

Report of the Remuneration Committee of the Supervisory Board  
of Bank Handlowy w Warszawie S.A.  
for 2012

The Remuneration Committee ("Committee") is a permanent advisory body to the Supervisory Board. The Committee consists of 3 (three) or more members of the Supervisory Board, including one independent member of the Supervisory Board. All Members of the Committee, including its Chairman, are elected by the Supervisory Board. Members of the Committee have the powers as set out in the Regulations under Article 390 of the Commercial Companies Code.

The Remuneration Committee was established under a resolution of the Bank Council dated October 23, 1997.

In 2005, the Supervisory Board passed the Remuneration Committee Regulations, in line with the "Good Practices in Public Companies in 2005", which were adopted by all governing bodies of the Company at that time. The Regulations were amended upon a resolution of the Supervisory Board dated March 20, 2008 and a resolution of the Supervisory Board dated December 9, 2011.

The Regulations of the Remuneration Committee are available on the Bank's websites – [www.citihandlowy.pl](http://www.citihandlowy.pl).

In the reporting period the Committee was composed of:

- 1) Prof. Stanisław Sołtysiński – Chairman of the Committee until June 20, 2012 and, thereafter, a Member of the Committee from July 23, 2012,
- 2) Alberto J. Verme – Vice Chairman of the Committee until June 19, 2012,
- 3) Shirish Apte – Member of the Committee,
- 4) Andrzej Olechowski, PhD, Member of the Committee until June 20, 2012 and, thereafter, the Chairman of the Committee from July 23, 2012,
- 5) Adnan Omar Ahmed – Vice Chairman of the Committee from July 23, 2012.

The tasks performed by the Remuneration Committee within its powers in the reporting period included:

- Assessment of the remuneration paid to members of the Bank's Management Board;
- Submission of recommendations concerning the amounts of remuneration of members of the Bank's Management Board to the Supervisory Board;
- Assessment of the remuneration paid to members of the Bank's Management Board as compared to their duties and performance;
- Assessment if the Bank's policy of remuneration of its non-Board executives is correct.

In addition the Committee, upon Resolution No 5/2012 dated August 10, 2012, adopted a recommendation for the Supervisory Board concerning the approval of the "General Principles of the Variable Remuneration Component Policy for Managerial Staff at Bank Handlowy w Warszawie S.A."

The issue of variable remuneration components was also discussed at the meetings of the Committee on September 26, 2012 and December 5, 2012, which resulted in a

recommendation for the Supervisory Board, adopted by the Committee, concerning the implementation of the “Variable Remuneration Component Policy for Managerial Staff at Bank Handlowy w Warszawie S.A.”. At the same meeting the Committee also adopted a recommendation concerning changes in the terms and conditions of employment contracts with members of the Bank’s Management Board resulting from the “Variable Remuneration Component Policy for Managerial Staff at Bank Handlowy w Warszawie S.A.” In addition, the situation in the management board pay and bonus market was also discussed.

Pursuant to § 2.2 of the Remuneration Committee Regulations the Remuneration Committee hereby submits this report to the Supervisory Board. This report will soon after be released to our shareholders on the Bank’s websites.

Andrzej Olechowski PhD  
Chairman of the Remuneration Committee