

**Draft of resolutions of the Ordinary General Meeting of 21 June 2016**

*Draft Resolution to Item 2 of the Agenda  
of the Ordinary General Meeting held on  
21 June 2016*

**Resolution No 1/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**concerning election of Chairman the Ordinary General Meeting of Bank Handlowy  
w Warszawie S.A.**

Ordinary General Meeting appoints ..... to be a Chairman of the Ordinary  
General Meeting.

*Draft Resolution to Item 4 of the Agenda  
of the Ordinary General Meeting held on  
21 June 2016*

**Resolution No 2/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**concerning approval of the Agenda**

The Ordinary General Meeting approves the Agenda of the Ordinary General Meeting.

*Draft Resolution to Item 5 Sub-point 1)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**RESOLUTION No. 3/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**concerning consideration and approval of the Management Board's report on the activity of Bank Handlowy w Warszawie S.A. in the year 2015 including the Report regarding compliance with corporate governance rules in year 2015 and of the annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2015**

Pursuant to Article 395 § 2 Item 1) of the Commercial Companies Code and § 9 Section 1 Item 1 of the Bank's Articles of Association, the Ordinary General Meeting of Bank Handlowy w Warszawie S.A., having considered the Management Board's report on the activity of Bank Handlowy w Warszawie S.A. in the year 2015 and the annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2015, has resolved as follows:

- 1) to approve the Management Board's report on the activity of Bank Handlowy w Warszawie S.A. in the year 2015, including the Report regarding compliance with corporate governance rules incorporated in 2015.
- 2) To approve the annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2015, comprising:
  - a) statement of financial position prepared as at 31 December 2015 showing a balance sheet total of PLN 49,442,299,106.59;
  - b) income statement for the year 2015 showing a net profit of PLN 620,227,353.58;
  - c) statement of comprehensive income for the year 2015 showing a total comprehensive income of PLN 404,682,194.99;
  - d) statement of changes in equity for the year 2015 showing an equity balance of PLN 6,782,467,513.77;
  - e) cash flow statement for the year 2015 showing increase in the net cash balance of PLN 621,264,521.64;
  - f) additional information and explanatory notes together with the independent auditor's opinion and report.

*Draft Resolution to Item 5, Sub-point 2)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**Resolution No 4/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on consideration and approval of the Bank Handlowy w Warszawie S.A. Supervisory Board's report on its activity for the period of time from the date of the Bank's Ordinary General Meeting in 2015 to the date of the Bank's Ordinary General Meeting in 2016 containing: assessment of reports on activities and financial statements of the Bank and its Capital Group in year 2015, assessment of the Management Board's motion on distribution of the net profit for year 2015, reports and assessments as defined in approved for use by the Bank the Principles of Corporate Governance for Supervised Institutions and the Best Practice for GPW Listed Companies 2016 and assessment of the functioning of the remuneration policy in the Bank**

The Ordinary General Meeting:

- 1) resolved to approve the Bank Handlowy w Warszawie S.A. Supervisory Board's report on its activity for the period of time from the date of the Bank's Ordinary General Meeting in 2015 to the date of the Bank's Ordinary General Meeting in 2016 containing: assessment of reports on activities and financial statements of the Bank and its Capital Group in year 2015, assessment of the Management Board's motion on distribution of the net profit for year 2015, reports and assessments as defined in approved for use by the Bank the Principles of Corporate Governance for Supervised Institutions and the Best Practice for GPW Listed Companies 2016 and assessment of the functioning of the remuneration policy in the Bank
- 2) based on an assessment as contained in the report of the Supervisory Board states that the established remuneration policy contributes to the development and security of the operations of the Bank.

**REPORT**

**on activities of the Supervisory Board of Bank Handlowy w Warszawie S.A.**

for the period from the date of the Ordinary General Meeting in 2015 to the date of the Ordinary General Meeting in 2016

**1. Composition of the Supervisory Board**

1.1. During the reporting period, the Supervisory Board was composed of:

Mr. Andrzej Olechowski	Chairman of the Board	entire reporting period
Mr. Zdenek Turek	Vice Chairman of the Board	entire reporting period
Mr. Shirish Apte	Member of the Board	entire reporting period
Mr. Adnan Omar Ahmed	Member of the Board	until October 1, 2015
Mr. Igor Chalupiec	Member of the Board	entire reporting period
Mr. Mirosław Gryszka	Member of the Board	entire reporting period

Mr. Frank Mannion	Member of the Board	entire reporting period
Mr. Dariusz Mioduski	Member of the Board	entire reporting period
Ms. Anna Rulkiewicz	Member of the Board	entire reporting period
Mr. Stanisław Sołtysiński	Member of the Board	entire reporting period
Mr. Stephen R. Volk	Member of the Board	entire reporting period
Mr. Anil Wadhvani	Member of the Board	entire reporting period

## 1.2. Independent Members of the Supervisory Board

The Supervisory Board assessed that the Independent Members of the Supervisory Board are:

Mr. Andrzej Olechowski	Chairman of the Board
Mr. Igor Chalupec	Member of the Board
Mr. Mirosław Gryszka	Member of the Board
Mr. Dariusz Mioduski	Member of the Board
Ms. Anna Rulkiewicz	Member of the Board
Mr. Stanisław Sołtysiński	Member of the Board

## 1.3. Assessment of the composition of the Supervisory Board

The Supervisory Board wants to emphasize that, during the entire reporting period, it was composed of persons demonstrating the extensive knowledge of law, economics, banking, management and finance. Supervisory Board Members have practical knowledge acquired as managers in international economic institutions. In the Supervisory Board's opinion, the expertise of its Members ensures due performance of its tasks resulting from applicable laws and regulations. The structure of the Board, including its committees, is shaped so that the Board and its committees can make the most of the expertise of its Members to contribute to the accomplishment of the goals and objectives assigned to the Supervisory Board.

## 1.4. During the reporting period, the Committees of the Supervisory Board were composed of:

### 1.4.1. Audit Committee

Mr. Mirosław Gryszka	Chairman of the Committee	entire reporting period
Mr. Frank Mannion	Vice Chairman of the Committee	entire reporting period
Mr. Shirish Apte	Member of the Committee	entire reporting period
Mr. Igor Chalupec	Member of the Committee	entire reporting period
Ms. Anna Rulkiewicz	Member of the	entire reporting

	Committee	period
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#### 1.4.2. Remuneration Committee

Mr. Andrzej Olechowski	Chairman of the Committee	entire reporting period
Mr. Adnan Omar Ahmed	Vice Chairman of the Committee	until October 1, 2015
Mr. Stanisław Sołtysiński	Member of the Committee	entire reporting period
Mr. Zdenek Turek	Member of the Committee	entire reporting period

#### 1.4.3. Strategy and Management Committee

Mr. Shirish Apte	Chairman of the Committee	entire reporting period
Mr. Stanisław Sołtysiński	Vice Chairman of the Committee	entire reporting period
Mr. Igor Chalupec	Member of the Committee	entire reporting period
Mr. Mirosław Gryszka	Member of the Committee	entire reporting period
Mr. Frank Mannion	Member of the Committee	entire reporting period
Mr. Dariusz Mioduski	Member of the Committee	entire reporting period
Mr. Andrzej Olechowski	Member of the Committee	entire reporting period
Ms. Anna Rulkiewicz	Member of the Committee	entire reporting period
Mr. Zdenek Turek	Member of the Committee	entire reporting period
Mr. Stephen R. Volk	Member of the Committee	entire reporting period
Mr. Anil Wadhvani	Member of the Committee	entire reporting period

#### 1.4.4. Risk and Capital Committee

Mr. Zdenek Turek	Chairman of the Committee	entire reporting period
Mr. Igor Chalupec	Vice Chairman of the Committee	entire reporting period
Mr. Frank Mannion	Member of the Committee	entire reporting period

Mr. Andrzej Olechowski	Member of the Committee	entire reporting period
Mr. Stephen R. Volk	Member of the Committee	entire reporting period
Mr. Dariusz Mioduski	Member of the Committee	entire reporting period
Mr. Anil Wadhvani	Member of the Committee	entire reporting period

#### 1.5. Meetings of the Supervisory Board and the committees established by the Board

In the reporting period seven meetings of the Supervisory Board were held. Additionally, in 2015 the Committees of the Supervisory Board held the following number of meetings: Audit Committee – 4, Risk and Capital Committee – 4, Remuneration Committee – 4, Strategy and Management Committee – 2.

## 2. ASSESSMENT OF FINANCIAL RESULTS AND GENERAL SITUATION OF THE COMPANY

In 2015, the economic growth rate was relatively stable and at the same time higher than in three preceding years, reaching 3.6% at the end of 2015. The growth of the Polish economy was mainly driven by domestic demand. Despite economic revival, inflation level remained considerably below the inflation target of the Monetary Policy Council, which triggered the decision to decrease reference rate by 0.5 pp to the record-low level of 1.5%.

Pressure on interest income of banks exerted by further reduction of interest rates, lower interchange fees and the increase in costs resulting from higher contributions to the Bank Guarantee Fund (BFG) and payments made to rescue savings of clients of a collapsed cooperative bank negatively affected the profitability of the Polish banking sector, which recorded net profit fall by 28% as compared to 2014.

In this demanding market environment, the Bank generated net profit reaching PLN 620.2 million. At the same time, return, liquidity and equity ratios of the Bank remained at a much higher level than the banking sector average. Consequently, the stable situation of the Bank allowed it to support, in active manners, its clients' development plans.

The main factors influencing the level of financial result in 2015 were as follows: fall in interest income and lower treasury operations result partially offset by consistent cost discipline (excluding one-off costs paid to the BFG) and positive result of impairment write-offs owing to stabilization of quality of the Bank's loan portfolio.

Operating revenues of the Bank in 2015 amounted to PLN 2.15 billion and were lower by PLN 392 million, or 16.3% lower versus the 2014 level, first of all a result of a decline in interest income in the environment of interest rates reduction to record-low level, fall of the result on financial instruments held for trading and revaluation which resulted from lower earnings on interbank operations and fall of the result on investment debt securities, mainly due to the strategy of mitigation of operational risk related to debt instruments. On the other hand, the fee and commission income showed a positive trend, mainly due to the optimization of product range in the payment card and credit card segments.

In 2015, the Bank continued its cost discipline policy. As compared to 2014, total costs slightly increased by PLN 6.6 million (0.5%). In Q4 2015, the Bank made an additional, one-off payment to the Bank Guarantee Fund allocated to payment of guaranteed funds to holders of deposits at a collapsing cooperative bank. After exclusion of this payment, the decline in costs as compared to 2014 amounted to PLN 57.0 million (4.6%).

In 2015, the stabilization of quality of credit portfolio continued to improve, which was confirmed by positive net impairment charges for financial assets amounting to PLN 16.4 million. Additionally, the Bank sold some impaired consumer cash loan and credit card exposures totaling PLN 156.3 million. Consequently, the Non-Performing Loan (NPL) ratio was reduced to the record-low level of 3.2% as at the end of 2015.

The decision about the strategic focus of the Bank on relationship banking was reflected in a two-digit growth of funds in current accounts in corporate and consumer banking segments, by 22% and 11%, respectively, as compared with 2014.

The asset side of the Bank saw another year of sustainable growth in the loan portfolio, both in the institutional and consumer banking segments, by 11% and 5%, respectively, as compared with the previous year.

At the end of 2015, the equity of the Bank recorded a small decrease as compared with the prior year period, mainly owing to the negative valuation of the debt securities portfolio. The Supervisory Board believes that the level of capitals maintained by the Bank is sufficient to ensure its financial security, as well as the security of deposits entrusted to it, and to stimulate its further growth.

As of December 31, 2015, the capital adequacy ratio of the Bank was 16.8% and, as always, was one of the highest ratios among the large banks operating in the Polish market. The high solvency ratio reached by the Bank confirms its financial security and strong capital base.

Due to the risk of weakened economic activity in the euro zone resulting from the slowdown in some emerging economies, which could adversely affect the economic growth in Poland, the Supervisory Board will continue its close cooperation with the

Management Board to examine the impact of the above risk factors on the situation of the Bank.

Taking into consideration the financial results achieved, the safe position of the Bank, the stable capital and liquidity ratios and the consistent and coherent strategy of the Bank, the Supervisory Board's assessment of the activities of the Bank in 2015 is positive. Simultaneously, the Supervisory Board is convinced that both already started and planned initiatives will contribute to an increase in shareholder value by allowing the Bank to achieve optimal financial results and market position despite a challenging market environment.

### **3. ASSESSMENT OF RATIONALITY OF BANK'S POLICY IN THE SCOPE OF SOCIAL RESPONSIBILITY AND SPONSORING**

#### **3.1. Social responsibility of the Bank**

All Bank's actions are undertaken in response to the needs of its customers as well as the community in which it operates. The Bank is a socially responsible institution and it is sensitive to the needs of its partners, both business and social ones.

The Bank's activities with regard to corporate social responsibility (CSR) cover workplace and market environment and local community as well as environmental protection. The strategic objective is to gain the position of the company setting the standards of Corporate Social Responsibility (CSR), both, outside and inside the organization. The Bank carries on investments supporting local communities implemented for public good in such fields as financial education, promotion of entrepreneurship, local development and protection of cultural heritage. The Bank's mission in this area is fulfilled through the Leopold Kronenberg Foundation at Citi Handlowy (hereinafter referred to as the "Foundation") established in 1995.

In 2015, the Foundation carried out ten programs related to entrepreneurship and financial education. As every year, the "Poles' Attitudes Towards Saving" Survey was conducted. For eight years now, the survey has been appreciated by both the media and opinion leaders and it has been perceived as the most reliable and authoritative survey of its kind in Poland. The Foundation also continued its activities in the area of protection of cultural heritage, the most important of which is the annual Professor Aleksander Gieysztor Award. Its aim is to support persons or institutions rendering great service to the protection of Polish cultural heritage both in Poland and abroad.

In 2015, the Foundation carried out a very successful Employee Volunteering Program. As in the previous years, the key project was the Citi's Global Community Day, which celebrated its tenth anniversary. This year, a record-



breaking number of Citi volunteers, their families, friends and acquaintances took part in it. Citi volunteers completed 195 social projects for almost 24,000 beneficiaries.

Other activities within the frames of the employee volunteering are: off-sites involving volunteering, the project "Become Santa's Helper" and individual volunteering.

Contribution to the development of local communities was made by means of a grant program. In 2015, the Foundation offered 14 subsidies for implementation of social projects.

High quality of standards of the Bank's social actions is proved by numerous awards as: presence in the Respect Index; first place in the banking, insurance and financial sectors category in the 9th Responsible Company Ranking or a distinction in the form of the "Ethical Company" title awarded by Puls Biznesu.

The Supervisory Board positively assesses actions of the Leopold Kronenberg Foundation at Citi Handlowy.

Full description of the implemented actions is available in the Bank's annual report and at [www.kronenberg.org.pl](http://www.kronenberg.org.pl).

### **3.2. Sponsoring**

In 2015 the Bank and the Foundation engaged in financing of numerous national and international conferences. The Foundation was a strategic partner of the Forum on International Expansion of Polish Small and Medium Enterprises in Toruń conducted as part of celebration of the European SME Week. The aim of the Forum was to convey to its participants as much practical knowledge related to the issue of internationalization of activity as possible.

The Bank was a partner of the Polish-African Economic Forum, which took place in the Sejm of the Republic of Poland on May 19, 2015. The main objective of the Forum was to present Africa as a continent with a dynamically growing economy and friendly to Polish entrepreneurs. The meeting gathered representatives of the diplomatic corps of African countries, representatives of the government of the Republic of Poland, Polish businessmen interested in cooperation with African countries and representatives of non-governmental organizations.

The Bank was involved in the Economic Forum in Krynica, which for many years has been an excellent opportunity for meetings of politicians and representatives of business. The motto of the previous year edition was "Towards a Resilient Europe. Strategies for the Future", and much attention was paid to innovation. The Bank's representatives shared their experience in the scope of implementation of mobile banking, which is a perfect example of the practical use of innovation.

In October 2015 in Wrocław, the Conference of Rectors of Academic Schools in Poland (CRASP) took place with the Bank as a partner. A part of the discussion panel of the CRASP Plenary Assembly was a video conference provided by the Bank, which hosted Professor David Gann of London Imperial College, an expert in the area of innovations management.

The 5th European Financial Congress in Sopot featured a debate of the Bank and Polityka Insight. At the debate such issues were raised as the direction of development of tests of banks' resistance to shocks, alternative measures of banks' resistance, analyses of the stability of banks that take into account non-financial indicators and the issue of comparing the indicators of resistance to shocks between banks. Sopot hosted also the meeting Marketplanet OnePlace 2015 - Innovations in Purchasing, with the Bank as a partner. The meeting was attended by purchase leaders and their strategic suppliers who discussed greatest challenges ahead of the business and innovative ways to build up a common value.

The Board positively assesses the Bank's involvement in CSR and sponsoring of significant business events.

#### **4. ASSESSMENT OF THE FUNCTIONING OF THE REMUNERATION POLICY AT BANK HANDLOWY W WARSZAWIE S.A.**

4.1. Supervisory Board is required to assess the functioning of the remuneration policy at Bank Handlowy w Warszawie S.A based on §28 point 3 of the Principles of Corporate Governance for Supervised Institutions of the Polish Financial Supervisory Authority, dated 22 July 2014, binding as of 1 January 2015.

Bank Handlowy w Warszawie S.A. (the "Bank") adopted Remuneration Policy for the Key Persons at Bank Handlowy w Warszawie S.A. (the "Remuneration Policy") by the resolution of the Supervisory Board of the Bank dated 3 December 2015.

##### **4.2. The functioning of the Remuneration Policy is as follows:**

The Remuneration Policy covers appropriate population, defined as Key Persons.

The Remuneration Policy properly sets out general principles for Key Persons, including the form, structure and manner of determination of their remuneration. Detailed rules of remunerating Members of the Supervisory Board are regulated by the resolutions adopted by the General Meeting.

The Bank's implementation of the Remuneration Policy ensures that the structure of remuneration of the Key Persons helps to bring about long-term stability of the Bank and is aligned with the Bank's strategy, objectives, values and long-term interests, such as, in particular, sustainable growth of the Bank,

and is also aimed at eliminating the potential negative impact of the remunerations systems on the proper risk management.

The Bank also implemented all the guidelines relating to the construe of the fixed remuneration provided in the Remuneration Policy in a proper way. In particular Bank differentiates level of fixed remuneration of Key Persons primarily based on professional experience and role in the organizational structure of the Bank.

Though the Remuneration Policy the Bank promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of the risk tolerated by the Bank. To this effect, remuneration schemes which are based on financial and non-financial results do not reward excessive risk in decision-making. In particular, the remuneration of the members of the Management Board is determined in such a way that it rewards prudent management of the Bank, is based on financial and non-financial results, and does not reward failure.

Detailed rules on variable remuneration awarded to the Key Persons are provided in the Variable Remuneration Components Policy for Managerial Staff at Bank Handlowy W Warszawie S.A. ("Variable Remuneration Policy"). Those rules have been properly applied to granting variable remuneration to the Key Persons in January 2016 (awards for 2015 Performance Year), i.e.:

- in 2015 there were four meetings of the Remuneration Committee of the Supervisory Board which role is to provide recommendations and opinions on the levels and conditions of variable remuneration of employees covered by the Variable Remuneration Policy. It gives its opinion on the changes to the Variable Remuneration Policy, including the amounts and components of remuneration, taking into account a cautious and stable risk, capital and liquidity management, and paying special attention to long-term interests of the Bank, the interest of the Bank's shareholders and investors;
- the level of the variable remuneration for 2015 was based on the assessment of the financial and non-financial criteria, including the cost of the Bank's risk, the cost of capital, and liquidity risk in the long-term perspective. The variable remuneration set out in such a way was granted to Key Persons on January 18, 2016. It was divided into non-deferred and deferred portions. The deferred portion was divided into short-term part which vests after 6-month period and long-term one consisting of three tranches, payable in years 2017, 2018 and 2019;
- after carrying out the analysis, Supervisory Board and Management Board did not identify any reasons to reduce level of the awards of Key Persons under the Variable Remuneration Policy within the ex post risk adjustments connected neither with the Bank's nor with the individual's results. The appropriate tranches of deferred variable remuneration for 2012, 2013 and 2014 have vested.

In 2015 the Bank properly analysed the roles and the responsibilities of its employees in relation to the key manageable risks in the Bank as well as quantitative and qualitative criteria described 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 and on this basis set the list of management staff, approved by the Supervisory Board of the Bank, which has a material impact on the risk profile of the Bank and therefore should be the subject to the provisions of the Variable Remuneration Policy. As of 3 December 2015 the list of the employees under the Variable Remuneration Policy in 2015 covered 91 people.

The Supervisory Board positively assesses the functioning of the Remuneration Policy applied at the Bank.

## **5. SUPERVISORY BOARD'S ASSESSMENT OF CONFORMITY WITH DISCLOSURE REQUIREMENTS CONCERNING THE APPLICATION OF THE CORPORATE GOVERNANCE PRINCIPLES, SET OUT IN THE WARSAW STOCK EXCHANGE RULES AND IN THE REGULATIONS CONCERNING CURRENT AND PERIODIC DISCLOSURES PROVIDED BY ISSUERS OF SECURITIES**

### **5.1. Assessment of the Bank's conformity with disclosure requirements concerning the application of the Corporate Governance Principles, set out in the Warsaw Stock Exchange Rules**

In the evaluation period, until December 31, 2015, the Bank followed the principles of corporate governance prescribed by the "Best Practice for GPW Listed Companies" effective since 1 January 2008. However, since 1 January 2016 the Bank has followed the new principles of corporate governance prescribed by the "Best Practice of GPW Listed Companies 2016". The required statement of compliance with the principles of corporate governance prescribed by the "Best Practice of GPW Listed Companies" is reported by publishing the "Statement of Bank Handlowy w Warszawie S.A. on its application of corporate governance rules in 2015" within the frames of the "Report on the activity of Bank Handlowy w Warszawie S.A. in 2015". In this way, the Bank fulfills the obligation resulting from the Rules of Giełda Papierów Wartościowych w Warszawie S.A. (The Warsaw Stock Exchange Rules) which involves submitting annual report on application of the corporate governance principles in a company. The Bank's statement includes among others information which principles and recommendations of the "Best Practice for GPW Listed Companies" were not applied by the Bank in 2015 along with explanations.

In connection with the Bank's accepting the new corporate governance principles prescribed in the "Best Practice of GPW Listed Companies 2016", on March 11, 2016, the Bank submitted to Giełda Papierów Wartościowych w Warszawie S.A. a report (EBI Report no. 1/2016) concerning refusal to apply certain specific principles included in the set "Best Practice of GPW Listed Companies 2016" along with explanations, fulfilling the obligation resulting from § 29(3) of the Rules of Giełda Papierów Wartościowych w Warszawie S.A.

Taking the foregoing into account, in the opinion of the Supervisory Board in the period covered by the evaluation the Bank correctly met its information obligations related to application of the corporate governance principles prescribed in the Rules of Giełda Papierów Wartościowych w Warszawie S.A.

5.2. Assessment of the Bank's conformity with disclosure requirements concerning the application of the regulations concerning current and periodic disclosures provided by issuers of securities

The Supervisory Board states that the information obligations resulting from the Regulation of the Minister of Finance of February 19, 2009 on the Current and Periodic Information Provided by Issuers of Securities and the Conditions for Recognizing the Information Required by Legal Regulations of a Non-Member State as Equivalent (Journal of Laws of 2014, item 133) in the reporting period were correctly carried out by the Bank.

## **6. ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM COVERING RISKS SIGNIFICANT TO THE BANK**

In accordance with its Articles of Association, the Bank has in place an internal control system that monitors if the Bank's activities are lawful and correct and if its financial statements and disclosures are accurate.

The primary objective of the internal control system is to support decision-making processes that are to ensure the effectiveness and efficiency of the Bank's operations, the reliability of its financial reporting and the compliance of the Bank's activities with applicable laws and internal regulations. The internal control system includes risk control mechanisms, reviews of the Bank's compliance with laws & internal regulations and internal audit.

The institutional internal control in the Bank is carried out by the Audit Department, being an independent organizational unit, operating within the organizational structure of the Bank. The Audit Department is overseen by the Supervisory Board through the Board's Audit Committee consisting of the Board's members. As far as the organizational structure is concerned, the Audit Department reports to the President of the Management Board. The tasks of the Internal Audit Department

include independent and objective audits and assessments of adequacy and effectiveness of its internal control system and providing opinions on the management system of the Bank, including the effectiveness of management of all risks connected with the Bank's operations.

Functional internal control is a duty of each employee of the Bank and, additionally, of his or her direct manager and associates, and of managers of organizational units of the Bank in the scope of quality, correctness and execution by individual employees of their tasks in order to ensure the compliance of such activities with procedures and controls of the Bank.

The Internal Audit Department submits, on a regular basis, but at least annually, to the Supervisory Board and Management Board, its reports on any identified irregularities and deficiencies, as well as recommendations formulated after internal audits, and activities initiated to rectify such irregularities and to implement such recommendations. The head of the Internal Audit Department is invited to participate in all meetings of the Management Board and Supervisory Board.

The Supervisory Board has established a permanent Audit Committee. Its powers and duties include: oversight over financial reporting, risk management and internal & external audits. The Committee submits annual reports on its activities to the Supervisory Board.

The Supervisory Board has established a permanent Risk and Capital Committee. The Committee has been entrusted with tasks in the scope of oversight over the risk management system used by the Bank and of assessment of its effectiveness. The Committee submits annual reports on its activities to the Supervisory Board. The powers of the Committee in the scope of supervision over the risk management system include, without limitation, verifications of compliance of the Bank's policy in the scope of assumed risks with the strategy and financial plan of the Bank, verifications and recommendations to the Supervisory Board in respect of the general risk level of the Bank, and reviews of periodic reports on the types and amounts of risks connected with the Bank's activities.

The Supervisory Board positively assesses the operation of the internal control, risk management, and compliance risk management systems used by the Bank and the activities of the Internal Audit function. This assessment covers all the key controls, including the internal controls over financial reporting and operating activity.

## **7. ASSESSMENT OF ACTIVITIES OF THE SUPERVISORY BOARD**

### **7.1. Corporate governance**

In the reporting year, the Supervisory Board adhered to the corporate governance rules for public companies, within the framework of its powers. In addition, at the meeting on March 11 2016, the Supervisory Board passed a resolution to accept the policy of the Bank concerning the application of the corporate governance

principles included in the “Best Practice for GPW Listed Companies 2016”, however with the following reservations:

- Recommendation IV.R.1. (“Companies should strive to hold an ordinary general meeting as soon as possible after the publication of an annual report”) is not applicable to the ordinary general meeting of the Bank to be held in 2016;
- Recommendation IV.R.2 (e-general meeting) is applicable, provided that the Management Board decides so before each such general meeting is held;
- Principle VI.Z.2 (the period between the allocation of options or other instruments linked to the company’s shares under an incentive scheme and their exercisability should be no less than two years) is not applicable.

As part of the adoption for use by the Bank - in 2014 by the Management Board and the Supervisory Board and then in 2015 by the General Shareholders Meeting - of the document the Principles of the Corporate Governance for Supervised Institutions issued by the Financial Supervision Authority, on March 11, 2016 the Supervisory Board decided to accept the Compliance Department's Report on the independent assessment of the compliance by the Bank with the Principles of Corporate Governance for Supervised Institutions. On the basis of the approved report, and taking into account the positive recommendation of the Audit Committee of the Supervisory Board, the Supervisory Board assessed that the Bank in 2015 was in compliance with the Principles of Corporate Governance for Supervised Institutions except for the principles with respect to which it was decided not to comply. The Bank decided not to apply three principles:

- the Rule concerning e- general meeting of shareholders
- the Rule concerning obtaining opinion of the regulator on concluding transactions with related parties which would have a significant impact on the financial or legal situation of the Bank - this principle shall not be applied to agreements concerning ongoing operating activity and in particular to those related to liquidity, due to the nature of such transactions and the number of signed agreements,
- the Rule on using Polish as the language of Management Board meetings – Management Board meetings held with the participation of foreigners and especially foreign members of the Management Board who do not speak Polish, shall be held in English. At the same time, all motions examined at Management Board meetings, as well as any and all materials and minutes of the meetings shall be prepared and archived in Polish.

## 7.2. Settlements between the Bank and Citi

In the period covered by this report, the Supervisory Board monitored and supervised, on an ongoing basis, the area of settlements between the Bank and Citi, its strategic investor. In particular, such supervision covered any contracts

for provision to the Bank of consulting and advisory services and operating support, and for performance of actual operations connected with banking activity in the area of information technology, including banking outsourcing. On January 11, 2016, the Supervisory Board approved the fee resulting from the contract for consulting and advisory services.

The Supervisory Board also reviewed the banking outsourcing agreements with entities related with the Bank and the technology-related agreements concerning consumer banking systems or delivery and maintenance of systems supporting human resources management at the Bank.

The Supervisory Board positively assess the activities of the Management Board in the area of adequate settlement of services provided by the majority investor.

### 7.3. Amendments to the Articles of Association and the Regulations of the Bank

The Supervisory Board on June 10, 2015, by way of Resolution no. 1/VI/O/2015 decided to issue positive opinion on the draft amendment to the Bank's Articles of Association granting consent for the employment and dismissal of the person in charge of the internal Audit Department and of the person in charge of the Compliance Department, upon the motion of the Management Board.

On June 10, 2015, by way of Resolution no. 1/VI/O/2015 the Supervisory Board resolved to amend the Regulations of the Supervisory Board of the Bank Handlowy w Warszawie S.A. The changes take into account the requirements set out in the Principles of the Corporate Governance for Supervised Institutions issued by the Financial Supervision Authority in the field relating to:

- granting consent for the employment and dismissal of the person in charge of the internal Audit Department and of the person in charge of the Compliance Department upon the motion of the Management Board
- performing regular assessment of the application of the Principles of Corporate Governance for Supervised Institutions and the result of the assessment shall be made available on the Bank's website and submitted to the remaining bodies of the Bank.

At its meeting on June 22, 2015 the Supervisory Board elected its Chairperson and Vice Chairperson and filled the vacancies in the Committees.

At the meeting on December 3, 2015, the Supervisory Board amended the "Regulations of the Supervisory Board" and the Regulations of the Risk and Capital Committee" and approved amendments to the "Regulations of the Management Board of the Bank." Those amendments were implemented on the basis of the Banking Law as amended in connection with the implementation by Poland of Capital Requirements Directive (CRD) IV and the harmonization of Polish law with the solutions provided for in the Capital Requirements Regulation (CRR), which provides for several additional elements to increase transparency and to reinforce corporate governance at companies.



#### 7.4. Miscellaneous

On July 1, 2015, the Supervisory Board acknowledged a report of the Unit of Internal Oversight over the Brokerage Operations of the Bank on the operation of the system of supervision over legal compliance of brokerage operations for the period from March 1, 2014 to February 28, 2015. At the meeting on July 21, 2015, the Supervisory Board decided to confirm the acquisition by the Members of the Bank's Management Board of their rights to the Variable Remuneration for 2014 consisting of Short-Term Phantom Shares and determined the manner of distribution of those bonuses.

At the meeting on September 30, 2015, the Supervisory Board of the Bank was presented a report on entrusting of activities to third party providers in the Bank in 2014 in the scope of banking and investment outsourcing. At the same meeting, the Supervisory Board discussed the results of an information security analysis regarding the security of data processed by the Bank's key IT systems used by its Customers and the planned direction of development of such systems to ensure information security. Later on during the meeting, the Supervisory Board was presented the "Internal Audit Report for the period from April 1, 2015 to July 31, 2015" and, next, accepted the agreement for the qualitative review of the Internal Audit Function of Bank Handlowy w Warszawie S.A., to be conducted by an external auditor. After that, the Supervisory Board was presented a report on the progress of implementation of the "Risk management policy for (unsecured and mortgage secured) retail credit exposures." The Supervisory Board also passed a resolution on approval of the Method of Identification of Identified Staff for 2015 and the draft List of Identified Staff for 2015.

By way of Resolution of December 11, 2015, the Supervisory Board of the Bank accepted the "Internal Control Rules of Bank Handlowy w Warszawie S.A.".

At the December meeting, the Supervisory Board discussed a preliminary Financial Plan of the Bank for 2016 and, after that, adopted a resolution to approve the Strategy of Bank Handlowy w Warszawie S.A. for 2016-2018. As the next item on the agenda, the Supervisory Board approved amendments to the "Variable Remuneration Component Policy for Managerial Staff at Bank Handlowy w Warszawie S.A." and the "Remuneration Policy for Key Staff at Bank Handlowy w Warszawie S.A." Within the framework of supervision over the internal control system, the Supervisory Board also approved the updated document "Internal Audit Strategy," the "Audit Plan of Bank Handlowy w Warszawie S.A. for 2016" and the "Internal Audit Report for the period from August 1, 2015 to September 30, 2015." In addition, the Supervisory Board approved the "Regulations of the Audit Department Control."

At the meeting on January 18, 2016, the Supervisory Board discussed the issues relating to remuneration of the Members of the Bank's Management Board, and especially the annual bonuses to be awarded to the Members of the Bank's Management Board for 2015 and the allocation of the next installments of the "Long-Term Bonuses in Bank Handlowy's Phantom Shares and Deferred Monetary Bonuses."

During the meeting on March 11, 2016, the Supervisory Board approved, as recommended by the Audit Committee, the "Internal Audit Report for 2015, including details for the period from October 1, 2015 to December 31, 2015." Similarly, as recommended by the Audit Committee, the Supervisory Board approved the "Annual report on performance of compliance activities and on management of compliance risk in 2015 at Bank Handlowy w Warszawie S.A., including performance of security assurance tasks." As the next item on the agenda, the Supervisory Board was presented a report on the implementation of the "Risk management policy for (unsecured and mortgage secured) retail credit exposures" and the "Risk management policy for the mortgage credit exposures and collateral risk management policy for Clients of Corporate Bank and Commercial Bank." Later on during the meeting, as recommended by the Risk and Capital Committee, the Supervisory Board accepted the document "Capital Management at the Group of Bank Handlowy w Warszawie S.A. for 2016" - which includes an overall acceptable risk level (ICAAP). As the next item on the agenda, the Supervisory Board passed a resolution to amend the "Rules of granting of loans, cash loans, bank guarantees, sureties and other banking products creating receivables or off-balance sheet liabilities of the Bank from/to related Clients of the Bank." At the same meeting, the Supervisory Board was presented the final Consolidated Financial Plan of the Bank's Group for 2016. The Supervisory Board also approved the "Technology Strategy of Bank Handlowy w Warszawie S.A. for 2016 – 2018" and acknowledged a report on the implementation of the "Bancassurance Policy of Bank Handlowy w Warszawie S.A. for the third quarter of and April-September in 2015."

In the reporting period, the Supervisory Board monitored the implementation of strategic assumptions of the Bank, while paying due attention to the areas of management of the Bank's risks and capital.

## **8. ASSESSMENT OF THE FINANCIAL STATEMENTS OF THE BANK**

At the meeting, held on March 11, 2016, the Supervisory Board positively assessed: the Management Board's report on the activities of the Bank and the Bank's Group of Companies in the financial year 2015 and the financial statements of the Bank and the Bank's Group of Companies for the financial year 2015, taking into consideration the auditor's opinion and report on the audit of the financial statements of the Bank and the Bank's Group of Companies, prepared by PricewaterhouseCoopers sp. z o.o., the auditor of the Bank – and concluded that the submitted Management Board's report

on the activities of the Bank in the financial year 2015 and the financial statements of the Bank and the Bank's Group of Companies for the financial year 2015 were prepared in accordance with the books of account and documents and, also, in accordance with the actual status and the requirements of the Accounting Act. At the same meeting, a resolution concerning the selection of the auditor for 2016 was passed.

The Supervisory Board positively assessed the recommendation concerning the distribution of profits for the financial year 2015, submitted by the Management Board.

Taking the above into consideration, the Supervisory Board finds that in the reporting period it accomplished its goals, assigned to it under applicable laws and regulations.

This report was examined and accepted by way of resolution at the meeting of the Supervisory Board held on May 17, 2016 in order to submit it to the Ordinary General Meeting of Shareholders of the Bank.

*Draft Resolution to Item 5, Sub-point 3)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**RESOLUTION No. 5/2016  
of the Ordinary Meeting  
of Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**concerning consideration and approval of the report on the activity of the Capital Group of Bank Handlowy w Warszawie S.A. in the year 2015 and of the annual consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2015**

Pursuant to Article 395 § 5 of the Commercial Companies Code in conjunction with Article 55 Paragraph 5 and Article 53 Paragraph 1 of the Accounting Act of 29 September 1994 (Journal of Laws No. 121 Item 591, as amended), the Ordinary General Meeting of Bank Handlowy w Warszawie S.A., having considered the report on the activity of the Capital Group of Bank Handlowy w Warszawie S.A. in the year 2015 and the annual consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2015, has resolved as follows:

- 1) to approve the report on the activity of the Capital Group of Bank Handlowy w Warszawie S.A. in the year 2015, including the Report regarding compliance with corporate governance rules incorporated in 2015.
- 2) to approve the annual consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2015, comprising:
  - a) consolidated statement of financial position prepared as at 31 December 2015 showing a balance sheet total of PLN 49,506,791,185.13;
  - b) consolidated income statement for the year 2015 showing a net profit of PLN 626,419,443.96;
  - c) consolidated statement of comprehensive income for the year 2015 showing a total comprehensive income of PLN 410,812,765.22;
  - d) consolidated statement of changes in equity for the year 2015 showing an equity balance of PLN 6,850,657,053.97;
  - e) consolidated cash flow statement for the year 2015 showing an increase in the net cash balance of PLN 621,436,987.79;
  - f) additional information and explanatory notes together with the independent auditor's opinion and report.

*Draft Resolutions to Item 5, Sub-point 4)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**Resolution No 6/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the President of the Management Board of the Bank Handlowy w Warszawie S.A. - Sławomir Stefan Sikora.

**Resolution No 7/2016**

**of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. - Brendan Carney.

**Resolution No 8/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Maciej Kropidłowski.

**Resolution No 9/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. - David Mouillé.

**Resolution No 10/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. - Barbara Sobala.

**Resolution No 11/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Witold Zieliński.

**Resolution No 12/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member member of the Management Board of the Bank Handlowy w Warszawie S.A - Iwona Dudzińska.

**Resolution No 13/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Management Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Management Board of the Bank Handlowy w Warszawie S.A – Czesław Piasek.

*Draft Resolutions to Item 5, Sub-point 5)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**Resolution No 14/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Chairman of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Andrzej Olechowski.

**Resolution No 15/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Vice Chairman of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Shirish Apte.

**Resolution No 16/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Igor Chalupec.

**Resolution No 17/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Adnan Omar Ahmed.

**Resolution No 18/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Mirosław Gryszka.

**Resolution No 19/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**



Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Frank Mannion.

**Resolution No 20/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Dariusz Mioduski.

**Resolution No 21/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Anna Rulkiewicz.

**Resolution No 22/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Stanisław Sołtyśński.

**Resolution No 23/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Zdenek Turek.

**Resolution No 24/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Anil Wadhvani.

**Resolution No 25/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**on granting of approval of the performance by the member of the Bank's  
Supervisory Board of duties in 2015**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2015 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Stephen R. Volk.

*Draft Resolution to Item 5, Sub-point 6)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**RESOLUTION No. 26/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**concerning distribution of the net profit for the year 2015**

Pursuant to Article 395 § 2 Item 2) of the Commercial Companies Code and § 9 Section 1 Item 2, and § 30 Section 1 of the Bank's Articles of Association, the Ordinary General Meeting of Bank Handlowy w Warszawie S.A. has resolved as follows:

- I. To distribute the net profit for the year 2015 in the amount of **PLN 620,227,353.58** as follows:
  - 1) Dividend for shareholders **PLN 611,486,928.00** which means that the dividend per share amounts to PLN 4.68.
  - 2) Allocation to general risk fund **PLN 8,000,000.00**
  - 3) Allocation for the reserve capital **PLN 740,425.58**
- II. To set the date for determining the right to the dividend for July 4, 2016 (the dividend day) and to set the date of payment of the dividend for July 21, 2016 (the dividend payment date).

*Draft Resolution to Item 5, Sub-point 7)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**Resolution No 27/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**concerning the changes in the Articles of Association**

Acting pursuant to § 9 Section 2 Item 2 of the Articles of Association and Article 430 of the Commercial Companies Code, the Ordinary General Meeting of Bank Handlowy w Warszawie S.A. has resolved as follows:

1. The following wording of Paragraph 5 Section 4 Item 14) of the Bank's Articles of Association shall be deleted in entirety:  
"14) accept purchase and sale orders as well as maintain subscriptions for participation units or investment certificates in investment funds,"
2. Paragraph 5 Section 4 Item 23) of the Bank Articles of Association shall now read as follows:  
"23) perform non-brokerage activities in the following scope:
  - a) receive and transmit orders to buy or sell financial instruments;
  - b) execute orders to buy or sell financial instruments for the account of the ordering party;
  - c) buy and sell financial instruments for its own account;
  - d) provide investment advice;
  - e) offer financial instruments;
  - f) provide services in implementation of contracts for firm commitment and stand-by underwriting and implement other similar agreements.
3. The following Section 6 shall be added after Section 5 of Paragraph 5:  
„6. The Bank may perform actions restricted for banks, defined by the Act on the State Support in Raising Children.”
4. Paragraph 18 Section 1 Item 9) of the Bank's Articles of Association shall now read as follows:  
„9) granting consent for the conclusion by the Bank of material agreement with a shareholder who holds at least 5% of the total vote in the Bank or with entity associated with the Bank,”

## § 2

The resolution shall enter into force on the date it is adopted and shall come into effect upon registration of the amendments in the register of entrepreneurs of the National Court Registry however, the changes in the point 1 and point 2 of the resolution shall enter into force on the date of the Financial Supervision Commission permission on both these amendments to the Articles of Association in accordance with the content of point 1 and point 2 of the resolution.

*Draft Resolution to Item 5, Sub-point 8)  
of the Agenda of the Ordinary General*

*Meeting held on 21 June 2016*

**Resolution No 28/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**regarding changes in the composition of the Supervisory Board of Bank Handlowy w Warszawie S.A.**

Acting pursuant to § 9 Section 2 Item 7 in relation to § 14 Section 1 of the Articles of Association, the Ordinary General Meeting appoints Mr/Ms ..... as member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for a term of office of three years.

The Ordinary General Meeting states that Mr/Ms..... meets the requirements of Article 22aa of the Banking Law.

*Draft Resolution to Item 5, Sub-point 9)  
of the Agenda of the Ordinary General  
Meeting held on 21 June 2016*

**Resolution No 29/2016  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 21 June 2016**

**regarding defining the maximum level of the ratio between the fixed and variable components of remuneration of the individuals holding management positions with Bank Handlowy w Warszawie S.A.**

§ 1

Pursuant to Article 395 § 5 of the Commercial Companies Code and item (25) of the Variable Remuneration Components Policy for Managerial Staff in Bank Handlowy w Warszawie S.A. (the Policy), the Ordinary General Meeting hereby approves the maximum level of the ratio between the fixed remuneration and the Variable Remuneration of the Identified Staff (as defined in the Policy) at 1:2 for each of the Identified Staff in Bank Handlowy w Warszawie S.A.

§ 2

This resolution shall be effective upon its adoption.