

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

Dear Shareholders,

I am pleased that the year of our 25th anniversary has been accompanied by a strong business and financial performance of BRE Bank and the entire Group. For me personally, 2011 was the first full year as CEO of BRE Bank and as such, I feel fully responsible for the results generated during that period.

We generated a net profit of over PLN 1.1 billion which was higher by 77% compared to a year earlier. Profit before income tax reached almost PLN 1.5 billion translating into a pre-tax ROE of 21%. Cost to income ratio dropped to 48% highlighting the Group's strong revenue generation as well as a disciplined approach to managing the cost base. In many respects, the Group generated its best results in history. While the fact that the strong dynamics of our core income which includes interest and commissions were higher by 17% should be a source of satisfaction as it speaks to the strength of our business, I am convinced that our unique platform still holds a lot of potential.

Retail Banking was our most profitable business contributing 55% to our revenues and 66% to our profits before tax. We gained the trust of 237.5 thousand new retail clients and currently service 3.9 million people in Poland, Czech Republic and Slovakia. The average number of products per client increased from 2.8 to over 3, as we continued our efforts to fully utilize the potential of our retail platform. We also enjoyed respectable growth rates in our gross loan and deposit portfolios, which grew by 15% and 7% respectively. The retail loan portfolio proved resistant to the turbulences on the financial markets speaking to a solid financial standing of our clients. We continued our focus on innovation: comprehensive transactional banking services for mobile devices, such as iPads or iPhones were offered, partially with free internet access included in the package. Our ability to anticipate and respond to the changing needs of our clients will remain a critical factor for our competitive advantage in this highly demanding market.

Corporates and Financial Markets contributed 45% towards our revenues and 34% towards our profits before tax. With 700 new corporate banking clients added during 2011, we now service nearly 14,000 entities. I am pleased that our efforts to offer the best service and products in corporate and investment banking to clients of all sizes has met with visible success as we continued to record strong demand for traditional credit products as well as increased transactional banking activity. Market uncertainty discouraged companies from taking major investment decisions opting to accumulate excess funds instead. For BRE Bank Group, this translated into an increase in deposits of enterprises by 28% (including a growth of 51% for term deposits), whereas gross loans increased by a respectable 9%.

Pursuant to our adopted strategy, the share of BRE Bank in financing of the local governments increased considerably and reached 6.7% at the end of 2011 against 4.1 % in 2010.

The financial result of BRE Bank's subsidiaries was another factor that supported the performance of the Corporates and Financial Markets area having generated PLN 196 million in profit before tax. BRE Leasing, our brokerage house - Dom Inwestycyjny BRE Banku - and BRE Bank Hipoteczny all reported solid results on the back of strong client activity and disciplined resource management.

In 2011, BRE Bank received the title of the "Best Bank in Poland" in the prestigious ranking of Euromoney while mBank and MultiBank were ranked first in the prestigious ranking for the best retail bank in Poland organized by Newsweek. We also confirmed our leading position in internet banking by winning yet again in the annual review of Global Finance for the best online bank in this part of the world. While high scores in rankings can be a source of satisfaction it is the awareness of our clients that are served by a highly reliable, financially strong and innovative institution that matters the most in these challenging times for both Europe and the financial industry at large.

In the letter addressed to you last year I expressed my hope to reinstate the payment of dividends starting from profits for 2011. The continued uncertainty in Europe and on the international financial markets have prompted banking regulators including the Polish Financial Supervision Authority to act decisively to recommend that banks retain their 2011 profits and bolster the capital buffers in the system. Abiding by this recommendation, the Management Board took a decision not to pay the dividend and retain all of our 2011 profits as capital.

As I mentioned at the beginning, 2011 marked the 25th anniversary of BRE Bank which serves as an opportune time to make a profound reflection about our future. Currently, we are working on our new strategy until 2015 that should bring greater integration of our organisation and raise to the ambitious challenge of creating “One Bank” for the client able to predict and satisfy even the most sophisticated of their needs acting as a partner committed to fostering long-standing relations with them.

We also want to create “One Bank” for our employees where cooperation stands out as an important virtue and a source of our strength. We want to be a bank which promotes creative activity and engagement, a bank whose employees remained engaged and motivated by a common vision.

Last but not least, I would like to thank you on my own behalf and on behalf of the whole Management Board for the trust that you, dear Shareholders, have had in us and to assure you that we will continue to strive to be the best financial institution for our clients and by doing so we will build lasting value for you.

I would also like to thank the Supervisory Board for the good cooperation, support and guidance on which we may always count. I thank our Clients for their choice of our Bank and the Group subsidiaries. We will make every effort not to let them down.

Finally, I thank the Bank's employees, especially those who for the last 25 years have been working for its leading position on the Polish banking market, and also to all those employees working in the Group subsidiaries for their great effort in 2011.

Kind regards,

Cezary Stypułkowski
President of BRE Bank SA Management Board