

20-03-2012

**Re: Convening the Annual General Meeting of Bank Zachodni WBK S.A. and providing the draft resolutions that will be considered by this Meeting**

Current report no. 20/2013

The Management Board of Bank Zachodni WBK S.A. hereby provides the information contained in the notice of the Annual General Meeting of Bank Zachodni WBK S.A. and the draft resolutions with their appendices that will be considered by this Meeting.

The Management Board of Bank Zachodni WBK S.A. with its registered office address at Rynek 9/11, 50–950 Wrocław, entered in the Business Register of the National Court Register maintained by the District Court for Wrocław-Fabryczna, VI Commercial Division, under KRS no. 0000008723 on 27 April 2001 (the "Bank"), acting pursuant to Article 399 § 1 in connection with 402<sup>1</sup> and Article 402<sup>2</sup> of the Commercial Companies Code, hereby announces that the AGM of Bank Zachodni WBK S.A. will take place on 17<sup>th</sup> April 2013 at 9:30 a.m. in Warsaw in the "Sheraton Warsaw" Hotel at ul. Bolesława Prusa 2, conference room "London".

**1. AGENDA OF THE ANNUAL GENERAL MEETING**

1. Opening of the General Meeting.
2. Electing the Chairman of the General Meeting.
3. Establishing whether the General Meeting has been duly convened and has the capacity to adopt resolutions.
4. Adopting the agenda for the General Meeting.
5. Reviewing and approving the Management Board's report on the Bank's Zachodni WBK S.A. activities and the Bank's Zachodni WBK S.A. financial statements for 2012.
6. Reviewing and approving the Management Board's report on the BZ WBK Group activities and the consolidated financial statements of the BZ WBK Group for 2012.
7. Reviewing and approving the Management Board's report on the Kredyt Bank S.A. activities and the Kredyt Bank S.A. financial statements for 2012.
8. Reviewing and approving the Management Board's report on the Kredyt Bank S.A. activities and the consolidated financial statements of the Kredyt Bank Group for 2012.
9. Adopting resolutions on distribution of profit, the dividend day and dividend payment date.
10. Giving discharge to the members of the Bank Zachodni WBK S.A. Management Board.
11. Giving discharge to the members of the Kredyt Bank S.A. Management Board.
12. Reviewing and approving the Supervisory Board's report on its activities in 2012 and the Supervisory Board's report on the assessment of the financial statements of the Bank and the BZ WBK Group as well as the reports on the Bank's and the BZ WBK Group's activities.
13. Giving discharge to the members of the Bank Zachodni WBK S.A. Supervisory Board.
14. Giving discharge to the members of the Kredyt Bank S.A. Supervisory Board.
15. Changes to the Statutes of Bank Zachodni WBK S.A.
16. Adopting the consolidated text of the Statutes of Bank Zachodni WBK S.A.
17. Closing the General Meeting.

**2. SHAREHOLDER'S RIGHT TO DEMAND THAT CERTAIN MATTERS BE PUT ON THE AGM AGENDA**

Shareholder(s) representing at least a 20th of the share capital may demand that certain matters be put on the agenda of the Annual General Meeting ("AGM"). The demand should be communicated to the Bank's Management Board at least 21 days before the AGM, but not later than on 27<sup>th</sup> March 2013.

The demand must be supported by a rationale or a draft resolution regarding the proposed agenda item. The demand may be submitted in writing at the Bank's headquarters at Rynek 9/11, 50-950 Wrocław or electronically, as described in point 14 hereof.

The shareholder(s) must demonstrate they own an adequate number of shares at the demand submission date by appending their certificate of deposit issued by the entity maintaining their securities account, in accordance with the law on trading in financial instruments; where the shareholder is a legal person or a partnership, they should also confirm their power of representation by attaching an up-to-date excerpt from the Court Register (KRS).

3. SHAREHOLDER'S RIGHT TO SUBMIT DRAFT RESOLUTIONS ON THE MATTERS (TO BE) PUT ON THE AGM AGENDA BEFORE THE AGM DATE

Before the AGM date, the shareholder(s) representing at least a 20th of the share capital may submit draft resolutions on the matters put or to be put on the AGM agenda. Such resolutions should be provided in writing to the Bank's registered office (Rynek 9/11, 50-950) or electronically, as described in point 14 hereof.

The shareholder(s) must attach the documents referred to in point 2 above in the required format.

4. SHAREHOLDER'S RIGHT TO SUBMIT DRAFT RESOLUTIONS ON THE MATTERS PUT ON THE AGM AGENDA DURING THE AGM

During the AGM, each shareholder may submit draft resolutions concerning the matters included in the AGM agenda.

5. VOTING BY PROXY, INCLUDING TEMPLATES USED IN THE PROCESS AND METHOD OF NOTIFYING THE BANK THROUGH THE MEANS OF ELECTRONIC COMMUNICATION ABOUT APPOINTMENT OF A PROXY

Shareholders may participate in the AGM and vote personally or through proxies.

The proxy template, containing the details required by art. 402<sup>3</sup> § 3 of the Commercial Companies Code, is available at the Bank's website <http://www.bzwbk.pl/wza>.

The power of proxy must be provided on paper or electronically. An electronic power of proxy does not need carry a Safe Electronic Signature verified by a Qualified Certificate.

5.1. Paper-based power of proxy.

Where the power of proxy has been given in hard copy, when the attendance list is being compiled the proxy is required to:

- submit the power of proxy document along with copies of any supporting documents that confirm the shareholder's powers of representation (up-to-date excerpt from the Court Register (KRS) for legal persons and partnerships) – the originals of such documents must be shown for inspection;
- show his/her identity document.

If any of these documents is not in Polish, certified translation must be provided.

5.2 Notifying the Bank through the means of electronic communication about appointment of a proxy.

Shareholders shall notify the Bank about appointment of a proxy by sending the power of proxy document signed by the shareholder authorised to represent the company, and other documents that confirm the shareholder's powers of representation (up-to-date excerpt from the Court Register for legal persons and partnerships) to the dedicated e-mail address [wza@bzwbk.pl](mailto:wza@bzwbk.pl). The power of proxy and other documents must be scanned to the PDF format.

In the notification on appointment of a proxy, the shareholder must specify his/her and the proxy's phone number and e-mail address that the Bank will use to communicate with the shareholder and the proxy.

The same rules apply the notifications on revocation of the power of proxy.

The electronic notification on appointment / revocation of a proxy must be submitted not later than by 8 a.m. on the AGM date. The shareholder or his/her proxy may confirm the Bank's receipt of the notification by calling to: (071) 370-26-99 or (071) 370-11-77.

These rules do not release the proxy of the obligation to present its identity document when the list of shareholders eligible for participation in the AGM is compiled.

5.3. Verification of validity of the electronic power of proxy document and identification of the shareholder and the proxy.

The Bank will take appropriate steps to confirm validity of the power of proxy issued electronically and to check identity of the Bank's shareholder and his/her proxy. In particular, the Bank will check completeness of the power of proxy documentation, and particularly with regard to the multiple powers of proxy, will check completeness of the documents that confirm that shareholder's power of representation, and confirm that the rights of the principals issuing the power of proxy on behalf of a particular entity match the entries made in the relevant register.

The Bank reserves the right to make a phone contact, using the phone number indicated by the shareholder in accordance with Article 5.2. or to return e-mail to confirm that the shareholder granted the power of proxy in an electronic form. The Bank has the right to contact both the shareholder and the proxy.

If there are any doubts, the Bank may take further steps to verify validity of the electronic power of proxy and to confirm identity of the shareholder and the proxy.

A notice on granting or revoking an electronic power of proxy that does not follow the requirements specified in point 5.2 is not binding on the Bank.

5.4. Power of proxy given to a Management Board member or an employee of the Bank.

A Bank's Management Board member or an employee may act as proxies in the AGM.

Where the proxy is: member of the Bank's Management Board, Supervisory Board, Bank's employee or a director / employee of a subsidiary of the Bank, the power of proxy may be used only for a single AGM. The proxy is required to reveal to the Bank's shareholder any circumstances that give / might give rise to a conflict of interest. No power of substitution might be granted under the power of proxy. The proxy votes in accordance with the instructions received from the Bank's shareholder.

5.5. Power of proxy granted to a Bank's shareholder.

A shareholder of the Bank may act as a proxy of another shareholder to vote on resolutions relating to the latter's obligations towards the Bank (on any grounds), including discharge for performance of the obligations, release from obligations towards the Bank or disputes between the shareholder and the Bank, subject to the conditions referred to in point 5.4 above.

6. PARTICIPATION IN THE AGM THROUGH THE MEANS OF ELECTRONIC COMMUNICATION

Shareholders may participate in the AGM through the means of electronic communication. Participation in the AGM through the means of electronic communication is described in an appendix hereto.

The proceedings of the meeting are recorded and made public at the Bank's web site: <http://www.bzwbk.pl/wza>.

## 7. PROVIDING OPINIONS DURING THE AGM THROUGH THE MEANS OF ELECTRONIC COMMUNICATION

The manner of providing opinions during the AMG through the means of electronic communication is described in an appendix hereto.

## 8. EXERCISING VOTING RIGHTS IN WRITING OR THROUGH THE MEANS OF ELECTRONIC COMMUNICATION

Voting rights may not be exercised in writing.

The manner of exercising voting rights through the means of electronic communication is described in an appendix hereto.

## 9. DATE OF REGISTRATION FOR AND PARTICIPATION IN THE AGM

In accordance with Article 406<sup>1</sup> §1 of the Commercial Companies Code, the date of registration for the AGM is 1<sup>st</sup> April 2013 ("Registration Date"), which is 16 days before the AGM date.

## 10. RIGHT OF PARTICIPATION IN THE AGM

Only the persons who are the Bank's shareholders at the Registration Date have the right to participate in the AGM.

At the request of a shareholder carrying dematerialised bearer shares received not earlier than after the notice of the AGM, i.e. not earlier than on 20<sup>th</sup> March 2013 and not later than on the first working day after the Registration Date, i.e. not later than on 2<sup>nd</sup> April 2013, the entity maintaining the shareholder's securities account issues a certificate confirming the right of the named shareholder to participate in the AGM.

The list of holders of bearer shares who are eligible to participate in the AGM will be made based on the specification prepared by the National Depository of Securities (KDPW) in accordance with the law on trading in financial instruments.

KDPW will prepare the specification using the lists received not later than 12 days before the AGM date from the eligible entities under the law on trading in financial instruments. The basis for preparation of the lists for the KDPW are the shareholders' certificates confirming their right to participate in the AGM.

## 11. LIST OF SHAREHOLDERS

In accordance with Article 407 of the Commercial Companies Code, the list of shareholders eligible for participation in the AGM will be displayed in the Bank's registered office in Wrocław, Rynek 9/11 from 9 a.m. to 4 p.m. for three working days before the AGM date, i.e. on 12.04.2013, 15.04.2013 and 16.04.2013.

At the request of a Bank's shareholder, the Bank will provide him/her with the list of shareholders eligible for participation in the AGM. The list will be sent electronically and free of charge to the indicated e-mail address. The request should be sent to the Bank's address indicated in point 14 of this notice.

## 12. ACCESS TO DOCUMENTATION

Full text of the documentation to be presented at the AGM, together with draft resolutions, will be published at the Bank's website – <http://www.bzwbk.pl/wza>.

## 13. WEBSITE WITH INFORMATION ON THE AGM

All details relating to the AGM will be available at the Bank's website at <http://www.bzwbk.pl/wza>.

#### 14. ELECTRONIC COMMUNICATION BETWEEN THE SHAREHOLDERS AND THE BANK

Subject to the limitations provided for in the Commercial Companies Code, the Bank's shareholders may contact the Bank through the means of electronic communications, specifically, to make requests, ask questions, send notifications or documents.

For these purposes, shareholders will contact the Bank through the dedicated e-mail: [wza@bzwbk.pl](mailto:wza@bzwbk.pl). The shareholder shall solely bear the risk associated with the electronic form of communication with the Bank.

To identify a shareholder of a proxy, the Bank will take appropriate steps as outlined in point 5.3. hereof.

Where the shareholder provides the Bank with electronic documents which were originally prepared in a foreign language, a certified translation into Polish must be provided.

All the electronic documents that the shareholder provides to the Bank, and vice versa, should be scanned to the PDF format.

The maximum permitted size of a single message sent to the dedicated e-mail address [wza@bzwbk.pl](mailto:wza@bzwbk.pl) is 5MB. If the message has a bigger size, it should be split into parts smaller than 5MB each. Any messages exceeding the permitted size will not be delivered.

#### **Proposed changes to the Bank's Statutes**

1) in § 7 clause 2 after point 7a a new point shall be added in the following reading:

- “7b) performing brokerage activities, in the following scope:
- a) accepting and passing orders to buy or sell financial instruments,
  - b) executing the orders to buy or sell financial instruments for the benefit of the instructing party,
  - c) selling or buying financial instruments on one's own account,
  - d) investment advisory,
  - e) offering financial instruments,
  - f) providing services under concluded agreements on underwriting for investment or distribution purposes or concluding and delivering other agreements of similar nature if related to financial instruments,
  - g) keeping or registering financial instruments, including maintenance of securities accounts, collective accounts and cash accounts,
  - h) providing advisory services for companies concerning capital structure, company's strategy or other issues related to such a structure or strategy,
  - i) providing advisory and other services concerning business merger, division and take over,
  - j) preparing investment analyses, financial analyses and other recommendations of general nature concerning transactions related to financial instruments, and
  - k) rendering additional services related to underwriting for investment or distribution purposes.”.

2) in § 7 clause 2 new points 16-22 shall be added in the following reading:

- “16) represent the holders of financial instruments in relations with the issuers of such financial instruments,
- 17) lend financial instruments,
- 18) provide investment advice of generic type concerning investments in financial instruments,
- 19) subscribe for financial instruments on behalf of the clients, pursuant to the mandates issued by the clients,
- 20) keep share registers for companies pursuant to agreements signed with such companies,
- 21) acting in consultation with a securities broker or an investment adviser, provide education regarding the functioning of capital markets,
- 22) rendering agency services for the benefit of investment fund corporations and investment funds, performing the role of a payment agent for foreign investment funds.”.

## **Appendix to the Notice of the Annual General Meeting of Bank Zachodni WBK S.A.**

### **Detailed rules for participation in the Annual General Meeting of Bank Zachodni WBK by means of electronic communication**

#### **I. Remote Voting System**

Bank Zachodni WBK S.A. ("the Company") provides an opportunity to take part in the Annual General Meeting of Shareholders ("AGM") without the need to attend the meeting in person, i.e. by means of web-based Remote Voting® system ("RVS").

RVS enables to listen and watch the meeting live, to exercise the voting right from a remote location and to communicate with the attendants in the AGM room. Detailed guidelines on how to use RVS, including examples of dialogue windows, are available at the Company's website: [www.bzwbk.pl/wza](http://www.bzwbk.pl/wza).

RVS may be accessed via the following website: [www.cosk.pl/rvs](http://www.cosk.pl/rvs). It is possible to log into RVS until the end of AGM on condition of a successful registration in line with point III below.

A shareholder participates in AGM via RVS at their sole risk and responsibility. The Company shall have the right to verify the identity of persons who register in RVS, in particular to verify the received registration forms or contact the shareholder or their proxy by phone.

The real-time broadcast may be delayed due to online video streaming.

To attend AGM from a remote location, a shareholder must meet the criteria mentioned below.

#### **II. Technical requirements of RVS**

- Computer with a sound card and speakers/headphones;
- Operating system – any version of MS Windows (recommended) or other system with Windows Media Video;
- Internet browser with JavaScript enabled - MS Internet Explorer (recommended) or Mozilla Firefox;
- Internet connection of min. 512 Kbit/s;
- Screen resolution of min. 1024x768 pixels;

#### **III. Registration criteria – login and access password to RVS**

To receive a login and password to RVS, a shareholder or their proxy should proceed as indicated in points A and C below. A shareholder shall notify the Company of their intention to attend AGM from a remote location in line with the procedure described in point A below on 20<sup>th</sup> March 2013 at the earliest. A shareholder or their proxy may start the registration procedure described in point C only upon the receipt of a confirmation e-mail from the Company referred to in point B.

The maximum size of an e-mail sent to the dedicated address: [wza@bzwbk.pl](mailto:wza@bzwbk.pl) is 5MB. If the size of an e-mail exceeds the above limit, it should be split into several e-mails of max. 5 MB each. An e-mail which exceeds the above limit will not be successfully delivered.

- A.** A shareholder should notify the Company, personally or by proxy, of their intention to attend AGM from a remote location not earlier than 20<sup>th</sup> March 2013, however, not later than 15<sup>th</sup> April 2013, 12.00 CET, using the relevant form below:

RVS Activation Form no. 1 (for a shareholder) in a PDF format should be signed by a shareholder and sent to the Company's e-mail address [wza@bzwbk.pl](mailto:wza@bzwbk.pl).

To enable the verification of the shareholder's identity, RVS Activation Form no. 1 should be supplemented with the following documents (in a PDF format): (i) if a shareholder is a natural person – a copy of an ID card, passport or other official ID document; or (ii) if a shareholder is not a natural person – a copy of an entry to a relevant register or other document which confirms that a natural person (natural persons) is authorised to represent the shareholder at AGM (e.g. consecutive PoAs).

RVS Activation Form no. 2 (for a proxy) in a PDF format should be signed by a proxy and sent to the Company's e-mail address: [wza@bzwbk.pl](mailto:wza@bzwbk.pl).

To enable the verification of the shareholder's identity, RVS Activation Form no. 2 should be supplemented with the following documents (in a PDF format): (i) if a shareholder is a natural person - a copy of an ID card, passport or other official ID document; or (ii) if a shareholder is not a natural person – a copy of an entry to a relevant register or other document which confirms that a natural person (natural persons) is authorised to represent the shareholder at AGM (e.g. consecutive PoAs).

To enable the verification of the proxy's identity, RVS Activation Form no. 2 should be supplemented with the following documents (in a PDF format): (i) a signed PoA; (ii) if a proxy is a natural person – a copy of an ID card, passport or other official ID document; or (iii) if a proxy is not a natural person – a copy of an entry to a relevant register or other document which confirms that a natural person (natural persons) is authorised to represent the proxy at AGM (e.g. consecutive PoAs) and an ID card, passport or other official ID document held by a natural person (natural persons) authorised to represent the proxy at AGM.

**B.** If the forms sent in line with point A above are positively verified, the Company will send a confirmation e-mail to notify that the registration procedure may be started as described in point C below.

**C.** Registration of a shareholder/proxy in RVS.

Before the access to RVS is enabled, the registration procedure which starts with the confirmation e-mail referred to in point B above must be completed. A shareholder (or proxy) shall complete the registration procedure described herein by 16<sup>th</sup> April 2013, before 12.00 CET. To start the registration procedure, a shareholder (or proxy) is required to visit the website "[www.cosk.pl/bzwbk/rejestracja](http://www.cosk.pl/bzwbk/rejestracja)" and select "Access to remote voting at GM". Next, they proceed as follows:

1. A shareholder (or proxy) fills in an e-form, including the following fields:  
(two options are available, i.e. for a legal or natural person):

*Shareholder's details – a legal person:*

- *Name*
- *Address*
- *Phone number*
- *E-mail address*

*Shareholder's details – a natural person:*

- *Full name*
- *Address*
- *Phone number*
- *E-mail address*

*Certificate of entitlement to attend GM:*

- *Certificate number*
- *Number of shares*

2. A shareholder (or proxy) confirms the information by clicking CONFIRM. He/she checks if the form has been correctly filled in and confirms again by clicking SEND. If the form has been successfully sent, the following message will be displayed:

*“The operation has been successfully completed. You will be advised on the next registration steps in an e-mail sent to the address indicated in the form. Please follow the instructions therein.”*

3. Next, the following confirmation e-mail including encrypted link and the next steps is sent to the e-mail address indicated in the form.

*“Please click the link below to complete the registration procedure. A form will be displayed in a default Internet browser that will enable you to set the password. Login (user name in the system) and the declared number of shares will also be displayed in a read-only format. Registration link: <http://rejestracja.cosk.pl/.....>”*

4. After clicking the link, a shareholder (or proxy) may set the password that will be used together with the automatically generated login (user name) to confirm the shareholder's/proxy's identity.

*“User name (login):*

*Declared number of shares:*

*New password:*

*Confirm new password:*

*The password must be at least 8 characters long and include one capital letter and one digit. It is possible to select from A-Z letters and 0-9 digits.”*

5. After the password has been set and confirmed by clicking “Confirm the password”, the following message will be displayed:

*“The initial registration in RVS has been successfully completed. ”*

6. The new account will be active after it has been positively verified by the Company, which will be confirmed with the following e-mail sent to the shareholder/proxy:

*“Please be advised that the account of NAME OF THE SHAREHOLDER, FULL NAME OF THE PROXY with login .... and number of shares ..... has been activated. It is now possible to exercise the voting right at the General Meeting of Bank Zachodni WBK S.A. on ..... at ..... using the login and the relevant password. Click the links below to visit Remote Voting® website and guidelines on how to vote and communicate during the General Meeting: [http://www.cosk.pl/rv/info\\_bzwbk](http://www.cosk.pl/rv/info_bzwbk)”*

#### **IV. Limitation on the use of login and password to RVS**

The login and password may be used to register for one AGM only. A shareholder or proxy shall be liable for any consequences arising from inappropriate or unauthorised use of login and password.



## V. RVS Activation Forms

RVS Activation Form no. 1

I (we), the undersigned, shareholder /proxy of the shareholder/ of Bank Zachodni WBK S.A. ("Company") with its registered seat in Wrocław, hereby represent that: *(full name of the shareholder/name of the shareholder's company)* ..... ("Shareholder") have registered *(number)* ..... shares of the Company.

I hereby notify that the Shareholder intends to participate in the Annual General Meeting of Shareholders of Bank Zachodni WBK S.A. dd. 17<sup>th</sup> April 2013 ("AGM") from a remote location. I hereby accept the terms and conditions pertaining to the participation in AGM via electronic communication, as defined by the Company.

The number of certificate of entitlement to attend AGM and name of the institution which has issued same:

E-mail address: .....

Contact phone number: .....

Details of the shareholder/persons authorised to represent the shareholder

Full name: .....	Full name: .....
Company: .....	Company: .....
Address: .....	Address: .....

Signature of the shareholder/persons authorised to represent the shareholder

\_\_\_\_\_  
(signature)

City: .....

Date: .....

\_\_\_\_\_  
(signature)

City: .....

Date: .....

RVS Activation Form no. 2

I (we), the undersigned, proxy /person authorised to represent the proxy/ of the shareholder of Bank Zachodni WBK S.A. ("Company") with its registered seat in Wrocław, hereby represent that: *(full name of the shareholder/name of the shareholder's company)* ..... ("Shareholder") have registered *(number)* ..... shares of the Company.

I hereby notify that the Shareholder's proxy intends to participate in the Annual General Meeting of Shareholders of Bank Zachodni WBK S.A. dd. 17<sup>th</sup> April 2013 ("AGM") from a remote location. I hereby accept the terms and conditions pertaining to the participation in AGM via electronic communication, as defined by the Company.

The number of certificate of entitlement to attend AGM and name of the institution which has issued same:

E-mail address: .....

Contact phone number: .....

Details of the shareholder's proxy/persons authorised to represent the proxy

Full name: .....	Full name: .....
Company: .....	Company: .....
Address: .....	Address: .....
.....	.....

Signature of the shareholder's proxy/persons authorised to represent the proxy

\_\_\_\_\_  
*(signature)*

City: .....

Date: .....

\_\_\_\_\_  
*(signature)*

City: .....

Date: .....

**The draft resolutions with their appendices that will be considered by the Annual General Meeting of Bank Zachodni WBK S.A. to be held on 17<sup>th</sup> April 2013**

**re: item 2 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**re. appointing Chairman of the Meeting**

§ 1

Annual General Meeting shall elect the Chairman of the Meeting in the person of ....

§ 2

This resolution shall come into force on the day of its adoption.

**re: item 4 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**re. adopting the meeting's agenda**

Annual General Meeting shall adopt the following agenda of the meeting:

1. Opening of the General Meeting.
2. Electing the Chairman of the General Meeting.
3. Establishing whether the General Meeting has been duly convened and has the capacity to adopt resolutions.
4. Adopting the agenda for the General Meeting.
5. Reviewing and approving the Management Board's report on the Bank's Zachodni WBK S.A. activities and the Bank's Zachodni WBK S.A. financial statements for 2012.
6. Reviewing and approving the Management Board's report on the BZ WBK Group activities and the consolidated financial statements of the BZ WBK Group for 2012.
7. Reviewing and approving the Management Board's report on the Kredyt Bank S.A. activities and the Kredyt Bank S.A. financial statements for 2012.
8. Reviewing and approving the Management Board's report on the Kredyt Bank S.A. activities and the consolidated financial statements of the Kredyt Bank Group for 2012.
9. Adopting resolutions on distribution of profit, the dividend day and dividend payment date.
10. Giving discharge to the members of the Bank Zachodni WBK S.A. Management Board.
11. Giving discharge to the members of the Kredyt Bank S.A. Management Board.
12. Reviewing and approving the Supervisory Board's report on its activities in 2012 and the Supervisory Board's report on the assessment of the financial statements of the Bank and the BZ WBK Group as well as the reports on the Bank's and the BZ WBK Group's activities.
13. Giving discharge to the members of the Bank Zachodni WBK S.A. Supervisory Board.
14. Giving discharge to the members of the Kredyt Bank S.A. Supervisory Board.
15. Changes to the Statutes of Bank Zachodni WBK S.A.
16. Adopting the consolidated text of the Statutes of Bank Zachodni WBK S.A.
17. Closing the General Meeting.

**re: item 5 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**re: approval of Bank Zachodni WBK S.A. Management Board report on the Bank's performance  
and the Bank's financial statements for 2012**

**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 S.A. seated in Wrocław for the period beginning on the first day of January of the year two thousand and twelve /1.01.2012/ and finishing on the thirty first day of December of the year two thousand and twelve /31.12.2012/, including:
  - statement of financial position prepared as at the thirty first of December two thousand and twelve /31.12.2012/ which on the assets and liabilities side shows the amount of PLN 59 196 103 k,
  - income statement for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows profit-after-tax in the amount of PLN 1 367 589 k,
  - statement of comprehensive income for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows total comprehensive income in the amount of PLN 1 692 141 k,
  - statement of cash flows for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows a increase of PLN 449 078 k in the net cash balance,
  - movements in the equity showing as at the thirty first of December two thousand and twelve /31.12.2012/ the equity of PLN 8 284 061 k,
  - explanatory notes,
- b) Management Board report on BZ WBK S.A. performance in 2012.

**§ 2**

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

**re: item 6 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on approval of the Consolidated Financial Statements of Bank Zachodni WBK Group for the year  
2012 and the Report on Bank Zachodni WBK Group Performance in the year 2012**

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 Group for the period beginning on the first day of January of the year two thousand and twelve /1.01.2012/ until the thirty first day of December of the year two thousand and twelve /31.12.2012/, including:
- consolidated statement of financial position prepared as at the thirty first of December two thousand and twelve /31.12.2012/ which on the assets and liabilities side shows the amount of PLN 60 019 177 k,
  - consolidated profit and loss account for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows profit-after-tax in the amount of PLN 1 462 635 k (of which PLN 28 788 k is attributable to non-controlling interests),
  - consolidated statement of comprehensive income for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows total comprehensive income in the amount of PLN 1 789 724 k (of which PLN 28 795 k is attributable to non-controlling interests),
  - consolidated statement of cash flows for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows the increase in net cash balance of PLN 446 962 k,
  - movements in consolidated equity showing as at the thirty first of December two thousand and twelve /31.12.2012/ the amount of PLN 8 977 714 k,
  - explanatory notes.
- b) Report on Bank Zachodni WBK Group Performance in 2012.

§ 2

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

**re: item 7 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

(draft)

**re: approval of Kredyt Bank S.A. Management Board report on the Bank's performance and the  
Bank's financial statements for 2012**

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 Kredyt Bank S.A. seated in Warsaw for the period beginning on the first day of January of the year two thousand and twelve /1.01.2012/ and finishing on the thirty first day of December of the year two thousand and twelve /31.12.2012/, including:
- balance sheet prepared as at the thirty first of December two thousand and twelve /31.12.2012/ which on the assets and liabilities side shows the amount of PLN 40 258 606 k,

- income statement for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows net loss in the amount of PLN 184 031 k,
- statement of comprehensive income for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows total comprehensive loss in the amount of PLN 41 825 k,
- statement of cash flows for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows an increase of PLN 215 699 k in the net cash balance,
- movements in the equity showing as at the thirty first of December two thousand and twelve /31.12.2012/ the equity of PLN 2 995 893 k,
- explanatory notes,

b) Management Board report on Kredyt Bank S.A. performance in 2012.

#### § 2

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

**re: item 8 of the agenda**

### **RESOLUTION OF THE ANNUAL GENERAL MEETING OF BANK ZACHODNI WBK S.A.**

*(draft)*

#### **on approval of the Consolidated Financial Statements of Kredyt Bank Group for the year 2012 and the Report on Kredyt Bank Group Performance in the year 2012**

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 Kredyt Bank Group for the period beginning on the first day of January of the year two thousand and twelve /1.01.2012/ until the thirty first day of December of the year two thousand and twelve /31.12.2012/, including:
  - Consolidated Balance Sheet prepared as at the thirty first of December two thousand and twelve /31.12.2012/ which on the assets and liabilities side shows the amount of PLN 40 761 235 k,
  - consolidated profit and loss account for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows net loss in the amount of PLN 156 453 k
  - consolidated statement of comprehensive income for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows total comprehensive loss in the amount of PLN 14 247 k
  - consolidated statement of cash flows for the accounting year from the first of January two thousand and twelve /1.01.2012/ until the thirty first of December two thousand and twelve /31.12.2012/ which shows the increase in net cash balance of PLN 215 658 k,
  - movements in consolidated equity showing as at the thirty first of December two thousand and twelve /31.12.2012/ the amount of PLN 3 051 378 k,
  - explanatory notes.

b) Report on Kredyt Bank Group Performance in 2012.

§ 2

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

**re: item 9 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**re: profit distribution, dividend registration day and dividend payment day**

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

§ 1

1. General Meeting of Shareholders has divided the net profit generated by Bank Zachodni WBK in the accounting year commenced on 01.01.2012 and ended on 31.12.2012 in the amount of PLN 1 367 588 915,90 in the following way:
  - PLN 710 942 676,40 will be allocated to the dividend to shareholders,
  - PLN 656 646 239,50 will be allocated to the reserve capital.
2. The number of shares eligible for the dividend is 93 545 089 (say: ninety three million five hundred forty five thousand and eighty nine) series A, B, C, D, E, F, G, H, I and J.

Dividend per share is PLN 7,60.

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

The dividend registration day is 2<sup>nd</sup> May 2013.

The dividend will be paid on 17<sup>th</sup> May 2013.

§ 2

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

**re: item 10 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the President of the Management Board for performance of his duties**

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

§ 1

Mr. Mateusz Morawiecki, the Management Board President, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§ 1

Mr. Eamonn Crowley, the Management Board Member, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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 1.01.2012 to 10.05.2012.



§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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 1.01.2012 to 10.05.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§1

Mr. Michael McCarthy, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§1

Mr. Piotr Partyga, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 10.05.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§1

Mr. Juan de Porrás Aguirre, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§1

Mr. Marco Antonio Silva Rojas, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 3.09.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§ 1

Mr. Mirosław Skiba, the Management Board Member, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Management Board for performance of his duties**

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

§1

Mr. Feliks Szyszkowiak, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

***re: item 11 of the agenda***

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the President of the Management Board of Kredyt Bank S.A. for  
performance of his duties**

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

§1

Mr. Maciej Bardan, the President of the Management Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Vice-President of the Management Board of Kredyt Bank S.A. for  
performance of his duties**

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

§1

Mr. Umberto Arts, the Vice-President of the Management Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Vice-President of the Management Board of Kredyt Bank S.A. for  
performance of his duties**

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

§1

Mr. Mariusz Kaczmarek, the Vice-President of the Management Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Vice-President of the Management Board of Kredyt Bank S.A. for  
performance of his duties**

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

§1

Mr. Zbigniew Kudaś, the Vice-President of the Management Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Vice-President of the Management Board of Kredyt Bank S.A. for  
performance of his duties**

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

§1

Mr. Jerzy Śledziwski, the Vice-President of the Management Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Vice-President of the Management Board of Kredyt Bank S.A. for  
performance of his duties**

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

§1

Mr. Piotr Sztrauch, the Vice-President of the Management Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**re: item 12 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on approval of the Supervisory Board reports**

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 1.01.2012 to 31.12.2012 (Appendix 1 hereto),
- 2) the BZ WBK Supervisory Board's report on the examination of: BZ WBK financial statements for 2012; consolidated financial statements of the BZ WBK Group for 2011; report on BZ WBK operations, report on the BZ WBK Group operations and the Management Board's motion concerning distribution of profit earned in 2012 (Appendix 2 hereto),
- 3) the BZ WBK Supervisory Board's assessment of the BZWBK Group's operations in 2012 (Appendix 3 hereto).

§ 2

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

**Appendix no. 1**

**REPORT ON THE SUPERVISORY BOARD ACTIVITY IN 2012**

**I. BOARD COMPOSITION & MANNER OF DISCHARGE FROM DUTIES & RESPONSIBILITIES**

1. As at 1 January 2012, the Supervisory Board (SB) had the following composition:

- |  |                            |
|--|----------------------------|
| ▪ Supervisory Board Chairman               | - Mr Gerry Byrne           |
| ▪ Deputy Chairman of the Supervisory Board | - Mr Jose Manuel Varela    |
| ▪ Members of the Supervisory Board:        | - Mr Jose Antonio Alvarez, |
|  | - Mr Witold Jurcewicz      |
|  | - Mr Jose Louis De Mora,   |
|  | - Mr Piotr Partyga,        |
|  | - Mr John Power            |

**2. Changes in the Supervisory Board composition.**

- **Mr Piotr Partyga filed a resignation from the function of the Supervisory Board member effective as of 10 May 2012.**
- **On 10 May 2012, the General Meeting of Bank Zachodni WBK Shareholders appointed Mr Jerzy Surma as the Supervisory Board Member.**

**3. Independence of the Supervisory Board Members**

All Members of the Supervisory Board submitted written statements on their independence as well as on their personal, factual and organizational connections with the Bank's shareholders.

In line with the submitted statements, as at 31 December 2012, the status of an independent Supervisory Board Member was held by the following individuals:

- Mr Witold Jurcewicz,
- Mr John Power (Chairman of the Audit Committee and Chairman of the Risk Oversight Committee),
- Mr Jerzy Surma.

4. The Supervisory Board activities and manner of discharging its duties and responsibilities are regulated by the Supervisory Board Terms of Reference available on the Bank's Internet site.

## II. STATISTICAL DATA ON THE SUPERVISORY BOARD'S ACTIVITY IN 2012

From 1 January until 31 December 2012, the Supervisory Board held 6 meetings and passed 60 resolutions. The Board Members' average attendance rate was 98%.

## III. MERGER WITH KREDYT BANK S.A.

- On 27 February 2012, the majority shareholders of Bank Zachodni WBK and Kredyt Bank, i.e. Banco Santander S.A. and KBC Bank NV entered into an investment agreement whereby they expressed the intent to merge the two banks. On the same day, the said banks entered into an agreement with regard to starting work aimed at merging Bank Zachodni WBK with Kredyt Bank.
- On 29 March 2012, an investment agreement between Bank Zachodni WBK, European Bank for Reconstruction and Development (EBRD) and Banco Santander was concluded, pursuant to which EBRD committed to become a minority shareholder of BZ WBK thanks to taking up additional shares worth PLN 332m in a private placement. The objective of that investment was to support the merger with Kredyt Bank which will benefit high level competition in the top tier banking segment
- The Supervisory Board stated that the scale of the merger process of Bank Zachodni WBK and Kredyt Bank, its material impact on both organisations, market, shareholders, including the minority ones, and employees of both banks triggers the need for an active oversight of the process. To that end, the Supervisory Board decides to second one of its members to individually oversee the merger process on the Board's behalf. The Board decided to vest this task with Mr John Power, an independent Member of the Supervisory Board, given his knowledge and experience in this respect as he previously kept oversight of the successfully completed process of merging Bank Zachodni and Wielkopolski Bank Kredytowy. At the same time, the Board agreed that while performing the task vested, Mr John Power would solely perform oversight functions of the merger process, liaising with the Merger Steering Committee and would present regular reports to the Supervisory Board in this respect.  
While performing these duties at each Supervisory Board meeting, Mr Pan John Power informed the Board about current status of work related to the Merger Programme, including its individual milestones as well as about the status of work on the required application documentation, i.e. Information Memorandum and motion to Komisja Nadzoru Bankowego (Polish Financial Supervision Authority) seeking consent for the merger of Bank Zachodni WBK and Kredyt Bank.  
Mr John Power provided full explanation to the Board members as regards all matters related to the merger process.
- The Supervisory Board analysed and received full explanations on actions taken by the Bank's Management Board with a view to confirming that the share exchange ratio to be applied for the purposes of the Merger Plan was justified. The Supervisory Board also got acquainted with the outcome of the review carried out by the Bank's in-house analysts which confirmed that documents produced by finance advisors and concerning BZ WBK and Kredyt Bank valuations had been prepared with due care which gave confidence that they were law compliant and took account of all

the required circumstances. In that basis the Supervisory Board approved the Bank's Management Board resolution re. the share exchange ratio and the Merger Plan.

- The Supervisory Board approved the budget of the Banks' Merger Programme for the years 2012-2015 presented by the Management Board, including the assumptions related to expected income and cost synergies that were set based on benchmarks of Santander Group and Boston Consulting Group, the Bank's advisor in the merger process.

#### IV. MAJOR AREAS OF THE SUPERVISORY BOARD'S ACTIVITY IN 2012

In 2012, the Supervisory Board focused both on strategic matters as well as on the supervision of the Bank's day-to-day business. Apart from the abovementioned independent oversight of the merger of Bank Zachodni WBK and Kredyt Bank, the key areas of the Supervisory Board's activity were as follows:

- The Supervisory Board carried out its activities based on the adopted schedule of meetings and the general work plan. The agenda of each meeting was extended (if appropriate) by current business matters, issues submitted by the Management Board for consideration and any other issues the Board deemed necessary to be covered by the agenda.
- The Supervisory Board requested and received from the Bank's Management Board comprehensive materials and reports on issues covered by the agenda of meetings as well as those pertaining to other matters important to the Bank's operations.
- In the pursuit of its duties arising from §32 of the Bank's Statutes, the Supervisory Board conducted ongoing assessment of the financial performance of the Bank and BZ WBK Group as well as current projections prepared on that basis, taking account of the business and operating tendencies in place, opportunities and threats, variances against the Plan and management action taken by the Management Board. The assessment was based on financial reports presented by the Management Board.
- The Supervisory Board kept track of current macroeconomic and market forecasts and their impact on the Polish economy as well as operations, financial and business performance of the Bank and BZ WBK Group.
- The Supervisory Board was regularly advised on key trends emerging in the banking sector and performance of competitive banks as well as on BZ WBK's benchmarking and tendencies projected for the sector.
- The Supervisory Board was updated on an ongoing basis about progress in the process of integrating Bank Zachodni WBK and Banco Santander in terms of organisational structure, operating procedures and IT systems aimed to achieve maximum synergies by applying best practice and leveraging expertise and tested solutions of the strategic investor.
- The Supervisory Board requested information and was kept up-to-date by the Bank's Management Board about current priorities and approach to challenges relating to funding, liquidity, capital management, risk management, in particular credit risk management, and cost management. Given the significance of liquidity and funding for the strategic project, i.e. merger of Bank Zachodni WBK and Kredyt Bank, the Supervisory Board was advised by the Bank's Management Board of possible funding scenarios.



- As part of the overall supervision of the internal capital adequacy assessment processes (ICAAP), the Supervisory Board approved ICAAP policies and regular reports, based on Audit Committee reviews and recommendations.
- As part of the supervision exercised over the risk management process, the Supervisory Board undertook reviews of the main risk areas, focusing on the oversight of individual risks, compliance with applicable policies and internal procedures as well as KNF recommendations, relevant risk identification procedure and remedial action plans.
- Based on the reviews and recommendations of the Audit Committee, the Supervisory Board approved the acceptable risk level expressed as limits set out in the "Risk Appetite Statement". In line with the agreed process, the Supervisory Board supervised and monitored the level of internal limit utilization.  
In the Supervisory Board's opinion, the risk appetite defined by the Bank is kept up-to-date and matches the current market environment. The risk analysis is supported by stress testing and scenario analysis which are to ensure that BZ WBK will continue as a stable and well-capitalized bank even amid adverse market conditions.
- As part of the supervision of the credit risk management process, the Supervisory Board was informed about the current lending strategy and performed current reviews of the loan portfolio to ensure compliance with the Regulatory Recommendations, changes in credit policies and key credit risk factors.  
In addition, the Supervisory Board was provided with information about individual credit portfolios broken down by products/ customer segments with a special focus on their quality and profitability.  
Following the sudden deterioration of the construction sector's conditions in mid-2012, the Supervisory Board was informed on findings from the review of the loan portfolio performed by the Management Board in respect of customers from the above-mentioned sector, on the implementation of respective changes to the policy in order to reduce the portfolio's risk profile and the bank's position, as well as on the plan for management initiatives which included a close monitoring of these customers.
- The Supervisory Board approved the BZWBK Risk Management Policy which defines the framework principles for risk management in BZ WBK, and assignment of responsibilities, as well as addresses the requirements arising from KNF Resolution no 258/2011 on the detailed principles of the risk management system. The Policy also introduces the guidelines for the delivery of the due diligence process in line with KNF recommendations and stipulates that the Bank 's risk profile will be defined in such a way that allows for dividend payouts, in accordance with KNF letter dated. December 2012.
- The Supervisory Board undertook a review of the financial, business and strategic planning process as well as of the solutions implemented in the Bank,, in the context of KNF requirements. The Supervisory Board has established that the strategic planning, monitoring, review and update process is formalized, the Management Board reviews the strategy on a regular basis and submits amendments thereto to the Supervisory Board for approval. The competencies of the Management Board and Supervisory Board in respect of the planning process are clearly defined.
- The Supervisory Board undertook a review of the strategy and different areas of the Bank and its subsidiaries paying particular attention to areas requiring improvement, high and steady income streams, their diversification and market share growth.
- The Supervisory Board approved a change to the Bank's Organisational Regulations whereby:

- The Credit Division was merged with the Risk Management Division, so that the tasks of both units rest with the Risk Management Division. This solution follows the organizational model for credit risk management that is prevalent in the Polish banking sector as well as matches the corporate model adopted in the Santander Group where a single organizational unit is responsible for defining the credit risk management strategy, quality of generated portfolio and debt collection and recovery tasks.
- New Financial Accounting and Control Division and Financial Management Division were established in place of the Finance Division. This change was aimed to optimize the finance management model, align BZ WBK organizational structure in this area with respective solutions in the Santander Group, ensure the optimum focus on the Bank's financial requirements as well as provide effective support for further business growth and integration with Kredyt Bank.

## V. OPERATIONS OF THE SUPERVISORY BOARD COMMITTEES

Independently of the Supervisory Board meetings, Supervisory Board Members sat on the following Board's committees:

- Nominations & Remuneration Committee,
- Audit & Compliance Committee,
- Risk Oversight Committee.

The scope and mode of the Committees' operations is set out in their Terms of Reference, introduced by relevant resolutions of the Supervisory Board. The Terms of Reference are available at the Supervisory Board Secretariat.

The Members of individual Committees have knowledge and experience appropriate for their roles and adequate fulfilment of their responsibilities.

The committees contribute a lot to improving the effectiveness of the Board's work by supporting it in the discharge of its statutory duties as well as by preparing recommendations and proposed decisions relating to the Board's motions as well as those submitted by the Bank's Management Board.

In order to enable the Supervisory Board to appraise in full the Committees' work, their Chairmen present relevant reports at the meetings of the Supervisory Board and the Board Members are submitted together with copies of the minutes of each meeting of the Committees.

Individual Committees received on time relevant and reliable information from the Management Board allowing them to fulfil their responsibilities in 2012.

### ▪ NOMINATIONS & REMUNERATION COMMITTEE

One of the key duties of the Supervisory Board is the introduction of remuneration policies and practice which are both fair and competitive that is highly important given their impact on the effectiveness of the organisation and its capability to recruit, retain and motivate the Management Board Members and senior management. The task of the Nominations and Remuneration Committee is to support the Supervisory Board in attaining these objectives as well as ensuring the consistency of the remuneration policy with the Bank's corporate culture, objectives, strategy, competitive behaviours as well as recommendation of regulators with regard to remuneration in the banking sector. Dealing with such matters, the Committee members have no personal financial interest other than that of the Bank's shareholders and are driven by the best interest of the Bank and its shareholders.

The Committee assists the Supervisory Board in:

1. succession planning at the Bank's Management Board level;
2. issuing 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 Supervisory Board decisions as to fair and competitive Remuneration policies and practices, ensuring adequate motivation for the Management Board Members and senior management to constantly improve the Bank's performance.

The Nominations and Remuneration Committee 's composition in 2012 was:

- Mr Gerry Byrne (Chairman),
- Mr José Antonio Alvarez – the Committee Member,
- Mr José Luis de Mora – the Committee Member.

The Committee usually invites the President of the Management Board, the Head of the HR Management Division and other executives, as deemed relevant to considered matters, to its meetings.

In 2012, the Committee focused on the following issues:

- Preparation of a recommendation concerning 2011 bonus payment to Management Board members based on adopted bonus regulations.
- Appointment of the Management Board for the new term of office – the Committee recommended to the Supervisory Board to appoint a Management Board comprising of 9 members. The composition of the Management Board for the new term of office takes account of the resignation from seeking reappointment for the next terms of office filed by Mr Justyn Koniczny and Mr Janusz Krawczyk. Mr Piotr Partyga is a new member of the Management Board, recommended by the Committee to head the HR Management Division. Management Board Members appointed to the new term of office held consents of the Financial Supervision Commission:
  - Mr Mateusz Morawiecki - to perform the function of the Management Board President,
  - Mr Andrzej Burliga - to perform the function of Member of the Bank's Management Board in charge of risk management.
- Preparation of a template of an employment contract with the Management Board Member - the contract template for the new term of office recommended to the Supervisory Board was based on the existing template and adjusted to the currently applicable legislation and the standing of the Bank. An agreement on the competition ban was entered into with each Member of the Management Board.
- Presentation of recommended terms and conditions of remuneration for the Managements Board Members based on the conducted remuneration review.
- Presentation to the Supervisory Board of a recommendation with regard to filling in the position of the management Board Member in charge of the Financial Accounting and Control Division given the set of a new division in the Bank's organisational structure.
- Presentation to the Supervisory Board of a recommendation as regards approval of the updated Policy on variable components of remuneration paid to individuals holding managerial positions in Bank Zachodni WBK Group adjusted to the guidelines passed by KNF and practice established on the Polish market.
- Succession planning for the Management Board functions and senior management positions - as in the previous years, this issue was one of the Committee's and Supervisory Board's priorities in 2012; actions in this area involved the provision of adequate development programs for individuals covered by succession planning, both at the Bank and its subsidiaries.

Preparing recommendations for the Supervisory Board, the Committee used current results of the banking sector's remuneration survey carried out by an independent agency.

- **AUDIT & COMPLIANCE COMMITTEE**

The Audit & Compliance Committee's role is 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:

- Mr John Power (Chairman)
- Mr Piotr Partyga (resigned 10<sup>th</sup> May 2012)
- Mr Witold Jurcewicz
- Mr Jose Manuel Varela
- Mr Jerzy Surma (joined 10<sup>th</sup> May 2012)

#### Attendance

Number of meetings held:	9
- Mr John Power (Chairman)	9
- Mr Piotr Partyga	3/4
- Mr Witold Jurcewicz	8
- Mr Jose Manuel Varela	9
- Mr Jerzy Surma	5/5

Both the Audit Committee's scope of duties and composition are in accordance with the Polish Chartered Auditors Act of 7 May 2009.

The Committee operates under a written Terms of Reference, which were updated and approved by the Supervisory Board on the 20<sup>th</sup> April 2011. 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 Audit Committee continued their work programme against the background of the merger of the Bank with Kredyt Bank and the slowing economic environment in Poland. The changing regulatory environment also shaped our discussions around internal controls, regulatory compliance and Santander Group control requirements. There are some areas of potential overlap in the approach to reviewing risk with the Risk Oversight Committee but given the commonality of membership both Committees ensured that such overlaps were managed appropriately. The Committee members meet privately either before or after the meetings to assess particular issues that individual members may want to further review.

The Committee met 9 times during the course of the 2012 and the members' attendance record is set out above. The Committee 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. Again in 2012, these reports included material/significant notifications arising under the Group policy on "whistle blowing", updates on significant projects in the Bank, detailed analysis of capital ratios, adequacy of provisioning including IBNR provisions, the implementation of EU Directives, Sarbanes Oxley compliance, Basel II compliance and IT system implementations. In addition we received updates on the progression of the implementation of the Santander Internal Control Model which the Committee believes will enhance the overall control environment of the Bank.

Key Issues addressed in 2012:

Implementation of the Code of Conduct for Securities markets.

CIO Report on IT Services including monitoring controls and governance around technology.

Specific control environment reviews from some the following businesses:

- Partner Outlets
- Joint Venture with Aviva
- Asset Management
- Business Support Division

The independent Auditors, Deloitte Audyt, 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 Supervisory Board and Management Board are also invited to attend as appropriate in order to present reports. In addition, the Committee held separate meetings with members of senior management and the external auditors to discuss issues relevant to the committee.

The Committee, through the Group Internal Auditor, receives objective independent reports on the operation of internal controls in the Group. The Committee reviewed the plans and work undertaken during the year, the level of training and skills of the resources of the internal audit function and changes to the internal audit methodology. During 2012 the Group continued its Internal Audit Quality Assurance reporting in accordance with the International auditing standards and the committee is satisfied that where improvements were identified that they were incorporated into future reports and audit processes.

The Committee has reviewed and discussed the Company's audited financial statements with Management, which has primary responsibility for preparing the financial statements. It placed particular emphasis on their fair presentation and the reasonableness of the judgmental factors in particular the level of IBNR provisions for each loan portfolio, the approach to business segmentation and the appropriateness of significant accounting policies used in their preparation. In particular we considered the impact of one-off items that were of a significant nature in the preparation of the year-end financial statements. The Committee also reviewed and discussed with Deloitte Audyt their independent review of the financial statements and issues raised with management.

In addition, the Committee continued its detailed review of the Group's capital, liquidity and risk frameworks against the requirements of the KNF stress test scenarios, Basel II and the volatility in the global financial markets. The Committee considered the proposed assumptions, methodology and process followed in determining the amount of capital and liquidity 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 that 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 2012, and the Board accepted the Committee's recommendations.

The Committee recommended to the Supervisory Board, following the consultations with the majority shareholder, that Deloitte Audyt SP. z o.o. be appointed the Company's independent auditor to examine the Bank's and BZWBK Group's Financial Statements for 2012.

There is a process in place by which the Audit & Compliance 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. This was particularly relevant in 2012 given the additional work that Deloitte Audyt Sp. z o.o. had to complete for the merger with Kredyt Bank.

In addition, the Group paid PLN 1 867k to Deloitte Audyt Sp. z o.o. for audit services in 2012, relating to the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries and associates pursuant to legislation. The fees for other services which included advice on accounting, regulatory matters and the fees directly relating to work on the merger were PLN 1 030k giving a total fee to Deloitte Audyt Sp. z o.o. of PLN 2 897k.

We are satisfied that the Group's external auditor provides effective, independent challenge to management and that their management letter provides valuable recommendations for improvement of internal controls.

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. Areas where we could enhance our performance include the form and content of information presented which we are pleased to confirm that positive enhancements have been made in this respect during the year.

For 2013 the Committee's areas of focus will be influenced by the integration of Kredyt Bank, the impact of the slowing economic environment in Poland and the changing regulatory environment. Of particular focus will be the governance and control environment for operational risk.

#### ▪ RISK OVERSIGHT COMMITTEE

The Risk Oversight 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 and to protect the Group from future events that impede the sustainable achievement of its performance objectives in relation to:

1. Appropriate Risk philosophy, as articulated in Risk Principles;
2. Risk appetite, as reflected in policies and risk limits;
3. A sharpened focused oversight on the more significant business risks undertaken by the bank and;
4. The appropriateness of the overall risk governance framework

The Risk Oversight Committee is composed of the following members:

- Mr John Power (Chairman)
- Mr Piotr Partyga (resigned 10<sup>th</sup> May 2012)
- Mr Witold Jurcewicz
- Mr Jose Manuel Varela
- Mr Jerzy Surma (joined 10<sup>th</sup> May 2012)

The Committee is conscious, when undertaking its duties that the Bank is in the business of taking risk but at a level that is appropriate relative to the Group's scale and type of business undertaken. The Committee focused on the oversight of forward looking risk issues and the key risk management indicators prepared in accordance to the business strategy.

The Committee operates under a written Terms of Reference updated and approved by the Supervisory Board on 20<sup>th</sup> April 2011. The Committee undertakes its duties in line with an agreed annual work programme that allows the committee to review the effectiveness of the risk philosophy and the appropriateness of the overall risk governance framework.

The Committee met 4 times during the course of the 2012 and reviewed key areas of the business including Global Banking Markets, Asset & Liability Management, Corporate Banking and Retail Banking. On a regular basis it receives reports on the Group's risk profile and key performance indicators, particular in relation to (a) the Top 5 risks, (b) performance vs. risk appetite and tolerance, (c) risk trends, (d) risk concentrations. The Risk Oversight Committee took a forward looking risk assessment approach in each of these business lines and seeks to identify the risks associated with their respective five year strategies.

A key element of the Risk Oversight Committee's work is the oversight of the stress testing undertaken by the bank in accordance with its own assumptions and benchmarked against the requirements set by the KNF. The results of the stress testing are linked closely with the Committee's review of the Group's Risk Appetite Statement and policies appropriate to the overall strategy adopted by the Supervisory Board.

In addition we reviewed and recommended approval to the Supervisory Board, the Group's economic capital framework, the governance over the Internal Capital Adequacy Assessment Process (ICAAP) and the effective implementation of this process by Management.

The independent Auditors, Deloitte Audyt, 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 Supervisory Board and Management Board are also invited to attend as appropriate in order to present reports.

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.

Looking forward to 2013 the merger of Kredyt Bank will increase the risk profile of the Group. Management are currently aligning the risk profile to the merged bank's consolidated position and the Committee will both assess the consolidation risk profile and monitor progress against the new performance indicators.

## **Appendix no. 2**

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

- **FINANCIAL STATEMENTS OF BANK ZACHODNI WBK S.A. FOR 2012**
- **MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK PERFORMANCE IN 2012**
- **CONSOLIDATED FINANCIAL STATEMENTS OF BANK ZACHODNI WBK GROUP FOR 2012**
- **MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK GROUP PERFORMANCE IN 2012**

### **REPORT OF THE SUPERVISORY BOARD**

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 17<sup>th</sup> April 2013:

- Financial Statements of Bank Zachodni WBK S.A. for 2012,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2012,
- Consolidated Financial Statements of Bank Zachodni WBK Group for 2012,
- Management Board Report on Bank Zachodni WBK Group Performance in 2012,
- Management Board motion on the 2012 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 2012**

By force of resolution no. 19/2012, adopted on 10<sup>th</sup> May 2012, the Supervisory Board, based on the recommendation of the Audit & Compliance Committee, selected Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) as the Bank's auditor and vested it with a task of auditing the Financial Statements for 2012. The above audit covered the following documents produced by the Bank's Management Board:

1. Financial Statements of Bank Zachodni WBK S.A. for 2012:
  - Statement of Financial Position as at 31 December 2012,
  - Income Statement for the accounting year ended 31 December 2012,
  - Statement of Comprehensive Income for the accounting year ended 31 December 2012,
  - Movements in Equity for the accounting year ended 31 December 2012,
  - Cash Flow Statement for the accounting year ended 31 December 2012,
  - Additional Notes.
2. Management Board Report on Bank Zachodni WBK S.A. Performance in 2012.
3. Consolidated Financial Statements of Bank Zachodni WBK Group for 2012:

- Consolidated Statement of Financial Position as at 31 December 2012,
- Consolidated Income Statement for the accounting year ended 31 December 2012,
- Consolidated Statement of Comprehensive Income for the accounting year ended 31 December 2012,
- Movements in consolidated equity for the accounting year ended 31 December 2012,
- Consolidated Cash Flow Statement for the accounting year ended 31 December 2012,
- Additional Notes.

#### 4. Management Board Report on Bank Zachodni WBK Group in 2012.

Based on the findings of the audit conducted by Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.), presented in the following documents:

- Opinion of the Independent Auditor and Report supplementing the Auditor's opinion on the separate Financial Statements of Bank Zachodni WBK S.A. for the financial year ended 31 of December 2012,
- Opinion of the Independent Auditor and Report supplementing the Auditor's opinion on the consolidated Financial Statements of Bank Zachodni WBK Group for the financial year ended 31 of December 2012,

the Supervisory Board stated that the 2012 Financial Statements 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 2012 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. 14/2013, dated 7<sup>th</sup> March 2013, to submit to the AGM for approval:

- Financial Statements of Bank Zachodni WBK S.A. for 2012,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2012,
- Consolidated Financial Statements of Bank Zachodni WBK Group for 2012,
- Management Board Report on Bank Zachodni WBK Group Performance in 2012.

## 2. Review of the Bank's Management Board motion related to the 2012 profit distribution

The Supervisory Board examined the Bank's Management Board motion related to the 2012 profit distribution, and with resolution no. 18/2013, dated 7<sup>th</sup> March 2013 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. 20/2013, dated 19<sup>th</sup> March 2013, the Supervisory Board presents this report to the General Annual Meeting of Shareholders of Bank Zachodni WBK.

## Appendix no. 3

Assessment of the BZ WBK Group's operations in 2012

- **Macroeconomic Environment in 2012**

Economic Growth



In 2012, GDP growth slowed down – from 3.6% y-o-y in Q1 to ca. 1% y-o-y in Q4. Overall GDP growth in 2012 reached 2%. 2012 was the period of deceleration of economic growth in Poland. Global markets saw a significant economic slowdown, which was most pronounced in the euro zone, which entered a recession. A marked slump in export orders was recorded, which in turn had a negative effect on domestic exports and manufacturing sector. There was a strong deterioration in domestic demand, whose growth dropped below zero already in the second quarter. It was driven, among others, by stagnation in private consumption, sharp slowdown in fixed investment growth and reduction of inventories. Fixed investment growth decelerated in Q2. Indicators of consumer optimism decreased sharply, approaching 2009 lows.

#### Labour Market

From January to December the number of the employed fell by ca. 73k. At the same time, wage growth decelerated significantly, falling well below the inflation rate. After a seasonal drop, the registered unemployment rate was increasing from August to 13.4% at the end of the year.

#### Inflation

In the first half of the year the inflation rate persisted at an elevated level, exceeding 4%. H2 saw a drop in the core inflation and in the headline CPI growth. In December, the CPI inflation rate fell to 2.4%, decreasing below the NBP's official target for the first time since August 2010. Excluding prices of food and energy, CPI declined at the end of the year to 1.4%.

#### Monetary Policy

In response to the inflation staying above the official NBP target, the Monetary Policy Council decided to increase main interest rates by 25bps in May 2012. Deepening economic slowdown and stagnation in the labour market implied lack of inflationary pressure and no risk of second-round effects. In November and December, the Council made two cautious interest rate reductions by 25bps each. MPC may consider further monetary policy easing.

#### Credit Market

The pace of total loan growth in the banking sector decelerated from 14% y-o-y at the start of the year to nearly 1% y-o-y in December 2012. As regards business loans, the annual momentum declined from ca. 18% y-o-y at the end of 2011 to ca 1.5% y-o-y in December. Adjusted for FX movements, the growth rate declined from 15.4% to 3.3% y-o-y.

The biggest slowdown was observed with investment loans – from ca. 25% y-o-y to almost zero after FX adjustment. The pace of growth of household loans also plunged nearly to zero. Growth in mortgage loans abated to all-time-low of ca. 5% y-o-y (after FX adjustment).

#### Financial Markets

The start of 2012 was marked by a significant improvement of moods in international financial markets. This was, among other things, due to the ECB's LTRO in December 2011 and February 2012, successful restructuring of the Greek debt, and hopes for additional monetary stimulus from the Fed. The rise in global risk appetite triggered the strengthening of the Polish zloty and domestic bonds, and gains in the stock markets. In Q2, moods on the global markets started to deteriorate because of the weakening outlook for the world economic growth and returning fears about the debt crisis in the southern Europe. In H2, the situation in the world financial markets was still characterised by some volatility due to unresolved problems of the euro zone, deteriorating global economic outlook and investors' uncertainty about the crisis. Still, a tendency of declining risk aversion was prevailing.

An increase in the global risk aversion in mid-year led to high volatility of the zloty – after a decrease to ca. 4.11 in mid-March, the EUR/PLN rate increased above 4.40 in early June, and then fell again, stabilising in the 4.05-4.20 range in the final months of the year. The scale of zloty appreciation was curbed by growing market expectations of prospective interest rate cuts by the MPC. Domestic bonds proved relatively immune to increased global risk aversion. In the second half of the year the money market started pricing-in aggressively chances for monetary policy easing. Rising hopes for interest rate cuts, improvement of sentiment in global markets, and uninterrupted inflow of foreign portfolio capital to the Polish treasury securities market triggered a fall in yields of Polish bonds to the lowest levels in history. Towards the year-end, the yield of 2Y bonds was just below 3.1%, 5Y bonds paid below 3.2%, while the yield of 10Y bonds fell to nearly 3.7%. In effect, the yield of Polish treasury bonds decreased by 1.75 p.p. during the year in the 2Y segment, and by more than 2 p.p. in the case of long-term instruments.

## Stock Market

2012 saw a clear rise in key indices at the Warsaw Stock Exchange. WIG and WIG 20 grew by over 26% and 20%, respectively. After an early-year optimism, the indices reversed and reached an all-year low in mid-year amid global concerns about the euro zone breakup and debt crisis. H2 brought about a visible improvement of sentiments on WSE, which staged a spectacular rally at the year end.

- **Merger of Bank Zachodni WBK S.A. and Kredyt Bank S.A.**

On 27 February 2012, Banco Santander S.A. and KBC Bank NV signed an investment agreement, in which the parties expressed their intention to merge Bank Zachodni WBK S.A. and Kredyt Bank S.A. On 4 January 2013, the merger between Bank Zachodni WBK S.A. and Kredyt Bank S.A. was entered to the National Court Register. Bank Zachodni WBK S.A. assumed all rights and obligations of Kredyt Bank S.A. which was wound up without a liquidation.

The merger was effected pursuant to Article 492 §1 (1) of Commercial Companies Code by way of a transfer of all of the assets of Kredyt Bank S.A. to Bank Zachodni WBK S.A. in exchange for newly issued series J shares allotted to all of the existing shareholders of Kredyt Bank S.A. at the exchange ratio of 6.96 merger shares for 100 shares in Kredyt Bank S.A. 18,907,458 series J merger shares were admitted to trading on 25 January 2013.

As a result of the issue of series J shares, the share capital of Bank Zachodni WBK S.A. was increased to PLN 935,450,890, while the share of Banco Santander S.A. in the total voting power at the GM of Bank Zachodni WBK S.A. dropped to 75.19%. KBC Bank NV took up merger shares representing 16.17% of total voting power at the GM of the merged Bank.

Following the merger on 4 January 2013, BZ WBK Group is currently ranked 3rd in Poland in terms of total assets.

- **BZ WBK Group's Financial Standing in 2012**

### **Profit and Loss Account**

In 2012, Bank Zachodni WBK Group generated a profit-before-tax of PLN 1,837.0m, an increase of 19.1% y-o-y. The net profit attributable to Bank Zachodni WBK shareholders was PLN 1,433.8m and 21.1% higher y-o-y.

### **Income**

The total income earned by Bank Zachodni WBK Group in 2012 was PLN 4,136.3m and up 8.2% y-o-y. In 2012, interest income came in at PLN 2,301.1m, i.e. up 11.2%, while the commission and fee income amounted to PLN 1,385.0m, which represented a y-o-y increase of 2.0%.

### **Costs**

In 2012, total costs of Bank Zachodni WBK were reduced by 5.3% y-o-y to PLN 1,817.2m. In 2012, the Group's cost-to-income ratio stood at 43.9% (vs. 50.2% in 2011).

### **Assets and Liabilities**

As at 31 December 2012, total assets of Bank Zachodni WBK Group amounted to PLN 60,019.2m. Following the registration of share capital increase through the issue of 1,561,618 series I ordinary shares placed in total with EBRD, the most pronounced y-o-y growth of 20% was observed in the equity line .

### **Deposits**

In 2012, deposits from customers went up by 0.5%. Personal deposits added up to PLN 28,636.3m and were higher by 5.6% y-o-y. Balances in business and public sector went down by 6.5% y-o-y to PLN 18,440.8m due to maturity of a few short-term high-value deposits placed by corporate customers at the end of 2011.

## Loans

Gross loans climbed up by 5% y-o-y reaching PLN 41,411.8m as at 31 December 2012. Adjusted for FX movements, gross loans increased by 7.5% y-o-y. Total value of the business and public sector loan portfolio grew by 3.5% y-o-y, reaching PLN 25,386m, while the personal loan portfolio increased by 9.0% y-o-y, totalling PLN 13,708.6m.

As at 31 December 2012, the non-performing loans accounted for 5.4% of gross portfolio vs. 5.5% recorded as at the end of December 2011. The provision coverage ratio for impaired loans was 53.5% (49.1% in December 2011).

Loans to deposits ratio was 84.7% as at 31 December 2012 compared with 81.2% as at 31 December 2011.

## Share Price of Bank Zachodni WBK S.A.

During the year, the share price of Bank Zachodni WBK S.A. increased by 7%, i.e. from PLN 226.0 as at 31 December 2011 to PLN 241.90 as at 31 December 2012. The maximum share price was PLN 242.90 (21 and 27 December 2012) versus the minimum of PLN 221 (17 January 2012). In 2012, the share price of Bank Zachodni WBK continued on an upward trend amid reports on the planned merger with Kredyt Bank S.A. As at the end of December 2012, the share price hit a record high in the last five years, reaching PLN 242.90. In June, the Bank paid out a dividend at PLN 8 per share out of the profit earned in 2011. As a result the Bank's shares yielded 10.6% per annum.

## Rating

In 2012, Fitch Ratings took four rating actions on Bank Zachodni WBK S.A.:

1. On 25 January 2012, Fitch Ratings withdrew – globally - individual ratings for banks, and replaced them with Viability Ratings introduced in 2011. As a result, Individual Rating at “C” was removed from the Bank's ratings.
2. On 13 February 2012, Fitch Ratings downgraded Long-term Issuer Default Rating from “A+” to “A-”, removed it from Rating Watch Negative and assigned a negative outlook. The agency also downgraded Short-term Issuer Default Rating of the Bank from “F1” to “F2” and removed it from Rating Watch Negative. The rating action followed the downgrade of Long-term Issuer Default Rating of Banco Santander from “AA-” to “A” and Viability Rating from “aa-” to “a”, which largely reflected the deterioration in the Spain's risk profile.
3. On 1 March 2012, Fitch Ratings affirmed the support driven ratings of Bank Zachodni WBK S.A. and placed its “bbb” Viability Rating (VR) on Rating Watch Negative (RWN). The rating actions followed the statement made on 28 February 2012 by Banco Santander and KBC announcing the agreement to merge Bank Zachodni WBK S.A. and Kredyt Bank S.A.
4. On 14 June 2012, Fitch Ratings downgraded the Long-term IDR of Bank Zachodni WBK S.A. from “A-” to “BBB” with stable outlook, Short-term foreign currency IDR from “F2” to “F3” and the Support Rating from “1” to “2”. The agency also affirmed the Viability Rating (VR) at ‘bbb’ and removed it from Rating Watch Negative (RWN). The rating actions followed the downgrade of Banco Santander S.A. on 11 June 2012 (to “BBB+”).

## Bank Zachodni WBK Rating in 2013

In response to the legal merger of BZ WBK S.A. and KB S.A., on 10 January 2013, Fitch Ratings affirmed all Bank Zachodni WBK S.A. ratings and withdrew all ratings of Kredyt Bank S.A. Rating actions for Bank Zachodni WBK S.A: Long-term foreign currency IDR: affirmed at “BBB”, Outlook Stable; Short-term foreign currency IDR: affirmed at “F3”; Viability Rating: affirmed at “bbb”; Support Rating: affirmed at “2”.

The affirmation of IDRs and VR reflects Fitch's view that the merged entity's stand-alone credit profile is broadly in line with that of the pre-merger BZ WBK S.A., albeit marginally weaker as a result of the incorporation of KB. The ratings are based on BZ WBK intrinsic strength. The affirmation of the Support Rating reflects Fitch's view that the Bank's majority shareholder, Banco Santander, will have a high propensity to provide support to the merged entity in case of need, given the strategic importance of Polish banking operations to Santander Group. Within Fitch's base case scenario, BZ WBK's ratings will not be impacted by any further possible downgrade of Long-term IDR of Banco Santander.

## **Assessment of the Internal Control System and the Risk Management system**

- ***Assessment of Internal Control System***

As required by the Statutes, the bank operates an internal control system which supports the decision-making processes and contributes to the bank's efficient operation, reliability of financial reporting as well as compliance with the law and internal regulations.

The bank's internal control system is adjusted to the bank's organisational structure and risk management system as well as to the size and complexity of the bank's business. It covers all units across the bank as well as its subsidiaries.

Internal control and risk management systems are structured into three lines of defence. Control measures under the first line check compliance with procedures and ad hoc/on-going response to any identified deficiencies or shortcomings. It underlies reviews of procedures and effectiveness of controls across the organization.

The second line of defence is formed by specialist units performing control functions which support the bank's management in risk identification and management and serve assessment of the first line controls.

The third line of defence is the Internal Audit Area which provides independent and objective examination as well as assurance on the first and second tier controls as well as on the bank's management system, including the effectiveness of managing the risk related to the bank's business. For that matter, Internal Audit verifies the adequate coverage of the Group's risks, in compliance with top management policies, applicable procedures and internal and external regulations. Using its own risk matrix and knowledge, IAA performs a regular assessment of the present and future risk across the bank and BZ WBK Group, developing audit annual plans to cover them. Also, priorities highlighted by the bank's management, the Audit and Compliance Committee, the external auditor, and banking supervision institutions are taken into account.

The Audit and Compliance Committee of the Supervisory Board exercises oversight over the Internal Audit Area. The Audit and Compliance Committee approves an annual audit plan and is regularly updated on audit results and progress in management actions.

As a result of the third line activity, the Management Board and the Supervisory Board receive current and accurate information on compliance with the law and internal regulations applicable in the Bank, effectiveness of identifying errors and irregularities as part of the internal control system, efficient management actions, completeness and correctness of accounting procedures as well as adequacy, functionality and security of the IT system. The Risk Management Committee and the Audit and Compliance Committee are updated on a regular basis on the operation of the internal control system from the units of the second and third lines of defence which facilitates the on-going monitoring of the system's effectiveness.

Findings of control are taken account of and used to improve the existing processes and safety by making relevant changes to internal processes and regulations. The implementation of a necessary new process is regularly verified by Internal Audit Area.

- ***Assessment of risk management system***

Bank Zachodni WBK has an integrated risk management framework ensuring that all risks having material impact on the bank's operations are identified, measured, monitored and controlled. In the Supervisory Board's opinion, this framework is appropriately matched to the bank's size and risk profile. The bank optimizes the risk management framework on a regular basis, adapting it to the changing environment and risk profile associated with the planned strategy.

The responsibility for the management of individual risks was split between the bank's organizational units that are supported by relevant Committees. The risk management strategy is set by the Risk Management Committee (RMC) overseeing the activity of other Committees having risk management authority. The fact

that Members of Management Board and senior management sit on key Committees ensures high quality of management and consistent risk strategy.

One of the basic elements of the risk management framework of Bank Zachodni WBK is setting the levels of risk that the bank is ready to accept in its day-to-day business. The acceptable risk level is expressed in the form of quantifiable limits set out in the "BZWBK Group Risk Appetite Statement" approved by the Management Board and Supervisory Board. The bank conducts a detailed review of the limits with regard to the existing and potential risks, market conditions as well as the financial and capital plan at least once a year. Stress-testing and scenario analyses represent the key tool used to analyse the limits and ensure that the bank retains an adequate capital position even in extreme and severe circumstances.

The bank has methodologies and processes in place to identify and assess risks to determine their potential impact on the bank's operations now and in the foreseeable future. With a view to identifying and assessing risks for the entire organisation, the review of material risks is carried out as part of the ICAAP process. Identified risks are managed using policies and best practices to keep them at an acceptable level. The bank uses various risk assessment and measurement techniques depending on risk type and materiality, including the following key ones:

- customer and/or transaction grading models - for credit risk assessment purposes;
- VAR methodology - market risk;
- operational risk self-assessment methodology.

The comprehensive risk management framework is supported by a consistent and transparent system aimed at monitoring and reporting risk levels and excesses against defined limits. The reporting system covers key management levels. The Supervisory Board receives regular reports assessing the level of identified risks and reports assessing the effectiveness of actions taken by the bank's Management Board.

The bank aims to keep the right risk/reward balance. Support for the bank's development strategy, while keeping top risk management standards, is amongst the key assumptions underlying the risk management process.

In 2012, the bank reviewed its risk management system, revising the structure of the risk management committees. By merging the Risk Management Division with the Credit Division, the responsibility for credit risk management has been consolidated. New rules were implemented for management of market risk on the banking book and the trading book, taking account of the division of roles between the units participating in the process. In response to the prevailing macroeconomic conditions the bank was carefully analysing the situation in financial markets and tracking the risk levels to make appropriate adjustments to its risk management policy parameters.

***re: item 13 of the agenda***

## **RESOLUTION OF THE ANNUAL GENERAL MEETING OF BANK ZACHODNI WBK S.A.**

*(draft)*

### **on giving discharge to the Chairman of the Supervisory Board for performance of his duties**

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

#### § 1

Mr. Gerry Byrne, the Chairman of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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

§ 1

Mr. Jose Antonio Alvarez, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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

§ 1

Mr. Witold Jurcewicz, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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

§ 1

Mr. Jose Luis De Mora, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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

§ 1

Mr. Piotr Partyga, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 10.05.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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

§ 1

Mr. Jerzy Surma, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 10.05.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board for performance of his duties**

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

§ 1

Mr. Jose Manuel Varela, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

***re: item 14 of the agenda***

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Chairman of the Supervisory Board of Kredyt Bank S.A. for  
performance of his duties**

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

§ 1

Mr. Andrzej Witkowski, the Chairman of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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



**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Vice-chairman of the Supervisory Board of Kredyt Bank S.A. for  
performance of his duties**

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

§ 1

Mr. Adam Noga, the Vice-chairman of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board of Kredyt Bank S.A. for performance  
of his duties**

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

§ 1

Mr. Stefan Kawalec, the Member of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board of Kredyt Bank S.A. for performance  
of his duties**

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

§ 1

Mr. Marko Voljc, the Member of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board of Kredyt Bank S.A. for performance  
of his duties**

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

§ 1

Mr. Guy Libot, the Member of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board of Kredyt Bank S.A. for performance  
of his duties**

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

§ 1

Mr. Ronny Delchambre, the Member of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 1.01.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board of Kredyt Bank S.A. for performance  
of his duties**

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

§ 1

Mrs. Lidia Jabłonowska-Luba, the Member of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 25.05.2012 to 31.12.2012.

§ 2

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

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**on giving discharge to the Member of the Supervisory Board of Kredyt Bank S.A. for performance  
of his duties**

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

§ 1

Mr. Jarosław Parkot, the Member of the Bank's Supervisory Board of Kredyt Bank S.A., is granted the word of approval for performance of his duties in the period from 01.01.2012 to 25.05.2012.

§ 2

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

**re: item 15 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**changes to the Bank's Statutes**

§ 1

Pursuant to art. 430 of the Commercial Companies Code, it is hereby resolved to make the following changes to the Bank's Statutes:

1) In § 7 (2) after point 7a) a new point 7b) is added in the following reading:

- “7b) performing brokerage activities, in the following scope:
- a) accepting and passing orders to buy or sell financial instruments,
  - b) executing the orders to buy or sell financial instruments for the benefit of the instructing party,
  - c) selling or buying financial instruments on one's own account,
  - d) investment advisory,
  - e) offering financial instruments,
  - f) providing services under concluded agreements on underwriting for investment or distribution purposes or concluding and delivering other agreements of similar nature if related to financial instruments,
  - g) keeping or registering financial instruments, including maintenance of securities accounts, collective accounts and cash accounts,
  - h) providing advisory services for companies concerning capital structure, company's strategy or other issues related to such a structure or strategy,

- i) providing advisory and other services concerning business merger, division and take over,
- j) preparing investment analyses, financial analyses and other recommendations of general nature concerning transactions related to financial instruments, and
- k) rendering additional services related to underwriting for investment or distribution purposes.”.

2) In § 7 (2), a new points 16 – 22 are added in the following reading:

- “16) represent the holders of financial instruments in relations with the issuers of such financial instruments,
- 17) lend financial instruments,
- 18) provide investment advice of generic type concerning investments in financial instruments,
- 19) subscribe for financial instruments on behalf of the clients, pursuant to the mandates issued by the clients,
- 20) keep share registers for companies pursuant to agreements signed with such companies,
- 21) acting in consultation with a securities broker or an investment adviser, provide education regarding the functioning of capital markets,
- 22) rendering agency services for the benefit of investment fund corporations and investment funds, performing the role of a payment agent for foreign investment funds.”.

§ 2

The change to the Statutes in the scope set out in § 1 requires a permit of Komisja Nadzoru Finansowego.

§ 3

The Resolution becomes effective as of the date of registering changes to the Statutes by a relevant registry court.

**re: item 16 of the agenda**

**RESOLUTION OF THE ANNUAL GENERAL MEETING  
OF BANK ZACHODNI WBK S.A.**

*(draft)*

**re: adopting the consolidated text of the Bank’s Statutes**

§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.**

*(the consolidated text)*

**I. General Provisions**

§ 1.

1. The name of the Bank is “Bank Zachodni WBK Spółka Akcyjna”.
2. The Bank may use the short names "Bank Zachodni WBK SA." and "BZ WBK S.A.".

§ 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) intermediation in brokerage business, maintenance of securities accounts,
  - b) intermediation and co-operation in obtaining loans and guarantees ,
  - 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 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,
- 7a) performing activities, other than brokerage business, consisting in:
  - a) accepting and executing orders to purchase or sell the following non-publicly traded instruments: participations in undertakings for collective investments and non-treasury debt instruments issued under the Bonds Act or the Civil Code, including municipal bonds, corporate bonds and short-term debt instruments;
  - b) client trading in non-publicly traded securities;
  - c) proprietary trading in the securities issued by the State Treasury and the National Bank of Poland and in non-publicly traded instruments: securities, participations in undertakings for collective investments other than securities, money market instruments, derivatives, including options, forwards, swaps and contracts for difference;

- d) providing investment advice on the securities issued by the State Treasury and the National Bank of Poland, including on non-publicly traded instruments: participations in undertakings for collective investments and securities;
  - e) offering securities issued by the State Treasury and the National Bank of Poland, including non-publicly traded instruments: participations in undertakings for collective investments other than securities, money market instruments, derivatives, including options, forwards, swaps, contracts for difference and securities including municipal bonds, corporate bonds and short-term debt instruments;
  - f) providing services under the existing agreements on underwriting for investment purposes or underwriting for distribution purposes as well as under other similar agreements relating to securities as defined by the Act on Trading in Financial Instruments, excluding the securities not covered by the Act on Public Offer and the Conditions for Admitting Financial Instruments to the Stock Exchange and on Publicly Traded Companies.
- 7b) performing brokerage activities, in the following scope:
- a) accepting and passing orders to buy or sell financial instruments,
  - b) executing the orders to buy or sell financial instruments for the benefit of the instructing party,
  - c) selling or buying financial instruments on one's own account,
  - d) investment advisory,
  - e) offering financial instruments,
  - f) providing services under concluded agreements on underwriting for investment or distribution purposes or concluding and delivering other agreements of similar nature if related to financial instruments,
  - g) keeping or registering financial instruments, including maintenance of securities accounts, collective accounts and cash accounts,
  - h) providing advisory services for companies concerning capital structure, company's strategy or other issues related to such a structure or strategy,
  - i) providing advisory and other services concerning business merger, division and take over;
  - j) preparing investment analyses, financial analyses and other recommendations of general nature concerning transactions related to financial instruments, and
  - k) rendering additional services related to underwriting for investment or distribution purposes,
- 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 and forfeiting 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.
  - 16) represent the holders of financial instruments in relations with the issuers of such financial instruments,
  - 17) lend financial instruments,
  - 18) provide investment advice of generic type concerning investments in financial instruments,
  - 19) subscribe for financial instruments on behalf of the clients, pursuant to the mandates issued by the clients,
  - 20) keep share registers for companies pursuant to agreements signed with such companies,
  - 21) acting in consultation with a securities broker or an investment adviser, provide education regarding the functioning of capital markets,
  - 22) rendering agency services for the benefit of investment fund corporations and investment funds, performing the role of a payment agent for foreign investment 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 shall amount to PLN 935,450,890 (nine hundred and thirty-five million, four hundred and fifty thousand, eight hundred and ninety zlotys) and shall be divided into 93,545,089 (ninety-three million, five hundred and forty-five thousand and eighty-nine) bearer shares with a nominal value of PLN 10 (ten zlotys) 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,
- 8) 115.729 (one hundred and fifteen thousand seven hundred and twenty nine) series H ordinary bearer shares,
- 9) 1,561,618 (one million, five hundred and sixty-one thousand, six hundred and eighteen) ordinary series I bearer shares,
- 10) 18,907,458 (eighteen million, nine hundred and seven thousand, four hundred and fifty-eight) ordinary series J bearer shares.

#### § 10a

(repealed)

#### § 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.

§ 19a

1. A shareholder may participate in the General Meeting through electronic communication means.
2. The detailed rules of participation in the General Meeting through the electronic communication means shall be defined by the Management Board and the Terms of Reference of the General Meetings of Bank Zachodni WBK S.A.

§ 20.

1. The 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.
2. At least two members of the Supervisory Board should meet the criteria of being independent from the Bank and entities with significant connections with the Bank. The criteria of independence of Supervisory Board members are defined in the Terms of Reference of the Bank's Supervisory Board, according to the criteria defined in the Code of Good Practice of the Companies Enlisted in the Warsaw Stock Exchange.
3. At least half of the Supervisory Board members, including members referred to in item 2 should be familiar with (aware of) the reality of Polish market helpful in supervising the Bank's operations with

a concurrent requirement for the two Supervisory Board members referred to in item 2 to be permanent residents of Poland and speak Polish.

§ 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 an entity authorized to audit the financial statements to perform audit services for 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,
- 18) approval of the internal audit 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.

1. The Bank's Management Board consists of at least 3 (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.

2. At least half of the members of the Bank's Management Board, including the President, are persons, which:

- 1) have higher education,
- 2) know well Polish banking market,
- 3) permanently live in Poland,
- 4) speak Polish,
- 5) have sufficient experience on Polish market, which may be used in management of the Bank on Polish market.

§ 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,
  - 2) the Management Board member the appointment of whom requires approval of the Financial Supervision Commission is in charge of the risk management function.

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. The remuneration of the Head of the Internal Audit is set as recommended by the Chairman of the Audit Committee and the Chairman of the Nominations and Remuneration Committee.
  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 and from other sources.
2. The reserve capital is earmarked for covering balance sheet losses, should they exceed the supplementary capital, or for other purposes, particularly for dividend pay-outs. 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 and dissolved by virtue of the resolution passed by the General Shareholders' Meeting. The general risk fund is created out of allocations from the after-tax profit.
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.

### **Legal basis:**

§38 clause 1 point 1, 2 and 3 of the Finance Minister's Ordinance of 19 February 2009 on current and periodic reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of non-member states.