The Risk and Capital Committee of Bank Handlowy w Warszawie S.A. is a permanent 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 Risk and Capital Committee consists of at least four Supervisory Board members, one of whom acts as the Committee’s Chairperson. 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. In 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 general 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 2018, the Risk and Capital Committee was composed of the following members:
1) Frank Mannion – Chairman;
2) Igor Chalupec – Vice Chairman;
3) Marek Belka,
4) Marek Kapuściński,
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:

March 20, 2018;
May 29, 2018;
October 3, 2018;
December 6, 2018.

The Risk and Capital Committee is in frequent contact with the Bank's Supervisory Board.

In the reporting period, at its meetings, the Risk and Capital Committee discussed in details the information on the current economic situation and presented macroeconomic forecast.

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 discussed the issues concerning credit, market, liquidity and price risk as well as non-compliance or operational risk, including the events that took place within the Capital Group of Bank Handlowy w Warszawie S.A. Specifically, the Committee, at its every meeting, reviews the detailed information provided by the Fundamental Credit Risk Team regarding results of the assessment of credit processes at the Bank. The permanent items of the agenda considered by the Committee also include an update concerning a pricing policy applicable to assets and liabilities offered to the Bank's clients.

At the meeting held on March 20, 2018, the Committee recommended the Supervisory Board to assess the risk management system as effective and adequate to the nature, scale and complexity of the Bank's operations and to acknowledge the results of the evaluation of execution of selected risk management policies. The Committee also acknowledged the reports on mortgage secured portfolio, the report regarding risk related to retail credit exposures and the report on concentration risk and utilization of limits. The Committee recommended for approval by the Supervisory Board the overall acceptable risk level (Overall Risk Appetite) for 2018 and changes to the document “Principles of prudent and stable risk management in the Capital Group of Bank Handlowy in Warsaw S.A.”

During the next session held on May 29, 2018 the Risk and Capital Committee adopted the document “Retail Credit Exposures Policy and Mortgage Secured Credit Exposures report for Q1 2018” and decided to recommend the Supervisory Board to accept the reports on the risks related to retail credit exposures.

At the meeting held on October 3, 2018 the Committee analyzed the report on concentration risk and utilization of limits and decides to recommend the report for approval by the Supervisory Board. Than the Committee reviewed the “Retail Credit Exposures Policy and Mortgage Secured Credit Exposures review for H1 2018”, and decides to recommend the reports on risk related to retail credit exposures for approval by the Supervisory Board. The Committee also broadly discussed the potential impact on the Bank of the so called Hard Brexit – Great Britain secession from the European Union with no agreement being in place.
During the consecutive meeting held on December 6, 2018 the Committee adopted the “Retail Credit Exposures Policy, Mortgage Secured Credit Exposures report for Q3 2018” and decided to recommend the Supervisory Board to accept the reports on risks related to retail credit exposures. Moreover the Committee positively opinioned changes to the Method of Identification of the Identified Staff, which is an appendix 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 Committee also decided to accept and recommended the Supervisory Board to approve the document “Group Recovery Plan for Bank Handlowy w Warszawie S.A. Group”.

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 December 31, 2018, it performed its mandate properly.

Frank Mannion
Chairman of the Risk and Capital Committee