



Enclosure
to Supervisory Board Resolution 171/17 dated 1 March 2017

The Supervisory Board assessment of the application of the Corporate Governance Principles for Supervised Institutions of Polish Financial Supervision Authority (KNF) at mBank S.A. in 2016

The Corporate Governance Principles for Supervised Institutions (Principles), introduced by the KNF on 22 July 2014 were accepted for implementation in mBank S.A. by the Supervisory Board Resolution 31/14 dated 11 December 2014.

The Supervisory Board confirms that in 2016, the Bank duly applied the KNF Corporate Governance Principles adequately to the scale and character of its activities. The Principles determine internal and external relations of the bank, its organization, relations with shareholders and clients, cooperation among the statutory bodies, as well as functioning of internal supervision and the key internal systems and functions.

The Supervisory Board gives its positive opinion on the application of the Corporate Governance Principles for Supervised Institutions in mBank and confirms in particular, that:

1. The organizational structure of the Bank is adequate to the scale and nature of business of the Bank. The Supervisory Board approves the changes in the organizational structure on regular basis. The current changes in the organization structure and division of competences among Members of the Management Board and Managing Directors were approved by the Supervisory Board Resolution 142/16 dated 27 October 2016. In the past year a new **mobile Bank** Strategy of mBank Group for the years 2016 - 2020 was approved by the Supervisory Board Resolution 125/16 dated 10 June 2016. It sets new directions and goals for the Bank in the forthcoming years.
2. The relation with shareholders of the Bank is duly and carefully applied, ensuring the interests of all shareholders. The Supervisory Board confirms the departure by the Bank from adopting the provisions of Article 8(4) of the principles, which aims at facilitating electronic active participation of shareholders in the General Meeting. For many years mBank has been broadcasting General Meetings in real time, however, without the possibility to engage in two-way on-line communication. The Supervisory Board confirms the absence of a developed market practice in this respect and states that the application of such a rule generates unnecessary legal and technical risks.

3. The Management Board is composed of 7 persons. The division of competences among Management Board Members adopted by the Supervisory Board assures the proper control of the realization of Bank's strategic goals. There is 1 woman in the Management Board. All Members of the Management Board - individually and as a collective body, have required knowledge, competences and professional experience. In the Management Board 5 of 7 members, including the President, have Polish citizenship and speak Polish. The Supervisory Board confirms the Bank's departure from adopting Article 16(1), which states that the meetings of the managing body shall be held in Polish and if necessary an interpreter shall assist. The Supervisory Board confirms that the Bank's practice of holding Management Board meetings in English, without the participation of the interpreter is more efficient and allows to discuss and reach agreements without the participation of third parties (interpreters).

4. The Supervisory Board, composed of 12 persons, duly meets the requirement of proper supervision of all business areas of the Bank. Members of the Supervisory Board have required knowledge, experience and qualifications - their individual competences complement each other and ensure proper collegial supervision of all business areas of the company. The supervisory functions of the whole Supervisory Board are effectively supported by the activities of 4 committees (Executive Committee, Audit Committee, Remuneration Committee and Risk Committee) performing their particular duties in various areas of Bank's activities. There are 2 women among the Supervisory Board members. In the composition of the Supervisory Board, half of its members, including the Chairman, have Polish citizenship and speak Polish.

To ensure proper composition of the Supervisory and Management Board, in December 2016 the Supervisory Board adopted Resolution 144/16 approving the Policy for assessment of qualifications (suitability) of members of the supervisory body, management body and key function holders in mBank S.A.

5. In the opinion of the Supervisory Board, the Bank performs transparent remuneration policy for Members of the Management Board and persons in key positions in the Bank (Risk Takers). The remuneration policy is discussed in details at the meetings of the Remuneration Committee of the Supervisory Board. On 15 December 2016 the Supervisory Board adopted Resolution 150/16 regarding the approval of current Remuneration Policy for Risk Takers in mBank S.A.

6. The Supervisory Board confirms that the Bank performs proper information policy, promotion activities and in a fully transparent way communicates with the clients.

The Bank has a systematic process of handling claims and complaints. The Supervisory Board monitors this process and periodic reports in this respect are discussed in details during the Supervisory Board Audit Committee meetings.

7. The key internal systems and functions in the Bank, in particular the internal control system and risk management are conducted appropriately, in accordance to the legal requirements and internal regulations.

The Supervisory Board receives annual reports on the activities of the Internal Audit Department. In February 2016 the Supervisory Board adopted Resolution 101/16 regarding Audit Plan of the Internal Audit Department for

2016 and in December 2016 Supervisory Board Resolution 155/16 was adopted regarding the Internal Control Rules in mBank S.A.

Bank has an effective risk management system. The Supervisory Board receives for each meeting a risk report, which is discussed in details at the Supervisory Board Risk Committee meetings. In line with the recommendations of the Risk Committee the Supervisory Board approves documents on risk management, including: market, liquidity and operational risk management strategies, as well as corporate and retail credit risk strategies.

8. The Supervisory Board confirms that the Bank manages the assets at customers' risk effectively and ensures the necessary protection of customers' interests. The Bank's policy in this respect fulfills the requirements of the Corporate Governance Principles for Supervised Institutions.

This opinion is drafted as per the requirement of the Article 27 of the Corporate Governance Principles for Supervised Institutions and is available on the website pages of mBank.

Maciej Leśny
Chairman of the Supervisory Board