Supplement 19
approved by the Polish Financial Supervision Authority on September 3rd 2013,
to the Base Prospectus of BRE Bank Hipoteczny S.A.,
approved by the Polish Financial Supervision Authority on October 28th 2009

This Supplement 19 has been drawn up to update the Issue Prospectus by supplementing it with historical financial information for H1 2013 and with information on trends in the period from January 1 to July 31st 2013, in connection with the publication of condensed financial statements of BRE Bank Hipoteczny S.A. for H1 2013 on August 29th 2013.

Chapter II

Section 1

The following text is added at the beginning:

The financial information presented below is based on the audited financial statements for the financial year ended December 31st 2012, prepared in accordance with the IFRS as endorsed by the EU and comprising comparative data for the financial year ended December 31st 2011, and based on the reviewed condensed financial statements for H1 2013, prepared in accordance with IAS 34 Interim Financial Reporting and comprising comparative data for H1 2012. The financial information is supplemented with selected operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.

Sub-Section 1.1

The following text is added at the beginning:

As at the end of June 2013, the loan portfolio volume (including off-balance-sheet items) decreased slightly, by PLN 67,436 thousand relative to the end of 2012. Total on-balance-sheet and off-balance-sheet exposures reached PLN 4,829.2m as at the end of June 2013 (commercial loans, housing loans, loans to local government institutions), and loans granted from January to June 2013 amounted to PLN 249,996 thousand (Table 3f).

As at the end of June 2013, the loans used to finance commercial real estate accounted for 87.6% of the Bank's total loan portfolio. In terms of currency, PLN-denominated loans had a dominant share in the total portfolio, followed by EUR-denominated loans. As at the end of June 2013, foreign currency loans accounted for 48.9% of the aggregate loan portfolio (Table 2f).

The following new table is added under Table 1e:

Table 1f Total loan portfolio by product group (PLN '000)*

Product		**Jun 30 2013**	**Dec 31 2012**	**Change (%) Jun 30 2013/Dec 31 2012**
Commercial Loans	***On-balance-sheet exposure***	3,515,792	3,500,111	0.45%
	Off-balance-sheet exposure	716,059	745,486	-3.95%
	Total exposure	**4,231,851**	**4,245,598**	**-0.32%**
Housing loans	***On-balance-sheet exposure***	45,723	45,849	-0.27%
	Off-balance-sheet exposure	745	1,105	-32.58%
	Total exposure	**46,468**	**46,954**	**-1.04%**
Loans to local government institutions	***On-balance-sheet exposure***	520,049	561,883	-7.45%
	Off-balance-sheet exposure	30,732	41,841	-26.55%
	Total exposure	**550,781**	**603,724**	**-8.77%**
Total	***On-balance-sheet exposure*****	4,081,616	4,108,155	-0.65%

Off-balance-sheet exposure	747,536	788,433	-5.19%
Total exposure	**4,829,152**	**4,896,588**	**-1.38%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor. The above data relate to the portfolio value including loan interest, net of impairment losses.*
***The loan portfolio as at the end of June 2013 and as at the end of December 2012 includes other amounts due from non-financial sector (instalment sale of foreclosed flats) of PLN 52 thousand (end of June 2013) and PLN 312 thousand (end of December 2012).*

The following new table is added under Table 2e:

Table 2f Total loan portfolio by currency and main product groups*

Product	**Jun 30 2013**			**Dec 31 2012**		
	PLN	**EUR**	**USD**	**PLN**	**EUR**	**USD**
Commercial Loans	45.0%	52.5%	2.5%	50.1%	47.5%	2.4%
Housing loans	31.2%	56.0%	12.9%	33.1%	54.3%	12.6%
Loans to local government institutions	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)	**51.1%**	**46.5%**	**2.3%**	**56.1%**	**41.7%**	**2.2%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

A new table is added under Table 3e:

Table 3f Sales of loans – value and number of executed loan agreements, by product groups (PLN '000)*

Product	**Jan 1–Jun 30 2013**		**Jan 1–Jun 30 2012**	
	value	**number**	**value****	**number**
Commercial Loans	**249,996**	**16**	**306,898**	**24**
Including loans for:				
- construction projects	66,870	4	39,940	2
- refinancing of real estate	102,126	10	130,812	15
- land purchase	0	0	0	0
- loans to residential developers	81,000	2	136,146	7
Housing loans	**0**	**0**	**0**	**0**
Loans to local government institutions	**0**	**0**	**0**	**0**
advanced directly to local government institutions	0	0	0	0
guaranteed by local government institutions	0	0	0	0
Total	**249,996**	**16**	**306,898**	**24**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*
***The value of sales in the period January 1st–June 30th 2012 accounts for annexes to loan agreements under which the principal amounts of previous years' loans were increased by PLN 10,880 thousand. The value of agreements corresponds to the loan amounts as per agreement, translated at historical exchange rate.*

Sub-Section: Loans for the Purchase or Refinancing of Existing Real Estate (Including the Purchase of Shares in Special Purpose Vehicles Owning Real Estate)

The following text is added after the existing wording:

As at the end of June 2013, the total commercial loan portfolio decreased slightly on the end of December 2012, from PLN 4,245,598 thousand to PLN 4,231,851 thousand (on-balance sheet and off-balance sheet exposure).

In H1 2013, the commercial real estate projects financed by the Issuer included chiefly office buildings, shopping centres and commercial properties. The Bank mainly financed the purchase of or refinanced completed projects that met relevant standards, and financed the construction of projects on completion of which the construction loans were converted into long-term mortgage loans.

The average loan repayment period was 12.7 years. Loans bearing interest at variable rates prevailed in the portfolio. Foreign currency loans represented the largest proportion of the total commercial loan portfolio, with a 55.0% share as at the end of June 2013.

Sub-Section 1.1.2: Loans to Local Government Institutions

The following text is added at the beginning:

As at the end of June 2013, the total on-balance-sheet and off-balance-sheet exposure to the public sector reached PLN 550,781 thousand and represented 11.4% of the total credit exposure. Loans with an average repayment term of 14.4 years accounted for the majority of the portfolio of loans to local government institutions.

Similarly to 2012, the Issuer was scaling down sales of loans to local government institutions in H1 2013.

Sub-Section 1.1.3: Housing Loans to Retail Customers

The following text is added after the second paragraph:

The value of housing loan portfolio was slightly down, to PLN 46,468 thousand as at the end of June 2013 (on-balance-sheet and off-balance-sheet exposure). The adoption of a new strategy by the Issuer entails expansion of its business into retail lending.

2. Financial Information

The following text is added at the beginning:

The financial information presented below is based on the audited financial statements for the financial year ended December 31st 2012, prepared in accordance with the IFRS as endorsed by the EU and comprising comparative data for the financial year ended December 31st 2011, and based on the reviewed condensed financial statements for H1 2013, prepared in accordance with IAS 34 Interim Financial Reporting and comprising comparative data for H1 2012. The financial information is supplemented with selected operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.

The following new table is added under Table 9e:

Table 9f Selected financial data of the Issuer (PLN '000)

	Jun 30 2013	**Dec 31 2012**
ASSETS		
Cash and transactions with Central Bank	5,358	3,069
Amounts due from other financial institutions	13,827	10,282
Derivative financial instruments	1,361	11,128
Loans to customers	4,081,616	4,108,155
Investment securities	546,288	566,258
Investments in subsidiaries	715	65
Intangible assets	1,800	1,384
Property, plant and equipment	10,058	9,171
Deferred tax assets	10,542	9,960
Other assets	89,958	90,240
Total assets	**4,761,523**	**4,809,712**

Source: the Issuer's financial statements.

The following new table is added under Table 10e:

Table 10f Selected financial data of the Issuer (PLN '000)

	Jun 30 2013	**Dec 31 2012**
EQUITY AND LIABILITIES		
Amounts due to other financial institutions	1,170,879	1,172,467
Derivative financial instruments	36,167	461
Amounts due to non-financial sector	205,092	179,033
Liabilities under debt securities in issue	2,738,552	2,852,445
Subordinated liabilities	100,238	100,316
Other liabilities and provisions	5,372	4,122
Current income tax liability	432	163
Total liabilities	**4,256,732**	**4,309,007**
Equity	**504,791**	**500,705**
Share capital:	275,000	275,000

- Registered share capital	275,000	175,000
- Unregistered share capital paid up	-	100,000
Retained earnings	227,949	223,315
- Profit/(loss) brought forward	223,315	214,028
- Current year profit/(loss)	4,634	9,287
Other equity items	1,842	2,390
Total equity	**504,791**	**500,705**
Total equity and liabilities	**4,761,523**	**4,809,712**

Source: the Issuer's financial statements.

The following text is added under Table 10f:

As at the end of June 2013, the Bank's balance-sheet total stood at PLN 4,761,523 thousand and was PLN 48,189 thousand lower than as at the end of 2012. The key item of assets was loans granted to non-financial sector, which accounted for 85.7% of total assets.

As at the end of June 2013, the Bank's loan portfolio totalled PLN 4,829,152 thousand (on-balance-sheet and off-balance-sheet exposure), 1.4% below the level reported at the end of 2012. As at the end of June 2013, 87.6% of loans granted to non-financial sector (gross) were loans to corporate clients, and 12.4% – loans to retail clients and the public sector.

The main item of the Bank's liabilities is liabilities under debt securities in issue, which as at June 30th 2013 accounted for 57.5% of the balance-sheet total. The debt securities in issue comprise covered bonds and bonds. Liabilities also included amounts due to other financial institutions, which accounted for 24.6% of the balance-sheet total.

The following new table is added under Table 11e:

Table 11f Off-balance-sheet items (PLN '000)*

Contingent liabilities and commitments	Jun 30 2013	Dec 31 2012
Financial commitments and liabilities	757,568	798,623
Interest rate derivatives	1,160,361	976,353
Foreign currency derivatives	1,986,449	1,582,082
Financial commitments received	220,128	218,958
Total off-balance sheet items	**4,124,506**	**3,576,016**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 12e:

Table 12f Selected items of the income statement (PLN '000)

	H1 2013	H1 2012*
Interest income	125,257	138,446
Interest expense	(86,414)	(99,212)
Net interest income	**38,843**	**39,234**
Fee and commission income	711	874
Fee and commission expense	(722)	(723)

Net fee and commission income	**(11)**	**151**
Trading profit, including:	**3,883**	**1,205**
Foreign exchange gains/(losses)	3,970	908
Profit/(loss) on other trading activities	(87)	297
Other operating income	443	314
Net impairment losses on loans and borrowings	(12,696)	(3,696)
General and administrative expenses	(19,824)	(18,231)
Amortisation and depreciation	(1,950)	(1,906)
Other operating expenses	(1,223)	(1,345)
Gross profit	**7,465**	**15,726**
Corporate income tax	(2,831)	(2,988)
Net profit	**4,634**	**12,738**

** The comparative data for H1 2012 has been restated to reflect the presentation changes made in the current reporting period.*

Source: financial statements of the Issuer.

The following text is added under Table 12f:

Interest income was the main source of the Bank's revenue. Similarly, expenses were dominated by interest expense. These items and, to a lesser extent, general and administrative expenses and net impairment losses on loans and advances were the main drivers of gross profit, which amounted to PLN 7,465 thousand in H1 2013 and was PLN 8,261 thousand lower than gross profit generated in H1 2012.

The 52.5% year-on-year decline in gross profit resulted mainly from impairment losses on receivables, which were PLN 9m higher than in the previous year. Other factors which affected gross profit were higher operating costs related to reorganisation of the Bank's business and a decline in net interest income, led mainly by a decrease in the loan portfolio value and interest rate cuts.

3. Growth Strategy

The following text is added after the existing wording:

In H1 2013, BRE Bank Hipoteczny redefined its strategic objectives, vision and directions for growth, as well as its target positioning on the banking market. A number of steps and decisions were taken in the period under review to improve the Bank's operational efficiency and build its growth momentum through optimal use of the available resources and market potential, as well as to define the Bank's role and area of competence within the BRE Bank Group, where it is seeking to consolidate position as a strategic company. The Bank is pursuing safe growth through specialisation, which, given the nature and the narrow scope of the Bank's business, is a source of its competitive advantage and strong market position.

The adoption of a new strategy by the Issuer entails expansion of its business into retail lending and substantial increase in its role and position as an issuer of covered bonds, both within the BRE Group and on the Polish covered bond market generally. To attain this goal, a new business model will need to be developed in close cooperation with the Issuer's parent, a universal bank, based on the specialist competencies and market experience of the Issuer as a mortgage bank. To achieve its strategic objectives and grow its business in new areas, the Bank will have to make a number of organisational changes and adjust its organisational structure and staffing levels to the current needs and business challenges, including by appropriate resource allocation, infrastructure adjustments, and setting up units dedicated to the new business line. Specifically, these changes will entail a headcount increase and establishment of an office in Łódź to house the operating resources dedicated to the retail business. Other important adjustments include upscaling IT systems and infrastructure, which is indispensable for the implementation of the new business plan. The IT systems and infrastructure need improvements to achieve compatibility and integrity with the BRE Bank systems so that optimum interoperability between the two banks' systems in joint business projects is ensured.

Chapter III.
Section 1.1: Credit Risk

After the second paragraph, a new paragraph is added to read as follows:

As a result of the challenging market environment, the share of impaired loans in the Bank's total loans increased to 4.54% as at June 30th 2013 (loan portfolio quality measured as impaired loans to total gross value of loans advanced).

A new table is added under Table 13e:

Table 13f Quality of the Bank's loan portfolio*

	Jun 30 2013		Jun 30 2012	
Loans to customers	**Exposure (PLN '000)**	**Exposure (PLN '000)**	**Exposure (PLN '000)**	**Share/ Coverage (%)**
Not yet overdue, unimpaired	3,545,267	85.62%	3,644,732	88.06%
Overdue, unimpaired	407,306	9.84%	390,399	9.43%
Impaired	187,985	4.54%	103,920	2.51%
Total gross loans	**4,140,558**	**100.00%**	**4,139,051**	**100.00%**
Provision (for impaired and unimpaired loans)	-58,942	1.42%	-23,683	0.57%
Total net loans	**4,081,616**	**98.58%**	**4,115,368**	**99.43%**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

Sub-Section: High Share of Commercial Loans in the Loan Portfolio

The following text is added after the existing wording:

As at June 30th 2013, the share of commercial loans in the Issuer's total loan portfolio (on-balance-sheet and off-balance-sheet exposure) was 87.6%.

As at June 30th 2013, none of the limits imposed under the Covered Bond and Mortgage Banks Act of August 29th 1997 (including the limit on the share of loans exceeding 60% of the mortgage lending value of real estate in the total loan portfolio, the limit on the loan amount refinanced with proceeds from covered bonds set at 60% of the mortgage lending value of real estate, and the limit on the share of loans secured by real estate under construction) or the Banking Law of August 29th 1997 (the limit on exposure concentration of a single entity or a group of entities with equity or organisational links) were exceeded.

Chapter V

Section 6

A new paragraph is added:

The Issuer's condensed financial statements for H1 2013 have been reviewed by Ernst & Young Audit Sp. z o.o., a qualified auditor of financial statements. The auditor is related to the Issuer to the extent that it is a party to an agreement for the provision of audit services concluded with the Issuer.
The agreement with Ernst & Young Audit Sp. z o.o. of June 17th 2013 covers, among other things:

- review of the Company's condensed financial statements for the six months ended June 30th 2013,
- review of the Company's reporting packages prepared for the purpose of consolidated financial statements of the BRE Bank Group and Commerzbank AG Group for the six months ended June 30th 2013.

Ernst & Young Audit Sp. z o.o. has no financial interest contingent upon a successful completion of the Public Offering of the Covered Bonds.

Chapter VIII

Section 1.3

The following text is added at the beginning:

The financial information presented below is based on the audited financial statements for the financial year ended December 31st 2012, prepared in accordance with the IFRS as endorsed by the EU and comprising comparative data for the financial year ended December 31st 2011, and based on the reviewed condensed financial statements for H1 2013, prepared in accordance with IAS 34 Interim Financial Reporting and comprising comparative data for H1 2012. The financial information is supplemented with selected operating and financial data sourced from the Issuer’s management accounts, which has not been audited or reviewed by the auditor.

The following new table is added under Table 16e:

Table 16f Selected financial data of the Issuer (PLN ’000)

	Jun 30 2013	**Dec 31 2012**
ASSETS		
Cash and transactions with Central Bank	5,358	3,069
Amounts due from other financial institutions	13,827	10,282
Derivative financial instruments	1,361	11,128
Loans to customers	4,081,616	4,108,155
Investment securities	546,288	566,258
Investments in subsidiaries	715	65
Intangible assets	1,800	1,384
Property, plant and equipment	10,058	9,171
Deferred tax assets	10,542	9,960
Other assets	89,958	90,240
Total assets	**4,761,523**	**4,809,712**

Source: the Issuer’s financial statements.

The following new table is added under Table 17e:

Table 17f Selected financial data of the Issuer (PLN ’000)

	Jun 30 2013	Dec 31 2012
EQUITY AND LIABILITIES		
Amounts due to other financial institutions	1,170,879	1,172,467
Derivative financial instruments	36,167	461
Amounts due to non-financial sector	205,092	179,033
Liabilities under debt securities in issue	2,738,552	2,852,445
Subordinated liabilities	100,238	100,316
Other liabilities and provisions	5,372	4,122
Current income tax liability	432	163
Total liabilities	**4,256,732**	**4,309,007**
Equity	**504,791**	**500,705**
Share capital:	275,000	275,000
- Registered share capital	275,000	175,000
- Unregistered share capital paid up	-	100,000
Retained earnings	227,949	223,315
- Profit/(loss) brought forward	223,315	214,028
- Current year profit/(loss)	4,634	9,287
Other equity items	1,842	2,390
Total equity	**504,791**	**500,705**
Total equity and liabilities	**4,761,523**	**4,809,712**

Source: the Issuer’s financial statements.

The following text is added under Table 17f:

As at the end of June 2013, the Bank’s balance-sheet total stood at PLN 4,761,523 thousand and was PLN 48,189 thousand lower than as at the end of 2012. The key item of assets was loans granted to non-financial sector, which accounted for 85.7% of total assets.

As at the end of June 2013, the Bank’s loan portfolio totalled PLN 4,829,152 thousand (on-balance-sheet and off-balance-sheet exposure), 1.4% below the level reported at the end of 2012. As at the end of June 2013, 87.6% of loans granted to non-financial sector (gross) were loans to corporate clients, and 12.4% – loans to retail clients and the public sector.

The main item of the Bank’s liabilities is liabilities under debt securities in issue, which as at June 30th 2013 accounted for 57.5% of the balance-sheet total. The debt securities in issue comprise covered bonds and bonds. Liabilities also included amounts due to other financial institutions, which accounted for 24.6% of the balance-sheet total.

The following new table is added under Table 18e:

Table 18f Off-balance-sheet items (PLN ‘000)*

Contingent liabilities and commitments	**Jun 30 2013**	**Dec 31 2012**
Financial commitments and liabilities	757,568	798,623
Interest rate derivatives	1,160,361	976,353
Foreign currency derivatives	1,986,449	1,582,082
Financial commitments received	220,128	218,958
Total off-balance sheet items	**4,124,506**	**3,576,016**

Source: the Issuer.

** Operating and financial data sourced from the Issuer’s management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 19e:

Table 19f Selected items of the income statement (PLN ‘000)

	H1 2013	**H1 2012***
Interest income	125,257	138,446
Interest expense	(86,414)	(99,212)
Net interest income	**38,843**	**39,234**
Fee and commission income	711	874
Fee and commission expense	(722)	(723)
Net fee and commission income	**(11)**	**151**
Trading profit, including:	**3,883**	**1,205**
Foreign exchange gains/(losses)	3,970	908
Profit/(loss) on other trading activities	(87)	297
Other operating income	443	314
Net impairment losses on loans and borrowings	(12,696)	(3,696)
General and administrative expenses	(19,824)	(18,231)
Amortisation and depreciation	(1,950)	(1,906)
Other operating expenses	(1,223)	(1,345)
Gross profit	**7,465**	**15,726**
Corporate income tax	(2,831)	(2,988)
Net profit	**4,634**	**12,738**

** The comparative data for H1 2012 has been restated to reflect the presentation changes made in the current reporting period.*

Source: financial statements of the Issuer.

The following text is added under Table 19f:

Interest income was the main source of the Bank’s revenue. Similarly, expenses were dominated by interest expense. These items and, to a lesser extent, general and administrative expenses and net impairment losses on loans and advances were the main drivers of gross profit, which amounted to PLN 7,465 thousand in H1 2013 and was PLN 8,261 thousand lower than gross profit generated in H1 2012.

The 52.5% year-on-year decline in gross profit resulted mainly from impairment losses on receivables, which were PLN 9m higher than in the previous year. Other factors which affected gross profit were higher operating costs related to reorganisation of the Bank's business and a decline in net interest income, led mainly by a decrease in the loan portfolio value and interest rate cuts.

The following text is added under Table 20e:

In H1 2013, due to a decrease of PLN 8,104 thousand in net profit relative to H1 2012 (down 63.6%), the Bank recorded lower profitability ratios, calculated as the ratio of net profit or gross profit to a given financial figure.

In H1 2013, book value per share fell to PLN 183.56, from PLN 229.86 as at the end of June 2012. In the same period, earnings per share dropped to PLN 1.69, from PLN 7.28 in H1 2012.

As at the end of H1 2013, the capital adequacy ratio stood at 15.24% (versus 11.97% as at the end of 2012). According to the banking law, the minimum level of the capital adequacy ratio should be 8%. The minimum adequacy ratio as recommended by the Polish Financial Supervision Authority is 12%.

As at June 30th 2013, the share of impaired loans in the total on-balance-sheet credit exposure stood at 4.54%.

Section 1.4. Lending Activities

The following text is added at the beginning:

As at the end of June 2013, the volume of the loan portfolio (including off-balance-sheet items) decreased slightly, by PLN 67,436 thousand relative to the end of 2012. The total on-balance-sheet and off-balance-sheet exposures reached PLN 4,829.2m as at the end of June 2013 (commercial loans, housing loans, loans to local government institutions), and loans granted from January to June 2013 amounted to PLN 249,996 thousand (Table 23f).

As at the end of June 2013, the loans used to finance commercial real estate accounted for 87.6% of the Bank's total loan portfolio. In terms of currency, PLN-denominated loans had a dominant share in the total portfolio, followed by EUR-denominated loans. As at the end of June 2013, foreign currency loans accounted for 48.9% of the aggregate loan portfolio (Table 22f).

The following new table is added under Table 21e:

Table 21f Total loan portfolio by product group (PLN '000)*

Product		**Jun 30 2013**	**Dec 31 2012**	**Change (%) Jun 30 2013/Dec 31 2012**
Commercial Loans	***On-balance-sheet exposure***	3,515,792	3,500,111	0.45%
	Off-balance-sheet exposure	716,059	745,486	-3.95%
	Total exposure	**4,231,851**	**4,245,598**	**-0.32%**
Housing loans	***On-balance-sheet exposure***	45,723	45,849	-0.27%
	Off-balance-sheet exposure	745	1,105	-32.58%
	Total exposure	**46,468**	**46,954**	**-1.04%**
Loans to local government institutions	***On-balance-sheet exposure***	520,049	561,883	-7.45%
	Off-balance-sheet exposure	30,732	41,841	-26.55%
	Total exposure	**550,781**	**603,724**	**-8.77%**
Total	***On-balance-sheet exposure*****	4,081,616	4,108,155	-0.65%
	Off-balance-sheet exposure	747,536	788,433	-5.19%
	Total exposure	**4,829,152**	**4,896,588**	**-1.38%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor. The above data relate to the portfolio value including loan interest, net of impairment losses.*
***The loan portfolio as at the end of June 2013 and as at the end of December 2012 includes other amounts due from non-financial sector (instalment sale of foreclosed flats) of PLN 52 thousand (end of June 2013) and PLN 312 thousand (end of December 2012).*

The following new table is added under Table 22e:

Table 22f Total loan portfolio by currency and main product groups*

Product	Jun 30 2013			Dec 31 2012		
	PLN	EUR	USD	PLN	EUR	USD
Commercial Loans	45.0%	52.5%	2.5%	50.1%	47.5%	2.4%
Housing loans	31.2%	56.0%	12.9%	33.1%	54.3%	12.6%
Loans to local government institutions	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)	**51.1%**	**46.5%**	**2.3%**	**56.1%**	**41.7%**	**2.2%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 23e:

Table 23f Sales of loans – value and number of executed loan agreements, by product groups (PLN '000)*

Product	Jan 1–Jun 30 2013		Jan 1–Jun 30 2012	
	value	number	value**	number
Commercial Loans	**249,996**	**16**	**306,898**	**24**
Including loans for:				
- construction projects	66,870	4	39,940	2
- refinancing of real estate	102,126	10	130,812	15
- land purchase	0	0	0	0
- loans to residential developers	81,000	2	136,146	7
Housing loans	**0**	**0**	**0**	**0**
Loans to local government institutions	**0**	**0**	**0**	**0**
advanced directly to local government institutions	0	0	0	0
guaranteed by local government institutions	0	0	0	0
Total	**249,996**	**16**	**306,898**	**24**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*
***The value of sales in the period January 1st–June 30th 2012 accounts for annexes to loan agreements under which the principal amounts of previous years' loans were increased by PLN 10,880 thousand. The value of agreements corresponds to the loan amounts as per agreement, translated at historical exchange rate.*

Section 1.4.1
Sub-Section: Loans for the Purchase or Refinancing of Existing Real Estate (Including the Purchase of Shares in Special Purpose Vehicles Owning Real Estate)

The following text is added before Chart 6-1b:

As at the end of June 2013, the total commercial loan portfolio decreased slightly on the end of December 2012, from PLN 4,245,598 thousand to PLN 4,231,851 thousand (on-balance sheet and off-balance sheet exposure).

In H1 2013, the commercial real estate projects financed by the Issuer included chiefly office buildings, shopping centres and commercial properties. The Bank mainly financed the purchase of or refinanced completed projects that met relevant standards, and financed the construction of projects on completion of which the construction loans were converted into long-term mortgage loans.

The average loan repayment period was 12.7 years. Loans bearing interest at variable rates prevailed in the portfolio. Foreign currency loans represented the largest proportion of the total commercial loan portfolio, with a 55.0% share as at the end of June 2013.

A geographical diversification was clearly visible in the structure of lending activity. Most of the projects financed by the Bank were located in the Provinces of Warsaw, Wrocław, Kraków, and Gdańsk; commercial loans advanced in these provinces accounted for 73.8% of the Bank's total on-balance-sheet exposure.

In line with the concentration limits, as at June 30th 2012 the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's equity, i.e. PLN 149,584 thousand (as at June 30th 2013).

Sub-Section 1.4.2 Loans to Local Government Institutions

The following text is added at the beginning:

As at the end of June 2013, the total on-balance-sheet and off-balance-sheet exposure to the public sector reached PLN 550,781 thousand and represented 11.4% of the total credit exposure. Loans with an average repayment term of 14.4 years accounted for the majority of the portfolio of loans to local government institutions.

Similarly to 2012, the Issuer was scaling down sales of loans to local government institutions in H1 2013.

Sub-Section 1.4.3 Housing Loans to Retail Customers

The following text is added after the second paragraph:

The value of housing loan portfolio was slightly down, to PLN 46,468 thousand as at the end of June 2013 (on-balance-sheet and off-balance-sheet exposure). The adoption of a new strategy by the Issuer entails expansion of its business into retail lending.

Section 1.6 Issues of Covered Bonds

The following text is added above Table 25:

BRE Bank Hipoteczny S.A. carried out a total of 43 issues of covered bonds, including 11 private placements and 32 public offerings, maintaining the leading position on the Polish covered bonds market as at the end of June 2013. The total value of all outstanding covered bonds issued by BRE Bank Hipoteczny was in excess of PLN 2bn. The Bank offers chiefly covered bonds with four- and five-year maturities.

To the Issuer's knowledge, BRE Bank Hipoteczny S.A. has been the largest issuer of covered bonds since they were first introduced into the Polish capital market in 2000, and its market share as at the end of June 2013 was approximately 72%.
In H1 2013, the Bank issued one series of mortgage covered bonds worth in total PLN 80m.

In H1 2013, Fitch Ratings Ltd affirmed the previous ratings assigned to the Bank and its covered bonds, attesting to the high level of the Bank's security.

Ratings from Fitch Ratings Ltd are as follows:

A/F1 - long- and short-term international rating
1 - support rating
A - for public sector covered bonds
A - for mortgage covered bonds

Fitch Ratings Ltd assigns its ratings on the following descending scale:

- long-term international ratings: AAA, AA, A, BBB, BB, B, CCC, CC, C, RD, D

- short-term international ratings: F1, F2, F3, B, C, RD, D
- support ratings: 1, 2, 3, 4, 5

The mortgage bond ratings withdrawn by Moody's on May 21st 2013 were as follows:

- Baa2 with a negative outlook for mortgage covered bonds;
- Baa1 with a negative outlook for public sector covered bonds.

The following new table is added under Table 29e:

Table 29f Portfolio of receivables securing mortgage covered bonds, by currency and amounts as at June 30th 2013*

Value ranges (PLN '000)	Value of loans (PLN '000)	Value of loans advanced in EUR (PLN '000)	Value of loans advanced in USD (PLN '000)	Total
<= 250	7,876	10,889	2,621	**21,386**
250.1 – 500	4,029	6,562	587	**11,178**
500.1 – 1,000	7,279	12,250	2,762	**22,291**
1,000.1 – 5,000	120,963	160,582	10,429	**291,974**
5,000.1 – 10,000	148,195	159,844	25,627	**333,665**
10,000.1 – 15,000	173,743	153,418	27,963	**355,124**
15,000.01 – 20,000	70,656	116,073	33,794	**220,524**
20,000.1 – 30,000	189,922	339,998	0	**529,920**
30,000.1 – 40,000	39,092	273,949	0	**313,041**
40,000.1 – 50,000	87,546	140,033	0	**227,579**
> 50,000.1	0	120,653	0	**120,653**
Total	**849,301**	**1,494,251**	**103,784**	**2,447,336**
Share in the portfolio (%)	**34.70%**	**61.06%**	**4.24%**	

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

A new table is added under Table 30c:

Table 30f Portfolio of receivables securing mortgage covered bonds, by type of borrower as at June 30th 2013*

Borrower	Value (PLN '000)	Share in the portfolio (%)
Legal persons/sole traders	2,414,463	98.66%
Natural persons	32,873	1.34%
Total	**2,447,336**	**100.00%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 31e:

Table 31f Portfolio of receivables securing mortgage covered bonds, by type of financed project as at June 30th 2013*

Use of funds	Value (PLN '000)	Share in the portfolio (%)
Commercial real estate	2,243,020	91.65%
Residential real estate	204,317	8.35%
Total	**2,447,336**	**100.00%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 32e:

Table 32f Portfolio of receivables securing mortgage covered bonds, by type of interest rate as at June 30th 2013*

Interest rate type	Value (PLN '000)	Share in the portfolio (%)
Variable interest rate	2,434,501	99.48%
Fixed interest rate	12,835	0.52%
Total	**2,447,336**	**100.00%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

A new table is added under Table 33e:

Table 33f Portfolio of receivables securing mortgage covered bonds, by maturity as at June 30th 2013*

Term ranges (in years)	Value (PLN '000)	Share in the portfolio (%)
0–2 years	132,875	5.43%
2–3 years	73,320	3.00%
3–4 years	55,376	2.26%
4–5 years	32,328	1.32%
5–10 years	254,407	10.40%
> 10 years	1,899,030	77.60%
Total	**2,447,336**	**100.00%**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 35e:

Table 35f Portfolio of receivables securing mortgage covered bonds by progress of investment project as at June 30th 2013*

Progress of investment	Value (PLN '000)	Share in the portfolio (%)
Projects under construction	121,077	4.95%
Completed projects	2,326,259	95.05%
Total	**2,447,336**	**100.00%**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 36e:

Table 36f Value range of receivables securing public sector covered bonds as at June 30th 2013*

Value range (PLN '000)	Value of loans (PLN '000)	Share (%)	Number of agreements
<= 500	1,601	0.3%	7
500.1 – 1,000	12,412	2.4%	16
1,000.1 – 2,000	22,661	4.3%	15
2,000.1 – 3,000	33,492	6.4%	12

3,000.1 – 5,000	54,437	10.4%	15
5,000.1 – 10,000	98,323	18.9%	15
10,000.1 – 15,000	54,346	10.4%	5
15,000.01 – 20,000	50,601	9.7%	3
> 20,000.1	193,282	37.1%	3
TOTAL	**521,155**	**100%**	**91**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 37e:

Table 37f Portfolio of receivables securing public sector covered bonds, by maturity as at June 30th 2013*

Loan term	Value (PLN '000)	Share in the portfolio (%)
0–2 years	8,050	1.5%
2–3 years	22,423	4.3%
3–4 years	30,165	5.8%
4–5 years	10,909	2.1%
5–10 years	101,363	19.4%
10–15 years	56,814	10.9%
15–20 years	54,878	10.5%
> 20 years	236,553	45.4%
TOTAL	**521,155**	**100%**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 39e:

Table 39f Portfolio of receivables securing public sector covered bonds, by type of interest rate as at June 30th 2013*

Interest rate	Value (PLN '000)	Share in the portfolio (%)
Variable interest rate	521,155	100.0%
Fixed interest rate	0	0.0%
TOTAL	**521,155**	**100%**

Source: the Issuer.

* *Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

The following new table is added under Table 40e:

Table 40f Portfolio of receivables securing public sector covered bonds, by type of borrower as at June 30th 2013*

Borrower	Value (PLN '000)	Share in the portfolio (%)
advanced directly to local government institutions	162,248	31.1%
guaranteed by local government institutions	358,907	68.9%
TOTAL	**521,155**	**100%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

Chapter X

1. Material Trends Observed since the Date of the Last Audited Financial Statements

The following text is added after the existing wording:

Pursuant to Section 7.1 of Commission Regulation (EC) No. 809/2004 of April 29th 2004, we represent that no material adverse changes in the Issuer's growth prospects have occurred since the publication of its most recent audited financial statements, prepared for the financial year 2012. The financial data for the period January 1st–June 30th 2013 have been reviewed by the auditor. The financial data for the period July 1st–July 31st 2013 have not been reviewed or audited by the auditor.

Pursuant to Section 11.7 of Commission Regulation (EC) No. 809/2004 of April 29th 2004, below we provide a description of all material changes in the Issuer's financial standing since the end of the most recent financial period for which audited financial information was published, that is the period from January 1st to July 31st 2013.

As at the end of July 2013, the total commercial loan portfolio increased slightly (by 1.32%) on the end of December 2012, totalling PLN 4,301,761 thousand.

The total portfolio of loans to local government institutions was PLN 534,457 thousand as at the end of July 2013, having shrunk 11.47% from the level reported as at the end of December 2012.

The share of PLN-denominated loans remained high and accounted for 53.5% of the Bank's total loan portfolio as at July 31st 2013.

The average loan to value ratio (LTV) in the case of commercial loans advanced from January to July 2013 was 81.38%.

The ratio of mortgage lending value to market value for commercial loans advanced in the period January–July 2013 amounted to 96.1% and was lower than the level reported for loans advanced in the same period of 2012, which stood at 96.6%.

Table 41f Total loan portfolio by product group (PLN '000)*

Product		Jul 31 2013	Dec 31 2012	Change (%) Jul 31 2013/Dec 31 2012
Commercial Loans	***On-balance-sheet exposure***	3,467,413	3,500,111	-0.93%
	Off-balance-sheet exposure	834,348	745,486	11.92%
	Total exposure	**4,301,761**	**4,245,598**	**1.32%**
Housing loans	***On-balance-sheet exposure***	44,788	45,849	-2.31%
	Off-balance-sheet exposure	796	1,105	-27.96%
	Total exposure	**45,584**	**46,954**	**-2.92%**
Loans to local government institutions	***On-balance-sheet exposure***	513,333	561,883	-8.64%
	Off-balance-sheet exposure	21,124	41,841	-49.51%
	Total exposure	**534,457**	**603,724**	**-11.47%**
Total	***On-balance-sheet exposure*****	4,025,579	4,108,155	-2.01%
	Off-balance-sheet exposure	856,268	788,433	8.60%
	Total exposure	**4,881,846**	**4,896,588**	**-0.30%**

Source: the Issuer.

** The above data relate to the portfolio value net of loan interest and before impairment losses. * Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*
***The loan portfolio as at the end of July 2013 and as at the end of December 2012 includes other amounts due from non-financial sector (instalment sale of foreclosed flats) of PLN 45 thousand (end of July 2013) and PLN 312 thousand (end of December 2012).*

Table 42e Total loan portfolio by currency and main product groups*

Product	**Jul 31 2013**			**Dec 31 2012**		
	PLN	**EUR**	**USD**	**PLN**	**EUR**	**USD**
Commercial Loans	47.9%	49.7%	2.4%	50.1%	47.5%	2.4%
Housing loans	32.0%	55.4%	12.5%	33.1%	54.3%	12.6%
Loans to local government institutions	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)	**53.5%**	**44.3%**	**2.2%**	**56.1%**	**41.7%**	**2.2%**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*

Table 43f Sales of loans – value and number of executed loan agreements, by product groups (PLN '000)*

Product	**Jan 1–Jul 31 2013**		**Jan 1–Jul 31 2012**	
	Value**	**number**	**Value*****	**Number**
Commercial Loans	**441,788**	**24**	**455,628**	**30**
Including loans for:				
- construction projects	171,320	5	39,940	2
- refinancing of real estate	140,668	13	142,062	17
- land purchase	0	0	0	0
- loans to residential developers	129,800	6	273,626	11
Public sector	**0**	**0**	**3,350**	**1**
advanced directly to local government institutions	0	0	3,350	1
guaranteed by local government institutions	0	0	0	0

Total	**441,788**	**24**	**458,978**	**31**

Source: the Issuer.

** Operating and financial data sourced from the Issuer's management accounts, which has not been audited or reviewed by the auditor.*
***The value of sales in January 1st – July 31st 2013 accounts for annexes to loan agreements under which the principal amounts of previous years' loans were increased by PLN 4,342 thousand. The value of agreements corresponds to the loan amounts as per agreement, translated at historical exchange rate.*
****The value of sales in the period January 1st–July 30th 2012 accounts for annexes to loan agreements under which the principal amounts of previous years' loans were increased*
by PLN 10,880 thousand. The value of agreements corresponds to the loan amounts as per agreement, translated at historical exchange rate.

The following text is added under Table 43f:

After the end of 2012, the following important events took place:

Seven-year mortgage covered bonds, worth in total EUR 30m, were issued on July 26th 2013. It was the first issue of covered bonds bearing interest at a fixed rate. In aggregate, 44 issues of covered bonds were carried out by July 31st 2013.

PricewaterhouseCoopers Sp. z o.o. was replaced by Ernst & Young Audit Sp. z o.o. as the Issuer's auditor. The agreement executed with Ernst & Young Audit Sp. z o.o. on June 17th 2013, covers, among other things:
- review of the Company's condensed financial statements for the six months ended June 30th 2013,
- review of the Company's reporting packages prepared for the purpose of consolidated financial statements of the BRE Bank Group and Commerzbank AG Group for the six months ended June 30th 2013.

The Issuer terminated its contractual relationship with Moody's Investors Service Ltd. by serving a relevant notice on March 29th 2013, and requested immediate withdrawal of all credit ratings assigned by the agency to the Bank and its covered bonds. The decision to discontinue the agreement with MIS was prompted by the Bank's Management Board, which objected to certain assumptions underlying the JDA (Joint-Default Analysis) methodology applied by MIS, which assesses a bank's financial strength based on the credit ratings of its major shareholders. The mortgage bond ratings were withdrawn on May 21st 2013. Ratings for the long- and short-term deposits denominated in the Polish currency and in foreign currencies and the Bank's financial strength rating were withdrawn on July 4 2013.

Currently, work in underway at the Bank on the implementation of an internal rating methodology. This long-term project has a high-priority status. Conditional approval for seven internal models in the commercial segment was received from the Polish Financial Supervision Authority on August 27th 2012. In April 2013, the Bank applied to the PFSA for extending the approval to cover the use of statistical methods for calculating the capital requirement for credit risk in line with adopted gradual implementation plan. The application is currently undergoing supervisory assessment.
The project also seeks to include the planned retail portfolio within the scope of application of statistical methods, based on models adapted from BRE Bank.

2. Factors with a Material Bearing on the Issuer's Growth Prospects

2.1. External Factors

Macroeconomic Factors

The following text is added after the existing wording:

- In Q1 2013, Poland's GDP grew by 0.8% year on year, compared with a 2.0% growth rate reported in 2012.
- In June 2013, the unemployment rate stood at 13.2%, compared with 13.4% at the end of 2012. A potential increase in the unemployment rate or more stringent conditions of mortgage lending to retail customers would adversely affect the demand for residential real estate.

- In June 2013, inflation stood at 0.2% (year on year), a 2013 low. As at the end of June 2013, the reference rate published by the National Bank of Poland stood at 2.50%.
- Exchange rates decisively affect the Bank's loan portfolio. This is connected with foreign exchange gains/losses, which – in the case of loans advanced in foreign currencies – result from exchange rate fluctuations and thus might increase borrowers' debt. A large portion of commercial loans are advanced in foreign currencies, which might adversely affect borrowers' ability to repay the loans should a currency crisis occur. The high share of foreign currency loans is attributable to their interest rates, which are lower than in the case of PLN-denominated loans, as well as the fact that rents in commercial developments are established in foreign currencies.
- As at the end of June 2013, the base interest rates were 0.75% in the euro zone and 0.25% in the U.S.

In H1 2013, the Issuer had to operate amid growing competition on the commercial property financing market, which was dominated by strong universal banks. Key trends on the market included:

- more rigorous project assessment criteria and, consequently, greater selectivity in the choice of projects qualifying for financing; a similar approach was adopted by most banks regarding key investment project parameters such as borrower's down payment, or occupancy and presale rates,
- reduced exposures to individual entities and projects, and, accordingly, greater willingness to share risk by participating in bank syndicates,
- financing period shortened to 5–7 years, and use of bullet repayments.

Tendencies and developments in the segment of financing commercial residential construction included:

- withdrawal of some banks from the financing of projects in this segment,
- stricter project selection criteria,
- higher lending margins,
- increased credit risk.

As Poland's economic growth has decelerated, the real estate market has been showing signs of weakening, with its geographic variations becoming more salient, although the market as a whole remains stable, which provides a promising foundation for further growth of the Bank's lending business.

Since 2010, as Poland has been gradually recovering from the effects of the global economic crisis, the real estate market has been steadily growing, as demonstrated by the increase in the number of new projects, new space, and transaction volumes. The residential property market is more predictable and stable than during the 2006–2008 boom, and the continuing oversupply of flats will be the factor driving the market in the years to come.

2.1. Internal Factors

In connection with the planned launch of retail lending activities, in H1 2013 a mortgage loan offer for individuals was being developed based on the Bank's business objectives and market research findings. The Issuer intends to build its retail portfolio relying on BRE Bank's long-standing experience in this market segment.

3. Growth Strategy

The following text is added after the existing wording:

In H1 2013, BRE Bank Hipoteczny redefined its strategic objectives, vision and directions for growth, as well as its target positioning on the banking market. A number of steps and decisions were taken in the period under review to improve the Bank's operational efficiency and build its growth momentum through optimal use of the available resources and market potential, as well as to define the Bank's role and area of competence within the BRE Bank Group, where it is seeking to consolidate position as a strategic company. The Bank is pursuing safe growth through specialisation, which, given the nature and the narrow scope of the Bank's business, is a source of its competitive advantage and strong market position.

The adoption of the new strategy by the Issuer entails expansion of its business into retail lending and substantial increase in its role and position as an issuer of covered bonds, both within the BRE Group and on the Polish covered bond market generally. To attain this goal, a new business model will need to be developed in close cooperation with the Issuer's parent, a universal bank, based on the specialist competencies and market experience of the Issuer as a mortgage bank. To achieve its strategic objectives and grow its business in the new areas, the Bank will have to make a number of organisational changes and adjust its organisational structure and staffing levels to the current needs and business challenges, including by appropriate resource allocation, infrastructure adjustments, and setting up units dedicated to the new business line. Specifically, these changes will entail a headcount increase and establishment of an office in Łódź to house the operating resources dedicated to the retail business. Other important adjustments include upscaling IT systems and infrastructure, which is indispensable for the implementation of the new business plan. The IT systems and infrastructure need improvements to achieve compatibility and integrity with the BRE Bank systems so that optimum interoperability between the two banks' systems in joint business projects is ensured.

In 2013, priority will be given to the project of reconstructing the BRE Group balance sheet based on the covered bonds issued by BRE Bank Hipoteczny as a long-term source of refinancing. The work on the project commenced in August 2012 and its purpose has been to create a comprehensive model for cooperation between the mortgage bank and the universal bank in selling, servicing and managing a portfolio of retail loans secured by mortgages, and, subsequently, in issuing covered bonds based on that portfolio. The division of duties between BRE Bank and BRE Bank Hipoteczny according to their competencies and areas of specialisation will enable the two banks to efficiently build and refinance the retail portfolio based on a common lending policy and operating synergies. Cooperation between them will take the form of interbank outsourcing, built around an agency model, which may be enhanced with a pooling model as of the second half of 2014.

The purpose of building the model is:

- to improve the stability of financing of the BRE Group's banks by applying long-term, innovative solutions with respect to the Group's mortgage portfolio,
- which would take into account liquidity requirements of both external (new regulations – Basel III) and internal nature (e.g. changes to the financing of subsidiary banks within the Commerzbank Group),
- to diversify the available financing sources – achieving greater independence from Commerzbank as regards the financing of the existing retail mortgage loan portfolio,
- to enhance the BRE Group's liquidity position in the long term – ensuring compliance with the Basel III requirements by increasing the share of long-term financing.

Three strategic objectives have been identified in the Bank's new strategy:

- to increase the balance-sheet total through a rapid growth in loan assets, achieved by expanding commercial lending activities and building a new retail mortgage loan portfolio,
- to implement the strategic project of developing a model for cooperation with the universal parent bank in the building of a retail mortgage loan portfolio and its refinancing through covered bond issues. This project envisages that the Bank will provide the services of a covered bond issuer for the BRE Bank Group,
- to set up a competence centre for the BRE Group (a specialised unit at BRE Bank Hipoteczny, dedicated to supporting the processes of valuation and monitoring of real estate investment projects financed by BRE Group entities).

The project will be implemented in two stages:

- Stage 1 – launch of retail lending activities based on operational cooperation with BRE Bank, BRE Bank sales forces and consistent lending policies. The retail mortgage loan portfolio of BRE Bank Hipoteczny will consist exclusively of loans which meet the criteria making them eligible for entry in the register of covered bonds and which may be used to issue covered bonds.
- Stage 2 – issue of covered bonds on the basis of the retail mortgage loan portfolio.

Other objectives set in the Bank's strategy include:

- to significantly expand the commercial loan portfolio based on a new lending policy, a consistent credit risk management policy and an optimised loan origination process that takes into account the prevailing market conditions,
- to change the business refinancing structure by significantly increasing the share of covered bonds as secured long-term debt,
- to maintain credit risk exposures at the safest possible level by diversifying the portfolio in terms of exposure volumes and geographic regions. The Bank's risk management policy provides for increasing the share of lower value loans in the commercial loan portfolio,

- to significantly grow the issuing business and build a new sales model for the covered bonds that will draw on the practices used in the developed European markets. The aim of this initiative is to reach new institutional buyers and gain a foothold in new market segments.

Section 4. Significant Changes in the Issuer's Financial and Economic Standing

The following text is added after the existing wording:

The key trends which occurred since the date of the last audited financial statements are discussed in Chapter X, Section 1.

Chapter XII Auditors in the Period Covered by Historical Financial Information

Section 2
The following text is added after the existing wording:

The Issuer resolved to change its auditor. The previous auditor, PriceWaterhouseCoopers Sp. z o. o., was replaced by Ernst & Young Audit Sp. z o.o., which reviewed the Issuer's condensed financial statements for H1 2013.
The agreement with Ernst & Young Audit Sp. z o.o. of June 17th 2013 covers, among other things:

- review of the Company's condensed financial statements for the six months ended June 30th 2013,
- review of the Company's reporting packages prepared for the purpose of consolidated financial statements of the BRE Bank Group and Commerzbank AG Group for the six months ended June 30th 2013.

Chapter XIII Financial Information

The following text is added after the existing wording:

The Issuer's condensed financial statements for H1 2013, along with the auditor's report on the review of the financial statements, are included in the Prospectus by reference to the Issuer's report for H1 2013, released on August 29th 2013 and posted on the Issuer's website at: www.brehipoteczny.pl.

Chapter XIV

Section: Arbitration and Court Proceedings

The following text is added after the existing wording:

As at July 31st 2013, the Bank brought an action against one legal person for PLN 11,691,820.91.

Chapter XV and the second page of the cover, last paragraph

The following text is added after the existing wording:

(x) the Issuer's condensed financial statements for H1 2013, prepared in accordance with IAS 34 Interim Financial Reporting, containing comparative data for H1 2012 and reviewed by Ernst & Young Audit Sp. z o. o., along with the review report;

Chapter XIX

The following text is added after the existing wording:

10. the Issuer's report for H1 2013, released on August 29th 2013 and published on the Issuer's website at www.brehipoteczny.pl, containing the Issuer's condensed financial statements for the period January 1st–June 30th 2013 along with the auditor's review report,