

Evaluation of work of the Supervisory Board of BRE Bank SA for 2009

to be presented to the Ordinary General Meeting of Shareholders
to be held on 30 March 2010

Pursuant to part 3, point 1, subpoint 2 of the Best Practices for WSE Listed Companies in force as of 1 January 2008, comprising corporate governance principles, the Supervisory Board of BRE Bank SA presents to the Ordinary General Meeting of Shareholders an evaluation of its work for 2009.

Legal requirements and corporate governance

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

It is worth noticing that in 2009 the Supervisory Board operated in new legal environment, which increased its scope of obligations and responsibilities. *The Act on Amendments to the Accounting Act of 18 March 2008 (Journal of Laws of 17 April 2008 No.63 item 393)* caused that since last year (i.e. since supervision over financial statement for 2008) also Members of the Supervisory Board are obliged to ensure that financial statements and reports on the activity are in compliance with law and hold joint responsibility against their entire property for damage resulting in neglect of that duty.

Moreover, it is worth noticing that the Audit Committee, functioning within the Supervisory Board of BRE Bank SA is ahead of time as it has met all legal requirements of the *Act on Statutory Auditors and their Self-Government, Entities Entitled to Audit Financial Statements and Public Supervision* ahead of its entry into force.

Assessment of composition

In 2009, the Supervisory Board of BRE Bank SA was composed of the following members:

- Maciej Leśny – Chairman, Independent Member
- Dr. Andre Carls – Deputy Chairman
- Dr. Achim Kassow – Member
- Teresa Mokrysz – Independent Member
- Michael Schmid - Member
- Dr. Stefan Schmittmann – Member (since 16 March 2009)
- Waldemar Stawski – Independent Member
- Dr. Jan Szomburg – Independent Member
- Prof. Marek Wierzbowski – Independent Member
- Martin Zielke – Member.

At present half of the composition of the Supervisory Board (five members out of ten persons) are Independent Members according to the Best Practices for WSE Listed Companies applicable since January 2008. All Independent Members of the Supervisory Board of BRE Bank SA have presented written statements of their independence.

All Members of the Supervisory Board have the right knowledge and qualifications necessary to carry out their obligations. All the Members also have the substantial and practical knowledge of BRE Bank operation, taking into account its specificity. Moreover, the composition of the Supervisory Board reflects diversity of its Members both in the context of their professional experience as well as their knowledge and skills. The Board consists of persons with experience in managerial positions in banks as well as people from academic circles and non-banking business. The above mentioned case of 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 keep a fresh look and assessment of the situation on issues mentioned above.

Work evaluation

The Supervisory Board of BRE Bank SA evaluates its work in 2009 as effective. Meetings of the Supervisory Board were held in the presence of all Members. Sporadically, in justified cases only

one Member of the Supervisory Board did not participate in meetings. The quorum required by regulations was always ensured. The Supervisory Board passed all resolutions and decisions unanimously.

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

Over many years, the Supervisory Board of BRE Bank has had 3 Standing Committees:

- Executive Committee
- Audit Committee
- Risk Committee

The work of the entire Supervisory Board was facilitated by delegating selected Members of the Supervisory Board to perform selected supervisory activities in a more detailed manner in the Bank within the above mentioned Committees. The Supervisory Board of BRE Bank evaluates the work of its Committees in 2009 positively. They operated in accordance with their authorities and carried out their duties in full.

The Executive Commission operated in the time between the meetings of the Supervisory Board in full composition. In accordance with the Rules of the Supervisory Board, the Committee adopted a range of decisions in a circular procedure, in particular, concerning:

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

The Audit Committee exercised ongoing supervision over internal audit at the Bank and dealt with financial statements of the Bank and of the BRE Bank Group. The Committee was kept informed by the external auditor about the conclusions from the audit of financial statements. The internal audit department informed it about the results of KNF's inspection and about the status of implementation of the post-audit recommendations issued by KNF. Moreover, the Audit Committee issued a range of recommendations for the Supervisory Board regarding the approval of the internal audit plan and the annual reports of BRE Bank and BRE Bank Group and expressed its opinion for the General Meeting of BRE Bank on selection of the auditor to examine financial statements.

In matters regarding risk the Supervisory Board acted through the Risk Committee supervising credit, market and operational risk on an ongoing basis. In 2009 the Risk Committee considered 94 decisions concerning significant risk-bearing exposures for particular business entities. Moreover, it supervised works on the project implementing advanced methods for measuring credit risk (the AIRB project), which was the key project in the Bank's risk area in 2009. In December 2009 the application on AIRB implementation was submitted to the Polish Financial Supervision Authority. Apart from that, the Risk Committee dealt with other matters connected with FX options, portfolios of the Bank's and BRE Bank Group subsidiaries' receivables and the situation on the Polish credit market.

Commitment appraisal

In 2009, all 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 Deputy Chairman, maintained permanent contact with the Management Board by way of consultations on issues regarding the Bank's operations. It is noteworthy that the Chairman of the Supervisory Board works in the headquarters of BRE Bank daily, which positively influences the ongoing contacts between the Supervisory Board and the Management Board and reflects the particular commitment to fulfilling obligations of the Chairman of the Supervisory Board. Moreover, in 2009 the Deputy Chairman of the Supervisory Board held regular meetings with the Chairman of the Supervisory Board and 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