

## **Current Report No. 4/2022**

### **Subject: Event affecting the financials results of Bank Handlowy w Warszawie S.A. in the fourth quarter of 2021**

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

Bank Handlowy w Warszawie S.A. („the Bank”), announces that on February 22, 2022 Bank received a letter from the President of the Office of Competition and Consumer Protection (UOKiK) specifying further expectations regarding the settlement of commissions for early repayment of selected products granted to retail customers.

As for now, the Bank has been reimbursing commissions using the „linear method” to all consumers who repaid their consumer loans before the contractual deadline, and the loans had been granted starting from entry into force of the Act of consumer loans dated 12 May 2011, i.e. after 11 December 2011. The Bank’s practice has been the subject of UOKiK proceedings since November 2020, ended with the issue of commitment decision by UOKiK in May 2021, after the Bank has submitted satisfactory obligations to the regulator to change the practise. The decision has been executed in accordance with its content and the time limits contained therein.

After the decision was issued, UOKiK asked the Bank to provide explanations regarding the method of reimbursement by the Bank of a proportional part of the commission in the event that the consumer takes another loan from the Bank in such a way that it replaces the original contract ("Increase Agreement"). In response, the Bank explained that such a situation should be assessed as an increase in the existing credit obligation, which does not result in the obligation to settle the previous loan: the purpose of such a procedure is not to repay, but to change the previous legal relationship in such a way that the consumer's credit obligation towards the Bank increases and is repaid under new rules, the economic goal is the desire to obtain additional funds or change the rules of debt repayment. At the same time, the Bank charges a correspondingly lower commission for concluding a new agreement, which in economic terms applies only to the newly available part of the loan.

In view of the doubts expressed by the President of UOKiK as to the approach, the Bank - emphasizing the will to cooperate with the President of UOKiK and in order to clarify any doubts - despite a different factual and legal assessment of the Increase agreement, for the purpose of reimbursement of commissions, adopted the date of the Increase agreement as the date of early repayment of the previous commitment. The Bank declared and implemented the new approach for the Increase agreement concluded from 31 January 2022. At the same time, in line with declaration submitted to the President of UOKiK, the Bank adopted the approach resulting from the decision also to the Increase agreements. As a consequence, the Bank examines complaints and also took actions toward ending court disputes regarding the settlement of increase cases in which the parties are consumers and informing customers accordingly.

Therefore, the Bank adjusted its commission reimbursement practices to the previously described decision and communication with the President of UOKiK.

In a letter of February 22, 2022, the President of the Office of Competition and Consumer Protection (UOKiK) informed the Bank about the expectation of additional, proactive action by the Bank in relation to customers who concluded Increase Agreements after September 11, 2019.

The Bank does not share the assessments presented in the above letter by the President of UOKiK, considering that the Bank's practice did not damage the interest of consumers and complied with the applicable standards. However, after conducting an internal analysis, taking into account relations with clients and emphasizing the will to cooperate with UOKiK in the best possible way, the Bank decided to adjust the practice to the position of the President of UOKiK expressed in the letter received.

Therefore, in accordance with the applicable accounting standards, the Bank adjusted its estimates of provisions, which resulted in the increase by PLN 37 million, which will be charged to the Bank's financial results in the fourth quarter of 2021 in other operating expenses line.