

Warsaw, August 29, 2023

## **Current Report No. 17/2023**

### **Subject: Motion to the Polish Financial Supervision Authority on the consent for recognition part of the first half of 2023 net profit in Tier 1 capital.**

**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)

In reference to current report no. 14/2023 of Bank Handlowy w Warszawie S.A. ("the Bank") regarding a letter from the Bank Guarantee Fund ("BFG") on setting the TLAC requirement for the Bank of May 26, 2023, the Management Board of the Bank announces that on August 29, 2023 the Bank filed a motion to the Polish Financial Supervision Authority ("KNF") on the consent for recognition part of the net profit generated by the Bank for period from 1 January 2023 to 30 June 2023 in the Bank's Tier 1 capital on a stand alone and consolidated basis.

For this purpose, the Management Board of the Bank recommends to the Ordinary General Meeting of the Bank approving the financial statements of the Bank for 2023 to:

1. allocate the amount of at least PLN 800 million from the net profit of the Bank for 2023 to the Common Equity capital of the Bank;
2. allocate for the payment of dividend an amount not higher than the net profit of the Bank for 2023, reduced by the amount indicated in point 1, taking into account the required regulatory approvals and individual recommendation of KNF on meeting the criteria for dividend payment and taking into account principles of prudent capital management.

The filing of the motion to KNF on the consent for recognition part of first half of 2023 net profit in the Bank's Tier 1 capital is due to the fact that, in the opinion of the BFG, the Bank is a resolution entity that is a 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 ("CRR"). In accordance with provisions of the CRR, the amount of TLAC requirement for the Bank together with the combined buffer requirement is 20.80%, while the Bank's Total Capital Ratio (TCR) on a consolidated level as of the end of June 2023 was 20.28%.

In accordance with the dividend policy of the Bank, the Bank aims to allocate the majority of its profits to the payment of dividends. The Management Board will specify the amount of the dividend in the form of a separate resolution adopted after determining the amount of the Bank's net profit for the year 2023.

The part of net profit recommended by the Management Board of the Bank, which is to be allocated to the Bank's Common Equity capital was estimated taking into account the Bank's financial plans and strategy, among others, in terms of increasing capital requirements for credit and operational risk.