



BRE BANK SA



STATEMENT ON APPLICATION OF
CORPORATE GOVERNANCE PRINCIPLES
AT BRE BANK SA FOR 2009

Warsaw, 1st March 2010

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I. The basis for preparation of the statement on application of corporate governance principles

Pursuant to Article 91.5 (4) of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodical information provided by issuers of securities and the conditions for considering to be equivalent information required by law of the country not being a member state (Journal of Laws no. 33/2009 item 259) the Management Board of BRE Bank SA hereby provides the Statement on application of corporate governance principles at BRE Bank in 2009.

Information contained in the Statement meets the requirements of the report on application of "Code of Best Practice for WSE Listed Companies" set forth in Article 1 of the Resolution No. 1013/2007 of the Management Board of Gielda Papierów Wartościowych S.A. of 11 December 2007. In connection with this, under Article 2 of the Resolution No. 718/2009 of the Management Board of Gielda Papierów Wartościowych S.A. of 16 December 2009 providing WSE with this statement is tantamount to providing WSE with the report, referred to in Article 29 (5) of the Stock Exchange Rules.

II. Corporate governance at BRE Bank SA

Since the initial public offering BRE Bank SA has made every effort so as to ensure that all the shareholders have access to information on the company and their rights are respected regardless of the held share package. Ensuring full transparency of action and proceeding in accordance with business etiquette was reflected in application of best practices of the companies listed on the stock exchange, to begin with "Best Practices of Public Companies 2002".

The document "Code of Best Practice for WSE Listed Companies" adopted by the resolution of the Stock Exchange Board on 4 July 2007 is effective since 1 January 2008. The text of "Code of Best Practice for WSE Listed Companies" is available at the Website of the Warsaw Stock Exchange (<http://corp-gov.gpw.pl/>), and a link to this site is also available on BRE Bank's website (<http://www.brebank.pl>).

In January 2008, both the Management Board and the Supervisory Board of BRE Bank adopted resolutions in which they expressed their wish to apply the recommendations and principles contained in "Best Practices" and undertook to inform of their breaches.

Irrespective of "Code of Best Practice for WSE Listed Companies" BRE Bank already in 1995 undertook to voluntarily abide by best industry practices, that is the Good Banking Practice Principles, developed by the Polish Bank Association (the original name – Code of Best Banking Practice).

At present, on the basis of the Order of the President of the Management Board, BRE Bank applies the Good Banking Practice Principles, set forth in Appendix 1 to the Resolution No. 6 of 18th General Meeting of the Polish Bank Association of 26 April 2007 including amendments introduced by the Resolution No. 13 of the 20th General Meeting of the Polish Bank Association of 21 April 2009. The document is available on the website of the Polish Bank Association (<http://www.zbp.pl>).

The Good Banking Practice Principles constitute a set of principles related to banks' activities and refer to banks, persons employed in them, and the persons through which banks perform banking operations. They take into consideration the text of norms contained in the Canon of Good Practices of the Financial Markets. They cover, among others, bank's procedures relating to relations with clients, rules of mutual relations between banks, advertising rules, bank's employee procedures and procedures of handling clients' claims and complaints.

III. Application of "Code of Best Practice for WSE Listed Companies"

Last year confirmed BRE Bank's adherence to highest standards of corporate governance. In 2009, no new breaches of the principles set forth in "Code of Best Practice for WSE Listed Companies" were identified.

It is worth remembering that since the moment of applicability of "Code of Best Practice for WSE Listed Companies" BRE Bank has delivered one report concerning nonapplication of the principle of "Code of Best Practice for WSE Listed Companies" (report no. 36/2008 of 17 March 2008). It concerned point IV. 8, which has the following wording: "The General Meeting or the Supervisory Board should ensure that the company authorised to audit financial statements changes at least once every seven financial years". Meanwhile, PricewaterhouseCoopers has been auditing BRE Bank's financial statements for over seven years, but the Bank observes the rule that key partners of the audit company responsible for conducting the statutory audit change at

least once every seven years in accordance with Article 42 of EU directive (Directive 2006/43/EC of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts of 17 May 2006).

PricewaterhouseCoopers is an entity that conducts audits of financial statements of the Bank's strategic shareholder - Commerzbank. The audit company so far responsible for auditing the financial statements of the Bank may change depending on possible change of the audit company responsible for auditing the financial statements of the strategic shareholder of the Bank. Cooperation with one auditor within an international financial group streamlines consolidation of financial statements and is an element of single information policy.

BRE Bank acting with due diligence while applying best practices adopted an interpretation stating that the period of seven financial years should be counted from the first financial year for which financial statements were audited by PricewaterhouseCoopers Sp. z o. o. However, in accordance with the WSE stance, it is acceptable that the listed companies count the period of cooperation with the company auditing financial statements from the effective date of the best practices, which is 2008. Adopting such interpretation BRE Bank meets the requirements of point IV.8 of Best Practices, and thus applies on a permanent basis all the principles of the "Code of Best Practice for WSE Listed Companies".

Capital market as well as the rules and norms governing it are subject to constant evolution. Challenges with respect to corporate governance in 2010 will involve further improvement of BRE Bank's standards compliance with the best practices of companies with relation to corporate governance. Amendments of the Code of Commercial Partnerships and Companies, effective since 3 August 2009, in accordance with the requirements of directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, aims to strengthen the rights of shareholders and their activity during general meetings. It is important that the changes in legal regulations were properly reflected in internal regulations of BRE Bank and that such solutions be implemented in practice, which will enable the shareholders to exercise their corporate rights. In this way BRE Bank will become a company that is even more investor friendly.

IV. Shareholders of BRE Bank SA

Commerzbank AG is a strategic investor of BRE Bank. As at the end of 2009, Commerzbank through its 100% in the subsidiary Commerzbank Auslandsbanken Holding AG held 69.78% of shares and votes at the AGM. Controlling rights of Commerzbank AG, being a dominant entity with relation to Commerzbank Auslandsbanken Holding AG, result from the number of held shares and their percentage share in the share capital and the number of votes at BRE Bank's AGM, which is reflected in exercising the so-called consolidated supervision over BRE Bank being a subsidiary of Commerzbank. Neither Commerzbank, nor any other entity holds shares that give special controlling rights.

30.22% of BRE Bank shares is free float. They are traded mainly by financial investors (about ¾ of free float). The remaining shares belong to other investors, including individual investors.

In 2009, the 5% share threshold, obligating companies to inform about the purchase of shares, apart from Commerzbank Auslandsbanken Holding AG, was periodically exceeded by Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK and ING Otwarty Fundusz Emerytalny.

In August 2009, ING Otwarty Fundusz Emerytalny reduced the number of held shares of BRE Bank to below 5% of shares and votes at the general meeting (11 August 2009, 4.96% of share capital and votes at the general meeting). Whereas, in November 2009, Aviva OFE Aviva BZ WBK reduced its share in the general number of votes in the company to below 5% (23 November 2009, 4.93% of share capital and votes at general meeting).

The BRE Bank By-laws do not provide for any restrictions concerning transfer of BRE Bank's shares. There are no restrictions on exercising the right to vote.

V. General Meeting and Rights of Shareholders

The General Meeting shall be convened and prepared pursuant to the provisions of the Code of Commercial Partnerships and Companies, the Bank's By-laws, and Standing Rules of the General Meeting. Both the By-Laws and the Standing Rules of the General Meeting are available on BRE Bank's website.

The General Meeting (AGM) convened by the Management Board by way of an ordinary procedure is held once a year, not later than in June.

Each share of the Bank represents one vote. Subject to the cases specified in the Code of Commercial Partnerships and Companies, the General Meeting is to be valid regardless of the number of shares represented at the General Meeting.

Under the BRE Bank By-laws, the following matters require a resolution of the General Meeting in addition to other matters set out in the Code of Commercial Partnerships and Companies:

- a) examination and approval of the report of the Management Board on the Bank's operations and financial statements for the past financial year;
- b) adoption of resolutions on the distribution of profit or coverage of losses;
- c) vote of discharge of duties to the members of the Bank's authorities;
- d) election and dismissal of members of the Supervisory Board;
- e) amendment of the By-laws;
- f) increase or reduction of the Bank's share capital;
- g) adoption of resolutions concerning the cancellation of shares and resolution to cancel shares, in particular setting the policy of share cancellation not regulated in the By-laws;
- h) creation and winding up of special purpose funds;
- i) issue of convertible bonds or preferred bonds;
- j) determination of remuneration for members of the Supervisory Board;
- k) liquidation of the Bank or its merger with another bank;
- l) appointment of liquidators;
- m) matters submitted by the Supervisory Board;
- n) matters submitted by shareholders in accordance with the provisions of the By-laws;
- o) election of an entity qualified to audit financial statements as statutory auditor of the Bank.

All matters submitted to the General Meeting should be previously submitted to the Supervisory Board for consideration. The principles of participation in the General Meeting and of casting votes are governed by the Standing Rules of the BRE Bank General Meeting. The Standing Rules of the General Meeting include among others provisions concerning elections including elections to the Supervisory Board as well as provisions on voting procedures. Under the Standing Rules, votes are taken in an open ballot. A secret ballot is required in the case of elections and motions for dismissal of members of the authorities of the Bank or liquidators, motions to put members of the authorities of the Bank or liquidators before justice, and in personnel issues. In addition, a secret ballot is required if requested by at least one shareholder present or represented at the General Meeting.

The General Meeting appoints the Bank's Supervisory Board in a secret ballot. Shareholders propose candidates for Members of the Supervisory Board to the Chairman of the General Meeting, orally or in writing. The right to propose candidates concerns also members of the existing Supervisory Board. The party proposing a candidate for a member of the Supervisory Board should give details of the reasons for their choice. Prior to the election to the Supervisory Board, the General Meeting determines the number of members of the Board of a given tenure within the limits specified in the By-Laws. Candidates for Members of the Supervisory Board should make a statement for the minutes of the General Meeting concerning independence of the candidate.

Resolutions of the General Meeting are passed by a simple majority of votes unless provisions of the Code of Commercial Partnerships and Companies or the BRE Bank By-laws impose a stricter requirement for the passing of a resolution on a specific issue.

Amendments to BRE Bank's By-Laws require adoption of a resolution by the General Meeting of BRE Bank and registration of the adopted amendment in the National Court Register. Before the General Meeting of BRE Bank is presented with a draft of a resolution concerning the By-Laws, the Management Board of BRE Bank adopts a resolution on the proposed changes by adopting a draft of the resolution of the General Meeting, and next the draft is presented to the Supervisory Board of BRE Bank for approval. Under the Code of Commercial Partnerships and Companies, the resolution on amendments to the By-Laws is passed with a majority of 75% of votes.

The 22nd Ordinary General Meeting was held on 16 March 2009. The Bank's shareholders who exercised at least 5% of their votes at OGM were:

- Commerzbank Auslandsbanken Holding AG which exercised 20,719,692 votes constituting 86.75% of all votes cast by the shareholders at the 22nd Ordinary General Meeting of the Bank and 69.78% of total votes represented at the General Meeting of the Bank.
- Commercial Union OFE BPH CU WBK (at present Aviva OFE Aviva BZ WBK) which exercised 1,500,000 votes, constituting 6.28% of all votes cast by the shareholders at the 22nd OGM of the Bank and 5.05% of the total votes represented at the General Meeting of the Bank.

During the 22nd OGM resolutions were adopted on approval of the report of the Management Board of BRE Bank SA and the financial statements of BRE Bank for 2008, distribution of profit for 2008, granting discharge to Members of the Management Board and Members of the Supervisory Board of BRE Bank SA, approval of consolidated financial statements of the BRE Bank Group for 2008, amendments to the BRE Bank By-laws, specifying the number of members of the Supervisory Board of BRE Bank SA, appointing a member of the Supervisory Board of BRE Bank SA, selection of the auditor to audit financial statements of BRE Bank SA and BRE Bank Group for 2009.

The said amendments to the By-Laws resulted mainly from the necessity of adjusting the BRE Bank By-laws to the recommendation of the Polish Financial Supervision Authority which was to make sure that the internal audit unit is fully independent in its operations through accepting by the Supervisory Board the fact of appointing and recalling Director of the Internal Audit Department. Moreover, the By-Laws of BRE Bank provide for the Bank's activity consisting in providing services for the benefit of BRE Leasing and cooperation with BRE Leasing, and consisting in performing activities relating to agency services with respect to factoring and leasing, as well as services involving the function of a payment agent.

All members of the Management Board and the Supervisory Board were granted discharge. Stefan Schmittmann joined the Supervisory Board as its tenth member. PricewaterhouseCoopers was chosen the auditor auditing financial statements of BRE Bank SA and the BRE Bank Group for 2009.

In accordance with the recommendations contained in the "Code of Best Practice for WSE Listed Companies", the General Meeting was broadcast "on line" via the Internet (open transmission, available to all the interested), registered and made available in the form of a file on BRE Bank's website. The resolutions adopted by the General Meeting and shareholders' questions asked during the General Meeting as well as the answers given with respect to matters covered by the agenda were also placed on the website.

VI. Supervisory and managing authorities of the Company and their committees

VI.1 Management Board

Pursuant to the BRE Bank By-laws, the Management Board is composed of at least three members appointed for a joint term of office of 5 years. At least half of the members of the Management Board, including the President of the Management Board, should hold the Polish citizenship. The Members of the Management Board manage selected areas of the Bank's operation within the scope determined by the President of the Management Board. Resolutions of the Management Board specify in detail the division of powers and the procedures of replacement in the case of absence or holiday of Management Board members.

The current composition of the Management Board of BRE Bank is as follows:

Member/function	Professional experience
Mariusz Grendowicz President of the Management Board, Chief Executive Officer	Born in 1961, graduate of the Faculty of Economics of Transport at the University of Gdansk and studies in banking in Great Britain. He started his professional career in foreign banks: Grindlays Bank, then in Australia and New Zealand Banking Group in London. In 1991-1992 he worked in Citibank in London, and afterwards in ING Bank, where in 1992-1995 he held managerial positions in Poland, and in 1995-1997 in Hungary. From 1997 to 2000, the President of the Management Board of ABN AMRO Bank Polska and the Head of the ABN AMRO Group in Poland. In 2001-2006 – Vice President of the Management Board of BPH, in charge of Corporate Banking and Property Finance. In the Management Board of BRE Bank since 15 March 2008.
Karin Katerbau Vice President of the Management Board, Chief Financial Officer	Born in 1963, graduate of Reutlingen University of Applied Science and Groupe ESC in Reims in France, where in 1989 she received a French and German diploma in management. She started her professional career in 1990 in Societe Generale – Elsaessische Bank & Co in Frankfurt. She joined the Commerzbank Group in 1994. In 2001-2008 she worked for comdirect bank AG, where from 2004 she held the position of Management Board Member, Chief Financial Officer responsible, among others, for finance and controlling. Since March 2008 she held the position of Chief Operational Officer of Private

	<p>& Business Customers at Commerzbank AG, Frankfurt.</p> <p>In the Management Board of BRE Bank since 5 September 2008.</p>
<p>Wiesław Thor Vice President of the Management Board, Chief Risk Officer</p>	<p>Born in 1958, graduate of Warsaw School of Economics (the former Central School of Planning and Statistics) in Warsaw and summer school of banking at McIntire University Business School. Since 1990 employed with BRE Bank, since May 2000 as the Managing Director responsible for risk. As of 1 August 2002 he was the Managing Director at Bank Handlowy in Warsaw. On 2 November 2002, he was appointed the Member of the Management Board of BRE Bank, Chief Risk Officer.</p> <p>In the Management Board of BRE Bank since 2 November 2002.</p>
<p>Przemysław Gdański Member of the Management Board, Head of Corporate Banking</p>	<p>Born in 1967, graduated from the Faculty of Foreign Trade at the University of Gdańsk and completed a one-year programme in banking and international finance at Loughborough University in Great Britain. In 1993-1995, he worked for IBP Bank S.A., then for ABN AMRO in Romania and in the Head Office of ABN AMRO in Amsterdam. In 2002-2006, he was the Managing Director of Corporate Division in BPH Bank. From May to November 2006 he held the position of Chief Executive Officer and General Director of Calyon Bank Polska and Calyon SA Branch in Poland. In November 2006 he took the position of Vice President of the Management Board in BPH Bank responsible for corporate banking and real estate financing. After the merger of BPH Bank and Pekao SA - Vice President of the Management Board responsible for Corporate Banking, Markets and Investment Banking of Pekao SA.</p> <p>In the Management Board of BRE Bank since 19 November 2008.</p>
<p>Hans Dieter Kemler Member of the Management Board, Head of Investment Banking</p>	<p>Born in 1968, graduated from the Westphalian Wilhelm University of Münster in 1996. Within 1991-1992, he worked in the Bond Trading Department of Dresdner Bank. In the period of 1996-1998, employed with Oppenheim jr .& Cie KGaA, the Financial Market Department, Frankfurt and from 1998-2005 - in the Head Office of Commerzbank as Head of the Corporate Risk Advisory. Since 2005, he was a Managing Director of Luxembourg based Public Finance Bank EEPK and a member of the senior management team of Commerzbank responsible for international public finance.</p> <p>In the Management Board of BRE Bank since 10 July 2009.</p>
<p>Jarosław Mastalerz Member of the Management Board, Head of Retail Banking</p>	<p>Born in 1972, in 1996 he graduated from the Faculty of Economics and Foreign Trade at University of Łódź. In 1996-1998, he worked in the Audit Department of PricewaterhouseCoopers. In 1998-2003 - Marketing Director and later Financial Director in Zurich Group. After the take-over of the Polish Zurich operations by Generali in 2003, he worked as the Financial Director (also responsible for bank assurance) at Generali TU and Generali TUnŻ. Since 2006 he has been working for the BRE Bank Group, he was a co-author of the insurance project BRE Ubezpieczenia, and he held the position of the President of the BRE Ubezpieczenia Management Board.</p> <p>In the Management Board of BRE Bank since 1 August 2007.</p>
<p>Christian Rhino Member of the Management Board, Head of Operations and IT</p>	<p>Born in 1969, graduate of Berlin Technical University. In banking since 1998 when he started working in Deutsche Bank AG, first as e-commerce coordinator, later as director of the eBusiness department, finally as Vice President of Corporate Banking. Since 2001 employed with Commerzbank, where he held the position of Global Head Trade Finance & Transaction Services and Managing Director in Corporate Banking.</p> <p>In the Management Board of BRE Bank since 15 March 2008.</p>

In 2009, one personnel change took place in the Management Board of BRE Bank. On 27 March 2009, Bernd Loewen handed in his resignation to the Chairman of the Supervisory Board and the President of the Management Board owing to signing a managerial contract with the German Bank - KfW. He was released from

his duties as of 1 July 2009. On 10 July 2009 Hans - Dieter Kemler was appointed the new member of the Management Board, Head of Investment Banking.

Apart from that, as of 1 October 2009, Karin Katerbau, Member of the Management Board and Chief Financial Officer since 5 September 2008, was appointed Vice President of the Management Board until the end of the present term of office.

The term of office of the current Management Board expires on the day of the General Meeting in 2013.

The members of the Management Board are jointly liable for the overall operation of the Bank. They work collegially and inform each other about the most important matters concerning the Bank for which particular members of the Management Board are responsible. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the Bank.

The following committees operate at BRE Bank:

- BRE Bank Group's Operational Management Committee (the chairperson: Mariusz Grendowicz)
- Assets and Liabilities Management Committee (ALCO) of the BRE Bank Group (the chairperson: Hans Dieter Kemler)
- Bank's Investment Committee (the chairperson: Hans Dieter Kemler)
- Capital Management Committee (the chairperson: Karin Katerbau)
- Management Board Credit Committee (the chairperson: Wiesław Thor)
- Risk Committee of BRE Bank (the chairperson: Wiesław Thor)
- Committee on Data Quality Management for the purposes of Bank's regulatory requirements calculation (the chairperson: Wiesław Thor).

The Management Board manages the Bank's business, represents the Bank and defines the guidelines for the Bank's operation, especially for the areas subject to risks, including the credit policy, the investment policy, the Bank's assets and liabilities management policy and the guarantee policy. The Management Board presents to the Supervisory Board comprehensive information on all significant aspects of the Bank's operation and risks related to its operations as well as risk management methods on a regular basis.

The Management Board operates pursuant to its Rules approved by the Supervisory Board (available on the website of the Bank). The Rules determine among others the issues which require consideration of the Management Board as a collegial body and adoption of a resolution of the Management Board. The issues which require a resolution of the Management Board include among others decisions to assume obligations or to dispose of assets whose total value in relation to one entity exceeds 5% of the Bank's own funds, yet the Management Board by way of its resolution may authorise standing committees or relevant persons to make such decisions.

All resolutions are adopted by a majority of votes of the Management Board members present at the meeting, and in the case of an equal number of opposing votes, the President of the Management Board has the casting vote. The members of the Management Board strive to adopt resolutions by consensus. Pursuant to principles of best practices, the Rules of the Management Board provide that a member of the Management Board should abstain from participating in decision-making on such matters where a conflict of interest arises or may potentially arise between the Bank and the member of the Management Board, his or her spouse, relatives or relations by affinity up to the second degree, as well as persons with whom he or she has a personal relationship.

The Supervisory Board determines the contract terms and remuneration of Members of the Management Board. The Executive Committee addresses issues concerning the rules and amounts of remuneration of members of the Management Board, including determination of the rates thereof.

Rules of the incentive programme for the Management Board and rules concerning procedure of awarding bonuses for Members of the Management Board have been adopted in the resolutions of the Supervisory Board (Resolution no. 65/08 and Resolution no.66/08 dd. 24 January 2008).

Total remuneration of Management Board Members includes a fixed and a variable part. A fixed part includes basic remuneration and management fee, the amount of which is set for each member of the Management Board.

A variable part is an annual cash bonus for the previous financial year, as well as bonus in shares of BRE Bank and Commerzbank. A bonus in shares serves as the long term incentive.

Both annual cash bonus and the value of shares granted to each Member of the Management Board are determined by three following factors:

- net ROE within BRE Bank Group,
- performance of budget within the supervised area,
- assessment of the Management Board Member by the Supervisory Board.

In 2009, the Supervisory Board decided to decrease the annual bonus of the Management Board for 2008 by adjusting of ROE ratio with one-off transaction - the sale of the Vectra shares for PLN 137.7 million.

Total remuneration (in PLN thousand) of the Management Board for 2008 and 2009 is presented below:

Year	Base salary	Other profits	Cash bonus	Total
2008 (members of the Management Board as of 31 December 2008)	6 478.3	581.9	5 982.4	13 042.6
2008 (persons who ceased holding the position in 2008)	2 225.8	4 085.8	11 866.0	18 177.6
<i>Total 2008</i>	<i>8 704.1</i>	<i>4 667.7</i>	<i>17 848.4</i>	<i>31 220.2</i>
2009 (members of the Management Board as of 31 December 2009)	8 752.8	1 766.9	5 909.5	16 429.2
2009 (persons who ceased holding the position in 2009)	600.0	71.0	1 270.0	1 941.0
<i>Total 2009</i>	<i>9 352.8</i>	<i>1 837.9</i>	<i>7 179.5</i>	<i>18 370.2</i>

Information on remuneration received by particular Management Board Members divided into the fixed part and bonus part has been presented in point 45 of the explanatory notes to the Financial Statements of BRE Bank SA Group for 2009 pursuant to the International Financial Reporting Standards, and the description of share-based incentive programme for the Management Board is presented in 42 note of this report.

VI. 2 Supervisory Board

The Supervisory Board acts on the basis of adopted Rules and as stipulated in the BRE Bank By-laws, Code of Commercial Partnerships and Companies and the Banking Law Act. The BRE Bank By-laws provide that the Supervisory Board consists of not less than five members elected by the General Meeting for a joint term of office of three years. The number of the Supervisory Board members is defined by the General Meeting. A member of the Supervisory Board whose term expired in the course of the joint term of office of the Supervisory Board may be replaced with another person, elected by the Supervisory Board.

At least half of all Supervisory Board members, including the Chairperson, should hold the Polish citizenship. Pursuant to the statutory requirement, introduced in 2008 on the basis of III.6 principle of best practices, at least two Supervisory Board Members are independent, unless the General Meeting decides otherwise. Independence criteria of the Supervisory Board Members are stipulated in the Rules of the Supervisory Board.

The composition of the Supervisory Board reflects the aim to diversify its Members both in the context of their professional experience as well as their knowledge and skills. The Supervisory Board is composed of bankers as well as representatives of science and corporate business.

The Supervisory Board of BRE Bank SA acts in the following composition:

Member/function	Professional experience
Maciej Leśny Chairperson of the Bank's Supervisory Board (independent member)	Born in 1946, graduate of the Economics Division at University of Gdańsk and foreign post-graduate studies. He worked 22 years in the central state administration, including 8 years on the position of the Subsecretary of State: at the Ministry of Foreign Economy Co-operation, the Ministry of Economy, Labour and Social Policy and the Ministry of Infrastructure. Chairperson of the Supervisory Board of BRE Bank SA within 1994-1998, in December 2001 appointed again as the member of the Supervisory Board. He was re-elected the Chairperson in 2004.

Andre Carls Deputy Chairman of the Supervisory Board	Born in 1963, graduate of economics, PhD at the University of Cologne. He joined Commerzbank in 1990; in 2000 to 2008, he was a member of the Management Board of comdirect bank AG, from 2004 to March 2008 CEO of comdirect bank AG, currently holds position of the President of the Management Board of Commerzbank Auslandsbanken Holding AG.
Achim Kassow Member of the Supervisory Board	Born in 1966, graduate of business administration and economics at the University of Cologne, PhD in economics. Within 1993-2002, worked in Deutsche Bank Group, from 2001 - Member of the Board of Managing Directors of Deutsche Bank 24 AG. In the period of 2002-2004 – Chief Executive Officer of the Management Board of comdirect bank AG, Quickborn. Since 10 November 2004 – Member of the Board of Managing Directors of Commerzbank AG, responsible for the Business Segment Private Customers and the Business Segment Central and Eastern Europe.
Teresa Mokrysz Member of the Supervisory Board (independent member)	Graduate of the Karol Adamiecki University of Economics in Katowice. Co-owner of MOKATE. In 1992-1994 she launched cappuccino coffee as a new product on the Polish market and acquired a 70% market share and a leading position in this product category. In 1994-1995 she built a greenfield MOKATE plant in Ustroń and in 2001 her company put into operation plant in Żory. She is the winner of the "Leader of the Decade" title given by <i>Gazeta Wyborcza</i> daily, and the "Success of the Decade" given by the <i>Businessman Magazine</i> .
Michael Schmid Member of the Supervisory Board	Born in 1952, graduate of economics at the University of Würzburg, since 1979 employed with Commerzbank on many positions, he was responsible for corporate banking. At present, he holds the position of Chief Credit Officer – CCO - at Commerzbank's Head office in Frankfurt.
Stefan Schmittmann Member of the Supervisory Board	Born in 1956, graduate of economics, PhD in economics at the University of St.Gallen in Switzerland. In 1986-2003, he was employed with Bayerische Vereinsbank AG and as of 1998 with Bayerische Hypo- und Vereinsbank AG. In 2004-2005, Chairman of the Board of Directors of Vereins- und Westbank AG, Hamburg. In 2005, Member of the Divisional Board of Directors in Munich and 2006-2008, Member of the Management Board of Bayerische Hypo - und Vereinsbank AG in Munich, where he was responsible for the Corporate Customer and Commercial Real Estate Customer Division and Member of the Executive Committee UniCredit Corporate Division. Since 1 November 2008, Member of the Board of Managing Directors of Commerzbank AG, currently holding the position of Chief Risk Officer.
Waldemar Stawski Member of the Supervisory Board (independent member)	Born in 1958, graduate of Gdańsk Technical University and post-graduate studies in the financial analysis. In 1993-1995 he was employed with Pomorski Bank Kredytowy, then with PKO BP as Vice President responsible for Treasury, corporate clients and capital market management. From June 2002 to February 2003, Chairman of the Team of Receivers for Wschodni Bank Cukrownictwa SA. At a later date, he was the Management Board Member of CTL Logistics SA and CEO of the Polish Association of Transport and Logistics Employers.
Jan Szomburg Member of the Supervisory Board (independent member)	Born in 1951. Graduate of the University of Gdańsk, a PhD in economics. Previously he worked as an assistant and then as a lecturer at the University of Gdańsk. He is the founder and the President of the Management Board of the Gdańsk Institute for Market Economics. In 90's, he was the chairman of the Polski Bank Rozwoju Supervisory Board, Bank Gdański Supervisory Board, advisor to Minister of Ownership Transformation, member of the Ownership Transformation Council, an advisory body to the Prime Minister. He advised to Jerzy Buzek - prime minister, on economic issues, he was the chairman of the Ownership Transformation Council to the Prime Minister.
Marek Wierzbowski Member of the Supervisory Board (independent member)	Born in 1946. Full professor at the University of Warsaw, legal counsel, partner at the law firm of Prof. Marek Wierzbowski Radcowie Prawni Spółka Partnerska, a member of the Public Procurement Board, of the Central Commission for Scientific Degrees and Titles, President of the Court of the Chamber of Brokerage Houses. Professor Wierzbowski was a vice dean of the Faculty of Law and Administration and a vice rector of the University of

	Warsaw. He was a chairperson of the Stock Exchange Board and a vice chairperson of the Court of Arbitration at the Polish Chamber of Commerce.
Martin Zielke Member of the Supervisory Board	Born in 1963, economist, graduate of the University in Göttingen. In 1990 – 2000, he cooperated with Dresdner Bank AG, then he was appointed the Regional Head of Portfolio Investments in Deutsche Bank 24, afterwards the Regional Head of Retail Banking Finance at Deutsche Hyp. In 2002 - 2004, acted as Group Manager of Retail Banking Area, Commerzbank AG, and from January 2005 to March 2006 he was a Group Manager in Corporate Banking area of Commerzbank AG. Since 1 April 2006, Member of the Management Board of Eurohypo Aktiengesellschaft, Eschborn and since 1 February 2008 Group Manager in Group Finance Department at Commerzbank AG.

As it was mentioned earlier, a change which occurred in 2009 was the appointment of the tenth Member of the Supervisory Board - Stefan Schmittmann, Member of the Management Board of Commerzbank AG, by the 22nd General Meeting of BRE Bank held on 16 March 2009.

The following are independent Members of the Supervisory Board: Maciej Leśny, Jan Szomburg, Teresa Mokrysz, Waldemar Stawski and Marek Wierzbowski. Commerzbank - the strategic shareholder is represented by: Andre Carls, Achim Kassow, Michael Schmid, Stefan Schmittmann and Martin Zielke.

The term of office of the SB expires on the day of the General Meeting in 2011.

Powers of the Supervisory Board (defined in the Rules of the Supervisory Board) and its committees involve in particular:

- a) providing the Management Board with advice and exercising supervision over the Management Board in developing guidelines for the Bank's operation which is risk bearing, including its credit, investment, guarantee policies, as well as compliance policy and approving proposals of the Management Board concerning the Bank's basic organisational structure,
- b) exercising supervision over compliance of the Bank's regulations with regard to risk taking with the strategy and the Bank's financial plan,
- c) approving the rules of information policy, adopted by the Management Board, regarding risk management and capital adequacy,
- d) approving strategies developed by the Management Board and the procedures of the internal control system, risk management system, internal capital assessment process, capital management and capital planning,
- e) assessing adequacy and effectiveness of risk management system,
- f) examining all the regular reports and exhaustive information, received from the Management Board, on all important aspects relating to the Bank's operation, risk related to its operation, and on the manner and effectiveness of the risk management,
- g) drawing up a concise assessment of evaluation of the Bank's position in order to submit it to the Ordinary General Meeting and append it to the annual report of the Bank for the previous financial year, drafted pursuant to separate regulations,
- h) approving the Bank's annual financial plans, multi-annual development plans, as well as strategy of the Bank's operation and rules of cautious and stable management of the Bank,
- i) reviewing any motions and matters subject to resolutions of the General Meeting, including draft resolutions of the General Meeting; the Supervisory Board draws up justifications (opinions) for draft resolutions to be submitted for approval of the General Meeting; such justifications (opinions) along with the draft resolutions will be made available to the shareholders at the registration desk before the General Meeting,
- j) issuing or approving the rules provided for in the Bank's By-laws,
- k) appointing and dismissing the President, First Vice President, Vice Presidents and other Members of the Management Board in accordance with the provisions of the Banking Law Act and taking into consideration relevant qualifications for performing the functions assigned to them,
- l) defining terms and conditions of contracts and setting remuneration for President, First Vice President and Vice President as well as other Members of the Management Board,

m) authorising the Chairman of the Supervisory Board to represent the Bank in agreements with the Members of the Management Board including signing the management contracts with the Members of the Management Board,

n) approving conclusion of or amendments to any significant agreement or arrangement with Members of the Management Board or the Supervisory Board,

o) approving conclusion of, amendments to or termination of any significant affiliation agreements or cooperation agreements,

p) analysing the report from the director of the Internal Audit Department, received at least once a year, which, based on the conducted audits and the drawn up reports on monitoring of internal control mechanism effectiveness, contains information on identified irregularities, applications and action undertaken in order to eliminate the irregularities.

Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board on his or her own initiative, or on request of the Management Board, or on request of the Supervisory Board Member not less frequently than three times a year. All Management Board Members participate in meetings of the Supervisory Board except for those agenda items which directly concern the Management Board or its members.

Resolutions of the Supervisory Board are adopted with a simple majority of votes cast. In the case of an equal number of votes, Chairman of the Supervisory Board has the casting vote. Member of Supervisory Board is obliged to notify all the other Supervisory Board Members of any conflict of interest as it arises or a possibility of such conflict and should refrain from taking the floor in discussion and from voting on the resolution pertaining to the situation in which the conflict of interest has arisen or may arise.

No resolution should be passed without the consent of the majority of the independent members of the Supervisory Board on the following matters:

- any benefits provided by the Bank or any entities associated with the Bank to the benefit of Members of the Management Board,
- consent for the Bank to enter into a significant agreement with an entity associated with the Bank, a member of the Supervisory Board or the Management Board, and entities associated with them.

The Supervisory Board has 3 Committees: the Executive Committee, the Risk Committee, and the Audit Committee. Each of the committees is composed of four members of the Supervisory Board, including two independent members.

The tasks of the Executive Committee involve, in particular, exercising regular supervision of the Bank's operation in the periods between meetings of the Supervisory Board; authorising the Management Board to acquire, encumber or dispose of real estate, perpetual leasehold, or interests in real estate, shares or equity interests in companies, and other fixed assets if the value of the transaction exceeds 1% of the Bank's own funds; reviewing rules and amounts of remuneration of Members of the Management Board; issuing opinions on granting members of the Management Board approval for engaging in competitive activity. The Executive Committee is composed of: Maciej Leśny - Chairman and members: Andre Carls, Jan Szomburg and Michael Schmid, who replaced Achim Kassow on 1 October 2009.

The Audit Committee issues opinions about the election of the Bank's statutory auditor by the General Meeting, recommends that the Supervisory Board should approve or reject financial statements, exercises regular supervision over the internal control system at the Bank, and approves the changes proposed by the Management Board of the Bank at the position of the manager of the Internal Audit Department. The Audit Committee is composed of at least one independent Supervisory Board Member with qualifications and experience in accounting and finance. The Audit Committee is composed of: Martin Zielke – Chairman, and Andre Carls, Maciej Leśny and Jan Szomburg.

The tasks of the Risk Committee include among others exercising permanent supervision over credit risk, market risk and operational risk. Moreover, the Risk Committee recommends that the transactions, provided for in the Banking Law, between the Bank and members of the Bank's authorities be approved or refused and submits recommendations relating to approval or refusal to approve the Bank's information policy regarding risk management and capital adequacy. The Risk Committee is composed of: Chairman – Michael Schmid, and members: Maciej Leśny, Andre Carls and Waldemar Stawski.

Pursuant to Article 22(5) of the BRE Bank By-laws, all standing committees acting within the Supervisory Board make reports pertaining their performance in the past reporting period available to shareholders. The aforesaid reports are appended to the set of materials for the Ordinary General Meeting.

The amount of monthly remuneration of the members of the Supervisory Board in 2008 and 2009 was set on the basis of the Resolution No. 27 adopted by the 17th General Meeting of BRE Bank of 21 April 2004.

Additional monthly remuneration is granted for participation in standing committees: 50% of monthly basic remuneration for the first committee and 25% for participating in every other committee. Total remuneration for participation in committees cannot exceed 75% of the basic remuneration.

Total remuneration (in PLN thousand) of the Supervisory Board for 2008 and 2009 is presented below:

Year	2008	2009*
Remuneration paid in PLN thousand	1 848. 1	1 866.8

*/ from March 2009 The Supervisory Board consists of 10 Members compared to 9 Members in 2008.

Detailed information about the remuneration amounts paid in 2008 and 2009 to particular Members of the Supervisory Board is included in the explanatory note no. 45 to the Financial Statements of the BRE Bank SA Group for 2009 in accordance with the International Financial Reporting Standards.

The challenging situation on international financial markets, economic slowdown and growing financial difficulties of enterprises required very close cooperation with the Management Board on key issues related to the Bank's operation.

The Supervisory Board, including especially the Executive Committee, cooperated closely and on a regular basis with the Management Board in order to develop the Mid-term Business Plan for BRE Bank Group for 2010-2012 and strategic directions for the future business development of the Group.

In 2009, the Supervisory Board held 4 meetings and adopted 21 resolutions.

The resolutions concerned, in particular:

- acceptance of financial statements of BRE Bank, BRE Bank Group and of other materials for the OGM,
- incentive programme for the Bank's management - issue and acquisition of shares / bonds,
- adopting the Mid-term Plan,
- adopting the Financial Plan for 2010,
- personnel issues,
- granting a loan to an entity associated with a Member of the Management Board,
- granting a loan to a Member of the Management Board,
- adopting the amendments in the Rules of the Supervisory Board,
- adopting new text of the BRE Bank By-laws,
- allocation of funds to BRE Bank's Foundation,
- adoption of the report on compliance risk management,
- consent for BRE Bank SA to take a bilateral loan from Commerzbank,
- approval of the content of the motion to supervisory authorities on the approval for implementing at BRE Bank the A-IRB approach (Basel II),
- adoption of the model management policy in the credit risk area.

Furthermore, current results of BRE Bank Group and particular business areas were discussed and evaluated with reference to the financial plan in a systematic, regular manner at the meetings of the Supervisory Board.

The Supervisory Board of the Bank operated in an effective manner. Meetings of the Supervisory Board were held in the presence of all Members. There was only one justified case when a Member of the Supervisory Board did not participate in a meeting. The Supervisory Board passed all resolutions and decisions unanimously.

Participation of the Supervisory Board Members in the meetings and in the Committees in 2009:

	Turnout*	Executive Committee	Risk Committee	Audit Committee
Andre Carls	4/4	X	X	X
Achim Kassow	3/4			
Maciej Leśny	4/4	X	X	X

Teresa Mokrysz	4/4			
Michael Schmid	4/4	X	X	
Stefan Schmittmann (appointed on 16 March 2009)	3/3			
Waldemar Stawski	4/4		X	
Jan Szomburg	4/4	X		X
Marek Wierzbowski	4/4			
Martin Zielke	4/4			X

* Attendance at meetings/ number of meetings during a term of office.

In 2009, the Risk Committee focused mainly on the implemented project which introduces at BRE statistical methods for calculating credit risk regulatory capital requirements (A-IRB approach, Basel II), discussed quarterly risk reports and the current credit portfolio.

The Audit Committee cooperated closely with the external auditor PricewaterhouseCoopers and internal auditor in the scope of correctness of the financial statements submitted and results of the audits conducted. It also discussed changes in the IFRS, as well as the assessment of internal control and risk management systems, implementation of KNF post-inspection recommendations, client's exposure to derivative instruments and the most important risk issues potentially affecting the Company's financial standing. Finally it examined and approved the annual internal audit plan.

The Executive Committee was also involved in the topic of remuneration and of awarding bonuses to the Members of the Management Board, issued approvals for the participation of the Members of the Management Board in supervisory boards of other companies and approved transactions exceeding 1% of Bank's equities.

VII. Internal control and risk management systems with regard to the process of preparing financial statements and consolidated financial statements

The Bank has an internal control system which aims at ensuring security and stability of the Bank's operations, supporting management of the Bank, and improving performance of its tasks.

The internal control system includes the following:

- 1/ functional internal control,
- 2/ institutional internal control.

The functional internal control is a system applicable to each organisational unit of BRE Bank. Each organisation unit of the Bank performs internal control tasks under supervision of the head of an organisational unit. The functional internal control system is subject to regular assessment and monitoring through institutional internal control.

Institutional internal control is exercised by the Internal Audit Department (DAW). DAW operates on the basis of the provisions of the Banking Law, BRE Bank internal regulations, International Standards for Professional Practice of Internal Auditing and best business practices in this respect.

The Internal Audit Department is under the administration of the President of the Management Board of the Bank and reports to the President of the Management Board and to the Audit Committee of the Supervisory Board of the Bank. The principle of audit operational independence is applied since auditors are not involved in operational activity.

The main functions of DAW include:

- developing the rules for internal control system, assessment of risk management systems and consultancy in this respect,
- monitoring and assessment of efficiency of the risk management systems,

- examining and assessing the adequacy and effectiveness of control mechanisms in the Bank management systems, operating and IT systems,
- performing planned and ad hoc control activities in terms of particular banking and IT products, organizational units and Bank's areas of activity,
- exercising functional supervision over internal control units in the Bank's organisational units (including the Bank's foreign branches),
- initiating and supervising prevention activities aiming at counteracting irregularities in the Bank's operation,
- maintaining contact with the Polish Financial Supervision Authority (KNF) and the Supreme Chamber of Control (NIK), on behalf of the Bank, in the scope of the Department's competence,
- coordination of works related to controls exercised by external control authorities and cooperation with an external auditor.

In terms of assurance and consulting services, DAW performs:

- audit tasks: scheduled on the basis of "The plan of DAW's operation" and ad hoc,
- non-audit tasks of consultative and advisory nature.

The scope of those tasks covers all the Bank's organisational units.

The process of internal audit is a planned process. The audit plan is prepared on an annual basis following risk analysis of all relevant business areas of the Bank, approved by the Management Board of the Bank and accepted by the Audit Committee of the Supervisory Board. Audit results are reported to the President of the Management Board and to the Audit Committee of the Supervisory Board. The DAW monitors the implementation of post-audit recommendations.

In its advisory role, DAW issues opinions on internal legislation, regulations, policies and procedures for the operational activity of the Bank from the perspective of internal control and risk. The Department also provides internal services in the organisation including auditor supervision over ongoing or developed projects executed at the Bank.

In particular, the Bank uses risk management and internal control in the process of preparing financial statements.

The process of preparing financial data for reporting needs is automated and based on the General Ledger of the Bank. Preparation of data in source systems is subject to formalised operational and acceptance procedures. Creating the General Ledger of the Bank takes place within the process which covers respective internal controls. Manual adjustments are subject to special control.

Operational risks, which occur in the process of creating financial statements were included in the Self-assessment of Operational Risk. In the process of monitoring operational risk at the Bank mechanisms have been implemented, which effectively ensure the security of IT systems at the Bank. The Business Continuity Contingency Plan applies at the Bank, covering IT systems used in the process of creating financial statements.

The process of organising the examination of the Bank's financial statements is laid down in the Bank's internal legislation and is approved in the form of an Order of the President of the Management Board. The Order in force provides for a clear and transparent division of responsibilities of the persons participating in the preparation and verification of the quality of prepared financial statements of the Bank.

The Bank's financial statements are prepared by the Accounting Department (DR) which constitutes an organisational unit in the Finance Business Line and reports directly to the Managing Director of Accounting and Controlling and to the Chief Financial Officer.

Substantive and organisational supervision over the course of examining financial statements is exercised by the Director of DR. The work on the preparation of the annual and semi-annual financial statements of the Bank is co-ordinated by the Deputy Director of DR. The prepared financial statements are submitted to the Management Board for verification. Additionally, the Audit Committee receives information on quarterly financial statements and on profits and losses before they are published. The Audit Committee deals with the financial statements in detail and recommends the Supervisory Board to approve or reject the annual financial statements.

The annual and semi-annual financial statements of the Bank are subject respectively to an independent audit and a review by a statutory auditor.

The Bank manages the risk of the process of preparation of financial statements also by ongoing monitoring of changes in requirements under external legislation and regulations concerning reporting obligations of banks, and by preparing for their implementation well ahead of the deadline.

The Bank also updates on an ongoing basis its accounting principles used to prepare financial statements.

The Bank also performs the control functions with respect to subsidiaries, which are consolidated for the purpose of preparing the financial statements of the Group, through its representatives in supervisory boards of those subsidiaries.

It is worth mentioning, that in 2009 BRE Bank was ranked second in "The Best Annual Report" contest, in the financial institutions and banks category, organised by the Institute of Accounting and Taxes. Earlier - in 2008 and in 2007 BRE Bank was ranked highest in that contest. The contest aims at promoting annual reports which are most useful for shareholders and investors.

VIII. Compliance at BRE Bank

Compliance policy is executed at BRE Bank. Its aim is to guarantee that the provisions of law and the standards of conduct for financial institutions are obeyed at the Bank. The Management Board is responsible for implementation of the Compliance Policy, delegating that obligation to the Compliance Bureau (BMZ) which is supervised directly by the President of the Management Board.

In the area of compliance a number of banking regulations have been introduced, in order to guarantee that:

- cases of using the Bank in money laundering practices and in financing terrorism will be identified and reported to proper state authorities,
- confidential information will not be used to favour the Bank's employees compared with other participants of the organised financial market - internal regulations impose limitations on private investments of employees, who have access to confidential information,
- personal data of clients are effectively protected, and their use and processing is subject to the provisions of law,
- gifts given to and received from Bank's clients do not generate corruption related situations thanks to the gift policy adopted at the Bank,
- principles of limiting conflicts of interests are applied at the Bank, through limiting the employee's possibility of participation in supervisory boards and management boards of companies, which are the Bank's clients, as well as through applying the "Chinese Walls" principle in order to limit the flow of confidential information between organisational units,
- banking products advertisements are subject to thorough evaluation in terms of applicable regulations and standards.

IX. Investor relations in BRE Bank

The main strategic goals for BRE Bank in 2010 include enhancement of its capital position and profitable growth of the business in attractive product areas e.g. (i) reinvigorating growth in its existing core business lines in both retail and corporate segments, (ii) expanding market share in non-mortgage retail lending and (iii) strengthening its position in niche adjacent corporate lending segments. The Bank seeks to complement lending volume growth with effective cross-selling efforts, especially with regards to non-solvency products for both corporate and retail clients. The Bank will focus on organic growth of its franchise and continue to win new customers.

The Management Board of the Bank intends to recommend to the Annual General Shareholders Meeting a pre-emptive rights issue in 2010 of up to 70% of the existing share capital of the Bank with the aim to raise PLN 2bn as a result of the new shares' issue.

The Bank plans to increase its share capital and increase its strategic flexibility to support the implementation of the announced growth strategy for the years 2010 – 2012, as well as provide for a Tier 1 capital ratio in line with potential new capital requirements, both regulatory and those of the marketplace.

The Bank expects that its improved capitalization will reinforce its competitive advantage to win profitable business from clients and facilitate its expansion plans as economic conditions improve.

In corporate banking the Bank will seek to strengthen its position in lending to public-sector entities and to expand in projects co-financed with the EU funds. At the same time, the Management Board plans further acquisition of clients from K2 and K3 segments. In investment banking the Management Board intends to maintain the current model of close cooperation with corporate clients and improve the range of products currently offered to clients. This will allow the Bank to maintain its strong position particularly in IR-products, FX and debt origination.

For retail banking, the strategic goal is to strengthen the Bank's position in its non-mortgage lending business, in particular among the existing clients of the Bank. The Bank intends to achieve this goal through cross-selling and, consequently, increasing penetration levels of the Bank's customer base. At the same time, revenues from non-mortgage products will help to diversify the Bank revenue sources. Moreover, the Bank aims to further develop sales of mortgage products, including those denominated in foreign currencies. The sales of foreign currency mortgage products will be based on the Bank's expertise gained from building up the current portfolio of mortgage loans denominated mainly in CHF.

The Bank plans to maintain a leading position in product innovations. In particular, the Management Board intends to become a leading player in modern transactional banking, tailored for corporate clients. A further development of electronic distribution channels, both for corporate clients and individuals is planned.

The BREnova Programme implemented in the Group in 2009, improved the cost base significantly, which, in turn, improved the operating efficiency ratios. The Management Board will seek to maintain the ratios achieved in 2009 or improve them.