

**Draft of resolutions of the Ordinary General Meeting of 26 April 2023**

*Draft Resolution to Item 2 of the Agenda of the Ordinary General Meeting held on 26 April 2023*

**RESOLUTION No 1/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on election of the Chairperson of the Meeting**

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

*Draft Resolution to Item 4 of the Agenda of the Ordinary General Meeting held on 26 April 2023*

**RESOLUTION No 2/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on adoption of the agenda**

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

*Draft Resolution to Item 5 Sub-point 1 of the Agenda of the Ordinary General Meeting held on 26 April 2023*

**RESOLUTION No 3/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on consideration and approval of the annual financial statements of Bank for the financial year ended December 31, 2022**

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 2022, has resolved to approve the annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2022 comprising:

- a) statement of financial position prepared as at 31 December 2022 showing a balance sheet total of PLN 69,892,966 thousand,
- b) income statement for the year 2022 showing a net profit of PLN 1,569,310 thousand,
- c) statement of comprehensive income for the year 2022 showing a total comprehensive income of PLN 1,315,099 thousand,
- d) statement of changes in equity for the year 2022 showing an equity balance of PLN 7,899,604 thousand,
- e) cash flow statement for the year 2022 showing a net cash balance of PLN 658,777 thousand,
- f) additional information and explanatory notes together with the independent auditor's report on the audit of the financial statements.

*Draft Resolution to Item 5 Sub-point 2 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 4/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023**

**on consideration and approval of the annual consolidated financial statements of the Capital  
Group of Bank for the financial year ended December 31, 2022**

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 2022, 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 2022, comprising:

- a) consolidated statement of financial position prepared as at 31 December 2022 showing a balance sheet total of PLN 69,801,402 thousand,
- b) consolidated income statement for the year 2022 showing a net profit of PLN 1,545,680 thousand,
- c) consolidated statement of comprehensive income for the year 2022 showing a total comprehensive income of PLN 1,291,558 thousand,
- d) consolidated statement of changes in equity for the year 2022 showing an equity balance of PLN 7,960,245 thousand,
- e) consolidated cash flow statement for the year 2022 showing a net cash balance of PLN 658,777 thousand,

- f) additional information and explanatory notes together with the independent auditor's report on the audit of the financial statements.

*Draft Resolution to Item 5 Sub-point 3 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 5/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023**

**on consideration and approval of the report on the activity of the Bank and the Capital Group of the Bank in 2022 and report on non-financial statements of the Bank and the Capital Group of the Bank for 2022**

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 Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. in the year 2022, as well as the Non-financial statements of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. for the year 2022.

*Draft Resolution to Item 5 Sub-point 4 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 6/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on granting discharge to the President of the Bank's Management Board  
for 2022**

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 discharge to the President of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 - Elżbieta Światopełk – Czetwertyńska.

**RESOLUTION No 7/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023**

**on granting discharge to the Vice President of the Bank's Management Board  
for 2022**

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 discharge to the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Natalia Bożek.

**RESOLUTION No 8/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on granting discharge to the Vice President of the Bank's Management Board  
for 2022**

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 discharge to the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Dennis Hussey.

**RESOLUTION No 9/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on granting discharge to the Vice President of the Bank's Management Board  
for 2022**

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 discharge to the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Maciej Kropidłowski.

**RESOLUTION No 10/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on granting discharge to the Vice President of the Bank's Management Board  
for 2022**

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 discharge to the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Barbara Sobala.

**RESOLUTION No 11/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Management Board**  
**for 2022**

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 discharge to the Member of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – James Foley.

**RESOLUTION No 12/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Vice President of the Bank's Management Board**  
**for 2022**

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 discharge to the Vice President and Member of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Katarzyna Majewska.

**RESOLUTION No 13/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the member of the Bank's Management Board**  
**for 2022**

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 discharge to the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Andrzej Wilk.

**RESOLUTION No 14/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**

**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Management Board**  
**for 2022**

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 discharge to the Member of the Management Board of the Bank Handlowy w Warszawie S.A. for 2022 – Ivan Vrhel.

*Draft Resolution to Item 5 Sub-point 5 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 15/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**

**on consideration and approval of the Bank's Supervisory Board's report on its activity for 2022, assessment of the remuneration policy applied at the Bank, assessment of the effectiveness of the Supervisory Board's operation for 2022 and assessment of the adequacy of internal regulations regarding the functioning of the Supervisory Board in this period,**

The Ordinary General Meeting:

- 1) resolved to approve the Bank Handlowy w Warszawie S.A. Supervisory Board's report on its activity for 2022,
- 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,
- 3) based on the Supervisory Board's self-assessment as contained in the report of the Supervisory Board, positively assesses the effectiveness of the Supervisory Board's operation for 2022 and considers the internal regulations regarding the functioning of the Supervisory Board in this period as an adequate.

**REPORT**  
**on the activities of the Supervisory Board of Bank Handlowy w Warszawie S.A. in 2022**

**1. Members of the Supervisory Board**

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

Mr. Sławomir S. Sikora	Chairperson	entire reporting period
Ms. Kristine Braden	Vice Chairperson of the Board	entire reporting period
Ms. Silvia Carpitella	Member of the Board	from 24 June 2022
Ms. Jenny Grey	Member of the Board	until 23 June 2022
Ms. Helen Hale	Member of the Board	from 24 June 2022
Mr. Marek Kapuściński	Member of the Board	entire reporting period
Mr. Gonzalo Luchetti	Member of the Board	until 23 June 2022
Mr. Frank Mannion	Member of the Board	until 31 March 2022
Mr. Andras Reiniger	Member of the Board	from 24 June 2022
Ms. Anna Rulkiewicz	Member of the Board	entire reporting period
Ms. Barbara Smalska	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 meeting the independence criteria specified in: (i) the Act of 11 May 2017 on Statutory Auditors, Audit Companies and Public Oversight, (ii) Article 14.4 of the Articles of Association of Bank Handlowy w Warszawie S.A. include:

Mr. Marek Kapuściński	Member of the Board,
Ms. Barbara Smalska	Member of the Board,
Ms. Anna Rulkiewicz	Member of the Board.

In addition, the above members of the Supervisory Board have no actual and significant connections with any shareholder holding more than 5% of total votes in Bank Handlowy w Warszawie S.A.

1.3. Assessment of suitability and independence of members of the Supervisory Board

The Supervisory Board wants to emphasize that, during the entire reporting period, it was composed of persons demonstrating the extensive knowledge of law, economics, banking, HR management, 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. In addition, the Supervisory Board positively assesses the composition of the Supervisory Board taking into account the principles of diversity in areas such as gender, education, special knowledge, age and professional experience, which principles have been implemented to ensure the appropriate level of collective supervision over management of the Bank.

The Supervisory Board positively assesses the structure of the Board, including its committees, which could make the most of the experience and expertise of its Members contributing to the accomplishment of goals and objectives assigned to the Supervisory Board.

1.4. Self-assessment of the effectiveness of activities of the Supervisory Board and the adequacy of the regulations concerning its functioning in 2022

The Supervisory Board positively assesses the effectiveness of activities of the Supervisory Board and the adequacy of the internal regulations concerning its functioning in the reporting period.

As part of the process used to assess the adequacy of internal regulations concerning the functioning of the Supervisory Board, the Supervisory Board assessed, in particular, the following regulations ("Regulations"):

- 1) Articles of Association of Bank Handlowy w Warszawie S.A.,
- 2) Regulations of the Supervisory Board of Bank Handlowy w Warszawie S.A.,
- 3) Regulations of the Audit Committee of the Supervisory Board,
- 4) Regulations of the Nomination and Remuneration Committee of the Supervisory Board,
- 5) Regulations of the Risk and Capital Committee of the Supervisory Board,
- 6) Regulations of the Strategy and Management Committee of the Supervisory Board,
- 7) Qualification assessment policy for members of the Supervisory Board at Bank Handlowy w Warszawie S.A. along with the Principles of Diversity of Supervisory Board Members included therein.

The Supervisory Board concludes that:

- 1) The Regulations are comprehensive and enable the Supervisory Board to conduct its activities effectively and efficiently, which, in the Supervisory Board's view, confirms their adequacy. In particular, in the period covered by the assessment, the Supervisory Board performed its tasks set out in the Regulations of the Supervisory Board, which is reflected by the resolutions it passed and the minutes it prepared;
- 2) The Regulations ensure the appropriate functioning of the Supervisory Board, which is organized in a transparent and properly structured manner, taking into account the size and profile of risks and the nature and scale of operations of the Bank, and in a manner that ensures supervision over the accomplishment of the defined objectives of operations and proper response to changes in the external environment, including sudden and unexpected events. The Regulations ensure the efficient flows and protection of information and, by this, contribute to the effective performance of tasks of the Supervisory Board;
- 3) The Supervisory Board ensures effective supervision, including through its committees, over all the areas of operation of the Bank, including the risk management system and the internal control system;
- 4) Solutions adopted in the Regulations ensure the appropriate composition of the Supervisory Board, in accordance with the adopted criteria of diversity of membership of governing bodies of the Bank. At present, the Supervisory Board consists of 8 persons and this number is considered appropriate from the perspective of the size, internal organization (organizational structure) and nature, scope and complexity of activities and tasks of the Supervisory Board. The Supervisory Board includes 5 women and 3 men, which means that both genders have sufficient representation on the Supervisory Board of the Bank;
- 8) Solutions adopted in the Regulations ensure that members of the Supervisory Board meet the suitability requirement. In particular, they ensure the appropriate selection of members of the Supervisory Board (selected from a sufficiently broad group of candidates) in terms of qualifications, skills and experience, as well as the ethical norms and standards of conduct, taking into account the diversity strategy in accordance with the "Qualification Assessment Policy for Members of the Supervisory Board at Bank Handlowy w Warszawie S.A." and the principles of diversity of the members of the Supervisory Board this Policy contains;
- 9) Members of the Supervisory Board are assessed in accordance with the above Policy and as part of such assessment the General Meeting of Shareholders of the Bank considered they are appropriate persons to perform functions on the Supervisory Board of the Bank;
- 10) In 2022, the Supervisory Board as a whole and each of its members individually performed their duties actively and with proper care and commitment. In their activities including decision making, they followed their independent opinions and judgement, and acted in the best interest of the Bank. Members of the Supervisory Board were ensured freedom to conduct open discussions and, during those discussions, they were able to present their views to constructively challenge solutions implemented and decisions made at the Bank. The Regulations also ensure that members of the Supervisory Board have enough time to get prepared for meetings;



- 11) The adopted rules of management of conflicts of interest ensure, in particular, that the time resources available in connection with performance of one's function are proportionate to the scope of tasks and duties associated with such function. Members of the Supervisory Board dedicate sufficient time to work for the Bank and their functions in other entities do not collide with their activities as members of the Bank's Supervisory Board;
- 12) Members of the Supervisory Board correctly understand the rules of supervision applicable at the Bank, their roles and the risk culture developed at the Bank.

1.5. Assessment of the methods of preparation or submission by the Management Board to the Supervisory Board of information, documents, reports or explanations requested as set out in Article 382 § 4 of the Act of 15 September 2000 – Commercial Companies Code (the "CCC"):

In order to perform its duties, the Supervisory Board may examine any documents of the company, audit the assets and liabilities of the company and request the management board, general proxies and persons employed by the company under a contract of employment or performing for the company, on a regular basis, specified activities under a contract for specified work, a contract of mandate or a similar contract to prepare or submit any information, documents, reports or explanations concerning the company, and in particular its activities or assets and liabilities. Such a request may also cover information or reports in the possession of the obliged body or person or their explanations concerning subsidiaries or affiliates.

In the reporting period the Supervisory Board made no such request.

1.6. Information on the total remuneration payable by the company in connection with all the examinations ordered by the Supervisory Board in 2022 under Article 382(1) of the CCC:

The Supervisory Board may adopt a resolution to have a matter that is related to activities or assets of the company examined by a chosen adviser (adviser to the Supervisory Board), at the expense of the company. An adviser to the Supervisory Board may also be appointed to prepare some analyses or opinions.

In the reporting period, the Supervisory Board did not order any examinations under the above procedure.

1.7. Assessment of performance by the Management Board of the duty to inform the Supervisory Board in accordance with point 3) of Article 382 § 3<sup>1</sup> of the CCC.

The Supervisory Board positively assesses the performance by the Management Board of the above duty, which covers the submission of information on:

- a) the resolutions of the Management Board and their subject-matter,
- b) the company's situation, including the information on its assets as well as material circumstances of the conduct of the company's affairs, in particular in the areas of operations, investment and HR,
- c) proceedings to implement the determined directions of development of the company's activities, provided that the Management Board should indicate departures from the pre-determined directions along with justification of such departures,
- d) transactions and other events or circumstances that significantly affect or may affect the assets and liabilities of the company, including its profitability or liquidity,
- e) changes in any information submitted previously to the Supervisory Board, if such changes have or may have a significant impact on the company's situation.

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

1.8.1. Audit Committee

Ms. Barbara Smalska	Chairperson of the Committee	entire reporting period
Mr. Frank Mannion	Vice Chairperson of the Committee	until 31 March 2022
Ms. Kristine Braden	Vice Chairperson of the Committee	from 01 April to 07 July 2022
Ms. Silvia Carpitella	Vice Chairperson	from 08 July 2022
Ms. Anna Rulkiewicz	Member of the Committee	entire reporting period

In connection with his resignation, Mr. Frank Mannion was a Vice Chairperson of the Committee until 31 March 2022. Ms. Kristine Braden was a Vice Chairperson of the Committee between 1 April and 7 July 2022. On 8 July 2022, this function was taken over by Ms. Silvia Carpitella.

The Supervisory Board considered or considers, respectively, 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 as well as having knowledge and skills with respect to the industry in which Bank Handlowy w Warszawie S.A. operates:

- 1) Ms. Barbara Smalska due to her professional experience: Ms. Smalska was a Vice President of the Management Board of Alior Bank S.A., held various managerial positions in PZU Group and was also on supervisory boards of various insurance companies.
- 2) Ms. Kristine Braden due to the following: (i) education – she graduated from the school of accounting and trade finance at the master's degree at Johns Hopkins University, School of Advanced International Studies, Washington; (ii) professional experience;
- 3) Ms. Silvia Carpitella due to the following: (i) education – she has a graduate degree in Management from the University of Florence (Italy); (ii) professional experience – she is the Chief Financial Officer (CFO) and a member of the Board of Citibank Europe plc in Dublin, and previously she held various managerial positions in the area of finance management;
- 4) 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;
- 5) Ms. Anna Rulkiewicz due to the following: (i) education – completed the Stanford Executive Program at the Stanford University's Graduate School of Business; (ii) professional experience.

The following members of the Audit Committee are independent within the meaning of Article 129(3) of the Act of 11 May 2017 on Statutory Auditors, Audit Companies and Public Oversight and within the meaning of Article 14.4 of the Articles of Association of Bank Handlowy w Warszawie S.A. Ms. Barbara Smalska and Ms. Anna Rulkiewicz.

The Supervisory Board positively assesses the composition and functioning of the Audit Committee.

#### 1.8.2. Nomination and Remuneration Committee

Ms. Anna Rulkiewicz	Member of the Committee	until 11 May 2022
	Chairperson of the Committee	from 12 May 2022
Ms. Jenny Grey	Vice Chairperson of the Committee	until 23 June 2022
Ms. Helen Hale	Vice Chairperson of the Committee	from 08 July 2022
Mr. Marek Kapuściński	Member of the Committee	from 12 May 2022

Mr. Sławomir S. Sikora	Chairperson of the Committee	until 11 May 2022
Ms. Barbara Smalska	Member of the Committee	from 12 May 2022
	Member of the Committee	from 12 May 2022

Mr. Sławomir S. Sikora was the Chairperson of the Committee until 11 May 2022. Since 12 May 2022 the Chairperson of the Committee has been Ms. Anna Rulkiewicz. Ms. Jenny Grey ceased to be a member of the Supervisory Board effective 26 June. Ms. Helen Hale has been a Vice Chairperson of the Committee since 8 July 2022.

The following members of the Nomination and Remuneration Committee are independent within the meaning of Article 14.4 of the Articles of Association of Bank Handlowy w Warszawie S.A.: Ms. Anna Rulkiewicz, Mr. Marek Kapuściński and Ms. Barbara Smalska.

The Supervisory Board positively assesses the composition and functioning of the Nomination and Remuneration Committee.

#### 1.8.3.Strategy and Management Committee

Ms. Kristine Braden	Chairperson of the Committee	entire reporting period
Mr. Marek Kapuściński	Vice Chairperson of the Committee	entire reporting period
Ms. Silvia Carpitella	Member of the Committee	from 08 July 2022
Ms. Jenny Grey	Member of the Committee	until 23 June 2022
Ms. Helen Hale	Member of the Committee	from 08 July 2022
Mr. Frank Mannion	Member of the Committee	until 31 March 2022
Mr. Gonzalo Luchetti	Member of the Committee	until 23 June 2022
Mr. Sławomir S. Sikora	Member of the Committee	entire reporting period
Mr. Andras Reiniger	Member of the Committee	from 08 July 2022
Ms. Anna Rulkiewicz	Member of the Committee	entire reporting period
Ms. Barbara Smalska	Member of the Committee	entire reporting period

In connection with their resignations, Mr. Frank Mannion was a member of the Committee until 31 March 2022 and Ms. Jenny Grey until 23 June 2022. On 8 July 2022, the Committee was joined by Ms. Helen Hale and Mr. Andras Reiniger.

The Supervisory Board positively assesses the composition and functioning of the Strategy and Management Committee.

#### 1.8.4.Risk and Capital Committee

Mr. Marek Kapuściński	Chairperson of the Committee	entire reporting period
Mr. Frank Mannion	Vice Chairperson of the Committee	until 31 March 2022
Ms. Kristine Braden	Vice Chairperson of the Committee	from 01 April 2022
Ms. Barbara Smalska	Member of the Committee	entire reporting period

In connection with his resignation, Mr. Frank Mannion was a Vice Chairperson of the Committee until 31 March 2022. Ms. Kristine Braden has been a Vice Chairperson of the Committee since 1 April 2022.

The following members of the Risk and Capital Committee are independent within the meaning of Article 14.4 of the Articles of Association of Bank Handlowy w Warszawie S.A.: Mr. Marek Kapuściński and Ms. Barbara Smalska.

The Supervisory Board positively assesses the composition and functioning of the Risk and Capital Committee.

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

The year 2022 was affected by an unprecedented event: the outbreak of the war in Ukraine, which brought about serious social and economic consequences. The war in Ukraine triggered a supply shock in commodity markets and, as a result, inflationary pressure emerged as a crucial challenge, leading to a slowdown in the global economy. Global GDP growth is estimated to have slowed down in 2022 to 2.9 percent YoY, compared to 5.8 percent YoY growth in 2021.

In Poland, GDP growth weakened from 6.8% in 2021 to 4.9% in 2022, which is a good result taking into account the geopolitical situation. For the second year in a row, the key growth driver was private consumption, supported by refugees from Ukraine and an excellent labor market situation.

The condition of Poland's banking sector was mainly affected by interest rate hikes, implemented at unprecedented pace. Over 2022, the reference rate of the National Bank of Poland rose 5 percentage points to 6.75%. On the other hand, the banking sector faced new regulatory burdens, first of all the partial suspension of repayments of PLN mortgage loans (so-called "credit holidays"). In 2022, the adverse impact of credit holidays on the banking sector was PLN 18 billion, as estimated by the Polish Bank Association. In addition, the banking sector had to deal with rising yields of Treasury bonds held by banks. In consequence, the capitals of banks decreased by 14% as compared to 2021.

In such an environment, the net profit of the banking sector was PLN 13.5 billion in 2022. The main growth driver was net interest income, which rose by 63% versus 2021. This growth was partially offset by the credit holidays. On the other hand, higher inflation and higher costs connected with the Bank Guarantee Fund pushed up the operating expenses of the sector by 29% year over year. At the same time, 2022 was another year when the banks were under the burden of provisions for CHF mortgage loans, amounting to around PLN 9 billion.

In 2022, the net profit of the Bank was PLN 1.569 billion – the highest net profit generated by the Bank since its first session on the Warsaw Stock Exchange.

Operating revenues of the Bank amounted to PLN 3,651 million in 2022 and were higher by 58% as compared to 2021. This growth was predominately an effect of higher net interest income and was connected with the continued cycle of interest rate hikes and the growth of loan volumes in ICG. Net interest income accounted for 75% of operating revenues. Net fee and commission declined in the environment of high interest rates. This decline mainly occurred in the area of capital markets and was caused by the lack of one-off transactions in the investment banking area after institutional investors' sentiment towards our region had weakened. On the other hand, the Bank achieved a significant increase in FX volumes and, by this, confirmed its leading position in this area. In ICG, FX volumes rose by 30% YoY.

In 2022, general administrative expenses and depreciation & amortization amounted to PLN 1,319 million and increased by PLN 145 million (i.e. 12%) from 2021. The growth in expenses resulted, above all, from higher costs due to the Bank Guarantee Fund and higher IT expenditures. In the area of technology costs, the Bank focused, among other things, on the development of payment-support solutions in Institutional Banking in an enhanced availability window. As a result, as regards domestic transactions, the Bank achieved an increase in instant payment volumes (Express Elixir) by 277% year over year, which shows that in the time of high uncertainty in their economic

environment companies appreciate the possibility to make instant payments and their settlements in real time.

In 2022, the result on expected credit losses stood at PLN 105 million, as compared to net write-offs of PLN 39 million in 2021 (deterioration by PLN 66 million). This increase was caused by higher net write-offs in the Institutional Banking segment, in connection with deteriorating macroeconomic forecasts for 2023 (it is expected that the growth rate in the economy will decline to about +1.0% in 2023).

At the Bank, lending rose by 4% year over year in 2022. The Bank recorded the significant growth of credit assets in its strategic Commercial Banking segment, by 18% year over year. The increase in loan receivables in the Institutional Banking segment was partially offset by lower volumes in the Consumer Banking segment. High interest rates led to a lower demand for unsecured loans among retail clients. In the high interest rate environment, the Bank experienced partial or total early repayments of mortgage loans.

The total capital ratio (TCR) of the Bank was 17.3%, i.e. significantly above the regulatory levels. 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.

The most important risk factor in 2023 is still the war in Ukraine. Its further escalation could lead to a deeper depreciation of Poland's currency and higher risk aversion, especially among global investors, which could result in yields on Polish bonds going even higher. Moreover, one of the potential threats is that inflation can stay on a high level for a prolonged time. This may contribute to further interest rate raises and further decline in economic growth; therefore, the Supervisory Board will continue to work closely with the Management Board to examine the impact of the above-mentioned risk factors on the Bank's situation. In addition, the Supervisory Board indicated the Management Board the need to assess the systemic risk in banks resulting from high burdens on banks resulting from the realization of legal risk related to mortgage loans denominated in CHF, the costs of "credit holidays" and the reduction of capital resulting from the revaluation of the bond portfolio.

Taking into consideration the financial results achieved, the business profile of the Bank and the stable capital and liquidity ratios, as well as the consistent and coherent strategy of the Bank, the Supervisory Board's assessment of the activities of the Bank in 2022 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 reinforce its 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 150-year history, has considered social and environmental aspects in its decisions, and which follows the expectations of both its business and social partners.

The Citi Handlowy Leopold Kronenberg Foundation is an entity which comprehensively implements the Bank's Corporate Social Responsibility strategy.

The Citi Handlowy Leopold Kronenberg Foundation pursues its goals via its own initiatives and via subject-matter, logistics and financial cooperation with other public organizations. Among the Foundation's own initiatives implemented in 2022, the following ones are especially worth mentioning:

#### **Support for Ukraine**

The program to support Ukrainian citizens who emigrated to Poland after the outbreak of the armed conflict in their country and those who chose to remain in their homes covers the full spectrum of activities of the Citi Handlowy Leopold Kronenberg Foundation: intervention aid, skilled-based and sports volunteering, targeted grants aimed at aid projects of partner organizations. More than 350 Citi volunteers were involved in the intervention aid already in the first few days, a total of more than 1000 kg of gifts were collected.

As soon as in February, the Foundation created a support program, #UkraineReliefEfforts, which covered an additional fundraising initiative. The funds were donated to organizations evacuating children-oncological patients and foster families. It also started a grant program for volunteers carrying out individual volunteer projects. In total, 60 initiatives registered by volunteers. Jointly with the Mamopracuj Foundation, the Foundation prepared a program to integrate Ukrainian female refugees with the Polish society.

### **Citi Global Community Day**

In 2022, the Global Community Day engaged more than 2,000 Citi volunteers in Poland (employees of Citi Handlowy and Citi Solutions Center plus their families and friends).

The Citi Handlowy Foundation organized a grant competition to which Bank employees could submit initiatives they would like to implement for the benefit of the local community. In that year, 50 grants were provided.

Noteworthy projects implemented and coordinated by the Foundation as part of the 2022 Global Community Day are:

- RH Active: blood collection events in Olsztyn and Warsaw. In the capital, we were supported by the Warsaw City Hall. The blood collected went to those in need in both Poland and Ukraine;
- Able Disabled: a picnic organized in cooperation with the Polish Paralympic Committee;
- A charity fair organized in connection with the Children's Day at the head office of Citi Handlowy – packing presents for children from Ukraine, fundraising, charity sale of meals prepared by volunteers, preparing best wishes cards for the needy;
- A picnic organized on the Children's Day for Polish and Ukrainian children from Warsaw Oratory.

### **Charity Christmas**

In 2022, the Foundation and its volunteers implemented and coordinated two major Christmas initiatives: "Letters to Santa Claus" and "Christmas is for sharing". As a result, 250 children from 5 children's homes who sent their letters to Santa received the presents of their dreams, prepared by Citi volunteers. In addition, more than 2,500 gift boxes – prepared by volunteers – were distributed people in need.

### **The Professor Aleksander Gieysztor Award**

In 2022, the Foundation recognized:

- Professor Jerzy Hausner, winner of the 22nd Award, was awarded for all-embracing activities to promote the use and (re)interpretation of cultural heritage as a basis for communication and creativity as well as economy of the values. The heritage as a lever of economic development which builds sustainable social and economic order.
- Vydas Dolinskas, PhD, winner of the 23rd Award, was recognized for his outstanding efforts to strengthen the commitment of the Lithuanian community to the protection and promotion of cultural heritage of Poland and Lithuania.

The Award Gala Event was held in the Great Room of the Royal Castle in Warsaw, under the patronage of the President of the Republic of Poland, on 23 May 2022. More than 250 guests (artists, scientists, etc.) took part. The media published more than 60 features covering the Award.

## Enterprise support programs

With funds from Citi Foundation, 5 social programs to support enterprise development and social integration of refugees were carried out in cooperation with the Foundation:

- **Business in Women's Hands** – a program carried out in partnership with the Foundation for Female Entrepreneurship. In 2022, already the 8th edition of Business in Women's Hands program took place. There were 60 women with a business idea, selected from 200 applicants.
- **Entrepreneurship Development Program** – program carried out in partnership with THINK! Foundation. A comprehensive initiative with incubation paths for young entrepreneurs. 1000 young people participate in the program yearly.
- **Shesnnovation Academy** – a program implemented in partnership with the *Perspektywy* Educational Foundation. This is a 6-month program that supports development of hi-tech businesses, initiated by young female scientists.
- **Hello Entrepreneurship** – is a program carried out in partnership with the ASHOKA Foundation that aims at strengthening social entrepreneurship of migrants, including refugees. In 2022, a total of 60 initiatives applied for the 3rd edition of the program.
- **WELCOME! WITAJ!** – a program carried out in partnership with the Mamo Pracuj Foundation. Its goal is to help 300 Polish and Ukrainian mothers find their place in the labor market and integrate so that they can support each other.

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. Sponsorship activities

The sponsorship activities of the Bank were focused in the areas of corporate social responsibility and promotion of values followed by the Bank in its operations: inclusion, equality and diversity.

The representatives of the Bank took part in debates during the European Financial Congress in Sopot. Ms. Elżbieta Światopełk-Czetwertyńska, President of the Bank's Management Board, presented our views during the annual debate of heads of banks, this time dedicated to challenges faced by the banking sector, and during a panel on the presence of women in listed companies. Ms. Katarzyna Majewska, Vice President of the Management Board, took part in a round table on technology-related challenges, and Ms. Barbara Sobala, Vice President of the Management Board in charge of risk management, joined a discussion on risk management in the banking sector.

In October, the Bank, via Citi Handlowy Foundation, was one of the main partners of the European Forum for New Ideas in Sopot.

For the second time, Bank Handlowy was a partner of Deloitte Technology Fast 50 Central Europe 2022, a ranking of the fastest growing technology companies in Central Europe. The aim of the program organized by the Deloitte consulting company for over 20 years is to promote innovative companies and their technologies as well as to create a networking and business development platform. Thanks to its affiliation to the global network of Citi, Citi Handlowy supports the development of Polish companies, specializing in servicing clients active on various markets.

Bank Handlowy was once again a participant and partner of the *Ironman Poland* cycle of races, which was organized under the motto: "The Year of Dreamers." The Bank was an honorable sponsor of the event in Warsaw and a partner of the events in Gdynia and Poznań. Clients and employees of the Bank and Citibank Europe plc. took part in the race *Citi Handlowy Ironman Warsaw 70.3* and in relay races in Gdynia and Poznań.

Bank Handlowy continued its multi-year initiatives that support an integrated society. Jointly with the Polish Paralympic Committee, it supported competitors with disabilities, for example during the Beijing Winter Olympics. In Olsztyn, Bank Handlowy, jointly with Citibank Europe plc, was once again an honorable sponsor of the Athlete of the Year contest, where it handed over the award in the main category and in the special category Athlete without Barriers.

The above initiatives positively supported the perception and reputation of the institution. The Supervisory Board positively assesses the spending incurred by both the Bank and the group to support culture, sports, charity organizations, media, social organizations, trade unions, etc. as disclosed in the "Report on the business activities of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. in 2022."

#### 4. REPORT ON REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE MEMBERS OF THE SUPERVISORY BOARD OF BANK HANDLOWY W WARSZAWIE S.A.

The Supervisory Board of Bank Handlowy w Warszawie S.A. is required to draw up the remuneration report on Members of the Management Board and Members of the Supervisory Board of the Bank based on Article 90g, point 1 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies ("the Act").

The principles for remunerating Members of the Management Board and Members of the Supervisory Board of the Bank are provided for in the Remuneration policy for Members of the Management Board and Members of the Supervisory Board of Bank Handlowy w Warszawie S.A. with subsequent amendments (the "Policy"), adopted by way of resolution of the General Meeting of Shareholders dated June 4, 2020 and published on the official website of the Bank. The Policy implements provisions regarding shaping of the rules of remuneration set forth in the Act.

This remuneration report covers a comprehensive overview of remuneration, including all benefits, regardless of their form, received by individual members of the Management Board and the Supervisory Board or due to individual members of the Management Board and the Supervisory Board of the Bank, and is presented jointly for 2022. It should be noted this report presents remuneration in various ways (i.e. paid out in a given year or granted in a given year), depending on the requirements of the Act. In particular, remuneration paid out in 2022 could have been granted in the years preceding the year of payout. On the other hand, remuneration granted in 2022 could have been subject to partial deferral, i.e. it could be paid out in the future reporting periods.

On June, 23 2022 The General Meeting of Shareholders adopted the resolution with positive opinion regarding remuneration report for 2022.

##### 1) Total remuneration of the Management Board and the Supervisory Board Members split out by component and the relative proportion of those components

The table below presents value of total remuneration (in PLN thousand) taking into account a non-competition paid out in 2022 after termination of employment with a Member of Management Board broken down into particular components and into fixed and variable remuneration with proportions between them (expressed as %):

	Total remuneration taking into account non-competition, such as:	Fixed remuneration taking into account a non-competition			Variable remuneration		
		Base salary and Other benefits*	Share of fixed remuneration	Total of variable remuneration	Variable remuneration in the form of cash award	Variable remuneration in the form of share-based	Share of variable remuneration
Elżbieta Światopełk-Czetwertyńska	2 536	2 284	90%	252	252	0	10%
Maciej Kropidłowski	5 004	2 411	48%	2 593	1 565	1 029	52%
Barbara Sobala	1 491	1 015	68%	476	325	151	32%
Natalia Bożek	1 292	999	77%	293	209	84	23%
Katarzyna Majewska	1 380	963	70%	416	287	130	30%
Ivan Vrhel	416	416	100%	0	0	0	0%



Andrzej Wilk	812	659	81%	158	32	121	19%
<i>Former Management Board Member</i>							
Dennis Hussey	2 286	1 412	62%	874	704	169	38%
James Foley	1 596	868	54%	728	502	226	46%
Sławomir S. Sikora	2 206	144	7%	2 061	670	1 391	93%
David Mouillé	538	0	0%	538	271	267	100%
Czesław Piasek	27	2	7%	26	14	12	93%

\* Fixed remuneration in position Other benefits includes among others a non-competition payment. A non-competition was paid out for Mr. James Foley in 2022 in amount of PLN 600 thousand and for Mr. Dennis Hussey in 2022 in amount of PLN 451 thousand.

The table below presents value of fixed remuneration components (in PLN thousand) taking into account the non-competition paid out in 2022 to the Members of the Management Board of the Bank and share of particular components in the total remuneration (expressed as %).

		Base salary		Other benefits		Total value of fix remuneration	
		value	share	value	share	value	
Elżbieta Światopełk-Czetwertyńska		2 100	83%	184	7%	2 284	
Maciej Kropidłowski		2 076	41%	335	7%	2 411	
Barbara Sobala		900	60%	115	8%	1 015	
Natalia Bożek		900	70%	99	8%	999	
Katarzyna Majewska		857	62%	106	8%	963	
Ivan Vrhel	- since 29.09.2022	286	69%	130	31%	416	
Andrzej Wilk	- since 01.08.2022	600	74%	59	7%	659	
<i>Former Management Board Members</i>							
Dennis Hussey	- till 30.06.2022	722	32%	690	30%	1 412	
James Foley	- till 28.02.2022	200	13%	668	42%	868	
Sławomir S. Sikora	- till 17.06.2022	0	0%	144	7%	144	
Czesław Piasek	- till 31.03.2018	0	0%	2	7%	2	
David Mouillé	- till 31.01.2020	0	0%	0	0%	0	
		8 641	44%	2 532	13%	11 173	

The aggregated values of Other benefits provided in the table above consist of: pension scheme (PPE) contributions, additional benefits including a life insurance, relocation package, the value of the medical insurance for an employee and family members, the payment in lieu of leave and a non-competition paid out after the termination of the employment. The detailed split of Other benefits to particular components might be found below:

		Other benefits						Total amount
		Pension scheme (PPE) contributions	Additional benefits	Relocation package	Medical insurance	Payment in lieu of leave	Non-competition	
Elżbieta Światopełk-Czetwertyńska		166	9	0	9	0	0	184
Maciej Kropidłowski		327	1	0	6	0	0	335
Barbara Sobala		98	9	0	9	0	0	115
Natalia Bożek		85	8	0	6	0	0	99
Katarzyna Majewska		89	8	0	9	0	0	106
Ivan Vrhel	- since 29.09.2022	0	69	59	2	0	0	130
Andrzej Wilk	- since 01.07.2022	53	5	0	0	0	0	59
<i>Former Management Board Members</i>								
Dennis Hussey	- till 30.06.2022	0	220	0	4	14	451	690

James Foley	- till 28.02.2022	39	9	0	1	19	600	668
Sławomir S. Sikora	- till 17.06.2022	144	0	0	0	0	0	144
Czesław Piasek	- till 31.03.2018	2	0	0	0	0	0	2
David Mouillé	- till 31.01.2020	0	0	0	0	0	0	0
		<b>1 002</b>	<b>339</b>	<b>59</b>	<b>47</b>	<b>34</b>	<b>1 051</b>	<b>2 532</b>

The table below presents value of variable remuneration components in the form of cash awards (in PLN thousand) paid out in 2022 to the Members of the Management Board of the Bank and its share in the total compensation (expressed as %).

		Cash awards for:										
		2021		2020		2019		2018		2017		Total
		value	share	value	share	value	share	value	share	value	share	value
Elżbieta Światopełk-Czetwertyńska		252	10%	0	0%	0	0%	0	0%	0	0%	252
Maciej Kropidłowski		732	15%	269	5%	247	5%	316	6%	0	0%	1 565
Barbara Sobala		204	14%	39	3%	41	3%	42	3%	0	0%	325
Natalia Bożek		144	11%	25	2%	19	1%	20	2%	0	0%	209
Katarzyna Majewska		180	13%	32	2%	32	2%	42	3%	0	0%	287
Andrzej Wilk	- since 01.07.2022	0	0%	15	2%	17	2%	0	0%	0	0%	32
<i>Former Management Board Members</i>												
Dennis Hussey	- till 30.06.2022	609	27%	96	4%	0	0%	0	0%	0	0%	704
James Foley	- till 28.02.2022	347	22%	79	5%	77	5%	0	0%	0	0%	502
Sławomir S. Sikora	- till 17.06.2022	0	0%	154	7%	149	7%	151	7%	216	10%	670
David Mouille	- till 31.01.2020	0	0%	0	0%	124	23%	147	27%	0	0%	271
Czesław Piasek	- till 31.03.2018	0	0%	0	0%	0	0%	14	50%	0	0%	14
		<b>2 467</b>	<b>13%</b>	<b>710</b>	<b>4%</b>	<b>705</b>	<b>4%</b>	<b>732</b>	<b>4%</b>	<b>216</b>	<b>1%</b>	<b>4 831</b>

The table below presents value of variable remuneration components in the form of share-based awards (in PLN thousand) paid out in 2022 to the Members of the Management Board of the Bank and its share in the total compensation (expressed as %).

		Share-based awards for:										
		2021		2020		2019		2018		2017		Total
		value	share	value	share	value	share	value	share	value	share	value
Elżbieta Światopełk-Czetwertyńska		0	0%	0	0%	0	0%	0	0%	0	0%	0
Maciej Kropidłowski		0	0%	476	19%	281	11%	272	11%	0	0%	1 029
Barbara Sobala		0	0%	69	5%	46	3%	36	2%	0	0%	151
Natalia Bożek		0	0%	45	3%	22	2%	17	1%	0	0%	84
Katarzyna Majewska		0	0%	57	4%	37	3%	36	3%	0	0%	130
Andrzej Wilk	- since 01.07.2022	75	9%	27	3%	19	2%	0	0%	0	0%	121
<i>Former Management Board Members</i>												
Dennis Hussey	- till 30.06.2022	0	0%	169	7%	0	0%	0	0%	0	0%	169
James Foley	- till 28.02.2022	0	0%	139	9%	87	5%	0	0%	0	0%	226
Sławomir S. Sikora	- till 17.06.2022	0	0%	923	42%	172	8%	131	6%	165	7%	1 391
David Mouille	- till 31.01.2020	0	0%	0	0%	141	26%	126	23%	0	0%	267
Czesław Piasek	- till 31.03.2018	0	0%	0	0%	0	0%	12	43%	0	0%	12
		<b>75</b>	<b>0%</b>	<b>1 904</b>	<b>10%</b>	<b>806</b>	<b>4%</b>	<b>630</b>	<b>3%</b>	<b>165</b>	<b>1%</b>	<b>3 580</b>

In 2022 remuneration of the Management Board Members did not cover cash or non-cash benefits granted to the benefit of relatives. In 2022 column "Other benefits" may cover value of the medical insurance for the family members.

The table below presents value of total compensation (in PLN thousand) paid out in 2022 to the Members of the Supervisory Board of the Bank split out by component and its relative proportion (expressed as % of total compensation).

	Remuneration for function in the Supervisory Board		Remuneration for participation in Supervisory Board committees		Return of social contributions		Total compensation	
	value	share	value	share	value	share	value	
Sławomir S. Sikora	192	59%	133	41%	0	0%	325	
Marek Kapuściński	96	34%	183	64%	5	2%	284	
Anna Rulkiewicz	96	32%	197	65%	8	3%	301	
Barbara Smalska	96	28%	243	72%	0	0%	339	
<i>Former Supervisory Board Members</i>								
Frank Mannion	- till 31.03.2022	0	0%	0	0%	0	0%	0
Jenny Grey	- till 23.06.2022	0	0%	0	0%	0	0%	0
Gonzalo Luchetti	- till 23.06.2022	0	0%	0	0%	0	0%	0
		<b>480</b>	<b>38%</b>	<b>756</b>	<b>61%</b>	<b>13</b>	<b>1%</b>	<b>1 249</b>

In 2022 Members of the Supervisory Board were not granted variable remuneration. Other Supervisory Board Members did not receive remuneration in 2022.

## 2) Total remuneration of the Management Board and the Supervisory Board Members vs. the adopted remuneration policy

The Bank differentiates the amount of fixed compensation of Management Board Members taking into account the relevant professional experience, requirements in terms of competencies and role in the management process, which allows for attracting and retain talented managers who support Bank's development and lead the Bank to success.

Variable remuneration, granted to the Management Board Members in 2022, was determined in such a way that it promotes prudent management of the Bank, is based on financial and non-financial results and does not reward excessive risk in decision-making. The pool allocated for annual awards for the Management Board Members was subject to verification whether the Bank has a sound and strong capital base justifying the payment of variable remuneration at the proposed level, it does not limit the Bank's ability to increase its capital base and it is sustainable according to the financial standing of the Bank.

In order to align decisions regarding compensation of the Management Board Members with shareholder interest, effectively manage risk and reflect regulatory guidance part of variable remuneration:

- was granted in the form of phantom shares value of which is linked to the value of the Bank's shares on the Warsaw Stock Exchange, and
- was subject to deferral over 4 or 5 years, i.e. proportionate division into 4 or 5 tranches respectively with the possibility to acquire rights to a given tranche after each year of deferral; pay-out takes place no sooner than after a 6 or 12-month retention period from the moment of acquiring rights to a given deferred tranche.

Due to information shared by Citigroup on April, 15 2021 concerning amendment to strategy towards Consumer Bank ("GCB"), the Supervisory Board of the Bank granted in 2022 the award to Vice-President of the Management Board of the Bank – Mr. Andrzej Wilk responsible for GCB in order to

recognize current contribution and support in strategy implementation towards the part of the Bank Handlowy w Warszawie S.A. ("Transaction Award"); the award was granted conditionally:

- partially as the cash award and partially as phantom shares related to the value of shares of the Bank listed on the Warsaw Stock Exchange and
- is deferred in the period of 5 years – which means it is proportionally divided into 5 tranches with the possibility to acquire right to the given tranche after each year of the deferral subject to meeting vesting conditions linked to completion of the Transaction; the pay out is made at the earliest after 6 months retention period after the moment of vesting to the given tranche.

In regards to leaving the Bank, Mr. Dennis Hussey jeopardized the right to Transaction Award granted conditionally in 2021.

The acquisition of rights to deferred variable remuneration in 2022 was subject to verification, in particular, in terms of the Bank's financial condition and compliance by individual members of the Management Board with the standards concerning the guarantee of safe and prudent Bank management, i.e.:

- Head of HR confirmed information regarding employment and potential misconduct in connection with employment duties,
- Vice-President overseeing the Finance confirmed information regarding financial standing of the Bank and financial standing,
- Vice-President overseeing the Risk Management confirmed information regarding risk management processes.

For the avoidance of conflict of interest, for the Head of Finance and the Head of Risk the above mentioned information, which are within the scope of their responsibility, were confirmed by the President of the Management Board.

In 2022 decisions regarding grant of variable remuneration and acquisition of rights to deferred variable remuneration for previous years were made by the Supervisory Board of the Bank based on recommendations and opinions of the Nomination and Remuneration Committee of the Supervisory Board, dictated by cautious and stable risk, capital and liquidity management, and paying special attention to long-term interests of the Bank, the interest of the Bank's shareholders and investors.

For the avoidance of conflict of interest, in 2022 no variable compensation (subject to performance) was granted to the Supervisory Board Members.

### **3) Application of the performance criteria in the remuneration of the Management Board and the Supervisory Board Members**

The results are verified prior granting variable remuneration (ex-ante) as well as at the stage of making decisions regarding vesting of deferred variable remuneration (ex-post).

#### **In 2022 the Bank applied the following ex-ante risk adjustment criteria:**

Performance criteria applicable to determine the pool allocated for annual awards for the Management Board Members granted in 2022 were described under point 2) of this report.

Variable remuneration was granted to the Management Board Members, on a discretionary basis, taking into account quantitative and qualitative criteria, such as risk and compliance behavior, to reflect Management Board Members' performance and reduce incentives to take risks beyond the general risk appetite determined by the Bank.

Value of the granted variable remuneration depends on the individual performance and the financial results of the Bank or specific organizational unit. The performance assessment is based on the data

from three financial years, which takes into account the business cycle of the Bank and risk of its economic activities. In case of individuals employed for less 3 years performance assessment covers the timeframe from establishing work relationship.

**In 2022 the Bank applied the following ex-post risk adjustment criteria:**

Vesting of variable remuneration and its pay-out were subject to meeting criteria at the individual level and to the financial standing of the Bank.

The amount of deferred portion of the award to be paid out may have been decreased or completely reduced based on decision of Supervisory Board if:

- standards concerning the guarantee of safe and prudent Bank management have not been met which is verified by determination if:
  - the Management Board Members engaged in gross misconduct in connection with his/her employment duties, in particular participated in or was responsible for conduct which resulted in significant losses to the Bank; or
  - the Management Board Members knowingly engaged in providing materially inaccurate information to the financial statements of the Bank; or
  - the Bank suffered a material failure of risk management; or
  - the Management Board Members materially violate any risk limits.
- In a situation set forth in Art. 142 sec. 1 of the Banking Law, or
- In case the Management Board Members received the Variable Remuneration based on materially inaccurate financial statements, or
- In case the Bank has suffered a material downturn in its financial performance; or
- In case of balance sheet loss, threat of insolvency or loss of liquidity by the Bank.

The acquisition of the right to each tranche of deferred variable remuneration depended on the Bank's results in the calendar year directly preceding the date of awarding of the right to given tranche ("Year Concerning the Results").

If the Bank would suffer a loss calculated as a loss before tax for the Year Concerning the Results, then the tranche of the deferred variable remuneration in phantom shares, to which the right may have been earned during the calendar year following the end of the Year Concerning the Results, would be reduced (but not below zero) by a percentage defined as:

- (i) the absolute value of the loss before tax suffered by the Bank in the given Year Concerning the Results, divided by
- (ii) the absolute value of the highest profit before tax made by the Bank in the period covering three calendar years before the proper Year Concerning the Results. Irrespective of the above, if the Bank would suffer any loss calculated as the loss before tax for the Year Concerning the Results, the minimum percentage reduction of 20% would be applied.

The amount of profit (or loss) before tax for each adequate Year Concerning the Results will be the total value of profit (loss) before income tax for the current operations of the Bank. The results for 2022 were defined on a basis of the local IFRS statements, covering the audited results for the first three quarters (in accordance with the report to WSE and adequate public authorities), and the last quarter of the year consisted of the actual results for the first two months of this quarter and the estimates for the last month. The estimates were defined by the Financial Department of the Bank and they were final and binding regardless of the actual final results.

If the absolute value of the loss before tax suffered by the Bank for the Year Concerning the Results would equal or exceed the total value of the highest profit before tax in the Group's calendar year in the Measurement Period, then the Management Board Members would have not earned the rights to the given tranche.

In 2022 there were no reductions of variable remuneration within the correction connected with the results in reference to any of the Management Board Members.

In accordance with the Policy, in 2022 the Supervisory Board Members were granted only fixed remuneration, the value of which is subject to Bank's performance. No variable remuneration was granted, therefore no performance criteria were applied in reference to remuneration of the Supervisory Board Members.

#### 4) Change of remuneration of the Management Board and the Supervisory Board Members, of the performance of the company and of average remuneration of employees other than the Management Board and the Supervisory Board Members over at least the five most recent financial years

The table below presents a summary of changes, since 2018 till 2022, of remuneration of the Management Board and the Supervisory Board Members holding their functions in 2022, of the performance of the Bank and of average remuneration of employees other than the Management Board and the Supervisory Board Members.

		2018		2019		2020		2021		2022	
Change of remuneration of the Management Board Members		values	change%	values	change%	values	change%	values	change%	values	change%
Elżbieta Światopełk-Czetwertyńska	- from 18.06.2021	n/a	n/a	n/a	n/a	n/a	n/a	1 665	n/a*	2 536	52%
Maciej Kropidłowski	- from 19.03.2014	3 889	1%	4 220	9%	3 872	-8%	4 596	19%	5 004	9%
Barbara Sobala	- from 16.10.2013	1 420	2%	1 479	4%	1 491	1%	1 605	8%	1 491	-7%
Katarzyna Majewska	- from 11.01.2016	1 275	7%	1 400	10%	1 387	-1%	1 493	8%	1 380	-8%
Natalia Bożek	- from 21.03.2018	670	n/a*	1 173	75%	1 122	-4%	1 286	15%	1 292	0%
<i>Former Management Board Members</i>											
Dennis Hussey	- till 30.06.2022	0	n/a	0	n/a	2 686	n/a*	3 327	24%	1 835***	-45%
James Foley	- till 28.02.2022	0	n/a	1 358	n/a*	1 996	47%	2 390	20%	996***	-58%
Stawomir S. Sikora	- till 17.06.2021	5 340	14%	5 214	-2%	4 576	-12%	3 017***	-34%	2 206	-27%
David Mouillé	- since 01.07.2015 till 31.01.2020	3 637	11%	3 646	0%	1 718***	-53%	686***	-60%	538	-22%
Czesław Piasek	- till 20.05.2014 till 31.03.2018	1 018	-43%	386	-62%	187	-52%	111	-41%	27	-75%

Witold Zieliński	- till 19.02.2018	883***	-49%	317***	-64%	172	-46%	84	-51%	0	n/a**
Brendan Carney	- till 22.06.2015	365	-30%	135	-63%	0	n/a**	0	n/a	0	n/a
Iwona Dudzińska	- till 31.07.2015	162	-5%	61	-62%	0	n/a**	0	n/a	0	n/a
<b>Change of remuneration of the Supervisory Board Members</b>											
Stawomir S. Sikora	- since 18.06.2021	0	n/a	0	n/a	0	n/a	155	n/a*	325	110%
Marek Kapuściński	- since 22.09.2016 - till 22.06.2017	276	20%	283	3%	279	-1%	266	-5%	284	7%
Anna Rulkiewicz	and since 05.06.2019	0	n/a**	69	n/a*	224	225%	245	9%	301	23%
Barbara Smalska	- since 05.06.2019	0	n/a	85	n/a*	306	258%	306	0%	339	11%
<b>Former Supervisory Board Members</b>											
Andrzej Olechowski	- do 17.06.2021	402	0%	402	0%	402	0%	220	-45%	0	n/a**
Igor Chalupiec	- do 17.06.2021	272	-1%	36	-87%	285	700%	155	-46%	0	n/a**
Stanisław Sołtysiński	- do 17.06.2021	216	0%	216	0%	216	0%	119	-45%	0	n/a**
Shirish Apte	- do 01.12.2020	216	-10%	216	0%	216	0%	0	n/a**	0	n/a
Grzegorz Bielicki	- od 06.12.2017 do 04.06.2019	288	n/a*	156	-46%	0	n/a**	0	n/a	0	n/a
Marek Belka	- od 22.06.2017 do 04.06.2019	246	273%	92	-63%	0	n/a**	0	n/a	0	n/a
Mirosław Gryszka	- do 05.12.2017	13	-94%	0	n/a**	0	n/a	0	n/a	0	n/a
<b>Change of average remuneration of other employees ***</b>		112	20%	119	6%	127	7%	130	2%	139	7%
<b>Change of performance of the Bank</b>		653 119	22%	478 802	-27%	158 085	-67%	715 972	353%	1 569 310	110%

Explanations and comments to the table:

- 1) Values are presented in thousands of PLN
- 2) Data indicated for a given year refer to the percentage change in value between the year for which the data are presented and the preceding year.
- 3) For 2017-2018 calculation of changes of remuneration of members of the Management Board and Supervisory Board of the Bank was carried out on the basis of data consistent with the values indicated in the reports on the Bank's activities for the relevant years. The calculation of changes of the average remuneration of other employees was carried out on the basis of the gross income for these employees in a given year and the total number of FTEs; compensation and other benefits of members of the Management Board and of the Supervisory Board are shown on individual basis only. The values presented in the table above do not cover a payment for non-competition in accordance with the disclaimer marked as "\*\*\*\*" in point 9 below.
- 4) Calculation of changes of the Bank's results was carried out based on the Bank's net result for the relevant years.
- 5) The table does not include Mr. Andrzej Wilk who was appointed the Vice-President of the Management Board and Mr. Ivan Vrhel who was appointed the Member of the Management Board on September, 29 2022 and therefore, they did not receive any remuneration for her role in Management Board in 2018-2021.
- 6) Payments to former members of the Management Board made after the termination of the contract are related to the payments of tranches of deferred variable remuneration in the form of cash and in the form of phantom shares
- 7) "\*" means the first year of holding function in the Bank; for individuals not holding function for the whole year the % change of remuneration is largely driven by to the fact that in the following year the salary was paid for the entire year of holding the function
- 8) "\*\*\*" means the first year in which the Management Board or the Supervisory Board Member, after termination of his/her function, did not receive remuneration.
- 9) "\*\*\*\*" values presented in the table do not cover a non-competition paid-out for: Mr. Witold Zieliński in 2018 in amount of PLN 524 thousand and in 2019 in amount of PLN 151 thousand, Mr. David Mouillé in 2020 in amount of 903 thousand and in 2021 in amount of PLN 181 thousand, Mr. Stawomir S. Sikora in 2021 in amount of PLN 3 248 thousand, Mr. James Foley in amount of PLN 600 thousand, Mr. Dennis Hussey in amount of PLN 451 thousand, for average remuneration of other employees in in 2017 in amount of PLN 163 thousand.

## 5) Remuneration of the Management Board and the Supervisory Board Members from entities belonging to the same capital group

Members of the Management Board of the Bank supervising Bank's subsidiaries did not receive remuneration for their services in 2022.

Members of the Supervisory Board of the Bank did not hold functions in management or supervisory bodies of the Bank's subsidiaries and thus did not receive remuneration from those entities in 2022.

## 6) Remuneration of the Management Board and the Supervisory Board Members in the form of financial instruments

The Management Board Members are granted variable remuneration in the form of phantom shares.

Phantom shares are financial instruments value of which is linked to the value of the Bank's shares; they are not actual shares of the Bank, are not redeemable for actual shares of the Bank, and are not entitled to vote or to receive dividends or other distributions from the Bank to which holders of actual shares of the Bank may be entitled to receive; they do not represent an ownership interest of any kind in the Bank or any other entity nor in any assets; they have no independent value, they only stand as a measure of the cash value of Variable Remuneration by reference to the market price of the Bank's Shares.

On the settlement date, the Management Board Member is paid the amount of cash which is the product of the number of phantom shares vested and the mean average of the high and low price of the Bank's Shares on the Warsaw Stock Exchange on the maturity date (end of Retention Period). Each time, vesting of the award is confirmed by a decision of the Supervisory Board. During the deferral period and retention period, Management Board Members are entitled to dividend equivalent payments in respect of any dividends that are declared and paid to holders of ordinary Bank's shares.

The table presents information on phantom shares granted (including those granted conditionally) in 2022 (for 2021) to the Management Board Members which may be paid out in 2022-2028.

	Number of phantom units	Grant date	Grant price
Elżbieta Światopełk-Czetwertyńska	6 388,55	10.02.2022	65,86
Maciej Kropidłowski	27 778,77	10.02.2022	65,86
Barbara Sobala	5 167,02	10.02.2022	65,86
Natalia Bożek	3 644,10	10.02.2022	65,86
Katarzyna Majewska	4 555,12	10.02.2022	65,86
Andrzej Wilk - since 01.07.2022	2 017,43	13.01.2022	61,96
<i>Former Management Board Members</i>			
Dennis Hussey - till 30.06.2022	15 399,33	10.02.2022	65,86
James Foley - till 28.02.2022	8 768,60	10.02.2022	65,86



Shares presented in the table above, only the part paid out in 2022, are included in point 1) of this report in the table presenting share-based awards paid out in 2022. The remaining shares may be paid in subsequent reporting periods.

The table presents information on phantom shares granted (conditionally) in 2022 (for 2022) to the Management Board Members which may be paid out in 2023-2027. The table presents information on phantom shares granted conditionally in 2022 (for 2022) to the Management Board Members which may be paid out in 2023-2027. In 2021, vesting conditions for the pay out of any of tranches of the Transaction Award were not met.

	Number of phantom units	Grant date	Grant price
Andrzej Wilk	12 805,39	01.07.2022	61,56

In 2022 the Supervisory Board Members were not granted remuneration in the form of financial instruments.

#### **7) Information on the use of the possibility to reclaim variable remuneration**

The Remuneration policy for Members of the Management Board and Members of the Supervisory Board of Bank Handlowy w Warszawie S.A. does not provide for the possibility to reclaim variable remuneration.

According to this Policy, amount of deferred portion of the award to be paid out to the Management Board Members may be decreased or completely reduced based on decision of Supervisory Board with application of ex-post risk adjustment criteria described under point 3) of this report. In 2022 there were no reductions of variable remuneration within the correction connected with the results in reference to any of the Management Board Members.

In 2022 the Supervisory Board Members were not granted variable remuneration.

#### **8) Information on any deviations from the procedure for the implementation of the Policy and from applying the Policy**

The Remuneration policy for Members of the Management Board and Members of the Supervisory Board of Bank Handlowy w Warszawie S.A. was approved by the Supervisory Board after considering opinion of the Nomination and Remuneration Committee of the Supervisory Board, and afterwards it was adopted by way of resolution of the General Meeting of Shareholders dated June 4, 2020. The Policy was amended as of November, 14 2022 due to introducing real shares of the Bank as the main payment vehicle of the financial instruments. Awards for 2022 are granted in 2023 based on amended Policy.

Remuneration of the Management Board and Supervisory Board Members were granted and paid out in accordance with the Policy.

Since the adoption of the Policy on June 4, 2020, there have been no deviations from the Policy implementation procedure or its application.

### **5. 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 2022 remuneration-related issues in Bank Handlowy w Warszawie S.A. (the “Bank”) were governed by:

- the Remuneration Policy for Management Board and Supervisory Board Members of Bank Handlowy w Warszawie S.A. (“Remuneration policy for Management Board and Supervisory Board Members”) adopted by way of resolution of the General Meeting of Shareholders dated June 4, 2020, as amended,
- the Remuneration Policy for employees of Bank Handlowy w Warszawie S.A. (“Remuneration policy for employees of the Bank”) adopted by way of resolution of the Bank’s Supervisory Board dated 22 December 2017, as amended, and
- the Remuneration Policy for persons whose professional activity significantly influences the risk profile of Bank Handlowy w Warszawie S.A. (“Authorized Persons Remuneration Policy”) dated 22 December 2017, as amended, jointly referred to as the “Remuneration Policy”.

Remuneration policy for Management Board and Supervisory Board Members implements provisions regarding shaping of the rules of remuneration set forth in the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies. It sets out the principles for remunerating Members of the Management Board and Members of the Supervisory Board of the Bank, contributing to implementation of the strategy of the Bank, effective risk management, its long-term interest and stability.

Remuneration policy for employees of the Bank implements requirements regarding structuring of the remuneration principles in banks provided for in the provisions of law, the Rules of Corporate Governance for Supervised Institutions adopted by the Polish Financial Supervision Authority (“Rules of Corporate Governance”), the Code of Best Practice for WSE Listed Companies 2021, recommendations of the Polish Financial Supervision Authority covering banking sector, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector and takes into account Guidelines of the European Banking Authority on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013, Guidelines of the European Banking Authority on remuneration policies and practices related to the sale and provision of retail banking products and services, Guidelines of the European Securities and Markets Authority on remuneration policies and practices (MiFID). It covers remuneration procedures and rules in the Bank and sets out the principles for remunerating other employees of the Bank, including in particular persons holding key functions at the Bank identified pursuant to the “Qualification Assessment Policy for Members of the Management Board and Key Function Holders of Bank Handlowy w Warszawie S.A.” (hereinafter: Key Persons), persons whose professional activities have a material impact on the risk profile of the Bank, employees involved in selling Bank’s products and services and persons employed in control functions.

Authorized Persons Remuneration Policy implements the provisions regarding the shaping of the rules of remuneration set forth in the Act of 29 August 1997 Banking Law (as amended), in the Regulation of the Minister of Development and Finance of March 8, 2021 on the risk management system and the system of internal control and remuneration policy in banks, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as well as other generally applicable provisions of law and takes into account the Guidelines of the European Banking Authority on sound remuneration policies under Directive 2013/36/EU, as amended, and EBA Guidelines on internal governance. It covers persons whose professional activities have a material impact on the risk profile of the Bank and specifies the rules of remunerating this category of staff provided for in the Remuneration policy for employees of the Bank.

In 2022, the Bank made changes to the structure of deferred variable remuneration. From the 2022 annual award onwards, all deferred variable remuneration is conditionally awarded in a financial instrument. Simultaneously, the above policies were amended and enhanced by an option to pay remuneration awarded in a financial instrument in existing stocks of the Bank. The remuneration policies allow a 1:1 conversion of phantom stocks granted before the changes were made, provided that a relevant agreement is signed with eligible employees.

After Citigroup announced, on 15 April 2021, planned changes in the GCB strategy (retail banking), the Management Board of the Bank adopted a policy that allows granting awards for the to-date

contribution of employees whose support will be crucial in implementing changes in the strategy for the separated part of Bank Handlowy w Warszawie S.A. (retail segment) – Transaction-related Award Policy.

On 14 November 2022, by way of the decision of the Supervisory Board of Bank Handlowy w Warszawie S.A., the Transaction-related Award Policy was updated by adding an option to pay an award in existing stocks of the Bank.

The Remuneration Policy is assessed as follows:

- 1) According to the requirements, the Remuneration Policy covers all employees of the Bank.
- 2) The Remuneration Policy appropriately defines the rules of remuneration of persons covered by the Policy, including the form, structure and method of their determination.
- 3) The method of implementing the Remuneration Policy at the Bank and the supervision exercised over the Remuneration Policy ensure that the structure of remuneration of persons covered by it, 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 persons covered by Remuneration Policy, 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 2022, 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 employees having a significant impact on the risk profile of the Bank ("Authorized Persons"), including Key Persons, are regulated by the "Authorized Persons Remuneration Policy." Those rules were properly applied to grant the Authorized Persons, including Key Persons, variable remuneration in January 2023 (variable remuneration for their work in 2022), 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 2022, the Nomination and Remuneration Committee of the Supervisory Board held six meetings.
  - b) The level of variable remuneration for work in 2022 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. The thus determined variable remuneration was granted to employees of the Bank on 11 January 2023, and to Members of the Management Board on 16 February 2023. For Authorized Persons the variable remuneration was split into immediate and deferred award. Short-term financial instrument award is subject to 6- or 12-month retention period and is paid out after its expiry. Deferred variable remuneration is divided into four or five tranches, which may

vest respectively in years 2024-2027 or in years 2024-2028. Long-term instalments of the phantom-stock awards are paid (provided that they have been vested) after the end of a 6- or 12-month retention period.

- c) In 2022, for 9 Authorized Persons (including 7 Authorized Persons who were granted a Transaction-related Award), 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 receive deferred variable remuneration which had been granted conditionally to those Authorized Persons during their employment relationships and which had not been vested before the end of their employment contracts, and in the case of a Transaction-related Award also before departure from the GCB sector. In the case of the Vice President of the Management Board in charge of the GCB sector, the Supervisory Board of the Bank decided, after obtaining an opinion of the Nomination and Remuneration Committee of the Supervisory Board, that only a portion of the variable remuneration granted under the Transaction-related Award Policy would be cancelled. 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) In 2022, the Bank properly analyzed the roles and the responsibilities of its employees in relation to the key risks managed by the Bank as well as quantitative and qualitative criteria described in Commission Delegated Regulation (EU) No 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive, in relation to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile and on this basis established a list of employees whose professional activities have a material impact on the risk profile of the Bank and therefore should be subject to the provisions of the Authorized Persons Remuneration Policy. In 2022, the list of staff covered by the Authorized Persons Remuneration Policy included 96 persons at the end of the year.
- 10) 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.
- 11) In 2021, the Bank specified the provisions of the Remuneration Policy by ensuring the compliance with the strategy of the Bank regarding the sustainability risk (ESG). The Remuneration Policy assumes differentiation of the remuneration of employees on the basis of quantitative and qualitative criteria such as approach to taking risk and ensuring compliance with the regulations.

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

## **6. THE SUPERVISORY BOARD'S ASSESSMENT OF APPLICATION BY THE BANK OF THE CORPORATE GOVERNANCE PRINCIPLES AND 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**

- 6.1. The Supervisory Board's assessment of application by the Bank of the corporate governance principles and of conformity with disclosure requirements concerning the application of the corporate governance principles set out in the Warsaw Stock Exchange Rules.

On 29 July 2021, the Supervisory Board of the Bank decided that the Bank would comply with the corporate governance principles contained in the document "Best Practice for GPW Listed Companies 2021", adopted by the Supervisory Board of the Warsaw Stock Exchange by Resolution no. 13/1834/2021 of 29 March 2021, with the exception of principles 5.6 and 5.7, which are not applicable to the Bank.

in connection with the Bank's accepting the corporate governance principles prescribed in the document "Best Practice for GPW Listed Companies 2021", with the exception of principles 5.6 and 5.7, which are not applicable to the Bank, on 30 July 2021 the Bank submitted to Giełda Papierów Wartościowych w Warszawie S.A. a report (EBI Report no. 1/2021) concerning the status of application by the company of the principles included in the set "Best Practice for GPW Listed Companies 2021", fulfilling the obligation resulting from § 29(3) of the Rules of Giełda Papierów Wartościowych w Warszawie S.A.

If the status of compliance with the principles is changed or circumstances occur so that it is reasonable to modify the explanations concerning the non-application or the method of application of a principle, an issuer must immediately update the previously publicized information. In addition, in case of an incidental infringement of the principles, the company must immediately disclose this fact.

The statement of compliance with the principles of corporate governance prescribed by the "Best Practice for GPW Listed Companies 2021" is reported by publishing the "Statement of Bank Handlowy w Warszawie S.A. on its application of corporate governance rules in 2022" within the framework of the "Report on the operations of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. in 2022." The Bank conducted a review of application in 2022 of the corporate governance principles arising from the "Best Practice for GPW Listed Companies 2021," as a result of which it was confirmed in the above-mentioned Statement that those principles were applied in the scope as previously reported to Giełda Papierów Wartościowych w Warszawie S.A. (WSE).

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

- 6.2. Assessment of the manner of fulfilment by the Bank of its disclosure obligations related to corporate governance set forth in the provisions regarding current and periodic information provided by issuers of securities.

Pursuant to the Regulation of the Minister of Finance of 29 March 2018 on the Current and Periodic Information Provided by Issuers of Securities, the Bank is obliged to include in its annual report a statement that it applies the corporate governance principles. The above statement, as included in the Management Board's Report on the Activities of the Bank and Group for 2022, contains all the elements required by the above Regulation of the Minister of Finance.

The Supervisory Board positively assessed the fulfilment by the Bank of its disclosure obligations set out in the Rules of Giełda Papierów Wartościowych w Warszawie S.A. and in the regulations concerning current and periodic information, and concluded that the information presented above shows the true status of application of the corporate governance principles.

## **7. ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND THE RISK MANAGEMENT SYSTEM THAT COVERS RISKS SIGNIFICANT TO THE BANK**

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 consists of a control function, a compliance unit and an internal audit unit.

The internal control system and the risk management system in place at the Bank are 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 Division, Finance Management Sector, Legal Division, Human Resources Division as well as the Supervision and Internal Control Section of the Brokerage Department;
- 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 tasks of the Committee include supervising the risk management system used by the Bank and recommending an assessment of its effectiveness, which is ultimately given by the Supervisory Board. 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 risk management system assessment, 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.

The Supervisory Board monitored any identified irregularities, including those identified by units responsible for vertical monitoring and for coordination of the control function matrix.

In accordance with the "Internal Control Rules of Bank Handlowy w Warszawie S.A.," the Supervisory Board conducted the annual assessment of adequacy and effectiveness of the internal control system, including the adequacy and effectiveness of the control function related to compliance risk management on the basis of reports provided by the Compliance Division, the Supervision and Internal Control Unit of the Brokerage Department and the Internal Audit Department, using reports submitted to the Supervisory Board. The Supervisory Board assessed the internal control system as adequate and effective. The assessment was made taking into

account management information, reports on the self-assessment process, reports on the control environment submitted by Internal Audit in the Report of the Internal Audit Department to the Audit Committee of the Supervisory Board of Bank Handlowy w Warszawie S.A. and recommendations of the Audit Committee. At the end of 2022, the aggregate MCA assessment was at the level of Tier 4 and the assessment by Internal Audit was "Needs Moderate Improvement".

The Bank includes the Brokerage Department of Bank Handlowy ("DMBH"), which is a separate organizational unit of the Bank (brokerage unit), performs internal control and legal compliance functions of the 1st and 2nd Line of Defense via:

- 1) supervision and audits conducted in organizational units of DMBH,
- 2) supervision and audits conducted by the Supervision and Internal Control Unit via the Supervision and Compliance Team and the Internal Control and Complaint Processing Team,
- 3) supervision exercised by DMBH head
- 4) The head of the Supervision and Internal Control Unit is a Supervision Officer within the meaning of the law and, as regards this function, reports to the head of DMBH.

At least annually, the Supervision Officer prepares and submits, simultaneously, to the Member of the Bank's Management Board who supervises brokerage activities and to the Supervisory Board of the Bank a report on the functioning of the system used to supervise legal compliance and the internal control system. Such reports are also submitted to the Polish Financial Supervision Authority (KNF).

The first report, for the second half of 2022, will be received by the Supervisory Board in March 2023.

Simultaneously, taking into consideration recommendations of the Risk and Capital Committee, the Supervisory Board assessed the risk management system as effective and adequate to the scale and complexity of activities of the Bank. That assessment was made taking into account management information that covered quantitative and qualitative criteria of management of particular risk categories. The Supervisory Board reviewed and raised no objections to the assessment of effectiveness of the risk management policies implemented by the Bank, and covered by management information reports.

The Bank has implemented procedures of anonymous notification by employees of infringements of law and policies and ethical standards applied at the Bank. The Bank introduced the process of reporting infringements to 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 of irregularities by employees. At the meeting held on 24 March 2023, on the basis of the information provided by the Member of the Management Board appointed to accept anonymous notifications, on the basis of the "Report of the Compliance Department concerning the operation of the Procedure of Anonymous Notification by Employees of Infringements of Law and the assessment of compliance with the Code of Conduct in 2022", and on the basis of a positive recommendation of the Audit Committee of the Supervisory Board, the Supervisory Board assessed positively the adequacy and effectiveness of the procedure of anonymous notification by employees of infringements of law and the compliance with the Code of Conduct for 2022.

## **8. A SUMMARY OF THE ACTIVITIES OF THE SUPERVISORY BOARD AND ITS COMMITTEES**

### **8.1. Meetings of the Supervisory Board and its Committees**

In 2022, the Supervisory Board held six meetings, and its Committees: Audit Committee – 4, Risk and Capital Committee – 4, Nomination and Remuneration Committee – 6, Strategy and Management Committee – 3.

Attendance at meetings of the Supervisory Board in the reporting period was as follows:

- 1) at the meeting of the Supervisory Board on 10 February 2022: 100%,
- 2) at the meeting of the Supervisory Board on 23-24 March 2022: 100%,
- 3) at the meeting of the Supervisory Board on 11 May 2022: 100%,
- 4) at the meeting of the Supervisory Board on 29 September 2022: 100%,
- 5) at the meeting of the Supervisory Board on 02 December 2022: 100%.

Additional information on activities of committees of the Supervisory Board is included in their respective reports, which are available on the website.

## 8.2. Information on the progress of implementation of the diversity policy towards the Management Board and Supervisory Board of the Bank

In accordance with Article 9ce of the Banking Law Act, the “Diversity Policy for Members of the Management Board of BHW” was adopted by the Supervisory Board’s Nomination and Remuneration Committee (“Policy”).

The purpose of the Policy is to determine the Bank’s strategy on diversity management, consisting in the promotion of diversity to ensure that the process of selection of Members of the Management Board involves candidates that are diverse in terms of their gender, age, education, and professional experience. This is to allow different points of view and experiences and to enable independent opinions to be given as well as reasonable decisions to be made as part of the functions held by them, and to obtain support for the implementation of the Bank’s strategic goals by ensuring high-quality performance of the Management Board’s role. The Bank’s Diversity Strategy embraces the differences stemming from areas of education, experience, gender and age and uses them to achieve the best results.

The Nomination and Remuneration Committee of the Supervisory Board assesses and documents compliance with the Policy.

As part of the assessment of the structure, size, composition and effectiveness of activities of the Management Board, conducted at least annually, the Nomination and Remuneration Committee of the Supervisory Board positively assessed compliance with the Policy on 24 September 2022 for the period since the previous assessment and on 24 March 2023 for the year 2022. The Management Board of the Bank includes 4 women and 3 men.

In accordance with the Rules of the General Meeting of Shareholders of Bank Handlowy w Warszawie S.A., when recommending candidates for members of the Supervisory Board, shareholders should follow the guidelines included in the “Qualification assessment policy for members of the Supervisory Board at Bank Handlowy w Warszawie S.A.” (“Policy”), which includes the Principles of Diversity of the Supervisory Board membership.

Pursuant to the Policy, during an election of members of the Supervisory Board, the General Meeting should take into account the principles of diversity, i.e. it should ensure equal opportunity in those processes for women and men, regardless of the declared gender or age, who have diverse individual knowledge, skills and experience which are at the same time adequate to the positions of members of the Supervisory Board entrusted to them and which complement each other to ensure an appropriate level of collective supervision over management of the Bank, which is verified in a collective assessment of suitability of the Supervisory Board as a whole. Reasonable effort should be made to ensure that, when implementing the diversity assumptions, appropriate standards are complied with, such as equal treatment or combating discrimination or unethical conduct. Ensuring the need for diversity on the Supervisory Board shall not impair proper supervision over the management of the Bank. In the reporting period, the Supervisory Board of the Bank included 6 women and 5 men.

## 8.3. 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 24 March 2023, the “2022 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 for Regulations and Regulatory Relations in the Compliance Division (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 and found that in 2022 the Bank applied the rules resulting from the Principles of Corporate Governance for Supervised Institutions, with the exception of principles § 11.2, § 16.1 that the Bank decided not to apply. The resolution was adopted unanimously.

The Bank upheld its decision not to apply three principles:

- 1) Article 11.2 (transactions with related parties) – this principle shall not be applied 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, 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.

#### 8.4. 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.

#### 8.5. Amendments to the Articles of Association of the Bank and the Regulations of the Management Board and the Regulations of the Supervisory Board of the Bank:

On 16 December 2022, the Extraordinary General Meeting of Shareholders passed a resolution to amend the Articles of Association of Bank Handlowy w Warszawie S.A. (hereinafter: the “Articles of Association”). Those amendments were related to § 31 of the Articles of Association and included an addition of provisions imposing a requirement to obtain the KNF’s consent to conduct a process of redemption or purchase of shares by the Bank. The Bank declared to the KNF that it would initiate appropriate adjusting steps to amend the Articles of Association to the extent specified by the KNF at the Annual General Meeting of Shareholders in 2023 or an Extraordinary General Meeting of Shareholders, if it turns out that it needs to be held before the Annual General Meeting of Shareholders in 2023. The resolution came into force on the date it was passed with effect from the date of registration of the amendment in the register of entrepreneurs of the National Court Register.

Furthermore, on 24 March 2022, the Supervisory Board decided to adopt the following amendments to the Regulations of the Supervisory Board of Bank Handlowy w Warszawie S.A.:

- 1) the Supervisory Board (instead of its Chairperson) was named the recipient of reports of infringements related to a member of the Management Board,
- 2) the Supervisory Board (instead of its Chairperson) was named as the body responsible for designating employees or organizational units responsible for conducting and coordinating

verifications of reported infringements related to a member of the Management Board and for taking subsequent actions.

And on its meeting on 11 May 2022, the Supervisory Board decided to amend the Regulations of the Nomination and Remuneration Committee and the Regulations of the Risk and Capital Committee of Bank Handlowy w Warszawie S.A. to implement provisions under which the majority of members of the above Committees, including Chairpersons, will meet the independence criterion set out in § 14(4) of the Articles of Association of Bank Handlowy w Warszawie S.A.

Next changes were made to the Regulations of the Management Board of Bank Handlowy w Warszawie S.A. and the Regulations of the Supervisory Board of Bank Handlowy w Warszawie S.A. in order to make those documents compliant with the Commercial Companies Code of 15 September 2000 with amendments that would become effective on 13 October 2022.

The main changes in the Regulations of the bodies of the Bank include:

- 1) Clarification of the rules under which the Supervisory Board may use the services of third party advisers,
- 2) Clarification of the rules under which the Supervisory Board may make requests for information required to perform its function,
- 3) Clarification of the Management Board's obligations to provide the Supervisory Board with (regular and ad hoc) reports:
  - Regular reports: provided at each meeting of the Supervisory Board (unless the Supervisory Board decides otherwise) – information on: resolutions passed by the Management Board, including their content; situation of the Bank; and the progress of implementation of the strategy of management of the Bank,
  - Ad hoc reports: submitted without delay after the occurrence of specified events and circumstances – information on events and circumstances that are material to assess the situation of the Bank and on changes in information submitted previously to the Supervisory Board,
- 4) Addition of an option to provide information referred to in point 3 above also in a form other than in writing,
- 5) Clarification of information included in minutes of meetings,
- 6) Change to the minutes signing rules,
- 7) Reduction of formal requirements relating to meetings of the Supervisory Board,
- 8) Quarterly reporting obligations of Committees of the Supervisory Board to the Supervisory Board.

In addition, in the drafts of both Regulations documents the Secretary was authorized to prepare extracts of minutes and the information received by the Supervisory Board from the Management Board was re-arranged as information provided at each meeting of the Supervisory Board (unless the Supervisory Board decides otherwise) on a regular basis or ad hoc.

#### 8.6. Miscellaneous

As part of its authority, the Supervisory Board considered reports from the Audit Department for the consecutive reporting periods and the reports from the Team of Supervisors concerning the operation of the Bank's system for the supervision of custody business compliance. In addition, the Supervisory Board handled the issues concerning the acquisition of the right to Deferred Variable Remuneration for the members of the Management Board of the Bank, examined cyclical reports of the Management Board of the Bank concerning the implementation of the bancassurance policy, the reports concerning the level of the retail credit risk run by the Bank (unsecured and mortgage secured), reports on concentration risk and limits utilization and reports on the findings of historical verification of the level of anticipated credit losses (backtesting). The Supervisory Board approved updates of the "Stand-Alone Recovery Plan for Bank Handlowy w Warszawie S.A." and the "Group Recovery Plan for the Capital Group of Bank Handlowy w Warszawie S.A."

At the meeting of the Supervisory Board held on March 23-24, 2022, the Supervisory Board assessed effectiveness and adequacy of the risk management system, taking into account the implementation of selected risk management policies. Next, the Supervisory Board approved the acceptable general risk appetite level for the Bank for 2022 and approved the amended document "Rules of prudent and stable management of risk at Bank Handlowy w Warszawie S.A. Group". The Supervisory Board also approved the annual "Report on performance of the compliance monitoring function and the compliance risk management function in Bank Handlowy w Warszawie S.A. in 2021" and the "Annual Plan of the Bank's Operations Compliance in 2021." As the next item on the agenda the Supervisory Board passed resolutions to approve the amended "Policy Determining the Principles of Cooperation of Bank Handlowy w Warszawie S.A. with the Parent Company" and to amend the "Code of Conduct for Employees of Bank Handlowy w Warszawie S.A. (Code of Conduct)." It also acknowledged the information on implementation of the Investment Policy of the Bank in 2021 and, next, assessed the functioning of the Procedure of Anonymous Notification by Employees of Infringements of Law. Further on, the Supervisory Board was presented the final Consolidated Financial Plan of the Bank's Group for 2022. The Supervisory Board was presented a summary of reported significant infringements of ethical standards of the Bank in 2021 and, next, acknowledged the information on the process for sale of investment products by the Consumer Banking Sector, along with information on product management. The Supervisory Board was presented the information on complaints examined at the Bank in 2021. It also passed resolutions concerning the assessment of two Vice Presidents of the Management Board in connection with a planned decision to assign additional duties to them and concerning the collective assessment of the Management Board. After that, the Supervisory Board approved the internal division of powers between members of the Bank's Management Board. As the last item, in connection with Mr. Frank Mannion's resignation, the Supervisory Board determined the composition of the Risk and Capital Committee and the Audit Committee after making necessary assessments.

At the next meeting, on 11 May 2022, the Supervisory Board accepted amendments to the "Policy for new and modified products, services, distribution channels, markets and structured transactions." Next, the Supervisory Board was presented the information on the management of risks connected with outsourcing of activities to third party vendors under critical or important agreements, including bank and investment outsourcing agreements in 2021. The Supervisory Board passed a resolution to convene the Annual General Meeting of Shareholders of the Bank in 2022 and approved the "Policy of assessment of qualifications of Members of the Management Board and holders of key functions at Bank Handlowy w Warszawie S.A."

On 04 July 2022, the Supervisory Board adopted a resolution to accept the execution of the agreement on the acquisition of the DMBH enterprise, between the Bank and Dom Maklerski Banku Handlowego S.A.

On 08 July 2022, the Supervisory Board decided the composition of its Committees.

At the meeting held on 29 September 2022, the Supervisory Board approved the amended "Policy Determining the Principles of Cooperation of Bank Handlowy w Warszawie S.A. with the Parent Company". After that, the Supervisory Board approved a report on the Condensed consolidated interim financial statements of Bank Handlowy w Warszawie S.A. Group for the period of 6 months ended 30 June 2022, the Condensed stand-alone interim financial statements of Bank Handlowy w Warszawie S.A. for the period of 6 months ended 30 June 2022, the Report on activities of Bank Handlowy w Warszawie S.A. Group in the first half of 2022, and the Information on the capital adequacy of Bank Handlowy w Warszawie S.A. Group as at 30 June 2021. Next, the Supervisory Board assessed individual members of the Management Board of the Bank and the Management Board as a whole in connection with the internal division of authority on the Management Board and in connection with the appointment of a new member of the Management Board and the take-up of an additional function in another entity. After a positive assessment of the above matters, the Supervisory Board approved the internal division of authority on the Bank's Management Board.

On 14 November 2022, the Supervisory Board adopted a resolution to convene an Extraordinary Meeting of Shareholders of the Bank and issued a positive opinion on the draft resolutions to be discussed at that Extraordinary General Meeting.

At its meeting on 02 December 2022, the Supervisory Board adopted a resolution to approve the "Internal Audit Plan of Bank Handlowy w Warszawie S.A. for 2023" and a resolution to update the "Internal Control Rules of Bank Handlowy w Warszawie S.A." At that meeting, changes in risk management processes were also discussed. The Supervisory Board accepted a report on the preliminary Financial Plan of the Bank for 2023. The Supervisory Board was presented: (i) a report on resolutions of the Management Board and their contents for the period between 13 October 2022 and 25 November 2022, (ii) a report on the progress of activities to implement the strategy of management of the Bank and the key related issues, in particular information on the progress of implementation of the selected development activities of the Bank and departures from the adopted directions, including justification; (iii) a report on the situation of the Bank, including information on its assets and liabilities and significant circumstances related to management of the Bank's affairs, in particular in the areas of operations, investments and human resources; (iv) a report on the events and circumstances important for the assessment of the Bank's situation and management of the Bank, in particular on transactions and other events and circumstances that have or may have a material impact on the assets and liabilities of the Bank, including its profitability or liquidity. As the last item, the Supervisory Board was presented the assumptions of the Training Program for the Supervisory Board.

At the meeting on 24 March 2023, the Supervisory Board adopted the following resolutions concerning events that occurred in 2022. After having examined the self-assessment of the Management Board, made by a resolution of the Management Board of 03 March 2023, and upon a recommendation of the Nomination and Remuneration Committee, the Supervisory Board positively assessed the Adequacy of the internal regulations concerning the functioning of the Management Board and the effectiveness of its activities in 2022. Next, the Supervisory Board assessed the effectiveness and adequacy of the risk management system, taking into account the implementation of selected risk management policies. The Supervisory Board also approved the annual "Report on performance of the compliance monitoring function and the compliance risk management function in Bank Handlowy w Warszawie S.A. in 2022".

It also acknowledged the information on implementation of the Investment Policy of the Bank in 2022 and, next, assessed the functioning of the Procedure of Anonymous Notification by Employees of Infringements of Law. After that, the Supervisory Board was presented a summary of the reported material infringements of ethical standards at the Bank in 2022 and a report on complaints processed at the Bank in 2022.

## **9. THE RESULTS OF ASSESSMENTS OF THE FINANCIAL STATEMENTS OF THE BANK AND THE REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE BANK WITH RESPECT TO THEIR COMPLIANCE WITH ACCOUNTING RECORDS, DOCUMENTS AND ACTUAL STATUS AND THE RESULTS OF ASSESSMENT OF THE MANAGEMENT BOARD'S MOTIONS CONCERNING THE DIVISION OF THE PROFIT FOR 2022**

At the meeting held on March 20, 2023, 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 March 29, 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 2022,
- 2) annual stand-alone financial statements of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2022,
- 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 2022 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 2022,

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., 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 2022, 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.

Furthermore, 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 2022 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 the applicable 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 2022, 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 24, 2023 in order to submit it to the Annual General Meeting of Shareholders of the Bank.

*Draft Resolution to Item 5 Sub-point 6 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 16/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on opinion to the Supervisory Board's report on remuneration of the Management Board**  
**members and members of the Supervisory Board of Bank Handlowy w Warszawie S.A. in 2022**

Pursuant to Art. 395 § 2(1) of the Commercial Companies Code and article 90g section 6 of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies, the Ordinary General Meeting gives its positive opinion to the

Supervisory Board's report on remuneration of the Management Board members and members of the Supervisory Board of Bank Handlowy w Warszawie S.A. in 2022.

*Draft Resolution to Item 5 Sub-point 7 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 17/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Chairperson of the Bank's Supervisory Board for 2022**

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 discharge to the Chairperson of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 - Sławomir Sikora.

**RESOLUTION No 18/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Vice Chairperson of the Bank's Supervisory Board for 2022**

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 discharge to the Vice Chairperson of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Kristine Braden.

**RESOLUTION No 19/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 - Frank Mannion.

**RESOLUTION No 20/2023**  
**of the Ordinary General Meeting**

**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Jenny Grey.

**RESOLUTION No 21/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Marek Kapuściński.

**RESOLUTION No 22/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Gonzalo Luchetti.

**RESOLUTION No 23/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Anna Rulkiewicz.

**RESOLUTION No 24/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Barbara Smalska.

**RESOLUTION No 25/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Silvia Carpitella.

**RESOLUTION No 26/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**

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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Helen Hale.

**RESOLUTION No 27/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on granting discharge to the Member of the Bank's Supervisory Board for 2022**



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 discharge to the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2022 – Andras Reiniger.

*Draft Resolution to Item 5 Sub-points 8 of the Agenda of the Ordinary General Meeting held on 26 April 2023*

**RESOLUTION No 28/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on distribution of the net profit for year 2022**

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 2021 in the amount of **PLN 1,569,309,967.45** as follows:
  - 1) Dividend for shareholders **PLN 1,175,936,400.00**, which means that the dividend per share amounts to **PLN 9.00**,
  - 2) Allocation for the reserve capital **PLN 393,373,567.45**,
- II. To set the date for determining the right to the dividend for **May 8, 2023** (the dividend day) and to set the date of payment of the dividend for **May 15, 2023** (the dividend payment date).

*Draft Resolution to Item 5 Sub-points 9 of the Agenda of the Ordinary General Meeting held on 26 April 2023*

**RESOLUTION No 29/2023**  
**of the Ordinary General Meeting**  
**of the Bank Handlowy w Warszawie Spółka Akcyjna**  
**of 26 April 2023**  
**on distribution of the undistributed net profit from previous years**

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 to leave the entire undistributed net profit of the Bank from the previous years in the amount of **PLN 642,082,090.31** undistributed.

*Draft Resolution to Item 5 Sub-point 12 of the  
Agenda of the Ordinary General Meeting held  
on 26 April 2023*

**RESOLUTION No 30/2023  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 26 April 2023  
on acceptance of information on the amendments to the Regulations of the Supervisory Board of  
Bank Handlowy w Warszawie S.A adopted by the Supervisory Board**

Pursuant to § 16 Section 2 of the Bank's Articles of Association, the Ordinary General Meeting of Bank decides to accept information on the amendment to the Regulations of the Supervisory Board of Bank Handlowy w Warszawie S.A. adopted by a resolution of the Supervisory Board of Bank Handlowy w Warszawie S.A. of September 29, 2022, with the content constituting Appendix No. 1 to this resolution.

Appendix No. 1 to Resolution No. 30/2023  
of the Ordinary General Meeting  
of Bank Handlowy w Warszawie S.A.  
of April 26, 2023

*Regulations adopted by the resolution of the Supervisory Board dated May 24, 2005, amended by the resolution of the Supervisory Board dated September 29, 2005, the resolution of the Supervisory Board dated September 26, 2006, the resolution of the Supervisory Board dated December 14, 2007, the resolution of the Supervisory Board dated September 17, 2008, the resolution of the Supervisory Board dated February 18, 2010, the resolution of the Supervisory Board dated December 9, 2011, the resolution of the Supervisory Board dated January 29, 2015, the resolution of the Supervisory Board dated June 10, 2015, the resolution of the Supervisory Board dated December 3, 2015, the resolution of the Supervisory Board dated May 17, 2016, the resolution of the Supervisory Board dated May 17, 2017, the resolution of the Supervisory Board dated December 8, 2017, the resolution of the Supervisory Board dated May 30, 2018, the resolution of the Supervisory Board dated December 3, 2021, the resolution of the Supervisory Board dated March 24, 2022, the resolution of the Supervisory Board dated September 29, 2022 (valid from October 13, 2022).*

**REGULATIONS  
OF THE SUPERVISORY BOARD  
OF BANK HANDLOWY W WARSZAWIE S.A.**

## § 1

The Supervisory Board is the statutory supervisory body of the Company acting on the basis of the Articles of Association and the Regulations, which were adopted in accordance with § 16 Section 2 of the Bank's Articles of Association. The Supervisory Board shall inform the General Meeting of the adopted Regulations.

## § 2

1. The Supervisory Board carries out activities overseen by provisions of law and the Bank's Articles of Association, in accordance with the Regulations. The Supervisory Board supervises compliance with the Bank's policies and, if so required by special regulations or the Articles of Association, approves the documents adopted by the Management Board.
2. Except for the rights provided for in applicable laws, the Supervisory Board is authorized to resolve in particular upon:
  - 1) appointing and dismissing the President of the Management Board in a secret ballot,
  - 2) appointing and dismissing in a secret ballot, Vice-presidents and other members of the Bank's Management Board,
  - 3) determining terms and conditions of agreements regulating the employment or other legal relationship between members of the Management Board and the Bank,
  - 4) expressing consent for opening and closing of a branch office abroad,
  - 5) adopting regulations of the Supervisory Board and approving the following documents 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 net profit,
  - 6) expressing prior consent for the disposal of the Bank's fixed assets, when the value thereof exceeds one tenth of the Bank's share capital,
  - 7) appointing the audit company to audit or review financial statements,
  - 8) granting consent for the employment and dismissal (subject to prior 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,
  - 9) granting consent for the conclusion by the Bank of material agreement with a shareholder who holds at least 5% of the total vote in the Bank or with entity associated with the Bank. Before giving its approval, the Supervisory Board should evaluate the impact of the transaction on the interest of the Bank as well as it should assess whether there is a need to first consult an external entity that will carry out a valuation of the transaction and perform an analysis of its economic effects,
  - 10) supervision over the management system implementation in the Bank and the assessment of its adequacy and efficiency, including supervision over risk management system implementation and annual assessment of this system's adequacy and efficiency as well as supervision over internal control system implementation and performing annual assessment of its adequacy including assessment of adequacy and efficiency of control function,

compliance unit and Audit Department as well as the level of efficiency of the Bank's compliance risk management, ,

- 11) approving a strategy of the Bank's activity and the rules of prudent and stable management of the Bank,
- 12) approving the general organizational structure of the Bank adapted to the scope and profile of the risk borne and determined by the Bank's Management Board,
- 13) approving the Bank's acceptable general risk level,
- 14) approving the Bank's compliance policy,
- 15) approving the Bank's internal procedures regarding internal capital assessment and capital management processes as well as capital planning,
- 16) approving the Bank's information policy,
- 17) approving the 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 of 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) approving 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 times, 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,
  - 36) approving the general rules for introducing changes to the organizational structure adopted by the Management Board,
  - 37) approving the policy of identifying key functions in the Bank developed by the Management Board including the rules of appointment and dismissal of persons performing these functions,
  - 38) approving the ethical principles adopted by the Management Board, defining norms and ethical standards of conduct of members of bodies and employees of the Bank, as well as other persons through whom the Bank conducts its business,
  - 39) approving the conflict of interest management policy developed by the Management Board,
  - 40) approving the principles of remuneration in the Bank developed by the Management Board,
  - 41) approving the dividend policy of the Bank developed by the Management Board and specifying the conditions enabling the payment of dividends from the profit generated by the Bank within a specified period of time, taking into account the maintenance of capital at a level adequate to the risk incurred,
  - 42) approving the risk culture principles developed by the Management Board, unless they are included in the risk management strategy, covering the whole Bank, based on a full understanding of the risk which the Bank is exposed to and the method of managing this risk, taking into account the adopted risk appetite,
  - 43) approving a new product approval policy, developed by the Management Board, covering the development of new products, services and markets, and significant changes to the existing products, services and markets.
3. The Supervisory Board shall obtain in writing, electronic form or otherwise using electronic means of communication including direct distance communication the following information and reports from the Bank's Management Board:
- 1) at each meeting of the Supervisory Board, unless the Supervisory Board otherwise decides to provide information about:
    - a) resolutions of the Management Board and their subject matter,
    - b) the Bank's situation, including information on assets, as well as significant circumstances related to the conduct of the Bank's affairs, in particular in the operational, investment and human resources areas,
    - c) the status of the implementation of the Bank's management strategy and the most important related issues, in particular, information on the progress in the implementation of the defined directions for the development of the Bank's activities and deviations from previously set directions with their justification,

2) periodically:

- a) update on the status of implementation the risk management strategy and the most important issues related thereto,
- b) on an annual basis, with the information about the method of execution of tasks by the Management Board assuring operation of an adequate and effective internal control system,
- c) information on the results of the periodic assessment of the compliance with the Bank's internal governance and about any material events that might affect the functioning of internal governance in the Bank,
- d) periodical information on the types and levels of the Bank operations risk,
- e) report on the Bank's compliance risk management,
- f) based on internal control actions, in the post-audit report, current and accurate information on any substantial matters related to the internal controls conducted.
- g) at least once a year, information on the results of the assessment of compliance with the ethical principles,
- h) quarterly financial information, including its comparison with the budget approved in the annual plan and in relation to last year,
- i) other periodical information and reports pursuant to the Supervisory Board resolution or internal regulations of the Bank,

3) immediately after the occurrence of certain events and circumstances:

- a) information on events and circumstances important for the assessment of the Bank's standing and management of the Bank in particular, transactions and other events or circumstances that significantly affect or may affect the financial situation of the Bank, including its profitability or liquidity,
- b) information on changes to the information previously provided to the Supervisory Board, if these changes significantly affect or may affect the situation of the Bank,
- c) information on approval of a new product by the Management Board or making material changes to an existing product offered by the Bank despite a negative opinion of the compliance unit or the Risk Management Sector as to the appropriateness of approving a new product or material changes to it. The information shall include in particular the reasons for disregarding the opinions issued by the representatives of the Risk Management Sector or the compliance unit.
- d) in a situation where decisions made by the Management Board are related to risk management which is within the competence of a member of the Management Board overseeing significant risk management in the Bank, the Management Board member overseeing the management of risk significant to the Bank's operations votes differently than the rest of the Management Board members or in a manner different than initially proposed in the draft decision – information about the above fact together with a written justification for the decision made by the Management Board and a written justification for the decision made by the member overseeing significant risk management in the Bank,
- e) immediately after their development, however not later than 120 (one hundred twenty) days after the lapse of each financial year, the annual stand-alone and consolidated financial statements drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards and audited by the Bank's certified auditor,
- f) immediately after its development and in any case not later than before the lapse of each financial year, a draft annual plan for the following financial year, on a consolidated basis,
- g) without delay, other financial data available that relate to the Bank's operations and

financial status as well as the operations and financial status of the Bank's subsidiaries that a member of the Supervisory Board may reasonably require.

4. Fulfillment of the obligations referred to in § 2 section 3 point 1 letter b) and c) and point 3 letter a) and b covers the information held by the Management Board on the Bank's subsidiaries and companies related to the Bank.
5. The Supervisory Board supervises the implementation of internal governance at the Bank and assesses its adequacy and effectiveness at least once a year. The assessment performed by the Supervisory Board covers, in particular, any changes in internal and external factors affecting the Bank.
6. The Supervisory Board shall perform regular assessment of the application of the Principles of Corporate Governance for Supervised Institutions, and the result of the assessment shall be made available on the Bank's website and submitted to the remaining bodies of the Bank.
7. The Supervisory Board, when appointing or recalling a Management Board member, shall take into account an assessment of the fulfilment of the requirements referred to in Article 22aa of the Banking Law.
8. The Supervisory Board immediately after the appointment of the Management Board and after changing its composition presents the Financial Supervision Authority with the information about the composition of the Management Board and the change in the composition as well as the information resulting from the assessment referred to in Section 6, about the fulfilment by the Management Board members of the requirements referred to in Art. 22aa of the Banking Law.
9. The Supervisory Board approves the internal division of competencies adopted by the Management Board and shall pass that information to the Financial Supervision Authority.
10. The Supervisory Board files a petition to the Financial Supervision Authority for approval of the appointment of the President of the Management Board, the member of the Management Board, supervising the significant risk management in the Bank's operations, as well as approval of the decision to entrust the supervising the significant risk management in the Bank's operations to the already appointed member of the Management Board. The appointment of these individuals and entrusting the supervising the significant risk management in the Bank's operations to the already appointed member of the Management Board occurs after obtaining the consent of the Financial Supervision Authority.
11. The Supervisory Board immediately submits to the Polish Financial Supervision Authority the information on placing on the agenda an item on:
  - 1) recalling the President of the Management Board,
  - 2) recalling the Management Board member supervising significant risk management in the Bank's operations or entrusting another member of the Management Board with the duties of a member of the Management Board supervising significant risk management in the Bank's operations.

The Supervisory Board shall provide the above mentioned information together with justification to the Polish Financial Supervision Authority well in advance enabling the Polish Financial Supervision Authority to take a position before adopting resolutions by the Supervisory Board.

12. The Supervisory Board, depending on the needs, but at least once a year, shall perform assessment of the adequacy and efficiency of the procedure for the anonymous reporting by the employees violations of law and the Bank's ethical standards and procedures.

13. If the Supervisory Board's decision concerning selection of the audit company departs from the recommendation of the Audit Committee, the Supervisory Board shall justify its decision not to follow the recommendation of the Audit Committee and shall communicate such justification to the General Meeting.
14. The Supervisory Board at least once a year shall assess the effectiveness of the Management Board activity and the adequacy of internal regulations concerning the functioning of the Management Board.

### § 3

1. The Supervisory Board shall consist of 5 (five) to 12 (twelve) members, elected by the General Meeting. Members of the Supervisory Board shall be elected for a common term of office of three years.
2. The General Meeting shall decide in accordance with the Bank's Articles of Association on a number of the Supervisory Board's members.
3. The procedure for the election of the members of the Supervisory Board is defined in the Bank's Articles of Association and the Regulations of the General Meeting.
4. Each the Supervisory Board member should provide through the Supervisory Board's Secretary the other members of the Supervisory Board as well as the Management Board with a statement of meeting the independence criteria. The supervisory board should identify any relationships or circumstances which may affect a Supervisory Board member's fulfilment of the independence criteria. An assessment of Supervisory Board members' fulfilment of the independence criteria should be presented to the Ordinary General Meeting in a report on the activity of the Supervisory Board.

### § 4

The Supervisory Board shall elect from among its members the Chairman and the Vice-chairmen of the Supervisory Board. The election shall be held during the Supervisory Board's meeting in a secret ballot.

### § 5

The Supervisory Board shall appoint and dismiss the Supervisory Board's Secretary.

### § 6

The Supervisory Board's members perform their duties personally.

### § 7

1. The Supervisory Board shall perform its duties collectively, subject to Section 2 below.
2. Each member of the Supervisory Board shall be entitled to obtain from the Management Board information necessary to perform its duties. Upon the motion of at least two members, the Supervisory Board shall review the specified branch of the Bank's activities, demand from the Management Board or the Bank's employees reports and explanations, review the assets, verify



the Bank's books and records, according to such members' motion. The Supervisory Board may only reject such motion through the adoption of a resolution.

3. Pursuant to the principles set out in generally applicable provisions of law, the Supervisory Board may use the services of external experts, examine the Bank's documents, review the Bank's assets and request information, documents, reports or explanations in order to perform their duties.

## **§ 8**

1. Meetings of the Supervisory Board shall take place at least once a quarter.
2. The Supervisory Board's members shall attend the General Meeting. The explanation of the absence of the Supervisory Board's member shall be submitted to the Chairman of the Supervisory Board in writing, at the latest on the day preceding the General Meeting, unless the absence results from the reason, which could not be foreseen. The Chairman of the Supervisory Board, one of the Vice-chairmen or an authorized person shall submit to the minutes of the General Meeting the reasons for the absence of a given Supervisory Board's member.
3. The Supervisory Board's members shall within the scope of their powers provide the General Meeting's attendants with explanations and information relating to the Bank to the indispensable extent.

## **§ 9**

1. A meeting of the Supervisory Board shall be convened by the Chairman of Supervisory Board and during his absence by one of the Vice-chairmen of the Supervisory Board, on his own initiative, upon the motion of a Supervisory Board's member or upon the motion of the Bank's Management Board.
2. The Supervisory Board may also hold meetings without being formally convened, provided that all members of the Supervisory Board grant consent to it and do not raise objections to placing particular matters on the agenda.
3. The Chairman of the Supervisory Board may establish fixed dates, on which meetings of the Supervisory Board shall take place.

## **§ 10**

1. A notification of convening a meeting of the Supervisory Board (or the Committees of the Supervisory Board) containing information about the date, time and place of the meeting, the agenda and the materials for the debate as well as the method of using means of direct distance communication during the meeting, shall be sent by the Supervisory Board's Secretary to the Supervisory Board's members (or respectively to Committee's members) by e-mail in encrypted form, by courier or registered letter upon the confirmation of receipt, at least 7 (seven) days before a meeting.
2. During the meeting, the Supervisory Board may also adopt resolutions on matters not covered by the proposed agenda, if none of the Supervisory Board Members participating in the meeting raises an objection.

3. In urgent cases the Chairman of the Supervisory Board or one of the Vice-chairmen of the Supervisory Board, in circumstances as set forth in § 9 Section 1 above, may order the way of notifying the Supervisory Board's members of the date of a meeting other than stated in Section 1.

## § 11

The Supervisory Board's meetings shall be chaired by the Chairman of the Supervisory Board, and in case of his absence, by one of Vice-chairmen of the Supervisory Board and if, both of them are absent, by a member of the Supervisory Board elected by remaining members.

## § 12

1. The presence of at least a half of the Supervisory Board's members shall be required at a meeting for the validity of its resolutions.
2. Resolutions of the Supervisory Board shall be adopted with the absolute majority of votes.
3. Without consent of the majority of independent Supervisory Board's members none of the following resolutions shall be passed:
  - 1) *deleted*
  - 2) on consent for the conclusion by the Bank of a material agreement with any shareholder holding, as a minimum, 5% of the total number of votes at the Bank or with an affiliate of the Bank, and
  - 3) on appointment of an audit company to audit or review financial statements.
4. A material agreement, referred to in Section 3 Item 2 above, shall be 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.

A value of an agreement 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 (one) year, for the determination of its value for the above purposes the estimated charges for a 1-year period shall be taken into account.
5. The Supervisory Board shall take resolutions in an open ballot, subject to the provision of § 2 Section 2 Items 1 and 2. The chairman of the debate may order a secret ballot on his own initiative or upon the motion of the Supervisory Board member.

### **§ 13**

A resolution of the Supervisory Board shall come into force on the date of its adoption, unless the resolution provides the later date of coming into force.

### **§ 14**

1. Minutes shall be made from the Supervisory Board's meetings. Minutes are made in writing or in a form equivalent to a written form.
2. A list of the Supervisory Board's members present at the meeting and other persons participating in the meeting constitutes an appendix to the minutes.
3. The Supervisory Board members participating in the meeting shall have the opportunity to examine the minutes and submit comments or dissenting opinions to the minutes.
4. The minutes are signed at least by the Supervisory Board member chairing the meeting or ordering the voting.
5. The Secretary of the Supervisory Board prepares an excerpt from the minutes of meeting of the Supervisory Board.
6. The minutes of the Supervisory Board's meetings of its term of office shall be kept in separate collection, maintained by the Bank.
7. Minutes shall contain:
  - 1) subsequent number of the minutes
  - 2) date of the meeting,
  - 3) the agenda including description of individual items on the agenda,
  - 4) first and last names of the persons taking part in the meeting,
  - 5) first and last names of Supervisory Board's members participating in the vote,
  - 6) the number of the Supervisory Board members absent with the reason for such absence,
  - 7) description of the course of the discussion, arrangements made and agreed actions
  - 8) texts of the adopted resolutions,
  - 9) the number of votes cast for individual resolutions,
  - 10) submitted comments to the minutes, including comments not taken into account together with an indication of the reasons for disregarding them,
  - 11) the content of the dissenting opinion together with possible justification and an indication of the reasons for disregarding them,
  - 12) other decisions of the Supervisory Board.

### **§ 15**

1. Members of the Bank's Management Board participate in the Supervisory Board meetings, save for meetings or items directly relating to the Management Board.

2. Upon motion of the Chairman of the Supervisory Board or of the Bank's Management Board, the Bank's employees or persons from outside the Bank competent for a given matter may participate in the meetings. The persons managing the Audit Department and the compliance unit shall participate in the Supervisory Board meetings when matters related to the internal control system are being examined. The person managing the Audit Department shall participate in the Supervisory Board meeting where the Audit Department operations are discussed at least once a year.
3. In particularly justified circumstances the Chairman of the Supervisory Board may order the debates without the participation of persons that are not the Supervisory Board's members, even if the foregoing provides otherwise.

## **§ 16**

The permanent Committees of the Supervisory Board shall be:

- 1) Audit Committee,
- 2) Nomination and Remuneration Committee,
- 3) Risk and Capital Committee.

## **§ 17**

1. The Audit Committee shall be composed of at least three members of the Supervisory Board appointed by the Supervisory Board. Rules on selection of the Committee members shall be established in Committee's Regulations
2. The Audit Committee shall be responsible for matters described in detail in the Regulations of the Audit Committee adopted by the Supervisory Board.
3. The Supervisory Board shall pass resolutions on cooperation with an audit company exclusively upon the recommendation of the Audit Committee.
4. The Audit Committee shall submit to the Supervisory Board an annual report on its activities.

## **§ 18**

1. The Nomination and Remuneration Committee shall be composed of the Supervisory Board's members, appointed by the Supervisory Board.
2. The Nomination and Remuneration Committee's competencies include the matters specified in detail in the Bylaws of the Nomination and Remuneration Committee adopted by the Supervisory Board.
3. The Supervisory Board shall pass resolutions on the principles and level of compensation for the members of the Bank's Management Board, exclusively upon the motion of the Nomination and Remuneration Committee.
4. The Nomination and Remuneration Committee shall submit to the Supervisory Board an annual report on its activities.

### **§ 18a**

1. The Risk and Capital Committee shall be composed of the Supervisory Board's members, appointed by the Supervisory Board.
2. The Risk and Capital Committee shall be responsible for matters described in detail in the Regulations of the Remuneration Committee adopted by the Supervisory Board, including the supervision of the risk management strategy and the process of internal capital estimation and capital management.
3. The Risk and Capital Committee shall submit to the Supervisory Board an annual report on its activities.

### **§ 19**

1. The Supervisory Board may pass a resolution on the establishment of committees other than those defined in § 16 of the Regulations, which shall consist exclusively of the members of the Supervisory Board appointed by the Supervisory Board. The scope of the committee's activities shall be defined in the regulations of the committee adopted by way of resolution by the Supervisory Board.
2. At least once in each quarter of the financial year, the Committees of the Supervisory Board provide the Supervisory Board with information on the supervisory activities undertaken and their results.
3. Pursuant to the principles set out in generally applicable provisions of law, the Supervisory Board Committees may examine the Bank's documents, review the Bank's assets and request information, documents, reports or explanations in order to perform their duties.

### **§ 20**

1. When selecting the composition of the committees, the Supervisory Board shall assess the adequacy of the overall composition of its committees, with particular emphasis on the assessment of the knowledge, skills and experience of individual committee members, as well as whether the full composition of the committee reflects an adequately broad range of knowledge, skills and experience necessary to understand the Bank's operations and relevant risks in its activity.
2. The chairman and the vice-chairman of the Supervisory Board's committee shall be elected by the Supervisory Board from among members of such committee.
3. A meeting of the committee shall be convened by its chairman on his own initiative or at the request of a member of the committee or the Chairman or one of Vice-chairmen of the Supervisory Board.
4. The committee shall pass resolutions with the absolute majority of votes of those present committee members, unless the resolution on the establishment of a committee provides otherwise.

### **§ 21**

1. Minutes shall be taken from meetings of the committees.

2. The provisions of the regulations of the committee shall apply to the minutes taken from the committees' meetings.
3. The Secretary of the Supervisory Board prepares an excerpt from the minutes of meeting of the Supervisory Board Committees.

## § 22

In contacts with the mass media, the Supervisory Board's members may only disclose generally available information concerning the Bank. The disclosure of other information or restricted data shall be reserved for the Chairman of the Supervisory Board.

## § 23

1. Conflict of interest is the problem of conflict between the private interests of the Supervisory Board member and the obligations arising from his position as a member of the Supervisory Board, if the private interest may adversely affect the proper performance of the member of the Supervisory Board. A conflict of interest may also result from past personal or professional relationship and pertain to a member of the Supervisory Board individually and collectively, if joint actions of the Supervisory Board members may result in a conflict between their interests and the obligations resulting from their functions. A conflict of interest exists also if the activity of Supervisory Board Member outside the Bank is impossible to reconcile with the duty of loyalty to the Bank and act in his best interest.
2. In particular, a conflict of interest may result in business activities, professional, political, hiring relatives, exploiting the potential of the business of the Bank and the information and knowledge acquired in the exercise of their functions. Consequently, a member of the Supervisory Board shall refrain from taking any professional or non-professional activity, which could lead to a conflict of interest or adversely affect its reputation as a member of the Supervisory Board.
3. Immediately after the appointment, the Supervisory Board member informs the Chairman of Supervisory Board and Secretary of the Supervisory Board of any activity outside of the Bank with an indication of whether it is in relation to the activities performed in the Bank's competitive, and an indication of whether or participate in a competitive company as a partner in a partnership or as a member of the body of a company or any other competitive legal person as a member of its body.
4. Member of the Supervisory Board is required to inform the Chairman of the Supervisory Board and Secretary of the Supervisory Board of any circumstances that may result or resulting in a conflict of interest in connection with the function performed in the Supervisory Board, in particular in case of function performed in governing or supervisory body of a competitive entity or being in kinship, affinity or any other close non-service relationship with respect to any of the other members of the Supervisory Board, members of the Management Board or employees of the Bank. In assessing the potential conflict of interests Supervisory Board member should also take into account the independence criteria set out in the Statute, in particular those related to significant business relationship.
5. Member of the Supervisory Board is required to refrain from participation in decision-making or voting in relation to all matters for which Supervisory Board member may, be in a conflict of interest, or if it would undermine his objectivity or ability to properly fulfill the obligations to the

Bank, and may request that this in the minutes. In this case, a member of the Management Board shall inform the other members of the Supervisory Board of the risk of a conflict of interest.

6. The Secretary of the Supervisory Board shall archive information on identified conflicts of interest and their solution, assessing their significance and, if applicable, submitting this information for the purposes of the disclosure process on the terms specified in the Bank.

#### **§ 24**

1. The Supervisory Board accepts employees' notifications for breaches of the law, internal regulations and ethical standards applicable in the Bank in the case of notifications regarding members of the Management Board. Notifications can be made anonymously. Notifications are forwarded to the Supervisory Board in the manner specified in the Bank's internal regulations.
2. Upon receipt of the notification, the Supervisory Board shall designate the employees, organizational divisions or organizational units responsible for taking and coordinating the verification of the infringement notification as well as following up or forwarding the verification request to an external law firm. Designated employee, organizational division or organizational unit or designated law firm based on the material collected in the case, analyzes the notification and assesses the notification for a breach of the law, the internal procedures and ethical standards applicable in the Bank (verification of the validity of the notification). Upon completion of the verification activities, the appointed employee, organizational division or organizational unit or appointed law firm prepares a summary report of the conducted analysis of the notification containing the recommended actions and submits it to the Supervisory Board in order to take a decision on the subject matter.
3. Immediately after the decision, the Supervisory Board shall notify the member of the Management Board to whom the infringement was alleged of the infringement notification and of the procedure for verifying the reasonableness of the infringement notification and of the decision of the Supervisory Board, subject to the confidentiality of the reporting employee, if the employee has disclosed his or her identity or it is possible to establish his or her identity.