



Integrated Report 2021



mBank S.A.

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Letter from the President of the Management Board

[GRI 102-14]

Dear Madam or Sir,

I am proud to present mBank Group's Integrated Report 2021 which describes our financial performance and contains information on social responsibility and sustainability (ESG).

Responsible business for years has played a key role in the way we run our company. The ESG agenda is an integral part of mBank Group's 2021-2025 business strategy "From an icon of mobility to an icon of possibility". With its adoption, our ESG ambitions have significantly expanded. Our sustainability relies on four pillars: climate, society, the financial health of our customers, and acting in line with ESG values in our organisation. In each of these areas, we have defined specific targets, metrics, and planned actions. We have set the bar high for ourselves. This is demonstrated, for example, by our aspiration for climate neutrality. In view of the challenges of the 21st century, this is the only approach.



At mBank we are aware of our responsibility for building a prosperous society with equal opportunities and our environmental responsibility. I believe that we can only be successful if our activities benefit customers, investors, employees, business partners, and society as a whole. We are a RES financing leader and we are reducing our exposure to coal-based industries. We are developing our responsible investment offering and providing environment-friendly digital solutions, including mobile payment cards without plastic. We also pursue our social engagement in cooperation with the Great Orchestra of Christmas Charity (WOŚP), through the mFoundation which focuses on mathematics education and the "m for mBank's art collection" fund which supports young artists.

As a symbolic expression of our ESG engagement, in 2021 we adopted the Principles for Responsible Banking developed by UNEP FI. They represent the global standard for sustainability leaders in the financial sector. By joining this initiative, we have reaffirmed our commitment to the UN Sustainable Development Goals (SDGs) and the Paris Agreement. We also continuously support and implement The Ten Principles of the UN Global Compact.

Looking at mBank Group's financials in 2021, we reported our first net loss since 2004 of PLN 1.2 billion. The loss was in no way caused by a weakness of our business. It was the result of very high legal risk costs related to foreign currency loans in excess of PLN 2.7 billion. I want to make it very clear that without this charge, our profit on core business would have been PLN 1.6 billion, the highest in mBank's history. This would imply a return on equity (ROE) of 11.9%. Our total revenue reached a record PLN 6.1 billion in 2021, up by more than 4% year on year.

Including the amount written off in 2021, the total provisions related to foreign currency loans exceeded PLN 4.1 billion. This includes, among others, the costs of a potential settlement scheme which we started piloting in December. At the end of 2021, mBank was a sector stand out with one of the highest coverage ratios of provisions to foreign currency loans. This gives us the stability necessary to implement our strategy.

We have set ourselves an ambitious but achievable path of growth for the next few years. The business strategy in place will allow us to leverage our existing competitive advantages, adapt to the new post-pandemic environment, and address vulnerabilities. mBank will continue to strengthen its position as a digital champion to respond to the needs of today's customers while protecting its profitability. As a result, we will rank among the top financial institutions in Poland and achieve better valuation. We believe that we can continue to build our advantages in an increasingly competitive environment around fundamental banking values such as stability, security and secrecy. Our clients should feel confident that they can trust us because we adhere to very demanding rules and standards.

Yours sincerely,
Cezary Stypułkowski

1.1. Key information about mBank

[GRI 102-1] [GRI 102-6] [GRI 102-4] mBank is the first fully online bank in Poland. We are a leader in mobile banking. In 2021 we serviced 5.5 million retail customers and 31,300 corporate clients. We help customers control their finances whenever and wherever they need to. We operate in Poland, the Czech Republic and Slovakia. We generated a record revenue of over PLN 6 billion in 2021.

[GRI 102-2] [GRI 102-7] mBank Group operates according to the universal banking model: we offer retail, corporate and investment banking. Our financial services include leasing, factoring, commercial real estate financing, brokerage, wealth management, corporate finance, and capital market advisory. Services offered under the mBank logo are marked with different colours, depending on whom we target.



Personal Banking



Premium Banking



Private Banking



Business



SME and corporates










Young

[GRI 102-3] [GRI 102-5] Our head office is located in Warsaw. The shares of mBank are listed on the Warsaw Stock Exchange. Since 1994, Commerzbank AG has been the strategic shareholder of mBank, holding 69.25% of the shares.

The shares of mBank are included in the stock market indices:

- WIG,
- WIG-Poland,
- WIG30,
- WIG30TR,
- mWIG40 (od marca 2022 WIG20),
- mWIG40TR,
- WIG-Banki,
- WIG-ESG,
- CEEplus,
- MSCI Poland.

Universal financial services			
 Our clients	 Our employees	 Mobile application	 Transactions
5.51 million retail clients, incl. 613 thousand microenterprises 31.3 thousand corporate clients	6,738 FTEs in mBank Group	3 million users in Poland, Czech Republic and Slovakia	12.3% market share in card transactions
Mobile banking at its best			
Monthly active users (MAU)	Growing importance of digital channel in daily banking	Paynow	mBank CompanyMobile
Increasing number of monthly active users from 2.8 million in 2020 to 3.04 million in 2021	76% of processes in retail banking area are initiated by the clients in digital channels	Online payment gateway – platform for e-commerce	New version of mBank Company Mobile application for corporate and SME clients
Key results and indicators			
Revenues	Cost to income ratio	Total assets growth	Total capital ratio
PLN 6.11 billion	40.2%	+11.6% year on year	16.6%
Basic facts for investors			
Market capitalisation	Share price	Member of the WSE indices, including:	mBank ratings
1 PLN 18.4 billion (EUR 4.0 billion)	PLN 433.2 (as at 30.12.2021)	  	Fitch: BBB- Standard & Poor's: BBB Sustainalytics: 15,9 points – low ESG risk MSCI: BBB (ESG rating)

Structure of mBank Group by segment and business area in 2021:

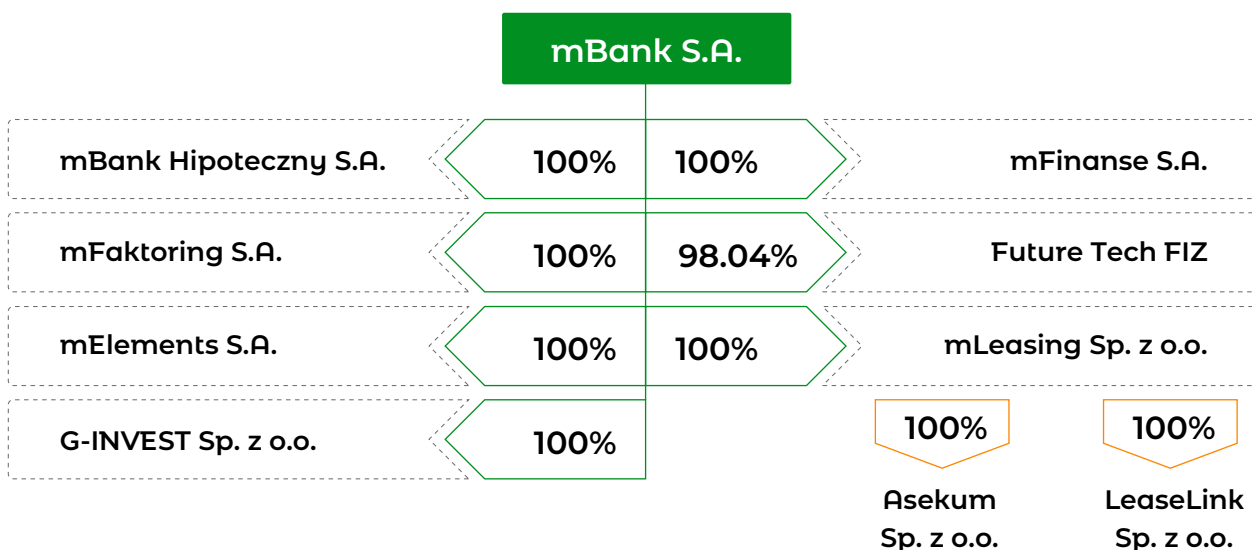
Segment	Retail Banking	Corporate and Investment Banking	
Bank	<ul style="list-style-type: none"> ■ Retail customers, Private Banking clients and microenterprises ■ Affluent retail customers (Private Banking and Wealth Management) 	<ul style="list-style-type: none"> ■ Corporations and nonbanking financial institutions (K1) ■ Large Companies (K2) ■ Small and Medium Enterprises (K3) 	<ul style="list-style-type: none"> ■ Banks ■ Corporate clients in scope of trading and sales
Consolidated subsidiaries	<ul style="list-style-type: none"> ■ mLeasing Sp. z o.o. – Retail ■ Asekum Sp. z o.o.¹ - Retail ■ LeaseLink Sp. z o.o.¹ – Retail ■ mBank Hipoteczny S.A. – Retail ■ mFinanse S.A. ■ mElements S.A. 	<ul style="list-style-type: none"> ■ mLeasing Sp. z o.o. - Corporate ■ Asekum Sp. z o.o.¹ - Corporate ■ mBank Hipoteczny S.A. - Corporate ■ mFaktoring S.A. ■ G-INVEST Sp. z o.o. 	
	Other companies	<ul style="list-style-type: none"> ■ Future Tech FIZ 	

¹ mBank owns 100% shares in Asekum Sp. z o.o. and LeaseLink Sp. z o.o. indirectly, through mLeasing Sp. z o.o.

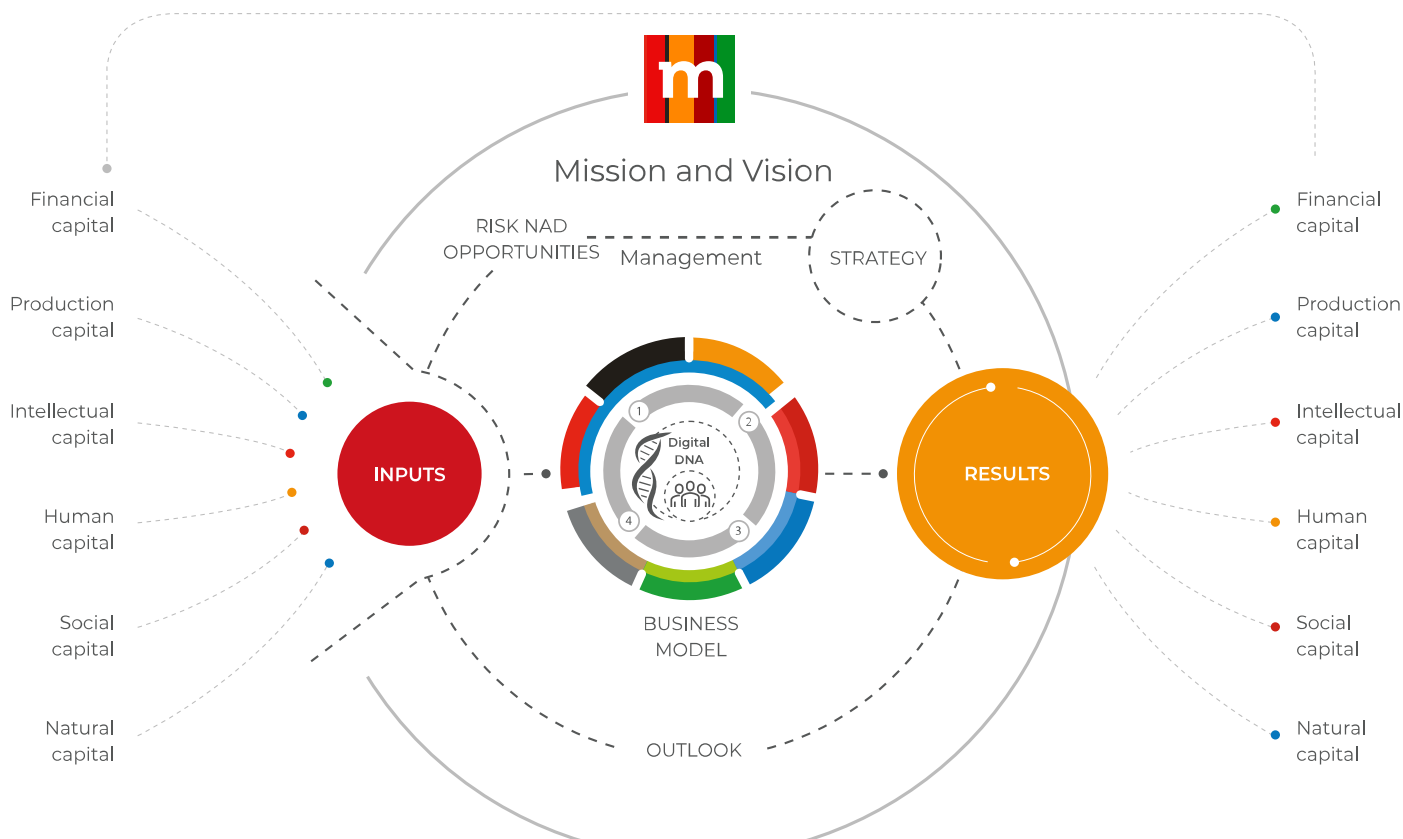
[GRI 102-10] At the beginning of 2021, in order to present a genuine and undistorted performance of mBank Group, the new segmentation was introduced. The non-core part, comprising of FX mortgage loans, was separated from the total business. This change aimed to separately present results related to the product, which has been withdrawn from the offer for individual customers in 2011, and at the same time is significant from the point of view of the assigned assets and the impact on the Group's results.

In April 2021 the mTowarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (mBank TFI) company has been established. mBank has taken up 100% of its shares, which equals 100% of votes on its General Meeting. In September, the company applied to the Polish Financial Supervision Authority (KNF) for a permit to operate an investment fund company and is currently awaiting a decision. Also, in April 2021, the liquidation of mFinance France S.A. was concluded and in June the company was deleted from the French register of companies.

Composition of mBank Group (including consolidated subsidiaries) as at 31 December 2021:



mBank’s value creation model provides benefits to clients, shareholders, employees and other stakeholders. We identify their current and future needs and design services to meet their requirements.



To do this effectively, we use the **latest technologies**. The solutions implemented by mBank have been setting trends in the Polish banking sector for years. We want to be the most convenient transactional bank on the market. We provide modern and convenient online banking, a next-generation mobile application and video banking. Our offer is centred around a current account accompanied by a range of financial services available with the click of a button. We manage customer relationships in real time based on analysis of customer behaviour patterns.





We are constantly improving our offer and introducing new solutions, such as Blik payments, Google Pay, Apple Pay and Garmin Pay. When logging in to mBank on a computer or a phone, customers can use many additional services, such as mDeals. Among other services, customers can set up a trusted profile and apply for the “Family 500+” benefit.

Online and mobile tools as well as an expanding network of distribution points and a call centre make up a flexible infrastructure which allows us to launch products, services and sales channels efficiently and at a low operational risk. mBank supports clients at all stages of their personal and professional development. mBank’s coherent business model allows us to move seamlessly across loans, savings, investments, insurance products and corporate solutions.



We are a proven and reliable partner for entrepreneurs and corporations. We know how important it is to have an individual approach to clients and we always try to understand the specifics of their business. We support entrepreneurs from the very beginning of their business journey, helping them set up a company with mBank online or in a branch and offering a package of start-up services, including financing, accounting, payment terminals and currency services. Large enterprises and multinational corporations successfully use an integrated range of commercial banking solutions. We offer them among others an advanced transaction banking platform. Our offering is complemented by investment banking services including equity capital markets (ECM) and debt capital markets (DCM), as well as advisory in mergers & acquisitions (M&A).

Key subsidiaries of mBank Group from the perspective of client offer

 <p>Bank Hipoteczny</p>	<ul style="list-style-type: none"> ■ the longest track record of issuing covered bonds on the Polish capital market ■ ensuring the stable, long-term and safe funding of the Group with the use of the pooling model in co-operation with mBank ■ rating of Moody's Investor Services for mortgage covered bonds: Aa1 – long-term country ceiling for local and foreign currency bonds
 <p>Leasing</p>	<ul style="list-style-type: none"> ■ the subsidiary offers leases and loans for any purpose, as well as car fleet rental and management services addressed to both corporate and retail clients ■ various leasing products in the corporate segment, including the lease of private and commercial cars and heavy transport vehicles, car fleet management, lease of machines and equipment, and real property lease ■ in the retail segment the subsidiary offers products for micro-enterprises and SMEs, which can conclude lease contracts using dedicated lease processes ■ leasing in e-commerce online payments offered through LeaseLink
 <p>Faktoring</p>	<ul style="list-style-type: none"> ■ the fifth largest player among the members of the Polish Factors Association – the same position as in 2020 ■ financing of ongoing business operations, receivables management, assumption of insolvency risk, maintenance of settlement accounts of clients and collection of receivables, domestic and export factoring with recourse (including factoring services covered by the guarantee of Bank Gospodarstwa Krajowego (BGK), and non-recourse domestic and export factoring), import guarantees ■ products offered by mFaktoring are available in all mBank branches providing services to SMEs and corporations in Poland ■ member of the biggest international network of factors, Factors Chain International (FCI), and the Polish Factors Association ■ co-founder and member of Poland's first factoring consortium
 <p>Finanse</p>	<ul style="list-style-type: none"> ■ the subsidiary is an open platform for selling financial products of various financial entities, including mBank ■ its product range includes loans and advances, accounts, insurance as well as leasing for both individuals and companies ■ it offers products of 14 active external financial entities in 189 points of sale located across Poland and 168 partner outlets

Wherever we operate: in Poland, the Czech Republic and Slovakia, **we combine our mobile and online banking with a comprehensive in-branch service.** Depending on their needs, clients can use a comprehensive range of products and cash services in mBank's traditional branches. A full range of more complex financial products, including mortgages and corporate loans, is also available at mFinanse financial centres and agency service points. The advisory centres serve both individual and corporate clients, and all interested clients can also use the services of mBank Group companies. The "light" branches offer simpler products and limited cash operations. mKiosks located in shopping malls present the bank's offer to customers who can open an account and get an unsecured loan there.

The retail banking network in Poland comprises 322 branches and the corporate banking network has 43 service points supplemented by outlets of our Group companies. The number of branches in Poland decreased by 23 in 2021 while we opened one new mKiosk in the Czech Republic and two mKiosks and one branch in Slovakia.

Retail network in Poland:

- 85 mBank branches
- 33 light branches
- 15 advisory centres
- 149 mKiosks
- 40 Financial centres and agency service points of mFinanse

Corporate branches:

- 29 corporate branches
- 14 corporate offices

Retail network in the Czech Republic:

- 12 financial centres and light branches
- 19 mKiosks

Retail network in Slovakia:

- 5 financial centres and light branches
- 9 mKiosks

1.1.1. ESG as a cornerstone of mBank's activities

Corporate social responsibility and sustainability form the foundation of mBank Group's business. Environmental, social and governance (ESG) factors play a key role in how we run our business. They are one of the key elements of our business strategy and an essential part of our organisational culture. Our aim is to be a leader of responsible banking in Poland going beyond what is required of us by law.

We are aware of our responsibility towards the environment, society and compliance with our stated ESG values. We are committed to ensuring that our business benefits all stakeholders: clients, investors, employees, business partners, and society as a whole.

We provide fair and professional advice to our clients, continuously reduce our environmental impact, aspire to be an employer of choice for our employees and create added value to society. For our investors, we are a reliable partner who follows the highest standards of corporate governance and transparent reporting. We are an institution of public trust which complies with all laws, rules and standards applicable to business.

At the same time, we want to have a positive impact on the reality around us: we are guided by the UN Sustainable Development Goals (SDGs).

mBank's compliance with the sustainability principles is regularly assessed by independent rating agencies.



In 2021, we received the following **ESG ratings**:

- ESG Risk Rating provided by Sustainalytics: mBank Group's ESG risk level was 15.9 points and rated as low (the fewer points, the better the rating),
- MSCI ESG Rating: we were rated BBB (on a scale from AAA to CCC).

mBank participates in the **ESG stock exchange indices**:

- WIG-ESG published by the Warsaw Stock Exchange,
- Gender Equality Index published by Bloomberg.



**FIND OUT
MORE**

We present our ratings in the Management Board Report on Performance of mBank S.A. Group in 2021.
<https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-report-pdf.zip>



1.1.2. mBank Group's key financial and business data

Selected financial data and ratios

Selected financial data (PLN mn)	2017	2018	2019	2020	2021
Total assets	131,424	145,781	158,353	178,872	199,539
Net loans	84,476	94,766	104,980	108,567	118,055
Deposits	91,496	102,009	116,661	137,699	159,935
Equity	14,292	15,171	16,153	16,675	13,718
Total income	4,454	5,080	5,524	5,867	6,111
Total costs	-2,043	-2,164	-2,329	-2,411	-2,457
Loan loss provisions	-508	-694	-794	-1,293	-879
Net profit	1,092	1,303	1,010	104	-1,179
Selected financial ratios	2017	2018	2019	2020	2021
Net interest margin	2.5%	2.6%	2.7%	2.3%	2.1%
Cost / Income ratio	45.9%	42.6%	42.2%	41.1%	40.2%
Cost of risk	0.6%	0.8%	0.8%	1.2%	0.8%
Return on Equity (ROE)	8.3%	9.4%	6.6%	0.6%	-7.2%
Return on Assets (ROA)	0.8%	0.9%	0.7%	0.1%	-0.6%
Tier I capital ratio	18.3%	17.5%	16.5%	17.0%	14.2%
Total Capital Ratio (TCR)	21.0%	20.7%	19.5%	19.9%	16.6%
Loan-to-deposit ratio	92.3%	92.9%	90.3%	78.8%	73.8%
NPL ratio	5.2%	4.8%	4.5%	4.8%	3.9%
Coverage ratio	59.2%	62.5%	60.7%	58.3%	53.1%
Selected business data	2017	2018	2019	2020	2021
Individual customers (thou.)	5,342	5,685	5,604	5,660	5,514
Corporate customers	22,048	23,706	26,476	29,083	31,315
Number of employees (FTEs)	6,455	6,524	6,771	6,688	6,738

1.2. mBank Group in 2021

1.2.1. Highlights

Highlights of mBank Group in 2021:

- Total revenues at PLN 6 billion, at the highest level in history, despite challenging market conditions.
- Double-digit growth of net fee and commission income outpacing the sector's dynamics.
- Excellent efficiency supported by proven cost discipline – cost-to-income ratio at 40.2%.
- Prudent risk management reflected in portfolio quality – lower risk costs at the level of 76 bps.
- Superior core financial performance demonstrating the strength of mBank's franchise – increase in net profit of core business by 45% to PLN 1.6 billion and ROE to 11.9%.
- Expansion of loans driven by record-high sales of mortgages at the level of PLN 12.4 billion with a simultaneous increase in the sales of non-mortgage loans.
- Surge of deposits by 16%, backed by inflows to transactional accounts.
- Ample liquidity levels and diversified funding structure – safe loan-to-deposit ratio of 73.8% and LCR at 216%.
- High capital ratios well above regulatory requirements – Tier I ratio at 14.2%, Total Capital Ratio at 16.6%.
- mBank's organic growth fuelled by new and existing clients – nearly 3 million mobile clients in Poland, the Czech Republic and Slovakia.
- Issuance of green bonds in the non-preferred senior format worth a total of EUR 500 million.
- Adoption of a new strategy for 2021-2025 entitled "From an icon of mobility, to an icon of possibility".
- Innovations and products enhancing customer experience:
 - new mBank CompanyMobile application for corporates,
 - contactless BLIK payments and a mobile application for Junior account,
 - mBank account can now be linked with accounts of five other banks.
- ESG initiatives:
 - mBank adopted the UN's Principles for Responsible Banking,
 - mBank continues to support and cooperate with the Great Orchestra of Christmas Charity (WOŚP),
 - another edition of the social campaign "Digital Revolutions" ("Cyfrowe Rewolucje") supporting online businesses of SMEs.

1.2.2. mBank Group's profit & loss account

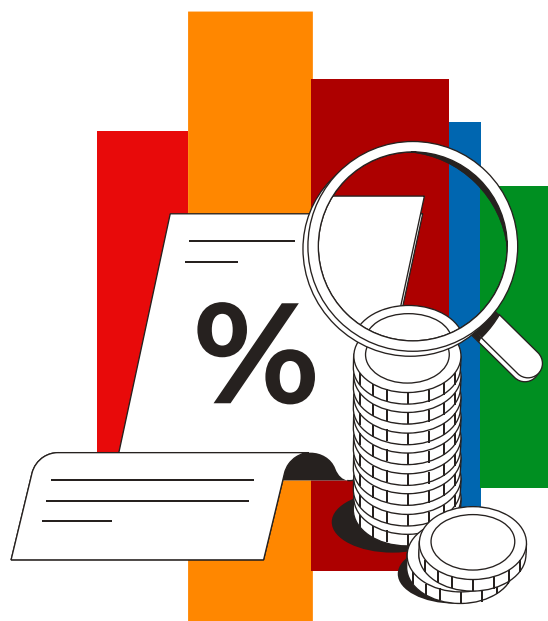
PLN M	2020	2021	Change in PLN M	Change in %
Interest income	4,688.4	4,431.7	-256.6	-5.5%
Interest expense	-679.1	-327.7	351.4	-51.7%
Net interest income	4,009.3	4,104.0	94.7	2.4%
Fee and commission income	2,244.6	2,714.9	470.3	21.0%
Fee and commission expense	-736.3	-824.9	-88.6	12.0%
Net fee and commission income	1,508.3	1,890.0	381.7	25.3%
Core income	5,517.6	5,994.1	476.5	8.6%
Dividend income	4.9	5.0	0.1	2.4%
Net trading income	184.8	96.9	-87.9	-47.6%
Other income	176.3	103.6	-72.6	-41.2%
Other operating income	218.1	232.4	14.3	6.6%
Other operating expenses	-234.8	-320.9	-86.1	36.7%
Total income	5,866.8	6,111.1	244.4	4.2%
Net impairment losses and fair value change on loans and advances	-1,292.8	-878.6	414.2	-32.0%
Costs of legal risk related to foreign currency loans	-1,021.7	-2,758.1	-1,736.4	169.9%
Overhead costs and depreciation	-2,411.1	-2,456.9	-45.8	1.9%
Operating profit	1,141.1	17.6	-1,124	-98.5%
Taxes on bank balance sheet items	-531.4	-608.6	-77.2	14.5%
Profit before income tax	609.7	-591.0	-1,200.8	+/-
Income tax expense	-506.0	-587.8	-81.8	16.2%
Net profit attributable to – attributable to owners of mBank S.A.	103.8	-1,178.8	-1,282.6	+/-
– attributable to non-controlling interests	-0.1	-0.1	0.0	-
ROA net	0.1%	-0.6%		
ROE gross	3.6%	-3.6%		
ROE net	0.6%	-7.2%		
Cost / Income ratio	41.1%	40.2%		
Net interest margin	2.3%	2.1%		
Common Equity Tier 1 ratio	17.0%	14.1%		
Total capital ratio	19.9%	16.6%		
Leverage ratio	7.8%	6.3%		

mBank Group's **operating profit** stood at PLN 17.6 million in 2021 compared to PLN 1,141.1 million in 2020. The Group recorded a pre-tax loss of PLN -591.0 million compared to a profit of PLN 609.7 million in 2020. The net loss attributable to mBank shareholders was PLN -1,178.8 million compared to a profit of PLN 103.8 million in 2020. mBank Group's income tax in 2021 amounted to PLN 587.8 million compared to PLN 506.0 million in 2020.

Profit before tax on core business (mBank Group excluding the FX Mortgage Loans segment) reached PLN 2.19 billion in 2021, up by 35.8% from PLN 1.6 billion in 2020. Net profit increased by 44.7% to PLN 1.60 billion in the analysed period. This was reflected by net ROE, which stood at 11.9% in 2021 v. 8.1% in 2020.

Capital ratios of mBank Group declined in 2021. The consolidated total capital ratio stood at 16.58% at the end of 2021, compared with 19.86% in 2020. The Common Equity Tier 1 capital ratio reached 14.16% v. 16.99% at the end of 2020. The leverage ratio stood at 6.3% at the end of December 2021, compared with 7.8% a year before.

Total **income** generated by mBank Group was PLN 6.11 billion in 2021, compared with PLN 5.87 billion in 2020, which represents an increase by PLN 244.4 million, i.e. 4.2%. The increase was mainly driven by improved net fee and commission income.



Summary of mBank Group business line revenues:

PLN M	2020	2021	Change in PLN M	Change in %	Share in revenues
Retail Banking	3,399.9	3,758.8	358.9	10.6%	61.5%
Corporates and Investment Banking	2,127.4	2,307.4	180.0	8.5%	37.8%
Treasury and Other business	187.7	-19.1	-206.8	-110.2%	-0.3%
Total income of the core business	5,715.0	6,047.1	332.2	5.8%	99.0%
FX Mortgage Loans	151.8	64.0	-87.8	-57.8%	1.0%
Total income of mBank Group	5,866.8	6,111.1	244.4	4.2%	100.0%

In 2021, mBank Group continued its efforts to further increase efficiency as measured by the cost/income ratio. mBank Group's **operating expenses** (including depreciation) amounted to PLN 2.46 billion, an increase of 1.9% compared to 2020. This was due to higher staff-related expenses while material costs were stable. The cost/income ratio decreased to 40.2%.

Total costs of legal risk related to foreign currency loans recognised in the income statement for 2021 amounted to PLN 2.76 billion (in 2020: PLN 1.02 billion). The most important element of these costs in 2021 was the increase of the impact of the legal risk related to individual court cases in the amount of PLN 1.30 billion, which mainly resulted from:

- higher than expected inflow of cases,
- changes in level of loss on loan exposure in case of losing the case by the bank including an increase in the probability of the occurrence of a negative scenario for the bank of cancellation of loan agreements without the possibility of an effective claim for payment of the cost of using the capital made available to the borrower.

In addition, significant components of the amount recognized in the income statement in 2021 are costs of the potential settlement program that amount to PLN 1.01 billion, costs of the class action case concerning indexation clauses contained in CHF mortgage and housing loan agreements in that amount to PLN 363.0 million as well as cost of counterclaims related to securing the bank's claims indexation cases that amount to PLN 86.1 million.

In 2021, the **impairment and fair value change of loans and advances** in mBank Group amounted to PLN -878.6 million. Compared to the previous year, it was down by PLN 414.2 million or 32.0%. Consequently, the cost of risk in 2021 was 76 basis points compared to 119 basis points in 2020.

1.2.3. Changes in the consolidated statement of financial position of mBank Group

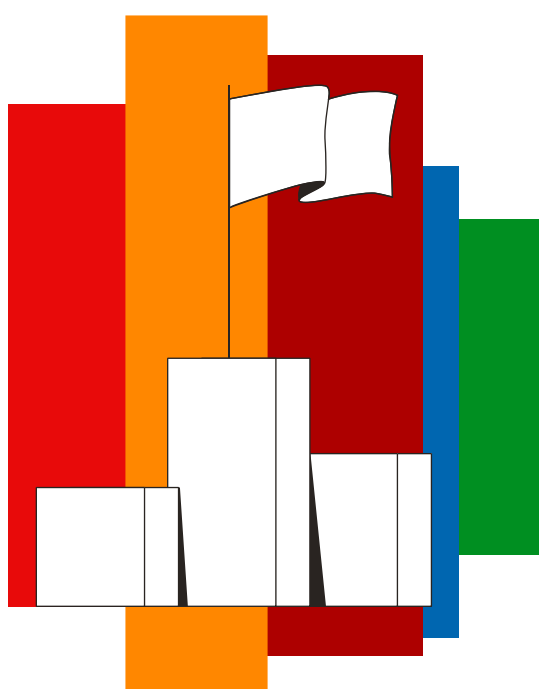
In 2021 the **total assets** of mBank Group increased by PLN 20.67 billion (+11.6%). Assets stood at PLN 199.54 billion as at December 31, 2021. Loans and advances to customers remained the largest asset category of mBank Group at the end of 2021. As at December 31, 2021, they accounted for 59.2% of the balance sheet total compared with 60.7% at the end of 2020. The net volume of loans and advances to customers increased by PLN 9.49 billion (+8.7%) compared with the end of 2020.

In 2021 gross loans and advances to individuals increased by PLN 7.29 billion (+11.1%). The sales of mortgage loans increased by 37.6% (in 2021 it stood at PLN 12.37 billion against PLN 8.99 billion a year before), enabling mBank Group to increase its market share in new sales of mortgage loans compared with the previous year (11.6% in 2021 against 11.1% in 2020). In addition, in 2021 mBank Group sold PLN 9.92 billion worth of non-mortgage loans, which represents an upturn by 39.9% year on year.

In 2021 the volume of gross loans and advances to corporate entities increased by PLN 1.81 billion (+3.9%) compared with the end of 2020.

Amounts due to customers are the principal source of funding of mBank Group. Amounts due to customers grew significantly in 2021 to reach PLN 159.94 billion at the end of the year compared with PLN 137.70 billion at the end of 2020, representing an increase by 16.1% year on year. Amounts due to individual customers increased by PLN 14.47 billion (+14.8%) compared with the end of 2020. Amounts due to corporate entities grew by PLN 7.61 billion (+19.4%) in 2021.

The annual and six-month financial statements of mBank are subject to independent audit and review by the auditor, respectively. The procedures for mBank's cooperation with the external auditor ensures that significant issues relating to the recognition of economic events in the books and financial statements are consulted on an ongoing basis. The commitment to ensuring the highest standards of financial reporting is reflected in the high quality of our reporting. We received "The Best of the Best" special award for the ninth consecutive year for the best annual report in the financial institutions category in the competition "The Best Annual Report 2020" organised by the Institute of Accounting and Taxation (IRiP) closed in October 2021. **The financial statements of mBank Group were audited by Ernst & Young Audyt Polska.**



1.3. mBank vs. the market

1.3.1. Market position of the bank and its subsidiaries

We are a large, industry-leading universal bank serving more than 5.5 million retail customers and 31,300 corporates. Our market position and market shares of mBank and selected subsidiaries are shown in the table below:

**Performance indicators:
mBank vs sector**

Net interest margin.....**2.1% vs 1.88%**
 Cost/income ratio**50.2% vs 58.8%**
 (including banking tax)
 Return on Assets**-0.6% vs 0.36%**
 Return on Equity**-7.2% vs 4.1%**
 Loans to deposits.....**73.8% vs 76.5%**

Business category (# – market position)	Market share				
	2017	2018	2019	2020	2021
Corporate banking					
Corporate loans	7.8%	7.9%	8.6%	8.5%	8.2%
Corporate deposits	9.6%	9.0%	9.9%	9.4%	10.7%
Leasing	7.4%	7.4%	6.8%	7.3%	7.4%
Factoring (#5 on the market)	7.2% ²	7.9%	7.9%	8.2%	8.2%
Retail banking in Poland					
Total loans	6.3%	6.5%	7.0%	7.4%	7.9%
of which mortgage loans	6.9%	6.9%	7.4%	7.9%	8.4%
non-mortgage loans	5.4%	5.8%	6.5%	6.6%	7.1%
Deposits	5.9%	6.4%	7.0%	7.8%	8.3%
Retail banking in the Czech Republic					
Total loans	1.4%	1.4%	1.3%	1.6%	1.8%
of which mortgage loans	1.7%	1.6%	1.4%	1.7%	1.9%
non-mortgage loans	0.8%	0.9%	1.0%	1.2%	1.4%
Deposits	1.6%	1.7%	1.6%	1.8%	1.8%
Retail banking in Slovakia					
Total loans	0.6%	0.6%	0.7%	1.0%	1.4%
of which mortgage loans	0.6%	0.6%	0.7%	1.1%	1.3%
non-mortgage loans	0.6%	0.7%	0.8%	1.0%	1.6%
Deposits	1.7%	1.8%	1.9%	2.1%	2.2%

Business category (# – market position)	Market share				
	2017	2018	2019	2020	2021
Investment banking					
Financial markets					
Treasury bills and bonds	14.8%	14.3%	11.3%	10.6%	11.0%
IRS/FRA	12.5%	10.7%	15.1%	20.7%	19.9%
Non-Treasury securities (the value of debt)³					
short-term debt securities (#5 on the market)	7.4%	11.6%	9.2%	4.0%	1.8%
corporate bonds (#4 on the market)	12.9%	12.0%	12.1%	11.7%	10.3%
bank debt securities ⁴ (#2 on the market)	31.2%	23.4%	23.8%	20.6%	19.5%
Brokerage					
equities trading (#6 on the market)	5.3%	4.1%	3.4%	5.3%	5.0%
futures (#1 on the market)	11.9%	15.6%	13.0%	17.6%	27.7%
options (#7 on the market)	12.8%	12.0%	9.4%	4.4%	3.1%

Source: NBP, WSE, Česká národní banka (ČNB), Národná banka Slovenska (NBS), Fitch Polska, Polish Factors Association, Polish Leasing Association, press reports, own calculations based on mBank data.

¹ mBank Group ratios calculated as defined in chapter 4. “Financial position of mBank Group and mBank in 2021”, except for Net Interest Margin which was adjusted to sector calculation (net interest income divided by average total assets). Sector data as at December 31, 2021 (released on February 14, 2022). Sector ratios calculated based on the monthly data of banking sector published by PFSa (banking sector together with branches of credit institutions).

Net interest margin: net interest income divided by average total assets (calculated based on the end-of-month data)

Cost/Income ratio (incl. banking tax): total costs (sum of administration costs and depreciation) divided by net total operating income.

Return on assets: profit for the year divided by average total assets (calculated based on the end-of-month data)

Return on equity: profit for the year divided by average total equity (calculated based on the end-of-month data)

Loan to deposit ratio: sum of loans and advances at amortised cost, loans and advances/other receivables at fair value through other comprehensive income and loans and advances/other receivables designated at fair value through profit or loss divided by deposits (measured at amortised cost) as of the end of period.

² 2017 market share updated compared to value presented in the Management Board Report on Performance of mBank S.A. Group in 2017 due to update of data by the Polish Factors Association.

³ Data as at November 30, 2021

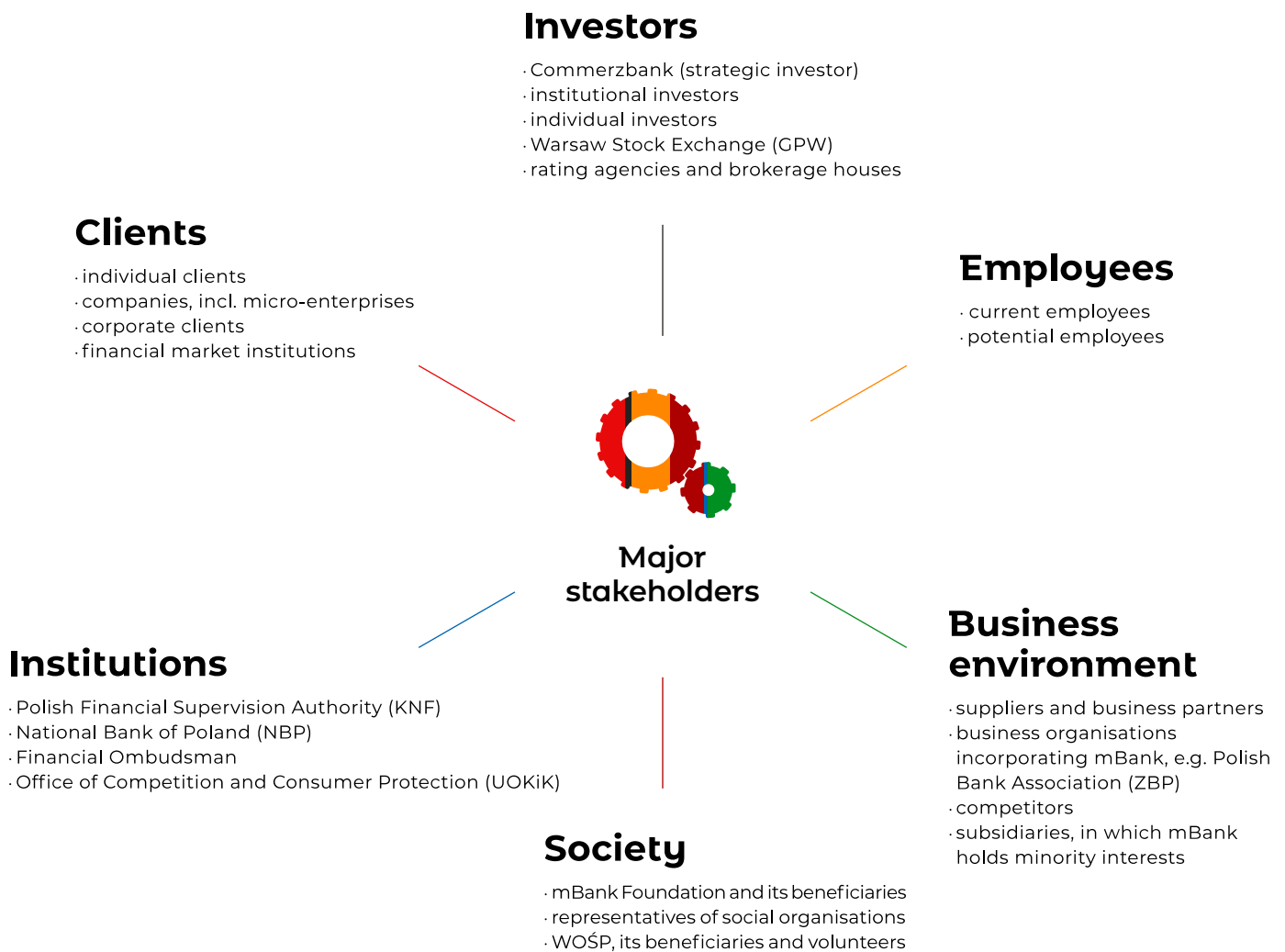
⁴ Excluding “road bonds” issued by Bank Gospodarstwa Krajowego (BGK).

1.3.2. mBank's stakeholders

[GRI 102-40] [GRI 102-42] [GRI 102-43] We maintain a dialogue with our stakeholders. We talk to them honestly and frankly, which this is the only way to know their needs, expectations and opinions about mBank. We communicate fairly and clearly. This is how we build the necessary trust of market.

Universal and equal access to information is of particular importance in the banking industry. It is required by law. mBank's highest standards in this regard are ensured by our **Information Policy** adopted in 2021. We strive to ensure that the information we provide is up-to-date, reliable, useful, consistent and comparable across banks. We present it in an understandable and transparent manner.

Our key stakeholders:



[GRI 102-13] We are a member of the most important Polish, Czech, Slovak and international associations and organisations in the world of finance, as well as those focusing on sustainability, labour and trade standards. A list of affiliated institutions is available in the document "[mBank's Sustainability Standards](#)".



GOOD PRACTICE

mBank's partnerships for sustainable development

[GRI 102-12] mBank's sustainability is supported by our partnerships:

■ The Ten Principles of the UN Global Compact

We are a signatory to the Ten Principles of the UN Global Compact and a member of the organisation. These principles and the UN Sustainable Development Goals guide our ESG strategy and activities. The Climate Positive Programme partnership represents an additional dimension of our membership and supports the implementation of Goal 17 "Partnerships for the Goals". In 2021, as a member of the group, we engaged in initiatives and discussions with other business partners, central and local government entities, as well as experts and specialists in the area of green finance, hydrogen, wind energy, climate education and green transport, among others. The group has produced numerous sectoral reports, including the Green Finance report to which we contributed.

■ UN Principles for Responsible Banking

Since 2021, we are a member of UNEP FI, the United Nations Environment Programme - Finance Initiative, and a signatory to the Principles for Responsible Banking. We joined the initiative independently as the first bank in Poland. We support the implementation of the UN Sustainable Development Goals and the Paris Agreement.

■ Diversity Charter

Since 2018, we have been a signatory to the Diversity Charter, an international initiative for social cohesion and equality, led in Poland by the Responsible Business Forum (FOB). As a member in this initiative, we are committed to supporting diversity and countering discrimination in the workplace. We have formed a team to build a diverse work environment and coordinate the introduction of initiatives under our Diversity and Inclusion Policy.

■ Decalogue of Investor Rights

In 2019, we signed an agreement with the CFA Society Poland to introduce and promote the Decalogue of Investor Rights. It emphasises mBank's commitment to the ethical aspects of financing. We are the first institution in Poland to have established this type of cooperation with one of the world's leading professional certification organisations.

For the preparation of this report, we conducted a **stakeholder dialogue process** which produced a materiality map. For more information, see the chapter "[About this report](#)".

1.3.3. Economy and banking sector in Poland

The national economy grew by 5.7% in 2021. The GDP growth was driven by approximately 7% growth in consumption and investments with a significant positive contribution of inventory changes and a negative contribution of net exports. The year was marked by sharply accelerating inflation. Food, energy and fuel prices remained the main drivers of inflation. Core inflation excluding food and energy prices and administered prices accelerated slightly over the period but was very high by early 2021. For the year as a whole, inflation averaged 5.1%.

2021 saw a slowdown in the growth of deposits (current and term deposits) of enterprises and households. Household deposits slowed down more sharply than bank deposits of enterprises.

Macroeconomic indicators	2021
Real GDP growth	5.8%
Nominal GDP per capita (EUR)	13,650 ¹
PKB per capita in PPS (EU-27=100)	76% ¹
Average annual inflation	5.1%
Average annual unemployment rate (registered unemployment)	5.9%
Population	38 M
Banking sector parameters	2021
Base interest rate	1.75%
Loans to deposits	76.5%
NPL	5.7% ²
Total Capital Ratio	20.0% ³
Return on assets (ROA) net	0.36% ²
Return on equity (ROE) net	4.1% ²

Source: GUS, Eurostat, KNF.

¹ As at 31 December 2020

² As at 31 December 2021 (published 14 February 2022)

³ As at 30 September 2021



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MORE**

For more information about the economy and the banking sector in Poland and the Czech Republic and Slovakia, see the Management Board Report on the Performance of mBank S.A. Group in 2021.

<https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-report-pdf.zip>



1.3.4. Outlook for 2022

Detailed forecasts of changes in mBank's environment and their potential impact on the bank as well as the outlook for mBank's results are presented in the Management Board Report on the Performance of mBank S.A. Group in 2021, in the chapter Outlook for the banking sector and mBank in 2022. This report as well as 2022 quarterly presentations including more recent prospects for mBank Group are available at: <https://www.mbank.pl/en/investor-relations/financial-results/>. Our business strategy for 2021-2025 is the bank's response to the identified medium- and long-term challenges.

1.4. Business strategy for 2021-25

1.4.1. Key strategy components

In 2021, we adopted the new mBank Group Strategy for 2021-2025, titled "From an icon of mobility to an icon of possibility". We want to leverage our competitive advantages, adapt to the new environment and address weaknesses. We are confident that with the new strategy, our bank will remain one of the top financial institutions in Poland while achieving better valuation.

In line with the new business strategy, we will anchor the future of our Group on seven pillars:



The mBank Group strategy for 2021-2025 focuses on five areas:

■ Leading retail banking franchise integrated with client life cycle

- We will be further growing organically through the acquisition of new (primarily young) clients and accompany them throughout the whole life cycle, providing precisely calibrated value proposition.
- We will develop a comprehensive investment offering suited to the needs of each client segment to contribute to their long-term asset growth and benefit from the revenue potential.
- We will help our customers to wisely manage their current and future finances by providing well-structured information on their inflows, spending and assets.
- We will boost digital sales and service by enabling to easily fulfil all needs on a mobile device with a support of premium contact center if needed.
- We will continue to develop an ecosystem of non-banking services to strengthen the relationship with customers.
- We will support entrepreneurs and small firms to grow their business by providing them with both the industry-customized expertise and integrated platform for managing financial, accounting and administrative issues.

■ The first-choice bank for e-commerce market participants

- We will modernize and extend our existing mDiscounts (mOkazje) platform to make it more attractive e-commerce solution for both online buyers and sellers.
- We want Paynow to become a significant player in online payments, with market share reflecting the share of mBank's consumers in Polish e-commerce.
- We will extend the offering of value-added services (VAS) designed for online sellers to increase the importance of relationship with mBank by partnering with them in main parts of their e-commerce activity.

■ Best digital corporate banking for high-potential companies

- We will initiate, develop and intensify the cooperation with companies from prospective industries and the fastest growing sectors of the economy as well as continue to support socially responsible business and energy transformation.
- We will contribute to the growth of SME segment in Poland and benefit from its progressing e-commerce entry and higher profitability.
- We will amplify our leading position in investment banking on the Polish market and strengthen relationships with our corporate customers through additional services and assistance of top-rated advisors.
- We will provide the best end-to-end digital banking experience for corporate customers in Poland.

- We will redesign credit process for corporate clients to make it more predictable, supporting business development as well as ensuring safe and adequate level of risk costs.
- We will grow the profitable corporate banking business, taking care of capital and cost efficiency (both at the level of the business line and individual customer relationships).

■ **Technology, security and data as a source of advantage**

- We will provide high quality, availability, security and stability of mBank's solutions and services to customers on a continuous basis.
- We will maintain the technological advantage of mBank in the financial sector by being cloud-ready, allowing for flexibility, scalability of technology and swift adaptation to business needs.
- We will address the full threat lifecycle and thus providing highest possible security to mBank's clients and employees by continuous development of a multi-layer cybersecurity defence model for both on-premise and cloud solutions.
- We will provide the highest possible protection of mobile application serving as a digital key to all mBank's channels and deliver the most secure and client-friendly identity confirmation process in all digital channels.
- We will employ artificial intelligence and data science to support creation of innovative customer products, better risk assessment, increase effectiveness of internal systems and workflows as well as maintain mBank's image of the technological and digital leader.

■ **Distinctive people and organisation culture**

- We will create a culture where cooperation is based on trust and positive intentions.
- We will develop a best-in-class hybrid work environment.
- We will make people's capabilities a competitive advantage for the bank.

mBank Group's strategic financial targets for 2025:

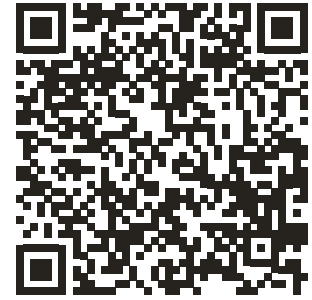
efficiency	cost/income ratio (C/I)	~40% in 2025
stability	Tier 1 capital ratio	year-end level min 2.5 p.p. above the PFSA requirement
	cost of risk (COR)	~0.80% in the mid-term
growth	loans	CAGR 2021-2025: ~8%
	deposits	CAGR 2021-2025: ~8-9%
	total revenues	CAGR 2021-2025: ~9-10%
profitability	net interest margin (NIM)	~2.5% in 2025
	return on equity (ROE)	above 10% in 2025



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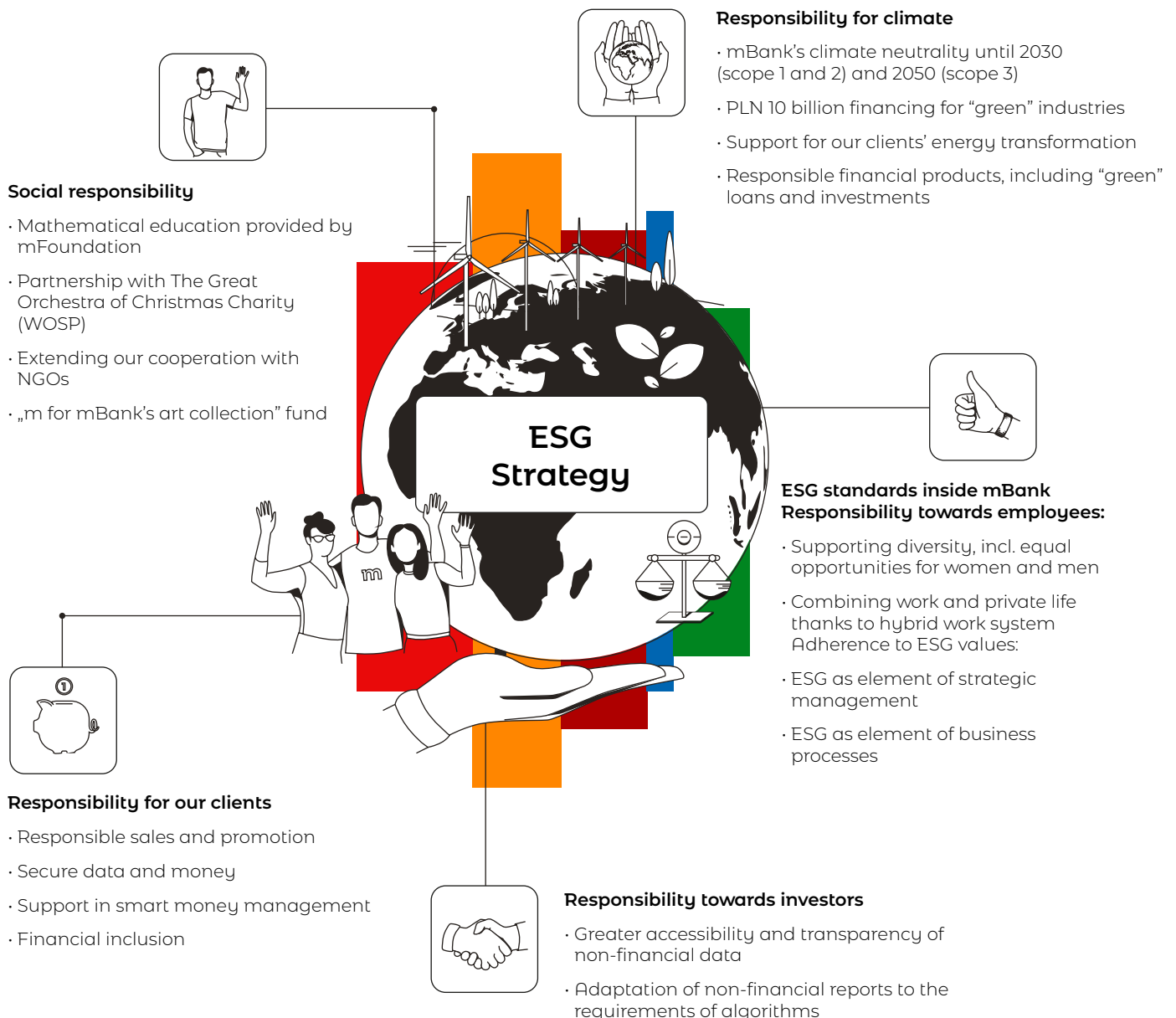
For each of the areas, we have defined precise objectives in the Strategy and the ways to achieve them. The Strategy is available on our website.

<https://www.mbank.pl/pdf/relacje-inwestorskie/strategy-of-mbank-group-for-2021-2025en.pdf>



1.4.2. Strategy's ESG components

We manage mBank Group's sustainability in line with the ESG agenda which is an integral part of our new business strategy for 2021-2025. The elements that the strategy covers include:



In line with the strategy, we intend to:

- reduce greenhouse emissions generated both directly by ourselves and by the credit portfolio we finance,
- support sustainable growth for the financial and non-financial benefit of the society,
- build credible relationships and strengthen the trust of our stakeholders by acting transparently and operating with highest standards,
- unite around common values and be proud of working for mBank Group,
- help our clients be active citizens.

As part of the mBank Group 2021-2025 strategy, we support 13 of the 17 UN Sustainable Development Goals (SDGs). Our ESG activities are focused on the following aspects.



Our strategic ESG agenda covers the following pillars.

Climate



Our promise: By 2050 we will become a fully climate-neutral bank. By 2030 we will reach climate neutrality in scope 1 and 2.

We will take part in the battle against climate change. We are committed to limit direct emissions from company-owned and controlled resources as well as reduce indirect emissions from the generation of energy purchased by mBank. We will continue to define particular goals every 5 years to reach net zero emissions.

We will promote green financing in both corporate and retail area. We intend to finance sustainable development, responsibly guide our clients in their energy transformation and encourage them to implement ESG standards in their business activity. We intend to sell more mortgage loans collateralized on residential buildings that meet low carbon trajectory requirements. In the coming years, we will also increasingly prefer properties reaching Nearly Zero Energy Building (NZEB) standard. We will continue to provide ESG-compliant investment solutions for private banking customers and also to clients of the newly established investment fund company. We will introduce a special offer for small firms, favouring pro-ecological investments. By launching other eco-friendly products, we want to be the first choice bank for customers looking for financing of eco-projects.

Our goal is to reduce direct environmental impact of mBank Group:

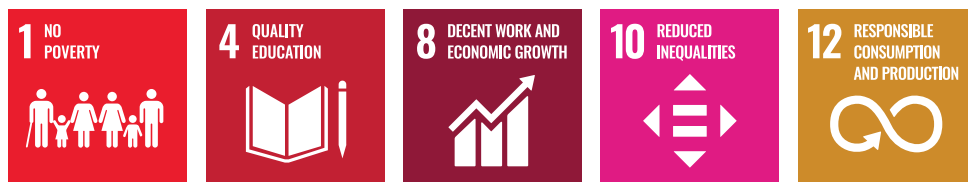
- develop a data aggregation system concerning direct emissions,
- define a timetable and milestones (2025, 2030, 2050) for reducing the carbon footprint and achieving climate neutrality in line with the Paris Agreement goals,
- calculate our carbon footprint and subject our estimation to an external audit in 2022,
- set the example for sustainable cities and communities through water and energy-efficient new mBank's headquarters in Warsaw and Łódź,
- use clean energy, with a minimum 80% of the volume of electric energy purchased for the needs of the bank coming from renewable sources in 2023-2024,
- gradually replace mBank's fleet with low-emission vehicles gradually, with no new diesel-powered cars starting from 2023,
- diminish our waste, with having 100% of no longer used, well-functioning equipment reused,
- continue elimination of paper from our processes and plastic cards, by having 100% of mBank's debit cards for individual clients with a digital equivalent (mobile card) by 2025.

Our goal in terms of indirect impact is to be a leading bank supporting the energy transition of our clients:

- provide PLN 10 billion of funds for RES segment by the end of 2023, including:
 - PLN 5 billion of own funds dedicated for new financing of green energy, waste management, e-mobility, and similar projects,
 - PLN 5 billion from other sources such as consortia and green bonds issues for clients,
- increase the share of corporate clients with ESG products to 5% of total portfolio by 2023,
- identify carbon-intensive sectors within our portfolio and determine the level of CO₂ pollution that may be attributed to them,
- raise the share of SMEs' investments backed by eco-compliant real estate to 10% by 2025,
- grant PLN 25 billion of housing loans collateralized on residential buildings that meet CO₂ emission reduction norms resulting from the low carbon trajectory in 2022-2025,

- sell PLN 1 billion of eco-mortgage loans for real estates that meet the increased emission requirements confirmed by the Net Zero Energy Building Certification (NZEB) in 2022-2025,
- finance PLN 1.7 billion of eco-investments of small firms by 2025,
- achieve at least 50% of our clients' assets under mBank's management invested in products compliant with ESG guidelines by 2025,
- have no new products with a low ESG rating among third-party investment funds offered by mBank.

Responsibility towards our clients



Our promise: We support customers in safe and convenient banking as well as making conscious financial decisions.

We want to be an ethical, fair and transparent organisation. We will educate and support our stakeholders in better understanding our offer, policies and activities. We communicate our prices and tariffs in a legible, comprehensible manner. We transparently present the risks associated with specific financial products. We believe such an approach will allow clients to use mBank's offer in an optimal way. We will also continue to promote safe online banking and personal data protection.

Conducting inclusive banking, we will further adjust our services to the needs of people with various disabilities. We will provide solutions enabling them to take advantage of our facilities and efficiently manage their personal finances. In each city where we operate, we will have at least one fully accessible branch, without any barriers. To ensure equal access to banking services for everyone, we have in our offer a free basic account for those in need.

Our goal is to take care of good financial standing and future of our clients:

- develop the personal finance management (PFM) functionalities to give clients the control over their budgets, cash flows, savings and investments as well as support them in preparation for life-cycle events,
- continue educational campaigns on safe finances, including one cybersecurity campaign each year,
- conduct responsible sales accompanied by extensive information and transparent presentation of the risks associated with specific financial products,

- use clear communication and plain language,
- have all newly opened branches accessible to people with disabilities,
- certify our buildings, customer service and internet websites by 2023.

Being an organisation in line with ESG values



Our promise: We walk the talk. We first accomplish and then communicate. We build corporate culture based on values and incorporate ESG into our daily life.

We want to build an ESG-oriented working environment. We will educate our employees in the area of ESG by launching programs that trigger a change of mindset. We will promote innovation, entrepreneurship, responsibility, cooperation, hybrid work system and diversity. We will introduce ESG factors into business and employee processes, such as recruitment and succession, onboarding, development activities, assessment of attitudes (feedback), methods of work and project management.

At mBank, we believe that diversity and inclusiveness are important parts of building a socially responsible company, while contributing to improved business performance in multiple dimensions. We are a merit-based organisation. We are committed to ensure equal chances and level playing field for all our employees. We create the same opportunities to both sexes and actively support women to account for their dual role in the society, combining career with motherhood.

We expect ethical conduct across the whole organisation. We require it also from our partners and suppliers. Therefore, we will introduce a special code and incorporate ESG criteria in purchasing procedures. To promote justice and strong institutions, we have implemented anti-corruption measures, developed robust compliance function and taken positions on relevant issues. We are engaged in the cooperation within the sector and with other organisations (e.g. trade associations, foreign aid banks), and take part in the initiatives supporting the achievement of Sustainable Development Goals on local, national and global level.

Our goal is to introduce ESG factors into business and employee processes:

- set 10% of TOP 100 managers' OKR (Objective and Key Results) goals related to ESG,
- ensure gender balance in the succession program, with a proportion of participants of a given gender at minimum 45%,
- preserve a gender diversity of the candidates in the final stage of the recruitment process (for managerial positions),
- have in place a hybrid work system that meets the needs of the employer and employees,
- have 90% of employees with a possibility to fulfil their jobs in a flexible manner by 2023,
- implement Taxonomy in processes (including the credit process), procedures and products,
- expand sustainable product offer by launching at least one eco-product in every business line each year starting from 2021,
- develop each new banking product along with its ESG evaluation from 2022,
- cooperate only with partners and suppliers fulfilling ESG standards (in line with a code) by 2025,
- proactively promote the proper segregation of litter and organise a Clean Day event for employees once a year (a day dedicated for cleaning the Earth).

Social responsibility



Our promise: We will contribute to social well-being. We will be a responsible corporate citizen. We will take care of our employees and their families.

As we believe that mathematical knowledge affects a high level of competence in adult life and facilitates a good start in professional career, we will continue to help develop mathematical skills of children and adolescents. We have also established a dedicated fund ("m jak malarstwo") to support and promote young painters. By buying their works, mBank will build a remarkable collection of contemporary art.

We cooperate with organisations that work for a healthy and dignified life of the society. We are a partner and sponsor of the Great Orchestra of Christmas Charity (WOŚP), and contribute to annual fundraisers.

By providing health packages and differentiated well-being support to our employees and optionally also their families, we take care of their good physical and mental condition.

Our goal is to act for the financial and non-financial benefit of the society:

- support the development of mathematical education in Poland through the activities of mBank Foundation (mFundacja), including grant programmes and competitions of national range,
- create a collection of paintings by young artists, which will be open to the public, and extended thanks to an established fund ("m for mBank's art collection"),
- cooperate with the Great Orchestra of Christmas Charity (WOŚP), which has for years been supplying the health service with modern medical equipment,
- encourage active participatory citizenship by launching an option to easily support NGOs and foundations directly from mBank's mobile application, allowing our clients to contribute and promote the civil society.

1.5. Corporate governance

We have in place a legally compliant, transparent and effective system of corporate governance. It is defined by **the bank's By-laws and a system of internal regulations**, including our **Internal Governance Policy**. Corporate governance at mBank consists in particular of:

- 1 the bank's system of management and organisation,
- 2 principles of operation of the bank's internal bodies (Supervisory Board, Management Board) and key function holders in the bank,
- 3 standards of conduct and management of conflicts of interest,
- 4 principles relating to outsourcing, remuneration, and dividend policy,
- 5 the bank's risk management system,
- 6 the bank's internal control system,
- 7 the bank's Information Policy.

The general principles of corporate governance at mBank, i.e. the internal regulations and procedures which set out guidelines for action, including in relations with stakeholders, derive from legislation, including:

- Commercial Companies Code,
- Banking Act,
- regulations governing the functioning of the capital market.

These rules are also outlined in documents such as:

- Best Practice for WSE Listed Companies 2021 (DPSN 2021),
- Corporate Governance Principles for Supervised Institutions, issued by the Polish Financial Supervision Authority (KNF),
- Code of Banking Ethics, issued by the Polish Bank Association (ZBP).



The provisions of our Internal Governance Policy are applied by all organisational units of the bank. The Management Board ensures that the bank's operations comply with the Policy and is responsible for eliminating inappropriate practices which increase the risk of our business or adversely impact our reputation.

All members of mBank's Management Board and Supervisory Board have the knowledge, experience and skills necessary to perform the functions entrusted to them. Serving on the management body is the main area of professional activity for the members of the Management Board. Some of them additionally sit on the Supervisory Boards of subsidiaries, which contributes to the efficient functioning of mBank Group. The Supervisory Board's remit includes approving members of the Management Board to sit on the Management Board or Supervisory Board of companies outside our group.

Supervisory Board members devote the necessary amount of time to the performance of their duties. Acting in the interests of the company, they are guided in their conduct by the independence of their own opinions and judgements. The suitability of the members of mBank's Management Board and Supervisory Board is assessed on the basis of criteria such as factual knowledge and skills, managerial competence, professional experience, individual suitability, collective suitability, reputation and good repute, acting ethically and with integrity, devoting the necessary amount of time, and independence of judgement. For the Supervisory Board, independence criteria are taken into account, as well. As at 31 December 2021, independent members made up half of the Supervisory Board.

We convene the Annual General Meeting within the legal deadline and make every effort to hold it as soon as possible after the publication of the annual report. We enable shareholders to participate remotely in the General Meeting and conduct real-time webcast of the proceedings. Draft resolutions of the General Meeting relating to matters and resolutions other than those of a procedural nature contain grounds and are subject to the prior opinion of the Supervisory Board. When the General Meeting is to make an appointment to the Supervisory Board or to elect a Supervisory Board for a new term, nominations for members of the Supervisory Board are made no later than three days before the General Meeting. A set of materials about the nominees is published on the company's website.

In line with mBank Group's strategy, our objective included in the mid-term plan is to pay dividends. The dividend policy ensures that the bank's and the Group's capital ratios are maintained at safe levels. The bank paid its last dividend from its 2017 profit. The lack of dividend payments in recent years was due to recommendations from the Polish Financial Supervision Authority (KNF).



GOOD PRACTICE

Best Practice for WSE Listed Companies

The Best Practice for WSE Listed Companies 2021 is in force since July 2021. Each chapter of the document includes general principles indicating the goals a company should pursue in a given area, as well as specific principles subject to mandatory reporting. It also includes new issues relevant to stakeholders, such as ESG practices and diversity of company boards.

In July 2021, we reported to the WSE on the status of compliance with the best practice. We reported that we do not apply only the principle relating to the formal diversity policy for the Management Board and the Supervisory Board. This issue is described in our Suitability Policy. It provides that diversity is taken into account when selecting and appointing Management Board members and proposing candidates for the Supervisory Board. In deciding on the composition of the Management Board, the Supervisory Board seeks to ensure its diversity, in particular with regard to age, education, work experience and the proportion of women.



FIND OUT MORE

mBank's corporate governance statement 2021 is available online.

<https://www.mbank.pl/pdf/relacje-inwestorskie/rn/2022/statement-of-mbank-on-application-of-corporate-governance-principles-in-2021.pdf>



1.5.1. Internal policies

mBank's governance system, including the management of ESG factors, includes relevant internal documents. These include among others policies as well as detailed instructions and procedures derived from them.

mBank's ESG-related internal policies include the policies for employee and customer relations, responsible investment financing, data security and privacy, business ethics, and corporate governance.



**FIND OUT
MORE**

We have described mBank's internal policies that are relevant to ESG in detail in mBank's Sustainability Standards available at:

<https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>



1.5.2. Key decision-makers: the company's bodies

Management Board

[GRI 102-18] The Management Board is composed of at least three members appointed for a joint term of five years. At least half of the members of the Management Board, including the President of the Management Board, must hold Polish citizenship, have permanent residence in Poland, speak Polish, and have experience on the Polish market which can be used while managing the bank.

In 2021 the composition of the Management Board of mBank remained unchanged. As at 31 December 2021 the Management Board was composed as follows:

- Cezary Stypułkowski – President of the Management Board, Chief Executive Officer,
- Andreas Böger – Vice-President of the Management Board, Chief Financial Officer,
- Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and Information Technology,
- Cezary Kocik – Vice-President of the Management Board, Head of Retail Banking,
- Marek Lusztyn – Vice-President of the Management Board, Chief Risk Officer,
- Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking.

The Management Board manages the bank's business, represents the bank and defines the guidelines for the bank's operations, especially for the areas subject to risk, including the credit policy, the investment policy, the bank's assets and liabilities management policy and the guarantee policy. The Management Board presents to the Supervisory Board on a regular basis comprehensive information on all significant aspects of the bank's operations and related risks as well as risk management methods.

Members of the Management Board are jointly liable for the overall operations of the bank. They work collegially and inform each other about the most important matters concerning the bank for which particular members of the Management Board are responsible. The Management Board may appoint standing committees or teams to perform specific functions or to co-ordinate the work of organisational units of the bank or to perform specific tasks.

The following committees led by members of the Management Board operate at mBank:

- Resource Management Committee (chairperson: Andreas Böger),
- Capital, Assets and Liabilities Committee (chairperson: Andreas Böger),
- Data Quality and IT Systems Development Committee (chairperson: Andreas Böger),
- Foreign Branch Supervision Committee of mBank S.A. (chairperson: Cezary Kocik),
- Credit Committee of mBank Group (chairperson: Marek Lusztyn),
- Retail Banking Risk Committee (chairperson: Marek Lusztyn),
- Corporate and Investment Banking Risk Committee (chairperson: Marek Lusztyn),
- Financial Markets Risk Committee (chairperson: Marek Lusztyn),
- Model Risk Committee (chairperson: Marek Lusztyn),
- Investment Banking Committee (chairperson: Marek Lusztyn),
- IT Architecture Committee of mBank Group (chairperson: Krzysztof Dąbrowski),
- Sustainability Committee of mBank S.A. Group (chairperson: Marek Lusztyn).

For Management Board members and Supervisory Board members, their diversity is essential, including equal opportunities for women and men. For more information on this topic, see the section [“Diversity of the Management Board and the Supervisory Board”](#).

Supervisory Board

The Supervisory Board acts on the basis of the adopted Rules and performs the functions provided for in the By-laws of mBank, the Code of Commercial Partnerships and Companies, and the Banking Law. At least half of all Supervisory Board members, including the Chairperson, must hold Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used while supervising the bank’s operations. Pursuant to the statutory requirement, at least two Supervisory Board members are independent.

In 2021, the composition of the Supervisory Board of mBank changed. Sabine Schmittroth and Jörg Hesenmüller resigned. Arno Walter and Dr Armin Barthel became new members.

Composition of the Supervisory Board as at 31 December 2021:

- Agnieszka Słomka-Gołębiowska – Chairwoman of the Supervisory Board,
- Bettina Orlopp – Vice-Chairwoman of the Supervisory Board,
- Armin Barthel – Member of the Supervisory Board,
- Tomasz Bieske – Member of the Supervisory Board,
- Marcus Chromik – Member of the Supervisory Board,
- Mirosław Godlewski – Member of the Supervisory Board,
- Aleksandra Gren – Member of the Supervisory Board,
- Arno Walter – Member of the Supervisory Board.

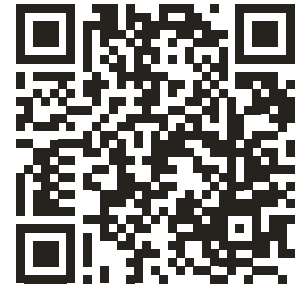
Four members of the Supervisory Board of mBank (Agnieszka Słomka-Gołębiowska, Tomasz Bieske, Aleksandra Gren and Mirosław Godlewski) meet the independence criterion.



**FIND OUT
MORE**

The CVs of the members of the Management Board and the Supervisory Board with a description of their competences and experience can be found on our website.

<https://www.mbank.pl/en/about-us/bank-authorities/>



The responsibilities of the Supervisory Board include oversight of the bank's risk management and internal control systems, approval of the bank's annual financial plans, appointment and removal of the Management Board and approval of significant association and cooperation agreements. For a detailed list of the Supervisory Board's competences, see the Management Report on the Performance of mBank S.A. Group in 2021.

In 2021, the Supervisory Board held nine meetings and adopted 111 resolutions. It discussed and assessed the current results of mBank Group and business lines. A special document adopted by the Supervisory Board in October 2021 is the "Strategy of the mBank Group for 2021-2025 - From an icon of mobility, to an icon of possibility", setting the directions of mBank Group development in the coming years. The Management Board presented to the Supervisory Board the proposed assumptions of the new strategy at a special workshop in September 2021.

1.5.3. ESG management system

In December 2020, we established the mBank Group **Sustainability Committee**. The Committee is chaired by the Vice-President of the Management Board responsible for risk (CRO) and includes representatives from all mBank business lines and Group subsidiaries. The Committee identifies the main lines of action and proposes them to the Management Board, organises the ESG management system, supervises the progress of ESG initiatives, and monitors key ESG indicators. The Committee issues decisions and recommendations on ESG policies and guidelines. The Committee coordinates the work of mBank Group's organisational units and serves as a forum for dialogue, decision-making and recommendations on sustainability.

The Committee held four meetings in 2021. Among other things, the Committee approved the Sustainable Development Code for Suppliers and Partners of mBank and adopted classification criteria and a pool of retail mortgage products which can be financed by issuing green bonds. During the meetings, Committee members discussed the objectives of mBank's ESG strategy for 2022, ESG ratings, the ECB's climate stress tests, and the new principles of the Best Practice for WSE Listed Companies.

ESG factors are among the aspects we **take into account when assessing the performance of mBank's more than 100 top employees**, including the members of the Management Board. Every quarter, ESG topics are discussed by mBank's **Management Board** with the **Supervisory Board**. ESG factors are also regularly discussed by the Risk Committee of the Supervisory Board. From among the members of the Management Board, its President is directly responsible for implementing and maintaining ethical standards at mBank. In turn, the Vice-President acting as Chief Risk Officer directly supervises the ESG risk area.

Other organisational units participating in mBank's ESG management system include:

- **Ethics Officer**, who supports employees in contentious and controversial cases. For more information, see the section "[Ethics, values](#)",
- **Customer Experience Team** which contributes to all initiatives in order to include the customers' perspective and mitigate the risk of inadequate expectations, breaching customer trust and creating contentious situations. For more information, see the section "[Client-centricity as the bank's philosophy](#)",
- **Management Board Representative for Diversity and Inclusion** who develops and implements our Diversity and Inclusion Policy. For more information, see the section "[Diversity and inclusion](#)".

mBank has a group of employees in different departments working on sustainability: around 60 people representing all business areas of the bank. They were involved in developing the new ESG strategy together with top management (including the Management Board members and managing directors). The project teams organised themselves around the UN Sustainable Development Goals and introduced into our ESG agenda topics relating to responsibility for the climate, society, the financial health of our customers, adherence to ESG values and being a reliable partner for investors. We engage many individuals, teams and departments across mBank Group in the implementation of our ESG strategy. They are the owners of the relevant ESG themes and are responsible for managing and implementing them in line with the objectives included in our strategy.

We are building a system of mutual exchange of information and knowledge. ESG experts from different parts of the organisation act as competence centres, organise internal training and workshops, and share their knowledge. They speak at regular ESG status meetings where we also invite external experts and advisors. In addition, we support knowledge sharing through internal communication and events for a wide range of employees. Through educational activities, we are building a corporate culture in line with the ESG values which we apply in our daily work.

1.5.4. Internal audit

Our corporate governance includes an internal audit system responsible for ensuring compliance with the law and the standards we have adopted. We maintain effective **internal control**, risk management and compliance systems. Dedicated organisational units are responsible for the functions of each system. The Management Board is responsible for the implementation, maintenance and effectiveness of the internal control, risk management and compliance systems.

The internal audit operates independently. The **Internal Audit Department** and the **Compliance Department** are supervised directly by the President of the Management Board. The Audit Committee of the Supervisory Board exercises functional supervision over the Internal Audit Department in respect to audit activities.

The remuneration of persons responsible for risk management and compliance, and of the internal audit head, including their variable remuneration, depends on the performance of the tasks assigned to them. It does not depend on mBank Group's financial results. The Audit Committee of the Supervisory Board reviews and monitors the financial reporting process and operational effectiveness of the internal control system, including the operation of internal audit and compliance.

Key mBank Group subsidiaries comply with the principles of the Best Practice for WSE Listed Companies 2021 regarding remuneration and reporting lines of persons responsible for risk management and compliance and internal audit. Within mBank Group, a position for internal auditing has been created at mBank Hipoteczny.

mBank's internal control system supports bank management by ensuring efficiency and effectiveness of the bank's operations, reliability of financial reporting, compliance with risk management rules of the bank, as well as compliance of the bank's operation with law, internal regulations and market standards.

The risk management system and the internal control system in place at the bank are based on three independent lines of defence:

- the first line of defence is comprised of risk management in the operations of the bank performed by the bank's business units and units supporting them directly,
- the second line of defence is comprised at least of risk management by designated organisational units and/or designated employees of organisational units, which takes place independently of risk management in the first line of defence, and the operations of the Compliance Department,
- the third line of defence is comprised of the Internal Audit Department, which is responsible for an independent evaluation of the adequacy and effectiveness of the risk management system and the internal control system in the first and second lines of defence.

In all three lines of defence, mBank's employees apply control mechanisms or independently monitor the observance of control mechanisms.



**FIND OUT
MORE**

For more information on audit principles, see the the Management Report on the Performance of mBank S.A. Group in 2021.

<https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-report-pdf.zip>



The mBank audit universe comprises 103 audit objects grouped into 26 risk areas. **We conducted 25 audits in 2021.** We included 39 audit objects from 21 risk areas in the audits. 8 audits were related to processes and products, 11 to supervisory requirements and risk management, and 3 audits each to the IT area and the implementation of new supervisory rules and regulations.

We rate audited areas on a five-point scale. We award the following ratings: good, satisfactory, fair, not satisfactory, and deficient. In 2021, 24% of the audits were rated satisfactory, 48% fair, and 8% not satisfactory. The remaining audits closed without a rating. Those were cyclical reviews of areas identified by supervision (SREP, A-IRB self-assessment, recovery plan).

1.5.5. Responsibility to investors

We pursue a transparent, open, and reliable **Information Policy**, which builds mutual trust and loyalty of investors. We immediately react to any false information about the company by clearly expressing our stance.

When implementing the policy, we comply with requirements arising from information confidentiality and security laws, which we must abide by as a public company and a supervised institution. The main means we apply in our information policy with regard to investor relations include:

- the company's website in Polish and English,
- current and periodic reports; the timeline of publication of periodic reports enables investors to familiarise themselves with the financial results of the company as soon as possible after the end of a reporting period,
- quarterly presentations of financial results for investors and analysts, during which Members of the company's Management Board comment on financial and business results of the Group, events having an impact on the Group's operations and prospects for the future,
- individual and group meetings, tele- and video-conferences of representatives of the Management Board and the Investor Relations team with investors and analysts,
- ongoing contact by phone, email, and via Microsoft Teams with analysts and investors, including sending newsletters on a monthly basis and, if necessary, other informational materials,
- participation of our representatives in domestic and foreign investor conferences, and cycles of meetings with investors in Poland and abroad (roadshows).

Our website presents among others information and documents arising from the guidelines of best practice:

- basic corporate documents,
- composition of the Management Board, Supervisory Board and Supervisory Board committees, curricula vitae of the members of these bodies,
- information about incentive programmes,
- the company's selected financial and business data,
- presentations discussing the published results and the market environment,
- basic corporate information on the structure of the group,
- data on the number of shares issued, shareholding structure, share capital and dividends,
- recommendations of analysts together with the target share price and the consensus regarding the Group's forecast results for the current and next year,
- recordings of quarterly meetings of analysts and investors with the Members of mBank's Management Board,
- information on the application of corporate governance principles and information on communication with the company.

Moreover, we publish video recordings of General Meetings and information on ratings and the Euro Medium Term Note Programme (including prospectuses and presentations for investors in debt instruments).

1.6. Risk management

1.6.1. Foundations of risk management

The risk management process in mBank Group is conducted at all levels of the organisational structure, starting at the levels of the Supervisory Board (including Risk Committee) and the bank's Management Board, through specialised committees and organisational units responsible for risk identification, measurement, monitoring, control and reduction, down to each business unit.

Risk management roles and responsibilities are organised around the three lines of defence scheme:

- the first line of defence are business lines, whose task is to take risk and capital aspects into consideration when making all business decisions, within the set risk appetite;
- the second line of defence includes mainly the organisational units of the risk management area, security and compliance function, which creates framework and guidelines concerning managing individual risks, supports and supervises business in their implementation and independently analyses and assesses the risk. The second line of defence acts independently of the business lines;
- the third line of defence is internal auditing, which independently assesses risk management activities performed by the first and the second lines of defence.

The communication between organisational units in the bank, as well as between the bank and the Group subsidiaries, is supported by the **Business and Risk Forum of mBank Group** which is constituted by the Retail Banking Risk Committee, the Corporate and Investment Banking Risk Committee, and the Financial Markets Risk Committee. The committees develop the principles of risk management and risk appetite in a given business line.

The management function at the strategic level and the function of control of credit, market, liquidity and operational risks and risk of models used to quantify the aforesaid risk types are performed in the risk management area supervised by the Vice-President of the Management Board, Chief Risk Officer.

The risk management strategy of mBank Group is based on three pillars:

- **We support sustainable growth.** We take into account the impact on the natural environment and the community in which we operate. We build a loan portfolio with a significant share of prospective and responsible sectors and segments. We finance clients' needs responsibly, educate them and transparently communicate the decisions. We develop solutions in a dialogue with the client and for the sake of good loan portfolio quality.

- **We pursue prudent and stable risk management.** Among others, we shape a safe and profitable balance sheet and managing risk in an integrated manner. We monitor newly emerging risks and build the competences of our employees in this area. We develop the ability to manage ESG and cyber risk.
- **We are developing the risk management area in response to the challenges of a changing world.** We are passionate about new technologies. We experiment to increase the level of automation and digitalization of our processes. We draw conclusions and learn from mistakes. We promote the development of a risk culture at mBank, broad understanding of risk and the importance of multifaceted looking into the future. We learn having in mind the future needs in changing conditions.

1.6.2. Financial risk management

In our financial risk management processes, we follow the principles and requirements set out, among others, in the relevant recommendations of the Polish Financial Supervision Authority (KNF), Regulations of the European Parliament, guidelines of the European Banking Authority (EBA) and regulations of the Ministry of Finance.

The key financial risks defined by mBank include:

- **credit** risk,
- **market** risk,
- **liquidity** risk,
- **operational** risk.



**FIND OUT
MORE**

We have developed specific tools and measures as well as strategies to manage each risk. We describe these in detail in the Management Board Report on the Performance of the mBank S.A Group 2021, in section 9.2 Main risks of mBank Group's business.

<https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-report-pdf.zip>



1.6.3. ESG risk management

[GRI 102-11] [GPW E-P3] ESG factors are an important part of mBank Group's business processes, such as risk management, the launch and sale of new financial products, employee hiring and development or supplier relations. **We integrate ESG standards into our business, risk, and governance processes.** We assign responsibility and set ESG targets to top management (including the Management Board members, managing directors and risk takers). The implementation of ESG into our risk management system, including climate risk, is reflected in mBank's policies and procedures. We have established and are continuously developing an ESG management system. The mBank Group Sustainability Committee chaired by the Vice President of the Management Board (CRO) plays an important role.

The Committee's responsibilities include:

- monitoring key ESG indicators,
- overseeing the management of funds raised by issuing green bonds,
- calculating the carbon footprint,
- supporting the implementation of the EU taxonomy,
- improving reporting of non-financial data.

Every quarter, mBank's Management Board discusses ESG topics with the Supervisory Board. ESG factors are regularly discussed by the Risk Committee of the Supervisory Board. They are also among the aspects we take into account when assessing the performance of mBank's top 100 employees, including the members of the Management Board.



GOOD PRACTICE

Responsible banking products

We assess each new product in terms of ESG factors, i.e. its impact on social and environmental objectives. We conduct this analysis at various stages of the process, from planning and implementation to product modification. By raising awareness of ESG factors among employees, we eliminate the introduction of flawed products which adversely impact the bank's reputation.

For more information, see the section "[Responsible sales and products](#)".



We recognise that reputational risk can be affected by sensitive areas (including relationships with customers and business partners) and banking transactions. These need to be monitored very carefully as they can give rise to legal liability.

We present the catalogue of **sensitive areas** in the table below, divided into the three ESG areas. It is not a closed list. New developments may emerge in the future which we do not yet identify today.

Environmental	Social	Governance
<p>Direct climate and environmental impact of mBank Group's activities: mBank Group's compliance with the Paris Agreement, mBank's carbon footprint, greenhouse gas emissions, water consumption and fossil fuel energy.</p>	<p>Cyber threats, hacking attacks, including: phishing/ vishing/ smishing attacks targeting customers and attacks targeting the bank's systems, e.g. DDoS attacks causing unavailability of services, other IT system and application failures, consequences of unauthorised access to personal data or other protected data.</p>	<p>Non-compliance of mBank Group's activities with laws, regulations and market standards.</p>
<p>Indirect climate and environmental impact of mBank Group's activities along the value chain: suppliers, customers and financed industries and business sectors, including: mining, energy, energy-intensive industries, fossil fuels, transport, agriculture (use of fertilisers, water, palm oil), forestry (resource management, logging, wildlife protection).</p>	<p>Consequences arising from: human rights violations (including violations of employee rights, rights or freedoms of individuals with regard to personal data protection, mobbing, discrimination), breach of banking secrecy, unethical and unlawful behaviour of employees, mis-selling (within mBank Group and across the value chain).</p>	<p>Fraud, crime and corruption, unauthorised trading, bad profits.</p>
<p>Impact of climate and environmental change and natural disasters on the Group.</p>	<p>Disputes with clients. Portfolio of mortgages indexed to foreign currencies (particularly CHF).</p>	<p>Money laundering and terrorist financing, violations of global sanctions policies (financial sanctions and trade embargoes), violations of antitrust laws.</p>
<p>Increasing legal requirements and expectations for reporting on the Group's climate and environmental impact (need for automated data capture) and climate change impact on the Group.</p>	<p>Serving controversial areas and industries, including pornography, radical ideologies, gambling, arms trade, tobacco industry.</p>	<p>Unauthorised access to personal data (customer data, business partners' data), financial and special data, other protected data, IT system failures, hacking attacks.</p>

Environmental	Social	Governance
	Clients' expectations which do not arise directly from contractual relationships or legislation.	Violations of employee rights (at the bank and Group subsidiaries). Insufficient levels of diversity (in terms of gender, age, sexual orientation, etc.), discrimination (including position and pay) and violations of the right of association.
	Public expectations of the bank as an institution of public trust and expectations of banks arising from the narratives of external actors which the bank cannot fulfil.	Suitability of the company's authorities (in accordance with the regulatory requirements of the supervisor).
	A complicated and complex bank offering which causes misunderstanding on the part of customers. A language of communication with customers which is not adapted to their level of knowledge and understanding of banking products.	Change of the bank owner, protection of the bank from hostile takeover.
	The social impact of natural disasters.	Delays / deficiencies in non-financial reports which the bank should publish.
	Pandemics and their social impact.	Publication of the bank's name as an unreliable payer as a result of late payment of an invoice, creating a payment backlog with the supplier.



**FIND OUT
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For more information about how we manage non-financial risks, see the Management Board Report on the Performance of mBank S.A. Group in 2021.
<https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-report-pdf.zip>



1.7. Ethics, values

The **Ethics Officer** is the guardian of ethical behaviour at mBank. She co-creates ethical standards, coordinates their implementation and supervises the compliance of our activities with the standards. The Ethics Officer represents mBank in the Ethics Committee of the Polish Bank Association (ZBP). She is responsible for promoting ethical principles among employees, including lessons learned. Available to all employees, lessons learned are descriptions of real-life situations where the company avoided making an ethical mistake or corrected a mistake it had made by raising its working standards on the basis of the knowledge gained.

The key documents related to ethics at mBank include:

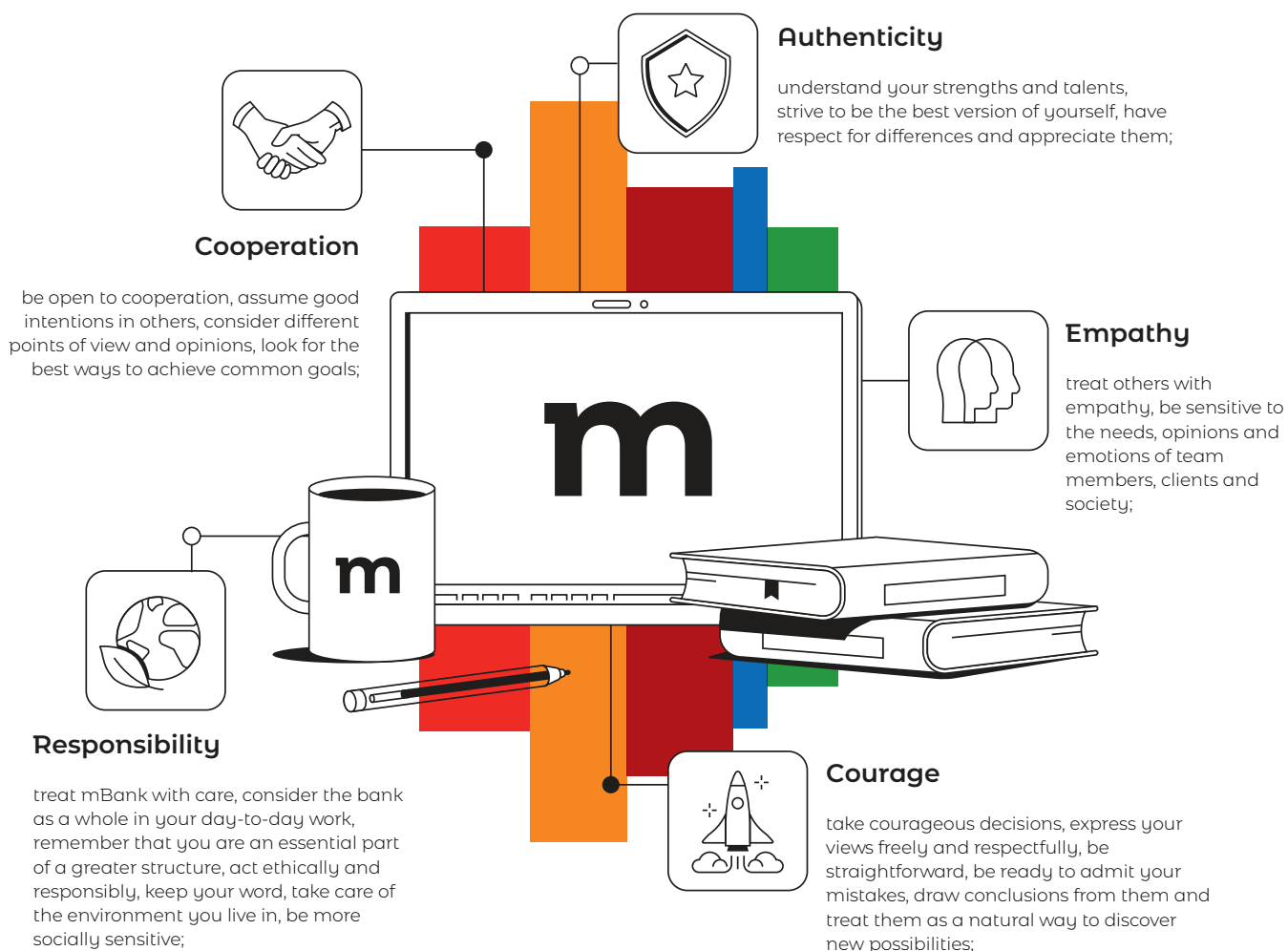
- **the Code of Conduct,**
- **mBank Group's values and behaviours model,**
- **ethics-related internal policies and other regulations.** These address issues such as fraud prevention and reporting, conflicts of interest management, reputational risk management, our relationships with suppliers and with employees, among others. We describe these matters in detail below and in other sections of this report,
- **ZBP Code of Banking Ethics,** of which we are a signatory.

We act ethically in every area of our business. Each employee of our organisation is bound by our Code of Conduct. It forms the basis for mBank's internal and external relations. It applies, among others, in our relations with clients, suppliers and our other business partners. It indicates actions and attitudes which are permitted and those which are categorically prohibited. The Code of Conduct defines rules regarding business practices, customer financing, appropriate behaviour in the workplace, as well as our social responsibility and sustainability. We analyse situations where employees act contrary to the Code of Conduct. On that basis, we take action to help us avoid such situations in the future.

Our Code of Conduct covers among others:

- being guided by mBank's values,
- creating a sustainable organisational culture,
- corporate responsibility,
- pursuing a responsible lending policy,
- responsible customer relations,
- integrity in business relations,
- applying standards in internal relations,
- avoiding conflicts of interest,
- responsible use of social media,
- simplifying communications.

[GRI 102-16] [GPW G-P2] All our employees know the behaviours key to our organisation which facilitate individual and team performance and help build customer satisfaction. We want mBank's day-to-day work standards to be based on our **organisational values**.



We have implemented the Code of Banking Ethics adopted by the Polish Bank Association (ZBP). It is a set of principles of conduct which apply to banks, persons employed in banks, and persons through whom banks perform banking activities.

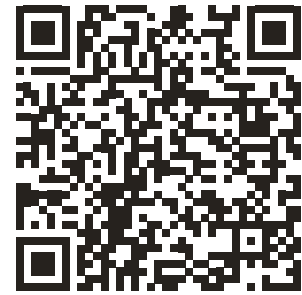
The ZBP Code of Banking Ethics covers among others:

- relations with customers,
- relations with employees,
- relationships between banks,
- relations with business partners,
- relations with the local community,
- principles for processing personal data.



**FIND OUT
MORE**

The Code of Banking Ethics is available on the website of the Polish Bank Association (ZBP).
https://www.zbp.pl/getmedia/f40a2792-0def-4d40-afc0-b8bfc1e228c9/KEB_final_WZ



1.7.1. Anti-corruption measures

[GRI 103-1] [103-2] [103-3 aspect: Anti-corruption and anti-competitive behaviour] [GRI 205-1] [GPW G-P3] [SDG 16] mBank has never and will never condone any form of corruption. No Management Board member, manager, employee or affiliate can justify corrupt practices or bribery by citing the interests of mBank. Our **Anti-Corruption Policy** identifies and mitigates corruption risks. It also defines the main principles of conduct and responsibilities in this area.

mBank has identified areas particularly prone to corruption risks (e.g. in establishing relationships with business partners, purchasing goods and services, sponsoring activities, accepting/giving gifts) and assigned responsibilities to business units. These areas are subject to compliance checks.

All cases of corruption can be reported at mBank to a direct supervisor or directly to the Compliance Department. Reports can also be made anonymously via the **mSygnal** system. The Compliance Department carries out checks in areas particularly at risk of corruption, especially when it regards cooperation with the bank's business partners.

We expect our business partners to act in accordance with the principles set out in our Anti-Corruption Policy. An anti-corruption clause is an integral part of every contract with business partners.

We have defined rules for giving and receiving gifts by our employees. Among other things, they prohibit:

- accepting and giving cash,
- giving and accepting to/from other mBank employees gifts in any form whatsoever if the gift could be considered as influencing the integrity of the performance of the processes entrusted to them,
- accepting gifts from mBank's business partners,
- giving gifts to central and local government officials in connection with their functions.

The Compliance Department keeps a register of gifts received and given. It regularly checks that the rules of accepting and giving gifts are complied with.

[GRI 205-3] [GPW G-P5] [SDG 16] We identified no cases of corruption at mBank in 2021. We identified one case of conflict of interest at mFinanse.

[GRI 205-2] [GPW G-P4] [SDG 16] We periodically train employees in anti-corruption. Training is mandatory for all employees and ends with a knowledge test with a mandatory passing threshold.

Percentage of employees trained in anti-corruption

	2019	2020	2021
Percentage of employees trained	95%	83%	97%

1.7.2. Support for political parties and donation policy

We do not provide financial support in the form of donations to political parties and politically oriented organisations. This principle is described in our Anti-Corruption Policy. We also generally do not give donations to other organisations (with the exception of the mFoundation and WOŚP). In the case of organisations of which mBank is a member, the application for joining the organisation and for paying membership fees is checked and registered each time.

1.7.3. Conflicts of interest

Ethical behaviour of mBank employees includes the avoidance of conflicts of interest. The bank has in place a **Conflict of Interest Management Policy** which helps employees to understand when a conflict of interest may occur and how to manage it. Our solutions ensure that conflicts of interest are managed in accordance with the principle of equal treatment of clients. mBank and our employees cannot not gain benefits or avoid losses at the expense of clients.

Special rules apply to members of mBank's Supervisory Board and Management Board. They are obliged to disclose the occurrence or potential occurrence of a conflict of interest and to refrain from taking part in discussions and voting on matters that may give rise to such a conflict in their relationship with an mBank client or mBank itself.

All our employees are required to undergo annual training in conflict of interest management. The training is concluded with a knowledge test with a mandatory passing threshold.


Percentage of employees trained in conflict of interest management

	2019	2020	2021
Percentage of employees trained	95%	83%	97%

1.7.4. Principles for suppliers


[GRI 102-9] Ethical business includes appropriate relationships with our suppliers and business partners. **We adhere to appropriate standards in these relationships and require that our contractors do so as well.**

mBank suppliers are obliged to comply with the legislation, labour laws, human rights, anti-corruption laws, to protect the environment and not to discriminate. We conduct our business in an ethical and responsible manner, as defined in particular by the Universal Declaration of Human Rights, the standards of the International Labour Organisation and the OECD guidelines (with particular reference to the guidelines on anti-corruption).



Our Principles for Suppliers are public and available at <https://www.mbank.pl/pdf/relacje-inwestorskie/principles-for-suppliers.pdf>

FIND OUT MORE



Each supplier taking part in the procurement procedure or performing contracts with mBank undertakes to act in accordance with:

- Universal Declaration of Human Rights,
- International Labour Organisation standards,
- OECD Guidelines (especially on the fight against corruption),
- The Rio Declaration on Environment and Development – Agenda 21,
- United Nations Convention against Corruption.

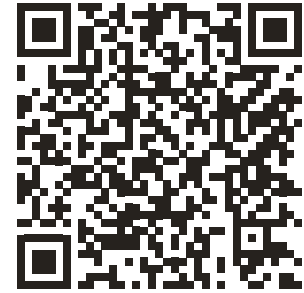
All suppliers with whom we signed contracts in 2021 have declared that they comply with the Principles for Suppliers.



**GOOD
PRACTICE**

ESG Code for Suppliers

In 2021, work was underway on a new Sustainable Development Code for Suppliers and Partners of mBank S.A., which became effective in January 2022. It sets out in more detail the obligations of our contractors in the area of their environmental, social and governance (ESG) responsibilities. Every supplier who takes part in a procurement procedure is required to sign a statement on the application of the code since January 2022. It is a public document available at https://www.mbank.pl/pdf/CSR/mbank_kodeks-dost-awcow_2021_en_.pdf



1.7.5. Fair competition

Ethical business includes the observance of appropriate standards in relations with our competitors and other market participants, including adherence to the principles of fair competition.

[GRI 206-1] [SDG 16] Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Number of legal actions pending during the reporting period regarding anti-competitive behavior in which the organization has been identified as a participant	6
Number of legal actions completed during the reporting period regarding anti-competitive behavior in which the organization has been identified as a participant	0
Number of legal actions pending during the reporting period regarding violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	0
Number of legal actions completed during the reporting period regarding violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	0

1.8. Compliance with laws and standards

[GRI 103-1] [103-2] [103-3 aspect: Socioeconomic compliance] We comply with the legislation, internal regulations and market standards in all processes within the bank.

The general principles for ensuring legal compliance of our operations are described in our **Compliance Policy**. Its implementation is the responsibility of all our employees depending on their responsibilities and authority.

- mBank employees identify, assess, control and monitor risks of non-compliance with legislation, internal regulations and market standards. They also prepare quarterly reports for the Compliance Department.
- Directors of organisational units are responsible for organising work in such a way that employees act in accordance with our Compliance Policy.
- The bank's Management Board is responsible for the effective management of the bank's compliance risk. It reports annually to the Supervisory Board and the Audit Committee.
- The Supervisory Board assesses the adequacy and effectiveness of compliance risk management. It oversees the Management Board's performance of responsibilities to ensure compliance both in control and compliance risk management functions.

Compliance with the legislation is also checked during internal audits which cover all areas of the bank's operations as well as the subsidiaries. The auditors check, among others, the regularity of the trading of financial instruments, how personal data is protected, and the mechanisms for counteracting fraud including corruption.


[GRI 419-1] [SDG 16] In 2021, we paid three fines, including two fines imposed by the Office of Competition and Consumer Protection (UOKiK) and one fine imposed by the Polish Financial Supervision Authority (KNF), in a total amount of PLN 9.5 million. Non-financial sanctions imposed on mBank included one UOKiK decision.

Cases of non-compliance with socioeconomic laws and regulations

Authority	Subject matter	Year of initiation	Results of proceedings	Reply from mBank
UOKiK	Use of prohibited clauses in model contracts for Individual Pension Accounts (IKE)	2012	Original penalty of PLN 14.79 million reduced to PLN 2.46 million	mBank paid the penalty
UOKiK	Non-application by mBank of negative lending rates due to negative LIBOR	2015	Imposed penalty of PLN 6.58 million	mBank zapłacił karę

Authority	Subject matter	Year of initiation	Results of proceedings	Reply from mBank
UOKiK	Failure to correctly identify beneficial owners for some clients	2019	Imposed penalty of PLN 0.45 million	mBank paid the penalty
UOKiK	Fees charged by mBank for termination of revolving loan agreements	2020	Authority's decision to refund fees to customers	mBank refunded fees to customers

Internal audits conducted in 2021 in the area of compliance concerned anti-money laundering and sanctions policy in selected areas of the bank's operations (3 audits) and the implementation of GDPR (1 audit). As a result, the Internal Audit Department identified areas for improvement. The bank implemented the recommendations issued as a result of those audits in a timely manner.



GOOD PRACTICE

Compliance application

In Q2 2021, we implemented GRC Manager, an application which comprehensively supports the bank's organisational units in monitoring legal regulations and their implementation into internal regulations. The application enables effective supervision and co-ordination of the compliance risk management process from a regulatory perspective.

1.8.1. Preventing and reporting fraud

mBank does not condone any bending, circumvention or abuse of our rules. Our **Fraud Prevention Policy** defines who, and how, is responsible for fraud prevention. We have a zero tolerance policy against anyone who commits fraud or financial crime. Consequences may include criminal prosecution, disciplinary measures under employment law or pursuit of civil claims.

How do we eliminate fraud?

- **We prevent fraud** by identifying it early and establishing clear rules and mechanisms to minimise its occurrence.
- **We detect fraud** through controls, monitoring systems and channels for reporting fraud.

- **We investigate fraud** and take appropriate steps, including legal action.

We respond to fraud and apply clear rules to limit loss and damage. We implement corrective mechanisms.

Every bank employee has the duty to report that he or she suspects or knows of fraud.

Number of reported fraud cases	2019	2020	2021
cases reported to the Anti-Fraud Team	63	76	70

In 2021, we received 70 reports in the fraud reporting system, six fewer than in 2020. We checked all the reports and, where necessary, took appropriate actions to eliminate the irregularities identified. In the case of five reports, the Security Department filed notices of suspected criminal offences with the public prosecutor’s office. We identified no cases of fraud which would entail significant losses for mBank or negatively impact reputational risk.

1.8.2. Whistleblower protection

We want to respond to every case of inappropriate behaviour. That is why we make it possible for all our employees and stakeholders to safely report misconduct. Anyone, whether they work at mBank or not, can file a report with the Ethics Officer or use the **electronic system [mSygnał](#) available online**.

The whistleblowing rules and the procedure for analysing reports are set out in internal regulations, according to which:

- the mSygnał application guarantees the whistleblower’s anonymity if they choose that option. The whistleblower can set up an anonymous mailbox where they receive information on the follow-up to their report and can provide additional information **(principle of anonymity)**,
- no form of reprisal, discrimination or unfair treatment is allowed against an employee who reports a suspected violation in good faith, even if the information is not corroborated by an investigation. No retaliatory action may be taken against the whistleblower **(principle of whistleblower protection)**,
- the information provided in a report, as well as the information obtained in the course of the investigation, is subject to data protection regulations and must be treated as confidential. In particular, the personal data of the whistleblower and the persons concerned by the report are protected. Their data may not be disclosed to third parties unless prescribed by law **(principle of confidentiality)**,
- each report is checked by authorised personnel, allowing for objective, fair and impartial clarification of reservations.

Each report is checked by authorised personnel within a maximum deadline of 30 calendar days. Our employees are regularly informed and know how to use the whistleblowing channel. Formal and substantive oversight of the handling of reports is exercised by the bank's CEO as part of his supervision of the activities of the Compliance Department. The rules for reporting whistleblowing to the Management Board and the Supervisory Board are also clearly defined.

In 2022, we will adapt the whistleblowing process to new regulatory requirements. We are awaiting the publication of a local whistleblower protection law which will transpose the EU directive into Polish law. In 2021, we analysed the gaps against the published draft law.

1.8.3. Anti-money laundering and countering the financing of terrorism

We effectively counter money laundering and terrorist financing. We apply internal regulations and Commerzbank Group policies in this regard.

How we counter money laundering:

- we identify and verify the identity of our clients,
- we identify and verify the identity of the beneficial owners of our clients,
- we apply financial security measures appropriate to the identified risk of money laundering and terrorist financing,
- we identify and verify our clients and their beneficial owners for holding politically exposed positions,
- we refuse to engage with and terminate customer relationships where we have identified a risk of money laundering or terrorist financing or an inability to comply with financial security measures,
- we monitor our clients' transactions to protect mBank from money laundering and terrorist financing,
- we regularly train our employees.

All mBank employees are responsible for countering money laundering. The Director of the Financial Crime Prevention Department, supervised by the Managing Director for Regulatory, Legal and Customer Relations, is responsible for ensuring compliance with anti-money laundering and counter-terrorist financing regulations.

Percentage of employees trained in anti-money laundering and countering the financing of terrorism

	2019	2020	2021
Percentage of employees trained	98%	83%	99%

In December 2021, as part of strengthening the control function, we implemented the Quality Assurance (QA) function for the process of analysing transactions in terms of AML.

1.8.4. Compliance with international sanctions

We comply with sanctions regulations by identifying customers and beneficial owners as well as transactions which violate sanctions. We refuse to execute such transactions. We inform clients about the sanctions regulations and we train bank employees. Every employee is required to read the policy and apply it under all circumstances.

We verify clients and monitor persons and entities that are parties to transactions against European Union, United States and UN sanction lists. In the case of business relationships in sanctioned countries, we monitor them closely and apply measures including terminating the relationship.

The Financial Crime Prevention Department adopts guidelines and instructions, informs departments and subsidiaries of sanction-related restrictions affecting business policy, advises on the implementation of such restrictions and monitors compliance with them.

In 2021, in line with our Sanctions Policy, we carried out ongoing analytical tasks related to sanctions risk mitigation at the bank. The priority process was the real-time analysis of payment messages related to foreign transactions in a special application. An additional area was the issuing of recommendations for documentary transactions whose profile identified possible sanctions risks. The sanctions policies also imposed an obligation to continuously develop and calibrate systems and to report progress in detail.

The checks carried out in 2021 did not identify any material breach of the bank's sanctions policies. No significant sanctions risks were identified in the reviewed business areas and corporate branches. The level of staff training, awareness of sanctions risk and the organisation's exposure to sanctions risk were assessed as good.

Percentage of employees trained in sanctions policies

	2019	2020	2021
Percentage of employees trained	96%	76%	98%

1.8.5. Preventing tax crime

We regard compliance with tax law as an important part of our social responsibility and a duty to the state. This is why we have a policy in place to prevent our employees, contractors and clients from using mBank's services for tax crimes and, in particular, for tax evasion. We have a zero tolerance policy and reject all forms of tax evasion. The policy describes:

- fraud prevention and detection procedures,
- the role of the mBank units involved in these processes,
- due diligence procedures,
- the principles of risk analysis and control, as well as reporting.

1.8.6. mBank's disclosure obligations

We have implemented the requirements imposed among others under the Act on Trading in Financial Instruments, MAR, and the Act on Public Offering.

We comply with disclosure obligations because we are a public company, i.e. an issuer of securities admitted to trading on a regulated market. This obligation also arises from the fact that we carry out brokerage and custody activities and activities referred to in Article 70(2) of the Act on Trading in Financial Instruments.

In accordance with the law, we classify information on certain events related to our business as inside information. In such cases, we provide a mandatory current report to the Polish Financial Supervision Authority (KNF), the Warsaw Stock Exchange (GPW) and the Polish Press Agency (PAP). This also applies to certain other events, which are not inside information. The requirement to provide a report to the KNF applies to events related to brokerage, depositary or investment activities. Each organisational unit of mBank affected by or aware of such an event must inform the Compliance Department.

Failure to report, late reporting, and undue reporting generate the risk of financial penalties for mBank. In that case, the risk of financial penalties also affects the persons providing information for a report and the members of the Management Board responsible for the given area. mBank keeps records of persons discharging managerial responsibilities within the meaning of MAR.

In addition, since the beginning of 2022, we have in place a new **Information Policy** for communications with investors, the media and clients. It defines the scope of disclosures and how the policy is implemented. According to its provisions, mBank ensures open and transparent communications, takes into account the needs of all stakeholders and provides them with universal and equal access to information in line with the highest market standards and applicable laws.

There were no financial penalties imposed for non-delivery, untimely delivery or delivery of an unreliable report in 2021 and in the previous two years.

1.8.7. Litigation related to Swiss franc (CHF) loans

In recent years, a significant number of individual customers who took out mortgage and housing loans in CHF, challenged in court some of the provisions or entire agreements on the basis of which the bank granted these loans. So far, there is no uniform line of judgments issued by courts in such cases.

As of 31 December 2021, 13 373 individual court proceedings were initiated against the bank by its customers in connection with CHF loan agreements with the total value of claims amounting to PLN 3.51 billion.

Out of the individual proceedings 13 036 proceedings with the total value of claims amounting to PLN 3.50 billion related to indexation clauses and included claims for declaring ineffectiveness or invalidity in part or in whole of the loan agreements.

As at 31 December 2021, we had received 473 final judgments in individual cases, of which 82 were in favour of the bank and 391 were unfavourable.

There is also a class action pending against the bank concerning indexation clauses. The lawsuit contains alternative claims for declaring the loan agreements partially invalid, i.e. with respect to the indexation provisions or for declaring the agreements invalid in their entirety or for declaring the indexation provisions of the agreements invalid due to the fact that they allow the loan to be valorised above 20% and below 20% of the CHF exchange rate from mBank S.A. table of exchange rates in effect on the date each of the loan agreements was concluded.

By Order dated 13 March 2018 the Court set the Class at 1 731 persons. On 19 October 2018 the Court issued judgment dismissing all of plaintiff's claims. In its oral reasoning, the Court argued that the claimant failed to prove that it has a legal interest in bringing the claim in question and also addressed the issue of the validity of the CHF valorised loan agreements, emphasizing that both the agreements themselves and the indexation clause are in compliance with both applicable laws and the principles of social interaction. On 11 January 2019 the plaintiff's appeal was delivered to the bank. On 9 March 2020 a judgment was rendered in the case, in which the Court of Appeal returned the case to the District Court for reconsideration. On 9 June 2020 the Court of Appeal, on the motion of the plaintiff, issued a decision by which it granted security to the plaintiff's claims by suspending the obligation to pay principal and interest instalments and prohibiting the bank from making statements calling for payment and terminating the loan agreement.

On 9 February 2022 the court issued a verdict dismissing the claim in its entirety. The plaintiff may appeal against this verdict.

In December 2021, we started piloting **settlements with customers** who took out mortgages in Swiss franc (CHF). The first phase of the pilot ended in March 2022. The offer presented in the programme consists of converting a CHF-indexed loan into a PLN loan with a simultaneous write-off of part of the loan balance. Similar to the PFSA's Chairman proposal this portion constitutes the difference between the current balance of the indexed loan expressed in PLN at the average exchange rate of the National Bank of Poland and the hypothetical balance that would exist if the loan had been originally contracted in PLN. In our pilot this difference is divided equally between the parties to the contract. We offer to cancel the loan balance in the amount equal to the part of this difference attributable to mBank. This method of loan conversion guarantees equal distribution of materialized foreign exchange risk costs, which scale could not be foreseen by any of the parties to the loan agreement at the time of its conclusion. This represents half of the benefits arising for the clients from the PFSA Chairman's proposal.

The offer was addressed to holders of 1,278 active contracts, which is a representative sample of the entire portfolio of active CHF-indexed loans. The first phase of the pilot ended in Q1 2022. Based on the findings of the first phase of the project, we continued to pilot the settlement programme in 2022 and offered it to another group of customers.



**FIND OUT
MORE**

For more information on CHF loans, including the key court decisions in 2021 and the proposal of the KNF Chairperson, and their impact on mBank's financial position, see the mBank Group Consolidated IFRS Financial Statements for 2021

<https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-report-pdf.zip>



2 banking of the future

2.1. Technology and data as sources of competitive advantage for mBank

Key figures:

- **#1** in the market by share of mobile users among total active customers
- **#2** among Polish banks by number of mobile application users
- **2.96 million** mBank mobile application users
- **78%** share of digital channels in sale of non-mortgage loans
- **76.3%** share of retail processes initiated by customers in digital channels

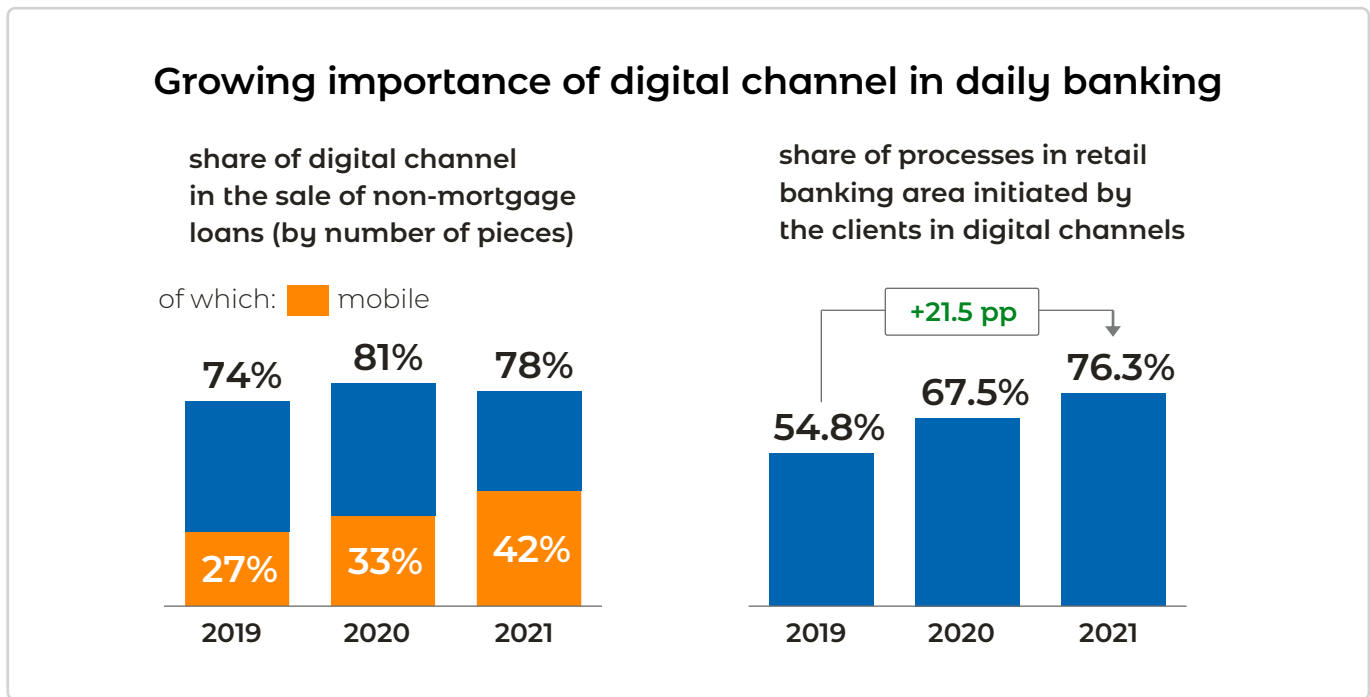
What's new at mBank:

- a mobile application for the **Junior account** for children under 13 years of age tailored to their needs in daily expense management,
- fast and secure **biometric confirmation of transactions** on the mobile app using a face scan or fingerprint,
- an **automated voice assistant** (voicebot) deployed in the call centre to help customers with common problems and redirect them to consultants for more complex issues,
- a **mobile application for corporate clients** mBank CompanyMobile with a clear interface, intuitive navigation and an assistant that reminds clients of orders to be authorised,
- **contactless BLIK** available in mBank's mobile application for convenient payments in service and retail PoS without a plastic card,
- three popular **mobile payment** options provided to mBank's corporate clients: Apple Pay, Google Pay and Garmin Pay.

Banking is an industry where technology is steadily growing in importance. The COVID-19 pandemic has accelerated digital transition. User-friendly and secure digital service and communication are now key to building mBank's competitive advantage. Providing remotely accessible digital products and processes allows us to grow the business dynamically.

Technology has been the source of mBank's success in the past and we believe that it will contribute to our success in the future. For years, we have been delivering a modern digital banking offer, setting trends and maintaining our technological edge. We provide our customers with the best user experience. They can use our digital services without having to travel to a branch or wait in a queue. Remotely, they can sign a contract, activate and manage almost any product in our offer, and interact with our advisors.

In December 2021, 3.27 million users logged in to online banking and 76% of operations were initiated by our customers in digital channels.



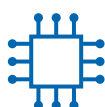
Digital processes are not just about saving our customers' time. They reduce the number of printouts and paper consumption. This also means fewer visits that customers have to make to the bank's branches, which reduces the greenhouse gas emissions associated with transport. As such, properly designed digital services have an environmental aspect.

Technology milestones for mBank

- | Year | Event |
|------|---|
| 2000 | Launch of mBank, Poland's first online-only retail bank |
| 2011 | mBank goes mobile: our first Android and iOS app is developed |
| 2013 | Chat and video chat: a virtual bank branch and access to mBank experts from anywhere |
| 2014 | Cash loan in the mobile app available at the click of a button with a credit decision in a quarter of an hour |
| 2015 | BLIK mobile payments are available at mBank; we gradually expanded the BLIK payment offer in subsequent years |
| 2016 | Mobile authorisation: customers can confirm operations, e.g. money transfers, in the mobile app and no longer need to type in SMS codes |
| 2017 | Contactless mobile payments: payment cards are now on the phone; we gradually expanded the offer of payments by smartphone or smartwatch in the following years |
| 2018 | The number of logins in the mBank app is higher than on the website |
| 2018 | Our system starts to recognise the context and personalise the communication directed to customers |

- 2020 ○ Opening an account is possible without leaving home, first with the use of a selfie and later also with the use of an e-ID
- 2021 ○ Marek, an automated voice assistant (voicebot), serves mLine customers and helps them quickly and independently deal with a large number of banking operations
- 2021 ● mBank Junior mobile app is launched Startuje aplikacja mobilna mBank Junior

Our bank is getting more and more digital year after year. In 2021, the number of cases handled remotely almost doubled and our mobile app became the most frequently used channel to access the bank. What's more, some cases were completed 100% digitally, eliminating paper handling altogether. Among other things, we presented our customers with refreshed versions of our mobile banking applications, provided further options for contactless mobile payments, and implemented an automated voice assistant (voicebot).



Our selected new digital solutions in 2021:

- new versions of the online transactional platform in the Czech Republic and Slovakia,
- responsive online transactional platform adjusting to the size of the display,
- presentation of the balance on the accounts from other banks,
- new version of mBank's recommendation programme,
- new investment methods and investment advisory,
- my ID, a new tool for remote confirmation of identity,
- BLIK mobile contactless payments,
- biometric authentication on phones.



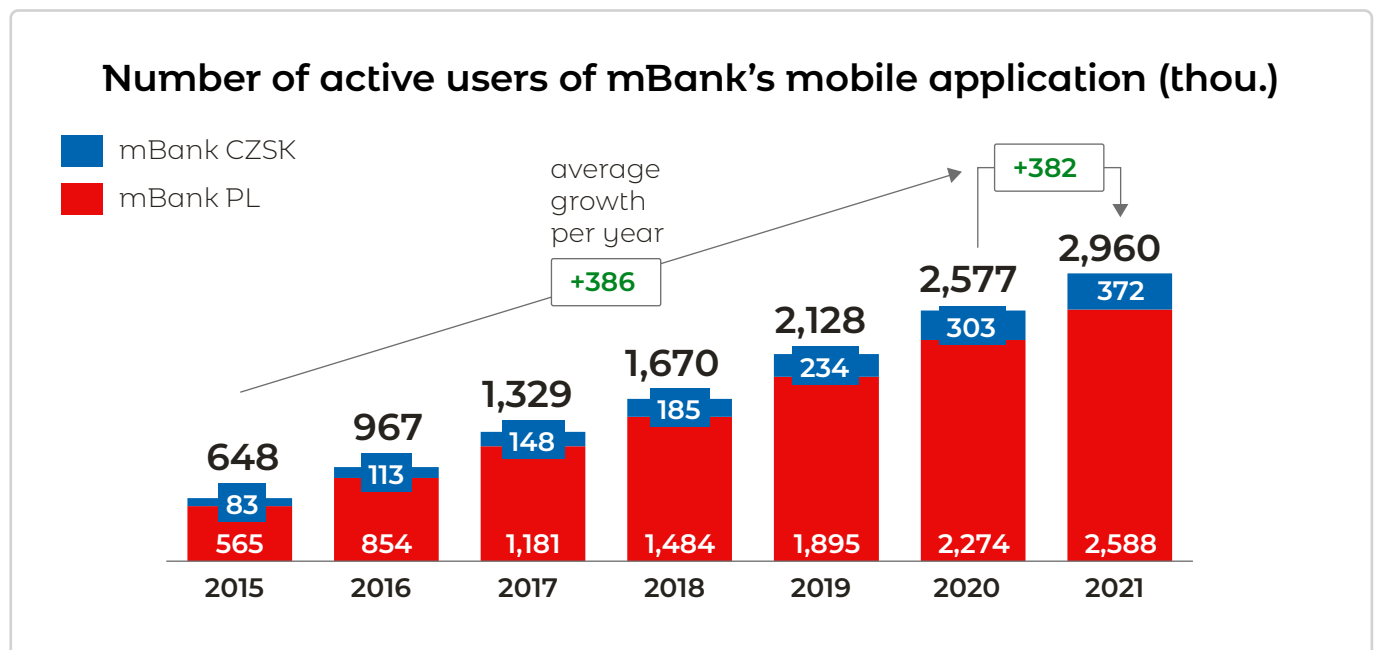
GOOD PRACTICE

Big Data and AI

Digitalisation also helps us know our customers better. In 2021, we implemented a system for analysing customer data and modelling their behavioural profiles. We see Big Data, Artificial Intelligence and machine learning as an opportunity to gain a competitive advantage in many areas. We use data on event context and demographic characteristics to best identify customers' needs. This helps us to tailor our offer and present it in the right time, sales channel, and form. As a result, we ensure the satisfaction of our customers. We conduct these activities while respecting our customers' right to privacy. For more information on this topic, see the section "[Secure personal data](#)".

2.1.1. Mobile banking

Our mobile app was used by 3 million customers in Poland, the Czech Republic and Slovakia in 2021, almost 14% more than in 2020. 1.1 million people are mobile-only users, which is around 40% of all active customers. Users log into the app on average 31 times per month.



The rating of mBank's app in the stores is 4.7-4.8 (max. 5). In all previous editions of the prestigious Mobile Trends Awards, our mobile solutions have been awarded a total of 12 times, including taking first place 8 times.



GOOD PRACTICE

Account opening with an e-ID and a selfie

All you need to become our client is a smartphone, an identity document and a moment's peace of mind.

The first method of opening accounts completely remote that we have made available is to use a selfie. The customer accepts the contract by SMS and the account is active after a maximum of 1 working day. In addition, a Mastercard can be added to Google Pay and used before the physical card arrives in the post. In 2021, 21,000 of our customers opened an account with a selfie.

Since 2021, holders of an e-ID can open an account in mBank completely online by using the eDO App. There is no need to sign documents with a courier or in a branch.



What we changed in our mobile app in 2021:

- we introduced the BLIK contactless payment service,
- we implemented biometric authentication,
- we provided access to all payment card data (full card number, expiry date, CVV2/CVC2 code). Customers can read the data without having to reach for the physical card. This allows them to pay with the card online,
- we implemented the “Get Your Things Done” module where the customer can place a range of instructions. These include, among others, processing products, filing complaints, updating personal data and submitting applications for family benefits. At the end of 2021, 30% of such cases were handled through the app,
- we introduced the “My targets” functionality on the dashboard so customers can easily see how much money they have saved

In 2021, we made the **Junior account mobile app** available for children under 13 years of age. The app helps children and parents control their account balance and analyse their spending history. These two functions were reported as key by parents, which is why we launched them in the first version of the app. The mBank Junior account is a solution used mainly by active customers. 80% of accounts were opened by parents for whom mBank is the main bank. Almost 90% are accounts for school-age children between 7 and 13 years of age. The Junior app won first place in the Mobile Trends Awards 2021 in the main category and in the “Banking and finance for children” category.

In the future, we will focus on the development of mobile banking, ideally with the ability to scale across devices. PC access will complement the digital experience for more traditional users, complex functions and atypical scenarios.



GOOD PRACTICE

Less plastic in your wallet

A plastic card in the wallet is becoming unnecessary as payments with a smartphone or smartwatch have become a daily thing for millions of people.

- In 2021, Apple Pay was used by 472,000 of our customers who completed more than 136 million transactions.
- Google Pay was used by 532,000 customers who completed more than 121 million transactions.
- Smartwatch payments were used by more than 20,000 mBank customers who completed 2.1 million transactions.
- Contactless BLIK, made available at the end of 2021, was used by 150,000 customers in the first few weeks.

We also promote the Mastercard Mobile card and the virtual eCard because of their environmental benefits. In 2021, customers who chose digital cards saved nearly 0.5 tonnes of plastic with us.



GOOD PRACTICE

New contactless payments

Apart from contactless BLIK, in 2021 we introduced two new services which allow clients to pay contactless without using a plastic card: SwatchPAY! and Xiaomi Pay. In addition, our corporate customers can now use two contactless mobile payment apps: Google Pay and Garmin Pay.

2.1.2. Our digital targets for 2021-25

Technology, security and data are the source of mBank's competitive advantage. **Our strategy for 2021-2025 includes the following objectives:**

- to provide high-quality, available, secure and stable solutions and services to mBank customers on a continuous basis,
- to maintain the technological advantage of mBank in the financial sector by being cloud-ready, allowing for flexibility, scalability of technology and swift adaptation to business needs,
- to provide highest possible security to mBank's clients and employees by the continuous development of a multi-layer cybersecurity defence model for both on-premise and cloud solutions,
- to provide the highest possible protection of mobile application serving as a digital key to all mBank's channels,
- to employ artificial intelligence and data science to support creation of innovative customer products, better risk assessment, increase effectiveness of internal systems and workflows as well as maintain mBank's image of the technological and digital leader.

We have also adopted **strategic measures** of the extent to which these objectives are achieved:

- make our client-facing services available 24/7/365 at ~99.9% by 2025,
- have more than 70% of key systems developed internally to be cloud-ready and run on a hybrid cloud (private or public) by 2025,
- ensure 100% of newly developed systems to be cloud-ready and run on cloud starting by 2025,
- monitor 80% of critical systems running in the cloud and processing protected data by 2025,
- test 80% of new critical applications developed at mBank in terms of security of code,
- conduct comprehensive Red Team's tests verifying the level of organisation's security and resistance to emerging cyber threats at least twice a year,
- connect 80% of onboarding processes to the anti-fraud system by 2025,
- have 80% of mobile clients protected by RASP-like mechanism by 2025,
- provide 80% of clients who consented to behavioural biometrics with additional protection while authorising operations,

- use digital identity solutions in major business process requiring onboarding by 2025,
- create and deploy at least four products or services in both retail and corporate banking based on artificial intelligence (AI) engines by 2025,
- launch at least one client-oriented product using external machine learning (ML) cloud-based systems with large repositories of data and models by 2025.



GOOD PRACTICE

Best user experience

We are continuously strengthening our competences in digital data presentation and user experience (UI/UX). Since 2018, our company mServices has served as an in-house digital agency. It is responsible for sourcing the best experts from the market and guaranteeing mBank's exclusivity of strategic elements of user experience. In designing our services, we want to use the best data collection and analysis tools to ensure that our applications meet the actual needs and preferences of our customers.

mServices is the exclusive provider for all business lines and companies in mBank Group. This means that user experience elements created for retail banking can be used across the organisation. This ensures a consistent customer experience across all digital services and strengthens brand communication. In addition, mServices has developed a professional design system and a digital library of common elements. This provides our application developers with standardised interface components which they can easily apply in different projects.

We are also looking to the future. We analyse trends in virtual and augmented reality (VR/AR) and explore their potential for use in banking.

2.2. Retail banking of the future

We want to be a partner for our customers for life. However, we know that the banking needs of our customers differ, depending on whether they are young, middle-aged or mature. We respond to these particular needs with a diverse range of products. We offer loans, investments, savings and insurance products which provide great support at different stages and phases of a customers' personal and professional development.

Integration with the customer's lifecycle is one of the pillars of our new strategy. We believe that mBank's offer will be attractive to new clients, primarily young people.

On the other hand, we expect that it will meet the financial needs of maturing clients who are already using our services. This is why we will focus on:

- mortgage loans: we will improve the mortgage lending process,
- a comprehensive investment offer through our own newly established investment fund company (mBank TFI),
- personal finance management (PFM) tools,
- an ecosystem of non-banking services.

We are not forgetting the important role of brick-and-mortar branches even though we know how much our customers like the convenience of remote, usually mobile, access to banking. That is why we are strengthening digital contact channels, customer service and remote sales channels.



**GOOD
PRACTICE**

Democratisation of investments

We are developing an investment democratisation strategy to provide the easiest way to invest. We will launch online-only investment products which deploy robo-advice mechanisms.

How we integrate the offer with the customer lifecycle:

- we create a comprehensive investment offer tailored to the needs of each customer segment. We want to support the long-term increase of their wealth and help them realise their income potential,
- we help clients to manage their current and future finances wisely with structured information on income, expenditure and assets,
- we make it easy to meet all of the clients' needs in mobile banking,
- we develop an ecosystem of non-banking services.

We believe that all these measures will allow us to meet our targets. We want to increase the number of active individual customers by 1.05 million by the end of 2025, including the acquisition of 300,000 of the youngest customers thanks to the development of the mBank Junior mobile application with new functionalities. Our ambition is to become, through digitalisation, the third biggest provider of mortgage lending by 2023. By 2025, we aim to deliver half of our service and sales via mobile.



GOOD PRACTICE

mDiscounts for gamers

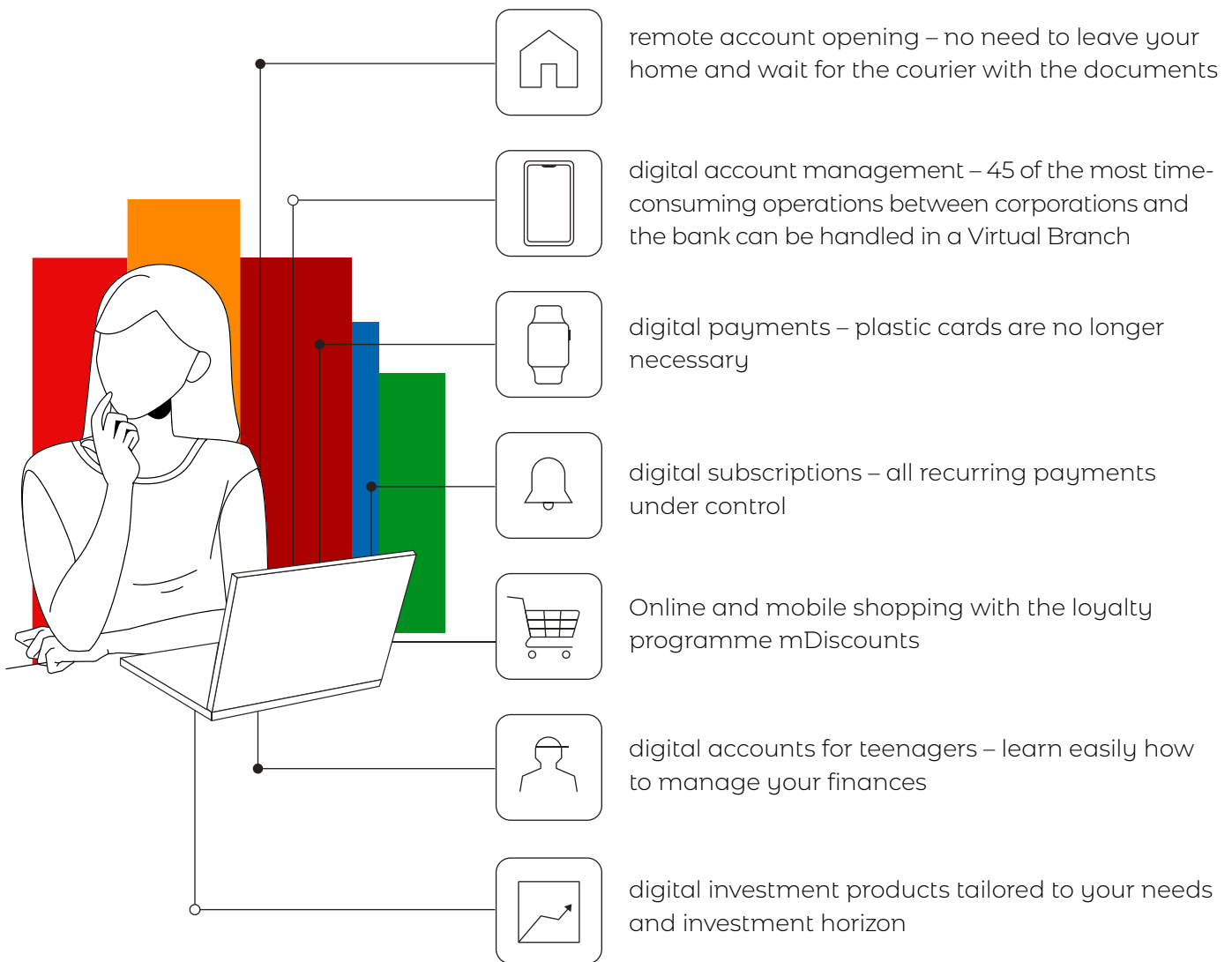
In 2021, we added a new bank account for gamers, where customers can take part in mBank challenges, unlock achievements and win rewards. We are also planning to offer regular mDiscounts (mOkazje) for gamers.

Our other retail banking targets:

- to maintain the growth rate of assets under management (AUM) by PLN 1.5-2.0 billion per year,
- to raise to 50% the share of mBank clients from the mass banking and affluent segments who have at least one investment product in 2025,
- to have 50% of clients regularly and actively using the Personal Finance Manager (PFM) function in 2025,
- to improve the digital account opening process so that 50% of customers are acquired remotely by 2025,
- to achieve a digitalisation ratio (number of applications/orders for products and services in digital channels to the number of such requests in all channels) of 90% by 2025,
- to increase the share of cashless branches in mBank's network to 50% in 2025,
- to automate 30% of traffic to the contact centre with an automated voice assistant/chatbot by 2025,
- to have 2.8 million individual customers and 200,000 companies in the retail segment actively using at least one additional service by 2025.



The digital world of mBank customers



GOOD PRACTICE

Hello, Marek speaking

Since 2021, calls on mLine (mBank's helpline) are answered by Marek, an automated voice assistant (voicebot). Marek helps customers with the most common issues. As a result, we have reduced the time it takes to answer a call and redirect it to the right consultant who provides advice in more complex cases.

The automated voice assistant is a new technology. Marek has his own personality, a human voice and a clear mandate: to help customers with simple everyday operations. In 2021, Marek answered 10% of the calls on our helpline.



**GOOD
PRACTICE**

mDiscounts

For many years we have been developing mDiscounts (mOkazje), our shopping discounts programme available in online banking and on the mobile app. For more information about the programme and current mDiscounts, see: <https://www.mbank.pl/indywidualny/uslugi/mokazje/mokazje/>



**GOOD
PRACTICE**

Subscriptions under control

The pandemic has reinforced the trend of using different types of subscriptions. Therefore, we help customers easily manage recurring charges for services. All card subscriptions are available in the transaction history in the mobile app or transaction service. This makes it easy for customers to check what they are paying for at any given time. Our transaction service and mobile app also present a forecast of upcoming subscription fees so one can better plan their budget.



**GOOD
PRACTICE**

e-Government with mBank

We will continue to incorporate new e-government services responding to all public programmes available online. In 2021, we added new services to our offer, such as the Family 500+ and Good Start 300+ programmes. We collected more than 240,000 applications from our customers under these programmes.

2.2.1. Development of retail banking in the Czech Republic and Slovakia

In the Czech Republic and Slovakia, in 2021 we focused on the acquisition of new customers, further automation and digitalization of its process and strengthening of non-mortgage lending. mBank's strategy in the Czech Republic was significantly affected by the moves of the Czech National Bank which increased the reference interest rate from 0.25% to 3.75% in a series of five hikes.

In order to improve profitability of the Czech and Slovak branches, in the second half of 2021 mBank successfully switched part of its resources from mortgage area to non-mortgage loans (cash loan) area. As a result, the sales of cash loans were record-high. mBank still continues to implement the improvements of mortgage loan processes by introducing its new version on the Slovak market. Long term focus on the efficiency brought significant improvements in the area of fees and commission which resulted in the introduction of a new and significantly shorter price list for mBank's customers. Following the digitalization path, mBank invested more resources to develop in the area of BankID and took part in one of the biggest digitalization projects on the Czech market as well as introduced its first fully virtual card for e-commerce transactions.



During 2021, mobile application became the most widely used distribution channel for our clients. Currently, 65% of active clients use mobile banking. Throughout 2021, we brought a number of improvements to our clients as part of digitization, including i.a. the new Internet Banking 3.0, a fully mobile account opening for new clients, instant payments etc. At the same time, we pay great attention to the customer experience and continuously measure their Net promoter score (NPS) within the use of mBank. In addition to strengthening the digital distribution, we worked to further bring physical distribution closer to our clients. The role of branches has proved important in improving mBank's position on the broker market thanks to the strengthening of branch relations with brokers at the local level and product/process helpdesk for our partners provided from branches.

2.3. Banking of the future for companies

In retail banking, we serve 545,000 entrepreneurs and small businesses in Poland and 68,000 in the Czech Republic and Slovakia.

Throughout 2021, we supported our customers in their business. We offered them a business account free of charge with a guarantee of two years. We placed a stronger than ever emphasis on promoting our ancillary services in our acquisition promotions, drawing our customers' attention to a suite of corporate tools which make it easier to run a business. We ran a marketing campaign on TV and radio where our services were promoted by mBank experts. We also continued to offer moneyback starter support for new entrepreneurs. We ended the year with activities helping entrepreneurs to prepare for the changes implemented under the Polish Deal (Polski Ład) tax reform. We held educational webinars for entrepreneurs with market experts.



**GOOD
PRACTICE**

PFR Financial Shield

From the very beginning of the year, we enabled clients to submit new applications for subsidies under the Shield 2.0 programme of the Polish Development Fund (PFR). We supported our clients by hosting webinars, providing Q&As and publications designed by mBank and PFR experts. In this edition of the Shield, 6,600 mBank clients received support from the Fund (over PLN 709 million in subsidies). In addition, we processed redemptions and settlements of Shield 1.0 funds for 40,000 of our clients who received PLN 3.2 billion in subsidies. As part of these activities, we implemented processes related to the settlement of grants paid out via mBank, from the transfer of the necessary PFR documents and subsidy repayments to debt collection and reporting of the results to the PFR.

As a result, we maintained our dominant position in the SME market in Poland and increased the group of most engaged customers by 11%.

Our strategic goal is to achieve a 20-30% market share in new acquisition of self-employed clients and partnerships by 2025.



**GOOD
PRACTICE**



Eye to Eye programme

In 2021 the Business Client Department conducted a series of Eye to Eye (OkO w OkO) meetings with business owners, young people planning to start a business, and students. As a result, our employees who decide about our business offer but do not have direct contact with customers on a daily basis got to know clients' expectations and pain points personally.

We want to relieve business owners of their daily routine tasks so that they can focus on their core business. We support entrepreneurs and small businesses in growing their business by providing them with industry-tailored expertise and an integrated platform to manage finance, accounting and administrative affairs.

business command centre

a **single business control panel** instead of services dispersed across multiple applications (for accounting, organisational or marketing activities)

bank accounts and products	FX platform		integrated accounting services
mOrganizer		online business starter pack	Paynow

We offer the **mAccounting** (mKsięgowość) service to companies which hold an account with mBank and keep simplified accounting books (revenue and expense ledger, lump tax, tax card). It is the only combination of a bank account and accounting services on the market which makes bookkeeping easier and faster by automating many actions. Clients can manage their finances and accounting operations within a single transaction service. In addition, the service enables faster invoicing and automatic tax calculations and includes the assistance of an accountant who takes over the company's bookkeeping when needed.

We closed 2021 with a 50% year-on-year increase in the number of corporate clients acquired by the nationwide network of certified accounting offices. Our clients using the mAccounting Comfort service are supported by nearly 900 accounting offices located across Poland. At over 300 service points, clients can set up a business with an mBank business account. In addition, blog articles and videos prepared by accountants cooperating with mBank provide entrepreneurs with valuable expertise. Such publications cover, among others, the National e-Invoice System and the Polish Deal tax reform.



GOOD PRACTICE

mOrganizer helps to run a business

Finance mOrganizer is a combination of transaction system and company finance management software. mOrganizer saves entrepreneurs time: it supports fast accounting thanks to automatic functions and remote contact with accountants. We offer packages suitable for any business and type of bookkeeping. For more details about mOrganizer, see <https://www.mbank.pl/firmy/ksiegowosc/morganizer-finansow/>

We prepared an mOrganizer promotion for business clients who open a current account with mBank or set up a company with mBank. Thanks to this promotion, clients received a package of benefits for one month which made it easier to run the company's finances, including free invoicing, payment monitoring, control of their company's expenses, a financial assistant and independent bookkeeping.



GOOD PRACTICE

Free invoicing

mBank account holders who run a one-person business can use a free invoicing software available in the transaction service. Invoices are integrated into the account and entrepreneurs have real-time information on which invoices have been paid, which are pending payment and which are past due.



GOOD PRACTICE

Cashless Poland with mBank

We participate in the Cashless Poland programme. We offer modern Planet Pay terminals for 12 months without a subscription fee. For details of the offer, see <https://www.mbank.pl/firmy/terminale/darmowe-terminale/terminal-plan-et-pay/>

2.3.1. The best bank for e-commerce

We support entrepreneurs in moving or developing their business online. We have developed unique transactional solutions for companies and want to be the preferred bank for online retailers and shops and the preferred platform for customers buying online.

Starting in 2020, we have been developing **Paynow**, an online payment system for e-commerce. To use it, all you need is a business account and an e-commerce site. We are the only provider in Poland to offer a solution which integrates a payment management panel with a banking transaction service. Paynow is the first payment integrator to use cloud-based solutions. It is also the fastest: the money is visible in the account immediately after the customer's payment. The service has been designed to be convenient on mobile devices.



GOOD PRACTICE

Digital Revolutions

Our flagship programme where we help small and medium-sized companies develop their e-commerce is the Digital Revolutions social campaign. Its cornerstone is the website <https://cyfrowerewolucje.pl>, a repository of **knowledge** on how to take one's business online step by step. Entrepreneurs get access to a free course in effective sales combined with inspiring case studies of companies which have succeeded online. Each course ends with a knowledge test. The content was prepared by e-commerce market experts. It is available free of charge to anyone.

How Digital Revolutions can help:

- 18 webinars delivered by experts,
- over a dozen case studies – stories of businesses who have succeeded in their online business,
- dozens of articles supporting the development of online businesses,
- expert support from 15 companies.

The campaign includes a digital revolution **competition** with a business prize pool of more than PLN 300,000 in 2021. The idea behind the competition is to bring about a digital revolution in the awarded companies. mBank's reliable partners help the winners overcome the legal, marketing and technological challenges in the launch of an online business. In 2021, 823 companies entered the competition, nearly 300 more than the year before. Around 70% had already taken their first steps in online sales. Most of the participants in the competition were young companies founded in 2019 and 2020 which employ between one and three people. The winners were selected by a panel of experts from various e-commerce-related fields. The Digital Revolutions winners in 2021 were HOUSE TO GO and WObit.



GOOD PRACTICE

Integrating banking and e-commerce

We plan to integrate our platform with the most important e-commerce platforms in order to continuously provide clients who run their business online with information about sales, indicators and optimisation opportunities. With mBank's integrated business management centre, entrepreneurs will save time and improve business management.

Our main e-commerce targets:

- to modernize and extend our existing mDeals platform to make it more attractive e-commerce solution for both online buyers and sellers,
- to develop Paynow so it becomes a significant player in online payments, with market share reflecting the share of mBank's consumers in Polish e-commerce,
- to extend the offer of value-added services designed for online sellers to increase the importance of the relationship with mBank by partnering with them in main parts of their e-commerce activity.

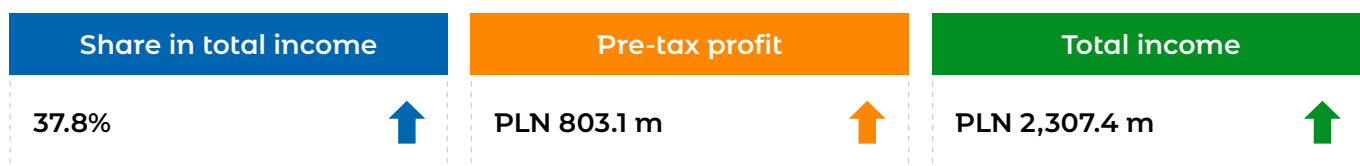
2.4. Corporate and investment banking

In the corporate and investment banking segment, we served 31,315 customers at the end of 2021, 2,232 more than a year earlier. These included 2,272 large companies and non-bank financial institutions with an annual turnover of more than PLN 1 billion, 9,740 medium-sized companies with a turnover between PLN 50 million and PLN 1 billion, and 19,303 small companies with a turnover of less than PLN 50 million and full accounting.

We provide services through a network of **43 specialised outlets**. Our offer focuses on:

- traditional banking – business accounts, domestic and international transfers, payment cards, cash services and liquidity management products,
- corporate finance
- hedging instruments,
- services in equity capital markets (ECM), debt capital markets (DCM), mergers and acquisitions (M&A),
- leasing and factoring.

Corporate and investment banking in 2021:



We are consistently implementing **digital transition in the corporate banking area**. We are moving our offer and all processes to digital channels and expanding the range of products available through the Virtual Branch. The Virtual Branch is an integral part of the mBank CompanyNet system where clients can submit electronic applications to the bank concerning the key areas of client-bank relations. It is where clients can now remotely handle most operations digitally. In 2021, clients were more willing and more likely to communicate remotely with the bank, resulting in a 97% year-on-year increase in the number of operations handled digitally. In many cases, electronic processes accounted for 100% of all processes, eliminating paper processing altogether. We digitised seven processes in the Virtual Branch, which means that 45 of the most time-consuming processes between the customer and the bank can now be completed fully electronically. We are working on digitising more processes. Thanks to the initiatives we took, we reduced labour intensity and streamlined processes in the bank. The changes not only contributed to savings but above all to the increased satisfaction of clients who are served immediately.

We promote client self-service while at the same time offering the support of advisors when needed, which remains key to strengthening the relationship between the client and the bank.

In 2021, we launched a new version of the **CompanyMobile app**. With a clear interface and intuitive navigation, users can conveniently manage company finances and authorise transactions. When designing the app, we placed emphasis on its utility and intuitiveness. We also wanted to offer unique services. In addition to the most popular functions for everyday financial management, such as current information on account turnover, managing and authorising payments, the new mBank CompanyMobile also offers additional solutions. These include, for example, a virtual assistant to support daily work in the system as well as support for company payment cards.



GOOD PRACTICE

CompanyMobile for businesses

The data shows how important mobility is for corporate clients. The CompanyMobile app is used by almost 81% of corporate clients, from small and medium-sized companies to larger enterprises. The number of app logins in 2021 increased by as much as 100%. After we phased out the old app, we saw an increase in app logins by 148% year-on-year in four months.

For more information about CompanyMobile, see:

<https://www.mbank.pl/msp-korporacje/bankowosc-elektroniczna/bankowosc-mobilna/>



GOOD PRACTICE

Financing forward-looking industries

In planning our relations with corporate clients, we want to engage more strongly with companies in industries such as renewable energy, e-commerce, high-tech, digital entertainment, healthcare and pharmaceuticals, among others. Our goal is to increase mBank's participation in financing such promising industries from PLN 4.3 billion at the end of 2020 to PLN 13 billion in 2025.

In July 2020, we introduced a **client onboarding portal**. The possibility to digitally establish a relationship with new corporate clients fits perfectly with the remote working system. This platform for modern sales interaction with clients allows remote onboarding of most transactional banking products, in particular a bank account with access via the e-banking system, cards and cash operations. We confirm the customer's identity online without the need for a visit to a branch or paper formalities. The process is universal and can be used by any client, regardless of the size and complexity of the organisation. We significantly streamlined bank-customer interactions, and an account can even be opened in one day.

We use automated compliance verifications in the process, including verification against sanctions lists. We are constantly working to improve the quality of the process, the user interface and the automation of data flows. In 2021, we remotely concluded more than 3,200 contracts.

We provide all entrepreneurs who take advantage of our offer with:

- modern electronic banking – mBank CompanyNet allows clients to manage their finances in a way tailored to the type and scale of their business, the structure of the company and its contractors, and its transactions,
- all types of financing, from working capital credit to multi-annual complex investment projects based on structured finance,
- financing of projects implemented with EU funds,
- mobility – mBank CompanyMobile allows clients to quickly authorise orders and obtain key information necessary to manage finances,
- innovative products supporting liquidity management and efficient handling of payments and receivables,
- recognised competence in foreign trade transactions,
- specialised investment banking,
- support for market risk management processes in the company,
- factoring, leasing and brokerage services.

Our objectives and plans for corporate clients:

- to initiate, develop and intensify the cooperation with companies from prospective industries and the fastest growing sectors of the economy as well as continue to support socially responsible business and energy transformation,
- to amplify our leading position in investment banking on the Polish market and strengthen relationships with our corporate customers through additional knowledge-based services and assistance of top-rated advisors,
- to provide the best end-to-end digital banking experience for corporate customers in Poland,
- to redesign credit process for corporate clients to make it more predictable, supporting business development as well as ensuring safe and adequate level of risk costs,
- to grow the profitable corporate banking business, taking care of capital and cost efficiency (both at the level of the business line and the individual customer relationships),
- to maintain a growth rate of mBank's SME segment at 10% per year in the area of client acquisition, credit volumes and revenues,
- to have mBank's customer advisors to be rated as the best on the market in initiating and offering solutions that create value for corporate customers,
- to make digital onboarding a dominant form of new account opening for corporate customers, achieving the level of 90% of digitally opened accounts in 2025,

- to boost mobile banking penetration and its usage among corporate customers, with an increase of companies having mBank CompanyMobile application to 80% of total base in 2025,
- to reduce the paper usage in corporate and investment banking area by 50% in 2022 compared to 2020 level, and further to 10% of starting volume in 2025,
- to have over 50% of medium-sized clients and most of SME clients using simplified credit process after the completion of all project initiatives implementation,
- to improve the profitability of mBank's corporate and investment banking area through optimising risk weighed assets to reach the assumed AROR (adjusted revenues on risk weighted assets) level in 2025,
- to increase employment productivity measured as a relation of total revenues to staff (FTEs) of corporate and investment banking division by 40% in 2025 compared to 2020.



**GOOD
PRACTICE**

No need to visit a branch

Starting in 2020, any application, declaration, document or agreement with mBank can be signed and sent to us by corporate clients remotely, without the need to visit mBank's branch.

In the area of corporate banking, mBank's approach to financing clients and their investments is key to ESG aspects. We describe our approach in the section "[Sustainable finance](#)".

2.5. Security and privacy



**IMPORTANT
FOR
STAKEHOLDERS**

Increasing digitalisation requires us to take greater care of the security of our IT systems. We use world-class organisational and technical safeguards to ensure that the money entrusted by our customers, their data and information remains secure.

One of the management tools we use to ensure security are mBank's internal policies:

- **Information Security Policy** provides security to protect the confidentiality, integrity, availability and authenticity of information held by the bank. We follow security standards developed in accordance with international standards and best practices. We involve all mBank employees in the implementation of this policy,
- **Personal Data Security Policy** and **Policy for Personal Data Management over Time** cover, among other things, the principles of data processing and the rights of personal data subjects. For more information about this topic, see the section "[Secure personal data](#)"

- **Cybersecurity Policy** ensures a high level of cybersecurity in the services we provide to clients and in our relations with other institutions. A secure information exchange system is in place to ensure the protection of business secrets, bank secrecy and mBank's image,
- **Business Continuity Management Policy** helps to prepare the bank for contingencies, mitigate their negative impact and ensure recovery as quickly as possible,
- **Clean Desk and Clean Screen Policy** mitigates the risk of unauthorised disclosure of protected information,
- **Social Network Use Policy** defines the requirements for the safe use of social networking sites by employees in their jobs,
- **Online Payment Security Policy** ensures an appropriate level of security for online transactions and protection of banking processes,
- **Outsourcing Policy** defines the main objectives and principles for entering into and managing outsourcing contracts at mBank.



**FIND OUT
MORE**

For more information about these policies, see mBank's Sustainability Standards:
<https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>



We protect the confidentiality, integrity, availability and authenticity of the information we process regardless of how and in what form it is recorded. Our **Information Security Policy**, among other things, requires the following:

- perception of information security management as an important part of bank management,
- application of security standards developed on the basis of the experience of mBank employees, Commerzbank Group standards, international standards and global best practice,
- continuous improvement of employees' qualifications and raising their awareness of information security, particularly in connection with the constant development of new banking products and the emergence of new threats,
- ensuring adequate resources for the execution of security processes and addition of new security features,
- involvement of all employees in the implementation of the policy,
- educating customers on how to behave safely in a digital environment,
- development and continuous improvement of the information security management system.

2.5.1. Cybersecurity

We use state-of-the-art security monitoring systems supplied by reputable vendors. These allow us to build an effective multi-layered (security-in-depth) protection system. We also cooperate with Threat Intelligence and Threat Hunting service providers. These enable us to effectively and proactively prevent many threats and respond to cyber incidents that do occur. Details of the security measures in place remain company secrets for obvious reasons and are not disclosed to the public.

The latest technologies go hand in hand with people with the right competences. **Every mBank employee in Poland is obliged to undergo compulsory cybersecurity training once a year, ending with a test.** In addition, the Security Department has been running an extended employee awareness programme in this area since 2021.



GOOD PRACTICE

Security Academy

The Security Academy held 24 workshops and trained 860 people in 2021. The workshops were designed for IT developers, IT administrators, customer service and contact centre employees, office workers, and managers. The forms of training were adapted to the respective audience. The training courses are conducted by external experts who specialise in cybersecurity.



GOOD PRACTICE

Specialist cybersecurity teams

The Security Department has a Security Operations Centre set up several years ago. Employees and customers can report to it any topics related to cybersecurity, in particular identified threats, attempted attacks, infections and suspicious transactions. The team operates 24/7.

In addition, we have set up mBank's CERT, a rapid response team for cybersecurity incidents, affiliated and cooperating with other units of this type worldwide within the Trusted Introducer organisation. Any security issues can be reported by email to **CERT@mbank.pl**

The objectives of our Cybersecurity Policy include:

- matching the necessary level of cybersecurity with innovative business;
- continuously raising employee and client awareness of information security;
- managing the risk of cyber threats through a system of early detection, response, lessons learned and risk assessment;
- incident management;
- managing cooperation with suppliers and business partners;
- development and continuous improvement.



GOOD PRACTICE

Information Security Management System

The Information Security Management System we have put in place complies with the ISO 27001 standard. It is an important part of compliance with the requirements imposed on the bank under the National Cybersecurity System Act. The degree to which such requirements are met is confirmed periodically, once every two years, in a compliance audit. The most recent audit took place in Q4 2021.

Actions necessary to ensure the required level of security are coordinated by the staff of the Security Department managed by the Department Director serving as **Chief Security Officer (CSO)**. All actions are directly supervised by the Vice-President of the Management Board, Head of Operations and IT, and by a formally established **Security Committee** comprising representatives of each area of the bank.

During Security Committee meetings, its members take decisions, review proposals and issue opinions on security measures in place. The Committee's work primarily covers cybersecurity, physical security, banking crime, information protection, and business continuity. The Committee is comprised of representatives of all areas of mBank and is chaired by the Chief Security Officer.

Key responsibilities of the Committee:

- to approve significant actions to strengthen the bank's security level,
- to approve security risks for projects conducted within the bank, including IT projects,
- to approve or amend IT security standards and technical and physical security standards,
- to approve policies on security principles,
- to approve and evaluate the content of security reports and recommendations,
- to evaluate analyses of payment and IT security incidents,
- to evaluate other issues in the area of security submitted by Committee members for deliberation.



GOOD PRACTICE

Security verified

We review our security levels by means of:

- security audits,
- compliance audits,
- advanced security tests,
- penetration tests,
- Red Team cross-sectional tests.

We update and extend our audit and test plan depending on identified risks. Detected vulnerabilities and irregularities are used in conclusions and recommendations. Their implementation allows for continuous improvement of the security level of services provided by mBank.



GOOD PRACTICE

Educational campaign “People Are Incredible”

In June 2021, we ran a nationwide social campaign promoting cybersecurity called “People Are Incredible” (“Ludzie są niesamowici”). We explained to Internet users which online situations could be dangerous and why, and promoted awareness of online threats and how to protect oneself from them. The campaign was run on the Internet and on TV, where we broadcast informative advertisements. Moreover, we launched a dedicated website <https://ludziesaniesamowici.pl/>, where we posted additional information about key takeaways from the campaign. We provided tips and tricks on how to protect oneself from cyberthreats, and encouraged visitors to test their knowledge on cybersecurity.

The campaign reached 11.6 million unique users. The dedicated cyber-education website was visited by 1.6 million people over the year and the online safety test was completed by more than 50,000 people.

We also offer our clients a free-of-charge [CyberRescue](#) service. It provides our customers with support in case they become victims of cybercrime. The service is free of charge and only requires activation and submission of an application. This can be done on our website <https://www.mbank.pl/indywidualny/uslugi/uslugi/cyber-rescue/>

2.5.2. Secure personal data

[GRI 103-1, 103-2, 103-3 aspect: Customer privacy]

Effective protection of personal data is a prerequisite for mBank's credibility. By law, we are a controller of personal data. We have implemented and diligently comply with all the requirements of the GDPR. We respect the rights of our clients, contractors and employees and protect their privacy. We understand privacy as the right of clients to have their personal data protected and their information controlled. It also includes their right to be contacted by the bank at such times and in such ways as they wish.

We have appointed a **Data Protection Officer** at the bank who can be contacted by any data subject in writing at: inspektordanychosobowych@mbank.pl.

We comply with the GDPR:

- we always process data lawfully and for a specific purpose,
- we process no more data than necessary for the fulfilment of the purposes,
- we ensure that data is up-to-date, reliable, true,
- we protect data and ensure its confidentiality.

The security of data of our customers, contractors and employees has always been and will continue to be a priority for us. In addition, our customers' data is subject to the very special protection of banking secrecy. We only pass on data to a small group of entities and only in situations where this is provided for by law. Customers' data is also secure in the physical sense: we protect it in the bank with the latest technological safeguards.



GOOD PRACTICE

Secure data

Personal data at mBank is subject to protection. As such, personal data is **encrypted and anonymised** in accordance with the security requirements of ISO 27001, Recommendation D issued by the Polish Financial Supervision Authority (KNF), and Information Security Forum (ISF) standards.

We recognise that our customers have different sensitivities and may understand their privacy in different ways. They have the right not to want us to call, email or contact them directly. We absolutely respect these choices.

We respect the rights of clients who:

- can rectify and complete their data,
- have access to their data,
- can transfer their data to another controller,
- can object to the processing of their data,
- have the right to be forgotten (i.e. their data will be permanently forgotten),
- have the right to restriction of the processing of their data,
- can object to us making automated decisions about them.



GOOD PRACTICE

GDPR information packages for clients

We have prepared a special GDPR Package for each group of our clients, contractors and bank employees: a several-page PDF with all the important information on personal data protection and processing by mBank.

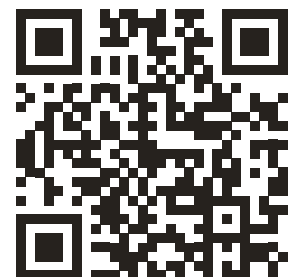
- [GDPR package for retail clients](#) (Polish version)
- [GDPR package for Private Banking and mBank Brokerage Office clients](#)
- [GDPR package for corporate clients](#)
- [GDPR package for mBank Hipoteczny clients](#) (Polish version)
- [GDPR package for contractors and their employees](#)

We have in place a **Personal Data Security Policy** and a **Policy for Personal Data Management over Time** (retention). The Policies describe the principles and procedures for the implementation of the GDPR at mBank. In particular, the Policies describe the rights of data subjects as well as the obligations of mBank as a personal data controller. The Policies set out how and for how long we process personal data and the deadlines after which we anonymise or erase personal data.



FIND OUT MORE

For more information on data protection and its implementation at mBank, see our website:
<https://www.mbank.pl/rodo/strona-glowna/>



Whenever we implement new processes or services where we process personal data, we take into account the principles of **Privacy by Design** and **Privacy by Default**. We apply them at every stage of the development and use of IT solutions. This means that the privacy principles are embedded in every project which involves the processing of personal data in such a way that privacy is part of the project from the outset.

Whenever we believe that personal data processing may involve a high risk of infringing the rights or freedoms of individuals, we carry out a detailed data protection impact assessment before implementing the process. This is consulted with mBank's Data Protection Officer.

A data protection impact assessment is carried out in relation to processes which specifically concern:

- a systematic and comprehensive assessment of personal factors relating to the data subject and based on automated decision-making, including profiling, which produces legal effects concerning the data subject or significantly affects the data subject (e.g. credit rating),
- large-scale processing of sensitive personal data or information about criminal convictions and infringements,
- systematic large-scale monitoring of publicly accessible sites.

[GRI 418-1] [GPW G-S1] [SDG 16] In 2021, we received 31 new complaints from the Office for Personal Data Protection (UODO). We also continued to communicate with the UODO on complaints from previous years. The complaints concerned the bank's processing of personal data of our clients and potential clients, among others. In 2021, we received 4 administrative decisions of the President of UODO obliging us to implement the complainant's request. We implemented 3 of them in accordance with the decision of the UODO. In the case of 1 decision, we appealed to the Regional Administrative Court, which overruled the decision and closed the proceedings. In 2021, mBank's Data Protection Officer confirmed 149 breaches of GDPR at the bank. After analysis and estimation of the risk of violation of rights and freedoms, we notified 54 violations to the President of the UODO. We informed the affected persons about the incidents and potential actions to minimise the adverse consequences of these incidents for them. We have updated these statistics as compared to the 2021 Management Report.



**GOOD
PRACTICE**

We deliver data protection training

All mBank employees are covered by GDPR training. In 2021, we trained 6,023 employees. The training in the form of e-learning classes among others covers topics such as sensitive data, data processing, the rights of data subjects, the obligations of the data controller, personal data breaches and potential penalties.

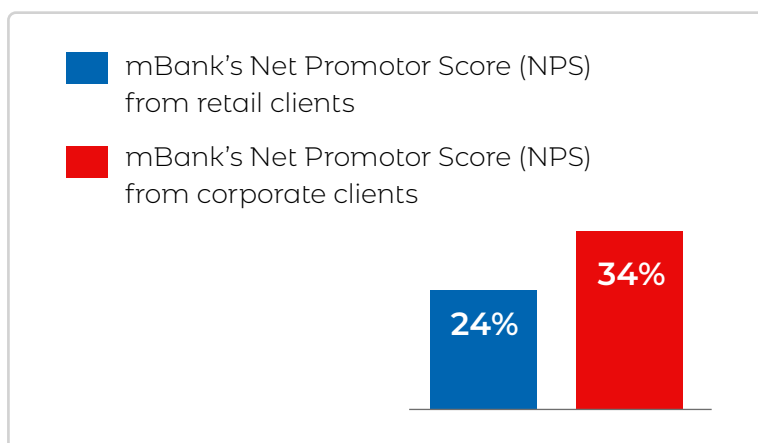
2.5.3. Bank secrecy

We observe bank secrecy in accordance with the Banking Act. The rules and procedures for providing answers covered by bank secrecy on the basis of a written request from authorised state authorities are set out in an Order of the President of the Management Board. This process is centralised in a special unit within the bank. Our employees undergo mandatory anti-fraud training, including the principles of bank secrecy protection, as well as additional training delivered by the Compliance Department. In addition, regular announcements and instructional videos on bank secrecy compliance are posted on the intranet. The Compliance Department provides ongoing consultation to employees on how to handle data subject to bank secrecy. The bank monitors cases of potential disclosure of such data and follows an appropriate policy in this regard. Cases of disclosure of bank secrecy are duly investigated and, if violations by employees are confirmed, they are liable as provided for in the Labour Code or work regulations. In justified cases, we file notices of suspected criminal offences.

3 banking in support of customers and society

3.1. Client-centricity as the bank's philosophy

Customer satisfaction is always at the heart of our business. Customers' financial decisions underpin mBank's success. We grow with and thanks to our clients, their feedback is critical to us, and we take it into account in all aspects of our business. Over the years, we have earned the trust of millions of people who have entrusted us with their money, placed deposits or taken out loans. This trust is our capital and we do everything possible to protect and grow it. At mBank, we do everything with our clients in mind. We understand our client's needs and provide them with top-quality solutions. We want to measure our client relationships not in months or years but in decades.



GOOD PRACTICE

Freeze-frame (Stopklatka)

Top customer experience is ensured among other things by Freeze-frame (Stopklatka), a special tool that asks questions before we implement a product: how will customers be impacted by the idea, design, process, product, decision, attitude? Answering all the points on the Freeze-frame checklist allows us to make sure that all the criteria for building top customer experience are met.



We want all our employees to feel responsible for customer satisfaction in line with our client-centric philosophy. We remind them that the work of each and every one of them influences the clients' opinion of mBank.

Who is responsible for customer satisfaction at mBank?

Customer satisfaction at the bank is the responsibility of each process owner. In addition, there are several units in our departments which develop a culture of client-centricity and look after customer experience:

- customer experience officers (general area)
- service quality management division (retail area)
- claims handling process development division (retail area)
- digital user experience division (retail area)
- digital transition and customer experience division (corporate area)



GOOD PRACTICE

mLab: customers participate in product development

Customers' participation in research, workshops and testing of our products is made possible, among other things, through the mLab programme. In this banking laboratory, our experts meet with customers to design and test new services. In accordance with the design thinking method, customers become part of the process, support the development of new solutions and test prototypes. The programme allows us to validate business hypotheses and work on products which meet customers' needs.



GOOD PRACTICE

Client's Friend

We know that clients may have great ideas for mBank's development. That is why we run the Client's Friend programme where proposals for changes and suggestions concerning our bank's offer can be proposed (also anonymously). We check which solutions are proposed most often and how they can be implemented. Ideas can be submitted on the mLine, by e-mail, in chat or via social media. Anyone can do it, you do not have to be an mBank customer. We also follow with great attention our employees' initiatives. We have made a special form available on the intranet for submitting ideas and comments.



GOOD PRACTICE

The voice of business

We regularly survey entrepreneurs' satisfaction with mBank in many aspects. We use the proven NPS method, online surveys and telephone interviews. The NPS (net promoter score) represents the percentage of clients recommending a brand or service less the percentage of clients actively criticising it. We are supported in our research by specialist research agencies.

Our clients are asked about their propensity to recommend mBank and their overall satisfaction with the relationship. Specific questions address issues such as:

- satisfaction with the transaction system,
- evaluation of the Customer Centre,
- evaluation of the complaints handling process,
- establishing a relationship with the bank,
- access to financing,
- bank guarantee issuance,
- changing customer advisers,
- cash operations,
- corporate cards.


A key element of mBank's corporate client satisfaction surveys is the closed loop contact. Once a client has completed the survey, and with their consent, they are contacted by an advisor or product manager to elaborate on the issues raised.

3.1.1. Complaints handling

We improve the quality of service among others by closely analysing filed complaints. Complaints are a natural source of knowledge as to what elements of our offer may cause dissatisfaction among clients. mBank has a programme in place to identify the causes and reduce the number of complaints. The complaints handling process is overseen by dedicated customer experience officers.

Percentage of complaints resolved in favour of the customer	2019	2020	2021
Retail banking	82%	76%	76%
Corporate banking	80%	74%	75%

In 2021, we reviewed more than 181,000 complaints from retail banking customers. The average complaint processing time was 4.4 days, with 61% resolved within 1 business day. In the corporate segment, we handled 3,634 complaints, 24% of these within 5 working days.




Mobile complaints

In 2021, we made it possible for retail customers to file complaints via the mobile app.

GOOD PRACTICE

We review complaints objectively. In formal terms, this is guaranteed by acting in accordance with the laws on the handling of complaints by financial market entities and on payment services. We always clearly inform customers of the procedure we follow. The relevant rules and regulations for retail banking customers are available on our website and form part of each contract. For corporate customers, we make information about our complaint handling rules available on our website, in individual contracts and product rules. We have also implemented our own internal rules governing the handling of complaints. Employees dealing with complaints receive special training. We carry out regular checks to review the handling of complaints.



Overseeing complaints

We report key complaint and risk indicators periodically to mBank's Management Board and to the directors of the organisational units responsible for handling and supervising the complaints processes and risk control. In addition, we are subject to cyclical internal audits and inspections carried out by banking supervising authorities.

GOOD PRACTICE

How do we minimise the number of complaints?

- Prevention – when we launch a new product or service, we consider what could cause complaints. We report and eliminate the risk of complaints before the product even reaches the customer.
- Elimination – we analyse filed complaints and improve our products, services and processes.
- Ad-hoc actions – in emergency situations, we act on an ad-hoc basis in the Crisis Response Team. We focus on mitigating the impact of technical failures on retail customers.



**GOOD
PRACTICE**

Appeals against complaint decisions

We give all our customers the opportunity to appeal against a complaint decision. In doing so, we go beyond the obligations imposed on us by law. We inform our customers of the possible forms of appeal.

3.2. Responsible sales and products

3.2.1. Responsible banking products

At mBank, we prove that financial services can be presented in a simple way. Our product descriptions are clear, concise and include all relevant features that make them useful and attractive. We always communicate the risks. We speak openly about product costs. We present our offer, including our pricing policy, in a transparent manner. We communicate changes in price lists to customers well in advance. We do not hide any fees, we do not hide behind financial jargon, and we do not expect clients to be proficient in accounting matters. We apply the principle of transparency of information, defining its scope in such a way as not to breach the trust our clients have placed in us.



GOOD PRACTICE

Clear communication with mKanon

[mKanon](#) (mCanon) is a communication standard which helps us ensure the content we deliver to our customers is simple and understandable. Our communication is:

- short,
- comprehensive,
- clear,
- sincere,
- empathetic,
- in first person plural (“we”),
- linguistically correct.

In our daily work, we use a proprietary algorithm: a tool which flags linguistic forms which are not compatible with mKanon. We have added it to email software, which makes internal communication more friendly.

We have assigned the mKanon team and a group of certified ambassadors: together they ensure the quality of our communication, organise training and promote the principles of plain language. In 2021, 357 employees took part in remote training for mKanon.

We are supported in our work to improve the quality of our communication by the **Polish Language Foundation**. In 2021, the Foundation:

- audited our website for plain language and compliance with the mKanon. It checked that our content was linguistically and stylistically correct, as well as consistent and readable,
- awarded us the Language Quality Seal which confirms that the content on our website is friendly, simple and understandable,
- certified mKanon ambassadors – experts who ensure that our communication is in line with the mKanon,
- supported us with consultations on linguistic correctness and delivered workshops for our staff.

How we simplified our offer in 2021:

- we simplified the language we use to write about prices,
- we changed the layout of the tables to make it easier to present prices on mobile devices,
- we improved the navigation on the web pages to make it easier for customers to find prices on mobile devices,
- we graphically separated products that we currently sell from those that we have already withdrawn from sales,
- our bank account price page shows the customer all the cards we issue for the account – we know that the account and the card are often one and the same for customers.



GOOD PRACTICE

Design Thinking

When designing our products, we rely on Design Thinking / Service Design tools. A dedicated group of our employees, the mDesigners, develop and deliver training in these tools and support user experience design for our products.



GOOD PRACTICE

Reliable information on price changes

We know that price changes are important information for our customers. Therefore, when we communicate price changes, we explain the reasons for our decision, clearly indicate the circumstances of the change, and offer solutions to help customers mitigate the impact of the price change.

We only offer **banking products which are safe from the point of view of our customers' financial standing**. Internal regulations and standards which guard product safety include:

- New Product Policy, which sets out the general rules for the product development,
- the rules for product development and modification which describe the requirements to be met by a new product and modifications to existing products and define the steps to be followed when adding them to the product offering,

- detailed internal instructions which describe step by step the process of product development and modification. The product development process described in detail ensures that the products we deliver are:
 - consistent with mBank's strategy and values, including empathy and client-centricity, which is the philosophy that guides us,
 - safe for customers and for us, including consideration of our security standards,
 - compliant with generally applicable regulations and our internal strategies and policies.

Depending on the types of risks identified, the product process includes opinions issued by various organisational units of mBank, as well as reviews and approval by the relevant committees appointed for this purpose.

In line with mBank Group's strategy for 2021-25, new financial products added to our offer must be assessed in terms of their ESG impact. This is why in December 2021 we updated our **New Product Policy**. In line with the Policy, we take ESG factors into account when implementing new products and modifying existing ones. We conduct such analysis at different stages of the process, from planning to product implementation and modification. By raising awareness of ESG factors among employees, we prevent the launch of defective, unsuitable products which could negatively impact mBank's reputation. By developing our offering in the spirit of ESG, we want to mitigate potential risks and better exploit emerging business opportunities.



**GOOD
PRACTICE**

Products supporting environmental objectives

We have committed to expanding our sustainable banking product offer in each business line with at least one eco-friendly product per year. The first such product, made available to customers in December 2021, is the **eco-mortgage loan**. It can be used to finance an energy-efficient residential property (on the primary or secondary market). We use the EP indicator to check energy performance of buildings. EP represents the annual demand of a building for non-renewable primary energy. Depending on the type of property and the date of construction, we require different EP values. EP is expressed in kWh/m² per year and is stated on the energy performance certificate or the energy performance plan. If the property meets certain conditions, we offer customers a promotional reduced margin and do not charge a front-up fee for granting the loan. With an eco-mortgage loan, customers enjoy reduced costs of both financing and using the property while taking care of the environment by reducing greenhouse gas emissions or air pollution.

Other financial products with environmental benefits which have been added to our offer in 2022 include the eco-loan for companies and the leasing of electric cars with a subsidy from the "My Electric" programme (offered by mLeasing). We believe that such banking products motivate customers to choose green solutions and give them a sense of empowerment in climate and environmental protection.

3.2.2. Responsible sales and marketing



IMPORTANT FOR STAKEHOLDERS

[GRI 103-1, 103-2, 103-3 aspect: Marketing and labelling]

At mBank, we have defined principles for aligning financial products with customers' needs and rights. We monitor the fit between the offer and customers' needs. We carefully control the sales process and identify potential and actual cases of misselling, i.e. selling products not intended for a given group of clients. We analyse complaints and claims filed by customers.

We are guided by a zero-tolerance policy for misselling of products. The following are prohibited in mBank:

- misleading, negligent and unprofessional product selling,
- distorting the nature of individual products,
- misselling.

A selection of our good practices against misselling:

- we comply with all legal regulations and guidelines,
- we have implemented rules that oblige advisers, irrespective of the sales channel, to carefully examine customers' needs, address them during customer contacts and offer customers products that are relevant to their needs with fair information on costs,
- based on our quality standards, we have prepared sales call scenarios for salespeople,
- we do not pay commission to advisers if their sales are subject to critical error including misselling,
- if clients, on their own initiative, want to purchase a bank product which, based on our analysis, does not meet their needs, then the employee is obliged to read them a statement to this effect,
- we tailor marketing campaigns to the individual needs of their recipients, profiling recipients where possible,
- when we offer investment products, we check whether clients have completed the MiFID questionnaire prepared on the basis of the European Union regulations to help make the right investment decisions,
- for clients who apply for loans, we have prepared a clear, transparent and easy-to-read loan application which helps to understand the rules for granting loans.



**GOOD
PRACTICE**

The law of attraction

When dealing with clients, our advisers apply quality standards described as the Laws of Attracting Clients to mBank. These include the Law of Safety, the Law of Support, and the Law of Creativity. According to the Law of Support, the adviser has the duty to explore the client's needs and address them when interacting with the client, and to offer products that are relevant to the client's needs together with fair information about costs.

The companies of our Group deliver training in various forms to counter misselling. mFinance delivers comprehensive training for employees of the sales network covering, among others, understanding clients' needs, analysing the client's existing products in BRM, and appropriate presentation of the offer. In addition, new employees receive online training in "Recommended good lending practices".

In retail banking branches, misselling is discussed during induction training. In addition, mandatory cyclical training in preventing misselling is delivered and regular meetings are held by the Internal Process Control Department. Prevention of misselling is also part of the mandatory training for mLine employees and is discussed during induction training.

We have implemented a Policy for Meeting the Knowledge and Competence Requirements of Staff who Serve Investment Clients. The Policy is designed to ensure that the investment products we offer are tailored to the individual client profile. The Policy meets the requirements of MiFID II. All mBank employees serving investment clients are subject to knowledge and competence verification. In case of a positive verification, they obtain the status of an authorised employee and can independently provide information on investment services and financial instruments. In case of a negative result, they can only perform their duties under the supervision of another employee who has been authorised. In 2021, 1,346 employees who served investment clients received the relevant training.

We also make sure that mBank clients borrow sensibly. For more information on this topic, see the section "[Responsible lending](#)".

[GRI 417-3] [SDG 16] In 2021, we did not identify a single instance of non-compliance with regulations and voluntary codes governing marketing communications.

3.3. Financial health of clients

We are committed to our customers' financial success, which is why we support responsible management of household budgets and believe that our products can help in this. We have developed banking products, apps and a website for our customers to help them plan and manage their daily expenses.

Managing expenses is also about controlling them on an ongoing basis. In 2021, we worked on the **Personal Finance Manager (PFM)** application, which we implemented in 2022. It supports ongoing analysis of the personal budget. With the "history analysis" function, the user can compare expenses and receipts over the past months and check their details. In line with our strategy, we will systematically expand the PFM service. By 2025, we want to have 50% of customers regularly and actively using this function.

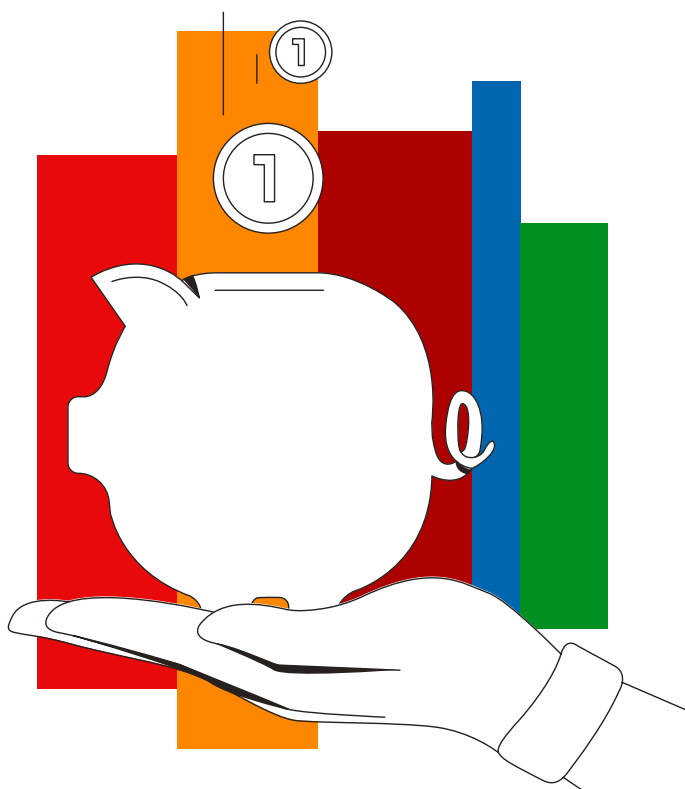
Customers can also use the Payment Assistant service which reminds them monthly of upcoming payment deadlines and issues a pre-filled transfer form for approval. This is a free service and does not require additional activation. A standing order is a practical way of making regular payments in fixed amounts and at fixed intervals. A standing order can be scheduled in the mBank online transaction service or in the mobile app.



**GOOD
PRACTICE**

Important moments with mBank

We help clients prepare for important moments in life: the birth of a child, the purchase of an apartment, a wedding or a dream holiday. At <https://www.mbank.pl/indywidualny/momenty/>, we advise them how to be financially prepared for expected and unexpected expenses.



We support saving. Ranging from deposits of different tenors and in different currencies through mSavings accounts to special "piggy banks" for various purposes: we offer more than a dozen different solutions to help customers put money away wisely and effectively.



GOOD PRACTICE

Saving with the “My targets” function

When a customer pays with a card, makes a transfer or withdraws cash from an ATM, a small amount can be debited to the account and automatically credited for a chosen purpose. In this way, the customer can regularly put aside small amounts of money. The customer can choose the way to save, such as rounding up transaction amounts, setting aside a selected fixed amount or a percentage of transactions. In a simulation, the customer can see how much money they need to put aside each month in order to realise their dream by the target date. If the customer saves regularly, we offer a premium interest rate.

In 2021, we made a number of changes to our investment offer. We expanded our offer for retail clients as the first bank in the market to include model investment advice. Based on clients' knowledge and experience, risk appetite and investment horizon, we build four ready-made investment strategies. For clients without investment experience, we introduced investment objectives. We support clients in defining the objectives and selecting investment funds to increase the chance of achieving their objectives. mBank's investment platform is the Investment Funds Supermarket, available in mBank online transaction service and mobile application.



GOOD PRACTICE

Investment objectives

The automatic saving of money for investment objectives takes place every month and starts with as little as PLN 100. In this way, we encourage long-term investing.

3.3.1. Responsible lending

Lending is a source of our income but we want clients to use loans responsibly. When we rate customers' creditworthiness, we take into account national recommendations (Polish Financial Supervision Authority, KNF) and European guidance (European Banking Authority, EBA). We also have in place additional rules for rating customers based on our many years of experience. We fairly inform clients about the terms of the contract and the costs of the loan. We make customers aware of the potential risks associated with excessive debt and we carry out educational activities in this regard. We make every effort to build customers' financial and credit awareness, e.g. through direct communication, raising financial awareness and encouraging them **not to go into too much debt**.

Even before the contract is signed, we inform customers of **interest rate risk**. We tell them that, as a result of an unfavourable change in interest rates, not only may the amount of installments increase but also the amount of the entire debt. Detailed information on the rules for interest rate changes is included in each loan agreement. It is also included in the draft loan agreement which the customer can read before signing. Customers who apply for a loan are also told by our salespeople about the risks associated with market benchmarks.

Prior to the conclusion of a loan agreement, the customer is provided with:

- a consumer credit information form. We provide the information required by the Consumer Credit Act. The form enables customers to compare offers at different banks,
- a mortgage loan information form. We provide the information required by the Mortgage Loan Act. The form enables customers to compare offers at different banks,
- an instalment volatility simulation which shows how a change in the market benchmark would affect the interest rate of the loan and the amount of instalments. The simulations for mortgage loans additionally take into account the guidance of KNF's Recommendation S,
- information on the consequences of ceasing to repay the loan,
- [document on market benchmarks and the associated risks](#),
- link to our [website](#) which answers frequently asked questions, explains the meaning of terms and presents details of loan solutions.

We help clients not fall into a debt spiral. We offer credit holidays, debt restructuring and credit insurance. For more information about our support in this area, see <https://www.mbank.pl/indywidualny/kredyty/kredyty-gotowkowe/zawieszenie-platnosci-rat/>

Customers who apply for a mortgage loan are always provided with full, transparent and detailed information on the conditions they need to meet in order to get the loan. Among other things, we clearly inform them about the amount of the necessary own contribution, the required insurance, the ways of securing the loan, and the costs of such insurance and security. In order to mitigate the interest rate risk borne by the customer, we offer mortgage loans with periodically fixed interest rates. By choosing this option, the customer pays a fixed interest rate for five years and does not bear interest rate risk. After five years, the interest rate is updated and the customer has a choice either to accept the new fixed rate proposed for another five years or switch to a variable rate.



GOOD PRACTICE

Communicating the effects of changes in interest rates

In the case of mortgage loans that our clients take out for many years, it is particularly important for them to be aware of interest rate risk. Reference rates can fluctuate significantly over the lifetime of the loan. This can result in a significant increase in the monthly loan instalment. Therefore, before signing the contract, **we provide our customers with simulations of how the cost of the loan may change depending on the interest rates.** We provide specific figures to make them aware that, in an unfavourable market environment, the amount of the monthly instalment can increase even several times. The simulations show the potential cost of a loan if the reference rate increases by 4 percentage points over the current rate, increases by as much as it has over the past year, or reaches 10% or 15%, among other things. In this way, we go beyond the requirements of KNF's Recommendation S.

In 2021, we expanded the scope of information that customers get in such simulations. This applies to customers who opt for a loan with a periodically fixed interest rate.

3.3.2. Responsible debt collection

Customers who do not pay their debt on time are subject to the debt collection process.

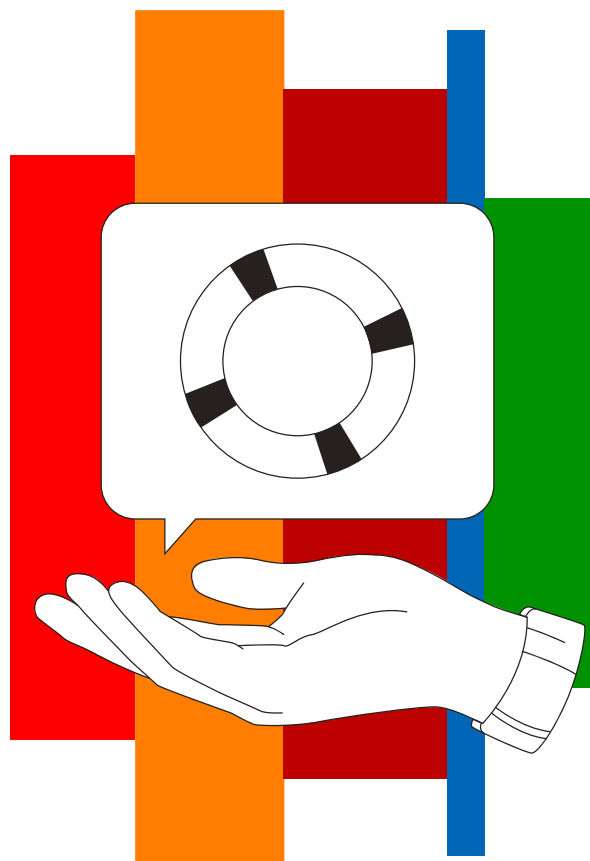
mBank's debt collection processes are based on principles including:

- partnership and dialogue,
- friendly and helpful communication,
- understanding of a difficult situation,
- sincerity of intentions.

All our debt collection calls, communications by mail, SMS and email follow the principles of simple and **empathetic** communication, i.e. the mKanon. We carry out comprehensive debt collection including pre-collection, payment monitoring, amicable debt collection, hard debt collection, court enforcement, and the sale of debt. We carry out the process independently and with the support of debt collection providers and law firms. Each of these entities meets our high requirements in terms of standards and quality of customer service.

We perform debt collection at mBank while respecting all client rights under consumer protection legislation. We comply with Directive 2014/17/EU and codes of ethics, in particular the Code of Banking Ethics of the Polish Bank Association (ZBP).

We have understanding for the difficult situation of clients who cannot pay their debt on time. Therefore, our goal is to establish a viable debt repayment plan together with the client. Our staff talk with our clients to get to know their situation as well as possible and to respond to their needs as accurately as possible. Thanks to a personalised service, we can offer the client the solution most suited to their current and projected financial situation. If the customer cannot declare repayment of the entire amount due, we agree with them a repayment schedule and partial repayment or repayment at a later date to avoid serious consequences (such as termination of the contract). We also suggest to clients that they take advantage of the assistance tools available from the bank which can reduce their financial burden in the short or long term depending on their needs.



GOOD PRACTICE

Competent debt collection

The competences of the debt collection staff are a key factor of success in the debt collection process and maintaining good relationship with the client. That is why we have developed our own recruitment process where we check the candidates' approach to clients, empathy and communication skills. Newly recruited employees undergo induction training to acquire information and practical skills on, among others, ethics in the job of a debt collection advisor and the bank's values.

The calls of the debt collection staff are subject to cyclical monitoring and quality assessment, including with regard to compliance with the applicable procedures.

How we help clients in difficulty:

- deferral of payments,
- extension of the credit period,
- restructuring,
- consolidation of debt,
- statutory solutions – repayment suspension under Shield 4.0 and repayment support from the Borrower Support Fund.

3.4. Inclusive banking



IMPORTANT FOR STAKEHOLDERS

We maintain the model of serving clients with disabilities introduced in 2018. Such clients may consent to processing of data regarding their disability. Those who do so have the option to choose video support in Polish Sign Language. They connect with the bank's staff who communicate in PSL without an external interpreter. We conducted more than 1,000 such calls in 2021.

Thanks to our cooperation with the **Integration Foundation**, our employees can broaden their knowledge of the needs of clients with disabilities. Together with the Foundation, we deliver a Disability Sensitivity training. In 2021, employees who deal directly with customers in the bank's branches participated in the training.

While creating new versions of the online transactional service, we rely on the knowledge and experience of our employees with disabilities. We cooperate with the banking industry as part of the working group on serving people with disabilities by banks, operating at the Polish Bank Association (ZBP).

Our employees take part in the training series "Education over Exclusion" ("Poznaj, nie wykluczaj"), which provides information about social groups threatened by exclusion due to disability and other traits that make them different from other people. We educate our employees on how to prevent exclusion.

To commemorate the International Day of People with Disabilities, we invited our employees to a webinar starring Jasiek Mela, explorer and motivational speaker. A lecture entitled "Impossible is an Excuse" ("Niemożliwe to tylko wymówka") encouraged participants to avoid stereotyping and reduce prejudice. We also reminded our employees how to interact with people with disabilities, and organised a sign language lesson.

An inclusive factor, for example for people with mobility impairments, is the digital banking we offer. This is the basic form of using banking services for most customers. No advanced equipment is needed to use it. According to research, 87% of the population have access to the internet and more than 90% of users access the internet on mobile devices. The mobile app is therefore becoming the most accessible form of banking. Geographical barriers such as the size of the town or the distance from the nearest bank branch are disappearing. In addition to digital banking, customers can also use mLine and mBank's branch network. The diversity of service channels helps to combat the financial exclusion of different social groups. This helps to prevent exclusion due to disability, place of residence, low income, age or lack of digital competence. In line with mBank's new strategy, we will develop our digital services to make them even more accessible to customers with disabilities.

In line with the 2021-2025 strategy, to support inclusive banking, we will further adapt our services to the needs of people with different types of disabilities. The solutions we plan to introduce will allow them to use our outlets and manage their personal finances effectively. There will be at least one barrier-free outlet in each city where we operate. To ensure that everyone has equal access to banking services, we are offering a free basic account.



GOOD PRACTICE

Free services at mBank

We are increasing the affordability of banking services and offer free of charge:

- Junior account with a card and mobile app for children up to the age of 13,
- a basic payment account, i.e. an account which supports basic banking operations (cash withdrawals and deposits, contactless and mobile payments).

Conditionally free of charge are among others cards issued for the personal account eKonto and ATM cash withdrawals.

3.5. Mathematics education

In support of education, our main focus is on encouraging children and young people to learn mathematics. We strongly believe that mathematics provides the foundation for logical thinking and is vital to understanding the world around us. Knowing mathematics **helps to make informed financial decisions** and encourages interest in science. We believe that mathematics contributes to both personal and professional success as well as the development of Poland's economy.

That is why, in line with the “m for mathematics” (“m jak matematyka”) strategy, since 2013 [mBank Foundation's](#) (mFoundation's) efforts have been focused on supporting educational programmes and **promoting mathematics**. In 2021, we pursued our mission through:

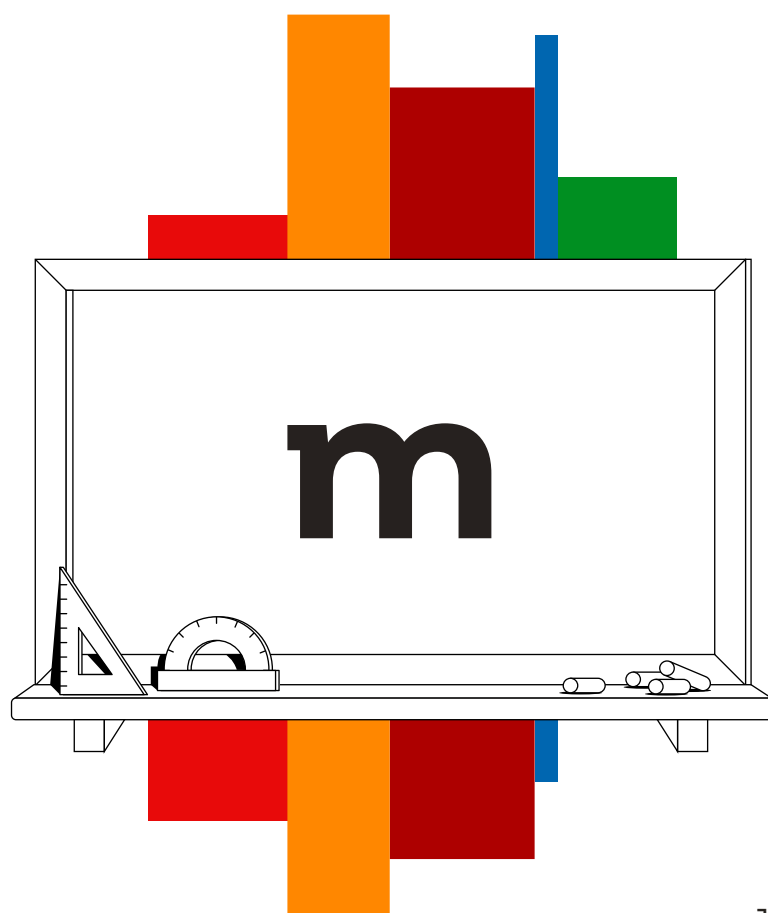
- subsidising development projects in the area of mathematics education,
- “mPower” (“mPotęga”) flagship grant programme,
- new “Growing with Maths” (“Rosnę z matematyką”) grant programme,
- “A Step in the Future” (“Krok w przyszłość”), mFoundation's contest for the best academic student thesis in mathematics,
- “Masters of Mathematics” (“Mistrzowie matematyki”) scholarship programme,
- partnership with and financial support for external initiatives promoting maths education – the “Maths is everywhere” series developed in cooperation with the “Nauka. To Lubię” Foundation,
- distribution of free publications: Child's Play Maths (Dziecinnie prosta matematyka), Maths is Everywhere (Matematyka jest wszędzie), Known and Unknown: Great Polish Mathematicians. Maths Lesson Plans and More (Wielcy polscy matematycy znani i nieznani. Scenariusze lekcji matematyki i nie tylko).

In 2021, we allocated **PLN 2,348,835.50** for the implementation of mFoundation's statutory goals. 100% of the statutory goals concerned mathematics education.

As part of our initiatives, we supported children, teenagers and their parents and teachers, as well as students and young scientists. In 2021, subsidies for educational projects were granted to 289 entities, including:

- 204 public schools (197 elementary and 7 secondary schools),
- 46 NGOs,
- 2 universities,
- 28 public preschools,
- 7 libraries,
- 2 science centres.

Like in previous years, most of the funds donated by us went to beneficiaries from small towns all over the country. This is how we work towards equal opportunities in education. According to our estimates, our activities carried out in 2021 reached over **42,000 direct and over 688,000 indirect beneficiaries**.





GOOD PRACTICE

Grant programme “Growing Up with Maths”

In September 2021, we launched the pilot edition of the grant programme “Growing Up with Maths”. The programme is designed for public kindergartens, primary schools with pre-school divisions or “zero” grades as well as non-governmental organisations dedicated to education. The new initiative aims to popularise mathematics education based on learning through play. We want to show practical applications of mathematics, directly engage children through group work and physical activity, and involve parents, grandparents and caretakers in the educational process. It is equally important to promote good practices in mathematics education among pre-school teachers.

The first pilot edition was aimed at beneficiaries from the Łódzkie and Mazowieckie Regions. 233 projects were entered in the competition. Grants ranging from PLN 2,000 to PLN 5,000 were awarded to 40 projects for a total of PLN 189,000. Projects were implemented from January to June 2022.



GOOD PRACTICE

Grant programme “mPower”

The aim of the grant programme “mPower” (mPotęga) is to popularise mathematics among primary school students. We want to encourage teachers, parents and mathematics enthusiasts to overcome routine in teaching the subject. We are funding projects which show children and young people in an unconventional way that mathematics is useful in everyday life.

In 2021, in the eighth edition of the programme, we awarded grants to 161 projects from all over Poland. Funding was awarded to 91 projects aimed at primary school students in grades 4-6 and 70 projects for students in grades 7-8.

The total amount of grants awarded was PLN 963,500. In addition, two projects which received the most votes in an online poll were awarded additional funding of PLN 5,000 each.



GOOD PRACTICE

Online educational series “Maths Is Everywhere”

The educational series “Maths Is Everywhere” is the outcome of collaboration between the mFoundation and the “Science. I Like It” Foundation. The popular YouTube channel “Science. I Like It Junior” channel, run by science populariser Tomasz Rożek, released 10 videos to convince viewers that mathematics can be understood and liked.

The videos were inspired by the book “Mathematics Is Everywhere” published by the mFoundation. The main aim of the project was to show parents and children that maths is much more than calculus and formulas. Mathematics is all around us and we experience it every day, not only at school in maths lessons but in everyday life, when shopping, cooking, travelling and even cleaning your room.

A total of nearly 60,000 viewers watched the series on the YouTube channel in 2021. In addition, we reached 800,000 users with the promotion of mathematical content.

3.6. Sustainable finance



IMPORTANT FOR STAKEHOLDERS

We have a significant impact on our environment through the financing we provide. This impact is much greater than the direct impact resulting from mBank’s operational activities. Financing for our corporate clients is particularly important. Through it, we have a significant impact on social and environmental factors. In light of the current challenges to human civilisation and in view of EU policy, financing the transition of the economy towards climate neutrality is crucial. According to the EU, the majority of funding for the energy transition is to originate from the private sector, including banks. We are aware of our responsibility in this regard. Therefore, we set ourselves the goal of **supporting our customers in the**

environmental transition and providing capital for the necessary investments that help protect the climate.

We consider environmental, social and governance (ESG) factors in our lending processes. In line with the requirements of the European Banking Authority (EBA), we have implemented a proprietary tool to support **ESG risk assessment for our corporate clients**. Our tool is based on the international ESG standards developed by the Sustainability Accounting Standards Board. ESG risk factors are mapped to each industry. In addition, legal and technical due diligence is carried out for selected projects, e.g. project finance in the area of renewable energy sources. The ESG risk assessment of corporate clients influences our credit decisions. It can therefore result in denial of a loan. At this time, the results of the ESG risk assessment do not affect the financing costs to customers.

All mBank employees involved in advising or analysing corporate clients have been trained in the EBA's regulatory requirements for ESG risk assessment. We equip them with the knowledge of how to obtain information from clients at the start of the relationship and in periodic monitoring. We provide periodic training for analysts, credit risk advisers and branch staff.

3.6.1. Credit policies which help protect the climate

When deciding whether to grant a loan, we take into account our **Credit Policy for Industries Relevant to EU Climate Policy**. It governs the financing of industries such as energy and heating, transport, fuels, coal mining as well as energy-intensive industries (including e.g. the ceramics industry, paper industry, fertiliser production). The policy identifies the most important risk factors, including for example the cost of CO2 emission certificates and technology risks. In line with the policy, we are reducing the bank's exposure to carbon-intensive industries. Our policy excludes, among others, the financing of the construction of hard coal or lignite mines and the capacity expansion of existing mines.



In the energy and heat industry, we are not allowed to finance:

- construction of new coal fired energy units or boilers;
- investments in construction and development of nuclear power plants;
- shale gas exploration and production;
- new clients whose share of electricity from hard coal or lignite (measured by production capacity) is more than 50%.

However, we give preference to targeted projects which significantly reduce greenhouse gas emissions: preferential pricing is recommended for such projects.

Our **Credit Policy of Financing of Renewable Energy Sources (RES)**, introduced in 2018, provides PLN 4 billion for wind farms and photovoltaics (the initial target was PLN 0.5 billion, raised to PLN 4 billion in 2020).



**FIND OUT
MORE**

Details of climate-related policies

These two policies, other policies on responsible investment financing, as well as specific exclusion criteria which prevent mBank from financing specific investments, are described in mBank's Sustainability Standards: <https://www.mbank.pl/pdf/CSR/mbank-sustainability-standards.pdf>

3.6.2. RES financing

In 2021, we allocated **PLN 1 billion** to finance the construction of new wind and photovoltaic farms. In total, they will have a capacity of over 360 MW. It is as much as is needed to meet the demand of more than 700,000 people, which is almost as many as the population of Krakow.

	2019	2020	2021
Investments in large-scale RES systems (MW)	497.2	972.0	365.5

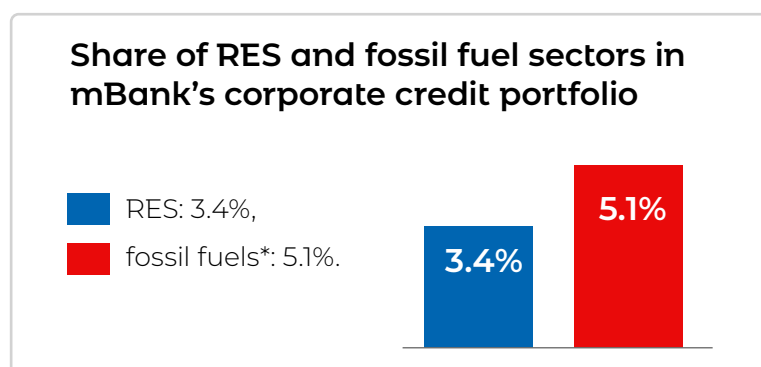
At the end of 2021, the cumulative capacity of large-scale RES systems financed by mBank was 1,825.5 MW, including 596.5 MW photovoltaics, 1,224 MW wind energy, and 5 MW biogas. Each year, these systems can collectively produce around 3,406 GWh of clean energy (taking into account the performance indicators of individual RES). Thanks to these RES systems, 2.58 million tonnes of CO2 emissions and about 4.85 tonnes of air pollutant emissions are avoided every year (according to KOBIZE emission indicators for 2020).

In 2021, we introduced a new offer for smaller RES projects (primarily for autoproducers, i.e. non-energy businesses producing electricity for their own needs, and photovoltaic farms) with a rated capacity of up to 5 MW. This complements our offer for large-scale RES investments and our leasing offer for SMEs.

In 2021, we also engaged in green bond issues to finance RES systems. As sole arranger and dealer, we arranged an impressive PLN 1 billion green bond programme for R.Power. We also issued and placed our own EUR 0.5 billion green bonds. This issuance was conducted in accordance with mBank's Green Bond Framework which provides for the proceeds to be used, among other things, for RES financing.

In our strategy for 2021-25, we decided to **allocate PLN 10 billion of capital to finance "green" investments** such as renewable energy as well as electromobility, recycling and waste management. This includes PLN 5 billion of mBank's own funds and PLN 5 billion from external sources such as green bond issues and bank consortia. PLN 10 billion is the highest amount for financing "green" investments declared by a bank in Poland.

In 2019 mLeasing launched financing of photovoltaic panels in 2019. mBank's leasing subsidiary finances companies' photovoltaic systems worth up to PLN 250 thousand with a capacity up to 50kW. The leasing period is up to 7 years and the client's required contribution is at least 10% of the value of the project. In 2021, mLeasing completed 311 transactions with a total volume of PLN 32.35 million. Clients whose photovoltaic systems are financed by mLeasing have access to preferential financing conditions under the EBI Climate Action programme. In 2021, mLeasing continued to work towards expanding its offer to include financing for photovoltaic systems with a capacity exceeding 50 kW, including systems mounted on land. mLeasing plans to make this offer available to clients in 2022.



** including, inter alia, the extraction of coal and other fossil fuels, the production and processing of coke, petroleum products, electricity, and the trading and distribution of fuels.*

3.6.3. Green bonds

We finance pro-environmental investments among others by issuing green bonds. Unlike bilateral loans, where financing is only provided by the bank, green bonds allow to broaden the pool of investors. As such, they **facilitate the raising of capital to finance green investments**, thus contributing to the EU Green Deal.

According to the EU goals, the decarbonisation of the economy must proceed quickly in a decisive manner. This means that companies have to raise huge amounts of money to transform their business. According to estimates, most of the capital will come from the private sector. For this to be possible, new forms of financing must develop, such as green bonds. This is consistent with mBank Group's strategic objective for 2021-25: we will provide PLN 10 billion for green investments. Of this amount, PLN 5 billion will come from mBank and PLN 5 billion from other sources, such as bond issues of our corporate clients.

In 2021, we placed mBank's first green bond issue worth EUR 500 million. The instruments with a maturity of 6 years were issued at par. mBank completed a diversified bookbuilding totalling more than EUR 1.2 billion. As a result, the transaction closed at 25 basis points below the initial margin. The bonds were subscribed by institutional investors and are listed on the Luxembourg Green Exchange. This is the first senior non-preferred bond issue and the first green bond issue placed by a Polish financial institution in EUR benchmark format.

The proceeds raised in mBank's green bond issue were used to refinance part of the retail mortgage loan portfolio which finances energy-efficient buildings. The evaluation and selection criteria for green mortgages meet the requirements of the Climate Bonds Initiative (CBI) for low-carbon housing in Poland. Residential buildings can be financed with green bonds if their non-renewable primary energy demand is 10% lower than required by the Nearly Zero Energy Building (NZEB) standard. It is set out in the EU Energy Performance of Buildings Directive (EPBD). The eligibility criteria for retail green mortgages were approved by the mBank Group Sustainability Committee. Compliance with the CBI requirements has been verified by Sustainalytics.

In 2021, as sole arranger and dealer we organised an impressive PLN 1 billion green bond issue programme for one of our clients, R.Power, a leading Polish investor and developer of photovoltaic systems. The funds raised from the issue of the first series of bonds with a total nominal value of PLN 150 million will be used for the acquisition and development of photovoltaic projects. The purpose of the issue is, among others, to finance or refinance the development, purchase, construction and operation of photovoltaic power plant projects in Poland and other European Union countries. The bonds were introduced to the alternative trading system operated by the Warsaw Stock Exchange. The bonds meet the criteria for green bonds under the Green Bond Principles (GBP) developed by the International Capital Market Association (ICMA) and have received a positive opinion from Sustainalytics. The investments financed with proceeds from the issue have a positive impact on the environment and thus support sustainable development.



**GOOD
PRACTICE**

Buildings and climate

The construction of both residential and commercial buildings and their operation is not neutral to the environment. It is therefore important to mitigate the negative impact. Low-carbon commercial buildings which use technologies based on renewable energy sources reduce greenhouse gas emissions generated during their operation, thus reducing the carbon footprint. Such solutions improve air quality and limit the rise in average global temperatures. The use of solutions which make maximum use of rainwater in low-carbon buildings to maintain the building and surrounding greenery allow rainwater to naturally irrigate vegetation, cool the air on hot days and mitigate the unpleasant effects of climate change. Smart energy management systems, which suggest when and how to reduce energy and heating consumption, buildings equipped with energy-efficient appliances and fixtures, LED lighting, state-of-the-art building materials improve energy efficiency of low-emission buildings and reduce energy consumption. These examples confirm that environmentally friendly solutions in low-emission buildings reduce CO₂ emissions. Consequently, financing such properties and solutions has a positive impact on climate.

3.6.4. Indicators required under the EU Taxonomy

For the year 2021, for the first time, we publish indicators on environmentally sustainable activities according to the EU Taxonomy. This way we fulfil the obligations of Article 10 of Commission Delegated Regulation (EU) 2021/2178¹ (hereafter: “Delegated Regulation”). These are the KPIs that must be disclosed by credit institutions in the transition period. They refer to two environmental objectives described in Regulation (EU) 2020/852²:

- climate change mitigation,
- climate change adaptation.

The indicators reflect mBank Group’s assets as on 31 December 2021.

Taxonomy-eligibility indicators

These interim KPIs include two indicators regarding mBank Group’s exposures to Taxonomy-eligible and Taxonomy-non-eligible economic activities. We have calculated both of them solely with respect to the financing granted to undertakings subject to the Non-Financial Reporting Directive (NFRD).³ This interpretation conforms with Article 7 of the Delegated Regulation and the EU interpretation document regarding voluntary disclosures.⁴

When identifying clients subject to the NFRD and verifying Taxonomy-eligibility of their activities, we could not provide the exact values of both indicators. As at the time of preparation of this report, our corporate clients have not disclosed their own Taxonomy KPIs yet. We also chose not to send them direct inquiries about whether they are subject to the NFRD and what part of their activities is Taxonomy-eligible. Since the vast majority of them are listed companies, they may not be able to disclose these data as inside information, as described by MAR. Pursuant to the EU interpretation document regarding voluntary disclosures⁵, approximations cannot be published as obligatory Taxonomy KPIs. Thus, we determine the value of obligatory indicators as follows:

Type of assets	Proportion within total assets
Exposures to Taxonomy-eligible economic activity	No data
Exposures to Taxonomy-non-eligible economic activity	No data

At the same time, we calculated the value of both of these KPIs in approximation. We publish them as voluntary data.

We determined the estimated value of exposures to corporate clients of mBank Group subject to the NFRD based on:

- the provisions of Article 49b and Article 55 of the Accounting Act⁶, and
- the list of entities subject to the NFRD published on the website of [Fundacja Standardów Raportowania](#) (as on 26 January 2021).

In this group of undertakings, we determined Taxonomy-eligible assets based on the use of proceeds or the client's main activity in accordance with the PKD code.⁷ We checked if they correspond with the list of economic activities described in Annexes I and II to Regulation (EU) 2020/852.⁸

The estimated value of the two indicators takes into account financing granted in the form of loans and advances, debt securities, equity instruments, and leasing and factoring. This approach is in line with prudential consolidation. The numerator of both indicators covers the gross carrying amount of these items. Their denominator covers net total assets, expressed in line with prudential consolidation, without eliminations.

The approximate value of these voluntary disclosures is:

Type of assets	Proportion within total assets
Exposures to Taxonomy-eligible economic activity	0.93%
Exposures to Taxonomy-non-eligible economic activity	1.05%

Apart from the above data, we also publish both indicators in regards to a broader range of assets assessed in terms of their Taxonomy-eligibility. These disclosures are also voluntary. The scope of these data is consistent with the scope reported by Commerzbank, which is the consolidating unit of mBank Group. The scope of assets we assess in terms of Taxonomy-eligibility under this methodology covers financing granted to:

- all large companies employing more than 250 employees (FTEs),
- households, in the form of mortgage loans and car loans.

This broader catalogue of assets is consistent with the scope, which banks will assess when calculating their green asset ratios (GAR) after 31 December 2023. These assets are listed in Annexes V and VI to the Delegated Regulation. By adopting this approach, we are able to preliminarily determine the proportions of particular parts of our portfolio, which we will look into when assessing Taxonomy-alignment after 31 December 2023. It also allows us to compare the indicators of Taxonomy-eligibility of mBank Group and Commerzbank.

Under this methodology, the value of the two indicators is:

Type of assets	Proportion within total assets
Exposures to Taxonomy-eligible economic activity	21.27%
Exposures to Taxonomy-non-eligible economic activity	13.96%

We calculated these indicators based on whether the economic activity financed, that is the use of proceeds, is described in Annexes I and II to Regulation (EU) 2020/852. All assets with a use of proceeds included in these annexes have been classified as Taxonomy-eligible. The assets with other use of proceeds or no use of proceeds at all have been classified as Taxonomy-non-eligible.

For some assets, such as the securities portfolio and general-purpose loans, it has not been possible to reliably determine the use of proceeds. This applies, in particular, to exposures to our corporate clients. As at the time of preparation of this report, they have not disclosed their own Taxonomy KPIs. In line with the conservative approach applied by Commerzbank in this case, we qualify these assets as Taxonomy-non-eligible.

Other quantitative indicators required under the EU Taxonomy

We also report other indicators required under Article 10 of the Delegated Regulation. These indicators measure the proportion of exposures which are not assessed in terms of Taxonomy-eligibility:

Type of assets	Proportion within total assets
Exposures to central governments, central banks and supranational issuers	30.87%
Derivatives	1.19%
Exposures to undertakings not subject to the NFRD	27.21%
Trading portfolio	0.32%
On demand inter-bank loans	0.07%

The trading portfolio in this table consists of securities held for trading. We factored the non-trading securities in the indicators regarding Taxonomy-eligible or Taxonomy-non-eligible assets. We distinguished derivatives from the trading portfolio.

Qualitative Taxonomy data

Implementation of the Taxonomy in our processes, procedures and financial products is one of the objectives of mBank Group's business strategy for 2021-25. The achievement of this goal is supervised by our Sustainability Committee. The Taxonomy is a tool enabling us to implement sustainable development standards, including those related to environmental protection.

In striving to meet the goals of the Taxonomy we use a double-track approach. On the one hand, we adjust our credit process and the IT systems supporting it. We want to be able to verify the Taxonomy-alignment of a given activity already at the time of granting financing and save the results of the verification in our systems for reporting purposes.

On the other hand, we apply relevant credit policies, including our climate policy and RES financing policy. We describe them in Chapter 12.3 "Policies, due diligence and their outcomes". Their goals match the provisions of the European Green Deal and the Taxonomy. They are aimed at facilitating access to financing for activities preventing climate change.

Additionally, in 2022 we will start working on mBank Group's decarbonisation pathway. We have undertaken to reduce our net Scope 3 greenhouse gas emissions to zero by 2050, which also covers our credit portfolio. We will implement a decarbonisation methodology, including milestones and ways to reach them, based on scientific evidence. This will allow us to contribute to the implementation of the objectives of the Paris Climate Agreement. We will support our corporate clients in their green transformation. Moreover, we will create further mechanisms allowing us to redirect the stream of investment capital from high-emission to low-emission sectors and economic activities.

For more information on mBank's carbon footprint, see the section "[Greenhouse gas emissions](#)".

¹ COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation

² Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, Articles 10 and 11

³ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

⁴ Platform considerations on voluntary information as part of Taxonomy eligibility reporting APPENDIX 1, p. 5

⁵ Platform considerations on voluntary information as part of Taxonomy eligibility reporting APPENDIX 1, p. 5

⁶ Accounting Act of 29 September 1994

⁷ Polish classification of activities (PKD) 2007; PKD codes transpose the statistical classification of economic activities in the EU (Nomenclature statistique des Activités économiques dans la Communauté Européenne, NACE)

⁸ COMMISSION DELEGATED REGULATION (EU) of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

3.7. ESG investing

In the area of investment services, we offer our clients access to investment funds from external investment fund companies (TFIs), as well as our own asset management and investment advisory services.

When **assessing third-party investment product providers** we work with, one of the key criteria we look at is whether they have ESG-compliant investment products on offer. We check their compliance with ESG criteria in several ways. We use MSCI and Morningstar ESG ratings, as well as disclosures and ratings provided by Bloomberg. We require our business partners to define and explain ESG factors in the investment policies of individual products. We verify that such products meet the criteria imposed by the SFDR, i.e. enable sustainable investing ("dark green" products) or promote sustainable investing ("light green" products). We also carry out an additional in-house assessment of the ESG compliance of investment products to minimise the risk of greenwashing. In meetings with third-party asset managers, we emphasise the need for their investment strategies to meet the relevant ESG criteria.

We are gradually expanding the range of sustainable funds on offer in our **Investment Fund Supermarket**.

In 2021, we worked with our partners to implement electronic confirmations of clients' transactions in the Investment Fund Supermarket. The aim of the project was to replace paper confirmations, which would not only save paper but also avoid the emissions associated with transporting traditional letters. This solution was implemented in 2022.

We were working on setting up **mBank's own Investment Fund Company (TFI)** in 2021. The relevant application is currently being processed by KNF. One of the main goals of setting up mBank's TFI is to better align our investment offering with ESG standards. With mBank's proprietary investment products and services, such as ready-made strategies (mFunds) and investment advisory services, we are working to achieve a maximum high ESG rating.

mBank **private banking** clients have been the first in Poland to invest responsibly in line with the ESG standards. In our financial instrument portfolio management service, we offer ESG model investment strategies. These enable private banking clients to invest in portfolios of shares and bonds of issuers who lead with their positive environmental and social impact.

The value of assets invested in ESG model investment strategies for private banking clients increased by 138% during the year to PLN 192 million at the end of 2021. The assets invested in ESG model investment strategies for private banking clients as a percentage of total assets in model investment strategies for private banking clients reached 28.8% at the end of 2021 as compared to 21.2% at the end of 2020.

The **SFDR** (Regulation of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector) came into force in 2021. The new regulation ensures greater transparency in analysing sustainability risks in the activity of financial market participants. The regulation expands the obligations of banks and other financial institutions to disclose their approach to managing sustainability risks and their investment decisions.



**FIND OUT
MORE**

Our implementation of SFDR regulation

In 2021, we implemented the "[Strategy on risks for sustainable development in the investment advisory and financial instrument portfolio management service at the mBank Brokerage Office](#)" as well as an accompanying [document containing the information required by the SFDR regulation](#). These documents describe how, in providing portfolio management and investment advisory services, we take into account the impact of investment decisions on sustainable development. Evaluation of investments from this perspective is intended to help identify and, where consistent with the provisions of the investment strategies, minimise sustainability risks.

mBank's Brokerage Office has established committees responsible for the selection of financial instruments for investment portfolios in the management service and the selection of recommended portfolios in the investment advisory service. They take into account the impact of investments on sustainable development objectives. This allows us to:

- exclude the most harmful assets from an ESG perspective,
- apply positive asset selection ("best-in-class" approach).

We believe that ESG factors significantly influence our clients' investment performance. To the greatest extent possible, we aim to incorporate ESG factors into financial analysis and asset allocation of our investment decisions and recommendations.

We promote ESG extensively in mBank's investment services, not only in our management services but also in our investment advisory service, webinars for clients and ongoing education for our client service staff.

3.8. Financial services supporting society

3.8.1. Cooperation with WOŚP

We support organisations which contribute to a healthy and dignified life of people. We are proud to be a partner and sponsor of the Great Orchestra of Christmas Charity (WOŚP) and participate in the annual fundraisers. We prepared a special offer for the 29th Grand Finale of the Great Orchestra of Christmas Charity in 2021. Customers could order personalised payment cards designed by Jurk Owsiak. mBank topped up clients' donations for the Orchestra.



Gramy razem

Over the past five years, together with our customers, we have supported WOŚP's Grand Finales with nearly PLN 70 million. More than 4,000 bank employees worked at the Grand Finales, and customers ordered around 111,000 special cards. We also donated a part of our art collection to WOŚP.



**GOOD
PRACTICE**

Payments with a heart

In 2021, mBank's mobile app available on Android and iOS featured a special "heart" icon for quick payments. Clients could donate money also via card terminals in our branches and mKiosks. During the 29th Grand Finale of the Great Orchestra of Christmas Charity, together with our customers we raised around PLN 20 million, i.e. **10% of all funds raised by the Foundation** (PLN 200 million).

In 2021, due to COVID-19, mBank employees did not team up in person for the Grand Finale. Instead, we set up an employee e-money box and, like every year, we held auctions among employees. All proceeds from the auctions went to the Foundation. In addition, around 1,000 branch employees joined in the initiatives of the Great Orchestra of Christmas Charity. At their branches, they collected money for the 29th Grand Finale using terminals to encourage our customers to make donations. They supported WOŚP teams by handling cash and loaning cash counters before the Grand Finale, and they processed cash from the WOŚP teams for a whole week after the Grand Finale.

3.8.2. "m for mBank's art collection" fund

"m for mBank's art collection" ("m jak malarstwo") is one of the responsible business strategy projects run by mBank. Thanks to our special fund, we are assembling a collection comprised of artwork by the most interesting and promising young artists. The artworks are selected on behalf of mBank by a committee composed of renowned representatives of the art market and a representative of mBank.

When selecting individual works, the committee responsible for art purchases is guided by both their artistic worth and the prospective long-term value. This may include both single artworks from individual artists, and larger collections.

In 2020 and 2021, mBank bought 57 artworks authored by 34 contemporary Polish painters. Moreover, 50 of them were presented for the first time at the “Y for Youth” (“m jak młodość”) exhibition at the National Art Gallery in Sopot. In December 2021, mBank gave the first-ever award for the best painting during UpComing, an annual exhibition organised by the Academy of Fine Arts in Warsaw.

We expect that in the future mBank’s collection will (once again) pave the way for a new generation of artists, and the “m for mBank’s art collection” fund will operate like a perpetual motion machine supporting artists. mBank’s initiative revitalises the Polish art market and supports the most talented young artists.



3.8.3. Supporting civil society

Our strategic goal is to support active citizens. We provide the opportunity to easily donate to NGOs directly from the mBank mobile app. This allows our clients to make their own contribution to support civil society. In achieving this goal, we want to use the experience we have gained by supporting the Great Orchestra of Christmas Charity (WOŚP) since 2017. Another organisation that our clients could easily support with our help in 2022 was the Polish Centre for International Aid (PCPM). We started our cooperation with PCPM after the outbreak of war in Ukraine. As in the case of WOŚP, we provided a special button in mBank’s online transaction service and mobile app for donating to PCPM. As a digital bank, we are uniquely positioned to connect donors and NGOs by offering them easy, fast and secure electronic payment services, including mobile payments.

3.8.4. Banking services supporting human rights

The mBank Reputational Risk Sensitive Industries Policy sets out the industries and activities that we do not support, as well as those for which we apply special rules. The first group includes, among others, entities which operate in the pornography industry and those which preach radical ideologies. The second group includes, among others, arms production and trade.

The Policy excludes service to entities and persons who:

- use child labour, forced labour or otherwise violate human rights in their activities;
- economically exploit environmentally valuable areas;
- threaten global cultural heritage.

We assume that entities in the selected industries or countries have a higher risk of negative impact on the environment and cultural heritage, as well as a higher risk of violations of human rights, i.e. the use of child labour, forced and slave labour, among others. In such cases, we examine in detail the nature of the client's business in these aspects before deciding to establish a relationship. We sensitise our client advisors and analysts to the requirement for our clients to comply with the Ten Principles of Global Compact, to which we ourselves are a signatory. We have developed a special procedure for additional **verification of business clients' compliance with human rights** and other provisions of the policy. The procedure includes the option, and in certain cases the obligation, of additional consultation with the team responsible for reputational risk. We also conduct regular media monitoring in Poland on companies that operate in a controversial manner and are at risk of, among other things, failing to respect human rights.

We also bring human rights issues to the attention of our suppliers and business partners. For more information on the requirements we impose on them, see the section "[Principles for suppliers](#)".

3.9. Supporting economic development

[GRI 103-1, 103-2, 103-3 aspect: Economic performance and market presence] Banking is often referred to as the bloodstream of the economy. Due to the complex interconnectedness of the economic ecosystem, it is not possible to estimate mBank's direct impact on economic growth. However, mBank is part of the banking system. Economists' estimates point to a significant and relatively strong impact of banking sector development on economic growth in Poland. **Banks stimulate economic growth** in several ways. They improve the functioning of the economy through improved allocation of capital, i.e. lending where it is most productive and accepting deposits. They smooth out household consumption by allowing households to borrow and save money. They also provide liquidity to the economy and enable long-term investments. They reduce the transaction costs of running the economy. For economic development, however, the most important driver is the credit provided by banks to companies.

With the loans granted, we enable the development of Polish enterprises. At the end of 2021, the total value of loans granted to corporate customers amounted to nearly PLN 48 billion, up 3.9% compared to the end of 2020. On top of this amount are, among other things, loans to small businesses.

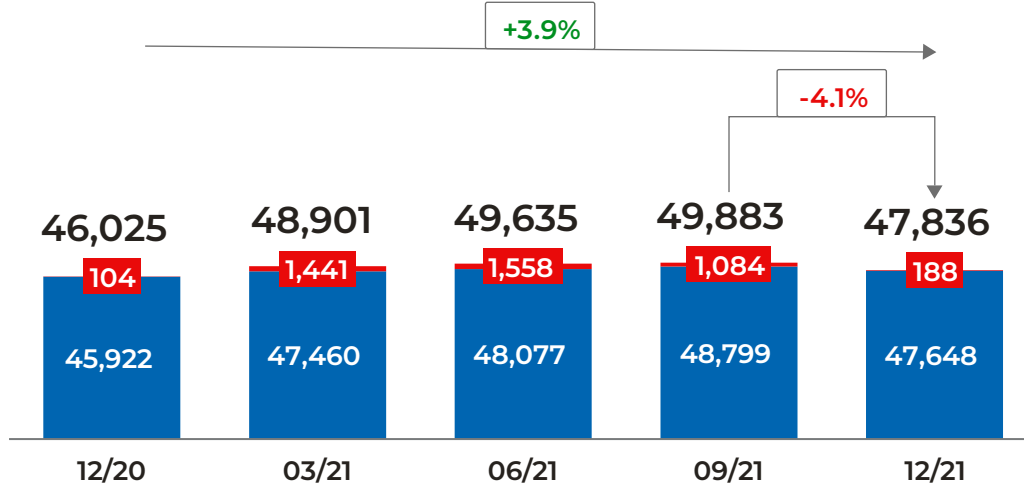
[GRI 201-1] [SDG 8] [SDG 9] Direct economic value created and distributed by mBank Group:

Income [PLN'000]	6,115,989
Operating expenses [PLN'000]	1,138,453
Loan loss provisions [PLN'000]	878,573
Staff salaries [PLN'000]	1,071,048
Payments to equity holders (dividends) [PLN'000]	0
Payments to the state (CIT, bank tax, BFG fees, KNF fees) [PLN'000]	1,443,792
Social investment (donations and investments for the benefit of society) [PLN'000]	4,858
Economic value retained [PLN'000]	1,579,265

Gross loans to corporate customers (PLN M)

■ Core corporate loans

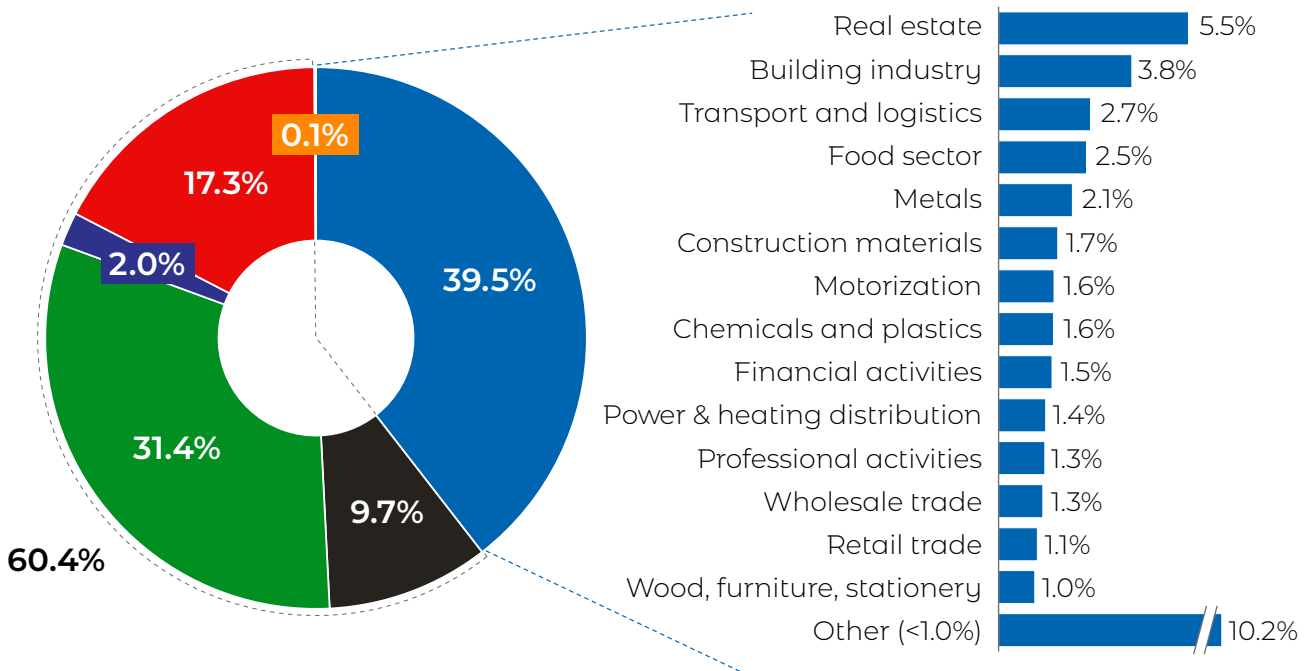
■ Reverse repo / buy-sell-back transactions



Sectors of the economy to which we provide the highest funding:

Structure of mBank Group's gross loans, by client segment and industry

as of 31.12.2021



■ Corporate loans (PLN billion)	47.8
■ Mortgage loans in FX to individuals (PLN billion)	11.7
■ Mortgage loans in LC to individuals ¹ (PLN billion)	38.1
■ Mortgage loans to microfirms (PLN billion)	2.5
■ Non-mortgage retail loans (PLN billion)	20.9
■ Public sector loans (PLN billion)	0.2
TOTAL (PLN billion)	121.2

¹ Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

3.9.1. mBank's contribution to the state budget

mBank is a responsible corporate citizen and pays all taxes due. In this way, we make a real contribution to the achievement of publicly funded objectives. We consider tax compliance to be an important part of our social responsibility. We firmly reject all forms of tax evasion.

The key taxes we paid for 2021:

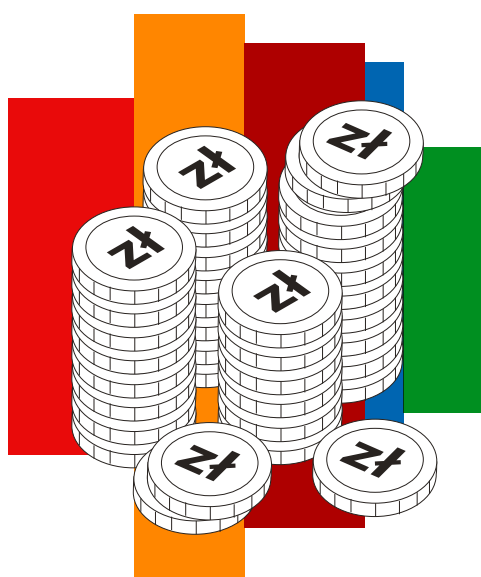
- bank tax – PLN 577.3 million
- VAT – PLN 181.7 million
- CIT – PLN 637.4 million

For 2021, we paid a total of almost PLN 1.4 billion in bank tax, VAT and CIT.



**FIND OUT
MORE**

We publish detailed tax reports on our website:
<https://www.mbank.pl/o-nas/informacje-wymagane-przez-pisami-prawa/informacja-o-realizowanej-strategii-podatkowej/>



In addition, we have a policy in place to prevent our employees, contractors and customers from using mBank's services for tax crimes. For more information about this policy, see the section "[Preventing tax crime](#)".

4

employees and organisational culture



IMPORTANT FOR STAKEHOLDERS

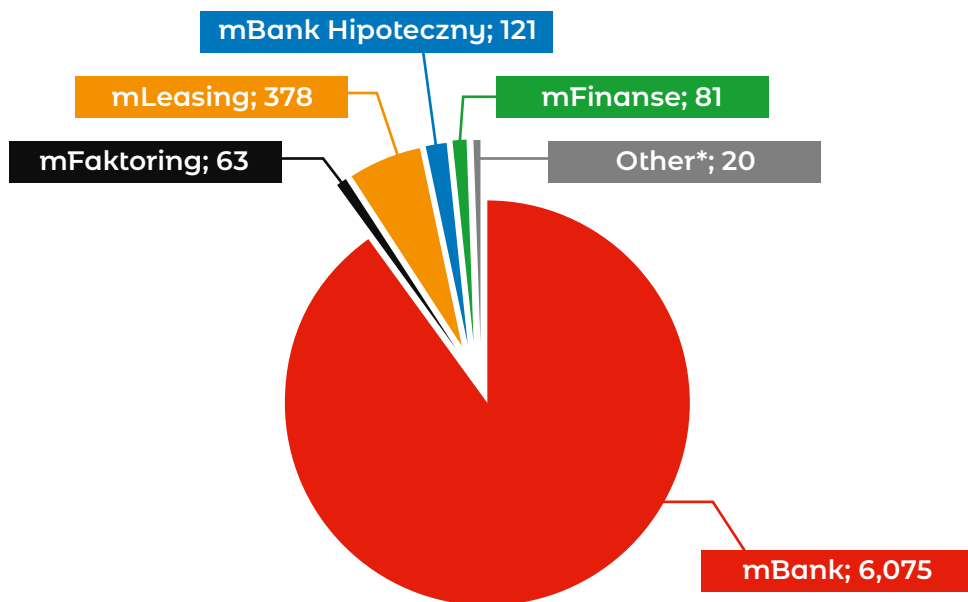
At mBank, our people make the difference. We have built a team of excellent professionals in their respective fields who combine banking integrity with the courage to reach for innovation and the latest technologies. These unique competences of our employees allow us to look boldly into the future and build strategies with the conviction that ambitious goals are achievable.

More than **8,348 people** (without replacements, interns and trainees, and technical positions) work every day across mBank Group to earn the trust of our clients. The vast majority of them are employed in full-time positions under contracts with no fixed term. We understand the natural need for professional stability and comply with employment law, which is why we do not support employee relations other than regular employment. We also do not accept a situation where a significant proportion of our activities would be performed by people who are not employed by us.

mBank’s employees are relatively young: 39% are below the age of 35. They are also well-educated: 81% are graduates of higher education institutions. Many employees undertake post-graduate and MBA studies, thus acquiring new professional qualifications.

Headcount in mBank Group

in FTE as at December 31, 2021



* Other companies include: mElements and G-INVEST

[GRI 102-8] Total number of employees by employment contract, by gender






2021									
	mBank Group			mBank Poland			Subsidiaries and foreign branches*		
Type of employment contract:	W	M	Total	W	M	Total	W	M	Total
fixed term	1,056	741	1,797	443	265	708	613	476	1,089
no fixed term	3,884	2,667	6,551	2,974	2,053	5,027	910	614	1,524
TOTAL	4,940	3,408	8,348	3,417	2,318	5,735	1,523	1,090	2,613
Type of employment:	W	M	Total	W	M	Total	W	M	Total
full time	3,869	2,599	6,468	3,333	2,296	5,629	536	303	839
part tim	1,071	809	1,880	84	22	106	987	787	1,774
TOTAL	4,940	3,408	8,348	3,417	2,318	5,735	1,523	1,090	2,613
2020									
	mBank Group			mBank Poland			Subsidiaries and foreign branches*		
Type of employment contract:	W	M	Total	W	M	Total	W	M	Total
fixed term	1,123	850	1,973	465	319	784	658	531	1,189
no fixed term	3,769	2,564	6,333	2,944	2,007	4,951	825	557	1,382
TOTAL	4,940	3,414	8,306	3,409	2,326	5,735	1,483	1,088	2,571
Type of employment:	W	M	Total	W	M	Total	W	M	Total
full time	3,835	2,602	6,437	3,326	2,309	5,635	509	293	802
part tim	1,057	812	1,869	83	17	100	974	795	1,769
TOTAL	4,892	3,414	8,306	3,409	2,326	5,735	1,483	1,088	2,571
2019									
	mBank Group			mBank Poland			Subsidiaries and foreign branches*		
Type of employment contract:	W	M	Total	W	M	Total	W	M	Total
fixed term	1,342	1011	2,353	568	387	955	774	624	1,398
no fixed term	3,499	2,372	5,871	2,838	1,954	4,792	661	418	1,079
TOTAL	4,841	3,383	8,224	3,406	2,341	5,747	1,435	1,042	2,477
Type of employment:	W	M	Total	W	M	Total	W	M	Total
full time	3,820	2,610	6,430	3,322	2,314	5,636	498	296	794
part tim	1,021	773	1,794	84	27	111	937	746	1,683
TOTAL	4,841	3,383	8,224	3,406	2,341	5,747	1,435	1,042	2,477

* mBank in the Czech Republic and Slovakia, mFactoring, mFinanse, mBank Hipoteczny, mLeasing

We want our employees to be proficient in new technologies. We have created a safe space for them so that they can **be innovative and make bold decisions**. According to the 2021-2015 strategy, we want to:

- create a culture where **cooperation is based on trust and positive intentions**. It is defined by 5 key values: authenticity, empathy, courage, responsibility and cooperation,
- develop a best-in-class **hybrid work environment**. Its key components at mBank include: a flexible and adaptive workplace model (productive and responding to employees' needs), smart working mindset combined with top skills and practices (management of distributed teams), as well as advanced workplace technology and digitized people processes (top communication and collaboration solutions),
- **make people capabilities a competitive advantage** for the bank. It is anchored in: strengths-based approach to leverage individual talents and foster innovation, focus on future skills needed for the organization to succeed, and a T-shape philosophy combining high levels of competence with a curious mindset.

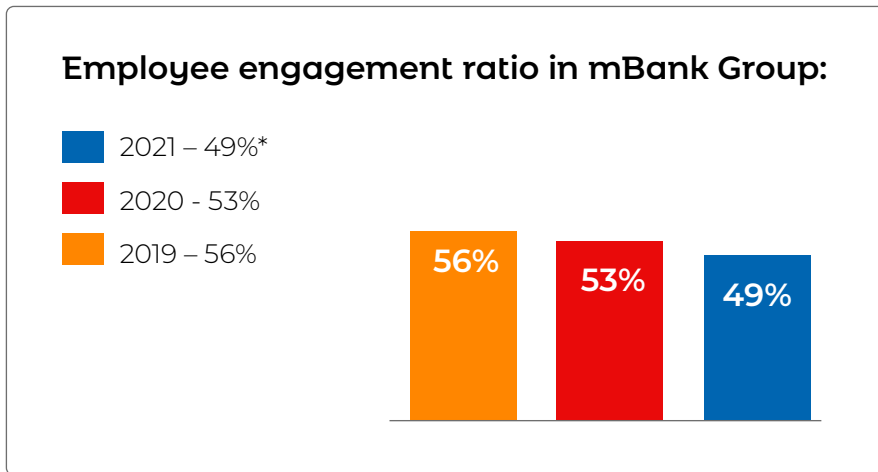
mBank's culture of trust and good intentions is defined by 5 key values:

Authenticity	Empathy	Courage	Responsibility	Cooperation
 <p>understand your strengths and talents, strive to be the best version of yourself, have respect for people's differences and learn to appreciate them</p>	 <p>treat others with empathy, be sensitive to the needs, opinions and emotions of team members, clients and society</p>	 <p>take courageous decisions, express your views freely and respectfully, be straightforward, be ready to admit your mistakes and draw conclusions from them</p>	 <p>remember that you are a part of a greater structure, act ethically and responsibly, keep your word, take care of the environment, be socially sensitive</p>	 <p>be open, assume good intentions in others, consider different points of view and opinions, look for the best ways to achieve common goals</p>

4.1. Employee satisfaction and engagement

[GRI 103-1, 103-2, 103-3 aspect: Employment, occupational health and safety] We want our employees to really like their job: feel the satisfaction of working at mBank, know that they are appreciated, and be engaged in their daily duties. We offer attractive working conditions and make sure that recruitment, remuneration, promotion and management rules are transparent, motivating and empathetic.

We regularly survey employees' opinions about working in our organisation and we use their responses as a guide for future changes. We also test the employee engagement ratio every year.



** Figures adjusted compared to the mBank Group Management Board Report 2021.*

Anonymous **Pulse Check** surveys are a good way to find out what employees think. We conducted three surveys in 2021:

- In the first one, which took place in January, the response rate amounted to 60%. The survey addressed altered working conditions and wellbeing, levels of stress and healthcare. The respondents assessed positively the technology which ensures work efficiency. They also pointed out factors which have material impact on their wellbeing (e.g. blurred line between work and private life or excessive workload). The responses were taken into account while creating a hybrid work environment. Based on the results, a number of solutions have been implemented in the organization to support the topic of physical and mental resilience. More information on these activities can be found in the section regarding employees' wellbeing,
- Another survey was conducted in April. It was completed by 72% of employees. The survey had themes that were raised in the previous survey. Some of the questions concerned communication within the organization and culture of cooperation, including efficiency of appointments. The employees praised the most the atmosphere on their teams, open-mindedness and acceptance of differences, as well as the technology, again. After the study, actions were taken, i.a., on changes in the remuneration policy and the effectiveness of appointments,
- The third survey took place in September. It was completed by 78% of employees. We paid a lot of attention to the following topics: teamwork (including the developed hybrid model), cooperation with the manager, employee development and diversity. We also continued with the topics raised in previous surveys. After the study, work continues to be even better adapted to the needs of employees in terms of supporting their development and career paths. The September survey also looked at diversity in the teams, a topic we describe below in the report.

The bank's Management Board, directors and managers analyse the results of the Pulse Check surveys. They take action at various management levels to strengthen employee engagement.

The turnover ratio is an indirect indicator of the satisfaction of our employees. We want to keep staff turnover low as we know that with every employee who leaves we also lose their knowledge and experience. If we need to fill a vacancy, we first look for internal candidates. We look for candidates on the labour market for positions which we cannot fill with candidates from among the bank's employees. At mBank, 8.7% of employees voluntarily left in 2021.

[GRI 401-1] [GPW S-P3] Total number and rate of new employee hires and total number and ratio of employee turnover during the reporting period

	mBank Group	mBank Poland	Subsidiaries and foreign branches*
Total number of new employee hires during the reporting period			
Gender			
Women	811	318	493
Men	607	267	340
TOTAL	1,418	585	833
Age			
Up to 30 years	744	277	467
30-50 years	620	287	333
Over 50 years	54	21	33
TOTAL	1,418	585	833
New employee hires ratio (%)**			
Gender			
Women	9.7%	5.5%	18.9%
Men	7.3%	4.7%	13.0%
TOTAL	17.0%	10.2%	31.9%
Age			
Up to 30 years	8.9%	4.8%	17.9%
30-50 years	7.4%	5.0%	12.7%
Over 50 years	0.6%	0.4%	1.3%
TOTAL	17.0%	10.2%	31.9%
Employee turnover ratio (%)***			
Gender			
Women	880	374	506
Men	646	286	360
TOTAL	1,526	660	866
Age			
Up to 30 years	661	226	435
30-50 years	749	356	393
Over 50 years	116	78	38
TOTAL	1,526	660	866

Employee turnover ratio (%)***			
Gender			
Women	10.5%	6.5%	19.4%
Men	7.7%	5.0%	13.8%
TOTAL	18.3%	11.5%	33.1%
Age			
Up to 30 years	7.9%	3.9%	16.6%
30-50 years	9.0%	6.2%	15.0%
Over 50 years	1.4%	1.4%	1.5%
TOTAL	18.3%	11.5%	33.1%

* mBank in the Czech Republic and Slovakia, mFactoring, mFinanse, mBank Hipoteczny, mLeasing

** The new employee hires ratio is calculated as the ratio of the number of new employee hires to the total number of employees

*** The employee turnover ratio is calculated as the ratio of the number of employees who have left to the total number of employees

4.2. Preventing mobbing

Every employee in every position has the duty to avoid unacceptable behaviour towards other employees, colleagues, clients and suppliers. If someone creates a situation that encourages unacceptable behaviour or behaves in such a way, they are in breach of basic employee duties. We may then draw consequences in accordance with labour laws and the bank's regulations

In 2020, we replaced the Anti-mobbing Policy with a broader **Policy on Preventing Mobbing, Discrimination and Other Unacceptable Behaviour**. In the document, we make it clear and explicit that we do not accept mobbing, harassment, sexual harassment, discrimination, unlawful or unethical behaviour and behaviour that violates the rules of social coexistence. We define such behaviour comprehensively as unacceptable and counteract it. The policy defines a clear procedure for dealing with such behaviour and ensures complete confidentiality of the process for investigating reports of misconduct.



**GOOD
PRACTICE**

Anti-mobbing training

At the end of 2020, we launched e-learning training for all managers and other bank employees. The programme includes a theoretical part and an awareness part. It teaches how to avoid unacceptable behaviour and how to deal with it on the team. In 2021, 2,394 mBank Group employees took part in the training. The programme continues in 2022.



GOOD PRACTICE

Reporting mobbing

[GRI 102-17] [GPW G-P4] Any employee who feels they have experienced unacceptable behaviour has the right to file a report. They can do so anonymously in the whistleblowing app [mSygnal](#). We have set up an additional category in the app: ethics-related reporting. It can be used daily around the clock, from any device with an online connection.

Reports of violations of the policy are reviewed by the Unacceptable Behaviour Committee. In 2021, the committee reviewed four reports. In one of these cases, unacceptable behaviour was confirmed. In reviewing the reports, the Unacceptable Behaviour Committee makes recommendations for systemic changes to prevent such behaviours from recurring in the future.

4.3. Employee motivation

We want to build an engaged and motivated team of employees, which is why we offer attractive remuneration at the bank. The lowest remuneration in our organisation is nearly double the national minimum wage. We also have a good practice in place where managers provide employees with comprehensive information and justification for their salary decisions.

Our Remuneration Policy defines the fixed and variable remuneration components. The variable part of remuneration depends on the objectives achieved by the organisation as a whole and by individual employees. This includes the bonus awarded to Management Board members and employees. The maximum level of the variable remuneration components for persons covered by the Remuneration Policy may not exceed 100% of their fixed remuneration. For more information, see the 2021 Management Board Report on Performance.

[GRI 202-1] [SDG 1] [SDG 5] [SDG 8] Ratio of starting/basic salary in mBank Group to minimum wage

Ratio of the pay of the lowest-level employees to the minimum wage, broken down by:	mBank Group	mBank Poland	Subsidiaries*
2021			
Women	180%	180%	186%
Men	180%	180%	178%

2020			
Women	187%	177%	190%
Men	193%	176%	198%
2019			
Women	196%	195%	n/a
Men	195%	194%	n/a

* mBank Polska, mFinanse, mLeasing, mBank Hipoteczny, mFaktoring

[GRI 401-2] [SDG 3] [SDG 5] [SDG 8] Remuneration is accompanied by an extensive package of non-financial benefits available to all employees, regardless of whether they are full-time or part-time employees of mBank.

Non-financial benefits we offer our employees:

- life insurance
- health care
- co-financing of the Multisport card
- co-financing of the development and support of the passions of employees associated in clubs
- co-financing of holidays from the Company Social Benefits Fund
- Christmas subsidy from the Company Social Benefits Fund
- two extra free days of childcare for parents of children up to 14 years of age



GOOD PRACTICE

Managerial incentive programmes

We have put in place special incentive programmes for members of the Management Board and key managers. We describe them in detail in the 2021 Management Board Report on Performance in the section mBank Group's incentive programme.

4.4. New work mode and employee wellbeing

In July 2021, mBank's Management Board decided that the return to the office after the pandemic would take place in **hybrid mode**. This is our response not only to the changes brought about by the pandemic but also to the needs of employees. This period of remote working has shown that this type of work is effective and helps to combine work and private life, and can become the new normal. Employees also expected hybrid working conditions after the pandemic, not only work in offices. Hence the decision on hybrid working which combines office work and remote working. In mBank's head offices, the new framework is based on 40-60% remote working time. In the sales networks, the contact centres, Operations and IT, the hybrid working model is adapted to the specifics of these areas. Hybrid working makes it possible to combine the advantages of working in the office and at home, and to choose the best workplace for the type of tasks to be performed. The possibility to organise work in a flexible manner and choose the place of work has a positive impact on the wellbeing of employees and improves their relationship with their close ones. Being able to work outside the office, without having to commute to the company every day, **improves work-life balance**, saves time and reduces costs (including environmental costs) associated with commuting. It also supports improved eating habits and greater physical activity. According to employees, hybrid working is important for improving wellbeing.



GOOD PRACTICE

Development programme "REnew"

Working in a completely remote environment is a big challenge for employees and their managers. Even greater is the design and preparation of the hybrid work environment. The hybrid model will be the target work model for everyone. In response to these needs, we implemented and carried out the "REnew" ("ODnowa") development program in 2021. It supports management and work in a remote and hybrid work environment. It is addressed to all managers and employees of the Group. We prepared it to provide a dose of knowledge and inspiration from other organizations. It enables employees to exchange experiences, knowledge and join discussions.

In the program, managers learn:

- What the rules are for organizing a hybrid work model and how to communicate within this model
- How to build trust and a sense of security in a dispersed team
- How to deal with difficult emotions and stress in a team and support mental health of team members during a crisis.

460 participants took part in the programme for managers in 2021, in a total of 52 workshops and webinars.

The participants of the programme for employees learn, among others:

- how to improve their efficiency in a dispersed team;
- how to effectively cooperate and communicate in such a team;
- what tools are used by organisations under a hybrid work model;
- how to minimise tiredness and manage the workload at work and home;
- how to strengthen their mental resilience and build psychological capital, which helps to cope with present and future hardships.

The 2021 programme for employees had 2,114 participants.

The key challenges during the pandemic included adequate care for the mental and physical wellbeing of employees. In the Pulse Check survey, 27% of respondents rated their wellbeing negatively, with 7% describing it as very bad. These results were the starting point for us to develop the **“Energised for Health”** (“Z energią po zdrowie”) programme. The programme was preceded by a special survey which asked what caused the most fatigue, whether employees had observed changes in their diet, whether they were physically active, and how they dealt with stress. We asked employees to share their ways of combating stress and fatigue, what techniques they use, which they think are effective, and what they need to take better care of their health and fitness.

Pillars of the programme “Energised for Health”

- **Talk** – free individual psychological consultations where you can talk about your emotions and how to deal with difficult situations.
- **Change your habits** – individual dietary consultations designed to improve your wellbeing.
- **Relax** – anti-stress training and online meetings with healthy lifestyle enthusiasts.
- **Learn** – psychological workshops with external experts.

In each pillar, we proposed activities in different forms so employees could choose the approach they thought was most attractive. These included competitions, workshops, webinars, online courses and remote consultations and coaching. Starting in April 2021, more than 13,000 participants took part in more than 200 events, including nearly 2,000 in physical training and a further 442 in four sports runs. We delivered over 200 hours of psychological consultations and 21 webinars on topics such as depression, emotional balance, and mental preparation for hybrid work. 895 people took part in these activities.

The programme “Energised for Health” is open to all employees. All events are financed by the bank and some are also available to employees’ families.



**GOOD
PRACTICE**

Books help with wellbeing

As part of the programme “Energised for Health”, we provided employees with access to a “psycho-library” including 150 books recommended by psychologists. Employees were also given special active maps of free psychological support facilities across the country. We published more than 50 information and educational posts to help them change attitudes and habits, and created a special page on the intranet where we publish all the information about the project.



**GOOD
PRACTICE**

mBank Clubs

mBank employees integrate and develop their interests in various sections in the mBank Club. The Club also allows them to maintain relationships in times of remote working. More than 1,600 employees signed up to the 27 sections of the mBank Club.



**GOOD
PRACTICE**

Cancer prevention

As part of World Cancer Day, we conducted activities to promote cancer prevention. Among other things, we invited employees to a series of webinars on cancer and a workshop on self-examination with an oncology psychologist. We provided more than 190 free vouchers for breast and ovarian or testicular and prostate cancer marker tests. We created a knowledge repository on the intranet with educational materials on cancer prevention and information on packages available for employees to get the tests they need. Nineteen meetings were attended by 980 people.

4.5. Occupational health and safety

Working at mBank is safe. We comply with all the legal recommendations and internal health and safety regulations. We take a systemic approach to the safety of our employees. We create a working environment that prevents and mitigates risks and ensure safe working conditions for everyone employed at mBank. The **Health and Safety Policy** at mBank aims at ensuring safe and ergonomic working conditions for every employee. Taking care to improve the safety and comfort of the working environment, we take measures to prevent incidents which are potentially hazardous to the health of employees.



How we ensure safety at work:

- we implement effective fire precautions,
- we follow the recommendations of the occupational medicine service, including medical examinations,
- we deliver occupational health and safety training under framework training programmes,
- we ensure appropriate working conditions and mitigate emerging risks,
- we provide appropriate documentation: Occupational Risk Assessments and Occupational Health and Safety Manuals which define risks at the workplace and ways of preventing accidents,
- we ensure ergonomics of work with a computer.



**GOOD
PRACTICE**

Risks under control

We update the health and safety risk assessment every two years or more often if needed. In 2020, we added new risks related to working from home and COVID-19. We introduce each new employee to the risk assessment on their first day of work.

[GRI 403-2] [GPW S-S1] [SDG 8] Health and safety management at the bank starts with a proper occupational risk assessment. It is carried out by health and safety specialists in consultation with bank staff. Each year we analyse the occupational accidents that have occurred and update the risk assessment. Actions which help implement the health and safety policy are planned during the quarterly meetings of the Health and Safety Committee.

The health and safety management system is based on the general provisions of the Labour Code and includes, among other things:

- involvement of all employees in the development and implementation of the health and safety policy,
- identifying hazards, assessing occupational risks,
- monitoring health and safety conditions and analysing the causes of accidents at work,
- periodic reviews and inspections of facilities,
- induction and periodic training on health and safety at work which includes among other things information on the possibility of abandoning the workplace if the employee's health or life is at risk.

Accidents and near misses are reported to health and safety experts. Their contact details are communicated to all employees in a dedicated health and safety tab on the intranet.

In 2021, we recorded eight accidents at work.

4.6. Diversity and inclusion

4.6.1. A culture of respect for diversity

We believe that the values derived from differences add value to an organisation. Diversity resulting from experience, knowledge, education, interests and other characteristics unleashes creativity and helps to look for non-standard solutions and optimise operations. At the same time, it **builds competitive advantage**, contributes to the quality of services and economic performance.

At mBank, we follow the **principle of treating everyone equally**. We provide a working environment conducive to the full use and development of unique qualities, skills and interests, including through participation in training and clubs for people with similar interests. We know that diversity contributes to an organisational culture based on openness and tolerance where every employee feels valued and respected and has opportunities for professional development.

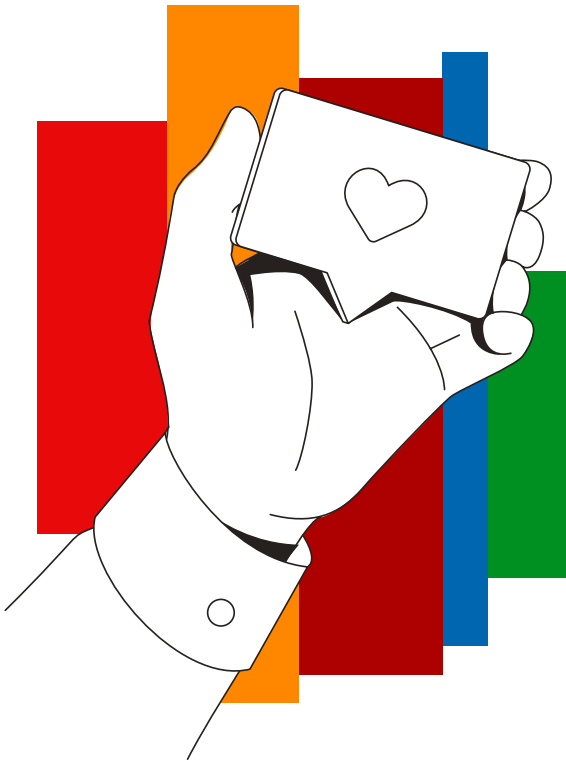
Respect for diversity is underpinned by mBank's HR policies and strategic documents, procedures or processes. This includes our Policy on Preventing Mobbing, Discrimination and Other Unacceptable Behaviour as well as the Values and Behaviour Model.



**GOOD
PRACTICE**

Diversity positions

We have established the position of Management Board representative for diversity. In addition to that, we have established the position for diversity and inclusion in the employee experience team. Their responsibilities include coordinating activities and liaising with the Management Board representative for diversity.



We promote a culture where every employee can be the best version of themselves. Respect for diversity supports a culture of innovation.

In 2021, we reinforced respect for diversity among our employees as part of the communication cycle “Know, Don’t Exclude”. Among other things, we presented information on various groups at risk of exclusion due to disability or other characteristics. We constantly sensitise employees on how to behave in order not to exclude anyone. We encourage openness to different qualities, skills or experiences.



**GOOD
PRACTICE**

Diversity survey

One of three Pulse Check employee surveys conducted in 2021 focused on diversity. We asked employees whether they thought diversity was valued at mBank. We also explored experiences of possible discrimination on the basis of gender, age, sexual orientation, creed or religion, beliefs and mobility disability. We checked what percentage of people in the organisation know how to report cases of unfair treatment under internal procedures. The survey allowed us to analyse equal opportunities on grounds of gender and was used to select measurable indicators included in our Diversity and Inclusion Policy introduced in 2022. The turnout for the survey was 78%.



**GOOD
PRACTICE**

Drafting a Diversity and Inclusion Policy

In 2021, we started to draft our Diversity and Inclusion Policy. It sets out the specific goals we intend to achieve in the coming years and summarises past and future diversity efforts. The policy was adopted by the Management Board in 2022.



**GOOD
PRACTICE**

Diversity Charter

Since 2018, we have been a signatory of the Diversity Charter, an international initiative for social cohesion and equality, led in Poland by the Responsible Business Forum (FOB). As participants in this endeavour, we are committed to supporting diversity and countering discrimination in the workplace.

4.6.2. Equal opportunities for women in the workplace

[GRI 103-1, 103-2, 103-3 aspect: Diversity and equal treatment]

We want to treat our female and male employees equally. We recognise our responsibility to offer equal professional opportunities for women in the workplace and support their development. We aim to have candidates for jobs of both genders included in external selection, internal appointments, and succession planning for key functions within the bank. At the same time, we take into account the principles of equal treatment in the establishment of the employee-employer relationship.





**GOOD
PRACTICE**

mBank in the Bloomberg Gender-Equality Index

In January 2022, mBank was included in the Bloomberg Gender-Equality Index for the second time. The index covers 418 companies from 45 countries and 11 economic sectors. The participating companies are evaluated on their gender equality measures and transparent gender equality disclosures. We were recognised by Bloomberg experts for our commitment to transparency and setting a new standard in reporting gender diversity data.

During recruitment, we objectively assess the competence of candidates. We support the development of all our female and male employees by focusing on their unique talents. We select training courses and training methods to best match the interests and strengths of individuals.

Job valuation is based on objective criteria, which prevents discrimination in professional development. Our objective enshrined in our strategy for 2021-2025 is to preserve the gender diversity of candidates in the final stage of recruitment for management positions. We have further clarified this objective in our Diversity and Inclusion Policy. We also want to ensure gender balance in the succession programme, with a minimum percentage of participants of a given gender of 40% for managers and 30% for Management Board members.



**GOOD
PRACTICE**

Closing the pay gap

Starting in 2021, we include long-term absentees whenever we offer pay raises because, according to our observations, pay gaps start to emerge at this stage.

We regularly measure and report the pay gap at the bank. The average salary for men at mBank is higher than for women. This earnings structure is due to a larger number of women employed in operational positions while men dominate the managerial positions. The initiatives carried out in the bank are intended to equalise pay levels in comparable positions and support promotions among women. Our Remuneration Policy is gender-neutral. At the same time, when we grant pay raises, we pay attention to equalising the salaries of women and men.

[GRI 405-2] [GPW S-P2] [SDG 5] [SDG 8] [SDG 10] Ratio of the basic salary and remuneration of women to men in mBank Group for each employee category

2021			
Ratio of the basic salary of women to men	mBank Group	mBank Poland	Subsidiaries*
senior management	88%	71%	133%
middle management	82%	83%	81%
other employees	84%	79%	95%
Ratio of the remuneration of women to men	mBank Group	mBank Poland	Subsidiaries*
senior management	75%	63%	105%
middle management	79%	83%	68%
other employees	81%	78%	89%
2020			
Ratio of the basic salary of women to men	mBank Group	mBank Poland	Subsidiaries*
senior management	73%	69%	80%
middle management	82%	79%	83%
other employees	86%	76%	89%
Ratio of the remuneration of women to men	mBank Group	mBank Poland	Subsidiaries*
senior management	69%	62%	79%
middle management	75%	78%	75%
other employees	86%	74%	89%
2019			
Ratio of the basic salary of women to men	mBank Group	mBank Poland	Subsidiaries*
senior management	68%	77%	65%
middle management	81%	82%	87%
other employees	75%	75%	80%
Ratio of the remuneration of women to men	mBank Group	mBank Poland	Subsidiaries*
senior management	70%	74%	71%
middle management	79%	79%	88%
other employees	75%	74%	82%

* mFactoring, mFinanse, mBank Hipoteczny, mLeasing

In 2021, for the purposes of reporting to KNF, we used a new method of calculating the pay gap for the first time. Instead of the arithmetic average that we had used previously, we used a weighted average, where the ratio of remuneration of women to men is weighted by the number of employees within a given grade level. This has made it possible to compare the remuneration of employees at the same grade levels with similar competences. The new method much better reflects the reality of earnings at mBank.

Pay grade level	Pay gap
Senior management	93%
Middle management	89%
Employees	89%
AVERAGE	92%

One of the ways to ensure equal opportunities for women and men in the workplace is to encourage fathers to take parental leave and mothers to return to work after such leave.

[GRI 401-3] [SDG 5] [SDG 8] Parental leave

	mBank Group			mBank Poland			Subsidiaries and foreign branches*		
2021									
	W	M	Total	W	M	Total	W	M	Total
Total number of employees that were entitled to parental leave in the reporting period	493	149	642	328	139	467	165	10	175
Total number of employees that took parental leave in the reporting period	493	149	642	328	139	467	165	10	175
Total number of employees that returned to work in the reporting period after parental leave ended	268	146	414	165	136	301	103	10	113
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	212	96	308	146	95	241	66	1	67

Return ratio**	W	M	Total	W	M	Total	W	M	Total
	57%	94%	67%	50%	98%	64%	72%	85%	74%
Employee retention ratio***	W	M	Total	W	M	Total	W	M	Total
	76%	70%	67%	84%	86%	85%	58%	33%	51%
2020									
Total number of employees that were entitled to parental leave in the reporting period	W	M	Total	W	M	Total	W	M	Total
	468	125	593	338	113	451	130	12	142
Total number of employees that took parental leave in the reporting period	W	M	Total	W	M	Total	W	M	Total
	468	125	593	338	113	451	130	12	142
Total number of employees that returned to work in the reporting period after parental leave ended	W	M	Total	W	M	Total	W	M	Total
	245	120	365	173	109	282	72	11	83
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	W	M	Total	W	M	Total	W	M	Total
	234	166	400	175	153	328	59	13	72
Return ratio**	W	M	Total	W	M	Total	W	M	Total
	52%	96%	62%	51%	96%	63%	55%	92%	58%
Employee retention ratio***	W	M	Total	W	M	Total	W	M	Total
	91%	96%	93%	97%	97%	97%	78%	87%	79%
2019									
Total number of employees that were entitled to parental leave in the reporting period	W	M	Total	W	M	Total	W	M	Total
	507	177	684	353	162	515	154	15	169

	W	M	Total	W	M	Total	W	M	Total
Total number of employees that took parental leave in the reporting period	502	177	679	353	162	515	149	15	164
Total number of employees that returned to work in the reporting period after parental leave ended	262	173	435	183	158	341	79	15	94
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	199	140	339	153	126	279	46	14	60
Return ratio**	52%	98%	64%	52%	98%	66%	53%	100%	57%
Employee retention ratio***	75%	80%	77%	83%	80%	82%	57%	74%	86%

* mBank in the Czech Republic and Slovakia, mFactoring, mFinanse, mBank Hipoteczny, mLeasing

** Return ratio = Number of employees who returned to work in 2021 after using their parental leave / number of employees who took parental leave in 2021) × 100%

*** Employee retention ratio = Number of employees employed in the organization 12 months after return from parental leave / total number of employees who returned after parental leave in a given period × 100%



GOOD PRACTICE

mBank is a woman

“mBank is a woman” is a series of seminars for female business owners and managers who are mBank’s corporate banking clients, that has been running since 2008. Each seminar consists of a part delivered by experts from mBank and representatives of leading companies, a lifestyle part, and a meeting with one of our clients: a successful woman. The project aims to inspire, educate and support enterprising women and allows us to enhance our relations with clients. We are implementing it with women’s professional development in mind. In 2021, due to the pandemic, we organised an online seminar. The guest speaker was Karolina Korwin-Piotrowska, author of the then premiere book “Reset. The World Anew”. The topic of the meeting was how to cope with the COVID-19 pandemic, including how to function in the new reality of remote working, how to manage teams in difficult times, and how to combine work and family life.

4.6.3. Diversity of the Management Board and the Supervisory Board

As concerns the Management Board and the Supervisory Board, we follow our Policy on Assessment of the Qualifications (Suitability) of Members of the Supervisory Body, the Management Body and Key Function Holders. The Policy describes the principles that must be met to ensure that key function holders in the bank have the appropriate qualifications, expertise, skills, work experience, aptitude and reputation appropriate to the function held. We have described the policy in detail in the chapter "[Corporate governance](#)".

The Supervisory Board aims to ensure diversity on the Management Board in terms of, among other things, age, education, work experience and female participation.

According to the Suitability Policy, the age structure of the Supervisory Board members should be diverse. In addition, the Supervisory Board seeks to ensure that its members have a variety of educational and professional backgrounds. Adequate representation of women is also taken into account. The Supervisory Board includes representatives of mBank's main shareholder as well as representatives of the academia, business, and persons with legal knowledge and banking experience. At the end of 2021, there were three women on the eight-member Supervisory Board, representing 37.5% of the Supervisory Board.

mBank Supervisory Board										
	31.12.2017		31.12.2018		31.12.2019		31.12.2020		31.12.2021	
	number of members	%	number of members	%	number of members	%	number of members	%	number of members	%
Women	2	17%	2	17%	2	20%	4	50%	3	37.5%
Men	10	83%	10	83%	8	80%	4	50%	5	62.5%
Total	12	100%	12	100%	10	100%	8	100%	8	100%

The 6 person Management Board consists of only men. Until 22 October 2020 the 7 person Management Board included 1 woman.

mBank Management Board										
	31.12.2017		31.12.2018		31.12.2019		31.12.2020		31.12.2021	
	number of members	%	number of members	%	number of members	%	number of members	%	number of members	%
Women	1	14%	1	14%	1	14%	0	0%	0	0%
Men	6	86%	6	86%	6	86%	7(6*)	100%	6	100%
Total	7	100%	7	100%	7	100%	7(6*)	100%	6	100%

* as at 1 January 2021

By 2028, women are to make up at least 30% of the Management Board and the Supervisory Board.

[GRI 405-1] [GPW S-P1] Diversity of governance bodies and employees per employee category by gender, age group, minority and other indicators of diversity**

	mBank Group	mBank Poland	Subsidiaries*
Management Board			
women	1%	0%	3%
men	99%	100%	97%
Supervisory Board			
women	33%	38%	22%
men	67%	63%	78%
Management Board			
under 30 years	0%	0%	0%
30 to 50 years	86%	83%	92%
over 50 years	14%	17%	8%
Supervisory Board			
under 30 years	0%	0%	0%
30 to 50 years	58%	50%	78%
over 50 years	42%	50%	22%
	mBank Group	mBank Poland	Subsidiaries*
senior management			
women	31%	22%	53%
men	69%	78%	47%
middle management			
women	44%	43%	44%
men	56%	57%	56%
other employees			
women	61%	62%	59%
men	39%	38%	41%
senior management			
under 30 years	0%	0%	0%
30 to 50 years	81%	76%	94%
over 50 years	19%	24%	6%

middle management			
under 30 years	1%	2%	1%
30 to 50 years	83%	82%	85%
over 50 years	16%	16%	14%
other employees			
under 30 years	22%	20%	28%
30 to 50 years	68%	70%	64%
over 50 years	9%	10%	8%

* mLeasing, mBank Hipoteczny, mFaktoring, mFinanse

** For some data, percentages do not add up to 100% due to rounding

4.7. Employee development

We give our employees opportunities for professional development. We help them **acquire competences for the future and build on their strengths**. In this way, we ensure both that their work is effective and that their competences are adapted to the requirements of today's labour market.



GOOD PRACTICE

Competences of the future

In 2021, we started the implementation of the competences of the future program in the organization. We identified five competence areas, the development of which influences mBank's achievement of a competitive advantage. These are:

- database competences,
- cybersecurity,
- critical thinking,
- artificial intelligence / machine learning / robotization,
- cloud solutions,
- creativity / innovation.

First, we focused on three areas of competence: databases, cybersecurity and critical thinking. Two platforms were created to enable employees to develop their competences of the future: Data Academy and the Security Academy. Additionally, mBank's employees could participate in specialized, certified training / individual workshops. They made it possible to acquire the necessary competences of the future in specific teams.

We launched the development of critical thinking competences in December 2021 with a series of three webinars open to all bank employees. Participants were introduced to basic tools enabling them to check their own ways of thinking. Employees learned how not to fall into possible thinking traps, remain objective, and create more effective solutions.

The development of competences of the future is supported by the Agile Academy run by the bank's agile coaching team. The Agile Academy is a programme providing knowledge of Agile, a state-of-the-art style of product management.

4.7.1. Management by objectives

Since 2011, mBank has had in place a management by objectives system. The system focuses employees around achieving the organisation's key objectives. Since 2018, we have been gradually implementing a new agile approach to priority management (objectives and key results, OKR), which helps us operationalise mBank's strategy. The OKR approach is based on the following pillars:

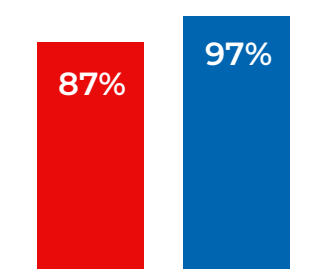
- **PRIORITIES:** we focus on what is most important. We decide what business value we want to achieve by the end of the quarter.
- **EFFICIENCY:** the quarterly cycle makes it possible to identify threats to objective accomplishment. Under the new approach, we can react quickly and operate more efficiently
- **ENGAGEMENT:** employees see the bigger picture of their work and how their work contributes to the priorities of their areas and the organisation.
- **COOPERATION/ALIGNMENT:** we cooperate more efficiently. We are organised around tasks and challenges, and not around the organisational structure. We give up the silo approach and choose active cooperation. We are one team!
- **TRANSPARENCY:** By default, objectives are visible to other employees. Work goes smoother when information circulation is transparent and we know our coworkers' priorities.

The starting point for objectives planning in 2021 were the priorities set by the members of the Management Board. Those were translated into objectives for managers and employees. Using the OKR approach, we encourage ambitious team objectives. As a result, employees develop their competences and strengthen interdepartmental cooperation.

Work under the OKR approach is supported by a proprietary application. It takes into account the OKR principles and the specificity of working in our organisation. Thanks to the app, employees can manage their objectives on an ongoing basis and have access to the objectives of their managers and colleagues.

[GRI 404-3] [SDG 5] [SDG 8] [SDG 10]
Percentage of employees receiving regular performance and career development reviews by gender and by employee category in mBank Group
 (in the value assessment process):

■ Women
 ■ Men



4.7.2. Development programmes

[GRI 103-1, 103-2, 103-3 aspect: Training and education] The competences of our employees are the competences of the whole organisation. This is why we have designed a tailor-made training package for mBank employees which supports the achievement of the bank's goals.

We recognise that we are operating in the context of sweeping changes in the business and social environment. The importance of automation, artificial intelligence and digitalisation of processes is growing year after year. For employees, this means that they need to develop new skills: competences of the future, as well as professional flexibility.

Employee development programmes were the response to these challenges in 2021. The programmes built the competence advantage of the employees, developed a culture of diversity and work based on strengths. They were also an element of motivating employees and increasing the efficiency and creativity of teams. They built the employees' wellbeing. All employees employed under an employment contract, regardless of their working time, take part in training courses organized at mBank.

Permanent development offer for our employees:

- **Employability.** Open Up to New Opportunities. The programme is addressed to all employees of mBank Group, especially to positions whose roles and tasks will change, for example due to automation or changes in business objectives. The programme is inspired by changes in the business environment. It covers trends on the job market in Europe and worldwide.
- **mAcademies.** mAcademies offer training sessions, conferences, workshops and other development initiatives, which allow employees from various areas of the bank to gain expert knowledge, including the latest market trends. In 2021, these activities included the Data Academy, Agile Academy, Risk Academy, Security Academy. Academies organised by mBank are addressed to all employees regardless of whether they work part time or full time.
- **Leaders in a New Reality.** The programme is divided into five stages. It is addressed to all newly promoted managers of mBank Group. The aim of the programme is to provide basic knowledge and tools connected with new team management and communication methods when working from home. In 2021, 82 "fresh" managers took part in the programme.
- **Individual diagnostic and development programme** for Top100 managers, including the Management Board. This is an individual executive development programme conducted by external experts. The programme covers: the identification of natural strengths and motivators of a manager (potential diagnosis); assessment of managerial competences based on a scaled model for similar positions in the financial industry; tailored long-term (at least 24 months) development plan taking into account the results of the potential analysis and competence assessment. As part of development activities, managers cooperate with the world's top institutions specialising in developing leadership competences: IMD, IESE, MIT, Harvard University, Mobius. Due to high costs of the diagnostic and development programme, time expenditure, involvement in the process, and importance of the entire programme, each year we invite up to 20 Top100 managers or members of the Management Board to participate in it. In 2021, seven participants (including three women) took part in the programme: six Top100 directors and one member of the Management Board. Additionally, two managers, who took part in development programmes in the previous years when travelling abroad was limited due to the epidemic, participated in development activities abroad. These employees participated in the Advanced Management Program, IESE and High Performance Leadership, IMD.

- **Postgraduate courses.** In the academic year 2020/2021 we financed postgraduate courses of 36 employees. The courses covered the following fields of knowledge: Big Data – analysis and processing of large data sets, Fintech – new phenomena and technologies on the financial market, Business Intelligence – supporting business decisions, visual data analytics, project management, compliance.
- **Develop Your English.** This is a language development programme (levels B2, C1 or C2). Employees can improve their communication skills in English and expand their vocabulary. In 2021, 1,550 employees participated in the programme.
- **Individual training** (including regulatory training). Particularly relevant expert areas include: MiFID II, AML, KYC, client relationship monitoring, modern technologies in investment companies – regulatory aspects, GDPR, ESG in financial institutions, and training in the implementation of IT tools. In 2021, the training sessions had 1,415 participants.
- **Development Fridays.** This programme includes cyclical events consisting of up to 20 workshops, webinars and consultations. They take place every Friday of the month. During the events our employees can develop their soft, social, business and IT skills. In 2021, the meetings were attended by over 12,000 people.



GOOD PRACTICE

Developing employee talent

During the summer 2021 we launched a special program, Holidays with Talents. The aim of the program was to enable all employees to work with their own talents on an individual basis.

In 2021, we also introduced the **Start with Strengths** class to the on-boarding program. From November 2021, each new employee during the on-boarding process receives access to analysis of their own talents. The program consists of a Clifton Strengths 34 report and an invitation to participate in a training. During the class, the employee learns about the approach based on the strengths of the Gallup Institute which is applied in our organization. They can understand how talents help to achieve goals and work in accordance with natural preferences. At the end of the year, the number of employees who conducted the survey was 3,818, while 2,265 employees were trained in strengths.



GOOD PRACTICE

LinkedIn Learning

In April 2021, we held meetings dedicated to the use of LinkedIn. Around 330 participants attended eight webinars and workshops. mBank has the highest percentage of employees on LinkedIn among banking institutions. More than 75% of mBank employees are LinkedIn users. Our employees have taken more than 10,500 courses from the LinkedIn Learning database. We enable our employees to take part in remote training courses and the wide range of topics allows them to expand knowledge in many areas.

2,800 users have borrowed more than 239,000 books in the Legimi digital library, 280 people have used the SuperMemo platform to learn English and German. On the intranet, we publish recordings of webinars that we conduct during some internal training sessions.

In order to educate and support young applicants at the beginning of their career path, we run **The Young Talent Development Programme**. Through our internship and traineeship program, academic students and university graduates can start and develop their careers by learning from inspiring leaders. They learn how to translate the theoretical knowledge gained during their studies into business projects. The program facilitates and accelerates access for applicants to entry-level positions. It allows us to optimize recruitment processes and increase the significance of internal recruitment.

The Young Talent Development Programme consists of internships and placements for academic students and graduates. It offers them employment under an employment contract and access to employee benefits. The traineeship programme is structured in such a way that it can be combined with university classes or other commitments. In 2021, we took on 77 trainees and employed 30 of them within the Group after the programme. We target the internship programme at people who have already gained experience as trainees or members of student clubs and organisations. In 2021, we took on 10 interns and employed eight of them after the programme.

[GRI 404-1] [SDG 4] [SDG 5] [SDG 8] [SDG 10] Average hours of training per year per employee

	mBank Group	mBank Poland	Subsidiaries*
Women	44	45	41
Men	43	44	42

* mFaktoring, mBank Hipoteczny, mLeasing, mFinanse

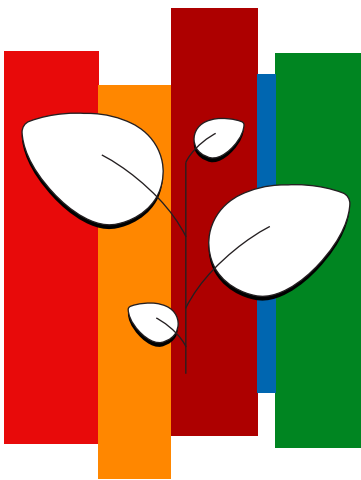
4.8. Employee rights

We strictly respect employee rights as set out in external legislation and adopted internal regulations. We take into account the opinions of employees when making decisions which affect them. The Management Board of mBank maintains an open dialogue with employees. More than a dozen meetings are held throughout the year where we answer employees' questions. In addition, the cyclical Pulse Check survey our employees can express their work satisfaction or dissatisfaction and raise issues they would like to change in the bank.

mBank also has an **employee council** with which we cooperate on employee-related topics. The council meets with HR partners and with the bank's CEO, to whom it presents its opinions on the quality of the council's cooperation with the bank. We see these meetings as a way of identifying issues that may require change. In 2021, the topics discussed with the employee council included remuneration and salary benchmarks, spending from the Company Social Benefits Fund, planned changes in the bank, amendments to the work regulations, and hybrid working rules.

The Independent **Trade Union** of mBank Employees also operates at mBank. We are open to cooperation with this organization in the scope specified by law. In 2021, the media described the dismissal of one of the bank's employees, who was a union member. In July 2022, the parties reached a settlement which ended the dispute. We are happy that a compromise has been reached in the situation, which was difficult for both sides.

4.9. Mitigating our environmental impact



[GRI 103-1, 103-2, 103-3 aspect: Energy and emissions] We have consistently reduced our negative impact on the climate and the environment over the years. We conduct all pro-environmental initiatives under the slogan **“mBank is eco-friendly”** (“mBank jest eko”). These include campaigns for employees and a dedicated space on mBank's intranet where we foster environmental awareness and promote “green” attitudes. In 2021, events such as the Earth Week or Christmas motivated us to provide our employees with “green” training opportunities. Advice on how to be more eco-friendly in day-to-day life covered waste sorting and reduction, responsible shopping, environmentally friendly cosmetics and food, and reduction of food waste. We also invited our employees to meetings with experts such as Marcin Popkiewicz or Jagna Niedzielska. These initiatives are popular, attracting hundreds of mBank employees.

“mBank is eco-friendly” also includes systemic initiatives to reduce our consumption of resources such as water, energy and paper, and eliminate the use of plastics. In 2020 we decided not to print any leaflets and advertise our services to clients electronically instead. This decision enables us to save 5 tons of paper annually. In addition, continuous digitalisation, the launch of a print management system and the smooth transition of most employees to home working allowed us to save 5 million A4 sheets of paper, compared with 2020. Also, at our facilities use aerators, allowing us to save water, as well as certified, eco-friendly cleaning products bought in recycled packaging. This last solution alone helped us save 76 kg of oil, 14 kg of plastics, and 239 kg of CO₂ emissions.

The Covid-19 pandemic made us realise that we can cope well with less. Guided by this thought and aware of the environmental and climatic challenges, in 2020 and 2021 we decided not to give or receive Christmas gifts, thus lowering fuel use and reducing waste.

Printing paper consumption in mBank Group in different years:

Paper consumption	mBank Group	mBank Poland	Subsidiaries and foreign branches*
A4 paper sheets in 2019 [millions]	35.3	17.0	18.3
A4 paper sheets in 2020 [millions]	26.6	15.6	11.1
A4 paper sheets in 2021 [millions]	21.4	10.0	11.4

* mLeasing, mBank Hipoteczny, mFactoring, mFinanse, branches in the Czech Republic and Slovakia

In 2021, we used electricity from renewable energy sources in the largest buildings of the bank's head offices in Warsaw (Wieża mBank) and Łódź (Przystanek mBank), as well as in one of our data centres. From January 2022, electricity produced from renewable energy sources, purchased directly from the supplier, has been used also in all mBank branches. In 2021, electricity from RES accounted for 51% of our electricity consumption.

We regularly modernise technical installations at the bank's branches, mainly changing light sources to LEDs or old air conditioning and ventilation appliances to appliances based on eco-friendly cooling technology and energy-saving systems (recuperation, inverters). The Covid-19 pandemic forced the bank to transition to working from home, which allowed it to reduce the number of workstations in mBank Tower by 30%.

[GRI 302-1] [GPW E-P2] [SDG 7] [SDG 8] [SDG 12] [SDG 13] Energy consumption within the organisation

Energy consumption (mBank Group)	2019	2020	2021
Electricity (GWh)	14.0	12.3	26.2
incl. RES (GWh)	n/a	n/a	13.3
Gas (thou. m ³)	216.8	105.3	145.1
Central heating (heat energy, TJ)	n/a	n/a	43.2
Petrol (thou. l)	1,578.3	898.7	1174.0
Diesel (thou. l)	216.1	59.7	144.3

We have expanded the scope of the reported energy consumption data compared to the Management Board Report on the Performance of mBank S.A. Group in 2021. Among other things, we have included additional mBank Group companies and completed missing energy consumption data or estimated their value.

4.9.1. Greenhouse gas emissions

We have counted mBank Group's greenhouse gas emissions in 2021 for the first time in a broad approach, including all three emission scopes:

- Scope 1 – direct emissions from the combustion of fuels in company-owned sources, as well as from escaped refrigerants,

- Scope 2 – emissions from the consumption of externally purchased or supplied energy,
- Scope 3 – other indirect emissions arising in the value chain:
 - Category 1 “Purchased goods and services” – emissions resulting from the consumption of office and marketing paper, purchased payment cards and car fleet cards, as well as courier services,
 - Category 2 “Capital goods” – emissions arising from purchased IT equipment (printers, printers with scanner, laptops, PC towers, PC monitors, marketing campaign displays, smartphones, mobile phones, tablets),
 - Category 3 “Energy and fuel-related emissions not included in Scope 1 and 2” – emissions resulting from electricity and heat transmission losses and well-to-tank emissions upstream in the energy and fuel production chain.

The emissions amounted to (mBank Group combined):

Category	Emissions (tonnes of CO ₂ e per year)
CO ₂ e emissions – Scope 1	3,295.42
CO ₂ e emissions – Scope 2 (market-based)	12,649.97
CO ₂ e emissions – Scope 2 (location-based)	22,267.19
CO ₂ e emissions – Scope 3 (category 1, 2, 3)	8,275.14
CO₂e emissions – total (incl. Scope 2 market-based)	24,220.53

We have updated the figures compared to the Management Board Report on the Performance of mBank S.A. Group in 2021. We have significantly expanded the scope of reporting compared to previous years:

- we have included Scope 3 emissions (Categories 1-3, as above),
- we have included emissions generated in connection with the activities of additional mBank Group companies: Asekum, LeaseLink, and mElements. In total, we have covered 10 companies in the report. We adopted these reporting boundaries based on the operational control criterion,
- in Scope 1, we have included emissions from refrigerants escaping from air-conditioning units, as well as 100% of the fuel paid for by mBank consumed by company cars, even if the employee used the vehicle for private purposes.

These emissions, expressed in CO₂ equivalent (CO₂e), also include other greenhouse gases: methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and nitrogen trifluoride (NF₃). When calculating our carbon footprint, we apply GHG Protocol standards and recommendations. For Scope 2, we use a market-based methodology, i.e. an emissions factor provided by energy supplier, and a location-based methodology, i.e. a national factor.

[GRI 305-1] [GRI 305-2] [GPW E-P1] [SDG 3] [SDG 12] [SDG 13] [SDG 14] [SDG 15] Greenhouse gas emissions

Greenhouse gas emissions (mBank Group, tonnes of CO₂e per year)	2019	2020	2021 narrow approach	2021 broad approach
Reporting scope	Scope 1 and 2, narrow approach			Scope 1, 2, 3
CO ₂ e emissions – total Scope 1 and 2 (metric tonnes)	15,421.99	9,371.42	5,561.59	24,220.53

mBank Group’s emissions of 24,220.53 tonnes of CO₂e in 2021 were significantly higher than those we reported in the previous two years. However, this is due to the fact that we have significantly broadened the approach to the analysis. In previous years, among other things, we only included Scope 1 and 2 emissions, we did not include the electricity consumption of all buildings, and we did not include central heating. The carbon footprint corresponding to energy consumption in the approach reported in previous years was 5,561.59 tonnes CO₂e in 2021, 40% lower than the year before. This suggests that, despite the higher total emissions reported for 2021, we managed to reduce the emissions intensity over the course of the year as measured in the approach reported in previous years.

[GRI 305-4][GPW E-S1] [SDG 13] [SDG 14] [SDG 15] Emissions intensity

Emissions intensity (mBank Group)	2019	2020	2021 narrow approach	2021 broad approach
Emissions per employee (Mg CO ₂ e/person*)	1.88	1.13	0.67	2.90
Emissions per PLN 1 million income (Mg CO ₂ e/PLN 1 million income)	2.79	1.60	0.91	3.96

**Number of persons employed at the end of the year (including persons on long-term leave; excluding: persons employed as replacements, interns and trainees, persons employed in technical positions)*



GOOD PRACTICE

Climate neutrality by 2030 and 2050

In November 2021, we adopted a new strategy for 2021-25. Its key elements include mBank Group’s climate neutrality commitment. We announced that we would achieve Scope 1 and 2 climate neutrality by 2030 and become a fully climate-neutral bank by 2050, including the emissions associated with our loan portfolio. As a partner to our business customers, we want to support their transition towards zero-carbon operations. In designing our decarbonisation trajectory, we will use an evidence-based methodology to make a real contribution to achieving the goals of the Paris Agreement.

For more information on the strategic ESG objectives, see the section [“Strategy’s ESG components”](#).

In the years to come, our approach to analysing and reporting greenhouse gas emissions will be aimed at:

- 1 an increasing range of disclosures.** We want to calculate and publish Scope 3 emissions including additional categories. Among other things, we plan to analyse emissions related to our employees' business travel and commuting. We also want to measure emissions related to the financing we provide to our customers. We will use the methodology of the Partnership for Carbon Accounting Financials (PCAF). We will be broadening the spectrum of emission sources in Categories 1-3 of Scope 3, which we reported for the first time for 2021,
- 2 improving data quality and increasing the accuracy of the calculations.** Due to input limitations, we have used a range of assumptions, estimates and approximations when calculating the mBank Group's carbon footprint in 2021. We expect that, over time, we will develop new methods for collecting data available within mBank Group and that the availability of external data, such as that on the carbon footprint of our corporate customers, will improve. A more precise calculation of our carbon footprint will allow us to define a starting point for our decarbonisation trajectory.

For more information on our efforts to reduce our carbon footprint related to the financing we provide to our customers, see the section "[Sustainable finance](#)".

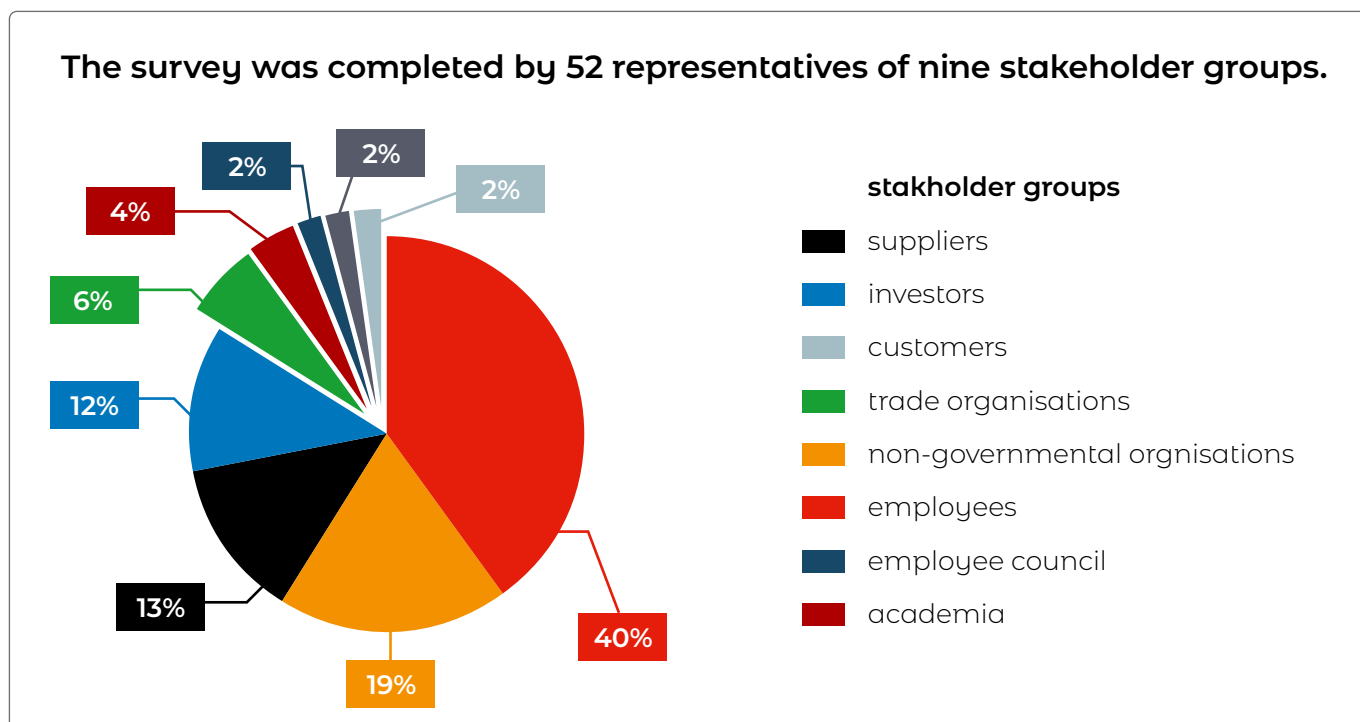
5 about this report

[GRI 102-45] [GRI 102-50] [GRI 102-51] [GRI 102-52] [GRI 102-54] We have prepared this report in accordance with the GRI Standards methodology in the Core option. We present the data in accordance with the Integrated Reporting Guidelines and the Ten Principles of the Global Compact. We have also mapped the GRI indicators to the relevant UN Sustainable Development Goals (SDGs) based on the document “Linking the SDGs and the GRI Standards” published by the Global Reporting Initiative and updated in May 2022. This report covers mBank Group with its branches in the Czech Republic and Slovakia and selected mBank Group subsidiaries: mLeasing, mFaktoring, mBank Hipoteczny, and mFinanse. We selected those companies on the basis of employment size. The report covers the period from 1 January 2021 to 31 December 2021, unless a different period is indicated in the text. mBank Group reports on an annual basis; the previous report was published in 2021 and covered 2020. The report is also our Communication on Progress report required by the UN Global Compact.

[GRI 102-48] [GRI 102-49] [GRI 102-56] This report has not been subject to external assurance. The report does not contain restatements of disclosures published in our 2020 Integrated report. There have been significant changes to the scope, coverage or measurement methods used in the report compared to the 2020 report. To calculate the indicators GRI 102-8, GRI 401-1, GRI 401-3, GRI 404-1, GRI 405-1, GRI 405-2, a weighted average was used, the weight being the number of employees in the respective Group company.

5.1. Materiality analysis – stakeholder dialogue

[GRI 102-44] [GRI 102-46] [GRI 102-47] In 2021, we held a dialogue session for our key stakeholder groups. In preparation for the publication of the report, we asked for feedback on the most material topics related to our sustainability, both in terms of our organisation’s impact on the topic and its impact on the organisation.

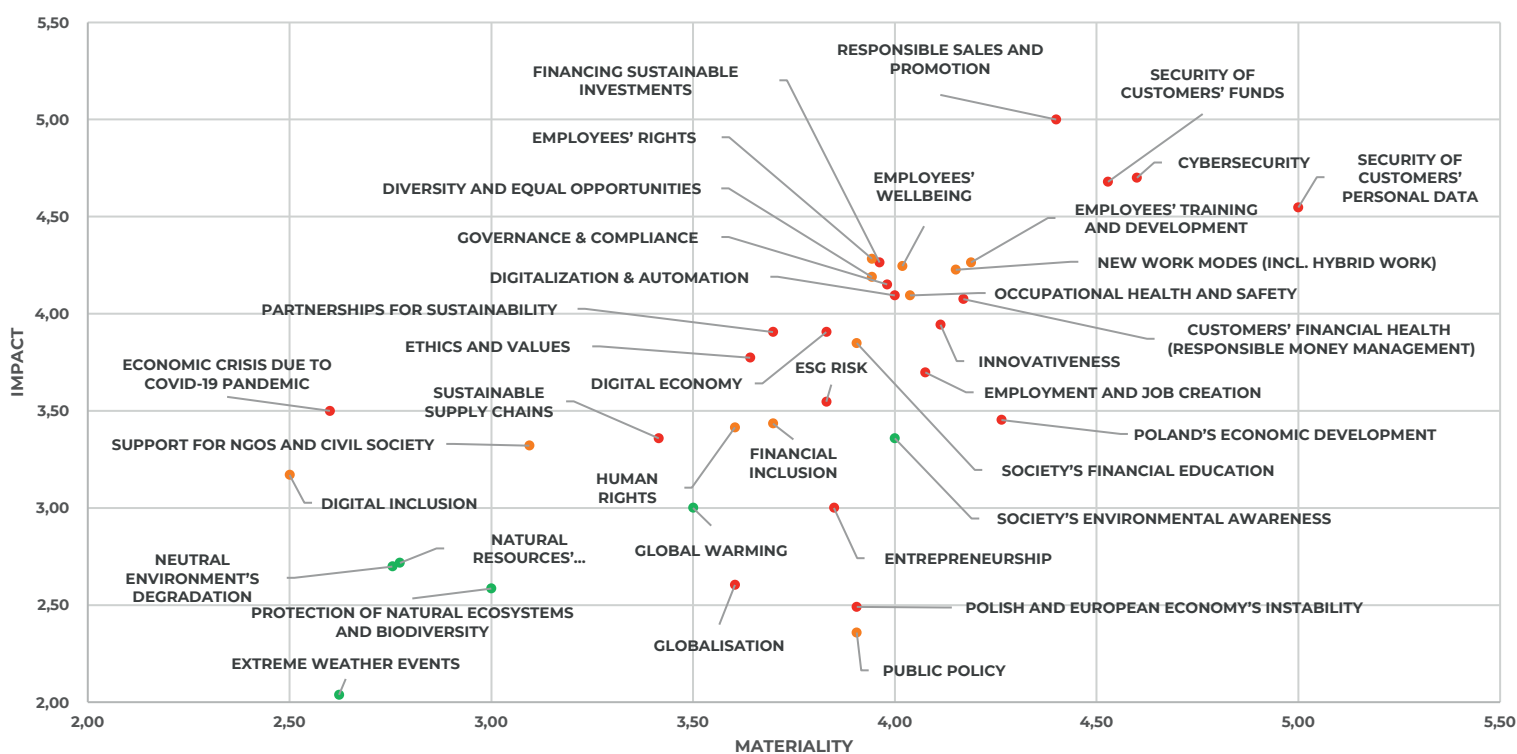


For more information on mBank’s stakeholders, see the section “[mBank stakeholders](#)”.

Material ESG topics indicated by our stakeholders:

TOPIC	Impact	Materiality	Report selection summarising the topic
Responsible promotion and sales (responsible financial products which are understandable and tailored to needs, responsible communication and marketing, no misselling)	5.00	4.40	3.2. Responsible sales and products
Cyber-security	4.70	4.60	2.5.1. Cybersecurity
Security of customers' money	4.68	4.53	2.5. Security and privacy
Security of customers' personal data	4.55	5.00	2.5.2. Secure personal data
Employee rights	4.28	3.94	4.8. Employee rights
Sustainable finance (financing of investments in line with social/ environmental objectives)	4.26	3.96	3.6. Sustainable finance
Employee education and development	4.26	4.19	4.7. Employee development
Employee wellbeing	4.25	4.02	4.4. New work mode and employee wellbeing
New forms of working (remote working, etc.)	4.23	4.15	4.4. New work mode and employee wellbeing
Diversity and equal treatment	4.19	3.94	4.6. Diversity and inclusion

Based on the responses, we have prepared a **materiality matrix** of the topics raised by stakeholders:



5.2. List of indicators disclosed in the report

[GRI 102-55]

GRI* indicator	Name of indicator	SDG indicator	GPW (WSE) indicator	Chapter in the report
102-1	Name of the organization			1.1 Key information about mBank
102-2	Activities, brands, products, and services			
102-3	Location of headquarters			
102-4	Location of operations			
102-5	Ownership and legal form			
102-6	Markets served			
102-7	Scale of the organization			
102-8	Information on employees and other workers			4. Employees and organisational culture
102-9	Supply chain			1.7.4. Principles for suppliers
102-10	Significant changes to the organization and its supply chain			1.1 Key information about mBank
102-11	Precautionary Principle or approach		GPW E-P3	1.6.1. Foundations of risk management
102-12	External initiatives			1.3.2. mBank's stakeholders
102-13	Membership of associations			
Strategy				
102-14	Statement from senior decision-maker			Letter from the President of the Management Board
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior		GPW G-P2	1.7. Ethics, values
102-17	Mechanisms for advice and concerns about ethics		GPW G-P4	4.2. Preventing mobbing
Governance				
102-18	Governance structure			1.5.2. Key decision-makers: the company's bodies
Stakeholder engagement				
102-40	List of stakeholder groups			1.5.2. Key decision-makers: the company's bodies
102-41	Collective bargaining agreements		GPW G -P4	0%
102-42	Identifying and selecting stakeholders			1.3.2. mBank's stakeholders
102-43	Approach to stakeholder engagement			
102-44	Key topics and concerns raised			5.1. Materiality analysis – stakeholder dialogue

Reporting practice				
102-45	Entities included in the consolidated financial statements			5. About this report
102-46	Defining report content and topic boundaries			5.1. Materiality analysis – stakeholder dialogue
102-47	List of material topics			
102-48	Restatements of information			5. About this report
102-49	Changes in reporting			
102-50	Reporting period			
102-51	Date of most recent report			
102-52	Reporting cycle			5.1. Materiality analysis – stakeholder dialogue
102-53	Contact point for questions regarding the report			
102-54	Claims of reporting in accordance with the GRI Standards			5. About this report
102-55	GRI content index			5.2. List of indicators disclosed in the report
102-56	External assurance			5. About this report
Economic performance and market presence				
103-1	Explanation of the material topic and its Boundary		GPW G-P2	3.9. Supporting economic development
103-2	The management approach and its components		GPW G-P4	
103-3	Evaluation of the management approach			
201-1	Direct economic value generated and distributed	SDG 8 SDG 9		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SDG 1 SDG 5 SDG 8		4.3. Employee motivation
Anti-corruption and anti-competitive behavior				
103-1	Explanation of the material topic and its Boundary			1.7.1. Anti-corruption measures
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
205-1	Operations assessed for risks related to corruption	SDG 16	GPW G-P3	
205-2	Communication and training about anti-corruption policies and procedures	SDG 16	GPW G-P4	
205-3	Confirmed incidents of corruption and actions taken	SDG 16	GPW G-P5	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG 16		1.7.5. Fair competition

Energy and emissions				
103-1	Explanation of the material topic and its Boundary			4.9 Mitigating our environmental impact
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
302-1	Energy consumption within the organization	SDG 7 SDG 8 SDG 12 SDG 13	GPW E-P2	
305-1	Direct (Scope 1) GHG emissions	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15	GPW E-P1	4.9.1. Greenhouse gas emissions
305-2	Energy indirect (Scope 2) GHG emissions	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15	GPW E-P1	
305-4	GHG emissions intensity	SDG 13 SDG 14 SDG 15	GPW E-S1	
Employment, occupational health and safety				
103-1	Explanation of the material topic and its Boundary			4.1. Employee satisfaction and engagement
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
401-1	Total number and rate of new employee hires and total number of employee turnover during the reporting period		GPW S-P3	
401-2	Benefits provided to full-time employees	SDG 1 SDG 5 SDG 8		4.3. Employee motivation
401-3	Parental leave	SDG 5 SDG 8		4.6.1. A culture of respect for diversity
403-2**	Hazard identification, risk assessment, and incident investigation	SDG 8	GPW S-S1	4.5. Occupational health and safety
Training and education				
103-1	Explanation of the material topic and its Boundary			4.7.2. Development programmes
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
404-1	Average hours of training per year per employee	SDG 4 SDG 5 SDG 8 SDG 10	GPW G-P3	
404-3	Percentage of employees receiving regular performance and career development reviews	SDG 5 SDG 8 SDG 10		4.7.1. Management by objectives

Diversity and equal opportunity				
103-1	Explanation of the material topic and its Boundary			4.6.2. Equal opportunities for women in the workplace
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
405-1	Diversity of governance bodies and employees	SDG 7 SDG 8 SDG 12 SDG 13	GPW S-P1	4.6.3. Diversity of the Management Board and the Supervisory Board
405-2	Ratio of basic salary and remuneration of women to men	SDG 5 SDG 8 SDG 10	GPW S-P2	4.6.2. Equal opportunities for women in the workplace
Marketing and labelling				
103-1	Explanation of the material topic and its Boundary			3.2.2. Responsible sales and marketing
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
417-3	Incidents of non-compliance concerning marketing communications	SDG 16		
Customer privacy				
103-1	Explanation of the material topic and its Boundary			2.5.2. Secure personal data
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG 16	GPW G-S1	
Socioeconomic compliance				
103-1	Explanation of the material topic and its Boundary			1.8. Compliance with laws and standards
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
419-1	Non-compliance with laws and regulations in the social and economic area	SDG 16		

* GRI Standard 2016

** GRI Standard 2018

5.3. Contact about the report

[GRI 102-53]

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