Assessment (concise evaluation) of the Bank's standing in 2011 made by the Supervisory Board of BRE Bank SA, including assessment of the internal control system and the system of managing risks significant for the Bank.

Basis: Rule III.1. (1) of the Code of Best Practices for WSE Listed Companies

The Polish economy proved resilient to the deepening fiscal crisis in the Eurozone and registered a respectable GDP growth rate of 4.3% in 2011. As a result, the business and financial performance of the Polish banking sector stood in sharp contrast to the difficulties encountered by a number of European banks. BRE Bank benefited markedly from the positive economic development in Poland, which is best reflected by its strong and well balanced financial results in 2011. The consolidated pre-tax profit for 2011 reached a new record level of PLN 1,467.1 million, representing an increase of 68.1% compared to the previous year. The consolidated net profit attributable to shareholders of the Bank reached PLN 1,135.0 million and increased by +77% yoy.

The Supervisory Board notes that the strong financial performance of BRE Bank was achieved through a balance of sound revenue growth, disciplined risk management and solid management of the expense base. A notable achievement of BRE Bank Group in 2011 was the sound growth of its revenues, which amounted to PLN 3,563.5 million increasing by 14% compared to the previous year. The fact that the growth in revenues was achieved to a predominant extent through the increase of the Group's core income i.e. net interest income and fee and commission income is in the view of the Supervisory Board a positive indication as to the strength of the Group's business and the prospects for its growth in the coming years. In 2011, the aggregated net interest income and net fee and commission income accounted for 83.9% of the total income of BRE Bank Group, which, according to the Supervisory Board, constitutes a correct proportion in a banking business.

It is worth noting that BRE Bank Group outperformed the broader market in 2011 as growth dynamics of its pre-tax profits and total income were markedly higher compared to the sector.

The Supervisory Board assesses positively the reduction in net impairment losses on loans and advances as an indication of both prudent origination decisions made in earlier periods and continued sound financial standing of the Bank's retail and corporate clients . In 2011, loan loss provisions amounted to PLN 373.5 million (decrease by 41.2% yoy), which when compared to the figures reported in the previous years (PLN 634.8 million in 2010 and PLN 1,097.1 million in 2009) represents a marked improvement.

The Supervisory Board acknowledged an increase in overhead costs and depreciation compared to 2010 (+6.5% yoy) as a reflection of the Bank's investments in areas that support its revenue generation, such as the enhancement of the corporate banking distribution network or innovations in retail and corporate transactional banking systems. To that point, the Supervisory Board considers the improvement of the Group's cost/income ratio to 48.3% compared to 51.8% in 2010 and 54.2% in 2009 as a valid illustration of the Group's ability to sustainably improve its overall efficiency.

The Supervisory Board notes that 2011 marked another year of growth in the deposit base of the Bank. In 2011, the deposit base increased by 15.0% to more than PLN 54.2 billion, which represented a more rapid growth compared to the previous year (+10.8%) and the broader banking sector (+11.7%). Consequently, the share of deposits in the liabilities of BRE Bank Group increased from 52.4% at the end of 2010 to 54.9% at the end of 2011. Furthermore, the Supervisory Board believes that in the light of the current external environment as well as ongoing and anticipated regulatory changes, the importance of deposit financing of the banking sector will increase further.

In the opinion of the Supervisory Board, BRE Bank ensured total security of funds entrusted to it when conducting its business operations. At the end of 2011, the Group's Core Tier 1 and capital adequacy ratios stood at a high and safe level of 9.6% and 15.0% respectively ensuring a strong capital buffer, well in excess of the levels required by law.

Taking all the above into account, the Supervisory Board has a positive assessment of the standing of BRE Bank in 2011. The Supervisory Board considers the Bank to have built solid foundations from business, financial, capital and funding perspectives in order to ensure a strong performance in 2012 and beyond. While the economic and financial market environment in 2012 may prove to be more difficult than in 2011, the Supervisory Board believes that the Group is well equipped to effectively respond to both business growth opportunities as well as potential challenges of the current year.

The Supervisory Board appreciates the commitment shown by the Management Board and the employees as well as their efforts made to the benefit of the Group and that aim at enhancing the long-term value for the Shareholders of BRE Bank. At the same time, the Supervisory Board expresses its hope and expectation that these efforts will be continued in 2012 and in the coming years.

Assessment of the internal control system and the system for managing risks significant for the Bank

The internal control system of BRE Bank SA comprises institutional control exercised by the Internal Audit Department and functional control.

The Audit Committee, operating within the Supervisory Board, monitors all the topics connected with internal control on an ongoing basis, as well as supervises and exercises functional control over the Internal Audit Department. In 2011, the Audit Committee of the Supervisory Board was regularly informed about a broad spectrum of audit-related issues, including the assessment of the internal control and risk management systems and the course of the major audits at the Bank and in the Group's subsidiaries. It also assessed and approved the Audit Plan for 2011. Moreover, the Chairman of the Supervisory Board was provided with reports on all the audits conducted at the Bank and in the subsidiaries by the Internal Audit Department. The Audit Committee is also supported by the statutory auditor who in 2011 reported regularly on the results of and conclusions from the audit of financial statements.

The Supervisory Board assesses the internal control system at BRE Bank SA positively, both in terms of its functional and institutional aspects.

In the case of risk-related issues, the Supervisory Board operates through the Risk Committee exercising ongoing control over particular risk types, in particular credit (including concentration risk), market, operational, liquidity and business risk. The Risk Committee gives recommendations on large exposures posing single-entity risk. Moreover, last year the Committee dealt with many important risk related topics, among others the situation on the Polish credit market, stress tests carried out in connection with the CHF exchange rate, risk posed by financing local governments, risk of IT projects, the process of implementing new products at the Bank, Bank's adaptation to the requirements of Basel III and commercial real estate loans.

Furthermore, the Management Board of the Bank oversees the Group's risk management processes through a number of committees. These are, in particular: the Management Board Credit Committee, the Risk Committee of the Bank, the Data Quality Management Committee, the Capital Management Committee and the Assets and Liabilities Management Committee.

The Supervisory Board has a general positive assessment of the risk management system at BRE Bank SA. In the opinion of the Supervisory Board, the system covers all the risk types significant for the Bank and for the Group.

Maciej Leśny
Chairman of the Supervisory Board