

*Regulations adopted by the resolution of the Supervisory Board dated May 24, 2005,
amended by the resolution of the Supervisory Board dated September 29, 2005,
the resolution of the Supervisory Board dated September 26, 2006,
the resolution of the Supervisory Board dated December 14, 2007,
the resolution of the Supervisory Board dated September 17, 2008,
the resolution of the Supervisory Board dated February 18, 2010,
the resolution of the Supervisory Board dated December 9, 2011,
the resolution of the Supervisory Board dated January 29, 2015,
the resolution of the Supervisory Board dated June 10, 2015,
the resolution of the Supervisory Board dated December 3, 2015,
the resolution of the Supervisory Board dated May 17, 2016,
the resolution of the Supervisory Board dated May 17, 2017
the resolution of the Supervisory Board dated December 8, 2017 and
the resolution of the Supervisory Board dated May 30, 2018*

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

§ 1

The Supervisory Board is the statutory supervisory body of the Company acting on the basis of the Articles of Association and the Regulations, which were adopted in accordance with § 16 Section 2 of the Bank's Articles of Association.

§ 2

1. The Supervisory Board carries out activities overseen by provisions of law and the Bank's Articles of Association, in accordance with the Regulations.
2. Except for the rights provided for in applicable laws, the Supervisory Board is authorized to resolve in particular upon:
 - 1) appointing and dismissing the President of the Management Board in a secret ballot,
 - 2) appointing and dismissing in a secret ballot, Vice-presidents and other members of the Bank's Management Board,
 - 3) determining terms and conditions of agreements regulating the employment or other legal relationship between members of the Management Board and the Bank,
 - 4) expressing consent for opening and closing of a branch office abroad,
 - 5) adopting regulations of the Supervisory Board and approving the following documents adopted by the Bank's Management Board:
 - a) regulations of the Management Board of the Bank,
 - b) regulations for the application of special funds created out of net profit,
 - 6) expressing prior consent for the disposal of the Bank's fixed assets, when the value thereof exceeds one tenth of the Bank's share capital,
 - 7) appointing the audit company to audit or review financial statements,

- 8) granting consent for the employment and dismissal (subject to prior hearing) of the person in charge of the internal Audit Department and of the person in charge of the compliance unit upon the motion of the Management Board,
- 9) granting consent for the conclusion by the Bank of material agreement with a shareholder who holds at least 5% of the total vote in the Bank or with entity associated with the Bank. Before giving its approval, the Supervisory Board should evaluate the impact of the transaction on the interest of the Bank,
- 10) supervision over the management system implementation in the Bank and the assessment of its adequacy and efficiency, including supervision over risk management system implementation and annual assessment of this system's adequacy and efficiency as well as supervision over internal control system implementation and performing annual assessment of its adequacy including assessment of adequacy and efficiency of control function, compliance unit and Audit Department as well as the level of efficiency of the Bank's compliance risk management, ,
- 11) approving the Bank's operation strategy and the rules of the prudent and stable Bank management,
- 12) approving the general organizational structure of the Bank adapted to the scope and profile of the risk borne and determined by the Bank's Management Board,
- 13) approving the Bank's acceptable general risk level,
- 14) approving the Bank's compliance policy,
- 15) approving the Bank's internal procedures regarding internal capital assessment and capital management processes as well as capital planning,
- 16) approving the Bank's information policy,
- 17) approving the internal control procedure,
- 18) approving remuneration policies,
- 19) *deleted*,
- 20) *deleted*,
- 21) approving the risk management strategy as well as determining the principles of reporting the types and sizes of risks in the Bank's operations to the Supervisory Board,
- 22) approving the operating regulations of the compliance unit and Audit Department,
- 23) approving the criteria for the assessment of adequacy and efficiency of the internal control system drafted by the Management Board of the Bank,
- 24) approving the principles of categorization of irregularities detected by the internal control system,
- 25) approving an annual plan of activities of the compliance unit,
- 26) approving the principles of cooperation of the compliance unit and the Audit Department with the corresponding entities of the dominant entity and the subordinated entity,
- 27) approving the principles of annual presentation of reports on its activities by the compliance unit to the Management Board and the Supervisory Board,
- 28) approving the principles of cooperation of the Audit Department with the external auditor,
- 29) approving the strategy of the Audit Department,

- 30) approving the auditing procedures, prepared by the Audit Department Head, ensuring objective completion of tasks by the Audit Department, the principles of transfer of employees from other organizational units of the Bank to the Audit Department, principles of professional development, including the rules for determining the number of internal auditors with professional certificates as well as the periodic assessment of work performance of internal auditors,
 - 31) approving the remuneration of the Audit Department Head,
 - 32) approval of strategic (long-term) and operational (annual) audit plans and amendments to such plans,
 - 33) approving the remuneration of the compliance unit Head, which responsibility may be delegated by resolution to the Audit Committee,
 - 34) granting consent, each time, to cooperation of the Audit Department with the corresponding unit of the dominant entity during an audit, which responsibility may be delegated by resolution to the Audit Committee,
 - 35) approving the principles of presenting reports by the Audit Department to the Management Board of the Bank and the Supervisory Board.
3. The Supervisory Board shall obtain the following information and reports from the Bank's Management Board:
- 1) immediately after their development, however not later than 120 (one hundred twenty) days after the lapse of each financial year, the annual stand-alone and consolidated financial statements drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards and audited by the Bank's certified auditor,
 - 2) immediately after its development and in any case not later than before the lapse of each financial year, a draft annual plan for the following financial year, on a consolidated basis,
 - 3) other periodical information and reports pursuant to the Supervisory Board resolution,
 - 4) without delay, other financial data available that relate to the Bank's operations and financial status as well as the operations and financial status of the Bank's subsidiaries that a member of the Supervisory Board may reasonably require,
 - 5) periodical information on the types and levels of the Bank operations risk,
 - 6) report on the Bank's compliance risk management,
 - 7) based on internal control actions, in the post-audit report, current and accurate information on any substantial matters related to the internal controls conducted.
 - 8) on an annual basis, information about the method of execution by the Management Board of the tasks ensuring operation of an adequate and effective internal control system
4. The Supervisory Board shall perform regular assessment of the application of the Principles of Corporate Governance for Supervised Institutions, and the result of the assessment shall be made available on the Bank's website and submitted to the remaining bodies of the Bank.

5. The Supervisory Board, when appointing or recalling a Management Board member, shall take into account an assessment of the fulfilment of the requirements referred to in Article 22aa of the Banking Law.
6. The Supervisory Board immediately after the appointment of the Management Board and after changing its composition presents the Financial Supervision Authority with the information about the composition of the Management Board and the change in the composition as well as the information resulting from the assessment referred to in Section 5, about the fulfilment by the Management Board members of the requirements referred to in Art. 22aa of the Banking Law.
7. The Supervisory Board approves the internal division of competencies adopted by the Management Board and shall pass that information to the Financial Supervision Authority.
8. The Supervisory Board files a petition to the Financial Supervision Authority for approval of the appointment of the President of the Management Board, the member of the Management Board, supervising the significant risk management in the Bank's operations, as well as approval of the decision to entrust the supervising the significant risk management in the Bank's operations to the already appointed member of the Management Board. The appointment of these individuals and entrusting the supervising the significant risk management in the Bank's operations to the already appointed member of the Management Board occurs after obtaining the consent of the Financial Supervision Authority.
9. The Supervisory Board, depending on the needs, but at least once a year, shall perform assessment of the adequacy and efficiency of the procedure for the anonymous reporting by the employees violations of law and the Bank's ethical standards and procedures.
10. If the Supervisory Board's decision concerning selection of the audit company departs from the recommendation of the Audit Committee, the Supervisory Board shall justify its decision not to follow the recommendation of the Audit Committee and shall communicate such justification to the General Meeting

§ 3

1. The Supervisory Board shall consist of 5 (five) to 12 (twelve) members, elected by the General Meeting. Members of the Supervisory Board shall be elected for a common term of office of three years.
2. The General Meeting shall decide in accordance with the Bank's Articles of Association on a number of the Supervisory Board's members.
3. The procedure for the election of the members of the Supervisory Board is defined in the Bank's Articles of Association and the Regulations of the General Meeting.

4. Each the Supervisory Board member should provide through the Supervisory Board's Secretary the other members of the Supervisory Board as well as the Management Board with a statement of meeting the independence criteria. The supervisory board should identify any relationships or circumstances which may affect a Supervisory Board member's fulfilment of the independence criteria. An assessment of Supervisory Board members' fulfilment of the independence criteria should be presented to the Ordinary General Meeting in a report on the activity of the Supervisory Board.

§ 4

The Supervisory Board shall elect from among its members the Chairman and the Vice-chairmen of the Supervisory Board. The election shall be held during the Supervisory Board's meeting in a secret ballot.

§ 5

The Supervisory Board shall appoint and dismiss the Supervisory Board's Secretary.

§ 6

The Supervisory Board's members perform their duties personally.

§ 7

1. The Supervisory Board shall perform its duties collectively, subject to Section 2 below.
2. Each member of the Supervisory Board shall be entitled to obtain from the Management Board information necessary to perform its duties. Upon the motion of at least two members, the Supervisory Board shall review the specified branch of the Bank's activities, demand from the Management Board or the Bank's employees reports and explanations, review the assets, verify the Bank's books and records, according to such members' motion. The Supervisory Board may only reject such motion through the adoption of a resolution.

§ 8

1. Meetings of the Supervisory Board shall take place at least once a quarter.
2. The Supervisory Board's members shall attend the General Meeting. The explanation of the absence of the Supervisory Board's member shall be submitted to the Chairman of the Supervisory Board in writing, at the latest on the day preceding the General Meeting, unless the absence results from the reason, which could not be foreseen. The Chairman of the Supervisory Board, one of the Vice-chairmen or an authorized person shall submit to the minutes of the General Meeting the reasons for the absence of a given Supervisory Board's member.

3. The Supervisory Board's members shall within the scope of their powers provide the General Meeting's attendants with explanations and information relating to the Bank to the indispensable extent.

§ 9

1. A meeting of the Supervisory Board shall be convened by the Chairman of Supervisory Board and during his absence by one of the Vice-chairmen of the Supervisory Board, on his own initiative, upon the motion of a Supervisory Board's member or upon the motion of the Bank's Management Board.
2. The Chairman of the Supervisory Board may establish fixed dates, on which meetings of the Supervisory Board shall take place.

§ 10

1. A notification of convening a meeting of the Supervisory Board (or the Committees of the Supervisory Board) containing the agenda and the materials for the debate shall be sent by the Supervisory Board's Secretary to the Supervisory Board's members (or respectively to Committee's members) by e-mail in encrypted form, by courier or registered letter upon the confirmation of receipt, at least 7 (seven) days before a meeting.
2. In urgent cases the Chairman of the Supervisory Board or one of the Vice-chairmen of the Supervisory Board, in circumstances as set forth in § 9 Section 1 above, may order the way of notifying the Supervisory Board's members of the date of a meeting other than stated in Section 1.

§ 11

The Supervisory Board's meetings shall be chaired by the Chairman of the Supervisory Board, and in case of his absence, by one of Vice-chairmen of the Supervisory Board and if, both of them are absent, by a member of the Supervisory Board elected by remaining members.

§ 12

1. The presence of at least a half of the Supervisory Board's members shall be required at a meeting for the validity of its resolutions.
2. Resolutions of the Supervisory Board shall be adopted with the absolute majority of votes.
3. Without consent of the majority of independent Supervisory Board's members none of the following resolutions shall be passed:

- 1) *deleted*
 - 2) on consent for the conclusion by the Bank of a material agreement with any shareholder holding, as a minimum, 5% of the total number of votes at the Bank or with an affiliate of the Bank, and
 - 3) on appointment of an audit company to audit or review financial statements.
4. A material agreement, referred to in Section 3 Item 2 above, shall be an agreement:
- 1) with a value having influence on the Bank's financial results exceeding 5% of the net income, presented in the last annual standalone financial statement of the Bank, reviewed by an auditor, or
 - 2) with a value exceeding 0.5% of the balance sheet sum, presented in the last annual standalone financial statement of the Bank, reviewed by an auditor, or
 - 3) with which high legal, regulatory or reputation risk is connected, or
 - 4) to be concluded with an entity associated with the Bank with a value exceeding the equivalent of EUR 500,000,
- except for agreements concluded within the day-to-day operational activity, in particular connected with liquidity management.

A value of an agreement shall mean a value of cash and non-cash charges determined during the negotiations of such agreement that the bank will be obliged to pay under the agreement. If an agreement is to be concluded for an indefinite period of time or a period exceeding 1 (one) year, for the determination of its value for the above purposes the estimated charges for a 1-year period shall be taken into account.

5. The Supervisory Board shall take resolutions in an open ballot, subject to the provision of § 2 Section 2 Items 1 and 2. The chairman of the debate may order a secret ballot on his own initiative or upon the motion of the Supervisory Board member.

§ 13

A resolution of the Supervisory Board shall come into force on the date of its adoption, unless the resolution provides the later date of coming into force.

§ 14

1. Minutes shall be made from the Supervisory Board's meetings and shall contain: an agenda, first names and surnames of the Supervisory Board's members present at the meeting, the number of the Supervisory Board's members absent with the reason for such absence, the number of votes for separate resolutions, dissenting opinions and the complete text of the adopted resolutions.
2. A list of the Supervisory Board's members present at the meeting and other persons participating in the meeting constitutes an appendix to the minutes.

3. The minutes shall be signed by all members of the Supervisory Board present at the meeting.
4. The minutes of the Supervisory Board's meetings of its term of office shall be kept in separate collection, maintained by the Bank.

§ 15

1. Members of the Bank's Management Board participate in the Supervisory Board meetings, save for meetings or items directly relating to the Management Board.
2. Upon motion of the Chairman of the Supervisory Board or of the Bank's Management Board, the Bank's employees or persons from outside the Bank competent for a given matter may participate in the meetings. The persons managing the Audit Department and the compliance unit shall participate in the Supervisory Board meetings when matters related to the internal control system are being examined. The person managing the Audit Department shall participate in the Supervisory Board meeting where the Audit Department operations are discussed at least once a year.
3. In particularly justified circumstances the Chairman of the Supervisory Board may order the debates without the participation of persons that are not the Supervisory Board's members, even if the foregoing provides otherwise.

§ 16

The permanent Committees of the Supervisory Board shall be:

- 1) Audit Committee,
- 2) Nomination and Remuneration Committee,
- 3) Risk and Capital Committee.

§ 17

1. The Audit Committee shall be composed of at least three members of the Supervisory Board appointed by the Supervisory Board. Rules on selection of the Committee members shall be established in Committee's Regulations
2. The Audit Committee shall be responsible for matters described in detail in the Regulations of the Audit Committee adopted by the Supervisory Board.
3. The Supervisory Board shall pass resolutions on cooperation with an audit company exclusively upon the recommendation of the Audit Committee.
4. The Audit Committee shall submit to the Supervisory Board an annual report on its activities.

§ 18

1. The Nomination and Remuneration Committee shall be composed of the Supervisory Board's members, appointed by the Supervisory Board.
2. The Nomination and Remuneration Committee's competencies include the matters specified in detail in the Bylaws of the Nomination and Remuneration Committee adopted by the Supervisory Board.
3. The Supervisory Board shall pass resolutions on the principles and level of compensation for the members of the Bank's Management Board, exclusively upon the motion of the Nomination and Remuneration Committee.
4. The Nomination and Remuneration Committee shall submit to the Supervisory Board an annual report on its activities.

§ 18a

1. The Risk and Capital Committee shall be composed of the Supervisory Board's members, appointed by the Supervisory Board.
2. The Risk and Capital Committee shall be responsible for matters described in detail in the Regulations of the Remuneration Committee adopted by the Supervisory Board, including the supervision of the risk management strategy and the process of internal capital estimation and capital management.
3. The Risk and Capital Committee shall submit to the Supervisory Board an annual report on its activities.

§ 19

The Supervisory Board may pass a resolution on the establishment of committees other than those defined in § 16 of the Regulations, which shall consist exclusively of the members of the Supervisory Board. The resolution of the Supervisory Board shall define the scope of activity of such committee.

§ 20

1. The chairman and the vice-chairman of the Supervisory Board's committee shall be elected by the Supervisory Board from among members of such committee.
2. A meeting of the committee shall be convened by its chairman on his own initiative or at the request of a member of the committee or the Chairman or one of Vice-chairmen of the Supervisory Board.

3. The committee shall pass resolutions with the absolute majority of votes of those present committee members, unless the resolution on the establishment of a committee provides otherwise.

§ 21

1. Minutes shall be taken from meetings of the committees.
2. The provisions of the regulations of the committee shall apply to the minutes taken from the committees' meetings.

§ 22

In contacts with the mass media, the Supervisory Board's members may only disclose generally available information concerning the Bank. The disclosure of other information or restricted data shall be reserved for the Chairman of the Supervisory Board.

§ 23

1. Conflict of interest is the problem of conflict between the private interests of the Supervisory Board member and the obligations arising from his position as a member of the Supervisory Board, if the private interest may adversely affect the proper performance of the member of the Supervisory Board. A conflict of interest exists also if the activity of Supervisory Board Member outside the Bank is impossible to reconcile with the duty of loyalty to the Bank and act in his best interest.
2. In particular, a conflict of interest may result in business activities, professional, political, hiring relatives, exploiting the potential of the business of the Bank and the information and knowledge acquired in the exercise of their functions. Consequently, a member of the Supervisory 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 Supervisory Board.
3. Immediately after the appointment, the Supervisory Board member informs the Chairman of Supervisory Board and Secretary of the Supervisory Board of any activity outside of the Bank with an indication of whether it is in relation to the activities performed in the Bank's competitive, and an indication of whether or participate in a competitive company as a partner in a partnership or as a member of the body of a company or any other competitive legal person as a member of its body.
4. Member of the Supervisory Board is required to inform the Chairman of the Supervisory Board and Secretary of the Supervisory Board of any circumstances that may result or resulting in a conflict of interest in connection with the function performed in the Supervisory Board, in particular in case of function performed in governing or supervisory body of competitive entity. In assessing the potential conflict of interests Supervisory Board member should also take into account the

independence criteria set out in the Statute, in particular those related to significant business relationship.

5. Member of the Supervisory Board is required to refrain from participation in decision-making or voting in relation to all matters for which Supervisory Board member may, be in a conflict of interest, or if it would undermine his objectivity or ability to properly fulfill the obligations to the Bank, and may request that this in the minutes. In this case, a member of the Management Board shall inform the other members of the Supervisory Board of the risk of a conflict of interest.

§ 24

1. The Supervisory Board accepts employees' notifications for breaches of the law, internal regulations and ethical standards applicable in the Bank in the case of notifications regarding members of the Management Board. Notifications can be made anonymously. Notifications are forwarded to the Chairman of the Supervisory Board in the manner specified in the Bank's internal regulations.
2. The Chairman of the Supervisory Board informs about the notification the other members of the Supervisory Board and the President of the Management Board.
3. Upon receipt of the notification, the Chairman of the Supervisory Board shall designate the employees, organizational divisions or organizational units responsible for taking and coordinating the verification of the infringement notification as well as following up or forwarding the verification request to an external law firm. Designated employee, organizational division or organizational unit or designated law firm based on the material collected in the case, analyzes the notification and assesses the notification for a breach of the law, the internal procedures and ethical standards applicable in the Bank (verification of the validity of the notification). Upon completion of the verification activities, the appointed employee, organizational division or organizational unit or appointed law firm prepares a summary report of the conducted analysis of the notification containing the recommended actions and submits it to the Chairman of the Supervisory Board.
4. The Chairman of the Supervisory Board immediately gives the other members of the Supervisory Board a report summarizing the conducted analysis of the infringement notification containing the recommended actions, and then the Supervisory Board shall take a decision on the subject matter. Immediately after the decision of the Supervisory Board has been taken, the Chairman of the Supervisory Board shall notify the member of the Management Board to whom the infringement was alleged of the infringement notification and of the procedure for verifying the reasonableness of the infringement notification and of the decision of the Supervisory Board, subject to the confidentiality of the reporting employee, if the employee has disclosed his or her identity or it is possible to establish his or her identity.