

Report of the Nomination and Remuneration Committee of the Supervisory Board
of Bank Handlowy w Warszawie S.A.
for the year 2022

The Remuneration Committee is a standing advisory body to the Supervisory Board. The Committee consists of at least 3 (three) Supervisory Board members. The majority of the Committee members, including its Chairperson, meet the independence criterion set out in § 14 sec. 4 of the Articles of Association of Bank Handlowy w Warszawie S.A. The Committee members, including its Chairperson and Vice Chairperson, are elected by the Supervisory Board. The Committee members perform their duties in accordance with the competences specified in the Regulations under Article 390 of the Code of Commercial Companies, Articles 9cb and 9cd of the 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. Subsequently 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, December 3, 2021 and May 11, 2022.

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

In the reporting period the Nomination and Remuneration Committee was composed of: Ms. Anna Rulkiewicz as Chairperson (from May 12, 2022, previously as a member of the Committee) Mr. Sławomir S. Sikora as Chairperson (until May 11, 2022) and subsequently as the Committee member (from May 12, 2022), Ms. Jenny Grey as Vice Chairperson (until June 23, 2022), Ms. Helen Hale as Vice Chairperson (from July 8, 2022) and Ms. Barbara Smalska as the Committee member (from May 12, 2022), Mr. Marek Kapuściński as the Committee member (from May 12, 2022).

The Nomination and Remuneration Committee is currently composed of:

- 1) Anna Rulkiewicz – Chairperson (independent Committee member),
- 2) Helen Hale – Vice Chairperson,
- 3) Marek Kapuściński – Committee member (independent Committee member),
- 4) Sławomir S. Sikora – Committee member,
- 5) Barbara Smalska – Committee member (independent Committee member).

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.	January 13, 2022	100%
2.	February 10, 2022	100%
3.	March 24, 2022	100%
4.	May 11, 2022	100%
5.	September 29, 2022	100%
6.	December 2, 2022	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 13, 2022, adopted resolutions on the vesting of Deferred Variable Remuneration for 2018-2020 for Identified Staff, resolutions on the grant of the Variable Remuneration for 2021 for Identified Staff and resolutions on the date of end of retention period for Deferred Variable Remuneration of Identified Staff. In addition, the Committee adopted a resolution on the occurrence of dissolving condition resulting in lapse of the Transaction Award for certain Identified Staff and a resolution on the remuneration of the Audit Department Director and the Compliance Division Head.

At the next meeting held on February 10, 2022 the Committee adopted resolutions on the grant of the Variable Remuneration for 2021 for Management Board Members except for the President of the Management Board, on the base salary for the Management Board Members and on the grant of the Variable Remuneration for 2021 for the President of the Management Board.

At the meeting held on March 24, 2022 the Committee approved the 2021 Activities Report of Nomination and Remuneration Committee. Next the Committee adopted a resolution on the recommendation regarding the assessment of the qualifications of the Management Board of the Bank as a whole and Vice Presidents of the Management Board – Mr. Dennis Hussey and Mr. Maciej Kropidłowski in connection with the planned entrustment of additional duties to them. The Committee also adopted a resolution on the assessment of the Vice Chairperson of the Supervisory Board – Ms. Kristine Braden and on the assessment of the Supervisory Board as a whole.

During the meeting held on May 11, 2022 the Committee adopted a resolution concerning: positive opinion and recommendation to the Supervisory Board to accept the Remuneration report on members of the Management Board and members of the Supervisory Board of Bank Handlowy w Warszawie S.A. for the 2021 and positive opinion and recommendation to the Supervisory Board to accept the assessment of the functioning of the Remuneration Policy in 2021. In the next item on the agenda, the Committee adopted a resolution on determining the scope of duties of the candidate to the Management Board of the Bank, including the requirements regarding knowledge and skills as well as expected time engagement necessary to perform the duties of the Vice President of the Management Board of the Bank and then a resolution on the recommendation for the Bank's Supervisory Board regarding the appointment of Mr. Andrzej Wilk as the Vice President of the Management Board. Later in the meeting, the Committee made a recommendation for the Bank's Supervisory Board regarding approval of the "Policy for the assessment of the members of the Management Board and key function holders at Bank Handlowy w Warszawie S.A." as well as a resolution on the preliminary assessment of the qualifications of candidates for members of the Supervisory Board of the Bank and the adoption of the recommendation on their appointment. At the end of the meeting, the Committee assessed the suitability of the Member of the Bank's Supervisory Board and collectively assessed the suitability of the Bank's Supervisory Board.

At the next meeting on September 29, 2022, the Nomination and Remuneration Committee adopted a resolution on the base salary for selected Management Board Members. Then it had a discussion on the planned changes to remuneration policies. Subsequently, the Committee adopted a resolution on the assessment of the Management Board, a resolution on specifying the scope of duties for a candidate to the Management Board of the Bank, as well as the requirements in terms of competences, knowledge and time necessary to perform the function of a Member of the Bank's Management Board and a resolution on the recommendation for the Bank's Supervisory Board regarding the appointment of Mr. Ivan Vrhel to the Management Board of Bank Handlowy w Warszawie S.A., for a three-year term, in the position of Member of the Management Board. In the next item on the agenda, the Committee adopted a resolution on the recommendation for the Bank's Supervisory Board regarding the assessment of qualifications of the Bank's Management Board as a whole and of Ms. Katarzyna Majewska's Management Board Member in connection with the planned entrustment of the function of the Vice-President of the Bank's Management Board to her as well as a resolution on the recommendation regarding the assessment of the qualifications of the Vice President of the Bank's Management Board responsible for finance - Ms. Natalia Bożek, and the collective assessment of the Management Board as a whole in connection with the planned change of the internal division of competences in the Bank's Management Board. At the end of the meeting, the Committee adopted a resolution on the recommendation regarding the assessment of the President of the Management Board, Ms. Elżbieta Światopełk-Czetwertyńska and the collective assessment of the Management Board as a whole in connection with the planned change of the internal division of competences in the Bank's Management Board and the intention of Ms. Elżbieta Światopełk-Czetwertyńska to assume an additional function in another entity.

During the December meeting held on December 2, 2022, the Nomination and Remuneration Committee acknowledged the information on the current list of Identified Staff and adopted a resolution on the annual assessment of the suitability of the 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, 2022.

Pursuant to § 2.2 of the Nomination and Remuneration Committee Regulations, the Committee hereby submits this report to the Supervisory Board. The report will then be made available to shareholders by posting it on the Bank's websites.

Anna Rulkiewicz
Chairperson of the Nomination and Remuneration Committee