

Warsaw, 25 February 2020

**Report on the activities  
of the Risk Committee of the Supervisory Board of mBank S.A.  
in 2019**

The Risk Committee of the Supervisory Board (RC-SB) carried out its activities in 2019 pursuant to the rules set in the By-Laws of mBank S.A.

In 2019 the Risk Committee consisted of the following members:

Chairman	Dr. Marcus Chromik
Members	Prof. Agnieszka Słomka-Gołębiowska Gurjinder Johal Mirosław Godlewski

As intended, the RC-SB held its meetings on a quarterly basis in 2019, namely in February, June, September and December. The minutes of the RC-SB were presented to and acknowledged by the full Supervisory Board. According to the tasks outlined in the By-Laws of mBank, the RC-SB exercised regular supervision of credit, market, liquidity and non-financial risk, including operational risk, in the course of 2019 - based on the reports presented by the mBank's Chief Risk Officer (CRO), Vice-President of the Management Board, including the Risk & Capital Monitor (quarterly) as well as other documents submitted to the RC-SB.

The regular part of the Risk Committee meetings was the development of the Polish economy and its impact on the Bank discussed by the Chief Economist. Every time Risk & Capital Monitor was presented; it included information concerning capital adequacy of mBank Group and risks generated by mBank Group's operations, i.e. liquidity risk, market risk, interest rate risk in the banking book, non-financial risk (including operational risk) and credit risk, including concentration risk. Credit concentration risk and migrations of ratings for Corporates were monitored via Portfolio Steering Matrix. In addition, the issues regarding the risk of corporate, retail and financial markets portfolios were discussed in detail at the meetings in February, June and September. In order to maintain the perspective on non-financial risk, reporting on cyber threats, reputation risk and legal issues was discussed at meetings of the Risk Committee.

Additionally, in 2019 the Risk Committee issued 11 recommendations in terms of individual counterparty risks in accordance with the parameters defined by the Supervisory Board.

In 2019 the Risk Committee reviewed the internal capital and liquidity adequacy assessment process (ICAAP/ILAAP) in mBank Group, the strategies of managing particular risks (credit risk of retail areas, liquidity risk, market risk, operational risk, reputational risk and concentration risk) as well as the Capital Management Policy.

The Committee issued 16 decisions recommending to the Supervisory Board the approval of various documents with regard to the risk management, including abovementioned strategies and policies, as well as strategic risk limits.

The members of RC-SB discussed also issues connected with the Selfassessment of the Internal Control System (ICS), IT Security, Fraud & Prevention report and Annual Model Risk Report. Among the topics discussed in meetings important place occupied impact analysis of CJEU judgement on abusive clauses in FX loans agreements.

Dr. Marcus Chromik  
Chairman of the Risk Committee  
of the Supervisory Board