

Warsaw, May 26, 2023

Current Report No. 14/2023

Re: Letter from the Bank Guarantee Fund on setting the TLAC requirement for Bank Handlowy w Warszawie S.A.

Legal basis: Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR)

The Management Board of Bank Handlowy w Warszawie S.A. (hereinafter the „**Bank**”) announces that on May 26, 2023 the Bank received a letter from the Bank Guarantee Fund (hereinafter „**BFG**”) indicating that, in the opinion of the BFG, the Bank is a resolution entity that is part of a global systemically important institution (G-SII) in accordance with the definition contained in Art. 4 (136) of the 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 (hereinafter “**CRR**”).

According to Art. 92a CRR, institutions identified as resolution entities and that are part of a G-SII shall at all times satisfy the following requirements for own funds and eligible liabilities:

- a) a risk-based ratio of 18 %, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total risk exposure amount (TREA);
- b) a non-risk-based ratio of 6,75 %, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total exposure measure (TEM).

In accordance with the provisions of the CRR, the amount of the Total Loss-Absorbing Capacity (TLAC) requirement for the Bank is 20.79%, while the Bank’s Total Capital Ratio (TCR) as of the end of March 2023 was 17.9%.

The above means the need to supplement the TLAC to the level required by the CRR provisions.

In the opinion of the Bank, in accordance with applicable regulations, the Bank can meet the TLAC requirement by issuing financial instruments or retaining interim profits.

In accordance with Art. 26 (2) CRR institutions may include interim or annual profits in Common Equity Tier 1 capital. The inclusion of profit, before the institution takes a formal decision confirming the final financial result of the institution in a given year, can only take place after obtaining prior permission of the competent authority, provided that the following conditions are met:

- a) those profits have been verified by persons independent of the institution that are responsible for the auditing of the accounts of that institution;
- b) the institution has demonstrated to the satisfaction of the competent authority that any foreseeable charge or dividend has been deducted from the amount of those profits.

Bearing in mind the necessity to immediately meet the TLAC requirement indicated by BFG, the Management Board of the Bank will contact the Polish Financial Supervision Authority to obtain permission for inclusion of appropriate portion of the interim profits to Common Equity Tier 1 capital on the basis of the audited results of the Bank for the first half of 2023.