

Justification:

Point 6 sub point 1 to 6 of the agenda

Pursuant to art. 395 §1 of the Commercial Company Code the Ordinary General Shareholders Meeting for year 2010 should be held not later than by the end of June 2010. The proposed agenda presented in Point 6 sub-points from 1) to 6) includes issues which should be subject of an ordinary general shareholders meeting after each financial year pursuant to art 395 § 2 of the Commercial Companies Code. Management Board report included the Bank's declaration regarding the compliance with corporate governance rules in 2010 .

The proposed dividend, dividend day and dividend payment day.

The proposed dividend for 2011 represents 50% of the net profits for the year. The payout ratio of 50% conforms to the recommendation of Polish Financial Supervision Authority (Komisja Nadzoru Finansowego).

The Bank's equity amounted to PLN 6.4 bn as of 31 December 2011 and Capital Adequacy Ratio amounted to 15.83%.

According to risk appetite approved by the Supervisory Board, the Bank, as part of its strategy will continue to be a well capitalized Bank with diversified sources of income. The amount of risk assumed by the Bank while implementing its strategy shall ensure a target regulatory capital adequacy ratio on the level of minimum 12%.

At the same time, the Bank is aiming at maximisation of return on equity dedicating capital surplus on dividend for shareholders. Taking into account the fact that the current Capital Adequacy Ratio remains at the level above 12% and simulations of capital requirements based on business plans for 2012 do not show any risk for Capital Adequacy Ratio to drop below the level indicated in the Bank's strategy, the Bank's Management Board proposes to pay 50% of the net profit as dividend.

General Risk Fund is created in order to cover all unidentified risks related to banking activities. In current global economy and difficulty in quantifying further risks related to banking activities, taking into account the fact that the fund was not increased in recent years, the suggested increase for this year is justifiable.

At the same time the increase of General Risk Fund is one of the crucial factors determining according to the company income tax act whether Bank will be entitled to treat as tax deductible cost potential IBNR increase. Lack of fund increase would determine that Bank would not have the right to tax deduct IBNR increase recognized in 2012 profit and loss.

According to the above stated circumstances the increase of General Risk Fund from the profit generated in 2011 is justifiable not only in the economical situation but in case of IBNR increase in 2012 will ensure the tax efficiency.

The Management Board set the dividend date for 5 July 2012 (dividends day) and the date of the dividend payment for 31 August 2012. Final arrangement of the dividend date (Day D) and the date of dividend payment (Day W) is included in competence of the Ordinary General Meeting of the Bank.

The period recommended by the Bank between Day D and Day W is longer than the maximum period of 15 working days - stated in the Code of Best Practices in WSE which came into force from 1 January 2008. The arrangement for the longer period between Day D and Day W according to the Code of Best Practices requires a detailed justification. Information about above mentioned affairs, irrespective of publication of the current report, should be also published on the Bank's website.

Justification concerning the arrangement for longer than 15 days period between Day D and Day W is presented below:

Due to the current organization of the process of dividends payment established in „Detailed Rules of operation of the National Depository for Securities” (so called: Rules) in order to ensure the correct reconciliation of tax due on revenue from dividends the gap between the day D (rights) and day W (payment) should be about two months.

Bank (issuer), acting as a tax payer of corporate income tax due on dividends paid, receives from other participants, i.e. the National Depository for Securities and Brokerages data on shareholders and dividend rights together with the tax certificates for shareholders having the seats outside of Poland (in case of applying the preferential tax rate). In particular the process includes:

1. According to the Rules, the National Depository for Securities informs issuer (Bank) on the amount to be passed to the account of the National Depository for Securities and provides the list of the Brokerages being agent for dividends payment to the shareholders;
2. Brokerages provide issuer (Bank) with the list of the shareholders having right to dividends and data on the amount of dividend. All above information is provided to Bank in paper only, by registered mail.
3. Bank, acting as a payer for corporate income tax on dividends is responsible for the correctness of tax reconciliation. Due to the above Bank verifies and clarifies provided data. In particular, the right to the preferential tax rate (resulting from Double Tax Treaty) and tax relief are required to be verified. As the result of the verification process the tax rate applied may be changed and the Brokerage may be required to provide the corrected data (lack of right for preferential tax rate or tax relief).
4. All data in the process either from the National Depository for Securities or Brokerages is provided in paper only. Due to the above, reconciliation of the dividend requires verification documents in paper and input of data to the dedicated system.

Simplifications applied by other issuers allowing them to meet deadline set in Code of Best Practices in WSE, and determination by them taxpayer's status according to collective statement of brokerage house rather than original documents, shall be treated as unacceptable due to Ministry of Finance opinion. Such position was taken by Ministry of Finance in official reply to KDPW inquiry dated 6 July 2010 (DD4/8213/194/MMO/10/491). Without legislative changes The Bank has not possibility to change withholding tax process adopted in previous years.

Due to the above in order to enable Bank, acting as the payer, to ensure the correct reconciliation of tax due on revenue from dividends the recommended gap between the day D (rights) and day W (payment) should be two months.

Supervisory Board's report

Presented Supervisory Board's report on its activity includes an evaluation of the internal control system and the significant risk management system and evaluation proposals of the Management Board concerning the division of profits.

Point 6 sub point 7 of the agenda

Item 6 Sub-Item 7 of the agenda relates to the changes to the Bank's Article of Association as follows:

1. At the end of point 17) in sec. 1 of § 18 of the Statutes the full stop is replaced with a comma, and point 18), worded as follows, is added after point 17):

"18) approving the general principles of the variable remuneration components policy for persons holding managerial positions and carrying out periodic reviews of these principles,"

2. Point 19), worded as follows, is added after point 18) in sec. 1 of § 18 of the Statutes:

"19) approving the variable remuneration components policy for persons holding managerial positions at the Bank

3.. Point 20), worded as follows, is added after point 19) in sec. 1 of § 18 of the Statutes:

"20) approving the list of persons holding managerial positions at the Bank having material impact on the Bank's risk profile ”.

The Management Board, having regard to the provisions of resolution No. 258/2011 of the Polish Financial Supervision Authority, dated 4 October 2011, on the Detailed Terms of Operation of the Risk Management System and the Internal Control System and the Detailed Terms of Estimating Internal Capital by the Banks and Carrying out Reviews of the Process of Estimating and Maintaining Internal Capital and the Terms of Determining the Policy regarding the Variable Remuneration Components of Persons Holding Managerial Positions at the Bank (the "Resolution"), has resolved to recommend of the amendments to the Statutes in order to adjust the wording of the Statutes to the provisions of the Resolution. The purpose of the amendment to the Statutes is to grant powers to the Supervisory Board, including approval of the general terms of the policy regarding the variable components of remuneration of persons holding management positions at the Bank and carrying out periodical reviews of those terms, and approval of the policy regarding the variable components of remuneration of persons holding management positions at the Bank.

The proposed amendments to the Statutes were approved by the Polish Financial Supervision Commission .

Point 6 sub point 8 of the agenda

Sub-point 8 included the obligation to appoint the members of the Supervisory Board due to the expiration by the operation of law mandates of six members of the Supervisory Board:

1) Stanisław Sołtysiński, 2) Shirish Apte, 3) Andrzej Olechowski, 4) Igor Chalupiec, 5) Mirosław Gryszka, 6) Stephen Simcock.