

2021



**Disclosures regarding capital adequacy
of mBank S.A. Group
as at 30 June 2021**

Warsaw, 17 August 2021

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1. Introduction

On the basis of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (hereinafter referred to as CRR Regulation) and on the basis of Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295, Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis, also in accordance with the Disclosure Policy of mBank

SA (hereinafter referred to as mBank) available on website www.mbank.pl, information based on the data for mBank SA Group prudentially consolidated (hereinafter referred to as mBank Group) according to the requirements of the CRR Regulation are contained in the presented document.

Entities included in prudential consolidation according to the rules of the CRR Regulation were taken into account in the process of calculation of consolidated own funds and consolidated own funds requirements as at 30 June 2021. The scope of entities included in prudential consolidation is different from the scope of entities included in accounting consolidation based on International Financial Reporting Standards (hereinafter referred to as the IFRS).

If not stated specifically further in the report, all the amounts are presented in PLN thousand.

2. Scope of prudential consolidation

According to the CRR Regulation, mBank as a significant subsidiary of an EU parent institution prepares the consolidated prudentially financial data based on the rules of prudential consolidation described in the CRR Regulation.

The consolidated prudentially financial data of mBank Group as at 30 June 2021 prepared in accordance with the CRR Regulation (hereinafter referred to as Prudentially consolidated financial data for the first half of the year 2021) is presented in explanatory note 29 to the mBank Group International Financial Reporting Standards Condensed Consolidated Financial Statements for the first half of the year 2021 (hereinafter referred to as the Consolidated Financial Statements for the first half of the year 2021).

The accounting policies applied for the preparation of the Prudentially consolidated financial data for the first half of the year 2021 are the same as those, which have been applied to the Consolidated Financial Statements for the first half of the year 2021, except for the consolidation standards presented below. The consolidated profit presented in the Prudentially consolidated financial data for the first half of the year 2021 may be included in consolidated Common Equity Tier 1 for the purpose of calculation of consolidated Common Equity Tier 1 capital ratio, consolidated Tier 1 capital ratio and consolidated total capital ratio with the prior permission of the Polish Financial Supervisory Authority (hereinafter referred to as PFSA) or the General Meeting decision on profit division.

Entities included in prudential consolidation are defined in the CRR Regulation as institutions, financial institutions or ancillary services undertakings, which are subsidiaries or undertakings in which a participation is held, except for entities in which the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:

- EUR 10 million;
- 1% of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds the participation.

The Prudentially consolidated financial data for the first half of the year 2021 include the following entities:

1. mBank S.A.
2. mBank Hipoteczny S.A.
3. mFaktoring S.A.
4. Tele-Tech Investment Sp. z o.o.
5. mFinanse S.A.
6. mLeasing Sp. z o.o.
7. mElements S.A.
8. Future Tech Fundusz Inwestycyjny Zamknięty
9. Asekum Sp. z o.o.
10. LeaseLink Sp. z o.o.

Detailed information on consolidated entities included in accounting consolidation is presented in explanatory note 1 to the Consolidated Financial Statements for the first half of the year 2021.

3. Capital adequacy

One of the main tasks of the balance sheet management is to ensure an appropriate level of capital. Within the framework of the capital management policy of mBank Group, mBank prepares the guidelines for the most effective planning and use of capital basis which:

- are compliant with external and internal regulations in force,
- guarantee a continuity of financial targets achievement, which render an appropriate rate of return for shareholders,
- ensure the maintenance of a strong capital basis being a fundamental support for business development.

The capital management policy in mBank Group is based on two basic pillars:

- maintenance of an optimal level and structure of own funds with the application of available methods and means, like among others retention of net profit, subordinated loan or issue of shares,

- effective use of existing capital, among others through application of a set of measures of effective use of the capital, limitation of activities that do not provide an expected rate of return and development of products with lower capital absorption.

Effective use of capital is an integral part of the capital management policy oriented at reaching an optimal rate of return on capital and as a result forming a stable fundament of reinforcement of the capital basis in future periods. This enables to maintain the Common Equity Tier 1 capital ratio (calculated as a quotient of Common Equity Tier 1 capital to the total risk exposure amount), Tier 1 ratio (calculated as a quotient of Tier 1 capital to the total risk exposure amount) and the total capital ratio (calculated as a quotient of own funds to the total risk exposure amount) at least on the level required by the supervision authority.

The capital strategic goals of mBank Group are aimed at maintaining the total capital ratio, as well as the Tier 1 capital ratio and the Common Equity Tier 1 capital ratio above the level required by the supervision authority. It allows business development while meeting the supervisory requirements in the long perspective.

4. Own funds

The consolidated own funds consist of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital. Detailed information on particular elements of consolidated own funds of mBank Group as at 30 June 2021 is presented in point 4.1. In point 4.2. the composition of consolidated own funds of mBank Group as at 30 June 2021 is presented. In point 4.3. the reconciliation of consolidated own funds to balance sheet in the audited financial statements as at 30 June 2021 is presented.

4.1. Main information

COMMON EQUITY TIER 1 CAPITAL

Capital instruments and the related share premium accounts

In the item Capital instruments and the related share premium accounts, the share capital and share premium capital from sales of shares over the nominal value of mBank Group prudentially consolidated were included as at 30 June 2021.

Capital instruments and the related share premium accounts	
Registered share capital	169 330
Share premium	3 417 567
Total	3 586 897

Detailed information on registered share capital is described in point 23 of selected explanatory data to the Consolidated Financial Statements for the first half of the year 2021.

Retained earnings

In Retained earnings item the profit from the previous years of mBank Group prudentially consolidated as at 30 June 2021 in the amount of PLN 1 329 607 thousand was included.

Accumulated other comprehensive income (and other reserves)

Accumulated other comprehensive income as at 30 June 2021 amounted to PLN 173 728 thousand. The structure of accumulated other comprehensive income of mBank as at 30 June 2021 is presented below.

Accumulated other comprehensive income	
Exchange differences on translation of foreign operations	(2 035)
Cash flow hedges	167 796
Valuation of financial assets at fair value through other comprehensive income	14 101
Actuarial gains and losses related to post-employment benefits	(17 570)
Other comprehensive income	11 436
Total	173 728

Other reserves of mBank Group prudentially consolidated as at 30 June 2021 amounted to PLN 10 021 783 thousand. The structure of accumulated other comprehensive income of mBank Group prudentially consolidated as at 30 June 2021 is presented below.

Other reserve capital	
Other supplementary capital	9 916 912
Other reserve capital	104 871
Total	10 021 783

Accumulated other comprehensive income and other reserves of mBank Group prudentially consolidated as at 30 June 2021 amounted to PLN 10 195 511 thousand.

Funds for general banking risk

mBank Group transfers some of its net profit to the funds for general banking risk to cover unexpected risk and future losses. The funds for general banking risk can be distributed only on consent of shareholders at the General Meeting. As at 30 June 2021 the funds for general banking risk of mBank Group prudentially consolidated amounted to PLN 1 153 753 thousand.

Independently reviewed interim profits net of any foreseeable charge or dividend

The net profit of mBank Group prudentially consolidated for the first half-year of the year 2020, was not included in calculation of consolidated Common Equity Tier 1 capital as at 30 June 2021.

REGULATORY ADJUSTMENTS / DEDUCTIONS FROM THE COMMON EQUITY TIER 1 CAPITAL

Additional value adjustments

In accordance with Article 34 of the CRR Regulation, additional value adjustments have been calculated to all assets measured at fair value in accordance with the requirements of Article 105 of the CRR Regulation and included in Common Equity Tier 1 capital of mBank Group prudentially consolidated as at 30 June 2021 in the amount of PLN 42 063 thousand.

Intangible assets

In accordance with Article 36 and 37 of the CRR Regulation, intangible assets, taking into account the rules of prudential depreciation calculation for computer software, reduced by the amount of associated deferred tax liabilities are included in Common Equity Tier 1 capital. The value included in Common Equity Tier 1 capital of mBank Group prudentially consolidated as at 30 June 2021 amounted to PLN 796 312 thousand.

Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value

In accordance with Article 33 of the CRR Regulation, regulatory adjustments in the amount of PLN 167 796 thousand regarding cash flow hedging as at 30 June 2021 constituting the reserves reflecting the fair value associated with gains or losses on cash flow hedges instruments item, correct the item Accumulated other comprehensive income, mentioned above.

Negative amount resulting from the calculation of expected loss amounts

mBank Group, in calculating risk-weighted exposure amounts with the application of the AIRB approach, is obliged to include in calculation of own funds the negative amounts resulting from the calculation of expected loss amounts. According to Article 36 (1d), the negative amounts resulting from the calculation specified in Articles 158 and 159 of the CRR Regulation were included in consolidated Common Equity Tier 1 capital of mBank Group prudentially consolidated as at 30 June 2021 in the amount of PLN 37 921 thousand.

Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities

In accordance with Article 33(2) of the CRR Regulation, the fair value gains and losses arising from the mBank Group's own credit risk related to derivative liabilities are not offset profit and losses measured at fair value resulting from the mBank Group's own credit risk with similar profit and losses arising from its counterparty credit risk. As at 30 June 2021 the fair value gains and losses measured at fair value was included in Common Equity Tier 1 capital of mBank Group in the amount of PLN 2 360 thousand.

Other regulatory adjustments

In Other regulatory adjustments item as at 30 June 2021 the impairment on financial assets not measured at fair value through profit or loss for the first half of the year 2021 were included in the amount of PLN 393 075 thousand. Applied approach is compliant with the provisions of the Commission delegated Regulation

(EU) No 183/2014 of 20 December 2013 supplementing the CRR Regulation with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments.

ADDITIONAL TIER 1 CAPITAL

In mBank Group, items that could be treated as Additional Tier 1 capital are not identified.

TIER 2 CAPITAL

Capital instruments and the related share premium accounts

Pursuant to the PFSA decision dated 8 January 2015, mBank obtained a written permission to include in Tier 2 capital the amount of PLN 750 000 thousand constituting subordinated liabilities from the bonds issue dated 17 December 2014 on total nominal value of PLN 750 000 thousand with the redemption date on 17 January 2025. The issue meets all the requirements of the CRR Regulation.

In connection with Art. 64 of the CRR Regulation, stated that instruments qualifying as Tier 2 capital in the last five years of their maturity are amortized, as at 30 June 2021, the amount of PLN 532 430 thousand was included in Tier 2 capital for the above-mentioned subordinated liability.

Pursuant to the PFSA decision of 29 March 2018, mBank obtained a permission to classify cash in the amount of CHF 250 000 thousand as instruments in Tier 2 capital, in accordance with the terms of the loan agreement concluded between mBank S.A. and Commerzbank AG.

Pursuant to the PFSA decision of 28 November 2018, mBank obtained a permission to classify subordinated bonds with a nominal value of PLN 550 000 thousand, issued by the Bank on 9 October 2018 with the redemption date on October 10 October 2028, as instruments in Tier 2 capital.

Pursuant to the PFSA decision of 28 November 2018, mBank obtained a permission to classify subordinated bonds with a nominal value of PLN 200 000 thousand, issued by the Bank on 9 October 2018 with the redemption date on October 10 October 2030, as instruments in Tier 2 capital.



As at 30 June 2021 the amount of PLN 2 312 730 thousand was included in consolidated Tier 2 capital from the virtue of the above mentioned tranches of capital instruments.

TOTAL CAPITAL

The amount of consolidated own funds of mBank Group prudentially consolidated as at 30 June 2021 was presented in Total capital item constituting the sum of consolidated Common Equity Tier 1 capital and consolidated Tier 2 capital.

The consolidated own funds of mBank Group prudentially consolidated as at 30 June 2021 amounted to PLN 17 138 971 thousand.

4.2 Structure of consolidated own funds

The composition of the consolidated regulatory own funds based on EU CC1 template included in Appendix VII to the Commission Implementing Regulation 2021/637 of 15 March 2021 (Regulation 2021/637) with reference to the EU CC2 template referred to in point 4.3. is presented below.

Template EU CC1 - Composition of regulatory own funds (amounts in thousands zlotys)

		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	3 586 897	Template EU CC2: Shareholders' Equity, row 1 and 2, column b)
2	Retained earnings	1 329 607	Template EU CC2: Shareholders' Equity, row 5, column b)
3	Accumulated other comprehensive income (and other reserves)	10 195 511	Template EU CC2: Shareholders' Equity, row 3 and 7, column b)
EU-3a	Funds for general banking risk	1 153 753	Template EU CC2: Shareholders' Equity, row 4, column b)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	16 265 768	-
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(42 063)	-
8	Intangible assets (net of related tax liability) (negative amount)	(796 312)	Template EU CC2: Assets, row 8, column b)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(167 796)	Template EU CC2: Shareholders' Equity, row 7, column b)
12	Negative amounts resulting from the calculation of expected loss amounts	(37 921)	-
26	Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	(2 360)	-
27a	Other regulatory adjustments	(393 075)	Template EU CC2: Shareholders' Equity, row 6, column b)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1 439 527)	-
29	Common Equity Tier 1 (CET1) capital	14 826 241	-
Additional Tier 1 (AT1) capital: instruments			
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-
Additional Tier 1 (AT1) capital: regulatory adjustments			
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
44	Additional Tier 1 (AT1) capital	-	-
45	Tier 1 capital (T1 = CET1 + AT1)	14 826 241	-
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	2 312 730	Template EU CC2: Liabilities, row 7, column b)
51	Tier 2 (T2) capital before regulatory adjustments	2 312 730	-

Tier 2 (T2) capital: regulatory adjustments			
58	Tier 2 (T2) capital	2 312 730	-
59	Total capital (TC = T1 + T2)	17 138 971	-
60	Total Risk exposure amount	97 647 468	-
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	15.18%	-
62	Tier 1 capital	15.18%	-
63	Total capital	17.55%	-
64	Institution CET1 overall capital requirements	11.15%	-
65	of which: capital conservation buffer requirement	2.50%	-
66	of which: countercyclical capital buffer requirement	0.04%	-
67	of which: systemic risk buffer requirement	-	-
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.50%	-
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.11%	-
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	9.18%	-
Amounts below the thresholds for deduction (before risk weighting)			
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	101 797	Template EU CC2: Assets, row 3, column b)
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	1 054 801	Template EU CC2: Assets, row 11, column b) and Liabilities, row 6, column b)

4.3 Reconciliation of consolidated own funds to balance sheet in the audited financial statements

The reconciliation of consolidated regulatory own funds to balance sheet in the audited financial statements based on EU CC2 template included in Appendix VII to the Regulation 2021/637 with reference to the EU CC1 template referred to in point 4.2. is presented below.

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements (amounts in thousands zlotys):

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		30.06.2021	30.06.2021	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash and balances with the Central Bank	16 523 318	16 523 318	-
2	Financial assets held for trading and hedging derivatives	3 071 575	3 071 575	-
3	Non-trading financial assets mandatorily at fair value through profit or loss	1 676 705	1 683 339	Template EU CC1: row 73, column a)
4	Financial assets at fair value through other comprehensive income	32 046 002	32 040 042	-
5	Financial assets at amortised cost	139 646 009	139 645 759	-
6	Fair value changes of the hedged items in portfolio hedge of interest rate risk	161 103	161 103	-
7	Intangible assets	1 207 765	1 207 765	Template EU CC1: row 8, column a)
8	Tangible assets	1 553 987	1 553 987	-
9	Investment properties	127 510	127 510	-
10	Current income tax assets	15 461	15 461	-
11	Deferred income tax assets	1 018 246	1 018 241	Template EU CC1: row 75, column a)
12	Other assets	1 423 211	1 423 200	-
13	Total assets	198 470 892	198 471 300	-
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Financial liabilities held for trading and hedging derivatives	1 803 770	1 803 770	-
2	Financial liabilities measured at amortised cost	175 007 387	175 007 872	-
3	Fair value changes of the hedged items in portfolio hedge of interest rate risk	33 788	33 788	-
4	Provisions	562 789	562 789	-
5	Current income tax liabilities	92 239	92 230	-
6	Deferred income tax liabilities	87	87	Template EU CC1: row 75, column a)

7	Other liabilities	4 277 229	4 277 161	Template EU CC1: row 46, column a)
8	Total liabilities	181 777 289	181 777 697	-
Shareholders' Equity				
1	Registered share capital	169 468	169 468	Template EU CC1: row 1, column a)
2	Share premium	3 417 567	3 417 567	Template EU CC1: row 1, column a)
3	Other reserves	10 021 783	10 021 783	Template EU CC1: row 3, column a)
4	Funds for general banking risk	1 153 753	1 153 753	Template EU CC1: row EU-3a, column a)
5	Undisributed profit from the previous years	1 329 607	1 329 607	Template EU CC1: row 2, column a)
6	Profit for the current year	425 808	425 808	-
7	Other components of equity	173 728	173 728	Template EU CC1: row 3, column a)
8	Non-controlling interests	1 889	1 889	-
9	Total shareholders' equity	16 693 603	16 693 603	-

4.4 Key metrics

EU KM1 - Key metrics template (amounts in thousands zlotys)

		a	b	c	d	e
		30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	14 826 241	15 332 933	15 046 912	14 939 073	14 398 011
2	Tier 1 capital	14 826 241	15 332 933	15 046 912	14 939 073	14 398 011
3	Total capital	17 138 971	17 705 695	17 588 012	17 429 424	16 875 727
Risk-weighted exposure amounts						
4	Total risk exposure amount	97 643 477	92 318 135	88 539 932	89 236 367	87 619 722
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.18%	16.61%	16.99%	16.74%	16.43%
6	Tier 1 ratio (%)	15.18%	16.61%	16.99%	16.74%	16.43%
7	Total capital ratio (%)	17.55%	19.18%	19.86%	19.53%	19.26%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU-7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.82%	-	-	-	-
EU-7b	of which: to be made up of CET1 capital (percentage points)	2.11%	-	-	-	-
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	2.11%	-	-	-	-
EU-7d	Total SREP own funds requirements (%)	2.82%	-	-	-	-
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.04%	0.04%	0.04%	0.03%	0.05%
EU-9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.75%
11	Combined buffer requirement (%)	3.04%	3.04%	3.04%	3.28%	3.30%
EU-11a	Overall capital requirements (%)	13.86%	13.86%	13.86%	14.39%	14.41%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.07%	8.50%	8.88%	8.41%	8.10%
Leverage ratio						
13	Leverage ratio buffer requirement (%)	212 172 501	207 602 037	191 703 614	194 239 742	192 748 891
14	Overall leverage ratio requirement (%)	6.99%	7.39%	7.85%	7.69%	7.47%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU-14a	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14b	Total SREP leverage ratio requirements (%)	-	-	-	-	-
EU-14c	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU-14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU-14e	Overall leverage ratio requirement (%)	-	-	-	-	-
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	58 906	55 457	48 610	42 471	35 868
EU-16a	Cash outflows - Total weighted value	28 994	27 992	26 321	24 770	22 832
EU-16b	Cash inflows - Total weighted value	3 654	3 925	5 438	6 497	6 981

16	Total net cash outflows (adjusted value)	25 340	24 067	20 883	18 273	15851
17	Liquidity coverage ratio (%)	232%	230%	233%	232%	226%
Net Stable Funding Ratio						
18	Total available stable funding	153 879	-	-	-	-
19	Total required stable funding	102 877	-	-	-	-
20	NSFR ratio (%)	150%	-	-	-	-

5. Capital requirement

5.1. Assessment of adequacy of internal capital – description of the approach

On 4 July 2012 PFSA and Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) granted consent to the application of the advanced internal rating based approach (AIRB approach) by mBank to the calculation of the capital requirement for credit risk for the corporate portfolio and the retail mortgage loan portfolio.

Additionally, on 27 August 2012 BaFin in cooperation with PFSA granted consent to the application of internal rating based approach concerning the risk weighting for specialized lending exposures (IRB slotting approach) by mBank Hipoteczny SA (hereinafter referred to as the mBH) to the calculation of the capital requirement for credit risk.

On 6 May 2015 mBank SA received conditional consent of PFSA to use AIRB approach for retail mortgage loan portfolio (micro companies) and for the portfolio of commercial banks.

On 25 July 2016 mLeasing S.A. (hereinafter referred to as the mLeasing) obtained approval from ECB and PFSA to the application of the AIRB approach to the calculation of capital requirement for credit risk.

On 22 September 2016 mBank SA obtained approval from ECB and PFSA to the application of AIRB approach to the calculation of the capital requirement for credit risk for the specialized lending exposures - income producing real estate.

On 31 January 2018 mBank SA obtained approval from European Central Bank and PSFA to the application of material change in PD model for subsidiary mLeasing.

In the calculation of the total capital ratio of mBank Group as of 30 June 2021, when calculating the total capital charge, the mBank Group applies the AIRB approach pursuant to the provisions of the CRR Regulation to calculate a capital charge for credit and counterparty credit risk and pursuant to obtained AIRB approvals.

Model and methodological changes in the RWA calculation introduced in the second quarter of 2021.

In the process of calculating the consolidated total capital ratio as at 30 June 2021, mBank Group implemented the supervisory restrictions of the Polish Financial Supervision Authority (multipliers) related to the recommendation following the implementation of the New Default Definition and the new LGD model for the retail loan portfolio.

Additionally, in accordance with the new CRR requirements, mBank implemented the standard method of calculating the exposition for the counterparty credit risk.

As a result of the introduced changes, the value of risk weighted assets increased by PLN 5.7 billion, of which PLN 3.8 billion was due to multipliers imposed by the PFSA, applied until the Bank complies with the recommendations received.

5.2. Results of the internal capital adequacy assessment

mBank Group adjusts the own funds to the level and type of risk, mBank Group is exposed to and to the nature, the scale and the complexity of its operations. For that purpose Internal Capital Adequacy Assessment Process (ICAAP) is realized in mBank Group. The aim of this process is to maintain own funds at the level adequate to the profile and the level of risk in mBank Group's operations.

Internal capital is the amount of capital estimated by mBank and required to cover all material risks identified in mBank Group's operations. Internal capital is the total sum of the economic capital to cover risks included in economic capital calculation and capital necessary to cover other risks (including hard to quantify risks).

In the first half of 2021 mBank calculated the economic capital at the 99.91% confidence level over a one-year time horizon for credit, market and business risk. The economic capital for operational risk was calculated using an algorithm based on the Standardised Measurement Approach (SMA) described in Basel III: Finalising post-crisis reforms.

The internal capital adequacy assessment process is continuous in mBank Group and includes the following stages implemented by organizational units of mBank and mBank Group subsidiaries:

- risk inventory in mBank Group,
- calculation of internal capital for coverage of risk,
- capital aggregation,
- stress tests,
- setting limits on the utilization of capital resources,
- planning and allocation of capital,
- monitoring consisting in a permanent identification of risk involved in the business of mBank Group and the analysis of the level of capital for risk coverage.

In order to assess the adequacy of internal capital mBank calculates risk coverage potential (RCP), i.e. economic own funds. Having estimated internal capital as well as RCP both under normal and under stressed conditions Bank determines risk absorbance capacity. On this basis and taking into account the forecast values limits for economic capital for particular risks are determined.

Risk Coverage Potential in mBank Group stays well above economic capital.

The internal capital adequacy assessment process is accepted by the Supervisory Board of mBank.

The whole internal capital adequacy assessment process is reviewed annually. The Management Board of mBank is responsible for the internal capital adequacy assessment process in mBank Group.

5.3. Supervisory requirements regarding capital ratios

According to provisions of the CRR Regulation the Bank and the Group are required to meet minimum regulatory level of capital ratios, i.e. to maintain a minimum total capital ratio above 8%, Tier 1 capital ratio above 6% and common equity Tier 1 capital ratio above 4.5%.

Provisions of CRD IV, in particular provisions regarding capital buffers, were transposed into a national legislation, which took place in 2015 with the endorsement of the Act on Macro-prudential Supervision over the Financial System and Crisis Management in the Financial System (Act) and with an update of the Banking Law. The act stipulates capital buffers banks in Poland should meet once buffers are implemented by competent authorities indicated in the Act.

As of 30 June 2021 mBank Group was obliged to ensure adequate own funds to meet conservation capital buffer of 2.5% of total risk exposure amount, as defined in the Act.

As of the end of June 2021 the countercyclical capital buffer rate set for relevant exposures in Poland according with the article 83 of the Act amounted to 0%. The ratio shall be effective until it is changed by way of an ordinance of the Minister of Finance.

Countercyclical capital buffer in accordance with the provisions of the Act as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Group are located. As at the end of June 2021 this ratio amounted to 0.04%.

Exposures of foreign branches in Czech Republic and in Slovakia, where countercyclical buffer rates as of 30 June 2021 amounted to 0.5%, and 1.0% in each, had an impact on the mBank Group specific countercyclical capital buffer.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		30.06.2021
1	Total risk exposure amount	97 643 477
2	Institution specific countercyclical capital buffer rate	0.044951%
3	Institution specific countercyclical capital buffer requirement	43 842

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c		d	e	f	g			h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk		Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)			
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Relevant credit risk exposures - Credit risk				Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total						
010	Breakdown by country:															
020	POLAND	20 986 668	110 085 016	2 613 921	0	0	0	6 007 304	37 797	0	6 045 100	75 563 750	0.92099	0.000000		
030	CZECH REPUBLIC	6 382 086	36 431	0	0	0	0	276 652	0	0	276 652	3 458 150	0.04215	0.000211		
040	SLOVAKIA	2 727 480	3 146	0	0	0	0	125 704	0	0	125 704	1 571 300	0.01915	0.000192		
050	LUXEMBOURG	237 994	281 563	0	0	0	0	61 967	0	0	61 967	774 588	0.00944	0.000047		
060	NETHERLANDS	29 850	243 079	0	0	0	0	18 441	0	0	18 441	230 513	0.00281	0.000000		
070	GERMANY	52 820	206 088	0	0	0	0	16 153	0	0	16 153	201 913	0.00246	0.000000		
080	UNITED STATES OF AMERICA	82 346	14 743	0	0	0	0	6 833	0	0	6 833	85 413	0.00104	0.000000		
090	SWEDEN	45 906	527	0	0	0	0	3 682	0	0	3 682	46 025	0.00056	0.000000		
100	FEDR. RUSSIAN	45 233	10 132	0	0	0	0	3 619	0	0	3 619	45 238	0.00055	0.000000		
110	CYPRUS	568	46 741	0	0	0	0	2 679	0	0	2 679	33 488	0.00041	0.000000		
120	IRELAND	6 003	6 743	0	0	0	0	822	0	0	822	10 275	0.00013	0.000000		
130	AUSTRIA	75	11 738	0	0	0	0	729	0	0	729	9 113	0.00011	0.000000		
140	GREAT BRITAIN	810	7 099	0	0	0	0	358	0	0	358	4 475	0.00005	0.000000		
150	HUNGARY	0	2 388	0	0	0	0	173	0	0	173	2 163	0.00003	0.000000		
160	BELGIUM	1 911	941	0	0	0	0	164	0	0	164	2 050	0.00002	0.000000		
170	MALTA	77	7 216	0	0	0	0	139	0	0	139	1 738	0.00002	0.000000		
180	ITALY	20	269	0	0	0	0	78	0	0	78	975	0.00001	0.000000		
190	FRANCE	101	2 546	0	0	0	0	75	0	0	75	938	0.00001	0.000000		
200	UNITED ARAB EMIRATES	1	1 719	0	0	0	0	56	0	0	56	700	0.00001	0.000000		
210	SPAIN	0	967	0	0	0	0	48	0	0	48	600	0.00001	0.000000		
220	SWITZERLAND	83	3 879	0	0	0	0	47	0	0	47	588	0.00001	0.000000		
230	NORWAY	52	722	0	0	0	0	30	0	0	30	375	0.00000	0.000000		
240	PORTUGAL	85	1 109	0	0	0	0	29	0	0	29	363	0.00000	0.000000		
250	LITHUANIA	21	166	0	0	0	0	25	0	0	25	313	0.00000	0.000000		
260	UKRAINE	3	159	0	0	0	0	24	0	0	24	300	0.00000	0.000000		
270	AUSTRALIA	98	490	0	0	0	0	19	0	0	19	238	0.00000	0.000000		
280	DENMARK	46	160	0	0	0	0	14	0	0	14	175	0.92099	0.000000		
290	ISRAEL	40	59	0	0	0	0	10	0	0	10	125	0.04215	0.000211		
300	BAHAMAS	0	94	0	0	0	0	5	0	0	5	63	0.01915	0.000192		
310	PANAMA	0	63	0	0	0	0	5	0	0	5	63	0.00944	0.000047		

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				Total
320	ESTONIA	57	0	0	0	0	0	5	0	0	5	63	0.00000	0.000000
330	MALAYSIA	50	0	0	0	0	0	4	0	0	4	50	0.00000	0.000000
340	ANDORA	0	96	0	0	0	0	4	0	0	4	50	0.00000	0.000000
350	SERBIA	25	0	0	0	0	0	3	0	0	3	38	0.00000	0.000000
360	CANADA	0	50	0	0	0	0	2	0	0	2	25	0.00000	0.000000
370	TAWIAN	0	36	0	0	0	0	2	0	0	2	25	0.00000	0.000000
380	TANZANIA	0	78	0	0	0	0	2	0	0	2	25	0.00000	0.000000
390	SINGAPORE	0	43	0	0	0	0	2	0	0	2	25	0.00000	0.000000
400	OTHER COUNTRIES	35	227	0	0	0	0	8	0	0	8	100	0.00000	0.000000
500	TOTAL	30 600 544	110 976 523	2 613 921	0	0	0	6 525 916	37 797	0	6 563 712	82 046 400	1.00000	0.000450

In 2016 Bank received an administrative decision of the PFSA (KNF), in which mBank has been identified as other systemically important institution (O-SII). mBank was subject to a capital buffer which on the basis of KNF administrative decision of October 14th, 2019 amounted to 0.50% of the total risk exposure amount, calculated in accordance with article 92(3) of CRR Regulation, to be maintained on individual and consolidated levels. This buffer was in force as at 30 June 2021.

Starting from 1st January 2018 the Regulation of the Minister of Development and Finance with regard to systemic risk buffer entered into force. The Regulation introduced systemic risk buffer of 3% of the total risk exposure amount applied to all exposures located in Poland. Due to the exceptional socio-economic situation that arose after the outbreak of the global COVID-19 pandemic, this requirement was lifted by repealing the Regulation of the Minister of Finance, which was in force since 19 March 2020.

Consequently, the combined buffer requirement set for the mBank Group as of the end of June 2021 amounted to 3.04% of the total risk exposure amount.

Additionally, as a result of the annual risk assessment carried out in 2019 by the PFSA within the supervisory review and evaluation process (SREP), in particular with regard to the evaluation of risk related to the portfolio of foreign exchange retail mortgage loans, mBank Group received an individual recommendation to maintain own funds on the consolidated level to cover additional capital requirement of 2.82% in order to mitigate the risk and 2.11% for Tier 1 capital (on individual basis: 3.24% and 2.43% respectively). Additional capital requirement in Pillar II encompasses also additional risk factors related to the FX mortgage loan portfolio such as operational risk, market risk or risk of collective default of borrowers.

The high level of additional capital requirement in Pillar II resulted from the fact that the PFSA applied one methodology to all banks in Poland. This did not take into account the results of internal models applied by mBank to the calculation of capital requirements for credit risk. According to PFSA's methodology, the calculation of the additional capital requirement for each and every bank uses the risk weight under the standardised approach as a starting point (risk weight 150%).

Consequently, more than half of the additional capital requirement calculated by the PFSA for mBank Group comes from "aligning" the capital requirement to the requirement calculated under the standardised approach. The second important component with effect on an additional capital requirement within Pillar II was related to the SREP score quantifying the risk of foreign exchange retail mortgage loans portfolio, taking into account the specific nature of the Bank portfolio, the following factors were taken into account:

- the share of loans with LTV >100% in total FX lending portfolio,
- the level of margin realised in the Bank on FX lending portfolio,
- sensitivity of total capital ratio to exchange rate and interest rate changes,
- Bank's readiness to absorb losses of a potential portfolio currency conversion.

Capital ratios both on consolidated and individual basis in the first half of 2021 were above the required values.

With a considerable surplus of own funds mBank Group comfortably meets the additional own funds requirement related to Pillar II and the combined buffer requirement.

mBank Group	30.06.2021		31.03.2021	
Capital ratio	Required level	Reported level	Required level	Reported level
Total capital ratio (TCR)	13.86%	17.55%	13.86%	19.19%
Of which: FX ADD ON	2.82%		2.82%	
Of which: combined buffer requirement	3.04%		3.04%	
Tier 1 ratio*	11.15%	15.18%	11.15%	16.62%
Of which: FX ADD ON	2.11%		2.11%	
Of which: combined buffer requirement	3.04%		3.04%	

*Tier 1 ratio reported in mBank Group is equal to CET 1 ratio

5.4. Quantitative data regarding capital adequacy

Capital ratios are calculated on the basis of total risk exposure amount that corresponds to the sum of risk exposure amounts for particular risk types that are calculated according to provisions of the CRR Regulation.

Total risk exposure amount of mBank Group consists of:

- risk weighted exposure amount for credit risk, counterparty credit risk, dilution risk and free deliveries calculated under AIRB approach as regards the large part of the credit exposures portfolio,
- risk exposure amount for market risk, including position risk, foreign exchange risk and commodities risk calculated under standardised approaches,
- risk exposure amounts for operational risk calculated under standardised approach,
- risk exposure amount for credit valuation adjustments, calculated under standardised approach,
- other risk exposure amounts including supervisory floor.

The template presents all components of the total risk exposure amount of mBank Group, a denominator for capital ratios calculated according with art. 92 of CRR Regulation.

EU OV1 – Overview of RWAs, addressing disclosure requirements of art. 438 letter d) of CRR Regulation:

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		30.06.2021	31.03.2021	30.06.2021
1	Credit risk (excluding CCR)	82 159 358	77 373 306	6 572 749
2	Of which the standardised approach	20 426 196	19 395 152	1 634 096
3	Of which the Foundation IRB (F-IRB) approach	0	0	0
4	Of which slotting approach	0	0	0
EU 4a	Of which equities under the simple riskweighted approach	0	0	0
5	Of which the Advanced IRB (A-IRB) approach	61 733 162	57 978 154	4 938 653
6	Counterparty credit risk - CCR *	2 234 142	1 961 867	178 731
7	Of which the standardised approach	1 723 177	1 652 429	137 854
8	Of which internal model method (IMM)	0	0	0
EU 8a	Of which exposures to a CCP	2 707	15 483	217
EU 8b	Of which credit valuation adjustment - CVA	508 258	293 955	40 660
9	Of which other CCR	0	0	0
15	Securitisation exposures in the non-trading book (after the cap)	0	0	0
16	Of which SEC-IRBA approach	0	0	0
17	Of which SEC-ERBA (including IAA)	0	0	0
18	Of which SEC-SA approach	0	0	0
19	Of which 1250% / deduction	0	0	0
EU 19a	Position, foreign exchange and commodities risks (Market risk)	0	0	0
20	Of which the standardised approach	1 088 208	1 026 239	87 057
21	Of which IMA	1 088 208	1 026 239	87 057
22	Large exposures	0	0	0
EU 22a	Operational risk	0	0	0
23	Of which basic indicator approach	9 502 228	9 502 228	760 178
EU 23a	Of which standardised approach	0	0	0
EU 23b	Of which advanced measurement approach	9 502 228	9 502 228	760 178
EU 23c	Amounts below the thresholds for deduction (subject to 250% risk weight)	0	0	0
24	Securitisation exposures in the non-trading book (after the cap)	2 659 541	2 454 496	212 763
29	Total	97 643 477	92 318 136	7 811 478

*Counterparty credit risk as of March 31, 2021 was calculated based on the market valuation method

EU CR10 – IRB, specialised lending and equities, addressing disclosure requirements of Art. 438 letter e) of CRR Regulation.

mBank Group does not apply AIRB approach to calculate risk weighted assets for equity exposures.

EU CR10.2

Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)							
Regulatory categories	Remaining maturity	On-balancesheet exposure	Off-balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		a	b	c	d	e	f
Category 1	Less than 2.5 years	167 562	60 706	50%	17 628	91 360	0
	Equal to or more than 2.5 years	237 301	17 655	70%	4 794	146 499	968
Category 2	Less than 2.5 years	1 497 284	576 064	70%	186 891	1 062 316	6 737
	Equal to or more than 2.5 years	4 613 778	115 060	90%	30 816	3 891 572	37 157
Category 3	Less than 2.5 years	493 912	89 325	115%	26 445	537 718	14 570
	Equal to or more than 2.5 years	963 759	0	115%	0	1 001 506	26 985
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	Equal to or more than 2.5 years	10 897	0	250%	0	27 242	872
Category 5	Less than 2.5 years	297 841	6 276	-	1 704	0	149 772
	Equal to or more than 2.5 years	262 624	0	-	0	0	131 312
Ogółem	Less than 2.5 years	2 456 599	732 371		232 668	1 691 394	171 079
	Equal to or more than 2.5 years	6 088 359	132 715		35 610	5 066 819	197 294

Templates: EU CR10.1, EU CR 10.3, EU CR10.4, EU CR10.5 are not disclosed due to the lack of relevant exposures in mBank Group portfolio of A-IRB models.

EU CR8 – RWA flow statements of credit risk exposures, including IRB approach, addressing disclosure requirements of Art. 438 letter h) of CRR Regulation:

		Risk weighted exposure amount
1	Risk weighted exposure amount as at 31.03.2021	54 692
2	Asset size (+/-)	779
3	Asset quality (+/-)	(1 507)
4	Model updates (+/-)	3 503
5	Methodology and policy (+/-)	1 759
6	Acquisitions and disposals (+/-)	0
7	Foreign exchange movements (+/-)	(316)
8	Other (+/-)	0
9	Risk weighted exposure amount as at 30.06.2021	58 910

Information about the structure of risk-weighted assets

Templates below provide more information on risk weighted assets, applied approaches to calculate RWA and the scope of credit risk and counterparty credit risk mitigation techniques in place.

EU CR3 – Credit risk mitigation techniques – overview, addressing disclosure requirements of art. 453 letter f) of CRR Regulation, presenting the carrying amount of exposures net of allowances /impairments divided into unsecured and secured exposures, including collateral categories:

		Unsecured carrying amount	Secured carrying amount			
			a	b	Of which secured by collateral	Of which secured by financial guarantees
						c
1	Loans and advances	86 599 420	58 188 505	55 019 297	3 169 209	0
2	Debt securities	47 596 578	5 408	5 408	0	0
3	Total	134 195 998	58 193 913	55 024 705	3 169 209	0
4	<i>Of which non-performing exposures</i>	4 175 774	1 035 087	1 013 856	21 231	0
5	<i>Of which defaulted</i>	4 173 191	1 035 087	1 013 856	21 231	0

The template above presents all the credit risk mitigation techniques used in compliance with the accounting standards, whether or not they are recognized on the basis of CRR, including all the types of collateral and financial guarantees regarding all the collateralized exposures, whether for the calculation of risk weighted assets standardized approach or AIRB are used.

In the first half of 2021 there was no significant change in the use of credit risk mitigation techniques.

EU CR4 – Standardised approach – Credit risk exposure and counterparty credit risk with CRM effects, addressing disclosure requirements of art. 453 letter g)- i) and art. 444 letter e) of CRR Regulation.

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	a	b	c	d	e	f
Central governments or central banks	64 521 302	0	64 523 327	920	1 619 310	2.51%
Regional government or local authorities	177 131	45 185	276 129	21 029	59 432	20.00%
Public sector entities	42 243	30 743	1 974	15 296	9 298	53.84%
Multilateral development banks	2 822 425	0	2 822 425	0	0	0.00%
International organisations	0	0	0	0	0	0.00%
Institutions	693 179	46 644	828 693	26 714	261 345	30.55%
Corporates	8 337 421	6 517 546	7 957 342	1 819 900	9 197 286	94.07%
Retail	5 849 002	811 525	5 849 002	201 737	4 536 174	74.97%
Secured by mortgages on immovable property	12 997 000	39 504	12 997 000	19 752	5 066 158	38.92%
Exposures in default	690 154	121 921	684 180	26 410	885 991	124.68%
Exposures associated with particularly high risk	96 699	0	96 699	0	145 048	150.00%
Covered bonds	0	0	0	0	0	0.00%
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0.00%
Collective investment undertakings	0	0	0	0	0	0.00%
Equity	181 866	0	181 866	0	285 768	157.13%
Other items	5 716	11	5 716	11	5 727	100.00%
TOTAL	96 414 138	7 613 078	96 224 353	2 131 769	22 071 537	22.44%

EU CR5 - Standardised approach, addressing disclosure requirements of art. 444 letter e) of CRR Regulation and presents regulatory exposure values post conversion factor and post risk mitigation techniques for a part of credit and credit counterparty portfolio where Group applies standardized approach, broken down by assets classes and risk weights.

	Exposure classes	Risk weight							
		0%	2%	4%	10%	20%	35%	50%	70%
		a	b	c	d	e	f	g	h
1	Central governments or central banks	63 529 712	0	0	0	0	0	0	0
2	Regional government or local authorities	0	0	0	0	297 159	0	0	0
3	Public sector entities	0	0	0	0	0	0	15 944	0
4	Multilateral development banks	2 822 425	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0
6	Institutions	0	256 350	0	0	127 280	0	471 778	0
7	Corporates	0	0	0	0	0	0	21 075	0
8	Retail exposures	0	0	0	0	0	0	0	0
9	Exposures secured by mortgages on immovable property	0	0	0	0	0	12 063 774	228 942	0
10	Exposures in default	0	0	0	0	0	0	14	0
11	Exposures associated with particularly high risk	0	0	0	0	0	0	0	0
12	Covered bonds	0	0	0	0	0	0	0	0
13	Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0
15	Equity exposures	0	0	0	0	0	0	42	0
16	Other items (intangible assets)	832 958	0	0	0	0	0	0	0
17	TOTAL	67 185 095	256 350	0	0	424 438	12 063 774	737 793	0

EU CR5 - Standardised approach, addressing disclosure requirements of art. 444 letter e) of CRR Regulation and presents regulatory exposure values post conversion factor and post risk mitigation techniques for a part of credit and credit counterparty portfolio where Group applies standardized approach, broken down by assets classes and risk weights.

	Exposure classes	Risk weight						Total	Of which unrated		
		75%	100%	150%	250%	370%	1250%			Others	
		i	j	k	l	m	n			o	p
1	Central governments or central banks	0	0	0	994 535	0	0	0	0	64 524 247	1 811 541
2	Regional government or local authorities	0	0	0	0	0	0	0	0	297 159	115 844
3	Public sector entities	0	1 326	0	0	0	0	0	0	17 270	1 326
4	Multilateral development banks	0	0	0	0	0	0	0	0	2 822 425	0
5	International organisations	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	0	0	0	0	0	0	0	855 407	590 511
7	Corporates	0	9 756 166	0	0	0	0	0	0	9 777 241	9 756 159
8	Retail exposures	6 050 739	0	0	0	0	0	0	0	6 050 739	6 050 739
9	Exposures secured by mortgages on immovable property	0	713 356	10 680	0	0	0	0	0	13 016 752	13 016 752
10	Exposures in default	0	359 760	350 816	0	0	0	0	0	710 590	710 590
11	Exposures associated with particularly high risk	0	0	96 699	0	0	0	0	0	96 699	96 699
12	Covered bonds	0	0	0	0	0	0	0	0	0	0
13	Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0
14	Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0	0	0
15	Equity exposures	0	112 543	0	69 282	0	0	0	0	181 866	181 866
16	Other items	0	5 727	0	0	0	0	0	0	5 727	5 727
17	TOTAL	6 050 739	10 948 879	458 195	1 063 816	0	0	0	0	98 356 121	32 337 755

EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range, addressing disclosure requirements of art. 452 letter g) and i)–v) of CRR Regulation. The table below presents exposure values, the amount of undrawn commitments, the average CCF, PD and LGD in percentage, risk-weighted exposure values for particular exposure classes for a part of credit and counterparty credit portfolio where Group applies AIRB approach.

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail mortgage portfolio (microfirms)													
	0.00 to <0.15	125 649	11 313	0.84	135 160	0.001208	515	0.249758	-	7 885	0.058339	41	16
	0.00 to <0.10	17 104	5 871	0.84	22 011	0.000927	112	0.209481	-	878	0.039885	4	2
	0.10 to <0.15	108 545	5 442	0.85	113 149	0.001263	403	0.257594	-	7 007	0.061929	37	15
	0.15 to <0.25	355 746	18 331	0.83	370 959	0.001999	868	0.308034	-	38 922	0.104923	229	108
	0.25 to <0.50	460 521	71 783	0.89	524 604	0.003697	1451	0.292515	-	81 181	0.154748	564	338
	0.50 to <0.75	429 774	41 933	1.03	472 776	0.00626	979	0.31774	-	116 107	0.245585	942	421
	0.75 to <2.50	683 284	80 152	1.53	805 950	0.012547	1915	0.331481	-	323 143	0.400946	3 333	2 056
	0.75 to <1.75	592 309	67 340	1.49	692 825	0.011184	1576	0.334929	-	263 496	0.380322	2 599	1 616
	1.75 to <2.5	90 975	12 811	1.73	113 125	0.020896	339	0.310366	-	59 646	0.527261	734	440
	2.50 to <10.00	146 661	8 168	2.25	165 043	0.044603	441	0.343597	-	144 383	0.874820	2 516	2 408
	2.5 to <5	103 199	6 430	2.49	119 208	0.034365	338	0.347765	-	94 345	0.791431	1 436	1 291
	5 to <10	43 462	1 739	1.36	45 835	0.071231	103	0.332755	-	50 038	1.091697	1 080	1 117
	10.00 to <100.00	54 531	92	30.10	57 303	0.235329	138	0.291724	-	77 472	1.351963	3 859	2 998
	10 to <20	26 473	92	29.88	29 224	0.156125	71	0.301266	-	39 139	1.339275	1 369	783
	20 to <30	11 881	0	0.00	11 881	0.252354	28	0.298642	-	17 453	1.468996	898	809
	30.00 to <100.00	16 177	0	461.55	16 198	0.365742	39	0.269434	-	20 879	1.289011	1 592	1 406
	100.00 (Default)	155 411	196	0.00	155 411	1	273	0.678317	-	552 164	3.552929	64 919	64 938
	Subtotal	2 411 577	231 968	1.19	2 687 206	0.071514	6 580	0.334064	-	1 341 257	0.499127	76 403	73 283



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail mortgage portfolio (natural persons)													
	0.00 to <0.15	18 413 257	940 913	0.62	18 997 115	0.000889	129086	0.298316	-	1 325 834	0.069791	4 909	3 770
	0.00 to <0.10	12 128 032	732 196	0.62	12 584 637	0.000721	90213	0.309421	-	780 916	0.062053	2 746	2 223
	0.10 to <0.15	6 285 225	208 716	0.61	6 412 478	0.00122	38873	0.276522	-	544 918	0.084978	2 163	1 547
	0.15 to <0.25	5 146 771	150 085	0.64	5 243 444	0.00191	31142	0.284494	-	643 171	0.122662	2 855	2 375
	0.25 to <0.50	3 834 097	117 997	0.67	3 912 976	0.00348	21784	0.289392	-	755 546	0.193087	3 943	2 712
	0.50 to <0.75	1 244 458	38 986	0.77	1 274 324	0.006056	6985	0.30161	-	380 350	0.298472	2 326	1 520
	0.75 to <2.50	1 251 965	21 972	1.04	1 274 837	0.012304	6378	0.298421	-	597 700	0.468844	4 685	3 335
	0.75 to <1.75	1 059 420	19 563	1.02	1 079 386	0.010775	5476	0.297391	-	466 091	0.431811	3 458	2 347
	1.75 to <2.5	192 545	2 409	1.21	195 451	0.020747	902	0.304112	-	131 610	0.673363	1 228	987
	2.50 to <10.00	474 958	3 840	0.68	477 571	0.052763	2223	0.289009	-	499 697	1.046330	7 224	5 864
	2.5 to <5	259 296	3 429	0.71	261 743	0.035001	1297	0.295551	-	231 448	0.884256	2 690	2 335
	5 to <10	215 662	411	0.40	215 828	0.074304	926	0.281075	-	268 250	1.242884	4 534	3 529
	10.00 to <100.00	443 183	1 338	1.18	444 768	0.251705	1779	0.292875	-	763 721	1.717124	32 491	21 913
	10 to <20	229 919	745	1.63	231 132	0.14265	1003	0.290573	-	382 263	1.653875	9 614	7 297
	20 to <30	85 978	291	0.76	86 199	0.238039	292	0.312726	-	172 604	2.002390	6 409	4 716
	30.00 to <100.00	127 286	302	0.50	127 437	0.458743	484	0.283623	-	208 854	1.638883	16 468	9 900
	100.00 (Default)	660 085	803	0.00	660 085	1	1724	0.671425	-	976 496	1.479349	387 673	387 936
	Subtotal	31 468 774	1 275 934	0.64	32 285 120	0.026674	201 101	0.302539	-	5 942 515	0.184064	446 106	429 425



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail non-mortgage portfolio (microfirms)													
	0.00 to <0.15	51 889	98 656	0.76	126 680	0.001144	3364	0.46852	-	14 066	0.111037	69	50
	0.00 to <0.10	13 936	16 509	0.77	26 652	0.000825	635	0.413722	-	2 149	0.080643	10	8
	0.10 to <0.15	37 953	82 147	0.76	100 028	0.001229	2729	0.483121	-	11 917	0.119135	60	42
	0.15 to <0.25	173 300	473 915	0.82	564 225	0.002098	16361	0.653932	-	131 208	0.232545	777	481
	0.25 to <0.50	1 231 225	973 426	0.75	1 959 766	0.003715	51666	0.481	-	494 104	0.252124	3 435	2 527
	0.50 to <0.75	1 435 636	432 324	0.83	1 795 545	0.00622	39259	0.414104	-	549 612	0.306097	4 621	3 690
	0.75 to <2.50	3 879 208	692 633	0.90	4 505 628	0.014004	105024	0.484764	-	2 214 985	0.491604	30 974	30 521
	0.75 to <1.75	2 906 537	550 237	0.89	3 398 319	0.01168	77996	0.473406	-	1 548 705	0.455727	18 840	17 805
	1.75 to <2.5	972 671	142 395	0.95	1 107 309	0.021137	27028	0.519621	-	666 280	0.601711	12 135	12 716
	2.50 to <10.00	3 010 051	239 003	1.04	3 258 576	0.048745	75695	0.494821	-	2 130 281	0.653746	77 702	94 574
	2.5 to <5	1 819 288	179 496	1.00	1 998 989	0.035456	47704	0.504356	-	1 282 689	0.641669	35 560	41 229
	5 to <10	1 190 763	59 507	1.16	1 259 587	0.069835	27991	0.479689	-	847 592	0.672913	42 141	53 346
	10.00 to <100.00	1 160 776	19 032	1.26	1 184 697	0.206774	23608	0.389542	-	933 880	0.788286	97 121	110 823
	10 to <20	630 840	14 964	1.25	649 546	0.141718	13267	0.42372	-	491 776	0.757107	38 421	50 014
	20 to <30	373 396	1 832	1.48	376 099	0.231896	6846	0.306961	-	275 745	0.733171	27 330	28 534
	30.00 to <100.00	156 540	2 236	1.12	159 051	0.413049	3495	0.445239	-	166 359	1.045943	31 370	32 275
	100.00 (Default)	657 618	5 246	0.00	657 618	1	17301	0.749916	-	577 689	0.878456	468 194	470 131
	Subtotal	11 599 703	2 934 235	0.84	14 052 735	0.081429	332 278	0.488569	-	7 045 825	0.501385	682 893	712 797



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail non-mortgage portfolio (natural persons)													
	0.00 to <0.15	493 964	818 053	0.73	1 089 383	0.00102	133322	0.517995	-	158 329	0.145338	583	397
	0.00 to <0.10	246 994	386 135	0.70	519 054	0.00075	65047	0.489048	-	56 688	0.109215	190	159
	0.10 to <0.15	246 970	431 917	0.75	570 329	0.001265	68275	0.544339	-	101 640	0.178214	393	238
	0.15 to <0.25	613 547	1 308 173	0.71	1 538 511	0.002021	200818	0.590029	-	411 852	0.267695	1 839	1 070
	0.25 to <0.50	1 330 283	1 705 735	0.67	2 476 630	0.00354	314644	0.624593	-	1 004 766	0.405699	5 494	3 452
	0.50 to <0.75	1 002 796	413 700	0.75	1 313 964	0.006187	155071	0.656537	-	773 649	0.588790	5 340	4 031
	0.75 to <2.50	4 187 171	651 479	0.78	4 693 634	0.014606	559143	0.673756	-	4 032 404	0.859122	46 342	38 064
	0.75 to <1.75	2 925 157	501 579	0.78	3 317 819	0.012014	390081	0.670227	-	2 675 464	0.806392	26 755	21 442
	1.75 to <2.5	1 262 014	149 900	0.76	1 375 815	0.020856	169062	0.682265	-	1 356 940	0.986281	19 587	16 622
	2.50 to <10.00	3 540 548	186 028	0.83	3 694 455	0.045977	370455	0.671717	-	4 027 815	1.090232	114 421	139 746
	2.5 to <5	2 416 952	147 371	0.81	2 535 765	0.036691	260989	0.664884	-	2 671 449	1.053508	61 520	67 550
	5 to <10	1 123 596	38 657	0.91	1 158 690	0.066298	109466	0.686672	-	1 356 366	1.170603	52 901	72 196
	10.00 to <100.00	569 352	17 916	0.88	585 197	0.20546	65559	0.687913	-	948 225	1.620353	83 067	88 789
	10 to <20	345 922	14 456	0.88	358 639	0.135935	42767	0.685913	-	515 417	1.437147	33 394	41 562
	20 to <30	123 115	1 788	0.91	124 741	0.244437	13793	0.679964	-	226 078	1.812377	20 753	20 775
	30.00 to <100.00	100 315	1 672	0.90	101 817	0.402604	8999	0.7047	-	206 730	2.030417	28 920	26 451
	100.00 (Default)	889 473	9 955	0.00	889 473	1	67145	0.742865	-	1 052 409	1.183183	605 567	608 475
	Subtotal	12 627 134	5 111 039	0.71	16 281 247	0.077957	1 866 157	0.650376	-	12 409 449	0.762193	862 653	884 024



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporations - medium and small enterprises													
	0.00 to <0.15	337 265	443 251	0.48	567 400	0.000808	326	0.426902	2.01467875	91 010	0.160398	193	269
	0.00 to <0.10	222 940	307 980	0.50	387 946	0.000634	224	0.437237	2.0140953	56 948	0.146794	107	174
	0.10 to <0.15	114 325	135 271	0.43	179 454	0.001182	102	0.404561	2.01594005	34 062	0.189810	86	94
	0.15 to <0.25	276 066	341 804	0.49	444 772	0.001981	182	0.343638	2.04246752	102 704	0.230914	308	373
	0.25 to <0.50	738 431	597 206	0.50	1 044 908	0.003725	488	0.354405	1.99644582	340 216	0.325594	1 376	1 171
	0.50 to <0.75	594 582	336 118	0.49	768 794	0.006204	396	0.328126	2.4017416	323 369	0.420619	1 573	1 082
	0.75 to <2.50	4 043 186	1 872 943	0.48	4 980 330	0.015154	2198	0.316304	2.13396327	2 608 312	0.523723	23 643	16 825
	0.75 to <1.75	2 664 156	1 331 761	0.49	3 343 313	0.01205	1565	0.32137	2.1709304	1 664 401	0.497830	12 803	8 745
	1.75 to <2.5	1 379 030	541 183	0.45	1 637 017	0.021492	633	0.305958	2.05846453	943 911	0.576605	10 839	8 081
	2.50 to <10.00	2 702 166	784 801	0.49	3 115 132	0.041939	1102	0.283421	2.13630989	2 073 942	0.665764	36 644	28 083
	2.5 to <5	2 132 682	634 350	0.49	2 465 911	0.035257	828	0.288761	2.23136863	1 613 520	0.654330	24 999	19 716
	5 to <10	569 484	150 451	0.49	649 221	0.067318	274	0.263137	1.77525214	460 422	0.709190	11 645	8 367
	10.00 to <100.00	287 052	50 649	0.59	320 892	0.148672	178	0.268228	1.96523383	306 986	0.956663	13 209	10 041
	10 to <20	256 619	41 183	0.59	281 691	0.127041	125	0.25815	1.96948792	253 234	0.898977	9 240	7 158
	20 to <30	13 670	4 807	0.80	19 822	0.241843	21	0.402672	2.40122092	31 793	1.603944	1 978	1 122
	30.00 to <100.00	16 763	4 659	0.42	19 379	0.367792	32	0.27719	1.4574437	21 958	1.133097	1 991	1 760
	100.00 (Default)	121 346	19 060	0.30	127 020	1	76	0.638944	0	158 232	1.245724	82 755	82 755
	Subtotal	9 100 094	4 445 832	0.49	11 369 248	0.034377	4 946	0,320432	2.1019388	6 004 771	0.528159	159 701	140 599



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporations - other													
	0.00 to <0.15	725 209	1 553 787	0.47	1 544 670	0.000857	166	0.458188	2.06242423	382 724	0.247771	598	545
	0.00 to <0.10	389 789	976 921	0.45	888 770	0.000583	101	0.434614	2.03358576	157 723	0.177462	198	291
	0.10 to <0.15	335 420	576 866	0.52	655 900	0.001229	65	0.490131	2.10150144	225 002	0.343042	399	254
	0.15 to <0.25	905 064	1 233 161	0.41	1 425 158	0.002049	120	0.516777	1.92553228	657 480	0.461338	1 508	1 161
	0.25 to <0.50	1 876 943	3 110 071	0.39	3 258 271	0.003877	271	0.469666	1.95306683	1 984 192	0.608971	5 949	3 832
	0.50 to <0.75	1 618 432	1 262 386	0.46	2 229 671	0.006179	179	0.429819	2.2501629	1 635 526	0.733528	5 938	4 180
	0.75 to <2.50	6 681 457	3 507 399	0.45	8 451 930	0.014505	795	0.43884	2.26691437	8 655 405	1.024074	53 668	40 533
	0.75 to <1.75	4 806 544	2 560 354	0.46	6 166 686	0.01199	577	0.444783	2.12436944	5 914 930	0.959175	32 837	25 794
	1.75 to <2.5	1 874 913	947 045	0.42	2 285 243	0.021292	218	0.4228	2.6515692	2 740 475	1.199205	20 832	14 738
	2.50 to <10.00	1 384 521	1 117 391	0.56	2 043 353	0.045641	462	0.358215	1.64797392	2 261 301	1.106662	32 171	20 634
	2.5 to <5	914 274	698 009	0.58	1 350 806	0.034753	297	0.378119	1.60953521	1 445 669	1.070226	17 447	10 328
	5 to <10	470 247	419 382	0.52	692 547	0.066879	165	0.319391	1.72294828	815 633	1.177729	14 723	10 306
	10.00 to <100.00	304 364	195 711	0.27	364 355	0.209129	494	0.416175	1.7178149	813 258	2.232046	31 435	24 101
	10 to <20	122 810	66 153	0.39	153 198	0.147433	124	0.349529	1.69102282	272 863	1.781115	8 048	3 275
	20 to <30	147 587	117 777	0.18	168 864	0.208283	66	0.499054	1.75008777	461 623	2.733704	17 363	15 824
	30.00 to <100.00	33 967	11 781	0.49	42 294	0.435987	304	0.326677	1.68600803	78 771	1.862486	6 024	5 003
	100.00 (Default)	866 927	89 385	0.23	887 939	1	315	0.714355	0	906 025	1.020369	745 111	745 011
	Subtotal	14 362 917	12 069 291	0.44	20 205 347	0.059917	2 802	0.453337	2.00262758	17 295 911	0.856007	876 378	839 997



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporations - specialized lending exposures													
Subtotal		8 449 556	865 086	0.31	8 813 235	-	465	-	-	6 758 213	0.766825	368 373	358 879



EU CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Institutions													
	0.00 to <0.15	1 547 967	2 458 606	0.47	4 182 867	0.000672	63	0.378014	0.83942244	591 111	0.141317	1 083	202
	0.00 to <0.10	1 027 824	1 968 158	0.48	3 410 407	0.000522	50	0.360868	0.93525768	421 824	0.123687	621	127
	0.10 to <0.15	520 143	490 449	0.45	772 460	0.001334	13	0.453712	0.41631014	169 287	0.219153	462	75
	0.15 to <0.25	1 291 778	1 974 190	0.20	1 976 508	0.002133	25	0.473015	0.88928619	909 908	0.460361	1 993	425
	0.25 to <0.50	1 033 185	153 589	0.43	1 118 458	0.003702	20	0.439294	0.18878799	522 232	0.466921	1 814	176
	0.50 to <0.75	165	5 500	0.45	3 904	0.005761	5	0.5304	1.41420014	3 055	0.782609	12	10
	0.75 to <2.50	25 397	16 834	0.50	37 193	0.020711	9	0.511737	1.30418692	44 628	1.199904	389	379
	0.75 to <1.75	740	10 100	0.45	5 285	0.010363	4	0.5726	1	5 303	1.003497	31	63
	1.75 to <2.5	24 657	6 734	0.57	31 908	0.022425	5	0.501657	1.35456869	39 325	1.232435	358	316
	2.50 to <10.00	21 796	928	0.39	22 252	0.047859	7	0.513308	1.06591517	33 424	1.502076	504	136
	2.5 to <5	13 629	0	0.00	13 629	0.02561	5	0.567858	1.02399076	19 057	1.398252	198	133
	5 to <10	8 167	928	0.39	8 623	0.083025	2	0.427089	1.13217929	14 367	1.666176	305	3
	10.00 to <100.00	69	136	0.50	137	0.380603	2	0.5099	3.01693205	414	3.027014	28	83
	10 to <20	0	0	0.00	0	0	0	0	0	0	-	0	0
	20 to <30	69	0	0.00	69	0.289364	1	0.425	5	208	3.018138	8	0
	30.00 to <100.00	0	136	0.50	68	0.4734	1	0.59625	1	206	3.036041	19	83
	100.00 (Default)	12	5 000	0.45	2 262	1	3	0.568163	0	16 062	7.102036	0	0
	Subtotal	3 920 369	4 614 783	0.35	7 343 581	0.002089	134	0.414146	0.75687658	2 120 834	0.288801	5 823	1 411
	Total	93 940 124	31 548 168	0.52	113 037 719	0.048777	2 414 463	0.421821	1.79657531	58 918 775	0.521231	3 478 330	3 440 415

EU CR7 – IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques addressing disclosure requirements of art. 453 letter j) of CRR Regulation.

mBank Group does not disclose this information as credit derivatives are not used as CRM techniques with an impact on RWA.



Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques addressing disclosure requirements of art. 453 letter g) of CRR Regulation.

A-IRB		Total exposures	Credit risk Mitigation techniques										
			Funded credit Protection (FCP)										
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Im-movable property Collaterals (%)	Part of exposures covered by Re-ceiveables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit pro-tection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instru-ments held by a third party (%)		
												a	b
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	5 554 859	0%	0%	0%	0%	0%	0%	-	0%	0%	0%	0%
3	Corporates	39 629 844	0%	7%	7%	0%	0%	-	0%	0%	0%	0%	0%
3.1	<i>Of which Corporates – SMEs</i>	11 259 665	0%	1%	1%	0%	0%	-	0%	0%	0%	0%	0%
3.2	<i>Of which Corporates – Specialised lending</i>	8 717 834	0%	3%	3%	0%	0%	-	0%	0%	0%	0%	0%
3.3	<i>Of which Corporates – Other</i>	19 652 345	0%	4%	4%	0%	0%	-	0%	0%	0%	0%	0%
4	Retail	65 306 309	0%	84%	84%	0%	0%	-	0%	0%	0%	0%	0%
4.1	<i>Of which Retail – Immovable property SMEs</i>	2 687 206	0%	241%	241%	0%	0%	-	0%	0%	0%	0%	0%
4.2	<i>Of which Retail – Immovable property non-SMEs</i>	32 285 120	0%	149%	149%	0%	0%	-	0%	0%	0%	0%	0%
4.3	<i>Of which Retail – Qualifying revolving</i>	-	-	-	-	-	-	-	-	-	-	-	-
4.4	<i>Of which Retail – Other SMEs</i>	14 052 735	0%	1%	1%	0%	0%	-	0%	0%	0%	0%	0%
4.5	<i>Of which Retail – Other non-SMEs</i>	16 281 248	0%	0%	0%	0%	0%	-	0%	0%	0%	0%	0%
5	Total	110 491 012	0%	51%	51%	0%	0%	-	0%	0%	0%	0%	0%

EU CR7-A

A-IRB		Credit risk Mitigation techniques		Credit risk Mitigation methods in the calculation of RWEAs	
		Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
		k	l	m	n
1	Central governments and central banks	-	-	-	-
2	Institutions	0%	0%	-	1 646 903
3	Corporates	0%	0%	-	29 342 483
3.1	<i>Of which Corporates – SMEs</i>	0%	0%	-	5 889 704
3.2	<i>Of which Corporates – Specialised lending</i>	0%	0%	-	6 664 521
3.3	<i>Of which Corporates – Other</i>	0%	0%	-	16 788 258
4	Retail	0%	0%	-	26 739 047
4.1	<i>Of which Retail – Immovable property SMEs</i>	0%	0%	-	1 341 256
4.2	<i>Of which Retail – Immovable property non-SMEs</i>	0%	0%	-	5 942 516
4.3	<i>Of which Retail – Qualifying revolving</i>	-	-	-	-
4.4	<i>Of which Retail – Other SMEs</i>	0%	0%	-	7 045 825
4.5	<i>Of which Retail – Other non-SMEs</i>	0%	0%	-	12 409 449
5	Total	0%	0%	-	57 728 433

6. Leverage ratio

Since 2014 mBank Group calculates leverage ratio according to the CRR Regulation provisions. The purpose of the introduction of the supplementary measure depicting relation between Tier I capital and exposure measure for balance and off balance sheet exposures by the regulators was to reduce excessive and unsustainable debt of credit institutions that may be inadequate to capital base in place.

Information regarding leverage ratio presented below are compliant with regulatory reporting provided by mBank to NBP. Calculations are made according to the

rules of CRR Regulation taking into account Commission Delegated Regulation 2015/62 as of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio. Disclosures regarding leverage ratio follow the rules defined in Commission Implementing Regulation 2021/637 of 15 March 2021 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a
		Applicable amount
1	Total assets as per published financial statements	198 470 892
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(654 179)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transferance)	0
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	2 407 517
9	Adjustment for securities financing transactions (SFTs)	62 201
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	13 636 322
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(42 063)
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0
12	Other adjustments	(1 708 189)
13	Leverage ratio total exposure measure	212 172 501

The table below presents a breakdown of the total exposure measure applied to calculation of the leverage ratio, information on Tier 1 capital, leverage ratio and how the institution applies Article 499(2) of the CRR Regulation.

EU LR2 - LRCOM: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		30.06.2021	31.12.2020 *
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	192 456 997	175 368 420
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(General credit risk adjustments to on-balance sheet items)	0	0
6	(Asset amounts deducted in determining Tier 1 capital)	(1 439 527)	(1 574 130)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	191 017 470	173 794 290
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	2 979 293	1 354 208
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1 718 616	2 323 601
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0	0
EU-9b	Exposure determined under Original Exposure Method	0	0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0	0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	Total derivatives exposures	4 697 909	3 677 809
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2 758 598	770 384
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	62 201	55 791
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0	0
17	Agent transaction exposures	0	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
18	Total securities financing transaction exposures	2 820 799	826 175
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	39 022 165	39 409 623
20	(Adjustments for conversion to credit equivalent amounts)	(25 385 843)	(26 004 284)



21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	0
22	Off-balance sheet exposures	13 636 322	13 405 339
Excluded exposures			
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0	0
EU-22k	(Total exempted exposures)	0	0
Capital and total exposure measure			
23	Tier 1 capital	14 826 241	15 046 912
24	Total exposure measure	212 172 501	191 703 614
Leverage ratio			
25	Leverage ratio (%)	6.99	7.85
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.99	7.85
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	0.00	0.00
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00	0.00
EU-26b	of which: to be made up of CET1 capital	0.00	0.00
27	Leverage ratio buffer requirement (%)	0.00	0.00
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	NA	NA
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	9 632 092	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	2 758 598	-
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	219 045 994	-
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	219 045 994	-
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.77	-
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.77	-

*Data as of December 31, 2020 do not include the changes introduced by Regulation EU 2019/876 of May 20, 2019.

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures), according to art. 451(1) letter b) of CRR

		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	96 568 040
EU-2	Trading book exposures	104
EU-3	Banking book exposures, of which:	96 567 936
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	67 343 727
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	219 374
EU-7	Institutions	758 045
EU-8	Secured by mortgages of immovable properties	13 030 021
EU-9	Retail exposures	5 871 150
EU-10	Corporates	8 375 315
EU-11	Exposures in default	691 584
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	278 720

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.

Exposure value, Tier 1 capital and leverage ratio of mBank Group calculated in accordance with a transitional definition of Tier 1 capital as of 30 June 2021 and 31 March 2021.

	30.06.2021	31.03.2021
Exposure value	212 172 501	207 338 598
Capital and regulatory adjustments		
Tier 1 capital	14 826 241	15 332 933
Include Regulatory adjustments - Tier 1	(1 439 527)	(1 096 834)
Leverage ratio		
Leverage Ratio	6.99%	7.39%

The leverage ratio of the Group in the first half of 2021 was driven by the following factors:

- including to Common Equity Tier 1 capital the remaining part of mBank Group's net profit for 2020 approved by the General Meeting, not included in Common Equity Tier 1 capital in 2020;
- recognition in Common Equity Tier 1 capital of impairment on financial assets not measured at fair value through profit or loss for the first half of 2021;
- change in the treatment of intangible assets in the calculation of Common Equity Tier 1 capital;
- decrease in the amount of other accumulated comprehensive income included in Common Equity Tier 1 capital;
- amortization of one of the tranches of the subordinated liability in Tier 2 capital,
- changes in foreign exchange rates.

Description of the processes used to manage the risk of excessive leverage.

Capital Management Committee performs the essential role in management of risk of excessive leverage in mBank Group. Management of this risk comprises two fundamental perspectives: calculation and monitoring of leverage ratio and analysis of mismatches between assets and obligations including the calculation of measures: NSFR (net stable funding ratio), M3 (coverage ratio of non-liquid assets with own funds), M4 (coverage ratio of non-liquid assets and limited liquidity assets with own funds and stable external funds). Both elements of the procedure, calculation of the leverage ratio according to CRR requirements and mismatches analysis, are performed by the Integrated Risk Management Department. Actual leverage ratio is regularly monitored and compared to peer group. In order to assure fulfilment of upcoming regulatory requirement

mBank Group has aspiration to keep leverage ratio at the level of 7%. Target is monitored and verified at least on a yearly basis.

mBank counteracts risk of excessive leverage taking into account potential increase in mentioned risk caused by own funds drop associated with expected or incurred losses. Annual planning process includes forecast of year end leverage ratio as well as plan of the ratio in a four-year time horizon. The projection is updated depending on the macroeconomic environment. Moreover, in the light of rapidly changing market environment, mBank also examines capital adequacy in adverse macroeconomic scenarios, understood as risk scenario accepted by the Management Board.

7. Credit risk adjustments

The valuation of expected credit losses (ECL) is carried out at the level of a single contract or exposure (agreement). In the portfolio approach, expected credit losses are the product of the multiplication of individually estimated for each exposure, values of PD, LGD and EAD and the final value of expected credit losses is the sum of expected credit losses in particular periods, discounted with the effective interest rate. If on the reporting date the exposure credit risk did not increase significantly since the initial recognition, mBank calculates credit loss provisions in the amount equal to the expected credit losses calculated in 12-month horizon (12m ECL). If the exposure credit risk increased significantly since the initial recognition, mBank calculates credit loss provisions in the amount equal to the expected credit losses in the life-time horizon (Lt ECL).

In the case of non-financial guarantees, mBank Group applied an approach assuming that the expected credit losses are always included in lifetime horizon (Lt ECL).

The individual approach concerns all on-balance sheet and off-balance sheet credit exposures with impairment in the corporate loan portfolio and Private Banking loan portfolio, which are registered in corporate systems, as well as selected credit exposures with impairment in the retail microfirms loan portfolio (used in the case of exposures with mortgage collateral with a debt balance over PLN 300 thousand and arrears over 1 year. The expected credit losses are calculated as a difference between the gross carrying amount of the asset and the present value of the estimated future cash flows discounted with the effective interest rate. The method of calculating the expected recoveries takes place under scenarios and depends on mBank's chosen strategy for the client. In the case of restructuring strategy, considered scenarios are developed for exposures and assume a significant share of recoveries from the customer's own payments.

In the case of vindication strategy, the scenarios are developed for each recovery source (collateral) separately. mBank identifies scenarios per exposure/ recovery source. Minimum two scenarios are considered obligatory, provided one of them reflects a partial loss on exposure/recovery source. The weight of scenario results from an expert assessment of the likelihood of scenarios based on the relevant characteristics of the case, in particular, on existing security and their type, client's financial situation, client's willingness to cooperate, the risks that may occur in the case and micro- and macroeconomic factors.

If the conditions for the measurement of a credit asset at amortized cost (IFRS 9, point 4.1.2) are not met, then

it is measured at FVtPL (Fair Value through Profit & Loss) or at FVOCI (Fair Value through Other Comprehensive Income).

COVID-19 impact on credit risk costs

Due to the deterioration of the economic situation in the country resulting from the COVID-19 epidemic, the Group has taken in 2020 additional actions aimed at including this information in the expected credit losses which resulted in the increase of the cost of credit risk in both the corporate and retail exposures portfolio. In 2020, expected credit losses increased by PLN 330.3 million in the portfolio measured at amortized cost and by PLN 10.3 million in the portfolio at fair value through profit or loss.

In the first half of 2021 a total of PLN 31.6 million of additional cost of expected credit losses was released in relation to pandemic situation. The biggest impact was from gradual withdrew from using additional premises for maintaining loans subject to the moratoria in stage 2. As of 30 June 2021 classification to stage 2 for all exposures previously subject to the moratoria were consistent with qualitative and quantitative criteria of transfer logic. The reclassification resulted in the recognition of additional income in the amount of PLN 43.9 million.

Implementation of the EBA/GL/2016/07 Guidelines

Starting from 1 January 2021, Group has implemented the definition of default in line with the EBA guidelines from 18 January 2017 (EBA/GL/2016/07) on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013.

The Group maintained its current application of the definition of default at the client level, also for retail banking exposures.

The process of adapting to the new regulations covered the following key areas:

- change in the method of calculating days past due; starting to calculate debtor's continuous delay in repayment; so far, the calculation was made from the due date of the oldest unpaid installment;
- implementation of the materiality threshold (relative and absolute) in accordance with the Regulation of the Minister of Finance, Investment and Development of 3 October 3 2019 on the materiality threshold for credit obligations past due:



- 1) the total amount of past due credit obligations owed by the obligor exceeds:
 - a) 400 PLN for retail portfolio,
 - b) 2000 PLN for non-retail portfolio;
 - 2) amount of the past due credit obligation in relation to the total amount of all on-balance sheet exposures to that obligor exceeds 1%;
- guidelines on distressed restructuring. The materiality threshold from which the Group considers a reduced financial liability to be defaulted is 1%. Group adopted adequate mechanisms in order to ensure that all exposures classified as forborne non-performing are classified as default and subject to distressed restructuring; any concession extended to an obligor already in default, lead to classify the obligor as a distressed restructuring;
 - introducing a quarantine (trial period), the time during which the Group assesses the behavior and financial situation of the debtor before reclassification to a non-defaulted status;
 - consistent application of the definition of default - the EBA/GL/2016/07 guidelines oblige institutions to implement appropriate processes ensuring that the default of one obligor is consistently identified across the entire capital group; in order to meet the above requirement within the Group, for the retail portfolio an automatic system to the daily process of exchanging information on the default status has

been implemented within the companies of the capital group. In terms of the corporate and investment banking portfolio, the already existing process has been optimized, so that information can be exchanged on a weekly basis;

- detailed rules for the treatment of joint credit obligations - the Group uses the definition of default at the level of the obligor in the retail area, therefore it is obliged to apply the rules of paragraphs 95 – 105 EBA guidelines, on the basis of which it defined in its internal rules and procedures the rules for the treatment of joint credit obligations and for the transfer of default status between exposures.

The new definition of default is used consistently both for the purposes of the own funds requirements calculation and for estimating impairment and expected credit loss. In line with supervisory expectations, it also plays a meaningful role in internal credit risk management processes.

The impact of the implementation of the EBA/GL/2016/07 guidelines on the costs of credit risk, recognized by the Group in the profit and loss account amounted to PLN 37.8 million (as of 1 January 2021).

Group estimates that in following reporting periods the introduced changes will not have a material effect on the burden on the financial result.

*Maturity of exposures***EU CR1-A: Maturity of exposures**

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	57 233	20 577 706	36 475 687	62 875 153	0	119 985 779
2	Debt securities	0	7 894 747	30 280 838	9 330 951	0	47 506 536
3	Total	57 233	28 472 453	66 756 525	72 206 104	0	167 492 315

Non-performing and forborne exposures

In accordance with the EBA/GL/2018/06 guidelines on management of non-performing and forborne exposures, which came into force from 30th June 2019, Banks are obliged to monitor and manage the NPL portfolio. Banks should strive to maintain the value of the NPL portfolio below the threshold set by the regulator at 5%. The NPL ratio calculated in accordance with the EBA guidelines on management of non-performing and forborne exposures (EBA/GL/2018/06) was at 3.97% as at 30 June 2021 and decreased by 0.41 pp compared to the 31 December 2020. The change of the indicator applies to both retail and corporate banking and is caused by realization of debt collection processes.

Implementation of the EBA/GL/2016/07 Guidelines

On the implementation date of the EBA/GL/2016/07 guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013, the share of NPL exposure in the loan portfolio decreased. On the consolidated level the NPLREG ratio (ratio calculated according to EBA/GL/2018/06 guideline) decreased by 0.06 pp (from 4.38% as of 31 December 2020 to 4.32% as of 1 January 2021). The observed direction of changes is a consequence of introducing for mortgage loans portfolio the obligations from paragraphs 95 – 105 EBA/GL/2016/07 guidelines, concerning the treatment of joint credit obligations. The positive effect of using the above-mentioned regulations is balanced with the negative effect of introducing a continuous method of calculating days past due and by lowering absolute component of the materiality threshold to PLN 400.

In the case of the corporate and investment banking portfolio, there is no material impact of changes to the EBA/GL/2016/07 guidelines on the NPL level. This is due to the fact that the corporate area in the assessment of the default status is mostly based on an expert judgment approach, that identifies probability of default much earlier than being past due more than 90 days. Thus, changes in the calculation of days past due introduced by the EBA/GL/2016/07 guidelines, had an immaterial impact on the level of NPL in the corporate area.

EU CR1: Performing and non-performing exposures and related provisions, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

	a	b	c	d	e	f
	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3
005	Cash balances at central banks and other demand deposits	18 180 724	18 180 724	0	0	0
010	Loans and advances	121 577 697	111 807 964	8 533 362	5 029 505	4 648 730
020	Central banks	4 907 081	4 907 081	0	0	0
030	General governments	181 475	181 152	0	1 069	1 069
040	Credit institutions	1 973 206	1 973 206	0	12	0
050	Other financial corporations	2 599 042	2 566 156	32 886	3 566	3 566
060	Non-financial corporations	45 260 367	39 540 736	5 518 410	2 728 214	2 555 756
070	Of which: SMEs	18 799 563	16 497 181	2 102 627	1 265 096	1 197 875
080	Households	66 656 526	62 639 633	2 982 066	2 296 644	2 088 339
090	Debt Securities	47 601 986	47 273 592	0	181 356	0
100	Central banks	679 979	679 979	0	0	0
110	General governments	39 513 618	39 513 618	0	0	0
120	Credit institutions	5 251 888	5 251 888	0	0	0
130	Other financial corporations	1 487 594	1 224 174	0	181 356	0
140	Non-financial corporations	668 907	603 933	0	0	0
150	Off-balance sheet exposures	38 959 673	35 218 178	1 130 976	302 720	129 860
160	Central banks	0	0	0	0	0
170	General governments	76 237	76 237	0	0	0
180	Credit institutions	4 666 938	4 661 938	0	5 000	5 000
190	Other financial corporations	86 656	85 751	905	0	0
200	Non-financial corporations	23 710 247	20 083 186	1 023 390	281 291	129 860
210	Households	10 419 595	10 311 066	106 681	16 429	16 316
220	Total	226 320 080	212 480 458	9 664 338	5 513 581	129 860

EU CR1: Performing and non-performing exposures and related provisions.

		g	h	i	j	k	l
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		of which: stage 1		of which: stage 2	of which: stage 2		of which: stage 3
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0
010	Loans and advances	(867 626)	(384 525)	(484 191)	(2 985 805)	0	(2 882 120)
020	Central banks	0	0	0	0	0	0
030	General governments	(84)	(84)	0	(572)	0	(572)
040	Credit institutions	(413)	(413)	0	0	0	0
050	Other financial corporations	(1 888)	(1 836)	(51)	(3 517)	0	(3 517)
060	Non-financial corporations	(428 710)	(198 010)	(224 502)	(1 518 804)	0	(1 532 138)
070	Of which: SMEs	(150 206)	(78 777)	(72 342)	(766 557)	0	(801 065)
080	Households	(436 531)	(184 182)	(259 638)	(1 462 912)	0	(1 345 893)
090	Debt Securities	(4 729)	(4 729)	0	(90 721)	0	0
100	Central banks	0	0	0	0	0	0
110	General governments	(93)	(93)	0	0	0	0
120	Credit institutions	(428)	(428)	0	0	0	0
130	Other financial corporations	(1 552)	(1 552)	0	(90 721)	0	0
140	Non-financial corporations	(2 656)	(2 656)	0	0	0	0
150	Off-balance sheet exposures	(71 127)	(47 356)	(23 767)	(129 547)	0	(127 899)
160	Central banks	0	0	0	0	0	0
170	General governments	(34)	(34)	0	0	0	0
180	Credit institutions	(22 387)	(22 387)	0	0	0	0
190	Other financial corporations	(1 299)	(1 143)	(155)	0	0	0
200	Non-financial corporations	(22 391)	(9 971)	(12 420)	(122 313)	0	(122 813)
210	Households	(25 016)	(13 821)	(11 192)	(7 234)	0	(5 086)
220	Total	(943 482)	(436 610)	(507 958)	(3 206 073)	0	(3 010 019)

EU CR1: Performing and non-performing exposures and related provisions.

		m	n	o
		Accumulated partial write-off	Collaterals and financial guarantees received	
			On performing exposures	On non-performing exposures
005	Cash balances at central banks and other demand deposits	0	0	0
010	Loans and advances	0	57 153 418	1 035 087
020	Central banks	0	0	0
030	General governments	0	627	0
040	Credit institutions	0	5 287	0
050	Other financial corporations	0	79 678	48
060	Non-financial corporations	0	15 254 546	624 921
070	Of which: SMEs	0	7 979 003	394 633
080	Households	0	41 813 280	410 118
090	Debt Securities	0	5 408	0
100	Central banks	0	0	0
110	General governments	0	0	0
120	Credit institutions	0	0	0
130	Other financial corporations	0	0	0
140	Non-financial corporations	0	5 408	0
150	Off-balance sheet exposures	0	6 673 592	42 555
160	Central banks	0	0	0
170	General governments	0	13 553	0
180	Credit institutions	0	244 493	0
190	Other financial corporations	0	316	0
200	Non-financial corporations	0	6 063 763	41 696
210	Households	0	351 467	859
220	Total	0	63 832 418	1 077 642

EU CQ5: Credit quality of loans and advances to non-financial corporations by industry, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing		of which: defaulted	of which: loans and advances subject to impairment		
010	Agriculture, forestry and fishing	221 525	3 068	3 068	220 978	(3 340)	(56)
020	Mining and quarrying	268 083	101 747	101 747	268 083	(100 167)	0
030	Manufacturing	11 070 782	752 119	752 119	11 056 682	(530 341)	(1 897)
040	Electricity, gas, steam and air conditioning supply	1 422 691	2 946	2 946	1 422 592	(12 325)	0
050	Water supply	479 191	5 667	5 667	478 499	(5 138)	(111)
060	Construction	5 431 293	323 467	323 467	5 420 675	(274 869)	(657)
070	Wholesale and retail trade	9 373 215	429 590	429 590	9 342 887	(373 102)	(3 356)
080	Transport and storage	2 532 734	110 813	110 813	2 528 324	(98 830)	(786)
090	Accommodation and food service activities	881 525	302 656	302 656	877 788	(62 445)	(664)
100	Information and communication	1 625 051	74 330	74 330	1 620 721	(79 214)	(124)
110	Real estate activities	1 224 251	69 216	69 216	1 209 103	(35 052)	(12 768)
120	Financial and insurance activities	6 703 626	405 936	405 936	6 555 862	(195 294)	(15 407)
130	Professional, scientific and technical activities	3 983 146	103 937	103 937	3 974 953	(87 121)	(476)
140	Administrative and support service activities	718 768	3 926	3 926	713 453	(8 474)	(152)
150	Public administration and defense, compulsory social security	1 211	66	66	1 116	(64)	0
160	Education	99 890	3 672	3 672	99 279	(2 498)	0
170	Human health services and social work activities	914 145	11 167	11 167	911 424	(12 751)	(30)
180	Arts, entertainment and recreation	506 528	10 618	10 618	505 320	(15 852)	(224)
190	Other services	530 926	13 273	13 273	529 968	(13 837)	(92)
200	Total	47 988 581	2 728 214	2 728 214	47 737 707	(1 910 714)	(36 800)

EU CQ4: Quality of non-performing exposures by geography, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount			of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing		of which: defaulted				
010	<i>On balance sheet exposures</i>	126 607 202	5 029 505	5 026 918	125 231 428	(3 706 884)		(146 547)
020	Poland	110 528 826	4 762 229	4 759 642	109 154 263	(3 455 591)		(146 394)
030	Czechia	11 226 894	107 404	107 404	11 226 894	(92 757)		0
040	Slovakia	2 728 634	50 523	50 523	2 728 634	(42 068)		0
050	Luxembourg	562 078	0	0	562 078	(4 949)		0
060	France	415 382	0	0	415 368	(3)		0
070	Switzerland	199 337	1	1	199 315	(14)		0
080	Netherlands	199 114	73	73	199 109	(1 245)		(1)
090	Germany	178 724	448	448	178 646	(1 008)		(2)
100	Austria	155 708	0	0	155 708	(21)		0
110	United Kingdom	125 523	787	787	125 431	(544)		(53)
120	Russian Federation	106 866	106 866	106 866	106 866	(106 716)		0
130	Sweden	46 672	84	84	46 648	(548)		0
140	Cyprus	38 996	3	3	38 980	(105)		0
150	Belgium	25 813	39	39	25 813	(334)		0
160	Turkey	22 730	0	0	22 730	(218)		0
170	Jordan	9 596	0	0	9 596	(86)		0
180	Ireland	7 148	0	0	7 146	(18)		0
190	Malta	5 423	325	325	5 258	(214)		(62)
200	Belarus	5 374	0	0	5 374	(87)		0
210	United States	5 046	0	0	4 535	(23)		0
220	Hungary	2 400	39	39	2 390	(2)		0
230	Curaçao	2 150	0	0	2 147	0		0
240	Finland	2 134	0	0	2 134	0		0
250	United Arab Emirates	1 482	0	0	1 482	(1)		0

EU CQ4: Quality of non-performing exposures by geography, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount			of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing	of which: defaulted				
260	Denmark	1 269	0	0	1 250	(1)		0
270	Spain	813	158	158	706	(98)		(3)
280	Portugal	787	0	0	743	0		0
290	Norway	673	50	50	664	(51)		0
300	Australia	450	0	0	444	(5)		0
310	Italy	261	144	144	257	(50)		(1)
320	Ukraine	158	0	0	151	(40)		0
330	New Zealand	137	0	0	135	0		0
340	Thailand	128	128	128	128	(1)		0
350	Lithuania	125	112	112	125	(34)		0
360	Tanzania, United Republic of	45	0	0	45	0		0
370	Bahamas	41	41	41	1	(1)		(31)
380	Costa Rica	39	0	0	39	0		0
390	Panama	35	0	0	35	0		0
400	Dominican Republic	34	34	34	34	(25)		0
410	Taiwan, Province of China	33	0	0	33	0		0
420	Israel	27	0	0	27	(9)		0
430	Serbia	25	0	0	25	0		0
440	Singapore	19	0	0	0	0		0
450	Estonia	17	16	16	17	(16)		0
460	Andorra	12	0	0	0	0		0
470	China	12	0	0	12	0		0
480	Viet Nam	6	0	0	6	0		0
490	Japan	3	0	0	3	0		0
500	Latvia	2	0	0	2	0		0
510	Slovenia	1	1	1	1	(1)		0

EU CQ4: Quality of non-performing exposures by geography, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount			of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing		of which: defaulted				
520	<i>Off balance sheet exposures</i>	39 262 393	302 720	302 721			(200 674)	
530	Poland	31 098 404	297 391	297 391			(198 353)	
540	Germany	2 403 807	5 000	5 000			(697)	
550	United Kingdom	997 436	0	0			(124)	
560	Czechia	646 940	157	157			(425)	
570	Cyprus	508 420	0	0			(110)	
580	Austria	400 191	0	0			(124)	
590	Slovakia	219 401	101	101			(201)	
600	Netherlands	73 611	0	0			(115)	
610	Luxembourg	59 897	0	0			(54)	
620	United States	59 896	0	0			(11)	
630	Denmark	38 815	0	0			(1)	
640	Ireland	36 102	0	0			(41)	
650	Japan	32 717	0	0			(1)	
660	Finland	21 020	0	0			(1)	
670	France	12 393	0	0			(5)	
680	Switzerland	11 581	0	0			(59)	
690	Israel	11 514	0	0			(4)	
700	Jordan	6 734	0	0			(58)	
710	Korea, Republic of	3 537	0	0			(29)	
720	Spain	2 935	12	12			(9)	
730	Malta	2 841	0	0			(4)	
740	China	1 703	0	0			(36)	
750	Singapore	1 251	0	0			0	

EU CQ4: Quality of non-performing exposures by geography, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount			of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing	of which: defaulted				
760	Taiwan, Province of China	1 188	0	0			0	
770	South Africa	1 006	0	0			(3)	
780	Italy	732	0	0			(62)	
790	India	613	0	0			(2)	
800	Portugal	603	0	0			0	
810	United Arab Emirates	519	0	0			(1)	
820	Norway	336	0	0			0	
830	Sweden	305	0	0			(1)	
840	Hong Kong	300	0	0			(1)	
850	Algeria	290	0	0			(8)	
860	Estonia	285	0	0			(2)	
870	Australia	224	0	0			(1)	
880	Bahamas	180	60	60			(46)	
890	Belgium	160	0	0			0	
900	Russian Federation	150	0	0			0	
910	Andorra	138	0	0			0	
920	Belarus	136	0	0			(83)	
930	Curaçao	97	0	0			0	
940	Canada	92	0	0			0	
950	Lithuania	78	0	0			0	
960	Morocco	56	0	0			0	
970	Tanzania, United Republic of	55	0	0			0	
980	Malaysia	50	0	0			0	
990	Hungary	45	0	0			0	
1000	Panama	45	0	0			0	

EU CQ4: Quality of non-performing exposures by geography, addressing disclosure requirements of art. 442 letter c) and e) of CRR Regulation.

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount of which: non-performing			of which: subject to impairment	Accumulated impairment	Provisions on off-bal- ance sheet commit- ments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-perform- ing exposures
				of which: defaulted				
1010	Gibraltar	20	0	0			0	
1020	Iceland	10	0	0			0	
1030	Qatar	10	0	0			0	
1040	Costa Rica	7	0	0			0	
1050	Greece	6	0	0			0	
1060	Ukraine	5	0	0			0	
1070	Total	165 869 595	5 332 225	5 329 639	125 231 428	(3 706 884)	(200 674)	(146 547)

EU CQ1: Credit quality of forborne exposures, addressing disclosure requirements of art. 442 letter c) of CRR Regulation.

		a	b	c	d
		Gross carrying amount/ Nominal amount of exposures with forbearance measures			
		Performing forborne	Non-performing forborne		
			Of which defaulted	Of which impaired	
005	Cash balances at central banks and other demand deposits	0	0	0	0
010	Loans and advances	1 403 808	912 741	912 609	899 167
020	Central banks	0	0	0	0
030	General governments	0	0	0	0
040	Credit institutions	0	0	0	0
050	Other financial corporations	0	0	0	0
060	Non-financial corporations	758 918	574 966	574 966	569 084
070	Households	644 890	337 775	337 643	330 083
080	Debt Securities	0	0	0	0
090	Loan commitments given	25 204	9 989	9 989	9 989
100	Total	1 429 012	922 730	922 598	909 156

EU CQ1: Credit quality of forborne exposures

		e	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
005	Cash balances at central banks and other demand deposits	0	0	0	0
010	Loans and advances	(81 690)	(339 793)	883 734	764 103
020	Central banks	0	0	0	0
030	General governments	0	0	0	0
040	Credit institutions	0	0	0	0
050	Other financial corporations	0	0	0	0
060	Non-financial corporations	(67 536)	(194 959)	883 734	631 941
070	Households	(14 154)	(144 834)	0	132 162
080	Debt Securities	0	0	0	0
090	Loan commitments given	(488)	(490)	0	0
100	Total	(82 178)	(340 283)	883 734	764 103

Changes in the stock of non-performing exposures

EU CR2: Changes in the stock of non-performing loans and advances, addressing disclosure requirements of art. 442 letter f) of CRR Regulation.

		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances – 1 January 2021	5 261 373
020	Inflows to non-performing portfolios	1 005 865
030	Outflows from non-performing portfolios	(1 237 734)
040	Outflows due to write-offs	0
050	Outflow due to other situations	(1 237 734)
060	Final stock of non-performing loans and advances – 30 June 2021	5 029 504

The changes in the stock of non-performing loans and advances were described on page 48.

Information on collateral obtained by taking possession and execution processes

Information on collateral obtained by taking possession and execution processes as at 30 June 2020 is presented below.

EU CQ7: Collateral obtained by taking possession and execution processes, addressing disclosure requirements of art. 442 letter c) of CRR Regulation.

		a	b
		Collateral obtained by taking possession accumulated	
		Value at initial recognition	Accumulated negative changes
010	Property Plant and Equipment (PP&E)	0	0
020	Other than Property Plant and Equipment	130 000	(113 777)
030	<i>Residential immovable property</i>	0	0
040	<i>Commercial Immovable property</i>	0	0
050	<i>Movable property (auto, shipping, etc.)</i>	0	0
060	<i>Equity and debt instruments</i>	130 000	(113 777)
070	<i>Other</i>	0	0
080	Total	130 000	(113 777)

8. Liquidity risk

As of June 30, 2021, the LCR ratio of mBank Group reached 249% and in the second quarter the LCR measure remained on a safe level, significantly exceeding 100%. In the second quarter of 2021, the level of the liquidity coverage ratio was influenced by the dynamics of the development of term deposits and current accounts (PLN 4.9 billion, the exchange rate as of June 30, 2021) exceeding the dynamics of the development of lending activities (PLN 4.5 billion, the exchange rate as of June 30, 2021). The result of these changes is consistently high level of the liquidity buffer in relation to the expected net outflows in the horizon of 30 days as at June 30, 2021. The high-quality liquid assets of mBank in the liquidity buffer (HQLA) used to calculate the LCR ratio consist of only Level 1 assets, including mainly:

- Polish treasury bonds in PLN and EUR,
- bills issued by the National Bank of Poland,
- Czech treasury bonds in CZK,
- bills issued by the Czech National Bank in CZK,
- bonds issued by the European Investment Bank in PLN,
- excess of the required reserve in the National Bank of Poland.

Also mBank Hipoteczny maintains liquidity buffer within the Group. The liquidity buffer of mBank Hipoteczny consisted of Polish treasury bonds in PLN and the excess of the required reserve at the National Bank of Poland.

The main source of financing are deposits, which as of June 30, 2021 accounted for 90.91% of all external sources of financing. The deposit base is diversified, and the deposits of the 10 largest customers as of June 30, 2021 accounted for 2.69% of the deposit base. The other sources of financing are:

- own issues,
- subordinated liabilities,
- operations on the interbank market,
- loans.

The Group identifies three significant currencies in accordance with Art. 4 sec. 5 of the EU Commission Delegated Regulation 2015/61 and with Art. 415 paragraph. 2 of Regulation (EU) No 575/2013: PLN, CZK and EUR, of which the LCR ratio for PLN and CZK was above 100%. CZK and EUR currencies are related to running two foreign branches in the Czech Republic and Slovakia. The currency mismatch is limited at the level of the real liquidity gap in individual currencies.

As of June 30, 2021, the impact of the adverse market scenario on derivatives accounted for 0.55% of the total unweighted outflow value included in the LCR.

In the below table quantitative data regarding LCR are presented (in PLN million).

EU LIQ1 - Quantitative information of LCR, addressing disclosure requirements of art. 451a point 2) of CRR Regulation.

		Quantitative information of LCR							
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on:	30.09.2020	31.12.2020	31.03.2021	30.06.2021	30.09.2020	31.12.2020	31.03.2021	30.06.2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					42 471	48 610	55 457	58 906
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	88 894	94 182	99 423	103 903	6 486	6 906	7 284	7 619
3	Stable deposits	67 226	71 303	75 829	79 631	3 361	3 571	3 797	3 988
4	Less stable deposits	21 668	22 879	23 594	24 272	3 125	3 335	3 487	3 631
5	Unsecured wholesale funding	31 846	33 295	35 556	37 796	13 729	14 533	15 611	16 426
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	9 748	8 619	7 866	8 522	2 310	2 084	1 908	2 065
7	Non-operational deposits (all counterparties)	21 637	24 247	27 291	28 905	10 958	12 020	13 304	13 992
8	Unsecured debt	461	429	399	369	461	429	399	369
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	15 101	18 092	20 890	22 487	2 523	3 157	3 702	3 817
11	Outflows related to derivative exposures and other collateral requirements	1 176	1 362	1 535	1 461	1 176	1 379	1 553	1 479

12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	13 925	16 730	19 355	21 026	1 347	1 778	2 149	2 338
14	Other contractual funding obligations	520	619	655	658	328	426	475	479
15	Other contingent funding obligations	19 896	17 447	15 355	14 299	1 704	1 299	920	653
16	TOTAL CASH OUTFLOWS					24 770	26 321	27 992	28 994
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	8 377	7 131	5 144	4 878	6 398	5 363	3 871	3 604
19	Other cash inflows	163	114	73	51	99	75	54	50
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	8 540	7 245	5 217	4 929	6 497	5 438	3 925	3 654
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	8 540	7 245	5 217	4 929	6 497	5 438	3 925	3 654
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					42 471	48 610	55 457	58 906
22	TOTAL NET CASH OUTFLOWS					18 273	20 883	24 067	25 340
23	LIQUIDITY COVERAGE RATIO					232%	233%	230%	232%

As of June 30, 2021, the Net Stable Funding Ratio (NSFR) of mBank Group reached the level of 150% and in the second quarter of 2021 the NSFR measure remained at a safe level, significantly exceeding 100%.

The table below presents quantitative NSFR data as of June 30, 2021 (data in millions of zlotys).

EU LIQ2: Net Stable Funding Ratio, addressing disclosure requirements of art. 451a point 2) of CRR Regulation.

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	0	0	0	17 357	17 357
2	Own funds	0	0	0	17 139	17 139
3	Other capital instruments	0	0	0	218	218
4	Retail deposits	0	105 566	0	6 604	105 675
5	Stable deposits	0	81 248	0	5 318	82 503
6	Less stable deposits	0	24 318	0	1 286	23 172
7	Wholesale funding:	0	5 591	1 471	6 088	6 940
8	Operational deposits	0	232	0	-	116
9	Other wholesale funding	0	5 359	1 471	6 088	6 824
10	Interdependent liabilities	0	0	0	0	0
11	Other liabilities:	0	54 034	781	5 535	23 907
12	NSFR derivative liabilities	0	0	0	0	0
13	All other liabilities and capital instruments not included in the above categories	0	54 034	781	5 535	23 907
14	Total available stable funding (ASF)	0	165 191	2 252	35 584	153 879
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	0	0	0	50 655	5 372
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	0	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	0	259	0	0	129
17	Performing loans and securities:	0	24 016	11 503	84 739	85 146

18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>	0	0	0	0	0
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>	0	0	0	0	0
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>	0	23 694	11 169	82 790	83 094
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	0	-	-	-	-
22	<i>Performing residential mortgages, of which:</i>	0	1 833	1 613	43 548	36 719
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	0	18	8	15 528	10 106
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>	0	322	334	1 949	2 052
25	Interdependent assets	0	0	0	0	0
26	Other assets:	0	24 279	263	5 352	10 424
27	<i>Physical traded commodities</i>	0	0	0	0	0
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	0	722	0	0	614
29	<i>NSFR derivative assets</i>	0	92	0	0	92
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>	0	0	0	0	0
31	<i>All other assets not included in the above categories</i>	0	24 279	263	4 630	9 718
32	Off-balance sheet items	0	33 438	2 671	2	1 806
33	Total RSF	0	81 992	14 437	140 748	102 877
34	Net Stable Funding Ratio (%)	-	-	-	-	150%



9. Transitional arrangements regarding IFRS 9

mBank decided, for the purpose of capital adequacy calculation, including calculation of own funds, based on the Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 (Regulation) amending Regulation (EU) No 575/2013 in light of Article 1 paragraph 9 of the Regulation, not to apply the transitional arrangements that would mitigate the impact on capital resulting from the introduction of IFRS9. Information on own funds, capital ratios and leverage ratio, presented in the document already reflect the full impact of IFRS 9.



10. Impact of the Covid-19 pandemic on the operation of mBank S.A. Group

Due to the crisis caused by the COVID-19 pandemic, mBank Group offers to its clients a number of assistance tools aimed at supporting them in a difficult situation resulting from the outbreak of the epidemic. The purpose of these tools is to help maintain the financial liquidity of clients by reducing the financial burden in the short term.

The tools used by mBank Group are in line with “Banks' position with regard to the unification of the rules of offering support tools to clients of the banking sector” developed by the Polish Banks Association.

This position is a non-statutory moratorium within the meaning of the European Banking Authority's guidelines on statutory and non-statutory loan repayment mechanisms (EBA/GL/2020/02), that banks apply in connection with the COVID-19 crisis. They were notified by the Polish Financial Supervision Authority to the European Banking Authority.

The COVID-19 moratoria in Poland covered supporting instruments granted from 13 March 2020 to 30 September 2020 and afterwards – from 18 January 2021 to 31 March 2021 – supporting instruments dedicated to businesses representing crafts which suffered most due to COVID-19 pandemic. The COVID-19 moratoria in Czech Republic covered supporting instruments granted from 1 April 2020 to 31 October 2020 and in Slovakia from 1 April 2020 to 31 March 2021. In the second quarter of the year 2021 no new moratoria programs have been announced.

The detailed description of the mBank Group approach to forbearance classification in relation to aid activities under COVID-19 and detailed information on the aid activities applied in the Group as a result of the outbreak of the COVID-19 pandemic in the area of Retail Banking and Corporate Banking are described in the Consolidated Financial Statements for the first half of 2021- Note 3.

10.1. Quantitative information – response to the COVID-19 crisis.

Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g
		Gross carrying amount						
		Performing			Non performing			
				Of which: exposures with for- bearance measures	Of which: Instruments with sig- nificant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbear- ance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
1	Loans and advances subject to moratorium	13 660 331	13 009 244	187 428	2 535 879	651 087	31 104	24 581
2	of which: Households	6 402 818	6 244 808	104 964	476 095	158 010	7 902	6 168
3	<i>of which: Collateralised by residential immovable property</i>	5 101 828	5 051 362	78 336	311 540	50 466	3 745	4 749
4	of which: Non-financial corporations	7 257 512	6 764 435	82 464	2 059 784	493 077	23 202	18 413
5	<i>of which: Small and Medium-sized Enterprises</i>	3 465 694	3 349 723	69 170	770 599	115 971	23 202	18 413
6	<i>of which: Collateralised by commercial immovable property</i>	3 067 734	3 018 856	70 246	617 808	48 878	22 716	18 413

Template 1: Information on loans and advances subject to legislative and non-legislative moratoria.

		h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Inflows to non-performing exposures
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		
1	Loans and advances subject to moratorium	(303 074)	(158 841)	(5 201)	(124 461)	(144 233)	14 301	718	57 110
2	of which: Households	(120 011)	(45 404)	(1 618)	(29 724)	(74 607)	(2 314)	(1 203)	47 066
3	of which: <i>Collateralised by residential immovable property</i>	(24 928)	(12 391)	(783)	(9 008)	(12 537)	(763)	(587)	16 003
4	of which: Non-financial corporations	(183 063)	(113 437)	(3 583)	(94 737)	(69 626)	16 615	1 921	10 044
5	of which: <i>Small and Medium-sized Enterprises</i>	(54 714)	(32 910)	(3 340)	(23 042)	(21 804)	16 615	17 765	10 044
6	of which: <i>Collateralised by commercial immovable property</i>	(22 763)	(30 282)	(3 388)	(22 252)	7 519	16 750	18 731	3 382

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria.

		a	b	c	d	e	f	g	h	i
		Number of obligors		Of which: legislative moratoria	Of which: expired	Gross carrying amount				
						Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	70 498	13 753 472							
2	Loans and advances subject to moratorium (granted)	2 337	13 660 330	511 390	13 077 813	16 204	566 313	0	0	0
3	of which: Households		6 402 819	511 390	6 385 235	12 697	4 887	0	0	0
4	of which: Collateralised by residential immovable property		5 101 828	372 011	5 091 041	7 590	3 197	0	0	0
5	of which: Non-financial corporations		7 257 511	0	6 692 578	3 507	561 426	0	0	0
6	of which: Small and Medium-sized Enterprises		3 465 694	0	3 413 801	3 508	48 385	0	0	0
7	of which: Collateralised by commercial immovable property		3 067 734	0	3 064 995	2 739	0	0	0	0

Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes	715 677	4 215	564 574	0
2	of which: Households	0	0	0	0
3	of which: Collateralised by residential immovable property	0	0	0	0
4	of which: Non-financial corporations	715 677	4 215	564 574	0
5	of which: Small and Medium-sized Enterprises	120 233	0	0	0
6	of which: Collateralised by commercial immovable property	27 692	0	0	0



First and last name	Position	Signature
Cezary Stypułkowski	President of the Management Board, Chief Executive Officer	(signed electronically)
Andreas Böger	Vice-President of the Management Board, Chief Financial Officer	(signed electronically)
Krzysztof Dąbrowski	Vice-President of the Management Board, Head of Operations and IT	(signed electronically)
Cezary Kocik	Vice-President of the Management Board, Head of Retail Banking	(signed electronically)
Marek Lusztyn	Vice-President of the Management Board, Chief Risk Officer	(signed electronically)
Adam Pers	Vice President of the Management Board, Head of Corporate & Investment Banking	(signed electronically)