

**18-04-2008**

**Subject:** Resolutions of the Annual General Meeting of BZ WBK Shareholders

Bank Zachodni WBK hereby announces the contents of the resolutions adopted by the AGM on 18th April 2008.

By virtue of Resolution Mr Sławomir Pajewski was elected Chairman of the AGM.

Resolution set out the following agenda:

1. Opening of the Annual General Meeting of Shareholders.
2. Election of the Chairperson of the Annual General Meeting of Shareholders
3. Establishing whether the Annual General Meeting of Shareholders has been duly convened and has the capacity to adopt resolutions.
4. Adopting the agenda for the Meeting
5. Reviewing and approving the Management Board's annual report and financial statements of the Bank for 2007.
6. Reviewing and approving the Management Board's annual report on the BZ WBK Group and consolidated financial statements of the BZ WBK Group for 2007.
7. Distribution of profit, determining the dividend day and dividend payment date.
8. Granting discharge to the members of the Management Board.
9. Reviewing and approving the Supervisory Board's report on business operations in 2007 as well as the Supervisory Board's report on examination of the financial reports presented by the Bank and the Bank's capital group as well as reports on the operations of the Bank and the Bank's capital group.
10. Granting discharge to the members of the Supervisory Board.
11. Appointing the Supervisory Board members for a new term of office.
12. Appointing the Chairman of the Supervisory Board for a new term of office.
13. Determining the remuneration of the Supervisory Board members.
14. Amendments to the Bank's Statutes.
15. Adopting a uniform text of the Bank Statutes.
16. Amendments to the Terms of Reference of the General Meeting of Shareholders.
17. Authorization for the Management Board to conclude with the National Depository for Securities an agreement or agreements, if necessary, on the registration of bonds issued by the Bank in 2008 under a public offering.
18. Adopting the Incentive Scheme III.
19. Closing the Annual General Meeting of Shareholders

Resolution no1

Pursuant to art. 393 point 1 and art. 395 §2 point 1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

The General Meeting of Shareholders has considered and hereby approves the following documents submitted by the Bank's Management Board:

- a) financial statements of Bank Zachodni WBK SA seated in Wrocław for the period beginning on the first day of January of the year two thousand and seven /1.01.2007/ and finishing on the thirty first day of December of the year two thousand and seven /31.12.2007/, including:
- balance sheet prepared as at the thirty first of December two thousand and seven /31.12.2007/ which on the assets and liabilities side shows the amount of PLN 39 195 247 k,
  - profit and loss account for the accounting year from the first of January two thousand and seven /1.01.2007/ until the thirty first of December two thousand and seven /31.12.2007/ which shows profit-after-tax in the amount of PLN 809 474 k,
  - cash flow statement for the accounting year from the first of January two thousand and seven /1.01.2007/ until the thirty first of December two thousand and seven /31.12.2007/ which shows a increase of PLN 682 758 k in the net cash balance,
  - movements in the equity showing as at the thirty first of December two thousand and seven /31.12.2007/ the equity of PLN 3 850 769 k,
  - explanatory notes,
- b) Management Board report on BZ WBK SA performance in 2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no2

Pursuant to art. 395 § 5 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Annual General Meeting of Shareholders of Bank Zachodni WBK S.A. has reviewed and hereby approves the following documents submitted by the Bank's Management Board:

- a) consolidated financial statements of Bank Zachodni WBK S.A. for the period beginning on the first day of January of the year two thousand and seven /1.01.2007/ until the thirty first day of December of the year two thousand and seven /31.12.2007/, including:
- consolidated balance sheet prepared as at the thirty first of December two thousand and seven /31.12.2007/ which on the assets and liabilities side shows the amount of PLN 41 332 079 k
  - consolidated profit and loss account for the accounting year from the first of January two thousand and seven /1.01.2007/ until the thirty first of December two thousand and seven /31.12.2007/ which shows profit-after-tax in the amount of PLN 1 110 677 k (of which PLN 155 982 k is attributable to minority equity holders),
  - consolidated cash flow statement for the accounting year from the first of January two thousand and seven /1.01.2007/ until the thirty first of December two thousand and seven /31.12.2007/ which shows the increase in net cash balance of PLN 690 935 k,
  - movements in consolidated equity showing as at the thirty first of December two thousand and seven /31.12.2007/ the amount of PLN 4 576 701 k,
  - explanatory notes.

b) Report on Bank Zachodni WBK Group Performance in 2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 3

Pursuant to art. 348 §3 and art. 395 §2 of the Commercial Companies Code, the following is hereby resolved:

§ 1

1. General Meeting of Shareholders has divided the net profit generated by BZ WBK in the accounting year commenced on 01.01.2007 and ended on 31.12.2007 in the amount of PLN 809 474 037,45 in the following way:

- PLN 218 880 852,00 will be allocated to the dividend to shareholders,
- PLN 590 593 185,45 will be allocated to the reserve capital.

2. The number of shares eligible for the dividend is 72 960 284 (say: seventy two million nine hundred and sixty thousand two hundred and eighty four) series A, B, C, D, E, F and G.

Dividend per share is PLN 3,00

The dividend will be paid to the shareholders eligible as at the end of the dividend registration day.

The dividend registration day is 5 May 2008.

The dividend will be paid on 19 May 2008.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 4

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is resolved:

§ 1

Mr. Mateusz Morawiecki, the Management Board President from 16.05.2007 to 31. 12. 2007, acting as Management Board President from 1. 05. 2007 to 15. 05. 2007, Management Board Member from 1. 01. 2007 to 30. 04. 2007, is granted the word of approval for performance of his duties.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 5

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Jacek Kseń, the Management Board President, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 30.04.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 6

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Andrzej Burliga, the Management Board Member, is granted the word of approval for performance of his duties in the period from 24.07.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 7

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Declan Flynn, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 8

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Michał Gajewski, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 9

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Justyn Konieczny, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 10

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Janusz Krawczyk, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 11

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Jacek Marcinowski, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 12

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§1

Mr. James Murphy, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

#### Resolution no 13

Pursuant to art. 395 §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

##### §1

Mr. Marcin Prell, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

##### § 2

The resolution becomes effective as of the date of its adoption.

#### Resolution no 14

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

##### §1

Mr. Feliks Szyszkwskiak, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

##### § 2

The resolution becomes effective as of the date of its adoption.

#### Resolution no 15

Pursuant to art. 382 §3 and 395 §5 of the Commercial Companies Code, the following is hereby resolved:

##### § 1

Approval is given for:

- 1) the BZ WBK Supervisory Board's report on its activities in the period from 1.01.2007 to 31.12.2007 (Appendix 1 hereto),
- 2) the BZ WBK Supervisory Board's report on the examination of: BZ WBK financial statements for 2007; consolidated financial statements of the BZ WBK Group for 2007; report on BZ WBK operations, report on the BZ WBK Group operations and the Management Board's motion concerning distribution of profit earned in 2007 (Appendix 2 hereto),
- 3) the BZ WBK Supervisory Board's assessment of the BZWBK Group's operations in 2007 (Appendix 3 hereto).

##### § 2

The resolution becomes effective as of the date of its adoption.

appendix 1

REPORT  
ON THE SUPERVISORY BOARD ACTIVITY IN 2007

I. COMPOSITION OF THE SUPERVISORY BOARD

1. As at 1 January 2007 the Supervisory Board operated in the following composition:

- Chairman of the Supervisory Board - Mr. Aleksander Szwarc
- Vice Chairman of the Supervisory Board - Mr. Gerry Byrne
- Members of the Supervisory Board
  - Mr. Kieran Crowley
  - Mr. Waldemar Frąckowiak
  - Mr. Aleksander Galos
  - Mr. John Power
  - Mr. Jacek Ślotała

2. Changes in the Supervisory Board's composition:

- Mr Kieran Crowley resigned from the Supervisory Board Member's position on 17 April 2007.
- BZWBK AGM appointed the following individuals the SB members as of 17 April 2007:
  - Mr James Edward O'Leary
  - Mr. Maeliosa OhOgartaigh
- As a result of the above changes the SB composition in the subsequent months of 2007 was as follows:
  - Chairman of the Supervisory Board - Mr. Aleksander Szwarc
  - Vice Chairman of the Supervisory Board - Mr. Gerry Byrne
  - Members of the Supervisory Board
    - Mr. Waldemar Frąckowiak
    - Mr. Aleksander Galos
    - Mr James Edward O'Leary
    - Mr. Maeliosa OhOgartaigh
    - Mr. John Power
    - Mr. Jacek Ślotała

3. Independence of the Supervisory Board Members

All Members of the Supervisory Board submitted written statements on their independence status as well as their personal, factual and organizational connections with the Bank's shareholders. According to the submitted statements, the status of an independent Supervisory Board Member is held by the following individuals:

- Mr. Waldemar Frąckowiak
- Mr. Aleksander Galos,

- Mr John Power (Chairman of the Audit Committee),
- Mr Aleksander Szwarc (Chairman of the Supervisory Board),
- Mr. Jacek Ślotała.

## II. STATISTICAL DATA ON THE SUPERVISORY BOARD ACTIVITY IN 2007

In the period from 1 January to 31 December 2007, the Supervisory Board held 9 meetings and adopted 39 resolutions.

## III. MAIN AREAS OF THE SUPERVISORY BOARD'S ACTIVITY IN 2007

### 1. DECISIONS ON THE MANAGEMENT BOARD'S COMPOSITION

- As recommended by the Nominations and Remuneration Committee, on 8 March 2007 the Supervisory Board appointed Mr Mateusz Morawiecki, to-date MB Member in charge of the Business Support Division, the President of BZWBK Management Board with the nomination coming into effect as of the date of receiving the related consent from the Banking Supervision Commission.
- Based on the results of the Interviewing Panel work and in line with the Nominations and Remuneration Committee recommendation, the Supervisory Board appointed Mr Andrzej Burliga the MB Member in charge of the Risk Management Division as of 24 July 2007.

### 2. BUSINESS STRATEGY OF BZWBK GROUP FOR 2008-2010

The document signed off by the Supervisory Board constitutes the continuation of the "Po Pierwsze Klient Strategy" developed in 2001 which is defined by the Bank's strategic mission in the following wording:

"To be regarded by our customers, wherever we operate, as outstanding for our customer proposition, and to turn this into superior profit growth."

In the subsequent years, the Strategic assumptions will be translated into financial and business objectives delivered under individual business /product lines which should ensure a high position on the financial services market for the Bank.

### 3. WORK ON THE 2008 FINANCIAL AND BUSINESS PLANS

As part of the planning process, the Supervisory Board held a discussion on the assumptions underlying the Financial and Business Plan presented by the Bank's MB for approval, taking into account development directions adopted in the "Po pierwsze klient" strategy and pursued in the previous years, current and projected trends in the macroeconomic environment, strategic and long-term action plans the implementation of which will support the delivery of the Plan, as well as assumptions underpinning the development of the customer proposition for the key business/product lines along with the strategic objectives adopted for 2008.



The plans focus on maximising potential for the business growth through the currently expanded branch network, external delivery channels as well as through the Bank's business units and subsidiaries. They also illustrate the Bank's effort to further improve profitability and ensure the desired ROE with the concurrent permanent pressure on the risk management process quality.

#### 4. ASSESSMENT OF FINANCIAL PERFORMANCE AND PROGRESS AGAINST BUSINESS OBJECTIVES

As part of its responsibilities arising from §32 of the Bank's Statutes, the Supervisory Board conducted on-going assessment of financial performance of the Bank and BZ WBK Group, taking account of the business and operating tendencies in place, opportunities and threats as well as variances against the Budget. The evaluation was based on the monthly financial reports presented by the Management Board. When assessing the financial results, the Bank's Supervisory Board primarily focused on the following:

- performance against the objectives set out in the 2007 Business Plan and 2007 Financial Plan,
- individual P&L lines against the assumptions adopted in the Plan and against the same lines in the corresponding periods of the previous year,
- change trends in the mix of deposits and loans against the assumptions built into the Plan in the context of ensuring funding for the credit growth,
- loan book quality,
- level of costs and the cost/income ratio together with the related trends.

In addition, the Supervisory Board made also periodical reviews of the business objectives set out in the 2007 Business Plan. The reviews aimed at assessing how the progress against Business Plan in such aspects as delivering distinctive customer proposition and other supportive actions translated into the execution of "Po Pierwsze Klient" strategy adopted by BZ WBK and into capacity to deliver superior profit growth.

At their meetings, the Supervisory Board met management boards of the Bank's subsidiaries:

- BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A (BZ WBK AIB Investment Funds Corporation S.A.)
- BZ WBK AIB Asset Management S.A.,
- BZWBK Brokerage House
- Leasing organization,
- BZ WBK Faktor Sp. z o.o.

getting familiar with their current results and business standing. Access of the Bank's subsidiaries to the Bank's branch network significantly expands their catchment areas. What is more, the products and services offered by subsidiaries complement the Bank's proposition and enhance its competitive edge.

#### 5. ACTIVITIES OF THE SB COMMITTEES

Independent of the SB meetings, Members of the SB worked in the following internal SB committees:

- Nominations and Remuneration Committee,
- Audit Committee,
- Social Responsibility Committee.

The compositions of individual committees were defined by force of SB resolutions. The scope of their operations and mode of work are defined by the Terms of Reference adopted by force of SB resolutions. The copies of the Committees' terms of Reference are available from the Office of the Supervisory Board.

The operations of the Committees contribute materially to enhancing the effectiveness of the SB work by way of supporting the SB in delivering its statutory responsibilities as well as by preparing working recommendations and recommending decisions in relation to the SB own motions as well as those submitted by the MB.

In order to facilitate comprehensive assessment of the Committees' operations, their Chairmen present updates on their work to the SB and the SB Members receive copies of minutes from meetings of all Committees.

- **NOMINATIONS AND REMUNERATION COMMITTEE** - the Committee's activities aim to demonstrate the Supervisory Board's commitment in adherence to the corporate governance principles covering to include independence, responsibility and transparency of information on matters related to the recommendations pertaining to the remuneration policy for the Management Board and Senior Management. The Committee members have no personal financial interest, other than as shareholders, in these matters and have due regard to the best interest of the Bank and its shareholders.

The Committee assists the Supervisory Board with:

1. succession planning at the Bank's Management Board level,
2. preparing recommendations for the SB with regard to the composition of the Management Board,
3. overall monitoring of the market remuneration practices and levels;
4. preparing recommendations for the SB decisions in relation to fair and competitive remuneration policies and practices, so as to ensure adequate motivation for the MB Members and Senior Management to constantly improve the Bank's performance.

In 2007, the composition of the Nominations & Remuneration Committee was as follows:

- Gerry Byrne (Chairman),
- Aleksander Szwarc.

The Committee normally invites to participate in its meetings the President of the Management Board, the Head of the HR Management Division and other individuals as it deems necessary.

In 2007, the Committee's activities focused on the matters presented below.

- Following of Mr Jacek Kseń's decision to step down as the MB President as of end of April 2007, the process of selecting and nominating the new President was continued. The process was run in line with the schedule and candidates' selection criteria approved by

the SB. The Committee used their best endeavours to ensure that the process was compliant with best practices and provided respective updates to the SB on a regular basis.

- Conducted the competition to appoint the MB Member in charge of the Risk Management Division given the vacancy at this position resulting from different allocation of powers within the Management Board following the appointment of Mr Mateusz Morawiecki the Management Board President and presented respective recommendations to the SB;
- Prepared recommendation re. 2006 individual bonus payment for the Management Board Members;
- Considered the MB's proposal on the annual salary review rules for the Bank's staff and prepared recommendations for the SB on the rules of such a review for the MB members;
- Conducted the annual review of the bonus system for MB members and senior executive population and tabled to the SB the recommendations re. rules of granting and determining the bonus pool for 2008 to ensure effective motivation for outperformance;
- Considered and recommended to the SB changes to the bonus schemes of some business units in the Bank and its subsidiaries to align them better to the specific nature of their operations and existing market environment;
- Recommended to the SB the continuation of the Long-Term Incentive Scheme for Senior Management of the Bank and its subsidiaries. In the Committee's opinion, the first year of the Scheme's operation (introduced in 2006) confirmed that it was an effective and attractive incentive for its participants as was reflected in the financial performance of the Bank and growth in BZWBK share price.

The BZWBK AGM held on 17 April 2007 passed resolutions allowing to launch the second programme - the Long-Term Incentive Scheme 2. The scheme was executed by way of the issue of the Bank's bonds with pre-emptive rights by - these bonds will give the Scheme participants the right, subsequent to meeting specific economic criteria, to take up the Bank's shares issued under the conditional increase in the Company's share capital.

The Committee developed and presented to the SB for approval the rules of the Long-Term Incentive Scheme 2, including arrangements on the Programme's format and list of recommended participants.

While formulating recommendations for the Supervisory Board, the Committee used current results of the banking sector remuneration research carried out by an independent agency and took account of current trends on the labour market.

In the Committee's opinion the processes of selecting and nominating candidates for the position of the MB President and the MB Member in charge of Risk Management Division confirmed the effectiveness of the succession planning policy in relation to the Bank's executives.

▪ **AUDIT COMMITTEE** – This report details the role of the Audit Committee and the work it has undertaken during the year. The Audit Committee is appointed by the Supervisory Board of Bank Zachodni WBK to assist the Board in discharging its oversight responsibilities to shareholders and other stakeholders in relation to:

1. the quality and integrity of the accounting policies, financial statements and disclosure practices;
2. the monitoring of compliance with relevant laws and regulations, taxation obligations and relevant Codes of Conduct and good business ethics;
3. the monitoring of independence and performance of the internal and external Auditors; and
4. the assessment of the effectiveness of the system of internal controls and management of financial and non-financial risks.

The Audit Committee is composed of the following members:

John Power ( Chairman )

Waldemar Frackowiak

Aleksander Galos

Maeliosa OhOgartaigh - Joined on 17 April 2007

The Committee undertakes its duties in line with an agreed annual work programme that allows the committee to monitor (and seek assurance on) the management of the financial risks identified in the company's business plan.

The Committee met 8 times during the course of the 2007 and reviewed key areas of material controls, including financial, operational, regulatory compliance and risk management systems. On a regular basis it receives reports on risk management, fraud, anti money laundering, legal, regulatory and corporate governance matters in order to assess the effectiveness of the risk management and control frameworks. In 2007, these reports included material notifications arising under the Group policy on "whistleblowing", updates on significant projects in the Bank including implementation of EU Directives, Sarbanes Oxley compliance, Basel II compliance and IT system implementations.

The independent Auditors, KPMG, the Bank's Internal Auditor, the Chief Risk Officer, the Head of Compliance and the President were invited to attend all meetings. Other members of the Management Board are also invited to attend as appropriate in order to present reports.

The Committee receives reports from the external auditor and regularly holds discussions with both the internal and external auditors in the absence of management.

The Committee, through the Group Internal Auditor, receives objective independent reports on the operation of internal controls in the Group. The plans and level of resources of the internal audit function are reviewed each year by the Committee. During 2007 the Group initiated an independent review of the internal audit function in accordance with the International auditing standards. The Committee will review the outcome of this independent review in early 2008.

The Committee has reviewed and discussed the Company's audited financial statements with Management, which has primary responsibility for preparing the financial statements. It places

particular emphasis on their fair presentation and the reasonableness of the judgemental factors and appropriateness of significant accounting policies used in their preparation. The Committee also reviewed and discussed with KPMG their independent review of the financial statements and issues raised with management.

In addition, the Committee reviewed the Group's capital and risk frameworks against the impending implementation of Basel II. The Committee considered the proposed assumptions, methodology and process followed in determining the amount of capital required to support the Group's business plans and the adequacy of its capital resources.

In reliance of these reviews and discussions, the Committee recommended the Supervisory Board approve the audited financial statements for inclusion in the Company's annual report for the year ended 31<sup>st</sup> December 2007, and the Board accepted the Committee's recommendations.

The Committee recommended to the Board the election of KPMG as the Company's independent accountants. There is a process in place by which the Audit Committee reviews and, if considered appropriate, approves, within parameters approved by the Supervisory Board, any non-audit services undertaken by the Auditors, and the related fees. This ensures that the objectivity and independence of the Auditors is safeguarded.

The Committee conducts a continuous review of its process and performance. The form of the review involved a discussion on the format of the meetings and the effectiveness of the reporting processes. The Committee concluded that few substantive changes were required to comply with its Terms of Reference.

- **SOCIAL RESPONSIBILITY COMMITTEE** – the Committee is responsible for overseeing the development and execution of a social/corporate responsibility strategy and policy framework to ensure that BZWBK is seen as a responsible corporate citizen by all its stakeholders.

In 2007, the Social Responsibility Committee worked in the following composition:

- Mr. Gerry Byrne (Chairman)
- Mr. Jacek Ślotała.

Mr Jędrzej Marciniak, Head of Brand Management Area was invited to attend all meetings.

In 2007, the Committee activity focused on the following matters:

- Enhancement of the assumptions underlying the brand philosophy & corporate identity – as part of this work, the Bank's communication policy and brand management strategy were reviewed.
- Activity of the Bank's charity foundation – "Bank of Children's Smiles" - the Bank's activity in this area was recognised with the title Benefactor of the Year granted by the Poland's largest programme promoting social corporate responsibility.

- Review and approval of marketing, promotion, sponsorship and corporate giving plans / budgets.

The Committee is satisfied with the progress being achieved in relation to the key areas of its responsibility.

The outputs reflect a coherent and focused approach to delivering on the Committee's objectives thereby ensuring that BZWBK is widely acknowledged as acting in line with international best practice and highest social/corporate responsibility standards.

## Appendix 2

### REPORT OF THE SUPERVISORY BOARD ON THE EXAMINATION OF:

- 2007 FINANCIAL STATEMENTS OF BANK ZACHODNI WBK S.A.
- MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK S.A. PERFORMANCE IN 2007
- 2007 CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP OF BANK ZACHODNI WBK
- MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK GROUP PERFORMANCE IN 2007
- MOTION OF THE MANAGEMENT BOARD ON THE 2007 PROFIT DISTRIBUTION

This report was produced based on the conducted examination and includes the opinion of the Supervisory Board on the following documents presented by the Bank's Management Board to the Annual General Meeting of Shareholders of Bank Zachodni WBK, convened for 18 April 2008:

- 2007 Financial Statements of Bank Zachodni WBK S.A.,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2007,
- 2007 Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK,
- Management Board Report on Bank Zachodni WBK Group in 2007,
- Management Board motion on the 2007 profit distribution.

The obligation to review the above documents is imposed on the Supervisory Board by § 32 clause 1 and clause 6 of the Bank's Statutes.

#### 1. Examination of Financial Statements and Reports on operations for 2006

By force of resolution no. 15/2007, adopted on 20 June 2007, the Supervisory Board selected KPMG Audyt Sp. z o.o. as the Bank's auditor and vested it with a task of auditing the 2007 Financial Statements. The above audit covered the following documents produced by the Bank's Management Board:

1. Financial Statements of Bank Zachodni WBK S.A. for year 2007:

- Balance sheet as at 31 December 2007,
- Profit & Loss Account for the accounting period from 1 January to 31 December 2007,
- Cash Flow Statement for the accounting period from 1 January to 31 December 2007,
- Movements in equity,
- Off-balance sheet liabilities,
- Notes.

2. Management Board Report on Bank Zachodni WBK S.A. Performance in 2007.

3. Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK for year 2007:

- consolidated Balance Sheet as at 31 December 2007,
- consolidated Profit & Loss Account for the accounting period from 1 January to 31 December 2007,
- consolidated Cash Flow Statements for the accounting period from 1 January to 31 December 2007,
- movements in equity,
- off-balance sheet liabilities,
- notes.

4. Management Board Report on Bank Zachodni WBK Group in 2007.

Based on the findings of the audit conducted by KPMG Audyt Polska Sp. z o.o., presented in the following documents:

- Opinion of the independent auditor on the audited Financial Statements of Bank Zachodni WBK SA and the Capital Group of Bank Zachodni WBK SA for the financial year ended 31 of December 2007,
- Reports of the independent auditor on the Financial Statements of Bank Zachodni WBK SA for 2006 and on the Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK SA for 2007,

the Supervisory Board stated that the 2006 Financial Statements of Bank Zachodni WBK S.A. and the 2007 Consolidated Financial Statements of Bank Zachodni WBK Capital Group presented by the Management Board, have been prepared, in all material respects, and give a true and fair view of the financial position of the Bank and the Group as at 31 December 2007 and of their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in

compliance with the respective regulations that apply to the Bank's unconsolidated financial statements and the consolidated financial statements applicable.

The Supervisory Board decided with resolution no. 5/2008, dated 19 February 2008, to submit to the AGM for approval:

- Financial Statements of Bank Zachodni WBK S.A. for year 2007,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2007,
- Consolidated Financial Statements of the Group of Bank Zachodni WBK for year 2007,
- Management Board Report on Bank Zachodni WBK Group in 2007.

## 2. Review of the Bank's Management Board motion related to the 2007 profit distribution

The Supervisory Board examined the Bank's Management Board motion related to the 2007 profit distribution, and with resolution no. 7/2008, dated 19 February 2008 decided to recommend approval of the above motion to the General Annual Meeting of Shareholders.

## 3. Wrap-up

The Supervisory Board stated that it acted with due diligence with regard to comprehensive examination of the documents presented by the Bank's Management Board and in line with its resolution no. 11/2008, dated 19 February 2008, the Supervisory Board presents this report to the General Annual Meeting of Shareholders of Bank Zachodni WBK.

## Appendix 3

### ASSESSMENT OF THE BZWBK GROUP'S OPERATIONS IN 2007

#### Macroeconomic Environment in 2007

##### Economic Growth

2007 was another very good year for the Polish economy. GDP growth was highest for a decade, reaching 6.5%, more than had been forecasted. It was also the second year in a row when contribution of net exports to GDP growth was negative. Current account deficit in relation to GDP was increasing rather slowly throughout the year (e.g. due to high inflow of EU funds) to remain below the moderate level of 4%. As regards domestic demand, a very high growth of fixed investments (over 20% y-o-y) deserves special attention as it contributed to economy's modernisation, replenishment of obsolete equipment and an increase in the economic growth potential. Private consumption increased by 5.2%, supported by a solid improvement in households' financial situation as a result of a strong labour market revival and a reduction in tax wedge.

##### Labour Market

Fast and broad-based expansion in economic activity triggered a strong increase in demand for labour. Rise in employment accelerated at the pace that was not observed since the start of the



market economy in the early nineties, reaching 5% y-o-y towards the end of the year. Registered unemployment rate fell below 11.4% at the end of the year from 14.8% in December 2006. Amid large demand for labour and limited supply, the pressure on wage growth was growing during the year, and pay growth exceeded 10% y-o-y on average in the final quarter of 2007.

#### Interest Rates

Growth in wages and employment was strong enough to trigger acceleration in unit labour costs growth to above 7% in the third quarter of 2007 from ca. 1.5% on average in 2006. This induced the Monetary Policy Council to start a tightening cycle in monetary policy. After four rate hikes made during the year, the central bank's reference rate increased from a record low of 4% at the beginning of the year to 5% at the end of the year.

#### Inflation

Consumer price growth accelerated quite significantly in 2007, reaching 4% y-o-y in December, against 1.4% y-o-y at the end of 2006. However, the rise in inflation was caused mainly by the increase in prices of food and crude resources. Net inflation (excluding prices of food and fuel) remained low throughout the year, close to the lower end of allowed fluctuations band around the target.

#### Deposits and Loans

2007 was another year of credit market expansion. Very rapid increase in households' debt (by nearly 40% y-o-y) was driven mainly by high demand for mortgage loans amid housing market boom, yet demand for consumption loans was gradually gaining importance as well. There was a strong rise in demand for loans from enterprises, which increased by almost 25% y-o-y due to, among others, very high growth in capital expenditures.

#### BZWBK Group Financial Performance in 2007

BZWBK Group was operating in a highly competitive environment and a dynamic changing Polish banking sector.

In these demanding conditions excellent financial results were achieved due to the pursued strategy and positive business development trends.

From a shareholder perspective basic EPS increased to PLN 13.09 in 2007 from PLN 10.39 in 2006, i.e. by 26%.

Receivables due from customers increased by 36% while deposits entrusted with the Group by 23%. The quality of assets improved regularly which was reflected in the reduced NPL's ratio - from 4.9% to 2.8% (one of the best ratios in the sector).

It should be emphasised along with very good results of the bank is the performance of its subsidiaries, and in particular of: BZWBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., BZWBK AIB Asset Management S.A., Dom Maklerski BZWBK S.A., BZWBK Leasing S.A. and BZWBK Finanse & Leasing S.A.

#### Profit and Loss Account

In 2007, Bank Zachodni WBK generated PBT of PLN 1,391.4m and was 31% up on 2006, whereas PAT totalled PLN 954.7m and was up by 26%. ROE reached 28.2% (in 2006 – 23.7%).

#### Income

In 2007, the Bank Zachodni WBK Group generated the total income of PLN 2,9925 m, 23.9% up on 2006. Net interest income totalled PLN 1,287m against PLN 1,031m in the previous year. This growth was achieved due to the growing scale of operations and favourable changes in their structure, and due to dynamic growth of business loan portfolio and significant increase of current deposits.

Fee income reached PLN 1,545m and increased in 2007 by 29.7%. Due to the flow of monies to the investment funds managed by BZ WBK AIB TFI S.A. and private portfolios of BZ WBK AIB Asset Management S.A., there was a dynamic increase in the asset management and distribution fees by 65%. The dynamics of Dom Maklerski BZ WBK S.A.'s (Brokerage House) net broker fees totalled 37% which was prompted by the larger scale of activity on the Warsaw Stock Exchange.

Dividend income – totalling PLN 64.7m – went up by 13% y-o-y. In 2007, the Bank received a dividend from Commercial Union Group totalling PLN 60.3m (in 2006 – PLN 53m).

#### Costs

Total operating costs of the Bank Zachodni WBK Group closed at PLN 1,597m and were 206% up on 2006.

Staff costs increased by 23% to PLN 843m at the end of 2007 due to, among others, larger employment, pay increases, performance-related bonuses and costs of development programmes. With significant growth of business scale, administrative costs increased by 30.1% y-o-y and equalled PLN 581.9m.

This movement results mainly from the Group's intensive promotional activity aimed to support the sales of its strategic products.

As a consequence of the development and modernisation initiatives, there was also a significant growth in the cost of premises renovation and equipment supply to branches.

Higher contribution to costs was also recorded in IT usage and development driven by costs related to IT projects which are designed to provide the infrastructure to foster further business growth of the bank and its subsidiaries.

High growth in the Bank Zachodni WBK Group income paralleled by rational and controlled cost increase resulted in the reduction of the Cost/Income ratio, which is now at the level of 53.4%, down from 55.1% in 2006.

#### Balance Sheet

As at 31 December 2007, the balance sheet total of the Bank Zachodni WBK Group was PLN 41,343m, i.e. 25.3% up on 2006.

#### Loans

As at the end of December 2007, net receivables from customers totalled PLN 23,950m and exceeded the balance recorded 12 months earlier by 36% as a result of the growth in personal loans, business loans and leasing receivables.

Comparing to the end of 2006, the portfolio of receivables from business entities totalled PLN 15,945m and grew by 32%.

Over 12 months, the value of personal loans increased by 44% to reach PLN 6,110m while the strongest lending growth was witnessed in the area of cash loans (+61%) and polish zloty mortgages (+52%).

#### Deposits

At the end of December 2007, liabilities towards customers totalled PLN 29,766m to exceed the level recorded 12 months earlier by 23% driven by a significant growth in the balances of businesses' and public sectors' deposit accounts as well as the growth in current assets entrusted by personal customers.

The value of funds in personal customers', businesses' and public sector units' current accounts (excluding one-day deposits) closed at PLN 14,021m and were higher than the 2006-end balance by 73%.

Over the past 12 months, the term deposits base (including one-day deposits) totalled PLN 15,310m and was at the similar level to the end of 2006.

#### Performance of Bank Zachodni WBK Shares

On a year-on-year basis, Bank Zachodni WBK share price grew by 11.6% (up to PLN 251 as at 28 December 2007). In 2007 sectoral WIG Banks index increased by 12.2% and WIG 20 index by 5.2%.

Over the first half of 2007, the price of Bank Zachodni WBK shares increased by 28.9% (from PLN 225 as at 29 December 2006 to PLN 290 as at 29 June 2007) to decelerate during the rest of the year under the impact of share price adjustments on the Warsaw Stock Exchange. The decrease in share prices was triggered by the turmoil in the global financial markets (including the downturn on the US mortgage market).

The Bank Zachodni WBK share price hit a record high of PLN 315.3 on 4 May 2007, while the lowest yearly level (PLN 215) was recorded on 10 January 2007.

#### Rating

On 4 July 2007 Fitch Ratings Agency had affirmed Poland-based Bank Zachodni WBK's ("BZWBK") ratings at Long-term Issuer Default 'A+', Short-term Issuer Default 'F1', Individual 'C' and Support '1'. The Outlook is Stable. The related press release noted that "the bank remains well capitalised, while profitability and revenue diversification continue to improve. Asset quality improved in 2006 and Q1 2007, and reserve coverage is good. The Long- and Short-term Issuer Default and Support ratings are based on the extremely high potential for support from BZWBK's controlling shareholder, Allied Irish Banks ("AIB", rated 'AA-' (AA minus)/Stable Outlook) in case of need."

#### Corporate Governance and best practices

Bank Zachodni WBK has always aspired to meet the highest corporate governance standards. This has recently been recognised when it was awarded the 5 star title "Spółka godna zaufania 2007" (Trustworthy company) in IV edition of WSE companies rating prepared by Kapituła Inwestorów Instytucjonalnych (Institutional Investors Award Committee) and Polski Instytut Dyrektorów (Polish Institute of Directors) based on the implementation of corporate governance rules and best practices.

In Puls Biznesu ranking - Stock Exchange Company of the year, published in the beginning of February 2008 Bank Zachodni WBK was ranked second. The research was conducted by Pentor among 180 experts of capital market in Poland – brokers, analysts and investment advisors.

Resolution no 16

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Aleksander Szwarc, the Chairman of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1. 01. 2007 to 31. 12. 2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 17

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Gerry Byrne, the Vice Chairman of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 18

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Kieran Crowley, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 17.04.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 19

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Waldemar Frąckowiak, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 20

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Aleksander Tadeusz Galos, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 21

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. John Power, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 22

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Jacek Ślotała, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 23

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Maeliosa OhOgartaigh, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 17.04.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 24

Pursuant to art. 395, §2 point 3 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. James Edward O'Leary, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 17.04.2007 to 31.12.2007.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolutions no 25

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Gerry Byrne shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolutions no 26

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Waldemar Frackowiak shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolutions no 27

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Aleksander Tadeusz Galos shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 28

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Maeliosa OhOgartaigh shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 29

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. James Edward O’Leary shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 30

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. John Power shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 31

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Aleksander Szwarc shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 32

Pursuant to art. 385 §1 of the Commercial Companies Code, the following is hereby resolved:

§ 1

Mr. Jacek Ślotała shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 33

Pursuant to §25 section 1 of the Bank Statutes, the following is hereby resolved:

§ 1

From amongst the Supervisory Board Members, Mr. Aleksander Szwarc shall be appointed as Chairman of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

The resolution becomes effective as of the date of its adoption.

Resolution no 34

Pursuant to art. 392 §1 of the Commercial Companies Code the following is hereby resolved:

§ 1

1. The following remuneration per month is set for:
  - 1) the Chairman of the Supervisory Board – 14,740 PLN,
  - 2) Supervisory Board members domiciled in Poland – 9,240 PLN,
  - 3) Supervisory Board members not domiciled in Poland – 2,310 euro.
2. Irrespective of the remuneration specified in section 1 the following additional remuneration is set for the members of the Supervisory Board who are members of individual Committees at the Supervisory Board. The remuneration is paid for participation in each meeting of the Committee:
  - for the Audit Committee Chairman domiciled in Poland – 10,000 PLN per meeting,



- for the Audit Committee Chairman not domiciled in Poland – 2,500 euro per meeting,
- for other members of the Audit Committee domiciled in Poland – 7,000 PLN per meeting,
- for other members of the Audit Committee not domiciled in Poland – 1,750 euro per meeting
- for the Nominations and Remuneration Committee members domiciled in Poland – 4,000 PLN per meeting,
- for the Nominations and Remuneration Committee members not domiciled in Poland – 1,000 euro per meeting,
- for the Social Responsibility Committee members domiciled in Poland – 4,000 PLN per meeting,
- for the Social Responsibility Committee members not domiciled in Poland – 1,000 euro per meeting.

## § 2

The Bank will pay the remuneration referred to in §1 by the 10<sup>th</sup> of the month following the month in which the remuneration was earned.

## § 3

The resolution becomes effective on the day of its adoption.

Resolution no 35

## § 1

Pursuant to art. 430 of the Commercial Companies Code, the General Meeting of Shareholders hereby resolves to introduce the below-listed amendments to the Bank's Statutes:

- 1) § 7 section 2 point 11 shall now read:  
“11) insurance intermediation and agency in selling lease, factoring, forfeiting and franchising products”;
- 2) §7 section 3 shall now read:  
“3.The Bank can also perform, upon the request of other entities, the operations referred to in Sections 1 and 2, as long as these operations fall within the scope of the mandating entity's activities,”;
- 3) section 3 of §24 is deleted;
- 4) §24<sup>1</sup> is deleted;
- 5) in section 1 of §25, in the third sentence, in point 11 and 12 of §32 and in point 2 in section 3 of §37 the expression “Banking” shall be replaced by “Financial”;
- 6) in §25 section 2 shall now read:  
“2. At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the

company. The criteria of independence of Supervisory Board members are defined in the Terms of Reference of the Bank's Supervisory Board”;

- 7) sections 3 and 4 of §25 are deleted;
- 8) in point 2 of §32, the following word shall be introduced after the comma: “Bank’s business strategy as well as prudent and stable management of the Bank,”
- 9) in point 15 of §32, the dot shall be replaced by the comma and the following wording shall be introduced after the comma: “including evaluation of the internal control system and the material risk management system,”;
- 10) §32 shall be amended to include points 16 and 17 which read as follows:
  - “16) approval of the Bank’s business activity risk management policy as defined by the Management Board and the acceptable total risk exposure,
  - 17) approval of the internal capital estimation and maintenance policy as defined by the Management Board.”;
- 11) §37 section 3 point 1 will read as follows: "1) in particular, President of the Management Board is in charge of the internal audit unit and risk management function, including credit risk management,”
- 12) section §42 shall now read:

„§42

  1. The Bank operates an internal control system, which supports decision-making processes to ensure effectiveness and efficiency of the Bank’s activities, reliability of financial reporting and compliance of the Bank’s actions with legal requirements and internal regulations.
  2. The internal control system includes:
    - 1) risk controls,
    - 2) monitoring and testing of Bank’s compliance with external and internal regulations,
    - 3) internal audit.
  3. The Internal Audit Function is responsible for the independent and objective audit and evaluation of the adequacy and effectiveness of the Bank’s internal control system and for providing its opinion concerning the management of the Bank’s activity, including the effectiveness of management of risks connected with this activity
  4. The Bank’s Management Board is responsible for designing, implementing and functioning of the system of internal control.
  5. The Supervisory Board is responsible for the supervision over the implementation of the internal control system and for assessing its adequacy and effectiveness.
  6. The Supervisory Board opines on the appointment of the Head of the Internal Audit by the Management Board as well as termination of his/her employment and rules of compensating members of the Internal Audit Function.
  7. The Audit Committee of the Supervisory Board supervises the activity of the Internal Audit Function.

8. Information on identified irregularities, findings from internal audits and actions taken to remove these problems is provided periodically (at least once a year) to the Supervisory Board.
  9. Internal control procedures are defined in detail by the Management Board, by way of a resolution (which is subject to the Supervisory Board's approval).";
- 13) point 3 of §44 is deleted and in point 2 the dot shall be replaced by the comma;
  - 14) in §46 section 2, the first sentence shall now read: "2. The reserve capital is earmarked for covering balance sheet losses, should they exceed the supplementary capital, or for other purposes.";
  - 15) §48 is deleted and §§49-54 shall be renumbered as §§48-53.

§ 2

Amendment to the Statutes in the scope specified in § 1 points 1, 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 must be approved by the Financial Supervision Commission.

§ 3

The Resolution becomes effective upon registration of the foregoing amendments by a relevant registry court.

Resolution no 36

§1

Pursuant to art. 430 of the Commercial Companies Code, the General Meeting of Shareholders hereby resolves to adopt the uniform text of the Bank's Statutes, which reads as follows:

„Statutes of  
Bank Zachodni WBK S.A.

I. General Provisions

§1

The name of the Bank is "Bank Zachodni WBK Spółka Akcyjna".

§ 2

The founder of the Bank is the State Treasury.

§ 3

The Bank has its registered seat in Wrocław.

§ 4

The Bank operates in the territory of the Republic of Poland and abroad.

§ 5

The Bank can establish branches and other units in Poland and abroad.

§ 6

Provisions of the Commercial Companies Act and the Banking Law apply to all matters not regulated herein.

II. Scope of Business

§ 7

The scope of the Bank's business includes:

1. The following banking operations:
  - 1) accepting money deposits payable on demand or at a due date as well as operating accounts for these deposits, including accepting and depositing cash in domestic and foreign banks;
  - 2) operating other bank accounts,
  - 3) granting loans,
  - 4) granting and confirming bank guarantees as well as opening and confirming letters of credit,
  - 5) issuing banking securities,
  - 6) performance of financial settlements,
  - 6a) issue of electronic money instrument,
  - 7) granting cash advances,
  - 8) concluding check and B/E transactions,
  - 9) issuing payment cards and processing card operations,
  - 10) performing term financial transactions,
  - 11) trading in receivables,
  - 12) safekeeping of objects and securities as well as providing access to safe deposit boxes,
  - 13) providing agency services in international funds transfers and settlements in international trade,
  - 14) granting and confirming guarantees,
  - 15) performing operations related to the issue of securities,
  - 16) acting as the representative of bond holders.
  - 17) purchase and sale of fx values
2. Other operations consisting in:
  - 1) taking up or acquiring shares and units and/or rights attached to shares of another corporate entity and contributions to limited partnerships or limited joint stock partnerships, or units and investment certificates in investment funds and making contributions to limited liability companies within the limits specified by the Banking Law act,
  - 2) raising liabilities related to the issue of securities,
  - 3) trading in securities in the Bank's own account or at the request of third parties,
  - 4) performing swaps of debts into components of the debtor's assets,
  - 5) acquiring and disposing of real estates and debts secured with mortgage,
  - 6) providing consulting and advisory services in relation to financial matters,
  - 6a) providing certification services in accordance with the electronic signature regulations, excluding qualified certificates,

- 7) providing other financial services including:
  - a) operating brokerage activities and agency in operating brokerage activities, operating securities accounts and agency in selling units and investment certificates of investment funds,
  - b) providing agency and co-operation in obtaining loans and advances,
  - c) performing collection activities on the basis of documents certifying the existence of cash receivables,
  - d) concluding and executing agreements with businesses, including foreign ones, on agency in lodgments to bank accounts,
  - e) financial and operational participation in international projects and undertakings,
  - f) performing fiduciary activities,
  - g) providing leasing, factoring, forfeiting, franchising services as well as stand-by and firm commitment underwriting,
  - h) trading in transferable property rights from securities and in transferable property rights, the price of which directly or indirectly depends on the price of securities (derivatives) – in the Bank’s account or at the request of third parties,
  - i) performing activities, as requested by the Minister of Treasury and set forth in the Act of 30/08/1996 on commercialization and privatization of state owned enterprises,
  - j) accepting the State Treasury shares for management.
- 8) Providing sales-related services for open pension funds,
- 9) Performing the function of a custodian as specified in regulations on organization and functioning of pension funds,
- 10) Performing the function of a custodian as specified in regulations on organization and functioning of investment funds,
- 11) Insurance intermediation and agency in selling lease, factoring, forfeiting and franchising products,
- 12) providing companies connected with the Bank or with the parent company with supporting financial services related to the use of IT systems and technologies, including data processing, development, operation and maintenance of software and IT infrastructure and advisory services in that respect,
- 13) providing services related to maintenance of investment fund participant registers, including especially: management of participant instructions and registers, management of direct payments, management of distributor register and agency in settlements with them, dealing with complaints and correspondence with customers of the funds, providing data from the transaction register to duly authorised bodies, data archiving, providing software to distributors and its maintenance, administrative service of bank accounts owned by funds,
- 14) providing services related to the maintenance of pension fund participant registers,
- 15) maintenance of books for investment and pension funds.
3. The Bank can also perform, upon the request of other entities, the operations referred to in Sections 1 and 2, as long as these operations fall within the scope of the mandating entity’s activities.
4. In the course of its operations, the Bank co-operates with domestic, foreign and international banks and financial institutions.
5. The Bank provides services in the area of cash transport.

## § 8

The Bank may establish or join clearing houses organized under the Commercial Companies law, for the purpose of exchanging payment orders and making mutual settlements resulting from such orders.

## § 9

If, under any special provision, the Bank is required to obtain separate permits to conduct any of the operations listed in § 7 hereinabove, such operations may only be performed only after such permit has been obtained.

### III. The Bank's share capital

## § 10

The share capital of the Bank amounts to PLN 729,602,840 (seven hundred twenty nine million six hundred and two thousand eight hundred and forty zloty) and is divided into 72,960,284 (seventy two million nine hundred and sixty thousand two hundred and eighty four) bearer shares of the nominal value of PLN 10 (ten zloty) each, including:

- 1) 5,120,000 (five million one hundred and twenty thousand) series A ordinary bearer shares,
- 2) 724,073 (seven hundred and twenty four thousand and seventy three) series B ordinary bearer shares,
- 3) 22,155,927 (twenty two million one hundred and fifty five thousand nine hundred and twenty seven) series C ordinary bearer shares,
- 4) 1,470,589 (one million four hundred and seventy thousand five hundred and eighty nine) series D ordinary bearer shares,
- 5) 980,393 (nine hundred and eighty thousand three hundred and ninety three) series E ordinary bearer shares,
- 6) 2,500,000 (two million and five hundred) series F ordinary bearer shares,
- 7) 40,009,302 (forty million nine thousand three hundred and two) series G ordinary bearer shares.

## § 10a

1. The share capital is conditionally increased by the maximum, nominal value of PLN 3.500.000 (say: three million five hundred thousand Polish zloty).
2. The Bank's share capital shall be conditionally increased by way of issuing new, ordinary and bearer shares, H series of a nominal value PLN 10 (say: ten Polish zloty) each, in a number not higher than 200,000 (say: two hundred thousand).
3. The H series shares shall be taken up by persons authorised on the strength of bonds issued in accordance with the General Shareholders' Meeting resolution regarding the issue of bonds with pre-emptive rights under the Incentive Scheme.
4. The Bank's share capital shall be conditionally increased by way of issuing new, ordinary and bearer shares, I series of a nominal value PLN 10 (say: ten Polish zloty) each, in a number not higher than 150.000 (say: one hundred fifty thousand).
5. The I series shares shall be taken up by persons authorised on the strength of bonds issued in accordance with the General Shareholders' Meeting resolution regarding the issue of bonds with pre-emptive rights under the Incentive Scheme II.

§ 11

Bearer shares are shares admitted to public trading.

§ 12

Shares can be redeemed, following the shareholder's approval, by way of their purchase by the Company (voluntary redemption).

§ 13

1. The Company can purchase the shares it issued with a view to redeeming them not earlier, however, than after the GM has passed a resolution approving this redemption.
2. Resolution referred to in item 1 should define the legal basis for the redemption, the minimum amount of the remuneration that the shareholder of the redeemed shares is entitled to or rationale behind redeeming the shares without remuneration, the way of reducing the share capital and the source of financing the redemption, maximum number of shares that the Company can purchase for redemption, the maximum total purchase price and the timeframe when the shares should be purchased.

§ 14

The Company's Management Board announces the information about purchasing shares for redemption not later than within 30 days after the date when the shares are to be purchased as stipulated in the resolution referred to in § 13, convening at the same time, the general meeting of shareholders to pass a resolution on the redemption of the purchased shares and reduction in the share capital.

§ 15

If the Company does not conclude any agreement on the purchase of shares for redemption within the timeframe specified in the resolution referred to in § 13, the Management Board shall announce the ineffective expiration of the deadline within 30 days after this expiration.

§ 16

Voluntary redemption must not be carried out more often than once in an accounting year.

§ 17

The Bank can issue convertible bonds.

IV. The Authorities of the Bank

§ 18

The authorities of the Bank are:

1. General Meeting of Shareholders;
2. Supervisory Board;
3. Management Board.

V. General Meetings of Shareholders

§ 19

1. General Meetings may be either ordinary or extraordinary.
2. The Ordinary General Meeting should be held annually, not later than by the end of June every year.
3. The Extraordinary General Meeting is convened in the circumstances specified in the Commercial Companies Code.
4. The General Meeting of Shareholders is held in the Bank's registered office, in Warsaw or in another location indicated in the notice of General Meeting.

#### § 20

1. Ordinary General Meeting is convened by the Management Board.
2. The Supervisory Board can convene the Ordinary or Extraordinary General Meeting of Shareholders in the circumstances specified in the Commercial Companies code and when the Management Board fails to convene it within two weeks from the date of submitting such a request by shareholders who represent at least one tenth of the share capital.

#### § 21

The draft resolutions and other important materials proposed to be adopted by the AGM should include the rationale and the opinion of the Supervisory Board, except for the issues related exclusively to the Supervisory Board.

#### § 22

Each share entitles to one vote.

#### § 23

Chairman or Vice Chairman of the Supervisory Board opens each General Shareholders' Meeting and conducts an election of the Chairman of the Meeting. If none of the above is available to open the General Shareholders Meeting, the Meeting shall be opened by a member of the Supervisory Board.

#### § 24

1. The General Shareholders' Meeting adopts resolutions on matters solely within their discretions, arising in particular from the Commercial Companies Code regulations, banking law and Statutes.
2. Purchase or disposal of real estate, perpetual usufruct rights or a share in real estate does not require a resolution of the General Shareholders' Meeting.

### VI. Supervisory Board

#### § 25

1. The Supervisory Board consists of at least 5 (five) members appointed for a joint three year term of office. Members and Chairman of the Supervisory Board are appointed and recalled by the General Shareholders' Meeting. The Management Board informs the Financial Supervision Commission about the composition of the Supervisory Board. At least half of the Supervisory Board's members, including its Chairman, should hold Polish citizenship.
2. At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company.



The criteria of independence of Supervisory Board members are defined in the Terms of Reference of the Bank's Supervisory Board.

#### § 26

The Supervisory Board appoints Vice Chairman of the Board and may appoint a Secretary of the Board from amongst its members.

#### § 26a

1. From amongst its members the Supervisory Board may appoint an Audit Committee or other committees to support and facilitate the work of the Supervisory Board.
2. The terms of reference for such committees are determined by the Supervisory Board.

#### § 27

1. The Supervisory Board members can perform their duties in person only.
2. The remuneration of the Supervisory Board members is set by the General Meeting of Shareholders.

#### § 28

The Supervisory Board operates pursuant to the terms of reference it adopted. The terms of reference of the Supervisory Board specify its organization and manner of operations.

#### § 29

1. Meetings of the Supervisory Board are convened by Chairman or Vice Chairman of the Supervisory Board on their own initiative, upon a motion of the Management Board or at the request of a member of the Supervisory Board.
2. Meetings of the Supervisory Board may also be held without the need of gathering all members in one place by using telecommunications or audio-visual media that enable simultaneous communication of all the meeting attendees. The rules of organizing meetings according to this procedure are set out in the Supervisory Board Regulations.

#### § 30

1. Resolutions of the Supervisory Board are adopted by an absolute majority of votes of the Board members attending the meeting. In the event of a parity of votes, the Chairman of the Supervisory Board has a casting vote.
2. If necessary, resolutions of the Supervisory Board may be adopted by way of a written procedure. Resolutions adopted pursuant to the written procedure are presented for approval to all members of the Supervisory Board, and become effective once they have been signed by at least half of the Supervisory Board members, including its Chairman.
3. Members of the Supervisory Board may participate in passing resolutions by means of a written proxy vote through another member of the Supervisory Board. A written vote may not be cast in the case of matters introduced to the agenda during a Supervisory Board meeting. The rules of voting by means of this procedure are determined by the Supervisory Board Regulations.

### § 31

The Supervisory Board expresses its opinion on all motions and requests that require a resolution of the General Shareholders' Meeting, except for matters related exclusively to the Supervisory Board.

### § 32

The Supervisory Board exercises on-going supervision over the Bank's activities. In addition to the statutory rights and responsibilities and those set forth in the Bank's Statutes, the Supervisory Board has the power to:

- 1) examine the financial statements in terms of their compliance with books, documents and current status;
- 2) approve annual and long-term development plans for the Bank and financial plans for its operations prepared by the Management Board, Bank's business strategy as well as prudent and stable management of the Bank;
- 3) approve motions of the Bank's Management Board concerning the establishment and liquidation of Bank's branches abroad;
- 4) approve equity investments by the Bank, if
  - the value of such investment exceeds a PLN equivalent of EUR 4,000,000, where "the investment value" means the purchase price or sales price of a particular asset, or
  - the value of a such investment exceeds EUR 400,000 and at the same time, if as a result of such investment the Bank's shareholding in another entity is equal to 20% of votes or exceeds 20% of votes or drops below the level of 20% of votes at the AGM or the Meeting of Partners, while "the value of investment" shall mean the purchase price or the sales price of a given asset,

except for agreements on underwriting securities issues, if the total exposure of the Bank arising from such agreement does not exceed one tenth (1/10) of the total equity of the Bank;

An equity investment is understood, in particular, as joining by the Bank and exiting from joint undertakings, i.e. incorporating and dissolving commercial law companies, joining and exiting commercial law companies, including contributions made to limited partnerships or limited joint stock partnerships. Purchase of shares and interests with a guarantee of their repurchase by another entity is not an equity investment.

- 5) approve acquisition, disposal or encumbrance of fixed assets (as defined in the Accounting Act), in particular any real estate, if the value of such fixed asset exceeds a PLN equivalent of EURO 4,000,000 except for seizing a real estate by the Bank as a mortgage creditor, as a result of an ineffective auction conducted under execution proceedings, or as a result of repossessing another fixed asset or securities by the Bank as the creditor secured by a registered pledge in line with the regulations on registered pledges and pledge register, or a creditor secured by repossession of the security in line with the regulations of the Banking Law Act;
- 6) examine the Management Board's reports and its motions regarding the profit distribution or coverage of losses;
- 7) determine remuneration of the Management Board members;
- 8) conclude contracts on behalf of the Bank, falling within the authority of the Supervisory Board, including employment contracts or management contracts with Members of the Management Board, where the Supervisory Board may appoint its Chairperson or another Supervisory Board member to submit a declaration of will in this respect,

- 9) adopt the Management Board's Regulations and other banking regulations as set forth in the Statutes and other sets of legal regulations and approve the Bank's Organizational Regulations and the Policy on the internal control system;
- 10) appoint a chartered auditor to audit the financial statements of the Bank;
- 11) apply to the Financial Supervision Commission for a consent to appoint two members of the Management Board of the Bank, including the President;
- 12) inform the Financial Supervision Commission on other Management Board members and, each time, on changes to the Management Board composition and those who, based on the internal split of responsibilities, are responsible for the operation of the Internal Audit Function and for credit risk management;
- 13) appoint and recall President of the Management Board and other members of the Management Board;
- 14) suspend Management Board members from office, for important reasons, and second members of the Supervisory Board to temporarily perform duties of those Management Board members who cannot perform their roles,
- 15) present the concise assessment of the Bank's standing to the AGM on an annual basis, including evaluation of the internal control system and the material risk management system,
- 16) approval of the Bank's business activity risk management policy as defined by the Management Board and the acceptable total risk exposure,
- 17) approval of the internal capital estimation and maintenance policy as defined by the Management Board.

#### § 33

The Supervisory Board is entitled to make recommendations to the Management Board of the Bank, in particular, these regarding financial and organizational restructuring of the Bank, and concluding long-term agreements binding upon the Bank by the Management Board.

### VII. Management Board

#### § 34

The Bank's Management Board consists of at least three members, including President. Management Board members may perform functions of the first vice-president and vice-presidents of the Management Board. Appointment to these functions is made by the Supervisory Board [at least half of the Management Board members must be of Polish citizenship].

#### § 35

The Supervisory Board appoints and recalls President of the Management Board and the remaining members of the Management Board.

#### § 36

1. The Management Board's term of office is three years.
2. The Management Board members are appointed for a joint term of office.

#### § 36a

1. The decisions to incur obligations or transfer assets whose total value for one entity exceeds 5% of the Bank's own funds are made by the Management Board, except as provided in section 2 and § 32 point 4 and 5.
2. The decisions referred to in section 1 may be taken by the Bank's Committees or other persons duly authorised by the Management Board by way of a resolution.

#### § 37

1. The Management Board manages the Bank's-related issues unless specified otherwise in clause 2 and 3.
2. The President of the Management Board can, by way of an ordinance, vest individual Management Board members with the power to handle individual issues based on the internal split of responsibilities within the Management Board, and also can allocate some temporary tasks to them.
3. Pursuant to the internal split of responsibilities within the Management Board:
  - 1) in particular, President of the Management Board is in charge of the internal audit unit and risk management function, including credit risk management,
  - 2) the branch network reports to the Management Board member the appointment of which requires approval of the Financial Supervision Commission.
4. The President of the Management Board manages the work of the Management Board, in particular, convenes the Management Board meetings, sets the agenda and chairs the meetings. The President has also the casting vote when two sides have exactly the same number of votes.

#### § 37a

Bodies entitled to issue internal regulations:

- 1) as regards issues requiring a decision of the General Meeting – the General Meeting in a form of a resolution;
- 2) as regards issues requiring a decision of the Supervisory Board – the Supervisory Board in the form of a resolution;
- 3) as regards issues requiring a decision of the Management Board and/ or approvals of the Supervisory Board or the General Meeting – the Management Board in the form of a resolution, provided however, that the required approval has been obtained.
- 4) as regards issues requiring the decision of the Management Board but not requiring an approval of another body – the Management Board in the form of a resolution,
- 5) as regards issues important for the Bank, which go beyond the scope of the operations of an individual division – the President of the Management Board in the form of an ordinance;
- 6) as regards operations of the reporting divisions – the Management Board member in the form of an ordinance;
- 7) as regards issues specified in the sets of regulations referred to in points 4-6 above – the Bank Director in the form of an ordinance;
- 8) as regards issues referred to in the Management Board resolution re. establishment of a committee – the committee chairman in the form of an ordinance.

#### § 38

1. If necessary, resolutions of the Management Board may be adopted by way of a written procedure. Resolutions adopted pursuant to the written procedure are presented for approval

to all members of the Management Board, and become effective once they have been signed by at least a half of the Board members, including its President.

2. In exceptional circumstances, the Management Board meetings can be held without the need to gather all the Management Board members in one location, but using telecommunication and audiovisual equipment to ensure concurrent communication of all individuals attending the meeting. The rules underlying the organization of meetings are defined in the Regulations of the Management Board.
3. Members of the Management Board may participate in passing resolutions by means of a written proxy vote through another member of the Management Board. A written vote may not be cast in the case of matters introduced to the agenda during a Management Board meeting. The rules of voting by means of this procedure are determined by the Management Board Regulations.

#### § 39

The Management Board manages the Bank and represents it. All matters that are not within the sole competence of other authorities of the Bank on the basis of provisions of law or these Statutes, shall remain within the Management Board's scope of responsibilities.

#### § 40

The following individuals are authorized to make declarations of will on behalf of the Bank:

- a) President of the Management Board acting severally,
- b) two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial representative, or two commercial representatives acting jointly.

Authorized representatives to act severally or jointly with any of the persons listed in letter b. or with another authorized representative can be appointed.

### VIII. Organization of the Bank

#### § 41

1. The Bank's basic organizational structure is as follows:
  - 1) The Business Support Centre – acting as the head office;  
The following units operate within the Business Support Centre:
    - a) divisions,
    - b) areas,
    - c) centers,
    - d) departments,
    - e) offices,
    - f) stand-alone teams,
  - 2) Branches.
2. The detailed organizational structure of the Bank is outlined in the Bank's Organizational Regulations adopted by the Management Board and approved by the Supervisory Board and the related resolutions issued by the Bank's Management Board.
3. There are also Committees established by the Management Board operating in the Bank.

#### § 42

1. The Bank operates an internal control system, which supports decision-making processes to ensure effectiveness and efficiency of the Bank's activities, reliability of financial reporting and compliance of the Bank's actions with legal requirements and internal regulations.
2. The internal control system includes:
  - 1) risk controls,
  - 2) monitoring and testing of Bank's compliance with external and internal regulations,
  - 3) internal audit.
3. The Internal Audit Function is responsible for the independent and objective audit and evaluation of the adequacy and effectiveness of the Bank's internal control system and for providing its opinion concerning the management of the Bank's activity, including the effectiveness of management of risks connected with this activity.
4. The Bank's Management Board is responsible for designing, implementing and functioning of the system of internal control.
5. The Supervisory Board is responsible for the supervision over the implementation of the internal control system and for assessing its adequacy and effectiveness.
6. The Supervisory Board opines on the appointment of the Head of the Internal Audit by the Management Board as well as termination of his/her employment and rules of compensating members of the Internal Audit Function.
7. The Audit Committee of the Supervisory Board supervises the activity of the Internal Audit Function.
8. Information on identified irregularities, findings from internal audits and actions taken to remove these problems is provided periodically (at least once a year) to the Supervisory Board.
9. Internal control procedures are defined in detail by the Management Board, by way of a resolution (which is subject to the Supervisory Board's approval).

#### IX. Equity and funds of the Bank

##### § 43

The Bank has equity adequate to the scale of its operations.

##### § 44

The equity of the Bank consists of:

1. share capital (Tier 1 capital)
2. supplementary funds

##### § 45

1. The supplementary capital is raised from:
  - a) share premium
  - b) allocations from after-tax profit.
2. At least (8%) eight per cent of the Bank's after-tax profit should be allocated to the supplementary capital as the annual transfers from the after-tax profit until the value of the supplementary capital equals at least one third of the value of the Bank's share capital. The amount is set by the General Shareholders' Meeting.
3. The supplementary capital may also be fed with funds coming from other sources, if permitted by law.

4. The supplementary capital is earmarked for covering the Bank's balance sheet losses. The decision on using the supplementary capital is taken by the General Shareholders' Meeting.

§ 46

1. The reserve capital is created out of allocations from the after-tax profit, in an amount resolved by the General Shareholders' Meeting.
2. The reserve capital is earmarked for covering balance sheet losses, should they exceed the supplementary capital, or for other purposes. Decisions on using the reserve capital are taken by the General Shareholders' Meeting.

§ 47

1. The general risk fund for non-identified risks of banking operations is raised from after-tax profit allocations in the amount resolved by the General Shareholders' Meeting.
2. The general risk fund is earmarked for the coverage of costs and losses related to non-identified risks of banking operations for which the Bank has not raised a separate provision.

§ 48

1. The Bank raises and releases special funds pursuant to a resolution of the General Shareholders' Meeting, unless the obligation to raise special funds is stipulated by law.
2. Regulations of special funds are adopted by the Supervisory Board.

X. Financial Management

§ 49

The Bank conducts its financial management based on financial plans approved by the Supervisory Board. Detailed principles of the Bank's financial management are set out by the Management Board.

§ 50

1. The Bank may allocate its after-tax profit in the amounts determined by the General Shareholders' Meeting to:
  - a) supplementary capital
  - b) reserve capital
  - c) dividends to shareholders
  - d) special funds
  - e) general risk fund
  - f) other purposes.
2. The General Shareholders Meeting can allocate the dividend or part thereof to pay for shares to be taken up by the existing shareholders in the raised share capital of the Bank.
3. The dividend may be paid in the form of cash or securities. The dividend to the State Treasury, as the shareholder, shall be paid in cash.
4. The Bank's Management Board is authorized to make an advance payment of dividend anticipated for the end of the accounting year, provided the Bank has sufficient funds for such a payment. The disbursement of such an advance payment requires approval of the Supervisory Board.

§ 51

The Bank runs its accountancy in accordance with applicable regulations.

§ 52

Annual financial statements should be produced not later than within three months after the end of each accounting year. The accounting year is a calendar year.

XI. Final Provisions

§ 53

All announcements required by law are released by the Bank in “Monitor Sądowy i Gospodarczy” (Judicial and Business Journal).”

§ 2

This Resolution shall become effective on the day of its adoption

Resolution no 37

Pursuant to art. 395 §5 of the Commercial Companies Code, the following is hereby resolved:

§ 1

1. The following amendments shall be introduced to the Terms of Reference of the General Meeting of Shareholders of Bank Zachodni WBK S.A., adopted under Resolution 15 of the General Meeting of Shareholders, dated 10 April 2003 and amended with the Resolution 4 of the Extraordinary General Meeting of Shareholders, dated 8 December 2005:
  - 1) §2 section 2 shall now read:  
“2. The General Meeting should be attended by those members of the Supervisory Board and the Management Board who can provide a factual answer to questions posed at the Meeting.”
  - 2) § 2 section 5 shall now read:  
“5. The Bank shall make it possible for representatives of the press, radio and TV to attend the General Meeting, broadcast this event over the Internet, as well as register it in order to publish this material in the Internet.”
  - 3) in section 1 of §10 the expression “subject to the provisions of item 3” is deleted and the comma shall be replaced by the dot at the end of the sentence;
  - 4) section 3 of §10 is deleted and sections 4 and 5 shall be renumbered as sections 3 and 4.
2. The remaining provisions of the Terms of Reference shall remain unchanged.

§ 2

The Resolution becomes effective upon commencement of the next General Meeting of the Shareholders.



## Resolution no 38

Acting pursuant to Article 5 Sec. 3 and 8 of the Act on trading in financial instruments of 29 July 2005 (Dz. U. No. 183, it. 1538 with subsequent amendment), the following is hereby resolved:

### §1

Annual General Meeting of Bank Zachodni WBK hereby authorizes the Management Board of Bank Zachodni WBK to conclude with the National Depository for Securities an agreement, or if the need arises, agreements on the registration (in the depository) of ordinary bonds issued pursuant to a resolution or resolutions of Bank Zachodni WBK Management Board with a maximum total nominal value of PLN 1,500,000,000 (one billion five hundred million) offered by Bank Zachodni WBK under a public offering in one or several series in 2008.

### §2

The Resolution shall come into force as of the day of its adoption.

## Resolution no 39

Pursuant to art. 393 and art. 431 of the Commercial Companies Code, the following is hereby resolved:

### § 1

1. A three-year long Incentive Scheme III, starting in 2008, shall be introduced in Bank Zachodni WBK S.A. ("the Bank").
2. The Incentive Scheme III is addressed to the Bank's employees and the employees of the subsidiaries of Bank Zachodni WBK S.A. ("the BZWBK Group") who significantly contribute to the growth in the Bank's value and in effect to the growth in the value of the Bank's shares.
3. The objective of the Incentive Scheme III is to create an instrument that will both ensure tighter links of its Participants referred to in § 2 with the BZWBK Group and have a strong motivational effect.

### § 2

1. The Incentive Scheme III Participants ("Participant") are members of the Bank's Management Board and the key employees of the BZWBK Group nominated by the Bank's Management Board and approved by the Bank's Supervisory Board, however not more than 600 individuals.
2. The precondition for becoming a Participant is to sign the "Agreement on Participation in the 3-year Incentive Scheme III 'Performance Shares Plan 2008' for the Employees of the Bank Zachodni WBK Group". ("Agreement"). The terms of the draft Agreement will be determined by the Bank's Supervisory Board ("Supervisory Board") at the Bank Management Board's request.
3. A natural person loses his/her Right of the Participant if after being classified for the Incentive Scheme III, but before publication of the AGM notice in the Court and Economic Journal in 2011 ("Participation Confirmation Date"), the person stops working for the Bank or another company within the BZWBK Group. Detailed conditions governing the forfeiture of the rights will be defined in the Agreement.

4. A natural person loses his/her Right of the Participant if after being classified for the Incentive Scheme III, the Participant and his/her spouse's joint property is divided as a result of which the spouse will be entitled to have any claim under the Agreement.
5. The Supervisory Board – acting in the Company's interest – may decide to allow the Participant to retain his/her rights under the Incentive Scheme III despite the circumstances referred to in clause 3, if there are special reasons for that.

### § 3

1. The Bank undertakes to ensure that subject to compliance with the terms of the Agreement, the Participant will be able to subscribe for and acquire such number of the Bank Zachodni WBK S.A. shares as is specified in the Agreement for a price equal to their nominal value, i.e. PLN 10 ("Performance Shares"). Immediately on closing of the subscription for the Incentive Shares and registration of the issue by the relevant court, the Bank shall introduce such shares to the public trading on Warsaw Stock Exchange ("WSE") ("Liquidity Assurance").
2. To ensure the Participant can exercise their rights, the Bank shall issue up to 300 000 Performance Shares.
3. The Participant's rights referred to in clause 1 are called an "Award". Depending on the context, this term shall also mean the value of the right referred to in clause 1.
4. If the Performance Shares acquired by the Participant and recorded in his/her securities account are not introduced to the public trading, the Bank, as per the assumptions of the Incentive Scheme III, shall promptly indicate, at the Participant's request, an entity which will purchase the Performance Shares from the Participant.
5. The Bank undertakes that if the Performance Shares distributable to the Participant under the Agreement – in connection with the Award – are not recorded in the Participant's securities account by 31 December 2011 due to the Bank's fault, then at the Participant's request, the Bank shall pay the Participant an amount equal to the product of (i) the number of the Performance Shares subscribed for by the Participant and (ii) the difference between the Bank's share price at the WSE session opening on the last quotation day in 2011 and the Issuance Price. Detailed obligations of the Bank in this respect shall be defined in the Agreement.
6. The maximum number of the Performance Shares that the Participant can acquire under the Agreement may not be higher than a percentage (determined by the Supervisory Board) of the Participant's 2007 annual salary to the average market price of the Bank's shares from the 30 stock exchange sessions prior to the date of this Resolution, less the Issuance Price. The value referred to above is the Maximum Award.

### § 4

The Incentive Scheme III will be executed in such a way that at the first stage the Participants will sign the Agreement with the Bank and at the second stage the Participants will have the right to acquire the Performance Shares provided that the criteria for the Award are met.

### § 5

The criterion for receipt of the Award is growth in the consolidated Earnings per Share (EPS) within 3 years of the Incentive Scheme's III validity as described in § 6. The EPS shall be calculated using the following formula:

$EPS_{\text{cumulated}} = (1 + EPS 1) * (1 + EPS 2) * (1 + EPS 3) - 1$ , where:

EPS<sub>cumulated</sub> – cumulated % EPS growth during 3 years

EPS 1 – % EPS growth in Year 1

EPS 2 - % EPS growth in Year 2

EPS 3 - % EPS growth in Year 3

For the purposes of above calculation % to be treated as decimal fractions.

#### § 6

1. The value of the Award depends on the EPS growth during the execution of the Incentive Scheme III.
2. Depending on the EPS growth, the Participants are entitled to:
  - i) 100% of the Maximum Award if the Bank's cumulated EPS growth during 3 years of the Incentive Scheme III validity is not lower than 16%, plus the annual inflation rate (CPI) published annually by the GUS (Chief Statistics Office).
  - ii) 25% of the Maximum Award if the Bank's cumulated EPS growth during 3 years of the Incentive Scheme III validity is not lower than 8%, plus the annual inflation rate (CPI) published annually by the GUS (Chief Statistics Office).
  - iii) Proportionally between 25% and 100% of the Maximum Award if the Bank's cumulated EPS growth during 3 years of the Incentive Scheme III validity is between 8% and 16%, plus the annual inflation rate (CPI) published annually by the GUS (Chief Statistics Office).

#### § 7

1. The Supervisory Board has the right to define in detail the principles of classifying individuals as Participants. At the Bank Management Board's request, the Supervisory Board shall create a list of the Participants.
2. The Supervisory Board shall have the right to define details of how the Incentive Scheme III will be executed.
3. The Supervisory Board has the right to define the rules and manner of resolution of disputes relating to the Incentive Scheme III.
4. The Bank's Management Board as well as each Participant shall have the right to request the Supervisory Board for their opinion on the disputable issue related to the Incentive Scheme III.

#### § 8

The Resolution becomes effective on the day of its adoption.

#### **Legal basis:**

§39 clause 1 point 5 of the Ordinance of the Minister for Finance as at 19.10.2005 re. current and periodic information supplied by issuers of securities