

Report on the activities of the Audit Committee of the Supervisory Board of BRE Bank SA in 2010

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
- 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

In 2010, the Audit Committee was composed of:

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

Meetings/activities/decisions

In 2010, the Audit Committee of the Supervisory Board held 3 meetings: on 25 February, 30 June and 28 October.

At the meeting on 25 February in Warsaw, the Audit Committee analyzed and 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 2009
- drafts of the Reports of the Management Board on the Business of BRE Bank SA and BRE Bank SA Group, of the Financial Statements of BRE Bank SA as well as the Consolidated Financial Statements of BRE Bank SA Group
- information about the comprehensive income of BRE Bank SA Group in 2009
- changes in IFRS which will become effective in the following years
- 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 2010 (including a discussion with representatives of the Finance Area of the Bank)
- the evaluation by the Internal Audit Department concerning the system of internal control and the risk management system at BRE Bank in 2009

- Audit Plan of the Internal Audit Department of BRE Bank SA for 2010 (approved and recommended for approval to the Supervisory Board by Decision 14/10).

Upon a thorough discussion, all the above issues were acknowledged by the Audit Committee. Furthermore, the Audit Committee addressed its own internal issues:

- approved the report on its activities in 2009 (Decision 13/10)
- amended its Rules of Procedure so that they are in compliance with the new legal environment and recommended them for approval to the Supervisory Board (Decision 15/10).

On 1 March 2010, the Audit Committee made decisions in circular procedure regarding the following issues:

- recommendation to the Supervisory Board on the approval of the Report of the Management Board of BRE Bank SA and the Financial Statements of BRE Bank SA for 2009 (Decision 10/10)
- recommendation to the Supervisory Board on the approval of the Consolidated Financial Statements of BRE Bank SA Group for 2009 (Decision 11/10)
- opinion on the appointment of the auditor to audit the financial statements of BRE Bank SA and BRE Bank SA Group for 2010 (Decision 12/10).

At the meeting on 30 June in Cracow, the Audit Committee acquainted itself and addressed in detail among others the following issues:

- future changes in IFRS regarding financial instruments
- report on comprehensive income for five months of 2010
- summary of the audit on the financial statements for Q1 2010.

The Audit Committee monitored the independence of the external auditor in terms of fees for audit-related and non audit-related services.

The last meeting of the Audit Committee in 2010 took place on 28 October in Warsaw. The main topics concerned among others:

- summary of the audit of the financial statements for H1 2010
- discussing the scope of the audit of the financial statements for 2010
- approval of the "Main principles and process for approving audit and non-audit services" (Decision 17/10)
- recommendation for approval of the "Compliance Policy at BRE Bank SA" and the "Compliance risk management policy at BRE Bank SA" (Decisions 18/10 and 19/10)
- recommendation for approval of the "Annual report on compliance risk management at BRE Bank SA in 2009" (Decision 20/10)
- status of recommendations issued by KNF
- information about not implemented recommendations issued by the Internal Audit
- recommendation for approval of the "Information Policy of BRE Bank SA on capital adequacy" to the Supervisory Board (Decision 21/10)

At each meeting, the Audit Committee exercised regular supervision over Internal Audit as 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, on an ongoing basis, including the reports on:

- information about the implementation of overdue recommendations issued by the Internal Audit Department
- the main risk areas.

The Audit Committee agrees with the risk assessment of processes at the Bank, as presented by the Internal Audit Department on the meetings of the Audit Committee. Furthermore, the Committee positively assesses all the measures undertaken in order to

minimize the risk. The effects of these measures are assessed by the Committee as satisfactory.

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.

Martin Zielke
Chairman of the Audit Committee