

**21-04-2010**

**Subject:** Resolutions of the Annual General Meeting of BZ WBK Shareholders

Current report nr. 8/2010

Bank Zachodni WBK hereby announces the contents of the resolutions adopted by the AGM on 21th April 2010.

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 2009.
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 2009.
7. Adopting resolutions on profit distribution, 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 2009 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 composition of the Supervisory Board.
12. Changing the Statutes of Bank Zachodni WBK S.A.
13. Adopting a full text of the Statutes of Bank Zachodni WBK S.A.
14. Changing the terms of reference of the General Meeting of Shareholders of Bank Zachodni WBK S.A.
15. Closing the General Meeting of Shareholders

**To item 2** of the agenda

54.673.630 valid votes were cast on the resolution, out of 54.673.630 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.309.195 were in favour of the resolution, 363.335 abstained and 1.100 were against.

**To item 4** of the agenda

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid

votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 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 nine /1.01.2009/ and finishing on the thirty first day of December of the year two thousand and nine /31.12.2009/, including:
- statement of financial position prepared as at the thirty first of December two thousand and nine /31.12.2009/ which on the assets and liabilities side shows the amount of PLN 51 939 616 k,
  - income statement for the accounting year from the first of January two thousand and nine /1.01.2009/ until the thirty first of December two thousand and nine /31.12.2009/ which shows profit-after-tax in the amount of PLN 986 228 k,
  - statement of comprehensive income for the accounting year from the first of January two thousand and nine /1.01.2009/ until the thirty first of December two thousand and nine /31.12.2009/ which shows total comprehensive income in the amount of PLN 1 070 277 k
  - statement of cash flows for the accounting year from the first of January two thousand and nine /1.01.2009/ until the thirty first of December two thousand and nine /31.12.2009/ which shows a increase of PLN 240 541 k in the net cash balance,
  - movements in the equity showing as at the thirty first of December two thousand and nine /31.12.2009/ the equity of PLN 5 493 539 k,
  - explanatory notes,
- b) Management Board report on BZ WBK S.A. performance in 2009.

### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 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 S.A. for the period beginning on the first day of January of the year two thousand and nine /1.01.2009/ until the thirty first day of December of the year two thousand and nine /31.12.2009/, including:
- consolidated statement of financial position prepared as at the thirty first of December two thousand and nine /31.12.2009/ which on the assets and liabilities side shows the amount of PLN 54 058 360 k
  - consolidated profit and loss account for the accounting year from the first of January two thousand and nine /1.01.2009/ until the thirty first of December two thousand and nine /31.12.2009/ which shows profit-after-tax in the amount of PLN 940 156 k (of which PLN 53 964 k is attributable to non-controlling interests),
  - consolidated statement of comprehensive income for the accounting year from the first of January two thousand and nine /1.01.2009/ until the thirty first of December two thousand and nine /31.12.2009/ which shows total comprehensive income in the amount of PLN 1 028 427 k (of which PLN 55 737 k is attributable to non-controlling interests),
  - consolidated statement of cash flows for the accounting year from the first of January two thousand and nine /1.01.2009/ until the thirty first of December two thousand and nine /31.12.2009/ which shows the increase in net cash balance of PLN 238 746 k,
  - movements in consolidated equity showing as at the thirty first of December two thousand and nine /31.12.2009/ the amount of PLN 6 055 554 k,
  - explanatory notes.
- b) Report on Bank Zachodni WBK Group Performance in 2009.

## § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 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 01.01.2009 and ended on 31.12.2009 in the amount of PLN 986,227,919.10 in the following way:
  - PLN 292 304 052 will be allocated to the dividend to shareholders,
  - PLN 693 923 867,10 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 4,00.

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

The dividend registration day is 7 may 2010.

The dividend will be paid on 21 may 2010.

## § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.310.296 were in favour of the resolution, 363.335 abstained and 0 were against.

### **Resolution no 4**

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

## § 1

Mr. Mateusz Morawiecki, the Management Board President is granted the word of approval for performance of his duties in the period from 1.01.2009 to 31.12.2009.

## § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 were against.

## **Resolution no 5**

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 1.01.2009 to 31.12.2009.

### § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 were against.

## **Resolution no 6**

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

### § 1

Mr. Paul Barry, the member of the Management Board, is granted the word of approval for performance of his duties in the period from 1.10.2009 to 31.12.2009.

### § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.01.2009 to 31.12.2009.

### § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.01.2009 to 31.12.2009.

### § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.01.2009 to 31.12.2009.

### § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.01.2009 to 31.12.2009.

### § 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.02.2009 to 31.12.2009.

### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.01.2009 to 31.12.2009.

### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 member of the Management Board, is granted the word of approval for performance of his duties in the period from 01.01.2009 to 31.12.2009.

### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 01.01.2009 to 31.12.2009.

### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.306.995 were in favour of the resolution, 363.335 abstained and 3.301 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 1.01.2009 to 31.12.2009 (Appendix 1 hereto),
- 2) the BZ WBK Supervisory Board's report on the examination of: BZ WBK financial statements for 2009; consolidated financial statements of the BZ WBK Group for 2009; report on BZ WBK operations, report on the BZ WBK Group operations and the Management Board's motion concerning distribution of profit earned in 2009 (Appendix 2 hereto),
- 3) the BZ WBK Supervisory Board's assessment of the BZWBK Group's operations in 2009 (Appendix 3 hereto).

### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 were against.

## **appendix 1**

### **REPORT ON THE SUPERVISORY BOARD ACTIVITY IN 2009**



## **I. COMPOSITION OF THE SUPERVISORY BOARD AND MANNER OF DISCHARGING ITS DUTIES & RESPONSIBILITIES**

1. As at 1 January 2009, the Supervisory Board operated in the following composition:

- Chairman of the Supervisory Board - Mr. Aleksander Szwarc
- Vice Chairman of the Supervisory Board - Mr. Gerry Byrne
- Members of the Supervisory Board - Mr. Waldemar Frąckowiak  
- Mr. Aleksander Galos  
- Mr James Edward O'Leary  
- Mr. Maeliosa OhOgartaigh  
- Mr. John Power  
- Mr. Jacek Ślotała

2. Changes in the Supervisory Board composition

Mr James Edward O'Leary resigned from the function of the Supervisory Board Member as of 21 April 2009. The composition of the Supervisory Board for the rest of 2009 was as follows:

- Chairman of the Supervisory Board - Mr Aleksander Szwarc
- Vice Chairman of the Supervisory Board - Mr Gerry Byrne
- Members of the Supervisory Board - Mr Waldemar Frąckowiak  
- Mr Aleksander Galos  
- Mr Maeliosa OhOgartaigh  
- Mr John Power  
- Mr Jacek Ślotała

3. Independence of the Supervisory Board Members

All Members of the Supervisory Board submitted written statements on their independence status as well as their personal, factual and organizational connections with the Bank's shareholders. The status of an independent Supervisory Board Member is held by:

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

4. The principles of the Supervisory Board operations and manner of performing its activities are defined by the SB Terms of Reference available on the Bank's internet sites.

## **II. STATISTICAL DATA ON THE SUPERVISORY BOARD ACTIVITY IN 2009**

In the period from 1 January to 31 December 2009, the Supervisory Board held 9 meetings and adopted 51 resolutions. The Board Members' average attendance was 95.3%.

### **III. MAIN AREAS OF THE SUPERVISORY BOARD'S ACTIVITY IN 2009**

- The Supervisory Board worked pursuant to the adopted schedule of meetings and the operational framework. Agenda of each meeting was expanded if appropriate by current business issues, issued brought in for discussion by the Management Board 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 materials and reports on issues covered by the agenda of meetings as well as those pertaining to other matters important for the Bank in relation to the conducted operations.
- As part of its responsibilities arising from §32 of the Bank's Statutes, the Supervisory Board conducted on-going assessment of financial performance of the Bank and BZ WBK Group as well as current projections prepared on its basis, taking account of the business and operating tendencies in place, opportunities and threats as well as variances against the Budget. The evaluation was based on financial reports presented by the Management Board.
- Given the situation on the global markets, the Supervisory Board followed through the 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 of current priorities and approach to challenges related to funding, capital management, risk management, credit risk management in particular and cost management.
- As part of the supervision exercised over the risk management process, the Supervisory Board performed reviews of the main risk areas, focusing on the manner of exercising the oversight of individual risks, compliance with applicable policies and internal procedures, appropriate mode of identifying threats and agreeing on management actions.
- Based on the conducted reviews and Audit Committee recommendations, the Supervisory Board approved the acceptable risk level expressed as limits defined in the "Risk Appetite Statement". As per the agreed process, the Supervisory Board has also exercised supervision and monitored the level of utilizing internal limits. In the Supervisory Board's opinion, the Bank's acceptable risk level is revised and adequate to the current market conditions.
- As part of the supervision exercised over the credit risk management, the Supervisory Board was informed about the current credit strategy and performed quarterly reviews of the loan portfolio to ensure compliance with the Banking Supervision's Recommendations, changes in credit policies & the key factors of the credit risk. Independently, the Supervisory Board was informed about

individual loan portfolios with a breakdown by products/customer segments focusing on issues related to their quality and profitability.

- In addition, the Supervisory Board was advised on a quarterly basis of the property loan portfolio and progress in the execution of the adopted portfolio management strategy. The strategy aimed at reducing the share of the property loans and improving the portfolio profitability in order to reflect deposit raising costs, level of market interest rates and growth of risk on that portfolio. In addition, the Board held meetings with external experts and obtained their explanations/comments on the commercial property market in Poland, including current trends and projections with regard to demand, supply, prices/valuations and specific conditions of the major local markets.
- The Supervisory Board made a review of the strategy and different areas of the Bank's operations paying special attention to the possibility of generating high and sustainable income streams, their diversification and market share growth.

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

Independently of the meetings, Supervisory Board Members worked in the following internal Board committees:

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

The composition of individual committees was defined by force of the Supervisory Board resolution. The scope of their operations and mode of work are defined by Terms of Reference adopted by force of the Board resolutions and available in the Supervisory Board Secretariat.

The operations of the Committees contribute materially to boosting the effectiveness of the Board work by way of supporting it in delivering its statutory tasks as well as by preparing recommendations and proposed decisions in relation to the Board own motions as well as those submitted by the Bank's Management Board.

To allow the Supervisory Board fully assess the Committees' operations, their Chairmen present reports on their activities at the Board meetings and the Supervisory Board Members receive copies of the minutes from all the Committees' meetings.

- **THE NOMINATIONS & REMUNERATION COMMITTEE** - the Committee's activities aim to demonstrate the Supervisory Board's determination in adherence to the corporate governance principles covering independence, responsibility and transparency in relation to recommending to Board the candidates to the Management Board and setting up the remuneration of the Management Board Members and Executives. The Committee members have no personal financial interest, other than that of the Bank's shareholders, in these matters and are driven by the best interest of the Bank and its shareholders.

The Committee assists the Supervisory Board with:

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

In 2009, the composition of the Nominations & Remuneration Committee was as follows:

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

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

In 2009, the Committee's activities focused on the following issues:

- Delivery of the Regulator's recommendations re. compensation in the banking sector in the context of the relevant draft European Commission's Directive – the Committee reviewed the applicable Remuneration Policy for Bank Zachodni WBK Management Board Members in terms of its compliance with the business strategy, objectives, values and long-term interests of the Bank and on that basis it established that the document clearly defined responsibility for designing rules of the Management Board Member's compensation and control of adherence to those rules in practice. The Committee informed the Supervisory Board about the outcome of the review.
- Appointment of the Bank's Management Board for a new term of office – the Committee recommended to the Supervisory Board the existing personal composition and allocation of functions among the Bank's Management Board Members. The following Management Board Members appointed to the new term of office held consents of the Financial Supervision Commission:
  - Mr Mateusz Morawiecki – to perform the function of the Management Board President,
  - Mr Justyn Konieczny – to perform the function of the Management Board Member.
- Preparation of a template of an employment contract with the Management Board Member – the contract template for the new term of office recommended to the Supervisory Board was based on the existing template and adjusted to the applicable legislation and current judicature. An agreement on the competition ban was entered into with all the Management Board Members.
- 3-year Incentive Scheme commenced in 2006. The Committee recommended to the Supervisory Board the commencement of the second stage of the

Scheme and confirmation of the entitlement of its participants to take up an agreed number of series H shares of Bank Zachodni WBK in relation to:

- completion of the Scheme as of the day the AGM of Bank Zachodni WBK approved the 2008 financial statements, i.e. the last year from the 3-year period of its validity.
  - meeting the criteria of exercising the award under the Incentive Scheme as regards the compounded EPS growth over the life of the Scheme.
- Conducting an annual review of the bonus system for Management Board Members and the senior executive population and tabling the recommendations re. rules of granting and determining the bonus pool for 2010 driving an adequate motivation in the volatile market environment.
- Considering and recommending to the Supervisory Board changes to the bonus schemes of some business units in the Bank to adjust them even better to the specific nature of their operations and market conditions.
- Planning succession of the Management Board functions and senior executive positions – this issue was one of the Committee and Supervisory Board priorities in 2009; actions in this area comprise also assurance of adequate development programs for individuals subject to succession planning, both in the Bank and in its subsidiaries.
- **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.

Audit Committee is composed of the following members:

- Mr John Power (Chairman)
- Mr Waldemar Frackowiak
- Mr Aleksander Galos
- Mr Maelosia O’Hogartaigh

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 eight times during the course of the 2009 and reviewed key areas of material controls, including financial, operational, regulatory compliance and risk management systems. On a regular basis, the Committee 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. In 2009, these reports included material notifications arising under the Group policy on “whistleblowing”, updates on significant projects in the Bank, detailed analysis of capital and liquidity ratios, the implementation of EU Directives, Sarbanes Oxley compliance, Basel II compliance and IT system implementations.

The independent Auditors (KPMG), 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 receives reports from the external auditor and regularly holds discussions with both the internal and external auditors in the absence of Management Board representatives.

Through the Group Internal Auditor, the Committee receives objective independent reports on the operation of internal controls in the Group. The plans and level of resources of the internal audit function are reviewed each year by the Committee. During 2009 the Group continued to monitor the quality of the internal audit function in accordance with the International auditing standards. The Committee reviews the outcome of annual monitoring with the management.

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

In addition, the Committee reviewed the Group’s capital and risk frameworks against the ongoing implementation of Basel II and in light of the current challenges 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 and liquidity resources.

On the basis of these reviews and discussions, the Committee recommended the Supervisory Board approve the audited financial statements for inclusion in the Company’s annual report for the year ended 31 December 2009, and the Board accepted the Committee’s recommendations.

The Committee recommended to the Board, subject to shareholder approval, the election of KPMG as the Company’s independent accountants. There is a

process in place whereby 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 for audit services in 2009, 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 of PLN 3.7m.

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 questionnaire. The report was reviewed and approved by the Supervisory Board on 27 February 2009. A further review will be carried out in 2010.

- **SOCIAL RESPONSIBILITY COMMITTEE** – the Committee is responsible for overseeing the development and execution of a corporate responsibility strategy and policy to ensure that BZWBK is seen as a responsible corporate citizen by all its stakeholders. In particular, the Committee pursues actions and undertakings which being consistent with the Bank’s vision, its values, objectives and strategy allow to create the brand of the desired value.

In 2009, the composition of the Corporate Responsibility Committee was as follows:

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

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

In 2009, the Committee’s activities focused on the following issues:

- Consistent pursuit of the strategy of growing the BZWBK Group market position by leveraging the extended branch network, supported by actions aimed at strengthening the Bank’s brand and its awareness as of the country-wide financial institution with the following distinctive features:
  - a) Taking better care of customers than other market players.
  - b) Stable financially and ensuring safety of entrusted funds.
  - c) Offering price-attractive products that are simple and easy to use.
  - d) Leveraging modern and pioneering solutions.
- Activity of the Bank’s charity foundation – “Bank of Children’s Smiles” – provides assistance to children from destitute families. In 2009, it comprised educational programs and support for talented pupils by granting them

scholarships and holding actions promoting their talent (musical concerts, participation in international scientific projects).

- Review and Approval of Marketing, Promotion, Sponsorship and Corporate Giving Plans / Budgets.

▪ **APPOINTMENT OF THE RISK OVERSIGHT COMMITTEE**

In September 2009, following the review of the corporate governance, the Supervisory Board approved the establishment of the Risk Oversight Committee. This decision reflects the approach to responsibility and exercise of the proper supervision by the Supervisory Board over the risks.

The Committee is responsible for the oversight and advice to the Supervisory Board on the current risk exposures of the Bank and the future risk strategy. The Committee commenced its formal operations in January 2010 and pursuant to the Supervisory Board Resolution its composition is as follows:

- Mr John Power (Chairman),
- Mr Waldemar Frąckowiak
- Mr Aleksander Galos
- Mr Maeliosa OhOgartaigh

**V. ASSESSMENT OF THE SUPERVISORY BOARD ACTIVITY IN 2009**

Pursuant to item 1, sub-item 2, part 3 of the “Best practices of companies listed on WSE”, the Supervisory Board assessed its work.

Accordingly, it stated that it duly discharged its responsibilities & responsibilities holding meetings at frequency ensuring that all matters within the Board’s remit were addressed. Both the composition of the Board, knowledge and experience of its individual Members ensured due and efficient work of the Board and its supervision over the Bank’s operations.

**appendix 2**

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

- **2009 FINANCIAL STATEMENTS OF BANK ZACHODNI WBK S.A.**
- **MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK S.A. PERFORMANCE IN 2009**
- **2009 CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP OF BANK ZACHODNI WBK**
- **MANAGEMENT BOARD REPORT ON BANK ZACHODNI WBK GROUP PERFORMANCE IN 2009**
- **MOTION OF THE MANAGEMENT BOARD ON THE 2009 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 21 April 2010:



- 2009 Financial Statements of Bank Zachodni WBK S.A.,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2009,
- 2009 Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK,
- Management Board Report on Bank Zachodni WBK Group in 2009,
- Management Board motion on the 2009 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 2008**

By force of resolution no. 33/2009, adopted on 24 June 2009, the Supervisory Board selected KPMG Audyt Sp. z o.o. as the Bank's auditor and vested it with a task of auditing the 2009 Financial Statements. The above audit covered the following documents produced by the Bank's Management Board:

#### 1. Financial Statements of Bank Zachodni WBK S.A. for year 2009:

- Balance sheet as at 31 December 2009,
- Profit & Loss Account for the accounting period from 1 January to 31 December 2009,
- Cash Flow Statement for the accounting period from 1 January to 31 December 2009,
- Movements in equity,
- Off-balance sheet liabilities,
- Notes.

#### 2. Management Board Report on Bank Zachodni WBK S.A. performance in 2009.

#### 3. Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK for year 2009:

- consolidated Balance Sheet as at 31 December 2009,
- consolidated Profit & Loss Account for the accounting period from 1 January to 31 December 2009,
- consolidated Cash Flow Statements for the accounting period from 1 January to 31 December 2009,
- movements in equity,
- off-balance sheet liabilities,
- notes.

#### 4. Management Board Report on Bank Zachodni WBK Group in 2009.

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

- Opinion of the independent auditor on the audited Financial Statements of Bank Zachodni WBK SA and the Capital Group of Bank Zachodni WBK SA for the financial year ended 31 of December 2009.
- Reports of the independent auditor on the Financial Statements of Bank Zachodni WBK SA for 2009 and on the Consolidated Financial Statements of the Capital Group of Bank Zachodni WBK SA for 2009,

the Supervisory Board stated that the 2009 Financial Statements of Bank Zachodni WBK S.A. and the 2009 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 2009 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. 6/2010, dated 1<sup>st</sup> March 2010, to submit to the AGM for approval:

- Financial Statements of Bank Zachodni WBK S.A. for year 2009,
- Management Board Report on Bank Zachodni WBK S.A. Performance in 2009,
- Consolidated Financial Statements of the Group of Bank Zachodni WBK for year 2009,
- Management Board Report on Bank Zachodni WBK Group in 2009.

## **2. Review of the Bank's Management Board motion related to the 2009 profit distribution**

The Supervisory Board examined the Bank's Management Board motion related to the 2009 profit distribution, and with resolution no. 7/2010, dated 1<sup>st</sup> March 2010 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. 9/2010, dated 1<sup>st</sup> March 2010, 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 2009**

- **Macroeconomic environment in 2009**

## **Economic Growth**

After the recession that hit the world's major economies (GDP fall for 4-5 quarters in the euro-zone and the USA), the economy rebounded in the third quarter of 2009 on the back of fiscal and monetary stimulus packages. The serious economic downturn abroad had a strong adverse impact on the Polish economy.

Economic growth in Poland decelerated sharply, but the decline was less severe than expected at the beginning of the year. Furthermore, according to the preliminary data of the Polish Central Statistical Office (GUS), GDP growth in Poland of 1.7% y-o-y made it the only EU country recording positive growth in 2009. Also, the structure of GDP growth points to the relatively strong consumption demand and a moderate fall in investments. Notwithstanding the relatively strong performance of the Polish economy, there remains a possibility of a second wave of the global crisis, which is the key risk factor affecting the mid-term economic growth outlook for Poland.

## **Labour Market and Consumption**

Private consumption growth weakened (to 2.3% in 2009 compared with 5.9% in 2008) due to negative changes in the labour market. As a result of a decrease in employment and the marked reduction in the average wage growth, the wage bill growth slowed substantially. On the other hand, in 2009 social security benefits were increased in line with inflation.

## **Investments**

According to the tentative data of the GUS, the growth in gross fixed investments in 2009 was -0.3%, which was much above the pessimistic forecasts from the start of the year. The growth in investments was slightly below zero only in the second and the third quarter. At the same time, the investment growth in the fourth quarter was positive at 1.6% y-o-y. This is associated with the strong activity in public investments supported by the EU funds, which amply compensated for the weak investment activity in the private sector.

## **Inflation**

After CPI inflation decreased to 2.8% y-o-y, it was gradually rising in the subsequent months due to significant increases in the prices of fuel and energy as well as effect of the significant weakening of the zloty observed until February 2009. Consequently, the CPI inflation increased to 4% y-o-y in April and then started to fall. Still, until August, the CPI inflation stayed above the upper limit of allowed fluctuations around the Central Bank target (3.5%).

The last months of the year brought a decline of the CPI inflation below this level and a rebound to 3.5% y-o-y in December, amid a decrease in the annual growth

rate of energy prices and an increase in fuel prices. The impact of the significant zloty depreciation on inflation in the first half of the year was partly offset by the strong deceleration in economic growth, while the zloty recovery in the second half of the year supported lower prices growth. The substantial weakening of the internal demand and reduction of the tensions in the labour market acted towards weakening of the inflationary pressures.

### **Interest Rates**

In 2009, the Monetary Policy Council reduced the main interest rates four times (all rate cuts in the first half of the year), by a total of 1.5 pp. The monetary policy easing was a response to substantial deterioration in economic growth prospects coupled with favourable mid-term inflation outlook. The substantial reduction in the Central Bank interest rates was followed by a decline in WIBOR rates - by 2.2 pp and 1.9 pp for 3-month and 12-month periods respectively. However, the WIBOR rates did not reflect the real cost of money, as there was only a liquid market for very short tenors. The MPC also decided to reduce the reserve requirement rate by 50 bps to 3% in order to increase liquidity in the banking system and revive credit activity. The high short-term overliquidity of the banking sector resulted in significant decline of the O/N and T/N rates, which stayed below the reference rate.

### **Exchange Rate**

The first months of 2009 saw a significant weakening of the zloty, triggered by a surge in risk aversion in international financial markets and investors' negative view of the markets in Central and Eastern Europe, resulting from serious problems of some countries in the region. However, towards the end of the first quarter the zloty began to recover as risk appetite returned to global markets and foreign investors showed more interest in buying assets in the CEE region partly due to support of the financial stability of the countries in the region by international institutions. Since then the zloty has been on a gradually appreciating trend although volatility remains fairly high.

The gradual appreciation of the euro versus the dollar was accompanied by a decline in the USD/PLN rate. However, the dollar substantially recovered in the international markets towards the end of the year.

- **Financial Performance of the BZWBK Group in 2008**

In 2009, the Bank Zachodni WBK Group was implementing its strategy for the years 2009-2011, striving to be distinctive in the market by its customer proposition and service quality and taking actions to improve its brand image and awareness.

The Group flexibly responded to the challenging environment, taking appropriate measures to sustain its deposit base and ensure security of its credit portfolio. Efforts were taken to reduce costs and mitigate risks in all areas of activity.

## **Profit and Loss Account**

Despite the difficult macroeconomic conditions, the income of Bank Zachodni WBK Group for the 12 months of 2009 increased by 2% y-o-y.

Excluding the gains on disposal of equity investments (PLN 3.6 m in 2009 and PLN 66.2 m in 2008), the consolidated income increased by 3.6%.

With the implementation of further savings projects, optimisation of procurement processes and tight monitoring of cost efficiency, in 2009 the Group's cost base decreased by 2.2% y-o-y, including 6.4% reduction of administrative expenses.

In 2009 the cost of credit risk increased as a result of deteriorating financial standing of borrowers in the difficult macroeconomic environment.

In 2009, the Bank Zachodni WBK Group posted a profit-before-tax of PLN 1,163 m, a decrease of 3.9% on 2008. The profit-after-tax attributable to the shareholders of Bank Zachodni WBK was PLN 886 m and was higher by PLN 3.6% y-o-y.

## **Income**

In 2009, the income of Bank Zachodni WBK Group was PLN 3,312m and up 2% y-o-y.

Net interest income amounted to PLN 1,563.2 m, down 4.4% y-o-y. The decrease was caused by the negative impact of deposits which in 2009 were usually priced higher than the official interbank rates. This reflects the intense price competition that has been a feature of the deposits market since September 2008.

Further downward pressure on deposit margins was caused by a series of interest rate cuts which commenced in November 2008 and continued until June 2009. The higher costs of raising deposits were partly offset by increased margins on lending.

Net commission income amounted to PLN 1,315.5 m and decreased by 4.2% y-o-y mainly due to the sharp downturn in the capital markets which persisted until March 2009 and investors' uncertainty about continuation of the growth trends observed in the equity market in the subsequent months. These sentiments led to a decrease in the level of the Group's asset management and mutual fund fees by 36% y-o-y.

While the brokerage fees in the secondary equity market increased, the fees in the primary equity market declined, which adversely affected the growth of the total brokerage fees (-7%).

Income from FX fees decreased by 3.6% mainly due to appreciably lower FX activity in the market place but also due to revision of customer limits and general tightening of the bank's policy in this area.

Other business lines reported substantial increases in their net income figures. Credit fees increased significantly, partly due to alignment of the bank's pricing policy to the changing external environment.

Net commission income from e-business and payments increased by 15.4%. Two product lines from this area grew particularly strongly: "services to third-party financial institutions" and "debit cards". Account and cash transactions fees increased by 7.8%, mainly driven by personal accounts which generated a higher level of income following acquisition of new business and modification of selected items of the schedule of fees and charges of Bank Zachodni WBK S.A.

Dividend income of PLN 96.6 m increased by 37.4% y-o-y mainly as a result of the dividends paid by the Aviva companies included in the bank's equity investment portfolio. This change was mainly influenced by the dividend allocated to the bank by the Aviva Group companies, i.e. Aviva Towarzystwo Ubezpieczeń na Życie S.A. and Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK S.A. In 2009, these entities disbursed PLN 88.7 m in dividends to the bank as compared to PLN 64.7 m last year.

Net trading income and revaluation amounted to PLN 270.3 m, up by 411.9% y-o-y. The movement in this line was most strongly affected by the wholesale FX Swaps transacted, among others, as part of the management of the EUR- and CHF-denominated credit portfolio.

## **Costs**

Total costs of Bank Zachodni WBK Group amounted to PLN 1,644.8 m and were lower by 2.2% y-o-y.

In 2009, staff costs amounted to PLN 889.3 y-o-y, down 0.8% y-o-y due to reduction of the average employment in the Group by 122 FTEs, stronger leave utilisation discipline and limitation of training costs. At the same time, higher provisions were raised for staff bonuses for the excellent performance in 2009.

The Group's other administrative expenses decreased by 6.4% to PLN 609 m. This decrease was mainly driven by reduced advertising and marketing spend on account of the limited promotional campaigns and the lower consultancy costs.

The slower development of the BZ WBK Branch Network led to a substantial reduction of the branch fit-out costs.

In 2009, depreciation / amortisation totalled PLN 123.5 m and increased by 15.1% y-o-y as a result of expansion and upgrade of the bank's branch network.

### **Balance Sheet**

As at 31 December 2009, total assets of Bank Zachodni WBK Group amounted to PLN 54,054 m and were 5.9% down on 31 December 2008.

### **Credit Facilities**

In 2009, strong credit delivery to personal customers was paralleled by a decrease in loans and advances to public sector customers and finance lease receivables.

In effect, at the end of December 2009, gross loans and advances to customers decreased by 0.9% y-o-y to PLN 35,710.4 m.

In 2009, loans and advances to personal customers increased by 15.1% to PLN 10,632.4 m thanks to the attractive credit proposition and effective sales campaigns.

The strongest growth in this portfolio was recorded in cash loans (+19.6%) and home mortgages, which increased by 11.2% to PLN 6,062.5 m.

Compared with 2008, loans and advances to business and public sector customers amounted to PLN 22,348.6 m, falling by 4.4% y-o-y as a result of the reduced business activity of companies, pro-active approach of the Group to sectoral risk and revision of its risk assessment methods to reflect the new economic conditions.

At the end of December 2009, the impaired loans accounted for 5.5% of the gross portfolio versus 2.9% recorded 12 months before. The provision cover ratio for the impaired loans was 39.1% compared with 55% as at 31 December 2008, reflecting the higher share of relatively well-collateralized property loans in the total non-performing loan-book.

The impairment level has been driven by the deteriorating macroeconomic environment which is reflected in the sharp drop in GDP and growth in unemployment. Slowdown has affected most sectors of the Polish economy, resulting in the lower ability of businesses and individuals to meet their liabilities.

### **Deposits**

Deposits from customers, which represent 76.3% of the Group's total equity and liabilities are the primary source of funding of the Group's lending business.

Compared with the end of the previous year, customer deposits decreased by 3.7% to PLN 41,222.9 m as at 31 December 2009. Balances in the current accounts amounted to PLN 17,441.7 m (+4.3% y-o-y), while term deposits amounted to PLN 23,267.5 m (-9.5% y-o-y).

The lower deposits from customers result from the decrease in the deposits from business and public sectors companies. In 2009, businesses suffered from tighter liquidity and had to resort to a greater extent to cash deposit balances to fund their ordinary activities and investments.

Concurrently, the Group's deposits from retail customers increased by 5.7% to PLN 25,613.7 m, which is attributable to the bank's diversified deposit offer for this segment, both with regard to current accounts and term deposits.

- **Share Price of Bank Zachodni WBK**

In 2009, the global economy was in recession and the adverse conditions in the equity market continued to prevail. Starting from February, the world's stock indices were gradually rising. The observed increases were correlated with an improvement in the Index of Leading Indicators, growth of commodity prices and the higher risk appetite among international investors.

After many months of declines and the record lows recorded on 18 February 2009, a strong growing trend began on the Warsaw Stock Exchange.

Throughout 2009, the WIG index increased by 46.9%, WIG 20 by 33.5% and WIG Banks by 33.7%. The price of Bank Zachodni WBK shares, which are a part of these indices, increased by 32.3% from PLN 110.80 on 31 December 2008 to PLN 190.00 on 31 December 2009.

- **Rating**

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

At the end of 2009, Bank Zachodni WBK had the following rating: Long-Term Issuer Default Rating: BBB+; Short-Term Rating: F2; Individual Rating: C; Support Rating: 3; outlook for maintenance of the Long-Term and Short-Term Rating: negative.

Reduction of the Long-term IDR, the Short-Term IDR, the Support Rating and the rating outlook results from revised assessment of the bank's controlling shareholder (AIB) and reflects its lower ability to provide potential support to its subsidiaries. The AIB's Individual Rating was changed in 2009 from "B" to "C" and then to "D" due to the fall of its asset quality given the deteriorating macroeconomic conditions and the negative outlook for further economic development of the Republic of Ireland.

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

- **Internal Control System**



As required by the Statutes, the bank operates an internal control system, supporting the decision-making processes and contributing to efficient operation of the bank, reliability of financial reporting and compliance with the internal and external regulations.

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

Internal control and risk management systems are structured into three lines of defence. The first line ensures compliance with procedures and response to any identified deficiencies or shortcomings. It underlies reviews of procedures and effectiveness of controls across the organizational structure.

The second line are specialist functions which assist the management in risk management and identification as well as assessment of the first line controls.

The third line is the Internal Audit Area which provides an independent and objective examination and assurance on first and second tier controls as well as the management of the bank, including the risk related to the bank's business. The Audit Committee of the Supervisory Board exercises oversight over the Internal Audit Area. The Audit Committee approves annual audit plan and is regularly updated on audit results and progress of management actions.

This way the Management Board and Supervisory Board receive regular and detailed information on compliance with internal and external regulations, identification of deficiencies and errors and remedial actions, completeness and correctness of accounting procedures as well as adequacy, effectiveness and security of the IT system. Deficiencies found in the course of internal controls are used to improve the existing processes and security solutions as well as to amend internal processes and regulations.

- **Risk Management**

Bank Zachodni WBK has an integrated risk management structure ensuring that all risks with material impact on the bank's operations are identified, measured, monitored and controlled. In the Board's opinion this structure is appropriately matched to the Bank's size and risk profile.

In BZWBK the responsibility for managing the different risk types has been delegated to the individual organisational units, which are supported in this role by the relevant Committees. The strategic direction is set by the Risk Management Committee (RMC), which supervises the work of the other Committees responsible for risk management.

One of the main elements of risk management in the bank is the level of acceptable risk in the daily operations. This risk level is expressed in the form of limits set out in the "Risk Appetite Statement" approved by the Management Board and the Supervisory Board. The bank's risk appetite is kept adjusted to the current market environment.

The bank has methodologies and processes in place for identification and evaluation of risks to determine their potential impact on the Bank's operations now and in the foreseeable future. The identified risks are managed through a suite of policies and best practices to keep risk at an acceptable level. The bank uses risk evaluation techniques tuned to the different types and materiality of risks, including:

- customer / facility grading – for credit risk;
- VaR methodology – for market risk;
- operational risk self-assessment methodology.

As part of an enterprise-wide risk assessment exercise, comprehensive risk reviews are held on a regular basis, looking at key risks (including key legal and regulatory risks) and material risks. The output of the key risks review is an aggregated list of at least top 5 risks of the BZWBK Group. The compliance risk management process includes identification, valuation and monitoring of the legal and regulatory risks to ensure compliance. This is achieved, on the one hand, by giving opinions on products, procedures and initiatives, and on the other hand, by sample-based testing the effectiveness of controls. The material risks review is an integral element of the internal capital adequacy assessment process (ICAAP) in the Bank. In 2009, the risk identification and assessment processes were compliant with the Bank's policies. Exceptions to the policies were approved by the relevant Committees.

The comprehensive structure of the risk management in the Bank is augmented by a clear system for reporting on the size and types of risks and risk limit excesses. The reporting system includes the key management levels. Periodic reports on risk assessment and evaluation of the mitigating actions taken by the Management Board are submitted to the Supervisory Board.

### **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. 2009 to 31. 12. 2009.

#### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 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 1.01.2009 to 31.12.2009.

§ 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 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 1.01.2009 to 31.12.2009.

§ 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 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 1.01.2009 to 31.12.2009.

§ 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 were against.

**Resolution no 20**

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

§ 1

Mr. James Edward O'Leary, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2009 to 21.04.2009.

§ 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 were against.

### **Resolution no 21**

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 1.01.2009 to 31.12.2009.

§ 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 were against.

### **Resolution no 22**

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 1.01.2009 to 31.12.2009.

§ 2

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 were against.

### **Resolution no 23**

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

#### **§ 1**

Mr. Jacek Ślotała, the member of the Bank's Supervisory Board, is granted the word of approval for performance of his duties in the period from 1.01.2009 to 31.12.2009.

#### **§ 2**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 53.738.406 were in favour of the resolution, 931.924 abstained and 3.301 were against.

### **Resolution no 24**

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

#### **§ 1**

Mrs. Anne Marie Maher 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.

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.303.165 were in favour of the resolution, 369.366 abstained and 1.100 were against.

### **Resolution no 25**

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.303.165 were in favour of the resolution, 369.366 abstained and 1.100 were against.

## Resolution no 26

### § 1

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

- 1) § 1 shall read as follows:  
„§1. 1. The name of the Bank is "Bank Zachodni WBK Spółka Akcyjna".  
2. The Bank may use the short names "Bank Zachodni WBK S.A."  
and "BZ WBK S.A.".
- 2) § 7 section 2 point 7 letter a) shall read as follows:  
„a) intermediation in brokerage business, maintenance of securities  
accounts,”;
- 3) § 7 section 2 point 7 letter b) shall read as follows:  
"b) intermediation and co-operation in obtaining loans and guarantees,"
- 4) §7 section 2, point 7 shall be followed by point 7a reading as follows:  
"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."

- 5) §19 shall be followed by §19a reading as follows:  
„§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.";
- 6) §32 point 10 shall read as follows:  
"10) appoint an entity authorized to audit the financial statements to perform audit services for the Bank,";
- 7) §46 shall read as follows:  
"§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."
- 8) §47 section 1 shall read as follows:  
"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

Changes to the Statutes contemplated in §1 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.

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 were against.

## **Resolution no 27**

### **§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**

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

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

§ 11.

Bearer shares are shares admitted to public trading.

§12.

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

§ 13.

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

§ 14.

The Company's Management Board announces the information about purchasing shares for redemption not later than within 30 days after the date when the shares are to be purchased as stipulated in the resolution referred to in § 13, convening at

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

§ 15.

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

§ 16.

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

§ 17.

The Bank can issue convertible bonds.

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

§ 18.

The authorities of the Bank are:

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

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

§ 19.

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

§ 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. At least half of the Supervisory Board's members, including its Chairman, should hold Polish citizenship.
2. At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The criteria of independence of Supervisory Board members are defined in the Terms of Reference of the Bank's Supervisory Board.

### § 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.

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

§ 35.

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

§ 36.

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

§ 36a.

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

§ 37.

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

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank's share capital. Out of the total number of the valid votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 were against.

**Resolution no 28**

Pursuant to Article 395, paragraph 5 of the Commercial Companies Code, the following shall be adopted:

§ 1

1. The Terms of Reference for Bank Zachodni WBK General Shareholders' Meetings, adopted by resolution no. 15 of BZWBK General Shareholders' Meeting dated 10 April 2003, then amended by resolution no. 4 of BZWBK General Shareholders' Meeting dated 8 December 2005 and resolution no. 37 of BZWBK General Shareholders' Meeting dated 18 April 2008, shall now read as follows:

- 1) in §2:

- section 1:

„1. A General Shareholders' Meeting may be attended by persons who acquired shares in BZWBK not later than sixteen days before the date of a General Shareholders' Meeting (the day of signing up for the Meeting).”;

- section 5:

„5. BZWBK shall enable the press, radio and television journalists to attend General Shareholders' Meetings.”;

- section 6 shall be added:

“6. BZWBK shall publish information about General Shareholder's Meetings on a dedicated internet site: <http://www.bzwbk.pl/wza>.”;

- 2) §2a shall be added after §2:

- „§2a 1. BZWBK shall allow persons to a General Shareholders' Meeting through electronic communication means including:
- 1) a live broadcast and webcast of a Shareholders' Meeting,
  - 2) a live internet link allowing shareholders who are not present at the place of the meeting to give their opinions,
  - 3) exercising the right to vote personally or via proxy in the course of the Shareholders' Meeting.
2. BZWBK shall record the meeting and post the recording on an internet site.
3. If a shareholder or their proxy advise BZWBK of their intention to attend a General Shareholders' Meeting via the remote link, referred to in paragraph 1, section 2), the Bank shall provide the shareholder or their proxy with necessary information about how to establish a remote and secure link to the meeting. A method in which BZWBK provides such information shall be specified on a designated internet site.
4. BZWBK shall post a detailed description of rules on participating in the Shareholders' Meeting and exercising the voting rights via electronic communication means on a designated internet site.
5. BZWBK shall not be held liable for a shareholder's inability to attend a General Shareholders' Meeting by means of remote & electronic communication devices if a link failure is a consequence of circumstances outside the Bank's reasonable control.”;

3) §3 section 4:

- „4. Every shareholder may demand a list of shareholders to be sent by e-mail to a specified address free of charge. Also, the shareholder may view a list of shareholders at the Bank's registered office and request a copy of the list, covering the cost of preparation.”;

4) in §4:

- „§4 1. A shareholder may attend a Shareholders' Meeting and exercise the right to vote either personally or via proxy. A power of proxy shall be granted in writing or electronically and attached to minutes. If the power of proxy is granted electronically, it does not require to be signed with a secure e-signature verified by qualified certificate.
2. BZWBK shall be advised of a power of proxy which has been granted electronically via an e-mail message with a soft copy of a power of proxy signed by persons authorised to represent the shareholder, accompanied by other documents which will enable the Bank to confirm the validity of representations thereof (sent as PDF files to an address indicated in a notice of a GM). BZWBK shall receive the power of proxy and other required documents on the day of a General Shareholders' Meeting at the latest.
3. Provisions contained in sections 1 and 2 shall apply to the cancellation of a power of proxy accordingly.

4. A BZWBK Management Board Member and a BZWBK staff member may act as proxies during a Shareholders' Meeting.”;

5) §12a shall be added after §12:

„§12a During a Shareholders' Meeting every shareholder may submit draft resolutions regarding items on the meeting's agenda.”;

6) in §13:

- section 2:

„2. Members of BZWBK bodies, each within their discretions, shall answer questions and provide explanations, concurrently staying compliant with the Financial Instruments Trading Act, if they are deemed justified and relevant to a matter covered by the agenda.”;

- section 3:

„3. BZWBK Management Board shall refuse to provide information if damage might be caused to the Bank, and its connected or related entities in effect of such an action. This relates in particular to the disclosure of technological, trade or organisational secrets.”;

- section 4:

„4. A BZWBK Management Board Member may refuse to provide information if this might give rise to their penal, civil or administrative liability.”;

- section 4 shall become section 5:

„5. BZWBK Management Board shall provide information not later than within two weeks after the date of receiving a request during a General Shareholders' Meeting.”;

7) in §19:

„§19 A shareholder may vote as a proxy on resolutions which concern the following:

- 1) their responsibility to the Bank under any title including:  
granting approval for the fulfilment of duties,
- 2) discharging from obligations to the Bank,
- 3) a dispute with the Bank.”;

8) in §21:

- section 2:

“2. Voting, including with the use of electronic communication means, is carried out through an electronic vote counter which ensures that the

number of votes is commensurate with the number of shares held and prevents the identification of particular voters in the event of the secret ballot.”;

- section 3:

„3. In justified circumstances a ballot can be carried in a traditional way without the use of electronic devices. The above does not apply to voting when shareholders stay connected via the remote link, as outlined in §2a, section 1, point 3.”;

9) in §26:

„§26 The Statutes of Bank Zachodni WBK, resolutions of the Bank’s bodies and provisions of the Commercial Companies’ Code shall apply to any matters not regulated herein.”;

2. The remaining content of the Regulations shall remain unchanged.

## § 2

The resolution shall become effective on the day of convening the next BZWBK General Shareholders’ Meeting.

54.673.631 valid votes were cast on the resolution, out of 54.673.631 shares representing 74,82 % of the Bank’s share capital. Out of the total number of the valid votes 54.309.196 were in favour of the resolution, 363.335 abstained and 1.100 were against.

**Legal basis:** §38 clause 1 point 7 of the Finance Minister's Ordinance of 19 February 2009 on current and periodic reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of non-member states.