



Bank BPS

Grupa BPS

SUSTAINABLE DEVELOPMENT

Bank Polskiej Spółdzielczości S.A. Strategy
for 2014-2017



STRATEGY 2014-2017



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Mission, vision, values

MISSION

Bank BPS mission is the optimum fulfillment of the union and commercial functions in order to create a **friendly world of finance** for existing and future **customers**.

VISION

Bank BPS will be an **innovative and stable** financial institution, focused on identifying and meeting the needs of customers.

VALUES

Security and Stability - Bank as the guarantor of security for affiliated cooperative banks and customers.

People, not systems - Bank close to customers, shareholders, employees.

Tradition in modernity - Bank based on indigenous traditions and local capital, providing innovative services at the highest standard.



The Aim



sustainable development
while maintaining
the security and stability
of Bank BPS

Strategic objectives

Capital Adequacy Ratio of **12%**

Increased efficiency in the commercial activity, by **improving** the quality and profitability of assets.

Systematic increase of competitiveness and **quality of Customer service** by developing - IT systems which will allow offering technologically advanced banking products.

Constant skills **development** of bank employees.

Enhancing the safety of cooperative banks by taking actions to **meet** necessary liquidity and solvency **standards**.

Steady increase in quality of **services** provided to affiliated cooperative banks.

Development of **international** cooperation with European and non-European cooperative banks and their associations, as well as international financial institutions.

Adjusting the structure of **the BPS Group** to the strategic needs of the association.

Increase in participation of affiliated and cooperating banks in the share capital.

Strengthening the **positive image** of cooperative banking and Bank BPS.

Legal environment

The accounting standards

On the 1st of January 2014, the Bank has applied **IAS/IFRS** standards in the preparation of statutory financial statements. This allows to eliminate differences resulting from the application of different standards between the data presented in the separate and consolidated financial statements. This also ensures the comparability of data and information presented in the financial statements of Bank BPS with other market participants.

The new regulations of the European Union

Important changes in the prudential requirements regarding liquidity and capital adequacy ratios (accepted on 26th of June 2013 Regulation no 575/2013 (CRR) and Directive 2013/36/UE European Parliament and Council (CDR IV) cause:

the need for changes in the **liquidity management** system in the association

work on the **new association model**.

A decorative green line starts from the top right, curves down and left, then continues as a horizontal line to a small green dot. From this dot, a vertical line goes down to the text 'Union activity'. A large, light green circle is positioned on the left side of the page, partially overlapping the text area.

Union activity

In the period described by this strategy the bank's key task is to strengthen the mechanisms and systems to ensure **safe** operation of the association by:

modernizing the liquidity management model

transforming the current model of the association into an integrated association

enriching the services catalogue for cooperative banks

increasing the number of syndicate loans to the level of 1/3 of Bank BPS' loan portfolio



Commercial activity

Aims:



The pace of growth of the Bank's total assets,
depending on the growth of total asset and the loan portfolio of affiliated banks

Liquid assets of the Bank **securing** at least supervisory requirements
of liquidity risk in the association

The value of commercial assets, including primarily the loan portfolio,
adjusted to the potential of supply the of Bank's own funds



Marketplace



Bank BPS guided by the principle of complementarity of action, does not compete with cooperative banks. Bank BPS will focus its sales activities in the following market segments:

small and medium-sized enterprises, in particular from the broadly understood area of agriculture business and real estate financing

retail customers with extraordinary needs for banking services with particular emphasis on mortgages

local government

cooperatives

With the expansion of the customer base serviced by cooperative banks, Bank BPS will develop complementary products and provide a possibility of co-financing by syndicated loans.

Institutional cooperation

Bank BPS will take following actions:

expand the product range in terms of loans supported by donors

extend the product range to new renewable energy sources products in cooperation with national and international institutions (including NFOŚiGW, WFOŚiGW, EBRD)

develop cooperation with national and international financial institutions (including EBRD, CEB, EIB and BGK S.A.) in order to obtain funds to launch new credit lines

acquisition of non-financial grants available for the banking sector in Poland, to finance Bank BPS' development



Customer relationship

Commercial activity of Bank BPS will be conducted based on the existing network of stationary units (branches and subsidiaries) and remote access channels (online banking, mobile banking and call center).

Improvement for Customers:

development of mechanisms supporting purchasing decisions

development of IT tools to improve access to services

development advisory of skills



Support for cooperative banks




Bank BPS as a coordinator of cooperative banks' activities, supports the branch network development by disseminating the concept of a universal branch and marketing consultancy in providing services to new customers.



The important element of the strategy is to support cooperative banks in servicing large companies that require financing in excess of the possibility of a single cooperative bank. The key role in this process is syndicate organization, as well as development of new products.



Risk management



The strategic objective of risk management in Bank BPS is to **improve** the quality of the loan portfolio, **underwriting** Bank liquidity in Bank BPS and affiliated banks, **reduction and maximum control** of market risk and continuous **improvement** of optimization and standardization of operational risk.

Communication strategy

The purpose of the communication activities is to strengthen the image and brand awareness of „**COOPERTAIVE BANK**“.

Important actions:

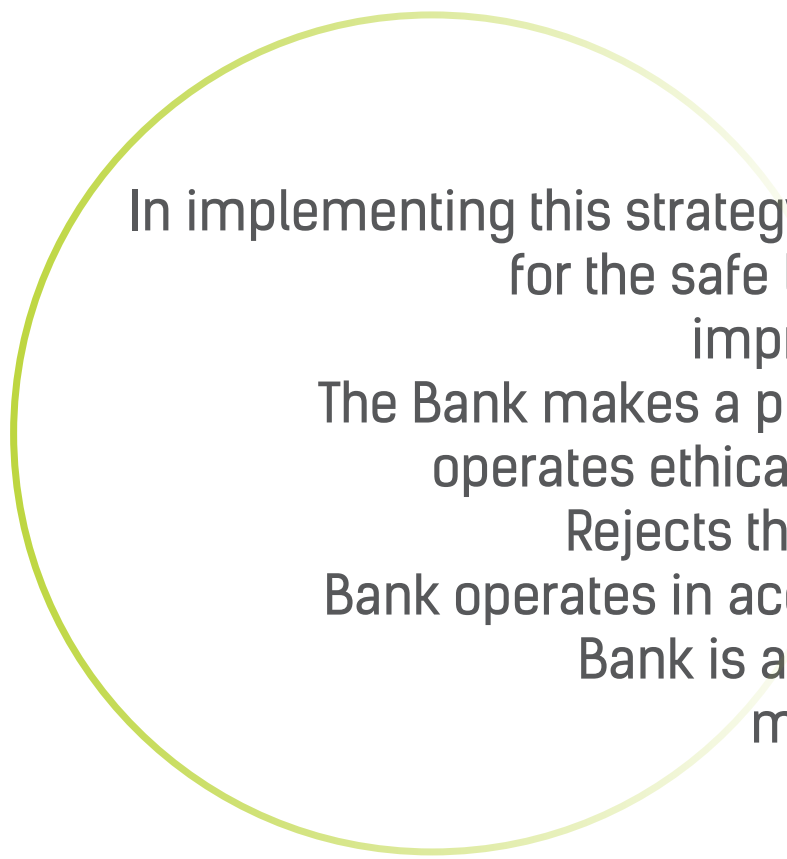
education about cooperative banking and differences from other forms of banking

promotion associated with the dissemination of cooperative banking advantages (Banks based on local capital, versatile, friendly, modern, with efficient services)

social responsibility, Bank takes into consideration the interests of society



Summary



In implementing this strategy, first of all, the Bank will take into consideration the care for the safe level of capital adequacy and systematic improvement of financial indicators.

The Bank makes a public declaration that in pursuing its objectives it, operates ethically towards public and private stakeholders.

Rejects the policy of seeking profits at any cost.

Bank operates in accordance with the values of cooperative banking.

Bank is and will be a responsible and sensitive member of the Polish economy.