



BRE BANK SA

Results of the BRE Bank Group in Q1-Q3 2009

Large income from core business

Management Board of BRE Bank SA

*Presentation for the media
4 November 2009*

[NAJLEPSZA INSTYTUCJA FINANSOWA
DLA WYMAGAJĄCYCH KLIENTÓW]



Summary of the BRE Bank Group results in Q1-Q3 2009

Analysis of consolidated financial results

Looking ahead

Economic conditions

BRE Bank Group

Appendix

Detailed results of business lines in Q1-Q3 2009

Additional information on selected financial data



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Major events in the quarter



1

PLN 724 million – steady and high income from recurrent operations

2

BREnova – continued improvement of the cost-to-income ratio – 51.5% after Q3

3

Reduction in risk costs: the option problem solved

4

*Confidence in mBank and MultiBank
80 thousand new clients and 1.2 billion deposits*

Summary of Q1- Q3 2009 in the BRE Bank Group

Efficiency in difficult times



Net result in Q3 2009		PLN 72.5 million
Net interest result		PLN 412 million
Commission result		PLN 162.8 million
Cost		PLN 364.1 million
Cost/Income (C/I)		51.5%
Capital adequacy ratio (CAR)		11.38%

Summary of Q1- Q3 2009 in the BRE Bank Group

Results of business lines

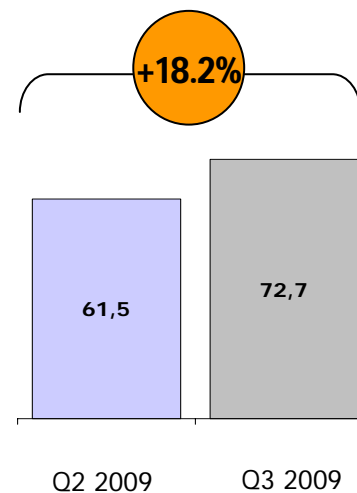
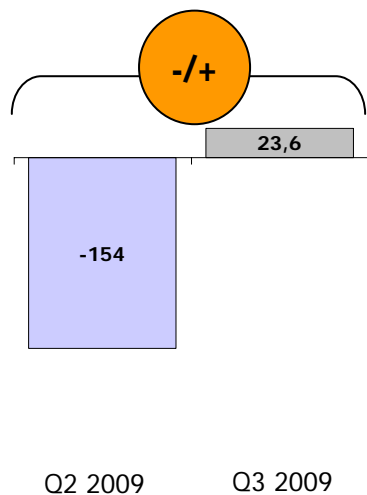


Quarterly pre-tax result by business lines

Corporations and Financial Markets

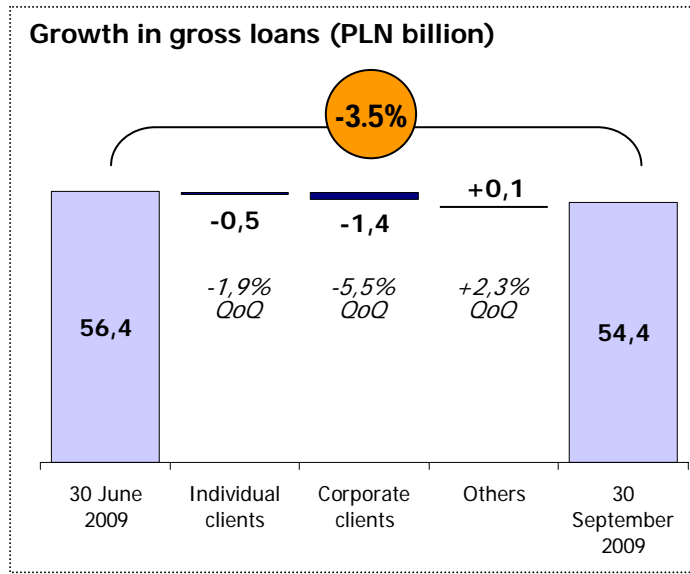
Retail Banking

PLN million

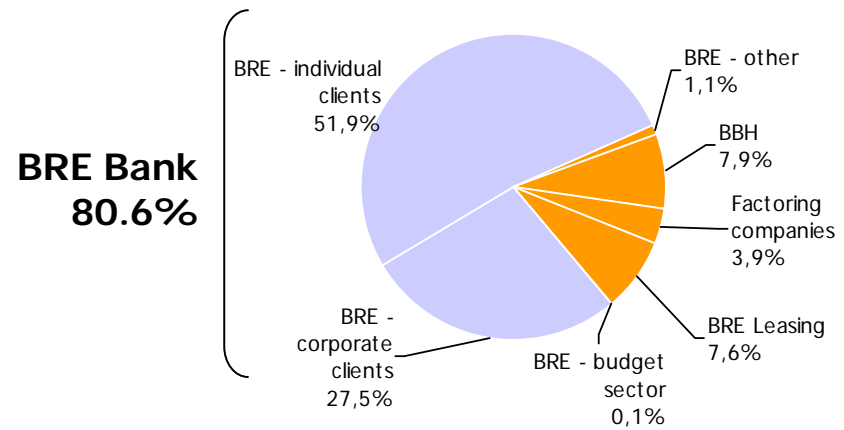


Summary of Q1- Q3 2009 in the BRE Bank Group

Impact of the exchange rate on loans



Structure of the BRE Bank Group credit portfolio (gross)
as of 30 September 2009

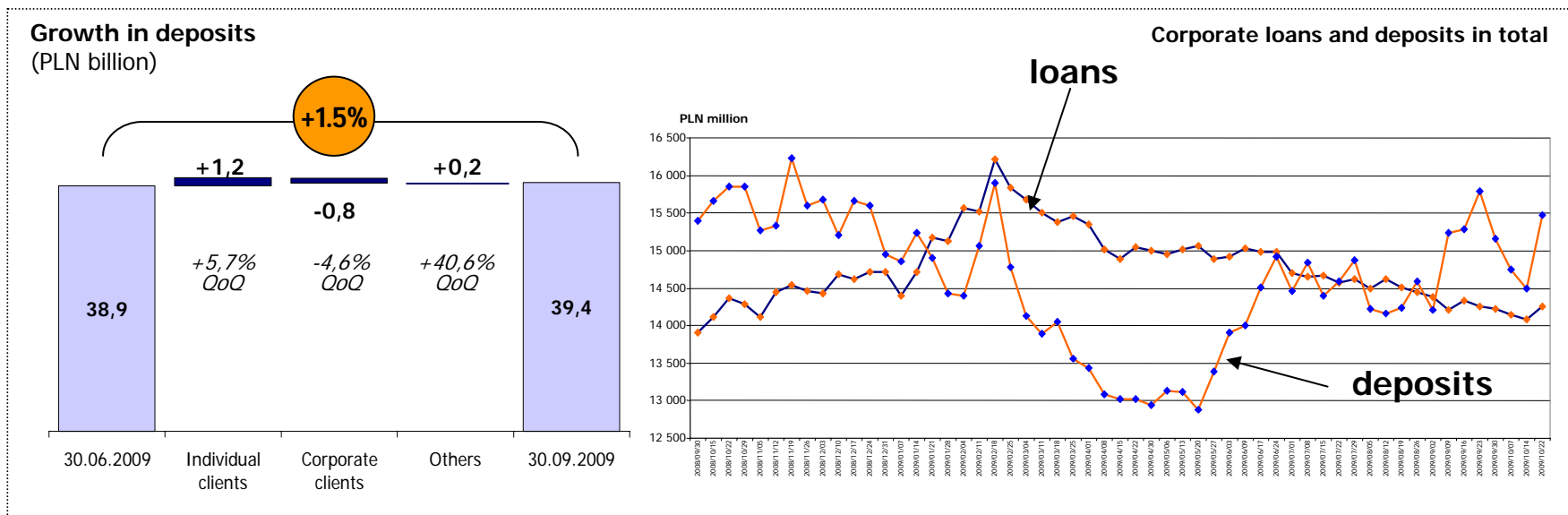


Taking appreciation of the zloty into account, the credit portfolio fell by 0.8% Q/Q

- *In general, gross lending fell throughout the quarter (-3.5% QoQ) and rose on an annual basis (+23.3% YoY) (the market: +0.6% QoQ and +18.6% YoY)*
- *The share of loans for individual clients in the portfolio has been increasing*

Summary of Q1- Q3 2009 in the BRE Bank Group

Growth in retail deposits



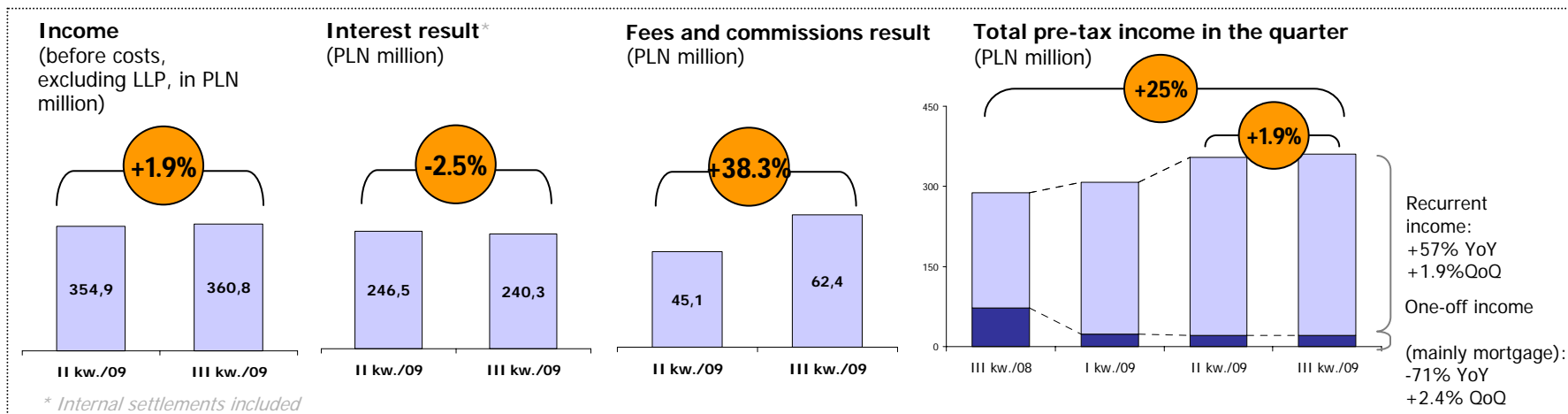
Increase in retail deposits

Corporate deposits on an upward trend

- Total growth in deposits: +1,5%. QoQ (the market: +0.1% QoQ)
- Major growth in retail deposits, mainly those made on savings accounts, and fixed-term deposits
- 9.0% share in the corporate deposits market

Summary of Q1- Q3 2009 in the BRE Bank Group

Confidence in mBank and MultiBank:
more than 3.1 million clients in September 2009

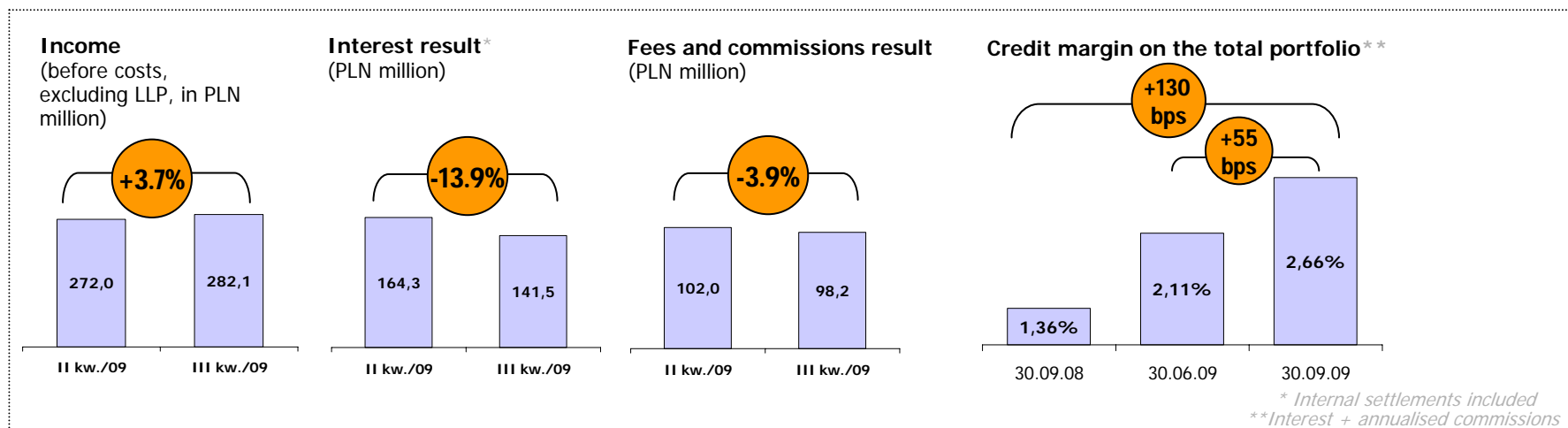


- **Growth in income** was stimulated mostly by increasing income from commissions
- **Decrease in interest result** was connected with:
 - a fall in the CHF exchange rate
 - a fall in the PLN interest rates
- **Considerable increase in the fees and commissions result** was reported thanks to:
 - changes in the pricing policy
 - recovery on the stock exchange market
- **Increase in recurrent income** was related to intensified **cross-selling addressed to** existing clients
- Continued development of the product offer for individual and business clients
- In the Homo Homini poll, Poles indicated mBank, which was accompanied by the largest market players: PKO BP and Pekao SA, as the most trusted bank.

Summary of Q1- Q3 2009 in the BRE Bank Group

Business development: Corporate Clients and Institutions

Continued increase in credit margins



■ **Increase in income**

was connected with improved trading performance (+144% QoQ)

■ **Decrease in interest result** was connected with:

- rising costs of capital
- reimbursement of an overpayment of interest costs amounting to PLN 8 million in Q2 2009 (BRE Leasing)
- lower deposit margin caused by falling market rates

■ **Slightly lower result from fees and commissions**

was connected with reduced trading on the market and a decrease in income in respect of float

■ **Product innovations**

in cash management and electronic banking:

- BRE Auto Overnight – a new functionality of the Automatic Deposit Account
- iBRE Depo Plus – a new product dedicated to courts and prosecutor's offices



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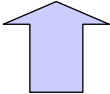
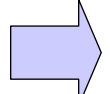
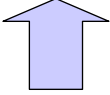
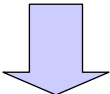
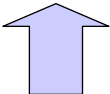
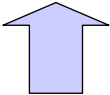
Additional information on selected financial data

Analysis of Financial Results Q3 2009

Profit and Loss Account



Quarterly

(PLN m)	Q3 2009	Q2 2009	Change QoQ	
Total income ^{1/}	724.1	714.8	+1.3%	
Total costs	(364.1)	(363.2)	+0.3%	
Operating result ^{2/}	360.1	351.7	+2.4%	
Net provisions	(248.8)	(438.8)	-43.3%	
Pre-tax profit/loss	111.3	(87.1)	-/+	
Net profit/loss ^{3/}	72.5	(61.6)	-/+	

1/ Incl. the balance of other operating income/costs

2/ Before provisions

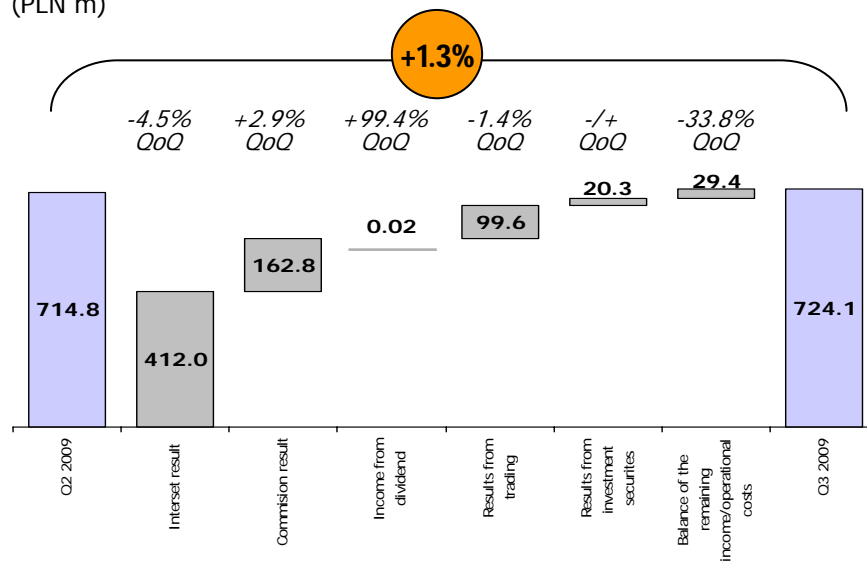
3/ Net profit attributable to the shareholders of BRE Bank SA

Analysis of Financial Results Q3 2009

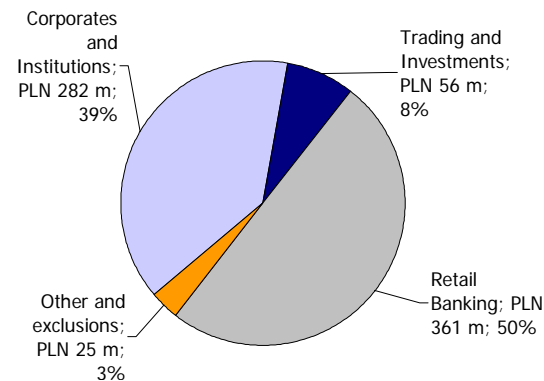
Steady and high income of the BRE Bank Group



Income of the BRE Bank Group Q3 2009 vs. Q2 2009
(PLN m)



Structure of income of the BRE Bank Group by business lines, Q3 2009



High income from recurrent operations

- **Lower net interest result**
as a result of decrease in the value of the credit portfolio and strengthening of the zloty; **stable interest margin** (2.3% in Q3 and Q2/09 vs. 2.2% in Q1/09)
- **Raise in commission result QoQ**
mainly due to raising provisions from payment cards
- **Lower results from trading**
caused by a decreasing income from sales of derivatives and change in the valuation of debt securities of corporates
- **Additional PLN 20 m (one-off)** in the result from investment securities connected with sales of land by BRE.locum

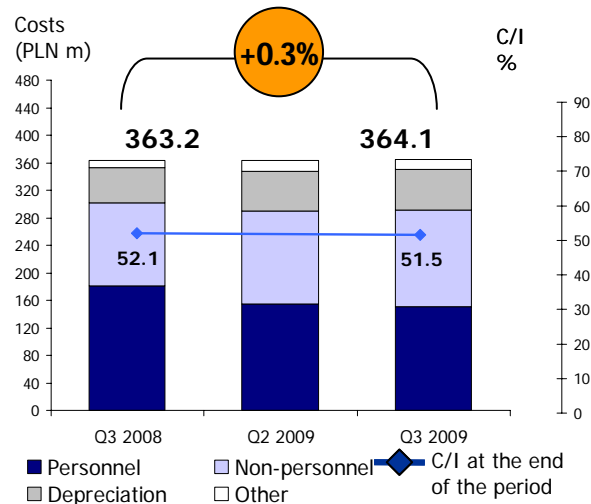
Analysis of Financial Results Q3 2009

Costs of the BRE Bank Group



BRE Bank Group overhead costs + depreciation

in Q3 2009 vs. Q2 2009

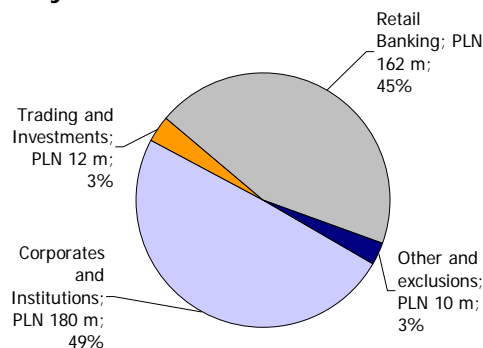


Further decrease of the C/I ratio to 51.5%

- **Effects of BREnova:**
- *General overhead costs lower by 2.5% YoY*
- *Stable general overhead costs with depreciation (+0.3% QoQ and +0.1% YoY):*
 - *higher non-personnel costs (+4.0% QoQ) connected with the launched marketing campaigns*
 - *depreciation: stable QoQ, increase YoY by 15.5%*
 - *Logistics and IT area: indicatives for lowering the costs in Q3 2009 implemented in accordance with the plan*
 - *HR area: continuation of costs reduction, resulting in a decrease in personnel costs by 16.7% YoY*

Cost structure by business line

in Q3 2009



Analysis of Financial Results Q3 2009

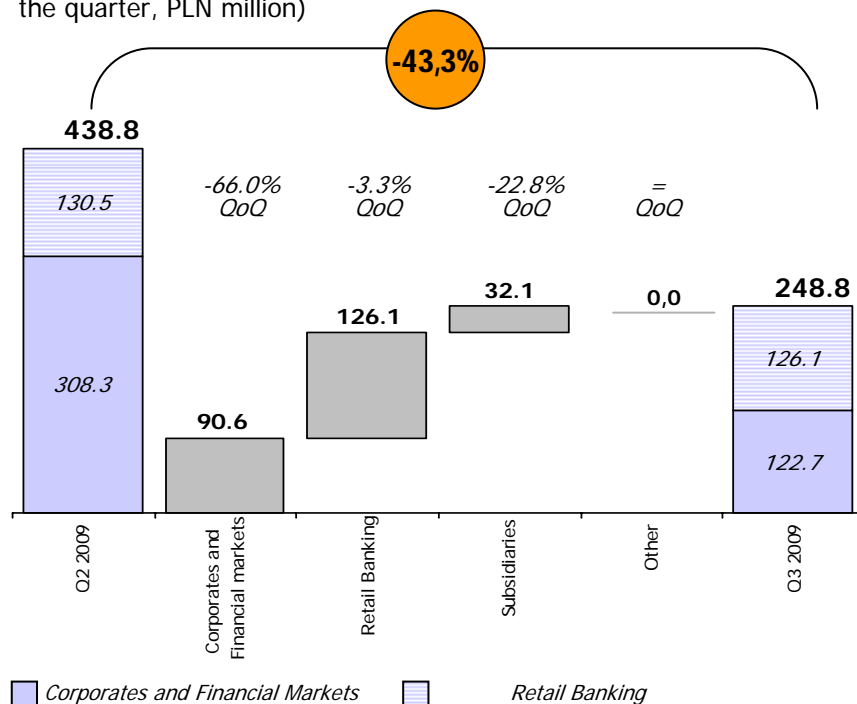
The option problem solved



Level of provisions dependant on defaults of a small number of medium-sized enterprises and failure to repay cash loans by retail clients

Structure of provisions for loans in BRE Bank Group in Q3 2009

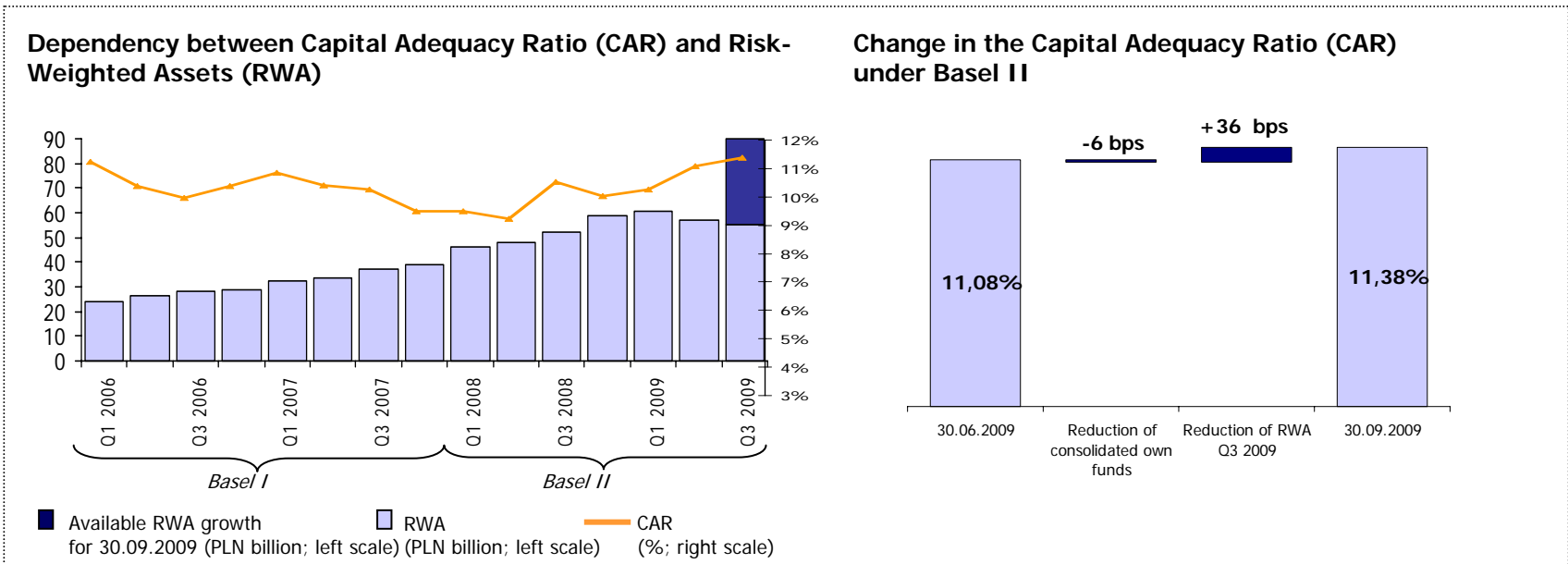
(increase of provisions for loans according to segments in the quarter, PLN million)



- *PLN 6.9 million of net provisions released for clients with liabilities from derivatives*
- *NPL ratio at BRE Bank (according to PSR) at the level of 5.9%, below the market average (6.8%)*
- *Factors influencing the growth of provisions for loans in Q3 2009:*
 - *Still high provisions on cash loans for external clients of mBank*
 - *Increase of provisions on corporate loans concerning a few medium-sized enterprises*

Analysis of Financial Results Q3 2009

Capital adequacy ratio of the BRE Bank Group



**Solvency ratio
on a safe level of 11.38%**

- CAR on the level of 11.38% as at 30 September 2009 vs. 11.08% in June 2009 and 10.51% in September 2008.
- Reduction in the consolidated risk-weighted assets (RWA) by PLN 1.8 billion to PLN 55.1 billion in Q3 2009 thanks to strict RWA management
- Tier 1 on the level of 6.54% as at 30 September 2009 compared with 6.20% in June 2009 and 6.62% in September 2008.



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Looking ahead: Economic conditions

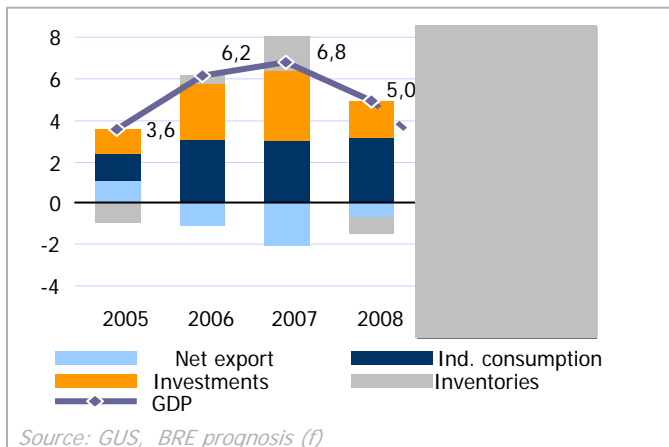


better and better outdistancing ratios,
worse and worse delayed ratios

In 2009 the GDP will increase by

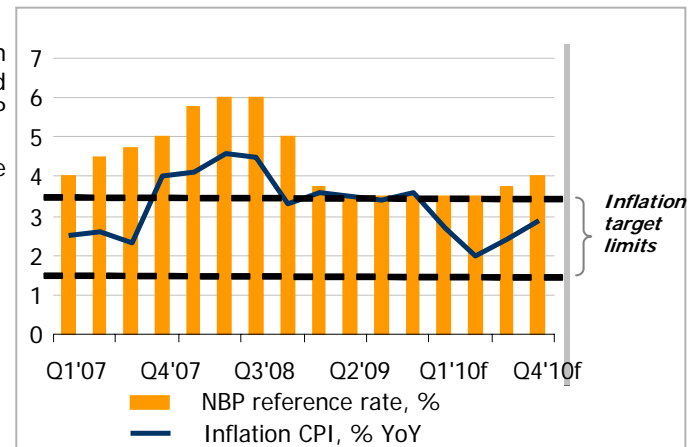
1.5%

Increase in GDP in Poland (%YoY) and contributions to growth of basic categories (pp.)



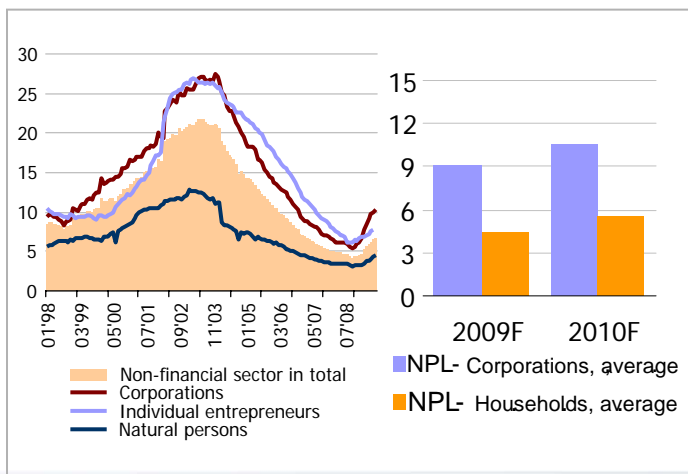
Inflation will drop in 2010

CPI inflation and NBP referential rate



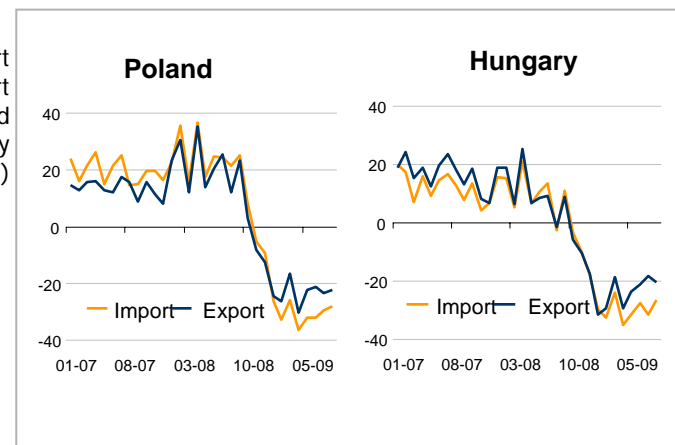
Loans at risk at low level, with rising trend

Loans at risk (in the banking sector), as % of total loans



Stabilisation in the trade

Growth of export and import in Poland and in Hungary (% YoY)



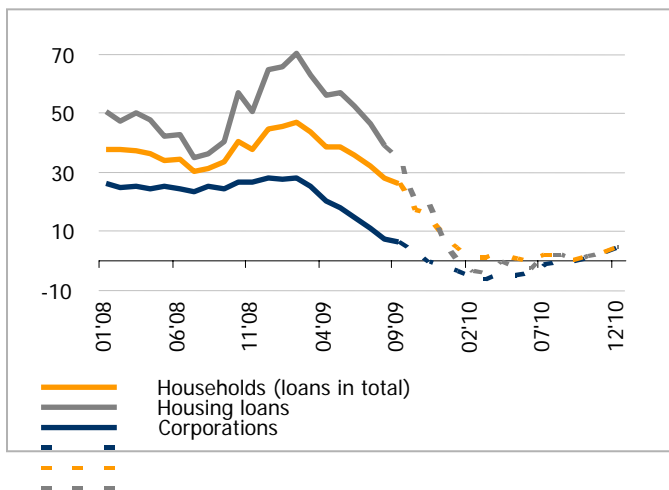
Looking ahead: Economic conditions

... so improvement will be seen as late as in H2 2010



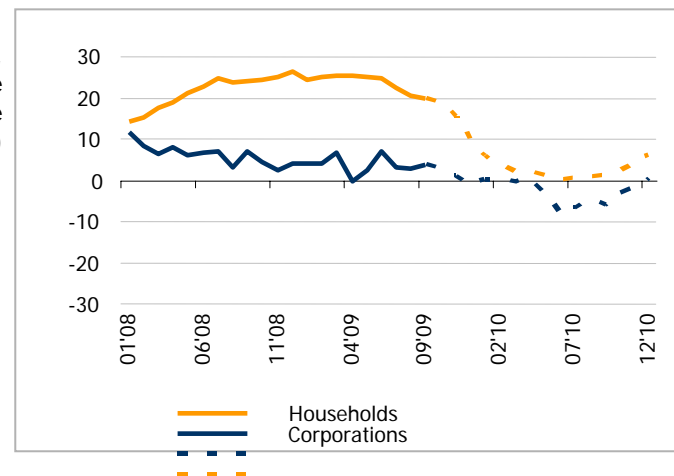
Loan dynamics will slow down in 2009 and 2010...

Loans, change of volume (%YoY)



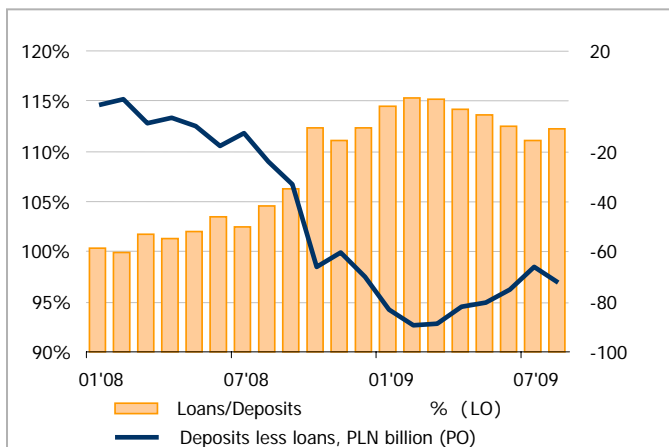
...and deposits of companies will be shrinking

Deposits, change of volume (%YoY)



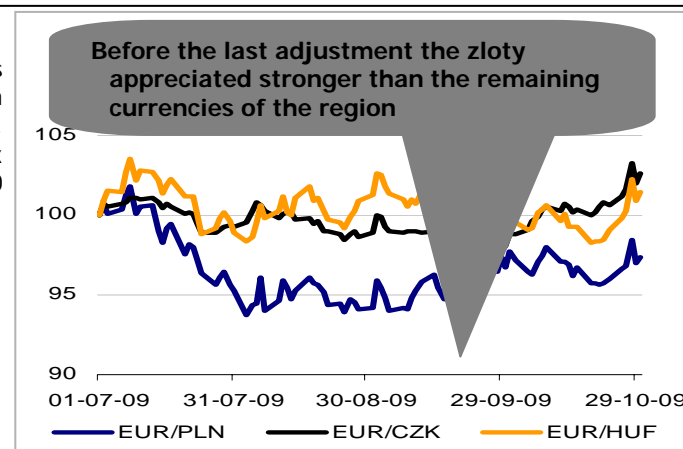
As a result the deposit gap will still be shrinking

Deposit gap in the banking sector (volume of loans and deposits of the non-financial sector and financial sector)



Autumn brought adjustment in the zloty appreciation

Currencies of the CEE region against EUR, index 01.07.2009=100



Looking ahead: BRE Bank Group

Prospects by the end of 2009



1

Effective use of the PZU dividend - lower cost base for the future growth

2

Planned increase in the costs in Q4

3

Provisions- continuation of conservative approach



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