

26-01-2016

**Re: The intention to amend the Bank's Statutes**

Current report no. 4/2016

The Management Board of Bank Zachodni WBK S.A. (the Bank) hereby provides the information planned amendments to the Bank's Statutes that will be presented at the next General Meeting for its approval.

**Proposed changes to the Bank's Statutes**

**1) the existing wording of § 11:**

"§ 11. Bearer shares are shares admitted to public trading.

the proposed wording of § 11:

"§ 11. Bearer shares are shares admitted to trading on the regulated market.";

**2) the existing wording of § 19 section 2:**

"2. The Ordinary General Meeting should be held annually, not later than by the end of June every year."

the proposed wording of § 19 section 2:

"2. The Annual General Meeting should be held annually, not later than by the end of June every year."<sup>1</sup>

**3) the existing wording of § 19a section 2:**

"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."

the proposed wording of § 19a section 2:

"2. The detailed rules of participation in the General Meeting in the manner referred to in section 1 above shall be defined by the Management Board and the Terms of Reference of the General Meetings of Bank Zachodni WBK S.A."

**4) the existing wording of § 20 section 2:**

"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."

the proposed wording of § 20 section 2:

"2. The Supervisory Board can convene the Annual or Extraordinary General Meeting in the circumstances specified in the Commercial Companies Code and when the Management Board fails to convene Extraordinary General Meeting within two weeks of the date of submitting such a request by shareholders who represent at least one tenth of the share capital."

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<sup>1</sup> the purpose of this amendment, and of some of the subsequent ones, is to remove the word „Akcjonariuszy” (“Shareholders”) from the phrase “Walne Zgromadzenie Akcjonariuszy” (“General Meeting of Shareholders”). In some instances, the corresponding English text of the Statutes remains unchanged, as it already uses the phrase “General Meeting” (translator’s note).

**5) the existing wording of § 21:**

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

the proposed wording:

“§ 21. The Supervisory Board provides an opinion on the issues to be decided by the General Meeting, except for the issues related exclusively to the Supervisory Board. A rationale for such issues should be provided if it would aid shareholders in the decision.”

**6) the existing wording of § 24 section 2:**

“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.”

the proposed wording of § 24 section 2:

“2. Purchase or disposal of real estate, perpetual usufruct rights or a share in real estate does not require a resolution of the General Meeting.”

**7) the existing wording of § 26a section 1:**

“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.”

the proposed wording of § 26a section 1:

“1. From amongst its members the Supervisory Board appoints an audit committee, a risk committee, a remuneration committee and may appoint other committees to support and facilitate the work of the Supervisory Board”

**8) the existing wording of § 32 point 7:**

“7) determine remuneration of the Management Board members;”

the proposed wording of § 32 point 7:

“7) determine remuneration of the President of the Management Board and Management Board members;”

**9) the existing wording of § 32 point 11:**

“11) apply to the Financial Supervision Commission for a consent to appoint two members of the Management Board of the Bank, including the President;”

the proposed wording of § 32 point 11:

“11) apply to the Financial Supervision Authority for a consent to appoint two members of the Management Board of the Bank, including the President of the Management Board,”

**10) the existing wording of § 32 point 12:**

“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;”

the proposed wording of § 32 point 12:

“12) inform the Financial Supervision Authority:

- a) on other Management Board members and, each time, on changes to the Management Board composition,
- b) whether the Management Board members meet the criteria specified in the Banking Law, following a relevant assessment in this regard,
- c) on the approval and modification of the internal split of responsibilities in the Management Board of the Bank, including information on the Management Board member who is responsible for the management of risk material to the Bank's operations;”

**11) in § 32 new points 19 and 20 will be added in the following wording:**

- „19) approval of the remuneration policy for various categories of persons whose professional activities have a material effect on the Bank's risk profile, as defined by the Management Board,
- 20) approval of the internal split of responsibilities between the members of the Management Board, as determined by the Management Board.”

**12) the existing wording of § 37 section 2:**

“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.”

the proposed wording of § 37 section 2:

“2. The Bank's Management Board determines, and the Supervisory Board approves, the internal split of responsibilities between the members of the Management Board.”

**13) the existing wording of § 37 section 3 point 2:**

“2) the Management Board member the appointment of whom requires approval of the Financial Supervision Commission is in charge of the risk management function.

the proposed wording of § 37 section 3 point 2:

“2) the Management Board member, the appointment of whom requires approval of the Financial Supervision Authority, is in charge of the supervision over the management of risk material to the Bank's operations.”

**14) in § 37a point 7 will be deleted and it now has the following wording:**

“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;”

**15) the existing wording of § 41 section 1 point 1:**

“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,”

the proposed wording of § 41 section 1 point 1:

“1) the Business Support Centre – acting as the head office;

The following units operate within the Business Support Centre: divisions, areas, departments, centres, offices and stand-alone teams,”

**16) the existing wording of § 42 sections 1 and 2:**

“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.

the proposed wording of § 42 sections 1 and 2:

“1. The Bank operates an internal control system, whose purpose is to ensure:

- 1) effectiveness and efficiency of the Bank’s activities,
- 2) reliability of financial reporting,
- 3) conformity to risk management rules in the Bank,
- 4) compliance of the Bank’s actions with legal requirements, internal regulations and market standards.

2. The following entities operate within the Bank’s internal control system:

- 1) control function, which is tasked with ensuring the observance of control mechanisms related in particular to risk management in the Bank, and which includes positions, groups of persons or organisational units responsible for the performance of tasks assigned to this function,
- 2) compliance function, which is tasked with identifying, assessing, controlling and monitoring the risk of non-compliance of the Bank’s actions with legal requirements, internal regulations and market standards, as well as with presenting reports in this regard,
- 3) independent internal audit function, which is tasked with independent and objective testing and assessment of the adequacy and effectiveness of the risk management system and internal control system, excluding the internal audit function.”

**17) in § 42 section 3 will be deleted and it now has the following wording:**

“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.”

**18) the existing wording of § 41 sections 6 and 7:**

“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.”

the proposed wording of § 41 sections 6 and 7:

“6. The Supervisory Board opines on the appointment of the head of internal audit as well as termination of his/her employment and rules of remunerating members of the internal audit function. The remuneration of the head of internal audit is set on the basis of the audit committee and remuneration committee opinions.

7. The audit committee of the Supervisory Board supervises the activity of the internal audit function.”;

**19) the existing wording of § 44:**

“§ 44. The equity of the Bank consists of:

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

the proposed wording of § 44:

“§ 44. The equity of the Bank consists of:

- 1) Tier 1 capital,
- 2) Tier 2 capital

within the meaning of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012.”

The consolidated text of the Bank’s Statutes that contains proposed changes is enclosed hereto.

**Legal basis:**

§38 clause 1 point 2 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.