



2024

# Introduction to mBank Group

The most successful organic growth story in Poland

mBank



# mBank Group in a snapshot: key facts and figures

## General description

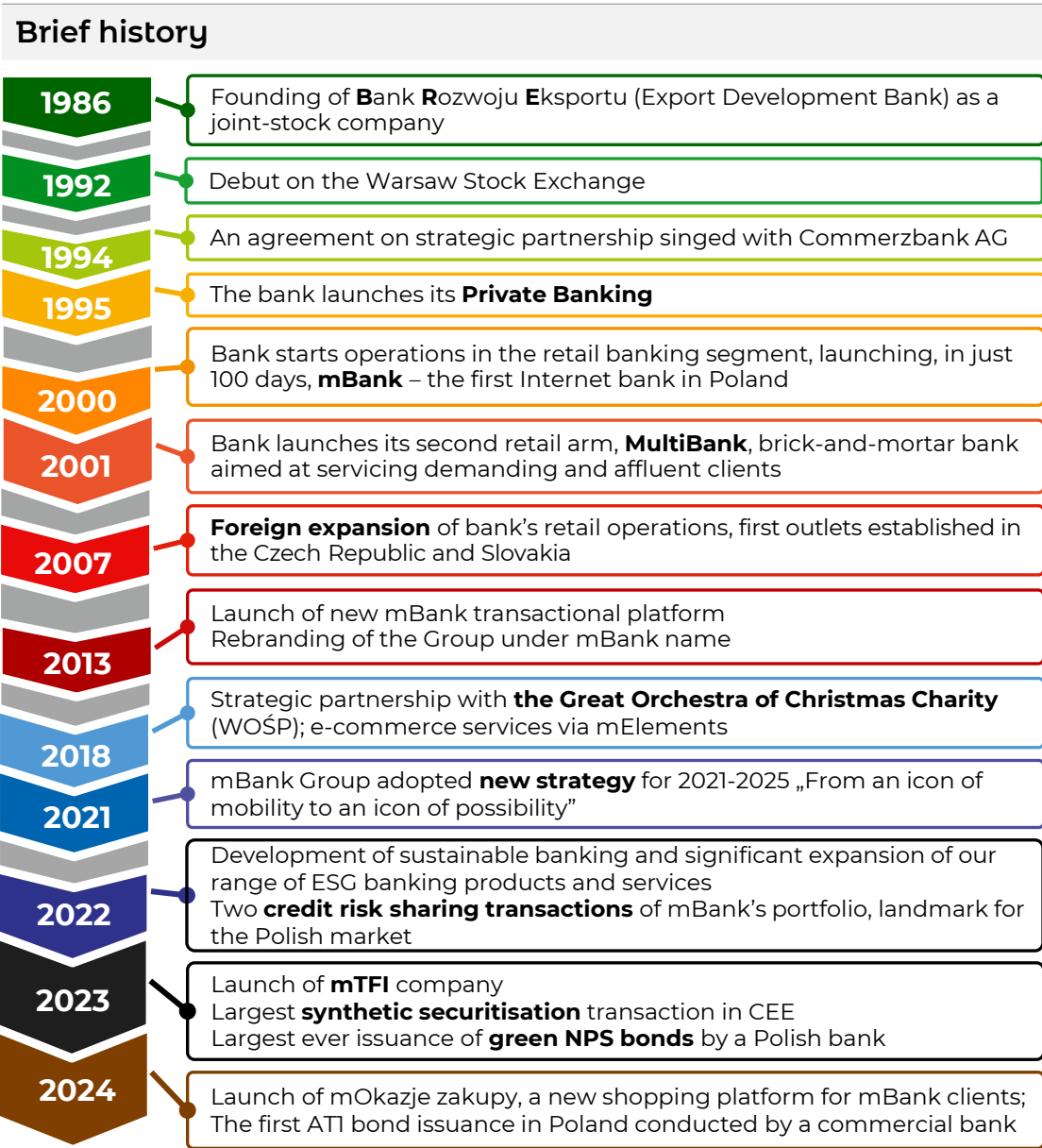
- Poland's 5th largest **universal banking group** in terms of total assets, loans and deposits (31.12.2024)
- Offering **retail, SME, corporate and investment banking** as well as **other financial products and services** such as leasing, factoring, brokerage, wealth management, investment funds, insurance, payment gateway and corporate finance
- Proven natural ability to **grow organically**, evidenced by **market shares of 7.9% in loans** to non-financial sector and **8.9% in customer deposits** in Poland (31.12.2024)
- Servicing more than **5.7 million retail clients** in Poland, Czechia and Slovakia as well as **36.1 thousand corporate customers** (31.12.2024)
- **Advanced digital banking platform** and a leader in mobile banking adoption, with **3.8 million of active users of mBank's mobile application** (31.12.2024)
- **Listed on the Warsaw Stock Exchange** since 1992 with a market value of EUR 5.44 billion (31.12.2024), a member of WIG-20 index

## Financial performance

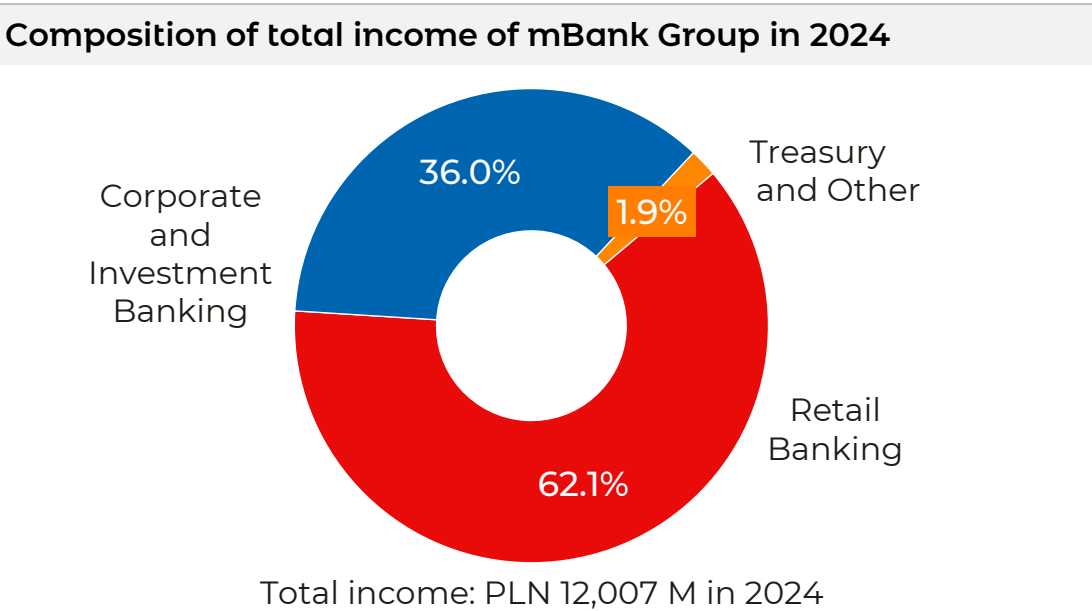
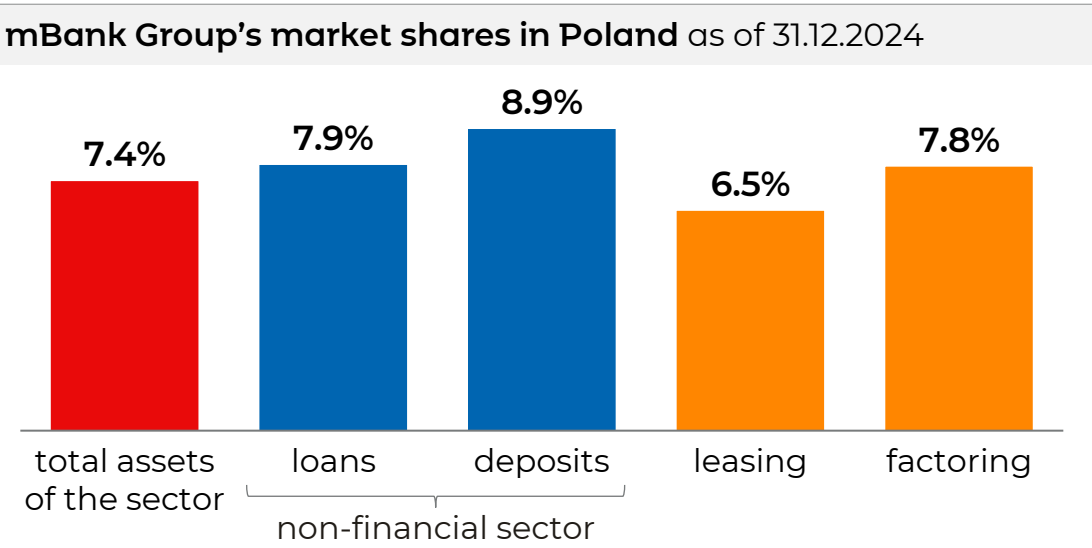
PLN million	2021	2022	2023	2024
Total assets	198,373	209,892	226,981	245,957
Net loans	117,677	120,183	113,521	121,419
Deposits	157,072	174,131	185,467	200,809
Equity	13,718	12,715	13,737	17,767
Total income	6,111	7,857	10,802	12,007
Net result	-1,179	-703	24	2,243
Net interest margin	2.2%	3.7%	4.2%	4.3%
Cost/Income ratio	40.2%	42.2%	28.5%	28.2%
Cost of risk	0.8%	0.7%	0.9%	0.5%
ROE mBank Group	-7.2%	-5.3%	0.2%	14.8%
ROE Core Business	12.0%	22.1%	36.5%	39.7%
Tier 1 capital ratio	14.2%	13.8%	14.7%	14.5%
Total capital ratio	16.6%	16.4%	17.0%	15.9%
NPL ratio	3.9%	4.0%	4.2%	4.1%
Coverage ratio	53.1%	52.3%	54.7%	51.1%
Loan-to-deposit ratio	74.9%	69.0%	61.2%	60.5%

Source: mBank Group's consolidated financial statements, mBank's internal data, calculation based on NBP's statistics.

# From a specialized corporate bank to a large universal bank



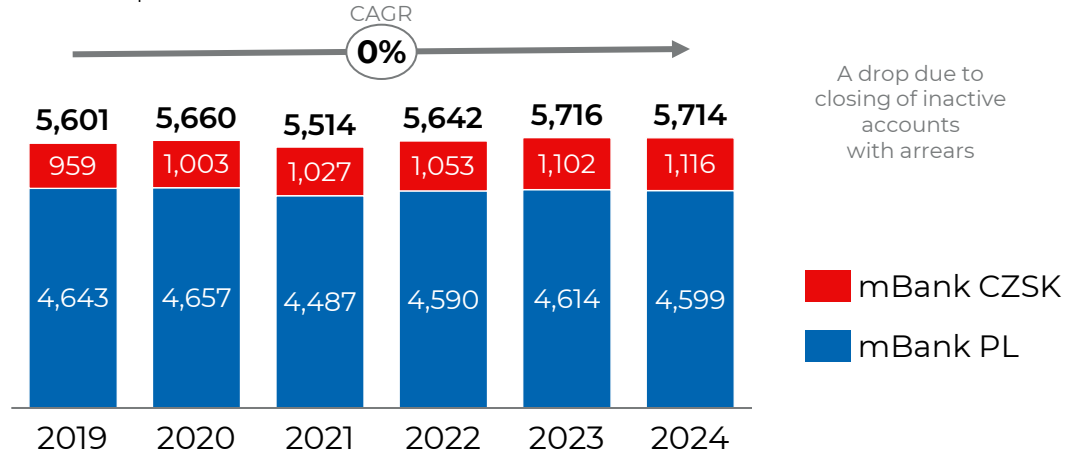
Introduction to mBank Group



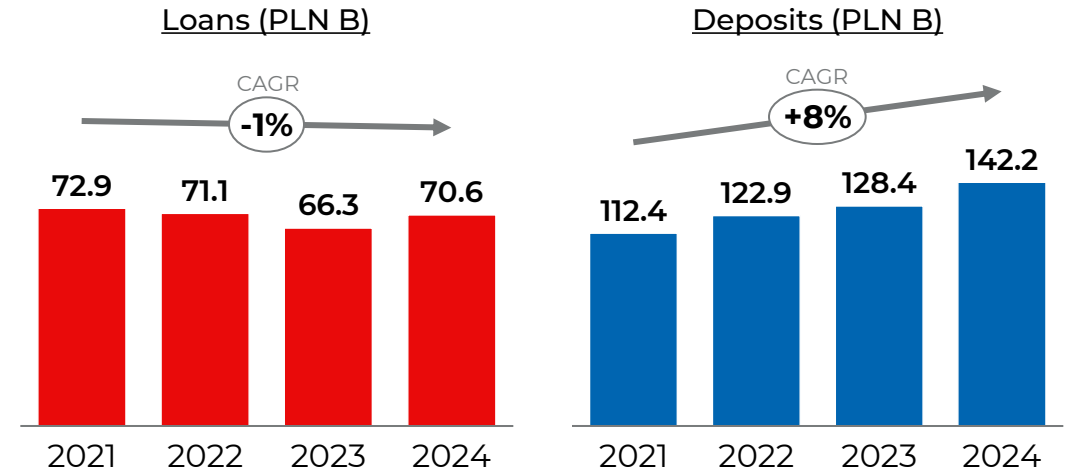
# Poland's largest organically developed retail banking franchise

## Number of mBank's retail clients (thou.)

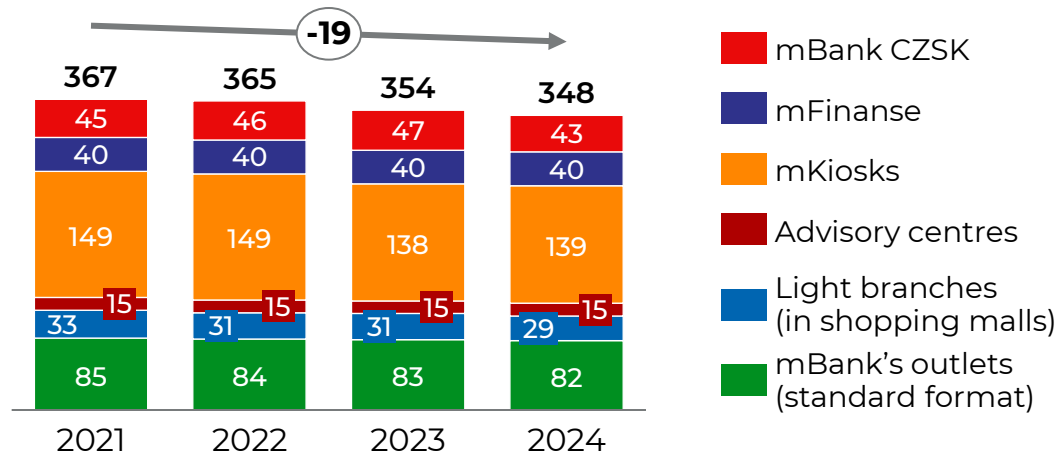
without Kompakt Finanse



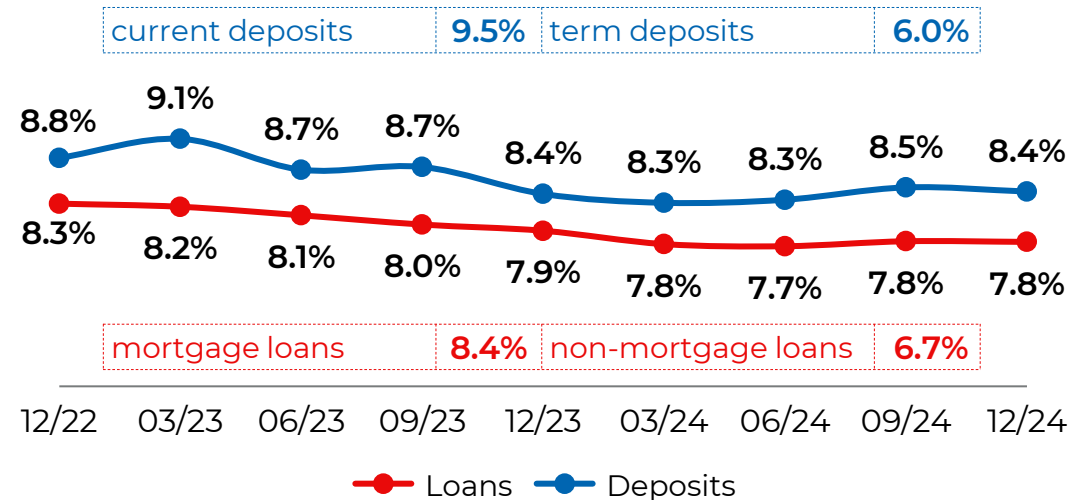
## Business volumes of Retail Banking segment



## Number of retail service locations



## mBank Group's market shares in Poland - Households



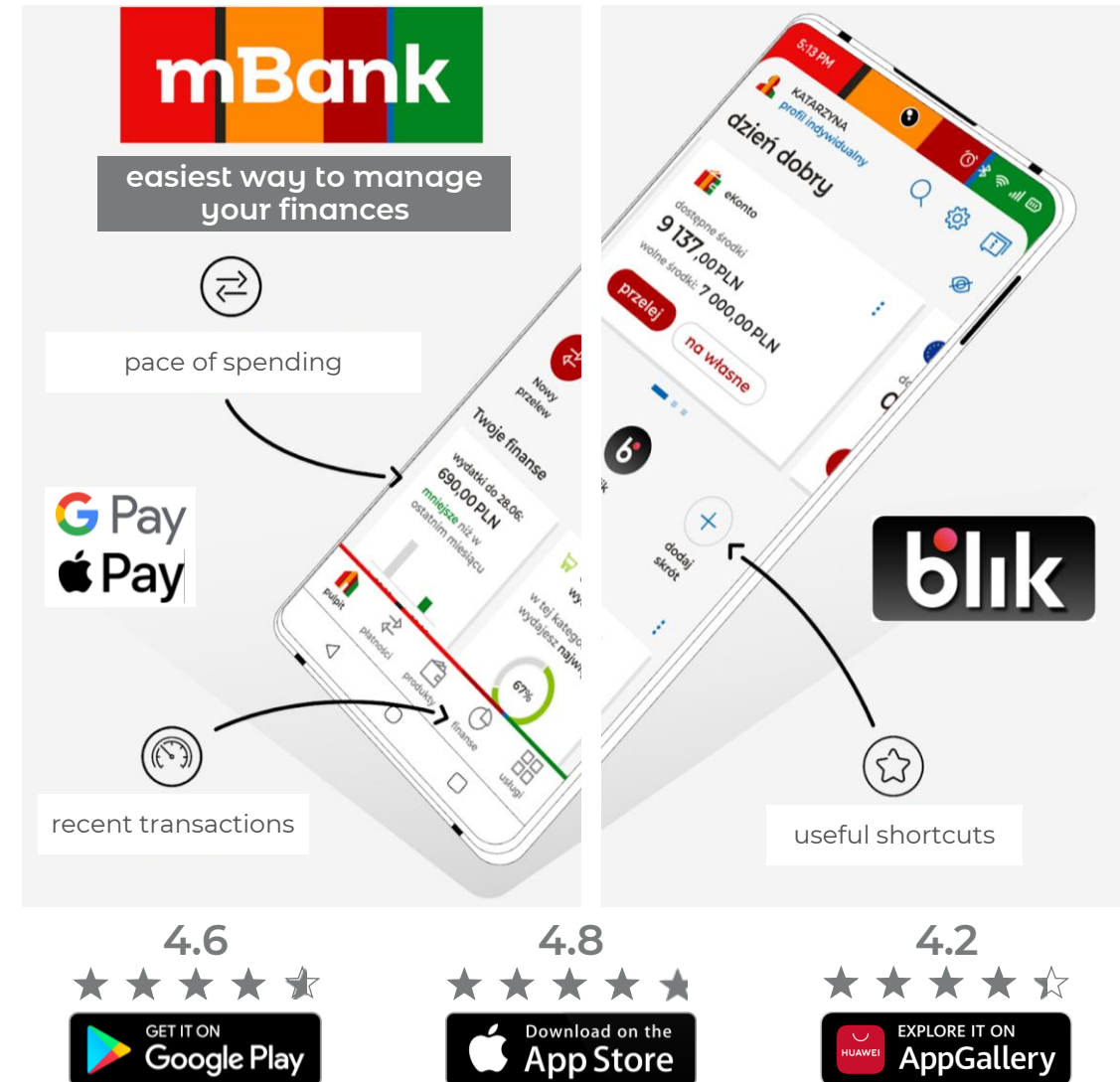
Source: mBank Group's consolidated financial statements, mBank's internal data, calculation based on NBP's statistics.

# A leading mobile banking offer for individual clients

## Well-designed functionalities for client convenience

- fully remote account opening with e-ID or a selfie and agreement approved via a text message
- logging in and confirmation of transactions with a PIN code, fingerprint or Face ID
- contactless payments with Google Pay and Apple Pay, express transfers using telephone numbers and BLIK
- functionalities of personal financial management (PFM) and value added services
- reminders from Payment Assistant and scanning of data to the transfer form from the invoices
- a fully functional marketplace (mOkazje zakupy) in cooperation with popular shopping platform Morele, accompanied by one-click financing options

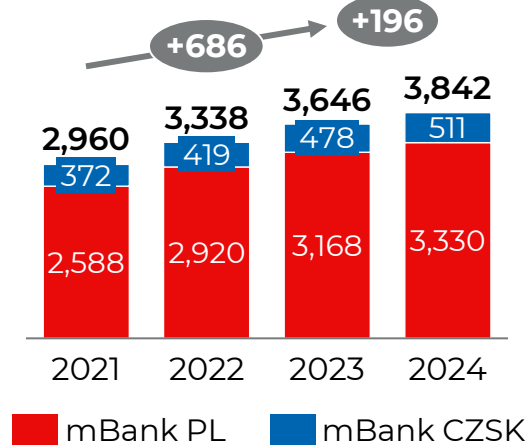
## Mobile application's dashboard and basic features



# mBank remains a front-runner in mobile banking adoption

## Number of active users of mBank's mobile application<sup>1</sup>

thousand

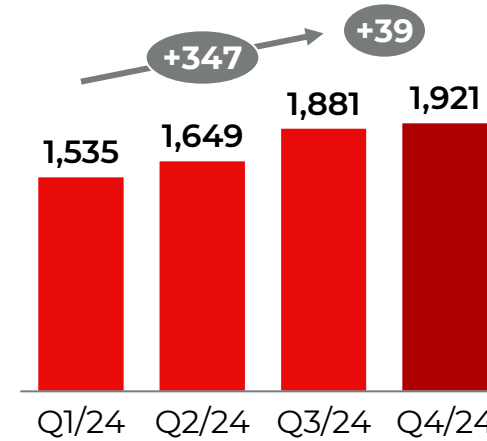


**#1** by the share of mobile users in total retail customer base

**#2** by the number of mobile app users among Polish banks

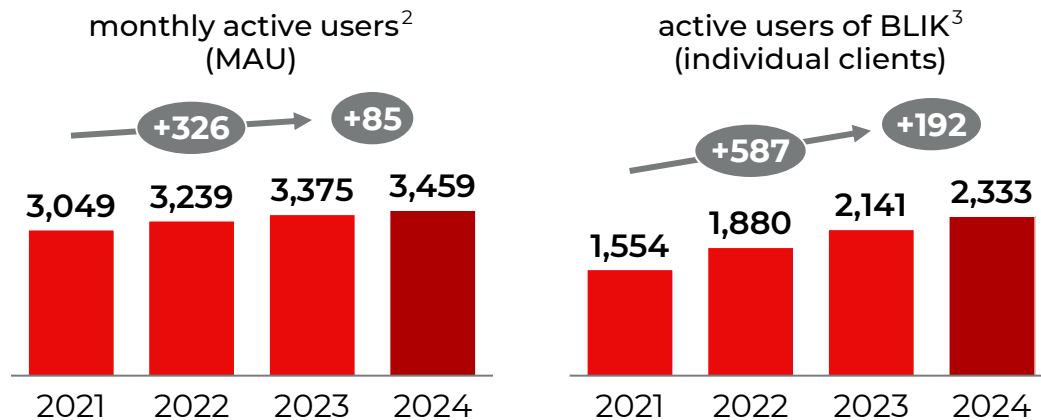
## Number of unique users of mBank's PFM functionalities

thousand, in Poland



## Number of active users of mBank's services in Poland

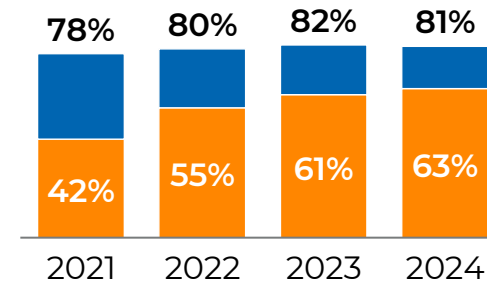
thousand



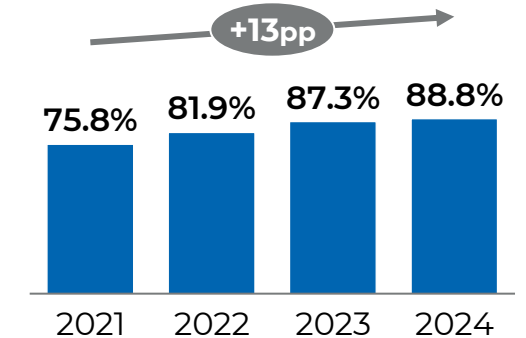
## Growing importance of digital channel in daily banking

share of digital channel in the sale of non-mortgage loans (by number of pieces)

of which: ■ mobile



share of processes in retail banking area initiated by the clients in digital channels



<sup>1</sup> An "active user of mBank's mobile application" is a client who in a given month logged in at least once into the mobile application

<sup>2</sup> An "active user of mBank's services in Poland" is a client who in a given month performed at least one of the following actions: (i) logged into the mobile application, internet banking or trusted profile (ePUAP), (ii) initiated a transfer or card transaction

<sup>3</sup> An "active user of BLIK" is a client who in a given month performed at least one of the following actions: (i) paid with BLIK in e-commerce or POS, (ii) withdrew money with BLIK, or (iii) made or received a transfer using BLIK

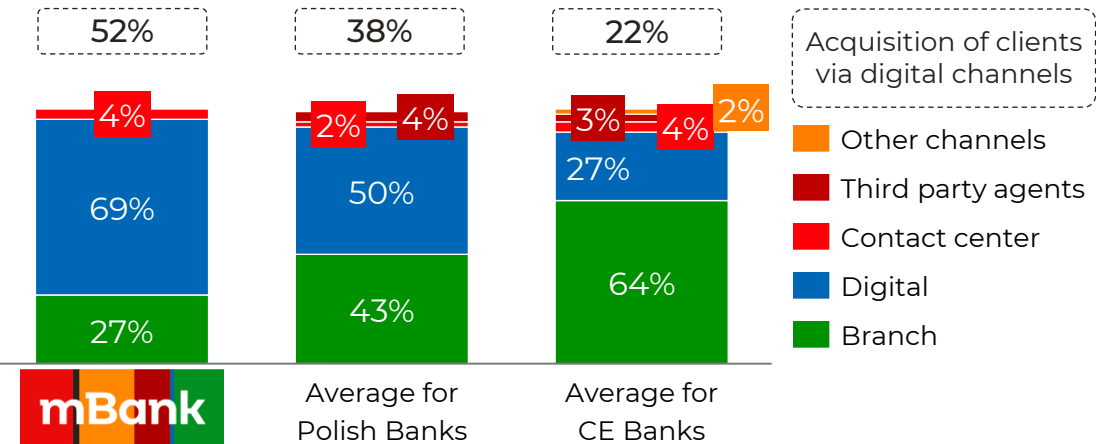
# Premier transactional bank with digital DNA



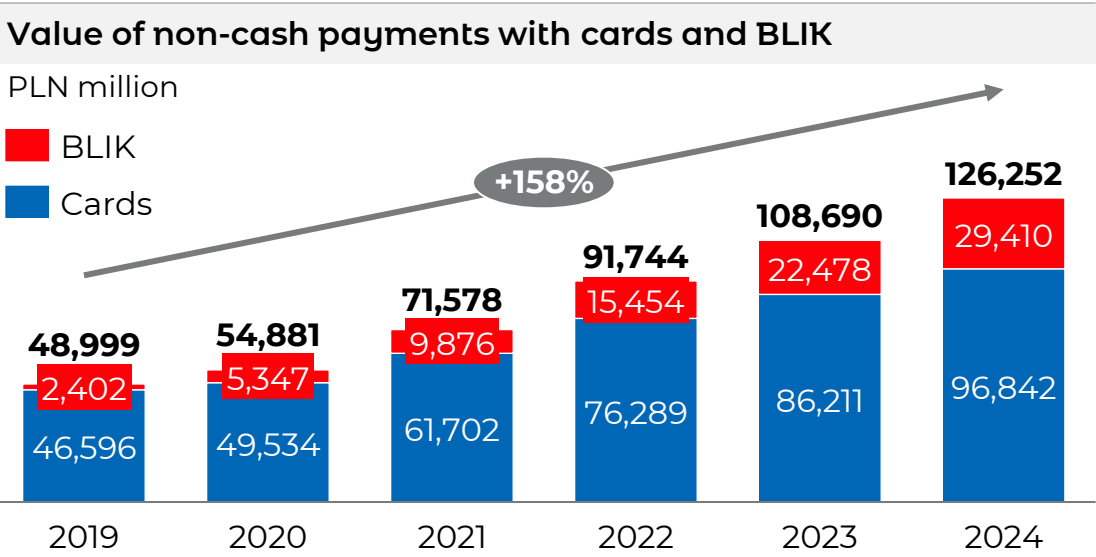
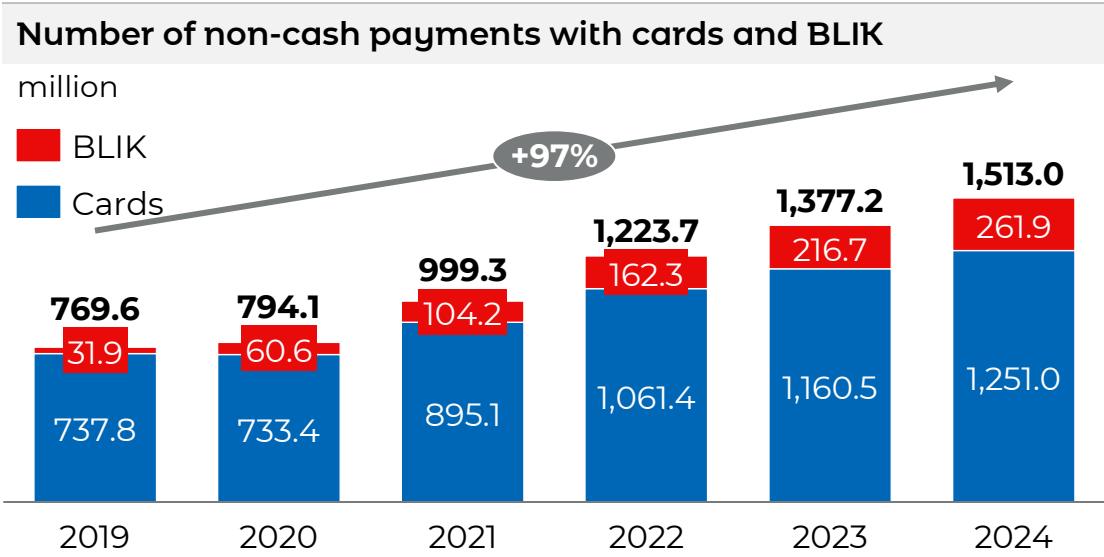
**12.3%** mBank's market share in the number of non-cash card transactions as of 9M 2024

**12.7%** mBank's market share in the value of non-cash card transactions as of 9M 2024

## Significant role of digital channels in mBank's product sales



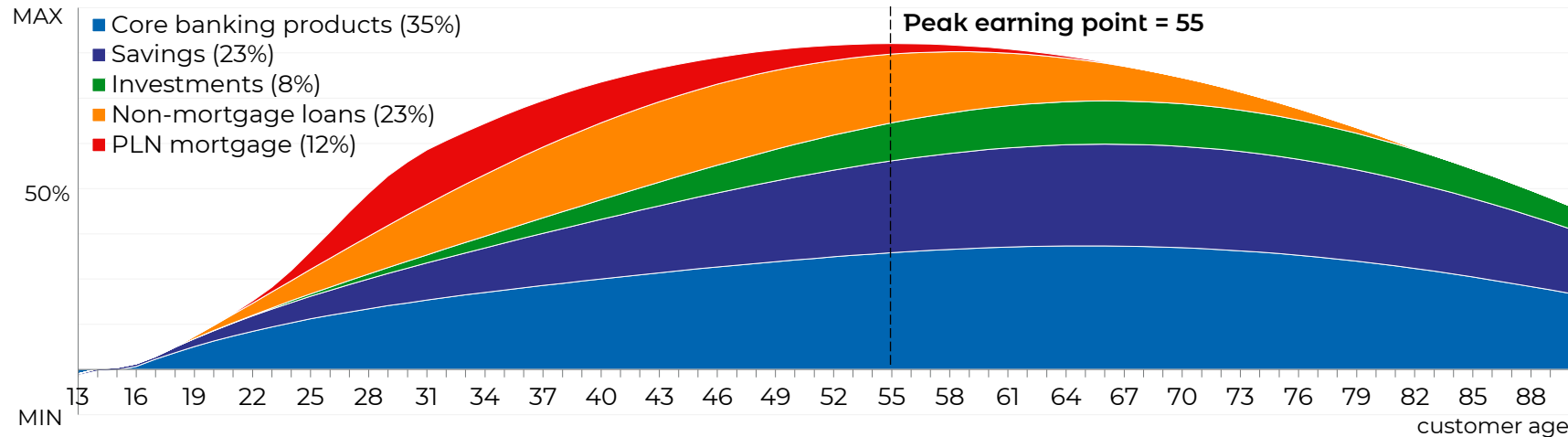
Note: Acquisition of clients understood as the number of opened current accounts.  
Source: mBank's internal data and comparison based on external benchmarking study, 2021.



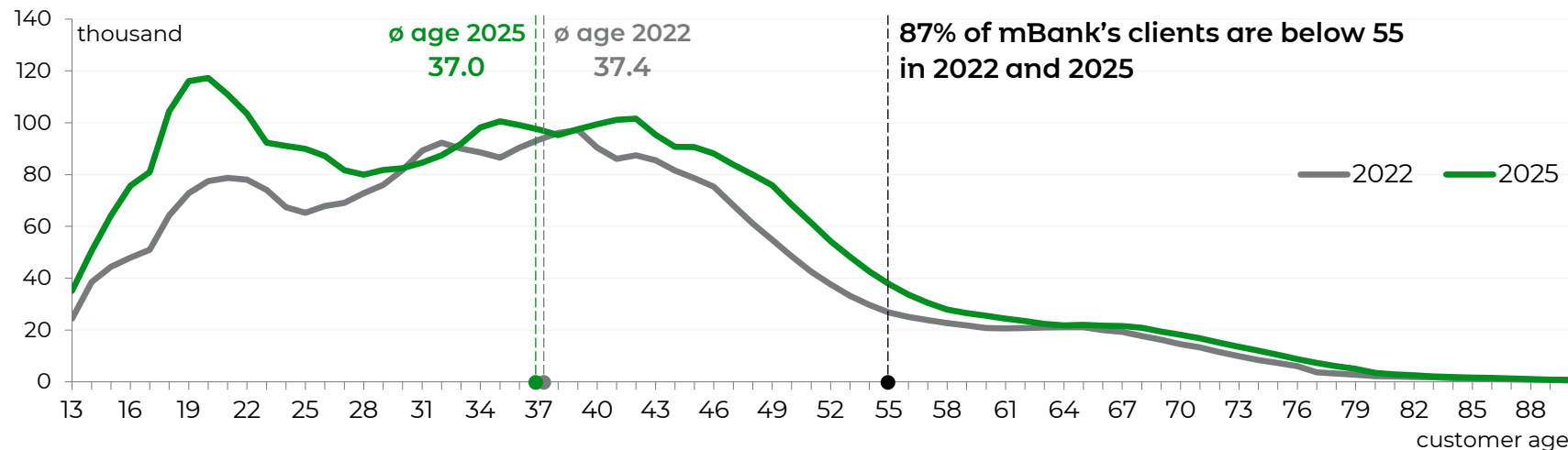


# Supportive demographic profile of mBank's retail client base

Net revenue per active customer – individual clients at mBank in Poland, 2022



Age distribution 2025 vs 2022 – active individual customers at mBank in Poland



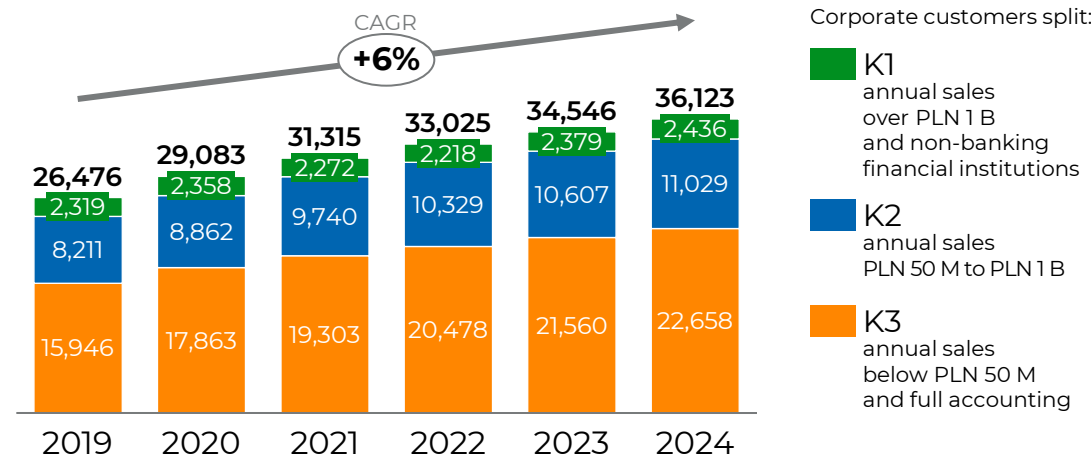
- mBank's current customer demographic profile is a consequence of our digital operating model, value proposition, and brand positioning since the start of retail operations.
- The age structure is a strongly in driving up our business volumes and, as a result, the revenues.
- mBank expects to experience significant growth of average profitability per customer. The average age of our clients is currently 37. This is well below the age at which the bank's revenue per client reaches its maximum level (age of 55). This demographic effect will naturally contribute to multiplication of mBank's value in the coming years.

Source: mBank's internal data.

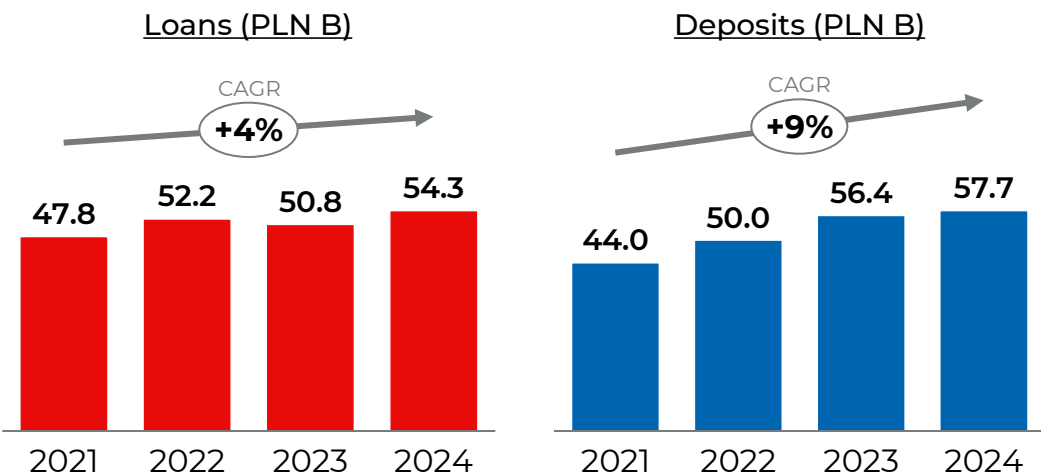


# Strong presence and leading expertise in corporate banking

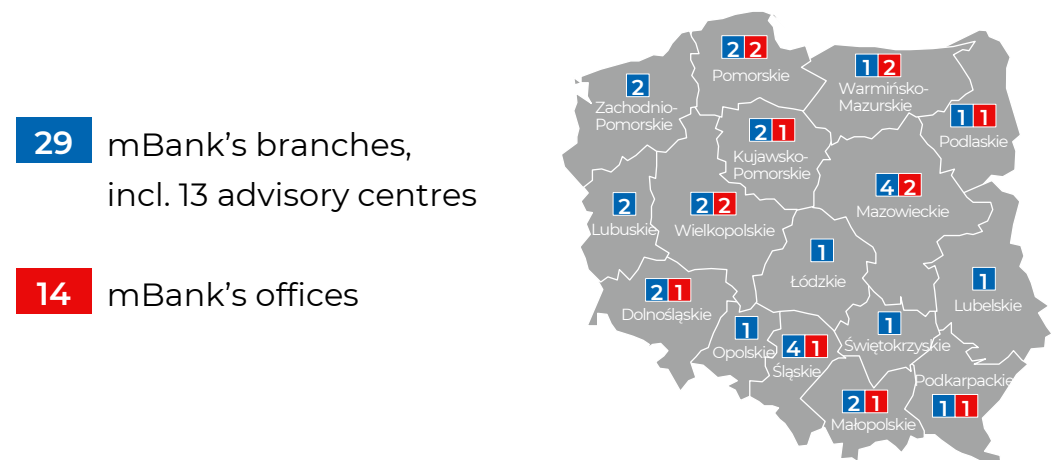
Number of mBank's corporate clients



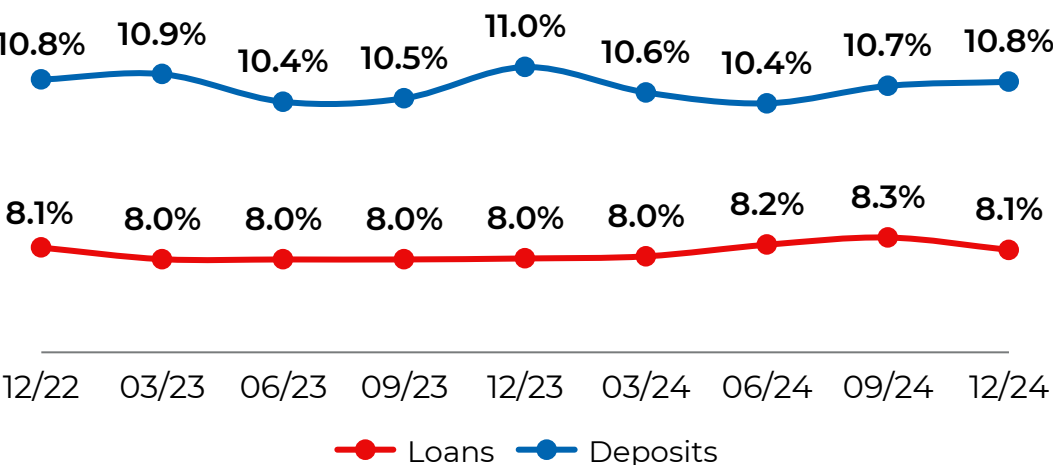
Business volumes of Corporate & Investment Banking segment



Number of corporate service locations as of 31.12.2024



mBank Group's market shares in Poland - Enterprises



Source: mBank Group's consolidated financial statements, mBank's internal data, calculation based on NBP's statistics.

# Best digital banking services for corporate clients

## First-class digital banking offer for companies



entirely digital onboarding process,  
with no in-person contact and printouts required



advanced **mBank CompanyNet** transactional  
system, allowing for high level of personalization



remote access and constant control via enhanced  
**mBank CompanyMobile** application



Administrator Centre for self-managing user  
permissions and authorisation schemes



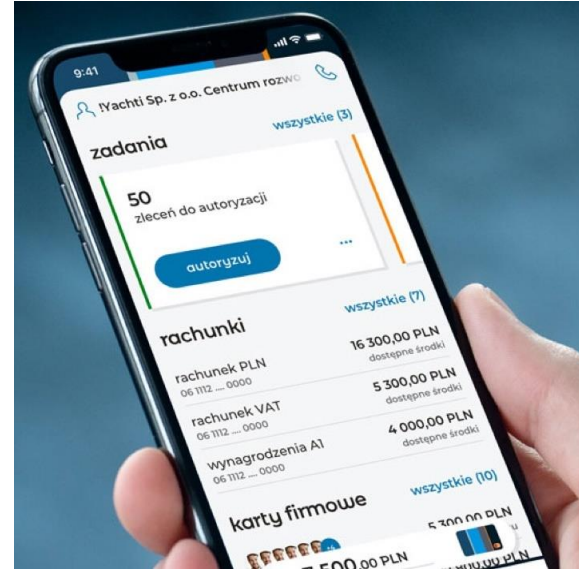
electronic sending of documents, applications,  
signing of agreements



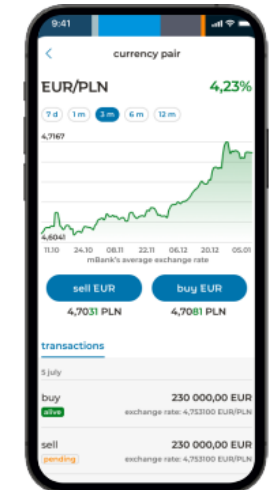
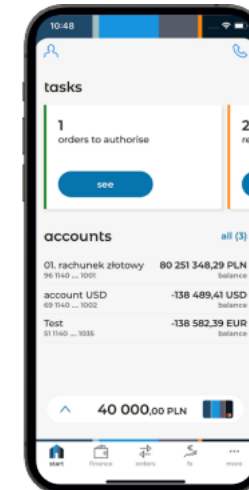
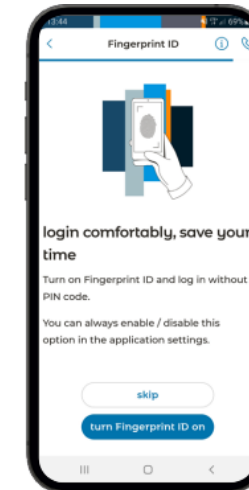
mAuto.pl online platform with an  
offer of new and used cars, financed  
by leasing or long-term rental



## Mobile application's dashboard and basic features



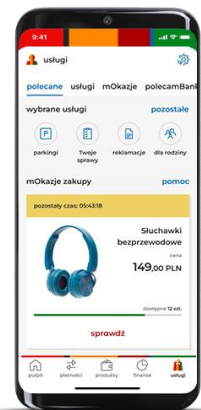
- option to activate the app with a QR code
- possibility to log into the application with a PIN code, fingerprint or face scan
- functionalities to facilitate the daily management of a company's finances
- advanced module to make FX transactions
- dedicated icon to directly call the customer centre



# Unique value proposition for e-commerce market participants

## mOkazje zakupy – development of marketplace in mBank's mobile application

- mBank launched first of this kind cooperation with Morele.net, which is one of the largest marketplaces in Poland
- A pilot of a new service was released in Q2/24, allowing 50 thousand of mBank's customers for ordering products from the "offer of the day" directly in the mBank's mobile application
- In mid-December 2024, the available offer was expanded to 1.5 million products from about 2,000 categories and all mBank's retail clients in Poland gained the possibility to conveniently shop via mOkazje zakupy



## Expansion of Paynow in online payments

- superior payment processing capabilities: the quickest settlements of a large number of simultaneous transactions (e.g. tickets for events)
- exclusive features to enrich merchants value chain: convenient one-click payments, mechanisms supporting shopping cart conversion, marketing automation
- scalable and cost-efficient solution: the cloud architecture which Paynow is based on allows for efficient and easy business expansion

## mBank has key advantages to build upon in e-commerce market

2.7 million active e-commerce buyers among mBank's retail clients, who have made ~25% of all online purchases in Poland (by GMV)

~50 thousand online sellers among mBank's corporate and SME clients, constituting almost 1/3 of all online merchants in Poland

~2 million daily visitors of mBank's mobile application ensuring sufficient traffic (comparable to AliExpress)

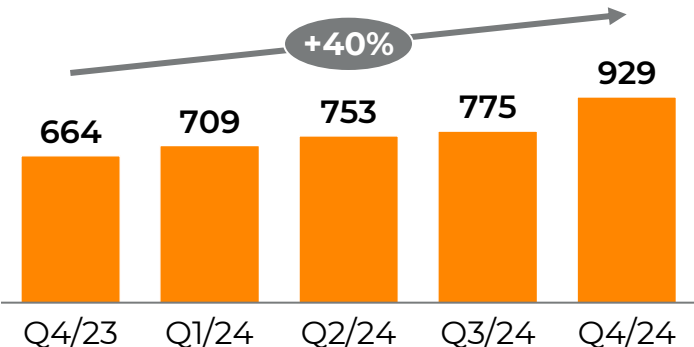
2.7 million consents from customers for profiled e-commerce offering allowing to provide products recommendations based on banking data

1.7 million clients with pre-scored credit limit for BNPL (buy now, pay later) and loans allowing for fast and convenient financing of purchases

excellent payment and sales process leveraging on mBank's know-how, advanced solutions and experience in selling products via mobile channel

paynow

processed payments volume (PLN M)





# ESG well embedded in mBank Group's strategy (1/2)

## Environmental pillar

Reducing greenhouse gases (GHG) emissions of our loan portfolio, steered by SBTi as the most prominent driver to become net-zero

- ▶ transform our loan portfolio to reach net-zero by 2050

Partnering with our clients by offering products and services to stimulate their sustainable and green activities

- ▶ provide **PLN 10 billion** of green financing (for renewable energy sources, decarbonization, circular economy, e-mobility, etc.) by the end of 2025, including PLN 5 billion from mBank and PLN 5 billion from other sources such as consortia and green bonds issues arranged for clients
- ▶ increase the yearly sale of mortgage loans for real estates compliant with the NZEB-10% (Nearly Zero Energy Building) standard to **14%** in 2024 and **18%** in 2025 of total mBank's mortgage loan production (by volume)
- ▶ offer **at least 50%** of investment solutions managed within mBank Group promoting environmental or social characteristics ("light green" in line with Art. 8 of SFDR) by 2025
- ▶ issue green bonds in the amount of **PLN 5 billion** until the end of 2025

Limiting own GHG emissions by decarbonizing our operations

- ▶ become net zero in own operations by 2040

## SBTi commitment

mBank joined the **Science Based Targets initiative** (SBTi) in 2022. In line with our obligation, we submitted our decarbonization targets for validation in September 2024.

## ESG ratings<sup>1</sup>



<sup>1</sup> please see [the webpage](#) for disclaimer statements

# ESG well embedded in mBank Group's strategy (2/2)

## Social pillar

### Providing an attractive work environment that ensures diversity, equity and inclusion

- ▶ ensure **gender balance** in the succession program (at **minimum 45%** of a given gender) and reduce the **pay gap** (keeping it below 5%)



### Ensuring balanced gender representation at mBank Group

- ▶ increase the level of **gender representation** in managerial bodies of mBank's main subsidiaries (including mLeasing, mFaktoring, mBank Hipoteczny, mTFI, mFinanse) **to 40%** by the end of 2026



### Making social impact through fostering financial health and education of our clients

- ▶ continue **financial education** and promote **responsible management of personal finance** among clients by growing the number of users of dedicated functionalities in mBank's mobile and internet services

## Governance pillar

### Enhancing our corporate governance by ESG aspects

- ▶ have all TOP 100 managers (at mBank and main subsidiaries) with **goals related to ESG** at a **10% weight** in their Objective and Key Results



### Integrating environmental, social and governance risks with mBank's risk management

- ▶ incorporate ESG into **credit** and **Internal Capital Adequacy Assessment Process** documentation, and perform **materiality assessment** of ESG risk each year



### Promoting transparency and ESG standards among our business partners

- ▶ have **70%** of eligible **partners and suppliers** (under central purchasing process) to be **compliant with the 10 Principles of the UN Global Compact** by 2025

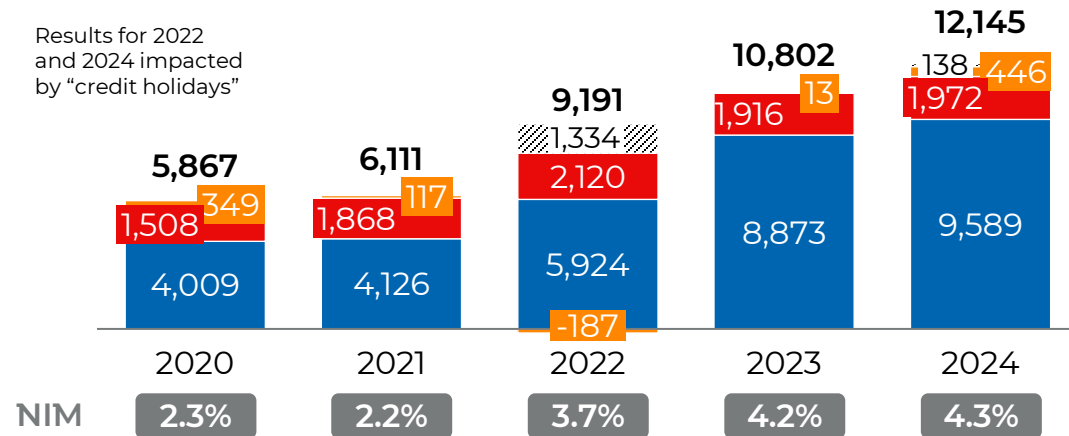


# Highly efficient platform underpinning solid financial results

## Total income (PLN M) & net interest margin (NIM)

Net interest income Net fee income Net trading and other income

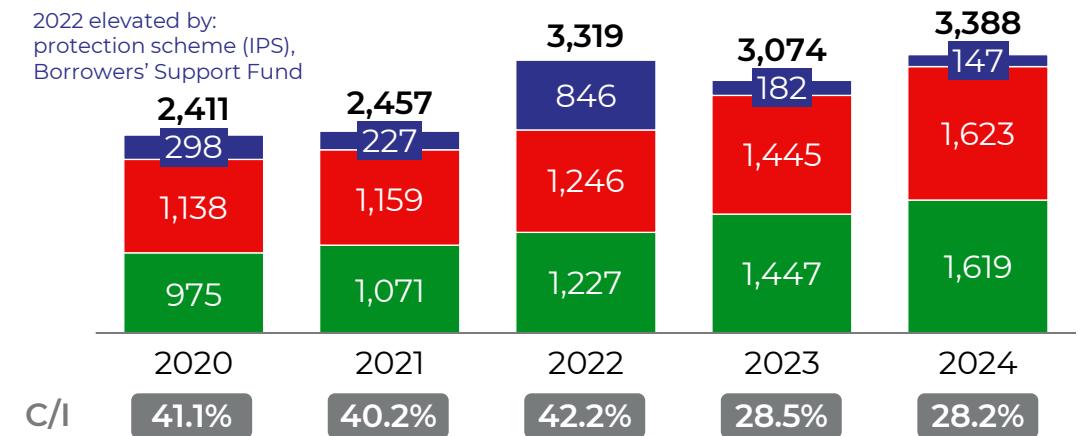
Results for 2022  
and 2024 impacted  
by "credit holidays"



## Total operating expenses (PLN M) & Cost/Income ratio (C/I)

Personnel costs Material and other costs compulsory contributions

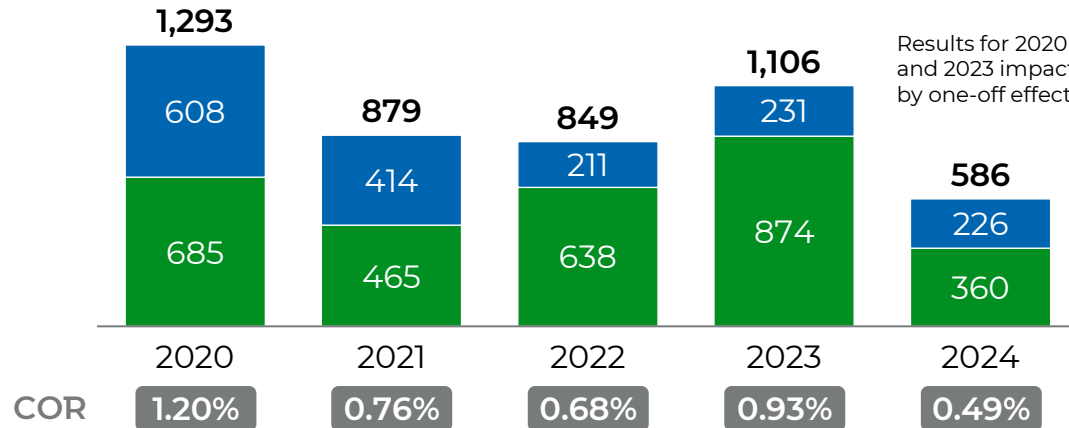
2022 elevated by:  
protection scheme (IPS),  
Borrowers' Support Fund



## Loan loss provisions (PLN M) & cost of risk (COR)

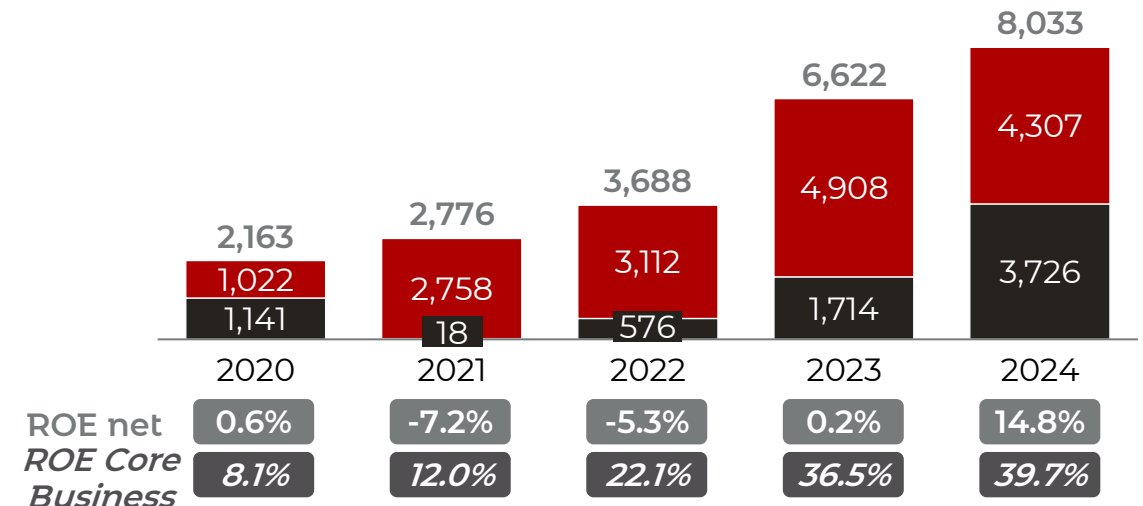
Retail Banking Corporate & Investment Banking

Results for 2020  
and 2023 impacted  
by one-off effects



## Operating profit (PLN M) & return on equity (ROE)

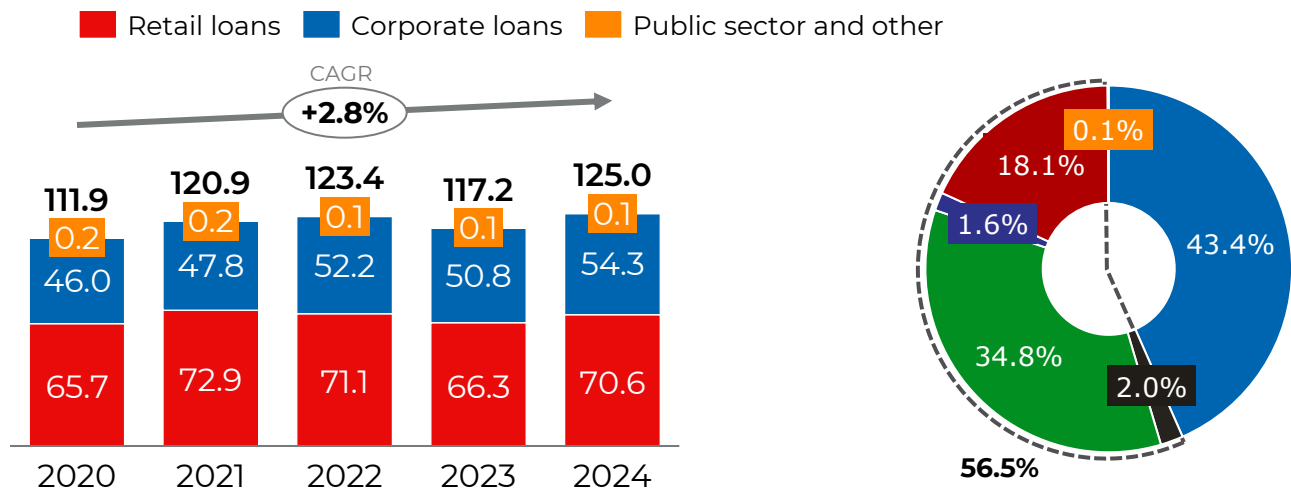
Reported operating profit Costs of legal risk related to FX loans





# Well-balanced growth of business volumes

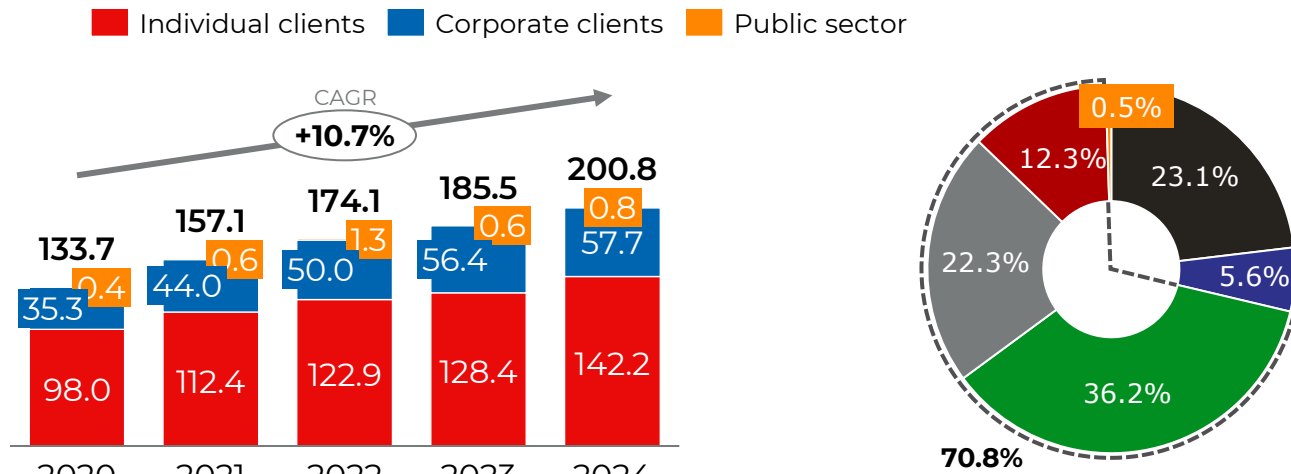
## Structure of mBank Group's gross loans (PLN B)



	PLNB
Corporate loans	54.3
Mortgage loans in FX to individuals	2.5
Mortgage loans in LC to individuals <sup>1</sup>	43.5
Mortgage loans to microfirms	1.9
Non-mortgage retail loans	22.7
Public sector loans	0.1
TOTAL	125.0

<sup>1</sup> Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

## Structure of mBank Group's deposits (PLN B)

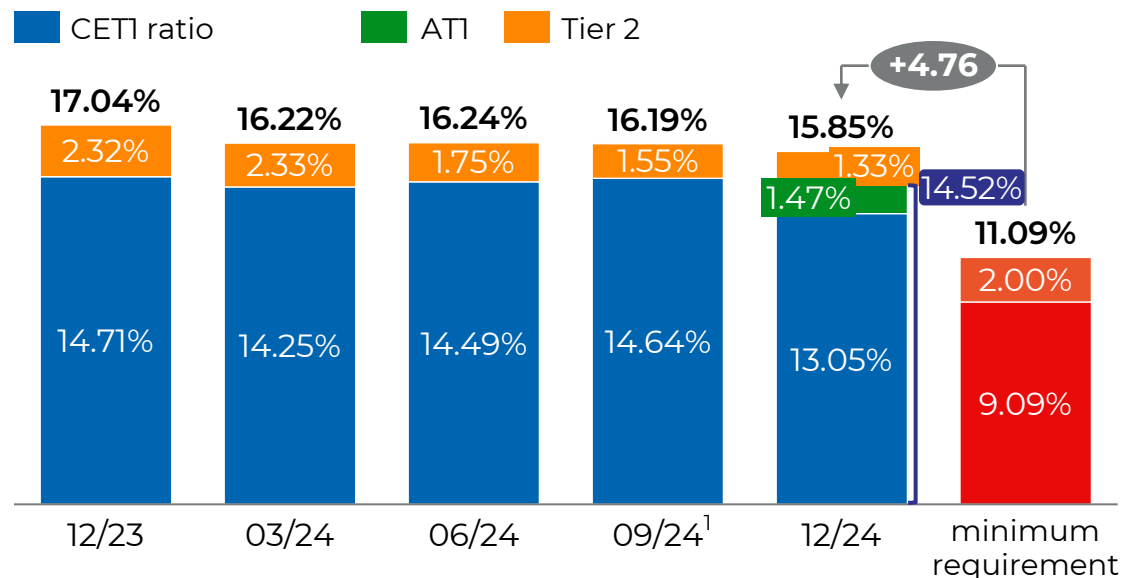


	PLNB
Corporate clients: current accounts <sup>2</sup>	46.4
Corporate clients: term deposits	11.3
Individual clients: current accounts	72.7
Individual clients: saving accounts	44.8
Individual clients: term deposits	24.8
Public sector clients	0.8
TOTAL	200.8

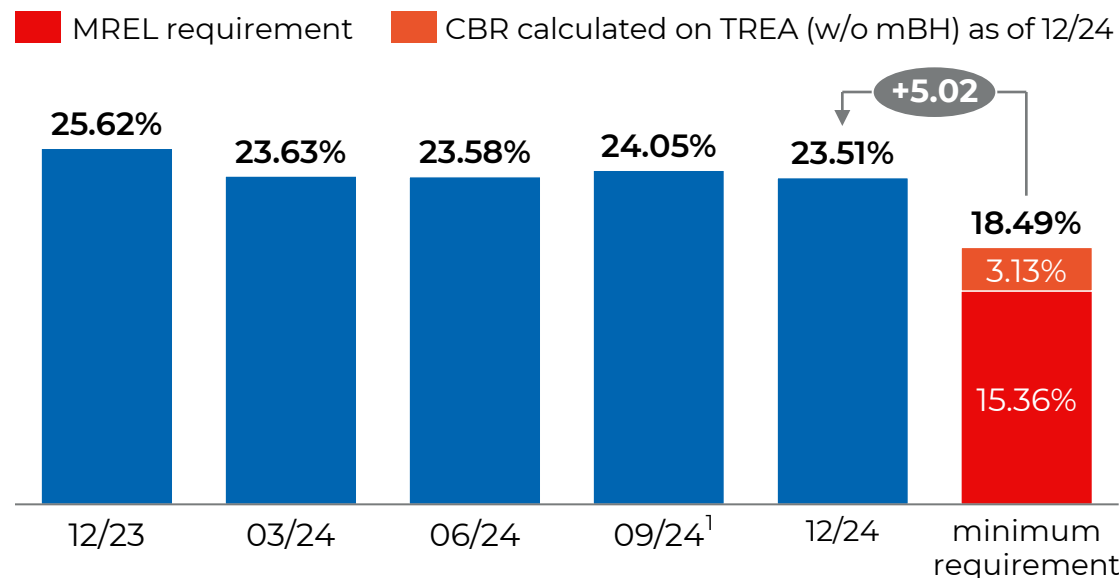
<sup>2</sup> Including repo transactions

# Safe capital position with significant surplus over regulatory minima

## Development of mBank Group's capital ratios

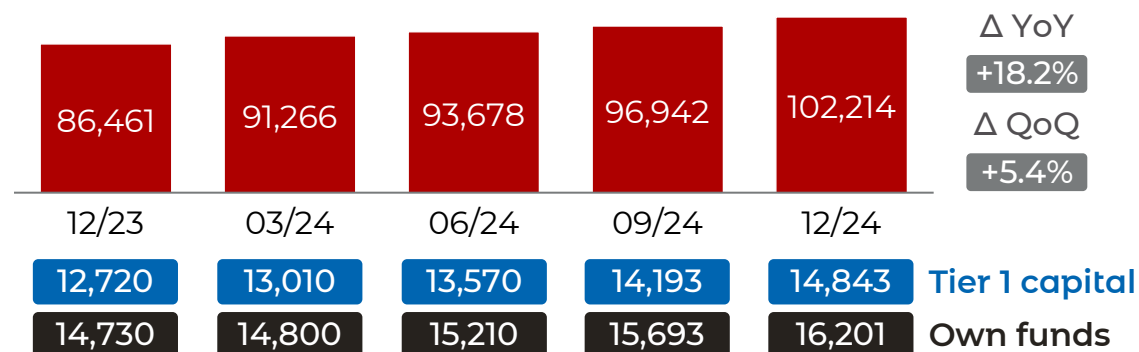


## Development of mBank Group's MREL (TREA) ratio



## Development of mBank Group's total risk exposure amount

PLN M



## Key factors impacting the capital position

Further **strengthening of capital position** with +1.9 p.p. added by two transactions:

- fourth **synthetic securitization**, backed by a portfolio of PLN-denominated corporate loans (+0.4 p.p)
- inaugural **Additional Tier 1 issuance** worth PLN 1.5 billion (+1.5 p.p.)

Visible **increase of TREA** in Q4/24 due to **business expansion** and impact of **model changes** following the decision of the banking authorities (implementation of new risk parameters).

<sup>1</sup> Capital and MREL ratios recalculated taking into account the retrospective inclusion of the net profit for Q3/24 in own funds (after PFSA approval)

# Excellent performance and profitability of the core business

## Summary of financial results for mBank's core activity and run-off portfolio in 2024

PLN million	Core Business	Non-core <sup>1</sup>	mBank Group
Net interest income	9,562.1	26.9	9,589.0
Net fee, trading and other income	2,483.4	-65.5	2,417.9
Total income	12,045.5	-38.6	12,006.9
Total costs	-3,362.4	-25.9	-3,388.3
Loan loss provisions and fair value change <sup>2</sup>	-638.6	53.1	-585.5
Costs of legal risk related to FX loans	0.0	-4,307.0	-4,307.0
Operating profit	8,044.5	-4,318.4	3,726.1
Taxes on the Group balance sheet items	-739.8	-12.6	-752.4
Profit or loss before income tax	7,304.7	-4,330.9	2,973.7
Net profit or loss	5,637.9	-3,394.7	2,243.2
Total assets	243,849	2,108	245,957
Net interest margin	4.39%		4.35%
Cost/Income ratio	27.9%		28.2%
Cost of risk	0.54%		0.49%
Return on equity (ROE)	39.7%		14.8%

<sup>1</sup> Equivalent of "FX Mortgage Loans segment" in the financial statement

<sup>2</sup> Sum of 'Impairment on financial assets not measured at fair value through profit or loss' and 'Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss' related to loans

## Separation of FX mortgage loan portfolio

- In order to present the genuine and undistorted performance of mBank Group, the non-core part, comprising of foreign currency mortgage loans, is shown separately from the total business.
- **Non-core assets** are defined as all residential mortgage loans granted to individual customers in Poland that at any point in time were in another currency than PLN. In addition to the FX mortgage loan portfolio, associated provisions for legal risk arising from these contracts are also allocated to the segment.

**The capital allocated to the non-core unit amounted to PLN 657 M as of 31.12.2024.**

It is calculated primarily based on:

- total risk exposure amount of the segment and minimum Tier 1 capital ratio required by PFSA
- economic capital for operational risk

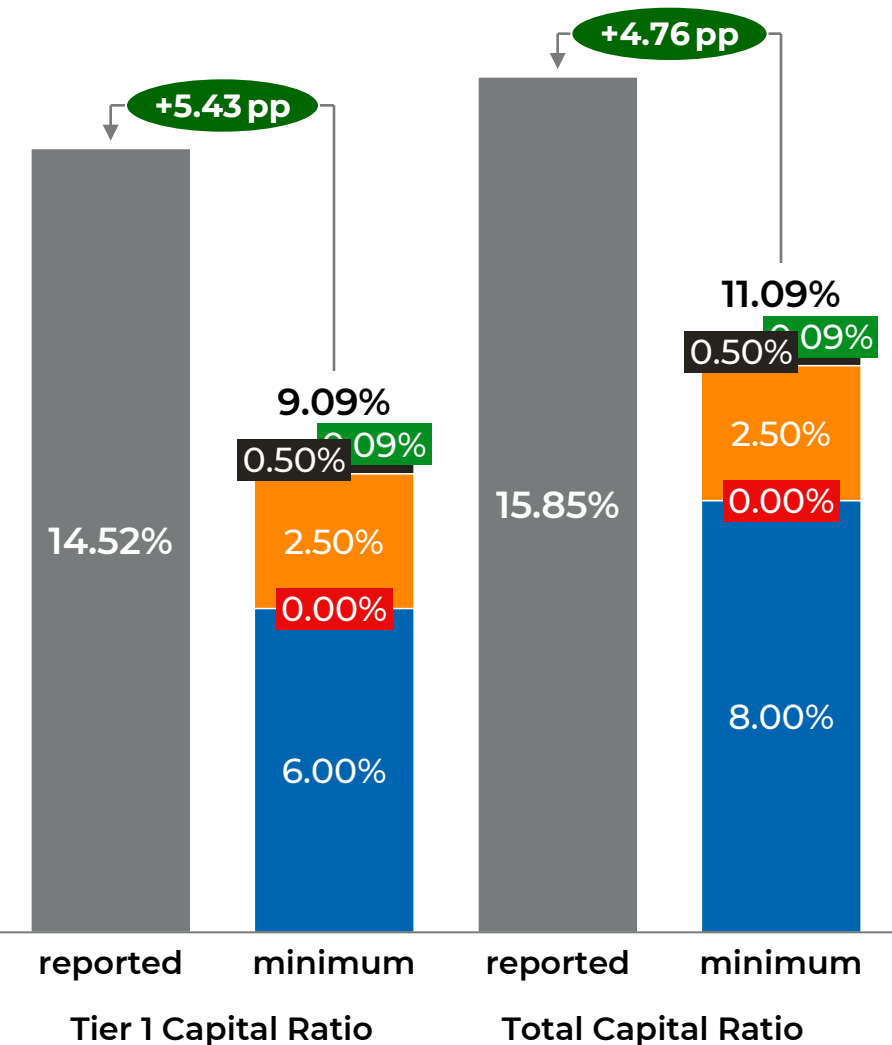
From the managerial perspective, growth of mBank's core business is effectively based on lower capital due to its portion being set aside for FX Mortgage Loans segment.



# Capital requirements and liquidity above the regulatory requirements

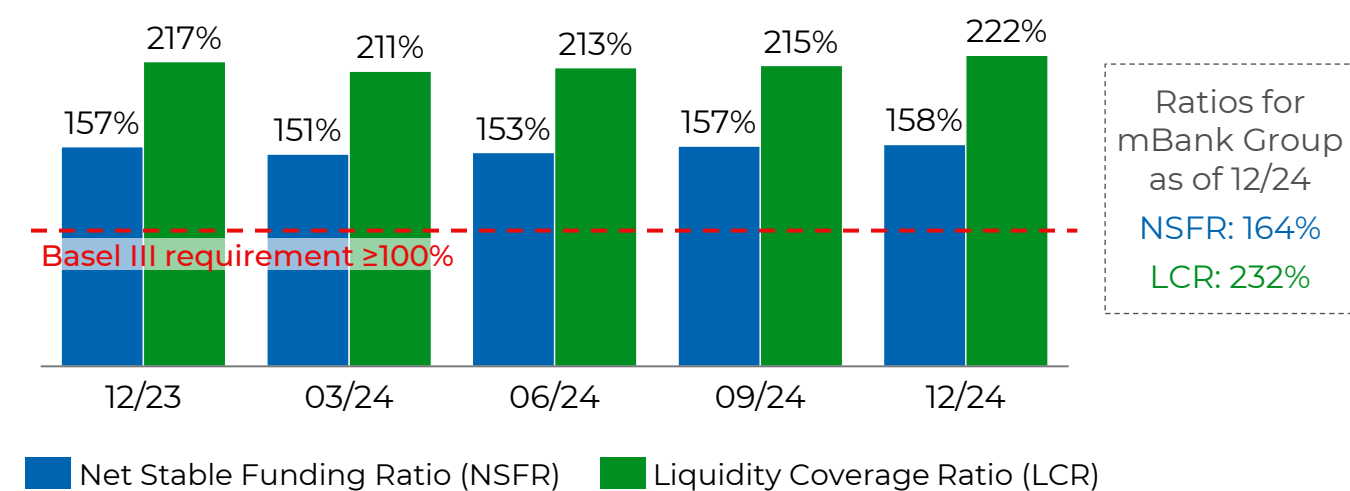
## Regulatory capital requirements for mBank Group

as of 31.12.2024



- Countercyclical Capital Buffer (CCyB)**, calculated as the weighted average of the CCyB rates that apply in the countries where the relevant credit exposures are located.
- Systemic Risk Buffer (SRB)**, originally set at 3.0% in Poland, reduced to 0% starting from 19.03.2020; for mBank it applies only to domestic exposures.
- Other Systemically Important Institution (O-SII) Buffer**, imposed by an administrative decision of the PFSA; its level is reviewed annually.
- Conservation Capital Buffer (CCB)**, equal for all banks in Poland as introduced by the Act on Macroprudential Supervision Over the Financial System and Crisis Management in the Financial System.
- Individual additional Pillar 2 capital requirement for risk related to FX retail mortgage loans (FXP2)** imposed as a result of risk assessment carried out by the PFSA.
- CRR Regulation minimum level (CRR)** based on the applicable EU Regulation.

## Development of mBank's liquidity ratios



# mBank Group's strategy for 2021-2025 is concentrated on 5 pillars

## Overview of key strategic paradigms and initiatives

Retail Banking area is organized around demographic segments to develop the complete offer and value proposition precisely responding to the needs arising at different phases of the customer life cycle.



Corporate and Investment Banking area cooperates with companies from prospective industries and the fast-growing sectors of the economy (e.g. RES, modern businesses, healthcare, EU funds beneficiaries).

- organic growth through the continuous acquisition of new clients (especially young) and monetization of existing base
- focus on personal financial management (PFM), comprehensive investment offering, mortgage loans as an anchor product and ecosystem of non-banking services
- strict mobile-first approach; contact channels aligned to a supremacy of remote access and digital sales

- entry into e-commerce and a launch of marketplace platform integrated into mBank's mobile application
- high quality, availability and security of solutions, platforms and services offered to mBank's clients
- the highest possible protection of mobile application and the most secure and client-friendly identity confirmation process in all digital channels

- focus on profitability of relationships and capital-efficient business
- improved customer experience thanks to advanced multidimensional digital transformation, including onboarding and other process as well as boosting mobile banking penetration
- new well-designed, more automated credit process for corporates supporting business development at adequate level of risk costs

89%

share of processes in retail banking area initiated by the clients in digital channels (in 2024)

81%

share of digital channel in the sale of non-mortgage loans (by number of pieces in 2024)

94%

share of corporate clients with at least one user logging in to mobile application monthly (in Q4/24)

88%

share of digitally opened accounts in new acquisition using a dedicated process (in Q4/24)

# Vision for mBank Group and guiding principles for the organisation

We will anchor the future of mBank on seven pillars



understanding of customer needs in their life cycle and calibrating products adequately to support them in most effective way



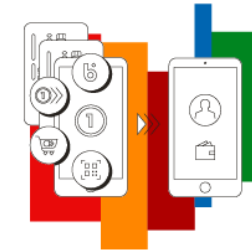
banking secrecy and firm promise to protect customer information, personal data and financial profile of their activities



mobile access being the core medium/channel for interaction with the client



security of clients' payments and assets placed with mBank



offering a premier experience for our clients in the e-commerce universe



executing ESG agenda focused on our responsibility for climate, society and financial health of our clients



helping clients to keep their finances in order by providing them with advanced financial management capabilities





# mBank outperformed all its strategic financial targets in 2024

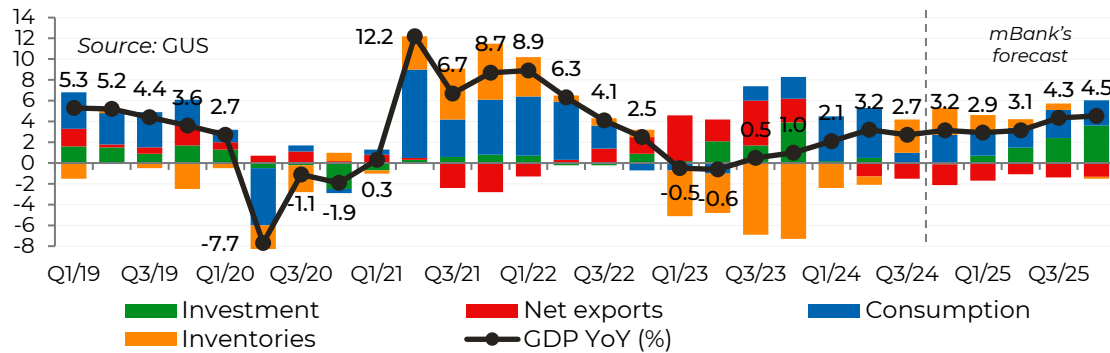
Updated strategic financial targets of mBank Group for 2023-2025 compared to results for 2024

	strategic measure	target level	execution in 2024		
Efficiency [in 2025]	Cost/Income ratio (C/I)	below 40%	28.2%	✓	supported by high interest rates offsetting inflationary pressure
Stability [in the mid-term]	Tier 1 capital ratio	year-end level min 2.5 p.p. above the PFSA requirement	+5.4 p.p.	✓	surplus helped by securitisations and issuance of ATI bonds
	Cost of risk (COR)	~0.80%	0.49%	✓	lower thanks to improving financial standing of clients and NPL sale
Growth [CAGR till 2025]	Dynamics of loans	average 2022-2025: ~3%	+6.6% YoY	✓	lending revival fuelled by surging new sales of retail loans
	Dynamics of deposits	average 2022-2025: ~6%	+8.3% YoY	✓	growth focused on current accounts amid pricing optimisation
	Dynamics of total revenues	average 2022-2025: 4-5% <sup>1</sup>	+11.2% YoY	✓	driven by record-high net interest income and slightly better net fees
Profitability [in 2025]	Net interest margin (NIM)	above 3.0%	4.3%	✓	thanks to high loan yields and active deposit management
	Return on equity (ROE)	~14%	14.8%	✓	depressed by legal costs related to CHF loans, while core ROE at 39.9%

<sup>1</sup>the growth pace calculated against the level of revenues adjusted for the negative impact of “credit holidays” at PLN 9,191 million

# Macroeconomic situation and outlook: GDP, inflation, rates, currency

## GDP path and forecast for Poland (% YoY)



GDP growth is seen to keep rising supported initially by private consumption. Investment is likely to accelerate thereafter as EU-led projects should kick off. GDP growth in 2025 is expected to reach 3.8%.

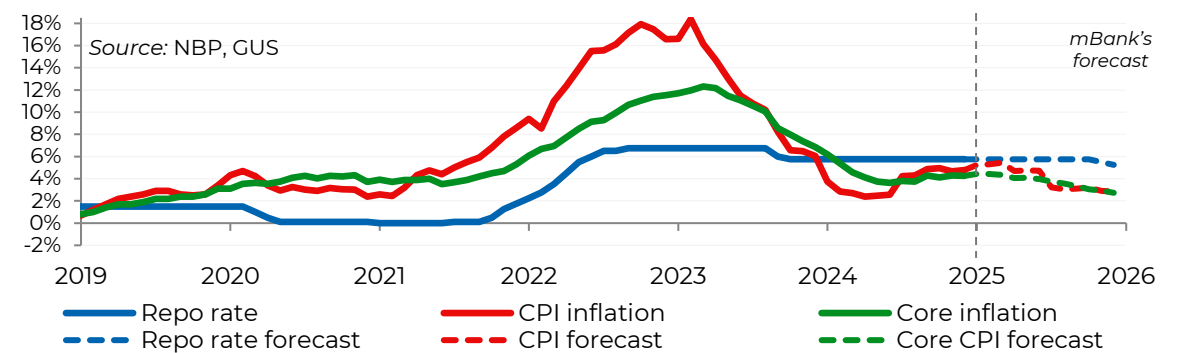
## Key economic indicators for Poland

	2022	2023	2024F	2025F	2026F
GDP growth (YoY)	5.3%	0.1%	2.8%	3.8%	3.6%
Domestic demand (YoY)	4.8%	-3.1%	3.3%	4.7%	4.0%
Private consumption (YoY)	5.4%	-0.3%	3.0%	2.9%	3.5%
Investment (YoY)	1.7%	12.6%	2.7%	10.0%	6.5%
Inflation (eop)	16.6%	6.2%	4.8%	2.8%	3.0%
MPC rate (eop)	6.75%	5.75%	5.75%	4.00%	4.00%
CHF/PLN (eop)	4.73	4.68	4.55	4.68	4.64
EUR/PLN (eop)	4.69	4.34	4.28	4.45	4.45

Source: Statistics Poland, National Bank of Poland, mBank's estimates as of 05.02.2025.

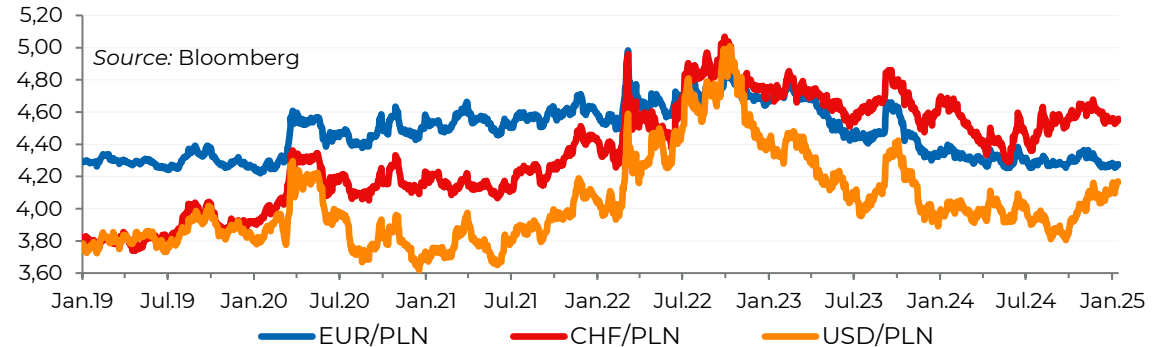
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## Inflation bounced back, but will fall in 2025



Inflation is foreseen to pick up slightly in Q1/25 and then a downward trend should resume. Core inflation is to follow that path as well. As a result, the MPC is likely to deliver some interest rate cuts this year.

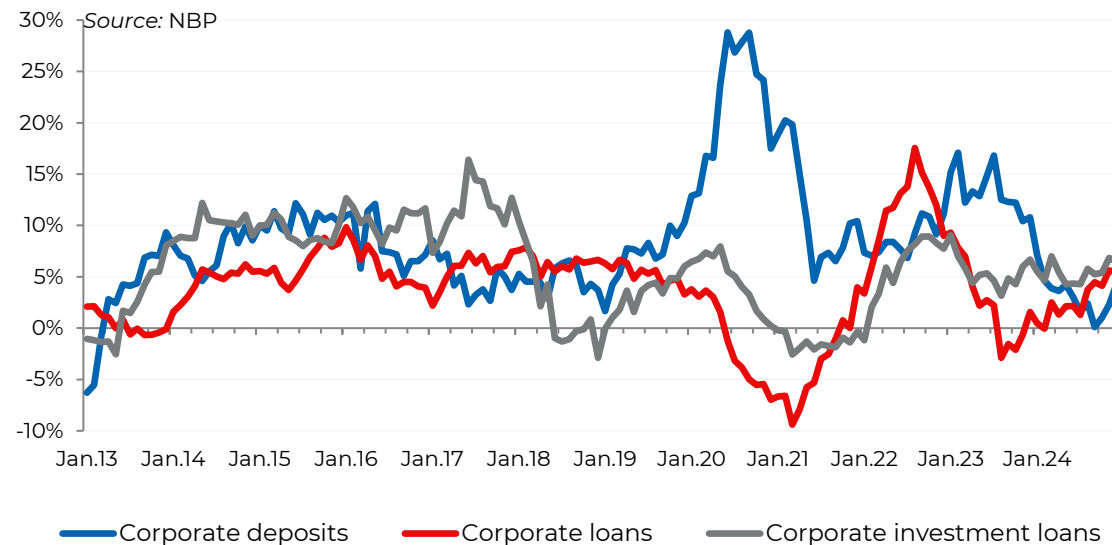
## PLN remained relatively stable recently



Polish currency has been quite stable recently despite the stronger US dollar. PLN is being supported by market pricing regarding rates in Poland. However, it might change in the future, hence PLN might depreciate before long.

# Macroeconomic situation and outlook: monetary aggregates

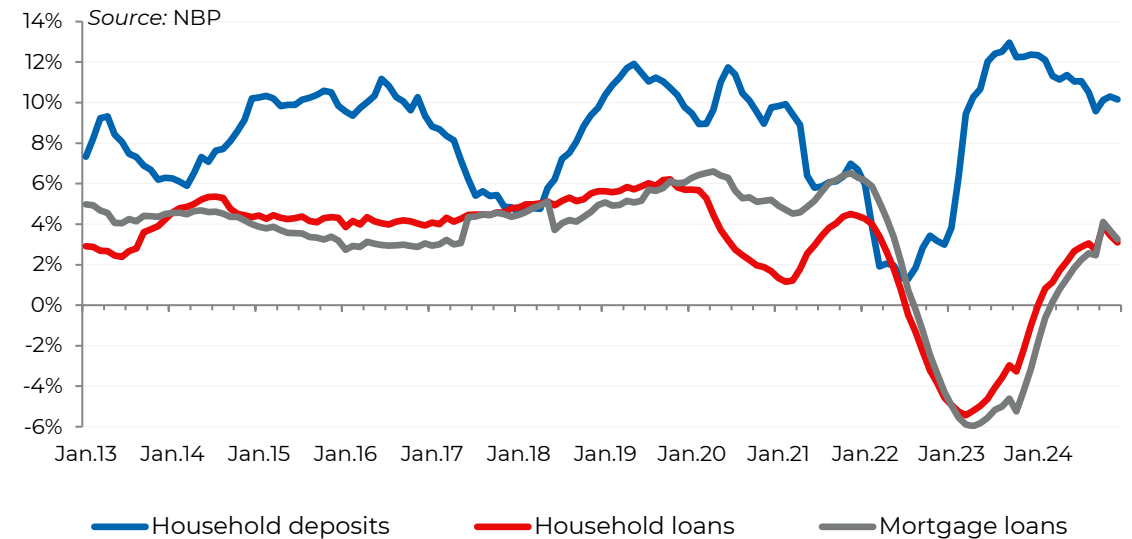
## Corporate loans and deposits (YoY, FX-adjusted)



Deposit growth in the corporate sector has started to accelerate. The same move is seen in the case of loan growth. The nascent economic recovery should drive up demand for loans going forward.

Segment volumes YoY	2022	2023	2024F	2025F	2026F
Corporate loans	9.6%	-0.7%	4.8%	2.7%	4.5%
Corporate deposits	11.6%	8.7%	2.1%	8.0%	10.1%

## Household loans and deposits (YoY, FX-adjusted)



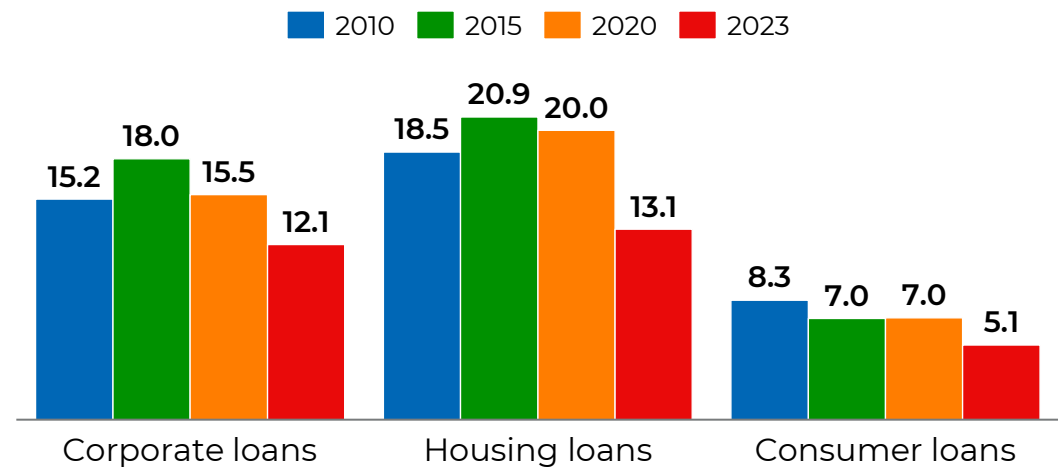
The strong labour market and expansionary fiscal policy support deposit accumulation. Credit growth is rising, and it is expected to continue this move amidst improving economic activity.

Segment volumes YoY	2022	2023	2024F	2025F	2026F
Household loans	-3.8%	-1.3%	3.4%	2.9%	3.6%
Mortgage loans	-3.2%	-3.6%	3.1%	2.1%	4.3%
Mortgage loans in PLN	-1.8%	1.8%	7.4%	5.6%	7.6%
Non-mortgage loans	-5.1%	3.0%	3.9%	4.2%	2.6%
Household deposits	3.3%	11.3%	8.7%	8.5%	7.9%

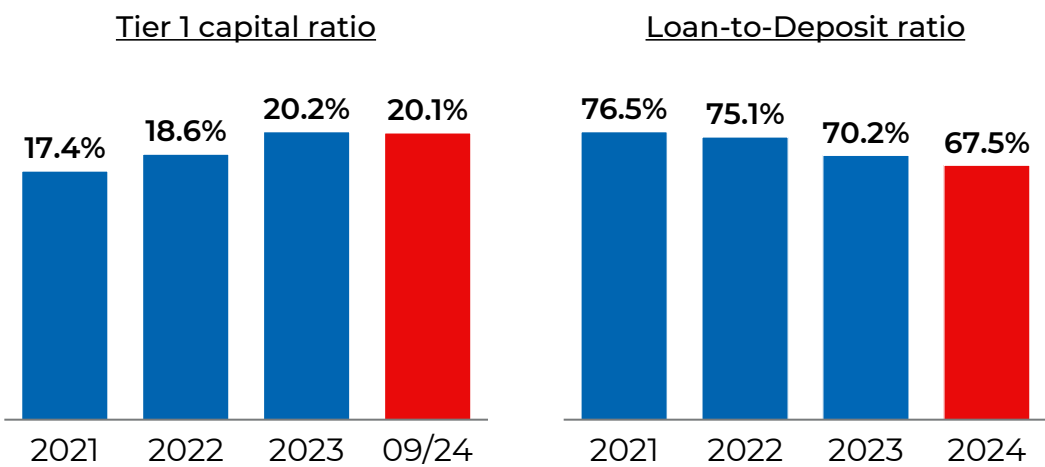
Source: Statistics Poland, National Bank of Poland, mBank's estimates as of 05.02.2025.

# Banking sector in Poland is stable and operationally efficient

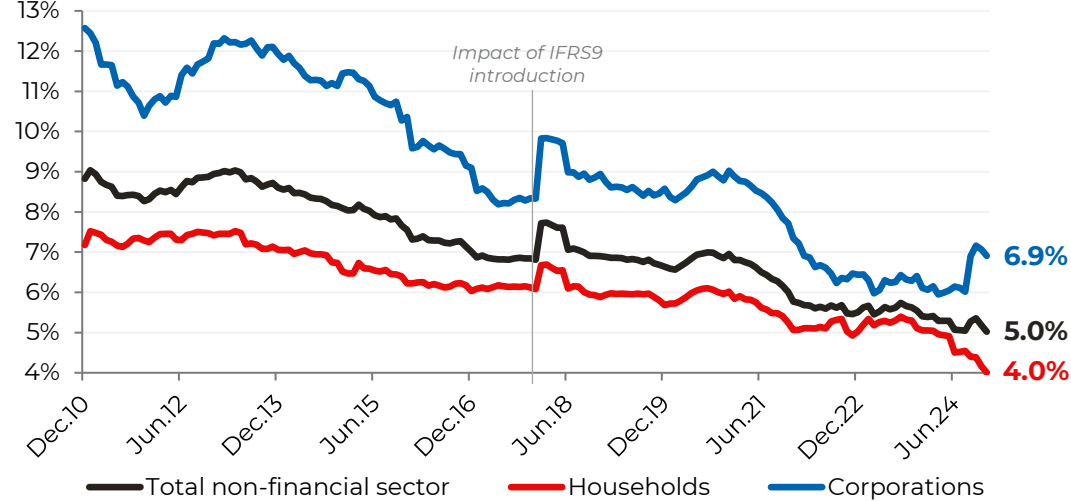
Loan penetration in Poland: key credit categories to GDP (%)



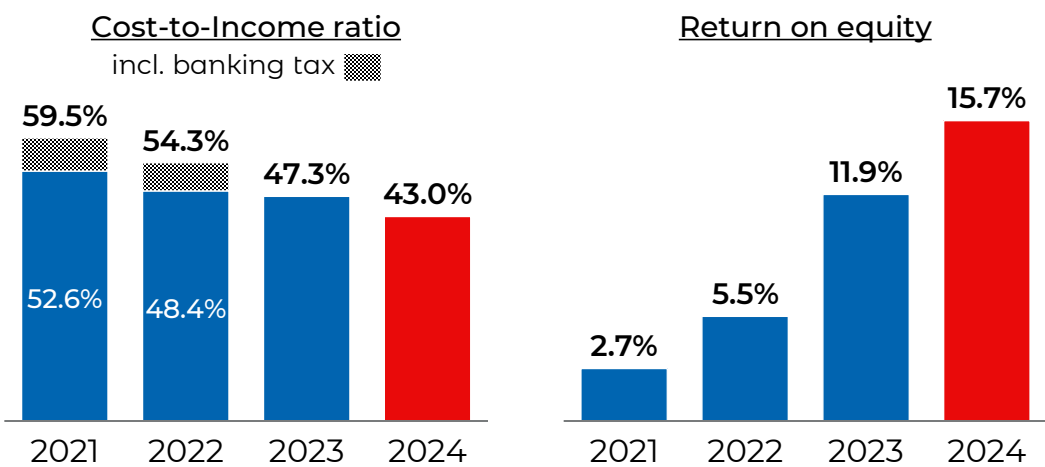
Capital adequacy and funding: capital and L/D ratios



Asset quality: development of NPL ratios by segment



Efficiency and profitability: C/I ratio and ROE



Source: mBank's calculations based on data published by the Polish FSA, National Bank of Poland.  
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# Polish banks have faced many challenges in operating environment

## Key factors affecting operations and profitability of Polish banks

### legal risks and unresolved issue of CHF loans

- **Increasing lack of legal certainty of conducted activities** encompassing more and more areas, evidenced recently by the **undermining of subsequent banking products by law firms** (new wave of **lawsuits concerning the so-called free loan sanction**, PLN-denominated mortgages based on a variable rate).
- Due to a **domination of increasingly negative line of jurisprudence in lawsuits concerning CHF loans**, Polish banks have continued creating **very high provisions, which exceeded PLN 80 billion**.
- Development of the situation with regard to the repaid portfolio and the **potential questioning of closed CHF contracts** is still difficult to predict.
- As **no systemic solution of CHF issue** has been implemented in Poland so far, most **banks offer voluntary conversion of FX loans into PLN** to reduce the exposure.

### regulatory and government interventions

- Introduction of so-called **“credit holidays”**, entitling for the suspension of mortgage loan instalments regardless of the financial situation of the borrower, with the **total impact for the largest banks of ca. PLN 13 billion in 2022**. The **solution has been extended to 2024**, but the eligible group has been narrowed.
- **Pending reforms** of fundamental importance for the sector, such as the **transition of reference rates** and the **cessation of WIBOR benchmark**.
- **Elevating customer protection** and scrutiny with respect to the price list adjustments in retail banking.
- Many **obligations assigned to banks**, including increased responsibility for **counteracting money laundering and terrorism financing**, cybersecurity, unauthorized transactions, ESG, etc.

### fiscal and tax burdens, sector contributions

- Starting from February 2016, **a special asset-based tax on banks** and certain other financial institutions was imposed. With the tax **rate set at 0.44% annually**, the levy is **one of the highest in Europe**.
- Due to many non-tax deductible costs (legal provisions related to CHF portfolio, banking tax, resolution fund), **effective tax rate (ETR) for banks is much higher** than the statutory one for companies (19%). **In 2022, it reached 44%**, followed by 33% in 2023.
- **Contribution to the protection scheme (IPS)** to support the Bank Guarantee Fund in conducting the resolution of Getin Noble Bank in 2022. The aid fund formed of the **payments made by 8 largest Polish banks** translated into the cost for the sector **of PLN 3.47 billion**.