

Report of the Nomination and Remuneration Committee of the Supervisory Board
of Bank Handlowy w Warszawie S.A.
for the year 2023

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. Most members of the Committee, including its Chairman, meet the independence criterion set out in § 14(4) of the Articles of Association of Bank Handlowy w Warszawie S.A. All Members of the Committee, including its Chairman and Vice Chairman, are elected by the Supervisory Board. Members of the Committee perform their duties in compliance with 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, December 3, 2021 and May 11, 2022.

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

In the reporting period the Nomination and Remuneration Committee was composed of: Ms. Anna Rulkiewicz as Vice Chairperson, Ms. Helen Hale as Vice Chairperson, Mr. Sławomir S. Sikora, Ms. Barbara Smalska and Mr. Pan Marek Kapuściński as Members of the Committee.

The Nomination and Remuneration Committee is currently composed of:

- 1) Anna Rulkiewicz – Chairperson (independent member of the Committee),
- 2) Helen Hale – Vice Chairperson,
- 3) Marek Kapuściński – Member of the Committee (independent member of the Committee),
- 4) Sławomir S. Sikora – Member of the Committee,
- 5) Barbara Smalska – Member of the Committee (independent 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 2023	100%
2.	16 February 2023	100%
3.	24 March 2023	100%
4.	24 May 2023	100%
5.	28 September 2023	100%
6.	5 December 2023	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.

In performance of the above-mentioned duties, the Committee, at its meeting on January 11, 2023, adopted resolutions concerning the basic remuneration for the Director of the Audit Department, the granting of Variable Remuneration for 2022 to Eligible Persons, and the vesting of Deferred Variable Remuneration for 2019-2021 by Eligible Persons. The Committee also adopted resolutions concerning the end date of the retention period for the Deferred Variable Remuneration of Eligible Persons.

At the next meeting, held on February 16, 2023, the Committee dealt with resolutions concerning the granting of Variable Remuneration for 2022 to Members of the Management Board and the determination of the basic remuneration for some Members of the Management Board.

During the next meeting of the Committee, held on March 24, 2023, the Committee approved the Report on the Activities of the Nomination and Remuneration Committee in 2022 and adopted resolutions concerning: (i) a positive opinion and recommendation to the Supervisory Board to adopt the Report on the remuneration of members of the Management Board and members of the Supervisory Board of Bank Handlowy w Warszawie S.A. for 2022; (ii) a positive opinion and recommendation to the Supervisory Board to adopt the assessment of the functioning of the Remuneration Policy in 2022. After that, the Committee assessed the Management Board of Bank Handlowy w Warszawie S.A. and adopted a resolution concerning the evaluation of the Training Program for Members of the Supervisory Board of Bank Handlowy w Warszawie S.A.

At the meeting on May 24, 2023, the Committee conducted the assessment of Ms. Kristine Braden, Vice-Chairperson of the Supervisory Board, and the collective assessment of the Supervisory Board as a whole in connection with her taking up a new function..

At the next meeting, on September 28, 2023, the Committee dealt with issues related to remuneration of Members of the Bank's Management Board, amendments to the "Remuneration Policy for Employees of Bank Handlowy w Warszawie S.A." and the "Remuneration Policy for Persons whose Professional Activity Significantly Influences the Risk Profile of Bank Handlowy w Warszawie S.A." The Committee also assessed the Members of the Management Board in connection with changes in the division of powers on the Bank's Management Board and adopted resolutions to define the scope of responsibilities for a candidate to the Bank's Management Board, as well as the requirements in terms of knowledge and competences and the expected commitment in terms of time devoted to perform the function of the Vice-President of the Bank's Management Board responsible for financial markets and corporate banking and the Vice-President of the Bank's Management Board responsible for management of material risks. The Committee also provided recommendations regarding the evaluation of candidates and their appointment for the next term.

During its meeting on December, 5, 2023, the Nomination and Remuneration Committee was informed of the current List of eligible persons and made individual assessments of members of the Supervisory Board in connection with the intention to appoint one of the Board members to the Risk and Capital Committee and in connection with the assumption of new functions by some members of the Supervisory Board. The Committee also adopted a resolution on the annual assessment of suitability of the Members of the Supervisory Board of Bank Handlowy w Warszawie S.A. Additionally, the Committee was informed of the process of evaluation of members of the Bank's Management Board.

The Nomination and Remuneration Committee states that it performed its mandate correctly in the year ended December 31, 2023.

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.

Anna Rulkiewicz
Chairperson of the Nomination and Remuneration Committee