

EXCERPT

from Minutes of 7th meeting of the Supervisory Board of Bank Handlowy w Warszawie S.A.
held on May 11, 2022

Ad 22

“Resolution

1. The Supervisory Board of Bank Handlowy w Warszawie S.A. has decided to consider and accept the ‘Report on the activity of the Supervisory Board of Bank Handlowy w Warszawie S.A. for the period from the date of the Ordinary General Meeting of Shareholders in 2021 to the date of the Ordinary General Meeting of Shareholders in 2022, containing: assessment of reports on activities and financial statements of the Bank and the Capital Group of the Bank in year 2021, assessment of the Management Board’s motion on the distribution of the net profit for year 2021, reports and assessments as defined in approved for use by the Bank the Principles of Corporate Governance for Supervised Institutions, the Best Practice for GPW Listed Companies 2016 and the Best Practice for GPW Listed Companies 2021, assessment of the functioning of the Remuneration Policy in the Bank as well as the Report on remuneration of the members of the Management Board and the members of the Supervisory Board of the Bank for 2021.
2. The Supervisory Board of Bank Handlowy w Warszawie S.A. decides to authorize the Chairman of the Supervisory Board, Mr. Sławomir S. Sikora, to sign on its behalf a statement concerning the report on remuneration of the members of the Management Board and the members of the Supervisory Board of Bank Handlowy w Warszawie S.A. for 2021 in respect of:
 - 1) responsibility of the Supervisory Board for the report on remuneration, including for the completeness of the information contained therein according to the legal requirements and for the control system in this respect,
 - 2) completeness in relation to the legal requirements, i.e. that the report contains all the elements specified in Article 90g sections 1 - 5 and 8 of the Act of July 29, 2005 on public offering and the conditions of introducing financial instruments to an organized system of trading and on public companies, and in relation to all members of the Management Board and the Supervisory Board and their closest relatives and all components of their remuneration,
 - 3) providing the auditor with all relevant information and explanations, data and documents requested by the auditor and necessary for the performance of the service.”

The Resolution was passed unanimously.

Za zgodność/Certified by

Tomasz Ośko
Sekretarz Rady Nadzorczej/Secretary to the Supervisory Board
Podpisano elektronicznie/Signed with electronic signature

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 2021
to the date of the Annual General Meeting of Shareholders 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
Mr. Frank Mannion	Member of the Board	until 31 March 2022
Ms. Jenny Grey	Member of the Board	entire reporting period
Mr. Marek Kapuściński	Member of the Board	entire reporting period
Mr. Gonzalo Luchetti	Member of the Board	entire reporting period
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. Evaluation of the composition of the Supervisory Board

Assessment of suitability and independence.

The Supervisory Board wants to emphasize that, during the entire reporting period, it was composed of persons demonstrating the extensive knowledge of law, economics, banking, management and finance. Members of the Supervisory Board have practical knowledge acquired as managers in international economic institutions. Members of the Supervisory Board have adequate knowledge, skills and experience. In the Supervisory Board's opinion, the expertise of its Members ensures due performance of its tasks resulting from applicable laws and regulations and the composition of the Bank's Supervisory Board accommodates a broad range of competencies required to govern all material areas of the Bank's activity. 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. Moreover, the Supervisory Board positively assesses the effectiveness of activities of the Supervisory Board and of adequacy of the internal regulations related to its functioning in the presented reporting period, and the full-scope assessment of effectiveness of activities

and of adequacy of the regulations related to the functioning of the Supervisory Board for the entire year 2022 will be conducted by the Supervisory Board in 2023 and, respectively, by the General Meeting of Shareholders in 2023.

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

1.4.1. Audit Committee

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

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

- 1) 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) 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;
- 4) 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.

1.4.2. 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	entire reporting period
Mr. Marek Kapuściński	Member of the Committee	from 12 May 2022
Mr. Sławomir S. Sikora	Chairperson of the Committee	until 11 May 2022
	Member of the Committee	from 12 May 2022
Ms. Barbara Smalska	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.

The following members of the Nomination and Remuneration 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. Anna Rulkiewicz, Mr. Marek Kapuściński and Ms. Barbara Smalska.

The Supervisory Board positively assesses the composition of the Committee as changed at the meeting of the Supervisory Board in May.

1.4.3. 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. Jenny Grey	Member of the Committee	entire reporting period
Mr. Frank Mannion	Member of the Committee	until 31 March 2022
Mr. Gonzalo Luchetti	Member of the Committee	entire reporting period
Mr. Sławomir S. Sikora	Member of the Committee	entire reporting period
Ms. Anna Rulkiewicz	Member of the Committee	entire reporting period
Ms. Barbara Smalska	Member of the Committee	entire reporting period

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

1.4.4. 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

The following members of the Risk and Capital 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. 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

2021 was a year marked by a global economic recovery following a recession caused by the COVID-19 pandemic in 2020. Global GDP increased in 2021 by around 5.8% YoY, as compared to a drop by 3.5% YoY in 2020.

The economic growth rate in Poland grew by 5.7% in 2021, after a 2.5% drop in 2020. Growth in 2021 was primarily driven by private consumption due to a good situation in the labor market and

accumulated savings of households as well as higher capital expenditures resulting from better sentiment among enterprises.

On the other hand, a quick recovery of the demand, coupled with insufficient supply (i.a. interrupted supply chains) and higher commodity prices contributed to increased inflationary pressure. In consequence, the Monetary Policy Council (MPC) revised the monetary policy and raised the reference rate of the National Bank of Poland (NBP) from 0.10% to 1.75% as at the end of 2021.

Poland's good macroeconomic results translated into positive performance of the banking sector. In 2021, the net profit of the banking sector rose to PLN 8.8 billion, as compared to PLN 322 million loss in 2020. The major contributor to the increase in the net profit were the net impairment write-offs and provisions. In 2021, some provisions reflecting the impact of the coronavirus pandemic on clients were released. At the same time, a decrease in the provisions for legal risk related to mortgage loans in the Swiss franc was recorded in 2021 – these provisions amounted to around PLN 7 billion against around PLN 10 billion in 2020.

The Bank's net profit amounted to PLN 716.0 million in 2021, the highest level since 2014.

Operating revenues of the Bank amounted to PLN 2,317 million in 2021 and were higher by PLN 293 million (or 14.5%) as compared to 2020. The growth resulted primarily from the significantly improved performance in treasury operations, achieved thanks to a higher result on investment debt securities, which emphasizes the Bank's expertise in treasury operations, as well as the result on FX exchange, resulting from the record-high FX volumes achieved in 2021. Simultaneously, the Bank was active in investment banking, by ensuring financing for clients' strategic transactions (such as acquisitions in international markets) and participating in IPOs (e.g. on Euronext Amsterdam).

In 2021, general administrative expenses and depreciation & amortization amounted to PLN 1,174 million and increased by PLN 22 million (i.e. 2%) from 2020. The drop in expenses resulted, above all, from lower costs due to the Bank Guarantee Fund. This decrease was partially offset by an increase in employee costs and higher depreciation costs associated with higher IT expenditures. In 2021, the Bank introduced BLIK mobile payments and extended its FX account offer for retail clients. In 2021, the number of foreign exchange transactions increased by 34% as compared to 2020. For institutional clients, on the other hand, the Bank implemented more solutions in the main electronic banking system – CitiDirect BE. In 2021, the Bank processed approximately 33 million transactions via electronic channels.

In 2021, the result on expected credit losses stood at PLN 39 million, as compared to net write-offs of PLN 191 million in 2020 (improvement by PLN 152 million). The above drop was largely caused by Institutional Banking, influenced by the improving macroeconomic forecasts and the persisting stable quality of the credit portfolio. The NPL ratio at the end of 2021 amounted to 4.1%, while the coverage ratio leveled at 78% – much better than in the banking sector, where the above-mentioned ratios were at 5.4% and 60% respectively.

The growth rate of the Bank's lending activity in 2021 decreased slightly by 2% YoY, resulting mainly from a lower balance of unsecured receivables from individual clients. On the other hand, the Bank recorded a positive growth rate in the balance of mortgage loans, up by 9% YoY. The area that stood out in Institutional Banking was Commercial Bank, with an increase in assets by 13% YoY.

The total capital ratio (TCR) of the Bank was 19.8%, 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 significant risk driver in 2022 is the impact of the war in Ukraine on the macroeconomic situation in Poland. At present, some of these consequences are difficult to estimate, and the final result depends on the duration and scale of the conflict. The inflationary pressure and monetary tightening efforts of the central bank may additionally contribute to the slowdown of the post-pandemic recovery. 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.

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 2021 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 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. In 2021, we, as the Foundation, operated in compliance with the adopted assumptions. At the same time, it demonstrated great flexibility in pursuing its goals in order to better address the dynamically changing social needs – especially ones resulting from the persisting pandemic – and also to better overcome the challenge of the daily task management in the hybrid model, when work was interrupted by quarantine.

A vast majority of the Foundation's activities continued to be conducted online. As part of the Citi Global Community Day, the Foundation coordinated and financed 79 projects. Many of them were implemented online and there were also so-called external projects with participation of up to 30 volunteers.

The online format was a great fit for the conferences, workshops and training sessions organized by the Foundation. The Foundation achieved a significantly larger reach of its activities and, in addition, was able to effectively reach communities outside of Warsaw with its projects. For example, the H1 conference addressed to entrepreneurs was attended by 30,000 viewers. We should bear in mind, however, that the online format is far more demanding as regards the need to continuously implement innovative solutions that can help retain the viewers' attention. During the training sessions, for example, an obligation to use the camera was introduced, meetings are organized in small groups to enable interaction, and the provided tools allow participants to express their opinions and ask questions. The conferences are also arranged in a different model every time. This year, we organized a series of interviews with entrepreneurs and experts conducted by Jarosław Kuźniar, an experienced journalist.

During the protracted epidemic threat, the Foundation has remained a strong partner for the pre-defined target groups:

- entrepreneurs, and particularly those who have participated in the Foundation's acceleration programs or programs co-financed by the Foundation in the recent years,
- social partners in the volunteering program or through a micro-grant program,
- teachers and students who had to face the challenge of "remote education",
- we have also collaborated with the Polish Center for International Aid and the team of paramedics and doctors, with whom we established cooperation in 2020.

On the basis of the map of the most recent social trends in 2021, "5" trends were selected and used to modify social programs of the Foundation:

- Diversity: Diversity and inclusion,
- Growing role of women: Growing role of women,

- Support for Generation Z: Support for Generation Z,
- Support for sustainable growth: Being good and responsible for sustainable growth,
- Against loneliness: Against loneliness.

In accordance with the above, the set goals were implemented consistently and new initiatives were established, including such important ones as:

- CyberMocn@Szkola (CyberStrong School): a new social program to support teachers and students in effective and safe remote education, such as can be successfully applied also after the pandemic. The first edition of the project was very popular – in less than 24 hours we had over 600 teachers registered in the program. In the second edition we have 643 teachers. People from big cities and small towns and villages. Open lectures can be attended by anyone interested in the subject of the meetings, and not only the registered participants.
Once the first edition of training sessions was over in the first half of 2021, an evaluation survey was carried out among the program participants. As it turned out, 96% of the responding participants found the knowledge obtained during the program useful in their current work. Almost the same percentage of respondents claimed it would be essential in their further professional development. It is important to note that one in three respondents admitted to using new skills during most of their lessons, while a vast majority (over 70%) of them emphasized that the project had a positive impact on their work with students after returning to in-person teaching. Moreover, more than 90% of respondents deemed the project helpful in taking care of the students' mental and physical health.
- Poradnik wychow@wcy (Tutor's Guide) – together with the *Fundacja Stocznia* foundation, a handbook on the use of digital technologies when working with students has been developed. It is a set of 10 proven, teacher-tested technology solutions to make education more interesting and enhance the interactive component of the lessons. The publication contains a set of lesson scenarios and inspirations to help take care of three important spheres: children's mental well-being, their physical fitness and social development, including the most crucial of all – good relationships with their peers and integration with other students.
- Compendium of knowledge on www.cybermocnaszkola.pl – in reliance on the evaluation results and feedback from teachers, in the second edition we created an information hub and collected all the educational materials and video lectures from the project on the website www.cybermocnaszkola.pl.
- Conference for entrepreneurs – organized to introduce young entrepreneurs who were successful in adapting their operations to the dynamics of the pandemic-stricken market.
- Against Social Loneliness – together with the Polish Center for International Aid a series of first aid training sessions and workshops / meetings for children and adolescents from social care centers were organized, with inspiring stories told by business and sports people;
- New trends – in cooperation with our social partners, we issued several research reports in order to draw the public's attention to such trends as the growing role of women, diversity in terms of economic growth, and the need to support Gen Z in finding their place on the new labor market. That is why in 2021 we compiled reports on entrepreneurship among young people, women's leadership, challenges faced by young people on the labor market and Poles' digital competences;
- A support project for malnourished seniors – organized together with Food Banks and our volunteers as part of the Citi Global Community Day;

- Sports-based volunteering – where sports activity of Citi volunteers was used to combine it with fundraising for charity purposes;
- Celebrations of the 150th anniversary of the Bank – coordination of the process of securing medals of the Polish Bank Association and the National Bank of Poland for 90 employees of the bank for the founder's anniversary, organizing a ceremonious gala to present the medals and promote the bank's history; releasing an anniversary album, and partnership during the conference of the European Forum for New Ideas to talk about the important issues for the future from the perspective of the 150 years' history of the bank.

All these actions were implemented with a strong communication support. The Foundation made efforts to reach traditional media with its actions and achieve engagement through social media. These efforts translated into a wide reach of the Foundation's communications, for example, the information regarding Poles' Attitudes Towards Saving reached almost 1 million readers, regarding surveys of entrepreneurship among young people – over 1.5 million, and over 3.5 million users of social media read our communications related to our volunteering projects implemented in celebration of the Citi Global Community Day.

It should be noted here that the actions of the Foundation and its bank volunteers were recognized in 2021 by independent experts in the Golden Banker competition organized by the Puls Biznesu daily and Bankier.pl platform. For the first time in history the bank was named the "Best CSR Bank". "The unique scale of the engagement of the bank's employees during the pandemic, which should not be surprising coming from a bank that is an indisputable leader and precursor of volunteering activities in Poland, expanded to become the biggest and the most comprehensive program of its kind in Poland," Marzena Strzelczak, President of the Responsible Business Forum and a member of the jury selecting CSR leader, emphasized in the justification for the award. "Citi Handlowy deserves the title of a Socially Sensitive Bank as an organization which has been building the culture of empathy and engagement for many years", read the justification for the award in Puls Biznesu.

Full description of its activities is available in the Bank's Annual Report and on the website www.kronenberg.org.pl

3.2. Sponsorship activities

In the next year of the pandemic, sponsorship activities stayed limited and activities of the Bank were concentrated in the area of corporate social responsibility. The events with a history of regular participation of the Bank were mostly arranged online. That year representatives of Citi Handlowy again took part in debates during the European Financial Congress in Sopot. In October, the Bank, represented by the Citi Handlowy Foundation, was again one of the main partners of the European Forum for New Ideas in Sopot, the 10th edition of the conference dedicated to global trends, new ideas and the future of Europe. Representatives of Citi Handlowy participated in discussions about topics that are vital to the present and the future – Elżbieta Światopełk-Czetwertyńska, President of Citi Handlowy, took part in the panel on the future of the world according to women from the communities of culture, science and business and Piotr Krosno, Head of the Strategic Clients Department, joined the debate "e-Commerce and Consumers: Lessons Learned during the Pandemic." Sławomir S. Sikora, Chairman of the Supervisory Board of Citi Handlowy, received the Special Award of the Management Board of the Leviathan Confederation, handed over by Henryka Bochniarz, for his contribution to development of Leviathan and the financial sector.

To support ambitions of the Polish companies, Citi Handlowy is now a partner of Deloitte Technology Fast 50 Central Europe 2021, 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.

Citi Handlowy has been a partner of the Polish Paralympic Committee for 3 years and has been pursuing activities to change the social perception of disability. In the year of the Paralympic Games in Tokyo, the bank joined the global campaign "It's ok, you can stare" that was launched to encourage everyone to watch the results and to support paralympic athletes. As part of the #TeamCiti global project, the Bank continued cooperation with outstanding paralympic athletes – Natalia Partyka, a four-time paralympic champion and the only athlete in the history to represent her country at the Olympic and Paralympic Games three times in a row, and Maciej Lepiato, a paralympic champion and four-time world champion in disabled persons' high jump, who were the Bank's ambassadors.

To stay close to its clients and their passions, the Bank was committed, as a partner and active participant, to the triathlon competitions under the IRONMAN Poland, which were organized as part of "The Year of Overcoming Obstacles". Citi Handlowy was a title sponsor in Warsaw, where for the first time the competition covered a half of the Ironman distance. Live Well at Citi teams, composed of employees of Citi Handlowy and Citibank Europe plc from Warsaw and Olsztyn, took part in the Citi Handlowy Ironman Warsaw 70.3 competition and in relay races in Gdynia. They were joined by disabled persons, for example a cycling tandem. Thanks to participation of Polish employees of Citi in Ironman contests, Citi Handlowy made a donation to the Follow Your Dreams Physiotherapy Foundation, which supports children with disabilities.

The above initiatives positively supported the perception and reputation of the institution. The Supervisory Board positively assesses the spending incurred by both Bank and group to support culture, sports, charity organizations, media, social organizations, sports associations, 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 2021."

4. REMUNERATION REPORT ON MEMBERS OF THE MANAGEMENT BOARD AND 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. (the "Policy"), adopted by way of resolution of the General Meeting of Shareholders dated June 4, 2020. 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 2021. 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 2021 could have been granted in the years preceding the year of payout. On the other hand, remuneration granted in 2021 could have been subject to partial deferral, i.e. it could be paid out in the future reporting periods.

On June, 17 2021 The General Meeting of Shareholders adopted the resolution with positive opinion regarding remuneration report for 2019 and 2020.

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 fixed remuneration components (in PLN thousand) paid out in 2021 to the Members of the Management Board of the Bank and its share in the total compensation (expressed as %).

		Base salary		Other benefits	
		value	share	value	share
Elżbieta Światopełk-Czetwertyńska	- till 18.06.2021.	1 125	68%	540	32%
Maciej Kropidłowski		1 733	38%	305	7%
Dennis Hussey		1444	43%	917	28%
Barbara Sobala		892	56%	119	7%
James Foley		1 200	50%	263	11%
Katarzyna Majewska		867	58%	114	8%
Natalia Bożek		867	67%	97	8%
<i>Former Management Board Members</i>					
Stawomir S. Sikora	- till 17.06.2021.	1 110	18%	3 598	57%
David Mouillé	- till 31.01.2020	0	0%	181	21%
Czesław Piasek	- till 31.03.2018	0	0%	7	7%
Witold Zieliński	- till 19.02.2018	0	0%	0	0%
		9 238	39%	6 141	26%

The table below presents value of variable remuneration components in the form of cash awards (in PLN thousand) paid out in 2021 to the Members of the Management Board of the Bank and its share in the total compensation (expressed as %).

		Cash awards for:							
		2020		2019		2018		2017	
		value	share	value	share	value	share	value	share
Maciej Kropidłowski		528	11%	242	5%	306	7%	259	6%
Dennis Hussey		423	13%	0	0%	0	0%	0	0%
Barbara Sobala		172	11%	40	2%	40	3%	41	3%
James Foley		347	14%	75	3%	0	0%	0	0%
Katarzyna Majewska		142	9%	32	2%	41	3%	41	3%
Natalia Bożek		112	9%	19	1%	19	1%	0	0%
<i>Former Management Board Members</i>									
Stawomir S. Sikora	- till 17.06.2021	504	8%	146	2%	146	2%	210	3%
David Mouille	- till 31.01.2020	0	0%	121	14%	142	16%	147	17%
Czesław Piasek	- till 31.03.2018	0	0%	0	0%	13	12%	52	47%
Witold Zieliński	- till 19.02.2018	0	0%	0	0%	0	0%	53	64%
		2 228	10%	675	3%	707	3%	803	4%

The table below presents value of variable remuneration components in the form of share-based awards (in PLN thousand) paid out in 2021 to the Members of the Management Board of the Bank and its share in the total compensation (expressed as %).

	Share-based awards for:								
	2020		2019		2018		2017		
	value	share	value	share	value	share	value	share	
Maciej Kropidłowski	676	15%	200	4%	197	4%	149	3%	
Dennis Hussey	542	16%	0	0%	0	0%	0	0%	
Barbara Sobala	220	14%	33	2%	26	2%	23	1%	
James Foley	443	19%	62	3%	0	0%	0	0%	
Katarzyna Majewska	182	12%	26	2%	26	2%	24	2%	
Natalia Bożek	144	11%	16	1%	12	1%	0	0%	
<i>Former Management Board Members</i>									
Sławomir S. Sikora	- till 17.06.2021	0	0%	357	6%	84	1%	109	2%
David Mouille	- till 31.01.2020	0	0%	100	12%	92	11%	85	10%
Czesław Piasek	- till 31.03.2018	0	0%	0	0%	9	8%	30	27%
Witold Zieliński	- till 19.02.2018	0	0%	0	0%	0	0%	31	36%
		2 207	10%	794	4%	446	2%	451	2%

In 2021 remuneration of the Management Board Members did not cover cash or non-cash benefits granted to the benefit of relatives. 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 2021 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	
		value	share	value	share	value	share
		Sławomir S. Sikora	- since 18.06.2021 r.	87	56%	68	44%
Barbara Smalska		96	31%	210	69%	0	0%
Marek Kapuściński		96	36%	166	62%	4	2%
Anna Rulkiewicz		96	39%	147	60%	2	1%
<i>Former Supervisory Board Members</i>							
Igor Chalupiec	- till 17.06.2021	53	34%	99	64%	3	2%
Andrzej Olechowski	- till 17.06.2021	105	48%	115	52%	0	0%
Stanisław Sołtysiński	- till 17.06.2021	53	45%	66	55%	0	0%
Shirish Apte	- till 01.12.2020	0	0%	0	0%	0	0%
		586	40%	871	59%	9	1%

In 2021 Members of the Supervisory Board were not granted variable remuneration. Other Supervisory Board Members did not receive remuneration in 2021.

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 2021, 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 3 or 5 years, i.e. proportionate division into 3 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 the award to Vice-President of the Management Board of the Bank 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.

The acquisition of rights to deferred variable remuneration in 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 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 2017 till 2021, of remuneration of the Management Board and the Supervisory Board Members holding their functions in 2021, of the performance of the Bank and of average remuneration of employees other than the Management Board and the Supervisory Board Members.

Change of remuneration of the Management Board Members	2017		2018		2019		2020		2021	
	values	change %	values	change %	values	change %	values	change %	values	change %
Maciej Kropidłowski - since 19.03.2014	3 840	27%	3 889	1%	4 220	9%	3 872	-8%	4 596	19%
James Foley - since 01.02.2019	0	n/a	0	n/a	1 358	n/a*	1 996	47%	2 390	20%
Barbara Sobala	1 390	5%	1 420	2%	1 479	4%	1 491	1%	1 605	8%
Katarzyna Majewska - since 11.01.2016	1 191	-2%	1 275	7%	1 400	10%	1 387	-1%	1 493	8%
Natalia Bożek - since 21.03.2018	0	n/a	670	n/a*	1 173	75%	1 122	-4%	1 286	15%
Dennis Hussey - since 01.04.2020	0	n/a	0	n/a	0	n/a	2 686	n/a*	3 327	24%

Former Management Board Members												
Sławomir S. Sikora	- till 17.06.2021	4 677	-13%	5 340	14%	5 214	-2%	4 576	-12%	3 017***	-34%	
David Mouillé	- since 01.07.2015 till 31.01.2020	3 289	25%	3 637	11%	3 646	0%	1 718***	-53%	686***	-60%	
Czesław Piasek	- since 20.05.2014 till 31.03.2018	1 771	5%	1 018	-43%	386	-62%	187	-52%	111	-41%	
Witold Zieliński	- till 19.02.2018	1 748	-4%	883***	-49%	317***	-64%	172	-46%	84	-51%	
Brendan Carney	- till 22.06.2015	521	-39%	365	-30%	135	-63%	0	n/a**	0	n/a	
Iwona Dudzińska	- till 31.07.2015	171	-67%	162	-5%	61	-62%	0	n/a**	0	n/a	
Misbah Ur-Rahman-Shah	- till 18.03.2014	1 341	-26%	0	n/a**	0	n/a	0	n/a	0	n/a	
Robert Daniel Massey JR	- till 19.06.2013	63	-70%	0	n/a**	0	n/a	0	n/a	0	n/a	
Change of remuneration of the Supervisory Board Members												
Marek Kapuściński	- since 22.09.2016 - till 22.06.2017	230	461%	276	20%	283	3%	279	-1%	266	-5%	
Anna Rulkiewicz	and since 05.06.2019	121	-44%	0	n/a**	69	n/a*	224	225%	245	9%	
Barbara Smalska	- since 05.06.2019	0	n/a	0	n/a	85	n/a*	306	258%	306	0%	
Former Supervisory Board Members												
Andrzej Olechowski	- till 17.06.2021	402	0%	402	0%	402	0%	402	0%	220	-45%	
Igor Chalupiec	- till 17.06.2021	276	0%	272	-1%	36	-87%	285	700%	155	-46%	
Stanisław Sołtysiński	- till 17.06.2021	216	0%	216	0%	216	0%	216	0%	119	-45%	
Shirish Apte	- till 01.12.2020	241	-2%	216	-10%	216	0%	216	0%	0	-100%	
Grzegorz Bielicki	- since 06.12.2017 till 04.06.2019	0	n/a	288	n/a*	156	-46%	0	n/a**	0	n/a	
Marek Belka	- since 22.06.2017 till 04.06.2019	66	n/a*	246	273%	92	-63%	0	n/a**	0	n/a	
Mirosław Gryszka	- till 05.12.2017	221	-10%	13	-94%	0	n/a**	0	n/a	0	n/a	
Change of average remuneration of other employees ***		93	-12%	112	20%	119	6%	127	7%	130	2%	
Change of performance of the Bank		537 102	-11%	653 119	22%	478 802	-27%	158 085	-67%	715 972	353%	

Explanations and comments to the table:

- 1) Values are presented in thousands of PLN
- 2) Data indicated for a given year refer to the 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 income earned by 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) Individual data does not cover those individuals, who currently hold functions in the Bank but in years covered by the analysis had no remuneration from the Bank.
- 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 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 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. Sławomir S. Sikora in 2021 in amount of PLN 3 248 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 2021.

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 2021.

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 2021 (for 2020) to the Management Board Members which may be paid out in 2021-2027.

	Number of phantom units	Grant date	Grant price
Maciej Kropidłowski	37 587,93	11.01.2021	35,14
Dennis Hussey	20 079,68	11.01.2021	35,14
Barbara Sobala	8 138,87	11.01.2021	35,14
James Foley	16 434,27	11.01.2021	35,14
Katarzyna Majewska	6 726,95	11.01.2021	35,14
Natalia Bożek	5 327,97	11.01.2021	35,14
<i>Former Management Board Members</i>			
Sławomir S. Sikora	- do 17.06.2021	11.01.2021	35,14

Shares presented in the table above, only the part paid out in 2021, are included in point 1) of this report in the table presenting share-based awards paid out in 2021. The remaining shares may be paid in subsequent reporting periods.

The table presents information on phantom shares granted (conditionally) in 2021 (for 2021) to the Management Board Members which may be paid out in 2022-2026. The table presents information on phantom shares granted conditionally in 2021 (for 2021) to the Management Board Members which may be paid out in 2022-2026.

	Number of phantom units	Grant date	Grant price
Dennis Hussey	17 359,40	01.07.2021	47,85

In 2021 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 2021 there were no reductions of variable remuneration within the correction connected with the results in reference to any of the Management Board Members.

In 2021 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. By end of 2021 there were no changes (in particular no material changes), which would require to be incorporated into the 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.

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

In 2021 remuneration-related issues in Bank Handlowy w Warszawie S.A. (the "Bank") were governed by:

- the Remuneration policy for Members of the Management Board and Members of the Supervisory Board 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,
- the Remuneration policy for employees of Bank Handlowy w Warszawie S.A. ("Remuneration policy for employees of the Bank") dated 22 December 2017 with subsequent amendments and

- the Remuneration policy for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A. (“Remuneration policy for Identified Staff”) dated 22 December 2017 with subsequent amendments,

jointly referred to as “Remuneration Policy”.

Remuneration policy for Management Board and Supervisory Board Members implements provisions regarding shaping of the rules of remuneration set forth in amendment to the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and on public companies dated October 16, 2019. 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, it's 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 2016, 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 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 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.

Remuneration policy for Identified Staff implements the provisions regarding the shaping of the rules of remuneration set forth in the Act of 29 August 1997 Banking Law (with subsequent amendments), 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, remuneration policy in the bank, 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 the Guidelines of the European Banking Authority on sound remuneration policies under Directive 2013/36/ with subsequent amendments 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 July 2021 employees on Sales roles covered by incentive schemes were moved from the quarterly incentive to annual discretionary award. The change was introduced to put more focus on customer needs, act in their best interests and build long-term relationships based on trust.

The assessment of the functioning of the Remuneration Policy is as follows:

- 1) According to the requirements the Remuneration Policy covers all employees of the Bank and defines population of Key Persons indicated in the Rules of Corporate Governance.

- 2) The Remuneration Policy properly sets out general principles for persons whom it covers, including Key Persons, in terms of the form, structure and manner of determination of their remuneration.
- 3) The Bank's implementation of the Remuneration Policy and the governance of the Remuneration Policy ensure that the structure of remuneration of persons whom it covers, including the Key Persons, helps to bring about long-term stability of the Bank and is aligned with the Bank's strategy, objectives, values and long-term interests, such as, in particular, sustainable growth of the Bank, and is also aimed at eliminating the potential negative impact of the remuneration systems on the proper risk management.
- 4) The Bank implemented all the guidelines relating to the construe of the fixed remuneration provided in the Remuneration Policy in a proper way. In particular Bank differentiates level of fixed remuneration of persons covered by the Remuneration Policy, including Key Persons, primarily based on professional experience, required competences and the role in the management process in the Bank.
- 5) The Bank ensures the appropriate level of remuneration of internal audit and compliance unit employees, intended to ensure hiring and retaining highly qualified and experienced specialists at those organizational units. The compensation level of Internal Audit and Compliance employees was a subject of the review of Audit Committee and got its positive opinion.
- 6) Though the Remuneration Policy the Bank promotes sound and effective risk management and does not encourage risk-taking that would exceed the tolerated risk level. To this effect, remuneration schemes which are based on financial and non-financial results do not reward excessive risk in decision-making. In particular, the remuneration of the members of the Management Board is determined in such a way that it promotes prudent management of the Bank, is based on financial and non-financial results, and does not reward failure.
- 7) In the process of setting and approving the pool allocated for annual awards and awards from motivational fund for 2021 for Bank's employees, including the Key Persons, the Bank made a proper verification whether, the Bank has a sound and strong capital base, that justifies the grant of variable remuneration at the proposed level and it does not limit the Bank's ability to increase its capital base and if it is sustainable according to the financial standing of the Bank
- 8) Detailed rules on variable remuneration awarded to the employees whose professional activities have a material impact on the risk profile of the Bank ("Identified Staff"), including the Key Persons, are provided in the Remuneration policy for Identified Staff. Those rules have been properly applied to granting variable remuneration to Identified Staff, including the Key Persons in January 2022 (awards for 2021 Performance Year), i.e.:
 - a) The role of the Nomination and Remuneration Committee of the Supervisory Board established in the Bank is to provide recommendations and opinions on the levels and conditions of variable remuneration of employees covered by the Remuneration policy for Identified Staff. It gives its opinion on the changes to the Remuneration policy for Identified Staff, including the amounts and components of remuneration, taking into account a cautious and stable risk, capital and liquidity management, and paying special attention to long-term interests of the Bank, the interest of the Bank's

shareholders and investors. In 2021 there were six meetings of the Nomination and Remuneration Committee of the Supervisory Board.

- b) The level of the variable remuneration for 2021 was based on the assessment of the financial and non-financial criteria, including the cost of the Bank's risk, the cost of capital, and liquidity risk in the long-term perspective. The variable remuneration set out in such a way was granted to employees of the Bank on January, 13 2022 and Members of Management Board on February, 10 2022. For Identified Staff the variable remuneration was split between immediate and deferred award. Immediate cash award is paid out no later than in the month subsequent to the month in which it has been granted. Short-term phantom share award is subject to 6 or 12 months retention period and is paid out after retention period ends. Deferred variable remuneration is divided into four or five tranches, which may vest respectively in years 2023-2026 or in years 2023-2027 Tranches of deferred cash award are paid out immediate after vesting and of long-term phantom award (provided it have vested) are paid out after 6 or 12 months retention period ends.
 - c) In 2021 the Management Board of the Bank, based on a positive opinion of the Nomination and Remuneration Committee of the Supervisory Board, decided that two Identified Staff lost the right to deferred variable remuneration, which was granted conditionally to those individuals in the course of the employment relationship and which was unvested before the date of termination of their employment contract. This decision was made in accordance with the provisions of the Remuneration Policy for Identified Staff regarding the termination of employment contracts under the conditions for acquiring rights to the deferred variable remuneration. Such an adjustment of the deferred variable remuneration was connected neither with the Bank's nor with the individual's results.
- 9) In 2021 the Bank properly analyzed the roles and the responsibilities of its employees in relation to the key manageable risks in the Bank as well as quantitative and qualitative criteria described in Commission Delegated Regulation (EU) No 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, with related to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile and on this basis set the list of employees, who has a material impact on the risk profile of the Bank and therefore should be the subject to the provisions of the Remuneration Policy for Identified Staff. In 2021 the list of the employees covered by the Remuneration Policy for Identified Staff covered 82 people at the end of the year.
- 10) The Remuneration Policy adopted by the Bank sets the proper remuneration rules for employees involved in selling Bank's products and services that encourage them to act honestly, fairly, transparently and professionally, taking account of the rights and interests of all of the Bank's clients, in the short, mid and long term.
- 11) In 2021 Bank specified the provisions of the Remuneration Policy by ensuring the compliance with the strategy of the Bank regarding the risk of sustainability development (ESG). The Remuneration Policy assumes differentiation of the remuneration of employees

on the basis of quantitative and qualitative criteria such as taking risk and ensuring completion with regulations.

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

The required 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 2021" 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 2021". 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 other things, information showing which principles and recommendations of the "Best Practice for GPW Listed Companies 2021" were not applied by the Bank in 2021 along with explanations of non-application to the Bank.

Given that in the reporting period, the "Best Practice for GPW Listed Companies 2016" were in force until the end of June 2021 and on 1 July 2021 the "Best Practice for GPW Listed Companies 2021" came into force and both documents provided for the obligation to assess the performance of disclosure requirements related to application of the corporate governance principles specified in the Rules of Giełda Papierów Wartościowych w Warszawie S.A., the above assessment will be made for both versions of the above documents, as follows:

- 1) in connection with the Bank's accepting the corporate governance principles prescribed in the document "Best Practice for GPW Listed Companies 2016", on 11 March 2016, the Bank submitted to Giełda Papierów Wartościowych w Warszawie S.A. a report (EBI Report no. 1/2016) concerning refusal to apply certain specific principles included in the set "Best Practice for 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.
- 2) 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.,

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..

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 January and February 2022, the Bank conducted a review of application in 2021 of the corporate governance principles arising from the "Best Practice for GPW Listed Companies 2021," as a result of which it was confirmed that those principles were applied in the scope determined above.

Taking the above into account, the Supervisory Board's assessment is that the Bank applies the corporate governance principles in the period covered by the assessment.

6.2. Assessment of the manner of fulfilment by the Bank of its disclosure obligations related to 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 2021, 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 periods 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,
- 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 an annual assessment of adequacy and effectiveness of the internal control system, including adequacy and effectiveness of the control function, the compliance unit and the internal audit unit. 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 2021, the aggregate MCA assessment was at the level of Tier 4 and the assessment by Internal Audit was "Needs Moderate Improvement".

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 23-24 March 2022, 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 in 2021, 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 of infringements of law in 2021.

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

8.1. Meetings of the Supervisory Board and its Committees

In the reporting period, the Supervisory Board held seven meetings, and its Committees: Audit Committee – 4, Risk and Capital Committee – 4, Nomination and Remuneration Committee – 7, 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 18 June 2021: 100%,
- 2) at the meeting of the Supervisory Board on 29 September 2021: 87.5%,
- 3) at the meeting of the Supervisory Board on 03 December 2021: 87.5%,
- 4) at the meeting of the Supervisory Board on 13 January 2022: 100%,
- 5) at the meeting of the Supervisory Board on 10 February 2022: 100%,
- 6) at the meeting of the Supervisory Board on 23-24 March 2022: 100%,
- 7) at the meeting of the Supervisory Board on 11 May 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 2021. In particular, the Management Board of the Bank included 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”).

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 4 women and 4 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 2022, the “2021 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 Division for Regulations and Regulatory Relations (Compliance Division) 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 Division 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 2021 the Bank applied the rules resulting from the Principles of Corporate Governance for Supervised Institutions, with the exception of those principles that the Bank decided not to apply. The resolution was adopted unanimously.

The Bank sustained its decision not to apply three principles:

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

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 and the Regulations of the Bank

On 17 June 2021, the Annual General Meeting of Shareholders passed a resolution to amend the Articles of Association of Bank Handlowy w Warszawie S.A. Those amendments covered §§ 16 and 18 and their objective was to adjust the Bank to requirements resulting from Recommendation Z on corporate governance at banks, issued by the Polish Financial Supervision Authority (KNF) in October 2020.

As the provisions of Recommendation Z on corporate governance at banks, issued by the Polish Financial Supervision Authority (KNF), came into force on 1 January 2022, the Management Board of the Bank, on 19 October 2021, adopted and submitted to the Supervisory Board for approval certain amendments to internal regulations applicable in the

area of corporate governance. Those amendments included, among other things, the Regulations of the Management Board of Bank Handlowy w Warszawie S.A. and a recommendation for the Supervisory Board related to passing a resolution concerning amendments to: Regulations of the Supervisory Board of Bank Handlowy w Warszawie S.A., Regulations of the Audit Committee of Bank Handlowy w Warszawie S.A., Regulations of the Risk and Capital Committee of Bank Handlowy w Warszawie S.A. and Regulations of the Nomination and Remuneration Committee of Bank Handlowy w Warszawie S.A. In addition, the Management Board of the Bank recommended that the Supervisory Board should determine the scope of activities of the Strategy and Management Committee of the Supervisory Board and pass a resolution to accept the Regulations of that Committee. On 3 December 2021, the Supervisory Board unanimously accepted the amendments to the above documents, determined the scope of activities of the Strategy and Management Committee of Bank Handlowy w Warszawie S.A. and approved the above documents.

The key changes and new provisions were mainly to adapt and consolidate the formal requirements, clarify the provisions related to conflicts of interest, scope of information provided to the KNF (i.e. to include in the agenda an item covering the dismissal of the President of the Management Board, dismissal of the member of the Management Board supervising the management of a material risk occurring in activities of the Bank or entrusting another member of the Management Board with duties of the member of the Management Board supervising the management of a material risk occurring in activities of the Bank). New issues were also added, among other things, to enhance the powers of the Supervisory Board to approve the dividend policy, the principles of making changes in the primary organizational structure, the policy of identification of key functions at the Bank, the ethical standards, the conflict of interest management policy, the new product approval policy and the risk culture rules, unless they are covered by the risk management strategy. In addition, the duties were clarified in the area of supervision by the Supervisory Board over the implementation of corporate governance at the Bank along with assessment of its adequacy and effectiveness, which should be conducted at least annually. Those amendments also covered the rules of selection of committees of the Supervisory Board with respect to assessment of adequacy of the general composition of those committees and a new scope of information received by the Bank's Management Board in the area of corporate governance.

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 Regulation 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.

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 reports of the Management Board of the Bank concerning the implementation of the bancassurance policy, and the reports concerning the level of the retail credit risk run by the Bank (unsecured and mortgage secured). The

Supervisory Board approved regular 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 its meeting on 18 June 2021, the Supervisory Board passed a number of formal resolutions to establish itself after the new Supervisory Board would be elected for a new joint term of office by the Annual General Meeting of Shareholders. The Supervisory Board elected its Chairperson and Vice Chairperson and appointed its Committees. In recognition of merits of Mr. Andrzej Olechowski, who was the Chairperson and Member of the Supervisory Board for many years, the Supervisory Board awarded him the title of “Honorary Chairperson of the Supervisory Board of Bank Handlowy w Warszawie S.A.”

On 28 July 2021, the Supervisory Board was informed that no significant infringements of ethical standards had been reported at the Bank between January and June 2021.

By Resolution No. 4/I/O/2021 of 29 July 2021, the Supervisory Board of the Bank decided to accept the decision under which the Bank would comply with the corporate governance principles included in the “Best Practice for GPW Listed Companies 2021,” except for principles 5.6 and 5.7, which are not applicable to the Bank. The Supervisory Board also acknowledged the report on application of the “Best Practice for GPW Listed Companies 2021,” submitted to Giełda Papierów Wartościowych w Warszawie S.A.

During the meeting held on 29 September 2021, among other things, 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 2021, the Condensed stand-alone interim financial statements of Bank Handlowy w Warszawie S.A. for the period of 6 months ended 30 June 2021, the Report on activities of Bank Handlowy w Warszawie S.A. Group in the first half of 2021, and the Information on the capital adequacy of Bank Handlowy w Warszawie S.A. Group as at 30 June 2021.

At its meeting on 3 December 2021, the Supervisory Board acknowledged information on the preliminary Financial Plan of the Bank for 2022 and accepted the Strategy of Bank Handlowy w Warszawie S.A. Group for 2022 – 2024. As the next item, it approved the Technology Strategy of Bank Handlowy w Warszawie S.A. for 2022 – 2024. Furthermore, the Supervisory Board approved a package of documents and regulations related with adaptation of the Bank to the requirements of KNF’s Recommendation Z, EBA guidelines on internal governance, good practices for public interest entities concerning the principles of appointment, composition and functioning of an audit committee, issued by the Polish Financial Supervision Authority, and joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders. The Supervisory Board also approved a change in the internal division of powers of the Management Board of the Bank and assessed a member of the Management Board in connection with a planned decision to assign additional duties to that member and, next, appointed that member for the next term.

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 Manion'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 transaction." 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."

9. ASSESSMENT OF THE FINANCIAL STATEMENTS OF THE BANK

At the meeting held on March 23, 2022, 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 2021,
- 2) annual stand-alone financial statements of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2021,
- 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 2021 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 2021

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 2021, financial performance, and cash flows for the financial year ended that day and they were prepared in accordance with International Financial Reporting Standards adopted by the European Union and in accordance with the adopted accounting principles (policy). In addition, stand-alone financial statements and consolidated financial statements comply, in all material

aspects, as to their form and content, with applicable legal provisions and with the Articles of Association of Bank Handlowy w Warszawie S.A.

In the statutory auditor's opinion, also the Report of the Management Board of Bank Handlowy w Warszawie S.A. on the Activity of Bank Handlowy w Warszawie S.A. Capital Group in 2021 prepared together with the Report of the Management Board of Bank Handlowy w Warszawie S.A. on the Activity of Bank Handlowy w Warszawie S.A., was prepared in all material aspects in accordance with legal provisions and it complies with the information contained in the consolidated financial statements.

The Supervisory Board positively assessed the recommendation concerning the distribution of profits for the financial year 2021, 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 May 11, 2022 in order to submit it to the Annual General Meeting of Shareholders of the Bank.