

Justification to the resolutions of the Ordinary Shareholders Meeting dated 24 June 2014:

Point 6 sub point 1 to 6 of the agenda

Pursuant to art. 395 §1 of the Commercial Company Code the Ordinary General Shareholders Meeting for year 2013 should be held not later than by the end of June 2014. The proposed agenda presented in Point 6 sub-points from 1) to 6) includes issues which should be subject of an ordinary general shareholders meeting after each financial year pursuant to art 395 § 2 of the Commercial Companies Code. Management Board report included the Bank's declaration regarding the compliance with corporate governance rules in 2013. Presented Supervisory Board's report on its activity includes an evaluation of the internal control system and the significant risk management system and evaluation proposals of the Management Board concerning the division of profits for year 2013.

The proposed dividend for 2013 represents 99.9% of the net profits for the year. The payout ratio of 99.9% conforms to the recommendation of Polish Financial Supervision Authority (Komisja Nadzoru Finansowego).

The Bank's equity amounted to PLN 7.2 bn as of 31 December 2013 and Capital Adequacy Ratio amounted to 17.0%.

According to risk appetite approved by the Supervisory Board, the Bank, as part of its strategy will continue to be a well capitalized Bank with diversified sources of income. The amount of risk assumed by the Bank while implementing its strategy shall ensure a target regulatory capital adequacy ratio on the level of minimum 12%.

At the same time, the Bank is aiming at maximisation of return on equity dedicating capital surplus on dividend for shareholders. Taking into account the fact that the current Capital Adequacy Ratio remains at the level above 12% and simulations of capital requirements based on business plans for 2014 do not show any risk for Capital Adequacy Ratio to drop below the level indicated in the Bank's strategy, the Bank's Management Board proposes to pay 99.9% of the net profit as dividend.

The Management Board set the dividend date for 7 July 2014 (dividends day) and the date of the dividend payment for 29 August 2014. Final arrangement of the dividend date (Day D) and the date of dividend payment (Day W) is included in competence of the Ordinary General Meeting of the Bank.

The period recommended by the Bank between Day D and Day W is longer than the maximum period of 15 working days - stated in the Code of Best Practices in WSE. The arrangement for the longer period between Day D and Day W according to the Code of Best Practices requires a detailed justification. Information about above mentioned affairs, irrespective of publication of the current report, should be also published on the Bank's website.

Justification concerning the arrangement for longer than 15 days period between Day D and Day W is presented below:

Due to the current organization of the process of dividends payment established in „Detailed Rules of operation of the National Depository for Securities” (so called: Rules) in order to ensure the correct reconciliation of tax due on revenue from dividends the gap between the day D (rights) and day W (payment) should be about two months.

Bank (issuer), acting as a tax payer of corporate income tax due on dividends paid, receives from other participants, i.e. the National Depository for Securities and Brokerages data on shareholders and dividend rights together with the tax certificates for shareholders having the seats outside of Poland (in case of applying the preferential tax rate). In particular the process includes:

1. According to the Rules, the National Depository for Securities informs issuer (Bank) on the amount to be passed to the account of the National Depository for Securities and provides the list of the Brokerages being agent for dividends payment to the shareholders;
2. Brokerages provide issuer (Bank) with the list of the shareholders having right to dividends and data on the amount of dividend. All above information is provided to Bank in paper only, by registered mail.
3. Bank, acting as a payer for corporate income tax on dividends is responsible for the correctness of tax reconciliation. Due to the above Bank verifies and clarifies provided data. In particular, the right to the preferential tax rate (resulting from Double Tax Treaty) and tax relief are required to be verified. As the result of the verification process the tax rate applied may be changed and the Brokerage may be required to provide the corrected data (lack of right for preferential tax rate or tax relief).
4. All data in the process either from the National Depository for Securities or Brokerages is provided in paper only. Due to the above, reconciliation of the dividend requires verification documents in paper and input of data to the dedicated system.

Simplifications applied by other issuers allowing them to meet deadline set in Code of Best Practices in WSE, and determination by them taxpayer's status according to collective statement of brokerage house rather than original documents, shall be treated as unacceptable due to Ministry of Finance opinion. Such position was taken by Ministry of Finance in official reply to KDPW inquiry dated 6 July 2010 (DD4/8213/194/MMO/10/491). Without legislative changes The Bank has not possibility to change withholding tax process adopted in previous years.

Due to the above in order to enable Bank, acting as the payer, to ensure the correct reconciliation of tax due on revenue from dividends the recommended gap between the day D (rights) and day W (payment) should be two months.

Point 6 sub point 7) of the agenda

Item 6 Sub-Item 7 of the agenda relates to the changes to the Regulations of the General Meeting of Shareholders of the Bank Handlowy w Warszawie S.A.

The changes have to rely on the removal of the provisions of the Regulations related to the Voting Committee. The change is related to the conduct of the General Meeting of Shareholders with an electronic system allowing among other to vote and determine the results of the vote.

If the computer system has failed the Commission may be appointed on the basis of the decision of the Chairman of the General Meeting.

Point 6 sub- point 8) of the agenda

Point 8 included the obligation to appoint the members of the Supervisory Board due to the expiration by the operation of law mandates of two members of the Supervisory Board: Frank Mannion i Mark Luet.

Point 6 sub- point 9) of the agenda

Item 6 Sub-Item 9 of the agenda relates to determining the remuneration for members of the Supervisory Board of Bank Handlowy w Warszawie S.A.

Citibank Overseas Investment Corporation, the shareholder representing yourself at least one twentieth of the share capital in accordance with art. 401 § 1 of the Commercial Companies Code proposed to include in the agenda of the Ordinary General Meeting of Shareholders of Bank Handlowy w Warszawie S.A., which will be held on 2014 the following matters: “Change of remuneration of the members of the Supervisory Board of Bank Handlowy w Warszawie S.A.”. In accordance with Art. 401 § 4 of the Commercial Companies Code and § 8 section 7 of the Bank’s Article of Associations, the Management Board is obliged to place this item on the agenda of the General Meeting.

Justification from the motion of shareholder:

The recommendations of the European Commission implemented in recent years impose on supervisory board members of credit institutions a number of additional responsibilities, to strengthen internal supervision and thereby contribute to increasing the efficiency and transparency of institutions supervised and maintain its security with special attention to the long-term interests of the bank, the interest of the shareholders and investors.

According to the Resolution no. 258/2011 of the Polish Financial Supervision Authority (PFSA) dated October 4, 2011 supervisory board of the bank approves the bank’s operating strategy and principles of prudential and stable management of the bank, oversees compliance

of the bank's risk taking policy with the bank's strategy and financial plan, shall assure appointment of the members of the management board that are adequately qualified to exercise the functions entrusted to them and also shall assess whether the management board's efforts in terms of control over the bank's activity are effective and consistent with the supervisory board's policy. In addition, the bank's supervisory board supervises the management of compliance risk understood as the consequences of non-compliance with the law, internal regulations and adopted standards of conduct, approves the assumptions of the bank's policy regarding bank's compliance risk and at least at least once a year, evaluates the effectiveness of compliance risk management by bank. As one of the ways of supervision the supervisory board of the bank has received permission to approve the general policy variable components of the remuneration of persons holding managerial positions in the bank and making periodic review of these rules. The policy is designed to promote the proper and effective risk management and to not encourage excessive risk-taking beyond approved by the board of the bank's willingness to take risks, to support the business strategy and the reduction of conflict of interest.

Members of the Supervisory Board of the Bank within the framework of the Remuneration Committee of the Supervisory Board provide an opinion not only on the remuneration policy, but also on the amount and relevance of the individual components of the remuneration of managers having a significant impact on the risk profile of the Bank. In connection with Resolution No. 258/2011 of PFSA , the recommendation "M" and other recommendations of the PFSA the Audit Committee acting at the Supervisory Board was obliged to control the level of the annual salaries of employees of the internal Audit Department and Compliance Department as one of the mechanisms to ensure the independence of the internal audit function and unit responsible for compliance risk management.

The Supervisory Board was also required, inter alia, to monitor compliance with laws and regulations applicable in the bank internal functioning of the Bank's management information system, the effectiveness of disclosure under the functional control of errors and irregularities and to take effective remedial or corrective implementation defined and required by the management objectives and policies of the bank, completeness , correctness and the complexity of accounting procedures, the quality (accuracy and reliability) of the accounting, reporting and operational suitability, functionality and system security, efficient use of available resources, including own funds and resources in all areas of the bank, the bank's assessment of the organizational structure, division competence and coordination between various organizational units and positions, as well as the system of creation and circulation of documents and information.

The above significant increase in responsibilities should be considered as an essential prerequisite to increase the level of remuneration of the members of the Supervisory Board. The new higher rate of pay will valorize the remuneration of the Supervisory Board in relation to inflation and to reflect the greater level of involvement of members of the Supervisory Board in connection with the new guideline of the Polish Financial Supervision Authority.