Disclosures regarding capital adequacy of mBank S.A. Group as at 30 September 2024

Warsaw, 5th November 2024

Contents

1. Introduction

This document is issued under the disclosure requirements resulting from 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 648/2012 (the CRR Regulation), which formed the legal basis of the reporting date i.e. 30 September 2024.

This document contains information on the prudential consolidated basis of the mBank SA Capital Group (mBank Group) in accordance with the requirements set out in Article 13 of the CRR Regulation. The information shall be published in accordance with the following provisions:

- Commission Implementing 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 (Regulation 2021/637),
- 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,
- Guidelines EBA/GL/2020/12 of 11 August 2020 amending disclosure guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR ‘quick fix’ in response to the COVID-19 pandemic,
- Disclosure Policy of mBank S.A. on capital adequacy available on website www.mbank.pl.

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

2. Scope of prudential consolidation

According to the CRR Regulation, mBank S.A. (mBank) as a large subsidiary of an EU parent institution discloses information about the capital adequacy on a sub-consolidated basis at the highest local level of prudential consolidation i.e. based on the data of mBank Group.

The accounting policies applied for the preparation of the prudentially consolidated financial data for the third quarter 2024 are the same as those, which have been applied to prepare the mBank S.A. Group Consolidated Financial Report for the third quarter of 2024, which included Condensed Consolidated Financial Statements of mBank S.A. Group for the third quarter of 2024, with exceptions of consolidation rules described below.

Entities included in prudential consolidation were taken into account in the process of calculation of consolidated own funds and consolidated own funds requirements as at 30 September 2024 in accordance with the CRR Regulation.

Entities included in prudential consolidation are defined in the CRR Regulation as institutions, financial institutions or ancillary services undertakings, which are subsidiaries or undertakings in which a participation is held, except for entities in which the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:

- EUR 10 million;
- 1% of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds the participation.

The prudentially consolidated financial data as at 30 September 2024 include the following entities:

1. mBank S.A.
2. mBank Hipoteczny S.A.
3. mFaktoring S.A.
4. mFinanse S.A.
5. mFinanse CZ s.r.o.
6. mFinanse SK s.r.o.
7. mLeasing Sp. z o.o.
8. Future Tech Fundusz Inwestycyjny Zamknięty
9. mElements S.A.
10. Asekum Sp. z o.o.
11. LeaseLink Sp. z o.o.
12. mTowarzystwo Funduszy Inwestycyjnych S.A.

Detailed information on consolidated entities included in consolidation is presented in mBank S.A. Group Consolidated Financial Report for the third quarter of 2024, in the Note 1 Information regarding the Group of mBank S.A.

The scope of entities included in prudential consolidation for the third quarter of 2024 was the same as the scope of entities included in accounting consolidation based on International Financial Reporting Standards (IFRS).

3. Own funds

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 increase in the amount of own funds observed over the third quarter of 2024 compared to the amount of own funds as of 30 June 2024 resulted mainly from the inclusion of the profit for the first half of 2024 in connection with the consent of the KNF referred to in Article 26(2) of the CRR Regulation and increase in the valuation of debt financial instruments measured at fair value through other comprehensive income. These changes was partially offset by prudential amortisation of amounts of instruments eligible as Tier 2 capital, decrease of IRB Excess of provisions over expected losses and increase in other intangible assets deduction.

Disclosures regarding capital adequacy as at 30 September 2024 (PLN thousand)

EU KM1 – Key metrics template, addressing disclosure requirements of Article 447 (a) to (g) and Article 438 (b)

		a	b	c	d	e
		30.09.2024	30.06.2024	31.03.2024	31.12.2023	30.09.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	13 429 261	12 845 667	12 830 675	12 719 997	12 854 870
2	Tier 1 capital	13 429 261	12 845 667	12 830 675	12 719 997	12 854 870
3	Total capital	14 929 042	14 485 985	14 620 305	14 730 102	14 875 159
	Risk-weighted exposure amounts					
4	Total risk exposure amount	96 941 573	93 678 207	91 266 025	86 460 843	88 067 576
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	13.85%	13.71%	14.06%	14.71%	14.60%
6	Tier 1 ratio (%)	13.85%	13.71%	14.06%	14.71%	14.60%
7	Total capital ratio (%)	15.40%	15.46%	16.02%	17.04%	16.89%
	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 (%)	-	-	-	-	1.18%
EU-7b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	0.66%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	0.89%
EU-7d	Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	9.18%
	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 (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.09%	0.11%	0.12%	0.13%	0.15%
EU-9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU-10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.09%	3.11%	3.12%	3.13%	3.15%
EU-11a	Overall capital requirements (%)	11.09%	11.11%	11.12%	11.13%	12.33%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.40%	7.46%	8.02%	8.71%	7.71%
	Leverage ratio					
13	Total exposure measure	254 430 697	245 081 185	237 705 647	241 368 998	240 781 479
14	Leverage ratio (%)	5.28%	5.24%	5.40%	5.27%	5.34%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU-14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	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 (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	84 444	82 050	78 934	76 155	69 752
EU-16a	Cash outflows - Total weighted value	40 639	39 457	38 304	37 278	36 042
EU-16b	Cash inflows - Total weighted value	2 559	2 776	2 948	3 233	3 849
16	Total net cash outflows (adjusted value)	38 080	36 681	35 357	34 045	32 193
17	Liquidity coverage ratio (%)	222%	224%	223%	224%	217%
	Net Stable Funding Ratio					
18	Total available stable funding	183 978	177 341	174 666	177 370	183 109
19	Total required stable funding	116 399	114 473	113 602	112 307	114 080
20	NSFR ratio (%)	158%	155%	154%	158%	161%

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EU KM1 – Key metrics template recalculated taking into account the retrospective including of profit for the first quarter of the year 2024 and the first half of the year 2024 (after PFSA approvals), in line with the EBA's position expressed in Q&A 2018_3822 and Q&A 2018_4085.

		a	b	c	d	e
		30.09.2024	30.06.2024	31.03.2024	31.12.2023	30.09.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	13 429 261	13 570 117	13 009 970	12 719 997	12 854 870
2	Tier 1 capital	13 429 261	13 570 117	13 009 970	12 719 997	12 854 870
3	Total capital	14 929 042	15 210 435	14 799 600	14 730 102	14 875 159
	Risk-weighted exposure amounts					
4	Total risk exposure amount	96 941 573	93 678 207	91 266 025	86 460 843	88 067 576
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	13.85%	14.49%	14.26%	14.71%	14.60%
6	Tier 1 ratio (%)	13.85%	14.49%	14.26%	14.71%	14.60%
7	Total capital ratio (%)	15.40%	16.24%	16.22%	17.04%	16.89%
	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 (%)	-	-	-	-	1.18%
EU-7b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	0.66%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	0.89%
EU-7d	Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	9.18%
	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 (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.09%	0.11%	0.12%	0.13%	0.15%
EU-9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU-10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.09%	3.11%	3.12%	3.13%	3.15%
EU-11a	Overall capital requirements (%)	11.09%	11.11%	11.12%	11.13%	12.33%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.40%	8.24%	8.22%	8.71%	7.71%
	Leverage ratio					
13	Total exposure measure	254 430 697	245 081 185	237 705 647	241 368 998	240 781 479
14	Leverage ratio (%)	5.28%	5.54%	5.47%	5.27%	5.34%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU-14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and total leverage ratio requirement (as a percentage of total exposure measure)					
EU-14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU-14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%

4. Capital requirement

4.1 Assessment of adequacy of internal capital – description of the approach

On 4 July 2012 PFSA and Bundesanstalt für 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 (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 S.A. (mLeasing) obtained approval from European Central Bank (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 ECB and PSFA to the application of material change in PD model for subsidiary mLeasing.

On 31 march 2021 mBank obtained approval from PFSA for the use of a new LGD model for retail portfolio.

Starting from the process of the calculation of consolidated total capital ratio as at 30 June 2021 mBank Group implemented PFSA requirements (multipliers) related to the recommendations after the implementation of a new default definition.

On March 24, 2022, mBank settled a synthetic securitization transaction carried out on a portfolio of corporate loans with a total value of PLN 8 922 million. As part of this transaction, mBank transferred a significant part to the investor credit risk from the selected securitization portfolio. A selected portfolio of the securitized loans remain on the Bank's balance sheet. The risk of a securitized portfolio is transferred through a recognized credit protection instrument in the form of a credit linked note. The transaction meets the requirements set out in the CRR Regulation regarding the transfer of a significant part of the risk. It has been structured as STS-compliant (simple, transparent and standardized securitization) in line with Regulation 2021/557. The capital requirements for the retained securitization positions are calculated under the Securitization Internal Ratings Based Approach (SEC-IRBA).

On 23 December 2022, the Bank concluded a synthetic securitization transaction referencing a portfolio of corporate as well as small and medium enterprises loans with a total value of EUR 801 million of which 55.3% were credit exposures secured on commercial real estate (CRE). As part of the transaction, the Bank transferred a significant part of the credit risk of a selected securitised portfolio to an investor. The risk transfer of the securitised portfolio is performed through a recognised credit protection instrument, in the form of a credit linked notes. The transaction meets the requirements for significant risk transfer specified in the 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 ("CRR Regulation"). Retained securitization positions are subject to the calculation of capital requirements in accordance with the securitization approach based on internal ratings (SEC-IRBA).

On 27 September 2023, the Bank concluded a synthetic securitization transaction referencing a portfolio of retail non-mortgages loans with a total value of PLN 9 962,8 million. As part of the transaction, the Bank transferred a significant part of the credit risk of a selected securitized portfolio to an investor. The risk transfer of the securitized portfolio is performed through a recognized credit protection instrument, in the form of a credit linked notes. The transaction meets the requirements for significant risk transfer specified in the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent and standard) in accordance with Regulation 2021/557. Retained securitization positions are subject to the calculation of capital requirements in accordance with the securitization approach based on internal ratings (SEC-IRBA).

In the calculation of the total capital ratio of mBank Group as of 30 September 2024, 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.

4.2 Results of the internal capital adequacy assessment

The below information addressees the scope of disclosure from table EU OVC – ICAAP Information set out in Annex I to Regulation 2021/637.

mBank Group adjusts the own funds (both in regulatory and in economic terms) 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 regulatory own funds (under Pillar I) and own funds under economic perspective (under Pliiar II) at the level adequate to the profile and the level of risk in mBank Group's operations.

Capital adequacy is monitored:

- in regulatory terms, with reference to capital ratios, including the leverage ratio (which is described in more detail later in this document); and
- on an economic basis (internal), in relation to calculated internal capital.

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 2024 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 the updated Basel III standard: Finalising post-crisis reforms. Starting from June 2024, mBank included ESG risk in its internal capital calculation, whereby environmental risk is treated as a horizontal risk that can materialize within the risk categories identified so far. The bank also designated capital for other, including hard-to-measure risks. In calculating total internal capital, the Bank did not take into account the effect of diversification between different types of risk.

The internal capital adequacy assessment process runs continuously 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 under Pillar II and Pillar I capital requirements to provide for sufficient risk coverage,
- 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,
- annual process review and assessment.

In order to assess the capital adequacy under economic perspective mBank calculates risk coverage potential (RCP), i.e. economic own funds, in addition to regulatory 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.

Both the value of the regulatory own funds as well as the value of the risk coverage potential in mBank Group is well above the value of the internal capital.

The main principles of the internal capital adequacy assessment process (ICAAP) are accepted by the Supervisory Board of mBank. The whole internal capital adequacy assessment process is reviewed annually. The Bank's Management Board is responsible for the review of the ICAAP process in mBank Group.

4.3 Supervisory requirements regarding capital ratios

According to provisions of the CRR Regulation the Bank and the mBank 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 of 30 September 2024 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 of 30 September 2024 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.

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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 mBank Group are located. As at the end of September 2024 this ratio amounted to 0.09%.

Exposures of foreign branches in Czech Republic and in Slovakia, where countercyclical buffer rates as of 30 September 2024 amounted to 1.25%, and 1.5% respectively, had an impact on the mBank Group specific countercyclical capital buffer.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		30.09.2024
1	Total risk exposure amount	96 941 573
2	Institution specific countercyclical capital buffer rate	0.0917%
3	Institution specific countercyclical capital buffer requirement	88 895

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 0.50% of the total risk exposure amount, calculated in accordance with article 92(3) of CRR Regulation. The amount of the buffer is verified by the KNF on an annual basis. Buffer should be maintained on individual and consolidated levels. The buffer value specified in this decision was in force as at 30 September 2024.

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 and was applied as at 30 September 2024.

Consequently, the combined buffer requirement set for the mBank Group as of the 30 September 2024 amounted to 3.09% of the total risk exposure amount.

In December 2023 expired PFSA recommendation (amended in June 2023), which required additional own funds buffer to cover additional capital requirement on the consolidated level in the amount of:

- 1.18% on total capital ratio level,
- 0.89% on the Tier I ratio level.

Capital ratios both on consolidated and individual basis as at the end of September 2024 were above the required values.

With a surplus mBank Group meets the combined buffer requirement.

4.4 Quantitative data regarding capital adequacy

Capital ratios 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 provisions of the CRR Regulation.

Total risk exposure amount of mBank Group consists of:

- risk weighted exposure amount for credit risk, counterparty credit risk, securitization transactions, dilution risk and free deliveries 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.

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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 regard to template EU OV1 in Annex I to Regulation 2021/637 addressing disclosure requirements of Article 438 (d) of the CRR Regulation.

EU OV1 -Overview of RWAs

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		30.09.2024	30.06.2024	30.09.2024
1	**Credit risk (excluding CCR)**	**77 076 772**	**74 156 313**	**6 166 142**
2	Of which the standardised approach	25 219 965	24 876 827	2 017 597
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	5 164 866	5 004 128	413 189
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	46 691 941	44 275 358	3 735 356
6	**Counterparty credit risk - CCR**	**2 177 593**	**1 851 713**	**174 207**
7	Of which the standardised approach	1 460 857	1 310 021	116 869
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	7 118	6 048	569
EU 8b	Of which credit valuation adjustment - CVA	148 605	141 536	11 888
9	Of which other CCR	561 013	394 108	44 881
15	**Settlement risk**	-	-	-
16	**Securitisation exposures in the non-trading book (after the cap)**	**2 969 756**	**3 108 919**	**237 580**
17	Of which SEC-IRBA approach	2 969 756	3 108 919	237 580
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**1 169 169**	**1 012 979**	**93 534**
21	Of which the standardised approach	1 169 169	1 012 979	93 534
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	-	-	-
23	**Operational risk**	**13 548 283**	**13 548 283**	**1 083 863**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	13 548 283	13 548 283	1 083 863
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	3 259 195	3 531 458	260 736
29	**Total**	**96 941 573**	**93 678 207**	**7 755 326**

Disclosures regarding capital adequacy as at 30 September 2024 (PLN thousand)

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

		Risk weighted exposure amount
		30.09.2024
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**44 848 161**
2	Asset size (+/-)	(2 463 862)
3	Asset quality (+/-)	175 003
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	(86 636)
8	Other (+/-)	5 219 798
9	**Risk weighted exposure amount as at the end of the reporting period**	**47 692 464**

5. Liquidity risk

The below table addresses the scope of disclosures from EU LIQB table.

As of September 30, 2024, the LCR ratio of mBank Group reached 225% and the LCR measure remained on a safe level, significantly exceeding 100%.

In third quarter of 2024, an increase in the liquidity coverage ratio was mainly driven by:

- increase in the deposit base included in the calculation of the LCR indicator by PLN 6.3 billion compared to the end of second quarter of 2024 (increase by PLN 7.6 billion excluding the effect of changes in foreign exchange rates),
- higher lending activity by PLN 2.0 billion compared to the end of second quarter of 2024 (increase by PLN 2.3 billion excluding the effect of changes in foreign exchange rates)
- issuance of EUR 500 million green senior preferred bonds as part of EMTN framework (ca. PLN 2.1 billion).

As a result of these changes, the level of the liquidity buffer remains high in relation to the expected net outflows over a 30-day horizon as at 30 September 2024.

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:

- Polish treasury bonds in PLN,EUR and USD
- bills issued by the National Bank of Poland,
- treasury bonds issued by the central governments of the EU Member States in EUR and by the US Treasury in USD,
- treasury bills issued by the EU Member States and by the EU in EUR and American treasury bills in USD,
- bonds issued by the European Investment Bank in PLN and USD and guaranteed by the central governments of the EU Member States: bonds of the Polish Development Fund, Bank Gospodarstwa Krajowego and German state development bank KFW – in PLN and EUR,
- excess of the required reserve in the National Bank of Poland, the National Bank of Czech and the National Bank of Slovakia,
- funds held at central banks in the form of deposits and reverse repo operations with central banks.

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

The main source of financing are deposits, which as of September 30, 2024 accounted for 91.87% of all external sources of financing. The deposit base is diversified, and the deposits of the 10 largest customers as of September 30, 2024 accounted for 2.8% of the deposit base. The other sources of financing are:

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

The mBank Group identifies three significant currencies in accordance with Art. 4(5) of the EU Commission Delegated Regulation 2015/61 and with Art. 415(2) of the CRR Regulation: PLN, CZK and EUR, for which the LCR ratio was above 100%. CZK and EUR currencies are related to running two foreign branches in the Czech Republic and Slovakia. The currency mismatch is limited at the level of the real liquidity gap in individual currencies.

As of September 30, 2024, the impact of the adverse market scenario on derivatives accounted for 0.46% of the total unweighted outflow value included in the LCR.

EU LIQ1 – Quantitative information of LCR, addressing disclosure requirements of art. 451a point 2) of CRR Regulation (in PLN million).

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.09.2024	30.06.2024	31.03.2024	31.12.2023	30.09.2024	30.06.2024	31.03.2024	31.12.2023
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)					84 444	82 050	78 934	76 155
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	129 599	130 211	130 771	132 780	9 901	10 078	10 238	10 622
3	Stable deposits	91 413	90 713	90 195	89 713	4 571	4 536	4 510	4 486
4	Less stable deposits	38 186	39 498	40 576	43 067	5 330	5 543	5 728	6 136
5	Unsecured wholesale funding	54 854	52 552	50 265	48 115	23 647	22 578	21 338	20 235
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	8 265	8 378	8 463	8 596	1 985	2 010	2 025	2 052
7	Non-operational deposits (all counterparties)	46 507	43 987	41 625	39 319	21 580	20 382	19 136	17 983
8	Unsecured debt	82	186	177	200	82	186	177	200
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	23 362	22 958	22 716	22 564	4 540	4 693	4 873	4 888
11	Outflows related to derivative exposures and other collateral requirements	2 306	2 479	2 689	2 708	2 306	2 479	2 689	2 708
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	21 056	20 479	20 026	19 856	2 234	2 214	2 184	2 180
14	Other contractual funding obligations	1 932	1 534	1 310	1 020	1 639	1 278	1 084	815
15	Other contingent funding obligations	18 879	17 706	17 020	16 363	912	831	771	718
16	TOTAL CASH OUTFLOWS					40 639	39 457	38 304	37 278
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	13 979	13 615	13 100	12 170	-	-	-	-
18	Inflows from fully performing exposures	2 845	3 096	3 310	3 685	1 797	2 037	2 210	2 570
19	Other cash inflows	762	740	737	663	762	739	737	663
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)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)						-	-	
20	TOTAL CASH INFLOWS	17 585	17 451	17 147	16 518	2 559	2 776	2 947	3 233
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	17 585	17 451	17 147	16 518	2 559	2 776	2 947	3 233
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					84 444	82 050	78 934	76 155
22	TOTAL NET CASH OUTFLOWS					38 080	36 681	35 357	34 045
23	LIQUIDITY COVERAGE RATIO					222%	224%	223%	224%

6. Transitional arrangements regarding IFRS 9

The Bank decided, for the purpose of capital adequacy calculation, including calculation of own funds, based on Article 1 paragraph 9 of 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, which allows to mitigate the impact on capital related to the introduction of IFRS 9.

The capital ratios reported in this document, including the leverage ratio and Tier 1 capital, fully reflect the impact of IFRS 9.

Representation of the Management Board of mBank S.A.

The Management Board of m Polska S.A. declares that, to the best of its knowledge, the information presented in this "Disclosures regarding capital adequacy of mBank S.A. Group as at 30 September 2024" were prepared in accordance with the formal policies and internal processes, as well as, systems and controls agreed upon at the Management Board level, and give a true view of the facts. Furthermore, the risk management arrangements are adequate and give assurance that the risk management systems in use are appropriate in terms of the risk profile and strategy of the mBank Group.

The Management Board of mBank S.A. approves this "Disclosures regarding capital adequacy of mBank S.A. Group as at 30 September 2024".

First and last name	Position	Signature
Cezary Kocik	President of the Management Board	(signed electronically)
Krzysztof Bratos	Vice-President of the Management Board, Head of Retail Banking	(signed electronically)
Krzysztof Dąbrowski	Vice-President of the Management Board, Head of Operations and IT	(signed electronically)
Marek Lusztyn	Vice-President of the Management Board, Chief Risk Officer	(signed electronically)
Julia Nusser	Vice-President of the Management Board, Chief People & Regulatory Officer	(signed electronically)
Adam Pers	Vice-President of the Management Board, Head of Corporate & Investment Banking	(signed electronically)
Pascal Ruhland	Vice-President of the Management Board, Chief Financial Officer	(signed electronically)