

Warsaw, 26 February 2019

**Report on the activities
of the Risk Committee of the Supervisory Board of mBank S.A.
in 2018**

The Risk Committee of the Supervisory Board (RC-SB) carried out its activities in 2018 pursuant to the rules set in the By-Laws of mBank S.A.

In 2018 the Risk Committee consisted of the following members:

Chairman	Dr. Marcus Chromik
Members	Thorsten Kanzler (until 23 September 2018) Gurjinder Johal (from 24 September 2018) Mirostaw Godlewski Prof. Agnieszka Słomka-Gołębiowska

As intended, the RC-SB held its meetings on a quarterly basis in 2018, namely in February, June, September and November 2018. 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 2018 - 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 February, September and November. To broaden the perception of non-financial risks within the discussion on Risk Committee meetings, reporting was wider in area of cyber threats, Reputation risk report and legal matters.

Additionally, in 2018 the Risk Committee issued 13 recommendations in terms of individual counterparty risks in accordance with the parameters defined by the Supervisory Board.

In 2018 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, reputational risk and concentration risk) as well as the Capital Management Policy and Model Management Policy.

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.

The members of RC-SB discussed also issues connected with the development of Internal Control System (ICS), IT Security, status of key risk projects.

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