Disclosures regarding capital adequacy of mBank S.A. Group as at 31 December 2023

Warsaw, 27 February 2024

(update – 9 May 2024)

Contents

1. Introduction

The document is an update of the report " Disclosures regarding capital adequacy of mBank S.A. Group as at 31 December 2023" dated 27 February 2024. Following the Resolution No. 399/24 of the Supervisory Board of mBank S.A. dated 27 March 2024 on granting variable remuneration and setting the number of warrants for 2023 for Members of the Management Board of mBank S.A. and Resolution No. 48/2024 of the Management Board of mBank S.A. of 29 February 2024 on the 2023 bonus for the bank employees defined as having a material impact on the bank's risk profile (Risk Takers II), a section "13. Remuneration Policy for employees having material impact on the risk profile - update of the information after the approval of the variable part of remuneration for the Banks's executives " has been added to this document to supplement the information on the awarded variable part of remuneration for 2023. The other disclosures and the content of the document remain unchanged from the version of the report dated 27 February 2024.

This document is issued under the disclosure requirements resulting from 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 (the CRR Regulation), which formed the legal basis of the reporting date i.e. 31 December 2023.

This document contains information on the prudential consolidated basis of the mBank SA Capital Group (mBank Group) in accordance with the requirements set out in Article 13 of the CRR Regulation. The information shall be published in accordance with the following provisions:

- Commission Implementing 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 (Regulation 2021/637),
- Guidelines EBA/GL/2014/14 of 23 December 2014 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013,
- Guidelines EBA/GL/2020/12 of 11 August 2020 amending disclosure guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic,
- Disclosure Policy of mBank S.A. on capital adequacy available on website www.mbank.pl.

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

2. Scope of prudential consolidation

According to the CRR Regulation, mBank S.A. (mBank) as a large subsidiary of an EU parent institution discloses information about the capital adequacy on a sub-consolidated basis at the highest local level of prudential consolidation i.e. based on the data of mBank Group.

The mBank Group's prudentially consolidated financial data 2023 prepared in accordance with the CRR Regulation (Prudentially Consolidated Financial Data 2023) are presented in Note 46 to the mBank S.A. Group Consolidated IFRS Financial Statements for the year 2023 (Consolidated Financial Statements for the year 2023), approved on 27th February 2024.

The accounting policies applied for the preparation of the prudentially consolidated financial data for the year 2023 are the same as those, which have been applied to prepare the mBank S.A. Group Consolidated Financial Report for the year 2023, with exceptions of consolidation rules described below.

Entities included in prudential consolidation were taken into account in the process of calculation of consolidated own funds and consolidated own funds requirements as at 31 December 2023 in accordance with the CRR Regulation.

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 year 2023 include the following entities:

1. mBank S.A.
2. mBank Hipoteczny S.A.
3. mFaktoring S.A.
4. mFinanse S.A.
5. mFinanse CZ s.r.o.
6. mFinanse SK s.r.o.
7. mLeasing Sp. z o.o.
8. Future Tech Fundusz Inwestycyjny Zamknięty
9. mElements S.A.
10. Asekum Sp. z o.o.
11. LeaseLink Sp. z o.o.
12. mTowarzystwo Funduszy Inwestycyjnych S.A.

Detailed information on consolidated entities included in consolidation is presented in mBank S.A. Group Consolidated Financial Report for the year 2023, in the Note 1 Information regarding the Group of mBank S.A.

The scope of entities included in prudential consolidation for the year 2023 was the same as the scope of entities included in accounting consolidation based on International Financial Reporting Standards (IFRS).

3. Capital adequacy

One of the Bank's main tasks is to ensure an adequate level of capital. As part of the capital management strategy of mBank Group, the Bank creates a framework and guidelines for the effective planning and use of capital base 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 strategy in mBank Group is based on two pillars:

- aiming at optimal level and structure of own funds, assuring capital adequacy above the capital strategic targets (established above minimum requirement taking into account the risk appetite at approved level) as well as ensuring coverage against all material risks identified in mBank Group's activity,
- effective use of the capital base, guaranteeing achievement of expected returns, including return on regulatory capital and IFRS equity and thus creating stable basis for strengthening capital in future periods.

Above pillars of the capital management allows to maintain business development while meeting the supervisory requirements in the long perspective.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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 31 December 2023 is presented below on the basis of the templates EU CC1, EU CC2 and EU CCA set out in Annex VII to Regulation 2021/637.

Template EU CC1 - Composition of regulatory own funds

		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	3 616 058	Template EU CC2: Shareholders' Equity, row 1 and 2, column b)
2	Retained earnings	580 018	Template EU CC2: Shareholders' Equity, row 3, column b)
3	Accumulated other comprehensive income (and other reserves)	8 361 177	Template EU CC2: Shareholders' Equity, row 3 and 5, column b)
EU-3a	Funds for general banking risk	1 153 753	Template EU CC2: Shareholders' Equity, row 3, column b)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	142 734	Template EU CC2: Shareholders' Equity, row 4, column b)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**13 853 740**	**-**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(43 612)	-
8	Intangible assets (net of related tax liability) (negative amount)	(1 078 269)	Template EU CC2: Assets, row 7, 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	308 072	Template EU CC2: Shareholders' Equity, row 5, column b)
12	Negative amounts resulting from the calculation of expected loss amounts	-	-
EU-20a	Exposure amount of the following items which qualify for a RW of 1 250%, where the institution opts for the deduction alternative	(18 647)	-
EU-20c	of which: securitisation positions (negative amount)	(18 647)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(98 746)	Template EU CC2: Assets, row 11, column b)
EU-25a	Losses for the current financial year (negative amount)	(118 680)	Template EU CC2: Shareholders' Equity, row 4, column b)
27a	Other regulatory adjustments	(83 861)	Template EU CC2: Liabilities, row 1, column b)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(1 133 743)**	-
29	**Common Equity Tier 1 (CET1) capital**	**12 719 997**	-
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	-
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)**	**12 719 997**	-
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	1 874 027	Template EU CC2: Liabilities, row 2e, column b)
50	Credit risk adjustments	136 078	
51	**Tier 2 (T2) capital before regulatory adjustments**	**2 010 105**	**-**
Tier 2 (T2) capital: regulatory adjustments			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	-
58	**Tier 2 (T2) capital**	**2 010 105**	
59	**Total capital (TC = T1 + T2)**	**14 730 102**	-
60	**Total Risk exposure amount**	**86 460 843**	**-**
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	14.71%	-
62	Tier 1 capital	14.71%	-
63	Total capital	17.04%	-
64	Institution CET1 overall capital requirements	7.63%	-
65	of which: capital conservation buffer requirement	2.50%	-
66	of which: countercyclical capital buffer requirement	0.13%	-
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	-	-
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**8.71%**	-
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	44 652	Template EU CC2: Assets, row 3a, column b)
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)	141 302	Template EU CC2: Assets, row 3a, 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)	1 281 874	Template EU CC2: Assets, row 11, column b)

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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 31 December 2023.

Capital instruments and the related share premium accounts	
Registered share capital	169 861
Capital instruments not eligible (negative value)	(127)
Share premium	3 446 324
Total	**3 616 058**

Detailed information on share and supplementary capital from sales of shares over the nominal value is described in Explanatory Notes 37 and 38 of the Consolidated Financial Statements for the year 2023.

Retained earnings

Retained earnings item, amounting to PLN 580 018 thousand include the undistributed retained earnings of the prudentially consolidated mBank Group as of 31 December 2023.

Accumulated other comprehensive income (and other reserves)

Accumulated other comprehensive income as at 31 December 2023 amounted to PLN -530 528 thousand. The structure of accumulated other comprehensive income of mBank is presented below.

Accumulated other comprehensive income	
Exchange differences on translation of foreign operations	(27 967)
Cash flow hedges	(314 463)
Cost of hedging	6 391
Valuation of debt instruments at fair value through other comprehensive income	(192 348)
Actuarial gains and losses related to post-employment benefits	(13 577)
Reclassification to investment properties	11 436
Total	**(530 528)**

Other reserves of mBank Group prudentially consolidated as at 31 December 2023 amounted to PLN 8 891 705 thousand. The structure of other reserves of mBank Group prudentially consolidated as at 31 December 2023 is presented below.

Other reserves	
Other supplementary capital	8 785 057
Other reserve capital	106 648
Total	**8 891 705**

Accumulated other comprehensive income and other reserves of mBank Group prudentially consolidated as at 31 December 2023 amounted to PLN 8 361 177 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 31 December 2023 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, net of any foreseeable charge or dividend, for the first quarter of the year 2023, amounting to PLN 142 734 thousand, was included in calculation of consolidated Common Equity Tier 1 capital as at 31 December 2023.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

THE COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS

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 31 December 2023 in the amount of PLN -43 612 thousand.

Intangible assets

Adjustments relating to intangible assets were calculated in accordance with Articles 36 and 37 of the CRR Regulation and in accordance with Article 13a of the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing the CRR Regulation, as amended, and included in the amount of PLN -1 078 269 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 308 072 regarding accumulated other comprehensive income, constituting the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value, correct the accumulated other comprehensive income item, mentioned above.

Exposure amount of the following items qualifying for a risk weight of 1 250 % if the institution opts for the deduction option - of which: securitisation items (negative amount)

Included in the calculation of Common Equity Tier 1 capital as at 31 December 2023 is the amount of the adjustment for synthetic securitisation transactions executed on the corporate and retail loan portfolios, for a total amount of PLN -18 647 thousand.

Deferred tax assets arising from temporary differences

Amount from deferred tax assets arising from temporary differences in the amount of PLN -98 746 thousand, net of related tax liability, constituting amount above 10% threshold of CET capital, was included in the calculation of the prudentially consolidated Common Equity Tier 1 capital as at 31 December 2023.

Losses for the current financial year

The calculation of the consolidated Common Equity Tier 1 capital as at 31 December 2023 includes the prudentially consolidated loss of mBank Group for the period 1 April to 31 December 2023 in the amount of PLN -118 680 thousand.

Other regulatory adjustments

Other regulatory adjustments include insufficient coverage for non-performing exposures and fair value gains and losses arising from the institution's own credit risk related to derivative liabilities calculated in accordance with Article 33(2) of the CRR Regulation.

Other regulatory adjustments	
Insufficient coverage for non-performing exposures	(78 694)
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	(5 167)
Total	**(83 861)**

ADDITIONAL TIER 1 CAPITAL

Items that could be treated as Additional Tier 1 capital are not identified in mBank Group as at 31 December 2023.

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. This instrument qualifies as an item in Tier 2 capital to the extent compliant with the depreciation principles referred to in Article 64 of the CRR Regulation.

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. This instrument qualifies as an item in Tier 2 capital to the extent compliant with the depreciation principles referred to in Article 64 of the CRR Regulation.

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 10 October 2028, as instruments in Tier 2 capital. This instrument qualifies as an item in Tier 2 capital to the extent compliant with the depreciation principles referred to in Article 64 of the CRR Regulation.

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 10 October 2030, as instruments in Tier 2 capital.

As at 31 December 2023 in the consolidated Tier 2 capital in the item Equity instruments and related share premium accounts the amount of PLN 1 874 027 thousand was included from the above-mentioned tranches of capital instruments.

Credit risk adjustments

When calculating risk-weighted exposure amounts using the AIRB method, in accordance with article 62 letter d), the mBank Group includes the excess of the provisions over the expected credit losses, calculated in line with article 158 and 159 of the CRR Regulation, in the prudentially consolidated Tier II capital. As of 31 December 2023 the value of this excess included in the prudentially consolidated Tier II capital of the mBank Group amounted to PLN 136 078 thousand.

Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

		a	b	c	d	e
		Qualitative or quantitative information	Qualitative or quantitative information	Qualitative or quantitative information	Qualitative or quantitative information	Qualitative or quantitative information
1	Issuer	mBank S.A.	mBank S.A.	mBank S.A.	mBank S.A.	mBank S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLBRE000012	Not applicable	ISIN: PLBRE0005185 Issue: MBKO170125	ISIN: PLBRE0005193 Issue: MBKO101028	ISIN: PLBRE0005201 Issue: MBKO101030
2a	Public or private placement	Public	Private placement	Private placement	Private placement	Private placement
3	Governing law(s) of the instrument	Polish	German and Polish in relations to subordination	Polish	Polish	Polish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Regulatory treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
5	Post-transitional CRR rules	CET1 capital	Tier II capital	Tier II capital	Tier II capital	Tier II capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Eligible at solo and (sub-) consolidated	Eligible at solo and (sub-) consolidated	Eligible at solo and (sub-) consolidated	Eligible at solo and (sub-) consolidated	Eligible at solo and (sub-) consolidated
7	Instrument type (types to be specified by each jurisdiction)	Common shares - meeting the conditions set out in Art. 28 of the CRR Regulation	Loan 'subordinated loans' - Polish Banking Act Art.127.2.2 - meeting the conditions set out in Art. 63 and 64 of the CRR Regulation	Bond 'Capital instruments' - Polish Banking Act Art.127.2.2 - meeting the conditions set out in Art. 63 and 64 of the CRR Regulation	Bond 'Capital instruments' - Polish Banking Act Art.127.2.2 - meeting the conditions set out in Art. 63 and 64 of the CRR Regulation	Bond 'Capital instruments' - Polish Banking Act Art.127.2.2 - meeting the conditions set out in Art. 63 of the CRR Regulation
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	m PLN 169	m PLN 990	m PLN 157	m PLN 527	m PLN 200
9	Nominal amount of instrument	m PLN 169	m CHF 250 (m PLN 1 171)	m PLN 750	m PLN 550	m PLN 200
EU-9a	Issue price	PLN 4	Not applicable	100%	100%	100%
EU-9b	Redemption price	PLN 4	Not applicable	100%	100%	100%
10	Accounting classification	Equity capital	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	1986: 10 000 000 shares 1994: 2 500 000 shares 1995: 2 000 000 shares 1997: 4 500 000 shares 1998: 3 800 000 shares 2000: 170 500 shares 2004: 5 742 625 shares 2005: 270 847 shares 2006: 532 063 shares 2007: 144 633 shares 2008: 30 214 shares 2010: 12 395 792 shares 2011: 16 072 shares 2012: 36 230 shares 2013: 35 037 shares 2014: 36 044 shares 2015: 28 867 shares 2016: 41 203 shares 2017: 31 995 shares 2018: 24 860 shares 2019: 13 385 shares 2020: 16 673 shares 2021: 17 844 shares 2022: 48 611 shares	21.03.2018	17.12.2014	09.10.2018	09.10.2018
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated
13	Original maturity date	No maturity date	21.03.2028	17.01.2025	10.10.2028	10.10.2030
14	Issuer call subject to prior supervisory approval	Not applicable	Yes	Yes	Yes	Yes

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

		a	b	c	d	e
		Qualitative or quantitative information	Qualitative or quantitative information	Qualitative or quantitative information	Qualitative or quantitative information	Qualitative or quantitative information
15	Optional call date, contingent call dates and redemption amount	Not applicable	1) 21.03.2023; integral multiples of m CHF 10; notification of the lender, PFSA consent required; 2) Redemption due to a tax or regulatory event (PFSA consent required); at the end of Interest Period; notification of the lender	1) 17.01.2020 No minimum amount; at price 100%; 2) Redemption due to a regulatory event (PFSA consent required, notification of investors) at a price of 100%, at any Interest Payment Date	1) 10.10.2023 No minimum amount; at price 100%; 2) Redemption due to a regulatory event (PFSA consent required, notification of investors) at a price of 100%, at any Interest Payment Date	1) 10.10.2025 No minimum amount; at price 100%; 2) Redemption due to a regulatory event (PFSA consent required, notification of investors) at a price of 100%, at any Interest Payment Date
16	Subsequent call dates, if applicable	Not applicable	1) integral multiples of m CHF 10; notification of the lender, PFSA consent required; at the end of any Interest Period falling not earlier than the 5th anniversary of the Drawdown Date 2) Redemption due to a tax or regulatory event (PFSA consent required); at the end of Interest Period; notification of the lender	Redemption due to a regulatory event (PFSA consent required, notification of investors) at a price of 100%, at any Interest Payment Date	Redemption due to a regulatory event (PFSA consent required, notification of investors) at a price of 100%, at any Interest Payment Date	Redemption due to a regulatory event (PFSA consent required, notification of investors) at a price of 100%, at any Interest Payment Date
	Coupons / dividends					
17	Fixed or floating dividend/coupon	Floating dividend	Floating dividend	Floating dividend	Floating dividend	Floating dividend
18	Coupon rate and any related index	Not applicable	Compounded SARON 3M + 2.75%	WIBOR 6M + 2.10%	WIBOR 6M + 1.80%	WIBOR 6M + 1.95%
19	Existence of a dividend stopper	No	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Not applicable	Not applicable	Not applicable	Not applicable
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Not applicable	Not applicable	Not applicable	Not applicable
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Not applicable	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
30	Write-down features	No	No	No	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
34a	Type of subordination (only for eligible liabilities)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
EU-34b	Ranking of the instrument in normal insolvency proceedings	Rank 10	Rank 8	Rank 8	Rank 8	Rank 8
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Receivables from subordinated liabilities not included in the Bank's own funds, including interest and costs of enforcement	Receivables from subordinated liabilities not included in the Bank's own funds, including interest and costs of enforcement	Receivables from subordinated liabilities not included in the Bank's own funds, including interest and costs of enforcement	Receivables from subordinated liabilities not included in the Bank's own funds, including interest and costs of enforcement
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
37a	Link to the full term and conditions of the instrument (signposting)	Not applicable	Not applicable	**Link 1**	**Link 2**	**Link 3**

Link_1: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/20141217-mbank-weo-skan.pdf
Link_2: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/mbank_tier_ii_10nc5_weo-signed.pdf
Link_3:https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/mbank_tier_ii_12nc7_weo-signed.pdf

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		31.12.2023	31.12.2023	
	Assets - Breakdown by asset clases according to the balance sheet in the published financial statements			
1	Cash and cash equivalents	36 702 427	36 702 427	-
2	Financial assets held for trading and hedging derivatives	1 760 033	1 760 033	-
3	Non-trading financial assets mandatorily at fair value through profit or loss, including:	898 798	898 798	
3a	*Equity securities*	*244 941*	*244 941*	Template EU CC1: row 72 and 73, col. a)
3b	*Debt securities*	*50 144*	*50 144*	
3c	*Loans and advances to customers*	*603 713*	*603 713*	
4	Financial assets at fair value through other comprehensive income – Debt securities	36 965 077	36 965 077	-
5	Financial assets at amortised cost	143 319 329	143 319 329	-
6	Fair value changes of the hedged items in portfolio hedge of interest rate risk	20 204	20 204	-
7	Intangible assets	1 701 939	1 701 939	Template EU CC1: row 8, col. a)
8	Tangible assets	1 481 401	1 481 401	-
9	Investment properties	111 964	111 964	-
10	Current income tax assets	41 035	41 035	-
11	Deferred income tax assets	1 379 540	1 379 540	Template EU CC1: row 21 and 75, col. a)
12	Other assets	2 598 769	2 598 769	-
13	**Total assets**	**226 980 516**	**226 980 516**	**-**
	Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
1	Financial liabilities held for trading and hedging derivatives	1 495 754	1 495 754	Template EU CC1: row 27a, col. a)
2	Financial liabilities measured at amortized cost, including:	203 458 575	203 458 575	
2a	*Amounts owed to banks*	*3 315 302*	*3 315 302*	
2b	*Amounts due to clients*	*185 467 455*	*185 467 455*	
2c	*Lease liabilities*	*855 725*	*855 725*	
2d	*Liabilities due to debt securities issued*	*11 105 165*	*11 105 165*	
2e	*Subordinated liabilities*	*2 714 928*	*2 714 928*	Template EU CC1: row 46, col. a)
3	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(565 985)	(565 985)	
4	Provisions	2 345 584	2 345 584	-
5	Current income tax liabilities	201 184	201 184	-
7	Other liabilities	6 308 178	6 308 178	
8	**Total liabilities**	**213 243 290**	**213 243 290**	**-**
	Shareholders' Equity			
1	Registered share capital	169 861	169 861	Template EU CC1: row 1, col. a)
2	Share premium	3 446 324	3 446 324	Template EU CC1: row 1, col. a)
3	Profit from the previous years	10 625 476	10 625 476	Template EU CC1: row 2, 3, EU-3a, col. a)
4	Profit (loss) for the current year	24 054	24 054	Template EU CC1: row EU 5a and EU-25a, col. a)
5	Other components of equity	(530 528)	(530 528)	Template EU CC1: row 3, 11, col. a)
6	Non-controlling interests	2 039	2 039	-
7	**Total shareholders' equity**	**13 737 226**	**13 737 226**	**-**

OWN FUNDS AND ELIGIBLE LIABILITIES

The information below fulfils the requirements arising from Article 99a(6) of the Act of June 10, 2016 on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution ("BFG Act").

The scope of information is in line with the provisions of Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities.

mBank S.A. is a resolution entity within the resolution group consisting of the Bank and its subsidiaries.

The Bank is subject to the requirements for own funds and eligible liabilities ("MREL") referred to in Article 98(1) of the BFG Act, transposing the provisions of Article 45 of the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms in this respect.

mBank S.A. is not a global systemically important institution, nor is it the part of a group identified as a global systemically important institution. Therefore, the Bank is not subject to the requirements specified in Article 92a of the CRR Regulation concerning the minimum level of own funds and liabilities subject to write-down or conversion.

Based on the decision of the resolution college of 11 April 2023, the fully-fledged MREL requirement for the Bank on consolidated level, excluding mBank Hipoteczny from consolidation in accordance with Article 97(4a) of the BFG Act, is 18.57% in relation to the total risk exposure amount ("TREA"), including 18.03% for own funds and eligible subordinated liabilities. In relation to total exposure measure ("TEM") the requirement is 5.91% and is the same for own funds and eligible subordinated liabilities. The Bank shall reach this level by 31 December 2023.

Simultaneously, in accordance with Article 19(2)(3), Article 21(3)(3), Article 42(3) and Article 48(3) of the Act on macro-prudential supervision, which transposes Article 128 of the CRD, Common Equity Tier 1 instruments maintained by the entity in accordance with the combined buffer requirement are not eligible for the MREL requirement expressed as a percentage of the total risk exposure. This rule does not apply to the MREL requirement expressed as a percentage of the total exposure measure.

As a result, the Bank has to maintain the fully-fledged MREL at 21.75% in relation to TREA, including subordination requirement at 21.21%.

On 28 August 2023, the BFG updated the value of MREL-TREA requirement for the Bank on the consolidated level, except for consolidation of mBank Hipoteczny, taking into consideration the reduced level of additional capital requirements (P2R). The communicated fully-fledged MREL-TREA requirement was 17.52%, including 16.00% for own funds and eligible subordinated liabilities.

At the same time, the BFG stated that until the resolution college adopts a joint MREL decision, the BFG, which monitors the fulfilment of MREL requirement, will take into account the fact of ongoing changes aimed at updating the fully-fledged MREL. As a result, until this decision is issued, a potential (technical) breach of the combined buffer requirement applied on the top of the MREL requirements set on 11 April 2023 will not result in negative consequences for the Bank.

On 22 December 2023, the BFG again updated the fully-fledged value of MREL requirement for the Bank on the consolidated level, except for consolidation of mBank Hipoteczny, taking into account the expiry of additional capital requirements (P2R). The fully-fledged MREL-TREA requirement was 15.36%, including 13.69% for own funds and eligible subordinated liabilities. The MREL-TEM requirement level was 5.91%, including 5.26% for own funds and eligible subordinated liabilities.

In the opinion of the BFG, a joint decision on determining the MREL requirement for the Bank should be adopted no later than the end of April 2024. BFG maintained its position that there will be no negative consequences for the Bank in case of a (technical) breach of the combined buffer requirement, as long as the Bank complies with the MREL-TREA requirements of 22 December 2023.

As at 31 December 2023, the Bank met the applicable minimum requirements. The MREL ratio as at 31 December 2023 in relation to TREA was 25.62% while the MREL ratio including own funds and eligible subordinated liabilities was 24.65%. The MREL ratio in relation to TEM as at 31 December 2023 was 9.15%, while the MREL ratio including own funds and eligible subordinated liabilities was 8.81%.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU KM2: Key metrics - MREL

		a	b	c	d	e	f
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
		31.12.2023	31.12.2023	30.09.2022	30.06.2022	31.03.2022	31.12.2022
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	21 783 887	-	-	-	-	-
EU-1a	Of which own funds and subordinated liabilities	20 961 775					
2	Total risk exposure amount of the resolution group (TREA)	85 035 364	-	-	-	-	-
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	25.62%	-	-	-	-	-
EU-3a	Of which own funds and subordinated liabilities	24.65%					
4	Total exposure measure of the resolution group	238 061 318	-	-	-	-	-
5	Own funds and eligible liabilities as percentage of the total exposure measure	9.15%	-	-	-	-	-
EU-5a	Of which own funds or subordinated liabilities	8.81%					
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)		-	-	-	-	-
6b	Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)		-	-	-	-	-
6c	Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)		-	-	-	-	-
Minimum requirement for own funds and eligible liabilities (MREL)*							
EU-7	MREL requirement expressed as percentage of the total risk exposure amount	18.57%					
EU-8	Of which to be met with own funds or subordinated liabilities	18.03%					
EU-9	MREL requirement expressed as percentage of the total exposure measure	5.91%					
EU-10	Of which to be met with own funds or subordinated liabilities	5.91%					

* Without taking into account the combined buffer requirement

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU TLAC1 - Composition - MREL

		a	b	c
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
Own funds and eligible liabilities and adjustments				
1	Common Equity Tier 1 capital (CET1)	12 719 997	-	-
2	Additional Tier 1 capital (AT1)	-	-	-
3	Empty set in the EU			
4	Empty set in the EU			
5	Empty set in the EU			
6	Tier 2 capital (T2)	2 010 105	-	-
7	Empty set in the EU			
8	Empty set in the EU			
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	14 730 102	-	-
Own funds and eligible liabilities: Non-regulatory capital elements				
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	5 435 000	-	-
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-	-	-
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	-	-	-
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	796 673	-	-
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	-		-
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	822 112	-	-
14	Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	822 112	-	-
15	Empty set in the EU			
16	Empty set in the EU			
17	Eligible liabilities items before adjustments	7 053 785	-	-
EU-17a	Of which subordinated	6 231 673	-	-
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements				
18	Own funds and eligible liabilities items before adjustments	21 783 887	-	-
19	(Deduction of exposures between MPE resolution groups)		-	
20	(Deduction of investments in other eligible liabilities instruments)		-	
21	Empty set in the EU			
22	Own funds and eligible liabilities after adjustments	21 783 887	-	-
EU-22a	Of which own funds and subordinated	20 961 775		
Risk-weighted exposure amount and leverage exposure measure of the resolution group				
23	Total risk exposure amount	85 035 364	-	-
24	Total exposure measure	238 061 318	-	-
Ratio of own funds and eligible liabilities				
25	Own funds and eligible liabilities (as a percentage of total risk exposure amount)	25.62%	-	-
EU-25a	Of which own funds and subordinated	24.65%		
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	9.15%	-	-
EU-26a	Of which own funds and subordinated	8.81%		
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	6.62%	-	
28	Institution-specific combined buffer requirement		-	
29	of which: capital conservation buffer requirement		-	
30	of which: countercyclical buffer requirement		-	
31	of which: systemic risk buffer requirement		-	
EU-31a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		-	
Memorandum items				
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) CRR		-	

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU TLAC3b: creditor ranking - resolution entity

		Insolvency ranking						
		1	2	3	4	5	9	Sum of 1 to n
		(most junior)					(most senior)	
1	Description of insolvency rank (free text)	Share capital	Equity instruments that qualify as Additional Tier 1 capital	Subordinated instruments that qualify as Tier 2 capital	Subordinated instruments not included in Tier 2 capital	Senior non-preferred liabilities	Other liabilities	
2	Empty set in the EU							
3	Empty set in the EU							
4	Empty set in the EU							
5	Own funds and liabilities potentially eligible for meeting MREL	12 817 357	-	2 028 090	796 673	5 435 000	822 112	21 899 232
6	of which residual maturity ≥ 1 year < 2 years	-	-	157 461	592 539	-	822 112	1 572 112
7	of which residual maturity ≥ 2 year < 5 years	-	-	1 516 566	204 134	5 435 000	-	7 155 700
8	of which residual maturity ≥ 5 years < 10 years	-	-	200 000	-	-	-	200 000
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-	-	-
10	of which perpetual securities	12 817 357	-	154 063	-	-	-	12 971 420

5. Capital requirement

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

On 4 July 2012 PFSA and Bundesanstalt fur 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 (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. (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.

On 31 march 2021 mBank obtained approval from PFSA for the use of a new LGD model for retail portfolio.

Starting from the process of the calculation of consolidated total capital ratio as at 30 June 2021 mBank Group implemented PFSA requirements (multipliers) related to the recommendations after the implementation of a new default definition.

On March 24, 2022, mBank settled a synthetic securitization transaction carried out on a portfolio of corporate loans with a total value of PLN 8 922 million. As part of this transaction, mBank transferred a significant part to the investor credit risk from the selected securitization portfolio. A selected portfolio of the securitized loans remain on the Bank's balance sheet. The risk of a securitized portfolio is transferred through a recognized credit protection instrument in the form of a credit linked note. The transaction meets the requirements set out in the CRR Regulation regarding the transfer of a significant part of the risk. It has been structured as STS-compliant (simple, transparent and standardized securitization) in line with Regulation 2021/557. The capital requirements for the retained securitization positions are calculated under the Securitization Internal Ratings Based Approach (SEC-IRBA).

On 23 December 2022, the Bank concluded a synthetic securitization transaction referencing a portfolio of corporate as well as small and medium enterprises loans with a total value of EUR 801 million of which 55.3% were credit exposures secured on commercial real estate (CRE). As part of the transaction, the Bank transferred a significant part of the credit risk of a selected securitised portfolio to an investor. The risk transfer of the securitised portfolio is performed through a recognised credit protection instrument, in the form of a credit linked notes. The transaction meets the requirements for significant risk transfer specified in the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No 648/2012 ("CRR Regulation"). Retained securitization positions are subject to the calculation of capital requirements in accordance with the securitization approach based on internal ratings (SEC-IRBA).

On 27 September 2023, the Bank concluded a synthetic securitization transaction referencing a portfolio of retail non-mortgages loans with a total value of PLN 9 962,8 million. As part of the transaction, the Bank transferred a significant part of the credit risk of a selected securitized portfolio to an investor. The risk transfer of the securitized portfolio is performed through a recognized credit protection instrument, in the form of a credit linked notes. The transaction meets the requirements for significant risk transfer specified in the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent and standard) in accordance with Regulation 2021/557.

In the calculation of the total capital ratio of mBank Group as of 31 December 2023, 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.

5.2 Results of the internal capital adequacy assessment

The below information addressees the scope of disclosure from table EU OVC – ICAAP Information set out in Annex I to Regulation 2021/637.

mBank Group adjusts the own funds (both in regulatory and in economic terms) 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 regulatory own funds (under Pillar I) and own funds under economic perspective (under Pliiar II) at the level adequate to the profile and the level of risk in mBank Group's operations.

Capital adequacy is monitored:

- in regulatory terms, with reference to capital ratios, including the leverage ratio (which is described in more detail later in this document); and
- on an economic basis (internal), in relation to calculated internal capital.

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 2023 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 the updated Basel III standard: Finalising post-crisis reforms. The Bank also determined capital to cover other risks (including hard to quantify risks). In calculating total internal capital, the Bank did not take into account the effect of diversification between different types of risk.

The internal capital adequacy assessment process runs continuously 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 under Pillar II and Pillar I capital requirements to provide for sufficient risk coverage,
- 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,
- annual process review and assessment.

In order to assess the capital adequacy under economic perspective mBank calculates risk coverage potential (RCP), i.e. economic own funds, in addition to regulatory 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.

Both the value of the regulatory own funds as well as the value of the risk coverage potential in mBank Group is well above the value of the internal capital.

The main principles of the internal capital adequacy assessment process (ICAAP) are accepted by the Supervisory Board of mBank. The whole internal capital adequacy assessment process is reviewed annually. The Bank's Management Board is responsible for the review of the ICAAP process in mBank Group.

5.3 Additional information regarding AIRB

Description of the internal rating process, provided separately for each class of exposures, addressing disclosure requirements of art. 452 (c) of CRR

Corporates and Commercial Banks

The process of rating corporate banking clients is an integral part of the lending process. Without a rating it is impossible to make a credit decision.

There are two types of rating used to assess corporate clients and exposures:

1. PD-rating - (PD - Probability of Default) assessment of the client's risk of default construed as the probability of default (client's default on obligations) over a 12-month period,
2. EL-rating - (EL - Expected Loss) assessment of the probability of a loss, taking into account the client's risk of default, structure and nature of credit products, and type and size of accepted collateral.

In order to ensure unbiased assessment and management of credit risk, mBank applies uniform rules based, in particular, on the separation of credit risk assessment function from the sales function at all levels. The sales units make the initial assessment of a client and propose a PD-rating which is then subject to independent assessment and approval of Risk Line representatives. By approving the credit risk level, the Risk Line representatives take full responsibility for its correct assessment.

Correct assessment of credit risk requires complete, valid and reliable information on the client. At a further stage of the analysis, the information affects not only PD-rating, but also other risk parameters (Exposure at Default (EAD), Loss Given Default (LGD), and consequently EL-rating). mBank indicated a list of documents which the clients are obliged to submit for the purpose of assessing their risk level and required collateral. Furthermore, in the credit agreements mBank specifies a list of documents the clients undertake to submit to mBank for the purpose of verifying/updating their assessment and updating the valuation of collateral, and obliges the clients to notify mBank of any events affecting their creditworthiness. When submitted, the documents are verified in terms of compliance with mBank's requirements and formal correctness.

Acting in line with the Banking Law and Basel recommendations, when assessing credit risk mBank takes into account the mutual relations and links between entities, as they may lead to a situation when financial problems faced by one entity translate into financial problems of another. The relations referred to above are verified by way of analysing the entity's affiliation to a group of related entities (GPP), and then are taken into account in credit risk assessment, mainly through:

- calculating PD-rating based on consolidated data, provided that the entity draws up Consolidated Financial Statements;
- including the PD-rating of the dominant entity in the assessment of its subsidiary, proportionally to the degree of the group's integration.

When assessing foreign entities (non-residents), mBank takes into account the risk of the country of their origin.

The assessment and PD-rating calculation for corporate clients take place in one of the following systems:

1. RC-POL,
2. Central Commerzbank PD model for Commercial Banks,
3. System for Property Insurance Institutions,
4. System for Life Insurance Institutions,
5. System for Investment Funds,
6. System for Pension Funds,
7. System for Local Governments (JST),
8. System for Specialized Lending Entities (SPL),
9. Brokerage operations – expert system for selected clients (who meet specific criteria) who conduct brokerage operations connected with the securities and commodities market,
10. Model PD for Sovereigns (central Commerzbank model for governments and central banks)
11. Expert System – dedicated to the remaining corporate banking clients.

The RC-POL system covers 2 rating segments (SME and Corporations) used depending on the amount of the client's average, annual net revenues from the sales of products, commodities and materials:

a. RC-POL SME revenues ≤ PLN 50 million,
b. RC-POL Corporations revenues > PLN 50 million.

The detailed principles for assigning corporate banking clients to a given rating system are set out in Bank's internal regulations.

The process of assigning PD-rating is supported by Credit System (SK) or CRM 2.0, an IT application based on a workflow platform. The process takes place individually for each entity applying to mBank for a credit risk product. The calculation of PD-rating takes the following into account: analysis of financial data comprised in the annual financial statements, analysis of mid-year financial data, quality analysis and analysis of other factors.

The complete course of the PD-rating calculation process is registered in Bank's Credit System or CRM 2.0, including all the data which forms a basis for the assessment, and decisions of authorities approving the assessment.

Upon completing the analysis, the system automatically proposes the final PD-rating, which in exceptional and justified cases may be corrected on an expert basis (the so-called overriding). Usually, overriding may change the rating by 1 notch on a 25-point rating scale. The Bank allows a wider scope of overriding:

- full-scale overriding is possible in the case of non-residents and selected client classes,
- extended overriding (by a maximum of 5 notches) in a limited scope (defined in Bank's internal regulations) is allowed for entities for which during the financial year an unitary business event occurred, which due to the accounting method could not be included in the rating model.

mBank systematically analyses all the events of overriding, which is aimed at preventing its excessive use. On the basis of results of the client's risk assessment and his financial needs, the amount and structure of the General Limit (LG) are determined. LG is the maximum permissible financial exposure of Bank to the client. The LG structure defines: the permissible structure of credit products, amounts and terms, required minimum level and type of collateral, and other conditions specific to particular types of funding.

EL-rating, which determines the maximum risk acceptable by mBank in the case of a given client or GPP under the conditions established in the decision, constitutes a comprehensive assessment of the risk posed by the entire exposure to the client or GPP. Exposures to clients and GPP must go through a multi-level system of credit decisions. The key criteria qualifying exposures to particular decision-making levels include total exposure and EL-rating/PD-rating. When taking a decision on total exposure to a given client, mBank takes into account also the client's exposure to mBank Group subsidiaries (i.e. mLeasing and mFaktoring). Clients generating high capital requirements must undergo a special decision-making procedure. In such a case, the decisions are made by Bank's Management Board.

PD-rating of each credit client is updated at least once a year based on the latest audited annual financial statements and the most recent information on the client. According to the monitoring matrix Bank reviews all its credit clients in order to check whether the PD-rating determined during the annual review is adequate to their current situation assessed on the basis of the latest mid-year data. Each mid-year monitoring may end with the reassignment of rating. Moreover, each time mBank obtains new and relevant information on its obligors or exposures in the time between the mid-year assessments, another analysis of their situation may be carried out and on the basis of its results mBank may decide to take new actions. Once a year, the client's assessment is combined with a review of his exposures; consequently, a credit decision is made on further cooperation with the client.

For the assessment of exposures classified as specialized lending, the Bank uses two independent rating models:

- a model built internally by the Bank, dedicated to the assessment of specialized lending exposure, classified as financing of: goods, facilities, projects, leveraged acquisition (SPL TOP),
- a model, dedicated to the assessment of specialized lending exposures, classified as the financing of commercial real estate (SPL FN).

Both models are based on a list of questions covering supervisory requirements and results in the EL parameter in accordance with the values predefined by the Supervisor.

Bank applies individualized rating sheets within a given rating model. The individualization of rating sheets under the specialized lending consists in the fact that:

- for SPL FN depending on the type of real estate (under construction, completed)
- for SPL TOP, depending on the type of financing (goods, facilities, projects, leveraged acquisition) an appropriate, separate format of the rating sheet is used.

The rating for SPL TOP and SPL FN is supported by Bank's systems through dedicated calculation processes for this parameter.

The Bank performs transactions generating credit risk in relation to banks, credit institutions and international financial institutions within the limits of credit exposure designated for these entities. The element used in determining these limits is PD rating of the entity, obtained from Commerzbank AG and setting on the basis of a central rating model dedicated to the appropriate institution type.

The process of setting exposure limits for these entities is carried out using the methodology contained in the "Criteria for assessment and setting limits of banks and international financial institutions credit exposure ".
The criteria include:

a. the rating of the financial strength of the counterparty / issuer based on:
   - assessment of the probability of incurring losses by the bank / international financial institution (analysis of credit risk of assets and liabilities, analysis of liquidity risk, assessment of other relevant information indicating the possibility of bank losses),
   - assessment of the bank's ability to withstand critical situations in relation to the risks incurred (analysis of financial results, assessment of capital adequacy, assessment of other relevant information indicating the ability to withstand critical situations),
b. rating including the assessment of counterparty / issuer integration in the group,
c. the financial rating of the counterparty / issuer - rating including a credit risk assessment of the country of origin and country of risk of the counterparty / issuer (in accordance with the "Criteria for credit risk assessment of the country and setting the county credit exposure limit"),

An integral part of the criteria is the Business Model Risk Assessment Block consisting of:

a. identification of the structure of used intangible assets,
b. analysis of the features of the broadly understood business model (analysis of the intangible assets model),
c. assessing the sensitivity of the broadly understood business model.

In addition, the criteria include:

a. the method of setting the maximum limit of credit exposure,
b. rules for updating temporary tenors for which limits on transactions are set,

c. the method of setting the financial rating of the counterparty / issuer according to the shortened credit risk assessment formula,
d. an early warning model.

Retail

The assessment of a retail banking customer, applying for a loan or change of loan terms, is focused, in accordance with the provisions of the Banking Law and PFSA recommendations, on two areas:

- assessment of the customer's credit capacity, which consists in determining the loan amount available to the customer,
- assessment of the customer's creditworthiness, that is assessment of default risk during the service of the loan, expressed in the form of PD Rating.

These areas are assessed independently from each other, that is the lack of credit capacity may not be compensated for with a very good PD Rating; and high credit capacity may not offset unacceptable PD Rating. In order to ensure the high accuracy of the determined PD Rating, data from all available sources are used, i.e.:

- data from the loan application (application scoring, specific for different product segments of the portfolio),
- data on customers behaviour in relations with mBank (internal behavioural scoring),
- data on customers behaviour in relations with other banks (external behavioural scoring based on BIK - Credit Bureau information).

Depending on the availability of data from individual areas and the context of making the assessment (customer's credit application or offer provided to the customer by mBank), the above data sources are used in various combinations. Each application for a credit product for individuals / small enterprises is registered in a loan application processing IT system. After registering the application, the information from internal and external data sources are downloaded. The verification results are again registered in the application processing system, and then the set of data required for calculating risk parameters is handed over to the decision-making engine, integrated with application processing system.

On the basis of the information obtained, PD score is calculated in the decision-making engine and the customer is assigned to the appropriate rating class (consistently within the Commerzbank Group). Moreover, risk parameters LGD and EL are calculated on the basis of data related to the assessed transaction. At the subsequent stage of the process, decision rules based on threshold values of risk parameters (PD Rating, LGD, EL) are applied, in accordance with the rules of the decision-making policy accepted at mBank. The result of the assessment is then returned to the application system. The process of PD Rating assignment and the calculation of the remaining risk parameters is strictly structured and automated thanks to the use of IT applications.

Customer’s rating and the values of other risk parameters are made available to persons taking credit decisions. The level of authority required for taking an individual credit decision is dependent, i.a. on the value of risk parameters (PD Rating / LGD / EL). In the case of retail customers, Bank does not allow for arbitrary rating amendments, hence the persons taking credit decisions are not allowed to modify the registered values.

Taking a positive decision in spite of a negative assessment in the system (PD Rating or another risk parameter that is beyond the accepted range) is treated as a non-standard decision and requires approval by a superior decision-making level. mBank monitors the quality of loans granted on the basis of non-standard decisions that is independent from the quality monitoring of the entire credit portfolio.

In retail banking, risk parameter values (including PD Rating) are updated:

- periodically – on the basis of a monthly recalculation of behavioural scoring and updating the delinquency data,
- ad hoc – in the process of customer's applying for new loans.

The rating process is under constant supervision in terms of quality of data that are used. Data quality assessment is conducted by a dedicated unit.

The below information addressees the requirements of Art. 452 CRR.

The competent authority's permission of the approach or approved transition.

Within the rating system for the **retail exposures portfolio**, 3 crucial risk models are used: the PD12M model, the LGD model and the CCF model. All the above-mentioned models are statistical models with expert’s knowledge influence, which have been built locally, using internal institution data. The rating system is used for the following exposure classes:

- the retail exposures to individual customers secured by mortgage,
- the retail exposures to individual customers other,
- the retail exposures to small and medium-sized enterprises secured by mortgage,
- the retail exposures to small and medium-sized other.

Within the rating system of the **corporation exposures portfolio**, 3 crucial risk models are used: the PD12M model, the LGD model and the CCF model. All the above-mentioned models are statistical models with expert's knowledge influence, which have been built locally, using internal institution data. In addition, the PD12M model is a group model also used in mLeasing Sp. z o.o. The rating system is used for the following exposure classes:

- the corporate exposure to enterprises.

Within the rating system for the **corporation exposure portfolio to financial institutions**, 3 crucial risk models are used: the PD12M model, the LGD model, and the CCF model. All these models are statistical models built using expert's knowledge with Commerzbank AG as the source of origin but they are used in Bank locally. The rating system is used for the following exposure classes:

- the corporate exposure to financial institution (commercial banks).

Within the rating system for the **corporation exposure portfolio – special lending of commercial real estate** one risk model of slotting approach type is used. The above-mentioned model is expert's model and is used in the following exposure classes:

- the corporation exposure, special lending: income-producing property.

Within the rating system for the **mLeasing retail exposure portfolio**, 2 crucial risk models are used: the PD12M model and the LGD model (which is general for the detail exposure and for mLeasing portfolio). These models are statistical models with expert's knowledge influence, which have been built locally, using internal institution data. The rating system is used for the following exposure classes:

- the retail exposures to mLeasing customers.

The *control mechanisms for rating systems at the different stages of model development, controls and changes*

The control mechanisms are used for all models covered by the ARIB's method:

- annual monitoring is performed by Modelling Team based on internal data. The scope and manner of the analyses are regulated by defined methodologies for monitoring of credit risk models.
- annual validation is performed by an independent (of Modelling Team) Validation Team. The scope and manner of the analyses are regulated by defined methodologies for validation of credit risk models.

The independence of Validation and Modelling Team function is provided by setting them into 2 different units of Bank's organizations (departments). It is associated with reporting to independent senior Bank's management.

The role of the functions involved in the development, approval and subsequent changes of the credit risk models

The processing and implementation changes into models covered by the ARIB's method are run by dedicated Bank's modelling units who are owners of risk parameters models. The Bank's independent validation unit is responsible for carrying out model reviews to verify their quality and consistency with regulatory guidelines. The process of approving models and models' changes is a subject of decision by a dedicated committee (the Model Risk Committee) chaired by the Bank's Chief Risk Officer.

The scope and main content of the reporting related to credit risk models

The management reporting process for models covered by the ARIB's method is regulated by a dedicated procedure of the Bank's work and is performed with at least annual frequency. The management report is presented at the Models Risk Committee, which is attended by, among others, the Bank's Chief Risk Officer and representatives of the Bank's senior management representing the units that are business users of the respective models. In accordance with the supervisory requirements of Article 189 CRR, the report shall include at least a comparison of modelled and realised values at the level of individual risk parameters as well as migration between risk categories.

The last management report was reported in June 2023. On the level of analyzed models, the report did not identify anomalies in terms of model value realisation and migration between risk categories.

A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio

In the case of all models: PD12M, LGD, CCF, the definitions are compliant with external (CRR) and internal Bank's regulations including definition of 'bad' observation.

Within the rating system for the retail exposure portfolio, 3 crucial risk models are used: the PD12M model, the LGD model, and the CCF model.

The PD12M model

- the methods used during the construction: including logistic regression, WoE, kernel estimation,
- the methods used during the backtesting of the model: including GINI, ETLA test, binominal test,
- during the construction, internal data (application and behavioural data about customers) and external data (Poland's Credit Information Bureau) are used with a time horizon of at least five years, involving all observations eligible for the rating system,
- within the rating system immaterial share of regulatory limit PDs (0.03%) was met but these affect <0.1% of the population,
- factor favouring differences in PD estimates and realised default rate is ongoing process of awaiting approval from the Regulator regarding the possibility of using the new version of the PD12M model.

The LGD model

- the methods used during the construction: including arithmetic mean, regression trees, fractional regression,
- the methods used during the backtesting of model: including ROC, GINI, error analysis (MAE, RMSE), CLAR, calibration of the model values to empirical values,
- during the construction, internal data are used with a time horizon of at least five years, involving all observations eligible for the rating system,
- the conservatism of approach: conservative adjustments and haircuts, including calibration of the LGD to the economic downturn based on internal data from a historical time series of losses,
- the average duration of a default is 22 months for non-mortgage-secured exposures and 31 months for mortgage-secured exposures.

The CCF model

- the methods used during the construction: including arithmetic mean, regression trees,
- the methods used during the backtesting of model: including ROC, GINI, error analysis (MAE, RMSE),
- during the construction, internal data are used with a time horizon of at least five years, involving all observations eligible for the rating system.
- Within the rating system for the corporation exposure portfolio to enterprises, 3 crucial risk models are used: the PD12M model, the LGD model, and the CCF model.

The PD12M model

- the methods used during the construction: including logistic regression, WoE, ln(odds), kernel estimation
- the methods used during the backtesting of the model: including GINI, ETLA test, binominal test,
- during the development internal Bank's and Bank's Group data were used with a time horizon of at least five years, involving all observations eligible for the rating system,
- within the rating system immaterial share of regulatory limit PDs (0.03%) was met but these affect <1% of the population,
- factor favouring differences in PD estimates and realised default rate are: a) ongoing process of awaiting approval from the Regulator regarding the possibility of using the new version of the PD12M model; b) scheme of the data presentation defined in the EU-CR9 form where average PD value with number of obligors were given as at the end of the previous period (portfolio snapshot on 31 December 2022) with number of obligors for which loss event was realized in the horizon from the end of previous period (31 December 2022) to the end of current period (31 December 2023), such a scheme is adequate for models in which PD is calculated on a monthly basis but in the case of models where PD is calculated annually (as in the RC-POL model where PD is calculated at least annually, where the trigger of recalculation is obtaining of new financial statement or negative qualitative information requiring rating renewal) this creates a situation where realization of PD parameter is verified in a time horizon longer than 12 months from the moment of PD calculation – max. 23 months. It generates the occurrence of default cases in low rating classes as well as the occurrence of a DR>PD relationship in selected rating classes, additionally it should be noted that the reported portfolio is characterized by a

relatively low number of defaults (about several dozen cases per year) which in the case of disaggregation of the data into 24 rating classes leads to a situation where the DR>PD relationship is determined by the occurrence of 1 more case of default.

The LGD model

- the methods used during the construction: including arithmetic mean, linear regression (LSR),
- the methods used during the backtesting of model: including ROC, GINI, calibration of the model values to empirical values,
- during the construction, internal data are used with a time horizon of at least five years, involving all observations eligible for the rating system,
- the conservatism of approach: conservative adjustments and haircuts, including calibration of the LGD to the economic downturn based on internal data from a historical time series of losses,
- the average duration of a default is 38 months.

The CCF model

- the methods that were used during the construction: including arithmetic mean,
- the methods that were used during the backtesting of the model: including ROC, GINI, error analysis (MAE, RMSE),
- during the construction, internal data is used with a time horizon of at least five years, involving all observations eligible for the rating system.

Within the rating system for the corporation exposure portfolio to financial institutions, 3 crucial, central risk models are used (source CommerzBank): the PD12M model, the LGD model, and the CCF model.

The PD12M model

- the definitions that were in order of external (CRR) and internal Commerzbank's regulations, including definition of 'bad' observation,
- the methods that were used during the construction: including logistic regression, LN(odds), kernel estimation,
- the methods that were used during the backtesting of the model: including AUC, GINI,
- during the construction, internal Commerzbank's data and external data (Bankscope base, Fitch agency) were used with a time horizon of at least five years, involving all observations eligible for the rating system,
- the possible differences between PD and default rate arise from specific of the low default portfolio in mBank.

The LGD model

- the methods that were used during the construction: including arithmetic mean,
- the methods that were used during the backtesting of the model: including ROC, GINI, calibration of the model values to empirical values,
- during the construction, internal Commerzbank's data is used with a time horizon of at least five years, involving all observations eligible for the rating system,
- the average duration of a default is 32 months.

The CCF model

- the methods that were used during the construction: including arithmetic mean,
- the methods that were used during the backtesting of the model: including ROC, GINI,
- during construction, internal Commerzbank's data are used with a time horizon of at least five years, involving all observations eligible for the rating system.

A slotting approach type rating model is used within the rating system for the corporation exposure portfolio – specialise lending of commercial real estate

- the methods that were used during the construction: including slotting approach, linear regression,
- the methods that were used during the backtesting of the model: including GINI,
- during the construction, internal data which come from Bank and the group's company, is used with a time horizon of at least five years, involving all observations eligible for the rating system,
- the result of model's operation is not the risk parameters (PD, LGD, CCF) but the supervisor risk category (slotting approach).

Within the rating system for the mLeasing detail exposure portfolio, two crucial risk models are used: the PD12M model and LGD model (which is shared for the detail exposure and for the corporation mLeasing portfolio).

The PD12M model

- the methods used during the construction: including logistic regression, WoE, kernel estimation,
- the methods that were used during the backtesting of the model: including GINI, ETLA test, binominal test,
- during the development internal group data with a time horizon of at least five years, involving all observations eligible for the rating system was used,
- the lower supervisory limits of the PD parameter were not observed,
- factor favouring differences in PD estimates and realised default rate is ongoing process of awaiting approval from the Regulator regarding the possibility of using the new version of the PD12M model.

The LGD model

- the methods that were used during the construction: including arithmetic mean, non-linear regression,
- the methods that were used during the backtesting of the model: including ROC, GINI, calibration of the model values to empirical values,
- during the construction, internal data are used with a time horizon of at least five years, involving all observations eligible for the rating system,
- the conservatism of approach: conservative adjustments and haircuts, including calibration of the LGD to the economic downturn based on internal data from a historical time series of losses,
- the average duration of a default is 39 months.

Rating systems' validation

Validation is an internal, complex process of independent and objective assessment of model operation, which is consistent with Recommendation W requirements and, in the case of the AIRB method, meets the supervisory guidelines set out in the CRR. The validation rules are set out in general in the "Model Management Policy" and described in details in other mBank's internal regulations. The validation covers models directly and indirectly used in the assessment of capital adequacy under the AIRB approach and other models indicated in the Model Register maintained in mBank.

There is assured an independence of validation unit in the organizational structures of the Bank or the mBank Group's subsidiary in relation to the units involved in the model's construction/maintenance, i.e. the model owner and users. The Validation Unit (Division in Integrated Risk Management Department) is responsible for the validation in mBank.

The scope of validation performed by the Validation Unit covers the assessment of:

- models,
- model implementation,
- their application process.

Depending on the materiality and complexity of the model, as well as the type of validation task to be performed, the validation may be advanced (covers both quantitative and qualitative elements) or basic (mainly focused on the quantitative analyses and selected qualitative elements). The validation results are documented in the validation report containing, in particular, an assessment used for the purpose of approving the model, and recommendations, if any, in form of precautionary and remedial actions, about the irregularities found.

Validation tasks are performed in accordance with the annual validation plan. Both validation plan and the results of performed validation tasks are approved by the Model Risk Committee.

Due to the ongoing supervisory approval process for the rebuilt models used to calculate credit risk capital requirements under the AIRB approach, the validation of the models in question has been postponed for a period of 24 months, as required by Recommendation W of the FSA.

In the table below (with a breakdown to exposure classes) we present PD values, the number of obligors as well the default rate calculated in line with the rules described in EU CR9 form.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR9 – IRB approach – Backtesting of PD per exposure class, addressing disclosure requirements of Art. 452 letter h) of CRR Regulation.

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
09. Institutions	0.00 to <0.15	65	-	-	0.07%	0.07%	0.32%
	0.00 to <0.10	50	-	-	0.06%	0.05%	0.38%
	0.10 to <0.15	15	-	-	0.11%	0.11%	-
	0.15 to <0.25	10	-	-	0.17%	0.18%	-
	0.25 to <0.50	8	-	-	0.34%	0.44%	-
	0.50 to <0.75	7	-	-	0.54%	0.62%	-
	0.75 to <2.50	10	-	-	1.45%	1.66%	-
	0.75 to <1.75	4	-	-	1.42%	1.20%	-
	1.75 to <2.5	6	-	-	2.22%	1.97%	-
	2.50 to <10.00	2	-	-	4.50%	3.39%	-
	2.5 to <5	2	-	-	4.50%	3.39%	-
	5 to <10	-	-	n/a	n/a	n/a	-
	10.00 to <100.00	1	-	-	20.00%	47.34%	-
	10 to <20	-	-	n/a	18.85%	n/a	-
	20 to <30	-	-	n/a	22.81%	n/a	-
	30.00 to <100.00	1	-	-	47.34%	47.34%	-
	100.00 (default)	-	n/a	n/a	n/a	n/a	n/a

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
10. Corporates: thereof SMEs	0.00 to <0.15	465	2	0.43%	0.08%	0.08%	0.41%
	0.00 to <0.10	294	2	0.68%	0.06%	0.06%	0.52%
	0.10 to <0.15	171	-	-	0.12%	0.12%	0.18%
	0.15 to <0.25	295	-	-	0.21%	0.20%	0.49%
	0.25 to <0.50	636	2	0.31%	0.38%	0.38%	0.35%
	0.50 to <0.75	510	2	0.39%	0.61%	0.61%	0.82%
	0.75 to <2.50	2397	49	2.04%	1.45%	1.41%	1.47%
	0.75 to <1.75	1793	27	1.51%	1.21%	1.17%	1.29%
	1.75 to <2.5	604	22	3.64%	2.09%	2.09%	1.99%
	2.50 to <10.00	1072	59	5.50%	4.29%	4.12%	4.30%
	2.5 to <5	841	40	4.76%	3.49%	3.33%	3.47%
	5 to <10	231	19	8.23%	7.07%	7.02%	6.95%
	10.00 to <100.00	178	12	6.74%	14.33%	22.18%	6.31%
	10 to <20	99	9	9.09%	12.89%	13.48%	7.45%
	20 to <30	37	3	8.11%	24.07%	23.66%	5.70%
	30.00 to <100.00	42	-	-	40.48%	41.37%	3.63%
	100.00 (default)	152	n/a	100.00%	100.00%	100.00%	n/a

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
12. Corporates: thereof other:	0.00 to <0.15	267	-	-	0.10%	0.08%	0.25%
	0.00 to <0.10	169	-	-	0.07%	0.06%	0.14%
	0.10 to <0.15	98	-	-	0.12%	0.13%	0.49%
	0.15 to <0.25	202	1	0.50%	0.20%	0.19%	0.10%
	0.25 to <0.50	324	-	-	0.40%	0.39%	0.07%
	0.50 to <0.75	218	1	0.46%	0.63%	0.61%	0.47%
	0.75 to <2.50	754	7	0.93%	1.49%	1.42%	0.75%
	0.75 to <1.75	562	1	0.18%	1.31%	1.19%	0.66%
	1.75 to <2.5	192	6	3.13%	2.10%	2.08%	0.99%
	2.50 to <10.00	374	14	3.74%	4.13%	4.57%	4.38%
	2.5 to <5	259	10	3.86%	3.34%	3.46%	3.80%
	5 to <10	115	4	3.48%	6.48%	7.09%	5.47%
	10.00 to <100.00	522	7	1.34%	22.62%	35.75%	3.49%
	10 to <20	99	5	5.05%	12.83%	12.87%	3.74%
	20 to <30	67	2	2.99%	24.62%	23.77%	9.07%
	30.00 to <100.00	356	-	-	40.85%	44.36%	2.26%
	100.00 (default)	250	n/a	100.00%	100.00%	100.00%	n/a

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
13. Retail: thereof secured by mortgages / SMEs	0.00 to <0.15	14	-	-	0.14%	0.14%	0.05%
	0.00 to <0.10	1	-	-	-	0.07%	0.00%
	0.10 to <0.15	13	-	-	0.14%	0.14%	0.07%
	0.15 to <0.25	481	1	0.21%	0.21%	0.21%	0.36%
	0.25 to <0.50	1488	4	0.27%	0.37%	0.37%	0.58%
	0.50 to <0.75	1330	17	1.28%	0.62%	0.61%	0.86%
	0.75 to <2.50	1573	54	3.43%	1.25%	1.27%	2.43%
	0.75 to <1.75	1318	38	2.88%	1.11%	1.11%	2.12%
	1.75 to <2.5	255	16	6.27%	2.05%	2.09%	3.95%
	2.50 to <10.00	352	35	9.94%	4.59%	4.51%	6.46%
	2.5 to <5	251	22	8.76%	3.28%	3.38%	5.39%
	5 to <10	101	13	12.87%	7.20%	7.31%	9.17%
	10.00 to <100.00	138	52	37.68%	23.22%	22.21%	31.06%
	10 to <20	65	17	26.15%	13.50%	14.16%	20.53%
	20 to <30	43	21	48.84%	24.31%	23.77%	38.04%
	30.00 to <100.00	30	14	46.67%	46.80%	37.40%	46.81%
	100.00 (default)	296	n/a	100.00%	100.00%	100.00%	n/a

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
14. Retail: thereof secured by mortgages / non-SMEs	0.00 to <0.15	98 430	113	0.11%	0.08%	0.09%	0.10%
	0.00 to <0.10	57 517	51	0.09%	0.06%	0.06%	0.08%
	0.10 to <0.15	40 913	62	0.15%	0.12%	0.12%	0.14%
	0.15 to <0.25	35 271	92	0.26%	0.19%	0.19%	0.23%
	0.25 to <0.50	18 659	81	0.43%	0.35%	0.35%	0.47%
	0.50 to <0.75	7 520	77	1.02%	0.60%	0.60%	0.84%
	0.75 to <2.50	5 496	169	3.07%	1.23%	1.24%	2.33%
	0.75 to <1.75	4 542	130	2.86%	1.08%	1.06%	2.10%
	1.75 to <2.5	954	39	4.09%	2.07%	2.08%	3.46%
	2.50 to <10.00	2 722	203	7.46%	5.14%	5.23%	6.64%
	2.5 to <5	1 567	81	5.17%	3.46%	3.55%	4.21%
	5 to <10	1 155	122	10.56%	7.40%	7.50%	9.44%
	10.00 to <100.00	1 777	490	27.57%	25.70%	18.30%	20.80%
	10 to <20	1 211	249	20.56%	13.75%	13.87%	15.81%
	20 to <30	391	143	36.57%	24.18%	24.27%	27.65%
	30.00 to <100.00	175	98	56.00%	48.11%	35.64%	41.28%
	100.00 (default)	2 851	n/a	100.00%	100.00%	100.00%	n/a

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
15. Retail: thereof qualifying revolving	0.00 to <0.15	49 106	58	0.12%	0.10%	0.10%	0.14%
	0.00 to <0.10	23 481	25	0.11%	0.07%	0.07%	0.11%
	0.10 to <0.15	25 625	33	0.13%	0.13%	0.13%	0.16%
	0.15 to <0.25	96 897	147	0.15%	0.20%	0.20%	0.17%
	0.25 to <0.50	122 223	296	0.24%	0.35%	0.35%	0.25%
	0.50 to <0.75	43 888	245	0.56%	0.61%	0.61%	0.55%
	0.75 to <2.50	107 419	1 547	1.44%	1.46%	1.47%	1.26%
	0.75 to <1.75	74 554	866	1.16%	1.18%	1.19%	1.03%
	1.75 to <2.5	32 865	681	2.07%	2.10%	2.10%	1.89%
	2.50 to <10.00	64 583	3 440	5.33%	4.67%	4.55%	4.61%
	2.5 to <5	44 256	1 702	3.85%	3.54%	3.52%	3.46%
	5 to <10	20 327	1 738	8.55%	6.86%	6.79%	6.96%
	10.00 to <100.00	15 445	4 428	28.67%	20.53%	19.33%	22.46%
	10 to <20	10 168	1 893	18.62%	13.41%	13.31%	14.35%
	20 to <30	3 142	1 425	45.35%	24.41%	24.50%	33.31%
	30.00 to <100.00	2 135	1 110	51.99%	42.06%	40.39%	48.64%
	100.00 (default)	11 385	n/a	100.00%	100.00%	100.00%	n/a

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
16. Retail: thereof other / SMEs	0.00 to <0.15	532	2	0.38%	0.12%	0.12%	0.48%
	0.00 to <0.10	110	-	-	0.09%	0.08%	0.49%
	0.10 to <0.15	422	2	0.47%	0.13%	0.13%	0.50%
	0.15 to <0.25	9 036	44	0.49%	0.21%	0.21%	0.63%
	0.25 to <0.50	32 126	127	0.40%	0.38%	0.37%	0.53%
	0.50 to <0.75	23 149	145	0.63%	0.62%	0.62%	0.74%
	0.75 to <2.50	53 253	1 063	2.00%	1.47%	1.39%	1.83%
	0.75 to <1.75	40 271	668	1.66%	1.17%	1.16%	1.52%
	1.75 to <2.5	12 982	395	3.04%	2.11%	2.10%	2.80%
	2.50 to <10.00	35 778	2 219	6.20%	5.25%	4.85%	5.88%
	2.5 to <5	22 406	1 148	5.12%	3.62%	3.54%	4.81%
	5 to <10	13 372	1 071	8.01%	7.19%	7.05%	7.53%
	10.00 to <100.00	14 515	3 531	24.33%	22.36%	22.09%	22.83%
	10 to <20	7 864	1 206	15.34%	14.16%	13.93%	14.87%
	20 to <30	3 985	1 079	27.08%	24.50%	23.40%	25.54%
	30.00 to <100.00	2 666	1 246	46.74%	46.10%	44.17%	42.25%
	100.00 (default)	11 369	n/a	100.00%	100.00%	100.00%	n/a

EU CR9 – IRB approach – Backtesting of PD per exposure class (contd):

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
17. Retail: thereof other / non-SMEs	0.00 to <0.15	11 786	39	0.33%	0.10%	0.10%	0.22%
	0.00 to <0.10	6 430	16	0.25%	0.07%	0.07%	0.16%
	0.10 to <0.15	5 356	23	0.43%	0.13%	0.13%	0.28%
	0.15 to <0.25	15 890	55	0.35%	0.20%	0.20%	0.31%
	0.25 to <0.50	36 555	163	0.45%	0.37%	0.37%	0.67%
	0.50 to <0.75	34 995	206	0.59%	0.63%	0.63%	0.53%
	0.75 to <2.50	146 735	1 951	1.33%	1.45%	1.43%	1.26%
	0.75 to <1.75	109 119	1 088	1.00%	1.17%	1.20%	0.95%
	1.75 to <2.5	37 616	863	2.29%	2.08%	2.08%	2.11%
	2.50 to <10.00	102 133	4 171	4.08%	4.90%	4.35%	3.51%
	2.5 to <5	75 665	2 381	3.15%	3.74%	3.54%	2.55%
	5 to <10	26 468	1 790	6.76%	6.73%	6.66%	6.19%
	10.00 to <100.00	19 701	5 844	29.66%	19.59%	22.24%	25.94%
	10 to <20	12 138	2 020	16.64%	13.73%	13.48%	16.35%
	20 to <30	3 936	1 784	45.33%	24.46%	24.35%	36.76%
	30.00 to <100.00	3 627	2 040	56.24%	38.54%	49.24%	48.57%
	100.00 (default)	14 308	n/a	100.00%	100.00%	100.00%	n/a

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

The following table presents the average model LGD values as of 31 December 2023 for retail mortgage, retail non-mortgage, corporate and commercial banks and mLeasing portfolio based on long-term historical series for non-defaulted exposures.

Indicators	Retail mortgages exposures	Retail non-mortgages exposures	Corporate exposures	Commercial banks exposures	mLeasing exposures
Mean model LGD (31.12.2023)	22.67%	51.67%	49.33%	46.66%	23.59%
Mean model LGD weighted by EAD (31.12.2023)	25.36%	58.09%	44.67%	45.84%	19.20%

5.4 Supervisory requirements regarding capital ratios

According to provisions of the CRR Regulation the Bank and the mBank 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 31 December 2023 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 31 December 2023 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 mBank Group are located. As at the end of December 2023 this ratio amounted to 0.13%.

Exposures of foreign branches in Czech Republic and in Slovakia, where countercyclical buffer rates as of 31 December 2023 amounted to 2.0%, and 1.5% respectively, had an impact on the mBank Group specific countercyclical capital buffer.

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		31.12.2023
1	Total risk exposure amount	86 460 843
2	Institution specific countercyclical capital buffer rate	0.1297%
3	Institution specific countercyclical capital buffer requirement	112 140

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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 (%)
		Exposures value under the standardized 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			
10	Breakdown by country:													
20	Poland	22 821 347	91 240 711	2 091 750	-	19 826 227	135 980 035	4 811 842	35 982	221 608	5 069 432	63 367 900	91.5443%	-
30	Czech Republic	6 224 130	8 368	-	-	-	6 232 498	235 665	-	-	235 665	2 945 813	4.2557%	0.0851%
40	Slovakia	2 873 799	3 475	-	-	-	2 877 274	111 868	-	-	111 868	1 398 350	2.0201%	0.0303%
50	Luxemburg	93 163	581 452	-	-	-	674 615	70 374	-	-	70 374	879 675	1.2708%	0.0064%
60	Netherlands	144 864	164 517	-	-	-	309 381	26 210	-	-	26 210	327 625	0.4733%	0.0047%
70	Germany	45 042	113 281	-	-	-	158 323	6 445	-	-	6 445	80 563	0.1164%	0.0009%
80	United States Of America	51 815	31 929	-	-	-	83 744	5 326	-	-	5 326	66 575	0.0962%	-
90	Denmark	55 706	842	-	-	-	56 548	4 109	-	-	4 109	51 363	0.0742%	0.0019%
100	Russian Federation	43 504	25	-	-	-	43 529	3 481	-	-	3 481	43 513	0.0629%	-
110	Austria	2 770	16 150	-	-	-	18 920	1 270	-	-	1 270	15 875	0.0229%	-
120	UAE	20	3 350	-	-	-	3 370	861	-	-	861	10 763	0.0155%	-
130	Great Britain	864	8 661	-	-	-	9 525	531	-	-	531	6 638	0.0096%	0.0002%
140	Ireland	87	13 245	-	-	-	13 332	346	-	-	346	4 325	0.0062%	0.0001%
150	Switzerland	919	6 596	-	-	-	7 515	308	-	-	308	3 850	0.0056%	-
160	Belgium	2 951	1 122	-	-	-	4 073	302	-	-	302	3 775	0.0055%	-
170	Cyprus	334	5 283	-	-	-	5 617	237	-	-	237	2 963	0.0043%	-
180	Malta	99	9 774	-	-	-	9 873	161	-	-	161	2 013	0.0029%	-
190	Sweden	461	2 145	-	-	-	2 606	113	-	-	113	1 413	0.0020%	-
200	Norway	543	1 534	-	-	-	2 077	111	-	-	111	1 388	0.0020%	0.0001%
210	Spain	206	2 554	-	-	-	2 760	104	-	-	104	1 300	0.0019%	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (c.d.):

		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 (%)
		Exposures value under the standardized 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 exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
220	France	236	1 996	-	-	-	2 232	77	-	-	77	963	0.0014%	-
230	Latvia	33	196	-	-	-	229	69	-	-	69	863	0.0013%	-
240	Portugal	233	2 228	-	-	-	2 461	60	-	-	60	750	0.0011%	-
250	New Zealand	402	52	-	-	-	454	49	-	-	49	613	0.0009%	-
260	Italy	20	345	-	-	-	365	27	-	-	27	338	0.0005%	-
270	Georgia	-	1 944	-	-	-	1 944	26	-	-	26	325	0.0005%	-
280	Israel	398	-	-	-	-	398	24	-	-	24	300	0.0004%	-
290	Canada	-	482	-	-	-	482	24	-	-	24	300	0.0004%	-
300	Iceland	-	218	-	-	-	218	14	-	-	14	175	0.0002%	-
310	Finland	-	307	-	-	-	307	10	-	-	10	125	0.0002%	-
320	Brit. Virgin Islands	91	-	-	-	-	91	7	-	-	7	88	0.0001%	-
330	Australia	1	444	-	-	-	445	6	-	-	6	75	0.0001%	-
340	Argentina	50	-	-	-	-	50	6	-	-	6	75	0.0001%	-
350	Singapore	-	159	-	-	-	159	6	-	-	6	75	0.0001%	-
360	Latvia	51	3	-	-	-	54	4	-	-	4	50	0.0001%	-
370	China	50	-	-	-	-	50	4	-	-	4	50	0.0001%	-
380	Other	16	1 097	-	-	-	1 113	13	-	-	13	163	-	-
390	**Total**	**32 364 205**	**92 224 485**	**2 091 750**	**-**	**19 826 227**	**146 506 667**	**5 280 090**	**35 982**	**221 608**	**5 537 680**	**69 221 000**		**0.1297%**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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 29th, 2020 amounted to 0.50% of the total risk exposure amount, calculated in accordance with article 92(3) of CRR Regulation. The amount of the buffer is verified by the KNF on an annual basis. Buffer should be maintained on individual and consolidated levels. The buffer value specified in this decision was in force as at 31 December 2023.

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 and was applied as at 31 December 2023.

Consequently, the combined buffer requirement set for the mBank Group as of the 31 December 2023 amounted to 3.13% of the total risk exposure amount.

In December 2023 expired PFSA recommendation (amended in June 2023), which required additional own funds buffer to cover additional capital requirement on the consolidated level in the amount of:

- 1.18% on total capital ratio level,
- 0.89% on the Tier I ratio level.

Capital ratios both on consolidated and individual basis as at the end of year 2023 were above the required values.

With a surplus mBank Group meets the additional own funds requirement and the combined buffer requirement.

mBank Group	31.12.2023		31.12.2022	
Capital ratio	**Required level**	**Reported level**	**Required level**	**Reported level**
Total capital ratio (TCR)	11.13%	17.04%	12.86%	16.36%
Of which: FX ADD ON	0.00%		1.76%	
Of which: combined buffer requirement	3.13%		3.10%	
Tier 1 ratio	9.13%	14.71%	10.42%	13.81%
Of which: FX ADD ON	0.00%		1.32%	
Of which: combined buffer requirement	3.13%		3.10%	

5.5 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, securitization transactions, 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.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU KM1 – Key metrics template, addressing disclosure requirements of Article 447 (a) to (g) and Article 438 (b)

		a	b	c	d	e
		31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	12 719 997	12 854 870	12 719 795	12 091 332	12 153 665
2	Tier 1 capital	12 719 997	12 854 870	12 719 795	12 091 332	12 153 665
3	Total capital	14 730 102	14 875 159	14 780 086	14 278 034	14 403 163
	Risk-weighted exposure amounts					
4	Total risk exposure amount	86 460 843	88 067 576	87 933 345	90 642 854	88 034 372
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.71%	14.60%	14.47%	13.34%	13.81%
6	Tier 1 ratio (%)	14.71%	14.60%	14.47%	13.34%	13.81%
7	Total capital ratio (%)	17.04%	16.89%	16.81%	15.75%	16.36%
	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 (%)	0.00%	1.18%	1.18%	1.76%	1.76%
EU-7b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.66%	0.66%	0.99%	0.99%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	0.00%	0.89%	0.89%	1.32%	1.32%
EU-7d	Total SREP own funds requirements (%)	8.00%	9.18%	9.18%	9.76%	9.76%
	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 (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.13%	0.15%	0.15%	0.12%	0.10%
EU-9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU-10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.13%	3.15%	3.15%	3.12%	3.10%
EU-11a	Overall capital requirements (%)	11.13%	12.33%	12.33%	12.88%	12.86%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.71%	7.71%	7.58%	5.99%	6.49%
	Leverage ratio					
13	Total exposure measure	241 368 998	240 781 479	226 158 478	233 679 716	223 249 811
14	Leverage ratio (%)	5.27%	5.34%	5.62%	5.17%	5.44%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU-14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	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 (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	76 155	69 752	62 950	57 049	53 516
EU-16a	Cash outflows - Total weighted value	37 278	36 042	35 132	34 011	32 778
EU-16b	Cash inflows - Total weighted value	3 233	3 849	4 712	5 103	5 105
16	Total net cash outflows (adjusted value)	34 045	32 193	30 420	28 908	27 673
17	Liquidity coverage ratio (%)	224%	217%	207%	197%	193%
	Net Stable Funding Ratio					
18	Total available stable funding	177 370	183 109	170 344	174 723	170 672
19	Total required stable funding	112 307	114 080	109 768	111 666	113 559
20	NSFR ratio (%)	158%	161%	155%	156%	150%

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU KM1 – Key metrics template recalculated taking into account the retrospective including of profit for the first quarter of 2023 (after PFSA approval), in line with the EBA's position expressed in Q&A 2018_3822 and Q&A 2018_4085.

		a	b	c	d	e
		31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	12 719 997	12 854 870	12 719 795	12 445 099	12 153 665
2	Tier 1 capital	12 719 997	12 854 870	12 719 795	12 445 099	12 153 665
3	Total capital	14 730 102	14 875 159	14 780 086	14 631 800	14 403 163
	Risk-weighted exposure amounts					
4	Total risk exposure amount	86 460 843	88 067 576	87 933 345	90 723 256	88 034 372
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.71%	14.60%	14.47%	13.72%	13.81%
6	Tier 1 ratio (%)	14.71%	14.60%	14.47%	13.72%	13.81%
7	Total capital ratio (%)	17.04%	16.89%	16.81%	16.13%	16.36%
	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 (%)	0.00%	1.18%	1.18%	1.76%	1.76%
EU-7b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.66%	0.66%	0.99%	0.99%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	0.00%	0.89%	0.89%	1.32%	1.32%
EU-7d	Total SREP own funds requirements (%)	8.00%	9.18%	9.18%	9.76%	9.76%
	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 (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.13%	0.15%	0.15%	0.12%	0.10%
EU-9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU-10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.13%	3.15%	3.15%	3.12%	3.10%
EU-11a	Overall capital requirements (%)	11.13%	12.33%	12.33%	12.88%	12.86%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.71%	7.71%	7.58%	6.37%	6.49%
	Leverage ratio					
13	Total exposure measure	241 368 998	240 781 479	226 158 478	233 744 037	223 249 811
14	Leverage ratio (%)	5.27%	5.34%	5.62%	5.32%	5.44%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU-14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
EU-14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU-14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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 regard to template EU OV1 in Annex I to Regulation 2021/637 addressing disclosure requirements of Article 438 (d) of the CRR Regulation.

EU OV1 -Overview of RWAs

		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31.12.2023	30.09.2023	31.12.2023
1	**Credit risk (excluding CCR)**	**69 088 721**	**67 261 484**	**5 527 098**
2	Of which the standardised approach	24 308 423	23 772 499	1 944 674
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	4 344 313	3 942 186	347 545
EU 4a	Of which equities under the simple riskweighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	40 435 985	39 546 799	3 234 879
6	**Counterparty credit risk - CCR**	**1 464 963**	**2 735 686**	**117 197**
7	Of which the standardised approach	1 257 855	1 653 166	100 628
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	5 302	6 387	424
EU 8b	Of which credit valuation adjustment - CVA	159 135	343 933	12 731
9	Of which other CCR	42 671	732 200	3 414
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**2 770 103**	**5 273 917**	**221 608**
17	Of which SEC-IRBA approach	2 770 103	5 273 917	221 608
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**1 284 883**	**944 316**	**102 790**
21	Of which the standardised approach	1 284 883	944 316	102 790
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**11 852 173**	**11 852 173**	**948 174**
EU 23a	Of which basic indicator approach	-		-
EU 23b	Of which standardised approach	11 852 173	11 852 173	948 174
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	3 557 941	3 503 221	284 635
29	**Total**	**86 460 843**	**88 067 576**	**6 916 867**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR10 – Specialized lending and equities, addressing disclosure requirements of Art. 438(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	44 613	-	50%	44 613	22 306	-
	Equal to or more than 2.5 years	68 430	-	70%	68 430	40 527	274
Category 2	Less than 2.5 years	1 998 276	850 363	70%	2 243 900	1 378 534	8 975
	Equal to or more than 2.5 years	2 872 585	87 039	90%	2 896 396	2 258 580	23 170
Category 3	Less than 2.5 years	386 387	-	115%	386 387	376 588	10 819
	Equal to or more than 2.5 years	285 764	204	115%	285 804	267 345	8 003
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	174	-	250%	174	434	14
Category 5	Less than 2.5 years	465 578	-	0%	465 578	-	232 789
	Equal to or more than 2.5 years	144 362	38	0%	144 400	-	72 200
Total	**Less than 2.5 years**	**2 894 854**	**850 363**		**3 140 478**	**1 777 428**	**252 583**
	Equal to or more than 2.5 years	**3 371 315**	**87 281**		**3 395 204**	**2 566 886**	**103 661**

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 AIRB 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
		31.12.2023
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**39 788 320**
2	Asset size (+/-)	518 969
3	Asset quality (+/-)	293 106
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	(428 312)
8	Other - launch of the transaction of syntethic securitisation (+/-)	3 124
9	**Risk weighted exposure amount as at the end of the reporting period**	**40 175 207**

The percentage coverage of the mBank Group's loan portfolios by the AIRB approach is presented below, addressing disclosure requirements of art. 452 letter a) of CRR Regulation.

AIRB stage	Asset class	% share in risk-weighted assets (% of RWA STA)
AIRB first stage portfolios	**mBank Group exposures, including:**	**73%**
	Corporate exposures	18%
	Specialised lending exposures – income producing real estate	6%
	Retail exposures – mortgage loans	16%
	Retail exposures – non-mortgage loans	6%
	Retail exposures of microenterprises – mortgage loans	1%
	Retail exposures of microenterprises – non-mortgage loans	2%
	Bank exposures	1%
	Exposures of mLeasing	11%
	Non-credit assets	5%
	Securitisation	7%
	AIRB first stage	**73%**
	mBH - Retail exposures – mortgage loans	4%
	Roll-out	**4%**
Permanent partial use		**23%**
Total		**100%**

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 CR4 – Standardised approach – Credit risk exposure and counterparty credit risk with CRM effects, addressing disclosure requirements of art. 453 letters g) to 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	96 912 479	79	96 927 952	5 825	3 258 314	3%
Regional government or local authorities	49 047	20 071	49 047	10 006	11 813	20%
Public sector entities	10 816	7 587	10 714	3 607	8 261	58%
Multilateral development banks	4 584 923	-	4 584 923	-	-	0%
International organisations	-	-	-	-	-	-
Institutions	418 185	48 624	436 964	11 977	118 332	26%
Corporates	9 549 042	7 066 871	9 407 822	2 148 298	10 665 716	92%
Retail	4 182 910	671 795	4 182 910	135 921	3 237 018	75%
Secured by mortgages on immovable property	15 343 880	20 381	15 343 880	10 191	5 895 613	38%
Exposures in default	382 224	5 983	382 224	5 231	397 100	102%
Exposures associated with particularly high risk	78 038	50	78 038	50	117 133	150%
Covered bonds	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Collective investment undertakings	10 440	-	10 440	-	130 500	1250%
Equity	217 057	-	217 057	-	429 010	198%
Other items	39 573	40	39 573	40	39 613	100%
TOTAL	**131 778 614**	**7 841 481**	**131 671 544**	**2 331 146**	**24 308 423**	**18%**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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 mBank Group applies standardized approach, broken town 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	94 311 223	-	1 340 679	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	59 045	-	8	-
3	Public sector entities	-	-	-	-	-	-	12 120	-
4	Multilateral development banks	4 584 923	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-
6	Institutions	32 374	159 059	-	-	45 349	-	212 158	-
7	Corporates	-	-	-	-	-	-	281	-
8	Retail exposures	-	-	-	-	-	-	-	-
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	14 427 958	166 151	-
10	Exposures in default	-	-	-	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	-	-	-	-
17	**TOTAL**	**98 928 520**	**159 059**	**1 340 679**	**-**	**104 394**	**14 427 958**	**390 718**	**-**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR5 - Standardised approach (contd):

	Exposure classes	Risk weight							Total	Of which unrated
		75%	100%	150%	250%	370%	1250%	Inne		
		i	j	k	l	m	n	o	p	q
1	Central governments or central banks	-	1	-	1 281 874	-	-	-	96 933 777	1 333 499
2	Regional government or local authorities	-	-	-	-	-	-	-	59 053	688
3	Public sector entities	-	2 201	-	-	-	-	-	14 321	2 201
4	Multilateral development banks	-	-	-	-	-	-	-	4 584 923	-
5	International organisations	-	-	-	-	-	-	-	-	-
6	Institutions	-	2	-	-	-	-	-	448 942	257 316
7	Corporates	-	11 555 839	-	-	-	-	-	11 556 120	11 555 839
8	Retail exposures	4 318 831	-	-	-	-	-	-	4 318 831	4 351 518
9	Exposures secured by mortgages on immovable property	-	751 730	8 231	-	-	-	-	15 354 070	15 354 071
10	Exposures in default	-	368 166	19 289	-	-	-	-	387 455	387 455
11	Exposures associated with particularly high risk	-	-	78 088	-	-	-	-	78 088	78 088
12	Covered bonds	-	-	-	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	10 440	-	10 440	10 440
15	Equity exposures	-	75 755	-	141 302	-	-	-	217 057	217 057
16	Other items	-	39 613	-	-	-	-	-	39 613	6 931
17	**TOTAL**	**4 318 831**	**12 793 307**	**105 608**	**1 423 176**	**-**	**10 440**	**-**	**134 002 690**	**33 555 103**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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) to 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 mBank 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 adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail mortgage portfolio (microfirms)													
	0.00 to <0.15	4 108	1 311	81%	5 167	0.14%	13	34.70%	-	477	9%	3	16
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	4 108	1 311	81%	5 167	0.14%	13	34.70%	-	477	9%	3	16
	0.15 to <0.25	104 677	11 412	89%	114 889	0.21%	405	23.84%	-	9 519	8%	57	289
	0.25 to <0.50	513 791	35 706	86%	544 434	0.37%	1 370	28.83%	-	83 722	15%	584	2 157
	0.50 to <0.75	446 243	56 994	99%	502 671	0.62%	1 342	28.54%	-	110 294	22%	893	3 166
	0.75 to <2.50	558 124	84 943	144%	680 788	1.25%	1 717	30.07%	-	250 334	37%	2 598	8 657
	0.75 to <1.75	475 894	77 554	134%	579 533	1.11%	1 454	29.74%	-	196 030	34%	1 935	6 726
	1.75 to <2.5	82 230	7 389	257%	101 256	2.05%	263	31.95%	-	54 304	54%	663	1 931
	2.50 to <10.00	150 670	9 656	133%	163 550	4.59%	381	32.25%	-	135 841	83%	2 421	6 227
	2.5 to <5	97 517	7 885	143%	108 802	3.28%	269	32.30%	-	77 556	71%	1 152	3 327
	5 to <10	53 153	1 771	90%	54 748	7.20%	112	32.16%	-	58 284	106%	1 269	2 900
	10.00 to <100.00	55 674	2 016	91%	57 510	23.22%	133	32.58%	-	84 041	146%	4 170	5 503
	10 to <20	27 823	1 321	93%	29 057	13.50%	77	31.88%	-	39 377	136%	1 256	2 187
	20 to <30	17 273	-	46155%	17 284	24.31%	27	38.78%	-	32 771	190%	1 618	2 311
	30.00 to <100.00	10 579	695	85%	11 169	46.80%	29	24.83%	-	11 894	106%	1 296	1 005
	100.00 (Default)	181 979	252	-	181 979	100.00%	339	57.06%	-	558 317	307%	61 767	61 814
Subtotal		**2 015 266**	**202 290**	**117%**	**2 250 988**	**9.63%**	**5 700**	**31.53%**	**-**	**1 232 545**	**-**	**72 493**	**87 829**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

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 adjust-ments 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	15 418 180	410 535	65%	15 684 089	0,08%	118 532	30,73%	-	1 027 943	7%	3 714	8 466
	0.00 to <0.10	11 457 585	323 341	65%	11 667 095	0,06%	85 409	31,88%	-	689 311	6%	2 370	5 546
	0.10 to <0.15	3 960 595	87 194	65%	4 016 994	0,12%	33 123	27,39%	-	338 632	8%	1 344	2 920
	0.15 to <0.25	4 660 059	72 864	63%	4 706 169	0,19%	36 587	27,74%	-	568 435	12%	2 531	6 438
	0.25 to <0.50	3 972 868	58 421	67%	4 011 787	0,35%	27 424	28,53%	-	760 935	19%	3 966	11 037
	0.50 to <0.75	1 353 380	22 465	75%	1 370 294	0,60%	8 852	29,46%	-	399 098	29%	2 439	6 057
	0.75 to <2.50	1 066 593	14 111	79%	1 077 715	1,23%	7 126	29,99%	-	506 261	47%	3 961	9 256
	0.75 to <1.75	904 191	13 713	79%	915 022	1,08%	5 976	30,06%	-	399 502	44%	2 964	7 175
	1.75 to <2.5	162 403	398	73%	162 694	2,07%	1 150	29,59%	-	106 759	66%	997	2 080
	2.50 to <10.00	507 224	4 484	67%	510 219	5,14%	3 609	29,76%	-	537 160	105%	7 633	10 859
	2.5 to <5	289 914	3 249	77%	292 417	3,46%	2 016	30,76%	-	264 449	90%	3 038	4 856
	5 to <10	217 309	1 235	40%	217 801	7,40%	1 593	28,41%	-	272 711	125%	4 595	6 004
	10.00 to <100.00	322 383	1 573	67%	323 437	25,70%	2 301	29,59%	-	552 842	171%	24 168	19 230
	10 to <20	171 001	528	49%	171 261	13,75%	1 213	29,83%	-	287 472	168%	7 059	7 492
	20 to <30	57 701	246	41%	57 803	24,18%	461	30,97%	-	114 881	199%	4 341	3 601
	30.00 to <100.00	93 680	798	87%	94 373	48,11%	627	28,32%	-	150 489	159%	12 780	8 137
	100.00 (Default)	624 506	1 490	-	624 506	100,00%	2 824	61,93%	-	1 078 568	173%	358 831	359 322
Subtotal		**27 925 193**	**585 943**	**65%**	**28 308 216**	**2,80%**	**207 255**	**30,49%**	**-**	**5 431 242**	**19%**	**407 243**	**430 665**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

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 adjust-ments 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	22 423	13 083	81%	33 072	0.12%	730	60.09%	-	2 390	7%	11	36
	0.00 to <0.10	10 000	1 838	84%	11 536	0.09%	182	61.16%	-	392	3%	2	6
	0.10 to <0.15	12 423	11 245	81%	21 536	0.13%	548	59.89%	-	1 998	9%	10	30
	0.15 to <0.25	63 743	328 105	78%	320 155	0.21%	18 643	66.04%	-	71 396	22%	422	1 064
	0.25 to <0.50	1 127 045	615 503	65%	1 529 758	0.38%	66 400	68.82%	-	297 424	19%	1 958	4 170
	0.50 to <0.75	1 307 772	239 848	74%	1 484 403	0.62%	55 112	68.97%	-	334 189	23%	2 585	4 907
	0.75 to <2.50	2 682 574	334 432	83%	2 961 217	1.47%	140 489	71.94%	-	1 105 114	37%	14 507	30 562
	0.75 to <1.75	2 083 243	256 079	81%	2 291 722	1.17%	107 700	71.60%	-	768 305	34%	8 617	18 140
	1.75 to <2.5	599 331	78 354	90%	669 495	2.11%	32 789	72.68%	-	336 809	50%	5 890	12 422
	2.50 to <10.00	2 278 348	160 982	99%	2 437 172	5.25%	76 906	73.30%	-	1 452 880	60%	55 711	93 475
	2.5 to <5	1 221 284	109 162	95%	1 324 775	3.62%	51 813	73.07%	-	750 293	57%	20 651	40 960
	5 to <10	1 057 064	51 820	107%	1 112 396	7.19%	25 093	73.59%	-	702 587	63%	35 061	52 516
	10.00 to <100.00	1 372 512	35 750	104%	1 409 552	22.36%	23 376	73.49%	-	1 091 551	77%	116 267	117 596
	10 to <20	731 017	24 158	105%	756 457	14.16%	13 822	73.55%	-	548 994	73%	42 429	49 534
	20 to <30	421 348	5 133	103%	426 635	24.50%	6 035	73.62%	-	311 002	73%	30 648	31 924
	30.00 to <100.00	220 147	6 460	98%	226 460	46.10%	3 519	73.16%	-	231 555	102%	43 190	36 137
	100.00 (Default)	910 330	14 548	-	910 330	100.00%	18 002	73.23%	-	963 297	106%	637 557	641 134
Subtotal		**9 764 747**	**1 742 251**	**76%**	**11 085 659**	**18.32%**	**399 658**	**71.55%**	**-**	**5 318 241**	**48%**	**829 018**	**892 944**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

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 adjust-ments 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	81 404	408	45%	81 588	0.10%	22 659	64.09%	-	14 424	18%	53	207
	0.00 to <0.10	42 116	405	44%	42 295	0.07%	12 566	61.18%	-	5 746	14%	19	75
	0.10 to <0.15	39 287	3	212%	39 294	0.13%	10 093	67.22%	-	8 678	22%	34	132
	0.15 to <0.25	103 384	2 574	44%	104 518	0.20%	34 186	69.23%	-	32 803	31%	147	534
	0.25 to <0.50	229 744	4 207	48%	231 752	0.37%	96 169	69.45%	-	106 316	46%	587	1 670
	0.50 to <0.75	212 709	382	44%	212 878	0.63%	104 816	70.12%	-	135 481	64%	945	2 180
	0.75 to <2.50	885 765	3 528	44%	887 331	1.45%	522 137	69.06%	-	775 328	87%	8 809	17 320
	0.75 to <1.75	614 647	2 931	44%	615 938	1.17%	378 857	69.94%	-	512 500	83%	5 030	9 459
	1.75 to <2.5	271 118	597	46%	271 393	2.08%	143 280	67.07%	-	262 829	97%	3 779	7 862
	2.50 to <10.00	904 011	152	45%	904 078	4.90%	249 278	63.90%	-	946 275	105%	28 694	51 522
	2.5 to <5	551 627	100	44%	551 671	3.74%	184 933	61.85%	-	541 991	98%	12 703	23 663
	5 to <10	352 383	52	46%	352 407	6.73%	64 345	67.11%	-	404 284	115%	15 990	27 858
	10.00 to <100.00	261 172	-	-	261 172	19.59%	45 778	67.46%	-	413 643	158%	34 661	45 700
	10 to <20	162 710	-	-	162 710	13.73%	31 480	67.18%	-	230 082	141%	15 003	23 046
	20 to <30	64 767	-	-	64 767	24.46%	9 911	67.31%	-	116 230	179%	10 678	14 173
	30.00 to <100.00	33 696	-	-	33 696	38.54%	4 387	69.07%	-	67 332	200%	8 980	8 482
	100.00 (Default)	462 717	-	-	462 717	100.00%	34 907	69.48%	-	748 357	162%	271 561	271 561
Subtotal		**3 140 906**	**11 251**	**46%**	**3 146 034**	**18.23%**	**1 109 930**	**67.48%**	**-**	**3 172 627**	**101%**	**345 457**	**390 694**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

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 adjust-ments 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	391 622	559 951	57%	715 437	0.08%	368	47.80%	2	92 938	13%	224	96
	0.00 to <0.10	240 780	318 966	57%	423 079	0.06%	238	50.99%	2	44 881	11%	95	37
	0.10 to <0.15	150 842	240 984	58%	292 359	0.12%	130	43.67%	2	48 057	16%	129	59
	0.15 to <0.25	276 984	295 958	53%	442 813	0.21%	232	41.95%	2	118 620	27%	329	166
	0.25 to <0.50	529 974	696 980	52%	898 218	0.38%	524	35.26%	2	237 298	26%	947	405
	0.50 to <0.75	351 997	514 095	50%	610 178	0.61%	483	30.97%	2	202 460	33%	1 039	492
	0.75 to <2.50	2 964 514	1 830 701	50%	3 902 877	1.45%	2 304	27.46%	2	1 605 450	41%	13 815	6 964
	0.75 to <1.75	2 107 209	1 439 931	51%	2 850 119	1.21%	1 669	28.65%	2	1 137 340	40%	8 683	4 112
	1.75 to <2.5	857 305	390 770	49%	1 052 758	2.09%	635	24.11%	2	468 111	44%	5 132	2 852
	2.50 to <10.00	2 219 146	784 806	46%	2 590 457	4.29%	1 184	25.91%	2	1 471 994	57%	26 280	14 452
	2.5 to <5	1 782 846	625 922	48%	2 088 425	3.49%	931	24.47%	2	1 079 802	52%	16 165	8 561
	5 to <10	436 300	158 884	41%	502 033	7.07%	253	30.80%	2	392 192	78%	10 114	5 891
	10.00 to <100.00	237 235	53 929	44%	261 204	14.33%	211	23.95%	2	223 508	86%	8 721	5 480
	10 to <20	210 525	48 088	44%	231 623	12.89%	157	20.61%	2	174 945	76%	6 047	4 189
	20 to <30	20 991	2 401	62%	22 474	24.07%	27	56.71%	2	39 806	177%	2 057	914
	30.00 to <100.00	5 718	3 439	38%	7 107	40.48%	27	26.03%	2	8 758	123%	618	376
	100.00 (Default)	334 069	38 453	40%	349 690	100.00%	179	60.62%	-	551 814	158%	182 674	181 973
Subtotal		**7 305 541**	**4 774 873**	**51%**	**9 770 874**	**6.63%**	**5 485**	**31.87%**	**2**	**4 504 082**	**46%**	**234 029**	**210 028**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

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 adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporations - other													
	0.00 to <0.15	689 226	2 307 734	50%	1 884 430	0.10%	275	45.89%	2	442 304	23%	803	402
	0.00 to <0.10	333 512	1 237 439	42%	867 151	0.07%	172	48.85%	2	170 378	20%	263	145
	0.10 to <0.15	355 714	1 070 295	60%	1 017 279	0.12%	103	43.49%	2	271 927	27%	540	257
	0.15 to <0.25	639 248	1 426 951	41%	1 279 390	0.20%	189	52.75%	2	509 027	40%	1 268	1 003
	0.25 to <0.50	1 650 780	2 806 125	37%	2 733 833	0.40%	318	44.78%	2	1 473 665	54%	4 540	1 765
	0.50 to <0.75	1 345 151	1 416 015	43%	1 984 311	0.63%	246	42.55%	2	1 231 287	62%	4 979	5 117
	0.75 to <2.50	4 635 875	4 655 773	50%	7 129 568	1.49%	855	40.91%	2	6 121 557	86%	39 572	31 128
	0.75 to <1.75	3 517 530	3 749 197	50%	5 539 332	1.31%	627	42.85%	2	4 782 731	86%	28 864	14 644
	1.75 to <2.5	1 118 344	906 576	48%	1 590 236	2.10%	228	34.15%	2	1 338 826	84%	10 707	16 484
	2.50 to <10.00	1 999 849	1 222 302	52%	2 704 751	4.13%	514	39.40%	2	3 037 437	112%	40 615	21 702
	2.5 to <5	1 460 241	1 012 549	50%	2 019 895	3.34%	385	40.62%	2	2 137 661	106%	25 095	14 191
	5 to <10	539 608	209 753	63%	684 855	6.48%	129	35.85%	2	899 776	131%	15 520	7 511
	10.00 to <100.00	110 111	54 573	44%	135 414	22.62%	518	26.71%	1	155 673	115%	7 458	4 259
	10 to <20	92 669	6 565	54%	96 226	12.83%	78	21.36%	2	89 860	93%	2 426	2 187
	20 to <30	7 026	205	50%	7 128	24.62%	45	23.03%	2	10 327	145%	397	256
	30.00 to <100.00	10 417	47 803	42%	32 059	40.85%	395	35.08%	-	55 486	173%	4 635	1 816
	100.00 (Default)	483 231	158 709	39%	544 680	100.00%	285	63.56%	-	379 635	70%	432 984	432 984
Subtotal		**11 553 471**	**14 048 182**	**46%**	**18 396 377**	**4.44%**	**3 200**	**43.41%**	**2**	**13 350 585**	**73%**	**532 219**	**498 360**

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 adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Corporations - specialized lending exposures													
Subtotal		**6 197 593**	**937 644**	**29%**	**6 535 682**	**-**	**484**	**45.26%**	**-**	**4 344 313**	**66%**	**356 245**	**357 979**

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CR6 – IRB approach – Credit risk and counterparty credit exposures by exposure class and PD range (contd):

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 adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Institutions													
	0.00 to <0.15	333 958	3 858 681	28%	2 167 050	0.07%	77	49.68%	2	686 764	32%	706	363
	0.00 to <0.10	274 098	3 841 721	28%	1 954 641	0.06%	70	50.03%	2	617 010	32%	599	333
	0.10 to <0.15	59 860	16 959	44%	212 408	0.11%	7	46.54%	1	69 754	33%	106	30
	0.15 to <0.25	41 901	54 742	41%	359 900	0.17%	15	18.41%	1	57 240	16%	117	11
	0.25 to <0.50	81 242	149 046	38%	197 339	0.34%	9	46.65%	2	139 728	71%	309	158
	0.50 to <0.75	4 536	20 289	21%	8 868	0.54%	8	51.46%	1	6 242	70%	25	25
	0.75 to <2.50	15 947	36 500	48%	36 075	1.45%	13	47.86%	1	34 906	97%	248	293
	0.75 to <1.75	14 346	36 500	48%	34 369	1.42%	8	47.85%	1	32 434	94%	230	289
	1.75 to <2.5	1 601	-	-	1 706	2.22%	5	48.06%	4	2 472	145%	18	4
	2.50 to <10.00	-	-	-	4 612	4.50%	1	42.50%	4	7 350	159%	88	-
	2.5 to <5	-	-	-	4 612	4.50%	1	42.50%	4	7 350	159%	88	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	9 345	-	-	9 345	20.00%	4	43.01%	4	24 633	264%	806	205
	10 to <20	7 696	-	-	7 696	18.85%	1	42.50%	5	20 121	261%	617	-
	20 to <30	1 477	-	-	1 477	22.81%	2	45.38%	1	4 083	276%	153	170
	30.00 to <100.00	171	-	-	171	47.34%	1	45.38%	1	429	251%	37	35
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal		**486 929**	**4 119 258**	**29%**	**2 783 189**	**0.19%**	**127**	**45.37%**	**2**	**956 863**	**34%**	**2 299**	**1 055**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

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 adjust-ments and provisions
	a	b	c	d	e	f	g	h	i	j	k	l	m
Retail revolving loans portfolio													
	0.00 to <0.15	116 628	586 971	72%	540 408	0.10%	80 847	49.15%	-	18 426	3%	278	574
	0.00 to <0.10	57 022	254 052	68%	230 039	0.07%	36 697	44.53%	-	4 985	2%	69	152
	0.10 to <0.15	59 605	332 918	75%	310 369	0.13%	44 150	52.57%	-	13 441	4%	209	422
	0.15 to <0.25	203 884	1 363 141	68%	1 129 734	0.20%	163 514	56.86%	-	77 190	7%	1 305	2 148
	0.25 to <0.50	447 691	1 708 275	65%	1 563 487	0.35%	228 053	60.41%	-	175 791	11%	3 302	6 349
	0.50 to <0.75	308 748	434 669	72%	623 546	0.61%	86 545	63.51%	-	115 759	19%	2 439	5 577
	0.75 to <2.50	1 040 672	604 623	76%	1 497 479	1.46%	216 943	67.55%	-	566 917	38%	14 815	31 165
	0.75 to <1.75	687 132	467 868	76%	1 042 491	1.18%	150 330	67.11%	-	336 281	32%	8 275	18 174
	1.75 to <2.5	353 540	136 755	74%	454 988	2.10%	66 613	68.57%	-	230 636	51%	6 540	12 991
	2.50 to <10.00	929 010	180 327	80%	1 072 952	4.67%	137 994	69.90%	-	948 806	88%	35 067	59 681
	2.5 to <5	598 994	139 334	78%	707 945	3.54%	92 834	69.78%	-	527 534	75%	17 505	32 368
	5 to <10	330 016	40 993	85%	365 007	6.86%	45 160	70.11%	-	421 273	115%	17 562	27 313
	10.00 to <100.00	241 273	41 977	78%	273 970	20.53%	29 511	68.98%	-	509 693	186%	38 749	36 004
	10 to <20	151 897	28 437	76%	173 629	13.41%	20 494	69.26%	-	289 329	167%	16 112	17 979
	20 to <30	47 011	7 000	75%	52 295	24.41%	5 107	68.18%	-	111 240	213%	8 704	8 616
	30.00 to <100.00	42 365	6 540	87%	48 046	42.06%	3 910	68.82%	-	109 124	227%	13 934	9 410
	100.00 (Default)	254 858	15 140	-	254 858	100.00%	16 462	63.43%	-	363 346	143%	140 664	143 838
Subtotal		**3 542 764**	**4 935 123**	**69%**	**6 956 434**	**5.68%**	**959 869**	**62.69%**	**-**	**2 775 928**	**40%**	**236 619**	**285 336**
Total		**71 932 410**	**31 356 815**	**50%**	**89 233 453**	**5,33%**	**2 691 708**	**41,92%**	**1**	**41 086 426**	**46%**	**3 015 622**	**3 154 890**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR6-A – The scope of application of the IRB method and the standardized method

		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	100 803 454	100 803 454	100.00%	0.00%	0.00%
1.1	Of which Regional governments or local authorities		-	-	-	-
1.2	Of which Public sector entities		-	-	-	-
2	Institutions	6 699 312	6 700 367	14.77%	0.00%	85.23%
3	Corporates	63 888 610	64 953 151	20.89%	9.31%	69.79%
3.1	Of which Corporates - Specialised lending, excluding slotting approach		223 103	100.00%	-	-
3.2	Of which Corporates - Specialised lending under slotting approach		13 254 236	-	45.65%	54.35%
4	Retail	70 673 870	72 712 698	13.64%	12.46%	73.89%
4.1	of which Retail – Secured by real estate SMEs		2 217 555	0.00%	0.00%	100.00%
4.2	of which Retail – Secured by real estate non-SMEs		45 233 589	14.11%	18.25%	67.64%
4.3	of which Retail – Qualifying revolving		8 477 887	-	-	100.00%
4.4	of which Retail – Other SMEs		11 524 729	0.15%	-	99.85%
4.5	of which Retail – Other non-SMEs		19 001 222	18.61%	4.24%	77.15%
5	Equity	309 714	309 714	100.00%	-	-
6	Other non-credit obligation assets	9 750 985	9 750 985	7.12%	-	92.88%
7	**Total**	**252 125 945**	**255 230 369**	**49.48%**	**5.92%**	**44.60%**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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.

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 Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)
		a	b	c	d	e	f
1	Central governments and central banks	-	-	-	-	-	-
2	Institutions	1 678 454	-	-	-	-	-
3	Corporates	34 187 712	2.74%	441.27%	400.93%	4.58%	35.76%
3.1	*Of which Corporates – SMEs*	9 726 863	1.31%	101.10%	68.03%	7.06%	26.01%
3.2	*Of which Corporates – Specialised lending*	6 467 106	0.01%	93.82%	93.64%	0.18%	-
3.3	*Of which Corporates – Other*	17 993 743	4.50%	750.04%	691.34%	4.83%	53.88%
4	Retail	51 612 403	-	133.74%	133.74%	-	-
4.1	*Of which Retail – Immovable property SMEs*	2 250 989	-	282.53%	282.53%	-	-
4.2	*Of which Retail – Immovable property non-SMEs*	28 173 286	-	222.14%	222.14%	-	-
4.3	*Of which Retail – Qualifying revolving*	6 956 435	-	-	-	-	-
4.4	*Of which Retail – Other SMEs*	11 085 658	0.02%	0.72%	0.72%	-	-
4.5	*Of which Retail – Other non-SMEs*	3 146 035	-	0.03%	0.03%	-	-
5	**Total**	**87 478 569**	**1.07%**	**251.36%**	**235.60%**	**1.79%**	**13.97%**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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		Credit risk Mitigation techniques						Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)				Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
		g	h	i	j	k	l	m	n
1	Central governments and central banks	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	571 602
3	Corporates	-	-	-	-	15.61%	-	-	21 687 542
3.1	*Of which Corporates – SMEs*	-	-	-	-	31.10%	-	-	4 469 247
3.2	*Of which Corporates – Specialised lending*	-	-	-	-	-	-	-	4 282 776
3.3	*Of which Corporates – Other*	-	-	-	-	12.84%	-	-	12 935 519
4	Retail	-	-	-	-	-	-	-	17 900 427
4.1	*Of which Retail – Immovable property SMEs*	-	-	-	-	-	-	-	1 232 544
4.2	*Of which Retail – Immovable property non-SMEs*	-	-	-	-	-	-	-	5 401 085
4.3	*Of which Retail – Qualifying revolving*	-	-	-	-	-	-	-	2 775 929
4.4	*Of which Retail – Other SMEs*	-	-	-	-	-	-	-	5 318 241
4.5	*Of which Retail – Other non-SMEs*	-	-	-	-	-	-	-	3 172 628
5	**Total**	**-**	**-**	**-**	**-**	**6.10%**	**-**	**-**	**40 159 571**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

6. Leverage ratio

The table below provides synthetic information on the measure of total exposure that makes up the Tier 1 capital ratio and the leverage ratio.

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

		a
		Applicable amount
1	Total assets as per published financial statements	226 980 516
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustment for derivative financial instruments	2 460 850
9	Adjustment for securities financing transactions (SFTs)	11 338
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	14 131 301
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(2 215 007)
13	**Total exposure measure**	**241 368 998**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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
		31.12.2023	30.06.2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	217 831 421	196 875 502
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(1 315 067)	(1 188 628)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**216 516 354**	**195 686 874**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1 805 520	1 500 226
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1 729 483	1 533 837
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**3 535 003**	**3 034 063**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	7 175 002	14 119 110
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	11 338	39 023
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**7 186 340**	**14 158 133**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	42 552 565	40 764 986
20	(Adjustments for conversion to credit equivalent amounts)	(28 224 325)	(27 332 537)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	(196 939)	(153 042)
22	**Off-balance sheet exposures**	**14 131 301**	**13 279 407**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU LR2 - LRCom: Leverage ratio common disclosure (contd)

		CRR leverage ratio exposures	
		a	b
		31.12.2023	30.06.2023
Capital and total exposure measure			
23	**Tier 1 capital**	**12 719 997**	**12 719 795**
24	**Total exposure measure**	**241 368 998**	**226 158 478**
Leverage ratio			
25	Leverage ratio (%)	5.27%	5.62%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.27%	5.62%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.27%	5.62%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
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	Fully phased in	Fully phased in
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	21 861 302	17 707 667
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	7 175 002	14 119 110
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)	256 055 298	229 747 035
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)	256 055 298	229 747 035
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)	4.97%	5.54%
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)	4.97%	5.54%

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		31.12.2023
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**217 361 522**
EU-2	Trading book exposures	1 637 732
EU-3	Banking book exposures, of which:	215 723 790
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	95 337 189
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	59 864
EU-7	Institutions	1 059 769
EU-8	Secured by mortgages of immovable properties	44 246 612
EU-9	Retail exposures	18 590 175
EU-10	Corporates	32 606 057
EU-11	Exposures in default	2 050 011
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	21 774 113

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

The below information addressees the scope of disclosure from table EU LRA.

		31.12.2023	30.09.2023
Total Leverage Ratio exposure measure		241 368 998	240 781 479
Capital and regulatory adjustments			
	Tier 1 capital	12 719 997	12 854 870
	Include Regulatory adjustments - Tier 1	(1 133 743)	(931 158)
Leverage ratio			
	Leverage Ratio on mBank Group	5.27%	5.34%

The leverage ratio of mBank Group in the fourth quarter of 2023 was mainly influenced by decrease in Group Own Funds resulting, inter alia, from partial amortization of subordinated liabilities included in the calculation of Own Funds and increase in the value of regulatory adjustments in Common Equity Tier 1 (CET1) capital – including in particular intangible assets.

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

The leverage ratio is regularly monitored, forecast and compared to peer group. mBank Group has aspiration to keep leverage ratio at a level highly exceeding minimal requirements amounting to 3%, which are in force since 28 June 2021. The fixed strategic target is monitored and verified at least on a yearly basis. Capital Management Committee performs the essential role in management of risk of excessive leverage in mBank Group.

Bank counteracts risk of excessive leverage taking into account potential increase in mentioned risk caused by own funds drop associated with expected or incurred losses. Additionally, 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, mBank also examines capital adequacy in adverse macroeconomic scenarios, understood as risk scenario accepted by the Bank's Management Board.

7. Credit risk mitigation techniques

The information presented in this chapter fulfill the presentation requirements of EU CRC Qualitative disclosure requirements related to CRM techniques.

7.1 Collateral valuation and management

The policies and processes for on- and off-balance sheet netting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The main types of guarantor and credit derivative counterparty and their creditworthiness

As at 31 December 2023 mBank Group did not hold credit derivatives.

Retail

mBank mitigates the credit risk of the retail portfolio by requesting legal collaterals for granted loans. In the case of property-secured transactions, major components of the collateral policy include maximum admissible levels of LtV (Loan to Value – the ratio of loan amount to value of property used as collateral) and the rules of accepting collaterals.

Retail properties

When drafting the LtV policy for mortgage loans, mBank adheres to Recommendation S, which is a set of good practices in the field of mortgage-secured retail credit exposure risk management. In the case of commercial real properties, due to lower liquidity of the collateral, mBank takes on a more prudent approach in terms of admissible LtV values than the one that is required by the regulator.

Bank carries out a careful selection of real properties which may serve as collateral. Within the analysis of a credit application, a liquidity assessment of a local real property market and of the nature of a real property (typical, non-typical) is conducted – that is aimed at ensuring the assumed effectiveness of recovery from the collateral accepted.

Prior to taking a credit decision, mBank in each case determines the value of the real property accepted as collateral. When the value verification in the retail sales process is based on an appraisal report, which is verified in terms of its assumptions and parameters by analysts., the determined value is confirmed by the analysis of similar real estate transaction prices from the internal real estate database and the AMRON interbank database, rental rates or information from available publications regarding the real estate market. For standard types of residential real estate, the Bank has introduced the possibility of verifying the value of real estate valuation for typical residential properties located on developed markets, based on the analysis of transaction prices of similar real estate originating from the mentioned above real estate database and the note from the inspection of real estate.

Real estate value is updated regularly by analysts - at least once every 3 years in the case for exposures where the current LtV ratio is smaller than 80% and not less frequently than once a year in the case. The value of the selected pool of contracts is updated individually by a Bank analyst. The value of other residential real estate portfolio is updated using the price change index.

Corporates

The credit risk taken by mBank when granting credit products to clients may be mitigated by collateral. The types of collateral accepted by mBank, rules for establishing collateral, principles of evaluating and verifying value of collaterals and concerning management of collaterals are set out in detailed internal instructions of mBank. mBank has a dedicated collateral policy in the area of corporate banking. The most important elements of this policy are:

- indication of collateral preferred and not recommended,
- recommendations regarding the requirements of collateral in specific situations,
- frequency of collateral monitoring,
- Bank’s approach to collateral with MRV parameter equal to zero.

mBank's policy is based on the assumption that mBank's decision to grant a credit product entails an effort to obtain collateral of the highest quality and value adequate to the scale of risk taken. The collateral value should be correlated not only with the borrower's creditworthiness, but also with the amount of the product posing credit risk and the risk level arising from the specific qualities of the credit product. In the case of mortgage-secured loans, mBank uses level of LtV ratio in line with regulatory requirements. Under justified circumstances, mBank may refrain from asking for collateral. Moreover, in the case of personal collateral (e.g. surety, guarantee) the standing and reliability of the collateral provider is evaluated using the standards applicable to the assessment of borrowers. The value of fixed assets accepted as collateral is determined on the basis of an appraisal report compiled by a licensed expert. The report is submitted to mBank and verified by a team of specialists located in the risk area who analyse it in terms of correctness of the assumed market value and assess the liquidity of the collateral from mBank's viewpoint.

On a regular basis, mBank monitors the quality of collateral. The monitoring covers in particular the effectiveness of the legal establishment of collateral, validity of insurance policies, completeness of collateral documentation, update of collateral value and adequacy of collateral value and present amount of exposure. The process of valuing and monitoring collateral is supported by an IT application called CRM 2.0. The system gathers information on:

- necessary data on collateral and its providers/owners,
- original valuation and its updates,
- participants and course of the process of collateral registration, valuation and monitoring.

In addition, mBank systematically supervises the control of credit risk monitoring in the scope of accepted collateral.

7.2 Main types of collateral

Retail

Mortgage on real property

Mortgage on a financed (or other) real property is a basic collateral for mortgage loans. mBank accepts only a first lien mortgage.

The „de minimis” guarantee

The guarantee provided by Polish state bank Bank Gospodarstwa Krajowego (BGK) within the governmental aid program addressed to entrepreneurs, covering the working capital loans and investment loans. The guarantee might secure up to the 80% of the loan amount and not more than PLN 3,5 million.

Corporates

When making a decision on granting funding to a client, mBank aims at obtaining collateral adequate to the risk taken. mBank prefers highly liquid property collateral or personal collateral provided by entities characterised by high PD-rating and having assets and financial strength acceptable by mBank.

The accepted collateral acts as credit risk mitigant, provided that it carries a specified real value at the time of potential enforcement and meets the qualitative requirements making it possible to recover the debt by way of enforcement. The quality of property collateral is evaluated in terms of liquidity and market value, while the quality of personal collateral is assessed in terms of the financial standing of the collateral provider.

The most frequently used collateral types include:

- property collateral, i.e. mortgage, , registered pledge, transfer of ownership rights,
- financial collateral, i.e. assignment of rights to the creditor, financial pledge, security deposit or blockade of funds on bank account,
- personal collateral, i.e. guarantee (e.g. BGK guarantees de minimis), surety, aval.

The assessment of collateral includes the evaluation of the possibility to establish the collateral and assessment of legal state of the subject of collateral, in particular analysis of any encumbrances in favour of other creditors (verification of land and mortgage registers, entries in the pledge register, etc.). It is essential that the validity period of collateral is longer than the maturity period of the product backed by it, so that mBank has enough time to perform all the legal acts necessary to satisfy its claims.

Moreover, in Bank’s internal regulations, mBank indicates a separate group of properties which are not recommended as collateral due to their specific qualities making it impossible for mBank to satisfy its claims due to quick loss of value by the property or difficulties with its disposal.

EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques, 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			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	92 508 161	64 198 657	59 957 462	4 241 195	-
2	Debt securities	60 373 232	-	-	-	-
3	**Total**	**152 881 393**	**64 198 657**	**59 957 462**	**4 241 195**	**-**
4	*Of which non-performing exposures*	718 969	1 471 071	1 376 495	94 576	-
5	*Of which defaulted*	705 269	1 469 958			

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 2023 there was no significant change in the use of credit risk mitigation techniques.

7.3 Market or credit risk concentration

Taking into account the reduction of the concentration risk arising from the exposure to a single currency (or indexed to a single currency), mBank monitors - on a monthly basis the currency structure of the portfolio. mBank reduces exposures to a single entity/group of affiliated entities by setting a General Limit (approved by the appropriate decision-making body) for exposures to a customer/group of affiliated customers.

On a daily basis, mBank monitors exposures in terms of identification of large exposures and exceeding of concentration limit of exposures defined in line with CRR Regulation.

mBank maintains a list of entities for which there is a risk a default (Watch List) and analyses (on a quarterly basis) concentration risk of exposures exposed to the default risk.

In order to control and reduce concentration risk arising from exposures to entities representing the same sector, mBank sets the limits for sectors in which mBank's exposure exceeds 5% of the total amount of exposures.

mBank controls risk arising from concentration of exposures to entities representing the same geographical region as well as individual countries by setting and monitoring country or regional limits.

mBank monitors the exposure level of credit exposures secured with the same type of collateral.

On a quarterly basis, mBank analyses the mBank Group's credit portfolio in terms of concentration, taking into account the largest exposures to customers/groups of affiliated customers.

As at 31 December 2023 there was no substantial level of geographical concentration in the credit portfolio of mBank Group. In terms of exposure relating to countries other than Poland there was no substantial share of exposure with value loss.

8. Exposures to credit risk

8.1 Overdue and impaired exposures – definitions used

The following qualitative description addresses the requirements of the EU CRB table – Additional disclosed information related to the credit quality of assets.

mBank applies a uniform default definition in all areas of the credit risk management, i.e. for the purpose of calculating expected credit losses and capital requirement. The default definition is based on the definition included in CRR Regulation.

The customer is reclassified to the default category in the case of loss event occurrence. Reclassification of at least one customer credit liability to the default category reclassifies all credit and non-credit liabilities of the customer to the default category.

Corporate portfolio - Impairment triggers

The list of definite loss events in corporate portfolio:

1. The number of days past due of the principal, interest or fees is over 90 days (in the case of exposures to Banks over 14 days). Number of days past due is calculated at the debtor level and commences when both absolute and relative materiality thresholds have been exceeded, where:
   - absolute threshold refers to the sum of all overdue amounts related to the debtor's liabilities towards the Bank and amounts to PLN 2,000 for corporate and investment banking debtors and PLN 400 for Private Banking debtors registered in corporate systems,
   - relative threshold refers to the ratio of all overdue amounts related to the debtor's liabilities towards the Bank to the sum of balance sheet exposures related to given debtor and amounts to 1%.

   The adopted definition of overdue credit obligations and materiality thresholds are in line with the Regulation of the Minister of Finance, Investment and Development of October 3, 2019 on the materiality level of an overdue credit commitment.
2. mBank's sale of the credit obligation with material economic loss related to change in creditworthiness of the debtor.
3. mBank performed distressed restructuring (the materiality threshold from which the Bank considers a diminished financial obligation to be defaulted is 1%).
4. Information about enforcement proceedings instigated against a debtor in the amount which in the Bank's opinion is likely to result in a loss of creditworthiness.
5. Information about a petition for bankruptcy, liquidation of a debtor, dissolution or annulment of a company, or about appointment of a guardian.
6. Declaration of bankruptcy of a debtor or acquiring by him a similar legal protection resulting in his evasion of or delay in repayment of credit obligations towards mBank, the parent or subsidiary entity of mBank.
7. Information about dismissal of a petition for bankruptcy of a debtor on grounds that the assets of the debtor are insufficient or are only sufficient to cover the costs of bankruptcy proceedings.
8. Debtor's failure to repay the amount of surety provided by the Government.
9. Termination of part or whole credit agreement by mBank or the beginning of restructuring or collection procedures.
10. Fraud (embezzlement) of the debtor .
11. Bank expecting suffering a loss on the client.
12. Occurrence of cross default default.
13. Information on filing a restructuring petition or instigating a restructuring proceedings with regard to a debtor within the meaning of the Restructuring Law Act.
14. Information on major financial problems suffered by a debtor.

In addition mBank identifies loss-events specific to individual categories of entities, and so-called 'soft' loss events, introduced in order to signal situations, which may result in the loss of the debtor's ability to repay loan to mBank. A credit analyst in this case assesses additionally whether the event impacted adversely the obligor's creditworthiness.

Retail portfolio - Impairment triggers

The list of definite loss events in retail portfolio:

1. the number of days past due of the principal, interest or fees is over 90 days. Number of days past due is calculated at the debtor level and commences when both absolute and relative materiality thresholds have been exceeded, where:
   - absolute threshold refers to the sum of all overdue amounts related to the debtor's liabilities towards the Bank and amounts to PLN 400 for Polish branch, CZK 2,500 for the foreign branch of the Bank in Czech Republic and EUR 100 for the foreign branch of the Bank in Slovakia,
   - relative threshold refers to the ratio of all overdue amounts related to the debtor's liabilities towards the Bank to the sum of balance sheet exposures related to given debtor and amounts to 1%.

   The adopted definition of overdue credit obligations and materiality thresholds are in line with the Regulation of the Minister of Finance, Investment and Development of October 3, 2019 on the materiality level of an overdue credit commitment.
2. mBank performed distressed restructuring (the materiality threshold from which the Bank considers a diminished financial obligation to be defaulted is 1%).
3. Termination of the agreement by the Bank in the event of breach of the loan agreement by the debtor.
4. Obtaining information on the submission of a petition for consumer bankruptcy by the debtor, conducting court proceedings in this matter or a judgment by the court of consumer bankruptcy.
5. Obtaining information about the submission of an application by the debtor to initiate or to conduct bankruptcy / restructuring proceedings against the debtor, which, in the Bank's opinion, may result in delay or failure to repay the liability.
6. Recognition of the contract as fraudulent.
7. mBank's sale of the credit obligation with material economic loss related to change in creditworthiness of the debtor.
8. Uncollectable status of debt.
9. Payout of low down payment insurance
10. Occurrence of cross default.

Forborne definition

The definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR is consistent with the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 2021/451.

8.2 Quantitative information

The following subscriptions address the requirements of the EU CRB table – Additional disclosed information related to the credit quality of assets.

How exposures are classified to stages

In accordance with IFRS mBank classifies credit exposures to following stages:

- Stage 1 – exposures for which the risk did not increase significantly since the initial recognition in the loan portfolio,
- Stage 2 – exposures for which, as at the reporting date, a significant deterioration in credit quality was identified compared to the date of their initial recognition,
- Stage 3 – exposures for which credit-impairment was found during its lifetime in portfolio,
- POCI (purchased or originated credit-impaired asset) – assets identified as credit-impaired at initial recognition.

In mBank the assignment of exposure to Stage 2 takes place according to the Transfer Logic algorithm, which defines the qualitative and quantitative criteria indicating a significant increase of credit risk, while the classification exposure to the Stage 3 is determined by loss-events mentioned earlier.

Once the quantitative or qualitative criteria that were used to classify the exposure in Stage 2 at the reporting date are no longer met (the client and the exposure assigned to him or her no longer meet any of the Transfer Logic qualitative criteria or quantitative criteria), the exposure will be moved from Stage 2 to Stage 1. In the case of exposures classified as forbearance, the additional condition for reclassification to Stage 2 is the 24 month probation period during which the loan has a performing status.

The exposure may also be transferred from Stage 3 to Stage 2 or to Stage 1 if for each loss-events assigned to debtor, probation period has elapsed and, additionally in case of corporate clients, debtor's assessment carried out after probation period, has not shown that the debtor is unlikely to fully repay its obligations without recourse to realizing security.

Probation period refers to the period in which debtor properly fulfills its obligations, calculated from the moment event leading to loss-event ceases.

Probation period is calculated separately for each loss-event. Probation period is also maintained when the exposure due to which loss-event has occurred has been repaid, written off or sold. Probation period equals:

- for distressed restructuring – 12 months,
- for other loss-events – 3 months.

During probation period, the Bank assesses debtor's credit behavior, and the exit from probation period depends on proper service.

Significant deterioration of credit quality (classification to stage 2)

A significant deterioration in credit quality is recognised for the asset concerned on the basis of quantitative and qualitative criteria, with the asset being transferred to Stage 2 once at least one of such qualitative or quantitative criteria is met.

Qualitative criteria are:

- the number of days of delay in paying the amount due is greater than or equal to 31 days, taking into account materiality thresholds:
  - the absolute threshold refers to the past due exposure amount and amounts to PLN 400 for retail exposures in Polish branch and exposures of Private Banking debtors, registered in corporate systems, CZK 2,500 for retail exposures in the foreign branch of the Bank in Czech Republic, EUR 100 for retail exposures in the foreign branch of the Bank in Slovakia and PLN 2,000 for exposures in the area of corporate and investment banking,
  - the relative threshold refers to the ratio of the past due exposure amount to the total balance sheet exposure amount and amounts to 1%.
- the number of days of delay in paying the amount due of exposure is greater than or equal to 91 days (without materiality thresholds).
- occurrence of the Forborne performing flag (the client status shows that he or she is experiencing difficulties in repaying the loan commitment, as defined by mBank).
- threefold PD backstop indicator - at least threefold increase of current PD level in relation to PD at initial recognition date.Occurrence of the Watch List flag (the Bank’s internal process designed to identify corporate clients who are subject to increased monitoring in terms of changes in credit quality, in accordance with the Watch List classification rules adopted by mBank).

- Deterioration of the risk profile of the entire exposure portfolio, due to the type of product, industry or distribution channel. (for retail customers).

The Bank quantifies the level of credit risk in relation to all exposures or clients for which credit exposures exists. In the absence of available information to assess the credit risk of an exposure at initial recognition, the Bank classifies such an exposure to stage 2 without the possibility to reclassify it to stage 1.

The quantitative criterion of the Transfer Logic is based on a significant deterioration in credit quality, which is assessed on the basis of relative and absolute long-term change in Probability of Default (PD), specified for the exposure at the reporting date, relative to the long-term PD specified on initial recognition.

Low credit risk criteria

For exposures whose characteristics are indicative of low credit risks (LCR), expected credit losses are always determined on a 12-month basis. Exposures designated as LCR may not be transferred from Stage 1 to Stage 2, although they can be moved from Stage 1 to Stage 3 upon being recognized as credit-impaired. The Bank applies the LCR criterion to clients from the government and central bank segment with investment grade ratings and to clients from Local Government Units segment. The LCR criteria is not used in the retail banking segment.

Calculation of expected credit losses

Valuation expected credit losses (ECL) are measured at the level of a single contract or exposure (agreement). In the portfolio approach, expected credit losses are the multiplication of individual for each exposure estimated value 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, expected credit losses are calculated in the minimum horizon of 12-month horizon and horizon to maturity. If the exposure credit risk increased significantly since the initial recognition (exposure is in the stage 2), the Bank calculates expected credit losses in the life-time horizon (Lt ECL).

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

The individual approach concerns all balance sheet and off-balance sheet credit exposures with an impairment in the corporate loan portfolio and Private Banking loan portfolio, which is registered in corporate systems. The expected credit losses are calculated as a difference between the value of exposure 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 in scenarios and depends on the Bank'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 debt collection strategy, the scenarios are developed for each recovery source (collateral) separately. The Bank identifies scenarios per exposure/recovery source, minimum two scenarios are considered obligatory, with additional condition that one of them reflects a partial loss on exposure/recovery source. Weight of particular scenario results from an expert assessment of the likelihood of scenarios based on the relevant facts 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.

Use of macroeconomics scenarios in ECL estimation

mBank is required to set an expected credit loss in a way which meets the expectations for various forward-looking macroeconomic scenarios. In the case of portfolio estimation of ECL, the non-linearity factor (NLF) is set in order to adjust the value of an expected credit loss (calculated every month). The values of NLF are used as scaling factors for individual ECLs. The NLF factor is determined separately for retail and corporate segments at least once a year. NLFs are used as scaling factors for individual ECLs that are determined at the level of individual exposures in each segment. NLFs are calculated based on results from three simulation calculations at the same reporting date, which result from relevant macroeconomic scenarios. In particular, NLF for a given segment is calculated as:

- the probability-weighted average of the expected loss from three macroeconomic scenarios ('average estimation') comprising: baseline scenario, optimistic scenario and pessimistic scenario. The weights of scenarios are consistent with probabilities of realization for each scenario – 60% for base, 20% for optimistic and 20% for pessimistic,
- divided by the expected loss determined under baseline scenario (reference estimate).

Simulation calculations, whose results are used to calculate NLF, are carried out on the basis of the same input data on exposure characteristics, but involve different risk parameter vectors, if the macroeconomic expectations defined in the scenarios are such as to affect the value of these parameters. Additionally, the inclusion of forward-looking information takes place in the models of all three credit risk parameters estimated in the lifetime horizon (LtPD, LtEAD, LtLGD). In the estimates the Bank uses, among others, generally available macroeconomic and financial indicators (GDP, employment in the enterprise sector, unemployment rate, level of export and import, salaries, monetary financial institutions receivables from households), expectations regarding interest rates and exchange rates, as well as changes in property prices, separately for residential and commercial properties.

In the case of individual ECL estimation, each time, based on an expert assessment, the Bank estimates the impact of macroeconomic factors and other general factors (e.g. the Bank's previous cooperation with the borrower, the nature of the product) on the probability of the adopted scenarios in the calculation of the estimated loss and on the assumed amounts and dates of inflow from operating cash flows and from collateral. This is done through a comprehensive expert assessment of above factors. Macroeconomic factors used in individual ECL estimation are based on assumptions for budget forecasts and financial plans used for management and reporting at mBank. In addition, in terms of macroeconomic factors, conclusions from industry analyzes prepared at the Bank are taken into account, in particular conclusions from expert assessments of industries prepared for the purpose of determining the Bank's industry limits, as well as from the assessment of industry prospects and the assessment of the attractiveness of a specific sector. Future economic conditions may not be taken into account in the process of estimating ECL if Bank does not identify connection between macroeconomic factors and the level of expected loss.

Fair Value for credit assets

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 Fair Value through Profit & Loss or at Fair Value through Other Comprehensive Income.

Fair value valuation of non-impaired credit assets

The valuation for non-impaired exposure is based on its discounted estimated future cash flows.
Future cash flows are determined taking into account:

- repayment schedule, and in the absence of a schedule (revolving products) - based on a statistical estimation of the annual credit limit utilization in expected behavioral exposure period.
- time value of money, based on risk-free interest rates set in the process of forecasting interest flows,
- cash flows amount and their schedule fluctuations stemming from the option of prepayment (early partial or full repayment of the principal) included in the loan agreement by application of prepayment factors,
- uncertainty of cash flows resulting from credit risk throughout the forecasted lifetime of the exposure by modification of contract flows using multi-year credit risk parameters Lt PD and Lt LGD.
- other factors that would be taken into consideration by the potential exposure buyer (overhead costs and the profit margin expected by market participants) during the process of calibration of the discount rate used in the valuation process.

Due to requirements of IFRS 13 for the exposures for which there are no quotes on an active market, the Bank calibrates the discount rate based on fair value at the date of the initial recognition (i.e. the cost price of exposure). Calibration margin reflects market valuation of costs related to maintaining exposures in the portfolio and market expectations about profit margin realized on similar exposures.

Fair value valuation of impaired financial assets

Impaired Financial assets are valuated based on expected recoveries. In case of retail financial assets the valuation reflected by LGD parameters, and in the case of corporate exposures it refers to individual recovery scenarios.

EU CR1-A: Maturity of exposures, addressing disclosure requirements of art. 442 letter g) of CRR Regulation.

		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	36 860 283	29 237 429	38 825 569	59 185 922	-	164 109 203
2	Debt securities	-	27 749 004	29 052 463	4 156 461	50 144	61 008 072
3	**Total**	**36 860 283**	**56 986 433**	**67 878 032**	**63 342 383**	**50 144**	**225 117 275**

Non-performing and forborne exposures

In accordance with the EBA/GL/2018/06 guidelines, 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 for mBank Group calculated in accordance with the Guidelines EBA/GL/2018/06 remains at level below the threshold and as of December 31, 2023 was equal to 3.91%. In comparison to December 31, 2022, the ratio is higher by 0.37 p.p. The increase of the indicator is related to the Retail business line and is mitigated by the decrease in the corporate line.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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**	**35 160 399**	**35 157 946**	**2 453**	**-**	**-**	**-**
010	**Loans and advances**	**120 442 845**	**104 484 776**	**15 349 655**	**4 899 525**	**2 485**	**4 609 971**
020	*Central banks*	6 160 212	6 160 212	-	-	-	-
030	*General governments*	58 567	42 653	15 796	-	-	-
040	*Credit institutions*	1 047 459	1 045 655	1 805	-	-	-
050	*Other financial corporations*	3 288 697	3 275 459	13 238	13 649	-	13 649
060	*Non-financial corporations*	47 112 609	40 527 857	6 494 376	2 420 908	62	2 312 785
070	*Of which: SMEs*	32 078 012	28 256 346	3 731 428	1 745 065	62	1 639 323
080	*Households*	62 775 301	53 432 940	8 824 440	2 464 968	2 423	2 283 537
090	**Debt Securities**	**60 387 940**	**60 289 686**	**28 800**	**-**	**-**	**-**
100	*Central banks*	18 440 343	18 440 343	-	-	-	-
110	*General governments*	31 555 295	31 555 295	-	-	-	-
120	*Credit institutions*	8 450 554	8 450 554	-	-	-	-
130	*Other financial corporations*	1 307 586	1 228 642	28 800	-	-	-
140	*Non-financial corporations*	634 162	614 852	-	-	-	-
150	**Off-balance sheet exposures**	**42 326 227**	**39 390 805**	**2 934 678**	**233 677**	**-**	**227 985**
160	*Central banks*	-	-	-	-	-	-
170	*General governments*	26 621	26 285	336	-	-	-
180	*Credit institutions*	4 171 962	4 162 097	9 865	-	-	-
190	*Other financial corporations*	1 153 272	1 148 550	4 723	-	-	-
200	*Non-financial corporations*	27 363 810	25 095 519	2 268 199	200 503	-	194 991
210	*Households*	9 610 562	8 958 354	651 555	33 174	-	32 994
220	**Total**	**258 317 411**	**239 323 213**	**18 315 586**	**5 133 202**	**2 485**	**4 837 956**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CR1: Performing and non-performing exposures and related provisions (contd):

		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On 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**	**(2 880)**	**(2 719)**	**(162)**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**(1 083 587)**	**(396 449)**	**(676 954)**	**(2 709 486)**	**(160)**	**(2 687 978)**	**-**	**62 727 586**	**1 471 071**
020	*Central banks*	-	-	-	-	-	-	-	-	-
030	*General governments*	(580)	(84)	(496)	-	-	-	-	-	-
040	*Credit institutions*	(400)	(368)	(32)	-	-	-	-	-	-
050	*Other financial corporations*	(2 784)	(2 412)	(372)	(12 911)	-	(12 911)	-	70 176	32
060	*Non-financial corporations*	(406 152)	(209 903)	(188 408)	(1 361 156)	(6)	(1 409 946)	-	15 335 041	708 982
070	*Of which: SMEs*	(311 465)	(179 763)	(123 862)	(1 005 057)	(6)	(1 040 215)	-	11 260 727	531 365
080	*Households*	(673 671)	(183 682)	(487 646)	(1 335 419)	(154)	(1 265 121)	-	47 322 369	762 057
090	**Debt Securities**	**(14 705)**	**(13 844)**	**(862)**	**-**	**-**	**-**	**-**	**-**	**-**
100	*Central banks*	(3 207)	(3 207)	-	-	-	-	-	-	-
110	*General governments*	(5 532)	(5 532)	-	-	-	-	-	-	-
120	*Credit institutions*	(1 799)	(1 799)	-	-	-	-	-	-	-
130	*Other financial corporations*	(2 276)	(1 415)	(862)	-	-	-	-	-	-
140	*Non-financial corporations*	(1 891)	(1 891)	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**(85 819)**	**(47 476)**	**(37 769)**	**(111 598)**	**(4)**	**(115 067)**	**-**	**8 427 315**	**48 541**
160	*Central banks*	-	-	-	-	-	-	-	-	-
170	*General governments*	(63)	(34)	(29)	-	-	-	-	-	-
180	*Credit institutions*	(520)	(514)	(6)	-	-	-	-	96 777	-
190	*Other financial corporations*	(815)	(575)	(241)	-	-	-	-	61 243	-
200	*Non-financial corporations*	(42 248)	(27 743)	(14 506)	(103 735)	-	(107 385)	-	7 873 281	46 887
210	*Households*	(42 173)	(18 610)	(22 987)	(7 863)	(4)	(7 682)	-	396 014	1 654
220	**Total**	**(1 186 991)**	**(460 488)**	**(715 747)**	**(2 821 084)**	**(164)**	**(2 803 045)**	**-**	**71 154 901**	**1 519 612**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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: loans and advances subject to		
				of which: defaulted			
010	Agriculture, forestry and fishing	327 636	3 704	3 704	327 302	(5 332)	(131)
020	Mining and quarrying	140 130	2 638	2 638	140 130	(3 298)	-
030	Manufacturing	10 667 670	484 751	484 751	10 661 025	(354 447)	(1 143)
040	Electricity, gas, steam and air conditioning supply	2 308 877	33 536	33 536	2 308 842	(45 921)	-
050	Water supply	518 116	7 141	7 141	517 784	(6 150)	-
060	Construction	4 972 526	288 290	288 290	4 966 485	(237 552)	(860)
070	Wholesale and retail trade	9 840 358	423 690	423 690	9 826 690	(312 500)	(2 484)
080	Transport and storage	3 124 961	157 539	157 539	3 122 477	(104 097)	(292)
090	Accommodation and food service activities	788 101	105 841	105 841	786 257	(85 715)	(158)
100	Information and communication	1 947 263	51 108	51 108	1 944 970	(61 225)	(335)
110	Real estate activities	6 182 532	525 242	525 242	6 104 185	(286 851)	(23 218)
120	Financial and insurance actvities	982 541	26 164	26 164	967 641	(17 393)	(13 777)
130	Professional, scientific and technical activities	3 623 385	94 211	94 211	3 618 929	(94 229)	(296)
140	Administrative and support service activities	1 854 884	182 264	182 264	1 851 933	(55 637)	(653)
150	Public administration and defense, compulsory social security	3 469	117	117	3 356	(56)	(87)
160	Education	127 541	6 593	6 593	127 145	(4 465)	(109)
170	Human health services and social work activities	1 276 212	11 943	11 943	1 275 239	(24 592)	(55)
180	Arts, entertainment and recreation	444 133	4 545	4 545	443 720	(13 630)	(12)
190	Other services	403 183	11 591	11 591	402 678	(10 558)	(47)
200	**Total**	**49 533 518**	**2 420 908**	**2 420 908**	**49 396 788**	**(1 723 648)**	**(43 657)**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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				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: subject to impairment			
				of which: defaulted				
010	**On balance sheet exposures**	**185 730 307**	**4 899 521**	**4 898 219**	**184 991 912**	**(3 723 243)**	**-**	**(84 536)**
020	Poland	162 867 366	4 664 398	4 663 096	162 180 478	(3 567 561)		(84 475)
030	Czechia	12 387 160	93 426	93 426	12 387 160	(70 214)		-
040	Luxembourg	5 184 007	-	-	5 183 987	(4 455)		-
050	Slovakia	2 918 501	83 759	83 759	2 918 487	(59 583)		-
060	France	538 465	3	3	538 450	(190)		-
070	Germany	497 474	170	170	497 371	(623)		-
080	Netherlands	348 557	172	172	348 551	(13 005)		-
090	United States	291 527	574	574	240 927	(203)		-
100	United Kingdom	192 788	1 273	1 273	192 600	(598)		(8)
110	Austria	90 263	-	-	90 257	(24)		-
120	Spain	86 012	1	1	85 941	(122)		-
130	Cyprus	62 754	-	-	62 731	(125)		-
140	Denmark	57 312	183	183	57 301	(863)		-
150	Sweden	50 475	47 754	47 754	50 467	(47 675)		-
160	Ireland	47 226	84	84	47 172	(80)		-
170	Switzerland	35 618	644	644	35 510	(143)		-
180	Belgium	26 690	-	-	26 690	(11)		-
190	Turkey	13 114	-	-	13 111	(72)		-
200	Malta	9 435	-	-	9 358	(21)		-
210	United Arab Emirates	8 435	6 216	6 216	8 330	(438)		(35)
220	Jordan	4 572	-	-	4 572	(35)		-
230	Norway	2 443	31	31	2 432	(55)		-
240	Georgia	2 427	-	-	2 427	(22)		-
250	Portugal	2 366	-	-	2 362	(1)		-
260	Gibraltar	878	-	-	878	-		-
270	Canada	541	3	3	541	(13)		-
280	Hungary	475	-	-	475	-		-
290	New Zealand	439	-	-	439	-		-
300	Israel	398	-	-	398	-		-
310	Finland	313	-	-	286	(5)		-
320	Italy	292	212	212	292	(140)		-
330	Mauritius	271	-	-	271	-		-
340	Niger	259	-	-	259	-		-
350	Iceland	235	61	61	235	(36)		-
360	Australia	231	-	-	231	(2)		-
370	Russian Federation	160	150	150	160	43 354		-
380	Lithuania	155	73	73	155	(36)		-
390	Mexico	113	111	111	113	(99)		-
400	Panama	101	101	101	101	(91)		-
410	Nepal	83	-	-	83	-		-
420	Singapore	77	63	63	27	(8)		(18)
430	Virgin Islands, British	74	-	-	74	(1)		-
440	Ukraine	64	57	57	64	(44)		-
450	Dominican Republic	48	-	-	48	-		-
460	Chile	33	-	-	33	(1)		-
470	Japan	24	2	2	21	(1)		-
480	Andorra	18	-	-	18	(1)		-
490	Estonia	12	-	-	12	-		-
500	Greece	11	-	-	11	-		-
510	Costa Rica	4	-	-	4	-		-
520	Romania	4	-	-	4	-		-
530	Bulgaria	2	-	-	2	-		-
540	Latvia	1	-	-	1	-		-
550	Monaco	1	-	-	1	-		-
560	Qatar	1	-	-	1	-		-
570	Thailand	1	-	-	1	-		-
580	Tanzania, United Republic of	1	-	-	1	-		-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

EU CQ4: Quality of non-performing exposures by geography (contd):

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount				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: subject to impairment			
				of which: defaulted				
590	**Off balance sheet exposures**	**42 559 901**	**233 676**	**233 676**	**-**	**-**	**197 416**	**-**
600	Poland	36 625 935	232 161	232 161			194 510	
610	Germany	2 605 459	-	-			732	
620	United Kingdom	1 164 410	-	-			99	
630	Czechia	515 371	1 428	1 428			914	
640	Cyprus	501 655	-	-			38	
650	Austria	201 802	-	-			237	
660	Slovakia	199 317	64	64			187	
670	United States	150 230	5	5			21	
680	Luxembourg	147 242	-	-			550	
690	Spain	128 740	5	5			5	
700	Denmark	114 150	-	-			15	
710	Belgium	45 617	-	-			1	
720	Netherlands	40 846	-	-			3	
730	Japan	32 229	8	8			1	
740	France	19 201	-	-			4	
750	Israel	17 613	-	-			-	
760	Italy	15 523	-	-			1	
770	Switzerland	12 499	3	3			46	
780	Canada	3 966	-	-			2	
790	Ireland	3 555	-	-			3	
800	Korea, Republic of	2 200	-	-			-	
810	India	2 103	-	-			-	
820	Singapore	1 349	2	2			1	
830	Jordan	1 237	-	-			9	
840	Malta	1 033	-	-			24	
850	Taiwan, Province of China	1 028	-	-			-	
860	South Africa	1 013	-	-			3	
870	Portugal	932	-	-			1	
880	Sweden	577	-	-			2	
890	United Arab Emirates	468	-	-			2	
900	Norway	446	-	-			2	
910	Australia	338	-	-			1	
920	Hong Kong	200	-	-			-	
930	Andorra	150	-	-			-	
940	Finland	136	-	-			1	
950	Curaçao	100	-	-			-	
960	Georgia	100	-	-			-	
970	Tanzania, United Republic of	99	-	-			-	
980	Gibraltar	97	-	-			-	
990	Virgin Islands, British	93	-	-			-	
1000	Croatia	73	-	-			-	
1010	Hungary	55	-	-			-	
1020	Latvia	55	-	-			-	
1030	Argentina	50	-	-			-	
1040	China	50	-	-			-	
1050	Saudi Arabia	50	-	-			-	
1060	Thailand	49	-	-			-	
1070	Turkey	47	-	-			-	
1080	Costa Rica	41	-	-			-	
1090	Greece	36	-	-			-	
1100	Cayman Islands	35	-	-			-	
1110	Russian Federation	35	-	-			-	
1120	Ukraine	34	-	-			-	
1130	Iceland	26	-	-			-	
1140	New Zealand	24	-	-			-	
1150	Chile	23	-	-			1	
1160	Mexico	23	-	-			-	
1170	Lithuania	22	-	-			-	
1180	Philippines	20	-	-			-	
1190	Monaco	19	-	-			-	
1200	Malaysia	19	-	-			-	
1210	Bulgaria	18	-	-			-	
1220	Guernsey	18	-	-			-	
1230	Qatar	9	-	-			-	
1240	Dominican Republic	8	-	-			-	
1250	Estonia	3	-	-			-	
1260	**Total**	**228 290 208**	**5 133 197**	**5 131 895**	**184 991 912**	**(3 723 243)**	**197 416**	**(84 536)**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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

		a	b	c	d	e	f	g	h
		Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**1 625 910**	**1 169 544**	**1 169 544**	**1 168 407**	**(42 471)**	**(460 325)**	**1 644 746**	**549 191**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	776 769	634 344	634 344	634 320	(26 922)	(280 593)	670 122	265 747
070	Households	849 141	535 200	535 200	534 087	(15 549)	(179 732)	974 624	283 444
080	**Debt Securities**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
090	**Loan commitments given**	**128 514**	**20 919**	**20 919**	**15 937**	**(509)**	**(9 806)**	**26 128**	**11 614**
100	**Total**	**1 754 424**	**1 190 463**	**1 190 463**	**1 184 344**	**(42 980)**	**(470 131)**	**1 670 874**	**560 805**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**35 160 399**	**35 160 399**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**120 442 845**	**119 610 776**	**832 069**	**4 899 525**	**1 996 897**	**515 273**	**844 383**	**540 295**	**590 762**	**191 459**	**220 456**	**4 898 223**
020	Central banks	6 160 212	6 160 212	-	-	-	-	-	-	-	-	-	-
030	General governments	58 567	58 567	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	1 047 459	1 047 459	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	3 288 697	3 286 233	2 464	13 649	2 287	339	1 548	837	2 105	5 924	608	13 649
060	Non-financial corporations	47 112 609	46 735 879	376 730	2 420 908	1 115 332	248 901	316 686	338 097	262 367	67 349	72 176	2 420 908
070	Of which SMEs	32 078 012	31 794 401	283 611	1 745 065	820 591	91 211	212 225	331 507	164 816	62 447	62 268	1 745 065
080	Households	62 775 301	62 322 426	452 875	2 464 968	879 278	266 033	526 149	201 361	326 290	118 186	147 672	2 463 666
090	**Debt securities**	**60 387 940**	**60 387 940**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	18 440 343	18 440 343	-	-	-	-	-	-	-	-	-	-
110	General governments	31 555 295	31 555 295	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	8 450 554	8 450 554	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	1 307 586	1 307 586	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	634 162	634 162	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**42 326 227**			**233 677**								**233 677**
160	Central banks	-			-								-
170	General governments	26 621			-								-
180	Credit institutions	4 171 962			-								-
190	Other financial corporations	1 153 272			-								-
200	Non-financial corporations	27 363 810			200 503								200 503
210	Households	9 610 562			33 174								33 174
220	**Total**	**258 317 411**	**215 159 115**	**832 069**	**5 133 202**	**1 996 897**	**515 273**	**844 383**	**540 295**	**590 762**	**191 459**	**220 456**	**5 131 900**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

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**	**4 816 005**
020	Inflows to non-performing portfolios	3 031 667
030	Outflows from non-performing portfolios	(2 948 146)
040	Outflows due to write-offs	(822 101)
050	Outflow due to other situations	(2 126 045)
060	**Final stock of non-performing loans and advances**	**4 899 526**

The changes in the stock of non-performing loans and advances were described on page 69 under the table EU CR1-A: Maturity of exposures.

Information on collateral obtained by taking possession and execution processes

Information on collateral obtained by taking possession and execution processes as at 31 December 2023 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)**	**-**	**-**
020	**Other than Property Plant and Equipment**	**117 399**	**(29 778)**
030	Residential immovable property	-	-
040	Commercial immovable property	54 796	(16 293)
050	Movable property (auto, shipping, etc.)	62 603	(13 485)
060	Equity and debt instruments	-	-
070	Other	-	-
080	**Total**	**117 399**	**(29 778)**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Quantitative information in accordance with Attachment 1 to Recommendation R

Data is presented for the portfolio measured at amortized cost and fair value through other comprehensive income. The presented PD scale reflects the assessment at the time of initial recognition. Exposures that do not have a rating from the moment of initial recognition have been classified in the range 0,00 to <0.15%. Due to the use of the individual method for the impaired corporate portfolio, the average LGD parameter for portfolios in Stage 3 and POCI has been presented with a limitation to portfolios for which the individual method is not applicable. Average maturity is presented in the same way as in EU CR6.

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Institutions									
Stage 1	0.00 to <0.15%	647 204	3 555 504	2 061 048	0.08	509	37.64	2.92	424
	0.15% to <0.25%	104 682	283 667	308 250	0.11	69	15.04	4.69	6
	0.25% to <0.50%	23 325	189 539	48 533	0.15	50	41.46	0.79	27
	0.50% to <0.75%	447 035	14 111	493 482	0.52	17	47.48	3.28	765
	0.75% to <2.50%	63 337	126 123	167 573	0.72	43	36.51	2.56	353
	2.50% to <10.00%	285	4 514	4 668	0.26	10	43.14	4.83	2
	10.00% to <45.00%	210	-	210	19.26	6	45.38	1.00	18
	45.00% to <100.00%	631	-	631	47.31	19	37.27	3.87	106
Stage 2	0.00 to <0.15%	5 274	10 094	6 132	1.13	754	51.05	5.71	62
	0.15% to <0.25%	1 271	233	1 504	15.31	4	54.15	0.86	153
	0.25% to <0.50%	-	1	1	3.50	1	-	1.14	0
	0.50% to <0.75%	-	165	84	47.06	1	33.35	3.00	14
	0.75% to <2.50%	3 647	11	3 658	0.30	29	45.79	10.58	48
	2.50% to <10.00%	9 784	449	10 009	5.78	7	45.93	13.53	463
	10.00% to <45.00%	-	-	-	-	-	-	-	-
	45.00% to <100.00%	-	3	3	5.80	15	12.43	0.27	-
POCI non-default		-	-	-	-	-	-	-	-

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Institutions					
Stage 3	to 12 months	-	-	-	-
	from 13 to 24 months	-	-	-	-
	from 25 to 36 months	-	-	-	-
	from 37 to 48 months	-	-	-	-
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	-	-	-	-
	above 84 months	-	-	-	-
POCI	to 12 months	-	-	-	-
	from 13 to 24 months	-	-	-	-
	from 25 to 36 months	-	-	-	-
	from 37 to 48 months	-	-	-	-
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	-	-	-	-
	above 84 months	-	-	-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Exposures to governments and central banks portfolio									
Stage 1	0.00 to <0.15%	74 079 274	-	74 325 279	0.09	115	17.77	1.63	994
	0.15% to <0.25%	83 251	-	83 251	0.19	1	56.88	1.42	-
	0.25% to <0.50%	-	-	-	-	-	-	-	-
	0.50% to <0.75%	46 309	-	46 309	0.11	1	15.00	5.00	8
	0.75% to <2.50%	-	-	-	-	-	-	-	-
	2.50% to <10.00%	-	-	-	-	-	-	-	-
	10.00% to <45.00%	-	-	-	-	-	-	-	-
	45.00% to <100.00%	-	-	-	-	-	-	-	-
Stage 2	0.00 to <0.15%	1	80	41	2.39	2	45.34	3.03	0.6
	0.15% to <0.25%	-	-	-	-	-	-	-	-
	0.25% to <0.50%	-	-	-	-	-	-	-	-
	0.50% to <0.75%	-	-	-	-	-	-	-	-
	0.75% to <2.50%	-	-	-	-	-	-	-	-
	2.50% to <10.00%	-	-	-	-	-	-	-	-
	10.00% to <45.00%	-	-	-	-	-	-	-	-
	45.00% to <100.00%	-	-	-	-	-	-	-	-
POCI non-default		-	-	-	-	-	-	-	-

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Exposures to governments and central banks portfolio					
Stage 3	to 12 months	-	-	-	-
	from 13 to 24 months	-	-	-	-
	from 25 to 36 months	-	-	-	-
	from 37 to 48 months	-	-	-	-
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	-	-	-	-
	above 84 months	-	-	-	-
POCI	to 12 months	-	-	-	-
	from 13 to 24 months	-	-	-	-
	from 25 to 36 months	-	-	-	-
	from 37 to 48 months	-	-	-	-
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	-	-	-	-
	above 84 months	-	-	-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Retail non-mortgage portfolio (microfirms)									
Stage 1	0.00 to <0.15%	84 993	122 277	129 878	0.81	3 670	26.37	-	392
	0.15% to <0.25%	149 110	254 502	247 283	1.24	7 055	38.77	-	1 372
	0.25% to <0.50%	675 284	547 851	906 317	1.19	19 744	33.39	-	4 428
	0.50% to <0.75%	957 127	500 826	1 187 867	1.21	20 240	31.28	-	5 403
	0.75% to <2.50%	3 600 504	1 443 058	4 320 837	2.06	74 067	37.57	-	37 306
	2.50% to <10.00%	3 093 514	319 481	3 282 428	3.99	43 733	28.30	-	35 973
	10.00% to <45.00%	557 358	13 839	568 680	10.32	4 365	17.02	-	8 597
	45.00% to <100.00%	9 088	701	9 501	3.36	339	13.69	-	57
Stage 2	0.00 to <0.15%	37 363	18 002	46 629	3.82	1 216	39.03	-	2 211
	0.15% to <0.25%	54 859	15 586	62 894	6.81	1 620	45.42	-	5 248
	0.25% to <0.50%	164 463	40 333	188 378	7.44	5 079	45.83	-	16 841
	0.50% to <0.75%	203 944	38 447	228 729	7.99	5 866	42.57	-	19 201
	0.75% to <2.50%	771 470	91 314	837 542	12.09	20 714	43.03	-	90 329
	2.50% to <10.00%	530 444	45 265	571 294	19.78	15 135	33.62	-	62 201
	10.00% to <45.00%	65 052	8 275	73 134	24.07	1 524	18.68	-	4 549
	45.00% to <100.00%	6 642	1 163	7 512	10.02	397	34.06	-	438
POCI non-default		5 235	218	5 047	14.10	67	61.10	-	870

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Retail non-mortgage portfolio (microfirms)					
Stage 3	to 12 months	519 236	8 351	62.84	310 026
	from 13 to 24 months	140 450	2 699	71.04	104 994
	from 25 to 36 months	43 232	1 172	73.65	36 309
	from 37 to 48 months	40 525	1 083	80.00	38 018
	from 49 to 60 months	38 975	1 329	87.98	38 413
	from 61 to 84 months	77 361	2 572	75.30	76 687
	above 84 months	1 387	32	98.92	1 372
POCI	to 12 months	20 240	121	35.38	8 075
	from 13 to 24 months	3 114	29	39.01	1 191
	from 25 to 36 months	1 029	21	43.89	300
	from 37 to 48 months	294	6	54.78	86
	from 49 to 60 months	1	1	49.76	269
	from 61 to 84 months	-	-	-	-
	above 84 months	70	1	12.49	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Retail non-mortgage portfolio (natural persons)									
Stage 1	0.00 to <0.15%	597 201	268 193	736 429	0.20	46 665	39.39	-	593
	0.15% to <0.25%	605 087	117 034	668 096	0.35	38 398	42.50	-	1 019
	0.25% to <0.50%	853 322	119 081	917 595	0.62	59 676	41.46	-	2 527
	0.50% to <0.75%	673 657	47 122	698 437	0.97	49 405	46.73	-	3 222
	0.75% to <2.50%	4 312 294	74 617	4 347 140	2.04	311 481	54.61	-	46 796
	2.50% to <10.00%	1 943 854	7 725	1 945 743	3.84	165 890	56.65	-	40 052
	10.00% to <45.00%	49 228	378	49 415	9.52	5 534	54.19	-	2 394
	45.00% to <100.00%	867	1	868	21.18	42	49.04	-	79
Stage 2	0.00 to <0.15%	126 308	11 865	133 022	3.26	7 782	45.60	-	4 319
	0.15% to <0.25%	185 509	9 014	190 706	3.86	10 053	48.45	-	7 579
	0.25% to <0.50%	385 073	10 905	391 242	4.75	21 432	47.98	-	18 455
	0.50% to <0.75%	265 334	3 964	267 368	6.02	17 074	49.73	-	15 559
	0.75% to <2.50%	611 245	2 069	612 151	11.27	54 636	51.73	-	60 947
	2.50% to <10.00%	321 119	116	320 757	18.46	64 912	56.06	-	49 860
	10.00% to <45.00%	8 743	6	8 668	25.65	3 471	54.61	-	1 664
	45.00% to <100.00%	19 932	19	19 939	8.00	1 381	58.70	-	1 838
POCI non-default		24 161	4	19 340	7.93	611	62.34	-	373

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Retail non-mortgage portfolio (natural persons)					
Stage 3	to 12 months	415 135	30 749	58.26	241 917
	from 13 to 24 months	102 686	6 037	59.38	61 092
	from 25 to 36 months	30 611	1 423	62.44	19 237
	from 37 to 48 months	9 662	514	65.17	6 379
	from 49 to 60 months	7 383	381	76.00	5 685
	from 61 to 84 months	11 153	423	98.64	11 030
	above 84 months	11 205	581	99.16	11 146
POCI	to 12 months	19 648	315	33.11	5 526
	from 13 to 24 months	8 866	191	49.68	3 452
	from 25 to 36 months	5 390	106	45.69	1 391
	from 37 to 48 months	2 167	37	59.84	710
	from 49 to 60 months	118	3	42.10	24
	from 61 to 84 months	2	1	100.00	2
	above 84 months	73	1	36.35	1

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Retail revolving loans portfolio									
Stage 1	0.00 to <0.15%	164 165	852 076	487 743	0.46	71 994	34.45	-	742
	0.15% to <0.25%	166 215	731 011	457 004	0.56	55 787	36.38	-	882
	0.25% to <0.50%	308 724	1 161 459	832 955	0.72	90 396	38.20	-	2 144
	0.50% to <0.75%	214 539	602 040	522 310	0.92	52 678	39.27	-	1 770
	0.75% to <2.50%	742 195	969 600	1 263 922	1.79	133 110	39.17	-	8 256
	2.50% to <10.00%	377 376	236 847	499 296	3.77	56 996	38.95	-	6 884
	10.00% to <45.00%	20 332	12 167	25 977	6.00	4 190	38.98	-	583
	45.00% to <100.00%	199	163	287	5.54	43	36.78	-	6
Stage 2	0.00 to <0.15%	70 056	67 112	102 908	3.95	8 517	39.97	-	4 823
	0.15% to <0.25%	92 007	61 769	125 299	5.26	8 432	42.10	-	7 550
	0.25% to <0.50%	202 286	89 647	253 000	6.26	15 927	42.75	-	18 010
	0.50% to <0.75%	163 856	53 002	197 067	6.86	12 053	43.11	-	15 094
	0.75% to <2.50%	407 833	63 403	450 081	10.63	31 051	41.78	-	45 461
	2.50% to <10.00%	156 809	15 873	167 219	16.02	13 817	40.97	-	21 347
	10.00% to <45.00%	7 443	786	7 863	19.28	957	39.38	-	1 120
	45.00% to <100.00%	2 067	1 662	2 783	4.51	349	39.83	-	138
POCI non-default		718	388	1 483	7.83	128	41.65	-	776

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Retail revolving loans portfolio					
Stage 3	to 12 months	188 943	10 326	51.58	98 553
	from 13 to 24 months	53 884	2 506	55.49	30 323
	from 25 to 36 months	12 991	584	56.72	7 612
	from 37 to 48 months	3 381	179	45.29	1 559
	from 49 to 60 months	1 660	90	44.99	762
	from 61 to 84 months	1 282	70	45.04	592
	above 84 months	616	34	48.69	330
POCI	to 12 months	65	7	35.99	79
	from 13 to 24 months	247	8	56.18	121
	from 25 to 36 months	50	1	13.53	5
	from 37 to 48 months	68	5	12.06	5
	from 49 to 60 months	36	2	93.83	36
	from 61 to 84 months	7	1	16.72	1
	above 84 months	-	-	-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Retail mortgage portfolio (microfirms)									
Stage 1	0.00 to <0.15%	43 579	7 189	46 758	1.34	115	21.63	-	129
	0.15% to <0.25%	166 644	20 717	175 987	1.44	420	21.27	-	512
	0.25% to <0.50%	382 345	47 661	404 386	1.51	1 056	21.22	-	1 227
	0.50% to <0.75%	264 168	30 585	278 541	1.63	652	22.69	-	992
	0.75% to <2.50%	522 230	68 462	553 802	1.71	1 271	25.30	-	2 300
	2.50% to <10.00%	115 636	13 926	122 125	2.56	316	25.30	-	821
	10.00% to <45.00%	11 381	65	11 412	3.01	25	21.22	-	81
	45.00% to <100.00%	314	5	315	2.00	1	36.57	-	2
Stage 2	0.00 to <0.15%	2 667	148	2 738	5.31	9	22.62	-	140
	0.15% to <0.25%	24 910	2 068	25 890	6.30	55	22.11	-	1 076
	0.25% to <0.50%	71 747	2 891	73 086	8.81	155	22.64	-	4 086
	0.50% to <0.75%	58 844	2 866	60 028	6.77	130	22.95	-	3 221
	0.75% to <2.50%	121 501	4 439	123 105	8.44	277	24.17	-	8 359
	2.50% to <10.00%	26 335	465	26 553	11.33	69	21.34	-	1 547
	10.00% to <45.00%	6 429	10	6 430	22.60	8	20.58	-	570
	45.00% to <100.00%	4 733	405	4 923	2.02	9	23.72	-	57
POCI non-default		4 326	136	3 622	2.37	7	37.35	-	2

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Retail mortgage portfolio (microfirms)					
Stage 3	to 12 months	64 378	136	20.47	13 110
	from 13 to 24 months	39 784	79	26.44	10 465
	from 25 to 36 months	22 158	41	34.07	7 529
	from 37 to 48 months	10 337	17	36.00	3 704
	from 49 to 60 months	7 830	12	59.16	4 608
	from 61 to 84 months	9 256	13	66.44	6 119
	above 84 months	15 332	24	89.92	13 897
POCI	to 12 months	2 056	2	24.28	244
	from 13 to 24 months	341	2	19.02	46
	from 25 to 36 months	3 866	3	26.05	0.5
	from 37 to 48 months	1 762	2	40.19	129
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	1 728	6	19.91	129
	above 84 months	4 401	7	83.41	2 726

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Retail mortgage portfolio (natural persons)									
Stage 1	0.00 to <0.15%	24 351 698	265 033	24 534 806	0.18	94 469	18.01	-	7 637
	0.15% to <0.25%	6 039 381	161 398	6 127 186	0.27	22 855	17.47	-	2 789
	0.25% to <0.50%	4 894 688	120 602	4 969 221	0.39	18 981	17.20	-	3 296
	0.50% to <0.75%	1 475 242	31 160	1 495 699	0.51	5 905	16.97	-	1 274
	0.75% to <2.50%	1 221 115	10 084	1 235 018	0.55	5 862	16.68	-	1 114
	2.50% to <10.00%	156 597	1 059	160 675	0.96	1 000	16.70	-	252
	10.00% to <45.00%	32 365	397	34 076	1.91	275	16.78	-	97
	45.00% to <100.00%	1 104	-	1 149	24.59	9	13.47	-	24
Stage 2	0.00 to <0.15%	3 177 317	12 419	3 151 480	1.98	9 136	20.35	-	35 339
	0.15% to <0.25%	402 378	3 207	402 835	5.92	1 253	19.32	-	9 338
	0.25% to <0.50%	350 770	1 523	353 055	9.57	1 244	17.89	-	10 790
	0.50% to <0.75%	139 385	933	141 029	9.89	486	17.82	-	4 474
	0.75% to <2.50%	230 799	1 388	231 607	10.31	828	18.79	-	8 189
	2.50% to <10.00%	52 053	315	52 364	12.90	158	19.95	-	2 312
	10.00% to <45.00%	8 423	-	8 946	16.26	59	15.75	-	374
	45.00% to <100.00%	23 506	127	24 357	4.06	194	19.09	-	386
POCI non-default		39 983	-	34 160	6.44	139	21.00	-	586

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Retail mortgage portfolio (natural persons)					
Stage 3	to 12 months	216 233	855	21.13	45 761
	from 13 to 24 months	181 217	635	25.77	46 745
	from 25 to 36 months	69 061	303	41.85	28 960
	from 37 to 48 months	71 698	189	52.88	37 993
	from 49 to 60 months	42 401	110	65.23	27 689
	from 61 to 84 months	88 351	180	86.35	76 347
	above 84 months	113 678	200	94.80	107 832
POCI	to 12 months	9 712	26	20.73	1 354
	from 13 to 24 months	10 332	30	26.13	1 441
	from 25 to 36 months	10 273	13	48.82	3 823
	from 37 to 48 months	2 119	8	33.53	225
	from 49 to 60 months	579	2	21.34	125
	from 61 to 84 months	5 907	11	78.51	2 610
	above 84 months	16 432	34	91.66	10 521

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Corporations - specialized lending exposures									
Stage 1	0.00 to <0.15%	9 733 921	1 959 560	10 590 259	2.75	793	44.15	5.75	116 145
	0.15% to <0.25%	5 599	-	5 599	3.89	2	34.97	3.92	76
	0.25% to <0.50%	76 730	22 183	86 257	3.27	11	25.97	3.13	719
	0.50% to <0.75%	2	57	31	3.45	2	153.34	3.15	2
	0.75% to <2.50%	419 300	27 116	432 596	4.14	103	19.87	3.09	3 767
	2.50% to <10.00%	536 564	28 378	546 093	4.48	60	20.11	4.44	4 214
	10.00% to <45.00%	165 804	10 113	167 553	4.59	14	43.21	4.20	2 890
	45.00% to <100.00%	22 918	62	22 980	2.98	9	21.89	2.22	157
Stage 2	0.00 to <0.15%	1 159 017	78 579	1 186 690	6.91	67	44.65	4.31	81 900
	0.15% to <0.25%	-	-	-	-	-	-	-	-
	0.25% to <0.50%	-	261	132	3.45	1	153.85	3.00	12
	0.50% to <0.75%	1	0	1	3.53	4	104.83	5.00	0.1
	0.75% to <2.50%	249 936	214	250 150	5.60	13	34.85	2.52	13 941
	2.50% to <10.00%	42 243	-	42 243	2.05	3	23.01	1.12	306
	10.00% to <45.00%	19 230	178	19 408	19.58	2	11.05	5.38	3 557
	45.00% to <100.00%	-	-	-	-	-	-	-	-
POCI non-default		17 645	-	18 671	1.83	1	34.61	3.21	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Corporations - specialized lending exposures					
Stage 3	to 12 months	431 432	37	-	242 090
	from 13 to 24 months	342 986	4	-	147 384
	from 25 to 36 months	134 727	5	-	88 498
	from 37 to 48 months	16 324	4	-	16 324
	from 49 to 60 months	150	1	-	150
	from 61 to 84 months	9 709	3	-	3 391
	above 84 months	150	1	-	150
POCI	to 12 months	56 212	5	-	30 293
	from 13 to 24 months	-	-	-	-
	from 25 to 36 months	50	1	-	27
	from 37 to 48 months	9 873	1	-	8 251
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	74 831	1	-	48 068
	above 84 months	209 006	2	-	164 825

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Corporations - medium and small enterprises									
Stage 1	0.00 to <0.15%	375 116	935 588	799 400	0.17	1 224	33.52	1.48	315
	0.15% to <0.25%	380 632	639 512	656 363	0.29	818	34.85	1.59	503
	0.25% to <0.50%	596 694	1 386 203	1 069 956	0.53	1 730	26.46	2.47	1 210
	0.50% to <0.75%	795 294	794 799	1 082 827	0.74	1 178	23.94	2.35	1 573
	0.75% to <2.50%	4 691 577	3 503 640	5 838 997	1.40	5 288	20.30	2.38	14 249
	2.50% to <10.00%	1 860 982	1 211 002	2 284 937	2.95	1 967	20.38	2.33	12 181
	10.00% to <45.00%	43 426	71 434	79 123	4.85	196	13.82	2.37	330
	45.00% to <100.00%	11 682	5 014	14 798	6.62	215	26.95	3.88	453
Stage 2	0.00 to <0.15%	57 324	130 271	92 288	2.33	546	24.11	1.43	514
	0.15% to <0.25%	59 361	104 928	129 728	3.11	96	38.48	0.55	1 277
	0.25% to <0.50%	95 160	70 294	118 206	3.47	167	20.78	2.76	1 440
	0.50% to <0.75%	171 753	88 219	207 303	3.67	145	22.72	2.90	2 939
	0.75% to <2.50%	651 978	210 196	727 127	4.37	847	13.82	1.73	6 477
	2.50% to <10.00%	407 690	147 743	467 528	5.63	569	16.85	1.80	4 509
	10.00% to <45.00%	64 618	19 359	76 690	12.68	144	17.03	2.71	1 521
	45.00% to <100.00%	173	1 122	740	31.03	30	46.72	3.25	109
POCI non-default		702	-	900	1.89	2	2.59	3.09	0.004

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Corporations - medium and small enterprises					
Stage 3	to 12 months	194 670	306	-	121 548
	from 13 to 24 months	108 019	150	-	79 126
	from 25 to 36 months	36 192	62	-	25 896
	from 37 to 48 months	27 065	67	-	21 411
	from 49 to 60 months	143	3	-	143
	from 61 to 84 months	1 555	7	-	994
	above 84 months	-	-	-	-
POCI	to 12 months	39 901	21	-	9 007
	from 13 to 24 months	11 347	9	-	1 619
	from 25 to 36 months	767	3	-	200
	from 37 to 48 months	6 105	4	-	2 532
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	-	-	-	-
	above 84 months	-	-	-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

	PD scale	On-balance sheet exposures	Off-balance-sheet exposures	EAD (basis of ECL calculation)	EAD weighted average PD (%)	Number of exposures	EAD weighted average LGD (%)	EAD weighted average maturity (years)	Expected credit loss (ECL)
		a	b	c	d	e	f	g	h
Corporations - other									
Stage 1	0.00 to <0.15%	1 564 307	1 445 571	2 087 307	0.33	3 485	28.19	2.31	1 980
	0.15% to <0.25%	1 252 156	1 905 060	1 716 466	0.32	1 926	33.29	1.36	1 473
	0.25% to <0.50%	3 190 726	2 184 664	3 788 702	0.50	4 706	35.06	1.79	4 496
	0.50% to <0.75%	1 685 976	1 258 370	2 104 393	0.71	3 366	29.34	1.86	2 976
	0.75% to <2.50%	5 789 713	4 479 970	7 254 004	1.33	14 403	24.08	2.37	15 937
	2.50% to <10.00%	2 168 763	1 059 457	2 552 678	2.50	6 343	20.19	2.54	9 355
	10.00% to <45.00%	147 129	23 944	156 086	6.16	737	13.77	3.78	1 160
	45.00% to <100.00%	36 960	34 509	63 064	2.88	578	50.58	2.28	1 099
Stage 2	0.00 to <0.15%	132 424	141 298	206 159	2.40	2 723	47.06	1.94	2 400
	0.15% to <0.25%	99 771	59 428	121 073	3.90	270	23.37	1.33	932
	0.25% to <0.50%	578 913	317 122	714 274	2.63	745	26.45	2.63	6 256
	0.50% to <0.75%	390 384	168 165	450 302	2.31	607	37.42	1.91	4 535
	0.75% to <2.50%	629 998	549 269	807 729	4.40	2 088	22.96	2.15	9 761
	2.50% to <10.00%	757 474	152 470	836 632	4.84	1 889	16.90	2.85	7 397
	10.00% to <45.00%	33 366	22 638	52 048	14.35	364	12.44	2.30	1 100
	45.00% to <100.00%	22 831	6 027	26 881	10.57	293	34.01	1.30	8 139
POCI non-default		-	-	-	-	-	-	-	-

	Time in default	EAD (basis of ECL calculation)	Number of exposures	EAD weighted average LGD (%)	Expected credit loss (ECL)
		a	b	c	d
Corporations - other					
Stage 3	to 12 months	265 538	596	-	153 837
	from 13 to 24 months	180 663	194	-	104 712
	from 25 to 36 months	65 544	110	-	59 851
	from 37 to 48 months	66 131	244	-	46 929
	from 49 to 60 months	46 865	74	-	46 728
	from 61 to 84 months	21 552	207	-	20 286
	above 84 months	28 390	16	-	24 780
POCI	to 12 months	-	-	-	-
	from 13 to 24 months	2 428	3	-	271
	from 25 to 36 months	1 903	1	-	-
	from 37 to 48 months	1	1	-	1
	from 49 to 60 months	1 832	2	-	1 862
	from 61 to 84 months	25 018	2	-	6 590
	above 84 months	-	-	-	-

9. Operational risk

Operational risk is understood as the possibility of a loss resulting from inadequate or failed internal processes, people and systems or from external events, including also legal risk. It is comprehensive in nature, and can be caused by both factors in the Bank's environment and the Bank itself. External and internal factors affecting operational risk, due to their dynamic nature, are subject to constant analysis and evaluation.

Operational risk management is performed in mBank and, at the consolidated level, in mBank Group. While organising the operational risk management process, the Bank takes into account regulatory requirements, which are the starting point for preparation of framework for the operational risk control and management system in the Bank and the mBank Group.

The aim of operational risk management in the Bank is to reduce the causes of operational events, the probability of their occurrence and the severity of potential consequences. mBank focuses its activities on an effective management process in each line of defense. An important factor for mBank Group is to deepen the awareness of operational risk and build an organizational culture that allows to develop appropriate risk mitigating mechanisms. When deciding on the acceptable level of operational risk, the following analysis is considered: costs vs. benefits.

Due to the dynamics of changes in the factors influencing operational risk, the key elements of the risk management process are: identification, control and monitoring , counteracting the materialization of operational risks and reporting risks.

In order to effectively manage operational risk, the bank uses methods and quantitative and qualitative tools that aim at cause-oriented management of this risk. The bank carries them out in conjunction with the control function, which is part of the internal control system.

The basic tools for operational risk management are: Operational Loss Register, Self-Assessment of Operational Risk, Operational Risk Scenarios, Key Risk Indicators (KRI) and Risk Indicators (RI).

mBank Group conducts activities to protect mBank and its subsidiaries against the effects of operational risk materialization. To do this:

- a proactive operational risk control and management system for all significant business areas and at every level of the organizational hierarchy has been established,
- methods and tools for managing and controlling operational risk in organizational units of mBank and mBank Group subsidiaries are actively used,
- methods and tools for controlling and managing operational risk are coordinated across mBank Group.

The organization of the operational risk control and management system is designed to enable effective control and management of this risk at all levels of the Bank's organizational structure. The structure of operational risk control and management includes, in particular, the role of the Supervisory Board and its Committees, the Management Board of the Bank, the Risk Committees, the Vice President of Risk Management, the Integrated Risk Management Department, and the tasks of operational risk managers in individual organizational units and business areas of the bank within all lines of defense.

The central operational risk control function focuses on preparing and coordinating the bank's operational risk control and management process, developing tools, raising awareness in the bank about operational risk and the control function, and reporting the operational risk profile. Operational risk management, on the other hand, is carried out in each of the bank's organizational units and Group subsidiaries. It involves identifying, assessing and monitoring operational risk and taking measures to avoid, reduce or transfer it.

Operating in a number of significant business areas, throughout the country as well as outside of Poland through foreign branches, as part of a broad and diversified product offering aimed at a very broad spectrum of customers, naturally makes mBank vulnerable to operational risks that can come from a wide variety of sources.

In the classification of operating losses by business line segregated in accordance with the CRR Regulation, the vast majority of the mBank Group's operating losses are in the following lines: retail banking and trading in financial instruments. In the classification of losses by risk category, the Group's largest losses are in the operational risk category: customers, products and business practices. This level in 2023 was primarily due to incurred costs of legal risk related to loans in CHF and currency interest rate change transactions made in 2008.

The mBank Group continuously monitors risks related to the geopolitical situation, including the war in Ukraine. There have been no significant operational losses in this regard.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

The level of operational risk losses is monitored on an ongoing basis and reported regularly to the Bank's Management Board, the Bank's Supervisory Board and the Business and Risk Forum Committees. When operational loss thresholds are exceeded, there are monitoring and escalation mechanisms in the mBank Group. They ensure that operational events are analysed appropriately and trigger corrective actions.

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts, addressing disclosure requirements of art. 446, 445 and 438 letter d) of CRR Regulation.

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		2020	2021	2022		
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	5 919 723	6 327 942	8 394 971	948 174	11 852 173
3	Subject to TSA:	5 919 723	6 327 942	8 394 971		
4	Subject to ASA:	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

10. Liquidity risk

The below information addressees the scope of disclosure from table EU LIQA.
Liquidity risk is understood as the risk of losing the ability to fund assets and timely execute payments arising from mBank Group's balance sheet and off-balance sheet items on terms and conditions convenient for mBank Group and at a market price.

The purpose of liquidity risk management is to ensure and maintain mBank Group's ability to meet both current and future obligations. mBank Group accomplishes this goal by diversifying stable sources of funding in relation to customer groups (from which it obtains deposits), products and currencies, maintaining the liquidity buffer, while optimizing the balance sheet in terms of profitability. mBank Group's long-term activities in this area are implemented taking into account the conditions as to the possibility of obtaining funding and profitability of the business. To this end, mBank Group is preparing a funding strategy, which is an element of long-term liquidity management. It is to provide, among others effective diversification of sources and funding period. The strategy is based on business plans, describes the main sources of funding and factors affecting mBank Group's ability to obtain appropriate funding.

In 2023, mBank operated amid a tense geopolitical and market situation. Throughout the year, Russia continued hostilities in Ukraine, and in October another conflict began - Israel's war with Hamas. Although there was no direct impact of these actions on mBank, the ongoing wars increased uncertainty in the markets, causing fluctuations in currency exchange rates and commodity prices, and their potential further consequences remain difficult to predict.

The first quarter of 2023 saw uncertainty in the banking sector due to the collapse of US-based Sillicon Valley Bank and the problems of Credit Suisse, which was eventually acquired by UBS bank. Despite temporary uncertainty in the financial markets, the effect of shock transmission was halted, and the events of early 2023 did not affect mBank's liquidity position.

In 2023 The European Central Bank raised interest rates, justifying its decisions with persistent inflation in the eurozone. At the same time, the NBP, after a series of increases in 2022, lowered interest rates at meetings in September and October 2023. The drop in interest rates resulted in an increase in the prices of securities held by mBank and a partial return of funds placed in margin deposits. As a result of the reduction in interest rates, and the over-liquidity that accompanied banks in 2023, the banks gradually reduced deposit rates.

In the past year, mBank successfully carried out the issuance of green own bonds in the format of non-preferred senior bonds (NPS) in euros under the EMTN program.

As part of the conclusions from the analysis of market events, in 2023 mBank strengthened the process of monitoring of intraday liquidity and sentiment towards its brand in social media, and linked it to ongoing liquidity risk management.

Despite such volatile market conditions, mBank's liquidity measures throughout the reporting period were well above minimum regulatory levels and internal levels that determine risk appetite.

Risk management organization

The organization of liquidity risk management in mBank Group has a hierarchical structure. mBank's Supervisory Board approves and supervises the implementation of the Liquidity Risk Management Strategy adopted by the Bank's Management Board.

mBank Group established the liquidity adequacy assessment process (ILAAP), the purpose of which is to define the framework of the liquidity risk management process ensuring the maintenance of a sufficient level of liquidity in relation to the established risk appetite, allowing for the survival of defined stress conditions in a defined time horizon.

Strategic liquidity risk management is the responsibility of the Bank's Management Board, which delegates part of its responsibilities to appropriate committees, i.e. the Capital, Asset and Liability Committee and the Financial Market Risk Committee.

The roles and tasks in the area of liquidity risk management were organized according to the three defense lines model. The following units participate in this process.

- **Treasury Department** - first line of defense, provides funds for settlements on the bank's accounts, maintains certain values of risk parameters and measures within the granted liquidity limits, maintains a portfolio of securities as a buffer in the event of a stress situation materializing, ensures long-term funding in the form of issuance of debt securities and provides funding for companies from the mBank Group.
- **Financial Resources Management Department** - first line of defense is responsible for operational management of long term liquidity.

- **Financial Markets Settlement and Services Department** – first line of defense, is responsible for the operational supervision of the correctness of cash flows on the bank's accounts and performs functions in the settlement of securities transactions.
- **Balance Risk Management Department** - second line of defense, is responsible for control and ongoing monitoring of the Bank's liquidity risk level. Monitors the level of financial liquidity on a daily basis.
- **Internal Audit Department** – third line of defense, makes independent assessments of first and second line of defense.
- **Validation Unit –** in the scope of models validation for liquidity risk use.

Centralization level of liquidity risk management

mBank is the parent company in mBank Group. Therefore, as part of consolidated supervision and liquidity risk management at the mBank Group level, the Bank's Management Board sets the rules for intra-group funding and sets liquidity limits for individual entities of the mBank Group. Nevertheless, the management boards of individual subsidiaries are responsible for managing liquidity risk in their companies. They are also responsible for complying with intra-group limits accepted by them.

Measuring, limiting and reporting liquidity risk

mBank has a process of cyclical reporting of liquidity risk. It includes both the delivery of a standard daily management information package for entities dealing with liquidity risk management and persons controlling the liquidity risk management process at the operational level and for the purposes of making strategic decisions regarding liquidity risk.

The following measures are reported daily:

- regulatory measures,
- level of liquidity gap for mBank, mBank Group and subsidiaries significant from the point of view of liquidity risk along with the use of limits imposed on them in:
  - base scenario within one year and above one year time horizons,
  - stress scenarios,
- SLRR (Stress Liquidity Reserve Requirement), i.e. the requirement of a stress reserve calculated as the difference between the base scenario and the minimum of the stress scenarios and SLRP (Stress Liquidity Reserve Portfolio) - a portfolio of liquid assets with funding positions that serve as a buffer for the survival of defined crisis conditions. The value of the SLRP should exceed the SLRR over a survival horizon of 1 month,
- intraday liquidity,
- other internal measures of liquidity risk.

The following measures are reported weekly:

- early warning indicators (EWI). The liquidity risk monitoring system is supported by a set of early indicators EWI, consisting of indicators monitoring the level of use of regulatory and internal limits, indicators monitoring significant changes in market factors, changes in the balance sheet structure, as well as market perception of the Bank,
- recovery indicators.

The following measures are reported monthly:

- regulatory and internal liquidity measures for members of the Bank's Management Board,
- regulatory and internal liquidity measures for the Financial Markets Risk Committee (KRF),
- regulatory measures, internal liquidity measures and forecasts of liquidity measures including business development forecasts for the Capital, Assets and Liabilities Management Committee (CALCO).

Regulatory measures and internal liquidity measures are reported on a quarterly basis to the Bank's Supervisory Board.

The basic measure reflecting mBank Group's liquidity position is the mismatch gap resulting from the future cash flows, taking into account behavioral modeling for selected items. It includes all assets, liabilities and off-balance sheet items of mBank Group for all currencies within set time horizons.

For the purposes of ongoing liquidity monitoring, mBank Group calculates the values of the actual, cumulative cash flow mismatch gap. The adjusted gap is calculated on the basis of contractual flows.

Primarily, the subject to adjustment are the cash flows resulting from the portfolio of deposits of non-banking customers, the portfolio of overdraft facilities and cash flows of the portfolio of term loans. When calculating liquidity measures, mBank Group takes into account the potential possibilities of obtaining funds from liquidation or pledging of securities comprising the Liquidity Reserves.

Stress tests

mBank Group regularly conducts liquidity risk stress tests. Tests are carried out on each reporting day. The results are included in the daily report sent to persons involved in the liquidity risk management process, as well as to bodies and committees operating in mBank Group.

Stress test results inform the Bank's Management Board and management about the impact of adverse and unexpected conditions associated with various types of risk on mBank Group's liquidity position, and also indicate the balancing capacity necessary to limit the adverse effects of market shocks.

In order to determine mBank Group's resistance to adverse, significant events that may lead to loss of liquidity, scenario analyses are carried out covering extreme assumptions regarding the functioning of financial markets and / or behavioral phenomena concerning clients.

For this purpose, stress test scenarios are regularly calculated in the short and long term, in the bank stress, market stress and combined scenarios.

Stress tests are used in mBank Group to manage liquidity risk on an ongoing basis. An integrated stress test is carried out annually taking into account the impact of materialization of other types of risk on the liquidity position and an in-depth liquidity analysis covering the scenario of credit risk materialization at mBank and mBank Group level.

In addition to the set of liquidity stress tests, reverse scenario is carried out annually to identify the most significant risk factors and to determine the liquidity risk appetite and severity of liquidity risk stress scenarios. In addition, a crisis scenario for intraday liquidity risk is calculated on a monthly basis.

As part of the annual process, the materiality of individual liquidity risk factors is assessed at the Group level based on a quantitative criterion. Currently, the material risk factors for mBank Group's are:

- volatility of deposit base, taking into account the division into major business,
- increase in potential drawing of unused off-balance sheet commitments,
- sensitivity to changes in the valuation of the liquid securities portfolio,
- increased demand for intraday liquidity,
- sensitivity to changes in the valuation of derivative transactions resulting in the need to top up collateral,
- increased liquidity needs of the Banks' subsidiaries,
- early repayment of loans,
- increased mandatory reserve requirement,
- deterioration of the capital position,
- losses from materialization of other risk types.

On a monthly basis, mBank Group performs stress scenarios based on forecast liquidity risk measures. The first scenario assumes the inability to execute the planned issuances of debt securities, the second scenario additionally assumes the materialization of the outflow of identified large deposits.

Contingency plan

mBank Group has a Liquidity Contingency Plan, which defines the strategy and procedure to be followed in the case of liquidity shortages in the event of a liquidity threat by mBank Group in order to neutralize this threat.

The provisions of the Contingency Plan specify the division of tasks between mBank's organizational units, in the scope of:

- ongoing assessment of mBank and mBank Group liquidity,
- analysis and identification of the risk of an emergency situation related to the threat of liquidity loss,
- the procedure to be followed in a situation when this risk materializes.

Description of the emergency procedure includes:

- general rules of conduct in case various emergency scenarios materialize, including:
  - scope of duties and responsibilities,

  - authorization to make a decision regarding the initiation and termination of emergency procedure,
  - determining the time needed to start actions,
  - decision-making paths,
- outline - when and how to act in the event of a disruption in mBank Group's ability to fund operations at reasonable costs,
- defined sources of funding in the event of deterioration of liquidity,
- identifying a set of alternative funding sources potentially available in an emergency,
- clarifying the rules for the internal exchange of information on mBank Group's current liquidity situation during emergency proceedings,
- developing communication rules with external entities and internal stakeholders to limit reputational risk.

In addition, tests are conducted of the Contingency Plan for mBank Group and based on their results changes are made to the provisions of the Plan. The results of the Contingency Plan test are reported and analyzed at the level of the KRF Committee and the Bank's Management Board.

Other information and quantitative data

Execution of the strategy of ensuring liquidity of the Bank consists in active management of balance sheet structure of future cash flows and keeping liquidity reserves adequate to the liquidity needs, resulting from the activity and structure of the balance sheet of mBank Group, obligations to subsidiaries and the current market situation as well as the demand for liquid assets, resulting from the conducted stress tests.

mBank keeps a surplus of liquid and unencumbered assets constituting the Liquidity Reserves, for which there is a possibility of pledging, transaction on repo market or selling at any time without significant loss in value. Liquidity reserves were composed mainly of the Polish government debt securities in PLN and EUR, bills issued by National Bank of Poland in PLN, government debt securities in CZK, EUR and USD and other debt securities meeting the criteria of collateral for a refinancing loan with National Bank of Poland.

The amount of mBank's liquidity reserve in the years 2022 and 2023 is presented in the table below:

mBank's value of Liquidity Reserves (in PLN million)	
31.12.2023	31.12.2022
58 876	60 147

In addition, mBank also maintains cash surpluses placed on accounts with central banks in Poland, the Czech Republic and Slovakia. As of December 31, 2023 the Bank accumulated a total PLN 35.1 billion on nostro accounts and interbank deposits.

In mBank Group the Liquidity Reserves are held also by mBank Hipoteczny (mBH). Liquidity Reserves of mBH were composed of the Polish Government debt securities in PLN and bills issued by the National Bank of Poland in PLN. The value of the reserves in the years 2022 and 2023 amounted to:

mBH's value of Liquidity Reserves (in PLN million)	
31.12.2023	31.12.2022
845	1 190

In order to support the process of liquidity risk management, a system of early warnings indicators and recovery indicators was developed in the Bank. It is composed of indicators monitoring the level of regulatory and internal limits and additionally, indicators monitoring significant changes of market factors, as well as changes in mBank's balance sheet structure. Exceedance of thresholds by defined indicators may be a trigger for the launch of the Contingency Plan or the Recovery Plan.

Due to the use by mBank of FX swap and CIRS instruments to convert surpluses in local currencies into foreign currencies, internal limits are in place on the use of these instruments. Moreover, in order to limit the concentration in FX swaps, the amounts obtained in such transactions are monitored in monthly time bands up to 1 year.

Other measures of liquidity risk are calculated and reported in mBank as follows:

- concentration of funding sources,
- stability of deposit base,
- early withdrawals of deposits,
- ratio of long-term funding for the real estate market,

- liquidity risk concentration within off-balance sheet positions related to related to financial and guarantee liabilities.

In the LAB methodology, the LAB Base Case measure is the primary management measure and it is also used for limiting the liquidity gap in particular foreign currencies.

Value of realistic cumulative gap of cash flows misfit (in PLN million) on mBank Group level				
Time bucket	LAB Base Case - 31.12.2023		LAB Base Case - 31.12.2022	
	bucket	cumulative	bucket	cumulative
up to 1 working day	59 098	59 098	42 168	42 168
up to 3 working days	54	59 152	1 714	43 882
up to 7 calendar days	1 617	60 769	10	43 892
up to 15 calendar days	(3 074)	57 695	(2 109)	41 783
up to 1 month	(4 979)	52 716	(2 406)	39 377
up to 2 months	(376)	52 340	756	40 133
up to 3 months	(2 461)	49 879	(2 997)	37 136
up to 4 months	(1 239)	48 640	(504)	36 632
up to 5 months	(1 858)	46 782	(1 428)	35 204
up to 6 months	(1 184)	45 598	(956)	34 248
up to 7 months	(1 531)	44 067	(922)	33 326
up to 8 months	(1 463)	42 604	(1 094)	32 232
up to 9 months	(1 215)	41 389	(1 089)	31 143
up to 10 months	(982)	40 407	(258)	30 885
up to 11 months	(1 577)	38 830	(1 266)	29 614
up to 12 months	(1 479)	37 351	(1 273)	28 346

The above values should be interpreted as liquidity surpluses/shortages in the aforementioned time buckets. In 2023, an increase of deposit base and the low dynamics of lending had a direct impact on strengthening the liquidity position.

LAB cash flows gaps mismatch in terms up to 1 month and up to 1 year within 2023 and values of regulatory measures LCR and NSFR are presented in the following table:

	31.12.2023	31.12.2022
LAB Base Case 1M	52 716	39 377
LAB Base Case 1Y	37 351	28 346
LCR	225%	201%
NSFR	158%	150%

The LCR and NSFR measures remained on safe level, significantly exceeding 100%.

EU LIQ1 – Quantitative information of LCR, addressing disclosure requirements of art. 451a point 2) of CRR Regulation (in PLN million).

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**
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)					76 155	69 752	62 950	57 049
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	132 780	132 165	128 623	124 742	10 622	10 670	10 349	9 946
3	*Stable deposits*	*89 713*	*88 765*	*87 168*	*86 105*	*4 486*	*4 438*	*4 358*	*4 305*
4	*Less stable deposits*	*43 067*	*43 400*	*41 455*	*38 637*	*6 136*	*6 232*	*5 990*	*5 641*
5	Unsecured wholesale funding	48 115	45 466	44 535	43 537	20 235	18 976	18 462	18 018
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*8 596*	*8 388*	*8 537*	*8 936*	*2 052*	*1 996*	*2 029*	*2 125*
7	*Non-operational deposits (all counterparties)*	*39 319*	*36 876*	*35 848*	*34 380*	*17 983*	*16 778*	*16 283*	*15 672*
8	*Unsecured debt*	*200*	*203*	*150*	*221*	*200*	*203*	*150*	*221*
9	*Secured wholesale funding*					-	-	-	-
10	Additional requirements	22 564	22 294	22 211	22 062	4 888	4 842	4 626	4 397
11	*Outflows related to derivative exposures and other collateral requirements*	*2 708*	*2 662*	*2 465*	*2 259*	*2 708*	*2 662*	*2 465*	*2 259*
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	*19 856*	*19 632*	*19 746*	*19 803*	*2 180*	*2 180*	*2 161*	*2 138*
14	Other contractual funding obligations	1 020	1 016	*1 146*	1 119	815	836	976	948
15	Other contingent funding obligations	16 363	16 054	16 111	15 860	718	717	719	702
16	TOTAL CASH OUTFLOWS					37 278	36 042	35 132	34 011
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	12 170	8 729	5 382	2 661	-	-	-	-
18	Inflows from fully performing exposures	3 685	4 390	5 342	5 843	2 570	3 266	*4 171*	4 643
19	Other cash inflows	663	583	540	460	663	583	*540*	460
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)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	16 518	13 702	11 264	8 964	3 233	3 849	4 712	5 103
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*16 518*	*13 702*	*11 264*	*8 964*	*3 233*	*3 849*	*4 712*	*5 103*
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					76 155	69 752	62 950	57 049
22	TOTAL NET CASH OUTFLOWS					34 045	32 193	30 420	28 908
23	LIQUIDITY COVERAGE RATIO					224%	217%	207%	197%

The below table addresses the scope of disclosures from EU LIQB table.

As of December 31, 2023, the LCR ratio of mBank Group reached 225% and in the fourth quarter the LCR measure remained on a safe level, significantly exceeding 100%.

In 2023, the increase in the liquidity coverage ratio was mainly driven by:

- increase in the deposit base included in the calculation of the LCR indicator by PLN 15.7 billion compared to the end of 2022 (excluding the effect of changes in foreign exchange rates),
- lower lending activity by PLN 2.9bn compared to the end of 2022 (excluding the effect of changes in foreign exchange rates),
- issue of own bonds under the EMTN programme in the amount of EUR 750 million,
- increase in the valuation of securities included in liquid assets,
- decrease in the amount (net) of collateral deposits placed by the Bank.

As a result of these changes, the level of the liquidity buffer remains high in relation to the expected net outflows over a 30-day horizon as at 31 December 2023.

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:

- Polish treasury bonds in PLN and EUR,
- bills issued by the National Bank of Poland,
- treasury bonds issued by the central governments of the EU Member States in EUR and CZK, and by the US Treasury in USD,
- bonds issued by the European Investment Bank, and bonds of the Polish Development Fund and Bank Gospodarstwa Krajowego in PLN and EUR guaranteed by the State Treasury,
- excess of the required reserve in the National Bank of Poland, the National Bank of Czech and the National Bank of Slovakia,
- funds held at central banks in the form of deposits and reverse repo operations with central banks.

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

The main source of financing are deposits, which as of December 31, 2023 accounted for 93.03% of all external sources of financing. The deposit base is diversified, and the deposits of the 10 largest customers as of December 31, 2023 accounted for 2.6% of the deposit base. The other sources of financing are:

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

The mBank Group identifies three significant currencies in accordance with Art. 4(5) of the EU Commission Delegated Regulation 2015/61 and with Art. 415(2) of the CRR Regulation: PLN, CZK and EUR, for which the LCR ratio 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 December 31, 2023, the impact of the adverse market scenario on derivatives accounted for 0.67% of the total unweighted outflow value included in the LCR.

Information regarding NSFR

The table below presents quantitative NSFR data as of 31 December 2023 (data in PLN million).

EU LIQ2: Net Stable Funding Ratio, addressing disclosure requirements of art. 451a point 3) 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	13 735	-	-	2 671	16 406
2	Own funds	13 735	-	-	1 874	15 609
3	Other capital instruments		-	-	797	797
4	Retail deposits		111 492	-	15 760	120 013
5	Stable deposits		78 211	-	10 926	85 226
6	Less stable deposits		33 281	-	4 834	34 787
7	Wholesale funding:		59 625	1 142	13 815	40 866
8	Operational deposits		9 283	-	-	4 642
9	Other wholesale funding		50 342	1 142	13 815	36 224
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	176	25 829	18	76	85
12	NSFR derivative liabilities	*176*				
13	All other liabilities and capital instruments not included in the above categories		25 829	18	76	85
14	**Total available stable funding (ASF)**					177 370
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					6 922
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		15	-	7 990	6 804
16	Deposits held at other financial institutions for operational purposes		145	-	-	72
17	Performing loans and securities:		16 665	9 376	64 157	63 015
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		613	87	480	585
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		14 610	7 975	30 024	36 807
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		122	126	31	144
22	Performing residential mortgages, of which:		1 419	1 015	32 260	24 242
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		331	340	21 982	14 623
24	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		23	299	1 394	1 381
25	**Interdependent assets**		-	-	-	-
26	**Other assets:**		50 166	2 304	22 010	33 558
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	1 863	1 584
29	NSFR derivative assets		-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
31	All other assets not included in the above categories		50 166	2 304	20 147	31 974
32	**Off-balance sheet items**		35 891	2 833	-	1 936
33	**Total RSF**					112 307
34	**Net Stable Funding Ratio (%)**					158%

As of December 31, 2023, the Net Stable Funding Ratio (NSFR) of mBank Group reached the level of 158% and in 2023 the NSFR measure remained at a safe level, significantly exceeding 100%.

11. Transitional arrangements regarding IFRS 9

The Bank decided, for the purpose of capital adequacy calculation, including calculation of own funds, based on Article 1 paragraph 9 of Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending the CRR Regulation, not to apply the transitional arrangements, which allows to mitigate the impact on capital related to the introduction of IFRS 9.

The capital ratios reported in this document, including the leverage ratio and Tier 1 capital, fully reflect the impact of IFRS 9.

12. Remuneration Policy for employees having material impact on the risk profile

mBank S.A. subject to CRR Regulation and the Banking Law, is obliged to announce qualitative and quantitative information regarding the remuneration policy in a generally accessible manner. The below information addressees the scope of disclosure from table EU REMA.

Information on the process of determining the policy of variable components of remuneration

mBank has in place the Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A. (hereinafter referred to as the "Remuneration Policy"), which was adopted for the first time by the Supervisory Board in December 2011. Since then, the Remuneration Policy has been subject to annual verification. The Remuneration Policy applicable in 2023 was approved by Resolution of the Supervisory Board No. 281/23 of 2 March 2023.

Remuneration Policy was compliant with:

1. Polish Banking Law Act of 29 August 1997 implementing Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended by Directive (EU) 2019/878 of 20 May 2019),
2. Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on the Risk Management System, Internal Control System and Remuneration Policy at Banks,
3. Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04 of 2 July 2021),
4. Recommendation Z on the principles of internal governance in banks issued by the Polish Financial Supervision Authority.

The adopted Remuneration Policy:

1. supports sound and effective risk management and does not encourage employees to take excessive risk exceeding the general acceptable risk level approved by the Supervisory Board of the Bank,
2. supports the implementation of the Bank management strategy and risk management strategy, including environmental, social and governance (ESG) risk, its corporate culture and values, risk culture, including with regard to long-term interests of the Bank, and limits conflicts of interest,
3. supports responsible and prudent capital management. In particular, prior to making a decision to pay variable components of remuneration, the following are taken into consideration: the current and forecast capital position and the provisions of the Act on Macroprudential Supervision over the Financial System and Crisis Management in the Financial System pertaining to the calculation of the maximum distributable amount (MDA),
4. sets out the remuneration rules for employees identified as having a material impact on the risk profile of the Bank („Risk Takers") by determining fixed and variable components of remuneration. The criteria and the process of selecting Risk Takers are laid down in a separate document – the Risk Takers Identification Policy,
5. ensures transparent rules of determining and paying the bonus being a component of variable remuneration,
6. is gender neutral.

The Risk Takers Identification Policy of mBank S.A. (hereinafter referred to as the "Identification Policy"), approved by the Bank's Management Board, the Remuneration and Nomination Committee and the Supervisory Board of the Bank, stipulates the rules of identifying persons whose professional activities have material impact on mBank's risk profile, and meets the following requirements arising from:

1. Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92 (3) of that Directive,
2. Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on the Risk Management System, Internal Control System and Remuneration Policy at Banks.

The Identification Policy, similarly to the Remuneration Policy, has been subject to annual verification.

In addition, acting on the basis of Article 90d(1) of the Act of 29 July 2005 on public offering and the conditions for introducing financial instruments into the organised trading system and on public companies, on 27 March 2020 the General Shareholders Meeting of mBank S.A. adopted the "Remuneration Policy for the Members of the Management Board and the Supervisory Board of mBank S.A." for application. With regard to the members of the Management Board, the Remuneration Policy for Members of the

Management Board and Supervisory Board of mBank S.A. is only applicable to the extent not regulated in the Remuneration Policy. With regard to members of the Supervisory Board, the Remuneration Policy for Members of the Management Board and Supervisory Board of mBank S.A. indicates that the amount of remuneration for members of the Supervisory Board is determined by the General Shareholders Meeting by resolution.

Remuneration and Nomination Committee of the Supervisory Board of mBank

The Remuneration and Nomination Committee of the Supervisory Board has been operating since 15 April 2023 (formerly as the Remuneration Committee). The Committee provides consultancy and advisory to the Supervisory Board and performs other tasks arising from its rules, applicable laws, and regulatory recommendations and guidelines. As at 31 December 2023, the Committee was composed as follows:

- Prof. Agnieszka Słomka-Gołębiowska – Committee Chairwoman
- Dr. Bettina Orlopp
- Tomasz Bieske
- Mirosław Godlewski
- Dr. Marcus Chromik

Pursuant to the applicable Rules of the Remuneration Committee, its main tasks include:

1. giving opinions, at least once a year, on the remuneration policies adopted at the Bank, submitting proposals for changes and presenting opinions to the Supervisory Board in this respect,
2. monitoring the remuneration policies adopted at the Bank and supporting the Bank's governing bodies in the supervision, development and implementation of these policies,
3. annual verification of the Identification Policy, including reviewing the criteria and process under which decisions are made, submitting proposals for changes and presenting opinions to the Supervisory Board in this regard,
4. annual assessment of the functioning of the remuneration policies and assessment, at least once every four years, of the Remuneration Policy for Members of the Management Board and Supervisory Board of mBank S.A., taking into account the applicable regulatory requirements and presenting its results to the Supervisory Board,
5. verification of indicators for a given calendar year adopted to calculate the bonus pool and verification of the final bonus pool of mBank Group,
6. monitoring the level and structure of remuneration, in particular remuneration for the so-called Risk Takers and issuing recommendations on general recommendations for the Management Board regarding the level and structure of remuneration for Risk Takers, with particular emphasis on persons holding managerial positions in the independent control function, including risk management, compliance and internal audit functions as well as the security function,
7. With respect to the Bank’s Management Board Members:
   a) consideration of matters relating to the principles of remuneration and the amount of remuneration for members of the Management Board, including approving templates of management contracts and recommending to the Supervisory Board the amount of basic remuneration, benefits and the amount of severance pay,
   b) setting and accounting for goals and results for Members of the Management Board, including scorecards,
   c) recommending to the Supervisory Board the definition of key performance indicators (KPIs) being the basis for calculating the bonus pool for the given calendar year, the number of KPIs, the percentage share of each KPI in the bonus pool, verifying the bonus pool for Members of the Management Board and recommending to the Supervisory Board the distribution of this pool among individual Members of the Management Board,
   d) annual determination of the situation of mBank Group in connection with Article 142 sec. 2 of the Banking Law (i.e. solvency / liquidity status of mBank Group) for the purposes of determining the amount of bonuses for Members of the Management Board. Issuing recommendations to the Supervisory Board on not paying the full payment or reducing the amount of the bonus,
   e) issuing an opinion to the Supervisory Board on reduction, non-payment or full refund of payments or reduction of the amount of non-deferred and deferred bonuses for Members of the Management Board in accordance with the provisions of the Remuneration Policy ,
   f) issuing an opinion to the Supervisory Board on non-payment of all or part of the payment or reduction of the severance pay for Members of the Management Board in accordance with the provisions of the management contract,

g) making other decisions or performing other activities specified in or resulting from the Remuneration Policy or agreements concluded with Members of the Management Board.
h) taking other decisions or performing other activities as defined or stipulated in the Remuneration Policy or agreements concluded with the Board Members.

In 2023, the Remuneration Committee held one meeting, the newly-appointed Remuneration and Nomination Committee held five meetings, whereas the Supervisory Board, which supervises the remuneration area at the Bank, held six meetings.

Process of determining the policy of variable remuneration components

The annual process of verifying and introducing appropriate amendments to the Remuneration Policy and the Identification Policy is coordinated by the Director of the Employee Relations and Organisation Culture Department (organisational unit reporting directly to the Vice-President of the Management Board, Chief People and Regulatory Officer), who is supported by a team of employees responsible for risk management, legal issues and compliance (among others, with regard to issues related to the selection of criteria indicating the positions having a material impact on the risk profile, compliance of applicable policies with regulatory requirements and market practices in this scope).

The Remuneration Policy and the Identification Policy are assessed and modified by the Supervisory Board based on the recommendation of the Bank's Management Board, taking into account the opinion of the Remuneration and Nomination Committee.

The most relevant information concerning the determination of remuneration in 2023

The total remuneration of the Management Board Members and other employees having material impact on the risk profile of the Bank has been divided into a fixed part (annual basic remuneration and fixed benefits) and a variable part. The bonus, which is awarded and paid in accordance with the rules laid down in the Remuneration Policy, is a part of variable remuneration.

The variable remuneration is determined in a clear and verifiable manner, ensuring effective implementation of the Remuneration Policy. The maximum level of the variable remuneration components of the persons who are subject to the Remuneration Policy cannot exceed 100% of the basic remuneration (in the case of the Bank's Management Board Members) or the fixed remuneration (in the case of other employees) paid for a given calendar year.

A part of the variable remuneration is paid in the form of subscription warrants issued and executed pursuant to the rules and within the deadlines set forth in the Incentive Programme and the Incentive Programme Rules.

The maximum ratio of the average total annual gross remuneration of Bank's Management Board Members to the average total annual gross remuneration of other bank employees is set at 50.

<u>Members of the Bank's Management Board (Risk Takers I):</u>

The Supervisory Board determines the bonus amount for a given calendar year for each Management Board Member individually and in accordance with the criteria laid down in the Remuneration Policy, based on the assessment of the achievement of MbO objectives and score cards covering a period of at least 3 years, taking into account the business cycle of the Bank, the risk inherent in the Bank's business activity, and the Bank's capital and liquidity situation in the long-term perspective. The bonus amount depends on the amount of the bonus pool.

Starting from 2023, the bonus pool for a given calendar year is determined based on the total of amounts calculated using KPIs. The Supervisory Board approves:

- definition of KPIs,
- number of KPIs in a given year,
- percentage share of every KPI in the bonus pool,
- results considered as a 100% achievement of individual KPIs and the actual results for the KPIs.

A 100% achievement of every KPI corresponds to a bonus pool amounting to eight times the monthly basic remuneration of all Management Board Members. Where the KPI achievement is higher or lower than 100%, its percentage result is increased or decreased proportionally. The percentage result for every KPI is the weighted average of results from the calendar year for which the bonus is awarded and the two preceding years, calculated in accordance with the rules laid down in the Remuneration Policy. The Supervisory Board may decide to increase or decrease the bonus pool calculated based on KPIs if one-off events occur, such as a one-off transaction affecting costs or P&L or other events resulting from measures taken by public administration bodies or regulatory bodies, that are generally outside the control of a Management Board Member or that can be controlled by a Management Board Member to a limited extent only.

The MbO objectives for the Management Board of mBank are subject to the Supervisory Board's approval based on the process guidelines adopted, among others, by the Remuneration and Nomination Committee of the Supervisory Board. The objectives are determined by:

- strategic aspirations of mBank Group, including ESG aspirations,
- long-term objectives set out in the medium-term financial plan,
- annual financial plan.

In principle:

1. financial objectives account for 30%-50% of objectives (the weights depend on the impact of individual Management Board Members on these objectives),
2. qualitative objectives account for 50%-70% of objectives (depending on the scope of responsibility of an individual Management Board Member)

The bonus consists of a non-deferred part (40% of the bonus) and a deferred part (60% of the bonus).

Both the deferred part and the non-deferred part are divided into equal portions: 50% paid in cash and 50% paid in subscription warrants. The non-deferred part in cash is paid in the year when the bonus is awarded. The other half of the non-deferred part (50%) is paid in the form of subscription warrants, not earlier than after the lapse of 12 months since the approval of consolidated financial statements for mBank Group.

The deferred part, both the cash portion and the subscription warrant portion, is paid in the subsequent calendar years, starting from the year following the year for which the bonus is awarded, in five equal annual tranches. In each tranche, the cash portion is paid once the Consolidated Financial Statements of mBank Group for the previous calendar year have been approved, and the subscription warrant portion is paid not earlier than after the lapse of 12 months from the date on which the Consolidated Financial Statements are approved.

In particularly justified cases when there is a need to mitigate the risk connected with maintaining a sound capital base of the Bank, enabling it to effectively respond to the economic situation in Poland and external circumstances beyond the Bank's control, the Supervisory Board may adopt a resolution to pay the cash tranche in whole or in part (both the non-deferred and deferred tranche) in the form of subscription warrants, in accordance with the rules set out above.

Employees who are not the mBank's Management Board Members and who have a material impact on the Bank's risk profile (Risk Takers II):

The Bank's Management Board assesses the performance of an employee on an annual basis and in longer periods; where the employee is found to have accomplished the objectives, the Bank's Management Board can decide to set a bonus amount, taking into account the total remuneration of the employee. The decision on the bonus amount is made at the sole discretion of the Bank's Management Board, which in accordance with its independent assessment and decision confirms the accomplishment of the employee's objectives, taking into account the situation in financial markets in the last financial period/previous financial periods. The bonus amount cannot be higher than the employee's annual fixed remuneration (total of the basic remuneration paid to the employee every month in the year for which the bonus and fixed benefits are awarded). The employees who are not the Bank's Management Board Members and who have a material impact on the Bank's risk profile set objectives in accordance with the OKR (Objectives and Key Results) approach. In accordance with the OKR approach objectives are transparent, monitored quarterly and can be set for several areas jointly (cross area objectives).

The objectives for employees to be achieved in the next calendar year are set in cooperation with the Bank's Management Board Members by 31 December of the previous year, and then communicated to managers and teams. As a general rule objectives are either financial or qualitative. The proportions between them depend on the priorities of a given area.

The variable remuneration paid to the heads of the internal audit unit, the compliance unit, the legal unit and the units responsible for second-level risk management and HR issues depends on achieving goals resulting from their functions and does not depend on the financial performance of the Bank's areas supervised by them.

If the amount of the variable remuneration component determined by the Bank's Management Board does not exceed:

1. one-third of the total annual remuneration (basic remuneration plus bonus) or
2. if the bonus amount is not higher than the PLN equivalent of EUR 50 000 (as at the date of the decision),

the Bank's Management Board may decide not to defer the variable remuneration for the following years and pay the variable remuneration in whole in the form of non-deferred cash instead.

If the amount of the variable remuneration exceeds the assumed limits, the bonus consists of the non-deferred part (60% of the bonus) and the deferred part (40% of the bonus).

Both the deferred part and the non-deferred part are divided into equal portions: 50% paid in cash and 50% paid in subscription warrants. The non-deferred part in cash is paid in the year when the bonus is awarded. The other half of the non-deferred part (50%) is paid in the form of subscription warrants, not earlier than after the lapse of 12 months from the Annual General Meeting date.

The deferred part, both the cash portion and the subscription warrant portion, is paid in the subsequent calendar years, starting from the year following the year for which the bonus is awarded, in:

1. five equal tranches to Risk Taker II – Managing Director of the Bank, and Risk Taker II – Member of the Management Board of an mBank Group subsidiary,
2. four equal tranches to the remaining Risk Takers II – Bank employees.

In each tranche, the cash portion is paid once the consolidated financial statements of mBank Group for the previous calendar year have been approved, and the subscription warrant portion is paid not earlier than after the lapse of 12 months from the date on which the consolidated financial statements are approved.

In particularly justified cases when there is a need to mitigate the risk connected with maintaining a sound capital base of the Bank, enabling it to effectively respond to the economic situation in Poland and external circumstances beyond the Bank's control, the Bank's Management Board may adopt a resolution to pay the cash tranche in whole or in part (both the non-deferred and deferred tranche) in the form of subscription warrants, in accordance with the rules set out above.

The costs resulting from the deferred tranches in the form of shares are settled in accordance with the International Financial Reporting Standards.

Information on the performance assessment criteria which form the basis for the entitlement to remuneration components

The Supervisory Board of mBank, based on recommendation of the Remuneration and Nomination Committee in the case of the Management Board Members (Risk Takers I), and the Bank's Management Board in the case of employees who are not the Bank's Management Board Members may decide to withhold in whole or reduce the amount of the deferred cash and non-cash tranche if it concludes that in a time horizon longer than one calendar year (i.e., a period of at least 3 years), a Risk Taker had a direct and negative impact on the financial result or the market position of the Bank or mBank Group in the period under assessment, or directly contributed to significant financial losses, imposition of financial sanctions on the Bank by supervisory authorities, where at least one of the score card components has not been met or any of the premises stipulated in Article 142 of the Banking Law Act, in particular in section (2) of this article, has occurred.

Suspending in whole or decreasing the bonus as well as any deferred tranche can also apply to the bonus and/or the deferred tranche paid out upon termination or expiry of the contract / employment agreement.

Moreover, a Risk Taker may be obliged, under the rules and within the time limit determined under a decision of the Supervisory Board / the Management Board of the Bank, to return the bonus awarded and paid for a given calendar year (i.e. the non-deferred part and all deferred parts), if he/she has violated the rules and standards adopted in mBank Group, has materially violated the generally applicable law or has directly contributed to significant financial losses being the consequence of his/her deliberate adverse actions to the detriment of mBank Group, or has contributed to financial sanctions being imposed on the Bank by supervisory bodies under a final and non-appealable decision.

The decision on the occurrence of the said events may be taken by the end of the calendar year when the last tranche of the deferred part of the bonus awarded for the year in which the event occurred is paid.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Aggregated quantitative data regarding the remuneration paid to holders of managerial positions in the Bank

Template EU REM1 – Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	8	7	11	62
2		Total fixed remuneration	1 672	16 547	8 221	31 168
3		Of which: cash-based	1 634	13 033	7 947	30 078
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	38	3 514	274	1 090
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	-	-	1	2
10		Total variable remuneration	-	-	77	164
11		Of which: cash-based	-	-	77	164
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**1 672**	**16 547**	**8 298**	**31 332**

As at the date of publishing this report, the variable remuneration for 2023 for the employees indicated in the table above has not yet been approved by competent authorities of the Bank. This document will be modified by including in it information on the variable remuneration for 2023 awarded in 2024, after the Annual General Meeting approves the financial statements for 2023.

Template EU REM 2 Special payments to employees whose professional activity has a material impact on the Bank's risk profile.

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	1
2	Guaranteed variable remuneration awards -Total amount	-	-	-	160
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person			-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Template EU REM3 Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	**MB Supervisory function**	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	**MB Management function**	**21 210**	**7 775**	**13 435**	**-**	**-**	**-**	**6 259**	**1 516**
8	Cash-based	5 758	2 296	3 462	-	-	-	2 296	
9	Shares or equivalent ownership interests	15 452	5 479	9 973	-	-	-	3 963	1 516
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	**Other senior management**	**9 451**	**5 166**	**4 285**	**-**	**-**	**-**	**3 727**	**1 439**
14	Cash-based	3 380	1 823	1 557	-	-	-	1 823	
15	Shares or equivalent ownership interests	6 071	3 343	2 728	-	-	-	1 904	1 439
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	**Other identified staff**	**19 196**	**13 174**	**6 022**	**-**	**-**	**-**	**12 264**	**911**
20	Cash-based	10 464	8 568	1 896	-	-	-	8 568	
21	Shares or equivalent ownership interests	8 732	4 606	4 126	-	-	-	3 696	911
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**49 857**	**26 115**	**23 742**	**-**	**-**	**-**	**22 250**	**3 866**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Template EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1
2	1 500 000 to below 2 000 000	-
3	2 000 000 to below 2 500 000	-
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										88
2	Of which: members of the MB	8	7	15							
3	Of which: other senior management				-	8	1	2	-	-	
4	Of which: other identified staff				7	34	1	12	4	4	
5	Total remuneration of identified staff	1 672	16 547	18 219	4 101	22 162	1 320	8 127	2 013	1 907	
6	Of which: variable remuneration	-	-	-	-	164	-	77	-	-	
7	Of which: fixed remuneration	1 672	16 547	18 219	4 101	21 998	1 320	8 050	2 013	1 907	

As at the date of publishing this report, the variable remuneration for 2023 for the employees indicated in the table above has not yet been approved by competent authorities of the Bank. This document will be modified by including in it information on the variable remuneration for 2023 awarded in 2024, after the Annual General Meeting approves the financial statements for 2023.

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

13. Remuneration Policy for employees having material impact on the risk profile - update of the information after the approval of the variable part of remuneration for the Banks's executives

Aggregated quantitative data regarding the remuneration paid to holders of managerial positions in the Bank

Template EU REM1 – Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	8	7	11	62
2		Total fixed remuneration	1 672	16 547	8 221	31 168
3		Of which: cash-based	1 634	13 033	7 947	30 078
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	38	3 514	274	1 090
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	8	7	11	62
10		Total variable remuneration	-	10 204	5 912	13 829
11		Of which: cash-based	-	5 102	2 995	10 594
12		Of which: deferred	-	3 061	1 167	1 294
EU-13a		Of which: shares or equivalent ownership interests	-	5 102	2 917	3 235
EU-14a		Of which: deferred	-	3 061	1 167	1 294
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**1 672**	**26 751**	**14 133**	**44 997**

Template EU REM 2 Special payments to employees whose professional activity has a material impact on the Bank's risk profile.

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	1
2	Guaranteed variable remuneration awards -Total amount	-	-	-	160
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person			-	-

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Template EU REM3 Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	**MB Supervisory function**	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	**MB Management function**	**21 210**	**7 775**	**13 435**	**-**	**-**	**-**	**6 259**	**1 516**
8	Cash-based	5 758	2 296	3 462	-	-	-	2 296	
9	Shares or equivalent ownership interests	15 452	5 479	9 973	-	-	-	3 963	1 516
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	**Other senior management**	**9 451**	**5 166**	**4 285**	**-**	**-**	**-**	**3 727**	**1 439**
14	Cash-based	3 380	1 823	1 557	-	-	-	1 823	
15	Shares or equivalent ownership interests	6 071	3 343	2 728	-	-	-	1 904	1 439
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	**Other identified staff**	**19 196**	**13 174**	**6 022**	**-**	**-**	**-**	**12 264**	**911**
20	Cash-based	10 464	8 568	1 896	-	-	-	8 568	
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22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	**Total amount**	**49 857**	**26 115**	**23 742**	**-**	**-**	**-**	**22 250**	**3 866**

Disclosures regarding capital adequacy as at 31 December 2023 (PLN thousand)

Template EU REM4 - Remuneration of 1 million EUR or more per year

		a
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
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2	1 500 000 to below 2 000 000	-
3	2 000 000 to below 2 500 000	-
4	2 500 000 to below 3 000 000	-
5	3 000 000 to below 3 500 000	-
6	3 500 000 to below 4 000 000	-
7	4 000 000 to below 4 500 000	-
8	4 500 000 to below 5 000 000	-
9	5 000 000 to below 6 000 000	-
10	6 000 000 to below 7 000 000	-
11	7 000 000 to below 8 000 000	-

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										88
2	Of which: members of the MB	8	7	15							
3	Of which: other senior management				-	8	1	2	-	-	
4	Of which: other identified staff				7	34	1	12	4	4	
5	Total remuneration of identified staff	1 672	26 751	28 423	6 481	33 532	2 285	11 472	2 783	2 577	
6	Of which: variable remuneration	-	10 204	10 204	2 380	11 534	965	3 422	770	670	
7	Of which: fixed remuneration	1 672	16 547	18 219	4 101	21 998	1 320	8 050	2 013	1 907	

Representation of the Management Board of mBank S.A.

The Management Board of m Polska S.A. declares that, to the best of its knowledge, the information presented in this "Disclosures regarding capital adequacy of mBank S.A. Group as at 31 December 2023" were prepared in accordance with the formal policies and internal processes, as well as, systems and controls agreed upon at the Management Board level, and give a true view of the facts. Furthermore, the risk management arrangements are adequate and give assurance that the risk management systems in use are appropriate in terms of the risk profile and strategy of the mBank Group.

The Management Board of mBank S.A. approves this "Disclosures regarding capital adequacy of mBank S.A. Group as at 31 December 2023".

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