

Regulations adopted by the resolution of the Supervisory Board dated May 24, 2005, amended by the resolution of the Supervisory Board dated March 20, 2008, by the resolution of the Supervisory Board dated December 9, 2011, by the resolution of the Supervisory Board dated November 7, 2013, by the resolution of the Supervisory Board dated May 17, 2017, by the resolution of the Supervisory Board dated December 22, 2017, and by the resolution of the Supervisory Board dated May 30, 2018

REGULATIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

§ 1

The Regulations set forth the scope of activity, powers and a way of functioning of the Nomination and Remuneration Committee, hereinafter referred to as the Committee.

§ 2

1. The Committee shall be an advisory body of the Supervisory Board. The Committee's members shall exercise powers specified in the Regulations, based on Article 390 of the Commercial Companies Code and Articles 9cb and 9cd of the Banking Law Act and the Minister of Finance Regulation of 7 May 2018 on the specific scope of tasks of the nomination committee at significant banks.
2. In carrying out its assigned tasks, the Committee considers, to the extent possible, the need to ensure that the decision making process at the Bank's Management Board is not dominated by a single person, which could adversely affect Bank's interests.
3. In order to carry out its tasks, the Committee may use all available resources, including external consulting services.
4. The Bank shall ensure adequate financing for the Committee's tasks.
5. The Committee shall submit to the Supervisory Board annual reports on its activity. A report for each subsequent calendar year shall be submitted by the end of the first quarter of the following year. The reports shall be made available to shareholders by placing them on the Bank's websites.
6. The Regulations of the Nomination and Remuneration Committee shall be made available on the Bank's websites and at its seat.

§ 3

1. The Committee's powers shall include:
 - 1) opining on and monitoring the remuneration policies adopted at the Bank and supporting the Bank's governing bodies in supervising, formulating and enforcing these policies, its validity and compliance with the practice and processes in place at the Bank and influence on the Bank's risk profile,
 - 2) assessing the mechanisms and systems in place at the Bank for the purpose of guaranteeing that the remuneration policies adopted at the Bank takes into account

- all risks, liquidity and capital levels, complies with the principles of sound and effective risk management and supports such management and concurs with the Bank's strategy, goals, culture and corporate values and long-term interests, including assessing the need for adjustment of the remuneration for ex post risk,
- 3) analyzing possible scenarios to determine how the remuneration policies adopted at the Bank and remuneration practice respond to external and internal events and carrying out historic verification of the criteria applied to establish the amount of the awarded remuneration and adjustment of remuneration for ex ante risk on the basis of the actual performance in terms of risk,
 - 4) recommending candidates for the Bank's Management Board, considering the necessary expertise, competence and experience of the Management Board as a whole, as necessary to manage the Bank, and ensuring diversity on the Bank's Management Board,
 - 5) defining the scope of responsibilities for the candidate for the Bank's Management Board, as well as required knowledge and competence, and the expected commitment in terms of time, as necessary to serve in that capacity,
 - 6) defining the target representation of the gender underrepresented on the Bank's Management Board and developing a diversity policy for the Bank's Management Board, seeking to achieve that target representation,
 - 7) performing periodical assessment, at least once a year, of the Bank's Management Board structure, size, composition and operational efficacy, and recommending changes on the Supervisory Board to that effect,
 - 8) performing periodical assessment, at least once a year, of the knowledge, competence and experience of the Bank's Management Board as a whole and individual members of the Bank's Management Board, and advising the Bank's Management Board of the outcomes,
 - 9) performing periodical assessment of the Bank's Management Board policy on selection and appointment of managers at the Bank and making recommendations to the Bank's Management Board in that regard,
 - 10) assessing, in light of market conditions, remuneration of members of the Bank's Management Board,
 - 11) assessing remuneration of the Bank's Management Board members with regard to the scope of their duties and the way in which the duties are performed,
 - 12) providing the Supervisory Board with a recommendation on amounts of remuneration of the Bank's Management Board member, every time prior to its determination or modification,
 - 13) opining and monitoring the variable remuneration of individuals whose professional activity has a material impact on the Bank's risk profile, including in particular individuals responsible for risk management, management of the compliance unit, management of the internal audit unit and key persons as specified in Remuneration policy for employees of Bank Handlowy w Warszawie S.A.,
 - 14) performing a preliminary assessment of qualifications of the candidates for the Supervisory Board members and making recommendations on his/her appointment,
 - 15) performing a preliminary assessment of qualifications of the Supervisory Board members and making a recommendation, when a reassessment is required.

2. The Committee shall adopt a policy of diversity on the Bank's Management Board, taking into account a broad range of characteristics and competences required from persons serving as Management Board members.
3. As part of the Committee's operations, within the competences defined in §3 Section 1 Item 4, candidates for the Bank's Management Board are put forward by:
 - 1) President of the Management Board,
 - 2) Supervisory Board member.

Where a candidate for the Management Board is put forward by a Supervisory Board member, the Committee should seek the opinion of the President of the Management Board on the candidate and on his remuneration, which is part of the assessment process.

4. The Committee's powers specified in § 3 Section 1 Item 10 shall consist of analyzing reports of independent experts or independent market research companies and informing the Supervisory Board of significant changes in the market conditions for remunerating management board members by competitive entrepreneurs.
5. The Committee's powers specified in § 3 Section 1 Item 11 shall consist of:
 - 1) analyzing relations between the remuneration of individual members of the Bank's Management Board and their current scope of duties and the way in which such duties are performed,
 - 2) informing the Supervisory Board of significant changes in the relations, referred to in Item 1 above.
6. The Committee's powers specified in § 3 Section 1 Item 12 shall consist of assessing the qualifications and scope of duties of a members of the Bank's Management Board and proposing an adequate remuneration. The Committee's proposal shall cover a total amount of the remuneration and its individual elements.
7. The Committee's powers specified in § 3 Section 1 Item 14 shall consist of verifying the obtained documents and information concerning the candidate for a member of the Supervisory Board, preparation, on the basis of such documents and information, of the preliminary individual assessment of the candidate and the collegial assessment of the Supervisory Board as a body of the Bank and the preparation of recommendations on the selection of the candidate in accordance with the Policy for the assessment of the Supervisory Board members.
8. The Committee's powers specified in § 3 Section 1 Item 15 shall consist of verifying the obtained documents and information concerning the member of the Supervisory Board, preparation, on the basis of such documents and information, of the preliminary assessment and preparing recommendations for further action to re-evaluate in accordance with the Policy for the assessment of the Supervisory Board members.

§ 4

1. The Committee shall consist of at least 3 (three) of the Supervisory Board's members. The number of independent members must equal, as a minimum, the number of dependent members, with the Chairman being an independent member.

2. The Committee's members, including the Chairman and the Vice-chairman, shall be elected by the Supervisory Board in voting by an open ballot.

§ 5

1. The Committee's meetings shall be convened by the Chairman of the Committee on his own initiative or, if the Chairman of the Committee cannot convene the meeting for any reason, by the Vice-chairman. The meetings shall be also convened at the request of the Committee's member or the Chairman of the Supervisory Board.
2. The Committee's meetings shall be held at least twice a year on the dates specified by the Chairman of the Committee.
3. The Secretary of the Supervisory Board, who is the Secretary of the Committee, shall send to the Committee's members notices on convening the meeting, containing the agenda and materials to be discussed at the meeting.
4. A representative of the Risk and Capital Committee shall participate in the meetings of the Committee when the meeting's agenda envisages discussion of the issues related to the remuneration policy

§ 6

1. The agenda of the Committee's meeting shall include permanent items and the issues to be examined upon a motion.
2. A list of permanent items to be examined at the Committee's meetings shall be determined by the Committee's resolution.
3. The right to bring in issues at the Committee's meetings is vested in the Supervisory Board, particular Committee's members and the remaining Supervisory Board's members.

§ 7

1. The Secretary of the Supervisory Board, on the basis of the materials received, shall draw up a draft agenda with a list of invited persons and deliver it to the Chairman of the Committee for his approval.
2. The draft agenda of the meeting, approved by the Chairman of the Committee shall be delivered to the Committee's members, along with materials.
3. The Committee's members shall receive motions for consideration, along with attachments at least 7 (seven) days before the meeting is to be held.

§ 8

1. The Committee's meeting shall be attended by all the Committee members.
2. A Committee's member, who is not able to attend the meeting, shall inform the Secretary of the Supervisory Board thereof 7 (seven) days before the scheduled date of the meeting.

- 2a. The Committee may retain the services of external experts. In the case of cooperation with an external expert, the Committee shall review the nomination of such experts.
3. The Committee's meeting or a specific part of the meeting shall be attended by the persons invited by the Chairman of the Committee and, in particular, by the persons, who are to present individual issues.

§ 9

1. The Chairman of the Committee shall chair the Committee's meetings. In the case of his absence, the Vice-chairman shall chair the Committee's meeting.
2. The Chairman of the Committee may decide to remove an issue from the agenda of the meeting specifically, in order to supplement a motion or obtain an opinion.

§ 10

The Committee's resolutions shall be adopted by the absolute majority of votes of the Committee's members present. When an equal number of votes has been cast for and against, the vote cast by the Chairman shall prevail.

§ 11

1. The Chairman of the Committee may make a decision that a given issue shall be examined on a circular basis. The decision made on a circular basis shall be valid, when all the Committee's members have been notified of the draft decision and it has been adopted by the absolute majority of votes.
2. The resolutions adopted on a circular basis shall be added to the minutes of the nearest Committee's meeting.
3. No issue may be examined on a circular basis if one or more the Committee's members did not consent to such a way of adopting resolutions.
4. In a situation specified in Section 1, the Committee's members shall express their position on the draft resolution submitted to them, after they have got to know the materials made available by the Secretary of the Supervisory Board.

§ 12

1. The Chairman of the Committee may make a decision that a given issue shall be examined using means of direct distance communication. The resolution made using means of direct distance communication shall be binding when all members of the Committee have been notified of the wording of the draft resolution, and an absolute majority of them had been in favour thereof.
2. The resolutions adopted using means of direct distance communication shall be added to the minutes of the nearest Committee's meeting.
3. No issue may be examined using means of direct distance communication if one or more the Committee's members did not consent to such a way of adopting resolutions.

4. In a situation specified in Section 1, the Committee's members shall express their position on the draft resolution submitted to them, after they have got to know the materials made available by the Secretary of the Supervisory Board.

§ 13

The Committee's member voting against may demand to include its dissenting opinion in the minutes.

§ 14

1. The Committee's meeting shall be recorded.
2. The minutes shall contain:
 - 1) consecutive number of the minutes,
 - 2) date of the meeting,
 - 3) agenda of the meeting,
 - 4) list of attendance at the meeting,
 - 5) contents of the adopted resolutions,
 - 6) result of voting, dissenting opinions,
 - 7) other decisions of the Committee.
3. The minutes shall be signed by the Chairman and the Secretary.
4. The minutes of the Committee's meeting shall be approved by the Committee's members at the nearest subsequent meeting of the Committee.
5. The signed list of the meeting's attendants shall be attached to the minutes.
6. The Secretary of the Supervisory Board shall keep, on the Committee's behalf, the minutes of the Committee's meetings and any other materials possessed by the Committee.