

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, changed by the resolution of the Management Board dated December 4, 2007 and approved by the resolution of the Supervisory Board dated December 14, 2007, changed by the resolution of the Management Board dated January 19, 2015 and approved by the resolution of the Supervisory Board dated January 29, 2015, changed by the resolution of the Management Board dated November 26, 2015 and approved by the resolution of the Supervisory Board dated December 3, 2015, changed by the resolution of the Management Board dated November 28, 2017 and approved by the resolution of the Supervisory Board dated December 8, 2017, changed by the resolution of the Management Board dated May 24, 2018 and approved by the resolution of the Supervisory Board dated May 30, 2018, changed by the resolution of the Management Board dated August 29, 2018 and approved by the resolution of the Supervisory Board dated September 13, 2018.

**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 the Bank,
- 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 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 and rules of prudent and stable management 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 general organizational structure of the Bank adjusted to the level and profile of the risk incurred and submit it to the Supervisory Board for approval, as well as appoint and dismiss Heads of Sectors and 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, policies procedures, plans and analyses and undertake other actions regarding risk management, internal control system, internal capital estimation, maintenance of own funds at a level not lower than the estimated internal capital and review of internal capital estimation strategies and procedures, in this:
 - a) approve 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) develop and submit to the Supervisory Board for approval the compliance risk,
 - c) resolve and submit to the Supervisory Board reports on compliance risk management in the Bank,
 - d) develop and submit to the Supervisory Board for approval internal control procedures,
 - e) appoint persons responsible for periodical verification of internal control processes and procedures functioning in the Bank,
 - f) determine appropriate form of documenting the conducted reviews and evaluation of the effectiveness of internal control processes and conclusions of such review,
 - g) determine 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) develop and submit to the Supervisory Board for approval internal procedures of the Bank regarding internal capital assessment, capital management and capital planning,
 - i) review, on a regular basis, internal capital estimation and capital management strategies and procedures so that these are adequate to the volume and profile of the risk present at the bank and review, as a minimum, once a year the process of estimation of internal capital and capital management,
 - j) establish the rules of reporting by the Bank's units on the types and volume of business risk,
 - k) establish criteria of assessment of adequacy and effectiveness of the internal control system,
 - l) define the types of measures taken to remove irregularities identified by the internal control system,
 - m) approve the criteria of isolation of material processes and list of material processes isolated by the Bank and their links to the general and detailed goals of the internal control system,
 - n) approve the rules of categorization of irregularities identified by the internal control system,
 - o) establish the rules for designing, approving and implementing control mechanisms in the processes in place at the bank, scope and criteria of their independent monitoring and rules for reporting on their effectiveness and on the results of vertical testing,
 - p) approve the Regulations governing operation of the Compliance Department and the Audit Department, define the procedure for appointing and dismissing as well as the amount of remuneration of the Director of the compliance unit,
 - q) give opinions on the annual action plan of the compliance unit and Audit Department's audits plan and on amendments to them,
 - r) develop the rules of cooperation of the compliance unit and the Audit Department with the corresponding unit of the parent company and of the subsidiary,
 - s) approve the rules of annual reporting by the compliance unit to the Management Board and Supervisory Board on the status of execution of its tasks,
 - t) develop the rules of cooperation of the Audit Department with the statutory auditor,
 - u) give opinions on the developed by the Audit Department audit card,
 - v) give opinions on the operating strategy of the Audit,
 - w) give opinions on the rules, prepared by the Director of the Audit Department, of conduct of audits that assure unbiased execution of tasks by the Audit Department and the rules for transferring employees from other organisational units to the Audit Department, improving qualifications, relating to the number of internal auditors holding professional certificates and periodic evaluation of performance of internal auditors,
 - x) define the number of internal auditors, amount of their average remuneration as well as the rules and criteria for awarding variable components of remuneration to them,
 - y) consent, each time, to the cooperation of the Audit Department with the corresponding unit of the parent company within the framework of audit,
 - z) approve the rules of reporting by the Audit Department to the Management Board and the Supervisory Board,
- 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,
 - 20) develop and implement accepted by the Supervisory Board remuneration policy
 - 21) develop, adopt and implement the whistleblowing procedure and the procedure concerning the ethical standards in place at the Bank
2. The Bank's Management Board shall determine 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:
 - President of the Management Board,
 - other members of the Management Board,
 - heads of other organisational entities on matters remaining within the scope of their activities, with the consent of the supervising member of the Management Board or the President of the Management Board,

in matters defined in § 3 Section 1 Item 9) of these Regulations, on the initiative of the President of the Management Board or in agreement with him.

§ 4

1. The President of the Management Board shall:
 - 1) manage the activities of the Management Board, in this designate 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 the determination of their remuneration,
 - 5) presents to the Nomination and Remuneration Committee of the Supervisory Board the opinion on the candidate for the Bank's Management Board put forward by a Supervisory Board member and on his remuneration,
 - 6) 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,
 - 7) decide on the use of internal control results and inform the controlled unit on the decision in this matter.
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), 4) and 5).
3. The President of the Management Board may describe cases, in which 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 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 Bank's Management Board determines the internal division of competencies between the members of the Management Board in the form of a resolution and submits the resolution to the Supervisory Board for approval.
3. Under the internal division of competencies in the Management Board:
 - 1) the post for a member of the Management Board to supervise significant risk management in the Bank's operations shall be separated;
 - 2) the Audit Department reports directly to the President of the Management Board;
 - 3) the President of the Management Board may not combine its function with the function of the member of the Management Board supervising significant risk management in the Bank's operations;
 - 4) the President of the Management Board cannot be entrusted with the supervision of any area of the Bank's business generating a significant risk to the Bank's operations;
 - 5) a member of the Management Board, supervising the significant risk management in the Bank's operations cannot be entrusted with the supervision of the bank's business area posing a risk which he/she oversees.
 - 6) supervision over the non-compliance management area and the area of accounting and financial reporting shall be assigned to a designated member or members 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, hereinafter referred to as the Corporate Services Office, 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 consideration.

§ 8

1. Motions to be considered by 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 of the Bank 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 the case of inconformity, shall return the motion to its owner to supplement or amend it, and shall inform the appropriate member of the Management Board of this.

§ 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, suggested dates of their consideration.
2. The persons appointed in § 3 Section 3 of the Regulations may raise 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 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) Director of the Corporate Services Office or a person designated by the Director,
 - 2) Director of the compliance unit,
 - 3) Head of the Legal Division,
 - 4) Director of the Audit Department.
2. Upon a motion of the Management Board's members, Bank's employees or persons from outside the Bank, competent with respect to a given matter, may participate in a meeting.
3. The chairman of a meeting may order deliberations to be carried out with the exclusion of persons who are not the Management Board's members, except for persons indicated in § 11 sec. 1 point 2 and 4
4. The chairman of a meeting may order deliberations of a part of or the entire meeting to be kept secret if it is justified by the nature of issues to be decided.

§ 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. 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.
5. 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 other effective date is provided for therein.

§ 14

1. Minutes shall be taken of the Management Board's meetings.
2. Minutes shall be prepared by the Corporate Services Office.
3. Minutes of the Management Board's meetings shall be marked with the clause "banking restricted" ("*zastrzeżone bankowe*").

4. Minutes shall contain:
 - 1) the agenda,
 - 2) first and last names of persons taking part in the meeting,
 - 3) information on justified absences or the reasons for the absence of Management Board's members at the 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 and name 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 a part of the minutes, the Corporate Services Office shall submit the matter to be considered 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. If 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 its adoption.

§ 16a

With the consent of the President of the Management Board, members of the Management Board absent from the meeting may participate in the meeting and voting via means of direct remote communication in manners providing for simultaneous communication in real time and mutual identification among all

members of the Management Board participating in the meeting or voting (e.g. video-conference, conference call).

§ 17

1. The Corporate Services Office shall inform organisational units and persons to which resolutions pertain of the content of the passed resolutions, immediately after the meeting is closed.
2. The obligation to inform shall not relate 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. The President of the Management Board shall establish a list of 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 in the Bank 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 shall supervise the implementation of Management Board's resolutions by persons and organisational units subordinate to them.
2. The Corporate Services Office shall maintain a register of 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 is not able to implement such resolution or to implement it in a timely manner shall be obliged to inform a supervising member of the Management Board 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. 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 submit the matter to an appropriate member of the Management Board for their decision.

4. If it is found that a person or an organisational unit in the Bank that is responsible for implementing a resolution has failed to do so within a period established by the Management Board, the Corporate Services Office shall send a reminder to such a person or an organisational unit and inform an appropriate member of the Management Board on this matter.

Chapter IV. Information provided to the Supervisory Board

§ 21

1. 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 (comprising the 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 the International Accounting Standards and the International Accounting Financial Reporting Standards, audited by the Bank's auditor,
 - 3) as soon as prepared and in any event no later than by the end of each year, a draft annual plan for the next fiscal year, and
 - 4) immediately, such other financial data relating to the activity and financial condition of the Bank and the activity and financial condition of the Bank's subsidiaries which any member of the Supervisory Board may reasonably request.
2. The Management Board shall provide the Supervisory Board, on an annual basis, with the information about the method of execution of tasks by the Management Board assuring operation of an adequate and effective internal control system.
3. The Management Board shall report, from time to time, to the Supervisory Board or the Audit Committee on management of compliance risk at the Bank.

Chapter V. The Management Board's Correspondence

§ 22

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

Chapter VI. The Rules to reduce conflicts of interest

§ 23

1. Conflict of interest is the problem of conflict between private interests of a member of the Management Board, his or her spouse, relatives, in-laws to the second degree and those with whom he is personally connected, in particular, by remaining in the same household, and obligations arising from his position as a member of the Board, if the private interest may adversely affect proper performance of his duties as a member of the Management Board. A conflict of interest exists also if the activity of a member of the Management Board outside the Bank is impossible to reconcile with the duty of loyalty to the Bank and acting in his best interest.
2. In particular, a conflict of interest may result from business, professional and political activity, hiring relatives, exploiting the potential of Bank's business and information and knowledge acquired in the exercise of his function. Consequently, a member of the Management Board shall refrain from taking any professional or non-professional activity, which could lead to a conflict of interest or adversely affect its reputation as a member of the Management Board.
3. Membership in the Management Board should be the main area of professional activity. In particular, a member of the Management Board shall not be a member of bodies of other entities if the time spent on performance of his function in other companies or its nature prevents him from performing the duties in the Bank in a reliable manner or is in conflict with them.
4. Immediately after the appointment, a member of the Management Board shall inform the Chairman of the Supervisory Board and Secretary of the Supervisory Board of any activity outside of the Bank, indicating whether it is competitive in relation to the activities performed in the Bank, and whether he participates in a competitive company as a partner in a partnership or as a member of a body of a company or any other competitive legal person as a member of its body.
5. A member of the Management Board shall inform the Chairman of the Supervisory Board and the Head of the compliance unit of any circumstances that result or may result in a conflict of interest in connection with the function performed in the Management Board. Moreover, a member of the Management Board shall not, without the consent of the Supervisory Board, engage in competitive business or participate in any competitive business, within the meaning of Art. 380 Code of Commercial Companies and Partnerships.
6. A member of the Management Board shall refrain from participation in decision-making or voting in relation to any matters with regard to which Management Board member may be in a conflict of interest, or if it would undermine his objectivity or ability to properly fulfill his duties towards the Bank, and may request this to be indicated in the minutes. In such a case, a member of the Management Board shall inform other members of the Management Board of the risk of a conflict of interest.