

**17-04-2007**

**Subject:** Resolutions of the Annual General Meeting of BZ WBK Shareholders  
UNI-EN 18/2007

Bank Zachodni WBK hereby announces the contents of the resolutions adopted by the AGM on 17th April 2007.

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

Resolution set out the following agenda:

1. Opening of the General Meeting of Shareholders.
2. Electing the Chairperson of the General Meeting of Shareholders.
3. Establishing whether the General Meeting of Shareholders has been duly convened and has the capacity to adopt resolutions.
4. Adopting the agenda for the Meeting.
5. Reviewing and approving the Management Board's annual report and financial statements for 2006.
6. Reviewing and approving the Management Board's annual report on the activities of the BZ WBK Group and the consolidated financial statements of the BZ WBK Group for 2006.
7. Adopting a resolution on profit sharing, dividend day and dividend payment day.
8. Adopting resolutions giving discharge to the members of the Management Board.
9. Review and approval of the Supervisory Board's report on its activities in 2006 and the Supervisory Board's report on the assessment of the separate and consolidated financial statements of the BZ WBK Group and the reports on the Bank's and the Group's activities in 2006.
10. Adopting resolutions giving discharge to the members of the Supervisory Board.
11. Changes in the composition of the Supervisory Board.
12. Reviewing the remuneration of the members of the Supervisory Board.
13. Adopting the Incentive Scheme II.
14. Issue of bonds with pre-emptive rights under the Incentive Scheme II, excluding subscription rights.
15. Conditional increase in the share capital (excluding subscription rights) and introduction of amendments to statutes of Bank Zachodni WBK S.A.
16. Changes to the statutes of Bank Zachodni WBK S.A.
17. Adopting a uniform wording of the statutes of Bank Zachodni WBK S.A.
18. Closing of the General Meeting of Shareholders.

**Resolution no. 1**

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

§ 1

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

- a) financial statements of Bank Zachodni WBK SA seated in Wrocław for the period beginning on the first day of January of the year two thousand and six /1.01.2006/ and finishing on the thirty first day of December of the year two thousand and six /31.12.2006/, including:
- balance sheet prepared as at the thirty first of December two thousand and six /31.12.2006/ which on the assets and liabilities side shows the amount of PLN 31 382 480 k,
  - profit and loss account for the accounting year from the first of January two thousand and six /1.01.2006/ until the thirty first of December two thousand and six /31.12.2006/ which shows profit-after-tax in the amount of PLN 592 795 k,
  - cash flow statement for the accounting year from the first of January two thousand and six /1.01.2006/ until the thirty first of December two thousand and six /31.12.2006/ which shows a increase of PLN 951 332 k in the net cash balance,
  - movements in the equity showing as at 31 December 2006 the equity of PLN 3 613 244 k,
  - explanatory notes,
- b) Management Board report on BZ WBK SA performance in 2006.

§ 2

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

**Resolution no. 2**

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

§ 1

Annual General Meeting of Shareholders of Bank Zachodni WBK S.A. has reviewed and hereby approves

the following documents submitted by the Bank's Management Board:

- a) consolidated financial statements of Bank Zachodni WBK S.A. for the period beginning on the first day of January of the year two thousand and six /1.01.2006/ until the thirty first day of December of the year two thousand and six /31.12.2006/, including:
- consolidated balance sheet prepared as at the thirty first of December two thousand and six /31.12.2006/ which on the assets and liabilities side shows the amount of PLN 33 041 645 k
  - consolidated profit and loss account for the accounting year from the first of January two thousand and six /1.01.2006/ until the thirty first of December two thousand and six /31.12.2006/ which shows profit-after-tax in the amount of PLN 844 246 k (of which PLN 86 024 k is attributable to minority equity holders),
  - consolidated cash flow statement for the accounting year from the first of January two thousand and six /1.01.2006/ until the thirty first of December two thousand and six /31.12.2006/ which shows the increase in net cash balance of PLN 953 918 k,
  - movements in consolidated equity showing as at the thirty first of December two thousand and six /31.12.2006/ the amount of PLN 4 076 742 k,
  - explanatory notes.
- b) Report on Bank Zachodni WBK Group Performance in 2006.

§ 2

The resolution becomes effective on the day of its passing.

**Resolution no. 3**

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

§ 1

1. General Meeting of Shareholders has divided the net profit generated by BZ WBK in the accounting year commenced on 01.01.2006 and ended on 31.12.2006 in the amount of PLN 592 795 330,93 in the following way:

- PLN 437 761 704,00 will be allocated to the dividend to shareholders,
- PLN 155 033 626,93 will be allocated to the reserve capital,

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

Dividend per share is PLN 6,00

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

The dividend registration day is 4 May 2007.

The dividend will be paid on 18 May 2007.

§ 2

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

**Resolution no. 4**

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

§ 1

Mr. Jacek Kseń, the Management Board President, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 5**

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

§ 1

Mr. Declan Flynn, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 6**

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

§ 1

Mr. Michał Gajewski, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 7**

Pursuant to art. 395, §2 point 3 of the Polish Companies Act, the following is 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 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 8**

Pursuant to art. 395, §2 point 3 of the Polish Companies Act, the following is 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 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 9**

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

§ 1

Mr. Jacek Marcinowski, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 10**

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

§ 1

Mr. Mateusz Morawiecki, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 11**

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

§ 1

Mr. James Murphy, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 12**

Pursuant to art. 395, §2 point 3 of the Polish Companies Act, the following is 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 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 13**

Pursuant to art. 395, §2 point 3 of the Polish Companies Act, the following is 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 4.04.2006 to 31.12.2006.

§ 2

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

**Resolution no. 14**

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

§ 1

Mr. Aleksander Kompf, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 4.04.2006.

§ 2

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

**Resolution no. 15**

Pursuant to art. 382 §3 and 395 §5 of the Polish Companies Code and “Best Practices in Public Companies 2005”, the following is resolved:

§ 1

Approval is given for:

- 1) the BZ WBK Supervisory Board’s report on its activities in the period from 1.01.2006 to 31.12.2006 (Appendix 1 hereto),
- 2) the BZ WBK Supervisory Board’s report on the examination of: BZ WBK financial statements for 2006; consolidated financial statements of the BZ WBK Group for 2006; report on BZ WBK operations, report on the BZ WBK Group operations and the Management Board’s motion concerning distribution of profit earned in 2006 (Appendix 2 hereto),
- 3) the BZ WBK Supervisory Board’s assessment of the BZWBK Group’s operations in 2006 (Appendix 3 hereto).

§ 2

The Resolution becomes effective on the day of its signing.

**appendix 1**

REPORT

ON THE SUPERVISORY BOARD ACTIVITY IN 2006

Wrocław, February 2007

I. COMPOSITION OF THE SUPERVISORY BOARD

1. In 2006, the Supervisory Board operated in the following composition:

Chairman of the Supervisory Board - Mr. Aleksander Szwarc

Vice Chairman of the Supervisory Board - Mr. Gerry Byrne

Members of the Supervisory Board - Mr. Kieran Crowley

- Mr. Waldemar Frąckowiak
- Mr. Aleksander Galos
- Mr. Declan Mc Sweeney
- Mr. John Power
- Mr. Jacek Ślotała

2. Changes in the Supervisory Board's composition:

- Mr Declan McSweeney resigned from the Supervisory Board Member's position on 31 December 2006

3. Independence of the Supervisory Board Members

All Members of the Supervisory Board submitted written statements on their independence status as

well as their personal, factual and organizational connections with the Bank's shareholders.

According

to the submitted statements, the status of an independent Supervisory Board Member is held by the

following individuals:

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

## II. STATISTICAL DATA ON THE SUPERVISORY BOARD ACTIVITY IN 2006

In the period from 1 January to 31 December 2006, the Supervisory Board held 8 meetings and adopted 49 resolutions.

## III. MAIN AREAS OF THE SUPERVISORY BOARD'S ACTIVITY IN 2006

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

1. On 4 April 2006, in relation to holding the AGM which signed off the B/S, P&L account for the

2005 accounting year, the term of office of the Bank's MB lapsed. The Supervisory Board appointed the Bank's Management Board for another three-year term of office. Except for one change – establishment of Compliance and Legal Area – the existing composition and split of responsibilities in the Bank's MB were upheld. The following were appointed members of the Management Board:

- Mr Jacek Kseń was appointed the Bank's MB President
- Mr Declan Flynn – appointed the Bank's MB member,
- Mr Michał Gajewski - appointed the Bank's MB member,
- Mr Justyn Konieczny – appointed the Bank's MB member,
- Mr Janusz Krawczyk - appointed the Bank's MB member,
- Mr Jacek Marcinowski – appointed the Bank's MB member,
- Mr Mateusz Morawiecki - appointed the Bank's MB member,
- Mr James Murphy - appointed the Bank's MB member,
- Mr Marcin Prell - appointed the Bank's MB member,
- Mr Feliks Szyszkowski - appointed the Bank's MB member.

Except for Mr Marcin Prell, all of the appointees had been MB members in its previous term of

office.

## 2. BUSINESS STRATEGY OF BZWBK GROUP FOR YEARS 2007 - 2009

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

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

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

## 3. WORK ON THE 2007 FINANCIAL AND BUSINESS PLANS

As part of the planning process, the Supervisory Board held a discussion on the assumptions underlying the Financial and Business Plan presented to the Bank's MB for approval, taking into account development directions adopted in the "Po pierwsze klient" strategy and pursued in the previous years, current and projected trends in the macroeconomic environment, strategic and longterm

action plans the implementation of which will support the delivery of the Plan, as well as assumptions underpinning the development of the customer proposition for the key business/product

lines along with the strategic objectives adopted for 2007.

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

- The factors which will facilitate the 2007 Plans delivery include: very good quality of the credit portfolio and low credit provisions, evident progress in the reduction of the cost/income ratio, growing contribution of subsidiaries to BZWBK Group financial results. This will be additionally supported by incentive schemes adopted for 2007, including the Long Term Incentive Scheme for the managerial cadre of the Bank and the subsidiaries introduced in 2006.

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

### OBJECTIVES

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

- performance against the objectives set out in the 2006 Financial Plan,

- individual P&L lines against the assumptions adopted in the Plan and against the same lines in the corresponding periods of the previous year,
- changes in the mix of deposits and loans against the assumptions adopted in the Plan,
- structure of the bad debts portfolio and changes in the balance of provisions raised and released,
- level of costs.

In addition, the Supervisory Board made also periodical reviews of the business objectives set out in

the 2006 Business Plan. The reviews aimed at assessing how the progress against Business Plan related to such aspects as delivering distinctive customer proposition and other supportive actions translated into the execution of "Po pierwsze klient" strategy adopted by BZ WBK and into capacity to deliver superior profits.

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

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

getting familiar with their current results and business standing. Access of the Bank's subsidiaries to

the Bank's branch network significantly expands their catchment areas. What is more the products and

services offered by subsidiaries complement the Bank's proposition and enhance its competitive edge.

The Supervisory Board also met with directors of Macroregions – apart from discussing current financial and sales results, presentation of changes in the franchise management model, these meetings aimed at outlining future challenges faced by the Branch Banking, being primarily excellent

sales and financial results and strengthening the market position in all the locations by way of maximally leveraging all market opportunities, dynamic franchise development and effective management.

## 5. OPERATION OF THE SUPERVISORY BOARD COMMITTEES

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

- Nominations & Remuneration Committee,
- Audit Committee,
- Corporate Responsibility Committee.

The composition of individual committees was defined by force of the SB resolution. The scope of

their operations and mode of work are defined by Terms of Reference adopted by force of the SB resolutions.

The operations of the Committees contribute materially to boosting the effectiveness of the SB work

by way of supporting the SB in delivering its statutory tasks as well as by preparing working recommendations and proposed SB decisions in relation to the SB own motions as well as those



submitted by the MB.

In order to ensure complete information on activities of the Sub-committees, their Chairmen submit to the SB their current reports at each SB meeting and the SB Members receive minutes of all Committee meetings.

THE NOMINATIONS AND REMUNERATION COMMITTEE – the Committee's activities aim

to demonstrate the Supervisory Board's commitment in adherence to the corporate governance principles covering independence, responsibility and transparency of information on matters related to the remuneration policy concerning the Management Board and Senior Management. The Committee members have no personal financial interest, other than as shareholders, in these matters and have due regard to the best interest of the Bank and its shareholders.

The Committee assists the Supervisory Board with:

1. overall monitoring of the market remuneration practices and levels;
2. preparing recommendations for the SB decisions as to fair and competitive Remuneration policies and practices, ensuring adequate motivation for the MB Members and senior management to constantly improve the Bank's performance.
3. preparing recommendations for the SB with regard to the composition of the Management Board.

In 2006, the composition of the Nominations & Remuneration Committee was as follows:

- Gerry Byrne (Chairman),
- Aleksander Szwarc

The Committee will normally invite the President of the Management Board, the Head of the HR Management Division and persons, as it deems necessary, to its meetings.

In 2006, the Committee delivered the below-listed tasks:

- Prepared a recommendation re. 2005 bonus payment for the Management Board Members based on the adopted bonus scheme;

- Prepared a recommendation for the SB, on appointment of the President and Members of the Management Board for the new term of office which commenced on 4 April, 2006.

- Arranged and delivered a procedure aimed to select a candidate to replace Mr. Jacek Kseń as the

President of the MB, from the end of April 2007. The Committee used its best efforts to ensure that

this procedure is held in line with best practices. Rules and criteria have been developed by the Committee and approved by the SB.

- Considered the MB's proposal on the annual salary review rules, and prepared recommendations for

the SB on the rules of such a review for the MB members;

- Conducted the annual review of the bonus system for MB members and the senior executive population and tabled the recommendations re. rules of granting and determining the bonus pool for

2007. The system adopted in 2006 will be maintained in 2007 since it has proved highly successful in

motivating the staff to achieve better-than-average performance results.

- Considered and recommended to the SB changes to the bonus schemes of some business units in the Bank and subsidiaries to adjust them even better the specific nature of their operations and market conditions;

- Prepared and introduced (effective of 2006) a Long-Term Incentive Scheme for the Senior Management across the BZ WBK Group, aimed to motivate the participants to deepen their relationship with the Company in a long-term perspective so that the Bank can achieve competitive financial performance results reflected by share price growth.

On 4 April 2006, the General Meeting of Shareholders passed resolutions whereby the Scheme was

launched. The Scheme was executed by way of the issue of bonds with pre-emptive rights by the Bank - these bonds will give the Scheme participants the right, subsequent to meeting specific economic criteria, to take up the Bank's shares issued under the conditional increase in the Company's share capital.

The Committee prepared and presented to the SB for approval the Incentive Scheme Rules which define the Scheme's rules and the list of recommended participants.

While preparing recommendations for the Supervisory Board, the Committee used current results of

survey of remuneration in the banking sector carried out by an independent agency as well as the current trends in the job market.

AUDIT COMMITTEE – The Audit Committee is appointed by the Supervisory Board of Bank Zachodni WBK to assist the Board in fulfilling 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. compliance with relevant laws and regulations, taxation obligations and relevant Codes of Conduct and good business ethics;
3. the independence and performance of the internal and external Auditors; and
4. the system of internal control and management of financial and non-financial risks.

The Audit Committee is composed of the following members:

John Power ( Chairman )

Waldemar Frackowiak

Aleksander Galos

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 met nine times during the course of the 2006 and reviewed key areas of material controls, including financial, operational and regulatory compliance controls and risk management systems. On a regular basis it receives reports on risk management, fraud, anti money laundering, legal and corporate governance matters in order to assess the effectiveness of the risk management and control frameworks. In 2006, these reports included material notifications arising under the Group policy on "whistleblowing", updates on significant projects in the Bank including Sarbanes Oxley compliance, Basel II compliance and IT system

implementations.

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

The Committee receives reports from the external auditor and regularly holds discussions with both the internal and external auditors in the absence of management. In order that the Supervisory Board is kept fully apprised of the Committee's work, the Chairman of the Committee reports at the subsequent meeting of the Supervisory Board and the Board receives a copy of the minutes of each meeting of the Committee.

The Committee has reviewed and discussed the Company's audited financial statements with Management, which has primary responsibility for preparing the financial statements. The Committee also reviewed and discussed with KPMG their independent review of the financial statements and issues raised with management.

In reliance of these reviews, discussions and the opinion and report of the Independent Auditor, the Committee informed the Supervisory Board that the financial statements of the Group have been prepared, in all material respects, and give a true and fair view of the financial position of the

Group as at 31st December 2006, and the results of its operations and its cash flows for the year, in

accordance with International Financial Reporting Standards, are in compliance with the respective regulations and the provisions of the Bank's statutes and have been prepared from accounting records, that in all material respects have been properly maintained. The Committee recommended that the Supervisory Board approve the audited financial statements for inclusion in

the Company's annual report for the year ended 31st December 2006, and the Board accepted the Committee's recommendations.

The Committee recommended to the Board, subject to shareholder approval, the election of KPMG as the Company's independent accountants. There is a process in place by which the Audit

Committee reviews and, if considered appropriate, approves, within parameters approved by the Supervisory Board, any non-audit services undertaken by the Auditors, and the related fees. This ensures that the objectivity and independence of the Auditors is safeguarded.

The Committee conducted a review of its process and performance. The form of the review involved a discussion on the format of the meetings and the effectiveness of the reporting processes. The committee concluded that few substantive changes were required but used the discussion to help shape the 2007 forward agenda.

CORPORATE RESPONSIBILITY COMMITTEE – the Committee is charged with overseeing the development and execution of a Corporate Responsibility strategy and policy framework to ensure that BZWBK is seen as a responsible corporate citizen by all its stakeholders.

The Corporate Responsibility Committee is composed of the following members:

- Mr Gerry Byrne (Chairman)

- Mr Jacek Ślotała

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

The Committee meets on a quarterly basis. Updates were provided to the Supervisory Board on a regular basis in terms of the agenda and progress of the Committee.

During the course of the year, key areas that were addressed included:

- Enhancement of Brand Philosophy & Corporate Identity

- 'Bank of Children's Smiles' Foundation Activity
- Review and Approval of Marketing, Promotion, Sponsorship and Corporate Giving Plans / Budgets

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

The outputs reflect a coherent and focused approach to delivering on the Committee's objectives and

thereby ensuring that BZWBK is widely acknowledged as being in line with international best practice in terms of the standards for Corporate Responsibility.

## **appendix 2**

REPORT OF THE SUPERVISORY BOARD ON THE EXAMINATION OF :

- 2006 FINANCIAL STATEMENTS OF BANK ZACHODNI WBK S.A.
- MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK S.A. PERFORMANCE IN 2006
- 2006 CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP OF BANK ZACHODNI WBK
- MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK GROUP PERFORMANCE IN 2006
- MOTION OF THE MANAGEMENT BOARD ON THE 2006 PROFIT DISTRIBUTION Wrocław, February 2007

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 April 2007:

- 2006 Financial Statements of Bank Zachodni WBK S.A.,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2006,
- 2006 Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK,
- Management Board Report on Bank Zachodni WBK Group in 2006,
- Management Board motion on the 2006 profit distribution.

The obligation to review the above documents is imposed on the Supervisory Board by § 32 clause 1 and

clause 6 of the Bank's Statutes.

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

By force of resolution no. 21/2006, adopted on 21 June 2006, the Supervisory Board selected KPMG

Audyt Sp. z o.o. as the Bank's auditor and vested it with a task of auditing the 2006 Financial Statements.

The above audit covered the following documents produced by the Bank's Management Board:

1. Financial Statements of Bank Zachodni WBK S.A. for year 2006:

- Balance sheet as at 31 December 2006,
- Profit & Loss Account for the accounting period from 1 January to 31 December 2006,
- Cash Flow Statement for the accounting period from 1 January to 31 December 2006,
- Movements in equity,
- Off-balance sheet liabilities,
- Notes.

2. Management Board Report on Bank Zachodni WBK S.A. Performance in 2006.

3. Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK for year 2006:

- consolidated Balance Sheet as at 31 December 2006,
- consolidated Profit & Loss Account for the accounting period from 1 January to 31 December 2006,
- consolidated Cash Flow Statements for the accounting period from 1 January to 31 December 2006,
- movements in equity,
- off-balance sheet liabilities,
- notes.

4. Management Board Report on Bank Zachodni WBK Group in 2006.

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

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

- Reports of the independent auditor on the Financial Statements of Bank Zachodni WBK SA for 2006 and on the Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK SA for 2006,

the Supervisory Board stated that the 2006 Financial Statements of Bank Zachodni WBK S.A. and the

2006 Consolidated Financial Statements of Bank Zachodni WBK Capital Group presented by the Management Board, have been prepared, in all material respects, and give a true and fair view of the

financial position of the Bank and the Group as at 31 December 2006 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. 2/2007, dated 21 February 2007, to submit to the

AGM for approval:

- Financial Statements of Bank Zachodni WBK S.A. for year 2006,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2006,
- Consolidated Financial Statements of the Group of Bank Zachodni WBK for year 2006,
- Management Board Report on Bank Zachodni WBK Group in 2006,

2. Review of the Bank's Management Board motion related to the 2006 profit distribution

The Supervisory Board examined the Bank's Management Board motion related to the 2006 profit

distribution, and with resolution no. 2/2007, dated 21 February 2007 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. 5/2007, dated 21 February 2007, the Supervisory Board presents this report to the General Annual

Meeting of Shareholders of Bank Zachodni WBK.

### **appendix 3**

#### **ASSESSMENT OF THE BZWBK GROUP'S OPERATIONS IN 2006**

The year of 2006 was a period of high-paced development for the Polish economy. The GDP growth

totaled 5.8% (According to GUS (Chief Statistical Office) data) and it was the highest annual growth since

1997. Both, strong domestic demand rally and continued strong Polish exports growth were witnessed

thanks to the favorable economic conditions worldwide. The total domestic demand increased by 5.8%

p.a., mainly in view of the improved private consumption dynamics (5.2% increase against 1.9% in 2005)

and a definite acceleration of the investment growth (16.7% against 6.5% a year earlier). The share of

exports in GDP increased in 2006 up to ca. 35% reaching the record high since the outset of the economic

transformation.

The GDP growth was not only high-paced but also balanced. The current account balance deteriorated

slightly (the deficit increased up to 2% of GDP from 1.7% of GDP in 2005) while inflation was not only

below the central bank's target (2.5%) nearly throughout the entire year but also below the lower end of

acceptable fluctuations band (1.5%). The pace of growth in goods and consumer services' prices was a

mere 1.4% y/y in December. The net core inflation stayed low, clearly below 2%.

Along with the acceleration of the GDP growth, situation in the labor market improved significantly.

Increase in the activity and scale of businesses' operations entailed a definite step up in the demand for

labor force as a result of which the pace of employment growth went up to a record high level of 4.1% y/y

in December 2006. The rate of registered unemployment decreased from 17.6% in December 2005 to

14.9% in December 2006.

In 2006, the total deposits growth accelerated from 9.4% y/y to 15% y/y and, like in the previous year, it

was triggered mainly by the dynamic increase in business deposits (25.6% y/y in December 2006). Also

the situation around household deposits improved (9.7% y/y in December 2006 against 3.6% y/y a year

earlier). In terms of money creation factors, the quickest growth was recorded in household loans which

grew by over 33% y/y in December 2006. Acceleration was witnessed in the market of business loans

whose growth accelerated to 14.6% y/y in December 2006 from 2.9% y/y in 2005.

In 2006, Bank Zachodni WBK generated PBT of PLN 1,065.5m and was 55% up on 2005, whereas PAT

totaled PLN 758.2m and was up by 47%. ROE was 23.7% (in 2005 – 18%).

EPS went up to PLN 10.39 in 2006 from PLN 7.08 in 2005.

These excellent financial results were achieved thanks to the pursued strategy and positive business

development trends. Receivables due from customers increased by 24% while deposits entrusted with the

Group by 16%. The quality of assets improved regularly which was reflected in the drop in the problem

loans ratio from 6.9% to 4.9% (one of the best ratios in the sector).

What should be emphasized along with very good results of the bank are the operations of the subsidiaries, and in particular of: BZWBK AIB Towarzystwo Funduszy Inwestycyjnych S.A., BZWBK

AIB Asset Management S.A., Dom Maklerski BZWBK S.A., BZWBK Leasing S.A. and BZWBK

Finanse & Leasing S.A.

In 2006, BZ WBK S.A. Group generated total income of PLN 2,415m, 24.3% up on 2005. Net interest

income totaled PLN 1,034m against PLN 909m in the previous year. This growth was achieved thanks to

the growing scale of operations and favorable changes in their structure with relatively stable interest

margins.

Fee income reached PLN 1 003m and increased in 2006 by 44.5%. Thanks to the influx of monies to the

investment funds managed by BZ WBK AIB TFI S.A. and segregated portfolios of BZ WBK AIB Asset

Management S.A., there was a dynamic increase in the asset management fees – by as much as 229% and

a 60% increase in the fee for distribution of fund participation units. The dynamics of Dom Maklerski BZ

WBK S.A.'s (Brokerage House) net broker fees totaled 77% which was prompted by the larger scale of

activity on the Warsaw Stock Exchange.

Dividend income – totaling PLN 57.3m – went up by 20% y/y. In 2006, the Bank received a dividend

from Commercial Union Group totaling PLN 53m (in 2005 – PLN 44.1m).

Total operating costs of BZ WBK Group closed at PLN 1,331m and were 11.6% up on 2005.

Staff costs totaled PLN 683.7m and grew by 19% p.a., mainly in view of the employment growth, salary

increases related to the growing competition in the market of high-profile banking specialists and the pay out of bonus for delivering business objectives.

The costs of the Group's operations increased by 10.9% y/y and totaled PLN 447m. The key growth factors were intensive promotional campaigns supporting the sales of the Group's strategic products as well as the costs of IT projects related to the management of business activity growth in the bank and its subsidiaries.

In 2006, BZWBK Group recorded a drop in its cost/income ratio down to 55.1% from 61.4% in the previous year.

As at 31 December 2006, the balance sheet total of Bank Zachodni WBK Group was PLN 33,042m, i.e. 12.7% up on 2005.

At the end of December 2006, net receivables from customers totaled PLN 17,607m and exceeded the balance recorded 12 months earlier by 24% as a result of the growth in personal loans, business loans and leasing receivables.

Comparing to the end of 2005, the portfolio of receivables from business entities totaled PLN 12,046m and grew by 25.2%. Such a high dynamics was achieved thanks to optimistic outlook for the Polish

economy and an adequate alignment of the product proposition to the customers' needs.

Over 12 months, the value of personal loans went up by 28% to reach the level of PLN 4,239m while the speediest lending growth was witnessed in the area of cash loans (+54%) and property financing (+26%).

At the end of December 2006, liabilities towards customers totaled PLN 24,169m to exceed the level recorded 12 months earlier by 16% driven by a significant growth in the balances of businesses' and public sectors' deposit accounts as well as the growth in current assets entrusted by personal customers.

The value of funds in personal customers', businesses' and public sector units' current accounts (excluding one-day deposits) closed at PLN 8.121m and outstripped the 2005-end balance by 19.8%.

Over the past 12 months, the term deposits base (including one-day deposits) grew by 14.1% to the level of PLN 15,541m, mainly due to high business activity on the part of businesses.

Bank Zachodni WBK S.A. share price went up by 59% throughout the year (from PLN 141.50 as at 30

December 2005 to PLN 225 as at 29 December 2006) relative to the WIG Banki sectoral index' growth by

51.5% and 23.8% WIG 20 index growth.



In the second half of the year, Bank Zachodni WBK was inspected by the General Inspectorate of Banking

Supervision (GINB). Bank Zachodni WBK received one of the highest ratings in the banking sector.

After the annual rating review, on 11 August 2006, Fitch Ratings rating agency confirmed Bank Zachodni

WBK's ratings: Issuer Default Rating at "A" (single "A") with positive outlook, short-term rating at

"F1", individual rating at "C" and Support at "1".

In its comment the agency emphasized: The bank is performing well, with improving asset quality, good

profitability and strong capitalization," "The asset management and brokerage businesses are boosting

earnings and improving revenue diversification, while the long-awaited return of corporate loan growth

signals improved prospects."

In relation to the increase in the sovereign rating for Poland, on 17 August 2006, Fitch Ratings increased

the rating for Bank Zachodni WBK ("BZWBK"): entity rating (IDR) from "A" (single "A") to "A+".

After the rating increase, the outlook is stable. The other ratings were left unchanged: short-term rating at

"F1", individual rating at "C" and support rating at "1".

The entity rating (IDR), short term and support ones reflect a very high potential for support that the Bank

could receive from the majority shareholder – Allied Irish Bank ("AIB", "AA-" rating (double "A" with a

minus), positive outlook). The IDR rating for the Bank is currently limited by the country ceiling "AA-"

for Poland.

### **Resolution no. 16**

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

#### § 1

Mr. Aleksander Szwarz, 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. 2006 to 31. 12. 2006.

#### § 2

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

### **Resolution no. 17**

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

#### § 1

Mr. Gerry Byrne, the Vice Chairman of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 18**

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

§ 1

Mr. Kieran Crowley, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2005.

§ 2

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

**Resolution no. 19**

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

§ 1

Mr. Waldemar Frąckowiak, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 20**

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

§ 1

Mr. Aleksander Tadeusz Galos, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 21**

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

§ 1

Mr. Declan McSweeney, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 22**

Pursuant to art. 395, §2 point 3 of the Polish Companies Code, the following is 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 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 23**

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

§ 1

Mr. Jacek Ślotała, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2006 to 31.12.2006.

§ 2

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

**Resolution no. 24**

Pursuant to art. 385 §1 of the Polish Companies Act, the following is resolved:

§ 1

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

§ 2

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

**Resolution no. 25**

Pursuant to art. 385 §1 of the Polish Companies Act, the following is resolved:

§ 1

Mr. Jim O'Leary shall be appointed as a member of the Supervisory Board of Bank Zachodni WBK S.A.

§ 2

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

**Resolution no. 26**

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

§ 1

1. The following remuneration per month is set for:
  - 1) the Chairman of the Supervisory Board - 13,400 PLN,
  - 2) Supervisory Board members domiciled in Poland - 8,400 PLN,
  - 3) Supervisory Board members not domiciled in Poland - 2,100 euro.
2. Irrespective of the remuneration specified in section 1 the following additional remuneration is set for the members of the Supervisory Board who are members of individual Committees at the Supervisory Board. The remuneration is paid for participation in each meeting of the Committee:
  - from 4,000 PLN for the Corporate Responsibility Committee members domiciled in Poland to 10,000 PLN for the Audit Committee Chairman domiciled in Poland per meeting,
  - from 1,000 euro for the Corporate Responsibility Committee members not domiciled in Poland to 2,500 euro for of the Audit Committee Chairman not domiciled in Poland.

§ 2

The resolution becomes effective on the day of its adoption.

**Resolution no. 27**

The Company's Shareholders' General Meeting, pursuant to 393, as well as art. 448 and subsequent articles of the Commercial Companies Code, hereby resolves as follows:

§ 1

1. A three-year long Incentive Scheme II, starting in 2007, shall be introduced into the Company.
2. The Incentive Scheme II is addressed to the Company's employees or employees of subsidiaries of Bank Zachodni WBK S.A. who significantly contribute to the growth in its value and in effect to the growth in the value of its shares.
3. The objective underlying the Incentive Scheme II is creation of an instrument that will ensure stronger links of the Incentive Scheme Participants referred to in § 2 with the Company and will represent an effective incentive.

§ 2

1. The Incentive Scheme II Participants ("Participant") are members of the Management Board and Senior Management of Bank Zachodni WBK S.A. as well as its subsidiaries nominated by the Management Board and approved by the Company's Supervisory Board. However, less than 100

individuals would qualify.

2. A natural person loses the Right of the Incentive Scheme's II Participant if after being classified for it, s/he will stop working for Bank Zachodni S.A. or its subsidiaries prior to the date of convening the Company's General Meeting which will approve its financial statements for the last year of the three-year Incentive Scheme II period.

3. The Supervisory Board – acting in the Company's interest – may decide to retain the Rights of the Incentive Scheme Participant II despite surfacing of circumstances referred to in item 2, if there are special reasons for that.

### § 3

1. The Incentive Scheme II provides the Participants with the Right to buy bonds issued pursuant to the Shareholders' General Meeting's resolution re. issue of bonds with pre-emptive rights under the Incentive Scheme II as well as with the conditional right to buy shares of I series at a preferential price to be issued pursuant to the Shareholders' General Meeting's resolution re. conditional increase in the share capital and amendments to the Company's Statutes as part of the conditional increase in the share capital. The entitlements described above are hereafter referred to as "Rights".

2. The conditional Right of the Incentive Scheme II Participant to buy shares of I series at a preferential price depends on meeting the for exercising the Right which are referred to in § 5. The value of the aforementioned Right is also called an "Award".

3. The maximum number of shares that can be bought by the Incentive Scheme's II Participant cannot be higher than the quotient of the percentage set by the Supervisory Board of his/her annual salary arising from the individual Participant's employment contract in 2007 and the average market price of the Bank's shares from 30 stock exchange sessions prior to the date of adopting this resolution less the issue price of I series shares. The value described above represents the Maximum Award.

### § 4

1. The plan of the Incentive Scheme II delivery envisages that at the first stage the Incentive Scheme's Participants, in the year of being qualified for the Scheme, will be entitled to buy bonds issued pursuant to the Shareholders' General Meeting's resolution re. issue of bonds with preemptive rights under the Incentive Scheme II.

2. The plan of the Incentive Scheme II delivery envisages that at the second stage, the Incentive Scheme Participants will be entitled to take up shares of I series but as long as the criteria for exercising the Right are met.

### § 5

1. The criterion for exercising the Right is growth in consolidated EPS (consolidated Earnings per Share) within 3 years of the Incentive Scheme's II validity as described in § 6.

2. It is the Supervisory Board that decides about the satisfaction of criteria for exercising the Right in the form of a resolution based on the level of the consolidated after tax profit disclosed in the Company's financial statements approved by the Shareholders' General Meeting. The Supervisory

Board shall make appropriate resolution not later than 30th August 2010.

§ 6

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

§ 7

1. The Supervisory Board is entitled to adopt the Incentive Scheme II Terms of Reference with a view to appropriately implementing the Incentive Scheme II provided this is not in conflict with resolutions of the Shareholders' General Meeting.
2. The Supervisory Board is entitled to define in detail the principles of classifying individuals as the Incentive Scheme II Participants. The Supervisory Board will create the list of Participants. The impact of inheritance on the manner of the Incentive Scheme II implementation will be determined in The Incentive Scheme II Terms of Reference.
3. The Supervisory Board is entitled to define in detail the manner of the Incentive Scheme II implementation.
4. The Supervisory Board is entitled to define in detail the contents and manner of exercising the Right as well as to define in detail the contents and manner of exercising the Award.
5. The Supervisory Board is entitled to define principles and mode of resolving disputes related to the Incentive Scheme II.
6. The Company's Management Board as well as each Participant of the Incentive Scheme II are authorized to request the Supervisory Board for their stance on the disputable issue related to the Incentive Scheme II.

§ 8

The resolution becomes effective on the day of its adoption.

**Resolution no 28**

Pursuant to 393, item 5 of the Commercial Companies Code, the Company's Shareholders' General Meeting resolves as follows:

§ 1

- 1 The Company issues bonds, hereinafter referred to as "bonds II with pre-emptive rights" or "bonds II" entitling the bondholders to:
  - i) return of the bonds' nominal value and
  - ii) subscription for the Company's shares with priority over its shareholders,as long as the criteria described in the Incentive Scheme II referred to in the resolution of the Shareholders' General Meeting of 17 April 2007 re. adopting the Incentive Scheme II in the

Company are met.

2 The Company issues 150.000 (say: one hundred fifty thousand) bonds II with pre-emptive rights,  
referred to in item 1.

3 The issue of bonds with pre-emptive rights is deemed effective when at least 1,000 of them are taken up.

4 The bonds II can be subscribed only by the Participants of the Incentive Scheme II.

5 The detailed conditions of the bonds issue shall be determined by the Supervisory Board in the Incentive Scheme II Terms of Reference.

6 The bonds II with pre-emptive rights have the following parameters:

i) bonds are registered,

ii) bonds are dematerialized,

iii) bonds expire on 30 November 2010,

iv) the unit nominal value of each bond with pre-emptive rights is 1 grosz (say: one grosz);

v) the bonds with pre-emptive rights are not secured;

vi) the bonds with pre-emptive rights are not interest bearing;

vii) bonds with pre-emptive rights entitle to receive a payment in the amount corresponding to their nominal value at the redemption date and to take up the Company's shares prior to its shareholders, where this right has been described in detail in § 2 .

#### § 2

1. One bond II with pre-emptive rights entitles to take up one share of I series in relation to the conditional increase in the Company's share capital at the issue price equal to the nominal value of these shares.

2. Taking up shares of I series by a holder of bonds with pre-emptive rights is reliant on meeting the criteria described in the Incentive Scheme II referred to in the resolution of the Shareholders' General

Meeting of 17 April 2007 re. adoption of the Incentive Scheme II in the Company.

#### § 3

1. Bonds II with pre-emptive rights are issued in line with art. 9 sec. 3) of the Bonds Act dated 29 June 1995.

2. Bonds II with pre-emptive rights will be allocated in line with the Incentive Scheme II referred to in the resolution of the Shareholders' General Meeting of 17 April 2007 re. adoption of the Incentive Scheme II.

3. The bondholders' rights arising from the granted priority rights will expire on 31 October 2010.

#### § 4

Acting for the benefit of the Company and with a view to making it possible to offer to the management of the Company and its subsidiaries the Incentive Scheme II which will allow the Company to generate competitive financial results and tighten the relations with the Company's key employees, the existing

shareholders will be deprived of the right over taking up bonds with pre-emptive rights.

§ 5

The resolution becomes effective on the day of its adoption.

**Resolution no. 29**

The General Shareholders' Meeting acting pursuant to Article 448 and the subsequent articles of the

Commercial Companies Code hereby resolves as follows:

§ 1

1. The share capital is conditionally increased by the maximum, nominal value of PLN 1.500.000 (say: one million five hundred thousand Polish zloty).

2. The share capital shall be conditionally increased by way of issuing new, ordinary and bearer shares, I series with a nominal value of PLN 10 (say: ten Polish zloty) each, in a number not higher than 150.000 (say: one hundred fifty thousand).

3. The issue of H series shares will materialise if at least 1,000 shares are taken up.

§ 2

1. The conditional increase in the share capital shall be undertaken to allocate the shares of I series to

persons who benefit from rights arising from of the bonds issued by the Company pursuant to the General Shareholders' Resolution of 17 April 2007 re. issue of bonds with pre-emptive rights under the Incentive Scheme II.

2. The conditional increase in the share capital shall be undertaken as part of the Incentive Scheme II

referred to in the Shareholders' Resolution of 17 April 2007 regarding the issue of bonds with pre-emptive rights under the Incentive Scheme II.

3. Holders of the bonds issued by the Company pursuant to the General Shareholders' Resolution of

17 April 2007 re. issue of bonds with pre-emptive rights under the Incentive Scheme and their legal successors are the Entitled pursuant to Article 449, §1, section 4 of the Commercial Companies Code.

§ 3

1. The date of shortlisting the individuals entitled to take up the shares of I series under the Incentive

Scheme II referred to in the Resolution of the General Shareholders' Meeting of 17 April 2007 re. issue of bonds with the pre-emptive rights under the Incentive Scheme II shall expire on 30 August 2010 and the date of exercising the right to take up the shares of I series shall expire on 31

October 2010.

2. The Management Board is hereby authorised to set deadlines necessary to carry out the issue of I

series shares, unless they are directly or indirectly defined in this resolution or other resolutions of

the Shareholders' General Meeting relating to the Incentive Scheme II.

§ 4

1. The shares of I series shall be taken up for cash contributions.

2. The issue price of the I series shares shall be PLN 10.

§ 5



1. The I series shares shall authorise the holder to the receipt of dividend commencing on 1 January

2010 on condition of a prior registration of the shares in the securities account.

2. The I series shares shall be admitted to the stock exchange market managed by the Warsaw Stock

Exchange S.A.

3. The Management Board is hereby authorised to perform any activities necessary to achieve the objective referred to in Section 2, unless a specified activity must be performed by a different body of the Company in accordance with the Polish laws & regulations or the resolutions of the Shareholders' General Meeting relating to the Incentive Scheme II.

#### § 6

Acting to the Company's benefit with a view to making it possible to offer to the management of the

Company and its subsidiaries the Incentive Scheme II, which will allow the Company to generate competitive financial results and tighten the relations with the Company's key employees, the existing

shareholders will be deprived of the pre-emptive rights to take up the I series shares.

#### § 7

1. Acting pursuant to Article 5, section 8 of the Financial Instruments Act dated 29 July 2005, the Management Board is hereby authorised to enter into agreements with the National Depository of Securities for a registration of the I series shares.

2. The Management Board is hereby authorised to specify detailed terms & conditions for the issue

of the I series shares, unless this breaches the powers of other bodies of the Company or the shareholders' resolutions relating to the Incentive Scheme II.

#### § 8

Due to the conditional increase in the share capital, the Company's Statutes shall be amended as follows:

1. § 10a section 1 will read as follows: "§10a 1. The share capital is conditionally increased by the maximum, nominal value of PLN 3.500.000 (say: three million five hundred thousand Polish zloty)."

2. §10a shall have sections 4 and 5 added:

"4. The Bank's share capital shall be conditionally increased by way of issuing new, ordinary and bearer shares, I series of a nominal value PLN 10 (say: ten Polish zloty) each, in a number not higher

than 150.000 (say: one hundred fifty thousand ).

5. The I series shares shall be taken up by persons authorised on the strength of bonds issued in accordance with the General Shareholders' Meeting resolution regarding the issue of bonds with preemptive

rights under the Incentive Scheme II. "

#### § 9

The resolution becomes effective on the day of its adoption.

### **Resolution no. 30**

Pursuant to art. 430 § 1 of the Commercial Companies Code, the Annual General Meeting of Shareholders has resolved to amend the Bank's Statutes as follows:

In §7 section 2 of the Bank's Statutes points 12, 13, 14 and 15 shall be added, reading as follows:

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.

#### § 2

The introduction of the amendments to the Statutes in the scope defined in §1 requires the approval of the Banking Supervisory Commission.

#### § 3

The resolution becomes effective on the day of registering the changes to the Statutes by the relevant Registry Court.

### **Resolution no. 31**

Pursuant to art. 430 of the Code of Commercial Companies, the Annual General Meeting of Shareholders hereby decides to adopt the consolidated text in the reading specified below:

**Statutes  
of  
Bank Zachodni WBK S.A.**

## **I. General Provisions**

§ 1.

The name of the Bank is “Bank Zachodni WBK Spółka Akcyjna”.

§ 2.

The founder of the Bank is the State Treasury.

§ 3.

The Bank has its registered seat in Wrocław.

§ 4.

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

§ 5.

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

§ 6.

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

## **II. Scope of Business**

§ 7.

The scope of the Bank’s business includes:

1. The following banking operations:

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

- 4) performing swaps of debts into components of the debtor's assets,
- 5) acquiring and disposing of real estates and debts secured with mortgage,
- 6) providing consulting and advisory services in relation to financial matters,
- 6a) providing certification services in accordance with the electronic signature regulations, excluding qualified certificates,
- 7) providing other financial services including:
  - a) operating brokerage activities and agency in operating brokerage activities, operating securities accounts and agency in selling units and investment certificates of investment funds,
  - b) providing agency and co-operation in obtaining loans and advances,
  - c) performing collection activities on the basis of documents certifying the existence of cash receivables,
  - d) concluding and executing agreements with businesses, including foreign ones, on agency in lodgments to bank accounts,
  - e) financial and operational participation in international projects and undertakings,
  - f) performing fiduciary activities,
  - g) providing leasing, factoring, forfeiting, franchising services as well as stand-by and firm commitment underwriting,
  - h) trading in transferable property rights from securities and in transferable property rights, the price of which directly or indirectly depends on the price of securities (derivatives) – in the Bank's account or at the request of third parties,
  - i) performing activities, as requested by the Minister of Treasury and set forth in the Act of 30/08/1996 on commercialization and privatization of state owned enterprises,
  - j) accepting the State Treasury shares for management.
- 8) Providing sales-related services for open pension funds,
- 9) Performing the function of a custodian as specified in regulations on organization and functioning of pension funds,
- 10) Performing the function of a custodian as specified in regulations on organization and functioning of investment funds,

- 11) agency in selling insurance, lease, factoring, forfeiting and franchising products,
  - 12) providing companies connected with the Bank or with the parent company with supporting financial services related to the use of IT systems and technologies, including data processing, development, operation and maintenance of software and IT infrastructure and advisory services in that respect,
  - 13) providing services related to maintenance of investment fund participant registers, including especially: management of participant instructions and registers, management of direct payments, management of distributor register and agency in settlements with them, dealing with complaints and correspondence with customers of the funds, providing data from the transaction register to duly authorised bodies, data archiving, providing software to distributors and its maintenance, administrative service of bank accounts owned by funds,
  - 14) providing services related to the maintenance of pension fund participant registers,
  - 15) maintenance of books for investment and pension funds.
3. The Bank can also perform, upon the request of other banks, the operations referred to in Sections 1 and 2, as long as these operations fall within the scope of the mandating bank's activities.
  4. In the course of its operations, the Bank co-operates with domestic, foreign and international banks and financial institutions.
  5. The Bank provides services in the area of cash transport.

#### § 8.

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

#### § 9.

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

### III. The Bank's share capital

#### § 10.

The share capital of the Bank amounts to PLN 729.602.840 (seven hundred twenty nine million six hundred and two thousand eight hundred and forty zloty) and is divided into 72,960,284 (seventy two million nine hundred and sixty thousand two hundred and eighty four) bearer shares of the nominal value of PLN 10 (ten zloty) each, including:

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

#### § 10a

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

5. The I series shares shall be taken up by persons authorised on the strength of bonds issued in accordance with the General Shareholders' Meeting resolution regarding the issue of bonds with pre-emptive rights under the Incentive Scheme II.

§ 11.

Bearer shares are shares admitted to public trading.

§12.

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

§ 13.

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

§ 14.

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

§ 15.

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



§ 16.

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

§ 17.

The Bank can issue convertible bonds.

#### **IV. The Authorities of the Bank**

§ 18.

The authorities of the Bank are:

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

#### **V. General Meetings of Shareholders**

§ 19.

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

§ 20.

1. 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 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.
3. The General Meeting resolution on the decision not to discuss an item put on the agenda at the request of shareholders can be passed by 75% majority of votes, prior to an approval of all shareholders who tabled the motion.

§ 24.<sup>1</sup>

---

In a given financial year, the entity acting as a certified auditor of the financial report issued by the Bank or by its subsidiaries for the current year, discussed in separate regulations, cannot act as the auditor responsible for special issues.

## **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 Banking Supervision Commission about the composition of the Supervisory Board. At least half of the Supervisory Board's members, including its Chairman, should hold Polish citizenship.
2. At least two of the Supervisory Board's members should be independent members, including an independent chairman of audit committee. The independent members of the Supervisory Board should be free from any connections with the company and shareholders or employees, which could significantly impact the capacity of the independent member to take objective decisions.
3. The Supervisory Board's independent member, referred to in sec. 2, cannot be specifically the person:
  - 1) who was the member of the Bank's Management Board over the period of last 3 years,
  - 2) who was the chartered auditor or employee of the entity authorized to examine the Bank's financial reports over the period of last 3 years,
  - 3) who, directly or indirectly, receives from the Bank the remuneration different from the one arising from the function of the Supervisory Board member, which would have significant impact on taking independent decisions,
  - 4) who holds, directly or indirectly, more than 1% of the Bank's shares
  - 5) who is a next of kin to the members of the Supervisory Board and the Management Board and also to the persons referred to in points 1-4, where the next of kin shall

mean a spouse, own child or an adopted child under 18, family member or other person who is in the same household with the member of the Supervisory Board.

4. Without the consent of the majority of independent members of the Supervisory Board, the resolutions cannot be adopted with regard to the issues referred to in:
  - 1) § 32 point 4 and 5 of the Statutes, if the agreement with the entity connected with the Bank has to be concluded, the member of the Bank's Supervisory Board or the Bank's Management Board and the entities connected with them,
  - 2) §32 point 7 and 10 of the Statutes.

#### § 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 discretions 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;

- 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 400,000k and at the same time, if as a result of such investment the Bank's shareholding in another entity is equal to 20% of votes or exceeds 20% of votes or drops below the level of 20% of votes at the AGM or the Meeting of Partners, while "the value of investment" shall mean the purchase price or the sales price of a given asset,except for agreements on underwriting securities issues, if the total exposure of the Bank arising from such agreement does not exceed one tenth (1/10) of the total equity of the Bank;

An equity investment is understood, in particular, as joining by the Bank and exiting from joint undertakings, i.e. incorporating and dissolving commercial law companies, joining and exiting commercial law companies, including contributions made to limited partnerships or limited joint stock partnerships. Purchase of shares and interests with a guarantee of their repurchase by another entity is not an equity investment.
- 5) approve acquisition, disposal or encumbrance of fixed assets (as defined in the Accounting Act), in particular any real estate, if the value of such fixed asset exceeds a PLN equivalent of EURO 4,000,000 except for seizing a real estate by the Bank as a mortgage creditor, as a result of an ineffective auction conducted under execution proceedings, or as a result of repossessing another fixed asset or securities by the Bank as the creditor secured by a registered pledge in line with the regulations on registered pledges and pledge register, or a creditor secured by repossession of the security in line with the regulations of the Banking Law Act;
- 6) examine the Management Board's reports and its motions regarding the profit distribution or coverage of losses;
- 7) determine remuneration of the Management Board members;

- 8) conclude contracts on behalf of the Bank, falling within the authority of the Supervisory Board, including employment contracts or management contracts with Members of the Management Board, where the Supervisory Board may appoint its Chairperson or another Supervisory Board member to submit a declaration of will in this respect,
- 9) adopt the Management Board's Regulations and other banking regulations as set forth in the Statutes and other sets of legal regulations and approve the Bank's Organizational Regulations and the Policy on the internal control system;
- 10) appoint a chartered auditor to audit the financial statements of the Bank;
- 11) apply to the Banking Supervision Commission for a consent to appoint two members of the Management Board of the Bank, including the President;
- 12) informing the Banking 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.

§ 33.

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

## **VII. Management Board**

§ 34.

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

§ 35.

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

§ 36.

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

§ 36a.

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

§ 37.

1. The Management Board manages the Bank's-related issues unless specified otherwise in clause 2 and 3.
2. The President of the Management Board can, by way of an ordinance, vest individual Management Board members with the power to handle individual issues based on the internal split of responsibilities within the Management Board, and also can allocate some temporary tasks to them.
3. Pursuant to the internal split of responsibilities within the Management Board:
  - 1) in particular, President of the Management Board is in charge of the internal audit unit and credit risk management function,
  - 2) the branch network reports to the Management Board member the appointment of which requires approval of the Banking Supervision Commission.



4. The President of the Management Board manages the work of the Management Board, in particular, convenes the Management Board meetings, sets the agenda and chairs the meetings. The President has also the casting vote when two sides have exactly the same number of votes.

§ 37a.

Bodies entitled to issue internal regulations:

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

2) control performed by each Bank employee and his/her line manager and persons co-operating with them – in order to ensure compliance of the employees' actions with legal requirements and internal regulations and to respond to any existing deficiencies on an ongoing basis,

3) a comprehensive annual budgeting and financial reporting system, which incorporates clearly-defined and communicated common accounting policies and financial control procedures, including those relating to authorisation limits,

4) appropriate policies and procedures relating to capital management, asset and liability management, credit risk management and operational risk management,

5) business continuity planning and physical and computer security,

6) activities of the Internal Audit Function, which 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.

3. The Bank's Management Board is responsible for designing, implementing and functioning of the system of internal control.
4. The Supervisory Board is responsible for the supervision over the implementation of the internal control system and for assessing its adequacy and effectiveness.
5. The Supervisory Board opines on the appointment the of 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.
6. The Audit Committee of the Supervisory Board supervises the activity of the Internal Audit Function.
7. The results of internal audits together with the recommendations are provided periodically to the Management Board and the Audit Committee of the Supervisory Board.

## **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
3. items reducing the Bank's equity

§ 45.

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

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

§ 46.

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

§ 47.

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

§ 48.

The Banking Law and other detailed regulations specify the principles of incorporating other items into the Bank's own additional funds.

§ 49.

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**

§ 50.

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.

§ 51.

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.

§ 52.

The Bank runs its accountancy in accordance with applicable regulations.

§ 53.

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**

§ 54.

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

§ 2

Resolution becomes effective as of the day of its adoption.

**Legal basis:**

§39 clause 1 point 2 and 3 of the Ordinance of the Minister for Finance as at 19.10.2005 re.  
current and  
periodic information supplied by issuers of securities