



Warsaw, 1 March 2017

## **Assessment of fulfilment by the company of disclosure obligations regarding the application of the rules of corporate governance specified in the Warsaw Stock Exchange Rules and regulations on current and periodical information published by issuers of securities**

In line with principle II.Z.10.3 of the Best Practice for GPW Listed Companies 2016 the Supervisory Board draws up an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Warsaw Stock Exchange Rules and the regulations on current and periodical reports published by issuers of securities and presents it at the Annual General Meeting. The regulations are set forth in Regulation of the Minister of Finance dated 19 February 2009 on current and periodical information published by issuers of securities and on the conditions under which such information may be recognised as being equivalent to information required by the regulations of law of a state which is not a member state (Journal of Laws of 2009, no. 33, item 259 as amended).

### **I. Disclosure obligations regarding the rules of corporate governance specified in the Warsaw Stock Exchange Rules**

#### **Best Practice for GPW Listed Companies 2016**

Under the Warsaw Stock Exchange Rules, should a specific detailed corporate governance rule not be applied on a permanent basis or be breached incidentally, the issuer shall publish a relevant report. The report should be published at the issuer's official website and in the way analogous to that applied to submission of current reports. Pursuant to Resolution No. 1309/2015 of the Warsaw Stock Exchange Management Board, reports on the application of the detailed corporate governance rules are provided via the Electronic Information Database (EBI).

The "Best Practice for WSE Listed Companies 2016" took effect in 2016. On 4 January 2016, mBank provided the current report no. 1/2016 on not following the principles II.Z.8. and VI.Z.2. to the Warsaw Stock Exchange via the Electronic Information Database (EBI).

In accordance with principle II.Z.8, the chair of the audit committee should meet the independence criteria. In the case of mBank, the Chairman of the Audit Committee is linked to the strategic shareholder of the Bank, and hence is not an independent member of the Supervisory Board. The failure to meet the independence criterion does not affect the work of the Audit Committee and proper performance of the tasks fulfilled by the Committee.

Under principle VI.Z.2, to tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years. The conditions for granting variable components of remuneration at mBank S.A. are compliant with Resolution No. 258/2011 of the Polish Financial Supervision Authority dated 4 October 2011 drafted in response to EU Directive CRD III and CEBS guidelines (Committee of European Banking Supervisors; at present, EBA – European Banking Authority) and consistent with EU Directive CRD IV, the provisions of which do not provide for the indication specified in principle VI.Z.2 as a condition for granting the bonus.

Except for the principles referred to above, the Supervisory Board has not identified any other breaches of the "Best Practice for GPW Listed Companies 2016".

Furthermore, mBank S.A., pursuant to I.Z.1.13 of the "Best Practice for GPW Listed Companies 2016" publishes a statement on the company's compliance with the corporate governance recommendations and principles contained therein on its website at (<https://www.mbank.pl/o-nas/o-mbanku/lad-korporacyjny/>) The statement, apart from the reasons for not following the principles (II.Z.8. and VI.Z.2.) includes a comment to the recommendations that the Company does not implement (recommendations IV.R.2. and VI.R.3.) and the principles which in the case of mBank do not apply (principles I.Z.1.10. and III.Z.6.).

mBank also publishes the documents referred to in principle I.Z.1 in the Polish and English language version on its website.

## **II. Disclosure obligations regarding the rules of corporate governance specified in the regulations on current and periodical information published by issuers of securities**

Under Regulation of the Minister of Finance dated 19 February 2009 on current and periodical information published by issuers of securities and on the conditions under which such information may be recognised as being equivalent to information required by the regulations of law of a state which is not a member state, the Bank is obliged to include a statement of compliance with the corporate governance principles, containing the elements referred to in the Regulation, in its annual report.

The Supervisory Board, having familiarised itself with the statement of compliance with the corporate governance principles included in the Management Board Report on the Performance of mBank S.A. Group in 2016, states that the statement specifies the issues relating to the corporate governance in detail and includes all the information required under the Regulation.

To sum up, in the opinion of the Supervisory Board, the information made available by mBank is compliant with the requirements, properly presents the application of the corporate governance principles and provides stakeholders with a clear and exhaustive description of the mechanisms of the Company's functioning.



