



Enclosure
to Supervisory Board Resolution 60/18 dated 28 February 2018

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 2017

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 2017, 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 Resolutions 10/17 dated 30 March 2017, 34/17 dated 25 October 2017 and 36/17 dated 7 December 2017. During its meeting in June 2017, the Supervisory Board got acquainted with the Management Board report on the status of realization of mBank 'mobile Bank' Strategy for the years 2016 - 2020. The strategy sets the following areas of development for the Bank: empathy and client centricity, mobility and effectiveness. The Supervisory Board confirms that the Strategy is realised in line with the set goals. In accordance to § 6 of the Corporate Governance Principles for Supervised Institutions, the Bank has a system of anonymous information on abuses. The Audit Committee of the Supervisory Board receives regular reports regarding functioning of this system. Pursuant to § 7 of the Corporate Governance Principles for Supervised Institutions, the Bank has business continuity plan. In 2017 the Supervisory Board adopted Resolution 26/17 dated 25 October 2017 approving the Business Continuity Management Policy in mBank S.A. and on 7 December 2017 adopted Resolution 47/17 approving the Continuity Plan in case of a threat of losing financial liquidity

by mBank Group. As required by the Polish Financial Supervision Authority and mBank strong position in the Polish financial system, in July 2017 the Supervisory Board approved Recovery Plan, providing business continuity in case of a serious disruption of business.

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 § 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. In 2017 there were 4 changes on the Management Board. The process of the appointment of candidates for the Management Board Members was held in accordance to the Policy on the assessment of qualifications of members of the supervisory body, management body and key function holders in mBank (Suitability Policy) adopted in 2016. 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 § 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. In 2017 a new term of office of the Supervisory Board started. Same, as in the Management Board, the appointment process was carried out in accordance to the Suitability Policy adopted in 2016. 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 and Nomination 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.

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 7 December 2017 the Supervisory Board adopted Resolution 38/17 approving new Remuneration Policy for the Employees of 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 internal control system is in particular supervised by the Audit Committee of the Supervisory Board. During the Audit Committee meetings the directors of the Internal Audit Department and Compliance Department present their periodic reports. As per the recommendation of the committee, the Supervisory Board adopted on 1 March 2017 Resolution 169/17 approving the Report of the Internal Audit Department for 2016 and by adopting Resolution 170/17 approved the Audit Plan of the Internal Audit Department for 2017. The Audit Committee reviews and monitors the financial reporting process. The representatives of the external auditor give regular information in this respect during the Audit Committee meetings.
The 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 approved the documents on risk management, including the following strategies: market risk, liquidity risk and concentration risk, as well as corporate and retail credit risk strategies. Moreover, on 30 March 2017 the Supervisory Board adopted Resolution 183/17 approving the reputation risk management strategy and Resolution 185/17 also dated 30 March 2017, approving the operation risk management strategy.
8. The Supervisory Board confirms that the mBank effectively 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 § 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