

**Mr Michael Schmid**

*Member of the Supervisory Board of BRE Bank S.A.  
Chairman of the Risk Committee*

Frankfurt / Main, Germany  
February 18<sup>th</sup>, 2009

**Report on the activities of the Risk Committee of the Supervisory Board of BRE Bank S.A. for 2008**

In accordance with the By-Laws of BRE Bank S.A. – BRE – the Risk Committee (RC) as a Standing Committee of BRE' s Supervisory Board was established. At the end of 2008 the following 4 members of the Supervisory Board have formed the Risk Committee:

Mr Michael Schmid (Chairman)  
Mr Andre Carls (joined 09/2008)  
Mr Maciej Lesny  
Mr Waldemar Stawski (joined 03/2008)

Mr Teller has left the RC in 03/2008. Mr Kassow was Member of RC from March till September 2008.

As intended the Risk Committee has met 4 times in 2008: in March, June, September and November 2008. The minutes of the RC have been presented to the full Supervisory Board. According to the tasks as outlined in the By-Laws of BRE, the RC has exercised regular supervision of credit risk, market risk and operational risks during 2008 – based on reports presented by the Chief Risk Officer (CRO), Member of the Management Board, and on the Quarterly Risk Reports.

**Operations**

In 2008 the Risk Committee has analyzed, discussed and adopted 94 decisions (4 decisions were declined), according to parameters defined by the Supervisory Board.

The RC has decided on the Mezzanine Policy of BRE Bank S.A.

The development of the Polish market and possible impacts on BRE Bank S.A. (e.g. based on stress scenarios with regard to mortgage portfolio CHF) have been discussed separately between the CRO and the Chairman or at the RC' s meetings. During 2008 the RC received at each meeting a presentation on the new developments on the Polish Credit Market.

Due to this development, the RC has initiated in 9/2008 a portfolio discussion, focusing on bulk risks (according to CVar) and with the intention to increase portfolio quality. This discussion will be ongoing in 2009.

The management of subsidiaries from risk perspective has been discussed. Major focus in 11/2008 was on liquidity & market risk at BRE Leasing.

**Regulatory issues:**

The risk related findings of the audit by KNF have been presented to the RC. Each quarter the report on the implementation of the recommendations is prepared by BRE Internal Audit.

In 11/2008 the RC supported the Basle II project for AIRB which was identified by Management Board as the top priority project at BRE for 2009. It is an ambitious project with a tight time schedule. BRE Bank S.A. would be the first Polish bank finalizing AIRB.

As an answer to the current financial crisis, the Chairman of RC sees the necessity for a reorganization project 2009 in the organization of Risk (e.g. special IC department with direct report to CRO and risk analysis generally allocated on risk side).

Michael Schmid  
Chairman of the Risk Committee