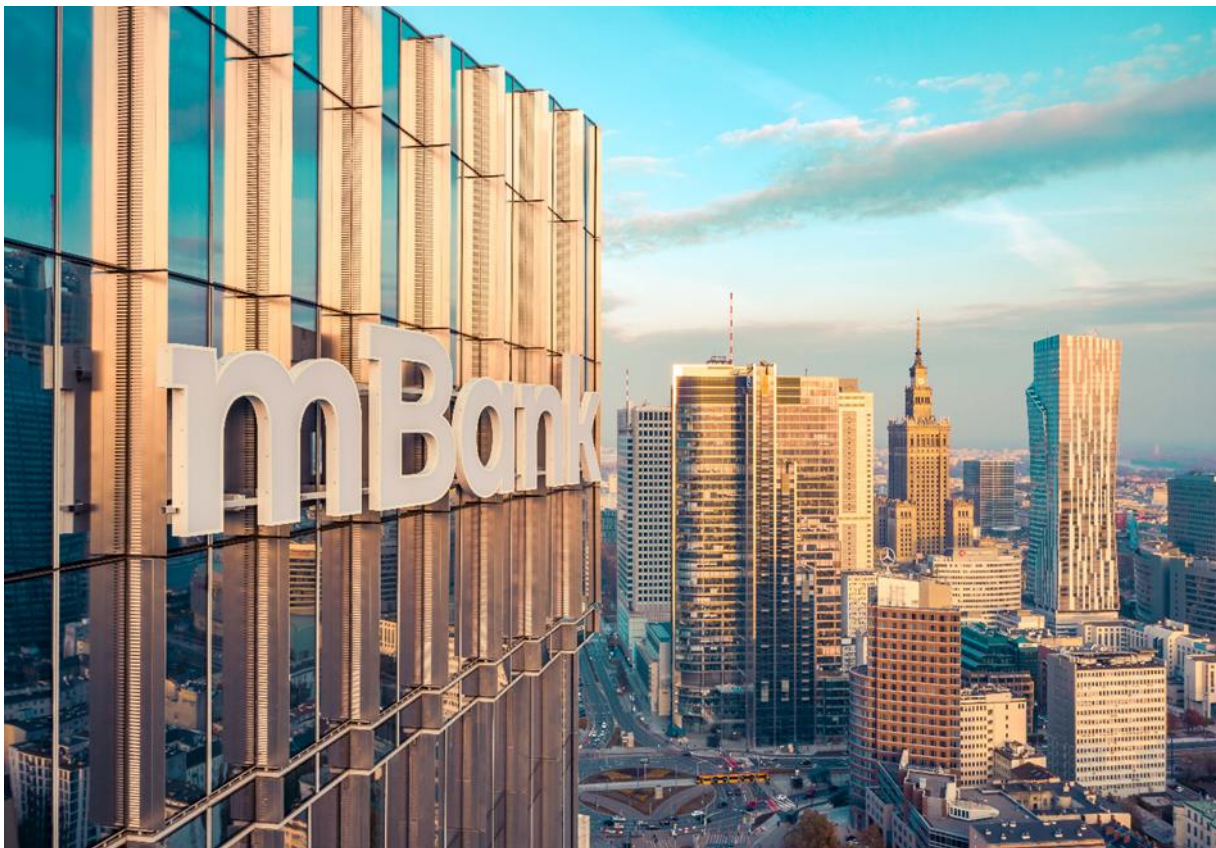




## **Statement of mBank on Application of the Principles of Corporate Governance in 2022**



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## **1.1. Application of the principles of corporate governance at mBank**

The general principles of corporate governance 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 Best Practice for GPW Listed Companies 2021 and the Principles of Corporate Governance for Supervised Institutions.

In addition, Recommendation Z issued by the Polish Financial Supervision Authority (PFSA) has been in effect since 2022. Recommendation Z outlines best practice with regard to the principles of corporate governance. Corporate governance covers, in particular, the bank management system, the bank's organisation, principles of operation, powers, duties and responsibilities, and mutual relations between the supervisory board, the management board and persons holding key positions at the bank. In December 2021, mBank implemented the Corporate Governance Policy which sets out basic principles and best practice for individual areas of corporate governance.

The text of the Best Practice for GPW Listed Companies 2021 is available on the website of the Warsaw Stock Exchange, in the section dedicated to corporate governance of listed companies ([https://www.gpw.pl/pub/GPW/files/DPSN2021\\_EN.pdf](https://www.gpw.pl/pub/GPW/files/DPSN2021_EN.pdf)).

The Principles of Corporate Governance for Supervised Institutions are available on the website of the PFSA [www.knf.gov.pl/en/MARKET/Regulations\\_and\\_practice/Practice](http://www.knf.gov.pl/en/MARKET/Regulations_and_practice/Practice)).

Recommendation Z is available on the PFSA's website at [https://www.knf.gov.pl/knf/pl/komponenty/img/Rekomendacja\\_Z\\_70998.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/Rekomendacja_Z_70998.pdf).

### **Best Practice for GPW Listed Companies**

The Best Practice for GPW Listed Companies 2021 ("DPSN 2021"), which has been in effect since July 1, 2021, replaced the previous version of the Best Practice for 2016. The "comply or explain" rule continues to apply. Listed companies are obliged to publish valid information about the application of individual rules. Moreover, in the case of an incidental violation of the rules, companies must immediately report it.

As at December 31, 2022, mBank complied with all rules laid down in DPSN 2021.

The scope of application of the rules laid down in DPSN 2021 changed in 2022.

When DPSN 2021 entered into force, in line with Article 29 of the Stock Exchange Rules, in July 2021 we submitted to the Warsaw Stock Exchange (WSE, Giełda Papierów Wartościowych – GPW) a report on the status of implementation of the rules provided for in the Best Practice. At the time we reported that we did not apply rule 2.1.: "Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the General Meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%."

The Diversity Policy, applicable at the bank at the time, stipulated that the total participation of women in the Management Board and the Supervisory Board would be at least 30% by 2028. In accordance with the interpretation of the Corporate Governance Committee with respect to the application of the Best Practice 2021, the 30% participation of the minority group should be calculated separately for each body. Therefore, we agreed that the reference of the minority threshold to both governing bodies of the company jointly and the achievement of this ratio at the level of one body only did not make it possible to assume that rule 2.1. was applied.

This changed in Q1 2022. On February 15, 2022 we introduced the Diversity and Inclusion Policy at mBank stating that by the end of 2028 the participation of women in the Supervisory Board and Management Board of mBank should reach at least 30%.

The same solution was provided for in the Policy for the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank's Bodies and Brokerage Bureau Authorities at mBank S.A. adopted by Resolution of the Supervisory Board No. 183/22 of March 3, 2022 and approved by Resolution No. 26 of the 35th Annual General Meeting of March 31, 2022. The document states that when nominating candidates, one should be guided by the criterion of versatility and diversity, including diversity of gender, age or professional experience, taking into account the diversity policy, with respect for the principle of equal opportunities.

When selecting the composition of the Supervisory Board / Management Board, the AGM and the Supervisory Board will strive to reach gender balance in the composition of the Supervisory Board / Management Board or at least a minimum 30% share of gender minority both in the Management Board and the Supervisory Board by 2028.

The provision on reaching the gender minority share of at least 30% by 2028 separately for the Supervisory Board and the Management Board allowed the bank to comply with rule 2.1. of DPSN.

Women made up 37.5% of the Supervisory Board as at December 31, 2022. On the other hand, the Bank's Management Board consisted only of men.

In line with the Guidelines of the Corporate Governance Committee on the application of the Best Practice for GPW Listed Companies 2021, in order to comply with rule 2.1 it is necessary to adopt a policy of diversity and to include the elements indicated in this rule in the policy, including to set the target gender minority share in a given body of at least 30%. Therefore, in order to consider the rule complied with, the composition of a company does not need to meet the diversity quotas set in the Best Practices at the moment of submitting the statement. The frequency of changes in the composition of the Management Board and the Supervisory Board in principle depends on the duration of the term of office in order to ensure stability of the company's governance. The terms of office of the Management Board and Supervisory Board of mBank are five and three years, respectively.

In accordance with the Commission Recommendation of April 9, 2014 on the quality of corporate governance reporting (2014/208/EU), we provide a description of application of the rules laid down in the Best Practice for GPW Listed Companies 2021 with regard to the topics vital to 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. The information policy regarding communication with investors, media and clients is available on our website at <https://www.mbank.pl/pdf/relacje-inwestorskie/pozostale/communication-policy-investors-media-clients.pdf>.
- 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.
- On the bank's website ([www.mbank.pl](http://www.mbank.pl)), information and documents arising from the guidelines to the Best Practice in relation to rule 1.1. of DPSN 2021 are published, including the following:
  - basic corporate documents, including, in particular, the company's by-laws and the rules of the General Meeting, Supervisory Board, Management Board, and the adopted policies;
  - composition of the Management Board, Supervisory Board and Supervisory Board committees, resumes of the members of these bodies, and in the case of the Supervisory Board information on the Supervisory Board Members' compliance with the independence criterion;
  - information about incentive programmes;
  - the company's selected financial and business data in a format enabling their recipients to process them (data starting from 2006 are available);
  - presentations discussing the published results of the group and the market environment;
  - basic corporate information on the structure of the group;
  - data on the number of shares issued, shareholding structure, share capital and dividends;
  - recommendations of analysts together with the target share price and the consensus regarding the group's forecast results for the current and next year;
  - other presentations and information about issues concerning the strategy, the group's operations and its financial results ("Introduction to mBank Group" and "Factsheet");
  - recordings of quarterly meetings of analysts and investors with the Members of mBank's Management Board;
  - calendar with the dates of publication of financial reports, meetings with investors and press conferences and other events that are important from the point of view of investors;
  - questions asked by the company's shareholders together with the company's answers;
  - ongoing and periodic information;
  - information on the application of the principles of corporate governance, and information on communication with the company.

We publish video recordings of General Meetings and information on ratings and the Euro Medium Term Note Programme (including prospectuses and presentations for investors in debt instruments).

- Aside from the information published on the company's website, 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;
  - quarterly presentations of financial results for investors and analysts, during which Members of the Management Board of the bank comment on financial and business results of the group, events having an impact on the group's operations and prospects for the future, and answer questions;
  - individual and group meetings, tele- and video-conferences of representatives of the Management Board and the Investor Relations team with investors and analysts;
  - ongoing contact by phone, email, and via Microsoft Teams with analysts and investors, including sending newsletters on a monthly basis and, if necessary, other information materials;
  - participation of our representatives in domestic and foreign investor conferences, and cycles of meetings with investors in Poland and abroad (roadshows).
- On the company's website we present the group's strategy assumptions, objectives and actions taken as part of the strategy. The Management Board Reports on Performance of mBank Group for a given year and the integrated reports provide information on the achievement of the strategy objectives. Our ESG agenda is part of the mBank Group Strategy for 2021-2025. When taking decisions at mBank Group, we factor in climate change issues, including the risks arising from them. The group's actions regarding ESG are described, among others, in the integrated report and at <https://www.mbank.pl/en/about-us/corporate-social-responsibility/what-we-do/>.
- We present the equal pay index in the integrated report and on the company's website.
- We pursue a policy of full transparency regarding sponsorship. The activity of mBank Foundation is described in the Management Board's Report, chapter "mBank and corporate social responsibility", and on the bank's website. We disclose our donations to charity.

### **Management Board, 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 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 Supervisory Board grants the Members of the Management Board consent to sitting on management or supervisory boards of companies from outside of mBank Group.
- Members of the Supervisory Board devote the necessary amount of time to performing their duties. If a Supervisory Board Member resigned, they were replaced to fill in the vacancy.
- The Diversity Policy applicable to the Management Board and the Supervisory Board of the bank aims to diversify the compositions of the Management Board and the Supervisory Board in terms of their members' traits and qualifications. Suitability of the Members of the Management Board and the Supervisory Board of mBank is assessed on the basis of such criteria as expert knowledge and skills, managerial skills, professional experience, individual suitability, collective suitability, reputation and good repute, honesty and integrity, sufficient time commitment, independence of mind. In the case of the Supervisory Board, the independence criteria are taken into account. As at December 31, 2022 independent Members constituted half of the Supervisory Board composition.
- Persons taking decisions on the appointment of Management Board or Supervisory Board Members take into account criteria ensuring diversity of these bodies aimed at the achievement of the target minimum participation of the minority gender group of 30% by the end of 2028.
- The Audit Committee of the Supervisory Board is guided by the objectives set by the Supervisory Board and stipulated in the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public

Oversight. The Chairwoman of the Supervisory Board does not simultaneously act as the head of the Audit Committee.

- We comply with the DPSN 2021 rules pertaining to the manner in which the Management Board and the Supervisory Board vote. Each year, the Supervisory Board prepares a report on its operations containing information included in item 2.11 of DPSN and submits it to the General Meeting.

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

### **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. The Supervisory Board monitors the effectiveness of those systems, among others on the basis of the reports submitted to it.
- The internal audit operates independently. The Audit Committee exercises functional supervision over the Audit Department in respect of audit activities.
- The remuneration of persons responsible for risk management and compliance and of the internal audit head, including their variable remuneration, depends on the performance of the tasks assigned to them. It does not depend on the group's financial results.
- 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.
- Key group subsidiaries comply with the DPSN 2021 rules regarding remuneration and reporting lines of persons responsible for risk management, compliance and internal audit. Within mBank Group, the position for internal audit has been created at mBank Hipoteczny S.A.

### **General Meetings, shareholder relations (chapter 4)**

- When setting the date of the Annual General Meeting we take account of the statutory time limits and try to convene the meeting as soon as possible after the release of the annual report. We enable the shareholders to participate in General Meetings by means of electronic communication and broadcast them in real time. The General Meetings may be attended by the representatives of the media.
- Draft resolutions of the General Meeting concerning matters and decisions contain a justification and an opinion of the Supervisory Board.
- The Members of the Management Board and the Supervisory Board take part in the General Meetings. The Management Board presents matters included in item 4.11 of DPSN to the meeting participants and answers shareholders' questions.
- If the General Meeting is to discuss the appointment of new Supervisory Board Members or the appointment of the Supervisory Board for a new term of office, candidates for Supervisory Board Members are nominated, at the latest, three days before the General Meeting, and the complete documentation concerning them is published on the company's website.
- In accordance with mBank Group's strategy, our objective, as reflected in the multi-year plan, is to pay dividend. At the same time, the dividend policy ensures the maintenance of the bank's and group's capital ratios at safe levels.
- The bank paid the last dividend from profit for 2017. In the recent years, dividend was not paid out as recommended by the Polish Financial Supervision Authority. mBank Group closed the year 2022 with a net loss, which means that it did not generate any funds to pay out dividends. The bank's long-term dividend strategy is to pay 50% of its net profit in dividends.

### **Conflicts of interest, related party transactions (chapter 5)**

- mBank has in place transparent procedures for preventing conflicts of interest and identifying cases which may constitute conflicts of interest and governing the company's conduct in the case where such a conflict occurs. The Conflict of Interest Management Policy applicable at the bank governs, in particular, combating and managing conflicts of interests: 1) between the bank and

a client or clients, 2) between a client or clients and a Member of the Supervisory Board, the Management Board, an employee and a co-worker, 3) a Member of the Supervisory Board, the Management Board, an employee and a co-worker and the bank.

- 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.
- 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.
- The bank applies the principle of equal treatment of clients and suppliers of the group. No shareholder of the bank is privileged in transactions with affiliated entities. Transactions with related entities are executed on the basis of the applicable internal regulations of the bank in line with market standards.
- 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)**

- mBank Group has in place transparent, consistent, and fair remuneration rules. They encourage correct and effective risk management and discourage from taking excessive risk.
- Remuneration of Members of the Management Board includes a fixed and a variable part. The group has an incentive programme compliant with DPSN 2021.
- The Supervisory Board of mBank has appointed a Remuneration Committee.
- Remuneration of Management Board Members and key managers is sufficient to attract, retain, and motivate persons having the necessary competences to appropriately manage the company. Remuneration is adequate to the tasks and duties of a given person and the related scope of responsibility.
- In the case of the Supervisory Board, the remuneration level makes it possible to select persons with competences needed to supervise the company. 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 and the number of meetings held.

More information on the rules of remunerating Management Board Members and Supervisory Board Members and on the competences of the Remuneration Committee 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, issues pertaining to ensuring an effective and efficient internal control system, as well as the risks of business activities.

The bank departed from the application of the principles of corporate governance set out in the provisions of Article 16 (1) and Article 24 (1) of the Principles of Corporate Governance for Supervised Institutions.

Pursuant to Article 16 (1): "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."

In this case, the company believes that a departure is justified. 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 an 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".

Pursuant to Article 24 (1): "It is proper that meetings of a supervisory body shall be held in Polish. In case of need, necessary assistance of an interpreter should be ensured." The justification of the departure from this principle is similar to that applicable to the rule stipulated in Article 16 (1). The Members of the Supervisory Board of mBank speak fluent English. Holding discussions and taking decisions without an interpreter is more efficient and more secure when discussing issues being company secrets. Minutes of the meetings and all resolutions passed by the Supervisory Board of mBank are prepared in two language versions, Polish and English, which means that the bank complies with the principle laid down in Article 24 (2) of the Principles of Corporate Governance for Supervised Institutions.

In Resolution 162/21 of December 3, 2021, the Supervisory Board confirmed the departures in the application of the Corporate Governance Principles at mBank. The relevant statement is published on the bank's website.

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 their 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.



Below we present the key aspects of applying the Principles of Corporate Governance for Supervised Institutions.

### **Organisation and organisational structure (chapter 1)**

- The organisation enables the achievement of long-term objectives of the conducted business. Strategic objectives are set forth in the strategy adopted by the Management Board and approved by the Supervisory Board.
- The bank's organisational structure is transparent and adequate to the scale of its business. The Supervisory Board regularly approves changes to the organisational structure and the division of competences between the members of the Management Board and the Managing Directors. The bank's organisational structure and division of powers are available on mBank's website at <https://www.mbank.pl/en/about-us/bank-authorities/>.
- The bank has in place a whistleblowing system ensuring anonymity, protection of the whistleblower and confidentiality.
- The bank has in place business continuity plans. The Business Continuity Management Policy of mBank S.A. has been approved by the Supervisory Board.

### **Relations with shareholders of the supervised institution (chapter 2)**

- The bank takes into account the interests of all shareholders, ensures that they have access to information and the ability to actively participate in the General Meetings with the use of electronic means of communication.
- Shareholders are allowed to influence the operation of the bank only through the decisions of the General Meeting, without infringing on the competences of other bodies.
- In accordance with the law, transactions with affiliated entities are concluded under internal regulations guaranteeing transparency and compliance with market standards.
- Decisions on dividend payouts depend on the need to maintain an appropriate level of equity and the achievement of strategic objectives, taking into account general and individual recommendations issued by the PFSA.

### **Managing body (chapter 3)**

- The Management Board of mBank is a collegial body. Its Members have the required expert knowledge, competences, professional experience and reputation adequate to perform the functions vested in them, and they do not carry out any activity that would lead to conflicts of interest or otherwise adversely affect their reputation.
- Five members of the six-member Management Board, including the President, hold Polish citizenship and speak Polish. Management Board meetings are held in English (deviation from the principle 16 (1)).
- The Members of the Management Board are jointly responsible for the decisions that fall within the Management Board's area of competence, regardless of the internal division of responsibility for individual areas.

### **Supervisory body (chapter 4)**

- The Members of the Supervisory Board complement one another's knowledge, experience and skills in a way ensuring due supervision over all areas of the bank's operation.
- The Members of the Supervisory Board do not carry out any professional or non-professional activity that could lead to conflicts of interest or otherwise adversely affect their reputation as members of a supervisory body.
- The eight-member composition of the Supervisory Board is adequate to the nature and scale of the bank's business. An adequate share of independent members is ensured. The independence criteria are met by, among others, the Chairwoman of the Supervisory Board and the Chairman of the Audit Committee.
- The Supervisory Board has an adequate number of Members who speak Polish (four out of eight Members) and have experience in and knowledge of the Polish financial market. Meetings of the Supervisory Board are held in English (deviation from the principle 4 (1)).

- The Supervisory Board makes an annual assessment of the application of the Principles of Corporate Governance for Supervised Institutions which is included in the report on the Supervisory Board's activity.

#### **Remuneration Policy (chapter 5)**

- We have in place a transparent policy on remunerating the Members of the Management Board, the Supervisory Board and the persons holding key functions at the bank.
- The Remuneration Policy is adopted by the General Meeting at least once every four years. At least once a year, the Supervisory Board carries out an in-depth review of the Remuneration Policy and assesses it in terms of the achievement of its objectives and compliance with its provisions.
- The Supervisory Board supervises the Remuneration Policy, including verification of compliance with its criteria and conditions justifying granting variable remuneration components to the Management Board.
- Remuneration of the Members of the Management Board is determined by the Supervisory Board, and of the Members of the Supervisory Board by the General Meeting, accordingly to their functions and the scope of the bank's business.

#### **Information policy (chapter 6)**

- We meet all criteria for transparent, reliable information policy which factors in the needs of shareholders, the media and clients.
- We ensure that current and periodic reports are published within the deadlines required by the applicable laws, and that their content enables investors to assess the bank's operations.

#### **Promotion and client relations (chapter 7)**

- In the process of offering financial products and services we strive to ensure reliability of the information provided to clients. The advertisements of our products and services comply with all requirements of the Principles of Corporate Governance for Supervised Institutions.
- The financial products and services offered by the bank are adequate to the needs of clients to whom they are addressed.
- We have in place publicly available, clear and transparent rules for handling claims and complaints, guaranteeing fairness, thoroughness, impartiality and compliance with the law and the principles of fair trade and good conduct. The Supervisory Board monitors these processes on an ongoing basis.

#### **Key internal systems and functions (chapter 8)**

- The Internal Control System, covering all levels of the organisational structure, was developed and implemented by the Management Board and is subject to assessment by the Supervisory Board. The independence of the internal audit function and the compliance sub-unit is guaranteed.
- We have in place an adequate and effective risk management system which comprises, among others, identification, measurement, estimation, monitoring and application of mechanisms controlling and mitigating the risk level. The Management Board is responsible for effective risk management, while the Supervisory Board exercises supervision over the effectiveness of risk management.

#### **Exercising rights arising from assets purchased at clients' risk (chapter 9)**

- By purchasing assets at a client's risk, the bank (the Brokerage Bureau of mBank) acts in the client's interest, executes their order in line with the regulations and the general terms of service in force. The decision-making process is duly documented.

#### **Recommendation Z**

In accordance with the requirements of Recommendation Z, the Management Board of the bank is responsible for introducing internal governance in the bank, ensuring its observance, as well as for periodic assessment and verification aimed at adapting the internal governance in the bank to the changing internal situation and the bank's environment.

The Management Board of mBank, based on the report on the assessment of the internal control system and the risk management system, as well as information on the functioning of the internal governance provided by the relevant units of the bank, concluded that the bank adjusted its internal regulations to external requirements. The Management Board assessed that the bank's internal governance is properly organized and indicated areas for further improvement.

### **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 25<sup>th</sup> 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 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**

The bank's employees apply the Code of Conduct, which establishes the standards applicable in interactions between the bank's employees and the bank's business partners in order to build 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.

In the mBank Group strategy for 2021-2025 entitled "From the Icon of Mobility to the Icon of Possibilities", we defined a new model of values of the Group. The model comprises authenticity, empathy, courage, responsibility and cooperation. Those values build the culture of trust and good intentions, which makes the workplace a comfortable place for everyone to speak their mind.

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

mBank's internal control system 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 law, internal regulations and market standards.

The risk management system and the internal control system in place at the bank are based on three independent lines of defence:

- the first line of defence is comprised of risk management in the operations of the bank performed by the bank's business units and units supporting them directly;
- the second line of defence is comprised at least of risk management by designated organisational units and/or designated employees of organisational units, which takes place independently of the risk management in the first line of defence, and the operations of the Compliance Department;
- the third line of defence is comprised of the Internal Audit Department, which is responsible for an independent evaluation of the adequacy and effectiveness of the risk management system and the internal control system in the first and second line of defence.

In all three lines of defence, mBank's employees apply control mechanisms or independently monitor the observance of control mechanisms.

The basis for drawing up the consolidated financial statement of the Group are the financial statements of the bank and the subsidiaries subject to consolidation, as well as additional information prepared by these subsidiaries that is necessary in the consolidation process.

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.

The processing of data for financial reporting purposes is strictly governed by control mechanisms which test the correctness and reliability of data. Manual adjustments, including those arising from management decisions, 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. The IT systems used in the process are cyclically analysed and tested in terms of compliance with the IT architecture requirements and cybersecurity, and thoroughly controlled in terms of integrity and data security. 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. The basis for drawing up the consolidated financial statement of the Group are the financial statements of the bank and the subsidiaries subject to consolidation, as well as additional information prepared by these subsidiaries that is necessary in the consolidation process. With respect to descriptive information concerning risk management at the bank and in the Group contained in financial statements, the Financial Reporting Department cooperates with organisational units from the Risk Management Area.

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. To ensure the completeness of the disclosures required under IFRS in the annual and semi-annual financial statements, the Financial Reporting Department draws up a disclosure checklist based on the applicable standards.

Upon their verification, financial statements are submitted for approval to the Management Board by the Financial Reporting Department. The statements are approved by all Members of the Management Board of the bank with the use of a qualified electronic signature.

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 standalone and consolidated 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 and the Group requires a resolution of the General Meeting. The Audit Committee of the Supervisory Board issues an opinion 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 2021" contest organised by the Institute of Accountancy and Taxes (Instytut Rachunkowości i Podatków – IRiP), the results of which were announced in October 2022, we won the title "Best of the Best" for the best annual report in the category of financial institutions for the tenth time in a row.

### **Information on the entity authorised to audit financial statements**

We abide by the principle regarding the rotation of statutory auditors. On March 31, 2022, the 35th Annual General Meeting of mBank S.A. selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. 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 2022-2023. The recommendation regarding the selection of the auditor was made following an election procedure adopted by mBank, which meets the applicable criteria.

The bank's and mBank Group's financial statements for the years 2018-2021 were audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa.

The total value of remuneration paid to KPMG Audy Spółka z ograniczoną odpowiedzialnością sp.k. in 2022 for auditing and reviewing the financial statements and the consolidated financial statements of mBank S.A. amounted to PLN 3,443,000 gross.

The total value of other remuneration paid to KPMG Audy Spółka z ograniczoną odpowiedzialnością sp.k. in 2022 for providing other services to mBank S.A. amounted to PLN 2,212,000 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 KPMG Audy Spółka z ograniczoną odpowiedzialnością sp.k. in 2022 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, 2022.
2. Review of the mBank S.A. Group's special purpose consolidated financial information for Q1 2022 including the interim condensed consolidated financial statements of the mBank S.A. Group and the interim condensed standalone financial statements of mBank S.A. as at and for the three-month period ended 31 March 2022.
3. Review of the consolidation package of mBank S.A. for Commerzbank AG as at and for the 3-month period ended March 31, 2022, the 6-month period ended June 30, 2022 and the 9-month period ended September 30, 2022.
4. Audit of the consolidation package of mBank S.A. for Commerzbank AG as at and for the year ended December 31, 2022.
5. Verification of the disclosure document regarding the capital adequacy of mBank Group as at June 30, 2022 and December 31, 2022.
6. Assessment of compliance with the requirements for storing assets of mBank S.A. clients for the year ended December 31, 2022.
7. Assessment of the remuneration report prepared by the Supervisory Board for the year ended December 31, 2022.
8. Performing the agreed procedures related to the issuance and preparation by the bank of the Prospectus under the EMTN Programme and the issuance of comfort letters.
9. Review of the interim financial statements of two subsidiaries as at and for the 6-month period ended June 30, 2022.
10. Audit of selected balances in the consolidation package of three subsidiaries and specific audit procedures on the consolidation package of three subsidiaries of mBank S.A. as at and for the year ended December 31, 2022.
11. Review of selected balances in the consolidation package of three subsidiaries as at and for the 3-month period ended March 31, 2022 and 9-month period ended September 30, 2022.
12. Review of selected balances in the consolidation package of three subsidiaries and specific audit procedures concerning the consolidation package of three subsidiaries of mBank S.A. as at and for the 6-month period ended June 30, 2022.
13. Review of the consolidation package of three subsidiaries for Commerzbank AG as at and for the year ended December 31, 2022.

### **1.3. Significant blocks of shares**

As at December 31, 2022, mBank's share capital amounted to PLN 169,733,980 and was divided into 42,433,495 shares, including 42,422,495 ordinary bearer shares and 11,000 ordinary registered shares. Commerzbank AG is our majority shareholder.

As at the end of 2022 Commerzbank directly held 29,352,897 shares of mBank. In 2022, the number of shares held by Commerzbank did not change; however, following the admission to trading of shares issued in connection with the implementation of the incentive programmes, Commerzbank's stake was slightly reduced. At the end of 2022, Commerzbank held 69.17% of mBank's share capital and votes at the General Meeting, compared with 69.25% at the end of 2021.

As at December 31, 2022, 30.83% 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.

As a result of the merger of PTE Allianz Polska S.A. with Aviva PTE Aviva Santander S.A. on December 30, 2022, the share of funds managed by PTE Allianz Polska S.A. in the total number of shares and votes at the General Meeting of mBank exceeded 5%.

The funds Allianz Polska OFE, Allianz Polska Dobrowolny Fundusz Emerytalny and Drugi Allianz Polska OFE managed by PTE Allianz Polska S.A. held a total of 2,148,729 shares, constituting 5.06% of the share capital and the total number of votes at the General Meeting of mBank.

In accordance with the lists of shares of WSE listed companies held in funds' portfolios as at December 31, 2022 published by open-end pension funds, open-end pension funds jointly held 18.3% of mBank shares (17.7% at the end of 2021). The largest shareholders of mBank were: Nationale-Nederlanden OFE (4.7% compared with 4.8% as at the end of 2021), Drugi Allianz Polska OFE (previously AVIVA OFE AVIVA Santander; 3.9% compared with 3.7% as at the end of 2021), PZU OFE "Złota Jesień" (3.3% compared with 3.1% a year before) and Aegon OFE (1.5%, no change compared with December 31, 2021).

mBank shareholders	Number of shares	% share in the number of shares and the total number of votes
Commerzbank AG	29 352 897	69.17%
Other shareholders, including:	13 080 598	30.83%
<i>Pension Funds managed by PTE Allianz Polska S.A. (Allianz Polska OFE, Allianz Polska Dobrowolny Fundusz Emerytalny, Drugi Allianz Polska OFE)</i>	2 148 729	5.06%

On February 7, 2023, mBank received from PTE Allianz Polska S.A. notification of a decrease in the share of funds managed by PTE Allianz Polska S.A. in the share capital and the total number of votes at the General Meeting of mBank below 5% as a result of the sale of the bank's shares on February 3, 2023.

Following the sale of mBank shares, the funds managed by PTE Allianz Polska S.A., i.e. Allianz Polska OFE, Allianz Polska Dobrowolny Fundusz Emerytalny and Drugi Allianz Polska OFE, held a total of 2,115,048 mBank shares, representing 4.98% of the bank's share capital and the total number of votes at the General Meeting.

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 the provisions of 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 in 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 separating the equity rights attached to securities from the holding of securities. Furthermore, there are no limitations on transferring the ownership right to securities issued by the bank.

### **Information on the majority shareholder**

Our majority shareholder, Commerzbank AG founded in 1870, is a leading German bank for medium-sized enterprises and a strong partner for around 26,000 corporate client groups and almost 11 million private and small-business customers in Germany. The Bank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive range 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 German medium-sized enterprises (Mittelstand), large corporations and institutional clients.

As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. In the Private and Small-Business Customers segment, the bank, provides services to customers through online and mobile banking under the Commerzbank and comdirect brands, an advisory centre and directly at the bank's outlets.

In 2022, the Commerzbank Group generated a net profit of more than EUR 1.4 billion.

Currently Commerzbank implements its Strategy 2024 announced in February 2021. The strategy is focused on customer centricity, digitalisation, sustainability, and profitability.

#### **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 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 2022**

The 35th Annual General Meeting of mBank held on March 31, 2022 passed amendments to the By-laws of mBank connected with the planned extension of the range of financial services provided for in the bank's strategy for 2021-2025, clarification of provisions governing the powers of the General Meeting, update of the catalogue of internal regulations of the bank and its share capital.

In 2022, mBank's By-laws were amended as follows:

- in the chapter on the bank's operations a provision was added stipulating that the bank may perform or act as an agent in the performance of certain activities referred to in the By-laws at the request of other banks, credit institutions, financial institutions, lending institutions or related entities, as long as such activities are covered by the scope of operations of the requesting entities;
- in the chapter on the General Meeting a provision was added stipulating that acquisition and disposal of real property, perpetual usufruct or share in real property does not require a resolution of the General Meeting;
- in the chapter on the Management Board the section on the forms of internal regulations of the bank was corrected;
- the share capital was increased as a result of the implementation of incentive programmes for Management Board Members and mBank employees.

#### **1.6. 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. Shareholders have an option to participate in the General Meeting with the use of electronic means of communication. A shareholder or their proxy participating in the General Meeting with the use of the means of electronic communication has the same rights to voice their opinion, propose motions, submit draft resolutions, vote and raise objections to adopted resolutions as a shareholder or their proxy physically present in the room where the General Meeting is held.

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 cancellation of shares and resolutions to cancel shares, in particular setting the policy of share cancellation 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 and 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 a General Meeting is convened by parties other than the Management Board, the Management Board is obliged to take the necessary actions to ensure that the General Meeting is held.

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.

## **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 five years. At least half of the Management Board Members, including the President, 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. 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.

In 2022, the composition of the Management Board of mBank remained unchanged. As at December 31, 2022 the Management Board was composed as follows:

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

On January 17, 2023, Andreas Böger, Vice-President of the Management Board, Chief Financial Officer, resigned from his function, effective as of 30 April 2023, to take up the position of the Divisional Board Member – Group Finance at Commerzbank AG.

On January 17, 2023, the Executive and Nomination Committee of the Supervisory Board recommended Pascal Ruhland, the Divisional CFO for the corporate clients segment at Commerzbank AG, for the position of the Vice-President of the Management Board, Chief Financial Officer. His appointment as a Member of mBank's Management Board by the Supervisory Board depends of the positive assessment of the candidate's suitability.

Detailed information on mBank Management Board Members 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 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.

#### **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 head of the Software Development Department, he co-created the Polish service centre of F. Hoffman-La Roche. In the following years, as 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. In 2021 Krzysztof Dąbrowski was named the Most Inspirational European Digital Leader of the Year 2021.

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, by Singularity 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 for Bank Pekao S.A., a subsidiary of UniCredit Group from 1999 until 2017. From 2000 to 2008 he was director of the market risk management division and then director of the 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 vice-president in charge of risk, and then as president of the management board of Pekao S.A.

He was a member of the board of the Warsaw School of Economics from September 2019 to the end of 2020. He is an author of numerous publications on banking and risk management and a long-standing lecturer in the subject.

He has been Vice-President of the Management Board of mBank S.A. since October 22, 2020. On March 3, 2021, the Polish Financial Supervision Authority unanimously approved the appointment of Marek Lusztyn as Member of the Management Board supervising the management of material risk in the operation of mBank.

#### **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. He completed the Advanced Management Program (AMP 189) at Harvard Business School in 2015 and the Strategic Management in Banking program at INSEAD in 2018. 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 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 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 mBank S.A. Management Board, 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:

- Internal Resource Committee (Chairman: Andreas Böger)
- Capital, Assets and Liabilities Committee (Chairman: Andreas Böger)
- Data Quality and IT Systems Development Committee (Chairman: Andreas Böger)
- Foreign Branch Supervision Committee of mBank S.A. (Chairman: Cezary Kocik)
- Credit Committee of mBank Group (Chairman: Marek Lusztyn)
- Retail Banking Risk Committee (Chairman: Marek Lusztyn)
- Corporate and Investment Banking Risk Committee (Chairman: Marek Lusztyn)
- Financial Markets Risk Committee (Chairman: Marek Lusztyn)
- Model Risk Committee (Chairman: Marek Lusztyn)
- Investment Banking Committee (Chairman: Marek Lusztyn)
- Sustainability Committee of mBank S.A. Group (Chairman: Marek Lusztyn).
- IT Architecture Committee of mBank Group (Chairman: Krzysztof Dąbrowski)

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 remuneration principles applicable to Members of the Management Board are laid down in the Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A. (Risk Takers Remuneration Policy).

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 of the bank, taking into account the following information:

- resolution of the Management Board of mBank 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 programme for the Management Board based on shares is presented in Note 43 of the Consolidated Financial Statements of mBank S.A Group for 2022 in line with the International Financial Reporting Standards.

On April 9, 2018, the 31st AGM of mBank adopted Resolution No. 37 on the Introduction of the Incentive Programme and the Programme Rules and Resolution No. 38 on the Issue of Subscription Warrants, Conditional Share Capital Increase with Exclusion of the Existing Shareholders' Pre-emptive Right to the Subscription Warrants and Shares, Amendments to the Company's By-laws and on Applying for the Admission of the Shares to Trading on the Regulated Market and Dematerialisation of the Shares.

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 a period of at least three years, with the proviso that the individual bonus amount depends on the bonus pool amount. The bonus pool amount is a total of the base amounts calculated for each Management Board Member. The base amount is calculated as a multiple of the basic remuneration and 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 was 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 date of the AGM approving the consolidated financial statements of mBank Group for the year for which the bonus was awarded.

The deferred bonus (the part paid in cash and the part paid in subscription warrants) is paid in five equal tranches in the subsequent calendar years. In each tranche, the cash portion is paid once the consolidated financial statements of mBank Group for the previous calendar year are approved, and the subscription warrant portion is paid not earlier than 12 months after the date on which the consolidated financial statements for the previous calendar year are approved by the AGM. The value of one subscription warrant equals the average market price per share in the reference period set in line with the Remuneration Policy minus PLN 4.00.

In particularly justified cases, it is allowed to pay out a part or all of cash tranches (non-deferred and deferred) in the form of subscription warrants upon a decision of the Supervisory Board.

The remuneration of the Members of the Management Board in 2021-2022 is presented in the following tables.

## 2022

		Remuneration paid in 2022 (in PLN)			
		Basic remuneration	Other benefits	Bonus for 2021	Deferred bonus*
1.	Cezary Stypułkowski	3,603,032	365,125	-	252,000
2.	Andreas Böger	1,743,395	233,704	-	126,000
3.	Krzysztof Dąbrowski	1,656,000	197,668	-	126,000
4.	Cezary Kocik	1,656,000	272,295	-	144,000
5.	Marek Lusztyn	1,656,000	222,943	-	-
6.	Adam Pers	1,656,000	168,811	-	132,000
<b>Total</b>		<b>11,970,427</b>	<b>1,460,547</b>	<b>-</b>	<b>780,000</b>

\*In 2022, the third deferred tranche as part of the settlement of the cash portion of the bonus for 2018 and the second deferred tranche as part of the settlement of the cash portion of the bonus for 2019 were paid. The bonus for 2021 was awarded in whole in subscription warrants.

		Remuneration paid in 2022 (in PLN)			
		Basic remuneration	Other benefits	Bonus for 2021	Deferred bonus*
<b>Remuneration of former Members of the Management Board who ceased to perform their functions in 2020</b>					

1. Lidia Jabłonowska-Luba

2. Frank Bock

\*In 2022, the Members of the Management Board, who ceased to perform their functions in 2020 received the third deferred tranche as part of the settlement of the cash portion of the bonus for 2018 and the second deferred tranche as part of the settlement of the cash portion of the bonus for 2019.

## 2021

		Remuneration paid in 2021 (in PLN)			
		Basic remuneration	Other benefits	Bonus for 2020	Deferred bonus*
1.	Cezary Stypułkowski	3,526,223	374,669		469,233
2.	Andreas Böger	1,742,442	218,882		169,750
3.	Krzysztof Dąbrowski	1,656,000	185,438		201,000
4.	Cezary Kocik	1,656,000	256,045		269,000
5.	Marek Lusztyn	1,656,000	230,337		-
6.	Adam Pers	1,656,000	157,899		169,333
<b>Total</b>		<b>11,892,665</b>	<b>1,423,271</b>	<b>-</b>	<b>1,278,316</b>

\*In 2021, the third deferred tranche as part of the settlement of the cash portion of the bonus for 2017, the second deferred tranche as part of the settlement of the cash portion of the bonus for 2018 and the first deferred tranche as part of the settlement of the cash portion of the bonus for 2019 were paid. Adam Pers was also paid a deferred tranche (with a payment date in 2021) as part of the settlement of the cash portion of the bonus granted during his period as Managing Director. The bonus for 2020 was awarded in whole in subscription warrants.

		Remuneration paid in 2021 (in PLN)				
		Basic remuneration	Other benefits	Bonus for 2020	Deferred bonus*	Compensation (competition clause)
<b>Remuneration of former Members of the Management Board who ceased to perform their functions in 2020</b>						

1. Lidia Jabłonowska-Luba

2,835

189,000

1,400,000

2. Frank Bock				156,166	828,000
<b>Remuneration of former Members of the Management Board who ceased to perform their functions in 2017</b>					
1. Christoph Heins	-	-	-	37,500	-
2. Jarosław Mastalerz	-	375	-	25,000	-
3. Przemysław Gdański	-	-	-	83,334	-

*\*In 2021, the Members of the Management Board who ceased to perform their functions in 2020 received the third deferred tranche as part of the settlement of the cash portion of the bonus for 2017, the second deferred tranche as part of the settlement of the cash portion of the bonus for 2018 and the first deferred tranche as part of the settlement of the cash portion of the bonus for 2019. Christoph Heinz, Jarosław Mastalerz and Przemysław Gdański were paid the third 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, 2022, mBank shares were held by: Cezary Stypułkowski – 27,884, Andreas Böger – 2,994, Krzysztof Dąbrowski – 2,240, Cezary Kocik – 1,392, Marek Lusztyn – 303 and Adam Pers – 26.

As at December 31, 2021, four Members of the Management Board held mBank shares: Cezary Stypułkowski – 25,230, Andreas Böger – 1,646, Krzysztof Dąbrowski – 892 and Cezary Kocik – 256.

#### **Assessment of the adequacy of internal regulations regarding the functioning of the Management Board and self-assessment of the effectiveness of the Management Board**

In accordance with principle 8.9 of Recommendation Z on the principles of internal governance at banks issued by the Polish Financial Supervision Authority, the Management Board of mBank performs a self-assessment of the adequacy of internal regulations concerning the functioning of the Management Board and the effectiveness of the Management Board.

In the opinion of the Management Board, the By-Laws of mBank S.A., the Rules of the Management Board and other internal regulations, inter alia, on meeting the conditions of suitability, managing conflicts of interest and division of competences between Management Board Members, ensure the proper functioning of the Management Board and adequate performance of its tasks. They enable effective bank management, which includes planning, making decisions about ongoing activities, human resource management, monitoring of results and reacting to changes in the external environment.

Internal governance at mBank complies with law and is transparent and effective. The regulations governing the operation of the Management Board are updated to amended laws, regulatory environment or group standards or whenever the situation so requires.

In 2022, the Management Board as a whole and all its individual members actively performed their management duties with due diligence and dedication. The Management Board focused on the achievement of goals defined in the mBank Group Strategy for 2021-2025 entitled From the Icon of Mobility to the Icon of Possibilities.

In 2022, income posted by mBank Group reached its all-time high. The net loss of mBank Group attributable to Owners of mBank (PLN -702.7 million) generated in 2022 was largely driven by events not resulting from business development in 2022: costs of legal risk related to foreign currency loans, credit holidays and payments to the Borrower Support Fund and the institutional protection scheme.

The group's profitability should be assessed from the perspective of its core business (excluding the 'FX mortgage loans' segment). Despite the negative impact of credit holidays as well as contributions to the commercial banks protection scheme and the Borrower Support Fund (FWK), mBank Group generated a net profit of PLN 2,518.7 million from its core operations in 2022. This translated into a return on equity of 22.1%, which confirms that mBank's business model is working well and the Management Board is capable to effectively exploit its unique features.

The PLN 3,112.3 million legal risk provisions set up in 2022 for FX mortgages increased the provision coverage for the CHF portfolio to above 54%. In Q4 2022, mBank offered settlements to clients having active CHF mortgage loans, including clients engaged in a dispute with the bank.

The group retained a tight grip on costs, and consequently, remained highly cost effective amid double-digit inflation. The normalised cost/income ratio in 2022 stood at 34.3%. Thanks to strict risk monitoring and credit decisions adequate to the situation, the Group maintained the high quality of

its loan portfolio and the cost of risk in 2022 (68 basis points) was by 8 basis points lower than a year ago.

In 2022, mBank Group increased its market shares in household loans and household deposits and maintained its market shares in corporate volumes at the level similar to 2021.

The group's Total Capital Ratio and Tier 1 Capital Ratio remained comfortably above the minimum capital requirements at a level adequate for the group's risk exposure. Risk-weighted assets were reduced mainly due to two synthetic securitisation transactions on the corporate loan portfolio exercised in 2022. mBank's liquidity was strong as reflected by the high surplus of liquid assets and liquidity measures remaining well above the regulatory minimums.

The Management Board's assessment of the effectiveness of its actions is positive. In 2022, the group posted healthy operational and business results.

The positive assessment of the effectiveness of the Management Board in 2022 is supported, among others, by:

- increase in the number of bank accounts held by individuals and micro-enterprises and higher number of corporate clients from the SME segment;
- continuous development of digital solutions and mobile services, which translates into a rising number of active users of mBank's mobile app;
- increasing share of digital channels, in particular the mobile app, in the sales of non-mortgage loans;
- successful track record in the e-commerce area, especially the dynamic increase in transactions executed via Paynow;
- rising value and number of transactions made by payment cards issued by mBank and BLIK transactions;
- further automation, robotisation, optimisation and streamlining of operational processes and improved reliability and cybersecurity of the group's systems;
- continued efforts towards sustainable development, among others, launch of financial products and services supporting climate and environmental protection and joining the Partnership for Carbon Accounting Financials (PCAF) in order to measure the carbon footprint of the loan portfolio and the Science Based Targets initiative (SBTi);
- a number of awards and distinctions won in industry contests and rankings, including: Banking and Insurance Leaders contest, Stars of Banking ranking, Global Private Banking Awards and Mobile Trends Awards contests, Trustworthy Brand survey and the 2022 Golden Banker ranking.

### **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 not less than 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.

At least half of all Supervisory Board Members, including the Chairperson, must hold Polish citizenship, be habitually resident 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.

Throughout 2022 the composition of the Supervisory Board remained unchanged. Dr. Armin Barthel resigned as Member of the Supervisory Board of mBank as of December 31, 2022, without stating the reason for his resignation. Under a resolution of the Supervisory Board of mBank dated December 9, 2022, dr. Hans Georg-Beyer was appointed Member of the Supervisory Board, as of January 1, 2023.

Moreover, on October 14, 2022, Arno Walter submitted his resignation as Member of the Supervisory Board, effective as of March 30, 2023. Arno Walter will focus on his role as an Executive for Private and Small Business Clients Division Management at Commerzbank AG.



As at December 31, 2022, the Supervisory Board of mBank S.A. was composed as follows:

1. Agnieszka Słomka-Gołębiowska – Chairwoman of the Supervisory Board
2. Bettina Orlopp – Vice-Chairwoman of the Supervisory Board
3. Armin Barthel – Member of the Supervisory Board
4. Tomasz Bieske – Member of the Supervisory Board
5. Marcus Chromik – Member of the Supervisory Board
6. Mirosław Godlewski – Member of the Supervisory Board
7. Aleksandra Gren – Member of the Supervisory Board
8. Arno Walter – Member of the Supervisory Board.

Detailed information on the Members of the Supervisory Board of mBank who performed their functions as at December 31, 2022 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 in mBank S.A. In 2017, she became a member of the audit committee of the United Nations World Food Programme (WFP). From May 16, 2019 to May 20, 2021, she was a member of the supervisory board and the audit committee of Budimex S.A.

Agnieszka Słomka-Gołębiowska has participated in numerous academic internships, e.g. 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. 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.

#### **Bettina Orlopp – Deputy Chairwoman of the Supervisory Board**

Bettina Orlopp holds an MBA degree in finance and production awarded by the University of Regensburg, where she also received a PhD degree.

She 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 March 1, 2020, Bettina Orlopp has been a Member of the Board of Directors of Commerzbank, Chief Financial Officer. She 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.

#### **Armin Barthel – Member of the Supervisory Board (until December 31, 2022)**

From April 2016 to December 2022, Armin Barthel was holding the positions of Chief Compliance Officer (CCO) and Anti-Money Laundering Officer of Commerzbank AG Group. He was responsible for all compliance units of Commerzbank Group, including the compliance units in the foreign branches and subsidiaries of Commerzbank.

After graduating in law in Marburg and the United Kingdom, passing the bar exam and receiving a PhD in law in Hamburg, dr. Armin Barthel began his career in 2003 in the Frankfurt branch of law firm Hengeler Mueller.

In 2005, he joined the legal department of Commerzbank AG in Frankfurt, where he held various positions. From 2012 he worked as the General Counsel and the Head of Legal for North America in the New York branch of Commerzbank.

#### **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 and 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. Marcus Chromik holds a PhD 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.

He is a senior advisor at BCG, a member of the supervisory board of Absolvent.pl, and 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. She boasts 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.

#### **Arno Walter – Member of the Supervisory Board**

Arno Walter studied business management at the Goethe University in Frankfurt am Main until 1995. His career began in Dresdner Bank's retail banking.

From 2000, he worked in Deutsche Börse Group, and from 2002 in Commerzbank AG where he held managerial positions in various areas. He was responsible for retail, private and corporate banking based on a network of branches in north-western Germany, and held a position of the Managing Director for Private Clients.

From 2015 Arno Walter chaired the Management Board of Comdirect Bank AG, where he was responsible for development and business strategy, corporate communications, treasury and business partners, and audit.

Since the beginning of 2020 Arno Walter has been the Managing Director for Wealth Management and Small Business Clients at Commerzbank AG, and has been responsible for integrating Comdirect Bank with Commerzbank. Additionally, he is the Vice-President of the Supervisory Board of Commerz Direktservice GmbH.

Given that since the beginning of 2023 dr. Armin Barthel has no longer been a Member of the Supervisory Board of mBank, and as of January 1, 2023 dr. Hans-Georg Beyer was appointed Member of the Supervisory Board, we present his biographical note below.

#### **Hans-Georg Beyer – Member of the Supervisory Board**

Hans-Georg Beyer studied at the Witten/Herdecke University (Business Economics) and SKEMA Business School. In 2020, he received a PhD at the University of St. Gallen (HSG) based on a doctoral thesis on risk governance at board level of European banks.

Dr. Hans-Georg Beyer has many years of experience in Commerzbank Group, among others in positions related to managing the compliance area and the internal audit area. He holds the function of Chief Compliance Officer and Divisional Board Member Group Compliance at Commerzbank AG. He is responsible for all compliance units of Commerzbank Group, including the compliance units in its foreign branches and subsidiaries.

Four Members of the Supervisory Board of mBank (Agnieszka Słomka-Gołębiowska, Tomasz Bieske, Aleksandra Gren and Mirosław Godlewski) meet the independence criterion. Marcus Chromik, Bettina Orlopp, Arno Walter and Hans-Georg Beyer (Armin Barthel in 2022) 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 at 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 mBank 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 five Supervisory Board Committees: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, the Remuneration Committee, and the IT Committee.

Members of the Committees as of December 31, 2022 are presented below (in the first place the Chairperson of each Committee).

Executive and Nomination Committee	Risk Committee	Audit Committee	Remuneration Committee	IT Committee
<u>Professor Agnieszka Słomka-Gołębiowska</u>	<u>Dr. Marcus Chromik</u>	<u>Tomasz Bieske</u>	<u>Dr. Bettina Orlopp</u>	<u>Aleksandra Gren</u>
Dr. Marcus Chromik	Mirosław Godlewski	Aleksandra Gren	Tomasz Bieske	Mirosław Godlewski
Dr. Bettina Orlopp	Dr. Bettina Orlopp	Dr. Armin Barthel <sup>1)</sup>	Mirosław Godlewski	Dr. Marcus Chromik
	Professor Agnieszka Słomka-Gołębiowska		Dr. Marcus Chromik	

<sup>1)</sup> Until December 31, 2022. Since January 1, 2023, dr. Hans-Georg Beyer has been a Member of the Audit Committee.

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 mBank 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.

### **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 the 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 annual report on compliance risk management in 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 2022 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.

The Members who have knowledge and skills in the scope of accounting and financial statements audit as well as extensive expertise in banking include:

- Tomasz Bieske – a certified auditor of financial statements, co-founder of Artur Andersen in Poland, partner and director of the Financial Markets Group; then in Ernst & Young he continued his work as the partner and director of the Financial Markets Group. He implemented many significant projects in the banking sector.
- Aleksandra Gren – she started her professional career in the Royal Bank of Canada; she has more than 20 years of experience in banking technologies and fintech in EMEA (Europe, Middle East and Africa).
- Dr. Armin Barthel (until December 31, 2022) – Chief Compliance Officer and Anti-Money Laundering Officer responsible for compliance units in Commerzbank Group. He possesses the competences to manage risks at the bank, interpret financial and accounting data, and has extensive knowledge regarding the financial market, legal requirements and regulatory framework.
- Dr. Hans-Georg Beyer (from January 1, 2023) – Divisional Board Member Group Compliance and Chief Compliance Officer in Commerzbank, appointed a Member of the Audit Committee as of January 1, 2023; awarded the CFA charter (Chartered Financial Analyst). He has comprehensive knowledge and skills in finance, banking and accounting.

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 meets the requirements set out in Article 16 (2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 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 April 16, 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 selection procedure has been developed by the Audit Committee of the Supervisory Board of mBank. For the purposes of organising and conducting tender proceedings to select an audit firm, at the request of the Vice-President of the Management Board, Chief Financial Officer the Audit Committee appoints the Evaluation Committee which conducts tender proceedings to select an audit firm. The selection criteria applied when assessing bids submitted by bidders are clear and do not discriminate against any bidder. The Audit Committee presents the Supervisory Board with a recommendation regarding the appointment of an audit firm containing a justification and at least two recommended audit firms, one of them indicated as the preferred choice with reasons for the preference. The Supervisory Board recommends one of the audit firms indicated in the Audit Committee's recommendation to the Annual General Meeting of mBank S.A.

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.

### **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 between the bank and members of the bank's authorities provided for in the Banking Law, 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 Management Board of mBank and information on the strategy implementation submitted by the Management Board.

### **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 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.

### **IT Committee**

The main tasks of the IT Committee include: ongoing supervision over the bank's IT and IT security operations in the periods between meetings of the Supervisory Board, analysing periodic IT and IT security reports of mBank presented to the Supervisory Board, presenting the Supervisory Board with conclusions from reviews of the bank's periodic reports on IT and IT security, recommending the Supervisory Board to approve or reject IT and cybersecurity strategies. Furthermore, the IT committee monitors the implementation of the Strategic IT Road Map and introduction of Strategic IT Initiatives, and the effectiveness of the IT, IT security and internal IT governance operational risk management system.

The Report of the Supervisory Board on its activities, including, among others, the report on the activities of the standing committees of the Supervisory Board in the reporting year is appended to the set of materials for the Ordinary 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., 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. The company does not grant the Members of the Supervisory Board any exceptional variable remuneration components.

The amount of monthly remuneration of the Members of the Supervisory Board was set in Resolution No. 31 on the Remuneration Rules for the Members of the Supervisory Board of mBank S.A. adopted by the 35<sup>th</sup> Annual General Meeting of mBank S.A. held on March 31, 2022. The Chairperson of the Supervisory Board earns PLN 21,000 monthly, the Deputy Chairperson – 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 mBank is entitled to additional remuneration equal to 80% of their remuneration.

The remuneration of the Supervisory Board for 2021-2022 is presented in the table below.

	Remuneration paid in 2022 (in PLN)	Remuneration paid in 2021 (in PLN)
1. Agnieszka Słomka-Gołębiowska	441,381	383,829
2. Bettina Orlopp	-	-
3. Tomasz Bieske	429,419	429,349
4. Marcus Chromik	-	-
5. Mirosław Godlewski	255,780	255,780
6. Aleksandra Gren	255,780	246,645
7. Fred Arno Walter	144,000	110,710
8. Armin Barthel	216,000	40,065
1. Joerg Hessenmueller <sup>1)</sup>	-	-
2. Sabine Schmittroth <sup>2)</sup>	-	-
<b>Total</b>	<b>1,742,360</b>	<b>1,466,378</b>

<sup>1)</sup> Jörg Hessenmüller resigned from the Supervisory Board with effect from September 30, 2021.

<sup>2)</sup> Sabine Schmittroth resigned from the Supervisory Board with effect from March 25, 2021.



## Activity of the Supervisory Board in 2022

In 2022, the Supervisory Board held 7 meetings and adopted 94 resolutions. 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, mBank's By-laws, and the Rules of the Supervisory Board.

The Members of the Supervisory Board were in ongoing contact with the Management Board and monitored the situation at the bank in the context of changes in the economic situation and regulatory environment.

At its meetings in 2022, the Supervisory Board discussed and assessed the current results of mBank Group and individual business lines in the context of the financial plan. The Supervisory Board also discussed and accepted other legally required detailed reports covering different areas of the bank's activity, including regular risk, compliance, audit, bancassurance, IT and IT security reports.

During their regular meetings in 2022, 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.

In 2022, the Audit Committee issued a statement on the selection of an audit firm responsible for auditing financial statements of mBank and mBank Group in line with the applicable laws. In addition, the Committee approved the report from the procedure of selecting the audit firm and issued a recommendation concerning the selection of the audit firm to audit financial statements of mBank and mBank Group for 2022 and 2023.

The Audit Committee was regularly informed about the bank's performance and financial position. These issues were discussed in detail during the Committee's meetings with representatives of the external auditor. Moreover, each quarter, the Committee recommended that the Supervisory Board approve the Disclosures concerning mBank Group's capital adequacy. The Committee also issued opinions on the cooperation with the external auditor in the scope of services not related to the financial statements audit.

Having familiarised itself with the information received from the bank's Management Board, the Audit Committee recommended the Supervisory Board to assess significant transactions concluded by the bank with affiliated entities in 2021 as transactions concluded at arm's length in the normal course of the bank's business.

In 2022, the Committee received and reviewed, on an on-going basis, reports on the effectiveness of the control function and the status of recovery plans, reports on compliance risk management, and reports presenting the results of audits and the status of the implementation of recommendations, including recommendations issued after inspections conducted by the Polish Financial Supervision Authority. In addition, the members of the Audit Committee and the Chairwoman of the Supervisory Board received reports on all audits conducted by the Internal Audit Department at the bank and the subsidiaries.

The Risk Committee supported the Supervisory Board in exercising constant supervision over all types of risk occurring in mBank Group's business activities. In 2022, the Committee paid particular attention to the threats arising from the armed conflict between Russia and Ukraine, in particular the impact of high energy prices, potential gas shortages, as well as inflation and rising interest rates on the financial situation of individual borrowers and corporate clients. At the meetings the Committee discussed in detail also the issues related to foreign currency mortgage loans, including the shape of the settlement program with the borrowers. In addition, due to the high costs of legal risk related to foreign currency loans, the accumulation of negative macroeconomic factors, as well as the costs of the government's credit holiday program, the Commission closely supervised the bank's current and projected capital position.

The Remuneration Committee considered matters relating to, among others: the principles of remunerating the Members of the Management Board, persons having a material impact on the bank's risk profile (risk takers) and mBank employees, setting and accounting for the achievement of MbO targets and determining the amount of bonuses for the Members of the Management Board and the bonus pool for mBank employees. The Committee also analysed initiatives aimed at bridging the gender pay gap and measures supporting women in taking up senior managerial positions as well as comparing the remuneration of mBank employees with the market. Diversity issues were also discussed on numerous occasions. In addition, the Remuneration Committee periodically reviewed the Risk Takers Identification and Remuneration Policy.

The IT Committee supported the Supervisory Board in supervising mBank's IT and ICT security area. At its meetings, the IT Committee discussed in detail periodic reports of the Management Board on IT and IT security. The Committee also dealt with additional materials referring to the current situation (such as war in Ukraine) as well as other topics in its field of expertise.

Attendance of the Supervisory Board Members at Supervisory Board meetings in 2022 is presented in the table below.

	Attendance <sup>1)</sup>
Agnieszka Słomka-Gołębiowska	7/7
Bettina Orlopp	7/7
Armin Barthel	7/7
Tomasz Bieske	7/7
Marcus Chromik	7/7
Mirosław Godlewski	7/7
Aleksandra Gren	7/7
Arno Walter	7/7

<sup>1)</sup> Attendance at meetings / number of meetings during the term of office

Attendance<sup>1)</sup> of the members of individual committees of the Supervisory Board is presented in the table below:

Executive and Nomination Committee		
Prof. Agnieszka Słomka-Gołębiowska	Dr Marcus Chromik	Dr Bettina Orlopp
6/6	6/6	6/6

<sup>1)</sup> Attendance at meetings / number of meetings during the term of office in a committee

Risk Committee			
Dr Marcus Chromik	Mirosław Godlewski	Dr Bettina Orlopp	Prof. Agnieszka Słomka-Gołębiowska
6/6	6/6	6/6	6/6

<sup>1)</sup> Attendance at meetings / number of meetings during the term of office in a committee

Audit Committee		
Tomasz Bieske	Aleksandra Gren	Dr Armin Barthel
6/6	6/6	6/6

<sup>1)</sup> Attendance at meetings / number of meetings during the term of office in a committee

Remuneration Committee			
Dr Bettina Orlopp	Tomasz Bieske	Mirosław Godlewski	Dr Marcus Chromik
4/4	4/4	4/4	4/4

<sup>1)</sup> Attendance at meetings / number of meetings during the term of office in a committee

IT Committee		
Aleksandra Gren	Mirosław Godlewski	Dr Marcus Chromik
3/3	3/3	3/3

<sup>1)</sup> Attendance at meetings / number of meetings during the term of office in a committee

## 1.8. mBank's Diversity Policy

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. On February 15, 2022, the Management Board of the Bank adopted mBank's Diversity and Inclusion Policy.

Our people make the difference. At mBank, we show respect and appreciation for people of all sexes, ages, disabilities, races, religions (or lack of religious belief), educational backgrounds, nationalities, political opinions, ethnic origins, sexual orientations, gender identities, family statuses, lifestyles, forms of employment and other forms of cooperation, people who speak different languages, regardless of their trade union membership.

We build relationships based on trust and partnership, and make sure our employees feel safe. We prioritise equal opportunities and chances and pay special attention to people who otherwise could be excluded or marginalised.

In line with the key assumptions of our Diversity Policy:

1. We create an organisational culture based on respect for diversity and integrate the principles of equal treatment into company policies and procedures.
2. We implement the principle of equal treatment and manage diversity in the following areas: recruitment, development, access to promotion, benefits, succession planning and remuneration.
3. We prevent and counteract unacceptable behaviour, including discrimination and mobbing. We carry out regular educational activities, addressed, in particular, to the management.
4. We explore our employees' perception of diversity and equal treatment. Regular analysis of the Pulse Check survey results allows us to address problems on an ongoing basis.
5. We raise awareness among employees by organising training courses, educational programmes and social campaigns.

The bank aims to:

- reach a 30% participation of women in the Supervisory Board and Management Board of mBank by the end of 2028;
- increase the participation of women in recruitment for managerial positions to 50%;
- reduce the wage gap in peer groups (to a maximum of 5%).

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. It is important to ensure the diversity of the bank's governing bodies.

The principle of diversity is applied to guarantee an adequate selection of members of the bank's body in the manner engaging a broad set of qualities and competences to achieve a variety of views and experiences, knowledge and skills which are adequate to the position held and which guarantee that members of the bank's body will individually and collectively issue independent opinions and sound decisions concerning the entire scope of the bank's operations.

The principle of diversity applied when selecting members of the bank's body is based on objective merit-based criteria concerning candidates' education, skills and professional experience. Additional criteria supporting diversity of the composition of the bank's body are gender and age.

The objectives concerning the diversification of the bank's body are taken into account during the candidate selection only to the extent to which doing so does not impair the operations and suitability of the bank's body.

Taking into account the result of the suitability assessment when selecting the composition of the Supervisory Board/Management Board, the AGM and the Supervisory Board strive to reach gender balance in the composition of the Supervisory Board/Management Board or at least a minimum 30% share of gender minority in both the Management Board and the Supervisory Board till 2028.

The Supervisory Board is composed of representatives of mBank's main shareholder, representatives of science and business, and persons having legal knowledge and experience in banking. The number of female Members is taken into account as well.

At the end of 2022, there were three women among the eight Supervisory Board Members, making up 37.5% of the total number of Members.

Supervisory Board of mBank										
	31.12.2018		31.12.2019		31.12.2020		31.12.2021		31.12.2022	
	number of members	%	number of members	%	number of members	%	number of members	%	number of members	%
Women	2	17.0%	2	20.0%	4	50.0%	3	37.5%	3	37.5%
Men	10	83.0%	8	80.0%	4	50.0%	5	62.5%	5	62.5%
<b>Total</b>	<b>12</b>	<b>100%</b>	<b>10</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>8</b>	<b>100%</b>

In 2022, the six members of the Management Board of the bank were all men.

Management Board of mBank										
	31.12.2018		31.12.2019		31.12.2020		31.12.2021		31.12.2022	
	number of members	%	number of members	%	number of members	%	number of members	%	number of members	%
Women	1	14.0%	1	14.0%	0	0.0%	0	0.0%	0	0.0%
Men	6	86.0%	6	86.0%	7	100%	6	100%	6	100%
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>7</b>	<b>100%</b>	<b>7</b>	<b>100%</b>	<b>6</b>	<b>100%</b>	<b>6</b>	<b>100%</b>

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.

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.