

**Disclosure Policy
of mBank Hipoteczny S.A.**

Warsaw, December 2018

Table of contents:

Chapter 1 General Provisions 3
Chapter 2 The scope of public disclosures 4
Chapter 3 The limitations of disclosures..... 4
Chapter 4 Principles for verifying and approving disclosures 4
Chapter 5 Frequency and deadlines of publishing the information 4
Chapter 6 Place and form of publishing disclosures 5
Chapter 7 Principles for verifying the disclosure policy 5

Chapter 1 General Provisions

§ 1

1. The definitions used in this procedure mean:

Bank – mBank Hipoteczny S.A.;

Policy – Disclosure Policy of mBank Hipoteczny S.A.;

M Recommendation – KNF M Recommendation regarding operating risk management in banks;

CRR Regulation - Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended;

Guidelines EBA 2014/14 – Guidelines EBA/GL/2014/14 of 23 December 2014 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013;

Corporate Governance Principles - the guidelines of the Corporate Governance Principles for supervised institutions of the Polish Financial Supervision Authority adopted by mBank Hipoteczny S.A. by Resolution No 247/2014 of the Management Board of mBank Hipoteczny S.A. dated 16 December, 2014.

2. The Bank, following the principle of transparency, executing the guidelines specified in § 31 Chapter 6 of the Corporate Governance Principles, executing the recommendation relating to disclosing additional information on operational risk indicated in the M Recommendation, has decided to disclose information resulting from the CRR Regulation, delegating and implementing regulations to the CRR Regulation, guidelines of the European Banking Authority (EBA), guidelines of the local regulator on an individual principle, starting with disclosing information for 2015, despite the lack of such an obligation according to the CRR Regulation.
3. Until 2014, disclosures of information resulting from the CRR Regulation took place on the consolidated level of the mBank Group.
4. Due to the fact that the Bank is a subsidiary of mBank S.A., the information relating to capital adequacy of the Bank is also provided in the document of disclosures of the mBank Group available on the website of mBank S.A.: www.mbank.pl/o-nas/o-mbanku/adekwatnosc-kapitalowa.

§ 2

This Disclosure Policy regulates the following areas, which are described in particular parts of this document:

- 1) the scope of public disclosures,
- 2) the limitations of disclosures,
- 3) principles for verifying and approving the disclosures,
- 4) frequency and deadlines of publishing the information,
- 5) place and form of publishing disclosures,
- 6) principles for approving the disclosure policy.

Chapter 2 The scope of public disclosures

§ 3

The bank discloses information on an individual principle pursuant to the provisions of the CRR Regulation and the M Recommendation, in particular, relating to:

- 1) own funds,
- 2) compliance with capital requirements,
- 3) credit risk mitigations techniques used,
- 4) capital buffers,
- 5) leverage ratio,
- 6) credit risk adjustments used,
- 7) remuneration of persons having significant influence on the bank's risk profile,
- 8) operational risk,
- 9) use of IRB approach for credit risk.

Chapter 3 The limitations of disclosures

§ 4

1. The Bank does not disclose any information for which the CRR Regulation allows limitation of the scope of disclosure, i.e.:
 - 1) proprietary information the disclosure of which could have an adverse effect on the competitive position of the Bank,
 - 2) confidential information, if there are obligations to customers or other counterparty relationships binding the Bank to confidentiality,
 - 3) immaterial information (i.e. information without any influence on economic decisions of a user relying on this information).
2. When assessing the materiality, proprietary nature and confidentiality of disclosed information, the Bank is guided by the EBA Guidelines 2014/14.
3. If proprietary or confidential information should be disclosed pursuant to the CRR Regulation and M Recommendation, the Bank presents reasons for restraining the publication of the information and discloses it in a more general form, unless it is also proprietary or confidential.

Chapter 4 Principles for verifying and approving disclosures

§ 5

1. The disclosed information is subject to the independent verification by an audit firm on the basis of an agreement concluded with such entity. The disclosed information which ought to be disclosed in the financial statements under separate regulations is subject to the verification principles applicable for these statements.
2. The Management Board of the Bank approves the information to be disclosed prior to its publication.

Chapter 5 Frequency and deadlines of publishing the information

§ 6

1. Taking into account the specific activity of the Bank, the Bank's Management Board has determined that the disclosed information specified in Chapter 2 of the Policy is published once a year as at the end of the year in combination with the date of publication of the annual financial statements.
2. After approving the financial statements for a given year by the General Shareholders' Meeting of mBank Hipoteczny S.A., an update of the disclosures is published regarding the remuneration policy for persons having significant influence on the risk profile of the Bank. The update results from the fact that as at the date of publication of disclosed information the variable remuneration of persons in managerial positions at the Bank for the year for which the disclosed information is prepared has not been approved by the competent authorities of the Bank yet.

Chapter 6 Place and form of publishing disclosures

§ 7

The disclosed information referred to in Chapter 2 of the Policy is disclosed in Polish and English on the website of mBank Hipoteczny S.A.: www.mhipoteczny.pl.

Chapter 7 Principles for verifying the disclosure policy

§ 8

1. The principles of the Policy are subject to verification by the Bank's Management Board at least once a year, by 30 November of each year, and then if it is necessary to introduce changes to the current wording, they are subject to approval by the Supervisory Board of the Bank by 31 December.
2. In the case of any changes in the external regulations announced after 30 November which have an impact on the need to change the principles of the Policy, the changes must be introduced immediately, so that they can be published before the end of the year and so that they can be included in the information disclosed as at the end of a given year.