

Justification to drafts of the resolutions of the Ordinary General Meeting of Bank Handlowy w Warszawie S.A., as of June 17, 2021

Point 5 sub point 9) of the agenda for the General Meeting

The proposed agenda presented in Points 5.1 – 5.9 includes issues which should be subject of an Ordinary General Meeting after each financial year pursuant to art 395 §2, §2(1) and §5 of the Commercial Companies Code.

In addition, the agenda of the Ordinary General Meeting will be consideration and approval of the Supervisory Board of the Bank report on its activity. Additionally to the assessment of the matters referred to in the Commercial Companies Code the report of the Supervisory Board of the Bank activity also will includes information and assessments required by the adopted by the Bank the Best Practice for GPW Listed Companies 2016 (“Best Practices”) and the Principles of Corporate Governance for Supervised Institutions of the Polish FSA (“Principles”), i.e.:

1. an assessment of the Bank’s standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls (II.Z.10.1 of the Best Practices);
2. the following information (II.Z.10.2 of the Best Practices):
 - full names of the members of the Supervisory Board and its committees;
 - the Supervisory Board members’ fulfilment of the independence criteria;
 - number of meetings of the Supervisory Board and its committees in the reporting period;
 - self-assessment of the Supervisory Board;
3. an assessment of the Bank’s compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities (II.Z.10.3 of the Best Practices);
4. an assessment of the rationality of the Bank’s policy referred to in recommendation I.R.2 (sponsorship, charity or other similar activities) or information about the absence of such policy (II.Z.10.4 of the Best Practices);
5. result of the assessment of the application by the Bank of the Principles of Corporate Governance for Supervised Institutions of the Polish FSA (§ 27 of the Principles);
6. report on the assessment of the functioning of the remuneration policy in the Bank (§ 28.3 of the Principles).

Pursuant to § 28.4 of the Principles the Ordinary General Meeting will also assess whether the established remuneration policy contributes to the development and security of the operations of the Bank. 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 Supervisory Board of the Bank will include above-mentioned assessment.

Pursuant to article 90g section 1 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 (hereinafter the “Act on Public Offering”), the report of the Supervisory Board will also include a report on the remuneration of members of the Management Board and members of the Supervisory Board of the Bank Handlowy w Warszawie SA for the years 2019-2020.

Pursuant to article 90g section 6 of the Act on Public Offering, the Ordinary General Meeting will express an advisory opinion on the remuneration report constituting part of the Bank's Supervisory Board report for the last year of its operation.

As at the date of the announcement on convening the Ordinary Shareholders Meeting, the Bank sustains its position set out in its resolution dated 19 January 2021, confirming, within Management Board competencies, the acceptance of the recommendation of the Polish Financial Supervision Authority expressed in the letter of 13 January 2021. This letter recommended refraining from dividend payout in the first half of 2021 (including any undivided profits from previous years) and not to undertake in the first half of 2021, without prior consultation with the Authority, any actions beyond its core business and operational activity that can result in lowering the capital base.

Meanwhile, the Bank will consult with the Polish Financial Supervision Authority on the possibility to distribute profit for 2020 (or a part of it) and any undivided profits for previous years. Given this, the exact split between the amounts set out in points 1)-3) of the drafts of the resolutions regarding distribution of the Bank's net profit (No. 29/2021 and No. 30/2021) will be announced on 16 June 2021 the latest, once the Bank obtains the Polish Financial Supervision Authority's opinion on it.

Point 5 sub point 10) of the agenda for the General Meeting

Point 5.10 of the agenda concerns determining the number of the Bank's Supervisory Board and appointing the Supervisory Board for the new term of office.

The common three-year term of office of the Supervisory Board ended on December 6, 2020, therefore the mandates of the Supervisory Members will expire as of the date of Ordinary General Meeting, planned for June 17, 2021, pursuant to article 386 §2 in connection with article 369 §4 of the Commercial Companies Code.

Therefore, it is necessary to determine the number of the Bank's Supervisory Board and appoint the Supervisory Board for the new term of office.

Point 5 sub point 11) of the agenda for the General Meeting

Point 5.11 of the agenda concerns adoption by the General Meeting of amendments to the Articles of Association of Bank Handlowy w Warszawie S.A.

The proposed changes concern § 16 and § 18 of the Bank's Articles of Association and are aimed at adjusting of the Bank to the requirements of Recommendation Z regarding the internal corporate governance in the banks, issued by the Polish Financial Supervision Authority (KNF) in October 2020.