

# Results of mBank Group Q1-Q4 2023

Record revenues and net interest margin.  
Strong protection against legal risk.



Presentation for Investors and Analysts, 08.02.2024

# Agenda



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# Key highlights of 2023 in mBank Group

## Highest ever level of revenues

- ▶ Record **total income** of **PLN 10,802 million**, **+16.8% YoY**, generated by growth in strategic products and supported by high market rates
- ▶ Rising **net interest income** to **PLN 8,873 million**, **+21.7% YoY** adjusted for “credit holidays”, driven by active management, **margin up to 4.2%**
- ▶ Lower **net fees and commissions** of **PLN 1,916 million**, **-9.6% YoY**, with income maintained at a stable level, benefiting from client activity

## Superb efficiency, despite inflationary pressures

- ▶ Best-in-class **Cost/Income ratio** at **28.5%**
- ▶ **Total expenses** of **PLN 3,074 million**, **-7.4% YoY**, driven by a drop of contribution to the BFG and **no extraordinary burdens** affecting 2023
- ▶ Excluding compulsory payments, cost base expanded by 17.0% YoY due to high inflation and investments in future growth

## Prudent risk management confirmed by portfolio quality

- ▶ **Cost of risk** of **0.93%** reflecting **cautious approach** to lending amid more demanding macroeconomic conditions
- ▶ **Resilient asset quality** evidenced by low **NPL ratio** of **4.2%**, with some additional support from the sale of non-performing exposures

## Outstanding operating financial performance

- ▶ **Reported net profit** of **PLN 24 million** under severe **negative impact of legal costs** related to FX legacy portfolio of PLN 4,908 million
- ▶ **Return of equity (ROE)** for Core Business at **40.0%**, showing superior performance of mBank Group’s operating model

## Mitigated legal risk

- ▶ Coverage ratio of CHF portfolio with created provisions close to 100% and 13.3 thousand settlements concluded to limit further legal risk

# Key highlights of 2023 in mBank Group

**Dynamics of loans weakened by negative adjustments related to CHF exposure**

- ▶ **Gross loan portfolio** of PLN 117.2 billion, -3.1% YoY excl. FX effect, driven mainly by declining non-core exposure and focus on margins
- ▶ New **production of mortgage loans** and **sales of consumer credit** under significant impact of high interest rates
- ▶ Consequently, **market share** in household loans fell to **7.9%** and in enterprises loans it amounted to **8.0%**

**Increase of deposits in both business segments**

- ▶ **Deposit base** of PLN 185.5 billion, +6.5% YoY, accompanied by term structure evolution; advantageous share of transactional accounts
- ▶ **Market share** in household deposits edged down to **8.4%** while in enterprise deposits it grew slightly to **11.0%**

**Capital ratios well above the regulatory requirements and ample liquidity levels**

- ▶ **Tier 1 ratio** at **14.7%** and **Total Capital Ratio** at **17.0%** with increased surplus over required levels of 5.6 p.p. and 5.9 p.p., respectively
- ▶ Expiry of the individual FX-related capital buffer
- ▶ mBank comfortably fulfilled its requirements with **MREL<sub>TREA</sub> ratio** of **25.62%** and **MREL<sub>TEM</sub> ratio** of **9.15%**
- ▶ **Loan-to-deposit ratio** of **61.2%** and stand-alone **LCR** at **217%**

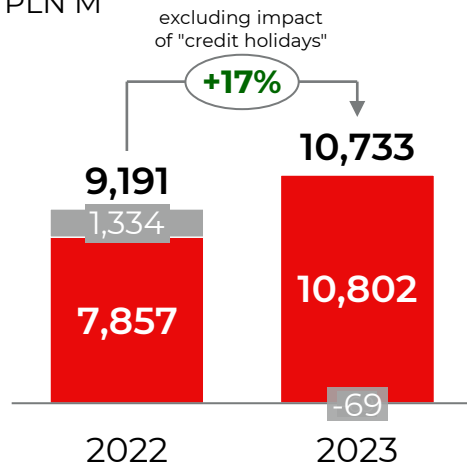
**mBank's organic growth fuelled by new and existing clients**

- ▶ **5.7 million retail customers** with favourable demographic profile and **34.5 thousand companies** with good development prospects
- ▶ **3.6 million active users** of mBank's **mobile application** in 3 countries
- ▶ Further progress in implementing the **business and ESG strategy** for 2021-2025, strengthening the franchise and its competitive position

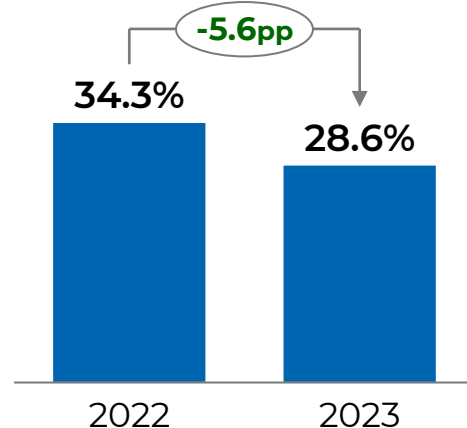
# Summary of key financial metrics for mBank Group

## Total income

PLN M

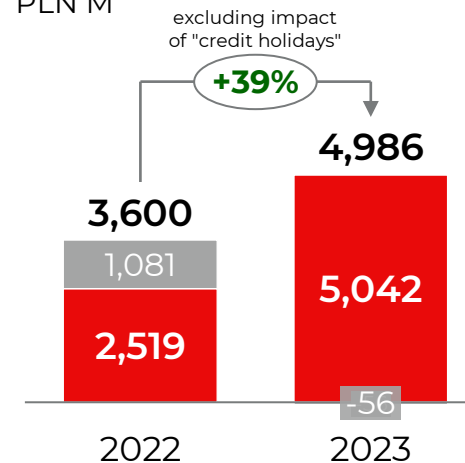


## Cost/Income ratio<sup>1</sup>

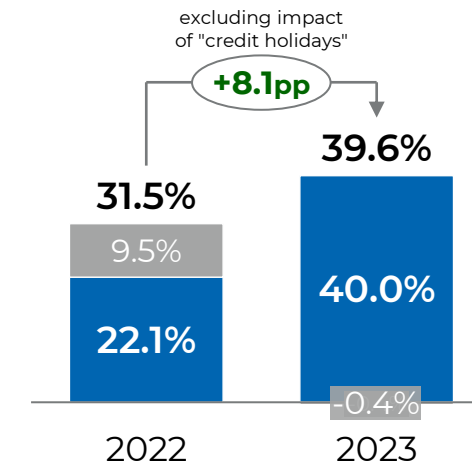


## Net profit of Core Business<sup>2</sup>

PLN M

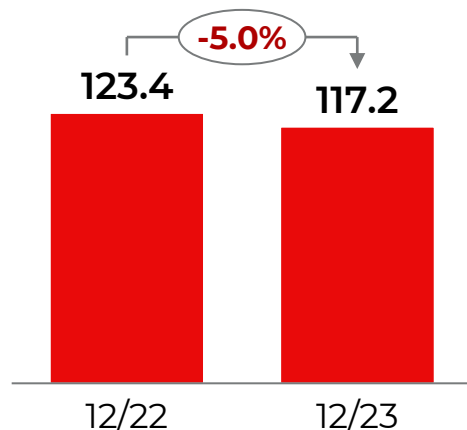


## ROE of Core Business<sup>2</sup>

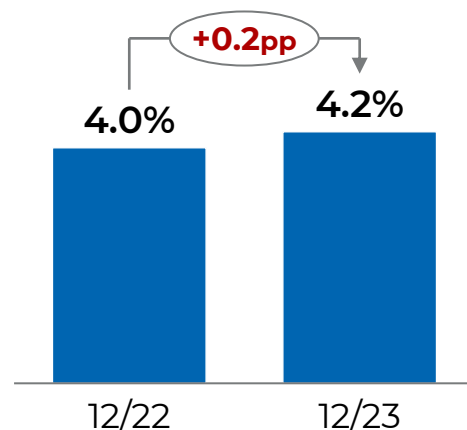


## Gross loans to customers

PLN B

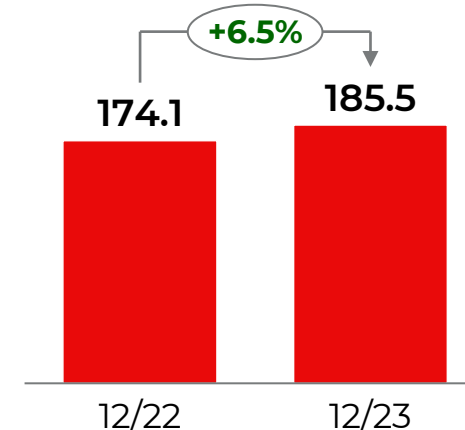


## NPL ratio

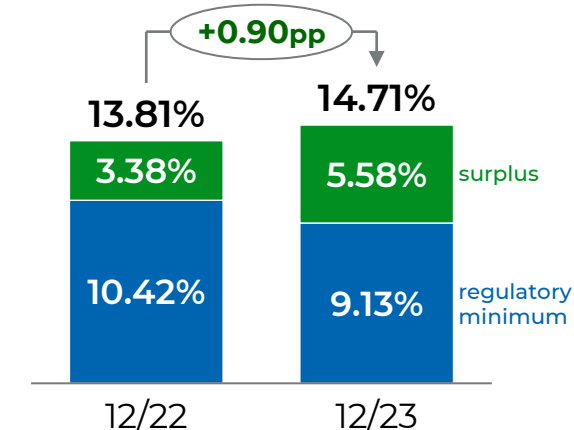


## Customer deposits

PLN B



## Tier 1 capital ratio



<sup>1</sup> Normalized indicator, excluding impact of "credit holidays" and Borrowers' Support Fund, while including contributions to the BFG and IPS

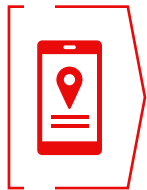
<sup>2</sup> Defined as mBank Group excluding FX Mortgage Loans segment

# mBank's achievements in implementation of its strategy

## Retail Banking



successful **acquisition** of new (primarily young) clients supported by rising share of **mobile onboarding** process



enhanced **personal financial management (PFM)** in the center of our **value proposition** to boost customer engagement



focus on increasing the number of **regularly investing clients** through the tailored offer by **mTFI** and education

**1.45**  
**million**

number of active monthly unique users of PFM functionalities (in Q4/23)

**~90**  
**thou.**

number of retail clients acquired in video onboarding process (in 2023)

## Corporate Banking



cooperation with companies from **prospective industries** and **SME segment**, support of **energy transition**



multidimensional **digital transformation** of **processes** and services to provide the **best end-to-end banking experience**



business development based on **profitable relationships**, backed by constant evaluation of **capital and cost efficiency**

**96%**

share of corporate clients with at least one user logging in to mobile application monthly (in Q4/23)

**86%**

share of digitally opened accounts in new acquisition using a dedicated process (in Q4/23)

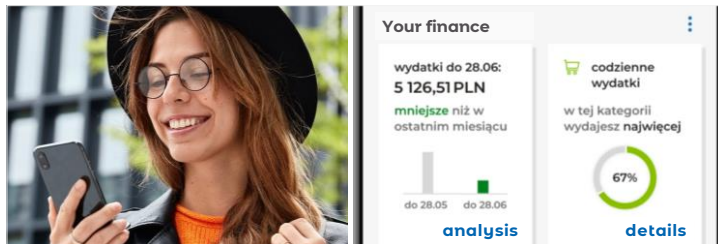


# Business development under mBank Group's strategy for 2021-2025

## Leading retail banking franchise integrated with client life cycle

### Functionalities supporting clients in responsible management of personal finance

- Continued improvements of **Personal Finance Manager (PFM)** available in mBank's mobile application and online banking service are designed to **foster financial health of our clients**
- An **option to set up a monthly budget** was implemented, with **notifications alerting when spending are close to the limit** defined by the client
- A **widget** was added **on the main screen** that **displays key information from the PFM** such as a review and comparison of expenses and inflows in the current month



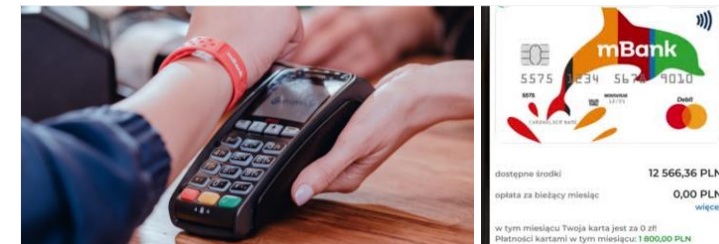
### New features to personalize the mobile application increasing the user engagement



- Extended **dashboard customisation** allows clients to make the usage of application even more convenient and **better addressing the individual needs and preferences**
- With new **personalised product tiles and shortcuts to selected functions**, users have gained a **quick access** to frequent operations directly from the landing page
- **Language settings** were added with a possibility to **switch the application interface into English**

### Tools supporting optimal usage of mBank's services and informed financial decisions

- Applying **fair pricing approach**, mBank's clients are provided with a **transparent information on fees** charged for products and services
- Thanks to an **automatic card transaction counter** launched in the mobile application, **users can quickly and conveniently check whether they have met the card activity condition** that exempts them from the fee
- **Educational campaigns** on safe online banking and **cybersecurity** are repeated every year to **raise the awareness of clients** about the risks



# Business development under mBank Group's strategy for 2021-2025

## Best digital corporate banking for high-potential companies

### Development of Electronic Credit Application as part of broad credit process redesign

- In line with a paradigm that **mBank's credit process** is to be **intuitive, digital, and automatic**, work on its enhancement is progressing
- Further development and promotion of **new Electronic Credit Application** among customers translate into **increasing adoption of this path**, with 75% of all credit applications submitted in digital form in Q4/23
- **Integration with the CRM and other internal systems** allows for **automatic transfer of client data** and attached documents, reducing time to decision

#### Virtual branch

##### Services

- List of applications
- List of other applications
- List of complaints

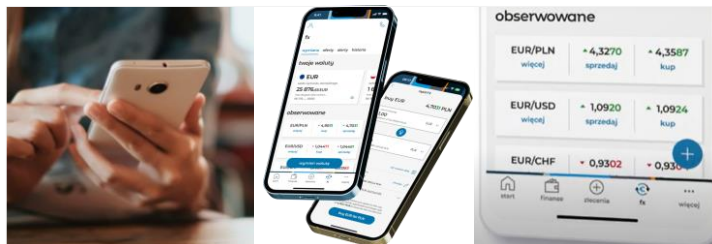
#### Applications – file a new application

Financing / Loan

Application for financing

I apply for a loan (new/extension)

### Enhanced functionalities in mobile application for better user experience



- The new version of the application provides users with **far-reaching possibility to personalize the solution**
- In the new, **innovative FX module**, customers can **adjust the view and individual options to their needs** to facilitate even more efficient usage
- With a **choice of currency pairs**, balances and accounts **visible on the screen**, **analysis of exchange rate fluctuations** in specific time periods and other functionalities, the application becomes a **comprehensive tool for FX trading**

### Business expansion of Paynow supported by partnerships and new payment methods

- Commencement of **cooperation with LeaseLink**, followed by **integration between the two fintechs** from mBank Group provides merchants with a **possibility to directly finance purchases** for their business
- Implementation of a **payment link generator for merchants** whose customers thanks to this option can pay for their orders without going through the full purchasing process
- Gpay, Apple Pay and OneClick payments were added to **extend the scope of available payment methods**

paynow  
leaseink





# 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 plan to submit our decarbonization targets for validation till 30.09.2024.

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



**Bloomberg GEI**  
Gender-Equality Index

**WIG-ESG index**  
on WSE in Poland

<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

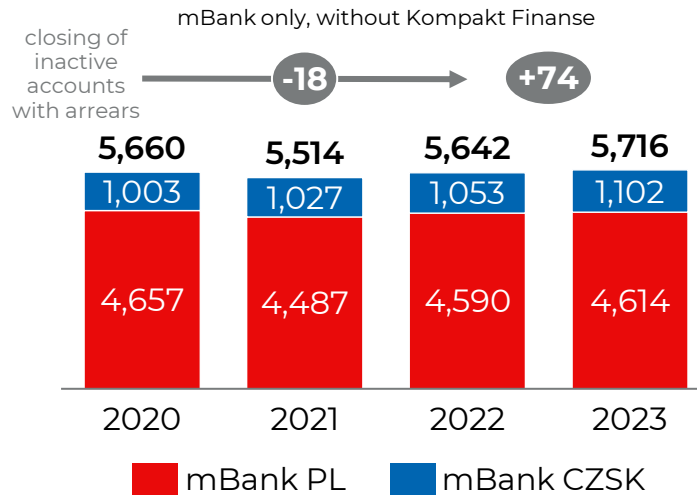


# Client base and market position of retail and corporate banking

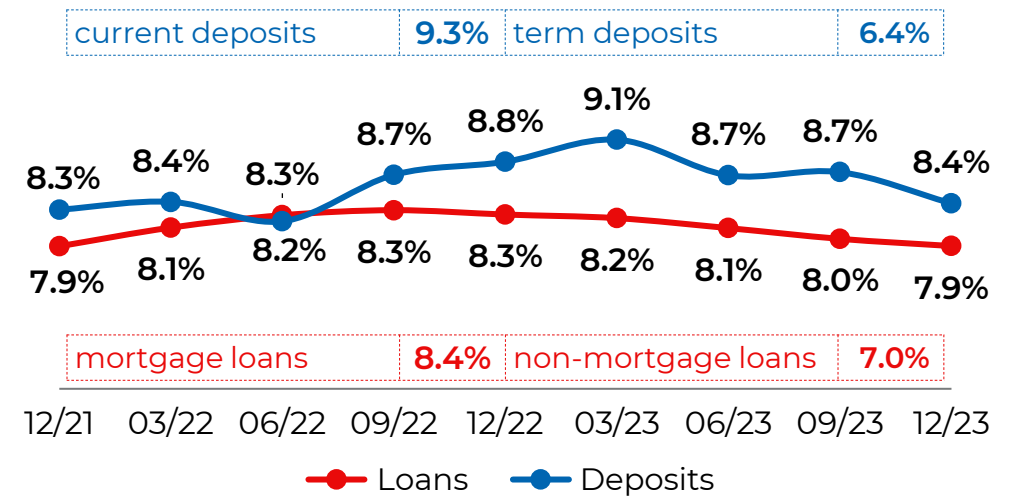


## RETAIL BANKING

### Number of retail clients (thou.)

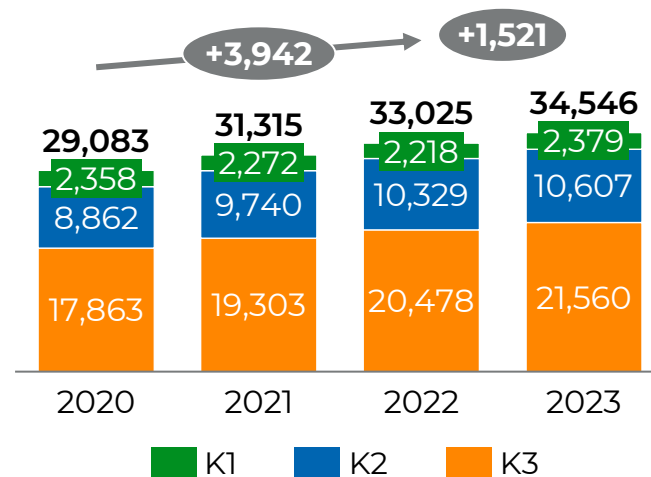


### Market shares - Households

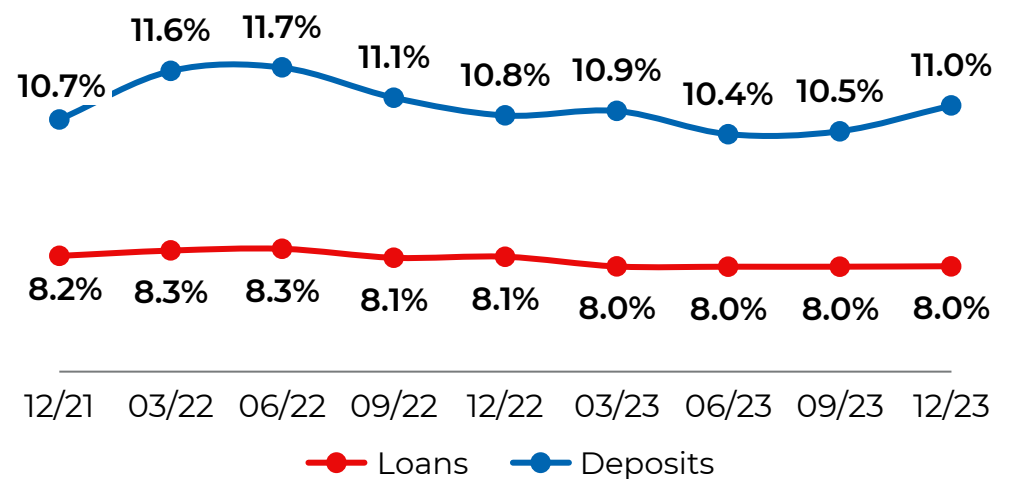


## CORPORATE BANKING

### Number of corporate clients



### Market shares - Enterprises



Note: Corporate clients split: K1 – annual sales over PLN 1 B and non-banking financial institutions; K2 – annual sales of PLN 50 M to PLN 1 B; K3 – annual sales below 50 M and full accounting.

# mBank remains a front-runner in mobile banking adoption

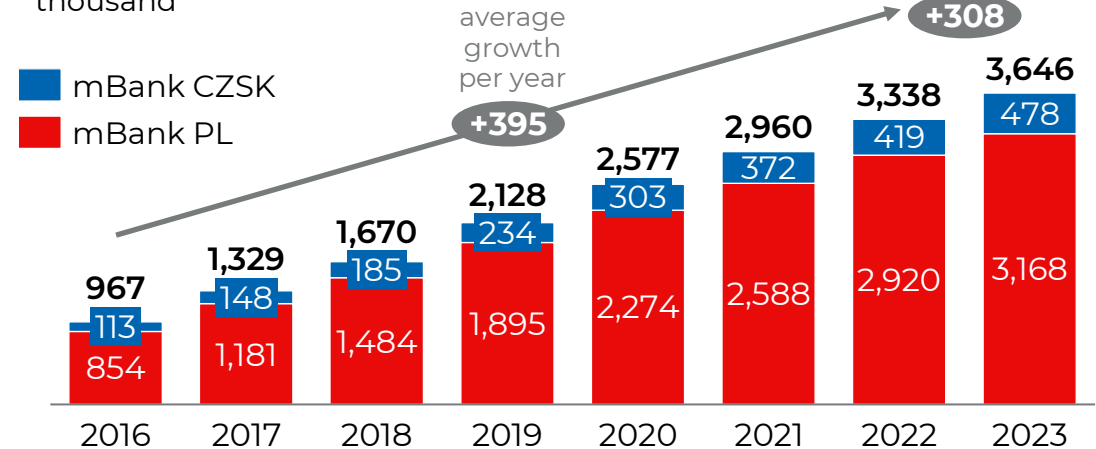


**#1** by the share of mobile users in total active customer base

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

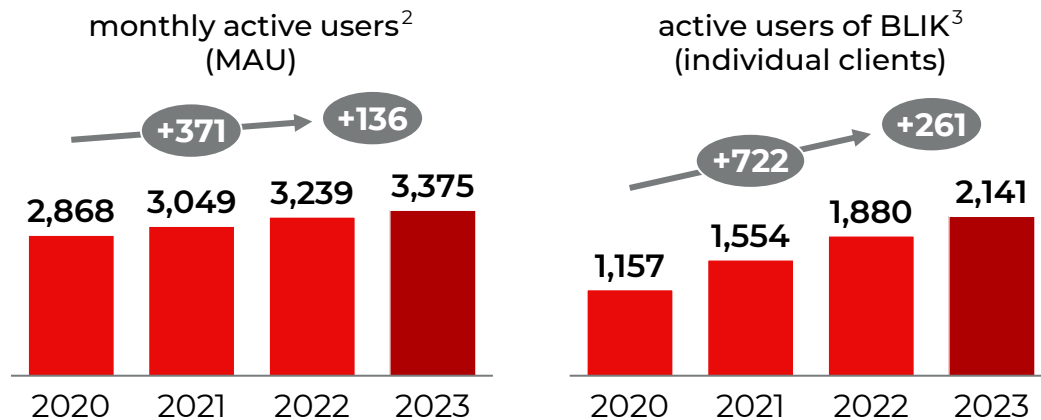
## Number of active users of mBank's mobile application<sup>1</sup>

thousand



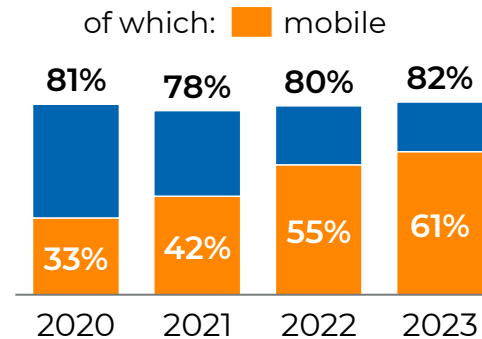
## Number of active users of mBank's services in Poland

thousand

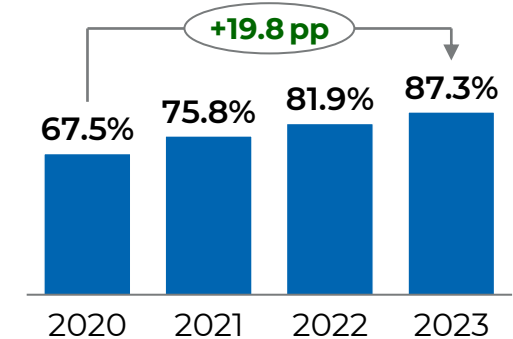


## Growing importance of digital channel in daily banking

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



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

# mBank Group's financial results in 2023: Profit and Loss Account









PLN million	2021	2022	2023	Δ YoY
Net interest income	4,126.3	7,246.4	8,816.0	+21.7%
Net fee and commission income	1,867.8	2,120.1	1,915.9	-9.6%
Net trading and other income	117.1	-175.2	0.9	-/+
Total income	6,111.1	9,191.3	10,732.9	+16.8%
Total costs	-2,456.9	-2,720.2	-3,074.4	+13.0%
Loan loss provisions and fair value change <sup>1</sup>	-878.6	-849.3	-1,105.5	+30.2%
Costs of legal risk related to FX loans	-2,758.1	-3,112.3	-4,908.2	+57.7%
Operating profit	17.6	2,509.5	1,644.7	-34.5%
Taxes on the Group balance sheet items	-608.6	-684.2	-743.6	+8.7%
Profit or loss before income tax	-591.0	1,825.4	901.1	-50.6%
Impact of government interventions <sup>2</sup>		-1,933.4	69.5	-/+
Net profit or loss	-1,178.8	-702.7	24.1	-/+
Net interest margin (w/o "credit holidays")	2.16%	3.71%	4.18%	+0.47pp
Cost/Income ratio	40.2%	42.2%	28.5%	-13.7pp
Cost of risk	0.76%	0.69%	0.93%	+0.24pp
Return on equity (ROE)	-7.2%	-5.3%	0.2%	+5.5pp

<sup>1</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

<sup>2</sup> Sum of costs of "credit holidays" (-PLN 1,334 million in 2022 and +PLN 69 million in 2023), additional contribution to the Borrowers' Support Fund (BSF) of PLN 171 million and payment to the Protection Scheme (IPS) of PLN 428 million



# mBank Group's financial results in 2023: Balance Sheet

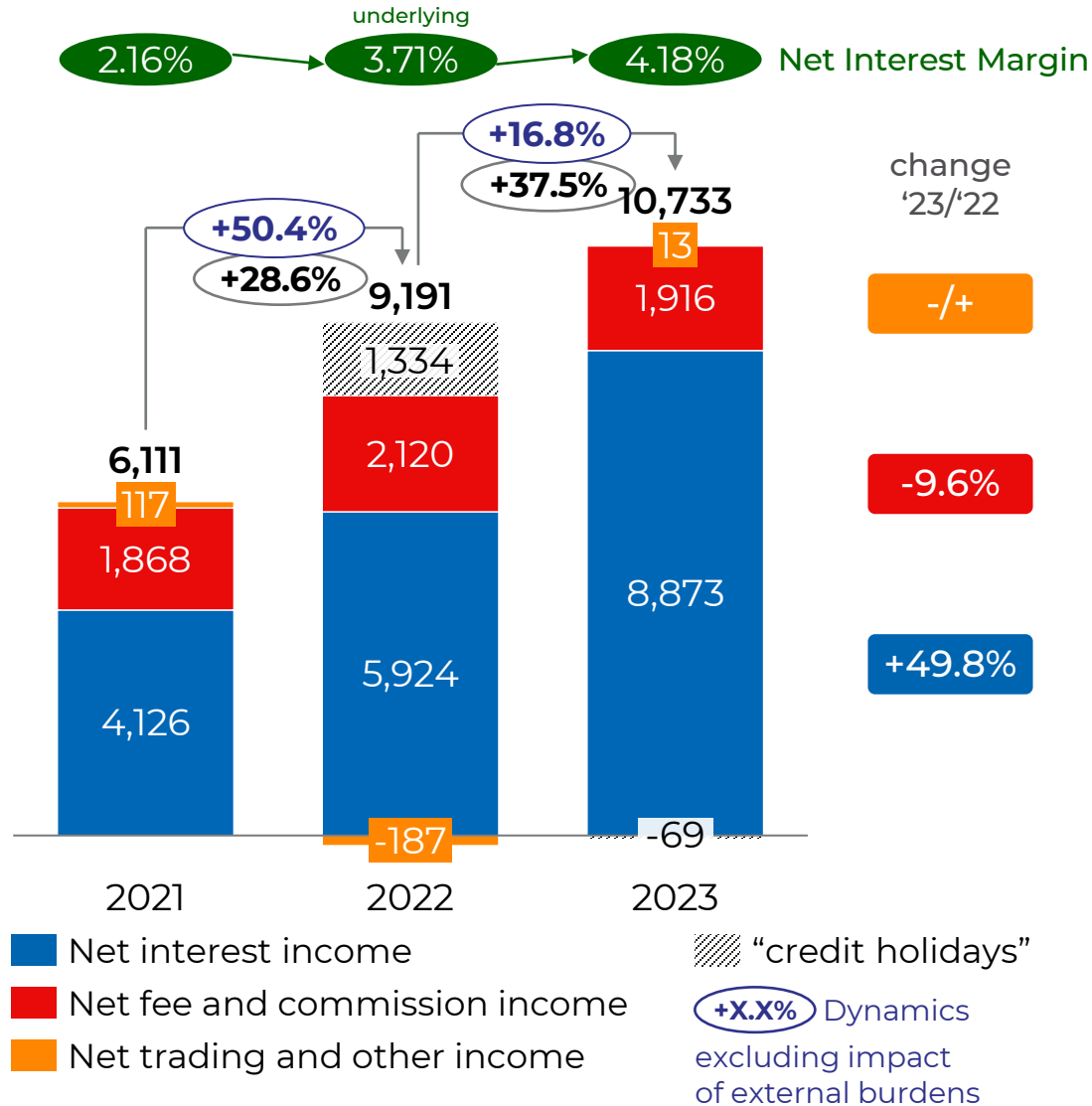
PLN million	2021	2022	2023	Δ YoY
Total assets	198,373	209,892	226,981	+8.1% 
Gross loans to customers	120,856	123,437	117,229	-5.0% 
Individual client loans	72,871	71,122	66,260	-6.8% 
Corporate client loans	47,832	52,207	50,836	-2.6% 
Customer deposits	157,072	174,131	185,467	+6.5% 
Individual client deposits	112,446	122,890	128,412	+4.5% 
Corporate client deposits <sup>1</sup>	43,930	49,671	56,264	+13.3% 
Total equity	13,718	12,715	13,737	+8.0% 
Loan-to-deposit ratio	74.9%	69.0%	61.2%	-7.8pp
NPL ratio	3.9%	4.0%	4.2%	+0.2pp
Coverage ratio	53.1%	52.3%	54.7%	+2.4pp
Tier 1 Capital Ratio	14.2%	13.8%	14.7%	+0.9pp
Total Capital Ratio	16.6%	16.4%	17.0%	+0.6pp

<sup>1</sup> Excluding repo / sell-buy-back transactions

# Revenues on growth trajectory, further improvement of efficiency

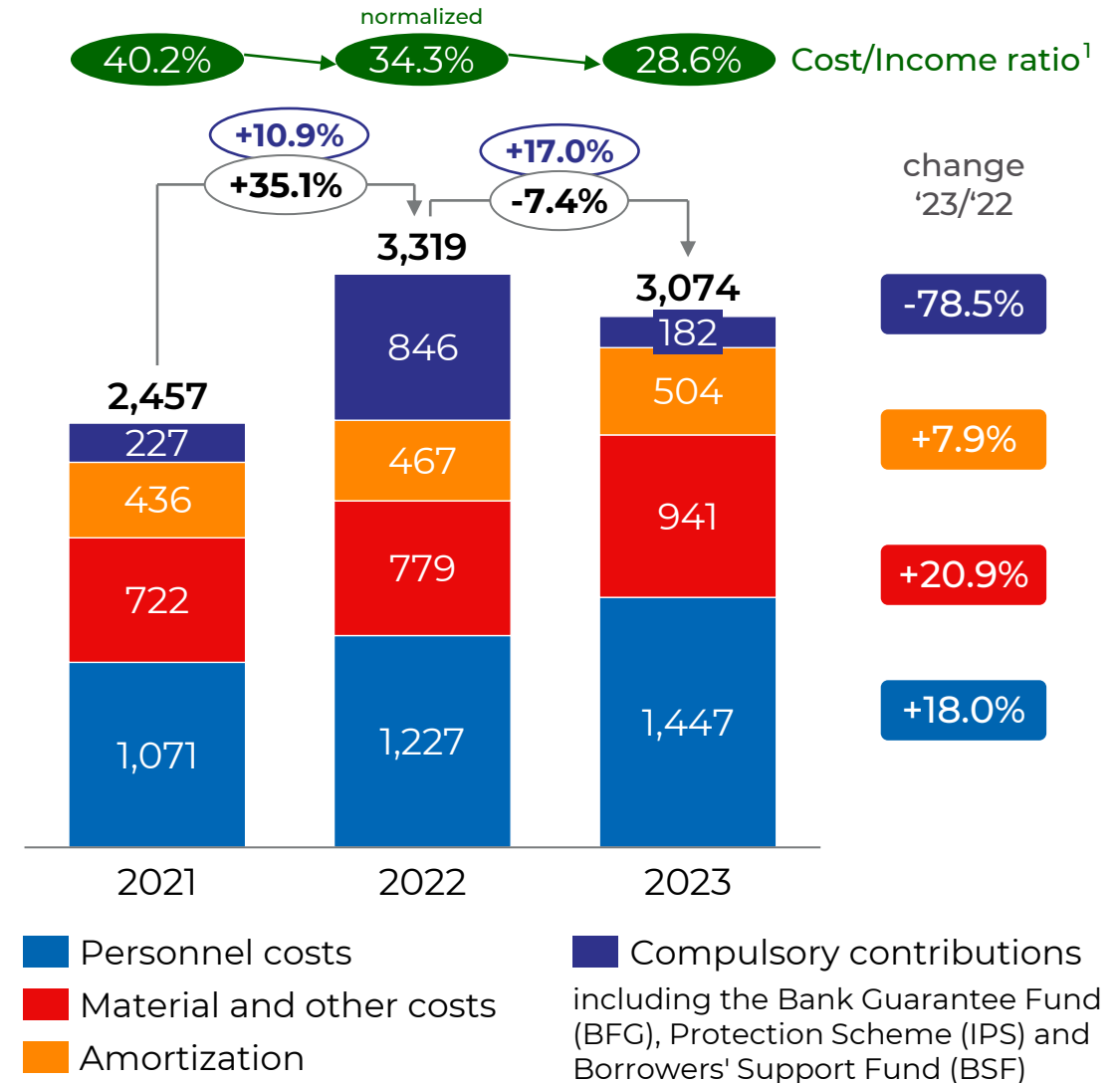
Development of mBank Group's total income and NIM

PLN M



Development of mBank Group's total costs and C/I ratio

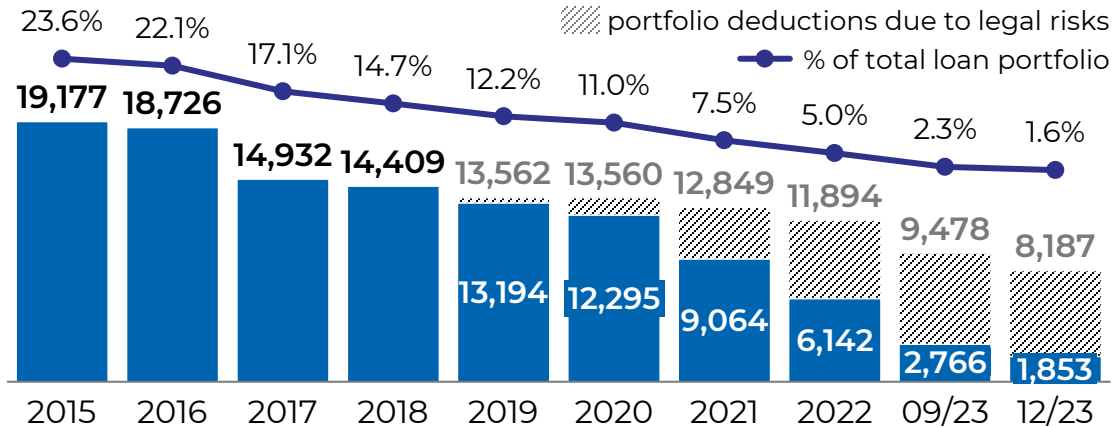
PLN M



<sup>1</sup> excluding impact of "credit holidays" and Borrowers' Support Fund

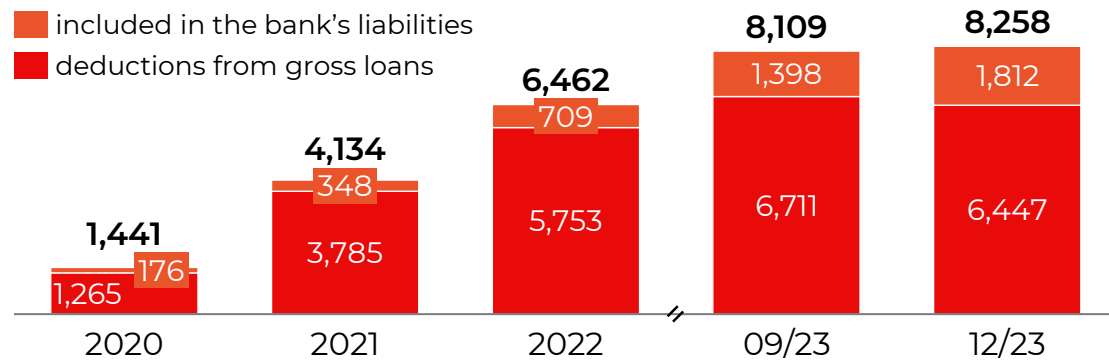
# Protection against legal risks of CHF portfolio further strengthened

Value of CHF mortgage loans to natural persons (PLN M, net)



Equivalent to **CHF 396 M** in terms of balance sheet value or **CHF 1,748 M** before deductions of legal provisions as of 31.12.2023

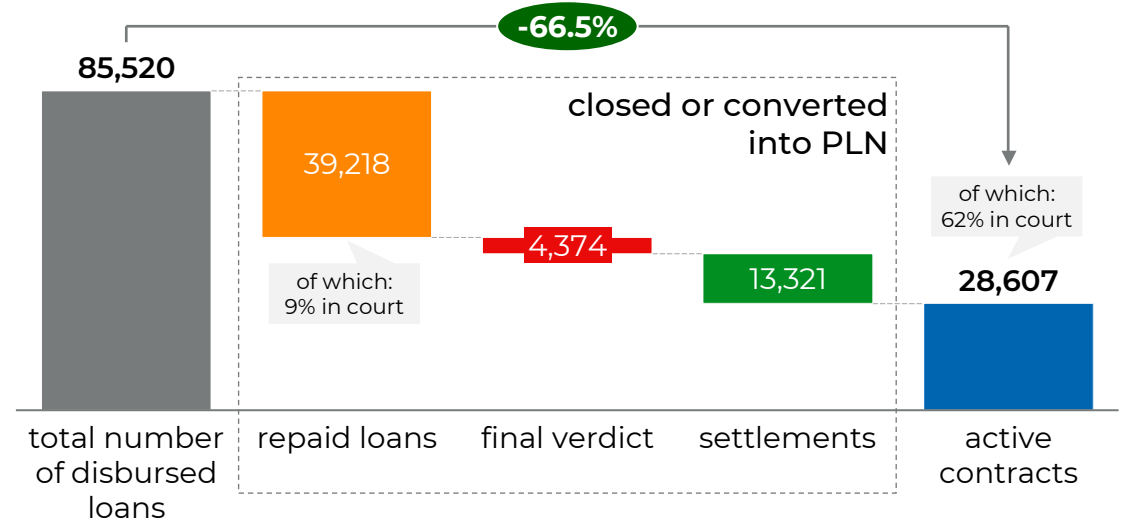
Total value of legal provisions created for FX loans (PLN M)



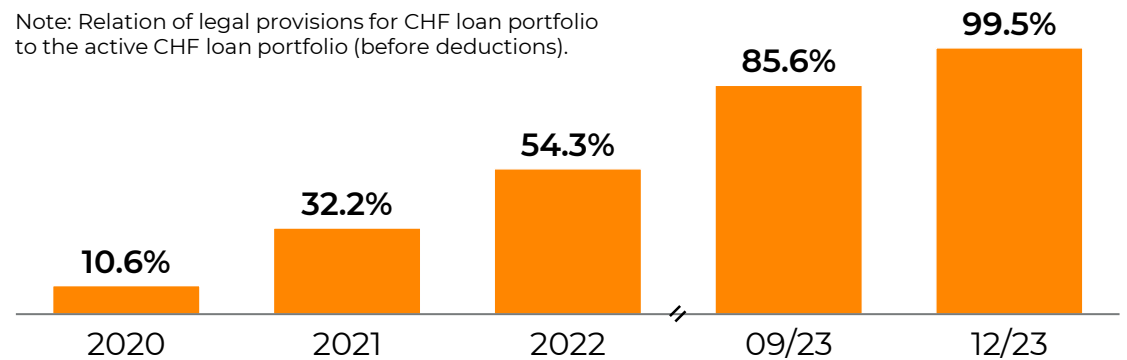
Note: Deductions amount as of 12/23 includes PLN 6,334 M for CHF and PLN 112 M for other currencies.

Cumulative value of all FX-related legal risk provisions created by mBank between Q1/18-Q4/23 **PLN 12.2 B**

Decomposition of CHF loan contracts at mBank, as of 31.12.2023



Coverage of CHF portfolio with created provisions for legal risk



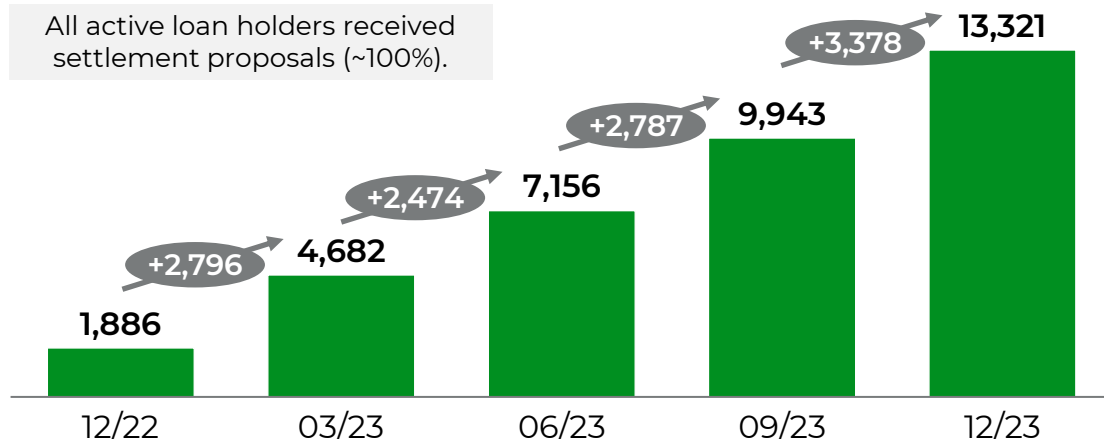
Note: Relation of legal provisions for CHF loan portfolio to the active CHF loan portfolio (before deductions).

The hypothetical cost of converting the remaining active CHF mortgage loans as if they were granted in Polish zloty from the beginning would amount to PLN 3.5 B, calculated as of 31.12.2023.

# Number of settlements exceeds the inflow of new court cases

## Number of settlements concluded by mBank (cumulative)

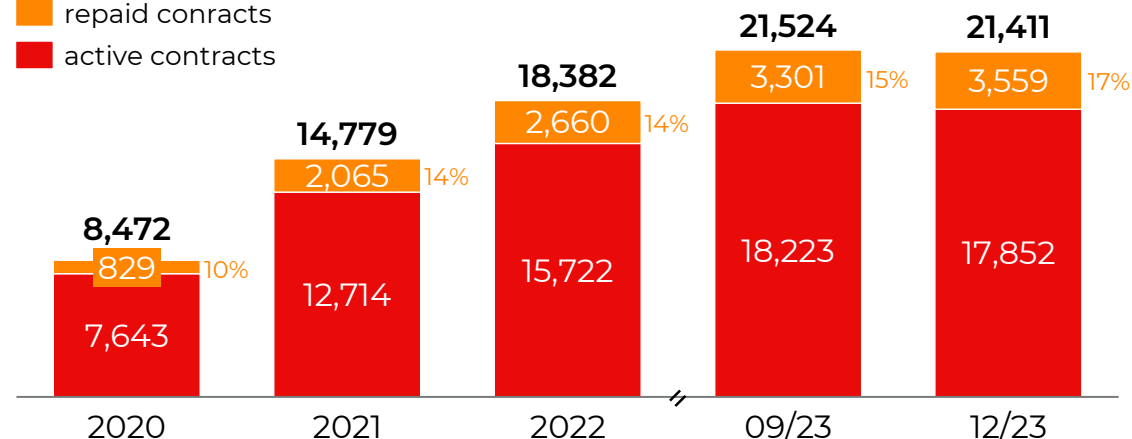
All active loan holders received settlement proposals (~100%).



Note: mBank decided to launch the settlement program for borrowers on 26.09.2022.

## Number of CHF loan contracts in court (pending cases)

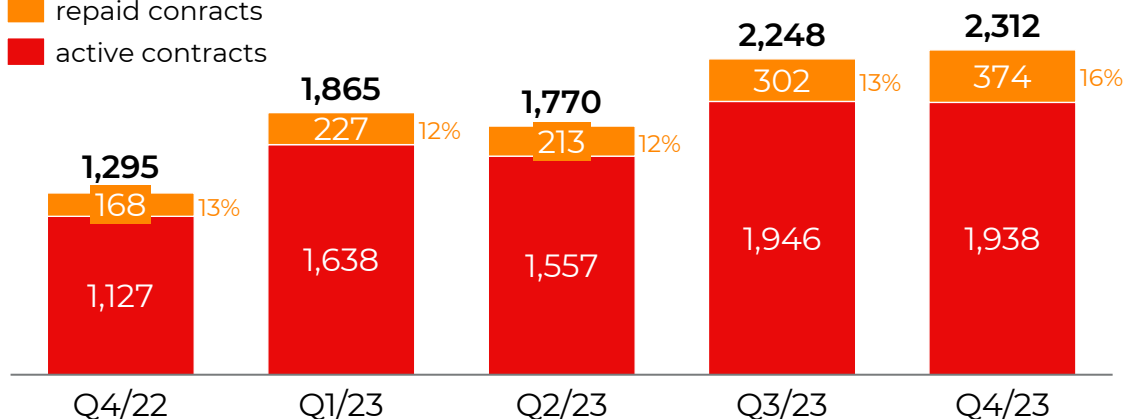
repaid contracts  
active contracts



Note: Classification to active or repaid status as of the reporting date.

## Number of CHF loan contracts entering the court proceedings

repaid contracts  
active contracts



Note: Inflow of newly sued CHF loan contracts by quarter.

## Key statistics and assumptions as of 31.12.2023

- **Coverage** of active CHF portfolio with created provisions for legal risk was at the level of **99.5% as of 31.12.2023**
- Number of active contracts at the level of 28.6 thousand (**66.5% lower vs. the original number of 85.5 thousand**)
- 13,321 settlements were signed with borrowers, with **the largest number concluded in Q4/23 (3,378 settlements)**
- **17% of the 21,411 CHF loan contracts** that were under court proceedings at the end of 2023, pertain to **repaid loans**
- **4,374 contracts** are already closed with **final court verdict**

# Excellent performance of the core business demonstrated in 2023

## Summary of financial results for mBank's core activity and run-off portfolio in 2023

PLN million	Core Business	Non-core <sup>1</sup>	mBank Group
Net interest income	8,855.0	18.5	8,873.5
Net fee, trading and other income	2,014.3	-85.5	1,928.9
Total income	10,869.3	-67.0	10,802.3
Total costs	-3,038.9	-35.6	-3,074.4
Loan loss provisions and fair value change <sup>2</sup>	-1,123.4	17.9	-1,105.5
Costs of legal risk related to FX loans	0.0	-4,908.2	-4,908.2
Operating profit	6,707.0	-4,992.9	1,714.1
Taxes on the Group balance sheet items	-718.6	-25.0	-743.6
Profit or loss before income tax	5,988.4	-5,017.9	970.6
Net profit or loss	5,041.9	-5,017.9	24.1
Total assets	223,231	3,750	226,981
Net interest margin	4.30%		4.18%
Cost/Income ratio	28.0%		28.5%
Cost of risk	1.00%		0.93%
Return on equity (ROE)	40.0%		0.2%

<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 653 M as of 31.12.2023.

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.



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# Key highlights of Q4 2023 in mBank Group

-  Record revenues thanks to the highest net interest income in history driven by an improvement of margins
-  Best-in-class efficiency, despite higher staff costs and rise of amortisation and material expenses at the end of the year
-  Cost of risk elevated due to one-off factors; positive trends in the performance of core business continued
-  Stronger protection against legal risk of CHF portfolio; the highest quarterly number of settlements signed
-  Loan portfolio impacted by write-offs on CHF and weak market dynamics, stable deposits on pricing optimization
-  Significant capital buffers supported by the expiry of the additional requirement related to risk of FX mortgage loans

Net interest income <b>+3.1% QoQ</b>	Net fee income <b>-7.9% QoQ</b>
Total costs <b>+10.7% QoQ</b>	Cost/Income ratio <sup>1</sup> <b>29.2%</b>
Cost of risk <b>165 bps</b>	Gross core profit <sup>2</sup> <b>PLN 1.47 billion</b>
CHF legal costs <b>PLN 1.48 billion</b>	CHF settlements <b>+3,378</b>
Loans <b>-3.5% QoQ</b>	Deposits <b>+0.2% QoQ</b>
Tier 1 capital ratio <b>14.7%</b>	Capital surplus <b>+5.6 p.p.</b>

<sup>1</sup> Normalized indicator with linear BFC contribution and excluding impact of "credit holidays"; <sup>2</sup> Profit before income tax generated by Core Business defined as mBank Group excluding FX Mortgage Loans segment

# Summary of financial results: Profit and Loss Account

PLN million	Q4 2022	Q3 2023	Q4 2023	Δ QoQ	Δ YoY
Net interest income	1,978.2	2,284.7	2,355.0	+3.1%	+19.0%
Net fee and commission income	467.8	482.7	444.5	-7.9%	-5.0%
Total income	2,437.8	2,707.7	2,897.5	+7.0%	+18.9%
Total costs (excl. obligatory contributions)	-642.7	-719.2	-795.9	+10.7%	+23.8%
Contributions to the BFG, IPS and BSF <sup>1</sup>	11.6	0.0	0.0	+5.6%	+/-
Loan loss provisions and fair value change <sup>2</sup>	-191.8	-258.0	-476.5	+84.7%	+148.4%
Costs of legal risk related to FX loans	-430.1	-1,083.5	-1,476.0	+36.2%	+243.2%
Operating result	1,184.8	647.0	149.1	-77.0%	-87.4%
Taxes on the Group balance sheet items	-180.3	-184.7	-186.2	+0.8%	+3.2%
Profit or loss before income tax	1,004.4	462.3	-37.1	+/-	+/-
Net profit or loss	834.5	-83.0	-20.3	-75.6%	+/-
Net interest margin (w/o "credit holidays")	4.04%	4.26%	4.31%	+0.05pp	+0.27pp
Cost/Income ratio	25.9%	26.6%	27.5%	+0.9pp	+1.6pp
Cost of risk	0.63%	0.87%	1.65%	+0.78pp	+1.02pp
Return on equity (ROE)	26.9%	-2.4%	-0.6%	+1.8pp	-27.5pp
Return on assets (ROA)	1.59%	-0.15%	-0.04%	+0.11pp	-1.63pp

<sup>1</sup> Including the release of PLN 13.1 million for Borrowers' Support Fund (BSF) following the precise information in Q4/22

<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

# Summary of financial results: Balance Sheet

PLN million	Q4 2022	Q3 2023	Q4 2023	Δ QoQ	Δ YoY
Total assets	209,892	225,389	226,981	+0.7%	+8.1%
Gross loans to customers	123,437	121,419	117,229	-3.5%	-5.0%
Individual client loans	71,122	67,829	66,260	-2.3%	-6.8%
Corporate client loans	52,207	53,453	50,836	-4.9%	-2.6%
Customer deposits	174,131	185,109	185,467	+0.2%	+6.5%
Individual client deposits	122,890	130,466	128,412	-1.6%	+4.5%
Corporate client deposits <sup>1</sup>	49,671	53,770	56,264	+4.6%	+13.3%
Total equity	12,715	13,690	13,737	+0.3%	+8.0%
Loan-to-deposit ratio	69.0%	63.6%	61.2%	-2.4pp	-7.8pp
NPL ratio	4.0%	4.2%	4.2%	0.0pp	+0.2pp
Coverage ratio	52.3%	54.0%	54.7%	+0.7pp	+2.4pp
Tier 1 Capital Ratio	13.8%	14.6%	14.7%	+0.1pp	+0.9pp
Total Capital Ratio	16.4%	16.9%	17.0%	+0.1pp	+0.6pp

<sup>1</sup> Excluding repo / sell-buy-back transactions

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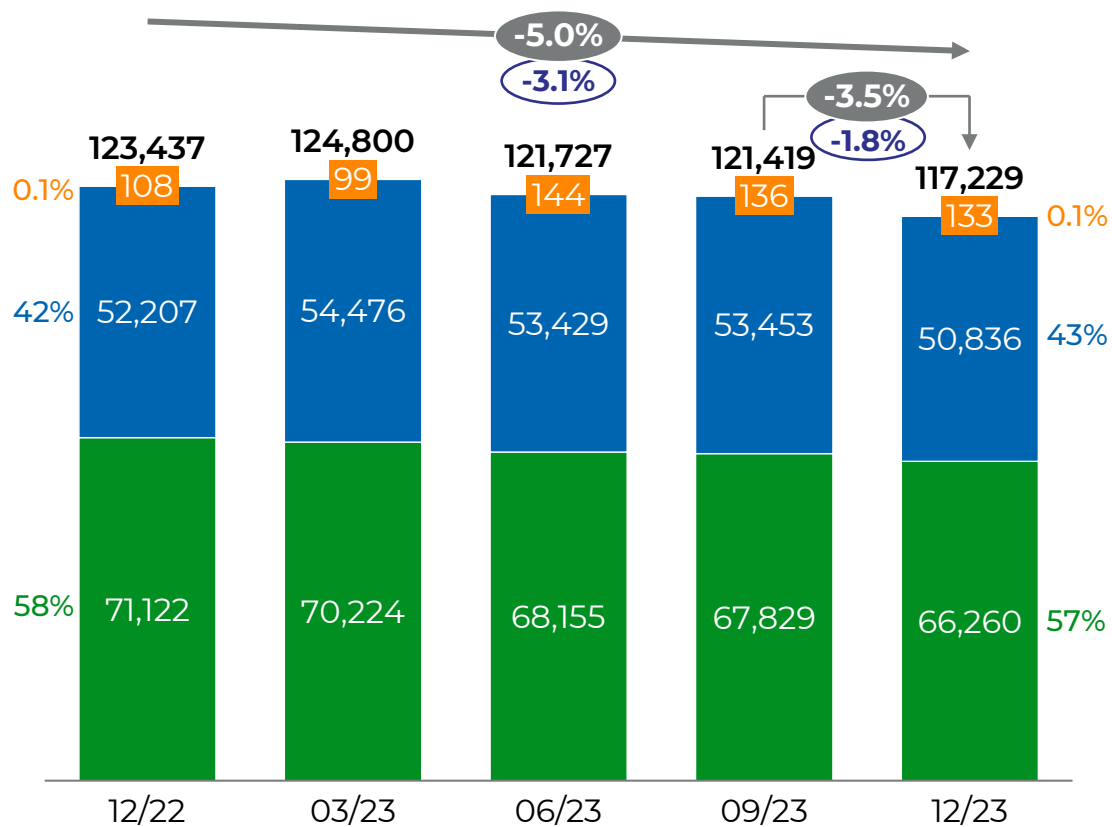


# Results of mBank Group: Loans to customers

Lower loan portfolio due to adjustments related to CHF provisions and year-end repayments

Development of gross loans and advances to customers

PLN M

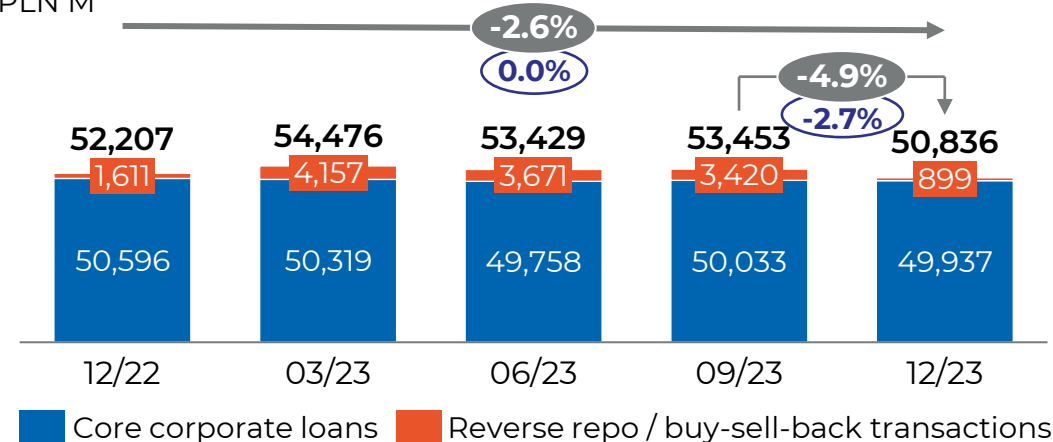


- Individual clients
- Corporate clients
- Public sector

+X.X% Excluding FX effect

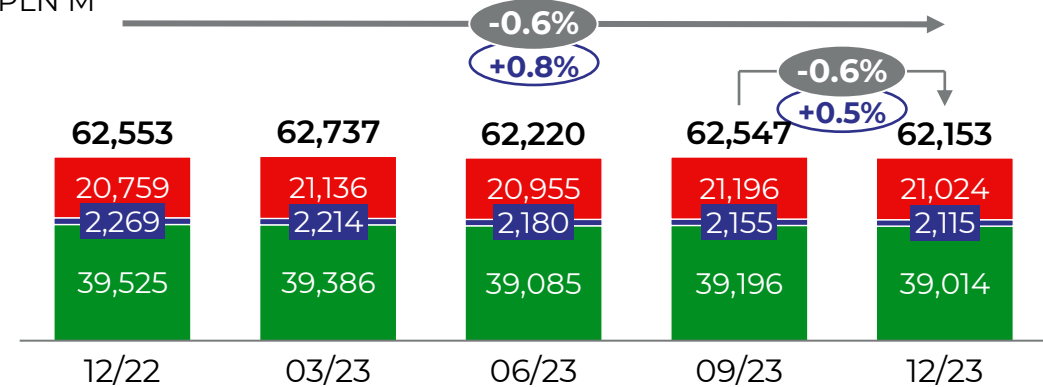
Gross loans to corporate customers

PLN M



Gross loans to retail customers, excluding non-core portfolio

PLN M



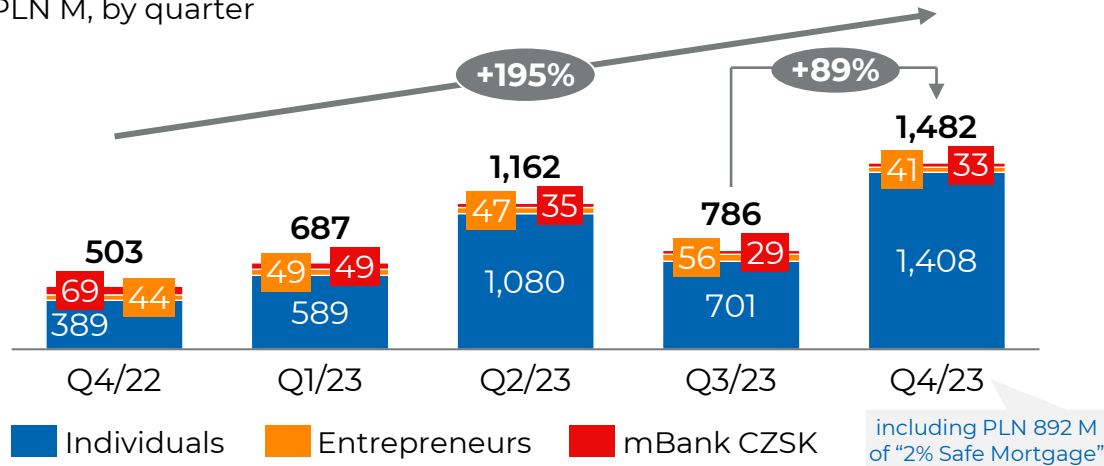
Mortgage loans: to individuals (green), to microfirms (blue), Non-mortgage loans (red)

# Results of mBank Group: New lending business

High sales of both business segments, additionally supported by “2% Safe Mortgage” program

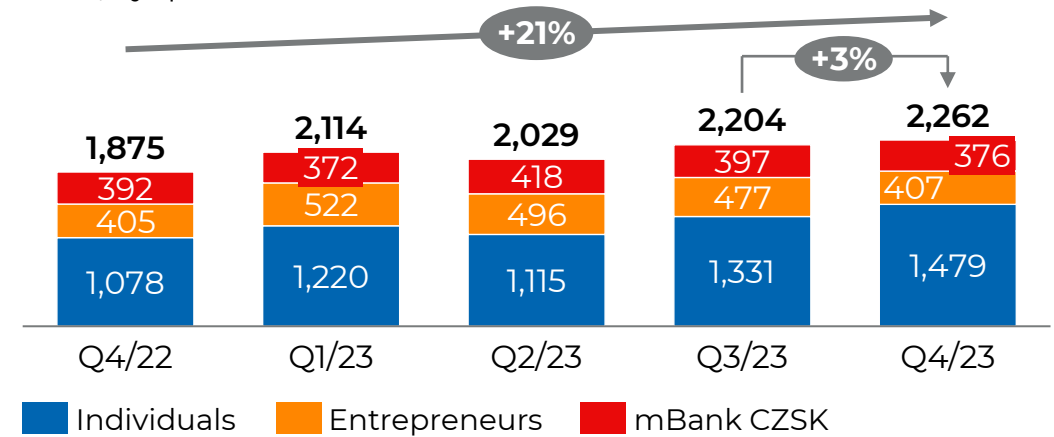
## Sales of mortgage loans

PLN M, by quarter



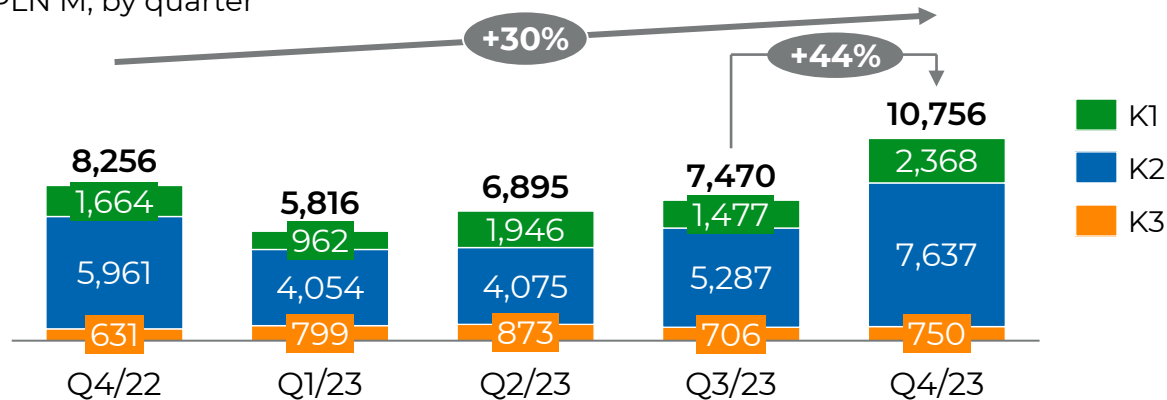
## Sales of non-mortgage loans

PLN M, by quarter



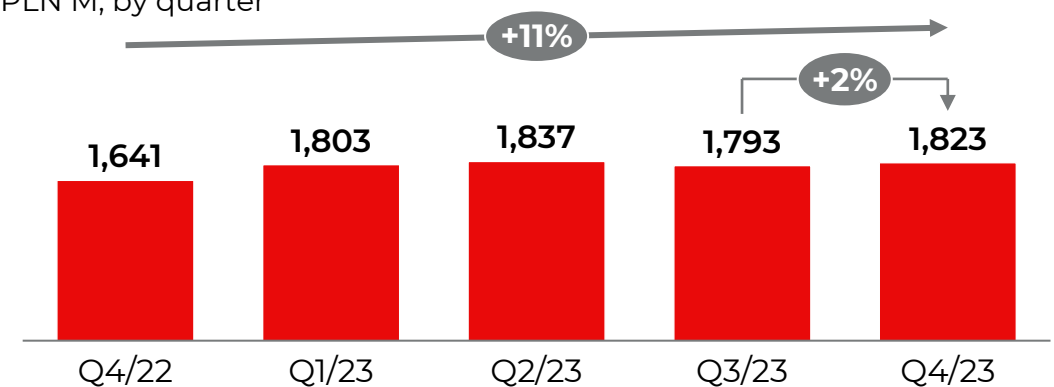
## Sales of corporate loans<sup>1</sup>

PLN M, by quarter



## New leasing contracts

PLN M, by quarter

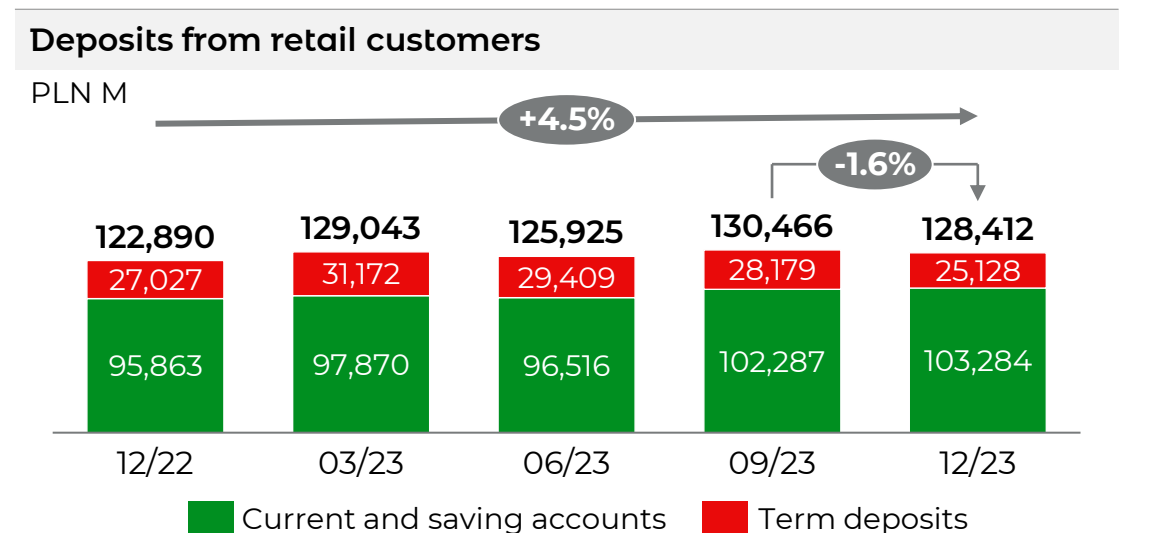
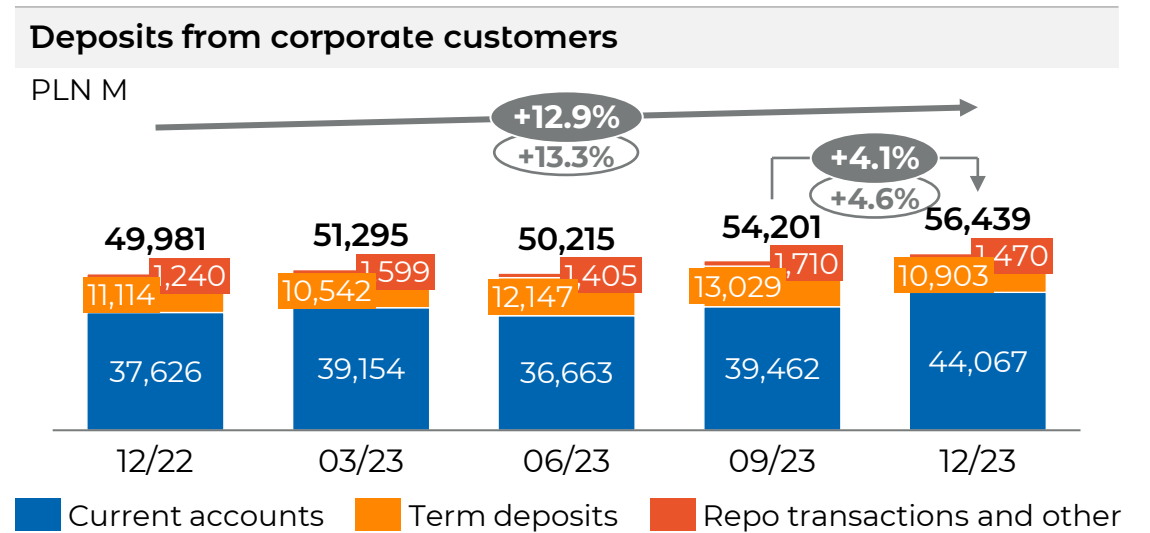
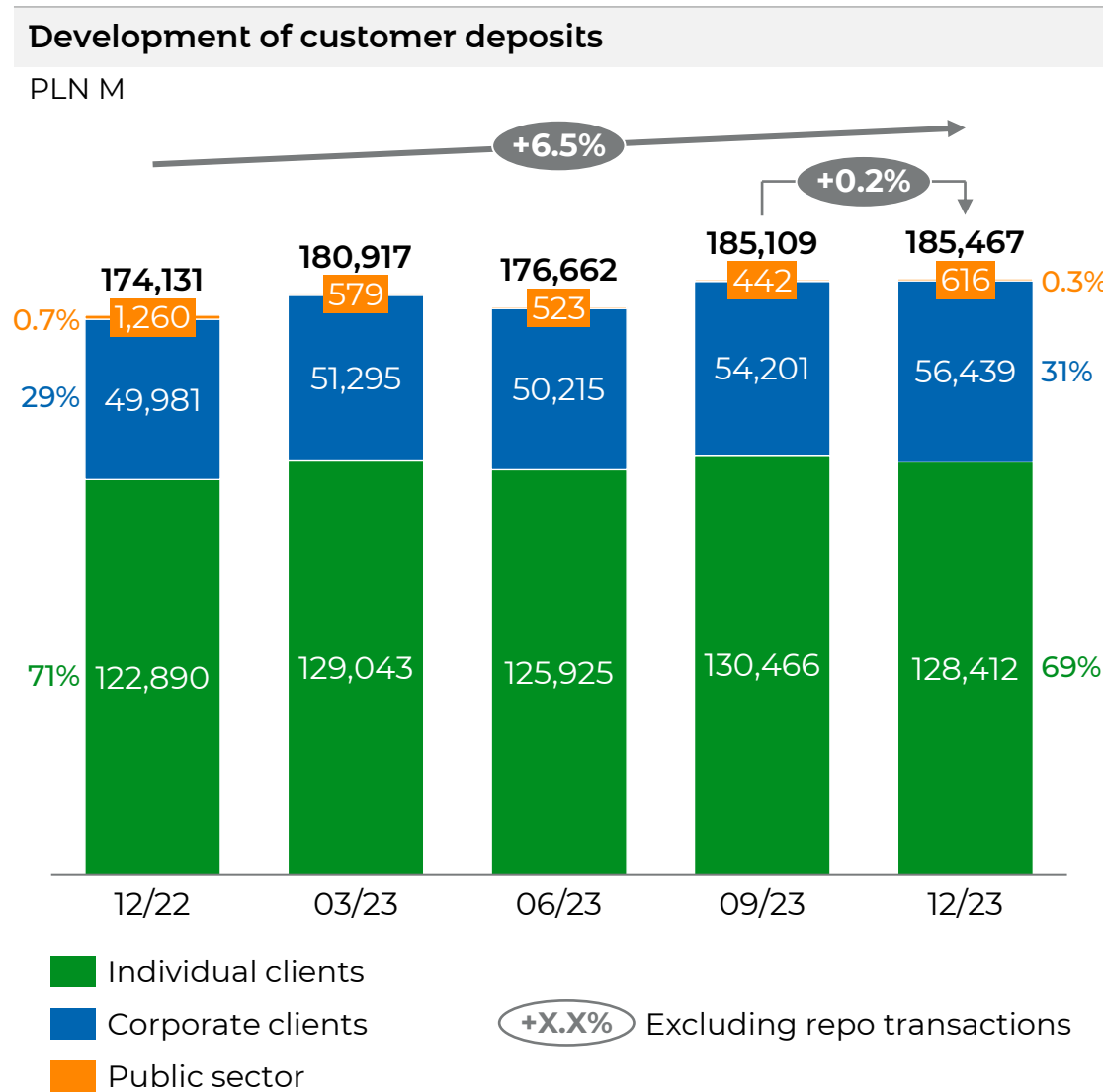


<sup>1</sup> Sales of corporate loans include: (i) new loans and (ii) increases in volume and renewal of existing loans

Note: Corporate clients split: K1 – annual sales over PLN 1 B and non-banking financial institutions; K2 – annual sales of PLN 50 M to PLN 1 B; K3 – annual sales below 50 M and full accounting.

# Results of mBank Group: Customer deposits

Stable deposit base with favourable changes in term structure in both segments

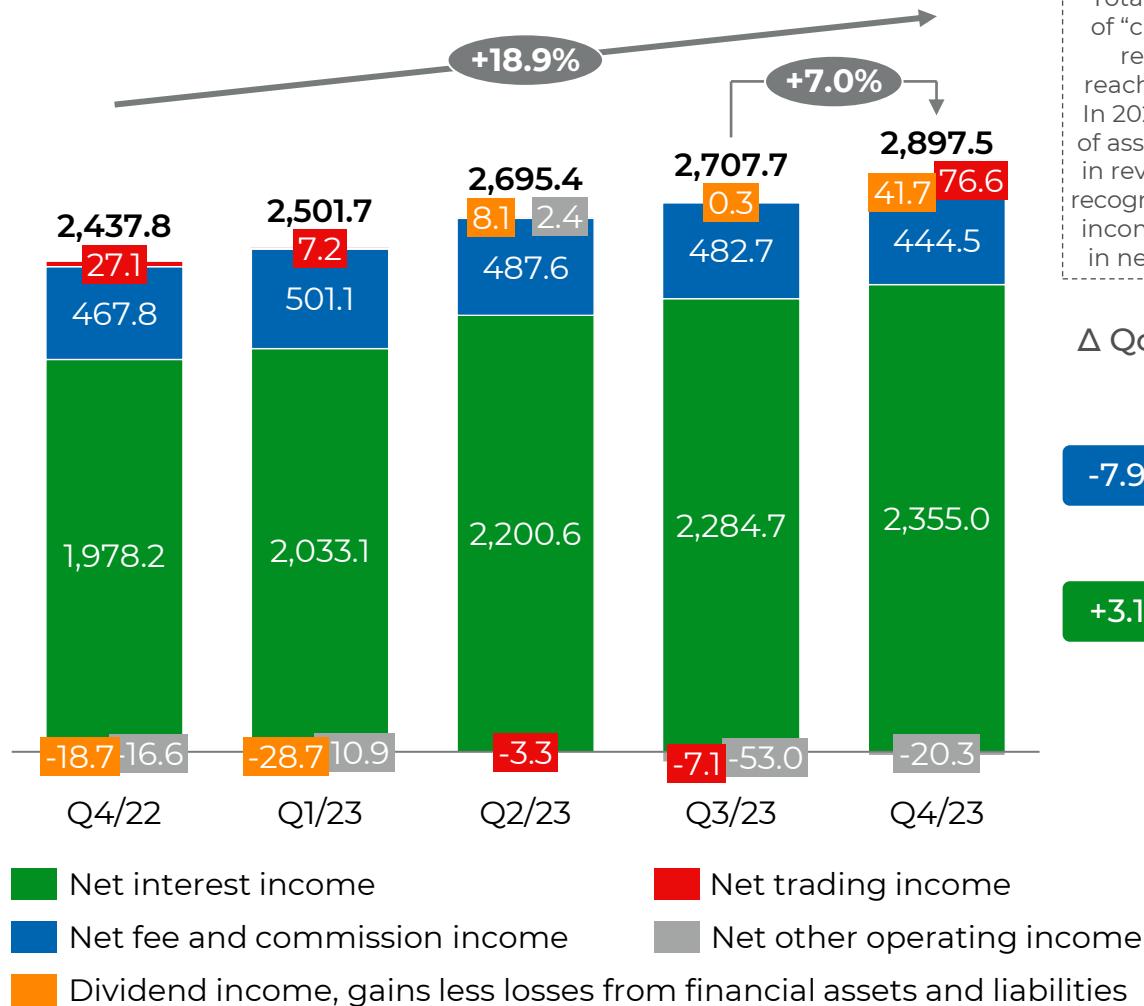


# Results of mBank Group: Total income

Record revenues thanks to higher net interest income on active management of deposits

## Development of mBank Group's total income

PLN M

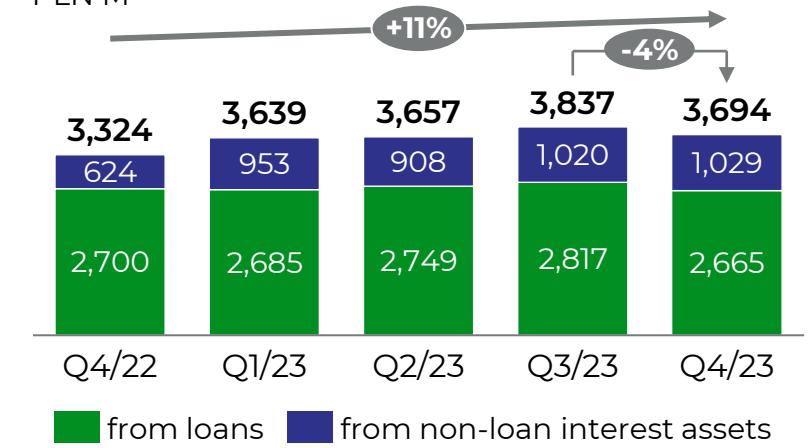


Total negative impact of "credit holidays" on revenues in 2022 reached PLN 1,334.4 M. In 2023, the verification of assumptions resulted in reversing PLN 57.5 M recognized in net interest income and PLN 12.0 M in net trading income.

	Δ QoQ	Δ YoY
Total income	+7.0%	+18.9%
Net interest income	+3.1%	+19.0%
Net trading income	-7.9%	-5.0%

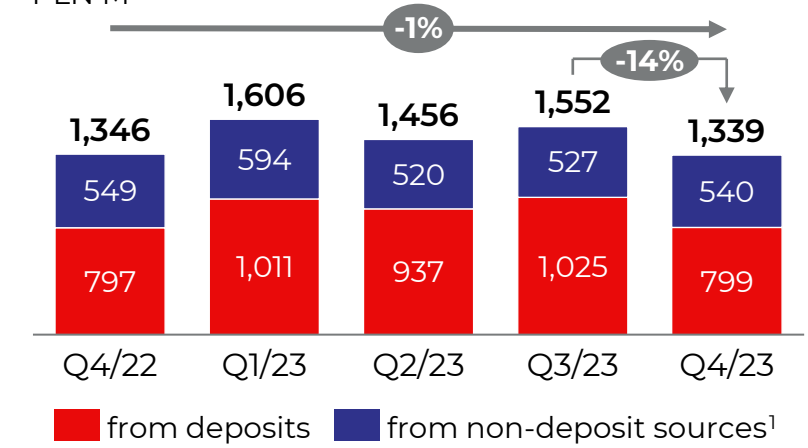
## Development of interest income

PLN M



## Development of interest expense

PLN M



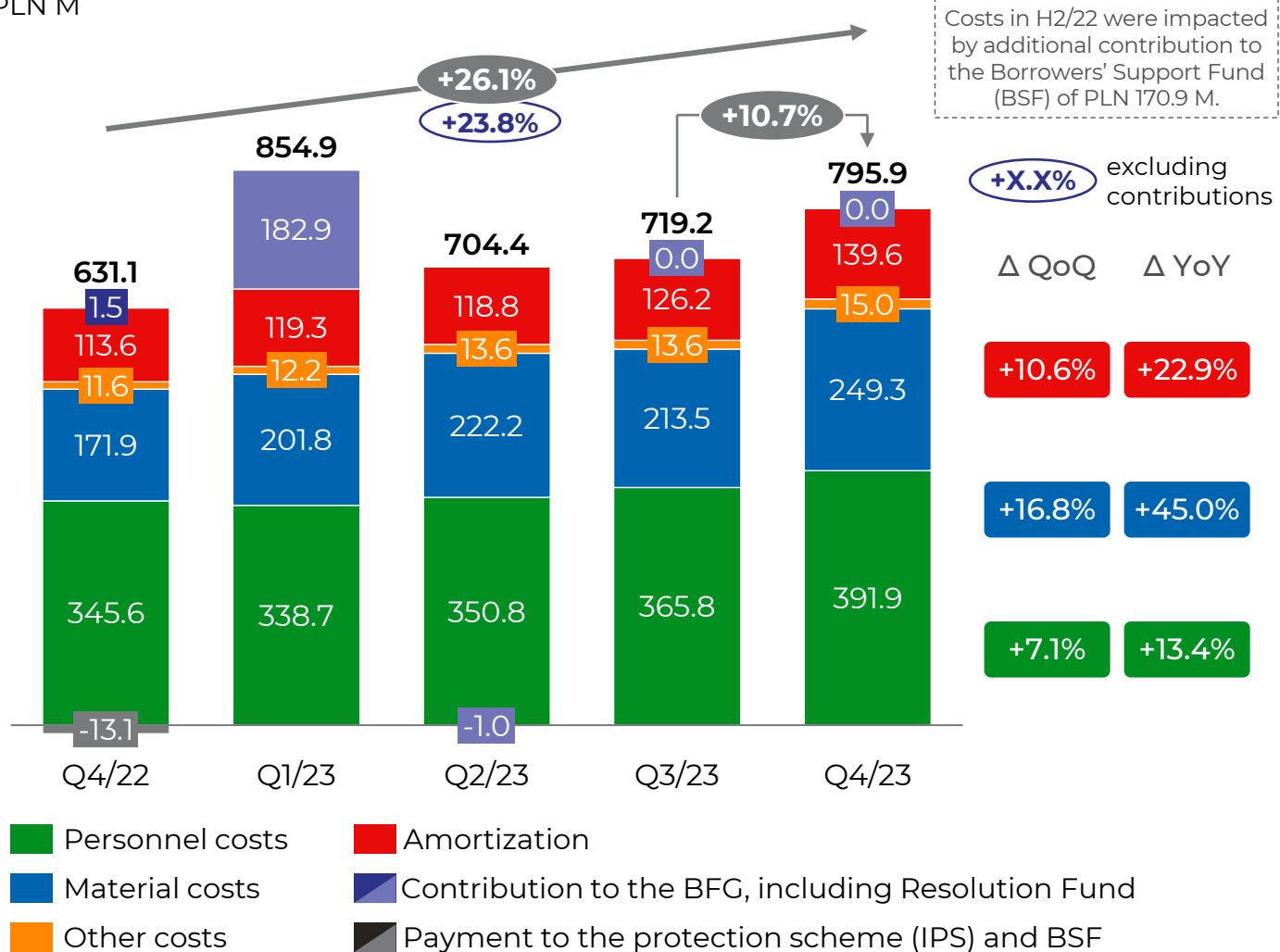
<sup>1</sup> non-deposit interest expense is primarily composed of hedging activities and wholesale funding costs, including subordinated liabilities

# Results of mBank Group: Total costs and efficiency

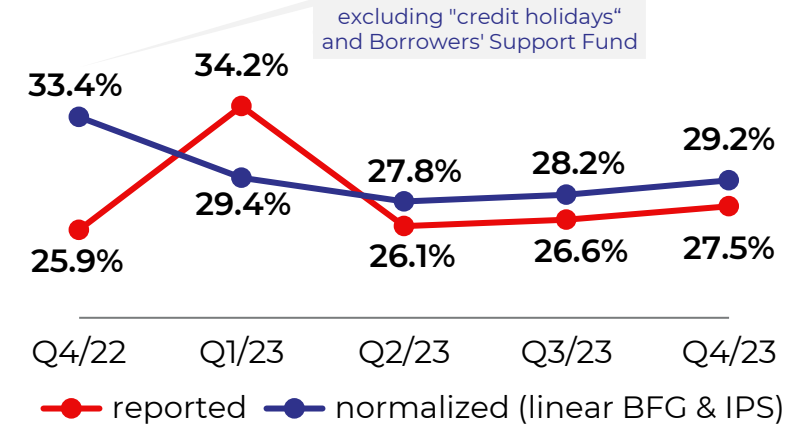
Excellent efficiency continued despite increase of operating expenses

## Development of mBank Group's operating costs

PLN M



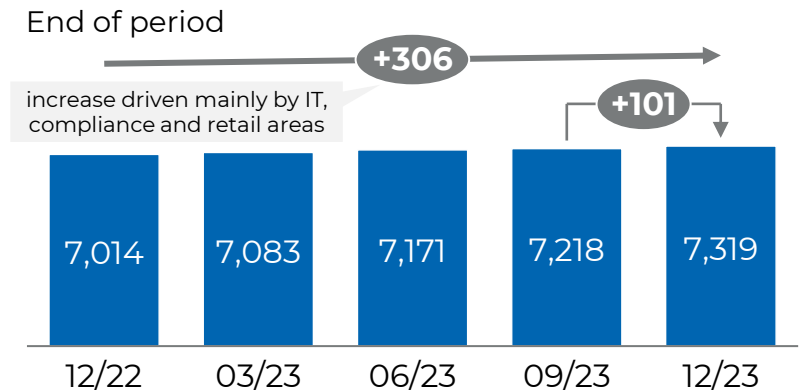
## Cost/Income ratio of mBank Group – quarterly



Normalized C/I ratio for 2023 **28.6%**

excluding impact of "credit holidays"

## Employment of mBank Group (in FTEs)

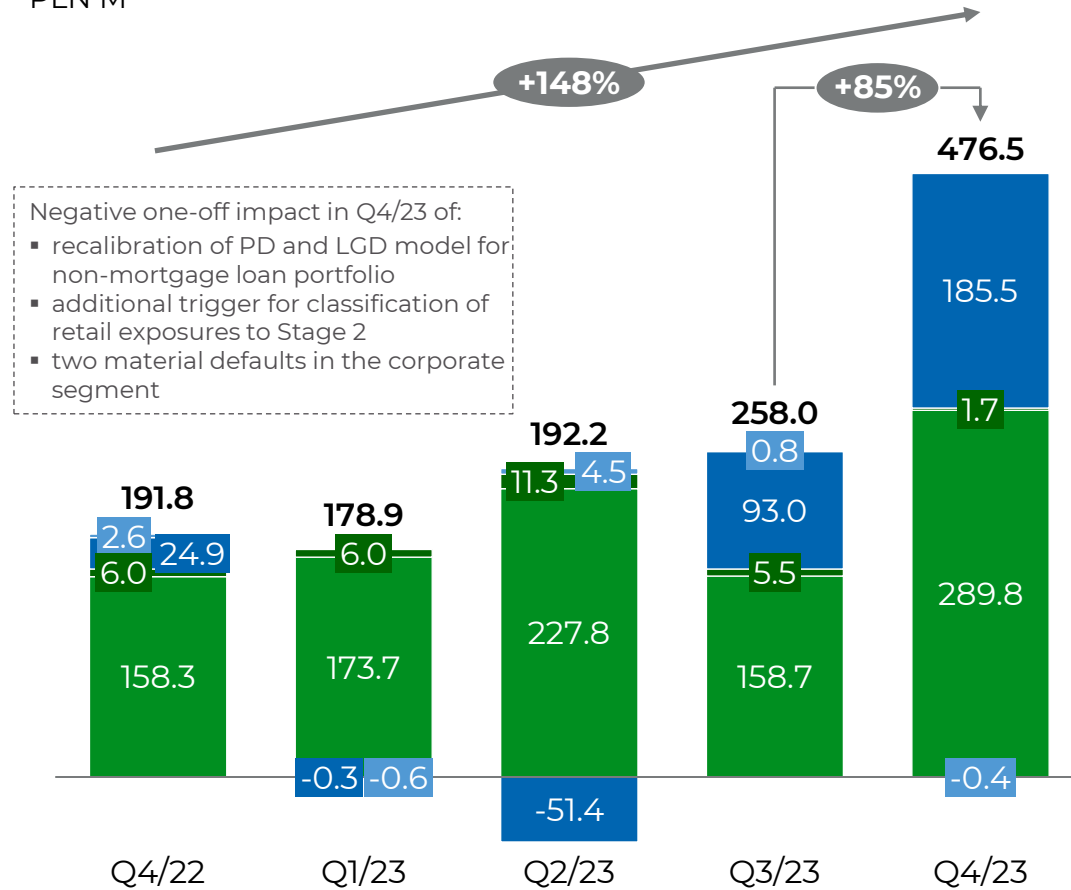


# Results of mBank Group: Loan loss provisions and cost of risk

Higher provisioning level due to one-off factors reflecting conservative risk approach

Net impairment losses and fair value change on loans

PLN M

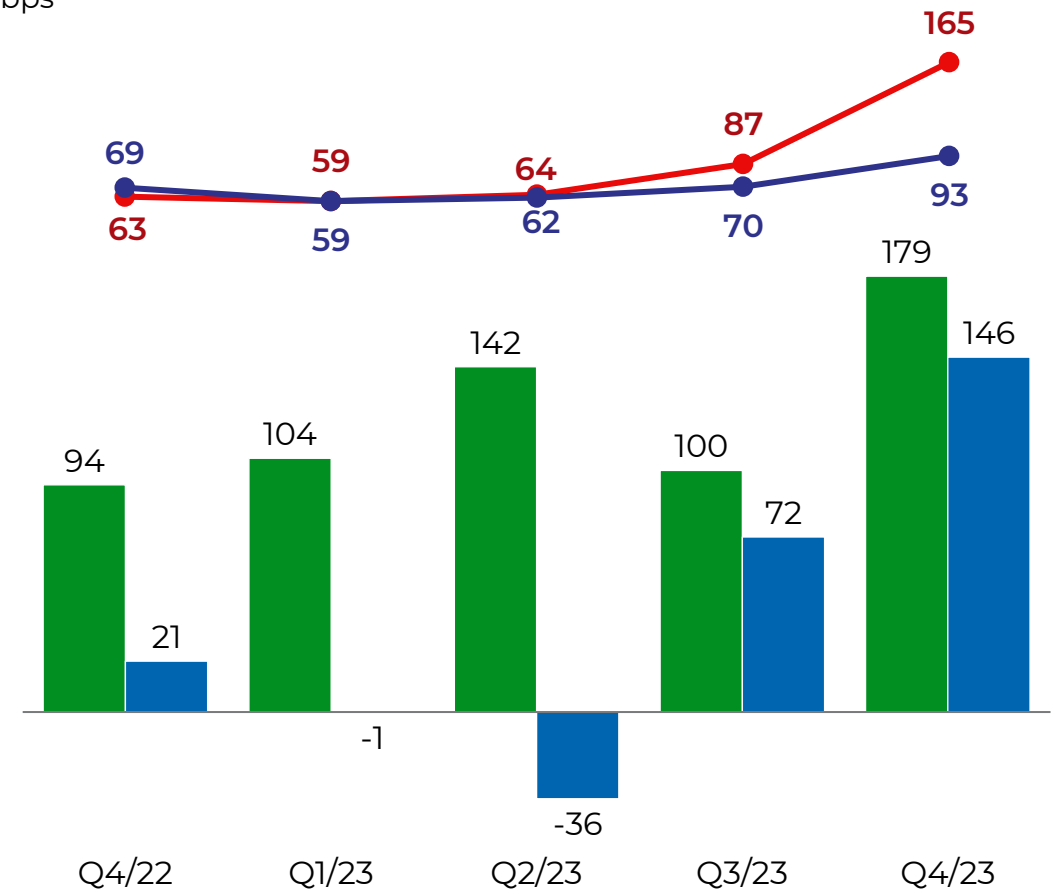


Retail Banking: ■ at amortized cost ■ at fair value  
 Corporate & Investment Banking: ■ at amortized cost ■ at fair value

Note: Data for Q4/22-Q1/23 restated due to a shift of 'Liabilities from the issue of credit linked notes (CLN)' from 'Impairment on financial assets' to 'Interest expenses'.

mBank Group's cost of risk, by segment

bps



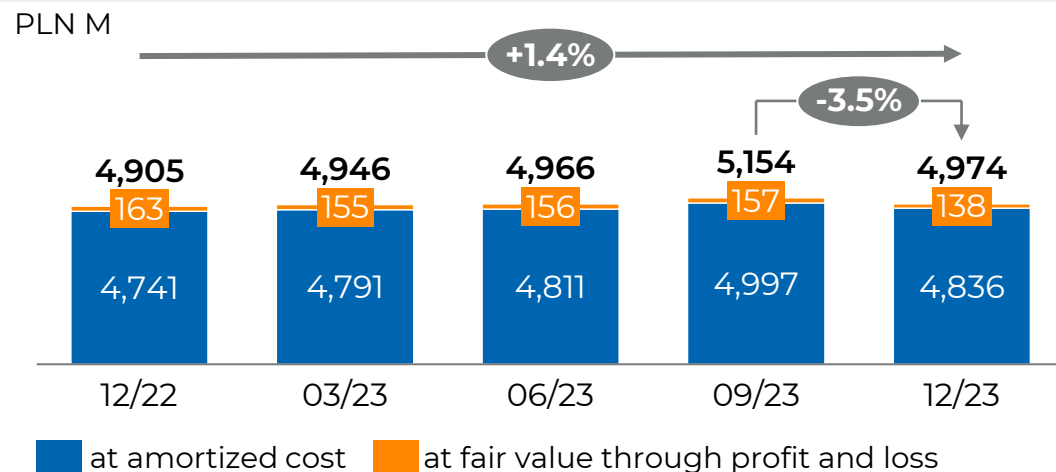
mBank Group's cost of risk: —●— quarterly —●— YTD  
■ Retail loan portfolio ■ Corporate loan portfolio



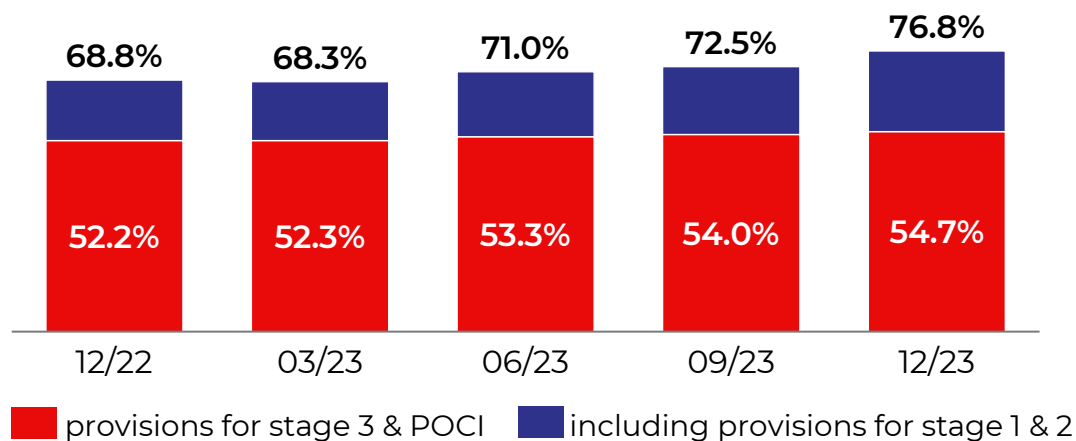
# Results of mBank Group: Loan portfolio quality

Stable NPL ratio accompanied by further improvement of the coverage of impaired portfolio

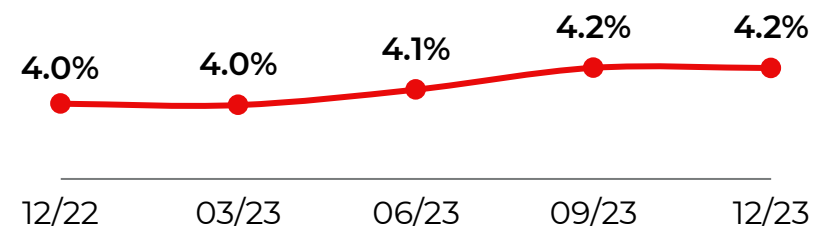
## mBank Group's impaired loans portfolio



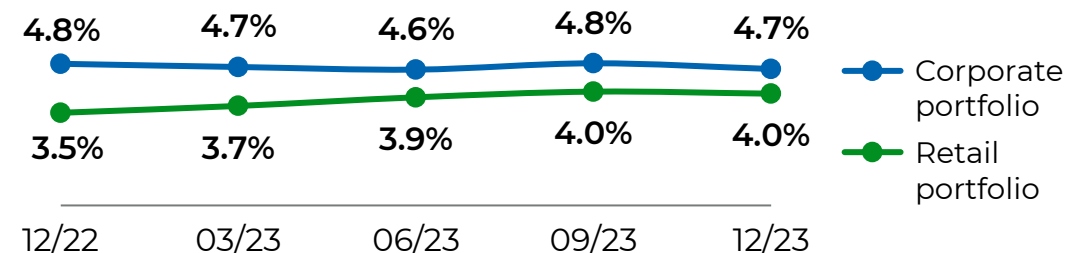
## mBank Group's coverage ratio



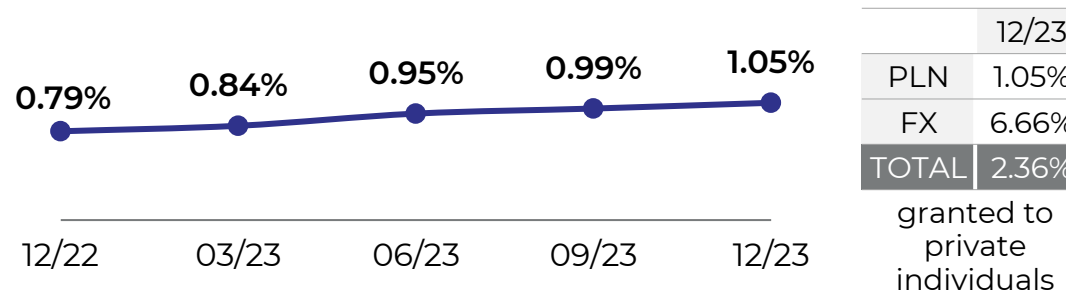
## mBank Group's NPL ratio



## mBank Group's NPL ratio, by segment



## NPL ratio of mortgage loan portfolio in PLN

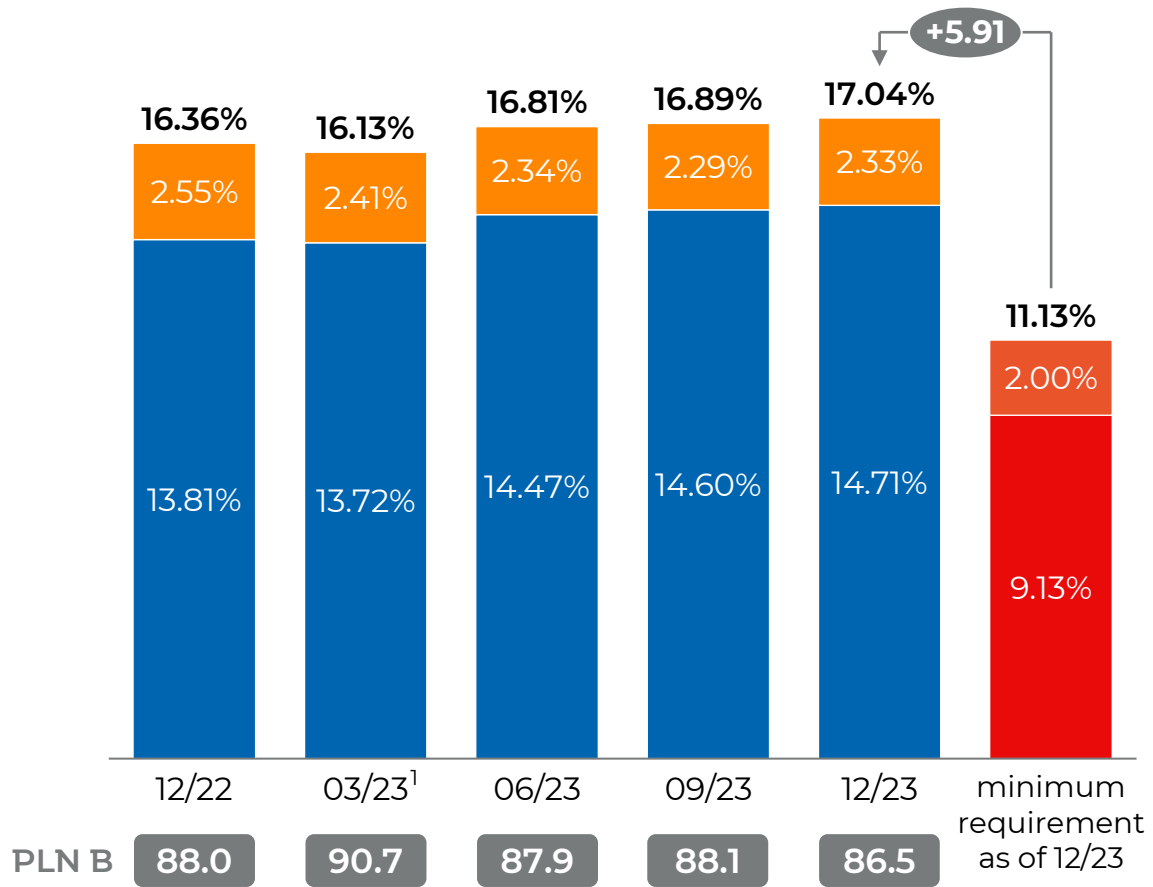


Note: Risk indicators presented for credit portfolio measured both at amortized cost and at fair value through profit or loss. The bank applies a client-oriented approach in its methodology of NPL recognition.

# Results of mBank Group: Capital ratio and liquidity position

Safe capital position with increased surplus over regulatory requirements

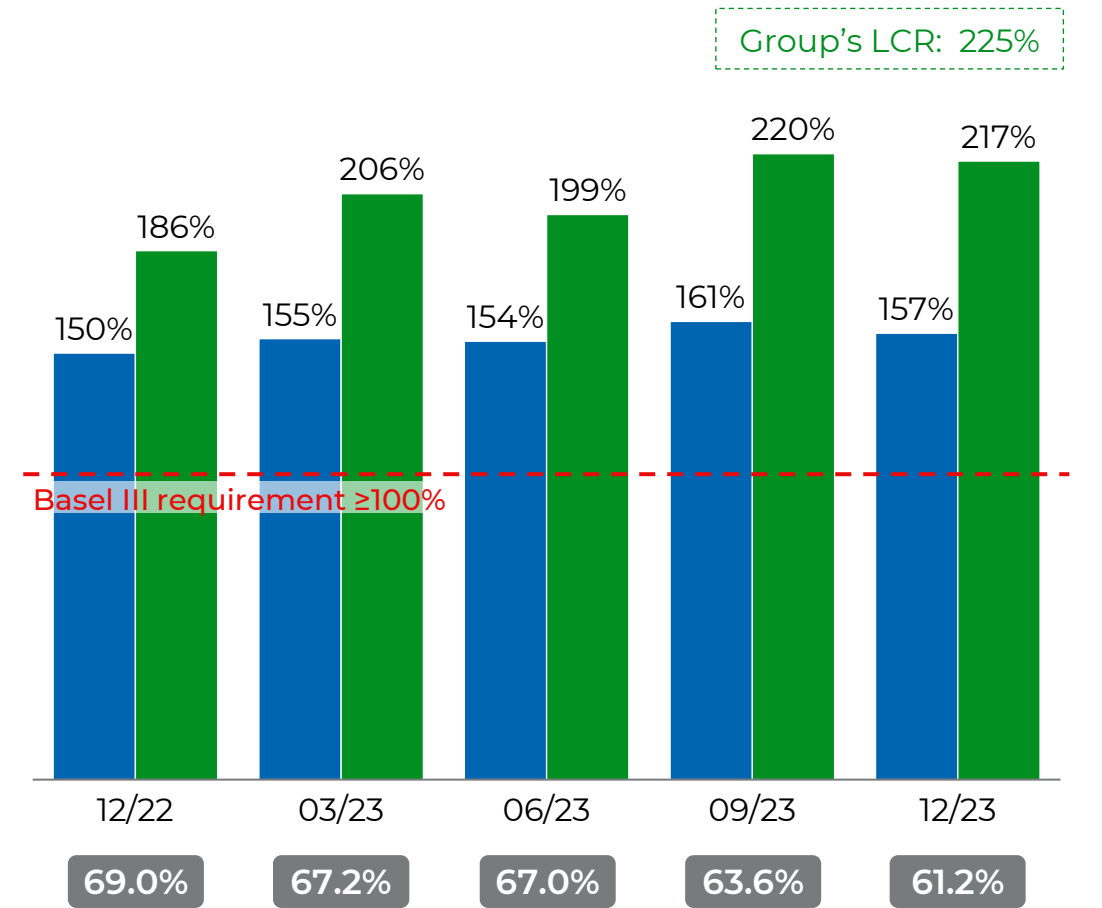
mBank Group's Total Capital Ratio



xx.x Total risk exposure amount (TREA)

■ Tier 1 capital ratio ■ Tier 2

mBank's NSFR and LCR



xx.x% Loan-to-deposit ratio of mBank Group

■ Net Stable Funding Ratio (NSFR) ■ Liquidity Coverage Ratio (LCR)

<sup>1</sup> Capital ratios recalculated taking into account the retrospective inclusion of net profit for Q1/23 in own funds (after PFSA approval)

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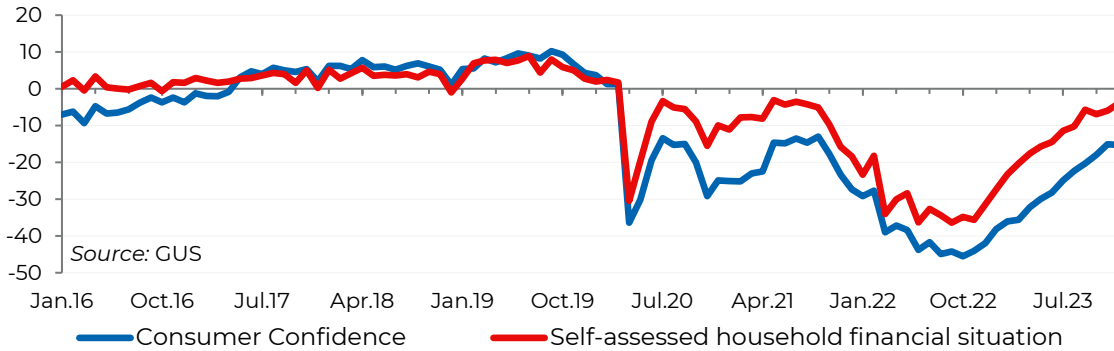
## Appendix 36

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# Macroeconomic situation and outlook

## NBP unlikely to cut rates in 2024 as inflation and consumption are set to rebound.

### Consumption on the rise again



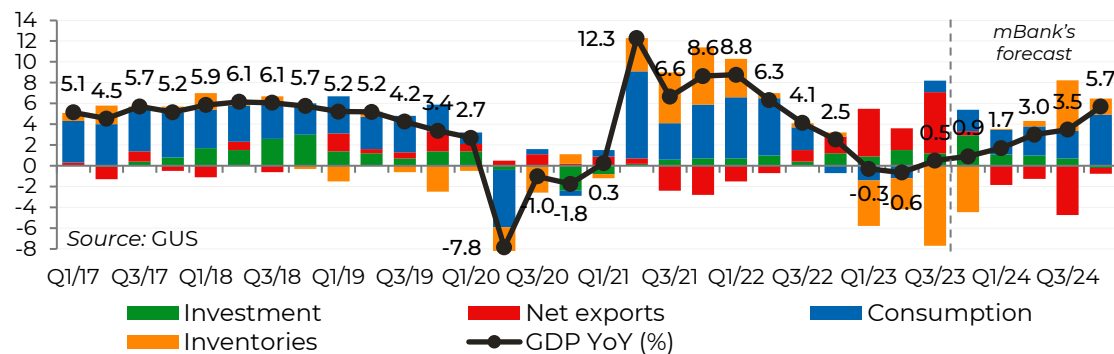
Soft indicators are constantly improving. This, coupled with expected strong fiscal transfers, paints an encouraging outlook for consumption. A rising real wage bill is also likely to buttress consumer spending in 2024.

### Unemployment rate is (still) very low



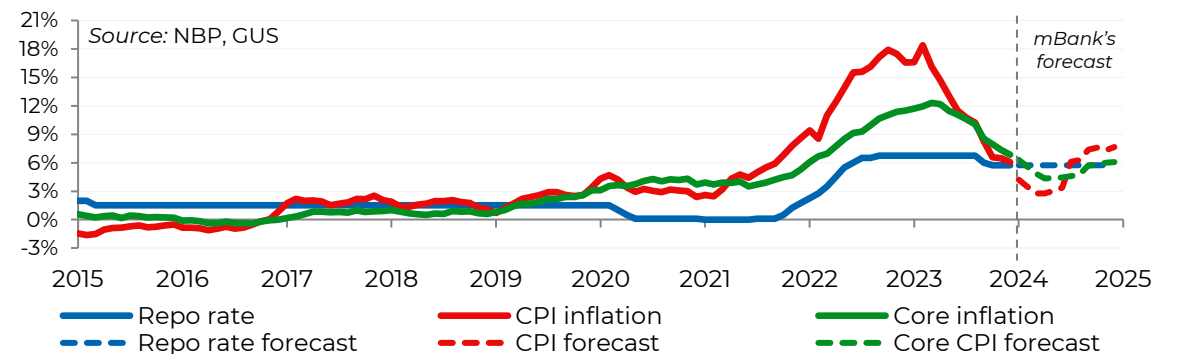
The labour market has proven to be resilient despite slowing GDP growth momentum. Given structural factors, the unemployment rate will remain low in the coming quarters buoyed by the expected economic recovery.

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



GDP growth reached a trough and will improve to 3.5% in 2024. The major driver going forward will be private consumption. Private investment activity is also picking up, although the EU-sponsored public expenditures cycle will be a drag.

### Inflation's U-turn, no rate cuts this year

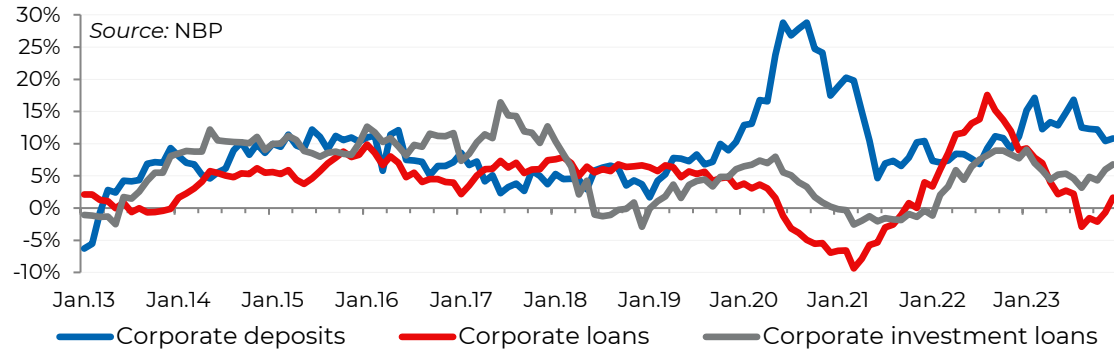


Faster growing economy and inflation's U-turn are going to make Monetary Policy Council cautious in withdrawing monetary policy restraints. Therefore, mBank's analysts expect flat rates in 2024.

# Macroeconomic situation and outlook

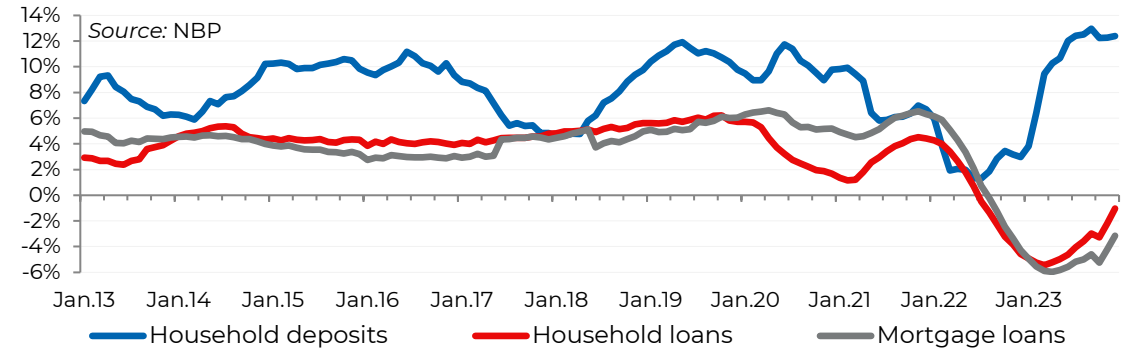
Credit growth is rebounding. Bond yields declined and PLN strengthened.

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



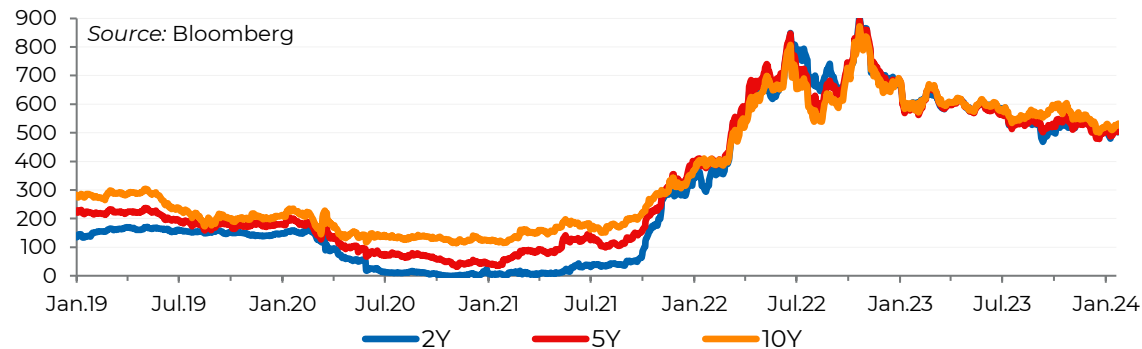
The dynamics of deposits in the corporate sector has stabilized. Credit growth may have already reached its bottom. An expected revival in economic activity (driven by consumption) will boost loan expansion.

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



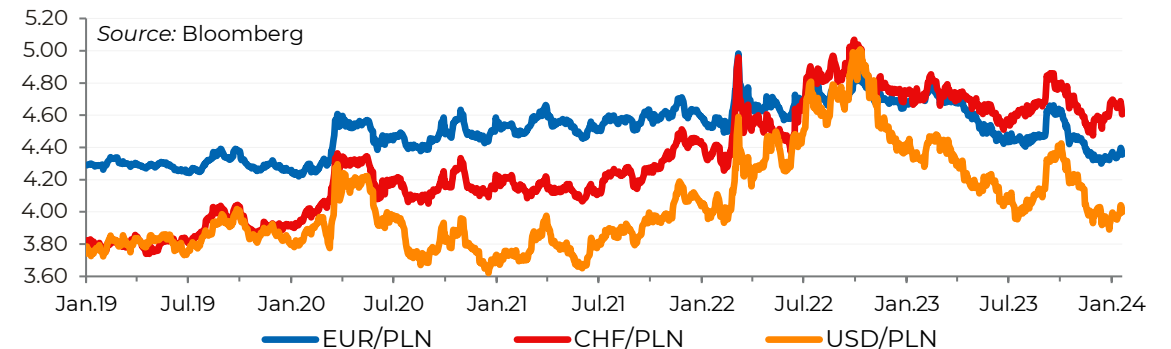
The strong labour market and expansionary fiscal policy support deposit accumulation. Credit growth is beginning to rebound, and it is expected to continue this move amidst improving consumer confidence.

## Government bond yields have fallen recently (bps)



Bond yields on domestic debt have fallen recently. This was partly due to the behaviour of the core markets, a factor that should play an important role in the months ahead. Domestically, fiscal policy remains a key risk (supply).

## NBP rate cuts and election-induced volatility gone

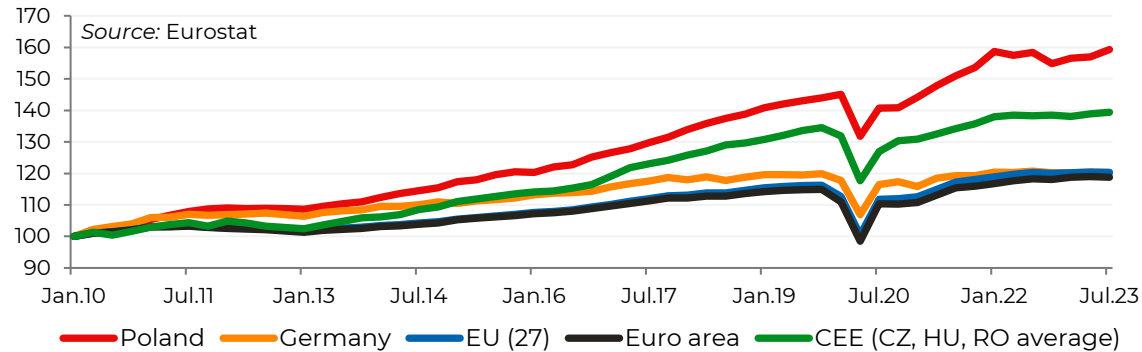


Polish currency gained after the announcement of the parliamentary election results. More restrictive monetary policy may help the zloty further amidst reviving GDP growth.

# Poland: economic fundamentals

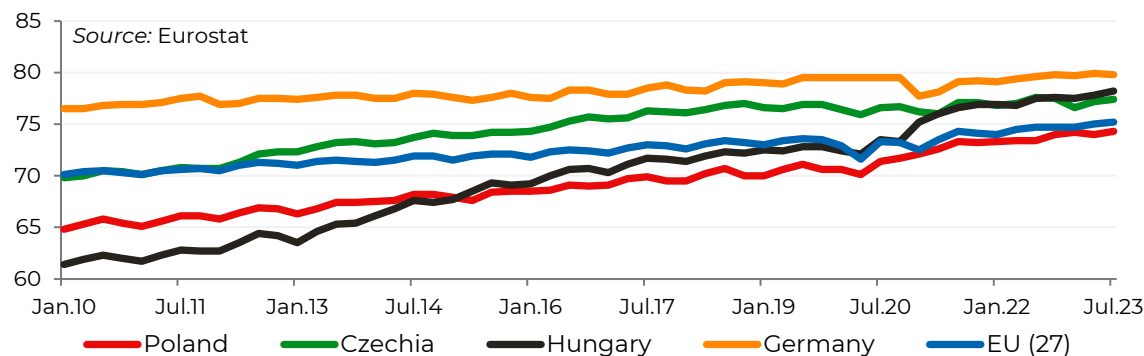
Growth story. High competitiveness compared to peers.

Real GDP (Q1 2010 = 100)



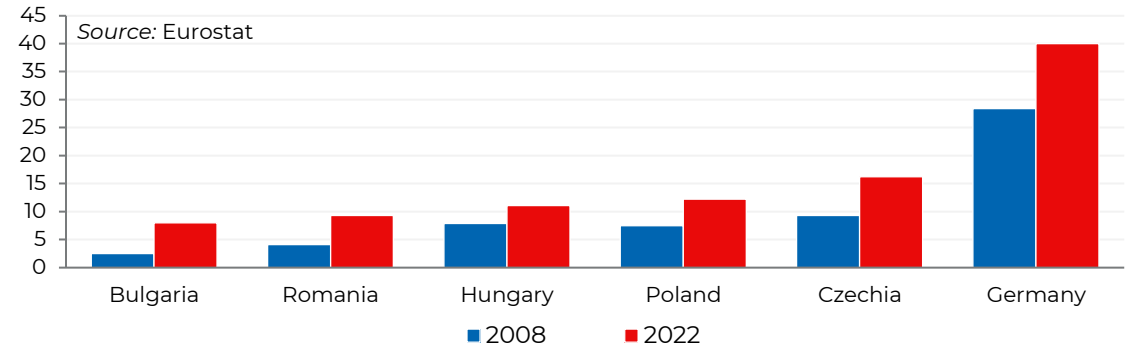
Over the past few years, Polish economy has recorded a consistently high economic growth rate. Moreover, the post-pandemic recovery has proved much faster compared to other economies in the region.

Labour activity rate (aged 15-64)



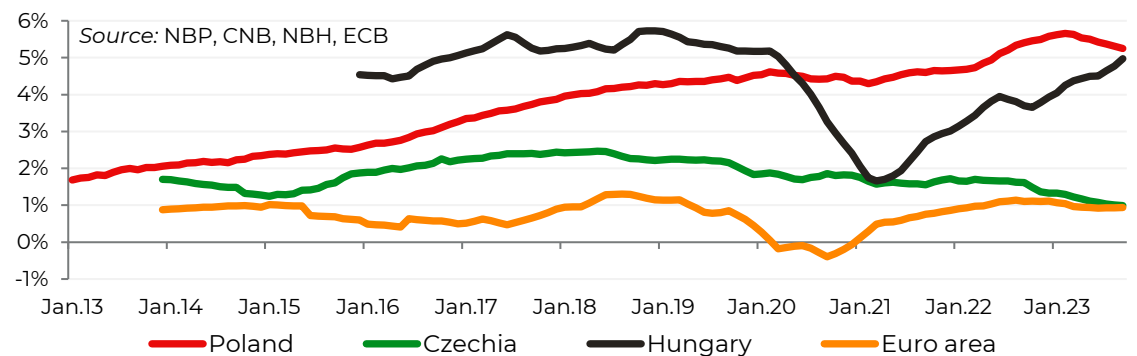
Labour force participation in Poland remains at a relatively low level compared to its peers in the region. This means that despite non-favourable demography, there is still some space to catch up and improve employment.

Hourly labour costs (in EUR)



Labour costs in Poland rose over the course of the past years, however they still remain at a competitive level compared to the CEE block. These costs are more than three times lower in relation to the German economy.

Services balance, international trade (% of GDP)



The competitiveness of the Polish economy is best portrayed in the services sector, where a steadily growing surplus in international trade has been recorded. Nearshoring may further reinforce this trend.



# Macroeconomic forecasts and outlook for mBank Group

Operating environment for banks has continued being challenging and volatile

Key economic indicators for Poland				
	2022	2023	2024F	2025F
GDP growth (YoY)	5.3%	0.2%	3.5%	4.2%
Domestic demand (YoY)	5.2%	-4.1%	5.5%	4.0%
Private consumption (YoY)	5.2%	-0.9%	4.6%	4.0%
Investment (YoY)	4.9%	7.7%	4.1%	5.4%
Inflation (eop)	16.6%	6.1%	7.9%	4.2%
MPC rate (eop)	6.75%	5.75%	5.75%	4.25%
CHF/PLN (eop)	4,73	4.68	4.47	4.43
EUR/PLN (eop)	4.69	4.34	4.20	4.20

Polish banking sector – monetary aggregates YoY				
	2022	2023	2024F	2025F
Corporate loans	9.6%	-0.7%	3.0%	8.6%
Household loans	-3.8%	-1.3%	2.1%	4.8%
Mortgage loans	-3.2%	-3.6%	-0.4%	4.2%
Mortgage loans in PLN	-1.8%	1.8%	3.0%	7.8%
Non-mortgage loans	-5.1%	3.0%	6.7%	5.8%
Corporate deposits	11.6%	8.8%	7.3%	6.4%
Household deposits	3.3%	11.3%	4.6%	8.4%

Source: mBank's estimates as of 06.02.2024.

Investor Presentation | Q1-Q4 2023

## Short-term prospects for mBank (compared to Q4/23)

Net interest income & NIM **slightly negative** ↓

- Interest rates in baseline scenario are expected to remain stable, but MPC may react with cuts for certain market circumstances
- Potential for margin improvement stemming from deposit pricing optimisation seems to be exhausted
- Rebounding loan volumes should support interest income

Net fee and commission income **slightly positive** ↑

- Uptrend in customer base and transactionality may be offset by lower volatility and increasing commission expenses
- Some adjustments to tariff of fees already announced

Total costs **slightly negative** ↓

- Visible wage and inflationary pressure weights on operating costs
- Rising amortisation driven by investments in future growth
- Low contributions to the Deposit Guarantee Scheme to continue

Loan loss provisions & FV change **neutral** ↔

- Financial standing of borrowers may be affected by the complex macroeconomic environment and geopolitical developments
- The overall asset quality should not deteriorate materially thanks to prudent approach in loan origination unless more negative market scenarios materialise

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  - Total costs and efficiency
  - Loan loss provisions and portfolio quality
  - Capital and liquidity position
- 

## **Macroeconomic update and outlook** **31**

---

## **Appendix** **36**

---

# Appendix: Selected Financial Data

## Consolidated Profit and Loss Account – quarterly

Quarterly results (PLN thou.)	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net interest income	1,978,213	2,033,110	2,200,635	2,284,687	2,355,039
Net fee and commission income	467,750	501,063	487,641	482,704	444,500
Dividend income	123	122	4,506	175	4,683
Net trading income	27,111	7,192	-3,338	-7,064	76,553
Gains less losses from financial assets <sup>1</sup>	-18,848	-28,857	3,623	169	36,978
Net other operating income	-16,598	-10,930	2,351	-52,959	-20,257
<b>Total income</b>	<b>2,437,751</b>	<b>2,501,700</b>	<b>2,695,418</b>	<b>2,707,712</b>	<b>2,897,496</b>
<b>Total operating costs</b>	<b>-631,096</b>	<b>-854,887</b>	<b>-704,442</b>	<b>-719,175</b>	<b>-795,945</b>
<i>Overhead costs</i>	<i>-517,479</i>	<i>-735,603</i>	<i>-585,595</i>	<i>-592,938</i>	<i>-656,297</i>
<i>Amortisation</i>	<i>-113,617</i>	<i>-119,284</i>	<i>-118,847</i>	<i>-126,237</i>	<i>-139,648</i>
Loan loss provisions and fair value change <sup>2</sup>	-191,806	-178,872	-192,216	-257,983	-476,461
Costs of legal risk related to FX loans	-430,097	-808,488	-1,540,192	-1,083,537	-1,475,988
<b>Operating result</b>	<b>1,184,752</b>	<b>659,453</b>	<b>258,568</b>	<b>647,017</b>	<b>149,102</b>
Taxes on the Group balance sheet items	-180,327	-189,998	-182,722	-184,678	-186,154
<b>Profit or loss before income tax</b>	<b>1,004,425</b>	<b>469,455</b>	<b>75,846</b>	<b>462,339</b>	<b>-37,052</b>
<b>Net result attributable to owners of mBank</b>	<b>834,516</b>	<b>142,815</b>	<b>-15,478</b>	<b>-83,016</b>	<b>-20,267</b>

<sup>1</sup> Including a part of 'Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss' related to equity instruments and debt securities (without related to loans and advances)

<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

# Appendix: Selected Financial Data

## Consolidated Statement of Financial Position – quarterly

<b>Assets (PLN thou.)</b>	<b>Q4 2022</b>	<b>Q1 2023</b>	<b>Q2 2023</b>	<b>Q3 2023</b>	<b>Q4 2023</b>
Cash and balances with Central Bank	16,250,951	17,563,426	16,381,485	19,451,659	36,702,427
Loans and advances to banks	9,569,629	12,353,436	11,508,432	17,095,049	7,119,059
Trading securities	984,237	1,386,600	1,707,945	1,026,112	645,382
Derivative financial instruments	1,500,695	1,182,442	1,120,005	1,030,497	1,074,153
Loans and advances to customers	120,183,142	121,533,452	118,319,042	117,805,077	113,520,791
Investment securities	54,350,774	56,414,504	56,677,121	61,852,792	60,583,852
Intangible assets	1,391,707	1,431,547	1,579,977	1,613,303	1,701,939
Tangible fixed assets	1,484,933	1,516,678	1,454,981	1,438,295	1,481,401
Other assets	4,176,045	4,147,087	4,178,869	4,076,372	4,151,512
<b>Total assets</b>	<b>209,892,113</b>	<b>217,529,172</b>	<b>212,927,857</b>	<b>225,389,156</b>	<b>226,980,516</b>
<b>Liabilities (PLN thou.)</b>	<b>Q4 2022</b>	<b>Q1 2023</b>	<b>Q2 2023</b>	<b>Q3 2023</b>	<b>Q4 2023</b>
Amounts due to banks	3,270,223	3,683,656	3,204,420	3,520,323	3,315,302
Derivative financial instruments	2,086,111	2,193,333	1,918,138	1,547,722	1,495,754
Amounts due to customers	174,130,914	180,916,989	176,662,495	185,109,361	185,467,455
Debt securities in issue	9,465,479	8,387,166	8,157,055	11,958,340	11,105,165
Subordinated liabilities	2,740,721	2,719,069	2,685,432	2,746,774	2,714,928
Other liabilities	5,483,634	6,364,250	6,830,647	6,816,882	9,144,686
<b>Total liabilities</b>	<b>197,177,082</b>	<b>204,264,463</b>	<b>199,458,187</b>	<b>211,699,402</b>	<b>213,243,290</b>
<b>Total equity</b>	<b>12,715,031</b>	<b>13,264,709</b>	<b>13,469,670</b>	<b>13,689,754</b>	<b>13,737,226</b>
<b>Total liabilities and equity</b>	<b>209,892,113</b>	<b>217,529,172</b>	<b>212,927,857</b>	<b>225,389,156</b>	<b>226,980,516</b>

# Appendix: Selected Financial Data

## mBank Group's Ratios – quarterly and cumulatively

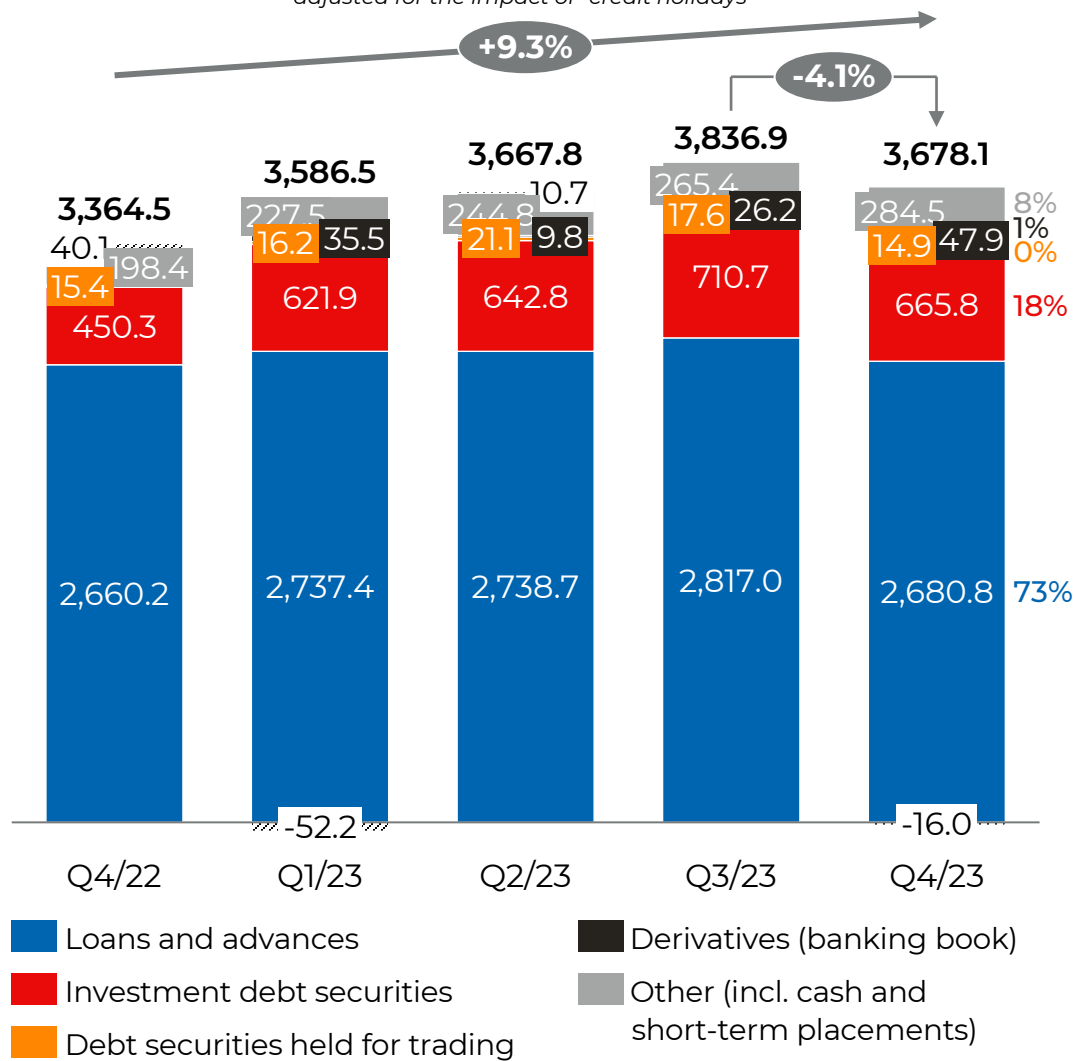
Financial Ratios	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net Interest Margin, quarterly	4.04%	3.84%	4.33%	4.26%	4.31%
Net Interest Margin, YtD	3.71%	3.84%	4.08%	4.14%	4.18%
Net Interest Margin, excl. CHF portfolio, YtD	3.87%	3.97%	4.22%	4.26%	4.30%
Cost/Income Ratio, quarterly	25.9%	34.2%	26.1%	26.6%	27.5%
Cost/Income Ratio, YtD	42.2%	34.2%	30.0%	28.8%	28.5%
Cost of Risk, quarterly	0.63%	0.59%	0.64%	0.87%	1.65%
Cost of Risk, YtD	0.69%	0.59%	0.62%	0.70%	0.93%
Return on Equity, ROE net, quarterly	26.9%	4.3%	-0.4%	-2.4%	-0.6%
Return on Equity, ROE net, YtD	-5.3%	4.3%	1.9%	0.4%	0.2%
Return on Assets, ROA net, quarterly	1.59%	0.27%	-0.03%	-0.15%	-0.04%
Return on Assets, ROA net, YtD	-0.34%	0.27%	0.12%	0.03%	0.01%
Loan-to-Deposit Ratio	69.0%	67.2%	67.0%	63.6%	61.2%
Total Capital Ratio	16.36%	16.13%	16.81%	16.89%	17.04%
Tier 1 Capital Ratio	13.81%	13.72%	14.47%	14.60%	14.71%
Leverage ratio	5.4%	5.3%	5.6%	5.3%	5.3%
Equity / Assets	6.1%	6.1%	6.3%	6.1%	6.1%
TREA / Assets	41.9%	41.7%	41.3%	39.1%	38.2%
NPL ratio	4.0%	4.0%	4.1%	4.2%	4.2%
NPL coverage ratio	52.2%	52.3%	53.3%	54.0%	54.7%
NPL coverage ratio incl. stage 1&2 provisions	68.8%	68.3%	71.0%	72.5%	76.8%

# Appendix: Selected Financial Data – Net interest income

## Structure of mBank Group's interest income

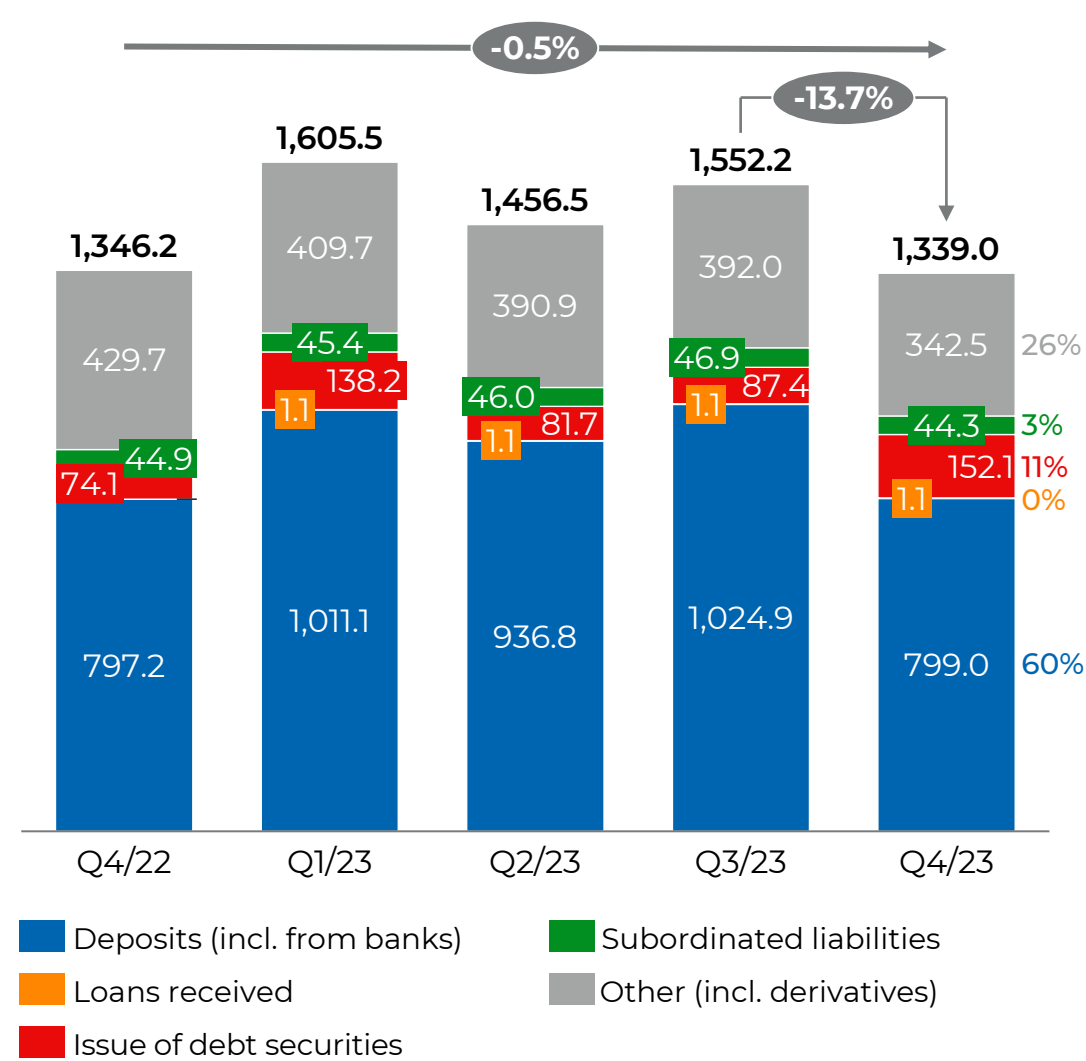
PLN M

*Presented development and dynamics are adjusted for the impact of "credit holidays"*



## Structure of mBank Group's interest expense

PLN M

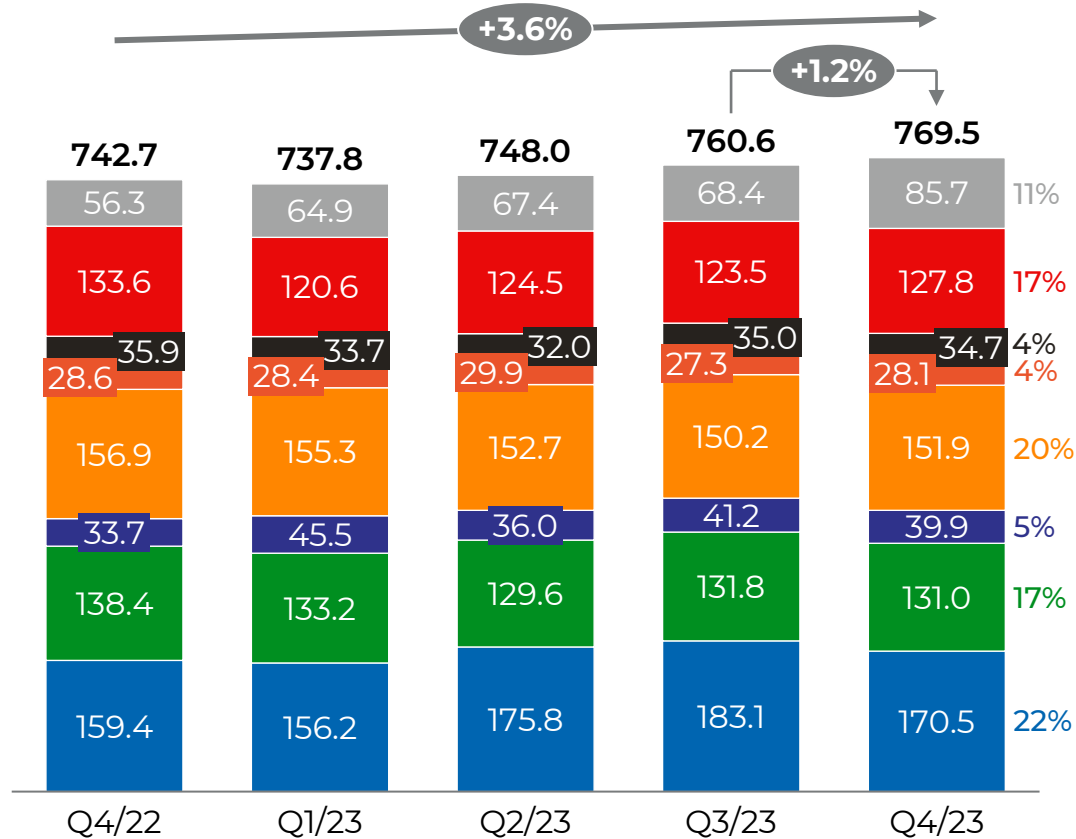




# Appendix: Selected Financial Data – Net fees and commissions

Structure of mBank Group's fee and commission income

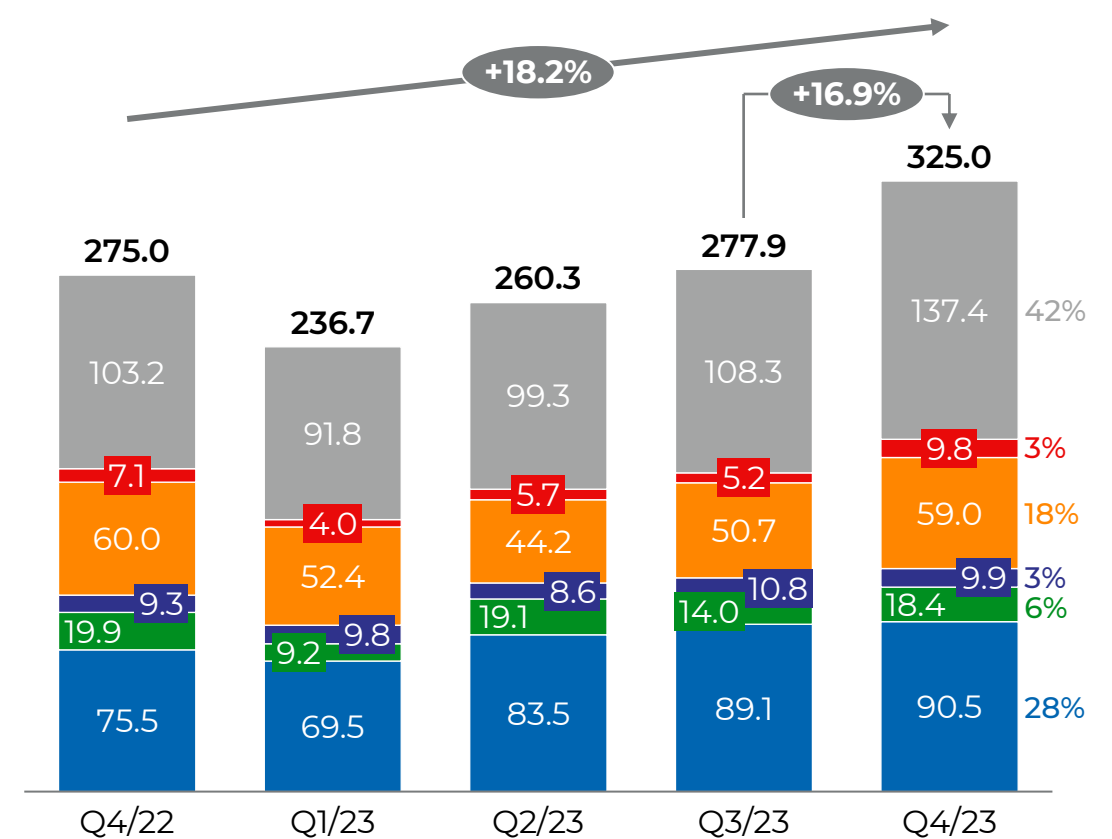
PLN M



- Payment card fees
- Accounts & money transfers
- Brokerage activity & securities issue
- Credit related fees
- Guarantees & trade finance
- Insurance activity
- Foreign currencies exchange
- Other (incl. custody)

Structure of mBank Group's fee and commission expense

PLN M

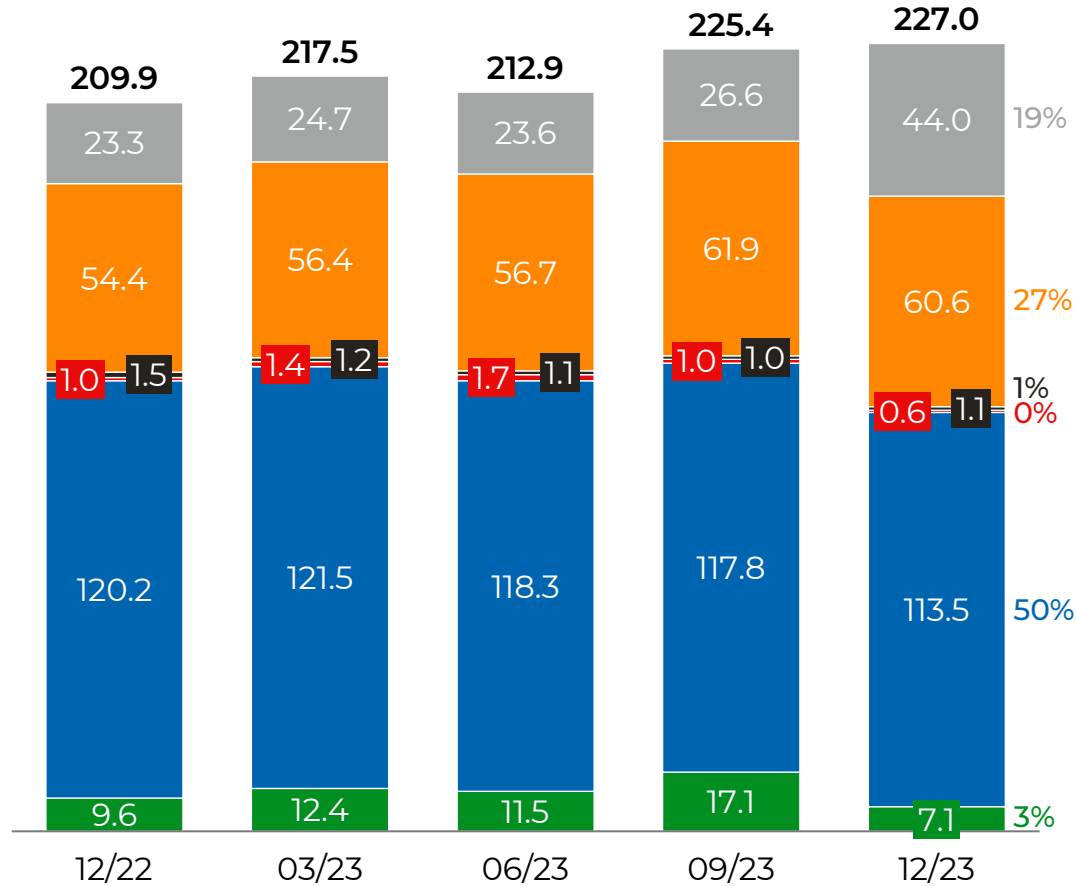


- Payment card fees
- Cash handling fees
- Discharged brokerage fees
- Commissions paid to external entities
- Fees paid to NBP and KIR
- Other (incl. insurance activity)

# Appendix: Selected Financial Data – Balance sheet analysis

Structure of mBank Group's total assets

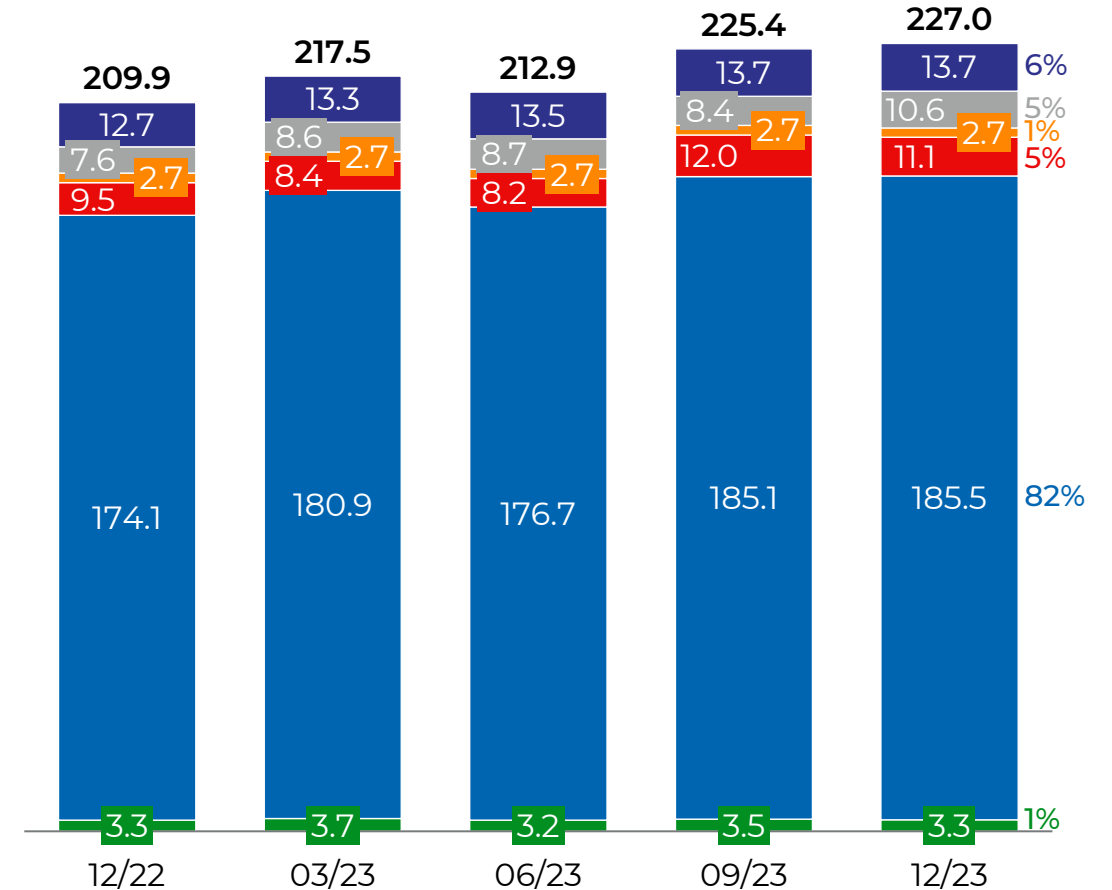
PLN B



- Amounts due from banks
- Loans and advances to customers
- Trading securities
- Derivative financial instruments
- Investment securities
- Other assets

Structure of mBank Group's liabilities and equity

PLN B

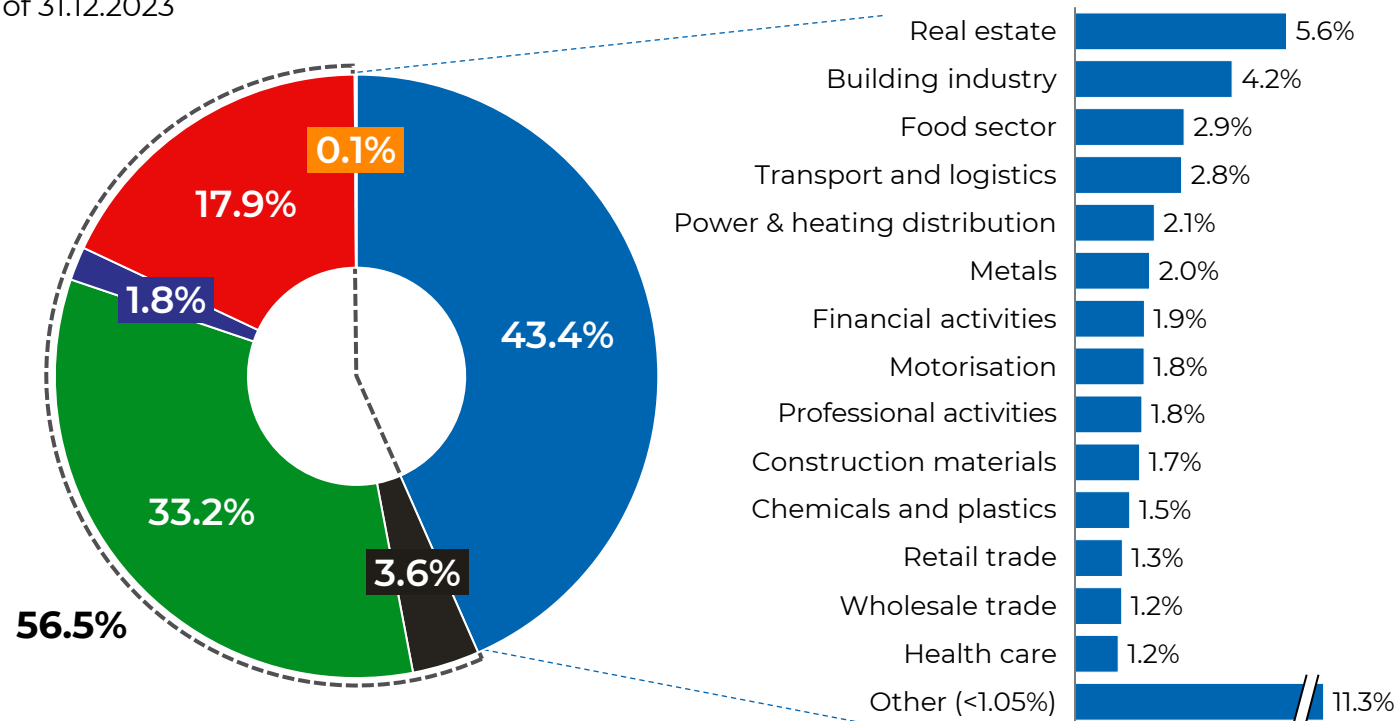


- Amounts due to other banks
- Amounts due to customers
- Debt securities in issue
- Subordinated liabilities
- Other liabilities
- Equity (total)

# Appendix: Selected Financial Data – Structure of loans and deposits

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

as of 31.12.2023

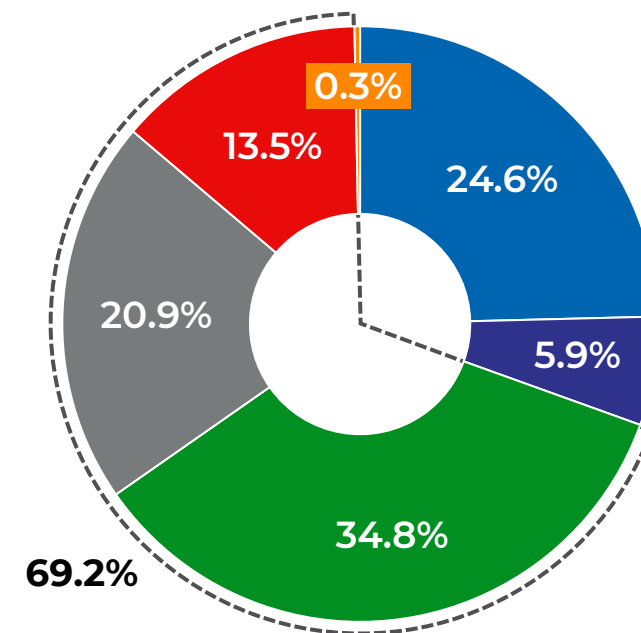


	PLN billion
Corporate loans	50.8
Mortgage loans in FX to individuals	4.2
Mortgage loans in LC to individuals <sup>1</sup>	38.9
Mortgage loans to microfirms	2.1
Non-mortgage retail loans	21.0
Public sector loans	0.1
<b>TOTAL</b>	<b>117.2</b>

**A well diversified loan portfolio with granular structure of exposures**

## Structure of mBank Group's deposits

as of 31.12.2023



	PLN billion
Corporate clients: current accounts <sup>2</sup>	45.5
Corporate clients: term deposits	10.9
Individual clients: current accounts	64.5
Individual clients: saving accounts	38.8
Individual clients: term deposits	25.1
Public sector clients	0.6
<b>TOTAL</b>	<b>185.5</b>

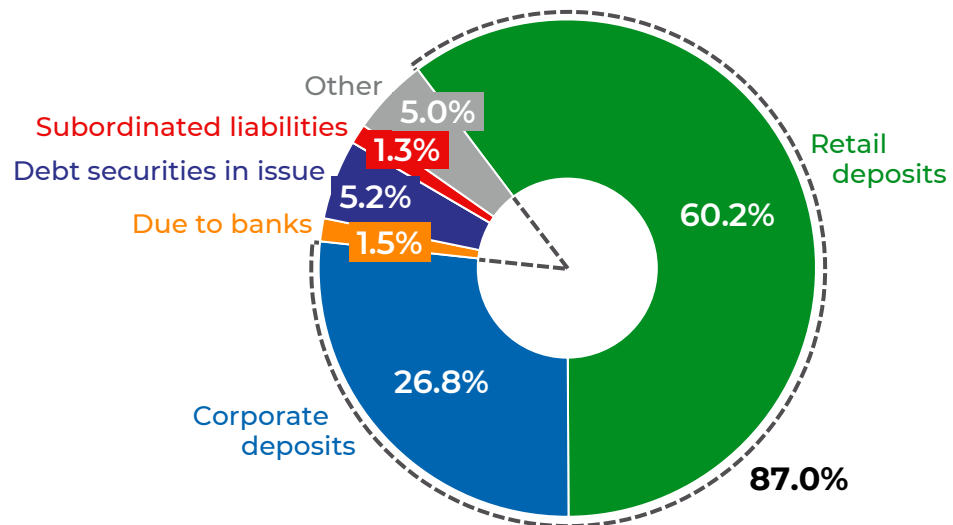
<sup>1</sup> Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

<sup>2</sup> Including repo transactions

# Appendix: Selected Financial Data – Funding profile

## Structure of mBank Group's funding

as of 31.12.2023



## Summary of mBank's long-term funding instruments

as of 31.12.2023

Nominal value	Currency	Issue date	Maturity date	Tenor	Coupon
Issues under Euro Medium Term Note (EMTN) Programme					
125 M	CHF	05.04.2019	04.10.2024	5.5 Y	1.0183%
500 M <sup>1</sup>	EUR	20.09.2021	21.09.2027	6.0 Y	0.966%
750 M <sup>1</sup>	EUR	11.09.2023	11.09.2027	4.0 Y	8.375%
Subordinated loan and bonds					
250 M	CHF	21.03.2018	21.03.2028	10.0 Y	LIBOR3M +2.75%
750 M	PLN	17.12.2014	17.01.2025	10.1 Y	WIBOR6M +2.10%
550 M	PLN	09.10.2018	10.10.2028	10.0 Y	WIBOR6M +1.80%
200 M	PLN	09.10.2018	10.10.2030	12.0 Y	WIBOR6M +1.95%
Loans and advances received					
113 M	CHF	04.09.2017	04.09.2025	8.0 Y	-
176 M	CHF	30.07.2018	30.07.2025	7.0 Y	-
138 M	CHF	02.08.2019	02.08.2027	8.0 Y	-

## Summary of mBank's ratings

as of 31.12.2023

	Fitch Ratings	S&P Global Ratings
Long-term rating	BBB-	BBB
Outlook	<i>stable</i>	<i>stable</i>
Short-term rating	F3	A-2
Viability rating / SACP	bbb-	bbb-

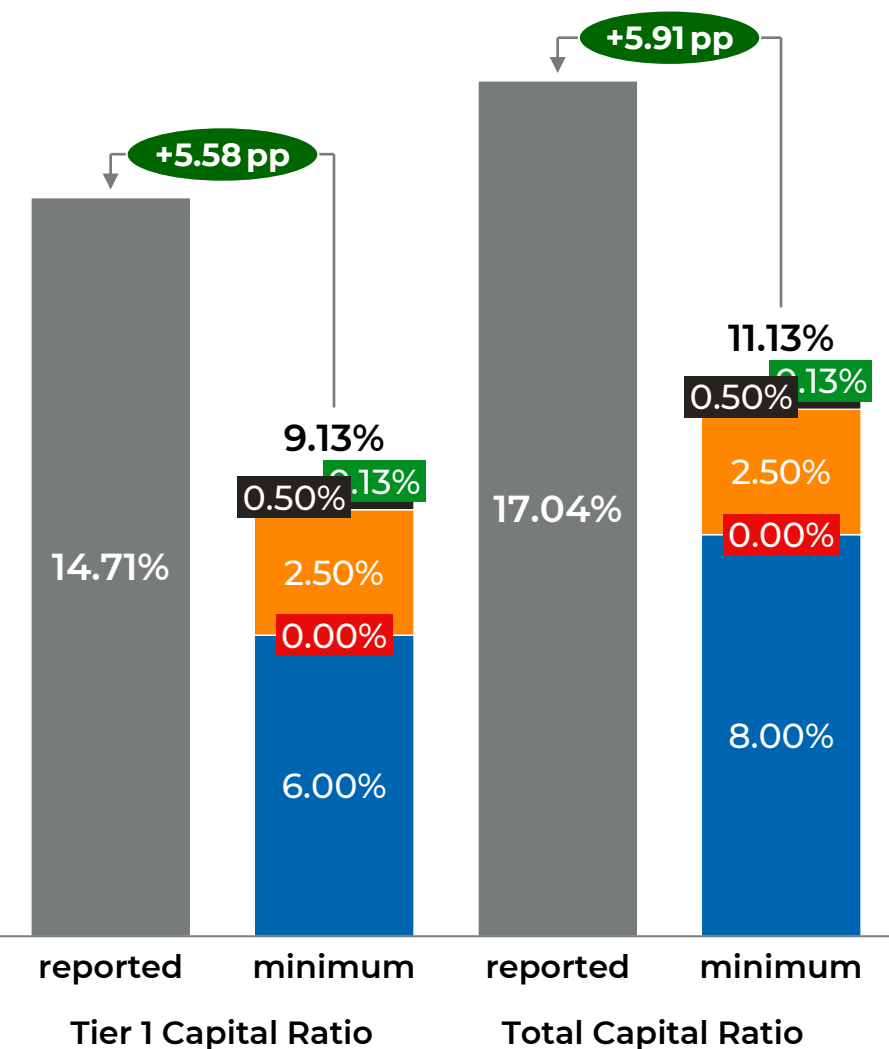
<sup>1</sup> bonds issued non-preferred senior (NPS) format

Note: The table does not include covered bonds issued by mBank Hipoteczny.

# Appendix: Selected Financial Data – Capital requirements

## Regulatory capital requirements for mBank Group

as of 31.12.2023

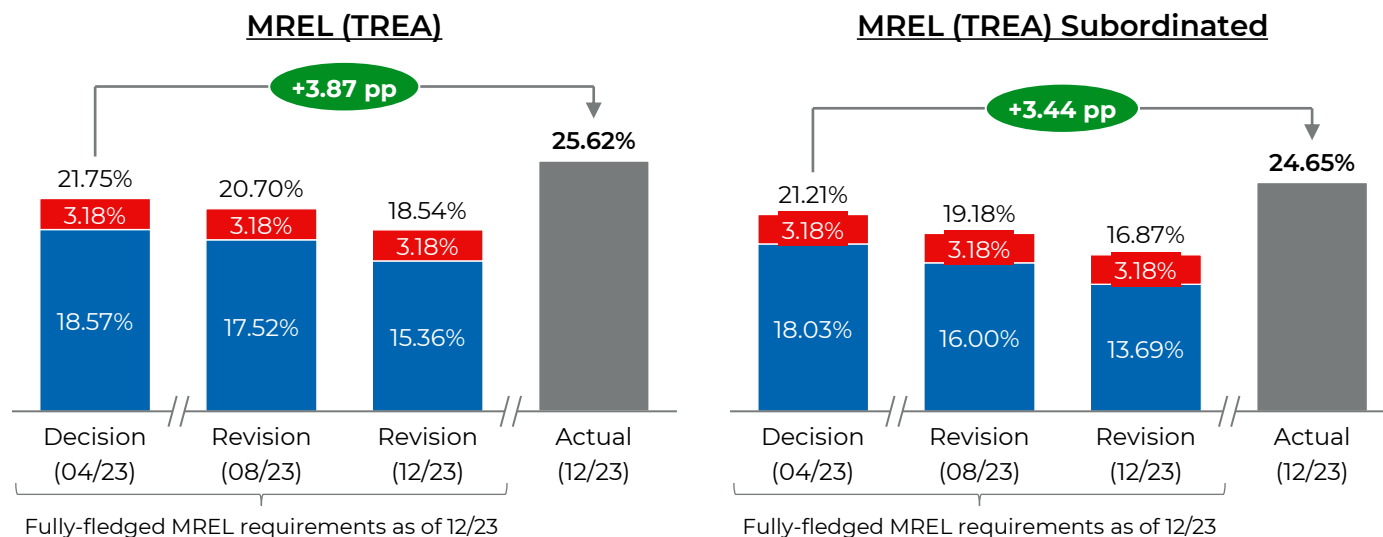


- Countercyclical Capital Buffer (CCyB)**, calculated as the weighted average of the CCyB rates that apply in the countries where the relevant credit exposures are located.
- Systemic Risk Buffer (SRB)**, originally set at 3.0% in Poland, reduced to 0% starting from 19.03.2020; for mBank it applies only 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.

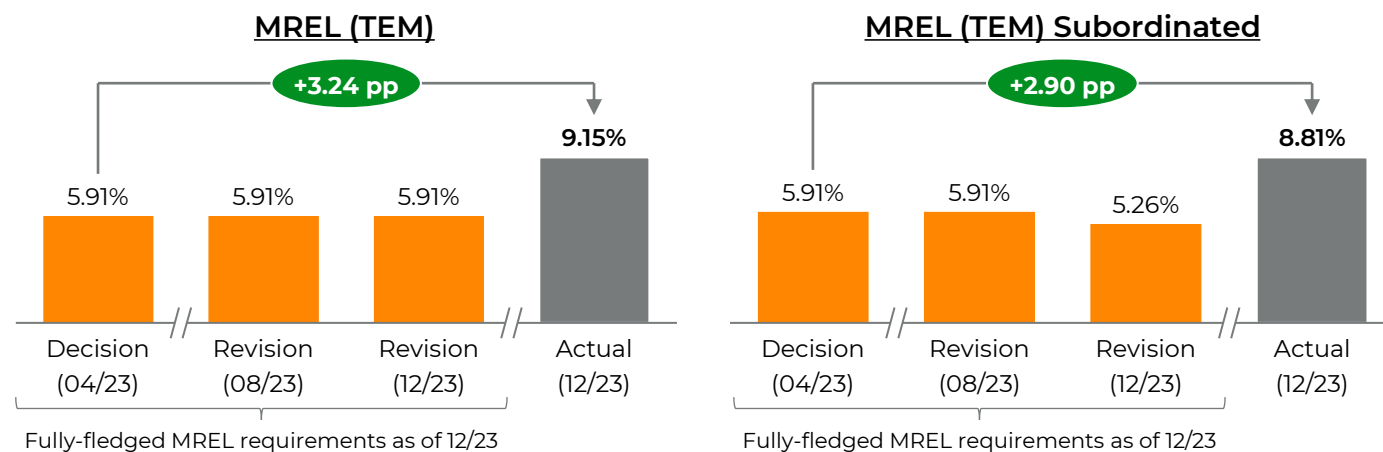
In December 2023, mBank received the decision of the Polish Financial Supervision Authority regarding the expiry of the additional capital requirement related to risk of foreign currency mortgage loans for households on both individual and consolidated basis. Latest level of the buffer imposed on mBank Group based on the decision dated 14.06.2023 amounted to 1.18 p.p. for Total Capital Ratio and by 0.89 p.p. for the Tier 1 capital ratio.

# Appendix: Selected Financial Data – MREL requirements

## Fulfilment of MREL requirements by mBank Group



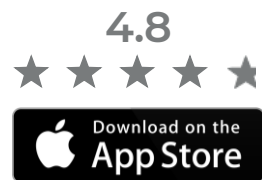
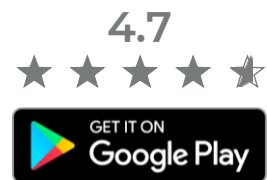
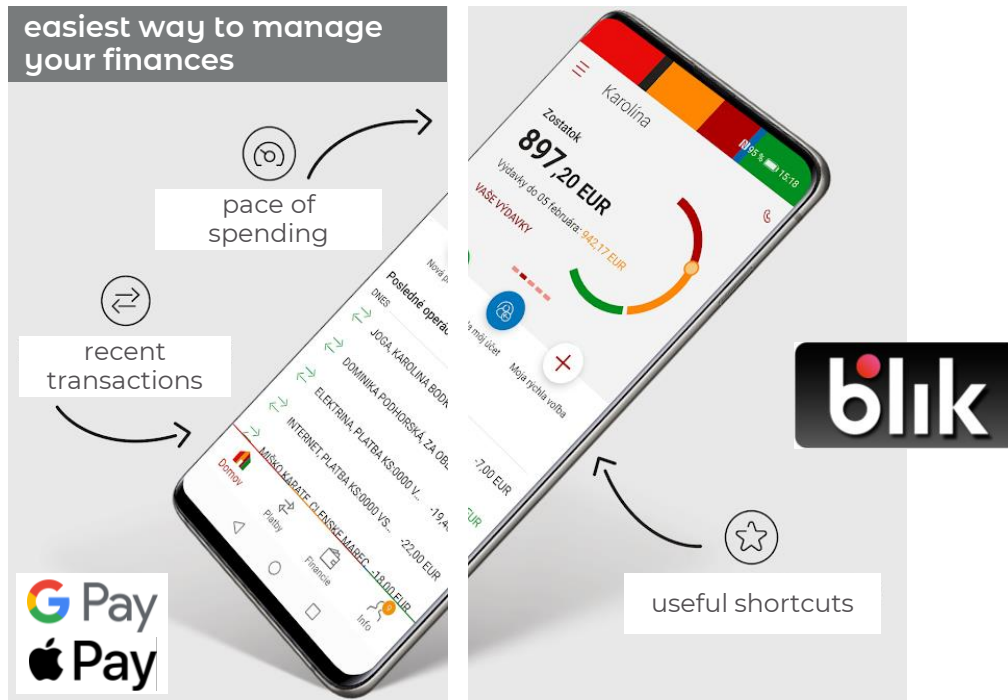
■ MREL requirement ■ CBR calculated on TREA (w/o mBH) as of 31.12.2023



- Based on MREL decision communicated to mBank on 12.04.2023, the fully-fledged MREL requirements set for mBank at the consolidated level, excluding mBank Hipoteczny, amounts to **18.57%** of TREA and **5.91%** of TEM. They were supposed to be reached by 31.12.2023.
- mBank also needs to keep the Combined Buffer Requirement (CBR) on top of the MREL<sub>TREA</sub> requirement.
- On 28.08.2023, BFG revised down fully-fledged MREL<sub>TREA</sub> requirements based on the reduced additional buffer related to FX mortgage loans (decreasing them to **17.52%** for MREL and **16.00%** for Subordinated MREL).
- On 22.12.2023, BFG recalculated again MREL<sub>TREA</sub> requirements considering decision of KNF on the expiry of additional capital requirement related to risk of FX mortgage loans. The revised fully-fledged MREL<sub>TREA</sub> requirements were set at **15.36%**, including for own funds and subordinated eligible liabilities at **13.69%**.
- The revised fully-fledged requirements become binding after the joint decision of Bank Guarantee Fund (BFG) and the Single Resolution Board (SRB).
- In order to ensure safe MREL position mBank issued NPS bonds with notional of EUR 750 M in Q3/23.
- Based on data as of 31.12.2023, **mBank fulfils its requirements with MREL<sub>TREA</sub> ratio of 25.62%** and the **MREL<sub>TEM</sub> ratio of 9.15%**.



# Appendix: A leading mobile banking offer for individual clients



## Mobile application to Junior Account

designed for children below 13 years old and suited to their needs



On average, **82%** of new mBank's clients activate mobile application in the first week from opening the account (in Q4/23)

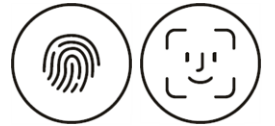
### Well-designed functionalities for client convenience



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



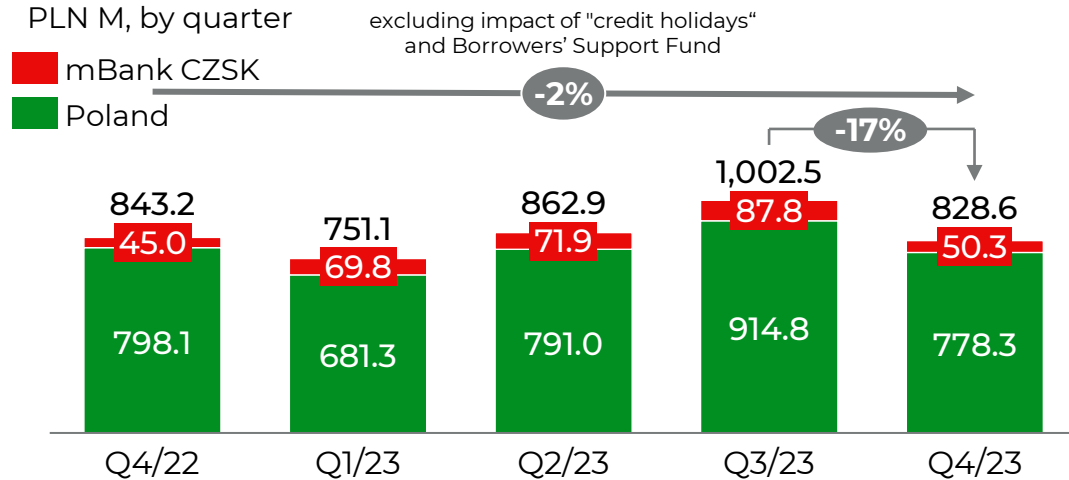
reminders from Payment Assistant and scanning of data to the transfer form from the invoices



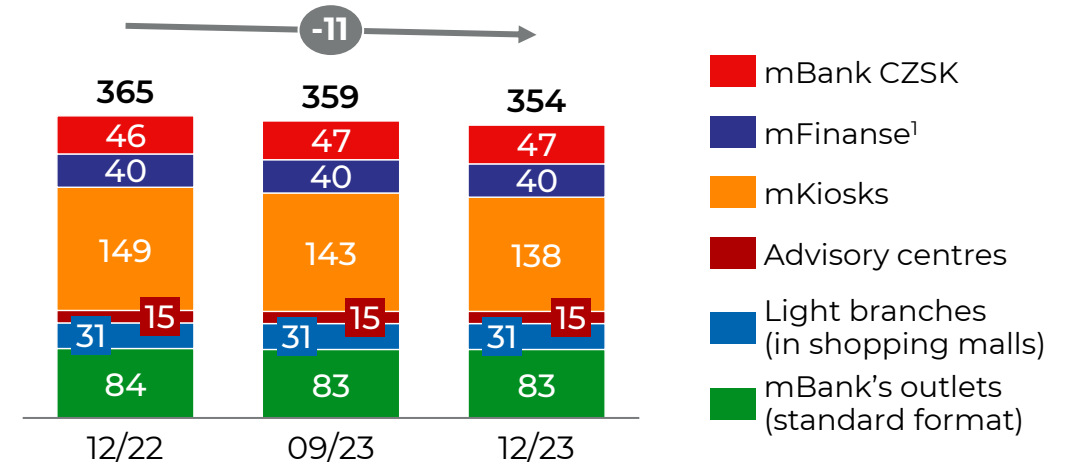
benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit)

# Appendix: Retail Banking – profit and network

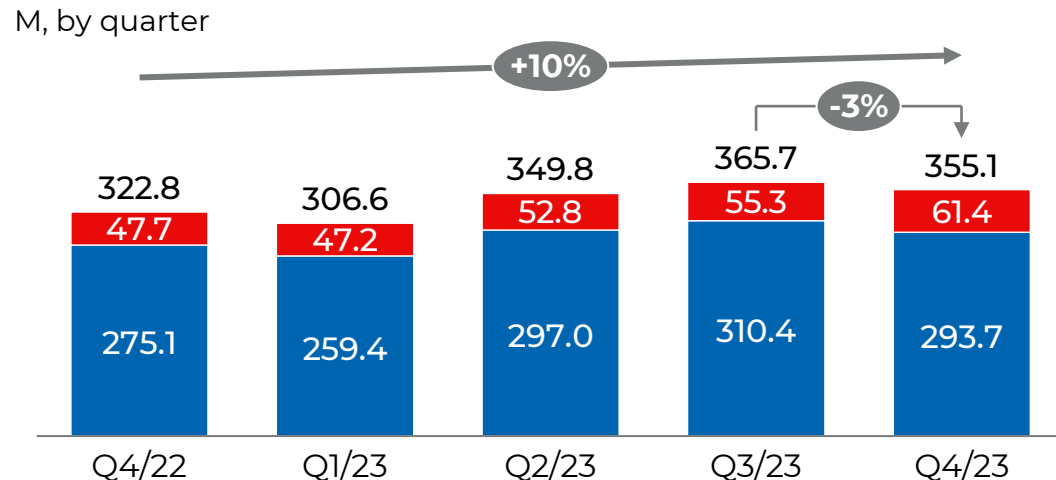
## Profit before income tax of the segment



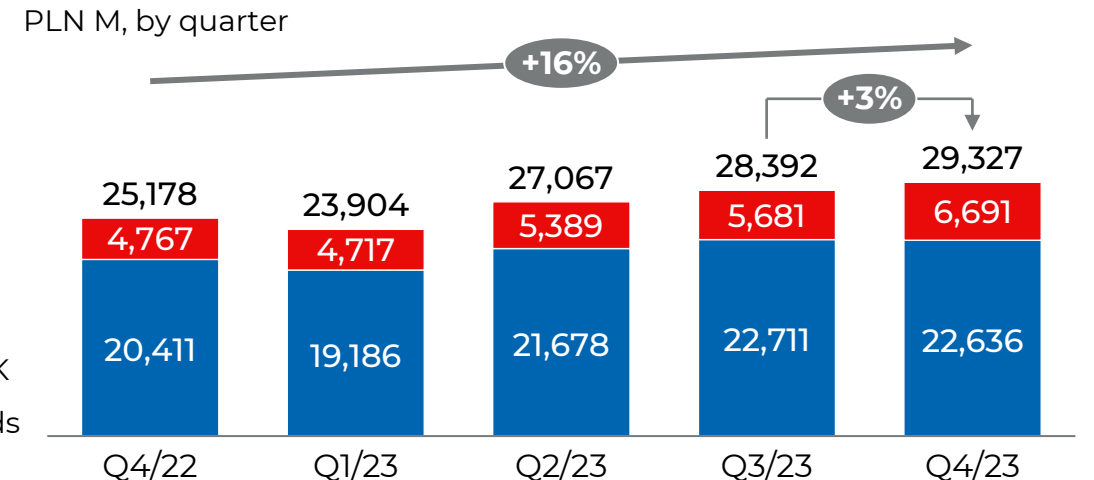
## Number of Retail Service Locations



## Number of non-cash payments with cards and BLIK



## Value of non-cash payments with cards and BLIK

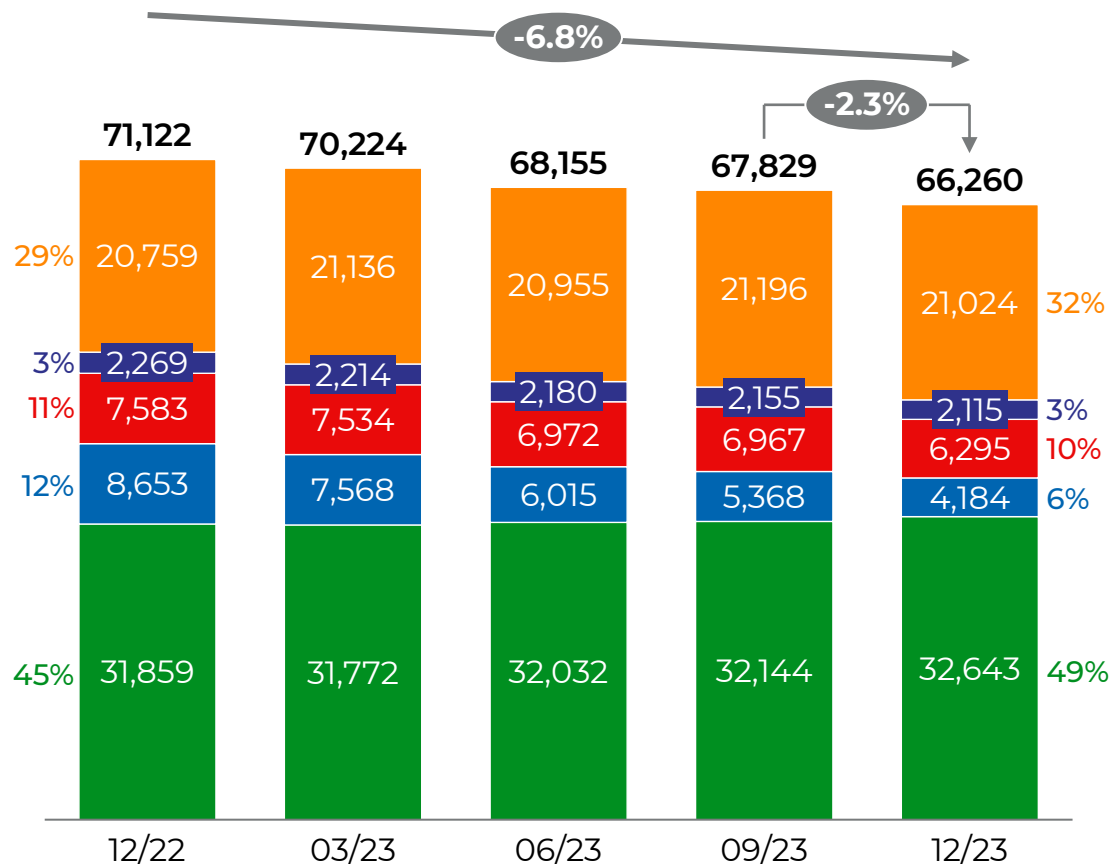


<sup>1</sup> Including financial centres and agency service points

# Appendix: Retail Banking – business volumes

## Development of gross loans to retail banking clients

PLN M



- PLN mortgage loans to individuals
- FX mortgage loans to individuals
- Mortgage loans granted in CZSK
- Mortgage loans to microfirms
- Non-mortgage loans

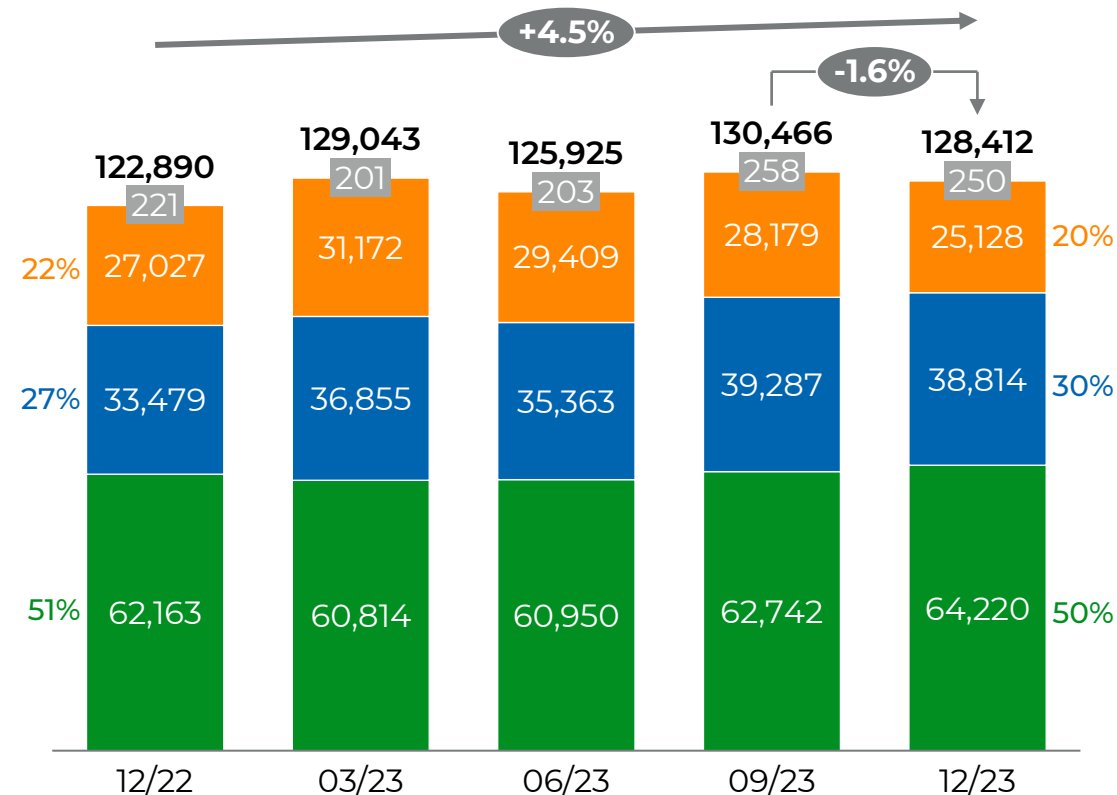
Note: Currency and geographical breakdown based on management information.

## Development of deposits from retail banking clients

PLN M

Customer funds invested via mBank's solutions (31.12.2023)

Investment funds	9,638
Brokerage assets	22,659

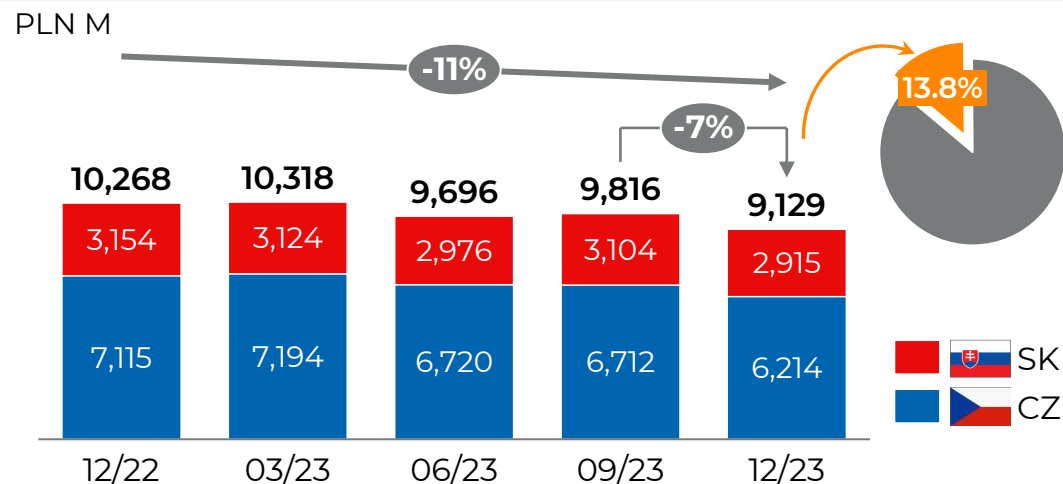


- Current accounts
- Saving accounts
- Term deposits
- Other

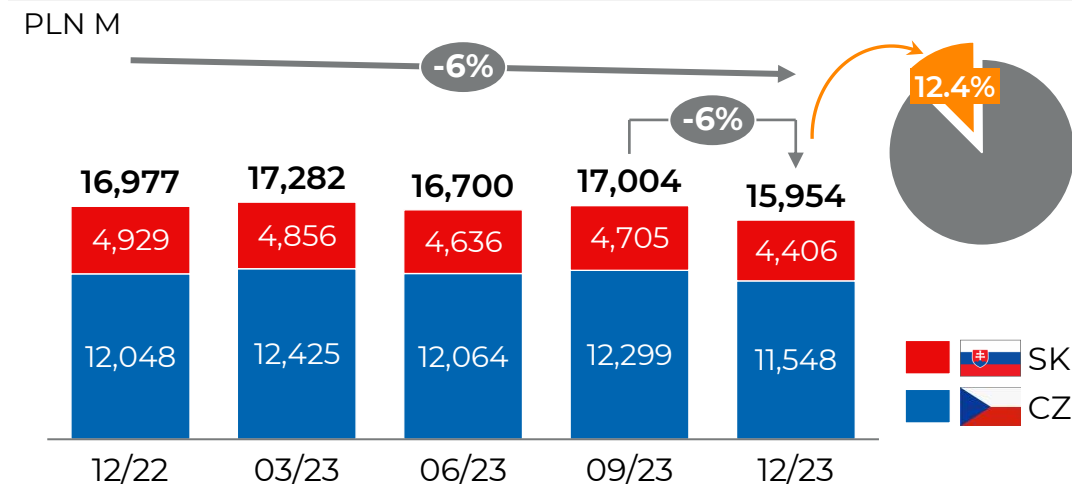
Note: Investment funds include mFunds (managed by mTFI), asset management strategies, mBank's Investment Funds Supermarket (in Poland and Slovakia) and external investment funds for private banking & wealth management.

# Appendix: mBank in the Czech Republic and Slovakia

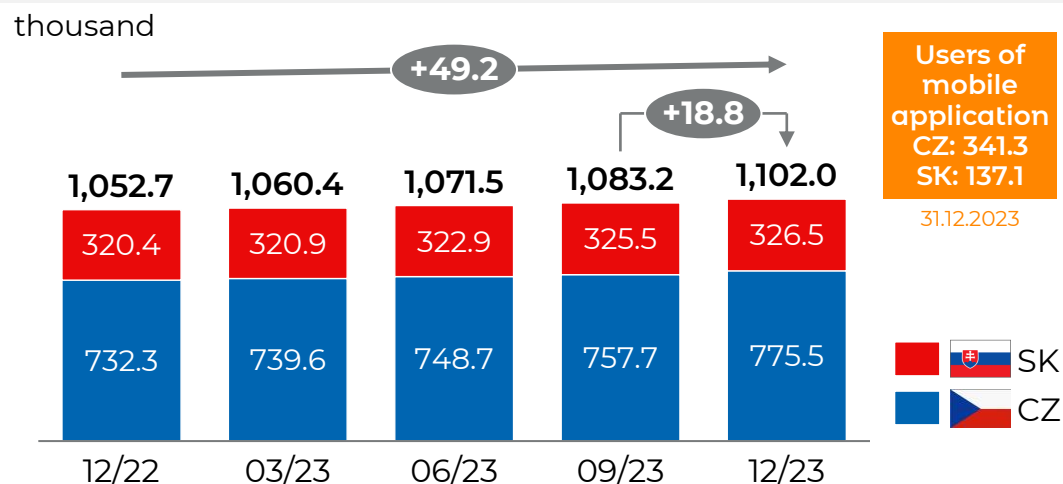
## Gross loans and share in total mBank's retail volume



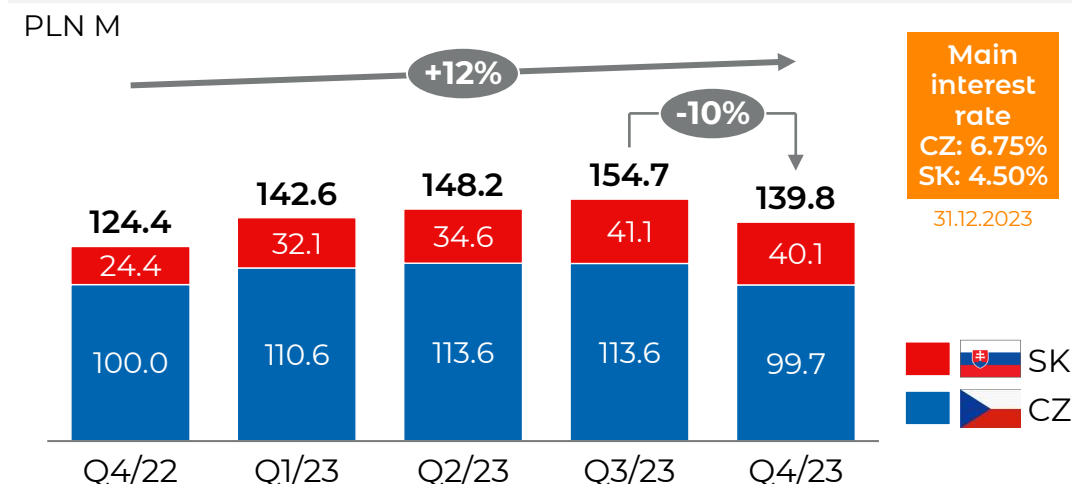
## Deposits and share in total mBank's retail volumes



## Number of clients



## Development of total revenues



Note: Volumes based on management information.

# Appendix: mBank in the Czech Republic and Slovakia

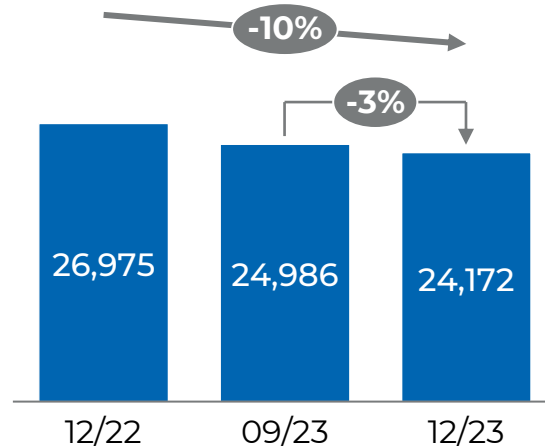


physical network:

7	light branches
7	financial centres
18	mKiosks

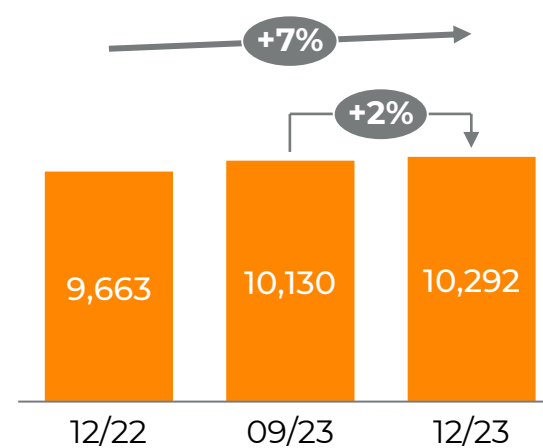
## Mortgage loans

CZK M



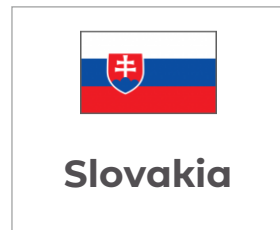
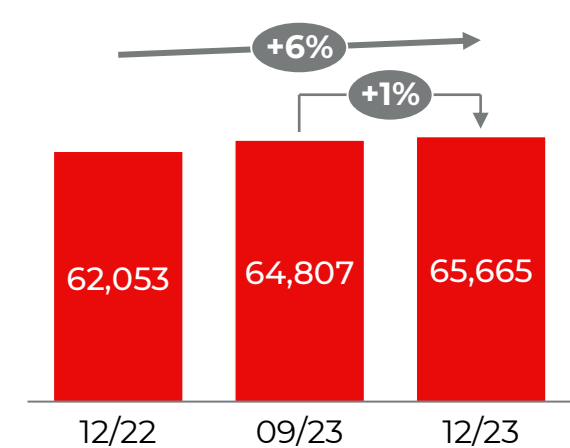
## Non-mortgage loans

CZK M



## Customer deposits

CZK M

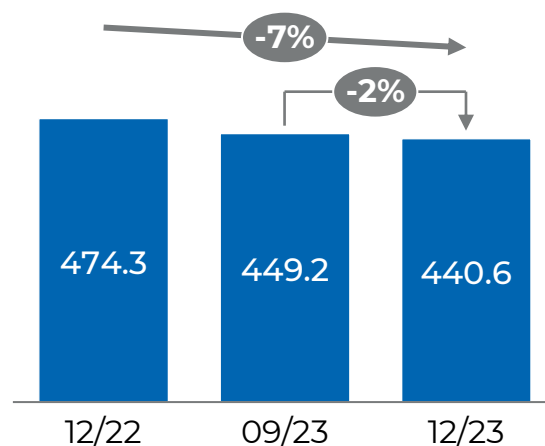


physical network:

2	light branches
4	financial centres
9	mKiosks

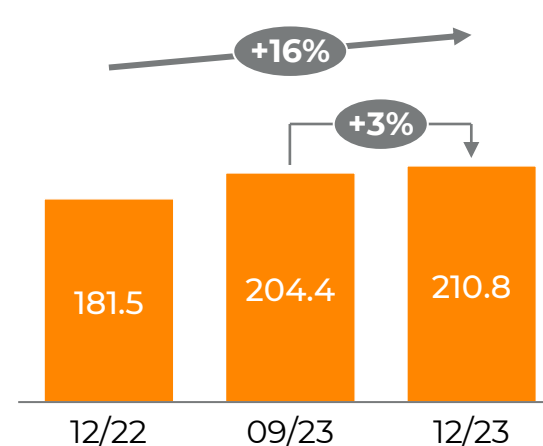
## Mortgage loans

EUR M



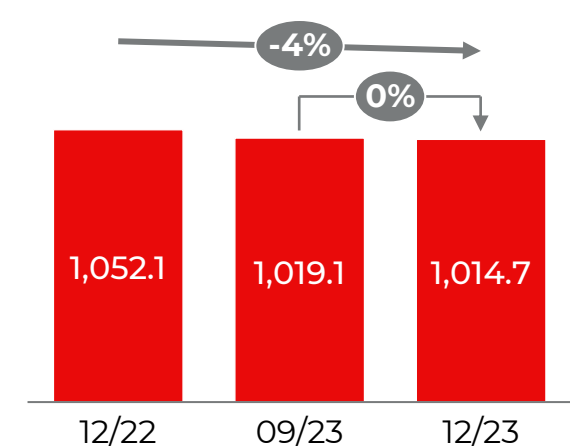
## Non-mortgage loans

EUR M



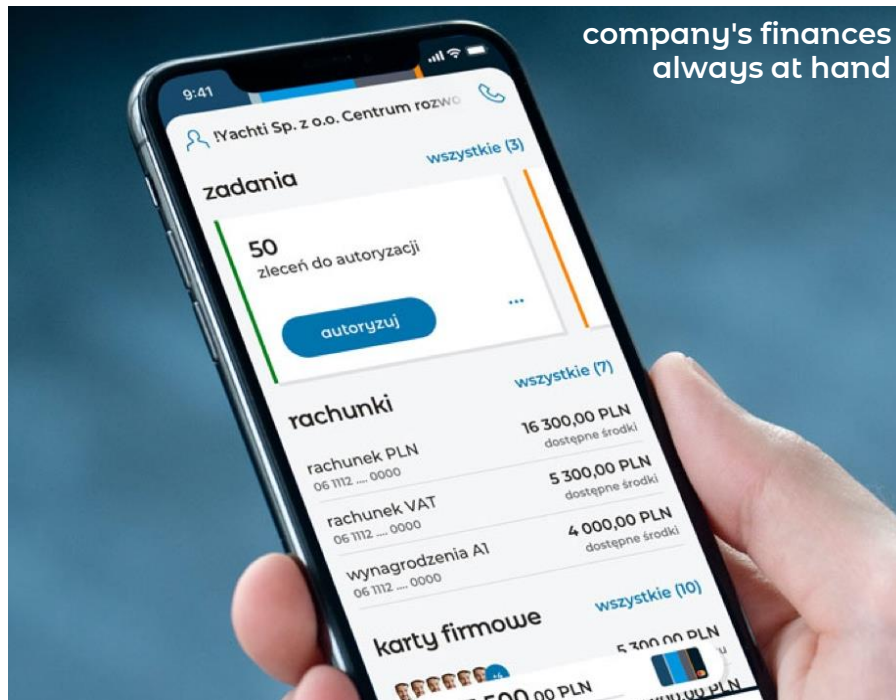
## Customer deposits

EUR M



Note: Volumes based on management information.

# Appendix: Best digital banking services for corporate clients



CompanyMobile  
CompanyNet



95.7% of corporate customers have at least one user logging in to mBank's mobile application every month (in Q4/23)

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



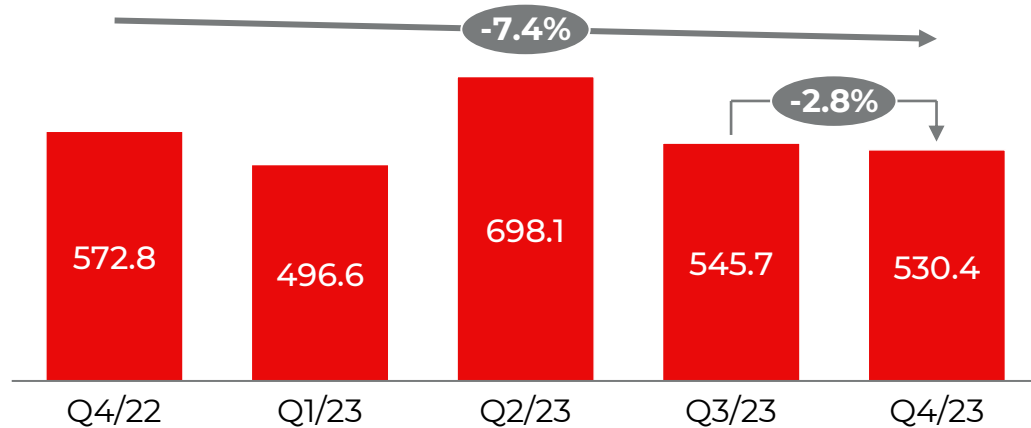
mAuto.pl online platform with an offer of new and used cars, financed by leasing or long-term rental



# Appendix: Corporate & Investment Banking – profit and network

## Profit before income tax of the segment

PLN M, by quarter

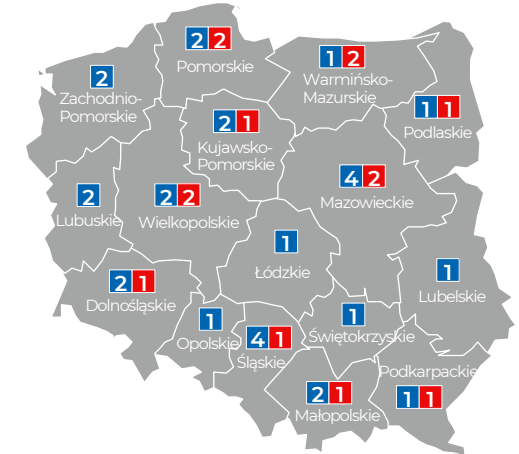


## Number of corporate service locations

as of 31.12.2023

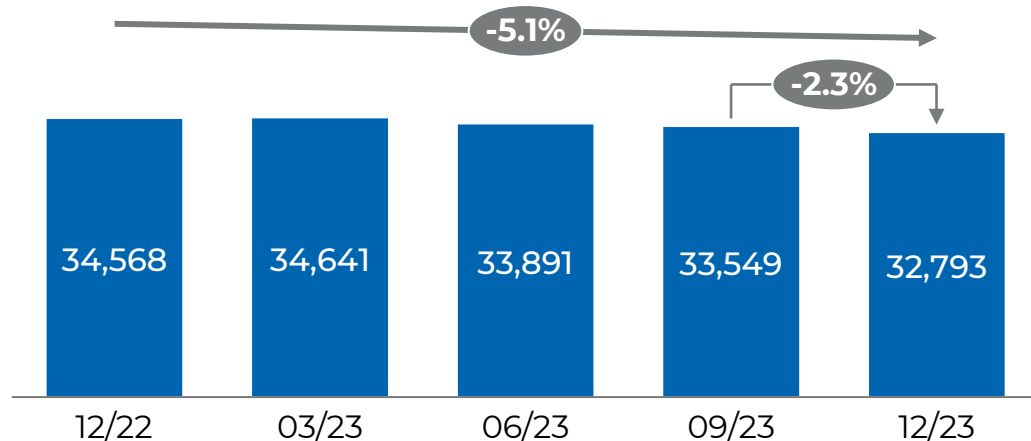
**29** mBank's branches,  
incl. 13 advisory centres

**14** mBank's offices



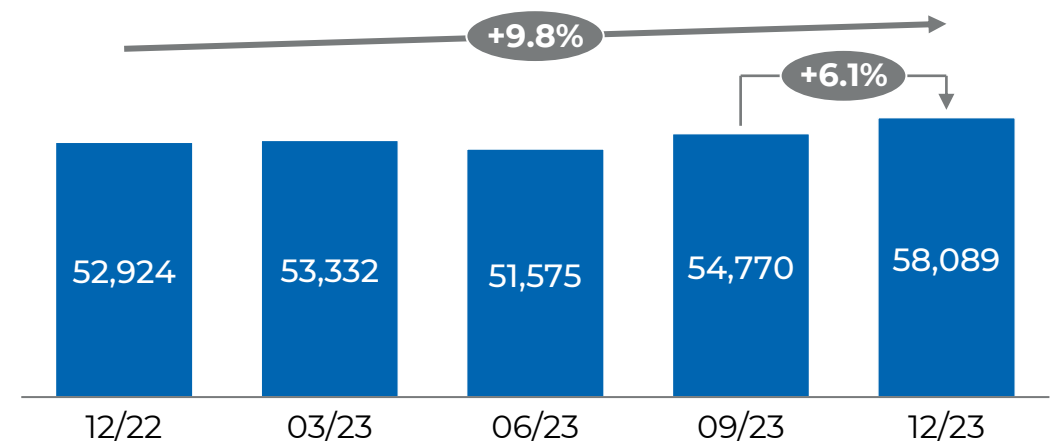
## Development of loans to enterprises<sup>1</sup>

PLN M



## Development of deposits from enterprises<sup>1</sup>

PLN M



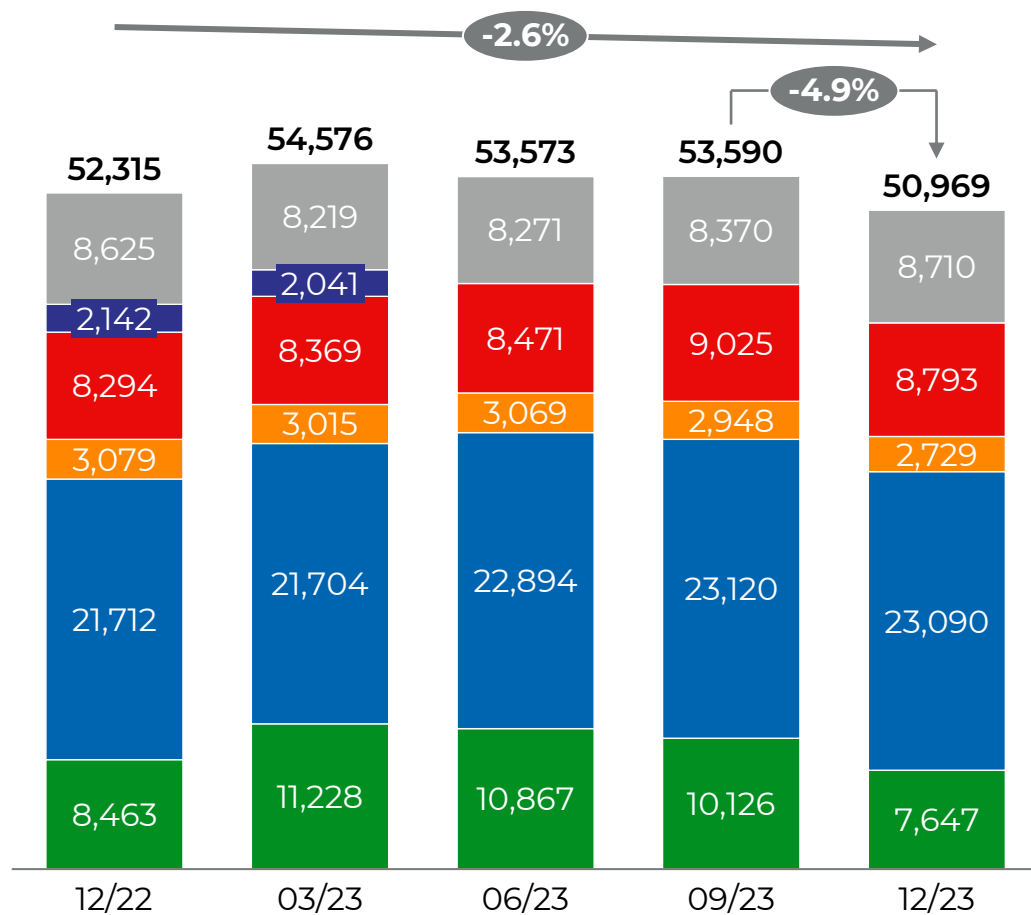
<sup>1</sup> Corporate loan and deposit volumes (for mBank and mBank Hipoteczny) according to NBP rules (monetary reporting system – MONREP)



# Appendix: Corporate & Investment Banking – business volumes

Development of gross loans to corporates and public sector

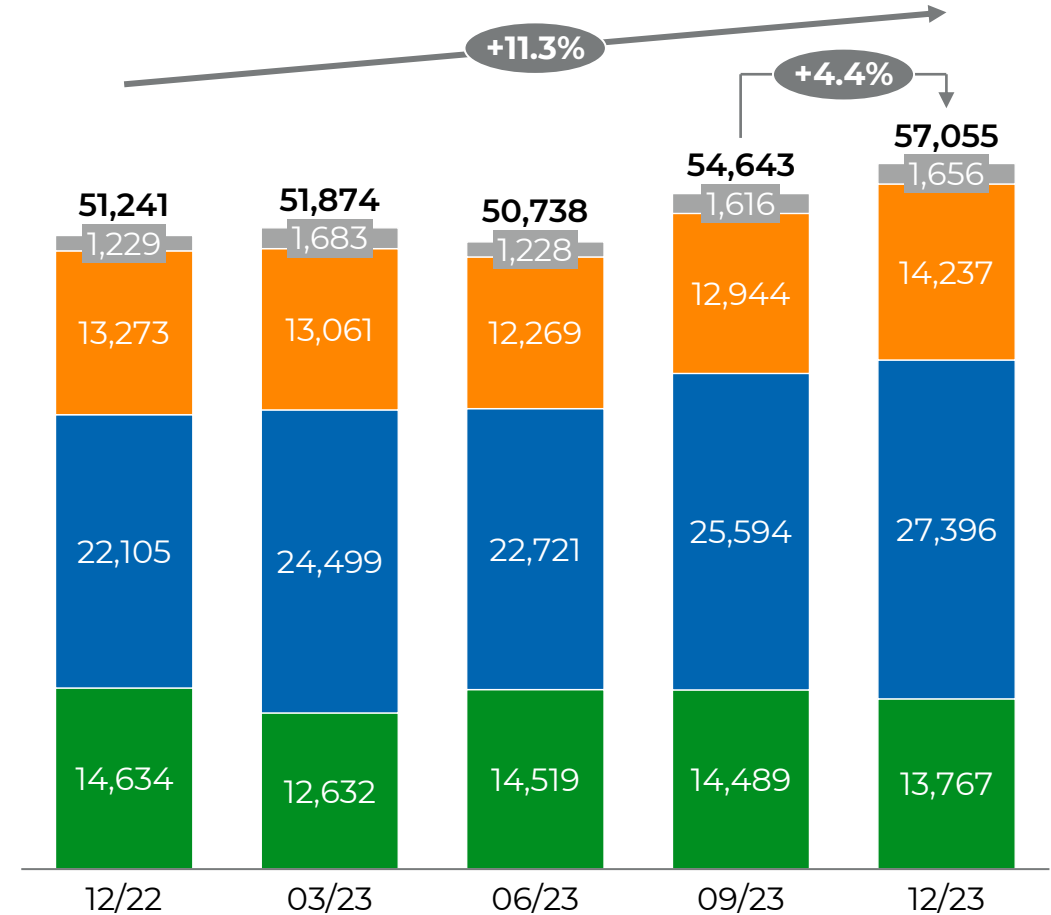
PLN M



■ K1 ■ K2 ■ K3 ■ mLeasing ■ Other  
■ mBank Hipoteczny (corporate exposures shifted to mBank in May 2023)

Development of deposits from corporates and public sector

PLN M



■ K1 ■ K2 ■ K3 ■ Other

Note: Corporate clients split: K1 – annual sales over PLN 1 B and non-banking financial institutions; K2 – annual sales of PLN 50 M to PLN 1 B; K3 – annual sales below 50 M and full accounting.

# Appendix: Complete solutions for e-commerce segment

mBank's unique payment gateway

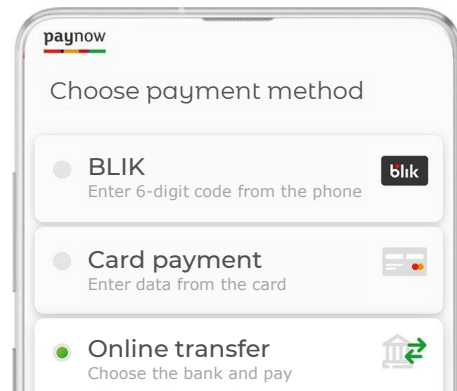
## paynow

Online payment processing solution (BLIK, pay-by-link, card) and a core of mBank's offering for e-commerce merchants (SME and corporate clients)



developed to provide a delightful digital shopping experience for the customer and the merchant

- quick and easy integration with merchant's online shop
- high processing capacity, especially for peaks in payment volumes (up to 200 transactions per second)
- convenient management through mBank's transactional service or panel adapted to mobile devices
- extended for new services, e.g. Mass Collect for corporates, payment links



Processed payments volume has been constantly growing: PLN 664 M in Q4/23, +85% YoY



Comprehensive value proposition for e-merchants



3 editions of special campaign and contest "Digital Revolutions" to support microfirms and SMEs in e-commerce expansion

- tools for opening and running an e-shop in cooperation with Sky-Shop (incl. an option to set up an online store for a 14-day free trial period)
- free-of-charge accounting helpline for e-commerce
- dedicated webinars, articles and blog for firms starting sales and already operating in Internet
- mOrganizer to handle invoices



professional accounting services for businesses

At the end of Q4/23, mBank serviced 558.8 thousand microfirms in Poland, +2.1 thousand YoY.

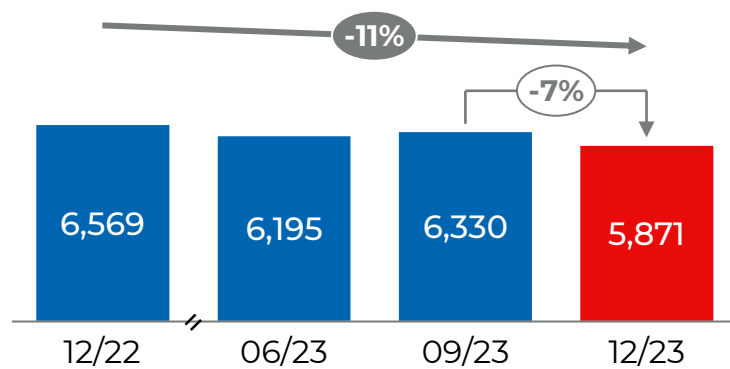


# Appendix: Performance of main subsidiaries of mBank

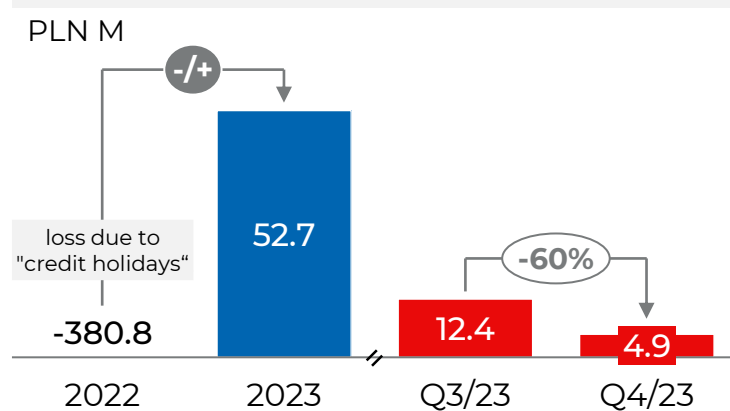
**m Bank Hipoteczny**  
 established in 1999

specialised mortgage bank and active issuer of covered bonds on both domestic and foreign markets

**Outstanding amount of covered bonds**  
 PLN M, nominal value, incl. private placement



**Company's profit before income tax**  
 PLN M

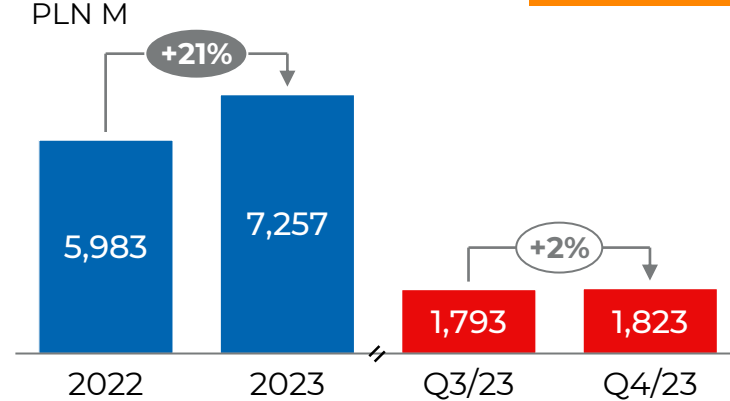


**m Leasing**  
 established in 1991

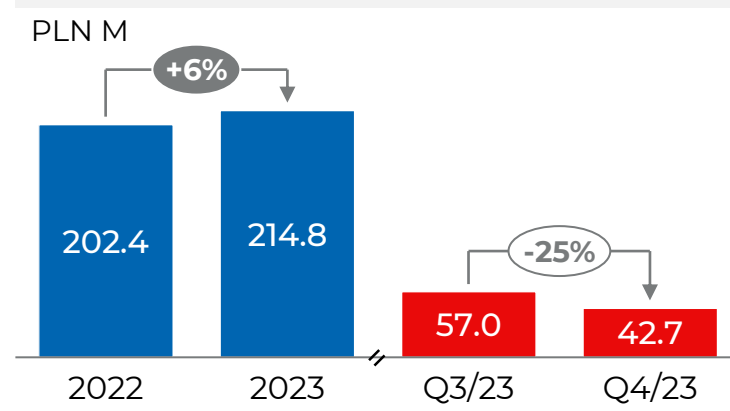
offered financing in the form of leasing of cars, trucks, machinery and real estate as well as car fleet management (CFM) services

**Leasing contracts**  
 PLN M

Market share in 9M/23: 7.5%



**Company's profit before income tax**  
 PLN M

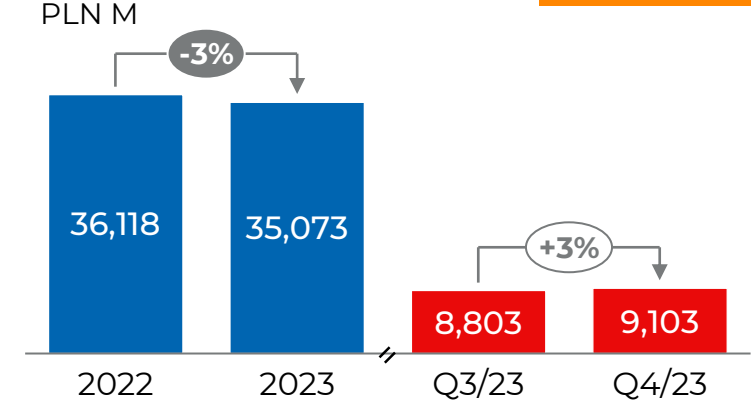


**m Faktoring**  
 established in 1995

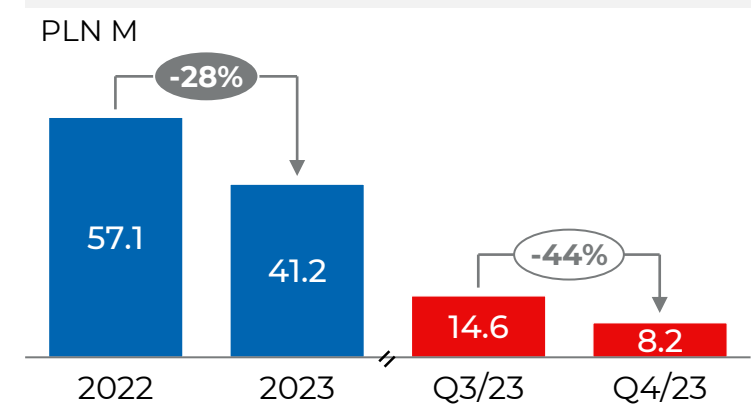
offered services include domestic and export recourse and non-recourse factoring and import guarantees

**Factoring contracts**  
 PLN M

Market share in 9M/23: 7.8%



**Company's profit before income tax**  
 PLN M



Source: Calculation based on data published by Polish Leasing Association (PLA) and Polish Factors Association (PFA).

# Appendix: Strategic financial targets of mBank Group

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

	measure	target level	execution in 2023		
<b>Efficiency</b> [in 2025]	Cost/Income ratio (C/I)	below 40%	28.5%	✓	supported by high interest rates offsetting inflationary pressure
<b>Stability</b> [in the mid-term]	Tier 1 capital ratio	year-end level min 2.5 p.p. above the PFSA requirement	+5.6 p.p.	✓	securitisation and selective new lending contributed to surplus
	Cost of risk (COR)	~0.80%	0.93%	✗	elevated due to one-off factors, while adjusted at the level of ~0.73%
<b>Growth</b> [CAGR till 2025]	Dynamics of loans	average 2022-2025: ~3%	-5.0% YoY	✗	weakened by negative adjustments related to CHF exposure
	Dynamics of deposits	average 2022-2025: ~6%	+6.5% YoY	✓	fuelled by inflows in both retail and corporate segments
	Dynamics of total revenues	average 2022-2025: 4-5% <sup>1</sup>	+16.8% YoY	✓	driven by record-high net interest income despite weaker net fees
<b>Profitability</b> [in 2025]	Net interest margin (NIM)	above 3.0%	4.2%	✓	thanks to higher loan pricing and active deposit management
	Return on equity (ROE)	~14%	0.2%	✗	depressed by legal costs related to CHF loans, while core ROE at 40.0%

<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

# Appendix: Historical financial results of mBank Group

PLN million	2019	2020	2021	2022	2023	Δ YoY
Net interest income	4,002.8	4,009.3	4,126.3	5,924.0	8,873.5	+49.8%
Net fee and commission income	1,270.6	1,508.3	1,867.8	2,120.1	1,915.9	-9.6%
Net trading and other income	251.0	349.2	117.1	-187.2	12.9	-/+
Total income	5,524.4	5,866.8	6,111.1	7,856.9	10,802.3	+37.5%
Total costs	-2,329.2	-2,411.1	-2,456.9	-3,319.2	-3,074.4	-7.4%
Loan loss provisions and fair value change	-793.8	-1,292.8	-878.6	-849.3	-1,105.5	+30.2%
Operating profit before legal provisions and taxes	2,401.5	2,162.8	2,775.7	3,688.4	6,622.3	+79.5%
Costs of legal risk related to FX loans	-387.8	-1,021.7	-2,758.1	-3,112.3	-4,908.2	+57.7%
Taxes on the Group balance sheet items	-458.7	-531.4	-608.6	-684.2	-743.6	+8.7%
Income tax	-544.8	-506.0	-587.8	-594.5	-946.5	+59.2%
Net profit or loss	1,010.4	103.8	-1,178.8	-702.7	24.1	-/+
Total assets	158,353	178,861	198,373	209,892	226,981	+8.1%
Gross loans to customers	108,170	111,912	120,856	123,437	117,229	-5.0%
Individual clients	59,993	65,655	72,871	71,122	66,260	-6.8%
Corporate clients	47,786	46,025	47,832	52,207	50,836	-2.6%
Customer deposits	113,184	133,672	157,072	174,131	185,467	+6.5%
Individual clients	77,664	97,976	112,446	122,890	128,412	+4.5%
Corporate clients	34,702	35,250	44,018	49,981	56,439	+12.9%
Total equity	16,153	16,675	13,718	12,715	13,737	+8.0%
Net interest margin	2.7%	2.3%	2.2%	3.7%	4.2%	+0.5pp
Cost/Income ratio	42.2%	41.1%	40.2%	42.2%	28.5%	-13.7pp
Cost of risk	0.79%	1.20%	0.76%	0.69%	0.93%	+0.24pp
Return on equity (ROE)	6.4%	0.6%	-7.2%	-5.3%	0.2%	+5.5pp
Tier 1 capital ratio	16.5%	17.0%	14.2%	13.8%	14.7%	+0.9pp
Total Capital Ratio	19.5%	19.9%	16.6%	16.4%	17.0%	+0.6pp

# Appendix: mBank's share price performance

Banking stocks recovered significantly in 2023 due to improved sentiment and lower risks

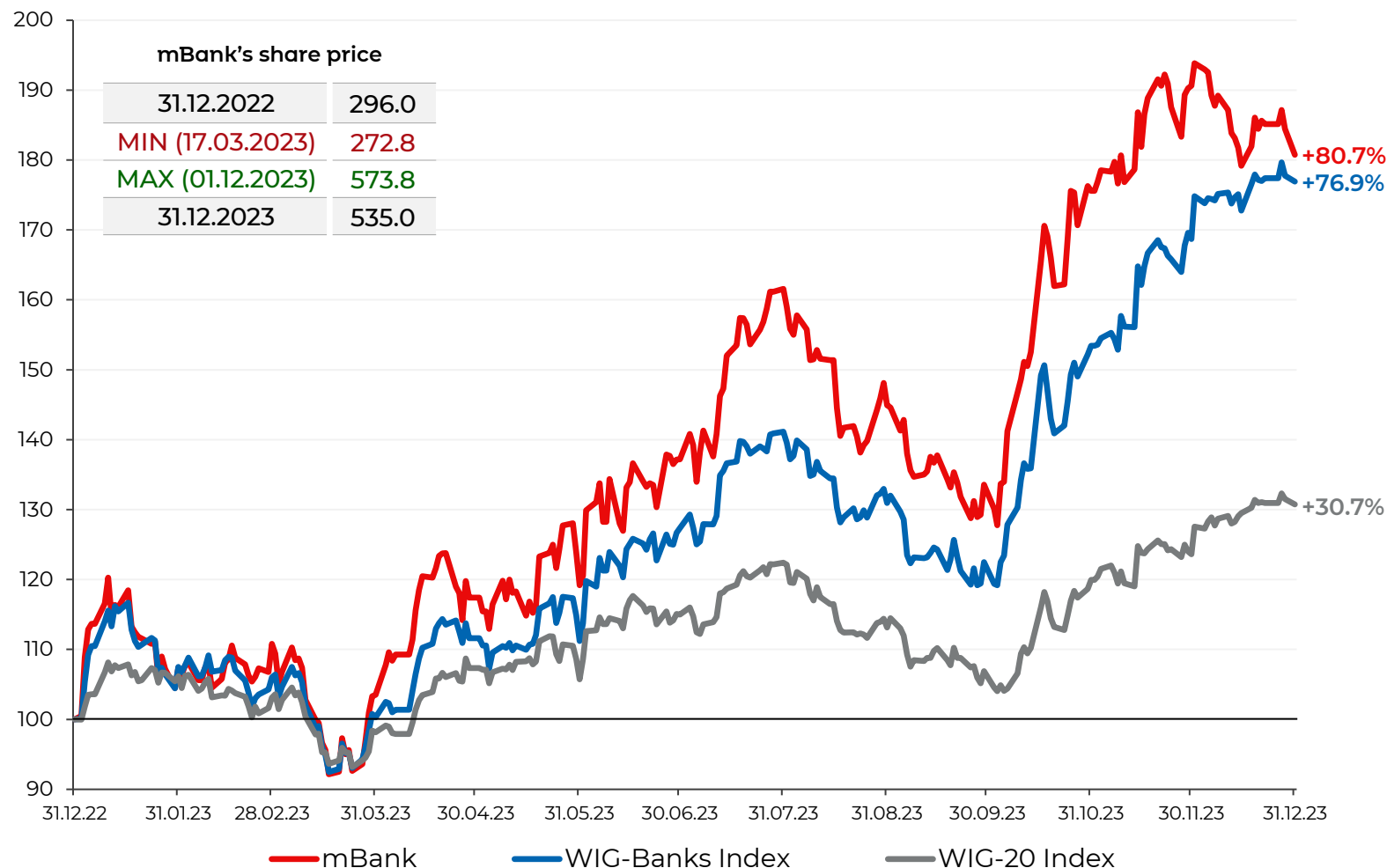
## mBank's index membership and weights as of 31.12.2023

WIG20	<b>WIG20</b>	2.395%
WIG30	<b>WIG30</b>	2.340%
WIG	<b>WIG</b>	1.740%
WIG-Banks	<b>WIGbanki</b>	6.033%
WIG-ESG	<b>WIGESG</b>	2.877%
WIG-Poland	<b>WIGPoland</b>	1.783%

- mBank has been listed on the Warsaw Stock Exchange since October 1992
- A strategic shareholder, Germany's Commerzbank, owns 69.12% of shares

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 465 167

## mBank's share performance v. main indices (rebased to 100) – last 12 months



Source: WSE, Bloomberg (data as of 31.12.2023).

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# Contact details

## Karol Prażmo

Managing Director for Treasury and Investor Relations

+48 607 424 464

[karol.prazmo@mbank.pl](mailto:karol.prazmo@mbank.pl)

## Joanna Filipkowska

Head of Investor Relations

+48 510 029 766

[joanna.filipkowska@mbank.pl](mailto:joanna.filipkowska@mbank.pl)

## Paweł Lipiński

+48 508 468 023

[pawel.lipinski@mbank.pl](mailto:pawel.lipinski@mbank.pl)

## Marta Polańska

+48 508 468 016

[marta.polanska@mbank.pl](mailto:marta.polanska@mbank.pl)



mBank's Investor Relations at your service:  
E-mail address: [investor.relations@mbank.pl](mailto:investor.relations@mbank.pl)

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