

2008 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 integrity of the Bank's financial reporting, its systems of internal control and the process for monitoring and evaluating the risks facing the Bank. The Committee also reviews and assesses the independence and performance of the external auditor examinations.

In 2008 the Audit Committee was composed of Shirish Apte, Susan Blaikie, Mirosław Gryszka, Krzysztof Opolski, Aneta Polk and Wiesław Smulski, with Mirosław Gryszka acting as Chairperson of the Committee and Susan Blaikie acting as Vice Chairperson of the Committee. The Audit Committee met four times during the year on the following dates:

19 March 2008,
19 May 2008,
30 September 2008,
8 December 2008.

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: 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 and uncertainties, 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. 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 31 December 2008.

The Audit Committee highly appreciates the cooperation with the Compliance Department and between the Audit Department and the Audit Committee. The Audit Committee's assessment of the performance of the Compliance and Audit Departments in 2008 is positive.

Mirosław Gryszka
Chairperson of Audit Committee