

mBank S.A. Group

**Registered auditor's report on the audit of the consolidated
financial statements for the year from
1 January to 31 December 2016**



Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2016

To the General Shareholders' Meeting and the Supervisory Board of mBank S.A.

This report contains 17 consecutively numbered pages and consists of:

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Translation note:

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I. General information about the Group

- a. mBank S.A. ("Bank", "the Parent Company") with its seat in Warsaw, Senatorska 18 Street is the parent company of the mBank S.A. Group ("the Group").
- b. The Parent Company was established by Resolution of the Council of Ministers No. 99 of 20 June 1986. The Parent Company was formed on the basis of a Notarial Deed drawn up on 11 December 1986 at the State Notary Public's Office in Warsaw and registered with Rep. A No. I-5919/86. On 11 July 2001, the Parent Company was entered in the Register of Businesses maintained by the District Court for the Capital City of Warsaw XIX Business Department of the National Court Register, with the reference number KRS 0000025237.
- c. The Parent Company was assigned a tax identification number (NIP) 526-02-15-088 for the purpose of making tax settlements and a REGON number 001254524 for statistical purposes.
- d. As at 31 December 2016 the Parent Company's share capital amounted to PLN 169,121 thousand and consisted of 42,280,127 shares, with a nominal value of PLN 4.00 each. Total equity as at that date amounted to PLN 13,051,161 thousand.
- e. As at 31 December 2016, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN '000)	Type of shares held	Votes (%)
Commerzbank AG	29,352,897	117,412	ordinary	69.42
Nationale-Nederlanden OFE	2,130,699	8,523	ordinary	5.04
Other shareholders	10,796,531	43,186	ordinary	25.54
	42,280,127	169,121		100.00

As at 31 December 2015, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN '000)	Type of shares held	Votes (%)
Commerzbank AG	29,352,897	117,412	ordinary	69.49
ING Otworthy Fundusz Emerytalny (at present Nationale-Nederlanden OFE)	2,130,699	8,523	ordinary	5.05
Other shareholders	10,755,328	43,021	ordinary	25.46
	42,238,924	168,956		100.00

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I. General information about the Group (cont.)

- f. During the year the Group's operations comprised providing banking services and consulting and advisory services in financial matters, as well as of conducting business activities within the scope described in Memorandum of Association of the Parent Company. The Group operates within the scope of corporate, institutional and retail banking (including private banking) throughout the whole country and operates trade and investment activities as well as brokerage activities.
- g. During the year the Management Board of the Parent Company comprised:
- Cezary Stypułkowski President of the Management Board
 - Lidia Jabłonowska-Luba Vice-President of the Management Board,
Chief Risk Officer
 - Przemysław Gdański Vice-President of the Management Board,
Head of Corporate and Investment Banking
 - Hans-Dieter Kemler Vice-President of the Management Board,
Head of Financial Markets
 - Cezary Kocik Vice-President of the Management Board,
Head of Retail Banking
 - Jarosław Mastalerz Vice-President of the Management Board,
Head of Operations and IT
 - Christoph Heins Vice-President of the Management Board,
Chief Financial Officer
from 1 July 2016
 - Jörg Hessenmüller Vice-President of the Management Board,
Chief Financial Officer
to 30 June 2016

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I. General information about the Group (cont.)

h. As at 31 December 2016, the mBank S.A. Group comprised the following entities:

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
mBank S.A.	Parent Company	Not applicable	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2016
mFinanse S.A. (formerly Aspiro S.A.)	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
BDH Development Sp. z o.o.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
Garbary Sp. z o.o.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
mBank Hipoteczny S.A.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
mCentrum Operacji Sp. z o.o.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
mFactoring S.A.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
mLeasing Sp. z o.o.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
Tele-Tech Investment Sp. z o.o.	Subsidiary (100.00%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016
mFinance France S.A.	Subsidiary (99.998%)	Full	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2016
mLocum S.A.	Subsidiary (79.99%)	Full	PricewaterhouseCoopers Sp. z o.o.	audit in progress	31 December 2016

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I. General information about the Group (cont.)

- i. During the financial year, the following changes took place in the scope of consolidation:
 - 1. on 30 September 2016 Aspiro S.A. changed its name to mFinanse S.A.,
 - 2. on 20 May 2016, there was an incorporation of Dom Maklerski mBanku S.A. („mDM”) and mWealth Management S.A. („mWM”), the Group entities, into structures of mBank S.A.. Due to the incorporation of mDM and mWM, on 20 May 2016 there was a removal of:
 - a) mDM from the National Court Register by the District Court for the Capital City of Warsaw in Warsaw, XII Business Department of the National Court Register,
 - b) mWM from the National Court Register by the District Court for the Capital City of Warsaw in Warsaw, XII Business Department of the National Court Register.
- j. The Parent Company is an issuer of securities admitted for trading on the Warsaw Stock Exchange. In accordance with the choice of selecting accounting policies permitted by the Accounting Act, the Parent Company has decided to prepare its consolidated financial statements in accordance with IFRS as adopted by the European Union.

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II. Information about the audit

- a. The audit of the consolidated financial statements as at and for the year from 1 January to 31 December 2016 was conducted by PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, the Group's registered auditor Agnieszka Accordi-Krawiec (no. 11665).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Group by Resolution No. 30 of the Ordinary General Meeting dated 24 March 2016 in accordance with paragraph 11 letter n) of the Parent Company's Memorandum of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the entities belonging to the Group within the meaning of art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws of 2016, item 1000 as amended).
- d. The audit was conducted in accordance with an agreement dated 24 March 2016, in the period from:
 - interim audit from 2 November 2016 r. to 23 December 2016 r.;
 - final audit from 3 January 2017 r. to 1 March 2017 r.
- e. We conducted our audit in accordance with International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Audit and Assurance with a resolution dated 10 February 2015. The scope of our audit was influenced by our application of materiality. In accordance with these auditing standards, the concept of materiality is applied by the auditor at the planning stage and when conducting the audit as well as to evaluate the effect of misstatements identified and adjusted (if any) on the consolidated financial statements, and to form the opinion in the Independent Registered Auditor's Report.

An audit was designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. The misstatements are considered to be material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined and documented the certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole. Therefore, all statements included in the Independent Registered Auditor's Report, including those related to the other legal and regulatory requirements, have been

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expressed considering the materiality determined in accordance with those auditing standards and the auditor's judgement.

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III. The Group's results, financial position and significant items of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2016

	31.12.2016	31.12.2015	Change	Change	31.12.2016	31.12.2015
ASSETS	PLN '000	PLN '000	PLN '000	(%)	Structure (%)	Structure (%)
Cash and balances with the Central Bank	9,164,281	5,938,133	3,226,148	54.3	6.9	4.8
Loans and advances to banks	3,082,855	1,897,334	1,185,521	62.5	2.3	1.5
Trading securities	3,800,634	557,541	3,243,093	581.7	2.8	0.5
Derivative financial instruments	1,808,847	3,349,328	(1,540,481)	(46.0)	1.4	2.7
Loans and advances to customers	81,763,277	78,433,546	3,329,731	4.2	61.1	63.5
Hedge accounting adjustments related to fair value of hedged items	-	130	(130)	(100.0)	-	-
Investment securities	31,393,352	30,736,949	656,403	2.1	23.5	24.9
Investments in joint venture	-	7,359	(7,359)	(100.0)	-	-
Intangible assets	582,663	519,049	63,614	12.3	0.4	0.4
Tangible assets	757,371	744,522	12,849	1.7	0.6	0.6
Current income tax assets	1,310	1,850	(540)	(29.2)	-	-
Deferred income tax assets	540,756	366,088	174,668	47.7	0.4	0.3
Other assets	848,156	971,192	(123,036)	(12.7)	0.6	0.8
TOTAL ASSETS	133,743,502	123,523,021	10,220,481	8.3	100.0	100.0

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III. The Group's results, financial position and significant items of the consolidated financial statement (cont.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2016 (cont.)

	31.12.2016	31.12.2015	Change	Change	31.12.2016	31.12.2015
LIABILITIES	PLN '000	PLN '000	PLN '000	(%)	Structure (%)	Structure (%)
Amounts due to other banks	8,486,753	12,019,331	(3,532,578)	(29.4)	6.3	9.8
Derivative financial instruments	1,599,266	3,173,638	(1,574,372)	(49.6)	1.2	2.6
Amounts due to customers	91,417,962	81,140,866	10,277,096	12.7	68.4	65.7
Debt securities in issue	12,660,389	8,946,195	3,714,194	41.5	9.5	7.2
Hedge accounting adjustments related to fair value of hedged items	116,871	100,098	16,773	16.8	0.1	0.1
Other liabilities	2,178,790	1,764,091	414,699	23.5	1.6	1.4
Current income tax liabilities	104,999	50,126	54,873	109.5	0.1	-
Deferred income tax liabilities	1,208	981	227	23.1	-	-
Provisions	182,754	225,416	(42,662)	(18.9)	0.1	0.2
Subordinated liabilities	3,943,349	3,827,315	116,034	3.0	2.9	3.1
TOTAL LIABILITIES	120,692,341	111,248,057	9,444,284	8.5	90.2	90.1
EQUITY	13,051,161	12,274,964	776,197	6.3	9.8	9.9
TOTAL LIABILITIES AND EQUITY	133,743,502	123,523,021	10,220,481	8.3	100.0	100.0

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III. The Group's results, financial position and significant items of the consolidated financial statement (cont.)

CONSOLIDATED INCOME STATEMENT for the year from 1 January to 31 December 2016

	2016 PLN '000	2015 PLN '000	Change PLN '000	Change (%)	2016 Structure (%)	2015 Structure (%)
Interest income	3,872,855	3,660,505	212,350	5.8	62.7	61.4
Interest expense	(1,040,012)	(1,149,132)	109,120	(9.5)	22.9	26.4
Net interest income	2,832,843	2,511,373	321,470	12.8		
Fee and commission income	1,550,843	1,433,927	116,916	8.2	25.1	24.0
Fee and commission expense	(644,398)	(536,751)	(107,647)	20.1	14.2	12.3
Net fee and commission income	906,445	897,176	9,269	1.0		
Dividend income	3,327	17,540	(14,213)	(81.0)	0.1	0.3
Net trading income	244,631	292,935	(48,304)	(16.5)	4.0	4.9
Gains less losses from investment securities, investments in subsidiaries and associates	261,281	314,408	(53,127)	(16.9)	4.2	5.3
Share in profits (losses) of investments in joint ventures	(107)	(141)	34	(24.1)	-	-
Other operating income	243,749	245,859	(2,110)	(0.9)	3.9	4.1
Net impairment losses on loans and advances	(365,394)	(421,222)	55,828	(13.3)	8.1	9.7
Overhead costs	(1,739,643)	(1,850,946)	111,303	(6.0)	38.4	42.6
Amortisation	(223,641)	(199,650)	(23,991)	12.0	4.9	4.6
Other operating expenses	(196,815)	(185,827)	(10,988)	5.9	4.3	4.3
Operating profit	1,966,676	1,621,505	345,171	21.3		
Taxes on the Group's balance sheet items	(328,939)	(3,650)	(325,289)	8,912.0	7.2	0.1
Profit before income tax	1,637,737	1,617,855	19,882	1.2		
Income tax expense	(415,513)	(313,727)	(101,786)	32.4		
Net profit	1,222,224	1,304,128	(81,904)	(6.3)		
Total income	6,176,686	5,965,174	211,512	3.5	100.0	100.0
Total expense	(4,538,949)	(4,347,319)	(191,630)	4.4	100.0	100.0
Profit before income tax	1,637,737	1,617,855	19,882	1.2		

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year from 1 January to 31 December 2016

	2016	2015	Change	
	PLN '000	PLN '000	PLN '000	(%)
Net profit	1,222,224	1,304,128	(81,904)	(6.3)
Other comprehensive income net of tax, including:	(447,125)	(116,717)	(330,408)	283.1
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	422	(4,661)	5,083	(109.1)
Change in valuation of available for sale financial assets (net)	(445,422)	(107,267)	(338,155)	315.2
Cash flows hedges (net)	(2,404)	(3,197)	793	(24.8)
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	279	(1,592)	1,871	(117.5)
Total comprehensive income net of tax, total	775,099	1,187,411	(412,312)	(34.7)

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Selected ratios characterizing the Group's financial position and results

The following ratios characterize the Group's activities, results of operations during the year and its financial position as at the balance sheet date compared with previous year:

	2016	2015
Profitability ratios		
Return on equity (net profit/average net assets) (1)	9.7%	11.2%
Return on assets (net profit/average assets) (1)	1.0%	1.1%
Interest margin (interest income/average interest-bearing assets)-(interest expense/average interest-bearing liabilities) (1)(2)(3)	2.2%	2.0%
Cost of risk (net impairment losses on loans and advances/average gross loans and advances to customers) (1)	0.4%	0.5%
Costs to income ratio (overhead costs and amortisation/profit on banking activities) (4)	45.7%	50.1%
Earnings per share (PLN)	28.91	30.88
	31.12.2016	31.12.2015
Asset quality ratios		
Interest-bearing assets to total assets (2)	98.0%	97.9%
Impaired loans and advances to total gross loans and advances	5.2%	5.6%
Provision coverage of not impaired loans and advances	0.3%	0.3%
Provision coverage of impaired loans and advances	57.1%	58.9%
Other ratios		
Total capital ratio (TCR)	20.3%	17.3%
Common Equity Tier 1 Capital ratio (CET1 ratio)	17.3%	14.3%
Bank's own funds (PLN '000)	13,244,239	11,970,593
Effective tax rate	25.4%	19.4%

- (1) The average balances of the statement of financial position were calculated on the basis of the balances of the individual items as at the beginning and the end of the current financial year and the previous year.
(2) Interest-bearing assets defined as cash and balances with the Central Bank, loans and advances to customers and banks, trading securities, derivatives and non-current assets held for sale.
(3) Interest-bearing liabilities defined as amounts due to banks and customers, debt securities in issue, subordinated liabilities and derivatives.
(4) Profit on banking activities defined as operating profit reduced by net impairment losses on loans and advances, amortisation and overhead costs.

The above ratios have been calculated on the basis of the consolidated financial statements.

It was not the purpose of the audit to present the Group in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Group's operations and its circumstances.

Our audit did not cover detailed comparative data constituting the basis for calculating the ratios for the previous years.

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The consolidated financial statements do not take into account the effects of inflation. The consumer price index (on a December to December basis) amounted to 0.8% in the audited year (2015: deflation -0.5%).

The following comments are based on information obtained during the audit of the consolidated financial statements.

The factors described below had a significant impact on the Group's results of operations and on its financial position as at the balance sheet date:

- At the end of the financial year, the Group's total assets amounted to PLN 133,743,502 thousand. During the year total assets increased by PLN 10,220,481 thousand, i.e. by 8.3%.
- As at 31 December 2016, the balance of loans and advances to customers amounted to PLN 81,763,277 thousand and represented 61.1% of total assets (an increase by PLN 3,329,731 thousand, i.e. by 4.2% compared to the previous year). The gross value of loans and advances to customers amounted to PLN 84,580,772 thousand and comprised mainly term loans to individuals in the gross amount of PLN 42,491,460 thousand and term loans to corporate entities in the gross amount of PLN 28,267,897 thousand. An increase in the gross balance of loans and advances to customers of PLN 3,171,362 thousand was mainly due to growth in term loans to individuals of PLN 2,129,906 thousand.
- At the end of 2016 the balance of investment securities amounted to PLN 31,393,352 thousand and comprised mainly treasury bonds in the amount of PLN 28,251,321 thousand. The balance of investment securities increased by PLN 656,403 thousand, i.e. by 2.1% compared to the previous year, which was a result of an increase in the balance of treasury bonds of PLN 6,012,696 thousand, with a simultaneous decrease in the balance of debt securities issued by the central bank of PLN 5,626,307 thousand.
- At the end of 2016 the assets were primarily financed by amounts due to customers. As at 31 December 2016 such liabilities amounted to PLN 91,417,962 thousand and represented 68.4% of total equity and liabilities (an increase compared to the previous year by PLN 10,277,096 thousand, i.e. by 12.7%). An increase in the balance of amounts due to customers was mainly due to a growth in the balance of amounts due to current accounts of individual customers of PLN 5,583,301 thousand and current accounts of corporate customers of PLN 5,265,111 thousand.
- The balance of liabilities arising from issuance of debt securities at the end of 2016 amounted to PLN 12,660,389 thousand and comprised mainly issue of long-term Eurobonds in the amount of PLN 7,570,459 thousand. An increase in the balance of debt securities in issue compared to the previous year by PLN 3,714,194 thousand, i.e. by 41.5% was mainly due to an issue of long-term mortgage bonds and Eurobonds.

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- The ratio of impaired loans and advances to total gross loans and advances decreased from 5.6% as at the end of 2015 to 5.2% as at the balance sheet date. At the same time, provision coverage of impaired loans and advances went down by 1.8 p.p. and amounted to 57.1%. Coverage of gross amounts due to clients with allowances on incurred but not reported losses (IBNR) amounted to 0.3% and has not changed compared to the prior year.
- Net interest income amounted to PLN 2,832,843 thousand and increased by PLN 321,470 thousand, i.e. by 12.8% compared to the previous year. The increase resulted from a growth in interest income of PLN 212,350 thousand (i.e. 5.8%), with a simultaneous decrease in interest expense of PLN 109,120 thousand (i.e. 9.5%). The most significant change in interest income related to loans and advances including the unwind of the impairment provision discount. This income amounted to PLN 2,753,185 thousand in 2016 and was PLN 168,639 thousand higher compared to the previous year. A drop in interest expense resulted mainly from a decrease in expense arising from amounts due to customers of PLN 57,355 thousand.
- Net fee and commission income amounted to PLN 906,445 thousand in the audited year and was PLN 9,269 thousand, i.e. 1.0% higher compared to the previous year. This increase was mainly due to a growth of fee and commission income by PLN 116,916 thousand, which was primarily an effect of growth in credit-related fees and commissions of PLN 21,224 thousand, payment cards-related fees of PLN 19,597 thousand and fees from brokerage activity and debt securities issue of PLN 19,054 thousand. At the same time, fee and commission expense has increased by PLN 107,647 thousand, mainly due to a growth in discharged brokerage fees and other discharged fees of PLN 49,495 thousand and growth in payment cards-related fees of PLN 24,992 thousand.
- Net impairment losses on loans and advances in 2016 amounted to PLN 365,394 thousand and comprised mainly net impairment losses on loans and advances to customers. Net impairment losses on loans and advances has decreased by PLN 55,828 thousand, i.e. by 13.3% compared to the previous year.
- Overhead costs amounted to PLN 1,739,643 thousand in the audited year and decreased by PLN 111,303 thousand, i.e. by 6.0% compared to the prior year. Staff-related expenses were the largest item of overhead costs and amounted to PLN 876,705 thousand in 2016, which constituted 50.4% of overhead costs. Staff-related expenses increased by PLN 21,891 thousand, i.e. by 2.6% compared to the previous year, mainly due to increase of salary costs
- During 2016 the Group recognized profit and loss account paid banking tax, which amounted to PLN 327,939 thousand (in 2015 this cost amounted to PLN 3.650 thousand)
- Effective tax rate, calculated as income tax expense to profit before income tax, amounted to 25.4% and was 6.0 p.p. higher than in previous year, mainly as the result of introduction of banking tax that does not constitute a tax deductible expense.

Translation note:

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IV. The independent registered auditor's statements

- a. The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post balance-sheet events which occurred up to the date on which that letter was signed.
- b. The scope of the audit was not limited.
- c. The calculation of goodwill arising in the audited year and its recognition in the consolidated financial statements complied in all material respects with the adopted accounting policies.
- d. The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- e. The elimination of mutual balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- f. The elimination of unrealized gains/losses of consolidated entities included in the book value of assets and in respect of dividend payments was carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- g. The impact of the disposal or partial disposal of shares in subordinated entities was accounted for properly in all material respects, in accordance with IFRS as adopted by the European Union.
- h. The consolidation documentation was complete and accurate and it is stored in a manner ensuring proper safeguarding.
- i. The consolidated financial statements of the Group as at and for the year ended 31 December 2015 were approved by Resolution No. 24 passed by the General Shareholders' Meeting of the Parent Company on 24 March 2016 and filed with the National Court Register in Warsaw on 30 March 2016.

Translation note:

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IV. The independent registered auditor's statements (cont.)

- j. During the audit performed we have not identified any significant instances of Group's non-compliance with banking regulatory norms during the period from 1 January 2016 to the day of issuance of this report, with the exception of the situation described in the Note 49 in the Financial Statement, where total consolidated capital adequacy ratio was below required level from 1 January 2016 to 24 March 2016. As at 31 December 2016, the regulations of the Banking Law, the Resolutions of the Management Board of the National Bank of Poland, Resolutions of Polish Financial Supervisory Authority and the Regulation of the European Parliament and the Council (EU) No. 575/2013 from 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (CRR) and other regulations issued by the Commission (EU) pursuant to this Regulation, included banking regulatory norms in relation, among others, to the following:
- concentration of credit risk,
 - concentration of investments in shares,
 - classification of loans and guarantees to risk groups and creation of provisions for the risk associated with activities of banks,
 - liquidity measures,
 - level of obligatory reserve,
 - capital adequacy.
- k. As at the balance sheet date the capital adequacy ratio of the Group amounted to 20.29% and was correctly determined in accordance with CRR. This statement is based on recalculation of the quotient of own funds amounting PLN 13,244,329 thousand divided by risk weighted assets amounting to PLN 65,259,977 thousand as per COREP reporting prepared by the Group as at the balance sheet date.
- l. The notes to the consolidated financial statements, which include the introduction and additional notes and explanations present all the significant information in accordance with IFRS as adopted by the European Union.
- m. The information in the Report on Group's operations for the year from 1 January to 31 December 2016 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information to be provided by issuers of securities and conditions for recognizing as equivalent the information required by the provisions of law of a country not being a member state (Journal of Laws of 2014, item 133 as amended) and is consistent with that presented in the consolidated financial statements.

Translation note:

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mBank S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2016

V. Final information

This report has been prepared in connection with our audit of the consolidated financial statements of the mBank S.A. Group having mBank S.A., Senatorska 18 Street, Warsaw, as its Parent Company. The consolidated financial statements were signed by the Parent Company's Management Board on 1 March 2017.

This report should be read in conjunction with the Independent Registered Auditor's Report dated 1 March 2017 to the General Shareholders' Meeting and the Supervisory Board of mBank S.A., that includes the unqualified audit opinion on the said consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Agnieszka Accordi-Krawiec

Key Registered Auditor
No. 11665

Warsaw, 1 March 2017

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