

Corporate Social Responsibility Report < 2008 >

# < Passing the Test of Crisis >

Sustainable Development  
in Difficult Times



**BRE BANK SA**






BRE BANK SA



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## ◀ Letter from the President of the Management Board ▶

**Dear Reader,**

It is with pride and joy that we present our third report on BRE Bank's corporate responsibility. Three time lucky, as the saying goes. We are lucky not so much to produce one report after another but to raise the standard ever higher year after year. Our level of ambition is well known to our clients as we have for years strived to give them top quality products and exquisite service. We are equally attentive, respectful and open-minded about the expectations of all our stakeholders.



**BRE BANK SA**



We believe that it is important to publish and promote our corporate responsibility efforts, for more reasons than one. First, this way we can contribute to the sweeping wave of good practice which will hopefully rise in Poland. The number of socially responsible companies is growing but we still haven't seen a snow-ball effect. Importantly, in 2007 we were one of the first companies in Poland to present a corporate social responsibility report. Second and foremost, a summary of corporate social responsibility efforts is our way to thank and recognise all those people and organisations without whose work the report would not have been possible. In our daily struggle for targets, gains and profits we often forget about hundreds of seemingly minor activities and initiatives, those sparkles of good will that make this world a better place.

I would like to thank the BRE Bank team for its absolute dedication and hard work for sustainable and socially responsible growth of our organisation. I am proud to be a part of a company which promotes the values and aspirations of many people and makes their dreams come true. As a response to the challenges of this day and age and a commitment to continue in this direction, we have implemented BREnova, a model of sustainable development in place since early 2009, described at greater length in the second section of this report.

The coalition of our partners working to raise the awareness of the importance of social responsibility is growing steadily. In 2008, the year described in this report, two organisations which promote responsible business, the Responsible Business Forum and Global Compact, became our partners and thus broadened the range of our CSR initiatives.

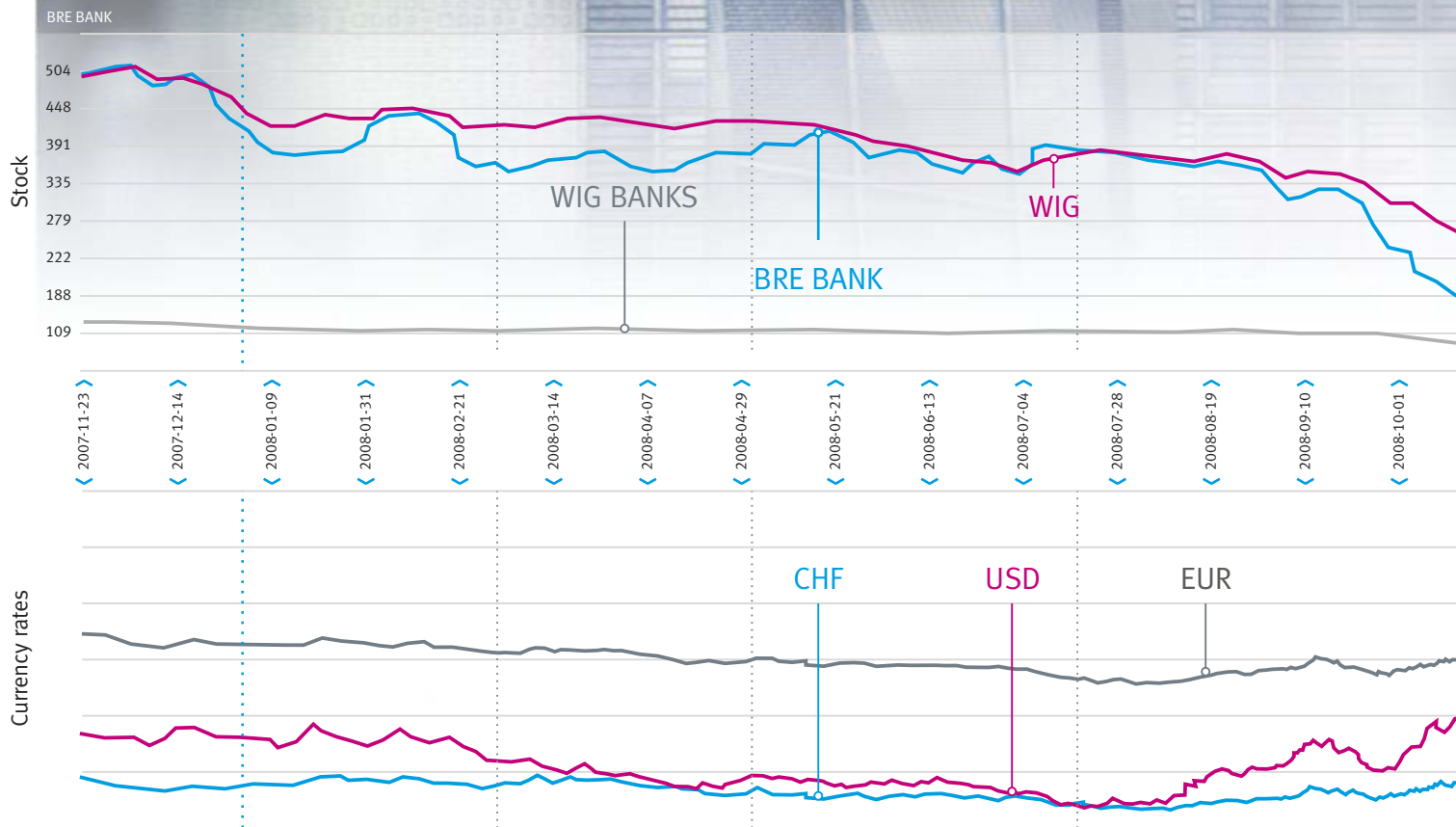
We have always been known for the aspiration to top quality and innovation. This is also the motto of our corporate responsibility initiatives. This is why we have decided to implement GRI, joining the exclusive group of companies reporting according to the highest standards as confirmed by third party verification. The GRI methodology proved unbeatable in the identification of the strengths and weaknesses of CSR management. A comprehensive, in-depth analysis of our activities provides a solid foundation for the development of a CSR strategy for the coming years which we are currently drafting.

It is no secret that the past several months were very difficult for the financial industry and many other sectors. Turbulences on the global financial markets cast a shadow over the results of most banks around the world and had a bearing on our relations with the stakeholders. Until recently, the marketing dogma would sweep such sensitive issues under the carpet, but we want no window-dressing. This report is a demonstration of our openness and best proof that we are not afraid of raising sensitive issues because as a learning organisation we believe that these temporary problems are a lesson learned on a path of continuous improvement.

## **Mariusz Grendowicz**

President of the Management Board,  
General Director of the Bank

# Calendar



## > 2008

### 14 MARCH 2008

Mariusz Grendowicz takes the position of the President of the Management Board of BRE Bank

### 6 MAY 2008

results of BRE Bank Group of first quarter 2008

### 31 JULY 2008

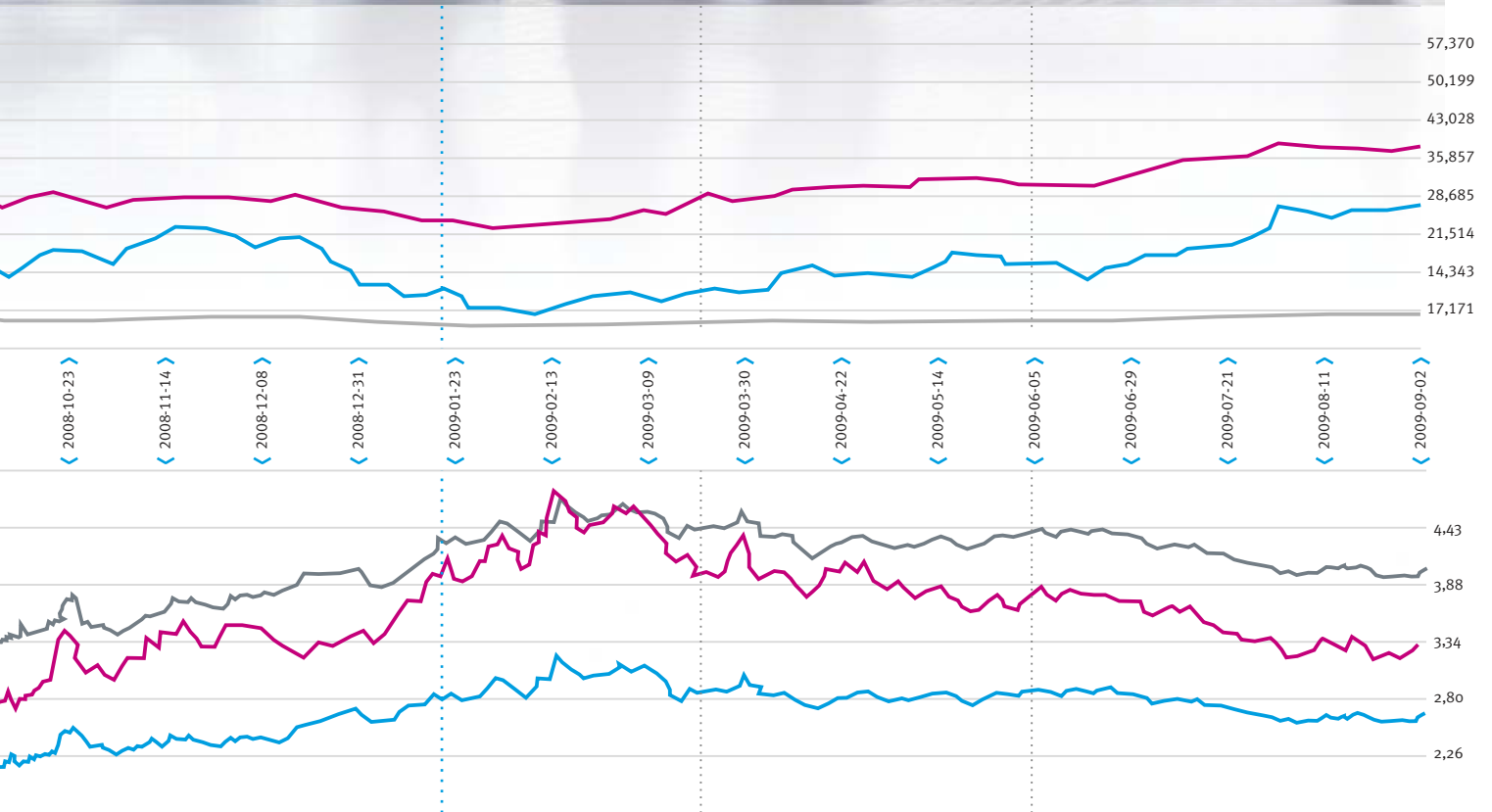
results of BRE Bank Group of second quarter 2008



BRE BANK SA




WIG, WIG BANKS



## > 2009

### 15 SEPTEMBER 2008

collapse of Lehman Brothers, an investment bank

 More in chapter Relationships, page 82

### 30 OCTOBER 2008

results of BRE Bank Group of third quarter 2008

### 3 FEBRUARY 2009

results of BRE Bank Group – a summary

2008 announcement of BREnova program

 More in chapter BRE Bank, page 43

### 29 APRIL 2009

results of BRE Bank Group of first quarter 2009

### 6 AUGUST 2009

results of BRE Bank Group of second quarter 2009

# ◀ BRE Bank ▶



Clients: **2 541 098**

Employees: **5 770**

Net revenue in the previous financial year: **857 459 tys. zł**

information as of the end of 2008



## 1.1. < About this report >



1 Edition  
Social Accountability Report 2006

BRE Bank's Corporate Social Responsibility Report 2008 is the third publication about the work of the Bank for its stakeholders. Following the principles applied in the previous years, this report presents a description of our economic, social and environmental commitment in the last calendar year 2008. We published our first CSR report in 2007, summarising the work done in 2006.

The previous reports were published along with the annual reports: the first in March 2007 and the second in March 2008. This year we do otherwise as we believe that the importance of the topic merits a separate publication. With this report we would like to demonstrate the key role of social responsibility in our business and thank all persons and organisations who helped us to pursue our CSR mission.

This report describes the events impacting the relationships of BRE Bank, mBank and MultiBank with different stakeholder groups in 2008. We focus on our relations with clients but we also pay special attention to another group without whose contribution the Bank could not be successful, also in its social responsibility initiatives: our employees.

Crisis was the buzz word in 2008. Naturally, it also has to appear in this report. We discuss the impact of the global turbulences on our market environment and our initiatives. We also explain how we have faced up to this challenge.

The report covers the period from January to December 2008. However, considering that many events important to BRE Bank took place in the first half of 2009, the qualitative data cover the period ending on 31 August 2009.



### < Functions of this report >

The original function of the report is to provide information. However, we do believe that the report will also serve as an educational tool for all companies and organisations interested in social responsibility issues. It is our ambition to set the highest standards and offer good practice also in this area. We realise that many developments and events are specific to the financial industry and may be unclear to outsiders, hence we make a special effort to explain them in everyday language. We like sharing our expertise and this report is best proof of this ambition. Wherever possible, we include references to online resources which offer more details about the relevant topic.





## Businesses covered by the report

The presented information relates to the activity of BRE Bank (corporate banking), mBank and MultiBank, BRE Private Banking & Wealth Management (retail banking) in Poland. The sections on the HR policy and team relations also include mBank employees in the Czech Republic and Slovakia. The BRE Bank Group subsidiaries are not part of this year's report but we are planning to include their economic, social and environmental commitment in future reports.

## GRI

Our traditional methodology of CSR reporting has been extended this year to include the international standards of the **Global Reporting Initiative**. We have joined an exclusive group of companies in Poland which take a systemic approach to their social responsibility and want to continuously improve the effectiveness of their economic, social and environmental commitment. The report also includes indicators from the GRI Sector Supplement developed for the financial industry.

Our relations with stakeholders have always been special thanks to full transparency and open communication. We have decided to include the GRI guidelines in our report in order to manage CSR even better in our organisation. We have also wanted to use tools supporting regular evaluation and measurement of the effectiveness of projects initiated for our stakeholders.

The title of a financial reporting leader in the Polish banking sector (first place in "The Best Annual Report" competition organised by the Institute for Accounting and Taxation in 2006 and 2007) represents a special obligation. We want to ensure that BRE Bank's social responsibility reports serve as a model and a good practice of the banking sector in Poland and internationally.

In order to ensure transparency in reporting, the GRI indicators have been verified by an external auditor, PricewaterhouseCoopers.

In addition, the application level of the indicators reported in the document has been checked by the Global Reporting Initiative, giving assurance that the report complies with the application criteria at level B(+). This means that we are the first organisation in Poland to publish a regular corporate social responsibility report and to apply the GRI guidelines, to be checked both by an external auditor and by a Global Reporting Initiative expert, and to obtain assurance of compliance of the reported indicators with the GRI criteria at level B(+). This represents assurance that our report presentation method is in compliance with international standards of corporate social responsibility reporting.



II Edition Social Accountability Report 2007

## Additional information

Global Reporting Initiative (GRI) was established in 1997 by the US non-profit organisation Coalition of Environmentally Responsible Economies (CERES) in co-operation with the United Nations Environment Programme (UNEP).

[www.globalreporting.org](http://www.globalreporting.org)



### Report Application Levels

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared							
	Third Party Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Checked							



## ◀ How this report was drafted ▶

We prepared this report inspired by leading publications of global financial institutions awarded in prestigious competitions. We also considered the rating guidelines of the international rating agency Oekom AG which provides institutional investors with specialised information about socially responsible investments.

BRE Bank's CSR Report 2008 is also the final product of a project team appointed specially for the purpose of this year's publication. The team comprised representatives of several organisational units of BRE Bank: the Internal Audit Department, the Compliance Bureau, the Organisation Development Department, the Logistics Department, the HR and Payroll Department, and our retail arms mBank and MultiBank as well as corporate banking business units. Their employees prepared the material for this cross-cutting report covering BRE Bank's social, environmental and business priorities in 2008. The top quality of compiled data was possible thanks to data collection and monitoring processes and systems in place in our organisation, contributing rich content to this year's report. We also requested comments from experts who were our partners in joint projects in 2008. We identified no restrictions on the scope and range of compiled data in drafting this publication.

## ◀ Scope of the report ▶

The section devoted to our organisation is much more extensive than its counterpart in last year's report. It describes in detail the Bank's management and supervision mechanisms. Non-financial issues like product liability or environmental initiatives are also discussed at length. The report includes an in-depth analysis of BRE Bank as an employer; this section is much broader than in the previous reports. We also included two indicators from the Financial Services Sector Supplement which are not frequently reported in the financial industry.

CHART 01. Development of reporting areas in 2007–2008





## ◀ Structure of the report ▶

This report comprises four sections: **BRE Bank, Relations, Competences, and Innovation.**

The first section introduced BRE Bank. We guide you through the bank, tell you how it is supervised and managed, present our successes and modern products, describe the strategic subsidiaries of the BRE Bank Group, our memberships and strategic partnerships.

The section on Relations focuses on specific actions and projects. We explain our goals and initiatives serving our clients, employees, investors, the community and the natural environment.

The section on Competences describes our commitment to the education of students, interns, employees, companies and market participants. It is our priority as the entrepreneurial spirit and business intuition of our clients is our *raison d'être*.

Innovation is a part of our organisational DNA. The last section describes why we can say that we are innovative. Innovation at BRE Bank is more than state-of-the-art products or an original approach to management. We also try to support innovation in the Polish economy: we help companies to run projects co-financed from EU funds, and we promote innovation for instance by conducting **Kamerton Innowacyjności** surveys.

## Additional information

INNOVATION TUNING  
FORK (Kamerton  
Innowacyjności)  
– Ranking of Most  
Innovative Companies  
in Poland.



» [www.innowacyjnejfirmy.pl](http://www.innowacyjnejfirmy.pl)

## ◀ Reporting cycle ▶

This year's publication has a rich content as the relevant issues are so many. We know from experience that it takes time to develop good practice. We intend to continue reporting on an annual basis. A qualitative report for 2009 will supplement this publication. It will be available in electronic form on our website [brebank.pl](http://brebank.pl). The full report will be published in 2011 as a summary of 2010.





## 1.2. < CSR development at BRE Bank >

### < The milestones >

#### Additional information

The Partnership Programme is a comprehensive programme of co-operation between the Responsible Business Forum and companies whose commitment and action contribute to the promotion of corporate social responsibility in Poland.



>> [www.fob.org.pl](http://www.fob.org.pl)

As the range of our CSR initiatives grew, it became imperative that we institutionalise our CSR efforts to substantiate our strategic and systemic approach to responsible business and the importance we attach to this area. A new position of CSR Specialist responsible for all our social responsibility efforts was created in our team in January 2008.

In March 2008, we opened the website of the BRE Bank Foundation which features up-to-date information about our initiatives and social projects:

[www.fundacjabrebanku.pl](http://www.fundacjabrebanku.pl)

We realise that it is not very productive to work single-handedly and we join forces with our partners. In May 2008, we joined the [Partnership Programme of the Responsible Business Forum](#), Poland's oldest organisation promoting sustainable development. In co-operation with the Forum we co-organised meetings with Chris Laszlo (more in the section COMPETENCES, page 118). We also participated in the Good Practice Fairs. We are involved in the activity of working groups for education.





In May 2008, the Good Company Ranking was published. BRE ranked in the 11th position among financial institutions. We analysed the ranking and drew conclusions about areas for improvement.

In July, the BRE Bank Group joined the Global Compact initiative. We declare compliance with the 10 fundamental principles and follow them in our business.

In August, we promoted the second CSR report 2007.

In 2008, we started co-operation with the Friends for Integration Association. As a result, we conducted two audits at BRE Bank and participated in the "Barrier Free Man" competition through the BRE Bank Foundation.

In November, we published Chris Laszlo's book *The Sustainable Company*. Promoting knowledge, including sustainable development expertise, is one of our priorities.

In early 2009, we decided to implement GRI as our reporting standard.

At the turn of February and March 2009, we partnered with the Orange Foundation to participate in the first responsible business TV programme "Not Only Money" broadcast by TV Business.

In order to help our employees participate in social projects, we opened an employee volunteer programme "Let's Do Good Together".

In May 2009, the Responsible Business Ranking was published. BRE Bank moved up compared to last year's ranking to 9<sup>th</sup> position among financial institutions.



## Mirella Panek-Owsiańska

President,  
Responsible Business Forum

A company which co-operates with the Responsible Business Forum in its Partnership Programme can gain hands-on expertise and participate in meetings devoted to different issues of corporate social responsibility. As a joint initiative of the Responsible Business Forum and BRE Bank, last year we published Chris Laszlo's book *The Sustainable Company*. The publication aroused great interest, proving that sustainable development is increasingly popular in Poland and should be promoted. I am very excited to see BRE Bank's further efforts in pursuing its CSR strategy, the Bank's response to the challenges of the Polish market and its implementation of ethical standards and responsible lending standards. I am happy to know that BRE Bank runs a range of educational programmes for various stakeholder groups.



## ◀ Awards and rankings ▶



Bizsupport.pl – for more information see the section Competences, page 113

- ▶ The Good Practice Ranking 2008 of the Responsible Business Forum: distinction for two good practices

- ▶▶ Survey of the innovativeness of the Polish economy – for more information see the section Innovation, page 120



- ▶ Distinction of the Association for Financial Security of the Citizens of the Poland for promotion of financial education

- ▶ Good Company Ranking 2008

- ▶ Responsible Business Ranking 2009

- ▶ OEKOM

- ▶ Leaders of Philanthropy 2008



BRE BANK SA



TODAY WHEN ETHICS AND RESPONSIBILITY AND THE CONFIDENCE OF EMPLOYEES AND CLIENTS ARE INCREASINGLY IMPORTANT, WHEN IT BECOMES IMPERATIVE TO MEET THE GROWING EXPECTATIONS OF DIFFERENT STAKEHOLDER GROUPS, WHEN THE STYLE OF BUSINESS IS AS IMPORTANT AS FINANCIAL RESULTS, THE REQUIREMENTS TO BE MET BY LEADERS ARE ALSO MUCH HIGHER.

Ethical behaviour of managers in an organisation is key to ethical decisions of all employees. Managers promote responsibility among employees best when their own everyday behaviour is consistent with the declared values and serves as a model to be followed. Well-defined reporting principles help to evaluate performance more effectively and clearly indicate the new role of business in society.

The economic crisis which demonstrated so strongly the implications of lack of responsibility among market participants also encourages anew the fundamental questions about the role of business in social development. The challenges of sustainable development change business models and create a new role for all companies and their leaders. Responsible management should embrace all decisions and actions at all levels and areas in the organisation. From the social perspective, it is not always important whether responsibility stems from a sense of moral duty or from well-understood short or long-term interests of the company. However, in terms of the transparency of the company's business and its social image, various forms and areas of responsibility should be differentiated. This is the purpose of this report.

It is increasingly widely believed that the development of an organisation, for instance one providing innovative banking solutions, is necessary not only to give its shareholders a higher dividend and its managers a higher pay. The organisation should focus on what is socially desirable and economically rational: it should provide the most adequate products and services, seek and implement the best solutions, build relations with its stakeholders, share expertise. This is the gist of strategic business thinking in terms of the needs of diverse stakeholders, sustainable development and social responsibility. This way everyone can benefit. A good, socially responsible company exists for the common good. A corporate social responsibility report helps to understand it.



## Dr Bolesław Rok

Business Ethics Centre,  
Kozłowski University



## 1.3. < Who are we? >



# BRE BANK SA

THE BEST FINANCIAL INSTITUTION  
FOR DEMANDING CUSTOMERS



BRE Bank's business focus is to serve modern dynamic companies: international corporations, large companies, and the fast growing sector of SMEs. BRE Bank offers clients top-quality service and a range of tailor-made products. BRE Bank is an expert in specialty investment banking transactions by order of clients and a recognised partner to companies in all export and foreign trade transactions. BRE Bank is a specialist in consulting and financing projects using European Union funds.

BRE Bank has a wide offering for retail clients. BRE Bank is a pioneer in serving high net worth individuals who expect advanced products and quality service. BRE Bank was one of the first institutions in Poland to offer private banking services in 1995.

### Additional information

BRE Bank Head Office  
and Management Board  
ul. Senatorska 18  
00-950 Warsaw, P.O. Box 728

BRE Bank SA is registered with:  
District Court for the Capital City  
of Warsaw XII Commercial Division  
of the National Court Register,  
entry number KRS 0000025237

NIP: 526-021-50-88



**BRE BANK SA**  
PRIVATE BANKING & WEALTH MANAGEMENT

Today, BRE Bank is a private banking leader and offers professional and comprehensive wealth management services via BRE Private Banking & Wealth Management. As an integral part of BRE Bank's private banking service, BRE Property Partner Sp. z o.o. offers direct real estate investments to high net worth individuals.



**BRE BANK SA**



Energetic clients who value comfort and like modern technologies and standard banking products are served by mBank, an open financial platform offering only the best products and services under the motto “Top quality at the lowest price” with absolute comfort and ease.

BRE Bank offers corporate banking services mainly in Poland and retail banking services in Poland (mBank, MultiBank, Private Banking & Wealth Management) and in the Czech Republic and Slovakia (mBank).



BRE Bank serves affluent clients and entrepreneurs – representatives of Poland’s emerging middle class who require products and services tuned to their needs – via MultiBank, the friendly world of finance.



BRE Bank’s business lines and areas at 30 June 2009

BRE Bank		
Line	Corporates and Financial Markets	Retail Banking
Business Area	Corporates and Institutions	Trading and Investments
	<ul style="list-style-type: none"> <li>• Corporations (Capital Groups)</li> <li>• Large Companies</li> <li>• SMEs</li> <li>• Financial Institutions</li> <li>• Structured &amp; Mezzanine Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Risk and Liquidity Management</li> <li>• Financial Markets</li> </ul>
		<ul style="list-style-type: none"> <li>• mBank (retail clients and microenterprises)</li> <li>• MultiBank (retail clients and microenterprises)</li> <li>• BRE Private Banking &amp; Wealth Management (high net worth individuals)</li> </ul>



## 1.4. < BRE Bank's credit exposure by sector >

Loans are among the core products offered by BRE Bank to retail and corporate clients. The table below presents the structure of the Bank's exposures to particular business sectors.

No.	Sector	Principal exposure (in PLN millions) 31.12.2008	%	Principal exposure (in PLN millions) 31.12.2007	%
1	Retail clients	26 538 966	61,82%	13 790 558	51,21%
2	Metals	1 092 428	2,54%	899 090	3,34%
3	Liquid fuels and natural gas	1 004 087	2,34%	341 442	1,27%
4	Power industry and heat engineering	911 347	2,12%	425 394	1,58%
5	Real estate management	906 297	2,11%	640 847	2,38%
6	Leasing and renting	846 747	1,97%	696 576	2,59%
7	Wholesale trade	815 607	1,90%	607 143	2,25%
8	Wood and furniture	811 307	1,89%	604 628	2,25%
9	Transport and travel agencies	713 987	1,66%	625 238	2,32%
10	Management, consulting, advertising	693 230	1,61%	519 114	1,93%
11	Automotive industry	676 848	1,58%	527 365	1,96%
12	Construction industry	639 459	1,49%	414 742	1,54%
13	Construction materials	549 592	1,28%	233 831	0,87%
14	Basic groceries	537 174	1,25%	150 858	0,56%
15	Chemistry and plastics	487 304	1,14%	452 669	1,68%
16	Financial agency	455 794	1,06%	332 958	1,24%
17	IT and telecommunication	381 925	0,89%	384 852	1,43%
18	Hotels and restaurants	98 845	0,23%	71 520	0,27%
19	Public administration	6 400	0,01%	3 535	0,01%

## ◀ Interview with Przemysław Gdański, Member of the Management Board, BRE Bank ▶

### » *Businessmen complain about banks turning off the credit tap. Is that true?*

– It is natural for banks in economic slow-down to be more careful about risks and to require better security. The amount of credit or its duration may be reduced for instance when the borrower's financial standing deteriorates significantly. Such decisions are always made in consideration of the borrower's situation.

### » *Market players often talk about lists of sectors which cannot expect to get a credit.*

– We have no black lists and we are not going to. Naturally, some sectors of the economy are more vulnerable to the crisis while others are coping better. We are more careful and more selective about sectors less resistant to the crisis, but there are companies in every sector which can get a credit for current business or investments.

### » *Credit has become much more expensive since the outbreak of the financial crisis. When can companies expect bank margins to decrease?*

– Margins are higher because the cost of liquidity has gone up. If the cost of the raw material – deposits in the case of banks – is higher, it is obvious that the price of the end-product – credit – will rise. Remember that the cost of risk has also increased and must be added to the price of a loan. All of this makes corporate banking margins much higher than they were a year ago. I know that companies were used to very low margins, but I do not expect the margins to fall in the nearest future.





## 1.5. < BRE Bank Group >

With the complementary offer of specialty financial services provided by the strategic subsidiaries of the BRE Bank Group, BRE Bank has created a very modern, comprehensive and flexible offering of corporate banking, investment banking, retail banking and asset management supported by factoring, leasing, advisory, brokerage and insurance. The strategy of the BRE Bank Group fulfils all financial needs including those of the most sophisticated clients.

### CHANGES IN THE BRE BANK GROUP IN 2008

TRANSFER OF SHARES HELD BY BRE BANK SA IN BRE LEASING AND POLFACTOR AND MOST SHARES IN BRE BANK HIPOTECZNY TO THE SPECIAL-PURPOSE VEHICLE BRE HOLDING SP. Z O.O. (FEBRUARY 2008).

SALE OF PTE SKARBIEC-EMERYTURA (CLOSED IN DECEMBER 2008).



>> [www.intermarket.at/](http://www.intermarket.at/)

< The BRE Bank Group comprises the following strategic subsidiaries: >

#### Corporates and Financial Markets:

##### Intermarket Group

###### Intermarket Group - Intermarket Bank AG

Intermarket Bank AG is Austria's largest factoring bank with a local market share of 57%\*. Through its subsidiaries, Intermarket Bank AG is also one of the largest factoring providers in the Czech Republic (Transfinance a.s. – market share of 16%), Hungary (Magyar – market share of 14%), and Poland (Polfactor – 11%) with a smaller presence in Slovakia (Transfactor Slovakia – market share of 10%) and Slovenia (S-Factoring – 3%).

The Intermarket Group provides services to SMEs in production and service sectors. Its offering is also addressed to exporters and importers, start-up companies and companies entering new markets. Intermarket Group offers domestic and international factoring services including financing and management of receivables, hedging against the risk of clients' insolvency and collection of receivables.

*\*local market share at 2008 YE*



**BRE BANK SA**



### Polfactor

Polfactor SA operates since 1 April 1995 as one of Poland's biggest factors. Over more than 10 years, Polfactor has steadily built its market position leveraging the experience and expertise of its shareholders. Polfactor SA provides clients with financing and professional management of receivables, accepts the risk of insolvency, maintains settlement accounts of creditors, and ensures effective enforcement of receivables. It offers services including domestic recourse and no-recourse factoring, export no-recourse factoring and import credit covers.



### BRE Bank Hipoteczny

BRE Bank Hipoteczny SA is the biggest specialist mortgage bank in Poland and plays a leading role on the real estate financing market and in mortgage bonds issues. It built its strong market position under the name RHEINHYP-BRE Bank Hipoteczny, identified with a professional approach, modern solutions and high service quality.



### BRE Leasing

BRE Leasing is one of the most senior leasing institutions in Poland. It was established in 1991 and named BRE Leasing in late 1997. The company has extensive experience in large, customised projects, in particular leasing of industrial equipment. The company is also very successful in leasing vehicles where its clients include small and medium-sized enterprises as well as microenterprises.



### Dom Inwestycyjny BRE Banku

Dom Inwestycyjny BRE Banku (DI BRE) is a universal broker offering all brokerage services available in the Polish capital market. DI BRE is one of the most senior brokers in the Polish capital market since the launch of its service in 1991. Thanks to its participation in the dynamic growth of the Polish capital market since its origin, the company has won the trust of clients and gained the competences and experience necessary to ensure the most professional standard of service.



### BRE Corporate Finance

BRE Corporate Finance SA is a part of the investment banking line of the BRE Bank Group. The company helps to match capital providers with companies in need of an investor. It provides specialised, professional advisory services necessary in all priority decisions. It advises companies at every stage of growth in many sectors of the economy by using state-of-the-art financial tools. BRE Corporate Finance (BCF) dedicates its service to large companies, institutions and corporate clients.





## Retail Banking:



### BRE Private Banking & Wealth Management

BRE Wealth Management S.A. is the central part of BRE Bank's private banking business. The company assists clients through highly qualified experts and analysts. Its wealth management strategies are based on the research and recommendations of its experts and partners including law firms, tax advisors, insurers and investment funds.



### emFinanse

emFinanse was established in August 2005. The company is in the process of changing its business profile in order to focus on the sale of mBank and MultiBank credit products as well as products of other banks. After this transition, emFinanse will operate under the name Aspiro.



### BRE Ubezpieczenia

BRE Ubezpieczenia was launched in June 2006. The insurance company BRE Ubezpieczenia Towarzystwo Ubezpieczeń S.A. was established soon thereafter and obtained an insurance licence. The company provides non-life and life insurance. It specialises in building innovative bancassurance programs for financial institutions.



### CERI

CERI is an outsourcing company and a provider of services including settlement and identification of mass payments, data processing, scanning and indexing documents, electronic and paper archives, and serving retail clients of companies and institutions which operate mass settlements, issue many paper documents and process mass electronic data.



### BRE.locum

BRE.locum is BRE Bank SA's property developer active in many segments of the real estate market with a focus on the development of residential estates. The offering of BRE.locum targets individuals who want to acquire property as a home or investment. As the company operates in university cities, many of its clients are young people starting university education or a professional career.



## GRUPA BRE BANKU

Line >	BRE Bank Group		
>	Corporates and Financial Markets	Retail Banking	
Bank	Corporates and Institutions	Trading and Investments	
<	<ul style="list-style-type: none"> <li>• Corporations (Capital Groups)</li> <li>• Large Companies</li> <li>• SMEs</li> <li>• Financial Institutions</li> <li>• Structured &amp; Mezzanine Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Risk and Liquidity Management</li> <li>• Financial markets</li> </ul>	<ul style="list-style-type: none"> <li>• mBank (retail clients and microenterprises)</li> <li>• MultiBank (retail clients and microenterprises)</li> <li>• BRE Private Banking (high net worth individuals)</li> </ul>
>	<ul style="list-style-type: none"> <li>• BRE Bank Hipoteczny SA</li> <li>• BRE Leasing Sp. z o.o.</li> <li>• Intermarket Group               <ul style="list-style-type: none"> <li>- Intermarket Bank AG</li> <li>- Polfactor SA</li> <li>- Transfinance a.s.</li> <li>- Magyar Factor zRt</li> </ul> </li> <li>• Dom Inwestycyjny BRE Banku SA</li> <li>• BRE Corporate Finance SA</li> <li>• BRE Holding Sp. z o.o.</li> <li>• Tele-Tech Investment Sp. z o.o.</li> <li>• Garbary Sp. z o.o.</li> </ul>	<ul style="list-style-type: none"> <li>• BRE Finance France SA</li> </ul>	<ul style="list-style-type: none"> <li>• BRE Wealth Management SA</li> <li>• emFinanse Sp. z o.o. / Aspiro</li> <li>• BRE Ubezpieczenia TU SA</li> <li>• BRE Ubezpieczenia Sp. z o.o.</li> </ul>
<	Other companies	<ul style="list-style-type: none"> <li>• BRE.locum SA</li> <li>• Centrum Rozliczeń i Informacji CERTI Sp. z o.o.</li> </ul>	

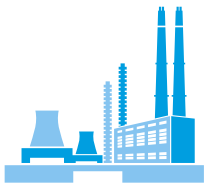




## 1.6. < Our clients >

### Corporate Banking Clients

BRE Bank Corporate Banking clients are divided into three segments:



**K1**

is the segment of capital groups and large corporations with annual sales over PLN 1 billion. Clients in this segment require professional advisory with a focus on structured finance, capital markets and innovative products. BRE Bank offers advanced financial instruments and technological solutions tailored to clients' expectations including cash management instruments and equity transaction consulting.



**K2**

is the segment of mid-sized companies with annual sales between PLN 30 million and PLN 1 billion. The strategic services for K2 segment clients include structured trade finance, both current and long-term funding, mainly using discounting instruments (discounting debt with or without recourse), as well as fx products, derivative instruments, basic and advanced cash management using electronic distribution channels, and structured finance.



**K3**

is the segment of small and medium-sized enterprises with annual sales up to PLN 30 million, keeping full books of account, in particular exporters and importers. The strategic product offering addressed to K3 segment clients is based on the EFFECT Package line (EFFECT, EFFECT PLUS, EFFECT Financial, EFFECT Investments) which provides a comprehensive banking service matched to the company's business profile and growth phase. Risk products are available under a simple and speedy procedure of limits.



The Bank acquired **2 433** new corporate clients in 2008,  
 » of which **76%** were **K3** clients  
 » and **19%** were **K2** clients.

There were 13,098 corporate clients at the end of December 2008 (up by 813 companies year on year).

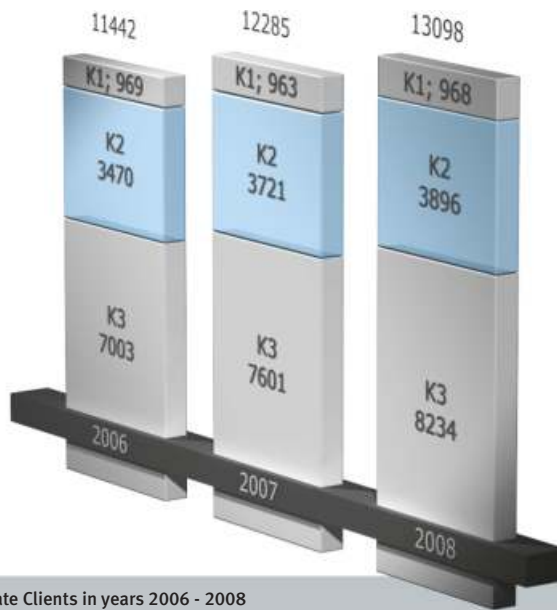


CHART 02. Number of Corporate Clients in years 2006 - 2008

2008 was a year of development of the BRE Bank branch network: 17 corporate offices were opened all over Poland, and at the end of 2008 the Bank had a total of 21 such offices. A new, third branch in Warsaw was opened, which brought the total number of branches to 24. The corporate network underwent further optimisation and re-arrangement in terms of functionalities and image.

BRE Bank branches »





## ◀ Retail Banking and Private Banking clients ▶

### Additional information

Private banking stands for individual comprehensive financial and other services provided by banks to private individuals investing sizable assets.

BRE Bank Retail Banking clients include primarily individuals but also micro-enterprises (mBank, MultiBank). This line also includes **Private Banking** services dedicated to the most affluent individual clients of the Bank.

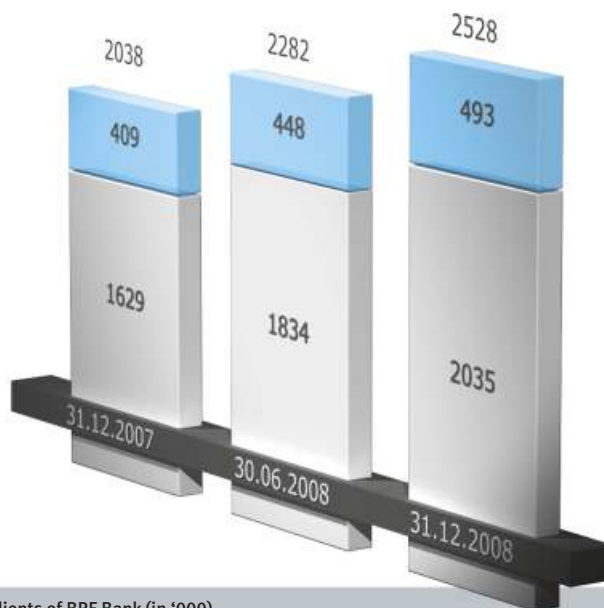


CHART 03. Retail clients of BRE Bank (in '000)



CHART 04. Bank accounts of retail clients in BRE Bank (in '000)



The services offered by mBank and MultiBank include current accounts for individual customers, savings accounts, term deposits, investment products, credit and debit cards, financial settlements, operations involving bills of exchange, cheques and guarantees, mortgage and retail loans. The offer also includes Internet-based brokerage services, and insurance services. The offer is supplemented with the e-commerce platform and Poland's first independent virtual mobile operator – **mBank mobile**.



» [www.mbankmobile.pl](http://www.mbankmobile.pl)

mBank clients are served via mKiosks (including Partner mKiosks) and Financial Centres while MultiBank clients use the services of the Bank via Financial Services Centres and Partner Outlets. Private Banking offices operate in 18 BRE Bank branches in Poland's largest cities; each client has a dedicated account manager available for meetings also outside the Bank's premises at the client's choice; other access channels include telephone, fax and on-line banking.

The screenshot shows the mBank mobile website interface. At the top left is the mBank mobile logo with the tagline 'Twój bank - Twoja komórka'. To the right are navigation links: 'szukaj' (search), 'logowanie' (login), and 'rejestracja' (registration). Below these are menu items: 'Promocje', 'Karta', 'MiXer', 'Sklep', and 'Pomoc'. The main banner features the text 'od teraz w mBank mobile 27 gr/min' and lists three promotional points: 'płaska stawka do wszystkich sieci', 'absurdalnie do Play również', and 'Internet 20 MB za darmo co miesiąc'. The banner also includes an image of a group of people jumping joyfully.

In 2008, mBank and MultiBank significantly expanded their distribution networks by opening 80 new outlets in total.

At the end of 2008,

**mBank**  distribution network included 161 locations

(68 mKiosks, 16 Financial Centres and 77 Partner mKiosks).

58 new locations were opened in 2008 (7 mKiosks, 1 Financial Centre and 50 Partner mKiosks).

**MultiBank**  distribution network had 131 outlets

(79 Financial Services Centres and 52 Partner Outlets, including 48 Branches of the Future, both Financial Services Centres and Partner Outlets).

In 2008, 22 new outlets were opened (14 Financial Services Centres and 8 Partner Outlets).



## 1.7. < Authorities of the company >

### < 1.7.1. Supervisory Board >

Pursuant to the BRE Bank By-laws and Rules of the Supervisory Board, the Supervisory Board consists of not less than five members. Previously, the term of office of the Supervisory Board was two years, ending on the date of the General Meeting which will approve the Bank's results for 2007. The term of office of the Supervisory Board elected by the General Meeting of 14 March 2008 is longer - three years.

Currently the BRE Bank Supervisory Board has 10 members (including 5 independent members under the independence criteria defined in the Good Practice of Companies Listed on the WSE). The competences of the Supervisory Board include the rights and obligations set out in legal regulations as well as regular supervision over the activity of BRE Bank. Pursuant to the Rules of the Supervisory Board, candidates for members should have the necessary education, professional experience and life experience, represent a high moral standing and be capable of devoting the necessary time in order to properly perform their function on the Supervisory Board.

The Supervisory Board meets at least 4 times a year.

#### The composition of the Supervisory Board:

- Maciej Leśny** – Chairman of the Supervisory Board (independent member),
- Martin Blessing** – Deputy Chairman of the Supervisory Board (until 4 September 2008),
- Andre Carls** – Deputy Chairman of the Supervisory Board (from 5 September 2008),
- Achim Kassow** – Member of the Supervisory Board,
- Teresa Mokrysz** – Member of the Supervisory Board (independent member),
- Michael Schmid** – Member of the Supervisory Board,
- Waldemar Stawski** – Member of the Supervisory Board (independent member),
- Jan Szomburg** – Member of the Supervisory Board (independent member),
- Marek Wierzbowski** – Member of the Supervisory Board (independent member),
- Martin Zielke** – Member of the Supervisory Board,
- Stefan Schmittmann** – Member of the Supervisory Board.



The BRE Bank Supervisory Board has 3 Committees: the Executive Committee, the Audit Committee, and the Risk Committee.

The main tasks of the Executive Committee involve exercising regular supervision over the Bank's activity in the periods between meetings of the Supervisory Board. In addition, the members of the Executive Committee decide about the rules and amounts of remuneration of members of the Management Board, including remuneration rates.



The Audit Committee issues opinions about the selection of the Bank's statutory auditor by the General Meeting and receives information on quarterly financial reports and profits or losses before their publication. In addition, the members of the Audit Committee recommend that the Supervisory Board should approve or reject financial statements, and exercise regular supervision over the internal control system at the Bank, including supervision over the Internal Audit Department. The Supervisory Board also has a Risk Committee. The tasks of its members include in particular: exercising regular supervision over credit risk, market risk and operational risk, and approving exposure to the risk of a single client as per parameters set by the Supervisory Board from time to time

In order to avoid any conflicts of interest of the members of the Supervisory Board, the rules of the [Good Practice of Companies Listed on the WSE](#) apply: a member of the Supervisory Board is obliged to notify the Supervisory Board of any conflict of interest as it arises or a possibility of such conflict and refrain from taking the floor in discussion and from voting on a resolution pertaining to the situation in which the conflict of interest has arisen.



WARSAW  
STOCK  
EXCHANGE

» [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl)

The present composition of the Committees is as follows:

Executive Committee:	Audit Committee:	Risk Committee:
Maciej Leśny – Chairman Andre Carls – Member Michael Schmid – Member Jan Szomburg – Member	Martin Zielke – Chairman Andre Carls – Member Maciej Leśny – Member Jan Szomburg – Member	Michael Schmid – Chairman Andre Carls – Member Maciej Leśny – Member Waldemar Stawski – Member

The current term of the Supervisory Board expires on the date of the General Meeting in 2011.





### ◀ 1.7.2. Management Board ▶

According to the BRE Bank By-laws and the Rules of the Management Board, the Management Board is composed of at least three members appointed for a joint term of office of 5 years. The Supervisory Board appoints and dismisses the President, the Deputy Presidents and the other members of the Bank's Management Board in keeping with the provisions of the Banking Law. The mandate of a member appointed before the end of a term expires on the same date as the mandates of the other members of the Management Board. The current term of office of the Management Board expires on the date of the General Meeting in 2013.



**Mariusz Grendowicz**  
President of the Management Board,  
General Director of the Bank

## The composition of the BRE Bank Management Board:



### Karin Katerbau

Vice-President of the Management Board (from 1 October 2009),  
Chief Financial Officer



### Wiesław Thor

Vice-President of the Management Board,  
Head of Risk Management



### Przemysław Gdański

Member of the Management Board,  
Head of Corporate Banking



### Jarosław Mastalerz

Member of the Management Board,  
Head of Retail Banking



### Christian Rhino

Member of the Management Board,  
Head of Operations and IT



### Hans Dieter Kemler

Member of the Management Board,  
Head of Investment Banking (from 1 July 2009)

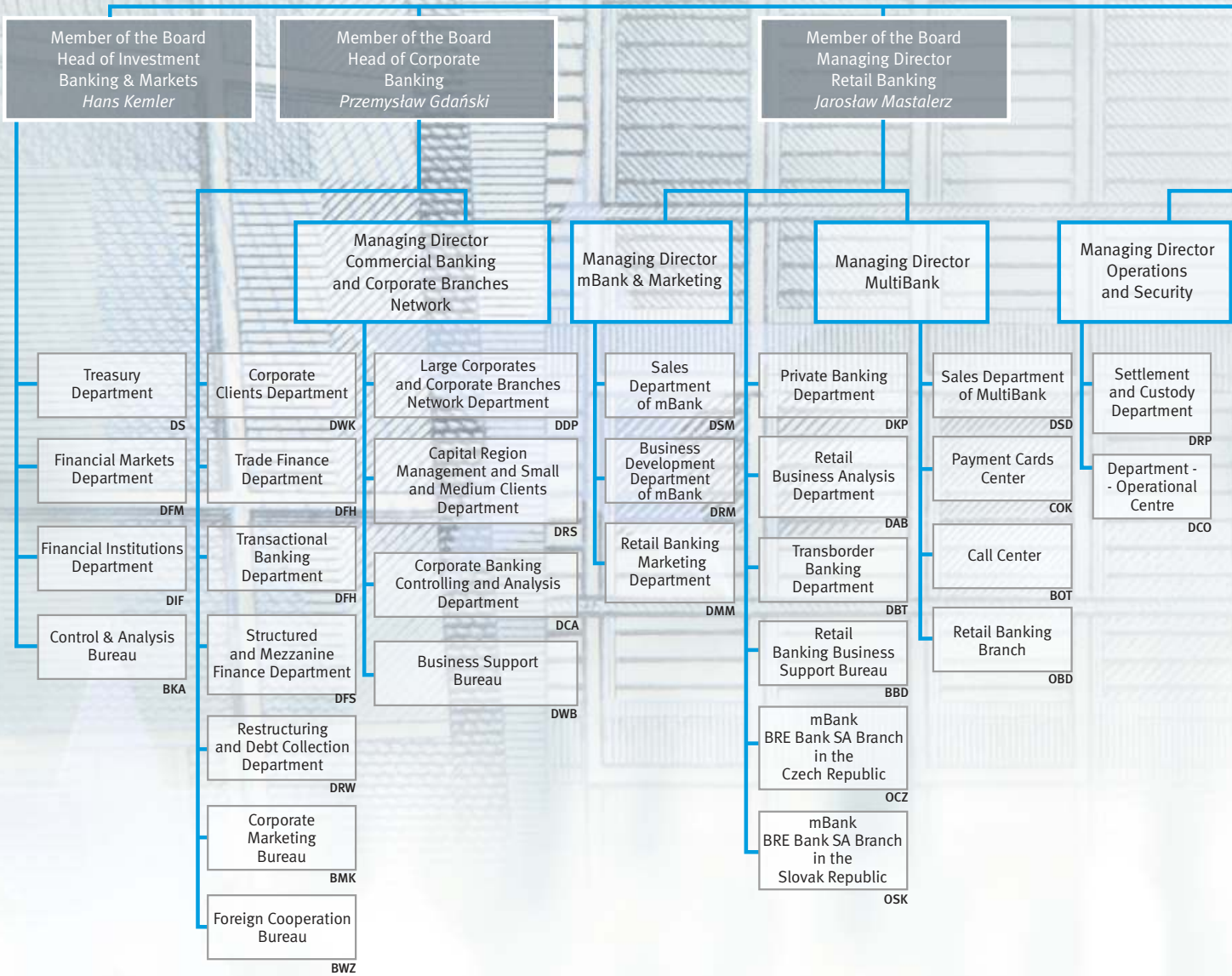
The members of the Management Board are jointly liable for the overall operation of the Bank. They work as a collegiate body and inform each other about the most important matters concerning the Bank subject to the competencies of particular members of the Management Board. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the Bank as well as for specific tasks.

#### The following committees operate within BRE Bank:

- › Credit Committee of the Bank's Management Board,
- › Retail Banking Credit Committee,
- › Private Banking Credit Committee,
- › Assets and Liabilities Committee of the BRE Bank Group,
- › Investment Committee,
- › Risk Committee of BRE Bank SA,
- › Corporate Banking Offer Development Committee,
- › Operational Management Committee of the BRE Bank SA Group,
- › Capital Management Committee,
- › Data Quality Management Committee for the purpose of calculating the regulatory capital requirement of the Bank (AIRB),
- › Investment and Resource Allocation Committee (IRC)

# BRE Bank Organization Chart

(31.08.2009)





**President of the Board Chief Executive Officer**  
Mariusz Grendowicz

Advisors to the Board of Management  
Chief Economist

Internal Audit Department  
Marketing and Investor Relations Department

Management Board Bureau  
Compliance Bureau

Member of the Board  
Managing Director Operations and Information Technology  
*Christian Rhino*

Member of the Board  
Chief Financial Officer  
*Karin Katerbau*

Vicepresident of the Board  
Head of Risk Management  
*Wiesław Thor*

Managing Director Information Technology

Managing Director Accounting & Controlling

Managing Director Credit Operation

Managing Director Corporate Governance and Group Strategy

Managing Director Human Resources

Legal Department (DP)  
Logistics Department (DL)  
Security Department (DB)  
Process Management Department (DZP)

IT Development Department (DRI)  
IT Infrastructure Department (DIN)  
Information Systems Department (DSI)  
Banking Systems Department (DSB)

Accounting Department (DR)  
Tax Planning Bureau (BPP)  
Controlling & Management Information Department (DCZ)

Credit Administration Department (DAK)  
Financial Risk Department (DRF)  
Financial Operations Control Bureau (DKF)

Corporate Credit Department (DKK)  
Retail Credit Department (DKD)

Strategy Department (DST)  
Strategic Investment Bureau (BSS)

Organization Development Department (DRO)  
Personnel Administration & Remuneration Bureau (BKP)  
Retail Banking Human Resources Bureau (BZD)



The Management Board directs the Bank's business, represents the Bank and defines the guidelines for the Bank's operations, especially the risk-bearing activities, such as the credit policy, the investment policy, the Bank's assets and liabilities management policy and the guarantee policy. The Management Board tables regular and exhaustive reports to the Supervisory Board on all significant aspects of the activities of the Bank and risks related to its operations as well as risk management methods.

The Management Board operates pursuant to its Rules approved by the Supervisory Board. The Rules determine, among others, the issues which require consideration by the Management Board as a collegiate body and adoption of a resolution of the Management Board. The issues which require a resolution of the Management Board include among others decisions to assume obligations or dispose of assets whose total value in relation to one entity exceeds 5% of the Bank's own funds (the Management Board, by way of its resolution, may authorise standing committees or relevant persons to make such decisions).

In order to avoid any conflicts of interest of the members of the Management Board, the rules of the Good Practice of Companies Listed on the WSE apply: a member of the Management Board is obliged to notify the other members of the Management Board of any conflict of interest as it arises or a possibility of such conflict and refrain from taking the floor in discussion and from voting on a resolution pertaining to the situation in which the conflict of interest has arisen.

The remuneration of the Management Board members consists of a fixed part and a variable part adjusted and tied to the financial performance of the Company. The amount of remuneration is verified by the Supervisory Board on an annual basis. The total amount of the remuneration of all Management Board members jointly and of each individual member, broken down into component parts, is published in the financial statements.

Link: [www.brebank.pl](http://www.brebank.pl) - [Investor Relations](#) - [BRE Bank's 2008 Annual Report](#)

## 1.8. < Our Shareholders >



BRE Bank has a strategic shareholder, [Commerzbank AG](#), who has been BRE Bank's shareholder for many years – initially directly, and currently through a 100% subsidiary, CommerzbankAuslandsbanken Holding AG.

The stake of Commerzbank has been gradually rising, from 21% in 1995 through 50% in 2000, to the level of 72.16% in 2003. As of 2005, this stake has been reduced slightly due to the execution of a management options program at BRE Bank. At the end of 2008, Commerzbank Auslandsbanken Holding AG held 69.78% of the share capital and votes at the

General Meeting of BRE Bank. The remaining 30.22% of the shares are in free float. These shares are mainly traded by financial investors (3/4 of the free float), including two investors each holding more than 5% of the share capital and votes at the General Meeting: Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK, which holds 5.05% of the shares and votes at the General Meeting of BRE Bank, and ING Otwarty Fundusz Emerytalny, which holds 5.01% of the shares and votes at the General Meeting of BRE Bank. The remaining shares are traded by other investors, including private individuals. As their stakes do not exceed 5% of the share capital of BRE Bank, they are not required to report acquisitions.

Commerzbank is the second largest private German bank, with an extensive network of branches in Germany and Europe. In 2008, a decision was made that it would acquire Dresdner Bank AG. This merger, one of the largest in the history of the German banking sector, will be finalised in 2009.

At the end of 2008, in consequence of the global financial crisis, Commerzbank used the German government program of assistance for the financial sector and received EUR 8.2 billion which increased its equity by 10%. It received a second capital injection of EUR 10 billion, from the state-controlled SoFFin fund. In return, the German state received from Commerzbank a minority stake (25% of shares plus one share), which is sufficient to block decisions made by the Commerzbank Management Board and by the General Meeting of Shareholders.



[www.commerzbank.com](http://www.commerzbank.com)



**BRE BANK SA**

### ◀ 1.8.1. General Meeting of Shareholders ▶

The General Meeting of Shareholders is the supreme authority of the company. It is convened and prepared pursuant to the provisions of the Code of Commercial Partnerships and Companies, the By-laws of the Bank and the Standing Rules of the General Meeting.

The Ordinary General Meeting is convened by the Management Board once a year: the Bank's General Meeting takes place in March. Whenever necessary, an Extraordinary General Meeting can be convened upon request of the Management Board, the Supervisory Board or shareholders jointly representing at least one-tenth of the share capital. A shareholder or shareholders can table a motion to the General Meeting. The motion must first be presented to the Management Board, which submits it to the Supervisory Board together with its opinion. The Supervisory Board then decides whether to table the motion to the General Meeting. However, a motion presented one month before the General Meeting by shareholders jointly representing at least one-tenth of the share capital has to be tabled to the General Meeting.

Each share of the Bank represents one vote (there are no preferred shares). The shareholders can participate in the General Meeting in person or through a proxy.

Voting takes place in an open ballot. A secret ballot is required in the case of elections and motions for dismissal of members of the authorities of the Bank or liquidators, motions to put them before justice, and personal issues. In addition, a secret ballot is required upon request of any shareholder present or represented at the General Meeting.

Resolutions of the General Meeting are passed, as a rule, by an ordinary majority of votes unless otherwise required under the Code of Commercial Partnerships and Companies or the By-laws of the Bank. Members of the Management Board and the Supervisory Board of the Bank should participate in the General Meeting. The auditor should be present at the General Meeting if the General Meeting deliberates on financial issues. Members of the Management Board of the Bank answer any questions of shareholders asked at the General Meeting related to issues on the agenda. In justified cases, the Management Board may reply to a shareholder in writing, not later than within 2 weeks after the end of the General Meeting.

Pursuant to the Good Practice of Companies Listed on the Warsaw Stock Exchange, the General Meeting is broadcast on-line and the recording and shareholders' questions and answers are posted on the website.





## 1.9. < BRE Bank – Key figures >

BRE Bank is a leading Polish bank as measured by assets and equity. BRE Bank was the third largest bank listed on the Warsaw Stock Exchange at the end of 2008 by assets and the portfolio of loans and advances to customers and the public sector; it ranked fifth by deposits and liabilities to customers (consolidated data).

Key indicators*/ YE	2005	2006	2007	2008
Balance sheet total (PLN M)	32 739.1	42 330.6	55 983.0	82 605.2
Advances and loans to clients (PLN M)	15 376.0	23 044.7	33 682.7	52 142.5
Liabilities to clients (PLN M)	20 349.4	24 669.9	32 401.9	37 750.8
Book value (PLN M)	2 035.2	2 530.8	3 324.5	3 894.5
Profit before tax (PLN M) on continued and discontinued operations	338.0	576.4	954.6	1 000.1
Net profit (PLN M) on continued and discontinued operations	247.5	421.3	710.1	857.5
Capital adequacy ratio (%)	11.10	10.39	10.16	10.04
ROE before tax (%)	17.8	26.9	35.9	30.8
Cost/income ratio (%)	69.3	63.7	55.5	55.1
BRE Bank headcount	3 571	4 001	4 795	5770**
BRE Bank payroll (PLN M)	245.8	279.6	370.5	442.6
BRE Bank corporate branches, YE				
branches	23	23	23	24.0
offices			4	21
BRE Bank retail branches, YE				
mBank	54	65	103	161
MultiBank	72	84	109	131
Social investment: BRE Bank Foundation (PLN k)	1 500.0	1850.0	2250.0	3250.0

The Group's key stock market indicators	2005	2006	2007	2008
Number of shares, YE	28 983 972	29 516 035	29 660 668	29 690 882
EPS (PLN)	8.60	14.36	24.01	28.90
BV/S (PLN)	70.22	85.74	112.08	131.17
P/E	19.65	23.40	21.03	6.80
P/BV	2.41	3.92	4.49	1.50
Share price, last session of the year (PLM)	169	336	505	196.5

\*/ consolidated data except for payroll

\*\*/ the headcount differs from the 2008 financial statements because it does not include replacements

## 1.10. < Corporate governance >

CORPORATE GOVERNANCE IS A RANGE OF MEASURES AND REGULATIONS AIMED TO ENSURE A BALANCE BETWEEN THE INTERESTS OF ALL STAKEHOLDERS OF THE COMPANY (INVESTORS, MANAGERS, EMPLOYEES, SUPPLIERS) IN ORDER TO SUPPORT ITS GROWTH.

The Polish corporate governance rules were compiled as “Good Practices in Public Companies” and first adopted by the authorities of the Warsaw Stock Exchange in September 2002. The code contains the fundamental rules of business ethics guiding day-to-day activities of listed companies. The new version of “Good Practices in Public Companies 2005” came into effect on 1 January 2005 and was in force until the end of 2007. BRE Bank declared compliance with all editions of Good Practices, including the latest version, the “Good Practices of WSE Listed Companies” which came into effect on 1 January 2008. The Management Board of BRE Bank adopted a resolution concerning compliance with the Good Practices on 7 January 2008 and the Supervisory Board adopted a relevant resolution on 24 January 2008.



According to the new reporting rules, the Bank will report each case of permanent or incidental non-compliance with any of the Good Practices. Reports will be published just like current reports and posted on the BRE Bank website.

In addition, corporate governance compliance reports will be published along with the annual reports starting with the 2007 annual report.



More information online



[www.brebank.pl](http://www.brebank.pl)  
- Investor Relations  
- BRE Bank's 2008  
Annual Report



## ◀ Corporate Governance Compliance Report ▶

In addition, the Bank voluntarily agreed to adhere to the sector good practices, i.e. “Good Banking Practice Standards”, as soon as in 1995. This document was prepared by the Polish Bank Association (first as “Good Banking Practice Code”).

This document regulates the principles applicable to:

- › conduct of banks in relationships with their customers;
- › mutual relationships of banks;
- › advertising;
- › conduct of a bank’s employee;
- › processing of clients’ complaints and claims.

In 2008, the Polish Financial Supervision Authority (KNF) promulgated the Good Practices in Financial Market Canon. As its regulations are in line with the Good Banking Practice Standards, the latter have been only enhanced by the provision: “Good Banking Practices, which are followed by banks, incorporate the provisions of the Good Practices in Financial Market Canon”. Therefore, the Bank will automatically declare its will to adhere to the Canon by making an appropriate adjustment to its internal regulations.

### Additional information

Polish Financial Supervision Authority announced the Financial Market Good Practice Directive in 2008.

» [www.knf.gov.pl](http://www.knf.gov.pl)

## 1.11. ◀ Compliance ▶

BRE Bank implements a compliance policy. The essence of the compliance policy is to ensure that the Bank complies with applicable laws and regulations and standards of conduct for financial institutions. The Bank has created a specialized organisational unit responsible for all compliance issues: the Compliance Bureau.

The Compliance Bureau reports directly to the President of the Management Board of the Bank and is not subordinated to any business units: this is key to the operation of the Compliance Bureau as it should have broadest possible independence to operate effectively.

This is guaranteed by the Compliance Policy adopted in 2008 by the Management Board of the Bank and approved by the Supervisory Board.

BRE Bank’s compliance unit has guaranteed access to all necessary information on potential non-compliance with laws and market standards. In particular, it co-operates in the area with the Internal Audit Department and the Security Department.

**A range of banking regulations apply in the compliance area; these ensure in particular:**

- » 1/ Identification of attempts at using the Bank for anti-money laundering and terrorist financing activities, reported to the competent state authorities;
- » 2/ Proper handling of confidential information to ensure that Bank employees are not privileged over other participants of the organised capital market. Bank employees could otherwise use information which, once published, impacts the public trading in the Bank’s shares. Regulations applicable at BRE Bank impose effective restrictions on private investments of employees with access to confidential information;





- » 3/ Effective protection of clients' personal data: their use and processing is subject to strict legal provisions. The Bank's effective protection of personal data in 2008 is demonstrated by the absence of legally valid penalties for insufficient protection of data;
- » 4/ Prevention of corruption by giving and accepting gifts from Bank clients. The applicable policy provides that the value of a gift cannot exceed a set threshold; any derogations from the rules have to be justified and approved by superiors. Gifts received by public servants are subject to particular restrictions;
- » 5/ The Bank applies principles of prevention of conflicts of interest consisting in dishonest and unjustified benefits obtained by the Bank or its employees at the expense of clients. Prevention of conflicts of interest includes guarantees of equal treatment of clients. BRE Bank has implemented far-reaching restrictions on the participation of employees in Supervisory Boards and Management Boards of companies which are our clients as this could potentially favour some clients over others;
- » 6/ Advertisements of banking products are thoroughly examined in the light of applicable regulations and standards. In the case of any doubt, the Legal Department and the Compliance Bureau give the final approval for the use of an advertisement.

The system ensuring the Bank's compliance with laws and market standards is effective, as demonstrated by the fact that no financial penalties have been levied on BRE Bank for legal non-compliance over the past years.

## 1.12. < Internal Audit >

**The mission of the Internal Audit Department is:** "to ensure the Bank's reliability, security and effectiveness to the Bank's customers and shareholders by providing an assurance and advisory function."

The direct purpose of the Internal Audit Department is to give the Management Board and the Supervisory Board of the Bank reasonable assurance of the adequacy and effectiveness of the internal control system, the risk management system, and corporate governance rules according to the requirements of the Management Board and the Supervisory Board of the Bank by means of independent and impartial audits and assessment. The Internal Audit Department is responsible for provision of assurance and advisory services to subsidiaries and third-party providers to which the Bank has outsourced intermediation in banking activities and performance of other factual activities related to the banking business on behalf of and for the Bank to the extent allowed by legal regulations (in the meaning of Article 4(1)16(a)-(b) of the Banking Law and pursuant to Article 6a(1) of the Banking Law).

The Internal Audit Department performs scheduled and ad hoc audits of subsidiaries and third-party providers and monitors the implementation of guidelines and recommendations following its audits.

BRE Bank's internal audit relies on close co-operation and communication between the Management Board, the Supervisory Board and the business units of the Bank.

The Internal Audit Department is managed by its Director who formally reports directly to the President of the Management Board of the Bank and functionally reports to the Audit Committee. In the performance of the internal audit mission, the Director of the Internal Audit Department does not report operationally or functionally to Members of the Management Board of the Bank or Bank Directors responsible for operations.



The main functions of the Internal Audit Department include: planning internal audits, providing assurance and advisory services, and monitoring the implementation of guidelines and recommendations following audits. In addition, the Internal Audit Department regularly evaluates the internal control system, the risk management system, and compliance with corporate governance rules. Representatives of the Internal Audit Department perform a range of tasks aimed at ensuring the effectiveness of internal audit in BRE Bank. Employees of the Internal Audit Department also perform non-audit tasks including issuing opinions on internal rules, regulations, policies and procedures for operations of the Bank in terms of internal controls and risks. In addition, employees of the Internal Audit Department participate in the work of project teams, committees and other collegiate bodies in the performance of assurance and advisory tasks. They also participate in providing advisory in the Bank's core business, exercising substantive supervision over the internal control system, and performing other verification, consultation and advisory functions by request of the Management Board of the Bank or the Audit Committee.

The Internal Audit Department plans its audit and non-audit tasks on an annual basis. Planning covers all areas of the Bank, which constitute the Audit Universe. Planning is based on a risk assessment process performed using an internal multiple-criterion methodology. The analysis includes the risk of the Bank's business areas, internal processes, products, services and functions. The risk analysis in the planning process takes into account the priorities of the Management Board and the managers of the Bank. The annual plan is approved by the Management Board and the Supervisory Board of the Bank.

Representatives of the Internal Audit Department issued 171 recommendations in 2007 and 478 recommendations in 2008. The significant increase in the number of issued recommendations was a result of a higher number of audit tasks compared to previous years.

#### Issues subject to internal audit in BRE Bank:

- › Processing of corporate banking products
- › Processing of investment banking products
- › Processing of retail banking products
- › IT and security processes and management
- › Risk management processes – the risk management system
- › Support processes
- › BRE Bank Group subsidiaries

## 1.13. < Co-operation with the Polish Financial Supervision Authority >

In comprehensive audits of the Bank's activity by the Polish Financial Supervision Authority, the Internal Audit Department co-ordinates the co-operation with the audit authority on behalf of the Bank by co-ordinating the preparation of necessary documents and reports and on-going communication with the audit team. In addition, representatives of the Internal Audit Department prepare the timetable of implementation of audit recommendations in collaboration with the organisational units of the Bank responsible for their execution, implementation and regular reporting. Moreover, the Internal Audit Department co-ordinates correspondence with the Polish Financial Supervision Authority concerning complaints.



## 1.14. < Risk management >

BRE BANK ATTACHES GREAT IMPORTANCE TO THE RISK CONTROLLING AND MANAGEMENT PROCESS. IT IS THE ON-GOING TASK OF SPECIALISED ORGANISATIONAL UNITS OF THE BANK RESPONSIBLE FOR RISK CONTROLLING AND ACTIVE RISK MANAGEMENT. IN ORDER TO PERFORM THE RISK MANAGEMENT TASKS, THE MANAGEMENT BOARD OF THE BANK APPOINTED SPECIAL COMMITTEES COMPRISING REPRESENTATIVES OF THE MANAGEMENT BOARD AND SENIOR MANAGERS.

Risk management in BRE Bank starts with widely understood responsibility of the Supervisory Board of BRE Bank, which, among other activities, grants approvals to the Bank's risk management strategies and policies. The Supervisory Board Risk Committee is a body within the Board responsible for supervision of risk management processes (in particular market, liquidity, credit and operational risk management) and assessment of the Bank's exposure to particular risks.

The Management Board Members of the Bank, adequately to their duties and powers, have assigned responsibilities for the different risks present in the Bank's activities. The President of the Management Board of the Bank is responsible for the Bank's business strategy, reputation risk and compliance risk. The Deputy President, Chief Risk Officer bears responsibility for the supervision of all quantifiable types of risk, i.e., market, liquidity, credit, and operational risk, and in particular for the implementation of the risk strategies and realisation of the risk management policies in the Bank. The Head of Investment Banking, Member of the Management Board is responsible for supervision of the investment risks. The Head of Operations and IT, Member of the Management Board bears responsibility for business processes risk. Moreover, the human resources risks are under supervision of the Bank Director in charge of Human Resources Management.

The daily management of market, liquidity, credit, and operational risks is performed on several management levels in the Bank, ranging from the Management Board level at the top to the individual risk controlling and management units level at the bottom. In order to effectively execute the above mentioned risk management duties, the Management Board has appointed a range of Committees and delegated the powers over different elements of the risk management process to them, and has defined the appropriate organisational structure of the Bank with clearly divided responsibilities of organisational units.

In 2008, the following Committees were responsible for different risks: the Management Board Credit Committee, the Assets and Liabilities Management Committee of the BRE Bank Group, the Capital Management Committee, the Risk Committee of BRE Bank, the Investment Committee. The Supervisory Board which approves the Bank's risk management strategies and policies has a Risk Committee of the Supervisory Board.

The Bank monitors credit risk, operational risk, market risk, liquidity risk and interest rate risk of the banking book in the BRE Bank Group using the risk measures applied in BRE Bank while taking account of the specificity and scale of business of the Group subsidiaries.

A detailed description of the risks in the activity of the BRE Bank Group and the risk measures is presented in section 3 of the Consolidated Financial Statements under the International Financial Reporting Standards for 2008.

### Additional information

» [www.brebank.pl](http://www.brebank.pl)  
 - Investor Relations  
 - BRE Bank's 2008 Annual Report





Everyone likes awards – so do we.

We are proud of our success. In 2008, we were awarded by many institutions:

Award	Organiser	Date
<b>BRE Bank</b> – second position in the NBP ranking of dealers active on the money and fx market	National Bank of Poland	January 2008
<b>BRE Bank</b> – certificate of Entrepreneur Friendly Bank	Polish Chamber of Commerce Polish-American Foundation of Small Enterprise Consultancy	January 2008
<b>mBank</b> – EUROPRODUCT title for the Car Insurance Supermarket	Polskie Towarzystwo Handlowe	January 2008
<b>BRE Bank</b> – second position in the ranking of the best Polish corporate websites	Hallvarsson & Hallvarsson	March 2008
<b>mBank – mortgage mPlan</b> first position in the mortgage loans ranking	Wirtualna Polska Financial Passage	March 2008
<b>BRE Bank</b> – award in an IR ranking of the banking sector. BRE Bank won the first position in the categories: Website, Annual Report, Corporate Governance	Association of Retail Investors	April 2008
<b>BRE Bank</b> – finalist of the “IR Magazine 2008 Awards” in the category: “Best IR in a Polish Company”	IR Magazine	May 2008
<b>BRE Bank</b> – first position in the Best Financial Institutions ranking in the “Banks” category	Rzeczpospolita	June 2008
<b>mBank</b> – first position in the ranking “50 Top Banks in Poland 2008” – mBank was the largest virtual bank	BANK Financial Monthly	June 2008
<b>BRE Bank</b> – second position for BRE Private Banking & Wealth Management in the private banking ranking	Manager Magazine	July 2008
<b>BRE Bank</b> – first position in a ranking of macroeconomic forecasts	Stock Exchange Newspaper Parkiet	October 2008
<b>BRE Bank</b> – first position in The Best Annual Report competition	Institute for Accounting and Taxation	October 2008
<b>mBank</b> – “Corporate Blogs 2008” – first position in the “Mature Blogs” category	Blogifirmowe.wordpress.com	October 2008
<b>BRE Bank</b> – High Reputation Brand, category “Finance”, Premium Brand ranking	Premium Brand	October 2008
<b>mBank</b> – Best Bank for a Modern Client	Gazeta Wyborcza and Open Finance	November 2008
<b>BRE Private Banking &amp; Wealth Management</b> – first position in a ranking of asset managers 2008	Stock Exchange Newspaper Parkiet	February 2009
<b>BRE Private Banking &amp; Wealth Management</b> – Best Private Banking in Poland	Euromoney Magazine	February 2009
<b>MultiBank</b> – “Service Quality” award – first position in the “Banks” category	Portal jakośćobsługi.pl	March 2009



## 1.15. < BREnova - Response to market challenges >



The BREnova Programme is BRE Bank's response to the elevated uncertainty in 2009, both in the economy and in the banking system. Its utmost priority is to ensure efficient performance in the time of economic slowdown. The BREnova Programme is a package of initiatives on both the revenue and the cost side. It is intended to redraft the existing business model, both in corporate and retail banking.


### The Programme has been developed on two main pillars:



higher revenues – as a result of a changed revenue structure, intensified cross-selling, development of the product offer, product innovations, etc.

optimised costs and – more importantly – consistent monitoring of costs and continuous improvement of cost management (in the short and the long term).

By launching long-term initiatives, BREnova ensures stable growth during the slowdown in the economy and a solid foundation for further development. The changes are to be long-term in order to prepare the ground for future success, and not only to provide an immediate response to the market slump.



In modern business  
where products are similar  
and technological advantages  
and innovations are quickly  
adopted by competitors,  
the key to long-term  
success is

⟨ relations ⟩



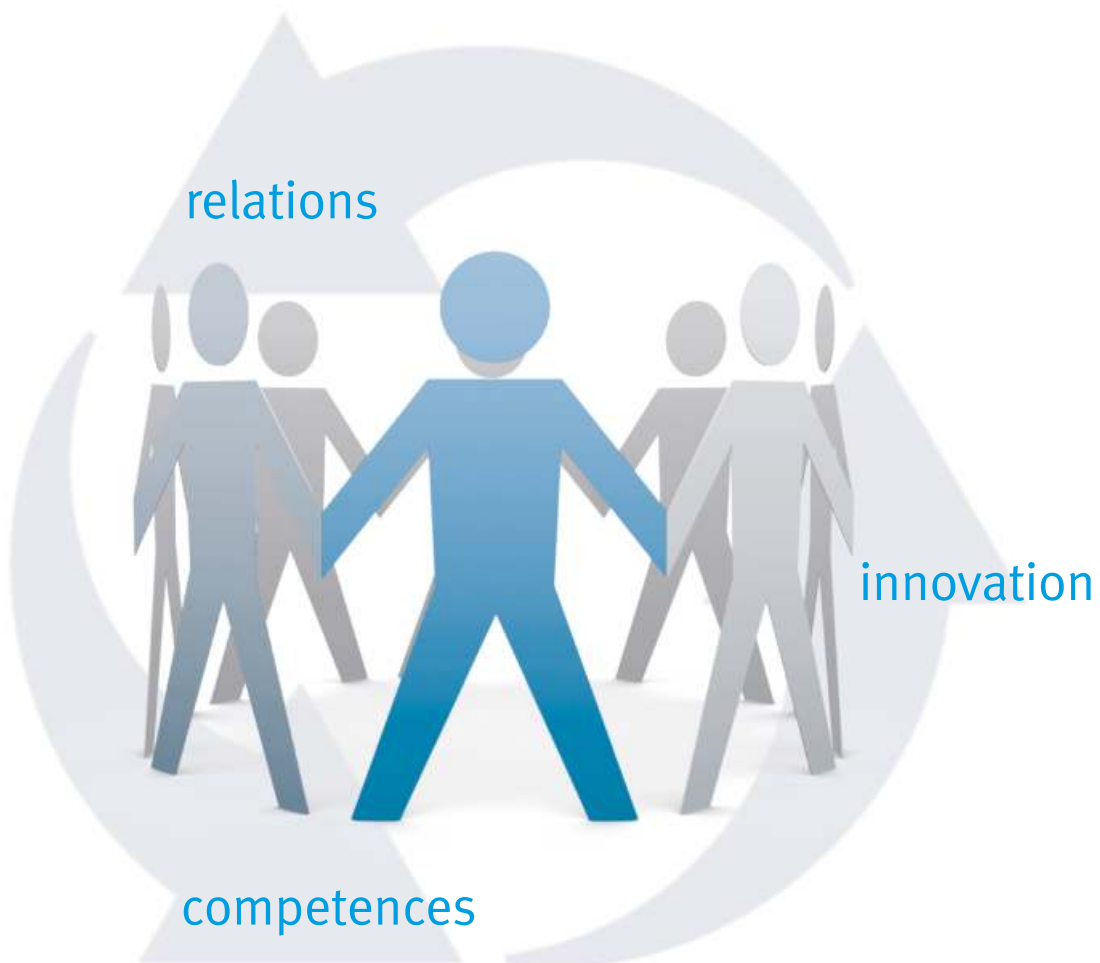
BRE BANK SA





## 2.1. < The fundamental principles of BRE Bank's corporate social responsibility: Relations. Competences. Innovation >

WE WANT TO PRESENT THE GIST OF OUR CORPORATE SOCIAL RESPONSIBILITY FROM THE PERSPECTIVE OF OUR THREE FUNDAMENTAL VALUES: RELATIONS, COMPETENCE AND INNOVATION. EACH OF THEM IS A PART OF OUR ORGANISATIONAL DNA AND GUIDES ALL OUR EFFORTS, BOTH IN THE CORE BUSINESS AND THE SOCIAL MISSION (PROMOTION OF ECONOMIC KNOWLEDGE, ENTREPRENEURSHIP, ETC.).



In modern business where products are similar and technological advantages are quickly adopted by competitors, **<relations>** are key to long-term success. We have proved over the years that we like and know how to listen to the needs of our stakeholders whose opinions are valuable business inspiration for us. It is no coincidence that mBank was founded by the BRE Bank Group: it is the best example how strong relations with product users enable a great market success of innovation. Since the inception of mBank, active relations with clients have been a great source of inspiration for the direction of growth of Poland's first virtual bank. But relations mean more to us than the age-old saw "Customer is king." The strength of our organisation also relies on relations with employees: we make sure that they are motivated not only by pay adequate to their efforts but also by the opportunity of participation in many programmes fulfilling the aspirations, dreams and values of our employees. We attach equally great importance to relations with other stakeholders: investors and market regulators. We pay particular attention to relations with local communities (our work in Łódź, the hometown of mBank and MultiBank, is the best example of our commitment) and care for the natural environment. We are involved in external initiatives consistent with our social values (Global Compact, the Responsible Business Forum, etc.).

Relations have to be matched by top-level **<competences>**. They have been a watermark of BRE Bank's organisational culture from the beginning. We have always invested heavily in employee development as we believe that it is the foundation of innovative business. Training is offered to practically all employees of the Bank. We also offer one of the widest ranges of strategic competence development programmes (talent management, manager programmes, etc.). We want to share our expertise and experience with others and we operate many economic education programmes (for young people, entrepreneurs, etc.) and organise events which contribute to the quality of economic discourse in Poland (the Macroeconomic Forum, BRE-CASE seminars, etc.).

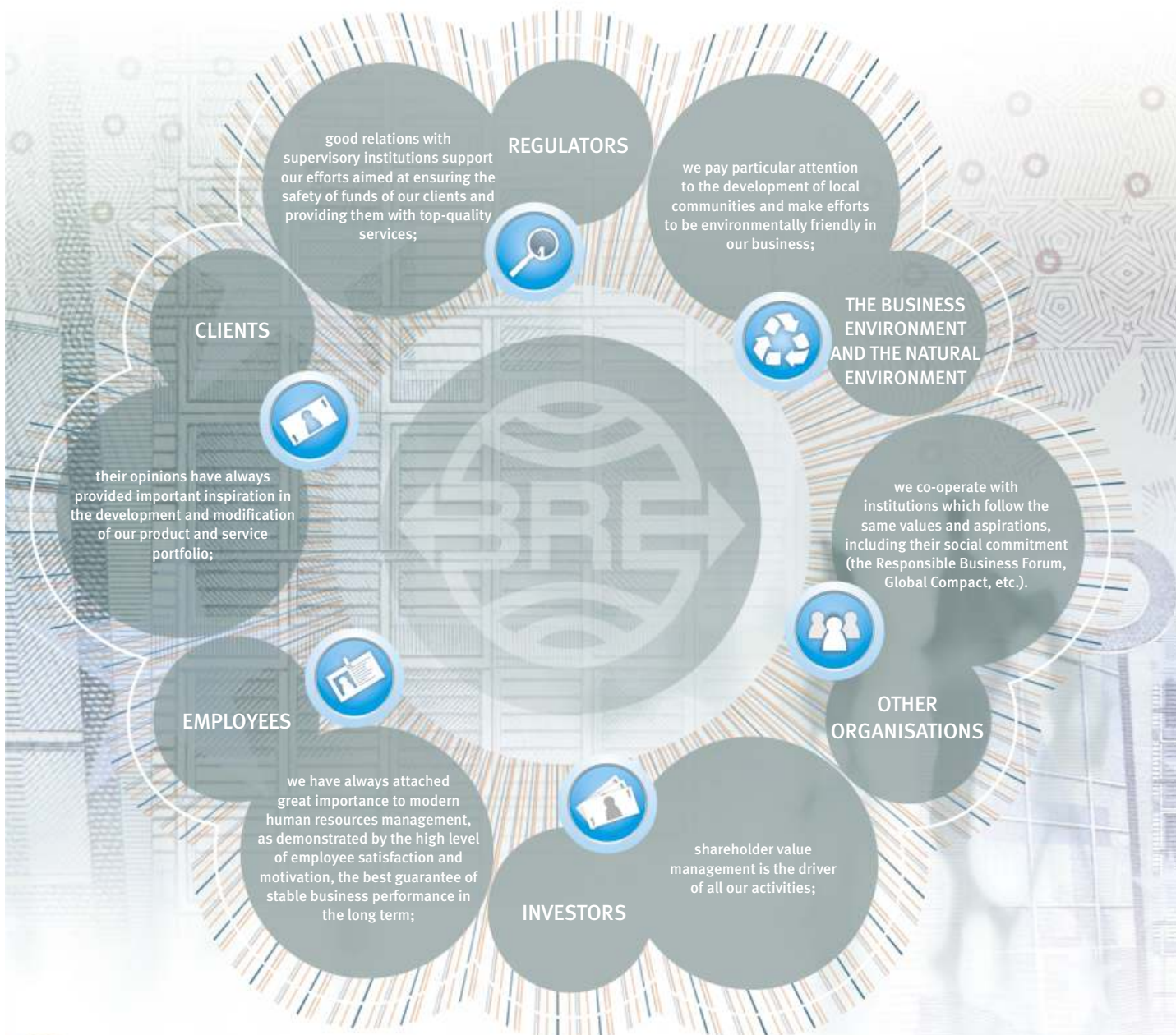
The environment is changing at a growing pace. Yesterday's modern solutions are today's standards and tomorrow's old hat. This is why **<innovation>** is our middle name. We have for years shown how to create conditions for the success of the creative spirit in Poland and how to transform innovation into real business benefits. The best proof of that is the success of mBank but our other business lines also subscribe to this approach. Importantly, we were the first market player to implement many innovative solutions for corporate clients. Innovation is fostered by our organisational culture: we make best efforts to ensure that our people are not afraid of taking risks and we strive to identify and invest in people who are ready to challenge the status quo every day. We promote their bold revolutionary spirit in all possible ways: through manager workshops, regular staff meetings with leading innovators, creativity training, etc.





## 2.2. < Addressing the needs of clients and all other stakeholders: Our STAKEHOLDER RELATIONS >

THE LONG-TERM SUCCESS OF ANY BUSINESS DEPENDS ON LONG-TERM QUALITY RELATIONS WITH EXISTING AND PROSPECTIVE CLIENTS, EMPLOYEES, INVESTORS, REGULATORS, THE BUSINESS ENVIRONMENT, AND ORGANISATIONS WORKING TOWARDS THE SAME GOALS AND VALUES. WE MAKE BEST EFFORTS TO ENSURE THAT THE FORM AND FREQUENCY OF THESE RELATIONS ARE MUTUALLY SATISFACTORY.



◀ Our relations with the stakeholders: ▶

Stakeholders	Relations	Frequency
Retail clients	Satisfaction surveys	
	mBank	» Monthly
	MultiBank	» Monthly
	Private Banking	» Annually
	mBank Forum	» Daily
	Blog	» Daily
	mCommunity	» Daily
	mCouncil	» Daily
	MultiBank Account Managers	» Daily
	mLine	» 24/7
MultiLine	» 24/7	
Corporate clients	Satisfaction surveys	» Annually
	Account Managers	» Depending on client's needs
Employees	Opinion poll	» Every autumn
	Employee Council	» 6 times a year
	Employee volunteers	» 4 times a year
Investors	General Meeting of Shareholders	» Once a year (March)
	Investor Relations	» Current response to investors' enquiries
Media	Press Office	» Current response to enquiries of the press
Regulators	Letters	» Current relations with the Internal Audit Department
NGOs	Applications to the BRE Bank Foundation	» Current relations and letters
Students	mBank workshops	» Once a year
	Meeter Greeter	» Throughout the year
Business partners	Relations with representatives of business partners in specific projects	» Depending on actual needs

## 2.3. < Together: BRE Bank Memberships >

Partnership and team work have always been a part of our organisational culture. We believe that the exchange of ideas, experience, opinions, and joint actions leads to better results. This is why we are always open to co-operate with partners who share our way of thinking and doing. Our co-operation with partners is a strategic, long-term relationship because we know that we can work together to develop business, research and social solutions for the financial sector. We are a member of leading business and sector organisations and contribute to the improvement of the conditions of the financial industry in Poland. Our partners include research organisations and associations of individuals and companies aware of the importance of corporate social responsibility. Mariusz Grendowicz, BRE Bank CEO is personally involved in the work of the Polish Bank Association where he is a Member of the Board of the 7<sup>th</sup> term. He is also active in the Polish Association of Private Employers of Banks and Financial Institutions as President of the Board.

### Business memberships

< The Polish Bank Association (ZBP) >	<ul style="list-style-type: none"> <li>• To represent and protect common interests in legislation applicable to the banking sector.</li> <li>• To promote the banking sector and its services.</li> <li>• To promote good practice of banking.</li> <li>• To organise the exchange of information among banks.</li> </ul>
< Polish Confederation of Private Employers Lewiatan (PKPP Lewiatan) >	<ul style="list-style-type: none"> <li>• To represent the social and economic interests of member entrepreneurs on the national level.</li> <li>• To mobilise activities aimed at national economic development.</li> </ul>
< The Polish Business Roundtable (PBR) >	To promote the freedom of business through guarding the consistency of fundamental legal standards which regulate business activity.
< Polish Private Equity Association (PPEA) >	A platform of co-operation with entrepreneurs.
< Polish Association of Stock Exchange Issuers >	<ul style="list-style-type: none"> <li>• Participation of Bank representatives in training with the involvement of the Polish Financial Supervision Commission and the Warsaw Stock Exchange.</li> <li>• Participation in forming opinions on legislation applicable to the capital markets.</li> </ul>
< Polish-German Chambers of Industry and Commerce >	Partnership in joint efforts supporting the economies of both countries.
< Chamber of Commerce and Industry >	Promotion of BRE Bank's business in Poland and abroad.
< The Institute of Internal Auditors IIA >	Development of common audit standards and procedures.
< Professional Risk Managers' International Association (PRMIA) >	Promotion of good practice of financial risk management and integration of the Polish community of financial risk managers.



## Membership in research organisations

### ◀ Polish Economic Society ▶

To advise and participate in efforts of the Society raising the professional qualifications of Bank employees.

### ◀ Lublin Science Society ▶

Access to materials and research projects of the Society.

## Membership in sustainable development and responsible business organisations

### ◀ Responsible Business Forum ▶

Participation in the Partnership Programme is a commitment to constant promotion of the concept of sustainable development and corporate social responsibility in the business and social environment of BRE Bank.

### ◀ UNDP Global Compact ▶

In all areas of its business, BRE Bank subscribes to and complies with the 10 fundamental Global Compact principles which include protection of human rights, labour standards, environmental protection and prevention of corruption.

### ◀ Friends of Integration Association ▶

To improve the situation of people with disabilities in Poland by raising the awareness of the general public about disabilities and through real integration of people with disabilities based on co-existence, co-operation and partnership in all areas of social life.

## 2.4. ◀ Client Relations ▶

The client is always right, at least according to management textbooks. In practice, however, few companies know how to listen to clients' needs and even fewer can maintain active, close client relations. The financial sector was for years dominated by the traditional, conservative model where the client was intimidated by a heavy-handed, bureaucratic institution.

The hegemony of marble-floor banks was challenged by mBank which started to offer innovative services in the spirit of unprecedented openness to clients. mCouncil, the forum and the blog, meetings with clients... It has been nine years since mBank challenged traditional banking and many new players entered the market, but mBank remains the leader in pioneering models of client relations and communications.

All the business lines in our organisation follow the very same values and principles of client relations. We stay with our clients through thick and thin and continue the dialogue even when opinions vary (see information management in the situation of problems with the "old portfolio" of mortgage loans and with fx options).

### Additional information

The hegemony of the „marble banking” was overcome by



by not only its innovative services but also by the unprecedented openness to the Client:

- mRada,
- forum,
- blog,
- meetings with Clients.

» [www.mbank.pl/blog](http://www.mbank.pl/blog)

» [www.mbank.pl/forum](http://www.mbank.pl/forum)

## Additional information

We are very happy with the results of the corporate client satisfaction survey. According to the polls of 2005-2007, between 91% and 94% of our corporate clients (depending on the segment) would definitely recommend the Bank to prospective corporate banking clients.

### ◁ Corporate clients ▷



We have for years been a bank of first choice for corporate clients. A high position in rankings and a group of loyal clients – brand ambassadors could lull others into deep sleep, but we are always ready to change in order to fulfil clients' expectations and improve their satisfaction with our services even more. This is why we have been performing regular corporate client satisfaction surveys for 4 years now.

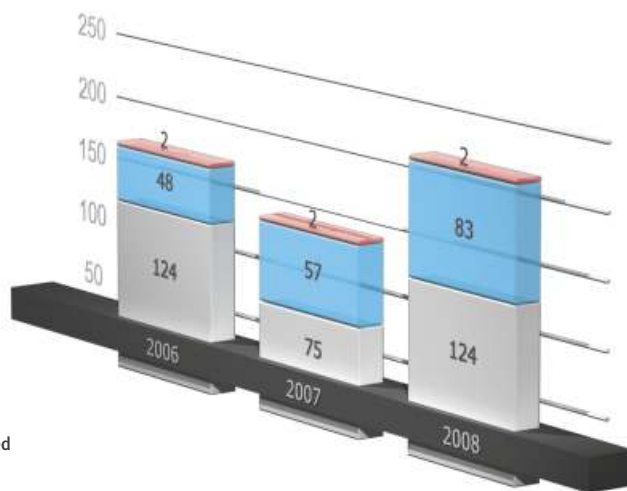
We are consistently proud with the result of the surveys: the 2005-2007 surveys told us that 91-94% of corporate clients (percentages vary depending on the segment) believe that our offering is the best and would definitely recommend the Bank to other corporate clients.

In 2008, we asked our clients whether they consider BRE Bank to represent the best offer for their company. Depending on the segment, between 67% (K3 segment) and 85% (K2 segment) of clients replied in the affirmative. The result of the survey is a great challenge: we aspire to maintain this high level of praise in future. We want to live up to this challenge and we know how to.

Effective and swift handling of complaints is an important part of client relations. The BRE Bank Internal Control Rules set out the principles of recording, processing and reviewing clients' complaints.

The most important principles are as follows:

- ▷ Complaints about the Bank should be processed by the units concerned by the complaints.
- ▷ Timely processing of complaints means that the client should receive a response within 30 days from the date of the complaint.
- ▷ Central complaint registers are the heart of the system. They support prompt processing of complaints and serve an information function: analysis of the reasons of complaints helps us to improve procedures and modify products.
- ▷ We keep separate central complaint registers for corporate and retail clients (the latter is supported by the Remedy IT system). The Internal Audit Department analyses complaints of corporate and private banking clients.



Corporate and Private Banking clients submitted 209 complaints in 2008. This was more than in 2006 (174 complaints) and 2007 (134 complaints), but still very little compared to the scale of our corporate banking operations and the number of served clients. Analysis of the 2008 complaints identified 40% of the complaints as unjustified. The other 124 complaints were considered justified. In 94% of all cases clients received a reply within the deadline of 30 days.

CHART 05 Complaints of Corporate and Private Banking Clients

## 〈 Retail clients 〉



### mBank

mBank was one of the first brands in Poland to build a competitive advantage through partnership client relations. Honesty, fairness, openness, addressing real needs of clients involved a move away from complex and complicated communication (mBank uses no asterisks or fine print) and the decision to offer only products really useful to clients. Thanks to the trust of our clients, we can build deeper, long-lasting relations and modify services and functionalities according to clients' expectations.

mBank's success was possible thanks to unbeatable parameters of the product offering and a special aura which has surrounded Poland's first virtual bank since the very beginning. Today, mBank is more than a platform of transactions, deposits, loans; it is a genuine community whose members meet, communicate, exchange information and opinions about the bank and much more.

The members of the community are knowledgeable about the product offering. They contribute valuable information, expertise and experience to the relations between the clients and the bank. The community of mBank clients is very open to innovative solutions and state-of-the-art technologies. The community consists of diverse, mutually complementary groups: from mBank beginners through information-hungry clients to opinion leaders.

mBank gives existing and prospective clients plenty of opportunities to participate in the development of its offering and in the unique community around it. While its bricks-and-mortar network is expanding, the internet remains mBank's prime area of business and communication. It is mBank's natural element. This is why we are actively involved in and very sensitive to new trends on the web. We believe that authenticity is a key success factor in on-line communications.

### 〈 mCouncil 〉

An advisory body comprised of clients is a unique phenomenon on the Polish market, and not only in the financial sector. mCouncil operates since 2000. Its members are elected for two years by clients on the forum and invited to participate in the work of the Council as volunteers in conformity with the Code of Honour. mCouncil operates as a mailing list supporting discussions of client representatives with bank employees. mCouncil is privy to information not available to other clients: it issues opinions on new solutions, consults them with other clients, and serves as the on-line brand ambassador. Close contact and access to information, including confidential information, builds trust and interpersonal relations.

### 〈 Forum 〉

The platform of communication, exchange of opinions and information about mBank's offering operates since April 2001. It follows simple and transparent posting rules according to the Code of Ethics. The forum has close to 21 thousand registered users. They are very active and create 140 posts on average every day.

### 〈 Blog 〉

It is another product of the very close relations between mBank's unique model and the internet. In 2007, mBank was one of the first financial institutions to communicate with clients through a blog. It is the first official on-line blog of a bank in Poland and not only a blog of an analyst or manager from an institution.

mBank's blog is attractive and encourages discussions. This is possible thanks to the active involvement of mBank employees. Blog posts come from both bank experts and mCouncilors. Newsletters distributed to our clients encourage them to share their opinions. The mBank blog has more than 45 authors and one dedicated editor.

The blog is one of the most popular sections of mBank's information platform: it counts more than 220 thousand clicks per month.

## Additional information

**Blog** is one of the most popular items in the online information service of mBank. The average number of visitor traffic records exceeds **220 thousand hits**.



» [www.mbank.pl/blog](http://www.mbank.pl/blog)



## Additional information



» [www.mspolecznosc.pl](http://www.mspolecznosc.pl)

### « Community(mSpolecznosc.pl) »

The popularity of the service proves once again that mBank is more than just a bank. Community members participate in discussions about products and functionalities of the bank's transaction system. They also initiate and take part in charity events. Since 2001, mBank's community website has encouraged clients to support people in need. Clients who subscribe to this noble idea make donations to the Great Orchestra of Christmas Charity and other national and local foundations and associations.

Other social initiatives of mBank:

### « Audit of mBank's product offer in terms of the needs of people with disabilities »

The audit of accessibility of mBank's services to the blind and sand-blind was carried out by experts from the Friends of Integration Association between December 2008 and March 2009. The audit identified barriers and problems faced by people with disabilities using services of the Bank. People with sight impairments tested processes and procedures, opened accounts, executed transactions, and used the mLine. Their comments helped us to modify procedures and guidelines for couriers who deliver bank account agreements; we also introduced additional procedures for accepting instructions of clients who cannot call the mLine due to a disability.

Observations of **PRICEWATERHOUSECOOPERS**

An important element of responsibility and customer care is the availability and functionality of banking services for people with disabilities. During our visits to the head office of mBank, we carried out interviews with persons supervising initiatives aimed at improving access of people with disabilities to financial services. The materials presented to us and our discussions with experts from the Friends of Integration Association as well as the results of their Architectural Audit demonstrate active efforts of the Bank in adjusting its offering to the needs of people with disabilities.

### « mBank client satisfaction survey »

mBank performs constant monitoring of client satisfaction. The main metric used in the surveys is the Net Promoter Score: the percentage of people willing to recommend the brand to family members or friends. The methodology described below is used both in large surveys carried out by our partners and our in-house research.

#### Net Promoter Score research methodology

QUESTION	How likely is it that you would recommend the bank advisor [whom you contacted recently] to a friend? Please rate it on a scale of 1 to 5 where 1 means that you would definitely not recommend the advisor and 5 means that you would definitely recommend the advisor.
MEASUREMENT	The rating scale is set for 1 to 5 (rating 5 stands for the highest likelihood that the brand will be recommended). The response is used to build a structure consisting of three respondent groups: <b>PROMOTERS</b> (rating 5), <b>PASSIVES</b> (rating 4) and <b>DETRACTORS</b> (ratings 1-3). The NPS is the number of Promoters less the number of Detractors.

< In-house research >

Our in-house surveys carried out in 2008 measured the satisfaction of clients with service in mBank points of sale (Financial Centres and mKiosks). It is important to note that clients' satisfaction with advisors in the bricks-and-mortar sales network was extremely high: the Net Promoter Score was 81% at the end of 2008. The survey is carried out on a monthly basis by means of computer-assisted telephone interviewing (CATI) on a representative sample of 600-700 mBank clients who visited our points of sale.

< Third party research >

In January 2009, mBank asked Pentor RI to perform a survey of the perception of bank brands in Poland. The survey was carried out by means of computer-assisted personal interviewing (CAPI) on a representative sample of 154 mBank clients and 501 clients of the top banks in order to identify the awareness, the image, clients' expectations and preferences, and satisfaction with the banks. The survey measured clients' experience and opinions from 2008. The results of the survey suggest that mBank clients are very satisfied with the mBank service and are the most willing to recommend the bank to others. While the average Net Promoter Score was 18%, the NPS of mBank clients was 45% (2.5 times the average score). The Net Promoter Score of mBank and the top banks is shown in the figure below.

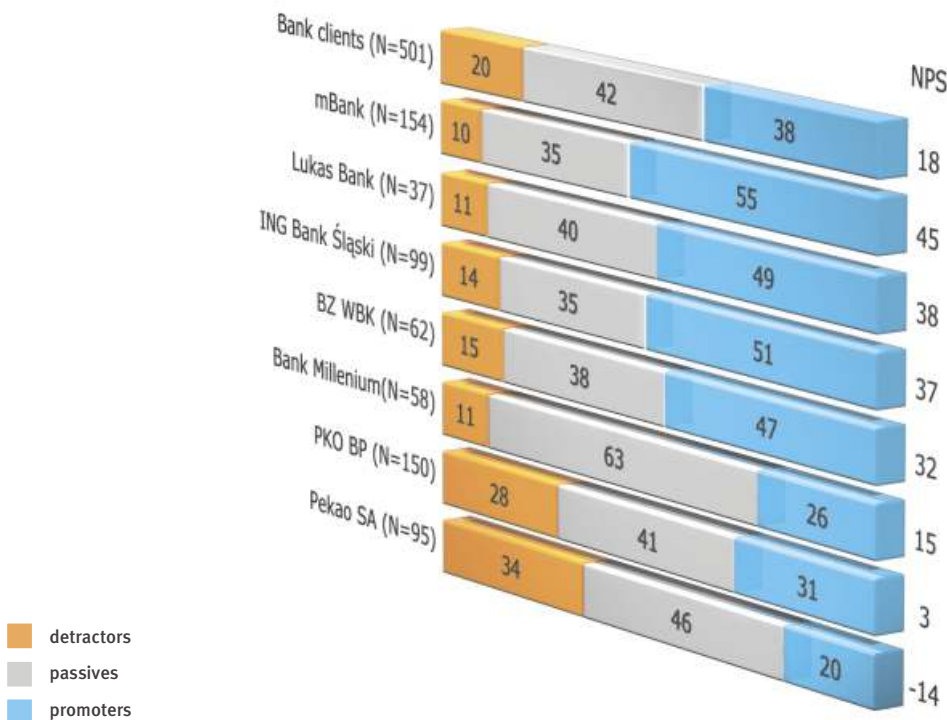


CHART 06. NPS Index of mBank and Major Banks

In addition, the research institute Pentor performs “mystery shopper” surveys for us in all mBank outlets every quarter. Mystery shoppers audit employees processing mortgage loans, cash loans and credit cards in order to check the level of client service according to the standards of mBank. The standards include among others client communication, complaints handling, cleanness of the branch, the dress code, identification of client needs, and product presentation. The percentage of compliance with the standards was 90% at the end of 2008.

<Third party research >

The position of the bank was confirmed in a Retail Banking Audit performed by Pentor. The Retail Banking Audit was a syndicated audit used regularly to monitor opinions, attitudes and behaviour of respondents towards banks and the use of bank products and services.

The audit has been performed since early 2002 as a regular consumer survey by means of computer-assisted personal interviewing (CAPI) on a representative, randomised sample of respondents above 15 years of age. Data are collected in monthly waves of 1,000 respondents each.

<Audit results: client satisfaction >

Clients of the top Polish banks were asked every quarter in 2008: *Are you satisfied with the service of the bank?* At the end of 2008, no less than 71% of mBank clients responded that they were very satisfied with our service and 29% of mBank clients said they were rather satisfied. We are very happy that our clients were those who were the most satisfied with bank service. The score motivates us to improve our offering in order to grow steadily the satisfaction level of our clients. The results of the survey for Q4 2008 are shown in the figure below.

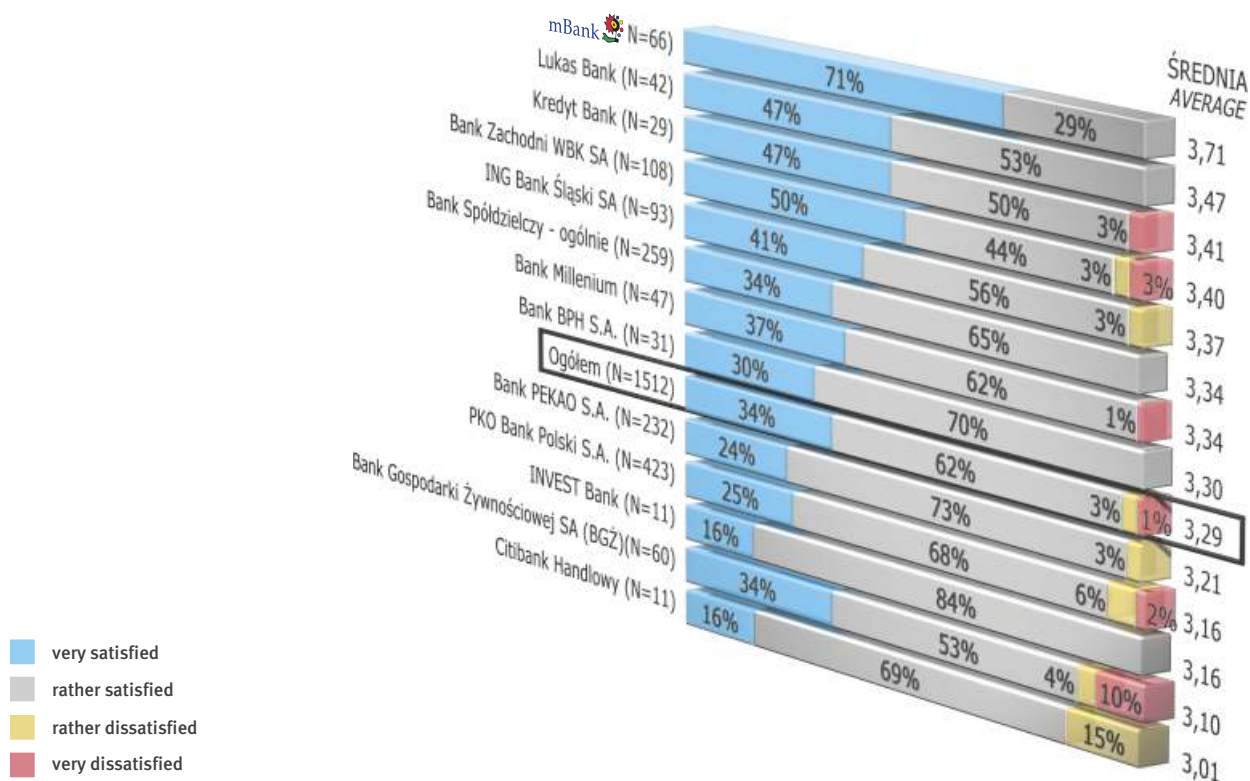


CHART 07. Customer satisfaction survey – results in fourth quarter 2008



Observations of PRICEWATERHOUSECOOPERS

During the meetings with representatives of BRE Bank, including both the corporate and the retail part (mBank and MultiBank), we carried out a series of discussions with persons responsible for client relations. We were presented with the results of client satisfaction surveys accompanying the process carried out by an external provider, the research agency Pentor, which demonstrates that BRE Bank attaches great importance to monitoring the satisfaction of its clients with offered products and services.



< mBank  complaints handling >

Like our corporate banking segment, mBank also monitors complaints on an on-going basis in order to identify all irregularities in processes and to listen to clients so as to modify the functionalities of products, processes and procedures. We also monitor the complaint response time and make best efforts to cut it to the minimum.

In 2008, the average duration of a complaint procedure was 16 days; 56% of complaints were fixed within 7 days and 74% within 14 days. In 2008, the complaints ratio was 2.74 per 1,000 clients per month or 2.69 per 10,000 transactions.



mBank Clients

CHART 08. Complaints per 1.000 Clients, 2006-2008

	2008
Complaints / 1.000 clients	2.74
Complaints / 1.000 transactions	2.69
Average duration of the complaints handling process	16 days
Share of complaints fixed within 7 days	56%
Share of complaints fixed within 14 days	74%

## MultiBank



### < Client relations >

MultiBank mainly works as a bank by recommendation. References from our clients are our big strength. We want our clients to feel that they are our partners. We build friendly relations with clients, and the relations pay off. The Aquarius clients are a very special group. The Aquarius Club is MultiBank's high net worth individual service model: it is a package of standard banking products and services offered to clients on more attractive terms as well as an added value. The added value is not directly related to banking but it builds up the Aquarius Club community and differentiates its offering in the banking market. The concept of the Club derives from the conviction that the world of finance is more than just investments, savings and profits; it is also a certain lifestyle. The Aquarius Club gives its members a sense of community and belonging to an exclusive elite of the best MultiBank clients. The Aquarius Club builds and develops emotional relations with clients through extensive communication with clients and dedicated customised service. In the long-term, this creates emotional attachment of the client to the bank. As a result, clients are unwilling to change the bank despite the growing competition of products and prices from other banks. The process also supports the long-term stability of the bank's assets.

Every Aquarius client has a dedicated personal advisor and account manager who guides the client through the world of finance, clarifies any doubts, explains the mechanisms of banking products, provides information about the bank's newest products, etc. The advisor has an in-depth understanding of the newest products as well as current economic and financial events. Aquarius clients are served in special comfortable rooms ensuring complete discretion of important financial decisions.

The Aquarius rooms are not the only area of interaction between advisors and clients. We sail or climb the mountains together. Clients adverse to extreme sports can participate in cultural events, club meetings, premiere shows of new cars or gourmet tastings: it is the right time and place for a relaxed conversation not only about finance. We know that everyone is different and so we go beyond direct interpersonal relations.

We have created the online service [www.klubaquarius.pl](http://www.klubaquarius.pl) specially for Aquarius clients. This way they can participate in competitions, discover the newest products and discounts, look up the advisor's contact details. The virtual Aquarius Club is a place for people with passions and hobbies: the club members introduce themselves in special sections of the website. These personal pages created with passion also help direct business contacts.



### < Regional initiatives >

MultiBank has implemented a range of regional initiatives aimed to reinforce client relations over the past 18 months. We organised a range of events for clients across Poland: flower workshops, business breakfasts, BBQs, presentations and training sessions for investors offered by the bank's business partners, tastings. MultiBank also participates in local celebrations of towns and communities. MultiBank branch employees often provide inspiration for these initiatives. They propose events tuned to the regional specificity and the needs of the population of different Polish regions. These meetings help us to build client relations and establish direct contacts beyond the banking venue. Such relations reinforce client loyalty.

## 《 Client communication 》

MultiBank's is unique in its multi-channel approach both in access to personal finance management (from modern branches to the innovative on-line transaction platform) and in client communications. Our clients can choose the preferred channel to contact the bank:



### messages in accounts

– short messages about promotions and modifications to the standard offering;



### text messages

– mobile phone messages about promotions and modifications to the offering;



### mailing

– information about products and new branches;



### newsletter

– MultiBank news, promotions, special offers;  
the content can be customised by the client at the time of subscription;



### MultiBank News

– latest news about the offering of current accounts and payment cards,  
competitions and promotions for retail clients;



### Savings Centre Investment Newsletter

– information about modern investment methods for existing and prospective  
users of the free-of-charge brokerage service and securities accounts;



### Aquarius Club News

– news from the MultiBank Exclusive Banking Club;



### Security

– important information about security in using MultiBank's service  
via remote channels including the internet;



### MultiPassage Offers

– attractive offers of on-line shopping from home at special rates;



### Mobile Recharge Promotions

– information about mobile phone recharge promotions and offers.

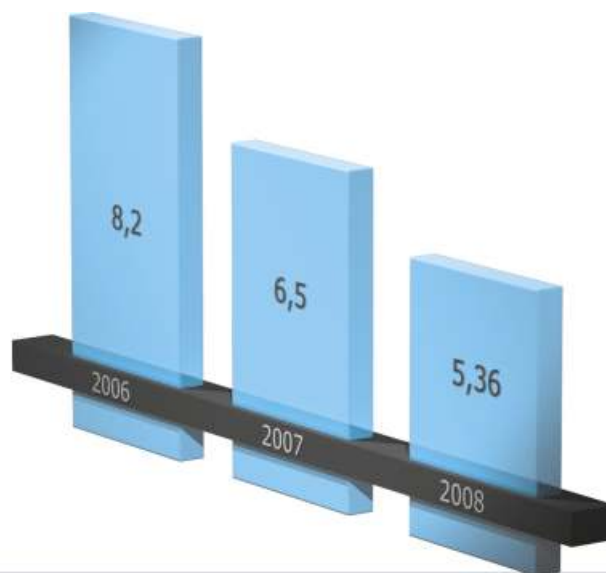
We want to combine state-of-the-art marketing tools with special care for clients' privacy and comfort. In December 2007, we implemented the MultiBank client contact frequency policy setting the limit of messages in each channel (2 phone calls, 5 transaction system messages, 2 text messages, 4 e-mails, 1 traditional letter per month).

◀ MultiBank complaints handling ▶

Clients are free to choose their preferred channels also when filing complaints. The complaint and the bank's response can be exchanged by telephone, by post (or e-mail) or at an individual meeting.

Complaints are often a test which many companies fail to pass. MultiBank is proud that the number of complaints is falling year after year (from 8.2 complaints per 1,000 clients in 2006 to 5.36 in 2008), proving that the bank's offer is attractive, its processes reliable, and its procedures adequate to clients' expectations.

Moreover, we take advantage of many potential conflicts to reinforce our relations with clients. Proof? No less than 32% clients surveyed in Q1 2009 said that the complaints handling process encouraged them to use more MultiBank services. The same survey showed that 57% of clients were satisfied or very satisfied with the duration of the complaints handling process and 62% said that their complaints were processed properly and effectively. Our employees responsible for accepting and processing complaints are also praised: no less than 72% of clients were satisfied with their performance.



■ MultiBank Clients

CHART 09. Complaints per 1.000 Clients, 2006-2008

	2008
Complaints / 1.000 clients	5.36
Complaints / 1.000 transactions	4.12
Average duration of the complaints handling process	16 days
Share of complaints fixed within 7 days	48.5%
Share of complaints fixed within 14 days	69.5%



We want to understand the expectations and behaviour of our product users: we believe that it is the most important building block of a loyal base of MultiBank clients actively using our services. This is why we actively monitor client satisfaction and use the results of surveys to modify the portfolio of processes and procedures. We are proud with the results of the surveys. For example, a 2008 client satisfaction survey yielded an average satisfaction rating of 4.3 (on a scale of 1 to 5), which means that no less than 82.5% of surveyed clients were satisfied with MultiBank. The survey also showed that 89% of clients would recommend MultiBank to family and friends, 86% of clients are satisfied with MultiBank client service, and 84% of clients believe that MultiBank service is better than in other banks.

In order to monitor client satisfaction even more closely, we implemented the Net Promoter Score in 2009 to measure how many MultiBank clients would recommend us to their friends. We carry out over 2,000 interviews with MultiBank and MultiLine users every month.

We also check client service against the bank's accepted standards through mystery shopper surveys. Two waves of the survey were completed in 2008, another two in 2009, and one more is scheduled this autumn. The survey covers employees of the branch network, the contact centre and agents.

**The high evaluation of our service by clients is corroborated by independent reviews and awards: MultiBank won the Quality of Service 2008 award, ranking first among banks.**



#### Compliance with the service standards by channel:

	2008
Branch network	84%
Contact Centre	82%
Agents	89%

#### ◀ Marketing communication ▶

In October 2008, the Polish Financial Supervision Authority issued a recommendation to the banking sector comprising guidelines and principles for advertising banking services. In November, the Committee of Bank Ethics at the Polish Bank Association issued similar recommendations. The purpose is to underline the importance of responsible marketing communication from banks.

Following the recommendations, in January 2009, we implemented a new policy of developing and disseminating advertisements of our products and services. The policy clearly defines the rules of creating advertising messages which will not mislead clients or question the reliability of other banks. The policy also requires that all information contained in a product advertisement should be accurately worded and understandable to clients. Since the policy came into force, all advertisements are reviewed by the Legal Department before publication.

## Additional information



More in chapter  
Competence, page 110



More in section  
Relationships with  
the society,  
page 88

### < Sponsorship >

We have always been interested in supporting original projects. To ensure a systematic and consistent approach in line with the image of the brands in our Group, in early 2009 we adopted an event and sponsorship action plan 2009 – 2011.



**BRE BANK SA**



Topical meetings devoted to finance and economics (conferences, seminars, workshops) – for more information see the section Competences



Entertainment events – group sports, art projects, alternative music, contemporary literature, etc. – for more information see the section Relationships with society



**MultiBank**



Regional initiatives promoting entrepreneurship among children and young people, e.g., the campaign “Safe Finance for Your Child” (Białystok), The Young in Łódź programme (competition for young entrepreneurs).

## 2.5. < THROUGH THICK AND THIN, or how we behaved in difficult situations >

FEW COMPANIES LIKE (AND KNOW HOW) TO TALK ABOUT THEIR REACTION TO A CRISIS. THE DOMINANT CULTURE OF SUCCESS IMPOSES OBLIGATORY WINDOW-DRESSING: IT’S EASY TO FALL TO THE TEMPTATION OF BOASTING OF EVERY SUCCESS WHILE SWEEPING ALL PROBLEMS UNDER THE CARPET. BUT CONFLICTS, DIFFERENCES OF OPINION AND MISTAKES ARE INEVITABLE IN ANY ORGANISATION. ONLY THOSE WHO DO NOTHING ARE NEVER WRONG.

We do not pretend to have never experienced a situation which required a lot of anxious effort, stress and energy to be successfully resolved.

As a learning organisation, we want and are able to learn a lesson, to learn from our own mistakes. We prefer to believe that our reaction to a crisis is nothing to be ashamed of. Whenever a crisis struck, we always treated our clients and their needs as our top priority: we immediately communicated the course of events and proposed alternative solutions to the problem.

The section below presents four case studies which show how we followed these fundamental principles.



**BRE BANK SA**

## ◀ CASE STUDY 1 (MultiBank): Failure of the Visa Europe system in Poland ▶

Tuesday, 15 January 2008, was a disastrous date for many holders of VISA payment cards. As Visa Europe experienced problems with booking of some transactions, one operation could be charged twice or even dozens of times to clients of several Polish banks.

It is understandable that clients were incredibly anxious to see that their accounts suddenly emptied right before the due date of standing orders like mortgage instalments. This worry was shared by some 5 thousand MultiBank clients who took cash from ATMs outside the Euronet network.

Although the failure occurred in a third-party system, MultiBank stepped in to alleviate clients' worries and provide a solution protecting their funds. A crisis management team immediately cancelled all cash and non-cash transactions made with Visa cards and settled on the unlucky day of 15 January. In addition, irrespective of Visa's remedy actions, we automatically refunded our clients and deferred all charges until the clearing organisation provided final correct data.

We communicated all developments to clients immediately, paying special attention to contacting the affected individuals and assuring them that their money in bank accounts was safe and will be returned. We also decided to waive all fees and commissions charged as a result of the system failure and to pay all costs incurred by our clients due to the shortage of funds in accounts. We communicated with our clients via all available channels: the website, individual messages posted under accounts in the transaction services, multiline messages, phone and text messages directed to the affected individuals.

## ◀ CASE STUDY 2 (MultiBank): Press advertising of the term deposit 8.08% ▶

In October 2008, the Polish Financial Supervision Authority (KNF) raised reservations to one of MultiBank's press adverts. The regulator suggested that the font size and colour make the message unclear to clients. According to KNF, the wording of the communication (concerning the safety of the deposit) could be misleading to clients. MultiBank accepted all comments from the regulator and changed the font size and colour and the presentation of the text about the minimum amount and the duration of the deposit. In addition, we informed KNF about the process of drafting internal regulations on the advertising of products and services offered to BRE Bank clients. For more information about these regulations, see the report section Marketing Communication.



More in section  
Marketing communication,  
page 61

## ◀ CASE STUDY 3 (mBank and MultiBank): The "old portfolio" problem ▶

We fully understood the strength of the mBank community last year. Clients who questioned the formula of calculation of interest rates on mortgage loans granted by mBank and MultiBank in the Swiss franc before September 2006 closed their ranks and launched a campaign of protest using modern marketing and public relations tools (dedicated websites [www.mstop.pl](http://www.mstop.pl), [www.nabiciwmbank.pl](http://www.nabiciwmbank.pl); billboards, car stickers, promoting the message in the media, etc.). The campaign goes on to this day.

The clients expect to be offered new terms of calculation of interest rates based on the LIBOR plus a margin and to keep the margins from the time of the boom in the real estate market when many banks attracted clients by offering 1% margins. Today we pay ten times as much for the Swiss franc. We make sure to keep an open dialogue, to clarify doubts, and to propose new interest rates on fair market terms, which however differ from the expectations of clients participating in the consumer movement grouped around [www.mstop.pl](http://www.mstop.pl) and [www.nabiciwmbank.pl](http://www.nabiciwmbank.pl).

On the basis of our experience we began an open dialogue about the problem, which affects our relations with some part of the clients. Apart from formal communication, we held meetings with clients.

From the very beginning of the situation, we have made efforts to ensure possibly fair treatment of the entire community of clients in setting the terms of interest rates. It has been our priority to keep a balance between client satisfaction and market requirements which we have to consider in working towards profitability satisfactory to the shareholders.



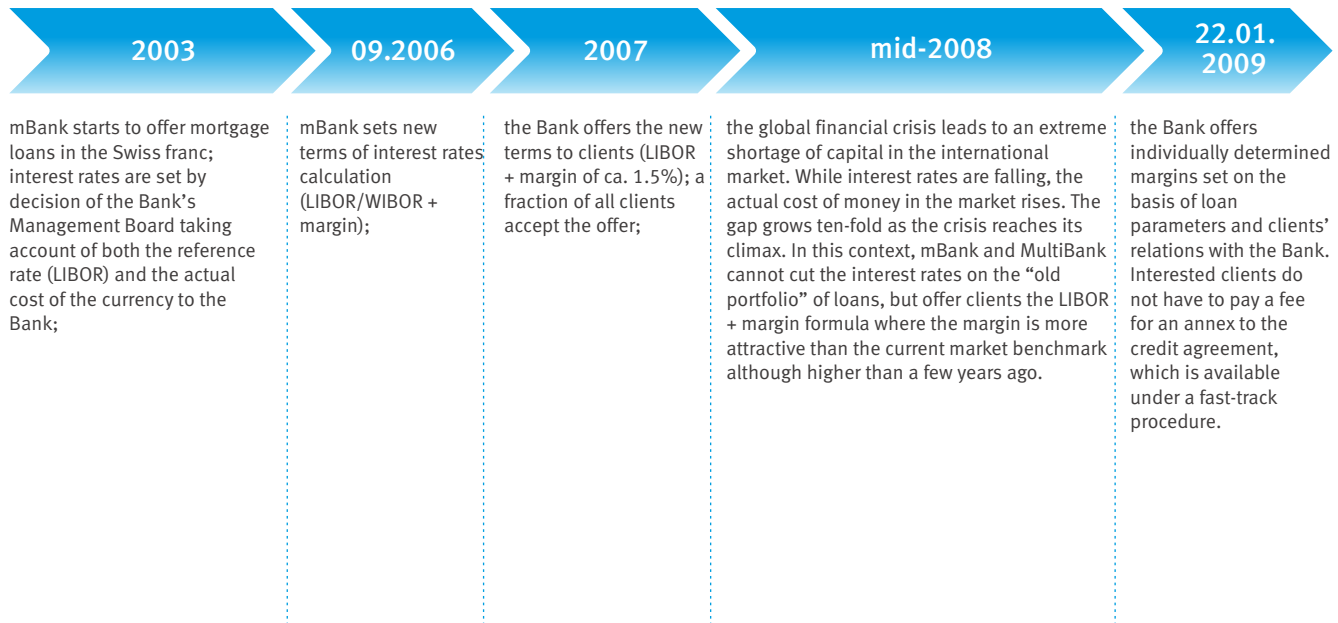
[www.mstop.pl](http://www.mstop.pl)  
[www.nabiciwmbank.pl](http://www.nabiciwmbank.pl)

## Additional information



[www.visaeurope.com](http://www.visaeurope.com)  
[www.visa.pl](http://www.visa.pl)

The events unfolded as follows:



### ◀ How did "old portfolio" clients react? ▶

The clients organise around the forum [mstop.pl](http://mstop.pl) and [nabiciwmbank.pl](http://nabiciwmbank.pl) – a platform of communication, sharing information and promoting the campaign by attracting media attention. The service users are very active, also outside the forum. They put stickers on their car bumpers, hire mobile advertising boards in three large cities, actively use the service [Blip.pl](http://Blip.pl).

The clients talk to the regulators (their reports filed with the Competition and Consumer Protection Office and the Polish Financial Supervision Authority lead to the opening of official proceedings and a court action) in parallel to contacting the Bank. They publish their proposal for BRE Bank on the website [www.nabiciwmbank.pl](http://www.nabiciwmbank.pl): "It seems that the most natural solution is to use the same margins as those applicable on the date of the agreement, i.e., the margins accepted by the Bank and by the client when signing the agreement in good faith."

### ◀ How did we react to the protest? ▶

From the very start of the client protest campaign, we were interested to reach a compromise in order to balance expectations of the clients with the Bank's arguments. We extended a hand to the clients by offering to change the interest rate formula of the "old" agreements ensuring much lower margins than those proposed currently to new clients. We could not accept the proposal to set the margin at the difference between the interest rate and the LIBOR on the start date of the credit.

From the very beginning, we engaged in an open dialogue with the "old portfolio" clients, offering each client individually a new formula of the interest rate on the loan. We were able to offer very attractive terms (a margin of 2.3%, much below the market benchmark).



23.02.2009

after the meeting with clients the bank presented another offer. The proposition was addressed to the clients who had loans denominated in CHF. It concerned the possibility of cutting the interest rate of a mortgage loan in combination with active use of mBank's offer. Information about the offer was delivered to clients by email, and a message was sent in the transaction service.

27.03.2009

there was an interest rate cut of the "old portfolio" loans in CHF by 0.25 p.p. and by 0.8 p.p. in PLN. Then the Bank reminded the clients when sending the new schedules of repayment after the cut that the offer LIBOR or WIBOR + margin (with a possibility of lowering interest rate) is still valid. The clients also received messages in the transaction service.

1.09.2009

we offer clients to switch to an interest rate calculation formula based on a fixed margin and the WIBOR; the proposed margin is very attractive at 1.8 – 2% while the market benchmark is 3.5%; we invite clients to meet advisors and sign annexes in Financial Centres.

1.10.2009

mBank made yet another offer for the clients who have loans denominated in CHF in the old portfolio – with the possibility of converting the loan into PLN under new terms and conditions. The average margin proposed was at 1.8%. The proposition covered a package of special services (money back; balancing mechanism and life insurance), which allows for additional reduction in costs of the loan. As at the date of presenting the offer 20% of the clients could profit on the principal thanks to the conversion. The offer is valid till 31 March 2010 and allows for conversion of the loan within that period at the moment chosen by the client. The clients received emails and messages in the transaction service.

8.10.2009

the Competition and Consumer Protection Court will open a hearing regarding two clauses used in agreements concerning revolving mortgage-secured credit lines. The case attracts much interest although it does not concern the formula of calculation of interest rates under "old portfolio" agreements and the court decision will have no direct bearing on agreements with these clients.

## ◀ How did we communicate with clients? ▶

- › The BRE Bank corporate website featured a special section dedicated to the problem of the "old portfolio" - [http://media.brebank.pl/press/kredyty\\_hipoteczne](http://media.brebank.pl/press/kredyty_hipoteczne)
- › In December 2008, in recognition of the clients' growing expectations of new interest rates on loans, we committed ourselves to decide about the clients' proposals by the end of January 2009.
- › As promised, on 22 January 2009, we published a message in the transaction service offering the LIBOR + margin formula. Clients also received letters to that effect.
- › On 26 January 2009, we published a Frequently Asked Questions section.
- › On 27 January 2009, the mBank blog featured the article "Understanding Franc" explaining the reasons for our decisions and the decision to cut the interest rates (by 0.75 pp) for the "old portfolio" of mortgage loans in PLN.
- › On 2 February 2009, we posted an invitation to a meeting on the blog.
- › On 14 February 2009, we held a meeting of clients with Bank representatives in Łódź. The participants agreed that no single solution would be satisfactory to all clients so the Bank should prepare a range of proposals. In addition, the offer would also be addressed to those clients who used the January 2009 proposal to change the interest rate formula.
- › On 23 February in the transaction service there appeared a message with the proposed offer LIBOR + margin. At the same time emails were sent to clients.
- › On 27 March, in the transaction service there appeared yet another message informing the clients about interest rate cut and reminding them that the offer with switching to new conditions with the possibility of interest rate reduction was valid.
- › We opened a special YouTube channel, mBankTV, featuring among others the full record of the February meeting in Łódź.
- › On 1 September 2009 for the clients with loans denominated in PLN with the highest interest rate there appeared a message in the transaction service with the offer WIBOR + margin. At the same time emails were sent to clients.
- › On 1 October in the transaction service there appeared a message for the clients with loans denominated in CHF with the conversion option and the offer WIBOR + margin and a package of dedicated services. At the same time emails were sent to clients
- › Conversation and exchange of arguments on mForum and mBlog. A team several people "mEkipa" run the dialogue online.

## Additional information

The corporate website of BRE Bank has a special subpage for the „old portfolio" related issues

» [media.brebank.pl/press/kredyty\\_hipoteczne](http://media.brebank.pl/press/kredyty_hipoteczne)

## ◀ CASE STUDY 4 (BRE Bank): FX options, a responsible approach ▶



THE ISSUE OF FX OPTIONS SHOOK THE WORLD OF FINANCE: THE TEMPTATION OF PROFIT TURNED THIS TEXTBOOK INSTRUMENT OF HEDGING FOREIGN CURRENCY REVENUE AGAINST FX RISK INTO A TOOL USED FOR OTHER PURPOSES. CONVINCED THAT THE POLISH ZLOTY WILL CONTINUE TO STRENGTHEN, COMPANY MANAGERS HEDGED THEIR REVENUE WHILE MAKING MONEY ON THE APPRECIATION OF THE CURRENCY. MANY OF THEM DISCOVERED HOW PAINFUL AND DANGEROUS FX SPECULATION CAN BE.

Naturally, the financial community was not innocent. The problem of fx options revealed some gaps in the system which inflated the phenomenon to a dangerously large scale. It also proved that financial institutions were unable to collaborate; as a result, one client could make several similar transactions. It seems that banks were guilty of negligence as they failed to inform companies of the risks of such transactions.

Options taught a painful lesson to companies and to banks alike. Provisions set up against options were a heavy burden to many financial institutions quarter after quarter. Yet bankers took a responsible approach. All of them opposed the proposal to cancel legally valid agreements. In our opinion, this position protected Poland against accusations of violating the fundamental principles of an open-market economy. If nefarious laws had been adopted under the pressure of businesses, it could have led to endless litigation before international courts.



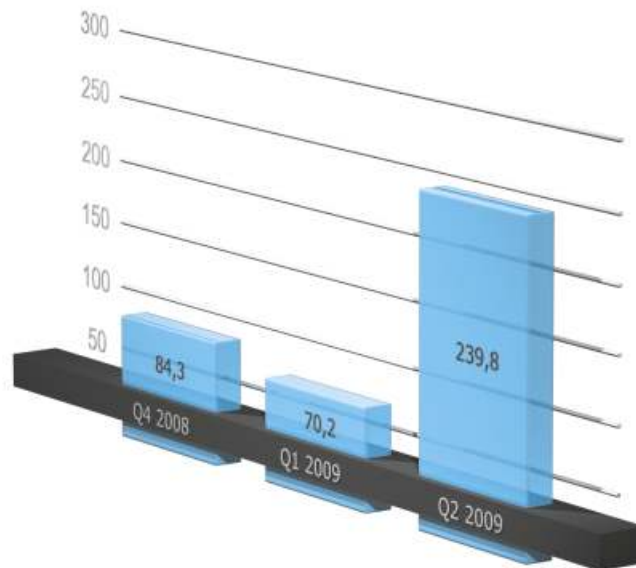


CHART 10. Provisions against derivative transactions at BRE Bank by quarter, 2008-2009 (PLN M)

Unfortunately, the position of some politicians made it more difficult to negotiate with affected companies. According to CEOs of many banks, negotiations with companies were heading in the right direction until the issue attracted media attention and was politicised. At first companies were convinced that they should close dangerous contracts and accepted restructuring of debt in ways advantageous to both parties. But later negotiations stagnated for months.


From the very beginning, we were trying to convince our clients that the best way out of trouble is to respect the provisions of the agreement. Companies which negotiated with us exemplify successful solutions. One of them was Feroco owned by the well-known Polish entrepreneur Zbigniew Jakubas. Thanks to the responsible approach of the Bank which accepted the company's shares in exchange for debt, Feroco could continue its business. "...Together with the majority investor of Feroco, we managed to develop a solution which strengthens the company and makes its competitive in the attractive and promising market," said Przemysław Gdański, Member of the BRE Bank Management Board responsible for Corporate Banking, in an interview with the Stock Exchange Paper *Parkiet*. "The solution is based on the Bank's equity investment and working capital offered to the company," explained Mr Gdański.

This innovative deal in the Polish banking sector was structured through dedicated efforts of Zbigniew Jakubas, the Feroco Management Board and BRE Bank. "In each case, we look for non-standard solutions in order to support our clients in these difficult times," stressed Mr Gdański.

The listed company PKM Duda followed a similar successful scenario. Active co-operation of banks saved the company from bankruptcy and its staff from unemployment. The financial institutions agreed to restructure the company's debt and accepted equity investment as a solution beneficial to both parties.

## 2.6. < Employee Relations >

### Additional information

 More about employee training  
– see section **COMPETENCES**,  
page 103

### OUR PEOPLE MAKE THE DIFFERENCE

is one of BRE Bank's guiding principles. We believe in the textbook principle that people are the key asset of any company, and it means more than words to us.



We know that it is thanks to the energy, commitment, expertise and professionalism of our people that we can grow and achieve our goals. If clients can enjoy improved customer care and use an increasing range of services while the company's shareholder value rises, it is thanks to people who work every day to build the strength of the brands in our Group.

### < Canon of Corporate Values DROGA >

**DROGA IS THE POLISH ABBREVIATION OF THE MOST VALUABLE EMPLOYEE CHARACTERISTICS: PERFECTION, EXECUTION, RESPONSIBILITY, READINESS, AND COMMITMENT.**

The Canon of Corporate Values adopted in 2005 is a definition of our expectations for employees and a set of standards which define the guiding principles to be followed in professional work, relations with colleagues, clients, business partners, and the environment. According to the Canon, employees are expected not only to achieve results; they should also perform their tasks in the appropriate manner.

Four years of implementation of the Canon of Corporate Values proves that it allows us to best tap the full potential of all our employees so as to grow faster and achieve long-term goals.



BRE Bank's Canon of Corporate Values sets the following expectations for employees:

### PERFECTION

- to strive for best results,
- to acquire new knowledge and skills,
- to see change as a challenge;

### EXECUTION

- to complete all tasks successfully,
- to manage tasks effectively,
- to have a business awareness;

### RESPONSIBILITY

- to own tasks,
- to anticipate and to accept the consequences of own actions,
- to question the status quo;

### READINESS

- to be ready to take up challenges,
- to co-operate with other members of the organisation actively,
- to channel own energy and dedication effectively;

### COMMITMENT

- to be active and determined, to influence others,
- to identify with the organisation.



## 2.7. < BRE Bank as a responsible employer >

Labour regulations define our main responsibilities as an employer: to ensure equal treatment of all employees in offering and terminating employment, the conditions of employment, promotion and access to training, irrespective of gender, age, disability, race, religion, nationality, political opinion, union affiliation, ethnic origin, creed, sexual orientation, and regardless of the type of employment contract (employment of indefinite or definite duration, full-time or part-time employment). As an institution of the financial sector, we do not employ minors (pursuant to the regulations of the Labour Code) and consider forced labour unacceptable. We understand that it is a serious problem in many countries and we oppose any corporate practice of this type.

We comply fully with applicable regulations. Not a single case of discrimination has been reported. Our employees perform their duties according to applicable employment contracts and job descriptions. We consider our mission of a responsible employer to go well beyond the regulatory principle of equal treatment. We believe that a responsible employer has to create best possible conditions of work and development for employees: we have for years been a financial sector leader in terms of the number and range of tools supporting employee development and building employee motivation and loyalty.

The remuneration policy is a key component of an effective HR strategy and the foundation of the desired corporate culture. According to our motto, "Our People Make The Difference"; likewise, we want to make a difference with an excellent incentive system.

An excellent system means that it should enable us to recruit and retain the best employees ensuring that BRE Bank has a competitive advantage in the market.



#### BRE Bank's incentive system comprises:

- › Basic salary;
- › Variable pay (performance bonus);
- › Sales competitions;
- › Training funds;
- › Employee benefits package.

BRE Bank's remuneration policy is unique in its relatively high share of the bonus in total pay. We believe that the close link between the total pay and the Bank's financial results and quality standards strengthens the motivation and active involvement of employees. It also improves the Bank's competitiveness by ensuring a high level of remuneration while keeping fixed payroll costs under control.

#### Core Principles of BRE Bank's Remuneration Policy:

- › Employee pay consists of a basic salary and a variable pay (bonus);
- › The variable pay depends on the performance of the unit, team, and company – it is paid for the achievement of targets set in the annual budgeting process;
- › The system awards for performance of quantitative targets. Bonus is conditional on appraisal of the style of performance as consistent with the Corporate Canon of Values DROGA;
- › Employees can influence the amount of their bonus by performing the set targets and contributing high quality work. The Bank awards employees for both individual and team performance;
- › Individual targets and attitudes consistent with the Corporate Canon of Values are appraised in the Individual Effectiveness Process (for more information see the section Competences),
- › The system is additionally supported by employee competitions which activate sales of specific product categories and award employees for proposing innovative concepts and for above-average dedication;
- › Top Performers – employees achieving the best performance and top ratings – are paid according to the top market benchmark;
- › The incentive programme is complemented by a stock option programme for the Bank's key employees.

## Additional information



More on Individual Effectiveness Process in chapter Competence, page 109



## < Who are we? >

BRE BANK'S HEADCOUNT IS 5,770 PERSONS (AT THE END OF DECEMBER 2008). WITH THE DYNAMIC EXPANSION OF OUR BUSINESS IN 2008, WE RECRUITED 975 NEW COLLEAGUES IN POLAND, THE CZECH REPUBLIC AND SLOVAKIA. 49% OF BANK EMPLOYEES HAVE CONTRACTS OF INDEFINITE DURATION WHILE 51% HAVE CONTRACTS OF DEFINITE DURATION.

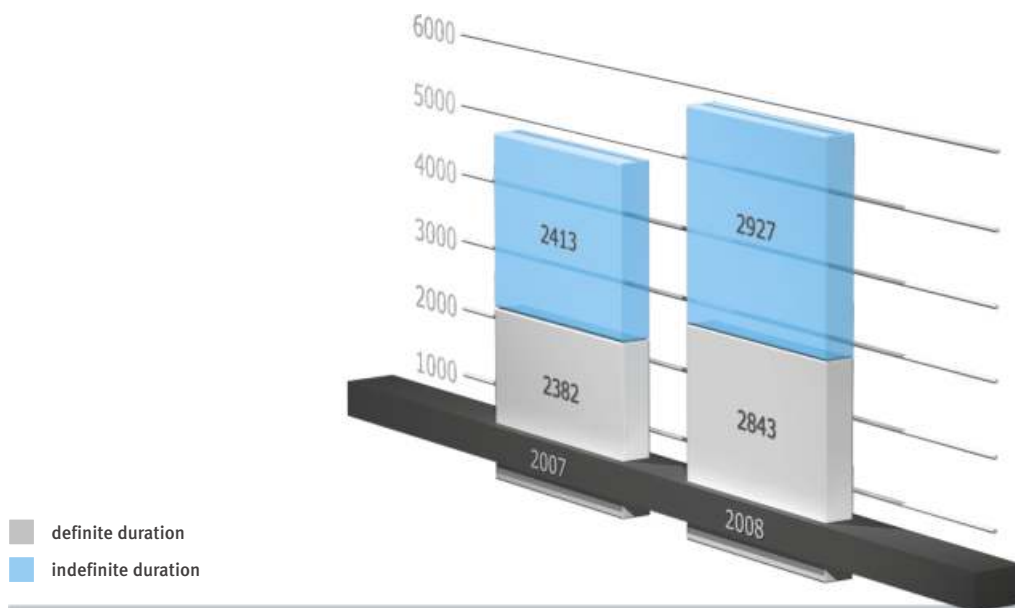


CHART 11. BRE Bank headcount by type of employment contract 2007-2008

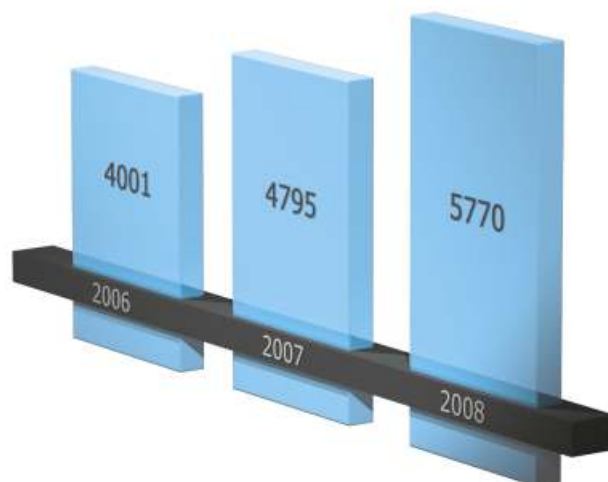


CHART 12. BRE Bank headcount, 2006-2008

## Additional information

The biggest number of our employees work in the Łódzkie and the Mazowieckie Regions (totalling 65%), the lowest number in the Opolskie (6%) and the Świętokrzyskie (8%) Regions. BRE Bank has 124 staff in the Czech Republic and Slovakia.



CHART 13. Employment at BRE Bank by regions

## ⟨ Age ⟩

We are a very young team: 70% of us are under 35 years of age. But we appreciate the life and professional experience of our senior colleagues and we are proud that BRE Bank is also a preferred employer of older employees.

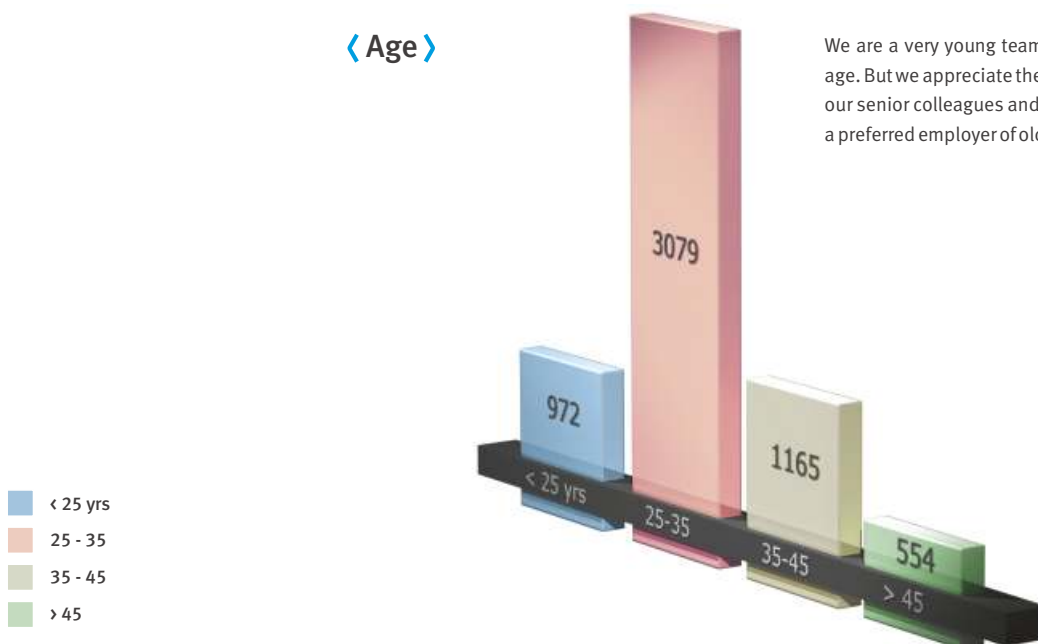


CHART 14. Employment at BRE Bank by age groups



## < Gender >

According to statistics, women account for almost 57% of our headcount. Men were apparently unhappy to be so outpaced: most candidates recruited in 2008 were men (634 men v. 341 women). The number of women in management positions grows steadily year by year, although the majority of managers are still male (62%).

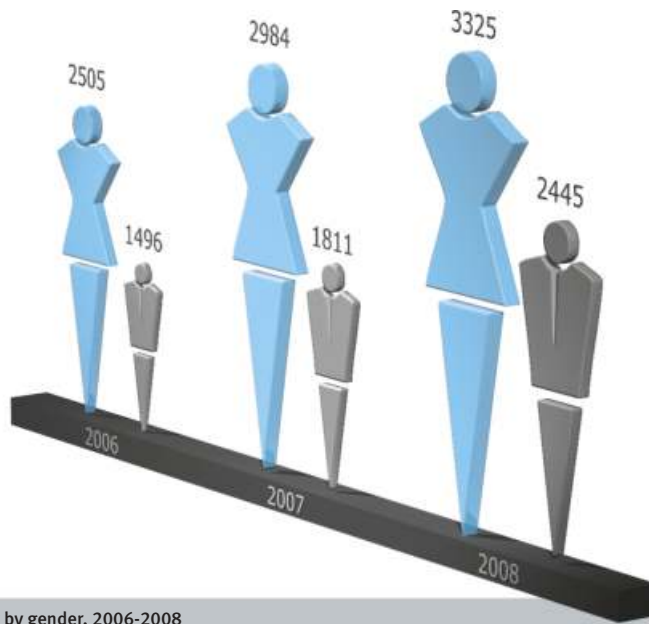


CHART 15. BRE Bank headcount by gender, 2006-2008

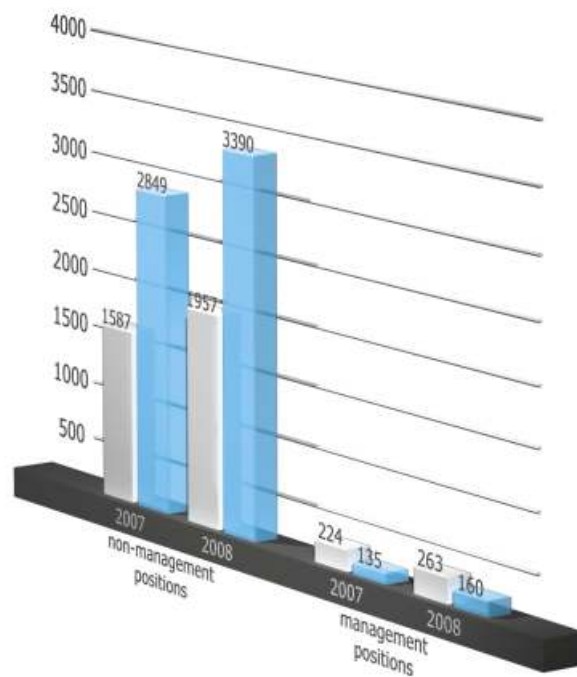
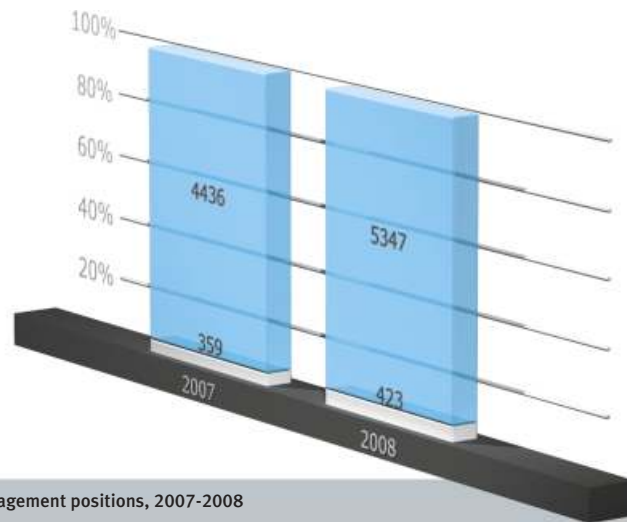


CHART 16. BRE Bank management and non-management positions by gender, 2007-2008



management  
 non-management

CHART 17. BRE Bank: Number of management and non-management positions, 2007-2008



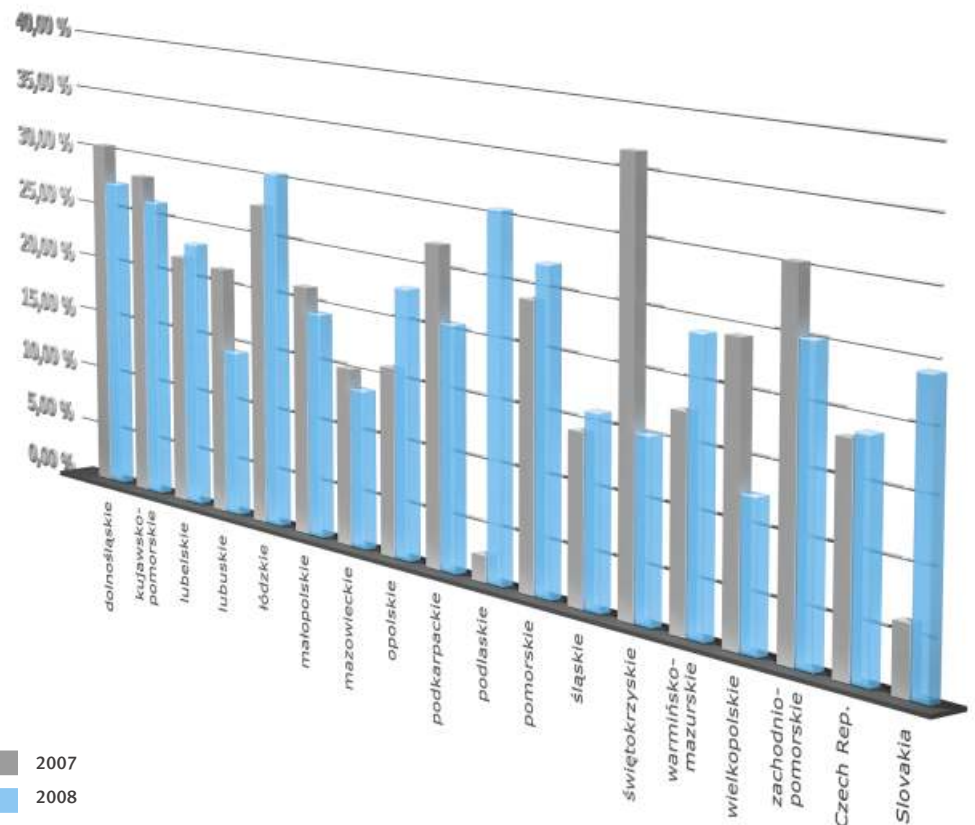
### Piotr Szabunia

Director, Organisation Development Department

The economic crisis is usually discussed in terms of huge numbers and huge problems. We tend to forget another, more personal side of the issue: the tragedy of each employee losing his or her job. We were not immune to all this. The global financial crisis forced us to look for profitability improvements by reducing some staff. We made best efforts to alleviate the pain of reduced employees, both with money (severance pay) and in purely interpersonal terms. I do believe that the difficult decisions are now over and that the recovering economy will soon let us to what we really like to do: offer jobs in our fast growing, modern organisation to ambitious and talented people.

### Employee turnover

Retention of the best employees is one of our priorities even though we realise that labour turnover is a natural process in any company. We lost 1,170 employees in 2008. The biggest turnover was reported in the following regions: Łódzkie (30.38%), Podlaskie (30.19%) and Dolnośląskie (27.08%). The lowest employee turnover was reported in the following regions: Wielkopolskie (12.46%), Mazowieckie (13.62%) and Lubuskie (14.29%).



2007  
 2008

CHART 18. Employee turnover by region

## WOMEN

### Highest turnover

- Opolskie Region (under 25 years – 150%),
- Podlaskie Region (between 25 and 35 years – 31.58%),
- Czech Republic (between 35 and 45 years – 40%),
- Slovakia (above 45 years – 100%).

### Lowest turnover

- Lubelskie Region (under 25 years – 26.6%),
- Podkarpackie Region (between 25 and 35 years – 4.65%),
- Dolnośląskie Region (between 35 and 45 years – 5.41%),
- Mazowieckie Region (above 45 years – 4.71%).

## MEN

### Highest turnover

- Łódzkie Region (under 25 years – 69.08%),
- Podlaskie Region (between 25 and 35 years – 47.62%),
- Slovakia (between 35 and 45 years – 150%),
- Lubelskie Region (above 45 years 33.33%).

### Lowest turnover

- Śląskie Region (under 25 years – 16%),
- Lubuskie Region (between 25 and 35 years – 7.69%),
- Małopolskie Region (between 35 and 45 years – 6.06%),
- Mazowieckie Region (above 45 years – 8.89%).

## Employee Health Care and Safety

### Health Care

The Bank ensures employee health care services provided by private medical centres. The fee covers a wide range of medical services: consultation with physicians of all specialisations, basic and special checks, rehabilitation. Health care is available to all Bank employees (5,770 persons at the end of 2008), irrespective of the full-time equivalent of their work. Employees can pay health care fees for family members. All employees undergo mandatory regular medical checks.

### Life Insurance with an Investment Fund

BRE Bank offers a voluntary scheme of additional life insurance with an investment fund provided by two insurers for 14 years as of 1995. Participation in the scheme requires 4 years of service with the Bank. The contribution is 7% of the eligible employee's basic salary; it is paid by the Bank and constitutes part of the insured employee's taxable income. In addition to the investment fund, the coverage includes life insurance and insurance against serious illness according to the General Terms of Insurance.

The insured can choose an investment fund to build an individual investment profile. The additional insurance covered 858 BRE Bank employees at the end of 2008.

### Occupational Health and Safety

In 2008, only one accident at work was reported. This is much less than in 2007 when BRE Bank (corporate) employees were affected by 10 accidents at work and 9 accidents on the way to work. One accident was fatal. Accidents at work mainly involved minor injuries of the legs resulting in temporary incapacity (up to several days off work), usually caused by paying insufficient attention while in motion. Unfortunately, the consequences of accidents and the recovery process of our employees required many more days off work due to treatment: 80 days in 2007 and 416 days in 2008.

In order to reduce the prevalence of accidents, especially car accidents, the Bank offers “Safe Driver” training to employees who use company cars and travel more than 30 thousand kilometres per year. In 2008, 250 employees participated in such training.

Other accidents and prevention measures are discussed during regular occupational health and safety training. In 2008, 1,348 persons (178 Corporate Banking employees and 1,170 Retail Banking employees) participated in such training. The significant increase in the number of training meetings was required by high employee turnover and active recruitment of employees for new Financial Services Centres in 2008. Regular training was attended by 133 persons in 2007 and 87 persons in 2006.

## ◀ Access for people with disabilities ▶



In August 2008, we established strategic co-operation with the Friends of Integration Association which works to improve the situation of people with disabilities in Poland. We want to support the efforts of the Association raising the awareness of the general public about disabilities and promoting the integration of people with disabilities through co-existence, co-operation and partnership in all areas of social life.

Joint projects with the Friends of Integration Association:

- ▶ Architectural audit of the BRE Bank head office in Warsaw
- ▶ Educational cross-country games at the BRE Bank Group employee BBQ
- ▶ Audit of mBank's product offering – accessibility for people with different disabilities
- ▶ Partnership with the BRE Bank Foundation in the Barrier Free Man 2008 competition

### Additional information



for more information see the section **Relations with clients**, page 51



for more information see the section **Relations with society**, page 88

## ◀ Architectural audit ▶

One of our meetings with the Friends of Integration Association led to the idea of drafting a report on the accessibility of the Bank's head office for people with different disabilities (clients and employees). In the summer of 2008, a comprehensive audit was carried out in the BRE Bank head office by an expert of the Friends of Integration Association. The expert measured rooms and corridors and examined the accessibility of space around the building for the blind, the deaf and people in wheelchairs.

We implemented one-third of all recommendations from the audit. Unfortunately, the historic buildings inspector did not approve the planned modification of the entrance to the BRE Bank head office (the building is subject to special protection as a historic monument). However, people in wheelchairs can easily access the head office via the barrier-free branch office of MultiBank just next door.





## ⟨ Family BBQ with Friends of Integration ⟩

The annual BBQ in Jachranka every June is an outdoor integration and entertainment event for the employees of the Bank.

The last event had special guests: representatives of the Friends of Integration Association who introduced us to problems faced by people with disabilities.

Bank employees were invited to experience first-hand the everyday barriers known to people with a mobility impairment. The initiative was very popular: over 200 employees participated in the exercise.

The BBQ was opened by Piotr Pawłowski, President of the Friends of Integration Association, and Mariusz Grendowicz, CEO of BRE Bank.



Bank employees were invited to experience first-hand the everyday barriers known to people with a mobility impairment.



## ⟨ Employees with disabilities ⟩

BRE Bank is ready and willing to employ people with disabilities. The Łódź Call Centre has necessary logistical facilities. The Bank maintains and expands official and informal relations with the community of people with disabilities including the State Fund for the Rehabilitation of the Disabled (PFRON), the labour offices for the disabled, the Polish Organisation of Employers of the Disabled (POPON), Vocational Integration Centres for the Disabled (CAZON), the Together Foundation, the Plenipotentiary for the Disabled at the University of Łódź and the Technical University of Łódź.

At the end of 2008, the Łódź Call Centre had 4 employees with disabilities while the Bank's Head Office and Corporate Branches had 13 employees with disabilities, compared to 10 employees in 2008.

## Comment



### Piotr Pawłowski

President, Friends of Integration Association

Directors and CEOs of banks in the Polish Bank Association invited me to one of their meetings to talk about the experience of people with disabilities using the services of the financial industry. After the presentation, Mariusz Grendowicz, CEO of BRE Bank, asked many additional questions and offered comments about the status quo and the plans for banking clients with disabilities. This was a turning point in relations between the Integration Association and the BRE Bank Group. We have since carried out a range of joint projects and initiatives to improve the image and the situation of people with disabilities. I do believe that those and many other joint initiatives supported and developed by BRE Bank and the Friends of Integration Association will contribute to the social and vocational integration of people with disabilities in Poland.



## ◀ Sports and recreation ▶

The BRE CLUB has operated at BRE Bank for 16 years. Its sections bring together employees interested in sports and recreation. The BRE CLUB organises employee recreation activities and integration events, and promotes the Bank by participating in interbank games and tournaments. Each Bank employee may sign up for any section and participate in its events. The first section was the Skiing Section (established in 1995), followed by many others: in total, 19 sections were active in 2008 and grouped 983 employees of the Group.

On the 15th anniversary of the BRE CLUB last year, its sections organised many attractive events. For example, the Skiing Section opened the New Year with an expedition to the skiing station Latemar in the Italian Dolomites; the Yachting Section organised several cruises in the Mazurian Lakes and participated in a yacht event at Den Helder and Bremhaven travelling between the ports onboard Pogoria.

Other sections also offered many attractions: a dancing course in Tunisia organised by the Ballroom Dancing Section, a diving course, a parachuting exercise organised by the Extreme Sports Section, the Warsaw Marathon with the participation of BRE Runners, canoeing down the Dunajec river with the SEALS Section, and many others.

The BRE CLUB continues to grow. Two new sections: Boxing and Football were created in 2008. The BRE CLUB website offers current information about the activity of the sections and reports from their events.

## 2.8. ◀ STAYING IN TOUCH: BRE Bank's internal communications ▶

INTERNAL COMMUNICATIONS HAVE THE FUNCTION OF INFORMATION, EDUCATION AND MOTIVATION. WE USE ALL THE STATE-OF-THE-ART COMMUNICATION TECHNIQUES INCLUDING THE INTRANET (CORPORATE AND RETAIL), MAILING, A PRESS REVIEW NEWSLETTER, BRE BANK COURIER, AND A RANGE OF MULTIMEDIA TOOLS.

### ◀ Intranet ▶

It is the main source of employee information about developments in the organisation, new products, awards and distinctions, employee affairs and current market opinions. Intranet sections devoted to individual units of the Bank are developed as of early 2009. This way employees can learn about the main projects in each unit, its functions, tasks, and structure.



## ◀ Press review ▶

It is a summary of the most interesting economic and market press reports. It presents selected articles published by the leading national dailies and weeklies. The daily newsletter is distributed by e-mail to all employees. It presents reports about BRE Bank, mBank and MultiBank, BRE Group subsidiaries as well as the market, competition, legislation and the banking sector.

## ◀ We change for our employees ▶

At the turn of 2008 and 2009, we started two major projects aimed to improve the flow of information in the BRE Bank Group: an internal communications audit and an audit of the Group Intranet.

The **internal communications audit** is a complex process including individual employee interviews in the first phase. A questionnaire survey was then carried out on the basis of the interviews. The audit helped us to identify gaps in communications and take action in order to adjust our tools to the needs of the employees and implement them gradually at the turn on 2009 and 2010.

The goal of the **Group Intranet audit** is to identify the potential of implementation of a shared intranet platform in the BRE Bank Group in order to improve communications and joint business initiatives.

## ◀ We listen to employee opinions ▶

### Satisfaction surveys

The opinions of employees matter to us as much as the opinions of clients. We are proud of the results of satisfaction surveys which prove that the employees are happy with the climate of work and co-operation in their teams and believe that their professional competences match their tasks. The employees say that the clear decision-making path is a strength of our organisation. The satisfaction survey also identified areas for improvement.

A complete satisfaction survey is carried out every two years (the first one took place in September 2008) while an abridged survey is carried out on an annual basis. The survey involves all companies of the Commerzbank Group including BRE. The electronic questionnaire questions mainly concerned the work environment. One of the modules addressed employee expectations of responsible business initiatives.

The main goals of the survey:

- ▶ to evaluate employee commitment, loyalty and motivation;
- ▶ to understand and prioritise employee needs;
- ▶ to identify employee needs necessary for effective operation of the Bank;
- ▶ to evaluate BRE Bank, its managers and colleagues.

### Employee Council

There are no trade unions in BRE Bank but there is a BRE Bank Employee Council established in late 2006. The main goal of the Council is to participate in consultations with the employer concerning the business operation and the economic situation of BRE Bank, the status, structure and expected changes of the headcount, and actions aimed at the maintenance of the headcount status, as well as actions which may cause significant changes in the organisation of work or the base of employment.

The Council offers information through an internet site while employees may address questions and motions to the Council by writing to a designated e-mail address. In 2008, Council representatives were active in modifying the allocation and division of the BRE Bank Company Social Benefits Fund. They also presented the employees' position on the Bank's medical services provider and shared their observations about the employee canteen.

The screenshot displays the BRE Bank website interface. At the top, there's a navigation bar with 'Wartość dodana' and 'Przebieg choroby'. Below this, a 'WARTO WIEDZIEĆ' section lists financial data for BRE BANK SA, including market value (3424,58), change (+0,56%), and other metrics. The main content area features several news articles with headlines such as 'BRE Bank', 'POMOCZENIE LUBI GWARANCJA SPŁATY KREDYTU', 'BANKOWCY MOGA NADAL ZARABIAĆ MILIONY', 'PŁATKOWE KORZYSCI - KARTY PARTNERSKIE', 'PULSARI KONY STUDEŃCZECH', 'Spółki Grupy BRE', 'LEASINGOWY BEZ APETYTU NA RYZYKO', 'SŁABY EKSPORT OBNIŻA WYNIKI FAKTORÓW', 'Informacje gospodarcze', 'LUNA ZGADZA SIĘ NA POLSKI PLAN WSPARCIA SEKTORA FINANSOWEGO', 'PREZEWIELANIE ZE WSZEYSTKICH STRON', 'WYSOKI DEFICYT MOŻE GŁOŚZIĆ WROSIENIE INFLACJI', 'DOMRIŁ, ŻE TO GLOBALNY KRYZYS', and 'MSKCHA JAK SIĘ KAŁA'. Each article includes a brief summary and a date. At the bottom, there's a 'Petry monitoring dzisiejszych publikacji znajduje się tutaj' link and a note about technical support.



## ◀ Social projects for BRE Bank employees ▶

### Arts Atrium



Contemporary art is really fascinating: it shocks, it flirts with the audience, it can be funny and condescending but never simplistic, it encourages reflection and interpretation. We believe that art leaves no one indifferent. This is why we have partnered with the Faculty of Sculpture, Department of Visual Education, Łódź Academy of Fine Arts, and presented an exhibition of works by sculptors from Łódź, teachers and students of the Department, in April 2008.

It was the intention of the organisers to open a discussion about contemporary art which is highly original and unpredictable. The exhibition presented over 30 unique works. The exhibition was welcomed by Bank employees. Further exhibitions in the Atrium will follow in 2009.



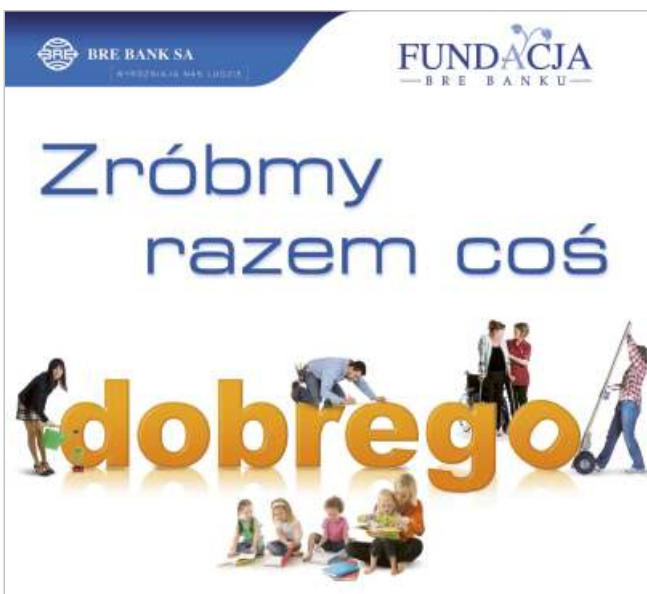
### Christmas of Your Dreams

Christmas of Your Dreams is a campaign organised right before Christmas for our employees who want to help those in need: people served by social welfare organisations. As a part of the initiative, employees send their "charity wishes" of funding necessary to pay for medicines, food or winter holidays in the amount up to PLN 2,000. Bank employees may choose the beneficiary organisation at their own discretion. Employees send their wishes by e-mail. At the last Christmas party, five Management Board Members drew five of the 114 wishes which then came true. The initiative will continue in 2009.

### Let's Do Good Together

"Let's Do Good Together" is an employee volunteer programme opened in March 2009 in co-operation with the BRE Bank Foundation. It supports social welfare projects proposed and developed by Bank employees. The ideas differ just like the interests of employees differ. In order to interest others in the proposed project, participants can initiate and implement interesting initiatives with the involvement of colleagues, friends and family.

There are four quarterly editions of the programme every spring, summer, autumn and winter. Every three months the jury selects the five most interesting projects which match the statutory goals of the BRE Bank Foundation (education, health care and social welfare, culture and the arts). The five selected teams receive financial support for their projects. Three editions are planned in the spring, summer and autumn of 2009, implementing a total of 15 different projects. In future, 20 projects will be implemented every year. The programme is a lasting commitment to social responsibility and it will continue in future.





### Let's Save Together

"Let's Save Together" is an annual project for Bank employees aimed at optimisation of the cost of everyday work including individual projects and environmental protection. BRE Bank employees send cost optimisation proposals by e-mail. The proposals are evaluated by a team comprising representatives of different organisational units of the Bank. The jury evaluates the proposals in terms of the low implementation cost, the project implementation time, the estimated amount of annual savings from the implementation of the proposed project, and the feasibility of the proposal.

This year, according to employee proposals, some printers were set up for double-sided printing, we reduced the cost of printer toner, we selected a partner company to buy our used toner, and – in order to raise the awareness of actual expenses – we published a new (negotiated) price list of our courier mail provider.



## 2.9. < Investor Relations >

GENERATING SHAREHOLDER VALUE IS THE MAIN PURPOSE OF ANY JOINT-STOCK COMPANY. THIS IS WHY INVESTORS MUST BE GIVEN COMPLETE AND TRANSPARENT INFORMATION ABOUT THE ACTIVITY OF OUR BANK, OUR STRATEGY, PLANS AND GOALS.

We provide information to investors in many ways: at face-to-face meetings, through electronic mail, by telephone. Information is also available to investors through the Bank's websites whose content and functionality are constantly adjusted to the current needs of our shareholders and investors. In 2008, our Investor Relations officers participated in 174 one-on-one meetings with investors and stock market analysts (on average, more than three meetings a week!). The IR team also contacted analysts and investors by e-mail and telephone: there were more than 1.6 thousand such contacts in 2008.

Innovation is an important part of our business. We use state-of-the-art technologies in investor communication. Investors and analysts can participate in meetings with the Management Board and watch on-line broadcasts (live sessions and recordings posted on a website).

Conferences and road-shows are both effective forms of contacting portfolio investors. We are happy to take part in national and international investor conferences and we organise road-shows. Road-shows were an important part of far-reaching investor relations initiatives communicating changes on the Management Board of the Bank in 2008. We organised a number of international road-shows with the participation of the newly appointed CEO and the new Management Board Member. Meetings with the most important investors of the Bank significantly reduced the uncertainty among some market participants following the change on the authorities of BRE Bank. The result of the meetings was reflected in improved valuation of the Bank compared to its peer group.

### Comment



#### Joanna Filipkowska

Head of Investor Relations,  
BRE Bank

In the past years, BRE Bank's stock price was growing the fastest among the large banks listed on the WSE, but it fell sharply in 2008. The negative investor sentiment towards BRE Bank in 2008 was mainly driven by the prevalently bear stock market, in particular affecting the segment of bank stocks. The stock price of BRE Bank was strongly impacted by the change of the Bank's CEO in March 2008. Investor confidence was largely restored thanks to initiatives of the Management Board and the Investor Relations team.

## ⟨ BRE Bank's Rating ⟩

Banks' ratings were generally downgraded in 2008 and H1 2009 due to the global financial crisis. A chain reaction ensued: downgrades of the ratings of majority shareholders caused downgrades of the ratings of their subsidiaries. Positive rating decisions were few and far between.

Thanks to its strong financial performance, BRE Bank managed to keep its rating unchanged in 2008. Moody's Investors Service and Fitch Ratings only downgraded the outlook of some of its ratings.

The rating changed in 2009 following downgrade of Commerzbank's rating (caused by losses posted in 2008, the take-over of Dresdner Bank, the subsidy from the German government, and changes among shareholders).

Interestingly, the two leading agencies interpreted the impact of Commerzbank's position on the standing of BRE Bank in two different ways. On 2 March 2009, Moody's downgraded BRE Bank's long-term deposit rating from A2 to A3 and short-term rating from Prime 1 to Prime 2, leaving the rating of BRE's financial strength unchanged (D – excluding potential external support factors). In May 2009, Moody's changed the rating of systemic support (potential willingness and readiness of the government to lend support to banks important to the economy). As a result, BRE Bank's long-term rating A3 was put on a watch list subject to potential downgrade.

On 8 May 2009, Fitch upgraded BRE Bank's long-term rating from A- to A and short-term rating from F2 to F1. Fitch maintained BRE Bank's individual rating C/D and support rating 1, and removed BRE Bank from the watch list with negative indication. Fitch's upgrade followed the 7 May decision of the European Commission approving the financial support given to Commerzbank by the Financial Market Stabilisation Fund (SoFFin) and its continued corporate and retail banking operation in Central and Eastern Europe.

## ⟨ The global impulse ⟩

On the Warsaw Stock Exchange, 2008 was the year of the US sub-prime mortgage crisis. The first signs of the crisis occurred in 2007 but the interbank market suffered a real collapse of confidence in 2008. The crisis did not spare the biggest banks in America and Europe as giants like Lehman Brothers went under. The turbulences also affected the countries of Central and Eastern Europe, in particular Hungary and Ukraine whose public finance suffered even before.



While the Polish economy is in much better condition, Poland has also been struck by the crisis as it is considered by investors as one of higher-risk emerging markets. A strong outflow of foreign capital from Poland led to a sharp downturn on the WSE and depreciation of the Polish currency.

Polish banks were hit by the thrust of the crisis in October. The crisis of confidence in the interbank market caused a credit crunch, particularly affecting Swiss franc lending due to the very limited supply of the currency. October 2008 was the most difficult month of the year on the WSE: the WIG index lost 24.8% and the segment of bank stocks lost 30.0%.

## 2.10. < Relations with Society >

TODAY CHARITY IS PART AND PARCEL OF THE STRATEGY OF EVERY FINANCIAL INSTITUTION. HOWEVER, OUR BANK WAS A PIONEER IN CHARITY INITIATIVES. THE BRE BANK FOUNDATION, ESTABLISHED 15 YEARS AGO AS AN UMBRELLA ORGANISATION OF OUR NUMEROUS SOCIAL PROJECTS, WAS ONE OF THE FIRST FOUNDATIONS IN THE BANKING COMMUNITY.

The Foundation has had a special role since the very beginning. We have always identified VERY strongly with its activity. Many employees have been directly involved in projects consistent with their values which made their dreams, needs and aspirations come true.



The BRE Bank Foundation is a landmark of the Polish charity community. We operate in many areas to improve the quality of life and to assist people in need. We offer material assistance (to other foundations, associations and orphanages) and share our expertise (particularly in projects which promote entrepreneurship and economics). Culture is the third important pillar of our work: we participate in many cultural and artistic events and protect the cultural heritage. We are the initiator and organiser of major local events like the Łódź Marathon.

Is it possible to measure charity efforts? Of course! The Foundation received over 9 thousand applications from the beginning of its activity until the end of 2008. We were able to offer help in over 4 thousand cases. The amount of donations granted by the Foundation since 1994 totals over PLN 14 million.

In 2008, the BRE Bank Foundation contributed PLN 3,210,000 to social projects implemented by non-governmental organisations, educational projects (including scholarships) and cultural initiatives.



### Selected partners of the BRE Bank Foundation:

- > Foundation for Children "Help on Time"
- > Polish Children's Fund,
- > Foundation of Cardiac Surgery Development in Zabrze,
- > ABCXXI "All of Poland Reads to Kids" Foundation,
- > Academic Incubators of Entrepreneurship,
- > Foundation for Education in Entrepreneurship (FEP) in Łódź,
- > Polish Humanitarian Organisation (PAH),
- > Royal Castle in Warsaw,
- > selected schools and orphanages,
- and many, many others.

- >> [www.dzieciom.pl](http://www.dzieciom.pl)
- >> [www.fundusz.org](http://www.fundusz.org)
- >> [www.frk.pl](http://www.frk.pl)
- >> [www.inkubatory.pl](http://www.inkubatory.pl)
- >> [www.fep.lodz.pl](http://www.fep.lodz.pl)
- >> [www.zamek-krolewski.pl](http://www.zamek-krolewski.pl)



## The BRE Bank Foundation supports projects in three areas:

education



health care  
and social welfare



culture



◀ EDUCATION, SCIENCE, ENTREPRENEURSHIP SUPPORT ▶

The economic education of Poles is far from perfect even though the economy is key to the life and welfare of every one of us.



Competent management of personal finance, the virtue of systematic saving, the art of effective investment and entrepreneurship should be part of one's education from the early years. Unfortunately, this is still not the case. Hence the important role of non-profit organisations which promote financial education and foster entrepreneurship among young people. The BRE Bank Foundation has for years supported them, contributing at least a half of the Foundation's budget to such projects. We contributed over PLN 1.8 million to educational projects in 2008.



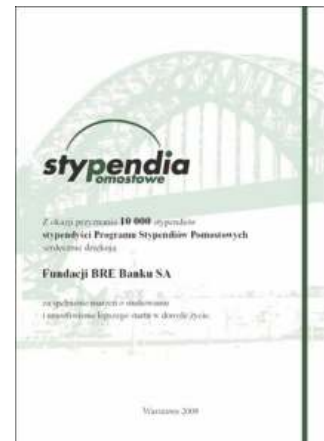
## ⟨ Major projects ⟩

### SCHOLARSHIPS

#### Foundation for Education in Entrepreneurship (FEP)

The BRE Bank Foundation works with the Foundation for Education in Entrepreneurship (FEP) since 2006. We support its Bridge Scholarship Programme and, since 2007, a competition for scholarship beneficiaries who study economics, finance, banking and international relations. The Bridge Scholarship Programme offers assistance to young people from the countryside and small towns facing a financial barrier in starting university education. Foundation scholarships are available to freshmen students in MA programmes from low-income families who excel in their academic performance. The BRE Bank Foundation funded 50 scholarships in 2008. The FEP Scholarship Competition also awarded 50 scholarships.

» [www.fep.lodz.pl](http://www.fep.lodz.pl)



#### Business Plan Competition

The Business Plan Competition of the Academic Incubators of Entrepreneurship is a unique initiative and a new quality in thinking about support for entrepreneurship of young people and prevention of unemployment among university graduates by offering a full range of tools necessary to establish a business. The BRE Bank Foundation has supported the initiative since its origin in 2005.

Competition winners are offered assistance in starting a business and guided through the early phase of its growth in the Academic Incubators of Entrepreneurship. The five editions of the Competition to date have reviewed 3,700 business plans and selected and awarded 50 initiatives; 15 of them were co-financed by the BRE Bank Foundation. Competition winners also receive an individual training package. The co-operation of the BRE Bank Foundation with the Academic Incubators of Entrepreneurship in the Business Plan Competition will continue in the academic year 2009/2010. The next, sixth edition of the Competition opens this autumn.



Gala of the Fifth Edition of Business Plans Competition of the Academic Enterprise Incubators

### Comment



#### Dariusz Żuk

President,  
Academic Incubators  
of Entrepreneurship

Most initiatives of this kind only offer money to start a business. The Business Plan Competition of the Academic Incubators of Entrepreneurship has a strong advantage: the BRE Bank Foundation and the Incubators provide a range of tools necessary to found and manage a company. For five years now the Academic Incubators of Entrepreneurship Foundation and the BRE Bank Foundation have been the organisers of the Competition which helps thousands of young people to make their business dreams come true.

## CHILDREN EDUCATION



### ABCXXI - All of Poland Reads to Kids Foundation

The ABCXXI Foundation was established in December 1998 by Irena Koźmińska. The mission of the Foundation is to support the emotional, mental and moral health of children and young people through educational, organisational and promotional activities.

On 1 June 2001, the Foundation initiated the social campaign "All of Poland Reads to Kids", which has gained immense popularity. It is aimed at raising awareness about the importance of reading to children. Adults caring about the emotional health of children should develop a habit of daily reading. Scientists and practitioners are unanimous in claiming that reading aloud to children teaches them language and thinking skills, develops their memory and imagination, transmits knowledge and inculcates moral ideals.

The BRE Bank Foundation supports the initiative since 2006. In 2008, we granted assistance for the implementation of several projects, including a series of talks in Poland by Jim Trelease, the leading US promoter of reading aloud to children. His best-seller *The Read Aloud Handbook* inspired the campaign "All of Poland Reads to Kids".

The BRE Bank Foundation has also supported other projects: funding of the "All of Poland Reads to Kids" collection of books for schools kindergartens and libraries all over Poland, training of reading campaign leaders and co-ordinators, and one-semester post-graduate courses for teachers.



### Polish Children's Fund

The Polish Children's Fund works since 1981, helping highly gifted students to pursue and develop their academic interests and artistic talents. The Fund promotes information about special needs of gifted children and young people and methods of work with them.

The BRE Bank Foundation works with the Fund since 2006. In 2008, we funded awards for the winners of the Polish round of the European Union Contest for Young Scientists and co-financed a music workshop in Zakopane, multi-disciplinary research and development camps in Świdar, and language course camps.



Polska Akcja  
Humanitarna (PAH)

### Polish Humanitarian Organisation (PAH) – Educational Programme in Afghanistan

PAH operates the project "Improving access and quality of education in the Panjshir Province in Afghanistan" offering English and computer courses in three Afghan secondary schools. The courses are organised since September 2008 in specially renovated and equipped computer rooms financed by our Foundation. The project is invaluable considering the low quality of education in Afghanistan, especially in rural provinces.



BRE BANK SA

## ◀ HEALTH CARE AND SOCIAL WELFARE ▶

SINCE ITS INCEPTION, THE BRE BANK FOUNDATION HAS ASSISTED HEALTH CARE AND SOCIAL WELFARE INSTITUTIONS AND SICK AND DISABLED CHILDREN. THE MAJOR PART OF THE FOUNDATION'S GRANTS GO TOWARDS THE PROCUREMENT OF MEDICAL EQUIPMENT, REHABILITATION AND TREATMENT. IN 2008, WE CONTRIBUTED OVER PLN 900 THOUSAND, I.E., ALMOST 30% OF LAST YEAR'S BUDGET OF THE FOUNDATION.

### ◀ Major project co-financed by the BRE Bank Foundation in 2008: ▶

#### Financing treatment and rehabilitation of children:

##### Foundation for Children "Help on Time"

The BRE Bank Foundation has for years supported the work of the Foundation for Children "Help on Time" in its "Help on Time" programme launched in 1998 for children with cerebral palsy and other conditions in need of long-term therapy and rehabilitation. In 2008, the BRE Bank Foundation contributed a donation towards the cost of treatment and rehabilitation of 200 children supported by the Foundation.

##### "Sunshine" Foundation for People with Disabilities in Zlotowo

The "Sunshine" Foundation for People with Disabilities was established in 2004 by the Hippotherapy and Rehabilitation Centre "Zabajanka" in Stanica which offers rehabilitation for people with disabilities in Poland, especially children with cerebral palsy. The BRE Bank Foundation works with the "Sunshine" Foundation since 2007 and has financed the cost of treatment and rehabilitation of 50 people.

#### Funding meals for children programmes

##### "Food Is The Gift of Love" Foundation (FPDS)

The BRE Bank Foundation has for years supported the charity programme of FPDS. The mission of the organisation is to fund meals for children aged 5 to 16 years, mainly from dysfunctional families, families with many children, and single-parent families. FPDS supports children in day care centres, educational institutions, special and vocational schools, who are not covered by the government meals programme. Every day FPDS delivers around 650 hot meals to institutions selected by the educational authorities. The BRE Bank Foundation has for many years supported the charity programme of FPDS.

##### Polish Humanitarian Organisation (PAH)

The Polish Humanitarian Organisation runs the meals for children programme "Wooden Puppet" since 1998. The purpose of the programme is to create equal educational opportunities for children from disadvantaged backgrounds and communities affected by structural poverty who are not covered by municipal assistance programmes. The main project beneficiaries are those students who are not eligible for social funds for any reasons. The BRE Bank Foundation has supported the programme since 2007.



#### Albin Batycki

Barrier Free Man 2008  
competition winner

The real strength of the annual Barrier Free Man competition of the *Integracja* magazine is its huge impact across all areas of social life. In hindsight, it is clear that the competition and the award gave all winners an extraordinary incentive for further struggle. I am very happy that I could take part in the competition. I also thank the BRE Bank Foundation for its support for the competition, which raises the standard of the award.

» [www.dzieciom.pl](http://www.dzieciom.pl)

» [www.fundacja-sloneczko.pl](http://www.fundacja-sloneczko.pl)

» [www.fpds.org.pl](http://www.fpds.org.pl)

» [www.pah.org.pl](http://www.pah.org.pl)

## Other projects:



### Nobody's Children Foundation (social campaign "Good Parent, Good Start")

"Good Parent, Good Start" is the first Polish programme aimed at preventing the abuse of the youngest children (children under 3). The programme has been implemented under the patronage of the Ministry of Labour and Social Policy and the Ministry of Health. The goal of the programme is to protect young children from abuse through supporting their parents (caregivers) in parenting without violence – by offering them free access to educational resources and support services.

The BRE Bank Foundation co-financed the development and publication of leaflets during the social campaign promoting good parenthood and the publication "Children of Divorcing Parents" (addressed to child professionals).



### The Friends of Integration Association (the competition "Barrier Free Man")

The Friends of Integration Association was established in 1995 by Piotr Pawłowski, the author of the *Integracja* magazine for people with disabilities, their relatives and friends. The mission of the Association is to promote real social integration of people with disabilities through co-existence, co-operation and partnership in all areas of social life.

The annual "Barrier Free Man" competition promotes successful people with disabilities – recognised artists, accomplished sportsmen, local community leaders, NGO activists and businessmen who change the image of people with disabilities through their lives and actions. Last year's Barrier Free Man was Albin Batycki, the Polish wheelchair tennis singles champion, sports and social activist. The BRE Bank Foundation co-financed an outdoor campaign and funded the main prize in the Barrier Free Man competition.

## ◀ CULTURE, ARTS, PROTECTION OF THE NATIONAL HERITAGE ▶

THE BRE BANK FOUNDATION HAS SUPPORTED MANY PROJECTS PROMOTING EXHIBITIONS, PROTECTING WORKS OF ART, RENOVATING MONUMENTS AND CHURCHES SINCE 1994. THE FOUNDATION ALSO SUPPORTS CULTURAL EVENTS, PUBLICATIONS AND ARTISTS. WE CONTRIBUTED OVER PLN 400 THOUSAND IN 2008.

### ◀ Major projects supported by the Foundation in 2008: ▶



### The Royal Castle in Warsaw

The BRE Bank Foundation has supported exhibitions at the Royal Castle in Warsaw since 2007. The highlight of 2008 was the exhibition "Treasury of the Vilnius Cathedral", a joint project of the Vilnius Archdiocese, the Royal Castle in Warsaw, and the Wawel Royal Castle in Kraków. It was the first exhibition of this magnificent collection outside Lithuania. The exhibition was accompanied by a richly illustrated catalogue of the works on display featuring several engaging essays by Lithuanian researchers concerning the history of the Vilnius Diocese and the Cathedral with its impressive Treasury. The BRE Bank Foundation co-financed the publication.



### The Amber Museum in Gdańsk

The Amber Museum is a branch of the Gdańsk History Museum. With interesting exhibitions, it is one of the main tourist attractions in Gdańsk. The BRE Bank Foundation has supported the Museum since its creation with the purpose of enriching the Gdańsk amber collection and promoting it to the general public.

In addition to artefacts purchased in 2007, the BRE Bank Foundation acquired another 9 amber inclusions for the Museum in 2008 (5 plant fossils and 4 animal fossils). The unique artefacts present plants and animal species from 40 million years ago.



### mBank's charity initiatives



mBank is a patron of culture and a sponsor of many educational and sports projects, including two major events: the Off Festival and the Łódź Marathon. The Off Festival, organised annually since 2006 in Mysłowice, is one of the major alternative music events in Poland featuring Polish and foreign bands. The festival is a music and social event: performances of different genres of music are accompanied by exhibitions, workshops and panel discussions. The festival also includes the International Volunteer Work Fair.



The mBank Łódź Marathon is one of the largest marathons in Poland. The event for runners, fans and sports lovers was first organised in 2004 and has since gathered 3,500 runners from 14 countries around the world who have jointly covered 143,962 km and consumed 4,900 litres of water, 2,100 litres of supplements, and 0.7 ton of bananas.



## 2.11. < Relations with the environment >

### Natural environment

We want to be an environment-friendly bank

Our success: Waste management programmes implemented in 2008

Our plan: “We play green” campaign supporting the Bank’s environmental operations.

We like green. Our environmental approach drives a practice of implementation of waste management programmes in the facilities of the Bank. We take a processual approach to environmental protection (we improve our activity in four stages according to the PDCA formula: Plan, Do, Check, Act) and we strive to achieve the highest environmental management standards as an integral part of our corporate management.

### < BRE Bank’s use of resources >

#### Consumption of electricity, water and gas by BRE Bank in 2008

Gas consumption

**442 486 m<sup>3</sup>**

Electricity consumption

**27 201 805 kWh**

Running water  
consumption

**51 515 m<sup>3</sup>**



With the specificity of their business, financial institutions are not the biggest polluters, but they can also do a lot for environmental protection by reducing the consumption of resources affecting the natural environment. It is also important that banks finance investments which could significantly impact the quantity of used resources. Bearing this in mind, we take preventive measures to gradually reduce the consumption of resources like oil-derived fuels (including natural gas), electricity, water and paper.

⟨ **Natural gas** ⟩ is used in only four outlets for heating. Its consumption was so low that we were not required to pay any environmental fees for emissions of gas or dust under the environmental protection law.

⟨ **Electricity** ⟩ is mainly consumed by office equipment and lighting, both indoors our offices and outdoors around our outlets. We also use electricity for air-conditioning and heating. In order to minimise the volume of consumed electricity, we use energy-saving fluorescent lamps with a long lifetime. The share of state-of-the-art equipment conforming to top environmental standards grows every year. In 2008, we used over 12 thousand office devices, of which 65% were desktop computers, 16% laptops and 17% printers.

⟨ **Running water** ⟩ is mainly used in common rooms and in air-conditioning. We provide employees in all outlets with quality drinking water in co-operation with a supplier of spring water. In 2008, the Bank consumed over 421 thousand litres of spring water supplied in reusable plastic containers.

## ⟨ Paper ⟩

The internet revolution is now a fact; more and more documents are produced in electronic form. However, like any other bank, we still use considerable quantities of paper. Many internal and outgoing documents are still in paper form.



CHART 19. Average paper consumption in BRE Bank (thousands of reams)

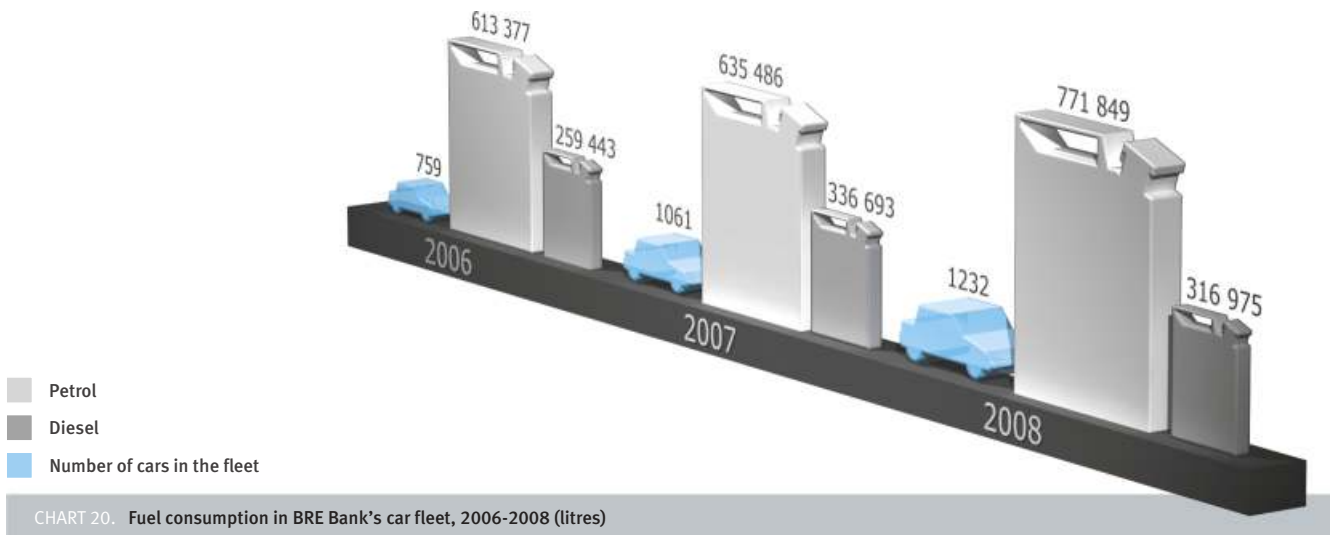
MultiBank can serve as a model of a conscientious approach to environmental resources management. It is a priority of BRE Bank's retail branch to reduce the amount of paper used for print-outs and in the production of advertising material.

A review of material printed in the banking business and in the promotion of the offering to clients identified documents which were no longer required in paper form. In addition, MultiBank assists clients in replacing paper mortgage loan repayment schedules with electronic schedules. Many other activities are in progress like the reduction of the volume of the "Rules for loans granted under the MultiBank Banking Services Agreement" from 30 to 6 pages.

Another document, the Credit Card Compendium, comprised 32 pages and was printed in 10,000 copies. The volume was optimised to 20 pages while retaining the content. As a result, we saved 120,000 pages of print. The issue of leaflets describing our offering was reduced from more than 1.5 million copies in 2008 to 557 thousand in Q1 2009. The rules for opening bank accounts and credit rules printed by outlet employees for every newly opened account were also reduced in volume, from 32 to 6 pages. The paper consumption reduction project will be fully rolled out in Q3 2009.

### ⟨ Fuel ⟩

Company cars used by employees are our biggest source of emissions. We owned 1,061 cars in 2007 and 1,232 cars in 2008 due to the expansion of our business and the replacement of a part of the fleet. However, we aim to reduce the emissions and the size of the fleet: we expect the number of company cars used by Group employees to fall to 850 by the end of 2009. The monthly fuel allowance is assigned to employees depending on the category of vehicle and the employee's position.





With a car fleet of this size, we are required to pay environmental fees for emissions of exhaust fumes from company cars used by employees.

In 2008, the emission of fumes generated by petrol-fuelled cars grew significantly but the consumption of diesel oil fell considerably.

The minor change in the consumption of diesel oil despite the dynamic expansion of the network results from the rational and economical style of driving and the use of more environment-friendly cars. The reduction of fuel consumption is also a result of a better quality of maintenance materials and regular check-ups of cars.

#### Observations of **PRICEWATERHOUSECOOPERS**

During meetings with BRE Bank representatives responsible for management of data concerning the environmental impact of the company, we were presented with materials concerning the activities aimed at monitoring the environmental impact of the bank's business.

## ◀ BRE Bank's waste management programmes ▶

In December 2007, we decided to implement a waste management programme in the Corporate Branches and the retail network in co-operation with an external partner, EKO-SWIAT.

The main goals and tasks of the programme are described in the 2008 Action Timetable. We put a special emphasis on planned waste management, the implementation of a hazardous waste management programme in the biggest branches of BRE Bank and in the largest conurbations, regular reporting of the Bank's environmental impact and the quantity and types of gas and dust emissions.

In addition, the Timetable defines the directions and goals of further efforts in implementation of planned waste management in BRE Bank branches.



## ⟨ Implementation of the programme ⟩

According to the **2008 Action Timetable**, we initiated the process of improving waste management operations in the largest cities and the biggest branches. The **hazardous waste management programme** was implemented in 6 locations in 2008, including BRE Bank's head office in Warsaw.

### Volume of hazardous and non-hazardous waste produced and delivered to authorised collectors by BRE Bank SA outlets in 2008.

Type of waste	Weight (Mg)
Hazardous waste	5.2685
Non-hazardous waste	7.7093
<b>Total waste</b>	<b>12.9778</b>

We delivered close to **13 tons** of waste to authorised collectors in 2008!

A large part of waste (around 36%) is hazardous waste including waste electrical and electronic equipment such as fluorescent lamps. Non-hazardous waste mainly includes printer toner, paper and cardboard packaging, repair and removal waste. The high percentage of hazardous waste proves that the Bank treats the management of hazardous waste as a priority.

### Leading regions by volume of reported waste in 2008

Region	Weight of reported waste (Mg)	% of the total
mazowieckie	4.1255	31.78
dolnośląskie	3.2020	24.61
śląskie	2.2280	17.16
łódzkie	0.8325	6.41

The leading regions were: Mazowieckie, Dolnośląskie, Śląskie and Łódzkie. They jointly delivered more than two-thirds (79.96%) of total waste equal to **10.388 Mg** (over 10 tons).

## ⟨ Co-operation with Remondis ⟩

In July 2008, we established co-operation with Remondis whose business philosophy relies on environmental protection. The company operates under ISO 14001:2004 reducing environmental impact.

Remondis collects from us waste batteries and fluorescent lamps as well as waste paper (put in special containers available in the outlets of the Bank across Poland). Our employees are aware of the relationship with Remondis through intranet publicity.

We are glad that the partner aims at increasing the share of recycling in the processing of collected waste (replacing recovery and landfill). This means that produced waste (except paper) goes to Remondis recycling and recovery facilities.

Paper is pressed into 0.5-ton cubes of mixed and pressed paper (which sanitises the material) and delivered to a producer of toilet paper where it is recycled.

Thanks to continued environmental management improvements in 2008, BRE Bank was not subject to any non-financial sanctions for non-compliance with environmental laws and regulations.

## 〈 GREEN Energy 〉

BRE Bank cares about the environment both through rational resources management and the products we offer. In March 2008, BRE Bank opened a subscription for the investment deposit Green Energy based on a basket of alternative energy indices. The product available in PLN allowed clients to participate in the growth of one of the fastest rising sectors of the economy. The deposit was structured for BRE Bank Private Banking clients and Corporate Banking clients. The interest of BRE Private Banking clients in the Green Energy investment deposit and the level of subscription was high compared to other investment deposits offered by BRE PB.



BRE Bank offers the following environmental funds:

1. DWS Climate Change
2. DWS Agrobusiness
3. Franklin Templeton Natural Resources Fund
4. Franklin Templeton Biotechnology Discovery Fund

## Comment



### Katarzyna Heuchert

Director of Product  
Offer Development,  
BRE Private Banking  
& Wealth Management.

Most investors only recently understood the potential of alternative energy sources as an underlying asset of investments. On the one hand, these promising markets attract investors; on the other hand, an active information campaign and the "hype" generated by financial institutions drive demand for financial products based on sectors of solar, geothermal and wind energy, hydropower and biofuels.

The bear market over the past years and the financial crisis over the past year generally did not encourage capital market investors. As a result, alternative sources of energy as an underlying instrument of investments did not provide the expected returns. In addition, many investors could not accept the longer but optimal time horizon of such investments. Because demand drives supply, alternative energy sources will be more favoured when natural resources become scarce. These resources have been shrinking steadily for years but the consequences will become clear only in a long term. Then the prices of alternative energy will become much higher than now. This makes them an attractive asset for patient, mature investors.



# Competences

People first.



BRE BANK SA





Educated human resources  
are a key competitive advantage  
in today's economy.



## 《 PEOPLE FIRST. 》

EDUCATED HUMAN RESOURCES ARE A KEY COMPETITIVE ADVANTAGE  
IN TODAY'S ECONOMY.

But BRE Bank takes a wider approach to the development of competences, moving ahead of the average company which focuses only on training its people.

We understand social responsibility to be more than an investment in the competences of our employees and future financiers on internship in our bank. We have for years spent a lot of time and energy to carry out educational initiatives addressing a bigger group. We believe that everyone should be educated in economics because the welfare of every household depends directly on the macroeconomic situation, the condition of the financial markets, etc. This is why we promote economic education wherever possible, from programmes for the young (the BRE Bank Foundation) to educating clients, entrepreneurs, and the financial sector.



### 《 Initiatives for students 》

- › Workshops helping students enter the labour market
- › Participation in events organised by universities
- › Internship programmes

### 《 Employee training 》

- › Programmes developing special qualifications and management competences.

## 3.1. < YOUNG WITH US: Initiatives for students >

We know how important the first professional experience always is. The choice of the first employer is crucial to the future professional career. This is why we attach great importance to initiatives for students, and not only those who could be our future employees. We want to educate young people, equip them with skills and competences necessary in today's labour market, show by example that a job in a modern, socially responsible company is inspiring and satisfying.

Naturally, we also benefit from such initiatives: our relations with a big student body help us to identify the best talents and to offer them jobs. Experience tells us that interns are so satisfied with our internship programme and corporate culture that many join our team.

We are happy to support local labour markets, including the regions which have for years coped with structural unemployment. While many banks aspire to move all operations to the capital, we are proud of our operation in Łódź, where MultiBank and mBank have their head office. As a result, we can offer interesting career paths to graduates of renown universities: the University of Łódź and the Technical University of Łódź. We are partners to the very important regional programme Young in Łódź.

### < Young in Łódź >

The programme created by the City of Łódź in 2008 aims to promote the city as an attractive place for young, active students. The initiative also helps graduates of Łódź universities to enter the labour market. The project comprises many information campaigns, training sessions and workshops. Students in Łódź can also win scholarships funded by the City of Łódź and local employers.

MultiBank is a partner of the City of Łódź competition "Young in Łódź – I have a business idea". The competition awards the best business plans: professional ideas for an own business. The goal of the competition is to promote entrepreneurship of young people and to convince them to start a professional career in Łódź.

The awards for the authors of the best projects included a free-of-charge MultiBank account for two years. We believe that the seven winners will use the friendly world of finance (MultiBank's motto) to support their ambitious business plans. Maybe one of them is the future Polish Rockefeller? We keep our fingers crossed.



>> [www.mlodziwlodzi.pl/konkurs](http://www.mlodziwlodzi.pl/konkurs)



## < WORKSHOPS >

### mBank: “Your Bank, Your Career”

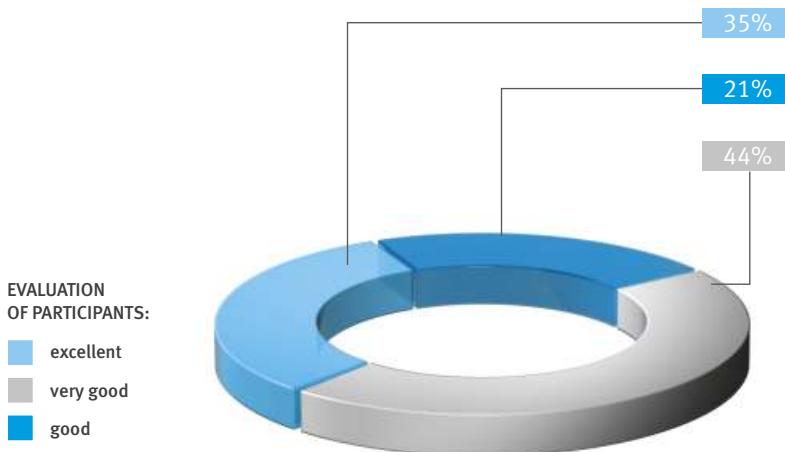
The second edition of mBank’s workshops for students of all departments at Łódź universities initiated in 2007 took place in 2008. It is a great opportunity for students to understand the internal workings of mBank. Workshop participants discover mBank’s open space architecture, see the structure and tasks of its teams, and talk to bank managers. Each workshop is opened by a Bank Director who describes the specificity of the bank and answers questions from the participants. Students also listen to talks of mBank employees about:

#### WORKSHOPS

“Your Bank, Your Career”



- > Time management,
- > New methods of brand communication,
- > Generation C: on-line clients
- > Credit cards as universal tools of personal finance management
- > Welcome to mBank: an employee induction programme
- > Academy of Investment



The workshop programme was developed by employees of different mBank business lines. We are happy that their dedication and expertise are appreciated by students: **35%** of workshop participants rated the initiative as excellent, **44%** as very good, **21%** as good.

The six workshops offered in 2008 gathered 86 participants. We plan to organise 5 workshops for students in 2009.

CHART 21. Evaluation of workshops by participants

### “Public Your Relations” MultiBank workshop

The workshop was organised in December 2008 at the MultiBank head office in Łódź by bank employees. Student members of the international organisation AIESEC could gain practical knowledge about marketing and public relations techniques used by MultiBank.





The workshop included the following modules:

- > Public Relations
- > Creating an advertisement
- > Methods of reaching VIP clients
- > Building relations with high-prestige clients
- > Press Officer: Who is it?

The initiative opened fruitful co-operation between AIESEC and MultiBank. The workshop delivered by bank experts was attended by 14 participants. The participants evaluated the workshop with an average rating of 4.8 on a scale of six grades. The “Public Your Relations” workshop will continue in 2009: we plan to organise three sessions.

## < MultiBank INTERNSHIP > Meeter-Greeter programme

Meeter-Greeter is a national project of MultiBank branches across Poland. Created in 2005, the programme recruits students interested in a banking profession into paid internships in MultiBank branches.

During the internship, a Meeter-Greeter is an integral member of the team and is assigned tasks for implementation like any other bank employee.



### Zuzanna Zawadzka

MultiBank Bank Product  
Sales Specialist

I started building my career in my senior year at the university. I went to an interview and qualified as a Meeter-Greeter in the Gdańsk branch in May 2009. I helped bank employees in everyday work, informed clients about the offering of the bank, offered them coffee. I started off with great enthusiasm. It was hard at the beginning but things got simpler with time so I could support the branch in more tasks. I prepared offerings for clients and participated in a business breakfast organised by the branch. The most important part of the internship was to understand the structure of the bank and have the possibility of working with clients. Moreover, after the internship, I got a job proposal as a MultiBank advisor. I now work at the business call centre and serve retail clients. This is how my real job started. Try it for yourselves!



CHART 22. Number of trainees employed and participating in the program

Interns actively participate in the work of the branch and discover the specificity of the bank’s product offering and how a bank branch operates. After the internship, the best Meeter-Greeters are trained to become bank assistants at MultiBank. In 2008, MultiBank accepted 150 Meeter-Greeter interns and employed 20 of them as bank assistants and another 2 as microenterprise call centre operators. The programme will continue in 2009.



## ◀ BRE BANK INTERNSHIPS ▶

Internships for students in different organisational units of the bank are a very important part of our HR policy. Interns can follow their interests and complement their studies during internship in sales branches, business lines, the marketing division or the human resources department. They can even work with credit analysts. BRE Bank interns are usually students of economics but some of them study information science, sociology, psychology and mathematics.

BRE Bank offers internships all year round. Internships are very popular with students and receive top ratings. In 2008, BRE Bank hosted 328 student interns (269 in retail banking and 59 in corporate banking). After the internship, 32 people were hired by BRE Bank (30 in retail banking and 2 in corporate banking).

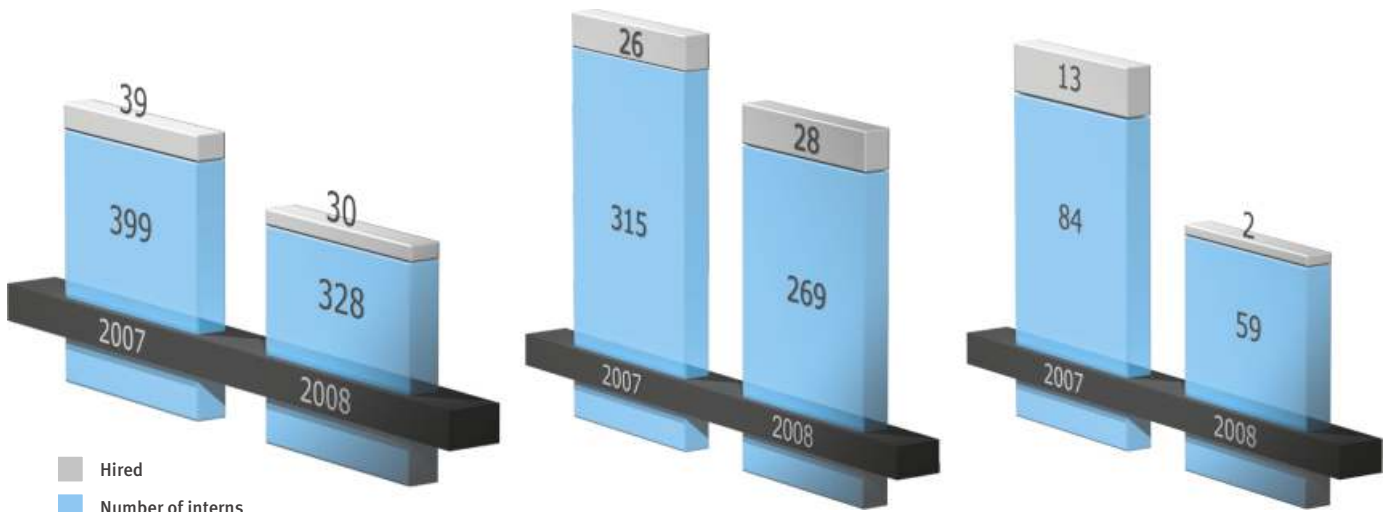


CHART 23. Retail and corporate banking internships

CHART 24. Retail banking internships

CHART 25. Corporate banking internships



## 3.2. < Employee Training >

We attach special importance to training because we believe that raising qualifications is key to the growth of our organisation. Our Corporate Training Programme Team is responsible for planning employee training and development to ensure that trainees can develop their competences according to a pre-defined training path.

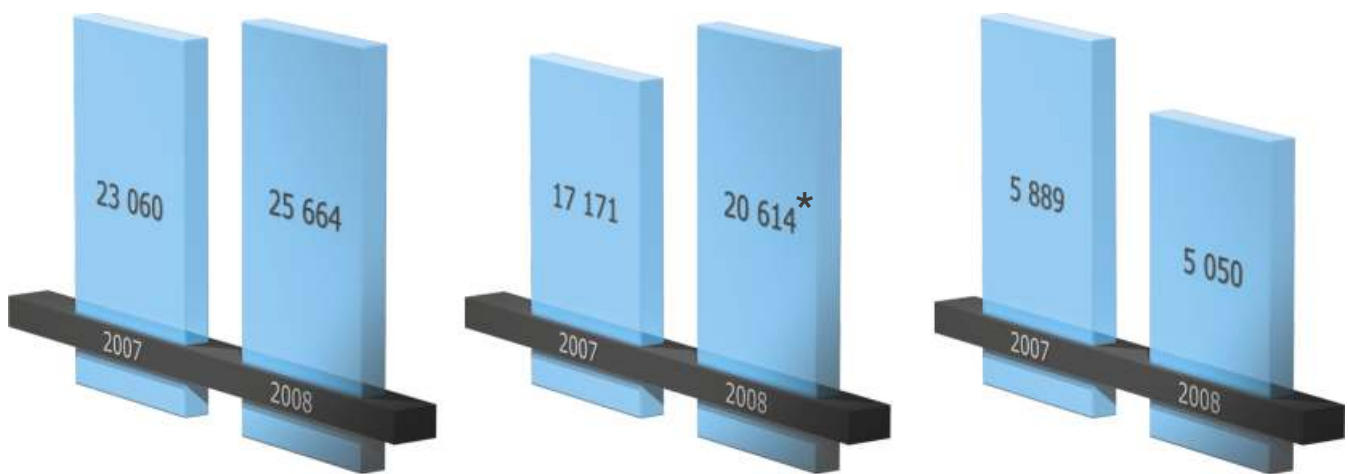


CHART 26. Number of trainees at BRE Bank (man-days) BRE Bank (retail + corporate)

CHART 27. Retail banking

CHART 28. Corporate banking

\*including e-learning training

Our employees can build their expertise and management skills in a range of training programmes:

- > Good BRE Leadership
- > Leader on the Way
  - Managing a unit
  - Managing a team
  - Planning and preparing resources
  - Employee appraisal
- > BREmba
- > BRE Language
- > Hands-on project management
- > Academy of Investment





## ⟨ GOOD BRE leadership ⟩

The programme **Good BRE Leadership** was created in April 2008 as a part of the manager succession project in BRE Bank's Retail Banking. The training includes 11 modules. Participants can improve their professional development planning skills and natural assets used in leadership styles. The training puts a special emphasis on leader's attributes including team communication and change management. The Good BRE Leadership programme builds the competences of managers who organise and develop effective teams and motivate people to reach targets and remain loyal to the company.



In 2008, the programme had 15 participants who rated it very highly (5.15 on a six grade scale). The Good BRE Leadership programme will continue until September 2009.

## ⟨ Leader on the way ⟩

**LEADER ON THE WAY** is a programme for managers offered throughout the year. In the programme, managers can build their expertise and competences in managing a unit, managing a team, planning and preparing resources, and employee appraisal.

**LEADER ON THE WAY** develops management skills and expertise. It equips managers with HR management tools and helps to develop and implement common standards of HR management at different management levels across the organisation. An important part of the training programme is building a sense of community through belonging to a big, successful organisation.



The programme had 582 participants in 2008. The team management module was the most highly evaluated by trainees (5.55 on a scale of six grades). The other modules were also evaluated very highly: managing a unit (5.52), planning and preparing resources (5.35), and employee appraisal (5.06). In 2009, the programme will also include a blended learning system using EU funding.

No.	Name of the training programme	Number of participants	Man-days	Evaluation
1	Leader on the Way: Managing a unit	163	326	5.52
2	Leader on the Way: Managing a team	65	130	5.55
3	Leader on the Way: Planning and preparing resources	170	340	5.35
4	Leader on the Way: Appraisal	184	368	5.06
	Total	582	1164	



## Additional information

### Blended learning, not only tutor

Although the idea is not a new one, it is only now that it becomes immensely popular. It is a combination of two methods of learning to accomplish the best results.

*Blend in English means to combine or harmonize.*

We combine very modern methods of learning, such as multimedia program, usually online with traditional methods, i.e. lesson with a tutor.

## Additional information

**Master of Business Administration (MBA)** is a degree awarded in a two-year post-graduate and usually extra-mural courses (entrants are often required to have specific professional experience) first offered in the USA in the early 1950s.

### 〈 BREmba 〉

BREmba is a training project opened in 2007. Candidates for the **Master of Business and Administration (MBA)** programme are selected in a competition. The selected employees with a high potential of learning and leadership skills can start studies in leading universities and training centres in Poland and abroad.

The programme has two components: MBA courses at selected universities in Poland or abroad financed by the Bank for employees selected in the competition; in-house MBA programme for selected top employees "Super Stars" offered by the Gdańsk Foundation for Management Training in a programme validated by RSM Erasmus University.

#### Programme participants evaluated the first semester very highly.

- › Their rating of the business expertise and skills gained during the programme was at **95%**
- › Access to internships and opportunities for exchange of experience were rated at **90%**
- › The applicability of the gained expertise at the work place was rated at **70%**
- › The content of the programme was rated at **76%**
- › and the development of management competences at **70%**.



The first edition of BREmba started in October 2007 and will close in September 2009. The programme has 23 participants. The average of their final test grades in the first semester (October 2007 – February 2008) was 4.12. The second edition of BREmba is scheduled to start in 2009



## 〈 BRE Language 〉

BRE Language is a programme launched in 2006 for employees whose language competences are a key tool at the work place. The programme invites employees whose language competences are lower-intermediate. Depending on the actual level of competences, classes are given by Polish teachers or native speakers. Classes are offered twice a week, 90 minutes each, in groups of 5-8 people in the bank's offices. The service is provided by **Language for Business**. The groups are made up of students with the possibly closest level of language competences and similar language needs. Training is paid for by the bank in 75% and by employees in 25%. The BRE Language programme includes English and German language learning. The improvement of language competences is monitored through TOEIC tests twice a year (before and after the training programme). The language learning process is additionally supported by an e-learning platform as well as articles and exercises published regularly in the BRE Courier.

The second edition of the programme took place between October 2007 and June 2008. It had 431 participants. In 2008, 88% of employees participating in the BRE Language programme reported improved oral competences. The third edition opened in October 2008 and will close in June 2009. It has 255 participants.

During these three years, the average level of competences of the participants has improved from lower-intermediate to higher-intermediate.



■ number of participants

CHART 29. BRE Language Program

## 〈 Hands-on project management 〉

The employee training programme opened in 2008 has a focus on the effectiveness and quality of projects and improved communication in projects implemented by bank employees.

Training participants evaluated the programme very highly, rating it at 5.3 on a six grade scale. The programme had 130 participants and closed in December 2008. Another project management cycle is scheduled to open in 2009.



## ◁ Academy of Investment ▷

### Additional information



PricewaterhouseCoopers (PwC) is a global auditor and consultant. The company has over 1,000 employees in Poland.

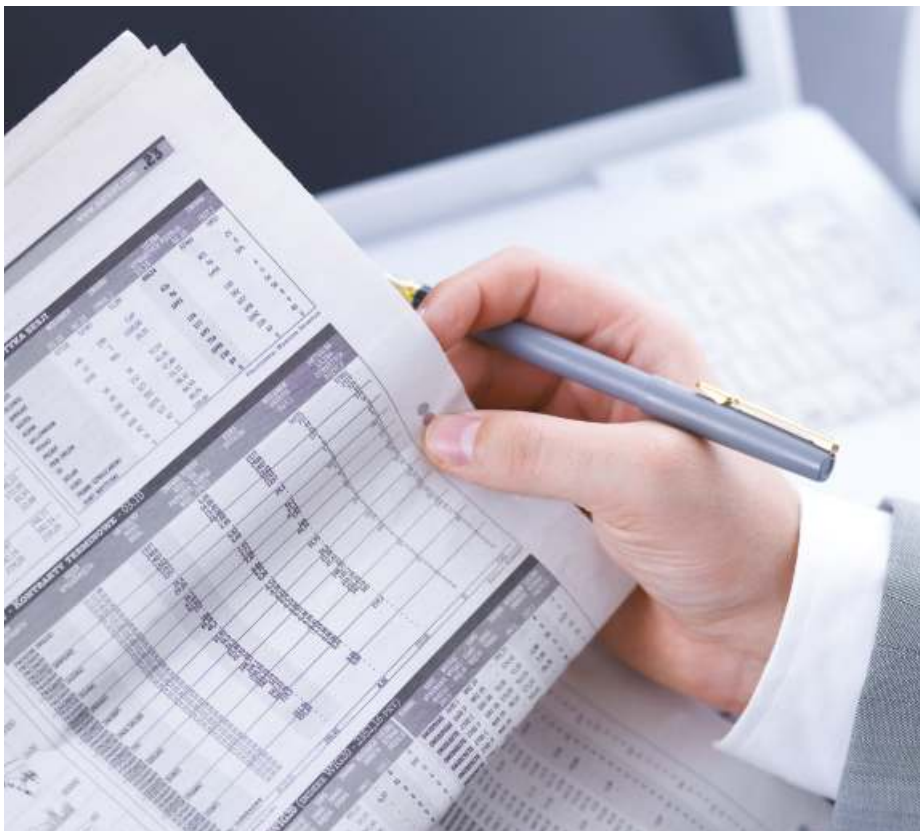
It is one of the "Big Four" auditors (also including Deloitte, Ernst & Young, and KPMG).

PwC is a very popular employer among students, for many years ranking at the top of Employer of the Year lists.

The programme offered to BRE Bank employees was supervised by Professor Witold Orłowski, Chief Economic Advisor to PricewaterhouseCoopers, co-founder and Director of the Independent Centre for Economic Studies NOBE and Director of the Warsaw University of Technology Business School.

The goal of the project is to improve the investment consultancy expertise and to reinforce the culture of joint learning of employees. The closed-group course included several training modules: financial markets and macroeconomics, the Polish financial market, developments in the global capital markets, rating and analysing risks of financial instruments, investment strategies, valuation of financial instruments – stocks, financial planning and strategies of retail investors, financial reporting, client relations: marketing, client profile, professional ethics, business ethics. The training was offered in co-operation with the Warsaw University of Technology Business School. Each session was preceded by a two-hour test to check the skills acquired in the previous session.

The programme started in 2007. Eligible participants had to hold an MA, have worked with the bank for at least one year, have an A/A rating in the Individual Effectiveness Process and a letter of recommendation from the director of the organisational unit.



The first edition between October 2007 and June 2008 included 8 two-day sessions (114 hours) and had 80 participants. The second edition between October 2008 and June 2009 included 10 two-day sessions (140 hours) and 1 e-learning session and had 80 participants – employees of BRE Bank.

The Academy of Investment closed in June 2009.





## ◀ Individual Effectiveness Process ▶

The Individual Task Card and behaviour conforming to the Canon of Corporate Values DROGA are the main criteria of appraisal of all bank employees who were employed for at least three months in the calendar year of the appraisal.

The process supports task planning and implementation as well as employee performance appraisal.

The Individual Effectiveness Process comprises the following stages:

I	»	Planning tasks: Individual Task Card
II	»	Monitoring performance
III	»	Self-assessment
IV	»	Initial appraisal by the superior
V	»	Appraisal meeting of the employee and the superior
VI	»	Appraisal summary – general employee appraisal

Employee performance is appraised using a five grade scale, from S to B.

The rating **S** is assigned to outstanding employees (performance above 120% of tasks in the Individual Task Card), **As** means performance above expectations (105% - 120% of tasks), **A** means performance according to expectations (95% - 105% of tasks), **Ab** means performance below expectations (80% - 95% of tasks), **B** means unsatisfactory performance (less than 80% of tasks).

Employee behaviour is appraised in terms of conformity to the Canon of Corporate Values DROGA in the same way as the Individual Task Card, using a five grade scale from S to B.

The Individual Effectiveness Process covered 4,003 employees (83% of the workforce) in 2007 and 5,268 employees (91% of the workforce) in 2008. The number of employees increased significantly year on year as the Individual Effectiveness Process was extended to cover employees of Partner Branches and employees of Financial Services Centres.

## 3.3. < Business competences >

### < 3.3.1. BRE BANK'S educational initiatives >

We have been supporting financial education for many years. We promote economic education in several ways, using a range of tools and instruments, from individual meetings of bank specialists with entrepreneurs through on-line education initiatives to funding scholarships for talented young people – and many others. The actual form of support and interaction depends on the beneficiary of our educational projects.

	Beneficiary	Project		Page in report
	Entrepreneurs	BUE workshops Business publications Entrepreneurial Women Survey of the innovativeness of the Polish economy <a href="http://www.mezzanine.com.pl">www.mezzanine.com.pl</a>	>>	More in chapter <b>Competences</b> , page 125 page 118 page 112 page 129
CLIENTS	 BRE BANK SA	Macroeconomic Forum Economic Review Tomorrow Belongs to Women <a href="http://www.bizsupport.pl">www.bizsupport.pl</a>	>>	More in chapter <b>Competences</b> , page 112
	mBank 	mBank School Blog – educational articles Investor Newsletter	>>	More in chapter <b>Competences</b> , page 116
	 MultiBank	“Save with MultiBank” Saving Centre	>>	More in chapter <b>Competences</b> , page 114
	Financial sector	BRE-CASE research seminars	>>	More in chapter <b>Competences</b> , page 111
	Students	mBank workshop “Your Bank, Your Future” MultiBank workshop “Public Your Relations” BRE Bank Foundation BRE-CASE publications	>>	More in chapter <b>Competences</b> , page 100 page 100 page 83 page 111
	Employees	Academy of Investment	>>	More in chapter <b>Competences</b> , page 108

## ◀ BRE – CASE research seminars ▶

These seminars open to the public and organised jointly by the CASE Foundation and BRE Bank have a long tradition of 12 years. The 103rd seminar of the series was held in May 2009. The first seminar took place in May 1992 by joint initiative of CASE and Polski Bank Rozwoju, acquired by BRE Bank in 1998. The seminars have gathered around 7 thousand participants and 379 speakers: renowned economists, financiers, experts in economic policy, regulators. The main goal of the BRE Bank – CASE seminars is to create a forum of discussion about the directions of development of the banking and financial sector in the dynamically changing Polish economic environment. The research seminars contribute to a thorough understanding of selected current economic problems important to Polish economic practice. As a rule, the seminars aim to juxtapose different opinions and approaches, enabling participants to form a complete opinion on issues at stake.

The main topics of the seminars include general issues of economic policy of the state and the operation of the financial system in Poland. The seminars are held six times a year at the BRE Bank head office in Warsaw. Each seminar produces a special BRE Bank – CASE publication with the full text of presentations and a summary of the discussion. The paper publications are presented to over 100 libraries in Poland, including libraries of universities of economics. They are also available in pdf form on the websites of CASE and BRE Bank (together with video recordings of the seminars).



### Ewa Balcerowicz

Chair of the CASE Foundation Board – Centre for Social and Economic Research

We are proud to report that the BRE-CASE seminars are the longest series of financial educational seminars in Poland since 1989. Thanks to the support of BRE Bank, the seminars have featured talks by renowned foreign economists and experts in economic policy including Nicholas H. Stern, Charles Wyplosz, Lajos Bokros, Vittorio Corbo, Charles Goodhart. It is natural that discussions devoted to financial institutions are particularly interesting, especially at a time of turbulences in the global financial markets. The seminars promote new ideas, techniques and methods of banking as well as results of empirical research.



The 2008 seminars covered the following topics:

- 1) Public finance reform in Poland
- 2) Inflation – Do we have a new problem?
- 3) The world financial crisis and the financial system in Poland
- 4) Financial situation of health care in Poland
- 5) The New Capital Accord
- 6) Development of trans-border banking and the competitiveness of the banking sector in Poland

The BRE-CASE research seminars are funded by the BRE Bank Foundation.



» [www.brebank.pl/pl/Serwis\\_ekonomiczny/bre\\_bank\\_case](http://www.brebank.pl/pl/Serwis_ekonomiczny/bre_bank_case)



## ◀ Macroeconomic Forum ▶

The Macroeconomic Forum is a conference first organised by BRE Bank in April 2008 under the patronage of Forbes magazine. The event was addressed to BRE Bank clients – representatives of the biggest corporations in Poland. The event was also attended by BRE Bank employees. Conference participants took part in a debate devoted to macroeconomic issues featuring recognised economists and special guests. The event gathered 250 participants.

[The Macroeconomic Forum will continue in 2009.](#)

## ◀ Events for entrepreneurial women – Women Investors ▶

We address the expectations of Polish women entrepreneurs by offering the Women Investors project opened in 2008. The participants of meetings held in Warsaw listen to talks about the current market situation in Poland offered by BRE Bank specialists. Presentations are followed by open discussions where participants can ask questions to Bank experts. The project has organised four meetings in Warsaw in co-operation with organisations of active businesswomen. The meetings have brought together 60 participants.

## ◀ Tomorrow belongs to women ▶

Another project created specially for women entrepreneurs offers a series of discussions on business topics under the motto “Tomorrow Belongs to Women”. The project opened in September 2008. BRE Bank clients participated in a meeting hosted by BRE Bank experts, exchanged experience and asked questions to the speakers. The first event gathered 30 women. The project will continue in 2009.

Meeting on business ideas  
in “Tomorrow belongs  
to women”





## ◀ On-line educational initiatives ▶



It is a unique platform of business expertise opened in 2008. It is dedicated to our clients as well as entrepreneurs and young people interested in business. Users have access to a library of articles about business, e-learning courses, video talks and case studies. The bizsupport.pl service is a tool promoting valuable and unique business expertise.

» [www.bizsupport.pl](http://www.bizsupport.pl)  
» [www.mezzanine.com.pl](http://www.mezzanine.com.pl)

The service had 420 registered users as from May till the end of 2008 while 30% of the users are BRE Bank employees. The bizsupport.pl is in the process of modification since early 2009.

The on-line service [www.mezzanine.com.pl](http://www.mezzanine.com.pl) was opened in 2008 by initiative of BRE Bank. The website presents extensive information about mezzanine finance, a very special and complex financial product. The content of the website was developed by BRE Bank experts.

**BRE Bank educates the market and strengthens its image of an expert in mezzanine finance. Bank specialists are available to answer questions of all interested users, especially students. The [www.mezzanine.com.pl](http://www.mezzanine.com.pl) website had some 3 thousand users in 2008.**

The screenshot shows the Mezzanine website interface. At the top, there is a navigation bar with links: 'ABC Mezzanine', 'Mezzanine w praktyce', 'Mezzanine na świecie', and 'Jak to robi BRE Bank'. The main content area features a large image of a person standing on a rock at sunset, with the headline 'sposób wynagradzania' and sub-headline 'Strony każdorazowo ustalają wynagrodzenie, które jest należne dostawcy finansowania'. Below this, there is a 'Krok po kroku' section with a right-pointing arrow. A bar chart on the right shows the value of mezzanine transactions in Europe from 2003 to 2008. The chart data is as follows:

Year	Value (mln euro)
03	~4
04	~6
05	~10
06	~12
07	~10
08	~10

Below the chart, there are two columns of text: 'Dlaczego BRE?' and 'Dla kogo mezzanine?'. The 'Dlaczego BRE?' section mentions that BRE Bank helps with complex financial problems and is a specialist in mezzanine financing. The 'Dla kogo mezzanine?' section lists two categories: 'Dla średnich i dużych przedsiębiorstw o dobrej sytuacji finansowej...' and 'Dla podmiotów, które zamierzają nabyć przedsiębiorstwa w dobrej sytuacji finansowej.' At the bottom, there is a footer with '© 2008 BRE Bank SA' and 'Mapa serwisu | BRE Bank SA | Kontakt'.

## ◀ EU funds browser ▶

The EU funds represent a great opportunity for Poland. To help entrepreneurs understand the complex offering of funds, we launched an EU funds browser available since the autumn of 2008.

» [www.brebank.funduszeonline.pl](http://www.brebank.funduszeonline.pl)

The website offers clear and reliable information about funding available from the European Union in 2007 – 2013.

Its users includes BRE Bank clients as well as entrepreneurs interested in EU financing of their investments. The browser had 296 users in November – December 2008.





» [www.brebank.pl/  
serwis\\_ekonomiczny/](http://www.brebank.pl/serwis_ekonomiczny/)

## « Economic Review »

The Economic Review is an important part of the brebank.pl portal operating with modifications since December 2006. The website offers comments from BRE Bank's Chief Economist, rates and quotations, macroeconomic and capital market research, and company and sector research.

The website is very popular among BRE Bank and BRE Group clients. Other users are BRE Bank employees, capital market participants, investors, economists and analysts. The website features a daily morning commentary in English published since 2008.

The BRE Bank Economic Review had 193,759 users between January and December 2008.



» [www.multibank.pl/  
dla\\_ciebie/  
centrum\\_oszczedzania/  
biuletyn](http://www.multibank.pl/dla_ciebie/centrum_oszczedzania/biuletyn)

## « MultiBank's educational initiatives »

Education and promotion of information about the market, trends and methods of optimising banking expenses provides a value added of the MultiBank offering. The advancement of remote technologies supports easy and effective communication with clients.

### Savings Centre

MultiBank runs regular educational campaigns in the form of newsletters. MultiBank Savings Centre clients can receive free of charge an electronic newsletter with comments about the market and information on investment products. Our clients also receive regular newsletters about secure electronic banking.

The newsletter had almost 13 thousand subscribers at the end of July 2009.



**BRE BANK SA**

### Educational programme “Save with MultiBank”

MultiBank organises frequent initiatives relating to current market events. During the recent crisis, for instance, clients started to look for ways to cut the cost of banking service.

To address their concerns, in July 2009 we started an educational programme “Save with MultiBank” where we share our ideas and solutions. The campaign includes a dedicated section on our website and a newsletter distributed by e-mail to clients.



**MultiBank** | Płatówki i bankomaty | Opłaty i kursy | Regulaminy | Kamera | Mapa serwisu | O Nas | Dla mediów | Kontakt | Pomoc

**Dla Ciebie**

Nie musisz oszczędzać w ten sposób  
**Oszczędzaj z MultiBankiem**

pokaz wszystkie produkty >

Logowanie >  
 Demo | Bezpieczeństwo

» [www.multibank.pl/dla\\_ciebie/multikonta/oszczedzaj](http://www.multibank.pl/dla_ciebie/multikonta/oszczedzaj)

### < mBank’s educational initiatives >

mBank has been educating clients since the beginning of its existence. As a bank promoting client self-service, the bank’s website serves as the main channel of information about the offering.

The Community is an important value of mBank. As a result, education is both passive (websites with information) and interactive. Since 2001, mBank operates mFORUM, a moderated, uncensored forum of free exchange of opinions and information. The content is provided by bank employees but the forum is driven by clients who participate spontaneously in the process of educating new mBank users.



» [www.mbank.pl/blog/](http://www.mbank.pl/blog/)

## Blog

The mBank blog, a compendium of information about new and modified products and services and a focus of client education, operates since 2007. Educational articles are prepared for blog users by 40 authors including members of the mCouncil (a unique Client Council formed in 2001) and one dedicated editor. The most popular text to date is an article about new implementations in the transaction service: <http://www.mbank.pl/blog/artukul.html?id=412>

In 2008, the blog offered 55 articles (10 articles in Q1-2, 17 articles in Q3, 28 articles in Q4) and recorded 11 thousand clicks every month.

The screenshot shows the mBank website interface. The main article is titled "Jak spłacić zadłużenie na karcie kredytowej?" (How to pay off a credit card debt?). The article text includes:

- Ważne jest jak używać karty kredytowej, jak spłacać zadłużenie aby unikać odsetek!** Jeśli część zadłużenia musisz spłacić co miesiąc, jeśli chcesz skorzystać z oprocentowanego kredytu na karcie kredytowej mBanku?
- Krótkie przypomnienie:**
  - aby uniknąć odsetek, spłać całą kwotę zadłużenia podanego na wydruku (sądko końcowe) najpóźniej w dniu wymaganej spłaty,
  - jeśli chcesz skorzystać z oprocentowanego kredytu, pamiętaj aby spłacić przynajmniej kwotę minimalną w dniu wymaganej spłaty. Dniem wymaganej spłaty oraz wysokość kwoty minimalnej także znajdziesz na wydruku za dany okres rozliczeniowy.
- Świadomość kiedy spłacić kartę to nie wszystko, musisz jeszcze wiedzieć, jak wykonać spłatę zadłużenia.** Ponieważ karta kredytowa mBanku powiązana jest z eKONTEM, spłaty zadłużenia możesz dokonać wyłącznie ze środków dostępnych na eKONCIE. **Za datę spłaty przyjmuje się datę wpływu środków na rachunek karty.** Istnieją dwie możliwości dokonania spłaty zadłużenia.
- Automatyczna spłata zadłużenia**  
Nie musisz pamiętać o terminach spłaty, wystarczy że raz ustanowisz automatyczną spłatę zadłużenia w przedziale 5-100% telefonując na mLINE. Procent automatycznej spłaty zadłużenia można także zdefiniować w serwisie transakcyjnym mBanku modyfikując odpowiednie ustawienia w grupie operacji związanych z kartą pod nazwą **SZCZEGÓŁY UMOWY**. Wówczas spłata zostanie wykonana automatycznie, bez Twojej ingerencji. Pamiętaj jednak, że do automatycznej spłaty konieczne jest zapewnienie środków na eKONCIE do godz. 20:00 w dniu, gdy jest ona wymagana (w przeciwnym wypadku konieczne jest ręczne dokonanie spłaty zadłużenia).

Below the article, there is a table titled "Z listy KARTY KREDYTOWEj wybierz kartę, do której chcesz zdefiniować automatyczny procent spłaty." (From the list of CREDIT CARDS choose the card to which you want to define automatic payment percentage.)

Wariant karty	Wariant karty	Wariant karty	Wariant karty	Wariant karty
Wariant karty	Wariant karty	Wariant karty	Wariant karty	Wariant karty
Wariant karty	Wariant karty	Wariant karty	Wariant karty	Wariant karty
Wariant karty	Wariant karty	Wariant karty	Wariant karty	Wariant karty

## Additional information

Each month the mBank schools are visited by ca. 3 thousand users.

## < mBankSchools >

mBank offers clients a wide range of educational initiatives under the umbrella of the mBank School. The School provides extensive information helpful in using the bank's financial products. Beginners in the investment market are coached by the School of Investment in Funds of the Investment Funds Supermarket which presents investment funds in a witty, comprehensible language. There is also a School of On-line Shopping and a School of Investment.



Examples of mBank Schools' witty style which promotes important content:

**School of Investment in Funds of the Investment Funds Supermarket**

There are many ways to get rich. You can make a mould out of a beer cap and mint coins. You can X-ray scratch coupons. You can declare independence and issue your own currency. Or eventually you can go to work and hope to be rewarded. But there is a better way too. Let money make money...

**School of On-line Shopping**

There are many ways of spending money. Some prefer roaming grim alleys of shopping malls and supermarkets, getting trampled by throngs of guys in leather jackets, robbed by pick-pockets and cheated in sham promotions garnished with a hostess smile. Others opt for safe and convenient on-line shopping ;)

**School of Investment**

Today, investing is a must. You must know that there are better ways to invest than stuffing your money in a sock or putting it under the mattress.

The multi-media interactive fun presentation "Your Investment Profile" will help you discover your feelings about investment in different financial instruments: ones you should get and ones you must avoid, what to buy and when to sell so to live a long, happy, outrageously rich life.



The mBank Schools have on average 3 thousand users every month.



**Investor Newsletter**

Bank clients receive newsletters free of charge.

mBank publishes the Investor Newsletter distributed to almost 90 thousand subscribers. The Newsletter builds clients' investment expertise.

The electronic newsletter presents among others a course in technical analysis, information about the single currency and alternative investment instruments (like structured certificates, stocks, global market investments, etc.).

» [www.mbank.pl/indywidualny/inwestycje/gazeta\\_inwestora](http://www.mbank.pl/indywidualny/inwestycje/gazeta_inwestora)



## < Business Publications >



We have partnered with the publishing house Studio Emka and jointly deliver unique business publications to the Polish audience every year. In 2008, three books were published by our initiative:

- > *The Leadership Mystique* by Manfred Kets de Vries,
- > *The Sustainable Company* by Chris Laszlo,
- > and *The Innovator's Solution* by Clayton M. Christiansen and Michael E. Raynor.

Manfred Kets de Vries is the world's leading management thinker. His book *The Leadership Mystique* is addressed to managers who want to develop leadership skills. According to Manfred Kets de Vries, a company may have all the necessary advantages: a solid financial base, an enviable market position and the state-of-the-art technology, but all these assets mean nothing unless it also has outstanding leaders.

**The book was published in March 2008 and sold 1,922 copies by the end of June 2009.**

Conference promoting the book by Chris Laszlo.

Panelists  
(from the left):  
M. Grendowicz,  
M. Gaczyński,  
B. Rok,  
W. Orłowski,  
Ch. Laszlo



As an institution active in corporate social responsibility, in addition to initiating projects for our stakeholders, we also promote the definition of social responsibility. In November, the Polish translation of Chris Laszlo's *The Sustainable Company* was published by our initiative in partnership with PricewaterhouseCoopers, the Responsible Business Forum, the UNDP, Global Compact, and Studio Emka.

The publication was accompanied by two promotion meetings with the author, one for students of the Warsaw School of Economics, the other for the business community. The second event included a presentation by Chris Laszlo and a panel discussion featuring Mariusz Grendowicz, CEO of BRE Bank, Professor Witold Orłowski, Chief Advisor to PricewaterhouseCoopers, Dr Bolesław Rok, Business Ethics Centre, Koźmiński University, Dr Chris Laszlo, and Mateusz Gaczyński, Ministry of the Economy.

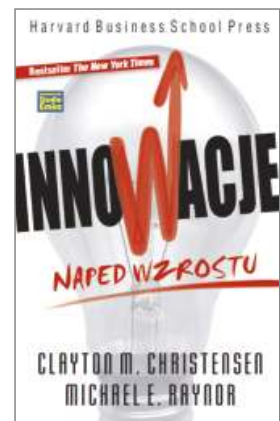
**The event gathered 70 participants. The book was very popular and sold 2,547 copies by the end of June 2009.**



Another book published in 2008 was *The Innovator's Solution* by Clayton M. Christensen and Michael E. Raynor. As an initiator of the survey of innovation of the Polish economy and an institution offering innovative products, we promote innovation also through business publications.

*The Innovator's Solution* covers a wide range of topics. The book tells the reader how to identify ideas with a breakthrough potential and guides the reader through the process of implementation of an innovative concept to make it generate profits and gives the company a competitive advantage.

The book sold 1,795 copies by the end of June 2009.



The following books were published in the past few years by initiative of and in co-operation with BRE Bank:

*Winning*,  
October 2005

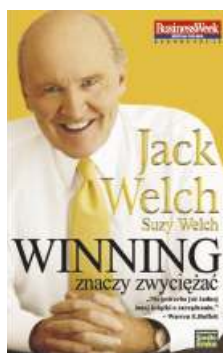
*The Intelligent Investor*,  
December 2006 (DI BRE Banku)

*Winning: The Answers*,  
April 2007

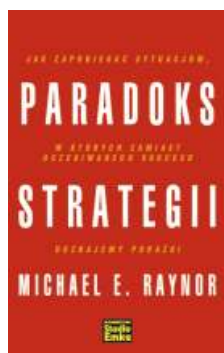
*The Strategy Paradox*,  
December 2007

*Twelve Icons of Economics*,  
December 2007  
(Private Banking & Wealth Management)

*The Successful Investor*,  
December 2007 (DI BRE Banku)



*Winning*,  
October 2005



*The Strategy Paradox*,  
December 2007




*Twelve Icons of Economics*,  
December 2007



*The Successful Investor*,  
December 2007



A close-up photograph of a person's hands pointing at a tablet. The tablet displays a diagram with handwritten text. The text on the tablet includes "1st Level", "20%", "2nd Level", and "20%". There is also a circled plus sign and a downward arrow. The background is slightly blurred, showing a laptop and a person's head in profile.

Yesterday's modern solutions are today's standards and tomorrow's old hat. This is why

◀ **Innovation** ▶

is BRE Bank's middle name.



**BRE BANK SA**





80  
GROSS

70%  
GROSS

## 4.1. < Innovation according to BRE Bank >



INNOVATION IS MORE THAN NEW TECHNOLOGIES, MODERN LABORATORIES AND SECRET PATENTS.

INNOVATION IS A WAY OF THINKING, THE COURAGE TO CHANGE THE WORLD, TO CREATE NEW IDEAS, TO FOLLOW THE BEST AND TO USE AVAILABLE SOLUTIONS IN NEW WAYS.

### < Innovation: Part of the organisational DNA >

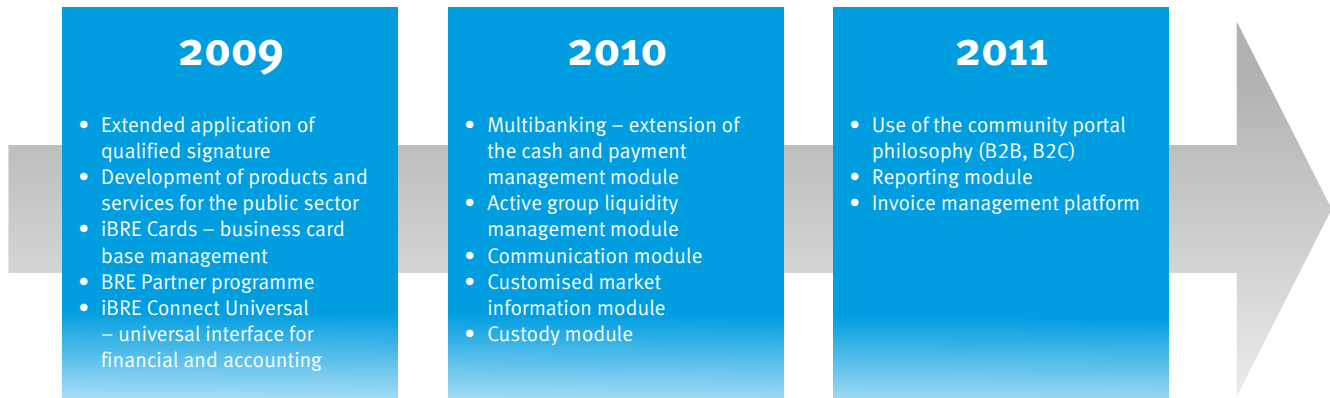
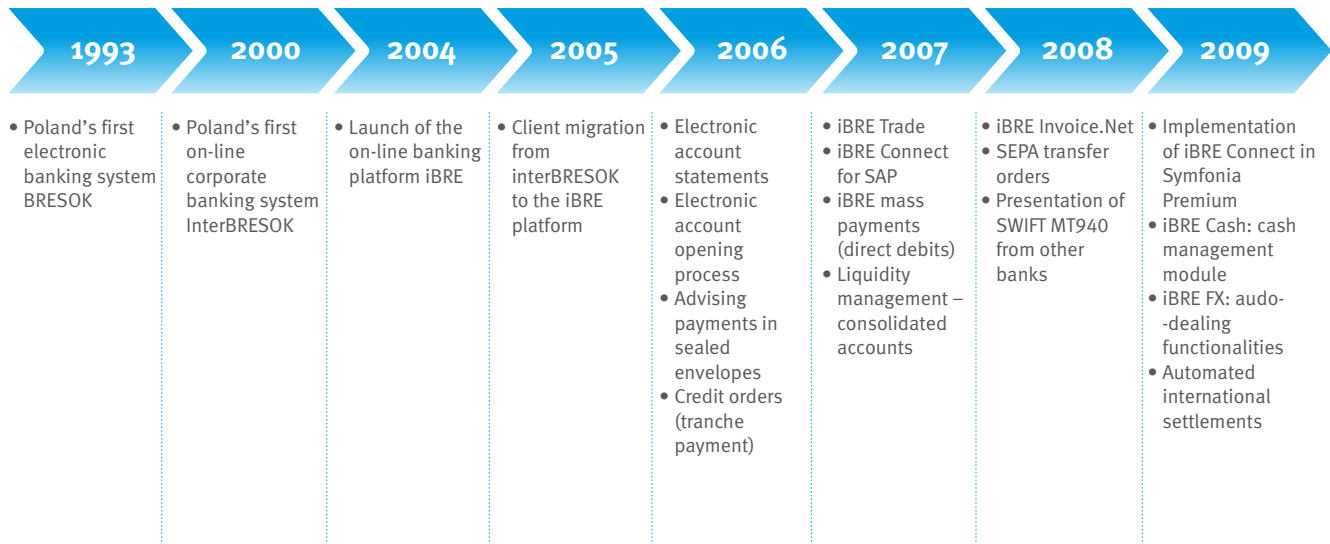
Our bank grew out of the needs of the young and emerging capital market in Poland. Since the very beginning, we have aspired to create innovative products, offer state-of-the-art business solutions and build partnership relations with clients.

Innovation is our middle name. Entrepreneurship is part of the fundamental values of our organisation. We have always fostered the culture of innovation, created conditions where employees have the courage to make independent decisions, identified and invested in people who are always ready to challenge the status quo.



### **BRE BANK SA – A high-tech bank**

Over the 20 years of our business, time and time again, we have implemented pioneering solutions: technologies, products, financial models, always raising the standard in the Polish banking sector. We continue to improve our offering and introduce state-of-the-art IT solutions in the market. In 2000, we created mBank, Poland's first virtual bank which now serves over 2 million clients. Four years later, we implemented iBRE, one of the most innovative corporate internet banking solutions ensuring full security of transactions and the top quality of service and banking technology.



The innovation of iBRE includes the aggregation of many corporate banking services and solutions on a single financial platform supported by the universal internet technology, which ensures flexible and immediate adjustment of the functionalities of modules to the client's business requirements, the end users' preferences, and the client's organisational requirements. The solution was possible because the system was developed in direct co-operation and consultation with clients while the architecture of the solutions was developed hand in hand with the sales force of the bank and the clients.

The iBRE internet platform is universal and addresses individual needs of Private Banking clients in finance management and insurance services. iBRE supports defined portfolios of investment and insurance products acquired by Private Banking clients with the assistance of a BRE Bank advisor based on the global range of such products.





## ◀ Innovative solutions of the iBRE internet banking platform ▶



iBRE Invoice.NET is an electronic module for presenting invoices. It combines two functions, functionality of EBPP (Electronic Bill Presentation and Payment), allowing electronic issuance and presentation of invoices, along with an option to accept and pay for the invoice by the debtor and financing based on receivables. iBRE Invoice.NET supports the processing of e-invoices, which enables business partners to clear transactions electronically without traditional paper invoices. iBRE Invoice.NET is available to BRE Bank clients and third party companies.

iBRE also includes the Trade Finance module, which allows to place electronic orders for letters of credit or guarantees. The application is processed based on internet solutions. Documents which used to be issued to clients on paper are now delivered as electronic images.

### Additional information



» [www.brebank.pl/flash/ibre\\_connect\\_demo/index.html](http://www.brebank.pl/flash/ibre_connect_demo/index.html)

Both solutions are environment-friendly: they reduce the consumption of paper and the use of copying, printing and transmission equipment, helping to reduce the consumption of electricity and the emission of heat.

The iBRE Connect module is a solution which broadens the functionality of ERP systems with the possibility of direct exchange of financial and non-financial information with BRE Bank systems. iBRE Connect acts as an additional element of the client's internal system and at the same time is fully integrated with the internet platform iBRE. Currently it is compatible with ERP-SAP and Symfonia Forte systems and will soon interact with other systems from Polish and foreign suppliers.

The BRE Partner programme is one of the initiatives aimed at supporting the process of fast and automated flow of data between ERP, financial and accounting, and HR systems used by the client company on the one hand and the internet banking system iBRE on the other hand. BRE Bank co-operates with the leading suppliers of ERP, HR and financial/accounting systems and verifies, evaluates and certifies partner systems with a view to optimise the data transmission process between the internet banking system and the client's internal systems.

The Bank takes an innovative approach using state-of-the-art technologies by developing a range of payment management services and solutions BRE Collection. It is a key service of BRE Bank's transaction banking dedicated to corporate clients. The set of products comprised by BRE Collection ensures automatic identification of payments and reconciliation in the financial and billing systems with reports developed depending on the specific needs of the client. This set of solutions can also include soft enforcement.

BRE Mass Collect Plus is a particularly useful service as it combines payer identification with precise information like invoice numbers and amounts (checks of payments due against payments received).



**BRE BANK SA**



The typical application of BRE Mass Collect Plus helps to manage payments where the client has multiple payers, many open invoices, one payment for multiple invoices, partial payments or overpayments, and a high cost of manual data feed. The service also facilitates payer identification.

BRE Bank is a leader in payment management and has a 25% market share, processing around 9 million payments every month.

The Bank's payment management service also includes processing of direct debits. The direct debit service is supported in fully electronic form by the iBRE system. BRE Bank can also process direct debit acceptances electronically on behalf of clients; this means that clients are not required to notify acceptances to the debtor's bank (electronic acceptances can be processed jointly with MultiBank and mBank thanks to the synergies in the BRE Bank Group). The outsourcing of this function to the Bank gives clients important organisational and cost benefits.



**Jarosław Fordoński**

Director, EU Bureau

We focus on top-quality advisory in every area. This is why we support our clients in applying for EU financing for innovative investments. We offer entrepreneurs a wide range of assistance, from education through consultation in drafting the application, understanding the client's needs and plans, to the identification of the optimal sources of financing and the most attractive financial structure options.

## ⟨ We finance innovation ⟩

### Educational initiatives: Marketing and image campaigns of EU financing in 2008

- › We published the BRE Bank Guidebook to EU Subsidies addressed to entrepreneurs planning investments with EU financing;
- › We developed and offered on the [www.brebank.pl](http://www.brebank.pl) website a browser of options of EU co-financing of investments;
- › We carried out an information campaign (October – December 2008) addressed to entrepreneurs interested in EU co-financing of investment projects;
- › We organised a series of 14 workshops for existing and prospective clients interested in investments under regional operational programmes. The workshops were organised in co-operation with our partner consultancies: Euro Grant Consulting, A1Europe, BDG and CWPE. The workshops were attended by over 160 BRE Bank clients;
- › We held a series of one-on-one meetings with clients in order to identify their investment needs and offer support in the selection of operational programmes, improving their chances of receiving EU co-financing.

### Types of innovative investments supported in 2008

In 2008, we signed credit agreements with companies which received co-financing under Measure 4.4 “New investments with a high innovative potential” of the Innovative Economy Operational Programme. We also signed credit agreements under Measure 2.2.1 “Support to companies making new investments” of the Sectoral Operational Programme – Growth of the Competitiveness of Companies; the Measure was implemented in 2004 – 2006.



### Success and effectiveness of getting EU financing for innovative projects in 2008

The consistent implementation of our strategy of funding investments with EU co-financing and the high competences of our sales force personnel ensured a high proportion of accepted co-financing applications of BRE Bank clients. In application round 1 of Measure 4.4 “New investments with a high innovative potential” of the Innovative Economy Operational Programme between 12 May and 31 July 2008, BRE Bank ranked second by the value of credits under applications submitted for the round.

Measure 4.4 of the Innovative Economy Operational Programme was addressed to companies planning to implement investment projects with the application of new, innovative technologies, products, services and organisational solutions (technologies and organisational solutions globally used for less than 3 years).



In application round 1, the proportion of accepted applications by value was 65.33% for BRE Bank compared to the market benchmark of 40.47%. This is our best result ever in financing investments implemented with the support of EU funds.

### ⟨ mBank: Innovation’s child ⟩



mBank was created in 2000 as Poland’s first virtual bank and has been growing ever since. In 2008, mBank expanded its product and service offering and continued original marketing initiatives. mBank’s client base crossed the mark of 2 million in 2008.

In 2008, mBank mobile introduced a mobile phone recharge service via text messages, which was welcomed by clients. In December, mBank mobile was the first Polish provider to offer starter cards valid for 365 days without a recharge. The quality of the concept was proved when other telecommunication market players copied the model.



In order to facilitate the on-line granting of consumer credits, mBank introduced the Framework Credit Agreement. After signing the Agreement, a client with an existing relation with mBank can apply for and receive credit in the transaction service.

In 2008, mBank introduced the market’s most accessible platinum card with a unique insurance package. The innovation includes a lower entry threshold: the card is offered to clients whose income is at least PLN 5 thousand.

In 2008, mBank launched a pilot project of services for the most active clients holding considerable investments in the bank. The mass bank with its exclusive on-line specificity offers an innovative new service model with a dedicated call centre and dedicated account managers.

In December, mBank broadened the functionality of its transaction service, facilitating payment of the credit card balance by clients and management of e-cards (used for on-line payments).

mBank invited its clients to the mFestival where clients could develop their own mBank advertisements. The winners received cash awards, their concepts were used in advertising, and the best video was broadcast on television.

The Community has always been in the focus of mBank's attention. mBank grows because it is attentive to clients' comments and requests. The unique contact between mBank and clients was boosted with the blog launched in late November 2007. In 2008, the blog was further developed and improved, winning the appreciation of users. Over 40 authors have published their articles; their quality is ensured by a dedicated editor. The blog reported on average 150 thousand unique users every month in 2008.

This innovation in communications was named the best mature blog in a competition organised by the portalblogfirmowe.wordpress.com under the patronage of internet, marketing, PR and blogger organisations: internetPR.pl, PRnews.pl, netPR, interaktywnie.com, Mediafun, kaznowski.blox.pl, Blogfrog.pl, zjadamy-reklamy.blox.pl and Think-a-Head.org

mBank.net.pl, mBank's unique partner programme opened in 2004, grew in 2008. Partners interested in co-operation with mBank and on-line sales of mBank products can use available advertising resources. In December, the programme included 5,200 mBank Partners who registered 7,200 website addresses.

**WE ARE CERTAIN THAT INNOVATION DOES NOT STOP WHEN AN IDEA IS BORN: INNOVATION IS AN ON-GOING PROCESS. THE mLAB TEAM, mBANK'S INNOVATION UNIT, FOSTERS NEW IDEAS IN THE VIRTUAL BANK. WE MAKE SURE TO INSPIRE OTHER DEPARTMENTS AND SUBSIDIARIES OF THE GROUP TO SEEK INNOVATIVE SOLUTIONS.**

## ◀ MultiBank: Unique combination of the best tradition and innovative solutions in banking ▶



MultiBank was founded in 2001 as the retail arm of BRE Bank. It specialises in personal banking services for clients who look for a flexible offering and top-quality service. After more than 8 years in business, MultiBank serves over half a million clients and is one of the biggest and most modern financial institutions in the Polish market.

MultiBank is a pioneer in integrating banking products and services: credits, savings, investments. MultiBank provides clients with a comprehensive financial offering in the bricks-and-mortar network and via functional remote channels.

In 2008, MultiBank strengthened its position in the segment of structured products and further developed its offering of payment cards.

MultiBank offers 9 structured products providing potential high returns combined with 100% security of invested capital. MultiBank promotes alternative investment instruments in the young Polish market of structured products.



MultiBank introduced innovations in payment cards in 2008. Its offering of plastic money includes two new credit cards: Visa Aquarius, the prestige card for MultiBank Aquarius Club Members, and Visa Murator for clients decorating or refurbishing their homes.

In addition, all cards issued to MultiBank retail and corporate clients have microchips since March 2008. The EMV technology improves the safety of transactions by minimising the risk of unauthorised data capture.

Another innovation in payment cards opens flat debit cards to on-line transactions. Clients who do not hold a credit card or do not want to use one in on-line transactions can pay on the internet with debit cards.



In the spring of 2008, MultiBank started to offer refunds of current account fees. Regular payment of salaries above a set threshold into the account and active use of other products entitle clients to the refund of fees for core banking services, reducing the level of household expenses. As a result, clients can use a top-quality service and enjoy an optimised cost of the banking relation.

## ◀ BRE Private Banking & Wealth Management: Leader in innovative investment solutions for affluent clients ▶



BRE Bank was the first bank to develop a dedicated offering for high-income managers in 1995. Other financial institutions have since followed suit by adding VIP services to their offering. New market players have entered the field. Over these 13 years, the Polish private banking segment has become as competitive as the offering of Western institutions providing the service for many years. A dedicated account manager, negotiable fees, prestige cards are today's standard in private banking. What really makes private banking unique is the individual approach to the client, customised investment solutions, a wide range of advisory, and the trust of the client in the account manager and the bank. The offering of BRE Private Banking & Wealth Management is based on an open architecture: clients have access to the best investment products offered by Polish and foreign institutions. The group of BRE Private Banking & Wealth Management partners is growing and includes 14 investment fund companies offering over 200 different funds as at the end of 2008. BRE Private Banking has recently introduced new special services for very affluent clients: BRE Wealth Management. A specialty subsidiary of the BRE Bank Group, BRE Wealth Management is dedicated to private banking clients and provides comprehensive wealth management services. It ensures a holistic approach to the clients' assets during his or her lifetime, including liquid assets (cash, securities), real estate, and corporate investments. The service combines top-quality tax, legal, property and inheritance advisory. As a result, affluent clients receive a complete analysis of their assets and are given solutions enabling tax optimisation and financial planning customised to their individual goals.



In 2008, BRE Private Banking & Wealth Management started to offer comprehensive real estate investment services. Clients interested in alternative investments can buy art through BRE Bank's art banking service.

BRE Bank promotes innovation by supporting clients and partners, propagating innovative behaviour and modern business models in Polish companies, and stimulating innovation in the environment. Based on this belief, we have partnered with the Institute of Economic Science of the Polish Academy of Sciences and *Gazeta Prawna* initiating, in 2005, a project to survey innovation of the Polish economy and the ranking of the 500 most innovative companies.

This unique research programme identifies pioneering products, services and organisational solutions developed by the biggest corporations as well as inventive small companies and microenterprises.

We support innovation not because it is a buzz word that sells well. We really believe that companies focused on continued development and improvement are the vanguard of change in the economy, the change we really need. We know from experience that a culture of innovation is key to the rate of growth and the value of a company. The culture of innovation must be more than a strategic paper: it has to drive the organisation at every level.

The pace of change in the environment increases. Yesterday's innovation is today's standard and tomorrow's old hat. This is why it is so important to monitor the market and always look for new advantages but also to promote this behaviour among all business partners. We want our initiative "Kamerton Innowacyjności" to become a landmark in the Polish economy, to create a network of relations among innovative companies, and to inspire discussion about ways of supporting the culture of innovation in Poland. We believe that entrepreneurs participating in the ranking will be the ambassadors of change, promoting the initiative among their business partners. We hope to create a snowball effect: the more we speak about innovation, the more companies will have the courage to put their business on track of innovation. We know that we cannot afford to underestimate innovation at the current stage of growth.

## ⟨ BRE Bank hosts the fourth edition of "Kamerton Innowacyjności" ⟩

In 2008, BRE Bank once again co-organised the survey of innovation "Kamerton Innowacyjności" with new partners: PKPP Lewiatan, Dun&Bradstreet and the editors of *Rzeczpospolita* and *Manager Magazin*.

The project created a ranking of the most innovative companies in Poland. Last year's edition awarded winners in four categories:

- ⟩ Microenterprises
- ⟩ Small enterprises
- ⟩ Medium-sized enterprises
- ⟩ Large enterprises.

For the first time ever, winners were awarded in several categories of innovation: product innovation, process innovation, organisational innovation, marketing innovation, as well as the application of innovative solutions using EU co-financing.

The winners of the ranking of the most innovative companies in Poland received their awards at the **Innovation Gala** held at the head office of BRE Bank in Warsaw on 10 December 2008. The main conclusions of the report on innovation of the Polish economy were presented at the Gala.

The panel discussion "Innovation at the Time of a Crisis" featured Dr Michał Boni, Secretary of State and Head of the Team of Advisors at the Office of the Prime Minister, Professor Wojciech Cellary, Poznań University of Economics, Mariusz Grendowicz, CEO of BRE Bank, Tomasz Sus, CEO of Verso Technologies Sp. z o.o., and Robert Aszkielowicz, CEO of GAZOMET Sp. z o.o.



**Dr Małgorzata  
Starczewska-  
Krzysztozek**

PKPP Lewiatan  
expert and author of the survey.

Entrepreneurs and employees should realise that innovation is a very broad concept. To simplify things, innovation is the introduction of something new into the economy. It doesn't matter whether it's a global novelty or an improvement. A company which introduces something it never used before is innovative.



*“It is important to show that there are many companies like ours which consider innovation to be a fundamental part of their competitive advantage. The business results of the companies awarded in the recent editions of the ranking, their rate of growth and their performance during the economic crisis are the best argument in favour of this business model. The more companies follow this philosophy, the more likely it is that we can achieve the goals of the government report which provides that high-tech products should contribute 40% of Polish exports 20 years from now. I do hope that we can achieve this target!” – said Mariusz Grendowicz, CEO of BRE Bank, during the discussion on Polish innovation.*

Last year’s fourth edition of the project attracted great interest of entrepreneurs and market experts, proving that innovation, a priority of BRE Bank, is one of the key success factors in business and in finance.

## ◀ The most innovative companies in Poland: Survey based on the “Kamerton Innowacyjności” ranking 2008 - Methodology ▶



The quantitative survey was carried out by means of questionnaires developed for the ranking of the most innovative companies in Poland “Kamerton Innowacyjności 2008”.

The questionnaire comprised two parts:

**(1) ranking part** – entrepreneurs were asked questions about product, process, marketing and organisational innovations, ISO quality certificates or other certificates key to their business, patents, sources and results of innovation. The innovations under consideration were implemented between January 2007 and June 2008.

**(2) non-ranking part** – entrepreneurs were asked questions about the sources of financing of investments, the weight of different outputs of implemented innovations, barriers to implementation of innovations, and plans for implementation of innovations in future.

The questionnaire also included a statistical part where entrepreneurs provided their contact information as well as data on company size (headcount, turnover), sector, legal form, scope of operation, and capital structure.

Questionnaires were sent to companies by post. Some questionnaires were answered during personal interviews with CBOS pollsters. Questionnaires were also available on-line at the website [www.innowacyjnefirmy.pl](http://www.innowacyjnefirmy.pl). Questionnaires were open to all companies in Poland which consider themselves to be innovative and joined the ranking to present their opinions on innovation.

### Additional information

» [www.innowacyjnefirmy.pl](http://www.innowacyjnefirmy.pl)

The survey was carried out in September and October 2008. The results of the survey were audited. The audit covered company data (all companies) and the content of replies in the ranking part of the questionnaire (randomly selected sample). The results of the non-ranking part of the survey are not representative for the corporate sector as they include opinions of the most innovative companies in Poland which joined the ranking “Kamerton Innowacyjności 2008”. However, they are believed to correspond to the opinions of companies which have a unique understanding of the importance of innovation in business, know how to implement new concepts in practice and are aware of the barriers to implementation. This means that the opinions on innovation and its importance come from the practitioners of innovation in business.

## ⟨ Profile of companies participating in the ranking ⟩

The ranking of the most innovative companies in Poland “Kamerton Innowacyjności 2008” covered 374 companies. The ranking participants included 62 microenterprises (up to 9 employees), 77 small enterprises (between 10 and 49 employees), 123 middle-sized enterprises (between 50 and 249 employees), and 112 large enterprises (more than 249 employees). The participants represented 0.02% of all companies in Poland. Some of the ranking participants were research institutions which are not enterprises in the meaning of the Law on Economic Freedom of 2 July 2004.

Microenterprises which joined the ranking represented 0.004% of all microenterprises in Poland, small enterprises 0.16% of all small enterprises, medium-sized enterprises 0.83% of all medium-sized enterprises, and large enterprises 3.8% of all large enterprises. This means that the segment of large enterprises was the most competitive.



## ⟨ Four editions of the ranking ⟩

- › Over 2,000 participating projects
- › Innovation Galas attended by over 3,200 participants in 12 cities of Poland:



- › The award “Kamerton Innowacyjności” received by over 40 biggest Polish innovators
- › Innovation distinctions of over 50 microenterprises and dynamically growing SMEs
- › Awards for process, product, marketing and organisational innovations
- › Promotion of companies financing innovations with EU funds

## ◀ GRI Table ▶

GRI G3 Indicators		Level of the reported indicator	Page at the report
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy.	Totally	2-3
1.2	Description of key impacts, risks, and opportunities.	Totally	2-3, 38-41
<b>Organizational Profile</b>			
2.1	Name of the organization	Totally	16
2.2	Primary brands, products, and/or services.	Totally	16 - 17, 24
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Totally	16-17, 20-23
2.4	Location of organization's headquarters.	Totally	16
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Totally	17, 20-23
2.6	Nature of ownership and legal form.	Totally	34-35
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Totally	17-18, 24-27
2.8	Scale of the reporting organization, including: number of employees, net sales (for private sector organizations) or net revenues (for public sector organizations), total capitalization broken down in terms of debt and equity (for private sector organizations) and quantity of products or services provided.	Totally	6-7
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: the location of, or changes in operations, including facility openings, closings and expansions and changes in the share capital structure and other capital formation, maintenance and alteration operations (for private sector organizations).	Totally	25-27
2.10	Awards received in the reporting period.	Totally	14, 42
<b>Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Totally	8
3.2	Date of most recent previous report (if any)	Totally	8
3.3	Reporting cycle (annual, biennial, etc.)	Totally	11
3.4	Contact point for questions regarding the report or its contents.	Totally	140
<b>Report Scope and Boundary</b>			
3.5	Process for defining report content, including: determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expects to use the report.	Totally	8
3.6	Scope of the report	Totally	9
3.7	State any specific limitations on the scope or boundary of the report.	Totally	10
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.	Totally	20





GRI G3 indicators		Level of the reported indicator	Page at the report
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Totally	137
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Totally	36
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Totally	10
<b>GRI Content Index</b>			
3.12	Table identifying the location of the Standard Disclosures in the report	Totally	132-136
<b>Assurance</b>			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Totally	139
<b>Governance, Commitments, and Engagement</b>			
<b>Governance</b>			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Totally	28-29
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Totally	28
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Totally	28-29
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Totally	35, 79-81
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Totally	28, 34
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Totally	29, 34
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Totally	28, 34
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Totally	16, 69
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Totally	37-39
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Totally	28-29, 31



GRI G3 Indicators		Level of the reported indicator	Page at the report
<b>Commitments to external initiatives</b>			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Totally	38-41
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Totally	37-38, 137
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues or views membership as strategic.	Totally	50-51
<b>Stakeholder engagement</b>			
4.14	List of stakeholder groups engaged by the organization.	Totally	48
4.15	Basis for identification and selection of stakeholders with whom to engage.	Totally	48
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Totally	49
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Totally	61-67, 74, 76, 80-89
<b>Management Approach and Performance Indicators</b>			
<b>Economic Performance Indicators</b>			
<b>Aspect: Economic Performance</b>			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Totally	36
<b>Aspect: Indirect Economic Impacts</b>			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Totally	84-89
<b>Environmental Performance Indicators</b>			
<b>Aspect: Materials</b>			
EN1	Materials used by weight or volume.	Totally	90-91
<b>Aspect: Energy</b>			
EN3	Direct energy consumption by primary energy source.	Totally	90-91
<b>Aspect: Water</b>			
EN8	Total water withdrawal by source.	Totally	90-91
<b>Aspect: Emissions, Effluents and Waste</b>			
EN22	Total weight of waste by type and disposal method.	Totally	93-94
<b>Aspect: Products and Services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	92



GRI G3 indicators		Level of the reported indicator	Page at the report
<b>Aspect: Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Totally	95
<b>Aspect: Transport</b>			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	92
<b>Labor Practices and Decent Work Performance Indicators</b>			68
<b>Aspect: Employment</b>			
LA1	Total workforce by employment type, employment contract, and region.	Totally	71-72
LA2	Total number and rate of employee turnover By age group, gender, and region.	Totally	74-75
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Totally	75
<b>Aspect: Labor/Management Relations</b>			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.	Partially	75
<b>Aspect: Training and Education</b>			
LA10	Average hours of training per year per employee by employee category.	Partially	103
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Totally	102-107
LA12	Percentage of employees receiving regular performance and career development reviews.	Totally	109
<b>Aspect: Diversity and Equal Opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Totally	28, 31, 72-73
<b>Human Rights Performance Indicators</b>			69
<b>Aspect: Non-discrimination</b>			
HR4	Total number of incidents of discrimination and actions taken.	Totally	70
<b>Aspect: Child Labor</b>			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Totally	69
<b>Aspect: Forced and Compulsory Labor</b>			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Totally	69





GRI G3 Indicators		Level of the reported indicator	Page at the report
<b>Society influence indicators</b>			38
<b>Aspect: Compliance</b>			
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Totally	39
<b>Product Responsibility Performance Indicators</b>			
<b>Aspect: Customer Health and Safety</b>			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Totally	52, 54-57, 60-61
<b>Aspect: Marketing Communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Totally	59, 61-62
<b>Aspect: Customer Privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Totally	39
<b>Financial sector supplement</b>			
FS14	Initiatives to improve access to financial services for disadvantaged people	Partially	54, 76-77
FS16	Initiatives to enhance financial literacy by type of beneficiary	Totally	110





## Global Compact

THE BRE BANK GROUP JOINED THE PARTNERS OF THE GLOBAL INITIATIVE OF SOCIALLY RESPONSIBLE COMPANIES IN JULY 2008. IN LINE WITH THE GOALS OF THE INITIATIVE, IN ALL AREAS OF ITS BUSINESS, THE BRE BANK GROUP SUBSCRIBES TO AND COMPLIES WITH THE 10 FUNDAMENTAL PRINCIPLES WHICH INCLUDE PROTECTION OF HUMAN RIGHTS, LABOUR STANDARDS, ENVIRONMENTAL PROTECTION AND PREVENTION OF CORRUPTION.



Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	28, 31, 39, 72-73
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	69-70
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	53, 78-79
Principle 4	The elimination of all forms of forced and compulsory labour	69
Principle 5	The effective abolition of child labour	69
Principle 6	The elimination of discrimination in respect of employment and occupation	28-31, 72-75, 77
Principle 7	Businesses should support a precautionary approach to environmental challenges	90-94
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	90-95
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	95, 124, 126
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	38-39

## Calculations used in the report

$$\text{turnover} = \frac{\text{employment contracts terminated in the period}}{\text{average headcount in the period}}$$

**Man-training** = the number of people participating in all trainings according to training lists posted in the training application and e-learning platform reports.

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#### Independent assurance report on the 2008 Responsible Business Report of BRE Bank S.A. (translation only)

##### To the Management Board of BRE Bank S.A.:

We have conducted assurance procedures on BRE Bank S.A.'s ("the Bank's") reporting on sustainable development with regard to the Global Reporting Initiative 3 ("GRI G3") indicators for the period from 1 January 2008 to 31 December 2008 in respect of quantitative information and from 1 January 2008 to 31 August 2009 in respect of qualitative information (hereinafter jointly referred to as "the Assured Information") presented in the "2008 Responsible Business Report" (hereinafter referred to as the "Social Report") and assessed the compliance of the Social Report with the minimum criteria included in the Global Reporting Initiative 3 Guidelines.

The Bank's Management Board is responsible for preparing the Social Report, including the Assured Information, in accordance with the criteria included in GRI G3, and for developing and maintaining the internal reporting processes and data constituting the basis for the Social Report and the Assured Information included therein.

It was our responsibility to perform an independent assessment based on limited procedures as to whether the Social Report includes information the scope of which is no narrower than that required by the GRI G3 criteria for level "B" reporting included in the "GRI G3 Indicators" part of the report, and an independent assessment as to whether the Assured Information does not contain material errors.

Our Assurance Work was conducted in accordance with International Standards on Assurance Engagements 3000 – *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000). The procedures we performed in order to assess compliance of the Social Report with the requirements of GRI G3 were limited exclusively to reading and understanding the Social Report and interviewing the Management and employees of the Bank involved in preparing the report.

The procedures we performed in order to determine whether the Assured Information does not contain significant errors were limited to assessing the effectiveness of the internal control system that relates to collecting, processing and preparing data concerning the Assured Information on the basis of interviews conducted with Management and employees of the Bank, analyzing the data presented and non-statistical detailed testing of the information on a sample basis. We believed that our work was planned and conducted on order to gather the information necessary to gain limited assurance that the scope of the Social Report meets the minimum requirements included in the GRI G3 criteria for reporting at level "B" and the Assured Information included therein does not include material errors.

The procedures described above do not constitute an audit according to International Standard on Auditing and therefore we are not issuing an audit opinion. We would also like to draw your attention to the fact that in engagements aimed at gaining limited assurance the procedures performed are restricted in comparison to engagements that are aimed at gaining reasonable assurance.

On the basis of the limited assurance procedures performed by us we state that:

- (a) no issues came to our attention which would lead to the conclusion that the Social Report does not include the minimum scope of information required by GRI G3 for reporting at level "B";
- (b) the Assured Information included in the Social Report does not include material errors.

Without qualifying our assurance report, we would like to draw your attention to the fact that the report should be read in conjunction with the GRI G3 guidelines specifying the scope and inherent limitations in accuracy and completeness of social reporting.

PricewaterhouseCoopers Sp. z o.o.

Warsaw, 25 September 2009



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