

## **REPORT ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF BANK POLSKA KASA OPIEKI SPÓŁKA AKCYJNA FOR 2022**

### **Legal basis:**

the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (hereinafter referred to as the “Act”).

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## **1. Introduction**

The Report on the remuneration of Members of the Management Board and Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna for 2022, hereinafter referred to as the “Report”, presents a comprehensive overview of remuneration, including all benefits, regardless of form, received by individual Members of the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter: “Bank”), and of the Supervisory Board of the Bank or remunerations due to individual Members of the Bank’s Management Board and Supervisory Board in the financial year 2022.

The report was prepared by the Supervisory Board of the Bank on the basis of and in accordance with Article 90g of the Act and § 5 (6) of the Remuneration Policy of Members of the Supervisory Board and the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna in force at the Bank (hereinafter: “Policy”). The structure and scope of the Report results from the provisions of Article 90g (2) of the Act. Among other things, the Report presents information on the amount of the total remuneration broken down into components referred to in Article 90d (3) (1) of the Act of all persons who served in 2022 as Members of the Management Board or Supervisory Board of the Bank as well as other information specified in Article 90g (2) of the Act.

The Policy defines framework principles and rules governing the determination, monitoring and controlling of remuneration principles and practices used by the Bank in regard to Members of the Management Board and the Supervisory Board of the Bank. The Policy has been drawn up by the Management Board of the Bank and then approved by the Supervisory Board of the Bank upon obtaining prior opinion of the Nomination and Remuneration Committee of the Supervisory Board of the Bank. Ultimately, the Policy was adopted by way of Resolution No. 38 of the Bank’s Annual General Meeting of 22 May 2020 on the adoption of the Remuneration Policy for Members of the Supervisory Board and Management Board of Bank Polska Kasa Opieki Spółka Akcyjna and became effective on the day following the date of adoption. Subsequently, the Policy was amended and adopted by way of Resolution No. 33 of the Bank’s Annual General Meeting of 15 June 2022 on the adoption of the amended Remuneration Policy for Members of the Supervisory Board and the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna. The policy with the date of its adoption and voting results in this matter is available on the Bank’s website at <https://www.pekao.com.pl/relacje-inwestorskie/wza.html>.

Before effective date of the Policy, the principles of determining the remuneration of Members of the Bank’s Management Board and Supervisory Board were determined in accordance with, in the case of Members of the Bank’s Management Board, Resolution No 42 of the Ordinary General Meeting of Shareholders of the Bank of 21 June 2018 on the principles of determining the remuneration of Members of the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna, which was later amended by virtue of Resolution No. 33 of the Ordinary General Meeting of Shareholders of the Bank of 26 June 2019 (hereinafter: “Resolution No. 42/2018”), and in the case of Members of the Supervisory Board of the Bank, by virtue of Resolution No. 41 of the Ordinary General Meeting of Shareholders of the Bank dated 21 June 2018 on the principles of determining the remuneration of Members of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, which was subsequently amended by Resolution No. 34 of the Ordinary General Meeting of Shareholders of the Bank of 26 June 2019 and Resolution No. 32 of the Ordinary General Meeting of Shareholders of the Bank of 15 June 2022 (hereinafter: “Resolution No. 41/2018”). The resolutions referred to in the preceding sentence remain in force and are available on the Bank’s website at <https://www.pekao.com.pl/relacje-inwestorskie/wza.html>.

During the term covered by the Report, a contract for management services is concluded with each Member of the Management Board of the Bank for the duration of their term of office. The content of the contracts referred to in the preceding sentence, including the provisions on remuneration and other cash or non-cash benefits that are or may be granted to Members of the Bank's Management Board, was established by the Bank's Supervisory Board and meets the requirements set out in the Policy and Resolution No. 42/2018 on the principles of determining the remuneration of Members of the Bank's Management Board.

In 2022, the Bank generated a net result of PLN 1,898.3 million. This result was lower by PLN 338.5 million than the result achieved in 2021. The reduction in net profit in 2022 was impacted by regulatory events which include:

- recognition of costs related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments in the amount of PLN 1,883 million,
- creation of a provision for legal risk of foreign currency mortgage loans in the amount of PLN 1,504 million,
- recognition of the cost of the fee for the Protection System of Banks operating as a joint-stock company in the amount of PLN 482 million,
- recognition of the costs of additional contributions to the Borrower Support Fund in the amount of PLN 158 million,
- creation of provisions for the reimbursement for increased mortgage loan margins to customers before the mortgage establishment in the amount of PLN 112 million.

The Bank's activities focused on key strategic areas, consistent with its strategy for 2021-2024. The year 2022 was a record year in terms of accounts acquired, with the Bank opening more than 554,000 new accounts (Przekorzystne Accounts and Świat Premium Accounts) recording an increase of 25% compared to 2021. The increase in sales of accounts to new customers is due to, among other things, an increase in the acquisition of selfie accounts, activities geared towards attracting young customers under 26 years of age and the opening of accounts for Ukrainian citizens.

Thanks to commercial activities, the balance sheet total of the Bank increased by 12.6% y/y (to PLN 272 billion), loans were slightly lower by 0.4% y/y and amounted to PLN 163 billion. The Bank maintains a sound capital base (TCR's aggregate capital ratio was 19.5% at the end of December 2022) and a secure liquidity profile, reflected by the ratio of net lending to deposits of 71.2%. This, together with high equity level, enables further sound and stable development of activities pursued by the Bank.

Detailed information on the activities of the Bank and the results generated in 2022 is contained in the Report on the activities of the Bank Pekao S.A. Capital Group for 2022 and the financial statements for 2022, which were published on the Bank's website at:

As at 1 January 2022, the Management Board of the Bank was comprised of the following Members:

1. Mr Leszek Skiba, President of the Management Board of the Bank
2. Ms Magdalena Zmitrowicz, Vice-President of the Management Board of the Bank
3. Mr Jarosław Fuchs, Vice-President of the Management Board of the Bank
4. Mr Marcin Gadomski, Vice-President of the Management Board of the Bank
5. Mr Jerzy Kwieciński, Vice-President of the Management Board of the Bank
6. Mr Paweł Strączyński, Vice-President of the Management Board of the Bank
7. Mr Błażej Szczeciński, Vice-President of the Management Board of the Bank
8. Mr Wojciech Werochowski, Vice-President of the Management Board of the Bank
9. Mr Piotr Zborowski, Vice-President of the Management Board of the Bank

There were no changes to the composition of the Management Board of the Bank during 2022.

As at 1 January 2022, the Supervisory Board of the Bank was composed of the following Members:

1. Ms Beata Kozłowska-Chyła - Chairwoman of the Supervisory Board
2. Ms Joanna Dynysiuk - Deputy Chairwoman of the Supervisory Board
3. Ms Małgorzata Sadurska - Deputy Chairwoman of the Supervisory Board
4. Mr Stanisław Ryszard Kaczoruk - Secretary of the Supervisory Board
5. Ms Sabina Bigos-Jaworowska - Member of the Supervisory Board
6. Ms Justyna Głębiowska-Michalak - Member of the Supervisory Board
7. Mr Marcin Izdebski - Member of the Supervisory Board
8. Mr Michał Kaszyński - Member of the Supervisory Board
9. Mr Marian Majcher - Member of the Supervisory Board

There were no changes to the composition of the Supervisory Board of the Bank during 2022.

## 2. Total remuneration of the Members of the Management Board of the Bank broken down into remuneration components

Table No. 2.1. Components of remuneration of Members of the Management Board of the Bank received at the Bank in 2022<sup>1</sup>

first and last name	reporting period (indicated period corresponds to the period of performing a function in the Management Board of the Bank in 2022)	fixed remuneration			variable remuneration <sup>2</sup>		ECP or other retirement packages	remuneration paid by the Bank on other bases	total remuneration	proportion between variable and fixed parts of the remuneration
		annual remuneration	additional benefits <sup>3</sup>		part paid in advance	part deferred after a retention period				
1	2	3	4	5	6	7	8	9	10	11=(6+7)/(3+4+5)
Fuchs Jarosław Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	96 000	123 719	295 214	547 463	-	-	2 144 815	65%
Gadomski Marcin Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	-	30 669	295 214	504 014	28 685	-	1 941 001	72%
Kwieciński Jerzy Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	-	102 363	270 612	-	21 831	-	1 477 225	23%
Skiba Leszek President of the Management Board	1.01.2022-31.12.2022	1 119 744	-	21 198	305 393	454 443	-	-	1 900 778	67%
Strączyński Paweł Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	96 000	18 640	120 545	-	19 764	-	1 337 368	10%
Szczecki Błażej Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	-	70 218	284 553	-	21 558	-	1 458 748	25%
Werochowski Wojciech Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	-	55 709	284 553	-	21 340	-	1 444 021	25%
Zborowski Piotr Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	-	56 404	45 922	-	17 771	-	1 202 516	4%
Zmitrowicz Magdalena Vice-President of the Management Board	1.01.2022-31.12.2022	1 082 419	96 000	93 511	295 214	837 154	36 064	-	2 440 362	89%

<sup>1</sup> data presented in the table do not include the remuneration that individual persons could receive from the Bank for their employment with the Bank before assuming the mandate of a Member of the Management Board of the Bank even if the payment date was after taking the mandate;

<sup>2</sup> variable remuneration paid in a given year refers to the part paid in cash in advance or as a result of the lapse of the deferral period during the reporting period for the part of variable remuneration granted in previous years, as well as the part resulting from the settlement of remuneration granted in previous years in the form of phantom shares for which the retention period expired in the reporting period;

<sup>3</sup> additional benefits - other cash or non-monetary benefits which may be granted to Members of the Management Board of the Bank, such as, inter alia, a housing lump sum, covering the costs of medical care services for a Member of the Management Board of the Bank and their family Members, insurance, reimbursement of travel expenses, training;

<sup>4</sup> the indicated ratio illustrates the relation of the variable remuneration paid in a given year to the fixed remuneration paid in a given year, therefore it may differ from the ratio between the variable remuneration granted for a given year and the fixed remuneration paid in a given year;

The Bank covered Members of the Management Board of the Bank with third party liability insurance (so-called D&O Insurance) on the same terms as key management personnel of the Bank.

### 3. Total remuneration of Members of the Supervisory Board of the Bank broken down into remuneration components

Table of components of remuneration of the Member of the Supervisory Board of the Bank received from the Bank

Table no. 3.1. Components of remuneration of Members of the Supervisory Board of the Bank received at the Bank in 2022<sup>1</sup>

last name and first name	reporting period (the indicated period corresponds to the term of office in the Supervisory Board of the Bank in 2022)	remuneration of Member of the Supervisory Board	
		remuneration	additional (monetary and non-monetary) benefits <sup>2</sup>
1	2	3	4
Kozłowska-Chyła Beata	1.01.2022-31.12.2022	no remuneration	no remuneration
Bigos-Jaworowska Sabina	1.01.2022-31.12.2022	205,286	-
Dynysiuk Joanna	1.01.2022-31.12.2022	223,762	3,356
Głębikowska-Michalak Justyna	1.01.2022-31.12.2022	223,762	3,356
Kaczoruk Stanisław Ryszard	1.01.2022-31.12.2022	223,762	-
Kaszyński Michał	1.01.2022-31.12.2022	205,286	-
Majcher Marian	1.01.2022-31.12.2022	205,286	-
Sadurska Małgorzata	1.01.2022-31.12.2022	no remuneration	no remuneration

Izdebski Marcin	1.01.2022-31.12.2022	205,286	3079
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<sup>1</sup> Members of the Supervisory Board of the Bank who are employees or Members of corporate bodies of companies from the PZU Group do not receive remuneration for serving in the Supervisory Board of the Bank during such employment or performance of such functions

<sup>2</sup> additional benefits include a contribution paid by the Bank under the Employee Capital Plans

Regardless of the value of additional benefits included in the above-mentioned table, the Bank covered the Members of the Supervisory Board of the Bank with third-party liability insurance (so-called D&O Insurance) on the same terms and conditions as the key management staff of the Bank.

#### **4. Remuneration from entities that belong to the Pekao Group**

Members of the Bank's Management Board do not receive remuneration for holding functions in bodies of companies from the Capital Group of Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter: "Pekao Group").

Vice-President of the Management Board Mr Błażej Szczecki received variable remuneration in 2022 from Pekao Leasing Sp. z o.o. in the gross amount of PLN 22,000 due to the settlement of the deferred bonus instalment from 2017 - remuneration for the period of his function in the Company before taking up his mandate in the Management Board of the Bank.

In 2022, the Vice-President of the Management Board, Mr Marcin Gadomski, received variable remuneration from Pekao Bank Hipoteczny S.A. in the amount of PLN 17,580 gross for settlement of deferred bonus instalments from 2018 and 2019 - remuneration for the period of office in the Company before taking up the mandate in the Management Board of the Bank.

Members of the Bank's Supervisory Board did not receive remuneration from other Pekao Group companies in 2022.

#### **5. Compliance of remunerations of the Members of the Management Board and the Supervisory Board with the adopted Remuneration Policy**

Remuneration of all Members of the Management Board of the Bank and the Supervisory Board of the Bank for the period covered by the Report was granted in accordance with the provisions of the Policy, as well as in the case of Members of the Management Board of the Bank, in accordance with Resolution No. 42/2018 of the General Meeting and the provisions of contracts for management services concluded by the Supervisory Board of the Bank on behalf of the Bank on the basis of the authorisation resulting from the aforementioned Resolution with individual Members of the Management Board of the Bank and in the case of Members of the Supervisory Board of the Bank, were granted in accordance with Resolution No. 41/2018 of the General Meeting.

In the opinion of the Supervisory Board of the Bank the remuneration of Members of the Management Board and Members of the Supervisory Board of the Bank and the conditions under which it was granted contributed to the achievement of the Bank's long-term results, as evidenced by the following circumstances:

- 1) the amount of fixed remuneration for Members of the Bank's Supervisory Board was determined in accordance with § 2 (2.2) - (2.7) of the Policy (and thus in accordance with the identical provisions contained in Resolution No. 41/2018), and moreover, none of the Members of the Bank's Supervisory Board was entitled to variable remuneration or remuneration granted in the form of financial instruments, which made the total remuneration of the Members of the Bank's Supervisory Board independent from of the Bank's results and supported proper performance of the supervisory function in the Bank;
- 2) the amount of the fixed remuneration, i.e. basic monthly remuneration, for each of the Bank's Management Board Members was within the range specified in § 3 (3.2) of the Policy (and thus within the range specified in the same manner in Resolution 42/2018), and the contracts for management services concluded with each Member of the Bank's Management Board included provisions stipulating that the maximum amount in which a Member of the Bank's Management Board may be awarded variable remuneration may not exceed 100% of the fixed remuneration in the financial year for which the amount of the variable remuneration is calculated. Limiting the maximum amount of both the fixed part and the variable part of the remuneration of the Members of the Bank's Management Board made it possible to avoid the potentially negative impact that excessive and unlimited remuneration of the Members of the Bank's Management Board could have on the Bank's results. Moreover, the adopted maximum allowable ratio of variable components to fixed components of remuneration limits the incentives to focus on short-term goals and does not encourage excessive risk taking;
- 3) other monetary and non-monetary components of remuneration awarded to Members of the Bank's Management Board and Members of the Bank's Supervisory Board were determined in accordance with the relevant provisions of the Policy;
- 4) the final amount of the variable remuneration of each Member of the Bank's Management Board depended, inter alia, on the criteria related to the Bank's performance (discussed in more detail in item 6 below), on the degree of achievement of management objectives, as well as on the compliance and risk assessment results;
- 5) 40% of the variable remuneration granted to Members of the Management Board of the Bank was deferred, and 50% thereof was awarded in the form of phantom shares of the Bank (as discussed in more detail in item 8 below), which enabled verification of the impact of actions taken by each of the Bank's Management Board Members in relation to the Bank's results over a three-year period.

The total remuneration of both Members of the Bank's Management Board and Members of the Bank's Supervisory Board was aimed at ensuring long-term growth of value for shareholders and the stability of the Bank's operations, and pursued the objectives of the Policy. The growth and security of the Bank was ensured through the existing incentive schemes encouraging the pursuit of goals consistent with the interests of the Bank's clients, shareholders and employees, and by ensuring an appropriate level of control both when performing individual actions within the framework of the Bank's Remuneration Policy and controlling systemic solutions.

## **6. Application of the performance criteria.**



In the period covered by the Report, Members of the Bank's Supervisory Board were not entitled to variable remuneration depending on the Bank's performance, but only fixed remuneration in the amounts determined in accordance with Resolution No. 41/2018, and also in accordance with the Policy.

In the period covered by the Report, the final amount of variable remuneration awarded to Members of the Bank's Management Board depended on the degree of achievement of management objectives, which included:

- 1) to increase the Bank's value, and
- 2) to improve economic and financial indicators,

as well as on the Bank's performance, including its compliance with specific capital requirements, as well as individual compliance and risk assessment.

The above general management objectives for individual Members of the Management Board of the Bank have been specified for 2022 by the Bank's Supervisory Board. While defining detailed management objectives, the Supervisory Board of the Bank determined their weights and objective, measurable, clear, comprehensive, and diversified criteria (indicators) of their implementation and settlement (KPI) in terms of financial and non-financial results.

The variable remuneration earned in a given year is deferred for 5 years, in a way that takes into account the Bank's 3-year business cycle and the risks associated with the business. The business cycle and the risks associated with the business is reflected through the use of defined indicators that combine the individual variable remuneration charged with the Bank's results and the results of compliance and risk assessment, which eliminates undesirable behaviour of the person under assessment, affecting the Bank's operations both now and in the future.

The applied ratios affect the amount of variable remuneration granted to a Member of the Bank's Management Board and the possibility of paying its individual parts, as well as their amount, and take into account the cost of the Bank's risk, cost of capital and liquidity risk in the long term, including ROA, Tier1 capital ratio, Total Capital Ratio (TCR), regulatory liquidity coverage ratio (LCR), net stable funding ratio (NSFR), cost of risk.

Furthermore, the possibility of granting individual Members of the Bank's Management Board a variable remuneration is also dependent on the approval by the General Meeting of the Bank of the Bank's Management Board report on the Bank's operations and the financial statements for the given financial year, as well as granting a vote of approval to a given Member of the Bank's Management Board by the General Meeting for the performance of their duties.

**7. Changes in total remuneration of Members of the Management Board and the Supervisory Board of the Bank, results of the Bank and in average remuneration of the Bank's employees not being Members of the Management Board or the Supervisory Board of the Bank, over the past five financial years**

Yearly change	2017	2018	2019	2020	2021	2022
<i>Member of the Management Board</i>						
Fuchs Jarosław Vice-President of the Management Board on the Management Board from 15.02.2020	n/a	n/a	n/a	954 875	1 457 134	2 144 815
YoY					53%	47%
Gadomski Marcin Vice-President of the Management Board on the Management Board from 29.11.2019 to 21.04.2020 and from 1.07.2020	n/a	n/a	77 497	782 067	1 255 415	1 941 001
YoY				909%	61%	55%
Kwieciński Jerzy Vice-President of the Management Board on the Management Board from 1.02.2021	n/a	n/a	n/a	n/a	927 191	1 477 225
YoY						59%
Strączyński Paweł Vice-President of the Management Board on the Management Board from 5.08.2021	n/a	n/a	n/a	n/a	448 938	1 337 368
YoY						198%
Skiba Leszek President of the Management Board on the Management Board from 20.04.2020	n/a	n/a	n/a	682 633	1 230 594	1 900 778
YoY					80%	54%
Szczecki Błażej Vice-President of the Management Board on the Management Board from 15.01.2021	n/a	n/a	n/a	n/a	1 011 455	1 458 748
YoY						44%

Werochowski Wojciech Vice-President of the Management Board on the Management Board from 15.01.2021	n/a	n/a	n/a	n/a	997 419	1 444 021
YoY						45%
Zborowski Piotr Vice-President of the Management Board on the Management Board from 5.11.2021	n/a	n/a	n/a	n/a	164 804	1 202 516
YoY						630%
Zmitrowicz Magdalena Vice-President of the Management Board on the Management Board from 1.12.2018	n/a	76 723	1 213 784	1 561 010	1 765 499	2 440 362
YoY			1482%	29%	13%	38%
<i>Member of the Supervisory Board</i>						
Bigos-Jaworowska Sabina on the Supervisory Board from 8.06.2017	89 719	170 380	167 351	177 134	186 629	205 286
YoY		90%	-2%	6%	5%	10%
Dynysiuł Joanna on the Supervisory Board from 8.06.2017	126 164	195 753	182 869	195 711	206 477	227 119
YoY		55%	-7%	7%	6%	10%
Głębiowska-Michalak Justyna on the Supervisory Board from 8.06.2017	110 908	183 003	182 869	195 711	206 477	227 119
YoY		65%	0%	7%	6%	10%
Kaczoruk Stanisław Ryszard on the Supervisory Board from 8.06.2017	96 425	170 726	182 413	192 819	203 426	223 762
YoY		77%	7%	6%	6%	10%
Kaszyński Michał on the Supervisory Board from 8.06.2017	89 719	170 380	167 351	177 134	186 629	205 286
YoY		90%	-2%	6%	5%	10%
Majcher Marian on the Supervisory Board from 8.06.2017	74 997	145 352	167 351	177 134	186 629	205 286
YoY		94%	15%	6%	5%	10%

Izdebski Marcin on the Supervisory Board from 11.06.2021	n/a	n/a	n/a	n/a	104 383	208 366
YoY						100%
Kozłowska-Chyla Beata on the Supervisory Board from 22.05.2020	n/a	n/a	n/a	no remuneration	no remuneration	no remuneration
YoY						
Sadurska Małgorzata on the Supervisory Board from 22.05.2020	n/a	n/a	n/a	no remuneration	no remuneration	no remuneration
YoY						

The information presented in the table applies to Members of the Management Board of the Bank and Members of the Supervisory Board of the Bank who served, respectively, as Members of those boards in the financial year 2022. Information on the remuneration of Members of the Management Board of the Bank and Members of the Supervisory Board of the Bank who ceased to hold their functions in these boards, respectively, before 1 January 2022, but received between 2017-2022 remuneration from the Bank for performing such functions is presented in the appendix to the Report.

Year	2017	2018	2019	2020	2021	2022
average salary per full-time jobs	87,242	84,845	90,786	96,052	101,243	120,248
YoY		-2.75%	7.00%	5.80%	5.40%	18.77%

Year	2017	2018	2019	2020	2021	2022
<b>Bank's results</b>						
Operating income (PLN million)	7,085	7,478	7,887	7,454	8,084	10,417
YoY		5.55%	5.47%	-5.49%	8.45%	28.86%
Gross operating profit (PLN million)	4,061	4,359	4,683	4,285	4,646	6,661
YoY		7.34%	7.43%	-8.50%	8.42%	43.38%

Gross profit (PLN million)	2,728	3,021	3,016	1,697	2,995	3,012
YoY		10.74%	-0.17%	-43.73%	76.49%	0.57%
Expenditures / income (excluding the costs of the Bank Guarantee Fund, the fee paid to the Protection Scheme, the contribution to the Borrower Support Fund, the tax on certain financial institutions and the legal risk provisions for foreign currency mortgages)	42.70%	41.70%	40.50%	42.20%	42.40%	35.00%
YoY		-2.34%	-2.88%	4.20%	0.47%	-17.45%
Net profit (in PLN million)	2,088	2,311	2,247	1,126	2,237	1,898
YoY		10.68%	-2.77%	-49.89%	98.67%	-15.14%

In 2022, the ratio of the average total gross remuneration of the Members of the Management Board of the Bank (for the duration of the function in the Management Board) in the annual period for which the report is prepared to the average total gross remuneration of other employees of the Bank in the annual period is 13.32.

#### 8. Information on the number of financial instruments allocated or offered<sup>1</sup>, and key terms and conditions for exercising the rights under those instruments

Member of the Bank's Management Board (on the Board in 2022)	number of phantom shares allocated for 2021
1	2
Skiba Leszek	3,977.32
Fuchs Jarosław	3,844.75
Gadomski Marcin	3,844.75
Kwieciński Jerzy	3,524.35

<sup>1</sup> Within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, e.g. securities, options, futures, swaps and other derivatives

Strączyński Paweł	1,569.94
Szczecki Błażej	3,705.91
Werochowski Wojciech	3,705.91
Zborowski Piotr	598.07
Zmitrowicz Magdalena	3,844.75

As at the date of preparation of the Remuneration Report, the variable remuneration for 2022 has not yet been awarded.

The Variable Remuneration System dedicated to Members of the Bank's Management Board is developed in accordance with the interests of shareholders and the principles of long-term profitability across the Bank, ensuring proper division of the variable remuneration associated with the results into parts granted in cash and financial instruments (phantom stock the Bank) and parts paid in advance and parts deferred. Variable remuneration is directly related to the results achieved, which are assessed in accordance with the Bank's internal regulations. The total variable remuneration awarded to Members of the Bank's Management Board does not limit the Bank's ability to increase its capital base.

In accordance with the Rules of the Variable Remuneration System regulated in the contracts for management services concluded with the Members of the Bank's Management Board, Members of the Bank's Management Board may receive variable remuneration, also called a "bonus", after measurement of the performance at the individual level, the organisational unit level, and the results of the entire Bank, and taking into account compliance of the participant's conduct with the provisions of law, recommendations of supervisory and control bodies, internal regulations and standards adopted by the Bank. When assessing individual effects of work, financial and non-financial criteria are taken into account, and the results of the compliance assessment and risk assessment may reduce the bonus to zero.

The number of phantom shares that may be acquired by a Member of the Bank's Management Board is determined by dividing 50% of the bonus granted to a given Member for a given year by the average closing price of the Bank's shares on the Warsaw Stock Exchange for 30 calendar days preceding the meeting of the Supervisory Board of the Bank at which it assesses the Bank's financial statements for a given year. The awarded variable remuneration consists of the upfront part and the deferred part as follows:

Part payable up front:

- 60% of the awarded bonus in the year of granting, with 30% of the awarded bonus is paid in cash, and 30% consisting of phantom shares, the settlement of which takes place after a one-year retention period,

Deferred part:

- 8% of the granted bonus after one year from the date of granting, in the form of phantom shares, the settlement of which takes place after a one-year retention period,
- 8% of the granted bonus after two years from the date of granting, in the form of phantom shares, the settlement of which takes place after a one-year retention period,
- 8% of the granted bonus after three years from the date of granting, with 4% of the awarded bonus paid in cash, and 4% of the awarded bonus consisting of phantom shares, the settlement of which takes place after a one-year retention period,
- 8% of the awarded bonus in cash after four years from the date of granting,
- 8% of the awarded bonus in cash after five years from the date of granting.

Each of the deferred parts is acquired after prior verification of the level of the results achieved by the Bank in a given accounting year, as well as individual compliance and risk assessment. The results of such an assessment may result in the reduction of a given deferred part, even to zero. The financial instrument is settled through the payment of cash in the amount equal to the product of phantom shares held by the participant and the average closing price of the Bank's shares on the GPW for 30 calendar days preceding the meeting of the Supervisory Board of the Bank, on which it assesses the Bank's financial statements for a given year and the payment benefits on acquired phantom shares in the amount corresponding to the dividend paid to shareholders during the retention period obligatory for shares acquired by a given person. With regard to instalments in the form of phantom shares, it is possible to take advantage of a three-year voluntary retention when settlement can take place after the publication of the financial statements each quarter.

Members of the Bank's Supervisory Board do not receive remuneration in the form of financial instruments.

## **9. Information on taking advantage of the option to demand the repayment of variable remuneration components**

In the period covered by the Report, Members of the Bank's Supervisory Board were not entitled to variable remuneration components.

Under § 3 (3.12), the Policy does not provide for the Bank to demand that the Bank's Management Board Member return variable remuneration components that have already been acquired. The contracts for management services concluded with Members of the Management Board of the Bank also do not provide for such possibility and the Bank did not take advantage of that possibility.

## **10. Information on derogations from the procedure for implementing remuneration policies and temporary derogations from the application of remuneration policies**

During the term of the Policy, the procedure for implementation thereof or application of any part thereof was not departed from.

#### **11. Cash or non-monetary benefits<sup>2</sup> granted to the closest relatives<sup>3</sup> of the Members of the Management Board and the Supervisory Board**

In the period covered by the Report, the remuneration of Members of the Supervisory Board of the Bank did not include any cash or non-cash benefits granted to their relatives.

In the period covered by the Report, the remuneration of Members of the Management Board of the Bank did not include any cash benefits granted to their relatives.

In the period covered by the Report, the Bank provided a non-cash benefit in the form of medical care for Members of the Management Board of the Bank and their family Members, the value of which, per annum, did not exceed one fixed remuneration of a given Member of the Bank's Management Board.

#### **12. Information on taking into account the resolution of the General Meeting giving opinion on the previous remuneration report**

On 15 June 2022, the Ordinary General Meeting of the Bank adopted a resolution in which it gave a positive opinion on the report of the Supervisory Board of the Bank on the remuneration of Members of the Management Board and Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna for 2021 and did not submit any comments on its content. The above-mentioned resolution was taken into account by the Supervisory Board of the Bank at the stage of preparation of this report as an indication confirming that the scope of information contained in the report and the manner of its presentation correspond to the expectations of shareholders.

#### **13. Summary**

The Supervisory Board of the Bank reviewed the remuneration and all benefits received by individual Members of the Bank's Management Board and Members of the Supervisory Board of the Bank. As a result of the review, the Supervisory Board of the Bank determined that:

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<sup>2</sup> Benefits resulting from the content of the contract with a Member of the Management Board or regulations regarding the principles of determining the remuneration of Members of the Management Board / Supervisory Board (internal or statutory)

<sup>3</sup> In accordance with Article 90(5) of the Act on Offering, the term closest relative shall cover the spouse, ascendants, descendants, siblings, in-laws in the same line or to the same degree, adoptees and their spouses, as well as cohabitants. The following is not provided: 1) the basis for awarding such benefits; 2) personal data of the persons they were paid to.



- a) the amount of remuneration of both Members of the Bank's Management Board and Members of the Bank's Supervisory Board and the rules for determining such remuneration are consistent with the Policy;
- b) the Policy supports correct and effective risk management and does not encourage excessive risk-taking, the implementation of the Bank's management strategy and risk management strategy, as well as the mechanisms of managing and limiting conflicts of interest occurring in the Bank's operations, and moreover, the solutions adopted in the Policy contribute to the implementation of the business strategy, long-term interests and stability of the Bank, and supports the sustainable growth of the Bank, including helping ensure that the Policy is consistent with the strategy for the introduction of risks to sustainable growth in the investment decision-making process;
- c) the applicable rules for remunerating Members of the Bank's Management Board allow for a flexible policy of variable remuneration components, inter alia, a wide catalogue of conditions, both quantitative and qualitative, ensuring the limitation or even non-payment of variable remuneration (including deferred parts) in the event of a difficult financial or capital situation of the Bank or a negative risk assessment or compliance regarding a given Member of the Bank's Management Board.

In view of the above, the Supervisory Board of the Bank positively assesses the functioning of the Policy.

**Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna**

Kozłowska-Chyła Beata, PhD Chairwoman of the Supervisory Board	
Dynysiuk Joanna Vice-Chairwoman of the Supervisory Board	
Sadurska Małgorzata Vice-Chairwoman of the Supervisory Board	
Kaczoruk Stanisław Ryszard, PhD Secretary of the Supervisory Board	
Bigos-Jaworowska Sabina Member of the Supervisory Board	
Głębikowska-Michalak Justyna Member of the Supervisory Board	
Izdebski Marcin Member of the Supervisory Board	
Kaszyński Michał Member of the Supervisory Board	
Majcher Marian Member of the Supervisory Board	

## Appendix

**Information on the remuneration of Members of the Management Board of the Bank and Members of the Supervisory Board of the Bank who ceased to hold their functions in the Management Board of the Bank and the Supervisory Board of the Bank, respectively, before 1 January 2022, but received remuneration from the Bank for performing such functions between 2017-2022<sup>1</sup> (*data in thousands of PLN*)**

year	2017	2018	2019	2020	2021	2022
<i>former Members of the Management Board before 2022</i>						
Lovaglio Luigi	9 790	4 831	8 953	2 107	2 911	2 556
YoY		-51%	85%	-76%	38%	-12%
Wazyński Marian	3 289	577	478	189	246	212
YoY		-82%	-17%	-60%	30%	-14%
Piwowar Grzegorz	5 446	1 942	1 277	518	635	607
YoY		-64%	-34%	-59%	23%	-4%
Kopyrski Andrzej	2 880	4 281	2 548	320	381	298
YoY		49%	-40%	-87%	19%	-22%
Biondo Diego	1 787	719	601	272	324	370
YoY		-60%	-16%	-55%	19%	14%
Santini Stefano	833	260	15	243	214	97
YoY		-69%	-94%	1520%	-12%	-55%
Niewiński Adam	2 908	547	459	171	253	204
YoY		-81%	-16%	-63%	48%	-19%
Ciurysek-Gedir Roksana	n/a	1 851	823	963	85	99
YoY			-56%	17%	-91%	16%
Lusztyn Marek	473	1 357	1 954	1 404	519	575
YoY		187%	44%	-28%	-63%	11%
Olszewski Grzegorz	n/a	n/a	620	1 118	898	704
YoY				80%	-20%	-22%
Tomczuk Marek	454	1 316	2 312	2 025	1 273	967
YoY		190%	76%	-12%	-37%	-24%
Krupiński Michał	1 061	2 096	3 729	1 911	586	413
YoY		98%	78%	-49%	-69%	-30%
Lehmann Michał	441	1 014	1 768	956	440	208
YoY		130%	74%	-46%	-54%	-53%
Wetmański Piotr	n/a	n/a	760	683	208	168
YoY				-10%	-70%	-19%
Kubiak Tomasz	441	989	1 904	1 673	1 778	1 558
YoY		124%	93%	-12%	6%	-12%
Kozłowski Krzysztof	n/a	n/a	n/a	718	837	609
YoY					17%	-27%
Styczyński Tomasz	473	1 063	1 937	1 797	1 374	949
YoY		125%	82%	-7%	-24%	-31%
<b>suma:</b>	<b>30 276</b>	<b>22 843</b>	<b>30 138</b>	<b>17 068</b>	<b>12 962</b>	<b>10 594</b>

year	2017	2018	2019	2020	2021	2022
<i>former Members of the Supervisory Board before 2022</i>						
Woźnicki Jerzy	107	n/a	n/a	n/a	n/a	n/a
YoY						
Pawłowicz Leszek	98	n/a	n/a	n/a	n/a	n/a
YoY						
Filar Dariusz	86	n/a	n/a	n/a	n/a	n/a
YoY						
Majchrzak Katarzyna	58	n/a	n/a	n/a	n/a	n/a
YoY						
Penna Laura Stefania	no remuneration	n/a	n/a	n/a	n/a	n/a
YoY						
Tomanek Doris	no remuneration	n/a	n/a	n/a	n/a	n/a
YoY						
Fossati Massimiliano	no remuneration	n/a	n/a	n/a	n/a	n/a
YoY						
Papa Gianni	no remuneration	n/a	n/a	n/a	n/a	n/a
YoY						
Janas Grzegorz	105	88	no remuneration	no remuneration	n/a	n/a
YoY		-16%				
Stopczyński Paweł	75	65	no remuneration	no remuneration	n/a	n/a
YoY		-13%				
Surówka Paweł	107	90	no remuneration	21	n/a	n/a
YoY		-16%				
Eckert Marcin	n/a	n/a	n/a	no remuneration	no remuneration	n/a
YoY						
<b>total:</b>	<b>636</b>	<b>243</b>	<b>-</b>	<b>21</b>		

<sup>1</sup>More detailed data on the remuneration of former Members of the Management Board of the Bank and former Members of the Supervisory Board of the Bank who ceased to perform their duties before 1 January 2022 was regularly presented by the Bank in the Bank's Management Board reports for individual financial years, which are available on the Bank's website at: <https://www.pekao.com.pl/relacje-inwestorskie/wza.html>