



BRE BANK SA

Rights issue with targeted proceeds of PLN2BN and update on strategy

Better Bank geared for profitable growth

Management Board of BRE Bank

Presentation for Investors and Analysts

01 March 2010

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Key highlights

Proposed capital increase overview and rationale

Outlook and strategic directions

Conclusion

Data for 2009 and Q4/09 shown in the presentation non audited



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- **Capital increase with pre-emptive subscription rights (targeted proceeds of PLN2BN)**
 - Increase level of Tier 1 capital; pro-forma Tier 1 ratio of 10.3% as of December 31st 2009
 - New capital base to support identified profitable growth initiatives in a new macro environment
 - Attractive entry point given expected turnaround in credit cycle
- **Proposed capital increase highlights support from main shareholder**
 - Commerzbank will subscribe to the rights offering pro-rata (69.8% of the proposed rights issue)
 - Deutsche Bank intends to underwrite the remaining 30.2% of the proposed rights issue
- **Leveraging of strong business franchise and attractive client base**
 - Support profit growth leveraging lean and well-functioning operating platform created by BREnova
 - Pursue unexploited cross-selling opportunities to one of the most attractive client bases in the sector
 - Improve profitability by ongoing optimisation of revenue mix
- **New set of medium-term financial targets underlines management commitment and attractive outlook**
 - Return on equity (pre-tax) target for 2012: ~20%
 - Core Tier 1 ratio target: 8 – 10%



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Proposed capital increase overview and rationale

Terms & conditions of the proposed rights issue



<i>Size</i>	<ul style="list-style-type: none">▪ <i>Targeted proceeds of PLN2BN</i>
<i>Structure</i>	<ul style="list-style-type: none">▪ <i>Pre-emptive rights issue to existing shareholders</i>
<i>Shareholder support</i>	<ul style="list-style-type: none">▪ <i>Commerzbank will subscribe to the rights offering pro-rata (69.8% of the proposed rights issue)</i>
<i>Syndicate</i>	<ul style="list-style-type: none">▪ <i>Deutsche Bank AG – Global Coordinator, Bookrunner and Lead Manager</i><ul style="list-style-type: none">- <i>Deutsche Bank intends to underwrite the remaining 30.2% of the proposed rights issue</i>▪ <i>Commerzbank Corporates & Markets – Joint Lead Manager</i>▪ <i>Dom Inwestycyjny BRE Banku S.A. – Polish Lead Manager and Offer Agent</i>
<i>Timing</i>	<ul style="list-style-type: none">▪ <i>Today, BRE Bank set March 30 as the date of the Annual General Meeting (AGM)</i>▪ <i>Proposal will be submitted to AGM aimed at obtaining permission for issuing up to 20.8M shares (up to 70% of existing number of shares, up to 41% of the post-capital increase number of shares)</i>▪ <i>The price of the issue will be decided and announced before the beginning of the subscription period</i>▪ <i>The proposed rights record date is May 18 and the Bank expects to be able to complete the rights issue by the end of the second quarter of 2010</i>

Proposed capital increase overview and rationale

Proposed capital increase rationale – use of proceeds



Proposed capital increase overview and rationale

Strong pro-forma capital position

■ **Strong pro-forma capital position**

- Proposed capital increase represents significant strengthening of capital levels
- Pro-forma Tier 1 ratio in line with Polish market and pro-forma ratios announced by other Polish banks in recent rights issues
- Capital Adequacy Ratio (CAR) pro-forma above market average

■ **Ongoing optimisation of risk-weighted assets (RWA)**

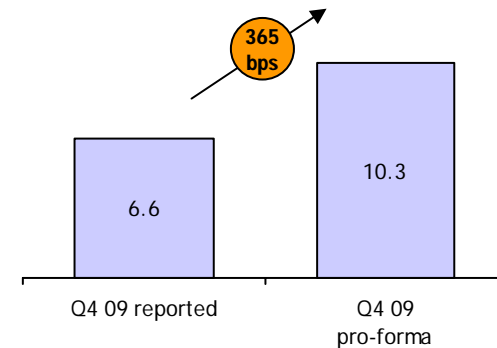
- Continued focus on return-oriented RWA growth
- Mid-term beneficiary of AIRB model introduction

■ **Other initiatives to adjust capital structure**

- Intention to continue discussions with the Polish regulator (KNF) on recognition of some Tier 2 capital instruments as Tier 1 capital

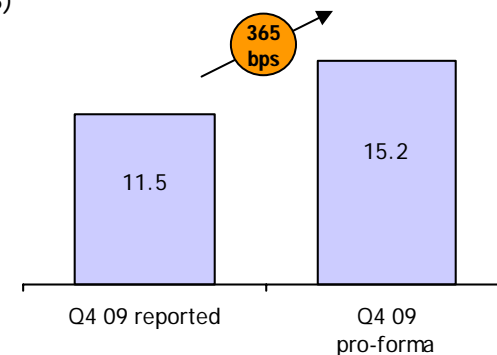
Tier 1 ratio under Basel II

as at 12/09
(%)



Capital Adequacy Ratio (CAR) under Basel II

as at 12/09
(%)





Key highlights

Proposed capital increase overview and rationale



Outlook and strategic directions

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Outlook and strategic directions

BRE Bank responded quickly to the crisis

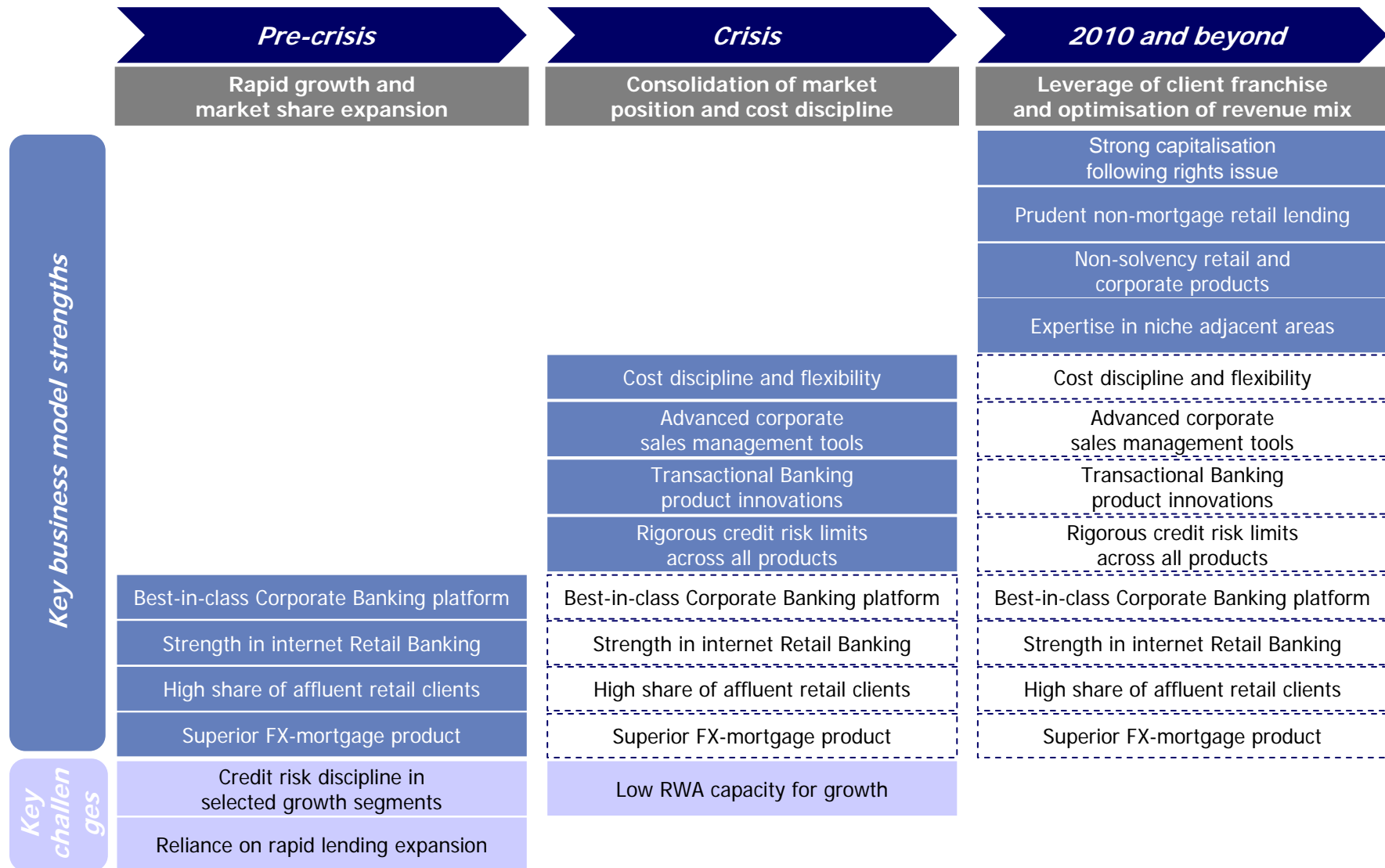


Challenges at beginning of 2009	Response and delivery on plan in 2009
Financial market meltdown	<div data-bbox="594 318 833 582"> <p>Corporates & Markets</p> </div> <ul data-bbox="839 318 1829 582" style="list-style-type: none"> ▪ Enhanced revenue efficiency through return-based RWA allocation and increased credit margins ▪ Completed build-out of corporate office network and cooperation with MultiBank and subsidiaries ▪ Numerous product innovations in Transactional Banking ▪ Introduction of advanced sales management tools
Shortage of liquidity in the markets	<div data-bbox="594 586 833 839"> <p>Retail Banking Poland</p> </div> <ul data-bbox="839 586 1829 839" style="list-style-type: none"> ▪ Dynamic increase of retail customer base to 3.3 M ▪ Increased product penetration of Retail Banking customers by +7% ▪ Increased share of stable regular revenues ▪ Closed non-profitable business lines (cash loans for non-clients)
Very high volatility of major capital market indices	<div data-bbox="594 843 833 1015"> <p>Retail Banking CZK/SK</p> </div> <ul data-bbox="839 843 1829 1015" style="list-style-type: none"> ▪ Improved C/A functionality and core product range in line with mBank Poland ▪ Reorganised sales force to focus on deposits and non-mortgage loans
Rapid economic slowdown	<div data-bbox="594 1019 833 1205"> <p>Cost optimisation</p> </div> <ul data-bbox="839 1019 1829 1205" style="list-style-type: none"> ▪ Implemented cost reduction initiatives and rigorous cost monitoring process ▪ Achieved lowest C/I ratio over last 5 years
Increased default rates	<div data-bbox="594 1209 833 1299"> <p>Conclusion</p> </div> <ul data-bbox="839 1209 1829 1299" style="list-style-type: none"> ▪ Robust business model showing resilience of core revenues and flexible cost base



Outlook and strategic directions

“Better Bank geared for profitable growth”



Outlook and strategic directions

Our ambitions and goals for 2010 – 2012



		Goals	Management commits to:
1	Client franchise	<i>Position as the financial institution of choice for demanding individuals, corporate clients and entrepreneurs appreciating highest quality of service</i>	<i>Leverage key business model strengths to win most attractive clients</i>
2	Retail Banking	<i>Continue to attract young and sophisticated clients and accompany them as their affluence increases over time remaining their bank partner for life</i>	<i>Maintain status of preferred account opening partner for young and affluent clients</i>
3	Corporates & Markets	<i>Solidify the best-in-class position in corporate and investment banking functioning as a 'one-stop-shop' solutions provider to the most attractive clients</i>	<i>Achieve above-market revenue growth through focus on highest return opportunities</i>
4	Efficiency	<i>Maintain strict cost discipline benefiting from highly efficient and flexible operating model</i>	<i>Further improve efficiency excellence</i>
5	Funding & Risk	<i>Secure stable returns through risk management discipline, secure funding strategy and strong capital structure</i>	<i>Continue prudent risk management practice and rely on deposit funding sources</i>
6	Profitability	<i>Manage for profitability in line with best performers in the market</i>	<i>Achieve set of ambitious financial targets</i>

Outlook and strategic directions

1 Client franchise



Business model that caters to the needs of and wins the most attractive clients

Retail Banking

- **Unparalleled brand recognition**
- **Distribution channels tailored to clients with highest potential**
 - Young, sophisticated clients seeking low-cost internet banking partner – mBank
 - Affluent, advice-seeking clients requiring excellent service – MultiBank
- **Compelling product offering**
 - Circa 1/3 of retail customers opening a new account when selecting a new bank partner choose BRE Bank (BRE Bank estimate)
 - Open-architecture offer, leading in the market
 - Keep leadership in innovations

Corporates & Markets

- **One-of-a-kind client reach**
 - Dedicated distribution network – increased appeal for SME clients
- **Reliable business partner for corporate clients**
 - Long-standing relationships built by experienced teams
 - Crisis experience strengthened positive perception of BRE Bank by clients
- **Ability to offer complete product range from “one hand”**
 - Investment banking competence and subsidiaries with expertise across leasing, factoring etc
 - Strengths in specialised services (Transactional Banking, Structured Finance, EU funds etc)

Platform and systems

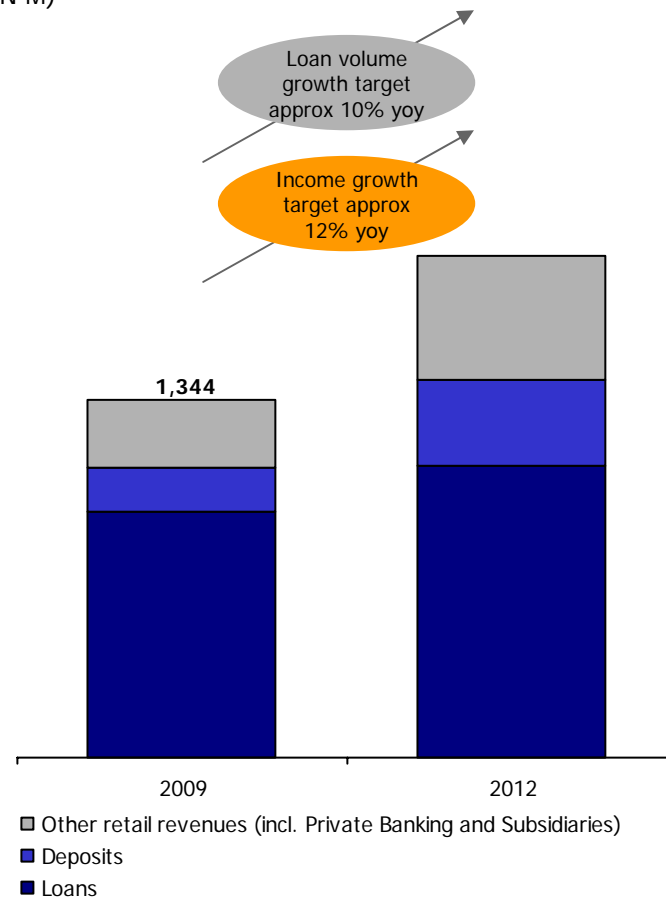
- **Customer-focused service strategy**
 - Fully aligned with customer requirements – high service quality
- **Ease and speed of execution in client interaction – lean and scalable systems**
- **High level of client satisfaction**

Outlook and strategic directions

2 Retail Banking business targets

- **Dynamic growth in number of clients in the most attractive segments**
 - Focus on current and future affluent clients
- **Increase of revenues via cross-selling to both existing and newly acquired customers**
 - **Focus on achieving higher market share in non-mortgage lending**
 - Target low-risk affluent current clients of mBank and MultiBank
 - Leverage on the fast pre-approved process for existing clients as a competitive advantage
 - Attractive growth potential in new car lending
 - **Preservation of market position in mortgage loans**
 - Benefit from competitive advantage in FX loans built in risk assessment and distribution
 - Steady refocus towards EUR-denominated loans
 - **Exploiting potential in fee revenues**
 - New transactional products
 - Increased product range for SMEs
 - Strengthened offering in retail brokerage
 - Leveraging ASPIRO with promising revenue opportunity
 - Increased breadth of bancassurance offering

Total income structure and customer loan growth targets (PLN M)



Outlook and strategic directions

2 Retail Banking initiatives to achieve targets



■ **Expand share of customer wallet**

- Current account as a "hook product" – significant share of recently acquired customers with single product
- Capture products/relationships where BRE Bank is currently not clients' "first choice"
- New segmentation supported by tools allowing tailor-made and targeted cross-selling

■ **Focus on current and future affluent clients**

- Above market-average growth potential and financial needs
- Cater to full life-cycle financial needs – leverage broad product capabilities in line with clients' growing affluence to become "bank for life"

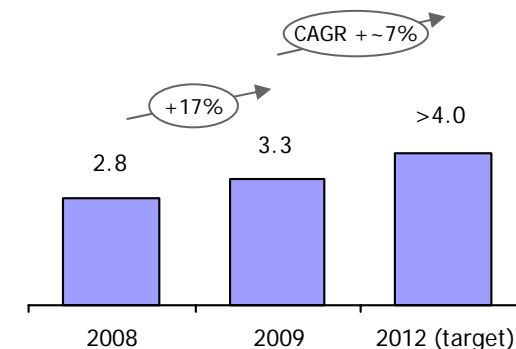
■ **Maximizing value of multi-brand strategy**

- Build on award-winning internet platform (mBank) with leading brand appealing to young and well-educated clients, ready for 'self-service' and seeking for low-cost banking
- Build on premiere service quality and multichannel MultiBank appealing to affluent clients seeking high-quality, seamless and personalized service
- Benefit from cost synergies of two brands operating on one common operational platform

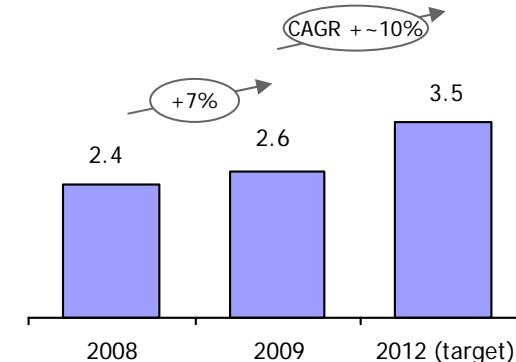
■ **Remain at the forefront of product innovation and quality**

- **Achieve profitability in Czech Republic and Slovakia by building high-quality asset base**

Number of clients
(Retail clients, MLN, growth)



Product penetration
(Product number/client, growth)

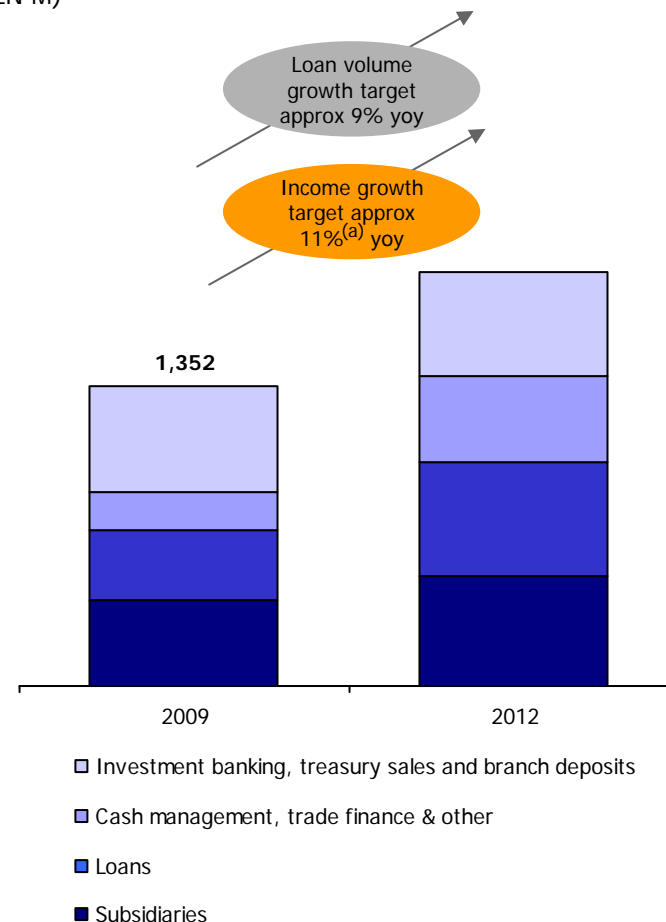


Outlook and strategic directions

3 Corporates & Markets business targets

- **Maintain overall market share of customer loans**
 - Grow lending volumes of core client groups (high value potential)
 - Continuous client acquisition, especially in SME segment
 - Capital allocation focused on a risk-return basis and overall client profitability
 - Maintain leading position in factoring and leasing
- **Expand Transactional Banking revenues**
 - Particular focus on electronic payments and advanced solutions of payments and liquidity management
- **Sustain or improve position in capital markets products**
 - Leading arranger and dealer on domestic non-government debt market, leading house in domestic market for IR and FX products

Total income structure and customer loan growth targets (PLN M)



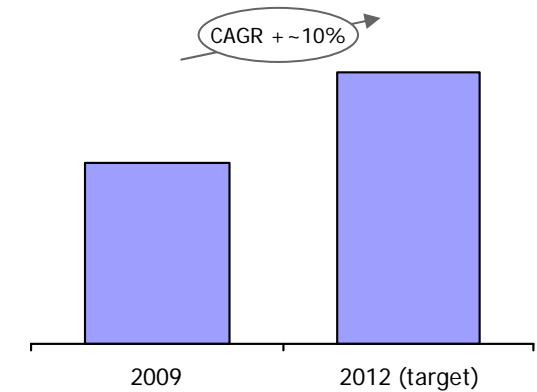
(a) 2009 basis adjusted for PZU dividend

Outlook and strategic directions

3 Corporates & Markets initiatives to achieve targets

- **Solidify the best-in class position in corporate banking services**
 - Leverage unique, dedicated corporate banking network
 - Increase client value by unlocking potential of integrated sales processes and CRM platform (Corporate Banking Generation 2.0)
- **Exploit attractive pockets of growth**
 - Expand into complementary segments offering attractive risk-return profile (selective Public Finance business)
 - Pro-actively exploit business opportunities with Polish subsidiaries of Commerzbank 's clients in Germany (incl. old Dresdner Bank clients)
 - Further grow in project co-financing for customers receiving EU funds
- **Further develop Transactional Banking services and become the market leader**
 - Enhanced client reach through cooperation with MultiBank and other subsidiaries
 - Secure top product innovation position in transactional banking
 - Benefit from strong relations with exporters as trade flows recover
- **Increase cross-selling of investment banking products to broad client base**
 - Focus on client-driven business – “flow business” and advisory services
 - Expand structuring capabilities
 - Benefit from one of the most experienced teams in the market

Corporate client penetration – BRE Bank
(Change in revenue/client, %)



Outlook and strategic directions

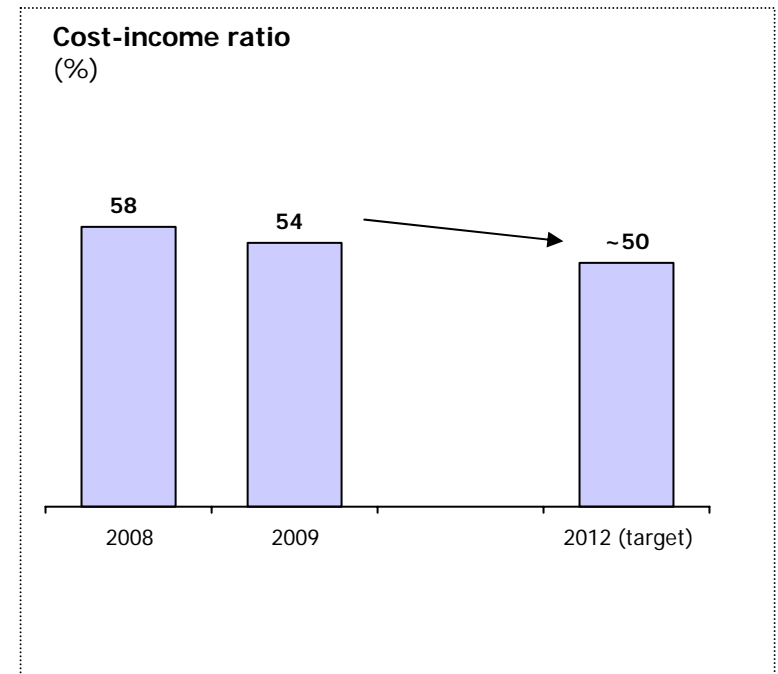
4 Cost efficiency and benefit from IT, Operations and Logistics platform

■ **Maintain cost leadership**

- *Structural impact of successfully implemented BREnova cost reduction initiatives with long-term favourable effect on cost development*
- *Installed strict cost monitoring to maintain operational efficiency and flexibility in a changing operating environment*
- *Improvement of IT governance and IT cost management to ensure a) verification of projects and results, b) purchasing and sourcing approach independently conducted/verified*

■ **Benefit from scalable and highly performing IT, Operations and Logistics platform**

- *IT platform scalable up to 15M retail customers with existing applications*
- *Highly efficient transaction banking factory CERI driving economies of scale with capacity to accommodate third-party business*
- *Since 09/2009 official near shore centre for Commerzbank Group – credentialising the quality of service*
- *Common purchasing platform with Commerzbank allowing for economies of scale*

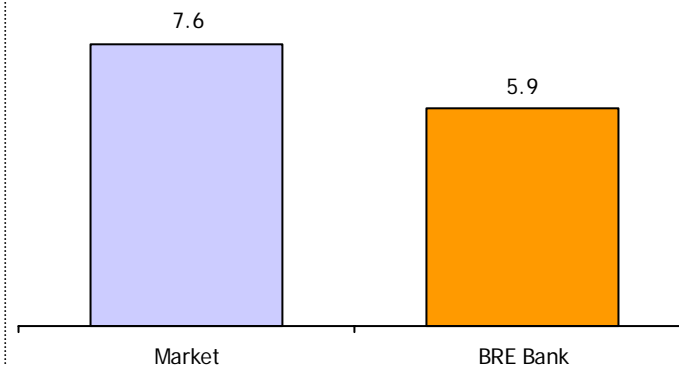


Outlook and strategic directions

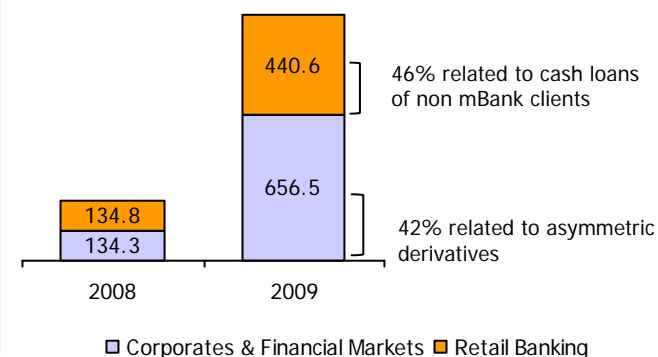
5 Risk management

- **Continued prudent approach to risk management**
 - Focus on improved credit process through implementation and regular application of quality standard verification
 - Granular customer rating based on PD and EL estimation concept , CVaR model together with risk return approach
- **Retail banking**
 - Planned loan growth largely based on increased business with existing clients to mitigate credit risk (eg non-mortgage products)
 - BRE Bank's model of customer creditworthiness calculation is known as one of the most prudent approaches in the sector
 - Discontinued/Restructured product groups with risk profile incompatible with return outlook
- **Corporate banking**
 - Corporate credit process based on the senior lender concept allowing for competitive time-to-market and tailor made product structures and state-of-the-art risk underwriting standards
 - Well-diversified credit portfolio structure supporting flexible product mix as well as appropriate portfolio quality management
- **Superior risk profile of existing client portfolio**
 - Additional benefit from high share of affluent clients and existing mortgage loans portfolio

NPL ratio 2009 vs sector average
(%)

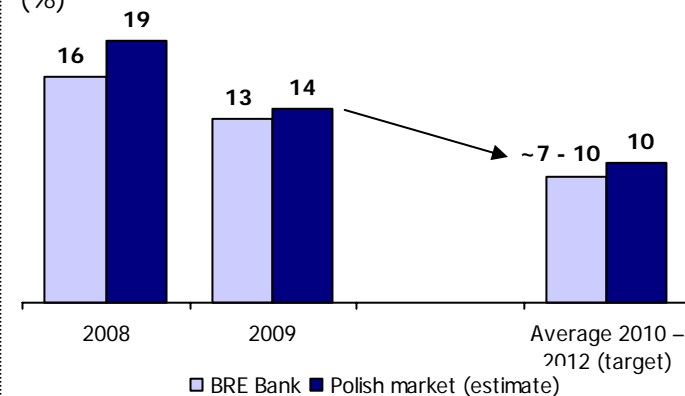


LLP structure
(PLNm)

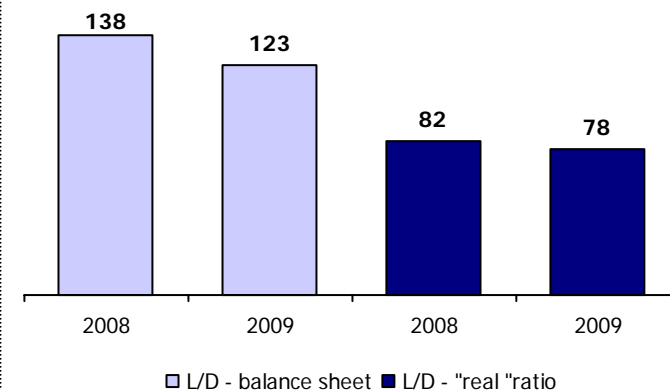


- **Customer deposits to drive loan volume growth**
 - Overall market growth of loan volumes to be dependent on funding from customer deposits
 - BRE Bank deposit overhang in non-CHF currencies supportive of planned lending growth
- **Backing from Commerzbank Group**
 - CHF funding provided by Commerzbank has been termed out to match maturity of CHF loan book
 - Near-term refinancing needs well manageable
- **Adherence to currency matching**
 - Loan volume growth to be financed via currency-matched funding sources supporting immunity of the loan-deposit ratio to exchange rate movements
- **Proactive management of liquidity portfolio**
 - Rapid build-up of liquidity portfolio during 2009 financed by customer deposits
 - Deployment of liquidity portfolio possible under scenario of continued capital markets stability and further improvement in economic conditions

Total customer deposit growth YoY (%)



Loan to deposit ratio (%)

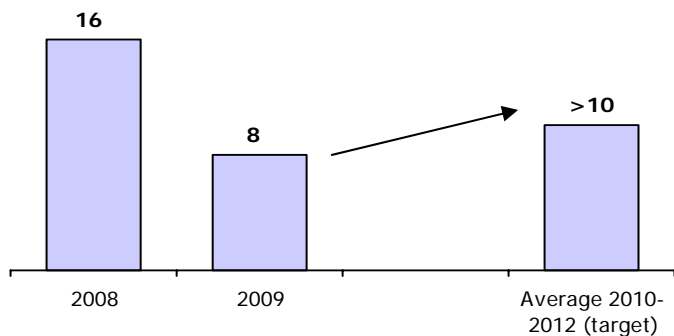


Outlook and strategic directions

6 Medium-term financial targets

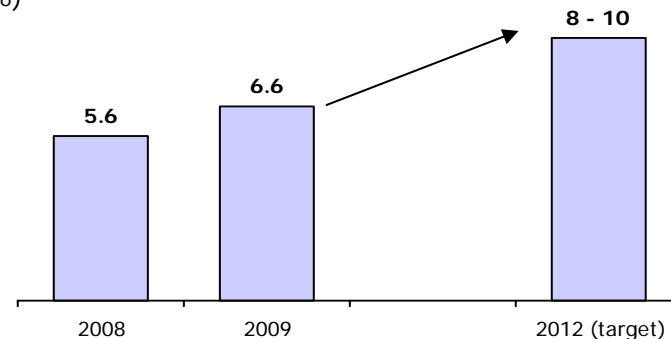


Total income^(a) growth yoy (%)

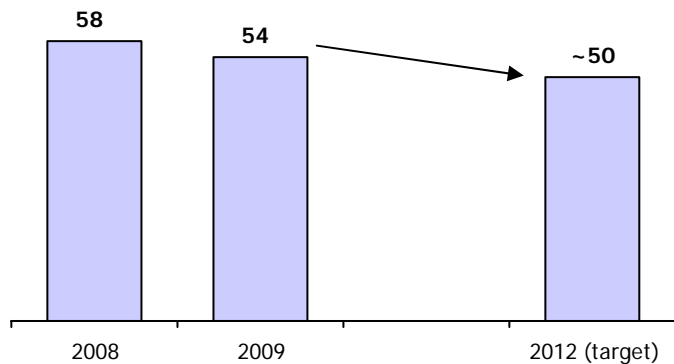


(a) Years 2007 and 2008 adjusted for discontinued operations and one-offs in the amount of PLN 118m and PLN 276m, respectively. 2009 adjusted for PZU dividend of PLN 96m

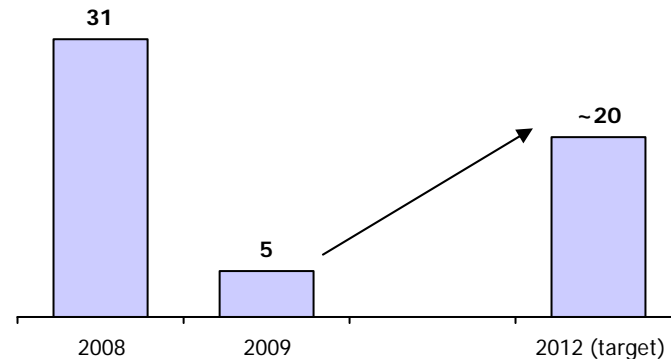
Core Tier 1 ratio (%)



Cost-income ratio (%)



ROE (pre-tax) (%)



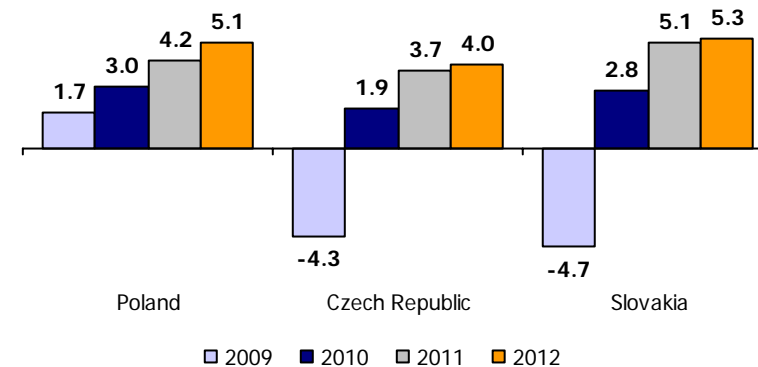
Outlook and strategic directions



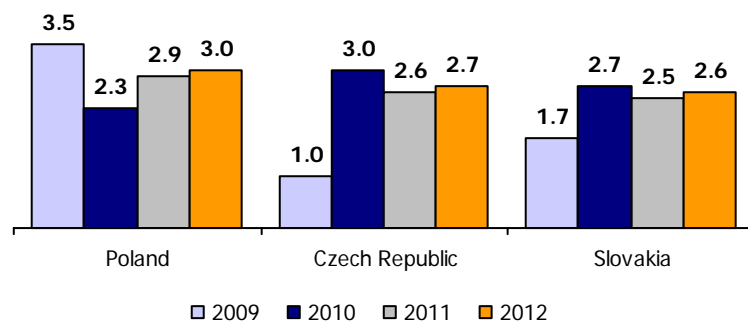
Improving macroeconomic outlook

- *CEE economies' recovery expected to be faster than in case of developed countries*
- *Better prospects for emerging markets than for developed economies shall draw foreign direct investments to CEE countries*
- *Poland's private investment likely to remain weak in 2010 and rebound only later*
- *Rebound on Polish labour market in H2'2010 to support private consumption*
- *Further improvement of Germany's macroeconomic situation expected to support demand for Polish exports*

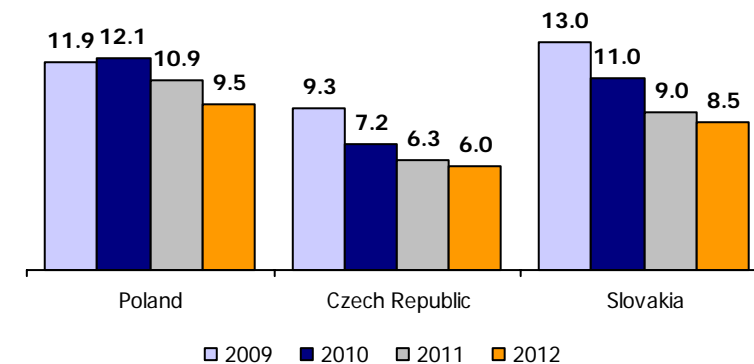
GDP growth (constant prices)
(%)



Rate of inflation
(%)



Unemployment rate
(%)



Source: BRE forecast (Poland), Commerzbank forecast (Czech Rep., Slovakia).

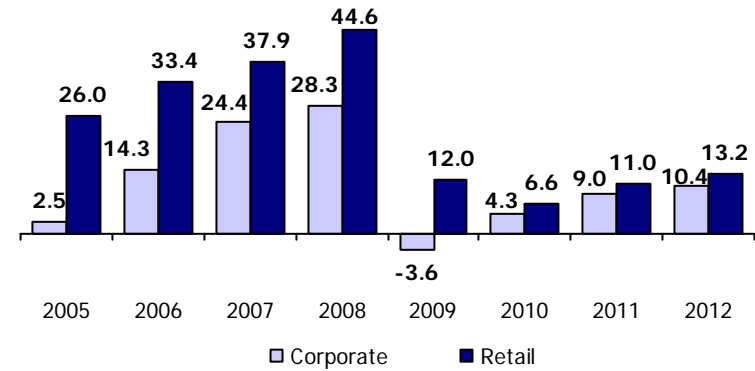
Outlook and strategic directions

Recovery trends in Polish banking market

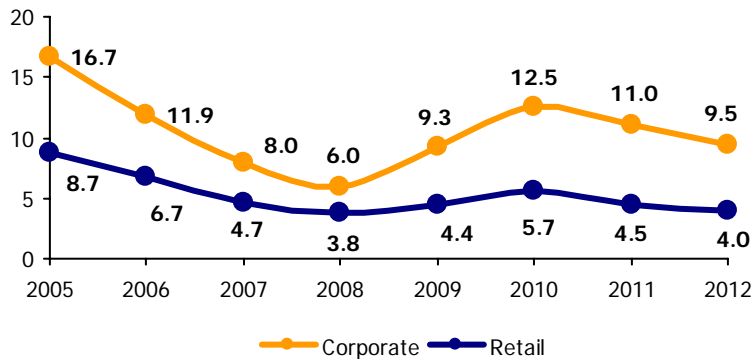


- *Loan dynamics expected to rebound in H2'2010, deposits to grow less dynamically*
- *NPL ratios, both for corporate and retail loans, expected to reach their peaks in 2010, after which they should gradually decrease*
- *Risk aversion on global financial markets shall continue to drop, although 2010 may bring temporary correction*

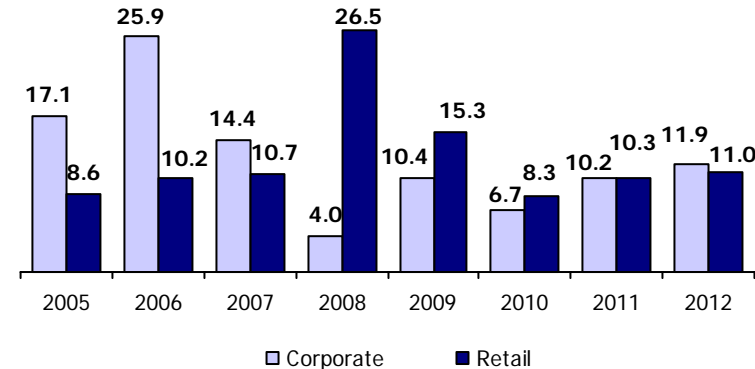
Corporate and retail loan growth (%)



NPL ratio (%)



Corporate and retail deposit growth (%)



Source: NBP, BRE forecast.



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Strengthen the capital base...

- **Benchmark pro-forma capital structure**
 - Reinforce competitive position
 - Provide flexibility for potential new capital requirements, regulatory or marketplace
 - Use of proceeds geared towards enabling growth and profitability initiatives

...to support BRE Bank's strategic initiatives and drive profitable growth

- **BRE Bank has delivered in 2009 and is well positioned for 2010 and beyond**
- **Strategic priorities provide attractive profit growth outlook ...**
 - Revenue growth
 - Cost discipline
 - Prudent risk management
- **...underlined by ambitious set of medium-term financial targets**
 - Rapid earnings growth
 - Return on equity well above cost of capital