

## **I Rationale For Draft AGM Resolutions**

- Item 14 and 15 of the Agenda – Amendments to the Bank's Statutes

The Statutes changes result from the need to align the document to the revised Banking Law (Bank authorities, the internal control system, own funds), the existing business requirements (scope of business) and the Code of Best Practice for the Companies Listed on Warsaw Stock Exchange, implemented by the Supervisory Board of the Warsaw Stock Exchange by resolution no. 12/1170/2007 of 4 July 2007 and adopted in BZWBK reflecting the Bank's intention to maintain the highest corporate governance standards (Bank authorities).

- Item 16 of the Agenda - Amendments to the Terms of Reference of the General Meetings of the BZWBK Shareholders

The changes to the Terms of Reference of the General Meetings arise from the Code of Best Practice for the Companies Listed on Warsaw Stock Exchange, adopted by the Bank.

- Item 17 of the Agenda – Authorisation for the Management Board to conclude with the National Depository for Securities an agreement or agreements, if necessary, on the registration of bonds issued by the Bank in 2008 under public offering.

One of the potential scenarios for long-term financing of the Bank's business is the issue of own bonds in 2008 with a value of up to PLN 1.5bn. The bonds would be offered in the Polish public market to financial investors. In line with Art. 5, Sec. 3 and 8 of the Act on trading in financial instruments of 29 July 2005 (Journal of Laws no. 183 of 2005, item 1538), the bonds issue requires that Bank's Management Board should obtain authorization of the Annual General Meeting to conclude an agreement with the National Depository for Securities on the registration of the bonds offered by BZWBK under a public offering.

- Item 18 of the Agenda – Approval of the Incentive Scheme III.

BZWBK wishes to provide the management of the Bank and its subsidiary companies with a highly competitive, balanced reward package that reinforces the link between long-term performance of the Bank, the expectations of our shareholders and the rewards that management receive.

The programme according to which options for BZ WBK shares will be offered in 2008 to the members of managerial cadre of BZWBK Group is a continuation and widening of the long-term incentive schemes based on the possibility for purchasing BZ WBK shares. According to rules of the 2006 and 2007 schemes realization of options depends on Bank's financial results for the years 2006 – 2008 and 2007 – 2009, while in the case of this year's scheme – in 2008 – 2010.

We want to offer a flexible and competitive package with a suitable mix of long and short-term incentives in both cash and shares, as well as a balance between the fixed and variable elements. The package is designed to attract, motivate and retain the

exceptional managers that BZWBK needs to drive its business forward. Moreover, the scheme proposed in 2008 assumes widening the group of scheme participants up to 600 persons in comparison to max. 100 persons in previous years.

The primary role of a long-term incentive scheme is to reward management for generating sustainable returns for shareholders. Long-term incentives are best delivered through options for shares, which help link the expectations and profits of management and shareholders.

Taking above into account the introduction in 2008 of a long-term incentive scheme based on an award of BZ WBK shares traded on the Warsaw Stock Exchange is now proposed.

## **II The Supervisory Board opinions**

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