

Statement of mBank on Application of Corporate Governance Principles in 2020

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1.1. Application of corporate governance principles

The general corporate governance principles applicable at mBank, i.e. regulations and procedures determining guidelines regarding the bank's authorities' actions, in particular towards stakeholders, arise from statutory regulations, in particular from the Code of Commercial Companies and Partnerships and the Banking Law Act, provisions regulating the operation of the capital market, and rules laid down in the following documents: "Best Practice for GPW Listed Companies 2016", "Principles of Corporate Governance for Supervised Institutions" issued by the Polish Financial Supervision Authority on July 22, 2014 and the "Code of Banking Ethics" issued by the Polish Bank Association.

In 2020, we applied the corporate governance principles contained in the "Best Practice for GPW Listed Companies 2016", issued by the Warsaw Stock Exchange by way of Resolution No. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange, GPW) dated October 13, 2015.

In November 2020, in response to current corporate governance trends, changes in the market and regulatory environment, and demand from capital market participants, the Corporate Governance Consultation Committee of the Warsaw Stock Exchange published a draft of the new corporate governance principles entitled "Best Practice for GPW Listed Companies 2021". We participated with interest in public consultation regarding this document organised by GPW. Appreciating the importance of the "Best Practice" and respecting the values they reflect, we will do our best to implement the new principles to the greatest extent possible.

The text of the "Best Practice for GPW Listed Companies 2016" is available on the website of the Warsaw Stock Exchange, in the section dedicated to corporate governance of listed companies: <https://www.gpw.pl/best-practice>

The "Principles of Corporate Governance for Supervised Institutions" are available on the website of the Polish Financial Supervision Authority: https://www.knf.gov.pl/en/MARKET/Regulations_and_practice/Practice

Best Practice for GPW Listed Companies 2016

From among the detailed principles of the "Best Practice for GPW Listed Companies 2016", we do not apply principle no. VI.Z.2., which reads as follows: "To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years".

The principles for granting variable components of remuneration at mBank are compliant with the Regulation of the Minister of Development and Finance of March 6, 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) and EBA's Guidelines on sound remuneration policies (EBA/GL/2015/22) of June 27, 2016, which do not provide for the premise indicated in item VI.Z.2. of the "Best Practice".

We believe that mBank's remuneration system effectively ties the remuneration of managers to the company's long-term goals. Under the incentive scheme for Management Board Members and key managers of mBank a portion of their remuneration is paid in the form of subscription warrants. Bonuses paid to the Management Board and key managers are composed of a non-deferred part and a deferred part. Both parts are further divided into two equal portions: 50% paid in cash and 50% paid in subscription warrants. The non-deferred part in the form of subscription warrants is paid not earlier than after the lapse of 12 months from the date of the Annual General Meeting. The deferred part in the form of subscription warrants is paid in five equal annual tranches not earlier than after the lapse of 12 months from the date of approval of consolidated financial statements for the previous calendar year.

Moreover, from among all recommendations specified in the "Best Practice for GPW Listed Companies 2016", we did not apply the following recommendations in 2020:

- Item 2 and item 3 of recommendation IV.R.2. relating to General Meetings held using means of electronic communication. Item 2 concerns ensuring two-way communication in real time during the General Meeting allowing shareholders to speak from a different location. Item 3 concerns exercising the voting right in person or by proxy during the General Meeting.

For many years, we have broadcast General Meetings in real time, however, without the possibility of engaging in two-way online communication by allowing shareholders to speak during the General Meeting from a different location. The bank's By-laws and the Standing Rules of the General Meeting do not provide for the possibility of actively participating in General Meetings with the use of means of electronic communication. The 33rd Annual General Meeting of mBank S.A. took place on March 27, 2020, i.e. before the entry into force of the act constituting the so-called The Anti-Crisis Shield, in which, inter alia, the Code of Commercial Companies was amended, making it possible to conduct a general meeting using means of electronic communication in joint-stock companies.

- Recommendation VI.R.3. concerning the remuneration committee. This recommendation requires, among other things, that at least a majority of the committee members should be independent. At mBank, the Remuneration Committee of the Supervisory Board was composed of four members as at the end of 2020. Two members do not meet the independence criterion. Despite changes in the composition of the Remuneration Committee during the year, independent Supervisory Board Members did not represent a majority at any point. In the opinion of the Supervisory Board, a remuneration committee where half of the members are independent, whereas the other half represent the majority shareholder ensures efficient work of the committee and alignment of the basic remuneration principles with long-term objectives of mBank and Commerzbank Group, which controls mBank Group.

In accordance with the Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), we provide a brief description of application of recommendations laid down in the "Best Practice for GPW Listed Companies 2016" on the topics of most importance for shareholders.

Information policy and communication with investors (chapter 1)

We pursue a transparent, open, and reliable information policy, which builds mutual trust and loyalty of investors. We immediately react to any false information about the company by clearly expressing our stance.

When implementing the information policy, we comply with requirements arising from information confidentiality and security laws, which we must abide by as a public company and a supervised institution.

The main means we apply in our information policy with regard to investor relations include:

- current and periodic reports; the timeline of publication of periodic reports enables investors to familiarise themselves with the financial results of the company as soon as possible after the end of a reporting period;
- meetings, tele- and video-conferences of representatives of the Management Board and the Investor Relations team with investors and analysts;
- quarterly presentations of financial results for investors and analysts provided directly and through interactive webcasts and teleconferences;
- ongoing contact by phone, e-mail, Skype, and Microsoft Teams with analysts and investors, including sending newsletters on a monthly basis and, if necessary, other informational materials;
- participation of our representatives in domestic and foreign investor conferences;
- website of the company in Polish and English featuring all the information required by the "Best Practice"; In the comprehensive investor relations section we published information on, among others, our shareholders, the composition of the Management Board and Supervisory Board,

General Meetings (including video recordings of General Meetings), ratings, the Euro Medium Term Note Programme, the price of mBank's shares on the Warsaw Stock Exchange, analysts' recommendations, the consensus on mBank Group's expected performance and the target share price. On our website, there are annual, periodic and current reports and presentations, including presentations of results of the Group for analysts and stock exchange investors as well as presentations for investors interested in the bank's debt securities, online versions of integrated annual reports enabling interactive access to the audited financial data, and an Investor's Calendar.

During the COVID-19 pandemic we had to change our work tools and routine, while increasing the frequency of contacts. We provided investors, analysts, and rating agencies with reliable information on the group's financial standing and business situation and measures taken due to the pandemic. Investor relations were based primarily on the online channel.

Open communication with shareholders during General Meetings manifests itself, among others, in the following aspects:

- providing shareholders with answers and explanations by the members of the bank's governing bodies;
- broadcasting General Meetings on the Internet;
- participation of the media in General Meetings.

We pursue a policy of full transparency regarding sponsorship. The activity of mBank's foundation is described in the Management Board's Report, chapter "mBank and corporate social responsibility".

Management Board and Supervisory Board (chapter 2)

All Members of the Management Board and the Supervisory Board have the knowledge, experience, and skills required for their functions. The Members are chosen taking into account the principles of versatility and diversity. The Members of the Management Board are able to effectively manage the company, while the Members of the Supervisory Board supervise it to a sufficient extent and in a due manner thanks to their excellent competences, rich professional experience, and professionalism.

More information on the qualifications of Management Board Members and Supervisory Board Members can be found in the following sections of this statement.

The position in the managing body constitutes the main area of professional activity of Management Board Members. Some Management Board Members sit also on the supervisory boards of subsidiaries, which contributes to effective operation of the group. The Members of the Supervisory Board devote the necessary amount of time to performing their duties. In 2020, the Supervisory Board held eight meetings. Moreover, meetings of the four committees of the Supervisory Board took place. If a Supervisory Board Member resigned, they were replaced to fill in the vacancy.

Internal systems and functions (chapter 3)

We maintain effective internal control, risk management, and compliance systems. Tasks within the individual systems are performed by designated organisational units. The Management Board is responsible for the implementation, maintenance, and effectiveness of internal control, risk management, and compliance systems and the internal audit function.

The Internal Audit Department and the Compliance Department are supervised directly by the President of the Management Board. The Audit Committee of the Supervisory Board reviews and monitors the financial reporting process and operational effectiveness of the internal control system, including the operation of internal audit and compliance.

General Meeting and relations with shareholders (chapter 4)

When setting the date of an Annual General Meeting we not only take account of the statutory time limits, but also try to convene the meeting as soon as possible after the release of the annual report.

In 2020 the annual report was published on February 28, while the Annual General Meeting of mBank took place on March 27.

We broadcasted the Annual General Meeting in real time. In the absence of appropriate provisions in corporate documents and prior to the entry into force of the provisions enabling the organization of remote general meetings, we could not provide the possibility for shareholders to speak during the General Meeting via means of electronic communication and thus exercise voting rights. We believe that during a pandemic it is important to hold the general meeting uninterruptedly, while ensuring the safety of participants, as well as equal access for shareholders to participate in the general meeting. We will be guided by this when organizing future general meetings.

Conflict of interest and transactions with related entities (chapter 5)

Members of the company's authorities undertake to abstain from professional and non-professional activities which may result in a conflict of interest. The Rules of the Management Board include provisions on avoiding conflicts of interest and specify under which circumstances Management Board Members should be excluded from the decision-making process in the case of a conflict of interest or a potential conflict of interest. In accordance with the Rules of the Supervisory Board, its Members do not engage in activities which could give rise to a conflict of interest or negatively affect their reputation as Supervisory Board Members.

Transactions with related entities are executed on the basis of the applicable internal regulations of the bank in line with market standards and consistent policies.

In accordance with mBank's By-laws, no resolution should be passed without consent of the majority of the independent Members of the Supervisory Board on the following matters:

- any benefits provided by the bank or any entities related to the bank to the Members of the Management Board;
- consent for the bank to enter into a significant agreement with an entity related to the bank, a Member of the Supervisory Board or the Management Board, and entities associated with them.

The Supervisory Board issues opinions concerning transactions with related entities if the planned total value of a single transaction exceeds 20% of the Bank's own funds.

Remuneration (chapter 6)

The applicable remuneration policy and practices meet all legal requirements. They support sound and effective risk management in mBank Group and do not encourage employees to take excessive risk exceeding the acceptable general risk level of the bank approved by the Supervisory Board.

The remuneration policy and criteria for awarding variable remuneration components contribute to implementing the strategy of mBank Group by:

- ensuring full commitment on the part of persons covered by the policy to their functions at the company,
- offering incentives for accomplishing the strategy and objectives,
- permanently tying persons covered by the remuneration policy to the company,
- ensuring that the remuneration of persons covered by the policy matches the financial and business results of the group and
- discouraging persons covered by the policy from taking excessive risk.

Remuneration of the Members of the Management Board includes a fixed and a variable part. The Supervisory Board has appointed a remuneration committee, but the independent Members of the Supervisory Board do not have a majority in the committee. Remuneration of Management Board Members, key managers, and Supervisory Board Members is sufficient to attract, retain, and motivate persons having the necessary competences to appropriately manage and supervise the company and matches tasks entrusted to these persons. Remuneration of the Supervisory Board

does not depend on options, derivative instruments, or other variable components and is not tied to the company's performance.

More information on the rules of remunerating Management Board Members and Supervisory Board Members can be found in the following sections of this statement.

Principles of Corporate Governance for Supervised Institutions

The "Principles of Corporate Governance for Supervised Institutions" cover relations with shareholders and clients, issues relating to the organisational structure, rules for ensuring an effective and efficient internal control system, as well as the risks of business activities.

In accordance with the declaration of the Management Board and Supervisory Board of December 11, 2014, we have adopted the "Principles of Corporate Governance for Supervised Institutions", excluding the principles listed in Article 8 (4) and in Article 16 (1).

The principle in Article 8 (4), which reads as follows: "A supervised institution, when justified by the number of shareholders, should strive for facilitating the participation of all shareholders in the meeting of the General Meeting of the supervised institution, among others, through ensuring the possibility of electronic active participation in the meetings of the General Meeting", is similar to recommendation IV.R.2 of the "Best Practice for GPW Listed Companies 2016". As a large part of our shareholders are represented at General Meetings, with a view to mitigating the risk inherent in active participation in General Meetings with the use of means of electronic communication, we have decided that departure from the principle defined in Article 8 (4) is justified.

Likewise, we do not apply the principle defined in Article 16 (1), which reads as follows: "It is proper that meetings of a management body shall be held in Polish. In case of need, necessary assistance of an interpreter should be ensured."

The departure derives from the fact that all Members of the Management Board speak fluent English. Communication without an interpreter is more efficient as discussions and decisions can be made without the participation of a third party (interpreter). In some circumstances, the participation of an interpreter could make discussions at Management Board meetings more difficult or prolonged due to the complex nature of issues under discussion as well as the use of specialised language. Furthermore, given that during their meetings the Management Board Members discuss information that constitutes the company's secret, it is legitimate to limit to the bare minimum the participation of non-members of the Management Board in its meetings. At the same time, most of the Management Board Members speak Polish, which means that the bank can be represented whenever participation of Management Board Members is required including communication in Polish without an interpreter. Minutes of Management Board meetings, as well as resolutions of mBank's Management Board, are prepared in two language versions, ensuring compliance with provisions of Article 16 (2) of the "Principles of Corporate Governance for Supervised Institutions".

The stance of shareholders as regards the "Principles of Corporate Governance for Supervised Institutions" was presented in resolution no. 31 of the 28th Annual General Meeting of mBank S.A. of March 30, 2015. In the above resolution, the shareholders undertook:

- to participate in the performance of the statutory objectives of mBank, ensuring security of its operations and with its interest in mind;
- not to violate the powers of other statutory bodies of mBank;
- to immediately solve any potential conflicts between shareholders to prevent infringing the interest of mBank and its clients;
- not to make decisions resulting in transferring assets from mBank to other entities, and in acquisition or alienation of or in conclusion of other transactions leading to mBank disposing of its assets under conditions other than market conditions or posing a threat to the security or interest of mBank; individual rights will be granted to the given shareholder or shareholders when justified on the grounds of achieving significant objectives of mBank and not causing

hindrance to proper functioning of the bodies of mBank or discrimination against other shareholders and reflected in the By-laws of mBank;

- to provide, if needed, additional capital or grant financial support to the bank to the extent to which it is possible and compliant with authorisations, whereas it will only take place after an analysis of the entirety of reasons which led to such a necessity; the shareholders will consider the possibility of providing support from the point of view of their financial situation, provisions of law and supervisory regulations which the shareholders being regulated entities are bound to respect and considering the best interest of mBank and its clients;
- to make decisions with regard to dividend payment conditional upon the need to maintain an appropriate level of equity and the achievement of strategic objectives of mBank and to take into consideration general and individual recommendations issued by the supervisory authorities; and
- to follow the recommendations of the KNF regarding the election of Members of the Supervisory Board.

Code of Banking Ethics

Apart from the corporate governance principles, we have for many years complied with the best banking industry practices, developed by the Polish Bank Association (ZBP). The currently applicable version of the Code of Banking Ethics was approved at the 25th General Meeting of the Polish Bank Association held on April 18, 2013. The Code of Banking Ethics is a set of principles referring to banks, their employees, and persons acting as intermediaries in banking activities. The Code of Banking Ethics includes two parts: the Code of Best Banking Practice and the Code of Bank Employee Ethics. The Code of Banking Ethics is available on the website of the Polish Bank Association: <https://www.zbp.pl/dla-klientow/poradniki-i-rekomendacje>.

Rules on conduct towards business partners and the model of values and behaviours of mBank employees

Our employees apply the Code of Conduct, which establishes the standards applicable in interactions between the bank's employees and the bank's business partners. This is meant to contribute to mutual trust. The guidelines related to behaviour include, among others, being guided by mBank's values, creating a sustainable corporate culture, corporate social responsibility, pursuing a responsible credit policy, treating relationships with clients in a responsible way, honesty in business relationships, applying established standards in relationships with clients and in internal relationships, avoiding conflicts of interest, responsible use of social media and simplifying communication.

Moreover, we have defined behaviours which are most important from the perspective of the organisation and which facilitate the achievement of individual and team results and contribute to customer satisfaction. mBank's model of values and behaviours, which sets mBank's work standard, is based on the following organisational values: "client-centricity", "looking ahead", "simplifying", "commitment" and "professionalism".

1.2. Internal control and risk management systems with regard to the process of preparing financial statements of mBank

mBank is equipped with an internal control system which supports bank management by ensuring efficiency and effectiveness of the bank's operations, reliability of financial reporting, compliance with risk management rules of the bank, as well as compliance of the bank's operation with the law, internal regulations and market standards.

The internal control system encompasses the following:

- the control function, whose task is to ensure application of control mechanisms concerning, in particular, risk management at the bank and which covers positions, groups of people and organisational units responsible for performance of tasks assigned to the function;

- compliance unit (Compliance Department), whose task is to identify, assess, control and monitor the risk of non-compliance of the bank's activities with the law, internal regulations and market standards and report in this respect;
- independent internal audit unit (Internal Audit Department), whose task is to examine and assess, impartially and objectively, the adequacy and effectiveness of the risk management system and the internal control system, excluding the internal audit unit.
The control function is a part of the internal control system comprised of all control mechanisms in processes running at the bank, independent monitoring of the application of such control mechanisms and the relevant reporting.

The control function is based on the following principles:

- guaranteeing access to important, true, genuine and complete information by decision makers;
- organising and maintaining adequate IT systems that ensure proper storage and processing of data, facilitate the evaluation and monitoring of different risk categories and generation of information useful in the decision-making process;
- determining the information circulation rules in order to ensure that relevant information is submitted to competent persons.

The process of preparing financial data for reporting is automated and based on the accounting data of the bank. Preparation of data in source systems is subject to formalised operational and acceptance procedures. Creating a collection of accounting balances on the basis of the system of general ledgers of the bank takes place within a process covering respective internal mechanisms and controls. The mechanisms consist, among others, in verification and reconciliation of reporting data with books of accounts, sub-ledger accounts, and other documents on the basis of which financial statements are drawn up, as well as with the applicable legal provisions pertaining to accounting principles and the preparation of financial statements. Manual adjustments are subject to special controls. We continuously monitor changes in the law and external regulations related to the preparation of financial statements, update internal regulations on an ongoing basis and adjust our IT systems where necessary.

We have implemented mechanisms which effectively ensure the security of IT systems in the process of monitoring the operational risk which occurs in the preparation of financial statements at the bank. We have in place a business continuity plan which covers also the IT systems used in the process of preparing financial statements.

Financial statements of mBank and the group are prepared by the Financial Reporting Department. We draw up consolidated financial statements based on data submitted by group subsidiaries. The Financial Reporting Department monitors the reporting packages prepared by the subsidiaries in terms of their correctness, completeness and coherence of data.

The Accounting Department controls the coherence and completeness of the bank's books of accounts and manages the model chart of accounts. Both Departments report to the Vice-President of the Management Board, Chief Financial Officer.

Financial statements are submitted to the Management Board of mBank for verification. The Audit Committee of the Supervisory Board receives quarterly financial statements before they are published. After consultations with the bank's external auditor and the Members of the Management Board of the bank, the Audit Committee recommends whether the Supervisory Board should approve or reject annual financial statements.

The annual and semi-annual financial statements of mBank are subject to an independent audit and review by a statutory auditor, respectively. The selection of the statutory auditor of the bank requires a resolution of the General Meeting. The Audit Committee of the Supervisory Board issues an opinion on the selection of the statutory auditor. In the subsidiaries, supervisory boards decide on the selection of the statutory auditor.

The procedures of co-operation of mBank and the external auditor ensure that all the important issues related to the recognition of economic events in the books and financial statements are being consulted on an on-going basis.

The aspiration to ensure the highest standards of financial statements is reflected in the high quality of reporting. In the "Best Annual Report 2019" contest organised by the Institute of Accountancy and Taxes (IRiP), the results of which were announced in October 2020, we won the title "Best of the Best" for the best annual report in the category of financial institutions for the eighth time in a row. Moreover, we also won a distinction for the best statement on application of corporate governance principles in a private company.

Information on the entity authorised to audit financial statements

We abide by the principle regarding the rotation of statutory auditors.

On March 27, 2020, the 33rd Annual General Meeting of mBank selected Ernst & Young Audyty Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa as the auditor to review the financial statements of mBank S.A. and the consolidated financial statements of mBank S.A. Group for the years 2020-2022. Ernst & Young Audyty Polska also audited the bank's and the group's financial statements for the years 2018-2019. Previously, the entity authorised to audit mBank's financial statements for 2016 and 2017, with which the bank concluded an agreement, was PricewaterhouseCoopers Sp. z o.o.

The General Meeting selected the auditor based on a recommendation of the Supervisory Board, which was compliant with the applicable requirements and drawn up in line with the selection procedure. The issues related to the audit firm selection policy, the selection procedure, and the policy concerning the provision of permitted non-audit services by the audit firm are described further herein, as part of the description of the Audit Committee.

The total value of remuneration paid to Ernst & Young Audyty Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa for auditing and reviewing the financial statements and the consolidated financial statements of mBank S.A. amounted to PLN 3,509,000 gross in 2020.

The total value of other remuneration paid to Ernst & Young Audyty Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa in 2020 for providing other services to mBank S.A. amounted to PLN 231,000 gross.

Statutory auditor's services other than the audit of yearly financial statements

A list of services other than the audit of yearly financial statements rendered to mBank S.A. Group by Ernst & Young Audyty Polska spółka z ograniczoną odpowiedzialnością sp. k. in the year 2020 is presented below.

1. Review of the standalone interim financial statements of mBank S.A. and the consolidated interim financial statements of mBank S.A. Group as at and for the 6-month period ended June 30, 2020.
2. Review of the consolidation package of mBank S.A. for Commerzbank AG as at and for the 3-month period ended March 31, 2020, as at and for the 6-month period ended June 30, 2019, and as at and for the 9-month period ended September 30, 2020.
3. Audit of the consolidation package of mBank S.A. for Commerzbank AG as at and for the year ended December 31, 2020.
4. Verification of the disclosure document regarding the capital adequacy of mBank S.A. Group as at June 30, 2020 and December 31, 2020 and verification of the update of the disclosure document regarding capital adequacy with information on variable components of remuneration for 2019.
5. Assessment of compliance with the requirements for storing assets of mBank S.A. clients for the year ended December 31, 2020.
6. Assessment of the remuneration report prepared by the Supervisory Board for the years ended December 31, 2019 and December 31, 2020.

7. Review of the interim financial statements of two subsidiaries as at and for the 6-month period ended June 30, 2020.
8. Specific audit procedures concerning the consolidation package of two subsidiaries, review of the consolidation package of one subsidiary and specific procedures concerning the consolidation packages of six subsidiaries for mBank S.A. as at and for the year ended December 31, 2020.
9. Review of the consolidation packages of one subsidiary and specific procedures concerning the consolidation packages of four subsidiaries for mBank S.A. as at and for the 6-month period ended June 30, 2020.
10. Specific audit procedures concerning the consolidation package of one subsidiary and review of the consolidation package of one subsidiary for Commerzbank AG as at and for the year ended December 31, 2020.
11. Review of the consolidation package of one subsidiary for Commerzbank AG as at and for the year ended June 30, 2020.

1.3. Significant blocks of shares

mBank's share capital amounts to PLN 169,468,160 and is divided into 42,367,040 shares with a nominal value of PLN 4 each, including 42,356,040 ordinary bearer shares and 11,000 ordinary registered shares. In 2020, the total number of shares increased by 16,673 and mBank's share capital grew by PLN 66,692.

Commerzbank AG is our majority shareholder. As at December 31, 2020, Commerzbank held directly 29,352,897 shares of mBank. Within a year, the number of shares held by Commerzbank did not change, however, due to shares issued in connection with the implementation of the incentive programme being admitted to trading, Commerzbank's stake reduced. At the end of 2020, Commerzbank held 69.28% of mBank's share capital and votes at the General Meeting, compared with 69.31% at the end of 2019.

30.72% of mBank shares were in free float. These shares are held by institutional investors, in particular Polish pension funds and Polish and foreign investment funds, as well as individual investors.

In November 2020, funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne, including Nationale-Nederlanden Otwarty Fundusz Emerytalny, exceeded the 5% threshold of shares and votes at the General Meeting. On December 8, 2020, Nationale-Nederlanden PTE notified the bank that Nationale-Nederlanden Otwarty Fundusz Emerytalny's share in the total number of votes at the General Meeting of the bank increased to more than 5% as a result of a purchase of mBank's shares in transactions on the Warsaw Stock Exchange settled on November 30, 2020. In accordance with the above-mentioned notification, Nationale-Nederlanden Otwarty Fundusz Emerytalny had a stake in mBank accounting for 5.06% of the share capital and the number of votes at the General Meeting.

The remaining individual shareholders did not exceed the threshold of 5% of the total number of votes at the General Meeting of the bank and thus were not subject to the information obligations with regard to shareholding.

In accordance with the lists of shares of WSE-listed companies held in funds' portfolios published by open-end pension funds, at the end of 2020, open pension funds held 19.7% of the total number of mBank shares compared to 18.8% at the end of 2019. Apart from Nationale-Nederlanden Otwarty Fundusz Emerytalny, whose share in 2020 increased by over 0.3 p.p., the largest shares in mBank's shareholding were held by: Open Pension Fund PZU (4.16% compared to 3.95% at the end of 2019), AVIVA Open Pension Fund AVIVA Santander (4.09% - unchanged compared to the end of 2019) and Aegon Open Pension Fund (1.83% compared to 1.57% as at December 31, 2019).

Shareholder	Number of shares	% share in the number of shares and votes
1. Commerzbank AG	29,352,897	69.28%
2. Nationale-Nederlanden Otwarty Fundusz Emerytalny	2,145,215	5.06%

Pursuant to the By-laws of mBank, each share carries one voting right at the General Meeting. There are no preferred shares. The rights and obligations related to mBank's shares arise from generally applicable laws, in particular laws included in the Code of Commercial Partnerships and Companies. The control rights of Commerzbank AG as the parent entity of mBank arise from the number of shares held, their percentage share in the share capital, and the number of votes at the General Meeting of mBank.

The By-laws of mBank do not impose any limitations on the exercise of the voting right. There are no provisions which would separate the equity rights attached to securities from the holding of securities. Furthermore, there are no limitations on the transfer of the property right to securities issued by the bank.

Information on the majority shareholder

Our majority shareholder, Commerzbank AG, with a history dating back to 1870, is the leading bank for the German medium-sized companies and a strong partner for around 30,000 corporate client groups and around 11 million private and small-business customers in Germany. Commerzbank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30% of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business.

The Bank focuses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. Following the integration of with Comdirect in 2020, Commerzbank's customers can benefit from the services offered by one of Germany's most advanced direct banks combined with personal advisory support on site.

In 2020, Commerzbank generated gross revenues of some EUR 8.2 billion with almost 48,000 employees.

1.4. Principles of appointing and dismissing Management Board Members

Pursuant to the By-laws of mBank, the Management Board is composed of at least three Members appointed for a joint term of five years.

At least half of the Members of the Management Board, including the President of the Management Board, must hold Polish citizenship, be habitually resident in Poland, speak Polish, and have experience on the Polish market which can be used while managing the bank.

The President of the Management Board, the Vice-Presidents of the Management Board and other Members of the Management Board are appointed and dismissed by the Supervisory Board, which acts pursuant to the provisions of the Banking Law and considers whether they have the relevant qualifications for the assigned functions. The Polish Financial Supervision Authority (KNF) approves two Members of the Management Board of the bank: the President of the Management Board and the Board Member responsible for developing and implementing the bank's credit policy and risk management.

In accordance with the Code of Commercial Partnerships and Companies, a Member of the Management Board may also be dismissed or suspended by the General Meeting.

The mandate of a Member of the Management Board expires at the latest on the day of the General Meeting that approves the financial statements for the last full financial year of the term of that Management Board Member. The mandate of a Member of the Management Board also expires if the Member dies, resigns from his or her position, or is dismissed. The mandate of a Member of the

Management Board appointed before the end of the term expires on the expiration date of mandates of the other Members of the Management Board.

1.5. Principles of making amendments to the company's By-laws

Amendments to the By-laws of mBank require adoption of a resolution by the General Meeting of mBank and registration of the adopted amendment in the National Court Register. Before the General Meeting of mBank is presented with a draft resolution concerning amendment to the By-laws, the Management Board of mBank adopts a resolution on the proposed amendment by approving the draft resolution of the General Meeting. The draft is then presented to the Supervisory Board for approval.

Under Article 34 (2) of the Banking Law Act of 29 August 1997, an amendment to the bank's By-laws requires the authorisation of the Polish Financial Supervision Authority.

Amendments to mBank's By-laws in 2020

The 33rd Annual General Meeting of mBank amended mBank's By-laws. The amendments were registered by the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register.

The amendments made to mBank's By-laws in 2020 were as follows:

- we changed the wording of the competences of the Supervisory Board as regards the approval of the remuneration policy for particular categories of persons whose professional activity has a significant impact on the bank's risk profile;
- the Supervisory Board was assigned the following new responsibilities:
 - granting consent to the conclusion of a significant transaction with a related entity in the scope required in line with the generally applicable legal provisions pertaining to public companies,
 - drawing up the annual report on the remuneration of the Management Board and Supervisory Board Members in the scope required in line with the generally applicable legal provisions pertaining to public companies;
- we specified and supplemented the task of the Remuneration Committee pertaining to the issue of recommendations to the Supervisory Board regarding the general guidelines for the Management Board on the level and structure of remuneration for the bank's senior management and the policy on variable components of remuneration paid to persons holding managerial positions at the bank;
- we updated the amount of mBank's share capital.

1.6. General Meeting and shareholder rights

Procedures and powers of the General Meeting

The General Meeting is convened pursuant to the provisions of the Code of Commercial Partnerships and Companies, mBank's By-laws, and the Standing Rules of the General Meeting. Both the By-laws and the Standing Rules of the General Meeting are available on mBank's website (<https://www.mbank.pl/en/about-us/corporate-governance-and-best-practices/>).

The General Meeting convened by the Management Board under the ordinary procedure is held once a year, no later than in June. The Supervisory Board may convene an Annual General Meeting if the Management Board does not convene it within the time limit set out in the By-laws and an Extraordinary General Meeting if the Supervisory Board considers it necessary. In addition, under specific circumstances, the shareholders have the right to convene a General Meeting or to request for a General Meeting to be convened.

Shareholders may participate in the General Meeting and cast their votes either in person or by proxies. One proxy may represent more than one shareholder.

Subject to the cases specified in the Code of Commercial Partnerships and Companies, the General Meeting is valid regardless of the number of shares represented at it.

All matters submitted to the General Meeting are previously submitted to the Supervisory Board for consideration.

Subject to specific exceptions, resolutions of the General Meeting are passed in an open ballot by a simple majority of votes, unless the Code of Commercial Partnerships and Companies or mBank's By-laws impose a stricter requirement for the passing of resolutions on specific issues. A secret ballot is required in the case of elections and motions to dismiss members of the bank's authorities or liquidators, motions to call members of the bank's authorities or liquidators to account, and motions concerning personal issues. In addition, a secret ballot is required if requested by at least one shareholder present or represented at the General Meeting.

Voting takes place with the use of a computer system, which also counts the votes. The By-laws of mBank and Standing Rules of the General Meeting do not provide for the possibility of voting by mail or with the use of electronic means of communication.

The following matters require a resolution of the General Meeting (in addition to other matters set out in the Code of Commercial Partnerships and Companies):

- examination and approval of the report of the Management Board on the bank's operations and financial statements for the past financial year;
- adoption of resolutions on the distribution of profits or coverage of losses;
- vote of discharge of duties for members of the bank's authorities;
- election and dismissal of Members of the Supervisory Board;
- amendment to the By-laws;
- increase or reduction of the bank's share capital;
- adoption of resolutions concerning the redemption of shares, which set the rules of acquiring shares by the bank, in particular the amounts earmarked for the purchase of shares for redemption and funding sources and resolutions on redemption of shares, and in particular setting the rules of share redemption not regulated in the By-laws;
- creation and winding up of special purpose funds;
- issue of convertible bonds or preferred bonds;
- establishment of the principles of remunerating the Members of the Supervisory Board;
- liquidation of the bank or its merger with another bank;
- appointment of liquidators;
- matters submitted by the Supervisory Board;
- matters submitted by the shareholders in accordance with the By-laws;
- selection of an entity authorised to audit financial statements as a statutory auditor of the bank.

The General Meetings of the bank take place in the bank's headquarters in Warsaw and are broadcast on-line. The General Meetings may be attended by the representatives of the media.

Shareholders' rights

Shareholders have the right to participate in the profit reported in the audited financial statements and allocated by the General Meeting to be paid to the shareholders.

The shareholders representing at least half of the share capital or at least half of the total number of votes in the company may convene an Extraordinary General Meeting. The shareholders appoint the chairperson of this meeting. The shareholder(s) representing at least one-twentieth of the share capital may request that the Management Board convene an Extraordinary General Meeting and that specific items be put on the agenda for this meeting. A request for convening an Extraordinary General Meeting submitted in writing or electronically should contain proposals of:

- a) the General Meeting agenda,
- b) draft resolutions along with rationale for those resolutions.

If the General Meeting is convened by parties other than the Management Board, the Management Board is obliged to take necessary actions to convey the General Meeting.

Only persons who are shareholders of the bank sixteen days before the date of the General Meeting have the right to participate in the General Meeting. The shareholder(s) of the bank representing at least one-twentieth of the share capital may request that specific items be put on the agenda for the Annual General Meeting. The request should be submitted to the Management Board of the bank no later than twenty-one days prior to the date of the Annual General Meeting.

Shareholders may participate in the General Meeting and cast their votes either in person or by proxies.

A shareholder has the right to:

- vote, propose motions and raise objections;
- justify their position briefly;
- stand for election of the Chairperson of the General Meeting and propose a candidate for the Chairperson of the General Meeting to be noted in the minutes;
- take the floor in the course of the General Meeting and make a reply;
- submit draft resolutions concerning items put on the agenda;
- propose amendments and additions to draft resolutions being on the agenda for the General Meeting before the discussion on the item covering the draft resolution concerned by the proposal is closed;
- propose formal motions relating to the proceedings and the voting procedure;
- propose candidates for the bank's Supervisory Board in writing to the Chairperson of the General Meeting or orally to the minutes;
- review the book of minutes and request copies of resolutions authenticated by the Management Board;
- file a statement of claim for repealing a resolution of the General Meeting where the shareholder voted against the resolution of the General Meeting and after its adoption requested that his/her objection be recorded in the minutes or the shareholder was prevented from participating in the General Meeting without a sound reason, or the shareholder was absent from the General Meeting in the event of defective convening of the General Meeting or adoption of a resolution on a matter not included in the agenda;
- file a statement of claim against the company for declaring a resolution of the General Meeting adopted in breach of the law invalid.

The Management Board is obliged to provide the shareholder, at the shareholder's request, with information concerning the company if this is justified by the assessment of an issue on the agenda. The Management Board should refuse information if:

- this could damage the company or its related company or subsidiary, in particular due to disclosure of technical, trade or organisational secret of the company;
- this could expose a Member of the Management Board to criminal, civil or administrative liability.

In justified cases, the Management Board may provide information in writing no later than two weeks after the General Meeting is adjourned.

Shareholders' rights

Shareholders have the right to participate in the profit reported in the audited financial statements and allocated by the General Meeting to be paid to the shareholders.

The shareholders representing at least half of the share capital or at least half of the total number of votes in the company may convene an Extraordinary General Meeting. The shareholders appoint the chairperson of this meeting. The shareholder(s) representing at least one-twentieth of the share capital may request that the Management Board convene an Extraordinary General Meeting and that specific items be put on the agenda for this meeting. A request for convening an Extraordinary General Meeting submitted in writing or electronically should contain proposals of:

- a) the General Meeting agenda,
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If the General Meeting is convened by parties other than the Management Board, the Management Board is obliged to take necessary actions to convey the General Meeting.

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- vote, propose motions and raise objections;
- justify their position briefly;
- stand for election of the Chairperson of the General Meeting and propose a candidate for the Chairperson of the General Meeting to be noted in the minutes;
- take the floor in the course of the General Meeting and make a reply;
- submit draft resolutions concerning items put on the agenda;
- propose amendments and additions to draft resolutions being on the agenda for the General Meeting before the discussion on the item covering the draft resolution concerned by the proposal is closed;
- propose formal motions relating to the proceedings and the voting procedure;
- propose candidates for the bank's Supervisory Board in writing to the Chairperson of the General Meeting or orally to the minutes;
- review the book of minutes and request copies of resolutions authenticated by the Management Board;
- file a statement of claim for repealing a resolution of the General Meeting where the shareholder voted against the resolution of the General Meeting and after its adoption requested that his/her objection be recorded in the minutes or the shareholder was prevented from participating in the General Meeting without a sound reason, or the shareholder was absent from the General Meeting in the event of defective convening of the General Meeting or adoption of a resolution on a matter not included in the agenda;
- file a statement of claim against the company for declaring a resolution of the General Meeting adopted in breach of the law invalid.

The Management Board is obliged to provide the shareholder, at the shareholder's request, with information concerning the company if this is justified by the assessment of an issue on the agenda. The Management Board should refuse information if:

- this could damage the company or its related company or subsidiary, in particular due to disclosure of technical, trade or organisational secret of the company;
- this could expose a Member of the Management Board to criminal, civil or administrative liability.

In justified cases, the Management Board may provide information in writing no later than two weeks after the General Meeting is adjourned.

1.7. Composition, powers and procedures of the Management Board and the Supervisory Board

Composition of the Management Board

The Management Board is composed of at least three members appointed for a joint term of 5 years. At least half of the Management Board Members, including the President, must be Polish citizens, have permanent residence in Poland, speak Polish and have experience in the Polish market necessary to manage the bank. Members of the Management Board manage selected areas of the bank's operation within the scope determined by the President of the Management Board. The division of powers of Members of the Management Board has been described in detail in the Management Board's resolutions.

On April 12, 2018, mBank's Supervisory Board appointed the following Members of the Management Board of mBank S.A. for a joint term of five years:

1. Cezary Stypułkowski – President of the Management Board, Chief Executive Officer
2. Frank Bock – Vice-President of the Management Board, Head of Financial Markets
3. Andreas Böger – Vice-President of the Management Board, Chief Financial Officer
4. Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and Information Technology
5. Lidia Jabłowska-Luba – Vice-President of the Management Board, Chief Risk Officer
6. Cezary Kocik – Vice-President of the Management Board, Head of Retail Banking
7. Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking

On June 25, 2020, the Supervisory Board of mBank adopted a resolution on the dismissal of Frank Bock from the post of the Vice-President of the Management Board of mBank S.A., Head of Financial Markets with effect as of December 31, 2020.

The above decision was related to the reorganisation of Financial Markets by incorporating this area into other business areas of the bank in order to improve the effectiveness of the organisational and process structure. As a result, the number of mBank Management Board Members was reduced by one.

Furthermore, on October 22, 2020 Lidia Jabłowska-Luba, Vice-President of the Management Board, Chief Risk Officer resigned from the post of the Vice-President of the Management Board, Chief Risk Officer. On the same day, the Supervisory Board of mBank resolved to appoint Marek Lusztyn as the Vice-President of the Management Board until the end of the current term of the Management Board of mBank with effect as of October 22, 2020. After approval of the KNF, Marek Lusztyn will assume the position of the Chief Risk Officer.

Detailed information on mBank Management Board Members in office until the end of 2020 is presented below:

Cezary Stypułkowski – President of the Management Board, Chief Executive Officer



Cezary Stypułkowski holds a PhD in law from the University of Warsaw. In the second half of 1980s, he studied at Columbia University Business School in New York as a participant in the Fulbright Program.

Starting in 1991, he chaired the management board of Bank Handlowy S.A. (currently Citibank Group) for nearly thirteen years. In 2003-2006 he acted as the president of the management board of PZU Group. From 2006 to 2010, he worked for J.P Morgan in London, from 2007 as the managing director of J.P. Morgan Investment Bank in Central and Eastern Europe.

Cezary Stypułkowski was also a member of the International Advisory Board for Deutsche Bank Management Board, INSEAD International Advisory Board and the Geneva Association. Since 2012, he has been the co-chair of the Emerging Markets Advisory Council of the Institute of International Finance in Washington (IFF).

Cezary Stypułkowski was appointed President of the Management Board of mBank S.A. on August 2, 2010, with effect as of October 1, 2010. The KNF approved his appointment on October 27, 2010.

Frank Bock – Vice-President of the Management Board (until December 31, 2020)



Frank Bock graduated from the Technical University in Karlsruhe (Germany) with specialisation in financial engineering and IT. During his professional career, Frank Bock gained considerable experience in the scope of risk and treasury management in numerous institutions in Germany, the USA and Great Britain.

Starting from the beginning of 2009, Frank Bock was the Managing Director for Treasury at Commerzbank AG. His duties included asset and liability management, market risk management and liquidity management at Commerzbank in Central and Eastern Europe, as well as functional support in strategic subsidiaries of Commerzbank: Comdirect, Commerz Real and mBank.

Previously, as the Asset and Liability Management Director in Group Capital and Treasury Management of Dresdner Bank AG in Frankfurt am Main, he was responsible for the management of market risk and liquidity portfolio.

Prior to joining Dresdner Bank, Frank Bock worked for WestLB AG in Düsseldorf as Credit Treasury Head in Group Treasury and was a senior manager for risk management.

He held the position of the Member of the Management Board of mBank S.A. until December 31, 2020. Until September 30, 2020 he was responsible for the Financial Markets area which, due to the reorganisation, was incorporated into other business areas of the bank, effective as of October 1, 2020.

Andreas Böger – Vice-President of the Management Board, Chief Financial Officer



Andreas Böger studied in Frankfurt and San Diego, graduated from the Frankfurt School of Finance & Management and holds the CFA certificate.

He started his professional career in HypoVereinsbank in Munich in 1994, where he headed the team responsible for asset and liability management and capital advisory.

From 2003, Andreas Böger worked in Deutsche Bank in Frankfurt. In 2007-2013, he was a managing director of Global Capital Markets and Capital Solutions Europe & CEEMEA at Deutsche Bank in London.

In 2013, he moved to Commerzbank. Prior to taking up the position at mBank, he managed the Corporate Finance division within Commerzbank's Group Development and Strategy. His duties included preparation of the strategic balance sheet and management of Commerzbank Group's capital, as well as other tasks related to finance and regulatory activities.

Vice-President of the Management Board of mBank S.A., Chief Financial Officer since July 1, 2017.

Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and Information Technology



Krzysztof Dąbrowski graduated from Warsaw University of Technology, Faculty of Electronics and Information Technology. In 2011, he completed the Executive MBA programme at the University of Warsaw and the University of Illinois.

He obtained extensive knowledge regarding IT in several industries. In 1995-2003, he worked in the Internet and telecommunications industry for Polska Online and TDC Internet, where he was responsible for the development of hosting systems and services. In 2004-2011, as the head of the Software Development Department, he co-created the Polish service centre of F. Hoffman-La Roche. In the following years, as the CTO of Allegro Group, Krzysztof Dąbrowski supervised one of the biggest agile transformations in the region.

Since 2014, he performed the function of the Managing Director for IT and Technology at mBank. He has been the Vice-President of the Management Board of mBank S.A., Head of Operations and Information Technology since April 1, 2017.

Marek Lusztyn – Vice-President of the Management Board



Marek Lusztyn holds a PhD in economics from the Warsaw School of Economics (SGH). He completed the Executive MBA programme at the University of Illinois and the University of Warsaw. He also graduated from INSEAD and is an IT engineer. He completed a number of international managerial training courses and programmes in banking, finance and management organised, among others, bySingularity University, Stanford Graduate School of Business and

Bocconi University.

Marek Lusztyn embarked on his professional career at Bank Handlowy w Warszawie S.A., where he worked in the cash management and treasury department from 1996 until 2000.

For the following 20 years he worked at Bank Pekao S.A., a subsidiary of UniCredit Group from 1999 until 2017. From 2000-2008 he held the position of the director of the market risk management division and then of the director of financial market management department. Then, for nearly 10 years he was responsible for global risk management in international structures of UniCredit Group in London, Munich and Milan. From 2017 to 2020 he acted as the vice-president in charge of risk, and then as the president of the management board of Bank Pekao.

He has been a member of the board of the Warsaw School of Economics from September 2019. He is an author of numerous publications on banking and risk management and a long-standing lecturer on these issues.

He has been the Vice-President of the Management Board of mBank S.A. since October 22, 2020.

Cezary Kocik – Vice-President of the Management Board, Head of Retail Banking



Cezary Kocik graduated from the University of Łódź with a degree in Banking and Finance. In 2015, he completed the Advanced Management Program (AMP 189) at Harvard Business School. Holder of a securities broker license.

From 1994 to 1996, Cezary Kocik was employed with the Brokerage House of Bank PBG as a securities broker. Starting in 1996, he worked for Bank PBG in the investment banking, debt collection and restructuring divisions. In 1999, Cezary Kocik was employed with the debt collection and loan restructuring department of Bank Pekao S.A. In 2000-2004 he was director of Pekao S.A.'s branch in Łódź.

He has been shaping mBank's Retail Banking since 2004: first in the retail credit risk area, and then in the sales and business processes area.

He has been the Vice-President of the Management Board of mBank S.A., Head of Retail Banking since April 1, 2012.

Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking



Adam Pers graduated from the Faculty of Economics of the Academy of Economics in Poznań. In 2008, he completed an MBA programme organised by the Warsaw School of Economics (SGH). He gained expertise in the field of banking both at university and in three institutions operating on the Polish market.

He commenced his professional career as an intern in Wielkopolski Bank Kredytowy S.A., then he worked in Raiffeisen Bank Polska S.A. Group for many years, at first in back office, then in Corporate Banking, and finally in Financial Markets. He was responsible for strategic projects concerning the reshaping of the dealing room and for one of the pillars of the bank's strategy and during the financial crisis, as the operational committee member, he was responsible for the bank's liquidity. In RBI Group, he was awarded the TOP Performer and Leader of the Year title. He joined BRE Bank/mBank Group in 2012, where at first he was responsible for restructuring in the area of the financial markets sales. Then, as a managing director he also supervised the integration of the area of cooperation with financial institutions and finally, the integration with the trading area.

Vice-President of the Management Board of mBank S.A., Head of Corporate and Investment Banking since October 26, 2017.

Powers and procedures of the Management Board

Members of the Management Board are jointly liable for the overall operations of the bank. They work collegially and inform each other about the most important matters concerning the bank for which particular Members of the Management Board are responsible. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the bank or to perform specific tasks.

The following committees led by Members of the Management Board operate at mBank:

- Capital Management Committee (chairperson: Andreas Böger)
- Resource Management Committee (chairperson: Andreas Böger)
- Assets and Liabilities Management Committee of mBank Group (chairperson: Andreas Böger)
- Data Quality and IT Systems Development Committee (chairperson: Andreas Böger)
- Balance Sheet Management Committee (chairperson: Andreas Böger)
- Foreign Branch Supervision Committee of mBank S.A. (chairperson: Cezary Kocik)
- Credit Committee of mBank Group (chairperson: Marek Lusztyn)
- Retail Banking Risk Committee (chairperson: Marek Lusztyn)
- Corporate and Investment Banking Risk Committee (chairperson: Marek Lusztyn)
- Financial Markets Risk Committee (chairperson: Marek Lusztyn)
- Model Risk Committee (chairperson: Marek Lusztyn)
- Investment Banking Committee (chairperson: Marek Lusztyn)
- IT Architecture Committee of mBank Group (chairperson: Krzysztof Dąbrowski)
- Sustainable Development Committee (chairperson: Marek Lusztyn). This Committee has been established in December 2020.

The Management Board manages the bank's business, represents the bank and defines the guidelines for the bank's operations, especially for the areas subject to risks, including the credit policy, the investment policy, the bank's assets and liabilities management policy, and the guarantee policy. The Management Board presents to the Supervisory Board on a regular basis comprehensive

information on all significant aspects of the bank's operations and related risks as well as risk management methods.

The Management Board operates pursuant to its Rules approved by the Supervisory Board. The Rules determine among others the issues which require consideration of the Management Board as a collegial body and adoption of a resolution by the Management Board.

All resolutions are adopted by a majority of votes of the Management Board Members present at the meeting, and in the case of an equal number of opposing votes, the President of the Management Board has the casting vote.

Rules and levels of remuneration of Members of the Management Board are determined by the Remuneration Committee of the Supervisory Board. The rules of the incentive programme for the Management Board as well as the principles of allocating bonuses to Management Board Members are defined in Resolutions of the Supervisory Board.

The Risk Takers Remuneration Policy adopted by the Resolution of the Supervisory Board of mBank on December 12, 2019 specifies remuneration rules applied to the Members of the Management Board in 2020.

Remuneration of Members of the Management Board includes a fixed and a variable part. For Members of the Management Board the relation between variable remuneration and fixed remuneration should not exceed 100% of the annual basic remuneration, with the proviso that variable remuneration exceeding 100% (not more than 200%) of the annual basic remuneration is subject to approval by the Annual General Meeting of the bank.

The basic remuneration of Members of the Management Board is determined by the Supervisory Board taking into account the following information:

- the resolution of the Management Board on the division of powers between Members of the Management Board of the Bank (with a particular focus on changes in powers),
- long-term results achieved as at the assessment date,
- available internal market data (e.g. internal comparison of mBank Group),
- available external market data (e.g. information on remuneration of management board members of other WSE-listed companies, additional market benchmarks).

A detailed description of the rules of the incentive programmes for the Management Board based on shares is presented in note 41 to mBank S.A. Group IFRS Consolidated Financial Statements 2020.

On April 12, 2018, the resolution regarding the implementation of the incentive programme and determination of the rules for conducting it, and the resolution regarding the issue of subscription warrants, conditional share capital increase with divestment of the existing shareholders' preemptive right to subscription warrants and shares and amendments to the company's By-laws and on applying for the admission of shares to trading on the regulated market and share dematerialisation were adopted at the 31st Annual General Meeting of mBank. The above Incentive Programme replaced two other programmes: the employee programme dated October 27, 2008 and the incentive programme of mBank dated March 14, 2008 for Members of the Management Board. In line with the Incentive Programme dated April 12, 2018, the bank will issue no more than 934,000 ordinary bearer shares with a face value of PLN 4.00 each. In order to grant the rights, the bank will issue 934,000 registered subscription warrants. The Incentive Programme will be implemented until December 31, 2028 or until all shares are taken up, if it happens before that date.

The existing programmes are being gradually terminated. No new shares are granted under the 2008 programmes, and the bank only meets its obligations arising from deferred tranches under these programmes.

The Supervisory Board determines the bonus amount for a given calendar year for each Management Board Member individually, based on the assessment of MbO achievement with respect to the period of at least 3 years, with the proviso that the bonus amount depends on the bonus pool. The bonus pool is a total of the base amounts calculated for each Management Board Member. The base amount

is calculated as a multiple of the basic salary, which depends on the Economic Profit (EP); EP is calculated for a period of three years pursuant to the rules specified in the Risk Takers Remuneration Policy of mBank S.A. MbO takes into account team quantitative objectives (at mBank Group level), individual quantitative objectives and individual qualitative objectives.

The bonus consists of:

- non-deferred part totalling 40% of the bonus, and
- deferred part totalling 60% of the bonus.

Both the non-deferred part and the deferred part are divided into equal portions: 50% paid in cash and 50% paid in subscription warrants.

The non-deferred part in cash is paid in the year when the bonus is awarded. The other half of the non-deferred part (50%) is paid in the form of subscription warrants, not earlier than after 12 months from the AGM date.

The deferred part, both the cash portion and the subscription warrant portion, is paid in five equal tranches in the five subsequent calendar years. In each tranche, the cash portion is paid once the consolidated financial statements of mBank Group for the previous calendar year have been approved, and the subscription warrant portion is paid not earlier than after 12 months from the date on which the consolidated financial statements for the previous calendar year are approved. The value of one subscription warrant equals the average market price from the reference period, determined in accordance with the provisions of the Remuneration Policy, minus PLN 4.00.

The remuneration of the Members of the Management Board in 2019-2020 is presented in the following tables.

		Remuneration paid in 2020 (in PLN)			
		Basic remuneration	Other benefits	Bonus for 2019	Deferred bonus*
1.	Cezary Stypułkowski	3,449,871	377,605	440,000	567,648
2.	Frank Bock	1,729,075	337,941	200,000	96,166
3.	Andreas Böger	1,764,359	227,926	220,000	103,750
4.	Krzysztof Dąbrowski	1,676,000	190,365	220,000	161,666
6.	Cezary Kocik	1,676,000	264,420	240,000	322,000
7.	Marek Lusztyn	320,516	1,192	-	-
8.	Adam Pers	1,676,000	162,493	240,000	129,000
In total		12,291,821	1,561,942	1,560,000	1,380,230

* In 2020, the third deferred tranche as part of the settlement of the cash part of the bonus for 2016, the second deferred tranche as part of the settlement of the cash part of the bonus for 2017 and the first deferred tranche as part of the settlement of the cash part of the bonus for 2018 was paid. Krzysztof Dąbrowski and Adam Pers were paid deferred tranches (with the payment date in 2020) as the settlement of the cash portion of the bonus granted during the period of performing the functions of the Managing Directors.

		Remuneration paid in 2020 (in PLN)				
		Basic remuneration	Other benefits	Bonus for 2019	Deferred bonus*	Compensation (non-competition)
Remuneration of former Members of the Management Board who ceased to perform their functions in 2020						
1.	Lidia Jabłonowska-Luba	1,359,355	183,647	200,000	254,000	309,951
Remuneration of former Members of the Management Board who ceased to perform their functions in 2017						
1.	Christoph Heins	-	-	-	100,000	-
2.	Jarosław Mastalerz	-	2,250	-	150,000	-

3. Przemysław Gdański	-	-	-	208,334	-
Remuneration of former Members of the Management Board who ceased to perform their functions in 2016					
1. Jörg Hessenmüller	-	-	-	62,500	-

* In 2020, members of the Management Board who ceased to perform their functions in 2020 and 2017 received the second deferred tranche as part of the settlement of the cash part of the bonus for 2017. The third deferred tranche as part of the settlement of the cash part of the bonus for 2016 was paid to: Lidia Jabłonowska-Luba, Christoph Heinz, Jarosław Mastalerz, Przemysław Gdański. Jörg Hessenmüller, Lidia Jabłonowska-Luba and Franc Bock received the first deferred tranche as part of the settlement of the cash part of the bonus for 2018.

	Remuneration paid in 2019 (in PLN)			
	Basic remuneration	Other benefits	Bonus for 2018	Deferred bonus*
1. Cezary Stypułkowski	3,333,230	297,804	400,000	697,648
2. Lidia Jabłonowska-Luba	1,680,000	196,843	180,000	340,000
3. Frank Bock	1,750,453	520,367	140,000	54,167
4. Andreas Böger	1,767,133	370,212	200,000	43,750
5. Krzysztof Dąbrowski	1,680,000	157,011	200,000	128,333
6. Cezary Kocik	1,680,000	214,546	240,000	400,000
7. Adam Pers	1,680,000	134,594	200,000	99,001
Total	13,570,816	1,891,377	1,560,000	1,762,899

* In 2019, the third deferred tranche as part of the settlement of the cash portion of the bonus for 2015, the second deferred tranche as part of the settlement of the cash portion of the bonus for 2016 and the first deferred tranche as part of the settlement of the cash portion of the bonus for 2017 were paid. Krzysztof Dąbrowski and Adam Pers were paid deferred tranches (with the date of payment in 2019) as the settlement of the cash portion of the bonus granted during the period of performing the functions of the Managing Directors.

	Remuneration paid in 2019 (in PLN)		
	Basic remuneration	Other benefits	Deferred bonus*
Remuneration of former Members of the Management Board who ceased to perform their functions in 2017			
1. Christoph Heins	-	-	100,000
2. Jarosław Mastalerz	-	-	320,000
3. Przemysław Gdański	-	-	348,334
Remuneration of former Members of the Management Board who ceased to perform their functions in 2016			
1. Jörg Hessenmüller	-	-	212,500

* In 2019, Members of the Management Board who ceased to perform their functions in 2017 and Jörg Hessenmüller received the third deferred tranche as part of the settlement of the cash portion of the bonus for 2015, the second deferred tranche as part of the settlement of the cash portion of the bonus for 2016 and the first deferred tranche as part of the settlement of the cash portion of the bonus for 2017.

The bank's shares held by the Members of the Management Board:

As at December 31, 2020, mBank shares were held by six Members of the Management Board: Cezary Stypułkowski – 23,250 shares, Frank Bock – 766 shares, Andreas Böger – 819 shares, Krzysztof Dąbrowski – 1,682 shares, Cezary Kocik – 2,161 shares and Adam Pers – 158 shares.

In comparison, as at December 31, 2019, mBank shares were held by five Members of the Management Board: Cezary Stypułkowski – 21,249 shares, Frank Bock – 334 shares, Andreas Böger – 270 shares, Krzysztof Dąbrowski – 1,000 shares and Cezary Kocik – 1,040 shares.

Composition of the Supervisory Board

The Supervisory Board acts on the basis of the adopted Rules and performs the functions provided for in the By-laws of mBank, the Code of Commercial Partnerships and Companies, and the Banking Law.

The By-laws of mBank provide that the Supervisory Board consists of at least five Members elected by the General Meeting for a joint term of three years. A Member of the Supervisory Board whose mandate expired in the course of the joint term of the Supervisory Board may be replaced with another person, elected by the Supervisory Board. The term of a Member of the Supervisory Board so elected expires on the expiration of the terms of the other Members of the Supervisory Board. Appointment of Supervisory Board Members in the course of the joint term of office of the Supervisory Board must be approved by the next General Meeting.

Members of the Supervisory Board should possess knowledge, skills and experience adequate for fulfilling their function and duties entrusted to them and should guarantee proper fulfilment of these duties. At least half of all Supervisory Board Members, including the Chairperson, must hold Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used while supervising the bank's operations. Pursuant to the statutory requirement, at least two Supervisory Board Members are independent. The independence criteria of a Supervisory Board Member are stipulated in the mandatory provisions of law.

In 2020, the composition of the Supervisory Board of mBank changed. On February 28, 2020, Maciej Leśny, the then Chairman of the Supervisory Board of mBank S.A. announced that he would not run for another term as a Member of the Supervisory Board of mBank S.A.

The 33rd Annual General Meeting of mBank S.A. held on March 27, 2020 selected the following eight Members of the Supervisory Board of mBank S.A. for a joint term of three years: Tomasz Bieske, Marcus Chromik, Mirosław Godlewski, Aleksandra Gren, Jörg Hessenmüller, Michael Mandel, Bettina Orlopp and Agnieszka Słomka-Gołębiowska, including two persons who have never been Members of the Supervisory Board of mBank before (Aleksandra Gren and Bettina Orlopp). Maciej Leśny, Gurjinder Singh Johal and Teresa Mokrysz, Members of the previous Supervisory Board, have not been selected as Members of the current Supervisory Board. The Supervisory Board appointed Professor Agnieszka Słomka-Gołębiowska as the Chairwoman of the Supervisory Board, and Jörg Hessenmüller as the Deputy Chairman of the Supervisory Board.

After leaving the Board of Managing Directors of Commerzbank, Michael Mandel resigned as a Member of the Supervisory Board of mBank on September 28, 2020, effective as of October 23, 2020. On October 22, 2020, Sabine Schmittroth was appointed as a Member of the Supervisory Board of mBank, effective as of October 23, 2020.

As at December 31, 2020, the Supervisory Board of mBank S.A. was composed of the following members:

1. Agnieszka Słomka-Gołębiowska – Chairwoman of the Supervisory Board
2. Jörg Hessenmüller – Deputy Chairman of the Supervisory Board
3. Tomasz Bieske – Member of the Supervisory Board
4. Marcus Chromik – Member of the Supervisory Board
5. Mirosław Godlewski – Member of the Supervisory Board
6. Aleksandra Gren – Member of the Supervisory Board
7. Sabine Schmittroth – Member of the Supervisory Board
8. Bettina Orlopp – Member of the Supervisory Board.

Detailed information on the Members of the Supervisory Board of mBank who performed their functions as at December 31, 2020 is presented in the table below.

Agnieszka Słomka-Gołębiowska – Chairwoman of the Supervisory Board

Agnieszka Słomka-Gołębiowska is a Professor in the Department of International Comparative Studies of the Warsaw School of Economics (SGH). She holds a master's degree in Banking and Finance and Management (CEMS programme) at the Warsaw School of Economics and Copenhagen Business School. She holds a PhD in economics. She attended a number of Executive Education courses, e.g. the IESE/Harvard Business School's "Value Creation Through Effective Boards" programme. She completed an MBA programme organised by the French Management Institute in Warsaw.

Between 2000 and 2002, she worked for the audit firm Arthur Andersen. In 2006, Agnieszka Słomka-Gołębiowska was appointed as the director of the Department of Privatisation at the Industrial Development Agency (ARP), where she was responsible for corporate governance until 2009. In 2006-2008, she held the position of the vice-president of the supervisory board of Bumar. In 2008-2014, she was a member of the supervisory board and the audit committee of Bank BPH. In 2018-2019, Agnieszka Słomka-Gołębiowska held the position of the vice-president of the supervisory board of TransEU. Since 2014, she has been a Member of the Supervisory Board and the Audit Committee of mBank S.A. In 2017, she became a member of the audit committee of the United Nations World Food Program (WFP). She has been a member of the supervisory board and the audit committee of Budimex S.A. since 2019.

She was a visiting scholar at universities in Cambridge (MIT), Tucson (UoA), Münster, Birmingham (BBS), Berlin (HSoG), Genoa (UoG – Law School), Vienna (WU) and Florence (UniFi). She received a scholarship of the Alexander von Humboldt Foundation and Fulbright Fellowship at the University of California, Berkeley, where she collaborated with Professor Oliver Williamson, recipient of the Nobel Memorial Prize in Economic Sciences.

Since 2005, she has been a member of the Polish Institute of Directors, a founding member of the board of experts of the Forum of Supervisory Boards established in cooperation with PwC and SEG, and cooperated with the Institute of Accounting and Taxes, disseminating the current state of knowledge about the functioning of authorities of public companies. In 2019, she received the Corporate Governance Personality Award. She is an ambassador of the Bank of America and Vital Voices Partnership Programme on women entrepreneurship and empowerment.

Jörg Hessenmüller – Member of the Supervisory Board

Jörg Hessenmüller graduated from Hochschule für Bankwirtschaft in Frankfurt am Main in 1997, and was awarded the title of Master in Management (Diplom-Betriebswirt (FH)). From 1989 to 2009, he worked for Dresdner Bank, holding the position of, among others, Head of Financial Control responsible for London, New York, Moscow, Sao Paulo, and Asia. In 2009, Mr Hessenmüller was appointed Managing Director in Commerzbank Group and worked as Head of Investment Banking Finance, Group Finance. From April 2012 to June 2016, he was a Member of the Management Board of mBank S.A., Chief Financial Officer.

Since July 2016, he has been a Managing Director in Commerzbank Group responsible for digital transformation, development and strategy of Commerzbank Group. On January 15, 2019, Jörg Hessenmüller was appointed to the Board of Managing Directors of Commerzbank AG as the Chief Operating Officer responsible for, among others, Commerzbank Group strategy, digital transformation and IT, organisation, and security.

Tomasz Bieske – Member of the Supervisory Board

Tomasz Bieske holds a master's degree in economics, and is a graduate of the University of Cologne, Germany. After graduating, he worked in Dresdner Bank's head office in Frankfurt for six years. In 1988, Tomasz Bieske worked for Arthur Andersen in Frankfurt, and a year later he co-founded Arthur Andersen in Poland, where he became a partner and the Head of Financial Markets Group. He was responsible for working with clients from the financial sector, auditing the financial statements of leading banks in Poland, sale of banks' non-performing loan portfolios, and valuation of private banks' shares. He participated in a number of due diligence processes commissioned by

foreign investors. From 2001, he continued his career at Ernst & Young as a partner and the Head of the Financial Markets Group. He participated in the majority of key projects in the financial services sector, including the preparation of public offerings of PKO BP S.A. and Kredyt Bank S.A. as well as audits of financial statements of the National Bank of Poland, PKO BP S.A., Pekao S.A., Getin Holding, a number of other banks and the Social Insurance Institution (ZUS). He managed many advisory projects in the banking sector. In 2011, he participated in the work of the committee for legal and business regulatory changes of the cooperative banking sector.

He has been closely cooperating with the Polish Bank Association (Związek Banków Polskich) and the National Association of Cooperative Banks (Krajowy Związek Banków Spółdzielczych). Tomasz Bieske holds a Polish licence of a statutory auditor. In 2011, he received the gold medal of the Polish Bank Association for his contribution to the development of banking in Poland between 1991 and 2011. Since June 2013, he has been a member of the supervisory boards of companies listed on the GPW (currently KRUK S.A. and mBank S.A.). In 2019, he completed the 3-month Oxford Fintech Programme. Since 2019, he has been a member of the Association of Independent Supervisory Board Members.

Marcus Chromik – Member of the Supervisory Board

Marcus Chromik studied physics in Göttingen, Kiel and Munich. He also engaged in scientific research at Michigan State University in the United States. Mr Chromik holds a Ph.D. in nuclear physics.

He started his professional career with McKinsey & Company in 2001. In 2004, he joined Postbank Group, where he held various executive positions, being responsible for, among others, new share issues and syndication, liquidity management and credit treasury. Later he served as the Chief Market Risk Officer in Commerzbank's markets and corporates segment for more than three years, where he was responsible for market and liquidity risk management. In 2012, Marcus Chromik became a Divisional Board Member, Chief Credit Risk Officer at Commerzbank.

On January 1, 2016, he was appointed Member of the Board of Managing Directors at Commerzbank AG, Chief Risk Officer.

Mirosław Godlewski – Member of the Supervisory Board

Mirosław Godlewski holds a Master of Science degree awarded by the Faculty of Industry Management of the Warsaw University of Technology. He also holds an MBA degree from Ashridge Management College and AMP Harvard Business School.

Currently Mr Godlewski is a senior advisor at BCG, a member of the supervisory board of Absolvent.pl, the chairman of the supervisory board of Eubioco Sp. z o.o. and a partner at Hedgehog Fund.

Mirosław Godlewski was a member of the supervisory board of Netia S.A., Celon Pharma S.A., ABC Data S.A., and a member of the Nomination and Remuneration Committee. Between 2007 and 2014, he acted as president and CEO of Netia S.A. He also held executive positions with Opczno S.A., DEC Sp. z o.o., Pepsi-Cola Polska, and MEMRB Polska.

Aleksandra Gren – Member of the Supervisory Board

Aleksandra Gren graduated from Harvard Business School (Negotiations), London School of Economics (European Policy and Politics), and University of British Columbia (International Relations). She has over 22 years of professional experience in technology and banking. Her career started in Royal Bank of Canada, Vancouver. She worked for American fintech companies in the US, the Middle East, and Europe. Aleksandra Gren has 15 years of managerial experience gained by holding positions of a member of the management board and an advisor.

Aleksandra Gren has a proven track record of successful partnerships and transformational initiatives in the banking sector. She was recognised by the London-based Banking Technology Awards and PayTech Leadership Awards as one of top 10 women in tech in 2016 and 2018.

She was named Global Ambassador and Mentor by Bank of America GAP Global Leadership Development and Mentoring Program for Entrepreneurs in the US in March 2019.

Sabine Schmittroth – Member of the Supervisory Board

Sabine Schmittroth completed an apprenticeship as a bank employee in Dresdner Bank AG in 1986. After passing an instructor test in the Chamber of Trade and Industry (IHK) in Frankfurt am Main in 1989, she obtained additional credit qualifications (1989), training qualifications (1990), and securities qualifications (1996). She completed a coaching course at the European Business School in Oestrich-Winkel in 2001, the High Performance Leadership (HPL) programme in IMD Business School in Lausanne in 2013, and the CAS Compliance Management programme at the University of St. Gallen in 2020.

At the beginning of her career, Sabine Schmittroth held various positions at Dresdner Bank. Between 1999 and 2009, she held a number of managerial positions, being responsible for securities advisory, and later for sales support.

In 2009-2010, Sabine Schmittroth was the spokeswoman for the Board of Managing Directors of Commerz Direktservice GmbH. Later, until 2014, she managed retail banking sales at Commerzbank AG. In 2016-2019, as a Managing Director she was responsible for private and small-sized enterprise banking.

In January 2020, Sabine Schmittroth was appointed a Member of the Board of Managing Directors of Commerzbank responsible for human resources, compliance, process management, and data management. In October 2020, she assumed additional responsibility for private client segment, at the same time leaving the position for compliance supervision.

Bettina Orlopp – Member of the Supervisory Board

Bettina Orlopp Bettina Orlopp graduated from the University of Regensburg with Diploma in business and administration (finance and production). She also completed a Ph.D. at the University of Regensburg.

Bettina Orlopp worked for McKinsey from 1995 (from 2002 as a partner). In 2014, she became a Managing Director of the Group Development and Strategy segment at Commerzbank AG. She was responsible for strategy, mergers and acquisitions, corporate finance (strategic balance sheet and capital management), corporate investment, Central and Eastern Europe (CEE) region, and CommerzVentures (corporate unit). In 2016, Bettina Orlopp was appointed a Managing Director responsible for compliance, human resources, and legal issues. From November 2017, she was a Member of the Board of Managing Directors of Commerzbank, supervising the aforementioned areas.

Since 1 March 2020, Bettina Orlopp has been a Member of the Board of Directors of Commerzbank, Chief Financial Officer. Mrs. Orlopp is a Member of the following committees of Commerzbank AG: Asset and Liability Committee (ALCO) responsible for managing capital, liquidity and balance sheet of Commerzbank Group, Strategic Risk Committee, Portfolio Risk Management and Control Committee, and the Group Operational Risk Committee.

Four Members of the Supervisory Board of mBank (Agnieszka Słomka-Gołębiowska, Tomasz Bieske, Aleksandra Gren and Mirosław Godlewski) meet the independence criterion. Marcus Chromik, Jörg

Hessenmüller, Sabine Schmittroth and Bettina Orlopp are not independent members due to their relationship with the main shareholder of mBank.

Responsibilities and procedures of the Supervisory Board

The responsibilities of the Supervisory Board include, in particular, the following matters:

- Exercising supervision over the implementation and operation of an adequate and effective risk management system and internal control system in the bank;
- Advising and supervising the Management Board in defining internal guidelines for the activity of the bank, especially for the areas subject to risks, including the bank's credit policy, investment policy, guarantee policy, compliance policy, and approving the Management Board's proposals concerning the general organisational structure of the bank;
- Supervising compliance of the bank's risk-taking regulations with the strategy and financial plan of the bank;
- Approving the disclosure policy rules concerning risk management and capital adequacy adopted by the Management Board;
- Approving strategies and procedures for the internal control system, the risk management system, the internal capital assessment process, capital management and capital planning, as proposed by the Management Board;
- Assessing the adequacy and effectiveness of the risk management system and the internal control system;
- Reviewing regular and exhaustive reports presented by the Management Board on all relevant issues related to the activity of the bank, the risks of its activity, and the methods and effectiveness of risk management;
- Preparing a concise assessment of the position of the bank to be presented to the Annual General Meeting and attached to the annual report of the bank for the previous financial year;
- Approving the bank's annual financial plans, multi-year growth plans, as well as the strategy of the bank and the rules of prudent and stable management of the bank;
- Reviewing any motions and matters which are subject to resolutions of the General Meeting, including draft resolutions of the General Meeting. The Supervisory Board draws up grounds for draft resolutions to be tabled for approval by the General Meeting;
- Issuing and approving rules provided for in the By-laws of mBank;
- Appointing and dismissing the President of the Management Board, the Vice-Presidents of the Management Board and other Members of the Management Board subject to the procedures laid down in the Banking Law Act and other generally applicable laws;
- Defining the terms of contracts and remuneration of the Management Board;
- Authorising the Chairperson of the Supervisory Board to represent mBank in agreements with the Management Board Members, including the conclusion of management contracts with Management Board Members;
- Receiving, in advance, information on creating, acquiring, closing and managing branches, permanent representations and parts of the enterprise, and initiating and terminating undertakings and fields of operations;
- Approving conclusion or amendment of any significant contract or agreement with the Members of the Management Board or the Supervisory Board;
- Approving conclusion, amendment or termination of any significant affiliation or co-operation agreements;
- Receiving information on the expected deviations from the annual budget;

- Analysing reports of the Directors of the Internal Audit Department received at least once per year;
- Issuing guidelines for the Management Board Members regarding the level and structure of remuneration for the senior management;
- Approving the policy of variable remuneration components of persons holding managerial positions in mBank;
- Approving the operational risk management strategy developed by the Management Board, assessing implementation of the strategy and, if necessary, commissioning its review;
- Granting the Members of the Management Board of the bank consent to sitting on management or supervisory boards of companies outside mBank Group;
- Granting consent to appointment and dismissal of the directors of the Internal Audit Department and the Compliance Department and approval of their remuneration;
- Approving the organisational rules of the Internal Audit Department and the Compliance Department; and
- Presenting a report on the assessment of the functioning of the bank's remuneration policy to the Annual General Meeting to allow the Annual General Meeting to assess this policy.

Meetings of the Supervisory Board are convened by the Chairperson of the Supervisory Board on his or her own initiative, or on request of the Management Board, or on request of a Supervisory Board Member, no less frequently than three times a year. All Management Board Members participate in the meetings of the Supervisory Board except for those agenda items which directly concern the Management Board or its Members.

Resolutions of the Supervisory Board are adopted by a simple majority of votes. In the case of an equal number of votes, the Chairperson of the Supervisory Board has the casting vote.

There are four Supervisory Board Committees: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, and the Remuneration Committee. Additionally, the IT Working Group of the Supervisory Board convenes regularly. The Group supports the Supervisory Board in supervising the IT and ICT security area of mBank.

Members of the Committees as of December 31, 2020 are presented below (in the first place the Chairperson of each Committee).

Executive and Nomination Committee	Risk Committee	Audit Committee	Remuneration Committee
Agnieszka Słomka-Gołębiowska	Marcus Chromik	Tomasz Bieske	Sabine Schmittroth
Jörg Hessenmüller	Mirosław Godlewski	Aleksandra Gren	Tomasz Bieske
Sabine Schmittroth	Bettina Orlopp	Jörg Hessenmüller	Mirosław Godlewski
	Agnieszka Słomka-Gołębiowska		Jörg Hessenmüller

The work of the entire Supervisory Board is made more efficient by delegating selected Members of the Supervisory Board to perform particular supervisory activities at the bank within the Committees. Many resolutions of the Supervisory Board are adopted in line with the recommendations of the Committees which first analyse and discuss various issues from each area of the bank's operations.

Executive and Nomination Committee

The tasks of the Executive and Nomination Committee involve, in particular, exercising ongoing supervision over the bank's activity in the periods between meetings of the Supervisory Board. The Executive Committee authorises the Management Board to acquire, encumber or dispose of real

estate, perpetual usufruct rights or interests in real estate, shares in companies and partnerships, and other fixed assets if the value of a transaction exceeds 1% of the bank's own funds. Such authorisation is not required if the aforesaid acquisition took place as part of enforcement or bankruptcy proceedings, including bankruptcy proceeding with the possibility to make an arrangement or other settlement with the bank's debtor or in the case of disposal of assets so acquired. The Committee is also responsible for initial recruitment of Management Board and Supervisory Board Members of mBank.

In addition, the Executive and Nomination Committee defines the scope of duties for candidates for Members of the Management Board and the Supervisory Board of the bank as well as the requirements that must be met by the candidates. Moreover, the Committee defines the target gender representation ratio for the Management Board and the Supervisory Board of the bank and develops a diversity policy to facilitate the achievement of the target ratio. The Committee assesses the structure, size, composition, and operational effectiveness of the Management Board at least once a year and can recommend changes in this respect to the Supervisory Board.

The Nomination Committee held four meetings in 2020.

Audit Committee

The Audit Committee issues opinions concerning the selection of a statutory auditor by the General Meeting, recommends the Supervisory Board to approve or reject financial statements, develops the policy and procedures for the selection of an external auditor and provision of other permitted services by the auditor, monitors the financial reporting process as well as the effectiveness of internal control systems, risk management systems and internal audit, and recommends the Supervisory Board to grant or refuse consent to appointment/dismissal of the head of the Internal Audit Department and the head of the Compliance Department. Moreover, the Audit Committee presents the Supervisory Board with its opinion on the annual assessment of adequacy and effectiveness of the control function, the Compliance Department, and the Internal Audit Department, recommends the Supervisory Board to approve or reject the principles of mBank's information policy concerning capital adequacy, and recommends the Supervisory Board to approve or reject mBank's compliance policy and the annual report on compliance risk management at the bank.

Pursuant to the Rules of the Supervisory Board, the Audit Committee is composed of at least three members of whom at least one member has to possess knowledge and skills in the scope of accounting or financial statements audit. The Rules of the Audit Committee of the Supervisory Board stipulate that the majority of the Audit Committee Members, including the Chairperson, are independent.

As at the end of 2020 the Audit Committee was composed of three members.

Tomasz Bieske and Aleksandra Gren meet the independence criteria. The independence criteria are specified in Article 129 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

All members of the Audit Committee have knowledge and skills in the scope of accounting and financial statements audit as well as extensive expertise in banking.

- Tomasz Bieske – a certified auditor of financial statements, a long-term employee of Arthur Andersen Polska and Ernst & Young Polska, a participant of many major projects in the banking sector;
- Jörg Hessenmüller – a former Member of mBank's Management Board and Chief Financial Officer, a Member of the Board of Managing Directors of Commerzbank AG;
- Aleksandra Gren – started her professional career in Royal Bank of Canada; has more than 20 years of experience in banking technologies and fintech in EMEA (Europe, Middle East and Africa).

The Audit Committee recommends the external auditor to audit the financial statements of mBank S.A. and the consolidated financial statements of mBank S.A. Group to the Supervisory Board. The external auditor is selected by the General Meeting based on a recommendation of the Supervisory

Board. The recommendation is prepared in accordance with a selection procedure that meets the requirements set out in the applicable laws. The procedure for selecting an audit firm to audit mBank's financial statements approved by the Audit Committee in 2018 meets the requirements set out in Article 16 (2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of financial statements of public-interest entities.

The policy for selecting an audit firm at mBank S.A. approved by the Audit Committee meets the requirements set out in the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and Regulation No. 537/2014 of the European Parliament and of the Council of 16 April 2014 (Regulation No. 537/2014). The policy incorporates the principle regarding the rotation of statutory auditors. The maximum duration of uninterrupted statutory audit engagements referred to in Article 17 (1) paragraph 2 of Regulation (EU) No. 537/2014 carried out by one audit firm or an audit firm related to this audit firm, or any member of the network operating within the European Union to which these audit firms belong, must not exceed five years. The key statutory auditor may carry out another statutory audit at the bank after at least three years of the completion of the last statutory audit. In the case of a statutory audit, the first agreement on statutory audit is concluded with an audit firm for a period not shorter than two years with an option to extend it for another period of at least two years.

The policy on the provision of permitted non-audit services to mBank S.A. by the audit firm carrying out the audit, by entities related to the audit firm and by a member of the audit firm's network, approved by the Audit Committee meets the requirements set out in the Act on Statutory Auditors, Audit Firms and Public Oversight and Regulation No. 537/2014.

Pursuant to the policy on the provision of permitted non-audit services to mBank S.A. by the audit firm carrying out the audit, by entities related to the audit firm and by a member of the audit firm's network, a statutory auditor or an audit firm carrying out the statutory audit, or any member of the network to which the statutory auditor or the audit firm belongs, do not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union:

- any prohibited non-audit services in the period between the beginning of the period audited and the issuing of the audit report;
- any services that consist in designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems.

Under Article 136 of the Act on Statutory Auditors, prohibited services do not include the following:

1. services that consist in:
 - a. conducting due diligence procedures with regard to economic and financial condition,
 - b. issuing comfort letters in connection with prospectuses issued by the audited entity, in accordance with the national standard of related services and by means of agreed procedures,
2. assurance services with regard to pro forma financial information, forecasts of results or estimated results, published in the prospectus issued by the audited entity,
3. auditing historical financial information to be included in a prospectus,
4. verification of consolidation packages,
5. confirmation of fulfilment of conditions of the concluded loan contracts on the basis of analysis of financial information coming from financial statements audited by a given audit firm,
6. assurance services in reporting concerning corporate governance, risk management and corporate social responsibility,
7. services consisting in the assessment of compliance of information disclosed by financial institutions and investment companies with the requirements for disclosing information concerning capital adequacy and variable remuneration components,

8. certification concerning financial statements or other financial information for supervision bodies, the supervisory board or another supervisory authority of the company, or owners, exceeding the scope of the statutory audit, to help these authorities to perform their statutory duties.

Provision of the said services is possible only in the scope not related to the tax policy of the bank, after the Audit Committee evaluates hazards to and safeguards for an audit firm's independence.

The audit firm auditing the financial statements of mBank and mBank Group provided permitted non-audit services to mBank. Therefore, the Audit Committee each time assessed the independence of the audit firm and granted its consent to the provision of the services.

The Audit Committee held six meetings in 2020.

Risk Committee

The Risk Committee has, among others, the following tasks: exercising permanent supervision over credit risk, market risk, liquidity risk and non-financial risks, including operational risk. Moreover, the Risk Committee issues recommendations for approval or rejection of exposures posing single entity risk, in accordance with the parameters defined by the Supervisory Board. The Committee discusses matters related to corporate, financial markets, and retail portfolio risk. In addition, the Committee discusses non-financial risks, such as cyber risk, reputational risk, and legal issues.

Moreover, the Risk Committee provides the Supervisory Board with recommendations for approval or rejection of transactions, provided for in the Banking Law, concluded between the bank and Members of the bank's authorities, and recommendations for approval or rejection of the bank's disclosure policy regarding risk management. The Risk Committee is also responsible for recommending the Supervisory Board to approve or reject strategies and policies created by the Management Board, issuing opinions on the bank's current and future readiness to take risk and issuing opinions on the strategy of risk management in the bank's operating activity prepared by the bank's Management Board and information on the strategy implementation submitted by the Management Board.

The Risk Committee held five meetings in 2020.

Remuneration Committee

The tasks of the Remuneration Committee include among others: considering matters related to the remuneration principles applicable to Members of the Management Board and the level of their remuneration, setting rates of remuneration, presenting opinions concerning approval for Members of the Management Board of mBank to engage in competing activity and issuing recommendations to the Supervisory Board regarding the general guidelines for the Management Board on the level and structure of remuneration for the bank's senior management. In addition, the Committee monitors the level and structure of remuneration paid to senior management, issues opinions on and monitors the remuneration policy adopted by mBank, and assists the bank's bodies in developing and implementing this policy.

The Remuneration Committee held four meetings in 2020.

All standing committees of the Supervisory Board make reports on their activity in the past reporting year available to the shareholders. The aforesaid reports are appended to the set of materials for the Annual General Meeting and can be found on mBank's website (<https://www.mbank.pl/en/investor-relations/general-meeting/>).

In accordance with the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A. adopted by Resolution No. 29 of the 33rd Annual General Meeting of mBank S.A. on March 27, 2020, Members of the Supervisory Board perform their functions on the basis of appointment and are entitled to remuneration only on this account. Remuneration of a Supervisory Board Member is not linked to the company's performance and is not awarded in financial instruments. Remuneration of Supervisory Board Members is adequate to the scope of duties entrusted to them and to the functions they perform, and includes also their functions in committees of the Supervisory Board.

The amount of monthly remuneration of the Members of the Supervisory Board was set in Resolution No. 50 regarding the remuneration rules for the Members of the Supervisory Board of mBank S.A. adopted by the 30th Annual General Meeting of mBank S.A. held on March 30, 2017. The Chairperson of the Supervisory Board earns PLN 17,000 monthly, the Deputy Chairperson earns PLN 14,500 monthly, while Members of the Supervisory Board earn PLN 12,000 monthly each.

Additional monthly remuneration is granted for the participation in standing committees of the Supervisory Board: 50% of monthly remuneration of a Supervisory Board Member for the first standing committee and 25% for participating in a second committee. No additional remuneration is paid to a Member of the Supervisory Board who sits on three or more standing committees of the Supervisory Board. However, a Supervisory Board Member performing the function of the Chairperson of the Audit Committee of the Supervisory Board of the bank is entitled to additional remuneration equal to 80% of their remuneration.

The remuneration of the Supervisory Board for 2019-2020 is presented in the table below.

	Remuneration paid in 2020 (in PLN)	Remuneration paid in 2019 (in PLN)
1. Agnieszka Słomka-Gołębiowska	341,493	258,285
2. Jörg Hessenmüller		-
3. Tomasz Bieske	429,228	429,185
4. Marcus Chromik		-
5. Mirosław Godlewski	246,645	216,540
6. Aleksandra Gren	163 620	-
7. Bettina Orlopp		-
8. Sabine Schmittroth		-
<hr/>		
1. Michael Mandel*		-
2. Maciej Leśny**	91,544	366,133
3. Gurjinder Singh Johal**	54,000	216,000
4. Teresa Mokrysz**	55,094	220,385
5. Andre Carls***		216,000
6. Janusz Fiszer****		144,000
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Total amount	1,381,624	2,066,528

* Michael Mandel resigned from his function on October 23, 2020

** Maciej Leśny has retired (on March 27, 2020, during the 33rd Annual General Meeting of mBank, a new composition of the Supervisory Board of mBank S.A. was established)

** Gurjinder Singh Johal has not been appointed to the new Supervisory Board

** Teresa Mokrysz has not been appointed to the new Supervisory Board

** Andre Carls resigned from his function on September 30, 2019

**** On September 2, 2019, the Management Board of mBank learned about the death of dr Janusz Fiszer on September 2, 2019.

The bank's shares held by the Members of the Supervisory Board

As at December 31, 2020 and December 31, 2019, mBank shares were held by one Member of the Supervisory Board of mBank, Jörg Hessenmüller, respectively: 7,958 and 7,175 shares. The other members of the Supervisory Board did not hold any shares of the bank.

Activity of the Supervisory Board in 2020

The Supervisory Board held eight meetings and adopted 91 resolutions in 2020. The resolutions covered all areas of the bank's operation and were consistent with the scope of supervisory functions specified in generally applicable laws, the Banking Law, recommendations of the Polish Financial Supervision Authority (KNF), corporate governance principles, and mBank's By-laws and the Rules of the Supervisory Board.

2020 was a special year due to the outbreak of the COVID-19 pandemic. In addition to regular meetings, the Supervisory Board held video and teleconferences with the Management Board and monitored the bank's situation on an ongoing basis in the context of the pandemic, economic developments and regulatory conditions.

In 2020, the Supervisory Board discussed and assessed the current results of mBank Group and business lines in comparison with the financial plan. The Supervisory Board also discussed and accepted other detailed reports required by the law concerning different areas of the bank's activity, including regular risk, compliance, audit, bancassurance and IT security reports.

During their regular meetings in 2020, the Supervisory Board Committees discussed in detail the key issues concerning individual areas of the bank's activity, which, pursuant to the applicable regulations, must be approved by the Supervisory Board.

Attendance of the Supervisory Board Members at Supervisory Board meetings in 2020 is presented in the table below.

	Attendance ¹
Tomasz Bieske	8/8
Marcus Chromik	7/8
Mirosław Godlewski	8/8
Aleksandra Gren (Supervisory Board Member from March 27, 2020)	5/5
Jörg Hessenmüller	7/8
Maciej Leśny (Supervisory Board Member until March 27, 2020)	3/3
Michael Mandel (Supervisory Board Member until October 23, 2020)	4/7
Teresa Mokrysz (Supervisory Board Member until March 27, 2020)	1/3
Gurjinder Singh Johal (Supervisory Board Member until March 27, 2020)	1/3
Sabine Schmittroth (Supervisory Board Member from October 23, 2020)	0/1
Agnieszka Słomka-Gołębiowska	8/8
Bettina Orlopp (Supervisory Board Member from March 27, 2020)	3/5

¹ Attendance at meetings/number of meetings during the term of office

1.8. mBank's Diversity Policy

The basic elements of the diversity policy have been incorporated in our HR policy for many years. We are guided by the principle that diversity creates value added for the organisation. Elements of the diversity policy are present in various regulations, procedures and processes.

Diversity arising from experience, knowledge, education, interests and a number of other qualities encourages creativity, favours the search for non-standard solutions and optimisations, helps build the company's competitive advantage, and translates into service quality and economic results.

mBank treats people equally regardless of their sex, age, material status, family background, physical abilities, nationality, country of origin, sexual orientation, and political and religious beliefs, that is all the factors that may give rise to direct or indirect discrimination. We offer a workplace that helps the management make use of and develop their unique features, skills and interests, for example, through participation in training activities and clubs that bring together people with similar

interests. Diversity management contributes to creating an organisational culture based on openness and tolerance where everyone feels appreciated and respected, and is offered career development opportunities.

Pursuant to the gender equality policy, we try to ensure that both men and women take part in external and internal recruitment and in the succession planning regarding the key functions at the bank, taking into account the principles of equal treatment in hiring new employees. Our recruitment process involves a selection method that ensures objective assessment of candidates' skills. Each employee of the bank can be promoted to a managerial position, if they have a relevant professional track record. Evaluation of job positions is based on objective criteria, which prevents discrimination.

We apply the Policy for the Assessment of Qualifications (Suitability) of Members of the Supervisory Body, Management Body and Key Function Holders at mBank S.A. to the Management Board and the Supervisory Board. The Suitability Policy aims at introducing principles which must be fulfilled so that key functions at the bank are held by individuals having the requisite qualifications, expert knowledge, skills, professional experience, abilities and aptitudes, and reputation adequate for the performed function. The Suitability Policy includes a separate chapter dedicated to the diversity policy.

mBank takes into account diversity when selecting and appointing Members of the Management Board and proposing candidates for Members of the Supervisory Board.

■ with respect to the Management Board

When deciding on the composition of the Management Board, the Supervisory Board makes every effort to ensure its diversity, especially in terms of age, education, professional experience and participation of women. The Supervisory Board pays attention to the diversity of educational background and professional experience of the Management Board Members.

■ with respect to the Supervisory Board

The age structure of the Supervisory Board Members should be diverse. Moreover, the Supervisory Board aims at ensuring that its members have diverse educational background and professional experience. The Supervisory Board also lays emphasis on adequate participation of women.

The composition of the Supervisory Board reflects the concepts underlying the diversity policy. The Supervisory Board is composed of representatives of mBank's main shareholder, representatives of science and business, and persons having vast legal knowledge and banking expertise.

At the end of 2020, there were four women among the eight Supervisory Board Members, making up 50% of the total number of Members.

Supervisory Board of mBank								
	Dec 31, 2017		Dec 31, 2018		Dec 31, 2019		Dec 31, 2020	
	number of members	%						
Women	2	17%	2	17%	2	20%	4	50.0%
Men	10	83%	10	83%	8	80%	4	50.0%
Total	12	100%	12	100%	10	100%	8	100%

Until October 22, 2020 there was one woman in the seven-member Management Board of mBank. After this date there have been only men sitting on the Management Board.

Management Board of mBank				
	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020

	number of members	%						
Women	1	14%	1	14%	1	14%	0	0%
Men	6	86%	6	86%	6	86%	7 (6*)	100%
Total	7	100%	7	100%	7	100%	7 (6*)	100%

*As at 1 January 2021

By 2028 women will account for at least 30% of the Management Board and the Supervisory Board Members.

mBank's managers graduated in different fields of study in Poland and abroad, including economics, technology, IT, law, philology and other. The management consists of people with diverse experience in Polish, European and American financial and non-financial institutions. The management team is aware of the importance of diversity to the work environment and takes part in training based on recognising differences and embracing the benefits they bring.

In 2018 we signed the Diversity Charter, an international initiative for social cohesion and equality launched in Poland by the Responsible Business Forum. As signatories of the Charter, we have undertaken to support diversity and counteract workplace discrimination.