

REPORT
OF THE SUPERVISORY BOARD OF mBANK S.A.
on its activities in 2015 and on results of evaluation
of the 2015 Management Board Reports and Financial Statements
prepared for the Ordinary General Meeting of Shareholders
held on 24 March 2016

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
	Thorsten Kanzler
	Teresa Mokrysz
	Dr Stefan Schmittmann (till 31 December 2015)
	Dr Marcus Chromik (from 1 January 2016)
	Dr Agnieszka Słomka-Gołębiowska
	Waldemar Stawski
	Wiesław Thor
	Prof. Marek Wierzbowski

On 24 November 2015 the Chairman received Dr Stefan Schmittmann's resignation from his functions on the Supervisory Board as of 31 December 2015. On behalf of the Supervisory Board I wish to thank him very much for many years of fruitful cooperation. The Supervisory Board co-opted in his place Dr Marcus Chromik, who formally took over the new functions as Member of the Supervisory Board and Chairman of the Risk Committee from 1 January 2016.

The Supervisory Board of mBank is composed of 12 members, which ensures 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 Supervisory Board meetings are convened in Polish and supported by a translator.

As per the Rules of the Supervisory Board, in accordance to the Best Practices for WSE Listed Companies 2016 and Corporate Governance Rules for supervised institutions, the following persons meet the independence criteria for Members of the Supervisory Board: Maciej Leśny, Teresa Mokrysz, Waldemar Stawski, prof. Marek Wierzbowski and dr Agnieszka Słomka-Gołębiowska. All of them submitted the appropriate statements, confirming their independence.

With its best knowledge, binding legal regulations and best market practice, the Supervisory Board ensures the fulfilment of rules regarding the assessment of suitability of the members in the supervision body. 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. There are two

women in the Supervisory Board: Teresa Mokrysz and Agnieszka Słomka-Golębiowska. Among the Supervisory Board Members there are persons with experience in key functions in banking, as well as representatives of academic background, private business and corporate governance specialists. Moreover, the Members of the Supervisory Board and mainly the Members of the Audit Committee have the required competences and knowledge in accounting and finance.

In the past reporting period, the Supervisory Board held 6 meetings and only in 4 individual cases, the Supervisory Board Members did not participate in the meetings. 51 resolutions were adopted. The resolutions concerned among others:

- Acceptance of materials for Ordinary General Meeting, including financial reports of mBank S.A. and mBank Group
- Approval of Financial Plan for 2016 and Multiyear Plan for the years 2016-2019
- Approval of Capital Management Policy at mBank Group
- Acceptance of the documents and the report on review of the Internal Capital Adequacy Assessment Process (ICAAP) at mBank Group
- Approval of the Essential Organizational Structure and division of competences among Members of the Management Board of mBank
- 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, approval of terms and conditions for issuance of bonds and setting periods when the Management Board Members may, within the Incentive Programme, purchase bonds and shares of mBank S.A.
- Acceptance of principles of investing in financial instruments by persons linked to mBank S.A. or for their account and principles of maintaining the register of transactions on own account
- 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. and Rules of the Management Board of mBank S.A.
- Acceptance of Internal Audit Department's Audit Plan for 2015
- 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
- Approval of Limit Book Rules for limitation of risk and setting limits for mBank Group
- Acceptance of Contingency Plan in case of a threat of losing financial liquidity by mBank S.A.
- Approval of Reputational Risk Management Strategy at mBank Group
- Approval of the Bancassurance Policy in mBank S.A.

In accordance to Best Practices for WSE Listed Companies 2016, 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 goal is 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. The Supervisory Board confidence in Bank's activities in this respect was expressed by the approval of resolution regarding granting funds for the mBank Foundation for the following year.

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. The correspondence from KNF addressed to the Supervisory Board was also acknowledged during its meetings.

During the Supervisory Board meeting in June, the Management Board presented the status of realization of mBank Strategy for the years 2012 - 2016. The Supervisory Board acknowledged with satisfaction the information that the majority of strategic initiatives, both financial and business, have been realized or are well advanced.

Pursuant to the requirement of KNF Recommendation D, in 2015 the Supervisory Board was informed about the current situation in IT Security in mBank. The supervision over the information technology and care of IT security in mBank is monitored by the SB on an ongoing basis.

Following the Corporate Governance Principles for supervised institutions, Best Practice 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 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. 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.

In 2015 the Supervisory Board Committees were composed of the following members:

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|-------------------------|----------|-----------------|
| I. Executive Committee: | Chairman | Maciej Leśny |
| | Members | Martin Blessing |
| | | Dr Andre Carls |
| | | Teresa Mokrysz |

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.

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 2015, 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 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 Reports of the Bank's Management Board and Financial Statements of mBank S.A. for 2015 as well as of the Consolidated Financial Statements of mBank Group for 2015. In separate resolutions the Supervisory Board approved the proposal of the Management Board regarding profit distribution for 2015 and undivided profit from previous years, and accepted the Management Board proposal regarding the appointment of the external auditor to review the financial statements of mBank and mBank Group in 2016.

The Supervisory Board is pleased to acknowledge very good financial results achieved by mBank Group in 2015 and congratulates the Management Board and the employees of the Group for achieving the set goals.

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

I thank the Supervisory Board and the Management Board for the fruitful and effective cooperation in 2015. I wish the Management Board sound decisions in the realization of the 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