

REPORT
OF THE SUPERVISORY BOARD OF mBANK S.A.
on its activities in 2020 and on results of evaluation
of the 2020 Management Board Report and Financial Statements
prepared for the Ordinary General Meeting of Shareholders
held on 24 March 2021

The Supervisory Board presents this report on the basis of Art. 383 of the Polish Commercial Companies Code and par. 70 point 1(14) and 70 point 1.12 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information published by issuers of securities.

I. Activities of the Supervisory Board of mBank S.A.

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

Chairman	Maciej Leśny (until 27 March 2020)
Chairwoman	Prof. Agnieszka Słomka-Gołębiowska (from 27 March 2020)
Deputy Chairman	Jörg Hessenmüller (from 27 March 2020)
Members	Tomasz Bieske
	Dr. Marcus Chromik
	Mirostaw Godlewski
	Aleksandra Gren (from 27 March 2020)
	Jörg Hessenmüller (until 27 March 2020)
	Gurjinder Johal (until 27 March 2020)
	Michael Mandel (until 22 October 2020)
	Teresa Mokrysz (until 27 March 2020)
	Dr Bettina Orlopp (from 27 March 2020)
	Sabine Schmittroth (from 23 October 2020)
	Prof. Agnieszka Słomka-Gołębiowska (until 27 March 2020)

In 2020 the composition of the Supervisory Board of mBank ensured 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 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. Moreover, the Members of the Supervisory Board and mainly the Members of the Audit Committee have the required competences and knowledge in accounting or finance.

In accordance with the Rules of the Supervisory Board, the Best Practices for WSE Listed Companies and Corporate Governance Rules for supervised institutions, the following persons meet the independence criteria for Members of the Supervisory Board: Tomasz Bieske, Mirostaw Godlewski, Aleksandra Gren and Prof. Agnieszka Słomka-Gołębiowska.

Members of the Supervisory Board, Management Board and key function holders in mBank are appointed pursuant to the currently binding Policy for the assessment of qualifications of members of the supervisory body, management body and key function holders in mBank (Suitability Policy) - ensuring that the candidates have proper knowledge, dispositions, work experience and reputation, suitable to the fulfilment of the supervision functions. In accordance to this document a detailed assessment process was carried out for Management Board Members and key function holders in mBank in 2020. The Ordinary General Meeting will also assess the activities of the Supervisory Board Members in the past year.

In the past reporting period, the Supervisory Board held 8 meetings and adopted 91 resolutions. These resolutions covered all areas of Bank's activities and were in line with the supervision functions outlined in binding legal regulations, Banking Act, PFSA recommendations, corporate governance principles, as well as described in the Bank's By-Laws and Rules of the Supervisory Board.

The year 2020 was very demanding due to the outbreak of the pandemic COVID-19. The new situation, which caused radical changes in the macroeconomic environment, in which banks operate, led to new, demanding challenges for the Supervisory Board. Apart from regular meetings, the Supervisory Board held conferences with the Management Board and monitored the banks situation on a regular basis. The discussions at the Supervisory Board meetings concentrated at the Business Continuity Management (BCM), credit risk management, liquidity risk management and focused on current business and capital situation under COVID-19 threats. The Supervisory Board was also informed about the IT Stability and Cybersecurity. The management Board informed the Supervisory Board about all the steps taken to secure the continuity of banks activities in new, changed environment and on bank's participation in the support programmes for the companies.

In the past year, the Supervisory Board at its meetings regularly discussed and acknowledged the periodic reports of the Management Board on the financial standing of mBank Group, as well as the current results of particular business lines of the Bank. In accordance to regulation requirements the Supervisory Board regularly discussed the risk management reports as well as the reports from other areas of Bank's activities, among others: IT and IT security, bancassurance, supervision over the process of handling claims and complaints, realization of tasks in the outsourcing area, reports on compliance activities in the mBank brokerage bureau and on the brokerage activities on derivative instruments OTC (over the counter) market. The Supervisory Board discussed on the ongoing basis the CHF portfolio situation. The correspondence from KNF addressed to the Supervisory Board was also acknowledged. The Supervisory Board draw special attention to the changes in the KNF regulatory requirements and discussed the possible scenarios of the development of current situation.

During the Supervisory Board meeting in December 2020, the Supervisory Board got acquainted with the Status of work on the new Strategy of the mBank Group, which is prepared in the situation of poor growth prospects and difficult macroeconomic environment related to pandemic development. The current crisis situation increases of the problems facing banking sector, such as: high banking tax, unsolved situation of the CHF mortgage loans and low interest rates, require a more targeted and innovative approach to finding additional value pockets. The new mBank Group strategy for the years 2021-2025 will be approved this year.

In accordance to Best Practices for WSE Listed Companies, the Supervisory Board makes a positive assessment of Bank's sponsorship activities. mBank is engaged in social initiatives, among others WOŚP Foundation, which gathers funds to save health and life of the children. In the past year mBank supported selected programmes to help improve the level of education and promote the knowledge of mathematics, ensure equal educational opportunities and promote highly talented youth. The Supervisory Board confirms that the allocated funds were used appropriately, in accordance to the mBank strategy: to help, not to annoy, to delight... anywhere.

Following the Corporate Governance Principles for supervised institutions, Best Practices 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 and Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee.

The Supervisory Board Committees perform their tasks in accordance to 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. Many of the Supervisory Board resolutions are adopted in accordance to the recommendations from the standing Committees, which in advance analyse and discuss specific issues from all areas of bank activities, requiring the approval of the Supervisory Board.

In 2020 the Supervisory Board Committees performed their duties as follows:

1. Executive and Nomination Committee was composed as follows:

Chairman	Maciej Leśny (until 27 March 2020)
Chairwoman	Prof. Agnieszka Słomka-Gołębiowska (from 27 March 2020)
Members	Jörg Hessenmüller Teresa Mokrysz (until 27 March 2020) Michael Mandel (from 27 March 2020 until 22 October 2020) Sabine Schmittroth (from 23 October 2020)

The Executive and Nomination Committee held 4 meetings in 2020, 8 decisions were taken. The committee performs the supervisory function over the Bank's activities in the period between the Supervisory Board meetings, approves transactions exceeding 1% of the Bank's own funds and performs the initial recruitment process of candidates for Members of the Management Board and Supervisory Board. As per the requirements of the Suitability Policy and on the basis of the gathered documentation, the Committee made a thorough assessment of the Members of the Management Board and Supervisory Board and confirmed that they have proper knowledge, dispositions, work experience and reputation, suitable to the fulfilment of their functions. The composition of the Management Board and Supervisory Board is adequate to the scale and nature of the activities of mBank.

2. Audit Committee was composed as follows:

Chairman	Tomasz Bieske
Members	Aleksandra Gren (from 27 March 2020) Jörg Hessenmüller Prof. Agnieszka Słomka-Gołębiowska (until 27 March 2020)

The Audit Committee held 6 meetings in 2020 and adopted 27 decision. The committee performs regular supervision over the internal audit of the Bank, as well as evaluates the risk level and processes 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, including functioning of the internal audit and compliance. The committee gives its opinion on the appointment of the audit firm, as well as on the cooperation with the external auditor with regards to the non-audit services provided. 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.

3. Risk Committee was composed as follows:

Chairman	Dr. Marcus Chromik
Members	Mirostaw Godlewski Gujinder Johal (until 27 March 2020) Dr. Bettina Orlopp (from 27 March 2020) Prof. Agnieszka Słomka-Gołębiowska

In 2020, the Risk Committee held 5 meetings and adopted 23 decisions. The committee on a regular basis discussed the quarterly risk reports (capital adequacy, liquidity risk, credit risk, operational risk, market risk and reputation risk), as well as various credit portfolio topics.

In 2020 the Risk Committee discussed in details and adopted decisions regarding following topics:

- review of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) at mBank Group,
- approval of changes resulting from the review of number of strategies in the risk management area, including: Concentration Risk Management Strategy, Market Risk, Operational Risk, Liquidity Risk, as well as Corporate and Retail Credit Risk Management Strategies,
- acceptance of the Capital Management Policy at mBank Group and Book of Stress Tests, Rules of Stress Testing in mBank Group
- acceptance of the Limit Book Rules for limitation of risk in mBank Group and setting limits on the use of capital resources, liquidity and market limits, as well as concentration limits.

In the past reporting period, the Risk Committee also accepted 14 recommendations for the approval of large exposures posing single-entity risk according to parameters defined by the Supervisory Board.

4. Remuneration Committee was composed as follows:

Chairman	Michael Mandel (from 22 January 2020 until 22 October 2020)
Chairwoman	Sabine Schmittroth (from 23 October 2020)
Members	Tomasz Bieske Maciej Leśny (until 27 March 2020) Jörg Hessenmüller (from 27 March 2020) Miroslaw Godlewski (from 27 March 2020)

The Remuneration Committee held 5 meetings in 2020 and adopted 11 decisions. The committee reviews the following issues: content of the managerial contracts, the rules of the remuneration for Management Board Members, directors and employees of mBank, 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.

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.

Apart from the standing committees, there is a Supervisory Board IT Working Group, which supports the Supervisory Board in supervision over the mBank's activities in the IT technology and security of IT environment in mBank. During its meeting the IT Working Group analyze and discuss the Management Board reports on IT and IT security, which are also presented at the Supervisory board meetings. In modern digitalized environments IT and Cybersecurity are key factors in the further development of the mBank innovative business model. The Supervisory Board recommends to the Ordinary General Meeting changing this Working Group to standing IT Committee of the Supervisory Board and approval of the proposed change in the By-laws of mBank S.A.

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.

II. The results of the assessment of the Management Board Report and the Financial Statements for 2020

As per Article 382 § 3 of the Polish Commercial Companies Code and par. 22 point 1 of the By-laws of mBank S.A. the Supervisory Board made the assessment of the Financial Statements of mBank S.A. for 2020, the Consolidated Financial Statements of mBank Group for 2020 as well as Management Board Report on the activities of the mBank Group in 2020, in terms of their

compliance with books, documents and facts. These documents will be forwarded by the Management Board for the approval of the Ordinary General Meeting.

The review of these Reports have been made by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa (the “Auditor”), appointed by Ordinary General Meeting on 27 March 2020, following the recommendation of the Supervisory Board adopted by Resolution 208/20 dated 28 February 2020.

The Supervisory Board, having analysed the Management Board Report on mBank Group activities, the Financial Statement of mBank S.A. and mBank Group, the reports and opinions of the Supervisory Board and its Committees, and after reviewing the auditor’s opinion, confirms that the presented reports are reliable and meet the formal requirements. At the same time, the Supervisory Board states that the Financial Statements of mBank S.A. and mBank Group present the actual financial situation of mBank S.A. and mBank achievements as well as financial results.

In the opinion of the Supervisory Board, the reports were prepared in accordance to the Accounting Act dated 29 September 1994 and the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information published by issuers of securities.

In the process of the above assessment, the Supervisory Board also considered the Audit Committee recommendation presented during the meeting on 25 February 2021.

As the result, the Supervisory Board adopted resolutions regarding the approval of: the Management Board Report on the activities of the mBank Group (including mBank S.A.) in 2020, the Financial Statement of mBank S.A. for 2020, as well as the Consolidated Financial Statement of mBank Group for 2020. In separate resolution the Supervisory Board approved the proposal of the Management Board regarding profit distribution for 2020 and undivided profit for previous years.

The Supervisory Board recommends that the Ordinary General Meeting of Shareholders approves:

- a) the Management Board Report on the activities of the mBank Group in 2020
- b) the Financial Statement of mBank S.A. for 2020
- c) the Consolidated Financial Statement of mBank Group for 2020
- d) the Report on the remuneration policy of mBank S.A. on the basis Supervisory Board opinion, stating that the remuneration policy for members of the Management Board and persons holding key functions in mBank S.A. assures secure development of the Bank
- e) positive opinion on the Report on the remuneration of the Management Board and the Supervisory Board for the years 2019-2020
- f) resolution on profit distribution for 2020 and undivided profit from previous years as recommended by the Management Board and accepted by the Supervisory Board.

The Supervisory Board confirms that the situation of the bank is stable. The bank achieved solid operational results despite the difficult environment. The Supervisory Board

congratulates the Management Board and the employees of the Group for achieving the set goals. I thank you very much for fruitful, constructive and effective cooperation. I wish success in the realization of targets, having positive effect for further development of mBank in current very difficult and demanding circumstances.

Prof. Agnieszka Słomka-Gotębiowska
Chairwoman of the Supervisory Board