

Justification to drafts of the resolutions of the Ordinary General Meeting dated 8 June 2018

Point 5 sub - point 1 to 7 of the agenda of the General Meeting

Pursuant to art. 395 § 1 of the Commercial Company Code the Ordinary General Meeting for year 2017 should be held not later than by the end of June 2018. The proposed agenda presented in Point 5 sub-points from 1) to 7) includes issues which should be subject of an ordinary general shareholders meeting after each financial year pursuant to art 395 § 2 and § 5 of the Commercial Companies Code. Management Board report included the Bank's declaration regarding the compliance with corporate governance rules in 2017.

Presented Supervisory Board's report on its activity includes additionally to the assessment of the matters referred to in the Code of Commercial Companies also information and assessments required by the adopted by the Bank the Best Practice for GPW Listed Companies 2016 ("Best Practices") and the Principles of Corporate Governance for Supervised Institutions of the Polish Financial Supervision Authority ("Principles"), i.e.:

1. an assessment of the Bank's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls (II.Z.10.1 of the Best Practices);
2. the following information (II.Z.10.2 of the Best Practices):
 - ✓ full names of the members of the Supervisory Board and its committees;
 - ✓ the Supervisory Board members' fulfilment of the independence criteria;
 - ✓ number of meetings of the Supervisory Board and its committees in the reporting period;
 - ✓ self-assessment of the Supervisory Board;
3. an assessment of the Bank's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities (II.Z.10.3 of the Best Practices);
4. an assessment of the rationality of the Bank's policy referred to in recommendation I.R.2 (sponsorship, charity or other similar activities) or information about the absence of such policy (II.Z.10.4 of the Best Practices);
5. result of the assessment of the application by the Bank of the principles Principles of Corporate Governance for Supervised Institutions of the Polish Financial Supervision Authority (§ 27 of the Principles);
6. report on the assessment of the functioning of the remuneration policy in the Bank (§ 28.3 of the Principles)

Supervisory Board's report also contains the results of evaluation of financial statements and evaluation proposals of the Management Board concerning the division of profits for year 2017.

Pursuant to § 28.4 of the Principles the Ordinary General Meeting shall also assess whether the established remuneration policy contributes to the development and security of the operations of the Bank. The basis of this evaluation will be the report on the assessment of the functioning of the remuneration policy in the Bank made by the Supervisory Board. The report of the Supervisory Board of the Bank includes above-mentioned assessment.

The proposed dividend for 2017 represents 99.98% of the net profits for the year. The Bank's equity amounted to PLN 6.9 bn as of December 31, 2017 and Capital Adequacy Ratio amounted to 17.6%.

According to risk appetite, the Bank, as part of its strategy will continue to be a well-capitalized Bank with diversified sources of income. Taking into account the fact that the Bank fulfills requirements of Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) in 2018 dividend policy for the year 2017 from December 15th, 2017, the Bank's Management Board proposes to pay 99.98% of the net profit as dividend for 2017.

The Management Board set the dividend date for June 18, 2018 (dividends day) and the date of the dividend payment for June 25, 2018. Final arrangement of the dividend date and the date of dividend payment is included in competence of the Ordinary General Meeting of the Bank.

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

Point 5 sub-point 8 of the agenda concerns Amendments to the Bank's Articles of Association implementing provisions of Recommendation H, Regulation of the Minister of Development and Finance of March 6, 2017 concerning the risk management system and internal control system, remuneration policy and the detailed procedure for estimating internal capital, new Act on the Statutory Auditors, audit firms and public supervision, and EBA Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013. Para 18 item 1 of Articles of Association describing the Supervisory Board competencies (matters that in accordance to the internal division of competencies between company's bodies, require resolution of the Supervisory Board) shall be amended. The new provisions concern mainly:

- The extension of the Supervisory Board's competencies on acceptance and verification of the internal acts and their elements in the area of risk management system and internal control system (i.a. by competency to accept: rules on cooperation of Internal Audit with statutory auditor, rules on cooperation of Internal Audit and compliance unit with relevant units of dominant and subsidiary entities, rules on categorizing irregularities discovered in internal control system;
- Introduction of general competency to accept policies on remuneration for the whole Bank instead of exclusively the policy of variable remunerations for the identified staff and the list of this staff;
- Adjustment of the terminology to the new Act on the Statutory Auditors, audit firms and public supervision

The change in question was subject of the resolution of the Extraordinary General Meeting, which took place on December 6, 2017. Due to the expiration of the deadline for filing an amendment to the Register of Entrepreneurs of the National Court Register, it is necessary to resume the resolution in this regard by the General Meeting.

On April 16, 2018 the Bank received a letter from the Polish Financial Supervision Authority, which indicated that it is not appropriate to make the appointment and dismissal of members of the bank's board dependent on the motion of the president of the management board in this respect. Therefore, an additional change to the Articles of Association is proposed. In addition, amendments to the law are proposed (a new Regulation of the Minister of Finance)

providing the nomination committee with competence in recommending candidates to the bank's management board.

Following the above, it is proposed to adapt the wording of the Articles of Association to the proposed amendments to the law.