

Assessment of the Supervisory Board of mBank S.A. regarding the Bank's standing in 2015, including assessment of the internal control system, the system of managing the risk significant for the Bank, operation of the compliance area and the function of the internal audit.

Based on: Rule II.Z.10 of the Best Practice of WSE Listed Companies 2016

2015 was a year of improvement of the Polish economy. GDP grew at the end of 2015 by 3.6% YoY, compared with 3.5% in 2014, in accordance with the updated estimation of the Central Statistical Office.

The net profit of the Bank in 2015 amounted to PLN 1,271 million. This result equals the one of last year and is 1% lower than planned. Taking into account various negative surprises brought to the banking sector by the social and economic environment in 2015, this result may be considered quite good. The Supervisory Board thanks all employees of the Bank for achieving it.

In 2015, mBank finalized its key technological undertaking, i.e. the migration of MultiBank clients to the mBank platform, with great success. It will allow better adjustment of our offer to the needs of clients and will lower the costs of servicing them. The Orange Finance project continued to be developed with very good results, similarly as our activities in the Czech Republic and Slovakia. The year 2015 proved that mBank's change of name and brand was the right decision, was profitable for the company and contributed to the fact that the financial results and the general state of the Bank are in a very good condition. mBank became the synonym of youth and modernity, the icon of mobility and client-friendliness. Holding an account with it is very prestigious.

The Bank achieved positive results in the Corporates and Financial Markets segment. The client base of corporate banking increased by 1,775 clients. The balance of deposits and credit receivables increased in this area by 17% and 6%, respectively. The most dynamic growth was reported with regard to cooperation with clients from the large company segment.

In 2015, mBank acquired 396 thousand new clients in the Retail Banking segment, and the value of funds deposited by retail clients increased during 12 months by 17%. Further increase in card transactions is also worth mentioning. Their number increased year on year by 36%. Thanks to the above, the Bank maintains its 12% share in cashless transactions in Poland. We are still developing and streamlining our credit activity on the retail market, especially within the scope of consumer loans the balance of which increased by 12%.

The Supervisory Board is happy to state that the high profitability of mBank S.A. Group is very stable. It is also confirmed when compared to 2014. Over the past three years this stability has not been disrupted, or even more so – it accompanied the breaking of profitability records.

Taking into account the macroeconomic conditions in 2015, and specifically the decline in market interest rates, the Board appreciates the results generated by mBank.

Taking all the above into consideration, the Supervisory Board makes a positive assessment of the standing of mBank S.A. in 2015.

The Supervisory Board appreciates last year's commitment and effort made by the Management Board and its employees aimed at increasing the long-term value of the Bank for the Shareholders.

At the same time, the Supervisory Board expresses hope that the efforts will be continued in 2016 and in the coming years. The Supervisory Board thanks also the Shareholders for their trust in mBank's operation.

Assessment of the internal control system and the system for managing the risk significant for the Bank

In the case of risk-related issues, the Supervisory Board operates through the Risk Committee exercising ongoing control over particular risk types, especially credit (including concentration risk), market, operational, liquidity and business risk. The Committee issues recommendations on large exposures posing single-entity risk. Moreover, in the past year the Committee dealt with various important issues related to risk, including macroeconomic issues, the internal control system of the Bank, the real property market strategy and the portfolio of treasury securities.

Furthermore, at the Bank there are several committees whose tasks are directly related to risk management at mBank Group. These are, in particular: The Credit Committee of mBank Group, the Data Quality Management Committee, the Capital Management Committee, and the Assets and Liabilities Committee.

The Supervisory Board positively assesses the risk management system at mBank S.A. In the opinion of the Supervisory Board, the system covers all the risk types significant for the Bank and the Group.

Assessment of the functioning of the Compliance area and Internal Audit at the Bank.

The Audit Committee, operating within the Supervisory Board, monitors all the issues connected with internal control on an ongoing basis, and supervises and exercises functional control over the Internal Audit Department. In 2015, the Audit Committee of the Supervisory Board was regularly informed about a broad spectrum of audit-related issues, including assessment of internal control and risk management systems, the course of the major audits at the Bank and in the subsidiaries of the Group. The Committee also assessed and approved the Audit Plan for 2015. Moreover, the Chairman of the Supervisory Board was provided by the Internal Audit Department with reports on all the audits conducted at the Bank and in the subsidiaries of the Group. The Audit Committee of the Supervisory Board is also supported by an external auditor who in 2015 regularly reported on the results of and conclusions from the audit of financial statements.

During the meetings of the Audit Committee, the Compliance Department submitted information on problems concerning the Compliance area, presented the Supervisory Board with all reports of the Department and changes in the Compliance Rules which required approval of a supervisory body. During the following meetings of the Audit Committee, the Compliance Department discussed the Whistle-blowing Reports (BKMS application used for anonymous fraud reporting in the bank).

The Supervisory Board positively assesses the operation of the Internal Audit and Compliance area at mBank S.A. In the opinion of the Supervisory Board, the operation covers all the risk types significant for the Bank and the Group that are related to their activities.

Maciej Leśny

Chairman of the Supervisory Board