

Report of the Nomination and Remuneration Committee of the Supervisory Board of Bank Handlowy w Warszawie S.A.  
for the year 2019

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, 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 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. Those 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 last amendment was made to adjust the Regulations to new regulations relating to the functioning of nomination committees at systematically important banks and to comply with received regulatory recommendations.

The Regulations of the Nomination and Remuneration Committee are available on the Bank's websites: [www.citbank.pl](http://www.citbank.pl).

In the reporting period the Nomination and Remuneration Committee was composed of: Andrzej Olechowski, PhD – Chairman of the Committee, Jenny Grey – Vice Chairperson of the Committee and the Members: Marc Luet (starting from June 27, 2019), Professor Stanisław Sołtysiński, Zdenek Turek (starting from September 25, 2019).

The Nomination and Remuneration Committee is currently composed of:

- 1) Andrzej Olechowski, PhD – Chairman of the Committee,
- 2) Jenny Grey – Vice Chairperson of the Committee,
- 3) Professor Stanisław Sołtysiński – Member of the Committee,
- 4) Zdenek Turek – Member of the Committee.

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

- 1) January 14, 2019
- 2) March 20, 2019
- 3) May 21, 2019
- 4) July 22, 2019
- 5) December 03, 2019

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 executives 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 especial 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 14, 2019, the Committee adopted a resolution, in which it issued a positive opinion on the acquisition by Members of the Management Board of the Bank of the right to the tranches of Deferred Variable Remuneration awarded for the years 2015, 2016 and 2017 and their amounts. Similarly, the Committee expressed a positive opinion concerning the acquisition by persons exerting a material professional influence on the risk profile of the Bank the right to the tranches of Deferred Variable Remuneration awarded for the years 2015, 2016 and 2017 and their amounts. Under subsequent items of the agenda the Committee passed resolutions to express a positive opinion on the amounts of Variable Remuneration in the form of annual awards for the year 2018 for the Members of the Management Board of the Bank and persons exerting a material professional influence on the risk profile of the Bank. In addition, the Committee expressed a positive opinion concerning changes of the amounts of basic remuneration for Vice Presidents and Members of the Management Board of the Bank and respective amendments to their respective contracts of employment and the adoption by the Supervisory Board of a resolution concerning approval of basis remuneration of the Head of the Internal Audit Department.

During the next meeting, held on March 2019, the Committee assessed the functioning at the Bank of the "Remuneration policy for employees of Bank Handlowy w Warszawie S.A." and, next, adopted a Diversity Policy for Members of the Management Board of Bank Handlowy w Warszawie S.A. After that the Committee passed a resolution concerning the terms and conditions of the contract of employment of a Member of the Management Board of the Bank and approved the "Report of the Nomination and Remuneration Committee of the Supervisory Board of Bank Handlowy w Warszawie S.A. for the year 2018".

Under the Qualifications Assessment Policy for Members of the Supervisory Board of the Bank, the Committee assessed the qualifications of candidates for members of the Supervisory Board.

At the meeting held on May 21, 2019, the Nomination and Remuneration Committee approved minutes of its previous meetings.

At the next meeting, held on July 22, 2019, the Committee expressed a positive opinion concerning the acquisition by members of the Bank's Management Board and other persons exerting a material professional influence on the risk profile of the Bank the right to the Deferred Variable Remuneration for the year 2018 in the form of Short-Term Phantom Shares Awards and the distribution of those awards.

At the meeting held on December 3, 2019, the Committee passed a resolution concerning the determination of duties for a candidate for the Member of the Bank's Management Board in charge of consumer banking operations. The Committee also worked on amendments to the Remuneration Policy for employees of Bank Handlowy w Warszawie S.A. and the Remuneration Policy for persons exerting a material professional influence on the risk profile of Bank Handlowy w Warszawie S.A. and, next, adopted a report on the current Eligible Person List. The Committee discussed possible amendments to the Remuneration Policy for persons exerting a material professional influence on the risk profile of Bank Handlowy w Warszawie S.A. and carried out an annual suitability assessment of Members of the Supervisory Board of the Bank.

The Nomination and Remuneration Committee states that it performed its mandate correctly in the year ended December 31, 2019.

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