

#### 47. Transactions with related entities

mBank S.A. is the parent entity of mBank S.A. Group and Commerzbank AG is the ultimate parent of the Group as well as the direct parent of mBank S.A.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which not differ from arm's length terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

The Group provides standard financial services to the Bank's key management personnel, Members of the Supervisory Board of the Bank and close members of their families, which comprise i.e.: maintaining bank accounts, taking deposits, granting loans or other financial services. In the Bank's opinion, these transactions are concluded on market terms and conditions.

Pursuant the Banking Law, the extension of a loan, cash advance, bank guarantee or other guarantee to the Members of the Management Board and Supervisory Board of the Bank, persons holding managerial positions at the Bank as well as at entities related financially or organisationally therewith, is governed by the By-Laws adopted by the Supervisory Board of mBank S.A.

The By-Laws set out detailed rules and debt limits for loans, cash advances, bank guarantees, and other guarantees in relation to aforementioned persons and entities, which are consistent with the Bank's internal regulations defining the competences of granting credit decisions concerning retail and corporate clients of the Bank. A decision to grant a loan, cash advances, bank guarantee or other guarantee to a Member of the Management Board and Supervisory Board of the Bank, person holding managerial position at the Bank or an entity related financially or organisationally therewith in excess of the limits set by the Banking Law is taken by the resolution of the Management Board and by the resolution of the Supervisory Board.

The terms and conditions of such loans, cash advances, bank guarantees or other guarantees, including in particular those related to interest rates as well as fees and commissions, cannot be more advantageous than the terms and conditions offered by the Bank to its retail or corporate clients, respectively.

The table below presents the values of transactions between the Bank and companies of mBank Group and: Members of the Supervisory Board and the Management Board of mBank, key executive management of mBank, Members of the Supervisory Board and the Management Board of Commerzbank and other related persons and entities, as well as Commerzbank AG Group entities. The amounts of transactions include assets, liabilities and related costs and income as at 31 December 2017 and 31 December 2016 and for the respective periods then ended are as follows:

PLN (000's)	Members of Supervisory Board, Management Board and key management personnel of mBank as well as Supervisory Board and Management Board of Commerzbank AG		Other related persons *		Commerzbank AG		Other companies of the Commerzbank AG Group including not consolidated mBank subsidiaries	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<b>As at the end of the period</b>								
<b>Statement of Financial Position</b>								
Assets	2 940	9 786	190	156	610 783	701 675	19 565	1 783
Liabilities	11 895	25 091	1 140	1 945	4 442 482	10 282 116	1 120 961	919 574
<b>Income Statement</b>								
Interest income	47	365	6	5	110 603	125 233	1 369	789
Interest expense	(118)	(472)	(7)	(24)	(121 661)	(145 705)	(5 726)	(5 797)
Fee and commission income	76	57	13	6	1 158	-	177	27
Fee and commission expense	-	-	-	-	(5)	-	-	-
Other operating income	-	-	-	-	24	18	67	67
Overhead costs, amortisation and other operating expenses	-	-	-	-	(8 865)	(9 503)	(11)	(28)
<b>Contingent liabilities granted and received</b>								
Liabilities granted	635	1 341	121	114	2 099 374	1 295 444	368 343	14 448
Liabilities received	-	-	-	-	1 632 240	1 442 052	8 385	12 422

\* Other related persons and entities include: close family members of Members of the Supervisory Board and the Management Board of mBank, key executive management of mBank, Members of the Supervisory Board and the Management Board of Commerzbank, entities controlled or jointly controlled by above mentioned persons.

In 2017 and 2016, no provisions were created in connection with credits granted to related entities.

### Management Board Remuneration

At the end of 2017, the Management Board of mBank S.A. has been working in the seven person team with the following members:

1. Cezary Stypułkowski – President of the Management Board,
2. Lidia Jabłonowska-Luba – Vice-President of the Management Board, Chief Risk Officer,
3. Frank Bock - Vice-President of the Management Board, Head of Financial Markets,
4. Andreas Böger - Vice-President of the Management Board, Chief Financial Officer,
5. Krzysztof Dąbrowski - Vice-President of the Management Board, Head of Operations and IT,
6. Cezary Kocik – Vice-President of the Management Board, Head of Retail Banking,
7. Adam Pers - Vice-President of the Management Board, Head of Corporate and Investment Banking.

### **Changes in the Management Board of mBank S.A.**

- On 1 March 2017, Vice-President of the Management Board of mBank S.A., Mr. Hans-Dieter Kemler resigned from his function at the Bank. The resignation took place as of 30 April 2017. Mr. Kemler decided to resign as he was offered the position of a member of the management board in German Landesbank Hessen Thuringen (Helaba) responsible for financial markets, Treasury and asset management.
- On 30 March 2017, Vice President of the Management Board, Mr. Jarosław Mastalerz, resigned from his function in the Bank. The resignation took place on 31 March 2017. The reason for the Mr. Mastalerz resignation was his intention to engage in development and commercializing of new technologies in the finance sector within the project realized in cooperation with the Bank.
- On 30 March 2017, Vice President of the Management Board of mBank S.A. – Chief Financial Officer, Mr. Christoph Heins, resigned from his function in the Bank. The resignation took place on 30 June 2017.
- By the resolution of the Supervisory Board of mBank S.A., on 30 March 2017, Mr. Krzysztof Dąbrowski was appointed to the position of Vice President of the Management Board of mBank S.A. – the Head of Operations and Information Technology with the effect as of 1 April 2017 until the end of the current term of office of the Management Board.
- By the resolution of the Supervisory Board of mBank S.A., on 30 March 2017, Mr. Frank Bock was appointed to the position of Vice President of the Management Board of mBank S.A. - Head of Financial Markets with the effect as of 1 May 2017 until the end of the current term of office of the Management Board.
- By the resolution of the Supervisory Board of mBank S.A., on 30 March 2017, Mr. Andreas Böger was appointed to the position of Vice President of the Management Board of mBank S.A. - Chief Financial Officer with the effect as of 1 July 2017 until the end of the current term of office of the Management Board.
- On 12 September 2017, Vice-President of the Management Board of mBank S.A. - Head of Corporate and Investment Banking, Mr. Przemysław Gdański, resigned from his function at the Bank. The resignation took place on October 25, 2017. On 25 October 2017 the Supervisory Board of mBank S.A. appointed Mr. Adam Pers, as the Bank's Vice-President of the Management Board Head of Corporate and Investment Banking the effect as of 26 October 2017. Until that date Mr. Adam Pers was the Managing Director for the Financial Markets.

Information on the salaries, bonuses and benefits paid and due to the Members of the Management Board of the Bank who were performing their functions at the end of 2017, as at 31 December 2017 is presented below:

		Remuneration paid in 2017 (in PLN)			
		Basic salary	Other benefits	Bonus for 2016	Deferred bonus*
1.	Cezary Stypułkowski	2 661 046	237 960	460 831	575 000
2.	Lidia Jabłonowska-Luba	1 500 000	173 320	250 000	320 000
3.	Frank Bock	1 061 379	229 370	-	-
4.	Andreas Böger	797 633	68 338	-	-
5.	Krzysztof Dąbrowski	1 125 000	87 939	-	-
6.	Cezary Kocik	1 500 000	189 036	250 000	350 000
7.	Adam Pers	272 727	19 266	-	-
<b>Total</b>		<b>8 917 785</b>	<b>1 005 229</b>	<b>960 831</b>	<b>1 245 000</b>

\* In 2017, there was paid the second deferred tranche as a settlement of the cash equivalent of bonus for the year 2014 and the first deferred tranche as a settlement of the cash equivalent of bonus for the year 2015.

Remuneration of the former Management Board Members paid in the year 2017:

		Remuneration paid in 2017 (in PLN)				
		Basic salary	Other benefits	Bonus for 2016	Deferred bonus*	Allowance
<b>Remuneration of the former Management Board Members who ceased performing their functions in the year 2017</b>						
1.	Christoph Heins	776 684	269 061	125 000	-	-
2.	Hans-Dieter Kemler	500 000	127 984	200 000	320 000	-
3.	Jarosław Mastalerz	665 926	101 811	250 000	350 000	-
4.	Przemysław Gdański	1 442 587	168 052	250 000	320 000	1 500 000
<b>Remuneration of the former Management Board Members who ceased performing their functions in the year 2016</b>						
1.	Joerg Hessenmueller	-	-	125 000	340 000	-

\* In 2017, Members of the Management Board who ceased to perform their functions in 2017 and Mr. Joerg Hessenmueller received the second deferred tranche as part of the settlement of the cash equivalent of bonus for the year 2014 and the first deferred tranche as part of cash bonus settlement for the year 2015.

Information on the salaries, bonuses and benefits paid and due to the Members of the Management Board of the Bank who were performing their functions at the end of 2016, as at 31 December 2016 is presented below:

		Remuneration paid in 2016 (in PLN)			
		Basic salary	Other benefits	Bonus for 2015	Deferred bonus*
1.	Cezary Stypułkowski	2 725 108	252 868	500 000	325 000
2.	Lidia Jabłonowska-Luba	1 500 000	170 504	280 000	180 000
3.	Przemysław Gdański	1 500 000	194 440	280 000	180 000
4.	Christoph Heins	841 392	368 824	-	-
5.	Hans-Dieter Kemler	1 509 926	348 238	280 000	180 000
6.	Cezary Kocik	1 500 000	185 316	300 000	200 000
7.	Jarosław Mastalerz	1 500 000	203 396	340 000	180 000
<b>Total</b>		<b>11 076 426</b>	<b>1 723 586</b>	<b>1 980 000</b>	<b>1 245 000</b>

\* In 2016, there was paid the first deferred tranche as the settlement of the cash equivalent of bonus for the year 2014.

Remuneration of the former Management Board Members paid in the year 2016:

	Remuneration paid in 2016 (in PLN)				
	Basic salary	Other benefits	Bonus for 2015	Deferred bonus*	Cash settlement of the incentive program based on Commerzbank shares**
<b>Remuneration of the former Management Board Members who ceased performing their functions in the year 2016</b>					
1. Joerg Hessenmueller	781 500	93 768	300 000	190 000	-
<b>Remuneration of the former Management Board Members who ceased performing their functions in the year 2012</b>					
1. Christian Rhino	-	-	-	-	134 206

\* In 2016, Mr. Joerg Hessenmueller received a cash equivalent in settlement of the first tranche of bonus for the year 2014.

\*\* The settlement relates to the incentive programme for members of the Management Board of 2008, in a part based on the shares of Commerzbank. In 2016, Mr. Christian Rhino received a cash equivalent for Commerzbank shares in settlement of the third tranche of the incentive programme for 2012.

The total compensation of members of the Management Board consists of: basic salary, bonuses, termination payments of management agreement, prohibition of competitiveness payment, insurance costs and accommodation costs.

The above mentioned benefits are short-term employee benefits.

In accordance with the Bank's remuneration system, the members of the Management Board of the Bank may be eligible to receive bonuses for the year 2017, which would be paid out in 2018. Therefore, a provision was created for the payment of a cash bonus for 2017 for the members of the Management Board, which amounted to PLN 4 127 210 as of 31 December 2017. The final decision concerning the level of the bonus will be taken by the Remuneration Committee of the Supervisory Board by 28 February 2018.

In 2017 and 2016, the members of the Management Board of mBank S.A. did not receive compensation for their role as members of the management boards and supervisory boards of the Bank's related companies.

The total amount of remuneration received in 2017 by Bank's Management Board members was PLN 19 495 950 (2016: PLN 17 390 280).

#### Information on the rules of payment other component of remuneration (severance payment) for the members of the Management Board of the Bank

From the date of appointment of the members of the Management Board for the new term, i.e. from the date of General Shareholders Meeting approving the financial results for the year 2012 all members of the Management Board, in case of cancellation the managers from the Management Board before the expiration of the term, have got the right to receive severance payment in the amount which depends on years spent with the organization and is calculated as follows: (i) 4 monthly salaries if the member held his post for a period shorter than 1 year, (ii) 8 monthly salaries if the member held his position for more than 1 year but less than 2 years and (iii) 12 monthly salaries if the member held his post for more than 2 but less than 5 years, (iv) 18 monthly salaries if the member held his post for more than 5 years. If not appointed for next term of the office, the Management Board members are entitled to severance in the amount of 12 monthly salaries.

#### Supervisory Board Compensation

On 30 March 2017, the 30<sup>th</sup> Ordinary General Meeting of mBank S.A., elected 12-member Supervisory Board of mBank S.A. for a joint term of three years, with the following composition:

1. Maciej Leśny – Chairman of the Supervisory Board, Chairman of the Executive and Nominations Committee, Member of the Remuneration Committee,
2. Stephan Engels – Deputy Chairman of the Supervisory Board, Member of the Remuneration Committee,
3. Tomasz Bieske – Member of the Supervisory Board, Member of the Audit Committee, Member of the Remuneration Committee,
4. Andre Carls – Member of the Supervisory Board, Chairman of the Remuneration Committee, Member of the Executive and Nominations Committee, Member of the Audit Committee,
5. Marcus Chromik – Member of the Supervisory Board, Chairman of the Risk Committee,

6. Janusz Fiszer – Member of the Supervisory Board, Member of the Audit Committee,
7. Mirosław Godlewski – Member of the Supervisory Board, Member of the Risk Committee,
8. Jörg Hessenmüller – Member of the Supervisory Board, Member of the Audit Committee,
9. Thorsten Kanzler – Member of the Supervisory Board, Member of the Risk Committee,
10. Michael Mandel – Member of the Supervisory Board,
11. Teresa Mokrysz – Member of the Supervisory Board, Member of the Executive and Nominations Committee,
12. Agnieszka Słomka-Gołębiowska – Member of the Supervisory Board, Member of the Risk Committee, Member of the Audit Committee.

At the end of 2017, the composition of the Supervisory Board of mBank S.A. remained unchanged.

Information about the Supervisory Board members' salaries, bonuses and benefits paid as at 31 December 2017 and 31 December 2016 is presented below:

		Remuneration paid in 2017 (in PLN)	Remuneration paid in 2016 (in PLN)
1.	Maciej Leśny	367 235	367 235
2.	Stephan Engels	-	-
3.	Tomasz Bieske	319 656	-
4.	Andre Carls	279 000	252 000
5.	Marcus Chromik	-	-
6.	Janusz Fiszer	162 000	-
7.	Mirosław Godlewski	162 000	-
8.	Joerg Hessenmueller	210 000	-
9.	Thorsten Kanzler	216 000	216 000
10.	Michael Mandel	-	-
11.	Teresa Mokrysz	220 225	220 225
12.	Agnieszka Słomka-Gołębiowska	248 435	221 435
	Wiesław Thor*	37 812	149 435
	Waldemar Stawski*	55 812	221 435
	Marek Wierzbowski*	54 000	216 000
	Martin Zielke**	-	-
	Martin Blessing***	-	-
	<b>Total</b>	<b>2 332 175</b>	<b>1 863 765</b>

\* The term of office expired on 30 March 2017,

\*\* On 15 December 2016, Mr. Martin Zielke resigned from the office,

\*\*\* On 30 April 2016, Mr. Martin Blessing resigned from the office.

In accordance with the wording of paragraph 11(j) of the By-laws of mBank S.A., the General Meeting determines remuneration for members of the Supervisory Board in a resolution. Remuneration of the Management Board members is determined by the Supervisory Board (paragraph 22.1(e) of the By-laws of mBank S.A.).

The total compensation of Members of the Supervisory Board, the Management Board and other key executive management of the Bank that perform their duties in 2017 amounted to PLN 28 135 617 (2016: PLN 24 397 959).

#### Information regarding proprietary position in Bank shares by Members of the Management Board and by Members of the Supervisory Board

As at 31 December 2017, the Bank shares were held by two Members of the Management Board: Mr. Cezary Stypułkowski – 16 275 shares and Mr. Krzysztof Dąbrowski – 1 117 shares.

As at 31 December 2016, the Bank shares were held by four Members of the Management Board: Mr. Cezary Stypułkowski – 12 359 shares, Mr. Przemysław Gdański – 3 500 shares, Mr. Cezary Kocik – 1 394 shares and Mr. Jarosław Mastalerz – 4 180 shares.

As at 31 December 2017, the Bank shares were held by one Member of the Supervisory Board of mBank S.A., Mr. Jörg Hessenmüller – 6 118 shares. As at 31 December 2016, the Members of the Supervisory Board of the Bank had no Bank's shares.