

## **The resolutions adopted by the BZWBK Annual General Meeting on 20 April 2011 with their corresponding voting results**

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.
2. Electing the Chairman of the General Meeting.
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 report on the Bank's activities and the Bank's financial statements for 2010.
6. Reviewing and approving the Management Board's report on the BZ WBK Group activities and the consolidated financial statements of the BZ WBK Group for 2010.
7. Adopting resolutions on distribution of profit, the dividend date and dividend payment date.
8. Giving discharge to the members of the Management Board.
9. Reviewing and approving the Supervisory Board's report on its activities in 2010 and the Supervisory Board's report on the assessment of the financial statements of the Bank and the BZ WBK Group as well as the reports on the Bank's and the BZ WBK Group's activities.
10. Giving discharge to the members of the Supervisory Board.
11. Changing the Statutes of Bank Zachodni WBK S.A.
12. Adopting a full text of the Statutes of Bank Zachodni WBK S.A.
13. Appointing the Supervisory Board for a new term of office.
14. Appointing the Chairman of the Supervisory Board for a new term of office.
15. Determining the remuneration of the Supervisory Board members.
16. Adopting the Incentive Scheme IV.
17. Closing the General Meeting of Shareholders.

### **To item 2 of the agenda**

70.051.553 valid votes were cast on the resolution, out of 70.051.553 shares representing 95,86 % of the Bank's share capital. Out of the total number of the valid votes 70.051.553 were in favour of the resolution, 0 abstained and 0 were against.

### **To item 4 of the agenda**

70.051.554 valid votes were cast on the resolution, out of 70.051.554 shares representing 95,86 % of the Bank's share capital. Out of the total number of the valid votes 70.051.554 were in favour of the resolution, 0 abstained and 0 were against.

### **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 S.A. seated in Wrocław for the period beginning on the first day of January of the year two thousand and ten /1.01.2010/ and finishing on the thirty first day of December of the year two thousand and ten /31.12.2010/, including:

- statement of financial position prepared as at the thirty first of December two thousand and ten /31.12.2010/ which on the assets and liabilities side shows the amount of PLN 52 034 756 k,
  - income statement for the accounting year from the first of January two thousand and ten /1.01.2010/ until the thirty first of December two thousand and ten /31.12.2010/ which shows profit-after-tax in the amount of PLN 916 855 k,
  - statement of comprehensive income for the accounting year from the first of January two thousand and ten /1.01.2010/ until the thirty first of December two thousand and ten /31.12.2010/ which shows total comprehensive income in the amount of PLN 925 621 k,
  - statement of cash flows for the accounting year from the first of January two thousand and ten /1.01.2010/ until the thirty first of December two thousand and ten /31.12.2010/ which shows a decrease of PLN (1 192 953) k in the net cash balance,
  - movements in the equity showing as at the thirty first of December two thousand and ten /31.12.2010/ the equity of PLN 6 107 773 k,
  - explanatory notes,
- b) Management Board report on BZ WBK S.A. performance in 2010.

#### § 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **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 Group for the period beginning on the first day of January of the year two thousand and ten /1.01.2010/ until the thirty first day of December of the year two thousand and ten /31.12.2010/, including:
- consolidated statement of financial position prepared as at the thirty first of December two thousand and ten /31.12.2010/ which on the assets and liabilities side shows the amount of PLN 53 153 871 k,
  - consolidated profit and loss account for the accounting year from the first of January two thousand and ten /1.01.2010/ until the thirty first of December two thousand and ten /31.12.2010/ which shows profit-after-tax in the amount of PLN 1 040 569 k (of which PLN 66 346 k is attributable to non-controlling interests),
  - consolidated statement of comprehensive income for the accounting year from the first of January two thousand and ten /1.01.2010/ until the thirty first of December two thousand and ten /31.12.2010/ which shows total comprehensive income in the amount of PLN 1 052 533 k (of which PLN 67 181 k is attributable to non-controlling interests),
  - consolidated statement of cash flows for the accounting year from the first of January two thousand and ten /1.01.2010/ until the thirty first of December two thousand and ten /31.12.2010/ which shows the decrease in net cash balance of PLN (1 191 465) k,
  - movements in consolidated equity showing as at the thirty first of December two thousand and ten /31.12.2010/ the amount of PLN 6 773 575 k,
  - explanatory notes.
- b) Report on Bank Zachodni WBK Group Performance in 2010.

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

**Resolution no 3**

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

§ 1

1. General Meeting of Shareholders has divided the net profit generated by Bank Zachodni WBK in the accounting year commenced on 01.01.2010 and ended on 31.12.2010 in the amount of PLN 916 855 435.98 in the following way:
  - PLN 19 083 267.90 will be allocated to cover the loss from the previous years,
  - PLN 584 608 104 will be allocated to the dividend to shareholders,
  - PLN 313 164 064.08 will be allocated to the reserve capital,
  
2. The number of shares eligible for the dividend is 73 076 013 (say: seventy three million seventy six thousand and thirteen) series A, B, C, D, E, F, G and H.

Dividend per share is PLN 8,00.

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

The dividend registration day is 9<sup>th</sup> May 2011.

The dividend will be paid on 23<sup>rd</sup> May 2011.

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

**Resolution no 4**

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

§ 1

Mr. Mateusz Morawiecki, the Management Board President, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 5**

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

##### § 1

Mr. Paul Barry, the Management Board Member, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### § 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 6**

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

##### § 1

Mr. Andrzej Burliga, the Management Board Member, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### § 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 7**

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

##### § 1

Mr. Declan Flynn, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### § 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 8**

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

##### § 1

Mr. Justyn Konieczny, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### § 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 9**

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

##### **§ 1**

Mr. Janusz Krawczyk, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 10**

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

##### **§ 1**

Mr. Jacek Marcinowski, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 11**

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

##### **§1**

Mr. Michael McCarthy, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **Resolution no 12**

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

#### **§1**

Mr. Marcin Prell, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

#### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **Resolution no 13**

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

#### **§ 1**

Mr. Mirosław Skiba, the Management Board Member, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

#### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **Resolution no 14**

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

#### **§1**

Mr. Feliks Szyszkowiak, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

#### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **Resolution no 15**

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

#### **§ 1**

Approval is given for:

- 1) the BZ WBK Supervisory Board's report on its activities in the period from 1.01.2010 to 31.12.2010 (Appendix 1 hereto),
- 2) the BZ WBK Supervisory Board's report on the examination of: BZ WBK financial statements for 2010; consolidated financial statements of the BZ WBK Group for 2010; report on BZ WBK operations, report on the BZ WBK Group operations and the Management Board's motion concerning distribution of profit earned in 2010 (Appendix 2 hereto),
- 3) the BZ WBK Supervisory Board's assessment of the BZWBK Group's operations in 2010 (Appendix 3 hereto).

## § 2

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

### Appendix 1

#### REPORT ON SUPERVISORY BOARD ACTIVITY IN 2010

##### I. BOARD COMPOSITION & MANNER OF DISCHARGE DUTIES & RESPONSIBILITIES

1. As at the 1<sup>st</sup> of January 2010, the Supervisory Board had the following composition:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>▪ Chairman of the Supervisory Board</li> <li>▪ Deputy Chairman of the Supervisory Board</li> <li>▪ Members of the Supervisory Board:</li> </ul> | <ul style="list-style-type: none"> <li>- Mr Aleksander Szwarc</li> <li>- Mr Gerry Byrne</li> <li>- Mr Waldemar Frąckowiak</li> <li>- Mr Aleksander Galos</li> <li>- Mr Maeliosa OhOgartaigh</li> <li>- Mr John Power</li> <li>- Mr Jacek Ślotała</li> </ul> |
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2. Changes in the Supervisory Board composition

On the 21<sup>st</sup> of April of 2010, BZWBK Annual General Meeting appointed Ms Anna Maher and Mr Piotr Partyga to sit on the Supervisory Board. The composition of the Supervisory Board for the rest of 2010 was the following:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>▪ Chairman of the Supervisory Board</li> <li>▪ Deputy Chairman of the Supervisory Board</li> <li>▪ Members of the Supervisory Board:</li> </ul> | <ul style="list-style-type: none"> <li>- Mr Aleksander Szwarc</li> <li>- Mr Gerry Byrne</li> <li>- Mr Waldemar Frąckowiak</li> <li>- Mr Aleksander Galos</li> <li>- Ms Anne Maher</li> <li>- Mr Maeliosa OhOgartaigh</li> <li>- Mr Piotr Partyga</li> <li>- Mr John Power</li> <li>- Mr Jacek Ślotała</li> </ul> |
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3. Independence of the Supervisory Board Members

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

- Mr Waldemar Frąckowiak,
- Mr Aleksander Galos,
- Mr Piotr Partyga,
- Mr John Power (Chairman of the Audit Committee and Chairman of the Risk Oversight Committee),

- Mr Aleksander Szwarc (Chairman of the Supervisory Board),
- Mr Jacek Ślotała.

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

## II. STATISTICAL DATA ON THE SUPERVISORY BOARD'S ACTIVITY IN 2010

In the period from 1 January to 31 December 2010, the Supervisory Board held 9 meetings and adopted 41 resolutions. The Board Members' average attendance rate was 97.5%.

## III. MAJOR AREAS OF THE SUPERVISORY BOARD'S ACTIVITY IN 2010

Much like in previous years, in 2010 the Board focused both on strategic matters as well as the supervision of the Bank's day-to-day business:

- The Supervisory Board undertook its duties in line with the adopted schedule of meetings and the annual work programme. The agenda of each meeting was extended (if appropriate) by current business issues, issues submitted for the Management Board's consideration and any other issues the Board deemed necessary to be covered by the agenda.
- The Supervisory Board requested and received from the Bank's Management Board exhaustive material and reports on issues covered by the agenda of meetings as well as those pertaining to other matters important to the Bank's operations.
- Discharging its duties arising from §32 of the Bank's Statutes, the Supervisory Board conducted on-going assessment of the financial performance of the Bank and BZ WBK Group as well as current projections prepared on that basis, taking account of the business and operating tendencies in place, opportunities and challenges as well as variances against the Plan. The evaluation was based on financial reports presented by the Management Board.
- The Supervisory Board followed monitored current macroeconomic and market forecasts, their impact on the Polish economy, operations, financial and business performance of the Bank and BZWBK Group.
- The Supervisory Board requested information and was advised on an ongoing basis by the Bank's Management Board about current priorities and approach to challenges relating to funding, capital management, risk management, in particular credit risk management and cost management.
- As part of the overall supervision of the internal capital measurement processes, the Supervisory Board approved, based on Audit Committee reviews and recommendations, ICAAP policies and reports. In addition, the Supervisory Board familiarised itself with the new Capital Adequacy Directive (Basel III) and preliminary assessment of its impact on BZWBK Group.
- As part of the supervision exercised over the risk management process, the Supervisory Board undertook reviews of the main risk areas, focusing on the oversight of individual risks, compliance with applicable policies and internal procedures, KNF recommendations and risk identification and agreeing of management action plans.  
The Supervisory Board reviewed the tools used in the operational risk management process, risk analysis process, operational incident analysis and the lessons learnt process.



- Based on the conducted reviews and Audit Committee recommendations, the Supervisory Board approved the acceptable risk level expressed as limits set out in the “Risk Appetite Statement”. In line with the agreed process, the Supervisory Board supervised and monitored the level of internal limit utilization.  
In the Supervisory Board’s opinion, the Bank’s risk appetite statement is updated and matches the current market conditions.
- As part of the supervision of the credit risk management process, the Supervisory Board was informed about the current lending strategy and performed quarterly reviews of the loan portfolio to ensure compliance with the Regulatory Recommendations, changes in credit policies and key credit risk factors.  
In addition, the Supervisory Board was provided with information about credit portfolios by products/customer segments focusing on their quality and profitability.
- The Supervisory Board undertook a review of the strategy and different areas of the Bank paying particular attention to areas for improvement, high and steady income streams, their diversification and market share growth.

#### IV. OPERATIONS OF THE SUPERVISORY BOARD COMMITTEES

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

- Nominations & Remuneration Committee;
- Audit Committee;
- Risk Oversight Committee;
- Social Responsibility Committee.

The composition of the committees was set by the Supervisory Board’s resolution. The scope of their duties and manner of operation are regulated by the Terms of Reference adopted by force of the Board resolutions and available at the Supervisory Board Secretariat. The members of individual Committees have knowledge and experience appropriate for their roles and responsibilities.

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

In order that the Supervisory Board is kept fully apprised of the Committees’ work, their Chairmen report at the subsequent meeting of the Supervisory Board and Board members receive a copy of the minutes of each meeting of the Committees.

Individual Committees received sufficient, reliable and timely information from the Management Board to enable them to fulfil their responsibilities in 2010.

- THE NOMINATIONS & REMUNERATION COMMITTEE - the Committee’s activities aim to demonstrate the Supervisory Board’s determination to adhere to corporate governance principles covering independence, responsibility and transparency of information in matters such as recommending the nomination of Management Board members to the Board and setting the remuneration of the Management Board Members and senior management. Dealing with such matters, the Committee members have no personal financial interest other than that of the Bank’s shareholders and are driven by the best interest of the Bank and its shareholders.

The Committee assists the Supervisory Board in:

1. succession planning at the Bank’s Management Board level;
2. issuing recommendations for the SB with regard to the composition of the Management Board;
3. overall monitoring of the market remuneration practices and levels;

4. preparing decision recommendations for the Supervisory Board as to fair and competitive remuneration policies and practices, ensuring adequate motivation for the Management Board Members and senior management to continuously improve the Bank's performance.

The Nominations & Remuneration Committee's composition in 2010 was:

- Mr Gerry Byrne (Chairman),
- Mr Aleksander Szwarc,
- Mr Jacek Ślotąła.

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

In 2010, the Committee focused on the following issues:

- Consideration of the MB's proposal on the annual salary review and preparation of a recommendation concerning the review for the SB.
- Preparation of a recommendation concerning 2009 bonus payment to Management Board members based on adopted remuneration policies.
- Launch of the annual review of the bonus scheme for Management Board Members and the senior management and submission to the SB of a recommendation re. 2011 bonus allocation and bonus pool determination ensuring an adequate level of motivation in the current market environment and reflecting the 2011 Financial Plan targets.
- The Committee considered and recommended to the Supervisory Board changes to the bonus schemes for some business units in the Bank and subsidiaries to more effectively motivate staff to achieve agreed targets and reflect the specific business profile and market standards.
- Succession planning for the Management Board functions and senior management positions – as in the previous years, this issue was one of the Committee and Supervisory Board's priorities in 2010; actions in this area involved the provision of adequate development programs for individuals subject to succession planning, both at the Bank and its subsidiaries.
- In view of the AIB's decision to sell the BZWBK stake, the Committee monitored the impact that the decision had on the turnover and attrition of the managerial cadre and keymen at the Bank and its subsidiaries. To ensure that the organization's potential for strong performance does not reduce by the time the bidding process is finished and the new owner comes, the Committee recommended that the Supervisory Board should adopt the staff retention plan.

Preparing recommendations for the Supervisory Board, the Committee followed regulatory recommendations concerning salaries in the banking sector and used current results of the banking sector's salary survey carried out by an independent agency.

#### ▪ AUDIT COMMITTEE

The Audit Committee's role is to assist the Board in discharging its oversight responsibilities to shareholders and other stakeholders in relation to:

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

The Audit Committee is composed of the following members:

- Mr John Power (Chairman)
- Mr Waldemar Frąckowiak
- Mr Aleksander Galos
- Mr Maeliosa OhOgartaigh
- Mr Piotr Partyga – joined 21<sup>st</sup> April 2010

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

The Committee operates under a written Terms of Reference, which were updated and approved by the Supervisory Board on the 21 October 2009. The Committee undertakes its duties in line with an agreed annual work programme that allows the committee to monitor (and seek assurance on) the management of the financial risks identified in the company's business plan.

The Committee met 8 times during the course of the 2010 and reviewed key areas of material controls, including financial, operational, regulatory compliance and risk management systems. On a regular basis it receives reports on risk management, fraud, anti money laundering, legal, regulatory and corporate governance matters in order to assess the effectiveness of the risk management and control frameworks. Again in 2010, these reports included material/significant notifications arising under the Group policy on "whistle blowing", updates on significant projects in the Bank, detailed analysis of capital ratios, adequacy of provisioning including IBNR provisions, the implementation of EU Directives, Sarbanes Oxley compliance, Basel II compliance and IT system implementations.

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

The Committee, through the Group Internal Auditor, receives objective independent reports on the operation of internal controls in the Group. The Committee reviewed the plans and work undertaken during the year in addition to the level and skills of the resources of the internal audit function. During 2010 the Group continued its Internal Audit Quality Assurance reporting in accordance with the International auditing standards and the committee is satisfied that where improvements were identified that they were incorporated into future reports and audit processes.

The Committee has reviewed and discussed the Company's audited financial statements with Management, which has primary responsibility for preparing the financial statements. It placed particular emphasis on their fair presentation and the reasonableness of the judgemental factors in particular the level of IBNR provisions for each loan portfolio and the appropriateness of significant accounting policies used in their preparation. The Committee also reviewed and discussed with KPMG Audyt their independent review of the financial statements and issues raised with management.

In addition, the Committee continued its detailed reviewed the Group's capital, liquidity and risk frameworks against the requirements of the KNF stress test scenarios, Basel II and the volatility in the global financial markets. The Committee considered the proposed assumptions, methodology and process followed in determining the amount of capital and liquidity required to support the Group's business plans and the adequacy of its capital resources.

In reliance of these reviews and discussions, the Committee recommended that the Supervisory Board approve the audited financial statements for inclusion in the Company's annual report for the year ended 31<sup>st</sup> December 2010, and the Board accepted the Committee's recommendations.

The Committee recommended to the Board, subject to shareholder approval, the election of KPMG Audyt 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 Group paid Pln 2.3m to KPMG Audyt for audit services in 2010, relating to the statutory audit of the Group and Company financial statements and the audit of Group subsidiaries and associates pursuant to legislation. The fees for other services which included advice on accounting and regulatory matters were Pln 1.4m giving a total fee to KPMG Audyt of Pln 3.7m. We are satisfied that the Group's external auditor provides effective, independent challenge to management and that their management letter provides valuable recommendations for improvement of internal controls.

The Committee conducts a continuous review of its process and performance. The form of the review involved a discussion on the format of the meetings and the effectiveness of the reporting processes. In addition the members of the Audit Committee completed an Effectiveness Evaluation. The report was reviewed and approved by the Supervisory Board.

▪ **RISK OVERSIGHT COMMITTEE**

The Risk Oversight Committee is appointed by the Supervisory Board of Bank Zachodni WBK to assist the Board in discharging its oversight responsibilities to shareholders and other stakeholders and to protect the Group from future events that impede the sustainable achievement of its performance objectives in relation to:

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

The Risk Oversight Committee is composed of the following members:

- Mr John Power (Chairman)
- Mr Waldemar Frackowiak
- Mr Aleksander Galos
- Mr Maeliosa OhOgartaigh
- Mr Piotr Partyga – joined 21<sup>st</sup> April 2010

The Committee is conscious, when undertaking its duties that the Bank is in the business of taking risk but at a level that is appropriate relative to the Group's scale and type of business undertaken. The Committee operates under a written Terms of Reference updated and approved by the Supervisory Board in September 2010. The Committee undertakes its duties in line with an agreed annual work programme that allows the committee to review the effectiveness of the risk philosophy and the appropriateness of the overall risk governance framework.

The Committee met 5 times during the course of the 2010 and reviewed key areas of the business including Treasury, Corporate Banking, Retail Banking and the Investment Banking Divisions. On a regular basis it receives reports on the Group's risk profile and key performance indicators, particular in relation to (a) the Top 5 risks, (b) performance vs. risk appetite and tolerance, (c) risk trends, (d) risk concentrations. The Risk Oversight Committee took a forward looking risk assessment approach in each of these business lines and seeks to identify the risks associated with their respective five year strategies.

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

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

The Committee conducts a continuous review of its process and performance. The form of the review involved a discussion on the format of the meetings and the effectiveness of the reporting processes.

- **SOCIAL RESPONSIBILITY COMMITTEE** – the Committee is responsible for overseeing the development and execution of a corporate responsibility strategy and policy in order to ensure that BZWBK is perceived as a responsible corporate citizen by all stakeholders. In particular, the

Committee takes actions and initiatives that, being consistent with the Bank's vision, its values, objectives and strategy, allow the organization to create a brand with the desired value.

In 2010, the Social Responsibility Committee was composed of:

- Mr Gerry Byrne (Chairman),
- Mr Jacek Ślotą.

The Management Board President, the Head of Brand Management Area, Head of PR Department and, depending on the agenda, Management Board Members and employees directly responsible for the execution of the brand communication strategy and policy are invited to take part in the Committee meetings.

In 2010, the Committee focused on the following issues:

- Consistent pursuit of the strategy of strengthening the BZWBK Group's market position by leveraging the extended branch network, supported by actions aimed at strengthening the Bank's brand and its recognition as a Poland-wide financial institution.
- Use of econometric models for promotional campaign optimization - the work focused on cash loan, personal account and deposit models. Third party service providers were hired; the findings and conclusions were used in the Brand Management & Investor Relations Area's day-to-day business and projects.
- BZWBK charity foundation – "Bank of Children Smiles" programme that provided financial aid to organizations from poor and disadvantaged families. In addition, the foundation supported almost 60 "Ambitious Youth Bank" projects aimed at inspiring young people, encouraging them to show social and civic engagement and supporting their education. The foundation supports corporate volunteering projects.

## V. ASSESSMENT OF THE SUPERVISORY BOARD ACTIVITY IN 2010

The Supervisory Board assessed its performance in accordance with point 1, item 2, section 3 of the "Best practice for companies listed on WSE."

Accordingly, the Board states that it has discharged its duties & responsibilities set out in the Commercial Companies Code and the BZWBK Statutes with due care holding meetings at a frequency ensuring that all matters within the Board's remit were addressed. The Supervisory Board Members were guided by the interest of the Bank and the independence of judgements and opinions. Both the composition of the Board as well as the knowledge and experience of its Members ensured adequate and efficient performance of the Board and its effective supervision of the Bank's operations.

## Appendix 2

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

- **FINANCIAL STATEMENTS OF BANK ZACHODNI WBK S.A. FOR 2010**
- **MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK PERFORMANCE IN 2010**
- **CONSOLIDATED FINANCIAL STATEMENTS OF BANK ZACHODNI WBK GROUP FOR 2010**
- **MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK GROUP PERFORMANCE IN 2010**
- **MOTION OF THE MANAGEMENT BOARD ON THE 2010 PROFIT DISTRIBUTION**

This report was produced based on the conducted examination and includes the opinion of the Supervisory Board on the following documents presented by the Bank's Management Board to the Annual General Meeting of Shareholders of Bank Zachodni WBK, convened for 20<sup>th</sup> April 2011:

- Financial Statements of Bank Zachodni WBK S.A. for 2010,
- Management Board Report on Bank Zachodni WBK Performance in 2010,
- Consolidated Financial Statements of Bank Zachodni WBK Group for 2010,
- Management Board Report on Bank Zachodni WBK Group Performance in 2010,
- Management Board motion on the 2010 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 2010

By force of resolution no. 17/2010, adopted on 9<sup>th</sup> June 2010, the Supervisory Board selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. (KPMG Audyt Polish Limited Liability Partnership/KPMG Audyt) as the Bank's auditor and vested it with a task of auditing the Interim Financial Statements for H1 2010. Next, by force of resolution no. 30/2010, adopted on 22<sup>nd</sup> September 2010, the Supervisory Board vested KPMG Audyt with a task of auditing the Financial Statements for 2010. The above audit covered the following documents produced by the Bank's Management Board:

##### 1. Financial Statements of Bank Zachodni WBK S.A. for 2010:

- Statement of Financial Position as at 31 December 2010,
- Income Statement for the accounting year ended 31 December 2010,
- Statement of Comprehensive Income for the accounting year ended 31 December 2010,
- Movements in Equity for the accounting year ended 31 December 2010,
- Cash Flow Statement for the accounting year ended 31 December 2010,
- Additional Notes.

##### 2. Management Board Report on Bank Zachodni WBK S.A. Performance in 2010.

##### 3. Consolidated Financial Statements of Bank Zachodni WBK Group for 2010:

- Consolidated Statement of Financial Position as at 31 December 2010,
- Consolidated Income Statement for the accounting year ended 31 December 2010,
- Consolidated Statement of Comprehensive Income for the accounting year ended 31 December 2010,
- Movements in consolidated equity for the accounting year ended 31 December 2010,
- Consolidated Cash Flow Statement for the accounting year ended 31 December 2010,
- Additional Notes.

##### 4. Management Board Report on Bank Zachodni WBK Group in 2010.

Based on the findings of the audit conducted by KPMG Audyt, presented in the following documents:

- Opinion of the Independent Auditor and Report supplementing the Auditor's opinion on the separate Financial Statements of Bank Zachodni WBK for the financial year ended 31 of December 2010,
- Opinion of the Independent Auditor and Report supplementing the Auditor's opinion on the consolidated Financial Statements of Bank Zachodni WBK Group for the financial year ended 31 of December 2010,

the Supervisory Board stated that the 2010 Financial Statements of Bank Zachodni WBK S.A. and the 2010 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 2010 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. 9/2011, dated 1<sup>st</sup> March 2011, to submit to the AGM for approval:

- Financial Statements of Bank Zachodni WBK S.A. for 2010,
- Management Board Report on Bank Zachodni WBK Performance in 2010,
- Consolidated Financial Statements of Bank Zachodni WBK Group for 2010,
- Management Board Report on Bank Zachodni WBK Group Performance in 2010.

## 2. Review of the Bank's Management Board motion related to the 2010 profit distribution

The Supervisory Board examined the Bank's Management Board motion related to the 2010 profit distribution, and with resolution no. 10/2011, dated 1<sup>st</sup> March 2011 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. 15/2011, dated 22<sup>nd</sup> March 2011, the Supervisory Board presents this report to the General Annual Meeting of Shareholders of Bank Zachodni WBK.

## Appendix 3

### ASSESSMENT OF THE BZ WBK GROUP'S OPERATIONS IN 2010

- 2010 macroeconomic environment

#### Global situation

2010 saw the revival of global economy, which was driven in most countries by rebuilding activity in manufacturing and foreign trade. Asian economies (e.g. China, India) recorded the quickest growth rate. The high economic growth noted by Germany was very positive from the Polish economy's perspective. The financial markets focused on the debt problems of some eurozone countries and the risk of spreading the debt crisis over Europe.

#### Domestic economy

The Polish economy continued economic revival, based largely on the growth in manufacturing and exports, supported by growing foreign demand and still competitive level of the zloty.

GDP growth accelerated steadily from 3.0% in Q1 2010 to more than 4.5% in the last quarter of the year. Throughout 2010, the GDP growth reached 3.8% and was more than twice that of the previous year.

Over the year domestic demand grew by 3.9% against a fall of 1% recorded in 2009. It was largely fuelled by acceleration in private consumption growth – from 2.2% in Q1 to around 4% in Q4 2010 (3.2% on average in the entire year).

At the turn of the first and the second quarter of 2010, employment in the enterprise sector and in the entire economy started growing. Growth in the labour demand did not cause a strong pressure on salaries, due to increased labour activity of Poles. This is also why despite an increase in employment, there was a rise in unemployment rate (according to the Labour Force Survey, from 6.6% in Q3 2008 to 9.1% in Q3 2010).

Improving economic situation in 2010 was not accompanied by the revival in fixed investments. Despite growth in capacity utilization, quite a substantial increase in demand and good financial results, the private sector businesses delayed investments. Public investment continued to be supported by the EU funding. Overall, gross fixed capital formation decreased during the year by 2%, after declining by 1.1% in 2009.

#### Inflation

In H1 2010, inflation was in a downward trend, which brought the annual CPI growth rate to 2% y-o-y in the summer months. In the subsequent months, however, there was a clear rebound of inflation, driven primarily by strong growth in food, fuel, clothing and footwear prices. As a result, in the last quarter of the year the CPI growth rate returned above the NBP inflation target (2.5%), and in December it was at 3.1% y-o-y.

#### Interest rates

At the beginning of 2010 the Monetary Policy Council's term of office finished. In addition, Sławomir Skrzypek was replaced by Marek Belka as the Governor of the National Bank of Poland in Q2 2010. The main interest rates of the Central Bank remained unchanged throughout the year (main reference rate at 3.5%). In October 2010, the Monetary Policy Council decided to raise reserve requirement rate from 3.0% to 3.5% with effect from January 2011.

#### Exchange rate

Despite the gradual increase in economic activity, 2010 saw considerable turbulences in financial markets, which were primarily caused by fiscal problems in some countries of the euro zone and concerns about the risk of spreading fiscal crisis. As a result, during the year there were significant fluctuations in exchange rates. The zloty remained in the medium-term appreciation trend, which however was interrupted by periods of clear corrections caused by growing concerns about debt problems in the euro zone.

#### Situation in the banking market

In 2010, banks were gradually relaxing their lending policies, among others, due to improved macroeconomic situation, the labour market recovery and the expected improvement in the economic outlook.

Household loans recorded a moderately high growth, mainly in home mortgage loans segment which increased by ca. 13% y-o-y on the constant currency basis, similar to 2009. A slowdown occurred in consumer loans (growth below 2% in 2010 compared with 13% rise in 2009).

The business lending market remained in stagnation – the total loan-book declined by about 2.5% y-o-y (on the constant currency basis). The increase in deposits from business customers stabilised at 10% y-o-y. The increase in household deposits slowed slightly compared with 2009 and amounted to ca. 10% y-o-y.

- BZWBK Group's financial standing in 2010



In 2010, Bank Zachodni WBK Group continued its strategy for 2009-2011, trying to be distinctive in the market by its customer proposition and customer service quality.

The Group flexibly responded to the changing business environment with a focus on maintaining its deposit base, developing its loan-book and controlling risk in all aspects of its activity.

On September 10, 2010, it was announced that Allied Irish Banks p.l.c. agreed to sell the entire stake in Bank Zachodni WBK (70.4% of share capital) to Banco Santander.

#### Profit & Loss Account

In 2010, Bank Zachodni WBK Group achieved a profit-before-tax of PLN 1,357.2 m, i.e. 16.8% more than in 2009. The profit-after-tax attributable to shareholders of Bank Zachodni WBK was PLN 974.2 m, and higher by 10% y-o-y. This performance reflects the Group's consistent efforts to diversify its income streams, align the product structure to the customer needs and market conditions, execute well-crafted marketing campaigns and deliver effective risk management.

#### Income

The total income earned by Bank Zachodni WBK Group in 2010 was PLN 3,539.8 m and up 7.7% y-o-y

Net interest income amounted to PLN 1,822.2 m and increased by 16.6% y-o-y as the situation in the Polish deposits market continued to improve. Under the impact of declining money market prices, improved liquidity position of Polish banks and slower credit delivery, the competition for customer deposits changed in nature and intensity, which is also reflected in the increase of annualized net interest margin of Bank Zachodni WBK Group from 3.40% for 2009 to 3.98% for 2010.

Over the last three quarters of 2010, the market interest rates remained in a relatively narrow volatility band, and the recovering deposit margins compensated for falling lending margins.

Net interest income was also favourably impacted by changes in the Group's balance sheet structure, particularly an increase in current balances in the customer accounts (+6.2% y-o-y).

In 2010, net commission income amounted to PLN 1,344.7 m and increased by 2.3% y-o-y.

The income earned by the Group from its activities in the mutual funds and asset management market amounted to PLN 289.7 m, up 22.5% y-o-y. This is primarily due to the upward trend observed on Warsaw Stock Exchange since February 2009.

Direct Banking services of BZ WBK Group generated net commission income of PLN 280.3 m, which was 2.6% higher year-on-year.

The 5% decline in the net income from credit fees to PLN 145.8 m can be attributed, among other things, to the prudential policy continued by the Group with regard to sanctioning credit cards limits, which constrained the portfolio of newly issued cards.

Net commission income of Dom Maklerski BZ WBK increased by 3.1% y-o-y to PLN 101.6 m on account of higher income from servicing mutual funds and primary market offerings. In 2010, the company arranged 8 IPOs and was acclaimed a market leader of the stock exchange debuts.

Dividend income decreased by 43.6% y-o-y to PLN 54.5 m due to lower dividend received from Aviva Towarzystwo Ubezpieczeń na Życie in 2010 compared with a year before.

In 2010, the loan impairment charge to the profit and loss account was PLN 420.8 m compared with PLN 481 m in 2009.

The impairment level is an effect of improved macroeconomic conditions in Poland compared with 2009. In 2010, the financial and market position of Polish companies was gradually improving, and so was their

debt repayment capacity. Also, the property market was showing clear signals of recovery, favourably affecting investors, real estate developers, their business partners and contractors. The revised outlook for this and other sectors influenced the decision to write back the provisions of PLN 60 m in total for incurred but not reported losses (IBNR) in the Business and Corporate Banking portfolio.

The economic slowdown of 2009 and its after-effects most strongly impacted the SME sector and weakened the solvency of such representatives. Higher impairment was also recognized in BZ WBK Group's leasing portfolio as a result of lower prices of leased assets that collateralize receivables from customers.

#### Costs

Total costs of Bank Zachodni WBK Group amounted to PLN 1,766.3 m and were 7.4% higher y-o-y due to development of the Group's business. The C/I ratio remained at 50%.

In 2010, staff expenses increased by 7.8% y-o-y to PLN 959 m, mainly as a result of accruals for staff bonuses linked to the Group performance in 2010. Base salaries reflect the average 3.5% pay increase while the average employment was similar to the previous year's level.

The Group's other administrative expenses increased by 5.4% y-o-y to PLN 641.6 m driven by the cost of consultancy, maintenance and lease of buildings, advertising and marketing, and other third party services.

#### Assets & liabilities

As at 31 December 2010, total assets of Bank Zachodni WBK Group amounted to PLN 53,153.9 m, down 1.7% on 31 December 2009.

#### Loans

As at 31 December 2010, gross loans and advances to customers amounted to PLN 34,205.1 m, down 4.2% on the end of December 2009.

In 2010, loans and advances to business and public sector customers decreased by 9.1% y-o-y to PLN 20,311.7 m. As at the end of December, property loans, which make up a large portion of this portfolio, decreased by 16.9% y-o-y to PLN 9,545.8 m in line with declining credit exposures to commercial property sector.

Loans to personal customers amounted to PLN 11,437.5 m, an increase of 7.6% compared with 2009. The main growth driver were mortgage loans, which went up by 14.3% y-o-y to PLN 6,926.6 m at the end of December 2010 due to the quality of the bank's mortgage proposition.

#### Deposits

Deposits from customers, which represent 79% of the Group's total equity and liabilities are the primary source of funding the Group's lending business. At the end of December 2010 they amounted to PLN 41,970.5 m, up 1.8% on 31 December 2009.

As at 31 December 2010, the Group's deposits from retail customers amounted to PLN 25,230.8 m, down 1.5% y-o-y. The structure of these deposits changed as customers were shifting funds from term deposits to current accounts, which is attributable to the increase in the number of personal and savings accounts and lower attractiveness of term deposits in the low interest rates environment. Deposits from business customers amounted to PLN 16,739.7 m and were by 7.2% higher y-o-y.

#### Bank Zachodni WBK share price

An upward trend in the Warsaw stock indices observed from February 2009 levelled off in the second quarter of 2010 as a consequence of the adjustments related to the profits generated by investors. The beginning of summer saw another dynamic upward shift which lost its momentum as late as early December.

The price of Bank Zachodni WBK shares increased from PLN 190 on 31 December 2009 to PLN 214.9 on 31 December 2010. The minimum share price during the year was PLN 168.10 (5, 8 and 25 February 2010). The maximum share price was PLN 220.90 (14 April 2010).

From 10 September 2010 when AIB announced its intention to sell its Polish assets to Banco Santander till the end of the year, the share price of Bank Zachodni WBK traded in the region of PLN 210-214.

During the year, WIG grew by 18.8%, WIG20 by 14.9% and WIG-Banks by 17.9%.

As at 31 December 2010, capitalisation of the BZ WBK Group amounted to PLN 15,704 m compared to PLN 13,884.4 m a year before. P/E ratio totalled 17.13 times vs. 14.09 times as at the end of 2009 whereas P/BV amounted to 2.6 times vs. 2.5 times at the end of 2009.

#### Rating

Bank Zachodni WBK has a bilateral credit rating agreement with Fitch Ratings Ltd.

On 31 March 2010, the agency announced that AIB's plan to sell its stake in Bank Zachodni WBK would have no immediate impact on Bank Zachodni WBK's ratings.

In the announcement dated 12 May 2010, Fitch revised the bank's outlook (Long-term IDR) to stable from negative while the other ratings were affirmed. The revision reflected the resilience of BZ WBK's profitability in a deteriorating operating environment.

The recent change in rating reflected Allied Irish Banks p.l.c. decision to sell the BZWBK stake (70.4%) to Banco Santander (AA/Stable/'F1+') that was announced on 10 September 2010.

After the transaction is completed Fitch will resolve the RWP on BZ WBK's ratings. BZ WBK's support rating as well as short-term and long-term IDRs will be based on support from the bank's new parent - Banco Santander.

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

- *Assessment of Internal Control System*

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

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

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

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

The third line of defence is the Internal Audit Area which provides independent and objective examination as well as assurance on the first and second tier controls as well as on the bank's management system, including the effectiveness of managing the risk related to the bank's business. The IAA performs a regular assessment of the present and future risk across the bank and BZWBK Group in order to identify

the demand for audits. When developing annual audit plans, priorities highlighted by the bank's management, the Audit Committee, the external auditor and banking supervision institutions are taken into account.

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

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

- *Assessment of risk management system*

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

The responsibility for the management of individual risks was split between the Bank's organizational units that are supported by relevant Committees. The risk management strategy is set by the Risk Management Committee (RMC) overseeing the activity of other Committees having risk management authority. The fact that Management Board Members and senior management sit on key Committees ensures high quality of management and consistent risk strategy.

To strengthen the credit risk management framework and ensure an adequate level of independence, in 2010 the Bank set up the Credit Risk Measurement Committee responsible for the approval of credit risk measurement methods and tools. Moreover, in line with the idea to build value by setting common targets for the Bank's business units (Risk&Reward), the committee responsible for the lending policy was restructured to meet the needs of business segments.

One of the basic elements of the risk management framework of Bank Zachodni WBK is setting the levels of risk that the Bank is ready to accept in its day-to-day business. The acceptable risk level is expressed in the form of limits set out in the "BZWBK Group Risk Appetite Statement" approved by the Management Board and Supervisory Board. The Bank conducted a detailed review of the limits for actual and potential risks, market conditions as well as the financial and capital plan. The analysis covered stress testing and scenario analyses whose purpose was to ensure that the Bank has an adequate level of capital even in a stressed situation.

The Bank has methodologies and processes that identify and assess risks to set their potential impact on the Bank's operations now and in the foreseeable future. Identified risks are managed using available policies and best practices to keep them at an acceptable level. The Bank uses various risk assessment techniques depending on risk type and materiality. The most important ones include:

- customer and/or transaction grading – for credit risk assessment purposes,
- VAR methodology - market risk,
- operational risk self-assessments.

In 2010, the Bank took actions to further develop and adapt credit risk assessment tools to ensure appropriate portfolio quality.

It is worth noting that actions were taken to develop market risk measurement tools covering a number of VAR model validations.

The Bank strives to keep the right risk/reward balance. That is why it is worth emphasizing the Bank's actions taken to ensure appropriate risk rating and reflect risk elements in profitability measurement process and bonus schemes.

To assess risks at the group-wide level, they are comprehensively reviewed as part of regular ICAAP material risk reviews and the reviews of key risks that identify major threats to the Bank's business. In 2010, risk identification and assessment was performed in accordance with the policies implemented by the Bank. The identified risks are closely managed in line with the risk mitigating action plans.

The comprehensive risk management framework is supported by a consistent and transparent system of reporting risk levels and types as well as risk limit excesses. The reporting process covers key management levels. The Supervisory Board gets regular reports presenting identified risks and actions taken by the Management Board to mitigate them.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 16**

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

##### **§ 1**

Mr. Aleksander Szwarc, the Chairman of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1. 01. 2010 to 31. 12. 2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 17**

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

##### **§ 1**

Mr. Gerry Byrne, the Vice Chairman of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 18**

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

##### **§ 1**

Mr. Waldemar Frąckowiak, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 19**

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

##### **§ 1**

Mr. Aleksander Tadeusz Galos, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 20**

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

##### **§ 1**

Mr. John Power, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

##### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

#### **Resolution no 21**

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

§ 1

Mr. Jacek Ślotala, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

**Resolution no 22**

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

§ 1

Mr. Maeliosa OhOgartaigh, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2010 to 31.12.2010.

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

**Resolution no 23**

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

§ 1

Mrs. Anne Marie Maher, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 21.04.2010 to 31.12.2010.

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

**Resolution no 24**

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

§ 1

Mr. Piotr Partyga, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 21.04.2010 to 31.12.2010.

## § 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **Resolution no 25**

## § 1

Pursuant to art. 430 of the Commercial Companies Code, the following changes shall be made to the Bank's Statutes:

- 1) § 10a is deleted;
- 2) § 25 shall read as follows:

"§ 25.1. The Supervisory Board consists of at least 5 (five) members appointed for a joint three year term of office. Members and Chairman of the Supervisory Board are appointed and recalled by the General Shareholders' Meeting. The Management Board informs the Financial Supervision Commission about the composition of the Supervisory Board.

2. At least two members of the Supervisory Board should meet the criteria of being independent from the Bank and entities with significant connections with the Bank. The criteria of independence of Supervisory Board members are defined in the Terms of Reference of the Bank's Supervisory Board, according to the criteria defined in the Code of Good Practice of the Companies Enlisted in the Warsaw Stock Exchange.

3. At least half of the Supervisory Board members, including members referred to in item 2 should be familiar with (aware of) the reality of Polish market helpful in supervising the Bank's operations with a concurrent requirement for the two Supervisory Board members referred to in item 2 to be permanent residents of Poland and speak Polish.";
- 3) § 34 shall read as follows:

"§ 34.1. The Bank's Management Board consists of at least 3 (three) members, including President. Management Board members may perform functions of the first vice-president and vice-presidents of the Management Board. Appointment to these functions is made by the Supervisory Board.

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

  - 1) have higher education,
  - 2) know well Polish banking market,
  - 3) permanently live in Poland,
  - 4) speak Polish,
  - 5) have sufficient experience on Polish market, which may be used in management of the Bank on Polish market.";
  - 4) § 37.3 shall read as follows:

"§37.3. Pursuant to the internal split of responsibilities within the Management Board:

    - 1) in particular, President of the Management Board is in charge of the internal audit unit,
    - 2) the Management Board member the appointment of whom requires approval of the Financial Supervision Commission is in charge of the risk management function.".

## § 2

Changes to the Statutes contemplated in §1 point 2, 3 and 4 must be approved by Polish Financial Supervision Authority.



§ 3

The resolution shall become effective once the changes to the Statutes are registered by the competent registry court.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

**Resolution no 26**

§1

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

**„Statutes  
of  
Bank Zachodni WBK S.A.  
(the consolidated text)**

**I. General Provisions**

§ 1.

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

§ 2.

The founder of the Bank is the State Treasury.

§ 3.

The Bank has its registered seat in Wrocław.

§ 4.

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

§ 5.

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

§ 6.

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

**II. Scope of Business**

§ 7.

The scope of the Bank's business includes:

1. The following banking operations:

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

- d) concluding and executing agreements with businesses, including foreign ones, on agency in lodgments to bank accounts,
  - e) financial and operational participation in international projects and undertakings,
  - f) performing fiduciary activities,
  - g) providing leasing, factoring, forfeiting services as well as stand-by and firm commitment underwriting,
  - h) trading in transferable property rights from securities and in transferable property rights, the price of which directly or indirectly depends on the price of securities (derivatives) – in the Bank's account or at the request of third parties,
  - i) performing activities, as requested by the Minister of Treasury and set forth in the Act of 30/08/1996 on commercialization and privatization of state owned enterprises,
  - j) accepting the State Treasury shares for management,
- 7a) performing activities, other than brokerage business, consisting in:
- a) accepting and executing orders to purchase or sell the following non-publicly traded instruments: participations in undertakings for collective investments and non-treasury debt instruments issued under the Bonds Act or the Civil Code, including municipal bonds, corporate bonds and short-term debt instruments;
  - b) client trading in non-publicly traded securities;
  - c) proprietary trading in the securities issued by the State Treasury and the National Bank of Poland and in non-publicly traded instruments: securities, participations in undertakings for collective investments other than securities, money market instruments, derivatives, including options, forwards, swaps and contracts for difference;
  - d) providing investment advice on the securities issued by the State Treasury and the National Bank of Poland, including on non-publicly traded instruments: participations in undertakings for collective investments and securities;
  - e) offering securities issued by the State Treasury and the National Bank of Poland, including non-publicly traded instruments: participations in undertakings for collective investments other than securities, money market instruments, derivatives, including options, forwards, swaps, contracts for difference and securities including municipal bonds, corporate bonds and short-term debt instruments;
  - f) providing services under the existing agreements on underwriting for investment purposes or underwriting for distribution purposes as well as under other similar agreements relating to securities as defined by the Act on Trading in Financial Instruments, excluding the securities not covered by the Act on Public Offer and the Conditions for Admitting Financial Instruments to the Stock Exchange and on Publicly Traded Companies.
- 8) Providing sales-related services for open pension funds,
  - 9) Performing the function of a custodian as specified in regulations on organization and functioning of pension funds,

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

#### § 8.

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

#### § 9.

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

### **III. The Bank's share capital**

#### § 10.

The share capital of the Bank amounts to PLN 730.760.130 (seven hundred and thirty million seven hundred and sixty thousand one hundred and thirty zloty) and is divided into 73.076.013 (seventy three million sixty seven thousand and thirteen) 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,
- 8) 115.729 (one hundred and fifteen thousand seven hundred and twenty nine) series H ordinary bearer shares.

§ 10a

(repealed)

§ 11.

Bearer shares are shares admitted to public trading.

§12.

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

§ 13.

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

§ 14.

The Company's Management Board announces the information about purchasing shares for redemption not later than within 30 days after the date when the shares are to be purchased as stipulated in the

resolution referred to in § 13, convening at the same time, the general meeting of shareholders to pass a resolution on the redemption of the purchased shares and reduction in the share capital.

§ 15.

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

§ 16.

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

§ 17.

The Bank can issue convertible bonds.

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

§ 18.

The authorities of the Bank are:

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

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

§ 19.

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

§ 19a

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

§ 20.

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

§ 21.

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

§ 22.

Each share entitles to one vote.

§ 23.

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

§ 24.

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

## **VI. Supervisory Board**

§ 25.

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

Board members are defined in the Terms of Reference of the Bank's Supervisory Board, according to the criteria defined in the Code of Good Practice of the Companies Enlisted in the Warsaw Stock Exchange.

3. At least half of the Supervisory Board members, including members referred to in item 2 should be familiar with (aware of) the reality of Polish market helpful in supervising the Bank's operations with a concurrent requirement for the two Supervisory Board members referred to in item 2 to be permanent residents of Poland and speak Polish.

#### § 26.

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

#### § 26a

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

#### § 27.

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

#### §28.

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

#### § 29.

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

#### § 30.

1. Resolutions of the Supervisory Board are adopted by an absolute majority of votes of the Board members attending the meeting. In the event of a parity of votes, the Chairman of the Supervisory Board has a casting vote.



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

#### § 31.

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

#### § 32.

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

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

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

An equity investment is understood, in particular, as joining by the Bank and exiting from joint undertakings, i.e. incorporating and dissolving commercial law companies, joining and exiting commercial law companies, including contributions made to limited partnerships or limited joint

stock partnerships. Purchase of shares and interests with a guarantee of their repurchase by another entity is not an equity investment.

- 5) approve acquisition, disposal or encumbrance of fixed assets (as defined in the Accounting Act), in particular any real estate, if the value of such fixed asset exceeds a PLN equivalent of EURO 4,000,000 except for seizing a real estate by the Bank as a mortgage creditor, as a result of an ineffective auction conducted under execution proceedings, or as a result of repossessing another fixed asset or securities by the Bank as the creditor secured by a registered pledge in line with the regulations on registered pledges and pledge register, or a creditor secured by repossession of the security in line with the regulations of the Banking Law Act;
- 6) examine the Management Board's reports and its motions regarding the profit distribution or coverage of losses;
- 7) determine remuneration of the Management Board members;
- 8) conclude contracts on behalf of the Bank, falling within the authority of the Supervisory Board, including employment contracts or management contracts with Members of the Management Board, where the Supervisory Board may appoint its Chairperson or another Supervisory Board member to submit a declaration of will in this respect,
- 9) adopt the Management Board's Regulations and other banking regulations as set forth in the Statutes and other sets of legal regulations and approve the Bank's Organizational Regulations and the Policy on the internal control system;
- 10) appoint an entity authorized to audit the financial statements to perform audit services for the Bank;
- 11) apply to the Financial Supervision Commission for a consent to appoint two members of the Management Board of the Bank, including the President;
- 12) inform the Financial Supervision Commission on other Management Board members and, each time, on changes to the Management Board composition and those who, based on the internal split of responsibilities, are responsible for the operation of the Internal Audit Function and for credit risk management;
- 13) appoint and recall President of the Management Board and other members of the Management Board;
- 14) suspend Management Board members from office, for important reasons, and second members of the Supervisory Board to temporarily perform duties of those Management Board members who cannot perform their roles,
- 15) present the concise assessment of the Bank's standing to the AGM on an annual basis, including evaluation of the internal control system and the material risk management system,
- 16) approval of the Bank's business activity risk management policy as defined by the Management Board and the acceptable total risk exposure,
- 17) approval of the internal capital estimation and maintenance policy as defined by the Management Board,
- 18) approval of the internal audit policy as defined by the Management Board.

§ 33.

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

**VII. Management Board**

§ 34.

1. The Bank's Management Board consists of at least 3 (three) members, including President. Management Board members may perform functions of the first vice-president and vice-presidents of the Management Board. Appointment to these functions is made by the Supervisory Board.

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

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

§ 35.

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

§ 36.

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

§ 36a.

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

§ 37.

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

§ 37a.

Bodies entitled to issue internal regulations:

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

§ 38.

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

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

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

§ 39.

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

§ 40.

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

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

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

## **VIII. Organization of the Bank**

§ 41.

1. The Bank's basic organizational structure is as follows:
  - 1) the Business Support Centre – acting as the head office;  
The following units operate within the Business Support Centre:
    - a) divisions,
    - b) areas,
    - c) centers,
    - d) departments,
    - e) offices,
    - f) stand-alone teams,
  - 2) Branches.

2. The detailed organizational structure of the Bank is outlined in the Bank's Organizational Regulations adopted by the Management Board and approved by the Supervisory Board and the related resolutions issued by the Bank's Management Board.
3. There are also Committees established by the Management Board operating in the Bank.

§ 42.

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

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

### § 43.

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

### § 44.

The equity of the Bank consists of:

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

### § 45.

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

### § 46.

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

### § 47.

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

§ 48.

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

**X. Financial Management**

§ 49.

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

§ 50.

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

§ 51.

The Bank runs its accountancy in accordance with applicable regulations.

§ 52.

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



## **XI. Final Provisions**

### **§ 53.**

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

### **§ 2**

This Resolution shall become effective on the day of its adoption.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank’s share capital. Out of the total number of the valid votes 70.054.481 were in favour of the resolution, 0 abstained and 0 were against.

### **Resolution no 27**

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

#### **§ 1**

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

#### **§ 2**

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank’s share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

### **Resolution no 28**

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

#### **§ 1**

Mr Jose Antonio Alvares 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.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank’s share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against

### **Resolution no 29**

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

#### § 1

Mr Witold Jurcewicz 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.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

### **Resolution no 30**

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

#### § 1

Mr Jose Luis De Mora 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.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

### **Resolution no 31**

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

#### § 1

Mr Piotr Partyga 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.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

**Resolution no 32**

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

§ 1

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

§ 2

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

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

**Resolution no 33**

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

§ 1

Mr Jose Manuel Varela 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.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

**Resolution no 34**

Pursuant to §25 (1) of the Bank's Statutes, it is hereby resolved as follows:

§ 1

Mr Gerry Byrne is hereby appointed as the Chairman of the Supervisory Board of Bank Zachodni WBK S.A. from among the Members of the Supervisory Board.

§ 2

This resolution shall become effective upon its adoption.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.926.781 were in favour of the resolution, 123.012 abstained and 4.688 were against.

## Resolution no 35

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

### § 1

1. Subject to section 3, the following remuneration per month is set for:
  - 1) the Chairman of the Supervisory Board – PLN 20,000.00,
  - 2) Supervisory Board members domiciled in Poland – PLN 10,000.00,
  - 3) Supervisory Board members not domiciled in Poland – EUR 2,500.00.
2. Subject to section 3, irrespective of the remuneration specified in section 1 the following additional remuneration is set for the members of the Supervisory Board who are members of individual Committees at the Supervisory Board. The remuneration is paid for participation in each meeting of the Committee:
  - for the Audit Committee Chairman domiciled in Poland – PLN 10,000.00 per meeting,
  - for the Audit Committee Chairman not domiciled in Poland – EUR 2,500.00 per meeting,
  - for other members of the Audit Committee domiciled in Poland – PLN 7,000.00 per meeting,
  - for other members of the Audit Committee not domiciled in Poland – EUR 1750.00 per meeting
  - for the Nominations and Remuneration Committee members domiciled in Poland – PLN 4,000.00 per meeting,
  - for the Nominations and Remuneration Committee members not domiciled in Poland – EUR 1,000.00 per meeting,
  - for the Risk Oversight Committee members domiciled in Poland – PLN 7,000.00 per meeting,
  - for the Risk Oversight Committee members not domiciled in Poland – EUR 1,750.00 per meeting.
3. The following Supervisory Board members shall not be remunerated:
  - Mr Jose Manuel Varela,
  - Mr Jose Antonio Alvarez,
  - Mr Jose Luis De Mora.

### § 2

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

### § 3

The resolution becomes effective on the day of its adoption.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.954.481 were in favour of the resolution, 100.000 abstained and 0 were against.

## Resolution no 36

### § 1

1. A three-year long Incentive Scheme IV, starting in 2011, shall be introduced in Bank Zachodni WBK S.A. ("Bank").
2. The Incentive Scheme IV is addressed to the Bank's employees and the employees of Bank Zachodni WBK S.A. subsidiaries ("BZWBK Group") who significantly contribute to the growth in the Bank's value and in effect to the growth in the value of the Bank's shares.

3. The objective of the Incentive Scheme IV is to create an instrument that will both ensure tighter links of its Participants referred to in § 2 with the BZWBK Group and have a strong motivational effect.

## § 2

1. The Incentive Scheme IV Participants ("Participant") are all members of the Bank's Management Board and the key employees of the BZWBK Group nominated by the Bank's Management Board and approved by the Bank's Supervisory Board, however not more than 500 individuals.
2. The precondition for becoming a Participant is to sign the "Agreement on Participation in the 3-year Incentive Scheme IV 'Performance Shares Plan 2011' for the Employees of the Bank Zachodni WBK Group". ("Agreement") The terms of the draft Agreement shall be determined by the Bank's Supervisory Board ("Supervisory Board") at the Bank Management Board's request.
3. A natural person loses his/her Right of the Participant in Incentive Scheme IV if after being classified for the Incentive Scheme IV, but before the date of holding the Annual General Meeting of Shareholders in 2014 ("Participation Confirmation Date"), s/he stops working for the Bank or another company within the BZWBK Group. Detailed conditions governing the forfeiture of the rights shall be defined in the Agreement.
4. A natural person loses his/her Right of the Participant in Incentive Scheme IV if after being classified for the Incentive Scheme IV, the Participant's and his/her spouse's joint property is divided as a result of any claims under the Agreement could be acknowledged for the benefit of the Participant's spouse.
5. The Supervisory Board – acting in the Company's interest – may decide to allow the Participant to retain his/her rights under the Incentive Scheme IV despite the circumstances referred to in clause 3, if there are special reasons for that.
6. Exercising its powers described in clause 5, the Supervisory Board shall define in detail the rules of retaining the rights of the in Incentive Scheme IV Participant.

## § 3

1. The Bank undertakes to ensure that subject to compliance with the terms of the Agreement, the Participant shall be able to subscribe for and take up such number of the Bank Zachodni WBK S.A. shares as specified in the Agreement for a price equal to their nominal value, i.e. PLN 10 ("Performance Shares"). Immediately on closing of the subscription for the Performance Shares and registration of the issue by the relevant court, the Bank shall introduce such shares to the public trading on Warsaw Stock Exchange or to another regulated market where shares of Bank Zachodni WBK shall be quoted ("Stock Exchange = SE"). The above presents the "Liquidity Assurance".
2. To ensure the Participant can exercise their rights, the Bank shall issue up to 400 000 Performance Shares.
3. The right of the Incentive Scheme IV Participant referred to in clause 1 shall be called – depending on the context - the "Award" or "Total Award" or "Annual Award". Depending on the context, this term shall also mean the value of the entitlement referred to in clause 1.
4. If the Performance Shares acquired by the Participant and recorded in his/her securities account cannot be traded on the SE as they have not been introduced to the public trading, the Bank, as per the assumptions of the Incentive Scheme IV, shall promptly indicate, at the Participant's request, an entity which will purchase the Performance Shares from the Participant.
5. The Bank undertakes that if the Performance Shares distributable to the Participant under the Agreement are not recorded in the Participant's securities account by 31 December 2014 due to the Bank's fault, then at the Participant's request, the Bank shall pay the Participant an amount equal to the product of (i) the number of the Performance Shares subscribed for by the Participant and (ii) the difference between the Bank's share price at the SE session opening on the last quotation day in 2014 and the Issue Price. Details related to the above obligation are outlined in the Agreement and by the Supervisory Board respecting all due rights of Participants.
6. The maximum number of the Performance Shares that the Participant can acquire under the Agreement cannot be higher than a quotient (determined by the Supervisory Board) of the Participant's annual gross base salary in 2010 and the average market price of the Bank's shares from the 30 stock exchange sessions prior to the date of adopting this Resolution, less the Issue Price. The value referred to above is the Maximum Total Award.

#### § 4

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

#### § 5

1. The economic criterion triggering the Award entitlement is the achievement by the Company of the profit before tax growth rate as defined below.
2. The obtainment of the Annual Award is dependent on the occurrence of the economic triggers in the individual years of the Incentive Scheme IV life in line with the rules outlined in § 6 .
3. Additionally, the Participant has a right to the Total Award calculated taking into account the three-year lifecycle of the Incentive Scheme in line with the principles outlined in § 7, if the number of shares stemming from the Total Award would be higher than the number of shares stemming from the sum of Annual Awards. The sum of the Annual Awards cannot be higher than the Maximum Total Award.
4. The maximum amount of the Annual Award is 1/3 of the Total Award. The maximum amount of the Total Award shall be specified as per rules outlined in § 3 point 6.
5. The Participant shall not lose their Annual Award obtained earlier despite the fact that the economic criterion for the Total Award was not met.
6. In the case of gaining a right to the Total Award, the entitlement to the Annual Award shall expire automatically. This does not refer to the situation when the Total Award is lower than the sum of the actually obtained Annual Awards.
7. The detailed rules with regard to the Annual Award and Total Award are outlined in the Agreement. In the remaining scope, the Annual Award and Total Award shall be regulated by the Supervisory Board in compliance with the Incentive Scheme IV objectives.

#### § 6

1. The amount of the Annual Award shall depend on the performance - in a given year - against the economic criterion underpinning the Incentive Scheme IV.
2. Depending on the PBT growth rate in individual years of the Incentive Scheme IV, the Participants shall be entitled to:
  - i) 100% of the Maximum Annual Award if the PBT annual growth rate for the Company in individual years of the Incentive Scheme IV life is not lower than :
    - a) 15 % in 2011,
    - b) 22 % in 2012,
    - c) 22 % in 2013.against the previous exercise.
  - ii) 25% of the Maximum Annual Award if the PBT annual growth rate for the Company in individual years of the Incentive Scheme IV life is equal to:
    - a) 8 % in 2011,
    - b) 15 % in 2012,
    - c) 15 % in 2013,against the previous exercise.
  - iii) Proportionately between 25% and 100% of the Maximum Annual Award if the PBT annual growth rate for the Company in individual years of the Incentive Scheme IV life falls within the bands in points i) and ii) above.

## § 7

1. The amount of the Total Award depends on the performance against the economic criterion being the compound annual growth rate (CAGR) in PBT in the three years of the Incentive Scheme IV life.
2. Depending on the level of the compound annual growth rate in PBT, the Participants shall be entitled to:
  - i) 100% of the Maximum Total Award if the compound annual growth rate in PBT for the Company in individual years is not lower than 19.6 %:
  - ii) 25% of the Maximum Total Award if the compound annual growth rate in PBT for the Company in individual years is not lower than 12.6 %:
  - iii) Proportionately between 25% and 100% of the Maximum Total Award if the compound annual growth rate in PBT for the Company in individual years of the Incentive Scheme IV life falls within the bands specified in points i) and ii) above.

## § 8

1. The Supervisory Board shall be entitled to define in detail the principles of classifying individuals as the Incentive Scheme IV Participants. At the Bank Management Board's request, the Supervisory Board shall create a list of the Participants in Incentive Scheme IV.
2. The Supervisory Board shall have the right to define details of how the Incentive Scheme IV shall be executed bearing in mind due respect for the Company's interests and rightful interests of its Participants. The manner of executing the Incentive Scheme IV shall be underpinned by maximum respect for the principle of loyalty of co-operation between the Participants and the Company.
3. The Supervisory Board shall be entitled to define the rules and manner of resolving disputes relating to the Incentive Scheme IV and to mediate between the Participant and the Company's Management Board in matters directly related to the Incentive Scheme IV.
4. The Supervisory Board shall have the right to change the conditions underpinning the Incentive Scheme IV if it deems it necessary and consistent with the Incentive Scheme IV objectives. The above refers in particular to changes stemming from European Union law requirements or changes in domestic legislation.
5. Irrespective of powers outlined in it. 4, the Supervisory Board shall have the right to qualify the achievement of results (economic criteria triggering the Award obtainment) in cases such as changes in the accounting rules or extraordinary transactions (sale of a portfolio or a specific business) which may lead to results not reflecting accurately the sustainable business.
6. Irrespective of powers outlined in it. 4 and 5, the Supervisory Board shall also have the capacity to adjust the target (economic criteria triggering the Award obtainment), if BZWBK participates in corporate transactions that may make the set target not sensible any longer for the new company.
7. The Bank's Management Board as well as each Participant shall have the right to request the Supervisory Board for their opinion on any disputable issue related to the Incentive Scheme IV.

## § 9

1. The language interpretation of the resolution cannot be in clash with the functional interpretation of its stipulations.
2. The Resolution shall become effective as of the day it is passed.

70.054.481 valid votes were cast on the resolution, out of 70.054.481 shares representing 95,87 % of the Bank's share capital. Out of the total number of the valid votes 69.954.481 were in favour of the resolution, 0 abstained and 100.000 were against.