

Justification for the deviation from the application of the Principles:

The Bank does not apply the following Principle: §8(4). *A supervised institution, where justified by the number of shareholders, should seek to facilitate the participation of all shareholders in the meetings of the institution's governing body, among other things by providing the possibility of active electronic participation in the meetings of the governing body.*

The shares of mBank Hipoteczny S.A. are held, directly and indirectly, by a single shareholder, i.e. mBank S.A. General Meetings are held without formal convening, and 100% of the share capital is always represented at the General Meeting. Therefore, the number of shareholders does not justify the need to organize meetings using electronic means of communication.

The Bank does not apply the following Principle: §24(1). *It is appropriate for the meetings of the supervisory body to be held in the Polish language. If necessary, the required assistance of an interpreter should be provided.*

The deviation from the above Principles is justified by the fact that all members of the Supervisory Board are fluent in English. Conducting discussions and making decisions without the participation of interpreters is more efficient and safer when addressing matters that constitute business secrets. The minutes of the meetings and the resolutions adopted by the Supervisory Board are prepared in two language versions – Polish and English. This means that the principle set out in §24(2) of the Corporate Governance Principles for Supervised Institutions is applied.

The Bank does not apply the following Principle: §29. 1. *The remuneration of the members of the supervisory body should be determined adequately to the function performed and to the scale of operations of the supervised institution. Members of the supervisory body appointed to serve on committees, including the audit committee, should be remunerated adequately for the additional tasks performed within the given committee.* 2. *The remuneration of the members of the supervisory body, unless the regulations prohibit the payment of such remuneration, should be determined by the governing body.* 3. *The principles of remunerating the members of the supervisory body should be transparent and set out in an appropriate internal regulation of the supervised institution.*

The remuneration for serving as a member of the Supervisory Board is granted by the General Meeting to the independent member. The remaining members of the Supervisory Board do not receive remuneration.

§53–57: The Bank does not apply the following Principles:

§ 53.

A supervised institution managing assets at the client's risk should manage those assets effectively so as to ensure the necessary protection of clients' interests.

§ 54.

1. A supervised institution should make use of the available corporate governance oversight tools over entities that issue the securities under management, in particular where the level of exposure to such securities is significant or where required for the protection of the client's interests.

2. A supervised institution managing assets at the client's risk should introduce transparent rules for cooperation with other financial institutions in exercising corporate governance oversight over entities that issue the securities under management.

3. A supervised institution managing assets at the client's risk shall establish and disclose to clients a policy on the application of corporate governance oversight measures, including procedures for participation and voting at the meetings of governing bodies.

§ 55.

A supervised institution managing assets at the client's risk should avoid situations that may give rise to a conflict of interest, and in the event that a conflict of interest arises, it should act in the client's interest, informing the client of such conflict.

§ 56.

A supervised institution managing assets at the client's risk should introduce transparent rules for cooperation with other supervised institutions in transactions conducted at the client's risk.

§ 57.

A supervised institution acquiring assets at the client's risk should act in the client's interest. The decision-making process should be duly documented.

The deviation from the above Principles is justified by the fact that the Bank, as a specialised institution, does not conduct activities involving the management of assets at the client's risk.