

Warsaw, 25<sup>th</sup> February 2021

**Report on the activities  
of the Risk Committee of the Supervisory Board of mBank S.A.  
in 2020**

The Risk Committee of the Supervisory Board (RC SB) carried out its activities in 2020 pursuant to the rules set in the By-Laws of mBank S.A.

In 2020 the Risk Committee consisted of the following members:

Chairman	Dr. Marcus Chromik
Members	Prof. Agnieszka Słomka-Gołębiowska Gurjinder Johal (till 27.03.2020) Mirosław Godlewski Dr. Bettina Orlopp (from 28.03.2020)

As intended, the RC SB held its meetings on a quarterly basis in 2020, i.e. in February, June, September and December. The minutes of the RC SB were distributed to all Supervisory Board members. 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 2020, based on the reports of the mBank's Vice-President of the Management Board for Risk Management (including the quarterly Risk & Capital Monitor) and other materials submitted to the RC SB.

The standing items in the meetings of the Risk Committee in 2020 were:

- (i) the Chief Economist's review of the economic situation in Poland and the discussion of its impact on the situation of the Bank,
- (ii) Risk & Capital Monitor report, containing the detailed information on the capital position and major types of risk accompanying the mBank Group's activities,
- (iii) update on the CHF mortgage portfolio,
- (iv) update on Covid 19 - the risk perspective (beginning from Q2).

In 2020 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 in retail and corporate areas, liquidity risk, market risk, operational risk, reputational risk, concentration risk) as well as the Capital 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.

Due to Covid 19, in 2020 RC SB paid special attention to credit portfolios (corporate and retail). Besides the regular annual reviews of these portfolios (in February and June), their quality was discussed at the standing agenda item on the Covid 19. Main topics in focus were credit policy adjustments, payment moratoria and the situation in the worst-hit sectors.

Credit risk concentrations and migrations of ratings for Corporates were monitored with Portfolio Steering Matrix. Additionally, in 2020 the Risk Committee issued 14 recommendations for mBank Group Credit Committee with regard to exposures to a single entity in accordance with the parameters defined by the Supervisory Board.

In the area of financial markets, the RC members closely supervised the adaptation of the limits and Bank's investment strategy to the new market conditions (overliquidity, low interest rates). Moreover in September RC SB examined the yearly review of financial markets portfolio.

With regard to non-financial risk supervision, RC SB discussed reports on cyber threats, frauds & prevention, reputation risk and legal cases. RC members also examined the results of yearly Self-assessment of the Internal Control System (ICS) and annual report on model risk.

In 2020, members of RC SB paid much attention to the Group's activities in the field of sustainable development (ESG), which was added as new standing point in the agenda for 2021.

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