



**BRE BANK SA**

## Best Practice in Investor Relations

### Communication with Your Stakeholders: Channels & Tools

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Investor Relations Seminar  
Macedonian Stock Exchange and PFS Program  
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Skopje

[ THE BEST FINANCIAL INSTITUTION  
FOR DEMANDING CUSTOMERS ]



*Introduction*

*Communication Model & Policy*

*Channels of Communication with Investors*

*IR Tools*

*Summary*



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## *Introduction*

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*Communication Model & Policy*

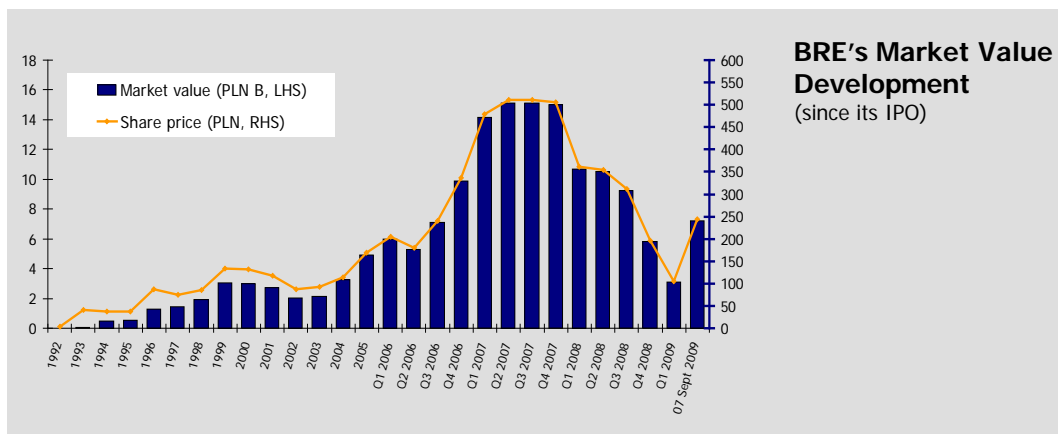
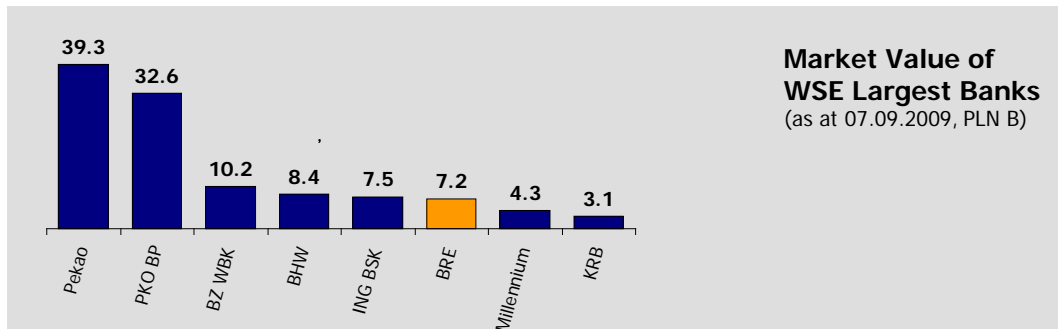
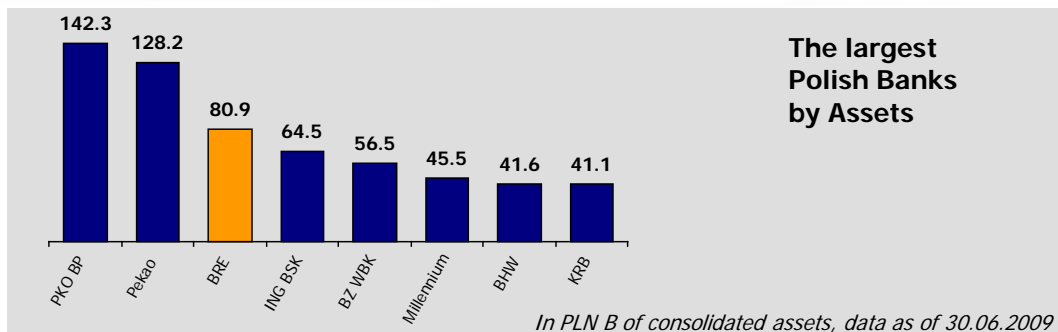
*Channels of Communication with Investors*

*IR Tools*

*Summary*

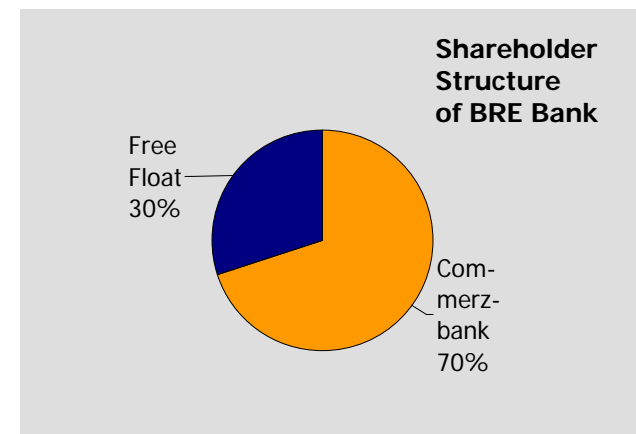
# Introduction

## BRE Bank in a Snapshot



**Universal bank,  
Poland's no. 3 by total assets**

- Historically exposed to corporate and investment banking, since 2000 with a very fast growing retail arm
- Majority-owned by German Commerzbank AG
- Listed on WSE since 1992
- Member of the blue-chip WIG20 index mid-cap stock
- Current market capitalisation of PLN 7.8 B
- Ranked 12 among the largest domestic issuers





*Introduction*



***Communication Model & Policy***

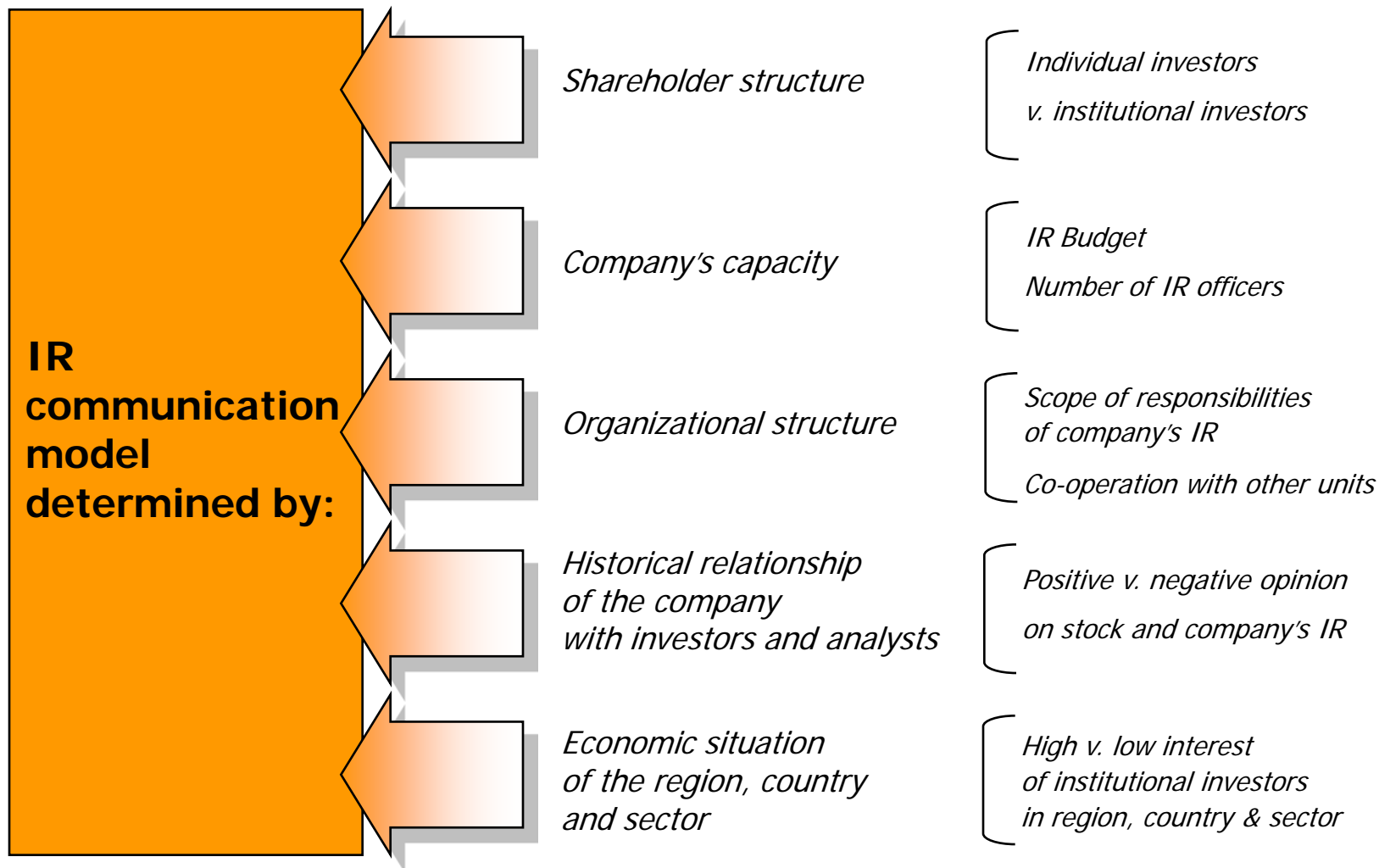
*Channels of Communication with Investors*

*IR Tools*

*Summary*

# IR Communication Model & Policy

## The Art Of Choice



# IR Communication Model & Policy

Listen & Learn

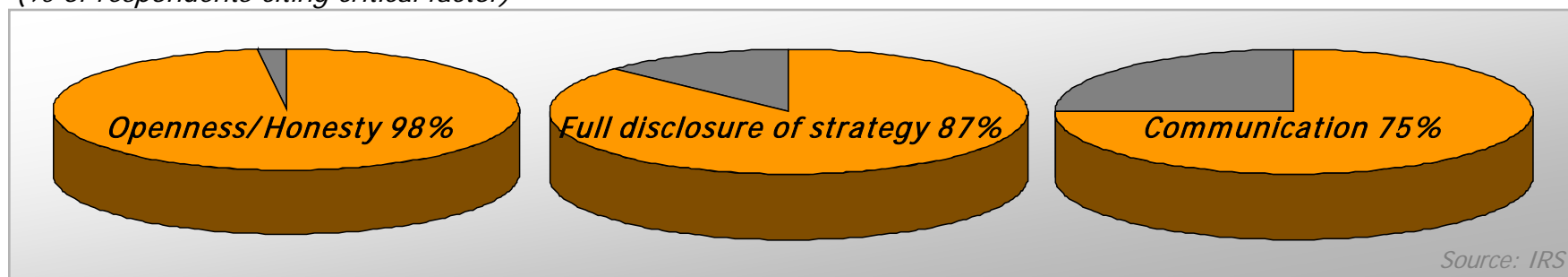


## *What do financial stakeholders expect from a listed company?*

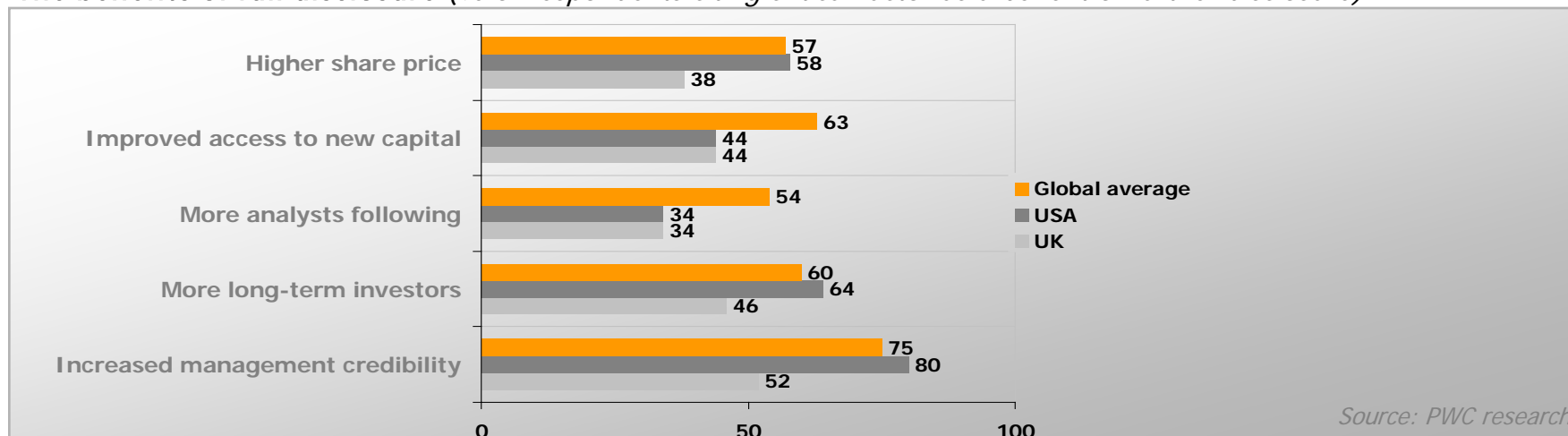
*(based on various investor studies)*

*What characteristics make for a good relationship between fund managers and management?*

*(% of respondents citing critical factor)*



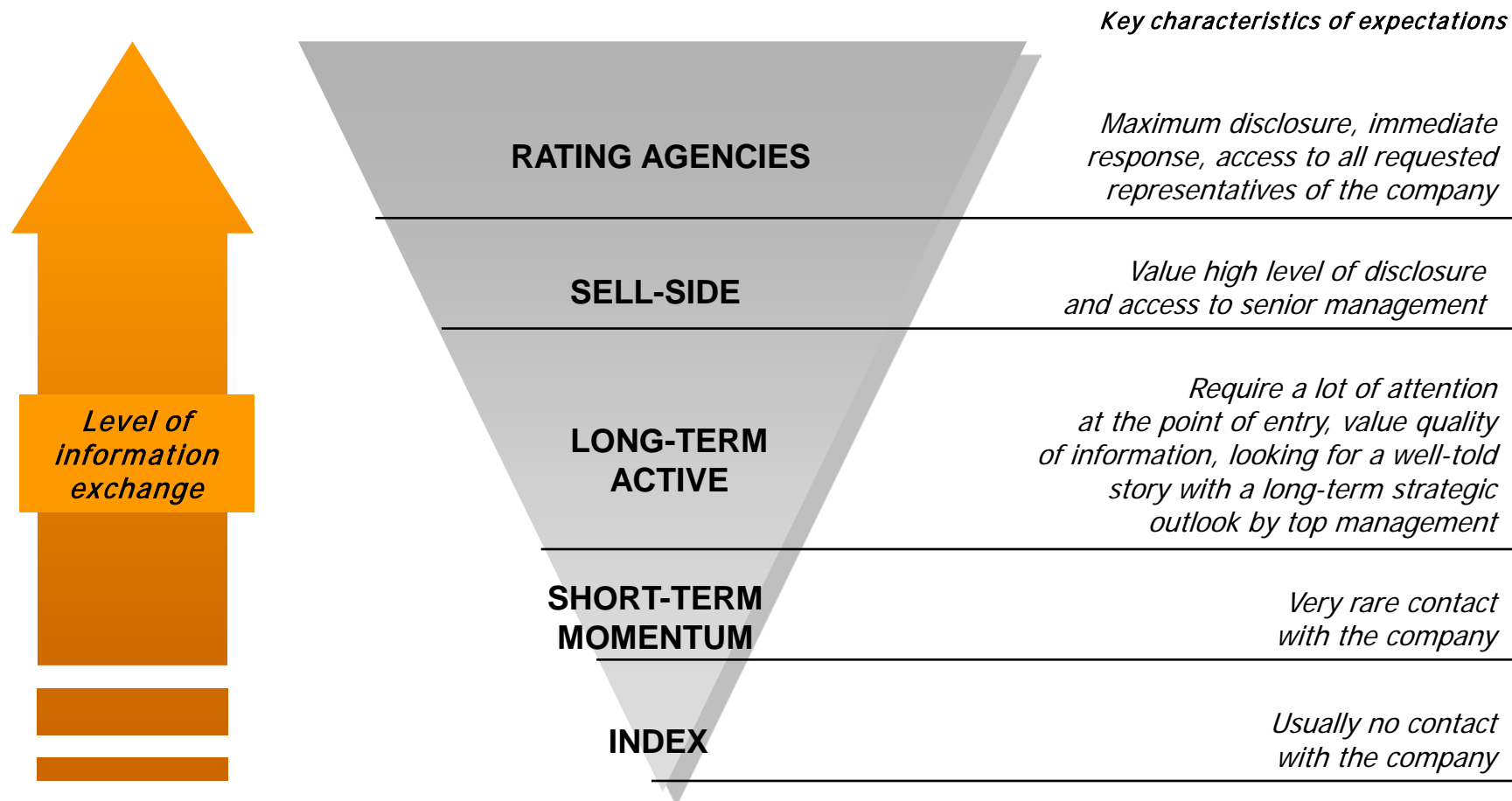
*The benefits of full disclosure (% of respondents citing critical factor as a benefit of further disclosure)*





### *What do financial stakeholders expect from a listed company?*

*(based on BRE Bank's experience)*





# IR Communication Model & Policy

Building Up Good Reputation Among Your Financial Stakeholders

## *Crucial points of communication with financial stakeholders*

1

*Full disclosure & corporate transparency*

2

*Access to top-level executives*

3

*Targets & goals; pro-, not retrospective*

4

*Staying in touch*



*Introduction*

*Communication Model & Policy*



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***Channels of Communication with Investors***

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*IR Tools*

*Summary*

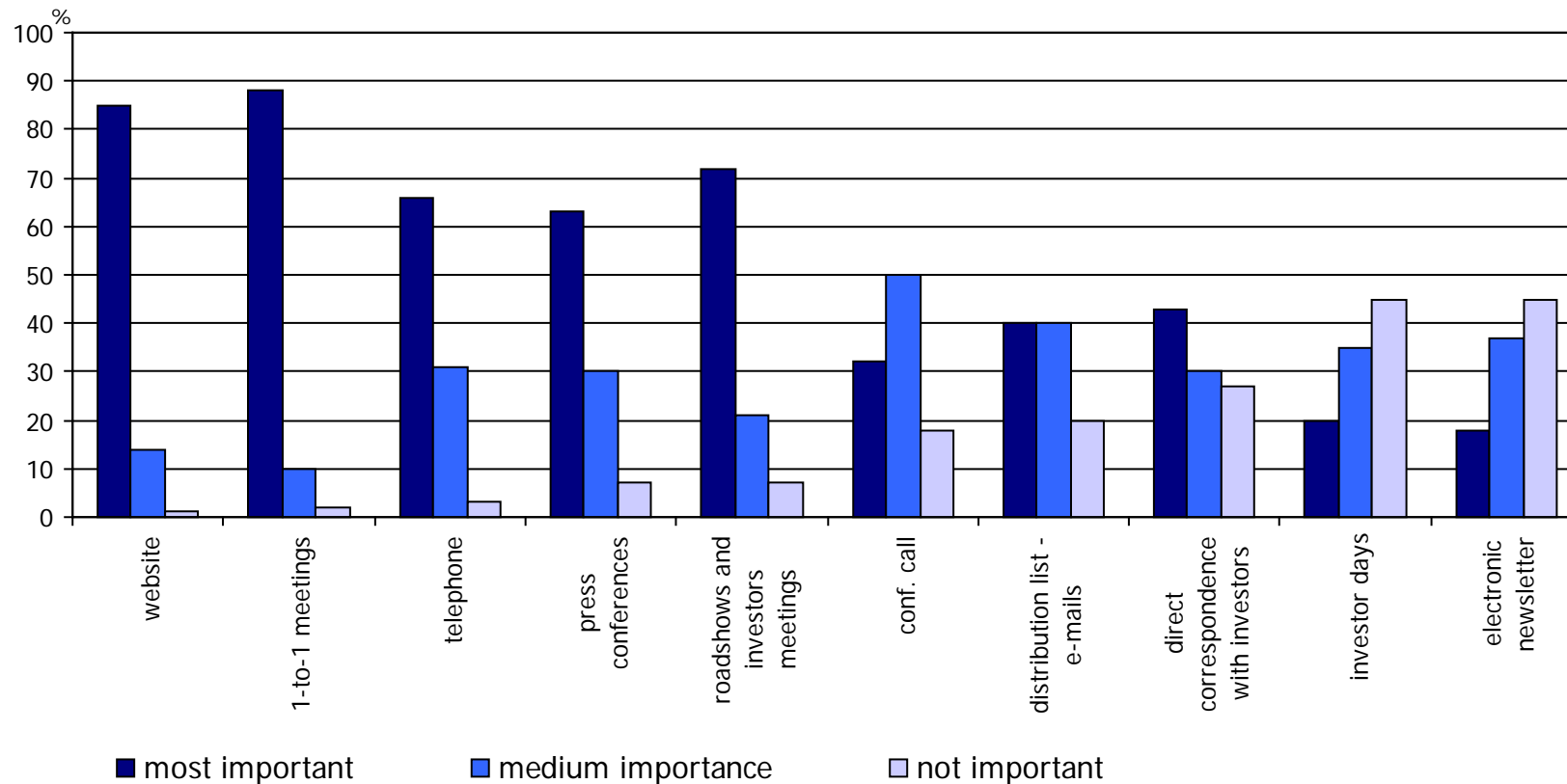
# IR Communication Channels

## Channels Preferred by IROs



### IR communication channels by importance

(channels named by IR officers)



Source: Polish Investor Relations Institute, 2006

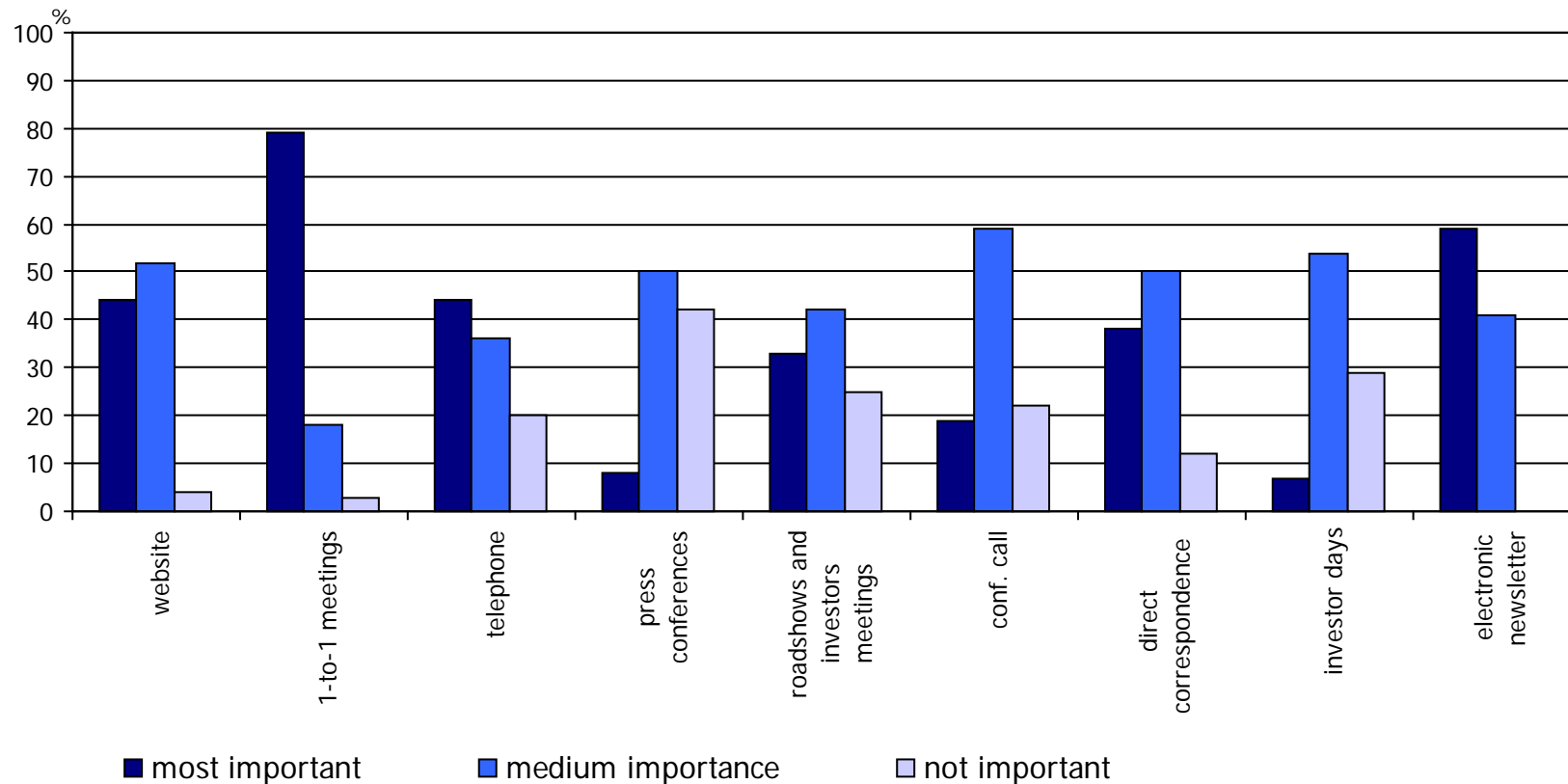
# IR Communication Channels

## Channels Preferred by Institutional Investors



### IR communication channels by importance

(channels named by institutional investors)



Source: Polish Investor Relations Institute, 2006

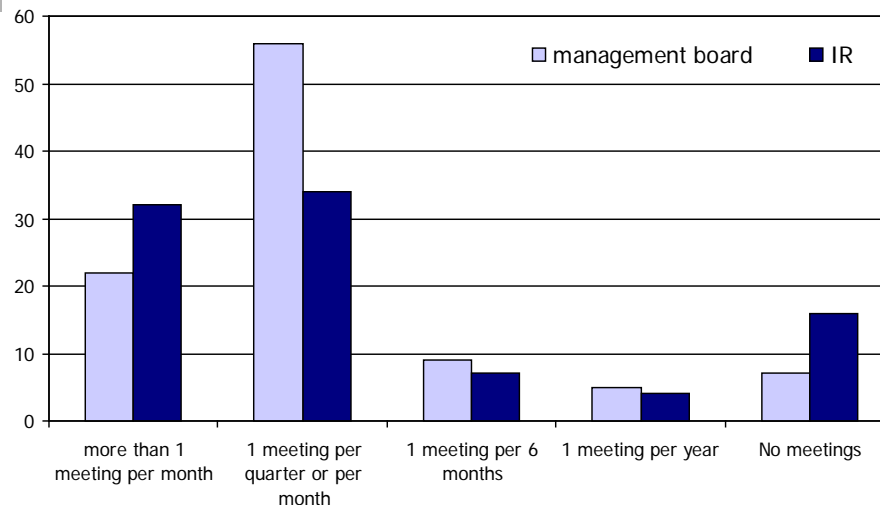
# IR Communication Channels

## Meetings with Investors

### *Forms of meetings with investors:*

- *One-to-one meetings*
- *Meetings related to publication of the results (quarterly conferences)*
- *Investor conferences*
- *Road-shows*
- *Investor Day*
- *General Shareholder Meeting*

Frequency of meetings with investors



Source: Polish Investor Relations Institute, 2006

***One-to-one meetings are the most important communication channel with institutional investors***

***Active participation of the Management Board representatives is a key to success in this activity***

# IR Communication Channels

## Meetings with Investors: Meetings/Conferences after Results Publication



- *It is a good practice to organize a conference after results publication*
- *A conference dedicated to institutional investors & analysts helps to overcome misunderstandings and create positive feedback*
- *Identification of key topics requiring more attention in IR communication with investors*
- *Building closer relationship with analysts*
- *Relatively low costs: conference in the company's office*

### Success factors:

- *Time: as quick as possible after the publication*
- *Participation of CEO and/or Management Board*
- *Conference provides information and explanations, it is not a political event*
- *Possibility to participate in the conference via the Internet or phone (webcast and/or audio conference)*
- *Interactivity: questions on-line*
- *Replay facilities*

# IR Communication Channels

## Meetings with Investors: Investor Conferences

- *Possibility to meet many investors in one place*
- *Good solution for companies looking for new investors*
- *Business-oriented investors: conferences are usually dedicated to particular region or segment*
- *Basic form of contact: very effective one-to-one meetings or small groups*
- *Lower costs comparing to a road-show*
- *Negative: competition of other companies*

### Success factors:

- *Participation of CEO or CFO*
- *Clear corporate message: What makes you different from other companies? What makes you entitled to success?*
- *Presentation on the company incl. benchmarks, macro environment etc.*





- *Road-shows provide opportunity to meet target investors*
- *Opportunity to meet fund managers who usually do not attend investor conferences*
- *Basic form of contact:  
very effective one-to-one meetings*
- *Possibility to organize a road-show by professional broker or by the company*
- *Feed-back from investors on your company*

### *Success factors:*

- *Co-operation with a proper broker, depending on your target investors (global, US v. continental Europe)*
- *Participation of CEO or CFO*
- *Answers to tricky questions prepared in advance*



# IR Communication Channels

## Meetings with Investors: Investor Day

### *Investor Day Benefits for visitors*

- *Opportunity to touch the company*
- *Get more detailed information not covered by official announcements and press releases*
- *Close distance to CEO, Management Board and key managers*
- *Better understanding: workshops on the most sophisticated areas of company's activities*

### *Investor Day Benefits for the company:*

- *Opportunity to clear misunderstandings and overcome shortage of information*
- *Building closer relationships with the market*
- *Feedback on the company's perception and market expectations towards the company*
- *Building the management's reputation*



### **BRE Investors' Day**

Dear Sir/Madam,

It is our great pleasure to invite you to BRE Bank's first Investors' Day, which will be held on 17-18 September 2007.

Please note this will not be a regular Investor Day - a pack of lengthy presentations - we will rather like to show you how our business looks like from the inside of the bank. Apart from the opportunity to meet our MBS, operational managers and the management of some of the Group companies, you will see how our backoffice, call center and branches work everyday.

We are planning to pick up the attendees from Warsaw to Łódź, the heart of our Retail Banking business, on 17<sup>th</sup> September (Monday) at about 11 a.m.

Our preliminary agenda for the first day includes visit to our backoffice centre - CER1, one of our retail call centers and an evening less formal get-together with management of BRE Bank.

On the 18<sup>th</sup> September (Tuesday) we are going to focus on workshops and presentations of mBank, MultiBank and BRE retail banking subsidiaries - all looking at our business from a different perspective than shown in our usual presentations. We will conclude the Investors' Day at BRE's new corporate banking branch, showing also more inside to our redesigned approach to corporate customers. We plan to be back in Warsaw at about 5.30 p.m.

As for the accommodation we are glad to suggest two hotels, Qubus and Focus, where we have arranged special rates applicable for delegates.

Please complete the enclosed registration form by 29 June 2007.

Additional information and details are to follow once the registration process is completed.

If you have any further questions or queries please do not hesitate to contact us.

We are looking forward to meeting you at the event,

Your Faithfully,

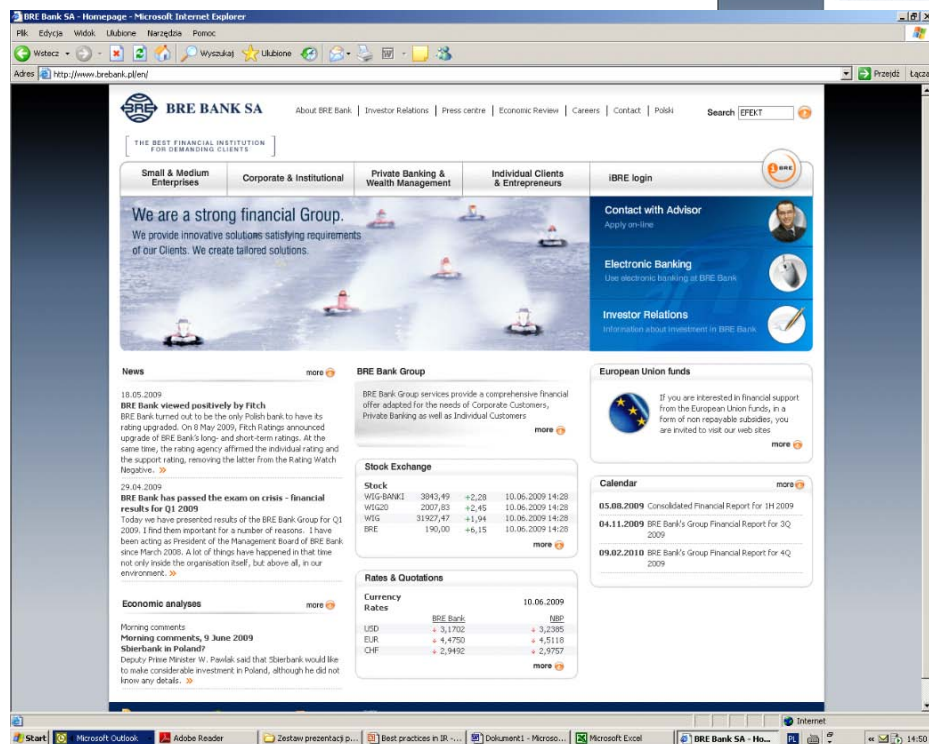
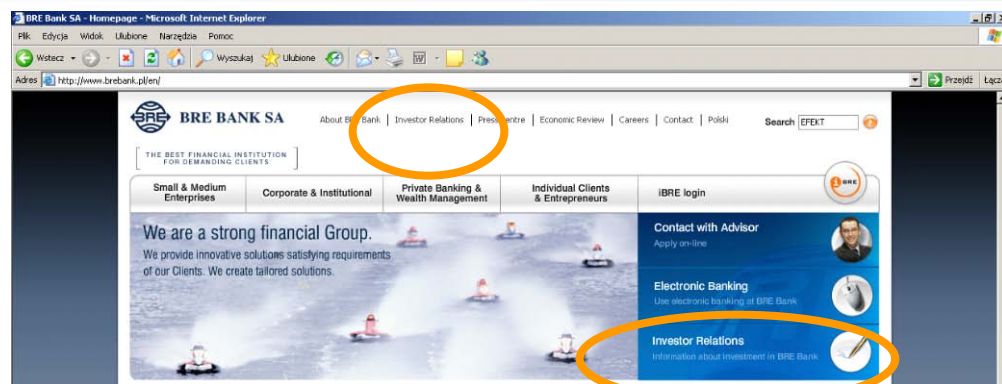
Jakub Korczak  
Head of IR

BRE Investors' Day  
17-18 September 2007

# IR Communication Channels

## Website: Never-ending Story

- *IR website is the main channel for public companies to communicate with the capital markets*
- *Good IR websites allow interactive communication*
- *The real challenge is to keep websites up to date*





*Introduction*

*Communication Model & Policy*

*Channels of Communication with Investors*



***IR Tools***

*Summary*

**Annual Report**

**Half-year report**

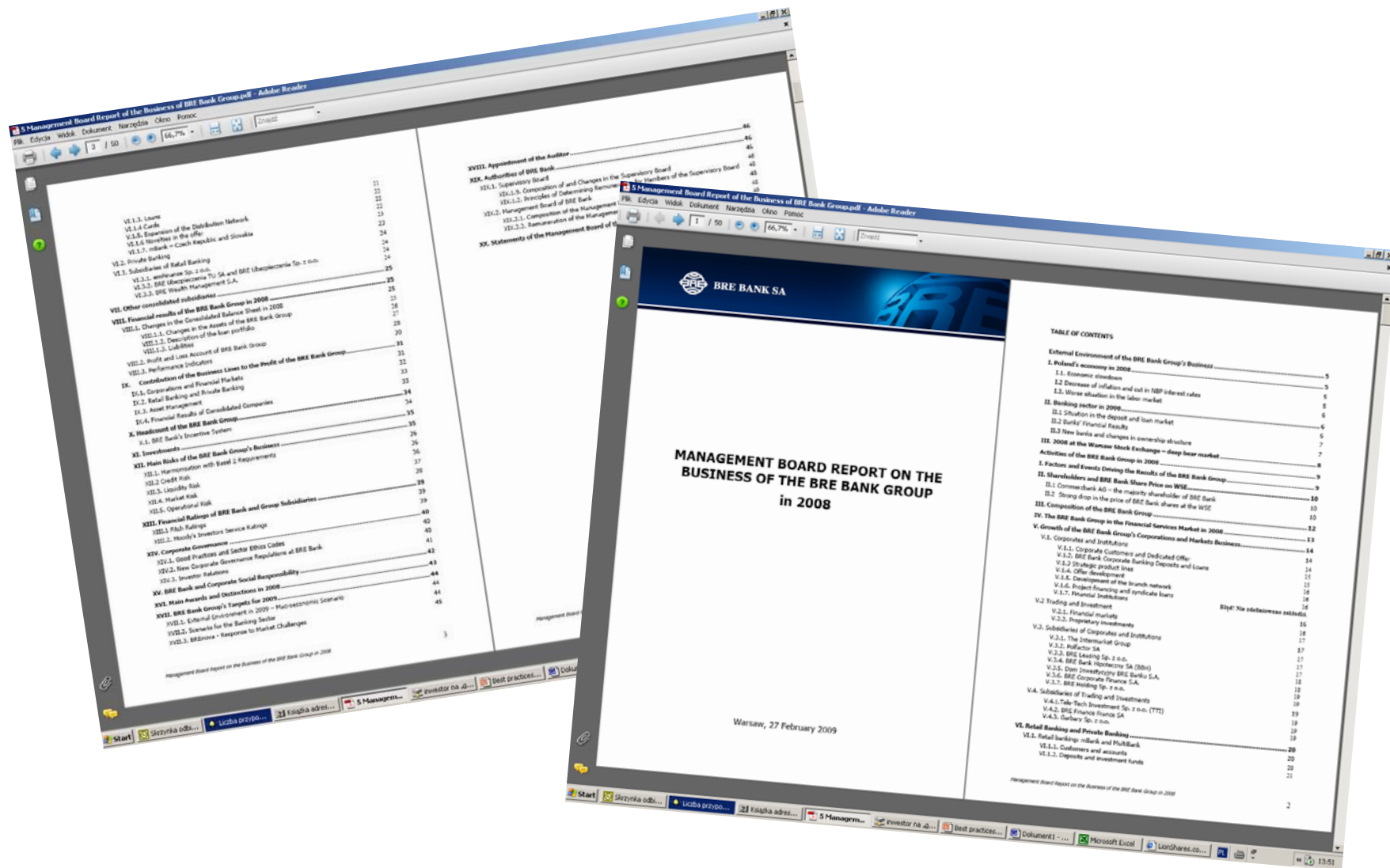
**Quarterly report**

**Stock exchange  
announcements**

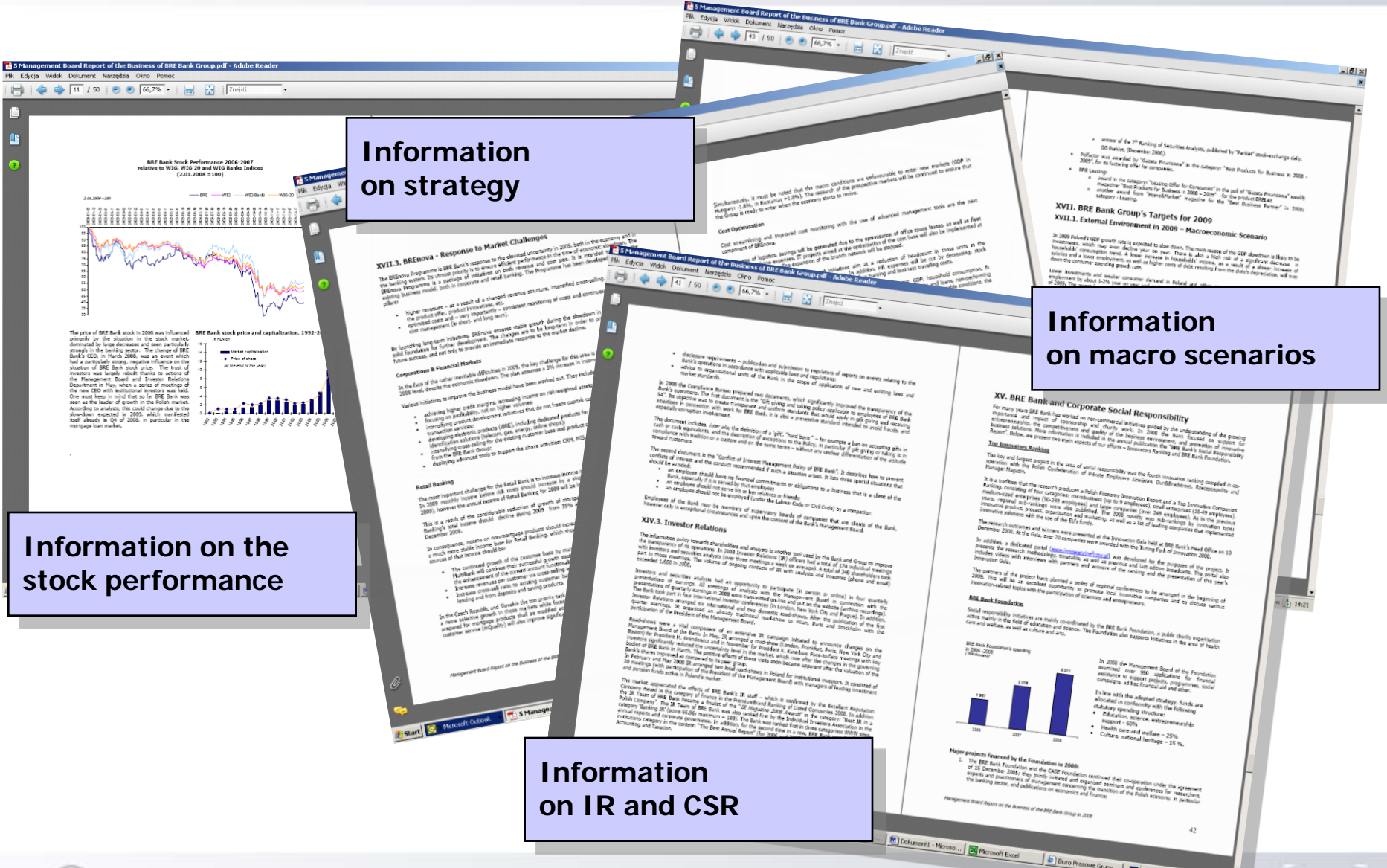
*Although the form and content  
of these documents is defined in detail,  
there is always space for providing your  
investors with more or less information*

*The choice is up to you!*

## Official Reporting: How to Enrich It





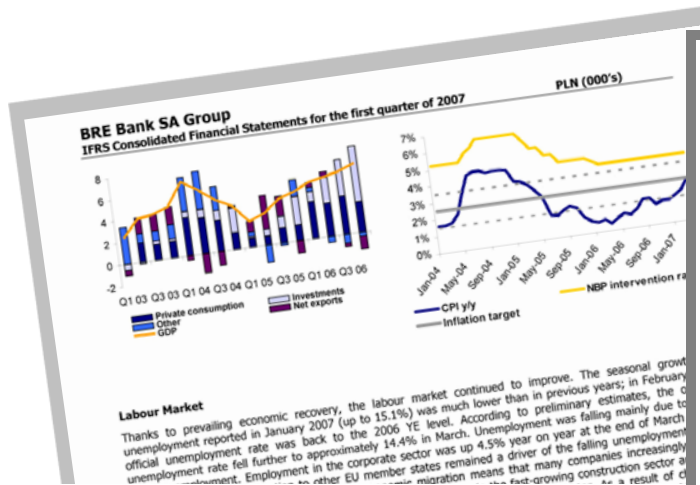


**Information on strategy**

**Information on macro scenarios**

**Information on the stock performance**

**Information on IR and CSR**



### Macro environment



BRE Bank SA Group  
IFRS Consolidated Financial Statements  
for the first quarter of 2007

### BRE Bank SA Group

IFRS Consolidated Financial Statements for the first quarter of 2007

PLN (000's)

#### Introduction

The profit before tax of the BRE Bank Group was PLN 295.9 million in Q1 2007, up 170% year on year (the Group's profit was PLN 109.5 million in Q1 2006). Profitability grew both in continued and discontinued operations. The Q1 2007 profit on continued operations was PLN 205.6 million compared to PLN 101.1 million generated in Q1 2007; the profit on discontinued operations was PLN 90.3 million compared to PLN 8.3 million in Q1 2006. The major contribution to discontinued operations in 2007 was the profit on the sale of SAMH at PLN 89.5 million; in Q1 2006, the profit on these operations included the year's profit of subsidiary SAMH.

Summary of factors influencing current development

In continued operations, the income on the core business grew, mainly due to the increase in interest income, while overhead costs were up modestly quarter on quarter. Credit losses were up modestly quarter on quarter. The growth in operating income combined with a strict cost discipline and productivity ratios. The ratios improved both year on year and compared to the same quarter of 2006. The Group's profit before tax as a percentage of average annual funds raised was 20.1% in Q1 2007 (19.4% in Q1 2006). The Group's cost/income ratio (CIR measured as overhead costs and amortisation/depreciation to income including net other operating income and cost) was 49% in Q1 2007 (57.7% excluding the SAMH transaction) compared to 66.1% in Q1 2006.

The main drivers of the financial results included:

1. Ongoing growth of the loans portfolio and customers' deposits thanks to expansion of retail banking and continued upturn in the corporate loans market, which was decisive to improvement of the balance-sheet structure in terms of profitability of business. The loans portfolio as a percentage of the balance-sheet total grew to 56.7% in Q1 2007 compared to 54.5% in Q4 2006.
2. Continued positive trends in the financial and fx markets, enabling a high trading profit, including the continued high fx profit in the Group's income structure.
3. Significant contribution of the subsidiaries to the Group's results. The accounting profit before tax generated by the Group subsidiaries (including both continued and discontinued operations) totalled PLN 51.8 million compared to PLN 44.9 million in Q1 2006, even though SAMH was excluded from the Group.
4. Strict cost discipline, both at the Bank and the subsidiaries.
5. Continued high quality of the loans portfolio resulting in relatively low credit and loans impairment provisions charged to the costs of the Group.

#### Macroeconomics in Q1 2007

##### Gross Domestic Product

Official GDP estimates for 2006 and available macroeconomic data for Q1 2007 suggest that fast economic growth continues. According to estimates of the Polish Statistical Office (GUS), the GDP growth rate was 6.1% in 2006 and 6.4% in Q4 2006 alone. The Polish economy was growing very fast in Q1 2007 as well. As a result, according to preliminary estimates, GDP growth was close to 7% in Q1 2007. The GDP growth was mainly driven by fast-growing domestic demand, especially a strong growth in fixed assets investments. In H2 2006, the growth in investments was over 19%. It seems that the growth rate remained stable or was even higher in Q1 2007. The growth of investments was accompanied by other factors, including a very good financial position of companies (profits before tax totalled PLN 69.8 billion in 2006, up by over 35% year on year), positive market sentiments, growing absorption of EU funds, very fast inflow of foreign direct investments (EUR 11.1 billion in 2006) and easy access to bank loans.

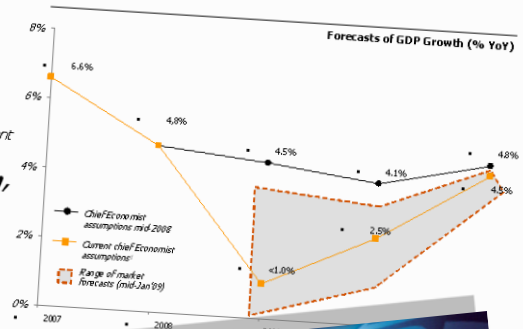
In addition to investments, the high GDP growth was driven by a fast growth in private consumption, up 5.2% in 2006 and an estimated 6% in Q1 2007. Consumption was mainly driven by a high growth in wages (up 7.8% in the corporate sector in Q1 2007) combined with fast-growing employment, and a high growth in bank loans drawn. Consumption also grew as a function of fast-growing retail sales, up 16.6% in January-February 2007. As a result of the strong growth in domestic demand, imports also grew more dynamically, at 20.8% in 2006, above the growth in exports (19.4%). This suggests that net exports are no longer a driver of GDP. However, exports growth remains relatively high (ca. 16% in January-February 2007 according to NBP); this indicates that despite the strong zloty, Polish goods remain quite competitive. Changes in the growth of exports and imports boosted the current account gap which however remained at a safe level and was more than sufficiently financed by the inflow of foreign investments.

- *Presentations help IROs to show the development of the company and explain the decisions made and the results achieved*
- *It is the basic tool to communicate the corporate story*
- *A visual form makes information more attractive and easy to understand*
- *Topics discussed in the financial report can include more details*
- *It is worth to have a standardised presentation with space for extra issues*

### Key Group Strategic Directions: 'BREnova' Economic Outlook

- *Economic outlook has worsened since mid-2008*
- *Economic outlook expected to have adverse impact on banking market development*

**More short-term, active and adaptive approach is required**



### Key Group Strategic Directions: 'BREnova' What Exactly is BREnova?

**This is why we launch the 'BREnova' Program**

**BREnova aims at adjusting/revising existing business and operating model to new macroeconomic environment**

- Two Main pillars of BREnova Program
- 1 Revenue enhancement focuses on improving profitability of continued business**
    - Incl. revenue source structures, margin assessment, cross-sell development, selective product improvement
  - 2 Cost Optimization**
    - BRE Group Cost Revision and Optimization

**Strict monitoring and quick adjustment**

- Monitoring of external environment and BRE performance with appropriate response

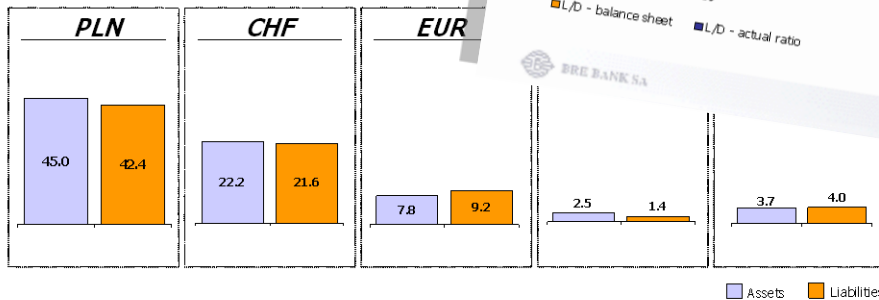


### Current topics

#### Will Your LtD Go up Once Zloty Depreciates Further?

*The level of our LtD is immune to currency fluctuations... instead of swapping PLN deposits to CHF mortgages we use financial institutions in CHF, so that...  
...BRE Group has a balanced currency portfolio.*

Group exposure for currency risk as of 31.03.2009 (PLN B)

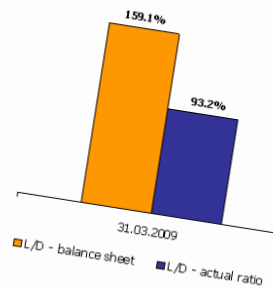


#### Doesn't Loan to Deposit Ratio Worry You?

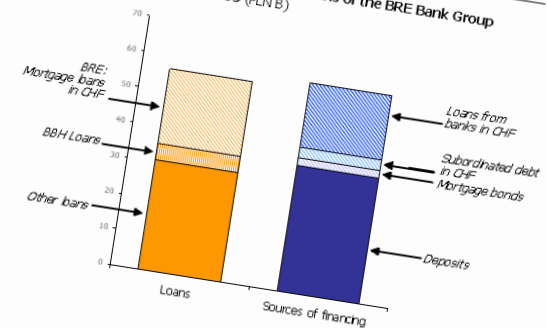
The ratio of loans to deposits stands at 159.1%. However, funding policy for FX risk mitigation is implemented. BRE mid-term loans in CHF fund CHF-denominated mortgages, therefore...

**...the actual ratio of loans funded from deposits is 93.2%**

L/D Ratio in BRE Bank Group at 31.03.2009



Structure of Financing Loans of the BRE Bank Group at 31.03.2009 (PLN B)



Microsoft Excel - Financial spreadsheet\_N\_31032009.xls

Wpisz pytanie do Pomocy

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1																		
2																		
3																		
4			<b>Q1 2006</b>	<b>Q2 2006</b>	<b>Q3 2006</b>	<b>Q4 2006</b>	<b>Q1 2007</b>	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>Q4 2007</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>	<b>Q1 2009</b>			
5		<b>Fee and commission income</b>																
6		Credit related fees and commissions	27 067	25 715	28 695	50 699	39 844	67 102	51 026	61 296	37 828	54 600	38 787	46 092	51 716			
7		Brokerage fees	17 832	21 822	16 883	22 977	28 730	37 855	27 740	26 533	29 654	9 507	14 916	19 414	20 077			
8		Portfolio and other management fees	1 132	2 839	3 488	7 589	1 243	4 698	2 103	2 711	2 153	2 168	2 065	1 999	1 864			
9		Fees from custody services	240	2 280	1 399	(1 211)	2 747	2 708	2 757	2 785	2 847	2 509	2 405	2 403	2 313			
10		Guarantees granted and trade finance commissions and fees	6 322	6 453	6 981	7 190	9 024	10 215	10 084	9 859	9 489	9 944	9 890	9 934	11 004			
11		Commissions from insurance activity									18 000	23 171	28 756	21 422	13 574			
12		Payment cards	20 737	25 454	27 410	30 715	32 008	36 195	39 311	45 273	42 802	49 912	55 786	57 945	63 322			
13		Money transfers	15 869	16 954	17 009	17 921	18 032	19 718	18 762	19 562	18 117	17 766	17 771	19 064	17 401			
14		Client's accounts	11 427	6 182	9 492	12 010	10 364	8 658	12 413	13 963	15 014	16 358	14 882	15 921	20 100			
15		Other	25 120	31 742	29 371	28 966	39 729	17 205	27 433	25 551	27 768	25 846	27 343	22 215	18 374			
16			<b>125 746</b>	<b>139 441</b>	<b>140 728</b>	<b>176 856</b>	<b>181 721</b>	<b>204 354</b>	<b>191 629</b>	<b>207 533</b>	<b>203 672</b>	<b>211 781</b>	<b>212 601</b>	<b>216 409</b>	<b>219 745</b>			
17		<b>Fee and commission expense</b>																
18		Brokerage fees paid	(6 432)	(5 925)	(5 365)	(6 777)	(6 865)	(5 881)	(5 805)	(5 543)	(7 347)	(2 921)	(4 777)	(5 668)	(6 314)			
19		Credit cards	(20 041)	(23 903)	(17 379)	(16 104)	(19 943)	(26 995)	(26 968)	(32 948)	(29 229)	(34 169)	(36 331)	(43 900)	(39 489)			
20		Other fees paid	(9 796)	(15 091)	(13 285)	(26 263)	(12 056)	(24 847)	(19 852)	(33 321)	(24 715)	(29 332)	(36 467)	(38 141)	(52 100)			
21			<b>(36 269)</b>	<b>(44 919)</b>	<b>(36 029)</b>	<b>(49 144)</b>	<b>(38 864)</b>	<b>(57 723)</b>	<b>(52 625)</b>	<b>(71 812)</b>	<b>(61 291)</b>	<b>(66 422)</b>	<b>(77 575)</b>	<b>(87 709)</b>	<b>(97 903)</b>			
22																		

**Full disclosure & corporate transparency**

## Spreadsheets: Business Spreadsheet

Microsoft Excel - Business spreadsheet - 2009 Q1.xls

Wpisz pytanie do Pomocy

Arial 8

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
1	cumulative data as at the end of quarter		Miano	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	
2	<b>Retail Banking Business Line</b>																
3	<b>mBank (Poland)</b>																
4	<b>mBank (Poland)</b>																
5	number of accounts		'000	1 107	1 146	1 231	1 324	1 424	1 509	1 601	1 703	1 825	1 921	2 029	2 172	2 32	
6	number of customers		'000	828	885	945	1 015	1 091	1 155	1 219	1 290	1 375	1 447	1 525	1 629	1 73	
7		therein: microfirms	'000	83	90	96	104	114	121	128	135	144	151	160	173	18	
8	total number of cards		pcs. '000	441	483	526	581	635	706	756	874	967	1 050	1 139	1 272	1 39	
9		number of debit cards	pcs. '000	414	452	488	532	579	640	681	782	859	928	1 000	1 110	1 21	
10		number of credit cards	pcs. '000	27	31	38	49	57	66	75	92	108	122	139	162	17	
11	total deposits		PLN m	3 408	3 618	3 776	4 035	4 372	4 702	4 972	5 314	5 930	5 915	6 665	7 630	8 83	
12	total loans		PLN m	623	777	965	1 140	1 397	1 953	2 514	3 043	3 653	4 183	4 894	5 399	6 23	
13	value of mortgage loans (cumulative)		PLN m	474	587	741	884	1 115	1 626	2 140	2 623	3 159	3 566	4 160	4 541	5 23	
14	value of mortgage loans (balance-sheet growth)		PLN m	106	113	154	143	231	511	514	484	536	407	594	380	69	
15	value of mortgage loans - individuals (quarterly sales)		PLN m	118	147	202	167	304	587	687	708	598	602	677	627	65	
16	Mutual Funds Supermarket (SFI) (AuM - cumulative)		PLN m	390	419	500	581	770	831	956	1 215	1 529	2 191	2 058	1 856	1 42	
17	SFI (quarterly gross sales)		PLN m	155	118	217	224	387	400	295	521	645	901	768	391	19	
18	number of eMakler accounts (brokerage accounts)		pcs.			the service offered since 25.07.2005	8 421	12 384	17 250	23 600	28 086	34 227	46 140	62 348	73 675	82 959	89 97
19	number of mKiosks		pcs.	21	22	28	40	42	46	47	50	52	56	58	61	6	
20	number of CFs (Financial Centers)		pcs.	13	15	14	14	15	15	15	15	15	15	15	15	1	
21	number of Partner mKiosk		pcs.											4	10	27	4
22																	
23	<b>MultiBank</b>																
24	number of accounts		'000	130	140	150	162	175	186	199	211	222	232	242	253	26	
25	number of customers		'000	208	225	241	263	283	301	318	337	354	371	391	409	42	
26		therein: microfirms	'000	31	34	36	39	43	46	48	51	53	55	59	62	6	
27	total number of cards		pcs. '000	134	147	158	169	181	277	303	324	351	376	405	433	46	
28		number of debit cards	pcs. '000	111	121	130	137	149	224	246	264	285	303	324	345	36	
29		number of credit cards	pcs. '000	23	26	29	31	32	53	57	60	66	73	81	89	9	
30	total deposits		PLN m	761	846	929	1 099	1 211	1 374	1 532	1 754	1 983	2 038	2 379	2 733	3 13	
31	total loans		PLN m	2 002	2 292	2 570	2 887	3 258	3 947	4 589	5 188	5 928	6 503	7 280	7 739	8 71	

**Make your analyst's and investor's life easier**

**V BRE Bank: a Responsible Employer**

"Our People Make The Difference" is one of BRE Bank's guiding principles... The quality of human resources is an area of increasingly high competition... The employee focus requires substantial investment in human resources... BRE Bank's HR activity was awarded with the HR Management and organized by the Institute of Labour and Social Affairs...

**V.1. Employment profile**

Employment in BRE Bank 2001-2007

Year	2001	2002	2003	2004	2005	2006	2007
Headcount	1,200	1,300	1,400	1,500	1,600	1,700	1,800

The client presents the evolution of employment at BRE Bank as of 2007, the best full year of the retail banking operation... The bank's employees are relatively young... 60% are under 30 years of age... 71% of all employees have higher education... 22 years of age group 12% in 2007 and the proportion of 2007 due to fast growth of the headcount of retail banking which hires young people without a higher education requirement.

**V.2. Code of Corporate Values**

In 2007, BRE Bank implemented the Code of Corporate Values... The Code of Corporate Values... contains the most valuable employee attitudes and behaviors to be followed in professional work... 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 time effectively.
- Responsibility - to own tasks, to initiate and to accept the consequences of one's actions, to question the status quo.
- Readiness - to be ready to take up challenges, to cooperate with other members of the organization actively, to defend one's Commitment - to be active and dedicated, to influence others, to identify with the organization.

**V.3. BRE Bank's Incentive System**

The remuneration policy is a key component of a company's HR strategy... BRE Bank's HR mission "Our People Make The Difference" leads to ensure the transparency of remuneration... BRE Bank will create conditions of employment conducive to the BRE Bank's Incentive System components:
 

- Basic salary
- Variable pay (performance bonus)
- Share participation
- Training funds
- Employee benefits package.

**V.4. Training**

The Bank attaches great importance to training because of an organization's employee growth and training are planned and structured under the Bank's Corporate Growth Program... Employees undergo training according to a scheduled training plan.

Searching for new investor groups



*Introduction*

*Communication Model & Policy*

*Channels of Communication with Investors*

*IR Tools*



*Summary*



*It pays to follow the below rules in IR Communication with Stakeholders*

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1

*Get full disclosure & corporate transparency  
market value it*

2

*Stay in touch with your investors  
using appropriate channels and tools of IR communication*

3

*Listen to & learn from your stakeholders  
to make IR communication effective now and in the future*

4

*Easy access to top-level executives  
as a success factor*



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