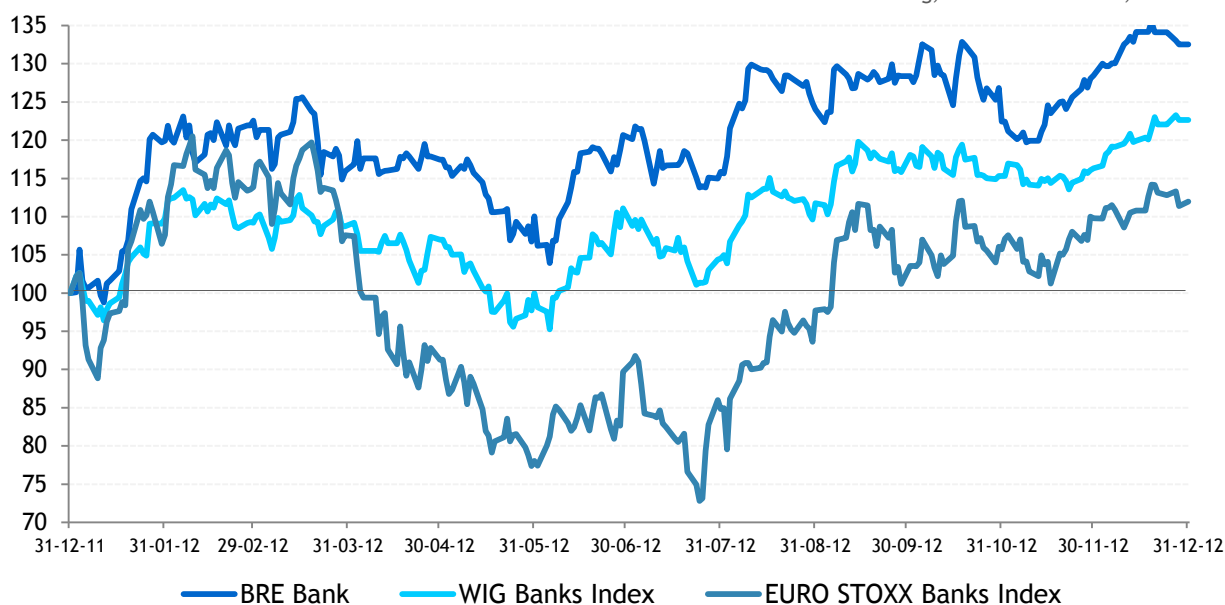




In December BRE Bank's share price increased by 3.16%, while the WIG Banks index increased by 5.43%. The EURO STOXX Banks Index increased by 1.98% in the same period.

### Share price performance summary

Source: Bloomberg; as of December 31, 2012.



change in the period	Q1'12	Q2'12	Q3'12	Q4'12	YtD
BRE Bank	15.93%	4.10%	6.37%	3.23%	32.52%
WIG Banks Index	8.73%	2.15%	4.29%	5.87%	22.64%
EURO STOXX Banks Index	7.58%	-16.63%	12.84%	10.63%	11.98%

### Consensus estimates for BRE Bank Group's results

P&L item (in PLN M)	2011FY	Q1-Q3 2012	2012E		2013E	
			estimate	Δ vs. 2011A	estimate	Δ vs. 2012E
Net interest income	2 149	1 678	2 255	+4.9%	2 229	-1.2%
F&C income	840	645	857	+2.1%	858	+0.1%
Total income	3 564	2 755	3 681	+3.3%	3 665	-0.4%
Costs	-1 723	-1 227	-1 695	-1.6%	-1 751	+3.3%
LLPs	-374	-356	-507	+35.5%	-633	+24.9%
Profit before tax	1 467	1 172	1 479	+0.8%	1 281	-13.4%
Net Income	1 135	931	1 173	+3.4%	1 012	-13.8%
Loans	67 852	69 197	70 363	+3.7%	73 111	+3.9%
Assets	98 876	99 806	100 997	+2.1%	104 896	+3.9%
Deposits	54 244	57 229	57 423	+5.9%	61 652	+7.4%

As of December 31, 2012

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

◀ Key news regarding BRE Bank Group ▶

May we expect a positive outlook attached to Polish rating in 2013? The answer of BRE Bank's analysts



Although country-rating is a complex business, BRE Bank's analysts decided to find a simple formula that matches an index of macroeconomic data to country rating. Their idea was to draw variables from the data published for European countries by the European Commission and the respective forecasts and construct an index of macroeconomic data that maximizes the (linear) correlation between actual country rating and the macro index.

The aim was to obtain the linear equation describing country rating as of 2012 and then see what is going to change given the EC forecasts for 2013. The analysis carries therefore two obvious features. First of all, it allows to compare which countries are over- and underrated given the mean rating as expressed by the regression line (static approach, valuable but biased due to model errors). Secondly, it allows for a dynamic approach which is to see which rating a country would hypothetically have if the rating was governed by our regression line drawn on the basis of 2012 data and then to see what is going to change in 2013.

The chosen form of macro index was a sum of variables, measuring domestic and external balancing of economies and their structural potential, including: GDP growth [+], GDP per capita (level) [+], Potential GDP growth [+], C/A balance [+], General Government Balance (ESA standard) as a percent of GDP [+], Public debt as a percent of GDP [-], Share of public expenditures in GDP [-], ULC growth [-], Unemployment rate [-], HICP inflation [-].

Having proven a relation between macro index and rating (the higher the rating, the higher the index) BRE Bank's analysts are able to see which macro indicators Poland should improve to have rating raised.

Static approach reveals that Poland is around 2 notches underrated. Conforming to the rating implied by the regression line would result in A1 Moody's rating and A+ ascribed by Fitch and S&P. Dynamic approach does leaves less optimistic message. According to the EC forecasts for 2013 Polish rating barely changes between 2012 and 2013. Therefore the improvement in macro indices for Polish economy is not substantial enough.

Poland can do better in 2013, though, if current account deficit was better conforming with the European average (close to 0) and inflation would fell more quickly to 2.8%. In such circumstances would the rating be raised even by 2 notches. Estimates of BRE Bank's analysts suggest that Poland is set to undergo a substantial improvement in those fields, however, the immediate impact for rating may be negligible.

It does not exclude, though, that forward looking rating agencies would praise Poland for external and internal rebalancing with an upgrade of rating outlook towards positive. Such a reasoning is set to support the ongoing popularity of Polish bonds among foreign investors.

### Even fewer mortgage loans in 2013



With the slowing economy the 2013 will be more severe for new mortgage lending due to the expiration of the government subsidy Family's Own House programme. BRE Bank's analysts estimate that only about 30% of the demand will be transferred to the non-subsidized loans, what will result in a significant weakening of the new lending since early 2013.

In H1'13 the annual volume growth rate should reach its low of ca 2% excluding the FX effect. BRE Bank's research of the factors affecting mortgage lending clearly indicated that currently the main determinant (after a period of tightening credit conditions by banks in 2011) is low demand.

Housing prices are falling (in the third quarter of 2012 average transaction price in 8 major cities in Poland decreased by 7% YoY), and although the number of commenced new housing projects is also finally starting to fall, certainly the price bottom has not been reached yet. Discounts encourage to purchase, however, mainly cash buyers or people financing their purchases with low non-cash component make transactions. The uncertainty over the economic situation and employment are a primary cause for a limited propensity of households to contract large, long-term debt.

Recommendation SII, fully implemented from January 2012, also reduced lending in foreign currencies to 1% of total lending (although after the boom in foreign currency loans in 2008, they still comprise more than 50% of the total portfolio). From January 2013 applying for a loan in the government Family's Own House programme will be no longer available, and although the price limits in this programme were set quite low (hence only a limited number of flats was included in it), loans granted within the programme were ca 20% of the total volume extended in 2010-2012.

The end of 2012 (and perhaps also marginally the first quarter of 2013) may benefit from the expiration of the programme, which forces faster purchasing decisions. The alternative Apartment For The Young programme is expected to come into effect from mid-2013 at the earliest. Similarly, it is unclear at the moment what the impact of the FSA efforts to mitigate the Recommendation SII will be. Therefore BRE Bank's economists foresee an extensive weakening in the mortgage market in 2013.

### The offer continuously focused on providing clients with new and innovative banking services: Transfer directly to the ATM with BRE Bank

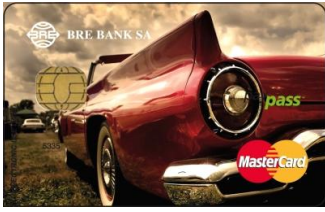


Transfer of money to an ATM using a mobile phone is a new service launched in the iBRE electronic banking system. This innovative solution developed in cooperation with HalCash has been made available to BRE Bank's clients since December 20th, 2012. This is a very convenient way to transfer funds not only in emergency cases, but also the payment of bonuses, salaries, compensation payments, and many other charges.

HalCash transfer service allows the client to send and instantly withdraw money from an ATM using a mobile phone. The Bank's customer defines in the electronic banking system a phone number of the person, who is to receive money, the transfer amount and PIN code assuring the transaction security. After a short time an SMS including a reference code that allows cash withdrawal is provided to the recipient.

HalCash service for BRE Bank's clients is available through the network of more than 4 thousand ATMs in Poland (including the Euronet).

BRE Bank with the most beautiful and the most innovative card at the Polish Card Gala



Cards issued by BRE Bank won in the categories for the most beautiful and the most innovative card in Poland, in a competition organized by the Central European Electronic Card Warsaw. The official announcement of the results combined with handing over of the awards took place on December 5th, 2012 during the fifth Polish Card Gala Dinner.

Cards issued by BRE Bank competed in two categories winning in both: MasterCard PayPass eMoney "American Classic Car" was awarded the most beautiful Polish card of the year prize and a membership card of Polish Scouting and Guiding Association Visa eMoney was recognized as the most innovative Polish card of the year.

The cards were evaluated by a panel of experts in the Polish and international card markets.

⟨ Forthcoming corporate access events ⟩

- No conference planned for January

⟨ Forthcoming reporting events ⟩

- February 8th, 2013: BRE Bank's Group Financial Report for Q4 2012
- March 1st, 2013: BRE Bank's Consolidated Annual Report for 2012

**BRE Bank's share code:**

ISIN: PLBRE0000012

Reuters: BREP.WA

Bloomberg: BRE PW

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