

**Report of the Supervisory Board**  
**of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna containing the**  
**results of an evaluation of: the report of the Management Board of the Bank on**  
**the operations of the PKO BP SA for 2008, the financial statements of the PKO**  
**BP SA for 2008, the motion of the Management Board of the Bank on**  
**distribution of the PKO BP SA profits earned in 2008, and the report on the**  
**activities of the Supervisory Board as a corporate body for 2008.**

1. Introduction

The Supervisory Board of PKO BP SA, in accordance with the relevant provisions of the Commercial Companies Code, provides the Ordinary General Meeting of Shareholders of PKO BP SA with a report containing the results of evaluations of:

- 1) the report of the Management Board of the Bank on the operations of PKO BP SA for 2008,
- 2) the financial statements of PKO BP SA for 2008,
- 3) motion of the Management Board of the Bank on the distribution of profits earned by PKO BP SA in 2008,

and the report on the activities of the Supervisory Board as a corporate body for 2008.

Evaluation of the report of the Management Board of the Bank on the operations of PKO BP SA for 2008.

In discussing the Report, the Supervisory Board emphasised that, despite the crisis on international financial markets and its effects on the Polish economy, in particular the slow-down in economic growth and the depreciation of the zloty, in 2008 PKO BP SA achieved a very good financial result - its net profit was 2,881.3 million zlotys, which was 161.3 million zlotys higher than in the previous year. The Supervisory Board positively evaluates the rise in the Bank's balance sheet total by 25.9 billion zlotys to a level of 131.2 billion zlotys, which was the result of dynamic growth in its credit operations financed through an increase in client deposits and the Bank's effectiveness, measured as a C/I of 45 per cent and an ROE of 22.8 per cent.

The Supervisory Board positively evaluates the work of the Management Board, thanks to which in 2008 PKO BP SA attained its position as the leader in the banking sector in terms of assets held and equity.

#### Information on implementation of the strategic programme

PKO BP SA is a universal bank which is maintaining its strong position in retail banking and its leading role on the mortgage market. At the same time, it is strengthening its position as a service provider to businesses, including both small and medium-sized enterprises.

PKO BP SA is ensuring its shareholders of effective management of the capital entrusted to it, and is providing its employees with working conditions which allow them to develop professionally.

In 2008, PKO BP SA concentrated on implementing fundamental strategic goals, primarily including maintaining its position as leader on the Polish retail banking market, the effectiveness and quality of its customer services, developing products and services, and carrying on a sensible pricing policy. One of the biggest challenges of 2008 was to ensure a stable basis for financing the operations for PKO BP SA through obtaining deposits from individual customers. This process began in September 2008. The change in the Bank's deposit policy was particularly significant when the financial crisis deepened in October 2008. The Bank maintained liquidity at a satisfactory level and played a very positive role in maintaining the stability of the banking system in Poland.

In the area of corporate banking, the Bank broadened its range of products and services, and introduced changes to its sales and customer services model, which led to an increase of PKO BP SA's significance on both the deposits and business loans markets.

In the area of loans, PKO BP SA saw its market share of loans to commercial entities grow in 2008, and held its position as leader on the Polish loans market.

PKO BP SA strengthened its ownership supervision over Kredobank SA, and began implementing a restructuring programme of Kredobank SA's credit portfolio, and of the bank itself.

On 28th of November 2008, PKP BP SA made a binding offer to purchase shares of AIG Bank Polska and AIG Credit SA.

In 2008, PKO BP SA implemented a restructuring programme in its sales network and introduced changes in its back office in connection with improving the quality of its systems supporting the Bank's business operations.

As part of these activities, the Super Express campaign was implemented, thanks to which the effectiveness of the sales network was improved through standardisation and the implementation of tools to improve employee effectiveness.

In 2008, the process of modernising branches of the Bank continued. In 2008, 183 branches were modernised, comprising 50 per cent of branches, and 20 new branches were opened.

In 2008, the Bank continued work in connection with implementing an Integrated IT System. In September 2008, the mass implementation of the Alnova system in all PKO BP SA branches and agencies was completed. The IITS project, which, due to its scale and complexity, was one of the largest IT projects yet carried out in Poland, is now serving over 11 million accounts. In order to ensure the stability of the system and minimise risks, a process for centralised administration of all changes to the system and its environment was implemented.

As a result of the restructuring operations of the Bank carried out in 2008, there was an employment reduction of 1,463 posts. New rules for granting bonuses to employees were introduced which made the amount of employees' bonuses directly dependent on the results of their work, thus increasing the motivational basis for the remuneration system.

The Bank's Supervisory Board - in accordance with the provisions of Article 382 § 3 of the Commercial Companies Code - having evaluated the Report of the Management Board of the Bank on the Operations of PKP BP SA for 2008, which contains information on the activities of the Management Board as a corporate body, gave a favourable opinion to the draft resolution of the Ordinary General Meeting of Shareholders in the matter of approving the Report of the Management Board of the Bank on the Operations of PKP BP SA for 2008.

Evaluation of the financial statements of PKO BP SA for 2008.

The Bank's Supervisory Board heard the opinion of the auditor appointed to audit the Bank's financial statements on the subject of the economic and financial condition of the Bank. The auditor gave its opinion without reservations. It stated, among other things, that the financial statements were prepared on the basis of correctly maintained books of account, that they comply with the applicable external regulations and the Statute of the Bank, and that they reliably and clearly present the asset and financial situation of the Bank as at 31 December 2008 and the financial result for 2008, in accordance with International Financial Reporting Standards.

The Supervisory Board shares the opinion of the auditor.

The Supervisory Board of the Bank - in accordance with the provisions of Article 219 § 3 and Article 382 § 3 of the Commercial Companies Code and on the base of the review made by the Supervisory Board Audit Committee and on the base of the opinion of the auditor without any objections to the audit of Financial Statements of PKP BP SA for 2008, endorsed the Report as having been drawn up in compliance with the books of account, documents and the factual situation. The Supervisory Board endorsed the draft resolution of the Ordinary General Meeting of Shareholders on approval of the Financial Statements of PKP BP SA for 2008.

The favourable evaluation of the Report of the Management Board of the Bank on the Operations of PKO BP SA for 2008 and of the Financial Statements of PKO BP SA for 2008 form the basis for the endorsement of the draft resolution of the Ordinary General Meeting of Shareholders on granting a discharge from liability for the performance of duties to the members of the Management Board for 2008.

Evaluation of the motion of the Management Board of the Bank on the distribution of profits earned by PKO BP SA in 2008,

the Bank's Supervisory Board did not give the positive opinion on the Management Board motion on the allocating net profit of PKO BP earned in 2008.

## **2. REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD AS A CORPORATE BODY**

### **1) Cooperation with the Management Board of the Bank**

The Supervisory Board of the Bank - considering that the three-year term of office of the Management Board was to conclude in 2008 - continued the process of forming a new Management Board of the Bank which was begun by the Supervisory Board in its hitherto composition up to 26 February 2008 (resolution No. 9/2008 of 13 February 2008).

In consideration of the above, the Supervisory Board, guided by the principles contained in the regulation of the Council of Ministers of 18 March 2003 on carrying out qualification proceedings for the position of member of the management board in certain public companies (as amended), carried out qualification proceedings in 2008 to select the President and Vice-President of the Management Board of PKO BP SA, as a result of which on 11 April 2008, the Supervisory Board entrusted, as of 20 May 2008, the duties of President of the Management Board to Mr Jerzy Pruski, who, on 17 June 2008, obtained the consent of the Financial Supervision Authority to his performing that function. In addition, as part of the same qualification proceedings, the Supervisory Board appointed six candidates for Vice-President of the Management Board of PKO BP SA, who, on 20 May 2008, upon a motion by Management Board President Jerzy Pruski, were appointed to the Management Board of the Bank: Mr Bartosz Drabikowski (as of 20 May 2008), responsible for Finances, Accounting and Settlements, Mr Mariusz Klimczak (as of 20 May 2008), responsible for Corporate Banking, Mr Tomasz Mironczuk (as of 20 May 2008), responsible for Investment Banking, Mr Krzysztof Dresler (as of 1 July 2008), responsible for Risk and Debt Recovery, Mr Wojciech Papierak (as of 1 July 2008), responsible for Retail Banking, and Mr Mariusz Zarzycki (as of 1 September 2008), responsible for Information Technology.

In response to the resignation of Vice-President of the Management Board Mariusz Klimczak, in charge of Corporate Banking, effective from 30 September 2008, on 3 September 2008 the Bank's Supervisory Board undertook qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA in the area of corporate banking. Those proceedings concluded on 24 October 2008, with no candidate selected.

Therefore, on 24 October, the Bank's Supervisory Board initiated further qualification proceedings for the position. Those proceedings resulted in the

selection, on 9 December 2008, of Mr Jarosław Myjak as candidate for the position of Vice-President of the Management Board of PKO BP SA responsible for matters in the area of corporate banking. On 15 December 2008, upon a motion by Management Board President Jerzy Pruski, Mr Myjak was appointed to take up the position.

## 2) The most important issues in which the Supervisory Board took an interest

In 2008, the Supervisory Board of the Bank was engaged in:

- the project - *Strategy of PKO BP SA 2008-2012*,
- the financial plan of PKO BP SA for 2008 and 2009,
- the selection of an auditor to audit the financial statements for 2008-2010,
- the situation of the Bank's subsidiary Kredobank SA,
- the plan of the Bank to acquire shares in AIG Bank Polska SA,
- actions taken by the Management Board of the Bank in order to minimise the negative effects of the crisis on financial markets,
- the deposit policy of the Bank,
- the Bank's attaining its position as leader in the Polish banking sector,
- plans concerning obtaining long-term financing from the inter-bank market through the issue of eurobonds with assistance from the EMTN Program,
- the rules for operation of the internal control system of PKO BP SA.

## 3) Issues regularly discussed by the Supervisory Board of the Bank

- the Bank's financial result,
- assessing the quality of the Bank's credit portfolio,
- assessing the financial risk of the Bank,
- assessing the operational risk and compliance of the Bank,
- the capital adequacy and internal capital within PKO BP SA and within the PKO BP SA Capital Group,
- the condition of the Bank's greatest involvements,
- the operations of the Restructuring and Debt Recovery Section,

- the results of internal audits, the effectiveness of internal control systems and external controls,
- information on correspondence, including that from supervisory and control bodies sent to the Bank and conveyed to the Internal Auditing Department.

#### 4) Controls and clarification procedures carried out

At the request of the Supervisory Board of the Bank, the following were undertaken:

- an unscheduled audit for the period from 5 May 2008 to 27 May 2008, concerning the effects of implementing the Branch Modernisation Program.  
An audit carried out in the Network Optimisation Department.  
On the basis of the audit results, the Internal Audit Department prepared a report which was conveyed to the Supervisory Board on 23 June 2008.
- clarification proceedings in relation to a complaint sent to the Supervisory Board.

On the basis of the clarification proceedings, a response was prepared and sent by the Internal Audit Department to the customer, as well as to the Director of the Financial Institutions Department of the Ministry of the State Treasury.

Other complaints and anonymous correspondence directed to the Supervisory Board were considered in accordance with the procedures determined by the President of the Management Board.

#### 5) Work plan of the Supervisory Board of the Bank

In 2008, the Supervisory Board of the Bank implemented the program accepted by the Supervisory Board in the Framework plan for the work of the Supervisory Board of the Bank for 2008.

6) Information on the suspension of members of the Management Board of the Bank and delegation of members of the Supervisory Board to perform the duties of members of the Management Board of the Bank

In this regard, the Supervisory Board of the Bank did not take any decision to suspend members of the Management Board of the Bank or to delegate members of the Supervisory Board of the Bank to perform the duties of members of the Management Board of the Bank.

7) Information on the term of office of the Supervisory Board, the fulfilment of the formal requirements concerning ownership supervision, cooperation with the owner and bank supervision, as well as other remarks on the work of the Supervisory Board

▪ Information on the term of office of the Supervisory Board of the Bank and on the next year of activity within that term

From the beginning of the financial year for 2008, the Supervisory Board of PKO BP has been constituted as follows, as adopted by the following resolutions:

1. No. 38/2006 of the Ordinary General Meeting of Shareholders of PKO BP SA of 18 April 2006, notarial deed Repertory A No. 6295/2006) **Marek Głuchowski – Chairman of the Supervisory Board,**
2. No. 31/3/2005 of the Ordinary General Meeting of Shareholders of PKO BP SA of 19 May 2005, notarial deed Repertory A No. 6819/2005) **Urszula Pałaszek – Vice-Chairman of the Supervisory Board,**
3. No. 40/2006 of the Ordinary General Meeting of Shareholders of PKO BP SA of 18 April 2006, notarial deed Repertory A No. 6295/2006) **Tomasz Siemiątkowski – Secretary of the Supervisory Board,**
4. No. 39/2006 of the Ordinary General Meeting of Shareholders of PKO BP SA of 18 April 2006, notarial deed Repertory A No. 6295/2006) **Jerzy Michałowski – Member of the Supervisory Board,**
5. No. 42/2006 of the Ordinary General Meeting of Shareholders of PKO BP SA of 18 April 2006, notarial deed Repertory A No. 6295/2006) **Agnieszka Winnik-Kalemba – Member of the Supervisory Board,**



6. No. 4/2007 of the Ordinary General Meeting of Shareholders of PKO BP SA of 19 March 2007, notarial deed Repertory A No. 1254/2007) **Maciej Czapiewski – Member of the Supervisory Board.**

▪ Composition of the Supervisory Board, functions performed within the Supervisory Board, changes in the composition of the Supervisory Board in 2008

On 26 February 2008, the following resigned from the Supervisory Board of PKO BP SA:

Chairman of the Supervisory Board Mr Marek Głuchowski,  
Secretary of the Supervisory Board Mr Tomasz Siemiątkowski,  
Member of the Supervisory Board Mr Jerzy Michałowski,  
Member of the Supervisory Board Ms Agnieszka Winnik-Kalemba.

On 25 February 2008, Ms Urszula Pałaszek resigned as Vice-Chairman of the Supervisory Board of the Bank.

On 26 February 2008, the Extraordinary General Meeting of Shareholders of PKO BP SA:

- 1) recalled Mr Maciej Czapiewski from the Supervisory Board of PKO BP SA (notarial deed Repertory No. 1362/2008, resolution No. 3/2008),
- 2) appointed to the Supervisory Board for the remainder of the current term of office at that time and for the following, joint three-year term of office:
  - Ms **Marzena Piszczek** (notarial deed Repertory A – No. 1362/2008, resolution No. 4/6/2008),
  - Mr **Eligiusz Jerzy Krześniak** (notarial deed Repertory A – No. 1362/2008, resolution No. 4/3/2008),
  - Mr **Jan Bossak** (notarial deed Repertory A – No. 1362/2008, resolution No. 4/1/2008),
  - Mr **Jerzy Osiatyński** (notarial deed Repertory A – No. 1362/2008, resolution No. 4/4/2008),
  - Ms **Urszula Pałaszek** (appointed for the following term of office (notarial deed Repertory A – No. 1362/2008, resolution No. 4/5/2008)),
  - Mr **Roman Sobiecki** (notarial deed Repertory A – No. 1362/2008, resolution No. 4/7/2008),

- Mr **Ryszard Wierzba** (notarial deed Repertory A – No. 1362/2008, resolution No. 4/8/2008),

On 26 February 2008, the State Treasury Minister appointed Ms Marzena Piszczek as Chairman of the Supervisory Board, and Mr Eligiusz Jerzy Krześniak as Vice-Chairman of the Supervisory Board.

- Information on meetings of the Supervisory Board and the number of resolutions adopted

In 2008, the Supervisory Board of the Bank held a total of 17 minuted meetings (including one three-day meeting and one two-day meeting) on the following dates: 9 January, 13 February, 6 March, 7-9 April, 11 April, 17 April, 20 May, 17 June, 3-4 July, 16 July, 26 August, 24 September, 14 October, 24 October, 28 November, 2 December, 9 December and 17 December.

In 2008, the Supervisory Board of the Bank adopted 67 resolutions.

A list of resolutions adopted is contained in Attachment No. 1 to this report.

- Information on the attendance of members of the Supervisory Board at meetings and on resolutions adopted in excusing or not excusing absences

In 2008, all absences of members of the Supervisory Board of the Bank from meetings were excused by Supervisory Board resolutions No.: 1/2008, 6/2008, 25/2008, 40/2008, 41/2008, 44/2008, 45/2008, 49/2008; these concerned absences of five members of the Supervisory Board from six meetings.

- Information on the adoption of resolutions by the General Meeting of Shareholders concerning the activities of the Supervisory Board as well as information on cooperation of the Supervisory Board with the Ministry of the State Treasury

Resolutions adopted at meetings of the General Meeting of Shareholders were implemented by PKO BP SA. Resolution No. 44/2006 of the Ordinary General Meeting of Shareholders of 18 April 2006. The Supervisory Board was obliged to supervise the Bank's acquisition of a training and recreational centre named in the

resolution, and to present a report on the process, including an assessment of its correctness, to the General Meeting of Shareholders. Information on this issue will be presented directly to the General Meeting of Shareholders of PKO BP SA. Moreover - in compliance with the recommendations of the Ministry of the State Treasury - the Supervisory Board added information on the implementation of the Integrated IT System to the quarterly information on the Company presented to the Ministry.

- Monitoring increases in average monthly remuneration

The Supervisory Board of the Bank monitored the level of remuneration in the Bank on an ongoing basis. The average pay increase indicator attained by PKO BP SA in 2008 reached 9.6 per cent<sup>1</sup>, of which: 5.42 per cent results from a higher level of disbursements than in the previous year, including increased remuneration for employees as of 1 March 2008, and 4.18 per cent from a decrease in employment.

- Performance of reporting obligations

The Supervisory Board of the Bank together with the Management Board of the Bank periodically presented to the Ministry of the State Treasury Quarterly Information on the Company.

- Information on guarantees and suretyships granted

The Supervisory Board of the Bank adopted a resolution consenting to the Bank taking actions as a result of which the total of the Bank's receivables and off-balance sheet obligations towards a company, as well as to entities affiliated by capital or organisationally with that company, would exceed five per cent of the Bank's equity.

- Other information about Supervisory Board activities

In 2008, three committees of the Supervisory Board of the Bank were active:

---

<sup>1</sup> Calculation of the growth rate of average salaries in PKO BP SA in 2008, and of the influence of increased layoffs in 2008 as compared to 2007 and a reduction in employment on the resulting rate of 9.6 per cent, was carried out in accordance with the methodology specified by the Ministry of the State Treasury

- 1) The Supervisory Board Audit Committee,
- 2) The Bank Information Technologies Committee,
- 3) The Bank Strategy Implementation Committee (changed to the Bank Strategy Committee), in which all current Members of the Supervisory Board sit.

In 2008, two meetings of the Bank Strategy Committee took place. Discussed were: the draft Strategy of PKO BP SA 2008-2012, and PKO BP SA's planned acquisition of AIG Bank Polska. The regulation of the Committee does not proceed making the yearly report on the activity of this committee.

(The annual report of the activities of the Supervisory Board Audit Committee and the Bank Information Technologies Committee comprise Attachments No. 2 and 3, respectively, to this Report).

- Assessment of the work of the Supervisory Board in accordance with the rules of corporate governance contained in Good Practice of Companies Listed on the Warsaw Stock Exchange

The dynamic growth of the Bank in 2008, as well as the crisis on international financial markets and its effect on the Polish economy, affected the intensity of the work of the Supervisory Board of the Bank in the period in question, as testified to by the number of Supervisory Board meetings held, the number of resolutions adopted and the wide range of issues considered by the Supervisory Board. Thanks to the high level of competence and involvement of individual members of the Supervisory Board, and to its efficient organisation, the Supervisory Board effectively carried out its statutory duties. Members of the Supervisory Board took part in the work of Supervisory Board committees.

Chairman  
of the Supervisory Board of the Bank

Marzena Piszczek

Warsaw, ..... 2009

**List of resolutions of the Supervisory Board of PKO BP SA adopted in 2008**

1. Resolution No. 1/2008 of the Supervisory Board of the Bank of 9 January 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
2. Resolution No. 2/2008 of the Supervisory Board of the Bank of 9 January 2008 on approving the financial plan of PKO BP SA for 2008
3. Resolution No. 3/2008 of the Supervisory Board of the Bank of 9 January 2008 on closing the qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA.
4. Resolution No. 4/2008 of the Supervisory Board of the Bank of 6 February 2008 on approving draft resolutions of the Extraordinary General Meeting of Shareholders of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.
5. Resolution No. 5/2008 of the Supervisory Board of the Bank of 8 February 2008 on making a donation to the Warsaw Rising Museum.
6. Resolution No. 6/2008 of the Supervisory Board of the Bank of 13 February 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
7. Resolution No. 7/2008 of the Supervisory Board of the Bank of 13 February 2008 on approving the financial plan of PKO BP SA for 2008
8. Resolution No. 8/2008 of the Supervisory Board of the Bank of 13 February 2008 on making donations
9. Resolution No. 9/2008 of the Supervisory Board of the Bank of 13 February 2008 on closing the qualification proceedings for positions as Member of the Management Board of PKO BP SA.
10. Resolution No. 10/2008 of the Supervisory Board of the Bank of 6 March 2008 on the selection of an auditor to audit the financial statements for the years 2008-2010
11. Resolution No. 11/2008 of the Supervisory Board of the Bank of 6 March 2008 amending the resolution on establishing a Supervisory Board Audit Committee.
12. Resolution No. 12/2008 of the Supervisory Board of the Bank of 6 March 2008 on the specific rules of the qualification proceedings for positions as Member of the Management Board of PKO BP SA.

13. Resolution No. 13/2008 of the Supervisory Board of the Bank of 7 April 2008 on the procedures for carrying out interviews and selecting the best candidates for the position of President of the Management Board of PKO BP SA and Vice-President of the Management Board of PKO BP SA.
14. Resolution No. 14/2008 of the Supervisory Board of the Bank of 11 April 2008 on granting consent to the Bank granting a subordinated loan to a company from the PKO BP SA Group.
15. Resolution No. 15/2008 of the Supervisory Board of the Bank of 11 April 2008 on a report on the operations of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna for 2007
16. Resolution No. 16/2008 of the Supervisory Board of the Bank of 11 April 2008 on the financial statements of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna for 2007
17. Resolution No. 17/2008 of the Supervisory Board of the Bank of 11 April 2008 on the distribution of profits of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna earned in 2007
18. Resolution No. 18/2008 of the Supervisory Board of the Bank of 11 April 2008 on the payment of dividends for 2007
19. Resolution No. 19/2008 of the Supervisory Board of the Bank of 11 April 2008 on the report on the operations of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Capital Group for 2007
20. Resolution No. 20/2008 of the Supervisory Board of the Bank of 11 April 2008 on the consolidated financial statements of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Capital Group for 2007
21. Resolution No. 21/2008 of the Supervisory Board of the Bank of 11 April 2008 amending the resolution on the Regulations of the Supervisory Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
22. Resolution No. 22/2008 of the Supervisory Board of the Bank of 11 April 2008 on a draft resolution of the Ordinary General Meeting of Shareholders of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna on approving the agenda of the Ordinary General Meeting of Shareholders.
23. Resolution No. 23/2008 of the Supervisory Board of the Bank of 11 April 2008 on closing the qualification proceedings for the position of President of the Management Board of PKO BP SA.
24. Resolution No. 24/2008 of the Supervisory Board of the Bank of 11 April 2008 on appointing the President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
25. Resolution No. 25/2008 of the Supervisory Board of the Bank of 17 April 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.

26. Resolution No. 26/2008 of the Supervisory Board of the Bank of 6 March 2008 on the selection of an auditor to audit the financial statements of PKO BP SA and of the Capital Group of the Bank for the years 2008-2010
27. Resolution No. 27/2008 of the Supervisory Board of the Bank of 17 April 2008 on the report of the Supervisory Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna containing the results of an evaluation of: the report of the Management Board of the Bank on the operations of the Bank for 2007, the financial statements of the Bank for 2007, the motion of the Management Board of the Bank on distribution of the Bank's profits earned in 2007, and the report on the activities of the Supervisory Board as a corporate body for 2007.
28. Resolution No. 28/2008 of the Supervisory Board of the Bank of 17 April 2008 on draft resolutions of the Ordinary General Meeting of Shareholders of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
29. Resolution No. 29/2008 of the Supervisory Board of the Bank of 17 April 2008 on the payment of an annual award to the President of the Management Board of the Bank for 2007
30. Resolution No. 30/2008 of the Supervisory Board of the Bank of 17 April 2008 on nominating candidates qualified to take part in the next stage of the qualification proceedings for positions as Vice-President of the Management Board of PKO BP SA
31. Resolution No. 31/2008 of the Supervisory Board of the Bank of 20 May 2008 on closing the qualification proceedings for positions as Member of the Management Board of PKO BP SA
32. Resolution No. 32/2008 of the Supervisory Board of the Bank of 20 May 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
33. Resolution No. 33/2008 of the Supervisory Board of the Bank of 20 May 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
34. Resolution No. 34/2008 of the Supervisory Board of the Bank of 20 May 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
35. Resolution No. 35/2008 of the Supervisory Board of the Bank of 20 May 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
36. Resolution No. 36/2008 of the Supervisory Board of the Bank of 20 May 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
37. Resolution No. 37/2008 of the Supervisory Board of the Bank of 20 May 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
38. Resolution No. 38/2008 of the Supervisory Board of the Bank of 20 May 2008 amending the resolution on establishing a Bank Information Technologies Committee.

39. Resolution No. 39/2008 of the Supervisory Board of the Bank of 20 May 2008 amending the resolution on establishing a Strategy Implementation Committee.
40. Resolution No. 40/2008 of the Supervisory Board of the Bank of 17 June 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
41. Resolution No. 41/2008 of the Supervisory Board of the Bank of 17 June 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
42. Resolution No. 42/2008 of the Supervisory Board of the Bank of 3 July 2008 on making a donation to the Diaspora Remembrance Society.
43. Resolution No. 43/2008 of the Supervisory Board of the Bank of 16 July 2008 on granting consent to a transaction with PKO Finance AB.
44. Resolution No. 44/2008 of the Supervisory Board of the Bank of 26 August 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
45. Resolution No. 45/2008 of the Supervisory Board of the Bank of 26 August 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
46. Resolution No. 46/2008 of the Supervisory Board of the Bank of 26 August 2008 on granting consent to the Bank taking actions as a result of which the total of the Bank's receivables and off-balance sheet obligations in respect of company, as well as to entities affiliated by capital or organisationally with that company, would exceed five per cent of the Bank's equity
47. Resolution No. 47/2008 of the Supervisory Board of the Bank of 26 August 2008 on granting consent to PKO BP SA granting a subordinated loan to a company from the PKO BP SA Group
48. Resolution No. 48/2008 of the Supervisory Board of the Bank of 3 September 2008 on initiating qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA responsible for corporate banking.
49. Resolution No. 49/2008 of the Supervisory Board of the Bank of 24 September 2008 on excusing the absence of a member of the Supervisory Board of the Bank from a meeting of the Supervisory Board.
50. Resolution No. 50/2008 of the Supervisory Board of the Bank of 24 September 2008 on making a donation to the foundation ABC XXI - Cała Polska Czyta Dzieciom [*All Poland Reads to Children*].
51. Resolution No. 51/2008 of the Supervisory Board of the Bank of 24 September 2008 on granting consent to terminate the employment agreement with the Vice-President of the Management Board and to withdraw the relevant competition prohibition
52. Resolution No. 52/2008 of the Supervisory Board of the Bank of 14 October 2008 on the procedure for the qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA.



53. Resolution No. 53/2008 of the Supervisory Board of the Bank of 14 October 2008 on nominating candidates qualified to take part in the next stage of the qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA responsible for corporate banking.
54. Resolution No. 54/2008 of the Supervisory Board of the Bank of 24 October 2008 on closing the qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA
55. Resolution No. 55/2008 of the Supervisory Board of the Bank of 24 October 2008 on initiating qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA responsible for corporate banking.
56. Resolution No. 56/2008 of the Supervisory Board of the Bank of 24 October 2008 on authorising a member of the Supervisory Board of the Bank to independently perform supervisory duties.
57. Resolution No. 57/2008 of the Supervisory Board of the Bank of 24 October 2008 on authorising a member of the Supervisory Board of the Bank to independently perform supervisory duties.
58. Resolution No. 58/2008 of the Supervisory Board of the Bank of 24 October 2008 amending the resolution on establishing a Supervisory Board Audit Committee.
59. Resolution No. 59/2008 of the Supervisory Board of the Bank of 31 October 2008 on authorising a member of the Supervisory Board of the Bank to independently perform supervisory duties.
60. Resolution No. 60/2008 of the Supervisory Board of the Bank of 28 November 2008 on granting consent to make a binding purchase offer for 99.92 per cent of the shares of AIG Bank Polska and 100 per cent of the shares of AIG Credit SA from American International Group
61. Resolution No. 61/2008 of the Supervisory Board of the Bank of 2 December 2008 on the procedure for the qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA
62. Resolution No. 62/2008 of the Supervisory Board of the Bank of 2 December 2008 on nominating candidates qualified to take part in the next stage of the qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA responsible for corporate banking.
63. Resolution No. 63/2008 of the Supervisory Board of the Bank of 9 December 2008 on nominating a candidate for the position of Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
64. Resolution No. 64/2008 of the Supervisory Board of the Bank of 9 December 2008 on closing qualification proceedings for the position of Vice-President of the Management Board of PKO BP SA responsible for corporate banking.
65. Resolution No. 65/2008 of the Supervisory Board of the Bank of 9 December 2008 on appointing the Vice-President of the Management Board of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna

66. Resolution No. 66/2008 of the Supervisory Board of the Bank of 17 December 2008 on approving the financial plan of PKO BP SA for 2009

67. Resolution No. 67/2008 of the Supervisory Board of the Bank of 17 December 2008 on approving the "Rules for operation of the internal control system of PKO BP SA"

Report on the activities  
of the Supervisory Board Audit Committee in 2008

Legal basis:

- The Supervisory Board Audit Committee, hereinafter the "Committee", was established by resolution No. 48/2006 of 19 December 2006 for the purpose of providing permanent supervision over the financial auditing of the Bank and the Bank's Capital Group.
- A report was prepared on the basis of § 3 item 3 of Supervisory Board resolution No. 48/2006 of 19 December 2006 on the Regulations of the Supervisory Board Audit Committee.

In 2008, the Audit Committee held eight meetings in performance of its regulatory duties.

The main work of the Committee concerned the following issues:

- 1) a review of the periodic and annual financial statements of the Bank (non-consolidated and consolidated), including:
  - a) the Financial Statements of the PKO BP SA Group for Q4 of 2007,
  - b) the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank's Group for 2007,
  - c) the Financial Statements of the PKO BP SA Group for Q1 of 2008,
  - d) the Financial Statements of the PKO BP SA Group for Q2 of 2008,
  - e) the Consolidated Financial Statements of the PKO BP SA Group for the 6-month period ending on 30 June 2008, with the addition of the abbreviated Financial Statements of PKO BP SA for the 6-month period ending on 30 June 2008,
  - f) the Financial Statements of the PKO BP SA Group for Q3 of 2008,

- 2) analysis of a letter from the auditor to the Management Board of the Bank on the audit of the Financial Statements for the year ending on 31 December 2007, and of the comments of the Management Board of the Bank.
- 3) conducting proceedings for selecting an auditor to audit the financial statements of the Bank for the years 2008-2010, and presenting a recommendation for the selection of an auditor to the Supervisory Board.

**Review of the periodic and annual financial statements of the Bank (non-consolidated and consolidated).**

In reviewing the periodic and annual financial statements of the Bank (non-consolidated and consolidated), the Committee mainly focused on analysing the financial results of the Bank and the PKO BP Capital Group, taking particular account of how particular items of the financial result were arrived at (the results of business operations, interest income and costs, the results of creating revaluation write-downs on receivables, income from commissions and fees, administrative costs), the level of the solvency ratio, and financial ratios (C/I, ROE, ROA).

In discussions, attention was paid to the influence of the crisis on international financial markets on the financial result of the Bank and the Capital Group, primarily including:

- the influence of write-downs on shares of the Company Kredobank SA due to capital requirements and the solvency ratio of the Bank and the PKO BP SA Group,
- the influence of derivative instruments transactions on the Bank's financial result,
- the influence of the worsening economic situation in Poland on the quality of the credit portfolio and the amount of loan write-downs.

The Audit Committee examined the opinion of the auditor (Ernst & Young Audit Sp. z o.o.) in reference to the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank's Group for 2007.

In discussion, particular attention was paid to the following issues:

- the reduction in employment,

- reserves for future obligations of the Bank, including those towards employees of the Bank:
  - the actuarial reserve for pension and compensation payments and jubilee awards,
  - the reserve for obligations stemming from compensation and severance payments to employees with whom the employment relationship has been terminated for reasons not concerning the employees (the restructuring reserve), as well as the reserve for complaints benefits,
- Write-downs on the loss of value of certain fixed assets and intangible assets.
- inclusion of income from the Bank acting as intermediary in insurance sales,
- the operation of the IITS system introduced within the Bank.

As a result of its review, the Committee had no reservations regarding the financial statements presented by the Bank, and endorsed both the Financial Statements of PKO BP SA for the year ending on 31 December 2007 and the Consolidated Financial Statements of the PKO BP SA Group for the year ending on 31 December 2007 to the Supervisory Board of the Bank.

The Committee examined the opinion of the auditor (PricewaterhouseCoopers Sp. z o.o.) in reference to the Consolidated Financial Statements of the PKO BP SA Group for the 6-month period ending on 30 June 2008, with the addition of the abbreviated Financial Statements of PKO BP SA for the 6-month period ending on 30 June 2008, In discussion, particular attention was paid to the following issues:

- Write-downs from loss of value of the credit portfolio
- Write-downs from share value lost
- Reporting by subsidiaries
- Operation of the internal auditing of the Bank

As a result of its review, the Committee had no reservations regarding the financial statements presented by the Bank.

**Analysis of a letter from the auditor to the Management Board of the Bank on the audit of the Financial Statements for the year ending on 31 December 2007, and of the comments of the Management Board of the Bank.**

As part of its work in connection with its analysis of the letter from the auditor to the Management Board of the Bank on the audit of the financial statements for the year ending on 31 December 2007, and of the comments of the Management Board of the Bank, the Committee examined the 'Recommendations to the Management Board of the Bank from the financial audit report for the year ending on 31 December 2007' prepared by the auditor.

The Committee also examined the steps taken by the Bank in order to implement the recommendations made by the auditor.

**Conducting proceedings for selecting an auditor to audit the financial statements of the Bank for the years 2008-2010, and presenting a recommendation for the selection of an auditor to the Supervisory Board.**

As part of the proceedings for selecting an auditor to audit the financial statements of the Bank and the Bank's Group for the years 2008-2010 which were carried out in accordance with the regulation of the State Treasury Minister on the rules and procedures for selecting an auditor to audit the financial statements of companies in which the State Treasury is a shareholder, the Committee examined the documentation concerning offers submitted by companies competing for the commission to audit the financial statements, evaluated them according to established criteria and conducted negotiations with the companies involved in the process.

As a result of the proceedings, the Committee recommended that the Supervisory Board adopt a resolution on selecting PricewaterhouseCoopers Sp. z o.o. as auditor of the financial statements of the Bank and the Capital Group for the years 2008-2010.

Report on the activities  
of the Bank Information Technologies Committee in 2008

Legal basis:

- The Bank Information Technologies Committee was established by Resolution of the Supervisory Board of the Bank No. 45/2006 of 30 November 2006 in order to supervise the information technology and telecommunications operations within the Bank, including the implementation of the Integrated Information Technologies System.
- A report was prepared on the basis of § 3 item 3 of the Regulations of the Bank Information Technologies Committee of the Supervisory Board of PKO BP SA.

Report

In 2008 there were two meetings of the Bank Information Technologies Committee, during which the following IT and telecommunications issues of the Bank were discussed:

**Implementation of the Integrated Information Technologies System (IITS)**

- Information on the schedule for implementing the Investment Program for the Integrated Information Technologies System was presented.
- Information on the completion of IITS implementation, the scale of the project and its significance for the operations of the Bank was presented.

The Bank Information Technologies Committee obtained detailed information on the state of the project, on possible threats to its implementation, agreements concluded, investment outlays incurred and the costs of the project.

**Stage of completion and threats to other (non-IITS) high-priority ICT projects:**

- The Centralised Settlements System,
- Service Oriented Architecture,

- Enhancement of the iPKOBiznes internet application,
- A project in connection with the Bank's compliance with the requirements of International Accounting Standard 39 and the New Basel Capital Accord.
- Software adjustments resulting from the Bank's joining the TARGET 2 settlement system,
- Modifications to the SODPOW-PROMISE system (for servicing Foreign Exchange Payment Orders).

During presentations of the Bank IT projects being carried out, the Bank Information Technologies Committee was informed of the goals of those projects, their business benefits, their scope of operations and the costs of implementing them.

**Most important information and communications technology challenges and problems**

- The organisational structure of the IT Section within the Bank,
- The state of employment within the IT Section,
- The principles of financing ICT divided into costs and investments,
- The current and planned architecture of IT systems within the Bank (transformation of the IT Architecture to Service Oriented Architecture).
- The challenges of the IT Section divided into five areas: service-oriented organisation, IT expenses optimisation, standardisation, reorganisation of IT services.