



Statement of mBank on application of corporate governance principles in 2018

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1.1. Application of corporate governance principles

The general corporate governance principles applicable at mBank, i.e. regulations and procedures determining the guidelines regarding the bank's authorities' actions, in particular towards stakeholders, arise from statutory regulations, in particular from the Code of Commercial Companies and Partnerships and the Banking Law Act, the provisions regulating the operation of the capital market and the rules laid down in the following documents: "Best Practice for WSE Listed Companies 2016", "Principles of Corporate Governance for Supervised Institutions" issued by the Polish Financial Supervision Authority on July 22, 2014 and the "Code of Banking Ethics" issued by the Polish Bank Association.

In 2018, the bank applied the corporate governance principles contained in the "Best Practice for WSE Listed Companies 2016", issued by the Warsaw Stock Exchange by way of Resolution No. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) dated October 13, 2015. The text of the "Best Practice for WSE Listed Companies 2016" is available on the website of the Warsaw Stock Exchange, in the section dedicated to the corporate governance of listed companies (www.gpw.pl/best-practice).

The "Principles of Corporate Governance for Supervised Institutions" are available on the website of the Polish Financial Supervision Authority (www.knf.gov.pl/en/MARKET/Regulations_and_practice/Practice).

Best Practice for WSE Listed Companies 2016

From among the detailed principles of the "Best Practice for WSE Listed Companies 2016", mBank does not apply principle no. VI.Z.2., which reads as follows: "To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years".

The principles for granting variable components of remuneration at mBank are compliant with the Regulation of the Minister of Development and Finance of March 6, 2017, on the Risk Management System, the Internal Control System, the Remuneration Policy as well as the Detailed Method for Banks' Internal Capital Assessment (Journal of Laws of 2017, item 637) and EBA's Guidelines on sound remuneration policies (EBA/GL/2015/22) of June 27, 2016, which do not provide for the premise indicated in item VI.Z.2 of the Best Practice.

Moreover, from among all recommendations specified in the "Best Practice for WSE Listed Companies 2016", mBank does not apply the following recommendations:

- items 2 and 3 of recommendation IV.R.2, which refer to conducting a General Meeting with the use of means of electronic communication. Item 2 concerns ensuring two-way communication in real time during the General Meeting, which allows shareholders to speak from a different location, whereas item 3 is related to exercising the voting right in person or by proxy during the General Meeting.
For many years, mBank has broadcast General Meetings in real time, however, without the possibility to engage in two-way online communication by allowing shareholders to speak during the General Meeting from a different location.
The bank's By-laws and the Standing Rules of the General Meeting do not provide for the possibility to actively participate in General Meetings with the use of means of electronic communication. Moreover, as assessed by the Management Board of mBank, the organisation of General Meetings with the use of means of electronic communication involves additional legal, organisational and technical risks. mBank has a stable majority shareholder, while a large part of minority shareholders are represented at each General Meeting even if active participation in General Meetings with the use of means of electronic communication is not available;
- recommendation VI.R.3. concerning the remuneration committee. The recommendation stipulates, among others, that it is required that at least the majority of the committee members be independent. At mBank, the Remuneration Committee of the Supervisory Board is composed

of four members, including one independent member. Three members do not meet the criterion of independence.

Principles of Corporate Governance for Supervised Institutions

The "Principles of Corporate Governance for Supervised Institutions" cover relations with shareholders and clients, issues relating to the organisational structure, rules for ensuring an effective and efficient internal control system, as well as the risks of business activities.

mBank has adopted the "Principles of Corporate Governance for Supervised Institutions", excluding the principles laid down in Article 8 (4) and in Article 16 (1).

The principle in Article 8 (4), which reads as follows: "A supervised institution, when justified by the number of shareholders, should strive for facilitating the participation of all shareholders in the meeting of the General Meeting of the supervised institution, among others, through ensuring the possibility of electronic active participation in the meetings of the General Meeting", is similar to recommendation IV.R.2 of the "Best Practice for WSE Listed Companies 2016". As a large part of mBank's shareholders are represented at General Meetings, with a view to mitigating the risk inherent in active participation in General Meetings with the use of means of electronic communication, mBank has decided that non-compliance with the rule defined in Article 8 (4) was justified.

Likewise, mBank does not comply with the rule defined in Article 16 (1), which reads as follows: "It is proper that meetings of a management body shall be held in Polish. In case of need, necessary assistance of an interpreter should be ensured."

The non-compliance derives from the fact that all Members of mBank's Management Board speak fluent English. Communication without an interpreter is more effective as discussions and decisions can be made without the participation of a third party (interpreter). In some circumstances, the participation of an interpreter could make discussions at Management Board meetings more difficult or prolonged due to the complex nature of issues under discussion as well as the specialised language. Furthermore, given that Management Board meetings review information that constitutes the company's secret, it is legitimate to limit to the bare minimum the participation of non-members of the Management Board in its meetings. At the same time, most of mBank's Management Board Members speak Polish, which implies that the bank can be represented whenever participation of Management Board Members is required including communication in Polish without an interpreter. Furthermore, minutes of Management Board meetings, as well as resolutions of mBank's Management Board, are prepared in two language versions, ensuring compliance with the provisions of Article 16 (2) of the "Principles of Corporate Governance for Supervised Institutions".

The stand of shareholders as regards the "Principles of Corporate Governance for Supervised Institutions" was presented in resolution no. 31 of the 28th Annual General Meeting of mBank S.A. of March 30, 2015.

In the above resolution, the shareholders undertook:

- to participate in the performance of the statutory objectives of mBank, ensuring security of its operations and following its interest;
- not to violate the competence of other statutory bodies of mBank;
- to immediately solve any potential conflicts between shareholders to prevent infringing the interest of mBank and its clients;
- not to make decisions resulting in transferring assets from mBank to other entities, and in acquisition or alienation of or in conclusion of other transactions leading to mBank disposing of its assets under conditions other than market conditions or posing a threat to the security or interest of mBank; the individual rights will be granted to the given shareholder or shareholders when justified on the grounds of achieving significant objectives of mBank and not causing hindrance to proper functioning of the bodies of mBank or discrimination against other shareholders and reflected in the By-Laws of mBank;

- to provide, if needed, additional capital or grant financial support to the bank to the extent to which it is possible and compliant with authorisations, whereas it will only take place after the analysis of the entirety of reasons which led to such a necessity; the shareholders will take into consideration the possibility of providing support from the point of view of their financial situation, provisions of law and supervisory regulations the shareholders are bound to respect and considering the best interest of mBank and its clients;
- to make decisions with regard to dividend payment, depending on the need for maintaining an appropriate level of equity and on the achievement of strategic objectives of mBank and to take into consideration general and individual recommendations issued by the supervisory authorities; and
- to implement the recommendations of the PFSA regarding the election of Members of the Supervisory Board of the Bank.

Code of Banking Ethics

Apart from the corporate governance principles, mBank has for many years complied with best banking industry practices, developed by the Polish Bank Association (ZBP). The currently applicable version of the "Code of Banking Ethics" was approved at the 25th General Meeting of the Polish Bank Association held on April 18, 2013. The "Code of Banking Ethics" is a set of principles referring to banks, their employees and persons acting as intermediaries in banking activities. The "Code of Banking Ethics" includes two parts: the "Code of Best Banking Practice" and the "Code of Bank Employee Ethics". The "Code of Banking Ethics" is available on the website of the Polish Bank Association (<http://zbp.pl/dla-bankow/zespoly-rady-i-komitety/dzialania-w-obszarze-legislacyjno-prawnym/komisja-etyki-bankowej>).

The model of values and behaviours of mBank employees and the Rules on conduct towards business partners

The bank's employees apply the Code of Conduct, which establishes the standards applicable in interactions between the bank's employees and the bank's business partners. This is meant to contribute to mutual trust. The guidelines related to behaviour include, among others, being guided by mBank's values, creating a sustainable corporate culture, corporate social responsibility, pursuing a responsible credit policy, treating relationships with clients in a responsible way, honesty in business relationships, applying established standards in relationships with clients and in internal relationships, avoiding conflicts of interest, responsible use of social media and simplifying communication.

It is also worth mentioning that mBank has defined behaviours which are most important from the perspective of the organisation and which facilitate achieving individual and team results, as well as, contributing to customer satisfaction. The model of values and behaviours applicable at the bank, which sets mBank's work standard, is based on the following organisational values: "client-centricity", "looking ahead", "simplifying", "commitment" and "professionalism".

Information policy

mBank pursues a transparent, open, and reliable information policy, which builds mutual trust and loyalty of investors. When implementing its information policy, mBank complies with requirements arising from provisions related to information confidentiality and security, which it must abide by as a public company and a supervised institution. The bank's high ratings and awards for widely understood corporate governance and investor relations bespeak transparency and effectiveness of its information policy. In 2018, mBank again won a distinction of the Institute of Accountancy and Taxes and *Gazeta Gieldy Parkiet* daily in the category "Transparent WIG20 company."

The main means applied by the bank in its information policy towards investors relations include:

- current and periodic reports;

- meetings, tele- and video-conferences of representatives of the Management Board and the Analysis and Investor Relations Department with investors and analysts, both in Poland and abroad;
- quarterly presentations of financial results for investors and analysts provided directly and through interactive webcasts and teleconferences;
- an ongoing contact by phone or e-mail with analysts and investors, including sending Newsletters on a monthly basis and, if necessary, other informational materials;
- participation of the representatives of the bank in domestic and foreign investor conferences and road-shows in selected European countries and in the United States of America;
- a website of the company with a comprehensive investor relations section where information is published on, among others, the shareholders of mBank, the composition of the Management Board and Supervisory Board, General Meetings (including video recordings of General Meetings), ratings, the Euro Medium Term Note Programme, quotations of mBank's shares on the WSE, analysts' recommendations, the consensus on mBank Group's expected performance and the target share price. On mBank's website, there are annual, periodical and current reports and presentations, including presentations of the results of the Group for analysts and stock exchange investors as well as presentations for investors interested in the bank's debt securities, an online version of the integrated annual report enabling interactive access to the audited financial data, an investor's calendar and the mBank Analyser which makes it possible to analyse the financial and business data of mBank Group in different dimensions.

Open communication with shareholders during the General Meetings manifests itself, among others, in the following aspects:

- providing stakeholders with answers and explanations by the members of the bank's governing bodies;
- broadcasting the General Meeting online;
- enabling media representatives to participate in the General Meeting.

1.2. Internal control and risk management systems with regard to the process of preparing financial statements of mBank

mBank is equipped with an internal control system which supports bank management by ensuring efficiency and effectiveness of the bank's operations, reliability of financial reporting, compliance with risk management rules of the bank, as well as compliance of the bank's operation with the law, internal regulations and market standards.

The internal control system encompasses the following:

- control function whose task is to ensure observance of control mechanisms concerning in particular risk management at the bank and which covers positions, groups of people and organisational units responsible for performance of tasks assigned to the function;
- compliance unit (Compliance Department), whose task is to identify, assess, control and monitor the risk of non-compliance of the bank's activities with the law, internal regulations and market standards and report in this respect;
- independent internal audit unit (Internal Audit Department), whose task is to examine and assess, impartially and objectively, the adequacy and effectiveness of the risk management system and the internal control system, excluding the internal audit unit.

The control function is a part of the internal control system comprised of all control mechanisms in processes running in the bank, independent monitoring of the application of such control mechanisms and reporting on the issue.

The control function is based on the following principles:

- guaranteeing access to important, real, up-to-date and complete information by decision makers;
- organising and maintaining adequate IT systems that ensure proper storage and processing of data, facilitate the evaluation and monitoring of different risk categories and generation of information useful in decision-making process;
- determining the information circulation rules in order to ensure that relevant information is submitted to competent persons.

The process of preparing financial data for reporting is automated and based on the accounting data of the bank.

Preparation of data in source systems is subject to formalised operational and acceptance procedures. Creating a collection of accounting balances on the basis of the system of general ledgers of the bank takes place within a process covering respective internal controls. Manual adjustments are subject to special controls.

The bank continuously monitors changes in provisions and external regulations related to the preparation of financial statements and updates internal regulations on an ongoing basis as well as adjusting IT systems where necessary.

The process of monitoring the operational risk which occurs in the preparation of financial statements in the bank includes mechanisms which effectively ensure the security of IT systems. mBank has an established business continuity plan which covers also the IT systems used in the process of preparing financial statements.

Financial statements of mBank and the Group are prepared by the Financial Reporting Department. Consolidated financial statements are drawn up based on data submitted by Group subsidiaries. The Financial Reporting Department monitors the reporting packages prepared by the subsidiaries in terms of their correctness, completeness and coherence of data.

The responsibility for controlling the coherence and completeness of the bank's accounting books and administering the model chart of accounts lies with the Accounting Department. Both Departments report to the Vice-President of the Management Board, Chief Financial Officer.

Financial statements are submitted to the Management Board of mBank for verification. The Audit Committee of the Supervisory Board receives quarterly financial statements before they are published. After consultations with the bank's external auditor and the Members of the Management Board of the Bank, the Audit Committee recommends whether the Supervisory Board should approve or reject annual financial statements.

The annual and semi-annual financial statements of mBank are respectively subject to an independent audit or review by a statutory auditor. The selection of the statutory auditor of the bank requires a resolution of the General Meeting. The Audit Committee of the Supervisory Board issues an opinion on the selection of the statutory auditor. In the subsidiaries, supervisory boards decide on the selection of the statutory auditor.

mBank abides by the principle regarding the rotation of statutory auditors.

On April 18, 2018, the 31st Annual General Meeting of mBank selected Ernst & Young Audyt Polska Sp. z o.o. spółka komandytowa as the auditor to review the financial statements of mBank S.A. and the consolidated financial statements of mBank S.A. Group for the years 2018-2019. Ernst & Young Audit Sp. z o.o. sp. k. was also authorised to audit mBank's financial statements and the Group's consolidated financial statements earlier, i.e. in the years 2013-2015. In the years 2016-2017, PricewaterhouseCoopers Sp. z o.o. was the entity auditing the bank's financial statements and the Group's consolidated financial statements.

The procedures of co-operation of mBank and the external auditor ensure that all the important issues related to the recognition of economic events in the books and financial statements are being consulted on an on-going basis.

The aspiration to ensure the highest standards of financial statements is reflected in the high quality of reporting. In "The Best Annual Report 2017" contest organised by the Accounting and Tax Institute

(IRiP), the results of which were announced in October 2018, mBank won the title "The Best of the Best" for the best annual report in the category of financial institutions for the sixth time in a row.

Auditor's services other than the audit of yearly financial statements

A list of services other than the audit of yearly financial statements, rendered to mBank S.A. Group by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. in the year 2018, is presented below.

1. Review of the standalone interim financial statements of mBank S.A. and the consolidated interim financial statements of mBank S.A. Group as at and for the 6-month period ended June 30, 2018 and as at and for the 9-month period ended September 30, 2018.
2. Review of the consolidation package of mBank S.A. for Commerzbank AG as at and for the 6-month period ended June 30, 2018 and as at and for the 9-month period ended September 30, 2018.
3. Audit of the consolidation package of mBank S.A. for Commerzbank AG as at and for the year ended December 31, 2018.
4. Verification of the disclosure document regarding the capital adequacy of the mBank S.A. Group as at June 30, 2018 and December 31, 2018.
5. Verification of the disclosure document regarding the capital adequacy of mBank Hipoteczny S.A. as at December 31, 2018.
6. Assessment of compliance with the requirements for storing assets of mBank S.A. clients for 2018.
7. Services related to the verification of the prospectus supplement for mBank S.A.
8. Services related to the verification of the prospectus supplement for mBank Hipoteczny S.A.
9. Review of interim financial statements of 2 subsidiaries as at and for the 6-month period ended June 30, 2018.
10. Audit of consolidation packages of 3 subsidiaries for mBank S.A. as at and for the year ended December 31, 2018.
11. Agreed-upon procedures on consolidation packages of 6 subsidiaries and review of consolidation package of 1 subsidiary for mBank S.A. as at and for the year ended December 31, 2018.
12. Agreed-upon procedures on consolidation packages of 2 subsidiaries for mBank S.A. as at and for the 9-month period ended September 30, 2018.
13. Agreed-upon procedures on consolidation packages of 2 subsidiaries and review of consolidation packages of 2 subsidiaries for mBank S.A. as at and for the 6-month period ended June 30, 2018.
14. Agreed-upon procedures on consolidation package of 1 subsidiary and review of consolidation packages of 2 subsidiaries for Commerzbank AG as at and for the year ended December 31, 2018.
15. Agreed-upon procedures on consolidation package of 1 subsidiary and review of consolidation packages of 2 subsidiaries for Commerzbank AG as at and for the 6-month period ended June 30, 2018.

Significant blocks of shares

mBank's share capital amounts to PLN 169,347,928 and is divided into 42,324,982 ordinary bearer shares and 12,000 ordinary registered shares with a nominal value of PLN 4 each.

Commerzbank AG is the majority shareholder of mBank.

As at December 31, 2018, Commerzbank held directly 29,352,897 shares of mBank, which accounted for 69.33% of the share capital and votes at the General Meeting.

Shares accounting for 30.67% of mBank shares were in free float. These shares are held by institutional investors, in particular Polish pension funds and Polish and foreign investment funds, as well as individual investors.

As at December 31, 2018, Nationale-Nederlanden Otworthy Fundusz Emerytalny exceeded the 5% threshold of shares and votes at the General Meeting of mBank. In accordance with the lists of shares of WSE-listed companies held in funds' portfolios as at the end of 2018, published by open-end pension funds, Nationale-Nederlanden Otworthy Fundusz Emerytalny held 5.00% of mBank shares. Furthermore, AVIVA Otworthy Fundusz Emerytalny AVIVA BZ WBK held 4.1% of mBank shares, and Otworthy Fundusz Emerytalny PZU - 4.0%.

Shareholder	Number of the shares as at the end of 2018	% share in the number of shares and votes
1. Commerzbank AG	29,352,897	69.33%
2. Nationale-Nederlanden Otworthy Fundusz Emerytalny ¹	2,117,564	5.00%

¹ Data based on the List of shares of companies listed on the WSE in the portfolio of NN OFE.

On February 4, 2019, the bank received from the Nationale-Nederlanden OFE a notification of a reduction of shares in the company's shareholding to less than 5% of votes at the General Meeting of mBank.

Pursuant to the By-laws of mBank, each share gives the right to one vote at the General Meeting. There are no preferred shares. The control rights of Commerzbank AG as the parent entity of mBank are a result of the number of shares held, their percentage share in the equity, and the number of votes at the General Meeting of mBank.

The By-laws of mBank do not impose any limitations on the exercise of the voting right. There are no provisions which would separate the equity rights attached to securities from the holding of securities. Furthermore, there are no limitations on the transfer of the property right to securities issued by the bank.

Information on the majority shareholder

The strategic shareholder of mBank, Commerzbank AG, is a leading German bank with a history dating back to 1870. It provides services to private and corporate customers.

Commerzbank holds branches and offices in almost 50 countries. The main markets for Commerzbank are Germany and Poland. There are about 1,000 branches in the branch network of Commerzbank in Germany. The Bank serves more than 18 million private customers, as well as, more than 70 thousand corporate clients, multinational companies, financial service providers, and institutional clients. The bank finances more than 30% of Germany's foreign trade. It is the leader in financing corporate clients in Germany and a major supplier of financial market products.

Commerzbank Group is composed of two business segments: Private and Small Business Customers (Privat- und Unternehmerkunden) and Corporate Clients (Firmenkunden). Comdirect, owned by Commerzbank, is the German market leader in respect of direct banking and online brokerage services. In 2018, Commerzbank generated income of EUR 8.6 billion with approximately 49,000 employees. Commerzbank posted a net result attributable to Commerzbank shareholders of EUR 865 million for 2018.

The German government, currently the largest shareholder of Commerzbank, holds a 15% stake in the share capital through Germany's Financial Market Stabilisation Fund (SoFFin). The largest institutional investors are Cerberus (more than 5% of Commerzbank shares) and BlackRock (less than 5% of Commerzbank shares). The remaining institutional investors hold about 55% of shares in free float.

1.3. Principles of appointing and dismissing Management Board Members

Pursuant to the By-laws of mBank, the Management Board is composed of at least three Members appointed for a joint term of five years. At least half of the Members of the Management Board, including the President of the Management Board, must hold Polish citizenship, be habitually resident in Poland, speak Polish, and have experience on the Polish market which can be used while managing the bank.

The President of the Management Board, the Vice-Presidents of the Management Board and other Members of the Management Board are appointed and dismissed by the Supervisory Board, which acts pursuant to the provisions of the Banking Law and considers whether they have the relevant qualifications for the assigned functions. The Polish Financial Supervision Authority (PFSA) approves two Members of the Management Board of the bank: the President of the Management Board and the Chief Risk Officer (Board Member responsible for developing and implementing the bank's credit policy and risk management).

In accordance with the Code of Commercial Partnerships and Companies, a Member of the Management Board may also be dismissed or suspended by the General Meeting.

The mandate of a Member of the Management Board expires at the latest on the day of the General Meeting that approves the financial statements for the last full financial year of the term of that Management Board Member. The mandate of a Member of the Management Board also expires if the Member dies, resigns from his or her position, or is dismissed. The mandate of a Member of the Management Board appointed before the end of the term expires on the expiration date of mandates of the other Members of the Management Board.

1.4. Principles of amendments to the Company's By-Laws

Amendments to the By-Laws of mBank require adoption of a resolution by the General Meeting of mBank and registration of the adopted amendment in the National Court Register. Before the General Meeting of mBank is presented with a draft resolution concerning amendment to the By-Laws, the Management Board of mBank adopts a resolution on the proposed amendment by approving the draft resolution of the General Meeting. The draft is then presented to the Supervisory Board for approval.

Under Article 34 (2) of the Banking Law Act of 29 August 1997, an amendment to the bank's By-laws requires the authorisation of the Polish Financial Supervision Authority.

1.5. General Meeting and shareholder rights

Meeting procedures and powers of the General Meeting

The General Meeting is convened pursuant to the provisions of the Code of Commercial Partnerships and Companies, mBank's By-laws, and the Standing Rules of the General Meeting. Both the By-laws and the Standing Rules of the General Meeting are available on mBank's website: <https://www.mbank.pl/en/about-us/corporate-governance-and-best-practices/>

The General Meeting convened by the Management Board under the ordinary procedure is held once a year, no later than in June. The Supervisory Board may convene an Annual General Meeting if the Management Board does not convene it within the time limit set out in the By-laws and an Extraordinary General Meeting if the Supervisory Board considers it necessary. In addition, under specific circumstances, the shareholders have the right to convene a General Meeting or to request for a General Meeting to be convened.

The shareholders may participate in the General Meeting and cast their votes either in person or by proxies. One proxy may represent more than one shareholder.

Subject to the cases defined in the Code of Commercial Partnerships and Companies, the General Meeting is valid regardless of the number of shares represented at the General Meeting.

All matters submitted to the General Meeting are previously submitted to the Supervisory Board for consideration.

Subject to specific exceptions, resolutions of the General Meeting are passed in an open ballot by a simple majority of votes, unless the Code of Commercial Partnerships and Companies or mBank's By-laws impose a stricter requirement for the passing of resolutions on specific issues. A secret ballot is required in the case of elections and motions to dismiss members of the bank's authorities or liquidators, motions to call members of the bank's authorities or liquidators to account, and motions concerning personal issues. In addition, a secret ballot is required if requested by at least one shareholder present or represented at the General Meeting.

Voting takes place with the use of a computer system, which also counts the votes. The By-laws of mBank and Standing Rules of the General Meeting do not provide for the possibility of voting by mail or with the use of electronic means of communication.

The following matters require a resolution of the General Meeting (in addition to other matters set out in the Code of Commercial Partnerships and Companies):

- examination and approval of the report of the Management Board on the bank's operations and financial statements for the past financial year;
- adoption of resolutions on the distribution of profits or coverage of losses;
- vote of discharge of duties for members of the Bank's authorities;
- election and dismissal of Members of the Supervisory Board;
- amendment to the By-laws;
- increase or reduction of the bank's share capital;
- adoption of resolutions concerning the redemption of shares, which set the rules of acquiring shares by the bank, in particular the amounts allotted to purchasing shares for redemption and funding sources and resolutions on redemption of shares, and in particular setting the policy of share redemption not regulated in the By-laws;
- creation and winding up of special purpose funds;
- issue of convertible bonds or preferred bonds;
- establishment of the principles of remunerating the Members of the Supervisory Board;
- liquidation of the bank or its merger with another bank;
- appointment of liquidators;
- matters submitted by the Supervisory Board;
- matters submitted by the shareholders in accordance with the By-laws;
- election of the entity authorised to audit financial statements as a statutory auditor of the bank.

The General Meetings of mBank take place in the bank's headquarters in Warsaw and are broadcast on-line. The General Meetings may be attended by the representatives of the media.

Shareholders' rights

The shareholders have the right to participate in the profit reported in the audited financial statements and allocated by the General Meeting to be paid to the shareholders.

The shareholders representing at least one-half of the share capital or at least one-half of the total number of votes in the Company may convene an Extraordinary General Meeting. The shareholders appoint the chairperson of this meeting. The shareholder(s) representing at least one-twentieth of the share capital may request that the Management Board convene an Extraordinary General Meeting and that specific items be put on the agenda for this meeting.

Only persons who are shareholders of the bank sixteen days before the date of the General Meeting have the right to participate in the General Meeting of the bank. The shareholder(s) of the bank representing at least one-twentieth of the share capital may request that specific items be put on the agenda for the Annual General Meeting. The request should be submitted to the Management Board of the bank no later than twenty-one days prior to the date of the Annual General Meeting.

The shareholders may participate in the General Meeting and cast their votes either in person or by proxies.

A shareholder has the right to:

- vote, propose motions and raise objections;
- justify their position briefly;
- stand for election of the Chairperson of the General Meeting and propose a candidate for the Chairperson of the General Meeting to be noted in the minutes;
- take the floor in the course of the General Meeting and make a reply;
- submit draft resolutions concerning the items put on the agenda;
- propose amendments and additions to draft resolutions being on the agenda for the General Meeting before the discussion on the item covering the draft resolution concerned by the proposal is closed;
- propose formal motions relating to the proceedings and the voting procedure;
- propose candidates for the bank's Supervisory Board in writing to the Chairperson of the General Meeting or orally to the minutes;
- review the book of minutes and request copies of resolutions authenticated by the Management Board;
- file a statement of claim for repealing a resolution of the General Meeting where the shareholder voted against the resolution of the General Meeting and after its adoption requested that his/her objection be recorded in the minutes or the shareholder was prevented from participating in the General Meeting without a sound reason, or the shareholder was absent from the General Meeting in the event of defective convening of the General Meeting or adoption of a resolution on a matter not included in the agenda;
- file a statement of claim against the Company for declaring a resolution of the General Meeting adopted in breach of the law invalid.

The Management Board is obliged to provide the shareholder, at the shareholder's request, with information concerning the Company if this is justified by the assessment of an issue on the agenda. The Management Board should refuse information if:

- this could damage the Company or its associated company or subsidiary, in particular due to disclosure of technical, trade or organisational secret of the Company;
- this could expose a Member of the Management Board to criminal, civil or administrative liability.

In justified cases, the Management Board may provide information in writing no later than two weeks after the General Meeting is adjourned.

1.6. Composition, powers and procedures of the Management Board and the Supervisory Board

Composition of the Management Board

The Management Board is composed of at least three members appointed for a joint term of 5 years. At least half of the Management Board Members, including the President, must be Polish citizens, have permanent residence in Poland, speak Polish and have experience in the Polish market necessary to manage mBank. The Members of the Management Board manage selected areas of the bank's operation within the scope determined by the President of the Management Board. The division of powers of the Members of the Management Board has been described in detail in the Management Board's resolutions.

On April 12, 2018, mBank's Supervisory Board appointed the following Members of the Management Board of mBank S.A. for a joint term of five years:

1. Cezary Stypułkowski – President of the Management Board, Chief Executive Officer

2. Frank Bock - Vice-President of the Management Board, Head of Financial Markets
3. Andreas Böger – Vice-President of the Management Board, Chief Financial Officer
4. Krzysztof Dąbrowski - Vice-President of the Management Board, Head of Operations and Information Technology
5. Lidia Jabłonowska-Luba – Vice-President of the Management Board, Chief Risk Officer
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

In 2018, the composition of the Management Board did not change.

Detailed information on mBank Management Board Members is presented below:

Cezary Stypułkowski - President of the Management Board, Chief Executive Officer



Cezary Stypułkowski holds a PhD in law from the University of Warsaw. In second half of 1980s, he studied at Columbia University Business School in New York as a participant of the Fulbright Program. Starting in 1991, he chaired the Management Board of Bank Handlowy S.A. (currently Citibank Group) for nearly thirteen years. In 2003, he was appointed the President of the Management Board of PZU Group and held this function for three years. From 2006 to 2010, he worked for J.P Morgan in London, from 2007 as the Managing Director of J.P. Morgan Investment Bank in Central and Eastern Europe. Cezary Stypułkowski was also a member of the International Advisory Board for Deutsche Bank Management Board, INSEAD International Advisory Board and the Geneva Association. Since 2012, co-chair of the Emerging Markets Advisory Council of the Institute of International Finance in Washington (IFF).

Mr Stypułkowski was appointed the President of the Management Board of mBank S.A. on August 2, 2010. He has been acting as the President of the Management Board of the Bank as of October 1, 2010. The Polish Financial Supervision Authority approved his appointment on October 27, 2010.

Frank Bock - Vice-President of the Management Board, Head of Financial Markets



Mr Bock graduated from the Technical University in Karlsruhe (Germany) with specialisation in financial engineering and IT.

During his professional career, Frank Bock gained considerable experience in the scope of risk and treasury management in numerous institutions in Germany, the USA (New York) and Great Britain (London). Starting from the beginning of 2009, Frank Bock was the Managing Director for Treasury at Commerzbank AG. His duties included asset and liability management, market risk management and liquidity management at Commerzbank in Central and Eastern Europe, as well as functional support in strategic subsidiaries of Commerzbank: Comdirect, Commerz Real and mBank. Previously, as the Asset and Liability Management Director in Group Capital and Treasury Management of Dresdner Bank AG in Frankfurt, he was responsible for the management of market risk and liquidity portfolio. Prior to joining Dresdner Bank AG, Mr Bock worked for WestLB AG in Düsseldorf as Credit Treasury Head in Group Treasury and was a senior manager for risk management.

Vice-President of the Management Board of mBank S.A., Head of Financial Markets since May 1, 2017.

Andreas Böger- Vice-President of the Management Board, Chief Financial Officer



Mr Böger studied in Frankfurt and San Diego, graduated from the Frankfurt School of Finance & Management and holds the CFA certificate.

He started his professional career in HypoVereinsbank in Munich in 1994, where he headed the team responsible for assets and liability management and capital advisory. Since 2003, Andreas Böger worked in Deutsche Bank in Frankfurt. In 2007-2013, he was a managing director of Global Capital Markets and Capital

Solutions Europe & CEEMEA at Deutsche Bank in London. Mr Andreas Böger joined Commerzbank in 2013. Prior to taking up the position at mBank, he managed the corporate finance division within Commerzbank's Group Development and Strategy.

Vice-President of the Management Board of mBank S.A., Chief Financial Officer since July 1, 2017.

Krzysztof Dąbrowski - Vice-President of the Management Board, Head of Operations and Information Technology



Mr Dąbrowski graduated from Warsaw University of Technology, Faculty of Electronics and Information Technology. In 2011, he completed the Executive MBA programme at the University of Warsaw and the University of Illinois.

In 1995-2003, he worked in the Internet and telecommunications industry for Polska Online and TDC Internet, where he was responsible for the development of

hosting systems and services. In 2004-2011, as the head of the Software Development Department, he co-created the Polish service centre of F. Hoffman-La Roche. In the following years, as the CTO of Allegro Group, Krzysztof Dąbrowski supervised one of the biggest agile transformations in the region. Since 2014, he performed the function of the managing director for IT and technology at mBank.

Vice-President of the Management Board of mBank S.A., Head of Operations and IT since April 1, 2017.

Lidia Jabłowska-Luba - Vice-President of the Management Board, Chief Risk Officer



Lidia Jabłowska-Luba graduated from the Mathematics Institute of the University of Gdańsk. From 1994 to 2001, Ms Jabłowska-Luba was Vice-President of Schroder Salomon Smith Barney Poland, where she advised financial institutions on M&A and public equity transactions. In 2002, Lidia Jabłowska-Luba joined Citigroup in Poland, first as the Head of Financial Institutions & Public Sector Division and since November 2003 as the Member of the

Management Board in charge of finance and operational risk management, capital management and implementation of the New Capital Accord. From 2008 to 2010, she served as the Vice-President of the Management Board of Kredyt Bank acting as Chief Finance and Risk Officer. She was also the Advisor to the CEO of Warta S.A. and TUnŻ Warta S.A. From 2010 to 2012, Lidia Jabłowska-Luba was the Senior General Manager at KBC Group in Brussels, where she was responsible for managing all risk types in the group, including model development and valuation, risk policies and procedures, risk support for business decisions, supervision and reporting, ICAAP and ORSA processes, capital adequacy policy and technological support for risk management. Additionally, Lidia Jabłowska-Luba held the position of the Vice-Chairwoman of the Group Risk Management Committee and also served as a member of the Group Risk and Capital Oversight Committee and ALCO at KBC Group.

Vice-President of the Management Board of mBank S.A., Chief Risk Officer since April 12, 2013.

Cezary Kocik - Vice-President of the Management Board, Head of Retail Banking



Mr Kocik graduated from the University of Łódź with a degree in Banking and Finance. In 2015, he completed the Advanced Management Program (AMP 189) at Harvard Business School. Holder of a securities broker license. From 1994 to 1996, Cezary Kocik was employed with the Brokerage House of Bank PBG as a securities broker. Starting in 1996, he worked for Bank PBG in the investment banking, debt collection and restructuring divisions. In

1999, Mr Kocik was employed with the debt collection and loan restructuring department of Bank Pekao S.A., he was, among others, director of a Pekao Branch in Łódź.

He has been shaping mBank's retail banking since 2004: first in the retail credit risk area, then in the sales and business processes area, contributing to successful implementation of CRM system and substantially improving the effectiveness of key sales processes in direct channels.

Vice-President of the Management Board of mBank S.A., Head of Retail Banking since April 1, 2012.

Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking



Adam Pers graduated from the Faculty of Economics of the Academy of Economics in Poznań. In 2008, he completed an MBA programme organised by SGH Warsaw School of Economics. He gained expertise in the field of banking both at university and in three institutions operating on the Polish market. He commenced his professional career as an intern in Wielkopolski Bank Kredytowy S.A., then he worked in Raiffeisen Bank Polska S.A. Group for many

years, at first in back office, then in corporate banking and finally in the financial markets area. He was responsible for strategic projects concerning the reshaping of the dealing room and for one of the pillars of the bank's strategy and during the financial crisis, as the operational committee member, he was responsible for the bank's liquidity. In RBI Group, he was awarded the TOP Performer and Leader of the Year title. He joined BRE Bank/mBank Group in 2012, where at first he was responsible for restructuring in the area of the financial markets sales. Then, as a managing director he also supervised the integration of the area of cooperation with financial institutions and finally, the integration with the trading area.

Vice-President of the Management Board of mBank S.A., Head of Corporate and Investment Banking since October 26, 2017.

Powers and procedures of the Management Board

The Members of the Management Board are jointly liable for the overall operations of the bank. They work collegially and inform each other about the most important matters concerning the bank for which particular Members of the Management Board are responsible. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the bank or to perform specific tasks.

The following committees led by Members of the Management Board operate at mBank:

- Resource Management Committee (chairperson: Cezary Stypułkowski)
- Capital Management Committee (chairperson: Andreas Böger)
- Data Quality and IT Systems Development Committee (chairperson: Andreas Böger)
- Assets and Liabilities Management Committee of mBank Group (chairperson: Frank Bock)
- Foreign Branch Supervision Committee of mBank S.A. (chairperson: Cezary Kocik)
- Credit Committee of mBank Group (chairperson: Lidia Jabłonowska-Luba)

- Retail Banking Risk Committee (chairperson: Lidia Jabłowska-Luba)
- Corporate and Investment Banking Risk Committee (chairperson: Lidia Jabłowska-Luba)
- Financial Markets Risk Committee (chairperson: Lidia Jabłowska-Luba)
- Model Risk Committee (chairperson: Lidia Jabłowska-Luba)
- Investment Banking Committee (chairperson: Lidia Jabłowska-Luba)
- IT Architecture Committee of mBank Group (chairperson: Krzysztof Dąbrowski).

The Management Board manages the bank's business, represents the bank and defines the guidelines for the bank's operations, especially for the areas subject to risks, including the credit policy, the investment policy, the bank's assets and liabilities management policy, and the guarantee policy. The Management Board presents to the Supervisory Board on a regular basis comprehensive information on all significant aspects of the bank's operations and related risks as well as risk management methods.

The Management Board operates pursuant to its Rules approved by the Supervisory Board. The Rules determine among others the issues which require consideration of the Management Board as a collegial body and adoption of a resolution of the Management Board.

All resolutions are adopted by a majority of votes of the Management Board Members present at the meeting, and in the case of an equal number of opposing votes, the President of the Management Board has the casting vote.

Rules and levels of remuneration of Members of the Management Board are determined by the Remuneration Committee of the Supervisory Board. The rules of the incentive programme for the Management Board as well as the principles of allocating bonuses to Management Board Members are defined in Resolutions of the Supervisory Board.

Total remuneration of the Members of the Management Board includes a fixed and a variable part.

A detailed description of the rules of the incentive programmes for the Management Board based on shares is presented in Note 42 of mBank S.A. Group IFRS Consolidated Financial Statements 2018.

On April 12, 2018, the resolution regarding the implementation of the incentive programme and determination of the rules for conducting it, and the resolution regarding the issue of subscription warrants, conditional share capital increase with divestment of the existing shareholders' pre-emptive right to subscription warrants were adopted at the 31st Annual General Meeting of mBank. The new Incentive Programme replaced two other programmes: the employee incentive programme dated October 27, 2008 on principles of conducting the employee incentive programme by the company, as amended, and the incentive programme of mBank dated March 14, 2008 for Members of the Management Board. In line with the Incentive Programme dated April 12, 2018, the bank will issue no more than 934,000 ordinary bearer shares with a face value of PLN 4.00 each. In order to grant the right, the bank will issue 934,000 registered subscription warrants. The Incentive Programme will be implemented until December 31, 2028 or until all shares are taken up, if it happens before that date.

The existing programmes will be expiring gradually. No newly issued shares will be granted under the existing programmes, and the bank will only meet the obligations arising from deferred tranches under the existing programmes.

Warrants are offered to the group of Risk Takers, composed of Members of the Management Board of mBank and mBank Group's subsidiaries and selected employees of mBank.

The bonus of a Management Board Member is paid in the following way:

- 40% of the bonus - in the calendar year in which the bonus amount is determined (non-deferred part);
- 60% of the bonus - in equal tranches in the five subsequent calendar years following the calendar year in which the bonus amount is determined (deferred part).

The non-deferred part: 50% is paid in cash in the month following the month of the Annual General Meeting; the other 50% is paid in the form of subscription warrants issued not earlier than twelve months from the date of the AGM. The value of one subscription warrant will equal the Average Market Price minus PLN 4.00.

The deferred part is paid in five equal tranches in the five subsequent calendar years: 50% of each tranche is paid in cash in the month following the month of the Annual General Meeting of mBank; the other 50% is paid in the form of subscription warrants issued not earlier than twelve months from the date of the AGM.

The bonus amount granted to a Risk Taker for a given calendar year is calculated individually for this Risk Taker and depends on the amount of the bonus pool.

The remuneration of the Members of Management Board in 2017-2018 is presented in the following tables.

	Remuneration paid in 2018 (in PLN)			
	Basic remuneration	Other benefits	Bonus for 2017	Deferred bonus ¹
1. Cezary Stypułkowski	3,580,421	241,475	434,466	805,415
2. Lidia Jabłonowska-Luba	1,629,000	183,087	150,000	445,000
3. Frank Bock	1,694,638	252,467	108,334	-
4. Andreas Böger	1,729,940	132,699	87,500	-
5. Krzysztof Dąbrowski	1,733,565	146,847	150,000	76,667
6. Cezary Kocik	1,879,956	199,194	250,000	475,000
7. Adam Pers	1,676,801	126,426	126,334	90,000
In total	13,924,321	1,282,195	1,306,634	1,892,082

¹ In 2018, the third deferred tranche was paid as part of the settlement of the cash portion of the bonus for 2014, the second deferred tranche as part of the settlement of the cash portion of the bonus for 2015 and the first deferred tranche as part of the settlement of the cash portion of the bonus for 2016. Krzysztof Dąbrowski and Adam Pers were paid deferred tranches (with the date of payment in 2018) as the settlement of the cash portion of the bonus granted during the period of performing the functions of the Managing Directors.

	Remuneration paid in 2018 (in PLN)			
	Basic remuneration	Other benefits	Bonus for 2017	Deferred bonus ¹
Remuneration of former Members of the Management Board who ceased to perform their functions in 2017				
1. Christoph Heins	-	-	75,000	62,500
2. Jarosław Mastalerz	-	-	50,000	475,000
3. Przemysław Gdański	-	-	166,668	445,000

Remuneration of former Members of the Management Board who ceased to perform their functions in 2016

1. Jörg Hessenmüller	-	-		402,500
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¹ In 2018, Members of the Management Board who ceased to perform their functions in 2017 and Jörg Hessenmüller received the third deferred tranche as part of the settlement of the cash portion of the bonus for 2014, the second deferred tranche as part of the settlement of the cash portion of the bonus for 2015 and the first deferred tranche as part of the settlement part of the cash bonus for 2016.

	Remuneration paid in 2017 (in PLN)			
	Basic remuneration	Other benefits	Bonus for 2016	Deferred bonus ¹
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	-	-
In total	8,917,785	1,005,229	960,831	1,245,000

¹ In 2017, the second deferred instalment was paid as part of the settlement of the cash portion of the bonus for 2014 and the first deferred tranche as part of the settlement of the bonus part of cash for 2015.

	Remuneration paid in 2017 (in PLN)				
	Basic remuneration	Other benefits	Bonus for 2016	Deferred bonus ¹	Severance payment
Remuneration of former Members of the Management Board who ceased to perform their functions in 2017					
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	321,000	1,500,000

Remuneration of former Members of the Management Board who ceased to perform their functions in 2016

1. Jörg Hessenmüller			125,000	340,000	-
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¹ In 2017, Members of the Management Board who ceased to perform their functions in 2017 and Jörg Hessenmüller received the second deferred tranche as part of the settlement of the cash portion of the bonus for 2014 and the first deferred tranche as part of the cash bonus settlement for 2015.

The bank's shares held by the Members of the Management Board:

As at 31 December 2018, the bank shares were held by four Members of the Management Board: Cezary Stypułkowski – 19 384 shares, Frank Bock – 223 shares, Andreas Böger – 180 shares and Krzysztof Dąbrowski – 1 630 shares.

As at December 31, 2017, two Members of the Management Board held mBank's shares: Cezary Stypułkowski - 16,275 shares and Krzysztof Dąbrowski – 1,117 shares.

Composition of the Supervisory Board

The Supervisory Board acts on the basis of adopted Rules and performs the functions provided for in the By-laws of mBank, the Code of Commercial Partnerships and Companies, and the Banking Law. The By-laws of mBank provide that the Supervisory Board consists of no less than five Members elected by the General Meeting for a joint term of three years. Members of the Supervisory Board should possess knowledge, skills and experience adequate for fulfilling their function and duties entrusted to them and should guarantee proper fulfilment of these duties. At least half of all Supervisory Board Members, including the Chairman, shall hold Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used while supervising the bank's operations. Pursuant to the statutory requirement, at least two Supervisory Board Members are independent. The independence criteria of the Supervisory Board Member are stipulated in the mandatory provisions of law.

As at the end of 2018, the Supervisory Board's composition was as follows:

1. Maciej Leśny – Chairman of the Supervisory Board
2. Stephan Engels – Deputy Chairman of the Supervisory Board
3. Tomasz Bieske – Member of the Supervisory Board
4. Andre Carls – Member of the Supervisory Board
5. Marcus Chromik – Member of the Supervisory Board
6. Janusz Fiszer – Member of the Supervisory Board
7. Mirosław Godlewski – Member of the Supervisory Board
8. Jörg Hessenmüller – Member of the Supervisory Board
9. Gurjinder Singh Johal – Member of the Supervisory Board
10. Michael Mandel – Member of the Supervisory Board
11. Teresa Mokrysz – Member of the Supervisory Board

12. Agnieszka Słomka-Gołębiowska – Member of the Supervisory Board

Compared with the composition of the Supervisory Board appointed on March 30, 2017 by the 30th AGM, only one change in the Supervisory Board took place. On September 11, 2018, Thorsten Kanzler resigned from mBank's Supervisory Board, and from the Supervisory Board Risk Committee effective as of September 23, 2018. By way of resolution of mBank's Supervisory Board, Gurjinder Singh Johal was elected as a new Member of the Supervisory Board of mBank effective as of September 24, 2018 until the end of the current term of office of the Supervisory Board.

Detailed information on mBank Supervisory Board Members, who performed their functions as at December 31, 2018, is presented in the table below.

Maciej Leśny - Chairman of the Supervisory Board

Maciej Leśny graduated from the Faculty of Economic Sciences at Warsaw University in 1969. During his professional career, Maciej Leśny worked for 6 years in the shipbuilding industry in Gdańsk and 8 years for Zakłady Elektronicznej Techniki Obliczeniowej. For more than 22 years, he worked in the central state administration, including 8 years in the position of Undersecretary of State: in the Ministry of Foreign Economic Co-operation; the Ministry of Economy; the Ministry of Economy, Labour and Social Policy; and finally in the Ministry of Infrastructure.

He completed a post-graduate course and training courses at universities in the USA: Michigan University (Business School of Administration) and De Paul University (Chicago). In 1992-1993, as a holder of scholarship granted by the US government, Maciej Leśny studied at the American University in Washington, DC. During his scholarship time, he took part in a four-month internship at the World Bank and completed a privatization training course in the International Monetary Fund.

From March 1994 to 1998, Maciej Leśny was the Chairman of the Supervisory Board of mBank (former BRE Bank). Then, until December 2001, he was a Member of the Supervisory Board. In 2004, Maciej Leśny was re-elected as the Chairman of the Supervisory Board.

Stephan Engels - Deputy Chairman of the Supervisory Board

Mr Engels is a graduate of the University of St. Gallen in Switzerland. In the period of 1988-1993, he worked at Daimler-Benz AG's Internal Audit Department. Afterwards he headed the Regional Controlling (Europe) at debis AG for three years. From 1996 to 2000, he served as the Chief Financial Officer at debis AirFinance B.V. In 2000, Mr Engels joined DaimlerChrysler Bank AG as the Member of the Board for Credit, and then CFO and IT. In 2003, he took the position of the Member of the Board for Finance, Controlling, Risk Management & Strategy at DaimlerChrysler Services AG. From 2007 to 2012, he was a Member of the Executive Committee of Mercedes-Benz Car Group for Finance & Controlling and the Head of Management Group Controlling at Daimler AG.

Since April 1, 2012, Member of the Board, Chief Financial Officer at Commerzbank AG.

Tomasz Bieske - Member of the Supervisory Board

Mr Bieske studied economy at the University of Cologne. He worked in Dresdner Bank's head office in Frankfurt for six years. In 1990, Tomasz Bieske co-founded Arthur Andersen in Poland and became the Head of Financial Markets Group responsible for cooperation with financial sector clients. After the merger with Ernst & Young, he continued his career path as the director of the Financial Markets Group, Audit and Business Advisory. He participated in most key projects in the financial services sector including preparation of public offerings of PKO BP S.A and Kredyt Bank S.A. as well as audits of financial statements of the National Bank of Poland, PKO BP S.A., Pekao S.A., Getin Holding and a number of other banks. He managed many advisory projects in the banking sector.

Since 2011, he has been participating in the work of the committee for legal and business regulatory changes of the cooperative banking sector and closely cooperating with the Polish Bank Association (Związek Banków Polskich) and the National Association of Cooperative Banks (Krajowy Związek Banków Spółdzielczych). Tomasz Bieske has professional qualifications of a Polish statutory auditor. Until June 30, 2013, he worked for Ernst & Young.

Andre Carls - Member of the Supervisory Board

Having studied business economics and completed a doctorate at the University of Cologne, Dr Carls joined Commerzbank through an international trainee programme in 1990.

He held positions in corporate finance and capital markets areas in Frankfurt. Later he became the Executive Director of the investment banking line of Commerzbank in London.

From 2000 to 2008, Dr Carls was a Member of the Board of Managing Directors of comdirect bank AG, from September 2002 to November 2004 he served as the company's CFO and from November 2004 to March 2008 as its President of the Management Board (CEO). From March to September 2008, he was the Vice-President of the Management Board and CFO of BRE Bank SA.

From March 2008 to December 2013, Dr. Carls was the CEO of Commerzbank Auslandsbanken Holding AG and managed the Central & Eastern Europe Holding segment of Commerzbank AG.

In the years 2014-2015, Dr. Carls took over the position of Managing Director of the segment of medium-sized corporate clients for the northern regions and western Germany, while from 2015 he is responsible for the Western Germany region.

Marcus Chromik - Member of the Supervisory Board

Marcus Chromik studied physics in Göttingen, Kiel and Munich. He also spent some time in the US, where he engaged in scientific research at Michigan State University. Mr Chromik holds a PhD in nuclear physics.

He started his professional career with McKinsey in 2001. In 2004, he joined Postbank Group, where he held various executive positions, being responsible for, among other things, new issues and syndication, liquidity management and Credit Treasury. Later he served as the Chief Market Risk Officer in Commerzbank's markets and corporates segment for more than three years, where he was responsible for the Bank's market and liquidity risk management. As of 2012, Dr Chromik became a Divisional Board Member, Chief Credit Risk Officer at Commerzbank.

On January 1, 2016, he was appointed Member of the Board of Managing Directors at Commerzbank AG, Chief Risk Officer.

Janusz Fiszer - Member of the Supervisory Board

Dr. Janusz Fiszer is a legal advisor and a certified tax advisor. He is a graduate of the Faculty of Law and Administration of the University of Warsaw, a specialist in the field of tax and financial law. Since 1980, Janusz Fiszer has been an employee of the University of Warsaw, the Faculty of Management. In addition, since 1991, he has been a senior advisor at the White & Case international law firm and also, from 1998 to 2012, he served as partner in this company. From 2012 to 2013, Dr Fiszer was a partner in the tax & legal department of the PricewaterhouseCoopers (PwC) international advisory company and in January 2014, he joined the GESSEL law firm as a partner.

Moreover, he is a lecturer in international tax law at the Postgraduate Programme of International Tax Strategies at Warsaw School of Economics (SGH). Janusz Fiszer was a scholarship holder of the University of Kansas School of Business in Lawrence, Kansas, USA (1982-1983) and of Deutscher Akademischer Austauschdienst (DAAD) as well as of the Fritz Thyssen Foundation (Fritz Thyssen Stiftung) at the University of Munich in Germany (1988-1989 and 1990). Since 1993, he has been a member of the editorial board of the *Monitor Podatkowy* monthly journal. Since the 1990s, he has worked as a correspondent for the *Tax Notes International* professional periodical in the USA. Since 2004, he has been writing regular tax commentaries for the *Dziennik Gazeta Prawna* daily. Janusz Fiszer is a co-founder and a member of the Supervisory Board of the Polish branch of the International Fiscal Association (IFA).

Mirosław Godlewski - Member of the Supervisory Board

Mirosław Godlewski completed the MBA programme at Warsaw University of Technology, the MBA programme at Ashridge Management College and Harvard Business School Advanced Management Program.

He is the Executive Chairman of Apteka Gemini, Senior Advisor at BCG, a Member of the Supervisory Board of Celon Pharma S.A., a Member of the Supervisory Board of Netia S.A. and the so-called "Angel Investor" at Hedgehog Fund.

Mr Godlewski was a member of the Supervisory Board at ABC Data SA and a member of the Nomination and Remuneration Committee. In 2007-2014, he was the President and CEO of Netia S.A. He also held executive positions with Opczno S.A., Pepsi Cola General Bottlers-Polska Sp. z o.o., DEC Sp. z o.o. and MEMRB Polska.

Jörg Hessenmüller - Member of the Supervisory Board

Jörg Hessenmüller graduated from Hochschule für Bankwirtschaft in Frankfurt am Main in 1997 and was awarded the title of Master in Management (Diplom-Betriebswirt (FH)). From 1989 to 2009, he worked for Dresdner Bank, holding the position of, among others, Head of Financial Control responsible for London, New York, Moscow, Sao Paulo and Asia. In 2009, Mr Hessenmüller was appointed the Managing Director in Commerzbank Group and worked as Head of Investment Banking Finance, Group Finance. From April 2012 to June 2016, he was the Member of the Management Board of mBank S.A., Chief Financial Officer.

From July 2016, Jörg Hessenmüller worked as was the Divisional Board Member for the Group division Digital Transformation and Strategy. On December 5, 2018, Jörg Hessenmüller has been appointed to the Board of Managing Directors of Commerzbank AG as the Chief Operating Officer with effect from January 15, 2019.

Gurjinder Singh Johal – Member of the Supervisory Board

Gurjinder Singh Johal graduated with a degree in Business & Finance from the University of East London (UEL) in 1994. In addition he completed managerial studies at Said Business School.

He started his career at Standard Bank London in 1995 before moving to Commerzbank in 2007. He initially assumed responsibility of the Emerging Markets & Credit Derivatives segment. From 2011 he headed the Global Credit Trading desk.

Between 2016-2018 Gurjinder Singh Johal was Divisional Board Member and Head of Group Market Risk Management at Commerzbank AG. In October 2018, Gurjinder Singh Johal was appointed the Divisional Board Member responsible for Group Treasury of Commerzbank AG.

Michael Mandel – Member of the Supervisory Board

He is a graduate of Business Administration at the University of Münster. Between 1986 and 2000, he worked for Dresdner Bank AG, where he was responsible for private banking. In the years 2000-2002, he was a consultant in McKinsey & Company consulting company.

Since 2002, he has worked for Commerzbank AG, first as the Head of Business Development for the Private Customer Segment, and then the Group Manager for Private and Business Customers. In 2008, he was appointed CEO of Comdirect Bank AG. Since 2010, he has served as the Divisional Board Member for Private Customers at Commerzbank AG. In May 2016, Michael Mandel was appointed the Member of the Board of Managing Directors at Commerzbank AG responsible for the segment of "Private and Business Customers".

Teresa Mokrysz - Member of the Supervisory Board

Teresa Mokrysz graduated from the Academy of Economics (now the University of Economics) in Katowice (1978). In 1990, she created the Mokate brand, one of the most recognisable Polish brands in the world. She transformed a small family-run company into an international business. As one of the owners, Teresa Mokrysz runs eight Mokate enterprises headquartered in Poland and in other countries of Central Europe. She built production plants in the Polish towns of Żory and Ustroń from scratch and expanded a production plant near Prague (producing coffee, tea and intermediate products for the food industry). She has successfully launched her products in several dozen countries on all the continents.

In 2000, the International Association of Women Entrepreneurs from Los Angeles awarded her the title of the "Most Entrepreneurial Woman in the World". Moreover, Teresa Mokrysz received a number of prestigious awards in Poland and abroad, including the "Leader of the Decade" title granted by *Gazeta Wyborcza*, and the "Success of the Decade" title granted by the *Businessman Magazine*. She funds scholarships for talented and underprivileged young people and provides financial support to health care institutions, nursing care homes, orphanages and schools.

Agnieszka Słomka-Gołębiowska - Member of the Supervisory Board

Agnieszka Słomka-Gołębiowska holds PhD in economics. She is a graduate of Warsaw School of Economics specializing in finance and banking and completed the MBA programme of the French Institute of Management (IFG). She obtained her PhD degree at Warsaw School of Economics (SGH). Agnieszka Słomka-Gołębiowska works as a lecturer at Warsaw School of Economics and she conducts research into corporate governance. She attended several Executive Education courses, e.g. the IESE-Harvard Business School programme.

From 2006 to 2009, she was the Director in the Industrial Development Agency responsible for corporate governance, and before that, a consultant for private and public companies at Arthur Andersen. Since 2006, she has been a member of supervisory boards. Agnieszka Słomka-Gołębiowska was a holder of the Alexander von Humboldt Fellowship at the University of Münster and the Polish-American Fulbright Fellowship at the University of California, Berkeley. She was also a visiting scholar at universities in Cambridge (MIT), Tucson (UOA), Münster, Copenhagen (CBS), Birmingham (BBS), Berlin (HSoG), Genoa (UoG - Law School), Vienna (WU) and Florence (UniFi). She is the author of many publications on corporate governance.

The four independent members of the Supervisory Board are: Tomasz Bieske, Janusz Fiszer, Mirosław Godlewski and Agnieszka Słomka-Gołębiowska. Maciej Leśny and Teresa Mokrysz do not meet the independence criterion due to the fact that they have been sitting on the Supervisory Board for over twelve years.

Andre Carls, Marcus Chromik, Stephan Engels, Jörg Hessenmüller, Gurjinder Singh Johal and Michael Mandel are not independent members due to their relationship with the main shareholder of mBank.

Powers and procedures of the Supervisory Board

The responsibilities of the Supervisory Board include, in particular, the following matters:

- Advising and supervising the Management Board in defining internal guidelines for the activity of the bank, especially for the areas subject to risks, including the bank's credit policy, investment policy, guarantee policy, compliance policy, and approving the Management Board's proposals concerning the general organisational structure of the bank;
- Supervising compliance of the bank's risk-taking regulations with the strategy and financial plan of the bank;
- Approving the disclosure policy rules concerning risk management and capital adequacy adopted by the Management Board;
- Approving strategies and procedures for the internal control system, the risk management system, the internal capital assessment process, capital management and capital planning, as proposed by the Management Board;
- Assessing the adequacy and effectiveness of the risk management system and the internal control system;
- Reviewing regular and exhaustive reports presented by the Management Board on all relevant issues related to the activity of the bank, the risks of its activity, and the means and effectiveness of risk management;
- Preparing a concise assessment of the position of the bank to be presented to the Annual General Meeting and attached to the annual report of the bank for the previous financial year.
- Approving the bank's annual financial plans, multi-year growth plans, as well as the strategy of the bank and the rules of prudent and stable management of the bank;
- Reviewing any motions and matters to be decided in a resolution of the General Meeting, including draft resolutions of the General Meeting; the Supervisory Board prepares the justification for draft resolutions to be presented to the General Meeting for approval.
- Issuing and approving rules provided for in the By-laws of mBank;
- Appointing and dismissing the President of the Management Board, the Vice-Presidents of the Management Board and other Members of the Management Board subject to the procedures laid down in the Banking Law Act and other generally applicable laws;
- Defining the terms of contracts and remuneration of the Management Board;
- Authorizing the Chairperson of the Supervisory Board to represent mBank in agreements with the Management Board Members, including the conclusion of management contracts with Management Board Members;
- Receiving, in advance, information on creating, acquiring, closing and managing branches, permanent representations and parts of the enterprise, and initiating and terminating undertakings and fields of operations;
- Approving conclusion or amendment of any significant contract or agreement with the Members of the Management Board or the Supervisory Board;
- Approving conclusion, amendment or termination of any significant affiliation or co-operation agreements;
- Receiving information on the expected deviations from the annual budget;

- Analysing reports of the Internal Audit Department Director received at least once per year;
- Issuing guidelines for the Management Board Members regarding the level and structure of remuneration for the senior management;
- Approving the policy of variable remuneration components of the persons holding managerial positions in mBank;
- Approving the operational risk management strategy developed by the Management Board, assessing implementation of the strategy and, if necessary, commissioning its review;
- Granting the Members of the Management Board of the bank the consent to sitting on management or supervisory boards of companies outside mBank Group;
- Granting consent to appointment and dismissal of the directors of the Internal Audit Department and the Compliance Department and approval of their remuneration;
- Approving the organisational rules of the Internal Audit Department and the Compliance Department.

Meetings of the Supervisory Board are convened by the Chairperson of the Supervisory Board on his or her own initiative, or on request of the Management Board, or on request of a Supervisory Board Member, no less frequently than three times a year. All Management Board Members participate in the meetings of the Supervisory Board except for those agenda items which directly concern the Management Board or its Members.

Resolutions of the Supervisory Board are adopted by a simple majority of votes. In the case of an equal number of votes, the Chairman of the Supervisory Board has the casting vote.

No resolution should be passed without the consent of the majority of the Independent Members of the Supervisory Board on the following matters:

- any benefits provided by the bank or any entities associated with the bank to the Members of the Management Board;
- consent for the bank to enter into a significant agreement with an entity associated with the bank, a Member of the Supervisory Board or the Management Board, and entities associated with them.

The Supervisory Board has four committees: the Executive and Nomination Committee, the Risk Committee, the Audit Committee, and the Remuneration Committee. In addition, the Supervisory Board has set up a Working Group for IT, which holds regular meetings.

Members of the Committees are presented below.

Executive and Nomination Committee	Risk Committee	Audit Committee	Remuneration Committee
<u>Maciej Leśny</u> - Chairperson	<u>Marcus Chromik</u> - Chairperson	<u>Tomasz Bieske</u> - Chairperson	<u>Andre Carls</u> - Chairperson
Andre Carls - Member	Mirosław Godlewski - Member	Andre Carls - Member	Tomasz Bieske - Member
Stephan Engels - Member	Gurjinder Singh Johal	Janusz Fiszer - Member	Stephan Engels - Member
Teresa Mokrysz - Member	Agnieszka Słomka-Gołębiowska - Member	Jörg Hessenmüller - Member	Maciej Leśny - Member
		Agnieszka Słomka-Gołębiowska - Member	

Executive and Nomination Committee

The tasks of the Executive and Nomination Committee involve, in particular, exercising regular supervision over the bank's activity in the periods between meetings of the Supervisory Board. The Executive Committee authorises the Management Board to acquire, encumber or dispose of real estate, perpetual usufruct rights or interests in real estate, shares in companies and partnerships,

and other fixed assets if the value of a transaction exceeds 1% of the bank's own funds. Such authorisation is not required if the aforesaid acquisition took place as part of enforcement or bankruptcy proceedings, including bankruptcy proceeding with the possibility to make an arrangement or other settlement with the bank's debtor or in the case of disposal of assets so acquired. The Committee is also responsible for initial recruitment for the positions of Management Board and Supervisory Board Members of the mBank.

Audit Committee

The Audit Committee issues opinions concerning the selection of a statutory auditor by the General Meeting, recommends the Supervisory Board to approve or reject financial statements, develops the policy and procedures for the selection of an external auditor and provision of other permitted services by the auditor, monitors the financial reporting process as well as the effectiveness of internal control systems, risk management systems and internal audit, and recommends the Supervisory Board to grant or refuse the consent to appointment/dismissal of the head of the Internal Audit Department and the head of the Compliance Department. Moreover, the Audit Committee presents the Supervisory Board with the opinion on the annual assessment of adequacy and effectiveness of the control function, the Compliance Department and the Internal Audit Department, recommends the Supervisory Board to approve or reject the principles of mBank's information policy concerning capital adequacy and recommends the Supervisory Board to approve or reject mBank's compliance policy and annual report on compliance risk management in the bank.

Pursuant to the Rules of the Supervisory Board, the Audit Committee is composed of at least three members, whereas one of the Audit Committee members has to possess knowledge and skills in the scope of accounting and financial statements audit. The Rules of the Supervisory Board stipulate that the majority of the Audit Committee members, including its Chairperson, have to be Independent Supervisory Board Members.

The Audit Committee is composed of five members. The members who have knowledge and skills in the scope of accounting and financial statements audit include: Tomasz Bieske – the Committee Chairman and Jörg Hessenmüller – the Committee Member.

The members who meet the independency criteria include: Tomasz Bieske, Janusz Fiszer and Agnieszka Słomka-Gołębiowska. The independency criteria are specified in Article 129 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

All the members of the Audit Committee have vast knowledge in the sphere of banking:

- Tomasz Bieske - a certified auditor for financial statements audit, a long-term employee of Arthur Andersen Polska and Ernst & Young Polska;
- Jörg Hessenmüller - a long-term member of mBank's Management Board, Chief Financial Officer (CFO), member of top management in Commerzbank AG;
- Andre Carls - PhD in economics, ex-member of mBank's Management Board, Chief Financial Officer (CFO), managing director of the medium corporate clients segment in West Germany;
- Janusz Fiszer - legal adviser and tax adviser, a co-founder and a member of the Supervisory Board of the Polish branch of the International Fiscal Association (IFA);
- Agnieszka Słomka-Gołębiowska - PhD in economics, a graduate of Warsaw School of Economics specialising in finance and banking and the MBA programme of the French Institute of Management (IFG). She is the author of many publications on corporate governance.

In 2018, the Audit Committee issued a recommendation for the Supervisory Board, advising it to recommend the Annual General Meeting to select an external auditor for audit of the financial statements of mBank S.A. for 2018/2019 and consolidated financial statements of mBank Group for 2018/2019. The recommendation regarding the selection of the auditor was made following an election procedure adopted by mBank, which meets the applicable criteria. In 2018, the Audit Committee approved the procedure for selecting an audit firm to audit mBank's financial statements, which meets the requirements of § 16 para. 2 of Regulation (EU) No 537/2014 of the European

Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of financial statements of public-interest entities. The Audit Committee also approved the Report of the Evaluation Commission containing conclusions from the procedure of selecting an audit firm to audit mBank's financial statements and consolidated financial statements of the Group.

The Audit Committee approved the policy for the selection of an audit firm in mBank S.A., which meets the requirements of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and Regulation No. 537/2014 of the European Parliament and of the Council of April 16, 2014 (Regulation No. 537/2014).

mBank's policy on the selection of an audit firm includes the principle of statutory auditor rotation. The duration of total uninterrupted statutory audit engagements referred to in Article 17 (1) paragraph 2 of Regulation (EU) No. 537/2014 carried out by the same audit firm or an audit firm related to this audit firm, or any member of the network operating within the European Union to which these audit firms belong, must not exceed five years. The key statutory auditor may carry out a statutory audit again in the bank after at least three years of the completion of the last statutory audit. In the case of a statutory audit, the first agreement on statutory audit is concluded with an audit firm for the period not shorter than two years with an option to extend it for another two-year period.

The Audit Committee approved the policy on the performance of permitted non-audit services in mBank S.A. by the audit firm carrying out the audit, by entities related to the audit firm and by a member of an audit firm network. The policy meets the requirements of the Act on Statutory Auditors, Audit Firms and Public Oversight and Regulation No. 537/2014.

Pursuant to the policy on the performance of permitted non-audit services in mBank S.A. by the audit firm carrying out the audit, by entities related to the audit firm and by a member of an audit firm network, a statutory auditor or an audit firm carrying out the audit, or any member of the network to which the statutory auditor or the audit firm belongs, must not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union:

- any prohibited non-audit services in the period between the beginning of the period audited and the issuing of the audit report;
- any services that consist in designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems.

Under Article 136 of the Act on Statutory Auditors, prohibited services do not include the following:

1. services that consist in:
 - a. conducting due diligence procedures with regard to economic and financial condition,
 - b. issuing comfort letters in connection with prospectuses issued by the audited entity, in accordance with the national standard of related services and by means of agreed procedures,
2. assurance services with regard to pro forma financial information, forecasts of results or estimated results, published in the prospectus issued by the audited entity,
3. examination of historical financial information of the prospectus,
4. verification of consolidation packages,
5. confirmation of fulfilment of conditions of the concluded loan contracts on the basis of the analysis of financial information coming from financial statements audited by a given audit firm,
6. assurance services in reporting concerning corporate governance, risk management and corporate social responsibility,
7. services consisting in the assessment of compliance of information revealed by financial institutions and investment companies with the requirements for disclosing information concerning capital adequacy and variable remuneration,

8. certification concerning financial statements or other financial information for supervision bodies, the supervisory board or other supervisory authority of the company, or owners, exceeding the scope of the statutory audit, to help these authorities to perform their statutory duties.

Provision of the said services is possible only in the scope not related to the tax policy of the bank, after the Audit Committee evaluates hazards and safeguards for the independence.

The audit firm auditing the financial statements of mBank and mBank Group provided the permitted non-audit services to mBank. Therefore, the Audit Committee each time assessed the independence of the audit firm and granted its consent to the provision of the services.

In 2018, the Audit Committee held 6 meetings.

Risk Committee

The Risk Committee has, among others, the following tasks: exercising permanent supervision over credit risk, market risk, liquidity risk and non-financial risks, including operational risk. Moreover, the Risk Committee issues recommendations for approval or rejection of exposures posing single entity risk, in accordance with the parameters defined by the Supervisory Board at the time. Moreover, the Risk Committee provides the Supervisory Board with recommendations for approval or rejection of transactions, provided for in the Banking Law, concluded between the bank and Members of the bank's authorities, and recommendations for approval or rejection of the bank's disclosure policy regarding risk management. The Risk Committee is also responsible for recommending the Supervisory Board to approve or reject strategies and policies created by the Management Board, issuing opinions on the bank's current and future readiness to take risk and issuing opinions on the strategy of risk management in the bank's operating activity prepared by the bank's Management Board and information on the strategy implementation submitted by the Management Board.

Remuneration Committee

The tasks of the Remuneration Committee include among others: reviewing issues related to the remuneration principles and amounts of remuneration paid to the Members of the Management Board, setting the remuneration levels, presenting opinions concerning approval for Members of the Management Board of mBank to engage in competing activity, issuing recommendations to the Supervisory Board regarding the general guidelines for the Management Board on the level and structure of remuneration for the bank's senior management and the policy on variable components of remuneration paid to persons holding managerial positions at the bank. In addition, the Committee monitors the level and structure of senior management remuneration, issues opinions and monitors the remuneration policy adopted by mBank and assists the bank's bodies in matters regarding development and implementation of this policy.

All standing committees of the Supervisory Board make reports on their activity in the past reporting year available to the shareholders. The aforesaid reports are appended to the set of materials for the Annual General Meeting and can be found on mBank's Internet website at <https://www.mbank.pl/en/investor-relations/general-meeting/>.

The amount of monthly remuneration of the Members of the Supervisory Board was set in Resolution No. 50 regarding the remuneration rules for the Members of the Supervisory Board of mBank S.A. adopted by the 30th Annual General Meeting of mBank S.A. held on March 30, 2017. The Chairperson of the Supervisory Board earns PLN 17,000 monthly, the Deputy Chairperson - PLN 14,500 monthly, while Members of the Supervisory Board earn PLN 12,000 monthly each.

Additional monthly remuneration is granted for the participation in standing committees of the Supervisory Board: 50% of monthly remuneration of a Supervisory Board Member for the first committee and 25% for participating in another committee. No additional remuneration is paid to a Member of the Supervisory Board who sits on three or more Standing Committees of the Supervisory Board. However, a Supervisory Board Member performing the function of the Chairperson of the Audit Committee of the Supervisory Board of the bank is entitled to additional remuneration equal to 80% of the sum of remuneration he or she is paid.

The remuneration of the Supervisory Board for 2017-2018 is presented in the table below.

	Remuneration paid in 2018 (in PLN)	Remuneration paid in 2017 (in PLN)
1. Maciej Leśny	367,235	367,235
2. Stephan Engels	-	-
3. Tomasz Bieske	429,025	319,656
4. Andre Carls	288,000	279,000
5. Marcus Chromik	-	-
6. Janusz Fiszer	216,000	162,000
7. Mirosław Godlewski	216,000	162,000
8. Joerg Hessenmueller	216,000	210,000
9. Gurjinder Singh Johal ¹	54,000	-
10. Michael Mandel	-	-
11. Teresa Mokrysz	220,225	220,225
12. Agnieszka Słomka-Gołębiowska	257,435	248,435
Thorsten Kanzler ¹	162,000	216,000
Wiesław Thor ²	-	37,812
Waldemar Stawski ²	-	55,812
Marek Wierzbowski ²	-	54,000
In total	2,425,920	2,332,175

¹ Thorsten Kanzler resigned from his function on September 23, 2018

² The term of office expired on March 30, 2017

Activity of the Supervisory Board in 2018

In 2018, the Supervisory Board held seven meetings and adopted 73 resolutions. The resolutions covered all areas of the bank's operation and were consistent with the scope of supervisory functions specified in generally applicable laws, the Banking Law, PFSA recommendations, corporate governance principles, and mBank's By-laws and the Rules of the Supervisory Board.

At its meetings in 2018, the Supervisory Board discussed and assessed the current results of mBank Group and individual business lines taking into account the financial plan. The Supervisory Board also discussed and accepted other detailed reports required by the law concerning different areas of the bank's activity, including, i.a., regular risk, compliance, audit, bancassurance and IT security reports. Moreover, the Supervisory Board monitored the implementation of mBank Group's Strategy for 2016-2020 on an ongoing basis.

During their regular meetings in 2018, the Supervisory Board Committees discussed in detail the key issues concerning individual areas of the bank's activity, which, pursuant to the applicable regulations, must be approved by the Supervisory Board.

Attendance of the Supervisory Board Members at Supervisory Board meetings in 2018 is presented in the table below.

	Attendance ¹
Tomasz Bieske	7/7
Andre Carls	7/7
Marcus Chromik	5/7
Jörg Hessenmüller	6/7
Stephan Engels	6/7
Mirosław Godlewski	7/7
Janusz Fiszer	5/7
Gurjinder Singh Johal (since September 24, 2018)	2/3
Thorsten Kanzler (until September 23, 2018)	4/4
Maciej Leśny	7/7
Michael Mandel	6/7
Teresa Mokrysz	5/7
Agnieszka Słomka-Gołębiowska	7/7

¹ Attendance at meetings/number of meetings during the term of office

1.7. mBank's Diversity Policy

Being guided by the principle that diversity creates value added for the organisation, mBank has made use of the basic elements of the diversity policy in its HR policy for many years. Elements of the diversity policy are present in various regulations, procedures and processes.

Diversity arising from experience, knowledge, education, interests and a number of other things fosters creativity, innovation and effectiveness, and thus contributes to the company's competitive advantage, service quality and economic results.

mBank treats people equally regardless of their sex, age, material status, family background, physical abilities, nationality, country of origin, sexual orientation, and political and religious beliefs, that is all the factors that may give rise to direct or indirect discrimination. The bank offers a workplace that helps the management make use of and develop their unique features, skills and interests, for example, through participation in training activities and clubs that bring together people with similar interests. Diversity management contributes to creating an organisational culture based on openness and tolerance where everyone feels appreciated and respected, and is offered career development opportunities.

Pursuant to the sex equality policy, the bank tries to ensure that both men and women take part in external and internal recruitment and in the succession planning regarding the key functions at the bank, taking into account the principles of equal treatment in hiring new employees. mBank's recruitment process involves a selection method which ensures objective assessment of candidates' skills. Each employee of the bank can be promoted to a managerial position, if they have a relevant professional track record. Evaluation of job positions is based on objective criteria, which prevent discrimination.

The Management Board and the Supervisory Board apply the "Policy for the assessment of qualifications (suitability) of members of the supervisory body, management body and key function holders in mBank S.A.". The policy aims at introducing principles which must be fulfilled so that key functions in the bank are held by individuals who have relevant qualifications, knowledge, skills, professional experience, predispositions and reputation that are suitable for the function. The Suitability Policy includes a separate chapter dedicated to the diversity policy.

When selecting and appointing Members of the Management Board and proposing candidates for Members of the Supervisory Board, mBank takes into account the diversity issue:

■ with respect to the Management Board

When deciding on the composition of the Management Board, the Supervisory Board makes every effort to ensure its diversity, especially in terms of age, education, professional experience and participation of women. The Supervisory Board pays attention to the diversity of educational background and professional experience of the Management Board Members.

■ with respect to the Supervisory Board

The age structure of the Supervisory Board Members should be diverse. Moreover, the Supervisory Board aims at ensuring that its members have diverse educational background and professional experience. The Supervisory Board also lays emphasis on the adequate participation of women.

The current 12-person composition of the Supervisory Board reflects the concepts underlying the diversity policy. The Supervisory Board is composed of representatives of mBank's main shareholder, representatives of science and business, and persons having vast legal knowledge and banking expertise.

There are two women sitting on the twelve-person Supervisory Board.

Supervisory Board of mBank						
	31.12.2016		31.12.2017		31.12.2018	
	number of employees	%	number of employees	%	number of employees	%
Women	2	17%	2	17%	2	17%
Men	10	83%	10	83%	10	83%
Total	12	100%	12	100%	12	100%

There is one woman sitting on mBank's seven-person Management Board.

Management Board of mBank						
	31.12.2016		31.12.2017		31.12.2018	
	number of employees	%	number of employees	%	number of employees	%
Women	1	14%	1	14%	1	14%
Men	6	86%	6	86%	6	86%
Total	7	100%	7	100%	7	100%

mBank's managers graduated from different fields of study in Poland and abroad, including economics, technology, IT, law, and philology and other. The management consists of people with diverse experience in Polish, European and American financial and non-financial institutions. The management team is aware of the importance of diversity for the work environment and takes part in training sessions based on recognising differences and deriving benefits from that. The Success Insights method is used to identify employees' abilities and skills. The method helps to identify personality traits that can be used at work.