

2009 Report of the Audit Committee of the Supervisory Board of Bank Handlowy w Warszawie S.A.

The Audit Committee of Bank Handlowy w Warszawie SA ("the Bank") is a permanent body of the Bank's Supervisory Board. The Audit Committee is composed of the Supervisory Board members appointed by the Supervisory Board. The Audit Committee includes at least two independent members and one of them shall be the Committee's Chairperson. The Committee operates in accordance with its regulations based on Article 390 of the Commercial Companies Code.

The Committee's Regulations are displayed on the Bank's website www.citibankhandlowy.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 2009 the Audit Committee was composed of Shirish Apte, Susan Blaikie (until 15 October 2009), Mirosław Gryszka, Krzysztof Opolski (until 20 November 2009), Aneta Polk (until 18 June 2009) and Wiesław Smulski, with Mirosław Gryszka acting as Chairperson of the Committee and Susan Blaikie acting as Deputy Chairperson of the Committee until 15 October 2009. Since 1 December 2009, a position of Deputy Chairperson has been held by Stephen Simcock.

The current composition of the Audit Committee is as follows:

- 1) Mirosław Gryszka – Chairman;
- 2) Stephen Simcock – Vice Chairman;
- 3) Shirih Apte;
- 4) Aneta Polk;
- 5) Wiesław Smulski.

The Audit Committee met four times during the year on the following dates:

- 1) March 18, 2009;
- 2) May 8, 2009;
- 3) September 17, 2009;
- 4) December 2, 2009.

The Audit Committee is in the 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.

The Audit Committee, in the reporting period, supervised the financial reporting, internal control, risk management as well as internal and external audits in the Bank.

As part of its supervision of the financial reporting, the Audit Committee verified, together with the Bank's management and the Bank's external auditor, annual financial statements (standalone and consolidated) and then recommended their approval by the Supervisory Board.

Moreover, the verification covered the following areas of the Bank's activities: 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 external auditor, the accounting treatment of significant risks, key estimates and judgments of the Management that may be material to the Bank's financial reporting.

In respect of internal audit, within the framework of its competence, the Audit Committee verified and approved the Audit Department's Annual Audit Plan and then controlled the execution of the audit plan 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 control mechanisms 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 Audit Committee also reviewed the Annual Compliance Plan and regularly analyzed updates from the Head of Compliance on the status of regulatory examinations.

In the reporting period the Audit Committee performed its duties in respect of external audit by recommending to the Supervisory Board the selection of the Bank's auditor and reviewing the terms of the external auditor's contract. As part of its regular activity, the Committee reviewed the independence and effectiveness of the Bank's auditor's performance. On 17 September 2009, the Audit Committee received a written statement of the auditor, i.e. KPMG Audyt sp. z o.o., submitted as required pursuant to Article 88 point 2) of the Act on certified auditors, their self-government, entities authorized to audit financial statements and public supervision (Journal of Laws of 2009, No. 77, item 649), that confirms a fulfillment of impartiality and independence requirements as specified in the Act. The Committee reviewed the Bank's external auditor's plan for the audit of the Bank's financial statements, which included key areas of audit focus, auditor independence and the proposed audit fee, and reviewing the terms of engagement of the audit.

The Audit Committee claims that it appropriately fulfilled its mandate for the year ended December 31, 2009.

The Audit Committee highly appreciates the cooperation with the Compliance Department and that between the Audit Department and the Audit Committee. The Audit Committee's assessment of the performance of the Compliance and Audit Departments in 2009 is positive.

Mirosław Gryszka
Chairperson of the Audit Committee