

**mBank S.A.**

**Appendix to**

**Management Board Resolution No. 144/23 dated 21 November 2023**

**Supervisory Board Resolution No. 349/23 dated 14 December 2023**

# **REMUNERATION POLICY FOR EMPLOYEES HAVING A MATERIAL IMPACT ON THE RISK PROFILE OF MBANK S.A.**

<b>Version:</b>	3
<b>Owner:</b>	Employee Relations and Organisation Culture Department (DHR)
<b>Issuer:</b>	Management Board, Supervisory Board
<b>Issue date:</b>	
<b>Effective date:</b>	1 January 2024

**Document history**

<b>Version</b>	<b>Effective date</b>	<b>Scope of changes</b>
<b>1</b>	<b>1 January 2023</b>	Implementation of the document (the document replaces the currently applicable Policy adopted by Management Board Resolution No. 122/21 dated 18 November 2022 and Supervisory Board Resolution No. 157/21 dated 3 December 2021)
<b>2</b>	<b>1 January 2023</b>	The document replaces the currently applicable Policy adopted by Management Board Resolution No. 131/22 dated 23 November 2022 and Supervisory Board Resolution No. 256/22 dated 9 December 2022, starting from the remuneration of employees with a material impact on the risk profile of mBank S.A. for the year 2023.
<b>3</b>	<b>1 January 2024</b>	The document supersedes the currently applicable Policy adopted by Resolution of the Management Board No. 13/23 of 14 February 2022 and by Resolution of the Supervisory Board No. 281/23 of 2 March 2023.

**TABLE OF CONTENT**

**I. Reasons for implementing the Policy.....3**

I.1 Legal basis.....3

I.2 Purpose and scope of the Policy.....3

I.3 Rules for updating and reviewing the Policy..... 4

**II. Glossary of terms and acronyms ..... 4**

**III. Remuneration Rules for Risk Takers.....10**

**IV. Remuneration Rules for Risk Takers I..... 12**

**V. Remuneration rules for Risk Takers II..... 19**

**VII. Final Provisions..... 29**

**Appendices:**

**Appendix No. 1** - Scorecard for a Risk Taker I - Member of the Management Board of the Bank - template

**Appendix No. 2** - Scorecard for a Risk Taker II - Member of the Management Board of an mBank Group subsidiary - template

**Appendix No. 3** - Scorecard for a Risk Taker II - Bank Employee - template

## **I. Reasons for implementing the Policy**

### **I.1 Legal basis**

#### **Article 1**

The Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A. (the "**RT Remuneration Policy**") has been developed on the basis of:

- 1/ Banking Law Act of 29 August 1997 (Journal of Laws of 2021, item 2439, as amended), hereinafter the "Banking Law Act",
- 2/ Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on the Risk Management System, Internal Control System and Remuneration Policy at Banks (Journal of Laws of 10 June 2021, item 1045) (the "MFFiPR Regulation"),
- 3/ EBA (European Banking Authority) Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04 dated 2 July 2021) (the "EBA Guidelines"),
- 4/ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended – Directive (EU) 2019/878 dated 20 May 2019),
- 5/ Recommendation Z on the principles of internal governance in banks issued by the Polish Financial Supervision Authority.

### **I.2 Purpose and scope of the Policy**

#### **Article 2**

The RT Remuneration Policy:

- 1/ supports sound and effective risk management and does not encourage employees to take excessive risk exceeding the general risk level accepted by the Supervisory Board of the Bank,
- 2/ supports the implementation of the Bank's management strategy and risk management strategy, including environmental, social and corporate governance (ESG) risks, its corporate culture and values, risk culture, including with regard to long-term interests of the Bank, and limits conflicts of interest,
- 3/ supports responsible and prudent capital management. In particular, prior to making a decision to pay variable components of remuneration, the following are taken into consideration: the current and forecast capital position and, in the case of a failure to meet the combined buffer requirement, the provisions of the Act on Macroprudential Supervision over the Financial System and Crisis Management in the Financial System pertaining to the calculation of the maximum distributable amount (MDA),
- 4/ specifies remuneration rules for persons identified as employees having a material impact on the risk profile of the Bank („Risk Takers”) by determining components of fixed and Variable Remuneration. The criteria and the process of selecting Risk Takers have been laid down in a separate document - the Risk Takers Identification Policy,
- 5/ ensures transparent rules of determining and paying the Bonus, being a component of

Variable Remuneration,

6/ is gender neutral.

### **I.3 Rules for updating and reviewing the Policy**

#### **Article 3**

1. The Management Board of the Bank is responsible for the development, implementation and observance of the Risk Takers Remuneration Policy. The development of the Risk Takers Remuneration Policy is initiated by the Employee Relations and Organisation Culture Department (DHR), which establishes the Risk Takers remuneration principles in cooperation with:

- 1/ **Integrated Risk Management Department (DKR)**, which is responsible for ensuring that the Policy complies with the rules of sound and effective risk management and encourages such management,
- 2/ **Compliance Department (DC)**, which is responsible for ensuring that the Policy complies with external regulations on remuneration that affect the operation of the Bank (excluding the Brokerage Bureau),
- 3/ **Supervision Division of the Brokerage Bureau (BM\_WND)**, which is responsible for ensuring that the Policy complies with external regulations on remuneration that affect the operation of the Brokerage Bureau,
- 4/ **Legal Department (DP)**, which is responsible for ensuring that the Policy complies with formal and legal requirements,

Employees participating in developing and setting remuneration principles should have adequate professional knowledge and experience enabling them to formulate independent judgments on the adequacy of remuneration principles at the Bank and their impact on risk management. The responsibility for the above lies with the directors of units engaged in the process.

2. The Supervisory Board of the Bank approves the RT Remuneration Policy. In the case of doubts about the compliance of the Risk Takers Remuneration Policy with generally applicable provisions of the law and guidelines on remuneration, the Supervisory Board may consult the Remuneration and Nomination Committee.
3. The Management Board of the Bank reviews rules of implementation of the RT Remuneration Policy on an annual basis and submits the proposed amendments to the Remuneration and Nomination Committee for verification and then to the Supervisory Board for approval. The Internal Audit Department reviews the Risk Takers Remuneration Policy at least one a year and presents the review results to the Remuneration and Nomination Committee and the Supervisory Board of the Bank.

## **II. Glossary of terms and acronyms**

#### **Article 4**

In the Risk Takers Remuneration Policy, unless the context requires otherwise, the following terms shall have the meaning defined below (all references to the singular form pertain also to the plural form and vice versa):

- 1) **“Bank”** means mBank Spółka Akcyjna with its registered office in Warsaw, ul. Prosta 18, 00-850 Warszawa, entered in the Register of Enterprises of the National Court Register kept by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000025237, holder of statistical number REGON 001254524 and tax identification number NIP 526-021-50-88, with its fully paid-up share capital amounting to PLN 169,733,980 as at 1 January 2023,
- 2) **“Benefits”** means a non-cash benefit, being a component of Variable Remuneration, in both tangible and intangible form, to which employees of the Bank are entitled under the rules laid down in the Remuneration Policy,
- 3) **“Bonus”** means an annual bonus granted to Risk Takers under the rules set forth in the Risk Takers Remuneration Policy and being a component of Variable Remuneration,
- 4) **“Non-deferred Part”** means a part of the Bonus paid in the calendar year when the Bonus amount is determined,
- 5) **“Deferred Part”** means a part of the Bonus subject to deferred payment in tranches made in the calendar years following the calendar year in which the Bonus amount was determined,
- 6) **“Member of the Management Board of the Bank”** means the president of the Bank, vice-president of the Bank or a member of the Management Board of the Bank,
- 7) **“Member of the Supervisory Board”** means a member of the Supervisory Board of the Bank,
- 8) **“Additional Day”** means a day of the week, excluding Saturday and Sunday and other Polish statutory holidays, directly preceding the day on which the Bonus amount is approved by: (i) the Supervisory Board, or (ii) the Bank's Management Board, or (iii) the Supervisory Board of an mBank Group subsidiary,
- 9) **“Equivalent”** means a monetary benefit which may be granted to a Risk Taker I or Risk Taker II other than a Member of the Management Board of mBank Hipoteczny S.A. and a Member of the Management Board of mTFI S.A. under the rules set forth in the Risk Takers Remuneration Policy in connection

with deferring the payment of the Non-deferred Part of the Bonus paid in the form of subscription warrants or the Deferred Part of the Bonus paid in the form of subscription warrants,

- 10) **“WSE”** means the company operating under the business name Giełda Papierów Wartościowych w Warszawie S.A. with its seat in Warsaw or the regulated market operated by it in Poland, where the Bank’s shares are traded, respectively,
- 11) **“Commerzbank Group”** means Commerzbank AG with its seat in Frankfurt am Main, Kaiserplatz, 60261, Frankfurt am Main, Germany, entered in the company register in Germany (Handelsregister) maintained by the District Court (Amtsgericht) in Frankfurt am Main, entry no. HRB 32000, tax identification number DE: 114 103 514, as well as its subsidiaries subject to the obligation of consolidation,
- 12) **“mBank Group”** means mBank and the subsidiaries of the Bank subject to the obligation of consolidation,
- 13) **“control units”** means, in line with the Risk Takers Identification Policy, organisational units responsible for ensuring an objective assessment of the types of risk faced by the Bank, reviewing or reporting them (all risk management units, compliance units and the internal audit unit),
- 14) **“Management Contract”** means a Management contract/management contract creating a legal relationship between a Risk Taker I and the Bank or between a Risk Taker II – Member of a subsidiary’s Management Board and an mBank Group subsidiary,
- 15) **“mBank Hipoteczny S.A.”** means mBank Hipoteczny spółka akcyjna with its registered office in Warsaw, 00-850 Warszawa, ul. Prosta 18, entered in the register of enterprises of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under KRS number 0000003753, with its share capital amounting to PLN 336,000,000 (paid-up in full), statistical number REGON 014953634, tax identification number NIP 5262316250,

- 16) **“mTFI S.A.”** means mTFI spółka akcyjna with its registered office in Warsaw, ul. Prosta 18, 00-850 Warszawa, entered in the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register under no. 0000902210, with its fully paid-up share capital of PLN 10,000,000.00 (paid-up in full), statistical number REGON 389092615 and tax identification number NIP 5272959386,
- 17) **“Assessment”** means the process of planning, monitoring and evaluating the objectives of Risk Takers, governed by a separate internal regulation of the Bank or an mBank Group subsidiary,;
- 18) **“N”** means the calendar year for which the Bonus is determined,
- 19) **“Reference Period”** means 30 days directly preceding the Additional Day,
- 20) **“Bonus Pool”** means the amount of Bonuses granted under the decision of the Bank’s Supervisory Board to be distributed among Risk Takers I pursuant to the rules defined in the Risk Takers Remuneration Policy,
- 21) **“Risk Takers Remuneration Policy”** means this “Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A.”,
- 22) **“Risk Takers Identification Policy”** means the “Identification Policy for Employees Having a Material Impact on the Risk Profile of the Bank” adopted at the Bank, used to identify persons having a material impact on the risk profile of the Bank, based on which a list of persons whose professional activities have a material impact on the Bank’s risk profile is drawn up pursuant to Article 24 of the MFFiPR Regulation, or any other document amending or superseding the Risk Takers Identification Policy,
- 23) **“Remuneration Policy”** means the adopted “Remuneration Policy of mBank S.A.” or any other document which will amend or replace the Remuneration Policy,
- 24) **“Incentive Programme”** means the “Incentive Programme of the Bank” adopted by resolution of the Bank’s Annual General Meeting of Shareholders,

- 25) **“Decision-Making Board for the Culture of Integrity”** means the collegial body appointed for the purposes of implementation of the Risk Takers Identification Policy, which analyses the identified cases of fraud committed by Risk Takers and issues recommendations to the Management Board or to the Supervisory Board on reduction or non-payment of the Bonus or the Deferred Part to Risk Takers who committed fraud,
- 26) **“Incentive Programme Rules”** means the “Incentive Programme Rules” adopted at the Bank,
- 27) **“Risk Taker”** means a person identified as a Risk Taker I or Risk Taker II pursuant to the Risk Takers Identification Policy,
- 28) **“Risk Taker 0”** means a member of the Supervisory Board of the Bank,
- 29) **“Risk Taker I”** means a Member of the Management Board of the Bank,
- 30) **“Risk Taker II”** means the persons holding positions other than members of the Management Board of the Bank and members of the Supervisory Board identified as having a material impact on the Bank’s risk profile pursuant to the Risk Takers Identification Policy,
- 31) **“Risk Taker II - Bank Employee”** means a Risk Taker II performing work for the benefit of the Bank,
- 32) **“Risk Taker II - Member of a subsidiary’s Management Board”** means a Risk Taker II who holds the position of a member of the management board of an mBank Group subsidiary,
- 33) **“MFFiPR Regulation”** Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on the Risk Management System, Internal Control System and Remuneration Policy at Banks (Journal of Laws of 10 June 2021, item 1045,
- 34) **“Average Market Price”** means the arithmetic mean of market price per the Bank’s share, determined on the basis of the closing prices of the Bank’s shares on the WSE on each day of the Reference Period, in which WSE trading sessions took place,
- 35) **“GM”** means a General Meeting of the Bank’s Shareholders,



- 36) **“Total Remuneration”** means the sum of basic remuneration paid for a given calendar year and variable remuneration awarded for a given calendar year,
- 37) **“Basic Remuneration”** means a fixed monthly amount of remuneration received by a Risk Taker arising from a contract being the basis for Employment with mBank or Employment with mBank Group,
- 38) **“Variable Remuneration”** means all the components of a Risk Taker’s remuneration not classified as fixed remuneration,
- 39) **“Employment with mBank”** means an employment relationship or a civil-law relationship connected with performance of work or services for the Bank,
- 40) **“Employment with mBank Group”** means an employment relationship or a civil-law relationship connected with performance of work or services for an mBank Group subsidiary,
- 41) **“AGM”** means an Annual General Meeting of Shareholders.

### III. Remuneration Rules for Risk Takers

#### Article 5

1. Risk Takers' remuneration includes:
  - 1/ fixed remuneration, composed of:
    - a/ Basic Remuneration,
    - b/ Benefits,
  - 2/ Variable Remuneration.
2. Basic Remuneration and Variable Remuneration are governed by rules different for Risk Takers I and Risk Takers II.
3. Risk Takers 0 only receive fixed remuneration in line with the authorisation referred to in Article 25 (2) of the MFFiPR Regulation; the Bank does not grant Variable Remuneration to members of the Supervisory Board.
4. The Bonus is a component of Variable Remuneration. The Bonus is granted and paid under the rules set forth in the Risk Takers Remuneration Policy. Other components of Variable Remuneration are granted under the Risk Takers Remuneration Policy or, if this matter is not governed therein, under the rules set forth in separate internal regulations of the Bank or mBank Group.
5. The relation between Variable Remuneration and Basic Remuneration may not exceed:
  - 1/ 100% of the annual Basic Remuneration of a Risk Taker I and Risk Taker II - Member of an mBank Group subsidiary's Management Board,
  - 2/ 100% of the annual Basic Remuneration of a Risk Taker II – Bank Employee,with the proviso that the components in excess of 100% (not more than 200%) of the annual Basic Remuneration or the annual fixed remuneration, respectively, will be subject to approval by the GM of the Bank.
6. The rules for granting Benefits are outside the scope of this Policy.
7. The Bonus and the Equivalent determined pursuant to the rules of the Risk Takers Remuneration Policy is a gross amount.
8. Should any changes occur in the rules for determining the Bonus or the Equivalent in the course of the calendar year for which it is granted, the Bonus amount is determined proportionally to the period of application of the old and new rules.

#### Article 6

1. The Bank may award a Risk Taker II compensation for early contract termination regardless of the severance pay awarded under the labour law, subject to Article 6 (2) ("Risk Taker's Severance Pay"). Amounts paid under the labour law in relation to the notice period are not considered Risk Takers' Severance Pay in the meaning hereof.
2. As a component of the Variable Remuneration, Risk Takers' Severance Pay should not be awarded:
  - 1/ in the case of obvious reasons justifying the termination of the employee's

- contract of employment without notice or their dismissal (Article 52 of the Labour Code),
- 2/ if the employee voluntarily resigns from their job,
  - 3/ if the employment contract is terminated for reasons directly attributable to the Risk Taker II.
3. Risk Takers' Severance Pay requires assessment of the performance of a Risk Taker II, in line with the principles applied to the Bonus determination, and it must not reward failure or misconduct. Determined amounts of Risk Takers' Severance Pay should reflect a Risk Taker's II performance achieved over time and assess the severity of any failure.
4. Risk Takers' Severance Pay may be awarded in the following situations:
- 1/ if a Risk Taker's II employment contract is terminated due to failures of the Bank,
  - 2/ by mutual agreement of the parties on the employee's initiative (Article 30 (1) (1) of the Labour Code),
  - 3/ if the Bank and the employee agree on a settlement in case of a potential or actual labour dispute, to avoid a decision on a settlement by the courts.
5. The following amounts of severance pay should not be taken into account for the purpose of the calculation of the ratio between the variable and fixed remuneration referred to in Article 5 (4) and for the application of deferral and the pay out in instruments:
- 1/ severance pay mandatory under national labour law and mandatory following a decision of a court,
  - 2/ settlements made for the loss of office where they are subject to a non-competition clause ('gardening leave') in the contract and paid out in future periods up to the amount of the fixed remuneration which would have been paid for the non-competition period if the Risk Taker II was still employed,
  - 3/ severance pay on account of the termination of a Risk Taker's II contract of employment in the case when:
    - a/ in the case of a material reduction of the Bank's activities in which the employee was active or where business areas are acquired by another institution without the option for the employee to stay employed in the acquiring institution,
    - b/ if the Bank and the employee agree on a settlement in case of a potential or actual labour dispute, to avoid a decision on a settlement by the courts,if the Bank demonstrates to the Polish Financial Supervision Authority the reasons for the severance payment and the appropriateness of the Risk Takers' Severance Pay awarded.
6. Non-compete fee is granted to a Risk Taker I in a transparent manner; detailed rules for granting severance pay are laid down in contracts forming the basis for employment with the Bank.

## **IV. Remuneration Rules for Risk Takers I**

### **Article 7**

1. Basic Remuneration for a Risk Taker I is determined by the Supervisory Board of the Bank taking the following information into account :
  - 1/ the Resolution of the Management Board of the Bank on division of competencies between the Members of the Management Board of the Bank (with focus to change in competencies),
  - 2/ the long term results achieved by the Risk Taker I – Member of the Management Board as at the Assessment date,
  - 3/ internal market data available (example: mBank Group internal comparison),
  - 4/ external market data available (example: information on remuneration of management board members of other WSE-listed companies, additional market benchmarks).

### **Article 8**

1. Provided that the conditions defined in the Risk Takers Remuneration Policy are met, the Bonus is paid to a Risk Taker I in the following amount:
  - 1/ 40% of the Bonus - pursuant to Article 9 (Non-deferred Part),
  - 2/ 60% of the Bonus - pursuant to Article 10 (Deferred Part).
2. The Non-deferred and Deferred Parts are paid on the basis of a resolution of the Supervisory Board.

### **Article 9**

1. The Non-deferred Part is paid under the following rules:
  - 1/ the first half (50%) of the Non-deferred Part is paid in cash following the approval by the AGM of the Bank of the consolidated financial statements of mBank Group for the previous calendar year, i.e. the financial statements for the year for which the Bonus was granted, but not later than by 31 July of the year in which the AGM of the Bank was held,
  - 2/ the second half (50%) of the Non-deferred Part is paid in the form of subscription warrants issued and executed pursuant to the rules and within the deadlines set forth in the Incentive Programme and the Incentive Programme Rules, not earlier than twelve months from the date of the AGM of the Bank which approved the consolidated financial statements of mBank Group for the previous calendar year, i.e. the financial statements for the year for which the Bonus was granted, with the proviso that the value of one subscription warrant equals the Average Market Price minus PLN 4.00.

In particularly justified cases related to the mitigation of risk in order to maintain a sound capital base of the Bank enabling an effective response to the economic situation in Poland arising from, for example, the COVID-19 pandemic, the Supervisory Board may adopt a resolution on the payment of the entire Non-deferred Part or a portion of the Non-deferred Part in cash, in the form of subscription warrants in accordance with the rules stipulated in Article 9 (1) (2).

## Article 10

1. The Deferred Part is paid in subsequent calendar years, starting from the year following the year in which the financial statements for the year for which the Bonus was granted was approved, in five equal tranches, in line with the following rules:
  - 1/ the first half (50%) of the Deferred Part is paid in cash after the AGM of the Bank approves the consolidated financial statements of mBank Group for the previous calendar year, but not later than by 31 July of the year in which the AGM of the Bank was held,
  - 2/ the second half (50%) of each tranche of the Deferred Part is paid in the form of subscription warrants issued and executed pursuant to the rules and within the deadlines set forth in the Incentive Programme and the Incentive Programme Rules, not earlier than twelve months from the date of the AGM of the Bank which approved the consolidated financial statements of mBank Group for the previous calendar year, with the proviso that the value of one subscription warrant equals the Average Market Price minus PLN 4.00.

In particularly justified cases related to the mitigation of risk in order to maintain a sound capital base of the Bank enabling an effective response to the economic situation in Poland arising from, for example, the COVID-19 pandemic, the Supervisory Board may adopt a resolution on the payment of the entire Non-deferred Part or a portion of the Non-deferred Part in cash, in the form of subscription warrants in accordance with the rules stipulated in Article 10 (1) (2).
2. Each tranche of the Deferred Part is determined and paid out after the assessment carried out pursuant to Articles 13 and 14 hereof.

## Article 11

A Risk Taker I who was granted the Deferred or Non-deferred Part of the Bonus pursuant to the provisions of the Risk Takers Remuneration Policy is entitled, irrespective of the Bonus granted, to the Equivalent for the Non-deferred Part or for each tranche of the Deferred Part under the following rules:

- 1/ The Equivalent for the Non-deferred Part or for a given tranche of the Deferred Part in a given year is calculated for the calendar year preceding the year in which the Supervisory Board passed a resolution on payment of such Non-deferred Part or such tranche of the Deferred Part ("**Reference Year**").
- 2/ The Equivalent is calculated according to the following formula:

$$E = WS \times (Z / LA)$$

Where:

**E:** means the amount of the Equivalent in PLN;

**WS:** means the number of subscription warrants granted to a Risk Taker I pursuant to the Risk Takers Remuneration Policy forming the Non-deferred Part or a given tranche of the

Deferred Part, exchanged for the Bank's shares under the Incentive Programme Rules;

**Z:** means the amount of the Bank's profit for the Reference Year allocated by the GM for distribution among the shareholders subject to the increase and decrease referred to in Article 348 (1) of the Code of Commercial Companies and Partnerships;

**LA:** means the total number of fully-paid shares held by the shareholders entitled to the dividend for a given Reference Year.

- 3/ The Equivalent is paid to a Risk Taker I by the Bank within 60 (sixty) days from the day on which the Risk Taker I effectively submitted a statement on the acquisition of shares in exchange for subscription warrants, whereas the Equivalent is calculated only for the subscription warrants included in the statement on the acquisition of shares pursuant to the Incentive Programme Rules.
- 4/ For the avoidance of doubt, a Risk Taker I is not entitled to the Equivalent in the case where (i) the GM did not pass a resolution on payment of the dividend for the Reference Year, or (ii) subscription warrants entitling the Risk Taker I to the Equivalent have expired due to the failure to acquire the Bank's shares in exchange for them – proportionally to the number of the expired subscription warrants.

## Article 12

1. The Bonus amount granted to a Risk Taker I for a given calendar year is calculated individually for this Risk Taker I and depends on the amount of the Bonus Pool. The Bonuses granted to all Risk Takers I for a given year must add up to the amount not higher than the Bonus Pool calculated for a given calendar year.
2. The Bonus Pool for a given calendar year is based on the total of amounts calculated using the indicators determined pursuant to Article 12 (3) below (KPIs).
3. In order to determine the Bonus Pool, the Supervisory Board must first approve: the definition of KPI, the number of KPIs for a given year, the percentage share of every KPI in the Bonus Pool (the shares must add up to 100%), the result reflecting the 100% performance of a given KPI (starting point), and the actual result for each KPI. The KPI results for the purpose of recalculating the Bonus Pool are always expressed in percentage terms.
4. If the starting point for every KPI is reached, the Bonus Pool amounts to 8 times the monthly basic remuneration of all Risk Takers I:
  - 1/ as at 31 December of the calendar year for which the Bonus is awarded, or
  - 2/ as at the last day of the term of the Management Contract in the calendar year for which the Bonus is granted – if the Management Contract expired or was terminated during the calendar year.
5. If a KPI result is above or below the starting point for the KPI, the starting point of 100% is proportionally increased or decreased. **Example:**
  - 1/ *If a KPI accounts for 25% of the Bonus Pool, it means that where the KPI result reaches 100% of the starting point, the amount of the Bonus Pool calculated on account of this KPI is 2 times the monthly basic remuneration of all Risk Takers I*

*(25% \* 8 times the monthly basic remuneration \* 100% of the starting point for the KPI = 2 times the monthly basic remuneration).*

*2/ Where the KPI result reaches 120% of the starting point, the amount of the Bonus Pool calculated on account of this KPI is 2.4 times the monthly basic remuneration of all Risk Takers I (25% \* 8 times the monthly basic remuneration \* 120% of the starting point for the KPI = 2.4 times the monthly basic remuneration).*

*3/ Where the KPI result reaches 80% of the starting point, the amount of the Bonus Pool calculated on account of this KPI is 1.6 times the monthly basic remuneration of all Risk Takers I (25% \* 8 times the monthly basic remuneration \* 80% of the starting point for the KPI = 1.6 times the monthly basic remuneration).*

6. The KPI result in percentage terms referred to in Article 12 (4) is the weighted average of results from the calendar year for which the Bonus is awarded and the two preceding years, calculated as per the following formula:

$$\text{KPI result} = (1/2) * N + (1/3) * (N-1) + (1/6) * (N-2)$$

where:

**N** → percentage result of the KPI for the calendar year for which the Bonus is awarded

**N-1** → percentage result of the KPI for the calendar year immediately preceding the calendar year for which the Bonus is awarded

**N-2** → percentage result of the KPI for the calendar year preceding by two years the calendar year for which the Bonus is awarded

7. The Supervisory Board may decide to increase or decrease the Bonus Pool calculated based on KPIs if one-off events occur, such as a one-off transaction affecting costs or P&L or other events resulting from measures taken by public administration bodies or regulatory bodies, that are beyond the control of Risk Takers I or can be influenced by Risk Takers I to a limited extent only. If such an event occurs, the Supervisory Board takes a decision following consultations with the President of the Management Board.
8. The Supervisory Board determines the Bonus amount for a given Risk Taker I within the Bonus Pool, with the proviso that the Bonus amounts granted to individual Risk Takers may vary.
9. The Supervisory Board is not obliged to distribute the entire Bonus Pool.
10. The Bonus amount for a given Risk Taker I is based on the Supervisory Board's Assessment of the performance of each Risk Taker.
11. In order to calculate the Bonus amount, the Supervisory Board carries out an analysis and Assessment of each Risk Taker I being the President of the Management Board of the Bank or a Member of the Management Board of the Bank (at the request of the President of the Management Board of the Bank), verifying the achievement of goals by this Risk Taker I; the analysis covers the period of at least the last three calendar years.

The decision on determining the Bonus amount and on carrying out the Assessment of the achievement of goals by the Risk Taker I is made at the Supervisory Board's sole discretion. The Supervisory Board's Assessment of the achievement of goals by the

Risk Taker I covers at least the last three calendar years and takes account of the Bank's business cycle, the risk of the Bank's business activities and the Bank's capital and liquidity situation in the long-term perspective.

In principle, one of the conditions for the payment of variable remuneration components to a Risk Taker I is reaching at least 50% goal achievement level for their goal card. However, the Supervisory Board, taking into consideration the macroeconomic environment as well as fiscal and regulatory aspects, has the right to grant the Bonus to a Risk Taker I who fails to reach the 50% goal achievement level for all their goals.

12. When determining the Bonus amount, the Supervisory Board may decide not to grant the Bonus in whole or to reduce it in the case where:
- 1/ the circumstances referred to in Article 13 (1) (1) (b) and (c) occur,
  - 2/ C/I ratio<sup>1</sup> is above the average C/I ratio of the Polish banking sector for a respective bonus year – the Advisor to the Management Board of the Bank responsible for strategic analyses provides information in this regard,
  - 3/ the Bank makes a loss on its core activity (operating profit is negative).
13. If the Bank is required by the law (owing to its legal relationship with a Risk Taker I) to deduct the Personal Income Tax advance and social insurance contributions, the Bank is obliged to fulfil this obligation. Otherwise, the Risk Taker I is obliged to make the relevant deductions.

### **Article 13**

1. The Deferred Part is paid pursuant to Article 10, unless:
- 1/ at least one of the conditions of the scorecard presented in Appendix No. 1 to the Risk Takers Remuneration Policy has not been met, i.e. a positive ("YES") answer is given to at least one of the questions, in particular:
    - a/ The Supervisory Board concludes that a Risk Taker I has had a direct and adverse impact on the financial result or market position of mBank Group through their acts or omissions in the long-term (meaning a period of at least three years).
 

The decision of the Supervisory Board is taken and communicated to a Risk Taker I on an annual basis.
    - b/ The Supervisory Board concludes, based on a recommendation of the Decision-Making Board for the Culture of Integrity, that through their acts or omissions, a Risk Taker I committed the following fraud:
      - i. materially violated the generally applicable laws or internal regulations, or
      - ii. violated the rules and standards adopted at mBank Group, among others, the rules and standards pertaining to mobbing, harassment, sexual harassment, other forms of discrimination and

---

<sup>1</sup> C/I (cost/income) ratio – relation of the Bank's operating costs and depreciation to net banking income adjusted for net other operating income.



- illegal or unethical behaviour that violates the rules of social coexistence, or
- iii. directly contributed to significant financial losses being the consequence of their deliberate adverse actions to the detriment of mBank Group or has contributed to financial sanctions being imposed on the Bank by supervisory bodies pursuant to a final decision,
- c/ any of the premises stipulated in Article 142 of the Banking Law Act has occurred, in particular, those referred to in (2):
- i. a balance sheet loss has been sustained or there is a threat of such a loss, there is a danger of insolvency or loss of liquidity, liquidity and solvency are deteriorating,
  - ii. financial leverage level is increasing,
  - iii. the number of non-performing loans or advances is increasing,
  - iv. the concentration of exposures is increasing.
- 2/ The Risk Taker I resigns from the position of the Member of the Management Board of the Bank, excluding the occurrence of the events referred to in Article 14 (1) (3) and Article 14 (1) (4) hereof.
2. The occurrence of one of the events stipulated in Article 13 (1) above may be a reason for reducing or not paying the Deferred Part which has not been paid yet.
  3. Notwithstanding Article 13 (1) and (2), none of the tranches forming the Deferred Part which have not been paid yet, will be paid if any of the following events occurs:
    - 1/ The Risk Taker I is not appointed as a member of the Management Board of the Bank for another term of office due to their refusal to run for the office,
    - 2/ The Risk Taker I is not appointed as a member of the Management Board of the Bank for another term of office or is dismissed during their term of office for any of the following reasons:
      - a/ he is charged with committing an offence (a misdemeanor or a felony),
      - b/ he loses the powers and qualifications required for a Member of the Management Board of the Bank stipulated in the applicable law, in particular the Banking Law Act,
      - c/ he is charged with having acted to the detriment of the Bank or mBank Group,
      - d/ he breaches the non-compete clause,
      - e/ he otherwise seriously breaches the Management Contract, a serious breach being in particular the disclosure of confidential information.
  4. In cases justifying the reduction or non-payment of the Deferred Part for reasons other than those specified in Article 13 (3), the decision regarding the reduction or non-payment is taken by the Supervisory Board.
  5. In the case referred to in Article 13 (1) (1) (b), the Risk Taker I may be obliged, under the rules and within the time limit determined by the decision of the Supervisory Board, to return the Bonus granted and paid for a given calendar year (i.e. the Non-deferred

Part and all Deferred Parts) in which the event referred to in Article 13 (1) (1) (b) occurred. The decision on the occurrence of the event may be taken by the Supervisory Board by the end of the calendar year when the last tranche of the Deferred Part of the Bonus granted for a year in which the event occurred is paid.

#### **Article 14**

1. If the Management Contract expires or is terminated due to the occurrence of any of the following events, subject to provisions of Article 13 hereof,
  - 1/ expiry of the term of office of a Risk Taker I for which he was appointed as a member of the Management Board of the Bank,
  - 2/ dismissal of a Risk Taker I during the term of office for which he was appointed,
  - 3/ agreement between the Bank and a Member of the Management Board of the Bank on termination of the Management Contract due to the fact that the Member of the Management Board of the Bank has taken up new responsibilities within Commerzbank Group or resigned from the post for this reason,
  - 4/ agreement between the Bank and a Member of the Management Board of the Bank on termination of the Management Contract due to the fact that the Member of the Management Board of the Bank has retired or resigned from the post for this reason,
  - 5/ agreement between the Bank and a Member of the Management Board of the Bank on termination of the Management Contract for reasons other than those stated in Article 14 (1) (3) and (4) hereof.

The Risk Taker retains the right to the Non-deferred Part and the Deferred Part pursuant to the rules stipulated in Chapters 2 and 3 of the Risk Takers Remuneration Policy for the calendar year in which the Management Contract expired or was terminated, proportionally to the number of months in which he worked in a given calendar year until the expiry or termination of the Management Contract.

The proportional bonus is paid to the Risk Taker I on the terms and conditions and within the deadlines consistent with the Risk Takers Remuneration Policy.

The rules for the proportional determination of the Bonus are also applicable where a Risk Taker I is appointed a Member of the Management Board of the Bank during a calendar year.

2. In the case of the expiry or termination of the Management Contract due to the occurrence of an event not stipulated in Article 14 (1), in particular the event specified in Article 13 (3) (1) and Article 13 (3) (2), a Risk Taker I is considered a bad leaver and loses their entitlement to the determination of the Bonus for a given calendar year and payment of the Deferred Part for the previous calendar years whose date of payment has not fallen yet.

The occurrence of the above event releases the Bank from the obligation to exchange subscription warrants issued to the Risk Taker I pursuant to the Incentive Programme.

The Supervisory Board may, at its own discretion, pay the Risk Taker I the amount of the Deferred Part determined by the Supervisory Board which has not been paid yet.

## V. Remuneration rules for Risk Takers II

### Article 15

1. The Basic Remuneration for a Risk Taker II - Bank Employee is determined by the President of the Management Board of the Bank and the Member of the Management Board of the Bank supervising a given area, in line with the Remuneration Policy, taking the following information into account:
  - 1/ the assessment of competences of a Risk Taker II - Bank Employee performed by the supervisor (with focus to change in competencies),
  - 2/ the long term results achieved by the Risk Taker II - Bank Employee employed with mBank as at the Assessment date,
  - 3/ internal market data available (example: mBank Group internal comparison),
  - 4/ external market data available (example: information on remuneration paid to employees holding similar positions in the banking sector (at P50 / median level), additional market benchmarks).
2. Basic Remuneration for a Risk Taker II - Member of the Management Board of an mBank Group subsidiary - is determined by the Supervisory Board of the subsidiary on the basis of:
  - 1/ the resolution of the Management Board of an mBank Group subsidiary on division of competencies between the Management Board Members (with focus to change in competencies),
  - 2/ the long term results achieved by the Risk Taker II – Member of the Management Board as at the Assessment date,
  - 3/ internal market data available (example: mBank Group internal comparison),
  - 4/ external market data available (example: information on remuneration of management board members of other WSE-listed companies, additional market benchmarks).

### Article 16

1. Provided that the conditions defined in the Risk Takers Remuneration Policy are met, the Bonus is paid to a Risk Taker II subject to Article 16 (3)–(5) in the following amount:
  - 1/ 60% of the Bonus - pursuant to Article 17 (Non-deferred Part),
  - 2/ 40% of the Bonus - pursuant to Article 18 (Deferred Part).
2. The Non-deferred and Deferred Parts of the Bonus are paid on the basis of:
  - 1/ with reference to a Risk Taker II - Bank Employee, the decision of the Management Board of the Bank,
  - 2/ with reference to a Risk Takers II - Member of the Management Board of an mBank Group subsidiary, the resolution of the Supervisory Board of the subsidiary in which the Risk Taker II acts as a member of the management board.

3. The Bonus amount for a Risk Taker II being the head of a control unit must not exceed one-third of their total annual remuneration (i.e. the sum of the fixed remuneration and the Bonus).
4. Bonus of the Risk Taker II must be paid in deferred form if at least one of the following conditions is fulfilled:
  - 1/ the Bonus amount exceeds one-third of the total annual remuneration (i.e. the sum of the fixed remuneration and the Bonus) – this does not apply to the case referred to in Article 16 (3),  
or
  - 2/ the Bonus amount exceeds the equivalent of EUR 50,000 in the Polish zloty (as at the date of the decision referred to in Article 16 (2))  
or
  - 3/ the Risk Taker II's position is identified as a senior management position at the Bank (Managing Directors of the Bank) or as a Member of an mBank Group subsidiary's Management Board.

The payment of the total amount of the Bonus in cash in non-deferred form requires a decision of the Management Board of the Bank, in line with the requirements referred to in Article 29 of the MFFiPR Regulation.

5. Where the Bonus for a Risk Taker II is particularly high, i.e. at the level of EUR 180,000 or more, then, provided that the conditions defined in the Risk Takers Remuneration Policy are met, the Bonus is paid to the Risk Taker II as follows:
  - 1/ 40% of the Bonus – in line with the rules indicated in Article 17 (Non-deferred Part),
  - 2/ 60% of the Bonus – in line with the rules indicated in Article 18 (Deferred Part).
6. The Management Board of the Bank may decide to pay the Bonus to the Risk Taker II pursuant to the rules stipulated in the Risk Takers Remuneration Policy at an earlier date than stipulated in Article 17 (1) and Article 18 (1) hereof, provided that the Remuneration and Nomination Committee has granted its approval.

#### **Article 17**

1. The Non-deferred Part is paid under the following rules:
  - 1/ the first half (50%) of the Non-deferred Part is paid in cash after the AGM of the Bank approves the consolidated financial statements of mBank Group for the previous calendar year, i.e. the financial statements for the year for which the Bonus was granted, but not later than by 31 July of the year in which the AGM of the Bank was held,
  - 2/ the second half (50%) of the Non-deferred Part:
    - a/ with reference to a Risk Taker II - Bank Employee and a Risk Taker II - Member of the Management Board of an mBank Group subsidiary, excluding Members of the Management Board of mBank Hipoteczny S.A. and Members of the Management Board of mTFI S.A. - is paid in the form of subscription warrants issued and executed pursuant to the rules set forth in the Incentive Programme and the Incentive Programme Rules, not earlier than twelve

months from the date of the AGM of the Bank which approved the consolidated financial statements of mBank Group for the previous calendar year, i.e. the financial statements for the year for which the Bonus was granted, with the proviso that the value of one subscription warrant equals the Average Market Price minus PLN 4.00.

- b/ with reference to a Risk Taker II - Member of the Management Board of mBank Hipoteczny S.A. - is paid in the form of phantom shares pursuant to the rules stipulated in the regulations of mBank Hipoteczny S.A.
- c/ with reference to a Risk Taker II – Member of the Management Board of mTFI S.A. – is paid in the form of shares in the Funds managed by mTFI pursuant to the rules stipulated in regulations of mTFI S.A.

In particularly justified cases related to the mitigation of risk in order to maintain a sound capital base of the Bank enabling an effective response to the economic situation in Poland arising from, for example, the COVID-19 pandemic, the Supervisory Board may adopt a resolution on the payment of the entire Non-deferred Part or a portion of the Non-deferred Part in cash, in the form of subscription warrants in accordance with the rules stipulated in Article 17 (1) (2).

#### **Article 18**

1. The Deferred Part is paid in subsequent calendar years, starting from the year following the year in which the financial statements for the year for which the Bonus was granted was approved:
  - 1/ in five equal tranches to Risk Taker II – Managing Director of the Bank, and Risk Taker II – Member of an mBank Group subsidiary's Management Board,
  - 2/ in four equal tranches to the remaining Risk Takers II – Bank Employees, pursuant to the following rules:
    - 1/ the first half (50%) of each tranche of the Deferred Part is paid in cash after the AGM of the Bank approves the consolidated financial statements of mBank Group for the previous calendar year, but not later than by 31 July of the year in which the AGM of the Bank was held,
    - 2/ the second half (50%) of each tranche of the Deferred Part:
      - a/ with reference to a Risk Taker II - Bank Employee and a Risk Taker II - Member of a subsidiary's Management Board, excluding Members of the Management Board of mBank Hipoteczny S.A. and Members of the Management Board of mTFI S.A. - is paid in the form of subscription warrants issued and executed pursuant to the rules set forth in the Incentive Programme and the Incentive Programme Rules, not earlier than twelve months from the date of the AGM of the Bank which approved the consolidated financial statements of mBank Group for the previous calendar year, with the proviso that the value of one subscription warrant equals the Average Market Price minus PLN 4.00.
      - b/ with reference to a Risk Taker II - Member of the Management Board of mBank Hipoteczny S.A. - is paid in the form of phantom shares pursuant to the rules stipulated in separate regulations of mBank Hipoteczny S.A.

- c/ with reference to a Risk Taker II – Member of the Management Board of mTFI S.A. – is paid in the form of shares in the Funds managed by mTFI pursuant to the rules stipulated in regulations of mTFI S.A.

In particularly justified cases related to the mitigation of risk in order to maintain a sound capital base of the Bank enabling an effective response to the economic situation in Poland arising from, for example, the COVID-19 pandemic, the Supervisory Board may adopt a resolution on the payment of the entire Non-deferred Part or a portion of the Non-deferred Part in cash, in the form of subscription warrants in accordance with the rules stipulated in Article 18 (1) (2).

2. Each tranche of the Deferred Part is determined and paid out after the assessment carried out pursuant to Articles 21 and 22.

### Article 19

A Risk Taker II other than a Member of the Management Board of mBank Hipoteczny S.A. who was granted the Deferred or Non-deferred Part of the Bonus pursuant to the provisions of the Risk Takers Remuneration Policy is entitled, irrespective of the Bonus granted, to the Equivalent for the Non-deferred Part or for each tranche of the Deferred Part under the following rules:

- 1/ The Equivalent for the Non-deferred Part or for a given tranche of the Deferred Part in a given year is calculated for the calendar year preceding the year in which the competent authority referred to in Article 16 (2) of the RT Remuneration Policy took a decision or passed a resolution on payment of such Non-deferred Part or such tranche of the Deferred Part ("**Reference Year II**").
- 2/ The Equivalent is calculated according to the following formula:

$$E = WS \times (Z / LA)$$

Where:

- E:** means the amount of the Equivalent in PLN;
- WS:** means the number of subscription warrants granted to a Risk Taker II pursuant to the Risk Takers Remuneration Policy forming the Non-deferred Part or a given tranche of the Deferred Part, exchanged for the Bank's shares under the Incentive Programme Rules;
- Z:** means the amount of the Bank's profit for the Reference Year II allocated by the GM for distribution among the shareholders subject to the increase and decrease referred to in Article 348 (1) of the Code of Commercial Companies and Partnerships;
- LA:** means the total number of fully-paid shares held by the shareholders entitled to the dividend for a given Reference Year.

- 3/ The Equivalent is paid to a Risk Taker II by the Bank within 60 (sixty) days from the day on which the Risk Taker II effectively submitted a statement on the acquisition of shares in exchange for subscription warrants, whereas the Equivalent is calculated only for the

subscription warrants included in the statement on the acquisition of shares pursuant to the Incentive Programme Rules.

- 4/ For the avoidance of doubt, a Risk Taker II is not entitled to the Equivalent in the case where (i) the GM did not pass a resolution on payment of the dividend for the Reference Year II, or (ii) subscription warrants entitling the Risk Taker II to the Equivalent have expired due to the failure to acquire the Bank's shares in exchange for them – proportionally to the number of the expired subscription warrants.

#### **Article 20**

1. The following constitutes the basis for calculating the Bonus for a given calendar year:
  - 1/ the Assessment of a Risk Taker II from the three previous calendar years in line with the requirements referred to in § 28 of the MFFiPR Regulation,
  - 2/ the economic result (e.g. Economic Profit) of mBank Group and the performance of a business line/ an mBank Group subsidiary/ the Bank's organisational unit, respectively, for the period covered by the Assessment of a Risk Taker II adjusted for the cost of risk, cost of capital, and the liquidity risk in a long term perspective.

In the case of an mBank Group subsidiary where the Assessment is not applied, the assessment system appropriate for a given subsidiary is used instead.

2. A gross failure to achieve the objectives determined by the Assessment forms the grounds for decreasing the Bonus or not granting it to a Risk Taker II.
3. In the cases referred to in Article 21 (1) (1) (b) and (c) and in Article 22 (1) (1) (b) and (c), a decision on not paying out the Bonus or reducing its amount may be taken by:
  - 1/ The Management Board of the Bank - with reference to a Risk Taker II - Bank Employee,
  - 2/ The Supervisory Board of an mBank Group subsidiary - with reference to a Risk Taker II - Member of an mBank Group subsidiary's Management Board.

#### **Article 21**

1. The Deferred Part is paid to a Risk Taker II - Member of an mBank Group subsidiary's Management Board pursuant to Article 18 hereof, unless:
  - 1/ at least one of the conditions of the scorecard presented in Appendix No. 2 to the Risk Takers Remuneration Policy has not been met, i.e. a positive ("YES") answer is given to at least one of the questions, in particular:
    - a/ The Supervisory Board of an mBank Group subsidiary concludes that a Risk Taker II - Member of a subsidiary's Management Board has had a direct and adverse impact on the financial result or market position of an mBank Group subsidiary through their acts or omissions to act in the long-term (meaning a period of at least three years).

The decision on whether this has been the case is taken by the Supervisory Board of an mBank Group subsidiary on the basis of, among others, the following:

- i. financial performance of the mBank Group subsidiary,

- ii. result of the Assessment of a given Risk Taker II - Member of the subsidiary's Management Board,
  - b/ The Supervisory Board of the subsidiary concludes, based on a recommendation of the Decision-Making Board for the Culture of Integrity, that through their acts or omissions, a Risk Taker II – Member of a subsidiary's Management Board committed the following fraud:
    - i. materially violated the generally applicable laws or internal regulations, or
    - ii. violated the rules and standards adopted at mBank Group, among others, the rules and standards pertaining to mobbing, harassment, sexual harassment, other forms of discrimination and illegal or unethical behaviour that violates the rules of social coexistence, or
    - iii. directly contributed to significant financial losses being the consequence of their deliberate actions to the detriment of mBank Group or has contributed to financial sanctions being imposed on the subsidiary by supervisory bodies pursuant to a final decision,
  - c/ any of premises stipulated in Article 142 (2) of the Banking Law Act occurred, in particular, those referred to in (2):
    - i. a balance sheet loss has been sustained or there is a threat of such a loss, or
    - ii. there is a threat of insolvency or liquidity loss,
    - iii. liquidity and solvency are deteriorating,
    - iv. financial leverage level is increasing,
    - v. the number of non-performing loans or advances is increasing,
    - vi. the concentration of exposures is increasing.
- 2/ The Risk Taker II - Member of an mBank Group subsidiary's Management Board resigns from the position of a Member of the Management Board of an mBank Group subsidiary, except for when:
  - a/ mBank Group subsidiary and the Risk Taker II – Member of the subsidiary's Management Board reach an agreement on termination of the Management Contract due to taking up new responsibilities within Commerzbank Group or when the Risk Taker II – Member of the subsidiary's Management Board resigns from the position for this reason,
  - b/ mBank Group's subsidiary and the Risk Taker II – Member of the subsidiary's Management Board reach an agreement on termination of the Management Contract due to retirement or when the Risk Taker II – Member of the subsidiary's Management Board resigns from the position for this reason,
  - c/ mBank Group's subsidiary and the Risk Taker II – Member of the subsidiary's Management Board reach an agreement on termination of the Management



Contract for reasons other than those stipulated in Article 21 (1) (2) (a) and (b) hereof, unless one of the cases referred to in Article 21 (1) (1) occurs.

2. The occurrence of any of the events stipulated in Article 21 (1) above may be a reason for reducing or not paying the Deferred Part which has not been paid yet.
3. Notwithstanding Article 21 (1) above, none of the tranches forming the Deferred Part which have not been paid yet, will be paid if any of the following events occurs:
  - 1/ The Risk Taker II - Member of an mBank Group subsidiary's Management Board is not appointed as a member of the Management Board of an mBank Group subsidiary for another term of office due to their refusal to run for the office again.
  - 2/ The Risk Taker II - Member of an mBank Group subsidiary's Management Board is not appointed as a member of the Management Board of an mBank Group subsidiary for another term of office or is dismissed during their term of office for any of the following reasons:
    - a/ he is charged with committing an offence (a misdemeanor or a felony),
    - b/ he loses the powers and qualifications required for a Member of the Management Board of a bank stipulated in the applicable law, in particular the Banking Law Act,
    - c/ he is charged with acting to the detriment of the Bank or an mBank Group subsidiary in which he holds/held the office of a Member of the Management Board,
    - d/ he breaches the non-compete clause,
    - e/ he otherwise seriously breaches the Management Contract, a serious breach being in particular the disclosure of confidential information.
4. In cases justifying the reduction or non-payment of the Deferred Part for reasons other than those specified in Article 21 (3), the decision regarding the reduction or non-payment is taken by the Supervisory Board of an mBank Group subsidiary.
5. In the case referred to in Article 21 (1) (1) (b), the Risk Taker II Member of an mBank Group subsidiary's Management Board may be obliged, under the rules and within the time limit determined by the decision of the subsidiary's Supervisory Board, to return the Bonus granted and paid for a given calendar year (i.e. the Non-deferred Part and all Deferred Parts) in which the event referred to in Article 21 (1) (1) (b) occurred. The decision on the occurrence of the event may be taken by the subsidiary's Supervisory Board by the end of the calendar year when the last tranche of the Deferred Part of the Bonus granted for a year in which the event occurred is paid.

## **Article 22**

1. The Deferred Part is paid to a Risk Taker II - Bank Employee pursuant to Article 18 hereof, unless:
  - 1/ at least one of the conditions of the scorecard presented in Appendix No. 3 to the Risk Takers Remuneration Policy has not been met, i.e. a positive ("YES") answer is given to at least one of the questions, in particular:

- a/ The Management Board of the Bank concludes that the Risk Taker II - Bank Employee has had a direct and adverse impact on the financial result and market position of the Bank or mBank Group through their acts or omissions to act in the long-term (meaning a period of at least three years), taking into account the Bank's business cycle or the risk related to the Bank's business.

The decision on whether this has been the case is taken by the Management Board of the Bank on the basis of, among others, the following:

- i. performance of mBank Group (calculated as Economic Profit),
  - ii. result of the Risk Taker II - Bank Employee's Assessment.
- b/ The Management Board of the Bank concludes, based on a recommendation of the Decision-Making Board for the Culture of Integrity, that through their acts or omissions, a Risk Taker II – Bank Employee committed the following fraud:
- i. materially violated the generally applicable laws or internal regulations, or
  - ii. violated the rules and standards adopted at mBank Group, among others, the rules and standards pertaining to mobbing, harassment, sexual harassment, other forms of discrimination and illegal or unethical behaviour that violates the rules of social coexistence, or
  - iii. directly contributed to significant financial losses arising from their deliberate, adverse actions to the detriment of mBank Group or has contributed to financial sanctions being imposed on the Bank by supervisory bodies pursuant to a final decision,
- c/ any of premises stipulated in Article 142 (2) of the Banking Law Act occurred, in particular, those referred to in (2):
- i. a balance sheet loss has been sustained or there is a threat of such a loss, or
  - ii. there is a threat of insolvency or liquidity loss,
  - iii. liquidity and solvency are deteriorating,
  - iv. financial leverage level is increasing,
  - v. the number of non-performing loans or advances is increasing,
  - vi. the concentration of exposures is increasing.

- 2/ the Risk Taker II - Bank Employee does not fulfil the condition concerning the Employment with the Bank or mBank Group, except for when:
- a/ the Risk Taker II - Bank Employee retires,
  - b/ the Risk Taker II - Bank Employee dies,
  - c/ the employment contract with the Risk Taker II - Bank Employee has been terminated, except for when the employment contract has been terminated:

- i. without notice due to the Employee's fault (Article 52 of the Labour Code),
  - ii. with a notice made by the Employee (Article 30 (1) (2) of the Labour Code),
  - iii. by mutual agreement of the parties on the Employee's initiative (Article 30 (1) (1) of the Labour Code),
2. In the case described in Article 22 (1) (2) above, the Deferred Part tranche is granted on the basis of the last supervisor's opinion about the Risk Taker II - Bank Employee, the score achieved by the Risk Taker II - Bank Employee in the last calendar year of their employment with the Bank or mBank Group and taking into account whether in the last three years of their employment the Risk Taker II - Bank Employee could have had an adverse impact on the Bank's or mBank Group's risk profile.
3. The occurrence of any of the events stipulated in Article 22 (1) above may be a reason for reducing or not paying the Deferred Part which has not been paid yet.
4. Notwithstanding Article 22 (1) above, none of the tranches forming the Deferred Part which have not been paid yet, will be paid if any of the following events occurs:
  - 1/ The Risk Taker II - Bank Employee is charged with committing an offence (a misdemeanor or a felony),
  - 2/ The Risk Taker II - Bank Employee has lost authorisations necessary to perform the tasks in a given position through their own fault,
  - 3/ The Risk Taker II - Bank Employee is charged with acting to the detriment of the Bank or an mBank Group subsidiary,
  - 4/ The Risk Taker II - Bank Employee commits other serious breach, in particular a serious breach of basic employee obligations or disclosure of confidential information.
5. In cases justifying the reduction or non-payment of the Deferred Part for reasons other than those specified in Article 22 (4), the decision regarding the reduction or non-payment is taken by the Management Board of mBank.
6. In the case referred to in Article 22 (1) (1) (b), the Risk Taker II Bank Employee may be obliged, under the rules and within the time limit determined by the decision of the Management Board, to return the Bonus granted and paid for a given calendar year (i.e. the Non-deferred Part and all Deferred Parts) in which the event referred to in Article 22 (1) (1) (b) occurred. The decision on the occurrence of the event may be taken by the Management Board by the end of the calendar year when the last tranche of the Deferred Part of the Bonus granted for a year in which the event occurred is paid.

### **Article 23**

1. The Decision-Making Board for the Culture of Integrity, which is composed of the directors of the following departments:
  - 1/ Employee and Organisation Culture Development Department (DHR) – Chair of the Board,
  - 2/ Compliance Department (DC) or head of the Supervision Division of the

Brokerage Bureau (BM\_WND) where a given issue discussed by the Board pertains to Risk Takers employed at the Brokerage Bureau,

- 3/ Integrated Risk Management Department (DKR),
- 4/ Legal Department (DP),
- 5/ Internal Audit Department (DAW) – without the right to vote,

will analyse the identified cases of fraud committed by Risk Takers. In justified cases, the members of the Decision-Making Board for the Culture of Integrity may appoint their deputies from their organisational units.

2. Where a discussed issue pertains to fraud committed by a Risk Taker II – Member of a subsidiary's Management Board, the Chair of the Decision-Making Board for the Culture of Integrity invites the representatives of the subsidiary, in particular persons responsible for compliance, legal issues or HR, to a meeting.
3. The members of the Decision-Making Board for the Culture of Integrity:
  - 1/ analyse and verify all reported cases of fraud committed by Risk Takers on an ongoing basis, but at least once a year (before the planned bonus process),
  - 2/ anonymously vote on issuing recommendations on reduction or non-payment of the Bonus or the Deferred Part to Risk Takers who committed fraud, whereas decisions are taken by a simple majority of votes,
  - 3/ issue recommendations on reduction or non-payment of the Bonus or the Deferred Part to Risk Takers who committed fraud:
    - a/ to the Supervisory Board of the Bank – in the case of Risk Takers I,
    - b/ to the Supervisory Board of a subsidiary – in the case of Risk Takers II – Members of a subsidiary's Management Board,
    - c/ to the Management Board – in the case of Risk Takers II – Bank Employees.

The final decision on reduction or non-payment of the Bonus or the Deferred Part to a Risk Taker will be taken by:

  - d/ the Supervisory Board of the Bank – in the case of a Risk Taker I,
  - e/ the Supervisory Board of a subsidiary – in the case of a Risk Taker II – Member of the subsidiary's Management Board,
  - f/ the Management Board – in the case of a Risk Taker II – Bank Employee.

## VI. Risk Takers Data Reporting

### Article 24

1. Data on Risk Takers are reported pursuant to:
  - 1/ the MFFiPR Regulation within the meaning of Article 4,
  - 2/ 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 (Official Journal of the EU, L 176/1),
  - 3/ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible

liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

2. Under the regulations referred to in Article 23 (1) hereof, the scope of reported data includes, among others:
  - 1/ information concerning the decision-making process applied to determine the remuneration policy,
  - 2/ information concerning the link between remuneration and performance,
  - 3/ the most important information concerning the characteristics of remuneration policy and rules,
  - 4/ ratio of fixed to Variable Remuneration components,
  - 5/ information concerning the criteria for the allocation of shares and other components of remuneration,
  - 6/ aggregate quantitative information concerning remuneration broken down into individual business areas,
  - 7/ aggregate quantitative information concerning remuneration broken down into employees having a material impact on the Bank's risk profile (amount of Basic Remuneration, Variable Remuneration, Deferred Part of Variable Remuneration, Non-Deferred Part of Variable Remuneration).

#### **Article 25**

1. The data referred to in Article 24 (1) and (2) are prepared by the Employee Relations and Organisation Culture Department (DHR), which is responsible for correctness of the provided data; a double-check principle is applied to the data, which means that the same data are prepared independently by two employees to avoid errors.
2. The data prepared by DHR are verified by:
  - 1/ the Financial Reporting Department (DSF) - with regard to quantitative data,
  - 2/ the Compliance Department (DC) - with regard to qualitative data,in terms of compliance with the requirements specified by the Polish and the European regulator in terms of data completeness and required information.
3. DC verifies the data within at least 5 days from the date of their submission by DHR. DHR provides DC with source materials necessary to carry out the verification process. DHR submits the approved material to DSF, which is responsible for the disclosure process regarding the capital adequacy of the mBank Group.

## **VII. Final Provisions**

#### **Article 26**

1. Persons covered by the Risk Takers Remuneration Policy are obliged not to use personal hedging strategies (a strategy used to hedge against movements in the price

of a financial instrument) or insurance products within the applicable remuneration system, and are obliged to submit a relevant declaration in this respect.

2. The Risk Takers who, at the same time, are employed by or serve as management board members in other mBank Group subsidiaries, receive from those subsidiaries variable remuneration that is subject to relevant rules stipulated in the Risk Takers Remuneration Policy.
3. The rules stipulated in the Risk Takers Remuneration Policy will be applied to determine the remuneration of Risk Takers starting with remuneration for the calendar year 2023.
4. Matters which have not been regulated in the Risk Takers Remuneration Policy are governed by separate internal regulations of the Bank.

\* \* \*

**Appendix No. 1 to the Risk Takers Remuneration Policy**

**Scorecard for a Risk Taker I - Member of the Management Board of the Bank -  
template**

SCORECARD for ... (employee no., surname, name)	No	Yes	If you have marked “Yes”, please provide the reason for doing so
1. Has any of the events specified in Article 142 (2) of the Banking Law Act occurred, in particular, those referred to in (2)?			
2. Does the Risk Taker I fail to meet the standards regarding the required skills and reputation (suitability assessment)?			
3. Has the Risk Taker I materially violated the generally applicable laws or internal regulations of the Bank through their acts or omissions?			
4. Has the Risk Taker I violated the rules and standards adopted at mBank Group, among others, the rules and standards pertaining to mobbing, harassment, sexual harassment, other forms of discrimination and illegal or unethical behaviour that violates the rules of social coexistence, through their acts or omissions?			
5. Has the Risk Taker I had a direct and adverse impact on the financial result or market position of mBank Group through their acts or omissions in the long-term (meaning a period of at least three years), taking into account the Bank’s business cycle and the risk inherent in the Bank’s business?			
6. Has the Risk Taker I, through their acts or omissions, directly contributed to significant financial losses being the consequence of their deliberate adverse actions to the detriment of mBank Group or has the Risk Taker I contributed to financial sanctions being imposed on the Bank by supervisory bodies?			
7. Is the result of assessment of the Risk Taker I’s performance in a given period inappropriate taking into account their remuneration?			

**Appendix No. 2 to the Risk Takers Remuneration Policy****Scorecard for a Risk Taker II - Member of the Management Board of  
an mBank Group subsidiary - template**

<b>SCORECARD for ... (employee no., surname, name)</b>	<b>No</b>	<b>Yes</b>	<b>If you have marked “Yes”, please provide the reason for doing so</b>
1. Has any of the events specified in Article 142 (2) of the Banking Law Act occurred, in particular, those referred to in (2)?			
2. Does the Risk Taker II fail to meet the standards regarding the required skills and reputation (suitability assessment)?			
3. Has the Risk Taker II materially violated the generally applicable laws or internal regulations of the Subsidiary through their acts or omissions?			
4. Has the Risk Taker II violated the rules and standards adopted at mBank Group, among others, the rules and standards pertaining to mobbing, harassment, sexual harassment, other forms of discrimination and illegal or unethical behaviour that violates the rules of social coexistence, through their acts or omissions?			
5. Has the Risk Taker II had a direct and adverse impact on the financial result or market position of the mBank Group Subsidiary through their acts or omissions in the long-term (meaning a period of at least three years), taking into account the Subsidiary's business cycle and the risk inherent in the Subsidiary's business?			
6. Has the Risk Taker II, through their acts or omissions, directly contributed to significant financial losses being the consequence of their deliberate adverse actions to the detriment of mBank Group or has the Risk Taker II contributed to financial sanctions being imposed on the Bank by supervisory bodies?			
7. Is the result of assessment of the Risk Taker II's performance in a given period inappropriate taking into account their remuneration?			



**Appendix No. 3 to the Risk Takers Remuneration Policy**

**Scorecard for a Risk Taker II - Bank Employee - template**

<b>SCORECARD for ... (employee no., surname, name)</b>		<b>No</b>	<b>Yes</b>	<b>If you have marked "Yes", please provide the reason for doing so</b>
1.	Has any of the events specified in Article 142 (2) of the Banking Law Act occurred, in particular, those referred to in (2)?			
2.	Has the Risk Taker II materially violated the generally applicable laws or internal regulations through their acts or omissions?			
3.	Has the Risk Taker II violated the rules and standards adopted at mBank Group, among others, the rules and standards pertaining to mobbing, harassment, sexual harassment, other forms of discrimination and illegal or unethical behaviour that violates the rules of social coexistence, through their acts or omissions?			
4.	Has the Risk Taker II had a direct and adverse impact on the financial result or market position of mBank Group through their acts or omissions in the long-term (meaning a period of at least three years), taking into account the Bank's business cycle and the risk inherent in the Bank's business?			
5.	Has the Risk Taker II, through their acts or omissions, directly contributed to significant financial losses being the consequence of their deliberate adverse actions to the detriment of mBank Group or has the Risk Taker II contributed to financial sanctions being imposed on the Bank by supervisory bodies?			
6.	Is the result of assessment of the Risk Taker II's performance in a given period inappropriate taking into account their remuneration?			