

Report of the Nominations and Remuneration Committee of the Supervisory Board
of Bank Handlowy w Warszawie S.A.
for 2018

The Committee is a permanent advisory body to the Supervisory Board. The Committee consists of 3 (three) or more Members of the Supervisory Board, including two independent Members of the Supervisory Board. 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 Commercial Companies Code.

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 Nominations 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 resolutions of the Supervisory Board dated March 20, 2008, December 9, 2011, November 7, 2013, May 17, 2017 and May 30, 2018. The recent change to the Regulations was made to adjust the Regulations to the new law on the functioning of nomination committees in significant banks and in connection with the regulatory recommendations received by the Bank.

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

In the reporting period the Committee was composed of:

- 1) Andrzej Olechowski, PhD – Chairman of the Committee,
- 2) Jenny Grey – Vice Chairman of the Committee,
- 3) Marc Luet – Member of the Committee
- 4) Prof. Stanisław Sołtyśński – Member of the Committee,

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

- 1) January 15, 2018,
- 2) March 21, 2018
- 3) May 30, 2018
- 4) July 23, 2018
- 5) December 7, 2018.

The tasks performed by the Nomination and Remuneration Committee within its powers in the reporting period included:

- assessment of the remuneration paid to Members of the Bank's Management Board;
- submission of recommendations concerning the amounts of remuneration of Members of the Bank's Management Board to the Supervisory Board;
- assessment of the remuneration paid to Members of the Bank's Management Board as compared to their duties and performance;

- assessment if the Bank's policy of remuneration of its non-Board management is correct;
- expressing opinions on the policy of variable components of remuneration, including the amounts and components of remuneration, of holders of managerial positions at the Bank, following the rules of prudent and stable management of risk, capital and liquidity and with special care of long-term interests of the Bank and its shareholders, investors and members;
- expressing opinions and monitoring variable remuneration of holders of managerial positions at the Bank in charge of managing risk and ensuring compliance of the Bank's operations with laws and internal regulations as well as the managers of the internal audit unit and the compliance risk management unit;
- conducting preliminary assessments of qualifications of candidates for Members of the Supervisory Board and preparing recommendations whether or not to appoint them;
- conducting preliminary assessments of qualifications of Members of the Supervisory Board and preparing recommendations if a re-assessment is required.

Within the above-mentioned powers, at the meeting held on January 15, 2018, the Committee adopted a resolution, in which it issued a positive opinion on the acquisition by persons who hold managerial positions at the Bank of the right to Deferred Variable Remuneration tranches awarded for years 2014, 2015 and 2016 in the form of Long-Term Bonuses in Bank Handlowy's Phantom Shares and Deferred Monetary Bonuses and the approval of their amounts. After that, the Committee issued an opinion on the amounts of Variable Remuneration for persons covered by the Policy of Variable Remuneration Components for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A. other than Members of the Management Board of the Bank. Next, the Committee formulated a recommendation for the Supervisory Board concerning the amounts of Variable Remuneration in the form of annual bonuses for Members of the Bank's Management Board for 2017. In addition the Committee considered a motion on the remuneration of the President of the Management Board of the Bank, on recommendation for the Supervisory Board regarding changes to contracts of employment for the Members of the Management Board; and on recommendation of approval of the revised basic pay for the Director of the Internal Audit Department.

At its next meeting held on March 21, 2018 the Committee accepted the "Report of the Nomination and Remuneration Committee of the Supervisory Board of Bank Handlowy w Warszawie S.A. for 2017". At the meeting the Committee also reviewed the functioning of the "Remuneration Policy for Key Staff at Bank Handlowy w Warszawie S.A." replaced by the "Remuneration Policy for the Employees of Bank Handlowy w Warszawie S.A." Additionally, the Committee issued a recommendation concerning the remuneration of the Management Board Member.

At the meeting on May 30, 2018, the Nomination and Remuneration Committee discussed the remuneration of the Vice President of the Management Board in connection with his reappointment for the next term.

At its next meeting held on July 23, 2018 the Committee made a resolution on the confirmation of acquiring rights by the Members of the Management Board of the Bank to the Deferred Variable Remuneration for 2017 in the form of the Short-Term Phantom Share Award and approval on its payment. Additionally, the Committee issued an opinion concerning confirmation of acquiring rights by the persons holding managerial positions in

the Bank, who are not Members of the Management Board of the Bank, to the Deferred Variable Remuneration for 2017 in the form of the Short-Term Phantom Share Awards and their payments. The Committee also held a discussion on the remuneration structure (pay-mix) of the Management Board of the Bank.

At the meeting held on December 7, 2018 the Committee issued a recommendation to the Supervisory Board on the approval of the changes in the Remuneration policy for Identified Staff and acknowledgement of information on the current List of employees whose professional activities have a material impact on the risk profile of the Bank. The Committee also defined the scope of duties the Member of the Board, his/her knowledge and competence requirements and expected involvement in terms of time devoted, necessary to perform the function of a Member of the Management Board responsible for the area of Operations & Technology and Transactional Banking (TTS). At the same meeting the Nomination and Remuneration Committee adopted resolution on the appointment of Members of the Management Board.

The Nomination and Remuneration Committee states that it performed its mandate correctly in the year ended December 31, 2018.

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.

Andrzej Olechowski, PhD
Chairman of the Nomination and Remuneration Committee