

Appendix to Resolution of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna dated 12.05.2022
no. RN/71/22

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

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 2021, 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 2021.

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 2021 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. 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>.

Prior to the effective date of the Policy, the principles of determining the remuneration of Members of the Management Board of the Bank and of the Supervisory Board of the Bank were determined in accordance, in the case of Members of the Management Board of the Bank, with Resolution no. 42 of the Ordinary General Meeting 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 Resolution no. 33 of the Ordinary General Meeting 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, Resolution No. 41 of the Ordinary General Meeting of the Bank of 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 later amended by Resolution No. 34 of the Ordinary General Meeting of the Bank of 26 June 2019, hereinafter: “Resolution No. 41/2018” The resolutions referred to in the preceding sentence shall 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.

In 2021, the Bank generated a net result of PLN 2,236.8 million. The result was higher by PLN 1,110.4 million, i.e. 98.6% y/y, than the result achieved in 2020. Therefore, the Bank returned to the level of profitability recorded prior to the COVID-19 pandemic. ROE reached 9.2%. Despite pandemic constraints, the Bank continued to increase its commercial activities, actively supported customers in maintaining financial liquidity and continued digitisation and automation of processes and implementation of advanced digital solutions. The Bank’s activities focused on key strategic areas, consistent with its strategy for 2021-2024. In 2021, the Bank acquired 443 thousand new accounts (Przekorzystne and Świat Premium Accounts), which represents an increase of + 8.3% compared to 2020. In Q4 2021, the Bank opened nearly 145 thousand new accounts.

Thanks to commercial activities, the balance sheet total of the Bank increased by 8.5% y/y (to PLN 241 billion), and loans were 12.5% higher y/y and amounted to PLN 164 billion, mainly due to an increase in mortgage loans and corporate loans, as well as due to the acquisition of Idea Bank S.A. assets.

The Bank maintains a sound capital base (TCR’s aggregate capital ratio was 18.8% at the end of December 2021) and a secure liquidity profile, reflected by the ratio of net lending to deposits of 79.7%. 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 2021 is contained in the Report on the activities of the Bank Pekao S.A. Capital Group for 2021 and the financial statements for 2021, which were published on the Bank’s website at

<https://www.pekao.com.pl/relacje-inwestorskie/raporty-i-sprawozdania/raporty.html?year=2020>

As at 1 January 2021, the Management Board of the Bank was comprised of the following members:

1. Mr Leszek Skiba, Vice-President of the Management Board of the Bank, in charge of Management Board activities
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 Tomasz Kubiak, Vice-President of the Management Board of the Bank

6. Mr Krzysztof Kozłowski – Vice-President of the Management Board of the Bank
7. Mr Tomasz Styczyński, Vice-President of the Management Board of the Bank

In 2021 the following changes were made to the composition of the Management Board of the Bank:

- on 14 January 2021, the Supervisory Board of the Bank appointed Mr Błażej Szczeciński and Mr Wojciech Werochowski as Members of the Management Board of the Bank for the current joint term of office as Vice-Presidents of the Management Board of the Bank, effective from 15 January 2021 and Mr Jerzy Kwieciński as Member of the Management Board of the Bank for the current joint term of office as Vice-President of the Management Board of the Bank, effective from 1 February 2021;
- as of 31 January 2021, Mr Tomasz Styczyński terminated his cooperation with the Bank by way of a resignation letter submitted in December 2020;
- on 4 February 2021, the KNF Board unanimously agreed to appoint Mr Leszek Skiba as President of the Management Board of the Bank. Obtaining the consent in question meant that the condition of taking over the function of President of the Management Board of the Bank was met;
- on 15 February 2021, the KNF Board unanimously agreed to appoint Marcin Gadomski as a Member of the Management Board of the Bank supervising risk management relevant to the Bank's operations. Obtaining the consent in question meant that the condition of taking over the function of Vice-President of the Management Board of the Bank supervising risk management relevant to the Bank's operations was met;
- on 20 July 2021, Mr Krzysztof Kozłowski resigned from the function of Vice-President of the Management Board of the Bank, as well as from the composition of the Management Board of the Bank, effective as at the end of 3 August 2021;
- on 3 August 2021, the Supervisory Board of the Bank appointed Mr. Paweł Strączyński to the Management Board of the Bank for the current joint term of office as the Vice-President of the Management Board of the Bank, effective from 5 August 2021;
- on 29 October 2021, Mr. Tomasz Kubiak resigned from the function of Vice-President of the Management Board of the Bank, as well as from the Management Board itself, effective as at the end of 4 November 2021;
- on 29 October 2021, the Supervisory Board of the Bank appointed Mr Piotr Zborowski to the Management Board of the Bank for the current joint term of office as Vice President of the Management Board of the Bank, effective from 5 November 2021.

As at 1 January 2021, the Supervisory Board of the Bank was comprised of the following members:

1. Ms Beata Kozłowska-Chyła - Chair of the Supervisory Board
2. Ms Joanna Dynysiuk, Deputy Chair of the Supervisory Board
3. Mr Marcin Eckert - Deputy Chair 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. Ms Małgorzata Sadurska - Member of the Supervisory Board
8. Mr Michał Kaszyński - Member of the Supervisory Board
9. Mr Marian Majcher - Member of the Supervisory Board

In 2021 the following changes were made to the composition of the Supervisory Board of the Bank:

- on 7 June 2021, Mr Marcin Eckert resigned, effective as of rendering the letter, from the position of Vice-President of the Supervisory Board of the Bank and from membership therein;
- on 10 June 2021, Ms Małgorzata Sadurska was elected Vice-President of the Supervisory Board of the Bank for the current, joint term of office thereof;
- on 11 June 2021, the Ordinary General Meeting of the Bank, taking into account the assessment of compliance with the suitability requirements, appointed Marcin Izdebski to the Supervisory Board of the Bank as of 11 June 2021 for the period until the end of the current joint term of office of the Supervisory Board of the Bank;

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 2021¹

first and last name	reporting period (indicated period corresponds to the period of performing a function in the Management Board of the Bank in 2021)	fixed remuneration			variable remuneration ²		ECP or other retirement packages	remuneration paid by the Bank on other bases	total remuneration	proportion between variable and fixed parts of the remuneration ⁴
		monthly remuneration	additional benefits ³ monetary	non-monetary	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	1.01.2021-31.12.2021	984 045	96 000	131 919	245 170	-	-	-	1 457 134	20%
Gadomski Marcin Vice-President of the Management Board	1.01.2021-31.12.2021	984 045	-	27 105	225 712	-	18 553	-	1 255 415	22%
Kozłowski Krzysztof Vice-President of the Management Board	1.01.2021-3.08.2021	582 227	56 800	3 864	194 579	-	-	-	837 470	30%
Kubiak Tomasz Vice-President of the Management Board	1.01.2021-4.11.2021	830 971	-	23 125	280 194	466 638	24 014	153 074	1 778 016	87%
Kwieciński Jerzy Vice-President of the Management Board	1.02.2021-31.12.2021	902 041	-	15 093	-	-	10 057	-	927 191	0%
Skiba Leszek President of the Management Board	1.01.2021-31.12.2021	1 017 977	-	9 104	203 513	-	-	-	1 230 594	20%
Strączyński Paweł Vice-President of the Management Board	5.08.2021-31.12.2021	401 818	39 200	5 182	-	-	2 738	-	448 938	0%
Styczyński Tomasz Wiceprezes Zarządu	1.01.2021-31.01.2021	82 004	8 000	15 094	280 194	483 281	13 029	492 022	1 373 624	726%
Szczęcki Błażej Vice-President of the Management Board	15.01.2021-31.12.2021	948 510	-	47 997	-	-	14 948	-	1 011 455	0%
Werochowski Wojciech Vice-President of the Management Board	15.01.2021-31.12.2021	948 510	-	34 169	-	-	14 740	-	997 419	0%
Zborowski Piotr Vice-President of the Management Board	5.11.2021-31.12.2021	153 074	-	9 294	-	-	2 436	-	164 804	0%
Zmitrowicz Magdalena Vice-President of the Management Board	1.01.2021-31.12.2021	984 045	96 000	94 536	280 194	284 633	26 091	-	1 765 499	48%

¹ data presented in the table does include the fixed 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;

² 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;

³ 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;

⁴ 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 2021¹

last name and first name	reporting period (the indicated period corresponds to the term of office in the Supervisory Board of the Bank in 2021)	remuneration of Member of the Supervisory Board	
		remuneration	additional (monetary and non-monetary) benefits ²
1	2	3	4
Kozłowska-Chyla Beata	1.01.2021-31.12.2021	no remuneration	no remuneration
Bigos-Jaworowska Sabina	1.01.2021-31.12.2021	186,629	-
Dynysiuk Joanna	1.01.2021-31.12.2021	203,426	3,051

Głębikowska-Michalak Justyna	1.01.2021-31.12.2021	203,426	3,051
Kaczoruk Stanisław Ryszard	1.01.2021-31.12.2021	203,426	-
Kaszyński Michał	1.01.2021-31.12.2021	186,629	-
Majcher Marian	1.01.2021-31.12.2021	186,629	-
Sadurska Małgorzata	1.01.2021-31.12.2021	no remuneration	no remuneration
Eckert Marcin	1.01.2021-7.06.2021	no remuneration	no remuneration
Izdebski Marcin	11.06.2021-31.12.2021	103,683	700

¹ 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

² additional benefits include a contribution paid by the Bank under the Employee Capital Plans (Pol. PPK)

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 ("Pekao Group").

In 2021, the Vice President of the Management Board, Mr Błażej Szczecki, received variable remuneration from Pekao Leasing Sp. z o.o. in the amount of PLN 29,896.09 gross for the settlement of deferred bonus instalments from 2015 and 2016 - remuneration for the period of office in the Company before taking up the mandate in the Management Board of the Bank.

In 2021, the Vice-President of the Management Board, Mr Marcin Gadomski, received variable remuneration from Pekao Bank Hipoteczny S.A. in the amount of PLN 81,180 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 2021.

5. Compliance of 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 agreements for the provision of management services concluded by the Supervisory Board of the Bank on behalf of the Bank on the basis of the authorization 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 management services contracts 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. Additional performance criteria applied.

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 as of 23 May 2020, 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 2021 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 paid within 4 years, in a way that allows for the Bank's 3-year business cycle and the risk related to its operations to be considered. 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, in 2021, the possibility of granting individual Members of the Bank's Management Board a variable remuneration was 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	2016	2017	2018	2019	2020	2021
<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	n/a	954,875	1,457,134
YoY						53%
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	n/a	77,497	782,067	1,255,415
YoY					909%	61%
Kubiak Tomasz Vice-President of the Management Board on the Management Board from 7.07.2017 to 4.11.2021	n/a	441,094	988,983	1,904,060	1,672,922	1,778,016
YoY			124%	93%	-12%	6%
Kozłowski Krzysztof Vice-President of the Management Board on the Management Board from 22.04.2020 to 3.08.2021	n/a	n/a	n/a	n/a	717,973	837,470
YoY						17%
Kwieciński Jerzy Vice-President of the Management Board on the Management Board from 1.02.2021	n/a	n/a	n/a	n/a	n/a	927,191
YoY						
Strączyński Paweł Vice-President of the Management Board on the Management Board from 5.08.2021	n/a	n/a	n/a	n/a	n/a	448,938
YoY						

Skiba Leszek last President of the Management Board on the Management Board from 20.04.2020	n/a	n/a	n/a	n/a	682,633	1,230,594
YoY						80%
Styczyński Tomasz Vice-President of the Management Board on the Management Board from 7.07.2017 to 31.01.2021	n/a	472,564	1,062,781	1,936,749	1,797,341	1,373,624
YoY			125%	82%	-7%	-24%
Szczecki Błażej Vice-President of the Management Board on the Management Board from 15.01.2021	n/a	n/a	n/a	n/a	n/a	1,011,455
YoY						
Werochowski Wojciech Vice-President of the Management Board on the Management Board from 15.01.2021	n/a	n/a	n/a	n/a	n/a	997,419
YoY						
Zborowski Piotr Vice-President of the Management Board on the Management Board from 5.11.2021	n/a	n/a	n/a	n/a	n/a	164,804
YoY						
Zmitrowicz Magdalena Vice-President of the Management Board on the Management Board from 1.12.2018	n/a	n/a	76,723	1,213,784	1,561,010	1,765,499
YoY				1482%	29%	13%
<i>Member of the Supervisory Board</i>						
Bigos-Jaworowska Sabina on the Supervisory Board from 8.06.2017	n/a	89,719	170,380	167,351	177,134	186,629
YoY			90%	-2%	6%	5%
Dynysiuk Joanna on the Supervisory Board from 8.06.2017	n/a	126,164	195,753	182,869	195,711	206,477
YoY			55%	-7%	7%	6%

Głębikowska-Michalak Justyna on the Supervisory Board from 8.06.2017	n/a	110,908	183,003	182,869	195,711	206,477
YoY			65%	0%	7%	6%
Kaczoruk Stanisław Ryszard on the Supervisory Board from 8.06.2017	n/a	96,425	170,726	182,413	192,819	203,426
YoY			77%	7%	6%	6%
Kaszyński Michał on the Supervisory Board from 8.06.2017	n/a	89,719	170,380	167,351	177,134	186,629
YoY			90%	-2%	6%	5%
Majcher Marian on the Supervisory Board from 8.06.2017	n/a	74,997	145,352	167,351	177,134	186,629
YoY			94%	15%	6%	5%
Izdebski Marcin on the Supervisory Board from 11.06.2021	n/a	n/a	n/a	n/a	n/a	104,383
YoY						
Kozłowska-Chyła Beata on the Supervisory Board from 22.05.2020	n/a	n/a	n/a	n/a	no remuneration	no remuneration
YoY						
Eckert Marcin on the Supervisory Board from 22.05.2020 to 7.06.2021	n/a	n/a	n/a	n/a	no remuneration	no remuneration
YoY						
Sadurska Małgorzata on the Supervisory Board from 22.05.2020	n/a	n/a	n/a	n/a	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 years 2019 or 2021. 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 2021, but received between 2016-2021 remuneration from the Bank for performing such functions is presented in the appendix to the Report.

Year	2016	2017	2018	2019	2020	2021
Average salary per full-time jobs	83,118	87,242	84,845	90,786	96,052	101,243
YoY	6.04%	4.96%	-2.75%	7.00%	5.80%	5.40%

Year	2016	2017	2018	2019	2020	2021
Bank's results						
Operating income (PLN million)	7,036	7,085	7,478	7,887	7,454	8,084
YoY		0.70%	5.55%	5.47%	-5.49%	8.45%
Gross operating profit (PLN million)	4,045	4,061	4,359	4,683	4,285	4,646
YoY		0.40%	7.34%	7.43%	-8.50%	8.42%
Gross profit (PLN million)	2,863	2,728	3,021	3,016	1,697	2,995
YoY		-4.72%	10.74%	-0.17%	-43.73%	76.49%
Expenditures / income (excluding costs involved in the Bank Guarantee Fund and provisions for legal risk involved in FX mortgage loans)	42.50%	42.70%	41.70%	40.50%	42.20%	42.40%
YoY		0.47%	-2.34%	-2.88%	4.20%	0.47%
Net profit (in PLN million)	2,278	2,088	2,311	2,247	1,126	2,237
YoY		-8.34%	10.68%	-2.77%	-49.89%	98.67%

In 2021, 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 9.68.

8. Information on the number of financial instruments¹ allocated or offered, and key terms and conditions for exercising the rights under those instruments

Member of the Bank's Management Board (on the Board in 2021)	number of phantom shares allocated for 2020
<i>1</i>	<i>2</i>
Skiba Leszek	5,199.08
Fuchs Jarosław	6,263.29
Gadomski Marcin	5,766.20
Kozłowski Krzysztof	4,970.86
Kubiak Tomasz	7,158.04
Lusztyn Marek	3,702.44
Styczyński Tomasz	7,158.04
Zmitrowicz Magdalena	7,158.04
Werochowski Wojciech	1,686.08
Szचेcki Błażej	2,759.04

As at the date of preparation of the Remuneration Report, the variable remuneration for 2021 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

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

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 management services contracts 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 organizational 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 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:

- 13.3(3)% of the granted bonus after one year from the date of granting, with 6.6(6)% of the awarded bonus paid cash, and 6.6(6)% of the awarded bonus consisting of phantom shares, the settlement of which takes place after a one-year retention period,
- 13.3(3)% of the granted bonus after two years from the date of granting, with 6.6(6)% of the awarded bonus paid in cash, and 6.6(6)% of the awarded bonus consisting of phantom shares, the settlement of which takes place after a one-year retention period,
- 13.3(3)% of the granted bonus after three years from the date of granting, with 6.6(6)% of the awarded bonus paid in cash, and 6.6(6)% of the awarded bonus consisting of phantom shares, the settlement of which takes place after a one-year retention period,

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.

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 agreements concluded with Members of the Management Board of the Bank for the provision of management services 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-cash benefits² granted to the closest relatives³ 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.

² 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)

³ 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.

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

On 11 June 2021, 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 2019 - 2020 and did not submit any comments on its content. The abovementioned 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:

- 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.

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 2021, but received remuneration from the Bank for performing such functions between 2016-2021¹ (data in thousands of PLN)

year	2016	2017	2018	2019	2020	2021
<i>former Members of the Management Board before 2021</i>						
Lovaglio Luigi	13 230	9 790	4 831	8 953	2 107	2 911
YoY		-26%	-51%	85%	-76%	38%
Wazyński Marian	1 639	3 289	577	478	189	246
YoY		101%	-82%	-17%	-60%	30%
Piwowar Grzegorz	3 104	5 446	1 942	1 277	518	635
YoY		75%	-64%	-34%	-59%	23%
Kopyrski Andrzej	2 982	2 880	4 281	2 548	320	381
YoY		-3%	49%	-40%	-87%	19%
Biondo Diego	3 161	1 787	719	601	272	324
YoY		-43%	-60%	-16%	-55%	19%
Santini Stefano	1 378	833	260	15	243	214
YoY		-40%	-69%	-94%	1520%	-12%
Niewiński Adam	1 165	2 908	547	459	171	253
YoY		150%	-81%	-16%	-63%	48%
Ciurysek-Gedir Roksana	n/a	n/a	1 851	823	963	85
YoY				-56%	17%	-91%
Lusztyn Marek	n/a	473	1 357	1 954	1 404	519
YoY			187%	44%	-28%	-63%
Olszewski Grzegorz	n/a	n/a	n/a	620	1 118	898
YoY					80%	-20%
Tomczuk Marek	n/a	454	1 316	2 312	2 025	1 273
YoY			190%	76%	-12%	-37%
Krupiński Michał	n/a	1 061	2 096	3 729	1 911	586
YoY			98%	78%	-49%	-69%
Lehmann Michał	n/a	441	1 014	1 768	956	440
YoY			130%	74%	-46%	-54%
Wetmański Piotr	n/a	n/a	n/a	760	683	208
YoY					-10%	-70%
total:	26 659	29 362	20 791	26 297	12 880	8 973

year	2016	2017	2018	2019	2020	2021
<i>former Members of the Supervisory Board before 2021</i>						
Woźnicki Jerzy	233	107	n/a	n/a	n/a	n/a
YoY		-54%				
Pawłowicz Leszek	215	98	n/a	n/a	n/a	n/a
YoY		-54%				
Rosolowska Wioletta	133	n/a	n/a	n/a	n/a	n/a
YoY						
Filar Dariusz	191	86	n/a	n/a	n/a	n/a
YoY		-55%				
Majchrzak Katarzyna	133	58	n/a	n/a	n/a	n/a
YoY		-56%				
Nicastro Roberto	79	n/a	n/a	n/a	n/a	n/a
YoY						
Penna Laura Stefania	no remuneration	no remuneration	n/a	n/a	n/a	n/a
YoY						
Tomanek Doris	no remuneration	no remuneration	n/a	n/a	n/a	n/a
YoY						
Decio Alessandro	86	n/a	n/a	n/a	n/a	n/a
YoY						
Fossati Massimiliano	no remuneration	no remuneration	n/a	n/a	n/a	n/a
YoY						
Papa Gianni	no remuneration	no remuneration	n/a	n/a	n/a	n/a
YoY						
Janas Grzegorz	n/a	105	88	no remuneration	no remuneration	n/a
YoY			-16%			
Stopczyński Paweł	n/a	75	65	no remuneration	no remuneration	n/a
YoY			-13%			
Surówka Paweł	n/a	107	90	no remuneration	21	n/a
YoY			-16%			
total:	1 070	636	243	-	21	

¹More 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 2021 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>