

Warsaw, 2 March 2015

## **Report on activities of the Audit Committee of the Supervisory Board of mBank SA in 2014**

### **Legal basis**

The Audit Committee of the Supervisory Board of mBank SA acts as a standing Committee in line with:

- Article 86 of the Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision dated 7 May 2009
- "Recommendations concerning the operation of the Audit Committee" issued by the Office of the Polish Financial Supervision Authority in November 2010
- Good Practices of Companies listed on the Warsaw Stock Exchange
- the By-laws of mBank SA (Article 22 (3).2)
- the Rules of the Supervisory Board of mBank SA (Article 12 (3).2).

### **Composition of the Committee**

Until the General Meeting of Shareholders on 31 March 2014, the composition of the Audit Committee was as follows:

- Stephan Engels (Chairman)
- Andre Carls (Member)
- Maciej Leśny (Member)
- Teresa Mokrysz (Member)

As of 1 April 2014 the composition of the Audit Committee is as follows:

- Stephan Engels (Chairman)
- Andre Carls (Member)
- Maciej Leśny (Member)
- Waldemar Stawski (Member)

During the meetings all current and open issues were discussed, and delivery protocols were developed.

### **Meetings / operation / decisions**

In 2014, the Audit Committee held 5 meetings: 3 and 31 March, 13 June, 27 October and 11 December.

During the meeting held on 3 March, the Audit Committee analysed and among others discussed the following issues:

- Confirmation of fulfillment of legal and regulatory requirements of mBank S.A. financial statements
- Final conclusion of year-end audit of mBank S.A. Group financial statements for 2013 including key findings of the external auditor
- Approval of financial statements of mBank S.A. for 2013
- Approval of consolidated financial statements of mBank S.A. Group for 2013
- Bank's approach towards p&l recognition of bancassurance business
- KNF letter concerning external auditor non audit services
- Assessment of cooperation with external auditor in 2013
- Internal audit report December 2013 - January 2014
- Internal audit report for 2013
- Assessment of internal control and risk management system in mBank S.A. in 2013
- Approval of internal audit plan for 2014
- Approval of report on Audit Committee activities in 2013.

After a discussion, the Audit Committee made the following decisions:

- Decision 31/14 on approval of the Management Board report on the business of mBank S.A. for 2013 and the financial statements of mBank S.A. for 2013
- Decision 32/14 on approval of the Management Board report on the business of mBank Group for 2013 and the consolidated financial statements of mBank Group for 2013
- Decision 33/14 on approval of the internal audit plan for 2014
- Decision 34/14 on approval of the report on the activities of the Audit Committee of the Supervisory Board of mBank SA in 2013.

During the meeting held on 31 march 2014, the Audit Committee made the following decisions:

- Decision 1/14 regarding appointment of the Chairman of the Audit Committee

During the meeting held on 13 June 2014, the Audit Committee analysed and discussed among others the following issues:

- External auditor audit plan for 2014
- Q1 review of the bank's financial results

- Update on current status of the CRR/CRDIV implementation at mBank S.A.
- Internal audit report February 2014 - May 2014
- Information on overview of audits in the mBank subsidiaries in recent years
- Approval of the annual report of the coordinator for outsourcing on the performance of tasks from the outsourcing area at mBank S.A. in 2013
- Approval of the annual report on Compliance Risk Management at mBank S.A. in 2013
- Approval of the annual report on exercising supervision over processes of handling claims and complaints at mBank S.A. for 2013
- Changes to the Audit Committee rules.

After a discussion, the Audit Committee made the following decisions:

- Decision 2/14 on acceptance of the annual report on Compliance Risk Management at mBank SA in 2013
- Decision 3/14 on acceptance of the annual report of the coordinator for outsourcing on the performance of tasks from the outsourcing area at mBank SA in 2013
- Decision 4/14 on acceptance of the annual report on exercising supervision over the processes of handling claims and complaints at mBank SA for 2013
- Decision 5/14 regarding the approval of the rules of the Audit Committee of the Supervisory Board of mBank S.A.

During its 27 October 2014 meeting, the Audit Committee discussed among others the following issues in detail:

- Q2/Q3 review of the bank's financial results
- External auditor audit plan for YE 2014
- Update on current status of E&Y independence in performing audit services
- Internal audit report June 2014 - September 2014
- Changes to internal audit plan for 2014
- Changes to the conflict of interests management policy at mBank S.A.
- Changes to the compliance policy at mBank S.A.

After a discussion, the Audit Committee made the following decisions:

- Decision 6/14 regarding the approval of the updated mBank S.A. Conflict of Interest Management Policy
- Decision 7/14 regarding the approval of the updated Compliance Policy at mBank S.A.

During its meeting held on 11 December 2013 the Audit Committee addressed in detail among others the following issues:

- Q3 review of the Bank's financial results
- Acceptance of the Disclosure Policy on Capital Adequacy
- Internal audit report September 2014 - November 2014
- Preliminary internal audit plan for 2015
- Changes to the rules of the Audit Committee

The Audit Committee made decisions on:

- Decision 8/14 regarding the approval of the rules of the Audit Committee of the Supervisory Board of mBank S.A
- Decision 9/14 regarding approval of the Disclosure Policy of mBank S.A. on capital adequacy.

During each meeting the Audit Committee exercised regular supervision over internal audit. The Audit Committee was informed on a regular basis on actions taken in terms of the key risk areas, and reports of the Internal Audit Department covering a wide scope of audit issues, including the reports on:

- information about implementation of overdue recommendations issued by the Internal Audit Department
- main risk areas.

All the aforementioned internal audit reports were discussed in detail during the Committee meetings.

The Audit Committee agrees with the risk assessment for processes and areas at the Bank presented by the Internal Audit Department. The Committee assesses positively all the measures taken in order to minimize the risk level that showed positive effects.

During the meetings of the Audit Committee, the Compliance Department informed the Committee about all necessary issues concerning Compliance area and answered all questions of the Members of the Committee. The Audit Committee recommended to the Supervisory Board all necessary Reports of the Compliance Department and changes to the Compliance Regulations in which changes require acceptance by the Supervisory Body.

Furthermore, the Audit Committee was informed on a regular basis about the Bank's performance and financial standing before publication of the quarterly reports of mBank Group.

The Audit Committee fulfilled all the duties imposed on it under the law.

Stephan Engels  
Chairman of the Audit Committee