



Assessment of meeting by the company of reporting obligations regarding the application of the corporate governance principles

Reporting obligations regarding the application of the corporate governance rules have been specified in the WSE Rules and the Regulation of the Minister of Finance dated 19 February 2009 on current and periodical information provided by issuers of securities and the conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, no. 33 item 259). The rules for submission of current reports on the application of detailed corporate governance rules are specified in Resolution of the WSE Management Board no. 1309/2015 dated 17 December 2015.

Pursuant to the WSE Rules, in the case when a specific corporate governance rule is not applied on a permanent basis or is breached incidentally, the issuer is obliged to issue a relevant report. The report should be published on an official website of the issuer and following the procedure similar to that applied to the publication of current reports. Pursuant to Resolution of the WSE Management Board no. 1309/2015, reports on the application of detailed corporate governance rules are submitted via the Electronic Information Base (EBI).

The Regulation of the Minister of Finance dated 19 February 2009 specifies what information should be included in the declaration on application of the corporate governance, being a separate part of annual financial statements of the issuer.

The Supervisory Board assesses that mBank S.A. correctly meets the reporting obligations related to the application of the corporate governance principles.

By the end of 2015, the version of the "Code of Best Practice for WSE Listed Companies" which entered into force on January 1, 2013 was applied. The Bank in the EBI report dated 7 March 2013 informed that the corporate governance rule with reference number 10 subpoint 2 in the IV part of the "Code of Best Practice for WSE Listed Companies" that refers to guaranteeing the shareholders the possibility of participating in a general meeting with the use of means of electronic communication was not observed. mBank broadcasts general meetings in real time, however, without the possibility to engage in two-way on-line communication by allowing shareholders to speak during the general meeting from a different location by means of electronic communication. The Bank justified its failure to observe this rule by stating that acting so involved legal and technical risks, given the lack of the market practice to organise general meetings with the use of means of electronic communication.

The new version of corporate governance rules entitled the "Code of Best Practice for WSE Listed Companies 2016" entered into force on 1 January 2016. On 4 January 2016, mBank provided the WSE via EBI the current report on not following the rules: II.Z.8. and VI.Z.2.

Pursuant to Rule II.Z.8., the chairman of the audit committee should meet the independence criteria. In the case of mBank, the chairman of the Audit Committee is linked to the strategic shareholder of the Bank, and hence is not an independent member of the Supervisory Board. The failure to meet the criterion of independence has no impact on works and reliability of the tasks performed by the Audit Committee.

Pursuant to Rule VI.Z.2., in order to link the remuneration of members of the management board and key managers with the company's long-term business and financial objectives, the period between granting options or other instruments connected with company shares as part of the incentive programme and the possibility of executing them should be at least 2 years. The conditions for granting variable components of remuneration at mBank S.A. are compliant with Resolution No. 258/2011 of the Polish Financial Supervision Authority dated 4 October 2011 drafted in response to EU Directive CRD III and CEBS guidelines (Committee of European Banking Supervisors; at present, EBA – European Banking Authority) and consistent with EU Directive CRD IV, the provisions of which do not provide for the indication specified in item VI.Z.2. as a condition for granting the bonus.

Except for the rules referred to above, the Supervisory Board does not identify any other breaches of the "Code of Best Practice for WSE Listed Companies 2016".

Apart from the communication via the EBI system, mBank publishes the documents referred to in I.Z.1. in the Polish and English language version on its website.

The Supervisory Board has familiarized itself with the declaration on observing corporate governance, included in the Annual Report of mBank S.A. and the Annual Report of mBank Group. The declaration in a detailed manner defines issues in the scope of the corporate governance and contains information set forth in Regulation of the Minister of Finance dated 19 February 2009 on current and periodical information provided by issuers of securities and the conditions for considering to be equivalent information required by regulations of the country not being a member state.

Furthermore, mBank S.A. in line with I.Z.1.13. of the "Code of Best Practice for WSE Listed Companies 2016" publishes on its website (<https://www.mbank.pl/o-nas/o-mbanku/lad-korporacyjny/>) the information on the application of rules and recommendations included in the aforesaid document. This information, except justification for not applied principles (II.Z.8. And VI.Z.2.) includes the commentary concerning the recommendations, which the company does not apply (recommendations IV.R.2. and VI.R.3.) and rules that are not applicable for mBank (rules IZ1.10. and III.Z.6.).

According to the Supervisory Board, information provided by the Bank complies with the requirements and fairly presents the application of the of the corporate governance principles.

Maciej Leśny

Chairman of the Supervisory Board