

Regulations adopted by the resolution of the Management Board dated May 19, 2005, approved by the resolution of the Supervisory Board dated May 24, 2005, and changed by the resolution of the management Board dated 4 December 2007 and approved by the resolution of the Supervisory Board dated 14 December 2007

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

Chapter I. General Provisions

§ 1

Regulations of the Management Board of Bank Handlowy w Warszawie S.A. set forth the scope and way of functioning of the Management Board and the manner for adopting resolutions.

§ 2

As understood in the Regulations:

- 1) „Bank” – means Bank Handlowy w Warszawie S.A.,
- 2) „Management Board” – means the Management Board of Bank Handlowy w Warszawie S.A.,
- 3) „Management Board Member” – means the President of the Management Board, its Vice-presidents and other members of the Management Board,
- 4) „Head of Division” – means a person managing a Division on the basis of the Management Board’s resolution,
- 5) „resolution” – means any decision made by the Management Board at meetings and entered into the minutes.

Chapter II. The Internal Division of Competences of the Management Board

§ 3

1. The Management Board shall make decisions, in the form of a resolution, concerning the matters of the Bank, not reserved by the applicable law and by the Bank’s Articles of Association for the authority of other bodies of the Bank, in particular shall:
 - 1) determine the strategy of the Bank,
 - 2) adopt a draft annual financial plan of the Bank, accept investment plans, and reports on their implementation,

- 3) accept reports on the Bank's activities and the financial statements,
- 4) formulate motions regarding the division of profits or coverage of losses,
- 5) determine the dates of payment of dividend within periods determined by the General Meeting,
- 6) approve personnel and credit policy and legal rules of the Bank's activity,
- 7) approve principles for managing the Bank's capital,
- 8) approve an employment structure,
- 9) determine a fundamental organisational structure of the Bank, appoint and dismiss Heads of Sectors, appoint and dismiss Heads of Divisions and determine their competences,
- 10) establish and liquidate the Bank's committees and determine their competences,
- 11) determine and present to the Supervisory Board for approval its regulations,
- 12) appoint proxies (prokurent), general attorneys and general attorneys with the right of substitution,
- 13) determine and present to the Supervisory Board for approval the regulations for the application of special funds created out of net profit,
- 14) set up a plan for auditing and revising actions in the Bank and accept reports on the conducted audits,
- 15) decide upon other matters, which pursuant to the Articles of Association shall be submitted to the Supervisory Board or the General Meeting,
- 16) develop, implement, approve and update written strategies, procedures, plans and analyses and undertakes other actions regarding risk management, internal control and internal capital assessment systems, as well as the reviews of internal capital assessment and maintenance processes, including:
 - a) approves the types and levels of internal limits introduced in the Bank that restrict the risk levels in individual business areas of the Bank, which are adapted to the overall Bank risk level accepted by the Supervisory Board,
 - b) develops and submits to the Supervisory Board for approval the compliance risk ,
 - c) resolves and submits to the Supervisory Board reports on compliance risk management in the Bank,
 - d) develops and submits to the Supervisory Board for approval internal control procedures,
 - e) appoints persons responsible for periodical verification of internal control processes and procedures functioning in the Bank,
 - f) determines appropriate form of documenting the conducted reviews and evaluation of the effectiveness of internal control processes and conclusions of such review,
 - g) determines the mode of the Bank's internal distribution of the report, in order to undertake actions aiming at eliminating discovered irregularities of the internal control processes and the manner of controlling the corrections of such irregularities,
 - h) develops and submits to the Supervisory Board for approval internal procedures of the Bank regarding internal capital assessment, capital management and capital planning,
- 17) introduce a division of tasks performed in the Bank that ensures the independence of the risk measurement, monitoring and control functions from the operational activity that causes undertaking risk by the Bank,
- 18) develop and submit to the Supervisory Board periodical information on the risk types and levels in the Bank's operations,
- 19) determine and submit to the Supervisory Board for approval the principles of the information policy of the Bank.

2. The Bank's Management Board determines the organization and scope of activities of the Audit Department, including the mechanisms ensuring the Audit Department's independence.
3. The following persons shall be authorized to submit motions to be considered by the Management Board:
 - the President of the Management Board,
 - other members of the Management Board,
 - Heads of Divisions,
 - the Head of Legal Division,
 - heads of other organisational entities on matters remaining within the scope of their activities.

§ 4

1. The President of the Management Board shall:
 - 1) manage the activities of the Management Board, including the designation from among the Management Board members a person to deputise him during his absence and determine the way in which other members shall be deputised during their absence,
 - 2) convene meetings of the Management Board and chair the meetings,
 - 3) present views of the Management Board to the Bank's bodies, state and local authorities and the public,
 - 4) file motions with the Supervisory Board regarding the appointment or dismissal of the Management Board's members and determining their remuneration,
 - 5) issue internal regulations on the activities of the Bank and may authorize other members of the Management Board or other employees of the Bank to issue such regulations,
 - 6) decides on the use of internal control results and informs the controlled unit on the decision in this matter,
 - 7) perform other powers provided for in regulations adopted by the Supervisory Board.
2. The President of the Management Board may entrust individual members of the Management Board or Heads of Divisions with the performance of particular competences provided in Section 1, except for those listed in Section 1 Items 1) and 4).
3. The President of the Management Board may describe cases, in which the further delegation of competences, entrusted pursuant to Section 2, shall be allowed.
4. The entrustment of the competence to submit and accept statements of will on the Bank's behalf to the persons that are not members of the Management Board may only take place by the way of granting a proxy (*prokura*) or a power of attorney. A power of attorney shall be granted in writing, unless law requires a power of attorney in the form of a notarial deed or the other specific form.

§ 5

1. The persons appointed in § 3 Section 3 of the Regulations shall:

- 1) submit for the Management Board's discussion motions arising from the scope of activity of organisational units under their supervision, and also on other matters recognised as essential to the functioning of the Bank,
 - 2) supervise the work of subordinate organisational units.
2. The President of the Management Board and members of the Management Board shall exercise the powers within the range entrusted by the President of the Management Board, and perform other duties imposed by the Management Board or the President of the Management Board.

Chapter III. Organisation of the Management Board's Activities

§ 6

1. The Management Board's meetings shall be convened and chaired by the President of the Management Board.
2. The President of the Management Board may establish fixed dates, on which the meetings take place.

§ 7

1. The Corporate Services Office in the Corporate Communication and Marketing Department shall ensure the organisational support for the Management Board.
2. The Corporate Services Office shall specify formal requirements, which shall be fulfilled by a motion to be submitted to the Management Board for its consideration.

§ 8

1. Motions for consideration of the Management Board shall be submitted to the Corporate Services Office not later than 2 (two) business days before a meeting of the Management Board.
2. Motions containing extensive documentation shall be submitted to the Corporate Services Office on the date, which would enable the Management Board's members to become acquainted with their content, not later than 7 (seven) days before a meeting, unless due to the nature of the matter it is justified to shorten such period.
3. The Corporate Services Office shall assess the conformity of a motion with the formal requirements and, in case of inconformity shall return the motion to its owner for its supplementing or amending and, shall inform the appropriate member of the Management Board or the Head of Division thereof.

§ 9

1. The Corporate Services Office shall prepare a draft agenda of the meeting on the basis of motions submitted by persons, appointed in § 3 Section 3 of the Regulations, taking into account, if possible, the suggested dates of their consideration.

2. The persons, appointed in the § 3 Section 3 of the Regulations, may submit matters not included in the agenda of a meeting. The chairman of the meeting shall decide on their consideration.

§ 10

1. The attendance of the Management Board's members at a meeting shall be compulsory.
2. The Management Board's members shall report their expected absence at a meeting of the Management Board to the Director of the Corporate Services Office, giving reasons for such absence.
3. The Management Board's members shall attend the General Meeting and participate in meetings of the Supervisory Board. The explanation of the absence at the General Meeting shall be presented by the Management Board's member in writing to the President of the Management Board not later than on the day preceding to the General Meeting, unless such absence results from the reason which could not be foreseen. The explanation of the absence of the Management Board's member shall be entered into the minutes of the General Meeting by the President of the Management Board or an authorized person or, at the Supervisory Board's meeting, by one of the remaining members of the Management Board.
4. The Management Board's members shall within the scope of their powers provide the attendants of the General Meeting or the Supervisory Board's meeting with explanations and information relating to the Bank.

§ 11

1. The Management Board's meetings, apart from its members, shall be attended by:
 - 1) Heads of Divisions,
 - 2) Director of the Corporate Services Office or a person designated by the Director,
 - 3) Director of the Compliance Department,
 - 4) Head of Legal Division .
2. During the consideration by the Management Board of the issues connected with the functioning of the Bank's internal audit, such meetings of the Management Board may be attended by the Head of the Audit Department.
3. Upon a motion of the Management Board's members, the Bank's employees or persons from outside the Bank, competent with respect to a given matter, may participate in a meeting.
4. The chairman of a meeting may order the debate without the participation of persons, who are not the Management Board's members.
5. The chairman of a meeting may order part of or an entire meeting to be kept secret, if it is justified by nature of issues to be decided.
6. The Management Board's member shall inform the Supervisory Board of any conflict of interests, which has arisen in relation to his function or that such conflict of interests may arise.

§ 12

1. The presence of at least half of the Management Board's members shall be required at a meeting for its resolutions to be valid.
2. The Management Board's resolutions shall be adopted by the absolute majority of votes.
3. The Management Board's resolutions may be taken, provided that all Management Board's members have been properly informed of the Management Board's meeting.
4. In case there is a conflict of interests between interests of the Bank and a member of the Management Board, its spouse, relatives, persons related by affinity up to the second degree or persons to whom he is personally related, a member of the Management Board shall abstain from deciding on such issues and shall be entitled to indicate thereof in the minutes.
5. The Management Board shall adopt resolutions by voting in an open ballot. The chairman of a meeting may order a secret ballot on his own initiative or upon a motion of a Management Board's member.
6. The Management Board's member that does not agree with the passed resolution may submit a dissenting opinion to the minutes.

§ 13

A resolution of the Management Board shall come into force on the day of its adoption, unless the other date of its coming into force is provided for therein.

§ 14

1. Minutes shall be taken of the Management Board's meetings.
2. The minutes shall be prepared by the Corporate Services Office.
3. The minutes of the Management Board's meetings shall be marked with the clause "banking restricted" ("*zastrzeżone bankowe*").
4. The minutes shall contain:
 - 1) the agenda,
 - 2) first names and surnames of persons taking part in the meeting,
 - 3) information on justified absences or the reasons for the absence of the Management Board's members at a meeting,
 - 4) texts of the passed resolutions,
 - 5) the number of votes for particular resolutions and dissenting opinions,
 - 6) the name of an organisational unit, or the first name and surname of the person entrusted with the implementation of the resolution,
 - 7) the deadline for the implementation of the resolution.

§ 15

1. The minutes shall be drawn up no later than within 3 (three) working days after the meeting.
2. All members of the Management Board present at the meeting shall sign the minutes immediately after receiving the document.
3. If a member of the Management Board raises an objection to the whole or partial contents of the minutes, the Corporate Services Office shall submit the matter for consideration by the Management Board at the next meeting.

§ 16

1. In justified cases a resolution of the Management Board may be adopted by circulation upon the decision of the President of the Management Board or a member of the Management Board acting in the capacity of the President, pursuant to § 4 Section 1 Item 1) of the Regulations. Draft resolutions to be passed by circulation shall be submitted to all members of the Management Board for approval and shall be binding after being signed by the absolute majority of the members of the Management Board, including the President of the Management Board or a member of the Management Board acting in the capacity of the President. Such resolution shall come into force on the date on which a member of the Management Board signs a resolution that has been previously signed by at least half of the members of the Management Board.
2. When any of the members of the Management Board raises an objection to passing a proposed resolution by circulation, the proposed resolution must be submitted to the Management Board at its next meeting.
3. A resolution may be passed by circulation under a condition that all members of the Management Board have been notified of the proposal to pass that resolution.
4. A resolution adopted by circulation shall be enclosed to the minutes of the first meeting of the Management Board called after it is adopted.

§ 17

1. The Corporate Services Office informs organisational units and persons, to which resolutions pertain of the content of the passed resolutions, immediately after a meeting is closed.
2. The obligation to inform does not arise in relation to persons or organisational units whose representatives were present at a meeting.

§ 18

1. Original minutes shall be kept in the files of the Corporate Services Office.
2. Copies of minutes shall be handed over by the Corporate Services Office to the Management Board's members and Heads of Divisions. The President of the Management Board shall establish a list of the Bank's organisational units entitled to receive copies of the minutes.

3. The Corporate Services Office shall pass on to the appropriate persons and organisational units extracts from the minutes relating to them, unless the Management Board or its President decides otherwise.

§ 19

1. The President of the Management Board, other Management Board's members and Heads of Divisions shall supervise the implementation of the Management Board's resolutions by the persons and organisational units subordinate to them.
2. The Corporate Services Office shall maintain a register of the Management Board's resolutions.

§ 20

1. Persons and organisational units in the Bank, responsible for implementing the Management Board's resolutions shall be obliged to inform the Corporate Services Office on the manner of implementing the resolution, immediately after such implementation.
2. A person or an organisational unit in the Bank, responsible for implementing the Management Board's resolution, that not able to implement such resolution or, to do so in a timely manner, shall be obliged to inform a supervising member of the Management Board or a Head of Division and the Corporate Services Office.
3. The Corporate Services Office shall assess whether the way in which a resolution is implemented corresponds with its text and shall pass on information concerning this matter to an appropriate member of the Management Board or a Head of Division. If there are doubts as to whether the way a resolution has been implemented corresponds with its content, the Director of the Corporate Services Office shall put the matter to an appropriate member of the Management Board or a Head of Division for their decision.
4. If it is found that a person or an organisational unit in the Bank, which is responsible for implementing a resolution has not done so within the period established by the Management Board, the Corporate Services Office shall send a reminder to such a person or an organisational unit and inform of the fact an appropriate member of the Management Board or a Head of Division.

Chapter IV. Financial Information

§ 21

The Management Board shall provide the Supervisory Board with the following financial information:

- 1) as soon as prepared, not later than 30 (thirty) days after the end of each month, monthly and periodic (including period from the beginning of the year to the lapse of the previous month) financial information, including its comparison with the budget approved in the annual plan and in relation to last year,

- 2) as soon as prepared, not later than 120 (one hundred and twenty) days after the end of each fiscal year, annual standalone and consolidated financial statements, prepared in accordance with International Accounting Standards and International Accounting Financial Reporting Standards, audited by the Bank's auditor,
- 3) immediately after the preparation and in any event no later than prior to the end of each year, a draft annual plan for the next fiscal year, and
- 4) immediately, such other financial data relating to the Bank's activity and financial condition and the activity and financial condition of the Bank's subsidiaries, which any member of the Supervisory Board may reasonably request.

Chapter V. The Management Board's Correspondence

§ 22

1. The Corporate Services Office shall maintain incoming and outgoing correspondence records for the Management Board, its members and Heads of Divisions.
2. The Corporate Services Office shall present incoming correspondence to members of the Management Board and Heads of Divisions and, after such correspondence has been endorsed by an addressee with instructions, shall pass it on to appropriate persons and organisational units in the Bank. According to separate arrangements, the Director of the Corporate Services Office may endorse the correspondence with instructions on his own.
3. The Corporate Services Office shall supervise the execution of the endorsed instructions and inform the Management Board's members and Heads of Divisions of any delays that have arisen.