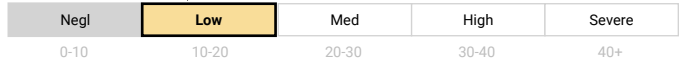


mBank S.A.

Diversified Banks | Poland | WAR:MBK

13.4 Low Risk



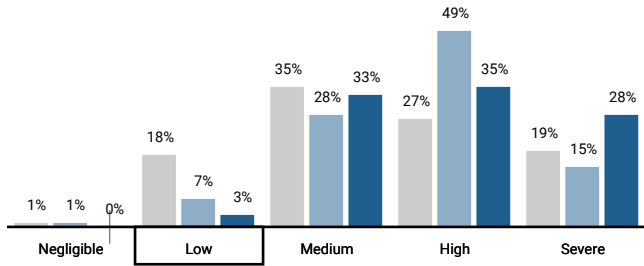
Rating Overview

The company is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. Furthermore, the company has not experienced significant controversies.

Momentum Score: -18.0

The company's ESG Risk Rating category improved in the past year because its ESG Risk Rating score decreased considerably.

ESG Risk Rating Distribution



Relative Performance

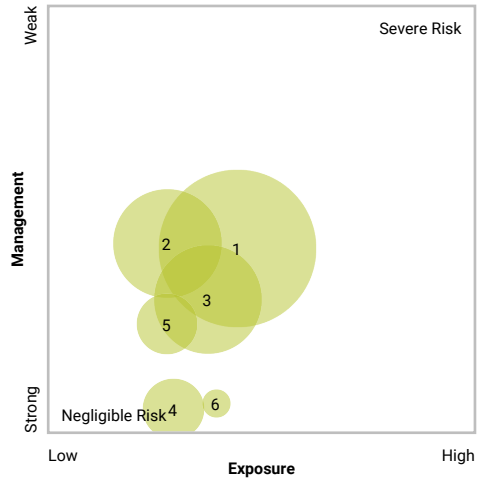
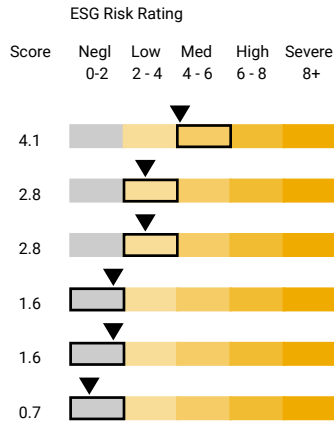
	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	406 out of 12238	4th
Banks (Industry Group)	25 out of 942	4th
Diversified Banks (Subindustry)	2 out of 375	1st



Attribution Analysis

Top Material Issues

- Corporate Governance
- Human Capital
- Business Ethics
- Data Privacy and Security
- ESG Integration - Financials
- Product Governance

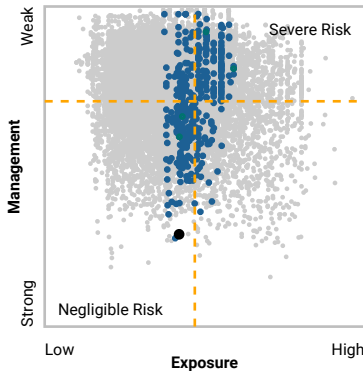


△ = Significant event

○ Circle size = Contribution to ESG Risk Rating



Risk Analysis



- Global Universe
- Diversified Banks (Subindustry)
- mBank S.A.
- Peers
- + SubIndustryAvg.

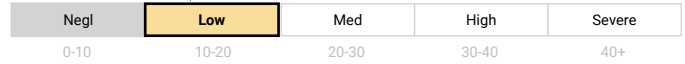
Peers (Market cap \$4.0 - \$4.5bn)

	ESG Risk Rating	Exposure	Management
1. mBank S.A.	13.4 Low	42.0 Medium	71.2 Strong
2. Bawag Group AG	25.7 Medium	42.1 Medium	40.7 Average
3. China Development Financial Holding Corporation	28.9 Medium	43.0 Medium	34.3 Average
4. Qatar International Islamic Bank (Q.S.C)	46.6 Severe	50.4 Medium	7.9 Weak
5. Punjab National Bank	48.3 Severe	59.0 High	19.4 Weak

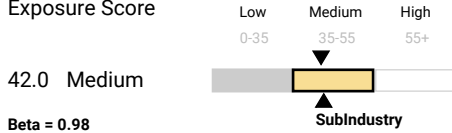
mBank S.A.

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13.4 Low Risk



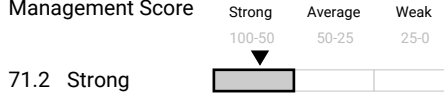
Exposure Score



Due to its diversified offering and client base, which includes domestic and international corporate and private banking clients, mBank faces ethical risks related to potential involvement in money laundering, the financing of illegal activities or sanctions violations. Misconduct can lead to investigations and reputational loss. In addition, considering that mBank relies significantly of individual clients and microenterprises (65.7% of its FY2018 gross profit), failure to provide a simple and fair description of its products or involvement in discriminatory lending practices could lead to increased regulatory scrutiny and litigation from customers. Moreover, due to the wealth of confidential data it collects, processes and stores, mBank faces risks related to cyberattacks and data leaks, especially considering its evolving mobile and digital offering.

The company's overall exposure is medium and is similar to subindustry average. Business Ethics, Product Governance and Data Privacy and Security are notable material ESG issues.

Management Score



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.

Attribution Details

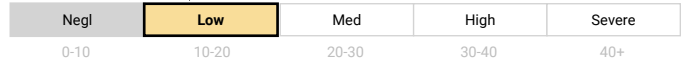
Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight		
Corporate Governance	30.2%	9.0	9.0	100%	54.9	22.4 %	4.1	
Human Capital	20.8%	6.0	5.7	95%	53.8	13.5 %	2.8	
Business Ethics	20.6%	8.0	7.6	95%	66.9	18.0 %	2.8	
Data Privacy and Security	11.6%	6.0	6.0	80%	92.5	12.0 %	1.6	
ESG Integration -Financials	11.6%	6.0	5.7	100%	72.7	14.2 %	1.6	
Product Governance	5.2%	8.0	8.0	100%	91.3	19.9 %	0.7	
Overall	100.0%	43.0	42.0	95.6 %	71.2	100.0%	13.4	Low

△ =Significant event

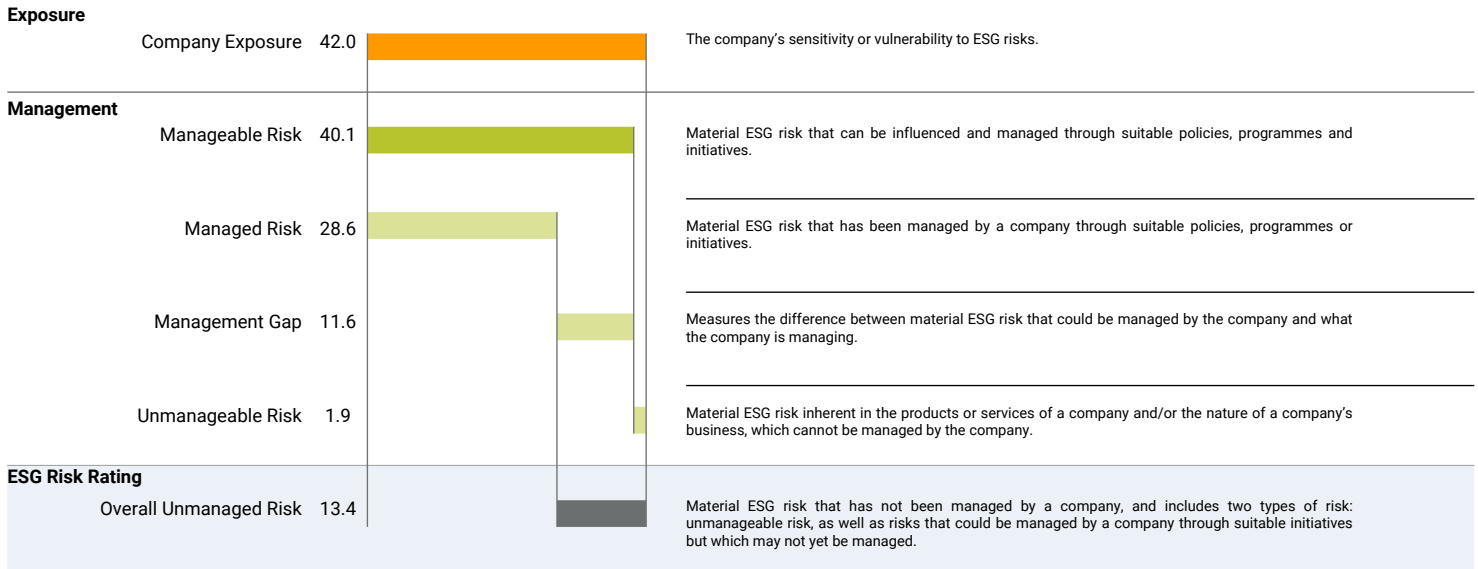
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13.4 Low Risk



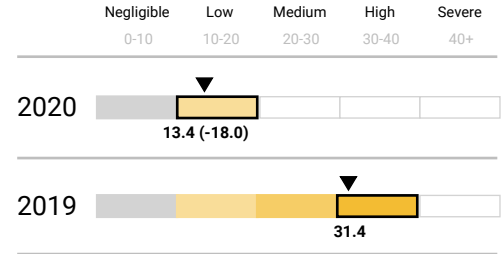
Risk Details



Momentum Details

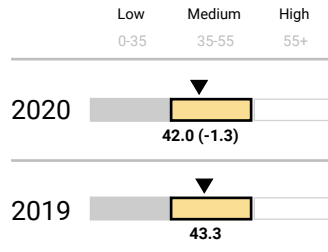
ESG Risk Rating Momentum Score: -18.0

The company's ESG Risk Rating category improved in the past year because its ESG Risk Rating score decreased considerably.



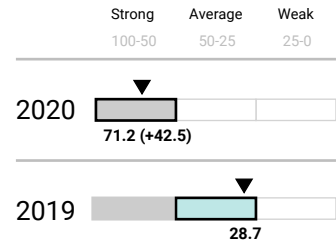
Exposure Momentum Score: -1.3

The company's exposure score has decreased in the past year, but its exposure category has remained stable.



Management Momentum Score: +42.5

The company's management category improved in the past year because its management score increased.



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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG Risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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