2021

Disclosures regarding capital adequacy of mBank S.A. Group as at 30 September 2021

Warsaw, 10 November 2021

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1. Introduction

On the basis of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/201 (hereinafter referred to as CRR Regulation) and on the basis of Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295, Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, also in accordance with the Disclosure Policy of mBank SA (hereinafter referred to as mBank) available on website www.mbank.pl, information based on the data for mBank SA Group prudentially consolidated (hereinafter referred to as mBank Group) according to the requirements of the CRR Regulation are contained in the presented document.

Entities included in prudential consolidation according to the rules of the CRR Regulation were taken into account in the process of calculation of consolidated own funds and consolidated own funds requirements as at 30 September 2021. The scope of entities included in prudential consolidation is different from the scope of entities included in accounting consolidation based on International Financial Reporting Standards (hereinafter referred to as the IFRS).

If not stated specifically further in the report, all the amounts are presented in PLN thousand.

2. Own Funds and key ratios

The consolidated own funds consist of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital. Items that could be treated as Additional Tier 1 capital are not identified in mBank Group, therefore the own funds of mBank Group constitute the sum of consolidated Common Equity Tier 1 capital and Tier 2 capital.

The difference in the amount of the own funds observed over the third quarter of 2021 in relation to the amount of own funds as at 30 June 2021 resulted mainly from the inclusion the part of the net profit for the first half of the year 2021 in the Common Equity Tier 1 capital with the simultaneous exclusion from the calculation of the net impairment losses and fair value change on loans and advances for the first half of the year 2021.

The structure of consolidated own funds of mBank Group is presented below.

Table EU KM1 – The most important ratio requirements (in TPLN)

		a	b	c	d	e
		30-09-2021	30-06-2021	31-03-2021	31-12-2020	30-09-2020
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	15 171 840	14 826 241	15 332 933	15 046 912	14 939 073
2	Tier 1 capital	15 171 840	14 826 241	15 332 933	15 046 912	14 939 073
3	Total capital	17 484 628	17 138 971	17 705 695	17 588 012	17 429 424
	Risk-weighted exposure amounts					
4	Total risk exposure amount	99 873 821	97 643 477	92 318 135	88 539 932	89 236 367
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15,19%	15.18%	16.61%	16.99%	16.74%
6	Tier 1 ratio (%)	15,19%	15.18%	16.61%	16.99%	16.74%
7	Total capital ratio (%)	17,51%	17.55%	19.18%	19.86%	19.53%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU-7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1,58%	1,58%	1,58%	1,58%	1,74%
EU-7b	of which: to be made up of CET1 capital (percentage points)	0,53%	0,53%	0,53%	0,53%	0,59%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	0,71%	0,71%	0,71%	0,71%	0,78%
EU-7d	Total SREP own funds requirements (%)	10,82%	10,82%	10,82%	10,82%	11,11%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,05%	0,04%	0,04%	0,04%	0,03%
EU-9a	Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
10	Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU-10a	Other Systemically Important Institution buffer (%)	0,50%	0,50%	0,50%	0,50%	0,75%
11	Combined buffer requirement (%)	3,05%	3,04%	3,04%	3,04%	3,28%
EU-11a	Overall capital requirements (%)	13,87%	13,86%	13,86%	13,86%	14,39%
12	CET1 available after meeting the total SREP own funds requirements (%)	7,08%	7,07%	8,50%	8,88%	8,41%
	Leverage ratio					
13	Leverage ratio buffer requirement (%)	222 892 961	212 172 501	207 602 037	191 703 614	194 239 742
14	Overall leverage ratio requirement (%)	6,84%	6.99%	7.39%	7.85%	7.69%

	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14b	Total SREP leverage ratio requirements (%)	-	-	-	-	-
EU-14c	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU-14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU-14e	Overall leverage ratio requirement (%)	-	-	-	-	-
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	61 428	58 906	55 457	48 610	42 471
EU-16a	Cash outflows - Total weighted value	29 897	28 994	27 992	26 321	24 770
EU-16b	Cash inflows - Total weighted value	4 190	3 654	3 925	5 438	6 497
16	Total net cash outflows (adjusted value)	25 707	25 340	24 067	20 883	18 273
17	Liquidity coverage ratio (%)	239%	232%	230%	233%	232%
	Net Stable Funding Ratio					
18	Total available stable funding	160 425	153 879	-	-	-
19	Total required stable funding	104 925	102 877	-	-	-
20	NSFR ratio (%)	153%	150%	-	-	-

3. Capital requirements

3.1. Description of the internal rating based approach applied to calculation of capital charges

On 4 July 2012 PFSA and Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin) granted consent to the application of the advanced internal rating based approach (AIRB approach) by mBank to the calculation of the capital requirement for credit risk for the corporate portfolio and the retail mortgage loan portfolio.

Additionally, on 27 August 2012 BaFin in cooperation with PFSA granted consent to the application of internal rating based approach concerning the risk weighting for specialized lending exposures (IRB slotting approach) by mBank Hipoteczny SA (hereinafter referred to as the mBH) to the calculation of the capital requirement for credit risk.

On 6 May 2015 mBank SA received conditional consent of PFSA to use AIRB approach for retail mortgage loan portfolio (micro companies) and for the portfolio of commercial banks.

On 25 July 2016 mLeasing Sp. z o.o. (hereinafter referred to as the mLeasing) obtained approval from ECB and PFSA to the application of the AIRB approach to the calculation of capital requirement for credit risk.

On 22 September 2016 mBank SA obtained approval from ECB and PFSA to the application of AIRB approach to the calculation of the capital requirement for credit risk for the specialized lending exposures - income producing real estate.

On 31 January 2018 mBank SA obtained approval from European Central Bank and PSFA to the application of material change in PD model for subsidiary mLeasing.

In the process of calculating the consolidated total capital ratio since 30 June 2021, mBank Group has been implementing the supervisory restrictions of the Polish Financial Supervision Authority and the European Central Bank (multipliers) related to the recommendation following the implementation of the New Default Definition and the new LGD model for the retail loan portfolio. The supervisory restrictions, in the form of a floor per LGD, for the exposures to banks portfolio have been implemented since 30 September 2021.

The supervisory restrictions will be applied until the Bank complies with the recommendations received.

In the calculation of the total capital ratio of mBank Group as at 30 September 2021, when calculating the total capital charge, the mBank Group applies the AIRB approach pursuant to the provisions of the CRR Regulation to calculate a capital charge for credit and counterparty credit risk and pursuant to obtained AIRB approvals.

3.2. Results of the internal capital adequacy assessment

mBank Group adjusts the own funds to the level and type of risk, mBank Group is exposed to and to the nature, the scale and the complexity of its operations. For that purpose Internal Capital Adequacy Assessment Process (ICAAP) is realized in mBank Group. The aim of this process is to maintain own funds at the level adequate to the profile and the level of risk in mBank Group's operations.

Internal capital is the amount of capital estimated by mBank and required to cover all material risks identified in mBank Group's operations. Internal capital is the total sum of the economic capital to cover risks included in economic capital calculation and capital necessary to cover other risks (including hard to quantify risks).

In the third quarter of 2021 mBank calculated the economic capital at the 99,91% confidence level over a one-year time horizon for credit, market and business risk. The economic capital for operational risk was calculated using an algorithm based on the Standardised Measurement Approach (SMA) described in Basel III: Finalising post-crisis reforms. mBank also calculated capital to cover hard to quantify risks. When calculating the total economic capital, mBank did not take into account the diversification effect between different types of risk.

The internal capital adequacy assessment process is continuous in mBank Group and includes the following stages implemented by organizational units of mBank and mBank Group subsidiaries:

- risk inventory in mBank Group,
- calculation of internal capital for coverage of risk,
- capital aggregation,
- stress tests,
- setting limits on the utilization of capital resources,
- planning and allocation of capital,
- monitoring consisting in a permanent identification of risk involved in the business of mBank Group and the analysis of the level of capital for risk coverage.

In order to assess the adequacy of internal capital mBank calculates risk coverage potential (RCP), i.e. economic own funds. Having estimated internal capital as well as RCP both under normal and under stressed conditions Bank determines risk absorbance capacity. On this basis and taking into account the forecast values limits for economic capital for particular risks are determined.

Risk Coverage Potential in mBank Group stays well above economic capital.

The internal capital adequacy assessment process is accepted by the Supervisory Board of mBank. The whole internal capital adequacy assessment process is reviewed annually. The Management Board of mBank is responsible for the internal capital adequacy assessment process in mBank Group.

3.3. Supervisory requirements regarding capital ratios

According to provisions of the CRR Regulation the Bank and the Group are required to meet minimum regulatory level of capital ratios, i.e. to maintain a minimum total capital ratio above 8%, Tier 1 capital ratio above 6% and common equity Tier 1 capital ratio above 4.5%.

Provisions of CRD IV, in particular provisions regarding capital buffers, were transposed into a national legislation, which took place in 2015 with the endorsement of the Act on Macro-prudential Supervision over the Financial System and Crisis Management in the Financial System (Act) and with an update of the Banking Law. The act stipulates capital buffers banks in Poland should meet once buffers are implemented by competent authorities indicated in the Act.

As at 30 September 2021 mBank Group was obliged to ensure adequate own funds to meet conservation capital buffer of 2.5% of total risk exposure amount, as defined in the Act.

As at 30 September 2021 the countercyclical capital buffer rate set for relevant exposures in Poland according with the article 83 of the Act amounted to 0%. The ratio shall be effective until it is changed by way of an ordinance of the Minister of Finance.

Countercyclical capital buffer in accordance with the provisions of the Act as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Group are located. As at 30 September 2021 this ratio amounted to 0.05%.

Exposures of foreign branches in Czech Republic and in Slovakia, where countercyclical buffer rates as at 30 September 2021 amounted to 0.5%, and 1.0% in each, had an impact on the mBank Group specific countercyclical capital buffer.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		30.09.2021
1	Total risk exposure amount	99 873 821
2	Institution specific countercyclical capital buffer rate	0,000459%
3	Institution specific countercyclical capital buffer requirement	45 781

In 2016 Bank received an administrative decision of the PFSA (KNF), in which mBank has been identified as other systemically important institution (O-SII). mBank was subject to a capital buffer which on the basis of KNF administrative decision of October 29th, 2020 amounted to 0.5% of the total risk exposure amount, calculated in accordance with article 92(3) of CRR Regulation, to be maintained on individual and consolidated levels. This buffer was in force as at 30 September 2021.

Starting from 1st January 2018 the Regulation of the Minister of Development and Finance with regard to systemic risk buffer entered into force. The Regulation introduced systemic risk buffer of 3% of the total risk exposure amount applied to all exposures located in Poland. Due to the exceptional socio-economic situation that arose after the outbreak of the global COVID-19 pandemic, this requirement was lifted by repealing the Regulation of the Minister of Finance, which was in force since 19 March 2020.

Consequently, the combined buffer requirement set for the mBank Group as at 30 September 2021 amounted to 3.05% of the total risk exposure amount.

Additionally, as a result of the annual risk assessment carried out in 2020 by the PFSA within the supervisory review and evaluation process (SREP), in particular with regard to the evaluation of risk related to the portfolio of foreign exchange retail mortgage loans, mBank Group received an individual recommendation to maintain own funds on the consolidated level to cover additional capital requirement of 2.82% in order to mitigate the risk and 2.11% for Tier 1 capital (on individual basis: 3.24% and 2.43% respectively - these levels will change due to the decision of the PFSA received by mBank on November 2, 2021, updating the amount of the additional capital requirement and will be 2.45% and 1.83%, respectively). Additional capital requirement in Pillar II encompasses also additional risk factors related to the FX mortgage loan portfolio such as operational risk, market risk or risk of collective default of borrowers. The additional capital requirement is updated at the consolidated level an annual basis, usually in Q4.

The high level of additional capital requirement in Pillar II resulted from the fact that the PFSA applied one methodology to all banks in Poland. This did not take into account the results of internal models applied by mBank to the calculation of capital requirements for credit risk. According to PFSA's methodology, the calculation of the additional capital requirement for each and every bank uses the risk weight under the standardised approach as a starting point (risk weight 150%).

Consequently, more than half of the additional capital requirement calculated by the PFSA for mBank Group comes from "aligning" the capital requirement to the requirement calculated under the standardised approach. The second important component with effect on an additional capital requirement within Pillar II was related to the SREP score quantifying the risk of foreign exchange retail mortgage loans portfolio, taking into account the specific nature of the Bank portfolio, the following factors were taken into account:

- the share of loans with LTV >100% in total FX lending portfolio,
- the level of margin realised in the Bank on FX mortgage lending portfolio for households,
- sensitivity of total capital ratio to exchange rate and interest rate changes,
- Bank's readiness to absorb losses of a potential portfolio currency conversion.

Capital ratios both on consolidated and individual basis in the third quarter of 2021 were above the required values.

With a considerable surplus of own funds mBank Group comfortably meets the additional own funds requirement related to Pillar II and the combined buffer requirement.

3.4. Quantitative data regarding capital adequacy

Capital ratios for mBank Group are calculated on the basis of total risk exposure amount that corresponds to the sum of risk exposure amounts for particular risk types that are calculated according to the provisions of the CRR Regulation.

Total risk exposure amount of mBank Group consists of:

- risk weighted exposure amount for credit risk, counterparty credit risk, settlement and free deliveries risk calculated under AIRB approach as regards the large part of the credit exposures portfolio,
- risk exposure amount for market risk, including position risk, foreign exchange risk and commodities risk calculated under standardised approaches,
- risk exposure amounts for operational risk calculated under standardised approach,
- risk exposure amount for credit valuation adjustments, calculated under standardised approach,
- other risk exposure amounts including supervisory floor.

The template presents all components of the total risk exposure amount of mBank Group, a denominator for capital ratios calculated according with art. 92 of CRR Regulation.

EU OV1 – Overview of RWAs, addressing disclosure requirements of art. 438 letters c) to f) of CRR Regulation.

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		30.09.2021	30.06.2021	30.09.2021
1	Credit risk (excluding CCR)	83 645 384	82 159 358	6 691 631
2	Of which the standardised approach	21 275 591	20 426 196	1 702 047
3	Of which the Foundation IRB (F-IRB) approach	0	0	0
4	Of which slotting approach	0	0	0
EU 4a	Of which equities under the simple riskweighted approach	0	0	0
5	Of which the Advanced IRB (A-IRB) approach	62 369 793	61 733 162	4 989 584
6	Counterparty credit risk - CCR	2 809 407	2 234 142	224 753
7	Of which the standardised approach	2 228 508	1 723 177	178 281
8	Of which internal model method (IMM)	0	0	0
EU 8a	Of which exposures to a CCP	3 078	2 707	246
EU 8b	Of which credit valuation adjustment - CVA	577 821	508 258	46 226
9	Of which other CCR	0	0	0
15	Securitisation exposures in the non-trading book (after the cap)	0	0	0
16	Of which SEC-IRBA approach	0	0	0
17	Of which SEC-ERBA (including IAA)	0	0	0
18	Of which SEC-SA approach	0	0	0
19	Of which 1250% / deduction	0	0	0
EU 19a	Position, foreign exchange and commodities risks (Market risk)	0	0	0
20	Of which the standardised approach	1 084 859	1 088 208	86 789
21	Of which IMA	1 084 859	1 088 208	86 789
22	Large exposures	0	0	0
EU 22a	Operational risk	0	0	0
23	Of which basic indicator approach	9 502 228	9 502 228	760 178
EU 23a	Of which standardised approach	0	0	0
EU 23b	Of which advanced measurement approach	9 502 228	9 502 228	760 178
EU 23c	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
24	Securitisation exposures in the non-trading book (after the cap)	2 831 943	2 659 541	226 555
29	**Total**	**99 873 821**	**97 643 477**	**7 989 906**

EU CR8 – RWA flow statements of credit risk exposures, including IRB approach, addressing disclosure requirements of Art. 438 letter d) of CRR Regulation.

		Risk weighted exposure amount
		30.09.2021
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**58 910**
2	Asset size (+/-)	1 172
3	Asset quality (+/-)	(396)
4	Model updates (+/-)	(43)
5	Methodology and policy (+/-)	1
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	315
8	Other (+/-)	-
9	**Risk weighted exposure amount as at the end of the reporting period**	**59 959**

4. Liquidity risk

As at 30 September 2021, the LCR ratio of mBank Group reached 280% and in the third quarter the LCR measure remained on a safe level, significantly exceeding 100%. In the third quarter of 2021, the level of the liquidity coverage ratio was influenced by the dynamics of the development of term deposits and current accounts (PLN 6.3 billion, the exchange rate as at 30 September 2021) and increase of own issues (PLN 2,3 billion, the exchange rate as at 30 September 2021) exceeding the dynamics of the development of lending activities (PLN 2.5 billion, the exchange rate as of 30 September 2021). The result of these changes is consistently high level of the liquidity buffer in relation to the expected net outflows in the horizon of 30 days as at 30 September 2021. The high-quality liquid assets of mBank in the liquidity buffer (HQLA) used to calculate the LCR ratio consist of only Level 1 assets, including mainly:

• Polish treasury bonds in PLN and EUR,
• bills issued by the National Bank of Poland,
• Czech treasury bonds in CZK,
• bills issued by the Czech National Bank in CZK,
• bonds issued by the European Investment Bank in PLN,
• excess of the required reserves in the National Bank of Poland, National Bank of Slovakia and Czech National Bank.

Also mBank Hipoteczny maintains liquidity bufer within the Group. The liquidity bufer of mBank Hipoteczny consisted of Polish treasury bonds in PLN and the excess of the required reserve at the National Bank of Poland.

The main source of financing are deposits, which as at 30 September 2021 accounted for 90,33% of all external sources of financing. The deposit base is diversified, and the deposits of the 10 largest customers as at 30 September 2021 accounted for 3,78% of the deposit base. The other sources of financing are:

• own issues,
• subordinated liabilities,
• operations on the interbank market,
• loans.

The Group identifies three significant currencies in accordance with Art. 4 sec. 5 of the EU Commission Delegated Regulation 2015/61 and with Art. 415 paragraph. 2 of Regulation (EU) No 575/2013: PLN, CZK and EUR, all of which the LCR ratio was above 100%. Significance of CZK and EUR currencies are related to, inter alia, running two foreign branches in the Czech Republic and Slovakia. The possible currency mismatch is limited at the level of the real liquidity gap in individual currencies.

As at 30 September 2021, the impact of the adverse market scenario on derivatives accounted for 0.54% of the total

In the below table quantitative data regarding LCR are presented (in PLN million).

EU LIQ1 - Quantitative information of LCR, addressing disclosure requirements of art. 451a point 2) of CRR Regulation.

Quantitative information of LCR									
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on:	31.12.2020	31.03.2021	30.06.2021	30.09.2021	31.12.2020	31.03.2021	30.06.2021	30.09.2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					48 610	55 457	58 906	61 428
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	94 182	99 423	103 903	108 177	6 906	7 284	7 619	7 938
3	*Stable deposits*	*71 303*	*75 829*	*79 631*	83 175	*3 571*	*3 797*	*3 988*	4 164
4	*Less stable deposits*	*22 879*	*23 594*	*24 272*	25 002	*3 335*	*3 487*	*3 631*	3 774
5	Unsecured wholesale funding	33 295	35 556	37 796	40 085	14 533	15 611	16 426	17 181
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*8 619*	*7 866*	*8 522*	9 059	*2 084*	*1 908*	*2 065*	2 195
7	*Non-operational deposits (all counterparties)*	*24 247*	*27 291*	*28 905*	30 848	*12 020*	*13 304*	*13 992*	14 807
8	*Unsecured debt*	*429*	*399*	*369*	178	*429*	*399*	*369*	178
9	*Secured wholesale funding*				-				0
10	Additional requirements	18 092	20 890	22 487	21 946	3 157	3 702	3 817	3 725
11	*Outflows related to derivative exposures and other collateral requirements*	*1 362*	*1 535*	*1 461*	1 464	*1 379*	*1 553*	*1 479*	1 482
12	*Outflows related to loss of funding on debt products*	*0*	*0*	*0*	0	*0*	*0*	*0*	0
13	*Credit and liquidity facilities*	*16 730*	*19 355*	*21 026*	20 482	*1 778*	*2 149*	*2 338*	2 244
14	Other contractual funding obligations	619	655	658	578	426	475	479	406
15	Other contingent funding obligations	17 447	15 355	14 299	15 016	1 299	920	653	646
16	**TOTAL CASH OUTFLOWS**					**26 321**	**27 992**	**28 994**	**29 897**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	7 131	5 144	4 878	5 390	5 363	3 871	3 604	4 135
19	Other cash inflows	114	73	51	51	75	54	50	55
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	**TOTAL CASH INFLOWS**	***7 245***	***5 217***	***4 929***	***5 440***	***5 438***	***3 925***	***3 654***	***4 190***
EU-20a	***Fully exempt inflows***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
EU-20b	***Inflows subject to 90% cap***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
EU-20c	***Inflows subject to 75% cap***	***7 245***	***5 217***	***4 929***	***5 440***	***5 438***	***3 925***	***3 654***	***4 190***
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**48 610**	**55 457**	**58 906**	**61 428**
22	**TOTAL NET CASH OUTFLOWS**					**20 883**	**24 067**	**25 340**	**25 707**
23	**LIQUIDITY COVERAGE RATIO**					**233%**	**230%**	**232%**	**239%**

5. Transitional arrangements regarding IFRS 9

mBank decided, for the purpose of capital adequacy calculation, including calculation of own funds, based on Article 1 paragraph 9 of the Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending the CRR Regulation, not to apply the transitional arrangements that would mitigate the impact on capital resulting from the introduction of IFRS9. Information on own funds, capital ratios and leverage ratio, presented in the document already reflect the full impact of IFRS 9.

First and last name	Position	Signature
Cezary Stypułkowski	President of the Management Board, Chief Executive Officer	(signed electronically)
Andreas Böger	Vice-President of the Management Board, Chief Financial Officer	(signed electronically)
Krzysztof Dąbrowski	Vice-President of the Management Board, Head of Operations and IT	(signed electronically)
Cezary Kocik	Vice-President of the Management Board, Head of Retail Banking	(signed electronically)
Marek Lusztyn	Vice-President of the Management Board, Chief Risk Officer	(signed electronically)
Adam Pers	Vice President of the Management Board, Head of Corporate & Investment Banking	(signed electronically)