

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

Dear Sirs,

The last year was a turning point for the BRE Bank Group not only because of external factors, but also the internal ones, such as new composition of the Management Board.

Last year, the BRE Bank Group reported pre-tax profit of PLN 1 billion which represents a growth of 4.8% compared with 2007. Non-consolidated pre-tax profit reached PLN 901.5 million, that is 14.3% more than a year before. Thanks to these results, we were able to maintain a good level of effectiveness ratios: pre-tax ROE for the Group stood at 30.8%, the cost/income ratio reached 55.1%. Despite high dynamics of lending, the solvency ratio remained at a safe level of more than 10%, reaching 10.04%. The solvency ratio for the Bank itself was analogous, while the Bank's pre-tax ROE reached 31.1% and cost/income ratio accounted for 52.3%.

In autumn 2008, the economy faced a radical change of market conditions. The BRE Bank Group was also affected, which is mirrored in the results for Q4 of 2008. Pre-tax profit for the BRE Bank Group amounted to PLN 44.9 million, whereas the Bank itself closed the year with a loss of PLN 17.9 million. One of the major reasons behind these figures was the need for setting up considerable write-offs against loans, including loans related with derivative transactions.

Detail financial and business data for 2008 is presented in the financial part and in the Management Board's reports on business activity of BRE Bank and the BRE Bank Group. At this point, I would like to draw your attention to - what in my opinion is the most important at this stage - directions of development of the BRE Bank Group in 2009.

Since we will be forced to struggle with the consequences of the financial crisis for a long time, we decided that the new market circumstances require a change in the approach to business. Therefore, we decided to narrow the horizon of this year's directions of development presented to the market, as we think that formulating forecasts and plans for a few years ahead in the conditions of such rapid changes would not be right. The one-year perspective, even though it may seem short, covers so many unknowns at the moment, that presenting the directions of strategic development for this period turned out to be far more difficult than drawing up long-term strategic plans in the previous "undisturbed" years.

Our primary goal is to prepare the Bank, to the highest possible extent, for the effects of the economic slowdown. Therefore, we appointed the BREnova project, aimed at forming a sound basis for dynamic growth in times when the market situation will have been stabilised. Our immediate business plans, as well as the actions aimed at boosting the effectiveness in all the areas of the Bank's operation, are an inherent part of the project. At the level of key business assumptions, the BREnova project will consist of the components I would like to describe briefly.

In the area of corporate banking, we are planning to focus primarily on cross-selling of products and services. A fully developed network of Corporate Branches and Bureaus should create favourable conditions for its increase, and strengthen the cooperation with MultiBank and the Group subsidiaries.

The year 2009 will bring significant changes in the business model of the retail banking. At present, the income of this Business Line is dependant, to a significant extent, on mortgage loans; therefore the greater diversification of its sources will be necessary. It is an appropriate structure of the income, and not only its increase, that will be the measure of success.

mBank's offering in the Czech Republic and Slovakia will continue to expand. Already in 2009, current accounts offered on these two markets will have the same functionality as accounts offered in Poland. At the same time, we decided to suspend further expansion of mBank model on the markets of Hungary and Romania until the market situation becomes stable. Criteria of the stability of local banking systems and public trust in financial institutions on the local markets will be monitored on an on-going basis.

The objective of BREnova is also the cost optimisation and the analysis of all the areas of the Bank's operation in terms of boosting their effectiveness.

Dear Sirs,

The further safe development of the Bank and the Group requires that the capital base be strengthened in order to keep the solvency ratio at a safe level. I would like to put forward a suggestion that all the profit for 2008 be allocated to increase the capital of the Bank and the Group, contributing thus to stability and safety of our operations. I would like to thank you in advance for approving my proposal, as I believe that you share my view that it will well serve the further growth of BRE Bank's value.

Today, acting on behalf of the Management Board, I would like to thank from the bottom of my heart all those without whom our last year achievements would not be possible: our Clients who allow us to feel like the co-originators of their business success, for trust and partner relations, the members of the Supervisory Board for effective cooperation and readiness to share with us their long-standing experience, as well as Employees of the Bank, and of the Group subsidiaries for their effort, perseverance and commitment.

We are about to face a difficult year and challenges with which we will be struggling for some time. I strongly believe that our Bank will emerge, from the turbulence on financial markets, strengthened and ready to continue further dynamic expansion.

Yours faithfully,

Mariusz Grendowicz

President of the Management Board of BRE Bank SA