

Information announced by Bank Handlowy w Warszawie S.A. pursuant to Article 111a(4) of the Banking Law Act of 29 August 1997 (Journal of Laws 2021.680, consolidated text)

I. Description of the management system, including risk management system and internal control system.

Bank Handlowy w Warszawie S.A. (hereinafter referred to as the “Bank”) has in place a management system.

The Management Board of the Bank is responsible for designing, implementing and ensuring proper operation of the management system, which is adjusted to the profile and size of the business activity.

The management system is a set of rules and mechanisms related to the decision-making processes at the Bank and the assessment of the banking operations. The decision-making processes at the Bank are set forth in the internal regulations of the Bank, such as the Articles of Association, By-Laws of the Management Board, executive orders of the President of the Bank’s Management Board and decisions issued by the Heads of Sectors and Divisions, Chairs of Committees operating at the Bank and Directors of Organizational Units based on a separate delegation set out in the respective executive order. The internal regulations are developed and issued in compliance with the legislative process adopted at the Bank. The directions of the Bank’s operation development are described in the Strategy, the implementation of which is monitored by the Management and Supervisory Board.

The management system also covers the procedure for anonymous reporting of infringements of the law and of the procedures and ethical standards applicable at the Bank to the Bank’s Management and Supervisory Board. Under the internal division of powers between the members of the Management Board, a member of the Bank’s Management Board supervising the Risk Management Sector can receive anonymous reports of infringements of the law and of the procedures and ethical standards applicable at the Bank.

The management system of the Bank comprises a risk management system and an internal control system.

1) Risk management system

The main goal of the Bank’s risk management is to take a balanced risk with shared responsibility, without forsaking individual accountability. Taking balanced risk means proper identification, measurement and aggregation of risk as well as setting limits with a full understanding of the macroeconomic environment, the Bank’s business profile, the requirement to meet the regulatory standards and the strategic and business goals within the available resources of capital and liquidity, while maximizing the returns on the capital employed.

The Management Board of the Bank is responsible for the effectiveness of the risk management system and the internal control system. The Management Board of the Bank ensures that the structure of risk management at the Bank is adequate to the risk profile and that the risk measurement, monitoring and control functions are separate and independent of the operating activity which results in taking risks by the Bank

Risk management is performed based on the strategy, policies and procedures concerning the taking, monitoring and mitigation of risk to which the Bank is or may be exposed. Risk management strategies, policies and procedures are subject to regular reviews in order to ensure compliance with the applicable provisions of law, internal regulations, business and market practices, and to ensure that they are adequate to the scale, nature and complexity of the Bank’s activities.

The Bank manages all types of risk identified in its activity, with some of them classified as significant. The Bank estimates and allocates appropriate capital to the measurable types of risk

that are deemed significant. The Bank may decide to set up capital buffers for the significant types of risk that are difficult to measure.

2) Description of internal control

The internal control system in place at the Bank is embedded permanently in the Bank's management system as a whole in a coherent way. As part of the internal control system, the organizational units of the Bank cooperate with one another to achieve the goals of the internal control system and the strategic goals of the Bank in compliance with the law and rules of risk management, including the obligation to ensure independence of organizational units imposed by the legal provisions and governed by the internal regulations of the Bank. The goals of the internal control system are achieved by the Bank through organization of the internal control system and controls (including in particular: division of responsibilities, authorizations, access controls, supervision by a manager, verification of compliance with the limits, training, and the rules of accepting systems). The controls applied at the Bank to achieve the goals of internal control are recorded in the Self-Assessment Process. At the same time, the risk of falling short of the said goals is estimated, monitored and mitigated using the management system of control issues, and in particular by assigning an appropriate level of criticality to the identified control issues and developing corrective action plans, including allocation of responsibility for their timely implementation.

The internal control system is an essential tool used to control the Bank's activities that supports management of the Bank, facilitates the performance of its tasks and ensures safety and stability of its functioning. The internal control system comprises continuous actions as well as independent and objective control operations performed by specialized organizational units, which examine, analyze and assess the internal processes as well as observe and recommend modifications of the current operations of the organization units of the Bank. The internal control system, as an essential control tool of the Bank's activities, involves risk controls, examination of compliance of the Bank's activity with the law and internal regulations, and activities of the Internal Audit Department, which are embedded in individual processes of the Bank.

II. Description of the remuneration policy

The management system of the Bank is supplemented with the Remuneration Policy. The Remuneration Policy is described in the "Information on capital adequacy of Capital Group of Bank Handlowy w Warszawie S.A." published on the Bank's website: <https://www.citibank.pl/poland/homepage/english/capital-adequacy.htm>

III. Information on the appointment of the Remuneration Committee

The Bank has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee is a permanent committee of the Supervisory Board. Information on its appointment and its Regulations are published on the Bank's website: <https://www.citibank.pl/poland/homepage/english/corporate-governance.htm>

IV. Information that the members of the Supervisory and Management Board have fulfilled the requirements set out in Article 22aa of the Banking Law Act.

All members of the Supervisory and Management Board have fulfilled the requirements set out in Article 22a of the Banking Law Act.