

*Regulations adopted by the resolution of the Supervisory Board dated May 24, 2005, amended by the resolution of the Supervisory Board dated September 29, 2005 and amended by the resolution of the Supervisory Board dated September 26, 2006 and amended by the resolution of the Supervisory Board dated December 14, 2007, and resolution of the Supervisory Board dated 17 September 2008 r.*

**REGULATIONS  
OF THE SUPERVISORY BOARD  
OF BANK HANDLOWY W WARSZAWIE S.A.**

**§ 1**

The Supervisory Board is the statutory supervisory body of the Company acting on the basis of the Articles of Association and the Regulations, which were adopted in accordance with § 16 Section 2 of the Bank's Articles of Association.

**§ 2**

1. The Supervisory Board carries out activities overseen by provisions of law and the Bank's Articles of Association, in accordance with the Regulations.
2. Except for the rights provided for in applicable laws, the Supervisory Board is authorized to resolve in particular upon:
  - 1) appointing and dismissing the President of the Management Board in a secret ballot,
  - 2) appointing and dismissing in a secret ballot, upon the motion of the Management Board's President, Vice-presidents and other members of the Bank's Management Board,
  - 3) determining terms and conditions of agreements regulating the employment or other legal relationship between members of the Management Board and the Bank;
  - 4) expressing consent for opening and closing of a branch office abroad,
  - 5) adopting regulations of the Supervisory Board and approving the following documents adopted by the Bank's Management Board:
    - a) regulations of the Management Board,
    - b) regulations for the application of special funds created out of net profit,
  - 6) expressing prior consent for the disposal of the Bank's fixed assets, when the value thereof exceeds one tenth of the Bank's share capital,
  - 7) appointing the Bank's auditor,
  - 8) granting consent for the employment and dismissal of the person in charge of the internal Audit Department upon the motion of the Management Board,";
  - 9) supervising operations of the internal control in the Bank, pursuant to the rules as set forth separately in the Bank's Articles of Association and the Regulations of the Audit Committee.

- 10) any performance to be made by the Bank or any of its associated entities for any reason whatsoever, to the benefit of any of the Management Board's members and granting consent for the conclusion by the Bank or its subsidiary of a material agreement with any entity associated with the Bank, the Supervisory Board member, the Management Board member or entities associated with them.
  - 11) supervision over the management system implementation and monitoring in the Bank, including in particular supervision over the compliance risk management, and the assessment of the system adequacy and efficiency, at least once a year,
  - 12) approving the Bank's operation strategy and the rules of the prudent and stable Bank management,
  - 13) approving the general organizational structure of the Bank adapted to the scope and profile of the risk borne and determined by the Bank's Management Board,
  - 14) approving the general Bank's risk level,
  - 15) approving the Bank's compliance risk policy,
  - 16) approving the Bank's internal procedures regarding internal capital assessment and capital management processes as well as capital planning,
  - 17) approving the Bank's information policy,
  - 18) approving the internal control procedure.
3. The Supervisory Board shall obtain the following information and reports from the Bank's Management Board:
- 1) immediately after their development, however not later than 120 (one hundred twenty) days after the lapse of each financial year, the annual stand-alone and consolidated financial statements drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards and audited by the Bank's certified auditor,
  - 2) immediately after its development and in any case not later than before the lapse of each financial year, a draft annual plan for the following financial year, on a consolidated basis,
  - 3) other periodical information and reports pursuant to the Supervisory Board resolution,
  - 4) without delay, other financial data available that relate to the Bank's operations and financial status as well as the operations and financial status of the Bank's subsidiaries that a member of the Supervisory Board may reasonably require,
  - 5) periodical information on the types and levels of the Bank operations risk,
  - 6) report on the Bank's compliance risk management,
  - 7) based on internal control actions, in the post-audit report, current and accurate information on any substantial matters related to the internal controls conducted.

### **§ 3**

1. The Supervisory Board shall consist of 5 (five) to 12 (twelve) members, elected by the General Meeting for a term of office of three years.
2. The General Meeting shall decide in accordance with the Bank's Articles of Association on a number of the Supervisory Board's members.
3. The procedure for the election of the members of the Supervisory Board is defined in the Bank's Articles of Association and the Regulations of the General Meeting.

### **§ 4**

The Supervisory Board shall elect from among its members the Chairman and the Vice-chairmen of the Supervisory Board. The election shall be held during the Supervisory Board's meeting in a secret ballot.

### **§ 5**

The Supervisory Board shall appoint and dismiss the Supervisory Board's Secretary.

### **§ 6**

The Supervisory Board's members perform their duties personally.

### **§ 7**

1. The Supervisory Board shall perform its duties collectively, subject to Section 2 below.
2. Each member of the Supervisory Board shall be entitled to obtain from the Management Board information necessary to perform its duties. Upon the motion of at least two members, the Supervisory Board shall review the specified branch of the Bank's activities, demand from the Management Board or the Bank's employees reports and explanations, review the assets, verify the Bank's books and records, according to such members' motion. The Supervisory Board may only reject such motion through the adoption of a resolution.

### **§ 8**

1. Meetings of the Supervisory Board shall take place at least once a quarter.
2. The Supervisory Board's members shall attend the General Meeting. The explanation of the absence of the Supervisory Board's member shall be submitted

to the Chairman of the Supervisory Board in writing, at the latest on the day preceding the General Meeting, unless the absence results from the reason, which could not be foreseen. The Chairman of the Supervisory Board, one of the Vice-chairmen or an authorized person shall submit to the minutes of the General Meeting the reasons for the absence of a given Supervisory Board's member.

3. The Supervisory Board's members shall within the scope of their powers provide the General Meeting's attendants with explanations and information relating to the Bank to the indispensable extent.

### **§ 9**

1. A meeting of the Supervisory Board shall be convened by the Chairman of Supervisory Board and during his absence by one of the Vice-chairmen of the Supervisory Board, on his own initiative, upon the motion of a Supervisory Board's member or upon the motion of the Bank's Management Board.
2. The Chairman of the Supervisory Board may establish fixed dates, on which meetings of the Supervisory Board shall take place.

### **§ 10**

1. A notification of convening a meeting of the Supervisory Board (or the Committees of the Supervisory Board) containing the agenda and the materials for the debate shall be sent by the Supervisory Board's Secretary to the Supervisory Board's members (or respectively to Committee's members) by e-mail in encrypted form, by courier or registered letter upon the confirmation of receipt, at least 7 (seven) days before a meeting.
2. In urgent cases the Chairman of the Supervisory Board or one of the Vice-chairmen of the Supervisory Board, in circumstances as set forth in § 9 Section 1 above, may order the way of notifying the Supervisory Board's members of the date of a meeting other than stated in Section 1.

### **§ 11**

The Supervisory Board's meetings shall be chaired by the Chairman of the Supervisory Board, and in case of his absence, by one of Vice-chairmen of the Supervisory Board and if, both of them are absent, by a member of the Supervisory Board elected by remaining members.

### **§ 12**

1. The presence of at least a half of the Supervisory Board's members shall be required at a meeting for the validity of its resolutions.

2. Resolutions of the Supervisory Board shall be adopted with the absolute majority of votes.
3. Without consent of the majority of independent Supervisory Board's members none of the following resolutions shall be passed:
  - 1) on any performance to be made by the Bank or any of its affiliates for any reason whatsoever, to the benefit of any of the Management Board's members,
  - 2) on consent for the conclusion by the Bank or its subsidiary a material agreement with any entity associated with the Bank, the Supervisory Board's member or the Management Board's member or entities associated with them,
  - 3) on selection of an auditor for auditing the Bank's annual report.
4. A material agreement, referred to in Section 3 Item 2 above, shall be an agreement:
  - 1) with a value having influence on the Bank's financial results exceeding 5% of the net income, presented in the last annual standalone financial statement of the Bank, reviewed by an auditor, or
  - 2) with a value exceeding 0.5% of the balance sheet sum, presented in the last annual standalone financial statement of the Bank, reviewed by an auditor, or
  - 3) with which high legal, regulatory or reputation risk is connected, or
  - 4) to be concluded with an entity associated with the Bank with a value exceeding the equivalent of EUR 500,000,

except for agreements concluded within the day-to-day operational activity, in particular connected with liquidity management.

A value of an agreement shall mean a value of cash and non-cash charges determined during the negotiations of such agreement that the bank will be obliged to pay under the agreement. If an agreement is to be concluded for an indefinite period of time or a period exceeding 1 (one) year, for the determination of its value for the above purposes the estimated charges for a 1-year period shall be taken into account.

5. Each member of the Supervisory Board shall be obliged to inform other members of a conflict of interest, which has arisen and shall not take part in a discussion or vote on a resolution regarding the matter, in relation to which the conflict arose.
6. The Supervisory Board shall take resolutions in an open ballot, subject to the provision of § 2 Section 2 Items 1 and 2. The chairman of the debate may order a secret ballot on his own initiative or upon the motion of the Supervisory Board member.

## § 13

A resolution of the Supervisory Board shall come into force on the date of its adoption, unless the resolution provides the later date of coming into force.

#### **§ 14**

1. Minutes shall be made from the Supervisory Board's meetings and shall contain: an agenda, first names and surnames of the Supervisory Board's members present at the meeting, the number of the Supervisory Board's members absent with the reason for such absence, the number of votes for separate resolutions, dissenting opinions and the complete text of the adopted resolutions.
2. A list of the Supervisory Board's members present at the meeting and other persons participating in the meeting constitutes an appendix to the minutes.
3. The minutes shall be signed by all members of the Supervisory Board present at the meeting.
4. The minutes of the Supervisory Board's meetings of its term of office shall be kept in separate collection, maintained by the Bank.

#### **§ 15**

1. Members of the Bank's Management Board participate in the Supervisory Board meetings, save for meetings or items directly relating to the Management Board.
2. Upon motion of the Chairman of the Supervisory Board or of the Bank's Management Board, the Bank's employees or persons from outside the Bank competent for a given matter may participate in the meetings. The person managing the Audit Department may also participate in the Supervisory Board meetings when matters related to the internal control functions are being examined. The person managing the Audit Department shall participate in the Supervisory Board meeting where the Audit Department operations are discussed at least once a year.
3. In particularly justified circumstances the Chairman of the Supervisory Board may order the debates without the participation of persons that are not the Supervisory Board's members, even if the foregoing provides otherwise.

#### **§ 16**

The permanent Committees of the Supervisory Board shall be:

- 1) Audit Committee, and
- 2) Remuneration Committee,
- 3) Risk and Capital Committee.

## **§ 17**

1. The Audit Committee shall be composed of the Supervisory Board's members appointed by the Supervisory Board. The Audit Committee shall include at least two independent members and one of them shall be the Committee's Chairman.
2. The Audit Committee shall be responsible for matters described in detail in the Regulations of the Audit Committee adopted by the Supervisory Board.
3. The Supervisory Board shall pass resolutions on the recommendation of the Bank's auditors, exclusively upon the motion of the Audit Committee.
4. The Audit Committee shall submit to the Supervisory Board an annual report on its activities.

## **§ 18**

1. The Remuneration Committee shall be composed of the Supervisory Board's members, appointed by the Supervisory Board.
2. The Remuneration Committee shall be responsible for matters described in detail in the Regulations of the Remuneration Committee adopted by the Supervisory Board, including the principles and level of compensation for the members of the Bank's Management Board.
3. The Supervisory Board shall pass resolutions on the principles and level of compensation for the members of the Bank's Management Board, exclusively upon the motion of the Remuneration Committee.
4. The Remuneration Committee shall submit to the Supervisory Board an annual report on its activities.

## **§ 18a**

1. The Risk and Capital Committee shall be composed of the Supervisory Board's members, appointed by the Supervisory Board.
2. The Risk and Capital Committee shall be responsible for matters described in detail in the Regulations of the Remuneration Committee adopted by the Supervisory Board, including the supervision of the risk management and the process of internal capital estimation and capital management.
3. The Risk and Capital Committee shall submit to the Supervisory Board an annual report on its activities.

## **§ 19**

The Supervisory Board may pass a resolution on the establishment of committees other than those defined in § 16 of the Regulations, which shall consist exclusively of the members of the Supervisory Board. The resolution of the Supervisory Board shall define the scope of activity of such committee.

## **§ 20**

1. The chairman of the Supervisory Board's committee shall be elected by the Supervisory Board from among members of such committee.
2. A meeting of the committee shall be convened by its chairman on his own initiative or at the request of a member of the committee or the Chairman or one of Vice-chairmen of the Supervisory Board.
3. The committee shall pass resolutions with the absolute majority of votes of those present committee members, unless the resolution on the establishment of a committee provides otherwise.

## **§ 21**

1. Minutes shall be taken from meetings of the committees.
2. The provisions of the regulations of the committee shall apply to the minutes taken from the committees' meetings.

## **§ 22**

In contacts with the mass media, the Supervisory Board's members may only disclose generally available information concerning the Bank. The disclosure of other information or restricted data shall be reserved for the Chairman of the Supervisory Board.