



In April BRE Bank's share price increased by 1.05%, while the WIG Banks index decreased by 3.14%. The EURO STOXX Banks Index increased by 9.21% in the same period.

Share price performance summary - last 12 months

Source: Bloomberg; as of April 30, 2013



change in the period	Q2'12	Q3'12	Q4'12	2012	Q1'13	YtD
BRE Bank	4.10%	6.37%	3.23%	32.52%	4.91%	6.01%
WIG Banks Index	2.15%	4.29%	5.87%	22.64%	-4.20%	-7.21%
EURO STOXX Banks Index	-16.63%	12.84%	10.63%	11.98%	-8.81%	-0.41%

Consensus estimates for BRE Bank Group's results

P&L item (in PLN M)	2011FY	2012FY	2013E		2014E	
			estimate	Δ vs. 2012A	estimate	Δ vs. 2013E
Net interest income	2 167	2 234	2 147	-3.9%	2 289	+6.6%
F&C income	840	840	844	+0.5%	893	+5.8%
Total income	3 521	3 578	3 559	-0.5%	3 759	+5.6%
Costs	-1 680	-1 661	-1 718	+3.4%	-1 769	+3.0%
LLPs	-373	-445	-506	+13.7%	-504	-0.4%
Profit before tax	1 467	1 472	1 335	-9.3%	1 484	+11.2%
Net Income	1 135	1 203	1 059	-12.0%	1 179	+11.3%
Loans	67 852	67 059	70 212	+4.7%	74 965	+5.3%
Assets	98 876	102 266	104 457	+2.1%	108 914	+4.3%
Deposits	54 244	57 984	61 484	+6.0%	65 498	+6.5%

Contributing research (released after November 1, 2012) by: Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, Millennium DM, BoA Merrill Lynch, Raiffeisen, UniCredit, ING, KBC, DM BZ WBK, Concorde, Ipopema, IDM SA, J.P. Morgan, Wood & Company, Morgan Stanley, PKO DM, Espirito Santo.

◀ Special topic: Q1 2013 BRE Bank Group's results compared to analysts' consensus ▶

Item (in PLN M)	Minimum	Median	Average	Maximum	Actual results	Difference to consensus
Net interest income	487.0	506.0	508.2	533.5	503.6	-0.90%
Net commission income	194.0	200.0	201.3	218.0	197.5	-1.89%
Total operating income	807.2	835.9	834.7	858.0	829.2	-0.66%
Total operating expense	(427.0)	(400.0)	(402.8)	(395.0)	(401.7)	-0.28%
Result before provisions	405.0	436.9	431.9	460.0	427.5	-1.02%
Loan Loss Provisions	(114.0)	(80.0)	(73.5)	(20.9)	(27.7)	-62.35%
Pre-tax profit	323.0	353.9	358.4	403.0	399.9	+11.57%
Net profit	262.0	284.8	288.5	322.0	323.9	+12.27%

Based on estimates of 18 analysts: ING Securities, J.P. Morgan, Morgan Stanley, Ipopema, Espirito Santo, UniCredit, DM BZ WBK, Deutsche Bank, KBC Securities, IDM SA, Erste Group, DM PKO, Millennium DM, Wood & Co., KBW, Raiffeisen, BoA Merrill Lynch, Concorde Research.

◀ Key news regarding BRE Bank Group ▶

Major developments of BRE Bank Group in Q1 2013

BRE Bank Group generated a profit before income tax of PLN 399.9 million in Q1 2013, representing an increase of 33.3% QoQ. Net profit attributable to the shareholders of BRE Bank stood at PLN 323.9 million in Q1 2013 and was up by 18.8% QoQ.

The results of the Group in Q1 2013 were predominantly driven by:

- **Stable revenues** of PLN 829.2 million (+0.8% QoQ) supported by an increase of net other operating income. Net interest income decreased by PLN 51.9 million or 9.3% QoQ, while net fee and commission income grew by PLN 2.2 million (+1.1% QoQ).
- **Decrease of operating expenses** by PLN 32.3 million or 7.5% QoQ to PLN 401.7 million (including depreciation and amortisation) driven mainly by lower personnel and material costs. Consequently, the effectiveness of BRE Bank Group measured by the cost/income ratio reached 48.4% after Q1 2013, compared to 52.7% in Q4 2012 (46.4% for the full 2012).
- **Decrease of risk costs** to 17 bps. Net impairment losses on loans and advances decreased by PLN 61.3 million or 68.9% QoQ. The reduction was mainly driven by the reversal of provisions for certain credit exposures in the Corporates and Institutions segment and by the continued sound financial standing of the Bank's retail and corporate clients.
- **Continued organic growth and business expansion** as demonstrated by: **growing retail customer base**, which reached 4,227 thou. (an increase of 93.5 thou. customers QoQ and 179 thou. YoY; a record high increase since Q2 2010) and **an increase in the number of corporate customers** to a record high of 15,296 clients (+201 compared to Q4 2012 and +882 YoY).

The loans to deposits ratio of the Group improved from 115.7% at the end of Q4 2012 to 113.9% at the end of Q1 2013. The changes in the Group's financial results translated into Gross ROE of 16.8% and Net ROE of 13.7%.

The Group's capital ratios remained at a safe level. The capital adequacy ratio stood at 18.87% at the end of March 2013 and Core Tier I ratio amounted to 13.51%.

New members of the Supervisory Board

On April 11, 2013, the 26th General Meeting of BRE Bank appointed Martin Blessing and Wiesław Thor as Members of the Supervisory Board as of April 12, 2013. They both have been engaged in the development of BRE Bank Group for several years.

Since May 15, 2008, Martin Blessing acts as the CEO of Commerzbank AG directly supervising the operations of Commerzbank Group in Central and Eastern Europe. Moreover, Mr Blessing served as Member of the Supervisory Board of BRE Bank from January 27, 2005 to September 4, 2008.

Wiesław Thor has been working for BRE Bank since 1990: from November 2, 2002 as Member of the Management Board of BRE Bank responsible for Risk Management, and from March 15, 2008 to April 11, 2013 as Vice-President of the Management Board of BRE Bank.

The appointment of new Members of the Supervisory Board increased the number of members of this authority from 10 to 12.

New member of the Management Board responsible for Risk Management

On April 11, 2013, Lidia Jabłowska-Luba was appointed to the position of Member of the Management Board of the Bank in charge of risk management.

Ms Jabłowska-Luba is an experienced manager, having worked for Schroeder Smith Barney Polska, Bank Handlowy, TUiR Warta, TunŻ Warta, and Kredyt Bank as Vice President in charge of finance and risk. Recently, Ms Jabłowska-Luba served as head of risk and value management at KBC Group (Belgium).

Furthermore, the Supervisory Board decided that to the day on which the Polish Financial Supervision Authority grants consent to the appointment of Ms Jabłowska-Luba as Vice-President of the Management Board and Chief Risk Officer, the responsibilities would be temporarily entrusted to Cezary Stypułkowski, President of the Management Board of BRE Bank.

In addition, the Supervisory Board of BRE Bank reappointed Cezary Stypułkowski as Chief Executive Officer and president of the Management Board for another 5-year term, while Hans-Dieter Kemler, Przemysław Gdański, Lidia Jabłowska-Luba, Joerg Hessenmueller, Cezary Kocik, and Jarosław Mastalerz were appointed as vice presidents. Apart from Lidia Jabłowska-Luba, all newly-elected management board members had been on the board in the previous term of office.

BRE Bank's analysts see no rebound in the economy and expect further rate cuts



Almost two series of monthly data passed since the last MPC meeting when rates were cut. And despite high expectations of a rebound in the economy, nothing even resembling one materialized. Q1 2013 will be marked by slightly higher (above but close to zero) consumption but considerably lower investment activity. The cycle did not turn the corner in the quarter as MPC had expected.

Therefore, BRE Bank's analysts think that in an environment of negligible inflation the MPC can afford generous rate cuts and the return to easing can be a spectacular one. They expect that the Council may start with 50bps in June (the risk for a cut in May is non-negligible but the meeting will be rather utilized to prepare the markets for a possible change the following month).

Annual inflation rate decreased in March from 1.3% to 1.0%. A drop resulted mainly from lower food inflation. Core CPI (excluding food and energy prices) also decreased by 0.1 p.p. to 1.0% as a consequence of significant drop in telecommunication service prices, outweighing one-off growth of prices in recreation and culture category. BRE Bank's analysts expect CPI to reach a bottom in June (ca. 0.5-0.6%). Consumer prices react with some delay to low economic activity (wide output gap),

low wages and drops of producer prices, which all constitute today's Polish reality. Therefore BRE Bank's analysts do not see much space for core CPI gaining pace in the second half of the year.

There are no signs of improvement on the labour market, which supports low demand forecasts based on self-imposed wage discipline and cyclical necessity to rebuild savings rate. With still negative real wage annual growth rate (-0.3% in March) income base for consumption is supported only by social benefits and pensions which are independent from economic situation.

Consumers appreciated the quality of services provided by MultiBank



MultiBank won the "Service Quality" ranking in the financial sector category for the fifth time. The jury of the contest comprises users of the internet platform jakoscobslugi.pl, who vote via the website. The best firms form the TOP 100 group and gain the title of the most friendly company and the Star Service Quality emblem.

On the basis of client assessment, an indicator of consumer satisfaction in a given sector is calculated. This year, the overall Polish consumer satisfaction index reached 61% and was higher by 13 p.p. from the last year. In the finance category it amounted to 69%, while for MultiBank it stood at 93.6%, being the best result among all financial institutions included in the ranking.

⟨ Forthcoming corporate access events ⟩

- May 16th, 2013 - Deutsche Bank conference “Polish Banking Day” in Warsaw

Please contact the IR Team if you are interested in meeting the Bank representatives at the above date.

⟨ Forthcoming reporting events ⟩

- August 2nd, 2013: BRE Bank's Group Consolidated Financial Report for H1 2013
- October 31st, 2013: BRE Bank's Group Financial Report for Q3 2013

BRE Bank's share code:

ISIN: PLBRE0000012

Reuters: BREP.WA

Bloomberg: BRE PW

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