

Report of the Risk and Capital Committee
of Bank Handlowy w Warszawie S.A.
for year 2012

The Risk and Capital Committee of Bank Handlowy w Warszawie S.A. is a permanent body of the Bank's Supervisory Board. The Risk and Capital Committee is composed of the Supervisory Board members appointed by the Supervisory Board. The Risk and Capital Committee consists of at least four Supervisory Board members, one of whom acts as the Committee's Chairperson. The Committee operates in accordance with its regulations as set forth in 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 competencies of the Committee include in particular supervision over introduction of the risk management system by the Management Board in the Bank and assessment of adequacy and effectiveness of the risk management system. In the framework of its competencies related to the supervision over the functioning of the risk management system, the Committee, in particular, verifies the consistency of the Bank's risk taking policy with the strategy and financial plan of the Bank, examines the periodic information presenting the types and sizes of risks surrounding the Bank's operations as well as verifies and presents to the Supervisory Board the recommendations concerning the general risk level of the Bank.

The Risk and Capital Committee also supervises the process of internal capital estimation and capital management. The Committee's competencies as related to the supervision of functioning of internal capital estimation, capital management and capital planning processes involve examination, approval or recommendation, to the extent that requires a resolution of the Supervisory Board, for approval of policies and procedures applicable to the process of internal capital estimation, capital management and capital planning.

In 2012, the Risk and Capital Committee was composed of the following members: Alberto J. Verme – Chairman (until June 19, 2012), Zdenek Turek – Chairman (as of July 23, 2012), Igor Chalupec – Vice Chairman and Andrzej Olechowski, Frank Mannion, Dariusz Mioduski (as of July 23, 2012) and Stephen R. Volk (as of July 23, 2012) – the Committee members.

The current composition of the Risk and Capital Committee is as follows:

- 1) Zdenek Turek – Chairman;
- 2) Igor Chalupec – Vice Chairman;
- 3) Frank Mannion
- 4) Andrzej Olechowski;
- 5) Stephen R. Volk;
- 6) Dariusz Mioduski.

In accordance with its Regulations, during the discussed reporting period covering the calendar year, the Risk and Capital Committee met three times on the following dates:

March 15, 2012;
May 21, 2012;
December 6, 2012.

The Risk and Capital Committee is in frequent contact with the Bank's Supervisory Board as well as with the Bank's Management and external auditor.

In the reporting period, at its meetings, the Risk and Capital Committee discussed in details the information on the current economic situation and presented macroeconomic forecast for 2012-2013.

The issues subject to analyses of the Committee included information about regulatory capital and internal capital as well as about the Bank's internal capital estimation process, covering in particular material risk identification process, provided at each meeting.

The Risk and Capital Committee discussed the issues concerning credit, market, liquidity and price risk as well as non-compliance or operational risk, including the events that took place within the Capital Group of Bank Handlowy w Warszawie S.A.

The Committee also analyzed issues related to counteracting "money laundering".

During the meeting held on March 15, 2012, the Committee conducted a detailed discussion over the document "Principles of prudent and stable risk management at the Capital Group of Bank Handlowy w Warszawie SA", suggesting implementation of amendments, and then after their implementation, the Committee decided to recommend the approval of that document to the Supervisory Board.

During the same meeting, the Committee thoroughly discusses the proposal of the Bank's Management Board as regards net profit distribution and dividend payment, Having discussed that, the Committee decided to offer the recommendation to the Supervisory Board that the Supervisory Board presented its recommendation consistent with the Management Board's request to the General Meeting.

During its meetings, the Risk and Capital Committee discussed also the issues concerning the annual supervisory review and assessment (BION).

The Risk and Capital Committee claims that in the reporting year, the Bank's risk management system was effective and adequate to the size of the Bank's operations. The Committee positively assessed the process of internal capital estimation and capital management in the Bank.

In view of the above, the Committee declares that in the year ended 31 December 2012, it performed its mandate properly.

Zdenek Turek
Chairman of the Risk and Capital Committee