

Justification to drafts of the resolutions of the Ordinary General Meeting dated 21 June 2016

Point 5 sub point 1 to 6 of the agenda of the General Meeting

Pursuant to art. 395 § 1 of the Commercial Company Code the Ordinary General Meeting for year 2015 should be held not later than by the end of June 2016. The proposed agenda presented in Point 5 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 and § 5 of the Commercial Companies Code. Management Board report included the Bank's declaration regarding the compliance with corporate governance rules in 2015.

Presented Supervisory Board's report on its activity includes additionally to the assessment of the matters referred to in the Code of Commercial Companies also 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 Financial Supervision Authority ("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 Financial Supervision Authority (§ 27 of the Principles);
6. report on the assessment of the functioning of the remuneration policy in the Bank (§ 28.3 of the Principles)

Supervisory Board's report also contains the results of evaluation of financial statements and evaluation proposals of the Management Board concerning the division of profits for year 2015.

Pursuant to § 28.4 of the Principles the Ordinary General Meeting shall 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 includes above-mentioned assessment.

The proposed dividend for 2015 represents 98.6% of the net profits for the year. The Bank's equity amounted to PLN 6.8 bn as of 31 December 2015 and Capital Adequacy Ratio amounted to 16.8%.

According to risk appetite, the Bank, as part of its strategy will continue to be a well-capitalized Bank with diversified sources of income. Taking into account the fact that the Bank fulfills requirements of Polish Financial Supervision Authority in 2016 dividend policy for the year 2015 from December 15th, 2015, the Bank's Management Board proposes to pay 98.6% of the net profit as dividend.

General Risk Fund is created in order to cover all unidentified risks related to banking activities. In current global economy and difficulty in quantifying further risks related to banking activities, taking into account the fact that the fund was not increased in recent years, the suggested increase for this year is justifiable.

At the same time the increase of General Risk Fund is one of the crucial factors determining according to the company income tax act whether Bank will be entitled to treat as tax deductible cost potential IBNR increase. Lack of fund increase would determine that Bank would not have the right to tax deduct IBNR increase recognized in 2016 profit and loss.

According to the above stated circumstances the increase of General Risk Fund from the profit generated in 2015 is justifiable not only in the economical situation but in case of IBNR increase in 2016 will ensure the tax efficiency.

The Management Board set the dividend date for 4 July 2016 (dividends day) and the date of the dividend payment for 21 July 2016. 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.

Point 5 sub point 7) of the agenda of the General Meeting

Item 5 Sub-Item 7 of the agenda relates to the following changes to the Articles of Association of the Bank Handlowy w Warszawie S.A.:

- 1) The deletion of content Paragraph 5 Section 4 Item 14) and the change of Paragraph 5 Section 4 Item 23):

The proposed amendments to the Articles of Association aimed to align the Articles wording with the terminology provided in the Act of 29 July 2005 on Trading in Financial Instruments (the Act).

The amendment suggested in the Paragraph 5 Section 4 Item 23) of the Articles of Association is intended to expressly indicate the activities referred to in article 69 paragraph 2 points 1-3, 5-7 of the Act, to which the performance of the Bank is entitled in accordance with article 70 paragraph 2 of the Act. Under the current Articles of Association, the Bank is authorized to perform the above listed non-brokerage activities under Article 70 paragraph 2 of the Act with respect to the financial instruments. The proposed amendments will align the Articles of Association's wording with the binding terminology of the Act.

At the same time, it is proposed to delete the Paragraph 5 Section 4 Item 14) of the Articles of Association in connection with regard to the activities described in this point in the new proposed wording of Paragraph 5 Section 4 Item 23) letter a) of the Articles, which is objectively wider in relation to the current Paragraph 5 Section 4 Item 14 of the Articles. Hence, it is reasonable to delete it. Services provided under the existing provision will

continue to be provided under the proposed Paragraph 5 Section 4 Item 23 letter a) of the Articles.

The Bank submitted to the Polish Financial Supervision Authority the application for the authorization of amendments to the Bank's Articles of Association in paragraph 5 item 4 point 23) and paragraph 5 item 4 point 14).

2) In Paragraph 5 Section 6 shall be added:

The new Item 6 in Paragraph 5 of the Bank's Articles of Association will enable filing motions with the Bank's intermediation, and performing by the Bank other actions, described in Article 13 of the Act dated February 11, 2016 on the State Support in Raising Children (Official Journal from 2016, Item 195), implementing the Family 500 Plus Program. As regulated by Article 51 of this Act, the Bank perform actions described in Article 13 of the Act starting its effective date. However, each bank performing those actions is obliged to adjust its articles of association to the provisions of the Act within 12 months from the Act's effective date.

In accordance with the Polish Financial Supervision Authority position presented in the letter dated March 21, 2016 the amendment shall not require permission of the Polish Financial Supervision Authority.

3) The change of the Paragraph 18 Section 1 Item 9):

The amendment in Paragraph 18 Section 1 Item 9) of the Articles of Association is related to the adoption by the Bank of a new Best Practice for GPW Listed Companies 2016. The Principle V.Z.5 of Best Practice provides that the consent of the Supervisory Board is required for the conclusion by the Bank of material agreement with a shareholder who holds at least 5% of the total vote in the Bank or with entity associated with the Bank.

As a result, the amendment in Paragraph 18 Section 1 Item 9) Articles of Association of the Bank's is related new wording of the competence of the Supervisory Board on the adoption of resolutions on material agreement.

The amendment shall require permission of the Polish Financial Supervision Authority.

Point 5 sub- point 8) of the agenda of the General Meeting

Point 8 of the agenda included the changes in the composition of the Supervisory Board due to resignation on October 1, 2015 of Mr. Adnan Omar Ahmed from the function of the Member of the Supervisory Board of Bank Handlowy w Warszawie S.A.

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

Point 5 sub-point 9 of the agenda relates to defining by the Ordinary General Meeting the maximum level of the ratio between the fixed and variable components of the remunerations of the individuals holding managerial positions within the Bank. This item is subject to the General Meeting's agenda in order to perform the Polish Financial Supervision Authority recommendations obtained by the Bank. It is expected that the ratio between the total fixed remuneration and all components of the variable components of remuneration awarded in the given year to the employees having material impact on the risk profile of the Bank will not

exceed 1:2 ratio and acceptance of this proportion shall not have a negative impact on maintenance of the correct capital base of the Bank.