

**Justification to drafts of the resolutions of the Ordinary General Meeting of Bank Handlowy w Warszawie S.A., as of June 23, 2022**

**Point 5 sub point 1-9) of the agenda for the General Meeting**

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.

The proposed dividend for 2021 represents 99.82% of the net profit for the year. The Bank's equity amounted to PLN 7.3 bn as of December 31, 2021 and Total Capital Ratio amounted to 19.8%.

Taking into consideration the Strategy for the years 2022 – 2024 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. At the same time, taking into account letter from the Polish Financial Supervision Authority dated February 25, 2022, the Bank met the requirements qualifying for the payment of up to 100% of the dividend, the Bank's Management Board proposes to pay 99.82% of the net profit for 2021 as dividend.

The Management Board set the dividend date for July 1, 2022 (dividends day) and the date of the dividend payment for July 9, 2022. Final arrangement of the dividend date and the date of dividend payment is included in competence of the Ordinary General Meeting of the Bank.

Taking into consideration the letter of the Polish Financial Supervision Authority of February 25, 2022, in which the PFSA recommended the Bank to reduce the risk inherent in the Bank's operations by not taking 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 and buyback of own shares, 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 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.

In addition, the subject of the Ordinary General Meeting will be to consider and approve the report of the Bank's Supervisory Board for the period from the date of the Annual General Meeting in 2021 to the date of the Annual General Meeting in 2022. The report of the Bank's Supervisory Board, in addition to assessing the matters specified in the Commercial Companies Code, will include also the information and assessments required by the Best Practices for GPW Listed Companies 2016, Best Practices of GPW Listed Companies 2021 ("Best Practices") and the Principles of Corporate Governance for Supervised Institutions of the Polish Financial Supervision Authority (PFSA) adopted by the Bank i.e.:

1. information on the composition of the supervisory board and its committees indicating which members of the board meet the independence criteria set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight, and which of such members do not have any true or substantial ties with a shareholder holding at least 5% of the total number of votes in the company, including information concerning the composition of the supervisory board from the point of view of its diversity, (2.11.1. of the Best Practices)
2. a summary of the activities of the supervisory board and its committees, (2.11.2. of the Best Practices)
3. an assessment of the Bank's situation on a consolidated basis, including an assessment of internal control systems, risk management, compliance and the internal audit function, together with

information on the activities that the supervisory board has taken to carry out this assessment; the assessment covers all material control mechanisms, including, in particular, those concerning reporting and operations, (2.11.3. of the Best Practices)

4. an assessment of the Bank's application of corporate governance principles and how it fulfils its disclosure obligations regarding the application thereof as set out in the Stock Exchange Rules and the provisions on current and periodic information provided by issuers of securities, along with information on the activities that the supervisory board has taken to carry out that assessment, (2.11.4. of the Best Practices)
5. an assessment of the justification of the expenditures incurred by the Bank and its group of companies to support culture, sport, charities, media, social organizations, trade unions, etc, (2.11.5. of the Best Practices)
6. information on the status of implementation of the diversity policy in respect of the Management Board and Supervisory board, including the delivery of the objectives referred to in Rule 2.1., (2.11.6. of the Best Practices)
7. information on the participation of Supervisory Board members in meetings,
8. 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)
9. 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 S.A. for 2021.

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.

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

Point 5 sub point 10) of the agenda concerns the adoption by the General Meeting of the amended „Policy for the assessment of Supervisory Board Members at Bank Handlowy w Warszawie S.A." which result from the proposal to adjust it to:

1. the Recommendation Z issued by the Polish Financial Supervision Authority (KNF) in October 2020 r. regarding the internal corporate governance in the banks and EBA & ESMA Guidelines of July 2, 2021 on the suitability assessment of members of the management body and persons performing key functions,
2. Recommendations of the Polish Financial Supervision Authority (KNF) consisting in:
  - 1) defining detailed criteria to be applied when assessing if Members of the Audit Committee meet the knowledge and skill requirements in the area of accounting and audit of financial statements, including relevant education, experience on positions held in a specified time horizon and certificates,

- 2) adding provisions introducing the obligation to keep records of all functions performed, including political functions, by Members of the Supervisory Board of Bank Handlowy w Warszawie S.A.

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

Point 5.11 of the agenda concerns appointment of the Bank's Supervisory Board Members for a joint, currently pending term of office.

**Point 5 sub point 12) of the agenda for the General Meeting**

Obligation to inform the General Meeting of Shareholders about the adopted regulations of the Supervisory Board results from § 16 sec. 2 of the Bank's Articles of Association.

**Point 5 sub point 13) of the agenda for the General Meeting**

The amendment to the Regulations of the General Meeting of Shareholders results from the adopted proposals of actions aimed at including in the above-mentioned regulations of two rules resulting from the "Best Practices of WSE Listed Companies 2021" which the Management Board acknowledged on July 28, 2021, and the Supervisory Board on July 29, 2021.

1. Draft resolutions of the General Meeting on matters entered on the agenda of the General Meeting should be notified by the shareholders no later than 3 days before the General Meeting date,
2. If the General Meeting is convened to appoint a member to the supervisory board or to appoint the supervisory board for a new term of office, proposed candidates for Supervisory Board Members should be presented in a time period sufficient for the shareholders present at the General Meeting to make a decision based on due knowledge but no later than 3 days before the General Meeting. The presentation of the candidates, together with a set of materials relating to them, should be published without delay on the company's website.

**Point 5 sub point 14) of the agenda for the General Meeting**

It is recommended to adopt a resolution by the General Meeting of Shareholders on the exemption of former Management Board Members from the obligation to provide explanations in the course of drawing up the Management Board's reports on the activities and financial statements covering the period of their performance as Members of the Management Board and from the obligation to participate in the General Meeting approving the above-mentioned reports.

On April 12, 2022, the Act of February 9, 2022 amending the Act - Code of Commercial Companies and certain other acts was published in the Journal of Laws. According to the amended Art. 370 § 3 of the Commercial Companies Code, the former member of the management board is entitled and obliged to provide explanations in the course of drawing up the management report on the activities and financial statements, covering the period of his performance as a management board member, and to participate in the general meeting approving these reports, unless a resolution provides otherwise.

The act comes into force on October 13, 2022, hence the proposed future effective date for the resolution of the General Meeting of Shareholders.