

Report of the Nomination and Remuneration Committee of the Supervisory Board
of Bank Handlowy w Warszawie S.A.
for the year 2021

The Remuneration Committee is a standing advisory body to the Supervisory Board. The Committee consists of 3 (three) or more members of the Supervisory Board. The number of independent members must be at least the same as the number of dependent members, with the Chairman being an independent member. A member of the Committee shall be considered independent if such member meets the independence criteria specified in the Principles of Corporate Governance for Supervised Institutions adopted by the Polish Financial Supervision Authority. All Members of the Committee, including its Chairman and Vice Chairman, are elected by the Supervisory Board. Members of the Committee have the powers as set out in the Regulations under Article 390 of the Code of Commercial Companies, Articles 9cb and 9cd of the Act – Banking Law and Regulation of the Minister of Finance of May 7, 2018 on the specific scope of tasks of the nomination committee at significant banks.

The Remuneration Committee was established under a resolution of the Bank Council dated October 23, 1997. The resolution of the Supervisory Board of May 17, 2017 changed the name of the Committee to the Nomination and Remuneration Committee.

In 2005, the Supervisory Board passed the Remuneration Committee Regulations, in line with the “Good Practices in Public Companies in 2005”, which were adopted by all governing bodies of the Bank at that time. The Regulations were amended upon the resolutions of the Supervisory Board dated March 20, 2008, December 9, 2011, November 7, 2013, May 17, 2017, May 30, 2018, September 24, 2020 and December 3, 2021.

The Regulations of the Nomination and Remuneration Committee are available on the Bank’s websites: www.citbank.pl.

In the reporting period the Nomination and Remuneration Committee was composed of: Andrzej Olechowski, PhD – Chairman of the Committee (until June 17, 2021), Sławomir S. Sikora – Chairman (since June 18, 2021), Jenny Grey – Vice Chairperson of the Committee and the Members: Professor Stanisław Sołtysiński (until June 17, 2021), Zdenek Turek (until June 17, 2021), Anna Rulkiewicz (since June 18, 2021).

The Nomination and Remuneration Committee is currently composed of:

- 1) Sławomir S. Sikora – Chairman of the Committee,
- 2) Jenny Grey – Vice Chairperson of the Committee,
- 3) Anna Rulkiewicz – Member of the Committee.

The Nomination and Remuneration Committee met on the following dates during the discussed reporting period coinciding with the calendar year:

No.	Date of the meeting	Attendance
1.	11 January 2021	100%
2.	25 March 2021	100%
3.	26 May 2021	75%
4.	18 June 2021	100%
5.	29 September 2021	66.7%
6.	02 December 2021	100%

The Nomination and Remuneration Committee has the authority to:

- 1) review and monitor the remuneration policies adopted at the Bank and support the Bank authorities in supervising, shaping and implementing those policies, their validity, consistency with the practice and processes in place at the Bank and their impact on the Bank's risk profile,
- 2) assess the mechanisms and systems in place at the Bank in order to ensure that the remuneration policy adopted at the Bank takes into account all types of risk, and liquidity and capital levels, complies with the principles of, and supports sound and effective risk management, and is consistent with the Bank's strategy, objectives, corporate culture and values as well as long-term interests of the Bank, including assessment of the need to adjust remunerations for ex-post risk,
- 3) analyze possible scenarios to examine how the remuneration policies adopted at the Bank and the remuneration practice respond to external and internal events, and perform back-testing of the criteria used to determine remuneration levels and to adjust remunerations for ex-ante risk on the basis of actual risk-based results,
- 4) recommend candidates for the Management Board, selected from among a sufficiently broad group of potential candidates, taking into account the necessary knowledge, competence and experience of the Management Board as a whole, that are necessary to manage the Bank, and ensuring diversity on the Management Board,
- 5) identify the scope of duties for a candidate to the Management Board, as well as the requirements in terms of knowledge and competence, and the expected time commitment necessary to serve in that capacity,
- 6) identify the target representation of the gender underrepresented on the Management Board and develop a policy of diversity on the Management Board with the aim of achieving that target,
- 7) make periodic evaluation, at least once a year, of the structure, size, composition and effectiveness of the Management Board and recommend changes in that regard to the Supervisory Board,
- 8) make periodic evaluation, at least once a year, of the knowledge, competence and experience of the Management Board as a whole and of individual Management Board members, and inform the Management Board of the evaluation results,
- 9) review periodically the Management Board's policy on selection and appointment of Bank managers and present recommendations in that regard to the Management Board,
- 10) assess, based on market conditions, the remunerations received by members of the Management Board,
- 11) assess the remuneration paid to members of the Bank's Management Board as compared to their duties and performance;
- 12) submit recommendations for remuneration of Management Board members to the Supervisory Board, each time prior to its determination or revision,
- 13) review and monitor variable remuneration components of the persons whose professional activities have a significant impact on the Bank's risk profile, including in particular those responsible for risk management, management of the compliance unit, management of the internal audit unit, and key persons, as identified in the Employee Remuneration Policy of Bank Handlowy w Warszawie S.A.,
- 14) make a preliminary assessment of the qualifications of candidates for members of the Supervisory Board selected from among a sufficiently wide group of potential candidates, taking into account diversity in the composition of the Supervisory Board, the necessary

- knowledge, competences and experience of individual candidates and the Supervisory Board as a whole, and prepare recommendations for their selection,
- 15) perform a preliminary assessment of the qualifications of members of the Supervisory Board taking into account diversity in the composition of the Supervisory Board, the necessary knowledge, competences and experience of individual Supervisory Board members and the Supervisory Board as a whole, and make recommendations when a reassessment is required.

By exercising the above powers, the Committee, at the meeting held on January 11, 2021, adopted resolutions on the opinion on the acquisition by Eligible Persons of the Deferred Variable Remuneration for the years 2017-2019, resolutions on the allocation to Eligible Persons of Variable Remuneration for the year 2020 and resolutions on the opinion on the end date of the retention period for the Deferred Variable Remuneration of Eligible Persons.

During the next meeting held on March 25, 2021, the Nomination and Remuneration Committee adopted a resolution concerning the determination of the scope of duties of a candidate to the Bank's Management Board and the knowledge & skill requirements and the expected time commitment, required to be the member of the Bank's Management Board in charge of finance, a resolution concerning a recommendation for the Supervisory Board to appoint Ms. Natalia Bożek to the Management Board of Bank Handlowy w Warszawie S.A. for the next 3-year term, a resolution concerning a report on remuneration of members of the Management Board and Supervisory Board of the Bank, a resolution on the assessment of functioning of the Remuneration Policy, and a resolution concerning amendments to the Employee Remuneration Policy of the Bank and the Eligible Person Remuneration Policy. The Committee also held discussions on the succession plan for the President of the Management Board.

At the meeting held on May 26, 2021, the Committee adopted a resolution concerning the determination of the scope of duties of a candidate to the Bank's Management Board and the knowledge & skill requirements, and the expected time commitment, required to perform the duties of the President of the Bank's Management Board, a resolution concerning a recommendation to the Supervisory Board of the Bank relating to appointment of Ms. Elżbieta Światopełk-Czetwertyńska to the Management Board of the Bank for a 3-year term as Vice President of the Management Board and, from the date of consent of the Polish Financial Supervision Authority, as President of the Management Board, and relating to recommended terms of the employment contract, and in particular the basic remuneration and the other benefits, and the no-compete contract to be signed with Ms. Elżbieta Światopełk-Czetwertyńska and a resolution concerning assessment of candidates for members of the Supervisory Board of the Bank.

At the meeting on June 18, 2021, the Committee was presented a report on the execution of an agreement for consultancy services to be provided to the Supervisory Board.

At the next meeting, on September 29, 2021, the Nomination and Remuneration Committee adopted a resolution concerning the assessment of the Management Board of Bank Handlowy w Warszawie S.A.

At its meeting in December, the Nomination and Remuneration Committee adopted a resolution on amendments to: (i) "Employee Remuneration Policy of Bank Handlowy w Warszawie S.A."; (ii) "Remuneration Policy for Persons whose Professional Activity Significantly Influences the Risk Profile of Bank Handlowy w Warszawie S.A.", a resolution concerning a recommendation to sign, with the Members and President of the Bank's Management Board, understandings to employment contracts relating to changes to the "Remuneration Policy for Persons whose Professional Activity Significantly Influences the Risk Profile of Bank Handlowy w Warszawie S.A.", a resolution concerning changes to the

confirmation form relating to grant of annual bonuses so that it can be used for Members of the Management Board whose variable remuneration is to be deferred, a resolution concerning the acknowledgement of information on the current list of Eligible Persons, a resolution concerning the decision of the Bank's Management Board to entrust the Head of the Remuneration Policy Unit with the task of accepting payments of Variable Remuneration other than discretionary annual bonuses to Eligible Persons, a resolution concerning amendments to: (i) the "Transaction-Related Bonus Policy"; (ii) the form of the understanding with a Member of the Management Board, a resolution concerning the grant of a conditional bonus to an employee of the Bank on the terms and conditions set out in the Transaction-Related Bonus Policy, a resolution concerning the adoption of amendments to the "Diversity Policy for Members of the Management Board of Bank Handlowy w Warszawie S.A.", a resolution concerning a recommendation for the Supervisory Board of Bank Handlowy w Warszawie S.A. to approve the "Policy of assessment of qualifications of Members of the Management Board and holders of key functions at Bank Handlowy w Warszawie S.A.", a resolution concerning: (i) the determination of the scope of duties of a candidate to the Management Board of the Bank and the knowledge & skills requirements and expected time commitment, required to be the member of the Bank's Management Board in charge of operations and technology, (ii) a recommendation relating to assessment of qualifications of a Member of the Management Board in connection with a planned assignment of additional duties, (iii) a recommendation relating to appointment of a Member of the Management Board for the next term, a resolution concerning the annual assessment of suitability of Members of the Supervisory Board of Bank Handlowy w Warszawie S.A.

The Nomination and Remuneration Committee states that it performed its mandate correctly in the year ended December 31, 2021.

Pursuant to § 2.2 of the Nomination and Remuneration Committee Regulations, the Committee hereby submits this report to the Supervisory Board. This report will soon after be released to our shareholders on the Bank's websites.

Sławomir S. Sikora
Chairman of the Nomination and Remuneration Committee