

## Current Report No. 29/2022

### **Subject: Adoption by the Bank's Management Board of amendments to selected remuneration policies in force at the Bank and the decision of the Bank's Management Board to commence work on the development and implementation of a treasury shares buy-back program by the Bank**

**Legal basis:** Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (Market Abuse Regulation or MAR).

The Management Board of Bank Handlowy w Warszawie S.A. (the "**Bank**") announces that on 7 November 2022, the Bank's Management Board passed a resolution on the adoption of amendments to: (i) *Remuneration policy for employees of Bank Handlowy w Warszawie S.A.*, (ii) *Remuneration policy for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A.*, (iii) *Transaction Award Policy* and (iv) *Remuneration policy for Members of the Management Board and Members of the Supervisory Board of Bank Handlowy w Warszawie S.A.* (collectively, the "**Policies**").

The amendments to the Policies specified in items (i) to (iv) above will enter into force upon their approval by the Bank's Supervisory Board. The Management Board resolved to request the Supervisory Board to approve the adopted amendments to the Policies specified in items (i) to (iv) above and the Supervisory Board will include this matter on the agenda of its meeting.

The proposed amendments to the Policies adopted by the Management Board consist in: (i) replacing the phantom shares instrument previously used by the Bank as a variable element of remuneration for persons covered by the *Remuneration policy for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A.* with existing shares in the Bank's share capital, or (ii) introducing the option or implementing the payment of variable remuneration in the form of existing shares in the Bank's share capital to persons indicated in the Policies referred to in items (ii) to (iv) above (these persons, together with persons covered by the *Remuneration policy for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A.* are hereinafter referred to as "**Identified Staff**"). The premise underlying the revised Policies is that the Bank will transfer to Eligible Persons treasury shares previously acquired by the Bank. The Management Board expects that for the purpose of transferring treasury shares on the terms indicated above, the Bank will buy back, within a period of 3 years (counting from the date the General Meeting of the Bank grants the authorization referred to in the paragraph below), no more than 850 000 shares of the Bank in total, representing no more than 0,65% of the total number of votes at the General Meeting of the Bank as at the date of publication of this Report.

If the above conditions are not met or if the Bank acquires too few treasury shares in relation to the number required to transfer to the Eligible Persons, the adopted amendments allow to continue to provide certain Eligible Persons with remuneration based on phantom shares or, depending on the circumstances and the Bank's decision, based on phantom shares and shares in the Bank's share capital.

The Bank will be able to acquire treasury shares on condition that: (i) the General Meeting authorizes the Management Board to purchase treasury shares by the Bank and creates a reserve capital to finance the acquisition of treasury shares by the Bank; and (ii) the Bank obtains the prior permission of the Financial Supervision Authority (KNF) referred to in Articles 77 and 78 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 applicable to such acquisition of treasury shares by the Bank.

Accordingly, on 7 November 2022, the Management Board decided to take action to: (i) prepare the convening of the Extraordinary General Meeting, the agenda of which will include the adoption of a resolution to authorize the Bank's Management Board to buy back treasury shares and to create a reserve capital to finance the acquisition of these shares; and (ii) prepare and submit the Bank's application to the Financial Supervision Authority (KNF) for the permission mentioned above. The Bank

will publish separately the information about convening the Extraordinary General Meeting referred to in the preceding sentence within the time limit and in accordance with the terms and conditions specified in the relevant regulations. In addition, the Bank will publish separately, within the time limit and in accordance with the terms and conditions specified in the relevant regulations, the information about obtaining the abovementioned permission of the Financial Supervision Authority (KNF) by the Bank.