

## **Letter from the Chairwoman of the Supervisory Board of mBank S.A. to the Shareholders**

Dear Shareholders,

2020 was definitely a year of monumental changes, shocks and unprecedented uncertainty. Covid-19 exposed numerous flaws in our social and corporate systems, weakening or even wrecking businesses and societies all over the world. The pandemic completely changed the macroeconomic environment in which the banking sector operates and faced it with entirely new challenges. At the same time, it left us all with a lot of food for thought. The Covid-19 pandemic gave us a new perspective which, hopefully, will help economies and companies find a way to work better in the coming years.

mBank steamed ahead into 2020 with its new strategy for 2020-2023. With its focus on customer-centricity, constant advancement of online and mobile banking platform, as well as continued improvements in operational efficiency, mBank Group saw its gross loan portfolio rise in Q1 2020 by 10.6% (net of the FX effect) compared with Q1 2019. The volume of corporate loans increased by 7.3%, while retail loans rose by 13.9%. The deposit base grew as well, especially the volume of retail deposits (up by 21.5%), propelled by strong inflows to current and savings accounts.

The pandemic, however, thwarted our ambitious plans of growing mBank's business and forced a number of necessary modifications and adjustments. First and foremost, we took measures to protect the health and safety of both our employees and clients. We redesigned our model of operation to make it work during a crisis and secured appropriate liquidity and capital position. Moreover, we successfully developed and implemented business continuity management processes, sparing no effort to ensure IT stability and protection against cyber-threats. The bank's management board made a strategic review and evaluation of the Group's situation in the face of the impact and consequences of Covid-19 in order to navigate our organisation safely through this difficult time. This was reflected in the 2020 results of mBank Group.

Despite operating in a highly unfavourable external environment in 2020, mBank Group posted a record-high total income, up by 6.2% compared with 2019, supported by rational and effective cost management. A slight increase in the gross loan portfolio (+1.9% YoY excluding the FX effect) was coupled with a strong rise in the deposit base (+18.0% YoY). The Group's net profit attributable to Owners of mBank amounted to PLN 103.8 million, which represents a significant decrease on 2019 (-89.7% YoY). It was caused not only by a year-on-year growth in impairment losses on loans and advances, but also by the provisions for legal risk related to foreign currency loans, which exceeded PLN 1 billion.

mBank was one of the leading platforms distributing state aid for companies hit by the Covid-19 pandemic. Thanks to our advanced digital solutions the process of distributing grants to businesses was not only smooth, but also ensured epidemiological safety to all applicants. We launched a number of solutions that reduce, sometimes even to zero, physical contact with clients, thereby promoting responsible and safe behaviour.

The pandemic has also become a turning point for the climate agenda and the green deal policy of the EU. Banks and green finance have a major role to play in transforming economies by providing funding for new innovative projects. As part of its strategy mBank encourages clients to take actions counteracting adverse climate change and damage to the environment. To this end mBank offers dedicated project finance programmes, among others, for renewable energy installations, as well as green bonds and covered bonds. Moreover, the bank modified its lending policy to support clients who seek funding for eco-friendly industrial, infrastructure and housing projects. Green investment projects are a priority at mBank.

The Annual General Meeting in 2020 marked the beginning of a new term of office of a new supervisory board which is unique for its versatile and diversified composition that perfectly suits the primary goal of the bank. It gained international recognition, while mBank is presented as a good example of a company fostering a culture of diversity and participation.

Last but not least, on behalf of the supervisory board I would like to express our gratitude towards the management board and employees of mBank for their effective and deeply sympathetic cooperation, and to you, dear Shareholders, for your confidence in our bank. I truly hope this year will allow for unlocking the potential of mBank Group and its employees and enable us to help, not annoy, and delight our Shareholders and all stakeholders.

Prof. Agnieszka Słomka-Gołębiowska

Chairwoman of the Supervisory Board