

## I. Rationale for the draft resolutions

### 1) re. item 11 of the Agenda – Changes to the Bank's Statutes

The changes relate to the conditional increase in share capital and to the governing bodies of the Bank:

- §10a of the Statutes is deleted – this is due to withdrawal of the Incentive Scheme II, adopted by Resolution no. 27 of the Annual General Meeting of 17 April 2007 as the condition triggering the Scheme did not materialise, i.e. in the required period the cumulated EPS (Earnings per Share) did not grow by at least 8%, increased by the inflation rate published annually by the Central Statistical Office; on 27 July, the Management Board and the Supervisory Board resolved not to implement the Scheme;
- the last sentence in §25 section 1 is deleted – to maintain the requirement that at least a half of the Supervisory Board members, including the Board Chairman, must be Polish citizens is currently groundless in the context of effective supervision, and is in conflict with the applicable UE standards.

### 2) to item 16 of the Agenda – adoption of the Incentive Scheme

Bank Zachodni WBK S.A. intends to offer employees of the bank and its subsidiaries a highly competitive incentive scheme that will strengthen the links between the long-term financial effectiveness of the Bank, shareholder expectations and reward for the management while respecting market standards.

The Scheme under which the management of BZ WBK Group is to be offered options for the Bank's shares in 2011 is the continuation of the earlier long-term incentive programmes based on the possibility to buy BZ WBK shares. This year incentive scheme, just like the previously implemented ones, makes the possibility to exercise the option dependent on the Bank's performance in the three consecutive years, i.e. 2011 – 2013.

We would like to offer a flexible and competitive package on the market, composed of both long-term and short-term incentives, both in the form of cash and shares as well as the one that will ensure a proper balance between fixed and flexible elements of the reward. An important element of this package is the proposed scheme which additionally takes account of experience stemming from earlier editions under which participants were awarded options for the Bank's shares. The incentive scheme was developed with a view to attracting, motivating and retaining in our organisation the best managers on the market that BZWBK Group needs to continue the dynamic growth of its business. The scheme proposed in 2011 is to encompass up to 600 participants which reflects the scale of the BZ WBK Group's business.

The basic function of the long-term incentive scheme is to reward the management in correlation with the magnitude of the profits outturned by the Bank. The best instrument to support the incentive scheme are options for the company's shares as this allows to align the management's and shareholder's profits and expectations.

Therefore, BZWBK Management Board in liaison with the Supervisory Board proposes to launch in 2011 a long term scheme underpinned by BZWBK shares quoted on the Warsaw Stock Exchange.

## II. The Supervisory Board opinions

All the AGM draft resolutions have been accepted by the Bank's Supervisory Board through appropriate resolutions.