



Report on remuneration  
of Members of the Management Board  
and of the Supervisory Board  
of Bank Millennium SA

in 2022

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## Introduction

This report on the remuneration of Members of the Management Board and of the Supervisory Board of Bank Millennium SA (hereinafter "the Bank") has been prepared in keeping with the requirements presented in the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (hereinafter "the Act on public offering"). The Report covers 2022 financial year and contains a review of remuneration awarded in keeping with internal regulations in force as well as principles of Corporate Governance, in particular with the "Remuneration policy with regard to members of the Management Board and Supervisory Board of Bank Millennium SA " (hereinafter: the "Remuneration Policy"). Additional rules considering payment of remuneration resulting from Risk takers status are stated in the "Remuneration Policy with Respect to Risk Takers in the Bank Millennium S.A. Group („RT Remuneration Policy") which is integral part of the Remuneration Policy.

The Remuneration Policy supports the implementation of the strategy of the Bank and its subsidiaries (hereinafter: the " BM Group ") and the protection of its long-term interests. In particular, by providing competitive base salaries and additional benefits on the market, the Bank strives to attract and retain key people in the Bank. By granting variable remuneration, depending on key financial indicators and other qualitative indicators, the Bank strives to motivate Management Board Members to achieve strategic goals. The Remuneration Policy applied is also part of the Bank's overall strategy, enabling the acquisition, retention and motivation of the best managers and specialists in key areas of specialization for the Bank.

## Review of financial results of the Bank and Group

As stated in the Annual Financial Consolidated Report of the Bank Millennium S.A. Capital for the 12-month period ending 31st December 2022, the BM Group posted consolidated net loss of PLN 1,015 million. The outbreak of war in Ukraine had paramount impact on the business environment in 2022, with migrant crisis, significant inflation, raising commodities and energy costs choking economic growth and undermining appetite for borrowing, particularly in the mortgage loans segment. Moreover, similarly to the year 2021, costs related to FX-mortgage portfolio originated by Bank Millennium were again a significant burden on the results of the BM Group as the number of new claims against the Bank remained high. Totalling PLN

2,363 million after tax, these costs were similar to PLN 2,430 million booked in 2021. Last but not least, 2022 also brought other significant extraordinary charges - cost of credit holidays and cost of participation in Institutional Protection Scheme ('IPS'). Of these, the upfront recognized cost of credit holidays in 2022-23, itself totalled PLN 1,073 million after tax and was the direct reason for the breach of capital ratios in summer 2022 and consequently launching of the recovery and capital protection plans by the Bank.

Adjusted for FX-mortgage related costs, the BM Group would in 2022 post net profit of PLN 1,347 million, compared to adjusted 2021 net profit of PLN 1,098 million. Should not the credit holiday cost, the BM Group would post net profit of PLN 58 million in 2022, despite the abovementioned significant FX-mortgage related costs and costs of IPS.

Against all-odds, 2022 saw improving performance of the core business of the BM Group (ex-FX-mortgage segment), with 3Q22 bringing first positive operating result post FX-mortgage costs since 4Q20 and 4Q22 bringing first reported net profit since 4Q20.

The operating results of 2022 substantially improved when compared with 2021, but were significantly negatively impacted by the cost of so-called credit holidays .

## **Challenges facing the governing bodies resulting from the strategy adopted for 2022-2024:**

Since the strategy for 2022-2024 was approved in 4Q2021, extraordinary events have happened that substantially changed the macroeconomic environment, the geopolitical situation and the operating environment of the banking sector in Poland. In particular, the rise of inflation followed by increase of interest rates in Poland, the credit holidays and the war in Ukraine had direct and indirect impact in the business and financial performance of the banks, apart from continuation of an unfavourable developments in the FX mortgage loans problem.

For Bank Millennium, which saw a gradual improvement of its operational results more than covering the costs related to FX mortgage legal risk, the challenge was triggered by the impacts of setting up IPS in the second quarter and credit holidays in third quarter 2022. In this context, while keeping most of its medium term targets, the Bank has as top priority an improvement of its capital adequacy ratios and fulfilment of MREL requirements, while preserving its business growth and improvement of profitability and efficiency.

The Bank will also remain committed to the natural environment and society. It is planned to reduce CO2e emissions by 50% (2020/22), and to reach climate neutrality (scope 1 and 2) by 2027. The Bank is striving to reach full climate neutrality (also in scope 3) by 2050 and will actively engage in supporting customers in their decarbonisation efforts.

## Remuneration Policy

In keeping with the requirements i.e. of the Act on Public Offering, the Bank applies to Members of the Management Board the Remuneration Policy, on base of which fixed and variable remuneration is offered, including:

- 1) Base Salary,
- 2) Other remuneration and benefits included in the income from the employment relationship,
- 3) Additional benefits granted in accordance with the provisions of Labour Law,
- 4) Variable Remuneration.

The components of remuneration paid in 2022 were determined in accordance with the applicable Remuneration Policy and reflected its assumptions.

Management Board Members are appointed by the Supervisory Board. Remuneration of Members of the Management Board is paid on the basis of employment contracts concluded for the duration of the term of office. Certain elements of remuneration of Management Board Members are granted on the basis of internal regulations applicable to all employees of the Bank.

Members of the Supervisory Board are appointed by the General Meeting of Shareholders for a term of office. No contracts are concluded with members of the Supervisory Board in connection with the performance of their functions on the Supervisory Board. The remuneration is due by virtue of the appointment. The remuneration granted for the function is paid on the basis of the "Remuneration Policy for Members of the Management and Supervisory Boards of Bank Millennium SA" accepted by resolution 27 of General Shareholders Meetings of 24<sup>th</sup> of March 2021, while the amounts result from the General Meeting's resolution on remuneration of members of the Supervisory Board of 21<sup>st</sup> May 2015 determining the amount of components of this remuneration. The principles regarding the remuneration of Members of the Supervisory Board are presented in the section "Remuneration of Members of the Supervisory Board".

## Remuneration of Members of the Management Board

### Base salary

The Bank shall pay a base salary to Members of the Management Board. The level of this salary shall be determined taking into account:

- a) level of education, professional experience, specialist knowledge and skills adequate for the role in the organisation,
- b) complexity of tasks and impact upon the institution's risk profile as well as constraints (e.g. social, economic, cultural or other important factors),
- c) scale of operation and remuneration levels in similar positions in institutions representing similar profiles and scale of operations as the Bank.

The following rules shall apply to base salaries of Members of the Bank's Management Board:

- a) Members of the Management Board are appointed by the Supervisory Board for joint term of office,
- b) for the duration of the term of office an employment contract or other contract is signed with the Member of the Management Board regulating the scope of duties in connection with the performance of the function for the duration of its term of office,

- c) the periods and conditions for terminating the agreements referred to in item b) above may be each time specified individually in these agreements in accordance with the arrangements of the parties,
- d) a non-competition agreement are concluded with Members of the Management Board<sup>1</sup> providing for compensation for refraining from competitive activity after termination of the agreement referred to in point b).
- e) the contracts referred to in point b) above provide for termination payments.

## **Benefits**

The Bank provides additional benefits to the Members of the Management Board. It is a provision in the form of a package of private medical care services offered by the Bank to the Members of the Management Board. Members of the Management Board are also entitled on a voluntary basis to participate in Employee Capital Plans (hereinafter referred to as "PPK"). Two Members benefited from participation in the PPK. The Bank does not provide for other forms of long-term retirement benefits. The above-mentioned benefits are offered on the terms specified internally for all employees of the Bank.

In addition, Members of the Management Board are entitled to benefits aimed at enabling and improving the performance of their functions in the Bank. Members of the Management Board, coming from outside Poland, are entitled to benefits enabling them to move to Poland together with their families in order to effectively and without interruption perform their function at the Bank, i.e. covering the costs of accommodation and utilities, reimbursement of the costs of flights to the country and tuition fees.

## **Variable remuneration.**

In accordance with the Remuneration Policy, Members of the Management Board are entitled to a variable component of remuneration. It can take the form of bonuses, guaranteed components of variable remuneration - limited to the first year of employment, or non-recurring severance payments.

The annual bonus is granted after an assessment of the Bank's performance as a whole in combination with qualitative and quantitative indicators relating to principles and behaviours conducive to prudential risk management, as well as an assessment of the Bank's risk profile.

The relation of variable remuneration to fixed remuneration p.a. shall not exceed 100%. In justified cases, with the consent of the Bank's General Meeting of Shareholders, the ratio of variable remuneration to fixed remuneration per year may be increased, but not more than to 200%.

In 2022, the Bank did not provide for guaranteed components of variable remuneration or one-off retirement severance payments for Management Board Members.

The amount of the bonus is determined on the basis of the bonus pool. The pool is determined based on the following criteria:

- 1) Results attained by the Bank on the solo and consolidated level - level of the Bank's net profit in absolute terms as well as level of execution of the net profit plan, result on banking activity, cost-to-income, ROE
- 2) Level of solvency ratio at the solo and consolidated level
- 3) Levels of risk ratios illustrating the Bank's liquidity

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<sup>1</sup> refers to Board Members with Polish citizenship

The Bonus Pool for Management Board Members should not exceed a certain percentage of consolidated net profit for the BM Group and 100% of the total Fixed Remuneration of Management Board Members. The final decision on the bonus pool for Management Board Members is made by the Personnel Committee of the Supervisory Board. In justified cases, with the consent of the Bank's General Meeting of Shareholders, the ratio of variable remuneration to fixed remuneration per year may be increased, but not more than to 200%.

The bonus is granted on the basis of an assessment of financial and non-financial criteria. The model of quantitative criteria is presented in the table below. The assessment of the Bank's results for the purpose of determining the work of the Management Board is made in the perspective of 3 calendar years preceding a given year.

The final amount of the bonus is determined on the basis of a set of quantitative and qualitative criteria. The results of the quantitative and qualitative criteria shall be a percentage of the base salary that should be awarded as a result of the evaluation process.

The Personnel Committee of the Supervisory Board assessed the financial and non-financial results of individual Members of the Bank Millennium Management Board taking into account:

- 1) Fulfilment of planned budgets
- 2) The results achieved in view of the unstable economic environment
- 3) Involvement in the preparation of the business strategy for the next years
- 4) Cooperation in achieving business synergies

#### Weights and quantitative criteria for the assessment of Management Board Members for 2021

<i>Criterion description</i>	<i>Weight of criterion</i>	<i>Results of assessment in 2022 (based on 2021)</i>
RBA - plan	10,0%	103,15%
Costs/Income - plan	7,5%	109,65%
Net profit - plan	20,0%	139,50%
ROE - plan	7,5%	159,92%
ROE vs Peers	10,0%	115,21%
Costs/Income vs Peers	10,0%	104,98%
TSR* vs Market	15,0%	138,22%
Growth of net profit	20,0%	0,00%

<sup>1</sup>Total rate of return for shareholders

#### Summary of results attained - decision on % of variable remuneration (annual bonus) of Management Board Members

<i>Year</i>	<i>Assessment results of quantitative criteria</i>	<i>Assessment results of quality</i>	<i>Corresponding variable remuneration ratio as a % of annual base remuneration</i>
results for 2021	101,2%	positive	80%

## Overall evaluation level in Quantitative Criteria

<i>Quantitative results in scope:</i>		<i>% of recommended bonus</i>
0%	80%	discretionary decision
80%	90%	50%
90%	100%	60%
100%	110%	80%
110%	120%	90%
120%	130%	100%
130%		100%

The Committee conducted a detailed assessment of the results of the Bank's Management Board for 2021. The Committee took into account the following elements:

- The BM Group recorded a consolidated net loss of PLN 1,332 mn, but these were costs related to the portfolio of FX mortgage loans granted mainly in 2006 - 2008 and they were the main cause of the net loss of the BM Group in 2021.
- After adjustment, the BM Group would book a record high net profit of PLN 1,098 mln in 2021, compared to adjusted net profit of PLN 695 mln in 2020. Full year 2021 net profit adjusted for all extraordinary items (above mentioned FX-mortgage related costs, revaluation of Visa shares and provision against a corporate court case) stood at PLN 1,123 mln, up 46% y/y. Adjusted ROE at 13,8% against 8,4% in 2020.
- Income was up 2% y/y, while opex (excluding charges for the Bank Guarantee Fund/"BFG" and legal costs) was down 7% y/y. Core income was especially strong in this period with 6% y/y growth in 2021. NII, the main driver, rose in Q4 by 15% q/q to above pre-pandemic level, while full-year NII in 2021 increased by 5% y/y. This result was achieved thanks to a combination of higher interest rates and a solid 7% y/y increase in loans (+15% y/y excluding the FX mortgage portfolio). Record-high disbursements of PLN mortgage loans (PLN 9.8 bn, increase by 46% y/y) and much faster leasing sales (PLN 3.9 bn, up 57% y/y) were the main factors contributing to this result. In the entire 2021, the Bank's share in the mortgage loan market was 12.5% (2020: 12.2%), which places us in the #3 position on the market (2020: #4).

Taking into account the above factors, the Personnel Committee decided on 13 April 2022 to grant the Bank's Management Board variable remuneration for 2021 in the total amount of PLN 8.4 mln, paid 50% in cash/50% in equity instruments and deferrable in 5 years following the regulations.

The Personnel Committee also approved the transfer of rights of the deferred parts of the variable remuneration for previous years without correction.

### **Opinion of the Supervisory Board relating to long-term provisions for the CHF mortgage loan portfolio reducing the Bank's financial performance, in the context of awarding variable remuneration to Board Members for performance in 2021:**

The risk associated with the portfolio of CHF loans granted by Bank Millennium in 2006-2008, is largely beyond the control of the Bank and the Management Board - it depends on legal settlements and court judgments. At the same time, the process of mitigating the potential impact to the extent that it is manageable is being carried out very effectively - it is characterized by a faster-than-market-average pace of reducing the value of risky contracts in the portfolio. Bank Millennium launched the process of amicable settlements and large-scale renegotiation of contracts with borrowers as early as 2020, before the recommendation of the FSA in this regard. By the end of 2022, 17 754 settlements had been signed with

borrowers, including nearly 8 000 in 2022 alone. At the same time, the value of the CHF loan portfolio had decreased by more than 30% since the beginning of 2020. The share of Bank Millennium's CHF portfolio in assets as of December 31, 2022 was 13.1% (according to the FSA's counting method) compared to 19.1% at the end of 2019. The Supervisory Board, in awarding variable remuneration to the Management Board in 2022, appreciated the commitment and proactive approach to risk management and the efforts made to mitigate the risks related to FX mortgage portfolio, as well as the measurable results in reducing its impact on Bank Millennium's financial performance.

As a rule, the annual bonus granted to the Members of the Management Board is paid in parts:

- 50% in cash
- 50% in a financial instrument

In 2022, part of the variable remuneration related to performance in previous years was paid in the Bank's own shares listed on the Warsaw Stock Exchange (acquisition of rights for part of the bonus of 2019 - 8.3% of the amount granted) and in phantom shares (tranches deferred in the financial instrument for 2018 - 8.4% of the amounts granted).

<i>Financial instrument:</i>		
	<b>Part not deferred:</b>	<b>Deferred parts for previous years:</b>
<b>2022</b>	own shares ( evaluation of 2021)	phantom shares (2018); own shares 2019

The purpose of the Remuneration Policy is to link variable remuneration with the stable results of the Bank, which is why each of the above-mentioned parts of the bonus is subject to deferral. 50% of each form of bonus is paid upon taking the decision (in the year in which the bonus is granted) and 50% of each form of bonus is deferred.

With regard to the deferred bonus for 2018 and 2019, to which the Management Board Members acquired rights in 2022, the deferral period of the Deferred Bonus Part was 3 years in accordance with the following scheme:

- 33% of Deferred Part after 1 year of deferral
- 33% of Deferred Part after 2 years of deferral
- 34% of Deferred Part after 3 years of deferral

From 2020, changes have been made to the bonus rights transfer scheme consisting in extending the deferral period to 5 years. The right to the Deferred Part shall be acquired in 5 consecutive years:

- 20% of Deferred Part after 1 year of deferral
- 20% of Deferred Part after 2 years of deferral
- 20% of Deferred Part after 3 years of deferral
- 20% of Deferred Part after 4 years of deferral
- 20% of Deferred Part after 5 years of deferral

5-years deferral period has been applied to the Deferred Part of bonus granted for 2021. In order to emphasize the long-term perspective required in the work of Management Board Members and in accordance with applicable regulations, the part of the Bonus granted in the form of a financial instrument



is subject to an additional 12-month retention period counting from the date of acquisition of the right to the instrument.

In order to eliminate the detrimental impact of certain events on the Bank's results, based on the Remuneration Policy, the Bank may apply the "malus" clause to the deferred part of the Bonus. In 2022, the Bank reviewed the criteria related to the "malus" clause, allowing the Bank to make a possible decision not to pay or suspend the Bonus until the next year or to reduce the deferred part of the Bonus in the event of events that may adversely affect the Bank's situation. The bank did not identify such events in 2022.

Taking into account the rules regarding the payment of the Bonus, the Bank decided to present in the following tables the amounts of remuneration rights to which were acquired in a given year.

#### Fixed remuneration (base salary and benefits) of Management Board Members in 2022 (in thous. PLN)

<i>Name and surname</i>	<i>Base salary</i>	<i>Medical care</i>	<i>PPK</i>	<i>Additional benefits *</i>
Joao Bras Jorge	2 280,00	25,07	63,22	1 058,55
Fernando Bicho	1 620,00	25,04	-	65,98
Wojciech Haase	1 320,00	13,31	-	24,60
Andrzej Gliński	1 320,00	25,07	-	-
Wojciech Rybak	1 320,00	3,83	-	-
Antonio Pinto Junior	1 320,00	3,83	35,91	614,15
Jarostaw Hermann	1 320,00	3,83	-	-
Total:	10 500,00	99,98	99,13	1 763,28

\* additional benefits are mainly related to the costs of stay of foreign Members of the Management Board

#### Variable remuneration transferred in 2022 to current Members of the Management Board and persons performing functions in previous years

<i>Name and surname</i>	<i>Rewards paid for the years: 2018, 2019 and 2021 (in PLN thous.)</i>		
	<i>in cash</i>	<i>in shares of Bank Millennium*</i>	<i>in phantom shares</i>
Joao Bras Jorge	711,82	665,22	123,38
Fernando Bicho	527,15	490,15	97,98
Wojciech Haase	429,53	399,38	79,83
Andrzej Gliński	429,53	399,38	79,83
Wojciech Rybak	429,53	399,38	79,83
Antonio Pinto Junior	396,26	399,38	53,22
Jarostaw Hermann	371,32	399,38	33,26
Maria Campos	33,26	-	26,61

\* Part of the awarded bonus for 2021 in own shares and the deferred bonus for 2019 in own shares is subject to retention for a period of 12 months calculated from the vesting date, i.e. from 13.04.2022. The amounts are given according to the transfer value (vesting), i.e. as at April 13, 2022, calculated as the average price of 1 Bank's share on the WSE at the time of closing of the 10 sessions preceding the transfer date.

## In detail: transferred variable remuneration by tranche of each year

Variable remuneration transferred in 2022 current Board Members and Board Members performing the function in previous years in thous. PLN

		<i>Year for which remuneration was granted</i>		<i>in Cash</i>	<i>share of the bonus granted for given year</i>	<i>in shares of Bank Millennium *</i>	<i>share of the bonus granted for given year</i>	<i>share price at the moment of granting</i>	<i>share price at the date of vesting</i>	<i>in phantom shares</i>	<i>share of the bonus granted for given year</i>	<i>share price at the moment of granting</i>	<i>share price at the date of vesting</i>
Joao Bras Jorge	2018	deferred	154,23	8,4%	na					123,38	8,4%	9,110	7,288
	2019	deferred	101,59	8,3%	209,22	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	456,00	25%	456,00	25%	6,5630	6,5630	na				
Fernando Bicho	2018	deferred	122,47	8,4%	na					97,98	8,4%	9,110	7,288
	2019	deferred	80,68	8,3%	166,15	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	324,00	25%	324,00	25%	6,5630	6,5630	na				
Wojciech Haase	2018	deferred	99,79	8,4%	na					79,83	8,4%	9,110	7,288
	2019	deferred	65,74	8,3%	135,38	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	264,00	25%	264,00	25%	6,5630	6,5630	na				
Andrzej Gliński	2018	deferred	99,79	8,4%	na					79,83	8,4%	9,110	7,288
	2019	deferred	65,74	8,3%	135,38	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	264,00	25%	264,00	25%	6,5630	6,5630	na				
Wojciech Rybak	2018	deferred	99,79	8,4%	na					79,83	8,4%	9,110	7,288
	2019	deferred	65,74	8,3%	135,38	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	264,00	25%	264,00	25%	6,5630	6,5630	na				
Antonio Pinto Junior	2018	deferred	66,52	8,4%	na					53,22	8,4%	9,110	7,288
	2019	deferred	65,74	8,3%	135,38	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	264,00	25%	264,00	25%	6,5630	6,5630	na				
Jarosław Hermann	2018	deferred	41,58	8,4%	na					33,26	8,4%	9,110	7,288
	2019	deferred	65,74	8,3%	135,38	8,3%	3,1868	6,5630	na				
	2020	deferred	0,00		0,00				na				
	2021	un-deferred	264,00	25%	264,00	25%	6,5630	6,5630	na				
<b>TOTAL</b>			<b>3295,14</b>		<b>3152,27</b>				<b>547,33</b>				
Maria Campos	2018	deferred	33,26						26,61		9,110	7,288	

\*value at the date of vesting

**Total: fixed and variable remuneration of Management Board Members in 2022 (in PLN thous.)**

<i>Name and surname</i>	<i>Fixed remuneration</i>	<i>Variable remuneration paid in 2022*</i>	<i>Total annual remuneration</i>	<i>% variable / fixed</i>	<i>% base / fixed</i>
Joao Bras Jorge	3 426,84	1 500,42	4 927,26	44%	66,5%
Fernando Bicho	1 711,02	1 115,28	2 826,30	65%	94,7%
Wojciech Haase	1 357,91	908,74	2 266,65	67%	97,2%
Andrzej Gliński	1 345,07	908,74	2 253,81	68%	98,1%
Wojciech Rybak	1 323,83	908,74	2 232,57	69%	99,7%
Antonio Pinto Junior	1 973,89	848,86	2 822,75	43%	66,9%
Jarosław Hermann	1 323,83	803,96	2 127,79	61%	99,7%
	12 462,39	6 994,74	19 457,13	56%	84,3%

\* the amount of variable remuneration transferred in 2022 includes the undeferred portion of the 2021 bonus in cash and treasury shares, the 2nd deferred tranche for 2019 in cash and treasury shares, and the 3rd tranche for 2018 in cash and phantom shares - at value as of April 13, 2022.

### Remuneration in the form of a financial instrument

Details of the financial instruments provided in the reported years are presented in the table below. The Bank's own shares granted in 2022 for 2021 and in 2020 for 2019 were made available to the Members of the Management Board free of charge. The following table shows the conversion price that was used to calculate the number of shares at the time of allocation. Own shares are subject to a one-year retention period.

Total number of phantom shares relating to the deferred tranche from previous bonus program and transferred to Management Board Members in 2022.

<i>Type of financial instrument</i>	<i>Total number of transferred units of the financial instrument</i>	<i>Conversion price</i>	<i>Transfer price</i>	<i>Change of price of the financial instrument*</i>
Phantom shares for 2018	78 753	9,11	7,288	-20,00%

\* the maximum level of deviation of the phantom share price between the date of granting and the date of the payment decision is limited to +/- 20%

The date of acquisition of the rights to phantom shares was 13 April 2022, i.e. on the date of assessment of the Management Board Members in relation to the results of work for previous years.

## Total number of shares granted for 2021 to which Management Board Members acquired rights in 2022

<i>Name and surname</i>	<i>Number of own shares to which Management Board Members acquired rights</i>	<i>Share conversion price which is also vesting price (PLN)</i>	<i>Value of shares at conversion price (in PLN thous.)</i>
Joao Bras Jorge	69 480	6,563	456
Fernando Bicho	49 368	6,563	324
Wojciech Haase	40 226	6,563	264
Andrzej Gliński	40 226	6,563	264
Wojciech Rybak	40 226	6,563	264
Antonio Pinto Junior	40 226	6,563	264
Jarosław Hermann	40 226	6,563	264

## Total number of shares from programs of previous years transferred to Management Board Members in 2022

<i>Name and surname</i>	<i>Number of own shares to which Management Board Members acquired rights</i>	<i>Share conversion price (PLN)/granting</i>	<i>Transfer price (PLN)</i>	<i>Value of shares at conversion price (in PLN thous.)</i>
Joao Bras Jorge	31 879	3,1868	6,563	209,22
Fernando Bicho	25 316	3,1868	6,563	166,15
Wojciech Haase	20 628	3,1868	6,563	135,38
Andrzej Gliński	20 628	3,1868	6,563	135,38
Wojciech Rybak	20 628	3,1868	6,563	135,38
Antonio Pinto Junior	20 628	3,1868	6,563	135,38
Jarosław Hermann	20 628	3,1868	6,563	135,38

In 2022, the Members of the Management Board did not receive remuneration from other entities from the Bank Millennium SA Group.

## Remuneration of Members of the Supervisory Board

Remuneration of Members of the Supervisory Board is determined by the Bank's General Meeting with a resolution. Members of the Supervisory Board receive remuneration for their work in the Supervisory Board and Committees of the Supervisory Board adequate to the function and scale of operations of the Bank Millennium Group. The remuneration of Members of the Supervisory Board is paid monthly.

In addition to the remuneration for performing the function of a Member of the Supervisory Board, the Bank provides additional remuneration related to the performance of functions within the Committees of the Supervisory Board. Additional remuneration for performing functions within the Committees is paid on the basis of attendance at meetings of the Committee and may not exceed 100% of the remuneration provided for performing the function of a Member of the Supervisory Board. In addition, the Bank provided the Chairman of the Supervisory Board with a private medical care package. In accordance with the applicable regulations, all Members of the Supervisory Board were entitled to participate in PPK.

Members of the Supervisory Board are not entitled to variable components of remuneration for performing functions in the Bank.

#### Remuneration of Supervisory Board Members in 2022 (in thous. PLN)

<i>Name and surname</i>	<i>Remuneration for performing functions in the Supervisory Board</i>	<i>Remuneration for participation in Committees</i>	<i>Other benefits</i>	<i>Total</i>
<i>Bogusław Kott</i>	240	15	41,06	296,06
<i>Nuno Manuel Da Silva Amado</i>	120	0	0	120
<i>Dariusz Rosati</i>	120	50	0	170
<i>Miguel De Campos Pereira De Bragança</i>	120	60	0	180
<i>Anna Jakubowski</i>	120	45	0	165
<i>Grzegorz Jędryś</i>	120	90	0	210
<i>Alojzy Nowak</i>	120	60	0	180
<i>José Miguel Bensliman Schorcht da Silva Pessanha</i>	120	55	0	175
<i>Miguel Maya Dias Pinheiro</i>	120	0	0	120
<i>Lingjiang Xu</i>	120	0	0	120
<i>Olga Grygier-Siddons</i>	120	45	0	165
<i>Beata Stelmach</i>	120	30	0	150
<b>TOTAL</b>	<b>1 560</b>	<b>450</b>	<b>41,06</b>	<b>2 051,06</b>

#### Remuneration from other entities from the Bank Millennium SA Group (in thous. PLN)

<i>Name and surname</i>	<i>Remuneration for performing functions in the Supervisory Board</i>	<i>Remuneration for participation in Committees</i>	<i>Other benefits</i>	<i>Total</i>
<i>Grzegorz Jędryś</i>	120	20	0	140

In 2022, Grzegorz Jędryś received remuneration for membership in the Supervisory Board of Millennium Bank Hipoteczny then created.

#### Exceptions from the rules set out in the Remuneration Policy applicable to Management Board Members and information on the use of the option to claim back variable components of remuneration

There were no exceptions to the principles of the Policy. The Management Board of Bank Millennium is employed on the basis of employment contracts. In light of the Labor Code and the prevailing line of judicial decision-making, as a general rule, the employer does not have the ability to claim reimbursement of variable remuneration components.

## Information on changes in the Remuneration Policy and the Bank's results

In 2022, the Bank provided remuneration to the Members of the Management Board and the Supervisory Board on the basis of the functioning remuneration policy adopted by the Bank. In accordance with provisions of the Act of 29 August 1997 Banking Law ("Banking Law"), the Bank is obliged to follow a Remuneration Policy compliant with banking sector regulatory requirements. According to the procedure provided for in the Banking Law, the Management Board is responsible for the implementation of the Remuneration Policy, while the Supervisory Board approves and supervises it.

Binding "Policy for remuneration of Members of the Management Board and the Supervisory Board of Bank Millennium SA" which recapitulates and details-out the to-date solutions regarding remuneration of members of the Bank's bodies has been adopted by General Shareholders Meetings on 24 March 2021.

An integral part of the aforementioned Policy is the "RT Remuneration Policy", which in 2022 was amended regarding the criteria for determining the bonus pool for Risk Takers and the possibility of converting variable remuneration awarded in a financial instrument, including the Bank's own shares, into phantom shares. The bonus pool can also be determined during the implementation of the recovery plan and capital protection plan, assuming that certain conditions are met. In a situation where a capital protection plan is in effect at the Bank, a condition has been introduced to determine the size of the pool within the predetermined MDA ratio - the maximum amount to be paid out in accordance with Articles 55 and 56 of the Law on Macroeprudential Supervision. The Supervisory Board adopted the amendments to the Policy at its meeting on December 2, 2022.

In accordance with recommendation Z of the Polish Financial Supervision Authority the Bank set the ratio of average total remuneration of a member of the Management Board to average total remuneration of an employee at 40. The ratio has been established in the Employee Remuneration Policy in Bank Millennium Group. In 2022, the calculated ratio is 27.

The General Meeting of Shareholders of 30 March 2022 by resolution expressed a positive opinion on the previous report on the remuneration of the members of the Management Board and Supervisory Board of Bank Millennium SA for 2021.

The table below presents the total remuneration of individual Members of the Management Board, selected financial results of Bank Millennium SA as well as the amount of remuneration of employees other than Members of the Management Board for 2022 and five preceding years. The table includes the annual remuneration of persons acting as a Member of the Management Board in the 2022 year. The percentage change in the value of the indicator in relation to its value in the previous year was presented and selected financial measures were shown. More of the Bank's financial results can be found in the annual financial statements published on the Bank's website.

**Summary of changes of total remuneration of Members of the Management Board of Bank Millennium SA against the background of the company's results as well as average remuneration of employees (in % and thous. PLN)**

Change vs previous year	Y-4 vs Y-5	Y-3 vs Y-4	Y-2 vs Y-3	Y-1 vs Y-2	Y vs Y-1	Current year (Y) 2022
<b>Total remuneration</b>						
Joao Bras Jorge	5,66%	-3,26%	-5,79%	-12,47%	16,44%	4 927,26
Fernando Bicho	7,19%	-4,02%	-8,91%	-19,14%	23,31%	2 826,30
Wojciech Haase	6,74%	-4,42%	-8,60%	-19,41%	23,06%	2 266,65
Andrzej Gliński	8,60%	-2,63%	-5,80%	-18,72%	21,59%	2 253,81
Wojciech Rybak	25,86%	3,36%	-0,77%	-16,72%	21,84%	2 232,57
Antonio Pinto Junior	n.a.	5,66%	8,28%	-17,06%	31,83%	2 822,75
Jarosław Hermann	n.a.	16,60%	16,00%	-14,78%	39,14%	2 127,79
<b>Company results</b>						
Net operating income	6,07%	27,27%	3,06%	-0,55%	12,66%	4 008 519
Operating profit (pre-provision)	6,63%	19,58%	4,56%	4,98%	-0,03%	1 915 338
Total assets	13,10%	21,87%	-0,75%	6,77%	6,76%	110 941 970
<b>Remuneration of other employees</b>						
Average annual remuneration	1,78%	9,08%	2,84%	1,05%	14,60%	102,33

*\*The increase in the total remuneration y/y may result from the fact that the Member of the Management Board began to perform his function during the year / transfer of rights to part of the deferred bonuses from previous years, in which the deferred parts did not accumulate.*

The level of variable remuneration of Management Board Members is influenced by the business and financial results achieved, and the long-term results of the Bank are also taken into account when assessing the qualitative results of work. The applied process of deferral and acquisition of rights to shares associates variable remuneration with the Bank's medium- and long-term results.

The statement takes into account the composition of the Management Board of Bank Millennium as at the date of preparation of the assessment of the company's remuneration report i.e. as of 31 December 2022.

Data on the remuneration of Management Board Members and selected results of the Group are based on data published in the Management Board's Reports on the activities of the Bank Millennium Group for the years 2017-22, respectively.

The report is drawn up for the year ending on 31 December, 2022.

<b>Acronyms</b>	
Y-5	2017
Y-4	2018
Y-3	2019
Y-2	2020
Y-1	2021
Y	2022
n.a.	not applicable

The Report on remuneration has been prepared by the Supervisory Board in order to satisfy requirements defined in art. 90g sect. 1 of the Act on Public Offering. The Report on remuneration was adopted by the Supervisory Board by resolution 12 /2023 of 15 February 2023 with aim to presentation at a General Meeting of Shareholders to enable the adoption of its advisory resolution.

The Report on Remuneration was assessed by the auditor with respect to information contained therein as required under Art. 90g sec. 1-5 of the Act on public trading. The entity authorised to assess the Report on remuneration is Deloitte Audyt Sp. z o.o. sp.k.



