

Report of the Risk and Capital Committee of the Supervisory Board
of Bank Handlowy w Warszawie S.A.
for the year 2008

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 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 competencies of the Risk and Capital Committee include in particular: supervision of the risk management system introduction 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 of 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 in the Bank's operations as well as verifies and presents to the Supervisory Board 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 requiring a resolution of the Supervisory Board to approve policies and procedures applicable to the process of internal capital estimation, capital management and capital planning.

In 2008 the Risk and Capital Committee was composed of Ms. Susan Blaikie – Chairperson, and Andrzej Olechowski, Sabine Hansen, Krzysztof Opolski – the Committee members.

In accordance with its Regulations, the Risk and Capital Committee met two times during the reporting period on the following dates:

June 19, 2008,
December 8, 2008.

The Risk and Capital Committee is in the 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, among others, the strategy framework for risk and capital management, the regulatory and internal capital update, as well as it dealt with issues related to the credit portfolio management. The Committee also focused on the concentration risk as well as price and liquidity risks. The Bank's external auditor confirmed that there are no areas of weakness with respect to audited risk and capital management.

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 calculation and capital management in the Bank.

In the view of the above the Risk and Capital Committee claims that it appropriately fulfilled its mandate for the year ended 31 December 2008.

Susan Blaikie
Chairperson of Risk and Capital Committee