

Report of the Risk and Capital Committee
of Bank Handlowy w Warszawie S.A.
for the year 2024

The Risk and Capital Committee of Bank Handlowy w Warszawie S.A. is a standing committee of the Bank's Supervisory Board. The Risk and Capital Committee is composed of the Supervisory Board members appointed by the Supervisory Board. The Committee shall consist of at least three Supervisory Board members, one of whom acts as the Committee's Chairperson. Most members of the Committee, including its Chairman, meet the independence criterion set out in § 14(4) of the Articles of Association of Bank Handlowy w Warszawie S.A. The Committee operates in accordance with its regulations as set forth in Article 390 of the Commercial Companies Code.

The Committee's Regulations are displayed on the Bank's website www.citibank.pl. Under these regulations, the competencies of the Committee include in particular supervision over introduction of the risk management system by the Management Board in the Bank and assessment of adequacy and effectiveness of the risk management system. Within the framework of its competencies related to the supervision over the functioning of the risk management system, the Committee, in particular, verifies the consistency of the Bank's risk taking policy with the strategy and financial plan of the Bank, examines the periodic information presenting the types and sizes of risks surrounding the Bank's operations as well as verifies and presents to the Supervisory Board the recommendations concerning the overall risk level of the Bank.

The Risk and Capital Committee also supervises the process of internal capital estimation and capital management. The Committee's competencies as related to the supervision of functioning of internal capital estimation, capital management and capital planning processes involve examination, approval or recommendation (to the extent that requires a resolution of the Supervisory Board) for approval of policies and procedures applicable to the process of internal capital estimation, capital management and capital planning.

In connection with the implementation by Poland of Capital Requirements Directive (CRD) IV and the harmonization of Polish law with the solutions provided for in the Capital Requirements Regulation (CRR), the Committee's authority encompasses supervision over the functioning of the risk management system, such authority consisting in:

- 1) issuing opinions concerning the Bank's overall current and future willingness to take a risk;
- 2) issuing opinions concerning a risk management strategy developed by the Management Board of the Bank and an update to be presented by the Management Board on the implementation of the strategy;
- 3) supporting the Supervisory Board of the Bank in overseeing the implementation of the risk management strategy by senior management;
- 4) reviewing the pricing of assets and liabilities offered to the clients to gain assurance that they reflect in full the Bank's business model and its risk strategy, and if the pricing fails to properly reflect types of risk according to such model and strategy, then presenting a proposal to the Management Board of the Bank aimed at ensuring the adequacy of the pricing of assets and liabilities given such types of risk.

In 2024, the Risk and Capital Committee was composed of the following members: Mr. Marek Kapuściński – Chairman, Mr. Andras Reiniger – Vice Chairman, Ms. Barbara Smalska – Member of the Committee.

The current composition of the Risk and Capital Committee is as follows:

- 1) Mr. Marek Kapuściński – Chairman (independent member of the Committee),
- 2) Mr. Andras Reiniger – Vice Chairman,
- 3) Barbara Smalska – Member of the Committee (independent member of the Committee).

In accordance with its Regulations, during the discussed reporting period covering the calendar year, the Risk and Capital Committee met four times on the following dates:

No.	Date of the meeting	Attendance
1.	20 March 2024	100%
2.	20 May 2024	100%
3.	18 September 2024	100%
4.	05 December 2024	100%

The Risk and Capital Committee is continuously in contact with the Bank's Supervisory Board as well as with the Bank's Management.

In the reporting period, at its meetings, the Risk and Capital Committee discussed in detail the information on the current economic situation and presented macroeconomic forecast. The Committee also monitored the indicators included in the Recovery Plan and approved its periodic updates.

The issues subject to analyses of the Committee included information about regulatory capital and internal capital as well as about the Bank's internal capital estimation process, covering in particular material risk identification process, provided at each meeting.

The Risk and Capital Committee, at its every meeting, discussed the issues concerning credit, market, liquidity and price risk as well as compliance or operational risk. Specifically, the Committee reviewed the detailed information provided by the Fundamental Credit Risk Team regarding results of the assessment of credit processes at the Bank. The standing items of the agenda considered by the Committee also include an update concerning a pricing policy applicable to liabilities and assets offered to the Bank's clients, a report on the level of concentration risk and the utilization of limits, results of historical verification of the level of expected credit losses and an assessment of implementation of the Risk Management Policy for the Retail Credit Exposure Portfolio.

At its meeting on 20 March 2024, in addition to the standing items on the agenda, the Committee adopted the Report on activities of the Risk and Capital Committee for 2023. The Committee then reviewed information on the tool increasing the effectiveness of the regulatory capital management process for interest rate risk. As the next point, the Committee decided to recommend that the Supervisory Board of the Bank acknowledge the information on capital planning for 2024-2026 horizon, including the results of internal capital assessment presented in the document 'Internal Capital Adequacy Assessment Process 2024 (Group of Bank Handlowy w Warszawie S.A)'. In addition, the Committee decided to recommend that the Supervisory Board approve the documents constituting the risk management strategy and the Overall Risk Appetite for 2024. Next, the Committee recommended that the Supervisory Board assess the risk management system as effective and adequate to the nature, scale and complexity of operations of the Bank and acknowledge the results of assessment of implementation of certain risk management policies.

The Bank has introduced processes for identifying, measuring, assessing, accepting, controlling, monitoring and reporting the risks taken. The annual review of policies related to the management of model risk, retail credit exposure risk, mortgage-secured credit exposure

risk and collateral risk, and concentration risk confirm that the risk does not exceed the accepted framework and the loan portfolio is stable. A recommendation for changes to the Concentration Risk Management Policy has been presented, consisting in updating concentration limits to better reflect the business plan for 2024. The Committee acknowledged the report concerning the annual risk review in areas of the information technology and the teleinformation environment security presented within Teleinformation Technology and Security of Teleinformation Environment Commission report for 2023. The Committee also reviewed the materials presenting the actions taken by the Bank to meet the TLAC requirement.

During the next meeting, held on 20 May 2024, the Risk and Capital Committee discussed the Management Board's proposal for the payment of dividends for 2023. As the next item, the Committee moved to the part dedicated to key risks to the Bank's business. Among the number of risks identified while preparing materials for the meeting, the Committee discussed in detail operational resilience and cybersecurity, retail business results, the administrative proceedings against the Bank regarding WIRON and ways to increase assets in institutional banking. The Committee also decided to recommend that the Supervisory Board adopt changes to the document the "Business Activity Management Policy at Bank Handlowy w Warszawie S.A." As the next point, the Committee issued a positive opinion to the Supervisory Board on the acknowledgement of the assessment of the functioning of the Remuneration Policy in 2023.

At the meeting on 18 September 2024, the Committee continued to analyze the growth of assets. Next, the new supervisory limit NII SOT introduced by Commission Delegated Regulation (EU) 2024/856 and effective from 14 May 2024 was discussed. The Committee also reviewed information on the requirements and status of the implementation of the Corporate Sustainability Reporting Directive (CSRD) and a presentation on the legal risks associated with WIBOR-based loans and the free credit sanction.

At the next meeting on 5 December 2024, the Committee discussed the new requirements regarding the presentation of large exposures in reports, taking into account groups of related entities, in particular the State Treasury. The Committee reviewed information on the cooperation of the Global Client Department with shared services centers of global clients located in Poland. The Committee also reviewed the results of stress tests covering fuel price rises and China threat. In addition, the Committee acknowledged a report on amendments to the "Remuneration Policy for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A."

The Risk and Capital Committee claims that, in the reporting year, the Bank's risk management system was effective and adequate to the size of the Bank's operations. The Committee positively assessed the process of internal capital estimation and capital management in the Bank.

In view of the above, the Committee declares that in the year ended 31 December 2024, it performed its mandate properly and had a proper composition.

Marek Kapuściński
Chairman of the Risk and Capital Committee