

Opinion of the Supervisory Board of mBank S.A. on the situation of the Bank in 2016 including assessment of the internal control system and the Bank's relevant risk management system

Basis: Rule III.1. (1) of the Code of Best Practices for WSE Listed Companies

The year 2016 can be described as a difficult period for the Polish economy. Polish GDP grew by 2.8% year on year at the end of 2016, compared with 3.9% in 2015, according to the updated estimates of the Polish Central Statistical Office (GUS). Domestic demand grew by 2.8%.

The name of the game at mBank in 2016 was "mBank as the icon of mobility." We continued the campaign to promote mBank's image as a mobile banking leader.

In 2016, mBank generated a net profit of ca. PLN 1.2 billion, down 6.3% year on year. As a result, return on equity reached 0.1 %, lower than in 2015.

The Supervisory Board notes with great satisfaction that the high profitability of mBank Group is very stable. This is corroborated by a comparison with 2015. Not only has the stability remained uninterrupted for the last three years, but mBank has also hit new profitability records.

The structure of the balance sheet improved considerably in 2016. mBank's loan-to-deposit ratio was close to the level of 89.4%.

Considering the macroeconomic conditions of the Bank's activity in 2016, specifically the record-low market interest rates, uncertainty as to the future of the so-called CHF loans and introduction of the bank tax, the Supervisory Board appreciates the Bank's results.

mBank made a comeback as a leader of retail client acquisition in 2016 and acquired above 400 thousand new clients.

In view of all the developments described above, the Supervisory Board gives a positive opinion on the position of mBank S.A. in 2016.

The Supervisory Board appreciates the engagement and efforts of the Bank's Management Board and employees in the past year, aimed at increasing the long-term shareholder value of the Bank. At the same time, the Supervisory Board trusts that these efforts will continue in 2017 and beyond.

The Supervisory Board thanks the Shareholders for their confidence in the activity of mBank.

Assessment of the internal control system and the Bank's relevant risk management system

The internal control system in mBank S.A. is comprised of institutional controls exercised by the Internal Audit Department, as well as functional controls.

The Supervisory Board has an Audit Committee which monitors internal audit matters on an ongoing basis. The Internal Audit Department is functionally subordinated and reports to the Audit Committee. The Audit Committee of the Supervisory Board was regularly apprised of a broad range of audit-related issues in 2016 including, among others, assessments of the internal control and risk management systems, implementation of major audits in the Bank and subsidiaries of the Group. The Committee also assessed and

approved the Audit Plan for 2017. Furthermore, the Chairman of the Supervisory Board received copies of reports of all audits conducted in the Bank and subsidiaries of the Group by the Internal Audit Department. The Audit Committee of the Supervisory Board was also supported by the external auditor who regularly reported the findings and conclusions of its audits of the financial statements in 2016.

The Supervisory Board gives a positive opinion on the internal control system in mBank S.A. in terms of both its functional and institutional part.

At meetings of the Audit Committee, the Compliance Department communicated issues in the compliance area and provided the Supervisory Board with all reports of the Compliance Department as well as amendments to the Compliance Rules to be approved by the supervisory body.

On risk matters, the Supervisory Board acts through its Risk Committee, which exercises ongoing supervision of all risks, in particular credit risk (including concentration risk), market risk, operational risk, liquidity risk, and business risk. The Risk Committee issues recommendations on significant exposures carrying the risk of a single business entity. Furthermore, the Risk Committee reviewed many major risk issues in 2016 including macroeconomic factors, the real estate market strategy, and the Treasury securities portfolio.

Furthermore, the Bank has a range of committees whose functions relate directly to risk management in mBank Group. These include the Credit Committee of the Management Board of the Bank, the Data Quality Management Committee, the Capital Management Committee, and the Assets and Liabilities Committee.

The Supervisory Board gives a positive opinion on the risk management system in mBank S.A. In the opinion of the Supervisory Board, the system covers all risks which are relevant to the Bank and the Group.

Maciej Leśny

Chairman of the Supervisory Board