

Warsaw, 20 January 2017

**Report on the activities  
of the Risk Committee of the Supervisory Board of mBank S.A.  
in 2016**

The Risk Committee of the Supervisory Board (RC-SB) carried out its activities in 2016 pursuant to the rules set in the By-Laws of mBank S.A.

In 2016 the Risk Committee consisted of the following members:

|          |                                                                      |
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| Chairman | Dr. Marcus Chromik                                                   |
| Members  | Thorsten Kanzler<br>Maciej Leśny<br>Dr. Agnieszka Słomka-Gotębiowska |

As intended, the RC-SB held its meetings on a quarterly basis in 2016, namely in March, June, September and December 2016. 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 2016- based on the reports presented by the mBank's Chief Risk Officer (CRO), Vice-President of the Management Board, on the Risk & Capital Monitor (quarterly) as well as other documentations submitted to the RC-SB.

The standing item 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 has been presented including 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, 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, financial markets and retail portfolios were discussed in detail at the meetings in June, September and December.

Additionally, in 2016 the Risk Committee issued 16 recommendations in terms of individual counterparty risks in accordance with the parameters defined by the Supervisory Board.

In 2016 the Risk Committee reviewed the internal capital adequacy assessment process (ICAAP) in mBank Group, the strategies of managing particular risks (credit risk of corporate and retail

areas, liquidity risk, market risk and reputational risk) as well as the Capital Management Policy and Model Management Policy.

The Committee issued 16 decisions recommending to the Supervisory Board the approval of various documents with regard to the risk management, including mentioned earlier strategies and policies as well as strategic risk limits and stress tests book. Additionally, during December meeting RC-SB issued positive recommendation regarding the approval of the "Recovery Plan for the mBank Group" document.

The members of RC-SB discussed also issues related to implementation of PFSA recommendations. In addition, issues connected with the development of Internal Control System (ICS), IT Security and status of key risk projects were also discussed.

Among the topics discussed on meetings important place occupied analysis of the portfolio of foreign currency loans and potential changes in legislation in this area.

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