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, resolution of the Supervisory Board dated February 18, 2010, the resolution of the Supervisory Board dated December 9, 2011, the resolution of the Supervisory Board dated November 7, 2013, the resolution of the Supervisory Board dated December 8, 2017, and by the resolution of the Supervisory Board dated March 20, 2019.

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. In performing its duties, the Committee follows also the guidelines set forth in the “Recommendations on the works of the Audit Committee” issued by the Office of the Polish Financial Supervision Authority.

§ 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:
      a) the financial reporting process;
      b) effectiveness of the internal control systems, risk management systems and internal audit, also in the area of financial reporting;
      c) performance of audit activities, in particular performance by an audit company of an audit of the annual financial statements while taking into consideration
any and all motions and findings of the Audit Supervision Authority arising from the control activities carried out within the audit company;

2) controlling and monitoring independence of the statutory auditor and of the audit company, in particular when the services other than audit and review of financial statements are provided to the Bank by the audit company;

3) informing the Supervisory Board about the results of the audit of the annual financial statements and explaining of the manner in which the audit contributed to reliability of financial reporting at the Bank and the role of the Audit Committee in the audit process;

4) assessing independence of the statutory auditor and granting consent to provision by the statutory auditor of permitted services other than the audit of annual financial statements;

5) developing a policy for selecting the audit company to audit annual financial statements;

6) developing a policy governing provision by the audit company auditing annual financial statements, entities affiliated with that audit company and by any member of the audit company’s network of permitted services other than audit;

7) defining the procedure for selection of the audit company by the Bank;

8) presenting to the Supervisory Board a recommendation designating the audit company whom the Committee proposes to entrust the audit of annual financial statements in compliance with the policies referred to in Sub-Sections 5 and 6;

9) submitting recommendations designed to ensure integrity of the financial reporting process at the Bank;

10) developing of rules of conduct in the scope of the process of disclosure and exchange of data and information between the Polish Financial Supervision Authority, audit company, key certified auditor and the Bank’s unit responsible for control mechanisms within the internal control system.

2. The Committee’s rights and duties with respect to monitoring of financial reporting shall consist of:

1) reviewing with the Bank’s management and the audit company:
   a) correctness of the financial reporting;
   b) any material changes to the accounting principles and tax system;
   c) estimates and judgments of the Bank’s management that may be material for the financial reporting;
   d) all and any changes in the financial statements recommended by the Bank’s management or the audit company.

2) reviewing the following issues and recommending to the Supervisory Board appropriate action to be undertaken with respect to:
   a) annual financial statements audited by the statutory auditor and the reports from the audit drafted by the statutory auditor, the explanations obtained from the Bank’s management of all significant variances between comparative reporting periods and, if appropriate, recommendations on approval of audited financial statements by the Supervisory Board;
   b) the published financial documents and reports for supervisory bodies.
3. The Committee’s competences with regard to monitoring of effectiveness of internal control systems, risk management systems and internal audit, also in the area of financial reporting, shall consist of:

1) presenting to the Supervisory Board, for the purpose of annual assessment by the Supervisory Board, the opinion on adequacy and effectiveness of the internal control system, including assessment of adequacy and effectiveness of the control function, Compliance Department and Audit Department;
2) reviewing the control processes in consultation with internal and external auditors and the compliance unit;
3) giving opinions on the Bank’s Compliance Policy, operating regulations of the compliance unit and the Bank’s annual compliance plan;
4) approving the Report on execution of the compliance function and management of compliance risk at the Bank;
5) reviewing and approval of the Audit Department’s annual audit plan;
6) reviewing the internal audit results;
7) 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,
8) supervising the works of the Audit Department,
9) controlling the level of remuneration of the employees of the Audit Department and the compliance unit,
10) giving opinions on the operating strategy of the Audit Department.

4. The Committee’s competencies in respect of monitoring of performance of financial audit activities, in particular the audit by the audit company of the annual financial statements while taking into consideration any and all motions and findings of the Audit Supervision Authority arising from the control activities carried out within the audit company shall consist of:

1) recommending to the Supervisory Board the audit company to audit and verify the Bank’s financial statements;
2) monitoring independence of the audit company and independence of the statutory auditor performing financial audit activities;
3) recommending on termination of the agreement with audit company due to exceptional circumstances;

5. The Audit Committee’s competencies with respect to controlling and monitoring of independence of the statutory auditor and of the audit company, in particular when the audit company provides to the Bank the services other than audit of the annual financial statements shall consist specifically in:

1) assessing the statement confirming independence of the audit company and of the statutory auditor performing financial audit activities; and
2) assessing the information about the services provided for the Bank.
6. The Audit Committee may make the additional report prepared by the audit company available to the General Meeting of Shareholders.

§ 4

1. The Audit Committee shall be composed of at least three members of the Supervisory Board designated by the Supervisory Board. The majority of members of the Audit Committee, including the Chairman of that Committee, shall be independent within the meaning of Article 129 Section 3 of the Act on Statutory Auditors, Audit Companies and Public Supervision of 11 May 2017. The Chairman of the Audit Committee shall additionally meet the independence criteria designated in Para. 14 Section 4 of the Articles of Association. The members of the Audit Committee shall possess the knowledge and skills from the financial sector. This condition is deemed fulfilled if at least one member of the Audit Committee possesses the knowledge and skills from that sector or individual members possess the knowledge and skills from that sector within specific scopes. At least one member of the Audit Committee possesses the knowledge and skills in the area of accounting or audit of financial statements.

2. The Committee’s members, including the Chairman and the Vice Chairman, shall be elected by the Supervisory Board.

3. The newly appointed Committee member shall receive from the Chairman or Vice Chairman of the Committee, and in case of their absence, from the Secretary of the Committee, a set of information and documents which will allow such a new member to prepare effectively for performing their duties in the Committee. This set includes in particular a brief description of the Bank’s operations, its organizational and decision-making structure, information on the organizational manner of financial reporting, internal control and risk management system; mid-year and annual reports that contain the opinion and report of an independent certified auditor authorized to audit financial statements, the Regulations and the Schedule of Works of the Committee for the upcoming period and the reports from the works of the Committee in previous years.

4. The Bank provides the Committee members with an opportunity to improve their qualifications relating to the financial sector, in particular by organizing at least once every two years of training for members of the Committee relating to the financial sector.

5. 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. If the Chairman of the Committee cannot, for any reason, convene the meeting, the Vice Chairman shall do so. A meeting of the Committee may also be convened at the request of a member of the Committee or 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 may 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, individual members of the Committee, the remaining members of the Supervisory Board, the Bank’s Management Board and the members of the Bank’s 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 Supervisory Board within 7 (seven) days prior to the meeting.

3. The Committee may seek opinions from consultants and may invite the employees of the Bank or any other persons to attend meetings of the Committee to discuss or examine the matters under consideration by the Committee.

4. The persons invited by the person chairing the meeting of the Committee, in particular the persons reporting on individual items of the meeting’s agenda shall attend the Committee’s meeting or a relevant part thereof.

5. When the issues associated with the internal control system constitute the subject-matter of the meeting, such meeting shall be attended by the head of the compliance unit and the Director of the Audit Department.

§ 9

1. The Chairman of the Committee shall chair meetings of the Committee. In the case of the absence of the Chairman, the Vice Chairman shall chair the meeting of the Committee.

2. The Chairman of the Committee in consultation with the Vice Chairman of the Committee may decide to remove a matter from the agenda, prior to the start of the meeting, 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 Supervisory Board.

§ 12

The Committee’s member who votes against may demand their dissenting 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 of the Supervisory Board.

3. The minutes of the Committee’s meeting shall be approved by the Committee 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.