

**Mr Michael Schmid**

*Member of the Supervisory Board of BRE Bank S.A.  
Chairman of the Risk Committee*

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**Report on the activities of the Risk Committee of the Supervisory Board of BRE Bank S.A. for 2006**

In accordance with the By-Laws of BRE Bank S.A. – BRE - (§22 (3) No. 3) the Risk Committee as a Standing Committee of BRE's Supervisory Board was established. The following 4 members of the Supervisory Board are appointed to the Risk Committee (no change in 2006):

Mr Michael Schmid	as Chairman
Mr Nicholas Teller	as RC-Member
Mr Maciej Lesny	as RC-Member
Mr Krzysztof Szwarc	as RC-Member

As planned the Risk Committee has met 4 times in 2006: in February, May, September and December 2006. The minutes of the Risk Committee have been presented to the full Supervisory Board, together with a status by the Chairman. According to the tasks as outlined in the By-Laws of BRE, the Risk Committee has exercised regular supervision of credit risks, market risks and operational risks during 2006 – based on reports presented by the Member of the Management Board in charge for Risk.

The Risk Committee has decided on 151 individual counterparty risks above EUR 25 mln (of which 8 were declined) according to parameters defined by the Supervisory Board.

In order to improve the general information of the Risk Committee and Supervisory Board a standardized, quarterly internal Risk Report has been introduced. In future this is one of the major tools for the Risk Committee. The Risk Committee together with the Member of the Management Board in charge for Risk has developed a new rating oriented lending authority scheme which gives the decision bodies at BRE a risk – oriented decision power on all levels.

Four meetings are planned in 2007. The focus of the Risk Committee will mainly stay on the update and implementation of the Credit Risk Strategy 2007 and the conformance to requirements of Basle II.

Michael Schmid  
Chairman of the Risk Committee

