

Mr Michael Schmid
Member of the Supervisory Board of BRE Bank S.A.
Chairman of the Risk Committee

Frankfurt / Main, February 20th, 2008

Report on the activities of the Risk Committee of the Supervisory Board of BRE Bank S.A. for 2007

In accordance with the By-Laws of BRE Bank S.A. – BRE – the Risk Committee as a Standing Committee of BRE's Supervisory Board was established. Currently the following 3 members of the Supervisory Board are appointed to the Risk Committee:

Mr Michael Schmid	as Chairman
Mr Nicholas Teller	as RC-Member
Mr Maciej Lesny	as RC-Member

Mr Krzysztof Szwarc left the Risk Committee end of February 2007.

As intended the Risk Committee has met 4 times in 2007: in February, May, September and November 2007. The minutes of the Risk Committee have been presented to the full Supervisory Board. According to the tasks as outlined in the By-Laws of BRE, the Risk Committee has exercised regular supervision of credit risks, market risks and operational risks during 2007 – based on reports presented by the Chief Risk Officer, Member of the Management Board, and on the Quarterly Risk Report (introduced in 2006).

Operations:

The Risk Committee has decided – time to market in any relevant case – on 110 individual counterparty risks (of which 5 were declined) according to parameters defined by the Supervisory Board. The new rating oriented lending authority scheme gives the decision bodies at BRE a risk – oriented decision power on all levels; on top level far higher than before using a format with notional amount.

Methods & Tools:

The rating system RC-Pol has been updated (introducing so called early warning indicators) in 2007 which has led to a slight improvement of the Expected Loss, but a better distinction in single rating notches. Based on that, BRE started to re-introduce Standard Risk Costs (SRC) as measurement for risk qualities and basis for further risk return calculation and discussion. In accordance with IFRS-approach the LIP factors are newly defined for corporate business (0,75) and retail business (0,25) which is in line with the Polish banking sector according to Board. PwC stated that the given LIP factors are fully acceptable as implemented.

Regulatory Issues

BRE Bank SA has finalized the Basle II project (Standard Approach) by end of 2007 as planned. The Polish Banking Supervision positively appraised the Bank's Basle II implementation status based on the audit performed in the end of 2007. The first regulatory reporting of the Basle II Standard Approach numbers will be done in February 2008.

In 07/2007 the Chairman has attended a presentation by BRE to the German Regulator in Frankfurt a.M. BRE has given an overview of BRE's activities and portfolio.

At the RC-meeting in 11/2007, the auditor of BRE Bank PwC, has – by invitation of the Chairman – presented their evaluation of specific risk topics.

The Chairman of the Risk Committee has attended in 12/2007 the meeting with GINB for the presentation of the GINB's audit's result.

The efforts of the Board Members are reflected in the positiv evaluation of the Risk Management by Rating Agency:

"BRE Bank's overall risk profile has improved significantly over recent years, and we view positively the introduction of organisational changes made in 2005 to strengthen market risk management and controls.....and the bank's risk management practices are good." (Moody's; August 2007)



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