

mBank S.A. Group Consolidated Financial Report for the third quarter of 2024



This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

SELECTED FINANCIAL DATA

The selected financial data presented below are supplementary information to the condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024 and to the condensed interim separate financial statements of mBank S.A. for the third quarter of 2024.

Selected financial data for the mBank S.A. Group

SELECTED FINANCIAL DATA FOR THE GROUP	PLN thousand		EUR thousand	
	Period from 01.01.2024 to 30.09.2024	Period from 01.01.2023 to 30.09.2023	Period from 01.01.2024 to 30.09.2024	Period from 01.01.2023 to 30.09.2023
I. Interest income	10 752 246	11 132 689	2 499 244	2 432 152
II. Fee and commission income	2 376 799	2 246 379	552 461	490 765
III. Net trading income	131 282	(3 210)	30 515	(701)
IV. Operating profit	2 694 052	1 565 038	626 203	341 913
V. Profit / (loss) before income tax	2 135 999	1 007 640	496 490	220 139
VI. Net profit / (loss) attributable to Owners of mBank S.A.	1 257 243	44 321	292 233	9 683
VII. Net profit / (loss) attributable to non-controlling interests	118	(26)	27	(6)
VIII. Net cash flows from operating activities	(11 419 187)	1 427 324	(2 654 267)	311 827
IX. Net cash flows from investing activities	(581 881)	(455 166)	(135 252)	(99 440)
X. Net cash flows from financing activities	1 195 016	2 216 658	277 769	484 272
XI. Total net increase / decrease in cash and cash equivalents	(10 806 052)	3 188 816	(2 511 750)	696 659
XII. Basic earnings / (loss) per share (in PLN/EUR)	29.60	1.04	6.88	0.23
XIII. Diluted earnings / (loss) per share (in PLN/EUR)	29.56	1.04	6.87	0.23
XIV. Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA FOR THE GROUP	PLN thousand		EUR thousand	
	As at		As at	
	30.09.2024	31.12.2023	30.09.2024	31.12.2023
I. Total assets	238 574 346	226 980 516	55 753 393	52 203 431
II. Amounts due to other banks	3 808 611	3 315 302	890 050	762 489
III. Amounts due to customers	193 499 927	185 467 455	45 219 772	42 655 808
IV. Equity attributable to Owners of mBank S.A.	15 326 798	13 735 187	3 581 781	3 158 967
V. Non-controlling interests	2 159	2 039	505	469
VI. Share capital	169 988	169 861	39 725	39 066
VII. Number of shares	42 496 973	42 465 167	42 496 973	42 465 167
VIII. Book value per share (in PLN/EUR)	360.66	323.45	84.28	74.39
IX. Total capital ratio (%)	15.4	17.0	15.4	17.0
X. Common Equity Tier I capital ratio (%)	13.9	14.7	13.9	14.7

Selected financial data for mBank S.A.

SELECTED FINANCIAL DATA FOR THE BANK	PLN thousand		EUR thousand	
	Period from 01.01.2024 to 30.09.2024	Period from 01.01.2023 to 30.09.2023	Period from 01.01.2024 to 30.09.2024	Period from 01.01.2023 to 30.09.2023
I. Interest income	10 228 040	10 498 735	2 377 398	2 293 652
II. Fee and commission income	2 171 140	2 088 214	504 658	456 211
III. Net trading income	123 361	(5 539)	28 674	(1 210)
IV. Operating profit	2 442 597	1 303 951	567 755	284 873
V. Profit (loss) before income tax	2 090 626	950 425	485 943	207 639
VI. Net profit (loss)	1 252 725	56 356	291 182	12 312
VII. Cash flows from operating activities	(11 875 104)	660 366	(2 760 240)	144 270
VIII. Cash flows from investing activities	(506 705)	(376 233)	(117 778)	(82 195)
IX. Cash flows from financing activities	1 546 216	2 977 621	359 401	650 519
X. Net increase / decrease in cash and cash equivalents	(10 835 593)	3 261 754	(2 518 617)	712 593
XI. Basic earnings / (losses) per share (in PLN/EUR)	29.49	1.33	6.85	0.29
XII. Diluted earnings / (losses) per share (in PLN/EUR)	29.45	1.33	6.85	0.29
XIII. Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA FOR THE BANK	PLN thousand		EUR thousand	
	As at		As at	
	30.09.2024	31.12.2023	30.09.2024	31.12.2023
I. Total assets	234 625 180	222 418 476	54 830 497	51 154 203
II. Amounts due to other banks	3 828 698	3 346 208	894 744	769 597
III. Amounts due to customers	193 184 962	185 117 139	45 146 167	42 575 239
IV. Equity	15 286 931	13 662 938	3 572 464	3 142 350
V. Registered share capital	169 988	169 861	39 725	39 066
VI. Number of shares	42 496 973	42 465 167	42 496 973	42 465 167
VII. Book value per share (in PLN/EUR)	359.72	321.74	84.06	74.00
VIII. Total capital ratio (%)	17.5	19.7	17.5	19.7
IX. Common Equity Tier I capital ratio (%)	15.7	17.0	15.7	17.0

The following exchange rates were used in translating selected financial data into euro:

- for items of the statement of financial position – exchange rate announced by the National Bank of Poland as at 30 September 2024: 1 EUR = 4.2791 PLN, 31 December 2023: EUR 1 = 4.3480 PLN;
- for items of the income statement – exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of three quarters of 2024 and 2023: EUR 1 = 4.3022 PLN and EUR 1 = 4.5773 PLN, respectively.

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INTRODUCTION

mBank Group delivered very good operating and financial results in Q3 2024. In the period under review, mBank Group recorded a profit before tax of PLN 984.0 million, while net profit attributable to mBank shareholders amounted to PLN 572.9 million and was highest recorded since Q4 2022. The results were impacted negatively by the cost of legal risk related to foreign currency loans, and positively by the partial reversal of the impact of "credit holidays" booked in Q2 2024.

Net profit of the Core Business (mBank Group excluding FX Mortgage Loans segment) attributable to mBank shareholders reached PLN 1 532.3 million in Q3 2024, which translated into net ROE of 42.9%.

The main factors determining mBank Group's financial results in Q3 2024 were as follows:

- **Higher total income** at the level of PLN 3 149.9 million, up by 9.0% compared with the previous quarter, thanks to increase of net fee and commission income.
- **Increase in operating costs** (including depreciation) compared to the level of PLN 813.1 million achieved in the preceding quarter, mainly due to the higher material costs.
- **Cost of risk** at the level of PLN 191.1 million or 62 b.p.
- **Costs of legal risk related to foreign currency loans** stood at PLN 970.7 million.
- **Taxes on the Group's balance sheet items** at the level of PLN 190.9 million.
- **Continued organic growth and business expansion** as demonstrated by:
 - **Increase in the number of retail customers** to 5 686.2 thousand (+7.4 thousand clients compared to the end of June 2024),
 - **Increase in the number of corporate customers** to 36 044 (+315 clients compared to the end of June 2024).

Net loans and advances to customers amounted to PLN 123 831.8 million at the end of Q3 2024. It increased compared to end of June 2024 by PLN 2 629.6 million or 2.2% quarter on quarter. The gross amount of loans granted to retail clients increased compared to end of June 2024 by PLN 2 283.2 or 3.4% and amounted to PLN 69 700.2 million. Gross loans to corporate clients increased slightly to 57 635.7 million, up by PLN 253.0 million (+0.4%) quarter on quarter.

In Q3 2024 **amounts due to customers** increased compared to the end of June 2024 by PLN 5 968.7 million or 3.2% to PLN 193 499.9 million. Amounts due to individual customers grew by PLN 3 838.3 million or +2.9% quarter on quarter and stood at PLN 137 420.9 million at the end of September 2024. Amounts due to corporate customers increased by PLN 2 176.7 million or 4.1% compared to the end of the first half of the year and reached PLN 55 197.1 million.

As a consequence, loan-to-deposit ratio decreased to 64.0% compared to 64.6% at the end of June 2024.

In Q3 2024, the Bank placed the third series of green bonds under the EMTN Programme on the international market. The issue was carried out in the form of senior preferred bonds with a total nominal value of 500 million euro and will support the Bank's fulfilment of MREL requirements. The Bank will use the proceeds from the bond to finance and refinance a portfolio of energy-efficient residential buildings and onshore wind and photovoltaic projects. These assets were selected in accordance with the criteria established in the Green Bond Framework and verified to meet the requirements of the Climate Bonds Initiative by an independent reviewer, Morningstar Sustainalytics. The transaction set new records in mBank's history, both in terms of the size of the book and the number of investors.

mBank Group's capital ratios decreased in Q3 2024 compared to the end of June 2024 (the Group made a retrospective correction of own funds as of 30 June in connection with the consent of the PFSA to include the net profit for H1/2024). Total Capital Ratio stood at 15.4% at the end of September 2024 and Tier 1 capital ratio amounted to 13.9%. In the period under review, own funds decreased while total risk exposure amount increased. At the same time, surplus over the PFSA capital requirements amounted to 4.3 p.p. over the total capital ratio and to 4.8 p.p. over the Tier 1 capital ratio.

The Bank has received the final decision of the banking authorities regarding the implementation of material changes in the models of all parameters: PD, CCF and LGD, in the portfolios subject to the AIRB method. As a result of this decision, the Bank expects an increase in Risk Weighted Assets (RWA) in the amount of approximately PLN 6 billion in Q4 2024.

In addition, RWA is expected to increase by around 6% in 2025 as a result of the implementation of the CRR 3 package. As key technical standards are at the draft stage, the final impact is still uncertain.

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Moreover, the Bank remains in decision process with the banking authorities on material changes related to the credit risk assessment and resulting impact on risk weighted assets. The timing and impact will depend on the decision of the banking authorities.

Summary of results of mBank Group core business in Q3 2024

PLN million	Core business	Non-core	mBank Group
Net interest income	2 561.6	9.8	2 571.4
Net fee, trading and other income	587.8	-9.3	578.5
Total income	3 165.1	-15.2	3 149.9
Total costs	-809.2	-3.9	-813.1
Net impairment losses and fair value change on loans and advances	-190.0	-1.1	-191.1
Cost of legal risk related to FX loans	0.0	-970.7	-970.7
Operating profit	2 165.9	-991.0	1 174.9
Taxes on the Group balance sheet items	-188.1	-2.9	-190.9
Profit/loss before income tax	1 977.8	-993.8	984.0
Net profit/loss attributable to mBank shareholders	1 532.3	-959.4	572.9
Total assets	236 124.8	2 449.6	238 574.3
Net interest margin	4.35%		4.31%
Cost/Income ratio	25.6%		25.8%
ROE net	42.9%		14.9%
ROA net	2.6%		1.0%

Core business – results of mBank Group excluding the FX Mortgage Loans segment.

Total income - calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Net impairment losses and fair value change on loans and advances - the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Net interest margin – calculated by dividing net interest income by average interest earning assets. Net interest income calculated for the purpose of net interest margin excludes gains or losses on modification. Gains or losses on modification includes costs of credit holidays. Interest earning assets are a sum of cash and cash equivalents, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest earning assets are calculated on the basis of the balances as at the end of each month. Net interest income is annualised based on the number of days in the analysed period (an annualisation factor is calculated by dividing a number of days in the year by a number of days in the analysed period).

Cost/Income ratio – calculated by dividing overhead costs and depreciation by total income (excluding tax on Group's balance sheet items).

ROE net – calculated by dividing net profit/loss attributable to Owners of the Bank by the average equity attributable to Owners of the Bank, net of the year's results. The average equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to Owners of the Bank is annualised based on the number of days in the analysed period (an annualisation factor is calculated by dividing a number of days in the year by a number of days in the analysed period).

ROA net - calculated by dividing net profit/loss attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to Owners of the Bank is annualised based on the number of days in the analysed period (an annualisation factor is calculated by dividing a number of days in the year by a number of days in the analysed period).

Awards and distinctions received in Q3 2024

In the Global Finance World's Best Corporate Digital Bank 2024 competition, mBank won 4 accomplishments. The awards were handed for: Best Corporate Mobile Banking in Central and Eastern Europe, Best Corporate Digital Bank in Poland, Best Mobile Banking App in Poland and Best in Innovation in Poland. Once again, the Bank received the title of the best digital bank in Poland. The mBank CompanyMobile application received the title of the best corporate mobile banking application in Poland for the second year in a row, but for the first time it was recognized as the best in CEE. For the first time, the jury indicated mBank as the best example of an innovative bank in Poland.

mBank received gold in the category of Best Contact Center and Best Recruitment Campaign. The awards were granted by an international jury during the Next Generation Contact Center & CX Best Practice conference organized by Contact Center World. mBank's CC Premium strategy was recognized as the best and considered an example to be followed by companies which intend to provide customers with the highest quality experience.

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The crime audio series "Jazgot" ("Clamor"), coproduced by mBank and the Voice House studio, has been appreciated once again. This time, its communication and entertainment values, and above all, its beneficent work for the society, which the recording applies by educating recipients in the field of cybersecurity, were appreciated by the jury in the competition organized by Klub Twórców Reklamy. The series received two silver and one bronze awards, and since its publication it has won a total of five awards. "Jazgot" is very popular. The second season of the series premiered in October 2024.

mBank's annual report for 2023 received the title of "The Best of the Best" from the Institute of Accounting and Taxes. mBank was distinguished in the category of financial institutions for the twelfth time in a row. Every year, mBank's reports are appreciated by market commentators, who confirm the high utility value of the reports for shareholders and investors. The competition aims to create standards for preparing annual reports in accordance with International Financial Reporting Standards and International Accounting Standards, recognized by the market, and to promote publications with the highest utility value.

Economy and the banking sector in Q3 2024

The economic recovery continued in the third quarter, although the pace of growth slowed somewhat compared with the second quarter. These conclusions can be drawn from the monthly data. However, the data do not show the full economic picture.

Inflation accelerated markedly in the third quarter. It stood at 4.9% in September, compared with 2.6% at the end of the second quarter. The increase was mainly driven by the unfreezing of energy prices, the reinstatement of the full VAT rate on food and the effect of a low statistical base. At the same time, it should be stressed that the upward momentum in core inflation remains elevated.

Rapidly rising wages, which continue to grow at double-digit rates, have also contributed to higher core inflation and will continue to play a role in the coming months. At the same time, the ongoing economic recovery should also support a moderate rise in inflation. On the other hand, attention should be paid to the still strong zloty and relatively low commodity prices. These factors should limit the peak in inflation, which is expected to occur in early 2025. The Bank forecasts an average annual inflation rate of 3.8% in 2024 and 5.3% in 2025, while the inflation peak in the first quarter of next year will stand at 6.3% according to Bank's forecasts.

The Polish economy has been on a recovery path for several quarters. After growing by 2% in the first three months of the year, the momentum accelerated to 3.2% in the second quarter. Consumption (both private and public) remains the main component of GDP growth on the expenditure side. At the same time, investments remain subdued for the time being. On the one hand, this is due to the state of the labour market and the strong growth in real disposable income and, on the other, to the lack of utilisation of EU funds. This situation is seen to change over time. The labour market is expected to normalise in 2025 in the form of a more pronounced slowdown in wage growth. At the same time, investments co-financed by EU funds will be launched. Investments should also be supported by the central bank's monetary policy. Although the economy will accelerate, the pace of growth should not create excessive imbalances that lead to a prolonged rise in inflation. The Bank forecasts annual GDP growth of 3.5% in 2024. In 2025 this growth is expected to accelerate to over 4%.

In the third quarter, the Monetary Policy Council made no changes to the monetary policy settings. The central bank continues to highlight risks to inflation in the form of rapid wage growth, expansionary fiscal policy and a potential rise in energy prices. However, the policies pursued by other central banks and the path of inflation are likely to persuade the Council to begin a cycle of interest rate cuts next year. We expect the first rate cut to take place in March 2025 and that the reference rate will decrease to 4.0% by the end of next year.

The zloty remained relatively stable against the euro over the past quarter. The central bank's stance remains supportive of the domestic currency and it will keep interest rates on hold for longer than other central banks. The zloty has remained relatively immune to a further escalation of the armed conflict in the Middle East. In the longer term, the zloty should be supported by expansionary fiscal policy and trends related to the shortening of supply chains. However, the period of directional PLN appreciation is over as monetary policy is going to be easier than expected, trade balanced worsened and the Ministry of Finance is no longer interested in keeping the zloty at strong levels.

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Condensed interim consolidated financial statement of mBank S.A. Group for the third quarter of 2024 (PLN thousand)

Financial position of mBank Group in Q3 2024**Profit and Loss Account of mBank Group**

mBank Group's profit before tax in Q3 2024 amounted to PLN 984.0 million, while net profit attributable to owners of mBank S.A. stood at PLN 572.9 million.

PLN M	Q2 2024	Q3 2024	Change in PLN M	Change in %
Interest income	3 346.2	3 844.9	498.6	14.9%
Interest expense	-1 181.6	-1 273.5	-91.9	7.8%
Net interest income	2 164.7	2 571.4	406.7	18.8%
Fee and commission income	788.1	820.5	32.4	4.1%
Fee and commission expense	-296.9	-321.3	-24.4	8.2%
Net fee and commission income	491.2	499.2	8.0	1.6%
Core income	2 655.9	3 070.6	414.7	15.6%
Dividend income	6.2	4.9	-1.3	-20.2%
Net trading income	33.7	44.3	10.5	31.3%
Other income	-4.0	32.3	36.3	-/+
Other operating income	262.1	56.7	-205.4	-78.4%
Other operating expenses	-63.5	-59.0	4.5	-7.0%
Total income	2 890.4	3 149.9	259.4	9.0%
Net impairment losses and fair value change on loans and advances	-171.3	-191.1	-19.8	11.6%
Costs of legal risk related to foreign currency loans	-1 033.5	-970.7	62.8	-6.1%
Overhead costs and depreciation	-781.1	-813.1	-32.0	4.1%
Operating profit or loss	904.5	1 174.9	270.4	29.9%
Taxes on the Group balance sheet items	-185.2	-190.9	-5.7	3.1%
Profit/Loss before income tax	719.3	984.0	264.7	36.8%
Income tax expense	-297.4	-411.1	-113.7	38.2%
Net profit/loss	421.9	572.9	151.0	35.8%
- attributable to owners of mBank S.A.	421.9	572.9	151.0	35.8%
- non-controlling interests	0.0	0.0	0.0	-
ROA net	0.7%	1.0%		
ROE gross	19.8%	25.7%		
ROE net	11.6%	14.9%		
Cost / Income ratio	27.0%	25.8%		
Net interest margin	4.4%	4.3%		
Common Equity Tier 1 ratio	14.5% ¹	13.9%		
Total capital ratio	16.2% ¹	15.4%		

¹ Capital ratios recalculated taking into account the retrospective inclusion of the remaining net profit for Q1 2024 and the entire result for Q2 2024 in own funds (after PFSA approval).

Core income – calculated as the sum of net interest income and net fee and commission income.

Other income – calculated as gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity and debt securities mandatorily measured at fair value through profit or loss.

Total income – calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Overhead costs and depreciation – calculated as the sum of total overhead costs and depreciation.

Net impairment losses and fair value change on loans and advances – calculated as the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Net ROA – calculated by dividing net profit/loss attributable to the owners of mBank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the owners of mBank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

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Gross ROE – calculated by dividing pre-tax profit/loss by the average equity (net of the year's results). The average equity is calculated on the basis of the balances as at the end of each month. Pre-tax profit/loss is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Net ROE – calculated by dividing net profit/loss attributable to the owners of mBank by the average equity (net of the year's results). The average equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the owners of mBank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Cost/Income ratio – calculated by dividing overhead costs and depreciation by total income (excluding tax on balance sheet items of the Group).

Net interest margin – calculated by dividing net interest income by average interest earning assets. To calculate the margin, net interest income was calculated without factoring in the result from the non-substantial modification which includes the cost of the credit holidays. Interest earning assets are the sum of cash and cash equivalents, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to clients (net; in all valuation methods). The average interest earning assets are calculated on the basis of the balances as at the end of each month. Net interest income is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

Income of mBank Group

mBank Group generated total income of PLN 3 149.9 million in Q3 2024, which represents a 9.0% increase compared to the Q2 2024.

Net interest income was the main source of income of mBank Group in Q3 2024. It stood at PLN 2 571.4 million, and increased in quarterly terms (+18.8%). Excluding the impact of "credit holidays" in both quarters (negative impact of PLN 256.8 million in the second quarter and positive impact of PLN 110.1 million in the third quarter), net interest income increased by 1.6%.

Interest income increased by PLN 498.6 million or 14.9% quarter on quarter. Excluding the impact of credit holidays in both quarters, interest income increased by 3.7%. Income on loans and advances increased by PLN 62.0 million or 2.4% quarter on quarter. Simultaneously, income on investment securities increased by PLN 73.7 million or 10.8%, due to changes in the structure of the portfolio and increase of its average volume during the third quarter.

Interest expenses noted increase by PLN 91.9 million or 7.8% quarter on quarter, mainly due to higher deposit cost and expenses related to issue of debt securities.

Net interest margin of mBank Group decreased on a quarterly basis and amounted to 4.3% in Q3 2024, compared to 4.4% in the previous quarter.

Net fee and commission income was the second largest income line. It increased quarter on quarter by PLN 8.0 million or 1.6% and amounted to PLN 499.2 million.

Fee and commission income noted increase by 32.4 million or 4.1% quarter on quarter. The largest increase was recorded in payment cards-related fees, which increased by 28.4 million or 15.3% quarter on quarter. On a quarterly basis, the value of cashless transactions increased by 3.4%, while the number was higher by 1.6%. Commissions from bank accounts increased by PLN 8.9 million or 12.0% quarter on quarter.

Fee and commission expense in Q3 2024 increased by PLN 24.4 million or 8.2% on a quarterly basis, driven mainly by higher payment cards-related fees.

Net trading income recorded increase by PLN 10.5 million or 31.3% compared to Q2 2024 and amounted to PLN 44.3 million.

Other income (an item including gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading equity instruments and debt securities mandatorily measured at fair value through profit or loss) increased by PLN 36.3 million quarter on quarter, driven mainly by the update of the valuation of PSP Sp. z o.o company.

Net other operating income amounted to PLN -2.3 million and decreased compared to the previous quarter. Other operating expenses were lower compared to the previous quarter, in which income from the recovery of receivables in connection with a final court judgment favorable to the Bank in the amount of PLN 164.0 million was posted.

Costs of mBank Group

In Q3 2024, mBank Group continued its efforts to further increase efficiency as measured by the Cost/Income ratio. Total overhead costs of mBank Group (including depreciation) stood at PLN 813.1 million and increased quarter on quarter (by PLN 32.0 million, i.e. 4.1%), mainly due to higher material costs. The cost efficiency improved and stood at 25.8%.

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PLN M	Q2 2024	Q3 2024	Change in PLN M	Change in %
Staff-related expenses	-392.1	-394.3	-2.2	0.6%
Material costs, including:	-237.4	-259.8	-22.5	9.5%
- administration and real estate services costs	-92.0	-89.5	2.5	-2.7%
- IT costs	-72.1	-70.1	2.0	-2.8%
- marketing costs	-48.9	-69.0	-20.1	41.2%
- consulting costs	-20.3	-26.4	-6.0	29.8%
- other material costs	-4.1	-4.8	-0.8	19.5%
Taxes and fees	-11.0	-12.1	-1.0	9.2%
Contributions and transfers to the Bank Guarantee Fund	1.0	0.0	-1.0	-100.0%
Contributions to the Social Benefits Fund	-2.8	-4.4	-1.6	56.4%
Depreciation	-138.9	-142.5	-3.6	2.6%
Total overhead costs and depreciation	-781.1	-813.1	-32.0	4.1%
Cost / Income ratio	27.0%	25.8%	-	-
Employment (FTE)	7 495	7 532	37	0.5%

In Q3 2024, staff-related expenses increased slightly by PLN 2.2 million i.e. 0.6% quarter on quarter. In the period under review, employment increased by 37 FTEs.

Material costs recorded an increase by PLN 22.5 million i.e. 9.5% quarter on quarter in Q3 2024. In the period under review, marketing costs and consulting costs increased mainly.

Depreciation increased by 3.6 million or 2.6% against the previous quarter.

Cost efficiency as measured by the Cost/Income ratio improved and amounted to 25.8% in Q3 2024 compared to 27.0% in Q2 2024. The normalized Cost/Income ratio in Q3 2024 (including $\frac{3}{4}$ of the contribution to the Bank Guarantee Fund's resolution fund, excluding the impact of "credit holidays" and one-off income from recovered receivable) stood at 28.0% compared to 27.4% in the previous quarter.

Net impairment losses and fair value change on loans and advances

In Q3 2024, net impairment losses and fair value change on loans and advances of mBank Group (calculated as the sum of two items: impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss) stood at PLN 191.1 million. Compared with the previous quarter, it increased by PLN 19.8 million or 11.6%.

Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss is related to the part of the portfolio of loans and advances measured at amortized cost. The item "gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss" is related to the credit risk of the portfolio of loans and advances measured with the use of that method.

PLN M	Q2 2024	Q3 2024	Change	PLN M
Retail Banking	-87.9	-96.9	-9.0	10.3%
Corporate and Investment Banking	-87.0	-95.9	-8.9	10.2%
FX Mortgage Loans	4.5	-0.9	-5.4	+/-
Treasury and Other	-0.9	2.6	3.5	-/+
Total net impairment losses and fair value change on loans and advances	-171.3	-191.1	-19.8	11.6%

Impairment on and change in the fair value of loans and advances in the Retail Banking segment increased by 9.0 million on a quarterly basis and amounted to PLN -96.9 million. Cost of risk resulted from maintained good payment discipline of retail customers and positive impact of the sale of non-performing loan portfolio.

Impairment on and change in the fair value of loans and advances in the Corporate and Investment Banking segment increased by PLN 8.9 million to PLN -95.9 million in Q3 2024. The quality of the corporate portfolio remains stable.

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Cost of legal risk related to foreign currency loans

Cost of legal risk related to foreign currency loans stood at PLN 970.7 million in Q3 2024. The costs result mainly from the update of expected costs of the settlement program, updates to the forecast of the number of court cases and updates to the market parameters included in the model. More information about the method of calculating legal risk costs is provided in Note 31 to this report.

Consolidated statement of financial position

The balance sheet total of mBank Group stood at PLN 238 574.3 million at the end of September 2024 and was higher by 3.6% compared with the end of June 2024. The key driver of the dynamic on the asset side was the increase of the volume of cash and cash equivalents and loans and advances to banks. On the total liabilities and equity side, the key drivers were higher amounts due to customers. On a year-on-year basis the balance sheet total of mBank Group increased by 5.8%.

The table below presents changes in particular items of mBank Group assets.

Assets of mBank Group

PLN M	30.09.2023	30.06.2024	30.09.2024	QoQ change	YoY change
Cash and cash equivalents	19 451.7	21 707.0	25 893.2	19.3%	33.1%
Loans and advances to banks	17 095.0	11 577.9	17 503.6	51.2%	2.4%
Securities held for trading and derivative instruments	2 056.6	1 595.8	1 565.6	-1.9%	-23.9%
Net loans and advances to customers	117 805.1	121 202.2	123 831.8	2.2%	5.1%
Investment securities	61 852.8	66 760.5	62 770.3	-6.0%	1.5%
Intangible assets	1 613.3	1 763.2	1 817.3	3.1%	12.6%
Tangible assets	1 438.3	1 461.7	1 412.3	-3.4%	-1.8%
Other assets	4 076.4	4 227.1	3 780.2	-10.6%	-7.3%
Total assets	225 389.2	230 295.6	238 574.3	3.6%	5.8%

Net loans and advances to clients – sum of loans and advances at amortised cost, non-trading loans and advances to customers mandatorily at fair value through profit or loss and loans and advances classified as assets held for trading.

Investment securities – sum of financial assets at fair value through other comprehensive income, debt securities at amortised cost and non-trading debt securities and equity instruments mandatorily at fair value through profit or loss.

Other assets – the sum of fair value changes of the hedged items in portfolio hedge of interest rate risk, non-current assets and disposal groups classified as held for sale, investment property, current income tax assets, deferred income tax assets and other assets.

At the end of Q3 2024, net loans and advances to customers were the largest asset category of mBank Group. Their share in total assets decreased to 51.9% compared with 52.6% at the end of June 2024. The volume of net loans and advances to customers (a total of loans and advances measured at amortised cost, loans and advances mandatorily measured at fair value through profit or loss, and loans and advances classified as assets held for trading) amounted to PLN 123 831.8 million at the end of Q3 2024 and compared with the end of June 2024 increased by PLN 2 629,6 million, i.e. 2.2%. The key driver of the dynamics here was the increase in the volume of loans to individual clients. The gross loan volumes in all 3 segments rose. In annual terms, the volume of net loans and advances increased by 6 026.7 million, i.e. 5.1%.

Gross loans and advances to customers are calculated as a sum of three items: loans and advances to customers measured at amortised cost (gross carrying amount), loans and advances held for trading, and non-trading loans and advances mandatorily at fair value through profit or loss.

The volume of gross loans to individuals increased against the end of June 2024 by PLN 2 283.2 million or by 3.4% and amounted to PLN 69 700.2 million. Since the beginning of 2024, a reversal of a downward trend in loans to individuals observed in 2023 was noted. Year on year, the volume of loans to individuals increased by PLN 1 870.9 million, i.e. by 2.8%. Gross mortgage and housing loans to individuals increased by 3.8% compared to the previous quarter, and by 1.3% year on year. The dynamics was negatively impacted by the update of cash flow estimates related to CHF mortgage loans and the reduction of their gross carrying amount in accordance with IFRS 9, the Polish zloty appreciation against main foreign currencies, partial sale of non-performing portfolio, and positively affected by materially increased sales of mortgage loans.

In Q3 2024, mBank Group sold PLN 3 338.3 million of mortgage loans, 47.2% more than in the previous quarter, and as much as 4.2 times more than in Q3 2023. The increase in sales of mortgage loans was generated by mBank Group in Poland as well as by the foreign branches of mBank.

The sales of non-mortgage loans in Q3 2024 reached PLN 2 849.5 million, representing a slight decrease by -0.2% compared with Q2 2024 and an increase by 29.3% compared with Q3 2023. In annual terms,

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increase of sales volumes of non-mortgage loans was noted both in Poland and in foreign branches. In quarterly terms, foreign branches noted increase of sales volumes of non-mortgage loans. At the turn of Q2 and Q3 2024, European Central Bank's began a series of interest rate cuts after a period of highest interest rates in more than two decades, which took effect since H2 2022. The decline in interest rates of the European Central Bank and the Czech National Bank translated into more attractive interest rates on loans offered by mBank in the Czech Republic and Slovakia.

Net of FX effect, loans to individuals increased by 3.1% quarter on quarter and by 4.0% year on year. Excluding the FX Mortgage Loans segment, loans to individuals increased by 3.7% quarter to quarter and by 8.1% year on year.

Gross loans to corporate entities increased slightly on a quarterly basis to PLN 57 635.7 million, i.e. by PLN 253.0 million or by 0.4% quarter on quarter. On an annual basis, loans to corporate entities increased by PLN 4 128.5 million or by 7.8% year on year. Net of reverse repo/buy-sell-back transactions and the FX effect, loans and advances to corporate entities increased by 2.2% quarter on quarter and by 10.4% on annual basis.

The sales of loans to corporate entities decreased by 4.0% quarter on quarter, but increased by 18.2% year on year and amounted to PLN 9 424.8 million (including new sales, limit increases, and renewals). The predominant sales in Q3 2024 were to an equal extent credit renewals and new sales of loans. Their share in total sales was 48.4% and 47.8% respectively. Year on year, the largest increase of volumes was noted for new sales of loans (increase by 40.3%). Sale of loans to K2 clients segment was the largest. The greatest demand was observed in current financing (overdraft loans), where the volumes increased by 12.3% quarter on quarter and by 27.0% year on year.

At the end of Q3 2024, gross loans and advances to the public sector amounted to PLN 167.7 million, i.e. an increase by PLN 7.9 million, or by 5.0% quarter on quarter. As compared to the end of September 2023, the volume of gross loans and advances to the public sector rose by PLN 31.3 million, i.e. by 23.0% year on year.

Investment securities were the second largest asset category at the end of Q3 2024. They stood at PLN 62 770.3 million. On a quarterly basis, investment securities decreased by PLN 3 990.2 million, i.e. -6.0%. The decrease is associated, among others, with the redemption of treasury bonds at maturity. In annual terms investment securities increased by PLN 917.5 million, i.e. 1.5%, as a result of, among others, allocation of liquidity surpluses into treasury bonds. Investment securities accounted for 26.3% of total assets at the end of Q3 2024, compared with 29.0% at the end of June 2024 and 27.4% at the end of Q3 2023.

Cash and cash equivalents increased by PLN 4 186.1 million, i.e. 19.3% to PLN 25 893.2 million on a quarterly basis, as a result of redemption of treasury bonds and money bills at maturity. In annual terms, cash and cash equivalents increased by PLN 6 441.5 million, i.e. 33.1%.

Loans and advances to banks increased on a quarterly basis by PLN 5 925.7 million, i.e. 51.2% to PLN 17 503.6 million, mainly driven by an increase in the value of reverse repo / buy-sell back transactions. In annual terms, loans and advances to banks increased by PLN 408.6 million, i.e. 2.4%.

mBank Group's total liabilities and equity

Changes in the Group's liabilities and equity are presented in the table below:

PLN M	30.09.2023	30.06.2024	30.09.2024	QoQ change	YoY change
Amounts due to other banks	3 520.3	3 231.6	3 808.6	17.9%	8.2%
Amounts due to customers	185 109.4	187 531.3	193 499.9	3.2%	4.5%
Liabilities from debt securities in issue	11 958.3	10 476.5	12 310.9	17.5%	2.9%
Subordinated liabilities	2 746.8	2 661.4	2 672.7	0.4%	-2.7%
Other liabilities	8 364.6	11 785.5	10 953.2	-7.1%	30.9%
Total Liabilities	211 699.4	215 686.2	223 245.4	3.5%	5.5%
Total Equity	13 689.8	14 609.4	15 329.0	4.9%	12.0%
Total Liabilities and Equity	225 389.2	230 295.6	238 574.3	3.6%	5.8%

Other liabilities – the sum of financial liabilities held for trading and derivatives held for hedges, lease liabilities measured at amortised cost, fair value changes of the hedged items in portfolio hedge of interest rate risk, liabilities held for sale, provisions, current income tax liabilities, deferred income tax liabilities and other liabilities.

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In Q3 2024, amounts due to customers, which are mBank Group's principal source of funding, increased by PLN 5 968.7 million or 3.2% quarter on quarter to the amount of PLN 193 499.9 million, which was attributable to the increase of the amounts due to individual clients and corporate customers. On an annual basis the amounts due to customers increased by PLN 8 390.6 million, i.e. 4.5%. The share of amounts due to customers in total liabilities and equity reached 81.1% and slightly decreased compared with the end of the first half of 2024 (81.4%), it was also lower compared to the end of third quarter 2023 (82.1%).

Amounts due to individual customers increased by PLN 3 838.3 million or 2.9% on a quarterly basis and reached PLN 137 420.9 million at the end of September 2024. In annual terms, amounts due to individual customers increased by PLN 6 954.5 million, i.e. 5.3%. The Bank has observed a change in the structure of the amounts due to individual customers over the last year. The share of term deposits in total amounts due to individual customers was reduced, while the share of current accounts rose. In relation to the end of H1 2024, there was an increase in funds on current accounts (+PLN 4 052.2, i.e. +3.7%). In the same period the term deposits decreased by PLN 231.5 million, i.e. -0.9%. On an annual basis, current accounts grew by PLN 15 206.3 million (15.6%), while term deposits decreased by PLN 6 919.3 million (-22.2%).

Amounts due to corporate customers increased by PLN 2 176.7 million, i.e. 4.1% against the end of first half of the year and amounted to PLN 55 197.1 million. Compared with end of September 2023, amounts due to corporate clients increased by PLN 996.5 million, i.e. 1.8%. On a quarterly basis, the Bank noted the rise of current accounts and term deposits, while the volume of repo transactions decreased. Funds in current accounts grew by PLN 1 832.6 million, i.e. 4.7%, term deposits were also higher by PLN 589.5 million, i.e. 5.0%, in comparison to the end of H1 2024.

Amounts due to the public sector stood at PLN 882.0 million at the end of Q3 2024. Compared with the end of H1 2024 this volume decreased by PLN -46.4 million (-5.0%). On annual basis, the amounts due to public sector grew by PLN 439.7 million, i.e. 99.4%. In comparison to the end of first half of the year, this outcome was caused by the decline in term deposits by PLN 147.2 million, i.e. 85.3%, while the volumes of current accounts rose by PLN 100.9 million or 13.3% quarter on quarter.

Another important liabilities and equity category (5.2%) constituted liabilities from debt securities in issue. This item increased on a quarterly basis by PLN 1 834.4 million, i.e. 17.5% to the level of PLN 12 310.9 million, as a result of the mBank's issuance of green Preferred Senior bonds with nominal value of EUR 500 million. On an annual basis, debt securities in issue were higher by PLN 352.6 million, i.e. 2.9%, as a net effect of the bond issue, the redemption of maturing mortgage bonds by mBank Hipoteczny, the amortisation of CLN bonds issued as part of the securitisation transaction and the appreciation of the zloty.

Amounts due to other banks stood at PLN 3 808.6 million at the end of Q3 2024, accounting for 1.6% of total liabilities and equity of mBank Group. Compared with the end of the first half of the 2024, this category went up by PLN 577.1 million or 17.9%. In comparison to the end of September 2023, amounts due to other banks rose by PLN 288.3 million, i.e. 8.2%.

Total equity at the end of Q3 2024 amounted to PLN 15 329.0 million, representing an increase by 4.9% compared with the end of H1 2024, and increase by 12.0% compared with the end of Q3 2023. The share of equity in total liabilities and equity of mBank Group grew to 6.4%, while in the previous periods it stood at 6.3% at the end of H1 2024 and 6.1% as of the end of Q3 2023. The total equity compared to the first half of 2024 was positively influenced mainly by the increase of retained earnings by PLN 576.4 million, i.e. 5.1% on a quarterly basis, and by PLN 1 241.8 million, i.e. 11.6% on an annual basis.

Quality of the loan portfolio of mBank Group

As at 30 September 2024, the amount of non-performing receivables decreased compared with the previous quarter (-2.8% quarter on quarter). At the same time, performing receivables increased by 2.2% quarter on quarter. The NPL ratio lowered on a quarterly basis and amounted to 4.1%.

The coverage ratio of non-performing receivables decreased on a quarterly basis and amounted to 53.8% whereas the coverage ratio of non-performing receivables including impairment of performing loans remained at the same level compared to the end of June 2024 (72.2%).

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PLN M	30.06.2024	30.09.2024	QoQ change
Impairment of non-performing receivables	-2 900.4	-2 795.9	-3.6%
Impairment of performing receivables	-957.3	-954.3	-0.3%
Total impairment	-3 857.7	-3 750.2	-2.8%
Non-performing receivables	5 346.5	5 194.3	-2.8%
Performing receivables	119 715.4	122 388.2	2.2%
NPL ratio	4.3%	4.1%	
Coverage ratio of non-performing receivables	54.2%	53.8%	
Coverage ratio of non-performing receivables including impairment of performing receivables	72.2%	72.2%	

Impairment of non-performing receivables – accumulated impairment of loans and advances at amortised cost with impairment (stage 3 and POCI) and fair value change of loans and advances mandatorily at fair value through profit or loss in default.

Impairment of performing receivables – accumulated impairment of loans and advances at amortised cost without impairment (stage 1 and 2) and fair value change of non-default loans and advances mandatorily at fair value through profit or loss.

Non-performing receivables - loans and advances at amortised cost with impairment (stage 3 and POCI) and loans and advances mandatorily at fair value through profit or loss in default.

Performing receivables - loans and advances at amortised cost without impairment (stage 1 and 2) and non-default loans and advances mandatorily at fair value through profit or loss.

NPL ratio – loans and advances at amortised cost with impairment (stage 3 and POCI) and loans and advances mandatorily at fair value through profit or loss in default in total loans and advances.

Coverage ratio of non-performing receivables – impairment of non-performing receivables in non-performing receivables.

Coverage ratio of non-performing receivables including impairment of performing receivables – sum of impairment of non-performing receivables and impairment of performing receivables in non-performing receivables.

Performance of segments and the business lines

The table below presents the contribution of individual business lines to the Group's profit before tax:

PLN M	Q2 2024	Q3 2024	QoQ change
Retail Banking	916.4	1 297.3	41.6%
Corporate and Investment Banking	777.4	640.6	-17.6%
Treasury and Others	73.6	39.9	-45.8%
Profit/loss before tax of core business	1 767.4	1 977.8	11.9%
FX Mortgage Loans	-1 048.1	-993.8	-5.2%
Profit/loss before tax of mBank Group	719.3	984.0	36.8%

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Retail Banking

mBank's Retail Banking segment serves 5 686 thousand individual clients and microenterprises in Poland, the Czech Republic and Slovakia online, directly through the call centre, via mobile banking and other state-of-the-art technological solutions, as well as in a network of 350 branches. The Bank offers a broad range of products and services including current and savings accounts, accounts for microenterprises, credit products, deposit products, payment cards, investment products, insurance products, brokerage services, and leasing for microenterprises.



Key highlights

- Increase of total income by 26.2% quarter on quarter to a record high of PLN 2 059.0 million and increase of profit before tax by 41.6% quarter on quarter to PLN 1 297.3 million.
- Growth of sales of mortgage loans by 47.2% quarter on quarter and by as much as 4.2-fold compared with Q3 2023 to a historically high level of PLN 3 338.3 million.
- Sales volume of non-mortgage loans amounted to PLN 2 849.5 million.
- Increase in the volume of retail deposits (by 2.9% quarter on quarter and by 5.3% year on year) in Poland and foreign branches, with an increase in current account balances and a decrease in term deposits.
- The number of mBank's mobile application users increased by 1.6% quarter on quarter and by 6.4% year on year to 3 789.4 thousand.
- The volume of investment assets of mBank's individual clients increased by 3.1% quarterly and 28.4% annually.
- A new feature in mBank's mobile application: a future pension level calculator to support customers in planning the savings they need. The tool is part of mBank's wider campaign to encourage regular saving for retirement.
- The 'mOkazje zakupy' platform, which offers the possibility to shop on the Morele platform directly with the use of the Bank's mobile application, has been made available to another group of customers, and the unique offer has been extended to more than 100 products at attractive prices. The total number of customers who gained access to the platform reached 500 000.
- A new, convenient tool was introduced as part of the eMakler brokerage account integrated with mBank's account, which will ease the search for financial instruments of the ETF type. The ETF Search Engine is an advanced tool covering 400 ETFs available in mBank's offering, designed for retail clients.
- mBank has supported flood victims in Poland, the Czech Republic and Slovakia. A special heart icon appeared in the mBank's mobile application, which improved the ability of retail clients to donate to this purpose. mBank alone donated PLN 1.0 million to charities.
- mBank's market share of PLN mortgages increased to a level of 8.1% (+0.3 p.p. quarter on quarter), while the market share of non-mortgages was maintained at 6.8%.

Key financial data:

PLN M	Q2 2024	Q3 2024	Change in PLN M	Change in %
Net interest income	1 339.8	1 733.8	394.0	29.4%
Net fee and commission income	259.8	270.7	10.9	4.2%
Net trading income	27.6	30.3	2.7	9.9%
Other income	-3.1	29.3	32.4	-/+
Net other operating income	7.9	-5.1	-13.0	+/-
Total income	1 631.9	2 059.0	427.1	26.2%
Net impairment losses and fair value change on loans and advances	-87.9	-96.9	-9.0	10.3%
Overhead costs and depreciation	-511.2	-542.9	-31.7	6.2%
Taxes on Bank balance sheet items	-116.5	-121.9	-5.4	4.6%
Profit/loss before tax of Retail Banking	916.4	1 297.3	381.0	41.6%

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Other income – calculated as gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity and debt securities mandatorily measured at fair value through profit or loss.

Total income - calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Total overhead costs (including depreciation) - calculated as the sum of total overhead costs and depreciation.

Net impairment losses and fair value change on loans and advances – the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Key business data (mBank and mBank Hipoteczny only):

thou.	30.09.2023	30.06.2024	30.09.2024	QoQ change	YoY change
Number of retail clients, including:	5 702.2	5 679.1	5 686.2	0,1%	-0,3%
Poland	4 619.0	4 576.5	4 578.2	0.0%	-0.9%
Foreign branches	1 083.2	1 102.6	1 108,0	0,5%	2,3%
<i>The Czech Republic</i>	757.7	779.3	786,0	0,9%	3,7%
<i>Slovakia</i>	325.5	323.3	322,0	-0,4%	-1,1%
Liczba użytkowników aplikacji	3 560.2	3 729.7	3 789.4	1.6%	6.4%
<i>Polska</i>	3 103.6	3 242.1	3 289.2	1.5%	6.0%
<i>Oddziały zagraniczne</i>	456.6	487.6	500.3	2.6%	9.6%
PLN M					
Loans to retail clients, including:	68 283.8	67 696.4	69 705.9	3.0%	2.1%
Poland	58 481.1	58 796.8	60 806.2	3.4%	4.0%
<i>mortgage loans</i>	39 936.5	39 588.3	41 355.5	4.5%	3.6%
<i>non-mortgage loans</i>	18 544.6	19 208.5	19 450.8	1.3%	4.9%
Foreign branches	9 802.8	8 899.6	8 899.7	0.0%	-9.2%
<i>The Czech Republic</i>	6 706.1	5 945.3	5 915.8	-0.5%	-11.8%
<i>Slovakia</i>	3 096.6	2 954.3	2 983.9	1.0%	-3.6%
Deposits of retail clients, including:	130 353.6	133 442.8	137 255.5	2.9%	5.3%
Poland	113 318.7	116 812.0	120 345.4	3.0%	6.2%
Foreign branches	17 034.9	16 630.8	16 910.0	1.7%	-0.7%
<i>The Czech Republic</i>	12 316.5	12 254.3	12 624.4	3.0%	2.5%
<i>Slovakia</i>	4 718.4	4 376.5	4 285.7	-2.1%	-9.2%
Investment assets of mBank's individual clients	20 848.4	25 985.5	26 779.0	3.1%	28.4%
thou.					
Credit cards, including:	362.9	363.9	364.1	0.1%	0.3%
<i>Poland</i>	327.6	328.4	328.6	0.1%	0.3%
<i>Foreign branches</i>	35.3	35.4	35.5	0.3%	0.6%
Debit cards, including:	5 153.1	5 331.8	5 379.2	0.9%	4.4%
<i>Poland</i>	4 326.8	4 457.1	4 489.4	0.7%	3.8%
<i>Foreign branches</i>	826.2	874.7	889.9	1.7%	7.7%

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Corporate and Investment Banking

The Corporate and Investment Banking segment serves 36 044 corporate clients including large enterprises (K1 - annual sales exceeding PLN 1 billion and non-banking financial institutions), mid-sized enterprises (K2 - annual sales of PLN 50 million - 1 billion) and small enterprises (K3 - annual sales below PLN 50 million), through a network of dedicated 43 branches. mBank Group's offer of products and services for corporate clients focuses on traditional banking products and services (including corporate accounts, domestic and international money transfers, payment cards, cash services, and liquidity management products), corporate finance products, hedging instruments, equity capital market (ECM) services, debt capital market (DCM) instruments, mergers and acquisitions (M&A), leasing and factoring.



Key highlights

- Profit before tax amounted to PLN 640.6 million and remained stable quarter on quarter (excluding one-off factor, i.e. an income from the recovery of receivables in connection with a final court judgement favourable to the Bank in the amount of PLN 164.0 million posted in Q2 2024).
- The level of income (net of one-off effects) showed an increase driven by higher net interest income (+4.1%) and higher net trading income (+43.7%).
- Sale of corporate loans maintained at a high level amounting to PLN 9 424.8 million.
- The volume of corporate deposits grew by 4.1% quarter on quarter, together with the increase of the market share of corporate deposits to 10.7%. The growth rate of current account funds was at 4.7% on quarterly basis and at 3.3% on yearly basis.
- Increase of mBank Group's market share in corporate PLN loans to 8.0% (+0.2 p.p. quarter on quarter), along growth of market share of current financing in the Polish currency.
- The number of corporate customers increased by +315 on quarterly basis and by +2 023 on annual basis, mainly driven by growth in K3 and K2 segments, thanks to the development of digital and mobile services for corporate customers and e-commerce support.
- In September, the Paynow gateway was extended to include deferred payments (abbrev. BNPL, Buy Now, Pay Later). This service allows people to buy goods and pay for them at a later date, usually within 30 days, thus supporting the sales performance of clients operating in e-commerce.
- LeaseLink became the only player in the market with such a broad ecosystem of payment options for business after the introduction of deferred payments.
- Users of mBank CompanyNet have gained the possibility to submit new electronic applications for de minimis guarantees. The application supports clients in the preparation and submission of full documentation required by Bank Gospodarstwa Krajowego, thanks to substantial guidance, generation of automatically completed forms and validation of correctness and completeness of data.
- In the Global Finance World's Best Corporate Digital Bank 2024 competition, the mBank CompanyMobile application was awarded the title of best corporate banking mobile application in Poland for the second year in a row and was deemed the best in CEE for the first time.

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Key financial data:

Corporate and Investment Banking:

PLN M	Q2 2024	Q3 2024	Change in PLN M	Change in %
Net interest income	697.6	726.1	28.4	4.1%
Net fee and commission income	254.0	254.4	0.4	0.2%
Net trading income	47.0	67.6	20.5	43.7%
Other income	-0.5	0.5	0.9	-/+
Net other operating income	180.7	6.4	-174.3	-96.5%
Total income	1 178.9	1 054.9	-124.0	-10.5%
Net impairment losses and fair value change on loans and advances	-87.0	-95.9	-8.9	10.2%
Overhead costs and depreciation	-253.1	-256.4	-3.4	1.3%
Taxes on Bank balance sheet items	-61.3	-61.9	-0.6	0.9%
Profit/loss before tax of Corporate and Investment Banking	777.4	640.6	-136.8	-17.6%

Other income – calculated as gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity and debt securities mandatorily measured at fair value through profit or loss.

Total income – calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Net impairment losses and fair value change on loans and advances – the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss.

Total overhead costs (including depreciation) – calculated as the sum of total overhead costs and depreciation.

Key business data (Bank only):

	30.09.2023	30.06.2024	30.09.2024	QoQ change	YoY change
Number of corporate clients, including:	34 021	35 729	36 044	0.9%	5.9%
K1	2 346	2 465	2 446	-0.8%	4.3%
K2	10 500	10 933	10 987	0.5%	4.6%
K3	21 175	22 331	22 611	1.3%	6.8%
PLN M					
Loans to corporate clients, including:	36 027.4	38 681.0	38 695.8	0,0%	7.4%
K1	6 548.4	7 430.9	7 410.2	-0.3%	13.2%
K2	23 110.9	23 702.5	24 328.4	2.6%	5.3%
K3	2 947.9	2 819.7	2 950.8	4.6%	0.1%
Reverse repo/buy-sell back transactions	3 420.3	4 728.0	4 006.5	-15.3%	17.1%
Deposits of corporate clients, including:	53 400.8	52 476.0	54 619.2	4.1%	2.3%
K1	14 431.8	14 378.7	15 928.9	10.8%	10.4%
K2	25 594.1	23 938.9	24 438.6	2.1%	-4.5%
K3	12 944.0	12 906.6	13 235.9	2.6%	2.3%
Repo transactions	431.0	1 251.8	1 015.8	-18.9%	135.7%

Summary of results of mBank Group's subsidiaries

In Q3 2024, the profit before tax generated by mBank Group subsidiaries amounted to PLN 117.4 million. The results were mainly influenced by high profit before tax of mLeasing and mBank Hipoteczny. The table below presents the profit or loss before tax by individual subsidiaries in Q3 2024 compared with Q2 2024.

PLN M	Q2 2024	Q3 2024	Change in %
mFinanse ¹	8.1	10.9	34.8%
mBank Hipoteczny	-47.7	40.6	-/+
mLeasing ²	51.9	46.9	-9.7%
mFactoring	13.7	13.1	-4.0%
Other ³	5.3	5.9	10.5%
Total	31.3	117.4	274.9%

¹ Including mFinanse CZ and mFinanse SK.

² Including LeaseLink and Asekum.

³ Other subsidiaries include Future Tech, mElements and mTFI.

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF MBANK S.A. GROUP FOR THE THIRD QUARTER OF 2024**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	Period from 01.07.2024 to 30.09.2024	Period from 01.01.2024 to 30.09.2024	Period from 01.07.2023 to 30.09.2023	Period from 01.01.2023 to 30.09.2023
Interest income, including:	5	3 844 855	10 752 246	3 836 928	11 132 689
<i>Interest income accounted for using the effective interest method</i>		3 781 412	10 572 929	3 765 266	10 915 419
<i>Income similar to interest on financial assets at fair value through profit or loss</i>		63 443	179 317	71 662	217 270
Interest expenses	5	(1 273 500)	(3 676 153)	(1 552 241)	(4 614 257)
Net interest income		2 571 355	7 076 093	2 284 687	6 518 432
Fee and commission income	6	820 532	2 376 799	760 632	2 246 379
Fee and commission expenses	6	(321 288)	(902 201)	(277 928)	(774 971)
Net fee and commission income		499 244	1 474 598	482 704	1 471 408
Dividend income	7	4 944	14 133	175	4 803
Net trading income	8	44 273	131 282	(7 064)	(3 210)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	9	30 345	42 225	(8 065)	(3 185)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	10	2 280	6 658	1 946	(49 406)
Other operating income	11	56 693	396 047	88 354	230 976
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12	(191 412)	(409 359)	(251 695)	(601 545)
Costs of legal risk related to foreign currency loans	31	(970 708)	(3 374 752)	(1 083 537)	(3 432 217)
Overhead costs	13	(670 611)	(2 065 324)	(592 938)	(1 914 136)
Depreciation		(142 489)	(417 802)	(126 237)	(364 368)
Other operating expenses	14	(58 983)	(179 747)	(141 313)	(292 514)
Operating profit		1 174 931	2 694 052	647 017	1 565 038
Taxes on the Group balance sheet items		(190 925)	(558 053)	(184 678)	(557 398)
Profit / (loss) before income tax		984 006	2 135 999	462 339	1 007 640
Income tax expense	27	(411 101)	(878 638)	(545 337)	(963 345)
Net profit / (loss)		572 905	1 257 361	(82 998)	44 295
Net profit / (loss) attributable to:					
- owners of mBank S.A.		572 864	1 257 243	(83 016)	44 321
- non-controlling interests		41	118	18	(26)
Earnings / (loss) per share (in PLN)	15	13.49	29.60	(1.96)	1.04
Diluted earnings / (loss) per share (in PLN)	15	13.47	29.56	(1.96)	1.04

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period from 01.07.2024 to 30.09.2024	Period from 01.01.2024 to 30.09.2024	Period from 01.07.2023 to 30.09.2023	Period from 01.01.2023 to 30.09.2023
Net profit / (loss)	572 905	1 257 361	(82 998)	44 295
Other comprehensive income net of tax, including:	143 095	323 677	300 076	923 122
Items that may be reclassified subsequently to the income statement	143 095	323 677	300 076	923 122
Exchange differences on translation of foreign operations (net)	(4 048)	(3 829)	11 755	(389)
Cash flows hedges (net)	60 936	150 371	142 080	423 765
Cost of hedge (net)	(1 869)	(6 178)	10 642	(3 211)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	88 076	183 313	135 599	502 957
Total comprehensive income (net)	716 000	1 581 038	217 078	967 417
Total comprehensive income (net), attributable to:				
- Owners of mBank S.A.	715 959	1 580 920	217 060	967 443
- Non-controlling interests	41	118	18	(26)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30.09.2024	31.12.2023
Cash and cash equivalents		25 893 176	36 702 427
Financial assets held for trading and hedging derivatives	16	1 608 192	1 760 033
Non-trading financial assets mandatorily at fair value through profit or loss, including:	17	896 423	898 798
<i>Equity instruments</i>		356 150	244 941
<i>Debt securities</i>		25 324	50 144
<i>Loans and advances to customers</i>		514 949	603 713
Financial assets at fair value through other comprehensive income	18	31 025 034	36 965 077
Financial assets at amortised cost, including:	19	172 141 681	143 319 329
<i>Debt securities</i>		31 363 788	23 323 690
<i>Loans and advances to banks</i>		17 503 613	7 119 059
<i>Loans and advances to customers</i>		123 274 280	112 876 580
Fair value changes of the hedged items in portfolio hedge of interest rate risk		19 430	20 204
Intangible assets	20	1 817 337	1 701 939
Tangible assets	21	1 412 282	1 481 401
Investment properties	22	100 486	111 964
Current income tax assets		43 190	41 035
Deferred income tax assets	27	1 077 864	1 379 540
Other assets	23	2 539 251	2 598 769
TOTAL ASSETS		238 574 346	226 980 516
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities held for trading and hedging derivatives	16	1 568 728	1 495 754
Financial liabilities measured at amortised cost, including:	24	213 078 561	203 458 575
<i>Amounts due to banks</i>		3 808 611	3 315 302
<i>Amounts due to customers</i>		193 499 927	185 467 455
<i>Lease liabilities</i>		786 414	855 725
<i>Debt securities issued</i>		12 310 939	11 105 165
<i>Subordinated liabilities</i>		2 672 670	2 714 928
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(207 016)	(565 985)
Provisions	26	3 577 665	2 345 584
Current income tax liabilities		299 119	201 184
Other liabilities	25	4 928 332	6 308 178
TOTAL LIABILITIES		223 245 389	213 243 290
EQUITY			
Equity attributable to Owners of mBank S.A.		15 326 798	13 735 187
Share capital:		3 625 801	3 616 185
Registered share capital		169 988	169 861
Share premium		3 455 813	3 446 324
Retained earnings:	28	11 907 848	10 649 530
- Profit from the previous years		10 650 605	10 625 476
- Profit (loss) for the current year		1 257 243	24 054
Other components of equity	29	(206 851)	(530 528)
Non-controlling interests		2 159	2 039
TOTAL EQUITY		15 328 957	13 737 226
TOTAL LIABILITIES AND EQUITY		238 574 346	226 980 516

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity from 1 January to 30 September 2024

	Share capital		Retained earnings		Other components of equity	Equity attributable to Owners of mBank S.A.	Non-controlling interests	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit (loss) for the current year				
Equity as at 1 January 2024	169 861	3 446 324	10 625 476	24 054	(530 528)	13 735 187	2 039	13 737 226
Transfer of profit/loss from previous year	-	-	24 054	(24 054)	-	-	-	-
Total comprehensive income	-	-	-	1 257 243	323 677	1 580 920	118	1 581 038
Issuance of ordinary shares	127	-	-	-	-	127	-	127
Other increase or decrease in equity	-	-	-	-	-	-	2	2
Stock option program for employees	-	9 489	1 075	-	-	10 564	-	10 564
<i>value of services provided by the employees</i>	-	-	10 564	-	-	10 564	-	10 564
<i>settlement of exercised options</i>	-	9 489	(9 489)	-	-	-	-	-
Equity as at 30 September 2024	169 988	3 455 813	10 650 605	1 257 243	(206 851)	15 326 798	2 159	15 328 957

Changes in equity from 1 January to 31 December 2023

	Share capital		Retained earnings		Other components of equity	Equity attributable to Owners of mBank S.A.	Non-controlling interests	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit (loss) for the current year				
Equity as at 1 January 2023	169 734	3 435 044	11 328 527	(702 691)	(1 517 613)	12 713 001	2 030	12 715 031
Transfer of profit/loss from previous year	-	-	(702 691)	702 691	-	-	-	-
Total comprehensive income	-	-	-	24 054	987 085	1 011 139	4	1 011 143
Issuance of ordinary shares	127	-	-	-	-	127	-	127
Other increase or decrease in equity	-	-	-	-	-	-	5	5
Stock option program for employees	-	11 280	(360)	-	-	10 920	-	10 920
<i>value of services provided by the employees</i>	-	-	10 920	-	-	10 920	-	10 920
<i>settlement of exercised options</i>	-	11 280	(11 280)	-	-	-	-	-
Equity as at 31 December 2023	169 861	3 446 324	10 625 476	24 054	(530 528)	13 735 187	2 039	13 737 226

Changes in equity from 1 January to 30 September 2023

	Share capital		Retained earnings		Other components of equity	Equity attributable to Owners of mBank S.A.	Non-controlling interests	Total equity
	Registered share capital	Share premium	Profit from the previous years	Profit (loss) for the current year				
Equity as at 1 January 2023	169 734	3 435 044	11 328 527	(702 691)	(1 517 613)	12 713 001	2 030	12 715 031
Transfer of profit/loss from previous year	-	-	(702 691)	702 691	-	-	-	-
Total comprehensive income	-	-	-	44 321	923 122	967 443	(26)	967 417
Issuance of ordinary shares	127	-	-	-	-	127	-	127
Other increase or decrease in equity	-	-	-	-	-	-	8	8
Stock option program for employees	-	11 280	(4 109)	-	-	7 171	-	7 171
<i>value of services provided by the employees</i>	-	-	7 171	-	-	7 171	-	7 171
<i>settlement of exercised options</i>	-	11 280	(11 280)	-	-	-	-	-
Equity as at 30 September 2023	169 861	3 446 324	10 621 727	44 321	(594 491)	13 687 742	2 012	13 689 754

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period from 01.01.2024 to 30.09.2024	Period from 01.01.2023 to 30.09.2023 - restated
Profit / (loss) before income tax	2 135 999	1 007 640
Adjustments:	(13 555 186)	419 684
Income taxes paid	(551 196)	(891 796)
Depreciation, including depreciation of fixed assets provided under operating lease	435 252	383 555
Foreign exchange (gains) losses related to financing activities	(267 589)	(54 323)
(Gains) losses on investing activities	(29 277)	(17 526)
Dividends received	(14 133)	(4 803)
Interest income (income statement)	(10 752 246)	(11 132 689)
Interest expense (income statement)	3 676 153	4 614 257
Interest received	10 008 097	9 526 489
Interest paid	(3 833 058)	(4 355 178)
Changes in loans and advances to banks	(10 237 161)	(7 301 742)
Changes in financial assets and liabilities held for trading and hedging derivatives	784 343	1 182 189
Changes in loans and advances to customers	(10 631 537)	2 777 626
Changes in securities at fair value through other comprehensive income	6 973 709	161 063
Changes in securities at amortised cost	(7 902 633)	(6 001 839)
Changes of non-trading securities mandatorily at fair value through profit or loss	(851)	1 163
Changes in other assets	35 120	(376 747)
Changes in amounts due to banks	564 625	271 841
Changes in amounts due to customers	8 127 293	10 905 127
Changes in lease liabilities	(10 836)	(48 459)
Changes in issued debt securities	51 765	14 805
Changes in provisions	1 231 965	537 712
Changes in other liabilities	(1 212 991)	228 959
A. Cash flows from operating activities	(11 419 187)	1 427 324
Disposal of intangible assets and tangible fixed assets	74 187	90 454
Dividends received	14 133	4 803
Acquisition of shares in subsidiaries	(41 500)	(8 060)
Purchase of intangible assets and tangible fixed assets	(628 701)	(542 363)
B. Cash flows from investing activities	(581 881)	(455 166)
Issue of debt securities	2 236 567	4 884 161
Issue of ordinary shares	127	127
Redemption of debt securities	(786 715)	(2 395 623)
Payments of lease liabilities	(122 802)	(125 648)
Interest paid from loans and advances received from banks and from subordinated liabilities	(132 161)	(146 359)
C. Cash flows from financing activities	1 195 016	2 216 658
Net increase / decrease in cash and cash equivalents (A+B+C)	(10 806 052)	3 188 816
Effects of exchange rate changes on cash and cash equivalents	(3 199)	11 892
Cash and cash equivalents at the beginning of the reporting period	36 702 427	16 250 951
Cash and cash equivalents at the end of the reporting period	25 893 176	19 451 659

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EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Information regarding the Group of mBank S.A.

The Group of mBank S.A. ("Group", "mBank Group") consists of entities under the control of mBank S.A. ("Bank", "mBank") of the following nature:

- strategic - shares and equity interests in companies supporting particular business segments of mBank S.A. (corporate and investment banking segment, retail banking segment and other segment) with an investment horizon not shorter than 3 years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- other - shares and equity interests in companies acquired in exchange for receivables, in transactions resulting from composition and work out agreements with debtors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

The parent entity of the Group is mBank S.A., which is a joint stock company registered in Poland and a part of Commerzbank AG Group.

As at 30 September 2024 mBank S.A. Group covered by the Consolidated Interim Financial Statements comprised the following companies:

mBank S.A. – the parent entity

Bank functions under the name of mBank S.A. with the head office located in Poland in Warsaw, Prosta 18 Street, KRS 0000025237, REGON 001254524, NIP 526-021-50-88.

According to the by-laws of the Bank, the scope of its business consists of providing banking services and consulting and advisory services in financial matters, as well as of conducting business activities within the scope described in its by-laws. The Bank operates within the scope of corporate, institutional and retail banking (including private banking) throughout the whole country and operates trade and investment activities as well as brokerage activities.

The Bank provides services to Polish and international corporations and individuals, both in the local currency (Polish Zloty, PLN) and in foreign currencies.

The Bank may open and maintain accounts in Polish and foreign banks, and can possess foreign exchange assets and trade in them.

The Bank conducts retail banking business in the Czech Republic and Slovakia through its foreign mBank branches in these countries.

As at 30 September 2024 the headcount of mBank S.A. amounted to 6 864 FTEs (Full Time Equivalents), and of the Group to 7 532 FTEs (30 September 2023: Bank 6 568 FTEs; Group 7 218 FTEs).

As at 30 September 2024 the employment in mBank S.A. was 7 754 persons, and in the Group 8 517 persons (30 September 2023: Bank 7 534 persons; Group 8 203 persons).

The business activities of the Group are conducted in the following business segments presented in detail in Note 4.

Retail Banking segment

- mFinanse S.A. – subsidiary
- mFinanse CZ s.r.o. – subsidiary
- mFinanse SK s.r.o. – subsidiary
- mBank Hipoteczny S.A. – subsidiary (the retail segment of the company's activity)
- mTowarzystwo Funduszy Inwestycyjnych S.A. - subsidiary
- mElements S.A. – subsidiary (the retail segment of the company's activity)
- mLeasing Sp. z o.o. – subsidiary (the retail segment of the company's activity)
- Asekum Sp. z o.o. – subsidiary (the retail segment of the company's activity)
- LeaseLink Sp. z o.o. – subsidiary

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Corporate and Investment Banking segment

- mFactoring S.A. – subsidiary
- mLeasing Sp. z o.o. – subsidiary (the corporate segment of the company’s activity)
- Asekum Sp. z o.o. – subsidiary (the corporate segment of the company’s activity)
- mElements S.A. – subsidiary (the corporate segment of the company’s activity)

Treasury and Other segment

- mBank Hipoteczny S.A. – subsidiary (with regard to activities concerning funding)
- mLeasing Sp. z o.o. – subsidiary (with regard to activities concerning funding)
- Future Tech Fundusz Inwestycyjny Zamknięty – subsidiary

Other information concerning companies of the Group

From the beginning of 2023, the Group started to consolidate the subsidiary mTowarzystwo Funduszy Inwestycyjnych S.A. (mTFI) in relation to the start of its operating activities. mTFI operates in the area of establishment and management of investment funds and providing portfolio management services which may include one or more financial instruments. The subsidiary operates on the basis of Polish Financial Supervision Authority’s permission, and it is a subject to its supervision.

The condensed consolidated financial statements of the Bank cover the following companies:

The name of subsidiary	30.09.2024		31.12.2023		30.09.2023	
	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method	Share in voting rights (directly and indirectly)	Consolidation method
mBank Hipoteczny S.A.	100%	full	100%	full	100%	full
mLeasing Sp. z o.o.	100%	full	100%	full	100%	full
mFinanse S.A.	100%	full	100%	full	100%	full
mFactoring S.A.	100%	full	100%	full	100%	full
Future Tech Fundusz Inwestycyjny Zamknięty	98.04%	full	98.04%	full	98.04%	full
mElements S.A.	100%	full	100%	full	100%	full
Asekum Sp. z o.o.	100%	full	100%	full	100%	full
LeaseLink Sp. z o.o.	100%	full	100%	full	100%	full
mFinanse CZ s.r.o.	100%	full	100%	full	100%	full
mFinanse SK s.r.o.	100%	full	100%	full	100%	full
mTowarzystwo Funduszy Inwestycyjnych S.A.	100%	full	100%	full	100%	full

The Management Board of mBank S.A. approved these condensed interim consolidated financial statements for issue on 30 October 2024.

2. Description of relevant accounting policies

Accounting basis

The condensed interim consolidated financial statements of mBank S.A. Group have been prepared for the 3 and 9-month periods ended 30 September 2024. Comparative data include the 3 and 9-month periods ended 30 September 2023 for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, 9-month period ended 30 September 2023 for the condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity, additionally for the period from 1 January to 31 December 2023 for the condensed consolidated statement of changes in equity, and in the case of the condensed consolidated statement of financial position, data as at 31 December 2023.

These interim financial statements for the third quarter of 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Consolidated financial statements of mBank S.A. Group for 2023 published on 29 February 2024. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

Material accounting principles applied to the preparation of these condensed interim consolidated financial statements are presented in Note 2 to the consolidated financial statements of mBank S.A. Group for 2023, published on 29 February 2024.

The preparation of the financial statements requires the application of specific accounting estimates. It also requires the Management Board to use its own judgment when applying the accounting policies adopted by the Group. The issues in relation to which a significant professional judgement is required, more complex issues, or such issues where estimates or judgments are material to the consolidated financial statements are disclosed in Note 3.

Financial statements are prepared in compliance with materiality principle. Material omissions or misstatements of positions of financial statements are material if they could, individually or collectively, influence the economic decisions that users make on the basis of Group's financial statements. Materiality depends on the size and nature of the omission or misstatement of the position of financial statements or a combination of both. The Group presents separately each material class of similar positions. The Group presents separately positions of dissimilar nature or function unless they are immaterial.

These condensed interim consolidated financial statements were prepared under the assumption that all the entities of the Group continue as a going concern in the foreseeable future, i.e. in the period of at least 12 months following the reporting date. As of the date of approving these statements, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Group is endangered in the period of 12 months from the reporting date.

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New standards, interpretations and amendments to published standards**Standards and interpretations endorsed by the European Union**Published Standards and Interpretations which have been issued and binding for the first time in the reporting period covered by the financial statements.

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Group's financial statements in the period of initial application
Amendments to IAS 1, Classification of liabilities as current or non-current	The amendments to IAS 1 affect the requirements for the presentation of liabilities in the financial statements. In particular, they explain one of the criteria for classifying liabilities as non-current.	1 January 2024	The application of the amended standard had no significant impact on the financial statements.
Amendments to IFRS 16 Leasing	The amendment to IFRS 16 requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	1 January 2024	The application of the amended standard had no significant impact on the financial statements.
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	The amendments to IAS 7 and IFRS 7 introduce additional disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.	1 January 2024	The application of the amended standards had no significant impact on the financial statements.

Standards and interpretations not yet endorsed by the European Union

These financial statements do not include standards and interpretations listed below which await endorsement of the European Union.

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Group's financial statements in the period of initial application
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	The amendments to IAS 21 clarify how an entity should assess the currency exchangeability and require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 January 2025	The application of the amended standards will have no significant impact on the financial statements.
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 aims to improve financial reporting by requiring additional defined subtotals in the statement of profit or loss, requiring disclosures about management-defined performance measures; and adding new principles for grouping (aggregation and disaggregation) of information. IFRS 18 replaces IAS 1 Presentation of Financial Statements. Requirements in IAS 1 that are unchanged have been transferred to IFRS 18 and other Standards.	1 January 2027	The application of the new standard will have no significant impact on the financial statements.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. A subsidiary is eligible if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027	The standard will not apply for the purpose of preparing Group's financial statements.
Amendments to IFRS 9 and IFRS 7 – classification and measurement	Amendments to IFRS 9 and IFRS 7 relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments include also the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income.	1 January 2026	The application of the new standard will not have a significant impact on the financial statements.
Amendments to various standards resulting from the annual review of International Financial Reporting Standards	The amendments cover IFRS 1, IFRS 7 (including implementation guidance), IFRS 9, IFRS 10 and IAS 7 and consist of improving readability, accessibility and consistency with other standards and eliminating ambiguities in selected paragraphs.	1 January 2026	The application of the amended standards will have no significant impact on the financial statements.

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Comparative data

■ Presentation of cash and cash equivalents (adjustment 1)

Beginning with the 2023 financial statements, the Group has changed the presentation of cash and cash equivalents in the statement of financial position. Previously, the Group presented cash and balances with central bank separately, while part of cash and cash equivalents in the form of current accounts with other banks and term deposits with other banks with an original maturity of up to three months the Group presented in the item Loans and advances to banks. Currently, the Group presents all cash and cash equivalents in a single line item in the statement of financial position. In addition, as part of the restatement of comparative data, the amounts reported at the beginning of 2023 in the statement of cash flows under current accounts with other banks and term deposits with other banks with original maturities of up to three months, respectively, were adjusted.

The above change was due to the adjustment of the presentation of selected assets and liabilities as well income and expenses to the prevailing market practice and in order to better reflect the economic nature of the effects of the transactions presented. The change did not affect equity levels and the Group's income statements in the comparative periods presented in these financial statements. Comparative figures as of 1 January 2023 and 30 September 2023 and for the period from 1 January to 30 September 2023 have been restated accordingly.

The impact of the introduced adjustments on the comparative data is presented in the following tables.

Restatements in consolidated income statement at 1 January 2023

ASSETS	No	01.01.2023 before restatement	restatement	01.01.2023 after restatement
Cash and cash equivalents (previously: Cash and balances with the Central Bank)	1	16 014 318	236 633	16 250 951
Financial assets at amortised cost, including:	1	148 138 819	(236 633)	147 902 186
<i>Debt securities</i>		19 002 527	-	19 002 527
<i>Loans and advances to banks</i>	1	9 806 262	(236 633)	9 569 629
<i>Loans and advances to customers</i>		119 330 030	-	119 330 030
Other assets		45 738 976	-	45 738 976
TOTAL ASSETS		209 892 113	-	209 892 113
LIABILITIES AND EQUITY	No	01.01.2023 before restatement	restatement	01.01.2023 after restatement
TOTAL LIABILITIES AND EQUITY		209 892 113	-	209 892 113

Restatements in consolidated statement of financial position at 30 September 2023

ASSETS	No	30.09.2023 before restatement	restatement	30.09.2023 after restatement
Cash and cash equivalents (previously: Cash and balances with the Central Bank)	1	18 223 125	1 228 534	19 451 659
Financial assets at amortised cost, including:	1	160 430 569	(1 228 534)	159 202 035
<i>Debt securities</i>		24 997 760	-	24 997 760
<i>Loans and advances to banks</i>	1	18 323 583	(1 228 534)	17 095 049
<i>Loans and advances to customers</i>		117 109 226	-	117 109 226
Other assets		46 735 462	-	46 735 462
TOTAL ASSETS		225 389 156	-	225 389 156
LIABILITIES AND EQUITY	No	30.09.2023 before restatement	restatement	30.09.2023 after restatement
TOTAL LIABILITIES AND EQUITY		225 389 156	-	225 389 156

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Restatements in consolidated statement of cash flows for the period from 1 January to 30 September 2023

	No	Period from 01.01.2023 to 30.09.2023 before restatement	restatement	Period from 01.01.2023 to 30.09.2023 after restatement
Profit / (loss) before income tax		1 007 640	-	1 007 640
Adjustments, including:	1	378 611	41 073	419 684
Income taxes paid		(891 796)	-	(891 796)
Depreciation, including depreciation of fixed assets provided under operating lease		383 555	-	383 555
Foreign exchange (gains) losses related to financing activities		(54 323)	-	(54 323)
(Gains) losses on investing activities		(17 526)	-	(17 526)
Dividends received		(4 803)	-	(4 803)
Interest income (income statement)		(11 132 689)	-	(11 132 689)
Interest expense (income statement)		4 614 257	-	4 614 257
Interest received		9 526 489	-	9 526 489
Interest paid		(4 355 178)	-	(4 355 178)
Changes in loans and advances to banks	1	(7 342 815)	41 073	(7 301 742)
Changes in financial assets and liabilities held for trading and hedging derivatives		1 182 189	-	1 182 189
Changes in loans and advances to customers		2 777 626	-	2 777 626
Change in securities at fair value through other comprehensive income		161 063	-	161 063
Changes in securities at amortised cost		(6 001 839)	-	(6 001 839)
Changes of non-trading securities mandatorily at fair value through profit or loss		1 163	-	1 163
Changes in other assets		(376 747)	-	(376 747)
Changes in amounts due to banks		271 841	-	271 841
Changes in amounts due to customers		10 905 127	-	10 905 127
Changes in lease liabilities		(48 459)	-	(48 459)
Changes in issued debt securities		14 805	-	14 805
Changes in provisions		537 712	-	537 712
Changes in other liabilities		228 959	-	228 959
A. Cash flows from operating activities	1	1 386 251	41 073	1 427 324
B. Cash flows from investing activities		(455 166)	-	(455 166)
C. Cash flows from financing activities		2 216 658	-	2 216 658
Net increase / decrease in cash and cash equivalents (A+B+C)	1	3 147 743	41 073	3 188 816
Effects of exchange rate changes on cash and cash equivalents		11 892	-	11 892
Cash and cash equivalents at the beginning of the reporting period	1	16 292 024	(41 073)	16 250 951
Cash and cash equivalents at the end of the reporting period		19 451 659	-	19 451 659

The changes in the comparative data, as described above, has been included in these financial statements in all the notes to which these changes referred.

3. Major estimates and judgments made in connection with the application of accounting policy principles

The Group applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

Provisions for legal risks relating to indexation clauses in mortgage and housing loans in CHF and other foreign currencies

Detailed information on the impact of legal risk related to mortgage and housing loans granted to individual customers in CHF and other foreign currencies is provided in Note 31.

Impact of credit holidays on the financial result of the Group

On 15 May 2024, an amendment to the Act on support to home loan borrowers in a difficult financial situation and Act on crowdfunding for business ventures and aid to borrowers extending the possibility of suspending the execution of mortgage loan agreements granted in Polish currency ("credit holidays") for 2024.

According to the amendment to the Act, after meeting certain conditions (loan amount below PLN 1.2 million and the proportion of the loan instalment to the borrower's income exceeding 30%), borrowers have the right to suspend four monthly instalments in 2024. Credit holidays apply to both the principal and interest parts of the loan. The instalment repayment dates will be extended without additional interest for the suspension periods. In the Group's opinion, the change to the contractual terms of mortgage loans implemented by the Act constituted an insignificant modification of these financial assets in accordance with IFRS 9.5.4.3.

In the period of three quarters of 2024, the Group recognised the negative impact of credit holidays in the total amount of PLN 146.7 million, which decreased the interest income of the Group. However, in third quarter of 2024, the Group recognised the positive impact of credit holidays in the total amount of PLN 110.1 million as a result of the update of the assumptions regarding the participation of mBank customers in the program. The impact of credit holidays on the valuation of the loan portfolio is settled by the recognition of interest income calculated using the effective interest rate and adjusted gross carrying amount in periods in which customers taking advantage of credit holidays do not pay the interest according to the original schedules of the loan agreements.

To calculate the impact of credit holidays, the Group estimated that customers owning 42.4% of the value of assumed eligible mortgage loan portfolio (i.e. portfolio that includes loans for which the statutory criteria of benefiting from credit holidays are met) applied or will apply for the credit holidays and they will request on average 3.9 months of credit holidays.

As of 30 September 2024 the gross carrying value of the loans being subject to the credit holidays amounted to PLN 5 709.3 million.

Impairment of loans and advances

The Group reviews its loan portfolio to update the expected credit loss amount at least once per quarter. In order to determine a need to update the level of expected credit losses, the Group assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio. The methodology and the assumptions, on the basis of which the estimated cash flow amounts and their anticipated timing are determined, are regularly verified. If the current value of estimated cash flows (discounted recoveries from payments of capital, discounted recoveries from interests, discounted recoveries from off-balance sheet liabilities and discounted recoveries from collaterals for on-balance and off-balance sheet loans and advances, weighed by the probability of realisation of specific scenarios) for portfolio of loans and advances and off-balance liabilities which are impaired as of 30 September 2024, change by +/- 10%, the estimated loans and advances and off-balance liabilities impairment would either decrease by PLN 44.0 million or increase by PLN 55.1 million (as at 31 December 2023: PLN 52.8 million and PLN 56.1 million). This estimation was performed for portfolio of loans and advances and for off-balance sheet liabilities individually assessed for impairment on the basis of future cash flows due to repayments and recovery from collateral – Stage 3. The rules of determining write-downs and provisions for impairment of credit exposures have been described under Note 3.3.6 of Consolidated financial statements of mBank S.A. Group for 2023, published on 29 February 2024.

Fair value of derivatives and other financial instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, observable market data originating from an active market are used in the models. Methods for determining the fair value of financial instruments are described in Note 2.6 of Consolidated financial statements of mBank Group for 2023, published on 29 February 2024.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Income tax in interim financial statements

Income tax in interim financial statements is accrued in accordance with IAS 34. Interim period tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Calculating the average annual effective income tax rate requires the use of a forecast of pre-tax income for the entire financial year and permanent differences regarding the balance sheet and tax values of assets and liabilities. The projected annual effective tax rate used to calculate the income tax burden in the three quarters of 2024 was 41.1% (in the period of three quarters of 2023: 95.6%).

The greatest impact on the value of the average annual effective income tax rate in comparison to the nominal income tax rate in the three quarters of 2024 was costs of legal risk related to foreign currency loans, tax on financial institutions and contributions and other mandatory payments that do not constitute tax deductible costs (including fees for the Bank Guarantee Fund).

Revenue and expenses from sale of insurance products bundled with loans

Revenue from sale of insurance products bundled with loans are split into interest income and fee and commission income based on the relative fair value analysis of each of these products.

The remuneration included in fee and commission income is recognised partly as upfront income and partly including deferral over time based on the analysis of the stage of completion of the service. Expenses directly linked to the sale of insurance products are recognised using the same pattern.

Liabilities due to post-employment employee benefits

The costs of post-employment employee benefits are determined using an actuarial valuation method. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and other factors. Due to the long-term nature of these programmes, such estimates are subject to significant uncertainty.

Leasing

The Group as lessor makes judgement classifying lease agreements as finance lease or operating lease based on the economic substance of the transaction basing on professional judgment whether substantially all the risk and rewards incidental to ownership of an asset were transferred or not.

The Group as a lessee makes certain estimates and calculations that have an impact on the valuation of lease liabilities and right-of-use assets. They include, among others: determination of the duration of contracts, determining the interest rate used to discount future cash flows and determination of the depreciation rate of right-of-use assets.

4. Business segments

Following the adoption of "management approach" of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Bank's Management Board (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses their performance.

The classification by business segments is based on client groups and product groups defined by homogenous transaction characteristics. The classification is consistent with sales management and the philosophy of delivering complex products to the Bank's clients, including both standard banking products and more sophisticated investment products. The method of presentation of financial results coupled with the business management model ensures a constant focus on creating added value in relations

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with clients of the Bank and Group companies and should be seen as a primary division, which serves the purpose both managing and perceiving business within the Group.

The Group conducts its business through different business segments, which offer specific products and services targeted at specific client groups and market segments. The Group currently conducts its operations through the following business segments:

- The Retail Banking segment, which offers a full range of products and services to individual customers, including Private Banking customers and micro-businesses. The key products and services offered to customers in this segment include lending products (mortgage loans, overdrafts, cash loans, car loans, credit cards), deposit products (current and savings accounts, term deposits), debit cards, insurance products, brokerage services, investment advice, asset management services and leasing services. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of mFinanse S.A., mFinanse CZ s.r.o., mFinanse SK s.r.o., mTowarzystwo Funduszy Inwestycyjnych S.A. and LeaseLink Sp. z o.o., as well as the results of retail segments of mLeasing Sp. z o.o., Asekum Sp. z o.o., mElements S.A. and mBank Hipoteczny S.A.
- The Corporate and Investment Banking segment, which offers financial services to small, medium and large-sized companies, public sector entities, financial institutions and banks. The key products offered to these customers include transactional banking (cash management, current accounts, term deposits, internet banking, financial liquidity management services, trade finance services, letters of credit and guarantees), working capital and investment loans, project finance, structured and mezzanine finance services as well as custody, leasing and factoring services. The products of this segment include operations in foreign currencies, capital and derivatives markets, both proprietary and on behalf of customers, as well as services for arranging and financing securities issues, financial consulting and brokerage services for financial institutions. The Corporate and Investment Banking segment also generates result of foreign exchange risk management. This segment includes the results of the following subsidiaries: mFaktoring S.A. and the results of corporate segments of mLeasing Sp. z o.o., Asekum Sp. z o.o., mElements S.A. and mBank Hipoteczny S.A. till the separation and a transfer of the separated part of business to mBank S.A., which occurred on 18 May 2023.
- The Treasury and Other segment consists primarily of treasury and money markets operations, liquidity and interest rate risks management of the Bank and its investment portfolio. The results of the segment include result of internal settlements of fund transfer pricing, result of items classified as hedge accounting and results not allocated to other segments. This segment also includes the results of mLeasing Sp. z o.o and mBank Hipoteczny S.A. with regard to activities concerning funding and results of Future Tech Fundusz Inwestycyjny Zamknięty.
- FX Mortgage Loans segment consists primarily of foreign currency mortgage loans with indexation clauses granted to individual customers. These types of loans are no longer offered to customers. The segment's assets include only the portfolio of active mortgage loans originally granted in foreign currencies (mainly in CHF, EUR and USD). The segment's liabilities do not include the financing of the portfolio of such loans, which was included in the liabilities of other segments.

The principles of segment classification of the Group's activities are described below.

Transactions between the business segments are conducted on regular commercial terms.

Internal fund transfers between the Bank's units are calculated at transfer rates based on market rates. Transfer rates are determined on the same basis for all operating units of the Bank and their differentiation results only from currency and maturity structure of assets and liabilities. Internal settlements concerning internal valuation of funds transfers are reflected in the results of each segment.

The separation of the assets and liabilities of a segment, as well as of its income and costs, is done on the basis of internal information prepared at the Bank for the purpose of management accounting. Assets and liabilities for which the units of the given segment are responsible as well as income and costs related to such assets and liabilities are attributed to individual business segments. The financial result of a business segment takes into account all the income and cost items attributable to it.

The business operations of particular companies of the Group are fully attributed to the appropriate business segments (including consolidation adjustments).

The primary basis used by the Group in the segment reporting is business line division. In addition, the Group's activity is presented by geographical areas reporting broken down into Poland and foreign countries because of the place of origin of income and expenses. Foreign countries segment includes activity of mBank's foreign branches in the Czech Republic and Slovakia as well as the activity of subsidiaries mFinanse CZ s.r.o. and mFinanse SK s.r.o.

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Business segment reporting on the activities of mBank S.A. Group for the period from 1 July to 30 September 2024 – data regarding consolidated income statement.

period from 1 July to 30 September 2024	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Net interest income	1 733 790	726 055	101 728	9 782	2 571 355
- sales to external clients	1 071 647	695 753	743 567	60 388	2 571 355
- sales to other segments	662 143	30 302	(641 839)	(50 606)	-
Net fee and commission income	270 685	254 420	(16 592)	(9 269)	499 244
Dividend income	-	-	4 944	-	4 944
Trading income	30 321	67 570	(38 736)	(14 882)	44 273
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	27 670	821	1 659	195	30 345
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	915	479	886	-	2 280
Other operating income	26 744	24 891	4 801	257	56 693
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(96 195)	(96 740)	2 625	(1 102)	(191 412)
Costs of legal risk related to foreign currency loans	-	-	-	(970 708)	(970 708)
Overhead costs	(444 723)	(214 537)	(7 757)	(3 594)	(670 611)
Amortisation	(98 174)	(41 911)	(2 077)	(327)	(142 489)
Other operating expenses	(31 850)	(18 533)	(7 286)	(1 314)	(58 983)
Operating profit	1 419 183	702 515	44 195	(990 962)	1 174 931
Taxes on Group balance sheet items	(121 860)	(61 886)	(4 311)	(2 868)	(190 925)
Gross profit / (loss) of the segment	1 297 323	640 629	39 884	(993 830)	984 006
Income tax					(411 101)
Net profit / (loss) attributable to Owners of mBank S.A.					572 864
Net profit / (loss) attributable to non-controlling interests					41

Business segment reporting on the activities of mBank S.A. Group for the period from 1 July to 30 September 2023 – data regarding consolidated income statement.

period from 1 July to 30 September 2023	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Net interest income	1 476 706	667 676	133 464	6 841	2 284 687
- sales to external clients	865 031	677 652	654 326	87 678	2 284 687
- sales to other segments	611 675	(9 976)	(520 862)	(80 837)	-
Net fee and commission income	247 293	256 619	(12 379)	(8 829)	482 704
Dividend income	-	-	175	-	175
Trading income	26 175	68 489	(89 279)	(12 449)	(7 064)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(6 209)	(771)	(1 198)	113	(8 065)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(363)	2 210	(1)	100	1 946
Other operating income	40 115	41 007	5 970	1 262	88 354
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(168 525)	(91 803)	(1 222)	9 855	(251 695)
Costs of legal risk related to foreign currency loans	-	-	-	(1 083 537)	(1 083 537)
Overhead costs	(387 851)	(193 809)	(8 440)	(2 838)	(592 938)
Amortisation	(86 886)	(37 388)	(1 727)	(236)	(126 237)
Other operating expenses	(23 186)	(106 476)	(11 699)	48	(141 313)
Operating profit	1 117 269	605 754	13 664	(1 089 670)	647 017
Taxes on Group balance sheet items	(114 728)	(60 070)	(4 452)	(5 428)	(184 678)
Gross profit / (loss) of the segment	1 002 541	545 684	9 212	(1 095 098)	462 339
Income tax					(545 337)
Net profit / (loss) attributable to Owners of mBank S.A.					(83 016)
Net profit / (loss) attributable to non-controlling interests					18

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Business segment reporting on the activities of mBank S.A. Group for the period from 1 January to 30 September 2024 – data regarding consolidated income statement.

period from 1 January to 30 September 2024	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Net interest income	4 604 968	2 111 912	339 559	19 654	7 076 093
- sales to external clients	2 716 782	2 051 771	2 110 976	196 564	7 076 093
- sales to other segments	1 888 186	60 141	(1 771 417)	(176 910)	-
Net fee and commission income	773 720	766 636	(41 005)	(24 753)	1 474 598
Dividend income	-	-	14 133	-	14 133
Trading income	85 274	174 271	(100 647)	(27 616)	131 282
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	36 708	954	4 681	(118)	42 225
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	466	4 843	1 349	-	6 658
Other operating income	93 050	252 731	45 893	4 373	396 047
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(256 664)	(160 292)	(1 074)	8 671	(409 359)
Costs of legal risk related to foreign currency loans	-	-	-	(3 374 752)	(3 374 752)
Overhead costs	(1 298 925)	(713 364)	(32 176)	(20 859)	(2 065 324)
Amortisation	(288 088)	(122 657)	(6 110)	(947)	(417 802)
Other operating expenses	(85 609)	(55 059)	(35 929)	(3 150)	(179 747)
Operating profit	3 664 900	2 259 975	188 674	(3 419 497)	2 694 052
Taxes on Group balance sheet items	(350 917)	(184 397)	(12 839)	(9 900)	(558 053)
Gross profit / (loss) of the segment	3 313 983	2 075 578	175 835	(3 429 397)	2 135 999
Income tax					(878 638)
Net profit / (loss) attributable to Owners of mBank S.A.					1 257 243
Net profit / (loss) attributable to non-controlling interests					118

Business segment reporting on the activities of mBank S.A. Group for the period from 1 January to 30 September 2023 – data regarding consolidated income statement.

period from 1 January to 30 September 2023	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Net interest income	4 197 562	1 810 688	494 649	15 533	6 518 432
- sales to external clients	2 705 420	1 880 929	1 692 150	239 933	6 518 432
- sales to other segments	1 492 142	(70 241)	(1 197 501)	(224 400)	-
Net fee and commission income	743 492	783 560	(32 193)	(23 451)	1 471 408
Dividend income	-	-	4 803	-	4 803
Trading income	72 229	193 580	(229 396)	(39 623)	(3 210)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(2 867)	(4 697)	4 216	163	(3 185)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(2 268)	2 310	(49 548)	100	(49 406)
Other operating income	114 808	95 762	17 534	2 872	230 976
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(582 478)	(39 334)	(2 059)	22 326	(601 545)
Costs of legal risk related to foreign currency loans	-	-	-	(3 432 217)	(3 432 217)
Overhead costs	(1 182 507)	(671 140)	(28 724)	(31 765)	(1 914 136)
Amortisation	(252 031)	(108 436)	(3 252)	(649)	(364 368)
Other operating expenses	(108 782)	(138 648)	(44 705)	(379)	(292 514)
Operating profit	2 997 158	1 923 645	131 325	(3 487 090)	1 565 038
Taxes on Group balance sheet items	(339 082)	(183 264)	(14 777)	(20 275)	(557 398)
Gross profit / (loss) of the segment	2 658 076	1 740 381	116 548	(3 507 365)	1 007 640
Income tax					(963 345)
Net profit / (loss) attributable to Owners of mBank S.A.					44 321
Net profit / (loss) attributable to non-controlling interests					(26)

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Business segment reporting on the activities of mBank S.A. Group – data regarding consolidated statement of financial position.

30.09.2024	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Assets of the segment	75 139 166	53 271 631	107 713 986	2 449 563	238 574 346
Liabilities of the segment	138 634 736	58 972 059	22 429 515	3 209 079	223 245 389

31.12.2023	Retail Banking	Corporate and Investment Banking	Treasury and Other	FX Mortgage Loans	Total figure for the Group
Assets of the segment	69 706 463	48 643 170	104 881 163	3 749 720	226 980 516
Liabilities of the segment	129 176 019	59 232 127	22 962 582	1 872 562	213 243 290

Information about geographical areas on the activities of mBank S.A. Group for the period from 1 July to 30 September 2024 and for the period from 1 July to 30 September 2023.

	period from 1 July to 30 September 2024			period from 1 July to 30 September 2023		
	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total
Net interest income	2 453 776	117 579	2 571 355	2 147 044	137 643	2 284 687
Net fee and commission income	480 193	19 051	499 244	463 880	18 824	482 704
Dividend income	4 944	-	4 944	175	-	175
Trading income	43 685	588	44 273	(8 010)	946	(7 064)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	30 345	-	30 345	(8 065)	-	(8 065)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	2 285	(5)	2 280	2 045	(99)	1 946
Other operating income	55 503	1 190	56 693	87 885	469	88 354
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(181 112)	(10 300)	(191 412)	(249 044)	(2 651)	(251 695)
Costs of legal risk related to foreign currency loans	(970 708)	-	(970 708)	(1 083 537)	-	(1 083 537)
Overhead costs	(618 282)	(52 329)	(670 611)	(545 630)	(47 308)	(592 938)
Amortisation	(139 506)	(2 983)	(142 489)	(122 847)	(3 390)	(126 237)
Other operating expenses	(58 164)	(819)	(58 983)	(140 255)	(1 058)	(141 313)
Operating profit	1 102 959	71 972	1 174 931	543 641	103 376	647 017
Taxes on Group balance sheet items	(177 436)	(13 489)	(190 925)	(170 960)	(13 718)	(184 678)
Gross profit / (loss) of the segment	925 523	58 483	984 006	372 681	89 658	462 339
Income tax			(411 101)			(545 337)
Net profit / (loss) attributable to Owners of mBank S.A.			572 864			(83 016)
Net profit / (loss) attributable to non-controlling interests			41			18

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Information about geographical areas on the activities of mBank S.A. Group for the period from 1 January to 30 September 2024 and for the period from 1 January to 30 September 2023.

	period from 1 January to 30 September 2024			period from 1 January to 30 September 2023		
	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total
Net interest income	6 726 706	349 387	7 076 093	6 117 798	400 634	6 518 432
Net fee and commission income	1 430 658	43 940	1 474 598	1 426 272	45 136	1 471 408
Dividend income	14 133	-	14 133	4 803	-	4 803
Trading income	129 470	1 812	131 282	(6 877)	3 667	(3 210)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	42 225	-	42 225	(3 185)	-	(3 185)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	6 693	(35)	6 658	(49 047)	(359)	(49 406)
Other operating income	390 345	5 702	396 047	223 474	7 502	230 976
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(388 871)	(20 488)	(409 359)	(576 187)	(25 358)	(601 545)
Costs of legal risk related to foreign currency loans	(3 374 752)	-	(3 374 752)	(3 432 217)	-	(3 432 217)
Overhead costs	(1 919 490)	(145 834)	(2 065 324)	(1 775 802)	(138 334)	(1 914 136)
Amortisation	(408 915)	(8 887)	(417 802)	(353 789)	(10 579)	(364 368)
Other operating expenses	(175 429)	(4 318)	(179 747)	(285 000)	(7 514)	(292 514)
Operating profit	2 472 773	221 279	2 694 052	1 290 243	274 795	1 565 038
Taxes on Group balance sheet items	(518 938)	(39 115)	(558 053)	(515 009)	(42 389)	(557 398)
Gross profit / (loss) of the segment	1 953 835	182 164	2 135 999	775 234	232 406	1 007 640
Income tax			(878 638)			(963 345)
Net profit / (loss) attributable to Owners of mBank S.A.			1 257 243			44 321
Net profit / (loss) attributable to non-controlling interests			118			(26)

Information about geographical areas on the activities of mBank S.A. Group as at 30 September 2024 and as at 31 December 2023.

	30.09.2024			31.12.2023		
	Poland	Foreign Countries	Total	Poland	Foreign Countries	Total
Assets of the segment, including:	229 105 301	9 469 045	238 574 346	217 452 308	9 528 208	226 980 516
- fixed assets	3 292 400	37 705	3 330 105	3 252 775	42 529	3 295 304
- deferred income tax assets	1 068 126	9 738	1 077 864	1 369 606	9 934	1 379 540
Liabilities of the segment	206 115 730	17 129 659	223 245 389	197 104 470	16 138 820	213 243 290

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5. Net interest income

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Interest income				
Interest income accounted for using the effective interest method	3 781 412	10 572 929	3 765 266	10 915 419
Interest income of financial assets at amortised cost, including:	3 309 492	9 253 764	3 260 509	9 433 600
- Loans and advances	2 652 938	7 777 110	2 789 131	8 160 751
- Debt securities	280 747	762 536	205 988	493 631
- Cash and short-term placements	250 611	806 657	232 863	624 092
- Gains or losses on non-substantial modification (net)	106 200	(159 902)	(3 197)	32 971
- Other	18 996	67 363	35 724	122 155
Interest income on financial assets at fair value through other comprehensive income, including:	471 920	1 319 165	504 757	1 481 819
- Debt securities	471 920	1 319 165	504 757	1 481 819
Income similar to interest on financial assets at fair value through profit or loss	63 443	179 317	71 662	217 270
Financial assets held for trading, including:	13 209	44 501	19 224	58 953
- Loans and advances	1 163	3 721	1 610	4 028
- Debt securities	12 046	40 780	17 614	54 925
Non-trading financial assets mandatorily at fair value through profit or loss, including:	19 611	62 478	26 251	86 776
- Loans and advances	19 611	62 478	26 251	86 776
Interest income on derivatives classified into banking book	30 623	72 338	26 187	71 541
Total interest income	3 844 855	10 752 246	3 836 928	11 132 689

For the period of 9 month ended 30 September 2024 the item Gains or losses on non-substantial modification (net) includes a loss of PLN 146.7 million resulting from the recognition of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays"). More information on this subject is presented in Note 3.

The amount of interest income presented under Cash and short-term placements includes mainly interest income on the mandatory reserve. The item Other includes mainly interest income on cash-collateral.

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Interest expenses				
Financial liabilities held for trading	(7 099)	(15 268)	(5 638)	(13 196)
Financial liabilities measured at amortised cost, including:	(985 404)	(2 807 133)	(1 171 359)	(3 454 610)
- Deposits	(793 027)	(2 258 151)	(1 024 890)	(2 972 797)
- Loans received	(1 089)	(3 264)	(1 132)	(3 404)
- Issue of debt securities	(141 257)	(397 351)	(87 382)	(307 240)
- Subordinated liabilities	(41 012)	(123 847)	(46 867)	(138 205)
- Other financial liabilities	(8 008)	(21 496)	(10 511)	(31 094)
- Lease liabilities	(1 011)	(3 024)	(577)	(1 870)
Interest expenses on derivatives concluded under the fair value hedge	(201 372)	(595 238)	(228 709)	(653 861)
Interest expenses on derivatives concluded under the cash flow hedge	(79 603)	(258 333)	(146 513)	(492 460)
Other	(22)	(181)	(22)	(130)
Total interest expense	(1 273 500)	(3 676 153)	(1 552 241)	(4 614 257)

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6. Net fee and commission income

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Fee and commission income				
Payment cards-related fees	214 120	567 694	183 078	515 074
Credit-related fees and commissions	155 916	462 186	150 247	458 308
Commissions from currency transactions	118 975	360 307	123 540	368 700
Commissions from bank accounts	83 127	231 403	72 430	217 796
Commissions from money transfers	63 388	186 412	59 379	176 763
Fees from brokerage activity and debt securities issue	34 664	122 933	41 216	122 708
Commissions for agency service regarding sale of insurance products of external financial entities	39 377	111 771	35 045	100 758
Commissions due to guarantees granted and trade finance commissions	29 827	86 059	27 285	85 579
Commissions for agency service regarding sale of other products of external financial entities	26 286	86 033	20 296	51 651
Fees from cash services	17 110	49 888	14 900	48 123
Fees from portfolio management services and other management-related fees	9 036	24 602	6 516	18 698
Commissions on trust and fiduciary activities	7 650	23 440	7 613	22 734
Other	21 056	64 071	19 087	59 487
Total fee and commission income	820 532	2 376 799	760 632	2 246 379

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Fee and commission expense				
Payment cards-related fees	(106 514)	(272 354)	(89 057)	(242 083)
Commissions paid to external entities for sale of the Group's products	(62 952)	(177 812)	(50 654)	(147 266)
Commissions of insurance products	(3 295)	(12 585)	(3 243)	(9 594)
Commissions paid for sale of external financial entities' products	(12 485)	(47 602)	(11 949)	(28 222)
Discharged brokerage fees	(9 767)	(27 190)	(10 790)	(29 154)
Cash services	(16 788)	(47 095)	(13 953)	(42 241)
Fees to NBP, KIR and GPW Benchmark	(7 007)	(17 104)	(5 167)	(14 795)
Other discharged fees	(102 480)	(300 459)	(93 115)	(261 616)
Total fee and commission expense	(321 288)	(902 201)	(277 928)	(774 971)

7. Dividend income

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Non-trading financial assets mandatorily at fair value through profit or loss	185	4 670	175	4 258
Investments in non-consolidated subsidiaries	4 759	9 463	-	545
Total dividend income	4 944	14 133	175	4 803

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8. Net trading income

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Foreign exchange result	31 695	83 653	(22 323)	(70 895)
Net exchange differences on translation	152 935	188 729	(182 443)	7 305
Net transaction gains/losses	(121 240)	(105 076)	160 120	(78 200)
Gains or losses on financial assets and liabilities held for trading	23 692	47 057	36 041	92 494
Derivatives, including:	18 609	37 351	28 365	82 531
- <i>Interest-bearing instruments</i>	13 634	26 675	19 444	61 516
- <i>Market risk instruments</i>	4 975	10 676	8 921	21 015
Equity instruments	394	896	(347)	(1 919)
Debt securities	2 722	4 763	6 701	10 841
Loans and advances	1 829	3 220	1 322	1 041
Financial liabilities	138	827	-	-
Gains or losses from hedge accounting	(11 114)	572	(20 782)	(24 809)
Net profit on hedged items	(466 266)	(465 574)	(334 160)	(876 433)
Net profit on fair value hedging instruments	455 124	464 985	313 238	848 280
Ineffective portion of cash flow hedge	28	1 161	140	3 344
Net trading income	44 273	131 282	(7 064)	(3 210)

The foreign exchange result includes profit/(loss) on forward contracts, options, futures and recalculated assets and liabilities denominated in foreign currencies. The result on derivative transactions of interest-bearing instruments includes the result of interest rate swap contracts (for these instruments classified in the banking book, part of the result was also included in the interest income), options and other derivatives. The result of the market risk instruments operations include profit/(loss) on bond futures, index futures, security options, stock exchange index options and options on futures contracts as well as the result from securities forward transactions, commodity futures and commodity swaps.

The Group applies fair value hedge accounting and cash flow hedge accounting. Detailed information on hedge accounting are included in Note 16.

9. Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Equity instruments	28 583	41 792	(47)	20 178
Debt securities	1 475	1 565	(1 730)	4 163
Loans and advances	287	(1 132)	(6 288)	(27 526)
Total gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	30 345	42 225	(8 065)	(3 185)

10. Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Gains less losses from derecognition, including:	2 280	6 658	1 946	(49 406)
- <i>Financial assets measured at fair value through other comprehensive income</i>	2 021	5 196	2 210	(47 237)
- <i>Financial assets at amortised cost</i>	259	1 462	(264)	(2 169)
Total gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	2 280	6 658	1 946	(49 406)

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11. Other operating income

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Income from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	22 326	74 575	20 927	62 946
Income from services provided	2 805	10 221	4 396	10 443
Net income from operating lease and right-of-use assets in sublease	2 628	7 816	2 188	7 155
Rental income from investment properties	6	330	209	608
Income due to release of provisions for future commitments	8 088	34 639	7 363	30 187
Income from recovering receivables designated previously as prescribed, remitted or uncollectible	1 475	167 126	11 647	12 971
Income from compensations, penalties and fines received	177	688	252	811
Release of impairment provisions created for tangible assets and intangible assets	-	26	5	9
Net revenues from the sale of an organised part of the company mFinanse S.A.	-	-	4 500	13 500
Gains from sale and valuation of investment in subsidiaries and associates	1 793	13 473	2 529	8 192
Other	17 395	87 153	34 338	84 154
Total other operating income	56 693	396 047	88 354	230 976

Income from services provided is earned on non-banking activities.

The item Income from recovered receivables designated previously as prescribed, remitted or uncollectible includes income from recovered receivables in connection with a final court judgment favourable to the Bank in the amount of PLN 163 991 thousand.

Net income from operating lease consists of income from operating lease, income from right-of-use assets in sublease and related depreciation cost of fixed asset provided by the Group under operating lease and right-of-use assets in sublease, incurred to obtain revenue.

Net income from operating lease and right-of-use assets in sublease generated for the three quarters of 2024 and for the three quarters of 2023 is presented below.

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
- Income from operating lease	6 726	19 775	6 354	20 234
- Income from right-of-use assets in sublease	2 129	5 491	2 172	6 108
- Depreciation cost of fixed assets provided under operating lease and right-of-use assets in sublease	(6 227)	(17 450)	(6 338)	(19 187)
Total net operating income due to operating lease and subleasing right-of-use assets	2 628	7 816	2 188	7 155

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12. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Financial assets at amortised cost, including:	(174 911)	(400 378)	(242 865)	(735 467)
Debt securities	(847)	(1 338)	(689)	(1 138)
<i>Stage 1</i>	(847)	(1 338)	(689)	(1 138)
Loans and advances	(174 064)	(399 040)	(242 176)	(734 329)
<i>Stage 1</i>	(1 571)	49 201	(5 003)	(19 285)
<i>Stage 2</i>	5 780	93 072	(64 886)	(120 793)
<i>Stage 3</i>	(172 703)	(547 134)	(175 423)	(625 220)
<i>POCI</i>	(5 570)	5 821	3 136	30 969
Financial assets at fair value through other comprehensive income, including:	344	818	(243)	(1 442)
Debt securities	344	818	(243)	(1 442)
<i>Stage 1</i>	1 986	2 108	(460)	(920)
<i>Stage 2</i>	(1 642)	(1 290)	217	(522)
Commitments and guarantees given	(16 845)	(9 799)	(8 587)	135 364
<i>Stage 1</i>	(3 921)	(599)	(1 581)	(3 419)
<i>Stage 2</i>	(1 424)	370	(1 980)	(5 524)
<i>Stage 3</i>	(5 303)	(733)	(6 382)	142 505
<i>POCI</i>	(6 197)	(8 837)	1 356	1 802
Net impairment losses on financial assets not measured at fair value through profit or loss	(191 412)	(409 359)	(251 695)	(601 545)

In case when exposures are reclassified between stages, impairment on financial assets not measured at fair value through profit or loss is presented without netting, with the entire amount of the existing allowance released in the stage before the reclassification and the entire amount of the created allowance recognised in the stage after the exposure is reclassified.

13. Overhead costs

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Staff-related expenses	(394 285)	(1 169 791)	(365 839)	(1 055 341)
Material costs, including:	(259 829)	(701 546)	(213 476)	(637 419)
- <i>costs of administration and real estate services</i>	(89 532)	(269 490)	(81 536)	(256 497)
- <i>IT costs</i>	(70 106)	(205 501)	(59 505)	(183 965)
- <i>marketing costs</i>	(69 003)	(150 293)	(48 760)	(134 409)
- <i>consulting costs</i>	(26 350)	(62 320)	(18 614)	(48 739)
- <i>other material costs</i>	(4 838)	(13 942)	(5 061)	(13 809)
Taxes and fees	(12 056)	(35 623)	(10 483)	(30 246)
Contributions and transfers to the Bank Guarantee Fund	-	(146 790)	-	(181 837)
Contributions to the Social Benefits Fund	(4 441)	(11 574)	(3 122)	(9 237)
Institutional Protection Scheme	-	-	(18)	(56)
Total overhead costs	(670 611)	(2 065 324)	(592 938)	(1 914 136)

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Staff-related expenses for the three quarters of 2024 and for the three quarters of 2023 is presented below.

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Wages and salaries	(332 270)	(934 901)	(295 237)	(835 676)
Social security expenses	(57 974)	(171 623)	(50 329)	(152 620)
Remuneration concerning share-based payments, including:	(3 732)	(10 893)	(3 096)	(7 441)
- <i>share-based payments settled in mBank S.A. shares</i>	(3 578)	(10 564)	(3 001)	(7 171)
- <i>cash-settled share-based payments</i>	(154)	(329)	(95)	(270)
Other staff expenses	(309)	(52 374)	(17 177)	(59 604)
Staff-related expenses, total	(394 285)	(1 169 791)	(365 839)	(1 055 341)

14. Other operating expense

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for resale and inventories	(17 177)	(57 147)	(17 267)	(47 703)
Provisions for future commitments	(7 638)	(18 427)	(96 903)	(151 905)
Costs arising from provisions created for other receivables (excluding loans and advances)	(753)	(2 026)	(628)	(1 967)
Donations made	(1 262)	(6 829)	(484)	(5 623)
Compensation, penalties and fines paid	(1 525)	(5 314)	(174)	(1 241)
Losses from valuation of investment properties to fair value	-	(11 478)	-	-
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	(1 342)	(4 147)	(1 578)	(4 417)
Debt collection expenses	(5 522)	(15 022)	(4 554)	(13 609)
Losses from sale and valuation of investment in subsidiaries and associates	(5 322)	(14 227)	(2 704)	(16 556)
Other operating costs	(18 442)	(45 130)	(17 021)	(49 493)
Total other operating expenses	(58 983)	(179 747)	(141 313)	(292 514)

The item Costs arising from sale or liquidation of fixed assets, intangible assets, assets held for resale and inventories includes mainly the costs of mLeasing Sp. z o.o. from the sale of leasing items.

The item Provisions for future commitments in 2023 includes among others the cost of provision in the amount of PLN 80 167 thousand for the loss in the second instance of a court case brought by the Bank's corporate client regarding the validity of the CIRS transaction. mBank submitted a cassation appeal against the judgement. At the same time, at the request of mBank, a decision was issued to suspend the enforceability and effectiveness of the judgment until the cassation proceedings are completed.

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15. Earnings / (losses) per share

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Basic:				
Net profit / (loss) attributable to Owners of mBank S.A.	572 864	1 257 243	(83 016)	44 321
Weighted average number of ordinary shares	42 496 973	42 478 748	42 464 970	42 446 977
Net basic profit / (loss) per share (in PLN per share)	13.49	29.60	(1.96)	1.04
Diluted:				
Net profit / (loss) attributable to Owners of mBank S.A., applied for calculation of diluted earnings per share	572 864	1 257 243	(83 016)	44 321
Weighted average number of ordinary shares	42 496 973	42 478 748	42 464 970	42 446 977
Adjustments for:				
- subscription warrants	56 834	56 834	66 107	66 107
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 553 807	42 535 582	42 531 077	42 513 084
Diluted earnings / (losses) per share (in PLN per share)	13.47	29.56	(1.96)	1.04

16. Financial assets and liabilities held for trading and derivatives held for hedges

Financial assets held for trading and derivatives held for hedges

	30.09.2024	31.12.2023
Derivatives, including:	664 665	1 074 153
- Held for trading derivative financial instruments classified into banking book	339 020	550 507
- Held for trading derivative financial instruments classified into trading book	521 561	706 098
- Derivative financial instruments held for fair value hedging	366 156	241 597
- Derivative financial instruments held for cash flow hedging	959	3 615
- Offsetting effect	(563 031)	(427 664)
Equity instruments	11 336	10 542
- Other financial corporations	11 336	10 542
Debt securities	889 627	634 840
- General governments	676 395	397 333
- Other financial corporations	26 314	101 660
- Non-financial corporations	186 918	135 847
Loans and advances	42 564	40 498
- Corporate customers	42 564	40 498
Total financial assets held for trading and derivatives held for hedges	1 608 192	1 760 033

As at 30 September 2024 the above note includes government bonds pledged in sell/buy back transactions in the amount of PLN 618 867 thousand (as at 31 December 2023: PLN 280 193 thousand)

Financial liabilities held for trading and derivatives held for hedges

	30.09.2024	31.12.2023
Derivatives, including:	820 681	1 338 147
- Held for trading derivative financial instruments classified into banking book	143 438	207 540
- Held for trading derivative financial instruments classified into trading book	787 167	1 247 605
- Derivative financial instruments held for fair value hedging	563 152	946 888
- Derivative financial instruments held for cash flow hedging	146 994	268 616
- Offsetting effect	(820 070)	(1 332 502)
Liabilities from short sale of securities	748 047	157 607
Total financial liabilities held for trading and derivatives held for hedges	1 568 728	1 495 754

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Derivative financial instruments

The Group has the following types of derivative instruments:

Forward currency transactions represent commitments to purchase foreign and local currencies, including outstanding spot transactions.

Futures for currencies and interest rates are contractual commitments to receive or pay a specific net value, depending on currency rate of exchange or interest rate variations, or to buy or sell a foreign currency or a financial instrument on a specified future date for a fixed price established on the organised financial market. Because futures contracts are collateralised with fair-valued cash or securities and the changes of the face value of such contracts are accounted for daily in reference to stock exchange quotations, the credit risk is marginal.

FRA contracts are similar to futures except that each FRA is negotiated individually, and each requires payment on a specific future date of the difference between the interest rate set in the agreement and the current market rate on the basis of theoretical amount of capital.

Currency and interest rate swap contracts are commitments to exchange one cash flow for another cash flow. Such a transaction results in swap of currencies or interest rates (e.g. fixed to variable interest rate) or combination of all these factors (e.g. cross-currency interest rate swaps – CIRS). Except from CIRS there is no exchange of principal at the origin and maturity of the transaction. The credit risk of the Group consists of the potential cost of replacing swap contracts if the parties fail to discharge their liabilities. This risk is monitored daily by reference to the current fair value, proportion of the face value of the contracts and market liquidity. The Group evaluates the parties to such contracts using the same methods as for its credit business, to control the level of its credit exposure.

Currency and interest rate options are agreements, pursuant to which the selling party grants the buying party the right, but not an obligation, to purchase (call option) or sell (put option) a specific quantity of a foreign currency or a financial instrument at a predefined price on or by a specific date or within an agreed period. In return for accepting currency or interest rate risk, the buyer offers the seller a premium. An option can be either a public instrument traded at a stock exchange, or a private instrument negotiated between the Group and a customer (private transaction). The Group is exposed to credit risk related to purchased options only up to the balance sheet value of such options, i.e. the fair value of the options.

Market risk transactions include futures contracts as well as commodity options, stock options and index options.

Face values of certain types of financial instruments provide a basis for comparing them to instruments disclosed in the statement of financial position but they may not be indicative of the value of the future cash flows or of the present fair value of such instruments. For this reason, the face values do not indicate the level of the Group's exposure to credit risk or price change risk. Derivative instruments can have positive value (assets) or negative value (liabilities), depending on market interest or currency exchange rate fluctuations. The aggregate fair value of derivative financial instruments may be subject to strong variations.

Hedge accounting

The Group applies fair value hedge accounting and cash flow hedge accounting. Detailed information on hedge accounting are presented below.

In accordance with the IFRS9 provisions, only on the day of initial application the Group had the opportunity to choose as its accounting policy element to continue to apply the IAS 39 hedge accounting requirements instead of the IFRS 9 requirements.

The Group decided to continue from 1 January 2018, to apply the hedge accounting requirements in accordance with IAS 39. These requirements were consistently applied until 30 June 2022. Starting 1 July 2022 the Group applies the IFRS 9 hedge accounting requirements with the exception described below.

The fair value portfolio hedges of interest rate risk, where the hedged item is designated as portion that is a currency amount, continue to be accounted for in line with IAS 39 requirements.

The Group determines the hedge ratio based on the nominal value of the hedged item and hedging instrument and it is 1:1 (except for mortgage bonds issued by mBank Hipoteczny (mBH) at mBank Group hedging relationship, for which the hedged ratio was determined based on BPV (Basis Point Value)).

The sources of hedge ineffectiveness for hedging relationships for which the ineffectiveness arises include mismatch of cash flow dates and repricing periods, base mismatch (e.g. WIBOR interest rate with different tenor), nominal mismatch in case when the hedge ratio is different than 1:1, CVA/DVA mismatch which is in hedging instrument and is not in hedged instrument and mismatch due to initial valuation of hedging instruments if a previously acquired derivative was included in hedging relationship.

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Fair value hedge accounting

The Group applies fair value hedge accounting, under which the only kind of hedged risk is the risk of changes in interest rates.

At the end of each month, the Group evaluates effectiveness of the applied hedging by carrying out analysis of changes in fair value of the hedged and hedging instruments in respect of the hedged risk in order to confirm that hedging relationships are effective in accordance with the accounting policy described in Note 2.13 of Consolidated financial statements for 2023, published on 29 February 2024.

Description of the hedging relation

The Group hedges against the risk of change in fair value:

- fixed interest rate mortgage bonds issued by mBank Hipoteczny (mBH), a subsidiary of mBank. The hedged risk results from changes in interest rates,
- fixed interest rate loans received by mBank from European Investment Bank. The hedged risk results from changes in interest rates,
- fixed interest bonds issued by mBank. The hedged risk results from changes in interest rates,
- senior non-preferred bonds issued by mBank – fixed interest rate during 3 years since the issue date. The hedged risk results from changes in interest rates,
- senior non-preferred bonds issued by mBank – fixed interest rate during 5 years since the issue date. The hedged risk results from changes in interest rates,
- senior preferred bonds issued by mBank – fixed interest rate during 5 years since the issue date. The hedged risk results from changes in interest rates,
- part of the portfolio of deposits modelled by the Bank with economic characteristics of fixed rate deposits. The hedged risk results from changes in interest rates,
- part of the fixed interest rate mortgage portfolio owned by mBH. The hedged risk results from changes in interest rates.

Hedged items

The hedged items are:

- fixed interest rate mortgage bonds issued by mBH with a nominal value of EUR 402 000 thousand,
- fixed interest rate loans received by mBank from European Investment Bank with a nominal value of respectively CHF 113 110 thousand, CHF 175 560 thousand and CHF 138 388 thousand,
- fixed rate bonds issued by mBank S.A. with a nominal value of CHF 125 000 thousand,
- senior non-preferred bonds issued by mBank S.A., fixed rate during 3 years since the issue date, with nominal value of EUR 750 000 thousand,
- senior non-preferred bonds issued by mBank S.A., fixed rate during 5 years since the issue date, with nominal value of EUR 500 000 thousand,
- senior preferred bonds issued by mBank S.A., fixed rate during 5 years since the issue date, with nominal value of EUR 500 000 thousand,
- part of the portfolio of deposits modelled by the Bank with economic characteristics of fixed rate deposits,
- part of the fixed interest rate mortgage portfolio owned by mBH.

Hedging instruments

Interest Rate Swap and Overnight Index Swap are the hedging instruments swapping the fixed interest rate for a variable interest rate.

Presentation of the result from hedged and hedging transactions

Fair value adjustment of the hedged assets and liabilities as well as valuation of the hedging instruments are recognised in the income statement as trading income, with the exception of the interest element of the valuation of hedging instruments, which are presented in the item Interest income / expense on derivatives concluded under the fair value hedge.

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The total result of fair value hedge accounting recognised in the income statement

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Interest income / expense on derivatives concluded under the fair value hedge accounting (Note 5)	(201 372)	(595 238)	(228 709)	(653 861)
Net profit on hedged items (Note 8)	(466 266)	(465 574)	(334 160)	(876 433)
Net profit on fair value hedging instruments (Note 8)	455 124	464 985	313 238	848 280
The total results of fair value hedge accounting recognised in the income statement	(212 514)	(595 827)	(249 631)	(682 014)

Cash flow hedge accounting

Cash flow hedge accounting of the part of loans at a variable interest rate indexed to the market rate portfolio, granted by the Bank

The Group applies cash flow hedge accounting of the part of loans at a variable interest rate indexed to the market rate portfolio, granted by the Bank. An Interest Rate Swap is the hedging instrument changing the variable interest rate to a fixed interest rate. The interest rate risk is the hedged risk within applied by the Group cash flow hedge accounting. The ineffective portion of the gains or losses on the hedging instrument is presented in Note 8 in the position Gains or losses from hedge accounting. Portion of the gains or losses on the hedging instrument that is an effective hedge, is presented in the statement of comprehensive income as Cash flow hedges (net).

The period from October 2024 to August 2029 is the period in which the cash flows are expected, and when they are expected to have an impact on the result.

Cash flow hedges in relation to mortgage loans and mortgage bonds issued by mBank Hipoteczny

The Group applies hedge accounting with respect to cash flows of the portfolio of mortgage loans denominated in PLN and mortgage bonds denominated in EUR issued by mBank Hipoteczny. The purpose of the hedging strategy is to eliminate the risk of volatility of cash flows generated by mortgage loans in PLN due to changes in reference interest rates and mortgage bonds denominated in a convertible currency due to exchange rate changes using currency interest rate swaps (CIRS).

As part of hedge accounting, the Group designates a hedged item consisting of:

- parts of the portfolio of housing loans for retail customers entered in the collateral register for mortgage covered bonds, denominated in PLN with an interest rate indexed to 3M WIBOR, the loan margin is excluded from collateral,
- mortgage bonds issued by the mBank Hipoteczny in EUR with a fixed interest rate.

As hedging instruments, the Group uses CIRS derivative transactions in which, as a party to the transaction, it pays variable interest flows in PLN increased by a margin and receives fixed interest rates in EUR and the denominations are exchanged at the beginning and at the end of the transaction. As transactions concluded by a mortgage bank, CIRS transactions are subject to entry in the register of covered bond collateral. In addition, if the bank's bankruptcy is announced by the court, it will not be immediately terminated, it will last until the end of the original maturity on the conditions specified on the date of the transaction (they will not be extended beyond the original maturity).

The Group hedges the interest rate risk and currency risk within one economic relationship between the concluded CIRS transactions and part of the loan portfolio in PLN and mortgage bonds financing them in EUR. For the purposes of cash flow hedge accounting, the Group simultaneously establishes two hedging relationships:

- by decomposing the part of the actual CIRS transaction securing the portfolio of loans in PLN with a variable interest rate (hedging against interest rate risk) and,
- by decomposing the actual portion of the CIRS transaction securing the liability in EUR (protection against currency risk).

For the purpose of calculating changes in the fair value of future cash flows of items being hedged, the Group uses the "hypothetical derivative" method, which assumes the possibility of reflecting the hedged item and the characteristics of the risk being hedged in the form of a derivative. The valuation principles are analogous to the principles for the valuation of interest rate derivatives, however, as required by IFRS 9, features that do not exist in the hedged item, such as currency basis spread, are not included in the valuation.

Due to the fact that currency basis spread needs to be included in valuation of CIRS contracts, the Group applies the option in IFRS 9 to separate this element from the fair value of hedging instruments and defers it in Other components of equity in the line Cost of hedging.

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In the case of established relationships, the period in which cash flows are expected and when they should be expected to influence the results is the period from October 2024 to September 2025.

The following note presents other comprehensive income due to cash flow hedges for the period from 1 July to 30 September 2024, from 1 January to 30 September 2024 and for the period from 1 July to 30 September 2023 from 1 January to 30 September 2023.

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
CASH FLOW HEDGE				
Other gross comprehensive income from cash flow hedge at the beginning of the period	(277 813)	(388 226)	(636 029)	(983 788)
Gains/losses resulting from hedge included in other gross comprehensive income during the reporting period	(14 543)	(93 360)	84 485	14 417
The amount transferred in the period from other comprehensive income to profit and loss	89 773	279 003	90 923	508 750
- <i>net interest income</i>	79 603	258 333	146 513	492 460
- <i>foreign exchange result</i>	10 170	20 670	(55 590)	16 290
Accumulated other gross comprehensive income from cash flow hedge at the end of the reporting period	(202 583)	(202 583)	(460 621)	(460 621)
Income tax on accumulated other comprehensive income at the end of the reporting period	38 491	38 491	87 518	87 518
Accumulated other net comprehensive income from cash flow hedge at the end of the reporting period	(164 092)	(164 092)	(373 103)	(373 103)
Impact on other comprehensive income in the reporting period (gross)	75 230	185 643	175 408	523 167
Income tax on cash flow hedges	(14 294)	(35 272)	(33 328)	(99 402)
Impact of cash flow hedge on other comprehensive income in the reporting period (net)	60 936	150 371	142 080	423 765
COST OF HEDGE				
Other gross comprehensive income from cost of hedge at the beginning of the period	2 570	7 890	16 360	33 463
Gains/losses resulting from hedge accounting cost included in other comprehensive income during the reporting period (gross)	(2 496)	(8 195)	12 949	(4 344)
The amount transferred in the period from other comprehensive income to profit and loss	189	568	189	379
- <i>Amount of amortisation from separate component of equity to profit or loss related to the foreign currency basis spread from the time of designation</i>	189	568	189	379
Accumulated other gross comprehensive income from cost of hedge at the end of the reporting period	263	263	29 498	29 498
Income tax on accumulated other comprehensive income at the end of the reporting period	(50)	(50)	(5 604)	(5 604)
Accumulated other net comprehensive income from cost of hedge at the end of the reporting period	213	213	23 894	23 894
Impact on other comprehensive income in the reporting period (gross)	(2 307)	(7 627)	13 138	(3 965)
Income tax on cost of hedges	438	1 449	(2 496)	754
Impact of cost of hedge on other comprehensive income in the reporting period (net)	(1 869)	(6 178)	10 642	(3 211)
Gains/losses recognised in comprehensive income (gross) during the reporting period, including:				
Unrealised gains/losses included in other comprehensive income (gross)	72 923	178 016	188 546	519 202
Results of cash flow hedge accounting recognised in the income statement	(89 745)	(277 842)	(90 783)	(505 406)
- <i>amount included as interest income / expense in income statement during the reporting period (Note 5)</i>	(79 603)	(258 333)	(146 513)	(492 460)
- <i>ineffective portion of hedge recognised included in other net trading income in income statement (Note 8)</i>	28	1 161	140	3 344
- <i>foreign exchange result</i>	(10 170)	(20 670)	55 590	(16 290)
Impact on other comprehensive income in the reporting period (gross)	(16 822)	(99 826)	97 763	13 796

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17. Non-trading financial assets mandatorily at fair value through profit or loss

	30.09.2024	31.12.2023
Equity instruments	356 150	244 941
- Other financial corporations	246 885	191 395
- Non-financial corporations	109 265	53 546
Debt securities	25 324	50 144
- Other financial corporations	25 324	50 144
Loans and advances	514 949	603 713
- Individual customers	460 488	536 920
- Corporate customers	54 414	66 676
- Public sector customers	47	117
Total non-trading financial assets mandatorily at fair value through profit or loss	896 423	898 798
Short-term (up to 1 year)	443 611	517 858
Long-term (over 1 year)	452 812	380 940

18. Financial assets at fair value through other comprehensive income

30.09.2024	Carrying amount	Gross carrying amount including valuation to fair value				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	31 025 034	30 867 081	167 800	-	-	(7 696)	(2 151)	-	-
- Central banks	9 380 830	9 382 301	-	-	-	(1 471)	-	-	-
- General governments	19 418 368	19 421 248	-	-	-	(2 880)	-	-	-
- Credit institutions	487 477	488 229	-	-	-	(752)	-	-	-
- Other financial institutions	1 061 236	1 006 018	56 844	-	-	(661)	(965)	-	-
- Non-financial corporations	677 123	569 285	110 956	-	-	(1 932)	(1 186)	-	-
Total financial assets at fair value through other comprehensive income	31 025 034	30 867 081	167 800	-	-	(7 696)	(2 151)	-	-

Short-term (up to 1 year) gross 19 238 902

Long-term (over 1 year) gross 11 795 979

31.12.2023	Carrying amount	Gross carrying amount including valuation to fair value				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	36 965 077	36 947 018	28 800	-	-	(9 879)	(862)	-	-
- Central banks	18 437 136	18 440 343	-	-	-	(3 207)	-	-	-
- General governments	15 883 079	15 885 813	-	-	-	(2 734)	-	-	-
- Credit institutions	479 769	480 464	-	-	-	(695)	-	-	-
- Other financial institutions	1 567 142	1 540 594	28 800	-	-	(1 390)	(862)	-	-
- Non-financial corporations	597 951	599 804	-	-	-	(1 853)	-	-	-
Total financial assets at fair value through other comprehensive income	36 965 077	36 947 018	28 800	-	-	(9 879)	(862)	-	-

Short-term (up to 1 year) gross 23 401 182

Long-term (over 1 year) gross 13 574 636

As at 30 September 2024, the above note includes government bonds pledged under the Bank Guarantee Fund, government bonds serving as collateral for loans received from the European Investment Bank, government bonds pledged in sell/buy back transactions and securities issued by the European Investment Bank serving as collateral in connection with securitization transactions in the total amount of PLN 672 453 thousand (as at 31 December 2023: PLN 1 001 636 thousand).

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Movements in expected credit losses allowance on financial assets at fair value through other comprehensive income

30.09.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(9 879)	(862)	-	-	(10 741)
Changes affecting the profit and loss account, including:	2 108	(1 290)	-	-	818
<i>Transfer to Stage 2</i>	520	(520)	-	-	-
<i>Increases due to grants and acquisitions</i>	(19 772)	-	-	-	(19 772)
<i>Decreases due to derecognition</i>	21 474	30	-	-	21 504
<i>Changes due to changes in credit risk (net)</i>	(114)	(800)	-	-	(914)
Other movements	75	1	-	-	76
As at the end of the period	(7 696)	(2 151)	-	-	(9 847)
TOTAL	(7 696)	(2 151)	-	-	(9 847)
31.12.2023	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(8 559)	-	-	-	(8 559)
Changes affecting the profit and loss account, including:	(1 325)	(862)	-	-	(2 187)
<i>Transfer to Stage 1</i>	(256)	256	-	-	-
<i>Transfer to Stage 2</i>	355	(355)	-	-	-
<i>Increases due to grants and acquisitions</i>	(43 001)	-	-	-	(43 001)
<i>Decreases due to derecognition</i>	43 051	271	-	-	43 322
<i>Changes due to changes in credit risk (net)</i>	(1 474)	(1 034)	-	-	(2 508)
Other movements	5	-	-	-	5
As at the end of the period	(9 879)	(862)	-	-	(10 741)
TOTAL	(9 879)	(862)	-	-	(10 741)

Explanation of changes in the financial instruments gross carrying amount including valuation to fair value impacting the changes on expected credit losses allowance

30.09.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	36 947 018	28 800	-	-	36 975 818
Transfer to Stage 2	(139 086)	139 086	-	-	-
Increases due to grants and acquisitions	124 694 628	-	-	-	124 694 628
Decreases due to derecognition	(131 459 168)	(1 432)	-	-	(131 460 600)
Other movements	823 689	1 346	-	-	825 035
As at the end of the period	30 867 081	167 800	-	-	31 034 881
TOTAL	30 867 081	167 800	-	-	31 034 881
31.12.2023	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	35 126 009	-	-	-	35 126 009
Transfer to Stage 1	20 486	(20 486)	-	-	-
Transfer to Stage 2	(66 590)	66 590	-	-	-
Increases due to grants and acquisitions	238 874 139	-	-	-	238 874 139
Decreases due to derecognition	(243 078 427)	(17 985)	-	-	(243 096 412)
Other movements	6 071 401	681	-	-	6 072 082
As at the end of the period	36 947 018	28 800	-	-	36 975 818
TOTAL	36 947 018	28 800	-	-	36 975 818

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19. Financial assets at amortised cost

30.09.2024	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	31 363 788	31 369 102	-	-	-	(5 314)	-	-	-
- General governments	22 848 435	22 852 584	-	-	-	(4 149)	-	-	-
- Credit institutions	3 411 597	3 412 117	-	-	-	(520)	-	-	-
- Other financial corporations	5 103 756	5 104 401	-	-	-	(645)	-	-	-
Loans and advances to banks	17 503 613	17 500 762	3 418	-	-	(543)	(24)	-	-
Loans and advances to customers	123 274 280	106 032 616	15 820 052	4 738 281	355 171	(346 748)	(587 710)	(2 741 123)	3 741
Individual customers	67 228 477	57 727 662	8 845 454	2 407 608	258 999	(170 172)	(475 945)	(1 306 589)	(58 540)
Corporate customers	55 899 761	48 226 643	6 915 056	2 300 843	96 172	(176 434)	(108 013)	(1 416 787)	62 281
Public sector customers	146 042	78 311	59 542	29 830	-	(142)	(3 752)	(17 747)	-
Total financial assets at amortised cost	172 141 681	154 902 480	15 823 470	4 738 281	355 171	(352 605)	(587 734)	(2 741 123)	3 741
Short-term (up to 1 year) gross	69 006 354								
Long-term (over 1 year) gross	106 813 048								

31.12.2023	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	23 323 690	23 327 618	-	-	-	(3 928)	-	-	-
- General governments	15 666 682	15 669 481	-	-	-	(2 799)	-	-	-
- Credit institutions	3 386 338	3 386 920	-	-	-	(582)	-	-	-
- Other financial corporations	4 270 670	4 271 217	-	-	-	(547)	-	-	-
Loans and advances to banks	7 119 059	7 117 631	1 805	-	-	(345)	(32)	-	-
Loans and advances to customers	112 876 580	96 398 711	15 350 369	4 609 500	226 199	(396 152)	(677 083)	(2 687 978)	53 014
Individual customers	63 642 537	54 168 098	8 986 652	2 410 392	158 019	(193 087)	(520 983)	(1 336 639)	(29 915)
Corporate customers	49 109 195	42 163 462	6 298 089	2 199 108	68 180	(202 945)	(148 289)	(1 351 339)	82 929
Public sector customers	124 848	67 151	65 628	-	-	(120)	(7 811)	-	-
Total financial assets at amortised cost	143 319 329	126 843 960	15 352 174	4 609 500	226 199	(400 425)	(677 115)	(2 687 978)	53 014
Short-term (up to 1 year) gross	48 574 543								
Long-term (over 1 year) gross	98 457 290								

As of 30 September 2024, the above note includes government bonds pledged under the Bank Guarantee Fund, government bonds serving as collateral for loans received from the European Investment Bank, and securities issued by the European Investment Bank serving as collateral in connection with securitization transactions in the total amount of PLN 3 055 550 thousand (as of 31 December 2023: PLN 2 983 041 thousand).

The item loans and advances to individual customers also includes loans granted to microenterprises serviced by mBank S.A. Retail Banking.

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Loans and advances to customers

Loans and advances to customers 30.09.2024	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	15 301 611	7 833 340	7 458 585	9 686
Term loans, including:	88 170 011	61 031 714	26 980 300	157 997
- housing and mortgage loans to natural persons	45 075 011	45 075 011		
Reverse repo or buy/sell back	4 006 477	-	4 006 477	-
Finance leases	15 134 372	-	15 134 372	-
Other loans and advances	3 829 293	-	3 829 293	-
Other receivables	504 356	374 669	129 687	-
Total gross carrying amount	126 946 120	69 239 723	57 538 714	167 683
Loans and advances to customers 30.09.2024	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	(1 069 312)	(807 914)	(261 330)	(68)
Term loans, including:	(1 903 163)	(1 203 332)	(678 258)	(21 573)
- housing and mortgage loans to natural persons	(446 918)	(446 918)		
Finance leases	(627 048)	-	(627 048)	-
Other loans and advances	(64 759)	-	(64 759)	-
Other receivables	(7 558)	-	(7 558)	-
Total accumulated impairment	(3 671 840)	(2 011 246)	(1 638 953)	(21 641)
Total gross carrying amount	126 946 120	69 239 723	57 538 714	167 683
Total accumulated impairment	(3 671 840)	(2 011 246)	(1 638 953)	(21 641)
Total carrying amount	123 274 280	67 228 477	55 899 761	146 042
Short-term (up to 1 year) gross	42 622 340			
Long-term (over 1 year) gross	84 323 780			
Loans and advances to customers 31.12.2023	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	14 255 338	8 015 731	6 231 569	8 038
Term loans, including:	83 353 746	57 541 623	25 687 382	124 741
- housing and mortgage loans to natural persons	43 121 382	43 121 382		
Reverse repo or buy/sell back	899 340	-	899 340	-
Finance leases	14 234 472	-	14 234 472	-
Other loans and advances	3 561 752	-	3 561 752	-
Other receivables	280 131	165 807	114 324	-
Total gross carrying amount	116 584 779	65 723 161	50 728 839	132 779
Loans and advances to customers 31.12.2023	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public customers
Current accounts	(1 041 837)	(832 953)	(208 838)	(46)
Term loans, including:	(2 035 613)	(1 247 671)	(780 057)	(7 885)
- housing and mortgage loans to natural persons	(486 982)	(486 982)		
Finance leases	(569 896)	-	(569 896)	-
Other loans and advances	(54 595)	-	(54 595)	-
Other receivables	(6 258)	-	(6 258)	-
Total accumulated impairment	(3 708 199)	(2 080 624)	(1 619 644)	(7 931)
Total gross carrying amount	116 584 779	65 723 161	50 728 839	132 779
Total accumulated impairment	(3 708 199)	(2 080 624)	(1 619 644)	(7 931)
Total carrying amount	112 876 580	63 642 537	49 109 195	124 848
Short-term (up to 1 year) gross	37 643 371			
Long-term (over 1 year) gross	78 941 408			

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The currency structure of housing and mortgage loans granted to natural persons

	30.09.2024	31.12.2023
Net housing and mortgage loans to natural persons (in PLN thousand), including:	44 628 093	42 634 400
- PLN	36 734 566	32 993 018
- CHF	903 813	1 852 703
- EUR	3 023 320	3 361 632
- CZK	3 929 427	4 330 701
- USD	28 896	86 934
- Other	8 071	9 412
Net housing and mortgage loans to natural persons in original currencies (main currencies in thousand)		
- PLN	36 734 566	32 993 018
- CHF	199 610	395 640
- EUR	706 532	773 144
- CZK	23 114 276	24 620 244
- USD	7 566	22 093

The table above includes loans and advances at amortised cost and does not include the loans and advances measured at fair value through profit or loss.

The structure of concentration of carrying amounts of exposure of mBank Group

30.09.2024											
No.	Sectors	Carrying amount	Gross carrying amount				%	Accumulated impairment			
			Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI
1.	Individual customers	67 228 477	57 727 662	8 845 454	2 407 608	258 999	54.54%	(170 172)	(475 945)	(1 306 589)	(58 540)
2.	Real estate	6 635 712	5 599 982	842 301	441 919	21 984	5.44%	(21 011)	(29 263)	(237 773)	17 573
3.	Construction	5 285 499	4 610 054	518 956	383 610	13 575	4.35%	(18 195)	(9 096)	(202 479)	(10 926)
4.	Financial activities	5 138 654	5 061 956	60 534	10 577	9 965	4.05%	(3 950)	(825)	(9 751)	10 148
5.	Food sector	3 593 706	2 998 638	600 067	51 095	-	2.88%	(8 893)	(14 247)	(32 954)	-
6.	Power and heating distribution	3 193 930	3 138 289	72 342	69 912	-	2.58%	(28 364)	(1 618)	(56 631)	-
7.	Transport and logistics	3 120 563	2 527 939	494 513	211 764	811	2.55%	(6 326)	(6 219)	(115 108)	13 189
8.	Motorisation	2 460 669	2 180 701	270 753	35 877	-	1.96%	(4 343)	(1 787)	(21 352)	820
9.	Metals	2 325 372	1 725 182	562 833	138 592	7 657	1.92%	(5 963)	(7 513)	(90 924)	(4 492)
10.	Scientific and technical activities	2 091 297	1 945 613	129 471	69 690	5 086	1.69%	(6 479)	(2 096)	(44 912)	(5 076)
11.	Construction materials	2 029 222	1 608 138	405 733	49 486	11 185	1.63%	(3 827)	(4 625)	(30 132)	(6 736)
12.	Chemicals and plastic products	1 628 261	1 445 410	156 065	58 156	239	1.31%	(5 026)	(1 487)	(27 352)	2 256
13.	Wholesale trade	1 537 137	1 240 905	262 524	131 383	186	1.29%	(4 013)	(2 678)	(91 029)	(141)
14.	Human health	1 510 911	1 349 984	169 964	13 828	3	1.21%	(9 000)	(3 349)	(10 519)	-
15.	Retail trade	1 398 084	1 187 579	194 658	51 746	277	1.13%	(3 739)	(3 103)	(29 330)	(4)
16.	Wood, furniture and paper products	1 388 525	888 084	439 013	66 780	2	1.10%	(3 128)	(2 405)	(42 636)	42 815
17.	Fuel	1 196 540	1 086 479	44 544	146 971	102	1.01%	(2 751)	(287)	(81 802)	3 284
18.	Rental and leasing activities	1 123 601	1 017 512	99 116	31 196	-	0.90%	(2 242)	(1 000)	(20 981)	-
19.	IT	1 057 826	1 013 366	38 908	35 023	1	0.86%	(3 749)	(705)	(25 018)	-
20.	Other	9 330 294	7 679 143	1 612 303	333 068	25 099	7.60%	(35 577)	(19 462)	(263 851)	(429)
Total		123 274 280	106 032 616	15 820 052	4 738 281	355 171	100.00%	(346 748)	(587 710)	(2 741 123)	3 741

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31.12.2023											
No.	Sectors	Carrying amount	Gross carrying amount				%	Accumulated impairment			
			Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI
1.	Individual customers	63 642 537	54 168 098	8 986 652	2 410 392	158 019	56.37%	(193 087)	(520 983)	(1 336 639)	(29 915)
2.	Real estate	6 321 030	5 288 120	865 845	444 702	17 680	5.68%	(36 655)	(50 211)	(227 658)	19 207
3.	Construction	4 616 829	3 923 440	496 613	481 884	11 722	4.21%	(23 648)	(9 615)	(271 435)	7 868
4.	Food sector	3 330 682	2 874 320	423 340	115 650	-	2.93%	(8 529)	(15 154)	(58 945)	-
5.	Transport and logistics	3 247 718	2 782 211	403 475	147 882	834	2.86%	(7 308)	(5 894)	(86 662)	13 180
6.	Power and heating distribution	2 389 976	2 384 193	22 159	69 805	-	2.12%	(30 149)	(335)	(55 697)	-
7.	Metals	2 297 587	1 894 098	389 582	36 537	14 091	2.00%	(5 486)	(4 581)	(26 172)	(482)
8.	Financial activities	2 156 460	2 108 757	50 446	10 791	16	1.86%	(2 812)	(755)	(9 983)	-
9.	Motorisation	2 137 351	1 903 344	218 663	41 892	-	1.86%	(3 812)	(1 745)	(21 927)	936
10.	Scientific and technical activities	2 025 214	1 853 450	162 978	68 135	6 372	1.79%	(14 499)	(3 849)	(41 011)	(6 362)
11.	Construction materials	1 979 311	1 520 686	449 412	41 944	10 853	1.74%	(4 154)	(2 693)	(30 587)	(6 150)
12.	Chemicals and plastic products	1 640 981	1 441 377	165 341	108 355	247	1.47%	(2 838)	(1 430)	(73 398)	3 327
13.	Retail trade	1 438 006	1 258 603	157 117	66 788	9	1.27%	(3 288)	(2 552)	(38 671)	-
14.	Wholesale trade	1 354 753	1 133 374	184 170	140 477	-	1.25%	(2 948)	(1 672)	(98 648)	-
15.	Human health	1 329 502	1 186 138	156 519	10 029	3	1.16%	(11 916)	(3 831)	(7 440)	-
16.	Wood, furniture and paper products	1 158 284	833 026	274 150	97 901	2	1.03%	(2 631)	(2 483)	(85 185)	43 504
17.	Rental and leasing activities	1 086 180	917 003	166 637	24 745	-	0.95%	(2 458)	(1 106)	(18 641)	-
18.	Fuel	1 083 435	934 854	153 882	12 213	99	0.94%	(2 451)	(19 552)	(2 645)	7 035
19.	IT	993 231	946 796	42 659	36 605	1	0.88%	(5 281)	(713)	(26 836)	-
20.	Other	8 647 513	7 046 823	1 580 729	242 773	6 251	7.63%	(32 202)	(27 929)	(169 798)	866
Total		112 876 580	96 398 711	15 350 369	4 609 500	226 199	100.00%	(396 152)	(677 083)	(2 687 978)	53 014

Movements in expected credit losses allowance

30.09.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(3 928)	-	-	-	(3 928)
Changes affecting the profit and loss account, including:	(1 338)	-	-	-	(1 338)
<i>Increases due to grants and acquisitions</i>	(1 867)	-	-	-	(1 867)
<i>Decreases due to derecognition</i>	503	-	-	-	503
<i>Changes in credit risk (net)</i>	26	-	-	-	26
Other movements	(48)	-	-	-	(48)
As at the end of the period	(5 314)	-	-	-	(5 314)
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	(345)	(32)	-	-	(377)
Changes affecting the profit and loss account, including:	378	219	-	-	597
<i>Transfer to Stage 1</i>	(32)	32	-	-	-
<i>Transfer to Stage 2</i>	54	(54)	-	-	-
<i>Increases due to grants and acquisitions</i>	(1 081)	(385)	-	-	(1 466)
<i>Decreases due to derecognition</i>	589	383	-	-	972
<i>Changes in credit risk (net)</i>	848	243	-	-	1 091
Other movements	(576)	(211)	-	-	(787)
As at the end of the period	(543)	(24)	-	-	(567)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(396 152)	(677 083)	(2 687 978)	53 014	(3 708 199)
Changes affecting the profit and loss account, including:	48 823	92 853	(547 134)	5 821	(399 637)
<i>Transfer to Stage 1</i>	(228 202)	220 655	7 547	-	-
<i>Transfer to Stage 2</i>	81 692	(134 742)	53 050	-	-
<i>Transfer to Stage 3</i>	5 043	211 882	(216 925)	-	-
<i>Increases due to grants and acquisitions</i>	(114 040)	(16 347)	(177 036)	(12 907)	(320 330)
<i>Decreases due to derecognition</i>	52 959	51 511	302 854	(92 880)	314 444
<i>Changes in credit risk (net)</i>	251 371	(240 106)	(516 624)	111 608	(393 751)
Write-offs	-	-	603 107	94 570	697 677
Other movements	581	(3 480)	(109 118)	(149 664)	(261 681)
As at the end of the period	(346 748)	(587 710)	(2 741 123)	3 741	(3 671 840)
TOTAL	(352 605)	(587 734)	(2 741 123)	3 741	(3 677 721)

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31.12.2023	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(2 931)	-	-	-	(2 931)
Changes affecting the profit and loss account, including:	(1 020)	-	-	-	(1 020)
<i>Increases due to grants and acquisitions</i>	(1 359)	-	-	-	(1 359)
<i>Decreases due to derecognition</i>	948	-	-	-	948
<i>Changes in credit risk (net)</i>	(609)	-	-	-	(609)
Other movements	23	-	-	-	23
As at the end of the period	(3 928)	-	-	-	(3 928)
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	(563)	(940)	-	-	(1 503)
Changes affecting the profit and loss account, including:	48	707	-	-	755
<i>Transfer to Stage 1</i>	(84)	84	-	-	-
<i>Transfer to Stage 2</i>	38	(38)	-	-	-
<i>Increases due to grants and acquisitions</i>	(713)	(418)	-	-	(1 131)
<i>Decreases due to derecognition</i>	822	782	-	-	1 604
<i>Changes in credit risk (net)</i>	(15)	297	-	-	282
Other movements	170	201	-	-	371
As at the end of the period	(345)	(32)	-	-	(377)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(402 616)	(385 880)	(2 511 202)	45 486	(3 254 212)
Changes affecting the profit and loss account, including:	1 580	(292 136)	(918 715)	33 843	(1 175 428)
<i>Transfer to Stage 1</i>	(264 783)	256 258	8 525	-	-
<i>Transfer to Stage 2</i>	171 201	(233 788)	62 587	-	-
<i>Transfer to Stage 3</i>	7 936	303 178	(311 114)	-	-
<i>Increases due to grants and acquisitions</i>	(131 754)	(21 585)	(162 325)	20 262	(295 402)
<i>Decreases due to derecognition</i>	69 592	18 884	169 499	(32 192)	225 783
<i>Changes in credit risk (net)</i>	149 388	(615 083)	(685 887)	45 773	(1 105 809)
Write-offs	-	-	882 822	10 868	893 690
Other movements	4 884	933	(140 883)	(37 183)	(172 249)
As at the end of the period	(396 152)	(677 083)	(2 687 978)	53 014	(3 708 199)
TOTAL	(400 425)	(677 115)	(2 687 978)	53 014	(3 712 504)

Explanation of changes in the gross carrying amount impacting the changes on expected credit losses allowance

30.09.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	23 327 618	-	-	-	23 327 618
Increases due to grants and acquisitions	9 489 855	-	-	-	9 489 855
Decreases due to derecognition	(3 460 411)	-	-	-	(3 460 411)
Other movements	2 012 040	-	-	-	2 012 040
As at the end of the period	31 369 102	-	-	-	31 369 102
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	7 117 631	1 805	-	-	7 119 436
Transfer to Stage 1	2 289	(2 289)	-	-	-
Transfer to Stage 2	(4 605)	4 605	-	-	-
Increases due to grants and acquisitions	94 904 328	28 240	-	-	94 932 568
Decreases due to derecognition	(84 747 899)	(26 872)	-	-	(84 774 771)
Other movements	229 018	(2 071)	-	-	226 947
As at the end of the period	17 500 762	3 418	-	-	17 504 180
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	96 398 711	15 350 369	4 609 500	226 199	116 584 779
Transfer to Stage 1	7 154 377	(7 118 163)	(36 214)	-	-
Transfer to Stage 2	(10 629 455)	10 879 949	(250 494)	-	-
Transfer to Stage 3	(357 721)	(1 414 169)	1 771 890	-	-
Increases due to grants and acquisitions	72 788 680	1 961 584	353 615	184 863	75 288 742
Decreases due to derecognition	(55 541 714)	(3 040 164)	(907 344)	25 134	(59 464 088)
Write-offs	-	-	(603 107)	(94 570)	(697 677)
Other movements	(3 780 262)	(799 354)	(199 565)	13 545	(4 765 636)
As at the end of the period	106 032 616	15 820 052	4 738 281	355 171	126 946 120
TOTAL	154 902 480	15 823 470	4 738 281	355 171	175 819 402

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31.12.2023	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	19 005 458	-	-	-	19 005 458
Increases due to grants and acquisitions	7 820 296	-	-	-	7 820 296
Decreases due to derecognition	(5 922 252)	-	-	-	(5 922 252)
Other movements	2 424 116	-	-	-	2 424 116
As at the end of the period	23 327 618	-	-	-	23 327 618
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	9 568 871	2 261	-	-	9 571 132
Transfer to Stage 1	19 031	(19 031)	-	-	-
Transfer to Stage 2	(18 418)	18 418	-	-	-
Increases due to grants and acquisitions	130 014 553	52 895	-	-	130 067 448
Decreases due to derecognition	(132 156 807)	(50 988)	-	-	(132 207 795)
Other movements	(309 599)	(1 750)	-	-	(311 349)
As at the end of the period	7 117 631	1 805	-	-	7 119 436
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	109 531 005	8 311 891	4 512 035	229 311	122 584 242
Transfer to Stage 1	5 835 657	(5 773 860)	(61 797)	-	-
Transfer to Stage 2	(16 143 215)	16 489 682	(346 467)	-	-
Transfer to Stage 3	(459 933)	(1 645 768)	2 105 701	-	-
Increases due to grants and acquisitions	80 078 806	1 492 365	414 652	82 596	82 068 419
Decreases due to derecognition	(72 137 393)	(2 357 100)	(997 194)	(60 184)	(75 551 871)
Write-offs	-	-	(882 822)	(10 868)	(893 690)
Other movements	(10 306 216)	(1 166 841)	(134 608)	(14 656)	(11 622 321)
As at the end of the period	96 398 711	15 350 369	4 609 500	226 199	116 584 779
TOTAL	126 843 960	15 352 174	4 609 500	226 199	147 031 833

20. Intangible assets

	30.09.2024	31.12.2023
Goodwill	24 228	24 228
Patents, licences and similar assets, including:	1 396 278	1 326 410
- computer software	1 236 866	1 124 975
Other intangible assets	1 046	1 114
Intangible assets under development	395 785	350 187
Total intangible assets	1 817 337	1 701 939

21. Tangible assets

	30.09.2024	31.12.2023
Fixed assets, including:	708 542	668 259
- land	202	202
- buildings and structures	29 346	31 585
- equipment	232 176	222 133
- vehicles	251 675	205 539
- other fixed assets	195 143	208 800
Fixed assets under construction	35 336	84 479
The right to use, including:	668 404	728 663
- real estate	663 426	723 764
- the right of perpetual usufruct of land	1 761	2 114
- cars	2 870	2 234
- other	347	551
Total tangible assets	1 412 282	1 481 401

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22. Investment properties

The Investment property item includes the value of the building at 14 Królewska St. in Warsaw. The building is intended for rent.

	30.09.2024	31.12.2023
Gross value as at the beginning of the period	111 964	136 909
Decrease (due to):	(11 478)	(24 945)
- revaluation losses from fair value adjustments	(11 478)	(24 945)
As at the end of the period	100 486	111 964

23. Other assets

	30.09.2024	31.12.2023
Other financial assets, including:	1 477 098	1 453 718
- debtors, including:	1 237 746	1 201 057
- settlements of cash deposit machines and cash sorting companies	537 834	560 843
- settlements of payment cards	2 926	57 664
- accrued income	126 458	151 165
- interbank balances	66 954	56 334
- settlements of securities transactions	45 940	45 162
Other non-financial assets, including:	1 062 153	1 145 051
- other accruals	132 644	150 790
- inventories	333 157	368 686
- non-financial receivables due to final verdicts in legal proceedings relating to loans in foreign currencies	542 742	499 198
- other	53 610	126 377
Total other assets	2 539 251	2 598 769

24. Financial liabilities measured at amortised cost**Amounts due to banks and customers**

30.09.2024	Amount due to banks	Amount due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	1 339 246	191 925 413	137 128 187	53 915 218	882 008
Current accounts	727 139	154 194 200	112 875 168	40 462 424	856 608
Term deposits	125 904	36 715 368	24 253 019	12 436 949	25 400
Repo or sell/buy back transactions	486 203	1 015 845	-	1 015 845	-
Loans and advances received	1 910 626	-	-	-	-
Other financial liabilities	558 739	1 574 514	292 669	1 281 838	7
Liabilities in respect of cash collaterals	280 854	532 931	37 459	495 472	-
Other	277 885	1 041 583	255 210	786 366	7
Total financial liabilities measured at amortised cost	3 808 611	193 499 927	137 420 856	55 197 056	882 015
Short-term (up to 1 year)	3 186 717	193 283 606			
Long-term (over 1 year)	621 894	216 321			

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31.12.2023	Amount due to banks	Amount due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	672 902	183 923 224	128 162 427	55 144 648	616 149
Current accounts	353 417	147 695 054	103 034 512	44 066 526	594 016
Term deposits	191 337	36 052 744	25 127 915	10 902 696	22 133
Repo or sell/buy back transactions	128 148	175 426	-	175 426	-
Loans and advances received	1 938 343	-	-	-	-
Other financial liabilities	704 057	1 544 231	249 923	1 294 305	3
Liabilities in respect of cash collaterals	557 017	537 095	37 600	499 495	-
Other	147 040	1 007 136	212 323	794 810	3
Total financial liabilities measured at amortised cost	3 315 302	185 467 455	128 412 350	56 438 953	616 152
Short-term (up to 1 year)	1 320 063	185 234 011			
Long-term (over 1 year)	1 995 239	233 444			

In the item Liabilities to individual customers, the Group also presents liabilities to microenterprises serviced by mBank Retail Banking.

The Group did not record any breaches of contractual terms related to liabilities under loans and credits.

Debt securities issued

	30.09.2024	31.12.2023
Debt securities issued	12 310 939	11 105 165

As at 30 September 2024 the item Debt securities issued includes among others the liabilities due to issue of credit linked notes ("CLNs") related to the synthetic securitisation transaction referencing a portfolio of corporate and small and medium enterprises loans with a total value of PLN 1 220 021 thousand (PLN 1 614 189 thousand as at 31 December 2023).

Synthetic securitization transactions were executed on portfolios of corporate loans, small and medium-sized enterprises and retail loans with a total initial nominal value of PLN 22.6 billion. The nominal value of the securitized portfolio as of 30 September 2024 was PLN 15.7 billion.

The detailed information about the abovementioned transactions is presented in the Note 29 of Consolidated financial statements of mBank S.A. Group for 2023, published on 29 February 2024.

The Group did not record any breaches of covenants relating to liabilities under debt securities issued.

Subordinated liabilities

	30.09.2024	31.12.2023
Subordinated liabilities	2 672 670	2 714 928

The Group did not record any delays in interest payments or breach any other contractual provisions resulting from its subordinated liabilities.

Detailed information on loans and subordinated bonds is presented in Note 29 of the Consolidated Financial Statements of mBank S.A. Group for 2023, published on 29 February 2024.

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25. Other liabilities

	30.09.2024	31.12.2023
Other financial liabilities, including:	3 570 301	5 052 354
Interbank settlements	1 931 645	3 299 886
Creditors, including:	1 207 308	1 365 812
- settlements of payment cards	102 354	51 575
- liabilities payable to BFG	363 217	321 453
Accrued expenses	431 348	386 656
Other non-financial liabilities, including:	1 358 031	1 255 824
Tax liabilities	223 496	184 617
Deferred income	304 725	302 860
Provisions for holiday equivalents	31 390	32 971
Provisions for other liabilities to employees	172 252	198 627
Non-financial liabilities due to final verdicts in legal proceedings relating to loans in foreign currencies	607 503	504 063
Other	18 665	32 686
Total other liabilities	4 928 332	6 308 178

26. Provisions

	30.09.2024	31.12.2023
Provisions for legal proceedings, including:	3 225 618	1 940 610
- provisions for legal proceedings relating to loans in foreign currencies	3 177 278	1 819 606
- provisions for remaining legal proceedings	48 340	121 004
Provisions for commitments and guarantees given	200 265	197 418
Provisions for post-employment benefits	27 414	29 930
Other provisions	124 368	177 626
Provisions, total	3 577 665	2 345 584

The estimated cash flow due to created provisions for legal proceedings and other provisions is expected to crystallise over 1 year.

The description regarding legal risk provisions related to mortgage and housing loans granted to individual customers in CHF is presented in Note 31.

The position Other provisions includes the provision set up by mFinanse in connection with the inspection of the Social Insurance Institution and the provision for the reimbursement of bridging insurance costs charged to customers who was granted mortgage loans for the period before the mortgage was registered in the land register.

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Movements in the provisions

Change from 1 January to 30 September 2024	Provisions for legal proceedings relating to loans in foreign currencies	Provisions for remaining legal proceedings	Other provisions
Provisions as at the beginning of the period	1 819 606	121 004	177 626
Change in the period, due to:	1 357 672	(72 664)	(53 258)
- increase of provisions	1 777 790	16 821	1 600
- release of provisions	(776)	(9 542)	(19 277)
- utilisation	(372 641)	(79 753)	(35 650)
- reclassification from/to other financial statement items	301	-	-
- foreign exchange differences	(47 002)	(190)	69
Provisions as at the end of the period	3 177 278	48 340	124 368

Change from 1 January to 31 December 2023	Provisions for legal proceedings relating to loans in foreign currencies	Provisions for remaining legal proceedings	Other provisions
Provisions as at the beginning of the period	718 128	49 380	271 828
Change in the period, due to:	1 101 478	71 624	(94 202)
- increase of provisions	1 285 462	114 518	40 203
- release of provisions	(829)	(8 512)	(21 704)
- utilisation	(177 354)	(33 741)	(63 879)
- reclassification from/to other financial statement items	-	-	(48 797)
- foreign exchange differences	(5 801)	(641)	(25)
Provisions as at the end of the period	1 819 606	121 004	177 626

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Movements in provisions for loan commitments, guarantees and other financial facilities and other commitments

30.09.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
LOAN COMMITMENTS					
As at the beginning of the period	43 017	36 429	22 178	752	102 376
Changes affecting the profit and loss account, including:	1 273	(856)	28 506	9 025	37 948
<i>Transfer to Stage 1</i>	23 851	(23 078)	(773)	-	-
<i>Transfer to Stage 2</i>	(4 006)	5 705	(1 699)	-	-
<i>Transfer to Stage 3</i>	(67)	(1 681)	1 748	-	-
<i>Increases due to grants and acquisitions</i>	42 784	6 602	6 025	775	56 186
<i>Decreases due to derecognition</i>	(20 469)	(10 688)	(10 227)	851	(40 533)
<i>Changes in credit risk (net)</i>	(40 820)	22 284	33 432	7 399	22 295
Other movements	(86)	(11)	(1 253)	(7 316)	(8 666)
As at the end of the period	44 204	35 562	49 431	2 461	131 658
GUARANTEES AND OTHER FINANCIAL FACILITIES					
As at the beginning of the period	4 458	1 344	92 890	(3 650)	95 042
Changes affecting the profit and loss account, including:	(674)	486	(27 773)	(188)	(28 149)
<i>Transfer to Stage 1</i>	236	(236)	-	-	-
<i>Transfer to Stage 2</i>	(406)	406	-	-	-
<i>Transfer to Stage 3</i>	(11)	(24)	35	-	-
<i>Increases due to grants and acquisitions</i>	5 527	1 392	624	-	7 543
<i>Decreases due to derecognition</i>	(3 290)	(871)	(23 908)	-	(28 069)
<i>Changes in credit risk (net)</i>	(2 730)	(181)	(4 524)	(188)	(7 623)
Other movements	(17)	(6)	(58)	1 795	1 714
As at the end of the period	3 767	1 824	65 059	(2 043)	68 607
TOTAL	47 971	37 386	114 490	418	200 265
31.12.2023					
LOAN COMMITMENTS					
As at the beginning of the period	39 344	14 026	24 276	445	78 091
Changes affecting the profit and loss account, including:	3 953	22 503	(2 071)	316	24 701
<i>Transfer to Stage 1</i>	16 175	(14 880)	(1 295)	-	-
<i>Transfer to Stage 2</i>	(9 725)	11 252	(1 527)	-	-
<i>Transfer to Stage 3</i>	(109)	(1 448)	1 557	-	-
<i>Increases due to grants and acquisitions</i>	55 599	7 111	13 360	202	76 272
<i>Decreases due to derecognition</i>	(30 194)	(9 660)	(12 905)	(394)	(53 153)
<i>Changes in credit risk (net)</i>	(27 793)	30 128	(1 261)	508	1 582
Other movements	(280)	(100)	(27)	(9)	(416)
As at the end of the period	43 017	36 429	22 178	752	102 376
GUARANTEES AND OTHER FINANCIAL FACILITIES					
As at the beginning of the period	4 786	1 084	219 228	(1 597)	223 501
Changes affecting the profit and loss account, including:	(208)	302	(123 767)	(2 130)	(125 803)
<i>Transfer to Stage 1</i>	38	(38)	-	-	-
<i>Transfer to Stage 2</i>	(564)	564	-	-	-
<i>Transfer to Stage 3</i>	(42)	(35)	77	-	-
<i>Increases due to grants and acquisitions</i>	7 523	1 559	17 560	(1 015)	25 627
<i>Decreases due to derecognition</i>	(4 756)	(1 422)	(160 487)	-	(166 665)
<i>Changes in credit risk (net)</i>	(2 407)	(326)	19 083	(1 115)	15 235
Other movements	(120)	(42)	(2 571)	77	(2 656)
As at the end of the period	4 458	1 344	92 890	(3 650)	95 042
TOTAL	47 475	37 773	115 068	(2 898)	197 418

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27. Assets and liabilities for deferred income tax

Deferred income tax assets	30.09.2024	31.12.2023
As at the beginning of the period	2 592 129	3 201 780
Changes recognised in the income statement	(193 979)	(365 243)
Changes recognised in other comprehensive income	(74 620)	(247 403)
Other changes	(8 047)	2 995
As at the end of the period	2 315 483	2 592 129
Offsetting effect	(1 237 619)	(1 212 589)
As at the end of the period, net	1 077 864	1 379 540

Provisions for deferred income tax	30.09.2024	31.12.2023
As at the beginning of the period	(1 212 589)	(1 326 052)
Changes recognised in the income statement	(26 314)	114 247
Changes recognised in other comprehensive income	(2 181)	7 310
Other changes	3 465	(8 094)
As at the end of the period	(1 237 619)	(1 212 589)
Offsetting effect	1 237 619	1 212 589
As at the end of the period, net	-	-

Deferred income tax	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Current income tax	(296 682)	(658 345)	(538 645)	(699 685)
Deferred income tax recognised in the income statement	(114 419)	(220 293)	(6 692)	(263 660)
Income tax recognised in the income statement	(411 101)	(878 638)	(545 337)	(963 345)
Recognised in other comprehensive income	(34 501)	(76 801)	(67 646)	(216 571)
Total income tax	(445 602)	(955 439)	(612 983)	(1 179 916)

28. Retained earnings

Retained earnings include other supplementary capital, other reserve capital, general banking risk reserve, profit (loss) from the previous years and profit for the current year.

Other supplementary capital, other reserve capital and general banking risk reserve are created from profit for the current year and their aim is described in the by-laws or in other regulations of the law.

	30.09.2024	31.12.2023
Other supplementary capital	8 846 613	8 785 057
Other reserve capital	107 723	106 648
General banking risk reserve	1 153 753	1 153 753
Profit from the previous year	542 516	580 018
Profit for the current year	1 257 243	24 054
Total retained earnings	11 907 848	10 649 530

According to the Polish legislation, each bank is required to allocate 8% of its net profit to a statutory undistributable other supplementary capital until this supplementary capital reaches 1/3 of the share capital.

In addition, the Group transfers some of its net profit to the general banking risk reserve to cover unexpected risks and future losses. The general banking risk reserve can be distributed only on consent of shareholders at a general meeting.

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29. Other components of equity

	30.09.2024	31.12.2023
Exchange differences on translating foreign operations	(31 796)	(27 967)
Unrealised gains (foreign exchange gains)	4 265	74 499
Unrealised losses (foreign exchange losses)	(36 061)	(102 466)
Cash flow hedges	(164 092)	(314 463)
Unrealised gains	8 016	16 637
Unrealised losses	(210 599)	(404 863)
Deferred income tax	38 491	73 763
Cost of hedge	213	6 391
Unrealised gains	263	7 890
Deferred income tax	(50)	(1 499)
Valuation of debt securities at fair value through other comprehensive income	(9 035)	(192 348)
Unrealised gains on debt instruments	35 364	26 279
Unrealised losses on debt instruments	(46 545)	(263 751)
Deferred income tax	2 146	45 124
Actuarial gains and losses relating to post-employment benefits	(13 577)	(13 577)
Actuarial gains	739	739
Actuarial losses	(17 500)	(17 500)
Deferred income tax	3 184	3 184
Reclassification to investment properties	11 436	11 436
Gains or losses on investment properties included in other comprehensive income	14 118	14 118
Deferred income tax	(2 682)	(2 682)
Total other components of equity	(206 851)	(530 528)

30. Fair value of asset and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction of selling the asset or transferring a liability occurs either on the main market for the asset or liability, or in the absence of a main market, for the most advantageous market for the asset or liability.

In line with IFRS 9, for accounting purposes, the Group determines the valuation of its assets and liabilities at amortised cost or at fair value. In addition, for the positions that are valued at amortised cost, fair value is calculated, but only for disclosure purposes – according to IFRS 7.

The approach to the method used for the loans that are fair valued in line of IFRS 9 requirements, is described in the Note 3.3.7 to the Consolidated Financial Statements of mBank Group for 2023, published on 29 February 2024.

Following market practices the Group values open positions in financial instruments using either the mark-to-market approach or is applying pricing models well established in market practice (mark-to-model method) which use as inputs market prices or market parameters, and in few cases, parameters estimated internally by the Group. All significant open positions in derivatives are marked to model using prices observable in the market. Domestic commercial papers are marked to model (discounting cash flows), which in addition to market interest rate curve uses credit spreads estimated internally.

For disclosure purposes, the Group assumed that the fair value of short-term financial liabilities (less than 1 year) is equal to the balance sheet values of such items. In addition, the Group assumes that the estimated fair value of financial liabilities longer than 1 year is based on discounted cash flows using appropriate interest rates.

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Financial assets and liabilities at amortised cost

The following table presents a summary of balance sheet values and fair values for each group of financial assets and liabilities not recognised in the statement of financial position of the Group at their fair values.

	30.09.2024		31.12.2023	
	Book value	Fair value	Book value	Fair value
Financial assets at amortised cost				
Debt securities	31 363 788	30 742 811	23 323 690	22 266 854
Loans and advances to banks	17 503 613	17 493 332	7 119 059	7 126 873
Loans and advances to customers, including:	123 274 280	123 999 077	112 876 580	112 776 830
Loans and advances to individuals	67 228 477	68 859 488	63 642 537	64 240 599
Current accounts	7 025 426	7 412 311	7 182 778	7 568 606
Term loans	59 828 382	61 072 508	56 293 952	56 506 186
Other	374 669	374 669	165 807	165 807
Loans and advances to corporate entities	55 899 761	55 006 636	49 109 195	48 438 128
Current accounts	7 197 255	6 949 046	6 022 731	5 743 616
Term loans and finance lease	40 809 366	40 164 450	38 571 901	38 179 949
Reverse repo or buy/sell back transactions	4 006 477	4 006 477	899 340	899 340
Other loans and advances	3 764 534	3 764 534	3 507 157	3 507 157
Other	122 129	122 129	108 066	108 066
Loans and advances to public sector	146 042	132 953	124 848	98 103
Financial liabilities at amortised cost				
Amounts due to other banks	3 808 611	3 808 611	3 315 302	3 315 302
Amounts due to customers	193 499 927	193 498 179	185 467 455	185 465 086
Debt securities in issue	12 310 939	12 204 673	11 105 165	10 972 334
Subordinated liabilities	2 672 670	2 619 260	2 714 928	2 559 783

The following sections present the key assumptions and methods used by the Group for estimation of fair values of financial instruments.

Loans and advances to banks and loans and advances to customers

The fair value of loans and advances to banks and loans and advances to customers was calculated as the estimated value of future cash flows (including the effect of prepayments) using current interest rates, taking into account the level of credit spread, cost of liquidity and cost of capital. The level of credit spread was determined based on market quotation of median credit spreads for Moody's rating grade. Attribution of a credit spread to a given credit exposure was based on a mapping between Moody's rating grade and internal rating grades of the Group. To reflect the fact that the majority of the Group's exposures is collateralised whereas the median of market quotation is centred around unsecured issues, the Group applied appropriate adjustments. Moreover, as the benchmark for valuation of mortgage loans in PLN fair value of mortgage loans classified as valuated through fair value in accordance with IFRS 9 was used, with an adjustment relating to credit quality of the portfolio. For exposures in mBank Hipoteczny the adjustment included also a factor relating to the gap in revenue margin between the valuated portfolio and the portfolio of similar loans in mBank.

Financial liabilities

Financial instruments representing liabilities for the Group include the following:

- contracted borrowings,
- current accounts and deposits,
- issues of debt securities,
- subordinated liabilities.

The fair value for these financial liabilities with more than 1 year to maturity is based on discounted cash flows by the use of discounting factor including an estimation of a spread reflecting the credit spread for mBank and the liquidity margin. For the loans received from European Investment Bank in EUR and in CHF the Group used the EBI yield curve. With regard to the own issue as part of the EMTN programme the market price of the relevant financial services has been used.

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In the case of deposits, the Group has applied the curve constructed on the basis of quotations of money market rates as well as FRA and IRS contracts for appropriate currencies and maturities. In case of subordinated liabilities, the valuation is based on discounted cash flows using market swap curves (depending on the terms of issue) adjusted for the issuer's credit risk.

In the case of credit risk related bonds - credit-linked notes (CLNs), the Group for the valuation uses the method of discounting the expected cash flows from bonds. In the part related to the discounting factor, the valuation also includes a component that takes into account Group's credit spread and a liquidity margin. Due to the fact that the bondholders are secured in terms of the issuer's credit risk with the deposited securities, an assumption was made that these parameters would remain unchanged during the life of the bond.

In the case of covered bonds and other debt securities issued by mBank Hipoteczny, for the purpose of the disclosures swap curves and forecasted initial spreads for certain issues are used.

The Group assumed that the fair value of these instruments with less than 1 year to maturity was equal to the carrying amounts of the instruments.

According to the fair value methodology applied by the Group, financial assets and liabilities are classified as follows:

- Level 1: prices quoted on active markets for the same instrument (without modification);
- Level 2: prices quoted on active markets for the similar instruments or other valuation techniques for which all significant input data are based on observable market data;
- Level 3: valuation methods for which at least one significant input data is not based on observable market data.

The table below presents the fair value hierarchy of financial assets and liabilities measured at fair value in accordance with the assumptions and methods described above, exclusively for disclosure as at 30 September 2024 and as at 31 December 2023.

30.09.2024	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	30 742 811	27 863 346	-	2 879 465
Loans and advances to banks	17 493 332	-	-	17 493 332
Loans and advances to customers	123 999 077	-	-	123 999 077
Total financial assets	172 235 220	27 863 346	-	144 371 874
FINANCIAL LIABILITIES				
Amounts due to banks	3 808 611	-	1 910 624	1 897 987
Amounts due to customers	193 498 179	-	216 322	193 281 857
Debt securities issued	12 204 673	8 026 326	-	4 178 347
Subordinated liabilities	2 619 260	-	-	2 619 260
Total financial liabilities	212 130 723	8 026 326	2 126 946	201 977 451
31.12.2023	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	22 266 854	18 199 454	-	4 067 400
Loans and advances to banks	7 126 873	-	-	7 126 873
Loans and advances to customers	112 776 830	-	-	112 776 830
Total financial assets	142 170 557	18 199 454	-	123 971 103
FINANCIAL LIABILITIES				
Amounts due to banks	3 315 302	-	1 938 343	1 376 959
Amounts due to customers	185 465 086	-	231 230	185 233 856
Debt securities issued	10 972 334	5 996 197	-	4 976 137
Subordinated liabilities	2 559 783	-	-	2 559 783
Total financial liabilities	202 312 505	5 996 197	2 169 573	194 146 735

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Financial assets and liabilities at fair value and investment properties

The following table presents the hierarchy of fair values of financial assets and liabilities recognised in the statement of financial position of the Group at their fair values and the fair value of investment properties.

30.09.2024	Including:	Level 1	Level 2	Level 3				
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques				
RECURRING FAIR VALUE MEASUREMENTS								
Financial assets								
Financial assets held for trading and hedging derivatives	1 608 192	687 731	664 665	255 796				
Loans and advances to customers	42 564	-	-	42 564				
Debt securities	889 627	676 395	-	213 232				
Equity instruments	11 336	11 336	-	-				
Derivative financial instruments, including:	664 665	-	664 665	-				
Derivative financial instruments held for trading	860 581	-	860 581	-				
Hedging derivative financial instruments	367 115	-	367 115	-				
Offsetting effect	(563 031)	-	(563 031)	-				
Non-trading financial assets mandatorily at fair value through profit or loss	896 423	33 159	-	863 264				
Loans and advances to customers	514 949	-	-	514 949				
Debt securities	25 324	-	-	25 324				
Equity securities	356 150	33 159	-	322 991				
Financial assets at fair value through other comprehensive income	31 025 034	20 279 832	9 380 830	1 364 372				
Debt securities	31 025 034	20 279 832	9 380 830	1 364 372				
Total financial assets	32 070 195	21 000 722	10 045 495	2 483 432				
Investment properties	100 486	-	-	100 486				
Financial liabilities								
Financial liabilities held for trading and hedging derivative financial instruments	1 568 728	748 047	786 507	34 174				
Derivative financial instruments, including:	820 681	-	786 507	34 174				
Derivative financial instruments held for trading	930 605	-	930 605	-				
Hedging derivative financial instruments	710 146	-	675 972	34 174				
Offsetting effect	(820 070)	-	(820 070)	-				
Liabilities from short sale of securities	748 047	748 047	-	-				
Total financial liabilities	1 568 728	748 047	786 507	34 174				
Financial assets measured at fair value and investment properties at Level 3 - changes from 1 January to 30 September 2024	Financial assets held for trading and hedging derivatives			Non-trading financial assets mandatorily at fair value through profit or loss			Debt securities at fair value through other comprehensive income	Investment properties
	Loans and advances	Debt securities	Derivative financial instruments	Loans and advances	Debt securities	Equity securities		
As at the beginning of the period	40 498	237 507	(38 445)	603 713	50 144	244 048	1 277 313	111 964
Gains and losses for the period	3 220	950	4 271	(1 132)	908	34 443	14 085	(11 478)
Recognised in profit or loss:	3 220	950	(20 395)	(1 132)	908	34 443	-	(11 478)
<i>Net trading income</i>	3 220	950	(20 395)	-	(657)	708	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	-	(1 132)	1 565	34 229	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	(494)	-	(11 478)
Recognised in other comprehensive income:	-	-	24 666	-	-	-	14 085	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	-	14 085	-
<i>Cash flow hedges</i>	-	-	24 666	-	-	-	-	-
Purchases / origination	-	400 347	-	17 212	-	44 500	992 267	-
Redemptions / total repayments	-	(39 999)	-	(85 031)	-	-	(68 050)	-
Sales	-	(1 869 706)	-	-	-	-	(1 179 686)	-
Issues	-	1 484 133	-	-	-	-	328 443	-
Other changes	(1 154)	-	-	(19 813)	(25 728)	-	-	-
As at the end of the period	42 564	213 232	(34 174)	514 949	25 324	322 991	1 364 372	100 486

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31.12.2023	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets held for trading and hedging derivatives	1 760 033	407 875	1 074 153	278 005
Loans and advances to customers	40 498	-	-	40 498
Debt securities	634 840	397 333	-	237 507
Equity instruments	10 542	10 542	-	-
Derivative financial instruments, including:	1 074 153	-	1 074 153	-
Derivative financial instruments held for trading	1 256 605	-	1 256 605	-
Hedging derivative financial instruments	245 212	-	245 212	-
Offsetting effect	(427 664)	-	(427 664)	-
Non-trading financial assets mandatorily at fair value through profit or loss	898 798	893	-	897 905
Loans and advances to customers	603 713	-	-	603 713
Debt securities	50 144	-	-	50 144
Equity securities	244 941	893	-	244 048
Financial assets at fair value through other comprehensive income	36 965 077	17 250 628	18 437 136	1 277 313
Debt securities	36 965 077	17 250 628	18 437 136	1 277 313
Total financial assets	39 623 908	17 659 396	19 511 289	2 453 223
Investment properties	111 964	-	-	111 964
Financial liabilities				
Financial liabilities held for trading and hedging derivative financial instruments	1 495 754	157 607	1 299 702	38 445
Derivative financial instruments, including:	1 338 147	-	1 299 702	38 445
Derivative financial instruments held for trading	1 455 145	-	1 455 145	-
Hedging derivative financial instruments	1 215 504	-	1 177 059	38 445
Offsetting effect	(1 332 502)	-	(1 332 502)	-
Liabilities from short sale of securities	157 607	157 607	-	-
Total financial liabilities	1 495 754	157 607	1 299 702	38 445

Financial assets measured at fair value and investment properties at Level 3 - changes from 1 January to 31 December 2023	Financial assets held for trading and hedging derivatives			Non-trading financial assets mandatorily at fair value through profit or loss			Debt securities at fair value through other comprehensive income	Investment properties
	Loans and advances	Debt securities	Derivative financial instruments	Loans and advances	Debt securities	Equity securities		
As at the beginning of the period	39 720	307 881	31 890	813 392	45 009	185 042	1 215 909	136 909
Gains and losses for the period:	308	40 867	(70 335)	(28 754)	5 135	43 884	8 954	(24 945)
Recognised in profit or loss:	308	40 867	(101 269)	(28 754)	5 135	43 884	-	(24 945)
<i>Net trading income</i>	308	40 867	(101 269)	-	(4 934)	(132)	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	-	(28 754)	10 069	52 638	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	(8 622)	-	(24 945)
Recognised in other comprehensive income:	-	-	30 934	-	-	-	8 954	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	-	8 954	-
<i>Cash flow hedges</i>	-	-	30 934	-	-	-	-	-
Purchases / origination	-	699 124	-	58 780	-	21 903	1 143 395	-
Redemptions / total repayments	-	(190 333)	-	(134 963)	-	-	(254 238)	-
Sales	-	(2 805 232)	-	-	-	-	(2 051 020)	-
Issues	-	2 185 200	-	-	-	-	1 214 313	-
Change in scope of consolidation	-	-	-	-	-	(6 781)	-	-
Other changes	470	-	-	(104 742)	-	-	-	-
As at the end of the period	40 498	237 507	(38 445)	603 713	50 144	244 048	1 277 313	111 964

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During three quarters of 2024 and in 2023 there were no transfers of financial instruments between the levels of fair value hierarchy.

With regard to financial instruments valued in repetitive way to the fair value classified as level 1 and 2 in hierarchy of fair value, any cases in which transfer between these levels may occur, are monitored by the Bank on the basis of internal rules. In case there is no market price used (from a market to which the Bank has access and is able to conclude a transaction) used for direct valuation, for a period exceeding 5 business days, such market is no longer considered active for that instrument, and in the absence of another market that could be considered active in terms of volumes and frequency of transactions, the method of valuation is changed, i.e. from marked-to-market valuation to marked-to-model valuation under the assumption that the valuation model for the respective type of this instrument has been already approved. The return to marked-to-market valuation method takes place after a period of at least 10 working days in which the market price was available on a continuous basis. If there is no market prices for a debt treasury bonds the above terms are respectively 2 and 5 working days.

Level 1

As at 30 September 2024 at level 1 of the fair value hierarchy, the Group has presented the fair value of held for trading government bonds in the amount of PLN 676 395 thousand and the fair value of government bonds and treasury bills measured at fair value through other comprehensive income in the amount of PLN 19 418 368 thousand (31 December 2023: PLN 397 333 thousand and PLN 15 883 079 thousand, respectively). Level 1 includes the fair values of corporate bonds in the amount of PLN 861 464 thousand (31 December 2023: PLN 1 367 549 thousand).

In addition, as at 30 September 2024 level 1 includes the value of the registered privileged shares of Giełda Papierów Wartościowych in the amount of PLN 920 thousand (31 December 2023: PLN 893 thousand), the value of shares of Visa Inc. in the amount of PLN 32 239 thousand and equity instruments in amount of PLN 11 336 thousand (31 December 2023: PLN 10 542 thousand).

As at 30 September 2024 level 1 also includes liabilities from short sale of securities in the amount of PLN 748 047 thousand (31 December 2023: PLN 157 607 thousand).

These instruments are classified as level 1 because their valuation is directly derived from current market prices quoted on active and liquid financial markets.

Level 2

As at 30 September 2024 level 2 of the fair value hierarchy mainly includes the fair values of bills issued by NBP in the amount of PLN 9 380 830 thousand (31 December 2023: PLN 18 437 136 thousand), valuation of which is based on a NPV model (discounted future cash flows) fed with interest rate curves generated by transformation of quotations taken directly from active and liquid financial markets.

In addition, the level 2 category includes the valuation of derivative financial instruments borne on models consistent with market standards and practices, using parameters taken directly from the markets (e.g. foreign exchange rates, implied volatilities of FX options, stock prices and indices) or parameters which transform quotations taken directly from active and liquid financial markets (e.g. interest rate curves).

Level 3

As at 30 September 2024 level 3 of the hierarchy presents the fair values of commercial debt securities issued by local banks and companies in the amount of PLN 1 602 928 thousand (31 December 2023: PLN 1 564 964 thousand), and includes the fair value of a debt instrument measured at fair value through profit or loss, representing the rights to preferred stock of Visa Inc.

Model valuation for these items assumes a valuation based on the market interest rate yield curve adjusted by the level of credit spread. The credit spread parameter reflects the credit risk of the security issuer and is determined in accordance with the Bank's internal model. This model uses credit risk parameters (e.g. PD, LGD) and information obtained from the market (including implied spreads from transactions). PD and LGD parameters are not observed on active markets and therefore have been determined on the basis of statistical analysis. Both models – the valuation of debt instruments and the credit spread model were built internally in the Bank by risk units, were approved by the Model Risk Committee and are subject to periodic monitoring and validation carried out by an entity independent from the units responsible for building and maintaining the model.

Level 3 as at 30 September 2024 includes the value of loans and advances to customers in the amount of PLN 557 513 thousand (31 December 2023: PLN 644 211 thousand). The fair value calculation process for loans and advances to customers is described in detail in the Note 3.3.7 of Consolidated financial statement of mBank S.A. Group for 2023, published on 29 February 2024.

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Moreover, as at 30 September 2024 level 3 covers mainly the fair value of equity securities amounting to PLN 322 991 thousand (31 December 2023: PLN 244 048 thousand). The equity instruments presented at level 3 have been valued using the dividend discount model. The valuations were predominantly prepared based on selected financial figures provided by valuated entities and discounted with the cost of equity estimated using CAPM model (Capital Asset Pricing Model). At the end of three quarters of 2024, the cost of equity was estimated in the range from 11.2% to 11.7% (as at the end of 2023: from 12.3% to 13.8%). Moreover, some forecasts assuming growth above the average market growth were discounted at the cost of capital at the level of 25%.

As at 30 September 2024 Level 3 also includes fair value of investment property in the amount of PLN 100 486 thousand (31 December 2023: PLN 111 964 thousand). The value of the property was estimated by a property appraiser entered in the Central Register of Property Appraisers kept by the Minister of Development and Technology. The property was valued using the income method. The key unobservable parameter used in the model is the capitalisation rate of 7.25% used to discount cash flows (31 December 2023: 7.25%).

As at 31 December 2024 Level 3 includes the valuation of CIRS contracts concluded under cash flow hedge accounting of the PLN mortgage loan portfolio and covered bonds issued by mBank Hipoteczny (Note 16). As at 30 September 2024 the valuation of these contracts in liabilities amounted to PLN 34 174 thousand (as at 31 December 2023 the valuation of these contracts in assets: PLN 38 445 thousand).

The table below presents the sensitivity of the fair value measurement to the change of unobservable parameters used in the models for debt financial instruments measured at fair value at Level 3.

Portfolio	Fair value 30.09.2024	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	322 991	(24 065)	30 173	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 364 372	(24 382)	24 382	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	213 232	(4 411)	4 411	
Loans and advances to customers held for trading	42 564	(234)	211	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	514 949	(7 193)	7 156	

Portfolio	Fair value 31.12.2023	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	244 048	(17 659)	21 431	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 277 313	(26 848)	26 848	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	237 507	(6 681)	6 681	
Loans and advances to customers held for trading	40 498	(311)	294	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	603 713	(8 755)	8 772	

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31. Legal risk related to mortgage and housing loans granted to individual customers indexed to CHF and other foreign currencies

Introduction

In recent years, a significant number of individual customers who took out mortgage and housing loans in CHF and other foreign currencies, challenged in court some of the provisions or entire agreements on the basis of which the Bank granted these loans. In the case law, there were divergences in the evaluation of contractual provisions introducing an indexation mechanism and the consequences of determining their abusiveness (ineffectiveness), and the rulings are overwhelmingly unfavourable to the Bank.

The carrying amount of mortgage and housing loans granted to natural persons in CHF as of 30 September 2024 amounted to PLN 0.9 billion (i.e. 0.2 CHF billion) compared to PLN 1.9 billion (i.e. CHF 0.4 billion) as of 31 December 2023.

The carrying amount of mortgage and housing loans granted to natural persons in other foreign currencies by mBank in Poland as of 30 September 2024 amounted to PLN 1.2 billion, compared to PLN 1.5 billion in 31 December 2023.

The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland (i.e., the sum of loan tranches disbursed to customers), taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 19.5 billion (85.5 thousand loan agreements). The volume of the portfolio of loans indexed to other foreign currencies granted to natural persons in Poland, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 4.1 billion (13.4 thousand loan agreements).

	30.09.2024		31.12.2023	
	PLN billion	Number of loan contracts (thousand)	PLN billion	Number of loan contracts (thousand)
The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland that were active taking into account the exchange rate on the date of disbursement of individual loan tranches	5.9	20.2	8.3	28.6
The volume of the portfolio of loans indexed to other foreign currencies granted to natural persons in Poland that were active taking into account the exchange rate on the date of disbursement of individual loan tranches	2.3	6.9	2.4	7.4
The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland that were inactive taking into account the exchange rate on the date of disbursement of individual loan tranches, of which:	13.6	65.3	11.2	56.9
- Fully repaid loans	6.9	38.5	7.1	39.2
- Settled loans	4.6	19.5	2.8	13.3
- Loans after final verdict	2.1	7.3	1.3	4.4

Due to the significance of the legal issues related to the foreign currencies loan portfolio for the financial position of mBank Group as at 30 September 2024, detailed information is presented below regarding these lawsuits, significant judgments, which, in the Bank's opinion, may affect the future ruling on loans indexed to foreign currencies, proposed potential settlements with customers, accounting principles for the recognition of legal risk related to these court cases and the settlement program, as well as information on the impact of legal risk related to these court cases on the balance sheet and profit or loss account of mBank Group and the methodology used to determine this impact.

Individual court cases against the Bank concerning loans indexed to CHF and other foreign currencies

As of 30 September 2024, the Bank observed individual lawsuits and class actions regarding 19 509 loan agreements indexed to CHF including of which 15 411 active loan agreements and 4 098 repaid loan agreements (as of 31 December 2023: 21 411 of which 17 852 active and 3 559 repaid loans). Additionally, as of 30 September 2024, the Bank observed individual lawsuits regarding 691 loan agreements indexed to other foreign currencies including of which 573 active loan agreements and 118 repaid loan agreements (as of 31 December 2023: 370 of which 297 active and 73 repaid loans).

As of 30 September 2024, mBank received final rulings in individual lawsuits concerning 7 401 loan agreements indexed to CHF (31 December 2023: 4 487 loans), out of which 113 rulings were favourable to the Bank and 7 288 rulings were unfavourable (31 December 2023: 99 rulings favourable and 4 388 unfavourable). Additionally, as of 30 September 2024, mBank received final rulings in individual lawsuits concerning 74 loan agreements indexed to other foreign currencies (31 December 2023: 41 loans), out of which 5 rulings were favourable to the Bank and 69 rulings were unfavourable (31 December 2023: 5 rulings favourable and 36 unfavourable).

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Approximately 95% of unfavourable verdicts led to the invalidation of the loan agreement, others led to the conversion of the agreement into PLN + LIBOR/WIBOR and substitution of FX clause by the fixing rate of the NBP.

Class action against mBank S.A. concerning indexation clauses

On 4 April 2016 the Bank was also sued by the Municipal Consumer Ombudsman representing a group of 1 731 individuals – retail banking customers who entered into mortgage loan agreements indexed to CHF.

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.

On 19 October 2018, the District Court issued judgment dismissing all of Plaintiff's claims. In its 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 9 March 2020, as a result of the plaintiff's appeal, 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 District Court issued a verdict dismissing the claim in its entirety. The court held that the valorised loan agreements were valid and that there were no grounds to declare them invalid due to the fact that the foreign currency valorisation mechanism was introduced into them. In the court's view, the agreements can continue to apply even after the clauses concerning the method of repayment of the loan have been eliminated from them.

On 25 April 2023, as a result of the plaintiff's appeal, the Court of Appeal issued an order to suspend the proceedings pending final resolution of the legal issue presented to the Supreme Court in case file III CZP 157/22 concerning the composition of the Court with jurisdiction to hear the case in group proceedings during the special regulations related to COVID-19.

By order of 15 November 2023, the Court of Appeal suspended the proceedings due to the adoption of the above resolution by the Supreme Court.

On 29 January 2024, the Court of Appeal announced a verdict and set aside the previous judgment and sent the case to the Court of First instance for re-examination due to the invalidity of the previous proceedings in the Court of First Instance.

On 10 September 2024, the Court of First Instance discontinued the proceedings with regard to one of the claims asserted by the plaintiff due to its partial withdrawal, i.e. with regard to the declaration of invalidity of certain enumerated provisions contained in the loan agreements of the members of the Group.

On 15 October 2024, the District Court closed the hearing and set the planned date for issuing the verdict at 6 November 2024.

The details of the methodology and calculation are described further in this note.

Information on the most important court proceedings regarding loans indexed to foreign currencies

Rulings of the Court of Justice of the European Union regarding the most important issues relating to mortgages indexed to foreign currencies

Applicability of a general custom where there is no provision in domestic law that could replace an abusive exchange rate clause

On 3 October 2019, the CJEU issued the ruling in case C-260/18 that:

- the question of abusiveness will be decided by domestic courts,
- the possibility of a credit agreement being performed further in PLN and with interest calculated according to LIBOR was found doubtful,
- if an exchange rate clause is found abusive, a domestic court must decide whether the agreement in question can be performed further or should be declared invalid, taking into account the client's will and the consequences of invalidity for the client,
- possible is the application of a disposable norm if the invalidity of the agreement was unfavourable for the client,
- impossible is the application of general provisions referring to a custom or equity principles.

Applicability of the dispositive provision of national law in place of abusive clause and the limitation period for the consumer's claims

On 8 September 2022, the CJEU issued a ruling in case C-81/21 upholding its previous jurisprudence:

- confirmed that the limitation period for the consumer's claims for reimbursement of amounts unduly paid on the basis of an unfair contract term begins to run from the moment when the consumer knows or should have known about the unfairness of the contract term,
- concluded that automatic application of dispositive provision of national law (irrespective of the consumer's consent) could only apply to a provision that was introduced by the national legislator in order to eliminate abusiveness, if such provision restored the balance of the parties,
- The Court of Justice has again emphasized that the purpose of Directive 93/13 is not to annul all contracts containing unfair terms.

Obligation to inform the consumer of the consequences of invalidity

On 29 April 2021, the CJEU issued a judgment in case C-19/20, according to which:

- if the unfair (abusive) nature of the contractual provision leads to annulment of the contract, the Court should not annul the contract until the Court informs the consumer in an objective and comprehensive manner about the legal consequences the annulment of such a contract may cause (whether or not the consumer is represented by a legal advisor) and until the Court allows the consumer to express a free and informed consent to the questioned provision and to the continuation of the contract.

Remuneration for using principal/valorisation

On 15 June 2023, the CJEU issued judgment in case C-520/21 according to which:

- consumer is entitled to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the execution of this contract and beyond the payment of statutory default interest from the date of the demand for payment, provided that the objectives of Directive 93/13 and the principle of proportionality are respected,
- bank is not entitled to demand compensation from the consumer beyond the return of the principal paid for the performance of that agreement and beyond the payment of statutory default interest from the date of the demand for payment. According to the CJEU, the claims may be allowed only if they do not jeopardize the objective of restoring the situation as if the credit agreement did not exist and the deterrent objective of Directive 93/13.

On 11 December 2023, CJEU issued an order in case C-756/22 and pointed out that:

- it had already answered the question about what claims the bank is entitled to in the event of invalidity of the contract in case C-520/21,
- indicated that the bank is not entitled to any amount going beyond reimbursement of the capital paid in respect of the performance of that agreement together with the payment of default interest at the statutory rate from the date on which notice is served.

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On 15 January 2024, CJEU issued an order in case C-488/23 according to which:

- valorisation is a form of recompense, thus banks are not entitled to claim it.

The judgment and the orders in the aforementioned case in practice ruled out the possibility for banks to claim based on remuneration for the use of capital and valorisation of the capital.

Period of limitation

On 7 December 2023 the CJEU issued judgment in case C-140/22 that:

- in the event of invalidity of the contract, the exercise of the consumer's rights arising from this invalidity cannot depend on a declaration made by a consumer during the court proceedings that the consumer does not consent to the unfair term being maintained, is aware of the consequences of the invalidity of the contract and consents to the invalidity of the contract. Such a declaration may be made outside of the court and does not have to be so precise. It should indicate that the consumer is requesting an invalidity.

On 14 December 2023 the CJEU issued judgment in case C-28/22 that:

- not permissible is situation in which the limitation period for the business entity's claims begins to run only from the date on which the contract becomes permanently ineffective, while the limitation period for the consumer's claims begins to run at the moment when he or she learned or should have learned about the unfair nature of the contract provision giving rise to invalidity.

These judgments have opened up a debate for national courts as to what moment should be considered as the beginning of the limitation period for a bank's claim. The Bank is monitoring the development of the jurisprudence in this regard.

Supreme Court resolutions on loans indexed foreign currencies

The resolution of the Supreme Court of 16 February 2021 in case III CZP 11/20:

- endorsed the theory of two conditionalities if a credit agreement is declared to be invalid.

The resolution of the 7 Supreme Court's judges of 7 May 2021 in case III CZP 6/21:

- the prohibited contractual provision (Civil Code Art.385(1) §1) is from the very beginning, by virtue of law ineffective for the benefit of the consumer, who may subsequently grant informed and free consent to this provision and thus restore its effectiveness retroactively,
- if the loan agreement cannot be binding after removal of an ineffective provision, the consumer and the bank are entitled to separate claims for the reimbursement of cash benefits provided in the performance of this agreement (Article 410 § 1 in conjunction with Article 405 of the Civil Code). The bank may request the return of the benefit from the moment the loan agreement becomes permanently ineffective.

In the written justification, the Supreme Court confirmed its earlier positions as to the application of the theory of two conditionalities and the issue of calculating the limitation period for the bank's claims in the event that the contract cannot be upheld after the abusive provisions have been eliminated. The Supreme Court explained that due to the possibility granted to the consumer to make a binding decision regarding the sanctioning of the prohibited clause and to accept the consequences of the total invalidity of the contract, it should be recognised that, as a rule, the limitation period for these claims may start running only after the consumer has made a binding decision in this regard. Only then, in the opinion of the Supreme Court, can it be concluded that the lack of a legal basis for the benefit has become definitive (as in the case of *condictio causa finita*), and the parties could effectively demand the return of the undue benefit. This means, in particular, that the consumer cannot assume that the bank's claim has expired within the time limit calculated as if the call to return the loan was possible already on the day it was made available. In justifying the resolution, the Supreme Court also confirmed that in order to avoid risks related to the borrower's insolvency, the bank may use the right of retention provided in Art. 497 in connection with Art. 496 of the Civil Code, thus protecting its claim for the return of used principal, since the obligation to return it is – in relation to the obligation to put the funds at the disposal of the borrower – something more than a consideration obligation.

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Resolution of the Full Court of the Civil Chamber of the Supreme Court of 25 April 2024 in the case III CZP 25/22:

- exclusion of the possibility of replacing abusive provisions with civil or common law,
- exclusion of the possibility of maintaining an indexed/denominated loan as a PLN loan with an interest rate specific to a indexed/denominated loan,
- the theory of two conditionalities has been confirmed for the invalidity of the CHF loan,
- the starting point of the limitation period in the case of the bank's claim for reimbursement of amounts paid on account of a loan runs from the day after the borrower challenges the provisions of the contract against the bank,
- remuneration for the use of capital is not due to either contracting parties.

The resolution has the force of law. The published justification of the Resolution confirms the position taken in the operative part of the decision and develops certain legal issues relating to the application of the sanction of the misuse of a contractual provision equivalent to suspended invalidity, as well as discussing the issue of the consumer's declaration to which the commencement of the limitation period for the bank's claims should be linked.

The Supreme Court pointed out that the consumer's declaration should not give rise to any doubts as to the consumer's intentions and lack of intention to be bound by the prohibited provision, and does not require any special form in order to be effective.

9 judges elected before 2017 refused to attend the hearing. 6 judges submitted dissenting opinions, primarily on whether the contract should be upheld after the elimination of the conversion clauses.

Given the propensity of national courts to follow the line of the Supreme Court, mBank has taken into account the ruling in question in the provisioning model, taking into account the various possible outcomes. mBank monitors court rulings on indexed loans in terms of the development of the jurisprudential line following the Supreme Court resolution, as well as a potential legislative initiative that may also affect the provisioning model, as well as the further course of the discussion as to the interpretation of the aforementioned Supreme Court resolution.

Settlement program

On 26 September 2022, the Bank decided to launch the settlement program for borrowers who have active CHF indexed loan including borrowers currently in court dispute with the Bank.

The presented offer is based on two basic assumptions: (i) elimination of the CHF/PLN FX risk incurred by the client and (ii) limitation of the interest rate risk. The settlement proposal consists in conversion of the CHF indexed loan into a PLN loan with simultaneous write-off of a portion of the loan balance. The write off level is individually negotiated with customers. The Bank also reimburse low contribution insurance premiums by redeeming capital equal to the sum of premiums collected from the customer.

After conversion, the customer can decide which interest rate he chooses temporarily fixed or variable. The Bank offers a preferential interest rate on the loan after conversion to the clients that will sign the settlement. By deciding to sign a settlement with the Bank, the client will benefit from a reduction in the outstanding loan balance, eliminates the currency risk and, due to the offered preferential interest rate and the possibility to choose a temporarily fixed interest rate, minimises the interest rate risk. Settlements are signed in an out-of-court mode, although, the Bank allows to any customer who wishes to do so to sign a settlement at an arbitration court.

As of 30 September 2024, the Bank concluded 19 519 settlements (as of 31 December 2023: 13 321 settlements).

Accounting policies for recognising the effect of legal risk related to court cases concerning mortgage and housing loans to individual customers in foreign currencies and the voluntary settlement program

The Group recognises the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and settlements offered to CHF borrowers as reflected under:

- IFRS 9 "Financial instruments" in relation to active loans, including active loans covered by the class action case and settlements, and
- IAS 37 "Provisions, contingent liabilities and contingent assets" in relation to repaid loans.

Mortgage and housing loans to customers that are subject to court proceedings are within the scope of IFRS 9. Under IFRS 9, these loans are measured at amortised cost using the effective interest rate.

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Legal claims filed by borrowers, including invalidity claims, impact the Bank's estimate of the expected life of the loan and the expected cash flows. In particular, the Bank takes into account the risk that the remaining life of the loan may be shorter than the contractual term, or the Bank may not receive some of the contractual cash flows, and in case of invalidity verdict, the Bank will be obliged to settle the mutual benefits of the parties. In addition, settlements offered by the Bank to borrowers (including those who have not previously made legal claims), also affect the amount and timing of expected cash flows from these loans.

Therefore, the Bank believes that the appropriate way to recognise the impact of legal risk with respect to active loans and the expected impact of the settlement program offered to borrowers is to revise the cash flow estimates associated with the loans and reduce the gross carrying amount of the loans in accordance with IFRS 9 paragraph B5.4.6.

In relation to repaid loans and loans, for which the estimated adjustment in cash flows is higher than the carrying amount, the Bank recognises provisions for legal proceedings in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets".

According to IAS 37 the amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that the Bank would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. This amount is discounted at the balance sheet date.

For repaid loans, there is no asset that could be adjusted therefore any potential liability arising from the legal risks has to be accounted for under IAS 37. As the provisions being measured in case of repaid loans involves a large population of items, the Bank applies "expected value" method in which the obligation is estimated by weighting all possible outcomes by their associated probabilities.

The above estimates are determined by the judgement of the Bank, supplemented by experience of similar events and opinions of independent experts. The evidence considered includes any additional evidence provided by events after the end of the reporting period.

The details of the methodology and calculation related to credit loans indexed to CHF and to other foreign currencies and settlement program are described further in this note.

The impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the voluntary settlement program

The methodology used to calculate the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the settlement program is based on historical observations and due to the lack of market data and partially on expert assumption that are highly judgmental and with a high range of possible values. It is possible that the impact of the legal risk will need to be adjusted significantly in the future, particularly that important parameters used in calculations are significantly interdependent.

The cumulative impact of legal risk associated with litigation (individual lawsuits and class actions) related to indexation clauses in foreign currencies mortgages and housing loans and the settlement program included in the Group's statement of financial position is shown in the table below.

	30.09.2024	31.12.2023
Impact of legal risk concerning lawsuits and settlement program related to active loans recognised as a reduction of gross carrying amount of loans, including loans in:	4 791 827	6 446 591
- CHF	4 556 648	6 334 478
- USD	90 618	47 219
- EUR	144 561	64 894
Impact of legal risk concerning individual lawsuits and class action case related to repaid loans and low value active loans recorded as provisions for legal proceedings	3 169 092	1 811 522
The cumulative impact of legal risk associated with litigation related to indexation clauses mortgages and housing loans in foreign currencies and settlement program	7 960 919	8 258 113

Total costs of legal risk related to foreign currency loans recognised in the income statement in the first three quarters 2024 amounted to PLN 3 374.8 million (in first three quarters of 2023: PLN 3 432. 2 million). The costs are mainly due to updating model parameters for the future expected costs of execution of court judgments, in particular updating estimates of statutory interest costs in relation to the pending court cases, update of the costs of the settlement program and update to the forecast of the number of court cases.

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Methodology of calculating the impact of the legal risk related to individual court cases regarding credit loans indexed to CHF

The methodology of calculating the impact of the legal risk related to individual court cases concerning both active and repaid loans applied by the Bank depends on numerous assumptions that take into account historical data adjusted with the Bank's expectations regarding the future. The most important assumptions are: an expected population of borrowers who will file a lawsuit against the Bank, the distribution of expected verdicts judged by the courts and the loss to be incurred by the Bank in case of losing the case in court and the level of settlement acceptance.

Expected population of borrowers who will file a lawsuit

The population of borrowers who will file a lawsuit against the Bank has been projected using statistical methods based on the Bank's litigation history and assumptions about the influx of new cases over the full projection period. The Bank assumes that the vast majority of the projected cases will be filed by the end of 2024, after which the number will decline.

For the purpose of calculating the impact of legal risk mBank assumes that approximately 5.1 thousand CHF borrowers including 2.1 thousand with active loans and 3.0 thousand with repaid loans, will file a lawsuit against the Bank in the future (as of 31 December 2023: 7.9 thousand of which 6.1 thousand active and 1.8 thousand repaid loans). Moreover, the Bank assumed that some portion of CHF borrowers will sign settlements. These assumptions, due to significant legal uncertainties surrounding CHF cases as well as other external factors that may shape clients' preferences to file the lawsuits, is highly judgmental and may be a subject to an adjustment in future. If an additional 1 thousand borrowers with active loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 311.4 million (while other relevant assumptions remain constant) as compared to 30 September 2024, reducing gross carrying amount of the loans. If an additional 1 thousand borrowers with repaid loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 82.4 million (while other relevant assumptions remain constant) increasing the provisions for legal proceedings.

The Bank estimates that 2.4 thousand borrowers with active CHF indexed loans will not decide to sue the Bank or sign a settlement with the Bank in the future and 31.4 thousand borrowers with repaid CHF indexed loans will not sue the Bank in future. In the Bank's opinion this will be influenced by the following factors: clients' expectations regarding future changes in the CHF/PLN exchange rate, clients' expectations regarding future costs of PLN loans, changes in jurisprudence in CHF loan cases, tax solutions regarding settlements, costs and duration of court proceedings, individual factors (in particular the loan repayment period and the current amount of debt). This is not a direct estimate, but the result of the difference between the estimate of the population of clients already in dispute with the Bank or intending to do so and the estimate of the population of clients who decide to settle and the number of clients with an active CHF credit agreement and borrowers who have already repaid their loans.

Distribution of expected court rulings

The expected distribution of court rulings was based on final judgments issued in recent cases against the Bank. As of 30 September 2024, the Bank assumed a loss in 99% of pending or future lawsuits (as of 31 December 2023: 99%), while for the remaining 1% of cases, the Bank assumed dismissal of the claim (as of 31 December 2023: 1%). In the loss scenario Bank took into account only scenario for termination of court proceedings in which the contract is invalid in its entirety, as removing the exchange rate clause would be too far-reaching change (assuming that the clause specifies the main subject of the contract). As compared to 31 December 2023 the Bank excluded scenario in which the contract remains valid, but the indexation mechanism is eliminated, which transforms a loan indexed to CHF into a PLN loan subject to the interest rate for a loan indexed to CHF. If assumed that all lawsuits end unfavourably for the Bank (100% of the loss scenario), the impact of the legal risk would change by PLN 56.7 million, of which PLN 37.8 million would change the gross carrying amount of loans and PLN 18.9 million provisions for legal proceedings.

The Bank estimated the impact of the resolution of the Full Court of the Civil Chamber of the Supreme Court dated 25 April 2024. According to its wording, the starting point of the limitation period begins from the day after the day the Bank receives the first letter from a borrower challenging the provision of the contract, which may in some cases result in the Bank's counterclaims for principal to be time-barred. The Bank estimated probabilities individually for these contracts which range from 5% to 50%, assuming that the Bank's claims would be considered time-barred, despite the fact that counterclaims for principal were filed by the Bank before the expiration of 3 years from the date of the borrower's lawsuit. If assumed that individual probabilities will change by +/- 1 percentage point and all other relevant assumptions remained constant, the impact of the legal risk would change by PLN 6.0 million, of which PLN 4.6 million would change the gross carrying amount of loans and PLN 1.4 million provisions for legal proceedings.

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The Bank estimates that if all Bank's originated loan agreements currently under individual and class action court proceedings were declared invalid the pre-tax cost could reach ca. PLN 7.8 billion (compared to PLN 8.0 billion cumulative impact of legal risk associated with litigation related to indexation clauses mortgages and housing loans in foreign currencies as at 30 September 2024). Overall losses would be higher or lower depending on the final court verdicts, this estimate does not include the cost of the settlement program.

Probability of settlement acceptance

The Bank assumed the probability of accepting settlements based on the results of an actively conducted settlement program and available market data and based on its own projections. As of 30 September 2024, the Bank assumed that it would conclude 6.4 thousand settlements in the future which accounts for approximately 32% of active portfolio (as of 31 December 2023: 6.2 thousand, approximately 22%), including the borrowers who already filed or are expected to file a lawsuit against the Bank.

Methodology of calculating the impact of the legal risk related to the class action case and other foreign currencies loans

In order to calculate the legal risk costs related to a class action and loans indexed to other currencies, the methodology described above for calculating the impact of the legal risk related to individual cases and loans indexed to other currencies was used and it was applied to the whole population covered by the class action and loans indexed to other foreign currencies. The distribution of expected court rulings used is the same as for individual cases in CHF.

As of 30 September 2024, the Bank recognised the impact of legal risk in the class action in the amount of PLN 290.4 million and the impact of legal risk of loans indexed to other foreign currencies in the amount of PLN 306.8 million.

SELECTED EXPLANATORY INFORMATION

1. Compliance with international financial reporting standards

The presented condensed interim consolidated report for the third quarter of 2024 fulfils the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to interim financial reports.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

2. Consistency of accounting principles and calculation methods applied to the drafting of the quarterly report and the last annual financial statements

The description of the Group's material accounting policies is presented in Note 2 of Consolidated financial statements of mBank S.A. Group for 2023, published on 29 February 2024. The accounting principles adopted by the Group were applied on a continuous basis for all periods presented in the financial statements with the exception of the accounting policy for income tax recognition, which in the interim statements is in accordance with IAS 34.

3. Seasonal or cyclical nature of the business

The business operations of the Group do not involve significant events that would be subject to seasonal or cyclical variations.

4. Nature and values of items affecting assets, liabilities, equity, net profit/loss or cash flows, which are extraordinary in terms of their nature, magnitude or exerted impact

- In the financial results for the third quarter of 2024, the Bank recognised the cost of legal risk related to foreign currency loans in the amount of PLN 970.7 million. The detailed information in this regard is presented in Note 31.
- In the third quarter of 2024, the Group also recognised the impact of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays") which resulted in an increase in interest income by recognising the result on non-substantial modifications of loans in the amount PLN 110.1 million. Detailed information in this regard is presented in Note 3.

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5. Nature and amounts of changes in estimate values of items, which were presented in previous interim periods of the current reporting year, or changes of accounting estimates indicated in prior reporting years, if they bear a substantial impact upon the current interim period

- In the financial results for the third quarter of 2024, the Bank recognised the cost of legal risk related to foreign currency loans in the amount of PLN 970.7 million. The detailed information in this regard is presented in Note 31.
- In the third quarter of 2024, the Group also recognised the impact of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays") which resulted in an increase in interest income by recognising the result on non-substantial modifications of loans in the amount PLN 110.1 million. Detailed information in this regard is presented in Note 3.

6. Issues, redemption and repayment of non-equity and equity securities

In the third quarter of 2024, the following issues and redemptions occurred in the Group:

- mBank Hipoteczny S.A. redeemed two series of mortgage covered bonds in the amount of PLN 241 800 thousand and EUR 24 900 thousand;
- mLeasing Sp. z o.o. issued one series of short-term discount bonds in the amount of PLN 98 517 thousand and redeemed one series of short-term discount bonds in the amount of PLN 100 000 thousand;
- On 27 September 2024, the Bank issued senior preferred notes under the EMTN Programme in the total nominal value of EUR 500 000 thousand, which is the equivalent of PLN 2 138 050 thousand at the average NBP exchange rate as of 27 September 2024, maturing on 27 September 2030 (with an option of early redemption at the issuer's request on 27 September 2029). The bonds bear interest at a fixed rate for five years from the issue date and a variable rate of EURIBOR 3M plus a margin throughout the sixth year;
The bonds were admitted to trading on the regulated market of the Luxembourg Stock Exchange;
- On 22 January 2024, on 22 April 2024 and on 22 July 2024 mBank partially redeemed credit linked notes in the amount of PLN 311 848 thousand. The notes are connected with synthetic securitisation transaction performed in March 2022, their partial redemption is a result of depreciation of securitised portfolio;
- On 22 July 2024 mBank partially redeemed credit linked notes in the amount of PLN 5 912 thousand. The notes are connected with synthetic securitisation transaction performed in December 2022, their partial redemption is a result of depreciation of securitised portfolio.

7. Dividends paid (or declared) altogether or broken down by ordinary shares and other shares

On 27 March 2024, the 37th Annual General Meeting of mBank S.A. adopted resolution regarding the profit share for 2023. The net profit earned by mBank S.A. in 2023, amounting to PLN 29 322 135.24 is assigned to the supplementary capital of mBank S.A. The Annual General Meeting of mBank S.A. also decided to leave the profit from the previous years in the amount of PLN 1 401 756 971.49 undivided. The Annual General Meeting of mBank S.A did not decide about dividend payment.

8. Significant events after the end of the third quarter of 2024, which are not reflected in the financial statements

Events as indicated above did not occur in the Group.

9. Effect of changes in the structure of the entity in the third quarter of 2024, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

In the third quarter of 2024, events as indicated above did not occur in the Group.

10. Changes in contingent liabilities and commitments

In the third quarter of 2024, there were no changes in contingent liabilities and commitments of credit nature, i.e. guarantees, letters of credit or undrawn loan amounts, other than resulting from current operating activities of the Group. There was no single case of granting of guarantees or any other contingent liability of any material value for the Group.

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11. Write-offs of the value of inventories down to net realisable value and reversals of such write-offs

In the third quarter of 2024, events as indicated above did not occur in the Group.

12. Revaluation write-offs on account of impairment of tangible fixed assets, intangible assets, or other assets as well as reversals of such write-offs

In the third quarter of 2024, events as indicated above did not occur in the Group.

13. Revaluation write-offs on account of impairment of financial assets

Data regarding write-offs on account of impairment of financial assets is presented under Note 12 of these condensed interim consolidated financial statements.

14. Reversals of provisions against restructuring costs

In the third quarter of 2024, events as indicated above did not occur in the Group.

15. Acquisitions and disposals of tangible fixed asset items

In the third quarter of 2024 there were no material transactions of acquisition or disposal of any tangible fixed assets, with the exception of typical lease operations that are performed by the companies of the Group.

16. Material liabilities assumed on account of acquisition of tangible fixed assets

In the third quarter of 2024, events as indicated above did not occur in the Group.

17. Information about changing the process (method) of measurement the fair value of financial instruments

In the reporting period there were no changes in the process (method) of measurement the fair value of financial instruments.

18. Changes in the classification of financial assets due to changes of purpose or use of these assets

In the reporting period there were no changes in the classification of financial assets as a result of a change in the purpose or use of these assets.

19. Corrections of errors from previous reporting periods

In the third quarter of 2024, events as indicated above did not occur in the Group. The restatements of comparative data have been described in the Note 2 in the item Comparative data.

20. Information on changes in the economic situation and operating conditions that have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are measured at fair value or at the adjusted purchase price (amortised cost)

In the third quarter of 2024, events as indicated above did not occur in the Group.

21. Default or infringement of a loan agreement or failure to initiate composition proceedings

In the third quarter of 2024, events as indicated above did not occur in the Group.

22. Position of the management on the probability of performance of previously published profit/loss forecasts for the year in light of the results presented in the quarterly report compared to the forecast

The Bank did not publish a performance forecast for 2024.

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23. Registered share capital

The total number of ordinary shares as at 30 September 2024 was 42 496 973 shares (31 December 2023: 42 465 167 shares) at PLN 4 nominal value each. All issued shares were fully paid up.

REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 30 SEPTEMBER 2024						
Share type	Type of privilege	Type of limitation	Number of shares	Series / face value of issue in PLN	Paid up	Registered on
ordinary bearer*	-	-	9 989 000	39 956 000	fully paid in cash	1986
ordinary registered*	-	-	11 000	44 000	fully paid in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid in cash	2010
ordinary bearer	-	-	16 072	64 288	fully paid in cash	2011
ordinary bearer	-	-	36 230	144 920	fully paid in cash	2012
ordinary bearer	-	-	35 037	140 148	fully paid in cash	2013
ordinary bearer	-	-	36 044	144 176	fully paid in cash	2014
ordinary bearer	-	-	28 867	115 468	fully paid in cash	2015
ordinary bearer	-	-	41 203	164 812	fully paid in cash	2016
ordinary bearer	-	-	31 995	127 980	fully paid in cash	2017
ordinary bearer	-	-	24 860	99 440	fully paid in cash	2018
ordinary bearer	-	-	13 385	53 540	fully paid in cash	2019
ordinary bearer	-	-	16 673	66 692	fully paid in cash	2020
ordinary bearer	-	-	17 844	71 376	fully paid in cash	2021
ordinary bearer	-	-	48 611	194 444	fully paid in cash	2022
ordinary bearer	-	-	31 672	126 688	fully paid in cash	2023
ordinary bearer	-	-	31 806	127 224	fully paid in cash	2024
Total number of shares			42 496 973			
Total registered share capital				169 987 892		
Nominal value per share (PLN)		4				

* As at the end of the reporting period

24. Material share packages

The shareholders holding over 5% of the share capital and votes at the General Meeting are:

- Commerzbank AG which held 69.07% of the share capital and votes at the General Meeting of mBank S.A. as at 30 September 2024, and
- Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. the funds of which held 5.18% of the share capital and votes at the General Meeting of mBank S.A. including Nationale-Nederlanden Otwarty Fundusz Emerytalny the funds of which held 5.01% of the share capital and votes at the General Meeting of mBank S.A.

The changes in the ownership structure of Bank's material shares packages

- On 7 March 2024, Bank was notified by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale-Nederlanden PTE S.A.) about an increase of the funds' managed by Nationale-Nederlanden PTE S.A. share in the share capital and the total number of votes at the General Meeting of mBank S.A. above 5% as a result of a purchase of Bank's shares on 5 March 2024. After the transaction the funds managed by Nationale-Nederlanden PTE S.A. held 2 127 099 shares of mBank S.A., which represents 5.009% of the share capital and the total number of votes at the General Meeting of mBank S.A.
- On 21 March 2024, Bank was notified by Nationale-Nederlanden PTE S.A. about an increase of the funds' managed by Nationale-Nederlanden Otwarty Fundusz Emerytalny (Nationale-Nederlanden OFE) share in the share capital and the total number of votes at the General Meeting of mBank S.A. above 5% as a result of a purchase of Bank's shares on 19 March 2024. After the transaction the funds managed by Nationale-Nederlanden OFE held 2 129 814 shares of mBank S.A., which represents 5.0154% of the share capital and the total number of votes at the General Meeting of mBank S.A.

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As a result of the above-mentioned transaction on the accounts of funds managed by Nationale-Nederlanden PTE S.A. there were a total of 2 200 912 shares of the Bank, which constituted 5.1829% of the shares and votes at the general meeting of mBank S.A.

25. Change in the Bank shares and rights to shares held by managers and supervisors

	Number of shares held as at the date of publishing the report for H1 2024	Number of shares acquired from the date of publishing the report for H1 2024 to the date of publishing the report for Q3 2024	Number of shares sold from the date of publishing the report for H1 2024 to the date of publishing the report for Q3 2024	Number of shares held as at the date of publishing the report for Q3 2024
Management Board				
1. Cezary Kocik	-	-	-	-
2. Krzysztof Bratos	1 069	-	-	1 069
3. Krzysztof Dąbrowski	1 609	-	-	1 609
4. Marek Lusztyn	2 267	-	-	2 267
5. Julia Nusser	-	-	-	-
6. Adam Pers	-	-	-	-
7. Pascal Ruhland	-	-	-	-

As at the date of publishing the report for the first half of 2024 and as at the date of publishing the report for the third quarter of 2024, the Members of the Management Board had no and they have no rights to the Bank's shares.

As at the date of publishing the report for the first half 2023 and as at the date of publishing the report for the three quarters of 2024, the Members of the Supervisory Board had neither the Bank's shares nor rights to the Bank's shares.

26. Contingent liabilities

Proceedings before a court, arbitration body or public administration authority

The Group monitors the status of all court cases brought against entities of the Group, including the status of court rulings regarding loans in foreign currencies in terms of shaping of and possible changes in the line of verdicts of the courts, as well as the level of required provisions for legal proceedings.

As at 30 September 2024, the total value of claims in court proceedings (trials) pending in which the Group was defendant amounted to PLN 11 561.4 million, of which PLN 9 943.1 million related to court cases concerning loans indexed to foreign currencies (31 December 2023: PLN 11 320.2 million and PLN 9 613.0 million respectively). The total value of claims in court proceedings (trials) pending in which the Group was claimants as at 30 September 2024 was PLN 9 683.6 million, of which PLN 9 177.0 million related to court cases concerning loans indexed to foreign currencies (31 December 2023: PLN 4 549.7 million and PLN 4 029.1 million respectively).

The Group creates provisions for litigations against entities of the Group, which as a result of the risk assessment involve a probable outflow of funds from fulfilling the liability and when a reliable estimate of the amount of the liability can be made. The amount of provisions is determined taking into account the amounts of outflow of funds calculated on the basis of scenarios of potential settlements of disputable issues and their probability estimated by the Group based on the previous decisions of courts in similar matters and the experience of the Group.

The value of provisions for litigations as at 30 September 2024 amounted to PLN 3 225 618 thousand of which PLN 3 177 278 thousand concerns to provisions for legal proceedings relating to loans in foreign currencies (31 December 2023, respectively PLN 1 940 610 thousand and PLN 1 819 606 thousand). A potential outflow of funds due to the fulfilment of the obligation takes place at the moment of the final resolution of the cases by the courts, which is beyond the control of the Group.

Information on the most important court proceedings relating to the issuer's contingent liabilities

1. A lawsuit filed by LPP S.A.

On 17 May 2018, mBank S.A. received a lawsuit filed by LPP S.A. with its registered office in Gdańsk seeking damages amounting to PLN 96 307 thousand on account of interchange fee. In the lawsuit, LPP S.A. petitioned the court for awarding the damages jointly from mBank S.A. and from other domestic bank.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union. In the plaintiff's opinion, the collusion took the form of an agreement in restriction of competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of payments for goods purchased by them with payment cards in the territory of Poland.

On 16 August 2018 mBank S.A. has submitted its statement of defence and requested that the action be dismissed. The court accepted the Defendants' requests to summon sixteen banks to join the proceedings and ordered that the banks be served with the summons. Two banks have notified of their intention to intervene in the case as an indirect intervener. In a judgment dated 27 January 2023, the District Court in Warsaw dismissed LPP S.A.'s lawsuit in its entirety. The verdict is not final, on 27 March 2023 LPP S.A. has filed an appeal, to which the Bank filed a response on 26 June 2023. By its judgment of 23 November 2023, the Court of Appeal in Warsaw dismissed the appeal of LPP S.A. On 13 March 2024, mBank S.A. received LPP S.A.'s cassation appeal, to which mBank S.A. submitted a response.

2. A lawsuit filed by Polski Koncern Naftowy ORLEN S.A.

On 7 February 2020, mBank S.A. received a lawsuit filed by Polski Koncern Naftowy ORLEN S.A. (Orlen S.A.) with its registered office in Płock seeking damages amounting to PLN 635 681 thousand on account of interchange fee. In the lawsuit, Orlen S.A. petitioned the court for awarding the damages jointly from mBank S.A. and other domestic bank and also from Master Card Europe and VISA Europe Management Services.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union, i.e. a collusion restricting competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of card payments for goods and services purchased by clients on the territory of Poland. On 28 May 2020, mBank S.A. filed a response to the lawsuit and moved for a dismissal of a claim. The Court allowed for the motions of Defendants to summon 16 banks to participate in the case and preordained the service of a summoning motion to the banks. Two banks have notified of their intention to intervene in the case as an indirect intervener.

3. Class action against mBank S.A. concerning indexation clauses

Detailed information on the class action against the Bank is provided in Note 31.

4. Individual court proceedings concerning indexation clauses

Detailed information on individual court cases against the Bank regarding CHF indexed loans is provided in Note 31.

Tax inspections

In the third quarter of 2024 none of the mBank Group subsidiaries was a subject to tax authorities inspection.

Tax authorities may carry out inspections and verify records of economic operations recorded in the accounting books within 5 years from the end of the tax year in which tax returns were submitted, determine additional tax liabilities and impose related penalties. In the opinion of the Management Board, there are no circumstances indicating the likelihood of significant tax liabilities arising in this respect.

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Inspection by the Social Insurance Institution (ZUS)

mFinanse S.A., a subsidiary of the Bank, was inspected by the Social Insurance Institution (ZUS) in the period from 16 May 2022 to 2 March 2023. The subject of the inspection was the area of correctness and reliability of calculating social insurance contributions and other contributions that the Social Insurance Institution is obliged to collect, as well as reporting for social insurance and health insurance for the years 2018 - 2021. On 3 March 2023, the Company received the Social Insurance Institution's inspection protocol in the aforementioned scope, to which the mFinanse submitted objections. In the period from September 2023 to September 2024 mFinanse received from Social Insurance Institution (ZUS) decisions regarding some of the persons subject to inspection. As at the date of preparation these financial statements, mFinanse S.A. settled the adjudicated contributions according to the received decisions along with interest.

The company is in dispute with the Social Security Institution over the interpretation of the application of social security regulation in the area of the cooperation model involving the simultaneous employment of intermediaries on a part-time basis and a civil law contract. There are currently 225 cases at the court stage in the area of the cooperation model used by the company. The Group's position is that the cooperation model used by the Company complies with the provisions of the law, including the Banking Law in terms of providing credit intermediaries with access to data covered by bank secrecy.

In connection with the above issue, as of 30 September 2024, the Group had a provision in the amount of PLN 69 404 thousand (as at 31 December 2023: PLN 104 969 thousand).

Proceedings initiated by the Polish Financial Supervision Authority (PFSA)

On 22 November 2023, the Polish Financial Supervision Authority started administrative proceedings against mBank S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

Proceedings initiated by the Office of Competition and Consumer Protection (UOKiK)

- Proceedings for considering provisions of a master agreement as abusive instituted ex officio on 12 April 2019. The proceedings concern amendment clauses stipulating circumstances under which the Bank is authorised to amend the terms and conditions of the agreement, including the amount of fees and commissions. In the opinion of the President of the Office of Competition and Consumer Protection (UOKiK), the amendment clauses used by the Bank give it an unlimited right to unilaterally and freely change the manner of performing the agreement. As a consequence, the UOKiK President represents the view that the clauses used by mBank define the rights and obligations of consumers contrary to good morals and grossly violate their interest and, thus, are abusive. The Bank does not agree with this stance. In a letter of 28 April 2023, the President of UOKiK extended the proceedings until 31 December 2024. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.
- By way of the decision of 8 July 2022 the President of the Office of Competition and Consumer Protection (UOKiK) instigated proceedings on the application of practices violating consumers' collective interests, consisting in a failure to refund the cost of transactions which consumers reported as unauthorised or to restore account balances that would have existed had such transactions not been executed under the procedure and within the time limit specified in the Payment Services Act, as well as practices consisting in providing consumers with incorrect information on the Bank's verification of whether a payment instrument was used correctly in response to customer reports.

The President of the Office of Competition and Consumer Protection accuses the Bank of not refunding the amount of an unauthorised payment transaction despite the lack of grounds justifying the refusal to refund, i.e. suspicion of fraud on the part of the customer or expiration of the claim due to the expiry of the deadline. In its arguments, the Bank emphasises that art. 46 section 1 of the Act of 19 August 2011 on Payment Services (hereinafter referred to as "UUP") does not apply to authorised transactions, and that the obligation to return pursuant to art. 46 section 1 of the UUP does not apply to situations where the payer is liable for an unauthorised transaction.

The essence of the proceedings initiated by the President of the Office of Competition and Consumer Protection is to determine under what circumstances the payment service provider is obliged to refund the transaction amount within D+1. According to the President of the Office of Competition and Consumer Protection, such an obligation arises whenever the consumer reports that, in his opinion, an unauthorised transaction has occurred. In the Bank's opinion, this position is unjustified, because such an obligation arises only when an unauthorised transaction actually took place and the Bank is liable for a transaction that is not authorised under the provisions of the Personal Data Protection Act.

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Moreover, the Bank is of the opinion that the information provided to consumers regarding the Bank's lack of liability for the reported transaction is true. The Bank's liability for transactions reported as unauthorised transactions is not absolute, and the Bank's obligation to refund the transaction amount becomes effective only in situations where an unauthorised transaction actually occurs and there is no occurrence of one of the cases excluding the Bank's liability. In the succeeding letter UOKiK requested for further clarification and extended the proceeding to 29 November 2024. The proceedings are ongoing. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

Proceedings initiated by the Personal Data Protection Office (UODO)

On 23 September 2024, the President of the Personal Data Protection Office initiated administrative proceedings regarding the Bank's potential violation of personal data protection regulations. The subject of the proceedings is a potential violation of Art. 28 section 3 and art. 30 section 1 letter d of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR"). In the Bank's opinion, there was no violation of the provisions of the GDPR in the case under investigation. The Bank explained its legal position in a letter sent to the President of the Personal Data Protection Office, also underlining its intentions to closely cooperate with the President of the Data Protection Office. At the current stage of the proceedings, it is not possible to reliably estimate the amount of the potential penalty.

Contingent liabilities granted and received relating to financing and guarantees

Information on the value of contingent liabilities granted and received regarding financing and guarantees is presented in Note 27.

27. Off-balance sheet liabilities

Off-balance sheet liabilities and nominal value of derivative financial instruments as at 30 September 2024 and 31 December 2023 were as follows.

	30.09.2024	31.12.2023
Contingent liabilities granted and received	56 289 916	52 873 539
Commitments granted	46 340 208	42 559 903
Financing	36 666 583	34 358 230
Guarantees and other financial facilities	8 516 038	8 201 673
Other liabilities	1 157 587	-
Commitments received	9 949 708	10 313 636
Financial commitments received	493 286	655 280
Guarantees received	9 456 422	9 658 356
Derivative financial instruments (nominal value of contracts)	801 361 761	556 272 354
Interest rate derivatives	675 926 554	424 701 220
Currency derivatives	119 029 443	126 489 862
Market risk derivatives	6 405 764	5 081 272
Total off-balance sheet items	857 651 677	609 145 893

28. Transactions with related entities

mBank S.A. is the parent entity of the mBank S.A. Group and Commerzbank AG is the ultimate parent of the Group as well as the direct parent of mBank S.A.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which not differ from arm's length terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

The amounts of transactions with related entities, i.e. balances of receivables and liabilities as at 30 September 2024 and as at 31 December 2023, and related costs and income for the period from 1 January to 30 September 2024 and from 1 January to 30 September 2023 are presented in the table below.

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	mBank's subsidiaries			Commerzbank AG			Other companies of the Commerzbank AG Group		
	30.09.2024	31.12.2023	30.09.2023	30.09.2024	31.12.2023	30.09.2023	30.09.2024	31.12.2023	30.09.2023
Statement of financial position									
Assets	2 068	1 840		1 198 509	575 482		8	45	
Liabilities	52 085	47 034		1 545 902	1 857 549		76 972	82 994	
Income Statement									
Interest income	-		-	56 294		45 701	-		-
Interest expense	(403)		(625)	(36 959)		(43 935)	(933)		(2 030)
Fee and commission income	86		123	4 954		4 792	42		39
Fee and commission expense	(21 686)		(18 403)	-		-	-		-
Other operating income	707		1 398	1 472		1 427	-		-
Overhead costs, amortisation and other operating expenses	-		(2)	(3 237)		(5 339)	-		-
Contingent liabilities granted and received									
Liabilities granted	356 699	367 458		2 248 288	2 288 854		1 773	1 776	
Liabilities received	-	-		1 934 161	1 956 104		-	-	

The total costs of remuneration of Members of the Supervisory Board, the Management Board and other key management personnel of the Bank that perform their duties from 1 January to 30 September 2024 recognised in the Group's income statement for that period amounted to PLN 35 490 thousand (in the period from 1 January to 30 September 2023: PLN 29 877 thousand).

With regard to the Management Board and other key management personnel the remuneration costs include also remuneration in the form of shares and stock warrants.

29. Credit and loan guarantees, other guarantees granted of significant value

In the nine-month period, ended on 30 September 2024, Group has not concluded any substantial agreements regarding credit and loan guarantees or guarantees granted of a significant amount.

30. Other information which the issuer deems necessary to assess its human resources, assets, financial position, financial performance and their changes as well as information relevant to an assessment of the issuer's capacity to meet its liabilities

Management Board of mBank S.A.

As of 30 September 2024, the Management Board of mBank S.A. performed functions in the following composition:

1. Cezary Kocik – Vice-President of the Management Board,
2. Krzysztof Bratos – Vice-President of the Management Board, Head of Retail Banking,
3. Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and IT,
4. Marek Lusztyn – Vice-President of the Management Board, Head of Risk,
5. Julia Nusser - Vice-President of the Management Board, Head of Compliance, Legal Issues and HR
6. Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking,
7. Pascal Ruhland - Vice-President of the Management Board, Chief Financial Officer.

Changes in the Management Board of mBank S.A.

On 4 July 2024, Mr. Cezary Stypułkowski, President of the Management Board of mBank S.A., resigned from his position on the Management Board of mBank S.A., including the position of President of the Management Board of mBank S.A., with effect from 4 July 2024.

The resignation was submitted as a result of agreements with the Supervisory Board of the Bank, constituting an integral part of the succession process as the President of the Management Board of mBank. Earlier, on 5 June 2024, Mr. Cezary Kocik was conditionally appointed to the position of the President of the Management Board. The appointment of Mr. Cezary Kocik to the position of the President of the Management Board of mBank S.A. by the Supervisory Board is conditioned by obtaining the consent of the Polish Financial Supervision Authority, which was granted on 11 October 2024.

On 25 July 2024 the Supervisory Board of mBank S.A. appointed Mr Krzysztof Bratos to the Management Board of mBank S.A. as of 26 July 2024 for the position of Vice-President of the Management Board, Head of Retail Banking, replacing Mr Cezary Kocik.

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Supervisory Board of mBank S.A.

As of 30 September 2024 the composition of the Supervisory Board of mBank S.A. was as follows:

1. Agnieszka Słomka-Gołębiowska – Chairwoman,
2. Bettina Orlopp – Vice-Chairwoman,
3. Hans-Georg Beyer,
4. Tomasz Bieske,
5. Mirosław Godlewski,
6. Aleksandra Gren,
7. Thomas Schaufler,
8. Bernhard Spalt.

Changes in the Supervisory Board of mBank S.A.

On 14 October 2024 Mrs. Bettina Orlopp resigned from membership in the Bank's Supervisory Board with the effective date of 12 December 2024.

31. Factors affecting the results in the coming quarter

The results in the coming quarter may also be affected by court settlements, the number of lawsuits and settlements, as well as potential rulings of the Supreme Court, other national institutions or Court of Justice of the European Union in cases related to foreign currencies loans, which is presented in detail in the Note 31.

32. Other information

■ Requirements on mBank Group capital ratios as of 30 September 2024

The minimum required level of capital ratios at the end of September 2024 amounted to:

- Individual total capital ratio: 11.10% and Tier 1 capital ratio: 9.10%;
- Consolidated total capital ratio: 11.09% and Tier 1 capital ratio: 9.09%.

At the date of approval of these financial statements, mBank S.A. and mBank S.A. Group fulfil the PFSA requirements related to the required capital ratios on both individual and consolidated levels.

The table below presents the measures reported as of 30 September 2024 and 31 December 2023 for the Bank and the Group.

	30.09.2024		31.12.2023	
	mBank	mBank Group	mBank	mBank Group
Common Equity Tier I capital (PLN thousand)	13 527 788	13 429 261	12 817 356	12 719 997
Tier I capital (PLN thousand)	13 527 788	13 429 261	12 817 356	12 719 997
Own funds (PLN thousand)	15 052 108	14 929 042	14 845 446	14 730 102
Common Equity Tier I ratio (%)	15.7	13.9	17.0	14.7
Tier I capital ratio (%)	15.7	13.9	17.0	14.7
Total capital ratio (%)	17.5	15.4	19.7	17.0

33. Events after the balance sheet date

On 11 October 2024, the Polish Financial Supervision Authority unanimously consented to the appointment of Mr. Cezary Kocik as the President of the Management Board of mBank S.A. The consent fulfils the last condition set out in the resolution of the Supervisory Board of mBank S.A. of 5 June 2024 and the assumption of the position of President of the Management Board by Mr. Cezary Kocik.

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(PLN thousand)

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENT OF MBANK S.A. FOR THE THIRD QUARTER OF 2024**CONDENSED SEPARATE INCOME STATEMENT**

	Period from 01.07.2024 to 30.09.2024	Period from 01.01.2024 to 30.09.2024	Period from 01.07.2023 to 30.09.2023	Period from 01.01.2023 to 30.09.2023
Interest income, including:	3 626 849	10 228 040	3 633 794	10 498 735
<i>Interest income accounted for using the effective interest method</i>	3 552 734	10 017 739	3 544 414	10 241 409
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	74 115	210 301	89 380	257 326
Interest expenses	(1 231 743)	(3 544 678)	(1 485 546)	(4 416 329)
Net interest income	2 395 106	6 683 362	2 148 248	6 082 406
Fee and commission income	754 562	2 171 140	708 661	2 088 214
Fee and commission expenses	(282 746)	(781 876)	(249 819)	(694 261)
Net fee and commission income	471 816	1 389 264	458 842	1 393 953
Dividend income	185	6 506	175	4 803
Net trading income	42 322	123 361	(13 113)	(5 539)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	30 345	42 225	(8 065)	(4 259)
Gains less losses from derecognition of assets and liabilities not measured at fair value through profit or loss	947	2 773	2 916	(47 394)
Other operating income	11 817	234 480	21 439	67 150
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(160 907)	(338 608)	(228 052)	(513 858)
Result on provisions for legal risk related to foreign currency loans	(970 708)	(3 374 752)	(1 083 537)	(3 432 217)
Overhead costs	(604 383)	(1 858 779)	(533 539)	(1 722 050)
Depreciation	(123 225)	(361 538)	(108 864)	(312 380)
Other operating expenses	(35 453)	(105 697)	(118 269)	(206 664)
Operating profit (loss)	1 057 862	2 442 597	538 181	1 303 951
Tax on the Bank's balance sheet items	(185 690)	(542 247)	(179 321)	(538 426)
Share in profits (losses) of entities under the equity method	94 067	190 276	65 045	184 900
Profit (loss) before income tax	966 239	2 090 626	423 905	950 425
Income tax expense	(398 179)	(837 901)	(526 605)	(894 069)
Net profit (loss)	568 060	1 252 725	(102 700)	56 356
Earnings (losses) per share (in PLN)	13.37	29.49	(2.42)	1.33
Diluted earnings (losses) per share (in PLN)	13.35	29.45	(2.41)	1.33

mBank S.A. Group

Consolidated financial report for the third quarter of 2024

Condensed interim separate financial statement of mBank S.A. for the third quarter of 2024

(PLN thousand)

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Period from 01.07.2024 to 30.09.2024	Period from 01.01.2024 to 30.09.2024	Period from 01.07.2023 to 30.09.2023	Period from 01.01.2023 to 30.09.2023
Net profit (loss)	568 060	1 252 725	(102 700)	56 356
Other comprehensive income net of tax, including:	175 831	360 577	331 178	1 249 247
Items that may be reclassified subsequently to the income statement	175 831	360 577	331 178	1 249 247
Exchange differences on translation of foreign operations (net)	(3 930)	(3 578)	11 669	(275)
Cash flows hedges (net)	44 315	124 215	136 336	408 004
Share of other comprehensive income of entities under the equity method (net)	24 980	30 249	17 423	29 203
Debt instruments at fair value through other comprehensive income (net)	110 466	209 691	165 750	812 315
Total comprehensive income (net)	743 891	1 613 302	228 478	1 305 603

mBank S.A. Group

Consolidated financial report for the third quarter of 2024

Condensed interim separate financial statement of mBank S.A. for the third quarter of 2024

(PLN thousand)

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	30.09.2024	31.12.2023
Cash and cash equivalents	25 802 656	36 641 448
Financial assets held for trading and derivatives held for hedges	1 614 903	1 767 707
Non-trading financial assets mandatorily at fair value through profit or loss, including:	781 887	828 268
<i>Equity instruments</i>	241 614	174 411
<i>Debt securities</i>	25 324	50 144
<i>Loans and advances to customers</i>	514 949	603 713
Financial assets at fair value through other comprehensive income	46 632 626	54 464 505
<i>Debt securities</i>	29 879 192	36 225 947
<i>Loans and advances to customers</i>	16 753 434	18 238 558
Financial assets at amortised cost, including:	152 144 849	121 056 962
<i>Debt securities</i>	34 770 945	25 527 804
<i>Loans and advances to banks</i>	20 512 080	10 476 203
<i>Loans and advances to customers</i>	96 861 824	85 052 955
Investments in subsidiaries	2 460 712	2 196 262
Intangible assets	1 614 510	1 513 882
Tangible assets	1 069 461	1 165 892
Investment properties	100 486	111 964
Current income tax assets	42 663	40 646
Deferred income tax assets	493 630	761 543
Other assets	1 866 797	1 869 397
TOTAL ASSETS	234 625 180	222 418 476
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities held for trading and derivatives held for hedges	1 535 761	1 458 852
Financial liabilities measured at amortised cost, including:	209 764 547	199 677 996
<i>Amounts due to banks</i>	3 828 698	3 346 208
<i>Amounts due to customers</i>	193 184 962	185 117 139
<i>Lease liabilities</i>	816 775	874 242
<i>Debt securities issued</i>	9 261 442	7 625 479
<i>Subordinated liabilities</i>	2 672 670	2 714 928
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(207 016)	(565 985)
Provisions	3 507 035	2 239 144
Current income tax liabilities	296 235	198 373
Other liabilities	4 441 687	5 747 158
TOTAL LIABILITIES	219 338 249	208 755 538
EQUITY		
Share capital:	3 625 801	3 616 185
Registered share capital	169 988	169 861
Share premium	3 455 813	3 446 324
Retained earnings:	11 836 974	10 583 174
- Profit from previous years	10 584 249	10 553 852
- Profit (loss) for the current year	1 252 725	29 322
Other components of equity	(175 844)	(536 421)
TOTAL EQUITY	15 286 931	13 662 938
TOTAL LIABILITIES AND EQUITY	234 625 180	222 418 476

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

Changes from 1 January to 30 September 2024

	Share capital		Retained earnings		Other components of equity	Total
	Registered share capital	Share premium	Profit from the previous years	Profit (loss) for the current year		
Equity as at 1 January 2024	169 861	3 446 324	10 553 852	29 322	(536 421)	13 662 938
Transfer of profit/loss from previous year	-	-	29 322	(29 322)	-	-
Total comprehensive income	-	-	-	1 252 725	360 577	1 613 302
Issuance of ordinary shares	127	-	-	-	-	127
Stock option program for employees	-	9 489	1 075	-	-	10 564
<i>value of services provided by the employees</i>	-	-	10 564	-	-	10 564
<i>settlement of exercised options</i>	-	9 489	(9 489)	-	-	-
Equity as at 30 September 2024	169 988	3 455 813	10 584 249	1 252 725	(175 844)	15 286 931

Changes from 1 January to 31 December 2023

	Share capital		Retained earnings		Other components of equity	Total
	Registered share capital	Share premium	Profit from the previous years	Profit (loss) for the current year		
Equity as at 1 January 2023	169 734	3 435 044	11 250 936	(696 724)	(1 661 794)	12 497 196
Transfer of profit/loss from previous year	-	-	(696 724)	696 724	-	-
Total comprehensive income	-	-	-	29 322	1 125 373	1 154 695
Issuance of ordinary shares	127	-	-	-	-	127
Stock option program for employees	-	11 280	(360)	-	-	10 920
<i>value of services provided by the employees</i>	-	-	10 920	-	-	10 920
<i>settlement of exercised options</i>	-	11 280	(11 280)	-	-	-
Equity as at 31 December 2023	169 861	3 446 324	10 553 852	29 322	(536 421)	13 662 938

Changes from 1 January to 30 September 2023

	Share capital		Retained earnings		Other components of equity	Total
	Registered share capital	Share premium	Profit from the previous years	Profit (loss) for the current year		
Equity as at 1 January 2023	169 734	3 435 044	11 250 936	(696 724)	(1 661 794)	12 497 196
Transfer of profit/loss from previous year	-	-	(696 724)	696 724	-	-
Total comprehensive income	-	-	-	56 356	1 249 247	1 305 603
Issuance of ordinary shares	127	-	-	-	-	127
Stock option program for employees	-	11 280	(4 109)	-	-	7 171
<i>value of services provided by the employees</i>	-	-	7 171	-	-	7 171
<i>settlement of exercised options</i>	-	11 280	(11 280)	-	-	-
Equity as at 30 September 2023	169 861	3 446 324	10 550 103	56 356	(412 547)	13 810 097

mBank S.A. Group

Consolidated financial report for the third quarter of 2024

Condensed interim separate financial statement of mBank S.A. for the third quarter of 2024

(PLN thousand)

CONDENSED SEPARATE STATEMENT OF CASH FLOW

	Period from 01.01.2024 to 30.09.2024	Period from 01.01.2023 to 30.09.2023
Profit before income tax	2 090 626	950 425
Adjustments:	(13 965 730)	(290 059)
Income taxes paid	(551 196)	(937 606)
Depreciation, including depreciation of fixed assets provided under operating lease	374 860	323 318
Foreign exchange (gains) losses related to financing activities	(212 571)	(9 540)
(Gains) losses on investing activities	(178 507)	(190 602)
Change in valuation of investments in subsidiaries accounted for using other than the equity method	2 775	2 333
Dividends received	(6 506)	(4 803)
Interest income (income statement)	(10 228 040)	(10 498 735)
Interest expense (income statement)	3 544 678	4 416 329
Interest received	9 425 280	9 122 205
Interest paid	(3 707 952)	(4 146 556)
Changes in loans and advances to banks	(10 048 809)	(5 069 533)
Changes in financial assets and liabilities held for trading and hedging derivatives	823 191	1 264 499
Changes in loans and advances to customers	(10 313 865)	2 032 641
Changes in securities at fair value through other comprehensive income	7 365 321	273 056
Changes in securities at amortised cost	(9 105 676)	(7 001 572)
Changes of non-trading equity securities mandatorily at fair value through profit or loss	(42 383)	(24 806)
Changes in other assets	(4 215)	(269 273)
Changes in amounts due to banks	553 806	(1 448 251)
Changes in amounts due to customers	8 159 658	10 977 536
Changes in lease liabilities	921	(30 312)
Changes in issued debt securities	59 849	19 773
Changes in provisions	1 267 891	538 255
Changes in other liabilities	(1 144 240)	371 585
A. Cash flows from operating activities	(11 875 104)	660 366
Disposal of intangible assets and tangible fixed assets	465	35 111
Dividends received	6 506	4 803
Acquisition of shares in subsidiaries	(46 700)	(5 560)
Purchase of intangible assets and tangible fixed assets	(466 976)	(410 587)
B. Cash flows from investing activities	(506 705)	(376 233)
Proceeds from issue of debt securities	2 138 050	4 196 675
Proceeds from issue of ordinary shares	127	127
Redemption of debt securities	(337 230)	(947 380)
Payments of financial lease liabilities	(122 570)	(125 442)
Interest paid from loans and advances received from banks and subordinated liabilities	(132 161)	(146 359)
C. Cash flows from financing activities	1 546 216	2 977 621
Net increase / decrease in cash and cash equivalents (A+B+C)	(10 835 593)	3 261 754
Effects of exchange rate changes on cash and cash equivalents	(3 199)	11 892
Cash and cash equivalents at the beginning of the reporting period	36 641 448	16 120 301
Cash and cash equivalents at the end of the reporting period	25 802 656	19 393 947

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**1. Description of relevant accounting policies****Accounting basis**

The condensed interim financial statements of mBank S.A. have been prepared for the 3 and 9-month periods ended 30 September 2024. Comparative data include the 3 and 9-month periods ended 30 September 2023 for the condensed income statement, condensed statement of comprehensive income, 9-month period ended 30 September 2023 for the condensed statement of cash flows and condensed statement of changes in equity, additionally for the period from 1 January to 31 December 2023 for the condensed statement of changes in equity, and in the case of the condensed statement of financial position, data as at 31 December 2023.

These interim financial statements for the third quarter of 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Financial statements of mBank S.A. for 2023, published on 29 February 2024. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

Material accounting principles applied to the preparation of these condensed interim financial statements are presented in Note 2 to the financial statements of mBank S.A. for 2023, published on 29 February 2024.

The preparation of the financial statements requires the application of specific accounting estimates. It also requires the Management Board to use its own judgment when applying the accounting policies adopted by the Bank. The issues in relation to which a significant professional judgement is required, more complex issues, or such issues where estimates or judgments are material to the financial statements are disclosed in Note 2.

Financial statements are prepared in compliance with materiality principle. Material omissions or misstatements of positions of financial statements are material if they could, individually or collectively, influence the economic decisions that users make on the basis of Bank's financial statements. Materiality depends on the size and nature of the omission or misstatement of the position of financial statements or a combination of both. The Bank presents separately each material class of similar positions. The Bank presents separately positions of dissimilar nature or function unless they are immaterial.

These condensed interim financial statements were prepared under the assumption that all the entities of the Bank continues as a going concern in the foreseeable future, i.e. in the period of at least 12 months following the reporting date. As of the date of approving these statements, the Bank Management Board has not identified any events that could indicate that the continuation of the operations by the Bank is endangered in the period of 12 months from the reporting date.

The Management Board of mBank S.A. approved these condensed interim financial statements for issue on 30 October 2024.

New standards, interpretations and amendments to published standards

The detailed information regarding the new International Financial Reporting Standards is presented in the condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.

Comparative data**■ Presentation of cash and cash equivalents (adjustment 1)**

Beginning with the 2023 financial statements, the Bank has changed the presentation of cash and cash equivalents in the statement of financial position. Previously, the Bank presented cash and balances with central bank separately, while part of cash and cash equivalents in the form of current accounts with other banks and term deposits with other banks with an original maturity of up to three months the Bank presented in the item Loans and advances to banks. Currently, the Bank presents all cash and cash equivalents in a single line item in the statement of financial position.

The above change was due to the adjustment of the presentation of selected assets and liabilities as well income and expenses to the prevailing market practice and in order to better reflect the economic nature of the effects of the transactions presented. The change did not affect equity levels and the Bank's income statements in the comparative periods presented in these financial statements. Comparative figures as of

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Consolidated financial report for the third quarter of 2024

Condensed interim separate financial statement of mBank S.A. for the third quarter of 2024

(PLN thousand)

1 January 2023 and 30 September 2023 and for the period from 1 January to 30 September 2023 have been restated accordingly.

The impact of the introduced adjustments on the comparative data is presented in the following tables.

Restatements in statement of financial position at 1 January 2023

ASSETS	No	01.01.2023 before restatement	restatement	01.01.2023 after restatement
Cash and cash equivalents (previously: Cash and balances with the Central Bank)	1	15 906 492	213 809	16 120 301
Financial assets at amortised cost, including:	1	123 405 293	(213 809)	123 191 484
<i>Debt securities</i>		20 206 976	-	20 206 976
<i>Loans and advances to banks</i>	1	15 392 870	(213 809)	15 179 061
<i>Loans and advances to customers</i>		87 805 447	-	87 805 447
Other items		64 663 993	-	64 663 993
TOTAL ASSETS		203 975 778	-	203 975 778
LIABILITIES AND EQUITY	No	01.01.2023 before restatement	restatement	01.01.2023 after restatement
TOTAL LIABILITIES AND EQUITY		203 975 778	-	203 975 778

Restatements in statement of financial position at 30 September 2023

ASSETS	No	30.09.2023 before restatement	restatement	30.09.2023 after restatement
Cash and cash equivalents (previously: Cash and balances with the Central Bank)	1	18 176 992	1 216 955	19 393 947
Financial assets at amortised cost, including:	1	137 392 753	(1 216 955)	136 175 798
<i>Debt securities</i>		27 201 942	-	27 201 942
<i>Loans and advances to banks</i>	1	21 457 483	(1 216 955)	20 240 528
<i>Loans and advances to customers</i>		88 733 328	-	88 733 328
Other items		65 223 867	-	65 223 867
TOTAL ASSETS		220 793 612	-	220 793 612
LIABILITIES AND EQUITY	No	30.09.2023 before restatement	restatement	30.09.2023 after restatement
TOTAL LIABILITIES AND EQUITY		220 793 612	-	220 793 612

The changes in the comparative data, as described above, has been included in these financial statements in all the notes to which these changes referred.

2. Major estimates and judgments made in connection with the application of accounting policy principles

The Bank applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

Provisions for legal risks relating to indexation clauses in mortgage and housing loans in CHF and other foreign currencies

Detailed information on the impact of legal risk related to CHF and other foreign currencies mortgage and housing loans is provided in Note 31 of Condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.

Impact of credit holidays on the financial result of the Bank

On 15 May 2024, an amendment to the Act on support to home loan borrowers in a difficult financial situation and Act on crowdfunding for business ventures and aid to borrowers extending the possibility of suspending the execution of mortgage loan agreements granted in Polish currency ("credit holidays") for 2024.

According to the amendment to the Act, after meeting certain conditions (loan amount below PLN 1.2 million and the proportion of the loan instalment to the borrower's income exceeding 30%), borrowers have the right to suspend four monthly instalments in 2024. Credit holidays apply to both the principal and interest parts of the loan. The instalment repayment dates will be extended without additional interest for the suspension periods. In the Bank's opinion, the change to the contractual terms of mortgage

loans implemented by the Act constituted an insignificant modification of these financial assets in accordance with IFRS 9.5.4.3.

In the period of three quarters of 2024, the Bank recognised the negative impact of credit holidays in consolidated basis in the total amount of PLN 146.7 million, out of which PLN 115.7 million related to loan portfolio of mBank and decreased the interest income of the Bank and PLN 31.0 million related at mBank Hipoteczny loan portfolio decreased the share in profits (losses) of entities under the equity method. However, in the third quarter of 2024, the Bank recognised the positive impact of credit holidays in the total amount of PLN 110.1 million as a result of the update of the assumptions regarding the participation of mBank customers in the program, of which PLN 81.1 million concerned the credit portfolio of mBank and PLN 29.0 million concerned the credit portfolio of mBank Hipoteczny. The impact of credit holidays on the valuation of the loan portfolio is settled by the recognition of interest income calculated using the effective interest rate and adjusted gross carrying amount in periods in which customers taking advantage of credit holidays do not pay the interest according to the original schedules of the loan agreements.

To calculate the impact of credit holidays, the Bank estimated that customers owning 45.7% and 34.5% of the value of the assumed eligible mortgage loan portfolio of mBank and mBank Hipoteczny respectively (i.e. a portfolio that includes loans for which the statutory criteria of benefiting from credit holidays are met) applied or will apply for the credit holidays, they will request on average 3.9 months of credit holidays.

As of 30 September 2024 the gross carrying value of the loans being subject to the credit holidays amounted to PLN 4 356.5 million at mBank and PLN 1 352.8 million at mBank Hipoteczny.

Impairment of loans and advances

The Bank reviews its loan portfolio to update the expected credit loss amount at least once per quarter. In order to determine a need to update the level of expected credit losses, the Bank assesses whether any evidence exists that would indicate some measurable reduction of estimated future cash flows attached to the loan portfolio. The methodology and the assumptions, on the basis of which the estimated cash flow amounts and their anticipated timing are determined, are regularly verified. If the current value of estimated cash flows (discounted recoveries from payments of capital, discounted recoveries from interests, discounted recoveries from off-balance sheet liabilities and discounted recoveries from collaterals for on-balance and off-balance sheet loans and advances, weighed by the probability of realisation of specific scenarios) for portfolio of loans and advances and off-balance liabilities which are impaired as of 30 September 2024, change by +/- 10%, the estimated loans and advances and off-balance liabilities impairment would either decrease by PLN 44.0 million or increase by PLN 55.1 million (as at 31 December 2023: PLN 52.8 million and PLN 56.1 million). This estimation was performed for portfolio of loans and advances and for off-balance sheet liabilities individually assessed for impairment on the basis of future cash flows due to repayments and recovery from collateral – Stage 3. The rules of determining write-downs and provisions for impairment of credit exposures have been described under Note 3.3.6 of financial statements of mBank S.A. for 2023, published on 29 February 2024.

Fair value of derivatives and other financial instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, observable market data originating from an active market are used in the models. Methods for determining the fair value of financial instruments are described in Note 2.5 of Financial statements of mBank S.A. for 2023, published on 29 February 2024.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Income tax in interim financial statements

Income tax in interim financial statements is accrued in accordance with IAS 34. Interim period tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Calculating the average annual effective income tax rate requires the use of a forecast of pre-tax income for the entire financial year and permanent differences regarding the balance sheet and tax values of assets and liabilities. The projected annual effective tax rate used to calculate the income tax burden in the three quarters of 2024 was 40.1% (in the period of three quarters of 2023: 94.1%).

The greatest impact on the value of the average annual effective tax rate in relation to the nominal income tax rate in the third quarter of 2024 resulted from the cost of legal risk related to foreign currency loans, the banking tax and other mandatory fees which are not tax-deductible costs (including Bank Guarantee Fund fees).

Revenue and expenses from sale of insurance products bundled with loans

Revenue from sale of insurance products bundled with loans are split into interest income and fee and commission income based on the relative fair value analysis of each of these products.

The remuneration included in fee and commission income is recognised partly as upfront income and partly including deferring over time based on the analysis of the stage of completion of the service. Expenses directly linked to the sale of insurance products are recognised using the same pattern.

Liabilities due to post-employment employee benefits

The costs of post-employment employee benefits are determined using an actuarial valuation method. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and other factors. Due to the long-term nature of these programmes, such estimates are subject to significant uncertainty.

Leasing

Estimates relating to leases, where the Bank is a lessee, in areas such as determination of the duration of contracts, determining the interest rate used to discount future cash flows and determination of the depreciation rate of right-of-use assets are presented in Note 2.19 to the financial statements of mBank S.A. for 2023, published on 29 February 2024.

SELECTED EXPLANATORY INFORMATION

1. Compliance with international financial reporting standards

The presented condensed interim financial statements for the third quarter of 2024 fulfils the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" relating to interim financial reports.

In addition, selected explanatory information provide additional information in accordance with Decree of the Minister of Finance dated 29 March 2018 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (Journal of Laws 2018, item 757).

2. Consistency of accounting principles and calculation methods applied to the drafting of the quarterly report and the last annual financial statements

Material accounting policies applied in the preparation of these condensed interim financial statements are presented in Note 2 of the Financial Statements of mBank S.A. for 2023, published on 29 February 2024. The accounting policies adopted by the Bank have been applied consistently to all periods presented in the financial statements, except for the accounting policies regarding the recognition of income tax, which in the interim reports are consistent with IAS 34.

3. Seasonal or cyclical nature of the business

The business operations of the Bank do not involve significant events that would be subject to seasonal or cyclical variations.

4. Nature and values of items affecting assets, liabilities, equity, net profit/(loss) or cash flows, which are extraordinary in terms of their nature, magnitude or exerted impact

- In the financial results for the third quarter of 2024, the Bank recognised the cost of legal risk related to foreign currency loans in the amount of PLN 970.7 million. The detailed information in this regard is presented in Note 31 of Condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.
- In third quarter of 2024, the Bank also recognised the impact of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays") which resulted in an increase in interest income by recognising the result on non-substantial modifications of loans in the amount PLN 81.1 million. In addition, through the valuation of the subsidiary mBank Hipoteczny using the equity method, the Bank also recognised the impact of loan holidays in this company, in the gross amount of PLN 29.0 million. Detailed information in this regard is presented in Note 2.

5. Nature and amounts of changes in estimate values of items, which were presented in previous interim periods of the current reporting year, or changes of accounting estimates indicated in prior reporting years, if they bear a substantial impact upon the current interim period

- In the financial results for the third quarter of 2024, the Bank recognised the cost of legal risk related to foreign currency loans in the amount of PLN 970.7 million. The detailed information in this regard is presented in Note 31 of Condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.
- In third quarter of 2024, the Bank also recognised the impact of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays") which resulted in an increase in interest income by recognising the result on non-substantial modifications of loans in the amount PLN 81.1 million. In addition, through the valuation of the subsidiary mBank Hipoteczny using the equity method, the Bank also recognised the impact of loan holidays in this company, in the gross amount of PLN 29.0 million. Detailed information in this regard is presented in Note 2.

6. Issues, redemption and repayment of non-equity and equity securities

- On 27 September 2024, the Bank issued senior preferred notes under the EMTN Programme in the total nominal value of EUR 500 000 thousand, which is the equivalent of PLN 2 138 050 thousand at the average NBP exchange rate as of 27 September 2024, maturing on 27 September 2030 (with an option of early redemption at the issuer's request on 27 September 2029). The bonds bear interest at a fixed rate for five years from the issue date and a variable rate of EURIBOR 3M plus a margin throughout the sixth year.

The bonds were admitted to trading on the regulated market of the Luxembourg Stock Exchange.

- On 22 January 2024, on 22 April 2024 and on 22 July 2024 mBank partially redeemed credit linked notes in the amount of PLN 311 848 thousand. The notes are connected with synthetic securitisation transaction performed in March 2022, their partial redemption is a result of depreciation of securitised portfolio.
- On 22 July 2024 mBank partially redeemed credit linked notes in the amount of EUR 5 912 thousand. The notes are connected with synthetic securitisation transaction performed in December 2022, their partial redemption is a result of depreciation of securitised portfolio.

7. Dividends paid (or declared) altogether or broken down by ordinary shares and other shares

On 27 March 2024, the 37th Annual General Meeting of mBank S.A. adopted resolution regarding the profit share for 2023. The net profit earned by mBank S.A. in 2023, amounting to PLN 29 322 135.24 is assigned to the supplementary capital of mBank S.A. The Annual General Meeting of mBank S.A. also decided to leave the profit from the previous years in the amount of PLN 1 401 756 971.49 undivided. The Annual General Meeting of mBank S.A did not decide about dividend payment.

8. Income and profit by business segments

Income and profit by business segments within the Bank are presented in Note 4 of the condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.

9. Significant events after the end of the third quarter of 2024, which are not reflected in the financial statements

Events as indicated above did not occur in the Bank.

10. Effect of changes in the structure of the entity in the third quarter of 2024, including business combinations, acquisitions or disposal of subsidiaries, long-term investments, restructuring, and discontinuation of business activities

In the third quarter of 2024, events as indicated above did not occur in the Bank.

11. Changes in contingent liabilities and commitments

In the third quarter of 2024, there were no changes in contingent liabilities and commitments of credit nature, i.e. guarantees, letters of credit or undrawn loan amounts, other than resulting from current operating activities of the Bank. There was no single case of granting of guarantees or any other contingent liability of any material value for the Bank.

12. Write-offs of the value of inventories down to net realisable value and reversals of such write-offs

In the third quarter of 2024, events as indicated above did not occur in the Bank.

13. Revaluation write-offs on account of impairment of tangible fixed assets, intangible assets, or other assets as well as reversals of such write-offs

In the third quarter of 2024, events as indicated above did not occur in the Bank.

14. Revaluation write-offs on account of impairment of financial assets

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss, including:				
Financial assets at amortised cost	(147 613)	(324 332)	(210 183)	(610 957)
- debt securities	(1 066)	(1 453)	(1 275)	(2 430)
- loans and advances	(146 547)	(322 879)	(208 908)	(608 527)
Financial assets at fair value through other comprehensive income	3 591	(4 645)	(9 277)	(35 459)
- debt securities	408	890	(4)	(1 504)
- loans and advances	3 183	(5 535)	(9 273)	(33 955)
Commitments and guarantees granted	(16 885)	(9 631)	(8 592)	132 558
Total net impairment losses on financial assets not measured at fair value through profit or loss	(160 907)	(338 608)	(228 052)	(513 858)

15. Reversals of provisions against restructuring costs

In the third quarter of 2024, events as indicated above did not occur in the Bank.

16. Acquisitions and disposals of tangible fixed asset items

In the third quarter of 2024, there were no material transactions of acquisition or disposal of any tangible fixed assets.

17. Material liabilities assumed on account of acquisition of tangible fixed assets

In the third quarter of 2024, events as indicated above did not occur in the Bank.

18. Information about changing the process (method) of measurement the fair value of financial instruments

In the reporting period there were no changes in the process (method) of measurement the fair value of financial instruments.

19. Changes in the classification of financial assets due to changes of purpose or use of these assets

In the reporting period there were no changes in the classification of financial assets as a result of a change in the purpose or use of these assets.

20. Corrections of errors from previous reporting periods

In the third quarter of 2024, events as indicated above did not occur in the Bank. The restatements of comparative data have been described in the Note 1, in the item Comparative data.

21. Information on changes in the economic situation and operating conditions that have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are measured at fair value or at the adjusted purchase price (amortised cost)

In the third quarter of 2024, events as indicated above did not occur in the Bank.

22. Default or infringement of a loan agreement or failure to initiate composition proceedings

In the third quarter of 2024, events as indicated above did not occur in the Bank.

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23. Position of the management on the probability of performance of previously published profit/loss forecasts for the year in light of the results presented in the quarterly report compared to the forecast

The Bank did not publish a performance forecast for 2024.

24. Registered share capital

The total number of ordinary shares as at 30 September 2024 was 42 496 973 shares (31 December 2023: 42 465 167 shares) at PLN 4 nominal value each. All issued shares were fully paid up.

REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 30 SEPTEMBER 2024						
Share type	Type of privilege	Type of limitation	Number of shares	Series / face value of issue in PLN	Paid up	Registered on
ordinary bearer*	-	-	9 989 000	39 956 000	fully paid in cash	1986
ordinary registered*	-	-	11 000	44 000	fully paid in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid in cash	2010
ordinary bearer	-	-	16 072	64 288	fully paid in cash	2011
ordinary bearer	-	-	36 230	144 920	fully paid in cash	2012
ordinary bearer	-	-	35 037	140 148	fully paid in cash	2013
ordinary bearer	-	-	36 044	144 176	fully paid in cash	2014
ordinary bearer	-	-	28 867	115 468	fully paid in cash	2015
ordinary bearer	-	-	41 203	164 812	fully paid in cash	2016
ordinary bearer	-	-	31 995	127 980	fully paid in cash	2017
ordinary bearer	-	-	24 860	99 440	fully paid in cash	2018
ordinary bearer	-	-	13 385	53 540	fully paid in cash	2019
ordinary bearer	-	-	16 673	66 692	fully paid in cash	2020
ordinary bearer	-	-	17 844	71 376	fully paid in cash	2021
ordinary bearer	-	-	48 611	194 444	fully paid in cash	2022
ordinary bearer	-	-	31 672	126 688	fully paid in cash	2023
ordinary bearer	-	-	31 806	127 224	fully paid in cash	2024
Total number of shares			42 496 973			
Total registered share capital				169 987 892		
Nominal value per share (PLN)		4				

* As at the end of the reporting period

25. Material share packages

The shareholders holding over 5% of the share capital and votes at the General Meeting are:

- Commerzbank AG which held 69.07% of the share capital and votes at the General Meeting of mBank S.A. as at 30 September 2024, and
- Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A., the funds of which held 5.18% of the share capital and votes at the General Meeting of mBank S.A., including Nationale-Nederlanden Otwarty Fundusz Emerytalny the funds of which held 5.01% of the share capital and votes at the General Meeting of mBank S.A.

The changes in the ownership structure of the Bank's material shares packages

- On 7 March 2024, the Bank was notified by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale-Nederlanden PTE S.A.) about an increase of the funds' share managed by Nationale-Nederlanden PTE S.A. share in the share capital and the total number of votes at the General Meeting of mBank S.A. above 5% as a result of a purchase of the Bank's shares on 5 March 2024. After the transaction the funds managed by Nationale-Nederlanden PTE S.A. held 2 127 099 shares of mBank S.A., which represents 5.009% of the share capital and the total number of votes at the General Meeting of mBank S.A.

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- On 21 March 2024, the Bank was notified by Nationale-Nederlanden PTE S.A. about an increase of the funds' share managed by Nationale-Nederlanden Otwartego Funduszu Emerytalnego (Nationale-Nederlanden OFE) share in the share capital and the total number of votes at the General Meeting of mBank S.A. above 5% as a result of a purchase of the Bank's shares on 19 March 2024. As a result of the above-mentioned transaction on the accounts of funds managed by Nationale-Nederlanden OFE there were a total of 2 129 814 shares of the Bank, which constituted 5.0154% of the shares and votes at the general meeting of mBank S.A. As a result of the above-mentioned transaction on the accounts of funds managed by Nationale-Nederlanden PTE S.A. there were a total of 2 200 912 shares of the Bank, which constituted 5.1829% of the shares and votes at the general meeting of mBank S.A.

26. Earnings per share

the period	from 01.07.2024 to 30.09.2024	from 01.01.2024 to 30.09.2024	from 01.07.2023 to 30.09.2023	from 01.01.2023 to 30.09.2023
Basic:				
Net profit	568 060	1 252 725	(102 700)	56 356
Weighted average number of ordinary shares	42 496 973	42 478 748	42 464 970	42 446 977
Net basic profit per share (in PLN per share)	13.37	29.49	(2.42)	1.33
Diluted:				
Net profit applied for calculation of diluted earnings per share	568 060	1 252 725	(102 700)	56 356
Weighted average number of ordinary shares	42 496 973	42 478 748	42 464 970	42 446 977
Adjustments for:				
- subscription warrants	56 834	56 834	66 107	66 107
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 553 807	42 535 582	42 531 077	42 513 084
Diluted earnings per share (in PLN per share)	13.35	29.45	(2.41)	1.33

27. Proceedings before a court, arbitration body or public administration authority

The information on contingent liabilities regarding the proceedings before a court, an arbitration body or a public administration authority are presented in Point 26 of Selected explanatory information in Condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.

28. Legal risk related to mortgage and housing loans granted to individual customers in CHF and other foreign currencies

Detailed information on the impact of legal risk related to CHF and other foreign currencies mortgage and housing loans is provided in Note 31 of Condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.

29. Off-balance sheet liabilities

	30.09.2024	31.12.2023
Contingent liabilities granted and received	55 910 641	52 263 737
Commitments granted	46 382 876	42 266 681
Financing	36 709 250	34 064 866
Guarantees and other financial facilities	8 516 039	8 201 815
Other liabilities	1 157 587	-
Commitments received	9 527 765	9 997 056
Financial commitments received	493 286	485 280
Guarantees received	9 034 479	9 511 776
Derivative financial instruments (nominal value of contracts)	798 574 511	553 441 853
Interest rate derivatives	672 310 442	420 828 066
Currency derivatives	119 858 305	127 532 515
Market risk derivatives	6 405 764	5 081 272
Total off-balance sheet items	854 485 152	605 705 590

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30. Transactions with related entities

mBank S.A. is the parent entity of the mBank S.A. Group and Commerzbank AG is the ultimate parent of the Group as well as the direct parent of mBank S.A.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which not differ from arm's length terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

The amounts of transactions with related entities, i.e. balances of receivables and liabilities as at 30 September 2024 and as at 31 December 2023, and related costs and income for the period from 1 January to 30 September 2024 and from 1 January to 30 September 2023 are presented in the table below.

	mBank's subsidiaries			Commerzbank AG			Other companies of the Commerzbank AG Group		
	30.09.2024	31.12.2023	30.09.2023	30.09.2024	31.12.2023	30.09.2023	30.09.2024	31.12.2023	30.09.2023
Statement of financial position									
Assets	23 594 429	21 539 912		1 192 904	565 885		8	45	
Liabilities	517 514	533 442		1 484 184	1 761 275		76 972	82 994	
Income Statement									
Interest income	1 043 260		1 068 488	56 294		45 701	-		-
Interest expense	(4 497)		(5 283)	(36 702)		(43 653)	(933)		(2 030)
Fee and commission income	10 515		12 530	4 954		4 792	42		39
Fee and commission expense	(206 166)		(142 916)	-		-	-		-
Other operating income	9 790		10 918	1 472		1 427	-		-
Overhead costs, amortisation and other operating expenses	(20 474)		(36 078)	(3 237)		(5 339)	-		-
Contingent liabilities granted and received									
Liabilities granted	2 669 615	2 909 963		2 248 288	2 288 854		1 773	1 776	
Liabilities received	-	-		1 934 161	1 956 104		-	-	

The total costs of remuneration of Members of the Supervisory Board, the Management Board and other key management personnel of the Bank that perform their duties from 1 January to 30 September 2024 recognised in the Bank's income statement for that period amounted to PLN 35 490 thousand (in the period from 1 January to 30 September 2023: PLN 29 877 thousand).

With regard to the Management Board and other key management personnel the remuneration costs include also remuneration in the form of shares and stock warrants.

31. Credit and loan guarantees, other guarantees granted of significant value

In the nine-month period, ended on 30 September 2024, the Bank has not concluded any substantial agreements regarding credit and loan guarantees or guarantees granted of a significant amount.

32. Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction of selling the asset or transferring a liability occurs either on the main market for the asset or liability, or in the absence of a main market, for the most advantageous market for the asset or liability.

In line with IFRS9, for accounting purposes, the Bank determines the valuation of its assets and liabilities through amortised cost or through fair value. In addition, for the positions that are valued at amortised cost, fair value is calculated and disclosed, but only for disclosure purposes – according to IFRS7.

The approach to the method used for the loans that are fair valued in line of IFRS9 requirements, is described in the Note 3.3.7 to the financial statements of mBank S.A. for 2023, published on 29 February 2024.

Following market practices the Bank values open positions in financial instruments using either the mark-to-market approach or is applying pricing models well established in market practice (mark-to-model method) which use as inputs market prices or market parameters, and in few cases, parameters estimated internally by the Bank. All significant open positions in derivatives are marked to

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model using prices or parameters observable in the market. Domestic commercial papers are marked to model (discounting cash flows), which in addition to market interest rate curve uses credit spreads estimated internally.

For disclosure purposes, the Bank assumed that the fair value of short-term financial liabilities (less than 1 year) is equal to the balance sheet values of such items. In addition, the Bank assumes that the estimated fair value of financial liabilities longer than 1 year is based on discounted cash flows using appropriate interest rates.

Financial assets and liabilities at amortised cost

The following table presents a summary of balance sheet values and fair values for each group of financial assets and liabilities not recognised in the statement of financial position of the Bank at their fair values.

	30.09.2024		31.12.2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost				
Debt securities	34 770 945	34 160 253	25 527 804	24 475 440
Loans and advances to banks	20 512 080	20 501 799	10 476 203	10 484 017
Loans and advances to customers, including:	96 861 824	97 724 148	85 052 955	84 988 845
Loans and advances to individuals	41 712 438	43 298 738	36 661 091	37 295 489
Current accounts	7 025 426	7 412 311	7 182 778	7 568 606
Term loans	34 312 343	35 511 758	29 312 506	29 561 076
Other	374 669	374 669	165 807	165 807
Loans and advances to corporate entities	55 003 344	54 292 457	48 267 016	47 595 253
Current accounts	7 824 777	7 575 987	6 493 390	6 213 579
Term loans	42 581 348	42 119 251	40 145 143	39 753 191
Reverse repo or buy/sell back transactions	4 006 477	4 006 477	884 216	884 216
Other loans and advances	567 547	567 547	719 359	719 359
Other	23 195	23 195	24 908	24 908
Loans and advances to public sector	146 042	132 953	124 848	98 103
Financial liabilities at amortised cost				
Amounts due to other banks	3 828 698	3 828 698	3 346 208	3 346 208
Amounts due to customers	193 184 962	193 183 214	185 117 139	185 114 770
Debt securities in issue	9 261 442	9 202 200	7 625 479	7 617 849
Subordinated liabilities	2 672 670	2 619 260	2 714 928	2 559 783

The following sections present the key assumptions and methods used by the Bank for estimation of fair values of financial instruments:

Loans and advances to banks and loans and advances to customers

The fair value of loans and advances to Banks and loans and advances to customers was calculated as the estimated value of future cash flows (adjusted by prepayments) using current interest rates, including credit spread, cost of liquidity and cost of capital margin. The level of credit spread was determined based on market quotation of median credit spreads for Moody's rating grade. Attribution of a credit spread to a given credit exposure was based on a mapping between Moody's rating grade and internal rating grades of the Bank. To reflect the fact that the Bank's exposures are in major part collateralised whereas the median of market quotation is centred around unsecured issues, the Bank applied appropriate adjustments. Moreover, valuation of mortgage loans in PLN is calculated with the benchmark of fair value of mortgage loans classified as valued through fair value in accordance with IFRS 9, with an adjustment relating to credit quality of the portfolio.

Financial liabilities

Financial instruments representing liabilities for the Bank include the following:

- contracted borrowings,
- current accounts and deposits,
- issues of debt securities,
- subordinated liabilities.

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The fair value for these financial liabilities with more than 1 year to maturity is based on discounted cash flows by the use of discounting factor including an estimation of a spread reflecting the credit spread for mBank and the liquidity margin. For the loans received from European Investment Bank in EUR and in CHF the Bank used the EBI yield curve. With regard to the own issue as part of the EMTN programme the market price of the relevant financial services has been used.

In the case of deposits, the Bank has applied the curve constructed on the basis of quotations of money market rates as well as FRA and IRS contracts for appropriate currencies and maturities. In case of subordinated liabilities, the valuation is based on discounted cash flows using market swap curves (depending on the terms of issue) adjusted for the issuer's credit risk.

In the case of credit risk related bonds – credit-linked notes (CLNs), the Bank uses the method of bonds discounted cash flows for the valuation. Discounted factor also includes a component that takes into account mBank's credit spread and a liquidity margin. Due to the fact that the bondholders are secured against the issuer's credit risk with the deposited collateral, an assumption was made that these parameters would remain unchanged during the life of the bond.

The Bank assumed that the fair value of these instruments with less than 1 year to maturity was equal to the carrying amounts of the instruments.

According to the fair value methodology applied by the Bank, financial assets and liabilities are classified as follows:

- Level 1: prices quoted on active markets for the same instrument (without modification);
- Level 2: prices quoted on active markets for the similar instruments or other valuation techniques for which all significant input data are based on observable market data;
- Level 3: valuation methods for which at least one significant input data is not based on observable market data.

The table below presents the fair value hierarchy of financial assets and liabilities measured at fair value in accordance with the assumptions and methods described above, exclusively for disclosure as at 30 September 2024 and as at 31 December 2023.

30.09.2024	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	34 160 253	27 863 346	-	6 296 907
Loans and advances to banks	20 501 799	-	-	20 501 799
Loans and advances to customers	97 724 148	-	-	97 724 148
Total financial assets	152 386 200	27 863 346	-	124 522 854
FINANCIAL LIABILITIES				
Amounts due to banks	3 828 698	-	1 910 624	1 918 074
Amounts due to customers	193 183 214	-	216 322	192 966 892
Debt securities issued	9 202 200	8 026 326	-	1 175 874
Subordinated liabilities	2 619 260	-	-	2 619 260
Total financial liabilities	208 833 372	8 026 326	2 126 946	198 680 100
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
FINANCIAL ASSETS				
Debt securities	24 475 440	18 199 454	-	6 275 986
Loans and advances to banks	10 484 017	-	-	10 484 017
Loans and advances to customers	84 988 845	-	-	84 988 845
Total financial assets	119 948 302	18 199 454	-	101 748 848
FINANCIAL LIABILITIES				
Amounts due to banks	3 346 208	-	1 938 343	1 407 865
Amounts due to customers	185 114 770	-	231 230	184 883 540
Debt securities issued	7 617 849	5 996 197	-	1 621 652
Subordinated liabilities	2 559 783	-	-	2 559 783
Total financial liabilities	198 638 610	5 996 197	2 169 573	190 472 840

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Financial assets and liabilities measured at fair value and investment properties

The following table presents the hierarchy of fair values of financial assets and liabilities recognised in the statement of financial position of the Bank at their fair values and the fair value of investment properties.

30.09.2024	Including:	Level 1	Level 2	Level 3				
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques				
RECURRING FAIR VALUE MEASUREMENTS								
Financial assets								
Financial assets held for trading and hedging derivatives	1 614 903	687 731	671 376	255 796				
Loans and advances to customers	42 564	-	-	42 564				
Debt securities	889 627	676 395	-	213 232				
Equity instruments	11 336	11 336	-	-				
Derivative financial instruments, including:	671 376	-	671 376	-				
Derivative financial instruments held for trading	863 667	-	863 667	-				
Hedging derivative financial instruments	365 135	-	365 135	-				
Offsetting effect	(557 426)	-	(557 426)	-				
Non-trading financial assets mandatorily at fair value through profit or loss	781 887	33 159	-	748 728				
Loans and advances to customers	514 949	-	-	514 949				
Debt securities	25 324	-	-	25 324				
Equity securities	241 614	33 159	-	208 455				
Financial assets at fair value through other comprehensive income	46 632 626	19 391 782	8 996 071	18 244 773				
Loans and advances to customers	16 753 434	-	-	16 753 434				
Debt securities	29 879 192	19 391 782	8 996 071	1 491 339				
Total financial assets	49 029 416	20 112 672	9 667 447	19 249 297				
Investment properties	100 486	-	-	100 486				
Financial liabilities								
Financial liabilities held for trading and hedging derivatives	1 535 761	748 047	787 714	-				
Derivative financial instruments, including:	787 714	-	787 714	-				
Derivative financial instruments held for trading	929 124	-	929 124	-				
Hedging derivative financial instruments	649 154	-	649 154	-				
Offsetting effect	(790 564)	-	(790 564)	-				
Liabilities from short sale of securities	748 047	748 047	-	-				
Total financial liabilities	1 535 761	748 047	787 714	-				
Financial assets measured at fair value and investment properties based on Level 3 - changes in the period from 1 January to 30 September 2024	Financial assets held for trading and hedging derivatives		Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Investment properties
	Loans and advances to customers	Debt securities	Loans and advances to customers	Debt securities	Equity securities	Loans and advances to customers	Debt securities	
As at the beginning of the period	40 498	237 606	603 713	50 144	173 518	18 238 558	1 412 571	111 964
Gains and losses for the period:	3 220	1 155	(1 132)	908	34 937	44 786	14 561	(11 478)
Recognised in profit or loss:	3 220	1 155	(1 132)	908	34 937	(3 562)	-	(11 478)
<i>Net trading income</i>	3 220	1 155	-	(657)	708	-	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	(1 132)	1 565	34 229	-	-	-
<i>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss</i>	-	-	-	-	-	(3 562)	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	-	-	(11 478)
Recognised in other comprehensive income:	-	-	-	-	-	48 348	14 561	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	48 348	14 561	-
Purchases / origination	-	400 347	17 212	-	-	931 318	1 225 969	-
Redemptions / total repayments	-	(39 999)	(85 031)	-	-	(755 129)	(132 250)	-
Sales	-	(1 968 527)	-	-	-	(1 039 441)	(1 357 955)	-
Issues	-	1 582 650	-	-	-	-	328 443	-
Other changes	(1 154)	-	(19 813)	(25 728)	-	(666 658)	-	-
As at the end of the period	42 564	213 232	514 949	25 324	208 455	16 753 434	1 491 339	100 486

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31.12.2023	including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets held for trading and hedging derivatives	1 767 707	407 773	1 081 830	278 104
Loans and advances to customers	40 498	-	-	40 498
Debt securities	634 939	397 333	-	237 606
Equity securities	10 440	10 440	-	-
Derivative financial instruments, including:	1 081 830	-	1 081 830	-
Derivative financial instruments held for trading	1 257 353	-	1 257 353	-
Hedging derivative financial instruments	243 047	-	243 047	-
Offsetting effect	(418 570)	-	(418 570)	-
Non-trading financial assets mandatorily at fair value through profit or loss	828 268	893	-	827 375
Loans and advances to customers	603 713	-	-	603 713
Debt securities	50 144	-	-	50 144
Equity securities	174 411	893	-	173 518
Financial assets at fair value through other comprehensive income	54 464 505	16 431 196	18 382 180	19 651 129
Loans and advances to customers	18 238 558	-	-	18 238 558
Debt securities	36 225 947	16 431 196	18 382 180	1 412 571
Total financial assets	57 060 480	16 839 862	19 464 010	20 756 608
Investment properties	111 964	-	-	111 964
Financial liabilities				
Financial liabilities held for trading and hedging derivatives	1 458 852	157 607	1 301 245	-
Derivative financial instruments, including:	1 301 245	-	1 301 245	-
Derivative financial instruments held for trading	1 450 696	-	1 450 696	-
Hedging derivative financial instruments	1 119 296	-	1 119 296	-
Offsetting effect	(1 268 747)	-	(1 268 747)	-
Liabilities from short sale of securities	157 607	157 607	-	-
Total financial liabilities	1 458 852	157 607	1 301 245	-

Financial assets measured at fair value and investment properties based on Level 3 - changes in the period from 1 January to 31 December 2023	Financial assets held for trading and hedging derivatives		Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Investment properties
	Loans and advances to customers	Debt securities	Loans and advances to customers	Debt securities	Equity securities	Loans and advances to customers	Debt securities	
As at the beginning of the period	39 720	401 865	712 570	45 009	120 670	19 422 073	1 719 371	136 909
Gains and losses for the period:	308	42 321	(29 828)	5 135	52 505	138 332	2 929	(24 945)
Recognised in profit or loss:	308	42 321	(29 828)	5 135	52 505	2 674	-	(24 945)
<i>Net trading income</i>	308	42 321	-	(4 934)	(133)	-	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	(29 828)	10 069	52 638	-	-	-
<i>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss</i>	-	-	-	-	-	2 674	-	-
<i>Other operating income/other operating expenses</i>	-	-	-	-	-	-	-	(24 945)
Recognised in other comprehensive income:	-	-	-	-	-	135 658	2 929	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	135 658	2 929	-
Purchases / origination	-	858 169	81 521	-	343	457 263	1 810 351	-
Redemptions / total repayments	-	(249 332)	(134 963)	-	-	(731 756)	(600 838)	-
Sales	-	(3 688 103)	-	-	-	(628 087)	(2 733 555)	-
Issues	-	2 872 686	-	-	-	-	1 214 313	-
Other changes	470	-	(25 587)	-	-	(419 267)	-	-
As at the end of the period	40 498	237 606	603 713	50 144	173 518	18 238 558	1 412 571	111 964

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During the three quarters of 2024 and during 2023 there were no transfers of financial instruments between the levels of fair value hierarchy.

With regard to financial instruments valued in repetitive way to the fair value classified as level 1 and 2 in hierarchy of fair value, any cases in which transfer between these levels may occur, are monitored by the Bank on the basis of internal rules. In case there is no market price (from a market to which bank has an access and is able to perform an operation) used to a direct valuation for more than 5 working days, such a market is no longer considered active for that instrument, and in the absence of another market that could be considered active in terms of volumes and frequency of transactions the method of valuation is changed, i.e. from mark-to-market valuation to mark-to-model valuation under the assumption that the valuation model for the respective type of this instrument has been already approved. The return to mark-to-market valuation method takes place after a period of at least 10 working days in which the market price was available on a continuous basis. If there are no market prices for a debt treasury bonds the above terms are respectively 2 and 5 working days.

Level 1

As at 30 September 2024 at level 1 of the fair value hierarchy, the Bank has presented the fair value of held for trading government bonds in the amount of PLN 676 395 thousand and the fair value of government bonds measured at fair value through other comprehensive income in the amount of PLN 18 530 318 thousand (31 December 2023: PLN 397 333 thousand and PLN 15 063 647 thousand, respectively). Level 1 includes the fair values of corporate bonds in the amount of PLN 861 464 thousand (31 December 2023: PLN 1 367 549 thousand).

In addition, as at 30 September 2024 level 1 includes the value of the registered privileged shares of Giełda Papierów Wartościowych in the amount of PLN 920 thousand (31 December 2023: PLN 893 thousand), the value of shares of Visa Inc. in the amount of PLN 32 239 thousand and equity instruments in the amount of PLN 11 336 thousand (31 December 2023: PLN 10 440 thousand).

As at 30 September 2024 Level 1 also includes liabilities from short sale of securities quoted on active markets in the amount of PLN 748 047 thousand (31 December 2023: PLN 157 607 thousand).

These instruments are classified as level 1 because their valuation is directly derived from current market prices quoted on active and liquid financial markets.

Level 2

Level 2 of the fair value hierarchy mainly includes the fair values of bills issued by NBP in the amount of PLN 8 996 071 thousand (31 December 2023: PLN 18 382 180 thousand), valuation of which is based on a NPV model (discounted future cash flows) fed with interest rate curves generated by transformation of quotations taken directly from active and liquid financial markets.

In addition, the level 2 category includes the valuation of derivative financial instruments borne on models consistent with market standards and practices, using parameters taken directly from the markets (e.g. foreign exchange rates, implied volatilities of FX options, stock prices and indices) or parameters which transform quotations taken directly from active and liquid financial markets (e.g. interest rate curves).

Level 3

Level 3 of the hierarchy presents the fair values of commercial debt securities issued by local banks and companies (bonds and deposit certificates) in the amount of PLN 1 729 895 thousand (31 December 2023: PLN 1 700 321 thousand), and includes the fair value of a debt instrument measured at fair value through profit or loss, representing the rights to preferred stock of Visa Inc.

Model valuation for these items assumes a valuation based on the market interest rate yield curve adjusted by the level of credit spread. The credit spread parameter reflects the credit risk of the security issuer and is determined in accordance with the Bank's internal model. This model uses credit risk parameters (e.g. PD, LGD) and information obtained from the market (including implied spreads from transactions). PD and LGD parameters are not observed on active markets and therefore have been determined on the basis of statistical analysis. Both models - the valuation of debt instruments and the credit spread model were built internally in the Bank by risk units, were approved by the Model Risk Committee and are subject to periodic monitoring and validation carried out by an entity independent from the units responsible for building and maintaining the model.

Level 3 as at 30 September 2024 includes the value of loans and advances to customers in the amount of PLN 17 310 947 thousand (31 December 2023: PLN 18 882 769 thousand). The fair value calculation process for loans and advances to customers is described in detail in the Note 3.3.7. of financial statement of mBank S.A. for 2023, published on 29 February 2024.

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Moreover level 3 includes the fair value of equity instruments in the amount of PLN 208 455 thousand (31 December 2023: PLN 173 518 thousand). The equity instruments presented at level 3 have been valued using the dividend discount model. The valuations were predominantly prepared based on selected financial figures provided by valued entities and discounted with the cost of equity estimated using CAPM model (Capital Asset Pricing Model). At the end of the third quarter of 2024, the cost of equity was estimated at the level in the range from 11.2% to 11.7% e(as at the end of 2023: from 12.3% to 13.8%). In addition, part of the forecasts, assuming growth above average market growth, was discounted at a capital cost of 25%.

As at 30 September 2024 level 3 also includes fair value of investment property in the amount of PLN 100 486 thousand (31 December 2023: PLN 111 964 thousand). The value of the property was estimated by a property appraiser entered in the Central Register of Property Appraisers kept by the Minister of Development and Technology. The property was valued using the income method. The key unobservable parameter used in the model is the capitalisation rate of 7.25% used to discount cash flows (31 December 2023: 7.25%).

The table below presents the sensitivity of the fair value measurement to the change of unobservable parameters used in the models for financial instruments measured at fair value at level 3.

Portfolio	Fair value 30.09.2024	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	208 455	(24 065)	30 173	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 491 339	(27 930)	27 930	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	213 232	(4 411)	4 411	
Loans and advances to customers held for trading	42 564	(234)	211	
Loans and advances to customers mandatorily at fair value through profit or loss	514 949	(7 193)	7 156	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers measured at fair value through other comprehensive income	16 753 434	(15 376)	14 670	

Portfolio	Fair value 31.12.2023	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	173 518	(17 659)	21 431	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 412 571	(30 325)	30 325	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	237 606	(6 686)	6 686	
Loans and advances to customers held for trading	40 498	(311)	294	
Loans and advances to customers mandatorily at fair value through profit or loss	603 713	(8 755)	8 772	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers measured at fair value through other comprehensive income	18 238 558	(17 152)	16 317	

33. Other information which the issuer deems necessary to assess its human resources, assets, financial position, financial performance and their changes as well as information relevant to an assessment of the issuer's capacity to meet its liabilities

Management Board of mBank S.A.

As of 30 September 2024, the Management Board of mBank S.A. performed functions in the following composition:

1. Cezary Kocik – Vice-President of the Management Board,
2. Krzysztof Bratos – Vice-President of the Management Board, Head of Retail Banking,
3. Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and IT,
4. Marek Lusztyn – Vice-President of the Management Board, Head of Risk,
5. Julia Nusser - Vice-President of the Management Board, Head of Compliance, Legal Issues and HR,
6. Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking,
7. Pascal Ruhland - Vice-President of the Management Board, Chief Financial Officer.

Changes in the Management Board of mBank S.A.

On 4 July 2024, Mr. Cezary Stypułkowski, President of the Management Board of mBank S.A., resigned from his position on the Management Board of mBank S.A., including the position of President of the Management Board of mBank S.A., with effect from 4 July 2024.

The resignation was submitted as a result of agreements with the Supervisory Board of the Bank, constituting an integral part of the succession process as the President of the Management Board of mBank. Earlier, on 5 June 2024, Mr. Cezary Kocik was conditionally appointed to the position of the President of the Management Board. The appointment of Mr. Cezary Kocik to the position of the President of the Management Board of mBank S.A. by the Supervisory Board is conditioned by obtaining the consent of the Polish Financial Supervision Authority, which was granted on 11 October 2024.

On 25 July 2024 the Supervisory Board of mBank S.A. appointed Mr Krzysztof Bratos to the Management Board of mBank S.A. as of 26 July 2024 for the position of Vice-President of the Management Board, Head of Retail Banking, replacing Mr Cezary Kocik.

Supervisory Board of mBank S.A.

As of 30 September 2024 the composition of the Supervisory Board of mBank S.A. was as follows:

1. Agnieszka Słomka-Gołębiowska – Chairwoman,
2. Bettina Orlopp – Vice-Chairwoman,
3. Hans-Georg Beyer,
4. Tomasz Bieske,
5. Mirosław Godlewski,
6. Aleksandra Gren,
7. Thomas Schaufler,
8. Bernhard Spalt.

Changes in the Supervisory Board of mBank S.A.

On 14 October 2024 Mrs. Bettina Orlopp resigned from membership in the Bank's Supervisory Board with the effective date of 12 December 2024.

34. Factors affecting the results in the coming quarter

The results in the coming quarter may also be affected by court settlements, the number of lawsuits and settlements, as well as potential rulings of the Supreme Court, other national institutions or Court of Justice of the European Union in cases related to foreign currencies loans, which is presented in detail in the Note 31 of Condensed interim consolidated financial statements of mBank S.A. Group for the third quarter of 2024.

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(PLN thousand)

35. Other information**■ Requirements on mBank Group capital ratios as of 30 September 2024**

The minimum required level of capital ratios at the end of September 2024 amounted to:

- Individual total capital ratio: 11.10% and Tier 1 capital ratio: 9.10%;
- Consolidated total capital ratio: 11.09% and Tier 1 capital ratio: 9.09%.

At the date of approval of these financial statements, mBank S.A. and mBank S.A. Group fulfil the PFSA requirements related to the required capital ratios on both individual and consolidated levels.

The table below presents the measures reported as of 30 September 2024 and 31 December 2023 for the Bank and the Group.

	30.09.2024		31.12.2023	
	mBank	mBank Group	mBank	mBank Group
Common Equity Tier I capital (PLN thousand)	13 527 788	13 429 261	12 817 356	12 719 997
Tier I capital (PLN thousand)	13 527 788	13 429 261	12 817 356	12 719 997
Own funds (PLN thousand)	15 052 108	14 929 042	14 845 446	14 730 102
Common Equity Tier I ratio (%)	15.7	13.9	17.0	14.7
Tier I capital ratio (%)	15.7	13.9	17.0	14.7
Total capital ratio (%)	17.5	15.4	19.7	17.0

36. Events after the balance sheet date

On 11 October 2024, the Polish Financial Supervision Authority unanimously consented to the appointment of Mr. Cezary Kocik as the President of the Management Board of mBank S.A. The consent fulfils the last condition set out in the resolution of the Supervisory Board of mBank S.A. of 5 June 2024 and the assumption of the position of President of the Management Board by Mr. Cezary Kocik.