

**Draft of resolutions of the Ordinary General Meeting of 8 June 2018**

*Draft Resolution to Item 2 of the Agenda of the Ordinary General Meeting held on 8 June 2018*

**Resolution No 1/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

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

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 8 June 2018*

**Resolution No 2/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**concerning approval of the Agenda**

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

*Draft Resolution to Item 5 Sub-point 1) of the Agenda of the Ordinary General Meeting held on 8 June 2018*

**RESOLUTION No. 3/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**concerning consideration and approval of the annual financial statements of Bank for the financial year ended 31 December 2017**

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 2017, has resolved to approve the annual financial statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2017 comprising:

- a) statement of financial position prepared as at 31 December 2017 showing a balance sheet total of PLN 42,863,965,846.16;
- b) income statement for the year 2017 showing a net profit of PLN 537,102,079.58;
- c) statement of comprehensive income for the year 2017 showing a total comprehensive income of PLN 742,580,395.77;
- d) statement of changes in equity for the year 2017 showing an equity balance of PLN 6,874,619,845.22;
- e) cash flow statement for the year 2017 showing a decrease in the net cash balance of PLN 158,277,575.99;
- 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 8  
June 2018*

**RESOLUTION No. 4/2018  
of the Ordinary Meeting  
of Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**concerning consideration and approval of the annual consolidated financial statements of the  
Capital Group of Bank for the financial year ended 31 December 2017**

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 2017, 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 2017, comprising:

- a) consolidated statement of financial position prepared as at 31 December 2017 showing a balance sheet total of PLN 43,037,596,778.76;
- b) consolidated income statement for the year 2017 showing a net profit of PLN 535,567,129.44;
- c) consolidated statement of comprehensive income for the year 2017 showing a total comprehensive income of PLN 740,645,503.48;
- d) consolidated statement of changes in equity for the year 2017 showing an equity balance of PLN 6,938,884,339.22;

- e) consolidated cash flow statement for the year 2017 showing a decrease in the net cash balance of PLN 158,296,873.84;
- 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 8  
June 2018*

**RESOLUTION No. 5/2018  
of the Ordinary Meeting  
of Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**concerning consideration and approval of the Management Board's report on the activity of Bank and Capital Group of Bank in the year 2017 including the report regarding compliance with corporate governance rules**

Pursuant to Article 395 § 2 Item 1) of the Commercial Companies Code and § 9 Section 1 Item 1 of the Bank's Articles of Association, the Ordinary General Meeting of Bank Handlowy w Warszawie S.A., having considered the Management Board's report on the activity of Bank Handlowy w Warszawie S.A. and Capital Group of Bank Handlowy w Warszawie S.A. in the year 2017 including the report regarding compliance with corporate governance rules has resolved to approve the Management Board's report on the activity of Bank Handlowy w Warszawie S.A. and Capital Group of Bank Handlowy w Warszawie S.A. in the year 2017.

*Draft Resolution to Item 5, Sub-point 4) of the  
Agenda of the Ordinary General Meeting held on 8  
June 2018*

**Resolution No 6/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the President of the Management Board of the Bank Handlowy w Warszawie S.A. - Sławomir Stefan Sikora.

**Resolution No 7/2018**

**of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Maciej Kropidłowski.

**Resolution No 8/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – David Mouillé.

**Resolution No 9/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Barbara Sobala.

**Resolution No 10/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of

the performance of duties in 2017 by the Vice President of the Management Board of the Bank Handlowy w Warszawie S.A. – Witold Zieliński.

**Resolution No 11/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Management Board of the Bank Handlowy w Warszawie S.A. – Katarzyna Majewska.

**Resolution No 12/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Management Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Management Board of the Bank Handlowy w Warszawie S.A. – Czesław Piasek.

*Draft Resolution to Item 5, Sub-point 5) of the  
Agenda of the Ordinary General Meeting held on 8  
June 2018*

**Resolution No 13/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on consideration and approval of the Bank Supervisory Board's report on its activity for the period of time from the date of the Bank's Ordinary General Meeting in 2017 to the date of the Bank's Ordinary General Meeting in 2018 containing: assessment of reports on activities and financial statements of the Bank and its Capital Group in year 2017, assessment of the Management Board's motion on distribution of the net profit for year 2017, reports and assessments as defined in approved for use by the Bank the Principles of Corporate Governance for Supervised Institutions and the Best Practice for GPW Listed Companies 2016 and assessment of the functioning of the remuneration policy in the Bank**

The Ordinary General Meeting:

- 1) resolved to approve the Bank Handlowy w Warszawie S.A. Supervisory Board's report on its activity for the period of time from the date of the Bank's Ordinary General Meeting in 2017 to the date of the Bank's Ordinary General Meeting in 2018 containing: assessment of reports on activities and financial statements of the Bank and its Capital Group in year 2017, assessment of the Management Board's motion on distribution of the net profit for year 2017, reports and assessments as defined in approved for use by the Bank the Principles of Corporate Governance for Supervised Institutions and the Best Practice for GPW Listed Companies 2016 and assessment of the functioning of the remuneration policy in the Bank
- 2) based on an assessment as contained in the report of the Supervisory Board states that the established remuneration policy contributes to the development and security of the operations of the Bank.

## REPORT

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

for the period from the date of the Annual General Meeting of Shareholders in 2017  
to the date of the Annual General Meeting of Shareholders in 2018

#### 1. Members of the Supervisory Board

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

Mr. Andrzej Olechowski	Chairman of the Board	entire reporting period
Mr. Frank Mannion	Vice Chairman of the Board	entire reporting period
Mr. Shirish Apte	Member of the Board	entire reporting period
Mr. Marek Belka	Member of the Board	from June 22, 2017
Mr. Grzegorz Bielicki	Member of the Board	from December 06, 2017
Mr. Igor Chalupiec	Member of the Board	entire reporting period
Ms. Jenny Grey	Member of the Board	entire reporting period
Mr. Mirosław Gryszka	Member of the Board	until December 5, 2017
Mr. Marek Kapuściński	Member of the Board	entire reporting period
Mr. Marc Luet	Member of the Board	from June 22, 2017
Ms. Anna Rulkiewicz	Member of the Board	until June 22, 2017
Mr. Anand Selvakesari	Member of the Board	entire reporting period
Mr. Stanisław Sołtysiński	Member of the Board	entire reporting period
Mr. Stephen R. Volk	Member of the Board	entire reporting period

1.2. Independent Members of the Supervisory Board

In the opinion of the Supervisory Board, the Independent Members of the Supervisory Board are as follows:

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

1.3. Evaluation of the composition of the Supervisory Board

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

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

1.4.1. Audit Committee

Mr. Grzegorz Bielicki	Chairman of the Committee	from December 07, 2017
Mr. Mirosław Gryszka	Chairman of the Committee	until October 05, 2017
Mr. Frank Mannion	Vice Chairman of the Committee	entire reporting period
Mr. Shirish Apte	Member of the Committee	entire reporting period

Mr. Igor Chalupiec	Member of the Committee	entire reporting period
Mr. Marek Kapuściński	Member of the Committee	entire reporting period
		Chairman of the Committee from October 05 until December 05 2017
Mr. Marek Belka	Member of the Committee	until December 06, 2017

#### 1.4.2. Remuneration Committee

Mr. Andrzej Olechowski	Chairman of the Committee	entire reporting period
Ms. Jenny Grey	Vice Chairman of the Committee	entire reporting period
Mr. Marc Luet	Member of the Committee	from October 05, 2017
Mr. Stanisław Sołtysiński	Member of the Committee	entire reporting period

#### 1.4.3. Strategy and Management Committee

Mr. Marek Belka	Chairman of the Committee	from October 05, 2017
Mr. Stanisław Sołtysiński	Vice Chairman of the Committee	entire reporting period
Mr. Shirish Apte	Member of the Committee	entire reporting period
Mr. Grzegorz Bielicki	Member of the Committee	from December 07, 2017
Mr. Igor Chalupiec	Member of the Committee	entire reporting period
Ms. Jenny Grey	Member of the Committee	entire reporting period
Mr. Mirosław Gryszka	Member of the Committee	until December 5, 2017
Mr. Marek Kapuściński	Member of the Committee	entire reporting period
Mr. Frank Mannion	Member of the Committee	entire reporting period
Mr. Marc Luet	Member of the Committee	from October 05, 2017
Mr. Andrzej Olechowski	Member of the Committee	entire reporting period
Mr. Anand Selvakesari	Member of the Committee	entire reporting period
Mr. Stephen R. Volk	Member of the Committee	entire reporting period

#### 1.4.4. Risk and Capital Committee

Mr. Frank Mannion	Chairman of the Committee	entire reporting period
Mr. Igor Chalupiec	Vice Chairman of the Committee	entire reporting period
Mr. Marek Belka		from December 07, 2017
Mr. Marek Kapuściński	Member of the Committee	from October 05, 2017
Mr. Marc Luet		from October 05, 2017
Mr. Andrzej Olechowski	Member of the Committee	entire reporting period
Mr. Anand Selvakesari	Member of the Committee	entire reporting period
Mr. Stephen R. Volk	Member of the Committee	entire reporting period

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

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

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



In 2017, the economic growth rate in Poland grew to 4.6% from 2.9% in 2016. The main driver of growth was the private consumption of households, which accelerated to 4.8% YoY in 2017 from 3.9% as at the end of 2016 as a result of the very good situation in the labor market and increased governmental transfers to households. Simultaneously, investment rose by 5.25% YoY during 2017 after a decline by 7.9% YoY in 2016.

In 2017, the net profit of the banking sector fell by 2.3%, to PLN 13.6 billion, as compared to PLN 13.9 billion in 2016. The main contributor to the net profit decline was an increase in costs, including higher depreciation and amortization, higher administrative expenses and higher costs of bank tax (2017 was the first full year for which that tax was due). On the other hand, the banking sector earned higher revenues, due to the strong growth of net interest income and net commission income. The higher net interest income was mainly achieved on the side of interest revenue thanks to higher credit volumes and the improving structure of the loan portfolio (an increase in high-margin products, such as cash loans, with a simultaneous decrease in mortgage loans denominated in foreign currencies).

In 2017, the Polish banking sector was preparing for implementation of various regulations, like MiFID Directive (concerning the protection of interests of clients of investment firms) and a new accounting standard – IFRS 9, which will fundamentally change the scope of measurement of impairment of assets - those regulations were a challenge both organizationally and at the level of technology infrastructure.

The Bank generated net profit reaching PLN 537.1 million. The key factors that shaped the financial result in 2017 include higher core revenues (understood as the sum of interest income and commission income) and continued cost discipline. Cost of risk increased, as a result of one-off events consisting in the creation of net write-offs in the Commercial Banking segment.

In 2017, the operating income of the Bank amounted to PLN 2.44 billion and was only slightly lower by PLN 16 million, or 2.0%, than in 2016, when it was influenced by the one-off revenue from settlement of the takeover of Visa Europe Ltd. by Visa Inc. With that transaction excluded, operating income rose by PLN 77 million, i.e. 3.9%, in 2017.

In 2017, the increasing credit margin in the ICG segment and the rising credit volumes contributed to an increase in the Bank's net interest income by PLN 79 million, i.e. 7.9%, as compared to 2016. Simultaneously, as compared to 2016, net commission income rose by PLN 15 million, i.e. 2.9%, thanks to excellent economic situation in financial markets in 2017, which spurred the result on brokerage operations and the sales of investment products, including structured ones.

In 2017, the Bank continued its cost discipline policy. As compared to 2016, total costs decreased by PLN 11 million. On the other hand, the Bank invested in development of technology (e.g. Citibank Online - a new transaction system for retail clients) and carried out advertising campaigns to improve the awareness of the Citi Handlowy brand.

In 2017, net impairment losses on financial assets increased by PLN 51 million from 2016, mainly as a result of one-off events in the Commercial Banking segment. On the other hand, the loan portfolio quality indicators, e.g. NPL and the provision coverage ratio, are better than for the entire banking sector.

For the Bank, it was another year of sustainable growth of lending. In the Institutional Clients Group (ICG), the growth rate reached 5%, i.e. above the GDP growth rate in 2017, and in the Global Consumer Banking (GCG) business the volumes increased by 6%. As far as the acquisition of new retail volumes is concerned, those efforts are mainly conducted via electronic channels, e.g. the acquisition of new credit card users.

As at the end of 2017, shareholders' equity was higher than at the end of the previous year. The Supervisory Board believes that the level of capitals maintained by the Bank is sufficient to ensure its financial security, as well as the security of deposits entrusted to it, and to stimulate its further growth.

As of December 31, 2017, the capital adequacy ratio of the Bank was 17.6%. The excess of the Bank's capital over the regulatory requirement was constantly one of the largest surpluses among large banks operating in Poland's market. The high level of the capital adequacy ratio achieved by the Bank confirms its financial security and strong capital base.

Due to various risks that may emerge in both global and Polish economy over 2018, such as the pace of monetary tightening by central banks in developed countries and the process of preparation of the financial

perspective in the European Union, coupled with growing pay pressure in Poland, the Supervisory Board will continue its close cooperation with the Management Board to monitor the impact of those risk factors on the situation of the Bank.

Taking into consideration the financial results achieved, the safe position of the Bank, the stable capital and liquidity ratios and the consistent and coherent strategy of the Bank, the Supervisory Board's assessment of the activities of the Bank in 2017 is positive. Simultaneously, the Supervisory Board is convinced that both already started and planned initiatives will contribute to an increase in shareholder value by allowing the Bank to achieve optimal financial results and market position despite a challenging market environment.

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

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

The Bank is an institution which, since the beginning of its 140-year history, has considered social and environmental aspects in its decisions, and which follows the expectations of both its business and social partners.

There is no trust without responsibility. And long-term development and success are not possible without trust. The Bank would not have its 140 year history if not for the Bank's sense of responsibility for environment. The very approach changed depending on historical situations and current needs but the Bank always was, is and will be the citizen of community, in which it operates and with the help of which it builds its success.

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

Furthermore, the Bank's ambition is to remain, in the long term, the leader in social responsibility among banking institutions in Poland. For many years, to a significant extent in reliance on the activity of the corporate foundation (Banking Foundation named after Leopold Kronenberg at Citi Handlowy), the Bank has been an undisputed leader in social involvement and employee volunteering.

In 2017, the Foundation carried out programs related to entrepreneurship and financial education. As every year, "Poles' Attitudes Towards Saving" survey was conducted. For ten years now, the survey has been appreciated by both media and opinion leaders and it is perceived as the most reliable and authoritative survey of its kind in Poland. The Foundation is also organizing the competition for the Emerging Market Champions Citi Handlowy Award – the purpose of the competition is to promote enterprises which successfully roll out their activity abroad. Another systemically relevant program of the Foundation is IT for She, an undertaking implemented in a coalition with seven international technology companies. The project supports the career development of young women in IT. Moreover, the Foundation has joined programs financed by the Citi Foundation, such as Business in Women's Hands, conducted together with the Foundation for Female Entrepreneurship addressed to 50 women who want to set up their own company.

The Foundation followed up activities in the scope of protection of cultural heritage, the most important of which is the annual Professor Aleksander Gieysztor Award. Its aim is to support persons or institutions rendering great service to the protection of Polish cultural heritage both in Poland and abroad. The winner of the 19th edition of the Award was Leon Tarasewicz, who was recognized for the many years of conscious efforts in building bridges between different ethnic, language and religious groups in the borderland of Poland, Belarus and Lithuania during many editions of the annual "Trialog" festival in Krynki (Podlaskie Voivodeship).

In July 2017, at 16 Senatorska Street, where today the Bank has its head office and where the City Hall of the Capital City of Warsaw was situated at the beginning of the 20th century, a memorial plaque was unveiled to commemorate Julian Spitosław Kulski, Deputy Mayor and Appointed Mayor of Warsaw in 1939-44. This is just another initiative of the Bank to protect cultural heritage. A few

years earlier, the Bank also commemorated Marcei Porowski, Mayor of the Capital City during the Warsaw Uprising. Previously, the Bank's commitment contributed to the erection of a monument of Tadeusz Kościuszko, which is located on the Iron Gate Square.

In 2017, the Foundation coordinated the Employee Volunteering Program. As in the previous years, the key project was the Citi's Global Community Day, which celebrated its twelfth anniversary. Its participants included volunteers from Citi and Bank Handlowy, their families and friends. The volunteers carried out 230 social projects for almost 35,000 beneficiaries. Other activities within the frames of the employee volunteering are: team-building off-sites involving volunteering, the action "Become Santa's Helper" and individual volunteering.

High quality of standards of the Bank's social actions is proved by numerous awards such as: presence in the Respect Index; a distinction in the form of the "Ethical Company" title awarded by Puls Biznesu or the title "The Benefactor of the Year" in the employee volunteering category.

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

### 3.2. Sponsoring

In 2017, the Bank and the Foundation supported numerous nation-wide and international conferences. One of them was the 7th European Financial Congress in Sopot, an annual meeting of representatives of the European financial sector, the world of politics and economic experts. The theme of the last year edition was "Capital, taxes and international solidarity in the 21st century".

The Bank's experts participated in the eighth edition of the program "Time for economic patriotism" organized under the patronage of "Puls Biznesu". The program ended with the main debate of the Bank's representatives with guests from politics, business and economic media.

During the European Economic Congress in Katowice and Economic Forum in Krynica, the Bank cooperated with the American Chamber of Commerce as a partner in the organization of AmCham Diner. The slogan of the 27th edition of the Forum in Krynica was "Project: Europe - a recipe for the coming decades". In almost 200 panels on themes from macroeconomics, management, energy, international and regional policy to society and the media, the presence of the Bank's experts in the debates was tangible.

In 2017 the Bank became the patron of the Polish edition of Edward Lucas' "Cyberphobia: Identity, Trust, Security and the Internet." It was the first such publication in Poland: it is comprehensive, easy to read and abounds in valuable tips and recommendations. It tells a story of how to surf online safely, as well as how to protect the infrastructure we use to connect to the Internet.

In October, the Bank commenced cooperation with Harvard Business Review Polska under which the Bank's clients will be able to participate in networking meetings organized by HBRP's Management Board. The Bank was a partner to a series of business meetings organized in Warsaw and Gdańsk. The Bank became also a partner to a special edition of Harvard Business Review Polska dedicated to the luxury goods market in Poland.

The Bank was the patron of the Polish premiere of Torben Betts's play, "Invincible", directed by Eugeniusz Korin and staged in the 6th Floor Theatre. To celebrate the 20th anniversary of the introduction of the first globally accepted credit card in the Polish market, the Bank invited its clients to two previews of the play, including those who participated in the making of Citi's credit card history in Poland two decades ago.

As part of the 20th anniversary celebrations, the Bank also commenced cooperation with the international city bikes operator – Nextbike. The cooperation encompassed a campaign promoting the Bank's products and services, implemented from March to November on city bikes available in nine Polish cities (Białystok, Katowice, Lublin, Łódź, Opole, Poznań, Szczecin, Warsaw and Wrocław). Furthermore, five more stations with Citi Handlowy's logo were opened in Warsaw, with exceptional blue bikes. Together with Nextbike, the Bank launched a unique banking-biking application Citi Handlowy Bikes for cyclists in Warsaw. It can be used to rent a bike and, additionally, to count calories burnt, calculate the distance travelled and track the ride via GPS.

In 2017, the Bank promoted golf in Poland, as a partner of the Polish Golf Union. It was also the Title Sponsor of the Citi Handlowy Lexus Business Cup tennis tournament organized in six Polish cities from May to September.

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

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

- 4.1. 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 2017, the Bank applied "The Remuneration Policy for Holders of Key Functions at Bank Handlowy w Warszawie S.A." approved by the resolution of the Supervisory Board of the Bank of December 3, 2015, which was superseded by "The Remuneration Policy for Employees of Bank Handlowy w Warszawie S.A." (hereinafter referred to as the "Remuneration Policy") on December 22, 2017. The newly adopted Remuneration Policy organizes and gathers into a single document the processes and rules applied so far at Bank Handlowy with relation to the remuneration of Bank's all employees, including in particular, Key Staff, Persons whose professional activity significantly influences the risk profile of the Bank, employees involved in the sales of the Bank's products and services, and employees of control functions. The Policy implements the provisions concerning the development of remuneration rules at banks, included in the provisions of law, and the Principles of Corporate Governance for Supervised Institutions adopted by the Polish Financial Supervision Authority (KNF) and takes into consideration the EBA Guidelines on Sound Remuneration Policy, referred to in Article 74 (3) and Article 75 (2) of Directive 2013/36/EU, and the disclosure of information in accordance with Article 450 of the Regulation (EU) no. 575/2013, EBA Guidelines concerning remuneration policies and practices related to the provision and sales of consumer banking products and services, ESMA Guidelines on remuneration policies and practices (MiFID).

- 4.2. The Remuneration Policy is assessed as follows:  
The Remuneration Policy covers the correct group of persons, defined as Key Persons, and upon the adoption of the new Remuneration Policy it shall cover all employees of the Bank.

The Remuneration Policy appropriately defines the rules of remuneration of employees of the Bank (also its Key Persons), including their form, structure and method of their determination. The rules of remuneration applicable to Members of the Supervisory Board are regulated by resolutions of the General Meeting of Shareholders.

The method of implementation of the Remuneration Policy at the Bank ensures that the structure of remuneration of the employees of the Bank, including Key Persons, supports the long-term stability of the Bank and is in conformity with the strategy, goals and objectives, values and long-term interests of the Bank, especially such as sustainable growth, and enables the elimination of a potential adverse impact of remuneration systems on risk management.

The Bank has correctly implemented all the rules applicable to fixed remuneration included in the Remuneration Policy. In particular, the Bank diversifies amounts paid to employees, including Key Persons, as their fixed remuneration taking into account their professional experience and functions in the organizational structure of the Bank.

The Bank ensures an appropriate remuneration of the employees of the internal audit and compliance units so that they can recruit and retain highly qualified specialists. The Audit Committee of the Supervisory Board approved the analysis of the remuneration of the Audit Department and Compliance Department employees at Bank Handlowy w Warszawie S.A.

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.

While designing and approving the funds allocated to variable remuneration of the Bank's employees for 2017, 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, 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.

The detailed rules applicable to variable remuneration granted to persons having a significant impact on the risk profile of the Bank (Identified Staff), including Key Persons, are regulated by the "Remuneration Policy for Persons whose professional activity significantly influences the risk profile of Bank Handlowy w Warszawie S.A." ("Identified Staff Remuneration Policy"), which superseded "The Variable Remuneration Components Policy for Managerial Staff" ("Variable Remuneration Policy") as of December 22, 2017. Those rules were properly applied to grant the Identified Staff, including Key Persons, variable remuneration in January 2018 (variable remuneration for their work in 2017), i.e.:

- 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 Identified Staff Remuneration Policy. It also expresses an opinion on the amendments to the Identified Staff 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 the reporting period, the Nomination and Remuneration Committee of the Supervisory Board held four meetings;
- the level of variable remuneration for work in 2017 was determined on the basis of financial and non-financial criteria, taking into account the costs of risk, costs of capital and liquidity risk of the Bank in the long-term run. The variable remuneration determined as above was granted on January 15, 2018. It was divided into a current and deferred part. In turn, the deferred remuneration was split into a short-term part, which may be vested in employees after 6 or 12 months, and a long-term part, which is divided into three or five instalments payable, respectively, in 2019-2021 or 2019-2013;
- after having examined the situation the Supervisory Board and the Management Board found no reason to reduce the remuneration granted to any Identified Staff, including Key Person under the Variable Remuneration Policy – either within the framework of the ex-post risk adjustment connected with the results of the Bank or in connection with individual performance. The above-mentioned vesting of rights was related to the respective portions of deferred variable remuneration for work in 2014, 2015 and 2016.

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.

In 2017, the Bank correctly analyzed the roles and responsibilities of their employees in the context of the key types of risks managed by the Bank and the quantitative and qualitative criteria described in Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile and, on that basis, determined the list of persons whose professional activity has a material impact on the risk profile of the Bank and, thus, should be subject to the Identified Staff

Remuneration Policy. In 2017, the list of staff covered by the Identified Staff Remuneration Policy in 2017 included 80 persons.

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

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

- 5.1. In the evaluation period, the Bank followed the principles of corporate governance prescribed by the "Best Practice for GPW Listed Companies" applicable since 1 January 2016. The required statement of compliance with the principles of corporate governance prescribed by the "Best Practice of GPW Listed Companies 2016" is reported by publishing the "Statements of Bank Handlowy w Warszawie S.A. on its application of corporate governance rules in 2017" within the frames of the "Report on the operating activity of Bank Handlowy w Warszawie S.A. in 2017". In this way, the bank fulfills the obligation resulting from the Rules of Giełda Papierów Wartościowych w Warszawie S.A. (The Warsaw Stock Exchange Rules) which involves submitting annual report on application of the corporate governance principles in a company. The Bank's statement includes, among others, information which principles and recommendations of the "Best Practice for GPW Listed Companies 2016" were not applied by the Bank in 2017 along with explanations.

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

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

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

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

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

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

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

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

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

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

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

In 2017, in the process of the adaptation of the Bank to the requirements of the revised Recommendation H, the Supervisory Board approved the amendments to the “Principles of the Internal Control System”, including but not limited to assigning the Bank’s areas to 3 levels of the control system, classification and reporting rules for significant and critical irregularities, units responsible for vertical monitoring and coordination of the control function matrix as well as evaluation criteria for the internal control system.

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

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

## 7. ASSESSMENT OF ACTIVITIES OF THE SUPERVISORY BOARD

### 7.1. Corporate Governance

As part of the implementation for application, in 2014 by the Management Board and Supervisory Board of the Bank and, next, in 2015 by the General Meeting of Shareholders, of the document Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority (KNF), the Supervisory Board read, at its meeting on March 21, 2018 the "2017 Report – Assessment of Application of the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority at Bank Handlowy w Warszawie S.A.", prepared by the Compliance Department and including an independent assessment of application of the "Principles of Corporate Governance for Supervised Institutions".

On the basis of the above Report and taking into account a positive recommendation provided by the Audit Committee of the Supervisory Board, the Supervisory Board concluded that in 2017 the Bank applied the rules resulting from the Principles of Corporate Governance for Supervised Institutions, except for the excluded principles.

The Bank sustained its decision not to apply three principles:

- principle related to organization of the so-called e-general meetings;
- principle related to seeking opinion of the supervisory body when concluding transactions with related parties if such transactions significantly affected the financial or legal situation of the Bank – this principle will not apply to agreements related to ongoing operations, especially those in the area of liquidity, due to the nature of transactions and the number of concluded agreements;
- principle related to holding meetings of the Bank's Management Board in the Polish language – meetings of the Management Board participated by foreigners, and especially foreigners who are members of the Management Board and do not speak Polish, are held in the English language. Simultaneously, any motions submitted to the Management Board, any materials and minutes of meetings are prepared and kept in Polish and in English.

### 7.2. Settlements between the Bank and Citigroup

In the reporting period, the Supervisory Board's business included issues related to the outsourcing of actual operation in the area of banking outsourcing. At the meeting on March 21, 2017, the Supervisory Board discussed and approved the annual management information report on the management of the risk related to the outsourcing of operations connected with banking and investment activities (banking and investment outsourcing). Such supervision covered any agreements for provision to the Bank of consulting and advisory services and operating support and for performance of actual operations connected with banking activity in the area of information technology. On November 30, 2017, the Supervisory Board approved the fee resulting from the agreement for consulting and advisory services.

The Supervisory Board confirms its positive assessment of the activities of the Management Board in the field of adequate settlement of services provided by Citi, the majority investor.

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

On June 22, 2017, the Bank's Annual General Meeting adopted a resolution on the introduction into the Articles of Association of the Bank the provisions on a joint term of office for all members of the Supervisory Board of the Bank.

During the meeting on December 8, 2017, the Supervisory Board amended the Regulations of the Management Board of the Bank, Regulations of the Supervisory Board and Regulations of the Audit Committee in the process of the adaptation of the Bank to the requirements stemming from the Regulation of the Minister of Development and Finance of 6 March 2017 on the risk management system and internal control system, remuneration policy and detailed manner for estimation of internal capital at banks and on the implementation at the Bank of the



recommendations contained in Recommendation H of the Polish Financial Supervision Authority (KNF) dated 25 April 2017, regarding the system of internal control at banks.

#### 7.4. Miscellaneous

At the meeting on October 5, 2017, the Supervisory Board adopted a resolution on the adoption of information on the fulfillment of the Strategic Plan of the Audit Department in 2017. As the next item on the agenda, the Supervisory Board was presented a report on the progress of implementation of the "Risk management policy for (unsecured and mortgage secured) retail credit exposures" for H1 2017. Afterwards, the Supervisory Board discussed the information on concentration risk incurred by the Bank and on utilization of the related limits.

During the following meeting held on 7-8 December, 2017, the Supervisory Board elected its Chairperson and Vice Chairperson and appointed members of the Board's committees due to the introduction of a joint term of office of the members of the Supervisory Board. Further, the Supervisory Board was presented with the quarterly report of the Audit Department and approved "The 2018 Audit Plan in Bank Handlowy w Warszawie S.A." and discussed the details of cooperation with the auditors of the parent company with respect to use of expert knowledge. Subsequently, the Supervisory Board adopted the resolution on adaptation of the Bank to the requirements stemming from the Regulation of the Minister of Development and Finance of 6 March 2017 on the risk management system and internal control system, remuneration policy and detailed manner for estimation of internal capital at banks and on the implementation at the Bank of the recommendations contained in Recommendation H of the Polish Financial Supervision Authority dated 25 April 2017, regarding the system of internal control at Banks covering, inter alia, amendments to regulations of the Board and committees. During that meeting, the Supervisory Board acknowledged the information on the preliminary Financial Plan for 2018 and familiarized itself with the report on the level of risk related to retail credit exposures.

Moreover, on February 19, 2018, the Supervisory Board decided to approve the Annual Plan for ensuring compliance of the Bank's activities for 2018, and on February 20, 2018 – it familiarized itself with the information on implementation of selected elements of the "Bancassurance Policy". Then, on February 21, 2018, the Supervisory Board approved the "Recovery Plan for the Capital Group of Bank Handlowy w Warszawie S.A."

During the spring meeting held on March 21, 2018, the Supervisory Board adopted Non-Financial Statements of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. for the year ended 31 December 2017. As the next item on the agenda, the Supervisory Board examined a report on the claims and complaints recorded at Bank Handlowy w Warszawie S.A. in 2017. The Supervisory Board approved the acceptable general risk limit (overall risk appetite) for 2018 and approved changes in the document "Rules of prudent and stable management of risk at Bank Handlowy w Warszawie S.A. Group". The Supervisory Board also acknowledged the information on the results of capital planning, including the results of stress tests. After that, the Supervisory Board discussed the final Financial Plan for the Bank's Group on a consolidated basis for 2018. In addition, the Supervisory Board reviewed the report on the portfolio of mortgage-backed credit exposures and a report on the level of risk generated by retail credit exposures.

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

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

At the meeting, held on March 21, 2018, the Supervisory Board positively assessed: the Management Board's report on the activities of the Bank and the Bank's Group in the financial year 2017 and the financial statements of the Bank and the Bank's Group for the financial year 2017, taking into consideration the auditor's opinion and report on the audit of the financial statements of the Bank and the Bank's Group, prepared by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., the entity authorized to audit the annual financial statements of the Bank – and concluded that the submitted

Management Board's report on the activities of the Bank in the financial year 2017 and the financial statements of the Bank and the Bank's Group for the financial year 2017 were prepared in accordance with the books of account and documents and, also, in accordance with the actual status and the requirements of the Accounting Act.

The Supervisory Board positively assessed the recommendation concerning the distribution of profits for the financial year 2017, submitted by the Management Board.

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

This report was examined and accepted by way of resolution on March 21, 2018 in order to submit it to the Annual General Meeting of Shareholders of the Bank.

*Draft Resolutions to Item 5, Sub-point 6) of the  
Agenda of the Ordinary General Meeting held on 8  
June 2018*

**Resolution No 14/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Chairman of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Andrzej Olechowski.

**Resolution No 15/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Shirish Apte.

**Resolution No 16/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Marek Belka.

**Resolution No 17/2018**

**of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Grzegorz Bielicki.

**Resolution No 18/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Igor Chalupec.

**Resolution No 19/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Jenny Grey.

**Resolution No 20/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of

the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Mirosław Gryszka.

**Resolution No 21/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Marek Kapuściński.

**Resolution No 22/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Marc Luet.

**Resolution No 23/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Frank Mannion.

**Resolution No 24/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Anna Rulkiewicz.

**Resolution No 25/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. – Stanisław Sołtyński.

**Resolution No 26/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Stephen R. Volk.

**Resolution No 27/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**on granting of approval of the performance by the member of the Bank's Supervisory Board  
of duties in 2017**

Pursuant to Art. 395 § 2 point 3) of the Commercial Companies Code and § 9, Section 1, Item 3 of the Bank's Articles of Association, the Ordinary General Meeting resolved to grant the approval of the performance of duties in 2017 by the Member of the Supervisory Board of the Bank Handlowy w Warszawie S.A. - Anand Selvakesari.

*Draft Resolution to Item 5, Sub-point 7) of the  
Agenda of the Ordinary General Meeting held on 8  
June 2018*

**RESOLUTION No. 28/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

**concerning distribution of the net profit for the year 2017**

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 2017 in the amount of **PLN 537,102,079.58** as follows:
  - 1) Dividend for shareholders **PLN 537,010,956.00** which means that the dividend per share amounts to PLN 4.11.
  - 2) Allocation for the reserve capital **PLN 91 123.58**
- II. To set the date for determining the right to the dividend for June 18, 2018 (the dividend day) and to set the date of payment of the dividend for June 25, 2018 (the dividend payment date).

*Draft Resolution to Item 5, Sub-point 8) of the  
Agenda of the Ordinary General Meeting held on 8  
June 2018*

**Resolution No 29/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

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

§ 1

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

Paragraph 18 Section 1 of the Bank Handlowy w Warszawie S.A. shall now read as follows:

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



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

## § 2

An Ordinary General Meeting of the Bank Handlowy w Warszawie S.A. shall authorize the Supervisory Board of the Bank Handlowy w Warszawie S.A. to establish the uniform text of the Articles of Association of the Bank Handlowy w Warszawie S.A. taking into account the amendments arising in connection with this resolution.

## § 3

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

*Draft Resolution to Item 5, Sub-point 8) of the  
Agenda of the Ordinary General Meeting held on 8  
June 2018*

**Resolution No 30/2018  
of the Ordinary General Meeting  
of the Bank Handlowy w Warszawie Spółka Akcyjna  
of 8 June 2018**

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

§ 1

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

Paragraph 18 Section 1 Sub-section 2) of the Bank Handlowy w Warszawie S.A. shall now read as follows:

“2) appointing and recalling in secret ballot of Vice-Presidents and other members of the Bank's Management Board,”

§ 2

An Ordinary General Meeting of the Bank Handlowy w Warszawie S.A. shall authorize the Supervisory Board of the Bank Handlowy w Warszawie S.A. to establish the uniform text of the Articles of Association of the Bank Handlowy w Warszawie S.A. taking into account the amendments arising in connection with this resolution.

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