

Information for Bank Zachodni WBK S.A. Shareholders
Rationale for draft resolutions

Re. item 15 of the agenda

a) updating the Bank's scope of business (§ 7(2)(6a) of the Statutes):

The purpose of the amendments to § 7(2)(6a) of the Bank's Statutes is to adapt the latter to the amended provisions of Article 6(1)(6a) of the Banking Law and to meet the obligation arising from Article 136 of the Act of 5 September 2016 on trust services and electronic identification, which requires that banks should comply with the modified legislation within 12 months of the effective date of the above act. The amendments are also designed to extend the range of services provided to customers.

In accordance with the previous wording of the said provisions of the Statutes, the Bank's objects included provision of certification services within the meaning of the law on electronic signatures, except for the issuance of qualified certificates. The provision was based on Article 6(1)(6a) of the Banking Law, which in accordance with Article 64(1) of the Act of 5 September 2016 on trust services and electronic identification (Journal of Laws 2016.1679), was amended on 7 October 2016. Pursuant to the current text of the Banking Law, in addition to performance of the banking activities referred to in Article 5(1) and (2), banks may also provide trust services and issue electronic identification means within the meaning of the law on trust services. At the same time, under Article 136 of the Act on 5 September 2016 on trust services and electronic identification the banks that perform the activities referred to in Article 6(1)(6a) of the Banking Law, in its previous version, were required to modify their statutes to reflect the amended provisions of the act, within 12 months of the effective date of the act, i.e. by 7 October 2017.

Furthermore, the Bank's intention is to offer its customers the services of electronic identification and trust services in a scope that goes beyond the provision of certification services as specified in the Statutes. To this end, the Bank has started a project to ensure that such services may be provided.

b) change of § 54 of the Statutes:

Modifying § 54 of the Statutes to enable the Bank to confirm the ePUAP trusted profile and perform ePUAP authorizations with the use of the electronic identification means employed for authorisation purposes in the Bank's ICT system, as required by the Polish Act on informatization of entities performing public tasks of 17 February 2005.

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On 30 June 2014, the Extraordinary General Meeting of the Bank adopted Resolution No. 4 on the 5th Incentive Scheme ("Resolution No. 4"), which introduced a three-year 5th Performance Shares Incentive Scheme ("Scheme"), which began in 2014. As part of the Scheme, the employees of the Bank and the Bank's subsidiaries who significantly contribute to the growth of value of BZ WBK Group and consequently to the growth of the Bank's shares price, are entitled to received newly issued ordinary bearer shares of BZ WBK with a nominal value of PLN 10 each.

The Bank has prepared a list of persons entitled to take up the shares, and the maximum number of shares was set to 103,000. However, in accordance with § 2(3) and (4) of Resolution No. 4, Participants of the Scheme lose their entitlement if before the date of the AGM in 2017 their employment with BZ WBK Group is terminated or if as a result of division of the joint assets of the Participant and his/her spouse the latter could acquire any rights under the Scheme participation agreement. Due to the fact that on the date of adoption of the General Meeting's resolution to increase the Bank's share capital no exact number of the persons entitled to take up the M series shares of the Bank will be known, it is purposeful for the AGM Resolution to indicate the maximum level to which the Bank's share capital may be increased and the maximum number of M series shares that can be issued. The exact number of series M shares will be known after the end of the subscription. It will be at that time that the Bank's Management Board will make a notarised statement, in accordance with Article 310 § 2 in conjunction with Article 431 § 7 of the Commercial Companies Code, in relation to the number of M series shares acquired under the Scheme and defining the value of the share capital specified in the Bank's Statutes.

Shares of the new issue will be paid up in cash only. The issue price will be PLN 10 per share. As a result, the Bank's share capital will be increased by maximum PLN 1,030,000 (a million thirty thousand zlotys) to the maximum amount of PLN 993,375,340 (nine hundred and ninety three million three hundred and seventy five thousand three hundred and forty zlotys).

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Bank Zachodni WBK SA intends to launch a long-term incentive scheme for its key employees. The purpose of the Incentive Scheme is to create a strong link between the Bank's long-term financial performance and shareholders' expectations and recognition for senior management.

The assumptions of the Incentive Scheme are in line with the local law and guidelines of the European Banking Authority (EBA) while constituting a remuneration package that is competitive in the market.

The proposed Scheme is a continuation of the existing remuneration policy operated by the Bank in relation to long-term incentive schemes. The Scheme participants are offered remuneration in the form of financial instruments: BZ WBK stock options. The options may be exercised depending on the financial performance and quality metrics achieved by the Bank over three consecutive years of the Scheme, i.e. 2017-2020, subject to the required retention periods. The Incentive Scheme will not only help maintain flexibility of the remuneration system, but will also allow a balance to be kept between the fixed and variable portion of the remuneration.

The Incentive Scheme's solutions support the business growth of Bank Zachodni WBK SA and contribute to achievement of its business and financial objectives. The Scheme will ensure consistency between shareholders' expectations and the goals and activities of senior management. Due to its long-term nature, the Incentive Scheme increases the motivation and retention of key position holders.

In view of the above, the Management Board of the Bank Zachodni WBK in coordination with the Supervisory Board proposes implementation of the outlined 6th Incentive Scheme in 2017, whose terms will be directly linked to the long-term objectives of the Bank.