18% 5.09% 5.61% 5.84% 5 02/03/11 4.44% 4.53% 5.19% 5.09% 5.61% 5.83% 5 02/03/11 4.45% 4.55% 5.14% 5.09% 5.65% 5.89% 5 03/03/11 4.45% 4.55% 5.14% 5.09% 5.65% 5.89% 5 PRIMARY MARKET au. date maturity avg price avg yield supply demand 52W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 9322 950416 10/10/13 16/04/25 93.002 5.14% 3000 3414 10/20/21 <td< td=""><td></td><td>02/03/11</td><td>4.29%</td><td>4.60%</td><td>4.93%</td><td>5.19%</td><td>5.12%</td><td></td><td></td></td<>		02/03/11	4.29%	4.60%	4.93%	5.19%	5.12%			
CET RATES date 1Y 2Y 5Y date 1Y 2Y 5Y $UBOR$ TB IRS OK0112 IRS PS0511 25/02/11 4.42% 4.52% 5.20% 5.09% 5.61% 5.88% 5 28/02/11 6.59% 4.52% 5.18% 5.07% 5.61% 5.84% 5 01/03/11 4.44% 4.53% 5.19% 5.09% 5.61% 5.83% 5 02/03/11 4.44% 4.55% 5.14% 5.06% 5.89% 5 03/03/11 4.45% 4.54% 5.20% 5.09% 5.65% 5.89% 5 2W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 9322 93.00 5.14% 3000 3414 DS1020 11/01/12 19/04/25 93.002 5.14% 300 3414 DS1020 11/01/12 19/04/25 93.022 6.21% 2250 4252 4252 4252 42		03/03/11	4.28%	4.59%	4.91%	5.18%	5.10%			
CET RATES date 1Y 2Y 5Y $W BOR$ TB IRS OK0112 IRS PS0511 25/02/11 4.42% 4.52% 5.20% 5.09% 5.61% 5.88% 5 28/02/11 6.59% 4.52% 5.18% 5.07% 5.61% 5.88% 5 01/03/11 4.44% 4.53% 5.19% 5.09% 5.61% 5.88% 5 02/03/11 4.45% 4.55% 5.14% 5.06% 5.88% 5 03/03/11 4.45% 4.54% 5.20% 5.09% 5.61% 5.88% 5 20/03/11 4.45% 4.54% 5.20% 5.09% 5.65% 5.89% 5 25W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 99.300 5.14% 3000 3414 DS1020 11/01/12 19/04/25 93.022 6.21% 2250 4252	FIXED INCOME MAR-	Fixed Incom	e Market Ra	tes (Closing	mid-market	levels)				
25/02/11 4.42% 4.52% 5.0% 5.0% 5.61% 5.88% 5.88% 28/02/11 6.59% 4.52% 5.18% 5.07% 5.61% 5.84% 5.09% 01/03/11 4.45% 4.55% 5.14% 5.09% 5.61% 5.83% 5.83% 02/03/11 4.45% 4.55% 5.14% 5.06% 5.88% 5.83% 5.65% 5.83% 5.83% 5.65% 5.83%	KET RATES						Ę	5Y		
28/02/11 6.59% 4.52% 5.18% 5.07% 5.61% 5.84% 5 01/03/11 4.44% 4.53% 5.19% 5.09% 5.61% 5.83% 5 02/03/11 4.45% 4.55% 5.14% 5.06% 5.58% 5.83% 5 03/03/11 4.45% 4.54% 5.20% 5.09% 5.65% 5.89% 5 PRIMARY MARKET Last Primary Market Rates au. date maturity avg price avg yield supply demand 52W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 9322 95.0416 DS1020 11/01/12 19/04/25 99.300 5.14% 3000 3414 10 DS1020 11/01/12 19/04/25 99.300 5.14% 300 3414 17 DS1020 11/01/12 19/04/25 93.022 6.21% 25/02/11 3.80 EX VOLATILITY USD/PLN 0-delta stradle 25			WIBOR	TB	IRS	OK0112	IRS	PS0511		
U1/03/11 02/03/11 03/03/11 4.44% 4.45% 4.55% 4.55% 5.14% 5.20% 5.09% 5.66% 5.58% 5.88% 5.83%		25/02/11	4.42%	4.52%	5.20%	5.09%	5.61%	5.88%	5	
02/03/11 03/03/11 4.45% 4.55% 5.14% 5.06% 5.58% 5.83%		28/02/11	6.59%	4.52%	5.18%	5.07%	5.61%	5.84%	5	
O3/03/11 4.45% 4.54% 5.20% 5.09% 5.65% 5.89% 5 CRIMARY MARKET BATES Last Primary Market Rates u. date maturity avg price avg yield supply demand 52W 78 52W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 9322 95.0416 PS0416 10/10/13 16/04/25 99.300 5.14% 3000 3414 95.0220 4252 11/01/12 19/04/25 93.022 6.21% 2250 4252 11/01/12 19/04/25 93.022 6.21% 22.10 3.80 EX VOLATILITY date 1M 3M 6M 1Y 1M 1Y 28/02/11 15.40 16.00 16.50 17.20 2.10 3.80 28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 02/03/11 14.55 15.35 </td <td></td> <td>01/03/11</td> <td>4.44%</td> <td>4.53%</td> <td>5.19%</td> <td>5.09%</td> <td>5.61%</td> <td>5.83%</td> <td>5</td>		01/03/11	4.44%	4.53%	5.19%	5.09%	5.61%	5.83%	5	
PRIMARY MARKET au. date maturity avg yield supply demand 52W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 33222 PS0416 10/10/13 16/04/25 99.300 5.14% 3000 3414 DS1020 11/01/12 19/04/25 93.002 6.21% 225-delta RR CK VOLATILITY USD/PLN 0-delta stradle 25-delta RR 25/02/11 15.45 17.10 1.60 3.70 01/03/11 28/02/11 15.75 16.45 1.60 3.70 02/03/11 1.60 3.70 02/03/11 1.60 3.70 02/03/01		02/03/11	4.45%	4.55%	5.14%	5.06%	5.58%	5.83%	5	
au. date maturity avg price avg yield supply demand 52W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 9322 PS0416 10/10/13 16/04/25 99.300 5.14% 3000 3414 DS1020 11/01/12 19/04/25 93.022 6.21% 2250 4252 FX VOLATILITY date 1M 3M 6M 1Y 1M 1Y 25/02/11 15.40 16.00 16.50 17.20 2.10 3.80 28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 01/03/11 15.05 15.55 16.15 16.85 1.60 3.70 02/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 02/03/11<		03/03/11	4.45%	4.54%	5.20%	5.09%	5.65%	5.89%	5	
au. date maturity avg price avg yield supply demand 52W TB 11/01/31 12/01/31 95.841 4.35% 2000 2968 OK0113 10/12/01 13/01/26 90.550 4.80% 4000 9322 PS0416 10/10/13 16/04/25 99.300 5.14% 3000 3414 DS1020 11/01/12 19/04/25 93.022 6.21% 2250 4252 FX VOLATILITY date 1M 3M 6M 1Y 1M 1Y date 1M 3M 6M 1Y 1M 1Y 25/02/11 15.40 16.00 16.50 17.20 2.10 3.80 28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 01/03/11 15.05 15.55 16.15 16.85 1.60 3.70 02/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 14.		Last Primary	Markat Pate							
52W TB $11/01/31$ $12/01/31$ 95.841 4.35% 2000 2968 OK0113 $10/12/01$ $13/01/26$ 90.550 4.80% 4000 9322 PS0416 $10/10/13$ $16/04/25$ 99.300 5.14% 3000 3414 DS1020 $11/01/12$ $19/04/25$ 93.022 6.21% 2250 4252 EX VOLATILITYUSD/PLN 0-delta stradle 25 -delta RRdate $1M$ $3M$ $6M$ $1Y$ $1M$ $1Y$ $25/02/11$ 15.40 16.00 16.50 17.20 2.10 3.80 $28/02/11$ 15.05 15.75 16.45 17.10 1.60 3.70 $01/03/11$ 15.05 15.75 16.45 17.00 1.60 3.70 $02/03/11$ 15.00 15.55 16.15 16.85 1.60 3.70 $03/03/11$ 14.55 15.35 16.05 16.85 1.60 3.70 $03/03/11$ 2.8770 3.9757 -20.1% $22.02/13$ 2.8770 3.9757 -20.1% $28/02/11$ 2.8765 3.9763 -20.1% 2.04% $01/03/11$ 2.8643 3.9612 -20.4% $02/03/11$ 2.8843 3.9776 -19.9% 19.9% 10.00 10.01		Last Fillinary			ava price	avo vield	supply	demand		
OK0113 PS0416 DS1020 $10/12/01$ $10/10/13$ $16/04/25$ 90.550 90.300 4.80% 4000 90.322 93.000 4000 9322 93.000 9322 93.000 FX VOLATILITYUSD/PLN 0-delta stradle $11/01/12$ $25/02/11$ $15/020$ $11/01/12$ $11/01/12$ 99.302 93.022 6.21% 2250 4252 FX VOLATILITYUSD/PLN 0-delta stradle $25/02/11$ $25/02/11$ 15.00 $16/04/25$ 15.75 93.022 6.21% $25/02/16$ $21/00$ Comparison $25/02/11$ USD/PLN 16.00 15.05 16.50 15.75 17.20 2.10 2.10 3.80 3.70 PLN SPOT PER- CORMANCEPLN spot performance $25/02/11$ $28/02/11$ 2.8770 15.35 3.9757 -20.1% 2.01% 16.00 3.9757 -20.1% 2.01% PLN Spot performance $25/02/11$ 2.8770 2.8643 3.9612 -20.4% $02/03/11$ 2.8643 3.9776 -19.9% 4.80% 4.000 4.80% $4.20.4\%$ $4.$	hATES	52W/ TR								
PS0416 DS1020 $10/10/13$ $11/01/12$ $16/04/25$ 93.022 99.300 6.21% 5.14% 2250 3000 4252 EX VOLATILITYUSD/PLN 0-delta stradle $25/02/11$ $25-delta RR$ 15.40 USD/PLN 0-delta stradle $25/02/11$ $25-delta RR$ 15.40 USD/PLN 0-delta stradle $25/02/11$ $25-delta RR$ 15.40 OLONOMINANCEPLN SPOT PER- CORMANCEPLN spot performance $25/02/11$ USD/PLN EUR/PLN $bias$ $28/02/11$ 25/02/1115.0515.7516.4517.101.603.7002/03/1115.0515.5516.1516.851.603.7003/03/1114.5515.0516.1516.851.603.7003/03/1114.5515.0516.1516.851.603.7003/03/1114.5515.0516.1516.851.603.700.103/1									4	
EX VOLATILITYDS102011/01/1219/04/2593.0226.21%22504252USD/PLN 0-delta stradle25-delta RRdate1M3M6M1Y1M1Y25/02/1115.4016.0016.5017.202.103.8028/02/1115.0515.7516.4517.101.603.7001/03/1115.0515.7016.4017.001.603.7002/03/1115.0015.5516.1516.851.603.7003/03/1114.5515.3516.0516.851.603.70OSNOPT PER-CHN spot performance $25/02/11$ 2.87703.9757-20.1%28/02/112.87653.9763-20.1%01/03/112.86433.9612-20.4%02/03/112.88433.9776-19.9%										
USD/PLN 0-delta stradle 25-delta RR date 1M 3M 6M 1Y 1M 1Y 25/02/11 15.40 16.00 16.50 17.20 2.10 3.80 28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 01/03/11 15.05 15.70 16.40 17.00 1.60 3.70 02/03/11 15.00 15.55 16.15 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 2.8770 3.9757 -20.1% 25/02/11 2.8765 3.9763 -20.1% 25/02/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%									:	
date 1M 3M 6M 1Y 1M 1Y 25/02/11 15.40 16.00 16.50 17.20 2.10 3.80 28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 01/03/11 15.05 15.75 16.40 17.00 1.60 3.70 02/03/11 15.05 15.75 16.40 17.00 1.60 3.70 02/03/11 15.05 15.55 16.15 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 PLN spot performance 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 11/03/11 2.8643 3.9612 -20.4% 19.9% 11/03/11 2.8843 3.9776 -19.9% 11/03/11 11/03/11 11/03/11 11/03/11 11/03/1										
25/02/11 15.40 16.00 16.50 17.20 2.10 3.80 28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 01/03/11 15.05 15.70 16.40 17.00 1.60 3.70 02/03/11 15.00 15.55 16.15 16.85 1.60 3.70 02/03/11 14.55 15.35 16.05 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 PLN spot performance date USD/PLN EUR/PLN bias 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%	X VOLATILITY									
28/02/11 15.05 15.75 16.45 17.10 1.60 3.70 01/03/11 15.05 15.70 16.40 17.00 1.60 3.70 02/03/11 15.00 15.55 16.15 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 PLN spot performance 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%										
01/03/11 15.05 15.70 16.40 17.00 1.60 3.70 02/03/11 15.00 15.55 16.15 16.85 1.60 3.70 03/03/11 14.55 15.35 16.05 16.85 1.60 3.70 PLN spot performance cate USD/PLN EUR/PLN bias 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9612 -20.4% 01/03/11 2.8843 3.9776 -19.9%										
02/03/11 03/03/11 15.00 14.55 15.55 16.15 16.85 1.60 3.70 PLN spot performance 02/03/11 14.55 15.35 16.05 16.85 1.60 3.70 PLN spot performance 02/02/11 2.8770 3.9757 -20.1% -20.1% -20.1% -20.4% -										
D3/03/11 14.55 15.35 16.05 16.85 1.60 3.70 PLN spot performance date USD/PLN EUR/PLN bias 5000000000000000000000000000000000000										
PLN SPOT PER- FORMANCE PLN spot performance date USD/PLN EUR/PLN bias 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%										
date USD/PLN EUR/PLN bias 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%		03/03/11	14.55	15.35	16.05	16.85	1.60	3.70		
FORMANCE OSD/PLN EUR/PLN bias 25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%		PLN spot pe	rformance							
25/02/11 2.8770 3.9757 -20.1% 28/02/11 2.8765 3.9763 -20.1% 01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%		date	JSD/PLN	EUR/PLN	bias					
01/03/11 2.8643 3.9612 -20.4% 02/03/11 2.8843 3.9776 -19.9%	UNIMANUE	25/02/11	2.8770	3.9757	-20.1%	-				
02/03/11 2.8843 3.9776 -19.9%		28/02/11	2.8765	3.9763	-20.1%					
		01/03/11	2.8643	3.9612	-20.4%					
				3.9776						

	Contact Details
BRE BANK SA UI. Senatorska 18	Forex (BREX) - FX Spot &Options Marcin Turkiewicz (+48 22 829 01 84) <u>marcin.turkiewicz@brebank.pl</u> Jakub Wiraszka (+48 22 829 01 73) <u>jakub.wiraszka@brebank.pl</u> Tomasz Chmielarski (+48 22 829 01 78) <u>tomasz.chmielarski@brebank.pl</u>
00-950 Warszawa P.O. Box 728 Poland	Fixed Income (BREP) - FRA, IRS, T-Bonds, T-Bills Łukasz Barwicki (+48 22 829 01 93) <u>lukasz.barwicki@brebank.pl</u> Paweł Białczyński (+48 22 829 01 86) <u>pawel.bialczynski@brebank.pl</u>
	<u>MM (BREP) - MM</u> Bartłomiej Małocha, CFA (+48 22 829 01 77) <u>bartłomiej.malocha@brebank.pl</u> Bogumił Modzelewski <u>bogumil.modzelewski@brebank.pl</u>
Reuters Pages: BREX, BREY, and BRET	<u>Structured Products (BREX)</u> Jaroslaw Stolarczyk (+48 22 829 01 67) jaroslaw.stolarczyk@brebank.pl Jacek Derezinski (+48 22 829 01 69) jacek.derezinski@brebank.pl
Bloomberg: BRE	<u>Institutional Sales (BRES)</u> Inga Gaszkowska-Gębska (+48 22 829 12 05) <u>inga.gaszkowska-gebska@brebank.pl</u>
SWIFT: BREXPLPW www.brebank.pl	Research Ernest Pytlarczyk, PhD, CFA (+48 22 829 01 66) <u>ernest.pytlarczyk@brebank.pl</u> Marcin Mazurek, PhD (+48 22 829 0183) <u>marcin.mazurek@brebank.pl</u> Paulina Ziembińska (+48 22 829 02 56) <u>paulina.ziembinska@brebank.pl</u>
	Maciej Pielaszkiewicz (+ 48 22 829 90 34) <u>maciej.pielaszkiewicz@brebank.pl</u>
	Financial Markets Department Phone (+48 22 829 02 03) Fax (+48 22 829 02 45)
	Treasury Department Phone (+48 22 829 02 02) Fax (+48 22 829 02 01)
	Financial Institutions Department Phone (+48 22 829 01 20) Fax (+48 22 829 01 21)
	Back Office Phone (+48 22 829 04 02) Fax (+48 22 829 04 03)
	<u>Custody Services</u> Phone (+48 22 829 13 50) Fax

Disclaimer

Distribution and use of this publication

The review note is based on the information available to the public. This review creates exclusively a marketing information as defined in Paragraph 9 Section 1 of the Decree of Minister of Finance dated November 20, 2009 on procedures and conditions to be followed by investment firms and banks mentioned in Article 70 Section 2 of Law on Trading in Financial Instruments dated July 29, 2005 as well as by custody banks. This review note is provided to you for information purposes only and is not intended as advice on any particular matter or as recommendation, offer or solicitation for purchase of sale of any financial instrument and should not be taken as such. BRE Bank SA, its directors, officers, executives, managers, servants or agents expressly disclaim all liability to any person in respect of any-thing, and in respect of the consequences of anything, done or omitted to be done, wholly or partly, in reliance upon the whole or any part of the contents of this review note. The opinions and estimates contained herein reflect the current judgment of the author(s) on the date of this document and are subject to change without notice. The opinions pointed in review do not necessarily correspond to the opinions of BRE Bank SA. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favourable investment results. BRE Bank and/or its principals or employees may have a long or short position or may transact in the financial instrument(s) and/or securities referred to herein or may trade in such financial instruments with other customers on a principal basis. No client or other reader should act or refrain from acting on the basis on any matter contained in it without taking specific independent professional advice on the particular facts and circumstances in issue. Copyright protection exists in this publication and it may not be, even partially, reproduced of distributed without the prior written agreement with BRE Bank SA.

© BRE Bank 2011. All rights reserved.