

REPORT
OF THE SUPERVISORY BOARD OF mBANK S.A.
on its activities in 2013 and on results of evaluation
of the 2013 Management Board Reports and Financial Statements
prepared for the Ordinary General Meeting of Shareholders
held on 31 March 2014

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

Chairman	Maciej Leśny
Deputy Chairman	Ulrich Sieber (until 30 November 2013) Martin Zielke (since 12 December 2013)
Members	Martin Blessing (since 12 April 2013) Dr Andre Carls Stephan Engels Dirk Wilhelm Schuh Thorsten Kanzler Teresa Mokrysz Waldemar Stawski Dr Jan Szomburg Wiesław Thor (since 12 April 2013) Prof. Marek Wierzbowski

During the OGM 2013, Mr Martin Blessing and Mr Wiesław Thor have been elected as additional Members of the Supervisory Board. Mr Ulrich Sieber resigned from his Supervisory Board functions as at 30 November 2013 and Mr Martin Zielke was appointed to the Supervisory Board as at 12 December 2013.

In the past reporting period, the Supervisory Board held 6 meetings. 57 resolutions were adopted. The resolutions concerned, in particular:

- approval of the Financial Statements of mBank S.A., mBank Group and other materials for the Ordinary General Meeting of Shareholders,
- approval of the Financial Plan for 2014 as well as Multi-Year Plan for 2014-2017,
- approval of Capital Management Policy,
- allocation of funds to the mBank Foundation,
- acceptance of Disclosure Policy on Capital Adequacy,
- acceptance of Mezzanine Finance Policy,
- acceptance of the essential organizational structure of mBank,
- approval of remuneration policy, including rules and policy of remuneration for the risk takers and the adoption of risk takers identification policy,
- acceptance of the Rules of the Employee Programme and Information Memorandum to conduct the Employee Programme, as well as setting dates to purchase shares under this programme,
- appointment of the Management Board for the next term of office,

- adoption of the Management Board contracts,
- approval of Rules for Planning and Appraising Objectives (MbO) for members of the Management Board,
- acceptance of MbO goals for Members of the Management Board for 2014,
- setting dates to purchase shares under the Incentive Programme for Members of the Management Board,
- approval of the new By-Laws of mBank,
- adoption of Rules of the Supervisory Board of mBank,
- adoption of Rules of the Management Board of mBank,
- adoption of Rules of the Audit Committee, Remuneration Committee and Risk Committee of the Supervisory Board of mBank,
- approval of the Internal Audit Plan for 2013,
- acceptance of the Compliance Policy,
- acceptance of the Conflict of Interest Management Policy,
- approval of the Report on the Compliance Risk Management,
- approval of the Report of the Coordinator for Outsourcing in the scope of implementation of the Outsourcing Policy,
- approval of the Report on Exercising Supervision over the Processes of Handling Claims and Complaints,
- approval of the list of strategies and policies to be recommended by the Risk Committee and accepted by the Supervisory Board,
- approval of strategic risk limits concept and rules for limitation of risk in mBank Group,
- adoption of Risk Management Strategy,
- adoption of Market Risk Strategy,
- approval of Model Management Policy,
- acceptance of the review of the Internal Capital Adequacy Assessment Process (ICAAP) at mBank Group,
- approval of the updated documents for the ICAAP at mBank Group,

Moreover, the Supervisory Board at its meetings approved or acknowledged the periodic reports of the Management Board on the Bank's financial standing, as well as the current results of particular business lines and the Group's subsidiaries.

In 2013 KNF carried out a topical inspection in mBank. The Supervisory Board acknowledged the detailed report on the KNF inspection. The Supervisory Board will closely cooperate with the Management Board to realize the recommendations resulting from this inspection.

One of the initiatives of the mBank Group Strategy for 2012 - 2016 was the unification of one brand for all business lines and the whole group. Since November 2013, after the fulfilment all the formal requirements, the Bank acts under new name mBank S.A. The names of the group companies have also been changed. The new brand reflects the One Bank idea and confirms the innovative activities of the Bank. The Supervisory Board will support the Management Board in further realization of strategic initiatives.

As per the Corporate Governance Rules adopted by the Bank, pursuant to the Code of Best Practices of WSE Listed Companies, within the meaning of Article 22 of the By-Laws of BRE Bank, in accordance with the requirements of the Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision, as well as following the recommendation from KNF, four standing committees are convened within the Supervisory Board, namely: the Executive Committee, the Audit Committee, the Risk Committee and the Remuneration Committee.

The Supervisory Board Committees perform their functions in accordance the rules and guidelines approved by the Supervisory Board.

The Supervisory Board Committees are composed of the following members:

In the past reporting period the Executive Committee was composed of the following members:

Chairman	Maciej Leśny
Members	Martin Blessing (since 12 April 2013) Dr Andre Carls Ulrich Sieber (until 11 April 2013) Dr Jan Szomburg

The Executive Committee performs the supervisory function in the period between the Supervisory Board meetings and approves transactions exceeding 1% of the Bank's own funds.

In the past reporting period the Audit Committee was composed of the following members:

Chairman	Stephan Engels
Members	Dr Andre Carls Maciej Leśny Teresa Mokrysz

The Audit Committee performs regular supervision over the internal audit of the Bank, as well as evaluates the process risk of various Bank activities presented by the Internal Audit Department. The committee oversees and monitors the financial reporting process and the effectiveness of the internal control system, as well as gives opinion on the cooperation with the external auditor. The Audit Committee was regularly informed about the financial results of the Bank before the quarterly reports of mBank Group are published.

In the past reporting period the Risk Committee was composed of the following members:

Chairman	Dirk Wilhelm Schuh
Members	Thorsten Kanzler Maciej Leśny Waldemar Stawski

In 2013 the Risk Committee on a regular basis discussed the quarterly risk reports (capital adequacy, liquidity risk, credit risk, operational risk, market risk and interest rate risk), as well as various credit portfolio topics. Among others, the main topics discussed were: large exposures, setting risk parameters and level of provisions set for the Bank and the Group.

In the past year the Risk Committee adopted 73 recommendations for the approval of large exposures posing single-entity risk according to parameters defined by the Supervisory Board.

In the past reporting period the Remuneration Committee was composed of the following members:

Chairman	Ulrich Sieber (until 30 November 2013)
Members	Dr Andre Carls (Chairman since 12 December 2013)
	Maciej Leśny
	Prof. Marek Wierzbowski

The Remuneration Committee reviews the content of the managerial contracts, the rules of the remuneration policy and the amounts of bonus for the Members of the Management Board, according to the system adopted by the Supervisory Board. The Remuneration Committee issues recommendations regarding general guidelines for the Management Board on the level and structure of remuneration for the senior management of the Bank and the policy of variable items of remuneration of the persons holding managerial positions at the Bank. The committee also approves the engagement of Members of the Management Board to perform functions in other companies. In the past year the Remuneration Committee adopted 30 decisions.

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

In the past reporting period, the Supervisory Board performed its statutory in accordance with the requirements of the Polish Commercial Companies Code, Banking Law, recommendations of Financial Supervision Authority 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 2013, read and evaluated the report prepared by the statutory auditor - Ernst and Young Audit Sp. z o.o. As the result of this analysis the Supervisory Board confirms that the Financial Statements of the Bank and mBank Group, presented by the Management Board and prepared for the Ordinary General Meeting of Shareholders, meet the formal and legal requirements. The Supervisory Board adopted resolutions regarding the approval of the Reports of the Bank's Management Board and Financial Statements of mBank S.A. for 2013 as well as of the Consolidated Financial Statements of mBank Group for 2013. The proposal of the Management

Board regarding profit distribution for 2013, including the motion on dividend payment were approved by the Supervisory Board in separate resolution.

The Supervisory Board is pleased to acknowledge the strong financial results achieved by mBank Group in 2013 and congratulates the Management Board and the employees of the Group for the achieved results.

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

In 2013 the Supervisory Board term of office comes to an end. I thank you the whole Supervisory Board and the Management Board for the past three years of constructive and effective cooperation. I am sure that the Supervisory Board to be elected for the next term of office will continue the initiated efforts and good work. I wish the Bank further success.

Maciej Leśny
Chairman of the Supervisory Board