

Report of the Remuneration Committee of the Supervisory Board
of Bank Handlowy w Warszawie S.A.
for 2016

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 one independent member 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.

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 Company at that time. The Regulations were amended upon resolutions of the Supervisory Board dated March 20, 2008, December 9, 2011 and November 7, 2013. The Regulations of the Remuneration Committee are available on the Bank's websites – www.citihandlowy.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 (starting from September 28, 2016),
- 3) Zdenek Turek – Member of the Committee (starting from June 22, 2015)
- 4) Prof. Stanisław Sołtysiński – Member of the Committee,

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

- 1) January 18, 2016,
- 2) May 17, 2016
- 3) July 21, 2016,
- 4) December 9, 2016.

The tasks performed by the 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.

Within the above mentioned powers, at the meeting held on January 18, 2016, the Remuneration Committee adopted a resolution, in which it issued a positive opinion on the acquisition by persons who held managerial positions at the Bank and who were not at the same time members of the Management Board, as well as by members of the Management Board, of the right to Variable Remuneration tranches awarded for years 2012, 2013 and 2014 in the form of Long-Term Bonuses in Bank Handlowy's Phantom Shares and Deferred Monetary Bonuses, after the end of a deferment period and the approval of their amounts. At the same meeting, the Committee considered favorably the Motion for the issue of an opinion to the Bank's Management Board on the amounts of the Variable Remuneration in the form of annual awards for the year 2015 to be paid to eligible persons according to the "Variable Remuneration Components Policy for Managerial Staff at Bank Handlowy w Warszawie S.A.", who were not members of the Management Board as well as agreements concerning annual awards, in which rules of awarding and paying the Variable Remuneration for the year 2015 were stipulated. The Committee also issued a recommendation for the Supervisory Board concerning the amounts of the Variable Remuneration in the form of annual awards for the year 2015 to the Members of the Bank's Management Board and agreements concerning annual awards, in which rules of awarding and paying the Variable Remuneration for the year 2015 were stipulated.

At the next meeting of the Remuneration Committee held on May 17, 2016, the Committee considered favorably draft amendments to the "Variable Remuneration Components Policy for Managerial Staff at Bank Handlowy w Warszawie S.A." and the "Variable Remuneration Components Policy for Managerial Staff at Bank Handlowy w Warszawie S.A.". With regard to the next item of the agenda, the Committee issued a positive opinion and recommended the Supervisory Board to approve the assessment of the functioning of the "Remuneration Policy for Key Staff at Bank Handlowy w Warszawie S.A.".

At the meeting held on July 21, 2016, the Remuneration Committee passed a resolution concerning the confirmation of the acquisition by Members of the Bank's Management Board of the rights to the Variable Remuneration for the year 2015 in the form of Short-Term Phantom Shares and determined the manner of distribution of those bonuses. In addition, the Committee issued a positive opinion concerning the acquisition by persons who held managerial positions at the Bank and who were not at the same time members of the Management Board, of the right to the Variable Remuneration for the year 2015 in the form of Short-term Phantom Stock Awards and determined the manner of distribution of those bonuses.

During the meeting held in September the Remuneration Committee recommended to the Supervisory Board the adoption of amendments to the "Variable Remuneration Component Policy for Managerial Staff at Bank Handlowy w Warszawie S.A.".

The Remuneration Committee states that it performed its mandate correctly in the year ended December 31, 2016.

Pursuant to § 2.2 of the 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 Remuneration Committee