Disclosures regarding capital adequacy of mBank S.A. Group as at 31 March 2024

Warsaw, 9th May 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 with subsequent amendments (the CRR Regulation), which formed the legal basis of the reporting date i.e. 31 March 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 first quarter 2024 are the same as those, which have been applied to prepare the mBank S.A. Group Consolidated Financial Report for the first quarter of 2024, which included Condensed Consolidated Financial Statements of mBank S.A. Group for the first 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 31 March 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.

Prudentially consolidated financial data as at 31 March 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 first quarter of 2024, in the Note 1 Information regarding the Group of mBank S.A.

The scope of entities included in prudential consolidation as of 31 March 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 decrease in the amount of own funds observed over the first quarter of 2024 compared to the amount of own funds as of 31 December 2023 was caused by amortisation of amounts of instruments eligible as Tier 2 capital and decrease of IRB Excess of provisions over expected losses. This change was partially offset by decrease of amount of deferred tax assets in excess of the threshold referred to in Art. 48 of the CRR Regulation.

Disclosures regarding capital adequacy as at 31 March 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
		31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	12 830 675	12 719 997	12 854 870	12 719 795	12 091 332
2	Tier 1 capital	12 830 675	12 719 997	12 854 870	12 719 795	12 091 332
3	Total capital	14 620 305	14 730 102	14 875 159	14 780 086	14 278 034
	Risk-weighted exposure amounts					
4	Total risk exposure amount	91 266 025	86 460 843	88 067 576	87 933 345	90 642 854
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.06%	14.71%	14.60%	14.47%	13.34%
6	Tier 1 ratio (%)	14.06%	14.71%	14.60%	14.47%	13.34%
7	Total capital ratio (%)	16.02%	17.04%	16.89%	16.81%	15.75%
	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%	1.18%	1.76%
EU-7b	of which: to be made up of CET1 capital (percentage points)	-	-	0.66%	0.66%	0.99%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	0.89%	0.89%	1.32%
EU-7d	Total SREP own funds requirements (%)	8.00%	8.00%	9.18%	9.18%	9.76%
	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 (%)	0.12%	0.13%	0.15%	0.15%	0.12%
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 (%)	3.12%	3.13%	3.15%	3.15%	3.12%
EU-11a	Overall capital requirements (%)	11.12%	11.13%	12.33%	12.33%	12.88%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.02%	8.71%	7.71%	7.58%	5.99%
	Leverage ratio					
13	Total exposure measure	237 705 647	241 368 998	240 781 479	226 158 478	233 679 716
14	Leverage ratio (%)	5.40%	5.27%	5.34%	5.62%	5.17%
	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)	78 934	76 155	69 752	62 950	57 049
EU-16a	Cash outflows - Total weighted value	38 304	37 278	36 042	35 132	34 011
EU-16b	Cash inflows - Total weighted value	2 948	3 233	3 849	4 712	5 103
16	Total net cash outflows (adjusted value)	35 357	34 045	32 193	30 420	28 908
17	Liquidity coverage ratio (%)	223%	224%	217%	207%	197%
	Net Stable Funding Ratio					
18	Total available stable funding	174 666	177 370	183 109	170 344	174 723
19	Total required stable funding	113 602	112 307	114 080	109 768	111 666
20	NSFR ratio (%)	154%	158%	161%	155%	156%

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EU KM1 – Key metrics template recalculated taking into account the retrospective including of profit for the first quarter of 2023 (after PFSA approval), in line with the EBA's position expressed in Q&A 2018_3822 and Q&A 2018_4085

		a	b	c	d	e
		31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	12 830 675	12 719 997	12 854 870	12 719 795	12 445 099
2	Tier 1 capital	12 830 675	12 719 997	12 854 870	12 719 795	12 445 099
3	Total capital	14 620 305	14 730 102	14 875 159	14 780 086	14 631 800
	Risk-weighted exposure amounts					
4	Total risk exposure amount	91 266 025	86 460 843	88 067 576	87 933 345	90 723 256
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.06%	14.71%	14.60%	14.47%	13.72%
6	Tier 1 ratio (%)	14.06%	14.71%	14.60%	14.47%	13.72%
7	Total capital ratio (%)	16.02%	17.04%	16.89%	16.81%	16.13%
	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%	1.18%	1.76%
EU-7b	of which: to be made up of CET1 capital (percentage points)	-	-	0.66%	0.66%	0.99%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	0.89%	0.89%	1.32%
EU-7d	Total SREP own funds requirements (%)	8.00%	8.00%	9.18%	9.18%	9.76%
	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 (%)	0.12%	0.13%	0.15%	0.15%	0.12%
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 (%)	3.12%	3.13%	3.15%	3.15%	3.12%
EU-11a	Overall capital requirements (%)	11.12%	11.13%	12.33%	12.33%	12.88%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.02%	8.71%	7.71%	7.58%	6.37%
	Leverage ratio					
13	Total exposure measure	237 705 647	241 368 998	240 781 479	226 158 478	233 744 037
14	Leverage ratio (%)	5.40%	5.27%	5.34%	5.62%	5.32%
	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%

4. Capital requirement

Assessment of adequacy of internal capital – description of the approach

On 4 July 2012 PFSA and Bundesanstalt fur 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 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 Sp. o.o. (mLeasing) obtained approval from 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 European Central Bank and PFSA 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 notes. 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 CRR Regulation. The capital requirements for the retained securitization positions are calculated under the Securitization Internal Ratings Based Approach (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. The capital requirements for the retained securitization positions are calculated under the Securitization Internal Ratings Based Approach (SEC-IRBA).

In the calculation of the total capital requirements of mBank Group as of 31 March 2024, when calculating the credit risk capital charge, the mBank Group applies the AIRB approach pursuant to the provisions of the CRR Regulation and pursuant to obtained AIRB approvals.

Results of the internal capital adequacy assessment

The below information addresses 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 Pillar 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; 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 first quarter of 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. The Bank also determined capital to cover other risks (including hard to quantify 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 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.

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 31 March 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 31 March 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 March 2024 this ratio amounted to 0.12%.

Exposures of foreign branches in Czech Republic and in Slovakia, where countercyclical buffer rates as of 31 March 2024 amounted to 2.0%, and 1.5% in each, had an impact on the mBank Group specific countercyclical capital buffer.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		31.03.2024
1	Total risk exposure amount	91 266 025
2	Institution specific countercyclical capital buffer rate	0.1212%
3	Institution specific countercyclical capital buffer requirement	110 614

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 determined in this decision was in force as at 31 March 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 31 March 2024.

Consequently, the combined buffer requirement set for the mBank Group as of the end of March 2024 amounted to 3.12% of the total risk exposure amount.

In December 2023 expired PFSA recommendation from the year 2022 (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 in the first quarter of 2024 were above the required values.

With a surplus of own funds mBank Group meets the additional own funds requirement related to Pillar II and the combined buffer requirement.

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 below 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
		31.03.2024	31.12.2023	31.03.2024
1	**Credit risk (excluding CCR)**	**71 356 173**	**69 088 721**	**5 708 494**
2	Of which the standardised approach	25 220 407	24 308 423	2 017 633
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	4 456 823	4 344 313	356 546
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	41 678 943	40 435 985	3 334 315
6	**Counterparty credit risk - CCR**	**1 818 606**	**1 464 963**	**145 488**
7	Of which the standardised approach	1 254 093	1 257 855	100 327
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	7 740	5 302	619
EU 8b	Of which credit valuation adjustment - CVA	242 245	159 135	19 380
9	Of which other CCR	314 528	42 671	25 162
15	**Settlement risk**	-	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**3 067 507**	**2 770 103**	**245 401**
17	Of which SEC-IRBA approach	3 067 507	2 770 103	245 401
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)**	**1 475 456**	**1 284 883**	**118 036**
21	Of which the standardised approach	1 475 456	1 284 883	118 036
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	-	**-**	**-**
23	**Operational risk**	**13 548 283**	**11 852 173**	**1 083 863**
EU 23a	Of which basic indicator approach	-	-	-
EU 23b	Of which standardised approach	13 548 283	11 852 173	1 083 863
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	3 349 882	3 557 941	267 991
29	**Total**	**91 266 025**	**86 460 843**	**7 301 282**

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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
		31.03.2024
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**40 175 207**
2	Asset size (+/-)	2 203 567
3	Asset quality (+/-)	(473 013)
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	(100 517)
8	Other - launch of the transaction of syntethic securitisation (+/-)	3 337
9	**Risk weighted exposure amount as at the end of the reporting period**	**41 808 581**

5. Liquidity risk

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

As of March 31, 2024, the LCR ratio of mBank Group reached 218% and in the first quarter of 2024 the LCR measure remained on a safe level, significantly exceeding 100%.

In the first quarter of 2024, the increase in the net liquidity coverage ratio was influenced by the dynamics of term deposits and current accounts included in the LCR calculation - a decrease of PLN 3.8 billion compared with the previous quarter (decrease of PLN 2.6 billion without FX effects) compared to an increase in gross lending activity by PLN 1.9 billion (increase of PLN 2.7 billion without FX effects) compared with the previous quarter. As at March 31, 2024, the level of the liquidity buffer remains high in relation to the expected net outflows over a 30-day horizon .

The high-quality liquid assets of mBank in the liquidity buffer (HQLA) used to calculate the LCR ratio consisted of Level 1 assets only and included as of March 31, 2024:

- coins and banknotes in different currencies,
- Polish treasury bonds in PLN, EUR and USD,
- bills issued by the National Bank of Poland in PLN,
- treasury bonds issued by the central governments of the EU Member States in EUR and by the US Treasury in USD,
- Austrian and French treasury bills issued in EUR,
- American treasury bills issued in USD,
- bonds issued by the European Investment Bank in PLN, and guaranteed by the State Treasury bonds of the Polish Development Fund in PLN, Bank Gospodarstwa Krajowego in PLN and EUR, and German state-owned development bank (KFW) bonds in PLN,
- excesses of the required reserve in the central banks,
- 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 March 31, 2024 accounted for 92.60% of all external sources of financing. The deposit base is diversified, and the deposits of the 10 largest customers as of March 31, 2024 accounted for 2.6% of the deposit base. The other sources of financing are:

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

The mBank Group identifies the following foreign currencies as significant and subject to separate reporting in accordance with Art. 4(5) of the EU Commission Delegated Regulation 2015/61 and with Art. 415(2) of the CRR Regulation: CZK and EUR. The LCR ratio for these currencies was above 100%. The significance of CZK and EUR currencies is related to i.a. running two foreign branches in the Czech Republic and Slovakia. The potential currency mismatch is limited at the level of the real liquidity gap in individual currencies.

As of March 31, 2024, the impact of the adverse market scenario on derivatives accounted for 0.64% of the total unweighted outflow value included in the LCR.

EU LIQ1 – Quantitative information of LCR, addressing disclosure requirements of art. 451a(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**	**31.03.2024**	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2024**	**31.12.2023**	**30.09.2023**	**30.06.2023**
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)					78 934	76 155	69 752	62 950
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	130 771	132 780	132 165	128 623	10 238	10 622	10 670	10 349
3	*Stable deposits*	*90 195*	*89 713*	*88 765*	*87 168*	*4 510*	*4 486*	*4 438*	*4 358*
4	*Less stable deposits*	*40 576*	*43 067*	*43 400*	*41 455*	*5 728*	*6 136*	*6 232*	*5 990*
5	Unsecured wholesale funding	50 265	48 115	45 466	44 535	21 338	20 235	18 976	18 462
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*8 463*	*8 596*	*8 388*	*8 537*	*2 025*	*2 052*	*1 996*	*2 029*
7	*Non-operational deposits (all counterparties)*	*41 625*	*39 319*	*36 876*	*35 848*	*19 136*	*17 983*	*16 778*	*16 283*
8	*Unsecured debt*	*177*	*200*	*203*	*150*	*177*	*200*	*203*	*150*
9	*Secured wholesale funding*					-	-	-	-
10	Additional requirements	22 716	22 564	22 294	22 211	4 873	4 888	4 842	4 626
11	*Outflows related to derivative exposures and other collateral requirements*	*2 689*	*2 708*	*2 662*	*2 465*	*2 689*	*2 708*	*2 662*	*2 465*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*20 027*	*19 856*	*19 632*	*19 746*	*2 184*	*2 180*	*2 180*	*2 161*
14	Other contractual funding obligations	1 310	1 020	1 016	1 146	1 084	815	836	976
15	Other contingent funding obligations	17 020	16 363	16 054	16 111	771	718	717	719
16	TOTAL CASH OUTFLOWS					38 304	37 278	36 042	35 132
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	13 100	12 170	8 729	5 382	-	-	-	-
18	Inflows from fully performing exposures	3 310	3 685	4 390	5 342	2 210	2 570	3 266	*4 171*
19	Other cash inflows	737	663	583	540	737	663	583	*540*
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	17 147	16 518	13 702	11 264	2 947	3 233	3 849	4 712
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*17 147*	*16 518*	*13 702*	*11 264*	*2 947*	*3 233*	*3 849*	*4 712*
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					78 934	76 155	69 752	62 950
22	TOTAL NET CASH OUTFLOWS					35 357	34 045	32 193	30 420
23	LIQUIDITY COVERAGE RATIO					223%	224%	217%	207%

6. Transitional arrangements regarding IFRS 9

The Bank decided, for the purpose of capital adequacy calculation, including calculation of own funds, based on Article 473a of 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 mBank 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 31 March 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 31 March 2024".

First and last name	Position	Signature
Cezary Stypułkowski	President of the Management Board, Chief Executive Officer	(signed electronically)
Krzysztof Dąbrowski	Vice-President of Management Board, Head of Operations and IT	(signed electronically)
Cezary Kocik	Vice-President of Management Board, Head of Retail Banking	(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)