

Warsaw, 27 February 2018

**Report on the activities  
of the Risk Committee of the Supervisory Board of mBank S.A.  
in 2017**

The Risk Committee of the Supervisory Board (RC-SB) carried out its activities in 2017 pursuant to the rules set in the By-Laws of mBank S.A.

In 2017, until Ordinary General Meeting of Shareholders on 30 March 2017, the Risk Committee consisted of the following members:

Chairman	Dr. Marcus Chromik
Members	Thorsten Kanzler Maciej Leśny Dr. Agnieszka Słomka-Gotębiowska

During the Ordinary General Meeting of Shareholders on 30 March 2017, the Supervisory Board adopted resolutions regarding the composition of current cadence of the Risk Committee:

Chairman	Dr. Marcus Chromik
Members	Thorsten Kanzler Mirostlaw Godlewski Dr. Agnieszka Słomka-Gotębiowska

As intended, the RC-SB held its meetings on a quarterly basis in 2017, namely in March, June, September and December 2017. Additionally, a meeting dedicated to discussing mBank Group's exposure to the State Treasury and Central Bank was held in May. 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 2017 - 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, financial markets and retail portfolios were discussed in detail at the meetings in June, September and December.

Additionally, in 2017 the Risk Committee issued 13 recommendations in terms of individual counterparty risks in accordance with the parameters defined by the Supervisory Board.

In 2017 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 corporate and retail areas, liquidity risk, market risk, operational risk and reputational risk) as well as the Capital Management Policy and Model Management Policy. Furthermore, the Risk Committee issued positive recommendation regarding the approval of a new document - Concentration Risk Management Strategy of mBank Group.

The Committee issued 23 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.

In 2017, during the meetings of the RC-SB, the concept of introducing new liquidity measures for mBank Group was discussed; during December meeting RC-SB issued positive recommendation regarding the approval of the LAB limits for the mBank Group.

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, status of key risk projects including the impact of the implementation of new financial standards (IFRS 9) were also discussed.

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