

BANK'S COMMENTARY TO THE DOCUMENT "BEST PRACTICES IN PUBLIC COMPANIES IN 2005"

	RULE	YES/ NO/ PARTLY	COMMENTARY OF PKO BP S.A.
GENERAL RULES			
I.	<u>Objective of the Company</u> The main objective of a company's authorities is to further the company's interests, i.e. to increase the value of the assets entrusted to them by the shareholders, taking into consideration the rights and interests of entities other than the shareholders that are involved in the functioning of the company, especially the company's creditors and employees.	Yes	The Bank Management Board has acted and shall continue to act with due diligence in order to ensure that the Bank conducts effective business activity while taking into consideration interests of all of the shareholder groups and other entities involved in functioning of the Bank.
II.	<u>Majority Rule and Protection of the Minority</u> A joint-stock company is a capital venture, therefore it must respect the principle of capital majority rule and the primacy of majority over minority. A shareholder who contributes more capital also bears a greater economic risk. It is, therefore, justified that his interests be considered in proportion to the capital he contributes. The minority must have a guarantee that their rights will be properly protected within the limits set by the law and commercial integrity. When exercising his rights, a majority shareholder should take into account the interests of the minority.	Yes	While managing and overseeing the Bank's business, the Bank Management Board and the Bank Supervisory Board care and intent to continue ensuring that exercising of the strategic shareholder's rights should in no way put the minority shareholders at any disadvantage.

III.	<u>Honest Intentions and No-Abuse of Rights</u> The exercising of rights and reliance on legal institutions should be based on honest intentions (good faith) and cannot go beyond the purpose and economic reasons for which these institutions are established. No actions should be taken which, by exceeding the limits set, constitute an abuse of the law. The minority should be protected against any abuse of ownership rights by the majority and the interests of the majority should be protected against any abuse by the minority of its rights, thus ensuring the best possible protection of the equitable interests of the shareholders and other market participants.	Yes	Members of the Bank Management Board and the Bank Supervisory Board dispense their duties and exercise their rights and obligations in keeping with the highest professional diligence and ensure protection of the equitable interests of the shareholders and other market participants.
IV.	<u>Court Control</u> The company's authorities and persons chairing the general meeting cannot decide on issues which should be resolved by a court judgment. This does not apply to activities which the company's authorities and persons chairing general meetings are authorised or obliged to undertake by force of law.	Yes	The Bank's authorities and the persons chairing the General Meeting do not decide on issues which should be adjudicated by court authorities, unless these relate to formal resolutions adopted by way of General Meeting proceedings, as provided for under binding regulations of law.
V.	<u>Independent Opinions Ordered by the Company</u> When choosing an entity to provide expert services, particularly an auditor, financial and tax advisors or legal advisors, the company should examine whether there are any circumstances that would limit the entity's independence when performing the tasks entrusted.	Yes	The Bank seeks to ensure complete independence of the opinions it commissions and, in particular, the Bank exercises best efforts to ensure that in choosing an entity to provide expert services there should be no conflict of interest between the Bank and the chosen entity.

BEST PRACTISES OF GENERAL MEETINGS

1.	A general meeting should take place in a location and at a time that allows the participation of as many shareholders as possible.	Yes	General Meetings are held at the Bank's registered seat or another location on the territory of Poland indicated in the announcement of General Meeting convention (sub-§ 10.1 of the Bank's articles of association (<i>Statut</i>)). In convening its General Meetings the Bank complies with statutory timing requirements.
2.	A request made by parties entitled to do so for a general meeting to be convened and for certain issues to be put on its agenda should be justified. Draft resolutions proposed for adoption by the general meeting and other key documents should be presented to the shareholders together with justification and a supervisory board opinion before the general meeting to allow them time to review and evaluate the same.	Yes	In every instance, it is the Bank Management Board that provides justification for convening the General Meeting and inclusion of specific matters in the meeting agenda. Should a motion by a shareholder or shareholders to convene the General Meeting and to include specific matters in the meeting agenda not provide any justification, then independent of the obligation of convening the General Meeting, the Bank Management Board shall request such a justification from the one motioning a given convention. Pursuant to sub-§ 9.3 of the Bank's articles of association (<i>Statut</i>), all draft resolutions proposed for adoption by the General Meeting and other materials of significance are presented to the shareholders, together with justifications and opinions of the Bank Supervisory Board, prior to the General Meeting, this within timescales that allow their review and evaluation.

3.	3. A general meeting convened on the shareholders' request should be held on the date given in the request and, if this date cannot be kept, on the nearest date that would allow the general meeting to settle the issues on its agenda.	Yes	The Bank Management Board seeks to ensure that the General Meeting convened at the shareholders' motion take place at the dates specified in the meeting request, unless objective causes render that impossible, in which case another meeting date is set in consultation with the party/parties requesting the General Meeting.
4.	A general meeting whose agenda includes certain issues at the request of authorized entities or which has been convened on such a request can only be cancelled with the consent of the requesting parties. In all other instances, a general meeting can be cancelled if its holding is hindered (<i>force majeure</i>) or is obviously groundless. A meeting is called off in the same way as it is convened, limiting negative consequences for the company and its shareholders as far as possible and no later than three weeks before the original meeting date. A change in the date of a general meeting is made in the same way as a cancellation, even if the proposed agenda does not change.	Yes	The Bank follows the rule of not cancelling or changing previously announced General Meeting dates, provided there are no circumstances in evidence of extraordinary nature or such that would justify or give good reason for doing so. In the latter case, the Bank makes best efforts in order to notify the interested parties of General Meeting cancellation.
5.	Before a shareholder's representative can participate in a general meeting, his right to act on the shareholder's behalf should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a general meeting conforms with the law and does not require any additional confirmations or acknowledgement unless the company's management board or the chairman of the general meeting has doubts about its authenticity or validity <i>prima facie</i> (when drawing up the list of attendance).	Partly	The requirements for participation at the General Meeting and exercise of voting rights at it include written power of attorney, which in order to be recognised as valid needs to be granted by persons authorised to do so, in conformity with an excerpt from appropriate registry or – in case of natural persons - in compliance with the Civil Code regulations. The signature placed on the power of attorney granted by a shareholder being a natural person needs to be notarised. This rule is provided for in the Rules and Regulations of the General Meeting. (sub-§§ 4.3–4.5 of the Rules and Regulations of the General Meeting)

6.	The general meeting should have regular by-laws setting out in detail the principles on which meetings are conducted and resolutions adopted. The by-laws should, in particular, contain provisions on elections, including elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent change; it is advisable for any changes to enter into force as of the following general meeting.	Yes	In its Resolution 3/2005 of 19 May 2005 adopting the Rules and Regulations of the General Meeting, the General Meeting of PKO BP S.A. adopted the Rules and Regulations of the General Meeting. The Rules and Regulations of the General Meeting include detailed election provisions, including those applicable to election of the Bank Supervisory Board by way of voting in separate groups. Pursuant to sub-§ 27.2 of the Rules and Regulations of the General Meeting, it is a rule that amended provisions of the Rules and Regulations come into force as of the General Meeting following the General Meeting adopting such amendments.
7.	The person opening the general meeting should immediately organise the election of the meeting chairman and should refrain from making any substantial or formal decisions.	Yes	In line with a practice followed by the Bank, the person opening a General Meeting session should immediately organise election of the Chairman of the General Meeting and should refrain from making any substantive or formal decisions. Appropriate provision in this respect forms part of the Rules and Regulations of the General Meeting. (sub-§ 6.3 of the Rules and Regulations of the General Meeting)
8.	The chairman of the general meeting ensures that the meeting is run efficiently and that the rights and interests of all the shareholders are observed. The chairman should, in particular, counteract any abuse of rights by meeting participants and should guarantee that the rights of minority shareholders are respected. The chairman should not, without good reason, resign from his function or delay signing the meeting minutes.	Yes	The practice adopted by the Bank is consistent with this rule. Pursuant to sub-§§ 7.1 - 7.3 of the Rules and Regulations of the General Meeting: "1. The Chairman of the General Meeting conducts the proceedings, adopts decisions on matters of procedure and order, and is authorised to

			interpret these Rules and Regulations. 2. The Chairman's duties include, among others, ensuring that the meeting is run efficiently and in accordance with the set meeting agenda and in compliance with these Rules and Regulations, and that the rights and interests of all the shareholders are observed; granting the floor, receiving motions and resolutions in draft form, submitting them for discussion, ordering and conducting voting, and assessment of completion of the meeting agenda. 3. The Chairman signs minutes of the General Meeting immediately at their preparation by a public notary." The Chairman of the General Meeting should not resign from his/her function, except with a good reason.
9.	A general meeting should be attended by the members of both the supervisory board and the management board. The auditor should also be present at an annual general meeting and an extraordinary general meeting if the company's financial matters are to be discussed. The absence of a supervisory or management board member from the general meeting requires an explanation, which should be given at the meeting.	Yes	The practice adopted by the Bank is consistent with this rule. An appropriate provision is also included in the Rules and Regulations of the General Meeting. (sub-§§ 3.1, 3.2 and 3.5 of the Rules and Regulations of the General Meeting)
10.	Supervisory and management board members and the company's auditor should, within their powers and to the extent needed to settle issues discussed at the general meeting, provide meeting participants with explanations and information about the company.	Yes	The practice adopted by the Bank is consistent with this rule. Pursuant to the Rules and Regulations of the General Meeting (sub-§ 24.1), the members of the Bank Management Board and the company's auditor, within their powers and to the extent needed to settle issues discussed at the General Meeting, are required to furnish the shareholders with

			responses to questions relating to information about the Bank, provided this is consistent with the need of assessing a matter on the meeting agenda.
11.	All answers provided by the management board to questions posed by the general meeting should take into account the fact that a public company carries out its reporting obligations in the way stipulated in the Law on the Public Trading in Securities; certain information cannot be provided in any other way.	Yes	In providing answers to questions of the General Meeting, the Bank Management Board will provide information with consideration of the fact that a public company carries out its reporting obligations in the way stipulated in the Public Securities Trading Law. Pursuant to sub-§ 24.4 of the Rules and Regulations of the General Meeting, the Bank Management Board provides responses to shareholder's questions in compliance with provisions of that paragraph and consideration of the fact that the Bank, being a public company, carries out its reporting obligations in the way stipulated in the Public Securities Trading Law, and provision of various information may not take place otherwise than in the manner arising from the same regulations.
12.	Short breaks in the session which do not constitute an adjournment and are ordered by the chairman in justified cases cannot be aimed at hindering the exercising by the shareholders of their rights.	Yes	The practice adopted by the Bank is consistent with this rule. Pursuant to the Rules and Regulations of the General Meeting (sub-§ 7.4), any short intermissions in the proceedings, which do not constitute their adjournment, may be ordered by the General Meeting Chairman in justified cases only and may not be aimed at hindering the shareholders in exercising their rights.
13.	Voting on administrative issues may only concern issues related to the running of the meeting. Resolutions which may have an impact on the exercising by the shareholders of their rights cannot be voted on in this way.	Yes	In keeping with the Bank's adopted practice, voting on matters of order is limited exclusively to matters of running the General Meeting. Pursuant to the Rules and Regulations of the

			General Meeting (sub-§ 7.5), voting on matters of order may relate only to matters of running the General Meeting. Resolutions which may have an impact on the exercising by the shareholders of their rights cannot be voted on in this way.
14.	A resolution not to consider an issue on the agenda may be adopted only if it is supported by sound reasons. Any motion in this respect should be accompanied by a detailed justification. A decision to remove an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution, once all the shareholders present who put the issue on the agenda have given their consent, supported by 75% of the votes present at the meeting.	Yes	Pursuant to sub-§ 10.4 of the Bank's articles of association (<i>Statut</i>) adopted by way of Resolution No. 29/2006 of the Annual General Meeting of Powszechna Kasa Oszczędności Bank Polski S.A. of April 18th 2006, which has not yet been registered by the registry court, a decision to remove an item from the agenda or not to consider an issue put on the agenda at a shareholder's request requires a general meeting resolution, adopted once all the shareholders present who put the issue on the agenda have given their consent, supported by 75% of the votes present at the meeting. Pursuant to § 20 of the Rules and Regulations of the General Meeting: 1. Removal from the meeting agenda or refraining from consideration of any matter included in the meeting agenda at the motion of shareholders requires adoption by way of the General Meeting resolution, once all of the shareholders present privy to the motion have given their consent, this supported by 75% of the votes present at the General Meeting. 2. A resolution on refraining from consideration of a matter included in the meeting agenda may be adopted only if it is substantiated with

			sound reasons of substance. 3. Each motion on the matter referred to in subparagraph 1 above should be furnished with detailed justifications.
15.	Any party objecting to a resolution must be given the opportunity to put forward concise reasons for its objections.	Yes	Pursuant to the Rules and Regulations of the General Meeting (§ 19), the shareholder submitting its objection to any resolution is given the opportunity to put forward its justification in a concise way.
16.	As the Code of Commercial Companies does not provide for court control in the event of a resolution not being adopted by the general meeting, the management board or the meeting chairman should form resolutions in such a way that anyone who does not agree with the merits of a decision being the subject of the resolution has the possibility of challenging the same, provided that he is entitled to do so.	Yes	The practice adopted by the Bank is consistent with this rule. It is the task of the General Meeting Chairman to ensure that all resolutions are formulated in a clear and transparent manner. In addition, the Bank Management Board ensures that the Chairman can take advantage of the Bank's legal counsel.
17.	Written statements made by a participant at a general meeting are recorded in the minutes at the participant's request.	Yes	The practice adopted by the Bank is consistent with this rule. Any shareholder may submit a written statement for the record in meeting minutes.

BEST PRACTICES OF SUPERVISORY BOARDS

18.	The supervisory board submits a concise evaluation of the company's standing to the general meeting every year. The evaluation should be made available to all shareholders early enough to allow them to become acquainted with the contents before the annual general meeting.	Yes	The practice adopted at the Bank is consistent with this rule. The Supervisory Board's is in particular obligated to submit to the General Meeting an annual written report on the results of the assessment of the statements and reports referred to in Art. 395.2.1 of the Polish Code of Commercial Companies.
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			The report contains a concise evaluation of the company's standing and is presented to the shareholders before the General Meeting early enough to allow them to become acquainted with it before the Meeting. (sub-§ 9.3 of the Bank's articles of association (<i>Statut</i>))
19.	A member of the supervisory board should have the relevant education, the appropriate professional and practical experience, be of high moral standing and be able to devote the time required to perform his supervisory board function properly. Supervisory board candidature should be announced and supported by reasons sufficiently detailed to enable an informed choice to be made.	Yes	The practice adopted by the Bank is consistent with this rule. Members of the Bank Supervisory Board have relevant educational qualifications as well as professional and practical experience, are of high moral standing and are able to devote the time required to perform the Supervisory Board function properly. The Bank Supervisory Board membership candidatures, submitted with the General Meeting, are in every case provided with justifications. Pursuant to the Rules and Regulations of the General Meeting, the person submitting a Bank Supervisory Board membership candidature should provide detailed justification, indicating in particular the candidate's relevant educational qualifications and professional experience (sub-§ 22.3 of the Rules and Regulations of the General Meeting). Members of the Bank Supervisory Board should also inform the Bank Management Board of any changes in their personal, actual or organisational links with specific shareholders of the Bank. Members of the Bank Supervisory Board have access to all internal and external regulations relating to the Bank's activity as well as to other information materials (Art. 382.4 of the Polish Code

			of Commercial Companies).
20.	(a) At least half the members of the supervisory board should be independent members, subject to point (d) below. Independent members of the supervisory board should not have relations with the company and its shareholders or employees which could significantly affect the independent member's ability to make impartial decisions. (b) Detailed independence criteria should be laid down in the company's statutes². (c) Without the consent of the majority of independent supervisory board members, no resolutions should be adopted on the following issues: - performances of any kind by the company and any entities associated with the company in favour of management board members; - consent to the execution by the company or a subsidiary of a key agreement with an entity associated with the company, a member of the supervisory board or management board, or with their associated entities; and - appointment of an auditor to audit the company's financial statements. (d) In companies where one shareholder holds a block of shares carrying over 50% of all voting rights, the supervisory board should consist of at least two independent members, including an independent chairman of the audit committee, should such a committee be set up.	No	No provision of the Bank articles of association or any other internal by-laws effective in the Bank sanction any institution independent of the Bank Supervisory Board members, however, the Bank Supervisory Board members elected in the current manner, have retained in the past and continue to retain independence, by virtue of the function they perform. In keeping with generally accepted views of legal doctrine, members of the Bank Supervisory Board are not representatives of respective shareholders, and in performance of their mandates have the obligation of caring for the interests of the company and all of its shareholders.
21.	A supervisory board member should, above all, keep the company's interests in mind.	Yes	In dispensation of their duties, members of the Bank Supervisory Board are concerned primarily with the Bank's interests. In particular, they oversee implementation of the

			strategy and long-term plans. In line with the Bank's commentary on Rule 23, members of the Bank Supervisory Board are obliged to inform of occurrence of conflict of interest and to refrain from voting on matters which may result in conflict of interest.
22.	Supervisory board members should take the relevant action to receive from the management board regular and complete information on any and all significant issues concerning the company's operations and on any risks related to the business and ways of managing such risks.	Yes	The practice adopted by the Bank is consistent with this rule.
23.	A supervisory board member should inform the other members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on any resolution on the issue in respect of which the conflict of interest has arisen.	Yes	The practice adopted by the Bank is consistent with this rule.
24.	Information on a supervisory board member's personal, actual and organizational connections with a given shareholder, particularly with the majority shareholder, should be made publicly available. The company should have a procedure in place for obtaining such information from supervisory board members and for making it publicly available.	Partly	The practice adopted by the Bank is consistent with this rule. The Bank has no formal procedure for obtaining such information from the Supervisory Board members.
25.	Supervisory board meetings should be accessible and open to management board members, save for issues which directly concern the management board or its members, especially the removal, liability and remuneration (of management board members).	Yes	The practice adopted by the Bank is consistent with this rule.
26.	A supervisory board member should make it possible for the management board to present publicly and in an appropriate manner information on the transfer or acquisition of shares in	Yes	The practice adopted at the Bank is consistent with this rule.

	the company or in its dominant company or subsidiary and of transactions with such companies, provided that such information is relevant to his financial standing.		The Bank deems the mode adopted in the Minister of Finance's Regulation on Current and Periodic Information to be Published by Issuers of Securities (Journal of Laws No. 209 item 1744), dated October 19th 2005, to be the appropriate mode for achieving compliance with provisions of Rule 26.
27.	Supervisory board members' remuneration should be set on the basis of a set of transparent procedures and rules. The remuneration should be fair but should not constitute a significant cost item in the company's business or have a material impact on its financial results. It should also be in reasonable relation to the remuneration of members of the management board. The total amount of all supervisory board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it.	Yes	The procedures and rules for setting the Supervisory Board members' remuneration are transparent. Remuneration of the Bank Supervisory Board members does not constitute an item of substance in the company's costs of operation. However, the remuneration differs from the remuneration customarily paid to members of supervisory boards at most banks. This remuneration is compliant with regulations of the 3 March 2000 Law on Remuneration of Executives of Certain Entities with Legal Personality (Journal of Laws No. 26 item 306, as amended). Remuneration of the Bank Supervisory Board members in aggregate and at individual member level, broken out into the respective constituent elements, is disclosed in the annual report, together with information on the procedures and rules followed in its setting.
28.	The supervisory board should operate in accordance with its by-laws, which should be publicly available. The by-laws should stipulate that at least two committees should be set up: - audit, and - remuneration. The remuneration committee should consist of at least two independent members and at least one person possessing the	Partly	The Bank Supervisory Board acts in accordance with its Rules and Regulations. The Bank posted the content of the Bank Supervisory Board Rules and Regulations on its website. The Rules and Regulations of the Bank Supervisory Board do not provide for appointment of either the audit or the remuneration committee.

	relevant qualifications and experience in accounting and finance. The committee's tasks should be specified in the board by-laws. The committees should present reports on their activities to the supervisory board every year. The company should then make these reports available to its shareholders.		
29.	The agenda of a supervisory board meeting should not be amended or supplemented during the meeting to which it relates. This requirement does not apply if all the supervisory board members are present and agree to the amendment or supplementation, and if certain actions have to be taken by the supervisory board to protect the company against damage and in the case of a resolution assessing whether there is a conflict of interests between a supervisory board member and the company.	Yes	The practice adopted by the Bank is consistent with this rule. Pursuant to sub-§ 6.1 of the Rules and Regulations of the Bank Supervisory Board, meetings Bank Supervisory Board, convened at the initiative any member of the Bank Supervisory Board or the Bank Management Board, are held no later than within 10 days of the date of a motion is submitted on the matter. Pursuant to § 7 of the Rules and Regulations of the Bank Supervisory Board, notifications of the planned Bank Supervisory Board meetings, together with the meeting agenda and materials should be sent out – via courier service, registered letter, facsimile transmission or electronic mail – seven days prior to the meeting date, at the latest. In justified cases, the Bank Supervisory Board Chairman may shorten the notice period.

30.	A supervisory board member delegated by a group of shareholders to permanently exercise supervision should submit detailed reports on the performance of his task to the supervisory board.	Yes	To date, situation of this kind has not taken place in the Bank. In the event a member of the Bank Supervisory Board should be delegated by a group of shareholders to exercise supervision on permanent basis, they will required to submit with the Bank Supervisory Board detailed reports in writing on performance of their function at each meeting.
31.	A supervisory board member should not resign from his function during his term of office if this would make it impossible for the board to function, particularly if it could hinder the timely adoption of an important resolution.	Yes	The practice adopted by the Bank is consistent with this rule.

BEST PRACTICES OF MANAGEMENT BOARD

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32.	With the company's interests in mind, the management board sets out the strategy and the main objects of the company's operations and submits them to the supervisory board. The management board is responsible for implementation and performance. The management board sees that the company's management system is transparent and effective and that its business is conducted in accordance with legal regulations and best practice.	Yes	The Bank Management Board sets the Bank strategy (sub-§ 22.2 point 1 of the Bank articles of association). The Bank Supervisory Board, pursuant to sub-§ 15.1 point 1 of Bank articles of association, approves the Bank strategy adopted by the Bank Management Board. The Bank Management Board is responsible for implementation of the same strategy and its execution as well as for the transparency and efficiency of the Bank's management system.
33.	When making decisions on corporate issues, management board members should act within the limits of justified business risk, i.e. after considering all information, analyses and opinions, which, in the reasonable opinion of the management	Yes	The Bank Management Board provides careful review of the actions undertaken within the Bank and adopts decisions whilst acting within constraints of justified business risk.

	board, should be taken into account in a given case in view of the company's interest. When determining the company's interests, the long-term interests of the company's shareholders, creditors and employees should be kept in mind, as well as those of other entities and persons cooperating with the company, also the interests of the local community.		Members of the Bank Management Board perform their duties with due professional diligence whilst employing their best knowledge and professional experience. When determining the Bank's interests, the Bank Management Board has taken and shall continue to take into account long-term interests of the Bank's shareholders, creditors and employees, and other entities and persons collaborating with the Bank in pursuit of its business interests and interests of local communities.
34.	In transactions with shareholders and other persons whose interests affect those of the company, the management board should act with the utmost care to ensure that the transactions are carried out at arm's length.	Yes	Value of transactions with shareholders and other persons whose interests impact the Bank's interests is assessed on market price basis, if that is known, and if unknown, the same transactions are concluded on terms set in accordance with market criteria .
35.	A management board member should always be loyal to the company and avoid actions which could lead to the advancement of his own material interests only. If a management board member receives information about the opportunity to make an investment or another advantageous transaction relating to the company's objects, he should put this information immediately before the management board to be reviewed in terms of the company taking advantage of it. Such information may only be used by a management board member or passed on to a third party with the consent of the management board and only if it does not infringe on the company's interests.	Yes	The Bank Management Board has familiarised itself with content of the Best Practices and adopted them, to be followed within the scope specified in the Bank's statement submitted by the Bank in compliance with sub-§ 29.2 of the Warsaw Stock Exchange Rules and Regulations. Therefore, the members of the Bank Management Board can fully comply with Rule 35.
36.	A management board member should treat his shares in the company and its dominant companies and subsidiaries as a long-term investment.	Yes	Members of the Bank Management Board comply with this rule.

37.	Management board members should inform the supervisory board whenever a conflict of interests arises, or if there is a risk of a conflict of interests arising in connection with the function performed.	Yes	The practice adopted by the Bank is consistent with this rule. Members of the Bank Management Board have the obligation of informing the Bank Supervisory Board of any actual or potential conflict of interest arising in connection with the function they perform (Art. 380 of the Polish Code of Commercial Companies).
38.	The remuneration of management board members should be set on the basis of transparent procedures and principles, taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprise, should be in reasonable relation to business results, and be related to the scope of liability in a given function, taking into account the level of remuneration of members of management boards in similar companies on a similar market.	Partly	All procedures and rules followed in setting remuneration of the Bank Management Board members are transparent. The remuneration is compliant with regulations of the 3 March 2000 Law on Remuneration of Executives of Certain Entities with Legal Personality (Journal of Laws No. 26 item 306, as amended). As a result, the remuneration is not of incentive nature, its level is not commensurate with the scale of the Bank's enterprise, it does not stand in reasonable proportion to the Bank's business results, it does not match the scope of liability arising from the performed functions, and it does not take into account the remuneration levels of members of management boards in other banks.
39.	The total amount of all management board members' remuneration, as well as the remuneration of individual members, with a breakdown of its various elements should be disclosed in the annual report together with information on the procedures and rules applied to determine it. If the amount of the remuneration of individual members of the management board significantly differs, it is recommended that a relevant explanation be published.	Yes	Remuneration of the Bank Management Board members in aggregate and at individual member level, broken out into the respective constituent elements, is disclosed in the annual report, together with information on the procedures and rules followed in its setting.
40.	The management board should lay down in the by-laws	Yes	The Bank's Management Board has adopted

	principles and procedures for operating and allocating powers. These principles should be clear and generally available.		Management Board Rules and Regulations. Pursuant to sub-§ 5.1 point 2 of the Rules and Regulations of the Management Board, the President of the Bank Management Board sets down the reporting lines between the respective areas of operation and the individual members of the Bank Management Board. Pursuant to sub-§ 6.1 of the Rules and Regulations of the Bank Management Board, members of the Bank Management Board exercise oversight over the respective areas of operation reporting to them and adopt decisions in matters that fall within regular management in the areas of operation they oversee. The Bank shall post content of the Rules and Regulations of the Bank Management Board on its website.
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BEST PRACTICES IN RELATIONS WITH THIRD PARTIES AND THIRD PARTY INSTITUTIONS

41.	When selecting an auditor, the company should ensure that he will perform the tasks entrusted to him impartially.	Yes	The auditor is appointed by the Bank Supervisory Board pursuant to sub-§15.1 point 3 of the Bank's articles of association.
42.	In order to ensure an impartial opinion, the company should change its auditor once every five years at the least. The change of auditor should also be understood as a change in the individual carrying out the audit. Additionally, over a long period of time the company should not use the services of the same auditing entity.	Partly	The Bank shall avail itself of services of various auditors performing their tasks within the framework of a single entity. Change of the audit firm, understood as change of the person performing the audit, shall be made at least once every five years. Pursuant to sub-§ 15.1 point 3 of the Bank's articles of association, it is the Bank Supervisory Board that decides in matters of selection of the auditor.
43.	The auditor should be selected by the supervisory board on the		Pursuant to sub-§15.1 point 3 of the Bank's articles

	recommendation of the audit committee, or by the general meeting on the recommendation of the supervisory board containing the audit committee recommendation. If an auditor other than the one recommended by the audit committee is chosen by either the board or the general meeting, detailed reasons should be given. Information on the selection of an auditing entity together with the relevant justification should be disclosed in the annual report.	Partly	of association, auditor is appointed by the Bank Supervisory Board. No audit committee has been established within the Supervisory Board.
44.	The current auditor or the auditor auditing the annual accounts of the company or its subsidiaries in the period under examination cannot act as a special purpose auditor for the same company.	Yes	The Bank follows the rule of not hiring the person being the auditor of the Bank or of any of its subsidiaries as a special purpose auditor.
45.	A company should acquire its own shares in such a way that no group of shareholders is privileged.	Yes	Should the Bank undertake to acquire/redeem its own shares, the Bank Management Board shall make best efforts to ensure that no group of shareholders is privileged.
46.	The company's statutes, its basic internal regulations, information and documents related to general meetings, and its financial statements should be made available in the company's registered office and on its website.	Yes	The Bank posts its articles of association (<i>Statut</i>), its basic internal regulations, information and documents relating to the General Meeting and its financial statements on its website. The same are also available at the Bank's registered seat.
47.	A company should have appropriate media relations procedures and regulations and an information policy ensuring coherent and reliable information about the company. The company should, in compliance with legal regulations and to safeguard its interests, make information on its current operations and business standing available to media representatives and allow them to attend general meetings.	Yes	The Bank has developed rules of information policy execution adopted by the Bank Management Board. As it follows these rules, the Bank Management Board (and its spokesperson) makes best efforts in order to ensure that representatives of the media are provided with credible information on the Bank's current operations and business standing, with the proviso that a public company performs its disclosure obligations in ways that are compliant with regulations of the Public Securities Trading

			Law. Pursuant to the Rules and Regulations of the General Meeting, the General Meeting Chairman can consent to presence of persons other than the shareholders in the General Meeting venue (sub-§ 3.4 of the Rules and Regulations of the General Meeting).
48.	In its annual report, a company should include a statement to the effect that corporate governance standards are applied. Any departure from these standards should also be publicly explained.	Yes	The Bank complies with the Best Practices mandatory for the Warsaw Stock Exchange participants within the scope described in this commentary and the statement.