

Report of the Audit Committee of the Supervisory Board  
of Bank Handlowy w Warszawie S.A.  
for the year 2022

The Audit Committee of Bank Handlowy w Warszawie SA (the “Bank”) is a standing committee of the Bank’s Supervisory Board. The Audit Committee is composed of three or more Supervisory Board members appointed by the Supervisory Board. The majority of members of the Audit Committee, including its Chairman, are independent within the meaning of Article 129(3) of the Act of May 11, 2017 on auditors, audit firms and public supervision. Information in this regard shall be subject to the verification process described in Appendix No. 1 to the Regulations. The Chairperson of the Audit Committee also meets independence criteria set out in § 14(4) of the Charter. Members of the Audit Committee have knowledge and skills related to the financial sector. This condition is considered met if at least one member of the Audit Committee has knowledge and skills related to that sector or particular members have knowledge and skills related to that sector in determined scopes. At least one member of the Audit Committee has knowledge and skills related to accounting or audit of financial statements. The detailed criteria with respect to knowledge, competences and experience in the area of accounting or audit of financial statements, expected of members of the Audit Committee, are indicated in the Policy for assessment of qualifications of members of the Supervisory Board of Bank Handlowy w Warszawie S.A.

The Committee operates in accordance with its regulations as set forth in Article 390 of the Commercial Companies Code. In performing its duties, the Committee applies also the guidelines set forth in the “Recommendations concerning work of the Audit Committee” issued by the Office of the Polish Financial Supervision Authority.

The Committee’s Regulations are displayed on the Bank’s website [www.citihandlowy.pl](http://www.citihandlowy.pl). Under these regulations, the Audit Committee oversees the reliability of the Bank’s financial reporting, its systems of internal control and the process for monitoring and evaluating the risks to which the Bank is exposed. The Committee also reviews and assesses the independence and results of the external auditor examinations.

In 2022, the Audit Committee was composed of the following members: Ms. Barbara Smalska as Chairperson, Mr. Frank Mannion as Vice Chairman (until March 31, 2022), Ms. Kristine Braden as Vice Chairperson (from April 1 to July 7, 2022), Ms. Silvia Carpitella as Vice Chairperson (since July 8, 2022) and Ms. Anna Rulkiewicz as Member of the Committee.

The current composition of the Audit Committee is as follows:

- 1) Ms. Barbara Smalska – Chairperson (independent member);
- 2) Ms. Silvia Carpitella – Vice Chairperson;
- 3) Ms. Anna Rulkiewicz (independent member).

During the reporting period, the Audit Committee met four times on the following dates:

<b>No.</b>	<b>Date of the meeting</b>	<b>Attendance</b>
1.	22-24 March 2022	100%
2.	11 May 2022	100%
3.	29 September 2022	100%
4.	02 December 2022	100%

The Audit Committee is in frequent contact with the Bank’s Supervisory Board and with the Bank’s Management; the representatives of the external auditor take part in the Committee meetings related to financial statements.

At its meeting on March 22, 2022, within the frames of supervision over financial reporting, the Audit Committee carried out, supported by the Bank’s management and statutory auditor, review of annual financial statements (stand-alone and consolidated) and, having got acquainted with the draft report of the statutory auditor and after a discussion with KPMG’s representatives, adopted the resolution regarding recommending the Supervisory Board to approve the “Annual financial statements of Bank Handlowy w Warszawie S.A. for the fiscal year ended on 31 December 2021”, “Report on the business activities of Bank Handlowy w Warszawie S.A. in 2021” and “Annual consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the fiscal year ended on 31 December 2021” and “Report on business activities of the Capital Group”. The Committee received the information concerning the solvency ratio in accordance with the document “Information on Capital Adequacy in the Capital Group of Bank Handlowy w Warszawie S.A. as at December 31, 2021”. Further, the Committee analyzed human resources of the Financial Reporting, Control and Tax Department. After that, the Committee examined a motion concerning the selection of an audit firm to conduct the audit and review of the financial statements of the Bank and its Group and adopted a resolution recommending a selection of an audit firm for the Supervisory Board.

In the second part of the meeting, after it was resumed on March 24, 2022 after a break, the Committee accepted the Report on the activities of the Audit Committee in 2021. As the next item, the Committee adopted the so-called Checklist, which represents an annual work plan of the Committee. Under the next item, the Audit Committee carried out an annual review of its regulations. No need was identified to amend them. Changes may be necessary in the future in connection with that correspondence from the KNF

indicating that it will be possible that some disclosures can be approved by the Audit Committee, instead of the entire Supervisory Board.

Under the item concerning the activities of the Internal Audit Department, the Committee accepted and positively assessed the “Internal Audit Department Report for 2021”. The Committee was presented the update on the assessment of organizational independence of the Internal Audit Department. The Regulations of the Internal Audit Department set out that the Internal Audit Department is independent within the organization. The status of the Internal Audit Department as independent unit did not change in 2021. Current reporting rules applicable to Internal Audit enable it to perform its duties and do not limit the responsibility of the Internal Audit Head to the Audit Committee. In addition, there were no limitations of the scope of work, resources and access that would affect Internal Audit Department.

The Committee was presented the information on implementation of the Internal Audit Department Strategy in the years 2019-2021. After that, the Committee approved the new long-term Strategy for the Internal Audit Department for 2022-2024 and passed a resolution concerning amendments to the “Regulations of the Internal Audit Committee.” The Committee also discussed the results of implementation of the Internal Audit Quality Assurance and Improvement Plan.

As the next item on the agenda, the Committee conducted an annual assessment of adequacy and effectiveness of the internal control system, including the adequacy and effectiveness of the control function, compliance unit and internal audit unit. The Committee concluded that the internal control system was adequate and effective and recommended that the Supervisory Board confirm that assessment in the “Report on the activities of the Supervisory Board of Bank Handlowy w Warszawie S.A.”

The Committee adopted a resolution concerning a recommendation for the Supervisory Board related to approval of the Annual Report on performance of the compliance monitoring function and the compliance risk management function in Bank Handlowy w Warszawie S.A. in 2021 and issued a positive opinion on the Annual Plan of the Bank’s Operations Compliance in 2022.

Next, the Committee passed a resolution to recommend that the Supervisory Board accept the amendments to the “Rules of Conduct of employees of Bank Handlowy w Warszawie S.A. (Code of Ethics)” and to the “Policy determining the principles of cooperation of Bank Handlowy w Warszawie S.A. with the Parent Company.”

Having reviewed the Report of the Compliance Department for Regulations and Regulatory Relations on independent assessment of the Bank’s compliance with Principles of Corporate Governance for Supervised Institutions, the Audit Committee

recommended that the Supervisory Board confirm that in 2021 the Bank acted in accordance with the Principles of Corporate Governance for Supervised Institutions, with the exception of those principles which were decided not to be applied.

Having reviewed the “Report of the Compliance Department concerning the operation of the Procedure of Anonymous Notification by Employees of Infringements of Law in 2021,” prepared by the Compliance Department, the Committee recommended that the Supervisory Board conclude that in 2021 the Bank implemented and used adequate and effective procedures for the anonymous reporting by employees of infringements, arising from § 45 of the “Regulation of the Minister of Development and Finance on a risk management system and internal control system, remuneration policy and detailed method of estimating internal capital in banks”.

The Audit Committee issued a recommendation for the Supervisory Board to acknowledge the information presented in the Annual Report of the Bank's Management Board on the implementation of the investment policy of the Bank for 2021.

At the meeting on May 11, 2022, apart from standing agenda items, the Audit Committee passed a resolution to recommend that the Supervisory Board adopt the document “Disclosure of relevant information on the policy of management of conflicts of interest adopted at Bank Handlowy w Warszawie S.A. under Recommendation Z of the Polish Financial Supervision Authority,” which contains selected information on the management of conflicts of interest and on identified significant conflicts of interest. As a result of the review carried out at the Bank, no significant conflicts of interest within the meaning of Recommendation Z were identified.

The Committee was presented an analysis of the costs of systems that support the Consumer Banking segment and the costs of technology-related projects, and adopted appropriate recommendations for the Supervisory Board.

As the next item, upon an analysis, the Audit Committee recommended that the Supervisory Board acknowledge the annual report on the management of the risks connected with the outsourcing of activities to third party vendors under critical or important agreements, including bank and investment outsourcing agreements, at Bank Handlowy w Warszawie S.A., in 2021.

As the next item, the Committee was informed of the activities in the area of information security management and the status of the corrective actions initiated to resolve the control issues identified during the audit conducted in this area in 2021. In addition, the Committee was informed of the status of implementation of the post-audit recommendations issued by the Internal Audit Department in the area of data management at the Bank.

At the next meeting, on September 29, 2022, in addition to regular agenda, the Audit Committee acknowledged the Condensed Interim Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the period of 6 months ended June 30, 2022, together with the independent auditor's report from audit, Condensed Interim Standalone Financial Statements of Bank Handlowy w Warszawie S.A. for the period of 6 months ended June 30, 2022 together with the independent auditor's report from audit, and the Report on activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the first half of 2022.

Then, the Committee approved the amended proposal of KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. for the audits of the annual financial statements and the reviews of the semi-annual condensed financial statements in the years from 2022 until 2024.

The Committee positively assessed the amended "Policy of cooperation between Bank Handlowy w Warszawie S.A. and its parent company" and recommended its approval by the Supervisory Board. The amendment was made to implement a post-audit recommendation of the Polish Financial Supervisory Authority.

Further, upon an analysis, the Committee recommended that the Supervisory Board acknowledge the report on the assessment of implementation of the agreements for outsourcing of critical or key functions of the Bank in the first half of 2022.

During its meeting in December, on December 2, 2022, in addition to regular agenda, the Audit Committee accepted the approval of the "Audit Plan of Bank Handlowy w Warszawie S.A. for 2023". The Committee was presented a report on the management reporting and planning processes and adopted recommendation for the Supervisory Board regarding the document "Internal Control System Principles in Bank Handlowy w Warszawie S.A." Next, the Committee positively assessed the proposed amendment to the agreement on the provisions of operational services related to the information and communications technology infrastructure and data center services between the Bank and one of its affiliates. As the last item, the Committee carried out an annual control of remuneration level for the employees of the Internal Audit Department and the Compliance Division in 2022.

The ongoing verification of the Audit Committee covered the following areas: the impact of the war in Ukraine on operations of the Bank, implementation of strategic goals, appropriateness of the Bank's accounting and financial reporting, any changes to the Bank's accounting and financial reporting as recommended by the Management or the Bank's statutory auditor, the accounting treatment of significant risks, key estimates and judgments of the Management that may be material to the Bank's financial reporting. Monitoring also covered assurance services provided by the auditing firm.

Within the framework of its competence concerning internal audit, at its meeting held on December 3, 2021, the Audit Committee verified and approved the Internal Audit Department's Annual Audit Plan and then supervised the execution of the audit plan in 2022 on the basis of quarterly reports submitted by the Audit Department Head. The Committee also regularly reviewed the processes related to the assessment of internal controls in the Bank. The Committee analyzed key risk areas of internal control that were highlighted as a result of the Management's control and self-assessment process and/or as a result of internal audit findings. The Committee assessed the internal control system and concluded that it is adequate and effective and recommended that the Supervisory Board should confirm that assessment. The Audit Committee also reviewed the Annual Compliance Plan and regularly analyzed updates from the Head of Compliance Department on the status of regulatory controls.

Considering § 70.1.7 & 8 and § 71.1.7 & 8 of the Regulation of the Minister of Finance of 29 March 2018 on the Current and Periodic Information Provided by Issuers of Securities and the Conditions for Recognizing the Information Required by Legal Regulations of a Non-Member State as Equivalent, it is the assessment of the Committee that:

- 1) The selection of KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. as an audit firm to audit annual financial statements of the Bank and the Bank's Capital Group for 2021, was duly carried out in compliance with the regulations, including those governing the audit firm selection and selection procedure;
- 2) KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. and the members of the audit team have satisfied the conditions to issue an impartial and independent report from audit of annual financial statements in accordance with the applicable regulations, auditing standards and principles of professional ethics;
- 3) The regulations on rotation of audit firm and key auditor as well as mandatory breaks in audit engagements have been complied with;
- 4) The Bank has the audit firm selection policy and the policy regarding the provision of additional non-audit services for the Bank by the audit firm, its affiliate or member of the audit firm's network, including any services that are conditionally exempted from the ban on provision by the audit firm;
- 5) The provisions regarding the appointment, composition and operation of the Audit Committee of the Bank's Supervisory Board have been complied with, including those regarding the fulfilment of independence criteria and the requirements as to knowledge and skills in the field of finance, accounting or audit of financial statements by its members;
- 6) The Audit Committee of the Bank's Supervisory Board has fulfilled the audit committee tasks as provided for in the applicable regulations.

As part of its regular activity, the Committee reviewed the independence and effectiveness of the Bank's auditor's performance. The Audit Committee received a written statement of the auditor, submitted in accordance with the requirements of the Act on statutory auditors, audit companies and public supervision, that confirmed that the objectivity and independence requirements set out in that Act were met. The Committee reviewed the external auditor's plans for the audit of the Bank's financial statements with respect to key areas of audit focus, key risks, planned approach, auditor independence, audit fee and terms of engagement. The Committee also approved provision of additional non-audit services by the auditor, as permitted by the act on statutory auditors.

The Committee Chairperson held individual meetings with representatives of the Bank's independent auditor as well as Heads of the Bank's Financial Division (CFO), Audit Department, Legal Division and Head of Compliance Division without participation of the Bank's Management. In the assessment of the Chairperson of the Audit Committee, the cooperation between the above-mentioned areas is correct.

In the reporting period, the Audit Committee supervised financial reporting, internal control, risk management system as well as internal and external audits conducted at the Bank. On the basis of information provided on a quarterly basis, the Committee confirms its positive assessment of the internal control, risk management and compliance risk management systems used by the Bank and the activities of the Bank's internal audit function. This assessment covers all the key controls, including especially the internal controls over financial reporting and the operational controls.

The Audit Committee declares that in the year ended December 31, 2022, it performed its mandate properly and had a proper composition.

The Audit Committee very positively evaluates the cooperation with the Compliance Division and that between the Internal Audit Department and the Audit Committee. Moreover, the Audit Committee's assessment of the performance of the Compliance Division and Internal Audit Department in 2022 is positive.

Barbara Smalska

Chairperson of the Audit Committee