



CORPORATE SOCIAL RESPONSIBILITY – 2008 REPORT

SHAREHOLDERS

BANK BPH AS A PUBLIC COMPANY

2008 saw significant changes in Bank BPH shareholding structure. The Bank ceased to be the UniCredit Group subsidiary, and became part of one of the biggest global corporations, the General Electric Company based in the USA, with the top 'AAA' rating. Change in the strategic investor stemmed from the Bank's spin-off dated 29 November 2007.

On 17 June 2008, GE Money Bank (GEMB) became an indirect strategic investor in Bank BPH through the purchase of HoldCo shares, holding 65.9% shares in Bank BPH from UniCredit. As a result of consecutive transactions, i.e. public call for sales of 66% shares in Bank BPH and HoldCo liquidation, starting from 8 September 2008, GEMB is a direct owner of 66% shares in Bank BPH.

Bank BPH spin-off brought about considerable reduction in its competitive edge and capital market attractiveness. The Bank slid from the third position in the sector to the second ten. Its assets dropped by 80% (15th position in the sector), loans by 83% (19th position), deposits by 87% (16th position), own funds by 79% (11th position), and revenues by 76% (12th position).¹ At the same time, the Bank's shares were transferred from a prestigious WIG 20 index to mWIG 40. Also, the Bank's capitalization diminished from ca. 30 billion zlotys to ca. 3 billion zlotys.²

Bank BPH has been listed on the Warsaw Stock Exchange for the last 14 years, and since the legal merger with PBK (31 December 2001), its securities in the form of global deposit certificates are also listed on the London Stock Exchange.

COMMUNICATION WITH CAPITAL MARKET PARTICIPANTS

As a public company, Bank BPH engages in coordinated communication policy with all capital market participants: investors, analysts, rating agencies, delivering on the principles of transparency, reliability, cohesion and equal treatment, reliability, high quality and data comparability.

¹ Comparison of 31 December 2007 and 31 December 2006 balances.

² Capitalization as at 29 December 2007, i.e. after the spin-off which took place a month earlier.

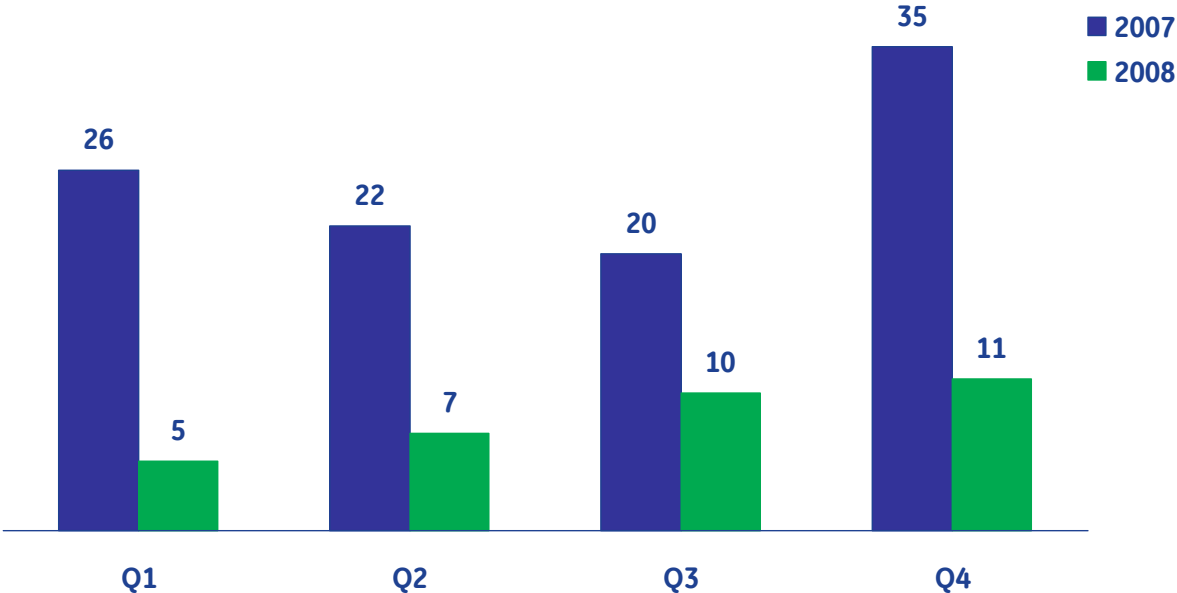
Regardless of negative developments in the capital market triggered by the global crisis, in 2008 Bank BPH continued to maintain active relations with minority investors, organizing conferences to mark publication of quarterly financial results, direct 'one-on-one' meetings with investors and analysts in the Bank's premises and delivered on its disclosure obligations by developing current and regular announcements or reports and through telephone and mailing contacts, as well as Investor Relations section on the Bank's internet site.

An important communication element is publication of Bank BPH Annual Report, which was recognized for the third consecutive year by the Board of Competition organized by the Institute of Accounting and Taxes and Warsaw Stock Exchange. Last year, Bank BPH gained second prize for its Annual Report developed in line with the International Financial Reporting Standards (*The Best Annual Report 2007*) in the category of 'Banks and Financial Institutions' and it was recognized for the Report's best user value.

In 2008, the Bank Management Board's Members and employees of the Investor Relations Team presented the company to 87 investors and analysts during 4 quarterly results conferences, on-site 'one-on-one' meetings and Investor Day, which is mentioned below. Also, 187 people were watching quarterly conferences via direct internet connections.

Drop in Bank BPH attractiveness in the capital market after the spin-off translated into reduced interest on the part of capital market analysts to issue recommendations and fundamental analyses for the Bank (see the diagram).

The number of Bank BPH mentions in analysts' reports in individual 2007 and 2008 quarters (with or without recommendation)



On 24 September 2008, Bank BPH and GE Money and GEMB organized the Investor Day in Warsaw. This event was attended by investors and analysts from Poland and abroad. During the conference, Bank BPH and GEMB Merger Plan was presented along

with the share swap parity and the middle-term strategy for the Merged Bank for 2009-2011.

Bank BPH aspires to assume the fifth market position in the most attractive market segments, and the merger with GE Money Bank shall be an important step towards reaching this goal. On 25 November 2008, Management Boards of Bank BPH and GEMB decided to shift the planned legal merger from the first onto the third quarter 2009 with the view to update macroeconomic and business assumptions on the Merged Bank's strategy.

PRINCIPLES OF CORPORATE GOVERNANCE

Bank BPH respects all the principles of corporate governance included in the document 'Best Practices of Public Companies listed on the Warsaw Stock Exchange'. This is a collection of regulations on the conduct of top company's authorities vis-à-vis its shareholders, public company's relation with its market environment, including rules on communication with capital market participants. Every year, the Bank submits declarations on the compliance with corporate governance rules, and starting from 2007, it publishes reports on observing best practices, which are part of the Bank's Annual Financial Report and can be found on the Bank's internet site. Compliance with high standards of corporate governance is an important element that enhances the Bank's competitiveness. Please find below the link to the report 'Corporate Governance in Bank BPH':

http://www.bph.pl/res/docs/ir/lad_kor/sprawozdanie_o_stosowaniu_zasad_adu_korp_aracyjnego_w_banku_bph_2007.pdf

VALUE ADDED FOR SHAREHOLDERS

Negative developments in the capital markets and deterioration in Bank BPH's competitive position after the spin-off had a negative impact on the share price and resulted in diminished investors' interest in the Bank's stock. In 2008 the Bank's share prices on the WSE dropped by 66%, while WIG Banki index decreased by 44%. Value added for shareholders in 2002-2008 is presented in the table below.

Shareholders' Value Added - Key Figures*

Data	2002	2003	2004	2005	2006	2007****	2008
Net profit (in '000 zlotys)**	133 535	323 189	758 557	1 027 436	1 267 769	178 858	113 858
Net profit per share**	4,65	11,25	26,42	35,78	44,15	6,23	3,96
Dividend (in '000 zlotys)	40 203	249 831	634 629	861 487	1 039 528	0,00	na*****
Dividend per share	1,4	8,7	22,1	30	36,2	0,00	na
Payout ratio***	31%	75%	80%	84%	86%	0%	na
Change in share price	18%	31%	44%	47%	24%	-89%	-66%

*/ 2002-2003 according to Polish Accounting Standards (PAS), then according to International Financial Accounting Standards (IFRS).

**/ Consolidated net profit attributable to equity holders of the Company.

***/ Dividend/stand-alone net profit, because dividend is paid out of it.

****/ On 29 Nov. 2007 the court registered Bank BPH spin-off, whereby the major part of business (i.a. 80% of assets, 79% of equity) was incorporated into Bank Pekao. Bank BPH shares were priced accordingly.

*****/ As at the date of this Report's disclosure the decision on dividend payment from 2008 net profit has not been made.

CUSTOMERS

Bank BPH cares for high level of Customer service and long-term loyal relations with them. Although the spin-off reduced the Bank's customer base to a significant extent, but in qualitative terms it is still viewed as a market leader. Customer service quality is the basic pillar of building the Bank's competitive edge. In line with the strategy adopted, we aspire to assume the fifth position in the sector by delivering satisfaction and value added to our customers and becoming the 'Bank of first choice for medium-sized enterprises'. In this context, it is worth mentioning that in 2008 Bank BPH received again the title 'Bank BPH the best for MSE Customers' in the 'Home&Market' ranking. The surveys conducted on the sample of 350 companies show that Bank BPH was an unbeatable leader in the following categories: best deposits and loans, most frequent selection of business customers.

Also, Bank BPH ranked second among the banks with the best press image in the 'Top Brand' rating developed by the 'Press' magazine and Press-Service Media Monitoring company.

COMPLIANCE

In 2008, Bank BPH implemented the compliance system, in line with the standards applicable in the General Electric Company. One of the pillars, thanks to which the GE branch is so broadly recognizable is its very good reputation based on legally compliant operations and top standards of business ethics. The GE is considered as one of the most respected and admired companies in the world, both among the customers, contractors and employees.

An internal pillar of GE good reputation is its Code of Ethics 'The Spirit & The Letter'. This document spells out general principles of conduct, which should be abided by all GE employees in all the countries. Its credo is 'Always with unyielding integrity'. It includes practical hints on appropriate conduct in every-day situations, also in conflicts. The code of ethics discusses the following issues, among others:

- working with customers and suppliers,
- government business,
- competing globally,
- in the GE community,
- protecting GE assets,
- compliance.

In November 2008, Bank BPH Management Board passed a resolution on the adoption on the principles contained in The Spirit & The Letter. Thus, the Bank implemented the standards supported by many-years experience and good effects. The Code fitted perfectly the existing solutions of the Bank and enriched them.

In order to present the principles of the Code and its meaning, the Bank organized a number of direct training courses for its management. Other employees participated in multi-media e-learning course. Each employee is obliged to comply with The Spirit & The Letter guidelines, and acknowledges them in a special declaration.

Still before introducing the Code of Ethics, Bank BPH as a public company implemented an in-house scheme for handling confidential information in the context of private investments undertaken by the employees working in the so-called confidentiality zones. Special requirements on investment transactions with Bank's shares and reporting thereof are binding especially for the members of the Management and Supervisory Boards.

INFORMATION SECURITY

With the view of ensuring top quality of service, the Bank guarantees maximum security of information covered by banking secrecy, including Customers personal information, and information pertaining to the Bank as a company operating in a competitive environment. It is especially important to ensure information security in co-operation with external companies, which perform banking activities for the Customers. Information processing in the Bank, and under outsourcing, is performed in line with the generally applicable regulations on personal data protection and banking secrecy and upon the Bank's internal procedures. Thanks to them, as well as constant supervision over protected information handling, the Bank ensures efficient protection of Customer-related information.

The Bank also monitors its IT resources to assess security level of these resources, which process protected data. IT resources monitoring provides the Bank's customers with security guarantee about the transactions performed in the Bank's branches, and via internet banking. Bank BPH corporate social responsibility is also reflected in the fact that, while delivering on its regulatory tasks related to personal data protection, the Bank provides its Customers with precise information on data processing, access to information relating to change and upgrade thereof, and immediate reaction to any protest against marketing offer mailing.

COUNTERACTING MONEY LAUNDERING

Bank BPH takes active part in developing the system on counteracting money laundering and terrorism finance in Poland. The Bank's representatives participate in the works coordinated by the Polish Banks' Association, aimed at aligning the domestic regulations on counteracting money laundering and terrorism finance with international ones. The specialists representing the Bank participate, among others, in developing industry recommendation of the PBA on risk analysis for individual customer segments. Bank BPH employees, as recognized experts on counteracting money laundering speak regularly at conferences and seminars. Well developed internal training system assists the Bank's employees in acquiring necessary knowledge of selecting and notifying of transactions that may relate to money laundering or terrorism finance.

NATURAL ENVIRONMENT PROTECTION

In its lending policy, Bank BPH accounts for the aspects of natural environment protection, which are incorporated into its internal processes; credit analyses and decisions; by including potential environment risks into the catalogue of risk assessment and management criteria. In line with the 'General Lending Rules', the

Bank does not provide funding for the projects that fail to comply with the standards developed by the World Bank or defined in domestic regulations. Detailed guidelines on that scope are contained in the instruction manual 'Environmental risk analysis and assessment guidelines', which provide for different aspects of environmental risk and environmental risk level for individual types of activity (as defined by EBRD). Also, the list of the so-called environmental exclusions was defined to cover such projects and types of activities that exert significant environmental impact. Decisions on project finance or types of activities included on the above-mentioned list are adopted at top lending competencies.

The questions related to environmental risk are also one of the key elements of GE general strategy, which defines standards of lending operations. The Bank is now verifying and aligning to these standards.

SUPPLIERS

In line with The Spirit & The Letter, Bank BPH shapes its supplier relations on the basis of legal, efficient and fair practices. We also expect our suppliers to comply with the binding regulations in their business relations, including those with employees, local communities and GE Group companies. The quality of our supplier relations has often direct impact on our customer relation quality. Likewise, the quality of our suppliers' products and services has a bearing on the quality of our own products and services. In line with the Code of Ethics guidelines, the Bank only works with those suppliers, who deliver on the above-mentioned criteria and carries out objective assessment of all the suppliers' offering on the basis of: technical advancement, quality, fault-free operations, service and price.

EMPLOYEES

As at the end of 2008, Bank BPH had 4,264.7 FTEs, which is 1,093.1 FTEs more as compared to the end of 2007. Higher employment resulted from the Bank's recovering its position after the spin-off, and pertained to implementation of strategic and development projects (rebuilding corporate banking from scratch and developing distribution network). FTEs break-down into individual Bank's organizational units are presented in the table below.

Employment In FTEs (excluding maternity, childcare and unpaid leaves)

Organizational unit	31 December 2007	31 December 2008
Branches	1,729.9	2,336.4
Credit Analyses Centers (CAK)	261.8	159.8
Corporate Centers	12.0	86.0
Bank' Head Office	1,117.0	1,623.5
Brokerage Office	42.0	50.0
House Loans and Savings Office	9.0	9.0
Total Bank BPH	3,171.6	4,264.7

In 2008, Bank BPH developed a series of professional tools supporting human resources management. Existing programs were optimized, and new approach to HR administration was developed, with the use of unique solutions applies by strategic investor, i.e. the General Electric Company.

A completely new system for employees management was launched, the so-called EMS (Executive Management Staffing). A standard electronic form applicable in the whole Group is being updated by the employees and commented upon by the supervisors on annual basis. It aims at recapitulation of goals delivery, it identifies employees' strengths and weaknesses and their development, it contains recommendations on carrier paths development and enables application for work at the GE through Career Opportunity System (COS).

In the course of preparations for Bank BPH integration with GE Money Bank, cooperation was started with the exchange of information about recruitment processes conducted in both banks. The project aims at expanding the internal labor market by providing the employees with vacancy information.

An important element in HR development is a professional training system, aimed at assisting the employees in key competencies, enhancing corporate culture of the Bank and selecting high potentials.

In 2008, a number of parallel training programs were developed for the following competence groups:

- Developing new competencies under the *Akademia Ambitnych* program; the training model was based on the assessment of training needs and regular results valuation. 721 employees took part in this training;
- Developing talents among the graduates of *Absolwent@Sukces* program, with the participation of 11 top graduates;
- Many training sessions were broadly available to the employees thanks to an e-learning tools, during two recent years we built 15 new e-learning training curricula addressed at a broad range of beneficiaries;
- Assisting key business processes – specially dedicated training programs for business groups;
- Enhancing corporate culture and its main values and principles, which the organization lives by, training in *The Spirit & The Letter* covered more than 2,876 employees;
- Lean Six Sigma quality program trainings were organized for 445 employees.

Number of training participants in Bank BPH in 2008

Training programs data	31 December 2008
Employment in FTEs	4,264.7
<i>Absolwent@Sukces</i>	11
<i>Akademia Ambitnych</i>	721
Lean Six-Sigma	445
<i>The Spirit & The Letter</i>	2,876
Training program spending per FTE (in zlotys)	423

Akademia Ambitnych training program was continued, whereby the management could develop their skills related to leadership, change management and business goals-orientation. *Akademia* for the employees focused on cooperation and team work, as well as focus on internal and external customers.

In 2008, Bank BPH trained 4,625 people for the total amount of 1.8 million zlotys. The total number of training programs was 31,782 man-days. The Bank also reimbursed training for 11 key employees.

BANK FOR THE SOCIETY

Bank BPH is open to the needs of the society. We support our culture and art, take good care of the national heritage and involve in important sporting, ecological and educational projects. We develop charity and voluntary activities.

CULTURE

A priority in the Bank's sponsoring activities is to provide financial assistance for the development of Polish culture, and especially the classical music, theatre and art.

In 2008, Bank BPH sponsored the 12th Ludwig van Beethoven Easter Festival, one of the biggest Polish classical music events that took place on 9-22 March in Warsaw. The Bank has been sponsoring the Festival every year since 2004. Traditionally, we also continue our cooperation with the National Philharmonic in Warsaw. For the last couple of years, we have sponsored season-opening concerts at the Philharmonic. Last year, the opening concert at the Warsaw National Philharmonic marked 75th anniversary of Krzysztof Penderecki. Bank BPH was a patron of this extraordinary event. Also, in December a CD with Vivaldi's Four Seasons performed by the National Philharmonic was released, also sponsored by the Bank.

We boast a consistent and long cooperation with the institutions that have a great traditional of national heritage protection, such as the National Museum in Krakow or the Warsaw Royal Castle. Last year, the Bank sponsored the Museum Night and the exhibition 'Zofia Stryjeńska 1891-1976', presented in Krakow from 24 October to 4 January 2009. During the whole year, the Bank supported educational activities conducted by the National Museum, Krakow Branch, i.e. the Palace of the bishop Erazm Ciołek. On 2 July, the Warsaw Royal Castle opened the exhibition on 'Vilnius cathedral treasurer', also with the Bank's participation. At this exhibition, the fantastic Vilnius collection was displayed abroad for the first time.

The Bank also supports other cultural projects and institutions, with both local and with global reach. Special attention should be paid to the Festival of Jewish Culture in Krakow, 'Sinfonia Varsovia' for Its City Festival and the 3rd Iwona Borowicka Polish Competition of Operetta and Musical organized by the Foundation for Assisting Polish Artists 'Czardasz'. The Festival of Jewish Culture in Krakow took place from 28 June to 6 July last year, and it was organized for the 18th time. Bank BPH sponsored it for the eighth consecutive time. The Festival was concluded with a couple of hours gala

concert entitled 'Shalom at Szeroka street', which gather many thousand people. Also the 8th Festival 'Sinfonia Varsovia' for Its City named after Franciszek Wybrańczyk has already become a fixed date in the capital cultural agenda and a top artistic event. It took place from 1-14 September 2008 in Warsaw, and its concerts took place in concert halls, churches and open air. Last year Festival was exceptional, as it marked 75th anniversary of two distinguished Polish composers, i.e. Henryk Mikołaj Górecki and Krzysztof Penderecki. Bank BPH has been sponsoring this event since its very beginning. The gala concert of Iwona Borowicka competition took place in Słowacki Theatre in Krakow on 20 September 2008.

Like in previous years, in 2008 Bank BPH was the main sponsor of the National Concert celebrating the 3rd anniversary of John Paul II's death, entitled 'Hymns. Polish artists' homage to John Paul II', which took place in Gdansk and Vilnius on 30 March. Both concerts were broadcast by Program 1 of the Polish Television. The concert was recorded and released as CD by the Polish Radio.

In 2008 Bank BPH sponsored an album of Lidia Kopania – a young talented singer and laureate of the 'Top&Trendy 2006' Competition. As a winner of the Polish qualification round of Eurovision she will be representing our country in Eurovision 2009 contest in Moscow.

SPORTS

Bank BPH promotes healthy lifestyle, therefore is sponsored a serious of mountain bike races 'Bank BPH Grand Prix MTB'. Professional bikers in 7 age categories, from 13 to 60 years of age took part in the races, including Maja Włoszczowska – silver medal winner at Beijing Olympic Games. The Bank also provided financial assistance to Skandia MTB Marathon series, with participation of mountain bike lovers, such as Bank BPH team. The Bank supported other biking projects, including 'Ride your bike safely to your destination', organized together with Police Headquarters, biking events in various towns and places where bike riding certificate could be obtained and the 8th Biking Parade organized under the World Biking Days in Jelenia Góra.

The Bank promotes sport and healthy lifestyle among its employees as well. It assists sport teams, such as mountain biking, football, tennis, sailing and basket ball.

EDUCATION

The Bank attaches a lot of importance to finding young talents in culture. Under the program 'Bank BPH supports young talents', whereby we sponsor culture and education, we cooperate with Wojciech Pławner, a violinist and Irmina Trynkos, a very gifted young violinist. Like in previous years, in 2008 the Bank founded an award for the best graduate of painting faculty, selected together with Fine Arts Academy in Warsaw, and financed the purchase of materials for its students.

The Bank continues long-term co-operation with the Polish Association of Economics. Traditionally, in 2008 we founded a grant for the Economic Olympic Days winner. For many years now, we have been an active participant of the 'Stay with us' campaign organized by 'Polityka' Weekly Foundation, which aims at enabling young scientists to

develop their skills for the benefit of Poland. At a gala celebration, the laureates receive wallets with 25,000 grants. This award is to convince young and gifted people to develop their scientific carrier in Poland and to consolidate their conviction that they are doing a right thing staying in Poland.

In 2008, the Bank also assisted Youth Entrepreneurship Foundation, which runs programs that prepare young people to live in market economy conditions.

ECOLOGY

Last year Bank BPH continued the cooperation with Biebrza National Park, the largest national park in Poland. This park protects vast and almost untouched by civilization valley peat bogs with unique species of plants, birds and other animals as well as natural ecosystems. The Biebrza Valley is a very important area for nestling, feeding and resting of water and swamp fowl and for this reason in 1995 it became part of the habitat list of the RAMSA Convention i.e. swamp territories of international importance, being a natural environment for water and swamp fowl.

Apart from the financial support for activities aimed at the protection of natural heritage, the Bank's employees took part in a nation-wide action of Biebrza cleaning, which dealt in getting rid of trash in tourist favorite spots and building ecological awareness.

CHARITY AND HEALTH PROTECTION ACTIVITIES

A spectrum of charitable and social activities conducted by the Bank is very broad. We financially assist i.a. orphanages, community work centers, societies looking after homeless, sick and hungry or those who have been severely tried by fate.

As in past years, Bank BPH supported the organization of several charity concerts. The proceeds from the concert entitled 'Help children enjoy' were donated to The Children's Friends Association while the revenues from the concert 'I love you' organized by the Rotary Club Warsaw-Józefów were designated to purchase an electric wheelchair and rehabilitative equipment for Samanta Nosala, a 5-year-old, above average intellectually gifted child. Also, the proceeds from another concert of a title 'Happiness Talents' organized by the rotary Club Szczecin Pomerania went for a medial appliance acquisition – a cardio-monitor for the Children Hospital in Szczecin.

From among numerous institutions and units which were the beneficiaries of the Bank's financial and material aid in 2008, its worthwhile to mention a few, such as: The 'Help For Children Affected by Cancer' Foundation, Food Bank Foundation in Łódź, 'VIVE Heart for Children' Foundation, polish red Cross, Catholic Families Society at the Corpus Christi parish, Caritas of the Zamość-Lubaczów diocese and the Polish Humanitarian Action.

We attach a lot of importance to health protection projects. Bank BPH supports university hospital, hospitals, outpatient clinics and other institutions that care for the sick, addicts and disabled. It also participates in campaigns promoting healthy lifestyle. For instance, for many years now, we have participated with Health Promotion Foundation of Prof. Zatoński, which mainly aims at convincing smokers to quit tobacco.

We offer financial and substantial assistance to the Foundation, and we take active part in the campaign 'Quit smoking with us', thanks to which a number of Bank's employees give up smoking every year.

Bank's volunteers from Honorary Blood Donors and the Polish Red Cross section in the Bank promote the concept of honorary blood donors and participate in regular blood collection campaigns. In 2008 three of such events took place: two in Krakow and one in Warsaw, which helped to collect 109 liters of blood. The Krakow initiative was accompanied by the collection of clothes, food and school stationery for the sponsored orphanage in Krakow.

BANK BPH CSR AWARDS AND DISTINCTIONS

Bank BPH received many rewards and distinctions for its activities aimed at supporting culture. The most important are listed below:

- The title of the Patron of Culture in 2004 and 2006, granted during a competition organized by the Minister of Culture,
- The title of the Patron of Culture in Krakow in 1996, 1997, 1998, 1999, 2004 and 2005, granted by the Mayor of Krakow,
- The title of the Sponsor of the National Philharmonic in 2004, 2005, 2006, 2007 and 2008,
- The title of the Sponsor of Culture in Warsaw in 2006, granted by the Mayor of Warsaw or the first time in 2007,
- The title of the Benefactor of 2005, granted (in 2006) by the Academy for Philanthropy Development in Poland,
- Arts & Business Award 2006, granted by the Commitment to Europe Foundation,
- 'Strong with image 2007' awards at a 6th Public Relations Congress,
- 'Servi Pacis' award granted by the Foundation for the Assistance of Victims of Military Peace-keeping Operations' in 2007,
- 'Bene Merent' medal granted by the National Museum in Gdansk in 2007,
- Golden Medal of Recognition granted by Corporate Social Responsibility Foundation in 2007,
- Social Solidarity Medal for President J.Wancer, granted in recognition and gratitude for his social commitment and support to those in need, for propagating the idea of business social responsibility and building social solidarity (2007),
- Top rotary distinction for President J.Wancer granted by the Rotary International Club for his commitment and engagement in the Rotary movement idea (2007),
- Dr Jordan medal for President J.Wancer granted by the Children's Friends Association, for his special commitment to assisting children and merits in developing and promoting physical culture, sport and recreation among children and young people (2008),
- Gold Prometheus Medal for President J. Wancer granted by the Pro Publico Bono Foundation in 2008.