

Opinion of the Supervisory Board and of the Supervisory Board Remuneration Committee on the functioning of the remuneration policy at mBank S.A. in 2019.

The Supervisory Board and the Supervisory Board Remuneration Committee (appointed in March 2012 in order to support the Supervisory Board in performing its statutory duties and tasks resulting from legal regulations regarding the remuneration policy), guided by prudent and stable management of risk, capital and liquidity as well as taking particular care to protect the interest of the bank in the long term and the interests of shareholders, investors and holders of ownership interests in the bank **positively assess the remuneration policy in force at mBank S.A. as well as its functioning in 2019.**

The remuneration policy for employees applicable in 2019 stems from two regulations adopted by the Bank's Management Board and Supervisory Board (based on the recommendation of the Remuneration Committee of the Supervisory Board):

- 1/ "Remuneration Policy for Employees of mBank S.A." applicable to all bank employees (outside of the managerial body), adopted by Resolution No. 145/19 of the Supervisory Board dated 27 February 2019, and
- 2/ separate "Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A.", hereinafter referred to as the "Remuneration Policy for Risk Takers", adopted by Resolution No. 119/18 of the Supervisory Board dated 6 December 2018.

The "Remuneration Policy for Employees of mBank S.A" describes the principles for awarding remuneration to mBank's employees. The first pillar of the policy is approaching the remuneration structure through the prism of total remuneration (fixed salary and variable remuneration). The second pillar which plays a crucial role in the remuneration process is dialogue between managers and employees, which aims to provide comprehensive information and justification for the decisions which have been made.

Separate Remuneration Policy concerning risk takers also plays an important role in remuneration management, since it is a tool supporting mBank Group system management and encourages risk takers to take particular care for long-term interests of the bank and avoid excessive exposure to risk.

Each year, the "Remuneration Policy for Risk Takers" is verified and modified by the Management Board of mBank and Remuneration Committee of the Supervisory Board and approved by the Supervisory Board.

In the course of an inspection, the Polish Financial Supervision Authority recommended that the bank verify the assumption concerning the possibility of paying the whole variable remuneration for a calendar year which does not exceed the set limit (PLN 200,000) in cash and in a non-deferred form.

As a result of the above recommendation, the bank verified the assumptions concerning the payment, to risk takers, of the whole variable remuneration for a calendar year which does not exceed the set limit in cash and in the non-deferred form, and replaced its former approach whereby:

- if the amount of the variable remuneration component was equal to or lower than PLN 200,000, the Management Board of the bank could decide not to defer the variable remuneration for the following years and pay the variable remuneration in whole in the form of non-deferred cash instead

with a new approach, whereby:

- the limit of PLN 200,000, i.e. an absolute value, has been replaced by a relative value for employees of the bank whose annual variable remuneration does not exceed one third of their total annual remuneration. As a consequence, the bank will pay such employees variable remuneration for a given calendar year entirely in cash and in the non-deferred form.

The proposed approach is directly and explicitly confirmed by the relevant provisions of Directive 2019/878/EU (CRD IV).

Duly modified “Remuneration Policy for Risk Takers” was adopted by the Supervisory Board on 12 December 2019 (Resolution No. 195/19) and it will be applicable to the payment of variable remuneration for 2020.

Detailed information on The “Remuneration Policy for Risk Takers” as well as quantitative data pertaining to remuneration disbursed to this employees group are published annually on mBank’s website. In the course of an inspection conducted in the bank, the Polish Financial Supervision Authority pointed to the manner in which the bank announced information pertaining to variable part of remuneration as part of disclosures on mBank Group’s capital adequacy in the light of the requirements laid down in Article 450 (1) (d) and (h) of Regulation (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012. The bank improved the quality of the disclosed data and ensures their compliance with the requirements of the above Regulation.

The above description of functioning of the remuneration policy in place at mBank was assessed positively in terms of being conducive to the operational growth and safety of a supervised institution, firstly by the Supervisory Board Remuneration Committee and then this was also confirmed by the Supervisory Board.

Maciej Leśny

Chairman of the Supervisory Board