

Justification to draft resolutions of the Extraordinary General Shareholders Meeting of Bank Handlowy w Warszawie S.A. to be held on December 16, 2022

The agenda of the Extraordinary General Meeting includes the introduction of incentive plans based on existing shares in the Bank for individuals whose professional activities have a material impact on the Bank's risk profile, as well as for the Bank's selected employees who do not fall into the aforementioned category, but due to their special importance to the Bank's operations, it is advisable to include them in the pool of employees who may receive variable components of remuneration in the form of existing shares in the Bank (treasury shares).

In order to implement the aforementioned incentive plans, the Bank will acquire its treasury shares to offer and transfer them to eligible employees.

Pursuant to Article 362 § 1 Clause 8 of the Commercial Companies Code, a joint-stock company may acquire treasury shares only on the basis of, and insofar as permitted in an authorization granted by the general meeting. The authorization must set out the terms of the buyback, including the maximum number of shares to be acquired, the term of the authorization not exceeding five years, and the maximum and minimum amount of payment for the shares.

In view of the foregoing, the agenda of the Extraordinary General Meeting includes a draft resolution regarding authorization of the Management Board to acquire treasury shares and create a reserve capital for the purposes of the treasury shares buy-back program.

Justification to Point 5 sub point 1 of the agenda of the Extraordinary General Shareholders Meeting:

Key terms of the share-based incentive plan for persons whose professional activities have a material impact on the Bank's risk profile:

- 1) incentive plan participants will be the employees identified by the Bank as persons whose professional activities have a material impact on the Bank's risk profile,
- 2) incentive plan participants will receive a variable component of their remuneration in the form of financial instruments such as shares in the Bank, subject to the terms and conditions set forth in the resolution of the Extraordinary General Shareholders Meeting, Remuneration policy for persons whose professional activities have a material impact on the Bank's risk profile and the Transaction Bonus Policy,
- 3) the incentive plan will be implemented over a period of three (3) years, from 1 January 2023 to 31 December 2025,
- 4) shares in the Bank will be transferred to the securities accounts of incentive program participants within the timeframe specified in the aforementioned remuneration policies,
- 5) the Bank may offer phantom shares to incentive plan participants in lieu of treasury shares in the Bank in the event that the Bank's treasury shares will not be available to be transferred, in particular due to the following reasons: (i) the Bank will not obtain the required approvals from the Financial Supervision Authority (KNF), or (ii) the Bank will not be able to acquire a required number of treasury shares in accordance with the

terms and conditions applicable to the acquisition of treasury shares set forth in the Buy-back resolution, or (iii) the participant of the incentive plan will acquire the right to the fractional part of the financial instrument in accordance with the above-mentioned remuneration policies, or (iv) the incentive plan participant fails to provide the Bank with the documents necessary to transfer the treasury shares to the relevant incentive plan participant within the deadline set out by the Bank. In the circumstances referred to in item (ii) above, the Bank may make the decision on granting to the incentive plan participants the financial instruments both in the treasury shares and phantom shares using the same proportion for all the participants, as set forth in the above-mentioned remuneration policies.

Justification to Point 5 sub point 2 of the agenda for the Extraordinary General Shareholders Meeting:

Key terms of the share-based incentive plan for the Bank's selected employees other than persons whose professional activities have a material impact on the Bank's risk profile are as follows:

- 1) incentive plan participant will be the Bank's employees specified by the Management Board in the form of a resolution; the Management Board will decide on the selection of incentive plan participants on awarding part of remuneration in the form of financial instruments, taking into account, in particular, the amount of the annual award granted to an employee and the employee's relevance to the Bank's business or strategy,
- 2) incentive plan participants cannot include the employees identified by the Bank as persons whose professional activities have a material impact on the Bank's risk profile,
- 3) incentive plan participants will receive portion of their annual award in the form of financial instruments such as treasury shares in the Bank under the terms and conditions set forth in the resolution of the Extraordinary General Shareholders Meeting, resolutions of the Bank's Management Board on granting annual awards to individual employees partly in the form of shares in the Bank, and the Employee remuneration policy of the Bank as well as in individual agreements or letters concerning annual awards,
- 4) the incentive plan will be implemented over a period of three (3) years, from 1 January 2023 to 31 December 2025,
- 5) shares in the Bank will be transferred to the securities accounts of incentive plan participants within the time limit specified in the resolution of the Bank's Management Board on granting annual awards to individual employees partly in the form of shares in the Bank, and individual agreements or letters concerning annual awards,
- 6) the Bank may offer phantom shares to incentive plan participants in lieu of treasury shares in the Bank in the event that the Bank's treasury shares will not be available to be transferred, in particular due to the following reasons: (i) the Bank will not obtain the required approvals from the Financial Supervision Authority (KNF), or (ii) the Bank will not be able to acquire a required number of treasury shares in accordance with the terms and conditions applicable to the acquisition of treasury shares set forth in the Buy-back resolution, or (iii) the participant of the incentive plan will acquire the right to the fractional part of the financial instrument in accordance with the above-mentioned

remuneration policy or (iv) the incentive plan participant fails to provide the Bank with the documents necessary to transfer the treasury shares to the relevant incentive plan participant within the deadline set out by the Bank. In the circumstances referred to in item (ii) above, the Bank may make the decision on granting to the incentive plan participants the financial instruments both in the treasury shares and phantom shares using the same proportion for all the participants, as set forth in the above-mentioned remuneration policy or resolution of the Bank's Management Board on granting annual awards to individual employees partly in the form of treasury shares.

Justification to Point 5 sub point 3 of the agenda for the Extraordinary General Shareholders Meeting:

- 1) the Bank will be allowed to purchase no more than 850 000 treasury shares (i.e., shares issued by the Bank and fully paid-up, listed on a regulated market operated by the Warsaw Stock Exchange) (the "Treasury Shares"),
- 2) the purchase price for the Treasury Shares may not be lower than PLN 4 per Treasury Share or higher than PLN 130 per one Treasury Share,
- 3) in order to finance the acquisition of the Treasury Shares, the General Meeting will resolve to create a reserve capital in the amount of PLN 50 000 000 from funds on the reserve capital created out of profits (which may be used to pay dividends); the total maximum purchase price for all Treasury Shares, plus the cost of their acquisition, will not exceed the amount of the reserve capital specified above,
- 4) the authorization of the Bank's Management Board to acquire Treasury Shares will remain in force for a period of 3 years from the effective date of the resolution of the General Meeting, but not longer than until the funds set aside for the acquisition of the Treasury Shares are consummated,
- 5) upon the expiry of the authorization term or if the Management Board decides to withdraw from the acquisition of the Treasury Shares, the funds allocated to the reserve capital and not used up for the acquisition of the Treasury Shares will be transferred back to reserves/funds from which they were transferred while the reserve capital created pursuant to the resolution for the purpose of the acquisition of the Treasury Shares will be dissolved without the need of a separate resolution being passed by the General Shareholders Meeting.

Justification to Point 5 sub point 4 of the agenda for the Extraordinary General Shareholders Meeting:

The amendment consists in adding provisions indicating the necessity to obtain the approval of the Financial Supervision Authority to carry out the process of redemption or buy-back of shares by the Bank. The Bank has declared to the Financial Supervision Authority that it will take adjustment measures to amend the Articles of Association to the extent indicated by the Financial Supervision Authority, at the Bank's Annual General Shareholders Meeting to be

held in 2023, or its Extraordinary General Shareholders Meeting should the need arise to convene one before the 2023 Annual General Shareholders Meeting.