

**REPORT**  
**OF THE SUPERVISORY BOARD OF mBANK S.A.**  
on its activities in 2019 and on results of evaluation  
of the 2018 Management Board Report and Financial Statements  
prepared for the Ordinary General Meeting of Shareholders  
held on 27 March 2020

In the past reporting period the Supervisory Board was composed of the following members:

Chairman	Maciej Leśny
Deputy Chairman	Stephan Engels
Members	Tomasz Bieske
	Dr. Andre Carls (until 30 September 2019)
	Dr. Marcus Chromik
	Dr. Janusz Fiszer (until 2 September 2019)
	Mirostaw Godlewski
	Jörg Hessenmüller
	Gurjinder Johal
	Michael Mandel
	Teresa Mokrysz
	Prof. Agnieszka Słomka-Gotębiowska

In 2019 the composition of the Supervisory Board of mBank ensured the adequate supervision over the scale and nature of Bank's activities. Pursuant to binding regulations, half of the Supervisory Board Members, including the Chairman have Polish citizenship, speak Polish and have experience on the Polish market. The composition of the Supervisory Board - extensive and wide knowledge, different professional experience and skills of its members - reflect the Bank's care to ensure proper supervisory functions in all areas of Bank's activities. Moreover, the Members of the Supervisory Board and mainly the Members of the Audit Committee have the required competences and knowledge in accounting or finance.

In accordance with the Rules of the Supervisory Board, the Best Practices for WSE Listed Companies and Corporate Governance Rules for supervised institutions, the following persons meet the independence criteria for Members of the Supervisory Board: Tomasz Bieske, Mirostaw Godlewski and Prof. Agnieszka Słomka-Gotębiowska.

Members of the Supervisory Board, Management Board and key function holders in mBank are appointed pursuant to the currently binding Policy for the assessment of qualifications of members of the supervisory body, management body and key function holders in mBank (Suitability Policy) - ensuring that the candidates have proper knowledge, dispositions, work experience and reputation, suitable to the fulfilment of the supervision functions. In accordance to this document a detailed assessment process was carried out for Management Board Members and key function holders in mBank in 2019. The Ordinary General Meeting will also assess the activities of the Supervisory Board Members in the past year.

In the past reporting period, the Supervisory Board held 6 meetings and adopted 72 resolutions. These resolutions covered all areas of Bank's activities and were in line with the supervision functions outlined in binding legal regulations, Banking Act, PFSA recommendations, corporate governance principles, as well as described in the Bank's By-Laws and Rules of the Supervisory Board.

In the past year, the Supervisory Board at its meetings regularly discussed and acknowledged the periodic reports of the Management Board on the financial standing of mBank Group, as well as the current results of particular business lines of the Bank. In accordance to regulation requirements the Supervisory Board regularly discussed the risk management reports as well as the reports from other areas of Bank's activities, among others: IT and IT security, bancassurance, supervision over the process of handling claims and complaints, realization of tasks in the outsourcing area, reports on compliance activities in the mBank brokerage bureau and on the brokerage activities on derivative instruments OTC (over the counter) market. The correspondence from KNF addressed to the Supervisory Board was also acknowledged and discussed.

During the Supervisory Board meeting in June 2019, the Supervisory Board got acquainted, discussed and accepted the report on the status of realization of the mBank strategy for the years 2016-2020. The Supervisory Board congratulates the Management Board on the realization of strategic goals of mBank. During the same meeting, the Supervisory Board got acquainted with the detailed report on Empathy in numbers - client centricity measures undertaken in mBank. At the Supervisory board meeting in December 2019, the Supervisory Board got acquainted, discussed and approved the "mBank Group Strategy for the years 2020 - 2023 - growth fuelled by our clients". The Supervisory Board wishes the Management Board successful realization of the set goals.

In accordance to Best Practices for WSE Listed Companies, the Supervisory Board makes a positive assessment of Bank's sponsorship activities, including engagement in social initiatives aimed at enhancing education in the society. In the past year mBank supported, among others, selected programmes of organizations whose goals are to help improve the level of education and promote the knowledge of mathematics, ensure equal educational opportunities and promoting highly talented youth. The Supervisory Board confirms that the allocated funds were used appropriately.

Following the Corporate Governance Principles for supervised institutions, Best Practices for WSE Listed Companies, within the meaning of Article 22 of the mBank By-Laws and in accordance with the requirement of the Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision, as well as following the recommendations from KNF - four standing committees are convened within the Supervisory Board, namely: the Executive and Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee.

The Supervisory Board Committees perform their tasks in accordance to the rules and guidelines approved by the Supervisory Board. Delegating Supervisory Board Members to carry out specific supervision activities in the Bank within the scope of responsibilities of the above mentioned committees, results in the increase of efficiency and effectiveness of the work of the whole Supervisory Board. Many of the Supervisory Board resolutions are adopted in

accordance to the recommendations from the standing Committees, which in advance analyse and discuss specific issues from all areas of bank activities, requiring the approval of the Supervisory Board.

In 2019 the Supervisory Board Committees performed their duties as follows:

I. Executive and Nomination Committee was composed as follows:

Chairman	Maciej Leśny
Members	Dr. Andre Carls (until 30 September 2019) Stephan Engels Jörg Hessenmüller (from 24 October 2019) Teresa Mokrysz

The Executive and Nomination Committee performs the supervisory function over the Bank's activities in the period between the Supervisory Board meetings, approves transactions exceeding 1% of the Bank's own funds and performs the initial recruitment process of candidates for Members of the Management Board and Supervisory Board. As per the requirements of the Suitability Policy and on the basis of the gathered documentation, the Committee made a thorough assessment of the Members of the Management Board and Supervisory Board and confirmed that they have proper knowledge, dispositions, work experience and reputation, suitable to the fulfilment of their functions. The composition of the Management Board and Supervisory Board is adequate to the scale and nature of the activities of mBank.

II. Audit Committee was composed as follows:

Chairman	Tomasz Bieske
Members	Dr. Andre Carls (until 30 September 2019) Jörg Hessenmüller Dr. Janusz Fiszer (until 2 September 2019) Prof. Agnieszka Słomka-Gotębiowska

The Audit Committee performs regular supervision over the internal audit of the Bank, as well as evaluates the risk level and processes of various Bank activities presented by the Internal Audit Department and the Compliance Department. The committee oversees and monitors the financial reporting process and the effectiveness of the internal control system, including functioning of the internal audit and compliance. The committee gives its opinion on the appointment of the audit firm, as well as on the cooperation with the external auditor with regards to the non-audit services provided. During its meetings, the Audit Committee was regularly informed about the financial results of the Bank, which were discussed in details with the representatives of the external auditor.

III. Risk Committee was composed as follows:

Chairman	Dr. Marcus Chromik
Members	Mirostaw Godlewski Gujinder Johal Prof. Agnieszka Słomka-Gotębiowska

In 2019, the Risk Committee on a regular basis discussed the quarterly risk reports (capital adequacy, liquidity risk, credit risk, operational risk, market risk and reputation risk), as well as various credit portfolio topics.

In 2019 the Risk Committee discussed in details and adopted decisions regarding following topics:

- review of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) at mBank Group,
- approval of changes resulting from the review of number of strategies in the risk management area, including: Risk Management Strategy of the mBank Group, Retail Credit Risk Management Strategies, Market Risk, Liquidity Risk, Operational Risk and Reputation Risk,
- acceptance of the Capital Management Policy at mBank Group and Book of Stress Tests, Rules of Stress Testing in mBank Group
- acceptance of the Limit Book Rules for limitation of risk in mBank Group and setting RWA limit for mBank Group, as well as limits on the use of capital resources, liquidity limits and concentration limits.

In the past reporting period, the Risk Committee also accepted 11 recommendations for the approval of large exposures posing single-entity risk according to parameters defined by the Supervisory Board.

IV. Remuneration Committee was composed as follows:

Chairman	Dr. Andre Carls (until 30 September 2019) Stephan Engels (from 24 October 2019)
Members	Tomasz Bieske Stephan Engels (until 23 October 2019) Maciej Leśny

The Remuneration Committee reviews the following issues: content of the managerial contracts, the rules of the remuneration for Management Board Members, directors and employees of mBank, setting and reviewing the realization of MbO goals and setting the amounts of bonus for Members of the Management Board as provided in the principles adopted by the Supervisory Board. The Remuneration Committee issues recommendations regarding general guidelines for the Management Board on the rules, level and structure of remuneration for the senior management of the Bank, including risk takers of the Bank.

Under Article 22 (5) of the By-Laws of mBank, all standing committees convened within the Supervisory Board prepare reports on their activities in the past reporting period, available to shareholders. These reports are appended hereto and are presented in the set of documents to the Ordinary General Meeting of Shareholders.

Apart from the standing committees, there is a Supervisory Board IT Working Group, which supports the Supervisory Board in supervision over the mBank's activities in the IT technology and security of IT environment in mBank. During its meeting the IT Working Group analyze and discuss the Management Board reports on IT and IT security, which are also presented at the

Supervisory board meetings. In modern digitalized environments IT and Cybersecurity are key factors in the further development of the mBank innovative business model.

In the past reporting period, the Supervisory Board performed its statutory duties in accordance with the requirements of the Polish Commercial Companies Code, Banking Law, recommendations of Financial Supervision Authority, Best Practices of WSE Listed Companies and other formal regulations related to the permanent supervision over the activities of the company.

As per Article 382 of the Polish Commercial Companies Code, the Supervisory Board analysed the Report of the Bank's Management Board, assessed the Financial Statements for 2019, read and evaluated the report prepared by the statutory auditor. As the result of this analysis the Supervisory Board confirms that the Financial Statements of the mBank S.A. and mBank Group, presented by the Management Board and prepared for the Ordinary General Meeting of Shareholders are solid and meet the formal and legal requirements. The Supervisory Board adopted resolutions regarding the approval of the Report of the Bank's Management Board on the activities of mBank Group (including mBank S.A.) and Financial Statements of mBank S.A. for 2019 as well as of the Consolidated Financial Statements of mBank Group for 2019. In separate resolutions the Supervisory Board approved the proposal of the Management Board regarding profit distribution for 2018.

The Supervisory Board recommends that the Ordinary General Meeting of Shareholders approves the aforesaid Management Board Report and Financial Statements for 2019 and adopts the draft resolution on profit distribution.

The Supervisory Board is pleased to acknowledge very good financial results achieved by mBank Group in 2019 and congratulates the Management Board and the employees of the Group for achieving the set goals. On behalf of the Supervisory Board, whose term of office comes to an end, I thank the Management Board for the fruitful and effective cooperation in the past 3 years. I thank all the Supervisory Board Members for their engagement and work in the realization of the tasks that faced Supervisory Board. I would like to address special thank you to Teresa Mokrysz, whose 18 years of formal cooperation with the Bank come to an end and she does not stand for election to the Supervisory Board for the next term of office. I thank you very much for her conscientiousness, engagement and professional approach in the fulfilment of tasks of the Member of the Supervisory Board of the Bank.

After 26 years my formal cooperation with the Bank also comes to an end. I wish to personally thank all the Management Board and Supervisory Board Members, with whom I worked. I thank you very much for fruitful, constructive and effective cooperation. I wish newly appointed Supervisory Board success in the realization of targets, having positive effect for further development of mBank.

Maciej Leśny  
Chairman of the Supervisory Board