



# mBank Group

Preferred Senior, Green Bond Issuance



Debt Investor Presentation, September 2024



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# Agenda



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# mBank Group in a snapshot: key facts and figures

## General description

- Poland's 5th largest **universal banking group** in terms of total assets, loans and deposits (30.06.2024)
- Offering **retail, SME, corporate and investment banking** as well as **other financial products and services** such as leasing, factoring, brokerage, wealth management, investment funds, insurance, payment gateway and corporate finance
- Proven natural ability to **grow organically**, evidenced by **market shares of 7.8% in loans** to non-financial sector and **8.7% in customer deposits** in Poland (30.06.2024)
- Servicing almost **5.7 million retail clients** in Poland, Czechia and Slovakia as well as **35.7 thousand corporate customers** (30.06.2024)
- Advanced digital banking platform** and a leader in mobile banking adoption, with **3.7 million of active users of mBank's mobile application** (30.06.2024)
- Listed on the Warsaw Stock Exchange** since 1992 with a market value of ~EUR 6.3 billion (05.09.2024), a member of WIG-20 index
- A strategic shareholder, Germany's **Commerzbank, owns 69.1% of mBank's shares**

## Financial performance

PLN million	2021	2022	2023	H1 2024
Total assets	198,373	209,892	226,981	230,296
Net loans	117,677	120,183	113,521	121,202
Deposits	157,072	174,131	185,467	187,531
Equity	13,718	12,715	13,737	14,609
Total income	6,111	7,857	10,802	5,813
<b>Net result</b>	<b>-1,179</b>	<b>-703</b>	<b>24</b>	<b>684</b>
Net interest margin	2.2%	3.7%	4.2%	4.4%
Cost/Income ratio	40.2%	42.2%	28.5%	28.7%
Cost of risk	0.8%	0.7%	0.9%	0.4%
ROE mBank Group	-7.2%	-5.3%	0.2%	9.6%
ROE Core Business	12.0%	22.1%	36.5%	40.3%
Tier 1 capital ratio	14.2%	13.8%	14.7%	13.7%
Total capital ratio	16.6%	16.4%	17.0%	15.5%
NPL ratio	3.9%	4.0%	4.2%	4.3%
Coverage ratio	53.1%	52.3%	54.7%	54.2%
Loan-to-deposit ratio	74.9%	69.0%	61.2%	64.6%

## Summary of mBank's ratings

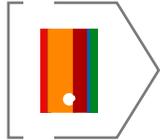
as of 05.09.2024	Fitch Ratings	S&P Global Ratings
LT IDR / LT ICR	<b>BBB-</b>	<b>BBB</b>
Outlook of LT rating	<i>stable</i>	<i>positive</i>

Source: mBank Group's consolidated financial statements, mBank's internal data, calculation based on NBP's statistics.

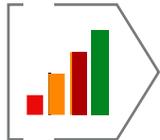
# Summary of mBank Group's strategic and financial highlights



Balanced business model with a good position to capture growth prospects in an attractive market



Advanced banking platform anchored in leading digital and mobile solutions in both customer segments



Outstanding financial performance and profitability of core business, with excellent operating efficiency



Stronger protection against FX legal risks as a result of an increase in provisions and progress with settlements



Secure capital position, with a buffer of 4.6 p.p. above the minimum requirement for Tier 1 ratio



Reliable partner in green and transition finance with ESG strategy integrated into daily activities and customer offer

**focus on loan and deposit margins, outstanding efficiency**

net interest margin: 4.4%  
cost/income ratio: 28.7%  
in H1 2024

**excellent profit generation capacity of the Core Business**

net profit: PLN 2.7 billion  
return on equity (ROE): 40.3%  
in H1 2024

**capital ratios with significant surplus over regulatory minima**

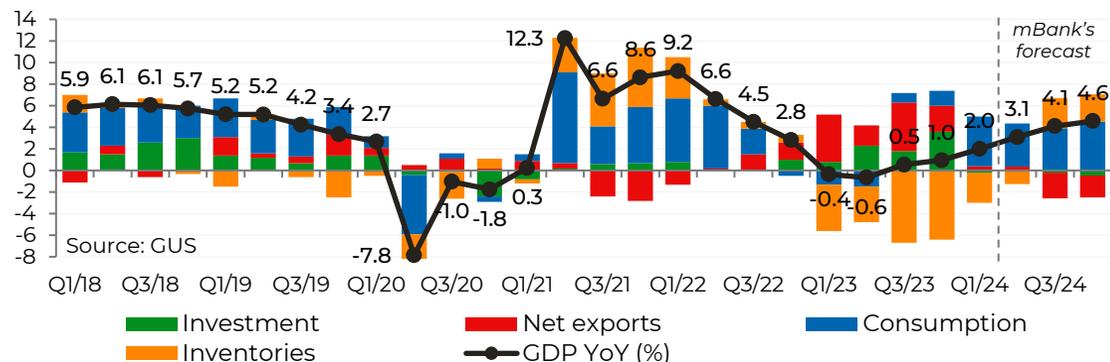
Tier 1 capital ratio: 13.7%  
Total capital ratio: 15.5%  
as of 30.06.2024



# Macroeconomic outlook

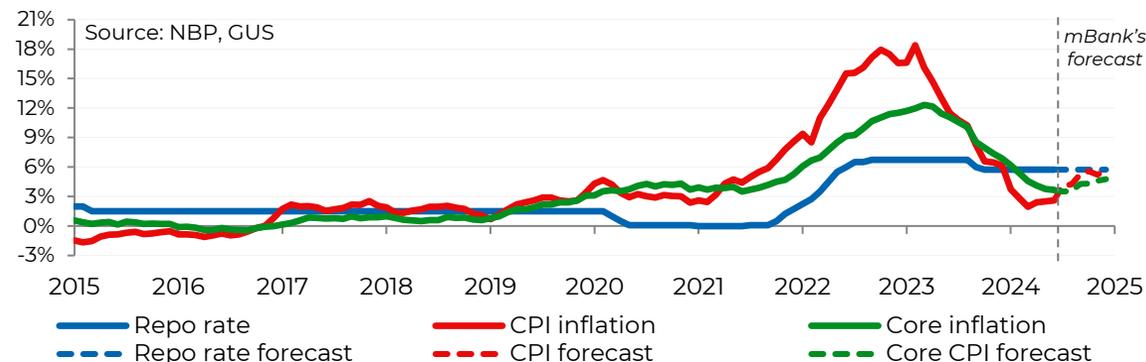
# Resilient economy with good growth prospects

## GDP path and forecast for Poland (% YoY)



GDP growth is anticipated to bounce back. Its major driver will be private consumption. Investment is likely to be a drag in 2024, but it should pick up substantially thereafter. GDP dynamics in 2024 is expected to reach 3.5%.

## Development of inflation and reference rate in Poland

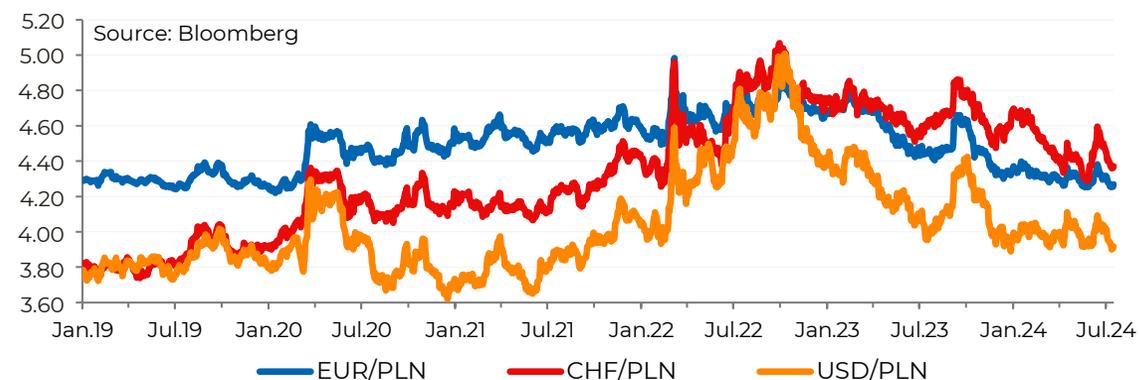


Inflation reached its trough in March 2024 and is expected to accelerate in the second half of the year. Core inflation should follow this trend. As a result, the MPC is unlikely to deliver any rate cuts this year.

## Key economic indicators for Poland

	2022	2023	2024F	2025F
GDP growth (YoY)	5.6%	0.2%	3.5%	4.5%
Domestic demand (YoY)	5.2%	-3.2%	3.3%	5.8%
Private consumption (YoY)	5.4%	-1.0%	4.8%	4.2%
Investment (YoY)	2.7%	13.1%	-0.1%	10.3%
Inflation (eop)	16.6%	6.2%	5.9%	3.4%
MPC rate (eop)	6.75%	5.75%	5.75%	4.50%
CHF/PLN (eop)	4.73	4.68	4.44	4.40
EUR/PLN (eop)	4.69	4.34	4.20	4.20

## Development of FX exchange rates

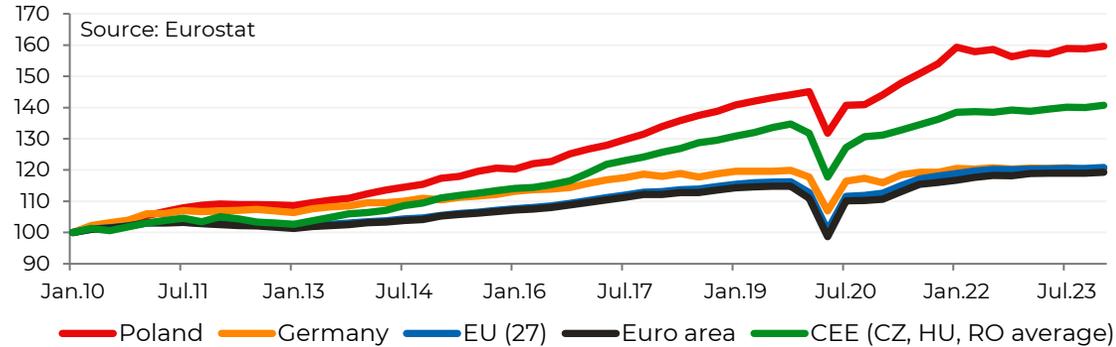


Polish currency has managed to weather elevated volatility in recent months which has been partly driven by elections in Mexico and India. More restrictive monetary policy in Poland may help the zloty further amid reviving GDP growth.

Source: Statistics Poland, National Bank of Poland, Bloomberg, mBank's estimates as of 05.09.2024.

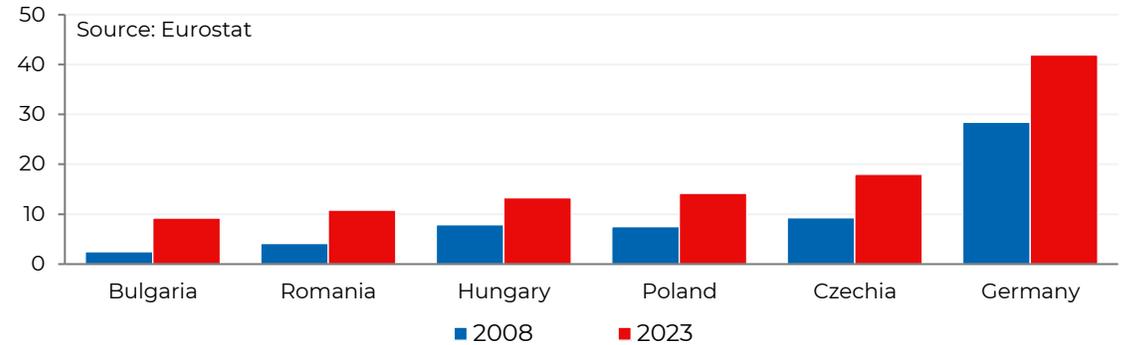
# Poland's growth story, high competitiveness compared to peers

Real GDP (Q1 2010 = 100)



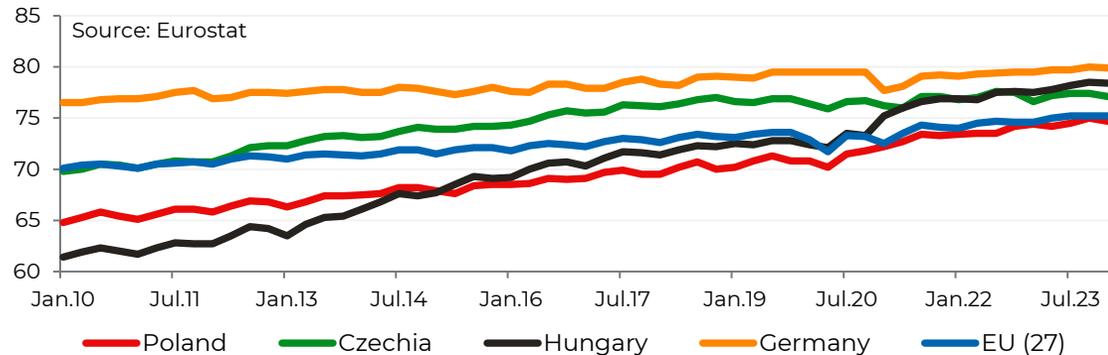
Over the past few years, Polish economy recorded a consistently high economic growth rate. Moreover, the post-pandemic recovery has proved much faster compared to other economies in the region.

Hourly labour costs (in EUR)



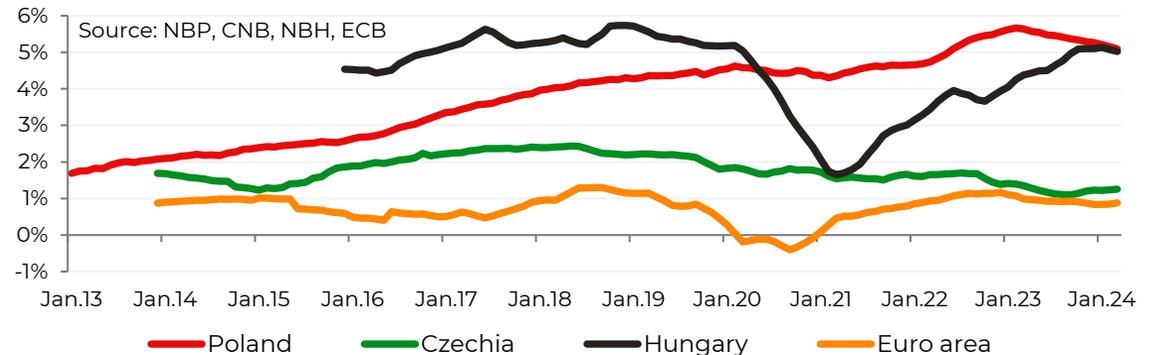
Labour costs in Poland rose over the course of the past years, however they still remain at a competitive level compared to the CEE block. These costs are more than three times lower in relation to the German economy.

Labour activity rate (aged 15-64)



Labour force participation in Poland remains at a relatively low level compared to its peers in the region. This means that despite non-favourable demography, there is still some space to catch up and improve employment.

Services balance, international trade (% of GDP)



The competitiveness of the Polish economy is best portrayed in the services sector, where a steadily growing surplus in international trade has been recorded. Nearshoring may further reinforce this trend.

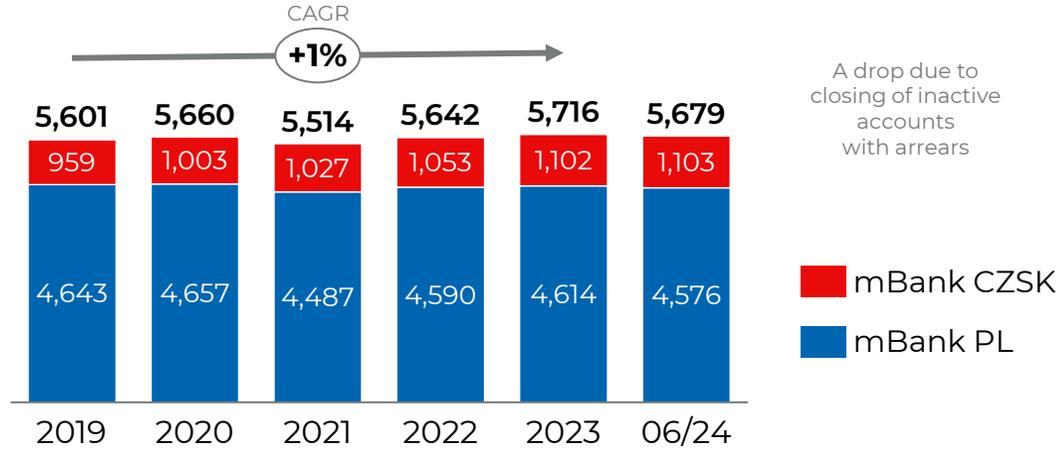


# Characteristics of main business lines

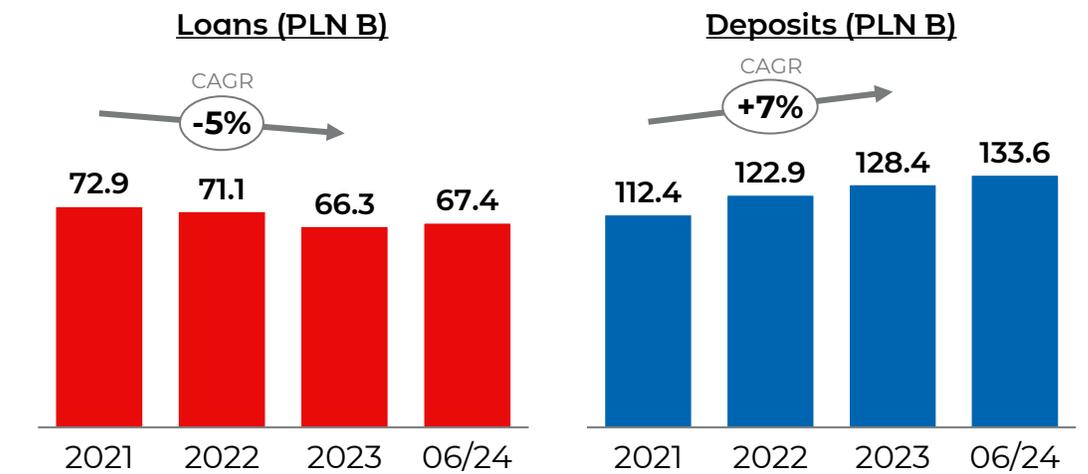
# Poland's largest organically developed retail banking franchise

## Number of mBank's retail clients (thou.)

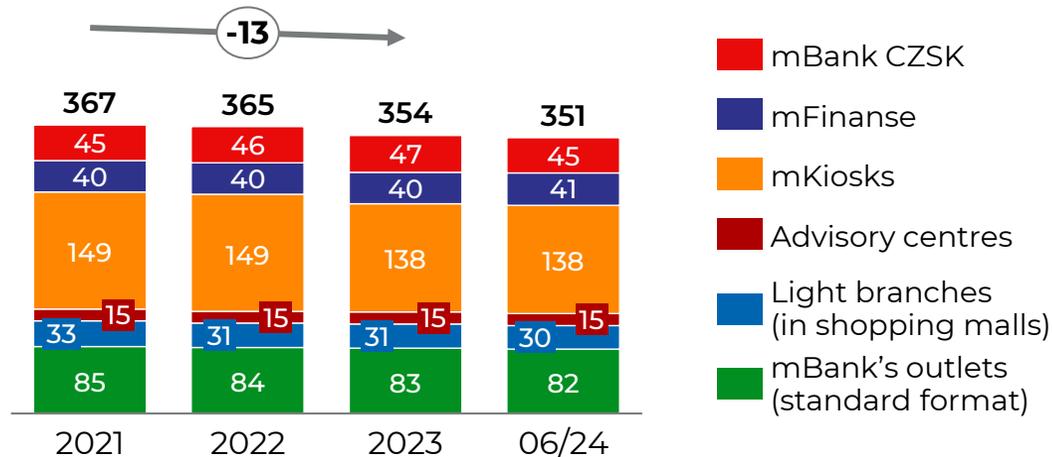
without Kompakt Finanse



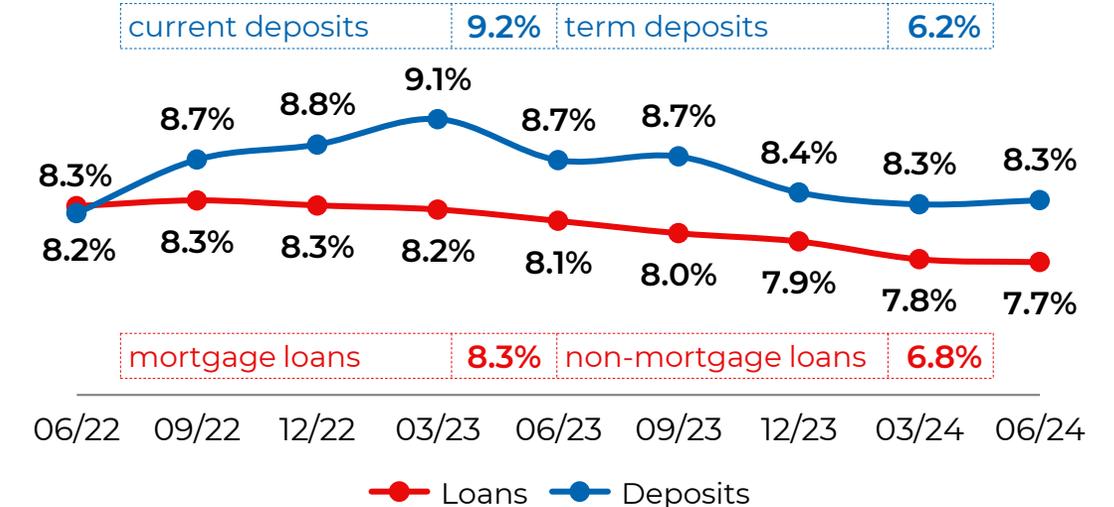
## Business volumes of Retail Banking segment



## Number of retail service locations



## mBank Group's market shares in Poland - Households



Source: mBank Group's consolidated financial statements, mBank's internal data, calculation based on NBP's statistics.

# A leading mobile banking offer for individual clients

## Well-designed functionalities for client convenience

- fully remote account opening with e-ID or a selfie and agreement approved via a text message
- logging in and confirmation of transactions with a PIN code, fingerprint or Face ID
- contactless payments with Google Pay and Apple Pay, express transfers using telephone numbers and BLIK
- functionalities of personal financial management (PFM) and value added services
- reminders from Payment Assistant and scanning of data to the transfer form from the invoices
- benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit)

## Mobile application's dashboard and basic features

4.7  
★ ★ ★ ★ ★  
GET IT ON  
Google Play

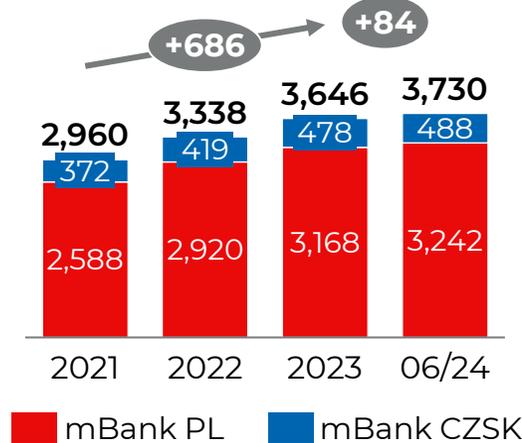
4.8  
★ ★ ★ ★ ★  
Download on the  
App Store

4.0  
★ ★ ★ ★ ☆  
EXPLORE IT ON  
HUAWEI AppGallery

# mBank remains a leader in active usage of digital solutions

## Number of active users of mBank's mobile application<sup>1</sup>

thousand



#1

by the share of mobile users in total retail customer base

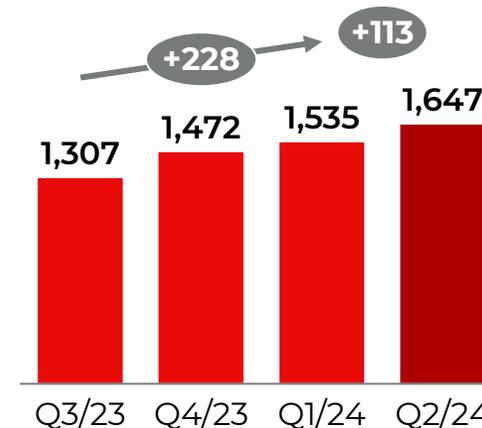
#2

by the number of mobile app users among Polish banks

based on statistics collected by Puls Biznesu daily

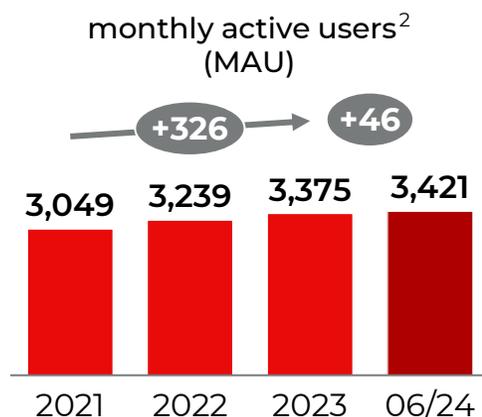
## Number of unique users of mBank's PFM functionalities

thousand, in Poland

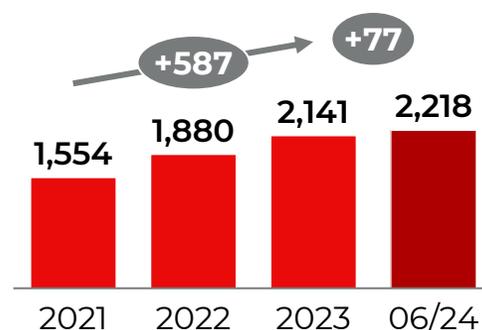


## Number of active users of mBank's services in Poland

thousand



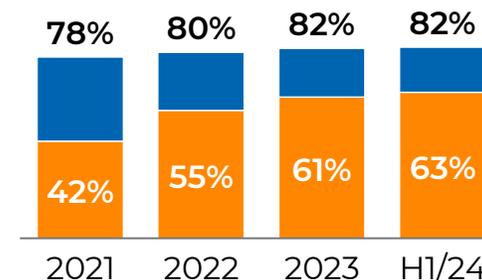
active users of BLIK<sup>3</sup>  
(individual clients)



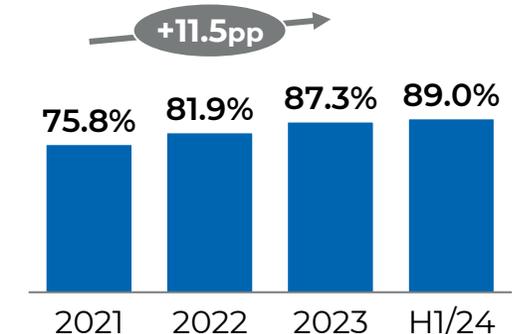
## Growing importance of digital channel in daily banking

share of digital channel in the sale of non-mortgage loans (by number of pieces)

of which: ■ mobile



share of processes in retail banking area initiated by the clients in digital channels



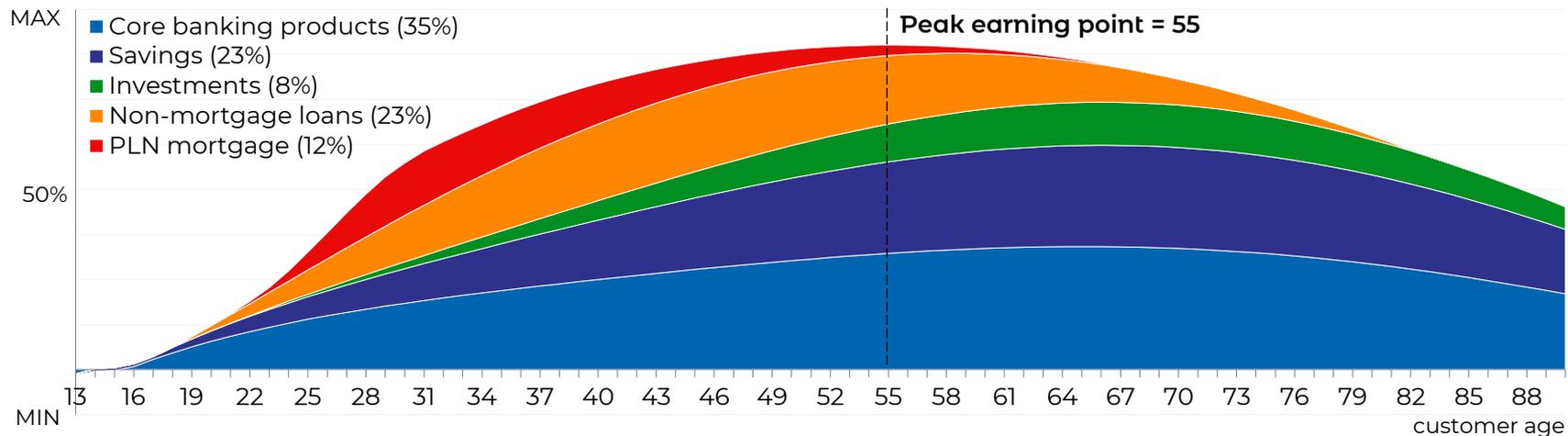
<sup>1</sup> An "active user of mBank's mobile application" is a client who in a given month logged in at least once into the mobile application

<sup>2</sup> An "active user of mBank's services in Poland" is a client who in a given month performed at least one of the following actions: (i) logged into the mobile application, internet banking or trusted profile (ePUAP), (ii) initiated a transfer or card transaction

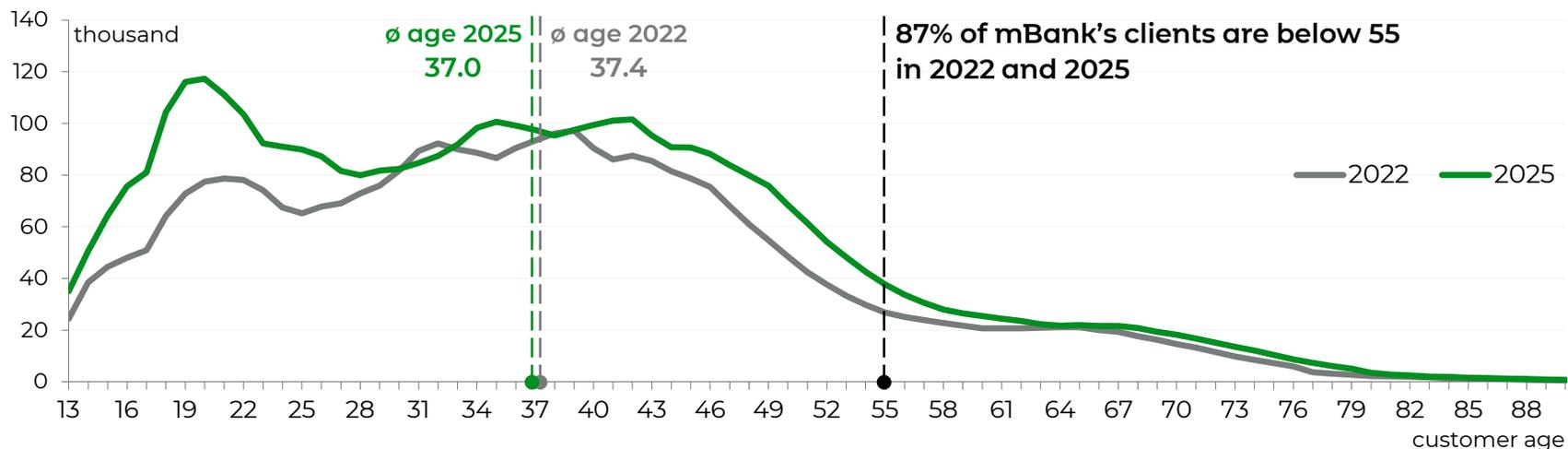
<sup>3</sup> An "active user of BLIK" is a client who in a given month performed at least one of the following actions: (i) paid with BLIK in e-commerce or POS, (ii) withdrew money with BLIK, or (iii) made or received a transfer using BLIK

# Supportive demographic profile of mBank's retail client base

Net revenue per active customer – individual clients at mBank in Poland, 2022



Age distribution 2025 vs 2022 – active individual customers at mBank in Poland

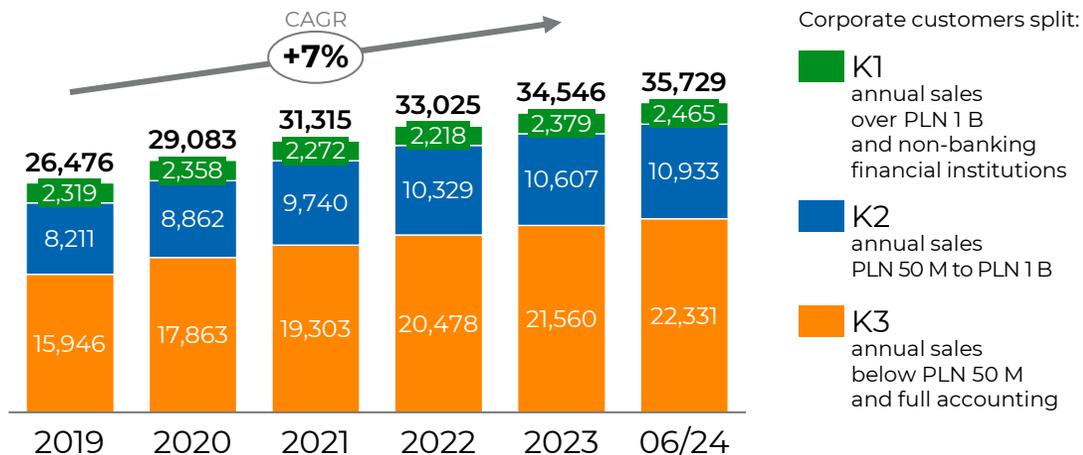


- mBank's current customer demographic profile is a consequence of our digital operating model, value proposition, and brand positioning since the start of retail operations.
- The age structure is a strongly ally in driving up our business volumes and, as a result, the revenues.
- mBank expects to experience significant growth of average profitability per customer. The average age of our clients is currently 37. This is well below the age at which the bank's revenue per client reaches its maximum level (age of 55). This demographic effect will naturally contribute to multiplication of mBank's value in the coming years.

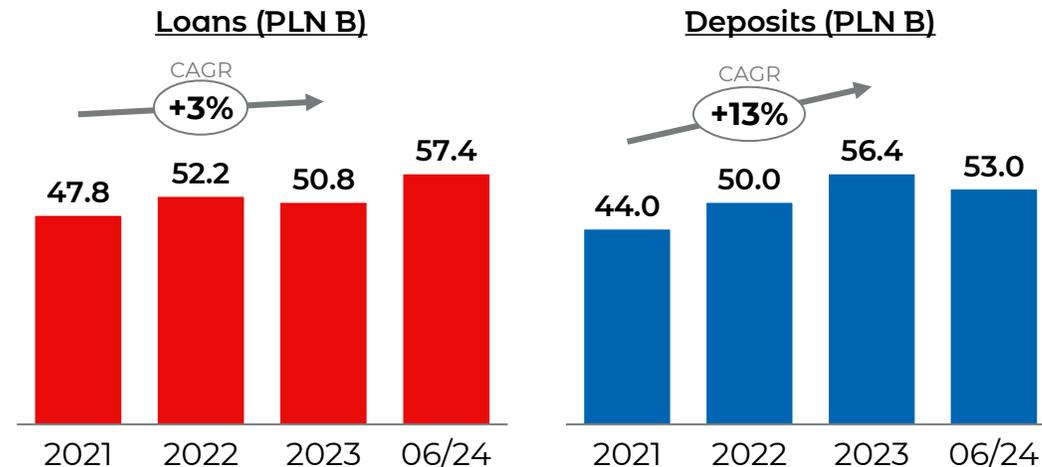
Source: mBank's internal data.

# Strong presence and leading expertise in corporate banking

Number of mBank's corporate clients



Business volumes of Corporate & Investment Banking segment



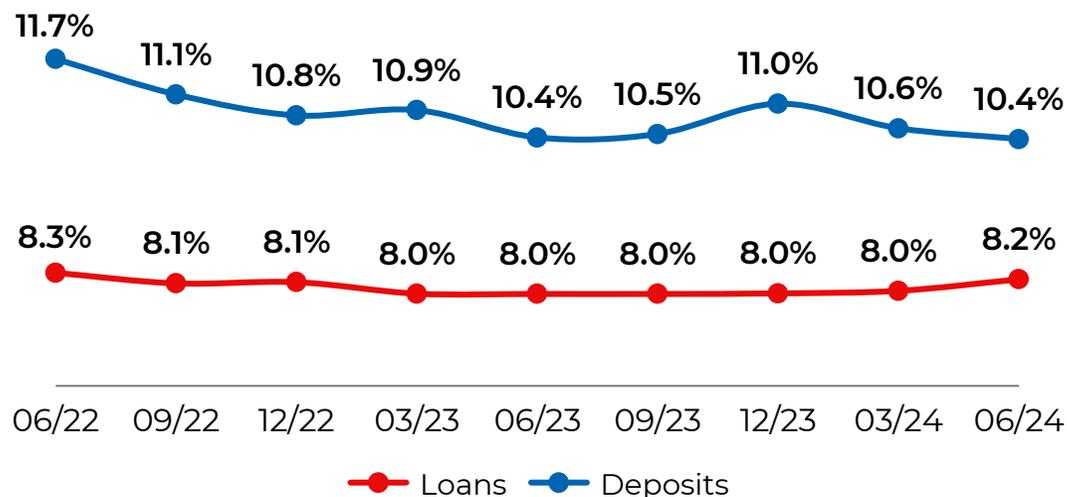
Number of corporate service locations as of 30.06.2024

**29** mBank's branches, incl. 13 advisory centres

**14** mBank's offices



mBank Group's market shares in Poland - Enterprises



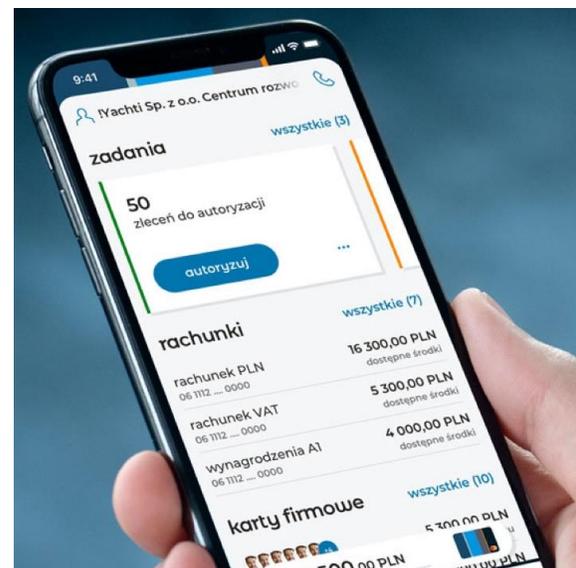
Source: mBank Group's consolidated financial statements, mBank's internal data, calculation based on NBP's statistics.

# Best digital banking services for corporate clients

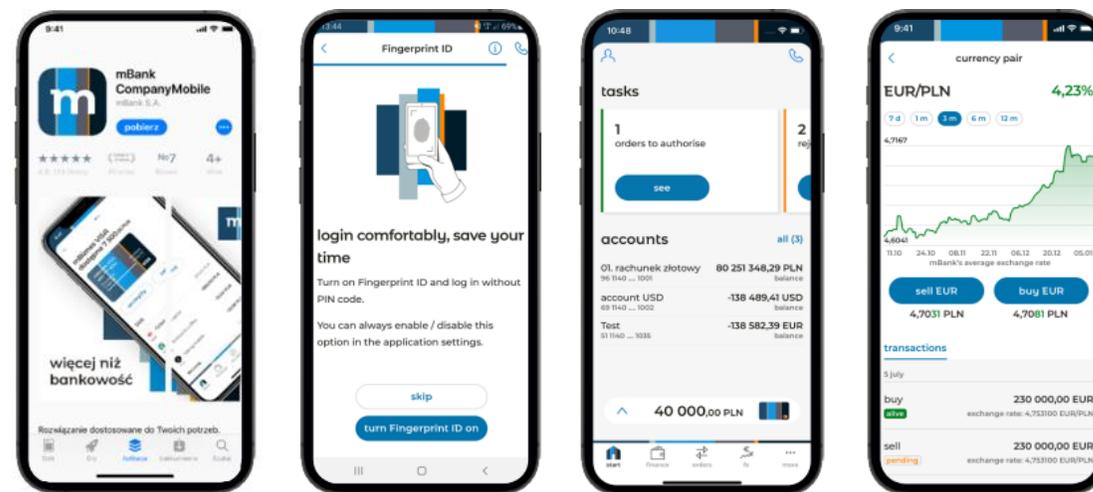
## First-class digital banking offer for companies

- entirely digital onboarding process, with no in-person contact and printouts required
- advanced **mBank CompanyNet** transactional system, allowing for high level of personalization
- remote access and constant control via enhanced **mBank CompanyMobile** application
- Administrator Centre for self-managing user permissions and authorisation schemes
- electronic sending of documents, applications, signing of agreements
- **mAuto.pl** online platform with an offer of new and used cars, financed by leasing or long-term rental 

## Mobile application's dashboard and basic features



- activating the app with a QR code
- logging into the application with a PIN code, fingerprint or face scan
- authorising multiple orders (token mode)
- authorising logins to mBank CompanyNet
- calling the customer centre
- making quick currency exchange transactions





# Overview of financial results

# Key highlights of H1 2024 in mBank Group

Net interest income at record level even with the impact of “credit holidays”, net fees under pressure due to expenses

Best-in-class efficiency maintained, higher amortization and costs reflect investments and growing operations

Cost of risk still below the guidance, sound net result despite further costs of legal risk related to CHF mortgages

Continued progress with settlements, declining number of new court cases regarding CHF loan agreements

Lending on the rise in both customer segments, deposits driven by inflows to current accounts at optimized pricing

Substantial capital buffers and MREL ratios comfortably above the minimum required levels

Net interest income  
**+13.6% YoY<sup>1</sup>**

Net fee income  
**-1.4% YoY**

Total costs w/o BFG  
**+10.6% YoY**

Cost/Income ratio  
**28.7%**

Cost of risk  
**37 bps**

Net profit  
**PLN 684 million**

CHF legal costs  
**PLN 2.4 billion**

CHF settlements  
**17,016**

Loans<sup>2</sup>  
**+3.4% vs. 2023YE**

Deposits  
**+1.1% vs. 2023YE**

Tier 1 capital ratio  
**13.7%**

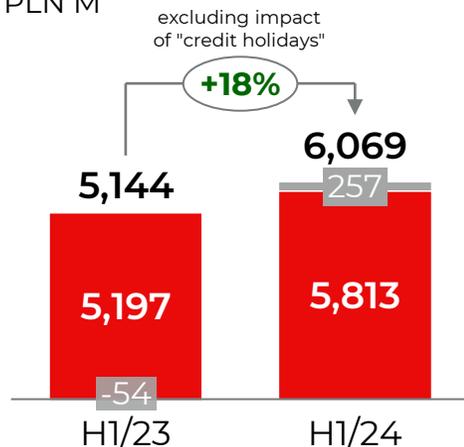
MREL surplus  
**+4.3 p.p.**

<sup>1</sup> Dynamics presented excluding the impact of “credit holidays”; <sup>2</sup> Dynamics presented excluding reverse repo or buy/sell back transactions

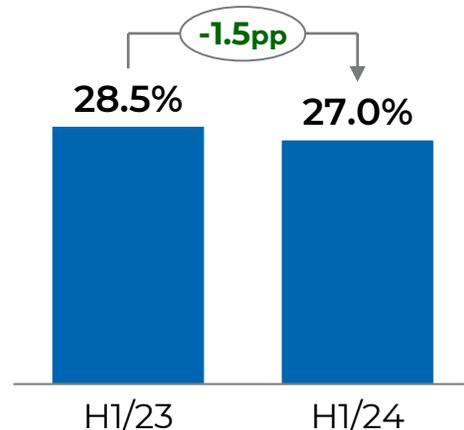
# Summary of key financial metrics for mBank Group in H1 2024

## Total income

PLN M

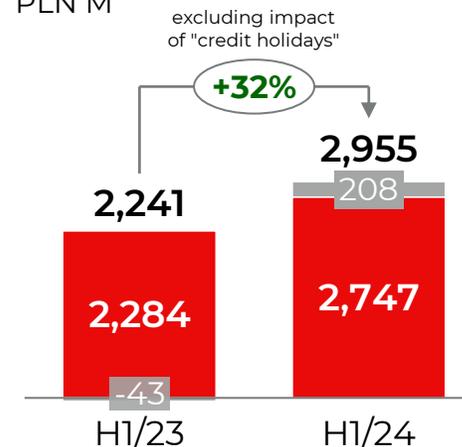


## Cost/Income ratio<sup>1</sup>

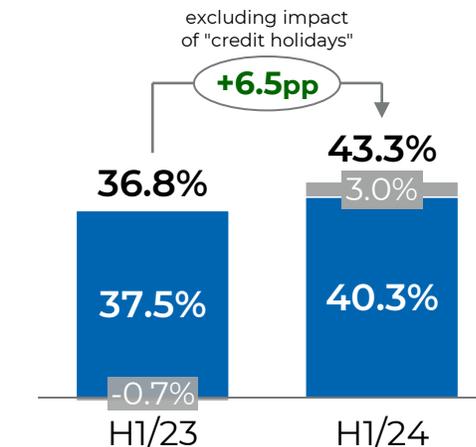


## Net profit of Core Business<sup>2</sup>

PLN M

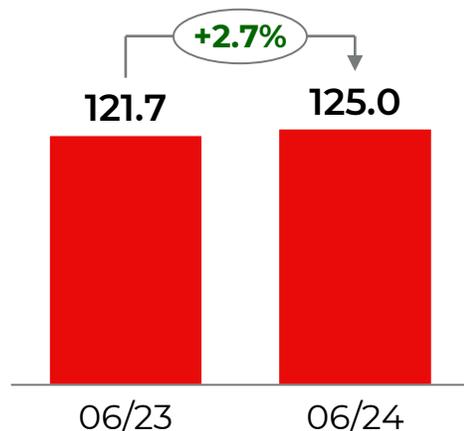


## ROE of Core Business<sup>2</sup>

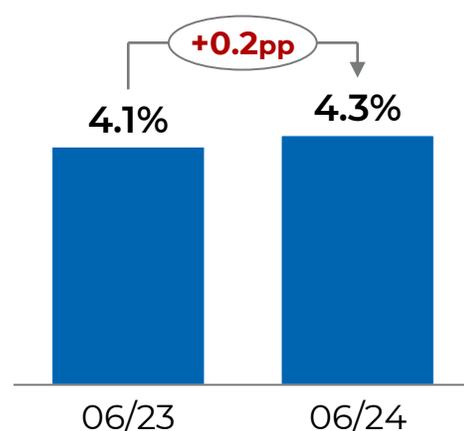


## Gross loans to customers

PLN B

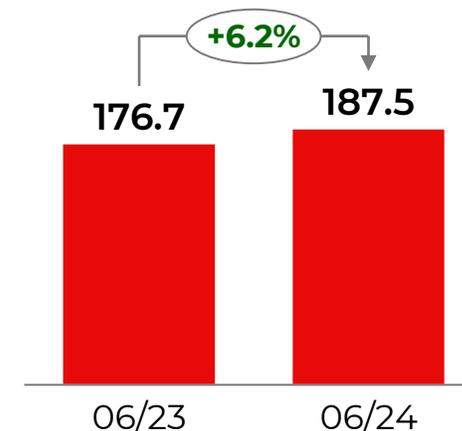


## NPL ratio

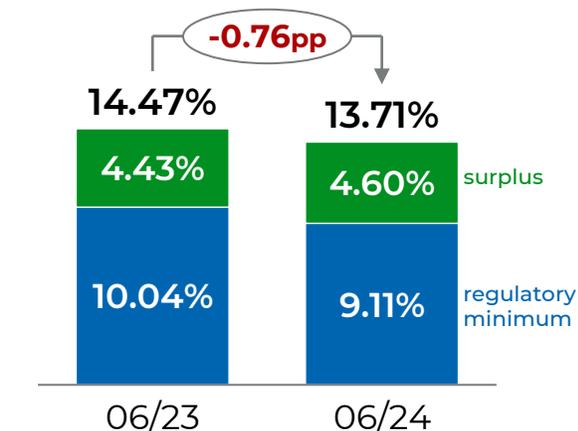


## Customer deposits

PLN B



## Tier 1 capital ratio



<sup>1</sup> Normalized indicator, including 1/2 of contribution to the Resolution Fund, and excluding the impact of "credit holidays" (reversal of cost at PLN 53.5 M in H1/23 and estimated burden of PLN 256.8 M in H1/24) and a refund from KUKI (PLN 164.0 M in Q2/24)

<sup>2</sup> Defined as mBank Group excluding FX Mortgage Loans segment

# Segmentation reveals excellent performance of the core business

## Summary of financial results for mBank's core activity and run-off portfolio in H1/24

PLN million	Core Business	Non-core <sup>1</sup>	mBank Group
Net interest income	4,494.9	9.9	4,504.7
Net fee, trading and other income	1,333.8	-25.9	1,307.8
Total income	5,828.6	-16.1	5,812.6
Total costs	-1,652.1	-17.9	-1,670.0
Loan loss provisions and fair value change <sup>2</sup>	-228.8	9.5	-219.4
Costs of legal risk related to FX loans	0.0	-2,404.0	-2,404.0
Operating profit	3,947.7	-2,428.5	1,519.1
Taxes on the Group balance sheet items	-360.1	-7.0	-367.1
Profit or loss before income tax	3,587.6	-2,435.6	1,152.0
Net profit or loss	2,746.9	-2,062.5	684.4
Total assets	227,544	2,752	230,296
Net interest margin	4.47%		4.41%
Cost/Income ratio	28.3%		28.7%
Cost of risk	0.40%		0.37%
Return on equity (ROE)	40.3%		9.6%

<sup>1</sup> Equivalent of "FX Mortgage Loans segment" in the financial statement

<sup>2</sup> Sum of 'Impairment on financial assets not measured at fair value through profit or loss' and 'Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss' related to loans

Source: mBank Group's consolidated financial statements, mBank's internal data.

## Separation of FX mortgage loan portfolio

- In order to present the accurate and undistorted performance of mBank Group, the non-core part, comprising of foreign currency mortgage loans, is shown separately from the total business.
- **Non-core assets** are defined as all residential mortgage loans granted to individual customers in Poland that at any point in time were in another currency than PLN. In addition to the FX mortgage loan portfolio, associated provisions for legal risk arising from these contracts are also allocated to the segment.

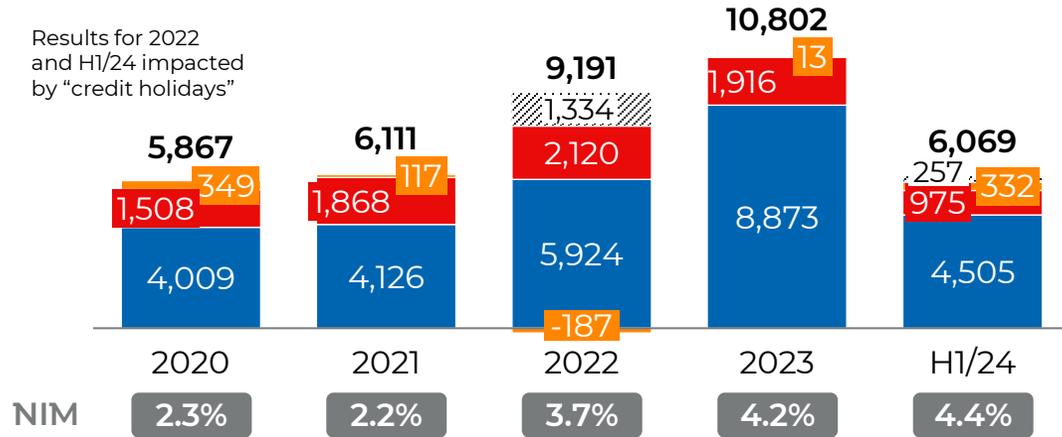
From the managerial perspective, growth of mBank's core business is effectively based on lower capital due to its portion being set aside for FX Mortgage Loans segment.

# Highly efficient platform underpinning solid financial results

## Total income (PLN M) & net interest margin (NIM)

Net interest income Net fee income Net trading and other income

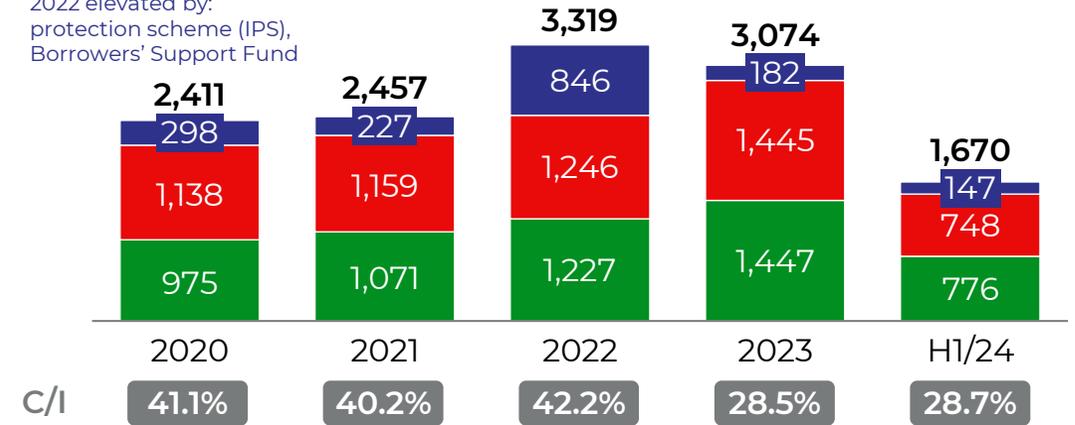
Results for 2022 and H1/24 impacted by "credit holidays"



## Total operating expenses (PLN M) & Cost/Income ratio (C/I)

Personnel costs Material and other costs compulsory contributions

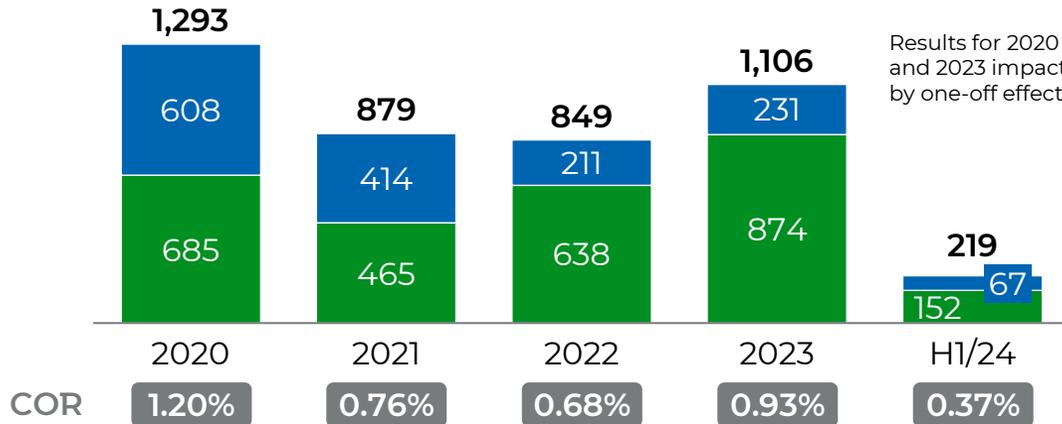
2022 elevated by: protection scheme (IPS), Borrowers' Support Fund



## Loan loss provisions (PLN M) & cost of risk (COR)

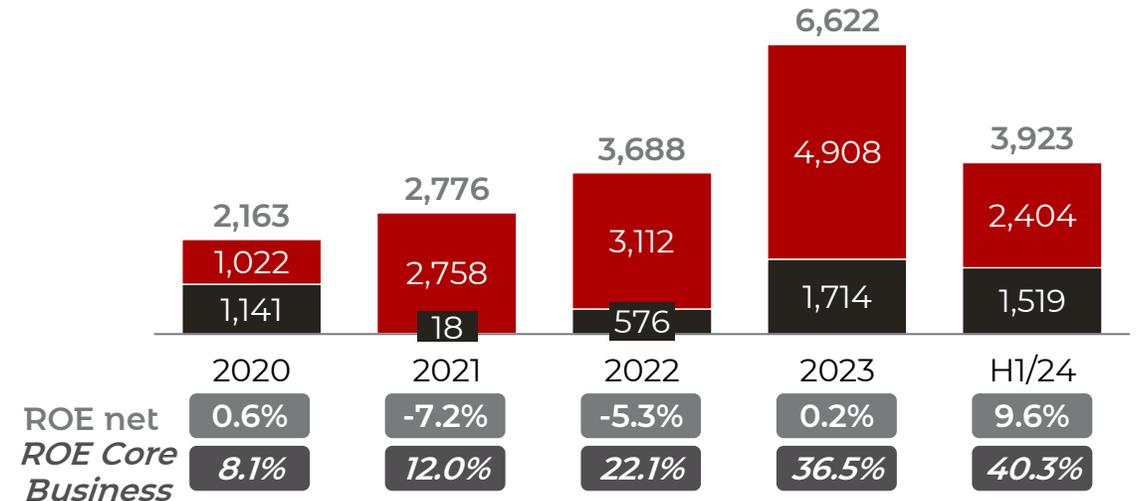
Retail Banking Corporate & Investment Banking

Results for 2020 and 2023 impacted by one-off effects



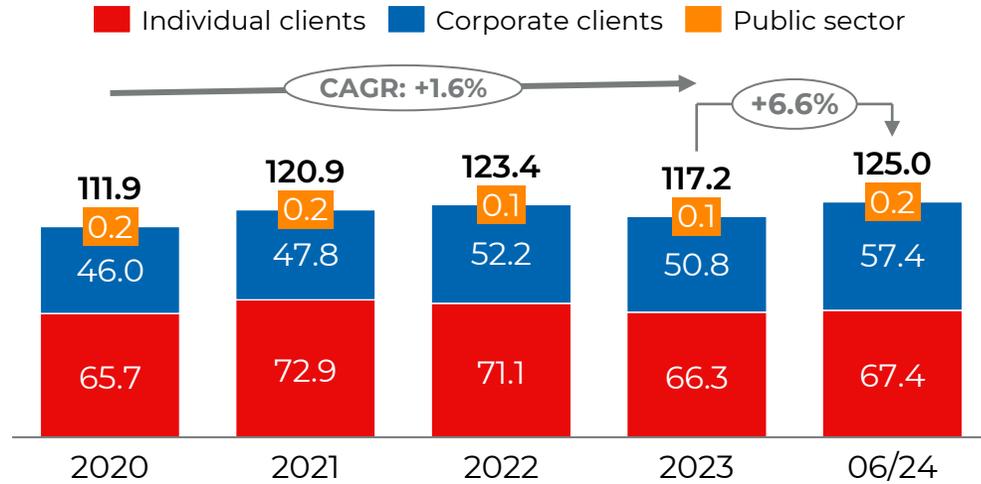
## Operating profit (PLN M) & return on equity (ROE)

Reported operating profit Costs of legal risk related to FX loans

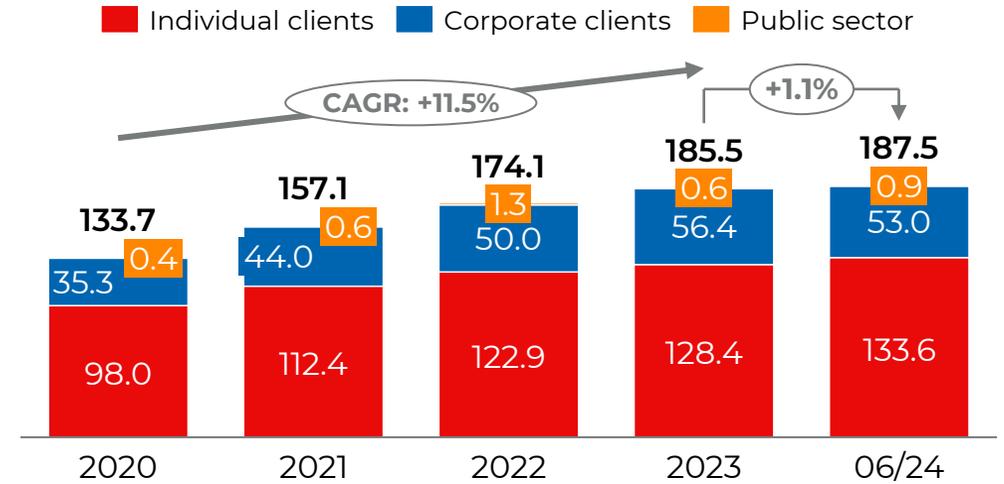


# Rebound of loans, constant growth of deposits, solid capital position

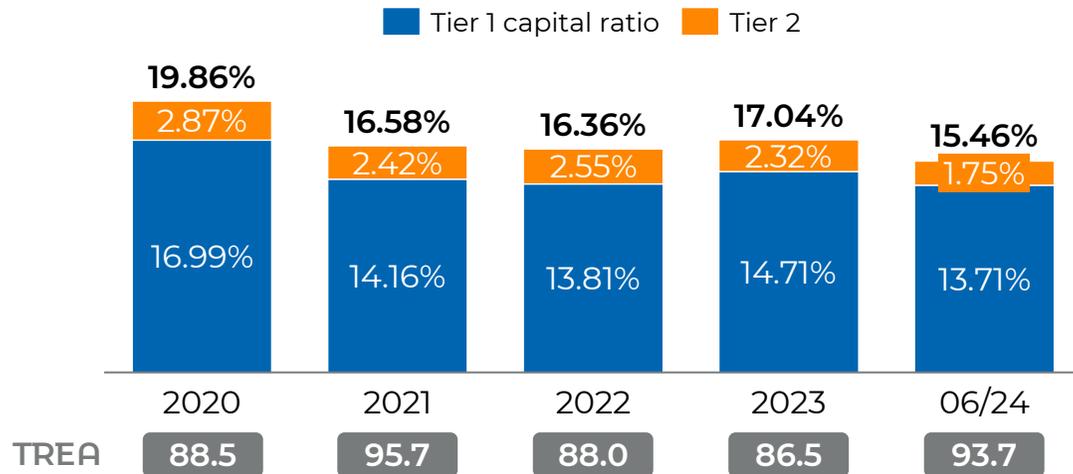
Total gross loans (PLN B)



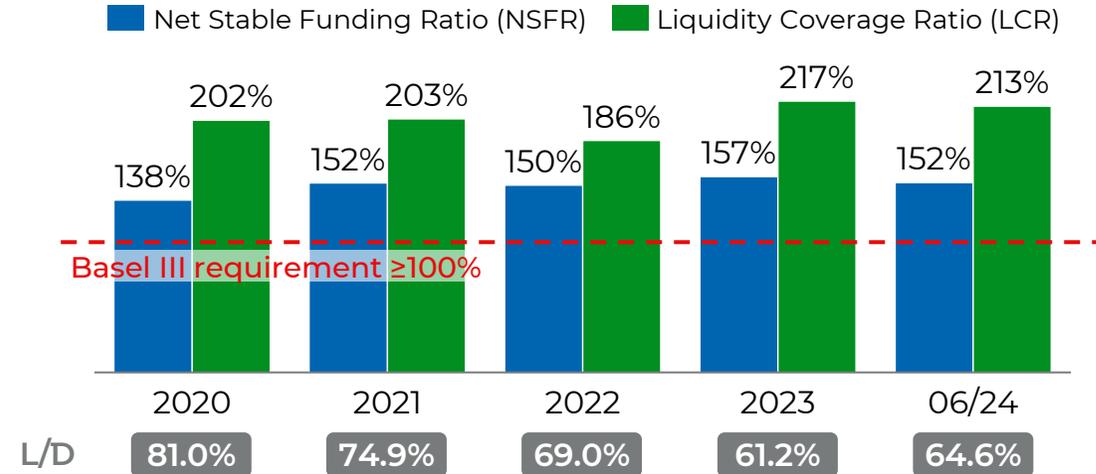
Total customer deposits (PLN B)



Total capital ratio & Total risk exposure amount (PLN B)

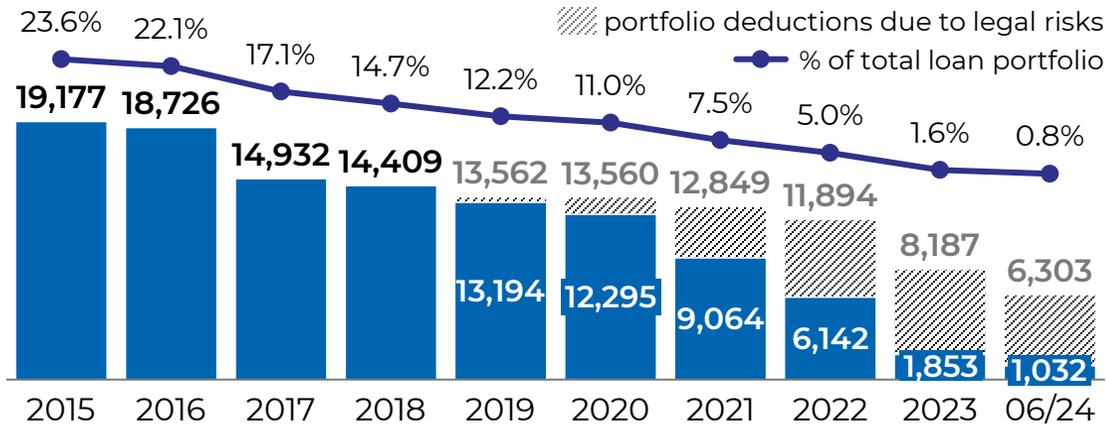


Liquidity metrics & loan-to-deposit ratio (L/D)



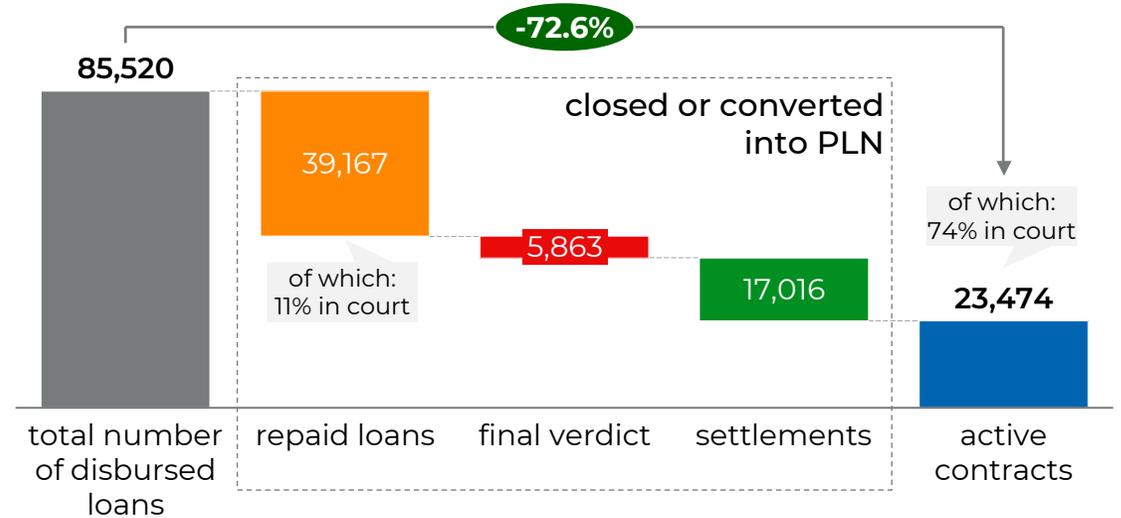
# Protection against legal risks of CHF portfolio further strengthened

Value of CHF mortgage loans to natural persons (PLN M, net)

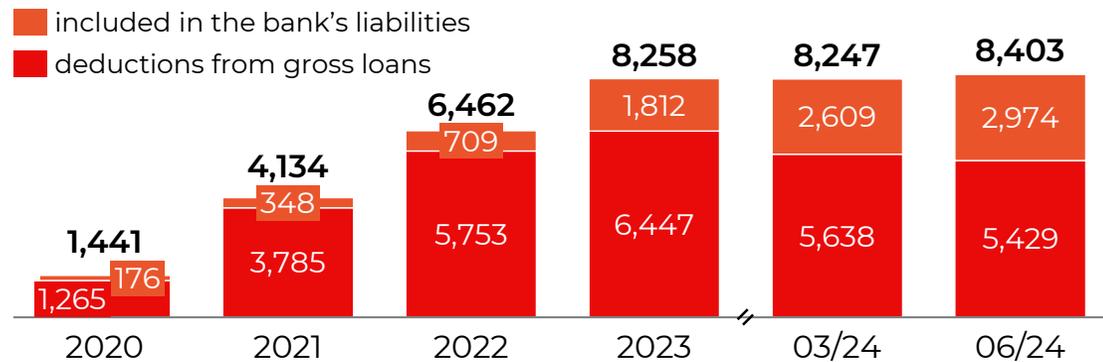


Equivalent to **CHF 230 M** in terms of balance sheet value or **CHF 1,407 M** before deductions of legal provisions as of 30.06.2024

Breakdown of CHF loan contracts at mBank, as of 30.06.2024

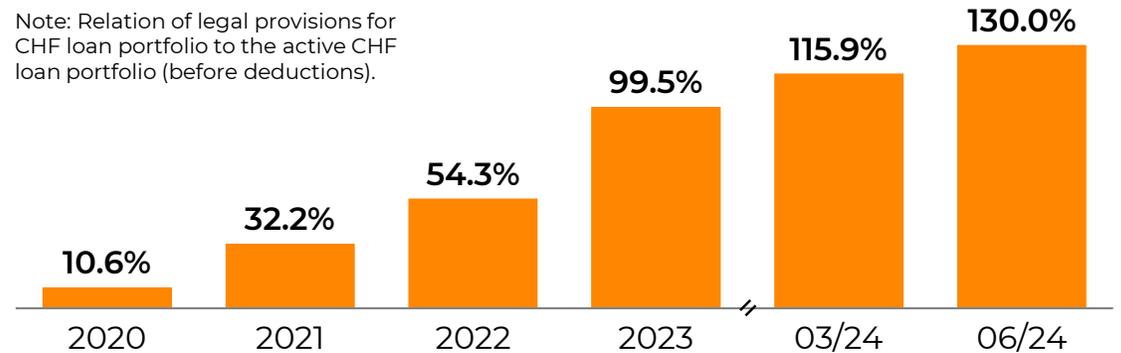


Total value of legal provisions created for FX loans (PLN M)



Note: Provision amount as of 06/24 includes PLN 8,192 M for CHF and PLN 211 M for other currencies.

Coverage of CHF portfolio with created provisions for legal risk



Note: Relation of legal provisions for CHF loan portfolio to the active CHF loan portfolio (before deductions).

Cumulative value of all FX-related legal risk provisions created by mBank between Q1/18-Q2/24

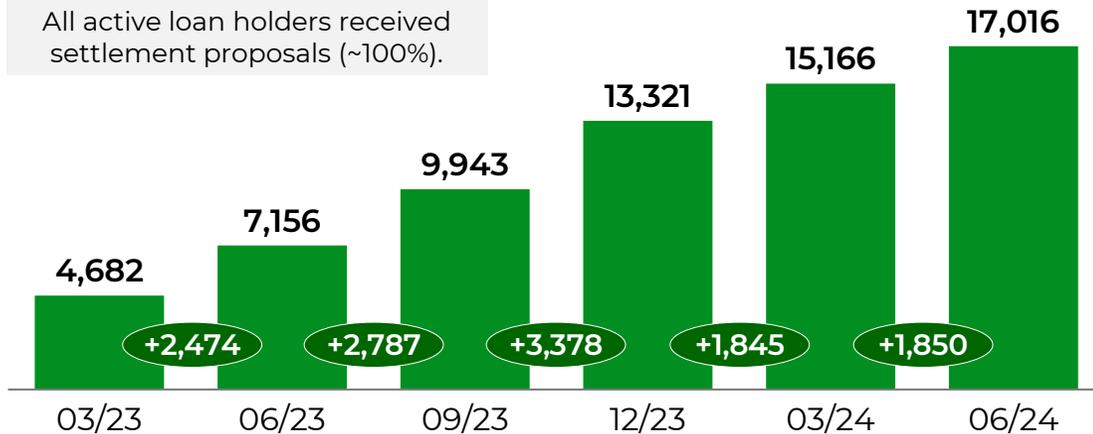
**PLN 14.6 B**

Source: mBank Group's consolidated financial statements, mBank's internal data.

# Progress with settlements, declining number of new court cases

## Number of settlements concluded by mBank (cumulative)

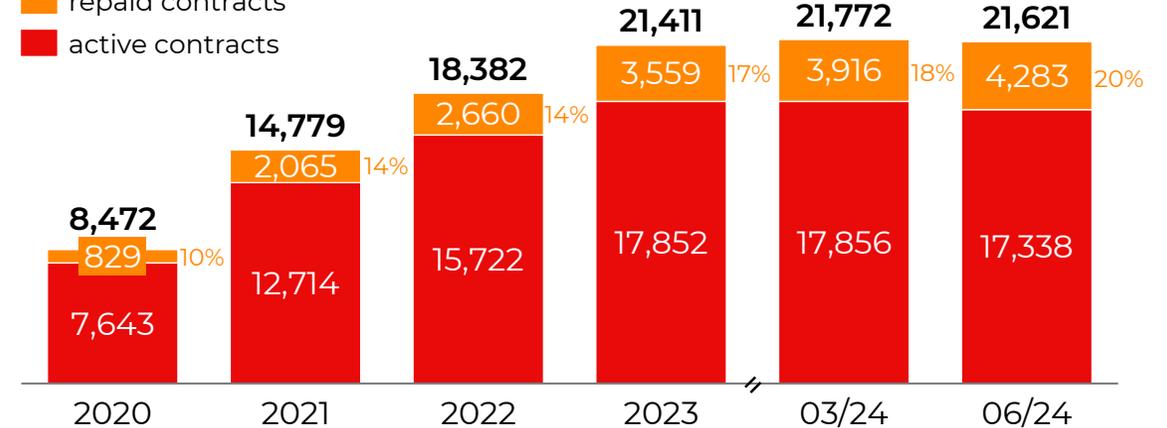
All active loan holders received settlement proposals (~100%).



Note: mBank decided to launch the settlement program for borrowers on 26.09.2022.

## Number of CHF loan contracts in court (pending cases)

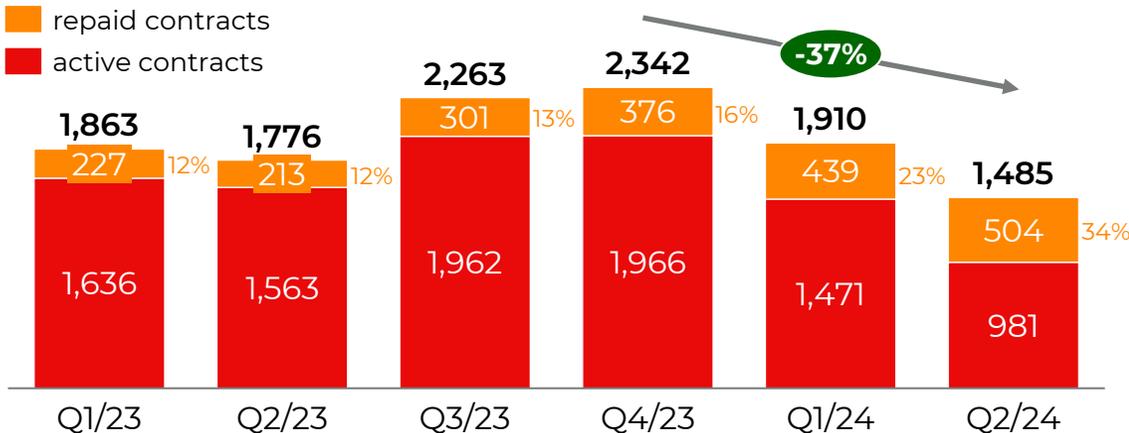
repaid contracts  
active contracts



Note: Classification to active or repaid status as of the reporting date.

## Number of CHF loan contracts entering the court proceedings

repaid contracts  
active contracts



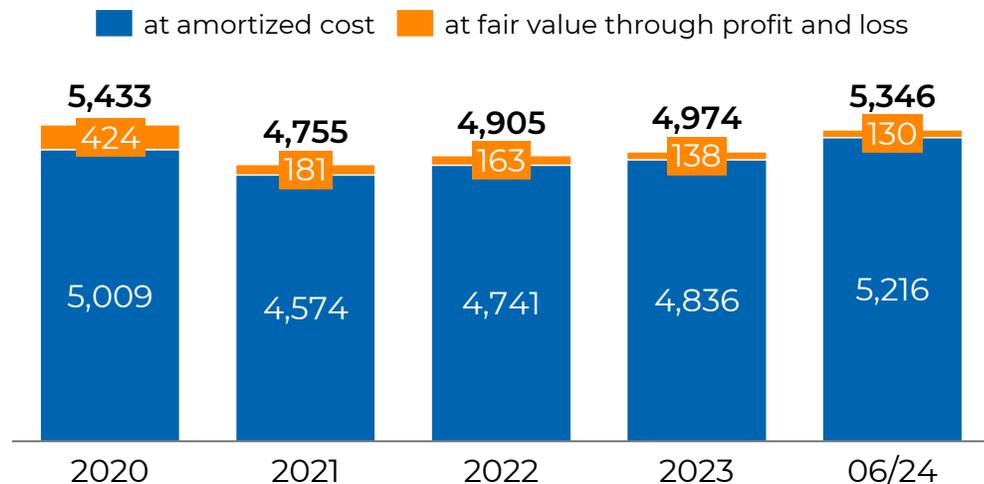
Note: Inflow of newly sued CHF loan contracts by quarter.

## Key statistics and assumptions as of 30.06.2024

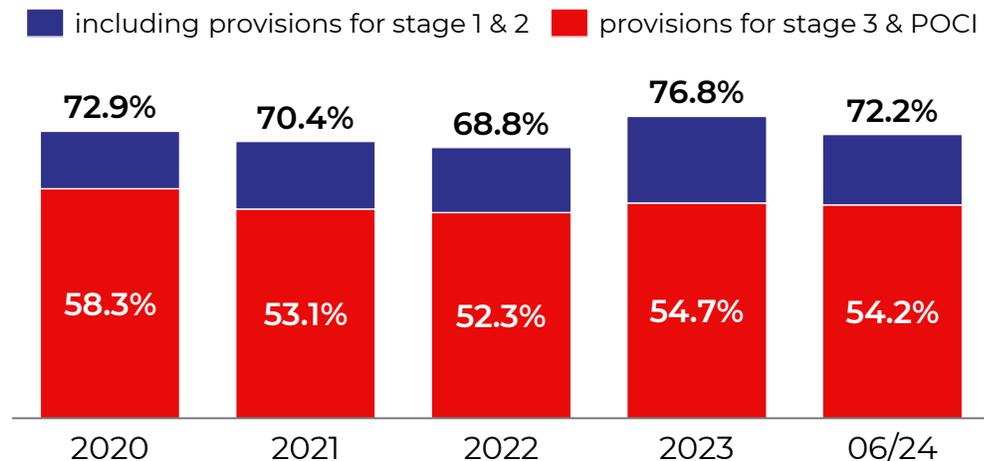
- **Coverage** of active CHF portfolio with created provisions for legal risk was at the level of **130% as of 30.06.2024**
- Number of active contracts at the level of 23.5 thousand (**72.6% lower vs. the original number of 85.5 thousand**)
- **17,016 settlements** were signed with CHF borrowers, with the stable number concluded in Q2/24 (1,850 settlements)
- **20% of the 21,621 CHF loan contracts** that were under court proceedings at the end of Q2/24, pertain to **repaid loans**
- **5,863 contracts** are already closed with **final court verdict**
- Number of new cases in Q2/24 was 37% lower than in Q4/23

# Good loan portfolio quality confirmed by risk indicators

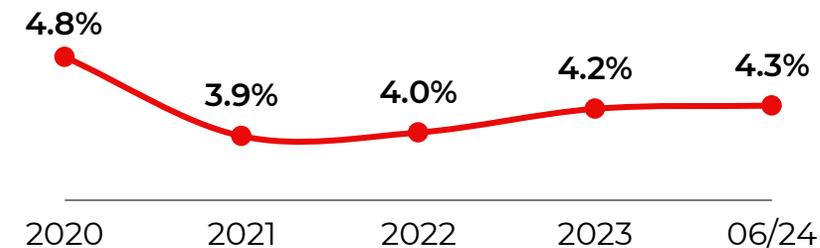
## mBank Group's impaired loans portfolio (PLN M)



## mBank Group's coverage ratio

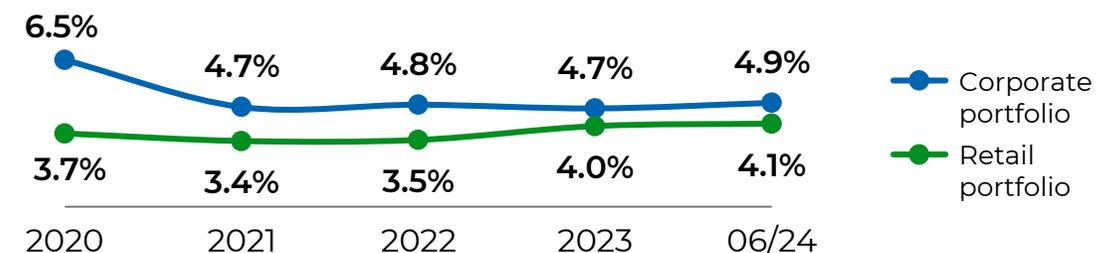


## mBank Group's NPL ratio

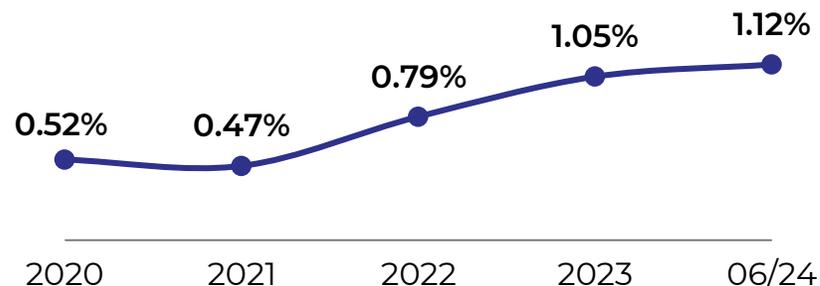


NPL ratio according to EBA definition has remained considerably below 5%  
based on guidelines applicable from 30.06.2019

## mBank Group's NPL ratio, by segment



## NPL ratio of mortgage loan portfolio in PLN



	06/24
PLN	1.12%
FX	7.48%
<b>TOTAL</b>	<b>2.32%</b>

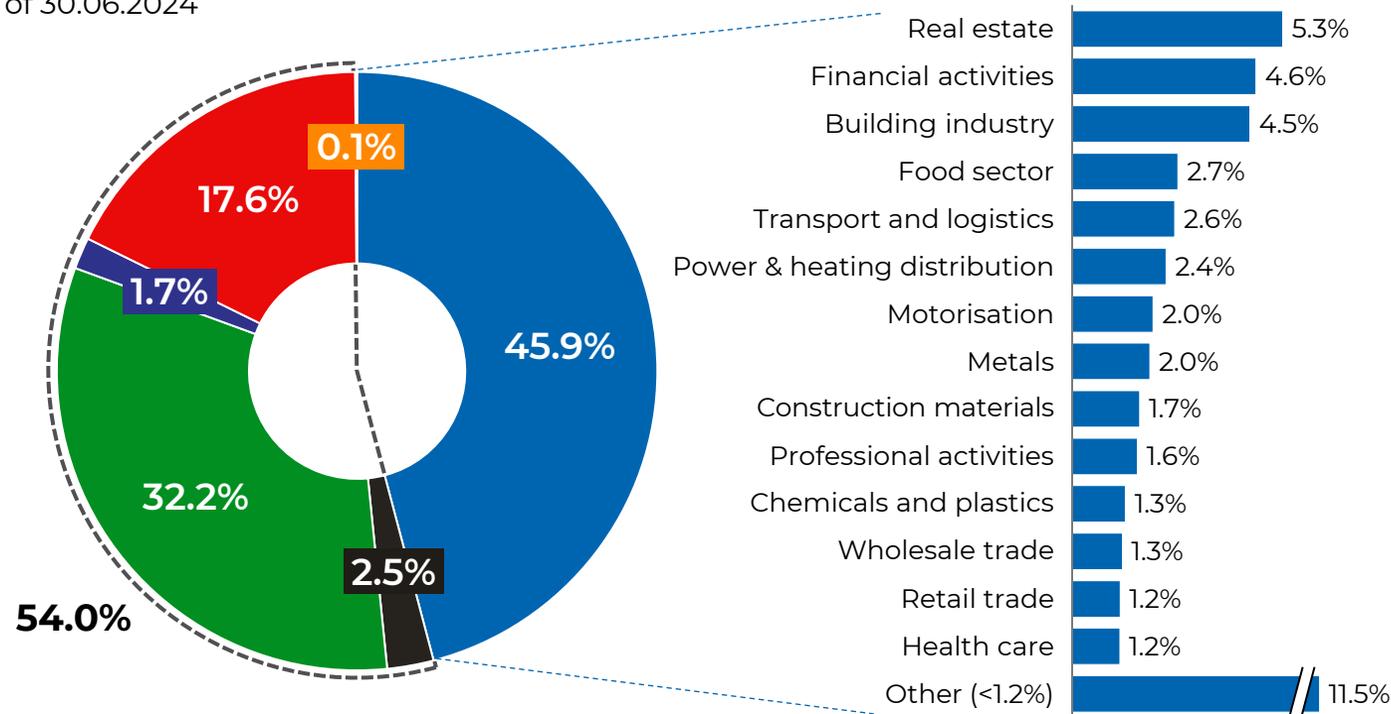
granted to private individuals

Note: Risk indicators presented for credit portfolio measured both at amortized cost and at fair value through profit or loss. The bank applies a client-oriented approach in its methodology of NPL recognition.

# Loan portfolio and deposit base with favourable product split

## Structure of mBank Group's gross loans, by client segment and industry

as of 30.06.2024

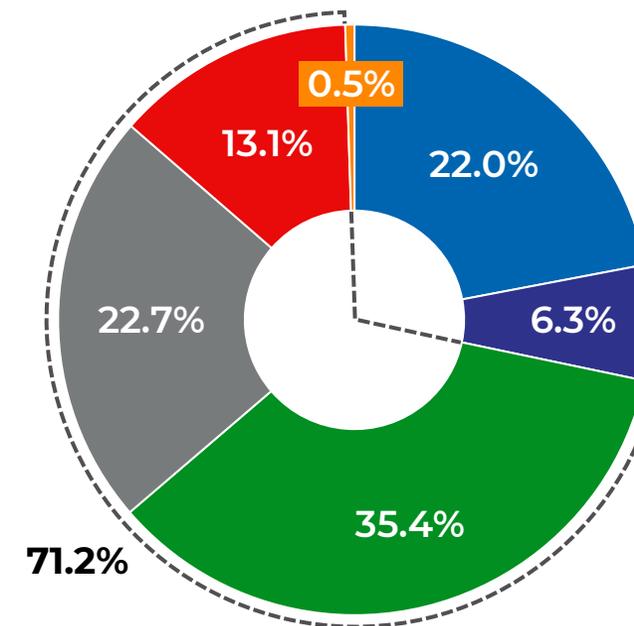


	PLN billion
Corporate loans	57.4
Mortgage loans in FX to individuals	3.2
Mortgage loans in LC to individuals <sup>1</sup>	40.3
Mortgage loans to microfirms	2.0
Non-mortgage retail loans	21.9
Public sector loans	0.2
<b>TOTAL</b>	<b>125.0</b>

**A well diversified loan portfolio with granular structure of exposures**

## Structure of mBank Group's deposits

as of 30.06.2024



	PLN billion
Corporate clients: current accounts <sup>2</sup>	41.2
Corporate clients: term deposits	11.8
Individual clients: current accounts	66.5
Individual clients: saving accounts	42.6
Individual clients: term deposits	24.5
Public sector clients	0.9
<b>TOTAL</b>	<b>187.5</b>

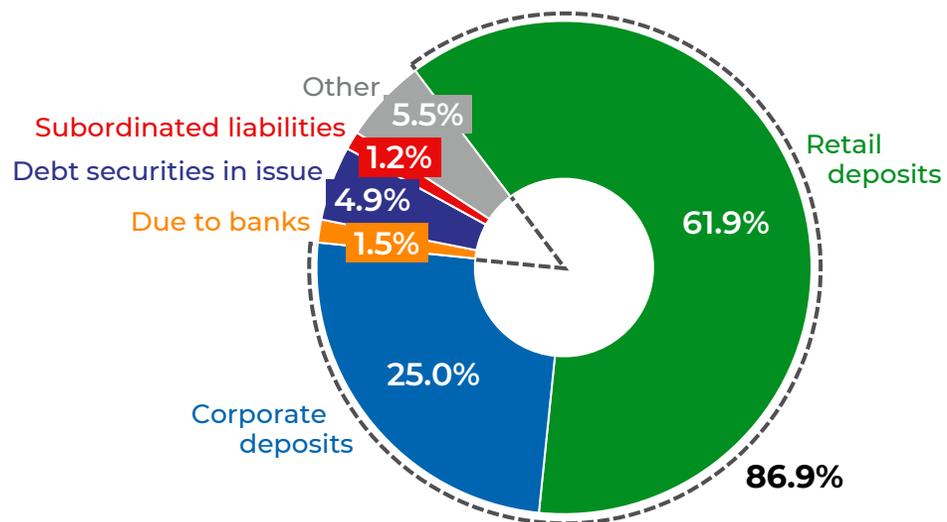
<sup>1</sup> Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

<sup>2</sup> Including repo transactions

# Well-diversified funding profile with wholesale component

## Structure of mBank Group's funding

as of 30.06.2024



## Summary of mBank's long-term funding instruments

as of 30.06.2024

Nominal value	Currency	Issue date	Maturity date	Tenor	Coupon
Issues under Euro Medium Term Note (EMTN) Programme					
125 M	CHF	05.04.2019	04.10.2024	5.5 Y	1.0183%
500 M <sup>1</sup>	EUR	20.09.2021	21.09.2027	6.0 Y	0.966%
750 M <sup>1</sup>	EUR	11.09.2023	11.09.2027	4.0 Y	8.375%
Subordinated loan and bonds					
250 M	CHF	21.03.2018	21.03.2028	10.0 Y	LIBOR3M +2.75%
750 M	PLN	17.12.2014	17.01.2025	10.1 Y	WIBOR6M +2.10%
550 M	PLN	09.10.2018	10.10.2028	10.0 Y	WIBOR6M +1.80%
200 M	PLN	09.10.2018	10.10.2030	12.0 Y	WIBOR6M +1.95%
Loans and advances received					
113 M	CHF	04.09.2017	04.09.2025	8.0 Y	-
176 M	CHF	30.07.2018	30.07.2025	7.0 Y	-
138 M	CHF	02.08.2019	02.08.2027	8.0 Y	-

<sup>1</sup> bonds issued in non-preferred senior (NPS) format

Note: The table does not include covered bonds issued by mBank Hipoteczny.

## Summary of mBank's ratings

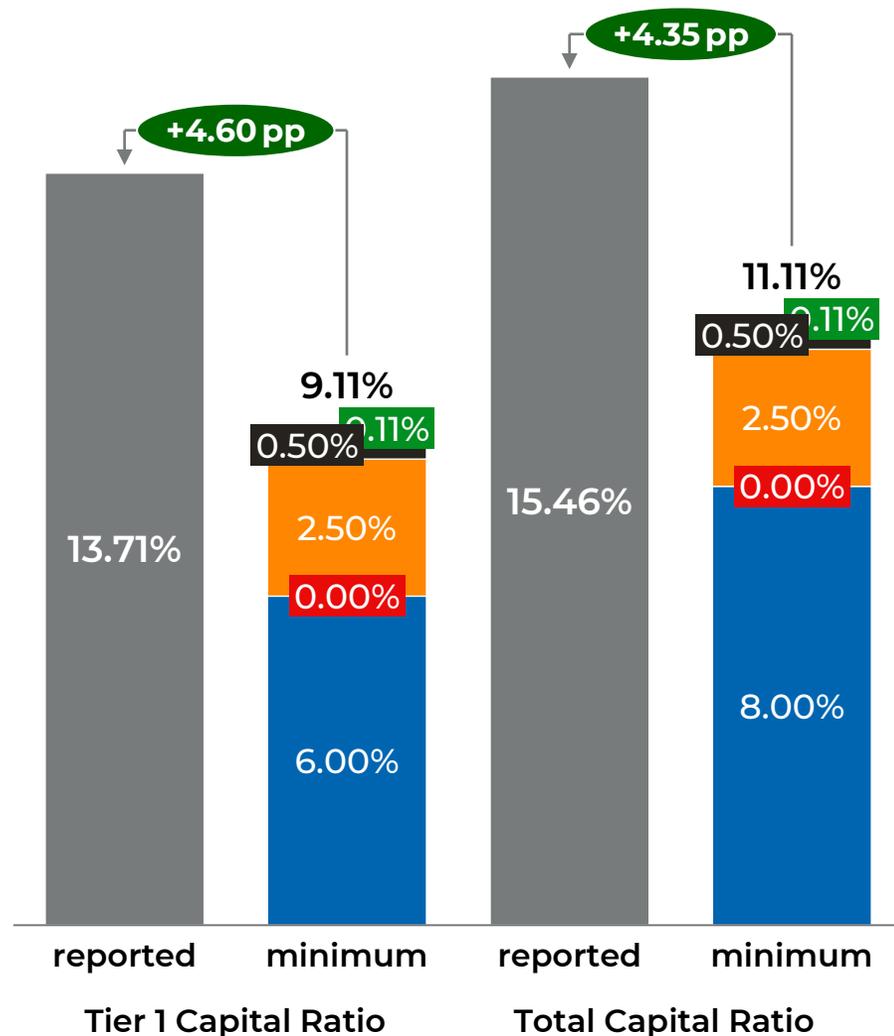
as of 30.06.2024

	Fitch Ratings	S&P Global Ratings
Long-term rating	BBB-	BBB
Outlook	<i>stable</i>	<i>positive</i>
Short-term rating	F3	A-2
Viability rating / SACP	bbb-	bbb-
Senior Preferred Debt	BBB-	BBB
Senior Non-Preferred Debt	BB+	BB+

# Capital ratios well exceeding the regulatory requirements

## Regulatory capital requirements for mBank Group

as of 30.06.2024

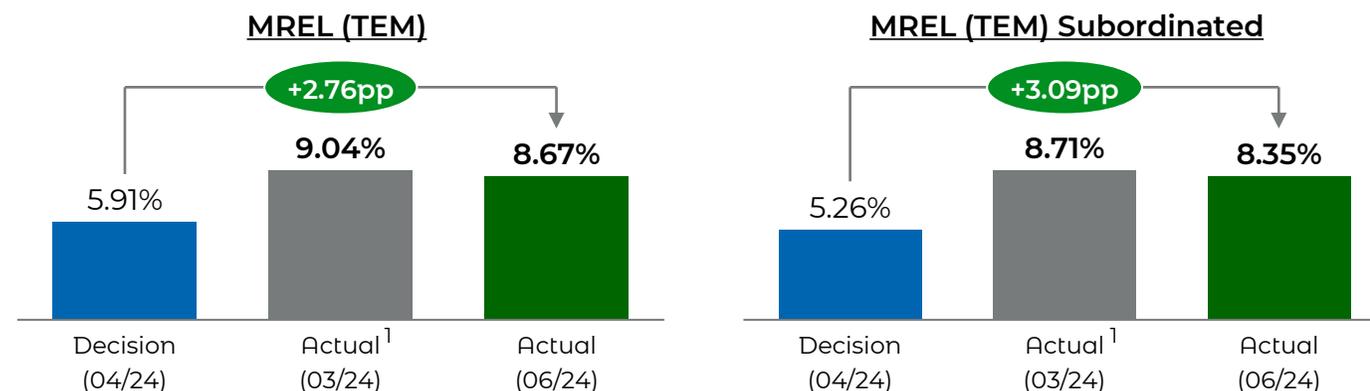
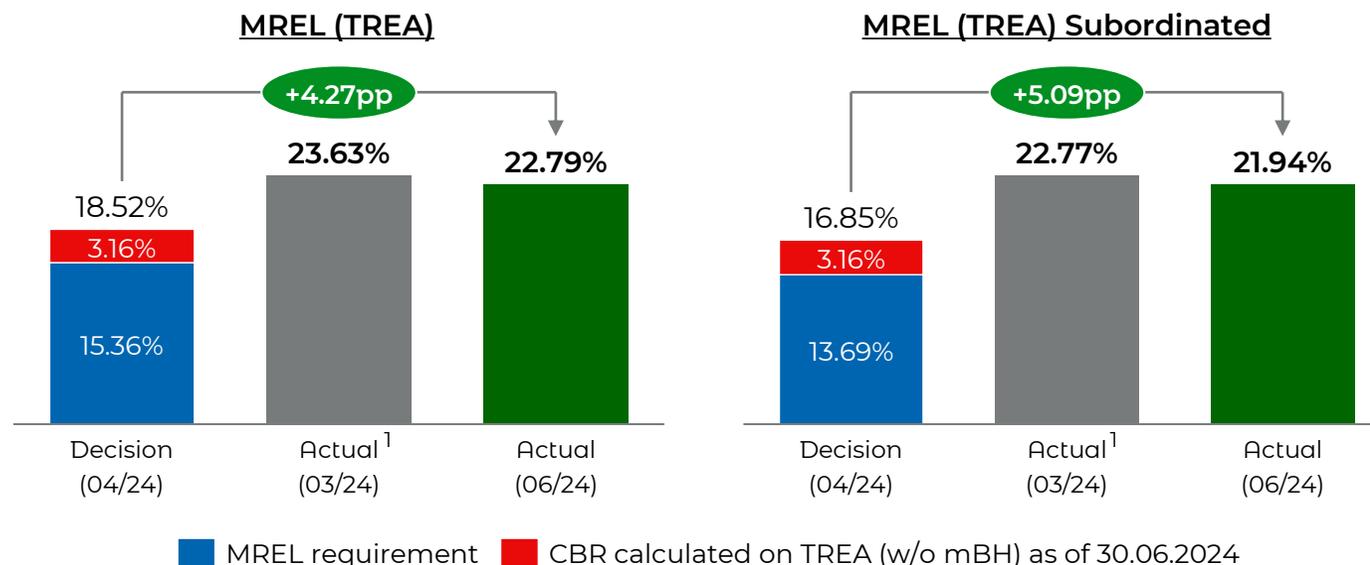


- Countercyclical Capital Buffer (CCyB)**, calculated as the weighted average of the CCyB rates that apply in the countries where the relevant credit exposures are located.
- Systemic Risk Buffer (SRB)**, originally set at 3.0% in Poland, reduced to 0% starting from 19.03.2020; for mBank it applies only to domestic exposures.
- Other Systemically Important Institution (O-SII) Buffer**, imposed by an administrative decision of the PFSA; its level is reviewed annually.
- Conservation Capital Buffer (CCB)**, equal for all banks in Poland as introduced by the Act on Macroprudential Supervision Over the Financial System and Crisis Management in the Financial System.
- Individual additional Pillar 2 capital requirement for risk related to FX retail mortgage loans (FXP2)** imposed as a result of risk assessment carried out by the PFSA.
- CRR Regulation minimum level (CRR)** based on the applicable EU Regulation.

In December 2023, mBank received the decision of the Polish Financial Supervision Authority regarding the expiry of the additional capital requirement related to risk of foreign currency mortgage loans for households on both individual and consolidated basis. Latest level of the buffer imposed on mBank Group based on the decision dated 14.06.2023 amounted to 1.18 p.p. for Total Capital Ratio and by 0.89 p.p. for the Tier 1 capital ratio.

# MREL requirements to be fulfilled by bond issuances

## Fulfilment of MREL requirements by mBank Group



- Based on the joint decision of Resolution College, the Multiple Point of Entry (MPE) approach was applied in case of Commerzbank AG Group (mBank constitutes a separate resolution group).
- On 09.04.2024, mBank received the joint decision of Bank Guarantee Fund and Single Resolution Board regarding the minimum MREL requirement.
- The fully-fledged MREL requirements, which have been set at the consolidated level, excluding mBank Hipoteczny, are as follows:
  - **MREL<sub>TREA</sub> requirement has been set at the level of 15.36%** and should be met by own funds and subordinated eligible liabilities at the level of 13.69%
  - **MREL<sub>TEM</sub> requirement has been set at the level of 5.91%** and should be met by own funds and subordinated eligible liabilities at the level of 5.26%
- The Bank is also obliged to maintain a Combined Buffer Requirement (CBR) on top of the MREL<sub>TREA</sub> requirement.
- **Based on data as of 30.06.2024, mBank fulfils its requirements with MREL<sub>TREA</sub> ratio of 22.79% and the MREL<sub>TEM</sub> ratio of 8.67%.**
- mBank plans to meet MREL requirements primarily by issuing non-preferred senior and preferred senior bonds in green format.

<sup>1</sup> MREL ratios recalculated taking into account the retrospective inclusion of net profit for Q1/24 in own funds (after PFSA approval)

# Evaluation of strategic financial targets vs. reported results

Current financial performance of mBank Group compared to the strategic targets

	Measure	Target level	Current level – H1 2024	
		announced in strategy	reported	execution and comment
<b>Efficiency</b> [in 2025]	Cost/Income ratio (C/I)	below 40%	28.7%	✓ supported by high interest rates boosting revenues and offsetting inflationary pressure
<b>Stability</b> [in the mid-term]	Tier 1 capital ratio	year-end level min 2.5 p.p. above the PFSA requirement	+4.6 p.p.	✓ safe buffer above the regulatory minima thanks to securitisations and cautious TREA increase
	Cost of risk (COR)	~0.80%	0.37%	✓ below the guided range due to improving financial standing of clients and NPL sales
<b>Growth</b> [CAGR 2021-2025]	Dynamics of loans	average 2022-2025: ~3%	+2.7% YoY	✗ weakened by negative accounting effects related to CHF exposure (deductions reducing portfolio)
	Dynamics of deposits	average 2022-2025: ~6%	+6.2% YoY	✓ growth focused on inflows to current accounts amid pricing optimisation
	Dynamics of total revenues	average 2022-2025: 4-5% <sup>1</sup>	+11.8% YoY	✓ driven by record-high net interest income despite lower net fees and commissions
<b>Profitability</b> [in 2025]	Net interest margin (NIM)	above 3.0%	4.4%	✓ thanks to higher loan yields benefitting from rate level and active deposit management
	Return on equity (ROE)	~14%	9.6% <sup>2</sup>	✗ depressed by elevated legal costs related to CHF mortgage loans (PLN 2.4 B in H1/24)

<sup>1</sup>the growth pace calculated against the level of revenues adjusted for the negative impact of “credit holidays” at PLN 9,191 million

<sup>2</sup> ROE of Core Business (defined as mBank Group excluding FX Mortgage Loans segment) amounted to 40.3%



# ESG strategy of mBank Group

# ESG strategy of mBank Group for 2021-2025

ESG aspects play a crucial role in the way we manage our organisation

As a financial institution, we have a particular responsibility and a key role to play in supporting global and national efforts in dealing with the transformation towards sustainable development and especially climate neutral economy.



By further integrating ESG aspects into our priorities, activity, management and risk processes, we aim to:



reduce to zero greenhouse gas emissions generated both directly by ourselves and by the credit portfolio we finance



support sustainable growth with both financial and non-financial benefit of the society and our clients



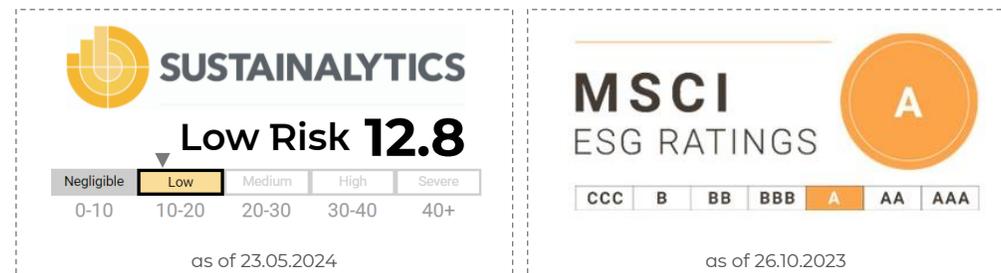
build credible relationships and strengthen the trust of our stakeholders by acting transparently and in line with ESG values

Our ESG efforts are guided by objectives defined in the [EU Sustainable Finance Action Plan](#) and the [European Green Deal](#).

Over the years, mBank has reaffirmed its commitment to a sustainable future by surpassing mandatory ESG regulations and actively participating in leading voluntary initiatives.

We have applied global best practices, exemplified by alignment with the [UN Sustainable Development Goals \(SDGs\)](#), the [UNEP FI Principles for Responsible Banking](#) and the [Science Based Targets initiative \(SBTi\)](#).

## ESG ratings<sup>1</sup>



<sup>1</sup> please see [the webpage](#) for disclaimer statements

We have defined **strategic directions** for the coming years in three dimensions: **environment**, **social**, and **governance**.

# Expanding the offer with retail and corporate sustainable products

## Mortgage loan for energy-efficient properties

- No fee for granting a loan and reduced margin based on fulfilling applicable conditions
- Property needs to match the energy consumption limit described by EP indicator (annual demand for non-renewable primary energy specified in the Energy Characteristics Certificate or Projected Energy Characteristics)

## Leasing supporting transition

- Since 2019, mLeasing has provided financing for photovoltaic systems
- The condition is that the generated power is used for the entrepreneur's own needs
- The financing period is up to seven years and the entrepreneur's own contribution is at least 10%

## Eco-loan for small companies

- mBank supports entrepreneurs in eco-transformation and has offered preferential conditions for financing between PLN 30,000-200,000 aimed at reducing energy consumption, gas emissions and pollutants
- Companies that spend the borrowed funds for environmental purposes will pay no commission for granting the loan, and the margin will be lowered by 1 percentage point

## Green bond issuance for corporate customers

- mBank arranges issuance of green bonds for corporate clients
- Over PLN 1 billion of funds raised from green bonds financed clients' activities in green commercial real estate (CRE) and renewable energy resources segment since 2021

## Financing of Renewable Energy Sources

- Since July 2024, mBank's limit for financing of the Renewable Energy Sources increased to PLN 6.4 billion
- At of 31.12.2023, mBank's RES portfolio reached PLN 3.98 billion
- In H1 2024, we granted financing of over PLN 500 million
- mBank also finances small RES investment projects (up to 5 MWh) and offers the leasing of photovoltaics and electric cars



# mBank is improving the disclosure on GHG emissions

## GHG disclosure in the 2023 mBank Group's ESG Report

emission scope according to the GHG methodology	Emissions (tonnes of CO <sub>2</sub> e per year)		Change YoY
	2022	2023	2023/2022
CO <sub>2</sub> e emissions - Scope 1	3,342	2,972	-11.1%
CO <sub>2</sub> e emissions - Scope 2 (market-based <sup>1</sup> )	4,626	5,012	8.3%
CO <sub>2</sub> e emissions - Scope 2 (location-based <sup>2</sup> )	20,219	19,109	-5.5%
CO <sub>2</sub> e emissions - Scope 3 (incl. Category 1, 2, 3, 7)	11,039	10,292	6.8%
CO <sub>2</sub> e emissions – total (incl. Scope 2 market-based <sup>1</sup> )	19,006	18,276	-3.8%
CO <sub>2</sub> e emissions – total (incl. Scope 2 location-based <sup>2</sup> )	34,600	32,374	-6.4%

GHG emissions calculated according to the GHG Protocol. Scope definitions to be understood as per GHG Protocol.

Scope 3 – other indirect emissions arising in the value chain:

- *Category 1 “Purchased goods and services”* – emissions resulting from the consumption of office and marketing paper, purchased payment cards and car fleet cards, as well as courier services,
- *Category 2 “Capital goods”* – emissions arising from purchased IT equipment (printers, printers with scanner, laptops, PC towers, PC monitors, marketing campaign displays, smartphones, mobile phones, tablets),
- *Category 3 “Energy and fuel-related emissions not included in Scope 1 and 2”* – emissions resulting from electricity and heat transmission losses and well-to-tank emissions upstream in the energy and fuel production chain,
- *Category 7 “Employee commuting”* - emissions from the transportation of employees between their homes and their worksites during the reported period using the vehicles that are not owned as well as operated by the company (category added for the first time in 2022).

<sup>1</sup>Market-based - reflects emissions from electricity that companies have purposefully chosen and derives emission factors from contractual instruments (source- GHG Protocol Scope 2 Guidance)

<sup>2</sup>Location-based method calculates the emissions from electricity use based on the average emission intensity of the power grid on which energy consumption occurs. (source- GHG Protocol Scope 2 Guidance)

# mBank is improving the disclosure on GHG emissions

GHG disclosure in the 2023 mBank Group's ESG Report – extended disclosure of scope 3 emissions

emission scope according to the GHG methodology	Assets	Emissions (M tonnes of CO <sub>2</sub> e per year)	
		2022	2023
CO <sub>2</sub> e emissions - Scope 3 Category 15 (investment) – first disclosure in 2023	mortgages (retail customers)*	0.50	0.41
	motor vehicle loans (retail customers)*	0.01	0.01
	general purpose corporate loans (corporate customers) **	11.65	10.22
	commercial real estate (CRE) (corporate customers) **	0.09	0.11
	project finance (corporate customers) **	-	-
	financial instruments – corporate bonds (corporate customers) **	0.12	0.11
	<b>TOTAL</b>		<b>12.36</b>

- *Category 15 „Investments”* – emissions within mBank and mBank Hipoteczny's financing activities in 2023
- Due to data availability emissions calculated for commercial real estate (CRE) pertain only to the portfolio financed by mBank in 2022, in 2023 this portfolio has been acquired in total by mBank
- The carbon footprint of the portfolio was calculated in accordance with the PCAF (Partnership for Carbon Accounting Financials) methodology
- Comments on the calculation methods: The corporate portfolio calculations exclude SMEs included in the retail portfolio. For listed companies, equity from their financial statements was used instead of EVIC due to data availability. The ability to include the remaining financing with known use of proceeds provided to special purpose vehicles and corporate loans with known use of proceeds was restricted due to the identified gaps in data on emissions from financed activities. Consequently, we classified them as general corporate lending. We applied certain exclusions from the CRE category by taking into account completed projects only.
- More information in the ESG Report, page 92-97, <https://www.mbank.pl/pdf/esg/esg-report-of-the-mbank-group-2023.pdf>

\* Calculation for Scopes 1 and 2

\*\* Calculation for Scopes 1, 2 and 3

# Management of environmental and social risks for financed projects



mBank plays a limited role in the development of the specific projects financed, but is exposed to risks associated with the companies and projects that it may finance. To manage or mitigate potential risks the following policies and standards were established.

mBank has implemented the **Sustainability Standards to address ESG risks** (including biodiversity loss, waste and effluents from large-scale infrastructure development)

- Since 2021 the analysis of **ESG risk factors is a mandatory part of corporate client risk assessment process**, in line with the recommendation of the European Banking Authority (EBA)
  - The evaluation of ESG risks is provided individually or on the basis of industry-specific ESG risks during client onboarding and repeated periodically; in certain situations, the Group requires clients to carry out legal or technical due diligence,
  - The results of the ESG analysis inform decisions on continuation and development of client relationships,
- mBank applies several exclusion criteria in line with the Credit policy for industries relevant to EU climate policy
- Investments in companies that have activities associated with child labour, forced or otherwise grossly abuse human rights, that are oriented towards economic exploitation of areas of high natural value or that threaten global cultural heritage are also restricted by the Policy on serving reputational risk-sensitive industries

**The majority of the Group's operations are located in Poland, which is recognized as "Designated Country" under the Equator Principles**, ensuring the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate the environmental and social risk associated with financed projects

**mBank has been a signatory to the UN Global Compact Principles since 2016** and conforms to its 10 principles on upholding human rights, eliminating unfair labour practices, preventing environmental degradation, and anti-corruption. mBank also abides by various international regulations, f.e. the Universal Declaration of Human Rights, the Standards of the International Labour Organisation and the OECD Guidelines.

For relevant documents please go to: <https://www.mbank.pl/en/about-us/corporate-social-responsibility/our-standards/>

More details can be found in our ESG Report here: <https://www.mbank.pl/pdf/esg/esg-report-of-the-mbank-group-2023.pdf>

and in the Management Board Report on Performance of mBank S.A. Group, section on the non-financial statement of mBank S.A. Group

You can also access the actual documents by clicking the links to our website in the table placed on next slide

# Sustainability standards at mBank

We define our ESG standards in the following policies, procedures and codes of conduct

Scope of statement / disclosure	Click the link to view	Scope of statement / disclosure	Click the link to view
Assessment of corporate clients' ESG risk	<a href="#">ESG factors in credit policies</a>	Compliance Policy, Fraud Prevention Policy, Anti-Corruption Policy, Protection of Whistleblowers, Anti-Money Laundering and Terrorism Financing Policy, Global Sanctions Policy, Tax Crime Prevention Policy, FATCA/CRS Policy	<a href="#">Compliance</a>
Exclusions in line with Credit Policy for Industries Relevant to EU Climate Policy, Policy on Handling Sensitive Industries and Activities	<a href="#">Responsibility Towards Climate Change and Sustainable Finance</a>	The Code applies to all employees, and it defines permitted and prohibited business practices, appropriate workplace behaviour, financial rules and corporate social responsibility.	<a href="#">Ethical standards</a>
Policy on competences of employees who serve investment clients, Strategy on ESG risks in investment services	<a href="#">Responsible investment services Strategy on ESG risks in investment services (in Polish)</a>	mBank's Ethics Programme outlines guidelines for building an ethical corporate culture and responsibility for each subject, as well as actions and standards that all employees are required to comply with.	<a href="#">Ethics Programme</a>
Signatory to the Ten Principles of UN Global Compact since 2016	<a href="#">ESG code for suppliers and partners Principles for suppliers</a>	Corporate governance policy, Policy on the Management Board and the Supervisory Board members' qualifications assessment, Risk takers' remuneration policy, Disclosure obligations, Policy on transactions with affiliated entities, Outsourcing policy, Sponsorship policy, Membership policy	<a href="#">Corporate governance</a>
Policy for launching new products, Information policy for communications with investors, media and customers, mKanon – simple and clear communication, Personal data security policy and Policy for personal data management, Policy and due diligence regarding information security and cybersecurity, Responsible handling of complaints and claims	<a href="#">Customer relations standards</a>	Policy of managing conflicts of interest	<a href="#">Policy on managing conflicts of interest</a>
Anti-mobbing policy, Diversity and inclusion policy, Employee remuneration policy, Work rules	<a href="#">Employee relations standards</a>	Information policy for communications with investors, the media and customers	<a href="#">Information policy</a>
Policy on Handling Sensitive Industries and Activities, principles applicable to suppliers to assure they respect human rights, including labour laws	<a href="#">Human rights</a>	Remuneration policy	<a href="#">Risk-takers' remuneration policy</a>



# **mBank Group's Green Bond Framework**

# mBank S.A. Group Green Bond Framework

## Summary

Green bond Framework based on  
**the ICMA Green Bond Principles 2021**

Alignment with Climate Bonds Initiative  
(CBI) Standard v4 will be assured

Second Party Opinion from Sustainalytics

Proceeds will be used to (re)finance green residential  
buildings and renewable energy projects selected  
in compliance with Climate Bonds Sector Criteria

Pre- and Post-issuance Certification from  
Climate Bonds Initiative will be requested



# mBank S.A. Group Green Bond Framework

## Rationale

- To align our funding strategy with ESG goals set in our Strategy to support clients in green transition and sustainable growth
- To channel funds to projects that contribute to the achievement of the UN Sustainable Development Goals and mitigate climate change by reducing emissions or having a positive environmental impact

## Use of proceeds

mBank allocates the net proceeds to a portfolio of new and existing loans, the **Eligible Assets Portfolio**, that includes:

- ✓ Green residential buildings
- ✓ Renewable Energy Source projects
- ✓ Other eligible assets, as described in the Framework

In case of refinancing, a **look-back period of maximum 3 years\*** will be applied.

## Project Evaluation & Selection

- **On-going asset evaluation and selection** in line with the adopted Eligibility Criteria
- **The Sustainable Development Committee (SDC) decides on the inclusion of assets into the Eligible Assets Portfolio** based on internal reports prepared by entities responsible for projects in their origination areas

## Management of net proceeds

- The proceeds of Green Bonds will be **managed on a portfolio basis**
- mBank strives to **allocate the net proceeds from green bonds within 24 months**
- mBank keep track of allocated assets by earmarking them in internal information systems
- **Unallocated proceeds will be held in treasury liquidity portfolio**, in cash or other short term liquid instruments, at mBank's own discretion

## Reporting & External Review

- First Allocation and Impact report will be published within a year from the issuance, subsequent reports annually at the determined time of the year or in case of major changes in allocation
- mBank's Framework has received positive Second Party Opinion by Sustainalytics
- Climate Bonds Initiative's (CBI) Pre-issuance and Post-issuance Certification will be provided



For documentation and reporting on green bonds issued by mBank S.A. please look at:  
<https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>

\* First disbursement of loan should take place no more than 3Y before the settlement date of the green bond

# Use of Proceeds

- **The eligibility criteria take into account the EU Taxonomy Climate Delegated Act and comply with the Substantial Contribution Criteria.**
- For Green Bonds that will be certified by Climate Bonds Initiative, the Eligibility Criteria used will be **also aligned with the Climate Bonds Taxonomy and Climate Bonds Standard Sector Criteria.**
- In case of refinancing of Eligible Assets, **a look-back period of maximum 3 years from issuance date** of the Green Bond will be applied.

## Green Buildings



**Section 7.1, 7.2, 7.3, 7.4, 7.6 and 7.7 of the Annex I EU Taxonomy:** construction, renovation and acquisition of residential and commercial real estate, such as office, retail, logistics and others

## Renewable Energy



**Section 3.1, 3.3, 3.4, 3.5, 4.1, 4.3, 4.5, 4.15, 4.16, 4.17, 4.25 of the Annex I EU Taxonomy:** development, acquisition, maintenance and operations of renewable energy sources, onshore and offshore wind energy, solar energy, incl. photovoltaics

## Electricity transmission, distribution and storage



**Section 4.9 and 4.10 of the Annex I EU Taxonomy):** projects of transmission and distribution networks between a power generation facility manufacturing of equipment and infrastructure increasing the generation or use of renewable energy, electricity storage facilities, supporting infrastructure

## Clean Transportation



**Section 6.1, 6.3, 6.4, 6.5, 6.13, 6.14 and 6.15 of the Annex I EU Taxonomy:** manufacture, upgrade, purchase, and/or operation of zero direct emissions transport along with key components, passenger cars and commercial vehicles, public passenger transport by road, rail transport and supporting infrastructure

## Waste management



**Section 5.3, 5.4, 5.5 and 5.9 of the Annex I of the EU Taxonomy):** municipal waste collection and source segregation, incl. waste water; sorting and treatment activities, where final objective is the recycling or reuse of waste

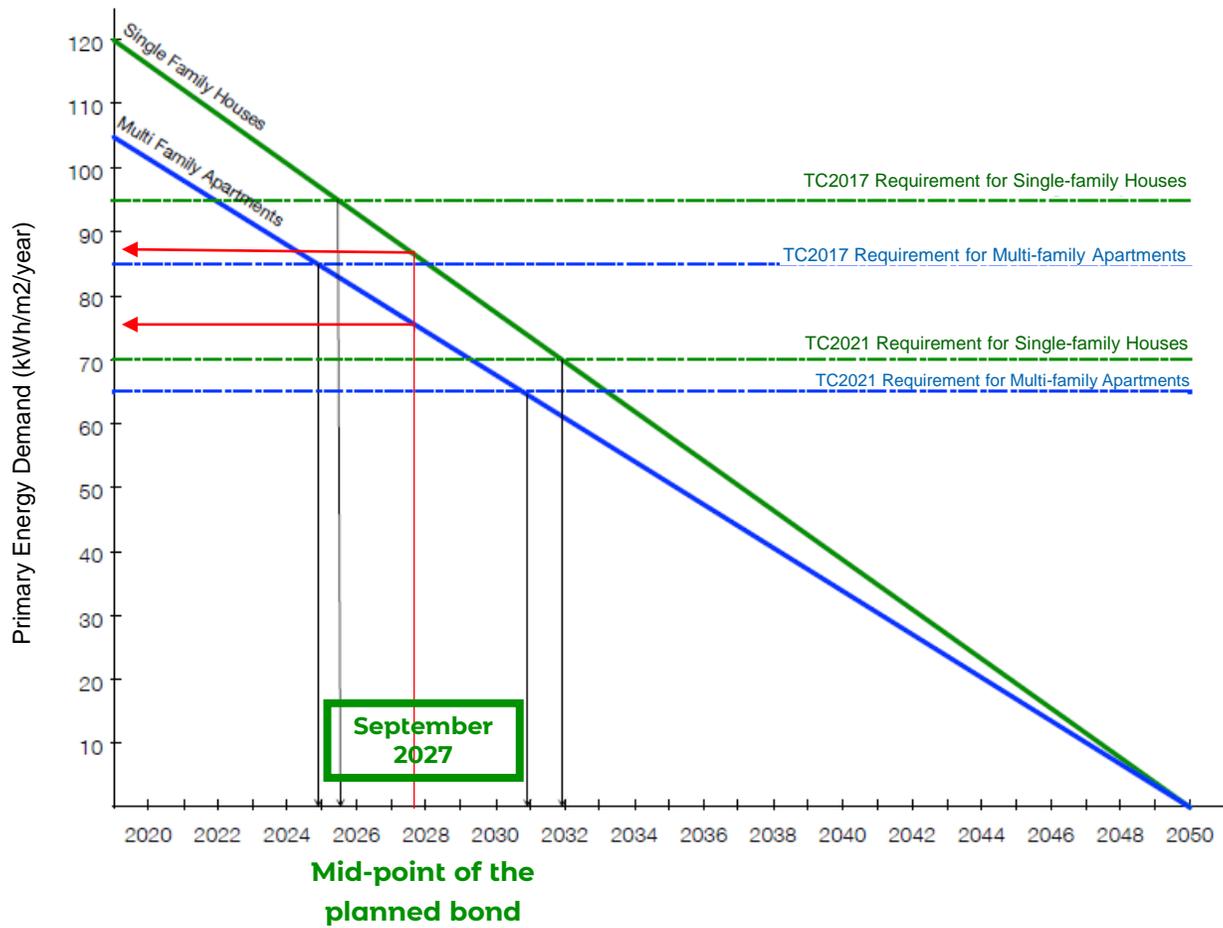
# Climate Bonds Initiative – Eligibility criteria for residential buildings in Poland

Climate Bonds Initiative	New Construction	1)	<b>Energy standard or newer</b> <i>based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland</i>	New buildings complying with Technical Condition 2021 or later by year of construction are automatically eligible for qualification for bonds where the mid-point of the bond term is no later than 2032.	New buildings complying with Technical Condition 2021 or later by year of construction are automatically eligible for qualification for bonds where the mid-point of the bond term is no later than 2031.
	New Construction or Existing Buildings	2)	<b>Energy standard or newer</b> <i>based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland</i>	<u>Year of bond issuance = 2024 – 2029:</u> TC 2021 with a linear decreasing bond term (mid point) of 6 years in 2024 and 1 year in 2029 <b>or</b> <u>Year of bond issuance = 2029 – 2032:</u> TC 2021 or year of construction = 2021 with a linear decreasing bond term (mid point) of 4 years in 2029 and 1 year in 2032	<u>Year of bond issuance = 2024 – 2029:</u> TC 2021 with a linear decreasing bond term (mid point) of 6 years in 2024 and 1 year in 2029 <b>or</b> <u>Year of bond issuance = 2029 – 2031:</u> TC 2021 or year of construction = 2021 with a linear decreasing bond term (mid point) of 3 years in 2029 and 1 year in 2031
		3)	<b>Year of construction is equal or newer</b> <i>based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland</i>	<u>Year of bond issuance = 2024 – 2029:</u> Year of construction = 2021 with a linear decreasing bond term (mid point) of 6 years in 2024 and 1 year in 2029 <b>or</b> <u>Year of bond issuance = 2029 – 2032:</u> Year of construction = 2021 with a linear decreasing bond term (mid point) of 4 years in 2029 and 1 year in 2032	<u>Year of bond issuance = 2024 – 2029:</u> Year of construction = 2021 with a linear decreasing bond term (mid point) of 6 years in 2024 and 1 year in 2029 <b>or</b> <u>Year of bond issuance = 2029 – 2031:</u> Year of construction = 2021 with a linear decreasing bond term (mid point) of 3 years in 2029 and 1 year in 2031
	Existing Buildings	4)	<b>Property upgrade</b> <i>in compliance with CBI's established residential property upgrade methodology</i>	Major renovation with an improvement in the CO2 emissions figure from EPC from before and after the retrofit, based on tenor of bond, which meet the requirement of Technical Condition 2014 (issued after July 2015). Minimum improvement in carbon emissions ≥ 30% . Term 1-5 years: 30% improvement   Term 5-30 years: 30%-50% linear improvement   Term ≥ 30 years : 50% improvement	

Residential criteria are based on Climate Bonds Initiative's Low carbon certification methodology. Criteria are valid for assets located in the Republic of Poland. Criteria and Tresholds are subject to change.

# Climate Bonds Initiative's residential market proxy for Poland

Residential buildings in Poland are automatically eligible for CBI certification if their Primary Energy Demand lies below the established Low Carbon Trajectory for the mid-point of the term of the bond



## Simplified eligibility proxy for residential buildings

New buildings complying with TC 2017 or later by year of construction are automatically eligible for qualification for bonds where the mid-point of the bond term is no later than 2025, whereas the TC 2021 validates the eligibility until the year 2032.

For the bond start in September 2024 and 6Y maturity term, the mid-point of the bond is in September 2027.

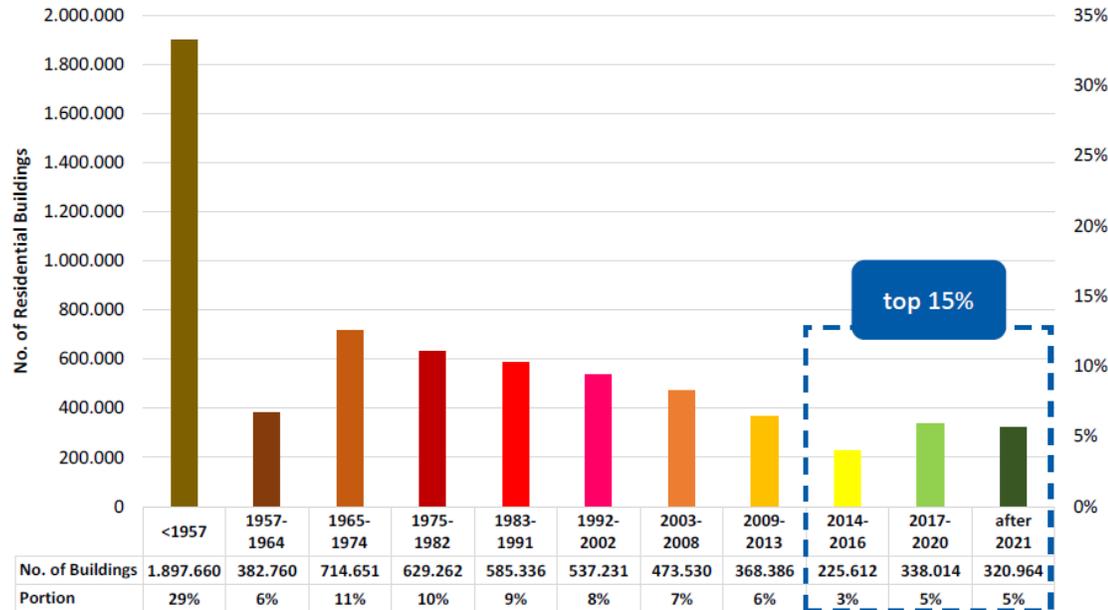
**Residential buildings compliant with TC2021 are automatically eligible under CBI proxy for allocation under the planned transaction**

## Residential property upgrades

- Assets that meet the following criteria are eligible:
- Buildings that following the major renovation, refurbishment, retrofit, thermo-modernization or energy efficiency upgrade received the CO<sub>2</sub> emissions reduction of at least 30% for a 5Y bond, rising to a minimum of 50% reduction for a 30Y bond
  - CO<sub>2</sub> emissions savings documented through comparison of the CO<sub>2</sub> emission indicator from Energy Performance Certificate (EPC) undertaken before and after the upgrade

# EU Taxonomy Eligibility criteria – Top 15% approach

Polish residential buildings stock by year of construction



Drees & Sommer figure based on Central Statistical Office 2024



## Residential buildings in Poland belong to Top 15%, if:

- ✓ Technical condition is TC 2014 or newer or
- ✓ Year of Construction is 2014 or later

- Categorization based on the year of entry into force of technical conditions
- Data include the building stock until 2023 (single- and multi-family buildings)
- As of 2023 the total number of buildings was at 6.5 M, total area at 1.17 Mm<sup>2</sup>

Technical conditions in Poland per year of entry into force

Year	Reference	Abbreviation
1957-1964	PN-57/B-02405	<b>PN-57</b>
1964-1974	PN-64/B-03404	<b>PN-64</b>
1974-1982	PN-74/B-034042	<b>PN-74</b>
1982-1991	PN-82/B-02020	<b>PN-82</b>
1991-2002	PN-91/B-02020	<b>PN-91</b>
2002-2008	Dz. U. 2002 nr 75 poz. 690	<b>TC 2002</b>
2009-2013	Dz. U. 2008 nr 201 poz. 1238	<b>TC 2009</b>
2014-2016	Dz. U. 2013 poz. 926	<b>TC 2014</b>
2017-2020	Dz. U. 2013 poz. 926	<b>TC 2017</b>
from 2021	Dz. U. 2021 poz. 497	<b>TC 2021 (NZE)</b>

## Required Primary Energy Demand (PED) thresholds as of Technical conditions and type of building (in kWh/m<sup>2</sup> year)

Technical conditions	Single-family houses	Multi-family houses
TC 2014	120	105
TC 2017	95	85
TC 2021	70	65
NZE-10% for buildings after 2021	63	58

# Second Party Opinion

## Sustainalytics has issued a positive SPO on Green Bond Framework

Second-Party Opinion

mBank S.A. Group Green Bond Framework

Update - September 2024

Sustainalytics is of the opinion that the mBank S.A. Group Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings; Renewable Energy; Clean Transportation; Electricity Transmission, Distribution and Storage; and Waste Management – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.



**PROJECT EVALUATION AND SELECTION** mBank S.A. Group has established Sustainable Development Committees at both the Group and issuing entities level. The committees will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. mBank S.A. Group has implemented a risk assessment process that is applicable to all allocation decisions under the Framework. Sustainalytics considers the risk management system to be adequate and the project evaluation and selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** mBank S.A. Group's Sustainable Development Committees will track the allocation of proceeds through an internal information system. mBank S.A. Group intends to fully allocate the proceeds to eligible assets within two years of issuance. Pending allocation, proceeds will be integrated into the treasury's liquidity reserve and invested temporarily in cash, cash equivalents or short-term liquid instruments. This is in line with market practice.



**REPORTING** mBank S.A. Group intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include information such as the total amount of proceeds allocated to eligible projects and assets, the balance of unallocated proceeds and the share of financing versus refinancing. In addition, mBank S.A. Group is committed to reporting on relevant impact metrics. Sustainalytics views mBank S.A. Group's allocation and impact reporting as aligned with market practice.



Evaluation Date September 2, 2024<sup>1</sup>

Issuer Location Warsaw, Poland

### Report Sections

Introduction..... 2  
Sustainalytics' Opinion ..... 3

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- **Use of proceeds:** The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles 2021. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11, and 12.
- **Project Evaluation / Selection:** Sustainable Development Committee will be responsible for evaluating and selecting projects in line with the Eligibility criteria. mBank has implemented a risk assessment process applicable to all allocation decisions under the Framework. **Sustainalytics considers the risk management system to be adequate and the project evaluation and selection process to be in line with market practice.**
- **Management of Proceeds:** Sustainable Development Committee will track the allocation of proceeds through an internal information system. mBank intends to fully allocate the proceeds to eligible assets within two years of issuance. Pending allocation, proceeds will be integrated into the treasury's liquidity, **in line with market practice.**
- **Reporting:** mBank S.A. Group intends to report on the allocation of proceeds on its website on an annual basis until full allocation. In addition, mBank S.A. Group is committed to reporting on relevant impact metrics. **Sustainalytics view the Group's allocation and impact reporting commitments as aligned with market practice.**

# Management of Proceeds at H1 2024

## Eligible Assets Portfolio

as of 30.06.2024

ICMA Eligible Asset Category	Number of contracts	Outstanding Amount	
		in M EUR*	in M PLN
Green residential buildings	36 109	3 241	13 977
Renewable energy projects	79	458	1 974
Wind Farms	24	204	878
Photovoltaics	52	211	912
Mixed projects	3	43	184
<b>Eligible Assets (total)</b>	<b>36 188</b>	<b>3 699</b>	<b>15 951</b>

## Current Portfolio Usage

(allocated % of Eligible Assets Portfolio)

34%

## Outstanding Green Bonds

as of 30.06.2024

ISIN	Issue date	Maturity date	Principal in M EUR	Use of Proceeds	
				in M EUR	in M PLN*
XS2388876232	20.09.2021	21.09.2027	500	<b>499</b>	<b>2 151</b>
XS2680046021	11.09.2023	11.09.2027	750	<b>748</b>	<b>3 227</b>
<b>Total outstanding bonds</b>			1 250	<b>1 247</b>	<b>5 378</b>

\* Equivalent amount (NBP Exchange rate as of 30.06.2024; EUR 1 = PLN 4.3130)

- mBank intends to ensure allocation of an amount equivalent to the net proceeds into the Eligible Assets Portfolio to the extent matching or exceeding these proceeds
- The allocation of proceeds will be finalized within the following 24 months after the Green Bond issuance date
- Additional eligible green projects are added to the allocated Eligible Assets Portfolio to the extent required
- Any assets that become ineligible are removed and replenished where necessary

- **For allocation under new green bond**, mBank will use 75% of net proceeds to refinance outstanding amounts of Eligible Assets at issuance, while **25% of net proceeds will finance new sales and disbursement of loan tranches** scheduled after issue date

- The total volume of **Eligible Assets nominated under new green bond is at PLN 4.6 B**

- **The nominated Assets are in line with 3Y lookback period and compliant with Climate Bonds Initiative (CBI) Sector Criteria as set for planned transaction**

- More details on Nominated Assets may be found in the Pre-issuance verification report by Sustainalytics published here: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects>

# Eligible Assets portfolio and Impacts at H1 2024

## Eligible Assets Portfolio

as of 30.06.2024

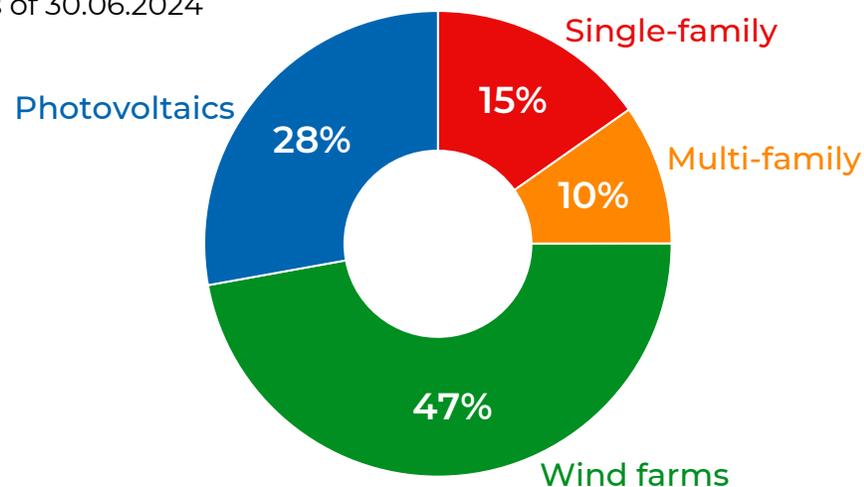


For calculation of impact metrics only completed projects (in working phase) are taken into account

Asset Category	Number of contracts	Total exposure in M EUR	Share of portfolio
Green buildings	31 846	2 955	92%
Renewable energy	44	256	8%
<b>Total Eligible Assets</b>	<b>31 890</b>	<b>3 211</b>	<b>100%</b>

## Avoided emissions by type of asset

as of 30.06.2024



## Impact Reporting

as of 30.06.2024

**Total Portfolio Size** **EUR M 3 211**

Total Est. Avoided Emissions (tCO<sub>2</sub>e/year) 559 574

Total Est. Energy Savings (MWh/year) 516 390

**Est. Avoided Emissions per EUR M invested** **174 (tCO<sub>2</sub>e/year)**

**Green Buildings** **EUR M 2 955**

Est. Energy Savings (MWh/year) 516 390

Est. Avoided Emissions (tCO<sub>2</sub>e/year) 139 827

Energy Savings per EUR M invested in Green buildings 175 (MWh/year)

Avoided Emissions per EUR M invested in Green buildings 47 (tCO<sub>2</sub>e/year)

**Renewable Energy projects** **EUR M 256**

Est. Energy production 612 769

Est. Avoided Emissions (tCO<sub>2</sub>e/year) 419 747

Avoided Emissions per EUR M invested in Renewables 1 638 (tCO<sub>2</sub>e/year)

# Green Non-Preferred Senior Bonds - Landmark Transactions



- mBank's inaugural transaction was the first EUR Non-Preferred MREL-eligible Notes issuance from a Polish bank
- 2nd Green Bond was the largest NPS in Polish market and largest ever bond executed by mBank Group (in terms of volume)
- Both deals attracted a wide interest of investors and were significantly oversubscribed (orders received from over 110 and 120 investors, final nominal coverage of 2.4x and 1.97x was achieved respectively for Series 11 and Series 12)

Format	Green Senior Non-Preferred Notes (2021)
ISIN	XS2388876232 (Series 11)
Issue size	EUR 500mn
Issue rating	BBB- (S&P) / BBB- (Fitch)
Issue date	20.09.2021
Maturity date	21.09.2027 (6NC5)
Reoffer spread	MS+125 bps
Coupon	0.966% fixed p.a.
Listing	Luxembourg Stock Exchange (Lux SE)
Use of proceeds	100% of net proceeds allocated to refinance Green buildings (residential mortgages)
External review	Post-issuance verification report provided by Sustainalytics in February 2022
Certification	Post-issuance Certification has been received from Climate Bonds Initiative

Format	Green Senior Non-Preferred Notes (2023)
ISIN	XS2680046021 (Series 12)
Issue size	EUR 750mn
Issue rating	BB+ (S&P) / BBB- (Fitch)
Issue date	11.09.2023
Maturity date	11.09.2027 (4NC3)
Reoffer spread	MS+490.1 bps
Coupon	8.375% fixed p.a.
Listing	Luxembourg Stock Exchange (Lux SE)
Use of proceeds	75% of net proceeds were allocated to (re)finance Green Buildings (residential mortgages) and 25% to Renewable Energy projects (windfarms and photovoltaics) 75% of net proceeds were used for refinancing of outstanding loans, 25% financed new sales and disbursement of scheduled loan tranches
External review	Post-issuance verification report provided by Sustainalytics in August 2024
Certification	Post-issuance Certification has been received from Climate Bonds Initiative

# mBank's Green Bond proposed transaction

Summary of key terms and conditions	
Issuer	mBank S.A.
Issue type	Green Bonds, preferred senior notes (MREL eligible)
Expected issue rating	Fitch: BBB- / S&P: BBB
Issue amount	Benchmark
Maturity	6NC5
Coupon	Fixed-to-floating format
Min denomination	EUR 100 k
Documentation	Under the Issuer's EUR 3,000,000,000 Euro Medium Term Note Programme dated 28 November 2022
Listing	Luxembourg Stock Exchange (LUX SE)
Use of proceeds	<ul style="list-style-type: none"> <li>80% of net proceeds will be allocated to Green Buildings (residential mortgages) and 20% to Renewable Energy (windfarms and photovoltaic projects)</li> <li>75% of net proceeds will be used for refinancing of outstanding loans, 25% will finance new sales and disbursement of scheduled loan tranches</li> </ul>
Pre-issuance Certification by Climate Bonds Initiative (CBI)	mBank aligns with the Climate Bonds Standard v4. The CBI Post-issuance Certification will be requested within 24 months of the bond issue date.
Lead managers	Commerzbank AG, Erste Bank AG, J.P. Morgan SE, UBS Europe SE, Unicredit Bank GmbH



*Certification*

This is to certify that the

***mBank Preferred Senior Green Bond Series 13***

Issued by

***mBank S.A.***

Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative

*Sean Kidney*      **13 September 2024**

Sean Kidney  
C.E.O., Climate Bonds Initiative

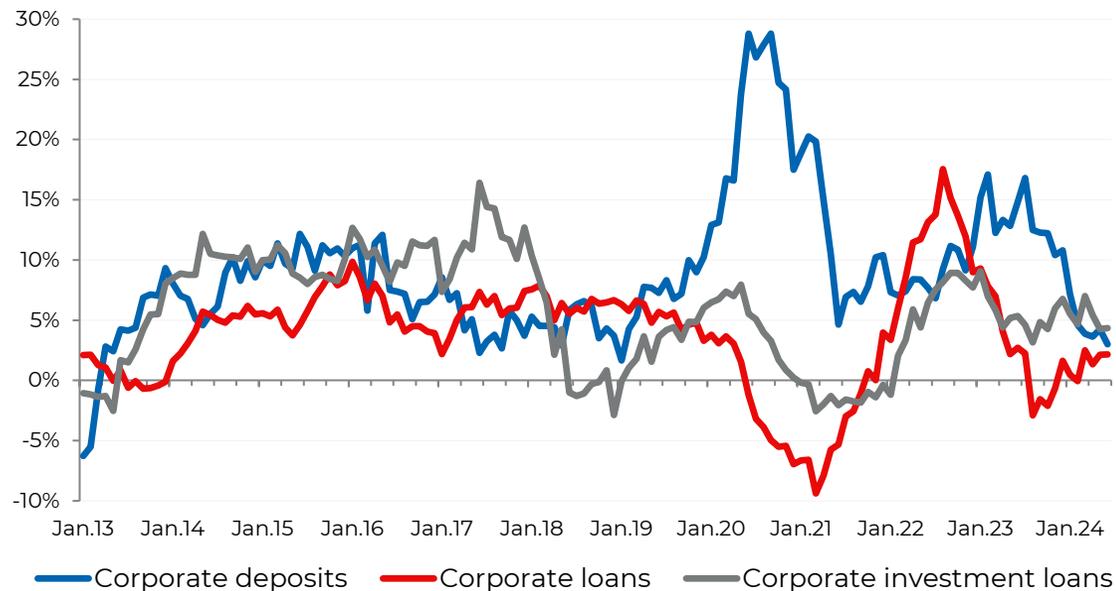




# Appendix

# Macroeconomic situation in Poland: monetary aggregates

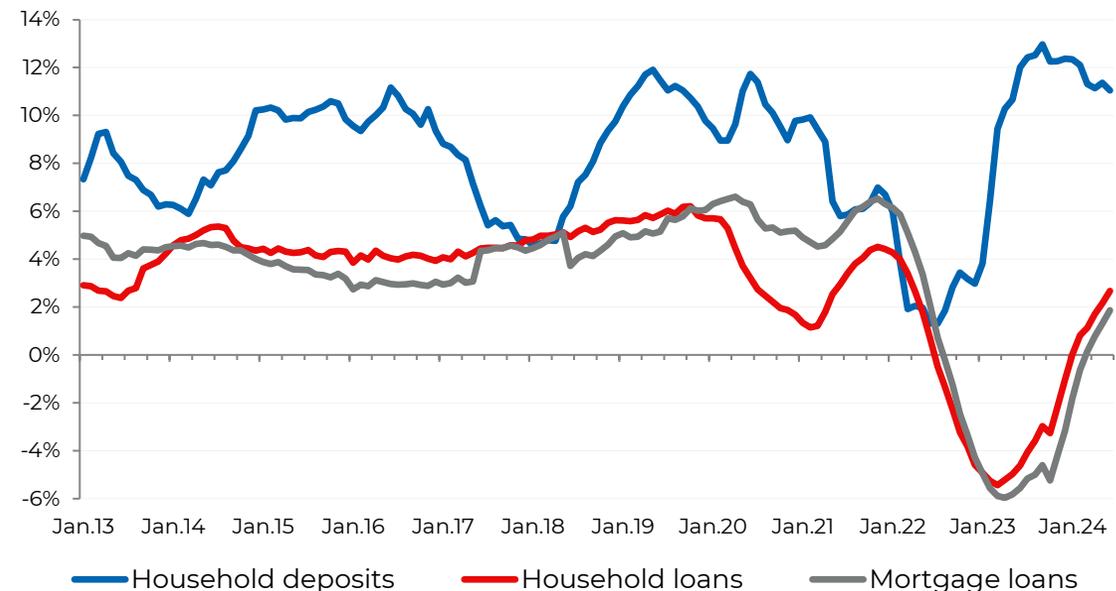
## Corporate loans and deposits (YoY, FX-adjusted)



Deposit growth in the corporate sector has fallen, while credit growth has started to rise. An expected bounce in economic activity (driven by consumption) will boost loan expansion.

	2022	2023	2024F	2025F
Corporate loans	9.6%	-0.7%	3.4%	5.1%
Corporate deposits	11.6%	8.8%	3.2%	7.7%

## Household loans and deposits (YoY, FX-adjusted)



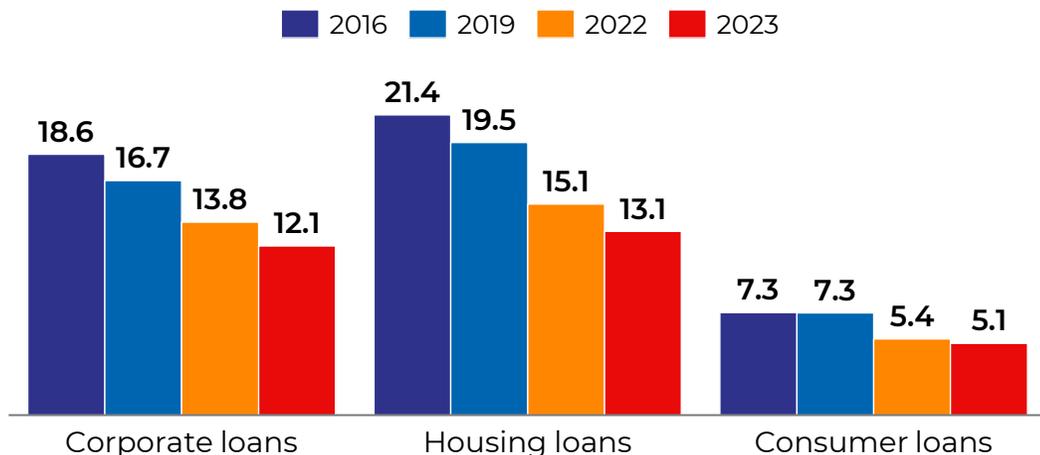
The strong labour market and expansionary fiscal policy support deposit accumulation. Credit growth is rising, and it is expected to continue this move amidst improving consumer confidence.

	2022	2023	2024F	2025F
Household loans	-3.8%	-1.3%	3.2%	3.0%
Mortgage loans	-3.2%	-3.6%	1.9%	2.0%
Mortgage loans in PLN	-1.8%	1.8%	5.8%	5.2%
Non-mortgage loans	-5.1%	3.0%	5.6%	4.7%
Household deposits	3.3%	11.3%	6.8%	9.3%

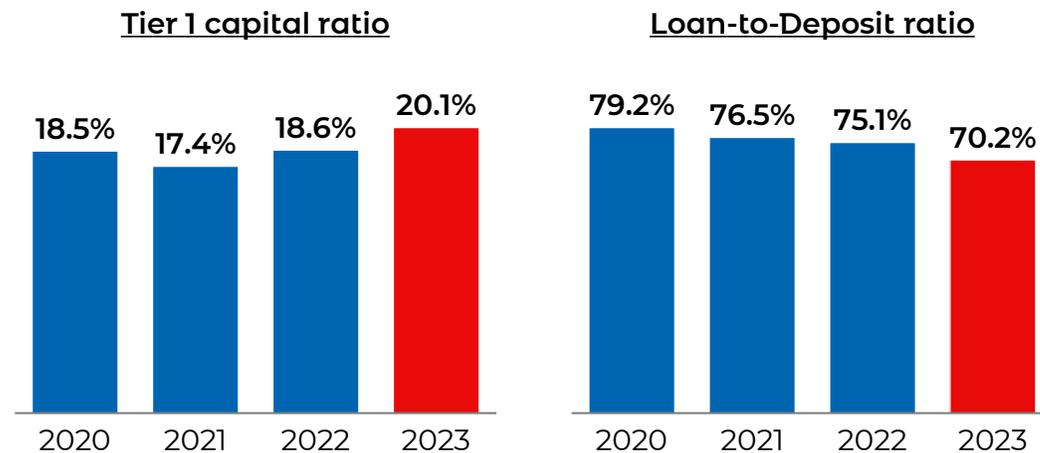
Source: NBP, mBank's estimates as of 05.09.2024.

# Stable and operationally efficient banking sector

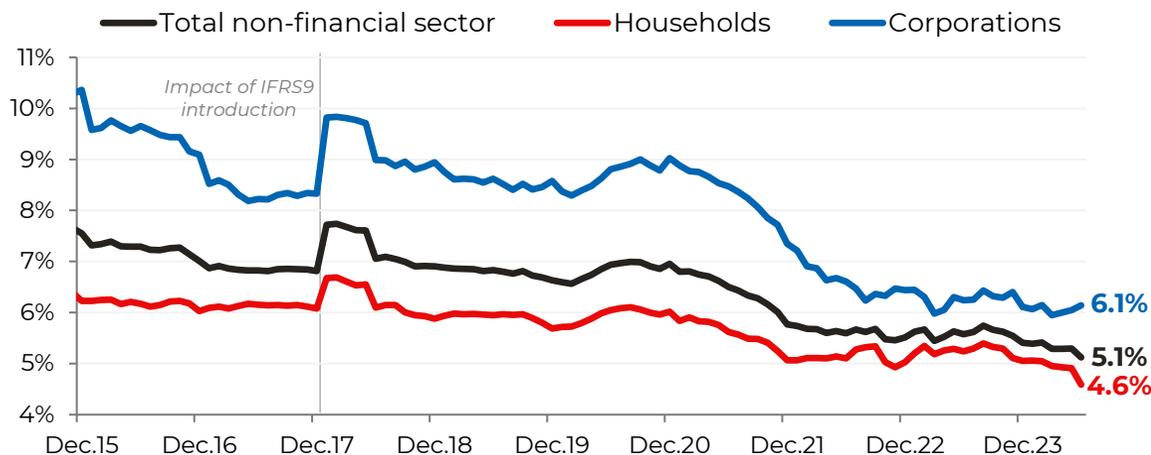
Loan penetration in Poland: key credit categories to GDP (%)



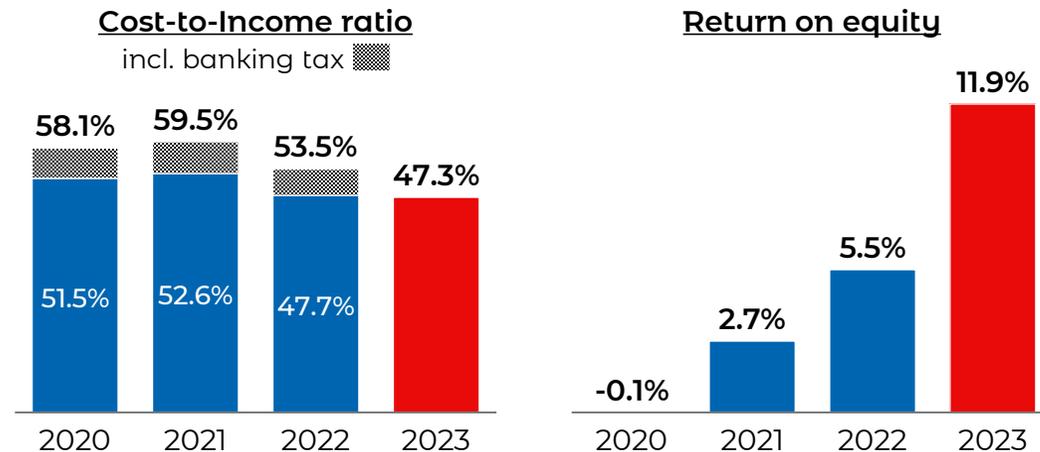
Capital adequacy and funding: T1 capital and L/D ratios



Asset quality: development of NPL ratios by segment



Efficiency and profitability: C/I ratio and ROE



Source: mBank's calculations based on data published by the Polish FSA, National Bank of Poland.

Note: 2020 ROE depressed by an additional write-off for settlements with CHF borrowers done by PKO BP.

# Summary of financial results: Profit and Loss Account

PLN million	2022	2023	Δ YoY	H1 2023	H1 2024	Δ YoY
Net interest income	5,924.0	8,873.5	+49.8% <sup>1</sup> ↑	4,233.7	4,504.7	+6.4% <sup>1</sup> ↑
Net fee and commission income	2,120.1	1,915.9	-9.6% ↓	988.7	975.4	-1.4% ↓
Total income	7,856.9	10,802.3	+37.5% ↑	5,197.1	5,812.6	+11.8% ↑
Total costs (excl. compulsory contributions)	-2,472.8	-2,892.5	+17.0% ↑	-1,377.5	-1,523.2	+10.6% ↑
Contributions to the BFG, IPS and BSF	-846.4	-181.9	-78.5% ↓	-181.9	-146.8	-19.3% ↓
Loan loss provisions and fair value change <sup>2</sup>	-849.3	-1,105.5	+30.2% ↑	-371.1	-219.4	-40.9% ↓
Costs of legal risk related to FX loans	-3,112.3	-4,908.2	+57.7% ↑	-2,348.7	-2,404.0	+2.4% ↑
Operating result	576.2	1,714.1	+197.5% ↑	918.0	1,519.1	+65.5% ↑
Taxes on the Group balance sheet items	-684.2	-743.6	+8.7% ↑	-372.7	-367.1	-1.5% ↓
Profit or loss before income tax	-108.0	970.6	-/+ ↑	545.3	1,152.0	+111.3% ↑
Net profit or loss	-702.7	24.1	-/+ ↑	127.3	684.4	+437.5% ↑
Net interest margin (w/o "credit holidays")	3.71%	4.18%	+0.47pp	4.08%	4.41%	+0.33pp
Cost/Income ratio	42.2%	28.5%	-13.7pp	30.0%	28.7%	-1.3pp
Cost of risk	0.69%	0.93%	+0.24pp	0.62%	0.37%	-0.25pp
Return on equity (ROE)	-5.3%	0.2%	+5.5pp	1.9%	9.6%	+7.7pp
Return on assets (ROA)	-0.34%	0.01%	+0.35pp	0.12%	0.61%	+0.49pp

<sup>1</sup> Development of net interest income distorted by the impact of "credit holidays", the dynamics excluding this effect would be +21.7% YoY for 2023 and +13.6% YoY for H1 2024.

<sup>2</sup> Sum of 'Impairment on financial assets not measured at fair value through profit or loss' and 'Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss' related to loans

Source: mBank Group's consolidated financial statements, mBank's internal data.

# Summary of financial results: Balance Sheet

PLN million	30.06.2023	31.12.2023	30.06.2024	Δ vs. 12.2023	Δ vs. 06.2023
Total assets	212,928	226,981	230,296	+1.5%	+8.2%
Gross loans to customers	121,727	117,229	124,960	+6.6%	+2.7%
Individual client loans	68,155	66,260	67,417	+1.7%	-1.1%
Corporate client loans <sup>1</sup>	49,758	49,937	52,655	+5.4%	+5.8%
Customer deposits	176,662	185,467	187,531	+1.1%	+6.2%
Individual client deposits	125,925	128,412	133,583	+4.0%	+6.1%
Corporate client deposits <sup>2</sup>	49,712	56,264	51,768	-8.0%	+4.1%
Total equity	13,470	13,737	14,609	+6.3%	+8.5%
Loan-to-deposit ratio	67.0%	61.2%	64.6%	+3.4pp	-2.4pp
NPL ratio	4.1%	4.2%	4.3%	+0.1pp	+0.2pp
Coverage ratio	53.3%	54.7%	54.2%	-0.5pp	+0.9pp
Tier 1 Capital Ratio	14.5%	14.7%	13.7%	-1.0pp	-0.8pp
Total Capital Ratio	16.8%	17.0%	15.5%	-1.5pp	-1.3pp

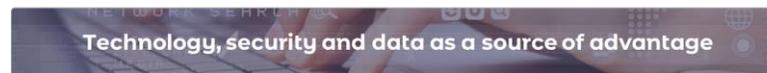
<sup>1</sup> Excluding reverse repo or buy/sell back transactions; <sup>2</sup> Excluding repo or sell/buy back transactions

Source: mBank Group's consolidated financial statements, mBank's internal data.

# mBank Group's strategy for 2021-2025 is concentrated on 5 pillars

## Overview of key strategic paradigms and initiatives

Retail Banking area is organized around demographic segments to develop the complete offer and value proposition precisely responding to the needs arising at different phases of the customer life cycle.



Corporate and Investment Banking area cooperates with companies from prospective industries and the fast-growing sectors of the economy (e.g. RES, modern businesses, healthcare, EU funds beneficiaries).

- organic growth through the continuous acquisition of new clients (especially young) and monetization of existing base
- focus on personal financial management (PFM), comprehensive investment offering, mortgage loans as an anchor product and ecosystem of non-banking services
- strict mobile-first approach; contact channels aligned to a supremacy of remote access and digital sales

- entry into e-commerce and a launch of marketplace platform integrated into mBank's mobile application
- high quality, availability and security of solutions, platforms and services offered to mBank's clients
- the highest possible protection of mobile application and the most secure and client-friendly identity confirmation process in all digital channels

- focus on profitability of relationships and capital-efficient business
- improved customer experience thanks to advanced multidimensional digital transformation, including onboarding and other process as well as boosting mobile banking penetration
- new well-designed, more automated credit process for corporates supporting business development at adequate level of risk costs

1.45 million

number of active monthly unique users of PFM functionalities (in Q4/23)

82%

share of digital channel in the sale of non-mortgage loans (by number of pieces in 2023)

96%

share of corporate clients with at least one user logging in to mobile application monthly (in Q4/23)

86%

share of digitally opened accounts in new acquisition using a dedicated process (in Q4/23)

# ESG strategy of mBank Group for 2021-2025

## Environmental pillar

### Our role

We are actively partnering our clients to lead the way in green and transition finance, simultaneously integrating sustainable practices into mBank's internal operations.

Reducing greenhouse gases (GHG) emissions of our loan portfolio, steered by SBTi as the most prominent driver to become net-zero

- ▶ transform our loan portfolio to reach net-zero by 2050
- ▶ make a decision regarding portfolios covered by SBTi and their decarbonization methods
- ▶ submit an application with decarbonization targets to SBTi for validation till 30.09.2024



Limiting own GHG emissions by decarbonizing our operations

- ▶ become net zero in own operations by 2040
- ▶ use clean energy, with minimum 80% of the electric energy purchased for the needs of the bank coming from renewable sources from 2023 onwards
- ▶ plan the transition of mBank's car fleet to vehicles powered by green energy



# ESG strategy of mBank Group for 2021-2025

## Environmental pillar

### Our role

We are actively partnering our clients to lead the way in green and transition finance, simultaneously integrating sustainable practices into mBank's internal operations.

Partnering with our clients by offering products and services to stimulate their sustainable and green activities

- ▶ provide **PLN 10 billion** of green financing (for renewable energy sources, decarbonization, circular economy, e-mobility, etc.) by the end of 2025, including PLN 5 billion from mBank and PLN 5 billion from other sources such as consortia and green bonds issues arranged for clients
- ▶ increase the yearly **sale of mortgage loans** for real estates compliant with the NZEB-10% (Nearly Zero Energy Building) standard to **14%** in 2024 and **18%** in 2025 of total mBank's mortgage loan production (by volume)
- ▶ offer **at least 50%** of investment solutions manager within mBank Group promoting environmental or social characteristics ("light green" in line with Art. 8 of SFDR) by 2025
- ▶ issue **green bonds** as defined in the mBank S.A. Green Bond Framework in the amount of **PLN 5 billion** until the end of 2025



# ESG strategy of mBank Group for 2021-2025

## Social pillar

### Our role

We are supporting clients' financial health and fostering inclusive banking along with establishing an organisational culture that is rooted in ESG values.

### Providing an attractive work environment that ensures diversity, equity and inclusion

- ▶ ensure **gender balance** in the succession program (at **minimum 45%** of a given gender) and reduce the **pay gap** (keeping it below 5%)



### Ensuring balanced gender representation at mBank Group

- ▶ increase the level of **gender representation** in managerial bodies of mBank's main subsidiaries (including mLeasing, mFaktoring, mBank Hipoteczny, mTFI, mFinanse) **to 40%** by the end of 2026

### Making social impact through fostering financial health and education of our clients

- ▶ continue **financial education** and promote **responsible management of personal finance** among clients by growing the number of users of dedicated functionalities in mBank's mobile and internet services



# ESG strategy of mBank Group for 2021-2025

## Governance pillar

### Our role

We are developing internal solutions which facilitate the transition towards sustainable development with a specific emphasis on robust risk management and transparency.

### Enhancing our corporate governance by ESG aspects

- ▶ have all TOP 100 managers (at mBank and main subsidiaries) with goals related to ESG at a **10%** weight in their Objective and Key Results



### Integrating environmental, social and governance risks with mBank's risk management

- ▶ incorporate ESG into credit and Internal Capital Adequacy Assessment Process documentation, and perform materiality assessment of ESG risk each year



### Promoting transparency and ESG standards among our business partners

- ▶ have **70%** of eligible partners and suppliers (under central purchasing process) to be compliant with the 10 Principles of the UN Global Compact by 2025



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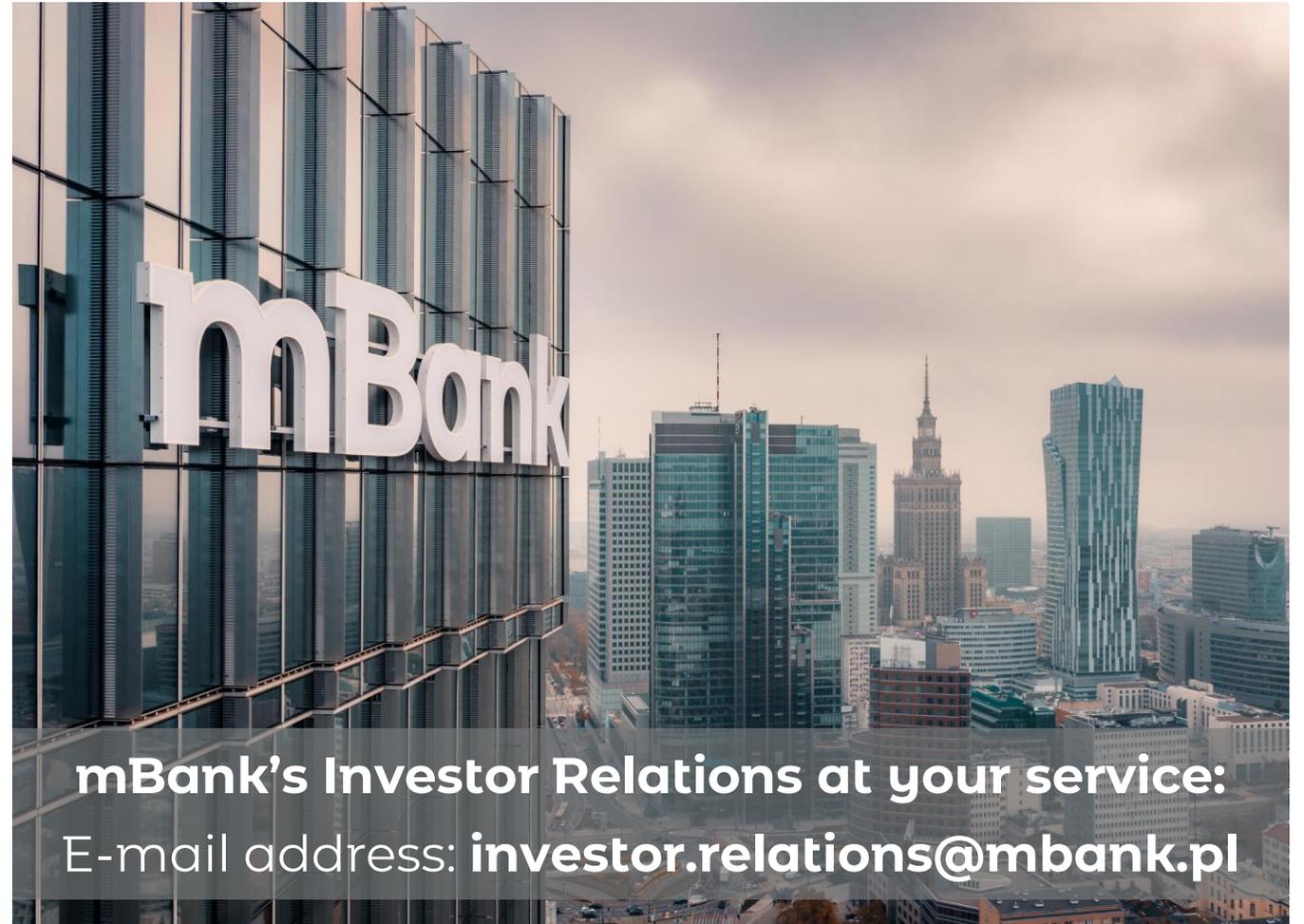
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Investor Relations website: [www.mbank.pl/en/investor-relations/](http://www.mbank.pl/en/investor-relations/)

# Disclaimer

The certification of the Preferred Senior Green Bonds series 13 as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation, warranty, undertaking, express or implied, or give any assurance with respect to any other matter relating to the Preferred Senior Green Bonds series 13 or any Nominated Project, including but not limited to the Information Memorandum, the transaction documents, the Issuer or the management of the Issuer.

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In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the fairness, accuracy, reasonableness and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility or liability to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Nominated Project or the Issuer. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Nominated Project. The certification may only be used with the Preferred Senior Green Bonds series 13 and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

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On May 23, 2024, mBank Group received an ESG Risk Rating of 12.8 and was assessed by Morningstar Sustainalytics to be at low risk of experiencing material financial impacts from ESG factors. In no event the ESG Risk Rating Report shall be construed as investment advice or expert opinion as defined by the applicable legislation. Morningstar Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an assessment of ESG risk, i.e. a total unmanaged ESG risk score or the ESG Risk Rating, that is comparable across all industries. Sustainalytics' ESG Risk Ratings provide a quantitative measure of unmanaged ESG risk and distinguish between five levels of risk: negligible, low, medium, high and severe. Learn more about the ESG Risk Ratings here: [www.sustainalytics.com/corporate-solutions/esg-solutions/esg-risk-ratings](http://www.sustainalytics.com/corporate-solutions/esg-solutions/esg-risk-ratings).

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