

**Justification to draft resolutions of the Ordinary General Shareholders Meeting of
Bank Handlowy w Warszawie S.A. to be held on April 26, 2023**

Justification to Point 5 sub point 1-4 and 7-9 of the agenda of the Ordinary General Shareholders Meeting:

The proposed agenda of the Ordinary general meeting in 2023 includes matters that, pursuant to art. 395 §2, §2(1) and §5 of the Code of Commercial Companies should be the subject of the Ordinary General Meeting after each financial year (point 5 sub point 1-4 and 7-9 of the agenda of the Ordinary General Shareholders Meeting).

Taking into consideration the Strategy for the years 2022 – 2024 adopted 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.

The proposed dividend from the 2022 net profit represents 75% of the net profit. The Bank's equity amounted to PLN 7.9 bn as of December 31, 2022 and Total Capital Ratio amounted to 17.3%.

On March 17, 2023 it received a letter from the Polish Financial Supervision Authority ("PFSA") with a dividend recommendation for the Bank.

According to the letter, as at December 31, 2022, in terms of the basic criteria on the dividend policy of commercial banks for 2023, the Bank met the requirements qualifying it for the payment of up to 100% of the dividend from the Bank's profit generated in the period from January 1, 2022 to December 31, 2022.

In the letter, KNF also indicates that taking into account the quality of the Bank's credit portfolio, measured by the share of non-performing receivables in the total portfolio of receivables from the non-financial sector, including debt instruments, the rate of possible dividend payout, due to good credit quality, remained at 100%.

At the same time, taking into account the uncertainty regarding the macroeconomic situation, with the aim of ensuring the stability of the Bank's operations in subsequent periods, as well as its further development, the PFSA recommended the Bank to reduce the risk in its business activity by way of not undertaking, without prior consultation with the supervisory authority, any actions outside the scope of the current business and operating activities, which could result in a reduction of the own funds, including possible dividend payments from undistributed profit from previous years and share buybacks.

Taking into account the expectations of the PFSA, dynamic changes in the banking sector environment and regulations regarding the minimum requirement for own funds and eligible liabilities (MREL) for the Capital Group of Bank Handlowy w Warszawie S.A., the Management Board of the Bank, on March 17, 2023, adopted a resolution on the proposed distribution of the net profit for the year 2022.

The Management Board of the Bank recommended a 75% dividend payout of 2022 stand alone profit, which translates into distribution of the net profit for 2022 in the amount of PLN 1,569,309,967.45 as follows:

- 1) dividend: PLN 1,175,936,400.00, i.e. 9.00 per share
- 2) reserve capital: PLN 393,373,567.45

The Management Board of the Bank proposed to set the dividend date for May 8, 2023 (the dividend day) and the date of dividend payment for May 15, 2023 (the dividend payment date).

The above recommendation of the Bank's Management Board was approved by the Supervisory Board of the Bank. The final decision on the distribution of the net profit for 2022 will be made by the General Meeting of the Bank.

Moreover, taking into consideration the recommendation of the Polish Financial Supervision Authority of March 16, 2023, in which the PFSA recommended the Bank to not take 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 – in line with the implemented Strategy - 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.

Justification to Point 5 sub point 5-6 of the agenda of the Ordinary General Shareholders Meeting:

In addition, the subject of the Ordinary General Meeting will be the consideration and approval of the report of the Bank's Supervisory Board for the last year of its operation (point 5 sub point 5 of the agenda of the Ordinary General Shareholders Meeting).

The report of the Bank's Supervisory Board should include, among others: information and assessments required by the Code of Commercial Companies, with particular emphasis on the requirements that entered into force on October 13, 2022, and the requirements resulting from adopted by the Best Practice for GPW Listed Companies 2021 (“Best Practices”) and the Principles of Corporate Governance for Supervised Institutions of the Polish FSA (“Principles”),

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 2022.

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 (point 5 sub point 6 of the agenda of the Ordinary General Shareholders Meeting).

Justification to Point 5 sub point 10 of the agenda of the Ordinary General Shareholders Meeting:

The subject of the Ordinary General Meeting may also be other matters within its competence, as in the case of this year's General Meeting, e.g. the obligation to inform the General Meeting of Shareholders about the adopted regulations of the Supervisory Board, resulting from § 16 sec. 2 of the Articles of Association of Bank Handlowy w Warszawie S.A. (point 5 sub point 10 of the agenda of the Ordinary General Shareholders Meeting).

The essence of the changes was adjustment the Regulations of the Supervisory Board to the changes resulting from the Commercial Companies Code, which enter into force on October 13, 2022. The main changes include:

1. Specification of the rules governing the use of external advisers by the Supervisory Board,
2. Clarification of the rules concerning the request by the Supervisory Board of information necessary to perform the function,
3. Specification of reporting obligations (permanent and ad hoc) that the Management Board will be obliged to submit to the Supervisory Board:
 - 1) Permanent reports: submitted at each meeting of the Supervisory Board (unless the Supervisory Board decides otherwise) - information on: Management Board resolutions and their subject matter, the Bank's situation and the implementation of the Bank's management strategy,
 - 2) Ad hoc reports: provided immediately after the occurrence of specific events and circumstances - information on: events and circumstances important for the assessment of the Bank's situation and changes to the information previously provided to the Supervisory Board,
4. Introducing the possibility of providing information from point 3 above also in a form other than in writing,
5. Specifying the information contained in the minutes of the meetings,
6. Changing the protocol signing rules,
7. Limitation of formal requirements for meetings of the Supervisory Board,
8. Quarterly reporting obligations of the Supervisory Board Committees to the Supervisory Board.