mBank S.A.

Disclosure policy

on capital adequacy

This document is the evidence of the Bank’s policy on disclosing information on capital adequacy including principles of verification of disclosed information and frequency of disclosures. The evidence fulfils the requirements 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 investment firms and amending Regulation (EU) No 648/2012 with further amendments (further called “CRR”), as well as the requirements of delegated acts regarding disclosures under CRR.

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1. Introduction
mBank S.A. in accordance with the requirements 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 investment firms and amending Regulation (EU) No 648/2012 with further amendments (further called “CRR”), as well as the requirements of delegated acts and local regulator guidelines and good market practices, is obliged to publish disclosure policy, which governs the following subjects described in subsequent parts of this document:

1) The scope of public disclosures,
2) The limitations of disclosures,
3) Principles for verifying and approving disclosures,
4) Frequency and deadlines of publishing the information,
5) Form and place of publishing disclosures,
6) Principles for approving and verifying the disclosure policy.

Based on the KNF M Recommendation regarding operating risk management in banks, mBank S.A. discloses additional information on operating risk.

Due to the fact that mBank S.A. is a Commerzbank AG subsidiary information on capital adequacy of mBank S.A. is subject to disclosure in Commerzbank AG Group disclosures as well.

2. The scope of disclosures
mBank S.A. discloses the information in compliance with CRR and KNF M Recommendation, on the highest national sub-consolidated basis i.e. on mBank S.A. Group basis, in particular regarding:

1) Own funds,
2) Compliance with capital requirements,
3) Credit risk mitigation techniques used,
4) Capital buffers,
5) Leverage ratio,
6) Credit risk adjustments,
7) Remuneration of risk takers,
8) Operating risk,
9) Use of IRB approach for credit risk.
The scope of the information subject to disclosure can differ depending on the period concerned.

3. The limitations of disclosures
mBank S.A. excluded from disclosure, information for which CRR provides the omission of the disclosures i.e.:

1) Proprietary information, sharing of which with the public could undermine the competitive position of the bank,
2) Confidential information, if the bank bound itself to confidentiality to customers or other counterparty relationships,
3) Immaterial information (i.e. whose omission or misstatement could not change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions).

Assessing the materiality, the proprietary and the confidentiality of the disclosed information mBank bases on EBA 2014/14 Guidelines.

If proprietary or confidential information should be disclosed pursuant to CRR and KNF M Recommendation, mBank S.A. presents reasons for restraining the publication of information and discloses it in a more general form, unless it is also proprietary or confidential.

4. Principles for verifying and approving disclosures
4.1. Verification of disclosures
The information on capital adequacy of mBank S.A. Group disclosed on the annual and semiannual basis is verified by an independent entity authorized to perform audits of financial statements. The verification process is performed under provisions of a separate agreement concluded with this entity. Information concerning capital adequacy, which pursuant to separate regulations is disclosed in the financial statements, is verified according to the standards applied for the verification of financial statements.

4.2. Approval of disclosures
The Management Board of mBank S.A. approves information to be disclosed prior to its publication.

5. Frequency and deadlines of publishing the information
In accordance with local regulator guidelines and good market practices the Management Board of mBank S.A. sets forth that the disclosures required by CRR, delegated acts regarding disclosures under CRR, and KNF M Recommendation are published at least once a year and not more often.
than once a quarter. The disclosures are published in conjunction with the date of publication of the periodic financial statements.

6. Form and place of publishing

Information to be disclosed pursuant to requirements introduced by CRR and KNF M Recommendation, referred to in point 2, is disclosed in Polish and English, on the mBank S.A. website.

7. Principles for verifying and approving disclosure policy

The Disclosure policy of mBank S.A. is verified by the Management Board of mBank S.A. at least once a year by 31st of October. In the case of implementing any changes to the disclosure policy they shall be accepted by the Supervisory Board of mBank S.A. by 31st of December.

In the case of any changes in the legal framework published after the 31st of October necessitating changes in the Disclosure policy the changes are implemented immediately so that the updated Disclosure policy is publicly available before the end of the period for which the disclosures are prepared and so that the current principles are applied for the information published as at the end of this period.

Detailed principles for updating the Disclosure policy of mBank S.A. are separately defined in the Bank’s internal regulations regarding the process of supervision and amendment of mBank S.A. Disclosure policy on capital adequacy.