



POLISH BANK ASSOCIATION

*Enclosure 1
to Resolution No. 6 of
the XVIIIth General
Meeting of the Polish Bank
Association of April 26th,
2007, including
amendments adopted by the
Resolution No. 13 of the
XXth General Meeting of
the Polish Bank Association
of April, 21st, 2009.*

The Good Banking Practice Principles

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Chapter I

General Provisions

1. The Good Banking Practice Principles, hereinafter called “the Principles”, constitute a collection of rules connected with banking activity and apply respectively to banks, persons employed therein and persons who, acting on behalf of banks, execute banking operations.
2. The banks, recognizing their role of public credit institutions, shall conduct their activities pursuant to rules of law, resolutions of banking self-government bodies, rules provided in the Principles, as well as good mercantile customs, always considering principles of professionalism, dependability, objectivity, due diligence and best knowledge.
3. The Good Banking Practice Principles directing the banking activities shall cover rules included in the Code of Conduct in Financial Market

Chapter II

Principles of banking activities in relations with customers

1. Banks, in relations with their customers, shall act considering the (i) particular trust conferred upon them by customers and (ii) high standards of dependability, thus treating all the customers with due diligence.
2. A bank must not use its professionalism to the customers’ interests detriment.
3. Within the frame of relations with customers and while executing operations in customers’ favor, a bank shall act in accordance with the concluded contracts, within the limits of its own well-conceived interest and taking into consideration customers’ interests.
4. Bank shall inform its customer about scope and conditions of provided services, explaining differences between the particular services offered, as well as indicating advantages guaranteed by a given service and risks connected thereto.
5. Rules of activities taken by a bank in respect to relations with customers, information on offered services as well as contracts, banking documents and letters addressed to customers shall be formulated precisely and comprehensively.

Chapter III

Principles of mutual relations between banks

1. Within the frame of mutual relations banks shall follow principles of dependability, corporate loyalty and corporate culture as well as commonly accepted behavioral patterns of public credit institutions, at the same time observing fair competition principles.

2. Without prejudice to banks' own interests and with respect to the necessities of trade secrecy protection banks shall support each other while performing joint undertakings aimed to strengthening the entire banking system, as well as during performance of banking activities – according to rules of equality and reciprocity, particularly in the field of information exchange governed by provisions of law and internal agreements.
3. During the mutual exchange of information and issuance of affidavits the banks shall exercise particular care to assure dependability and authenticity thereof.
4. Without important reasons banks shall not terminate mutual contracts, particularly those on permanent cooperation.
5. Banks shall strive to solve all disputes arising between each other amicably, in particular making use of banking self-government arbitration courts.

Chapter IV

Principles of advertising

1. Banks' advertising campaigns shall dependably inform the customers on activities performed by a bank.
2. Banks shall, when informing about scope and conditions of offered services, provide a customer with full and dependable information, including those on possibility of obtaining additional benefits and on about costs and risks connected to particular services, thus enabling the customer to make accurate choice.
3. Services offered by banks are supposed to be judged by customers, therefore banks, conducting their advertising activities, shall neither make any references to offers of other banks nor create a negative image of their competitors.
4. Within the frame of advertising activities, banks shall not undermine integrity or evaluate activities of other banks.
5. In order to assure objectivity and reliability, banks shall not finance any comparisons of banking services made by the press or non-banking institutions.

Chapter V

Principles of bank staff's conduct

1. A bank employee shall:
 - 1) perform his/her duties carefully and scrupulously, according to his/her best knowledge and goodwill, within the limits of acceptable risk, set according to the bank's interests,
 - 2) protect the bank's good reputation and represent it duly,
 - 3) be loyal to the employing bank,
 - 4) strive to improve his/her professional skills,
 - 5) use his/her knowledge and skills in favor of the bank's and its customers' interests.
2. Bank employee's responsibility for spoken words should be his/her matter of honor he/she should be bound with them same as with officially issued document.

3. Bank's employee shall behave kindly and tactfully, provide full and reliable information, clearly explain essence of offered services to the customers. While negotiating a contract the employee should provide material information regarding the contract to be concluded.
4. Bank's employee shall not take up any action which may result in conflict of interests between him/her and the bank, in particular he/she shall not take up activities of competitive nature against the employing bank.
5. The employee shall not use the his/her position in the bank for the purposes of gaining personal benefits.

Chapter VI

Principles of settling customers' complaints

1. In customer service premises Banks shall provide information on applicable procedures for submitting complaint and/or claims, indicating in particular possible manners and/or places to submit one.
2. Upon receipt of a customer's complaint or claim, banks shall inform the customer thereon, indicating (if possible) estimated settlement deadline and the bank's unit obligated to respond.
3. Customers' complaints against bank activities shall be settled dependably and as soon as possible, within the possible short time periods. Maximum period for response should not exceed 30 days. If, due to complexity of an issue concerned, it is necessary to conduct investigation proceedings and the 30-day deadline cannot be met, the bank shall inform the customer on the proceedings concerned and indicate the deadline for response, however the deadline to settle the complaint and to response must not exceed 90 days.
4. Banks shall provide customers with information on the following bodies active at the Polish Bank Association, and on manners of communicating therewith:
 - 1) the Banking Ombudsman,
 - 2) the Arbitration Court,
 - 3) the Banking Ethics Commission.
5. Banks shall strive to settle disputes with their clients in amicable manner. Moreover, banks shall provide the Banking Ombudsman with required documents and necessary explanations, should a customer file an application thereto; in cases not covered with competence of banking customers' arbitration courts and where amicable settlement upon mediation with a customer is impossible, banks shall inform on opportunity to make use of banking self-government arbitration courts.

Chapter VII

The Banking Ethics Commission

1. The Banking Ethics Commission, hereinafter referred to as the "Commission", has been appointed to assess how banks, their employees and persons who, acting on

behalf of banks, execute banking operations, follow the principles of the Good Banking Practice.

2. The Commission operates at the Polish Bank Association.
3. Members of the Commission shall be appointed by the General Meeting of the Polish Bank Association (The PBA), out of people respected and having a considerable standing in the banking society..
4. Bank proposing a candidate for the Commission, shall, upon appointing him/her by the General Meeting of the Polish Bank Association:
 - 1) enable the person in question to participate in works of the Commission, including participation in research panels;
 - 2) cover costs of business trips connected with participation in the works of the Commission; should the Commission Member change his/her jobs during his/her term of office, the former employer shall cover the traveling costs until next General Meeting of the Polish Bank Association, unless the new employer agrees to cover the said costs.
5. The Commission shall issue assessments in case of settling issues regarding:
 - 1) banks' behavior in mutual relations with other banks;
 - 2) observation of fair competition principles in advertising and promotional campaigns of bank services.
6. The Commission shall also issue assessments of general character on the background of an analysis of the financial market occurrences, which, from the Commission's standpoint, require issuance of an estimation, as well as on the basis of problems reported in customers' letters.
7. The Commission may, acting upon the request of entities specified in clause 11 of Chapter VII, issue assessment in case of infringement of dependability principles or lack of professionalism by a member of a bank's management board or by a bank employee.
8. The Commission shall not issue assessments concerning:
 - 1) problems and applications connected with legal interpretation of contracts and internal regulations of the banks;
 - 2) complaints and claims of bank customers save as provided in the clause 6.
9. In cases referred to in the clause 5(2), the Commission shall address the customer's complaint to the bank, indicating possible infringement of the Principles. The Commission shall inform the customer that his/her letter has been received and that the remarks found therein shall be used in work for strengthening of the Good Banking Practices. If, in the Commission's opinion , the issue concerned upon the customer's complaint qualifies to be settled by the Banking Ombudsman, the Commission shall inform the customer on the adequate procedure.

10. The Commission shall use complaints and applications regarding the bank customers' individual issues for formulating assessments of general nature, referred to in clause 6. If, on the basis of analysis of the customer's letter or complaint, the Commission finds necessary to take a position in connection with the infringements of the Good Banking Practice Principles, it may submit its position in writing (not indicating the parties, however) and notify the said position to Presidents of the Boards of banks – members of the Polish Bank Association.
11. The proceedings before the Commission shall be started on the request of a bank – member of the Polish Bank Association, the Board of the Polish Bank Association or on the Commission's own initiative. Upon having the proceedings completed, the Commission shall issue an assessment stating whether or not an infringement of the Principles took place.
12. The Commission may communicate the opinions mentioned in clause 5 to Presidents of the Boards of banks - members of the Polish Bank Association.
13. The Commission shall notify its assessment to the Board of the Polish Bank Association in case of infringement of the Principles by the bank – member of the Polish Bank Association.
14. Assessments of general nature shall be entered into the Assessments Index constituting Appendix 2 to the Principles. The decision on entering the opinion into the Assessments Index shall be made by the resolution adopted by the General Meeting of the Polish Bank Association.
15. Starting from 2005, every second year the Commission shall present to the General Meeting of the Polish Bank Association a report on relations between banks and customers (so called "social audit"), containing evaluation of banks as public credit institutions in the financial market. The report concerned shall be prepared on the basis of information received from bank customers by the Commission.
16. The Commission shall annually provide the General Meeting of the Polish Bank Association with a report on the Commission's activities and recommendations in regard to opinions to be entered into the Assessments Index.
17. The Commission's organization and proceeding rules are described in the Rules and Regulations constituting Appendix 1 to the Principles.

Chapter VIII

Final provisions

1. The banks shall assure that the employees may always acquaint themselves with the Principles.
2. The banks shall acquaint with the Principles the third parties who, acting on behalf of banks, execute banking operations and shall assure following t the Principles by those parties.

3. The Good Banking Practice Principles shall enter into force as on the day of its adoption by the resolution of the General Meeting of the Polish Bank Association.

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*Appendix No. 1 to
the Good Banking
Practice Principles*

**RULES
of the Banking Ethics Commission**

1. The Banking Ethics Commission, hereinafter referred to as the „Commission”, shall act under the Good Banking Practice Principles and these Rules.
2. The Commission shall consist of 20-35 Members, appointed for 3-year term of office by the General Meeting of the Polish Bank Association in secret ballot.
3. Should number of the Commission Members be reduced fewer than 20 during the term of office, it shall be completed during the next General Meeting of the Polish Bank Association s, according to procedures described in points 2, 4 and 5.
4. Each Bank – a Member of the Polish Bank Association may propose any number of candidates for the Commission Members, taking into consideration provisions of the Chapter VII clause 3, upon obtaining previous written consent of the persons proposed thereby.
5. Proposals referred to in the point 4, can be submitted in writing by the Bank to the Office of the Polish Bank Association by two weeks before the date of the General Meeting of the Association at the latest, or it can be made orally, directly during the General Meeting session.
6. A Commission Member may quit his/her function during the term of office only due to important reasons and upon agreement with the recommending Bank.
7. The Management Board of the Polish Bank Association shall remove a Commission Member from the list in case of:
 - 1) the Member’s resignation from the function
 - 2) quitting job in the banking sector, upon withdrawal of the recommendation by the Bank and upon informing by the bank or a Commission Member,
 - 3) committing a crime by the Commission Member, which shall be confirmed by the valid court judgment,
 - 4) death of the Member.
8. Term of office of the Commission Members appointed pursuant to point 3 above shall expire at the same time as term of office of other Members.
9. Each Commission Member may be appointed for the subsequent term of office.
10. The Commission Members shall elect the Commission Chairman, his/her two Deputies and a Secretary from among them. Those persons shall constitute the Commission Presidium.
11. The Commission Presidium shall manage the Commission’s activity.
12. The Secretary Office, managed by the Commission Secretary, operates at the Commission Presidium.

13. Scope of the Commission's Secretary Office activity shall cover organizing and the Commission's work and office services for the Commission, as well as other activities provided for in these Rules.
14. Performing the Secretary Office tasks referred to in the point 12 may be entrusted, by the Management Board of the Polish Bank Association, to an organizational unit of the Association's Office or to another specialized entity.
15. Proceedings at the Commission shall be of two-instance character and shall be conducted in camera.
16. Commission shall settle First Instance cases with three-person bench and in the Second Instance – with five-person bench.
17. Proceedings shall be commenced upon a written application submitted in the Commission Secretary Office by entities specified in the Chapter VII clause 11 of the Good Banking Practice Principles.
18. Application for commencement of a proceedings shall contain:
 - 1) indication of the applicant;
 - 2) indicating the Bank, that – in the Applicant's opinion – has violated Good Banking Practice Principles or the Bank that has charged the Applicant of such violation,
 - 3) brief description of situation where – in the Applicant's opinion – the Principles referred to in the sub-point 2 above have been violated.
19. In case of the application's defect(s), the Commission Secretary Office shall call the Applicant for removal thereof within indicated deadline.
20. Should the Applicant fail to remove the defects within the indicated deadline the application shall be rejected.
21. Should the application for commencement of proceedings meet the requirements specified in the point 18 of these Rules, or its defects have been rejected by the deadline, the Commission shall commence the proceedings, appointing an Investigation Panel, according to procedure described in the point 23.
22. If, during consideration of the case, the Presidium states that other entities should participate in the proceedings as well, those entities shall be called to participate as parties to the proceedings concerned.
23. Composition of the Investigation Panel shall be proposed by the Secretary who shall take into consideration the character of the case and particular Commission Members' workload; members of the Investigation Panel shall be appointed by the Commission Presidium. The Panel shall be appointed within 30 working days from the date of receipt of the bank's written statement at the latest.
24. The Secretary shall inform the Investigation Panel Members on having them appointed to estimate the issue and shall deliver them the copy of the application and indicate the date of the first meeting.
25. Chairman of the Panel shall be elected by the Panel Members from among them.
26. The Secretary shall send to the Bank referred to in point 18, sub-point 2, a copy of the application, at the same time requesting the Bank to submit its written statement.
27. The Investigation Panel shall invite the parties to the meeting should they find hearing them useful for comprehensive settlement of the case.
28. The parties shall participate in the proceedings personally or be represented by attorneys. A party's attorney may be any individual person of full capacity to act.
29. During the proceedings the Investigation Panel shall take into consideration all circumstances important for its settlement; upon considering those circumstances the Panel shall issue, on behalf of the Commission, a written assessment regarding violation of Good Banking Practice Principles and shall take a decision whether or not to execute

- provisions of the Chapter VII, clauses 9 and 10 of the Principles. The assessment shall be signed by all members of the Investigation Panel.
30. In case of not allowing the application, in particular in situation described in the point 30, the Management Board of the Association may impose on the Applicant the proceedings costs, including costs of announcing the assessment in branch magazines.
 31. The assessment referred to in the point 29, shall be noted by the Secretary to the parties in written and accompanied by information on appeal track.
 32. The party refusing the First Instance assessment may submit a written appeal to the Second Instance within 21 days from the date the assessment concerned is delivered thereto.
 33. Provisions on proceedings at the First Instance shall be applied to the proceedings at the Second instance respectively.
 34. The assessment issued by the Commission in the Second Instance shall be final.
 35. Draft general assessment shall be prepared by Investigation Panels.
 36. Draft assessment of general nature shall be accepted by the Commission during its plenary meeting. Members of the Commission should be acquainted with a draft assessment at least 30 days prior to the Commission meeting.
 37. Documentation of cases settled by the Commission shall be kept in the Commission's Secretary Office for five years.
 38. The report referred to in the Chapter VII point 15 shall be made by the Commission on its own; the Commission shall appoint a panel for working the report out. The Commission may also request from the Polish Bank Association to collect materials within certain scope, including press materials, and to call experts in issues subject to processing for the purposes of working at the report concerned.
 39. The Commission's activity shall be financed according to rules established by the Polish Bank Association.