

# Statement on Corporate Governance Compliance in 2010

## 1. Introduction

The information included in this chapter fulfils the requirements of corporate governance report set out in §29 section 5 of the Terms of Reference of Warsaw Stock Exchange (WSE) and §1 of the WSE Management Board Resolution no. 1013/2007 dated 11 December 2007.

In relation to the above and pursuant to WSE Management Board Resolution no. 718/2009 dated 16 December 2009, preparation of "Statement on Corporate Governance Compliance in 2010" in line with the "Ordinance of the Minister of Finance dated 19 February 2009 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state" and its publishing as part of the annual report is tantamount to the fulfilment of the requirement to provide WSE with a corporate governance report.

## 2. Code of Best Practice

Corporate governance rules applicable to Bank Zachodni WBK are set forth in "Code of Best Practice for WSE Listed Companies" which constitutes an appendix to WSE Supervisory Board Resolution no.17/1249/2010 dated 19 May 2010 and is available at WSE website (<http://corp-gov.gpw.pl/>) and the bank's website ([www.inwestor.bzwbk.pl](http://www.inwestor.bzwbk.pl)). It is an updated code of best practice which was introduced on 1 July 2010. The new version reflects changes in laws, international trends in corporate governance and expectations of market participants.

Bank Zachodni WBK has complied with the official corporate governance rules since 2002 when the first version of the code of best practice was published ("Best Practice for Public Companies in 2002").

The latest "Code of Best Practice for WSE Listed Companies" was approved for use in Bank Zachodni WBK by virtue of BZ WBK Management Board Resolution no. 64/2010 dd. 30 June 2010 and BZ WBK Supervisory Board Resolution no. 26/2010 dd. 22 September 2010. In connection with the obligation to comply with all rules set out in the applicable best practice document, the bank's Statutes were amended accordingly (for detailed information please see the section on the bank's Statutes).

## 3. Management Board's Statement on Corporate Governance Compliance

In 2010, Bank Zachodni WBK duly complied with all the corporate governance rules set forth in the binding version of "Code of Best Practice for WSE Listed Companies". During that period, no corporate governance breaches occurred.

## 4. Equity Securities Issued by the Bank

### Ownership Structure of Share Capital

According to the information held by the bank's Management Board as at 23 February 2011 (i.e. the date of BZ WBK Group 2010 Annual Report approval for release), the shareholder having minimum 5% of the total number of votes at the BZ WBK Annual General Meeting of Shareholders was Dublin-based AIB European Investments Ltd., a fully-owned subsidiary of Allied Irish Bank p.l.c. (AIB Bank). The company's interest in the share capital and the voting power of Bank Zachodni WBK is 70.4%. The remaining shares are in free float.

Shareholder	Number of Shares Held		% in the Share Capital		Number of Votes at AGM		Voting Power at AGM	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
AIB European Investments Ltd.	51 413 790	51 413 790	70,40%	70,40%	51 413 790	51 413 790	70,40%	70,40%
Other	21 662 223	21 662 223	29,60%	29,60%	21 662 223	21 662 223	29,60%	29,60%
<b>Total</b>	<b>73 076 013</b>	<b>73 076 013</b>	<b>100,00%</b>	<b>100,00%</b>	<b>73 076 013</b>	<b>73 076 013</b>	<b>100,00%</b>	<b>100,00%</b>

## Change of the Majority Shareholder

On 10 September 2010, the Board of Allied Irish Banks decided to sell the Polish assets of AIB to Banco Santander for a total amount of approx. EUR 3.1 billion. The transaction included the sale of AIB's entire shareholding in Bank Zachodni WBK, i.e. 51,413,790 shares representing 70.4% of the bank's share capital (for a price of ca. EUR 2,938 m) and 50% shareholding in BZ WBK AIB Asset Management (for a price of ca. EUR 150 m). Banco Santander will acquire the shares in Bank Zachodni WBK through a public tender offer for 100% of the capital of the bank, addressed to all shareholders, in which AIB will tender all of its shares. The proposed disposal is part of AIB's capital raising initiatives as announced on 30 March 2010.

On 7 February 2011, Banco Santander announced that it had launched a tender offer for 100% of the share capital of Bank Zachodni WBK offering PLN 226.89 per share. Under the tender offer Santander intends to buy 73,076,013 shares in Bank Zachodni WBK that will give it 73,076,013 votes at the General Meeting of Shareholders, i.e. 100% of the share capital and votes. The consummation of the tender offer is subject to the acceptance of at least 51,153,210 shares or 70% of the outstanding shares of Bank Zachodni WBK. As required by the law, the Management Board of Bank Zachodni WBK and Banco Santander advised their employees and employee associations of the tender offer as well as of the text of the announcement.

On 18 February 2011, the Polish Financial Supervision Authority (KNF) issued a decision stating that there were no grounds to object to the intended direct acquisition by Banco Santander of Bank Zachodni WBK shares representing more than 50% of voting rights at the General Meeting of Shareholders.

As at the date of approval of 2010 annual report for release, the Management Board of Bank Zachodni WBK had no other information on any agreements that in the future might lead to changes in the current ownership structure.

## Rights and Restrictions Attaching to the Issuer's Securities

The shares of Bank Zachodni WBK are ordinary bearer shares. The bank did not issue any shares that would give the holders any special control rights or would limit their voting or equity rights. Likewise, there are no restrictions on the transfer of title to the Issuer's shares.

## 5. Governing Bodies

### General Meeting of Shareholders

#### The last General Meeting of Shareholders of Bank Zachodni WBK

The Annual General Meeting of Shareholders of Bank Zachodni WBK held on 21 April 2010 (AGM) approved the 2009 financial statements submitted by the Management Board and the Supervisory Board, granted discharge to the Management and Supervisory Board members for the performance of their duties in the previous year, appointed two new members of the Supervisory Board and resolved on distribution of the net profit and dividend payment of PLN 4 per share. Furthermore, the AGM approved changes to the bank's Statutes and adopted its consolidated version. As a result, the business profile of the bank, the organisation of General Meetings and powers of the Supervisory Board were adjusted to the applicable laws. In addition, paragraphs on the build-up and allocation of the reserve capital were made more precise.

## Organisation and Powers of the General Meeting of Shareholders

General Meeting of Bank Zachodni WBK Shareholders (GM) is held as provided for in the Commercial Companies Code of 15 September 2000, BZ WBK Statutes and Terms of Reference for BZ WBK GM. The Statutes as well as the Terms of Reference are available at the bank's website.

GM resolves on the issues within its remit, as defined by the above laws and internal regulations.

The resolutions are voted on using an electronic voting system which returns the number of votes ensuring that they correspond to the number of shares held, and in the case of secret ballot – allows shareholders to stay anonymous. Each share gives one vote.

Candidates for the Supervisory Board are voted upon on an individual basis, in an alphabetical order.

The GM is broadcast live online to all interested parties and the recording is available at the bank's website for later use.

## Shareholders' Rights

The rights of the shareholders of Bank Zachodni WBK are set out in the Terms of Reference of BZ WBK GM in line with the Commercial Companies Code.

In particular, the shareholders have the following rights with respect to GM:

- Each shareholder may request that the list of shareholders be e-mailed free-of-charge to the indicated address. Each shareholder may have access to the list of shareholders in the bank's MB office and request a copy of the list at their expense.
- Shareholders may:
  - a week before GM, demand copies of requests included in the GM agenda;
  - have access to minutes of GM and request copies of resolutions confirmed by the bank's Management Board as true copies;
  - request voting by secret ballot;
  - appeal against resolutions made by GM in cases permitted in the Commercial Companies Code;
  - seek information from the Management Board on issues on the GM agenda, as provided for by the Commercial Companies Code;
  - exercise their voting rights (each share gives one vote at GM).
- Shareholders may attend GM and vote personally or through proxies.

## Method of Changing the Statutes

Bank Zachodni WBK changes its Statutes in a method prescribed by the applicable law.

The last GM resolved on changes to the Statutes regarding, inter alia, the opportunity to attend the GM via electronic communication, including:

- live online broadcast of GM;
- two-way real-time online communication enabling the shareholders to give their opinion at the GM from remote locations;
- exercising of the voting right at GM personally or by proxy.

## Supervisory Board

### Composition of the Supervisory Board

As at 31 December 2010, the composition of Bank Zachodni WBK Supervisory Board was as follows:

Role in the Supervisory Board	Composition as at 31.12.2010
Chairman of the Supervisory Board:	1. Aleksander Szwarc
Members of the Supervisory Board:	2. Gerry Byrne
	3. Waldemar Frąckowiak
	4. Aleksander Galos
	5. Anne Maher
	6. Maeliosa OhOgartaigh
	7. Piotr Partyga
	8. John Power
	9. Jacek Ślotafa

Compared to 31 December 2009, two new members of the Supervisory Board were appointed: Anne Maher and Piotr Partyga. The new members were appointed by virtue of the AGM Resolution dd. 21 April 2010.

The other persons listed above were appointed for a joint 3-year term of office by the GM held on 18 April 2008.

As at 31 December 2010, the following members of the Supervisory Board held an independent status: Waldemar Frąckowiak, Aleksander Galos, Piotr Partyga, John Power, Aleksander Szwarc and Jacek Ślotafa.

In the period from 1 January 2010 to 31 December 2010, 9 Supervisory Board meetings were held at which 41 resolutions were passed. Average attendance was 97.5%.

### Role of the Supervisory Board

The Supervisory Board of Bank Zachodni WBK operates particularly under the Banking Law of 29 August 1997, the Commercial Companies Code of 15 September 2000, the bank's Statutes and the Terms of Reference of the Supervisory Board, available at the bank's website.

The Supervisory Board is composed of at least 5 members who are appointed for a joint 3-year term of office. The members of the Supervisory Board, including the Chairperson, are appointed and dismissed by General Meeting of Shareholders. The Management Board advises the Polish Financial Supervision Authority (KNF) of the Supervisory Board's composition. At least half of the Supervisory Board members, including the Chairperson, should have Polish citizenship.

Six members of the Supervisory Board confirmed in writing their independent status of the bank and its connected entities. Pursuant to the bank's Statutes, at least two members should have an independent status.

The Supervisory Board exercises on-going supervision over all the aspects of the bank's activities. The Supervisory Board takes decisions in the form of resolutions which are adopted by absolute majority of votes in an open voting. Resolutions are voted upon in a secret ballot in the cases stipulated by law, in personal matters or at the request of any Supervisory Board member accepted by the Supervisory Board in a secret voting. The Supervisory Board meetings are held as needed, however, at least 3 times in any financial year. The Supervisory Board members convene at the same time in a single location or in different locations communicating via telephone or video links.

### Supervisory Board Committees

The Supervisory Board may establish committees and designate individuals responsible for managing the work of such committees. The role of the committees is to facilitate the work of the Supervisory Board, i.e. prepare draft resolutions of the Supervisory Board with respect to own requests or requests submitted by the Management Board for approval.

The following Supervisory Board committees operate in Bank Zachodni WBK: Audit Committee, Risk Oversight Committee, Remuneration and Nominations Committee and Social Responsibility Committee.

## Composition of Supervisory Board Committees as at 31.12.2010

Supervisory Board Committee	Role	Ref. No.	Composition
Audit Committee	Chairman	1.	John Power
	Members:	2.	Waldemar Frąckowiak
		3.	Aleksander Galos
		4.	Maeliosa OhOgartaigh
		5.	Piotr Partyga
Risk Oversight Committee	Chairman	1.	John Power
	Members:	2.	Waldemar Frąckowiak
		3.	Aleksander Galos
		4.	Maeliosa OhOgartaigh
		5.	Piotr Partyga
Remuneration and Nominations Committee	Chairman	1.	Gerry Byrne
	Members:	2.	Aleksander Szwarc
		3.	Jacek Ślotala
Social Responsibility Committee	Chairman	1.	Gerry Byrne
	Member	2.	Jacek Ślotala

The Audit Committee oversees the financial reporting in the bank, ensuring top quality of financial reports and disclosure practice and its compliance with the accounting policies. Furthermore, the Committee assesses the effectiveness of internal control system and financial and non-financial risk management frameworks and ensures that the chartered auditor and the entity authorised to audit the financial statements are independent. The Committee members receive reports from an external auditor and participate in regular meetings with the representatives of Internal and External Audit, which are not attended by the bank's Management Board members. The Audit Committee is composed mostly of independent Supervisory Board members.

The Risk Oversight Committee was established in September 2009 and has been operational since January 2010. The Committee presents the Supervisory Board with the conclusions and recommendations on the existing risk exposure, general risk management framework and the most effective strategy in this regard.

Throughout a year, the Audit Committee and Risk Oversight Committee convene at least four times at the dates adjusted to the reporting and audit cycle. Additional meetings are held if the Chairperson or the members find it necessary.

The Remuneration and Nominations Committee develops succession plans for the Management Board, recommends Management Board members and performs annual reviews of their remuneration. The Committee reviews and monitors the policies and practices governing the remuneration system in the bank and its subsidiaries. It also recommends incentive solutions for Management Board members and senior executives.

Social Responsibility Committee coordinates systemic solutions and individual initiatives aimed to boost the prestige and awareness of the bank's brand. In addition, the Committee reviews the corporate social responsibility policy and monitors its delivery along with the budget allocated to marketing, promotion and corporate social responsibility (CSR) objectives.

The Remuneration and Nominations Committee and the Social Responsibility Committee convene at least three times a year. Additional meetings are held at the request of the Chairperson. The quorum is two.

The annual reports on activities of the Supervisory Board and its Committees as well as the Supervisory Board's reports on examination of the bank's and the Group's annual report along with the assessment of their operations are published in current reports which conveyed the resolutions passed by the AGM of Bank Zachodni WBK. As of the approval date of this report, such information was last published in the current report no. 8/2010 which referred to AGM held on 21 April 2010 and operations of the bank, Bank Zachodni WBK Group as well as Supervisory Board in 2009.

## Management Board

The table below presents the composition of Bank Zachodni WBK Management Board as at 31 December 2010 together with the roles and responsibilities of its members.

Composition of the Management Board and Role of MB Members as at 31.12.2010

Role in the Management Board	Ref.	Composition as at 31.12.2010	Reporting Areas
President of the Management Board:	1.	Mateusz Morawiecki	Reporting units: Treasury Division, Internal Audit Area, Corporate Communication Area, Brand Management and Investor Relations Area
	2.	Paul Barry	Finance Division
	3.	Andrzej Burliga	Risk Management Division
	4.	Declan Flynn	Credit Division
	5.	Justyn Konieczny	Investment Banking Division
	6.	Janusz Krawczyk	HR Management Division
Members of the Management Board:	7.	Jacek Marcinowski	Private Banking Department, Bancassurance Office, Partner Outlets Office
	8.	Michael McCarthy	Business and Corporate Banking Division
	9.	Marcin Prell	Legal and Compliance Division
	10.	Miroslaw Skiba	Retail Banking Division
	11.	Feliks Szyszkowiak	Business Support Division

The persons listed above were appointed by the Supervisory Board on 21 April 2009 for a joint 3-year term of office.

Compared with 31 December 2009, the composition of the Management Board of Bank Zachodni WBK did not change. On 16 December, Jacek Marcinowski tendered his resignation from the Management Board effective from 31 December 2010 in connection with his appointment as President of the Management Board of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych, effective from 1 January 2011. Jacek Marcinowski was in charge of the Private Banking Department, Bancassurance Office and Partner Outlet Development Office which, following his resignation, were incorporated into other organisational structures within Bank Zachodni WBK Group.

On 6 December 2010, Mr. Declan Flynn submitted his decision to step down from his position of the Management Board member for personal reasons (effective as of 13 April 2011).

### Appointment and Removal of Executives

The members of the Bank Zachodni WBK Management Board are appointed and removed in accordance with the Commercial Companies Code, the Banking Law and the bank's Statutes.

The Management Board is composed of at least 3 members (including the President) who are appointed for a joint 3-year term of office by the Supervisory Board. At least half of Management Board members should have Polish citizenship. Two members of the Management Board, including the President, are appointed subject to approval from the Polish Financial Supervision Authority (KNF). The Management Board members may be dismissed by the Supervisory Board or General Meeting of Shareholders at any time.

### Powers of Executives

The Bank Zachodni WBK Management Board manages and represents the bank. The Management Board has all powers that are not restricted by law or Statutes to the remit of other governing bodies of the bank.

The Management Board takes decisions to raise obligations or transfer assets whose total value for one entity exceeds 5% of the bank's own funds. The Management Board can also, by way of resolution, delegate its powers to take such decisions to other committees or persons in the bank. The Management Board members run the bank's affairs jointly, and in particular: define the bank's mission, set long-term action plans and strategic objectives, prepare assumptions for the bank's business and financial plans, approve the plans and monitor their performance, regularly report to the Supervisory Board on the bank's position in the scope and at the dates agreed with the Supervisory Board, appoint permanent and ad hoc committees and designate individuals responsible for managing the work of such committees. The committees are composed of both Management Board members and persons from outside the Management Board. Permanent committees operative in the bank include: Risk Management Committee, Credit Committee, Provisions Committee, Credit Policy Forum, Assets and Liabilities Management Committee, Operational Risk Management Committee, Market Risk Committee, Interbank Limits Committee, Value Management Committee, Deposit Working Group (DWG), Equity Investment and Underwriting Committee, CRM Committee, Technology Committee and Settlement Committee.

Management Board members acting severally do not have any specific powers and cannot take decisions on issuing or redeeming shares.

### **Role of the Management Board**

The Management Board operations are primarily governed by the Banking Law, the Commercial Companies Code, the bank's Statutes and the Terms of Reference of the Management Board, available on the bank's website.

The Management Board manages and represents the bank. According to the bank's Statutes, the following individuals are authorized to represent and bind the bank: a) the Management Board President acting individually, and b) two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial representative (prokurent), or two commercial representatives acting jointly. Representatives authorized to act severally or jointly with any of the persons listed in letter b) or with another authorized representative can be appointed.

The Management Board resolves on all issues which have not been restricted to the remit of the General Meeting of Shareholders or Supervisory Board. The Management Board takes decisions in the form of resolutions which are adopted by absolute majority of votes in an open voting. Secret ballot is held in the cases stipulated by law, in personal matters or at the request of any Management Board member accepted by the Management Board in a secret voting. The Management Board meetings are held as needed. The Management Board Members convene at the same time in a single location or in different locations communicating via telephone or video links.

## **Other Information on the Management and Supervisory Boards**

### **Remuneration of the Supervisory and Management Board Members**

Information on the remuneration of the BZWBK Supervisory and Management Board members for 2010 and the comparable period is presented in Note 47 to the "Consolidated Financial Statements of Bank Zachodni WBK Group for 2010".

### **Agreements between Bank Zachodni WBK and its Executive Directors**

The Bank Zachodni WBK Management Board members signed agreements prohibiting competition after termination of their role on the Management Board. A Management Board member who is not appointed for a new term of office or is removed from the Board is entitled to a once-off severance pay. The severance pay does not apply if the Management Board member accepts a new job role in the bank/Group.

### **Shares in Possession of the Supervisory and Management Board Members**

As at the approval date of the Annual Report of the Bank Zachodni WBK Group for 2010 and 2009, none of the members of the Supervisory Board held any shares of Bank Zachodni WBK.

Under the 1<sup>st</sup> Bank Zachodni WBK Share Incentive Scheme launched in 2006, members of the Management Board were allocated 23,084 out of 115,729 of H series shares issued as part of the conditional increase of the share capital. Due to the expiry of the 2<sup>nd</sup> Incentive Scheme under which no rights were exercised, the Management Board members have conditional rights to acquire shares under the 3<sup>rd</sup> Incentive Scheme. Below are the shares and rights held by the Management Board Members as of the approval date of 2010 and 2009 annual reports.

Shares and the attached rights held by Management Board members as at 31.12.2010 and 31.12.2009

Management Board Members as at 31.12.2010	31.12.2010		31.12.2009	
	No. of BZ WBK shares	Rights	No. of BZ WBK shares	Rights
Mateusz Morawiecki	3 591	7 403	3 591	9 961
Paul Barry	-	-	-	-
Andrzej Burliga	1 606	3 332	1 606	4 417
Declan Flynn	-	-	-	-
Justyn Konieczny	3 591	5 182	3 591	7 847
Janusz Krawczyk	3 397	4 442	3 397	6 661
Jacek Marcinowski	3 397	4 442	3 397	6 661
Michael McCarthy	-	-	-	-
Marcin Prell	2 530	4 442	2 530	6 661
Mirostaw Skiba	1 575	1 850	1 575	2 813
Feliks Szyszkowiak	3 438	4 442	3 438	6 661
<b>Total</b>	<b>23 125</b>	<b>35 535</b>	<b>23 125</b>	<b>51 682</b>

## 6. Control System of Financial Statements

### Internal Control System and Risk Management

Bank Zachodni WBK Group operates an internal control system which supports the decision-making processes and contributes to efficient operation of the organisation, reliability of financial reporting and compliance with laws, internal regulations and best practice. The internal control system is adjusted to the organisational structure and risk management system and includes the Business Support Centre, branches, Partner outlets and subsidiaries. Development, implementation and maintenance of the written strategies and procedures of the internal control system is the responsibility of the bank's Management Board. Oversight over the internal control and risk management system is exercised by the Audit Committee of the Supervisory Board.

The bank has adopted the Internal Control Policy in Bank Zachodni WBK which defines, inter alia, the structure, purpose and scope of the internal control and lists the related roles and responsibilities.

The internal control and risk management systems are based on three lines of defence:

- first line – controls embedded in processes delivered by each staff member and their line manager;
- second line – units supporting the management team in risk identification and management as well as units assessing the effectiveness of the first line;
- third line – internal audit unit which reviews the adequacy and efficiency of the first and second lines.

Each organisational unit operates in line with their Terms of Reference approved by the head of the division. The document defines the roles and responsibilities within each business area, including quality and processing of financial data. The ongoing controls and management checks carried out in the bank enable to verify due delivery of the assigned tasks.

One of the key objectives of the internal control framework is to ensure full credibility of financial reporting.

Financial data preparation for the purpose of reporting is automated and based on the consolidated General Ledger and Data Warehouse. The underpinning IT systems are strictly controlled in terms of integrity and security of information. Data inputs in the source systems are subject to formal operational and approval procedures which state responsibilities of individual staff members. Data processing for the purpose of financial reporting is subject to a suite of specialist controls. Any manual corrections or management overrides are under strict control as well.

The bank follows any legal and regulatory changes related to reporting in the law and updates its accounting rules and disclosures accordingly. The bank, through its representatives sitting on supervisory boards of individual subsidiaries, exercises oversight of its consolidated subsidiaries.

The financial statements are formally approved by the Disclosure Committee which is responsible for ensuring that the data are true and compliant with law. The Disclosure Committee recommends the financial statements to the Management Board for ratification.



In addition, the effectiveness of controls is assessed annually as part of the certification process for compliance with Sarbanes-Oxley Act.

## Internal Control Compliant with the Sarbanes-Oxley Act

Bank Zachodni WBK as a subsidiary of the AIB Group must fulfil the requirements arising from the Sarbanes-Oxley (SOX) Act insofar as it relates to the latter. This regulation introduced very strict rules with respect to exercising internal control over the company's financial reporting.

The design and effectiveness of controls is tested on an annual basis by dedicated second line units. The audit covers business and IT processes and controls. The test results are the basis for the bank's management to make representations on the effectiveness of the control environment.

As part of the AIB Group's SOX certification process in 2010, the bank's management confirmed that no incidents were identified which could significantly affect the relevant processes and threaten the effectiveness of the internal control of financial reporting.

## Selection of Auditor

In accordance with §32 point 10 of the Statutes of Bank Zachodni WBK, applicable regulations and the industry practice, on 22 September 2010 the bank's Supervisory Board passed a resolution appointing KPMG as an entity to audit the bank's stand-alone and the Group's consolidated financial statements for 2010. The bank entered into an agreement with KPMG Audyt for the period necessary to conduct the audit. A few months earlier, i.e. on 9 June 2010, the bank's Supervisory Board passed a resolution appointing the same entity to review the bank's stand-alone and the Group's consolidated financial statements for the first half of 2010. KPMG Audyt audited the bank's financial statements for the previous financial years and through other KPMG Group companies provided consultancy and tax advisory services permitted by law and the bank's internal regulations, in a manner that ensured impartiality and independence of the auditor.

## Remuneration of Auditor

The table below shows the remuneration paid to KPMG Audyt for its audit/review of the financial statements of Bank Zachodni WBK Group under the relevant agreements:

Remuneration of KPMG Audyt	in PLN k	
	Reporting Year ended on 31.12.2010	Reporting Year ended on 31.12.2009
Audit fees in respect of the parent bank	* 1070	1 019
Audit fees in respect of the subsidiaries	437	451
Audit fees related to the assurance services, including the review of the parent bank	** 432	360
Audit fees related to the assurance services, including the review of the subsidiaries	93	0

\* based on the Agreement on Audit of Financial Statement and Group Report of 27 September 2010

\*\* based on the Agreement on Review of Interim Financial Statement and Group Report of 14 June 2010

## 7. Pending Court Proceedings

As at 31 December 2010, no case was pending before any court or state administration agencies with relation to any claims made by or against the bank or its subsidiaries that would equal or exceed 10% of the Group's equity.

The value of all litigations totalled PLN 238.6 m, which is 3.5% of the Group's equity (vs. PLN 247.9 m, i.e. 4.1% of the Group's equity in 2009). It includes PLN 103.4 m claimed by the Group, PLN 130.9 m in claims against the Group and PLN 4.3 m of the Group's receivables in the arrangement or bankruptcy proceedings.