

BRE Bank SA

**BRE Bank SA
Disclosure policy
on capital adequacy**

This document is the evidence of the Bank's policy on disclosing information on capital adequacy including principles of verification of disclosed information and frequency of disclosures. The evidence fulfils the requirements of Resolution no. 385/2008 of the Polish Financial Supervision Authority of 17 December 2008 on detailed principles related to and the manner of publishing disclosures by banks with respect to qualitative and quantitative information regarding capital adequacy and the scope of information subject to disclosure (further called "resolution no. 385/2008 KNF).

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1. Introduction

BRE Bank in accordance with the requirements of Resolution no. 385/2008 KNF of 17 December 2008 is obliged to publish its disclosure policy, which governs the following subjects described in the subsequent chapters of this document:

- 1) The scope of public disclosures
- 2) The limitations of disclosures
- 3) Principles for verifying and approving disclosures
- 4) Frequency and deadlines of publishing the information
- 5) Form and place of publishing disclosures
- 6) Principles for approving and verifying the disclosure policy

Due to the fact that BRE Bank is a Commerzbank AG subsidiary information on capital adequacy of BRE Bank is subject to disclosure in Commerzbank AG Group disclosures as well.

2. The scope of disclosures

BRE Bank SA discloses the following information on the highest national sub-consolidated basis i.e. on BRE Bank Group basis

- 1) Regarding own funds:
 - a) summary information on the terms and conditions of the main features of all own funds items and components thereof;
 - b) the amount of the own funds and the value of their individual components and deductions from core capital and supplementary capital;
 - c) the amount of short-term capital and components included in short-term capital;
 - e) the value of exposures subject to securitization, which are assigned 1250% risk weight;
 - f) the sum of own funds and short-term capital.
- 2) Regarding the compliance with the minimum capital requirements:
 - a) the description of the bank's approach to assessing the adequacy of its internal capital to support current and future activities;
 - b) the amount of capital requirement on credit risk separately for each exposure class for exposures covered by standard approach;
 - c) the amount of minimum capital requirement on market risk disclosed separately for each risk type;
 - d) the amount of minimum capital requirement for position, settlement and counter-party risk for each risk type;
 - e) the amount of minimum capital requirement for concentration risk and risk of exceeding limits for large exposures;
 - f) the amount of minimum capital requirement for risk of exceeding concentration limits on equity exposures;
 - g) the amount of minimum capital requirement for operational risk.
- 3) Other information specified in appendices no. 1 and 2 to the Resolution no. 385/2008 KNF provided that they concern BRE Bank Group activity.

3. The limitations of disclosures

BRE Bank SA excluded from disclosure information specified pursuant to Art 111a of the Banking law i.e.:

- 1) Proprietary information, sharing of which with the public could undermine the competitive position of the Bank in the appropriate market defined for the purpose of regulations on competition and customer protection,
- 2) Confidential information (including information which cannot be disclosed by the Bank based on the Act on Personal Data Protection, as well as data legally protected by banking secrecy),
- 3) Immaterial information (i.e. information without any influence on economic decisions of a user relying on this information).

If proprietary or confidential information should be disclosed pursuant to Resolution no. 385/2008 KNF, Bank discloses it in a more general form, unless it is also proprietary or confidential.

4. Principles for verifying and approving disclosures

4.1. Verification of disclosures

Disclosed information on capital adequacy of BRE Bank Group is verified by an independent entity authorized to perform audits of financial statements. The verification process is performed under provisions of a separate agreement concluded with this entity. Information concerning capital adequacy, which pursuant to separate regulations is disclosed in the financial statements, is verified according to the standards applied for the verification of financial statements.

4.2. Approval of disclosures

The Management Board approves information to be disclosed prior to its publication.

5. Frequency and deadlines of publishing the information

Taking into account the specifics of Bank's activities, in particular the scale of operations, scope of activities, presence in different countries, exposures to different financial sectors as well as its participation in international financial markets and payment, clearing and settlement systems, the Management Board of BRE Bank SA sets forth that the disclosures required by Resolution no. 385/2008 of KNF are published once a year, not later than 30 days after the approval of the annual financial statements as at the date of these financial statements.

6. Form and place of publishing

Information to be disclosed pursuant to requirements introduced by Resolution no 385/2008 mentioned in point 2 above is disclosed in Polish and English, on the BRE Bank SA website in the form of PDF files.

7. Principles for verifying and approving disclosure policy

The Disclosure policy of BRE Bank SA is verified by the Management Board of BRE Bank SA at least once a year by 31st of October. In case of implementing any changes to the disclosure policy they shall be accepted by the Supervisory Board of BRE Bank SA by 31th of December.

In case of any changes in the legal framework published after the 31st of October necessitating changes in the Disclosure policy the changes are implemented immediately so that the updated Disclosure policy is publicly available by the end of the year and so that the current principles are applied for the information published as at the end of the year.

In the process of verifying the Disclosure policy, the Management Board of BRE Bank SA takes into account the potential need to increase the frequency of disclosures regarding its own funds, the compliance with capital requirements, information related to risk profile and other positions exposed to frequent changes. The requirement relates to information other than disclosed in quarterly and annual financial statements.

Detailed principles for updating the Disclosure policy of BRE Bank SA are separately defined in the Bank's internal regulations.