

Justification to drafts of the resolutions of the Ordinary General Shareholders meeting dated 22 June 2015

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 Shareholders Meeting for year 2014 should be held not later than by the end of June 2015. 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 of the Commercial Companies Code. Management Board report included the Bank's declaration regarding the compliance with corporate governance rules in 2014.

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 2014.

The proposed dividend for 2014 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 7.3 bn as of 31 December 2014 and Capital Adequacy Ratio amounted to 17.2%.

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 2015 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 6 July 2015 (dividends day) and the date of the dividend payment for 24 July 2015.

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) Change of the paragraph 5 item 4 point 21

The amendment involves amending § 5 item 4 point 21 of the Articles of Association of the Bank to read as follows: "conducting brokerage activity."

At present, the Bank conducts brokerage activity including only the acceptance and transfer of financial instrument purchase or sale orders, which is consistent with the current text of § 5 item 4 point 21 of the Bank's Articles of Association.

The amendment involving adding the brokerage activity to the scope of activities of the Bank in the Articles of Association is related to the plan of performing the following brokerage activities by the Bank:

1) purchasing or selling financial instruments on own account;

- 2) offering financial instruments;
- 3) investment advisory.

Extension of the brokerage activity carried out by the Bank is related to the Bank's intent to maintain a significant share in the interbank market in Poland, including a need to maintain a current position in financial instruments and hedge it continuously. Additionally, it is related to the current and expected development of the corporate debt market in Poland, and it is the Bank's response to inquiries of the Bank's clients pertaining to the Bank's participation in this market and the development thereof. At the same time, the planned extension of the brokerage activity in the area of investment advisory reflects the Bank's strategy related to the development of financial services provided to wealthy retail customers.

On 7 October 2014, the Bank submitted to the Polish Financial Supervision Authority the application for the authorisation of amendments to the Bank's Articles of Association.

As a part of the proceedings aimed at issuing the authorisation to amend the Bank's Articles of Association, on 27 March 2015, the Bank obtained the authorisation of the Polish Financial Supervision Authority for adding the general provision reading: "conducting brokerage activity" to the Articles of Association. The amendment in question to the Bank's Articles of Association takes into account the position of the Polish Financial Supervision Authority with respect to the content of amendments to the Articles of Association, presented to the Bank during the administrative proceedings.

In accordance with the position of the Polish Financial Supervision Authority, specific activities to conduct which the Bank would be authorised, will be identified in the authorisation of the Polish Financial Supervision Authority for conducting brokerage activity, i.e. as a part of separate administrative proceedings for authorising the extension of brokerage activity by the activities mentioned above in points 1) – 3) that are conducted by the Polish Financial Supervision Authority based on the application of the Bank filed on 7 October 2014.

Polish Financial Supervision Authority issued a permit to make these changes to the Articles of Association.

2) Change of the paragraph 24 item 1 point 9 and paragraph 24 item 2

The proposed amendments to the Articles of Association aimed to clarify, in relation to art. 393 point 4) of the Commercial Company Code, the provisions relates to:

- 1) exclusion of the General Shareholders Meeting, the acquisition and transfer by the Bank of ownership or the right of perpetual usufruct of a real estate property or a share in those rights,
- 2) indications for sole competence of the Management Board in this regard.

At the same time, it is proposed to decrease the current amount of PLN 10,000,000 to PLN 500,000 threshold of the acquisition or transfer which, if not exceeded, can be made also without the resolution of the Management Board, if the acquisition or transfer is connected with the Bank's seeking collection of debts resulting from banking operations.

Polish Financial Supervision Authority issued a permit to make these changes to the Articles of Association.

3) Change of the paragraph 27 item 1 point 2), paragraph 27 item 2 and paragraph 27 item 3

The amendments aims to clarify the principles of representing the Bank and to adjust the same to the change in the jurisprudence resulting from a resolution of the panel of seven judges of the Supreme Court dated 30 January 2015 (file no. III CZP 34/14). In accordance with the

resolution it is not permissible to grant a so-called “joint irregular commercial representation” i.e. commercial representation under which the commercial proxy is limited in acting by the requirement of acting jointly with a member of the Bank’s Management Board.

Due to the above, the change of the paragraph 27 item 1 point 2) clarifies that the principles of representation stipulated in the Bank’s Articles of Association concern only a situation in which the Bank is represented by the Management Board (including as part of the so-called “mixed representation” where a Management Board member is limited in his activity by acting jointly with a commercial proxy or another attorney) and not by a commercial proxy. At the same time due to the fact that the Bank applies solely joint commercial representation, the change explicitly indicates the admissibility of the Bank being represented by a member of the Management Board acting jointly with one of the persons holding joint commercial representation. This will exclude a doubt whether it is necessary for the member of the Management Board to act with all persons whose activity the joint commercial representation is composed of. It follows from the grounds to the afore-mentioned resolution of the Supreme Court that this should be explicitly stated in the Articles of Association.

In addition, due to the fact that the Bank applies a general power of attorney only if it is limited by the requirement of acting jointly with another authorized person, the suggested change in the paragraph 27 item 1 point 2) clarifies that the member of the Management Board may also act with one of the persons being an attorney acting within the limits of the power of attorney granted to him. This will exclude a doubt whether it is necessary for the member of the Management Board to act with all persons whose activity the general power of attorney is composed of.

The amendment suggested in the paragraph 27 item 2 is intended to expressly state that a defined nature or specific nature power of attorney authorizing to act on the Bank’s behalf may also restrict the attorney in such a way that he is obliged to act jointly with one of the other authorized persons, including with one of the persons holding joint commercial representation. Such amendment does not contradict the aforementioned resolution of the Supreme Court as it does not restrict the proxy, but another attorney of the Bank.

In turn, the amendment stipulated in paragraph 27 item 3 is to clarify that a commercial proxy is authorized to act jointly with at least one of the other persons holding joint commercial representation. In the light of the grounds to the afore-mentioned Supreme Court resolution, joint commercial representation constitutes only commercial representation granted jointly to several persons, each being a commercial proxy. Such amendment also aims at clarifying that a general power of attorney to act on behalf of the Bank may be granted not only by the Bank’s Management Board but also by other authorized persons. Furthermore, this amendment makes it clear that the restriction in acting of the general attorney means also joint acting with one of the persons holding joint commercial representation. This amendment does not contradict the aforementioned resolution of the Supreme Court as it does not restrict the proxy, but a general attorney of the Bank.

The changes in the § 27 item 1 point 2), § 27 item 2 and § 27 item 3 were not subject of approval of the Polish FSA.

4) Change of the paragraph 40 item 4 and paragraph 40 item 6

Changes in the Articles of Association with regard to § 40 item 4 and with regard to § 40 item 6 aims to implement the recommendations of the Polish FSA regarding changes in the responsibilities of the President of the Management Board by eliminating the possibility of joining the supervision of the internal audit function with the exercise of the management of

the business area as well as ensure the consistency of the provisions of the Articles of Association, the Bank's Rules of Organization and organizational chart with regard to subordination of the Audit Department.

Changes in the Articles of Association with regard to § 40 item 4 aims to - an indication that the Audit Department directly dependent on the President of the Management Board and with regard to § 40 item 6 - an indication that the supervision over the activities of the Audit Department shall exercise the Supervisory Board through internal audit committee;

Polish Financial Supervision Authority issued a permit to make these changes to the Articles of Association.

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

Point 8 included the obligation to appoint the members of the Supervisory Board due to the expiration by the operation of law mandates of eight members of the Supervisory Board: Andrzej Olechowski, Shirish Apte, Adnan Omar Ahmed, Igor Chalupec, Mirosław Gryszka, Stanisław Sołtysiński, Zdenek Turek i Dariusz Mioduski.

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

Item 5 Sub-Item 9 of the agenda relates to adoption for application Principles of Corporate Governance for Supervised Institutions addressed to shareholders. On July 22, 2014 the Polish Financial Supervisions Authority (the PFSA) issued a document entitled "The Principles of Corporate Governance for Supervised Institutions" ("Principles"). The Principles are a set of rules that determine the internal and external relations of institutions supervised by the PFSA, including the relations with shareholders and clients, their organization, the functioning of the internal supervision and the key internal systems and functions, as well as statutory bodies and principles of their cooperation. The aim of the Principles is to raise corporate governance standards in financial institutions and increase their operational transparency, which should contribute to strengthening investors' confidence and trust in the financial market in Poland. On December 9, 2014 the Management Board of Bank Handlowy w Warszawie S.A. made a declaration of the Bank's compliance with the Principles. At the same time it was decided that the Bank should refrain from applying three principles: § 11 item 2, § 8 item 4 (e-General Meeting) and § 16 item 1 (the use of the Polish language at Management Board's meetings. On December 18, 2014 the Supervisory Board approved the observance of the Principles which fall within the competence of the Supervisory Board. The PFSA also expects shareholders to comment on the application of the Principles.