

**REPORT**  
**OF THE SUPERVISORY BOARD OF mBANK S.A.**  
on its activities in 2014 and on results of evaluation  
of the 2014 Management Board Reports and Financial Statements  
prepared for the Ordinary General Meeting of Shareholders  
held on 30 March 2015

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

Chairman	Maciej Leśny
Deputy Chairman	Martin Zielke
Members	Martin Blessing
	Dr Andre Carls
	Stephan Engels
	Dirk Wilhelm Schuh (till 31 March 2014)
	Thorsten Kanzler
	Teresa Mokrysz
	Dr Stefan Schmittmann (from 31 March 2014)
	Dr Agnieszka Słomka-Gołębiowska (from 28 October 2014)
	Waldemar Stawski
	Dr Jan Szomburg (till 27 October 2014)
	Wiesław Thor
	Prof. Marek Wierzbowski

The Supervisory Board has been appointed to the current term of office at the Ordinary General Meeting in 2014. Mr Dirk Wilhelm Schuh was replaced by Dr Stefan Schmittmann, who has already been a member of the Supervisory Board in the years 2008 - 2011 - welcome back. Dr Jan Szomburg resigned from his functions on the Supervisory Board in October last year, he has been appointed Member of the Central Advisory Board - the high advisory forum of Commerzbank. Dr Jan Szomburg has fulfilled his functions on the Supervisory Board continuously since 1998. On behalf of the Supervisory Board I would like to thank him for many years of fruitful cooperation. As per best practices, the Supervisory Board requested that a well-known HR consulting firm finds independent Supervisory Board candidates fit for this position. Among the proposed candidates was Dr Agnieszka Słomka-Gołębiowska, who replaced Dr Jan Szomburg. The composition of the Supervisory Board - experience and wide knowledge of its Members - reflects the Bank's care to ensure the proper supervision functions in all areas of Bank's activities.

In the past reporting period, the Supervisory Board held 6 meetings. 60 resolutions were adopted. The resolutions concerned, in particular:

- Approval of materials for Ordinary General Meeting, including financial reports of mBank S.A. and mBank Group
- Approval of Financial Plan for 2015 and Multiyear Plan for the years 2015-2018

- Consent to conclusion of the Cooperation Contract and Investment Contract with Orange Polska S.A.
- Consent to conclusion of the transaction regarding sale of shares of BRE Ubezpieczenia TUiR S.A.
- Approval of Capital Management Policy and Disclosure Policy on capital adequacy
- Acceptance of the documents regarding review of the Internal Capital Adequacy Assessment Process (ICAAP) at mBank Group
- Acceptance of allocation of funds to mBank Foundation
- Approval of the Essential Organizational Structure of mBank Group
- Approval of the Remuneration Rules and Policy as well as Identification Policy for Risk Takers of mBank S.A.
- Approval of the Employee Incentive Programme Regulations as well as the Information Memorandum drafted for the purpose of the realization of this Programme
- Approval of the Regulations of the Incentive Programme for Members of the Management Board and setting periods when the Management Board Members may, within the Incentive Programme, purchase bonds and shares of mBank S.A.
- Acceptance of Annex to the Management Contracts for Members of the Management Board
- Acceptance of MbO results and MbO Score Cards for Members of the Management Board
- Approval of unified text of the By-Laws of mBank S.A., Rules of the Supervisory Board, rules of the Management Board and Rules of the Audit Committee and Risk Committee of the Supervisory Board of mBank
- Acceptance of Internal Audit Department's Audit Plan for 2014
- Approval of Conflict of Interest management policy and Compliance policy, as well as the acceptance of the Annual Report on Compliance Risk Management
- Acceptance of the Annual Reports regarding the performance of tasks in the outsourcing area and exercising supervision over the processes of handling claims and complaints at mBank S.A.
- Approval of the strategies and policies requiring the acceptance of the Risk Committee and confirmation of the Supervisory Board, these include: Risk Management Strategy at mBank Group, Market, Operational and Liquidity Risk Management Strategies, as well as Corporate and Retail Credit Risk Management Strategies
- Approval of Limit Book Rules for limitation of risk and setting limits on the use of capital and liquidity resources and on significant concentrations for mBank Group
- Approval of the Principles of Corporate Governance for Supervised Institutions

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 the past reporting period the Supervisory Board was informed about the details of 2 significant transactions realized by the Bank in 2014: (1) conclusion of the Cooperation Contract and Investment Contract with Orange Polska S.A., (2) conclusion by the Management Board of several detailed agreements related to the sale of shares of BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. Due to the complexity of these transaction, some Supervisory Board Members participated - apart from regular Supervisory Board meetings - in teleconferences with some Members of the Management Board and Bank representatives, convened to discuss the details of the proposed agreements. Both transactions were approved by the Supervisory Board in separate resolutions.

During last year, the Supervisory Board observed the market consultations regarding the Corporate Governance Principles for Supervised Institutions, proposed by the Polish Financial Supervision Authority, issued in July 2014. During its meeting in December 2014, the Supervisory Board adopted a separate resolution regarding the application of these principles in mBank.

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 mBank, 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 tasks in accordance the rules and guidelines approved by the Supervisory Board.

In 2014 the Supervisory Board Committees were composed of the following members:

I. Executive Committee:	Chairman	Maciej Leśny
	Members	Martin Blessing
		Dr Andre Carls
		Dr Jan Szomburg (till 27 October 2014)
		Teresa Mokrysz (from 28 October 2014)

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.

II. Audit Committee:	Chairman	Stephan Engels
	Members	Dr Andre Carls
		Maciej Leśny
		Teresa Mokrysz (till 31 March 2014)
		Waldemar Stawski (from 31 March 2014)

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 and the Compliance 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. 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. In the past reporting period the Audit Committee adopted 13 decisions.

III. Risk Committee: Chairman Dirk Wilhelm Schuh (till 31 March 2014)  
Dr Stefan Schmittmann (from 31 March 2014)  
Members Thorsten Kanzler  
Maciej Leśny  
Waldemar Stawski (till 31 March 2014)  
Teresa Mokrysz (between 31 March - 27 October 2014)  
Dr Agnieszka Słomka-Gołębiowska (from 28 October 2014)

In 2014, 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 reporting period, the Risk Committee:

- (1) accepted 32 recommendations for the approval of large exposures posing single-entity risk according to parameters defined by the Supervisory Board,
- (2) adopted 15 decisions regarding the acceptance of various strategies and policies in the risk area, which require the approval of the Supervisory Board.

IV. Remuneration Committee: Chairman Dr Andre Carls  
Members Maciej Leśny  
Prof. Marek Wierzbowski  
Martin Zielke

The Remuneration Committee reviews the following issues: content of the managerial contracts, the rules of the remuneration, 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. The committee also approves the engagement of Members of the Management Board to perform functions in other companies. In 2014 the Remuneration Committee adopted 12 decisions.

Under Article 22 (5) of the By-Laws of BRE Bank, 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.

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 2014, 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 mBank 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 Reports of the Bank's Management Board and Financial Statements of mBank S.A. for 2014 as well as of the Consolidated Financial Statements of mBank Group for 2014. In separate resolutions the Supervisory Board approved the proposal of the Management Board regarding profit distribution for 2014, including the motion on dividend payment and accepted the Management Board proposal regarding the appointment of the external auditor to review the financial statements of mBank and mBank Group in 2015.

The Supervisory Board is pleased to acknowledge the strong financial results achieved by mBank Group in 2014 and congratulates the Management Board and the employees of the Group for achieving the highest financial results reached in the history.

The Supervisory Board recommends that the Ordinary General Meeting of Shareholders approves the aforesaid Financial Statements and adopts the draft resolutions on profit distribution, appointment of the external auditor and confirmation of the appointment of new Supervisory Board Member, Dr Agnieszka Słomka-Gołębiowska.

I thank the Supervisory Board and the Management Board for the fruitful and effective cooperation in 2014. I wish the Management Board sound decisions in the realization of ambitious goals ahead of our Bank. I assure you of the Supervisory Board's support in achieving new targets, having positive effect for further development of mBank.

Maciej Leśny  
Chairman of the Supervisory Board