

**Information for the shareholders of Bank Handlowy w Warszawie S.A. on the number of employees, covered by the increase of ratio of variable components of remuneration to fixed components of remuneration, whose professional activity has a material impact on the risk profile of the Bank, their functions, impact of the increase of the ratio of variable to fixed components of remuneration of these employees on fulfilment by the Bank of the requirements of laws especially including capital requirements and reasoning for increase**

The Bank provides the shareholders with the information as follows:

**1) The reasons for increase.**

Following an in-depth analysis of the rules of remuneration applied to the employees having a material impact on the risk profile of the Bank, including in particular the linking of those rules of remuneration to the long-term goals of the Bank's activity, the Bank decided that introducing an increase of a ratio of the variable components of remuneration to fixed components of remuneration will encourage such employees to take actions aimed at increasing the Bank's revenues, while at the same time exercising the due care in maintaining the risks at the appropriately low level.

In conducting the analysis mentioned above, the Bank considered, among other things, the potential influence of the higher level of the variable remuneration of the employees having a material impact on the risk profile of the Bank, both in the portion paid out without deferral, and the deferred one, to the level of its capital basis and maintaining the appropriate level of liquidity. The Bank took also into account the influence that such remuneration may have to the process of evaluating the adequacy of the common equity.

**2) Range and functions of the employees to whom the increase applies**

The increase applies to all the employees having a significant influence on the risk profile of the Bank who have been identified in line with the method set out in Attachment 9 to the Policy of Variable Remuneration Components of the Persons in Executive Positions at Bank Handlowy w Warszawie S.A. (the "**Policy**"), the list of which currently constitutes Attachment 5 to the Policy.

Employees covered by the above range are holding the following functions:

- Members of the Management Board;

- Employees holding control functions, support and business functions who meet at least one of the criteria indicated in Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile

### **3) The impact of the increase on the requirement of maintaining the correct capital base of the Bank**

The Bank performed the financial analysis aimed at the evaluation of the influence of the impact of the increase of ratio of variable components of remuneration to fixed components of remuneration on the requirement of the appropriate capital basis of the Bank which would fulfil regulatory requirement in particular on capital adequacy ratio and on leverage ratio. Above mentioned analysis were based on capital objectives defined in the capital planning process for 2017.

The Bank confirms that the approval of the increase will not have a negative influence on maintaining the appropriate capital base of the Bank.

The number of employees covered by the increase of the ratio is equal to the number of employees indicated on the list referred to in pt. 2 and currently amounts to 75 individuals. Assuming all these people would receive a variable remuneration on maximum level, i.e. 200% of their fixed remuneration, the total amount of variable remuneration will not have a negative influence on maintaining the correct capital base of the Bank.

Taking into account that the number of employees indicated on the list has been changing in previous years and that it may change in the following years and be higher than the one currently presented, regardless changes to this number, both in the current year and in the following years, the Bank will apply the increase only in case its application will not adversely affect the maintenance of the correct capital base of the Bank.

At the same time, the Bank wishes to inform that the persons to whom the increase apply shall be deprived of the possibility to exercise, directly or indirectly, any voting rights vested in them as the shareholders of the Bank in the voting on approval on a higher maximum level of the ratio of variable to fixed components of remuneration.

The decision to approve the higher maximum level of the ratio of the total fixed remuneration to variable components of the above mentioned group of employees has been adopted by the Ordinary General Meeting in the Resolution no 30/2016 from June 21, 2016 and amounts 1:2.