

Report on the opinion of the Supervisory Board and of the Supervisory Board Remuneration Committee on the functioning of the remuneration policy at mBank S.A. in 2020.

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 2020.**

The remuneration policy for employees applicable in 2020 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 Supervisory Board Resolution 55/21 dated 25 February 2021, 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. 195/19 of the Supervisory Board dated 12 December 2019 and amended by Resolution No. 49/20 of the Supervisory Board dated 17 December 2020.

Moreover, in line with Article 90d (1) of the Act on Public Offering and Conditions for Introducing Financial Instruments to Organised Trading and on Public Companies of 29 July 2005, on 27 March 2020, the General Meeting of mBank S.A. adopted the "Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A.". With regard to Management Board Members, the "Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A." is applied only in the extent which is not governed by the "RT Remuneration Policy". With regard to Supervisory Board Members, the "Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A." indicates that the amounts of remuneration of Supervisory Board Members are determined by resolution of the General Meeting.

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 "RT Remuneration Policy" is verified and modified by the Management Board of the

bank and Remuneration Committee of the Supervisory Board and approved by the Supervisory Board.

In connection with the current circumstances relating to the state of pandemic declared in Poland and its potential economic consequences and their expected impact on the banking sector, and the **stance of the Polish Financial Supervision Authority (KNF)** on variable remuneration at banks and insurers communicated in a letter dated 17 April 2020 concerning measures expected to be taken by banks and insurers in response to the outbreak of the Covid-19 pandemic, in June 2020, **the Supervisory Board and the Remuneration Committee of the Supervisory Board** reviewed and assessed the policies and practices for the payment of variable remuneration applicable at the bank from the point of view of prudent capital management and having in mind the need to restrict any actions that may weaken the bank's capital base. The bank undertook to monitor the situation on an ongoing basis and take relevant actions if required by the bank's economic standing. In December 2020, the bank carried out an in-depth analysis of its financial and legal situation with regard to the variable remuneration payment in order to mitigate the risk connected with maintaining a sound capital base of the bank, thus enabling it to effectively respond to the economic consequences of the Covid-19 pandemic. As a result of the analysis, the **"Report from the review of remuneration policies and practices with a view to prudent capital management and limitation of any measures which could weaken the capital base and a conservative approach to the payment of variable remuneration components in connection with the outbreak of the Covid-19 pandemic"** was issued and presented to the Supervisory Board and the Remuneration Committee of the Supervisory Board.

The policy and practices applicable at the bank with regard to remuneration were assessed positively. However, in view of the KNF's stance, the bank decided to amend the Risk Takers Remuneration Policy applicable in 2020 by providing for the payment of a larger part of variable remuneration in equity instruments.

Duly modified "RT Remuneration Policy" was adopted by the Supervisory Board on 17 December 2020 (Resolution No. 49/20) and it will be applicable to the payment of variable remuneration for 2020.

Detailed information on the "RT Remuneration Policy" as well as quantitative data pertaining to remuneration disbursed to this employee group are published annually on mBank's website.

The Remuneration Committee of the Supervisory Board assessed that the above description of functioning of the remuneration policy at mBank S.A., among others, with regard to Supervisory Board Members, Management Board Members and other persons holding managerial positions and having a material impact on the risk profile of the Bank, favours the development and security of mBank S.A.; this positive assessment was later confirmed by the Supervisory Board.

Prof. Agnieszka Słomka-Gołębiowska

Chairwoman of the Supervisory Board