

*Regulations adopted by the resolution of the Supervisory Board dated May 24, 2005, amended by the resolution of the Supervisory Board dated December 5, 2005 and resolution of the Supervisory Board dated February 18, 2010.*

## **REGULATIONS OF THE AUDIT COMMITTEE OF BANK HANDLOWY W WARSZAWIE S.A.**

### **§ 1**

The Audit Committee (hereinafter referred to as “the Committee”) is a permanent committee of the Supervisory Board of Bank Handlowy w Warszawie S.A. (hereinafter referred to as “the Bank”). These Regulations set out the scope of activities, duties and operating procedures of the Committee.

### **§ 2**

1. The Committee’s members perform their functions under these Regulations based on Article 390 of the Commercial Companies Code.
2. The Committee shall submit to the Supervisory Board an annual report on its activities. The report for each calendar year shall be submitted by the end of the first quarter of the following year. The annual reports are made available to shareholders by placing them on the Bank’s websites.
3. The Committee shall report to the Supervisory Board at the Board's next meeting the proceedings of each meeting of the Committee and all recommendations made by the Committee at such meetings.
4. These Regulations of the Audit Committee are available on the Bank’s internet sites and at its registered office.

### **§ 3**

1. The Committee’s rights and duties shall include the following:
  - 1) monitoring of financial reporting;
  - 2) monitoring of internal control, internal audit and risk management systems’ effectiveness;
  - 3) monitoring of financial audit activities;
  - 4) monitoring of independence of auditor and entity authorized to audit the Bank’s financial statements, including provision of the services referred to in Article 48, section 2 of the Act of May 7 2009 on certified auditors, their self-government, entities authorized to audit financial statements and public supervision (Journal of Laws of 2009, No. 77, item 649), hereinafter referred to as the Act.
2. The Committee’s rights and duties with respect to monitoring of financial reporting shall consist of:

- 1) reviewing with the management and the auditor of the Bank:
  - a) appropriateness of the Bank's financial reporting;
  - b) any material changes to the Bank's accounting principles and tax system;
  - c) estimates and judgments of the Bank's management that may be material for the Bank's financial reporting;
  - d) all and any changes in the Bank's financial statements, that are recommended by the Bank's management or auditor.
- 2) reviewing the following issues and recommending to the Supervisory Board appropriate action to be undertaken with respect to:
  - a) the audited, consolidated, annual financial statements together with the opinion of the Bank's auditor thereon, the explanations obtained from the Bank's management of all significant variances between comparative reporting periods and, if appropriate, recommendations on approval by the Supervisory Board of the audited annual financial statements;
  - b) the published financial documents and reports for supervisory bodies.
3. The Committee's rights and duties with regard to monitoring for Internal Control, Internal Audit and Risk Management systems' effectiveness shall consist of:
  - 1) reviewing the control processes in consultation with internal and external auditors and the Compliance Department;
  - 2) reviewing and approval of the Audit Department's annual audit plan;
  - 3) reviewing the internal audit results;
  - 4) examining the influence of the issues addressed in regular reports of the Bank's management on the Bank's internal control systems and its financial reporting with respect to:
    - a) the Bank's principal types of risk;
    - b) the systems implemented to monitor those types of risks;
    - c) the risk management strategies.
4. The Committee's duties in respect of the financial audit activities shall consist of:
  - 1) recommending to the Supervisory Board the selection of an entity authorized to audit the Bank's financial statements;
  - 2) reviewing the terms and conditions of the agreement for audit services provided by an entity authorized to audit financial statements, including approval of such entity's remuneration;
  - 3) monitoring independence of an entity authorized to audit financial statements and of the Bank's auditor;
  - 4) recommending on termination of the agreement with an entity authorized to audit financial statements due to exceptional circumstances;
5. The Audit Committee rights and duties with respect to monitoring for independence of entity authorized to audit the Bank's financial statements and auditor carrying out financial audit activities that include in particular:
  - 1) examination of statement on independence of entity authorized to audit the Bank's financial statements and auditor carrying out financial audit activities;

- 2) assessment of information on the services provided for the Bank, referred to in Article 48, section 2 of the above-mentioned Act.

#### **§ 4**

1. The Audit Committee shall be composed of at least three members of the Supervisory Board designated by the Supervisory Board, with two independent members and one of them acting as the Committee's Chairman. At least one member of the Committee should meet the independence requirements referred to in Article 56 section 3 point 1, 3, 5 of the Act and possess relevant accounting or financial audit qualifications.
2. The Committee's members, including the Chairman and the Vice Chairman, shall be elected by the Supervisory Board.
3. All of the members of the Committee shall be financially literate.
4. The presence of at least 3 (three) members of the Committee members shall be required at a meeting for the validity of its resolutions.

#### **§ 5**

1. The Chairman shall convene a meeting of the Committee on his own initiative or at the request of a member of the Committee. If the Chairman of the Committee cannot, for any reason, call the meeting, the Vice Chairman shall do so. A meeting of the Committee may also be convened at the request of the Chairman of the Bank's Supervisory Board.
2. The Secretary of the Committee, who is also the Secretary of the Supervisory Board, shall distribute to the members of the Committee a notice to convene a meeting. The notice will include the agenda as well as materials, which will represent the subject matter of the meeting.
3. The Committee shall meet at least four times annually, on dates specified by the Chairman of the Committee in cooperation with the Vice Chairman of the Committee.
4. The Committee shall meet with:
  - 1) the Head of the Audit Department, without any member of the Bank's management present;
  - 2) the Bank's auditor, without any member of the Bank's management present.
5. The Committee may also meet with:
  - 1) its members only;
  - 2) individual members of the Bank's management as the Committee considers appropriate.

## **§ 6**

1. The agenda of the meeting of the Committee shall consist of fixed items and matters examined on the motion.
2. A list of fixed items reviewed at the meeting of the Committee shall be determined by way of a resolution of the Committee.
3. Matters for the meeting of the Committee may be brought up by the Supervisory Board and individual members of the Committee and by the remaining members of the Supervisory Board and the Management Board.

## **§ 7**

1. On the basis of materials received, the Secretary shall prepare a draft agenda of a meeting with a list of invited persons and submit it to the Chairman and the Vice Chairman for approval.
2. If approved by the Chairman and Vice Chairman, the agenda of a meeting shall be delivered with necessary materials to the members of the Committee.
3. Members of the Committee should receive motions (and annexes if possible) not later than 7 (seven) days prior to the meeting.

## **§ 8**

1. All members of the Committee are required to attend its meetings.
2. A member of the Committee member who is not able to attend the meeting shall notify the Secretary of the Committee within 7 (seven) days prior to the meeting.
3. The Committee may retain such consultants or advisors as it may require to assist it and may invite officers and employees of the Bank or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.
4. Persons invited by the Chairman and Vice Chairman, in order to report on particular matters, shall attend the Committee's meeting or a part thereof.

## **§ 9**

1. The Chairman of the Committee shall chair meetings of the Committee. In case of the absence of the Chairman, the Vice Chairman shall chair the meeting of the Committee.
2. The Chairman of the Committee in cooperation with the Vice Chairman of the Committee may decide to remove a matter from the agenda, particularly in order to have a motion supplemented or an opinion given.

## **§ 10**

The Committee shall adopt its resolutions by absolute majority of votes of members of the Committee present at the meeting.

## **§ 11**

1. The Chairman in agreement with the Vice Chairman may adopt a decision to review an issue under circulation procedure. A decision made under circulation procedure is valid when all members of the Committee have been notified of the content of a draft decision and the decision has been adopted by the absolute majority of the Committee members.
2. Resolutions adopted under circulation procedure are recorded in the minutes of the nearest meeting of the Committee.
3. A matter shall not be reviewed under circulation procedure if at least one member of the Committee does not agree to such procedure.
4. In the situation referred to in Section 1, members of the Committee shall express their position on the presented draft of a resolution after they have reviewed the materials made available to them by the Secretary of the Committee.

## **§ 12**

The Committee's member who votes against may demand their contrary opinion to be recorded in the minutes.

## **§ 13**

1. Minutes of the Committee's meetings shall be maintained and shall contain:
  - 1) ordering number;
  - 2) date of meeting;
  - 3) agenda of the meeting;
  - 4) list of attendance;
  - 5) content of adopted resolutions;
  - 6) results of voting, separate opinions,
  - 7) other decisions of the Committee.
2. The minutes shall be signed by the Chairman, the Vice-Chairman and the Secretary.
3. The minutes of the Committee's meeting shall be approved by the Committee's members at the next meeting of the Committee.
4. The signed list of the meeting's attendance shall be attached to the minutes.
5. The Secretary of the Supervisory Board shall keep, on the Committee's behalf, the minutes of the Committee's meetings and any other materials of the Committee.

This resolution enters into force on the day it is adopted.