

Justification to drafts of the resolutions of the Ordinary General Meeting dated June 4, 2020

Point 5 sub - point 1 to 8 of the agenda of the General Meeting

The proposed agenda presented in Points 5.1 – 5.8 includes issues which should be subject of an Ordinary General Meeting after each financial year pursuant to art 395 § 2 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 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.

Coverage of balance sheet loss:

The balance sheet loss from previous years in the amount of PLN 74,783,863.12 is proposed to be covered from reserve capital. Then, the accumulated reserve capital will decrease from PLN 2,874,289,105.81 to the amount of PLN 2,799,505,242.69. The loss results from the

changes in accounting policies due to the first time adoption of International Financial Reporting Standard No. 9 ("Financial Instruments").

Distribution of the profit for year 2019:

Pursuant to the position of the Polish Financial Supervision Authority expressed in its letter dated March 26, 2020, according to which the PFSA expects banks to retain all their profits from previous years, the amount of net profit for 2019 in the amount of PLN 478 802 436.53 is proposed to be undivided for the purpose of potential dividend payments in subsequent years, subject to any regulatory approval required for such payment.

Division of the undivided profits from previous years

Pursuant to the position of the Polish Financial Supervision Authority expressed in its letter dated March 26, 2020, according to which the PFSA expects banks to retain all their profits from previous years, the undivided profit from previous years in the amount of PLN 163 279 653.78 proposes to be left undivided for the purpose of potential dividend payments in subsequent years, subject to any regulatory approval required for such payment.

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

Point 5 sub-point 9 of the agenda concerns remuneration policy for members of the management board and for members of the supervisory board.

The Act of 16 October 2019 changing the Act on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies and certain other acts ("the Act") aims at introducing i.a. the Directive 2017/828 amending Directive 2007/36/EC in terms of encouraging shareholders to long-term engagement into the Polish legal order.

The Act introduces a new chapter to the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies. Provisions of this chapter refer to remuneration policy for members of the management board and the supervisory board and cover public companies.

Pursuant to the Act, remuneration policy for management board members and supervisory board members shall be adopted by way of the General Meeting resolution. The policy shall be subject to public disclosure on the company's website.

Pursuant to the Act, material change of this policy requires resolution of the General Meeting. In order to avoid doubts and the need to decide whether a given change is of a material nature or not, it is proposed to define a list of material changes to the policy which require resolution of the General Meeting.

Pursuant to the Act, resolution of the General Meeting regarding remuneration policy for members of the management board and for members of the supervisory board will need to be adopted at least every four years.

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

Point 5 sub-point 10 of the agenda concerns the adoption by the General Meeting of the revised "Policy for the Assessment of Supervisory Board Members at Bank Handlowy w Warszawie S.A." (hereinafter referred to as "the Policy").

The proposed changes to the Policy are related to "Methodologies for assessing the suitability of members of the bodies of supervised entities" together with a set of forms, issued by the Polish Financial Supervision Authority in January 2020. The document presents a set of principles and assessment criteria resulting from legal regulations, which are followed by the

Polish Financial Supervision Authority and the Polish Financial Supervision Authority Office in its supervisory practice. As a consequence, it is proposed to remove the form template for the candidate from the Policy and to enable the preparation of relevant documents outside the Policy, as required by the Regulator, so that there is no need to change the Policy each time.