



mBank S.A. Group

PRE-ISSUANCE VERIFICATION LETTER

LOW CARBON BUILDINGS, WIND ENERGY AND SOLAR ENERGY CRITERIA OF THE CLIMATE BONDS STANDARD

Type of engagement: Assurance Engagement

Period engagement was carried out: September 2024

Approved verifier: Sustainalytics

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Scope and Objectives

mBank S.A. Group (“mBank”) has engaged Sustainalytics to review mBank Preferred Senior Green Bond Series 13 (“green bond”) and verify that it meets the Pre-Issuance Requirements of the Climate Bonds Standard.¹ Sustainalytics provided a Second-Party Opinion on the mBank S.A. Group Green Bond Framework² in September 2024.

mBank is a Polish bank offering retail, SME, corporate and investment banking as well as other financial services including commercial real estate financing, wealth management, insurance, corporate finance and advisory. mBank offers its services to 5.7 million retail clients across Poland, Czechia and Slovakia and approximately 35,000 corporate clients as of March 2024.³

mBank intends to issue the green bond to finance and refinance loans for the development of residential buildings and renewable energy generation projects. mBank is committed to improving the sustainability of its real estate portfolio and expanding its renewable energy portfolio to reduce associated greenhouse gas emissions.

Pre-Issuance Evaluation Criteria

Pre-Issuance requirements of the Climate Bonds Standard Version 4.0:

- Use of Proceeds
- Evaluation and Selection of Projects, including conformance with the relevant Sector Criteria^{4,5,6}
 - Low Carbon Buildings
 - Residential Buildings
 - Renewable Energy
 - Wind Energy
 - Solar Energy (Solar Photovoltaic)
- Management of Proceeds

¹ Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf

² The mBank S.A. Group Green Bond Framework 2024 is available at: <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>

³ mBank, “Introduction to mBank Group”, (2024), at: <https://www.mbank.pl/pdf/relacje-inwestorskie/introduction-to-mbank-eng.pdf>

⁴ Climate Bonds Standard, “Low Carbon Buildings Criteria under the Climate Standard”, at: <https://www.climatebonds.net/files/files/Residential%20Proxy%20Poland%281%29.pdf>

⁵ Climate Bonds Standard, “Wind Energy Criteria under the Climate Standard”, at:

<https://www.climatebonds.net/files/files/standards/Wind/Sector%20Criteria%20-%20Wind%20Energy%20%28April%202023%29.pdf>

⁶ Climate Bonds Standard, “Solar Energy Criteria under the Climate Standard”, at:

<https://www.climatebonds.net/files/files/standards/Solar/Sector%20Criteria%20-%20Solar%20%28April%202023%29.pdf>

- Reporting

Issuing Entity's Responsibility

mBank is responsible for providing information and documents relating to:

- The details concerning the selection process for the Nominated Projects
- The details of the Nominated Projects
- The management systems for internal processes and controls for projects, including: tracking of proceeds, managing unallocated proceeds and earmarking funds to projects
- The details of the issuer's commitments prior to issuance for reporting, including: investment areas, management of unallocated proceeds and frequency of periodic assurance engagements

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of the mBank Non-Preferred Senior Green Bond Series 13 to provide an independent opinion on its conformance with the Pre-Issuance Requirements of the Climate Bonds Standard.

Sustainalytics has relied on the information and the facts presented by mBank with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by mBank.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier's Responsibility

Sustainalytics conducted the verification in accordance with the Climate Bonds Standard Version 4.0 and with International Standard on Assurance Engagements 3000 (ISAE 3000).

The work undertaken as part of this engagement included conversations with relevant mBank employees and review of relevant documentation to assess the conformance of the mBank Non-Preferred Senior Green Bond Series 13 with the Climate Bonds Certification Pre-Issuance Requirements.

Conclusion

mBank intends to issue green bond and use its proceeds to finance or refinance the development of residential buildings and renewable energy generation projects that have positive impacts on the environment and promote the transition to a low-carbon economy in Poland. Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material aspects, the mBank Preferred Senior Green Bond Series 13 is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.

Schedule 1: Overview of Nominated Projects and Assets

Details of the Nominated Projects which constitute the mBank Preferred Senior Green Bond Series 13 portfolio as of June 2024 are provided below:

mBank's green asset portfolio consists of 6,338 loans falling under the Low Carbon Buildings, Wind Energy and Solar Energy criteria of the Climate Bonds Standard with a total value of approximately PLN 4,616.75 million (EUR 1,070.43 million).

Table 1: List of Nominated Projects

Eligibility criteria	Building Code	Number of loans	Signed Amount ⁷ (PLN million) ⁸	Signed Amount (EUR million) ⁹
Multi-family house	TC2021	3,782	1,750.49	405.86
Single-family house	TC2021	2,509	1,334.69	309.46
Solar Energy (Solar photovoltaic)	N/A	30	612.52	142.02
Wind Energy	N/A	15	730.15	169.29
Mix of Solar and Wind Energy	N/A	2	188.90	43.80
Total		6,338	4,616.75	1,070.43

⁷ Signed amount refers to mBank's current balance sheet engagement and off-balance sheet amount that is scheduled for disbursement.

⁸ Polish zloty (PLN) is the official currency of Poland.

⁹ EUR/PLN exchange rate of 4.3130 as of 28 June 2024, is used for calculating the signed amounts.

Schedule 2: Conformance to the Pre-Issuance Requirements of the Climate Bonds Standard^{10,11}

Procedure Performed	Factual Findings	Error or Exceptions Identified
A.2.1. Use of Proceeds	<p>2.1.1 mBank has developed a list of proposed Nominated Projects which comply with the Low Carbon Buildings, Solar Energy and Wind Energy Criteria of the Climate Bonds Standard. mBank intends to keep this list updated. The proposed Nominated Projects include:</p> <ul style="list-style-type: none"> • Multi- and Single- family houses (compliant with the building codes TC2021) • Solar Energy • Wind Energy <p>2.1.2 mBank confirms that the net proceeds of the debt instrument will not be greater than the total investment exposure to the proposed Nominated Projects or the relevant proportion of the total market value of the proposed Nominated Projects owned or funded by mBank.</p> <p>2.1.3 mBank’s management confirms that the Nominated Projects will not be nominated to other certified debt Instruments unless mBank demonstrates that distinct portions of the Nominated Projects are being funded by different certified debt instruments or, the present certified debt instrument is being refinanced via another certified debt instrument.</p>	None
A.2.2. Process for Evaluation and Selection of Projects and Assets	<p>2.2.1 mBank established and documented a decision-making process to determine the eligibility of the Nominated Projects.</p> <p>2.2.2 mBank’s decision-making process mentioned in 2.2.1 above includes the following:</p> <ul style="list-style-type: none"> i. The climate-related objectives of the debt instrument. ii. How the climate-related objectives of the debt instrument are positioned within the context of mBank’s overarching objectives, strategy, policy and processes relating to environmental sustainability. 	None

¹⁰ Climate Bonds Initiative, Climate Bonds Standard Version 4.0, at: https://www.climatebonds.net/files/files/CBI_Standard_V4.pdf

¹¹ For ease of reference, the numbering in this section follows the numbering of the Climate Bonds Standard Version 4.0.

	<ul style="list-style-type: none"> iii. mBank’s rationale for issuing the debt instrument is to improve the sustainability of its real estate portfolio and to expand its renewable energy portfolio to reduce associated greenhouse gas emissions. iv. A process to determine how the proposed Nominated Projects meet the eligibility requirements of the Climate Bonds Standard, including the relevant Sector Criteria. mBank’s Sustainable Development Committees will evaluate and select eligible projects conform with the Low Carbon Buildings, Solar Energy and Wind Energy Sector Criteria of the Climate Bond Standards. v. mBank has sufficient measures in place to manage and mitigate environmental and social risks that are commonly associated with the Nominated Projects. vi. The debt instrument’s underlying framework references Climate Bonds Standard version 4.0. 	
A.2.3. Management of Proceeds	<p>2.3.1 mBank has documented and disclosed to Sustainalytics the systems, policies and processes it will use to manage the net proceeds.</p> <ul style="list-style-type: none"> a. Tracking of proceeds: mBank has a process in place to track and monitor the proceeds. b. Managing unallocated proceeds: mBank will manage unallocated net proceeds in cash, cash equivalents or short-term liquid instruments. c. Earmarking funds to Nominated Projects & Assets: mBank details the process it will use to allocate and manage proceeds of the debt instrument. This will enable the estimation of the share of the net proceeds being used for financing and refinancing. 	None
A.2.4. Pre-Issuance Reporting	<p>2.4.1 mBank has prepared a framework and has made or will make it publicly available prior to or at the time of issuance.</p> <p>2.4.2 The framework mentioned in 2.4.1 includes:</p> <ul style="list-style-type: none"> i. A statement of compliance with the Climate Bonds Standard and other applicable standards, such as the Green Bond Principles or the United 	None

	<p>Nations Sustainability Development Goals.</p> <ul style="list-style-type: none"> ii. A summary of the expected use of proceeds. iii. A description of mBank’s decision-making process iv. A description of mBank’s processes for managing the proceeds v. A description of mBank’s processes for reporting and external review or verification <p>2.4.3 mBank has confirmed the following:</p> <ul style="list-style-type: none"> i. mBank’s Nominated Projects conform with the Low Carbon Buildings, Solar Energy and Wind Energy Sector Criteria. mBank may report on the following impact metrics: i) estimated annual energy savings (MWh/GWh); ii) estimated annual GHG emissions reduced or avoided (tCO₂e); iii) total energy production from renewable sources (MWh), and iv) additional capacity of renewable energy plants constructed or rehabilitated (MW) ii. mBank will manage unallocated net proceeds in accordance with Clause A.3.3.3 of the Climate Bonds Standard. iii. mBank will report on the allocation and impact of the proceeds in its Allocation and Impact Report on an annual basis until the proceeds are fully allocated or in the case of material changes. The report will be publicly available on its website. iv. mBank’s Nominated Projects meet the Low Carbon Buildings, Wind Energy and Solar Energy Criteria. mBank will report on the investment areas in which the Nominated Projects qualify by providing an analysis of the use of proceeds at the project category level as well as the notional amount and maturities of outstanding green bonds and the total amount of proceeds allocated to eligible projects amongst others in its annual Allocation and Impact Report. v. mBank has estimated that approximately 75% of the proceeds will be used to refinance eligible projects. mBank has defined a look- 	
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	<p>back period of three years for the refinancing of expenditures.</p> <p>2.4.5 mBank has confirmed that its disclosure documentation will include:</p> <ul style="list-style-type: none">i. Nominated Projects will conform with the Low Carbon Buildings, Solar Energy and Wind Energy Sector Criteria.ii. The intended types of temporary investment instruments for the management of unallocated net proceeds are in accordance with Clause A.3.3.3 of the Climate Bonds Standard.iii. The name of the approved third-party verifier engaged by mBank to obtain the Climate Bonds Standard certification.iv. mBank will report on the allocation and impact of the proceeds in its annual Allocation and Impact Report until the proceeds are fully allocated. The report will be publicly available on its website.v. The CBI Disclaimer provided in the Certification Agreement.	
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