

**POWER OF ATTORNEY TO ATTEND  
THE ORDINARY GENERAL MEETING  
OF BANK HANDLOWY W WARSZAWIE S.A.  
TO BE HELD ON JUNE 5, 2019**

**for the entities other than natural persons**

I, the undersigned / We, the undersigned,

Name and surname .....

acting on behalf of: ....., with its registered office in .....

represent that ..... (*Name and surname/business name of the shareholder*) (hereinafter the **Shareholder**) holds ..... (*Please specify the number*) common bearer shares of Bank Handlowy w Warszawie S.A. z siedzibą w Warszawie (hereinafter the **Bank**)

and I/we hereby authorise:

Mr./Mrs./Ms. ...., passport/identity document/other official identity document no. ....,

or

.....(*business name of the entity*), with its registered office in ..... and address .....,

to represent the Shareholder at the Ordinary General Meeting of the Bank convened at 01:00PM on June 5, 2019, in Warsaw, ul. Traugutta 7/9 (hereinafter the **Ordinary General Meeting**), in particular to attend and make statements at the Ordinary General Meeting, to sign the attendance list and to exercise voting rights on behalf of the Shareholder from .....(*number*) shares / from all shares as per the instructions as to the mode of voting / at the proxy's discretion and present objectives.

\_\_\_\_\_  
[Name and surname, title and date]

\_\_\_\_\_  
[Name and surname, title and date]

**POWER OF ATTORNEY TO ATTEND  
THE ORDINARY GENERAL MEETING  
OF BANK HANDLOWY W WARSZAWIE S.A.  
TO BE HELD ON JUNE 5, 2019**

**for natural persons**

I, the undersigned .....[Name and surname], holding the identity document no. ...., residing in .....[Address], represent that I am a shareholder of Bank Handlowy w Warszawie S.A. holding .....  
(*Please specify the number*) common bearer shares of Bank Handlowy w Warszawie S.A. z siedzibą w Warszawie (hereinafter the **Bank**)

and I hereby authorise

Mr./Mrs./Ms. ...., passport/identity document/other official identity document no. ....,

or

..... (*Business name of the entity*), with its registered office in ..... and address in .....,

to represent the Shareholder at the Bank's Ordinary General Meeting convened at 01.00PM on June 5, 2019 in Warsaw, ul. Traugutta 7/9 (hereinafter the **Ordinary General Meeting**), in particular to attend and make statements at the Ordinary General Meeting, to sign the attendance list and to exercise voting rights on behalf of the Shareholder from ..... (number) shares/from all shares as per the voting instructions/at the proxy's discretion and present objectives.

---

[Name and surname, and date]

## **NOTES TO THE SHAREHOLDER**

1. In the event of a discrepancy between the data of a Bank Shareholder shown in the power of attorney and the data appearing on the list of shareholders drawn up on the basis of the list obtained from the National Depository for Securities (KDPW) and forwarded to the Bank pursuant to Article 406 (3) of the Code of Commercial Companies, the Bank Shareholder may not be admitted to attend the Ordinary General Meeting.
2. The instructions provided below for voting on individual resolutions in the course of the Ordinary General Meeting are a confidential document between the Bank Shareholder and his proxy and shall not be disclosed to third parties, in particular the Bank, either before or after the Ordinary General Meeting.
3. Casting of a vote by the proxy in the manner inconsistent with the instructions given by the Bank Shareholder shall not affect validity of the vote.
4. Utilisation of this form shall be at the sole and exclusive discretion of the Bank Shareholder. The Shareholder has the right to grant the power of attorney in another manner provided that the content of such power of attorney enables:
  - a) Identification of the Shareholder casting the vote and his proxy;
  - b) Casting of the vote within the meaning of Article 4 § 1 Section 9 of the Code of Commercial Companies;
  - c) Filing of an objection by the Shareholders voting against the resolution; and
  - d) Provision of voting instructions for each of the resolutions on which the Shareholder's proxy is to vote.
5. The notice of granting or revoking of the power of attorney in the electronic format shall be filed by 15:00 on the working day preceding the date of the Ordinary General Meeting, at the latest.
6. The risk inherent in the use of the means of electronic communication shall rest with the Shareholder.
7. In order to verify validity of the power of attorney granted in the electronic format and to identify the Shareholder and proxy, the Bank, upon receipt of the notice of granting of the power of attorney in the electronic format, shall check whether the scans of the documents enabling identification and verification of the shareholder and of the proxy have been enclosed and whether, for legal persons and organisational units, the rules of representation applicable to such entities have been complied with. Furthermore, the Bank shall have the right to contact by telephone using the telephone number designated by the Shareholder or send a return message in order to verify the fact of granting by a given Shareholder of the power of attorney in the electronic format. The Bank shall have the right to contact both the shareholder and the proxy.
8. All documents sent to the Bank by electronic means shall be scanned down to PDF format.

**TO: [NAME AND SURNAME OF THE PROXY]**

**INSTRUCTIONS ON EXERCISE OF VOTING RIGHTS THROUGH A PROXY**

Applicable to the Ordinary General Meeting of Bank Handlowy w Warszawie S.A. to be held at 01:00PM on June 5, 2019 in Warsaw, ul. Traugutta 7/9.

*Draft Resolution to Item 2 of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**Resolution No 1/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning election of Chairman the Ordinary General Meeting**

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

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 4 of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**Resolution No 2/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning approval of the Agenda**

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

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5 Sub-point 1) of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**RESOLUTION No. 3/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning consideration and approval of the annual financial statements of Bank for the financial year ended 31 December 2018**

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 annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2018, has resolved to approve the annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2018 comprising:

- a) statement of financial position prepared as at 31 December 2018 showing a balance sheet total of PLN 49,242,023,760.27;
- b) income statement for the year 2018 showing a net profit of PLN 653,118,615.10;
- c) statement of comprehensive income for the year 2018 showing a total comprehensive income of PLN 745,023,887.39;
- d) statement of changes in equity for the year 2018 showing an equity balance of PLN 7,007,053,132.02;
- e) cash flow statement for the year 2018 showing a net cash balance of PLN 7,474,816,942.22;
- f) additional information and explanatory notes together with the independent auditor's report on the audit of the financial statements.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5, Sub-point 2) of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**RESOLUTION No. 4/2019  
of the Ordinary Meeting  
of Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning consideration and approval of the annual consolidated financial statements of the Capital Group of Bank for the financial year ended 31 December 2018**

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, the Ordinary General Meeting of Bank Handlowy w Warszawie S.A., having considered the annual consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2018, has resolved 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 2018, comprising:

- a) consolidated statement of financial position prepared as at 31 December 2018 showing a balance sheet total of PLN 49,304,713,021.47;
- b) consolidated income statement for the year 2018 showing a net profit of PLN 638,851,615.17;
- c) consolidated statement of comprehensive income for the year 2018 showing a total comprehensive income of PLN 730,457,693.53;
- d) consolidated statement of changes in equity for the year 2018 showing an equity balance of PLN 7,056,751,378.16;
- e) consolidated cash flow statement for the year 2018 showing a net cash balance of PLN 7,474,977,726.69;
- f) additional information and explanatory notes together with the independent auditor's report on the audit of the financial statements.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5, Sub-point 3) of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**RESOLUTION No. 5/2019  
of the Ordinary Meeting  
of Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning consideration and approval of the report on the activity of Bank and Capital Group of Bank**

Pursuant to Article 395 § 2 Item 1) and § 5 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., after consideration has resolved to approve the Report on activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the year 2018 including the Report on activities of Bank Handlowy w Warszawie S.A. and together with the Report on non-financial information of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2018.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5, Sub-point 4) of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**Resolution No 6/2019**

**of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the President of the Management Board of the Bank Handlowy w Warszawie S.A. - Sławomir Stefan Sikora.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 7/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Maciej Kropidłowski.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 8/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**



**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – David Mouillé.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 9/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Barbara Sobala.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 10/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Witold Zieliński.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 11/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Natalia Bożek.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 12/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Member of the Management Board of the Bank Handlowy w Warszawie S.A. – Katarzyna Majewska.

<input type="checkbox"/> <b>For</b>	<input type="checkbox"/> <b>Against</b>	<input type="checkbox"/> <b>Abstaining</b>	<input type="checkbox"/> <b>At the proxy's discretion</b>
	<input type="checkbox"/> <b>Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 13/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2018**

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 2018 by the Member of the Management Board of the Bank Handlowy w Warszawie S.A. – Czesław Piasek.

<input type="checkbox"/> <b>For</b>	<input type="checkbox"/> <b>Against</b>	<input type="checkbox"/> <b>Abstaining</b>	<input type="checkbox"/> <b>At the proxy's discretion</b>
	<input type="checkbox"/> <b>Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5, Sub-point 5) of the  
Agenda of the Ordinary General Meeting held on 5  
June 2019*

**Resolution No 14/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on consideration and approval of the Bank Supervisory Board's report on its activity for the period of time from the date of the Bank's Ordinary General Meeting in 2018 to the date of**

**the Bank's Ordinary General Meeting in 2019 containing: assessment of reports on activities and financial statements of the Bank and its Capital Group in year 2018, assessment of the Management Board's motion on distribution of the net profit for year 2018, 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 2018 to the date of the Bank's Ordinary General Meeting in 2019 containing: assessment of reports on activities and financial statements of the Bank and its Capital Group in year 2018, assessment of the Management Board's motion on distribution of the net profit for year 2018, 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 the activities of the Supervisory Board of Bank Handlowy w Warszawie S.A.

for the period from the date of the Annual General Meeting of Shareholders in 2018  
to the date of the Annual General Meeting of Shareholders in 2019

#### 1. Members of the Supervisory Board

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

Mr. Andrzej Olechowski	Chairman of the Board	entire reporting period
Mr. Frank Mannion	Vice Chairman of the Board	entire reporting period
Mr. Shirish Apte	Member of the Board	entire reporting period
Mr. Marek Belka	Member of the Board	entire reporting period
Mr. Grzegorz Bielicki	Member of the Board	entire reporting period
Mr. Igor Chalupiec	Member of the Board	entire reporting period
Ms. Jenny Grey	Member of the Board	entire reporting period
Mr. Marek Kapuściński	Member of the Board	entire reporting period
Mr. Marc Luet	Member of the Board	entire reporting period
Mr. Anand Selvakesari	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

1.2. Independent Members of the Supervisory Board

In the opinion of the Supervisory Board, the Independent Members of the Supervisory Board within the meaning of the Articles of Association of the Bank are as follows:

Mr. Andrzej Olechowski	Chairman of the Board
Mr. Shirish Apte	Member of the Board
Mr. Marek Belka	Member of the Board
Mr. Grzegorz Bielicki	Member of the Board
Mr. Igor Chalupiec	Member of the Board
Mr. Marek Kapuściński	Member of the Board
Mr. Stanisław Sołtysiński	Member of the Board

1.3. Evaluation of the composition of the Supervisory Board

Assessment of suitability and independence.

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. Members of the Supervisory Board have practical knowledge acquired as managers in international economic institutions. Members of the Supervisory Board have adequate knowledge, skills and experience. In the Supervisory Board's opinion, the expertise of its Members ensures due performance of its tasks resulting from applicable laws and regulations and the composition of the Bank's Supervisory Board accommodates a broad range of competencies required to govern all material areas of the Bank's activity.

The structure of the Board, including its committees, is designed so that the Board and its committees could make the most of the expertise of its Members contributing to the accomplishment of 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. Grzegorz Bielicki	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 Chalupiec	Member of the Committee	entire reporting period
Mr. Marek Kapuściński	Member of the Committee	entire reporting period

The Supervisory Board considers the following persons to be members of the Audit Committee of the Supervisory Board of Bank Handlowy w Warszawie S.A. having knowledge and skills in accounting and audit of financial accounts:

- 1) Mr. Shirish Apte due to the following: (i) education - he earned a diploma of Chartered Accountant from the Institute of Chartered Accountants in England and Wales and a bachelor's degree in commerce. Mr. Shirish Apte also has an MBA from London Business School; (ii) professional experience;
- 2) Mr. Frank Mannion due to the following: (i) education - he graduated from the National University of Ireland in Galway, earning a degree in commerce. He has also earned the title of Chartered Accountant; (ii) professional experience;
- 3) Mr. Grzegorz Bielecki due to the following: (i) education - He has a master's degree in economics obtained at the Foreign Trade Department of the Warsaw School of Economics; (ii) professional experience;
- 4) Mr. Igor Chalupiec due to the following: (i) education – he is a graduate of the Foreign Trade Department of the Warsaw School of Economics (SGH) and of Faculty of Law and Administration of the University of Warsaw; (ii) professional experience.

The following members of the Audit Committee are independent within the meaning of Article 129(3) of the Act of May 11, 2017 on auditors, audit firms and public supervision: Mr. Grzegorz Bielicki, Mr. Igor Chalupiec and Mr. Marek Kapuściński.

#### 1.4.2. Nomination and Remuneration Committee

Mr. Andrzej Olechowski	Chairman of the Committee	entire reporting period
Ms. Jenny Grey	Vice Chairman of the Committee	entire reporting period
Mr. Marc Luet	Member of the Committee	entire reporting period
Mr. Stanisław Sołtysiński	Member of the Committee	entire reporting period

#### 1.4.3. Strategy and Management Committee

Mr. Marek Belka	Chairman of the Committee	entire reporting period
Mr. Stanisław Sołtysiński	Vice Chairman of the Committee	entire reporting period
Mr. Shirish Apte	Member of the Committee	entire reporting period
Mr. Grzegorz Bielicki	Member of the Committee	entire reporting period
Mr. Igor Chalupiec	Member of the Committee	entire reporting period
Ms. Jenny Grey	Member of the Committee	entire reporting period
Mr. Mirosław Gryszka	Member of the Committee	entire reporting period
Mr. Marek Kapuściński	Member of the Committee	entire reporting period
Mr. Frank Mannion	Member of the Committee	entire reporting period
Mr. Marc Luet	Member of the Committee	entire reporting period
Mr. Andrzej Olechowski	Member of the Committee	entire reporting period
Mr. Anand Selvakesari	Member of the Committee	entire reporting period
Mr. Stephen R. Volk	Member of the Committee	entire reporting period

#### 1.4.4. Risk and Capital Committee

Mr. Frank Mannion	Chairman of the Committee	entire reporting period
Mr. Igor Chalupiec	Vice Chairman of the Committee	entire reporting period
Mr. Marek Belka		entire reporting period
Mr. Marek Kapuściński	Member of the Committee	entire reporting period
Mr. Marc Luet	Member of the Committee	entire reporting period
Mr. Andrzej Olechowski	Member of the Committee	entire reporting period
Mr. Anand Selvakesari	Member of the Committee	entire reporting period
Mr. Stephen R. Volk	Member of the Committee	entire reporting period

#### 1.5. Meetings of the Supervisory Board and its Committees

In the reporting period, the Supervisory Board held five meetings, and its Committees: Audit Committee – 3, Risk and Capital Committee – 3, Remuneration Committee – 4, Strategy and Management Committee – 2.

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

The economic growth rate in Poland grew to approximately 5.0% in 2018 from 4.6% in 2017. Such growth was mainly driven by a revival in investments, which rose to 7.5% from 3.4% year-on-year, following inflows of EU funds, and was reflected in construction output growing at a faster rate. On the other hand, a slight slowdown was reported in private consumption falling from 4.8% to 4.6% in 2018, propped up by increased salaries in the enterprise sector with falling unemployment.

In 2018, the net profit of the banking sector rose by 7.5%, to PLN 14.7 billion, as compared to PLN 13.6 billion in 2017. Improved net interest income added most to the increased net profit. Higher interest revenues fueled by higher credit volumes bolstered such net interest income. The largest growth rate in 2018 was visible mainly in loans to retail clients (mortgage and consumer loans). On the other hand, growth in net interest income was partially compensated by a lower net commission income and higher operating expenses mainly due to higher personnel costs.

The Bank earned a net profit of PLN 653.1 million, i.e. 22% higher versus prior year. The high profitability of the Bank and its safe and stable capital position are the main areas where the Bank surpassed its competitors. The key factors affecting the financial result in 2018 include an increase in operating revenues, supported by consistent cost discipline and positive net impairment charges for financial assets.

Operating revenues amounted to PLN 2,149 million in 2018 and were higher by PLN 105 million (or 5.1%) as compared with 2017. The above increase was propelled first and foremost by a higher result from treasury operations, attained thanks to, among other factors, growing volumes of foreign exchange transactions, partially offset by a lower result from the interbank market operations.

In 2018, rising credit volumes from clients contributed to an increase in the Bank's net interest income by PLN 26 million, namely it grew by 2.4%, as compared to 2017. At the same time, as compared to 2017, the net commission income dropped by PLN 14 million, namely by 2.6% as a consequence of a downturn on the domestic equity market and an increased risk aversion on the part of customers.

In 2018, as in the prior year, the Bank strived to maintain cost discipline. On the one hand, automation and digitalization allowed the Bank to slash costs of support and maintenance processes and on the other hand, the Bank invested in sales of products by, among other efforts, increasing expenses on advertisement and marketing.

In 2018, net impairment losses on financial assets were reduced by PLN 36 million against 2017, mainly as a result of the stabilization of a loan portfolio and the repayment of several loan exposures in institutional banking.

For the Bank, it was another year of sustainable growth of lending. In the Institutional Clients Group (ICG), the growth rate reached 13%, i.e. above the GDP growth rate in 2018, and in the Global Consumer Banking (GCG) business the volumes increased by 5%. As far as the acquisition of new retail volumes is concerned, those efforts were mainly conducted via electronic channels, e.g. in the acquisition of new cash loans.

As at the end of 2018, shareholders' equity was practically unchanged versus the end of the previous year. 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, 2018, the capital adequacy ratio of the Bank was 16.5%. The high level of the capital adequacy ratio achieved by the Bank confirms its financial security and strong capital base.

Considering that in 2019, in both global and Polish economy such risks may appear as: sluggish global economic growth, the pace of monetary tightening by main central banks in the world, and growing pay pressure in Poland - the Supervisory Board will continue its close cooperation with the Management Board to monitor the impact of those 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 2018 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 THE BANK'S POLICY IN THE AREA OF CORPORATE SOCIAL RESPONSIBILITY AND SPONSORING**

#### **3.1. Corporate social responsibility of the Bank**

The Bank is an institution which, since the beginning of its nearly 150-year history, has considered social and environmental aspects in its decisions, and which follows the expectations of both its business and social partners.

There is no trust without responsibility. And long-term development and success are not possible without trust. The Bank would not have its 150 year history if not for the Bank's sense of responsibility for environment. The very approach changed depending on historical situations and current needs but the Bank always was, is and will be the citizen of communities, in which it operates and with the help of which it builds its success.

1..... In regard to the requirement to approach comprehensively the issue of corporate social responsibility management, the Bank identified business activities which were of key importance from the point of view of social and community environments (taking into consideration the specifics of a conducted activity). They include activities related to investments and products, secure accessible banking services, reduction of environmental impacts, concern for people, development of communities, and responsible management.

Furthermore, the Bank's ambition is to remain, in the long term, the leader in social responsibility among banking institutions in Poland. This commitment is appreciated by placing continuously the Bank in the Respect Index ranking organized by Giełda Papierów Wartościowych w Warszawie S.A. In addition, in 2018, the Bank was awarded the title "Super Ethical Company" in a competition organized by Puls Biznesu. For many years, to a significant extent in reliance on the activity of the established corporate foundation (The Kronenberg Foundation at Citi Handlowy), the Bank has been an undisputed leader in social involvement and employee volunteering.

In 2018, the Foundation carried out programs related to entrepreneurship and financial education. As every year, "Poles' Attitudes Towards Saving" survey was conducted. For eleven years now, the survey has been appreciated by both media and opinion leaders and it is perceived as the most reliable and authoritative survey of its kind in Poland. The Foundation is also organizing the



competition for the Emerging Market Champions Citi Handlowy Award – the purpose of the competition is to promote enterprises which with success roll out their activity abroad. Another systemically relevant program of the Foundation is IT for She, an undertaking implemented in a coalition with seven international technological companies. The project supports the career development of young women in IT. In 2018, 35 charges benefited from the mentors' specialist knowledge. 120 IT female specialists from all over Poland took part in technological workshops and energetic networking during Women in Tech Camp. A volunteering campaign, in which 80 talented female IT students taught new technologies at primary schools in little towns from July to September, benefited 2000 children. On 27 and 28 November 2018, also Women in Tech Summit was organized - the largest event for women in technologies in that part of the world. Moreover, the Foundation was involved in programs funded by Citi Foundation, such as, for instance, Business in Women's Hands. It is the initiative implemented together with the Foundation for Female Entrepreneurship addressed to 50 women who want to start their own company. The Foundation also followed up activities in the scope 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. The 20th edition of the Award was won by bishop Waldemar Pytel for more than 30 years of his efforts to save, revitalize and restore the splendor of the Lutheran block of streets along with the Church of Peace in Świdnica – the UNESCO World Heritage Site. Thanks to the extraordinary determination of bishop Waldemar Pytel, Świdnica is an authentic place of dialogue between cultures and nations today.

In 2018, the Foundation coordinated Employee Volunteering Program. As in the previous years, the key project was the Citi's Global Community Day, which celebrated its thirteenth anniversary. Its participants included volunteers from Citi and Bank Handlowy, their families and friends. The volunteers carried out 207 social projects for almost 38,000 beneficiaries. Other activities within the frames of the employee volunteering are: integration trips involving volunteering, the action "Become Santa's Helper" and individual volunteering. Since its kickoff (2005), Citi employees in Poland have been involved in the program as many as 27 400 times, working more than 147 000 hours. Thanks to their commitment, over 325 000 persons across the whole country received aid.

Full description of its activities is available in the Bank's Annual Report and on the website [www.kronenberg.org.pl](http://www.kronenberg.org.pl).

### 3.2. Sponsoring

In 2018, the Bank and the Foundation supported numerous nation-wide and international conferences and events. One of them was the 8th European Financial Congress in Sopot, an annual meeting of representatives of the European financial sector, the world of politics and economic experts. The leitmotiv of the 8th edition of the Congress was "For the centenary – innovative and secure future of the financial sector".

As part of its cooperation with the American Chamber of Commerce, the Bank was a partner of the AmCham Diner organized during the European Economic Congress in Katowice, the Economic Forum in Krynica and the Congress 590 in Rzeszów. Representatives of the Bank participated in many panel discussions during all those events. Citi Handlowy was a sponsor of the Polish edition of Graham Allison's *Destined for War: Can America and China Escape Thucydides's Trap?* This book, written by a renowned historian from Harvard University and a practitioner in the field of international relations, is an insightful analysis of possible scenarios of future competition between the United States and China.

In 2018, the Bank continued its cooperation with Nextbike, an international city bike operator. Between March and November, city bikes in Warsaw, Łódź, Lublin, Wrocław, Białystok, Poznań, Szczecin, Upper Silesian Industrial Region, Katowice and Opole promoted products and services of the Bank. For Warsaw bikers, Citi Handlowy also launched a new version of the unique bank & bike application Citi Handlowy Bikes, for renting bikes. It includes many new functions, including an option to check how a bike ride improved quality of air in the city.

In 2018, the Bank established cooperation with Live Nation, leading organizer of concerts and live events. The Bank offered holders of Citi Handlowy cards access to exclusive pre-sales of tickets for

concerts organized throughout Poland. The strategic cooperation with Live Nation will be continued in 2019.

Under its Live Well at Citi program, the Bank supported development of sports in Poland in 2018. It was also a partner of the Polish Golf Union and the Title Sponsor of the Citi Handlowy Lexus Business Cup, a tennis tournament organized in six Polish cities from May to September. It was also a sponsor of the Ironman Poland Tour – triathlon races in Warsaw and Gdynia.

The Supervisory Board positively assesses the involvement of the Bank in the area of corporate social responsibility and sponsorship of important economic events.

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

The obligation of the Supervisory Board to assess the functioning of the remuneration policy at Bank Handlowy w Warszawie S.A. results from § 28 (3) of the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority (KNF) on July 22, 2014 and effective from January 1, 2015.

In 2018, issues related to remuneration at the Bank were addressed in the Bank Handlowy w Warszawie S.A. Employee Remuneration Policy approved by a resolution of the Bank's Supervisory Board of 22 December 2017 ("Remuneration Policy"). The Remuneration Policy covers processes and rules applied at the Bank with relation to the remuneration of all employees, including in particular, key staff, persons whose professional activity significantly influences the risk profile of the Bank, employees involved in the sale of the Bank's products and services, and employees holding control functions. The Remuneration Policy implements the provisions concerning the development of remuneration rules at banks, included in the provisions of law, the Principles of Corporate Governance for Supervised Institutions adopted by the Polish Financial Supervision Authority ("Principles of Corporate Governance"), Best Practice of GPW Listed Companies 2016, recommendations of the Polish Financial Supervision Authority concerning the banking sector and takes into consideration the EBA Guidelines on Sound Remuneration Policy, referred to in Article 74 (3) and Article 75 (2) of Directive 2013/36/EU, and the disclosure of information in accordance with Article 450 of the Regulation (EU) no. 575/2013, EBA Guidelines concerning remuneration policies and practices related to the provision and sales of consumer banking products and services, ESMA Guidelines on remuneration policies and practices (MiFID).

The Remuneration Policy is assessed as follows.

- 1) In accordance with the requirements, the Remuneration Policy applies to all employees at the Bank and defines a group of Key Persons designated in the Principles of Corporate Governance.
- 2) The Remuneration Policy properly and adequately defines rules of remuneration of employees at the Bank, including Key Persons, and the form, structure and method of determining them. The rules of remuneration applicable to Members of the Supervisory Board are regulated by way of resolutions of the General Meeting of Shareholders of the Bank.
- 3) The method of implementing the Remuneration Policy and the supervision exercised over the Remuneration Policy ensure that the structure of remuneration of employees at the Bank, including Key Persons, supports the long-term stability of the Bank and is in conformity with the strategy, goals and objectives, values and long-term interests of the Bank, specifically such as sustainable growth, and allows for eliminating any potential adverse impact of remuneration systems on adequate risk management.
- 4) The Bank properly implemented all the rules applicable to fixed remuneration included in the Remuneration Policy. In particular, the Bank diversifies amounts paid to employees, including Key

Persons, as their fixed remuneration taking into consideration their professional experience, requirements concerning competences and functions in the management process of the Bank.

- 5) The Bank ensures appropriate remuneration for internal audit employees and compliance employees so that highly qualified specialists could be hired and retained in those units. The Audit Committee of the Supervisory Board approved the analysis of remuneration for the Audit and Compliance employees at Bank Handlowy w Warszawie S.A.
- 6) The Bank uses the Remuneration Policy, in addition to other measures, to promote reasonable and effective risk management and to prevent risk taking going beyond an acceptable level. Consequently, the remuneration system based on financial and non-financial performance which is used by the Bank does not reward excessive risk taking in decision making. In particular, the remuneration of each of the Members of the Management Board is determined to promote the prudent management of the Bank and on the basis of financial and non-financial performance without rewarding inappropriate decisions taken by employees.
- 7) While designing and approving the funds allocated to variable remuneration of the Bank's employees for 2018, including Key Staff, the Bank performed their respective verification. It confirmed that the Bank had an appropriate and solid capital base which justified the proposed value of variable remuneration and that it did not limit the Bank's ability to increase its capital base and that it was justified by the financial situation of the Bank.
- 8) The detailed rules applicable to variable remuneration granted to persons having a significant impact on the risk profile of the Bank ("Authorized Persons"), including Key Persons, are regulated by the "Remuneration Policy for Persons whose Professional Activity Significantly Influences the Risk Profile of Bank Handlowy w Warszawie S.A." ("Authorized Persons Remuneration Policy"). Those rules were properly applied to grant the Authorized Persons, including Key Persons, variable remuneration in January 2019 (variable remuneration for their work in 2018), i.e.:
  - a) the Nomination and Remuneration Committee of the Bank's Supervisory Board recommends and justifies the amounts and conditions of variable remuneration for persons covered by the Authorized Persons Remuneration Policy. It also expresses an opinion on the amendments to the Authorized Persons Remuneration Policy, including the amounts of components of remuneration, following the rules of prudent and stable management of risk, capital and liquidity and with special care of long-term interests of the Bank and its shareholders, investors and stakeholders. In 2018, the Nomination and Remuneration Committee of the Supervisory Board held five meetings.
  - b) The level of variable remuneration for work in 2018 was determined on the basis of financial and non-financial criteria, taking into account the costs of risk, costs of capital and liquidity risk of the Bank in the long-term run. Such defined variable remuneration was granted on 14 January 2019. It was divided into a non-deferred part and a deferred part. In turn, the deferred variable remuneration was split into a short-term part, which may be vested in employees after 6 or 12 months of deferment period, and a long-term part, which is divided into three or five instalments payable, which may be vested in employees, respectively, in 2020-2022 or 2020-2024;
  - c) In 2018, in respect of three Authorized Persons, the Bank's Management Board, after obtaining a positive opinion from the Nomination and Remuneration Committee of the Supervisory Board, decided to deprive them of the right to deferred variable remuneration which had been granted conditionally to those Authorized Persons during their employment relationship and to which they had not obtained entitlements before the work contract termination date. The decision was made in accordance with the provisions of the Authorized Persons Remuneration Policy concerning the termination of work contracts under terms and conditions of obtaining the right to deferred variable remuneration. The resulting adjustment in the amount of deferred variable remuneration was not linked to the Bank's performance or individual performance.
- 9) The Remuneration Policy adopted at the Bank ensures an appropriate method for remuneration of employees involved in the sales of the Bank's products and services, which encourages them to

act in an honest, impartial, transparent and professional way, taking into consideration the rights and interests of all Clients of the Bank in the short, medium and long term.

- 10) In 2018, the Bank correctly analyzed the roles and responsibilities of their employees in the context of the key types of risks managed by the Bank and the 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 that basis, determined the list of persons whose professional activity has a material impact on the risk profile of the Bank and, thus, should be subject to the Authorized Persons Remuneration Policy. In 2018, the list of staff covered by the Authorized Persons Remuneration Policy included 83 persons.

The Supervisory Board positively assesses 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. The Supervisory Board's assessment of conformity with disclosure requirements concerning the application of the Corporate Governance Principles set out in the rules of the Warsaw Stock Exchange

The required statement of compliance with the principles of corporate governance prescribed by the "Best Practice for GPW Listed Companies 2016" is reported by publishing the "Statement of Bank Handlowy w Warszawie S.A. on its application of corporate governance rules" within the frames of the "Report on the operations of Bank Handlowy w Warszawie S.A. in 2018". 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. Bank's statement includes among others information which principles and recommendations of the "Best Practice for GPW Listed Companies 2016" were not applied by the Bank in 2018 along with explanations.

In connection with the Bank's accepting the corporate governance principles prescribed in the "Best Practice of GPW Listed Companies 2016", on 11 March 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. (Warsaw Stock Exchange).

- 5.2. Assessment of fulfilment by the Bank of its information obligations related to current and periodic information provided by issuers of securities

The Supervisory Board states that the information obligations resulting from the Regulation of the Minister of Finance of 29 March 2018 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 2018, item 757) were correctly performed by the Bank in the reporting period.

## **6. ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND THE RISK MANAGEMENT SYSTEM THAT COVERS 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 the 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 and the compliance with risk management rules in the Bank. The internal control system encompasses control mechanisms, risk control mechanisms, non-compliance risk management and internal audit activities integrated with individual processes.

The internal control system in place at the Bank is organized in three independent levels:

- Level 1 – organizational units responsible for the activity which results in taking risks and for risk management in the Bank's operational activity, as well as for risk identification and reporting to the second-line units,
- Level 2 – risk management at organizational units, regardless of the first-line risk management, and the activity of the compliance unit; units or persons responsible for setting risk management standards in identifying, measuring or assessing, limiting, controlling, monitoring, reporting and supervising control mechanisms applied by other organizational units of the Bank to mitigate risk – organizational units of the Risk Management Sector, Compliance Department, Finance Management Sector, Legal Division, Human Resources Division,
- Level 3 – internal audit unit, responsible for an independent assessment of the risk management and internal control systems – Audit Department.

The Audit Department is supervised by the Supervisory Board via the Audit Committee composed of its Members. Organizationally, the Audit Department reports to the President of the Bank's Management Board.

The 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 Audit Department is invited to participate in all meetings of the Management Board and Supervisory Board.

The Audit Committee's powers and duties include oversight over financial reporting, internal control, 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 overall risk level of the Bank, and reviews of periodic reports on the types and amounts of risks connected with the Bank's activities.

In accordance with the "Principles of Operation of the Internal Control System" adopted in 2017 as part of the adaptation of the Bank to the requirements of revised Recommendation H, the Supervisory Board monitored identified significant and critical irregularities, including those identified by units responsible for vertical monitoring and coordination of the control function matrix, and the Supervisory Board assessed internal control system assessment criteria.

The Supervisory Board assesses the internal control environment at the Bank as adequate and effective. At the same time, the Supervisory Board confirms its positive assessment of risk management and compliance risk management systems used by the Bank and activities of the Bank's Internal Audit function. This assessment covers all the key controls, including especially the internal controls over financial reporting and the operational controls.

In 2017, in the process of the adaptation of the Bank to the Regulation of the Minister of Development and Finance of 6 March 2017 on risk management and internal control, remuneration policy and specific method of estimating internal capital”, the Bank developed and implemented the procedure for anonymous reporting by employees of infringements of law and internal procedures and ethical standards applicable at the Bank. As part of the implementation, the Bank introduced the process of reporting infringements to the Supervisory Board (Chairman of the Supervisory Board) when they concern a member of the Management Board, and of presenting information on significant ethical matters to the Supervisory Board. The Supervisory Board assesses, at least annually, the adequacy and effectiveness of the procedure for anonymous reporting by employees of infringements – the first assessment (due to the implementation in 2017) was performed in 2019 – for the entire period of its functioning (May 2017 - December 2018).

On the basis of the information provided by the Member of the Management Board appointed to accept anonymous notifications, the Report of the Compliance Department concerning the operation of the anonymous notifications procedure for employees' notifications of breaches in the time period from May 2017 to December 2018, and on the basis of a recommendation of the Audit Committee of the Supervisory Board, the Supervisory Board assessed positively the adequacy and effectiveness of the procedure of employees' anonymous notifications of breaches.

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

### **7.1. Corporate Governance**

As part of the implementation for application, in 2014 by the Management Board and Supervisory Board of the Bank and, next, in 2015 by the General Meeting of Shareholders, of the document Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority (KNF), the Supervisory Board read, at its meeting on March 21, 2019 the “2018 Report – Assessment of Application of the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority at Bank Handlowy w Warszawie S.A.”, prepared by the Compliance Department and including an independent assessment of application of the “Principles of Corporate Governance for Supervised Institutions”.

On the basis of the above Report of the Compliance Department containing an independent assessment of the application of the “Principles of Corporate Governance for Supervised Institutions” and taking into consideration a positive recommendation issued by the Audit Committee of the Supervisory Board, the Supervisory Board assessed independently that in 2018 the Bank applied the rules resulting from the Principles of Corporate Governance for Supervised Institutions, except for the excluded principles. The resolution was adopted unanimously.

The Bank sustained its decision not to apply three principles:

- 1) Article 11.2 (transactions with related parties) – this principle shall not be used with respect to contracts tied to day-to-day operations, in particular to contracts tied to liquidity, due to the nature of transactions and the number of contracts being concluded.
- 2) Article 8.4 (electronic General Meeting) – currently available IT solutions do not guarantee a secure and efficient electronic form of holding a General Meeting. However, the Management Board does see the importance of such form of shareholders' participation in the Bank's General Meeting, and therefore a separate decision on that matter shall be made before each General Meeting.
- 3) Article 16.1 (meetings of the Management Board of the Bank held in the Polish language) – meetings of the Management Board attended by foreigners, and especially foreigners who are members of the Management Board and do not speak Polish, are held in the English language. Simultaneously, motions submitted to the Management Board, all materials and minutes of meetings are drafted and kept in Polish.

### **7.2. Settlements between the Bank and Citigroup**

In the reporting period, the Supervisory Board's business included issues related to the outsourcing of actual operation in the area of banking outsourcing. Such supervision covered payments resulting from agreements for the provision of operational support, production support and IT

application development services to the Bank. Furthermore, at the meeting held on 07 December 2018, the Supervisory Board approved the fee resulting from the contract for consulting and advisory services.

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

On May 7, 2018, the Supervisory Board, by means of the Resolution No. 1/VI/O/2018, approved the draft resolution of the General Meeting of Shareholders concerning amendments in the Articles of Association of the Bank with respect to powers of the Supervisory Board in connection with adaptation of the Articles of Association to the requirements of stemming from the Regulation of the Minister of Development and Finance of 6 March 2017 on the risk management system and internal control system, remuneration policy and detailed manner for estimation of internal capital at banks and in connection with the implementation at the Bank of the recommendations contained in Recommendation H of the Polish Financial Supervision Authority (KNF) dated 25 April 2017, regarding the system of internal control at banks.

At the meeting of the Supervisory Board held on 30 May 2018, amendments were made in the Regulations of the Supervisory Board and in the Regulations of the Nomination and Remuneration Committee, and amendments to the Regulations of the Bank's Management Board were approved, to consolidate the documents with, among other things, the new provisions concerning the operation of nomination committees at banks.

### 7.4. Miscellaneous

As part of its authority, the Supervisory Board considered reports from the Supervision Officer concerning the operation of the Bank's system for the supervision of custody business compliance. Furthermore, in the reporting period, the Supervisory Board handled issues concerning the acquisition of the right to Deferred Variable Remuneration by members of the Bank's Management Board. The Supervisory Board analyzed cyclical reports from the Bank's Management Board on the implementation of the bancassurance policy.

By resolution No. 1/II/O/2018 of 26 July 2018, the Supervisory Board approved the "Recovery Plan for the Capital Group of Bank Handlowy w Warszawie S.A."

On 22 August 2018, the Bank's Supervisory Board acknowledged Condensed Interim Financial Statements of Bank Handlowy w Warszawie S.A. and of Bank Handlowy w Warszawie S.A. Capital Group for 6 months ending 30 June 2018 together with a statutory auditor's opinion.

On 21 September 2018, the Supervisory Board acknowledged the information containing an outline of material notifications of breaches regarding ethical standards in the time period from January to June 2018.

At the meeting held on 4 October 2018, the Supervisory Board accepted the information concerning the implementation of "Risk management policy for a retail credit exposures portfolio (secured and not secured by mortgage)" and the information concerning the "Report on the level of concentration risk and use of the limits".

By resolution No. 2/II/O/2018 of 13 September 2018, the Supervisory Board approved the document "General Organizational Structure of Bank Handlowy w Warszawie S.A."

At the next meeting held on December 7, 2018, the Supervisory Board adopted a resolution concerning amendments to the "Remuneration Policy for Persons whose Professional Activity Significantly Influences the Risk Profile of Bank Handlowy w Warszawie S.A." As the next item on the agenda, the Supervisory Board accepted the updated "Group Recovery Plan for Bank Handlowy w Warszawie S.A. Group. Further on, the information on a quarterly report concerning the level of risk incurred by the Bank on retail credit exposures (secured and not secured by mortgage) was acknowledged. Furthermore, the Supervisory Board adopted the resolution concerning the selection of an auditor to audit and review financial statements. The Supervisory Board also adopted a resolution on approval of the "Audit Plan of Bank Handlowy w Warszawie

S.A. for 2019", and granted its consent to cooperation of the Bank with auditors from its parent company, which are to contribute their expertise. The Supervisory Board approved the amended "Audit Regulations of the Audit Department". As the next item on the agenda, the Supervisory Board accepted acknowledged the information on the preliminary Financial Plan of the Bank for 2019. Next, the Supervisory Board adopted a resolution concerning the approval of Bank Handlowy w Warszawie S.A.'s Strategy for the Years 2019-2021 and a resolution concerning the adoption of Bank Handlowy w Warszawie S.A.'s Technological Strategy for the Years 2019-2021. Also at that meeting, the Supervisory Board adopted resolutions concerning the composition of the Bank's Management Board and of the Audit Department's management.

By resolution No. 1/V/O/2019 of 1 February 2019, the Supervisory Board approved the "Annual Plan of the Bank's Operations Compliance in 2019". On 22 February 2019, the Board acknowledged the information concerning an investment product selling process at Global Consumer Banking. Next, by Resolution No. 2/V/O/2019 of 25 February 2019, the Supervisory Board approved the "Report on performance of compliance activities and on management of non-compliance risk at Bank Handlowy w Warszawie S.A. in 2018."

At the meeting held on 21 March 2019, the Supervisory Board approved amendments to the "Policy determining the principles of cooperation of Bank Handlowy w Warszawie S.A. with the Parent Company". Later at the meeting, the Supervisory Board discussed issues related to the implementation of the Audit Department's Strategy for the Years 2014-2018 and adopted a resolution on a new long-term Strategy for the Audit Department for the years 2019-2021. The Supervisory Board of the Bank also acknowledged the information on the final Financial Plan for the Bank's Group on a consolidated basis for 2018. As regards other items in the agenda, the Supervisory Board set the Bank's acceptable risk level in 2019, approved a document concerning an internal capital adequacy assessment process and acknowledged the information on capital budgeting results, including stress tests results.

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

At the meeting held on 21 March 2019, the Bank's Supervisory Board, acting in accordance with the provisions of Article 382.3 of the Code of Commercial Companies and in accordance with the provisions of Article 70.1(14) and Article 71.1(12) of the Regulation of the Finance Minister of 29 March 2018 regarding 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, assessed positively:

- 1) annual consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2018,
- 2) annual stand-alone financial statements of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2018,
- 3) report of the Management Board of Bank Handlowy w Warszawie S.A. on the activity of the Capital Group of Bank Handlowy w Warszawie S.A. in 2018 prepared together with the report of the Management Board of Bank Handlowy w Warszawie S.A. on the activity of Bank Handlowy w Warszawie S.A. together with the Non-Financial Report of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2018

with respect to their compliance with accounting records, documents and the actual status;

The assessment of the Supervisory Board was made on the basis of contents of financial accounts presented by the Management Board of Bank Handlowy w Warszawie S.A., a statutory auditor's reports from the audit of stand-alone financial statements and consolidated financial statements, and recommendations of the Audit Committee of the Supervisory Board.

The financial statements were audited by an audit firm KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw. In the statutory auditor's opinion, both stand-alone financial statements and consolidated financial statements of Bank Handlowy w Warszawie S.A. and of Bank Handlowy w Warszawie S.A. Capital Group, present a fair and clear view of the economic and financial situation as of 31 December 2018, financial performance, and cash flows



for the financial year ended that day and they were prepared in accordance with International Financial Reporting Standards adopted by the European Union and in accordance with the adopted accounting principles (policy). In addition, stand-alone financial statements and consolidated financial statements comply, in all material aspects, as to their form and content, with applicable legal provisions and with the Articles of Association of Bank Handlowy w Warszawie S.A.

In the statutory auditor's opinion, also the Report of the Management Board of Bank Handlowy w Warszawie S.A. on the Activity of Bank Handlowy w Warszawie S.A. Capital Group in 2018 prepared together with the Report of the Management Board of Bank Handlowy w Warszawie S.A. on the Activity of Bank Handlowy w Warszawie S.A., was prepared in all material aspects in accordance with legal provisions and it complies with the information contained in the consolidated financial statements.

The Supervisory Board positively assessed the recommendation concerning the distribution of profits for the financial year 2018, 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 on March 21, 2019 in order to submit it to the Annual General Meeting of Shareholders of the Bank.

<p><b>__ For</b></p>    <p><b>Number of shares:</b> _____</p>	<p><b>__ Against</b></p>  <p><b>__ Objection filed</b></p>  <p><b>Number of shares:</b> _____</p>	<p><b>__ Abstaining</b></p>    <p><b>Number of shares:</b> _____</p>	<p><b>__ At the proxy's discretion</b></p>    <p><b>Number of shares:</b> _____</p>
<p><b>Comments:</b></p>			

*Draft Resolutions to Item 5, Sub-point 6) of the  
Agenda of the Ordinary General Meeting held on 5  
June 2019*

**Resolution No 15/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Chairman of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Andrzej Olechowski.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 16/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Vice Chairman of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Frank Mannion.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 17/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Shirish Apte.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 18/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Marek Belka.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 19/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Grzegorz Bielicki.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 20/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Igor Chalupiec.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 21/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Jenny Grey.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 22/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Marek Kapuściński.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 23/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Marc Luet.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 24/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Stanisław Sołtysiński.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 25/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Anand Selvakesari.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

**Resolution No 26/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2018**

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 2018 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Stephen R. Volk.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5, Sub-point 7) of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**RESOLUTION No. 27/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning distribution of the net profit for the year 2018**

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 2018 in the amount of **PLN 653,118,615.10** as follows:
- 1) Dividend for shareholders **PLN 488,666,904.00** which means that the dividend per share amounts to PLN 3.74.
  - 2) Allocation for the reserve capital **PLN 164,451,711.10**
- II. To set the date for determining the right to the dividend for June 13, 2019 (the dividend day) and to set the date of payment of the dividend for June 24, 2019 (the dividend payment date).

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			



*Draft Resolution to Item 5, Sub-point 8) of the  
Agenda of the Ordinary General Meeting held on 5  
June 2019*

**RESOLUTION No. 28/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning changes in the Articles of Association and establishment of a uniform text of the  
Articles of Association of Bank Handlowy w Warszawie S.A.**

§ 1

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

Paragraph 40 of the Bank's Articles of Association shall now read as follows:

1. The Management Board of the Bank designs, implements and ensures operation of an adequate and effective internal control system and the Supervisory Board of the Bank oversees its implementation and performs an annual assessment of its effectiveness and adequacy.
2. The internal control system is adjusted to the Bank's organizational structure, character, risk profile and scale of operations.
3. The objective of the internal control system is to support the Bank's Management decision making, which contributes to ensuring effectiveness and efficiency of the Bank's operations, credibility of financial reporting, observance of risk management principles in the Bank and compliance of the Bank's activities with laws, internal regulations and market standards.
4. The risk management and internal control systems, functioning in the Bank, are organized at three, independent levels. Level 1 covers risk management in the Bank's operational activity. Level 2 consist of at least: risk management by employees at specially designated positions or in organizational units as well as the activity of the compliance unit. Level 3 covers the activity of the Audit Department.
5. The Bank's internal control system is comprised of:
  - 3) control function,
  - 4) compliance unit,
  - 5) Audit Department.
6. The control function includes:
  - 1) control mechanisms within processes existing in the Bank, executed by positions, groups of people or organizational units, responsible for observance of control mechanisms, including continuous activities,
  - 2) independent monitoring of abidance of control mechanisms, especially independent testing, executed by dedicated people or specialized organizational units, consisting in

examining, analysing and assessing internal processes, recommending corrective action plans to the Bank's organizational units' current activities,

3) reporting within the control function.

7. The compliance unit is a separate organizational unit operating within the organizational structure of the Bank, reporting directly to the President of the Management Board of the Bank.
8. The main objective of the compliance unit is to ensure compliance through its activity within the control function and non-compliance risk management.
9. The Audit Department is a separate organizational unit operating within the organizational structure of the Bank, organizationally subordinated to the President of the Management Board of the Bank.
10. Oversight over the Audit Department is executed by the Supervisory Board of the Bank through its Audit Committee.
11. The Audit Department is responsible for examining and assessing – independently and objectively – the adequacy and effectiveness of the risk management system and internal control system in all the Bank's activities by performing audits, specified in the identified audit process.

## § 2

The Ordinary General Meeting of the Bank decided to establish a uniform text of the Articles of Association of the Bank Handlowy w Warszawie S.A. as attached hereto.

## § 3

The resolution shall enter into force on the date it is adopted and shall come into effect on the registration of the amendment in the Register of Entrepreneurs of the National Court Register. Under Art. 34 Section 2 of the Banking Law Act, this resolution to amend the Bank's Articles of Association requires the consent of the Polish Financial Supervision Authority.

*Uniform text of the Articles of Association of the Bank Handlowy w Warszawie S.A.*

**ARTICLES OF ASSOCIATION  
OF THE BANK HANDLOWY W WARSZAWIE S.A.**

**I. NAME AND SEAT**

§ 1.

Bank Handlowy w Warszawie Spółka Akcyjna (hereinafter referred to as the “Bank”), established by virtue of original Articles of Association dated 24 February 1870, operates pursuant to the applicable laws and these Articles of Association.

§ 2.

1. The name of Bank is: “Bank Handlowy w Warszawie Spółka Akcyjna”.
2. The Bank may use an abbreviated form of its name: “Bank Handlowy w Warszawie S.A.”.

§ 3.

The seat of the Bank is in the Metropolitan City of Warsaw.

§ 4.

The activities of the Bank extend throughout the territory of the Republic of Poland and abroad. The Bank may establish branch offices and other agencies throughout of Poland and abroad.

**II. ACTIVITIES OF THE BANK**

§ 5.

1. The subject of activities of the Bank is to extend banking services in Poland and abroad and, within the provisions of applicable laws, to perform any other activities, which are related with bank activities.
2. In relation to its business, the Bank is entitled to possess foreign exchange values and to deal in such values.
3. The Bank may carry out the following activities:
  - 1) accept cash deposits upon request or upon the specified deadline as well as maintain accounts for the deposits,
  - 2) maintain other bank accounts,

- 3) perform settlements and effect payments in all forms accepted in domestic and international banking relations,
- 4) grant credits and cash loans,
- 5) perform cheque and bill of exchange and warrant transactions,
- 6) grant and confirm sureties,
- 7) grant and confirm bank guarantees and open and confirm letters of credit,
- 8) purchase and sell foreign currencies,
- 9) act as an intermediary in dealing with money transfers and foreign exchange settlements,
- 10) issue bank's securities,
- 11) perform ordered activities related to issue of securities,
- 12) perform safe-keeping of valuables and securities and provide bank safes,
- 13) issue credit cards and perform the related operations,
- 14) acquire and sell receivables,
- 15) perform term financial operations,
- 16) issues electronic cash instrument.

4. Additionally, the Bank is entitled to:

- 1) come into possession and purchase shares and rights to shares, shares of another legal person and participation units in investment funds,
- 2) organize and provide services in financial leasing,
- 3) render factoring services,
- 4) trade in securities,
- 5) maintain securities accounts,
- 6) render consulting and advising services on financial matters, including services in favour of companies associated with the Bank or with a dominant entity of the Bank within the scope of management oversight over the entities' business, which consists mainly in providing functioning of this entities in accordance with law, requirements of administrative or regulatory authorities and internal regulations applicable within the group of a dominant entity of the Bank,
- 7) contract liabilities due to issuance of securities,
- 8) play the role of a bank representative within the meaning of the Bond Act,
- 9) purchase and sell real estate, perpetual usufruct of or shares in real estate,
- 10) settle trading in securities, property rights and derivatives,
- 11) convert receivables into items of property subject to confiscation on the terms agreed with the debtor,
- 12) purchase and sell derivatives on its own account or by order of other parties,
- 13) render financial services with reference to canvassing activity in the understanding of the Law on organization and functioning of pension funds,
- 14) *deleted*,

- 15) provide insurance brokerage services in the form of agency services,
  - 16) act as a depository for pension funds,
  - 17) act as a depository for investment funds,
  - 18) render in favour of companies associated with the Bank or with a dominant entity of the Bank the following services within the scope of auxiliary financial activity with the usage of informational systems and technologies, including services within the scope of the development and maintenance of software, informational infrastructure and data processing,
  - 19) act as investment company agent, in the name and on behalf of investment company, within the scope of agency for the activity of this company,
  - 20) render financial services related to the trading on financial instruments issued abroad and their safe-keeping, including the maintenance of the register of financial instruments recorded by foreign financial and custody-settlement institutions,
  - 21) perform brokerage activities,
  - 22) issuing electronic payment instruments other than indicated in § 5 Item 3 Point 13 and 16 of the Articles of Association and performing operations with use of these,
  - 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 under standby underwriting agreements and firm commitment underwriting agreements or execution and performance of other agreements of similar nature, if they are applicable to financial instruments.
5. The Bank may undertake cooperation within the group, including it may participate financially or operationally in projects implemented jointly with companies associated with the Bank or with a dominant entity of the Bank.
6. The Bank may perform actions restricted for banks, defined by the Act on the State Support in Raising Children.

#### § 6.

Pursuant to the applicable Laws, the Bank is bound to keep secret any information on the transactions or balances of accounts as well as any components of property entrusted to it by its customers.

### **III. AUTHORITIES OF THE BANK**

#### § 7.

The authorities of the Bank are:

- A. General Meeting of Shareholders,
- B. Supervisory Board,
- C. Management Board.

### **A. General Meeting of Shareholders**

#### § 8.

1. The ordinary General Meeting of Shareholders is convened by the Management Board. It shall be held within the first six months after the end of each financial year.
2. The Supervisory Board shall have the right to convene an ordinary General Meeting of Shareholders if the Management Board fails to convene it within the timeframe set in the Articles of Association or an extraordinary General Meeting of Shareholders if it considers it necessary.
3. The Management Board shall convene an extraordinary General Meeting of Shareholders on its own initiative and at the request of a shareholder or shareholders representing at least one-twentieth part of the share capital. A request for convening an extraordinary General Meeting of Shareholders should be submitted to the Management Board in writing or in an electronic form.
4. If within two weeks from the submission to the Management Board of a request, referred to in § 3 above, an extraordinary General Meeting of Shareholders is not convened, the registry court, by way of a decision, can authorize a shareholder or shareholders, who have made such request, to convene the extraordinary General Meeting of Shareholders. The shareholder or shareholders authorized by the registry court, in the announcement of the convention of an extraordinary General Meeting of Shareholders, shall refer to the decision of the registry court mentioned in the previous sentence. The chairman of such extraordinary General Meeting of Shareholders shall be appointed by the court.
5. An Extraordinary General Meeting of Shareholders can also be convened by shareholders representing at least one half of the Bank's share capital or at least one half of the total number of votes at the Bank. The chairman of such Meeting of Shareholders shall be appointed by the shareholders.
6. The General Meeting of Shareholders shall be convened by way of an announcement placed on the Bank's website and in the manner stipulated for the distribution of current filings by public companies; provided that such announcement should be made at least twenty-six days before the date of the General Meeting of Shareholders.
7. Shareholders who have the right to demand that a certain matter be placed on the agenda of a General Meeting of Shareholders, in order to exercise such right, should submit a motion to the Bank Management Board in writing or in an electronic form, along with a justification or a draft resolution related to the proposed item on the agenda, no later than twenty-one days before the date of the General Meeting of Shareholders. The Management Board shall place the matter on the agenda of the next General Meeting of Shareholders immediately, but no later than eighteen days before the scheduled date of the General Meeting of Shareholders.
8. General Meeting of Shareholders may be recalled only if there are some extraordinary obstacles preventing it or it has become expressly irrelevant. Cancellation or the change of date of holding a General Meeting of Shareholders shall be effected in the same way as convening, with the provision that twenty six day period is not applicable. Cancellation or the change of date of

holding a General Meeting of Shareholders must ensure the minimum adverse effects for the Bank and the shareholders.

9. The General Meeting of Shareholders can resolve not to consider a matter placed on its agenda and to change the order of matters covered by the agenda. However, in order to remove from the agenda or resolve not to consider a matter placed on the agenda at shareholders' request, the consent of all present shareholders who have made such request shall be required, supported by 80 % of votes at the General Meeting of Shareholders. Motions in such matters should be justified in a detailed way.

#### § 9.

1. The agenda of the Ordinary General Meeting of Shareholders shall include:
  - 1) examination and approval of the report from business of the Bank prepared by the Management Board and the financial statements for the previous financial year,
  - 2) adoption of resolution on the distribution of net profit or covering of net losses,
  - 3) absolve the authorities of the Bank from performance of their duties.
2. Besides those issues, absolutely required by the applicable law, the General Meeting of Shareholders shall also have authority to:
  - 1) sell and lease the whole or any part of the Bank's enterprise or its organized part and to establish a restricted property title over it,
  - 2) amend these Articles of Association,
  - 3) increase or decrease the share capital of the Bank,
  - 4) define the date of determining the right to enlist for shares of any new issue,
  - 5) define the date of determining the right to dividend for the previous financial year and the date of dividend payment,
  - 6) create and liquidate special funds out of the net profit,
  - 7) appoint and recall members of the Supervisory Board,
  - 8) define the remuneration for members of the Supervisory Board,
  - 9) merge or liquidate the Bank,
  - 10) appoint and recall liquidators,
  - 11) redeeming of Bank's shares.

#### § 10.

Motions in matters set forth in § 9, except for § 9 Item 2 Points 7 and 8, submitted to the General Meeting of Shareholders should have been previously submitted by the Management Board to the Supervisory Board for issue of an opinion by the latter.

§ 11.

1. Shareholders may participate in and exercise voting rights at the General Meeting of Shareholders either in person or represented by attorneys.
2. A power of attorney to participate in a General Meeting of Shareholders and to vote should be granted in writing or by e-mail; otherwise, it shall be null and void. A power of attorney granted by e-mail shall not require a safe electronic signature verified by a valid qualified certificate.
3. A person performing the function of a Bank Management Board member or a Bank employee can act as a proxy at a General Meeting of Shareholders.
4. If the proxy is a Management Board member, a Supervisory Board member, a Bank liquidator, employee or a member of Bank's bodies or an employee of a company controlled by the Bank, the proxy instrument shall entitle such person to representation at only one General Meeting of Shareholders and such person shall be required to vote in conformity with instructions given by the shareholder. In addition, the proxy referred to above should advise the shareholder represented by him of the circumstances indicating the existence or possibility of occurrence of a conflict of interests.

§ 12.

1. The General Meeting of Shareholders shall be valid irrespective of the number of shares in attendance, unless applicable laws require otherwise.
2. Resolutions of the General Meeting of Shareholders shall be adopted by an absolute majority of votes present, unless otherwise provided by law or the provisions hereof.

§ 13.

1. Voting at the General Meeting of Shareholders is open. Closed ballot is ordered during elections, as well as on voting motions for the recalling of members of the Bank's authorities or liquidators, on making them accountable, and in voting on private matters. Moreover, a secret ballot shall be ordered on request of at least one Shareholder present or being represented at the General Meeting of Shareholders.
2. A General Meeting of Shareholders is opened by the Chairman of the Supervisory Board and in case of his absence, by the Vice-Chairman of the Supervisory Board or one of the members of the Supervisory Board in succession.
3. The General Meeting of Shareholders elects its Chairman from among persons entitled to participate in the General Meeting of Shareholders.
4. The Bank may organize a General Meeting of Shareholders in a manner allowing the shareholders to participate in the General Meeting of Shareholders by means of electronic communication, in particular by:
  1. transmitting the General Meeting of Shareholders on-line;
  2. two-way on-line communication allowing the shareholders to use means of electronic communication, remote speaking during the General Meeting of Shareholders;
  3. voting personally or by proxy, before or during the General Meeting of Shareholders.



5. The principles of the shareholders' participation in a General Meeting of Shareholders, the procedure during a General Meeting of Shareholders, and the manner of the shareholders' communication with the Bank by means of electronic communication shall be laid down in the General Meeting of Shareholders Regulations. The General Meeting of Shareholders Regulations may authorize the Management Board to establish additional methods of the shareholders' communication with the Bank by means of electronic communication (other than those set out in the Regulations). The Management Board shall include the additional methods of communication in the announcement on convening the General Meeting of Shareholders.
6. Irrespective of the above, the Bank may transmit the General Meeting of Shareholders on the Internet as well as recording of the General Meeting of Shareholders and placing a recording of the General Meeting of Shareholders on the Bank's website after the General Meeting of Shareholders.

## **B. Supervisory Board**

### § 14.

1. The Supervisory Board shall consist of five to twelve members elected by the General Meeting of Shareholders. Members of the Supervisory Board shall be elected for a common term of office of three years. At least a half of the members of the Supervisory Board, including its Chairman, should be Polish citizens. In case of expiration of mandate of one or several members, during their term, resulting in fall of the number of the Supervisory Board members with Polish citizenship below half of the members of the Supervisory Board, the Management Board should take up action in order to complete the composition of the Supervisory Board as soon as practical. If the number of Supervisory Board members holding Polish citizenship is less than half of the total number of Supervisory Board members, the Supervisory Board will still be able to hold meetings, adopt resolutions and conduct any other factual or legal actions.
2. The number of members of the Supervisory Board is determined by the General Meeting of Shareholders within the bounds provided for in Item 1.
3. The procedure of appointing members of the Supervisory Board shall be provided for in the regulations of the General Meeting of Shareholders.
4. The independent Supervisory Board member shall be deemed the Supervisory Board member who:
  1. is not the member of management board of the Bank, the Bank's dominant company or associated company with the Bank or with the Bank's dominant company with the meaning of the Commercial Companies Code (hereinafter: an associated company), and has not been in such a position for the previous five years;
  2. is not an employee of the Bank or an associated company, and has not been in such a position for the previous three years;
  3. is not receiving, or has not been receiving any additional remuneration from the Bank or an associated company apart from the pay received as the Supervisory Board member. Such additional remuneration covers in particular any participation in a share option or any other performance-related pay scheme; it does not cover the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Bank (provided that such compensation is not contingent in any way on continued service);
  4. is not or does not represent in any way the dominant company;

5. does not have, or has not had within the last twelve months, a significant business relationship with the Bank or an associated company, either directly or as a partner, shareholder, director or senior employee of a body having such a relationship. Business relationships include the situation of a significant supplier of goods or services (including financial, legal, advisory or consulting services), of a significant customer, and of organizations that receive significant contributions from the Bank or its group;
6. is not, or has not been within the last three years, a partner or employee of the present or former entity authorized to audit financial statements of the Bank or an associated company;
7. is not a member of the management board in another company in which the Management Board member of the Bank is a management board member or supervisory board member, and does not have other significant links with the Management Board members of the Bank through involvement in other companies or bodies;
8. has not served on the Supervisory Board for more than 12 years however, this period shall be calculated no earlier than from January 1, 2008;
9. is not a close family member of the Management Board member, or of persons in the situations referred to in points (1) to (8).

In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting of Shareholders.

#### § 15.

The mandate of a Supervisory Board member expires:

- 1) on the day the General Meeting of Shareholders approving the Management Board's report, the balance-sheet and profit-and-loss account for the full last year of fulfilling the functions of members of the Board,
- 2) due to death of a member of the Board,
- 3) on the date of recalling the Board member by the General Meeting of Shareholders,
- 4) on the day of submitting resignation in writing to the Chairman or Vice-Chairman of the Board.

#### § 16.

1. The Supervisory Board elects its Chairman and Vice-Chairmen's of the Supervisory Board from among its members. Such election shall take place during a meeting of the Supervisory Board, in secret ballot.
2. The Supervisory Board shall adopt its regulations, which shall in detail provide for its proceedings.

#### § 17.

Members of the Board may exercise their duties in person, only.

§ 18.

1. Besides the rights and obligations provided for in applicable laws and other matters provided for in these Articles of Association, the Supervisory Board's responsibilities include the following:
  - 1) appointing and recalling the President of the Management Board in a secret ballot,
  - 2) appointing and recalling in secret ballot of Vice-Presidents and other members of the Bank's Management Board,
  - 3) determining the terms and conditions of agreements which cover contracts of employment or other legal relationship among members of the Management Board and the Bank,
  - 4) granting consent to the opening and closing of a branch office abroad,
  - 5) resolving upon regulations of the Supervisory Board and approving the following regulations adopted by the Bank's Management Board:
    - a) regulations of the Management Board of the Bank,
    - b) regulations for the application of special funds created out of the net profit,
  - 6) granting prior consent to any disposition of the Bank's fixed assets with value in excess of 1/10 of the Bank's share capital,
  - 7) appointing the external auditor to audit or review the financial statements,
  - 8) granting consent for the employment and dismissal (after giving a hearing) of the person in charge of the internal Audit Department and of the person in charge of the compliance unit, upon the motion of the Management Board of the Bank,
  - 9) granting consent for the conclusion by the Bank of a material agreement with a shareholder who holds at least 5% of the total vote in the Bank or with entity associated with the Bank,
  - 10) performing supervision over the introduction of the management system in the Bank and conducting the assessment of the adequacy and effectiveness of such system, including supervision over the introduction of the risk management system and conducting an annual assessment of the adequacy and effectiveness of such system, as well as supervision over the introduction of the internal control system and conducting an annual assessment of the adequacy and effectiveness of such system, taking into account the assessment of adequacy and effectiveness of control functions, the compliance unit and the Audit Department and the assessment of effectiveness of the non-compliance risk management by the Bank,
  - 11) approving a strategy of the Bank's activity and the rules of prudent and stable management of the Bank,
  - 12) approving the fundamental organizational structure of the Bank, harmonized with the size and profile of incurred risk and determined by the Bank's Management Board,
  - 13) approving the acceptable risk level of the Bank,

- 14) approving the Bank's compliance policy,
- 15) approving the Bank's internal procedures on processes for the assessment of internal capital, capital management and capital planning,
- 16) approving the Bank's information policy,
- 17) approving of an internal control procedure,
- 18) approving remuneration policies,
- 19) *deleted*,
- 20) *deleted*,
- 21) approving the risk management strategy as well as determining the principles of reporting the types and sizes of risks in the Bank's operations to the Supervisory Board,
- 22) approving regulations of the compliance unit and the Audit Department,
- 23) approving the criteria for the assessment of adequacy and efficiency of the internal control system drafted by the Management Board of the Bank,
- 24) approving the principles of categorization of irregularities detected by the internal control system,
- 25) approving an annual plan of activities of the compliance unit,
- 26) approving the principles of cooperation of the compliance unit and the Audit Department with the corresponding entities of the dominant entity and the subordinated entity,
- 27) approving the principles of annual presentation of reports on its activities by the compliance unit to the Management Board and the Supervisory Board,
- 28) approving the principles of cooperation of the Audit Department with the external auditor,
- 29) approving the strategy of the Audit Department,
- 30) approving the auditing procedures, prepared by the Audit Department Head, ensuring objective completion of tasks by the Audit Department, the principles of transfer of employees from other organizational units of the Bank to the Audit Department, principles of professional development, including the rules for determining the number of internal auditors with professional certificates as well as the periodic assessment of work performance of internal auditors,
- 31) approving the remuneration of the Audit Department Head,
- 32) approval of strategic (long-term) and operational (annual) audit plans and amendments to such plans,
- 33) approving the remuneration of the compliance unit Head, which responsibility may be delegated by resolution to the Audit Committee,
- 34) granting consent, each time, to cooperation of the Audit Department with the corresponding unit of the dominant entity during an audit, which responsibility may be delegated by resolution to the Audit Committee,

35) approving the principles of presenting reports by the Audit Department to the Management Board of the Bank and the Supervisory Board.

2. A material agreement, referred to in Item 1 Point 9 above, is an agreement:

- 1) with a value having influence on the Bank's financial results exceeding 5% of the net income presented in the last annual standalone financial statement of the Bank, reviewed by an auditor, or
- 2) with a value exceeding 0.5% of the balance sheet sum presented in the last annual standalone financial statement of the Bank, reviewed by an auditor, or
- 3) with which high legal, regulatory or reputation risk is connected, or
- 4) to be concluded with an entity associated with the Bank with a value exceeding the equivalent of EUR 500,000,

except for agreements concluded within the day-to-day operational activity, in particular connected with liquidity management.

3. A value of a material agreement, referred to in Item 1 Point 9 above, shall mean a value of cash and non-cash charges determined during the negotiations of such agreement that the Bank will be obliged to pay under the agreement. If an agreement is to be concluded for an indefinite period of time or a period exceeding 1 year, for the determination of its value for the above purposes the estimated charges for a 1-year period shall be taken into account.

4. The resolutions of the Supervisory Board regarding the matters, referred to in Item 1 Item 7 and 9 above, may not be adopted without consent of the majority of independent Supervisory Board's members.

## § 19.

1. Meetings of the Board are held at least once every quarter year. The Chairman of the Board or, failing him, one of the Vice-Chairmen of the Board shall convene a meeting of the Board either on their own initiative or at the motion of a Board member or of the Management Board.
2. The Supervisory Board shall meet on the date of the General Meeting of Shareholders provided for in § 21 Item 2 of these Articles of Association for the purpose of electing members of the Bank's Management Board.
3. Members of the Supervisory Board may participate in adopting resolutions by casting their vote in writing through another member of the Supervisory Board. Casting of a vote in writing may not be done in matters introduced into the Agenda at the Supervisory Board meeting.
4. The Supervisory Board may adopt resolutions according to a written procedure or using means of direct distance communication. The resolution shall be binding when all members of the Supervisory Board have been notified of the wording of the draft resolution, and an absolute majority of them had been in favour thereof.

## **C. Management Board**

### § 20.

1. The Management Board is composed of five to nine members.
2. Members of the Management Board include: The President of the Management Board of the Bank, Vice Presidents of the Management Board of the Bank and other members of the Management Board.
3. At least a half of members of the Management Board should be Polish citizens.

### § 21.

1. Each member of the Management Board is appointed by the Supervisory Board for tenure of three years.
2. The tenure of the members of the Management Board shall expire:
  - 1) on the date of holding the General Meeting, which approves the Management Board's report from business of the Bank and financial statements for the last full year of fulfilment by them of the function of member of the Management Board,
  - 2) upon death of a member of the Management Board,
  - 3) upon being recalled,
  - 4) on the day of submitting a written resignation to the Chairman of the Supervisory Board.

### § 22.

The Management Board adopts decisions in matters, which have not been reserved by the applicable law and by these Articles of Association to authority of other authorities of the Bank.

### § 23.

The Management Board shall proceed according to the regulations of the Management Board.

### § 24.

1. The Management Board shall by way of a resolution:
  - 1) determine strategy of the Bank,
  - 2) establish and liquidate committees of the Bank and defines their authorities,
  - 3) determine its regulations and submit them for approval to the Supervisory Board,
  - 4) determine regulations for the application of special funds created out of net profit submit them for approval to the Supervisory Board,
  - 5) determine the date of dividend payment within the period defined by the General Meeting,

- 6) appoint registered proxies, general attorneys and general attorneys entitled to appoint further attorneys,
  - 7) decide in matters provided for in regulations of the Management Board,
  - 8) resolve in matters submitted by the President of the Management Board, Vice-President or member of the Management Board,
  - 9) *deleted*
  - 10) adopt a draft of the annual financial projections for the Bank, investment plans and reports on the completion thereof,
  - 11) endorse reports on the Bank's operations as well as the financial statements,
  - 12) prepare motions for the distribution of profits or the covering of losses,
  - 13) endorse the human resource and crediting policy as well as the legal principles for the Bank's operations,
  - 14) endorse the principles for managing the Bank's capitals,
  - 15) endorse the employment structure,
  - 16) determine the core organizational structure of the Bank, appoint and dismiss Sector Managers and Division Managers as well as define the scope of the powers vested in them,
  - 17) endorse the principles for inspection operations within the Bank, as well as approve reports on the completion of any audits,
  - 18) resolve any other issues which, pursuant to the Articles of Association, must be submitted for approval to the Supervisory Board and the General Meeting,
  - 19) decide to incur obligations or dispose of assets whose aggregate value, in relation to one entity, exceeds 5% of the Bank's equity or shall authorize designated persons to make such a decision, provided that decisions in matters within the powers vested in Committees formed in the Bank are made upon consultation with the relevant Committee.
2. The acquisition and transfer of ownership or the right of perpetual usufruct of a real estate property or a share in those rights by the Bank shall not require a resolution by the General Meeting. Decisions in these matters shall be taken independently by the Management Board of the Bank by way of resolution. However, in matters including acquisition and transfer of ownership or the right of perpetual usufruct of a real estate property or a share in those rights by the Bank, if the value of those rights in the individual case does not exceed PLN 500,000.00 and the acquisition or transfer is connected with the Bank's seeking collection of debts resulting from banking operations, such acquisition or transfer can be made also without the resolution of the Management Board.
  3. The Management Board of the Bank shall design, implement and assure operation of management system in the Bank.

## § 25.

1. The President of the Management Board:
  - 1) manages the activities of the Bank's Management,
  - 2) convenes meetings of Management and presides the meetings,

- 3) presents views of the Management in respect to other bodies of the Company, authorities of the State and to the public,
  - 4) files motions with the Supervisory Board regarding the appointment or dismissal of Vice Presidents and other members of the Bank's Management Board and determining the remuneration thereof,
  - 5) issues internal regulations controlling activities of the Bank and may authorize remaining members of the Management or other employees of the Bank to issue such regulations,
  - 6) performs other authorities provided for in the regulations specified in § 24.
2. The Management Board Member managing risk in the Bank shall be responsible for the risk management system including:
- 1) credit policy of the Bank,
  - 2) quality of the credit portfolio,
  - 3) credit risk,
  - 4) market risk,
  - 5) operational risk,
  - 6) coordination of activities related to the implementation in the Bank of the requirements resulting from the regulations in the area of risk management, including regulators' recommendations.

§ 26.

Other members of the Management Board manage activities of the Bank as provided for in the regulations of the Management Board.

**IV. TERMS AND CONDITIONS FOR ADOPTING DECISIONS AND MAKING REPRESENTATIONS AS TO MATERIAL RIGHTS AND OBLIGATIONS**

§ 27.

1. The following persons are authorized to make statements in respect of material rights and obligations of the Bank and to sign on behalf of the Bank:
  - 1) the President of the Management Board and Vice Presidents of the Management Board - each individually,
  - 2) two persons from among the remaining members of the Bank's Management Board acting jointly or one of the remaining members of the Bank's Management Board acting jointly with one of the persons holding joint commercial representation or one of the remaining members of the Bank's Management Board acting jointly with one of the persons being an attorney acting within the limits of the power of attorney granted to him.
2. For the execution of the activities of defined nature or specific nature, there may be appointed attorneys, acting within the limits of the powers of attorney granted to them. Such attorneys may either be acting individually or they may be restricted by the obligation to act jointly with another authorized person, including with one of the persons holding joint commercial representation.



3. Commercial proxies may be appointed only on the principles of joint commercial representation (allowing an authorized person to act jointly with at least one of the other persons holding joint commercial representation). A general power of attorney to act on behalf of the Bank may be granted only if it is limited by the requirement of acting jointly with another authorized person, including with one of the persons holding joint commercial representation.
4. Decisions on matters in which no resolution of the Management Board is required and which are not reserved for other competent authorities shall be adopted by persons in managerial positions in the Bank, within the scope of powers vested in them and the tasks assigned to the organizational unit managed by them.
5. Statements in respect of material rights and obligations of the Bank in the implementations of the decisions made are submitted on behalf of the Bank pursuant to the rules described in Items 1-3 of this Paragraph.

## **V. THE ORGANIZATIONAL STRUCTURE OF THE BANK**

### § 28.

1. The Bank's Management Board manages the Bank's affairs through the organizational units comprising the Bank's organizational structure.
2. The Bank's Management Board may appoint Committees to perform internal decision-making, advisory and controlling tasks within the Bank.
3. The Bank's organizational structure shall be comprised of Sectors.
4. As regards the geographic division within the organizational structure of the Bank, branches that provide regular services to the Bank's clients constitute the Bank's basic organizational units.
5. The Bank's organizational rules and regulations set forth its organizational structure.

## **VI. PROCEDURE FOR PROMULGATING INTERNAL REGULATIONS**

### § 29.

1. Internal regulations of the Bank shall be issued in the form of:
  - 1) ordinances of the President of the Bank's Management Board,
  - 2) decisions issued by Sector Managers, Division Managers, Chairmen of the Committees operating within the Bank and the directors of organizational units within the Bank, on the basis of the powers vested in them pursuant to a relevant ordinance of the President of the Bank's Management Board.
2. The President of the Bank's Management Board shall issue ordinances pursuant to the resolutions of the Bank's Management Board or at his own initiative.
3. The detailed principles, procedures and techniques for the issue of internal regulations in the Bank shall be specified in an ordinance of the President of the Bank's Management Board.

## VII. FUNDS OF THE BANK

### § 30.

1. The statutory financial resources of the Bank are composed of:
  - 1) share capital,
  - 2) reserve capital,
  - 3) reserve funds,
  - 4) general risk fund.
2. The Bank may create and liquidate during and at the end of the financial year special funds pursuant to resolutions of the General Meeting of Shareholders.
3. The Bank creates funds provided for in the applicable Laws.

### § 31.

1. The Bank's share capital shall amount to PLN 522,638,400 (five hundred twenty two million six hundred thirty eight thousand four hundred Polish Zloty) and shall be divided into 130,659,600 (one hundred and thirty million six hundred and fifty nine thousand six hundred) bearer shares, each with a nominal value of PLN 4 (four Polish Zloty), including:
  - 1) 65,000,000 (sixty five million) A Series bearer shares,
  - 2) 28,000,000 (twenty eight million) B Series bearer shares,
  - 3) 37,659,600 (thirty seven million six hundred and fifty nine thousand six hundred) C Series bearer shares.
2. Shares may be issued in collective units.
3. Share capital of the Bank may be increased through the issue of new shares, which may be registered or bearer shares, or through the increase in the nominal value of the existing shares.
4. Bearer shares are not convertible into registered shares.
5. The Bank is entitled to issue bonds convertible into shares or bonds with preference rights.
6. Shares of the Bank may be redeemed on consent of the Shareholder by acquisition of shares by the Bank (voluntary redeeming).
7. Redeeming of shares required a resolution of the General Meeting of Shareholders. The resolution shall in particular specify the legal basis of redeeming shares, amount of remuneration due to the Shareholder of redeemed shares or justification for redeeming of shares without payment for such shares and manner of decreasing the share capital.

### § 32.

1. The supplementary capital shall be created out of annual write-offs from the net profit of no less than 8% of the net profit for a given fiscal year, until the supplementary capital reaches at least one-third of the share capital. The General Shareholders' Meeting may adopt a resolution ordering that further write-offs be made.

2. The supplementary capital is supplied also from additional payments to be made by the Shareholders in consideration of special rights vested onto the shares hitherto held, as long as such additional payments are not used to recover extraordinary deductions or losses defined by the General Meeting of Shareholders.
3. The supplementary capital shall also be supplemented with surplus attained by issue of shares above their par price, and remaining after covering the costs of share issue.
4. The supplementary capital shall be used to cover any balance sheet losses incurred by the Bank or for any other purposes, including the payment of dividends to shareholders. The General Shareholders' Meeting shall decide how to appropriate the supplementary capital, provided that the portion of the supplementary capital, which equals one-third of the share capital may only be used to cover losses reported in the financial statements.

§ 33.

1. The reserve capitals (funds) are built up of the annual deductions made out of the net profit or from other sources, apart from the reserve capital.
2. The reserve capitals shall be used to cover any balance sheet losses incurred by the Bank or for any other purposes, including the payment of dividends to shareholders. The General Shareholders' Meeting shall decide how to appropriate the reserve capital.
3. The Bank may establish a capital (fund) for accumulating retained profit (not allocated to dividend). The decision on the allocation of the reserve fund shall be taken by the General Meeting of Shareholders.

§ 34.

1. The general risk fund is created from net profit earmarked for unidentified risks of banking activity.
2. Sums to supply the fund are annually deducted from net profit in the amount resolved upon by the General Meeting of Shareholders.
3. The use of the fund is decided upon by the General Meeting of Shareholders on the basis of applicable regulations.

§ 35.

The use of special funds established out of net profit takes place on the basis of respective regulations.

## VIII. MANAGEMENT OF FINANCE

§ 36.

1. The General Meeting of Shareholders shall decide on the distribution of net profit, determining the amount of deductions to be made to:
  - 1) the reserve capital, subject to the provisions of § 32 Item 1,
  - 2) the reserve fund,

- 3) the general risk fund,
- 4) dividend,
- 5) other special funds,
- 6) for other purposes.

§ 37.

The dividend on shares is paid on dates fixed by the Management Board of the Bank within the period defined by the General Meeting of Shareholders. Dividend not collected within the period of three years is transferred into favour of the Bank. The Bank does not pay any interest on uncollected dividends.

§ 38.

1. Management Board shall assure preparation of the annual financial statements and the consolidated financial statements of the Bank's capital group.
2. The annual report, and the consolidated financial statements of the Bank's capital group shall be submitted by the Management Board to the General Meeting of Shareholders upon their consideration by the Supervisory Board of the Bank.

§ 39.

The Bank's financial year shall be a calendar year.

## **IX. INTERNAL CONTROL SYSTEM**

§ 40.

1. The Management Board of the Bank designs, implements and ensures operation of an adequate and effective internal control system and the Supervisory Board of the Bank oversees its implementation and performs an annual assessment of its effectiveness and adequacy.
2. The internal control system is adjusted to the Bank's organizational structure, character, risk profile and scale of operations.
3. The objective of the internal control system is to support the Bank's Management decision making, which contributes to ensuring effectiveness and efficiency of the Bank's operations, credibility of financial reporting, observance of risk management principles in the Bank and compliance of the Bank's activities with laws, internal regulations and market standards.
4. The risk management and internal control systems, functioning in the Bank, are organized at three, independent levels. Level 1 covers risk management in the Bank's operational activity. Level 2 consist of at least: risk management by employees at specially designated positions or in organizational units as well as the activity of the compliance unit. Level 3 covers the activity of the Audit Department.
5. The Bank's internal control system is comprised of:
  - 1) control function,

- 2) compliance unit,
  - 3) Audit Department.
6. The control function includes:
- 1) control mechanisms within processes existing in the Bank, executed by positions, groups of people or organizational units, responsible for observance of control mechanisms, including continuous activities,
  - 2) independent monitoring of abidance of control mechanisms, especially independent testing, executed by dedicated people or specialized organizational units, consisting in examining, analysing and assessing internal processes, recommending corrective action plans to the Bank's organizational units' current activities,
  - 3) reporting within the control function.
7. The compliance unit is a separate organizational unit operating within the organizational structure of the Bank, reporting directly to the President of the Management Board of the Bank.
8. The main objective of the compliance unit is to ensure compliance through its activity within the control function and non-compliance risk management.
9. The Audit Department is a separate organizational unit operating within the organizational structure of the Bank, organizationally subordinated to the President of the Management Board of the Bank.
10. Oversight over the Audit Department is executed by the Supervisory Board of the Bank through its Audit Committee.
11. The Audit Department is responsible for examining and assessing – independently and objectively – the adequacy and effectiveness of the risk management system and internal control system in all the Bank's activities by performing audits, specified in the identified audit process.

## **X. FINAL PROVISIONS**

### § 41.

In case of liquidation of the Bank, the General Meeting of Shareholders appoints, at the motion of the Supervisory Board, one or more liquidators and determines the method of liquidation.

### § 42.

Unless relevant provision of law provides otherwise, all announcements shall be placed by the Management Board only on the Bank's website.

### § 43.

The applicable laws shall prevail in all matters not provided for in these Articles of Association.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			

*Draft Resolution to Item 5, Sub-point 9) of the Agenda of the Ordinary General Meeting held on 5 June 2019*

**RESOLUTION No. 29/2019  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 5 June 2019**

**concerning changes in the composition of the Supervisory Board of the Bank**

§ 1

The Ordinary General Meeting of the Bank taking into account the preliminary assessment of qualifications of Ms/Mr ..... and recommendations on appointment, issued by the Nomination and Remuneration Committee of the Supervisory Board of the Bank concludes, that Ms/Mr ..... satisfies the requirements referred to in Art. 22aa of the Banking Law Act therefore, acting on the basis of § 9 section 2.7 in conjunction with § 14 section 1 of the Bank's Articles of Association, the Ordinary General Meeting of the Bank appoints Ms/Mr ..... as a member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for a common, current term of office.

§ 2

The appointment is effective upon adoption hereof.

<b>__ For</b>	<b>__ Against</b>	<b>__ Abstaining</b>	<b>__ At the proxy's discretion</b>
	<b>__ Objection filed</b>		
<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____	<b>Number of shares:</b> _____
<b>Comments:</b>			