

Letter of the President of the Management Board of mBank S.A. to the Shareholders

Dear Shareholders,

The year 2025 was the best in the history of mBank Group across many dimensions of our activities. It brought record financial results, remarkable business achievements, significant corporate events, and substantial progress in securing a solid foundation for the implementation of the new strategy. We were executing our objectives in a challenging operating environment, amid strong market competition, evolving regulations, and geopolitical turbulences. Macroeconomic conditions in Poland, characterised by relatively high GDP growth, accelerating investments and a low unemployment rate, were generally supportive for the banking sector. As inflation subsided, the monetary policy easing became a relevant source of pressure on the net interest margin and revenues of local lenders. After keeping the reference rate unchanged at 5.75% throughout 2024, the Monetary Policy Council decided to reduce it by a total of 175 basis points between May and December 2025 to the level of 4.00%, which intensified the trend of early repayments of mortgage contracts. With the gradually fading legal risk related to the CHF portfolio, new attempts emerged to sue financial institutions on other grounds, such as the so-called “free loan sanction” or questioning the WIBOR benchmark. However, court rulings in these matters have so far been favourable for banks, with only a small fraction of cases won by clients.

The excellent financial results we achieved in 2025 confirm the strength of mBank’s core business and the effectiveness of our business model, which were crucial in navigating the years of the Swiss-franc saga. We generated the highest consolidated net profit amounting to PLN 3.5 billion, better by 58% compared to PLN 2.2 billion posted in 2024. The return on tangible equity (ROTE) reached 20.8%, rising from 17.0% in the previous year. At the same time, we exceeded the threshold of PLN 5 billion in profit before income tax. We delivered record total income of PLN 12.5 billion. Its main component was the best-ever net interest income of PLN 10.0 billion. On an adjusted basis, excluding the impact of “credit holidays” in 2024, it increased by 3.0% year-on-year. This nominal improvement was driven by the expansion of business volumes, coupled with active shaping of the product and maturity structure of the balance sheet, as well as an effective investment and hedging strategy, which helped offset the pressure stemming from the interest rate cut cycle in Poland. Nevertheless, the net interest margin declined by 0.3 percentage points year-on-year to 4.05%. Net fee and commission income was also the strongest and surpassed PLN 2.2 billion. On a comparable basis, excluding an upfront income from new contracts prolonging cooperation in the bancassurance area signed with UNIQA and a settlement with payment card organisation, it increased by 7.7% year-on-year, which is a dynamics clearly above the sector average.

We maintained leading operational efficiency, anchored in disciplined management of spending within the approved budgets. This was evidenced by one of the best cost/income ratios in the industry, at 31.0%. After two years of no payments to the Deposit Guarantee Scheme, the Bank Guarantee Fund reinstated the charges, increasing simultaneously the amount collected to the Resolution Fund. Consequently, combined contribution from mBank Group nearly doubled to PLN 286 million. Along with higher personnel expenses, driven by salary increases and development of headcount, material costs mainly in IT, marketing and security areas as well as an uptick of amortisation, total costs rose by 14.2% compared to 2024, reaching PLN 3.9 billion.

In 2025, we continued to pursue prudent risk management. The high quality of our assets was confirmed by NPL ratio, visibly below the average for the Polish banking sector. At the end of 2025, it stood at 3.5%, supported by regular sales of non-performing receivables. The cost of risk reached 58 basis points, reflecting the good and stable financial standing of our clients. The year-on-year change in the nominal level of potential impairment losses resulted from the expansion of the loan portfolio, inclusion of environmental risks into credit assessment and the creation of provisions for several larger corporate exposures.

One of our key priorities in 2025 continuously remained an effective management of the foreign currency mortgage issue, with the aim of limiting the risks and losses it generates for the bank. We kept strong momentum in concluding settlements. During the year, we signed nearly ten thousand agreements, including with clients in disputes. In total, since the launch of the programme in September 2022, we have reached more than 32.4 thousand agreements with Swiss franc borrowers. In parallel, for many consecutive quarters we have observed a steady decline in the inflow of new lawsuits. The number

of active contracts and pending court cases continued to decrease as well, falling by 63% in 2025 to below 5.9 thousand. These trends enabled us to reduce legal risk costs by a half compared to the previous year, to PLN 2.0 billion. We assume that in 2026 they will no longer constitute a significant burden on mBank's financial results.

In recent years, in order to present the genuine and undistorted profitability of the company, we have used the return on equity (ROE) metric for the core business, calculated excluding the foreign currency mortgage loan segment. In 2025, it was equal to 29.6%, compared to the reported figure of 17.9%. This corresponded to the net profit of more than PLN 5.5 billion, which demonstrated the true income-generating potential and the strength of mBank Group's business model.


Our efforts in 2025 were concentrated on the expansion of business volumes to regain market shares. The gross loan portfolio increased by 9.4% year-on-year to PLN 137 billion, driven by record sales of mortgages along with an acceleration in corporate financing. New loan volume for residential real estate was 38% higher than in 2024 and exceeded PLN 14.6 billion, of which more than three-quarters constituted fixed-rate contracts. The production of consumer loans rose by 21% year-on-year. This superb origination, despite a faster reduction of the CHF portfolio compared with other banks, allowed us to improve our market share in household loans in Poland to 8.0% (+0.2 percentage points year-on-year). For corporate exposures, our share remained at the level of 8.1% (stable year-on-year). The dynamic development of the deposit base by 14.1% year-on-year to PLN 229 billion was fuelled by constant inflows to transactional accounts, confirming mBank's leading position in daily banking, payments and cash management solutions. In particular, balances on retail current and savings accounts soared by 20.1% compared with December 2024. These strong trends translated into an increase of market shares in household segment in Poland to 8.6% (+0.2 percentage points year-on-year) and a level of 10.3% (-0.4 percentage points year-on-year) among enterprises, amid optimisation of offered interest rates.

Another of our priorities in 2025 was the further strengthening of our capital position in order to pave the way for business growth. After trailblazing issuance of Additional Tier 1 instruments worth PLN 1.5 billion, included in own funds in 2024, we relied on full profit retention, Tier 2 bonds and securitisation transactions to maintain capital buffers comfortably above the minimum requirements imposed by the Polish FSA, as well as the internal target of 2.5 percentage points set in the strategy. As a result, the consolidated Tier 1 ratio amounted to 14.4% and the total capital ratio was equal to 16.3%. Despite raised countercyclical buffer rate to 1% from September 2025 (up from 0% in the previous year), the year-end surpluses over the capital minima reached 4.3 percentage points in both cases.

Thanks to the improved perception of the company, supported by active and transparent communication, we significantly broadened and diversified debt investor base of mBank, delivering also another major capital-market milestone. In June 2025, we successfully priced the first-ever public Tier 2 subordinated bonds denominated in EUR under English law out of Poland. With an order book of EUR 3.6 billion, the issue achieved an unprecedented nine-times oversubscription. Furthermore, to ensure the safe fulfilment of MREL requirements, mBank issued another tranche of green senior non-preferred bonds with a nominal value of EUR 500 million, which once again attracted exceptional demand from investors, enabling a considerable tightening of the spread.

A remarkable development confirming the effectiveness of our efforts aimed at rebuilding strong and stable foundations was the upgrade of mBank's ratings by all three major global agencies within less than two months. The positive revisions by S&P Global Ratings, Moody's and Fitch Ratings in such a short timeframe were driven by meaningful progress in reducing the risk associated with CHF mortgage loans, which no longer adversely impact the assessment of the bank's credit profile, as well as by improved profitability and strengthened capital base. Appreciation for mBank's condition and outlook was also mirrored in the stock exchange last year. The share price reached an all-time high of PLN 1,061.5, and over the course of 2025 surged by 94.0%, significantly outperforming WIG-Banks index, which increased by 55.3% year-on-year. By the annual return, mBank was the leader among Polish lenders and the third best company in the WIG-20 index.

After several months of work, which involved the entire management board and many employees, in September 2025 we announced our new strategy for 2026–2030, titled "Full Speed Ahead!". It expresses our aspirations for growth and building a leading position in the financial services market. We intend to focus on further strengthening mBank's role as an institution that simplifies finances and supports clients in achieving their individual and business goals at every stage of their life or development. As reflected in our financial targets and ambitions regarding market share expansion, we envisage



a significant increase in the scale of our operations while simultaneously generating satisfactory profits and paying dividends.

In October 2025, mBank also published its Transition Plan, which defines the key milestones for 2030 and sets out the timeline for achieving net-zero emissions. We are the first bank in Poland with decarbonization targets validated by the Science Based Targets initiative (SBTi), ensuring alignment with the Paris Agreement's pathway to limit global warming to 1.5°C. The plan translates our climate ambitions into concrete business actions and sector-specific initiatives, fully embedded in the strategy for 2026-2030. We aim to double the sales volume of mortgage loans for energy efficient properties compared to 2024 and to increase credit exposure allocated to sustainable, transition and impact finance to 15% of the corporate portfolio. Moreover, mBank joined the group of institutional members of the Sustainable Investment Forum Poland (POLSIF), whose mission is to promote the development of the sustainable investment market.

We believe that innovation and technological advancement are key elements of mBank's competitive advantage. Therefore, we continued to invest in our platforms, systems as well as transactional and mobile solutions. We completed the full replatforming of both retail and corporate banking core systems, implemented a hybrid cloud approach, and conducted a successful programme for incubating generative AI solutions, which has already resulted in practical applications of the concepts tested. Our achievements in technological modernisation were recognised with the main award in the Forrester Technology Strategy Impact Award 2025. For our clients, we became the first bank in the world to offer a smart payment ring with built-in health and activity tracking functionalities. We also launched a digital mortgage in the mobile application, initially enabling the refinancing of a loan transferred from another bank, and subsequently adding options to apply for financing the purchase of secondary-market apartments, houses, land plots, as well as covering the cost of property renovation.

In the context of our modern identity and continuous search for solutions that best, and often in unconventional ways, meet the needs of our clients and enable us to operate efficiently, I would like to highlight the organisational maturity we have gained and which was made aware of the anniversaries celebrated in 2025. November marked 25 years since mBank brand was present on the Polish market, and 18 years since the opening of our branches in the Czech Republic and Slovakia. We also celebrated a three-decade milestone of our private banking. These jubilees demonstrated how our services and offerings have evolved over time, while our commitment to building long-term relationships with clients has remained a constant priority.

I would like to thank our Shareholders for the trust they place in us, believing in the foundations of our business model and its potential for the future. I assure you that we will consistently make every effort to achieve the best possible results in the long term and to build value for our stakeholders.

Yours sincerely,

Cezary Kocik,
President of the Management Board of mBank S.A.

