

Evaluation of work of the Supervisory Board of BRE Bank SA for 2010

to be presented at the Ordinary General Meeting of Shareholders
held on 30 March 2011

Pursuant to part 3, point 1, subpoint 2 of the Code of Best Practices for WSE Listed Companies (in force as of 1 July 2010), the Supervisory Board of BRE Bank SA presents to the Ordinary General Meeting of Shareholders the evaluation of its work for 2010.

Legal requirements and corporate governance

The Supervisory Board of BRE Bank SA acts on the basis of:

- Polish Companies Commercial Code
- By-laws of BRE Bank SA
- Rules of the Supervisory Board
- Code of Best Practices for WSE Listed Companies.

Furthermore, pursuant to *the Act on amending the accounting act dated 18 March 2008*, the Supervisory Board Members (like the Members of the Management Board) are obliged to ensure compliance of financial statements and reports on the activity with requirements of the law and hold joint responsibility against their entire property for damage arising from neglect of that duty.

Furthermore, Article 86 of *the Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision dated 7 May 2009* is applicable to the Audit Committee of the Supervisory Board of BRE Bank SA.

The Supervisory Board of BRE Bank SA meets fully all the legal requirements and the principles set forth in the Code of Best Practices for WSE Listed Companies.

Assessment of the composition of the Supervisory Board

In 2010, the Supervisory Board of BRE Bank SA was composed of the following Members:

- Maciej Leśny – Chairman
- Dr. Andre Carls – Deputy Chairman
- Dr. Achim Kassow – Member
- Teresa Mokrysz – Member
- Sascha Klaus - Member (since 1 April 2010)
- Michael Schmid - Member (till 31 March 2010)
- Dr. Stefan Schmittmann - Member
- Waldemar Stawski – Member
- Dr. Jan Szomburg – Member
- Prof. Marek Wierzbowski – Member
- Martin Zielke – Member.

All the Members of the Supervisory Board have knowledge and qualifications necessary to carry out their obligations; all the Members have the substantial and practical knowledge of BRE Bank's activity, taking into account its specificity. The selection of the Members of the Supervisory Board reflects care for diversity of their professional experience, knowledge and skills. The Board consists of persons with experience in managerial positions at banks as well as representatives of academic bodies and non-banking business. The above mentioned care for diversity of its Members concerns also opinions on the work of the Management Board and activity of BRE Bank. The aim of this diversification is to assure independent and professional supervision and proper assessment of the situation of BRE Bank Group.

From the beginning of the current tenure of the Supervisory Board, its Members have been improving their qualifications so as to develop their skills in line with the changing economic and legal environment. Members of the Supervisory Board have been regularly participating in various training sessions, seminars and conferences organized at the Bank and outside the Bank. Moreover, the Supervisory Board Members are very active in the economic life of Poland. It is worth mentioning that the Supervisory Board of BRE Bank is perceived as one of the best Supervisory Boards in Poland, which is reflected in the fact that its Members are invited as speakers to conferences and organized seminars.

Evaluation of the work of the Supervisory Board

The Supervisory Board of BRE Bank SA evaluates its work in 2010 as effective. Six meetings of the Supervisory Board were held in 2010 predominantly in the presence of all the Members. Only in individual, justified cases, 1 or 2 Supervisory Board Members (out of 10) did not participate in specific meetings. The quorum required by the regulations was always ensured. The Supervisory Board passed all resolutions unanimously.

In order to have transparency and access to information, the Supervisory Board, under the Resolution adopted by itself, gave authority and delegated three of its Members (Andre Carls, Achim Kassow, Martin Zielke) to monitor monthly results of BRE Bank SA Group based on standard internal financial statements of BRE Bank SA Group. Furthermore, under Article 31a.4 of the By-Laws of BRE Bank SA, the Chairman of the Supervisory Board receives copies of the reports of all the audits carried out at the Bank by the Internal Audit Department.

For many years, the Supervisory Board of BRE Bank operates through 3 Standing Committees:

- The Executive Committee
- The Audit Committee
- The Risk Committee.

The work of the entire Supervisory Board is significantly facilitated by the delegation of selected Members of the Supervisory Board to perform particular supervisory activities in a more detailed manner at the Bank within the above mentioned Committees. The Supervisory Board of BRE Bank evaluates positively the work of its Committees in 2010. These Committees operated in accordance with their authorities and carried out their duties thoroughly.

The Executive Committee operated between the meetings of the Supervisory Board. It addressed current issues on an ongoing basis and examined all topics thoroughly. As a result it made fifteen decisions by circular procedure, pursuant to the rules of the Supervisory Board and which related to the following topics:

- approval of transactions exceeding 1% of own funds
- personnel issues related to the Management Board
- remuneration of the Management Board.

The Audit Committee exercised ongoing supervision over internal audit at the Bank, discussed the assessment of internal control and risk management systems in the Bank, and dealt with the assessment of the financial statements and the Management Board Reports of the Bank and of BRE Bank Group. It was notified by the external auditor of conclusions reached upon audit of these statements as well as by the internal audit of the wide scope of topics related to the internal control, and also about the most important audits and their results. Furthermore, the Audit Committee issued a range of recommendations for the Supervisory Board regarding among others approval of the internal audit plan and of the annual reports of BRE Bank SA and the BRE Bank SA Group. It also expressed its opinion on the selection of the auditor to examine the financial statements.

In the case of risk-related issues, the Supervisory Board operated 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 gave 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, retail non-mortgage loans at BRE, consequences of recommendation T and the Internal Capital Adequacy Assessment Process.

Commitment assessment of the Supervisory Board

In 2010, all the Members of the Supervisory Board of BRE Bank SA were duly involved in works of the Board. All the Members, in particular, the Chairman and the Deputy Chairman, consulted on an ongoing basis with the Management Board on issues regarding the Bank's activity. It is noteworthy that on a daily basis, the Chairman of the Supervisory Board works in the headquarters of BRE Bank which positively influences the ongoing contacts between the Supervisory Board and the Management Board and demonstrates particular commitment to fulfilling obligations of the Chairman of the Supervisory Board. Moreover, in 2010, the Chairman and the Deputy Chairman of the Supervisory Board held regular meetings with the Members of the Management Board of the Bank in the time between the meetings of the Supervisory Board.

Maciej Leśny
Chairman of the Supervisory Board