

Warsaw, 1 March 2017

Report on activities of the Audit Committee of the Supervisory Board of mBank S.A. in 2016

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

The composition of the Audit Committee was 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 2016 the Audit Committee held 4 meetings: 25 February, 9 June, 27 October and 15 December.

During the meeting held on 25 February 2016, the Audit Committee analysed and among others discussed the following issues:

- Confirmation of fulfilment 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 2015 including key findings of the external auditor
- Approval of financial statements of mBank S.A. for 2015

- Approval of consolidated financial statements of mBank S.A. Group for 2015
- Internal audit report December 2015 - January 2016
- Internal audit report for 2015
- Assessment of internal control and risk management system in mBank S.A. in 2015
- Approval of internal audit plan for 2016
- Approval of changes to the Compliance Policy in mBank
- Approval of report on Audit Committee activities in 2015.

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

- Decision 26/16 on approval of the Management Board report on the business of mBank S.A. for 2015 and the financial statements of mBank S.A. for 2015
- Decision 27/16 on approval of the Management Board report on the business of mBank Group for 2015 and the consolidated financial statements of mBank Group for 2015
- Decision 28/16 on appointment of the external auditor for mBank and mBank Group for 2016
- Decision 29/16 on approval of the internal audit plan for 2016
- Decision 30/16 on approval of changes to the Compliance policy in mBank SA
- Decision 31/16 on approval of the report on the activities of the Audit Committee of the Supervisory Board of mBank SA in 2015
- Decision 32/16 on the approval for rendering of non-audit services

During the meeting held on 9 June 2016, the Audit Committee analysed and discussed among others the following issues:

- External auditor audit plan for 2016
- Q1 review of the bank's financial results
- Internal audit report February 2016 - May 2016
- Approval on the Policy of cooperation between mBank and Commerzbank internal audit departments
- Approval of the annual report of the coordinator for outsourcing on the performance of tasks from the outsourcing area at mBank S.A. in 2015
- Approval of the annual report on Compliance Risk Management at mBank S.A. in 2015
- Approval of the annual report on exercising supervision over processes of handling claims and complaints at mBank S.A. for 2015

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

- Decision 34/16 on acceptance of the Policy of cooperation between internal audit departments of mBank S.A and Commerzbank AG
- Decision 35/16 on acceptance of the annual report on Compliance Risk Management at mBank S.A. in 2015
- Decision 36/16 on acceptance of the annual report of the coordinator for outsourcing on the performance of tasks from the outsourcing area at mBank S.A. in 2015
- Decision 37/16 on acceptance of the annual report on exercising supervision over the processes of handling claims and complaints at mBank SA for 2015

During its 27 October 2016 meeting, the Audit Committee discussed among others the following issues in detail:

- Q2 review of the bank's financial results
- External auditor audit plan for YE 2016
- Internal audit report June 2016 - September 2016
- Changes to internal audit plan for 2016
- Whistleblowing Report in the period: January - September 2016
- Quarterly Report on Exercising Supervision over Processes of Handling Complaints and Claims
- Acceptance of "Rules 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"

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

- Decision 42/16 regarding the approval of changes in the Internal Audit Plan for 2016
- Decision 43/16 regarding the approval of Rules 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

During its meeting held on 15 December 2016 the Audit Committee addressed in detail among others the following issues:

- Q3 review of the Bank's financial results
- Internal audit report October 2016 - November 2016
- Preliminary internal audit plan for 2017
- Changes to internal control rules

- Status report on implementation of the new Internal Control System and Self-assessment Process

The Audit Committee made decision on:

- Decision 44/16 regarding the approval for changes in the Internal Control Rules in mBank SA.

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 duties imposed on it under the law.

Stephan Engels
Chairman of the Audit Committee