

1 Information regarding the Group of mBank S.A.

The Group of mBank S.A. ("Group", "mBank Group") consists of entities under the control of mBank S.A. ("Bank", "mBank") of the following nature:

- strategic: shares and equity interests in companies supporting particular business segment of mBank S.A. (corporate and financial markets segment, retail banking segment and other) with an investment horizon not shorter than 3 years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- other: shares and equity interests in companies acquired in exchange for receivables, in transactions resulting from composition and work out agreements with debtors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

The parent entity of the Group is mBank S.A., which is a joint stock company registered in Poland and a part of Commerzbank AG Group.

The head office of the Bank is located at 18 Senatorska St., Warsaw.

The shares of the Bank are listed on the Warsaw Stock Exchange.

As at 31 December 2017, mBank S.A. Group covered by the Consolidated Financial Statements comprised the following companies:

mBank S.A., the parent entity

mBank S.A. was established under the name of Bank Rozwoju Eksportu SA by Resolution of the Council of Ministers N° 99 of 20 June 1986. The Bank was registered pursuant to the legally valid decision of the District Court for the Capital City of Warsaw, 16th Economic Registration Division, on 23 December 1986 in the Business Register under the number RHB 14036. The 9th Extraordinary Meeting of Shareholders held on 4 March 1999 adopted the resolution changing the Bank's name to BRE Bank SA. The new name of the Bank was entered in the Business Register on 23 March 1999. On 11 July 2001, the District Court in Warsaw issued the decision on the entry of the Bank in the National Court Register (KRS) under number KRS 0000025237.

On 22 November 2013, the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, registered the amendments to the Bank's By-laws arising from Resolutions

N°26 and Resolutions N°27 of the 26th Annual General Meeting of mBank S.A., which was held on 11 April 2013. With the registration of changes in By-laws, the name of the Bank has changed from the current BRE Bank Spółka Akcyjna on mBank Spółka Akcyjna (abbreviated mBank S.A.).

According to the Polish Classification of Business Activities, the business of the Bank was classified as "Other monetary intermediation" under number 6419Z. According to the Stock Exchange Quotation, the Bank is classified as "Banks" sector as part of the "Finance" macro-sector.

According to the By-laws of the Bank, the scope of its business consists of providing banking services and consulting and advisory services in financial matters, as well as of conducting business activities within the scope described in its By-laws. The Bank operates within the scope of corporate, institutional and retail banking (including private banking) throughout the whole country and operates trade and investment activities as well as brokerage activities.

The Bank provides services to Polish and international corporations and individuals, both in the local currency (Polish Zloty, PLN) and in foreign currencies.

The Bank may open and maintain accounts in Polish and foreign banks, and can possess foreign exchange assets and trade in them.

The Bank conducts retail banking business in Czech Republic and Slovakia through its foreign mBank branches in these countries.

As at 31 December 2017 the headcount of mBank S.A. amounted to 5 414 FTEs (Full Time Equivalents) and of the Group to 6 455 FTEs (31 December 2016: Bank 5 364 FTEs, Group 6 528 FTEs).

As at 31 December 2017 the employment in mBank S.A. was 6 415 persons and in the Group 8 556 persons (31 December 2016: Bank 6 313 persons, Group 8 401 persons).

The business activities of the Group are conducted in the following business segments presented in detail in Note 5.

Corporates and Financial Markets Segment, including:

Corporate and Investment Banking

■ mFaktoring S.A., subsidiary

The company operates in Poland and provides factoring services for domestic, export and import transactions. It is a member of the Polish Factors Association and Factors Chain International.

■ mLeasing Sp. z o.o., subsidiary (the corporate segment of the company's activity)

The company's core business is to lease chattels such as: machinery, equipment, technology lines, passenger cars, vans and trucks, tractors, trailers and semi-trailers, buses, vehicles, special equipment, ships, aircraft, rolling stock, office equipment, computer hardware. mLeasing's offer for corporate clients includes leasing of real estate, mainly offices, hotels, warehouses and logistics centres, petrol stations, public buildings and municipal infrastructure. The company has a network of offices in the largest cities of Poland.

■ Garbary Sp. z o.o., subsidiary

The only business of the company is to administer the buildings of a former meat factories located at 101/111 Garbary St. in Poznań currently not in use.

■ Tele-Tech Investment Sp. z o.o., subsidiary

The company's business includes investing funds in securities, trading in receivables, proprietary trading in securities, managing controlled enterprises, business and management consultancy. The company has no employees.

■ mBank Hipoteczny S.A., subsidiary (the corporate segment of the company's activity).

Financial Markets

■ mFinance France S.A., subsidiary

The core business of the company is to raise funds for the Bank by issuing euro-notes on international financial markets. In 2012, the company issued Eurobonds with a nominal value of EUR 500 000 thousand with maturity date in 2015. In the following years, the company made the following issues:

- in 2013 - with a nominal value of CHF 200 000 thousand and CZK 500 000 thousand with maturity date in 2018,
- in 2014 - two issues with a nominal value of EUR 500 000 thousand of each, with maturity date in 2019 and in 2021,
- in 2016 - with a nominal value of EUR 500 000 thousand with maturity date in 2020,
- in 2017 - with a nominal value of CHF 200 000 thousand with maturity date in 2023.

■ mBank Hipoteczny S.A., subsidiary (with regard to activities concerning funding).

■ mLeasing Sp. z o.o., subsidiary (with regard to activities concerning funding).

Retail Banking Segment (including Private Banking)

■ mFinanse S.A., subsidiary

mFinanse S.A. offers mBank S.A. and third party banks' products. Its offer includes mortgage loans, business products, cash loans, insurance products and leasing. Distribution is carried out throughout the whole country in 41 offices terrestrial network of mFinanse and 123 mKiosks placed in shopping centers.

■ mBank Hipoteczny S.A., subsidiary

The core business of mBank Hipoteczny S.A. is to grant mortgage loans to finance commercial real estate, residential development projects and local government investments. The company issues mortgage and public bonds to finance its lending operation. Until July 2017, in the retail segment the Company provided mortgage loans to individuals, offered in cooperation with mBank.

- mLeasing Sp. z o.o., subsidiary (the retail segment of the company's activity).

Other

- mCentrum Operacji Sp. z o.o., subsidiary

The core business of the company is i.a. providing services in the field of data and document management, as well as an electronic archive, a traditional archive, business processes and transaction banking.

- BDH Development Sp. z o.o., subsidiary

The company's core business is implementation and completion of development projects on the basis of residential property taken over by mBank S.A. Group through restructuring and recovery of investment loans, in order to recover the greatest possible value of the real estate taken over.

- Future Tech Fundusz Inwestycyjny Zamknięty, subsidiary

On 22 June 2017, the Future Tech Fundusz Inwestycyjny Zamknięty (the "Fund") was registered, in which mBank acquired 400 000 investment certificates accounting for 100% of the issue, worth in total PLN 221 200 thousand. As at 30 June 2017 the Bank held of 100% of the certificates issued by the Fund, so the Bank consolidate the Fund starting from June 2017. The Fund's capital increased by PLN 2 216 thousand in August 2017. As at 31 December 2017, the Bank held 98.04% of the Fund's investment certificates, while the remaining 1.96% was owned by minority shareholders. Quercus Towarzystwo Funduszy Inwestycyjnych S.A. is the entity managing the Fund S.A. The Fund was established as an investment vehicle within the mAccelerator project, which will focus on developing and commercialising high-potential projects in the field of new technologies for the financial services sector (fintech).

Other information concerning companies of the Group

- On 2 June 2017, mBank S.A. signed a preliminary conditional agreement on the sale of mLocum S.A. shares to Archicom S.A. Upon conditions fulfilment, on 31 July 2017 14 120 880 shares, representing 51% of the share capital of mLocum S.A., were sold. Sale of the remaining 8 026 120 shares representing 28.99% of the share capital of mLocum S.A. will take place no later than June 30, 2020. From 31 July 2017, the mLocum's shares held by the Bank have been presented in the statement of financial position under item "Investments in associates".

The sale transaction results from mBank Group's concentration on its core financial operations and the sale of mLocum S.A. shares to a sector-leading company will allow to make better use of its potential and to achieve business objectives on the Polish market.

On 3 January 2018, an amendment to the Statute of mLocum S.A. was registered, regarding the change of the name of the company and its branches. Currently, the company is called Archicom Polska S.A.

Information concerning the business conducted by the Group's entities is presented under Note 5 "Business Segments" of these consolidated financial statements.

The consolidated financial statements of the Bank cover the following companies:

Company	31.12.2017		31.12.2016	
	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method
mFinanse S.A.	100%	full	100%	full
BDH Development Sp. z o.o.	100%	full	100%	full
Garbary Sp. z o.o.	100%	full	100%	full
mBank Hipoteczny S.A.	100%	full	100%	full
mCentrum Operacji Sp. z o.o.	100%	full	100%	full
mFaktoring S.A.	100%	full	100%	full
mLeasing Sp. z o.o.	100%	full	100%	full
Tele-Tech Investment Sp. z o.o.	100%	full	100%	full
Future Tech Fundusz Inwestycyjny Zamknięty	98.04%	full	-	-
mFinance France S.A.	99.998%	full	99.998%	full
mLocum S.A.	28.99%	-	79.99%	full

The mLocum S.A. company was consolidated until 31 July 2017, i.e. until the date of sale of 51% of its shares. From that date, the company is presented under the item "Investments in associates".

Beginning from June 2017, the Group started to consolidate the Fund Future Tech Fundusz Inwestycyjny Zamknięty.

The companies Dom Maklerski mBanku S.A. and mWealth Management S.A. were consolidated until their division which took place on 20 May 2016. The detailed rules for the division of these companies were described under Note 1 of mBank S.A. Group Consolidated Financial Statements for the year 2016, published on 1 March 2017.

The Management Board of mBank S.A. approved these consolidated financial statements for issue on 28 February 2018.