



## **Assessment of observance by mBank S.A. of disclosure obligations concerning compliance with the corporate governance principles defined in the Warsaw Stock Exchange Rules and Regulations on Current and Periodic Information Published by Issuers of Securities**

In 2019, mBank S.A. was subject to corporate governance principles described in the document the Best Practice for WSE Listed Companies 2016 (hereinafter "DPSN 2016"), which were adopted by the Warsaw Stock Exchange Council on 13 October 2015.

In line with the principle stipulated in item II.Z.10.3 of the DPSN 2016, the Supervisory Board prepares an assessment of the company's observance of the disclosure obligations concerning compliance with the corporate governance principles defined in the Warsaw Stock Exchange Rules and the Regulations on Current and Periodic Reports Published by Issuers of Securities, and presents it to the Ordinary General Meeting of Shareholders.

In the period under this report, mBank S.A. applied the principles stipulated in the DPSN 2016, with the exception of the principle: VI.Z.2:

"Under principle VI.Z.2, 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."

With respect to the recommendations, mBank S.A. did not apply the following recommendations:

- p. 2 and p. 3 of the recommendation IV.R.2. relating to holding a General Meeting of Shareholders using electronic means of communication. When organizing the transmission of the General Meeting in real time, mBank S.A. does not allow for two-sided "online" communication in which shareholders may speak during the General Meeting while being in a place other than the meeting venue.
- recommendation VI.R.3. concerning the Remuneration Committee. This recommendation requires, among other things, that at least a majority of committee members be independent. At mBank S.A., in 2019, the independent members of the Remuneration Committee operating within the Supervisory Board did not constitute a majority.

In 2019, the following principles did not apply to mBank S.A.:

- the principle I.Z.1.10. concerning the publication of financial forecasts on the Company's website – if the Company has decided to publish them – published during at least the last five years, together with information on the degree of realization – due to the fact that mBank S.A. does not publish financial forecasts,
- the principle III.Z.6. stipulating that if the Company has not been separated from the internal audit function, the Audit Committee (or the Supervisory Board if it acts as Audit Committee) shall assess annually whether there is a need to make such a separation - due to the fact that the Audit Committee operates in mBank S.A.

## **I. Disclosure obligations concerning the corporate governance principles defined in the Stock Exchange regulations**

### **Best Practice for WSE Listed Companies 2016**

Under the Warsaw Stock Exchange Rules, should a specific detailed corporate governance principle not be applied on a permanent basis or be breached incidentally, the issuer shall publish a relevant report. The report should be published at the issuer's official website and in the way analogous to that applied to the submission of current reports. As of 1 January 2016, regardless of the reports relating to the possible non-compliance with the detailed principles stipulated in DPSN 2016, companies are obliged to publish, at their websites, a statement on their compliance with the recommendations and detailed principles contained in the document.

Accordingly, a statement on the Bank's compliance with the recommendations and detailed principles contained in DPSN 2016 has been published at mBank's website (<https://www.mbank.pl/en/about-us/corporate-governance-and-best-practices/>). This statement, provided on the form determined by the WSE, presents detailed information on the Bank's compliance or non-compliance with individual recommendations and detailed principles and constitutes a direct implementation of the principle stipulated in item I.Z.1.13. In 2019, the scope of application of the corporate governance rules did not change. According to the most recent information submitted to the WSE on 24 April 2017, mBank complies with the detailed principles and recommendations laid down in the Best Practice, except for one principle: VI.Z.2., and two recommendations: IV.R.2. and VI.R.3.

The principle VI.Z.2. states that the period between the granting of options or other instruments related to the company's shares under the incentive scheme and the possibility of their exercisability should be no less than two years. In mBank, the conditions for granting variable components of remuneration are compliant with the Regulation of the Minister of Development and Finance of 6 March 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 the EBA Guidelines on sound remuneration policies (EBA/GL/2015/22) of 27 June 2016, which do not provide for the premise indicated in item VI.Z.2 as a condition for granting a bonus.

Except for the principle referred to above, the Supervisory Board of mBank S.A. did not identify any other breaches of the Best Practice for WSE Listed Companies 2016.

The statement on the company's compliance with the principles and recommendations contained in the Best Practice for WSE Listed Companies 2016 also contains a comment regarding the recommendations not observed by mBank S.A. (recommendations IV.R.2. and VI.R.3.) and the principles which do not apply to mBank S.A. (principles I.Z.1.10. and III.Z.6.).

The documents referred to in item I.Z.1 of the Best Practice for WSE Listed Companies 2016 are available on mBank's website in the Polish and English language version.

## **II. Disclosure obligations concerning the corporate governance principles defined in the Regulations on Current and Periodical Information Published by Issuers of Securities**

Under Regulation of the Minister of Finance dated 29 March 2018 on Current and Periodic Information Published by Issuers of Securities and on Conditions for Recognizing as Equivalent Information Required by the Laws of a Non-Member State, the Bank is obliged to include, in its annual report, a statement of compliance with the corporate governance principles constituting a separate part of the report. The scope of this statement is stipulated in Article 70 (6) (5) of the Regulation.

The Supervisory Board, having read the statement of compliance with the corporate governance principles included in the Management Board Report on the Performance of mBank S.A. Group in

2019, states that the statement contains all the elements required under the Regulation of the Minister of Finance and that it describes the issues related to corporate governance in a detailed and reliable way.

At the same time, the Supervisory Board is pleased to note that the Bank abides by the corporate governance principles in its operations, including those related to access to information for shareholders, investors, the media and all interested parties.

The Bank engages in open communication with its shareholders during General Meetings (GM) by having the members of the Bank's governing bodies provide shareholders with answers and explanations during GMs, broadcasting GMs online and allowing media representatives to participate in GMs. The Bank publishes information regarding the corporate governance principles at the website: [www.mbank.pl/en/](http://www.mbank.pl/en/).

In conclusion, in the opinion of the Supervisory Board, the Bank fulfills the disclosure obligations concerning the corporate governance principles defined in the Warsaw Stock Exchange Rules and in Regulations on Current and Periodic Information Published by Issuers of Securities, in an adequate and reliable manner.