

## Statement of BRE Bank SA on Application of Corporate Governance

### Principles in 2010

Pursuant to Article 91.5(4) of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not 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 2010.

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 Resolution No. 1013/2007 of the Management Board of the Warsaw Stock Exchange of 11 December 2007. In connection with the foregoing, under Article 2 of Resolution No. 718/2009 of the Management Board of the Warsaw Stock Exchange 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 Warsaw Stock Exchange Rules.

#### I. Corporate Governance Principles Binding on BRE Bank SA

The set of corporate governance principles binding on BRE Bank is contained in the document "Code of Best Practice for WSE Listed Companies" adopted by Resolution No. 17/1249/2010 of the Supervisory Board of the Warsaw Stock Exchange dated 19 May 2010. The text of the "Code of Best Practice for WSE Listed Companies" is available on 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 its internal statutory documents, the Bank has integrated corporate governance principles, in particular those relating to the rules of operation of the General Meeting and the Supervisory Board (and its standing committees) as well as the rights of the Shareholders and the Supervisory Board.

Irrespective of the "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). The Good Banking Practice Principles are a set of rules relating to the operation of banks and apply to banks, bank employees persons mediating in banking activities of banks. According to an Order of the President of the Management Board, BRE Bank applies the Good Banking Practice Principles, set forth in Appendix 1 to Resolution No. 11 of the 21<sup>st</sup> General Meeting of the Polish Bank Association of 22 April 2010. The document is available on the website of the Polish Bank Association ([http://www.zbp.pl/prawo\\_bankowe](http://www.zbp.pl/prawo_bankowe)).

#### II. Application of Corporate Governance Principles

BRE Bank reaffirmed its commitment towards the highest standards of corporate governance in 2010. There were no reported infringements of the rules subject to the "comply or explain" principle, set out in Sections II, III and IV of the "Code of Best Practice for WSE Listed Companies".

Two items related to Section I of the "Code of Best Practice for WSE Listed Companies" containing "Recommendations" require an additional commentary.

The document, amended in a Resolution of the Supervisory Board of the Warsaw Stock Exchange dated 19 May 2010, includes new provisions on remuneration policy in point 5. According to the recommendation, BRE Bank has a remuneration policy which determines the form, structure, and level of remuneration, including the remuneration of members of supervisory and management bodies of the Company. The remuneration system is complex, transparent and, importantly, it ensures a linkage between remuneration of senior managers and the financial results of the Company and the performance of remunerated persons.



The remuneration system integrates a range of principles derived from Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) supplemented by Commission Recommendation of 30 April 2009 (2009/385/EC). These principles include among others: determination of variable and non-variable components of remuneration of the Management Board, a linkage of the variable components of remuneration with pre-defined performance criteria, detailed regulations concerning a long-term option scheme, and specification of the total remuneration and its components of individual members of the Management Board and the Supervisory Board in the notes to the annual financial statements.

However, the Commission Recommendations were not used as a model for the remuneration system of the Bank and not all their provisions are applied. The remuneration policy is not regularly an explicit item on the agenda of the annual general meeting and is not submitted for a vote. The Bank has not disclosed or published on its website a “remuneration statement”. However, it should be noted that the Bank in different documents discloses a range of information, which would constitute a substantive part of such a statement.

The rules and the level of remuneration of Members of the Management Board of BRE Bank are determined by the Executive Committee of the Supervisory Board, which performs the function of the Remuneration Committee within the meaning of the European Union recommendation. The amount of monthly remuneration paid to the Members of the Supervisory Board of BRE Bank was approved in a resolution of the General Meeting of BRE Bank.

More details on the remuneration of the members of supervisory and management bodies of the Bank are presented in Section XI of this Statement.

The other topic which requires an explanation is the recommendation in point 9 to ensure a balanced proportion of women and men in management and supervisory functions in companies. BRE Bank has always pursued a policy of appointing competent and diverse members of its bodies who have the required professional experience and education. Other factors, including the gender of the candidate, are not considered relevant. Currently, one of the 7 members of the Management Board of BRE Bank is a woman: Deputy President and Chief Financial Officer Ms. Karin Katerbau. One of the 10 members of the Supervisory Board is a woman: Ms. Teresa Mokrysz.

### **III. Internal control and risk management systems with regard to the process of preparing financial statements of the Bank**

The process of preparing financial statements is covered by the Bank’s internal control system, which contributes to full reliability and truthfulness of financial reports.

The internal control system includes the following:

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

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 the supervision of the head of the 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’s internal regulations, International Standards for the 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 operational independence of internal audit is respected since auditors are not involved in operational activity.

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 a process that is covered by respective internal controls. Manual adjustments are subject to special control.

The process of monitoring of operational risk, which occurs in the preparation of financial statements in the Bank, has in place mechanisms which effectively ensure the security of IT systems. The Business Continuity Plan applies at the Bank, covering IT systems used in the process of preparing 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, which 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 the Accounting Department. The work on the examination of the annual, semi-annual and quarterly financial statements of the Bank is co-ordinated by the Deputy Director of the Accounting Department. The prepared financial statements are submitted to the Management Board for verification. The Audit Committee receives information on quarterly financial statements before they are published. After in-depth discussion with the Bank's external auditor and the Management of the Bank, the Audit Committee 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 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.

The effectiveness of the control and risk management procedures applied in the process of preparing financial statements was confirmed by the high quality of the financial statements, as demonstrated by the external auditor's opinions following the audit of the financial statements as well as the appreciation of the recipients. The financial statements of BRE Bank Group have for long been recognised by investors and independent industry institutions. In 2010, BRE Bank ranked first in the category of financial institutions and banks in "The Best Annual Report" competition organised by the Institute of Accounting and Taxes. It was the third time that BRE Bank won the first award in the competition. BRE ranked first in 2008 and 2007, and second in 2009.

#### IV. Significant Blocks of Shares

Commerzbank AG has for many years been the majority shareholder of BRE Bank. As at the end of 2010, Commerzbank through its 100% subsidiary Commerzbank Auslandsbanken Holding AG held 69.74% of shares and votes at the General Meeting.

As at 31.12.2010				
Shareholder	Total number of shares		Total number of votes	
	42,086,674		42,086,674	
Commerzbank Auslandsbanken Holding AG	29,352,897	69.74%	29,352,897	69.74%

30.26% of BRE Bank shares is free float. They are held by private and institutional investors, in particular Polish pension funds as well as Polish and foreign investment funds.

In 2010, the 5% share threshold, obligating companies to inform about the purchase of shares, was not exceeded by any entity other than Commerzbank Auslandsbanken Holding AG. In 2009, the threshold was periodically exceeded by Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK and ING Otwarty Fundusz Emerytalny.

In 2010, BRE Bank completed a new issue of shares with pre-emptive rights, raising PLN 1,966.2 million. The issue was very popular with investors, who took up 12,371,200 offered shares and oversubscribed for the transaction by 1.6 times. Commerzbank exercised all its pre-emptive rights and maintained its percentage stake in the equity and votes at the General Meeting.

## V. Special Control Rights

Shares issued by BRE Bank do not confer any special control rights over the issuer. There are no preferred shares; each share represents one vote at the General Meeting. The control rights of Commerzbank AG as the parent entity of Commerzbank Auslandsbanken Holding AG are a result of the number of shares held and their percentage share in the equity and the number of votes at the General Meeting of BRE Bank, which translates to consolidated supervision exercised over BRE Bank as a subsidiary of Commerzbank.

## VI. Limitations on the Exercise of the Voting Right

The BRE Bank By-laws do not impose any limitations on the exercise of the voting right. There are no provisions which would separate equity rights attached to securities from the holding of securities.

## VII. Limitations on the Transfer of the Property Right to Securities of the Issuer

The BRE Bank By-laws do not impose any limitations on the transfer of the property right to securities issued by the Bank.

## VIII. Principles of Appointing and Dismissing Management Board Members

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, must hold the Polish citizenship.

The President of the Management Board, the Deputy Presidents of the Management Board and the other Members of the Management Board are appointed and dismissed by the Supervisory Board, acting pursuant to the provisions of the Banking Law and considering relevant qualifications for the assigned functions. The Polish Financial Supervision Authority (KNF) approves two Members of the Management Board of the Bank, including the President of the Management Board. According to the Code of Commercial Partnerships and Companies, a Member of the Management Board may also be dismissed or suspended by the General Meeting.

The term of a Member of the Management Board expires at the latest on the day of the General Meeting that approves the financial statements for the last full financial year of the term of office of the Management Board Member. The term of a Member of the Management Board also expires in the case of death, resignation, or recalling of the Member from the Management Board. The term of a Member of the Management Board appointed before the end of the term of office expires on the expiration of the terms of the other Members of the Management Board.

## IX. Amendments to the Company's By-Laws

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 resolution concerning amendment to the By-Laws, the Management Board of BRE Bank adopts a resolution on the proposed amendment by approving the draft 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.

According to Article 34.2 of the Banking Law of 29 August 1997, any amendment of the Bank's By-laws requires the authorisation of the Polish Financial Supervision Authority where such amendment relates to:

- the Bank's name;
- the Bank's registered office, objects and scope of activity;
- the bodies and their competences, including particularly the competences of the members of the Management Board appointed with the approval of the Polish Financial Supervision Authority and the decision-making principles;
- the basic organisational structure of the Bank, the procedures applicable to making legally binding statements regarding property rights and obligations, the procedures for issuing internal regulations and the procedure for making decisions concerning the undertaking of liabilities or disposal of assets whose total value with regard to a single entity exceeds 5% of the Bank's own funds,
- the principles of functioning of the internal control system;
- the own funds and the financial management principles and
- shares preferred or limited as to voting rights.

The 23<sup>rd</sup> Ordinary General Meeting held on 30 March 2010 adopted two resolutions concerning amendment to the Bank's By-laws.

One Resolution updated the provisions specifying the amount of the share capital and the number of shares according to the parameters of the Bank's share capital increase set in the Issue Resolution adopted by the 23<sup>rd</sup> Ordinary General Meeting (increase of the share capital by no less than PLN 4 and no more than PLN 83,134,468 through an issue of no less than 1 and no more than 20,783,617 ordinary bearer shares of a new issue with a nominal value of PLN 4 per share).

The other Resolution aimed to harmonise BRE Bank's By-laws with the amended provisions of the Code of Commercial Partnerships and Companies adopted in the Act of 5 December 2008 (Journal of Laws from 2009, No. 13, item 69), to add two activities under the Electronic Payment Instruments Act to the scope of operations of BRE Bank, and to harmonise the By-laws with the post-control recommendations of the Polish Financial Supervision Authority. The amendments included among others the introduction of the possibility of convening an Ordinary General Meeting by the Supervisory Board if the Management Board does not convene a meeting within the time limits set out in the By-laws and an Extraordinary General Meeting if the Supervisory Board considers it necessary, as well as the possibility of convening an Extraordinary General Meeting by shareholders who represent at least one-half of the share capital, and the possibility of a request to convene an Extraordinary General Meeting and to put specific items on the agenda by shareholders who represent at least one-twentieth of the capital.

## **X. General Meeting Procedures and Authority, Shareholder Rights and Exercise Procedures**

### **X.1. General Meeting Procedures**

The General Meeting is convened and prepared pursuant to the provisions of the Code of Commercial Partnerships and Companies, the Bank's By-laws, and the 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. The Supervisory Board may convene an Ordinary General Meeting if the Management Board does not convene a meeting within the time limits set out in the By-laws and an Extraordinary General Meeting if the Supervisory Board considers it necessary. In addition, under specific



circumstances, the shareholders have the right to convene a General Meeting or to request convening a General Meeting (more information in Section X.3.)

Shareholders can participate in the General Meeting and cast their votes either in person or by proxies. The powers of attorney for participation in the General Meeting should be made out in writing or in electronic form and attached to the minutes. With the reservation of cases determined in the Code of Commercial Partnerships and Companies, the General Meeting is valid regardless of the number of shares represented at the General Meeting.

All matters submitted to the General Meeting are previously submitted to the Supervisory Board for consideration.

The General Meeting is opened by the Chairman of the Supervisory Board or by the Deputy Chairman of the Supervisory Board. If due to obstacles neither of them can open the meeting, the meeting is opened by a member of the Supervisory Board. The person opening the General Meeting proceeds immediately with election of the Chairman of the General Meeting, ensuring the adequate voting procedure.

Only a shareholder of the Bank can chair the General Meeting. The General Meeting elects the Chairman from among candidates proposed by participants of the General Meeting. The Chairman of the General Meeting presides over the proceedings, makes decisions relating to formal and procedural aspects of the Meeting, and has the right to interpret the Standing Rules of the General Meeting.

The General Meeting shall elect a three-member Vote Counting Committee from among candidates proposed by the Chairman of the Meeting. The Vote Counting Committee is responsible for supervising the way in which each casting of the ballots is conducted and serviced, and for checking and announcing the results of the vote.

Subject to specific exceptions, resolutions of the General Meeting are passed in an open ballot 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. 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.

Voting takes place with the use of a computer system which also counts the votes. The system counts the votes cast by the participants of the General Meeting in favour or against a motion as well as abstentions.

The Bank's Supervisory Board is elected 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. Prior to the election to the Supervisory Board, the General Meeting determines the number of Members of the Supervisory Board of the given term 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.

## X.2. General Meeting Authority

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:

- examination and approval of the report of the Management Board on the Bank's operations and financial statements for the past financial year;
- adoption of resolutions on the distribution of profit or coverage of losses;
- vote of discharge of duties to the members of the Bank's authorities;
- election and dismissal of members of the Supervisory Board;
- amendment of the By-laws;



- increase or reduction of the Bank's share capital;
- 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;
- creation and winding up of special purpose funds;
- issue of convertible bonds or preferred bonds;
- determination of remuneration for members of the Supervisory Board;
- liquidation of the Bank or its merger with another bank;
- appointment of liquidators;
- matters submitted by the Supervisory Board;
- matters submitted by shareholders in accordance with the provisions of the By-laws;
- election of an entity qualified to audit financial statements as statutory auditor of the Bank.

### X.3. Shareholder Rights and Exercise Procedures

The Company's shares are bearer shares and can be sold. Shareholders have the right to participate in the profit reported in the audited financial statements allocated by the General Meeting to be paid to the shareholders.

Shareholders representing at least one-half of the share capital or at least one-half of the total number of votes in the company may convene an extraordinary general meeting. The shareholders appoint the chairman of such meeting. Shareholder(s) representing at least one-twentieth of the share capital may request the Management Board that the extraordinary general meeting be convened and that specific issues be entered to agenda of such meeting.

Only persons who are shareholders of the Bank sixteen day before the date of the General Meeting ("record day") have the right to participate in the General Meeting of the Bank as a public company. Shareholders can participate in the General Meeting and cast their votes either in person or by proxies.

A shareholder has the right to:

- vote, propose motions and raise objections,
- justify his or her position briefly,
- stand for election as Chairman of the General Meeting and propose a candidate for Chairman of the General Meeting to the minutes,
- take the floor during the proceedings and make a reply,
- propose amendments and additions to draft resolutions on the agenda of the General Meeting before discussion is closed on the agenda meeting including the draft resolution concerned by the proposal,
- propose formal motions relating to the proceedings and the voting procedure;
- propose candidates for the Bank's Supervisory Board in writing to the Chairman of the General Meeting or orally to the minutes;
- review the book of minutes and request a copy of resolutions authenticated by the Management Board,
- take legal action to have a resolution of the General Meeting annulled where the shareholder voted against a resolution of the General Meeting and after its adoption raised an objection to the minutes or the shareholder was unreasonably prevented from participating in the General Meeting or the shareholder was not present at the General Meeting as a result of it being convened incorrectly or the adopted resolution was not on the agenda,



- take legal action against the Company to have a resolution of the General Meeting annulled where the resolution is in breach of a law.

The Management Board is obliged to provide the shareholder, at the shareholder’s request, with information concerning the company if this is justified by the assessment of an issue on the agenda. The Management Board should refuse information where:

- 1) this could damage the Company or its associated company or subsidiary, in particular due to disclosure of technical, trade or organisational secret of the company;
- 2) this could expose a Member of the Management Board to criminal, civil or administrative liability.

In justified cases, the Management Board may provide information in writing no later than two weeks after the General Meeting is adjourned.

Authorities of the Company do not restrict access to information but at the same time they comply with the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, the Act on Trading in Financial Instruments, the Regulation 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, and the provisions of the Code of Commercial Partnerships and Companies.

The Bank attaches great importance to equal treatment of the shareholders.

General Meetings of the Bank are always held in the registered office of the Bank in Warsaw and are transmitted online. Media presence at General Meetings is allowed. A file containing the recording of a General Meeting as well as draft resolutions and the result of votes are available on the website of BRE Bank.

All relevant materials for the General Meeting, including draft resolutions with justification and an opinion of the Supervisory Board, are made available to the shareholders no later than 14 days before the date of the General Meeting in the registered office of the Bank and on the website of the Bank.

## XI. Composition of and Changes on the Management Board and the Supervisory Board of the Bank and Their Procedures

### XI.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
Cezary Stypułkowski President of the Management Board, CEO	Born in 1956, Cezary Stypułkowski holds a Ph.D. in law from the University of Warsaw. He studied at Columbia University Business School in New York as a member of the Fulbright Program in 1988-1989. He worked in government administration in the 1980s, among others as Secretary to the Economic Reform Committee of the Council of Ministers and, in 1987, as Advisor to the Prime Minister. As of February 1991, he chaired the Management Board of Bank Handlowy S.A. for more than twelve years. He was President of PZU Group in June 2003 - June 2006. In December 2006, he became Managing Director of J.P. Morgan Investment Bank in Central and Eastern Europe. Cezary Stypułkowski was also a



	<p>member of the Deutsche Bank Board International Advisory Board, INSEAD International Advisory Board, Institute of International Finance in Washington and Geneva Association.</p> <p>Appointed President of the Management Board of BRE Bank on 2 August 2010, acting President of the Management Board of the Bank as of 1 October 2010, approved as a President of the Management Board by the Polish Financial Supervision Authority on 27 October 2010.</p>
<p>Karin Katerbau Deputy President of the Management Board, Chief Financial Officer</p>	<p>Born in 1963, graduate of Reutlingen University of Applied Science and Groupe ESC in Reims in France, where in 1989 she graduated with a French and German diploma in economics and business management. She started her professional career in 1990 in Societe Generale - Elsaessische Bank &amp; 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 Operating Officer of the Group Segment Private &amp; Business Customers at Commerzbank AG, Frankfurt.</p> <p>On the Management Board of BRE Bank since 5 September 2008.</p>
<p>Wiesław Thor Deputy President of the Management Board, Chief Risk Officer</p>	<p>Born in 1958, graduate of Central School of Planning and Statistics (currently Warsaw School of Economics), training program conducted by KPMG and the South Carolina Business School and summer school of banking at McIntire University Business School in Virginia. Since 1990 employed with BRE Bank, since May 2000 as the Managing Director responsible for risk. As of 1 August 2002, he was Managing Director at Bank Handlowy in Warsaw.</p> <p>On 2 November 2002, he was appointed Member of the Management Board of BRE Bank, Chief Risk Officer.</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 including the Head Office of ABN AMRO in Amsterdam. In 2002-2006, he was Managing Director of the 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>On 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. In 1991-1992, he worked in the Bond Trading Department of Dresdner Bank. In 1996-1998, employed with Oppenheim jr. &amp; Cie KGaA, Financial Market Department, Frankfurt. In 1998-2005 he was Head of the Corporate Risk Advisory in the Head Office of Commerzbank. As of 2005, he was Managing Director of Luxembourg-based Public Finance Bank EEPK and a member of the senior management team of Commerzbank</p>

	responsible for international public finance. On the Management Board of BRE Bank since 10 July 2009.
Jarosław Mastalerz Member of the Management Board, Head of Retail Banking	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 Financial Director (also responsible for bank assurance) at Generali TU and Generali TUnŻ. Since 2006 he has been working for BRE Bank Group, he was a co-author of the insurance project BRE Ubezpieczenia, and he held the position of the President of BRE Ubezpieczenia Management Board.  On the Management Board of BRE Bank since 1 August 2007.
Christian Rhino Member of the Management Board, Head of Operations and IT	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.  On the Management Board of BRE Bank since 15 March 2008.

The President of the Management Board of BRE Bank was replaced in 2010. On 2 August 2010, the Supervisory Board dismissed Mariusz Grendowicz from the position of President of the Management Board and appointed Cezary Stypułkowski as President of the Management Board; Mr Stypułkowski is in office as of 1 October 2010.

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 or to perform specific tasks.

The following committees operate at BRE Bank:

- BRE Bank Group's Operational Management Committee (Chairperson: Cezary Stypułkowski)
- Assets and Liabilities Management Committee (ALCO) of the BRE Bank Group (Chairperson: Hans Dieter Kemler)
- Capital Management Committee (Chairperson: Karin Katerbau)
- Investment and Resource Allocation Committee (Chairperson: Cezary Stypułkowski)
- Management Board Credit Committee (Chairperson: Wiesław Thor)
- Risk Committee of BRE Bank (Chairperson: Wiesław Thor)
- Committee on Data Quality Management for the purposes of the Bank's regulatory requirements calculation (AIRB) (Chairperson: Wiesław Thor);
- BRE Bank IT Projects Committee (Chairperson: Christian Rhino).

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, however, 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 or relatives.

The Executive Committee of the Supervisory Board determines the rules and levels of remuneration of Members of the Management Board.

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 resolutions of the Supervisory Board.

Total remuneration of Management Board Members includes a fix and a variable part. The fix part includes basic remuneration, the amount of which is set for each Member of the Management Board.

The variable part is composed of an annual cash bonus for the previous financial year, as well as of a bonus in shares of BRE Bank and shares of Commerzbank which serves as a long-term remuneration component. In 2010, entitled Board members received cash as a settlement of the first part of incentive program for the Management Board of the Bank based on shares of Commerzbank, relating to results generated by BRE Bank Group in 2008.

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

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

Total remuneration of the Management Board for 2009 and 2010 is presented below:

Year (PLN '000)	Base salary	Other profits	Cash bonus	Cash settlement of the incentive program based on Commerzbank shares	Total
2009 - Members of the Management Board as of 31 December 2009	8 752.8	1 766.9	5 909.5	0	16 429.2
2009 - former Members	600.0	2 022.5	2 180.1	0	4 802.6

of the Management Board					
<i>Total 2009</i>	<i>9 352.8</i>	<i>3 789.4</i>	<i>8 089.6</i>	<i>0</i>	<i>21 231.8</i>
2010 - Members of the Management Board as of 31 December 2010	8 295.2	928.7	1 167.3	907.0	11 298.2
2010 - former Members of the Management Board	1 179.4	4 525.0	225.0	151.2	6 080.6
<i>Total 2010</i>	<i>9 474.6</i>	<i>5 453.7</i>	<i>1 392.3</i>	<i>1 058.2</i>	<i>17 378.8</i>

Information on remuneration received by particular Management Board Members divided into the fix part and the variable part is presented in explanatory note no. 44 to the Financial Statements of BRE Bank SA Group for 2010 pursuant to the International Financial Reporting Standards. The description of the share-based incentive programme for the Management Board is presented in note 40 to the Financial Statements.

## XI.2. Supervisory Board

The Supervisory Board acts on the basis of adopted Rules and as stipulated in the BRE Bank By-laws, the 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 mandate 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 Chairman, should hold the Polish citizenship. Pursuant to the statutory requirement, 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 Chairman of the Supervisory Board	Born in 1946. In 1969 Mr. Leśny graduated from the Faculty of Economy of the Warsaw University. During his professional career he worked for 6 years in the shipbuilding industry in Gdańsk, 8 years for Zakłady Elektronicznej Techniki Obliczeniowej. 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 Cooperation, the Ministry of Economy, Labor and Social Policy - recently as the Subsecretary of State at the Ministry of Infrastructure. He completed post-graduate studies and training at universities in the USA: the Michigan University (Business School of Administration) and De Paul University (Chicago). In 1992-1993 as a scholarship holder of the government of the USA he studied at the American University in Washington, DC. During his scholarship he conducted a four month training at the World Bank and completed privatization training at the International Currency Fund. Between March 1994 and 1998 he was appointed as the Chairman of the Supervisory Board and then

	until December 2001 he was the member of the Supervisory Board. He was re-elected the Chairman 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 - 2008, he was a member of the Management Board of comdirect bank AG; from 2004 to March 2008 CEO of comdirect bank AG; from March to September 2008, Deputy President of the Management Board and CFO of BRE Bank. Currently holds the position of President of the Management Board of Commerzbank Auslandsbanken Holding AG.
Achim Kassow Member of the Supervisory Board	Born in 1966, graduate of the University of Cologne, 1996 Doctorate. In 1993-2002, he worked for Deutsche Bank Group, as from 2001 - Member of the Board of Managing Directors of Deutsche Bank 24 AG. Since 2002 in Commerzbank Group, in 2002-2004 - Chief Executive Officer of comdirect bank AG. Since November 2004 - Member of the Board of Managing Directors of Commerzbank AG, responsible for the Business Segment Central and Eastern Europe.
Sascha Klaus Member of the Supervisory Board	Born in 1970, he graduated from the Frankfurt School of Finance and Management. From 1990 to 1999 he was employed at Deutsche Bank AG. Later, he was Managing Director for Investment Banking/Risk Management at Dresdner Kleinwort in New York, while in 2008 he took up a similar post at Dresdner Bank AG, Frankfurt/ London. Since 2009, he had been acting as Deputy Head of Investment Banking/ Risk Management at Commerzbank AG. Since March 2010, Member of the Management Board of Commerzbank Auslandsbanken Holding AG, at present responsible for risk management in Central and Eastern Europe.
Teresa Mokrysz Member of the Supervisory Board	Born in 1952. She graduated from the Karol Adamiecki University of Economics in Katowice in 1978. 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 gave another plant in Żory for use. Thanks to investment projects she introduced the company into the market of semi-finished products and opened at MOKATE new manufacturing divisions equipped with state-of-the-art technologies. She is the winner of the "Leader of the decade" title awarded by Gazeta Wyborcza daily and the "Success of the decade" title awarded by Businessman Magazine. In 2000 the International Foundation for Women's Entrepreneurial Spirit from Los Angeles awarded her the title of the "the most entrepreneurial woman of the world". She has founded, among other things, scholarships for talented and impoverished youth, financially supported health care institutions, nursing homes, orphanages and schools.
Stefan Schmittmann Member of the Supervisory Board	Born in 1956, graduate of business administration, doctorate in economics at the University of St. Gallen in Switzerland. In 1986-2003, he was employed at 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 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	Born in 1958, graduate of Gdańsk Technical University and post-graduate studies among others in financial analysis and accountancy and finance. In 1993-1995, he was employed with Pomorski Bank Kredytowy as a Head of Branch in Gdynia, then with PKO BP since 1995 as a Head of Regional Branch in Gdańsk. Since 2000 Vice President of PKO BP SA responsible for Treasury, Corporate Clients and Capital Markets. From June 2002 to February 2003, Chairman of the Team of Receivers for Wschodni Bank Cukrownictwa SA. Later he was Management Board Member of CTL Logistics SA and General Director of the Polish Association of Transport and Logistics Employers. He has an Accounting Certificate issued by the Minister of Finance.
Jan Szomburg Member of the Supervisory Board	Born in 1951. Graduate of the University of Gdańsk, PhD in economics. Previously worked as an Assistant Professor and then as Adjunct Professor at the University of Gdańsk. He is the founder and President of the Management Board of the Gdańsk Institute for Market Economics Research. In the 1990s, he was Chairman of the Supervisory Board of Polski Bank Rozwoju and Bank Gdański, Advisor to the Minister of Ownership Transformation, member of the Ownership Transformation Council, an advisory body to the Prime Minister. He was Economic Advisor to Prime Minister Jerzy Buzek and was Chairman of the Ownership Transformation Council to the Prime Minister.
Marek Wierzbowski Member of the Supervisory Board	Born in 1946. Full professor at the University of Warsaw, legal counsel, partner at the law firm Prof. Marek Wierzbowski Radcowie Prawni Spółka Partnerska, member of the Public Procurement Board and of the Central Commission for Scientific Degrees and Titles, President of the Court of the Chamber of Brokerage Houses. He was Deputy Dean of the Faculty of Law and Administration and Deputy Rector of the University of Warsaw. He was Chairman of the Supervisory Board of the Warsaw Stock Exchange and Deputy Chairman 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 held various positions at Dresdner Bank AG, then he was appointed Regional Head of Portfolio Investments in Deutsche Bank 24, afterwards Regional Head of Retail Banking Finance at Deutsche Hyp. In 2002 - 2004, he acted as Group Manager of the Retail Banking area, Commerzbank AG, and from January 2005 to March 2006 he was Group Manager in the Corporate Banking area of Commerzbank AG. On 1 April 2006 he became Member of the Management Board of Eurohypo AG, Eschborn. Afterwards back at Commerzbank AG he was appointed Divisional Board Member for the Group Finance Department (1 January 2008), and since November 2010 he is Member of the Board of Managing Directors of Commerzbank AG responsible for the Business Segment Private Customers.

One change in the composition of the Supervisory Board took place in 2010. On 22 March 2010, BRE Bank received a notice of Michael Schmid who resigned from his position as Member of the Supervisory Board as of 31 March. Mr Schmid was replaced by Sascha Klaus, elected to the Supervisory Board as of 1 April 2010.



The following were independent Members of the Supervisory Board in 2010: Maciej Leśny, Teresa Mokrysz, Waldemar Stawski, Jan Szomburg, Marek Wierzbowski. The dependent members were: Andre Carls, Achim Kassow, Sascha Klaus, Stefan Schmittmann, Martin Zielke.

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

The powers of the Supervisory Board (defined in the Rules of the Supervisory Board) involve in particular:

- 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,
- exercising supervision over compliance of the Bank's regulations with regard to risk taking with the strategy and the financial plan of the Bank,
- approving the rules of information policy, adopted by the Management Board, regarding risk management and capital adequacy,
- approving strategies and procedures developed by the Management Board regarding the internal control system, the risk management system, the internal capital assessment process, capital management and capital planning,
- assessing the adequacy and effectiveness of the risk management system,
- examining all regular reports and exhaustive information received from the Management Board on all important aspects relating to the Bank's operation, the risk related to its operation, and the manner and effectiveness of risk management,
- drawing up a concise assessment of evaluation of the Bank's situation 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,
- approving the Bank's annual financial plans, multi-annual development plans, as well as a strategy of the Bank's operation and the rules of prudent and stable management of the Bank,
- 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,
- issuing or approving the rules provided for in the Bank's By-laws,
- appointing and dismissing the President, the First Deputy President, the Deputy Presidents and the other Members of the Management Board in accordance with the provisions of the Banking Law and taking into consideration relevant qualifications for performing the functions assigned to them,
- defining terms and conditions of contracts and setting remuneration for the President, the First Deputy President, the Deputy Presidents and the other Members of the Management Board,
- authorising the Chairman of the Supervisory Board to represent the Bank in agreements with the Members of the Management Board including signing management contracts with the Members of the Management Board,
- approving conclusion of or amendments to any significant agreement or arrangement with Members of the Management Board or the Supervisory Board,
- approving conclusion of, amendments to or termination of any significant affiliation agreements or co-operation agreements,



- analysing the reports from the director of the Internal Audit Department, received at least once a year, which, based on conducted audits and drawn up reports on monitoring the effectiveness of internal control mechanisms, contains information on identified irregularities, conclusions and actions 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 a 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 opposed votes, the Chairman of the Supervisory Board has the casting vote. A Member of the 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 was composed of four Members of the Supervisory Board in 2010, 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 levels 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 as Chairman and Members: Andre Carls, Jan Szomburg and Sascha Klaus, who replaced Michael Schmid on 1 April 2010.

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 as 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 among others approval or refusal to approve the Bank's information policy regarding risk management. The Risk Committee is composed of: Sascha Klaus as Chairman (as of 1 April 2010) and Members: Maciej Leśny, Andre Carls and Waldemar Stawski.



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 was set in Resolution No. 27 adopted by the 17<sup>th</sup> 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 of the Supervisory Board for 2009 and 2010 is presented below:

Year	2009	2010
Remuneration paid in PLN thousand	1 866.8	1909.9

Detailed information about the remuneration amounts paid to particular Members of the Supervisory Board is included in explanatory note no. 44 to the Financial Statements of BRE Bank SA Group for 2010 in accordance with the International Financial Reporting Standards.

In 2010, the Supervisory Board, including especially the Executive Committee, co-operated closely and on a regular basis with the Management Board in order to develop the Mid-term Business Plan for the BRE Bank Group for 2011-2014 and the strategic directions for the future business development of BRE Bank Group.

In 2010, the Supervisory Board held 6 meetings and adopted 49 resolutions. The resolutions concerned among others:

- acceptance of financial statements of BRE Bank and the BRE Bank Group and of other materials for the Ordinary General Meeting,
- approving a capital increase of BRE Bank SA,
- adopting the Financial Plan for 2011,
- adopting the Mid-term Plan for 2012-2014,
- personnel issues,
- granting a loan to an entity associated with a Member of the Management Board,
- adopting amendments to the Rules of the Supervisory Board,
- adopting the new text of the BRE Bank By-laws,
- allocation of funds to BRE Bank's Foundation,
- adoption of the report on compliance risk management,
- adoption of the Compliance Risk Management Policy,
- adoption of the Compliance Policy,
- consent for BRE Bank SA to take bilateral loans from Commerzbank,
- adoption of the new rules and scope of operation of the Risk Committee of the Supervisory Board and the Audit Committee of the Supervisory Board,
- adoption of the Internal Audit Plan for 2010,
- adoption of the Capital Management Policy,
- adoption of the Investment Rules,
- adoption of the Compliance Risk Policy,
- adoption of the conflict of interest management rules,
- adoption of the internal capital adequacy assessment process (ICAAP) in the BRE Bank Group,
- defining amendments to the terms of management contracts of Management Board Members,

- adoption of the Capital Adequacy Information Policy,
- implementation of the Employee Programme and the Incentive Programme for Management Board Members.

Furthermore, current results of the 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. Members of the Supervisory Board did not participate in a meeting only in justified cases. The Supervisory Board passed all resolutions and decisions unanimously. Participation of the Supervisory Board Members in the meetings and in the Committees in 2010:

Member	Attendance*	Executive Committee	Risk Committee	Audit Committee
Andre Carls	5/6	X	X	X
Achim Kassow	4/6			
Sascha Klaus	4/5	X (as of 1.04.2010)	X (as of 1.04.2010)	
Maciej Leśny	6/6	X	X	X
Teresa Mokrysz	5/6			
Michael Schmid	1/2	X (until 31.03.2010)	X (until 31.03.2010)	
Stefan Schmittmann	4/6			
Waldemar Stawski	6/6		X	
Jan Szomburg	6/6	X		X
Marek Wierzbowski	5/6			
Martin Zielke	5/6			X

\* Attendance at meetings / number of meetings during the mandate.

Performing its function of ongoing supervision of the Bank's operation in the periods between meetings of the Supervisory Board, the Executive Committee co-operated closely with the Management Board and was informed about the situation in the Bank on an ongoing basis in 2010. Members of the Committee held regular meetings with Members of the Management Board. The Executive Committee considered, among others, bonuses for Members of the Management Board and approved transactions exceeding 1% of the Bank's own funds.

The Audit Committee was regularly informed about the results and the financial standing of the Bank before the publication of quarterly results. The Committee held three meetings in 2010 where it discussed among others the following:

- compliance of the process of preparing financial statements with the law and applicable regulations,
- conclusions of the audit of financial statements of the BRE Bank Group,
- the "Main Rules and Process of Approving Audit and Non-audit Services",
- amendments to the IFRS to take effect in the coming years,
- assessment of the control system and the risk management system in BRE Bank in 2009 and the internal audit plan for 2010,
- co-operation with the auditor PricewaterhouseCoopers (PwC) to date and the scope of the audit of annual financial statements for 2010,
- status of implementation of recommendations of the Polish Financial Supervision Authority.

Among others, the Audit Committee recommended that the Supervisory Board approve the Reports of the Management Board of BRE Bank and the Group as well as the Financial Statements of the Bank and the Group and that it approve the BRE Bank Compliance Policy and the Compliance Risk Management Policy. The Audit Committee issued an opinion on the appointment of the auditor.

Exercising supervision over internal audit, the Audit Committee received regular reports of the Internal Audit Department covering a broad range of audit issues and was informed of actions taken with regard to key risk areas.

The Risk Committee in 2010 focused among others on the implemented project which introduces at BRE statistical methods for calculating credit risk regulatory capital requirements (A-IRB approach, Basel II). At its meetings, the Committee discussed quarterly risk reports and the current credit portfolio. Other major issues considered by the Committee included large exposures, the development of risk parameters and of loan loss provisions at the Bank and in the Group.

## XII. Investor Relations in BRE Bank

BRE Bank traditionally pays very close attention and takes good care of effective communication between the Company and the stakeholders. The Investor Relations Bureau, reporting directly to the President of the Management Board, maintains ongoing relations with investors and analysts. The key goals of Investor Relations include: to provide transparent information on the company's activity and results, to build its reputation and to ensure optimum market valuation.

Members of the Management Board of BRE Bank together with Investor Relations Bureau staff take part in most individual meetings with analysts and investors. In 2010, around 320 stakeholders attended more than 200 meetings. As usual, 4 conferences for analysts and investors were held in 2010 to discuss quarterly results; to ensure broad reception, the events were transmitted online as well as recorded and posted on the website of the Bank ([www.brebank.pl](http://www.brebank.pl)).

In addition, Members of the Management Board of the Bank participated in national and international conferences as well as in roadshows (Europe and USA). BRE Bank representatives took part in 6 international and 2 national investor conferences, mainly in London, and 5 national and international roadshows.

The roadshow in Poland, the United Kingdom, Sweden and Germany completed before the issue of shares in May with the participation of the President of the Management Board and the Chief Financial Officer was particularly relevant for investors and the Bank. Active participation of Management Board Members in meetings with Polish and international investors largely contributed to the success of the issue.

The investor relations website ([www.brebank.pl/en/investor\\_relations](http://www.brebank.pl/en/investor_relations)) is an important communication platform and provides interested parties with information about BRE Bank's shareholders, General Meetings, ratings, share price on the Warsaw Stock Exchange, and gives access to annual, periodic and current reports, presentations of the Company's strategy and results, as well as business and financial data.

BRE Bank Group and its results are monitored by analysts from a range of financial institutions, banks and brokers. At 2010 year-end, BRE Bank was covered by 21 national and international institutions whose analysts gave recommendations for BRE Bank shares. Most of the recommendations were neutral. Two analyst recommendations for BRE were positive ("Buy" or "Accumulate"), thirteen were neutral ("Hold"), and six were negative ("Sell" or "Reduce").

The investor relations activity was recognised by analysts and investors. In 2010, BRE Bank was awarded in a prestigious *Euromoney* ranking of the best managed companies in Central and Eastern Europe and took second place in the category "Most Accessible Senior Management". BRE Bank ranked third in the category "Best Investor Relations in Poland" in the European Investor Relations ranking of *Institutional Investor*. BRE Bank was also nominated in the *IR Magazine* ranking of "Best Investor Relations in Poland".



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