



mBank Group

Inaugural Non-Preferred Senior Green Bond Issuance



Investor presentation, September 2021





Disclaimer (1/2)

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For the United Kingdom jurisdiction and solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

For any member states of the EEA and solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Any offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act (the "FinSA"), because the Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This presentation does not constitute a prospectus pursuant to the FinSA and no such prospectus pursuant to the FinSA has been or will be prepared for or in connection with any offering of the Notes.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the EU PRIIPs Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of Financial Services and Markets Act 2000 and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.



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According to Polish tax law, in order to benefit from the withholding tax exemption on the interest or discounts on Notes the Bank (as an issuer) must comply with the obligation to act with due care, as referred to in Article 41 section 25 of the Polish Personal Income Tax Act of 26 July 1991, as amended ("PIT Act") and Article 26 section 1ab of the Polish Corporate Income Tax Act of 15 February 1992, as amended ("CIT Act"). This means that the Bank acting (as an issuer) must submit to the relevant tax authority a statement that it has complied with an obligation to act with due care in scope of informing the Noteholders being the Affiliated Entities (as defined below) about the conditions of the exemption from income tax pursuant to Article 21 section 1 point 130c) of the PIT Act and Article 17 section 1 point 50c) of the CIT Act. According to Article 21 section 1 point 130c) of the PIT Act and Article 17 section 1 point 50c) of the CIT Act, the tax exemption applies to income from interest and discount on the Notes achieved by a taxpayer not being a Polish tax resident (referred to in Article 3 section 2a of the PIT Act, or Article 3 section 2 of the CIT Act), whereby the Notes a) have a maturity of not less than one year, b) have been admitted to trading on a regulated market or introduced to an alternative trading system within the meaning of the Act on Trading in Financial Instruments, in the Republic of Poland or in a state that is a party to a double taxation treaty concluded with the Republic of Poland, the provisions of which set out the principles of taxing income from dividends, interest and royalties, and c) a taxpayer at the moment of generating the income, is not an affiliated entity within the meaning of Article 23m section 1 point 4 of the PIT Act or within the meaning of Article 11a section 1 point 4 of the CIT Act (the "Affiliated Entity" or jointly the "Affiliate Entities") with the Bank, or is an Affiliated Entity which does not hold, directly or indirectly, together with other Affiliated Entities more than 10% of the nominal value of the Notes. The conditions of the above tax exemption applies to the revenues from Notes issued under the Programme, starting from 1 January 2019, and any time thereafter, until further notice. The conditions of the above tax exemption do not apply to the revenues from the Notes issued before this date. The Bank informs the Noteholders being the Affiliated Entities that in the event an Affiliated Entity fails to comply with conditions set out in point c) above, it may expect to lose the tax exemption referred to in Article 21 section 1 point 130c) of the PIT Act and Article 17 section 1 point 50c) of the CIT Act.

This presentation is an advertisement. A final form base prospectus in respect of the Bank's €3,000,000,000 Euro Medium Term Note Programme dated 25 August 2021 (the "Prospectus"). The final terms relating to the Notes (the "Final Terms") will be prepared, and in each case made available to the public in accordance with the EU Prospectus Regulation. The final Prospectus is, and the Final terms (when published) will be available, in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). This presentation has not been approved by the Commission de Surveillance du Secteur Financier or any other competent authority in the European Economic Area. The recipients of this presentation are exclusively responsible for their own analyses and evaluations of the market and the market situation, as well as of the Bank or its subsidiaries in the future, made on the basis of the information included herein. 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At the same time, the Bank informs readers of this document that the only reliable source of data on financial results, forecasts, events and indicators concerning the Bank and its subsidiaries are current and periodic reports and other reports provided by the Bank, as part of its disclosure obligations under the relevant Polish law.

Agenda



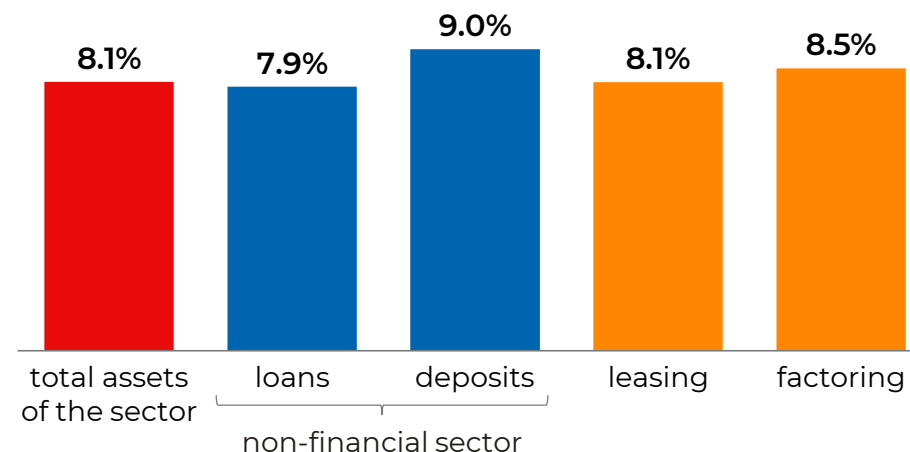
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mBank Group in a snapshot

General description

- ✓ Set up in 1986, **mBank** is Poland's fourth largest **universal banking group** in terms of total assets and it keeps the fifth position by net loans and deposits at the end of June 2021.
- ✓ Servicing **4.45 million retail clients** and **30.4 thousand corporate clients in Poland** and more than 1.0 million retail clients in Czech Republic and Slovakia.
- ✓ The offer includes **retail, SME, corporate and investment banking as well as other financial services** such as leasing, factoring, commercial real estate financing, brokerage, wealth management, distribution of insurance, corporate finance and advisory in the scope of capital markets.
- ✓ Profitable and **efficient business model**, operating with C/I ratio at 41.8% in H1 2021. Well-capitalized bank with a strong funding profile and **balanced business mix** between retail and corporate segments. Attractive client base supporting market share development.
- ✓ Rated 'BBB' by Standard & Poor's and 'BBB-' by Fitch.
- ✓ **Listed on the Warsaw Stock Exchange** since 1992 with a market value of ~EUR 3.0 billion, a member of WIG-30 index.
- ✓ A strategic shareholder, Germany's **Commerzbank**, owns **69.28% of mBank's shares**.
- ✓ In line with its **ESG strategy**, mBank Group intends to conduct the business in accordance with the principles of sustainable development (we want to educate, take care of the climate and the environment and promote prosperity).

mBank Group's market shares in Poland as of 30.06.2021



Main product lines

RETAIL BANKING

A wide range of modern financial services for mass market, affluent and private banking clients as well as entrepreneurs



Poland

Czech Republic
and Slovakia

5,463 thou. clients

CORPORATE AND FINANCIAL MARKETS

Fully fledged offering:

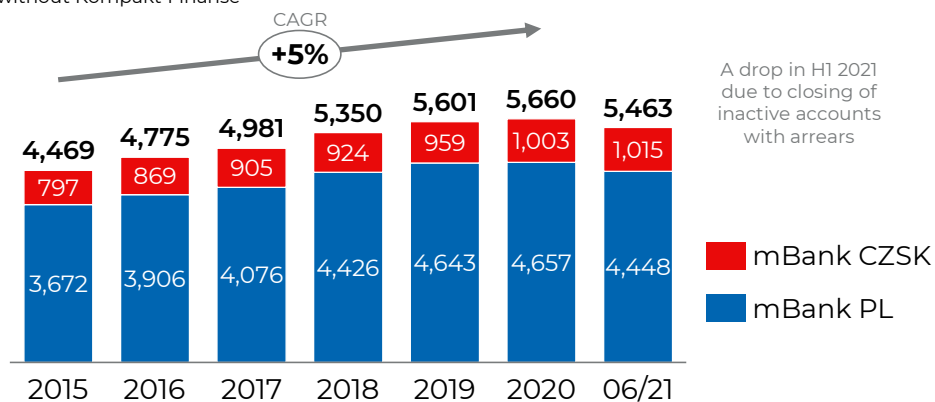
- Corporate banking
- Transactional banking
- Investment banking
- Brokerage
- Leasing
- Factoring

30.4 thou. clients

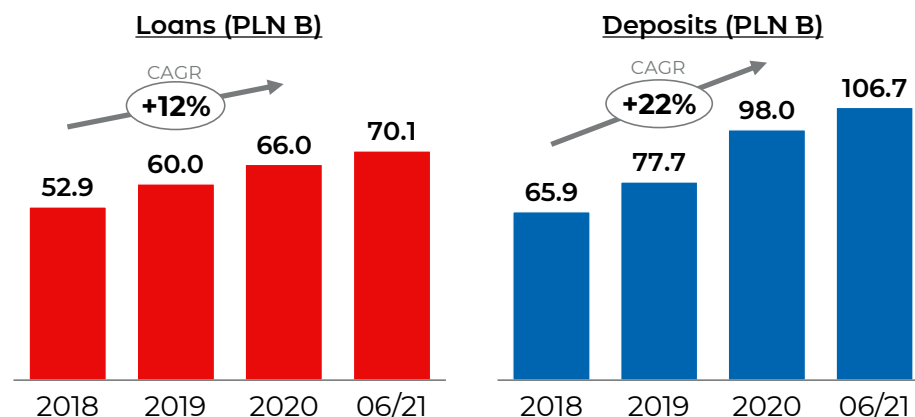
Poland's largest organically developed retail banking franchise

Number of mBank's retail clients (thou.)

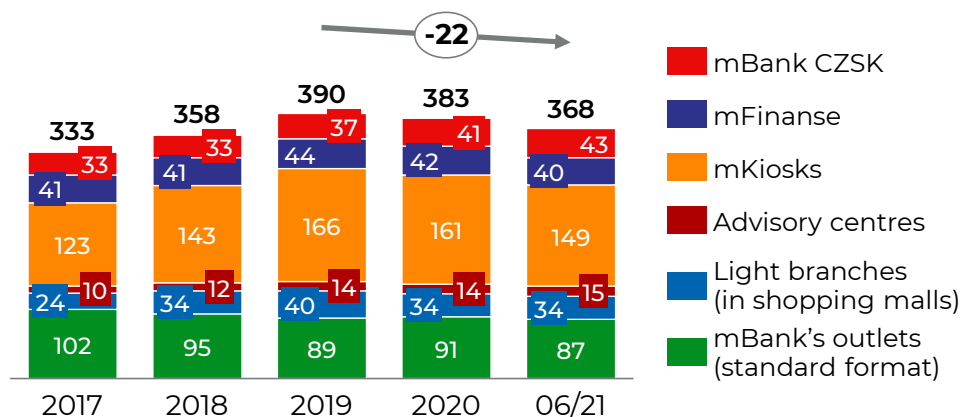
without Kompakt Finanse



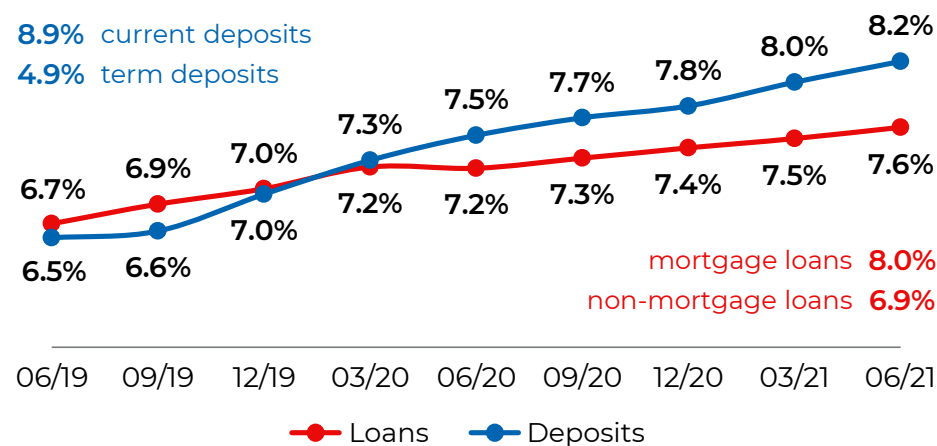
Business volumes of Retail Banking segment



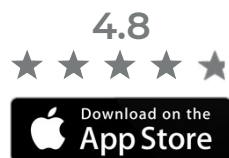
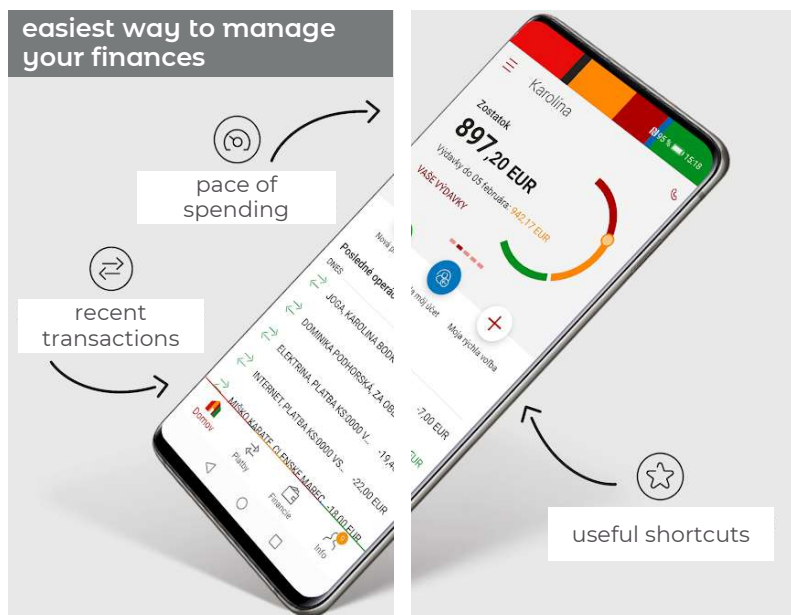
Number of retail service locations



mBank Group's market shares in Poland - Households



Development of leading mobile banking offer for individuals



Mobile application to Junior Account
designed for children below 13 years old and suited to their needs



mBank was awarded as **Best Private Bank** in CEE in **Digital Portfolio Management** category by *Professional Wealth Management* magazine

Well-designed functionalities for client convenience



fully remote account opening with a selfie and agreement approved via a text message



logging in with a PIN code, fingerprint or Face ID



contactless payments with Google Pay and Apple Pay



express transfers using telephone numbers and the BLIK system



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)

mBank as a front-runner in mobile banking adoption

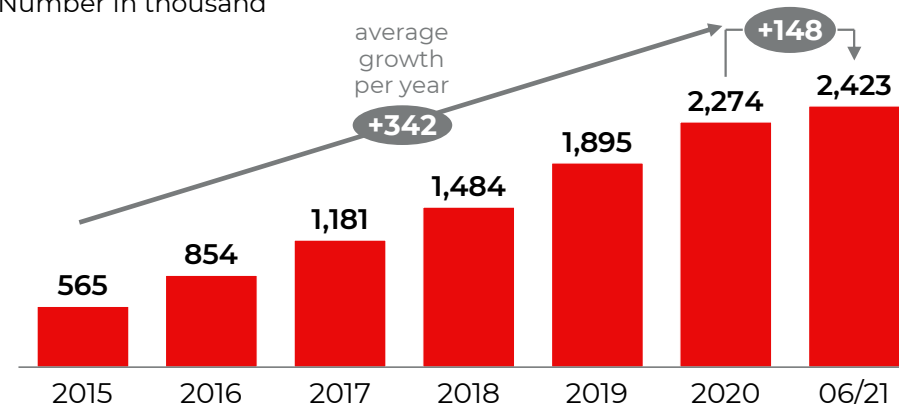


#1 by the share of mobile users in total active customer base

#2 by the number of mobile app users among Polish banks

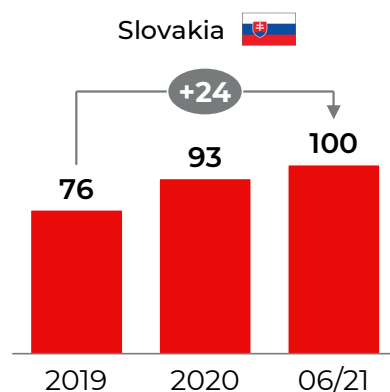
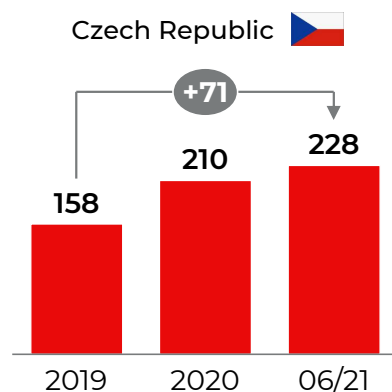
Active users of mBank's mobile application in Poland

Number in thousand



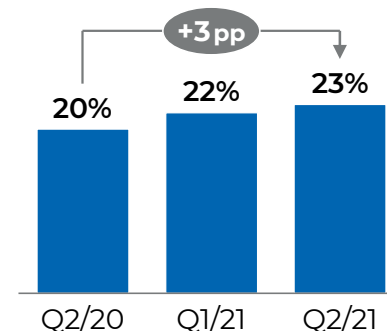
Active users of mBank's mobile application outside Poland

Number in thousand



Growing importance of mobile channel in daily banking

Share of mobile application in the sale of non-mortgage loans (by volume)



Usage of Apple Pay, Google Pay, Garmin Pay and Fitbit Pay

Mobile payment cards number at the end of Q2/21

1,404 thousand

+95,000 QoQ

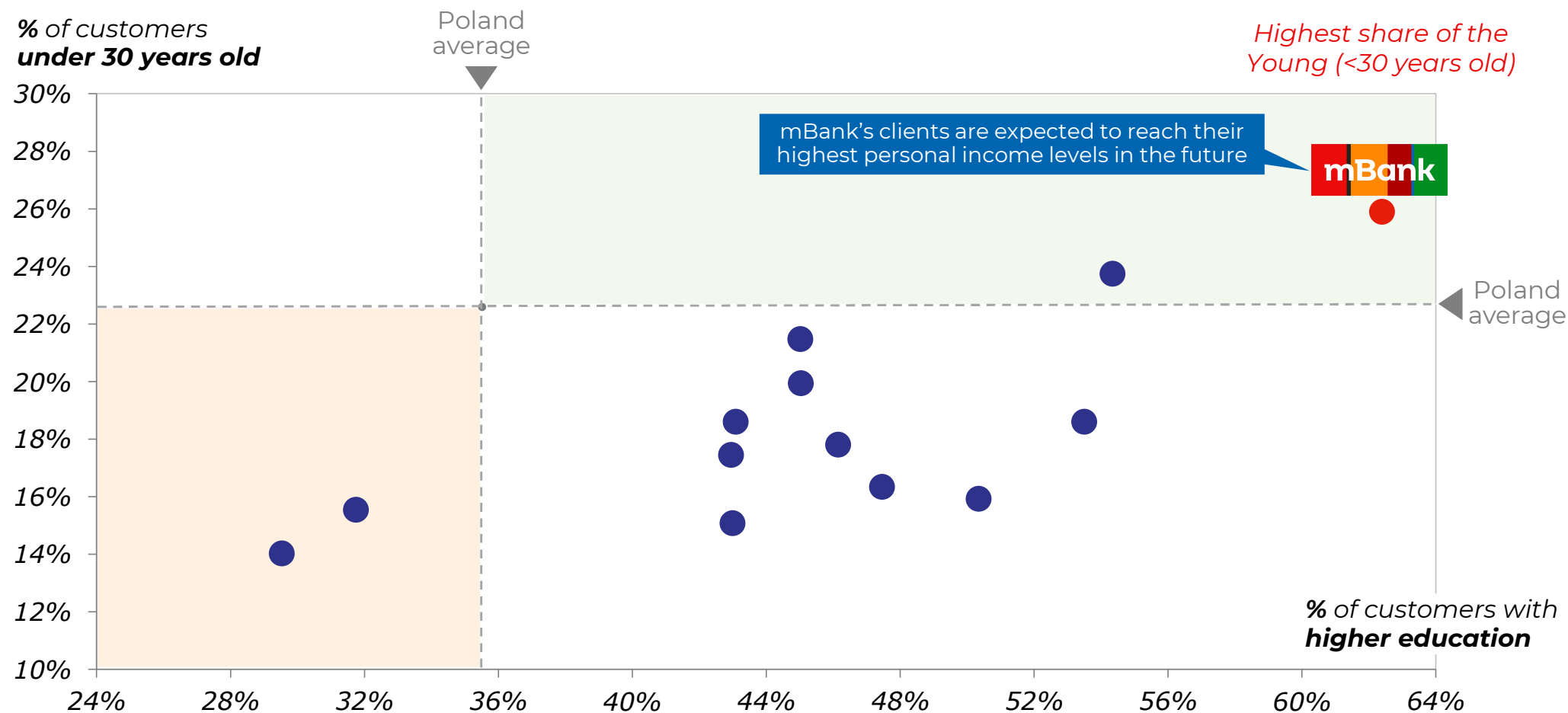
Contactless mobile transactions number in Q2/21

60.5 million

+36% QoQ

Supportive demographic profile of mBank's retail client base

Distribution of Polish banks by attractiveness of customer base in terms of age and education

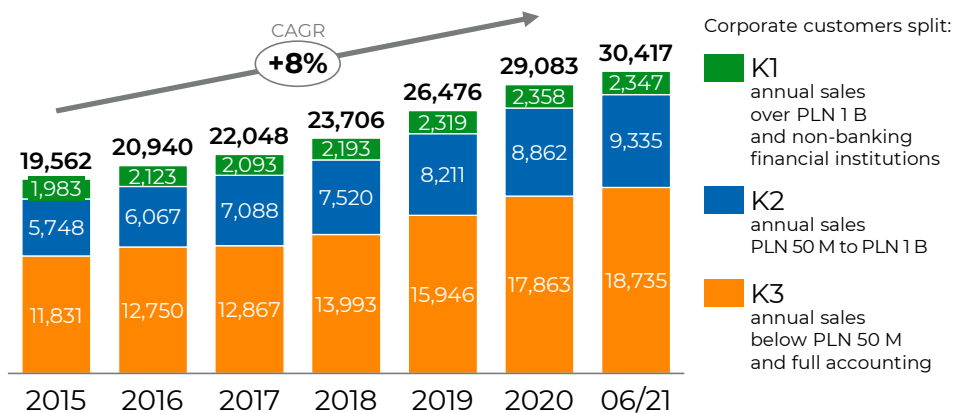


Source: mBank based on declarative answers from Target Group Index by Kantar MillwardBrown, June 2019, 20.1k customers.

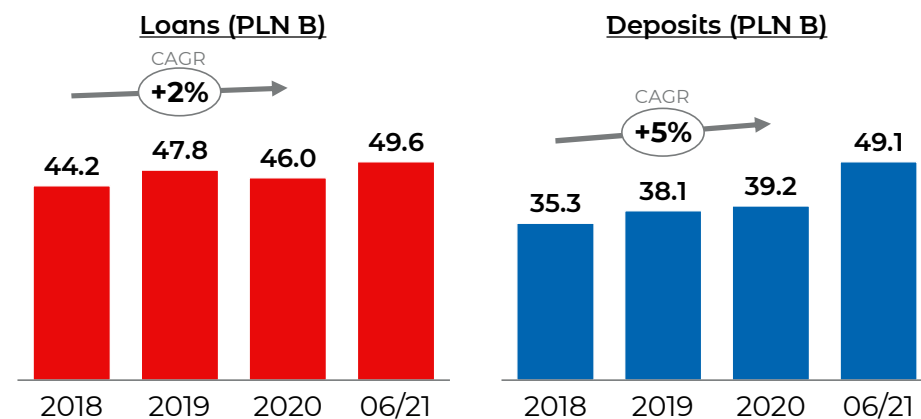
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Strong presence and leading expertise in corporate banking

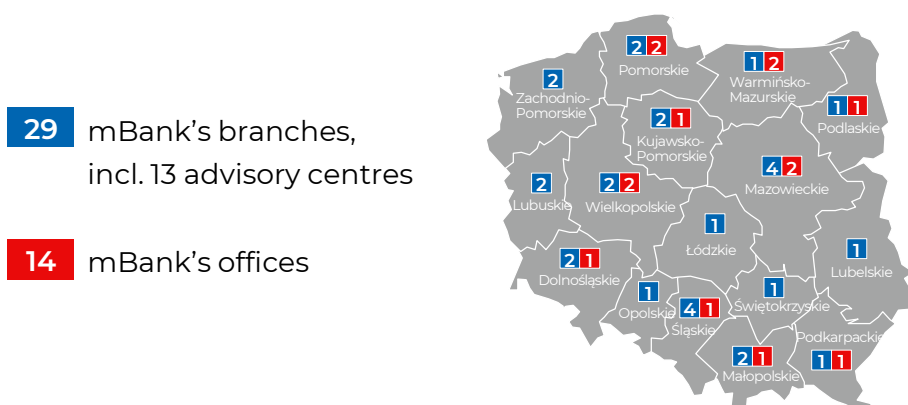
Number of mBank's corporate clients



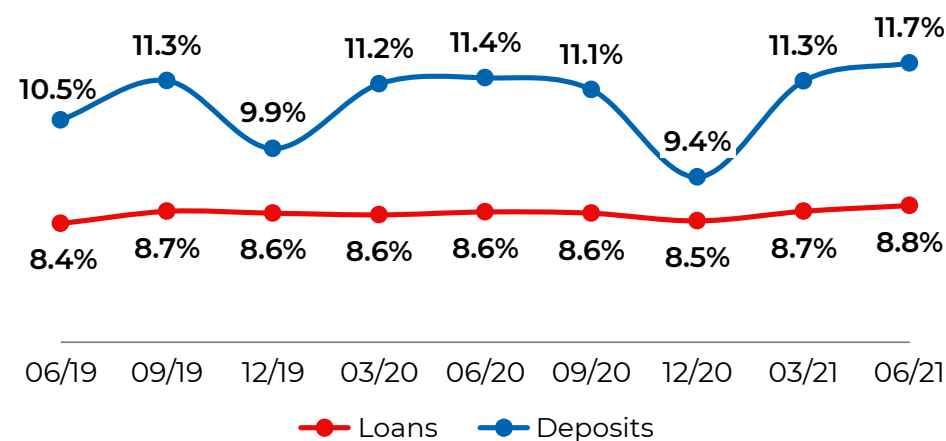
Business volumes of Corporates & Financial Markets segment



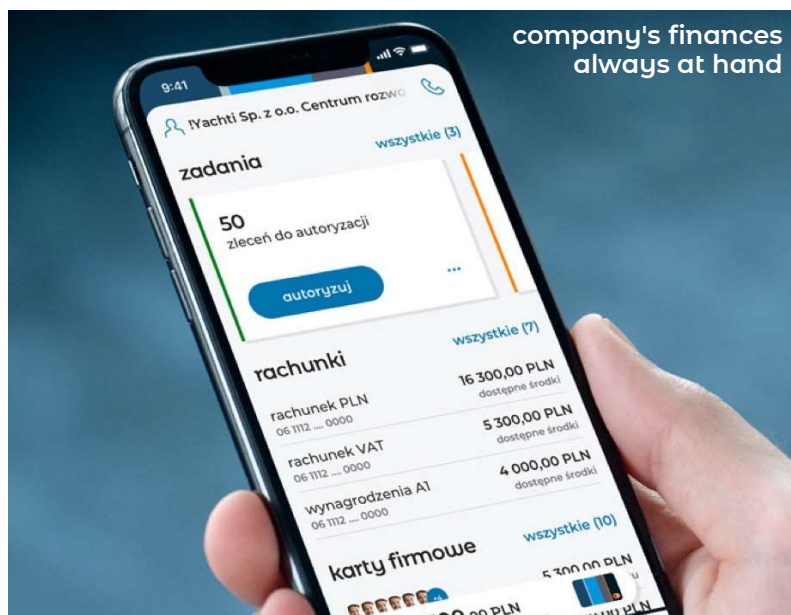
Number of corporate service locations as of 30.06.2021



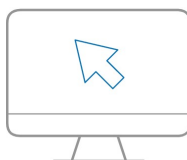
mBank Group's market shares in Poland - Enterprises



Development of best digital banking services for corporate clients



CompanyMobile
CompanyNet



mBank was named **"World's Best Corporate/Institutional Digital Bank in CEE 2020"** by Global Finance magazine

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,
signing of agreements



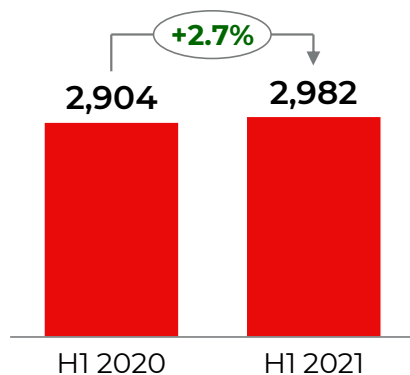
mAuto.pl online platform with an
offer of new and used cars, financed
by leasing or long-term rental



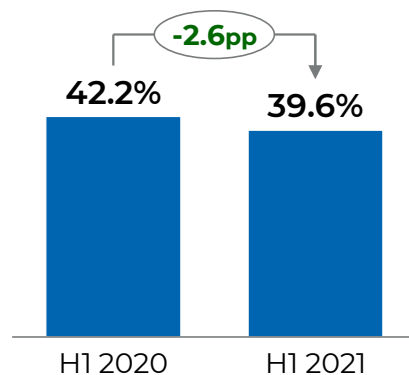
Summary of key financial highlights

Total income

PLN M

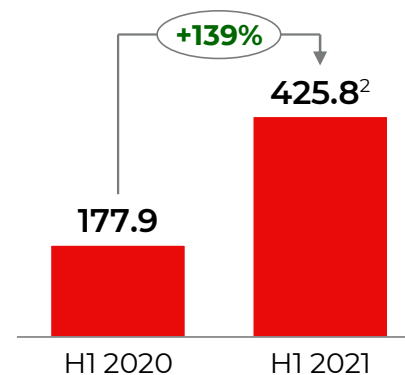


Cost/Income ratio¹

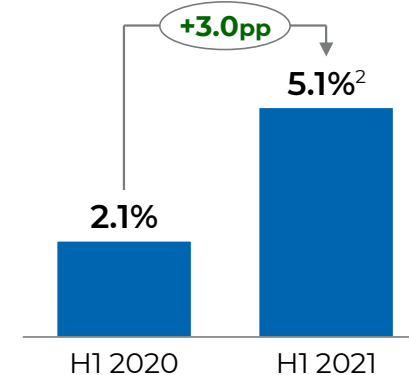


Net profit

PLN M

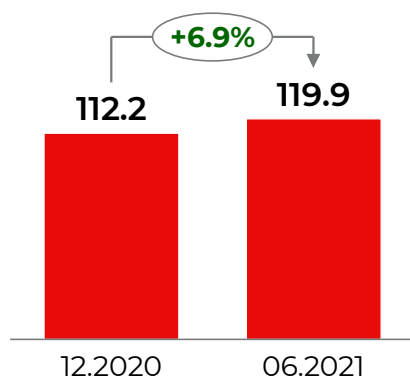


Return on equity (ROE)

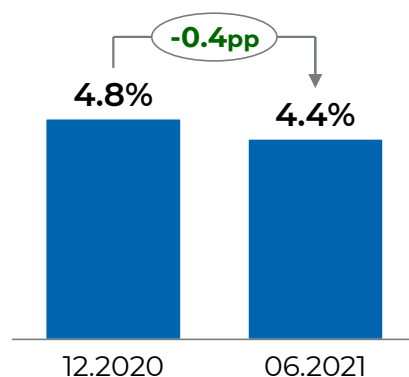


Gross loans to customers

PLN B

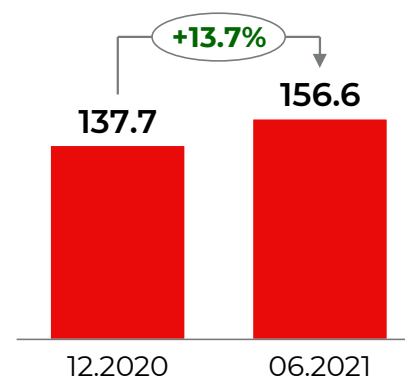


NPL ratio

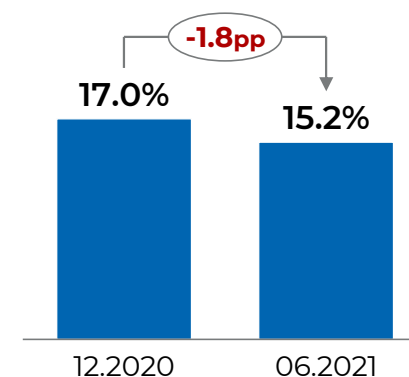


Customer deposits

PLN B



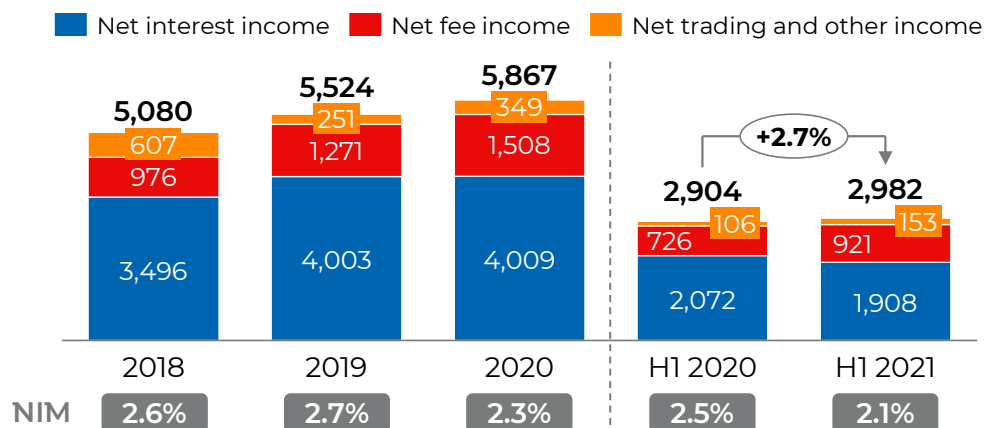
Tier 1 capital ratio



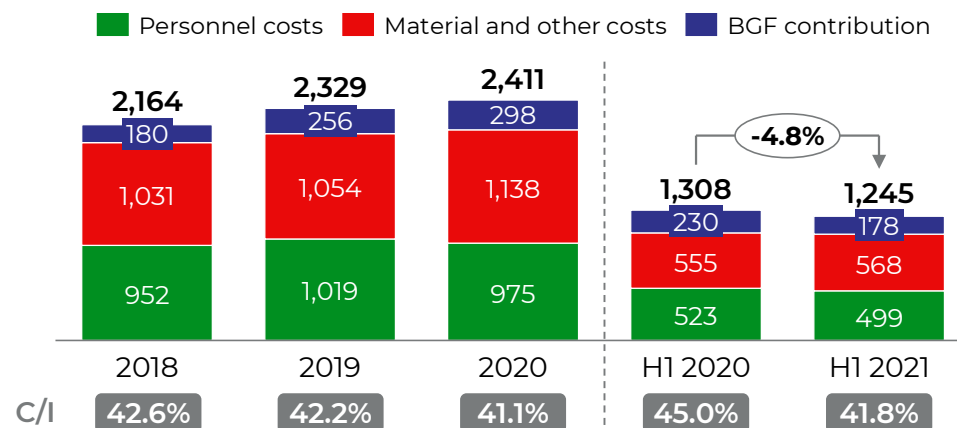
¹ Normalized indicator, including ½ of contribution to the Resolution Fund booked in the first quarter of the year; ² For Core Business (defined as mBank Group excluding FX Mortgage Loans segment) net profit was at PLN 735.6 M and ROE at 10.7%.

Highly efficient platform underpinning solid financial results

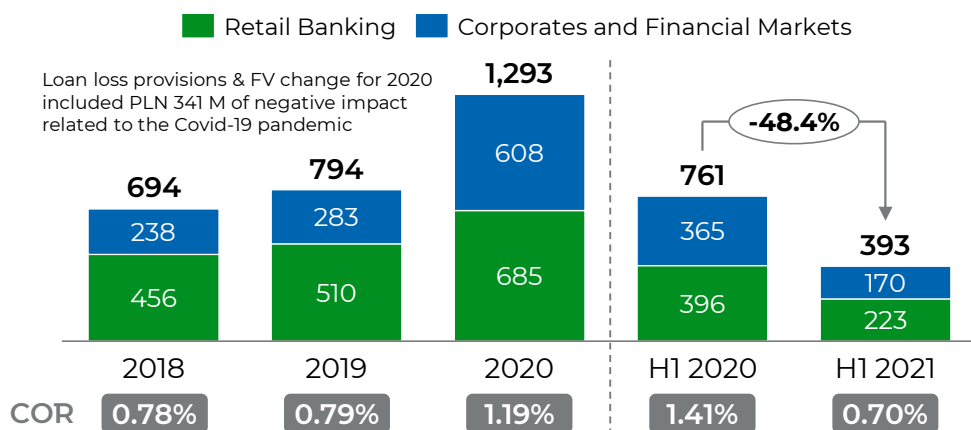
Total income (PLN M) & net interest margin (NIM)



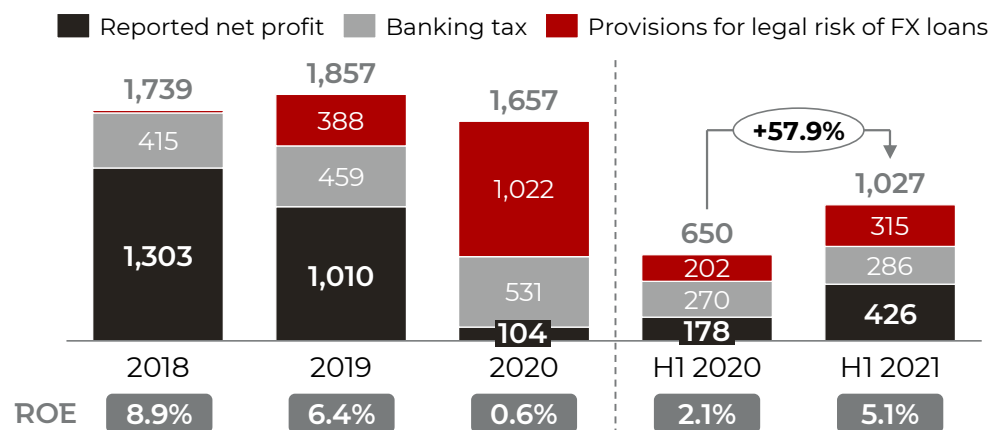
Total operating expenses (PLN M) & Cost/Income ratio (C/I)



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

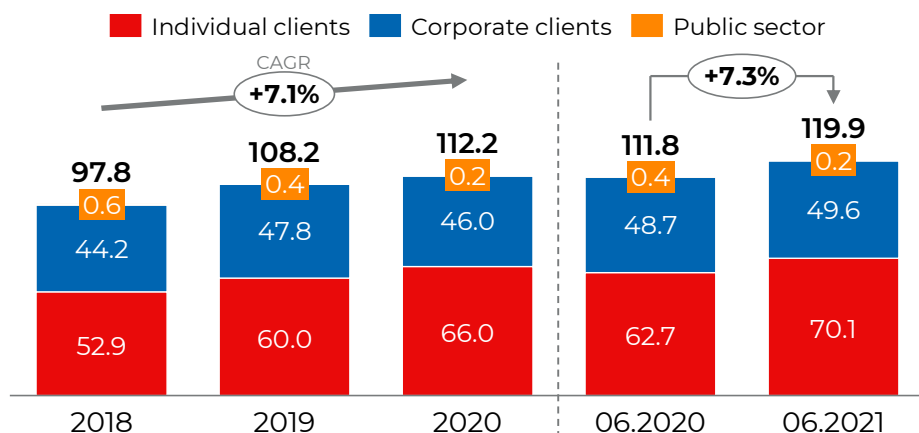


Net profit (PLN M) & return on equity (ROE)

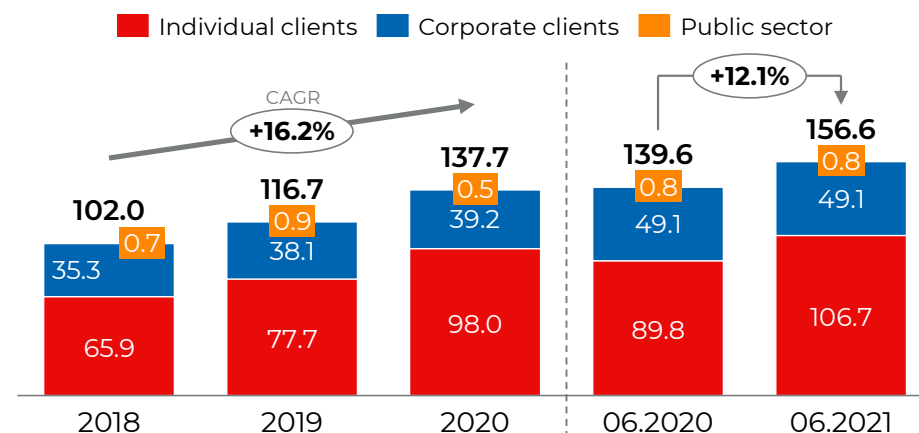


Well-balanced growth of business volumes, strong capital position

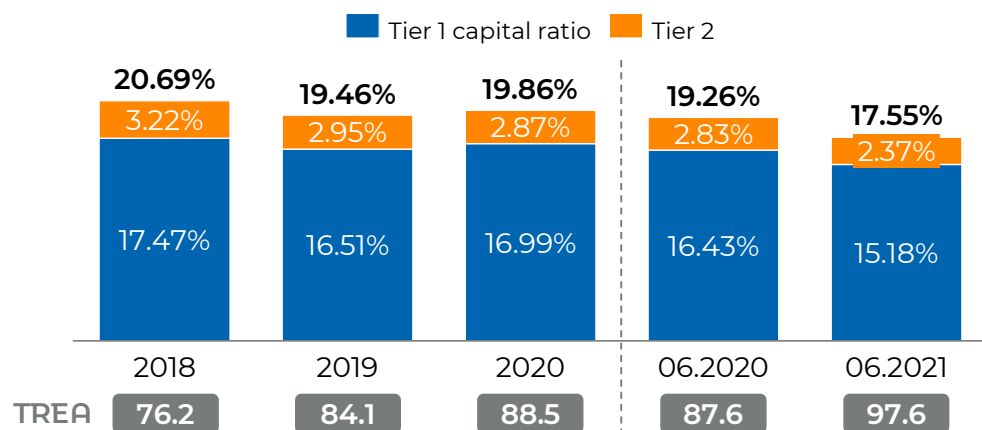
Total gross loans (PLN B)



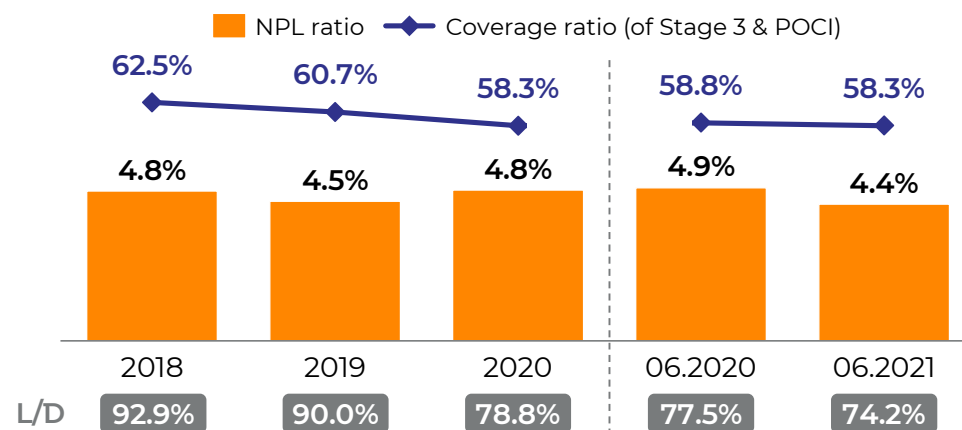
Total customer deposits (PLN B)



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



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



New segmentation to show genuine performance of core business

Summary of financial results for mBank's core activity and run-off portfolio in H1 2021

PLN million	Core Business	Non-core ¹	mBank Group
Net interest income	1,843.5	65.0	1,908.4
Net fee, trading and other income	1,107.0	-33.8	1,073.1
Total income	2,950.4	31.1	2,981.6
Total costs	-1,235.8	-9.1	-1,244.9
Loan loss provisions and fair value change ²	-403.6	10.6	-393.1
Costs of legal risk related to FX loans	0.0	-314.8	-314.8
Operating profit	1,311.0	-282.2	1,028.8
Taxes on the Group balance sheet items	-258.3	-27.6	-286.0
Profit before income tax	1,052.6	-309.8	742.8
Net profit	735.6	-309.8	425.8
Total assets	185,136	13,335	198,471
Net interest margin	2.16%		2.07%
Cost/Income ratio	41.9%		41.8%
Cost of risk	0.82%		0.70%
Return on equity (ROE)	10.7%		5.1%
Return on assets (ROA)	0.83%		0.44%

¹ Equivalent of "FX Mortgage Loans segment" in the financial statement

² 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

Separation of FX mortgage loan portfolio

- In order to present the genuine and undistorted performance of mBank Group, the new segmentation was introduced. The non-core part, comprising of foreign currency mortgage loans, was separated from the total business.
- Non-core assets** were 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.

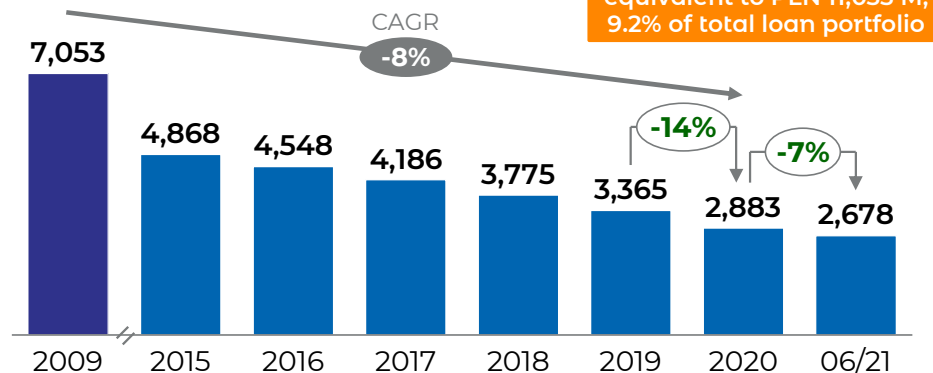
Provisions for legal risk related to foreign currency loans are currently divided into:

- PLN 1,468.5 M** reflected through a deduction from gross assets;
- PLN 220.5 M** included in the bank's liabilities;

Summary of litigations and provisions related to CHF portfolio

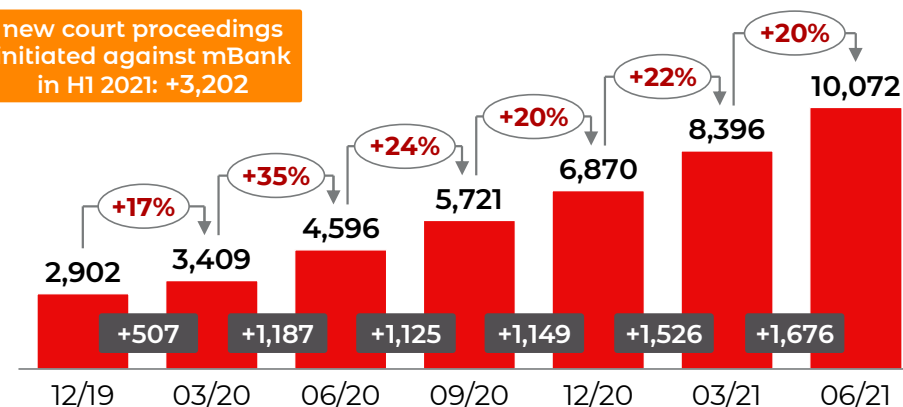
CHF mortgage loans granted to individual customers

CHF M, carrying amount



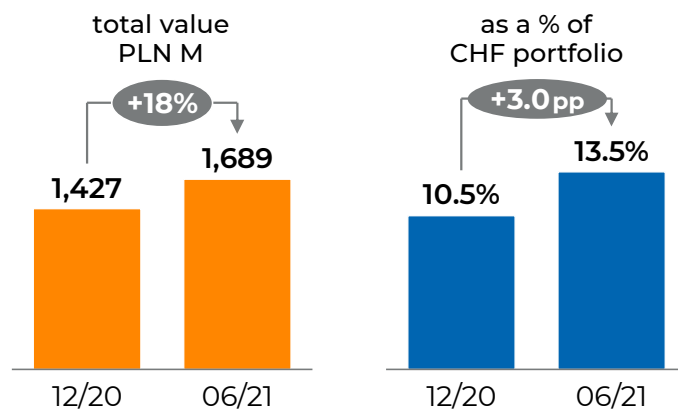
Number of individual court cases concerning indexation clauses

new court proceedings initiated against mBank in H1 2021: +3,202



Provisions created for individual court cases

concerning indexation clauses in CHF mortgage loans

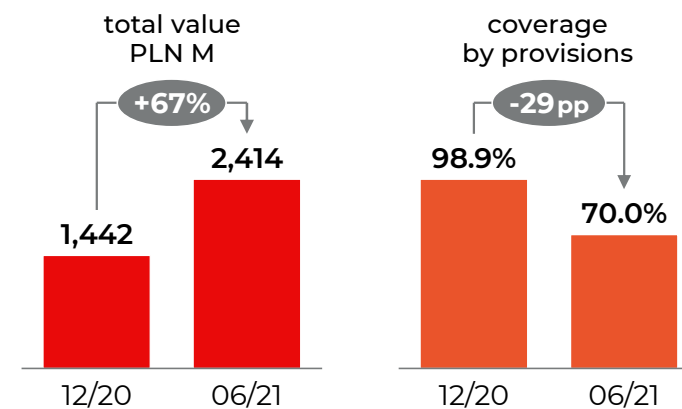


Key parameters for the calculation of portfolio provisions include:

- population of borrowers who will file a lawsuit against the bank
- probability of loss, defined as a share of negative verdicts in all final judgments
- expected level of loss in case of losing the lawsuit by the bank (taking into account a distribution of 3 possible outcomes)
- CHF/PLN exchange rate

Claims related to the individual proceedings

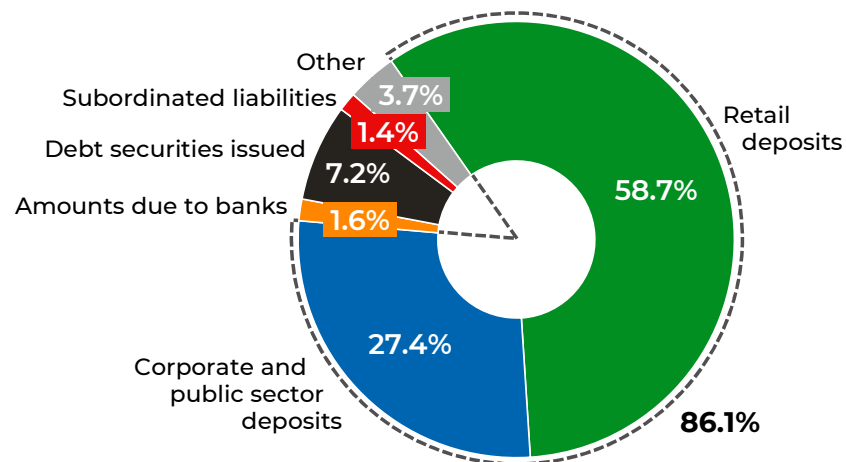
concerning indexation clauses in CHF loan agreements



The most diversified funding structure among Polish banks

Structure of mBank Group's funding

as of 30.06.2021



Summary of mBank's ratings

as of 30.06.2021

	Fitch Ratings	S&P Global Ratings
Long-term rating	BBB-	BBB
Outlook	Negative	Negative
Short-term rating	F3	A-2
Viability rating / SACP	bbb-	bbb

Summary of mBank's long-term funding instruments

as of 30.06.2021

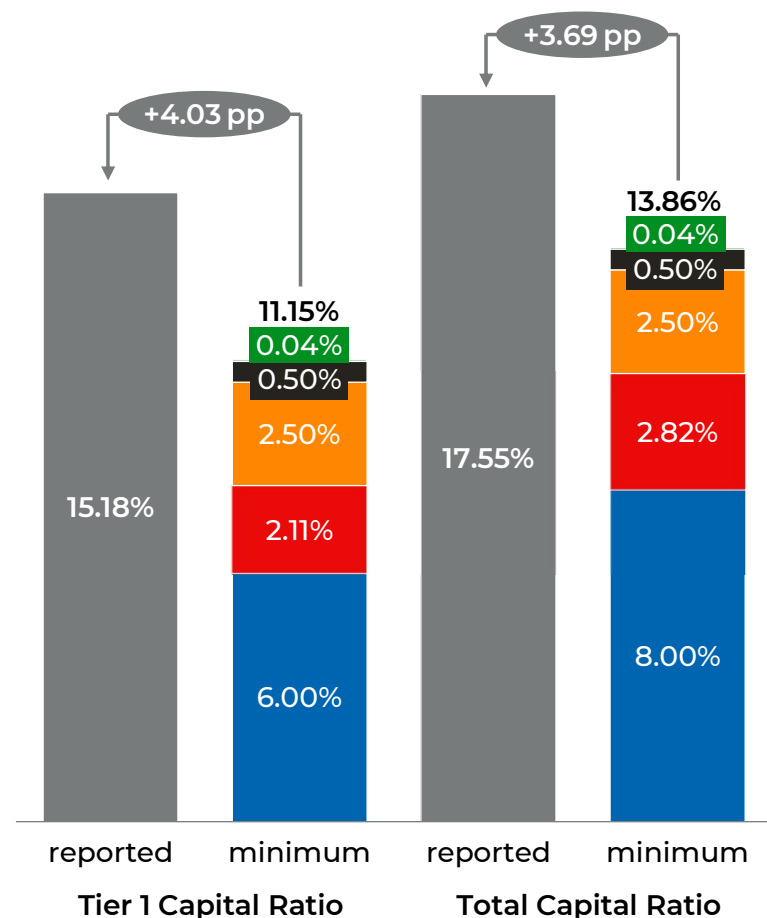
Nominal value	Currency	Issue date	Maturity date	Tenor	Coupon
Issues under Euro Medium Term Note (EMTN) Programme					
500 M	EUR	26.11.2014	26.11.2021	7.0 Y	2.000%
200 M	CHF	28.03.2017	28.03.2023	6.0 Y	1.005%
180 M	CHF	07.06.2018	07.06.2022	4.0 Y	0.565%
500 M	EUR	05.09.2018	05.09.2022	4.0 Y	1.058%
125 M	CHF	05.04.2019	04.10.2024	5.5 Y	1.0183%
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%

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

Strong capital position with ratios well above the requirements

Reported ratios compared to regulatory capital requirements for mBank Group

as of 30.06.2021



- Countercyclical Capital Buffer (CCyB)** is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Group are located.
- Systemic Risk Buffer (SRB)**, originally set at 3.0% in Poland, was 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, in which mBank has been identified as other systemically important institution; its level is reviewed annually.
- Conservation Capital Buffer (CCB)** is 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; it was implemented gradually and raised from 1.25% to 2.5% starting from 01.01.2019.
- 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 within the supervisory review and evaluation process ("SREP"); its level is reviewed annually.
- CRR Regulation minimum level (CRR)** based on Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

MREL requirement for mBank Group

Summary of key information

mBank MREL Requirement

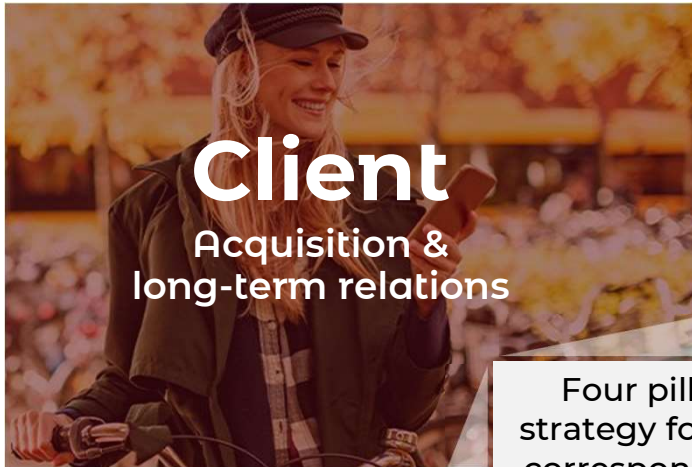
MREL Policy by BFG

mBank Issuance plan

- Neither mBank nor Commerzbank are classified as G-SIB. Therefore, mBank is not subject to TLAC.
- mBank is also not classified as top tier bank (balance sheet > EUR 100 billion). Therefore, it is not subject to MREL under Pillar I.
- Based on the joint decision of Resolution College, communicated to mBank in 2020, the **Multiple Point of Entry (MPE)** approach was applied in case of Commerzbank AG Group (in which **mBank constitutes a separate resolution group**). As a result, there is **no internal MREL** imposed on mBank. The Bank Guarantee Fund (BFG) as a resolution authority in Poland is to determine an **external MREL** for mBank subgroup.
- On the basis of the BRRD II, the BFG published on February 4, 2021, new draft rules for determining the MREL. According to them, the MREL will be set in relation **TREA** and **Leverage exposure**.
- The MREL requirement will consist of two components: the RCA (the sum of the capital requirement under Pillar I & II) and the RCA (depending on the preferred resolution strategy). In addition, **the combined buffer requirement** will be imposed **on top of MREL**, while the **market confidence charge will be at 0%**. BFG will set the overall MREL requirement and its part to be covered by subordinated liabilities (incl. NPS).
- The first MREL interim target will be binding from **January 1, 2022**, and the target date for MREL is **January 1, 2024**.
- As the **BFG Act transposing the BRRD II** was published on **August 31, 2021**, the final MREL decision should be communicated by BFG in Sep/Oct 2021.
- mBank plans to meet target levels of MREL mainly by issuing NPS bonds under EMTN programme. We currently expect to issue around **EUR 500-700mln annually until the end of 2023**.
- Hence, **the bank will become a regular issuer of public benchmark transactions**. Further, it is our intention for the majority of the volume to be executed in the form of green bonds.

mBank Group's Strategy for 2020-2023

In the strategy for 2020-2023, mBank Group focuses on 4 areas



Four pillars of the strategy for 2020-2023 correspond to the key components of mBank's business model



mBank Group's Strategy for 2020-2023

What will mBank be like in the horizon of the strategy for 2020-2023?



mBank's focus on sustainable and responsible banking

Corporate Social Responsibility and Sustainable Development Strategy of mBank

Top aim

Be among top three leaders of social responsibility in the banking sector

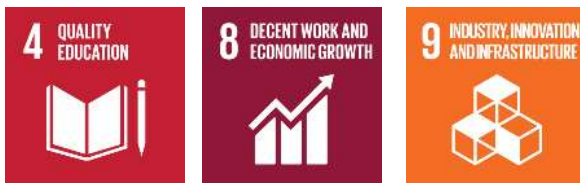
Direction guidelines

Sustainable Development Goals (SDGs) set by the United Nations

Focus areas

Bank-relevant SDGs chosen from 17 universal objectives, organised in 3 areas:

✓ mBank educates



✓ mBank promotes prosperity



✓ mBank cares about the climate and the environment

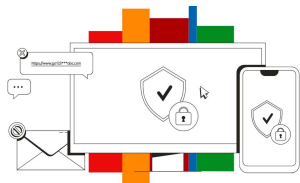


We fulfil our sustainable strategic goals in day-to-day activity

Our ESG activities are centred around 3 aspects in line with our sustainable development strategy

✓ mBank educates

- We support the development of mathematical skills and equalize educational opportunities for the young



- We teach how to use online and mobile banking safely

✓ mBank promotes prosperity

- We support organisations working for social welfare: 4 years cooperation with WOŚP



We play together



- We are accessible to clients with disabilities (inclusive banking)
- We ensure diversity and equal opportunities

✓ mBank cares about the climate and the environment

We limit our indirect impact

- Credit policy regarding industries relevant in the context of EU climate policy
- Eco-supportive products in each customer segment
- PLN 4 billion dedicated to Renewable Energy Sources financing



Customers choosing virtual cards saved nearly 250 kilograms of plastic with us in H1 2021

We limit our direct impact

- Measurement and reduction of our carbon footprint
- Waste segregation and recycling
- Selection of suppliers by ESG standards

Reporting on achievements

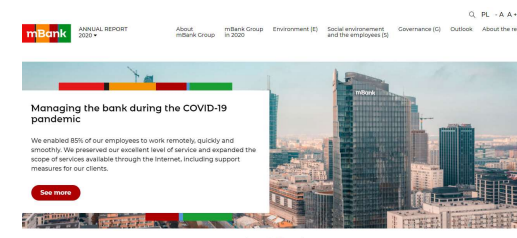
Annual Management Board's Report Statement on non-financial information



13. Non-financial information
13.1. Information about the statement
13.2. Business model
13.3. Policies, due diligence process and outcomes...
13.4. Key risks and risk management
13.5. Key performance indicators

Management Board Report on Performance
of mBank S.A. Group in 2020
(including Management Board Report on Performance
of mBank S.A.)

Annual Integrated Report Prepared according to Global Reporting Initiative (GRI) standard



mBank's ESG recognition and memberships

External ESG assessment

15.9 ESG Risk Rating
low risk by Sustainalytics

as of 19.04.2021



"mBank's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by the executive team, suggesting that these are integrated in core business strategy. (...) The company's overall management of material ESG issues is strong."

Company's final ESG Risk Rating is scored on material ESG issues such as corporate governance, data privacy and security, product governance, human capital, business ethics and ESG integration - financials.

A MSCI
ESG Rating



mBank ranks Average (A) in the ESG rating of MSCI, maintained for over five recent rating actions. MSCI ESG Ratings aims to measure a company's resilience to long-term ESG risks. Companies are scored across the most relevant Key Issues based on a company's business model.

MSCI runs its assessment in the following categories: Privacy and Data Security, Financing Environmental Impact, Consumer Financial Protection, Human Capital Development, Access to Finance and Governance. According to MSCI, mBank's performance is strongly attributable to corporate governance performance.

Membership in ESG indices

Bloomberg GEI
Gender-Equality Index

mBank included in the index for the first time in January 2021.

FTSE4Good
Index Series

Designed to measure the performance of companies with strong ESG practices.

WIG-ESG index
on WSE in Poland

Index of sustainable companies run at Warsaw Stock Exchange, previously named Respect Index.

Membership and support

As signatory to the **Ten Principles of the UN Global Compact**, we want to grow in a sustainable manner, make the world a better place and contribute to the prosperity of our stakeholders: customers, employees, investors, partners and the society.

ESG-focused awards

Silver Leaf awarded in the 10th ranking held by Polityka weekly, the Responsible Business Forum and Deloitte. Companies are appraised for their support of sustainable development and social engagement, as well as good practices.

ESG management at mBank

ESG management fundamentals

- **Supervisory Board and Management Board of mBank** discuss ESG-related topics regularly
- ESG-linked goals incorporated into **Objectives and Key Results** (OKR) approach of mBank's incentive and appraisal system
- **mBank Group Sustainable Development Committee**
 - Chaired by the Vice-President of the Management Board, CRO
 - Launched in December 2020
 - Discussion platform for ESG in the Group
- **Ethics Officer** appointed in 2018
 - Creates ethics standards and coordinates their implementation
 - Holds the position of Managing Director for Regulatory, Legal and Customer Relations

Key ESG risk management principles

- mBank incorporated **EBA Guidelines regarding granting and monitoring of loans**, including ESG topics
- mBank applies **general exclusionary criteria** in its policies, i.a.:
 - No financing of new hard coal and lignite mines; no financing of expansion of the capacity of existing mines
 - No financing of nuclear power plants
 - Strong restrictions for financing armaments
 - No financing of exploration and extraction of shale gas
 - No financing of entities that exploit valuable natural areas

mBank Sustainability standards: Policies & procedures

- **Compliance Policies**, i.a. personal data security policy, Anti-money laundering and counter-terrorism financing regulations, conflict of interest management policy, compliance policy, anti-corruption policy, Fraud prevention policy at mBank and whistleblowing, Global sanction policy
- **Governance policies**, i.a.: remuneration policy, mBank's work rules, policy on preventing mobbing, discrimination and other unacceptable behaviours, Policy for the assessment of qualifications (suitability) of members of the supervisory body, management body and key function holders at mBank S.A., Principles for suppliers
- Policy on providing services to entities operating in areas sensitive in terms of mBank's reputation risk
- **Green policies:**
 - Renewable Energy Sources financing policy (RES)
 - Credit policy regarding industries relevant to the EU climate policy
- **mKanon** - the rules of simple and empathic communication with all stakeholders



mBank Sustainability Standards

mBank S.A. Group Green Bond Framework

The framework published in 2020 aligns with 4 core components of the Green Bond Principles (2018)

✓ Use of proceeds

Eligible Green Loan Portfolio includes projects with 3Y look-back period:

- Green residential buildings
 - ✓ Single-family home
 - ✓ Multi-family home
- Renewable Energy Source Installations
 - ✓ Onshore wind farms
 - ✓ Solar energy, incl. photovoltaics
- Other eligible assets, as described in the Framework, may be included

✓ Project Evaluation & Selection

- Sustainable Development Committee (SDC, in Framework: Sustainable Finance Committee) ensures on-going assets evaluation and selection according to adopted Eligibility Criteria
- SDC takes decision on including assets into Eligible Assets Portfolio based on internal reports prepared by entities responsible for projects in their applicable areas
- In assets identification and evaluation process SDC may rely or be supported by external parties and their data sources

✓ Management of proceeds

- The net proceeds from green bonds will be allocated to refinance existing portfolio or finance new loans
- The proceeds will be allocated within 24 months
- Unallocated proceeds to Green Loans will be temporarily invested in a treasury liquid portfolio, cannot finance GHG intensive nor controversial activities
- Portfolio approach will be used in case of further Green Bond issuances

✓ Reporting

- First allocation report will be published on mBank's website after a year from the issue, subsequent reports – annually at the determined time of the year
- Environmental impact report will be disclosed to investors annually until full allocation or in case of major changes in allocation
- Positive Second Party Opinion by Sustainalytics
- Climate Bond Initiative (CBI) Pre-issuance and Post-issuance Certification will be provided for the first Green Bond issue



mBank S.A. Group Green Bond Framework

May 2020

While mBank's framework was structured to be aligned with the Green Bond Principles 2018 edition, we do consider our current framework to also be in line with the 2021 edition. To formalize the alignment, an update of the framework is planned for next year. Substantial amendments will be subject to updated Second Party Opinion.

Eligible portfolios for a Green Bond issuance at mBank S.A.

Initial portfolio of eligible assets

Green Residential Buildings



focus portfolio for mBank's first non-preferred senior transaction

- ✓ **Eligibility criteria developed by Drees&Sommer, certified by Climate Bonds Initiative:**
 - Assets meeting Low Carbon Trajectory requirements for Primary Energy Demand, within the top 15% of Polish market
 - Qualified by year of construction (TC2017/2021),
 - Upgrade and retrofit of asset if 30-50% improvement in CO₂ emissions (based on Energy Performance Certificate),
- ✓ Residential buildings in Poland,
- ✓ loans denominated in PLN
- ✓ New financing is 14% of the Signed Amount
- ✓ **3Y Look-back period:** First disbursement no more than 3Y before the settlement date of green bond
- ✓ **50% of current sale of residential mortgages is eligible**
- ✓ Green mortgage product is developed to ensure portfolio growth

Nominated Assets will be also eligible under the relevant CBI Sector Criteria

Building Type	Signed Amount in PLN million	Annual Primary Energy Savings (MWh)	Reduction of CO ₂ e emission in tons p.a.
Single-family	3 199.78	101 135.19	38 894.86
Multi-family	5 341.38	97 496.03	37 495.29
Total	8 541.16	198 631.22	76 390.15

As of 30.06.2021

Wind farms & Solar Energy Projects



- ✓ Loans financing or refinancing development, acquisition, maintenance and operations of renewable energy sources
- ✓ Projects compliant with Renewable Energy Sources financing policy (RES) were assessed from the perspective of its environmental and social impact as well as potential controversies
- ✓ mBank is among the leaders in financing the energy transition in Poland with a credit limit of **PLN 4 B for financing RES projects (increased gradually from PLN 500 M in 2018)**
- ✓ **Expected new sale of RES projects of about PLN 1 B annually**
- ✓ Agreements undersigned in 2019-2021, average weighted maturity 15 years
- ✓ Ca. 16% of the Signed Amount is new financing

Project Type	Signed Amount in PLN million	Energy production (MWh)	Reduction of CO ₂ e emission in tons p.a.
Wind farms	463.44	1 867 266.00	1 417 254.89
Photovoltaics	635.54	465 500.00	353 314.50
Total	1 098.98	2 332 766.00	1 770 569.39

As of 30.06.2021



mBank S.A. Group Green Bond Framework

Management of proceeds

- ✓ Green Bonds' proceeds are assigned to Eligible Assets Portfolio based on the Eligibility Criteria and in compliance with selection and evaluation process
- ✓ Assets are added to/removed from the Eligible Assets Portfolio with decision of the Sustainable Development Committee (SDC)
- ✓ Loans/projects terminated prior to the maturity of a Green Bond will automatically be removed from the Eligible Assets Portfolio
- ✓ Use of net proceeds from Green Bonds is monitored with use of its internal information systems and reported to SDC

Green assets portfolio development & alignment with standards

Eligibility Criteria as of the moment of qualifying assets to the Eligible Assets Portfolio remain binding until maturity of the Green Bond. In case new assets are added to the Eligible Assets Portfolio, they will be assigned based on the Eligibility Criteria binding at the moment of their classification.

mBank monitors the changes in the market standards concerning eligibility of assets to Green Bonds issuances and is committed to align, in particular with EU Taxonomy and Delegated Acts. We are in the adjustment process, i.a. in the area of assets classification, data collection for do-no-significant-harm assessment and reporting of ESG data.

Reporting

- ✓ Reporting for mBank Group's Green Bonds will be provided under the mBank Group Green Bond Annual Report
- ✓ The report shall comprise information about each Green Bond issue separately and summarized data of all outstanding green issuances
- ✓ Information on the allocation and on the impact of the assigned assets on a portfolio level due to confidentiality considerations and portfolio granularity

Allocation reporting will present:

- Notional amount and maturities of the outstanding Green Bonds
- Total amount of proceeds allocated to eligible assets/projects, divided into categories and project status (new and existing financing)
- Year of allocation of the Green Bonds to Eligible Assets Portfolio and changes in the portfolio compared to previous report
- Balance of unallocated proceeds

Impact report will include:

- Estimated energy savings in MWh
- Total installed capacity in MWh
- Estimated annual reduced and/or avoided CO₂ emissions in tons per each category of assets, subject to the availability of information

External review of mBank S.A. Group Green Bond

Second Party Opinion on Green Bond Framework

mBank has commissioned Sustainalytics to provide a Second Party Opinion on mBank Group Green Bond Framework

Sustainalytics is confident that mBank Group is well-positioned to issue green bonds and that the mBank S.A. Group Green Bond Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2018.

[...] Sustainalytics is of the opinion that mBank Group has sufficient measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

[...] Sustainalytics considers that the projects funded by the green bond proceeds will provide positive environmental impact, contributing to the transition towards a low-carbon economy in Poland and within the EU.

Second-Party Opinion mBank S.A. Group Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the mBank S.A. Group Green Bond Framework aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Renewable Energy, Clean Transport, Energy Efficiency and Waste Management – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7, 9, 11 and 12.

Evaluation date	May 7, 2020
Issuer Location	Warsaw, Poland
Report Sections	
Introduction.....	2
Sustainalytics' Opinion	3

Green Bond certification

mBank's First Green Bond has received the Pre-issuance Certification by Climate Bonds Initiative (CBI)

The CBI certification confirms **alignment with Climate Bonds Standard v3** and is granted only to bonds that meet the best practice for the market in terms of ambitious climate action, reporting and disclosure.

mBank will also request CBI Post-issuance verification report within 24 months of the bond issue date.



For more information refer to the website: www.mbank.pl/en/investor-relations/ratings-debt-instruments/



mBank's Green Bond proposed transaction

Summary of key terms and conditions

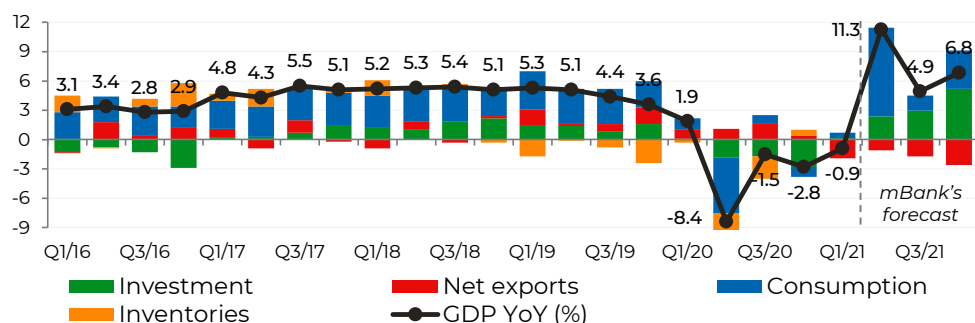
Issuer	mBank S.A.
Issue type	Green Bonds, non-preferred senior notes (MREL eligible)
Expected issue rating	BBB- (Fitch) / BBB- (S&P)
Issue amount	EUR 500,000,000 (no grow)
Maturity	September 2027, 6NC5
Coupon	Fixed-to-float format
Min denomination	EUR 100 k
Documentation	Under the Issuer's EUR 3,000,000,000 Euro Medium Term Note Programme dated 25 August 2021 plus supplements
Listing	Luxembourg Stock Exchange (LUX SE)
Use of proceeds	In accordance with the mBank Group Green Bond Framework an amount equal to the net proceeds will be assigned to residential mortgage loans
Lead managers	Commerzbank, Erste, UBS, UniCredit



Appendix

Macroeconomic situation and outlook: GDP, inflation, rates, currency

GDP path and forecast for Poland (% YoY)



GDP growth is expected to speed up to 5.7% in 2021. Start of the year surprised to the upside with investment activity. Coronavirus risks present but more manageable than during previous waves due to vaccination progress.

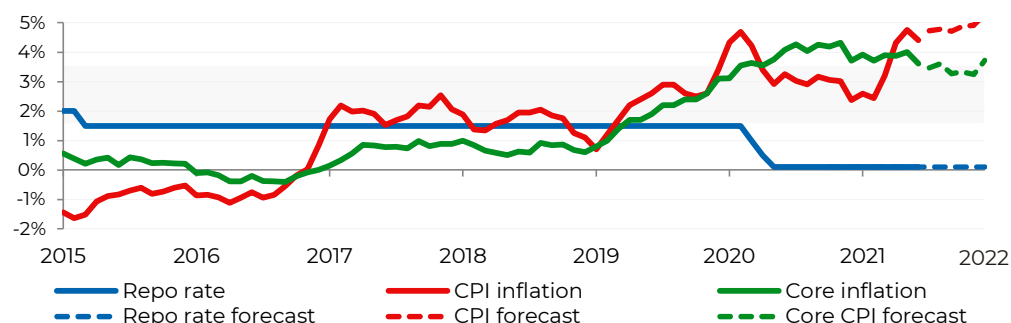
Key economic indicators for Poland

	2019	2020	2021F	2022F
GDP growth (YoY)	4.5%	-2.7%	5.7%	5.3%
Domestic demand (YoY)	3.5%	-3.8%	7.4%	6.4%
Private consumption (YoY)	4.0%	-3.0%	5.8%	6.2%
Investment (YoY)	7.2%	-8.4%	13.0%	8.8%
Inflation (eop)	3.4%	2.4%	5.2%	4.0%
MPC rate (eop)	1.50%	0.10%	0.10%	1.00%
CHF/PLN (eop)	3.92	4.22	4.04	3.87
EUR/PLN (eop)	4.25	4.56	4.45	4.30

Source: GUS, NBP, Bloomberg, mBank's estimates as of 23.07.2021.

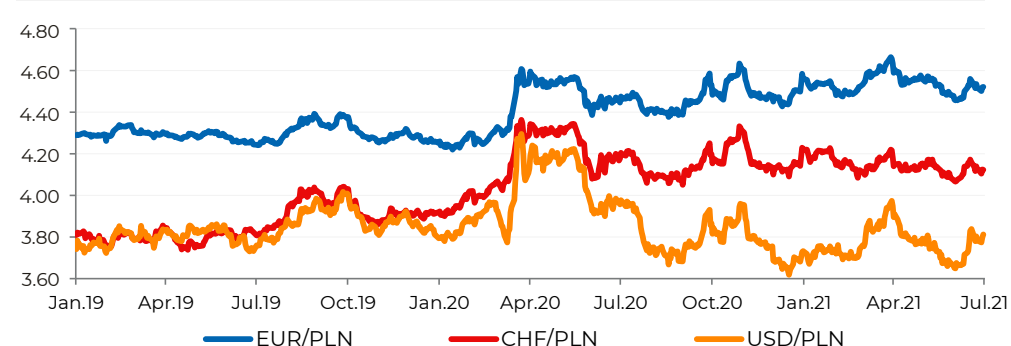
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Inflation: off 2.5% NBP target, central bank expected to react



As expected, Q1/21 marked the trough in annual inflation readings for 2021. Substantial acceleration is in the pipeline (4.2% on average for 2021) and NBP is expected to react in early 2022 and hike interest rates.

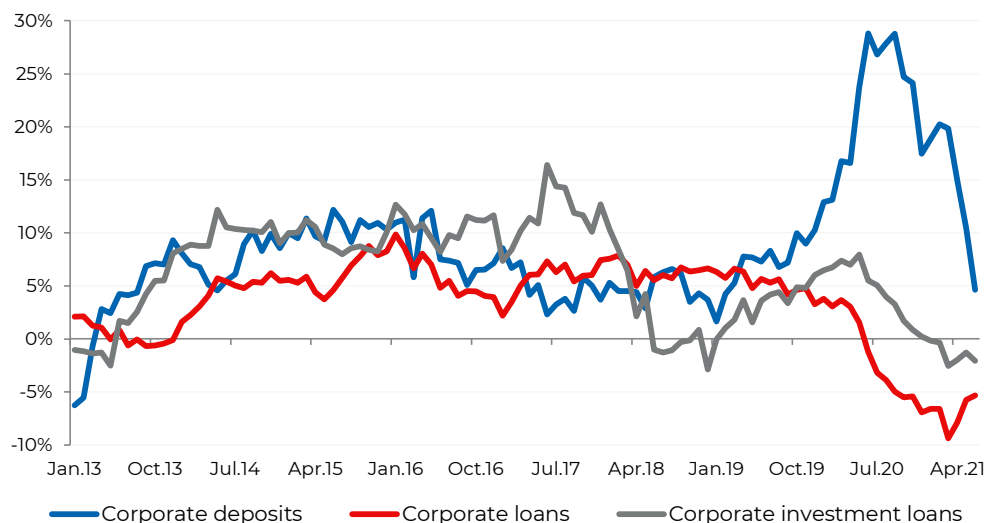
PLN: weak for the most part of 2021



Zloty stayed weaker after NBP's interventions. New tops (4.6800) were made. Negative real, NBP interest rates and CHF legal risks are weighing on the PLN. The outlook brightens only a bit along with improving GDP growth.

Macroeconomic situation and outlook: monetary aggregates

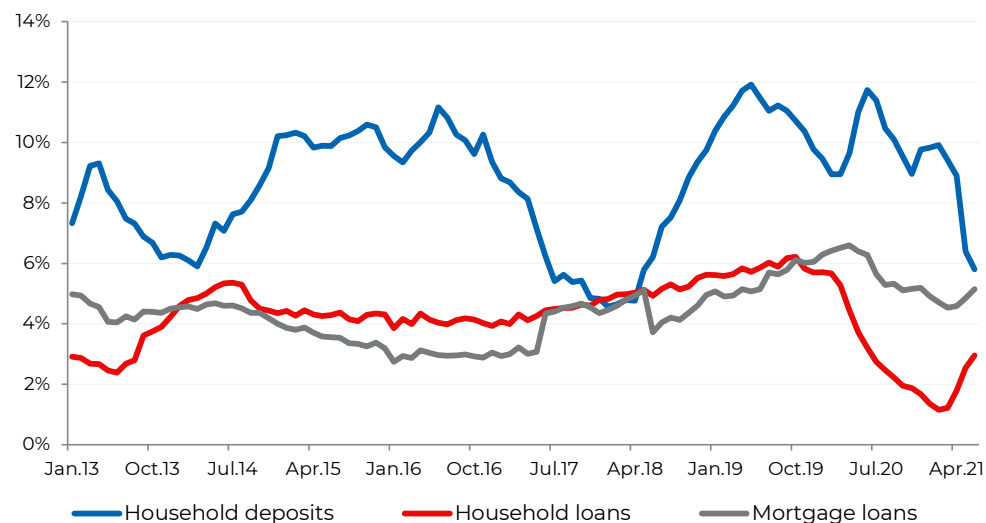
Corporate loans and deposits (YoY, FX-adjusted)



Deposit base is high and unlikely to be reversed. Growth rates of outstanding credits are negative. Yet, the inflection point is visible. Overall volumes set to return to positive growth territory by the end of the year.

	2019	2020	2021F	2022F
Corporate loans	3.0%	-4.8%	4.7%	9.5%
Corporate deposits	10.0%	19.0%	9.7%	5.7%

Household loans and deposits (YoY, FX-adjusted)



Consumers acquired substantial liquidity buffers (also in cash). Growth rates of outstanding credits are clearly turning higher. It applies both to mortgage and consumer loans (both see strong demand).

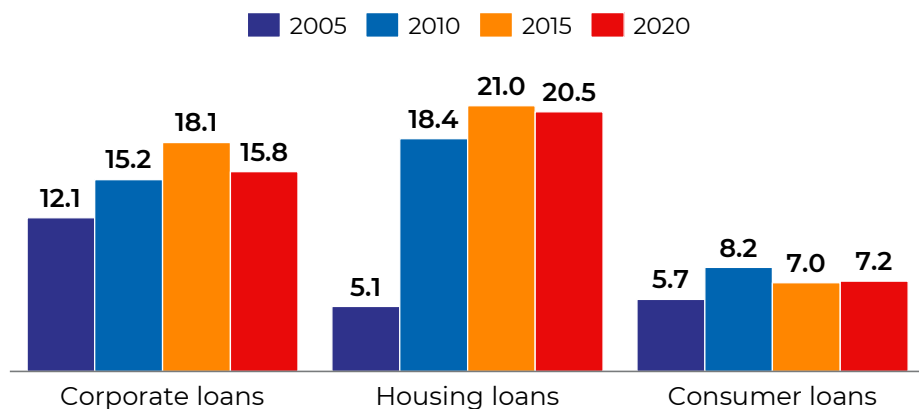
	2019	2020	2021F	2022F
Household loans	6.0%	3.0%	4.6%	6.9%
Mortgage loans	6.6%	7.3%	4.5%	5.6%
Mortgage loans in PLN	12.1%	9.7%	10.0%	10.7%
Non-mortgage loans	5.1%	-3.8%	4.8%	9.1%
Household deposits	9.7%	10.7%	5.6%	5.2%

Source: NBP, mBank's estimates as of 23.07.2021.

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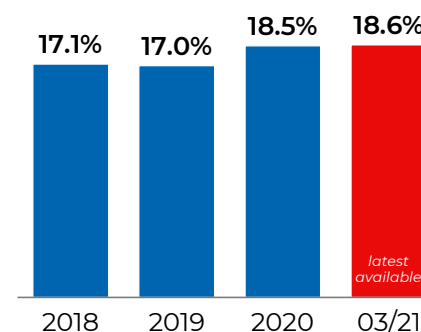
Banking sector in Poland is operationally efficient

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

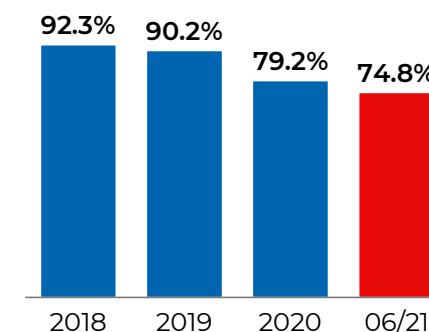


Capital adequacy and Funding: capital and L/D ratios

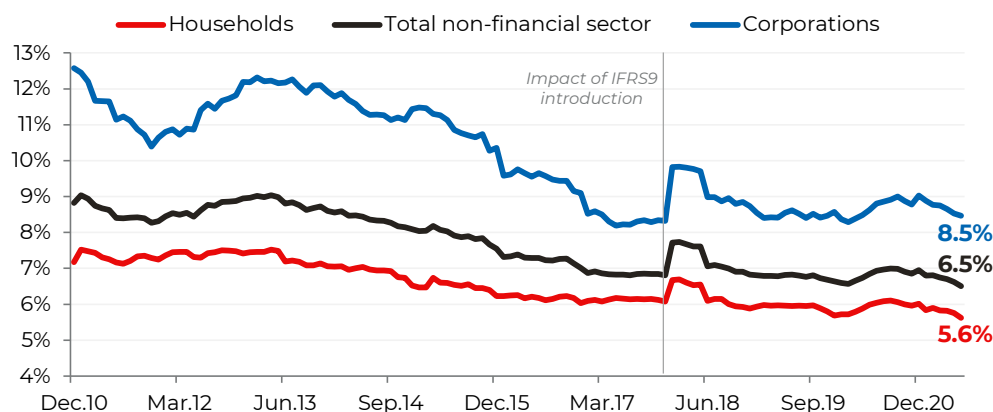
Tier 1 capital ratio



Loan-to-Deposit ratio



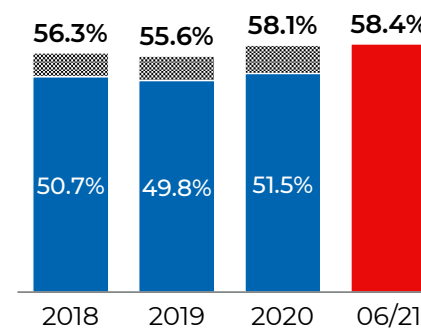
Asset quality: development of NPL ratios by segment



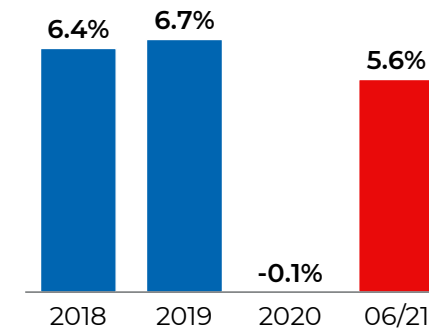
Efficiency and Profitability: C/I ratio and ROE

Cost-to-Income ratio

incl. banking tax



Return on equity



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

mBank | Green Bond Presentation | 2021

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	2019	2020	Δ YoY	H1 2020	H1 2021	Δ YoY
Net interest income	4,002.8	4,009.3	+0.2% ↑	2,072.1	1,908.4	-7.9% ↓
Net fee and commission income	1,270.6	1,508.3	+18.7% ↑	725.6	920.6	+26.9% ↑
Total income	5,524.4	5,866.8	+6.2% ↑	2,903.8	2,981.6	+2.7% ↑
Total costs (excluding BFG)	-2,073.4	-2,113.1	+1.9% ↑	-1,077.9	-1,066.4	-1.1% ↓
Contributions to the BFG ¹	-255.7	-298.1	+16.6% ↑	-230.0	-178.5	-22.4% ↓
Loan loss provisions and fair value change ²	-793.8	-1,292.8	+62.9% ↑	-761.4	-393.1	-48.4% ↓
Costs of legal risk related to FX loans	-387.8	-1,021.7	+163.5% ↑	-201.9	-314.8	+55.9% ↑
Operating profit	2,013.7	1,141.1	-43.3% ↓	632.6	1,028.8	+62.6% ↑
Taxes on the Group balance sheet items	-458.7	-531.4	+15.9% ↑	-270.2	-286.0	+5.8% ↑
Profit before income tax	1,555.0	609.7	-60.8% ↓	362.4	742.8	+105.0% ↑
Net profit	1,010.4	103.8	-89.7% ↓	177.9	425.8	+139.4% ↑
Net interest margin	2.69%	2.33%	-0.36pp	2.49%	2.07%	-0.42pp
Cost/Income ratio	42.2%	41.1%	-1.1pp	45.0%	41.8%	-3.2pp
Cost of risk	0.79%	1.19%	+0.40pp	1.41%	0.70%	-0.71pp
Return on equity (ROE)	6.4%	0.6%	-5.8pp	2.1%	5.1%	+3.0pp
Return on assets (ROA)	0.66%	0.06%	-0.60pp	0.21%	0.44%	+0.23pp

¹ Including annual contributions to the Resolution Fund of PLN 130.4 million in Q1/21

² 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

Green Bonds Methodology

Eligibility criteria for residential buildings in Poland

Green Bond criteria The object fulfills one of the following criteria:			Residential Single-Family	Residential Multi-Family
Climate Bonds Initiative	New Construction	1) Energy standard or newer based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland	New buildings complying with Technical Note 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.	
	New Construction or Existing Buildings	2) Energy standard or newer based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland	<u>Year of bond issuance = 2020 – 2025:</u> TC 2017 with a linear decreasing bond term (mid point) of 6 years in 2020 and 1 year in 2025 or <u>Year of bond issuance = 2026 – 2032:</u> TC 2021 or year of construction = 2021 with a linear decreasing bond term (mid point) of 7 years in 2026 and 1 year in 2032	<u>Year of bond issuance = 2020 – 2025:</u> TC 2017 with a linear decreasing bond term (mid point) of 6 years in 2020 and 1 year in 2025 or <u>Year of bond issuance = 2026 – 2031:</u> TC 2021 or year of construction = 2021 with a linear decreasing bond term (mid point) of 6 years in 2026 and 1 year in 2031
		3) Year of construction is equal or newer based on CBI's low carbon buildings criteria in compliance with CBI's established residential market proxy for Poland	<u>Year of bond issuance = 2020 – 2025:</u> Year of construction = 2017 with a linear decreasing bond term (mid point) of 6 years in 2020 and 1 year in 2025 or <u>Year of bond issuance = 2026 – 2032:</u> Year of construction = 2021 with a linear decreasing bond term (mid point) of 7 years in 2026 and 1 year in 2032	<u>Year of bond issuance = 2020 – 2025:</u> Year of construction = 2017 with a linear decreasing bond term (mid point) of 6 years in 2020 and 1 year in 2025 or <u>Year of bond issuance = 2026 – 2031:</u> Year of construction = 2021 with a linear decreasing bond term (mid point) of 6 years in 2026 and 1 year in 2031
	Existing Buildings	4) Property upgrade in compliance with CBI's established residential property upgrade methodology	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 Note 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	
EU Taxonomy 	New Construction or Existing Buildings	1) Energy standard & Primary energy demand Buildings built after December 31 st , 2020	10% reduction in Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard based on Energy Performance of Buildings Directive (EPBD), implemented in Technical Condition 2021 (TC 2021) NZEB-10%: PED ≤ 63 kWh/m ² year	NZEB-10%: PED ≤ 58 kWh/m ² year
		2) Top 15%-approach (best-in-class) Buildings built before December 31 st , 2020	Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard based on Energy Performance of Buildings Directive (EPBD), implemented in Technical Condition 2021 (TC 2021) NZEB: PED ≤ 70 kWh/m ² year Alternative: Climate Bonds Initiative established criteria for Energy standard or newer / Year of construction is equal or newer	NZEB: PED ≤ 65 kWh/m ² year
	Existing Buildings	3) Renovation	Major renovation meets cost-optimal minimum energy performance requirements in accordance with the Energy Performance of Buildings Directive (EPBD). Requirements for primary energy demand as referenced in TC 2014 and cost optimum report for Poland. or Relative improvement in primary energy demand ≥ 30% in comparison to the performance of the building before the renovation.	

Residential criteria are based on EU Taxonomy (delegated Act) - June 2021. Criteria are valid for assets located in the Republic of Poland. Criteria and Thresholds are subject to change.

mBank S.A. Group Green Bond – EU Taxonomy criteria

Primary Energy Demand (PED) of Nearly-Zero-Energy-Building (NZEB) Standard in Poland

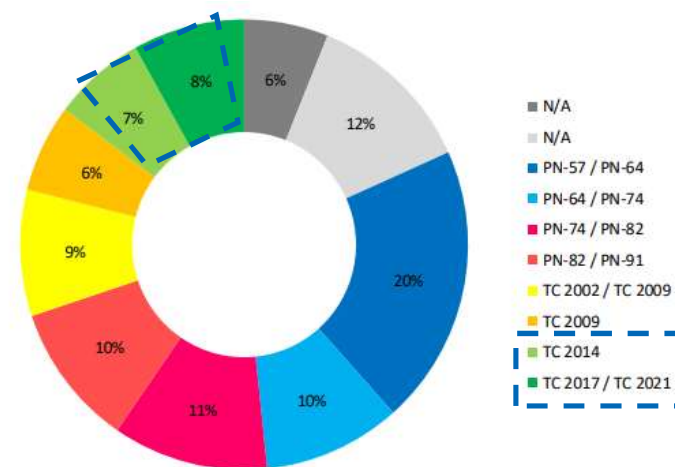
- ✓ **Energy performance requirements** (non-renewable primary energy demand for heating, ventilation, air-condition and domestic hot water) for residential buildings in Poland are set in Regulation of Minister of Infrastructure on technical conditions to be met by buildings and their location, dated 12th of April, 2002 (as amended)
- ✓ **Low energy consumption building** meets the energy savings and thermal insulation requirements described in TC 2017, effective from 1st of January, 2017
- ✓ **NZEB building** meets the energy savings and thermal insulation requirements described in TC 2021, effective from 1st of January, 2021

Primary Energy Demand for current technical conditions	Single-family houses (in kWh/m ² year)	Multi-family houses (in kWh/m ² year)
TC 2014	120	105
TC 2017	95	85
TC 2021	70	65
NZEB-20%*/10% for buildings after 2021	56* / 63	52* / 58

* According to the current mBank Group Green Bond Framework, will be adjusted to 10% to align with EU Taxonomy during Framework update planned for next year

Top 15% approach (best-in-class) to existing buildings

- ✓ Based on the statistical analysis of residential buildings in Poland with reference to Polish building codes assigned to following years of construction
- ✓ the building's primary energy demand based on its year of construction period can be matched
- ✓ Result: Assets with TC 2014 or newer rank among top 15% low carbon buildings of the Polish building stock
- ✓ mBank SDC decided on qualification as eligible assets loans financing buildings with the stricter TC 2017 or newer



mBank S.A. Group Green Bond – Eligibility criteria for residential buildings by Climate Bond Initiative (CBI)

The low carbon trajectory is based on the year of issuance of the green bond and the applied duration of the green bond due to the fact that for each year towards 2050, the requirements for carbon emissions and non-renewable primary energy are getting more stringent.

Low Carbon Trajectory Requirements

- Residential buildings in Poland are eligible for CBI certification if their Primary Energy lies below the established hurdle rate.
- Trajectory is defined by the 2019 baselines (TC2014):

Single family houses

$PE \leq 120 \text{ kWh/m}^2/\text{year}$

Multi family houses

$PE \leq 105 \text{ kWh/m}^2/\text{year}$

- Any residential building is eligible if meets the hurdle for the mid-point of the term of the bond.

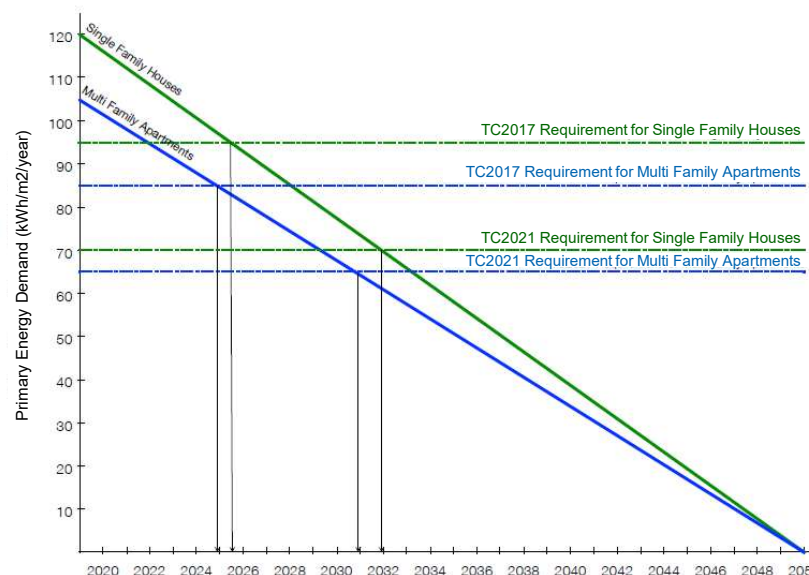
CBI residential market proxy

New single family houses 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 a multifamily house, TC 2017 may be used until the year 2028 and TC 2021 until the year 2033 towards eligibility for the green bond.

Residential property upgrades

- Assets which have undergone: major renovation, refurbishment, retrofit, thermo-modernization or energy efficiency upgrade
- minimum CO₂ emissions reduction of 30% for a 5 year bond, rising to a minimum of 50% reduction for a 30 year bond
- CO₂ emissions savings documented through comparison of the CO₂ emission indicator from Energy Performance Certificate (EPC) undertaken before and after the upgrade works
- EPC meets the requirement of Technical Note 2014 (issued after July 2015)



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