

**REPORT**  
**of the Supervisory Board of mBANK**  
**S.A.**  
**on its activities in 2022**  
**prepared for the Ordinary General**  
**Meeting**  
**held on 30 March 2023**



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The Supervisory Board presents this report in accordance with Article 382 § 3 and § 3[1] of the Code of Commercial Companies, § 70 (1) (14) and § 71 (1) (12) of the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and the provisions of the By-Laws of mBank S.A. (“the Bank’s By-Laws”), the Rules of the Supervisory Board of mBank (“the Supervisory Board Rules”), the Best Practice for GPW Listed Companies, the Principles of Corporate Governance for Supervised Institutions (“the Corporate Governance Principles”) adopted by Resolution No. 218/2014 of the Polish Financial Supervision Authority of 22 July 2014, and Recommendation Z of the Polish Financial Supervision Authority concerning the principles of internal governance in banks (“Recommendation Z”).

## I. Activity of the Supervisory Board of mBank S.A. in 2022

### 1. Composition of the Supervisory Board and performance of its duties

In the period from 1 January to 31 December 2022, the Supervisory Board of mBank S.A. worked in the following composition:

#### Function on the Supervisory Board of mBank S.A.

Chairwoman	1	Prof. Agnieszka Słomka-Gołębiowska
Deputy Chairwoman	2	Dr Bettina Orlopp
Members:	3	Dr Armin Barthel
	4	Tomasz Bieske
	5	Dr Marcus Chromik
	6	Mirosław Godlewski
	7	Aleksandra Gren
	8	Arno Walter

Supervisory Board of mBank S.A. (by sex)	Number of persons	%
Women	3	37,5%
Men	5	62,5%
Total	8	100%

Supervisory Board of mBank S.A. (by age)	under 30 years	30-50 years	over 50 years
Number of persons on the Supervisory Board:	-	4	4

CVs of Members of the Bank’s Supervisory Board are available on the Bank’s website.

Members of the Bank’s Supervisory Board and Management Board are selected in accordance with the Bank’s Policy on the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank’s Body in mBank S.A. (“the

Suitability Policy”) which ensures that such persons have the expertise, aptitude, professional experience and reputation appropriate to perform the functions entrusted to them.

The latest amendments to the Suitability Policy were introduced by Resolution No. 239/22 of the Supervisory Board and will be approved by the General Meeting. They concerned in particular:

- the implementation of the suitability requirements for the member of the Management Board responsible for AML and the Management Board as a whole resulting from the EBA Guideline EBA/GL/2022/05; and,
- clarification of the tasks of the Executive and Nomination Committee and the Bank’s units in the processes covered by the Suitability Policy.

On 14 October 2022, Arno Walter resigned as a member of the Supervisory Board (with effect from 30 March 2023). On 7 December 2022, Dr Armin Bartel resigned as a member of the Bank’s Supervisory Board and as a member of the Audit Committee (with effect from 31 December 2022). On 9 December 2022, the Bank’s Supervisory Board appointed Mr Hans-Georg Beyer as a member of the Bank’s Supervisory Board and member of the Audit Committee with effect from 1 January 2023.

### **1.1. Independence of the members of the Supervisory Board and lack of relations with a shareholder holding at least 5% of the total number of votes**

In 2022, the composition of mBank’s Supervisory Board ensured adequate supervision over the nature and scale of the Bank’s activities. In accordance with applicable regulations, half of the members of the Supervisory Board, including its Chairwoman, hold Polish citizenship, speak Polish and have experience in the Polish market. The composition of the Supervisory Board, the versatility and the rich and varied professional experience, knowledge and skills of its members reflect the Bank’s diligence in ensuring supervisory functions in all areas of mBank’s business.

The following members of the Supervisory Board met in 2022 the independence criteria set out in EBA Guidelines EBA/GL/2021/06 on the assessment of the suitability of members of the management body and key function holders:

- Professor Agnieszka Słomka-Gołębiowska
- Aleksandra Gren
- Tomasz Bieske
- Mirosław Godlewski

These persons do not have any actual significant relationship with a shareholder holding at least 5% of the total vote in the company.

## **2. Data on the activities of the Supervisory Board in 2022**

In the past reporting period, the Supervisory Board held 7 meetings and adopted 94 resolutions. The resolutions covered all areas of the Bank’s activity and were in line with the scope of supervisory functions defined by the requirements of generally applicable law (including the Banking Law), recommendations of the Polish Financial Supervision Authority, corporate governance rules, as well as the requirements described in the Bank’s By-Laws and the Supervisory Board Rules. Meetings of the Supervisory Board were held in a hybrid format through means of

direct remote communication. In addition to regular meetings, the Supervisory Board remained in close contact with the Management Board and monitored the situation of the Bank on an on-going basis by participating in videoconferences organised at the initiative of the Bank's Supervisory Board or Management Board. In 2022, the members of the Supervisory Board devoted an adequate amount of time to the performance of their duties. The attendance rate of Supervisory Board members at meetings was 100%.

### **3. Main directions of the Supervisory Board's activities in 2022**

In 2022, the Supervisory Board at its meetings systematically discussed and evaluated periodic reports of the Management Board on the performance of the mBank Group and individual business lines in relation to the financial plan. In line with regulatory requirements, the Supervisory Board regularly discussed detailed reports on risk management and on the Bank's activities, in particular in the following areas: IT and IT security, bancassurance, performance of outsourcing tasks, reports on compliance activities in the Brokerage Office of mBank and on the provision of brokerage services on the OTC (over-the-counter) derivatives market. The Supervisory Board discussed on an on-going basis the situation regarding the CHF mortgage loan portfolio and reports on improvements in the AML/SAN/CFT area, and approved an update of the Recovery Plan. The Supervisory Board accepted communications addressed to it by the Polish Financial Supervision Authority, including in particular the discussion of the changing regulatory requirements and possible scenarios of the current situation.

In addition, the Supervisory Board closely monitored the Bank's current and projected capital position in view of the high cost of provisions for the legal risk of the CHF portfolio, the accumulation of negative macroeconomic factors, as well as the cost of the government's credit holiday programme.

An integral part of the Bank's strategy is the ESG agenda, focusing on environmental, social and governance factors. The Supervisory Board monitored the implementation of the Bank's strategy in this regard on an ongoing basis.

At the initiative of the Supervisory Board, a special workshop was held in September 2022 with the participation of the Management Board dedicated to ESG related issues.

#### **3.1. Information on the fulfilment of disclosure obligations to the Supervisory Board and the remuneration payable to the Supervisory Board's advisor in 2022**

The Supervisory Board is of the opinion that the Management Board has correctly fulfilled its obligations to provide the Supervisory Board with information under the provision of Article 380<sup>1</sup> of the Code of Commercial Companies (in the wording in force from 13 October 2022). In particular, the Management Board provided information on the Management Board's resolutions and their subject matter and the company's situation, including with regard to the company's assets, as well as important circumstances in the conduct of the company's affairs, in particular in the area of operations, investments and personnel, and the progress in implementing the company's designated business development directions in an appropriate form, adequate scope and with the right frequency.

The Supervisory Board received all information, documents, reports and explanations concerning the Bank necessary for the supervision of the Bank in the course of its ongoing cooperation with the Management Board and the Bank's employees. In view of the above, the Supervisory Board did not exercise its authority to request the preparation or transmission of information, documents, reports or explanations concerning the Bank pursuant to Article 382 § 4 of the Code of Commercial Companies.

In 2022, no remuneration was paid for any examination of a specific matter relating to the Bank's operations commissioned by the Supervisory Board or for any analyses or opinions provided by an adviser selected by the Supervisory Board in accordance with the procedure set out in Article 382<sup>1</sup> of the Code of Commercial Companies.

**4. Activities of the Committees of the Supervisory Board**

In accordance with the Corporate Governance Principles adopted by the Bank, the Best Practice for GPW Listed Companies, the requirements of the Act on Auditors and their Self-government, Entities Authorised to Audit Financial Statements and Public Supervision, and pursuant to § 22 of the Bank's By-Laws, the following standing committees operate within the Supervisory Board: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, the Remuneration Committee, and the IT Committee.

The Committees of the Supervisory Board carry out their functions in accordance with their rules approved by the Supervisory Board. As a result of the work of the members of the Supervisory Board within the aforementioned Committees, the work of the entire Supervisory Board is more efficient. Many resolutions of the Supervisory Board are adopted in accordance with the recommendations of the individual Committees, which discuss and thoroughly analyse specific topics from all areas of the Bank's business in advance.

Pursuant to § 22 (5) of the Bank's By-Laws, all standing committees within the Supervisory Board make available to the shareholders detailed reports on their activities for the past reporting year. Such reports are presented in the set of materials for the Ordinary General Meeting.

In performance of the above obligation, the Supervisory Board presents reports on the activities of the Supervisory Board Committees in 2022.

**4.1. Executive and Nomination Committee**

The Executive and Nomination Committee consists of:

Function on the Executive and Nomination Committee

Chairwoman:	1	Prof. Agnieszka Słomka-Gołębiowska
Members:	2	Dr Bettina Orlopp
	3	Dr Marcus Chromik

The Executive and Nomination Committee held 6 meetings and issued 12 decisions in 2022. The Committee, among others, recommended that the Supervisory Board

approve an update of the Policy on the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank's Body in mBank S.A. In accordance with the Suitability Policy and on the basis of the documentation collected, the Committee made a detailed annual assessment of the members of the Management Board and the Supervisory Board, confirming that they have the expertise, aptitude, professional experience and reputation appropriate to perform the functions entrusted to them, and that the composition of the Management Board and the Supervisory Board is appropriate to the scope of the Bank's activities.

**4.2. Remuneration Committee**

The Remuneration Committee consists of:

Function on the Remuneration Committee	
Chairwoman:	1   Dr Bettina Orlopp
Members:	2   Tomasz Bieske
	3   Dr Marcus Chromik
	4   Mirosław Godlewski

The Remuneration Committee held 4 meetings and issued 14 decisions in 2022. The Committee considered matters relating to, among others: the principles of remuneration of members of the Management Board, persons with significant influence 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 members of the Management Board and the bonus pool for mBank employees (including KPIs). Initiatives aimed at closing the gender pay gap, comparing Bank employees' salaries with the market, and measures to support women in senior managerial positions were also the subject of the Commission's analysis. Discussions focused on issues arising from the diversity policy.

In addition, the Remuneration Committee periodically reviewed the Policies on Identification and Remuneration of Persons with Significant Impact on the Bank's Risk Profile (Risk-Takers).

**4.3. Audit Committee**

The Audit Committee consists of:

Function on the Audit Committee	
Chairman:	1   Tomasz Bieske
Members:	2   Aleksandra Gren
	3   Dr Armin Barthel

All members of the Audit Committee meet the independence criteria set out in the Act on Statutory Auditors, Audit Firms and Public Supervision.

Each Member of the Audit Committee, and the Audit Committee as a whole, has the knowledge, skills and experience necessary to perform his or her duties properly, as set out in the minimum requirements for the Audit Committee adopted by the Supervisory Board.

All members of the Audit Committee have knowledge and skills in banking.

Mr Tomasz Bieske has knowledge and skills in accounting and auditing.

The Audit Committee held 6 meetings and issued 36 decisions in 2022 (including decisions issued in the circular mode outside meetings of the Committee).

During the meetings, the Audit Committee played an active role by raising a number of issues related to the materials presented and by asking the Management Board for fiscal analysis/information to be discussed at its next meetings.

The Committee regularly supervises the functioning of the internal control system, including the execution of the control function, the compliance risk management function, and the internal audit function. The Committee assessed the effectiveness of the control function in the mBank Group, taking into account the results of the vertical tests.

The Committee carried out a collective assessment of the internal control system and the risk management system, including actions to strengthen these systems.

The Audit Committee made recommendations on the Supervisory Board's approval of the annual action plan of the Compliance Department and the annual plan and long-term strategy of the Internal Audit Department.

In 2022, the Audit Committee issued a statement on the selection of the audit firm to audit the financial statements of the Bank and the mBank Group in accordance with the applicable regulations. In addition, the Committee approved the report on the audit firm selection procedure and issued a recommendation on the selection of the audit firm to audit the financial statements of mBank S.A. for 2022 and 2023 and the consolidated financial statements of the mBank Group for 2022 and 2023.

The Committee regularly supervises the financial reporting process. The Management Board regularly informed the Audit Committee of the Bank's performance and financial position, which were discussed in detail during the Committee's meetings including the participation of representatives of the external auditor. In addition, on a quarterly basis, the Committee recommended to the Supervisory Board the approval of the Capital Adequacy Disclosures of the mBank Group. The Committee regularly issues opinions on cooperation with the external auditor with regard to non-audit services.

One of the key topics to which the Committee devoted a significant amount of time in 2022 was the analysis of issues relating to the CHF mortgage portfolio, including the ongoing reporting of the client settlement programme.

After reviewing the Management Board's information, the Committee recommended to the Supervisory Board that material transactions concluded in 2021 between the Bank and related parties be considered to have been concluded at arm's length in the ordinary course of the Bank's business.

The Committee oversees the risk assessment of processes and areas within the Bank presented by the Integrated Risk Management Department, the Compliance Department, and the Internal Audit Department. 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 internal audits and the status of the implementation of recommendations issued. 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 Group companies.

The Chairman of the Audit Committee attended all meetings summarising the results of PFSA inspections. The Internal Audit Department regularly informs the Committee on the status of implemented recommendations following PFSA inspections.

In 2022, the Committee reviewed the ongoing investigations of the Competition and Consumer Protection Office (consumer rights protection area) and the General Inspector of Financial Information (AML area). The Audit Committee reviews correspondence with the PFSA and other supervisory authorities on an ongoing basis.

The Audit Committee regularly receives status reports on the implementation of recommendations from the auditor’s annual letter to the Management Board of the Bank. The items on the Committee’s agenda in 2022 included discussion of reports from external consultants in the AML area and monitoring of the status of the implementation of recommendations.

In 2022, the composition of the Audit Committee changes as follows:

- on 7 December 2022, Dr Armin Barthel resigned as a member of the Bank’s Supervisory Board and as a member of the Audit Committee (with effect from 31 December 2022);
- on 9 December 2022, the Bank’s Supervisory Board appointed Mr Hans-Georg Beyer as a member of the Bank’s Supervisory Board and a member of the Audit Committee with effect from 1 January 2023.

The Bank’s Supervisory Board issued a positive individual suitability assessment of Mr Hans-Georg Beyer and a collective suitability assessment of the Audit Committee.

**4.4. Risk Committee**

The Risk Committee consists of:

Function on the Risk Committee	
Chairman:	1 Dr Marcus Chromik
Members:	2 Prof. Agnieszka Słomka-Gołębiowska
	3 Dr Bettina Orlopp
	4 Mirosław Godlewski

The Risk Committee of the Supervisory Board (RC SB) held 5 meetings (4 regular and 1 ad-hoc) made 23 decisions and 11 credit recommendations to the Group

Credit Committee. The minutes of the Risk Committee meetings were distributed to all members of the Supervisory Board.

In accordance with the tasks specified in mBank's By-Laws, the RC SB conducted regular supervision of credit, market, liquidity and non-financial risk, including operational risk, during 2022, based on the quarterly Risk & Capital Monitor report of mBank's Vice-President for Risk Management and other materials submitted to the RC SB.

The standing items in the meetings of the Risk Committee in 2022 were:

- (i) the Chief Economist's review of the economic situation in Poland and worldwide and the discussion of its impact on the Bank,
- (ii) The Risk & Capital Monitor report, providing detailed information on capital & liquidity position and the main risks in the mBank Group's activities,
- (iii) update on the CHF mortgage portfolio,
- (iv) update on planned and completed activities in the field of sustainable development (ESG).

In 2022 the Risk Committee reviewed the internal capital and liquidity adequacy assessment process (ICAAP/ILAAP) in mBank Group, the strategies of managing particular risks (credit risk in retail and corporate areas, liquidity risk, market risk, operational risk, reputational risk, concentration risk) as well as the Capital Management Policy and Capital Contingency Plan.

The Committee issued 23 decisions recommending to the Supervisory Board the approval of various documents with regard to the risk management, including abovementioned strategies and policies, as well as risk limits.

Among the issues that 2022 received special attention from the Risk Committee, the risks to the mBank Group's business as a consequence of the war between Russia and Ukraine amid a weakening post-pandemic economy were in the forefront. The focus of the Risk Committee attention was, among other things, the impact of soaring energy prices, high inflation and rising interest rates on the financial situation of customers and thus on the quality of the retail and corporate loan portfolio. In addition, in view of the threat of a sudden cut-off of gas supplies by Russia, an additional RC SB meeting was held in April devoted exclusively to this issue.

Concentrations of credit risk in the corporate loan portfolio were monitored using a so-called Steering Matrix and analyses of customer groups such as those sensitive to energy prices, dependent on gas supplies or those exposed to the risk of climate change. Additionally, in 2022 the Risk Committee issued 11 recommendations for mBank Group Credit Committee with regard to exposures to a single entity in line with the parameters defined by the Supervisory Board.

Similar tests and in-depth analyses for the retail loan portfolio, carried out using tools tailored to that portfolio, were used by the Committee to oversee the quality of the mortgage and consumer loan portfolios.

As part of the supervision of non-financial risk, the legal risk related to the CHF mortgage loan portfolio remained the most significant topic. The Risk Committee efforts were directed at supporting the Bank's Management Board in resolving the problem as quickly as possible through settlements with borrowers. In view of the high cost of provisions for the legal risk of the CHF portfolio, the accumulation of negative macroeconomic factors, as well as the cost of the government's credit holiday programme, the Risk Committee closely monitored the Bank's current and projected capital situation. To this end, at the Risk Committee request, the Bank provided an additional monthly report on its capital position and the countermeasures in place.

In the Treasury area, the leading topics of discussion were liquidity fluctuation and interest rate risk management in the banking book. RC SB members were kept informed about the Bank's Treasury bond investment strategy, both in terms of its impact on the financial result and (in the case of the so-called HTC&FS portfolio) on the Bank's capital. In addition, in Q3, the Risk Committee took note of the annual review of the Treasury Department and financial markets portfolio.

In 2022, the RC SB regularly monitored the Group's sustainability activities, placing particular emphasis on the Bank's decarbonisation efforts in the area of the loan portfolio and the Bank's accession to the SBTi (Science Based Targets initiative).

In addition, the Risk Committee members discussed periodic reports on cyber threats, fraud (internal and external), reputation risk, and the status of legal disputes. The RC SB also reviewed the results of the annual self-assessment of risk management efficiency and the annual model risk report.

**4.5. IT Committee**

The IT Committee consists of:

Function on the IT Committee		
Chairwoman:	1	Aleksandra Gren
Members:	2	Dr Marcus Chromik
	3	Mirosław Godlewski

The IT Committee held 3 meetings and issued 1 decision in 2022. The IT Committee supports the Supervisory Board in controlling the area of information technology and ICT security at the Bank. At its meetings, the IT Committee discussed in detail periodic reports of the Management Board on IT and IT security. The reports provide management information necessary for the IT Committee and the Supervisory Board to exercise appropriate oversight over the areas of IT environment security and business continuity management, IT&Sec Strategy, management of electronic access channels, cooperation with IT and IT security service providers, organisation of the IT&Sec area and its human resources, IT&Sec risk management.

The work of the IT Committee also included additional analysis of materials relating to the current situation as well as topics of interest to the Committee. Particular attention was paid by the Committee to the functioning of the area of IT and IT security, with particular reference to the circumstances surrounding the war in Ukraine. The Committee took note of the activities carried out in cooperation with HR in the area of IT and IT security, which aim to ensure stable employment levels in view of the very demanding labour market in this area. Faced with the threats posed by rising digital crime, the Committee took note of the functioning of the system dedicated to preventing financial fraud.

## **5. Self-assessment of the Supervisory Board carried out in accordance with PFSA Recommendation Z**

In accordance with Principle 8.9 of Recommendation Z on the principles of internal governance in banks issued by the Polish Financial Supervision Authority, the Bank's Supervisory Board performs a self-assessment of the adequacy of internal regulations concerning the functioning of the Supervisory Board and the effectiveness of its supervisory functions.

In the opinion of the Supervisory Board, the By-Laws of mBank S.A., the rules of the Supervisory Board, the rules of all Committees operating within the Supervisory Board and other internal regulations ensure that the Supervisory Board fully and adequately performs its supervisory functions. These regulations describe in detail the scope of activities of both the Supervisory Board and its Committees. The scope of activities set out in the By-Laws and the rules reflects the requirements of the Banking Law, the PFSA Recommendations, the Principles of Corporate Governance for Supervised Institutions, the Best Practice for GPW Listed Companies, EU regulations and generally applicable law. In order to streamline the supervisory functions, there are Committees within the Supervisory Board which supervise the various areas of the Bank's activities in detail. The Supervisory Board is of the opinion that the Bank's internal regulations fully ensure the effectiveness of the Supervisory Board's supervisory functions.

On the basis of the Management Board's assessment and the Management Board's statement on the application of the principles of corporate governance, as well as on the basis of the assessment of the adequacy and effectiveness of the internal control system and the risk management system, the Supervisory Board concludes that internal governance is organised in an adequate and effective manner. The Supervisory Board has identified areas for further improvement.

## **II. Report on the assessment of the Financial Statements for 2022, the Management Board's report on the Bank's activities in 2022 and the Management Board's proposal on the distribution of profit and coverage of loss**

### **1. Assessment of the financial statements for 2022, the Management Board's report on the Bank's activities in 2022 and the Management Board's proposals on the distribution of profit and coverage of loss**

Pursuant to Article 382 § 3 of the Code of Commercial Companies and § 22 (1) of the Bank's By-Laws, the Supervisory Board carried out an assessment of the Financial Statements of mBank S.A. for 2022, the Consolidated Financial Statements of the Bank's Group for 2022, and the Management Board's Report on the Activities of the mBank Group in 2022 as regards their consistency with the books, documents and facts, and the Management Board's proposals on the distribution of profit and coverage of loss. The above documents will be tabled by the Bank's Management Board at the Bank's Ordinary General Meeting.

The General Meeting entrusted the audit of the Financial Statements for 2022 to KPMG Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa ("the auditor") in accordance with the recommendation of the Audit Committee and the Supervisory Board by Resolution No. 30 of the XXXV Ordinary General Meeting of mBank of 30 March 2022.

Having analysed the Management Board's Report on the Activities of the mBank Group, the Financial Statements of mBank S.A. and of the mBank Group, the reports and opinions of the Supervisory Board and its Committees, and having familiarised itself with the auditor's opinion and the audit report, the Supervisory Board confirms that the financial statements and reports in question are reliable and meet the formal and legal requirements. The Supervisory Board further concluded that the presented separate and consolidated Financial Statements of mBank S.A. and the Group give a clear picture of the financial position of the Bank and of its development and achievements, including the financial results.

In the assessment of the Supervisory Board, the financial statements and reports were prepared in accordance with the applicable provisions of the Accounting Act of 29 September 1994 and the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodic Information Published by Issuers of Securities.

In making the above assessments, the Supervisory Board took into account the recommendation of the Audit Committee presented at the meeting on 1 March 2023.

By Resolution No. 191/22 of 3 March 2022, the Supervisory Board issued a positive assessment with regard to the functioning of the Audit Committee and the audit firm conducting the annual audit of the financial statements and confirmed that the financial statements are in line with the Bank's books of accounts and the facts.

The Supervisory Board also assessed the Management Board's proposal to cover the loss for 2022 and to distribute retained earnings.

As a result, the Supervisory Board approved in the form of resolutions: the Report of the Management Board on the Activities of the mBank Group (including mBank S.A.) in 2022, the Financial Statements of mBank S.A. for 2022, and the Consolidated Financial Statements of the mBank Group for 2022. The Supervisory Board approved, in the form of separate resolutions, the recommendation of the Management Board on the coverage of the loss for 2022 and the distribution of retained earnings, including coverage of the net loss incurred in 2022 in the amount of 696 723 897,52 from retained earnings and not distributing retained earnings from previous years in the amount of 1 401 756 971,49 PLN.

### **III. Assessment of the Supervisory Board of mBank S.A. on the situation of the company on a consolidated basis, including the adequacy and effectiveness of the company's systems of internal control, risk management, compliance with standards or applicable practices and internal audit**

#### **1. Activities of the mBank Group in 2022**

The Supervisory Board analysed the financial results and key indicators of the mBank Group, taking into account the specificity of 2022. The specificity derived from external conditions and one-time events that affected the Group's profitability.

Due to a global supply shock compounded by the impact of Russia's military aggression against Ukraine, economic conditions gradually deteriorated in 2022. Inflation reached a 25-year high, resulting in a tightening of monetary policy.

The mBank Group's total revenue in 2022 reached PLN 7.8 billion, 28.3% higher than in 2021. As a result, the Group generated its highest revenue ever, despite the negative impact of the credit holidays, which exceeded PLN 1.3 billion.

The main driver of mBank Group's revenue growth in 2022 was net interest income, supported by rising interest rates. It grew by 43.2% year on year and, excluding the impact of credit holidays, by 75.3%. Net fee and commission income increased by 13.5% in 2022.

In a high-inflation environment, the mBank Group maintained high cost efficiency. The mBank Group's costs in 2022 were largely influenced by one-off charges: the contribution to the Commercial Banks Protection Scheme (System Ochrony Banków Komercyjnych S.A., SOBK) of PLN 428 million and the contribution to the Borrower Support Fund (FWK) of PLN 171 million. The normalised cost/income ratio (excluding the impact of credit holidays and the Borrower Support Fund contribution) was 34.3%.

The cost of risk was 68 basis points in 2022 compared to 76 basis points in 2021. The Group maintained the high quality of its loan portfolio. The non-performing loan ratio (NPL) was 4.0% at 31 December 2022.

As in 2021, a major drag on the Group's financial results was the cost of legal risk related to foreign currency loans. In 2022, the prevailing case law was unfavourable to banks, combined with a high influx of new lawsuits. As a result, the mBank Group recognised legal risk costs related to foreign currency loans of PLN 3.1 billion in its profit and loss account for 2022. In the opinion of the Supervisory Board, the coverage of the CHF loan portfolio with provisions for legal risk (54.3%) and the Bank's capital allocated to the "Foreign Currency Mortgage Loans" segment demonstrate that the Bank is well prepared for the challenges associated with the materialisation of legal risk on foreign currency loans.

The settlement programme offered by the Bank for borrowers with an active CHF-indexed loan may provide a mutually beneficial alternative to litigation. The Supervisory Board regularly monitors the progress of the programme.

Due to the cost of legal risk on the portfolio of foreign-currency mortgage loans, the above-mentioned one-off factors, as well as a higher tax on balance sheet items (up by 12.4% year on year), the mBank Group closed 2022 with a pre-tax loss of (PLN 108 million). The Group's net loss attributable to the Bank's shareholders in 2022 amounted to (PLN 703 million).

The Supervisory Board believes that the actual performance of the mBank Group in 2022 should be considered at the level of the financial results of the core business, excluding the "Foreign Currency Mortgage Loans" segment. Despite public charges and one-off regulatory factors, the Group's core business generated a net profit of PLN 2,519 million in 2022. This is more than 55% higher than in 2021. The return on equity (ROE) was 22.1%. These results corroborate the Group's strong ability to generate revenue and continue organic growth.

The mBank Group's capital ratios were 3.4-3.5 basis points above the minimum PFSA requirements as at 31 December 2022 despite the reduction in own funds. In two securitisation transactions completed in 2022, the Bank transferred a significant part of the credit risk from the securitised corporate loan portfolio to investors. This contributed significantly to a reduction in risk-weighted assets. The mBank Group has a comfortable liquidity position reflected by high LCR and NSFR and a net loan-to-deposit ratio of 69.0%.

In the past year, the mBank Group successfully pursued its 2021-2025 strategy "From an icon of mobility to an icon of possibility". The Group strengthened its market share in retail loans and household deposits. It continued to digitise and automate processes, expanded the range of services available through remote channels, increased the share of digital channels in the sale of non-mortgage loans and developed solutions for e-commerce.

As a responsible financial institution, the Bank promoted sustainable products and supported entrepreneurs in green transition. The Supervisory Board appreciates the Bank's climate efforts, including joining the Partnership for Carbon Accounting Financials (PCAF) and the Science Based Targets initiative (SBTi) and the commitment to developing a decarbonisation trajectory for the next few years. The Bank's commitment to social and educational initiatives deserves recognition, including its collaboration with the Great Orchestra of Christmas Charity, helping victims of the war in Ukraine and promoting mathematics education among children and young people. The Bank is very well perceived by the market primarily

because of the high quality of its services, the breadth of its offering, its high degree of digitalisation, qualified staff and the commitment to ESG. As a result, the Bank's client base, both retail and corporate, is growing steadily.

Taking into account those facts, the Supervisory Board positively assesses the situation of the Bank and the Group and believes that it offers good prospects for business development in 2023 and beyond.

## **2. Assessment of the adequacy and effectiveness of the company's systems of internal control, risk management, compliance with standards or applicable practices and internal audit**

The Bank's risk management system and internal control system are organised on three independent levels – lines of defence.

The internal control system supports the management of the Bank by contributing to ensuring the effectiveness and efficiency of the Bank's operations, the reliability of financial reporting, compliance with risk management principles, and the Bank's compliance with laws and internal regulations.

The internal control system includes:

1. The control function which aims to ensure compliance with control mechanisms relating in particular to risk management in the Bank, which includes positions, groups of people or organisational units responsible for the performance of tasks assigned to this function. The function is carried out in a systematic manner by employees at all organisational levels by means of:
  - continuous monitoring, consisting of the examination of selected operations or activities performed at the Bank,
  - periodic verification, consisting of an examination of selected operations or activities already completed in order to check the adequacy and effectiveness of the continuous monitoring.
2. The compliance function which is responsible for identifying, assessing, controlling and monitoring the risk of non-compliance of the Bank's operations with the law, internal regulations and market standards, as well as for presenting reports in this respect. The tasks of the compliance function are performed by the Compliance Department.
3. An independent internal audit function which aims to examine and assess, in an independent and objective manner, the adequacy and effectiveness of the risk management system and the internal control system. The tasks of the independent internal audit function are performed by the Internal Audit Department.

The Audit Committee provides the Supervisory Board with its opinion on the assessment of the internal control system based on information from the Bank's Management Board on the functioning of the internal control system, reports on the effectiveness of the control function, significant and critical irregularities and the status of recovery plans, reports on compliance risk management, the assessment from an internal audit perspective, as well as the results of audits. The Committee takes into account in its opinion information from the parent company, subsidiaries, the auditor, supervisory institutions (e.g., the Polish Financial Supervision Authority), as well as from other third parties. The Committee assesses the performance of the Compliance Department and the Internal Audit



Department on the basis of annual activity reports presented directly by the Directors of the Compliance and Internal Audit Departments.

Based on the information received in 2022, the Supervisory Board did not identify any significant irregularities in the functioning of the internal control system (including the control function, the compliance function, and the internal audit function) and considers that it is adapted in the case of most processes to the scope and complexity of the Bank's activities, organisational structure, and risk management system. As part of the assessment of the internal control system, on the basis of an opinion of the Audit Committee, the Supervisory Board identified the strengths of the system and areas for further improvement. The Supervisory Board assessed that the units responsible for the control function, compliance risk management, and internal audit carried out their tasks in accordance with the internal regulations on a continuous basis, and that the Bank's Management Board and Audit Committee, as well as the Supervisory Board, received adequate reports and information on the effects of such activities. The independence of the Compliance Department and the Internal Audit Department was ensured as defined in the Rules of the Compliance Department and the Audit Charter, respectively. In performing their duties, employees of those units performed their activities with independence and objectivity, did not execute processes which were subject to their controls, and did not engage in activities which could give rise to a conflict of interest with their duties.

The Directors of the Compliance Department and the Internal Audit Department took measures on an on-going basis to ensure that adequate human resources and the necessary financial resources were available to systematically improve the qualifications, experience and skills of the staff of those units.

The mBank Group's risk management system is based on the concept of three lines of defence.

The Bank has in place risk committees for each business line: the Retail Banking Risk Committee, the Corporate and Investment Banking Risk Committee, and the Financial Markets Risk Committee, which define the risk management principles and determine the risk appetite of the business line. Risks are also an important focus of the work of other committees in the Bank chaired by members of the Management Board.

The Bank has in place methodologies and processes where risks are identified and assessed to determine their potential impact on current and future operations. The comprehensive risk management structure is complemented by a consistent system for monitoring and reporting risk levels and breaches of limits set. The reporting system covers the key management levels.

The Supervisory Board receives periodic reports presenting an assessment of the level of risk identified and the effectiveness of the actions taken by the Management Board.

In matters of risk, the Supervisory Board acts through the Risk Committee, which exercises on-going oversight of individual risks, in particular credit risk (including concentration risk), market risk, operational risk, liquidity risk, reputation risk, and business risk. The Committee makes recommendations on significant exposures with single business entity risk.

### 3. Assessment of the reasonableness of expenditure in support of culture, sport, charities, media, community organisations, trade unions, etc.

In accordance with the Best Practice for GPW Listed Companies, the Supervisory Board issues a positive assessment of the Bank's sponsorship policy. The Bank supports social initiatives, e.g., with the Great Orchestra of Christmas Charity Foundation which raises funds to purchase life-saving and medical equipment for children. Last year, the Bank participated, among others, in programmes of organisations working to raise the level of mathematics education, supporting equal opportunities in education, and promoting exceptionally gifted young people. The Supervisory Board confirms that the funds provided to them were spent rationally and in accordance with the Bank's strategy. The activities listed below implement the ESG strategy and are in line with the Bank's internal regulation: "Procedures for membership in associating organisations, giving donations, and granting and accounting for sponsorship funds".

	Project	Amount (PLN)
support for culture, sport, science	m jak malarstwo – supporting artists by buying their work/promoting art	535 401.22
	CASE – Centre for Social and Economic Research - economic education - organisation of mBank-CASE seminars	125 095.30
support for social organisations	Great Orchestra of Christmas Charity Foundation - donation for statutory purposes	2 226 084.67
	mFoundation - donation for statutory purposes	3 000 000.00

### 4. Assessment of mBank S.A.'s compliance with the principles of corporate governance and the manner of compliance with the disclosure obligations concerning compliance with the principles of corporate governance defined in the Warsaw Stock Exchange Rules and regulations on current and periodic reports published by issuers of securities

In order to perform the assessment, the Supervisory Board familiarised itself with:

- Information on the Status of the Company's Compliance with the Principles Included in the Best Practice for GPW Listed Companies 2021 published by mBank S.A.,
- Statement on compliance with the principles of corporate governance included in the Management Board Report on the Activities of mBank S.A. Group in 2022,
- scope of information on corporate governance published on mBank S.A.'s website, and

analysed and assessed whether the information on compliance with the principles of corporate governance is true, complete, relevant and coherent.

Information on the status of mBank S.A.'s compliance with the principles contained in the Best Practice for GPW Listed Companies 2021 is available on the bank's

website at <https://www.mbank.pl/o-nas/lad-korporacyjny/> in the “Other documents” section. According to this document, the bank applies all the principles of the Best Practice for GPW Listed Companies 2021.

Some principles with which the bank is compliant were supplemented with explanations allowing a better understanding of how the requirements are fulfilled. This applies, among others, to the principles pertaining to the participation in a general meeting by means of electronic communication (e-meeting), donations to charities and the aspiration to distribute profits by paying out dividends.

Having reviewed the principles specified in individual sections of the Best Practice for GPW Listed Companies 2021, the Supervisory Board did not identify other non-compliances from the Best Practice for GPW Listed Companies 2021.

The adoption by mBank’s XXXV Ordinary General Meeting on 31 March 2022 of a resolution approving the Policy on the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank’s Body in mBank S.A. and authorities of the Brokerage Office ensured compliance with Principle 2.1 on the diversity policy for the Management Board and the Supervisory Board. This was the only principle that the Bank had not previously complied with. The updated Policy includes a provision on participation of the minority gender at minimum 30% by 2028 for the Supervisory Board and the Management Board separately.

Under the Regulation of the Minister of Finance dated 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Recognising as Equivalent Information Required by the Laws of a Non-Member State, the bank is obliged to include in its annual report a separate statement on compliance with the principles of corporate governance containing the elements referred to in Article 70 (6) (5) of the Regulation.

The Statement of Compliance with the Principles of Corporate Governance included in the Management Board Report on the Activities of mBank S.A. Group in 2022 contains all the elements required under the Regulation of the Minister of Finance. In the opinion of the Supervisory Board, it describes the issues related to corporate governance in a detailed and reliable way.

In accordance with the European Commission’s Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), a commentary on compliance with the corporate governance principles in relation to the issues that are most relevant to the shareholders is included in the 2022 Statement of Compliance with the Principles of Corporate Governance.

The Supervisory Board of the Bank positively assesses both the scope of the Bank’s compliance with the principles of corporate governance and the manner of the Bank’s compliance with the disclosure obligations concerning the principles of corporate governance in 2022. The obligations were complied with in accordance with the Warsaw Stock Exchange Rules and the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Recognising as Equivalent Information Required by the Laws of a Non-Member State. The explanations and comments about the principles of corporate governance published by the Bank exhaustively present the operation of the company’s authorities and provide market participants with

reliable information on the status of compliance with the principles of corporate governance and explanations of any derogations (this concerns two Corporate Governance Principles for Supervised Institutions).

The Bank attaches great importance to the proper fulfilment of its disclosure obligations and the quality of the information provided to the shareholders. This is confirmed by the special award “The Best of the Best” for the best annual report awarded in October 2022 for the second consecutive year in “The Best Annual Report” competition held by the Institute of Accounting and Taxation.

## **5. Information on the degree of implementation of the diversity policy**

The Bank has established a diversity policy for members of the Management Board and the Supervisory Board. The policy is part of the Policy on the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank's Body in mBank S.A. and is implemented at the Bank taking into account the principle of diversity of the Bank's bodies.

The principle of diversity aims to ensure that the members of the Bank's bodies are appropriately selected to provide a broad set of qualities and competencies in order to attract a variety of viewpoints and experience, knowledge and skills appropriate to the position, ensuring that the members of the Bank's bodies (individually and as a body) give independent opinions and make sound decisions on the whole range of the Bank's activities.

In selecting members of the Supervisory Board and the Management Board, taking into account the outcome of the suitability assessment, the General Meeting and the Supervisory Board will strive to achieve a balance in gender representation on the Supervisory Board and the Management Board and, at the very least, to achieve a minimum participation of the minority gender at 33% on both the Management Board and the Supervisory Board by 2026 or as required by law.

Currently there are 3 women (employed) in the highest managerial positions below the level of the Management Board, i.e., as Managing Directors, which represents 30% of all persons employed at this management level. In addition, the Bank has in place a Diversity and Inclusiveness Policy, which sets out principles and practices on how a diverse workplace is created and maintained. In addition, it identifies the responsibility of managers and every individual, regardless of form of employment, to build inclusivity.

The Diversity and Inclusiveness Policy focuses on four areas: building and strengthening employee awareness, countering discrimination, increasing the employment of people with disabilities, and gender neutrality in the Bank's processes. The Bank reports on an ongoing basis on the percentage ratio of women and men in the recruitment, promotion, and succession process. 52% of recruited and promoted managers in 2022 are women. At all levels of management, women make up 44% of the Bank's managerial staff.

A programme for parents “Hello Mum, Hello Dad” was introduced in 2022. The Bank promotes partnership parenting and supports employees returning after parental leave by shattering stereotypes about fathers' involvement and women's careers

after motherhood. The Bank provides education on the use of empathetic and inclusive language. Feminine forms have been introduced in recruitment advertisements. The content of the advertisements is written according to the principles of inclusive and gender-neutral language. A guide on how to use gender-neutral language, developed by mCanon ambassadors, has been made available.

An employee group was formed on the initiative of people who are passionate about the topic of diversity. One of the topics in focus is gender equality and equal opportunities for women and men. The group disseminates knowledge about inclusive practices and the benefits of inclusivity in the organisation. Awareness about diversity is built through workshops, training and communication introducing this multifaceted topic. Since September 2022, 1,465 people in the Bank have received training on diversity and inclusivity. A new module has been created in the training programme for new managers. It addresses diversity management and inclusive practices, including how to use inclusive communication and avoid unconscious bias. Similar workshops are organised on an ongoing basis across departments and teams in different lines of the bank.

In 2022, the Bank was included in the Bloomberg Gender-Equality Index for the second time. The diversity management at the Bank was recognised in the Diversity IN Check survey. mBank S.A. was listed as one of the most advanced companies in diversity and inclusion management in Poland. The list was published by the Responsible Business Forum, coordinator of the Diversity Charter, to which the Bank has been a signatory since 2018.

#### **IV. Assessment of compliance with the Principles of Corporate Governance for Supervised Institutions**

The Principles of Corporate Governance for Supervised Institutions were approved for application at the Bank by Supervisory Board Resolution No. 31/14 of 11 December 2014. The Supervisory Board regularly reviews compliance with the Principles at mBank S.A.

The Supervisory Board of the Bank confirms that the Bank complied with the Corporate Governance Principles issued by the Polish Financial Supervision Authority appropriately and adequately to the nature and scale of its activities in 2022. The Principles regulate the bank's internal and external relations, its organisation, its cooperation with shareholders and clients, the operation and cooperation of statutory bodies, as well as the functions of internal supervision and key internal systems and functions.

The Supervisory Board issues a positive opinion on compliance with the Corporate Governance Principles at the Bank and confirms in particular that:

1. The organisation and organisational structure of the Bank is adequate to the scale and activity of the Bank. 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. In 2022, the current changes in this respect were approved by Supervisory Board Resolution No. 217/22 of 7 June 2022.

In accordance with § 6 of the Corporate Governance Principles, the Bank has in place a system for anonymous reporting of violations. By Resolution No. 211/22 of 7 June 2022, the Supervisory Board approved the assessment of the adequacy and effectiveness of the procedure for anonymous reporting of violations by employees of mBank S.A. The Audit Committee of the Supervisory Board receives regular reports on the functioning of the system.

In accordance with § 4 (3) and § 7 of the Corporate Governance Principles, the Bank applies business continuity plans. In 2022, the Supervisory Board adopted Resolution No. 210/22 of 20 April 2022 approving the updated mBank Group Recovery Plan, which ensures continuity of critical business functions in the event of a major crisis, and Resolution No. 227/22 of 4 November 2022 on the approval of the Contingency Plan for the mBank Group's liquidity risk, with an annex containing estimates of alternative sources of financing in pre-defined scenarios of internal and market crisis.

2. Relations with the Bank's shareholders are maintained in a sound and diligent manner, ensuring that the interests of all shareholders are protected. The Bank has established Rules of participation in the General Meeting of mBank S.A. by means of electronic communication, ensuring that all shareholders can actively participate in the general meeting by means of electronic communication.
3. The Management Board of the Bank is composed of 6 members. The division of competences between the members of the Management Board, as approved by the Supervisory Board, ensures that tasks in all areas of the Bank's activity are duly controlled and carried out. In accordance with the Bank's Suitability Policy, the Supervisory Board carried out an assessment of the Management Board in 2022 and confirmed that all members of the Management Board, individually and as a collegiate body, have the requisite expertise, competence, professional experience and reputation appropriate to their functions. Five members of the six-member Management Board, including the President, hold Polish citizenship and speak Polish fluently. The Supervisory Board confirms the Bank's derogation from Principle § 16.1, which provides that it is appropriate for the meetings of the management body to be held in Polish and that, if necessary, the assistance of an interpreter should be provided. The Supervisory Board confirms that the Bank's practice of holding Management Board meetings in English without the assistance of an interpreter is more efficient and allows for discussions and arrangements to take place without the involvement of third parties (interpreters).
4. The Supervisory Board duly ensures the supervision of all areas of the Bank's activities. The Supervisory Board confirms the derogation from Principle § 24 (1), which provides that it is appropriate for the meetings of the supervisory body to be held in Polish and that, if necessary, the assistance of an interpreter should be provided. The Supervisory Board confirms that holding meetings in English without the assistance of an interpreter is more efficient and allows for discussions and arrangements to take place without the involvement of third parties (interpreters). The relevant statement is published on the Bank's website.
5. In the assessment of the Supervisory Board, the Bank pursues a transparent remuneration policy for members of the Management Board and persons

holding key functions in the Bank. The remuneration policy for both management and employees of the Bank is discussed in detail at meetings of the Remuneration Committee of the Supervisory Board. In the past year, the Supervisory Board adopted Resolution No. 176/22 of 3 March 2022 and Resolution No. 257/22 of 9 December 2022 approving the updated Policy on remuneration principles for employees of mBank S.A. and Resolution No. 256/22 of 9 December 2022 approving the updated Policy on remuneration of employees with significant influence on the risk profile of mBank S.A. (risk-takers). In the assessment of the Supervisory Board, the remuneration policy is consistent with the implementation of mBank's strategy and long-term objectives.

6. The Supervisory Board confirms that the Bank pursues sound information policy, conducts sound promotional activities, and communicates with clients in a comprehensive and transparent manner. mBank's information policy for communication with investors, the media and clients is based on the principles of open and transparent communication, taking into account the needs of all stakeholders.

The Bank has a structured process for handling complaints. The Supervisory Board monitors the process on an on-going basis and periodic reports in this respect are discussed in detail at meetings of the Audit Committee of the Supervisory Board.

7. The Bank's key internal systems and functions, including in particular the internal control and risk management system, are organised in a sound manner, in compliance with legal provisions and internal regulations. By Resolution No. 198/22 of 31 March 2022, the Supervisory Board approved the Report on the assessment of the effectiveness of the control function in the mBank Group for 2021.

## **V. Assessment of the functioning of the Remuneration Policy at mBank S.A.**

The assessment was carried out in fulfilment of the obligation under § 28 (3) of the Principles of Corporate Governance for Supervised Institutions, which provides that the supervising body (Supervisory Board) prepares and presents to the decision-making body (General Meeting) an annual report on the assessment of the functioning of the remuneration policy at the supervised institution (the Bank).

The Supervisory Board and the Supervisory Board's Remuneration Committee, guided by prudent and stable management of risk, capital and liquidity and taking particular care to protect the interest of the bank in the long term and the interests of the bank's shareholders and investors, positively assess the remuneration policy in force at mBank S.A. as well as its functioning in 2022.

The remuneration principles applicable in 2022 are defined in two regulations adopted by the Bank's Management Board and Supervisory Board (based on the recommendation of the Supervisory Board's Remuneration Committee):

- 1/ "Remuneration Policy for Employees of mBank S.A." applicable to all employees of the Bank (other than the managing body), adopted by

- Resolution No. 176/22 of the Supervisory Board of 3 March 2022, designed to provide a formal framework for shaping the remuneration practice for all Bank employees, and
- 2/ separate “Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A.”, hereinafter referred to as the “Remuneration Policy for Risk Takers”, adopted by Resolution No. 157/21 of the Supervisory Board of 3 December 2021.

In addition to the above-mentioned Policies, the Bank has other internal acts regulating the remuneration system (the Rules of Remuneration for Employees of mBank S.A. and other regulations in the area of remuneration).

Moreover, in line with Article 90d (1) of the Act on Public Offering and Conditions for Introducing Financial Instruments to Organised Trading and on Public Companies of 29 July 2005, the General Meeting of mBank S.A. on 27 March 2020 adopted the “Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A.”. With regard to Management Board Members, the “Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A.” is applied only in the extent which is not governed by the “Remuneration Policy for Risk Takers”. With regard to Supervisory Board Members, the “Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of mBank S.A.” provides that the amount of remuneration of Supervisory Board Members is determined by resolution of the General Meeting.

The remuneration policy at mBank S.A. is in line with the Bank’s strategy, values and risk appetite and supports the long-term interests of the Bank and its clients. The policy promotes and supports an effective risk management process to maintain and protect the Bank’s safe capital base. The remuneration policy is gender neutral.

The Remuneration Policy for Employees of mBank S.A. describes the rules of granting remuneration to mBank employees. An employee’s remuneration paid annually (total pay) consists of fixed remuneration (base salary and fixed benefits) and variable remuneration (e.g., bonus). The dialogue between the manager and the employee plays a key role in the remuneration process and is aimed at exchanging information on mutual expectations of both parties. On this basis and taking into account, among others, knowledge about the employee (his or her competences, achieved results, potential for further development) or data from the labour market, the manager makes decisions on variable remuneration. This process does not assume automatic pay increases, for instance linked to inflation.

A separate Remuneration Policy for Managers Having a Material Impact on the Risk Profile of the Bank (Risk Takers) is a tool supporting the mBank Group’s management system and encourages risk takers to take particular care for long-term interests of the Bank and avoid excessive exposure to risk. The “Remuneration Policy for Risk Takers” is verified each year and, if need be, modified by the Management Board of the Bank and the Supervisory Board’s Remuneration Committee and approved by the Supervisory Board.



The Bank fulfils its reporting obligations with regard to remuneration policy in compliance with applicable law, transparently and proportionately. Detailed information on the Remuneration Policy for Risk Takers and quantitative data on the remuneration paid to this employee group are published annually on the mBank S.A. website.

Taking into account the above description of functioning of the remuneration policy at mBank S.A., among others, with regard to Supervisory Board Members, Management Board Members and other persons holding positions having a material impact on the risk profile of mBank S.A., the Supervisory Board's Remuneration Committee and the Supervisory Board of mBank S.A. assess that the remuneration policy established at the Bank favours the development and safety of mBank S.A. and, in particular, is consistent with sound and effective risk management and prudent capital management and consistent with the Bank's business strategy, objectives, values and long-term interests.

## VI. Summary

The Supervisory Board recommends to the Ordinary General Meeting:

- 1/ to approve the Management Board's Report on the Activities of the mBank Group in 2022;
- 2/ to approve the Financial Statements of mBank S.A. for 2022;
- 3/ to approve the Financial Statements of the mBank Group for 2022;
- 4/ to conclude, based on the Report of the Supervisory Board on the assessment of the functioning of the remuneration policy in mBank S.A., that the remuneration policy for the members of the Management Board and persons holding key functions in mBank S.A. is conducive to the development and safety of the Bank's operations;
- 5/ to issue a positive opinion on the content of the Report on the remuneration of members of the Supervisory Board and the Management Board for 2022; and
- 6/ to adopt resolutions on the coverage of the loss for 2022 and the distribution of retained earnings in accordance with the recommendation of the Management Board approved by the Supervisory Board, including coverage of the net loss incurred in 2022 in the amount of 696 723 897,52 PLN from retained earnings and not distributing retained earnings from previous years in the amount of 1 401 756 971,49 PLN.

Based on its assessment, the Supervisory Board concludes that mBank S.A.'s situation is stable. The Supervisory Board thanks the Management Board and the employees of the entire mBank Group for the tremendous effort undertaken in a difficult and uncertain environment, and for their constructive co-operation.

**Professor Agnieszka Słomka-Gołębiowska**  
**Chairwoman of the Supervisory Board**