

*ENCLOSURE TO
REMUNERATION COMMITTEE DECISION 24/ 18 DATED 6 DECEMBER 2018 AND
SUPERVISORY BOARD RESOLUTION 119/ 18 DATED 6 DECEMBER 2018*

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

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I. GENERAL PROVISIONS

Article 1

1. The "Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A." ("**Risk Takers 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 management strategy and the strategy of managing risk and limits conflict of interest,
 - 3/ 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, with the proviso that the criteria and the process of selecting Risk Takers have been laid down in a separate document - the Risk Takers Identification Policy,
 - 4/ ensures transparent rules of determining and paying the Bonus, being a component of Variable Remuneration.
2. The Risk Takers Remuneration Policy has been developed on the basis of:
 - 1/ EBA (European Banking Authority) guidelines on sound remuneration policies referred to in Art. 74 (3) and 75 (2) of Directive 2013/36/EU and on disclosure of information in line with Article 450 of Regulation (EU) No 575/2013 – EBA/GL/2015/22 of 27 June 2016,
 - 2/ The Polish Banking Law Act of 29 August 1997 (Journal of Laws of 2017, item 1876) implementing 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,
 - 3/ Regulation of the Minister of Development and Finance of 6 March 2017 on the Risk Management System, the Internal Control System, the Remuneration Policy as well as the Detailed Method for Banks' Internal Capital Assessment (Journal of Laws of 2017, item 637).
3. The Management Board of the Bank is responsible for the development, implementation and observance of the Risk Takers Remuneration Policy. The Corporate Governance Department initiates the development of the Risk Takers Remuneration Policy in cooperation with the organisational units responsible for the HR issues, risk management as well as legal and compliance issues.
4. The Supervisory Board of the Bank approves the Risk Takers 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 Committee.

5. The Management Board of the Bank analyses the implementation of the rules of the Risk Takers Remuneration Policy on an annual basis and submits the proposed amendments to the Remuneration 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 Committee and the Supervisory Board of the Bank.

Article 2

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. Senatorska 18, 00-950 Warszawa, entered in the Register of Enterprises of the National Court Register kept by the District Court for the Capital City of Warsaw, 12th 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 169,248,488 as at 29 December 2017;
- 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) **“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 mBank Group's subsidiary;
- 8) **“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. 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;
- 9) **“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;
- 10) **“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;
- 11) **“mBank Group”** means mBank and the subsidiaries of the Bank subject to the obligation of consolidation;
- 12) **“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 mBank Group's subsidiary;

- 13) **“mBank Hipoteczny S.A.”** means mBank Hipoteczny spółka akcyjna with its registered office in Warsaw, ul. Lecha Kaczyńskiego 26, 00-609 Warszawa, entered in the register of enterprises of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, under KRS number 0000003753, with its share capital amounting to PLN 321,000,000 as at 22 December 2017 (paid-up in full), statistical number REGON 014953634, tax identification number NIP 5262316250;
- 14) **“MbO”** (Management by Objectives) means the planning and assessment process for Risk Takers, governed by a separate internal regulation of the Bank or mBank Group’s subsidiary, as well as planning and assessment process for Risk Takers which will replace the existing MbO;
- 15) **“N”** means the calendar year for which the Bonus is determined;
- 16) **“Reference Period”** means 30 days directly preceding the Additional Day;
- 17) **“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;
- 18) **“Risk Takers Remuneration Policy”** means this “Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A.”;
- 19) **“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, issued pursuant to § 24 of the Regulation, or any other document which will amend or replace the Risk Takers Identification Policy;
- 20) **“Remuneration Policy”** means the adopted “Remuneration Policy of mBank S.A.” or any other document which will amend or replace the Remuneration Policy;

- 21) **“Incentive Programme”** means the “Incentive Programme of the Bank” adopted by resolution of the Bank’s Annual General Meeting of Shareholders;
- 22) **“Incentive Programme Rules”** means the “Incentive Programme Rules” adopted at the Bank;
- 23) **“Risk Taker”** means a person identified as a Risk Taker I or Risk Taker II pursuant to the Risk Takers Identification Policy;
- 24) **“Risk Taker I”** means a Member of the Management Board of the Bank;
- 25) **“Risk Taker II”** means the persons holding positions other than the Members of the Management Board of the Bank, identified as having a material impact on the Bank’s risk profile pursuant to the Risk Takers Identification Policy;
- 26) **“Risk Taker II - Bank Employee”** means a Risk Taker II performing work for the benefit of the Bank;
- 27) **“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 mBank Group’s subsidiary;
- 28) **“Regulation”** means the Regulation of the Minister of Development and Finance of 6 March 2017 on the Risk Management System, Internal Control System, Remuneration Policy as well as detailed Method for Banks’ Internal Capital Assessment (Journal of Laws 2017.637);
- 29) **“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;
- 30) **“GM”** means a General Meeting of the Bank’s Shareholders;
- 31) **“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;

- 32) **“Variable Remuneration”** means all the components of a Risk Taker’s remuneration not classified as fixed remuneration;
- 33) **“Employment with mBank”** means an employment relationship or a civil-law relationship connected with performance of work or services for the Bank;
- 34) **“Employment with mBank Group”** means an employment relationship or a civil-law relationship connected with performance of work or services for mBank Group’s subsidiary;
- 35) **“AGM”** means an Annual General Meeting of Shareholders.

II. REMUNERATION RULES FOR RISK TAKERS

Article 3

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. The Bonus is a component of Variable Remuneration. The Bonus is granted under the rules set forth in the Risk Takers Remuneration Policy. Unless stated otherwise in the Risk Takers Remuneration Policy, other components of Variable Remuneration are granted under the rules set forth in separate internal regulations of the Bank or mBank Group.
4. 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 a 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.
5. If a Risk Taker is entitled to severance pay under the labour law, but the severance pay granted is higher than stipulated in the legal provisions, the Risk Taker is assessed in line with the rules applicable to the determination of the Bonus.
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 mBank.
7. The rules for granting Benefits are outside the scope of this Policy.
8. The Bonus and the Equivalent determined pursuant to the rules of the Risk Takers Remuneration Policy is a gross amount.
9. 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.

III. REMUNERATION RULES FOR RISK TAKERS I

Article 4

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 5

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 6 (Non-deferred Part),
 - 2/ 60% of the Bonus - pursuant to Article 7 (Deferred Part).
2. The Non-deferred and Deferred Parts are paid on the basis of a resolution of the Supervisory Board.

Article 6

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 in the month following the month of the AGM of the Bank which approved 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 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, with the proviso that the value of one subscription warrant equals the Average Market Price minus PLN 4.00.

Article 7

1. The Deferred Part is paid in five equal tranches under the following rules:
 - 1/ the first half (50%) of the Deferred Part is paid in cash in the month following the month of the AGM of the Bank which approved 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.
2. Each tranche of the Deferred Part is determined and paid out after the assessment carried out pursuant to Articles 9 and 10 hereof.

Article 7¹

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:

$$\mathbf{E = WS \times (Z / LA)}$$

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 8

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.
2. The Bonus Pool for a given calendar year is calculated on the basis of the total of base amounts calculated for each Risk Taker I. The base amount for a given Risk Taker I does not affect the Bonus amount granted to this Risk Taker I.
3. The base amount of each Risk Taker I is determined under the following rules:

$$\text{multiplier} = \begin{cases} 0 & \text{EP} < 0 \\ 2\% * \text{EP} + 2 & \text{EP} \geq 0 \\ 12 & \text{EP} > 500 \end{cases}$$

Where

- 1/ "EP" means Economic Profit calculated for the period of three years as the total of:

$$\text{EP} = (1/2) \text{EP} (N) + (1/3) \text{EP} (N-1) + (1/6) \text{EP} (N-2)$$
- 2/ multiplier – multiple of the Basic Remuneration of a given Risk Taker I, specified in the Management Contract, due to the Risk Taker I:
 - a/ as at 31 December of the calendar year for which the Bonus is granted or
 - b/ as at the last day of the term of the Management Contract in the calendar year for which the Bonus is granted – in the case where the Management Contract expires or is terminated in the course of the calendar year.
4. The EP level serving as the basis for calculating the Bonus Pool is approved by the Supervisory Board each year as per the calculations made by the unit responsible for controlling activities at the Bank. The Resolution of the Supervisory Board on the approval of the Economic Profit level is preceded by consultations with the President of the Management Board of the Bank concerning the Economic Profit level. The consultations cover parameters and indicators determined by the competent public administration authorities and regulatory bodies as well as one-off events, which, when combined, may lead to changes in the Economic Profit level, with the proviso that the parameters and indicators which a Risk Taker I can affect to a limited extent only should have a limited impact on calculations of the Economic Profit level.

The parameters and indicators which a Risk Taker I can affect to a limited extent include, among other things, extraordinary costs and revenue (e.g. one-off transactions).

5. 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 particular Risk Takers do not have to be identical.

The Supervisory Board is not obliged to distribute the entire Bonus Pool.

6. The Bonus amount for a given Risk Taker I is based on the Supervisory Board's assessment of the performance of each Risk Taker.
7. In order to calculate the Bonus amount, the Supervisory Board analyses and assesses 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 MbO goals by this Risk Taker I; the analysis covers the period of at least three years.

The decision on determining the Bonus amount and assessing the achievement of the MbO goals by the Risk Taker I is made at the Supervisory Board's sole discretion. The Supervisory Board assesses whether the Risk Taker I achieved his MbO goals, taking into account the economic situation in Poland in the last three calendar years.

The Risk Taker I submits written information to the Supervisory Board about the achievement of MbO goals for the calendar year for which the bonus is granted, not later than by the end of March of the year following the year for which the Bonus is determined.

8. If circumstances referred to in Article 9 (1) (1) (b) and (c) hereof occur at the stage of determining the Bonus amount, the Supervisory Board may decide not to grant the Bonus in whole or to reduce it.
9. 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 9

1. The Deferred Part is paid pursuant to Article 7, 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 his actions or failure to act 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 that through his actions or failure to act, a Risk Taker I:

- i. has violated rules and standards adopted at mBank Group or has materially violated applicable laws, or
 - ii. has directly contributed to significant financial losses being the consequence of his 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 (2) of the Banking Law Act has occurred:
 - 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 10 (1) (3) and Article 10 (1) (4) hereof.
2. The occurrence of one of the events stipulated in Article 9 (1) above may be a reason for reducing or not paying the Deferred Part which has not been paid yet.
 3. Notwithstanding Article 9 (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 his 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 his 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 9 (3), the decision regarding the reduction or non-payment is taken by the Supervisory Board.
 5. In the case referred to in Article 9 (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 9 (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 10

1. If the Management Contract expires or is terminated due to the occurrence of any of the following events, subject to provisions of Article 9 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 10 (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 10 (1), in particular the event specified in Article 9 (3) (1) and Article 9 (3) (2), a Risk Taker I is considered a bad leaver and loses his 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.

IV. REMUNERATION RULES FOR RISK TAKERS II

Article 11

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 mBank Group's subsidiary - is determined by the Supervisory Board of the subsidiary on the basis of:
 - 1/ the resolution of the Management Board of mBank Group's 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 12

1. Provided that the conditions defined in the Risk Takers Remuneration Policy are met, the Bonus is paid to a Risk Taker II in the following amount:
 - 1/ 60% of the Bonus - pursuant to Article 13 (Non-deferred Part),
 - 2/ 40% of the Bonus - pursuant to Article 14 (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 mBank Group's 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. In the case when the Bonus amount determined for a Risk Taker II for a given calendar year does not exceed PLN 200,000, the total amount of the Bonus may be paid in cash in a non-deferred form.

The payment of the total amount of the Bonus in cash in a non-deferred form requires a decision of:

- 1/ The Management Board of the Bank with reference to a Risk Taker II - Bank Employee, in accordance with the requirements referred to in § 28 of the Regulation,
- 2/ The Supervisory Board of mBank Group's subsidiary with reference to a Risk Taker II - Member of the Management Board of mBank Group's subsidiary.

Taking the decision about not deferring the Bonus payment is at the sole discretion of a competent decision-making body.

4. With reference to a Risk Taker II - Bank Employee, the Management Board of the Bank may take a decision on the Bonus payment pursuant to the rules stipulated in the Risk Takers Remuneration Policy at an earlier date than stipulated in Article 13 (1) and Article 14 (1) hereof provided that the Remuneration Committee has granted its approval.

Article 13

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 in the month following the month of the AGM of the Bank which approved 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 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 mBank Group's subsidiary, excluding Members of the Management Board of mBank Hipoteczny 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 the regulations of mBank Hipoteczny S.A.

Article 14

1. The Deferred Part is paid in three equal tranches under the following rules:
 - 1/ the first half (50%) of each tranche of the Deferred Part is paid in cash in the month following the month of the AGM of the Bank which approved 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. - 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.
2. Each tranche of the Deferred Part is determined and paid out after the assessment carried out pursuant to Articles 16 and 17.

Article 14¹

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 12 (2) of the Risk Takers 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 15

1. The following constitutes the basis for calculating the Bonus for a given calendar year:
 - 1/ the MbO assessment of a Risk Taker II from the three previous calendar years in line with the requirements referred to in § 27 of the Regulation,
 - 2/ the Economic Profit of mBank Group and the performance of a business line/ mBank Group's subsidiary/ the Bank's organisational unit, respectively, for the period covered by the MbO 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 mBank Group's subsidiary where the MbO 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 MbO 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 16 (1) (1) (b) and (c) and in Article 17 (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 mBank Group's subsidiary - with reference to a Risk Taker II - Member of a subsidiary's Management Board.

Article 16

1. The Deferred Part is paid to a Risk Taker II - Member of a subsidiary's Management Board pursuant to Article 14 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 mBank Group's 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 mBank Group's subsidiary through his actions or failure 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 mBank Group's subsidiary on the basis of, among others, the following:

 - i. financial performance of mBank Group's subsidiary,
 - ii. result of the MbO assessment of a given Risk Taker II - Member of a subsidiary's Management Board,
 - b/ The Supervisory Board concludes that through his actions or failure to act a Risk Taker II - Member of a subsidiary's Management Board:
 - i. has violated rules and standards adopted at mBank Group or has materially violated applicable laws, or
 - ii. has directly contributed to significant financial losses being the consequence of his 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:
 - 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 a subsidiary's Management Board resigns from the position of a Member of the Management Board of mBank Group's subsidiary, except for when:
 - a/ mBank Group's subsidiary and the Risk Taker II - Member of a subsidiary's Management Board reach an agreement on termination of

the Management Contract due to taking up new responsibilities within Commerzbank Group or the Risk Taker II – Member of a subsidiary’s Management Board resigns from the position for this reason,

- b/ mBank Group’s subsidiary and the Risk Taker II - Member of the Management Board reach an agreement on termination of the Management Contract due to retirement or the Risk Taker II – Member of the Management Board resigns from the position for this reason,
- c/ mBank Group’s subsidiary and the Risk Taker II - Member of the Management Board reach an agreement on the termination of the Management Contract for reasons other than stipulated in Article 16 (1) (2) (a) and (b) hereof, unless one of the cases referred to in Article 16 (1) (1) occurs.

- 2. The occurrence of any of the events stipulated in Article 16 (1) above may be a reason for reducing or not paying the Deferred Part which has not been paid yet.
- 3. Notwithstanding Article 16 (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 a subsidiary’s Management Board is not appointed as a member of the Management Board of mBank Group’s subsidiary for another term of office due to his refusal to run for the office again.
 - 2/ The Risk Taker II - Member of a subsidiary’s Management Board is not appointed as a member of the Management Board of mBank Group’s subsidiary for another term of office or is dismissed during his 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 mBank Group’s 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 16 (3), the decision regarding the reduction or non-payment is taken by the Supervisory Board of mBank Group’s subsidiary.
- 5. In the case referred to in Article 16 (1) (1) (b), the Risk Taker II Member of a subsidiary’s Management Board 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 16 (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 17

1. The Deferred Part is paid to a Risk Taker II - Bank Employee pursuant to Article 14 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 his actions or failure 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 MbO assessment.
- b/ The Management Board of the Bank concludes that through his actions or failure to act a Risk Taker II - Bank Employee:
- i. has violated rules and standards adopted at mBank Group or has materially violated applicable laws, or
 - ii. has directly contributed to significant financial losses arising from his 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:

- 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 17 (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 his employment with the Bank or mBank Group and taking into account whether in the last three years of his 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 17 (1) above may be a reason for reducing or not paying the Deferred Part which has not been paid yet.
 4. Notwithstanding Article 17 (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:
 - a/ The Risk Taker II - Bank Employee is charged with committing an offence (a misdemeanor or a felony),
 - b/ The Risk Taker II - Bank Employee has lost authorisations necessary to perform the tasks in a given position through his own fault,
 - c/ The Risk Taker II - Bank Employee is charged with acting to the detriment of the Bank or mBank Group's subsidiary,
 - d/ 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 17 (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 17 (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 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 17 (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.

V. RISK TAKERS DATA REPORTING

Article 18

1. Data on Risk Takers are reported pursuant to:
 - 1/ the Regulation within the meaning of Article 2,
 - 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).
2. Under the regulations referred to in Article 18 (1) hereof, the scope of reported data should include, 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/ information concerning the criteria for the allocation of shares and other components of remuneration,
 - 5/ aggregate quantitative information concerning remuneration broken down into individual business areas,
 - 6/ 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 19

1. The data referred to in Article 18 (1) and (2) are prepared by the Corporate Governance Department (DZO), 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 DZO are verified by the Financial Reporting Department (DSF) and the Internal Audit Department (DAW) in terms of their compliance with the requirements of the Polish and European regulatory bodies, e.g. in terms of their completeness, and then they are reported.

VI. FINAL PROVISIONS

Article 20

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 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 2019.
3. 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?			
2. Does the Risk Taker I fail to meet the standards regarding the required skills and reputation?			
3. Has the Risk Taker I provided incomplete, incorrect or misleading information concerning risk/performance management?			
4. Has the Risk Taker I violated regulations/guidelines on risk/performance management?			
5. Has the Risk Taker I violated other rules and standards applicable at mBank Group or has the Risk Taker I materially violated generally applicable laws?			
6. Has the Risk Taker I had a direct and adverse impact on the financial result and market position of mBank Group through his actions or failure to act?			
7. Has the Risk Taker I, through his actions or failure to act, directly contributed to significant financial losses being the consequence of his 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?			
8. 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 mBank Group's subsidiary - 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?			
2. Does the Risk Taker II fail to meet the standards regarding the required skills and reputation?			
3. Has the Risk Taker II provided incomplete, incorrect or misleading information concerning risk/performance management?			
4. Has the Risk Taker II violated regulations/guidelines on risk/performance management?			
5. Has the Risk Taker II violated other rules and standards applicable at mBank Group or has the Risk Taker II materially violated generally applicable laws?			
6. Has the Risk Taker II had a direct and adverse impact on the financial result and market position of mBank Group's subsidiary through his actions or failure to act?			
7. Has the Risk Taker II, through his actions or failure to act, directly contributed to significant financial losses being the consequence of his 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

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?			
2. Does the Risk Taker II fail to meet the standards regarding the required skills and reputation?			
3. Has the Risk Taker II provided incomplete, incorrect or misleading information concerning risk/performance management?			
4. Has the Risk Taker II violated regulations/guidelines on risk/performance management?			
5. Has the Risk Taker II violated other rules and standards applicable at mBank Group or has the Risk Taker II materially violated generally applicable laws?			
6. Has the Risk Taker II had a direct and adverse impact on the financial result and market position of mBank Group through his actions or failure to act?			
7. Has the Risk Taker II, through his actions or failure to act, directly contributed to significant financial losses being the consequence of his 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?			
8. Is the result of assessment of the Risk Taker II's performance in a given period inappropriate taking into account their remuneration?			