

Justification to draft resolutions of the Ordinary General Shareholders Meeting of Bank Handlowy w Warszawie S.A. to be held on June 19, 2024

Justification to resolutions of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 on distribution of the net profit for year 2023 and on distribution of the undistributed net profit from previous years (point 5 sub point 8 and 9 of the agenda of the Ordinary General Shareholders Meeting):

Taking into consideration the Strategy for the years 2022 – 2024 adopted on December 3, 2021, the Bank will continue to allocate most of its profits to dividend payments and the dividend payout ratio has been set at no less than 75% of the Bank's net profit.

The Management Board of the Bank recommended to the Annual General Meeting in 2024 to distribute the profit for 2023 in the amount of PLN 2,255,190,345.46 as follows:

- 1) dividend: PLN 1,450,321,560.00
- 2) reserve capital: PLN 804,868,785.46

The Management Board of the Bank proposed to set the dividend date for June 27, 2024 (the dividend day) and the date of dividend payment for July 4, 2024 (the dividend payment date).

With reference to current report no. 27/2023 regarding obtaining the permission from the Polish Financial Supervision Authority to buy-back own shares and the commencement of the buyback process by the Bank, the final amount for dividend payment, and thus for the reserve capital, will depend on the number of own shares held by the Bank on the dividend date.

In line with current reports No. 17/2023 and 20/2023, the part of net profit of 2023 in the amount of PLN 800 million was recognized in the Bank's Tier 1 capital.

The Bank's equity amounted to PLN 9.7 bn as of December 31, 2023 and Total Capital Ratio amounted to 23.2%.

On February 23, 2024 Bank received a letter from the Polish Financial Supervision Authority ("PFSA") with a dividend recommendation for the Bank.

According to the letter, as at December 31, 2023, in terms of the basic criteria on the dividend policy of commercial banks for 2024, the Bank met the requirements qualifying it for the payment of up to 75% of the dividend from the Bank's profit generated in the period from January 1, 2023 to December 31, 2023. However the maximum payout amount cannot exceed the amount of annual net profit reduced by the profit earned in 2023 and already included in own funds. The proposal of pay dividend payment presented above, representing 64.31% of net profit for 2023, is in line with this recommendation of the Polish Financial Supervision Authority

At the same time, the PFSA recommended the Bank to reduce the risk in its business activity by way of not undertaking, without prior consultation with the supervisory authority, any other actions outside the scope of the current business and operating activities, which could result in a reduction of the own funds, including possible dividend payments from undistributed profit from previous years as well as own share buybacks and buyouts.

Taking into account the expectations of the PFSA, dynamic changes in the banking sector environment and regulations regarding the minimum requirement for own funds and eligible liabilities (MREL) for the Capital Group of Bank Handlowy w Warszawie S.A., the Management Board of the Bank, on May 7, 2024, adopted a resolution on the proposed distribution of the net profit for the year 2023.

The above recommendation of the Bank's Management Board was approved by the Supervisory Board of the Bank. The final decision on the distribution of the net profit for 2023 will be made by the General Meeting of the Bank.

Moreover, taking into consideration the recommendation of the Polish Financial Supervision Authority of February 23, 2024, in which the PFSA recommended the Bank to not take any other actions without prior consultation with the supervisory authority, in particular those outside the scope of current business and operational activities that could result in a decrease in own funds, including possible dividends from previous years' retained earnings as well as own share buybacks and buyouts, the Bank's Management Board proposes to remain undistributed profit from previous years in the amount of PLN 642,082,090.31 still undivided. Undistributed profit from previous years in the amount of PLN 642,082,090.31 consists of an undistributed profit from 2018 in the amount of 163,279,653.78 and an undistributed profit from 2019 in the amount of PLN 478,802,436.53.

At the same time, bearing in mind the fact that the pursuit of a stable dividend policy is recognized by the Bank's shareholders as one of its key strengths, the Bank's Management Board – in line with the implemented Strategy - will take actions to allocate most of the profits to dividend payments in the future.

The final decision on distribution of undistributed profits from previous years is included in competence of the Ordinary General Meeting of the Bank.

Justification to resolutions of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 on consideration and approval of the Bank's Supervisory Board's report on its activity for 2023, assessment of the remuneration policy applied at the Bank, assessment of the effectiveness of the Supervisory Board's operation for 2023 and assessment of the adequacy of internal regulations regarding the functioning of the Supervisory Board in this period and on opinion to the Supervisory Board's report on remuneration of the Management Board members and members of the Supervisory Board of Bank Handlowy w Warszawie S.A. in the years 2023 (point 5 sub point 5-6 of the agenda of the Ordinary General Shareholders Meeting)

The subject of the Ordinary General Meeting will be the consideration and approval of the report on the activity of the Supervisory Board of Bank Handlowy w Warszawie S.A. for 2023 (hereinafter: "Report of the Bank's Supervisory Board") and making an assessment of (item 5 of the agenda of the Ordinary General Shareholders Meeting):

1. the effectiveness of the activities of the Supervisory Board for 2023 and the assessment of the adequacy of internal regulations regarding the functioning of the Supervisory Board in this period. The basis for this assessment will be the self-assessment made by the Supervisory Board, which is included in the Report of the Bank's Supervisory Board,
2. whether the established remuneration policy is conducive to the development and security of operation of the supervised institution, pursuant to § 28.4 of the Principles. The basis of this evaluation will be the report on the assessment of the functioning of the remuneration policy in the Bank made by the Supervisory Board. The Report of the Bank's Supervisory Board includes above-mentioned assessment.

The report of the Bank's Supervisory Board includes, among others: information and assessments required by the Commercial Companies Code, with particular emphasis on the requirements that entered into force on October 13, 2022, and the requirements resulting from adopted by the Best Practice for GPW Listed Companies 2021 ("Best Practices") and the Principles of Corporate Governance for Supervised Institutions of the Polish FSA ("Principles").

The Report of the Bank's Supervisory Board also includes a report on the remuneration of members of the Management Board and members of the Supervisory Board of the Bank Handlowy w Warszawie S.A. for 2023.

Pursuant to article 90g section 6 of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies, the Ordinary General Meeting will express an advisory opinion on the abovementioned remuneration report constituting part of the Report of the Bank's Supervisory Board (item 6 of the agenda of the Ordinary General Shareholders Meeting).

Justification to resolutions of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 on appointment of members of the Bank's Supervisory Board for the joint, current term of office of Bank's Supervisory Board and appointment of members of the Bank's Supervisory Board for a subsequent, joint term of office of Bank's Supervisory Board (point 5 sub point 10-11 of the agenda of the Ordinary General Shareholders Meeting)

The agenda included an item regarding appointment of members of the Supervisory Board of the Bank for the:

1. current joint term of office of the Supervisory Board of the Bank due to the need to supplement the composition in connection with the submitted resignations of members of the Supervisory Board in the second half of 2023 and the first half of 2024,
2. next joint term of office of the Bank's Supervisory Board due to the fact that the term of office of the current Supervisory Board ends on December 31, 2024.

Justification to resolution of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 on assessing the suitability of members of the Bank's Supervisory Board (point 5 sub point 12 of the agenda of the Ordinary General Shareholders Meeting)

Due to the change in factual circumstances on the basis of which the previous assessment of the suitability of the members of the Supervisory Board was made, the Nomination and Remuneration Committee operating at the Supervisory Board of the Bank recommended to the General Meeting to make a positive secondary assessment:

1. Mr Andras Reiniger - in connection with his appointment as Vice-Chairman of the Risk and Capital Committee operating at the Supervisory Board of the Bank,
2. Mr Marek Kapuściński - in connection with taking up the additional function of Chairman of the Supervisory Board in another entity.

Justification to resolution of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 on determining the remuneration for members of the Bank's Supervisory Board (point 5 sub point 13 of the agenda of the Ordinary General Shareholders Meeting)

Bearing in mind that there have been no changes in the level of remuneration of Members of the Bank's Supervisory Board since 2014, changes are proposed in the area of monthly remuneration for serving as the Chairman of the Supervisory Board (change from PLN 16,000 gross to PLN 24,000 gross) and for serving as a Member of the Supervisory Board. Supervisory Board (change from PLN 8,000 gross to PLN 12,000 gross).

Justification to resolution of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 on amendment to the Articles of Association of

Bank Handlowy w Warszawie S.A. (point 5 sub point 14 of the agenda of the Ordinary General Shareholders Meeting)

On September 29, 2023, the Act of August 16, 2023 on amending certain acts in connection with ensuring the development of the financial market and investor protection in this market (hereinafter referred to as the Act) entered into force, which introduced the obligation to amend Articles of Association of Bank Handlowy w Warszawie S.A. (hereinafter referred to as the Statute or Articles of Association), in the scope:

1. specification of activities that the Bank intends to perform as part of brokerage activities - currently, the Statute only provides that the Bank may conduct brokerage activities, and individual activities are listed in the KNF permit. The proposed change in § 5 section 4 point 21 of the Articles of Association consists in introducing the activities that the Bank intends to perform within the brokerage office,
2. details of the so-called activities that do not constitute brokerage activities, i.e. activities pursuant to Art. 69 section 2 points 1-7 of the Act of July 29, 2005 on Trading in Financial Instruments (hereinafter referred to as the Trading Act), which the Bank intends to perform under Art. 70 section 2 Trading Act. Currently, the Statute specifies in § 5 section 4 point 23, the scope of activities that do not constitute brokerage activities that may be performed by the Bank and the Bank intends to continue to perform these activities. The change introduced in § 5 section 4 point 23 letter f of the Statute (investment and service underwriting agreements changed to issue guarantee agreements) is the result of adaptation to the current definitions from the Trading Act,
3. deleting unperformed activities from the Statute if the Bank ceases to perform the activities specified in the Statute for a continuous period of 12 months i.e.:
 - a) providing safe deposit boxes;
 - b) issuing an electronic money instrument;
 - c) organizing and servicing financial leasing;
 - d) acting as a representative within the meaning of the Bonds Act.

Moreover, in the paragraph regulating the Bank's activities: activities that were removed from Act of 29 August 1997 Banking law were removed from the Statute (§ 5 section 3 point 15, § 5 section 4 point 1, § 5 section 4 point 4 of the Statute); the issues of storing and registering financial instruments outside the organizational units of the Bank conducting fiduciary and brokerage activities are regulated (§ 5 section 4 point 5 of the Statute); conducting custody activities was separated into a separate point (§ 5 section 4 point 8 of the Statute) and changes were introduced to adapt to the currently functioning nomenclature (§ 5 section 4 points 10, 16, 17, 20 of the Statute).

Proposed changes to the Statute, apart from adapting to the above-mentioned requirements arising from the Act (§ 5 sections 3 and 4 of the Statute) also include organizing changes regarding members of the Supervisory Board and the Management Board in the scope of:

1. rules for calculating the terms of office of members of the Supervisory Board and Management Board (§ 14 section 1, § 21 section 1) - The Commercial Companies Code states that "the term of office is counted in full financial years unless the statutes of the company provide otherwise." By introducing the following changes to § 14 section 1 and § 21 section 1: "the first financial year of the term of office is each time the financial year in which the performance of the function began, even if it would not commence at the beginning of that financial year" we aim to clarify the way we are counting the years of the term of office. The 4-year term is within the frames of the Commercial Companies Code (up to 5 years),
2. independence criteria of members of the Supervisory Board (§ 14 section 4) - the purpose of the change is to clarify the criteria for the independence of members of the Supervisory Board who are not members of the Audit Committee in terms of remuneration received from

- the Bank or companies associated with the Bank and their status as a shareholder of the Bank or a company associated with the Bank,
3. submitting resignation by members of the Supervisory Board and Management Board in electronic form (§ 15 and § 21 section 2) - the purpose of the change is to digitize the process to the extent permitted by generally applicable law.

Other changes introduced as a result of the review of the Statute include:

1. resignation from the division of the Bank's internal regulations into ordinances and decisions (§ 29),
2. other editorial and organizational changes including removal of the obligation to elect members of the Bank's Management Board by the Bank's Supervisory Board on the day of the General Meeting approving the Management Board's report on the Bank's activities and the financial statements for the last full financial year of serving as a Management Board member (§ 19 section 2).

Bank submitted the motion to the Polish Financial Supervision Authority for permission to amend the Articles of Association in the scope of the above-mentioned. changes within the deadline required by generally applicable law and is waiting for its issuance.

Justification to other resolutions of the Ordinary General Meeting of the Bank Handlowy w Warszawie Spółka Akcyjna of 19 June 2024 (point 5 sub point 1-4 and 7 of the agenda of the Ordinary General Shareholders Meeting)

The proposed agenda of the Ordinary general meeting in 2024 includes matters that, pursuant to art. 395 §2, §2(1) and §5 of the Commercial Companies Code should be the subject of the Ordinary General Meeting after each financial year (point 5 sub point 1-4 and 7 of the agenda of the Ordinary General Shareholders Meeting).