

2007 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 the permanent body of the Bank’s Supervisory Board. The Audit Committee is composed of the Supervisory Board’s members appointed by the Supervisory Board. The Audit Committee includes at least two independent members and one of them shall be the Committee’s Chairman. 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 2007 the Audit Committee was composed of Shirish Apte, Susan Blaikie (Dean), Mirosław Gryszka, Krzysztof Opolski, Aneta Polk (Popławska) and Wiesław Smulski, with Mirosław Gryszka acting as Chairman 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 2007
22 May 2007
24 September 2007
13 December 2007

The Audit Committee is in the frequent contact with the Bank’s Supervisory Board and with the Bank’s management, representatives of external auditor take part in the Committee meetings.

In 2007 the Audit Committee discharged its responsibilities by:

Financial Reporting

- Reviewing and recommending for approval by the Supervisory Board the Annual Financial Statements (stand-alone and consolidated) and Semi-Annual Consolidated Financial Statements.
- Reviewing the external auditor’s reports on the annual and semi-annual financial statements
- Reviewing with the Bank’s Chief Financial Officer and management and the external auditor the appropriateness of the Bank’s financial reporting.
- Reviewing the key estimates and judgments of management that were material to the Bank’s financial reporting.
- Control over process of implementation of New Capital Accord.
- Control over process of implementation of MiFID.

Internal Control

- Reviewing the processes involved in evaluating the Bank's internal control environment.
- Reviewing the annual internal audit plan and reviewing quarterly reports of the Head of Internal Audit related to internal control.
- Receiving updates on key risk areas of internal control that were highlighted as a result of management's risk and control self assessment process and / or as a result of internal audit findings.
- Reviewing the annual compliance plan and receiving regular updates from the Head of Compliance on the status of regulatory examinations.
- Reviewing the implementation of recommendations after GINB inspection.

External Auditor

Reviewing the 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.

Reviewing services provided by the auditor, including all audit and permitted non-audit services, to assess the independence of the external auditor.

The Audit Committee is satisfied that it has appropriately fulfilled its mandate for the year ended 31 December 2007.

Mirosław Gryszka
Chairman