

**REPORT
OF THE SUPERVISORY BOARD OF BRE BANK SA
on its activities in 2011 and on results of evaluation
of the 2011 Management Board Reports and Financial Statements
prepared for the Ordinary General Meeting of Shareholders
held on 30 March 2012**

In the past reporting period the Supervisory Board was composed of the following members:

Chairman	Maciej Leśny
Deputy Chairman	Dr Andre Carls (until 30 March 2011) Dr Achim Kassow (since 31 March 2011 until 12 July 2011) Ulrich Sieber (since 13 July 2011)
Members	Dr Andre Carls (since 31 March 2011) Dr Achim Kassow (until 30 March 2011) Sascha Klaus Teresa Mokrysz Waldemar Stawski Dr Jan Szomburg Prof. Marek Wierzbowski Dr Stefan Schmittmann (until 30 March 2011) Martin Zielke (until 30 March 2011) Dr Eric Strutz (since 31 March 2011) Thorsten Kanzler (since 31 March 2011)

The Ordinary General Meeting of Shareholders appointed the Supervisory Board for the next term of office on 30 March 2011. Dr Stefan Schmittmann and Martin Zielke did not stand for the election for the new term of office. At the same time, Dr Eric Strutz and Thorsten Kanzler were elected as new Members of the Supervisory Board. In the past year, Dr Achim Kassow resigned from his Supervisory Board functions as at 12 July 2011 and Ulrich Sieber took over his position.

Under the Corporate Governance Rules adopted by the Bank and the Code of Best Practices of WSE Listed Companies, within the meaning of Article 22 of the By-Laws of BRE Bank, and in accordance with the requirements of the Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision, three standing committees are convened within the Supervisory Board, namely: the Executive Committee, the Audit Committee and the Risk Committee.

The Supervisory Board Committees are composed of the following members:

Executive Committee:

Chairman	Maciej Leśny
Members	Dr Andre Carls Ulrich Sieber Dr Jan Szomburg

Audit Committee:

Chairman	Dr Eric Strutz
Members	Dr Andre Carls Maciej Leśny Teresa Mokrysz

Risk Committee:

Chairman	Sascha Klaus
Members	Thorsten Kanzler Maciej Leśny Waldemar Stawski

The Supervisory Board Committees perform their functions in accordance with the guidelines approved by the Supervisory Board. The Executive Committee performs the supervisory function in the period between the Supervisory Board meetings, reviews the principles of remuneration and sets the amount of bonus for Members of the Management Board as per the system determined by the Supervisory Board. It approves transactions exceeding 1% of the Bank's own funds and approves the engagement of Members of the Management Board in competitive activities. The Audit Committee among others oversees and monitors the financial reporting process, the effectiveness of the internal control system, the cooperation with the external auditor and activities of the Bank's internal audit. The Audit Committee gives its opinion about the election of the external auditor and recommends approval or rejection of financial statements. The Risk Committee exercises among others permanent supervision over credit risk, market risk and operational risk and recommends the approval of large exposures posing single-entity risk according to parameters defined by the Supervisory Board.

Under Article 22 (5) of the By-Laws of BRE Bank, all standing committees convened within the Supervisory Board make the reports on their performance in the past reporting period available to shareholders. The reports are appended hereto and are presented in the set of documents to the Ordinary General Meeting of Shareholders.

In the past reporting period, the Supervisory Board performed its statutory obligations related to exercising permanent supervision over the company's operation in accordance with the requirements of the Polish Commercial Companies Code. Within its competence, the Supervisory Board analysed the Report of the Bank's Management Board, assessed the Financial Statements for 2011, read and evaluated the report prepared by the statutory auditor - PricewaterhouseCoopers Sp. z o.o.

Taking advantage of that professional source, it confirms that the Financial Statements of the Bank and BRE Bank Group, presented by the Management Board and prepared for the Ordinary General Meeting of Shareholders, meet the formal and legal requirements. The Supervisory Board adopted resolutions regarding the approval of the Reports of the Bank's Management Board and Financial Statements of BRE Bank SA as well as of the Consolidated Financial Statements of BRE Bank Group for 2011. The proposal of the Management Board regarding profit distribution for 2011, approved by the Supervisory Board, and the recommendation on the appointment of the auditor for auditing financial statements in 2012 constitute separate resolutions.

The Supervisory Board recommends that the Ordinary General Meeting of Shareholders approves the aforesaid Financial Statements, adopts the draft resolutions on profit distribution and appoints PricewaterhouseCoopers Sp. z o.o. as statutory auditor of the financial statements of BRE Bank SA and BRE Bank Group for 2012.

In the past reporting period, the Supervisory Board held six meetings. Fifty one resolutions were adopted. The resolutions concerned, in particular:

approval of the Financial Statements of BRE Bank S.A., BRE Bank Group and other materials for the Ordinary General Meeting of Shareholders, approval of the financial plan for 2012 as well as Multi-Year Plan for 2012-2015, personnel issues, adoption of amendments to the Rules of the Supervisory Board and the By-Laws of BRE Bank, allocation of funds to the BRE Bank Foundation, approval of the report on compliance risk management, adoption of the Compliance Policy, adoption of the new Rules of the Audit Committee and the Annual Plan of Internal Audit, approval of the Capital Management Policy, adoption of the Internal Capital Adequacy Assessment Process (ICAAP) at BRE Bank Group, implementation of the Employee Programme and the Incentive Programme for Members of the Management Board, approval of the Capital Investment Policy, approval of the assessment of the Internal Control and Risk Management Systems in BRE in 2010, approval of the change to the procedure of exercising supervision over credit risk by the Risk Committee of the Supervisory Board related to banks, credit institutions and international financial institutions, approval of operational risk strategy, approval of the Report of the Coordinator for Outsourcing in the scope of implementation of the Outsourcing Policy at BRE Bank SA for 2010, approval of the Amendments to the Internal Control Rules, approval of Liquidity Risk Management, Market Risk Management and Credit Risk Management Strategy, approval of the Annual Report on Exercising Supervision over the Processes of Handling Claims and Complaints at BRE Bank SA for 2010.

Moreover, the Supervisory Board at its meetings approved or acknowledged the periodic reports of the Management Board on the Bank's financial standing, as well as the current results of particular business lines and the Group's subsidiaries.

In 2011, the Supervisory Board devoted much time to discuss in detail the BRE Strategy, including the targets and development directions, which the Bank aspires to reach in the years 2012 - 2015. The Supervisory Board will closely cooperate with the Management Board to reach these goals.

In autumn 2011, the planned indepth KNF inspection was carried out at BRE Bank. The Supervisory Board was pleased with the positive evaluation of BRE Bank given by the inspection team. The Supervisory Board will monitor the process and cooperate with the Management Board with the aim of implementing KNF's post inspection recommendations.

The Supervisory Board is pleased with the strong financial results achieved by BRE Bank Group and congratulates the Management Board and the employees of the Group for the achieved results.

Maciej Leśny
Chairman of the Supervisory Board

- e) Issuing recommendations to the Supervisory Board regarding guidelines for the Management Board concerning level and structure of remuneration of the senior management of the Bank, as well as monitoring the aforesaid.

In the past reporting period, the Executive Committee was in regular and continuous contact with the Management Board of the Bank and was kept informed about the situation at BRE on an ongoing basis.

Pursuant to its powers, defined in Article 22(3)1 of the By-laws of BRE Bank, the Executive Committee adopted ten decisions.

The Executive Committee adopted three decisions concerning bonuses for the Management Board Members and shares offered in the Incentive Programme. One decision concerned the approval of the position of the Bank in response to demands of the former CEO. Furthermore, the Executive Committee approved the economic index used for the calculation of the next tranche of the Employee Incentive Programme, granted consent to transactions exceeding 1% of the Bank's own funds and gave its approval for Members of the Management Board to engage in competitive activities.

This report is submitted pursuant to Article 22 (5) of the By-laws of BRE Bank, and the Code of Best Practices for WSE listed Companies (Chapter 2, rule 1, point 6).

Maciej Leśny

Chairman of the Executive Committee

Chairman of the Supervisory Board

Warsaw, March 2nd 2012

**Report on the activities
of the Audit Committee of the Supervisory Board of BRE Bank SA
in 2011**

Legal basis

The Audit Committee of the Supervisory Board of BRE Bank SA acts as a Standing

Committee in line with:

- Article 86 of the “Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision” dated 7 May 2009
- “Recommendations relating to functioning of the Audit Committee” published by the Office of the Polish Financial Supervision Authority (UKNF) in November 2010
- the Code of Best Practices for WSE listed companies
- the By-laws of BRE Bank SA (Article 22 (3).2)
- the Rules of the Supervisory Board of BRE Bank SA (Article 12 (3).2).

Composition

Until the General Shareholders’ Meeting on March 30th 2011, the Audit Committee (previous term of office) was composed of:

- Martin Zielke (Chairman)
- Dr Andre Carls (Member)
- Maciej Leśny (Member)
- Dr Jan Szomburg (Member).

Since the General Shareholders’ Meeting (OGM), the Audit Committee (present term of office) is composed of:

- Dr Eric Strutz (Chairman)
- Dr Andre Carls (Member)
- Maciej Leśny (Member)
- Teresa Mokrysz (Member).

Pursuant to the OGM and in order to allow for a seamless handover process, meetings were held between departing and newly elected Audit Committee Members. At these meetings all on-going matters and open topics were discussed and handover protocols were established.

Meetings/activities/decisions

In 2011, the Audit Committee of the Supervisory Board held 4 meetings: on February 28th, March 30th, June 29th and October 26th.

At the meeting on 28th of February, the Audit Committee analyzed and extensively discussed among others the following issues:

- the compliance of the financial statements' preparation process with the law and applicable regulations,
 - conclusions from the audit of the annual financial statements of BRE Bank Group for 2010
 - the Management Board Report on the Business of BRE Bank SA for 2010 and the Financial Statements of BRE Bank SA for 2010 (recommended for approval to the Supervisory Board by Decision 22/11)
 - the Management Board Report on the Business of BRE Bank Group for 2010 and the Consolidated Financial Statements of BRE Bank Group for 2010 (recommended for approval to the Supervisory Board by Decision 23/11)
 - cooperation with the present auditor, PricewaterhouseCoopers (PwC), gaining insights and collecting opinions about the continuation of cooperation with PwC as the auditor of the financial statements for 2011 (including a discussion with representatives of the Finance Area of the Bank).
- Based on that, the Audit Committee issued a positive opinion to the Supervisory Board regarding the appointment of PricewaterhouseCoopers Sp. z o.o. as external auditor of the Financial Statements of BRE Bank SA and BRE Bank Group for 2011 (Decision 24/11).

Upon a thorough discussion, the below issues were acknowledged:

- Evaluation by the Internal Audit Department concerning the system of internal control and the risk management system at BRE Bank in 2010
- Audit Plan of the Internal Audit Department of BRE Bank SA for 2011 (approved and recommended for approval to the Supervisory Board by Decision 26/11).

Furthermore, the Audit Committee addressed its own internal issues and

- approved the report on its activities in 2010 (Decision 25/11)
- amended its Rules of Procedure so that they are in full compliance with the newest regulatory environment and recommended them for approval to the Supervisory Board (Decision 27/11).

At the meeting on March 30th, the newly elected Audit Committee appointed Dr Eric Strutz to the position of Chairman of the Audit Committee (Decision 1/11 taken by secret ballot). Furthermore, the Audit Committee Members discussed with PricewaterhouseCoopers representatives the major points of focus for the audit of 2011 financial statements. Besides, after having thoroughly assessed the qualifications of the candidates, the Audit Committee accepted changes for the posts of the Director and Deputy Director of the Internal Audit Department as of April 1st, 2011 (Decision 2/11).

At the meeting on June 29th, the Audit Committee acquainted itself and addressed in detail among others the following issues:

- key findings and recommendations after year-end audit 2010 - status update on implementation progress
- major prospective changes in IFRS
- recommendation for approval of the "Annual Report on Compliance Risk Management in BRE Bank SA in 2010" (Decision 3/11)
- recommendation for approval of the "Report of the Coordinator for Outsourcing in the scope of implementation of the Outsourcing Policy at BRE Bank SA for 2010" (Decision 4/11)

- updated evaluation by the Internal Audit Department concerning the system of internal control and the risk management system at BRE Bank
- recommendation for approval of the amendments to BRE Bank SA Internal Control Rules (Decision 5/11).

The last meeting of the Audit Committee in 2011 took place on October 26th. The main topics that were elaborately addressed concerned:

- the summary of the H1 2011 financial statements' audit of BRE Bank SA Group
- discussion and agreement of the scope of the Audit of Financial Statements for 2011
- first indication on preliminary results of BRE Bank SA Group after Q3 2011
- Independent Quality Assessment of the Internal Audit Function in BRE Bank SA (conducted by PricewaterhouseCoopers).

At each meeting, the Audit Committee exercised regular supervision over Internal Audit. It regularly received information about measures undertaken to mitigate key risk areas as well as reports of the Internal Audit Department covering a wide scope of audit issues, including the reports on:

- information about the Implementation of Overdue Recommendations issued by the Internal Audit Department
- the Main Risk Areas.

All above mentioned Internal Audit reports were widely discussed during the Committee's meetings.

The Audit Committee agrees with the risk assessment of processes and areas at the Bank, as presented by the Internal Audit Department. The Committee positively assesses all the measures undertaken in order to minimize the risk and which showed positive effects. It acknowledges favourably the implementation of the new Standard Audit Process in early 2011. The cornerstone of this process is the Enterprise Risk Management (ERM methodology).

Furthermore, the Audit Committee was informed on a regular basis about the Bank's performance and financial standing before the publication of the quarterly reports of BRE Bank Group.

The Audit Committee comprehensively fulfilled all the duties imposed on it in the current legal environment.

Dr Eric Strutz

Chairman of the Audit Committee

Warsaw, February 2nd 2012

**Report on the activities
of the Risk Committee of the Supervisory Board of BRE Bank SA
in 2011**

The Risk Committee carried out its activities in 2011 pursuant to the rules set in the By-Laws of BRE Bank S.A. The Risk Committee consisted of the following members:

- Chairman Sascha Klaus
- Member Dr Andre Carls (until 30 March 2011)
- Member Thorsten Kanzler (since 31 March 2011)
- Member Maciej Leśny
- Member Waldemar Stawski

As intended, the Risk Committee held its meetings on a quarterly basis in 2011, namely in February, May, September and November 2011. The minutes of the Risk Committee were presented to and acknowledged by the full Supervisory Board. According to the tasks outlined in the By-Laws of BRE, the Risk Committee exercised regular supervision of credit, market and operational risks in the course of 2011 - based on the reports presented by the BRE Chief Risk Officer (CRO), Member of the Management Board, on the Quarterly Risk Reviews as well as other documentation submitted to the Risk Committee.

In 2011 the Risk Committee analysed, discussed and provided recommendations on nearly 70 cases/issues according to the parameters defined by the Supervisory Board. Some of these were classified as “out of policy” and were therefore recommended by Risk Committee as to decline.

Furthermore, the Risk Committee reviewed respective sub-portfolios and risk strategies as well as on a regular basis concentration risks and - in case set loan loss provision parameters were exceeded - also substantial non-performing exposures.

Various recommendations in regards to risk containment have been given by the Risk Committee in this regard.

The liquidity and funding position as well as respective management frameworks have been presented and discussed and appropriate recommendations have been given.

In addition, the Risk Committee reviewed the activities of various subsidiaries within the group.

The development of the Polish economy and its possible impacts on the bank were regularly discussed during the Risk Committee meetings.

The Risk Committee recommended and reviewed stress tests based on various parameters, amongst them macro-economic, currency and interest rate shifts, and potential effects for the bank's balance sheet as well as economic and regulatory capital ratios. Latter effects were also reviewed in regards to the implementation of the Basel III framework.

Also, the Risk Committee continued to review the progress on the implementation of recommendations and actions resulting from KNF inspections and internal risk audits as well as new regulatory requirements.

Sascha Klaus

Chairman of the Risk Committee