



BRE BANK SA



**BRE BANK
CORPORATE SOCIAL RESPONSIBILITY
REPORT 2007**

Contents

I. BRE Bank in brief	28
I.1. Who we are	28
I.2. Authorities of the Company (as of 15 March 2008)	28
I.3. Our Shareholders	28
I.4. BRE Bank – key figures	29
II. Corporate Social Responsibility: BRE Bank’s Guiding Principle	30
II.1. Compliance with Corporate Governance Rules	30
III. Transparency: the Guiding Principle of Investor and Media Relations	30
III.1. Information for Investors and Analysts	30
III.2. Awards for BRE Bank’s Corporate Governance	31
III.3. Investors’ participation in the Bank’s profits	31
III.4. The InterBrok Investment case	31
IV. Customer Relations	32
IV.1. Who are our customers	32
IV.2. BRE Bank’s Mission	32
V. BRE Bank: a Responsible Employer	37
V.1. Employment profile	37
V.2. Code of Corporate Values	38
V.3. BRE Bank’s Incentive System	38
V.4. Training	38
V.5. Employee health care, social security, sports and recreation	40
V.6. Employee Council	41
VI. BRE Bank: a Responsible Business Partner	42
VII. Environmental Protection	42
VII.1. Waste management plan	42
VII.2. The Bank’s other environmental impact	43
VIII. Bank’s Social Commitment	43
VIII.1. BRE Bank: a patron of culture, the arts, and education	43
VIII.2. Research on innovation in the Polish economy	44
VIII.3. Other activities	44
VIII.4. The BRE Bank Foundation	44
VIII.5. mBank’s sponsorship and charity activity	46
VIII.6. MultiBank’s sponsorship and charity activity	46

Dear Stakeholders,

I have the pleasure to present the second BRE Bank Social Responsibility Report. The open market economy in Poland has a tradition of close to 20 years and is entering a new phase of maturity. Today it requires a responsible business practice. As banks have a strong impact on business behaviour, they should promote practical standards and set the example for the market.

While we all pay attention to financial performance of companies, we increasingly emphasise the role of intangible factors which are not captured by traditional financial indicators. The importance of ethical corporate behaviour and reflection on responsible business has increased notably over the past year.

As a major financial institution, BRE Bank places a strong emphasis on building trust and solid relations with the shareholders. Ethical behaviour is fair, transparent and responsible. We rely on these principles in pursuit of our strategic goals in order to fulfil the expectations of our stakeholders.

I need to stress that our practice must create added value for customers, instil a sense of pride in the employees, respond to the needs of local communities, and inspire positive perception by our business partners. Every year we take new initiatives addressed to the partners in our environment.

I hope that the BRE Bank Report will convince you of the importance of social responsibility and demonstrate that we care about the social environment of our business.

Companies' success will be short-lived unless it grows from proper, responsible, fair business practice.

Yours faithfully,



Mariusz Grendowicz

President of the Management Board

I. BRE Bank in brief

I.1. Who we are

BRE Bank has been present in the market for 22 years. Its founding deed was signed in June 1986 and the Bank (then known as Bank Rozwoju Eksportu SA) launched its business operations on 2 January 1987.

The Bank currently operates in two main business areas: Corporations and Financial Markets (including two segments: Corporates and Institutions, and Trading and Investments) and Retail Banking.

Initially the Bank only serviced companies; corporate banking is its traditional business line. In the early years, the Bank focused on granting fx loans to Polish exporters planning to buy investment goods and technologies. With time, the product and service offer was gradually expanded to include foreign trade finance, a variety of deposits and loans, derivative instruments, cash management products, etc.

The business area of Trading and Investments mainly concerns transactions in financial markets; their goals include: services for corporate customers and partly retail customers, origination of debt issues, liquidity operations and management of the Bank's fx position.

In 1998, the Bank started to service high net worth individuals under the Private Banking (PB) umbrella.

The business profile changed in late 2000 when BRE Bank launched its retail banking line: mBank, Poland's first internet bank targeting retail customers and microenterprises. With time, small outlets (mKiosks) and larger Financial Centres were founded. The retail banking business expanded a year later with the launch of the second project, MultiBank, which also services private individuals but with a higher net worth. MultiBank uses both remote channels and a continuously expanding network of local branches.

In 2007, the retail banking business expanded outside of Poland as the first mBank branches opened in the Czech Republic and Slovakia as well as London.

Today, BRE Bank is a universal bank. It serves large corporations, small and medium-sized enterprises (SMEs), microenterprises and private individuals, from the most affluent Private Banking customers to students.

BRE Bank's expansion included the inception and acquisition of subsidiaries which offer financial products and services complementary to the banking offer and fulfil the needs of the Bank's customers. The subsidiaries and the Bank make up the BRE Bank Group.

I.2. Authorities of the Company (as of 15 March 2008)

The term of office of the Supervisory Board and the Management Board expired on 14 March 2008, the date of the 21st Ordinary General Meeting. Consequently, the composition of the Bank's authorities changed and is as follows:

Supervisory Board

The BRE Bank By-laws provide that the Supervisory Board consists of not less than five members elected by the General Meeting for a joint term of office of three years. At least half of the members of the Supervisory Board, including the Chairman, should have Polish citizenship. The General Meeting determines the number of the Supervisory Board members. The Supervisory

Board elects Chairman and Deputy Chairman of the Supervisory Board from among its members.

Currently the BRE Bank Supervisory Board has 9 members (including 5 independent members under the independence criteria defined in the Good Practice of Companies Listed on the WSE). The term of office of the Supervisory Board expires on the date of the General Meeting in 2011.

1. Maciej Leśny – Chairman of the Supervisory Board (independent member),
2. Martin Blessing – Deputy Chairman of the Supervisory Board,
3. Achim Kassow – Member of the Supervisory Board,
4. Teresa Mokrysz – Member of the Supervisory Board (independent member),
5. Michael Schmid – Member of the Supervisory Board,
6. Waldemar Stawski – Member of the Supervisory Board (independent member),
7. Jan Szomburg – Member of the Supervisory Board (independent member),
8. Marek Wierzbowski – Member of the Supervisory Board (independent member),
9. Martin Zielke – Member of the Supervisory Board.

Management Board

According to the BRE Bank By-laws, the Management Board is composed of at least three members appointed for a joint term of office of 5 years. At least half of the members of the Management Board, including the President of the Management Board, should have Polish citizenship. The Management Board includes the President of the Management Board and other Management Board Members. The Supervisory Board may appoint Management Board Members to First Deputy President or Deputy President of the Management Board.

Currently the BRE Bank Management Board has 6 members whose term of office expires on the date of the General Meeting in 2013.

1. Mariusz Grendowicz – President of the Management Board, General Director of the Bank,
2. Andre Carls – Deputy President of the Management Board, Chief Financial Officer,
3. Wiesław Thor – Deputy President of the Management Board, Head of Risk,
4. Bernd Loewen – Member of the Management Board, Head of Investment Banking,
5. Jarosław Mastalerz – Member of the Management Board, Head of Retail Banking,
6. Christian Rhino – Member of the Management Board, Head of Operations and IT.

I.3. Our Shareholders

When the Bank was established in 1986, its main founders and shareholders included: the Ministry of Foreign Trade, the Ministry of Finance, the National Bank of Poland, Bank Handlowy w Warszawie S.A., Bank PKO S.A., and Bank Gospodarki Żywnościowej. They acquired 71% of the Bank's shares, while the other 29% was taken up by minority shareholders, mainly foreign trade corporations interested in development of exports.

The shareholding structure has changed significantly over the past 21 years. In 1992, the Bank was privatised through the sale of shares by the main shareholders in a public offer. The Bank's shares have been traded on the stock exchange since October 1992.

The Bank's equity was strengthened and its further growth enhanced by the key decision taken in 1994 to establish co-

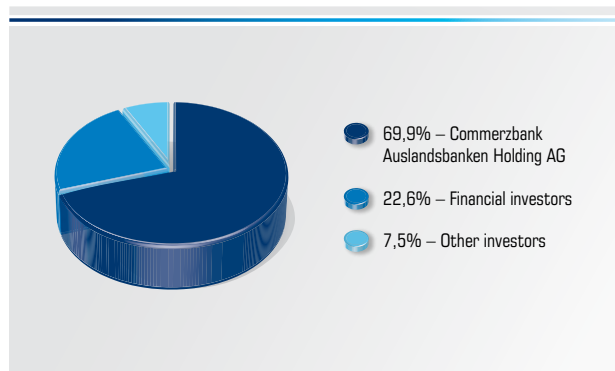
operation with the leading German bank Commerzbank AG ("CB"). Commerzbank gradually increased its stake in BRE's equity from 21% in 1995, to 50% in 2000, to 72.16% at the end of 2003. As of 2005, the stake started to decrease modestly with the implementation of BRE Bank stock option schemes. In 2005, BRE Bank's shares were transferred to the subsidiary Commerzbank Auslandsbanken Holding AG. This was a purely organisational operation as CB grouped its foreign investments in a holding company responsible for such investments. At 31 December 2007, the Holding had 69.86% of the share capital and votes at the General Meeting of BRE Bank (70.20% at 31 December 2006).

The remaining 30.14% of the shares are in free float. These shares are mainly traded by financial investors (3/4 of the free float), including BZ WBK AIB Asset Management S.A. which held 1,486,325 BRE Bank shares according to a notification submitted to BRE Bank, which represented 5.0111% of BRE Bank's share capital at 31 December 2007. The shares were deposited in the accounts of the institution's customers and also included shares held by investment funds managed by BZ WBK AIB TFI S.A. (5.0048% of BRE Bank shares).

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.

The shareholding structure is shown in the chart below:

Structure of the BRE Bank's shareholders at the end of 2007



Over the years, in addition to substantive capital support, BRE has benefited from the transfer of know-how from its German partner. The close co-operation covers the implementation of modern banking standards, recently in particular for risk management and Basel II requirements.

In addition, Commerzbank representatives actively participate in management of BRE Bank. Until mid-March 2008, 2 out of 7 Management Board Members and 4 out of 8 Supervisory Board Members represented the strategic shareholder. Currently, 3 out of 6 Members of the new Management Board and 4 out of 9 members of the new Supervisory Board represent Commerzbank.

BRE Bank and the joint venture BRE Leasing hold CB's Letters of Comfort, which greatly improves their credibility on international financial markets.

1.4. 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 2007 by assets and the portfolio of loans and advances to customers and the public sector; it ranked fourth by deposits and liabilities to customers; and sixth by equity.

The growth rate of the Bank, measured by the growth of its balance sheet total, loans and advances to customers, and customer deposits, is also among the highest in the sector.

BRE Bank's Key Figures*/, YE	2005	2006	2007
Balance sheet total (PLN M)	32,739.1	42,330.6	55,983.0
Credit and loans granted to customers (PLN M)	15,376.0	23,044.7	33,682.7
Liabilities to customers (PLN M)	20,349.4	24,669.9	32,401.9
Book value (PLN M)	2,035.2	2,530.8	3,324.5
Profit before tax (PLN M) from continued and discontinued operations	338.0	576.4	954.6
Net profit from continued and discontinued operations (PLN M)	247.5	421.3	710.1
Capital adequacy ratio (%)	11.10	10.39	10.16
ROE before tax (%)	17.8	26.9	35.9
Cost/Income ratio (%)	69.3	63.7	55.5
Headcount of BRE Bank, YE	3,571	4,001	4,795
Number of BRE Bank corporate units, YE			
branches	23	23	23
offices			4
Number of retail branches, YE			
mBank	54	65	103
MultiBank	72	84	109

BRE Bank's Key Stock Exchange Figures	2005	2006	2007
Number of shares, YE	28,983,972	29,516,035	29,660,668
Profit from continued and discontinued operations per share (PLN)	8.60	14.36	24.01
BV/PS (PLN)	70.22	85.74	112.08
P/E	19.65	23.40	23.96
P/BV	2.41	3.92	4.49
Share price at the year's last trading session (PLN)	169	336	505

* financial data – on consolidated basis

** discontinued operations - asset management

II. Corporate Social Responsibility: BRE Bank's Guiding Principle

The fast growing Bank believes that business activity is aimed not only at profit generation but also at social impact, corporate value, and sensitivity to social needs. Corporate social responsibility is a fundamental principle of the Bank's relations with its environment, based on the interests of all stakeholders: customers, investors, employees, business partners, and local communities. Guided by economic rationality, the Bank also strives to ensure transparency of its business, to be a reliable and loyal partner, and to support social development and culture. Its social commitment reinforces its relations with the environment, helps to create a positive corporate image, and improves its perception by investors and customers.

Corporate social responsibility is a must in today's world of business. It is no longer enough for companies to comply with formal and legal requirements. They are expected to voluntarily integrate the interests of all stakeholders in their business strategies; in other words, to implement business options viable not only to the company but also its employees, environment and community at large.

As a Polish financial institution, BRE Bank is bound by all relevant legal provisions and banking sector regulations. The Bank operates pursuant to its By-laws and a range of internal regulations. As a listed company, BRE Bank complies with the rules applicable to companies listed on the Warsaw Stock Exchange. In addition, the Bank has committed itself to comply with the rules of corporate governance in public companies.

II. 1. Compliance with Corporate Governance Rules

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. The "Good Practices of WSE Listed Companies" came into effect on 1 January 2008.

BRE Bank has declared compliance with all editions of Good Practices, including the latest version (Appendix to Resolution No. 12/1170/2007 of the WSE Supervisory Board dated 4 July 2007).

Consequently, the Management Board of BRE Bank adopted a resolution concerning compliance with the Good Practices on 7 January 2008 (Resolution No. 01/08) and the Supervisory Board adopted a relevant resolution on 24 January 2008 (Resolution No. 61/2008).

In addition, pursuant to the Good Practices and the WSE guidelines, the Bank published a separate Corporate Governance Compliance Report attached to its 2007 Annual Report. The Corporate Governance Compliance Report and the Resolutions mentioned above are available on the BRE Bank website.

http://www.brebank.pl/en/about_bre_bank/BRE_Bank/Lad_Korporacyjny/

According to the currently binding "comply or explain" principle, the Management Board and the Supervisory Board undertook to provide notification of any case of breach of or non-compliance

with any of the corporate governance principles under the same procedure as for current reports.

Currently the Bank does not comply with a single provision of Section IV.8 of the Good Practices of WSE Listed Companies reading:

"The General Meeting or the Supervisory Board should ensure that the company authorised to audit financial statements changes at least once every seven financial years."

PricewaterhouseCoopers (PwC) is the auditor of the financial statements of BRE Bank for more than 7 years now. At the same time, PwC is the auditor of Commerzbank, the Bank's strategic shareholder. Co-operation with a single auditor within the international financial group facilitates the consolidation of financial statements and is an element of a common information policy. The change of the company authorised to audit the financial statements of the Bank depends on potential change of the auditor of Commerzbank.

However, Article 42 of the EU Directive (Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts) recommends that the key audit partner(s) responsible for carrying out a statutory audit rotate(s) within a maximum period of seven years. The Bank complies with the principle to an extent more restrictive than required as the partners carrying out audits within the organisation of the same company rotate at least once every five years.

III. Transparency: the Guiding Principle of Investor and Media Relations

III. 1. Information for Investors and Analysts

Relations with investors and analysts are key to corporate transparency and the company's image. This stakeholder group has great impact on the image of the Bank and its perception by the business environment and the society at large. These relations include conferences held at the publication of quarterly results, events at the Bank and Group subsidiaries, meetings with Management Board representatives held both domestically and during visits abroad, and replies to submitted queries.

In 2007, Investor Relations (IR) officers presented the Bank to 312 investors at one-on-one meetings. BRE Bank was represented at 8 conferences, including London, New York, and Prague. The IR team together with Management Board Members participated in 4 road-shows, including Europe and the USA. BRE Bank's participation in the CEE Market Forum held by the WSE proves that the Bank also approached individual investors. The IR team received around 1.4 thousand investor and analyst queries by e-mail and by phone in 2007.

The BRE Bank Investor Day was held for the first time ever in 2007. The Investor Day was held in Łódź and actually lasted 2 days (17-18 September). It was addressed to domestic and foreign analysts and representatives of institutional investors including investment and pension funds. In addition to discussion meetings with Management Board Members, the participants were invited to take a tour of a corporate branch and MultiBank and mBank retail branches and an mKiosk in the shopping mall Manufaktura. The event was very popular with participants.

Participants at the Investor's Day hosted by mBanku in Łódź



These events were accompanied by current information activities, including the publication of statutory current and periodic reports and the continuously updated and extended internet portal of the Bank.

III.2. Awards for BRE Bank's Corporate Governance

BRE Bank received the highest rating in the fourth ranking of listed companies published by the Jury of Institutional Investors under the auspices of the Polish Directors Institute in June. Consequently, BRE Bank was named a Trustworthy Company 2007. The award proves BRE Bank's top corporate governance standards.

BRE Bank ranked third in the WarsawScan 2007 report (published in June) of investor opinions on listed companies' investor relations. BRE Bank's corporate governance was ranked number one among the listed companies.

The 9th Annual IR Magazine Continental Europe Awards were presented in October. BRE Bank was awarded in two categories: Best Growth of IR Quality of SMEs, and Best IR of Polish Companies.

BRE Bank's IR team ranked number 13 among Europe's 25 top IR teams. The rating was published by Thomson Extel Surveys based on peer group indications. BRE Bank was the only Polish company on the list.

III.3. Investors' participation in the Bank's profits

Building shareholder value is a primary objective of the Bank's business. Shareholders' participation in the Bank's financial success has two forms: participation through a dividend, and indirect benefits from a growing market stock price.

The Bank paid out a dividend until 2001 (inclusive) by allocating one-third of the profit. No dividend was paid for 2002 when a heavy loss was reported, 2003 when the result was unsatisfactory, and 2004 when a loss was generated. In 2005-2007, the shareholders decided to use the generated profit in order to strengthen the equity and thus give the Bank an opportunity of dynamic growth.

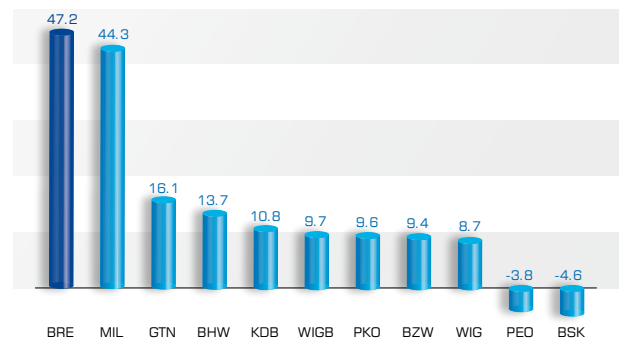
The lack of dividend payment was offset by a significant growth in the Bank's stock price. In 2005-2006, the BRE Bank stock price grew by 189.7% while the main exchange indices gained: WIG 88.7%, WIG-20 67%, WIG-Banks 97.1%.

BRE Bank Stock Price and Capitalisation, 1992-2007



In 2007, BRE Bank stocks again outperformed the market. The BRE Bank stock price grew by 47.2% in 2007 and closed at PLN 505 at the year's last trading session. Meanwhile, WIG gained 8.7%, WIG-20 3.2% and WIG-Banks 10.8%. The BRE Bank stocks provided the highest returns among WSE listed banks.

Yield 2007 in %



III.4. The InterBrok Investment case

In 2007, BRE Bank stocks again outperformed the market. The BRE Bank stock price grew by 47.2% in 2007 and closed at PLN 505 at the year's last trading session. Meanwhile, WIG gained 8.7%, WIG-20 3.2% and WIG-Banks 10.8%. The BRE Bank stocks provided the highest returns among WSE listed banks.

A completed explanatory procedure concluded with a reasonable suspicion that the company InterBrok presented its clients with counterfeit bank documents and guarantees that had never been issued by BRE Bank. As a result, the Bank reported the suspected crime to the Public Prosecutor's Office on 23 April and 4 May 2007. Since then the Bank as a victim has co-operated closely with the public authorities responsible for the investigation in order to ensure full clarification of the case.

In view of the situation, BRE Bank's Management Board decided to review the Bank's internal procedures. The outcome of the process has been reported to the Public Prosecutor's Office, the Polish Financial Supervision Authority (KNF), and the General Inspection of Banking Supervision (GINF); it is confidential in the context of the ongoing investigation.

In this context, it should be stressed that the Bank had in place relevant customer verification procedures which are constantly improved. However, the InterBrok case demonstrated that financial institutions have a limited capacity of sourcing customer information. They do not even have the sufficient legal basis to do so. Pursuant to legislation, it is the State supervisory agencies that are responsible for checking whether companies operating as intermediaries on the financial market hold the necessary administrative permits, including licences to manage customers' funds.

IV. Customer Relations

IV.1. Who are our customers

IV.1.1. Corporate customers



NAJLEPSZA INSTYTUCJA FINANSOWA
DLA WYMAGAJĄCYCH KLIENTÓW

At the beginning of its activity, more than 20 years ago, BRE Bank was focused exclusively on corporate banking. In those early years, its core business consisted in granting fx loans to Polish exporters for the acquisition of investment goods and technologies. With time, the product and service offer was expanded to include foreign trade service, a variety of deposits, and derivative instruments. At the turn of 1992, the Bank implemented an integrated banking system supporting the launch of an electronic customer service system (BRESOK). This was a pioneering solution in Poland. The system has been improved over the years and remains functional. In addition, customers use the Multicash system.

In 2007, the Bank continued to develop its electronic banking system iBRE to better service customers. The improvements included the addition of trade finance products (import and exports letters of credit and collections) to the functionalities available in the electronic distribution channel. In addition, the Bank implemented the iBRE Connect service, a unique solution which enhances effective management of corporate finance by giving direct iBRE access from the customer's financial and accounting system (SAP).

Corporate customers are served by 23 Corporate Branches located in the major cities of Poland. The HYPER NOVA project further optimised and modernised the functionality and image of the corporate network. The new functional model was implemented in the corporate branches in Gdynia, Wrocław, Kalisz, Olsztyn, Łódź, Bydgoszcz. The corporate network was developed by opening corporate offices according to the goals of the project. There were 4 corporate offices in operation at the end of 2007, and there will be 20 corporate offices in total by the end of H1 2008.

By the end of 2007, the Bank served 12.3 thousand corporate customers. The biggest group were 7.6 thousand small and medium-sized enterprises (K3 segment – companies with annual sales under PLN 30 million). There were around 3.7 thousand medium-sized companies (K2, annual sales between PLN 30 million and PLN 1 billion). There were also around 1 thousand K1 customers – capital groups and corporations with sales over PLN 1 billion.

IV.1.2. Retail and Private Banking customers

The Bank launched its Private Banking (PB) service for high net worth individuals in 1996. At the end of 2007, the Bank served 7.7 thousand PB customers. In 2007 the Bank launched a comprehensive wealth management service for the most affluent customers. PB customers are served in dedicated offices within Corporate Branches.



The Bank's business profile changed substantially in late 2000 when BRE Bank launched its retail banking franchise mBank – the first Internet bank in Poland serving mass customers and micro-enterprises. With time, small customer service points (mKiosks) were opened, followed by larger Financial Centres (FC) established in the course of offer expansion. At the end of 2007, there were 61 mKiosks, 15 Financial Centres and 27 Partner mKiosks. At the end of 2007, mBank had 1.63 million customers.



mBank is a leader in internet and mobile banking. It is the first virtual bank in Poland pursuing a mission of maximum comfort and benefits in personal finance. mBank offers a wide range of innovative products to retail customers and microenterprises.



Another step in retail banking was made in late 2001 with the launch of the second retail project MultiBank. Its customers are also private individuals but with a higher income. In addition to remote channels, they are served by an expanding network of local branches: Financial Services Centres (CUF) and Partner Outlets (PO). At the end of 2007, there were 65 Financial Services Centres and 44 Partner Outlets. At the end of 2007, MultiBank had 409 thousand customers.

For demanding retail customers and microenterprises who appreciate professional service MultiBank offers a unique mix of advisory from state-of-the-art branches with friendly finance management over the internet, WAP, and the Call Centre. MultiBank offers the prestigious Aquarius Club, free-of-charge brokerage service, professional advisory, innovative business products, and credit cards matched to individual needs.

IV.2. BRE Bank's Mission

THE BEST FINANCIAL INSTITUTION IN POLAND
FOR DEMANDING CORPORATE CUSTOMERS,
ENTREPRENEURS & INDIVIDUALS

- BRE Bank is a universal bank and offers a wide range of innovative banking and non-banking products which create an added value for target customer groups;
- Multi-channel, multi-brand business model focused on selected customer groups;
- BRE Bank advisory and products tailored to the needs of the target customer groups;
- BRE Bank Group companies provide relevant complementary products and services (leasing, factoring, brokerage, advisory);
- Open architecture supports the provision of top products and services at the customer's choice;
- The Bank's mission quoted above is the best description of the Bank's customer focus. Our business is based on the provision of top quality products and services to customers combined with an individual approach necessary to best understand customers' needs, broadly understood advisory wherever required by the complexity or innovativeness of the product, easy access to banking services, quick response to complaints. This comprehensive approach fosters lasting customer relations and increases customer loyalty and satisfaction with the BRE Bank service.

IV.2.1. Account Managers

BRE Bank was one of the first banks in Poland to offer Account Manager service to corporate customers in the mid-1990s. In the current customer care system, the biggest K1 customers are serviced by Key Account Managers supported by the Head Office

for Treasury products, capital markets, trade finance, and by Branches for current operations. K2 customers are serviced by dedicated teams in Branches (Account Managers and Risk Product Experts) supported by other product specialists, e.g., trade finance experts, fx dealers, leasing and factoring experts. K3 customers are offered product advisory by Branches.

Private Banking customers and Aquarius Club members (the wealthiest MultiBank customers) have individual Account Managers. Retail customers are offered advisory by Financial Centres and Financial Services Centres; Advisors are also available on the telephone round the clock.

IV.2.2. Education

The Bank offers its customers a wide range of educational activities. These include training for customers on newly launched complex products. In retail banking, which is largely self-service based, customers are also educated through internet portals. For instance, mBank's website features "The Stock Exchange ABC" and mBank Schools (see below).

Students in their final year at the university are offered one-day workshops. In 2007, the workshops focused on investment funds, marketing, credit cards, and communication. The best students in the workshops are offered internships.

BRE Bank's internet portal offers corporate customers an Economic Service section with economic commentaries and projections. A separate section focuses on the availability of European Union funding.

An important part of educational activities for corporates is the Ranking of Top 500 Innovative Companies organised three times, in 2005, 2006 and 2007. More about the Ranking in Section VIII.2, "Bank's Social Commitment."

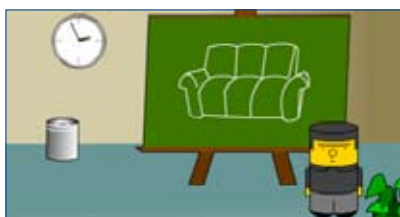
An interesting initiative conceived and organised by BRE Bank was the Macroeconomic Forum held in early April 2008. It was a

mBank Schools

We keep learning all our lives; some of us even longer. Do you want to know more? Then read this:

Mortgage mPLAN School

Whether you build a house or buy an apartment, you will certainly appreciate a bit of professional advice. Especially if you're planning to move house or take a mortgage loan. In fact, everyone should read these practical tips.



Investment Fund Supermarket School

There are many ways to get rich. You can make a mould out of a beer cap. You can X-ray scratch coupons. You can declare independence and mint your own money. 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 shopping malls and supermarkets, getting trampled by throngs of guys in leather jackets, robbed by pick-pockets and cheated by sham promotions garnished with a hostess smile. Others opt for safe and convenient on-line shopping ;)



meeting with experts in macroeconomics, finance, management and investments. The congress gathered BRE Bank customers, Poland's largest corporations, representatives of Polish ministries and government agencies. The goal of the Forum was to facilitate an exchange of ideas on future conditions of corporate growth in Poland.

Macroeconomic Assembly, special guest Leszek Balcerowicz



IV.2.3. We listen to customers

BRE Bank talks not only to corporations. We are also interested to hear the opinion of our retail customers. mCouncil, the mBank Customer Council, is an interesting structure, unique in Poland.

mBank believes in listening to customers and fulfilling their expectations. This is the purpose of mCouncil. Its members have access to privileged information on mBank's plans, get priority in testing new products, and contribute to improvement and expansion of services.

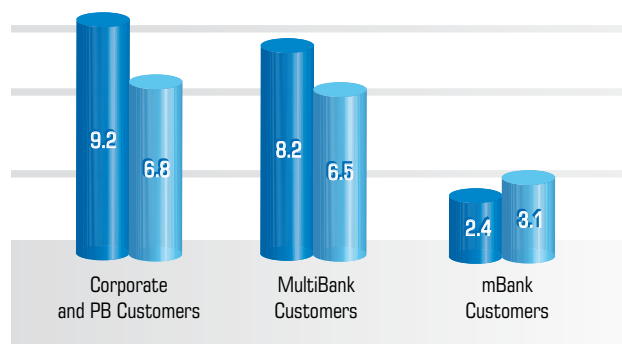
IV.2.4. Complaints handling

Efficient and effective complaints handling is an important part of customer relations. The principles of recording, reviewing, and processing complaints are laid down in BRE Bank's Internal Control Rules.

Complaints received by the Bank are handled by the organisational units responsible for the business relevant to the complaint. Timely complaints handling requires that customers receive a reply within 30 days of the submission of the complaint to the Bank.

There are two separate complaints registers, one for corporate customers and the other for retail customers. The latter is supported by the Remedy IT system. The central complaints registers are used to analyse the reasons for the complaints and to take measures in order to improve banking procedures or to modify products. They also support the monitoring of complaints handling.

Number of complaints per 1000 customers in 2006-2007



A brief history of mCouncil:

It all started on the night of 25 November. Poland's first virtual bank decided to revolutionise the local banking sector. Words turned into actions. The bank wanted to establish close co-operation with customers. The bank trusted its customers, and they reciprocated with voluntary commitment. We started to build the bank jointly, based on objective economic criteria (but no dictatorship!), up to the expectations of its users.

The co-operation between mBank and customers grew spontaneously in year one. We listened to advice and comments. Important discussions took place on the Forum and the mChat. Customers and bank employees exchanged e-mails.

With time, we decided to nominate the most dedicated customers to mCouncil, a group of experts and volunteers and a strong link between mBank and customers. Individuals selected by the customers in the Forum were invited to the mCouncil together with people involved in the exchange of information and observations with the mBank and izzyBank teams.

Later on some mCouncil members left to be replaced by others. mBank was growing and expanding its offer. It started by offering eACCOUNT and eMAX only to become a fully-fledged bank providing loans, deposits, the unique free-of-charge Investment Fund Supermarket and eBroker investment accounts.

In October 2003, we decided to appoint the mCouncil of the next term. mBank invited active Forum participants and members of the mCouncil of the first term.

Most of them accepted the invitation. That mCouncil included both mCustomers and mBank business partners and journalists. It operated for 2 years as a mailing list.

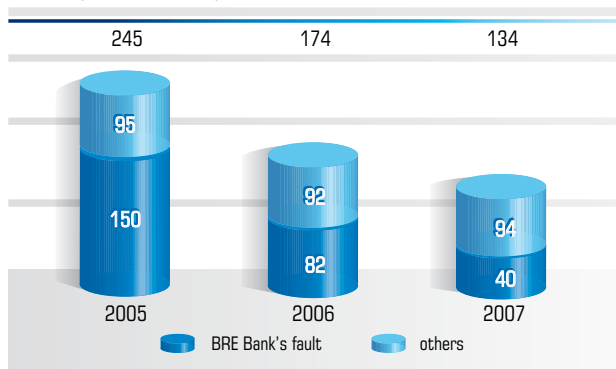
The mCouncil members tested new products, evaluated their implementation in the transaction system, and always stressed customer expectations (especially Marek Jedziniak on his blog – thank you!).

What would you expect of the current mCouncil? Speak out on the mForum!

Members of the first mRada office



Complaints of Corporate and PB customers



The Internal Audit Department is responsible for analysing complaints made by corporate and private banking customers.

On average, there were 13.2 complaints per 1,000 corporate and private banking customers in 2005; the average was down to 9.2 in 2006 and 6.8 in 2007.

- Of the 134 complaints by corporate and private banking customers processed in 2007:
- 75 cases were found to be justified;
- 40 cases were found to be caused by fault of the Bank, and 35 by fault of the Bank's external service providers;
- 121 cases were responded to within the mandatory period of 30 days but the deadline was exceeded in 13 cases.

mBank complaints handling

Periodic reviews of the complaints handling process, including time limits, the quality of replies, and the reasons for complaints in critical areas of mBank's business, are used to eliminate problems and to keep stable the key parameters of the complaints handling process.

mBank's Complaints Handling Management Division has an officer responsible for analysing and controlling the complaints handling process since November 2007. The officer monitors the work of task forces including time limits, substantive and formal aspects (review of complaints handling and elimination of cases of non-compliance with the Bank's internal regulations, including notification in case of prolonged complaint processing).

The key elements of the strategy, adjusted in subsequent years to the expanding business and operations, include:

- Facilitation of the customers' submission of complaints and opinions on services provided by mBank through direct contacts with Kiosk and Financial Service staff, mLine and over the internet. Customers can also communicate their comments by e-mail;
- Shortened duration and improved quality of complaints handling at all stages of the process:
 - Average complaints handling period was 12 days in 2007;
 - 61% of complaints were handled within less than 7 days;
 - On-going improvement of the Remedy application depending on changing product and operational needs;
 - Analysis, diagnosis, and improvement of processes most frequently indicated by customers in complaints;
- As a result of these efforts, while the number of customers and transactions grew in 2007, the following indicators remained stable:
 - the number of complaints per 1,000 customers was 3.10;
 - the number of complaints per 1,000 transactions was 0.29.

MultiBank complaints handling

In order to ensure high quality customer service and efficient complaints handling, uniform complaints handling strategy and procedures as well as a supporting IT system were implemented in MultiBank in December 2003. The key elements of the strategy, adjusted in subsequent years to the expanding business and operations, include:

- Facilitation of the customers' submission of complaints and opinions on services by provided MultiBank through direct contacts with Advisors in Branches, the MultiLine, over the internet, a special phone line manned by a Quality Manager. Customers can also communicate their comments directly to the Bank's Managing Director and Management Board Members by e-mail;
- Appointment of a Customers Ombudsman in each Branch, responsible for the quality of complaints handling and customer satisfaction;
- Shortened duration of complaints handling (statutory deadline: 30 days):
 - Average complaints handling period was 13 days in 2007;
 - 53% of complaints were handled within 7 days and 63% within 14 days;
- Analysis, diagnosis, and improvement of processes most frequently indicated by customers in complaints. As a result of these efforts, while the number of customers and transactions grew in 2007, the following indicators were reported:
 - the number of complaints per 1,000 customers was 6.5;
 - the number of complaints per 1,000 transactions was 0.45;
- Implementation of the 6Sigma system for complaints handling processes;
- Co-operation with Regional Consumer Rights Offices to exchange experiences and to implement customer-friendly solutions.

In Q1 2007, the Bank performed customer satisfaction surveys among customers who submitted complaints. The results of the survey were very positive. 70% of customers were satisfied or very satisfied with the timing of complaints handling. 66% of customers said that complaints were handled adequately and effectively. A high 83% of customers were satisfied with the service of complaints handling officers. 18% of customers said the complaints handling process encouraged them to use more MultiBank services.

IV.2.5. Customer satisfaction surveys

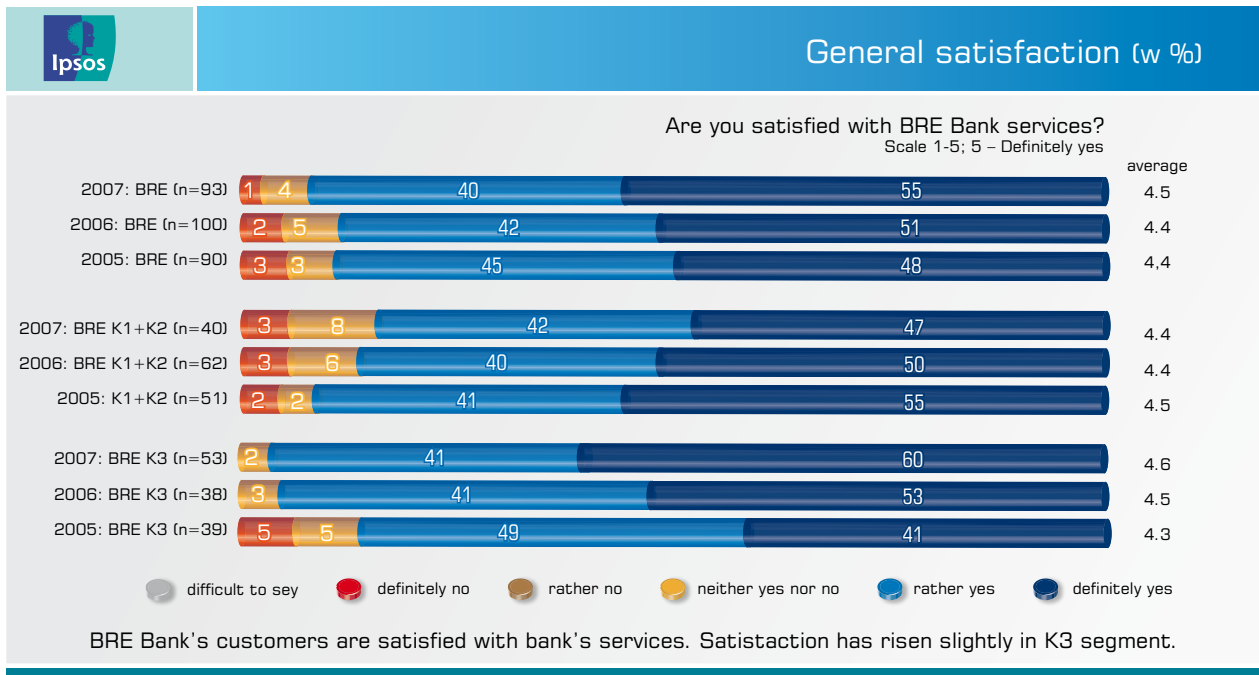
Surveys of customer opinions about the Bank and of customer satisfaction are a part of the regular monitoring process. An understanding of customer behaviour is a starting point in building customer loyalty necessary to attract and retain the target customers.

Corporate customer surveys

Corporate customer surveys carried out over the past years by external consultants also included a review of customer satisfaction. The figure below presents the results of a 2007 IPSOS survey of customer satisfaction with the Bank (K1, K2, K3 are customer segments as discussed above in Chapter IV).

Mystery Shopping

A Mystery Shopping survey was carried out in December 2007. It covered all 23 Corporate Branches including a randomly selected group of K3 Segment Managers, Account Managers, and Customer Service Officers. The goal of the survey was to capture best sales practices and behaviours.



The mystery shopping auditors focused on first contact, customer service, and branch image. According to interviews, Segment K3 customer service complies with the quality standard in 66%. Customer service and branch image rate well against the standard. The evaluation of first contact between the customer and the Bank rated less well.

The top rating branch was the Warsaw Corporate Branch at 82% of the quality mark. The best score for first contact was reported for the Gorzów and Warsaw Branches. The Warsaw and Kalisz Branches had top customer service rating.

Competence Audit

Account Managers, Sales Analysts and K3 Segment Managers participated in a Competence Audit in January 2008. The audit reviewed both hard and soft competences against benchmarks defined for individual positions. The highest ranking behaviours will be used to develop a Service Quality Standard. The results of the competence audit will be used in building individual career paths.

Retail customer satisfaction survey

The strategy of comprehensive monitoring of MultiBank customer service quality includes regular mystery shopping surveys of front-office staff in branches and the Contact Centre. Survey results are used to improve the quality of customer service. Currently MultiBank's overall direct service quality index is 82% (branch network 75%, external agents network 85%, Contact Centre 86%).

The crucial stages of the process are determined by interactions between customers and bank employees that are notoriously difficult to measure. The process is a valuable and cost-effective tool of sourcing information about the real customer experience at the bank.

IV.2.6. Entrepreneur-friendly Bank

The very good perception of BRE Bank among SME customers was confirmed once again by the title of an Entrepreneur-

Friendly Bank. BRE Bank was awarded the Promotion Badge of an "Entrepreneur-Friendly Bank" and 5 Golden Stars in the ninth edition of the "Entrepreneur-Friendly Bank" competition organised by the Polish Chamber of Commerce, the Polish-American SME Advisory Foundation, and the Warsaw Institute for Banking.

Stawomir Lachowski, President of BRE Bank during the Entrepreneur's Friendly Bank Awards Ceremony



The jury awarded BRE Bank for its professional advisory, consistent friendly approach to institutional clients, and transparent offer. Thanks to its high score in 5 consecutive editions of the competition and in recognition of its systematic contribution to friendly relations with SMEs, BRE Bank was given the Platinum Award.

The Łódź Corporate Branch was awarded in the competition and received the "Entrepreneur-Friendly Bank Branch" Promotion Logo. It won the highest score among all participants in this category thanks to its highly professional SME customer service in keeping with appropriate financial indicators of a branch. The jury decided that its model location affords SME clients an above-average standard of service and scope of financial services.

V. BRE Bank: a Responsible Employer

“Our People Make The Difference” is one of BRE Bank’s guiding principles: our people are our major asset. It is thanks to their activity and commitment, expertise and professionalism that all of our businesses grow, customers can use an increasing range of services and enjoy improved customer care, and the company’s shareholder value rises.

The quality of human resources is an area of increasingly fierce competition among companies. With this in mind, BRE Bank pursues an HR policy aimed to attract, retain, and grow gifted employees whose competences match current and future needs. This is supported by a bonus system which guides the professional and personal growth of employees, defines career paths depending on employee skills, talents, and abilities, and enables employee competitions which distinguish and award top performers.

The employee focus requires substantial investment in human resources. This includes the funding of qualification improvement through training and post-graduate courses, as well as social benefits: health care, additional pension savings, and active recreation.

BRE Bank’s HR activity was awarded with the HR Management Leader title granted on 31 May 2007 in a competition conceived and organised by the Institute of Labour and Social Affairs. The competition promotes know-how and good practice in HR management and awards particularly successful organisations.

V.1. Employment profile

Employment in BRE Bank 2001-2007

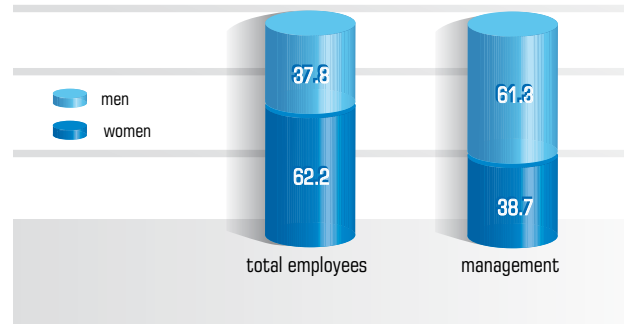


The chart presents the evolution of employment at BRE Bank as of 2001, the first full year of the retail banking operation. The headcount grew mainly in this newest business line which employed 56.8% of all staff (42.0% of FTEs) at the end of 2007.

At the end of 2007, BRE Bank’s headcount was 4,795 persons. The headcount grew by 794 employees year on year (including 727 new retail banking employees). The headcount was equivalent to 3,869 full-time positions at the end of 2007. The difference is due to part-time employment of a large group of staff, especially in retail banking. In particular, this concerns partners and employees at MultiBank Partner Outlets and mBank Partner mKiosks who are employed by BRE Bank at a fraction of a full-time position.

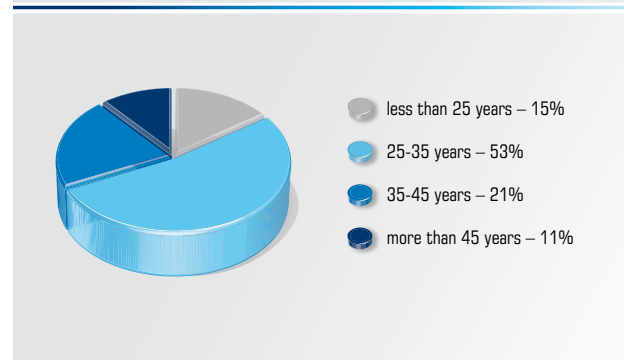
The Bank’s employee turnover (hired employees less leaving employees to average annual headcount) grew modestly in 2007 and was 18.3% compared to 11.2% in 2006.

Structure by sex in 2007 (in %)



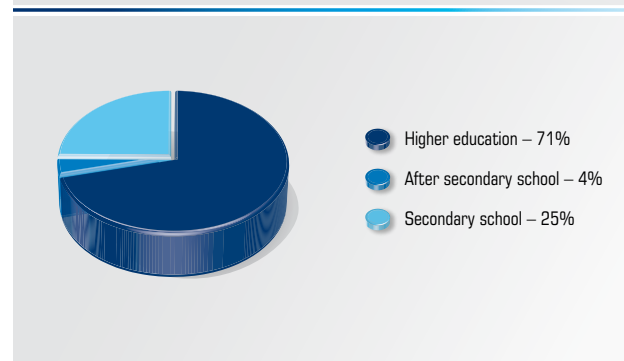
Most employees (62.2%) were women. The proportion of women among managers (including Management Board Members, Department, Bureau, and Branch Directors and Deputy Directors, and Division Managers) was 38.7%, which was stable year on year.

Structure of employment by age



The Bank’s employees are relatively young: 68% are under 35 years of age. They are well educated: 71% of all employees have higher education. The proportion of young employees under 25 years of age grew from 12% to 15% and the proportion of employees with university education fell from 74% to 71% in 2007 due to fast growth of the headcount of retail banking which hires young people without a higher education requirement.

Structure of employment by education levels



V.2. Code of Corporate Values

In 2005, BRE Bank implemented the Code of Corporate Values DROGA. Its name is the Polish abbreviation of the most valuable employee characteristics: Perfection, Execution, Responsibility, Readiness, and Commitment. The Code of Corporate Values contains the most valuable employee attitudes and behaviours and sets standards which define the guiding principles to be followed in professional work, relations with colleagues, business partners, and the environment. Employees are expected not only to achieve results; they should also perform their tasks in the appropriate manner. Employees' compliance with attitudes and behaviours defined in the Code of Corporate Values will enable BRE Bank to tap its full potential and to achieve long-term goals.

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

Perfection – to strive for the best results, to acquire new knowledge and skills;

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 effectively;

Commitment – to be active and dedicated, to influence others, to identify with the organisation.

Code of Corporate Values



V.3. BRE Bank's Incentive System

The remuneration policy is a key component of a company's HR strategy. It plays a crucial role in the development of corporate culture. The remuneration policy is also a basic tool of implementing BRE Bank's HR mission "Our People Make The Difference."

BRE Bank works to ensure the transparency of remuneration rules and to create conditions of employment conducive to the recruitment and retention of the best employees.

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 a tool of building a competitive advantage in the market by recruiting and retaining competent employees able to achieve the Bank's ambitious targets. BRE Bank's remuneration policy is unique in its relatively high share of the bonus in total pay. The close link between the total pay and the Bank's financial results and quality standards strengthens the motivation and active involvement of employees and 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 the basic salary and the 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;
- Top Performers – employees achieving the best performance and top rating under BRE Bank standards – are paid according to the top market benchmark.

In addition, the incentive system also includes a stock option scheme for the Bank's key managers.

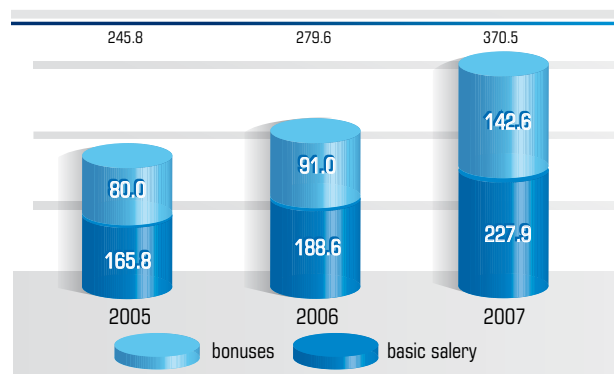
BRE Bank's bonus system awards for the achievement of quantitative targets taking account of the assessment of performance under the Code of Corporate Values as an important condition of bonus payment.

The key feature of the system is that employees have an impact on their own bonus through the achievement of set targets and top quality of performance. The Bank awards employees for both individual and team efforts.

The achievement of individual targets and compliance with the Code of Corporate Values are reviewed in the employee appraisal process (Individual Effectiveness Process).

Communication of transparent rules of remuneration enables effective management of employee expectations and dedication. The payroll cost in 2005-2007 broken down by basic salary (fixed under the employment contract) and bonus is shown in the chart below. The share of the bonus grew from 32.5% in 2005 to 38.5% in 2007.

Structure of remuneration costs in BRE Bank (PLN million)



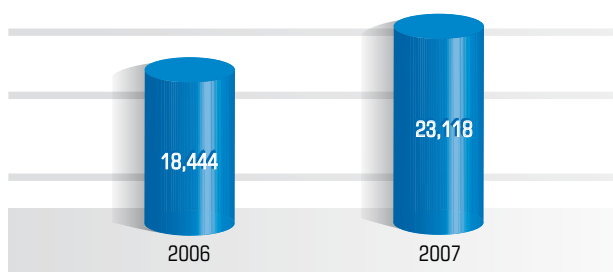
The incentive system is supported by employee competitions. These are designed to boost sales of specific product categories and to award employees for innovative concepts and above-average commitment.

V.4. Training

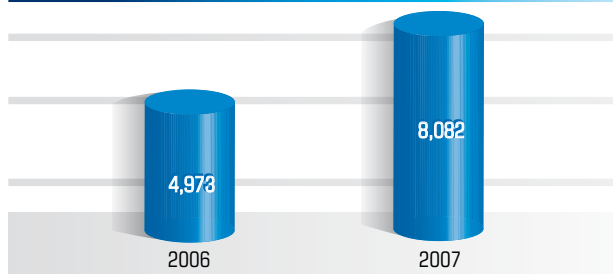
The Bank attaches great importance to training because improvement of employee competences is a key growth driver of an organisation. Employee growth and training are planned and structured under the Bank's Corporate Growth Programme. Employees undergo training according to a scheduled training path.

Training intensified in 2007 as shown on the charts. Both the number of training days and man-training increased.

Number of man-trainings in 2006-2007



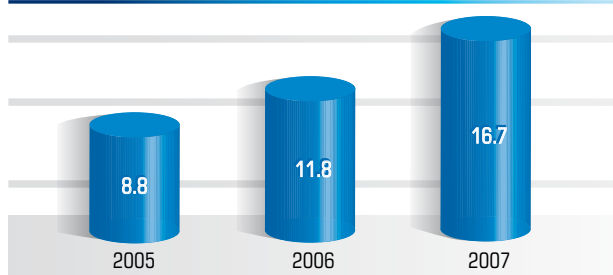
Number of training days in 2006-2007



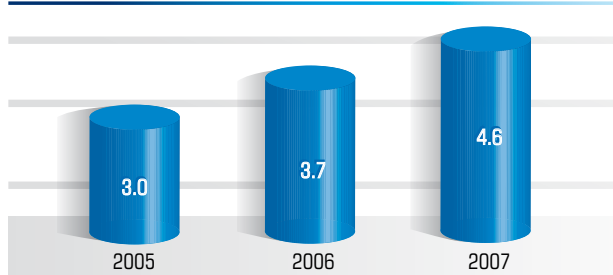
The number of training days grew from 4.9 to 5.2 days per employee and from 5.8 days to 6.4 days per FTE.

The growing volume of training entailed a growing training budget of the Bank. The Bank's total training expenses (including in-house training, training from external providers, reimbursement of the cost of studies and reimbursement of the cost of language training) are shown in the charts below.

Cost of training (PLN million)



Cost of training per FTE (PLN ths)



The topics of training were defined on the basis of a review of training needs in the business lines of the Bank. Most training is offered in-house and matched to the needs, specificity and organisational culture of the Bank. Training involves workshops which raise qualifications, develop relationship building and communication skills, presentation skills, effectiveness, internal and external customer service.

Training is addressed to specific target participants, ensuring an effective education process:

- Strategic workshops for top managers;
- Strategic Leadership Academy;
- Internal BREmba Programme;
- More Business Achievements Club;
- BREmba Competition;
- Good Leadership;
- Leader on the Way;
- Training Lines for key positions;
- BRE Language Training Programme;
- Seminars, conferences, post-graduate courses.

V.4. 1. BREmba

The Bank's Master of Business and Administration (MBA) post-graduate programme is an interesting project, referenced by the Forum for Responsible Business in its 2007 report "Responsible Business in Poland. Good Practice".

The BREmba programme was opened in 2006. Candidates are selected in a competition. The selected employees with a high potential of learning and leadership skills have taken up 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.

Members in the First edition of the BREmba Internal Program



Most costs are paid by the Bank. Competition winners select an MBA course in Poland or abroad and take a loan for a period ending up to 5 years after graduation. The Bank pays the principal and the student pays the interest.

By the end of 2007, in the first edition of the BREmba competition, two participants completed the programme: one at the French Institute of Management in Warsaw, the other at INSEAD in France. In April 2008, a Bank employee completed the programme at IESE in Barcelona. In the next edition, two BRE employees started the MBA programme at the Warsaw School of Economics and the University of Warsaw in September 2007.

The first edition of the in-house MBA programme started with 28 participants.

V.4.2. BRElanguage: comprehensive language skills development programme

BRElanguage is a training programme in English under the umbrella of the Corporate Training Programme offered by the Bank to employees as of October 2006. In the school year 2007/2008, 416 employees participated in language training in 82 groups in the Head Office and 15 Corporate Branches of the Bank in Poland. Each group had between 4 and 8 students. Training was offered at three levels: intermediate, upper-intermediate, advanced.

The project with its scale (164 retail banking employees participate since January 2008) and effective processes (recruitment, examinations, group formation, classes held in many locations in Poland) is running in compliance with top international standards.

V.4.3. Training under the European Social Fund

BRE Bank takes advantage of European Union funding to organise training programmes. The programmes have included 1,716 participants in 143 training groups.

Training topics:

- Sales techniques (basic and advanced);
- Analyst training;
- Negotiation techniques for sales people;
- Professional customer service;
- Personal effectiveness;
- Communication and co-operation;
- Business negotiations;
- Presentations and public appearances.

The project had 3 modules implemented under the umbrella of the Corporate Training Programme: BREadvisor, BREanalyst, and BREeffect. The project closed successfully according to plan. The participants rated the training at 4.68 on a scale from 1 to 5 (5 being the best grade).

V.5. Employee health care, social security, sports and recreation

V.5.1. Health care

The Bank ensures employee health care provided by private medical centres. The Bank pays employee health care fees with a private provider. The fee covers a wide range of medical services: consultation with physicians of all specialisations, basic and special checks, rehabilitation.

Health care covers all of the Bank's current and retired employees (127 retirees at the end of 2007). Employees can pay health care fees for family members. All employees undergo regular medical checks.

V.5.2. Occupational health and safety

(The section below only concerns the corporate banking business of the Bank, excluding the retail banking area.)

In 2007, employees were affected by 10 accidents at work and 9 accidents on the way to work. One accident was fatal (car accident – a head-on crash). The number of accidents increased year on year: there were 2 accidents at work and 3 accidents on the way to work in 2006. Accidents at work mainly involved minor injuries of the legs resulting in temporary incapacity (up to several days), usually caused by paying insufficient attention while in motion.

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. Other accidents and prevention techniques are covered in Occupational Health and Safety training. In 2007, 133 persons participated in regular training (87 persons in 2006).

Participants of the Drive Safe training program



In view of the employee work profile (most employees use computers), the Bank reimburses a part of the cost of optical glasses for employees. In 2005, 250 employees were so reimbursed. To better protect the eyesight of employees, the Bank is replacing computer screens with LCD displays. The process will be completed in 2008.

V.5.3 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 2007, the Łódź Call Centre had 4 employees with disabilities while the Bank's Head Office and Corporate Branches had 13 employees with disabilities.

V.5.4. Additional life insurance with an investment fund

In addition to obligatory social security contributions of employees, BRE Bank offers a voluntary scheme of life insurance with an investment fund as of 1995. Participation in the scheme requires 4 years of service with the Bank. The contribution paid by the Bank is 7% of the eligible employee's basic salary. This is part of the 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. Additional insurance covered 857 persons at the end of 2007.

V.5.5. Sports and recreation

The BRE CLUB has operated at BRE Bank for 14 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.

The BRE CLUB has its own Executive Committee and By-laws. Each Bank employee may sign up for any section and participate in its events.

In 1994-2008, employees created 17 sections, of which 9 are nation-wide and 6 are local; they have sub-sections in many cities. The BRE CLUB website features information about all sections, including the composition of the Executive Committee, planned events, reports of past events, and new members.

In 2007, employees in Łódź established a new water sports section SEALS while new gym sections were opened in several cities: there are currently 11 gym sections across Poland including Warsaw, Katowice, Poznań, Gdańsk, Gdynia, Częstochowa, Łódź, Wrocław, Bydgoszcz, Lublin, Olsztyn.

The number of BRE CLUB members grew from 736 in 2006 to 924 employees in 2007.

The BRE CLUB has the following sections:

- **BRE*Ski*Club** – nation-wide section
- **BRE*TENNIS*CLUB** – nation-wide section
- **The BREatles** – music section
- **Sailing Section** – nation-wide section
- **Horse-Riding Section** – nation-wide section
- **Rod-Fishing Section** – nation-wide section
- **Swimming Section** – Warsaw, Łódź, Lublin
- **Volleyball Section** – Warsaw, Łódź
- **Boxing Section** – Warsaw, Łódź
- **Gym Section** – Warsaw, Łódź, Katowice, Poznań, Gdańsk, Gdynia, Częstochowa, Olsztyn
- **Bicycle Racing and Canoeing Section** – nation-wide section
- **Extreme Sports Section** – nation-wide section
- **Bre Fitness Section** – Warsaw, Łódź
- **Ballroom Dancing Section** – Warsaw, Łódź
- **Cycling Section** – Warsaw
- **Bre Runners** – nation-wide section
- **Water Sports Seals Section** – nation-wide section

Skiing Competition for BRE Bank employees, Kasprowy Wierch



V.6. Employee Council

The BRE Bank Employee Council operates at the Bank as of the end of 2006 pursuant to Article 11.3 of the Law on Employee Information and Consultation of 7 April 2006.

The main objective of the Employee Council is to open consultations with the employer about the activity and financial position of BRE Bank, the status, structure and planned changes of the headcount, and activities aimed at maintenance of the headcount level, as well as activities which may cause significant changes in the organisation of work and the basis of employment. The Employee Council communicates with employees via a website; employees may use a dedicated e-mail address to approach the Employee Council with queries and motions.

In 2007, the Council adopted 6 resolutions, including the recommendation of a review of medical services offered by a private provider to Bank employees following a completed survey. In particular, the review was to focus on the availability of special medical services and the waiting time. As the terms of the contract cannot be renegotiated, the Council proposed the selection of a new medical service provider offering at least the same service, possibly at the same fee level.

BreKlub sailing crew during the Pogoria cruise



VI. BRE Bank: a Responsible Business Partner

As a large and complex organisation which offers a very wide range of complex services and operates a big network of branches across Poland, the Bank is the buyer of many different goods and services. Corporate responsibility and business ethics play a role in the Bank's activities as a partner in many transactions with businesses.

The Bank sources all products and services under ethical and transparent procedures. Suppliers for larger contracts are selected in tendering procedures.

Procurement was centralised and integrated on the electronic buy-site platform starting with office supplies. A single supplier was selected for the Bank in a tender. Orders are placed on-line and supplies are delivered on the following day. As a target, payments will also be centralised based on a single invoice from the supplier submitted electronically to reduce the accounting workload.

Work is underway on further centralisation of purchasing, including IT procurement.

Some of the Bank's relations with business partners are based on outsourcing contracts where the Bank delegates its operational processes to special third-party providers who can deliver them more effectively than the Bank itself. The rationale for outsourcing includes the drive to reduce costs and to avoid corruption.

The largest outsourcing contract concerns payment settlements and document filing. These functions were outsourced to the company CERI in Aleksandrów Łódzki. CERI offers an electronic archive and a paper archive, identification of mass payments, a payment identification system, data input, mass mailing. The company was established by the Bank in 2003; BRE Bank contributed its equity and transferred several hundred employees. The company services a growing number of third-party customers.

Two interesting examples of good practice employed by BRE Bank as a business partner are described below.

BRE Profit

This is a procurement platform where the Bank shares the trade terms offered by its suppliers with four groups of partners: BRE Group companies, partners and agents, employees, and other partners of the Bank. These are very attractive trade terms specially negotiated and otherwise not available to individual customers. The goal of the programme is two-fold. First, it is a source of savings for the BRE Group thanks to the consolidation of demand and procurement within a large group of buyers and consumers. Second, it is an element of the HR policy and a support tool for the Bank's business by rewarding employees with interesting offers and opening attractive opportunities to BRE Group providers including its partners and agents who sell financial services or supply goods.

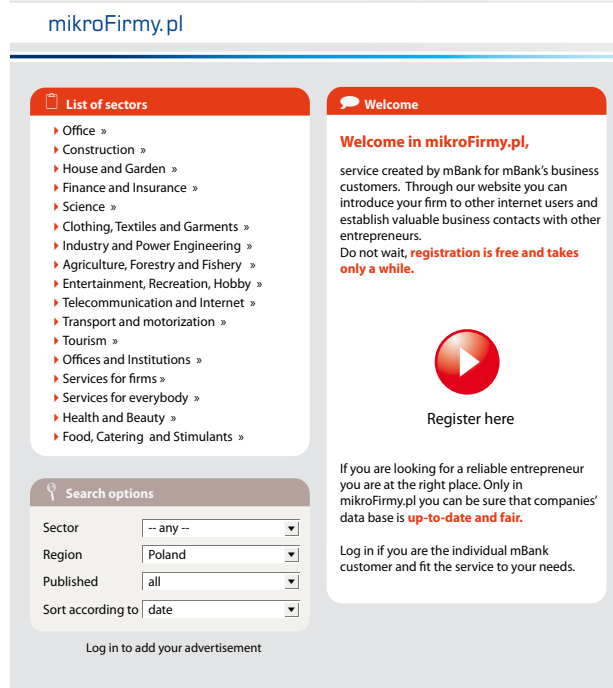
The following products are now available on special terms:

- MultiBank services;
- cars and car loans (emFinanse);
- car insurance;
- telecommunication services;
- bottled water.

The product offer of the programme will be gradually extended.

mikroFirmy.pl – catalogue of trusted businesses

In addition to private individuals, mBank offers its service to microenterprises. The catalogue of trusted businesses was created with them in mind. The website shown below illustrates the profile of the project.



VII. Environmental Protection

VII. 1. Waste management plan

Thanks to the specificity of its business, the Bank has no detrimental impact on the environment, unlike manufacturers responsible for emissions, industrial waste and other pollutions. However, under the provisions of environmental legislation, the Bank has to employ a waste management practice.

In order to reduce the quantity of waste and its negative environmental impact, BRE Bank's organisational units take the following environmental measures:

- Use of energy-efficient durable incandescent lights;
- Increasing share of state-of-the-art equipment complying with environmental standards (mainly mobile phones, computer hardware);
- Rational use of equipment.

Wherever the Bank has redundant computer hardware or furniture in useful condition, it is donated to institutions like schools, orphanages and cultural centres for further use.

Other waste is collected and rendered according to the Waste Management Plan. Hazardous waste under close surveillance at the Bank includes:

- Waste electric and electronic equipment: used toner, cartridges, mobile phones, audio and video equipment, computers, printers, screens, cordless electric kettles, incandescent and fluorescent light bulbs;

- Ethylene glycol used as a heat carrier in AC equipment, replaced after expiry date according to the Safety Data Sheet;
- Waste (sludge) from cleaning of sedimentation tanks for oil products BCPT/BCS (indoor waste water installation components).

All waste is recorded in special sheets and rendered for disposal under waste delivery reports. The reports are delivered annually to relevant authorities which compile regional statistics.

Several issues were identified in 2007, the first full year of implementation of the Waste Management Plan. According to ECO ŚWIAT, the Bank's provider of outsourced waste management services, compliance with the statutory waste management requirements by an organisation like BRE with several hundred locations of varied size (including partner outlets) gives rise to many internal and external problems. It is not easy to buy services of waste collection providers as office buildings and small outlets across Poland are not an attractive partner (because they generate too little waste). Building administrators and cleaning companies not always ensure segregation of waste. The cost of waste collection is too high for partner outlets. Not all outlets comply with the waste management programme: some of them do not keep quantitative or qualitative records of waste and fail to segregate and render waste.

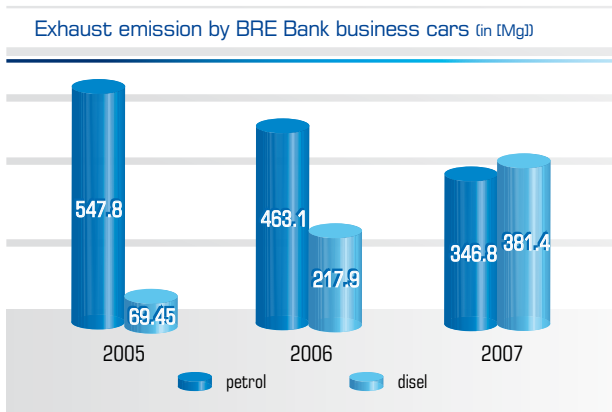
The Gdańsk Corporate Branch sets a good example. Separate, specially designated containers were placed on each floor. As a result, unsegregated waste (removal cost at PLN 8 per 120 litres) was reduced by 80% to the advantage of segregated waste (PLN 2 per 120 litres). This provided several thousand zlotys of savings in 2007.

In summary, the Bank has much room for improvement in its waste management activities.

VII.2. The Bank's other environmental impact

VII.2.1. Exhaust emission fees

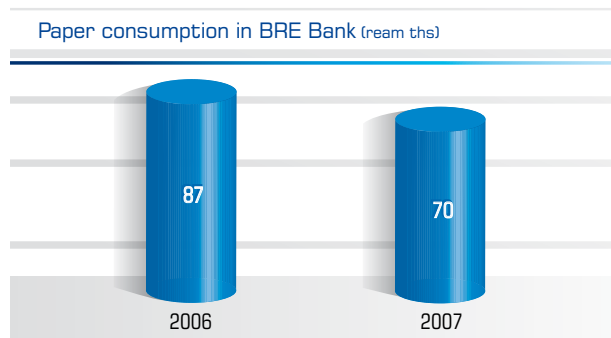
As an owner of a large car fleet, the Bank pays annual emission fees for business cars used by Bank employees. The Bank's company cars consumed 635.5 thousand litres of petrol and 336.7 thousand litres of diesel in 2007. The share of diesel in total consumption is growing. Exhaust emissions follow that trend, as shown in the chart below.



The Bank pays statutory environmental fees for the emissions. The exhaust emission fee was close to PLN 9 thousand in 2007, compared to PLN 8 thousand in 2006. The fee is paid to the Marshal's Office of the Mazovian Region.

VII.2.2. Paper consumption savings

Paper consumption and paper recycling is another environmental concern. Despite increasing use of the internet and electronic generation of documents, the Bank continues to use much paper as many incoming and outgoing documents are hard copies. The Bank works to reduce the consumption of paper thanks to increasing use of electronic documents. Account statements are now delivered to corporate and retail customers in electronic form. With over 2.0 million customers, the Bank saves dozens of tons of paper each year. As a result the Bank's paper consumption fell, as shown in the chart below. The cost of paper consumption decreased from more than PLN 1 million to PLN 837 thousand.



VIII. Bank's Social Commitment

VIII.1. BRE Bank: a patron of culture, the arts, and education

As a patron of Polish culture and arts and a promoter of many educational, social, and charity projects, BRE Bank has for years worked on non-commercial initiatives guided by the understanding of growing importance and impact of sponsorship and charity work. The Bank has promoted many artistic and cultural events and supported social institutions (e.g., orphanages and hospitals), reinforcing its corporate social responsibility.

By supporting culture, the arts, and education, and in its charity work, the Bank takes initiatives understood and endorsed by its shareholders and customers who also participate in its projects. This allows the Bank to be a responsible citizen, sensitive to social needs and problems, actively involved in social initiatives.

Over more than 20 years in business, BRE Bank has amply demonstrated its commitment to culture and the arts. The Bank has supported, among others, the National Museums in Warsaw and Gdańsk, the National Art Gallery "Zachęta", the Wilanów Museum and Palace, the Frederic Chopin Academy of Music in Warsaw, the Polish National Committee of the International Council of Monuments and Cities ICOMOS, the Union of Polish Art Photographers, the "Kordegarda" Gallery. The Bank has also sponsored exhibitions and purchased works of art for museums.

BRE Bank and the BRE Bank Foundation have for years supported numerous research and educational projects promoting economics. The Bank supports initiatives which make an important contribution to the science of economics and the research on the Polish economy.

BRE Bank co-operates with the CASE Institute in organising seminars and conferences for scientists, businessmen, journalists, students, Bank customers and employees. Meetings are open to free-of-charge participation. Each meeting is attended by an audience of 60-100 visitors. The scientific journal BRE Bank-CASE Newsletter is published after each seminar. While seminars mainly focus on issues relevant to financial markets and the banking sector, over the past years they have also covered other issues of relevance to the economy, including tax reforms, the housing and insurance market, the energy market, and business ethics.

As of 2005, the Bank has mainly focused on supporting entrepreneurship, competitiveness, and the quality of the business environment, as well as promotion of innovative business solutions.

VIII.2. Research on innovation in the Polish economy

The key and largest project was the Top 500 Innovative Companies ranking (and regional rankings) organised three times so far (2005, 2006, 2007) in co-operation with the Institute of Economics of the Polish Academy of Sciences, the newspaper Gazeta Prawna and Dun & Bradstreet. BRE Bank sponsors the research and organised innovation galas. The main purpose of the project is to identify innovative business solutions and promote innovative companies.

Discussion panel during the Innovation Gala in Sopot



The ranking was presented at regional Innovation Galas held in Katowice, Gdańsk, Poznań, Wrocław, Łódź and Warsaw. Awards for the most innovative companies were presented during these events. Dedicated seminars on innovation brought together more than a thousand participants who discussed barriers to innovation, patent law, and financing of innovative projects.

The subsequent editions of the ranking over the past 3 years covered:

- first edition – around 2.5 thousand companies
- second edition – around 10 thousand companies
- third edition – around 26 thousand companies

The ranking awarded several companies which were promoted on the regional and national level. The ranking approach helps to identify cases of innovation in microenterprises and locally.

The research gives the business community and partners clear benefits. It helps to identify and promote innovative companies and present the best market solutions. It is a platform of discussion and co-operation, and stimulates interest in innovation in order to reduce the development gap between Polish companies and global leaders.

With funding by BRE Bank, the Institute of Economics of the Polish Academy of Sciences developed a unique professional methodology of innovation research. The methodology is used to train officials of the public administration and companies interested in evaluating innovation. Co-operation between the European Consultants Training Institute in Kalisz and the MSN Scientific Network supports a series of training sessions awarding the title of Innovation Consultant, Expert, and Auditor (participants included representatives of the Ministry of the Economy, the Ministry of Science and Higher Education, the Ministry of the Interior and Administration, the Ministry of Environmental Protection).

For more information see: www.brebank.pl/innowacyjnosc

VIII.3. Other activities

The Bank supports education in economics and has recently sponsored the publication of several important books (in Polish translation): *Winning and Winning: The Answers* by Jack Welch, *The Third Wave* by Alvin Toffler, *The Leadership Mystique* by Manfred Kets de Vries, *The Strategy Paradox* by Michael E. Raynor, *Swim With The Sharks Without Being Eaten Alive* by Harvey Mackay, and *The Intelligent Investor and 12 Icons of Economics* by Rene Luchinger.

In 2008, BRE Bank was the initiator and organiser of the Macroeconomic Forum, a meeting with experts in macroeconomics, finance, management and investments. The congress held on 3 April 2008 gathered Poland's largest corporations, representatives of Polish ministries and government agencies. They discussed the impact of current and prospective macroeconomic conditions on the outlook of Polish companies, as well as issues of labour costs, inflation, GDP, Poland's attractiveness to investors, and the impact of EU fund absorption on economic growth in Poland.

VIII.4. The BRE Bank Foundation

The BRE Bank Foundation is a main pillar of BRE Bank's sponsorship and charity work. The Foundation was established under the Resolution of the Bank's Supervisory Board of 20 October 1993 and started its operation in 1994. BRE Bank was its only founder. The Foundation has the status of public charity since 2005, so taxpayers can donate 1% of their income tax to the Foundation.

The BRE Foundation supports education, science, entrepreneurship, culture, the arts, and charity initiatives. The Foundation co-operates with other charity organisations aiding sick, disabled, unprivileged children and others.



The statutory goals of the Foundation include:

1. To support the state administration, social and professional organisations, and social initiatives in raising the education of society, in particular knowledge of economics and banking;
2. To support initiatives aimed at improvement of the health status of society, in particular children and youth;
3. To support institutional and social initiatives for the environment;
4. To assist the protection of cultural goods;
5. To work for the promotion of social initiatives in the banking and financial community.

VIII.4.1. Statutory activity of the Foundation in 2007

In 2007, the Foundation Board reviewed over 800 applications of private individuals, State institutions, legal entities, organisational units, and other foundations, associations and charity organisations.

Decisions concerning subsidies and financial assistance passed at meetings of the Foundation Board in 2007 awarded and expensed PLN 2,316.24 thousand for the statutory activity of the Foundation, up by 70% year on year. The following amounts were granted for individual goals of the Foundation:

1. Education, science, entrepreneurship (PLN 1,396.7 thousand), including:

- Assistance for educational organisations (including foundations and associations with own education programmes) – PLN 638.7 thousand;
- Scholarships (including a scholarship campaign with the Foundation for Education in Entrepreneurship) – PLN 305.5 thousand;
- CASE seminars – PLN 246.3 thousand;
- Publications – PLN 77.5 thousand;
- Scientific conferences – PLN 70.5 thousand;
- Assistance for schools (buying teaching aids, programmes, school trips) – PLN 35.2 thousand;
- Sports – PLN 23 thousand.

Other institutions supported by the Foundation include: the ABCXXI Foundation “All Poles Read Books to Children”, the Institute for Market Economy Research, the Polish Economics Association, Academic Incubators of Entrepreneurship, the A. Bączkowski Award Jury, the Polish Brotherhood of Gutenberg Knights.

2. Health care and social welfare (PLN 605.7 thousand), including:

- social welfare (including grants to associations, foundations, orphanages, welfare centres) – PLN 296.1 thousand;
- assistance for sick children (therapy, rehabilitation, treatment funded via special foundations and associations) – PLN 193.4 thousand;
- health care (assistance for health care institutions) – PLN 116.2 thousand.

The Foundations supported the “Help Before It’s Too Late” Foundation for Children, the “Sun” Foundation for People with Disabilities, the SYNOPSIS Foundation, the Polish Humanitarian Action, the Anna Dymna Foundation, and hospices.

3. Culture, the arts, protection of the national heritage (PLN 313.7 thousand), including:

- Exhibitions – PLN 131.8 thousand;
- Grants to culture and arts associations, foundations and other organisations – PLN 119.9 thousand;
- Concerts, assistance for choirs and singing associations – PLN 62 thousand.

The Foundation supported the Royal Castle in Warsaw, the Singing Associations LUTNIA and HARFA, the Pro Musica Antiqua Association, the Polesie Arts Centre, museum and galleries in Poland, cultural centres, publications.

In 2007, the Foundation established co-operation with the following institutions and initiated the following projects:

1. Foundation for Education in Entrepreneurship (FEP)

Co-operation with FEP continued with a new project: a competition for FEP fellows. An agreement was signed to organise and carry out a competition for the winners of the FEP Bridge Scholarship Programme who are 3rd and 4th year students of economics, finance, banking and international relations in the academic year 2007/2008.

The BRE Bank Foundation financed 50 scholarships for the winners of the competition.

2. Royal Castle: Exhibition “From Luther to Bauhaus. Art and Treasures of German Museums”

The BRE Bank Foundation provided funding for the exhibition.

The exhibition was prepared by the Royal Castle and the Conference of National Cultural Institutions (Konferenz Nationaler Kultureinrichtungen – KNK) which groups over 20 German cultural institutions in the new German states. The exhibition presented German and European art and cultural treasures as well as artefacts from exotic cultures from the perspective of collections created in central and eastern Germany between the 16th and the 20th century.

The exhibition featured paintings, sculptures, drawings, books and music, crafts and scientific instruments, natural artefacts and curiosities – a rich collection of 300 objects. The exhibition was arranged as a passage through 500 years of European history of culture and arts, from the Reformation to book collections of the Renaissance and Baroque, to the Enlightenment fascination with science and antiquity, to the Romantic search for national identity and early museums of science and technology, to the avant-garde quest of the early 20th century and the role of Bauhaus in shaping the contemporary functions of art.

3. Young Polonia Foundation: youth scholarships

The Young Polonia Foundation is the only foundation in Poland to assist the young Polish diaspora abroad with a comprehensive cultural and social programme. The Foundation aims to facilitate the participation of young foreigners of Polish origins in the cultural, political and economic life in the country of residence in order to promote Poland and inspire a sense of pride in the achievement of Poles globally. The Foundation works with Polish diaspora organisations to reinforce ties with Poland and the Polish culture and language.

In 2007, the BRE Bank Foundation financed 5 student scholarships for Young Polonia Foundation fellows.

4. Institute for Market Economy Research (Second Civic Congress)

The BRE Bank Foundation joined the organisation of the Second Civic Congress in 2007. The Congress was held at the Warsaw University of Technology on 10 March 2007. Its goal was to open a public debate across sectors, generations and regions on “Growing through the community and competition”.

The Civic Congresses are organised to stimulate civic involvement of all generations, especially the young who largely stay away from public involvement.

Congress meetings create a new type of networks of dialogue that cut across sectors (business, research, politics, culture, local government, civic organisations), generations and regions (Warsaw, cities, rural areas) and promote the culture of public debate.

5. Foundation – Medical Science Development Centre

The Foundation – Medical Science Development Centre organises medical seminars and conferences, funds training courses for medical professionals, finances medical and diagnostic research, and buys medical equipment and supplies for hospitals. The BRE Bank Foundation funded the purchase of hospital beds for the Transplantation Clinic of the Medical University in Warsaw in 2007.

6. Polish Humanitarian Action (PAH) – Pajacyk Programme

Pajacyk is a programme of the Polish Humanitarian Action which funds meals for school students. The programme is very popular across Poland.

PAH has raised money for meals for children in schools and day care centres for many years. In the school year 2007/2008, over 6 thousand kids in schools across Poland had their meals paid for by the programme.

The BRE Bank Foundation financed meals for 100 children throughout the school year 2007/2008.

7. "Sun" Foundation for People with Disabilities

In 2007, the BRE Bank Foundation opened co-operation with the "Sun" Foundation for People with Disabilities in Złotowo.

The BRE Bank Foundation was established by the Hippotherapy and Rehabilitation Centre "Zabajanka" in Stawnica which offers rehabilitation for people with disabilities in Poland, especially children with cerebral palsy.

Under signed agreements, the BRE Bank Foundation provided grants to fund treatment and rehabilitation of 100 children in 2007.

In addition, in 2007 the BRE Bank Foundation provided funds for:

1. organisation of scientific seminars and conferences;
2. publication of books and scientific journals;
3. diverse educational activities and programmes in primary and secondary schools across Poland;
4. orphanages and day care centres.

BRE Bank Foundation expenses in 1994-2007 (in PLN ths)



The BRE Bank Foundation spent PLN 11.6 million on its statutory activity between inception in June 1994 and the end of June 2007.

VIII.5. mBank's sponsorship and charity activity

Sponsorship and charity work is an important part of mBank's efforts to create the image of a dynamic bank for customers who value time and comfort but also like new challenges. Many projects supported by mBank encourage an active lifestyle. Such social commitment falsifies the alleged dehumanised nature of on-line institutions which have no face-to-face contact with customers.

As a leader of innovation, mBank has always attached greatest importance to supporting interesting initiatives, especially cultural, educational, and sports projects. mBank is not only a sponsor, patron and donor, but also the author of many initiatives.

mBank raises funds for foundations aiding those in need each year at the time of Christmas and Easter. Customers can donate funds to the foundations by using mTRANSFERS. mBank has established very close co-operation with the ABCXXI Foundation, organiser of a major social campaign "All Poles Read Books to Children."

Every year mBank merchandise is put to an on-line auction and all receipts go to Poland's biggest annual charity event Wielka Orkiestra Świątecznej Pomocy.

Development and strengthening of relations with customers who constitute the mCommunity of Poland's first virtual bank is a key component of mBank's strategy.

mBank's major initiatives in 2007 included:

Sponsorship of the Second Off Festival in Mysłowice, a major alternative music event in Poland combined with the International Volunteer Work Fair;

- Co-operation with the ABCXXI Foundation (sixth consecutive year), organiser of a major social campaign "All Poles Read Books to Children";
- Funding the award in a business plan competition organised by Academic Incubators of Entrepreneurship;
- Strategic partnership in the Moneta Aurea and Moneta Platina competitions (tax, audit, accounting knowledge) organised by Deloitte;
- Two own-initiative projects promoting a healthy lifestyle: the mBank Łódź Marathon (since 2004) and the mBank eXtreme event in Sielpia (since 2001) with around 700 participants each;
- Charity: collection of funds for selected foundations and for victims of natural disasters, auction for Poland's biggest annual charity event.

mBank's expenditures for charity initiatives totalled PLN 572 thousand.

Runners in the mBank marathon on the streets of Lodz



VIII.6. MultiBank's sponsorship and charity activity

MultiBank has always worked for charity and supported cultural and educational institutions, reinforcing its image as a bank caring for more than customers' funds. MultiBank's sponsorship initiatives give support to cultural institutions and promote the arts. Both MultiBank and its customers participate in charity initiatives, jointly supporting a good cause.

MultiBank supported the Aquarius Club for Culture Programme in 2007. The programme promoting the arts provided grants to cultural institutions for their ambitious projects.

- The Theatre Club sponsored the summer season of the Agnieszka Osiecka Atelier Theatre Sopot;
- Sponsorship of cultural events and institutions, including the Christian Cultural Festival, Urbanator Days – music workshops of Michał Urbaniak, the National Gallery of Art "Zachęta", the Łódź Municipal Museum;
- Sponsorship of trips to Alaska and Pakistan and "Travellers 2007" – National Geographic awards for Polish travellers and explorers;
- Financing many charity initiatives;
- MultiBank's expenditures for the above initiatives totalled PLN 472 thousand.

The total expenditures of the BRE Bank Foundation (including costs paid directly by the Bank), mBank and MultiBank for these initiatives were PLN 3.5 million in 2007 (PLN 4.3 million including the cost of Innovation Galas), including: education and science PLN 1.5 million, culture PLN 0.8 million, health care and social welfare PLN 0.7 million, other PLN 0.5 million.