

Maciej Leśny
Chairman of the Supervisory Board
Chairman of the Executive Committee

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Report on the Activity of the Executive Committee of the Supervisory Board in 2006

Pursuant to the applicable Articles of Association of BRE Bank (§ 22, Sec. 3, Item 1) and the Rules of the Supervisory Board (§ 12, Sec. 3, Item 1), on 15 March 2006 the Supervisory Board appointed Executive Committee for the next term of office composed of the following members:

Maciej Leśny	Chairman of the Supervisory Board
Martin Blessing	Deputy Chairman of the Supervisory Board
Jan Szomburg	Member of the Supervisory Board
Nicholas Teller	Member of the Supervisory Board

The activities undertaken by the Executive Committee are aimed at the streamlining of the function of the Supervisory Board. The main tasks of the Executive Committee include:

- a) Performance of on-going supervision of the Bank's activity in the periods between meetings of the Supervisory Board;
- b) Consideration of matters concerning the rules and amounts of remuneration of members of the Management Board, including determination of the rates thereof;
- c) Presentation of opinions concerning a consent for the dealing in competitive interests (serving on governing bodies of other companies) by a member of the Management Board of BRE Bank.

From 28 April 2006, being the date of registration by the registry court of the changes to the By-laws of BRE Bank SA adopted by XIX Ordinary General Meeting of BRE Bank SA dated 15 March 2006 the Executive Committee can also authorize the Board of Management to acquire, encumber, and sell the Bank's real estate and stock and participatory shares in companies as well as other fixed assets, if the value of the said transactions exceeds 1% of the Bank's own funds as defined in § 33, as per December 31 of the preceding year. Such authorization is not required if such acquisition results from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired. In the case of such acquisitions, resulting from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired, the Board of Management is obliged to inform the Executive Committee of any such activity.

In the past reporting period the Executive Committee has been in permanent contact with the Management Board of the Bank and has been kept informed about the situation at BRE. In 2006 the Executive Committee held 3 meetings.

On 22 May 2006 the Chairman and the Deputy Chairman of the Executive Committee together with the Members of the Management Board participated in the meeting in NBP – GINB with the General Inspector. The meeting was held to discuss questions related to the draft resolution on the norms of accepted risk in the activity of banks resulting from non-

adjustment between the currency of the credit exposure and the currency of proceeds generated by households and the possible consequences it may have for the Bank. The Bank representatives presented the rule of the common used practice of the exchange rate risk taken into account when the applications for foreign currency mortgage credits are considered, when the foreign exchange risk is generated for the client. During the discussion the Bank's information policy regarding the foreign exchange risk and interest rate for the clients applying for foreign currency mortgage credits has been presented. At the same meeting the General Inspector confirmed that the banking supervision accepted the realization of the restructuring programme in BRE which ended in 2005.

On 20 October 2006 the Executive Committee held a meeting on which the Management Board presented the current status and the realization plans of the BREaktywacja project. The background of the project has been presented, including negative results of the Corporate Banking in the years 2000-2004. The goals, present status and the effects of the undertaken measures both current and mid-term were discussed, including the possible scenarios of the development of the Corporate Banking taking into account the undertaken costs restructuring. The Members of the Executive Committee and the Management Board present at the meeting concluded that the Executive Committee will periodically be informed on both further developments of the project and the results of the undertaken changes.

Pursuant to § 13, Sec. 3, of the Rules of the Management Board of BRE Bank, the Executive Committee has accepted that Members of the Management Board also serve on governing bodies of other companies.

This report is submitted pursuant to § 22, Sec. 5, of BRE Bank By-laws, and rule 29 of corporate governance.

Maciej Leśny
Chairman of the Executive Committee