

Results of mBank Group Q2 2016

A solid quarter, full-year targets on track

Management Board of mBank S.A.

Investor Presentation

July 28, 2016



Key highlights of Q2 2016

Core revenues of PLN 894.1 M remained at high levels

- NII at PLN 684.4 M (+13.0% YoY), as volume re-pricing continued
- NFC at PLN 209.7 M (-9.0% YoY), on lower business volumes

Solid efficiency maintained

- Recurring C/I ratio at 51.6%

Profit & Loss

Excess deposit funding

- Loan-to-Deposit ratio at 94.7%

Capital ratios well above regulatory requirements

- CET 1 Ratio at 15.6%/18.6%²
- Total Capital Ratio at 18.3%/21.8%²

Issues of covered bonds add to long-term financing sources

Capital & Liquidity

Business development

Sound volume development

- Gross loans at PLN 83.9 B (+3.5% QoQ, +5.4% YoY)¹
- Customer deposits at PLN 85.3 B (+4.6% QoQ, +16.6% YoY)¹

Focus on higher margin lending

- Mortgage loan sales at PLN 1.5 B in H1/16 (-20% YoY); non-mortgage loan sales at PLN 3.1 B (+24% YoY)

New mBank Group's strategy for 2016-2020

- Business actions based on 3 pillars: empathy, mobility, efficiency
- Ambitious financial targets

Accelerating client acquisition

- 5,146 thou. retail clients (+403 thou. YoY) and 20,220 corporate clients (+1,566 YoY)

Total revenues exceeded PLN 1.2 B on Visa gains

**Net Profit of PLN 388.5 M,
+26.2% compared to Q1/16**

¹ Volume dynamics presented excl. reverse repo / buy-sell-back transactions and repo transactions, respectively; ² Stand-alone capital ratios

Agenda

mBank Group's Strategy for 2016-2020

Summary of Q2/16 in mBank Group

- Key Financials

- Client acquisition and Market shares

- Development of retail and corporate business

Analysis of Q2/16 Results

- Development of Loans and Deposits

- Development of Income and Costs

- Loan Portfolio Quality

- Funding Structure Details

- Capital and Liquidity Ratios

Macroeconomic Update

Appendix

- Additional Information: Selected Financial Data

- Detailed Results of Business Lines

mBank Group's Strategy for 2016-2020

New mission emphasizes focus on being close to clients and taking advantage of the mobile revolution



*To help.
Not to annoy.
To delight...
Anywhere.*

mBank Group's Strategy for 2016-2020

Key three trends to focus

1

Client era



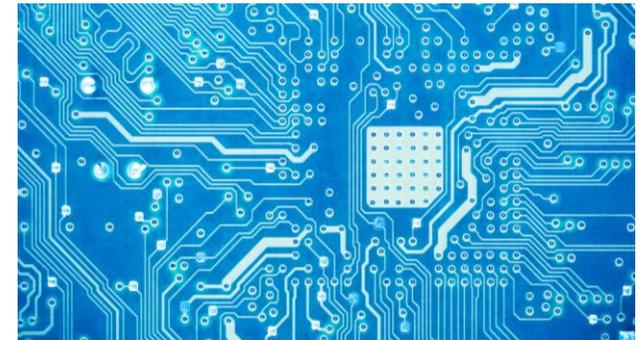
2

Mobile era



3

Efficiency era



mBank Group's Strategy for 2016-2020



Today banks operate in a client area

Banks want to be close to clients and satisfy their needs in key moments of truth

mBank will realize customers' needs exactly how and when they want



mBank's approach relevant for each stage of the customer journey



NEED: Authentic **need** of the client will be realized...



EASE: ... in a **simple and friendly** manner, almost unnoticeable...



EXPERIENCE: ... creating **positive emotion** in line with the brand promise

mBank Group's Strategy for 2016-2020

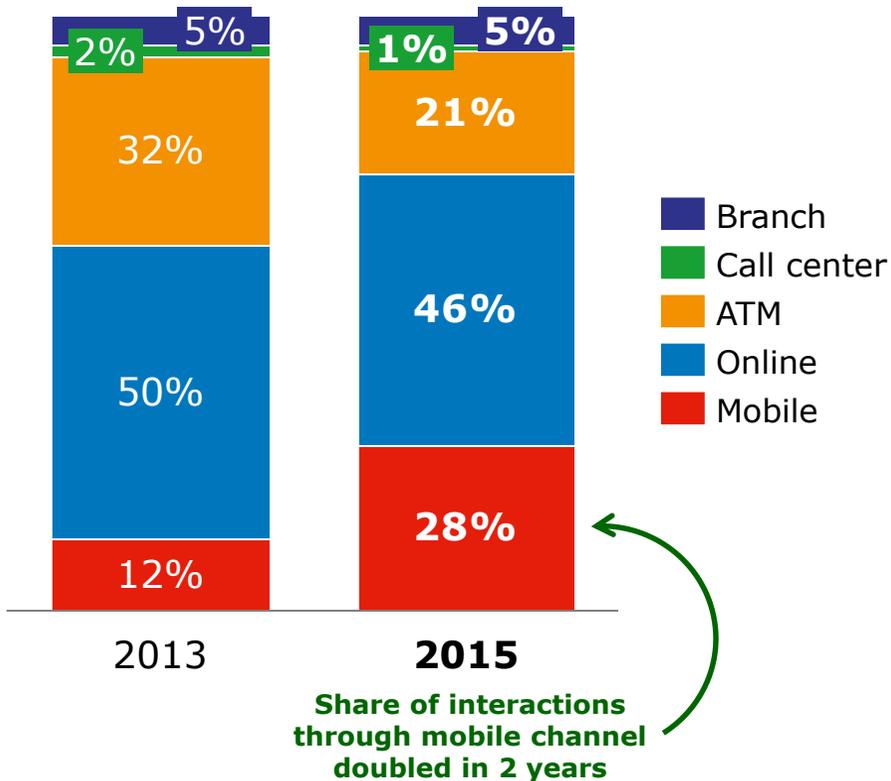


Today banks operate in a mobile era

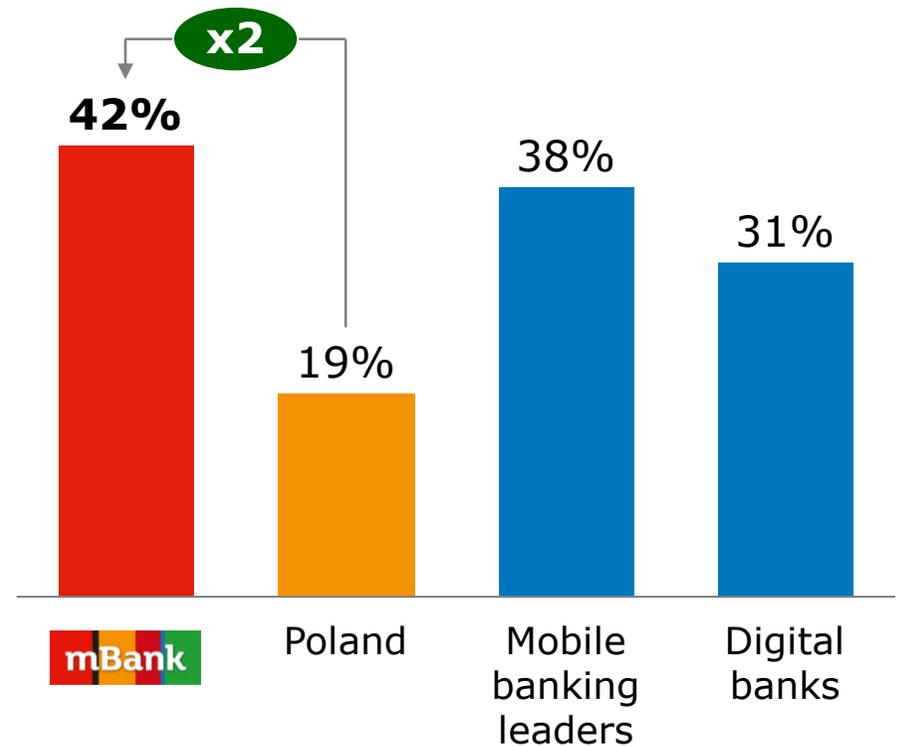
Smartphone revolution moves forward

mBank will strengthen its advantage in mobile banking

Evolution of client-bank interactions in Poland by contact channel

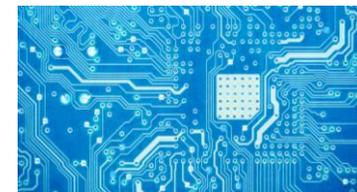


Clients using mobile banking as percentage of active clients in 2015



Source: Bain&Company, Finalta 2015 (145 banks globally, Top-6 banks in Poland).

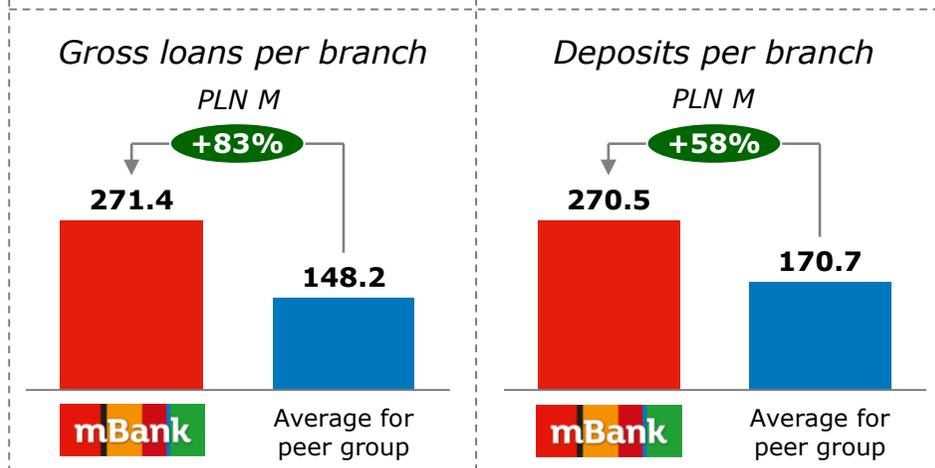
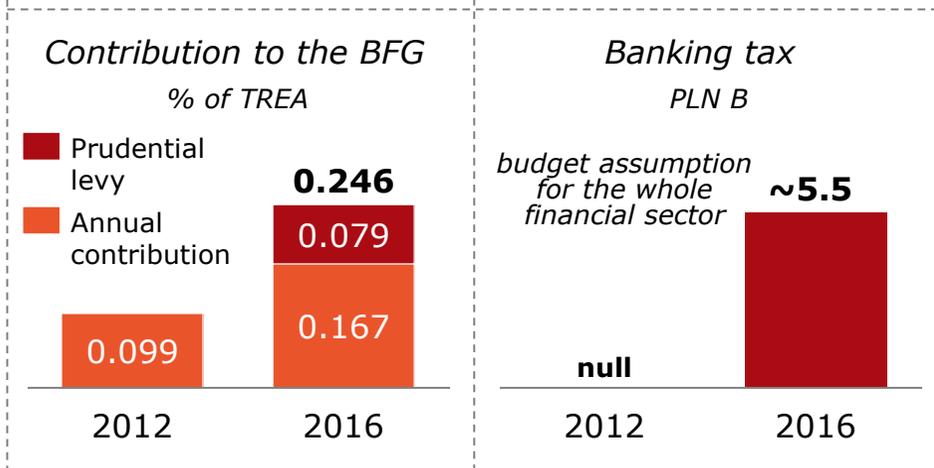
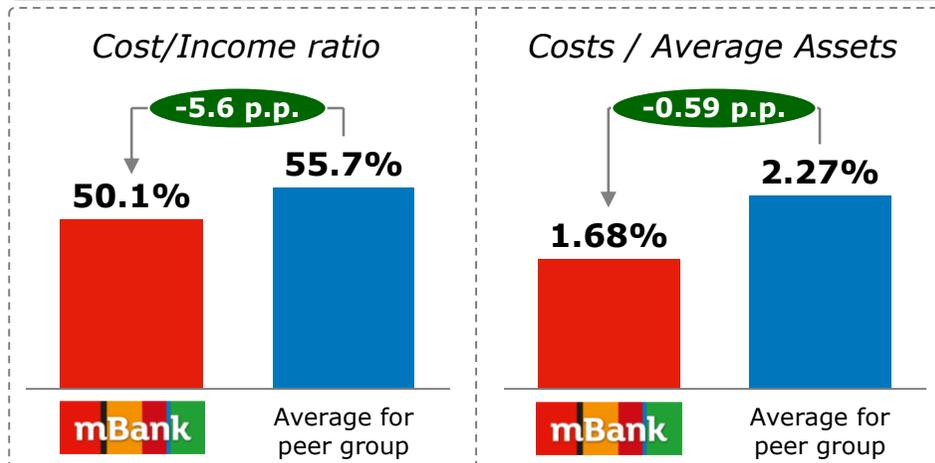
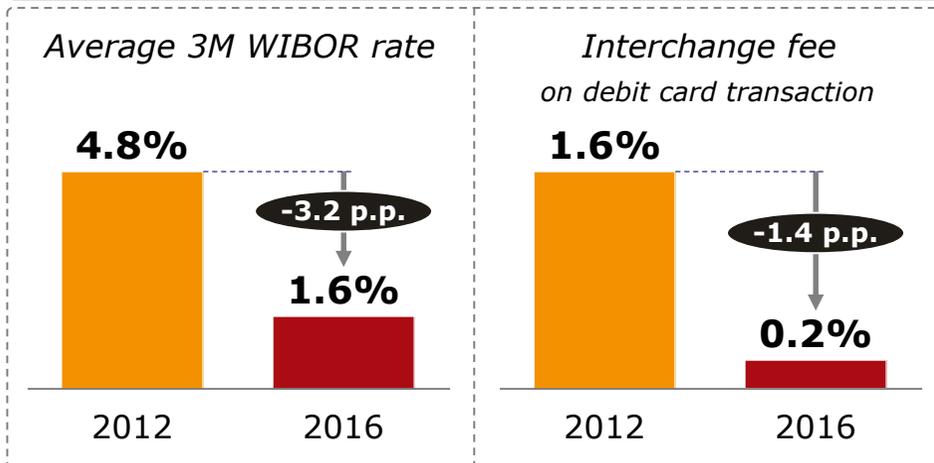
mBank Group's Strategy for 2016-2020



Today banks operate in an efficiency era

The golden age for banks is over

mBank will further build on its light, efficient business model



Source: mBank's calculations based on banks' consolidated financial statements, Bloomberg, BFG.

Note: All figures as of 2015FY. Peer group consists of Top-8 listed Polish banks.

mBank Group's Strategy for 2016-2020

Strategy sets the azimuth in a dynamically changing environment



1

Empathy



How to satisfy our clients and make banking friendly?

2

Mobility



How to build a dominant position as a mobile bank?

3

Efficiency



How to manage our resources efficiently?

mBank Group's Strategy for 2016-2020

Specific business actions will be based on three strategy pillars

1

Empathy

- **Offer the best customer experience** i.e. give clients what they need just in time they need
- **Make banking easy**
- **Focused customer acquisition** oriented on **development of active client base**, incl. mBank's aspiration to acquire 1/3 of the young entering the banking market
- **Broaden the sources of information about the client** to target our offer more precisely



2

Mobility

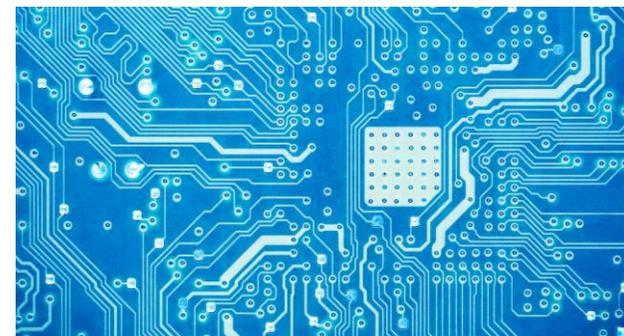
- **Be the point of reference** in terms of **mobile banking**
- **Offer the best** (most convenient, hassle-free, intuitive and engaging) **mobile application on the banking market**
- **Enhance 'mobile first' distribution approach** within the multichannel model
- **Minimize the functionality gap** between mobile and internet
- **Expand base of active mobile app users** and sales via mobile channel



3

Efficiency

- **Grow while keeping the FTE base at current level**
- **Increase average revenues per client** every year
- **Enhance assets profitability** through an active management of balance sheet structure
- **Strengthen funding independence** through rising volume of covered bonds and clients transactional deposits
- Simplify, streamline, automate and **digitalise all processes to be a paperless bank**



mBank Group's Strategy for 2016-2020

Financial performance targets – 5 key measures

	Financial measure	Target point
1	Cost efficiency: Cost/Income ratio	Top3 in Poland, every year to be one of three most efficient listed banks in Poland
2	Owner's capital profitability: Return on Equity (ROE net)	Top3 in Poland, every year to be among the three most profitable listed banks in Poland, assuming ROE adjusted for dividend payment
3	Balance sheet profitability: Return on Assets (ROA net)	Top3 in Poland, in 2020 to be one of three listed banks in Poland with the highest ROA
4	Capital position in terms of core capital: CET 1 ratio	Maintain CET 1 ratio min. 1.5 p.p. above capital requirement for mBank and the ability to pay dividend every year
5	Financial stability and liquidity: Loan-to-Deposit ratio	Maintain L/D ratio at the level not significantly higher than 100% , every year

Agenda

mBank Group's Strategy for 2016-2020



Summary of Q2/16 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

Analysis of Q2/16 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

Macroeconomic Update

Appendix

Additional Information: Selected Financial Data

Detailed Results of Business Lines

Summary of Q2/16 in mBank Group

Key Financials: Profit and Loss Account

<i>in PLN million</i>	Q2/16	Q2/15	<i>Change YoY</i>	Q1/16
Net interest income	684.4	605.5	+13.0%	676.4
Net Fee and Commission income	209.7	230.3	-9.0%	211.7
Total income	1,203.0	884.8	+36.0%	1,008.9
Total costs	(490.7)	(484.4)	+1.3%	(480.8)
Loan Loss Provisions	(117.7)	(107.7)	+9.4%	(68.5)
Operating profit	594.6	292.8	+103.1%	459.6
Taxes on the Group balance sheet items	(89.0)	(0.9)	–	(57.3)
Profit before income tax	505.5	291.9	+73.2%	402.3
Net profit	388.5	221.3	+75.5%	307.8
Net Interest Margin (NIM)	2.25%	2.11%	+0.14 p.p.	2.29%
NIM excl. CHF portfolio	2.60%	2.49%	+0.11 p.p.	2.66%
Cost/Income ratio	40.8%	54.7%	-13.9 p.p.	47.7%
Cost of Risk	0.59%	0.55%	+0.04 p.p.	0.35%
Return on Equity (ROE)	12.8%	8.1%	+4.7 p.p.	10.1%
Return on Assets (ROA)	1.23%	0.73%	+0.50 p.p.	0.99%

Note: Q2/16 results include a pre-tax gain on the settlement of Visa transaction of PLN 251.7 M.

Summary of Q2/16 in mBank Group

Key Financials: Balance Sheet

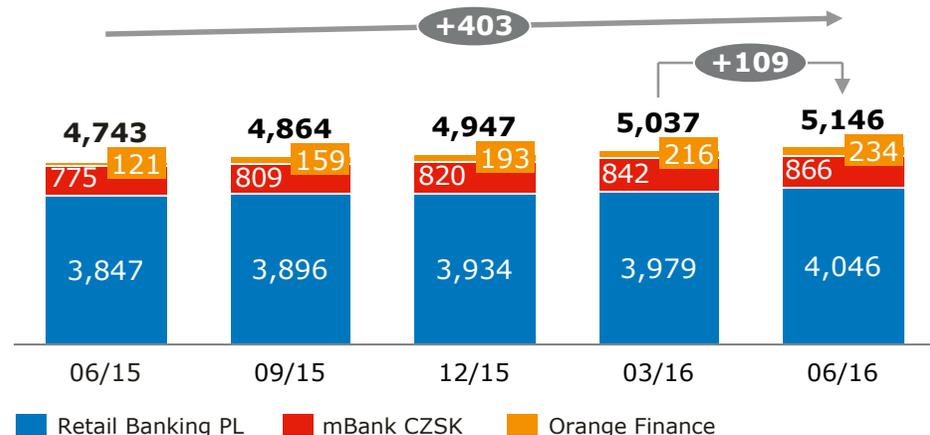
<i>in PLN million</i>	Q2/16	Q2/15	<i>Change YoY</i>	Q1/16
Gross loans to customers	83,862	80,261	+4.5%	80,925
Retail client loans	48,272	45,329	+6.5%	46,511
Core corporate client loans ¹	33,805	31,384	+7.7%	32,801
Amounts due to customers	85,302	73,058	+16.8%	81,134
Retail client deposits	49,453	41,411	+19.4%	47,835
Core corporate client deposits ¹	33,832	28,663	+18.0%	31,771
Loan to Deposit ratio	94.7%	105.7%	-11.0 p.p.	96.1%
NPL ratio	5.8%	6.0%	-0.2 p.p.	5.8%
Coverage ratio	58.5%	56.9%	+1.6 p.p.	58.6%
Common Equity Tier 1 Ratio	15.6%	13.5%	+2.1 p.p.	16.2%
Total Capital Ratio	18.3%	16.4%	+1.9 p.p.	19.0%

¹ Excl. reverse repo / buy-sell-back transactions for loans and repo transactions for deposits

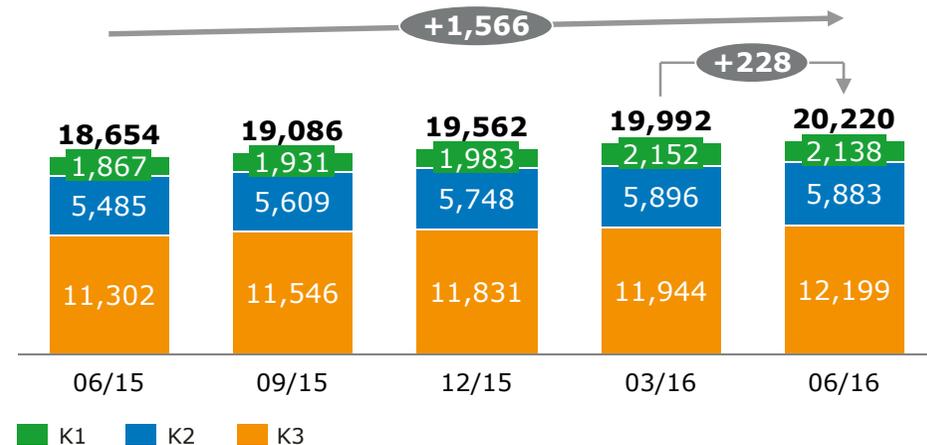
Summary of Q2/16 in mBank Group

Business Development: Client acquisition and Market shares

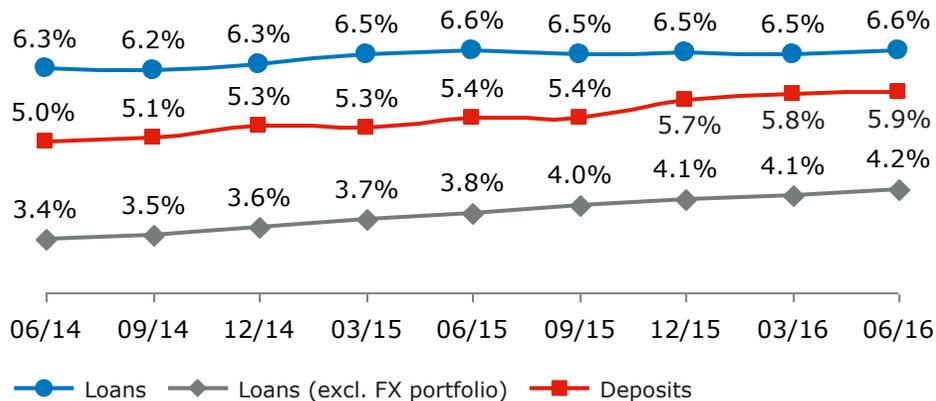
Number of Retail Clients (thou.)



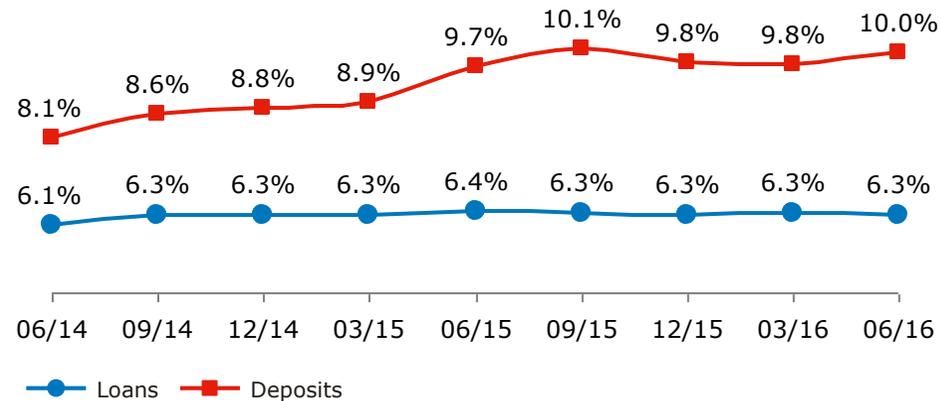
Number of Corporate Clients



Market shares in Retail Banking segment



Market shares in Corporate Banking segment

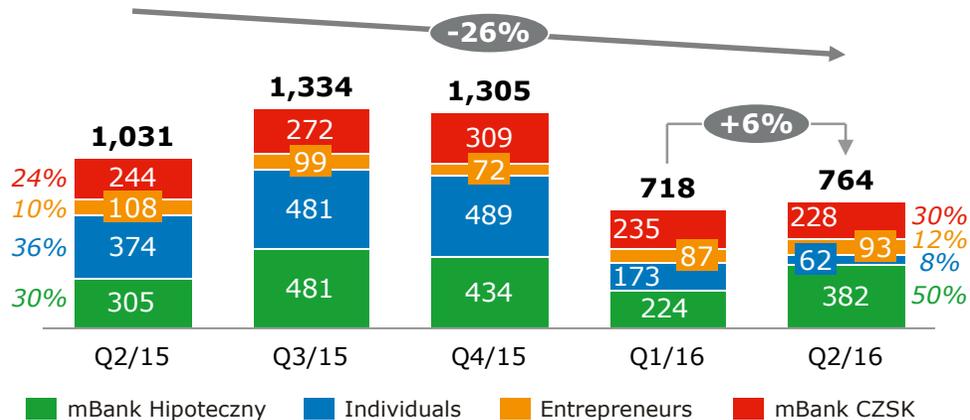


Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

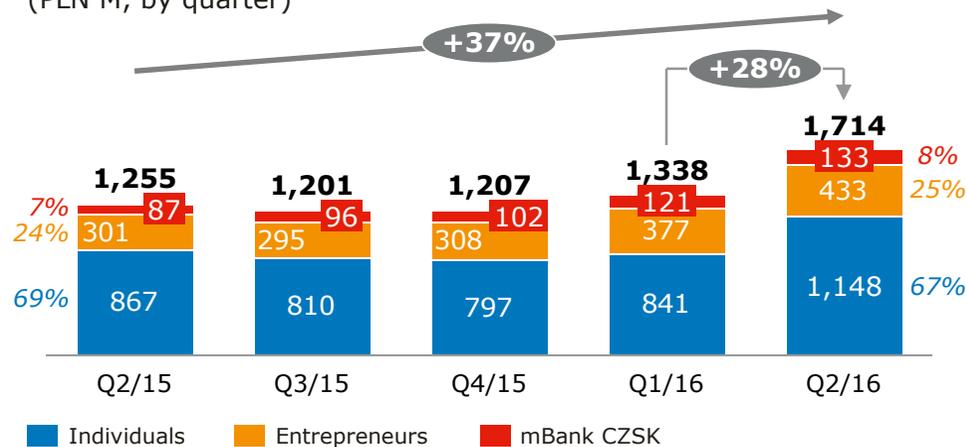
Summary of Q2/16 in mBank Group

Development of Retail and Corporate business

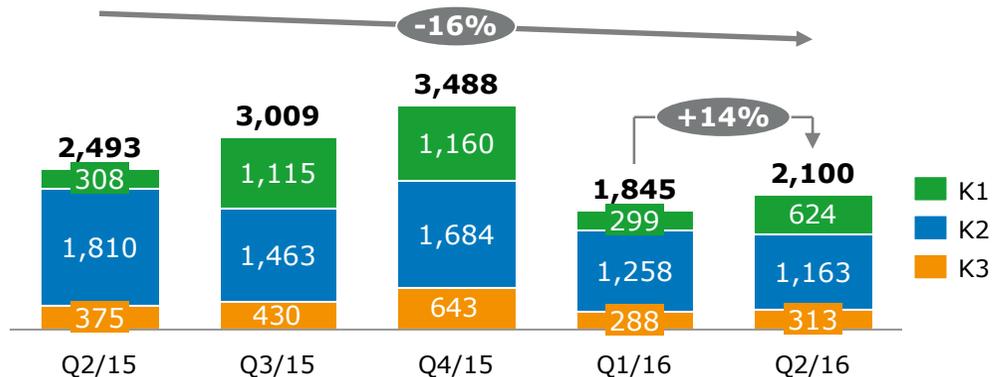
Sales of mortgage loans
(PLN M, by quarter)



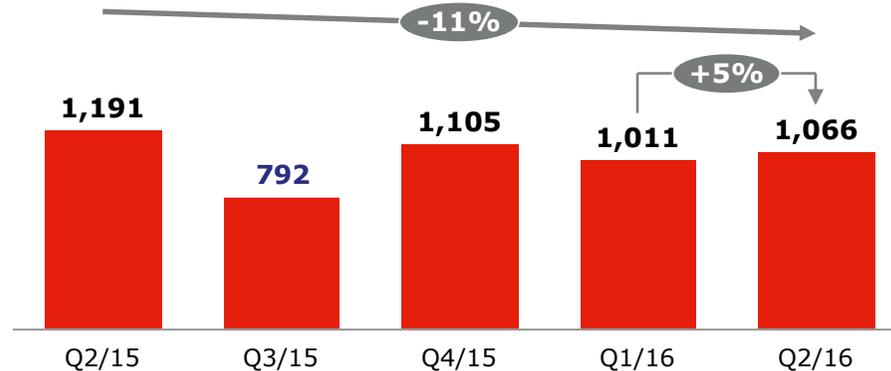
Sales of non-mortgage loans
(PLN M, by quarter)



Sales of corporate loans
(PLN M, by quarter)



New leasing contracts
(PLN M, by quarter)



Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

Agenda

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Key Financials

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Development of retail and corporate business



Analysis of Q2/16 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

Macroeconomic Update

Appendix

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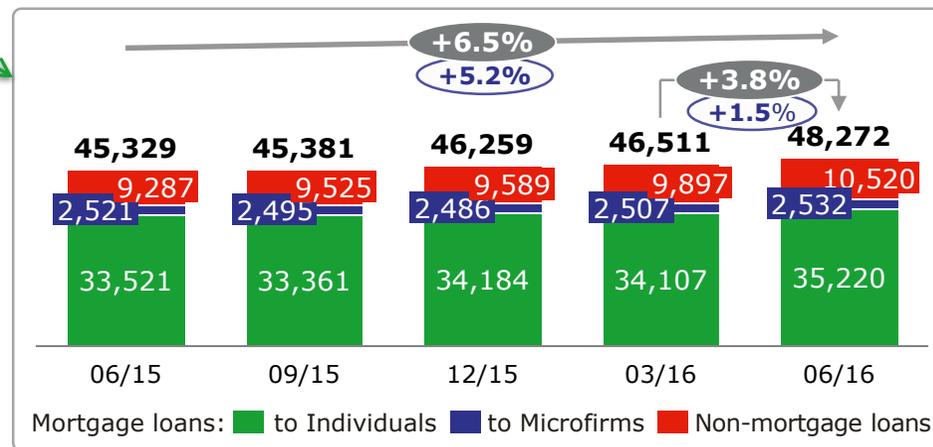
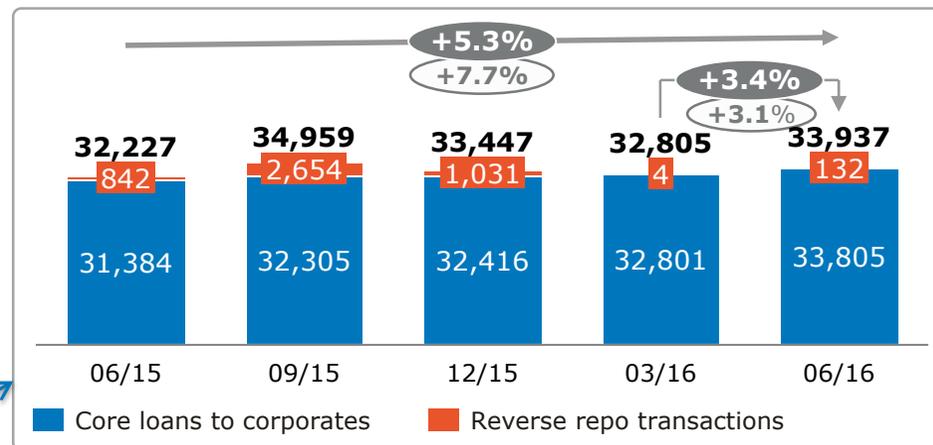
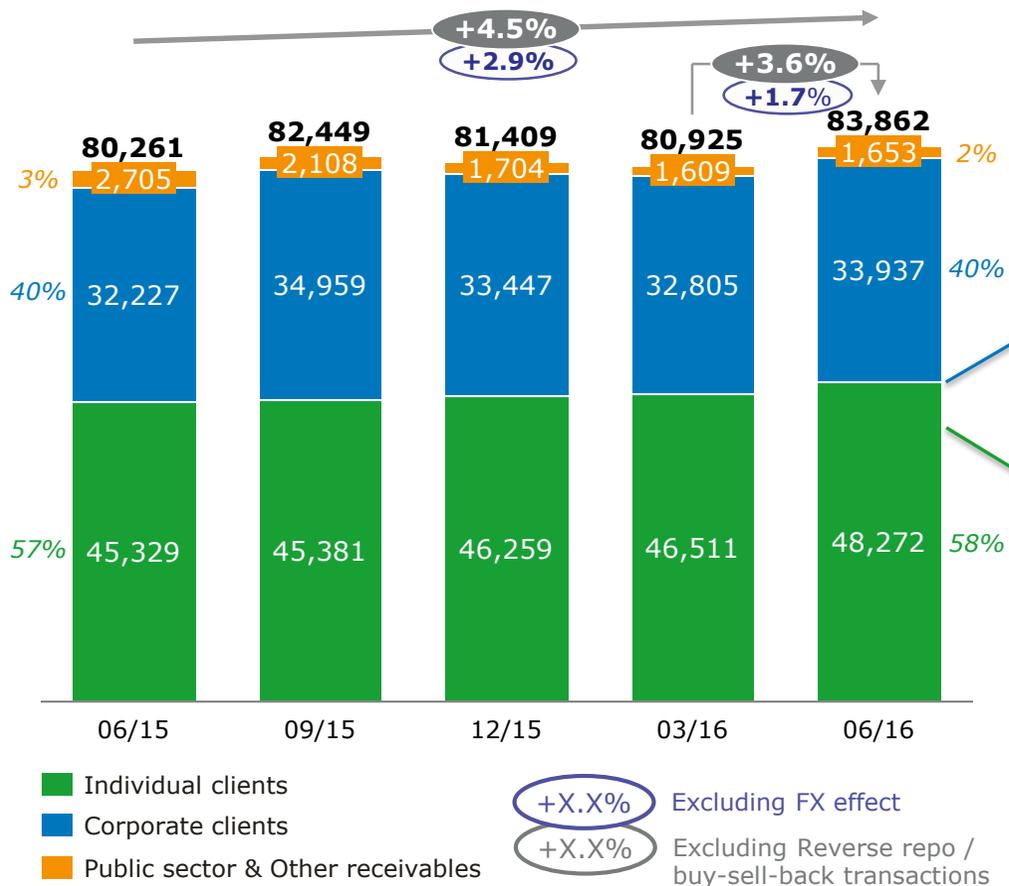
Detailed Results of Business Lines

Analysis of Q2/16 in mBank Group

Development of Loans to Customers

Lending growth remains subdued, impacted by margin increases

Development of Gross Loans and Advances to Customers (PLN M)

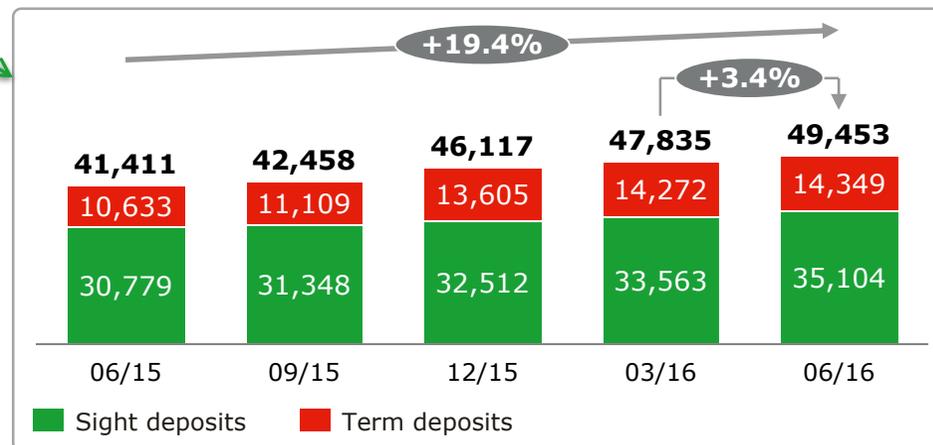
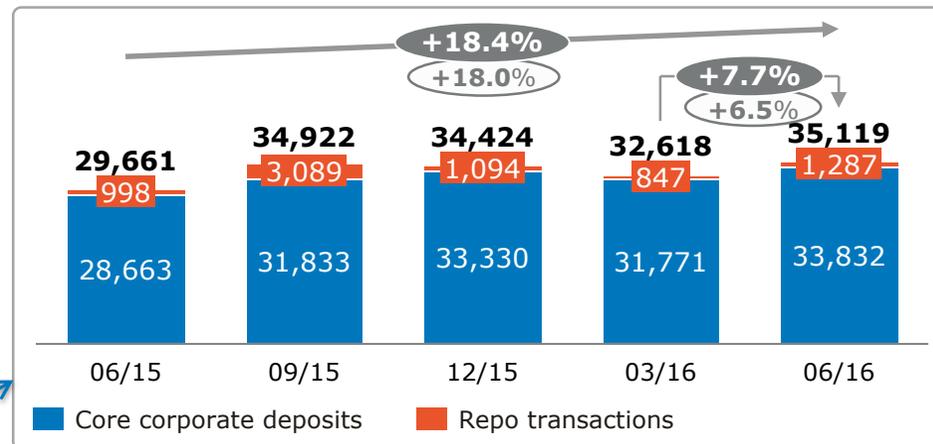
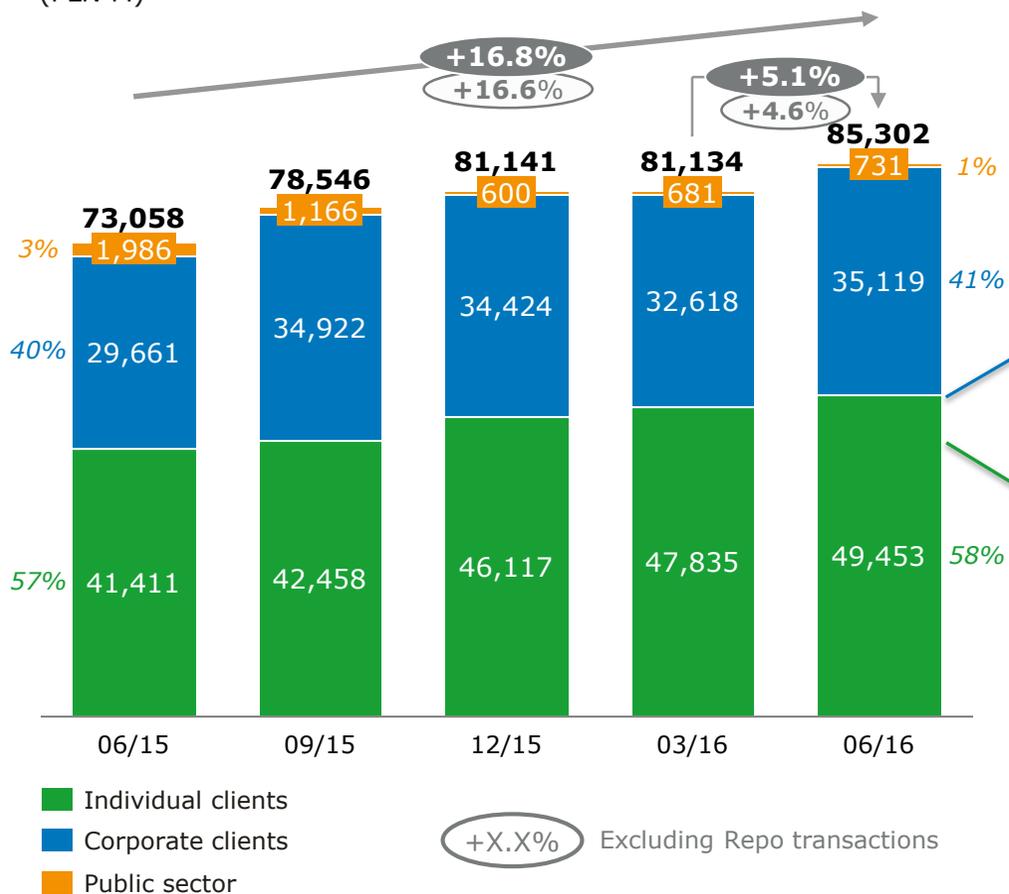


Analysis of Q2/16 in mBank Group

Development of Deposits

Dynamic deposit growth in both retail and corporate segment

Development of Amounts due to Customers
(PLN M)

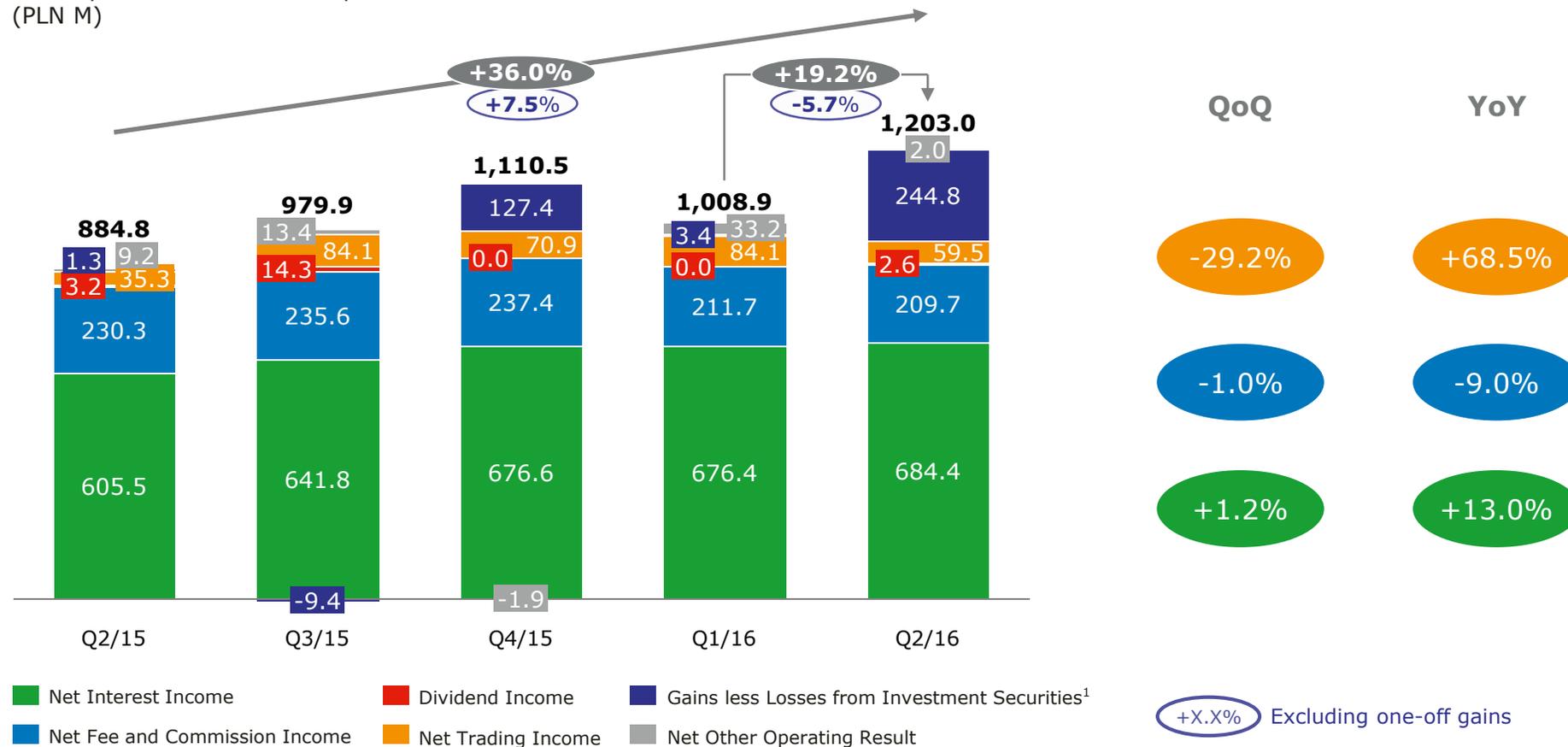


Analysis of Q2/16 in mBank Group

Income of mBank Group

Stable core income, total revenues boosted by Visa transaction

Development of mBank Group's Income (PLN M)



¹ Including one-off gains on the sale of PZU shares (PLN 125.0 M) in Q4/15 and gains on the settlement of Visa transaction (PLN 251.7 M) in Q2/16

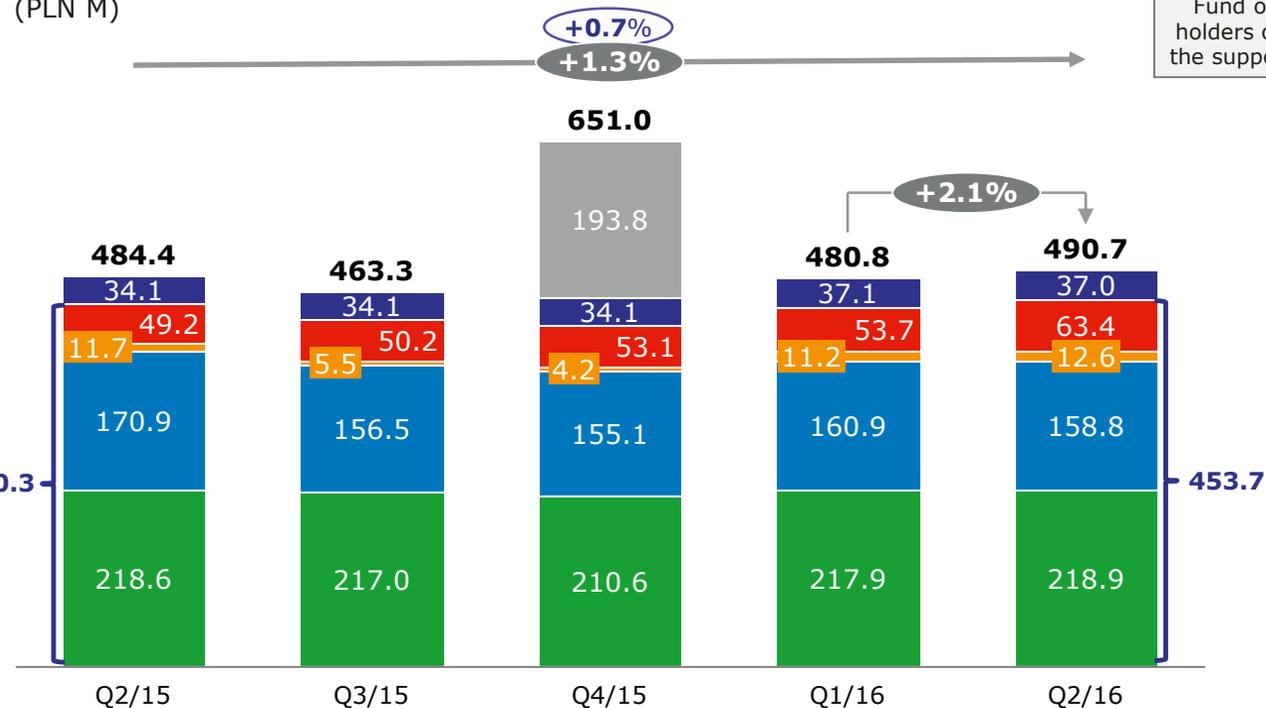
Analysis of Q2/16 in mBank Group

Costs of mBank Group

Stable cost base excl. one-off amortisation charge for IT functionalities

Development of mBank Group's Costs (PLN M)

In Q4/15 mBank Group paid a contribution to the Bank Guarantee Fund of PLN 141.7 million to cover the cost of payments to deposit holders of bankrupt Cooperative Bank in Wołomin and contribution for the support fund for distressed mortgage borrowers of PLN 52.1 million



QoQ

YoY

+17.9%

+28.9%

-1.3%

-7.1%

+0.5%

+0.1%

+X.X% Excluding contributions to the BFG

■ Personnel Costs
 ■ Other Costs¹
 ■ Contributions to the BFG
■ Material Costs
 ■ Amortization

51.6% C/I ratio of mBank Group, excl. one-off gain

40.8% C/I ratio of mBank Group (quarterly)

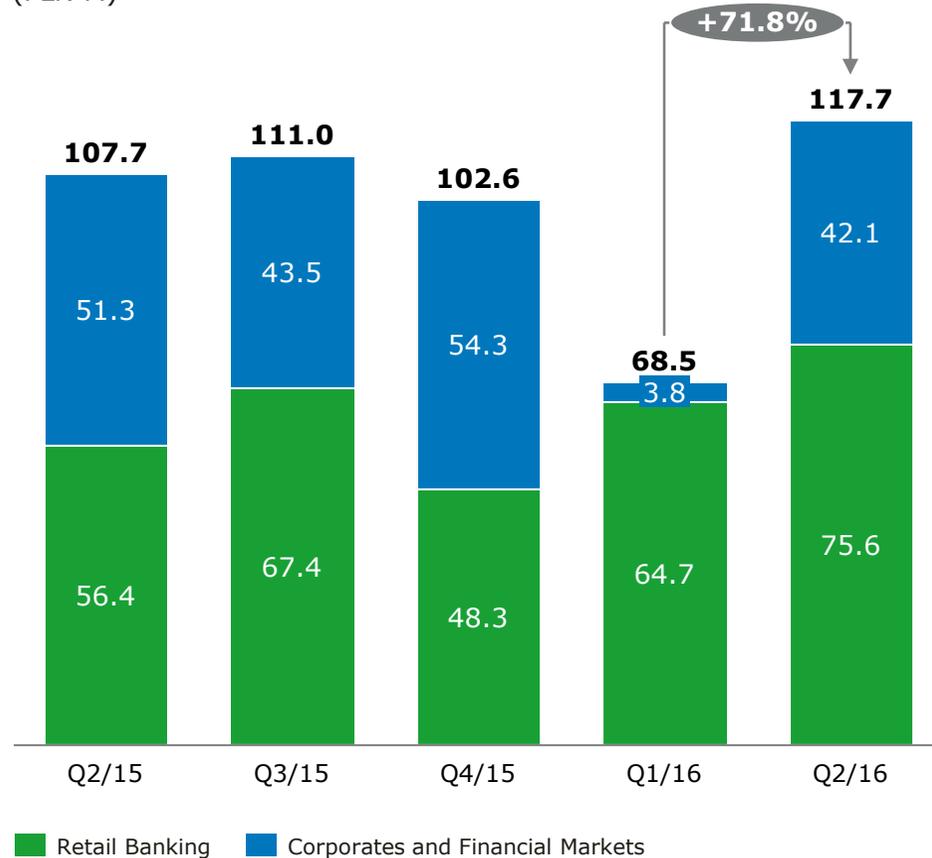
¹ Including taxes and fees, contributions to the Social Benefits Fund

Analysis of Q2/16 in mBank Group

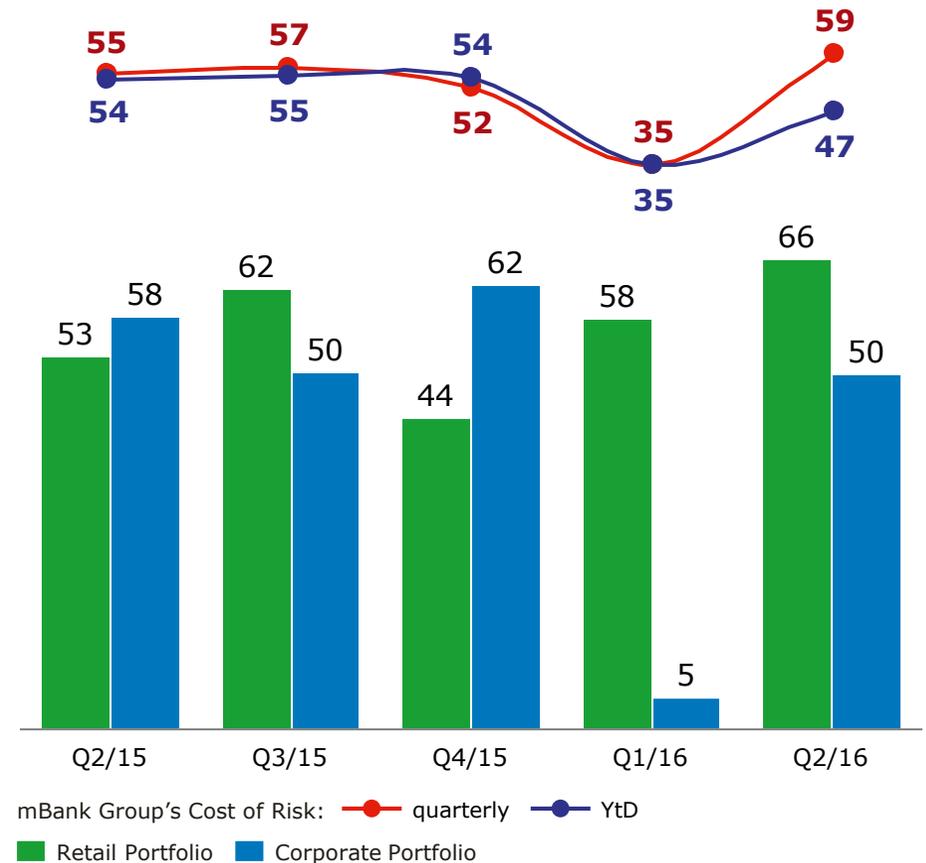
Loan Loss Provisions and Risk Costs

Cost of risk rebound reflecting exceptionally low provisioning in Q1/16

Net Impairment Losses on Loans and Advances (PLN M)



mBank Group's Cost of Risk by Segment (bps)

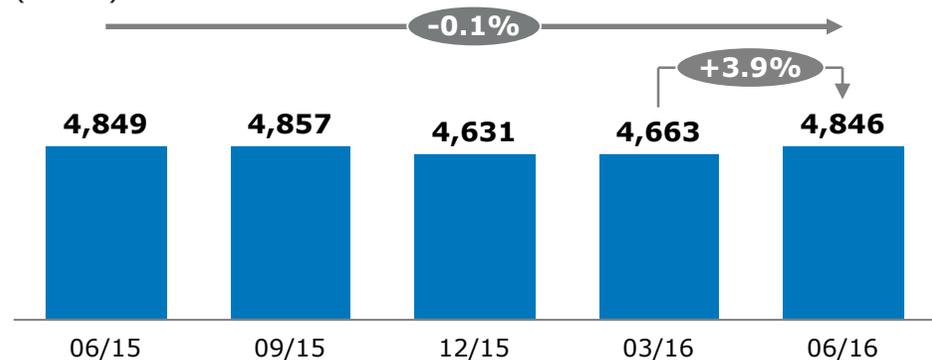


Analysis of Q2/16 in mBank Group

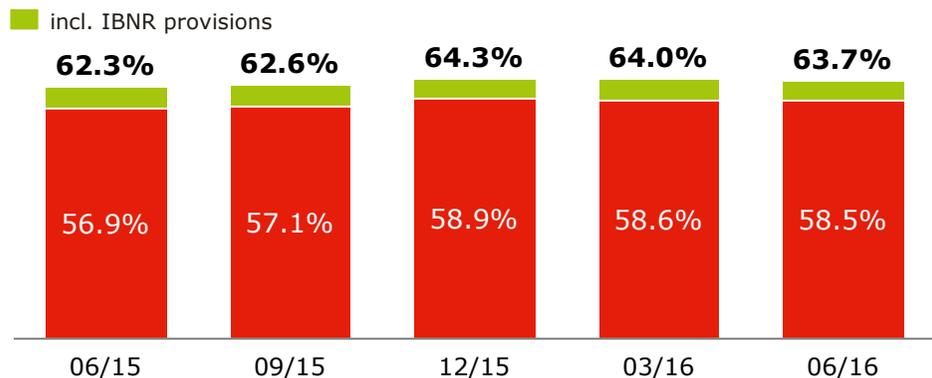
Loan Portfolio Quality

Stable risk indicators confirming resilient portfolio quality

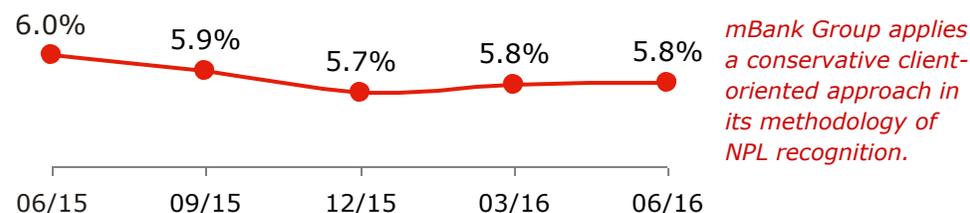
mBank Group's Impaired Loans Portfolio (PLN M)



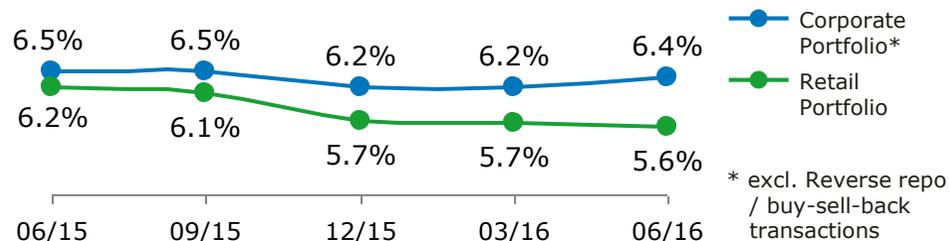
mBank Group's Coverage Ratio



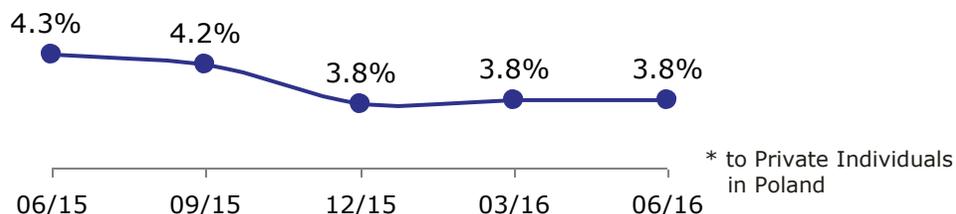
mBank Group's NPL Ratio



mBank Group's NPL Ratio by segment



NPL Ratio of Mortgage Loan Portfolio*

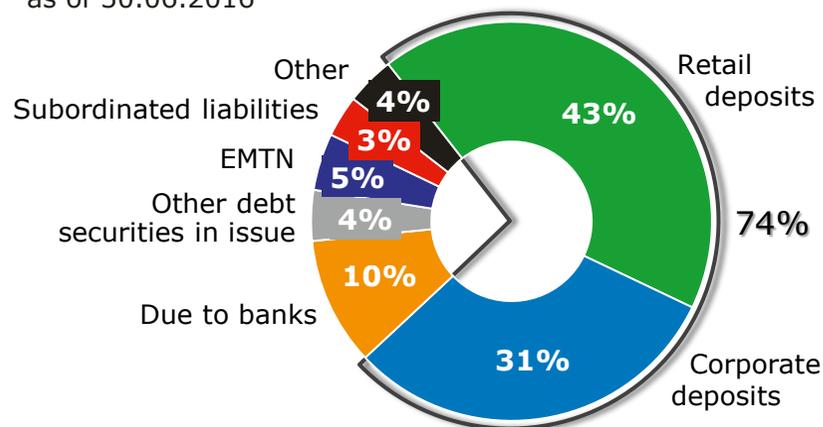


Analysis of Q2/16 in mBank Group

Funding Structure Details

A well diversified funding profile and safe liquidity levels

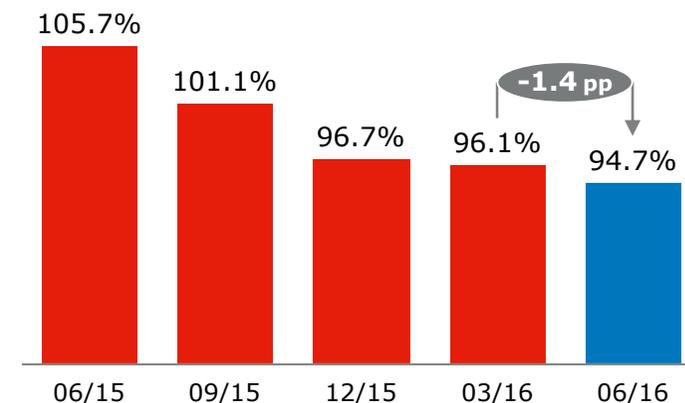
mBank Group's funding structure as of 30.06.2016



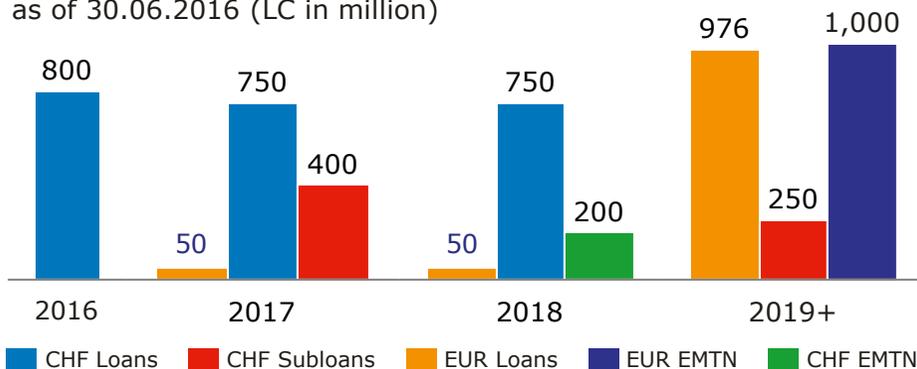
mBank's ratings

Fitch	
Long-term rating	BBB
Short-term rating	F2
Standard & Poor's	
Long-term credit rating	BBB
Short-term credit rating	A-2

Loan-to-Deposit Ratio



Maturity of long-term funding instruments in original currencies as of 30.06.2016 (LC in million)



Summary of Issues under Euro Medium Term Note (EMTN) Programme

Issue size	Issue date	Maturity date	Tenor	Coupon
EUR 500 M	12-10-2012	12-10-2015 ¹	3.0 Y	2.750%
CHF 200 M	08-10-2013	08-10-2018	5.0 Y	2.500%
EUR 500 M	01-04-2014	01-04-2019	5.0 Y	2.375%
EUR 500 M	26-11-2014	26-11-2021	7.0 Y	2.000%

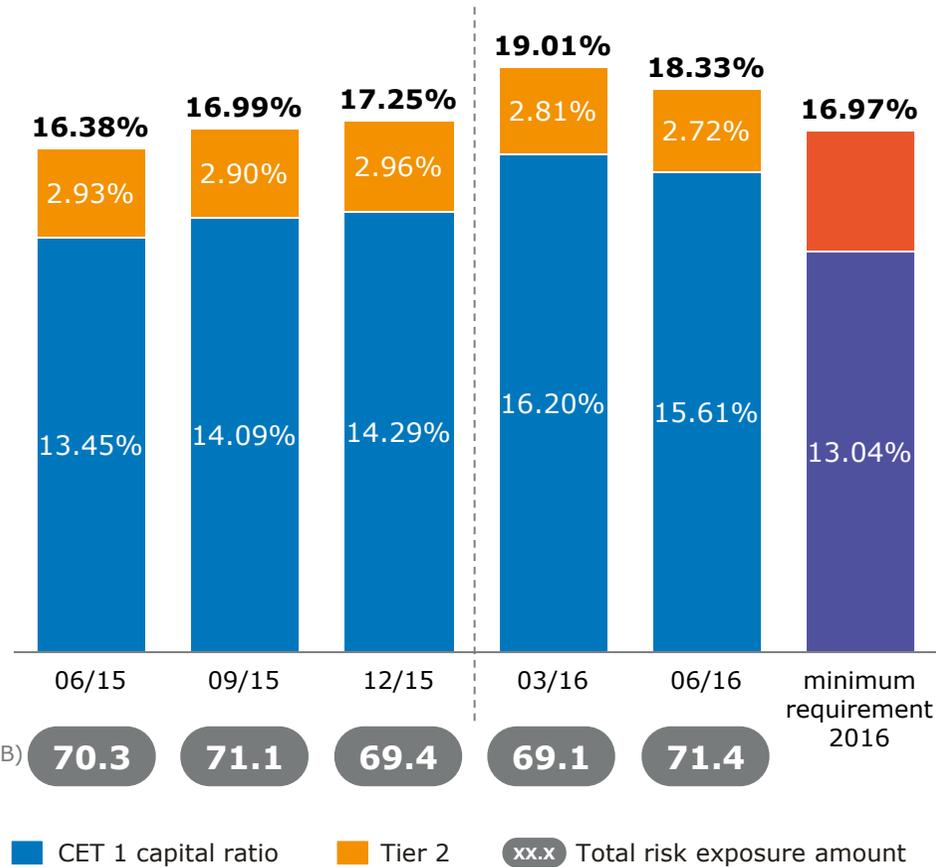
¹ redeemed at maturity

Analysis of Q2/16 in mBank Group

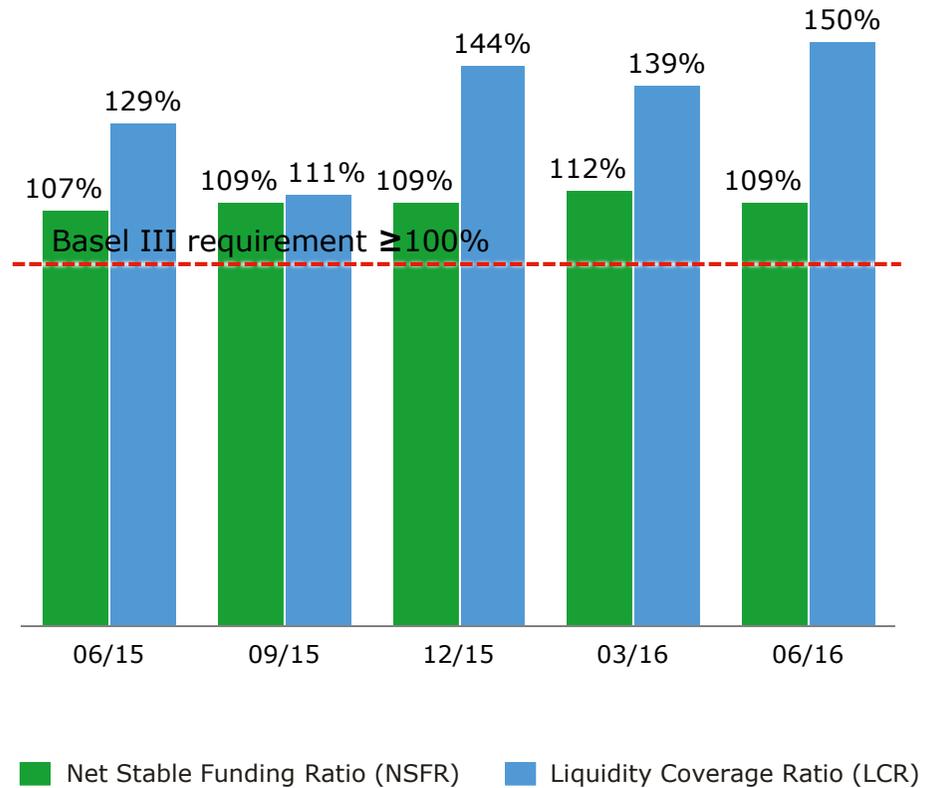
Key Regulatory Ratios

Strong capital position and liquidity above regulatory requirements

mBank Group's Total Capital Ratio



mBank's NSFR and LCR



Agenda

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Key Financials

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Development of retail and corporate business

Analysis of Q2/16 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios



Macroeconomic Update

Appendix

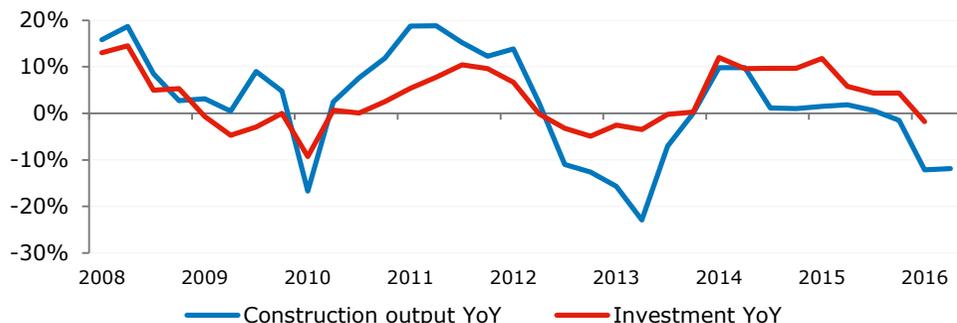
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Macroeconomic Update (1/2)

Growth moderated, headwinds from public investment and exports

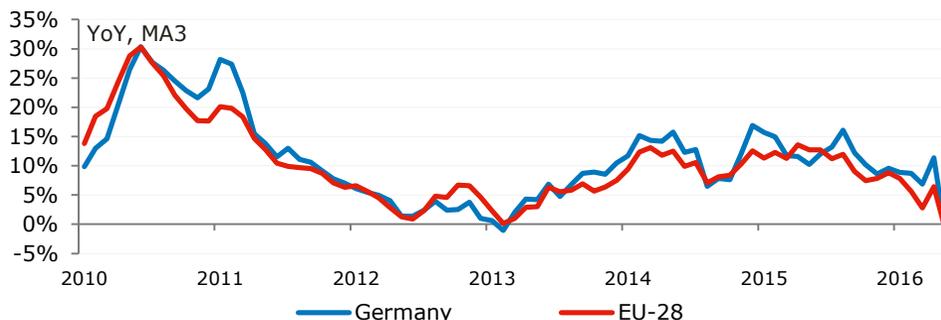
Investment (especially public) remains sluggish



- Investment hardly recovered in Q2/16 as construction output continued to fall at a double digit rate. Given the state of tenders and project pipeline, this will continue until the end of the year.

Source: GUS, NBP

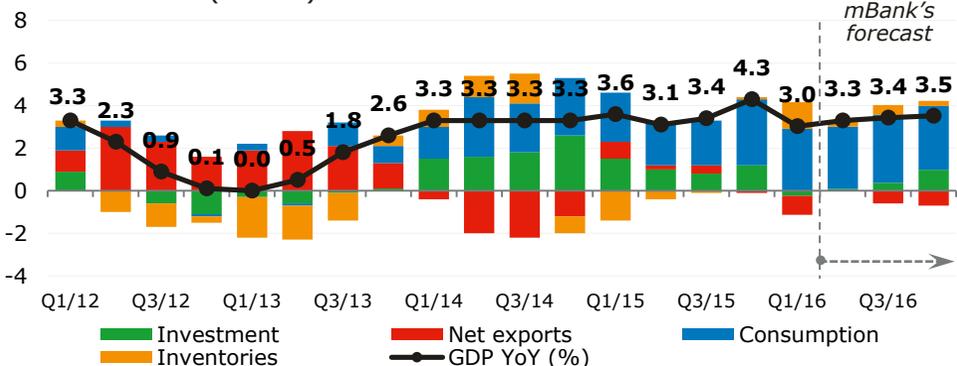
Trouble from the global economy? Poor exports figures.



- Polish exports growth ground to zero in recent months, suggesting weak global economy, especially euro area and Britain. This happened despite PLN depreciation (suggesting a demand problem).

Source: GUS, NBP

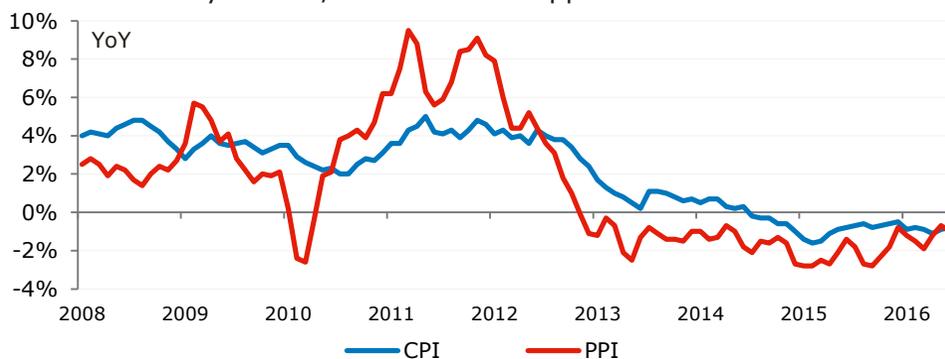
GDP forecast (% YoY)



- All in all, GDP growth will primarily be driven by household consumption this year. Comparing to the previous year, the bank sees a slight slowdown in 2016.

Source: GUS, NBP

Inflation barely moved, environment supportive for lower rates



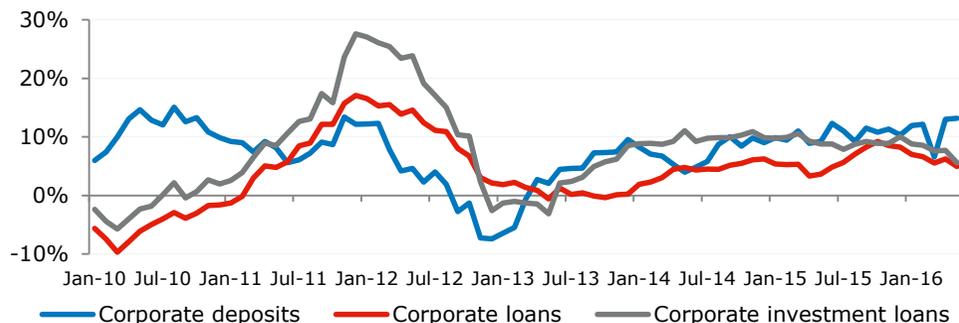
- So far, the return of inflation is still very distant. It remains firmly in the negative territory and only base effects later this year will raise it.

Source: GUS

Macroeconomic Update (2/2)

Slower growth in corporate loans, cautious borrowing by households

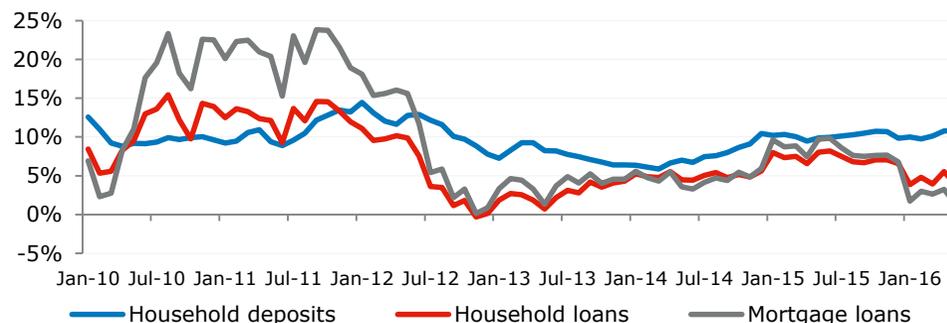
Corporate loans and deposits (% YoY)



- Corporate deposits growing fast thanks to cost discipline and solid revenue growth (weak PLN is helpful). Slowdown in corporate loans coincided with slowing investment and the introduction of banking tax.

Source: NBP

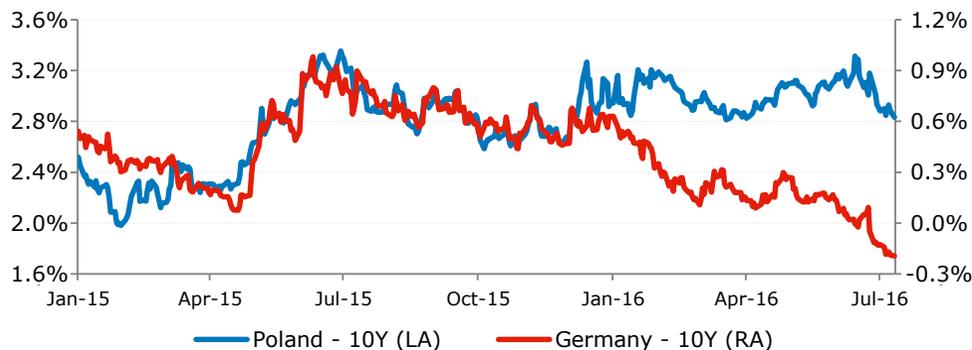
Household loans and deposits (% YoY)



- Household deposits growing robustly and will continue to do so as other investment alternatives are not so attractive. Mortgage loans to be negatively impacted by banking tax and LTV limits.

Source: NBP

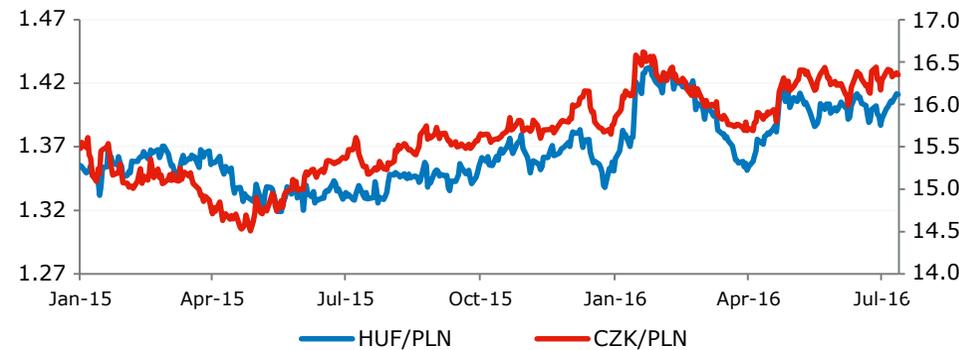
Polish yields move in tandem with global ones but spread is high



- Polish yield curve is very steep. Polish long-term yields have declined significantly since mid-June but spread to Germany is high, reflecting elevated risk premium.

Source: Bloomberg

PLN remains weak vis-a-vis regional peers



- EUR/PLN remains elevated due to high risk premium (local and regional) but there is scope for outperformance vis-a-vis HUF due to diverging monetary policy.

Source: Bloomberg

2016 in forecasts and the impact on mBank Group

Macroeconomic environment and challenges for the banking sector

Key economic indicators

	2014	2015	2016F
GDP growth (YoY)	3.3%	3.4%	3.4%
Domestic demand (YoY)	4.9%	3.4%	4.1%
Private consumption (YoY)	2.6%	3.1%	3.8%
Investment (YoY)	9.8%	6.1%	1.7%
Inflation (eop)	-1.0%	-0.5%	0.9%
MPC rate (eop)	2.00	1.50	1.25
CHF/PLN (eop)	3.57	3.92	3.91
EUR/PLN (eop)	4.29	4.26	4.30

Banking sector – monetary aggregates YoY

	2014	2015	2016F
Corporate loans	6.3%	8.3%	7.9%
Mortgage loans	6.0%	6.8%	2.2%
Non-mortgage loans	5.0%	6.2%	6.7%
Corporate deposits	9.0%	10.3%	11.2%
Retail deposits	10.4%	9.8%	8.9%

Source: mBank's estimates as of July 1, 2016.

Impact on mBank

Net interest income & NIM (Slightly positive) 

- MPC decision on reduction of interest rates less likely
- Limited room for deposit re-pricing

Net Fee & Commission income (Neutral) 

- Constantly rising client transactionality and strong acquisition in both retail and corporate segment
- Lower volume dynamics balancing gains from client acquisitions

Total costs (Negative) 

- Introduction of banking tax with the monthly rate of 0.0366% collected since February 2016
- Business-driven costs to remain well-contained

Loan Loss Provisions (Neutral) 

- Solid macroeconomic situation and low unemployment
- Small downside risk due to changing loan book mix

Agenda

mBank Group's Strategy for 2016-2020

Summary of Q2/16 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

Analysis of Q2/16 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

Macroeconomic Update



Appendix

Additional Information: Selected Financial Data

Detailed Results of Business Lines

Appendix

Additional Information: Selected Financial Data	Page No.
Consolidated Profit and Loss Account	32
Consolidated Statement of Financial Position	33
mBank Group's Ratios	34
mBank Group's Historical Performance	35-37
Net Interest Income & Margin	38
Fee and Commission Income	39
Trading and Other Income	40
Balance Sheet Analysis: Assets & Liabilities	41
Balance Sheet Analysis: Currency structure	42
Balance Sheet Analysis: Structure of loans and deposits	43
Balance Sheet Analysis: Loan portfolio structure	44
Balance Sheet analysis: Development of Capital Ratios	45
Issuance Activity on the Covered Bonds Market	46

Detailed Results of the Business Lines	Page No.
Retail Banking	47-52
Summary of Q2/16: Financial Results and Volumes	48-49
Loan Portfolio Structure in Poland	50
mBank in the Czech Republic and Slovakia	51-52
Corporates and Financial Markets	53-56
Summary of Q2/16: Financial Results and Volumes	54-55
Financial Markets Activity: Market Shares	56
mBank Group's Subsidiaries	57-61
Results of Consolidated Companies	58
mBank Hipoteczny (mBH)	59
Leasing and Factoring	60
Dom Maklerski mBanku (mDM)	61
mBank's share price performance	62
Contact Details	63

Appendix

Additional Information: Selected Financial Data Consolidated Profit and Loss Account

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Quarterly results (PLN thou.)	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Net interest income	605,548	641,753	676,633	676,418	684,443
Net fee and commission income	230,336	235,583	237,400	211,745	209,703
Dividend income	3,158	14,345	6	0	2,586
Net trading income	35,312	84,105	70,900	84,087	59,513
<i>incl. FX result</i>	<i>66,000</i>	<i>67,825</i>	<i>75,227</i>	<i>71,817</i>	<i>66,065</i>
Gains less losses from investment securities	1,342	(9,372)	127,430	3,427	244,755
Net other operating income ¹	9,153	13,449	(1,886)	33,226	1,992
Total income	884,849	979,863	1,110,483	1,008,903	1,202,992
Total operating costs	(484,412)	(463,298)	(650,955)	(480,772)	(490,699)
<i>Overhead costs</i>	<i>(435,245)</i>	<i>(413,085)</i>	<i>(597,816)</i>	<i>(427,045)</i>	<i>(427,329)</i>
<i>Amortisation</i>	<i>(49,167)</i>	<i>(50,213)</i>	<i>(53,139)</i>	<i>(53,727)</i>	<i>(63,370)</i>
Loan loss provisions	(107,666)	(110,956)	(102,629)	(68,520)	(117,743)
Operating profit	292,771	405,609	356,899	459,611	594,550
Taxes on the Group balance sheet items	(888)	(921)	(933)	(57,302)	(89,011)
Profit before income tax	291,883	404,688	355,966	402,309	505,539
Net profit attributable to owners of mBank	221,323	319,501	309,486	307,782	388,504

¹ Including the share in the profits (losses) of joint ventures

Appendix

Additional Information: Selected Financial Data Consolidated Statement of Financial Position

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Assets (PLN thou.)	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Cash and balances with Central Bank	3 187 463	4 630 886	5 938 133	4 042 760	6 433 221
Loans and advances to banks	2 071 953	2 793 756	1 897 334	1 120 253	1 680 830
Trading securities	2 597 284	2 561 125	557 541	2 849 810	3 233 150
Derivative financial instruments	3 345 943	3 737 662	3 349 328	2 799 170	2 411 457
Loans and advances to customers	77 241 598	79 407 211	78 433 546	77 940 778	80 774 809
Investment securities	29 515 812	30 026 139	30 736 949	31 618 471	31 644 303
Intangible assets	469 853	477 160	519 049	512 481	503 561
Tangible fixed assets	691 833	692 640	744 522	722 279	722 792
Other assets	1 482 376	1 423 564	1 346 619	1 662 378	1 329 362
Total assets	120 604 115	125 750 143	123 523 021	123 268 380	128 733 485
Liabilities (PLN thou.)	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Amounts due to other banks	15 675 919	14 783 139	12 019 331	10 972 446	12 058 198
Derivative financial instruments	3 302 248	3 380 521	3 173 638	2 355 838	2 157 160
Amounts due to customers	73 058 259	78 545 901	81 140 866	81 133 851	85 302 300
Debt securities in issue	11 013 855	11 280 897	8 946 195	9 697 975	10 115 495
Subordinated liabilities	3 896 612	3 785 284	3 827 315	3 801 673	3 910 457
Other liabilities	2 109 689	2 051 324	2 140 712	2 679 200	2 392 876
Total liabilities	109 056 582	113 827 066	111 248 057	110 640 983	115 936 486
Total equity	11 547 533	11 923 077	12 274 964	12 627 397	12 796 999
Total liabilities and equity	120 604 115	125 750 143	123 523 021	123 268 380	128 733 485

Appendix

Additional Information: Selected Financial Data mBank Group's Ratios

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

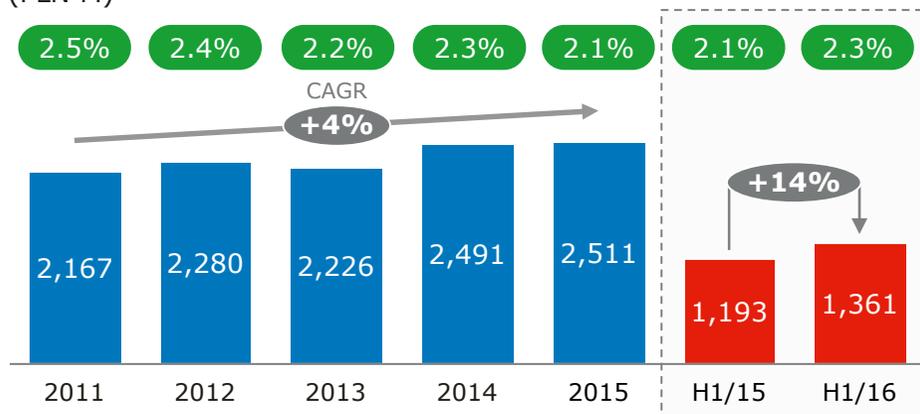
Financial Ratios	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Net Interest Margin (<i>quarterly</i>)	2.11%	2.12%	2.22%	2.29%	2.25%
Net Interest Margin YtD	2.08%	2.10%	2.13%	2.29%	2.27%
Net Interest Margin YtD (excl. CHF portfolio)	2.43%	2.45%	2.48%	2.66%	2.63%
Cost to Income Ratio (<i>quarterly</i>)	54.7%	47.3%	58.6%	47.7%	40.8%
Cost to Income Ratio YtD	46.7%	46.9%	50.1%	47.7%	43.9%
Cost of Risk (<i>quarterly</i>)	0.55%	0.57%	0.52%	0.35%	0.59%
Cost of Risk YtD	0.54%	0.55%	0.54%	0.35%	0.47%
ROE net (<i>quarterly</i>)	8.12%	11.62%	11.20%	10.08%	12.85%
ROE net YtD	12.28%	12.06%	11.84%	10.08%	11.46%
ROA net (<i>quarterly</i>)	0.73%	1.00%	0.97%	0.99%	1.23%
ROA net YtD	1.10%	1.07%	1.04%	0.99%	1.11%
Loans to Deposits	105.7%	101.1%	96.7%	96.1%	94.7%
Total Capital Ratio	16.38%	16.99%	17.25%	19.01%	18.33%
Common Equity Tier 1 Ratio	13.45%	14.09%	14.29%	16.20%	15.61%
Equity / Assets	9.6%	9.5%	9.9%	10.2%	9.9%
TREA / Assets	58.3%	56.5%	56.2%	56.1%	55.4%
NPL ratio	6.0%	5.9%	5.7%	5.8%	5.8%
NPL coverage ratio	56.9%	57.1%	58.9%	58.6%	58.5%
NPL coverage ratio incl. general provisions	62.3%	62.6%	64.3%	64.0%	63.7%

Appendix

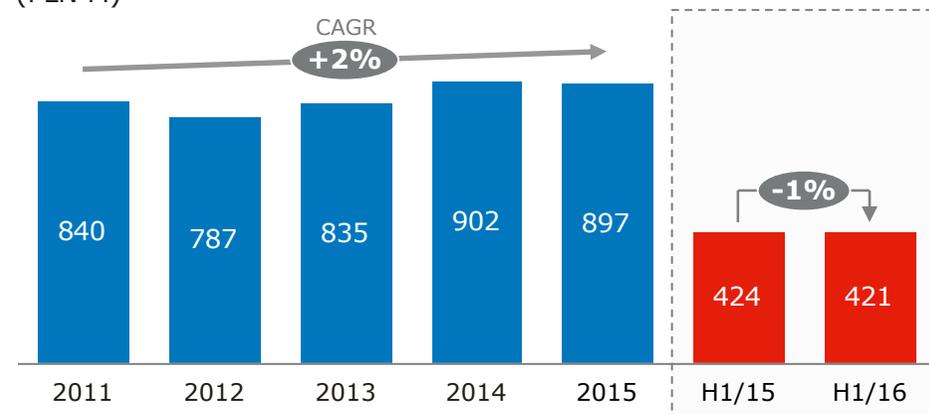
mBank Group's historical performance (1/3)

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

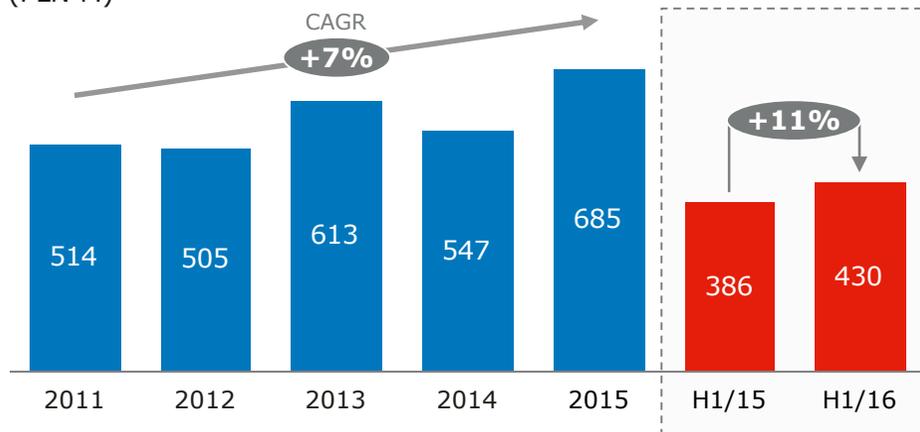
Net Interest Income & NIM
(PLN M)



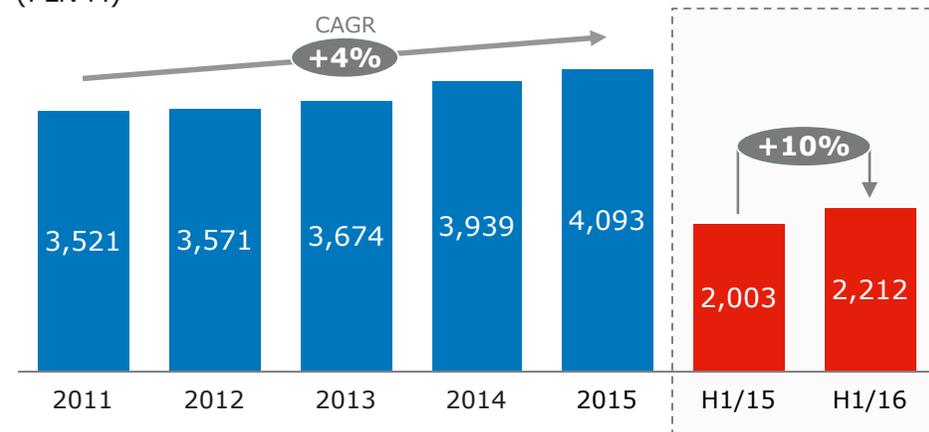
Net Fee and Commission Income
(PLN M)



Trading and Other Income
(PLN M)



Total Income
(PLN M)



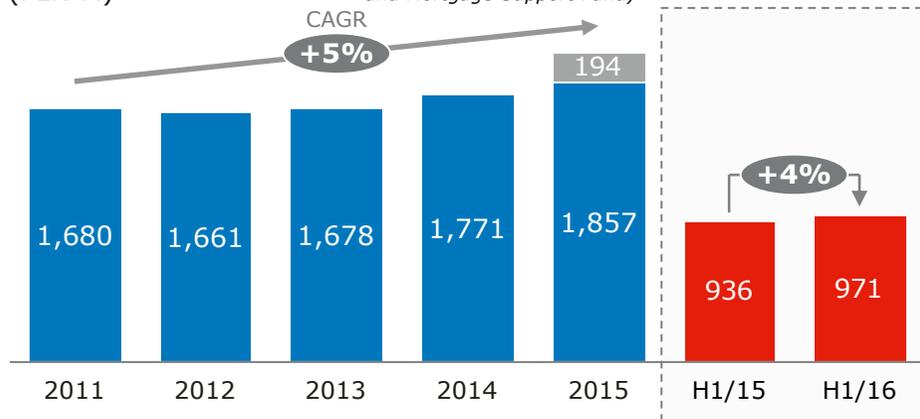
Appendix

mBank Group's historical performance (2/3)

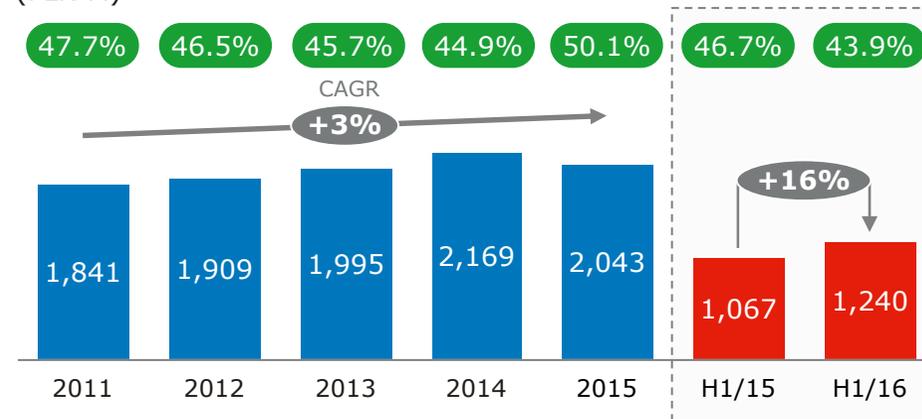
Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Operating Costs
(PLN M)

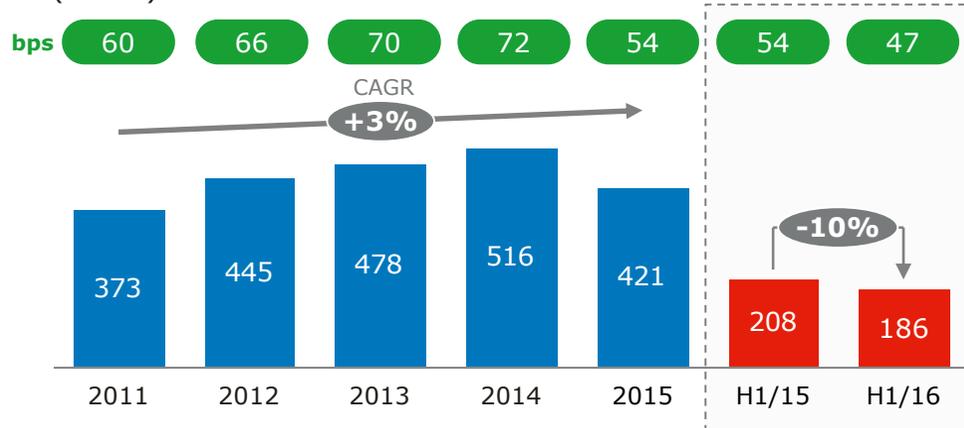
*One-off regulatory costs
(additional payments to the BFG
and Mortgage Support Fund)*



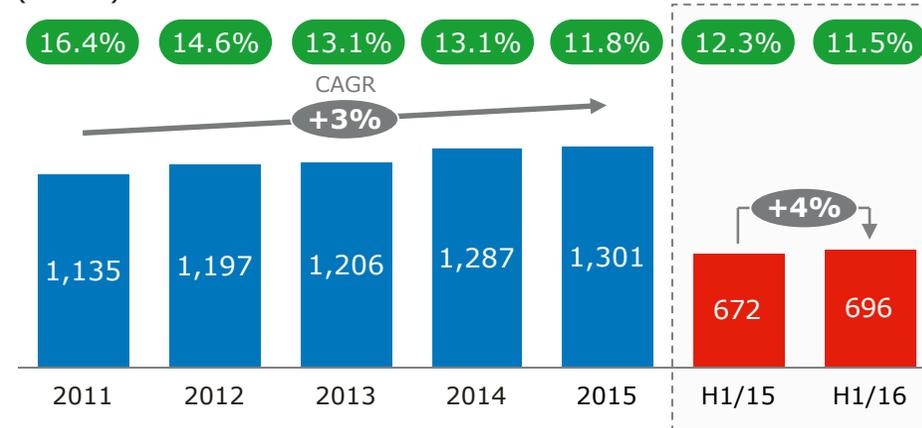
Pre-provision Income & C/I ratio
(PLN M)



Loan Loss Provisions & Cost of Risk
(PLN M)



Net Profit & Return on Equity
(PLN M)

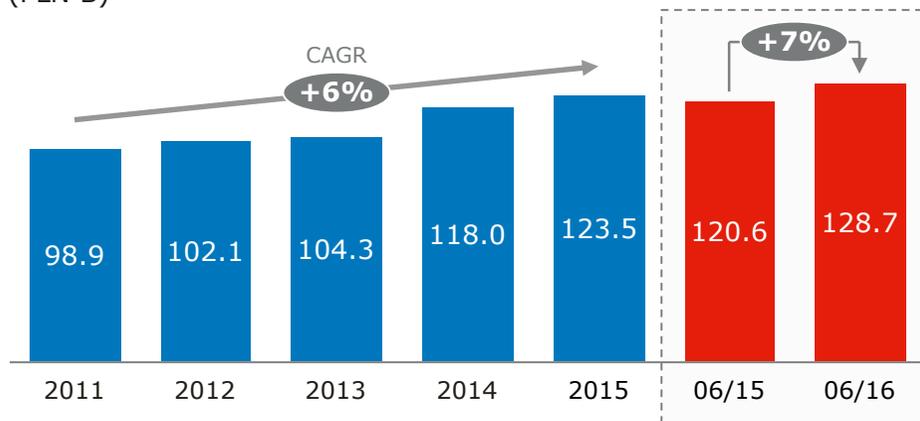


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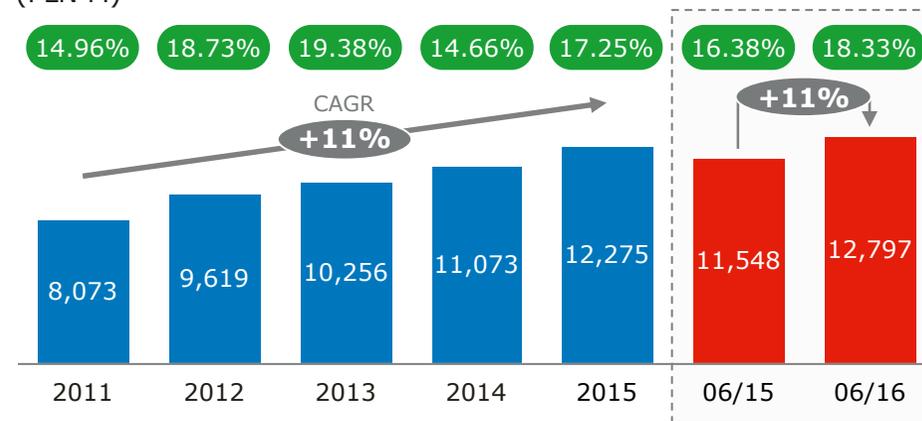
mBank Group's historical performance (3/3)

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

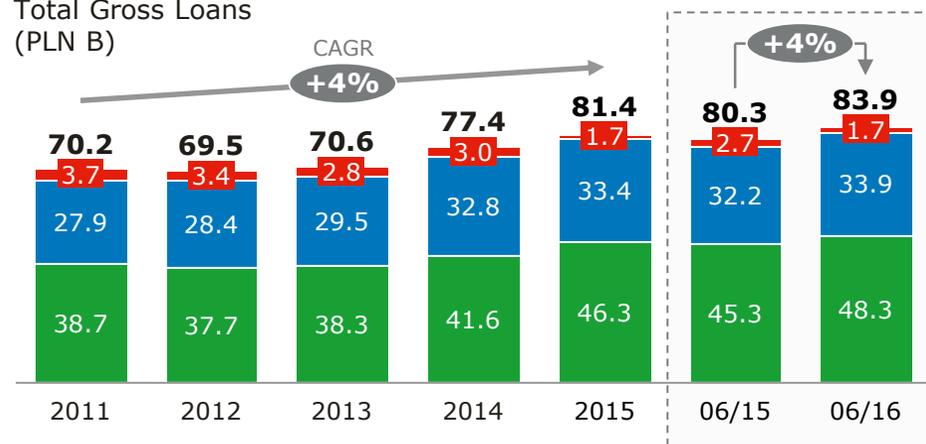
Total Assets
(PLN B)



Equity & Total Capital Ratio
(PLN M)

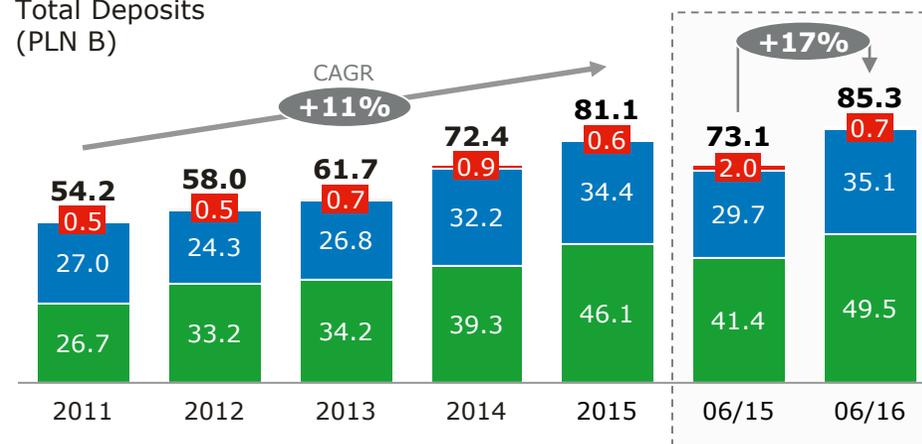


Total Gross Loans
(PLN B)



Individual clients Corporate clients Public sector and other

Total Deposits
(PLN B)



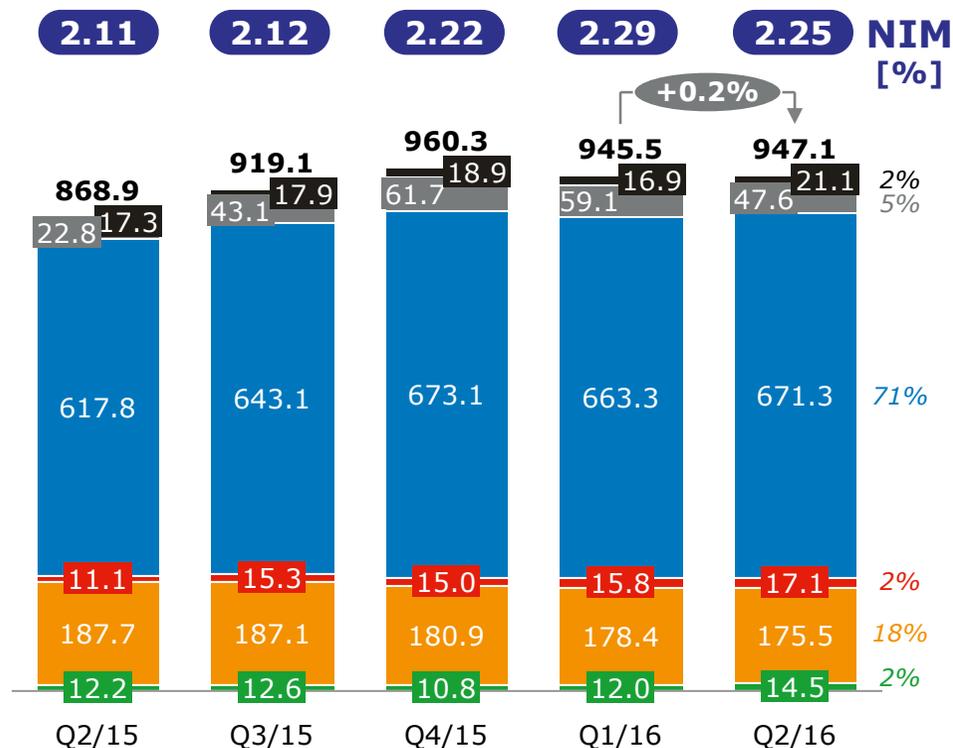
Individual clients Corporate clients Public sector

Appendix

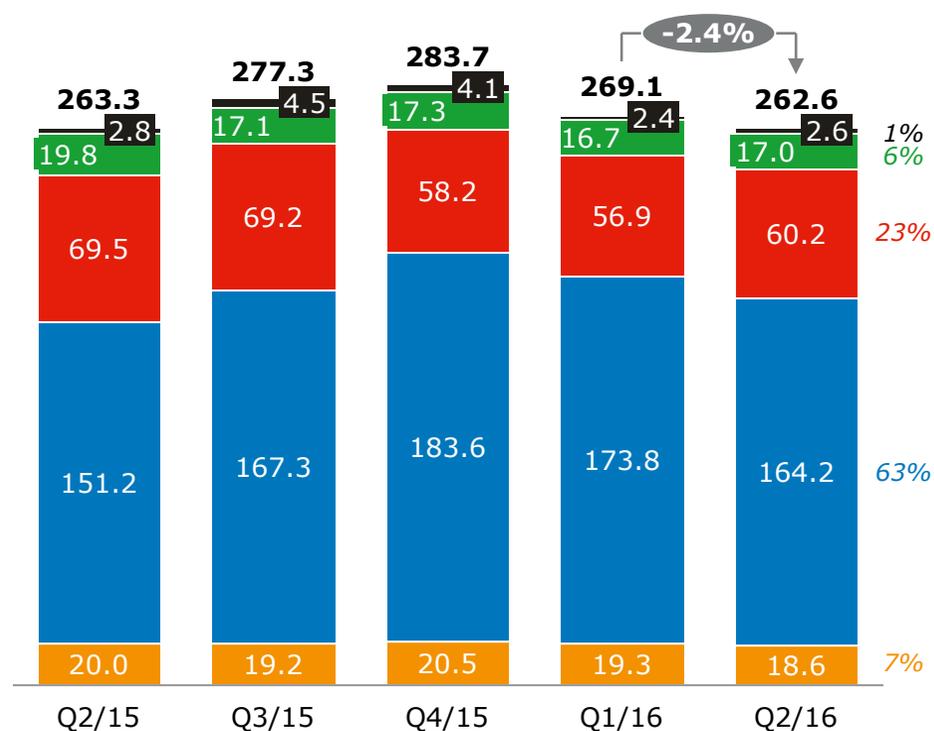
Additional Information: Selected Financial Data Net Interest Income & Margin

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Interest Income Structure
(PLN M)



Interest Expense Structure
(PLN M)

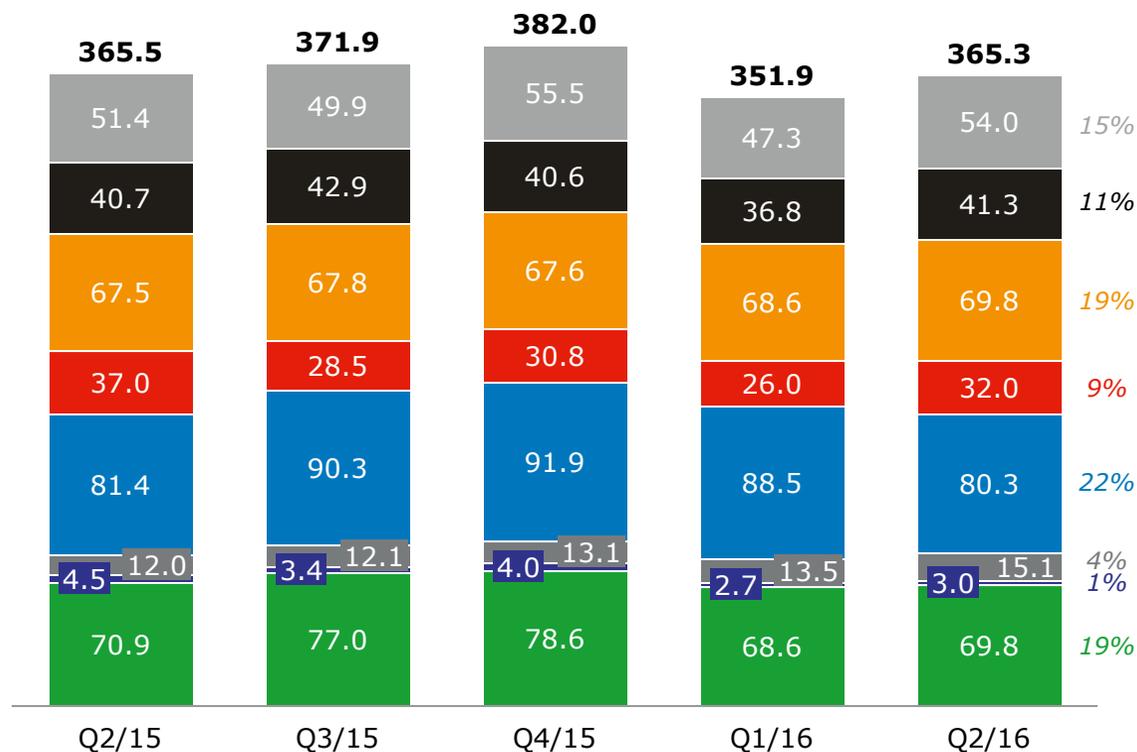


Appendix

Additional Information: Selected Financial Data Fee and Commission Income

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Fee and Commission Income Structure
(PLN M)



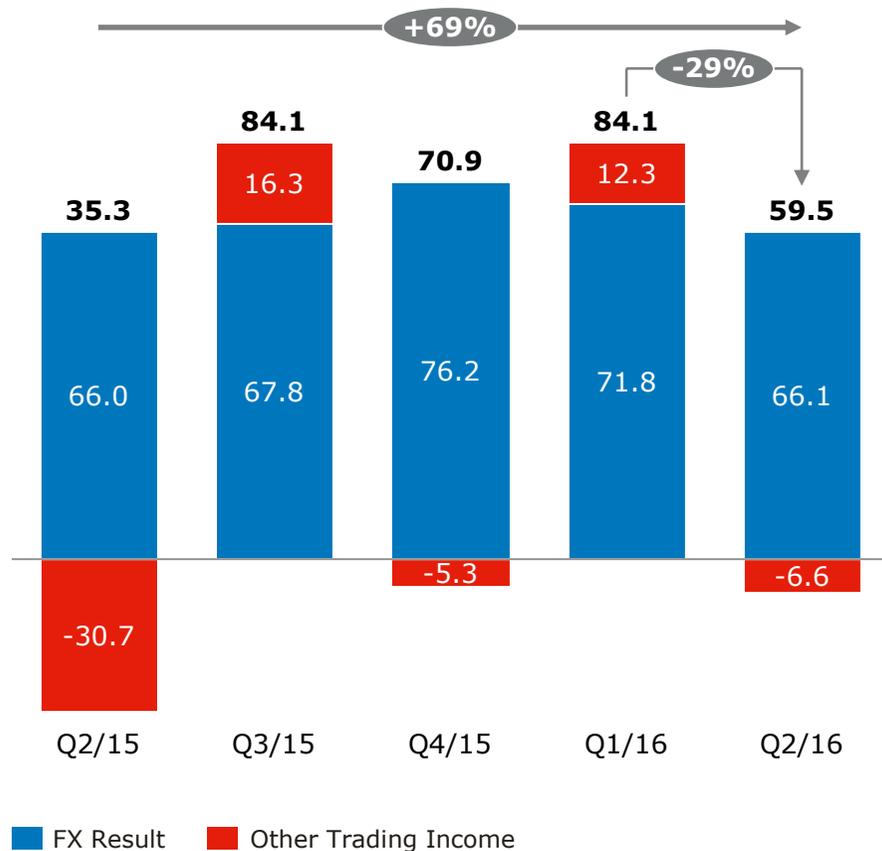
- Credit related fees
- Payment card fees
- Insurance activity
- Portfolio management
- Brokerage activity & securities issue
- Other (incl. custody)
- Guarantees and trade finance
- Accounts & money transfers

Appendix

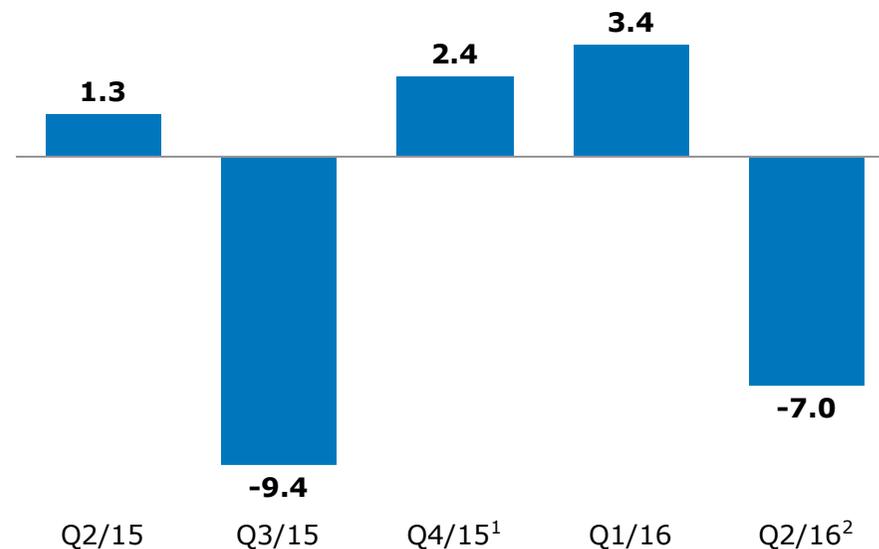
Additional Information: Selected Financial Data Trading and Other Income

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Net Trading Income Structure
(PLN M)



Gains less Losses from Investment Securities
(PLN M)



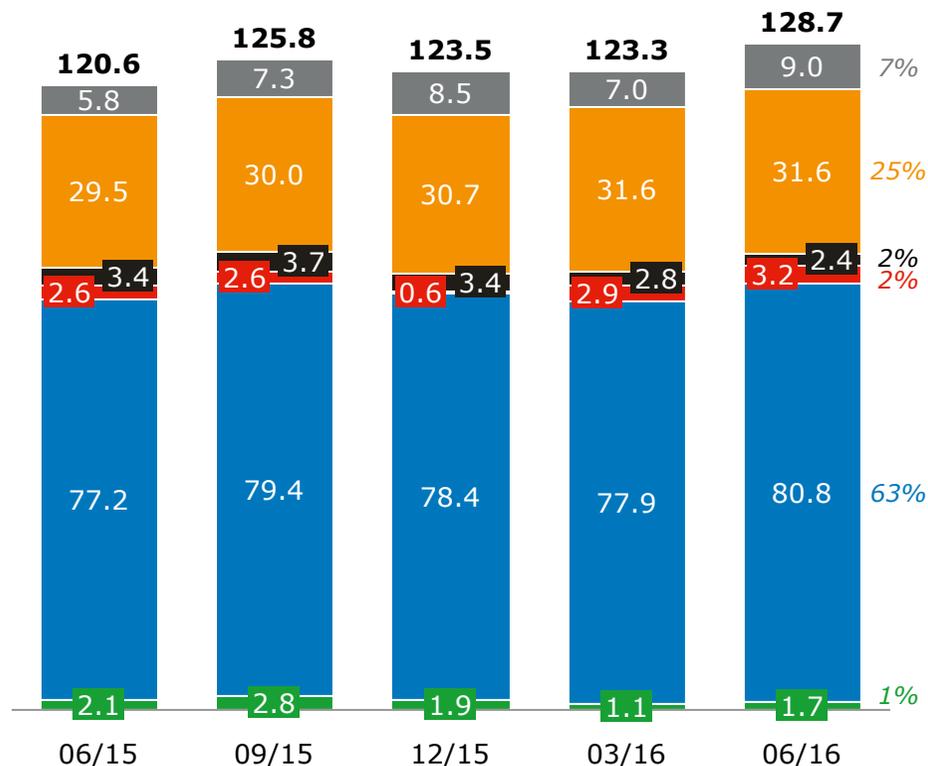
¹ Excl. one-off gain on the sale of PZU shares (PLN 125.0 M); ² Excl. gain on the settlement of Visa transaction (PLN 251.7 M)

Appendix

Additional Information: Selected Financial Data Balance Sheet Analysis: Assets & Liabilities

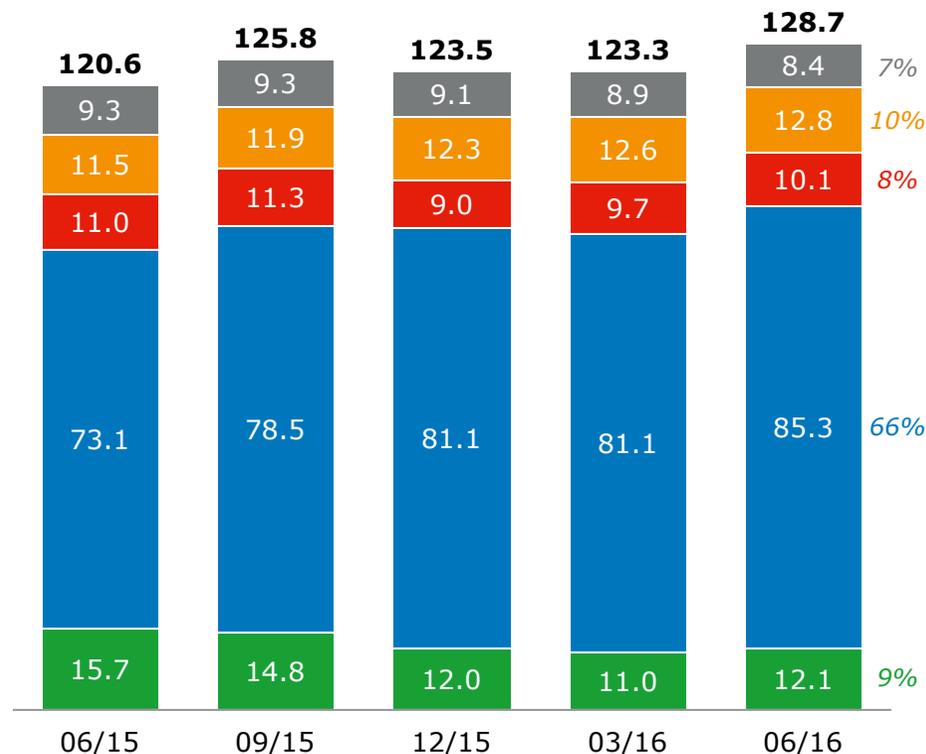
Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Structure of Assets
(PLN B)



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

Structure of Liabilities and Equity
(PLN B)



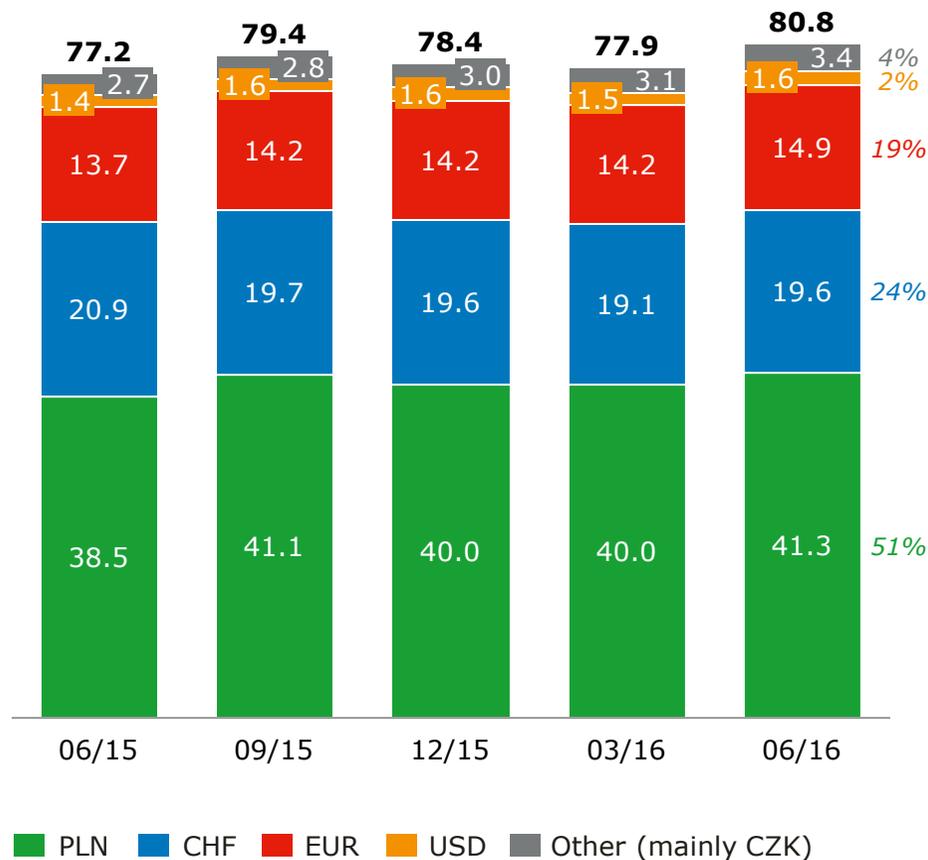
- Amounts due to other banks
- Amounts due to customers
- Debt securities in issue
- Equity
- Other

Appendix

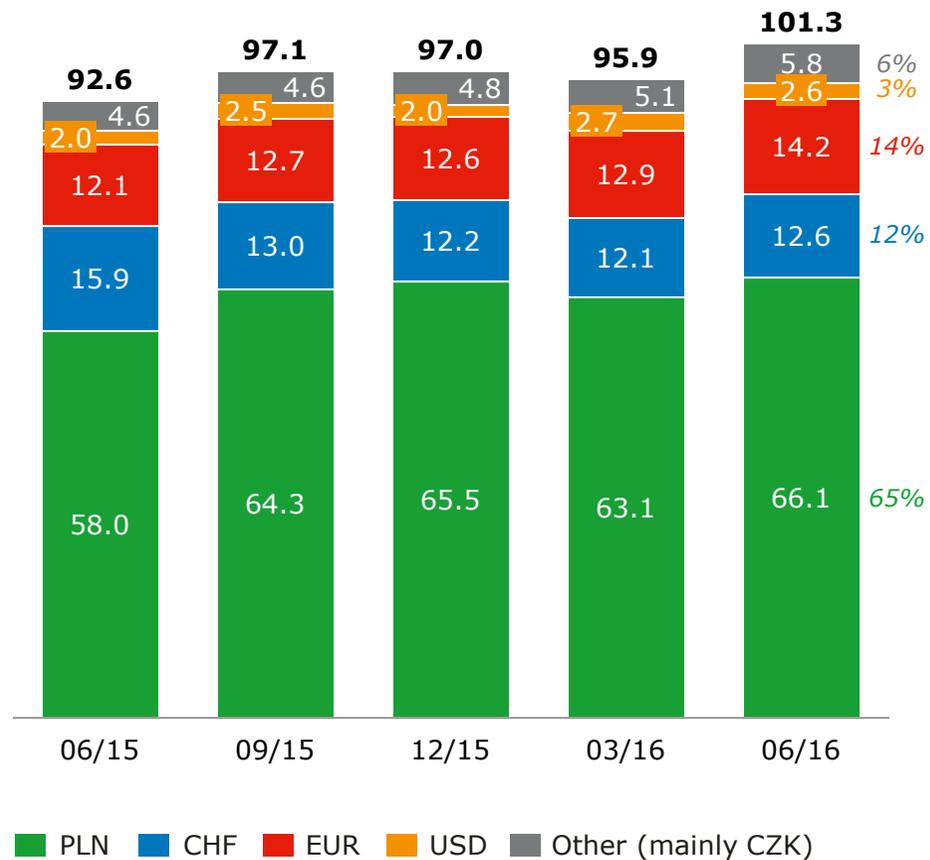
Additional Information: Selected Financial Data Balance Sheet Analysis: Currency Structure

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Currency Structure of Loans to Customers (net)
(PLN B)



Currency Structure of Amounts due to Banks and Customers¹
(PLN B)



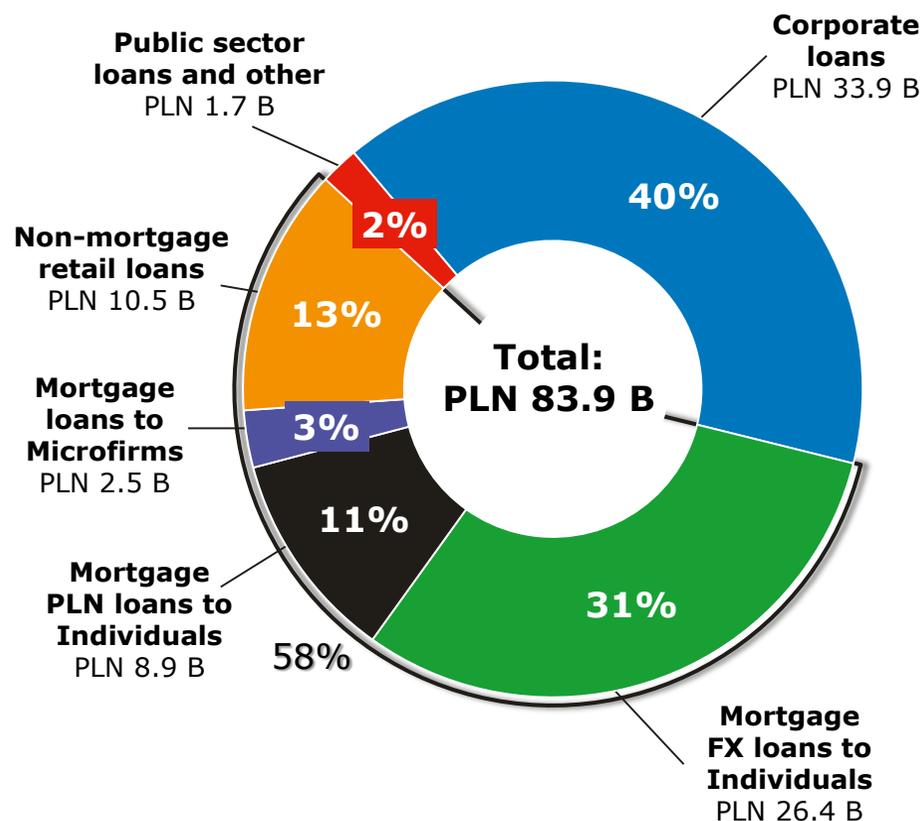
¹ Incl. amounts due to other banks and customers and subordinated liabilities

Appendix

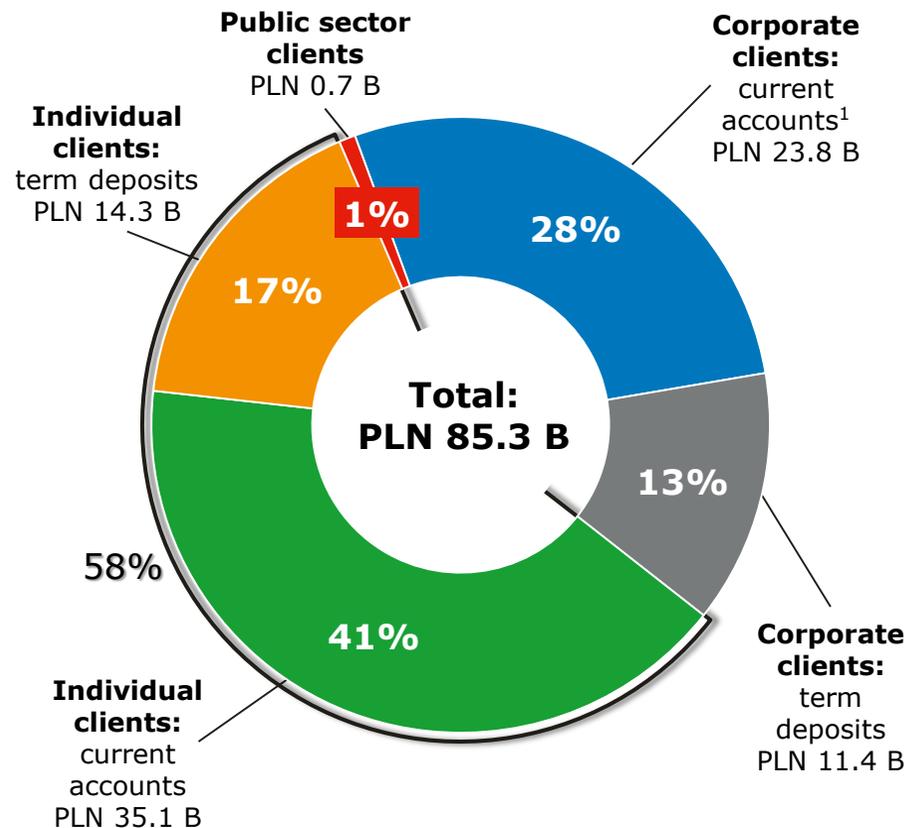
Additional Information: Selected Financial Data Balance Sheet Analysis: Structure of Loans and Deposits

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Structure of mBank Group's Gross Loans as of 30.06.2016



Structure of mBank Group's Deposits as of 30.06.2016



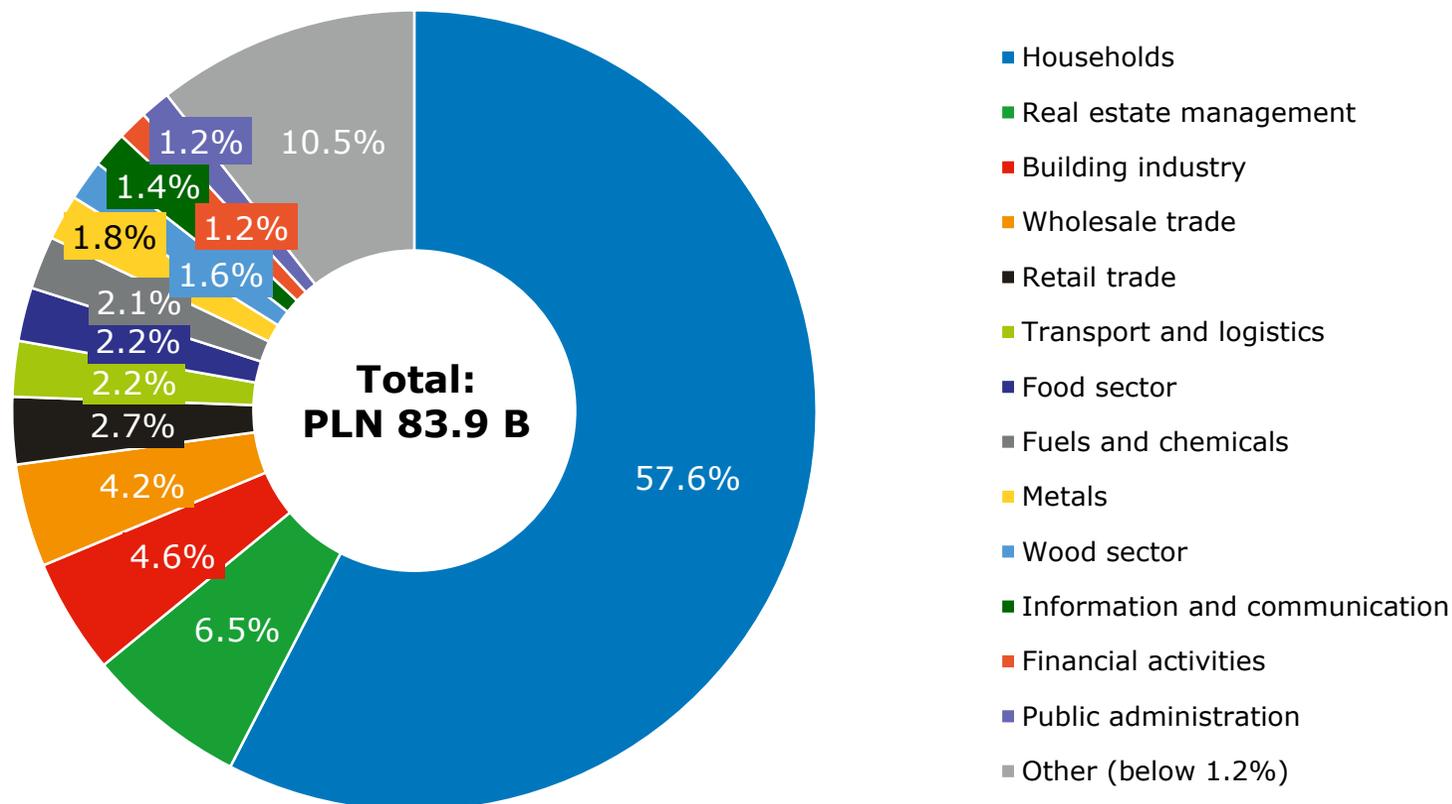
¹ incl. repo transactions, loans and advances received, other liabilities

Appendix

Additional Information: Selected Financial Data Balance Sheet Analysis: Loan Portfolio Structure

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

mBank Group's Sector Exposure by Industry
as of 30.06.2016



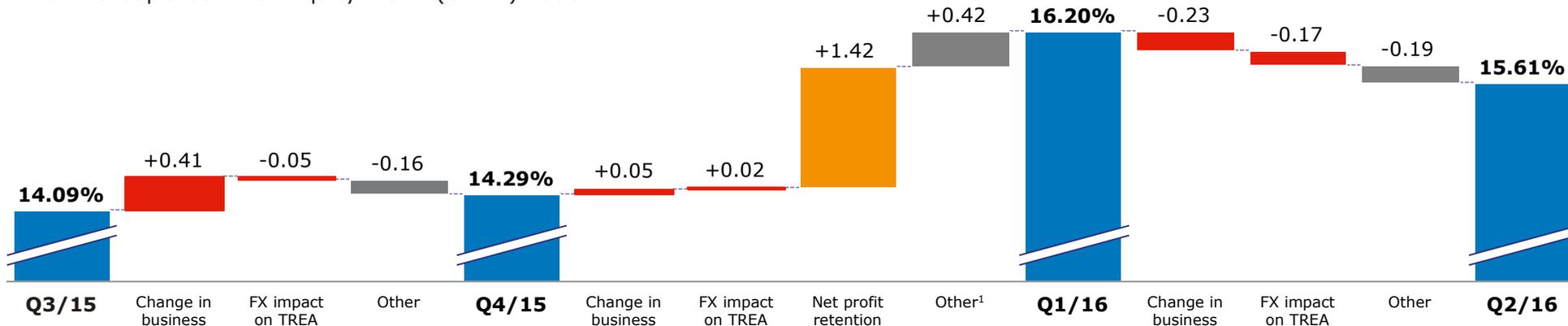
A well diversified loan portfolio with granular structure

Appendix

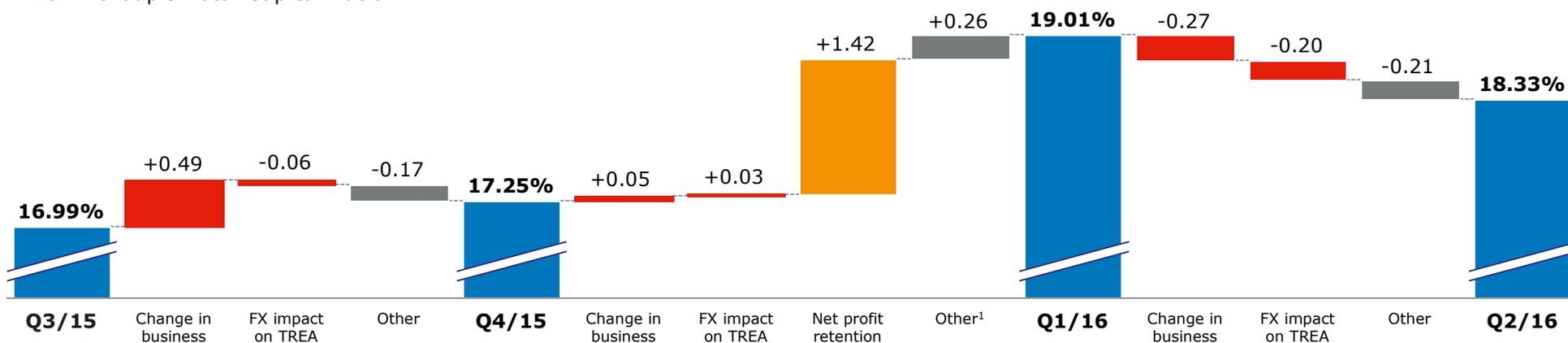
Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Additional Information: Selected Financial Data Balance Sheet Analysis: Detailed Development of Capital Ratios

mBank Group's Common Equity Tier 1 (CET 1) Ratio



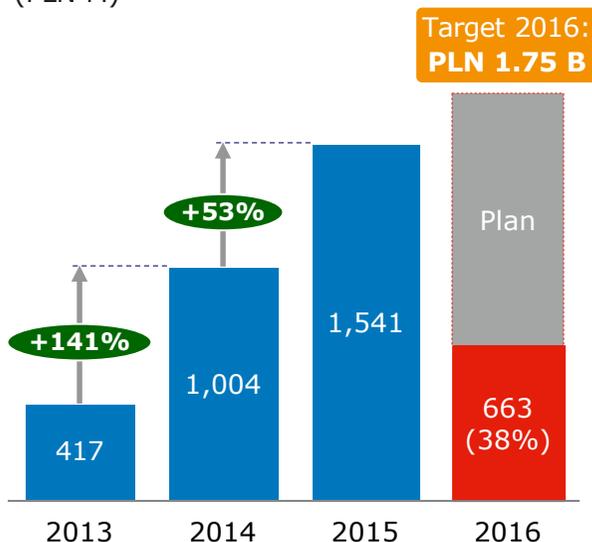
mBank Group's Total Capital Ratio



¹ due to lower deductions of own funds (mostly decrease of loan loss provisions after 2015 profit retention)

Issuance Activity on the Covered Bonds Market Residential mortgage loans are rising in cover pool

Covered Bonds Issuance
(PLN M)



- mBank Hipoteczny issued more than planned PLN 1.5 billion of covered bonds in 2015 and its target for 2016 amounts to PLN 1.75 billion
- Covered bond issuance to become the dominant long-term financing source for the Group's mortgage lending and a competitive advantage in a tightening regulatory environment

Summary of Mortgage Covered Bonds issued in 2014-2016

Amount	Currency	Issue date	Maturity date	Tenor (years)	Coupon
7.5 M	EUR	17-02-2014	15-02-2018	4.0	EURIBOR 6M + 80bps
8.0 M	EUR	28-02-2014	28-02-2029	15.0	Fixed (3.50%)
15.0 M	EUR	17-03-2014	15-03-2029	15.0	Fixed (3.50%)
20.0 M	EUR	30-05-2014	30-05-2029	15.0	Fixed (3.20%)
300.0 M	PLN	28-07-2014	28-07-2022	8.0	WIBOR 6M + 93bps
200.0 M	PLN	04-08-2014	20-02-2023	8.5	WIBOR 6M + 93bps
20.0 M	EUR	22-10-2014	22-10-2018	4.0	Fixed (1.115%)
50.0 M	EUR	28-11-2014	15-10-2019	4.9	EURIBOR 3M + 87bps
200.0 M	PLN	20-02-2015	28-04-2022	7.2	WIBOR 6M + 78bps
20.0 M	EUR	25-02-2015	25-02-2022	7.0	Fixed (1.135%)
250.0 M	PLN	15-04-2015	16-10-2023	8.5	WIBOR 6M + 87bps
11.0 M	EUR	24-04-2015	24-04-2025	10.0	Fixed (1.285%)
50.0 M	EUR	24-06-2015	24-06-2020	5.0	EURIBOR 3M + 69bps
500.0 M	PLN	17-09-2015	10-09-2020	5.0	WIBOR 3M + 110bps
255.0 M	PLN	02-12-2015	20-09-2021	5.8	WIBOR 3M + 115bps
300.0 M	PLN	09-03-2016	05-03-2021	5.0	WIBOR 3M + 120bps
50.0 M	EUR	23-03-2016	21-06-2021	5.2	EURIBOR 3M + 87bps
50.0 M	PLN	28-04-2016	28-04-2020	4.0	Fixed (2.91%)
100.0 M	PLN	11-05-2016	28-04-2020	4.0	Fixed (2.91%)

Detailed Results of the Business Lines in Q2/16

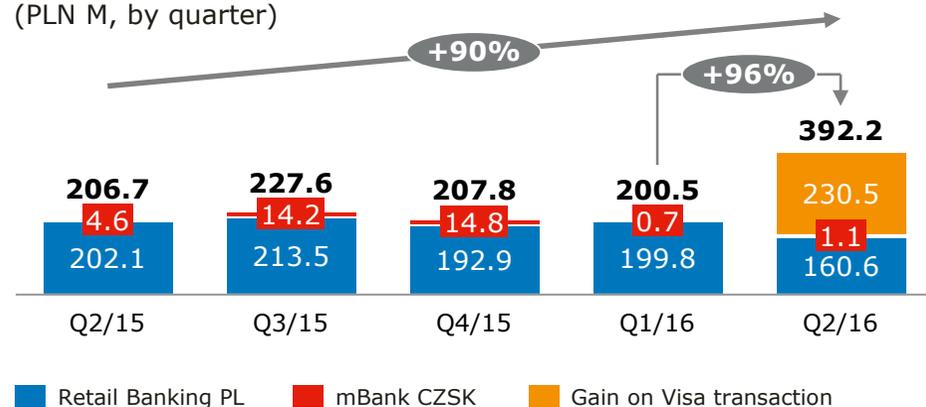
Retail Banking

Appendix

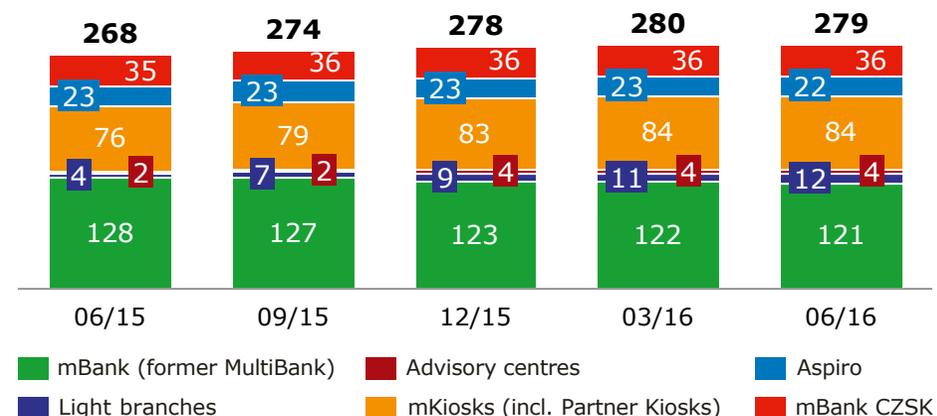
Retail Banking Summary of Q2/16: Financial Results

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

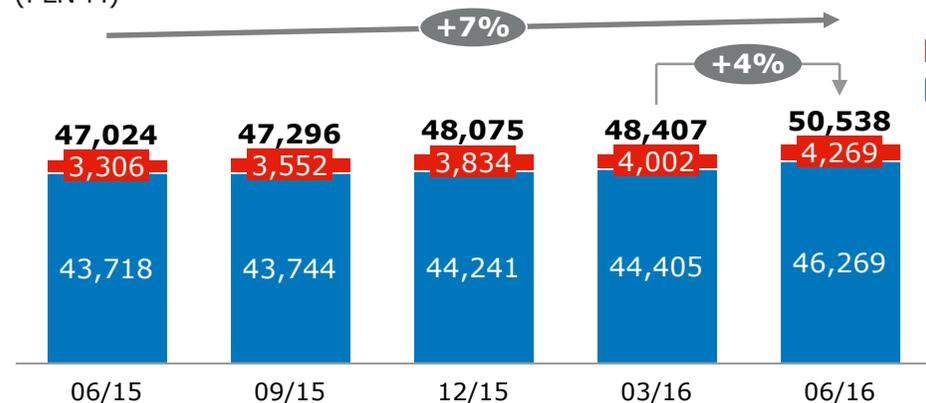
Profit before Tax of the Segment
(PLN M, by quarter)



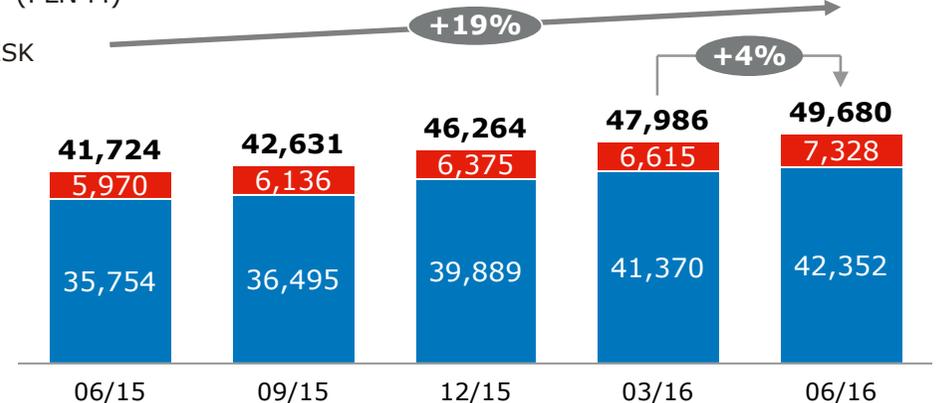
Number of Retail Service Locations



Total Retail Gross Loans¹
(PLN M)



Total Retail Deposits¹
(PLN M)



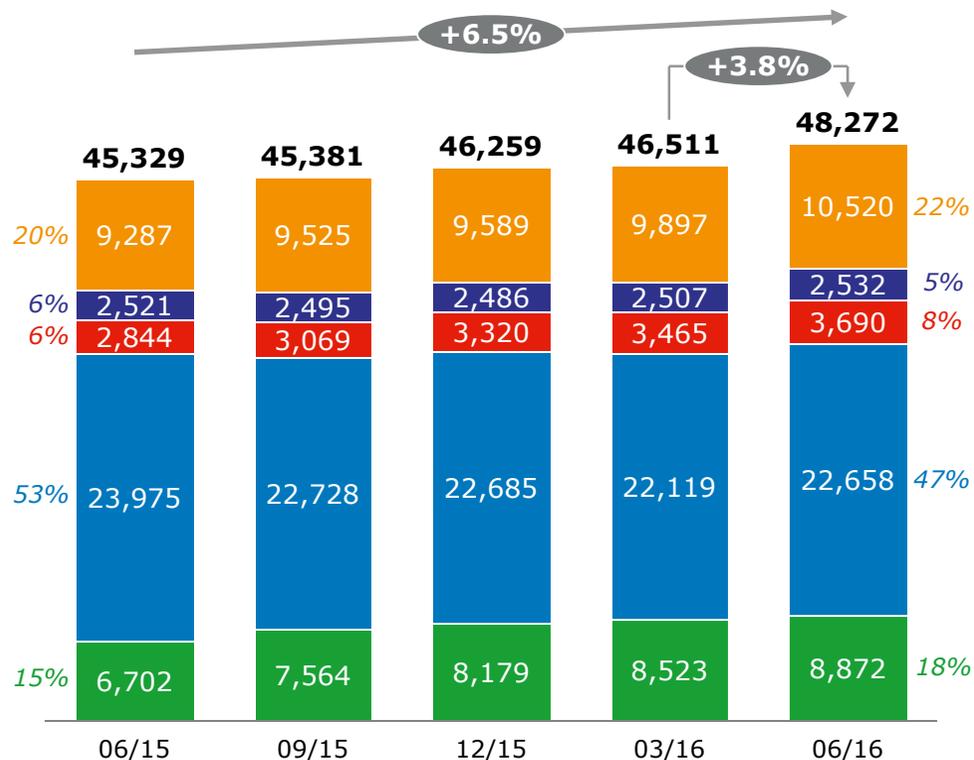
¹ Based on management information

Appendix

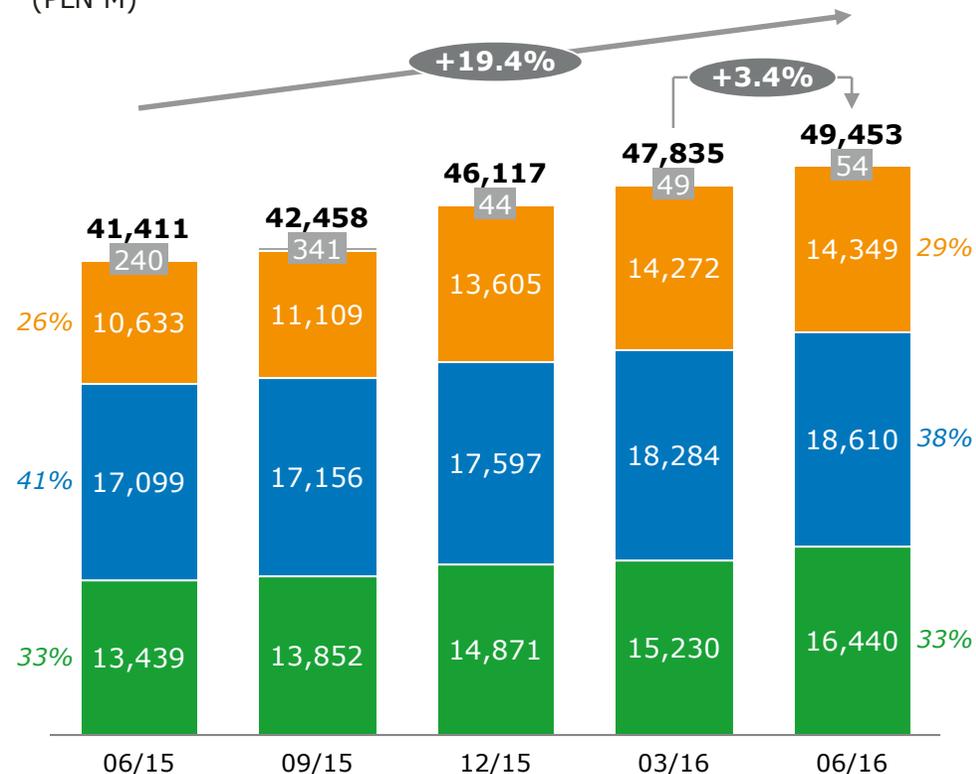
Retail Banking Summary of Q2/16: Loans and Deposits

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Gross Loans to Retail Banking Clients¹
(PLN M)



Deposits from Retail Banking Clients
(PLN M)



- PLN mortgage loans to Individuals
- FX mortgage loans to Individuals granted in PL
- Mortgage loans granted in CZSK
- Mortgage loans to Microfirms
- Non-mortgage loans

- Current accounts
- Saving accounts
- Term deposits
- Other

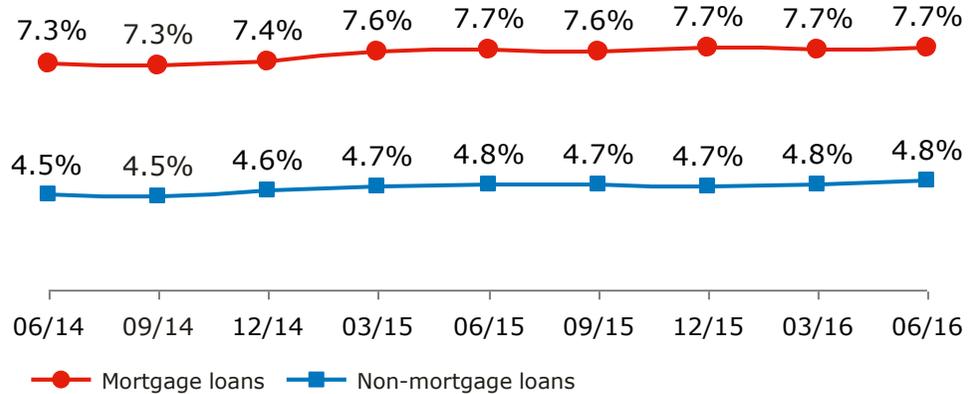
¹ Currency and geographical breakdown based on management information

Appendix

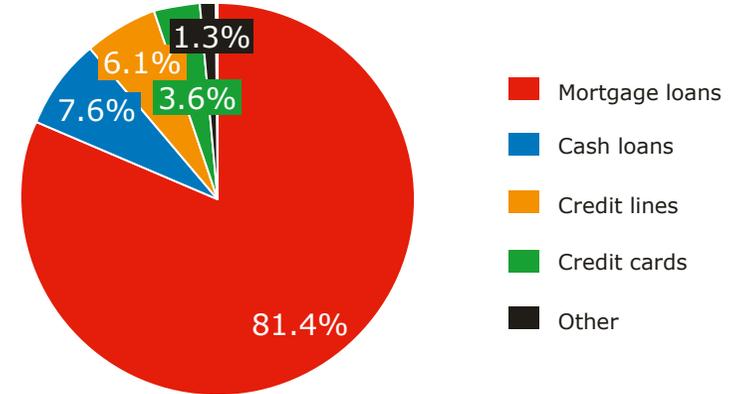
Retail Banking Loan Portfolio Structure of mBank Group in Poland

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

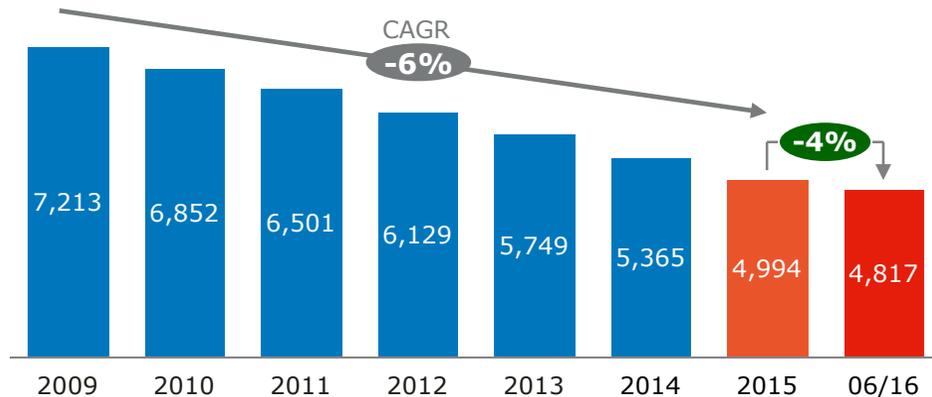
Market Shares in Household Loans in Poland



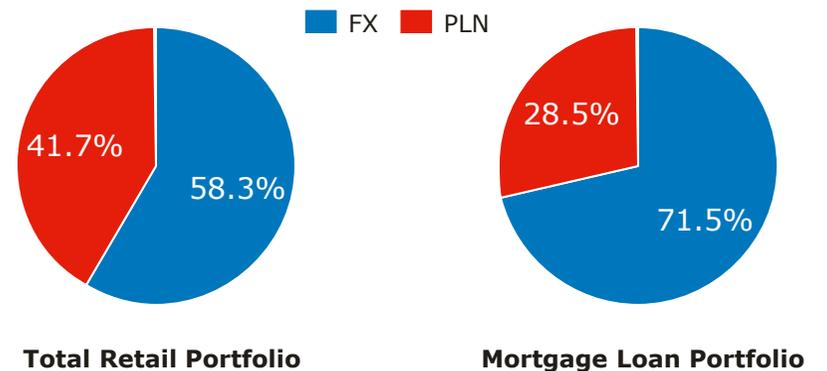
Product Structure of Retail Banking Loan Portfolio in Poland as of 30.06.2016



mBank's Gross CHF Loan Portfolio to Retail Clients (CHF M)



Currency Structure of Retail Banking Loan Portfolio in Poland as of 30.06.2016

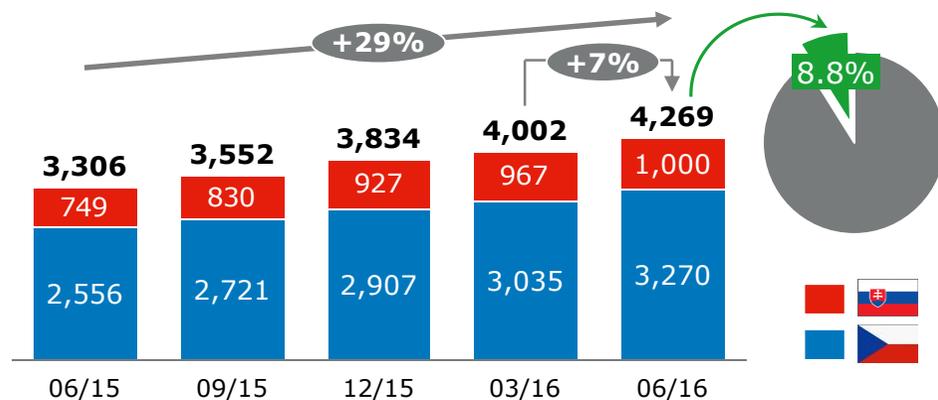


Appendix

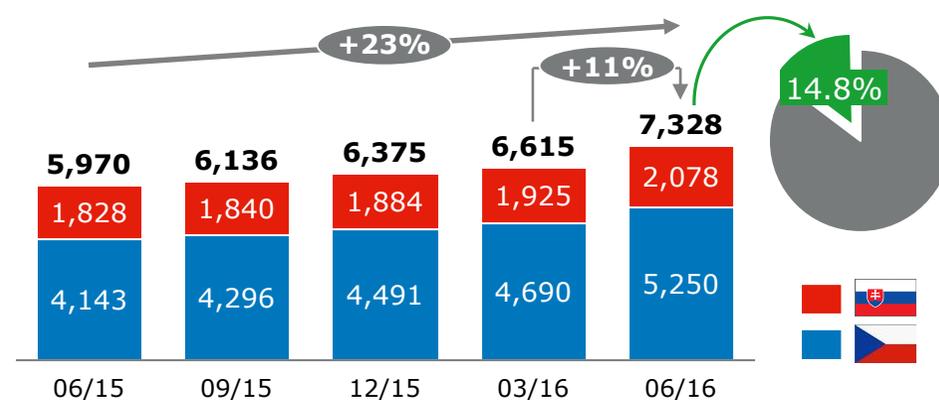
Retail Banking mBank in the Czech Republic and Slovakia

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

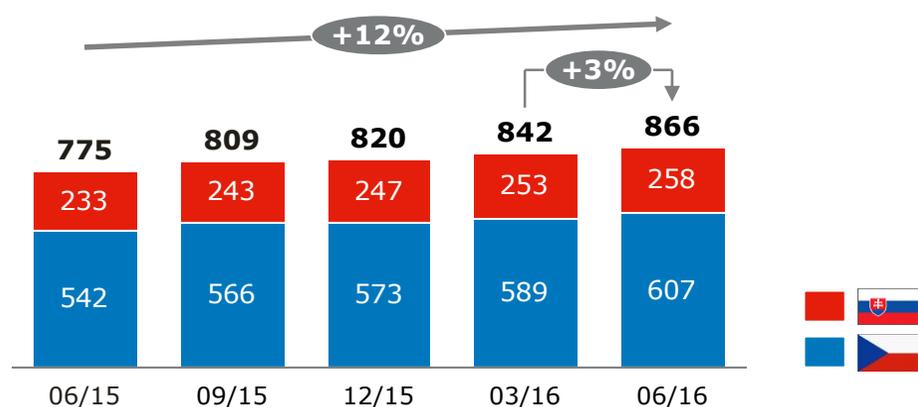
Gross Loans (PLN M) and Share in Total mBank's retail volume



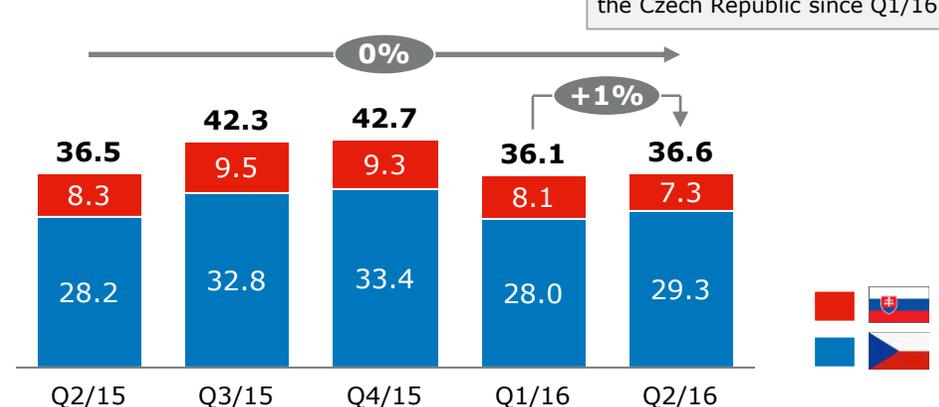
Deposits (PLN M) and Share in Total mBank's retail volume



Number of clients (thou.)



Total revenues (PLN M)



Note: Volumes based on management information.

Appendix

Retail Banking mBank in the Czech Republic and Slovakia

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

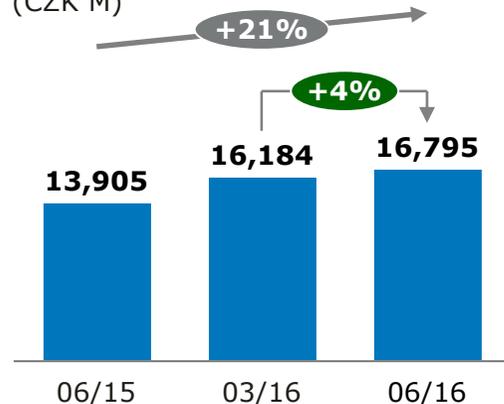


Czech Republic

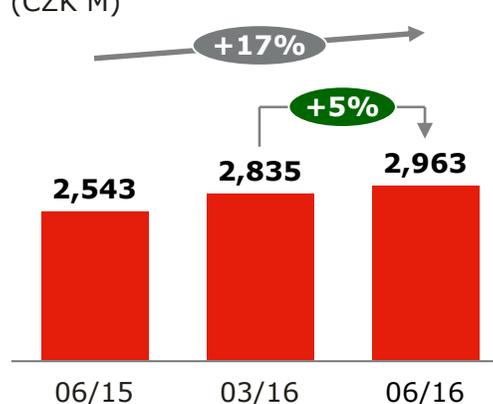
Clients:
607.4 thou.

9 financial centres &
16 mKiosks

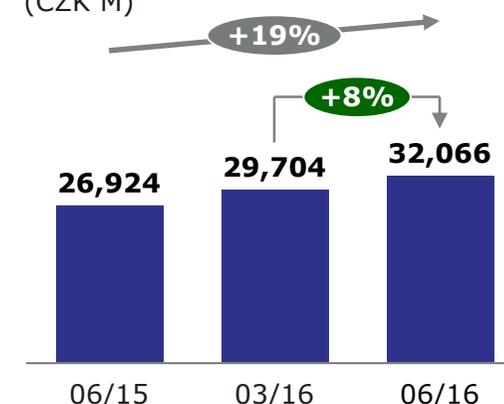
Mortgage Loans
(CZK M)



Non-mortgage Loans
(CZK M)



Customer deposits
(CZK M)

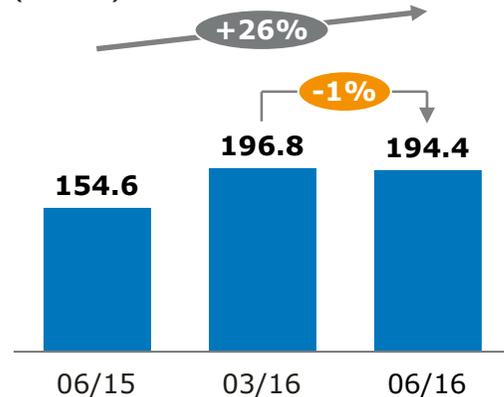


Slovakia

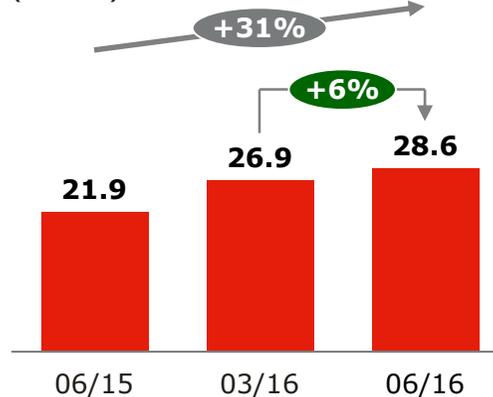
Clients:
258.4 thou.

2 light branches,
4 financial centres &
5 mKiosks

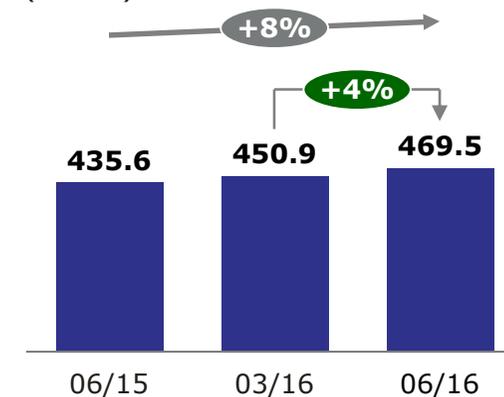
Mortgage Loans
(EUR M)



Non-mortgage Loans
(EUR M)



Customer deposits
(EUR M)



Note: Volumes based on management information.

Detailed Results of the Business Lines in Q2/16

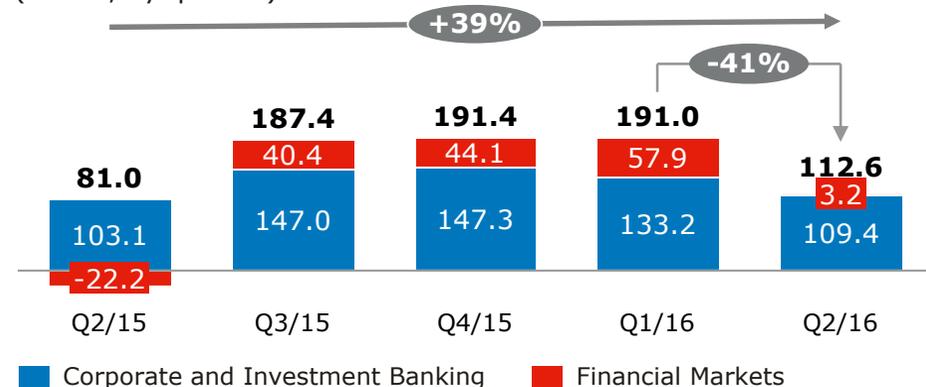
Corporates & Financial Markets

Appendix

Corporates and Financial Markets Summary of Q2/16: Financial Results

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Profit before Tax of the Segment
(PLN M, by quarter)

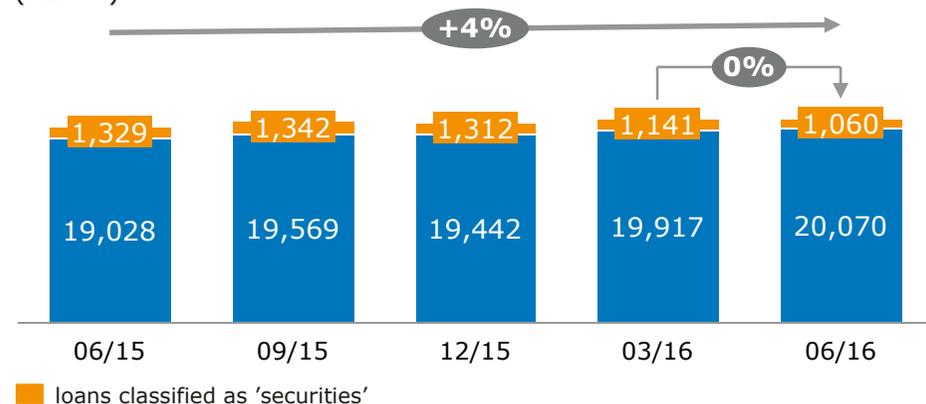


Number of Corporate Service Locations

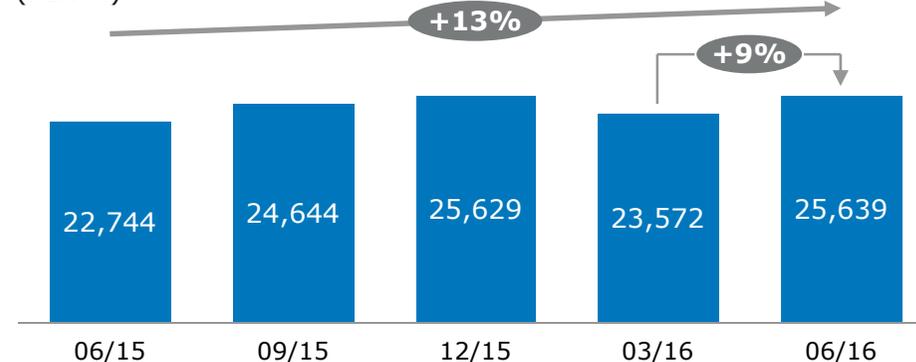
- 29 mBank's branches
- 16 mBank's offices
- 22 mLeasing
- 8 mFaktoring
- 5 mBank Hipoteczny
- 4 Advisory centres



Loans to enterprises¹
(PLN M)



Deposits of enterprises¹
(PLN M)



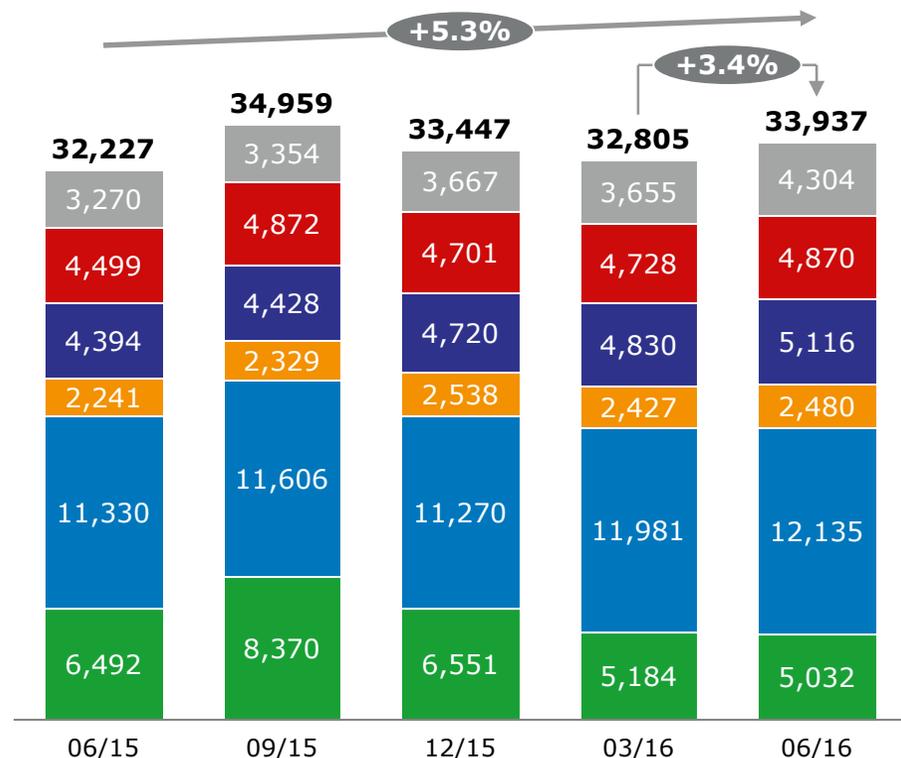
¹ Corporate loan and deposit volumes according to current NBP rules

Appendix

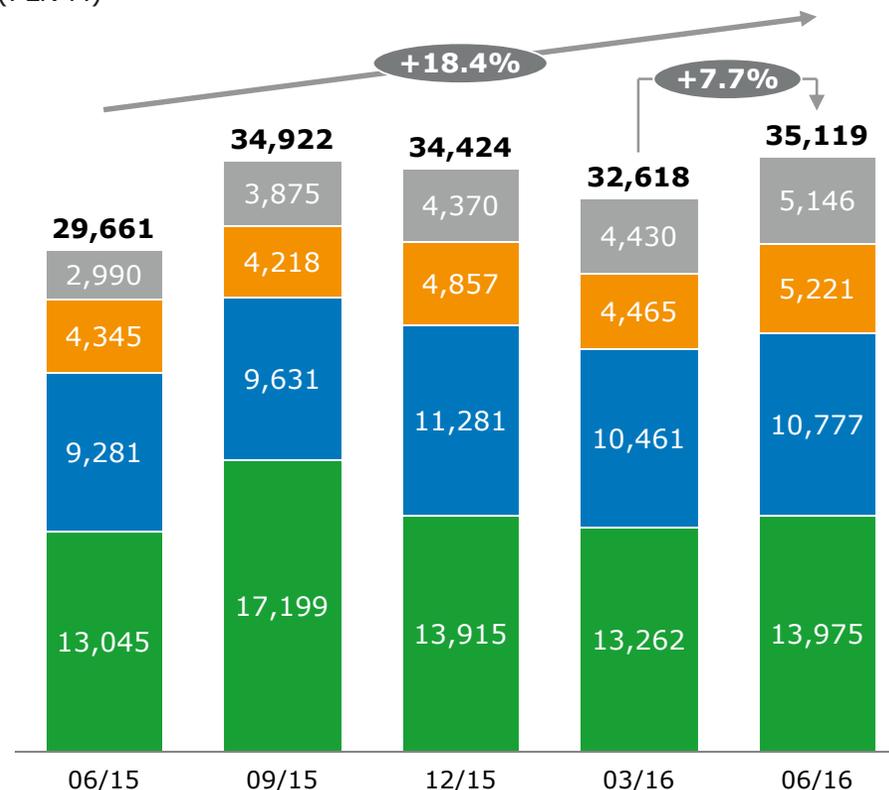
Corporates and Financial Markets Summary of Q2/16: Loans and Deposits

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Gross Loans to Corporate Entities
(PLN M)



Deposits from Corporate Customers
(PLN M)



■ K1 ■ K2 ■ K3 ■ mLeasing ■ mBank Hipoteczny ■ Other

■ K1 ■ K2 ■ K3 ■ Other

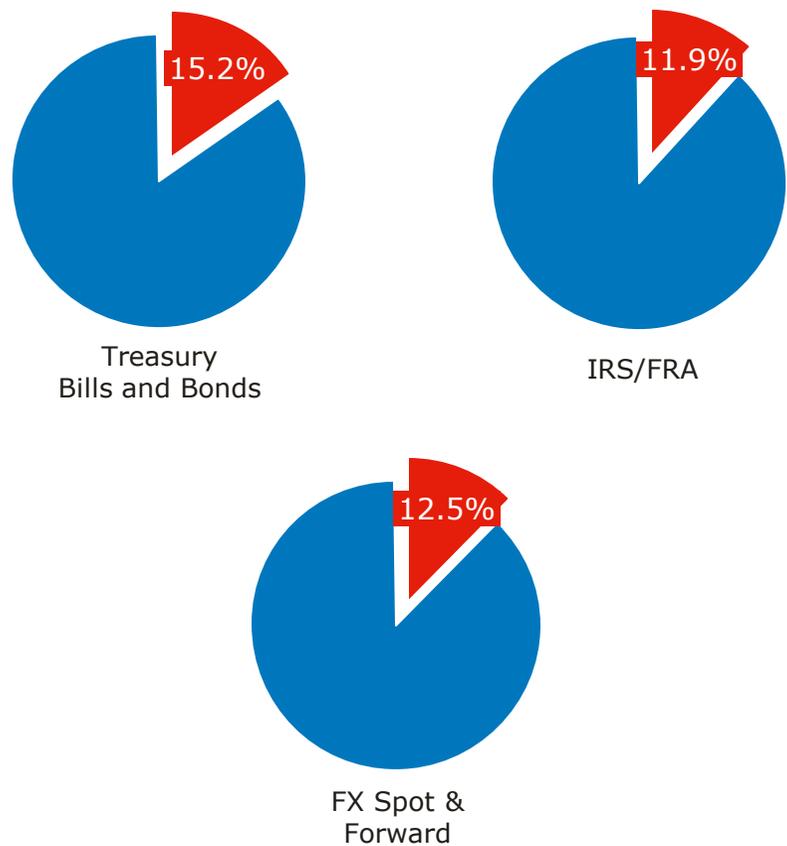
Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

Appendix

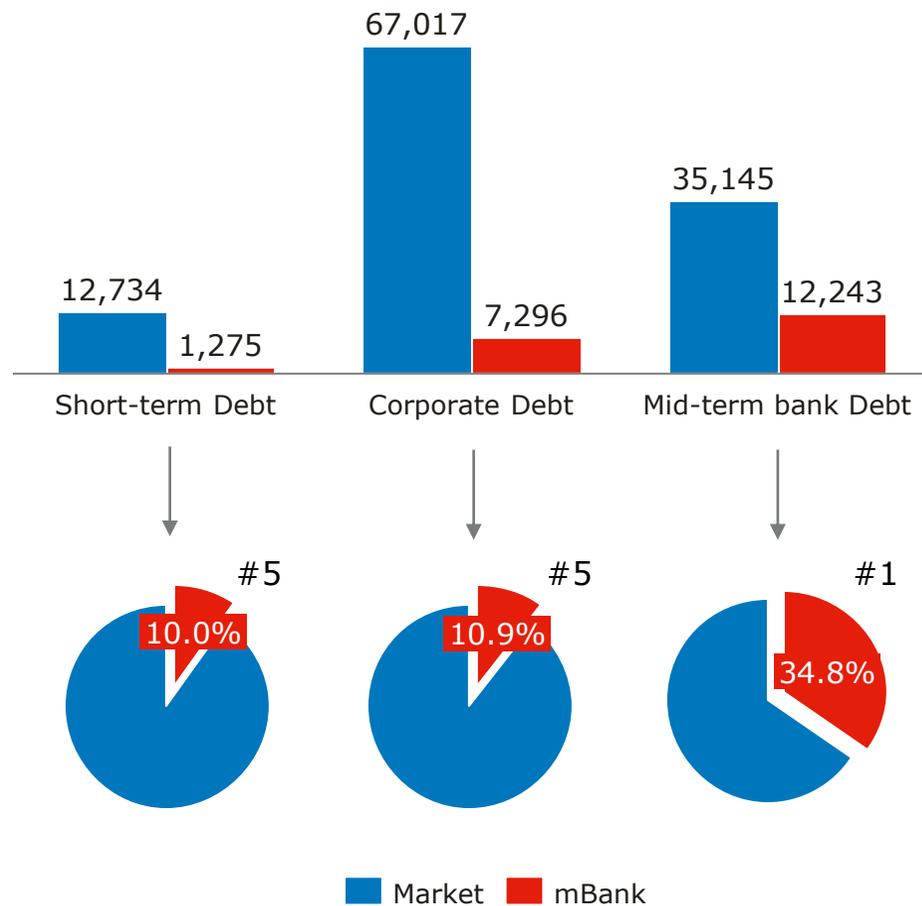
Corporates and Financial Markets Market Shares

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

mBank's Market Shares in Investment Banking Services¹



mBank in the Market for Non-Treasury Debt²
as of 30.06.2016 (PLN M)



¹ As of 31.05.2016; mBank calculations based on NBP data

² Based on Fitch Polska S.A., Rating & Rynek, 30.06.2016 (excluding BGK road bonds)

Detailed Results of the mBank Group's companies in Q2/16

Subsidiaries

Appendix

mBank Group's Subsidiaries

Development of Profit before Tax of Consolidated Companies

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

PLN thou.	Q2/15	Q2/16	Change YoY	H1/15	H1/16	Change YoY
mBank Hipoteczny	-6,319	1,569	- / +	8,305	13,388	+61.2%
mLeasing	12,130	20,768	+71.2%	27,756	41,230	+48.5%
mFactoring	-2,079	4,952	- / +	2,804	11,162	+298%
Dom Maklerski mBanku ¹	13,550	-382	+ / -	15,974	2,852	-82.1%
mWealth Management ¹	8,218	3,460	-57.9%	13,165	8,976	-31.8%
Aspiro ²	36,957	41,886	+13.3%	37,526	78,256	+109%
mLocum	2,397	4,331	+80.7%	11,107	15,076	+35.7%
Other ³	-629	3,036	- / +	5,559	1,277	-77.0%
Total	64,224	79,619	+24.0%	122,195	172,217	+40.9%

¹ Companies were integrated into the organizational structure of mBank as of 20.05.2016

² Excluding one-off gain on the sale of shares of BRE Ubezpieczenia TUiR in Q1/15

³ Other subsidiaries include mFinance France, mCentrum Operacji, BDH Development, Garbary and Tele-Tech Investment (since Q3/15)

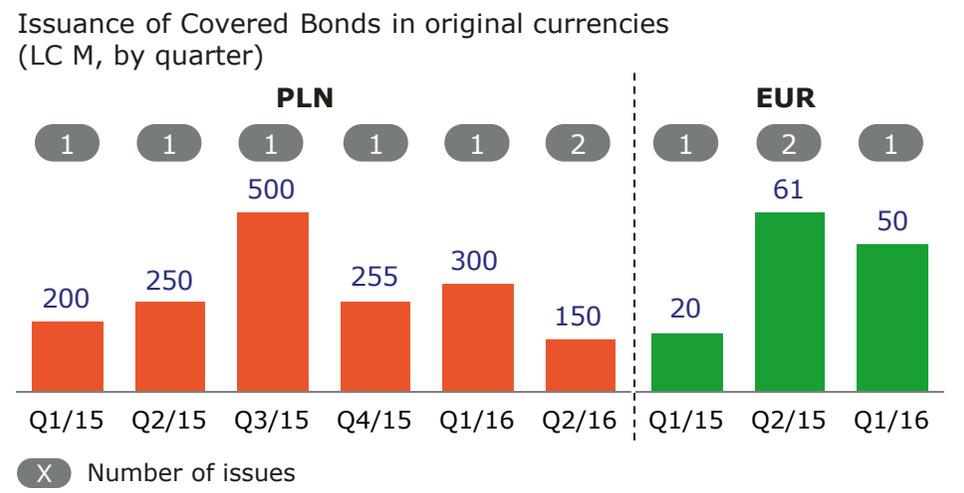
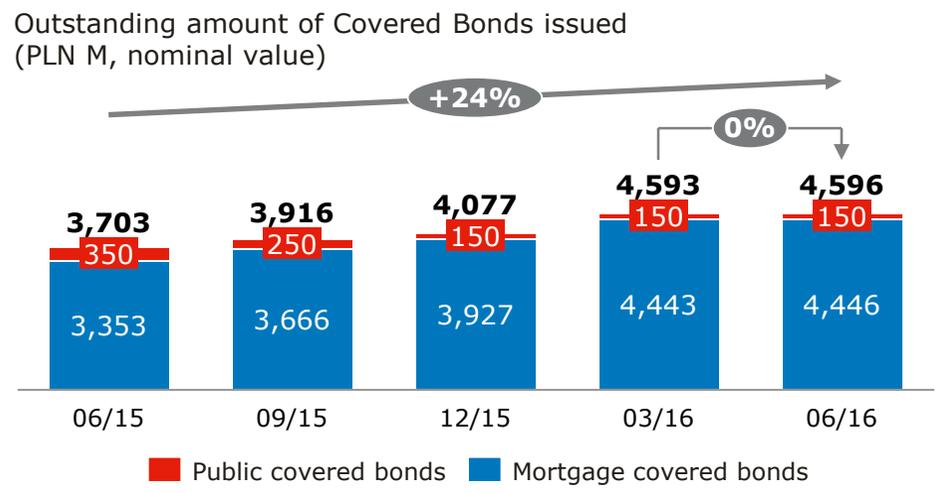
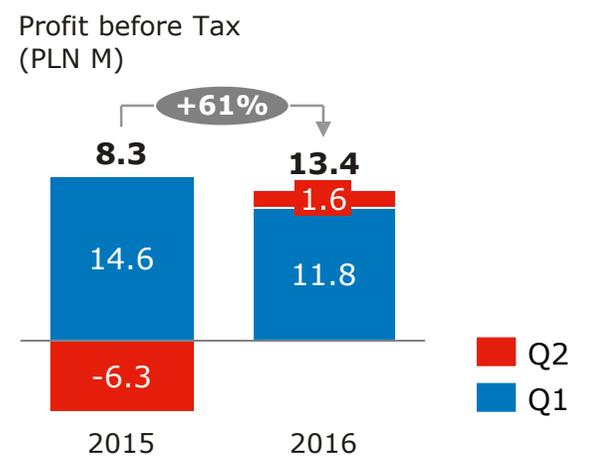
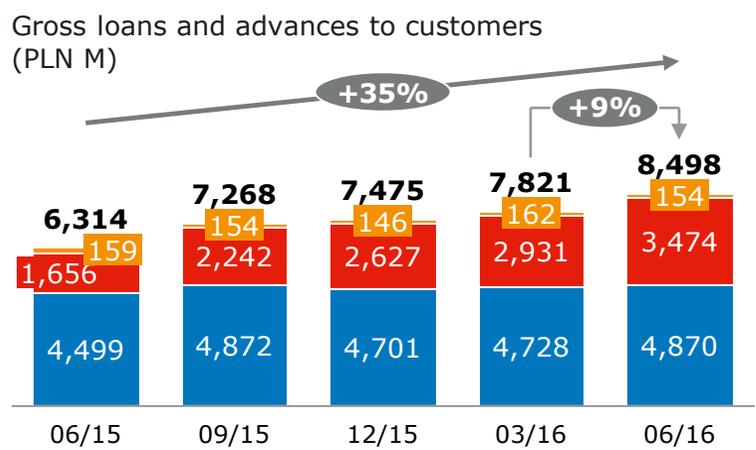
Appendix

mBank Group's Subsidiaries mBank Hipoteczny (mBH)

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

m Bank Hipoteczny
established in 1999
specialised mortgage bank and the largest issuer of covered bonds in the Polish market

- Public sector loans and other receivables
- Housing loans to individual customers (incl. new sales and pooling transactions)
- Commercial loans



Appendix

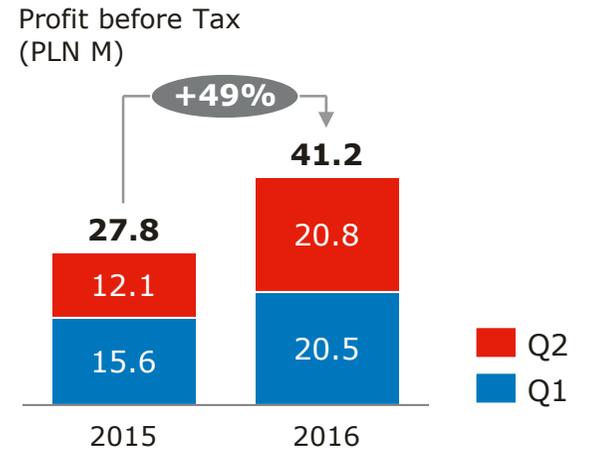
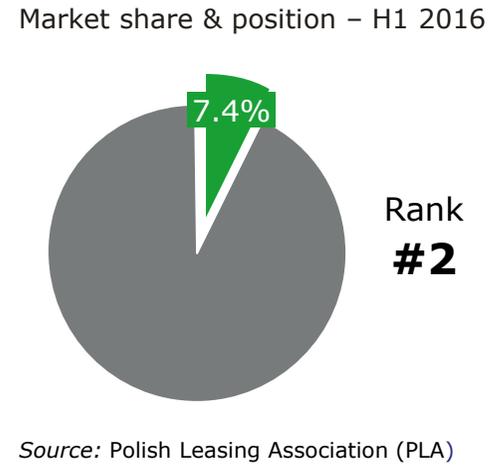
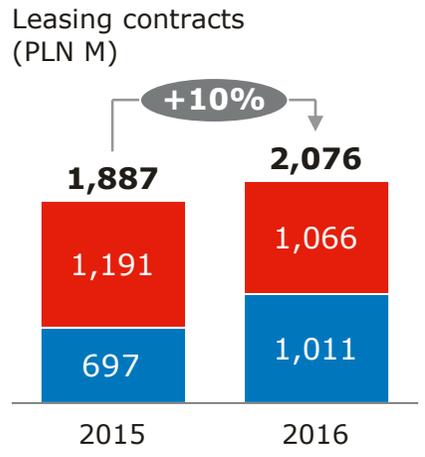
mBank Group's Subsidiaries Leasing and Factoring

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

m Leasing

established in 1991

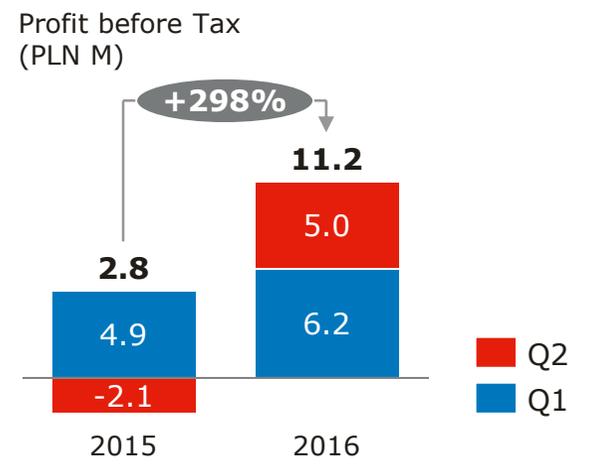
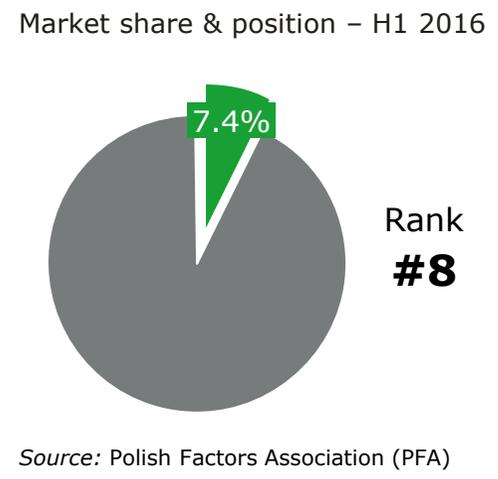
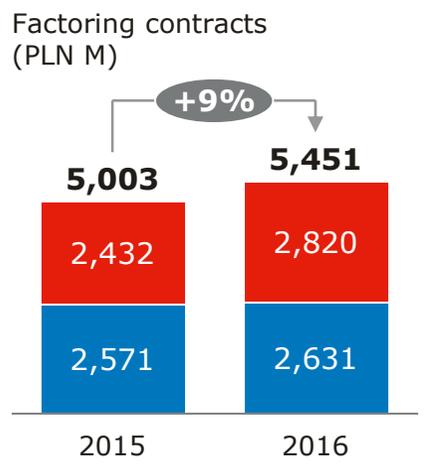
provides financial and operating leasing of cars, trucks, machinery and real estate



m Faktoring

established in 1995

offers factoring services, incl. domestic and export recourse and non-recourse factoring and import guarantees

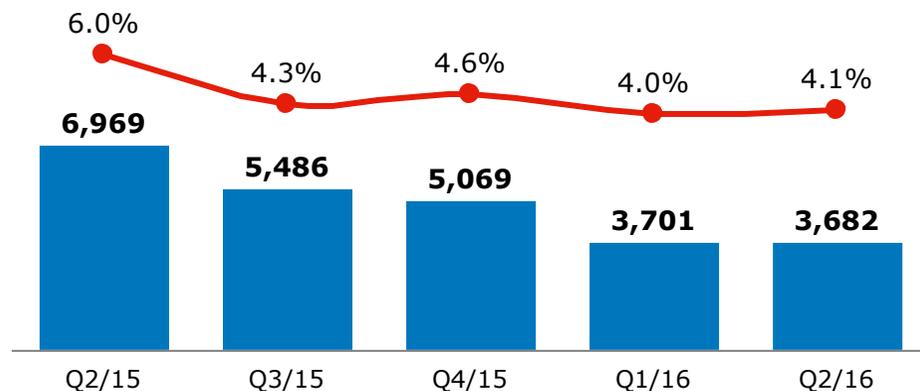


Appendix

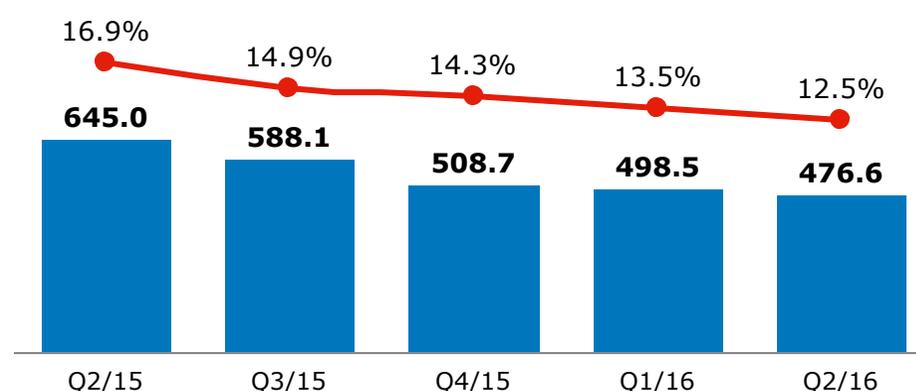
mBank Group's Brokerage Services Dom Maklerski mBanku (mDM)

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

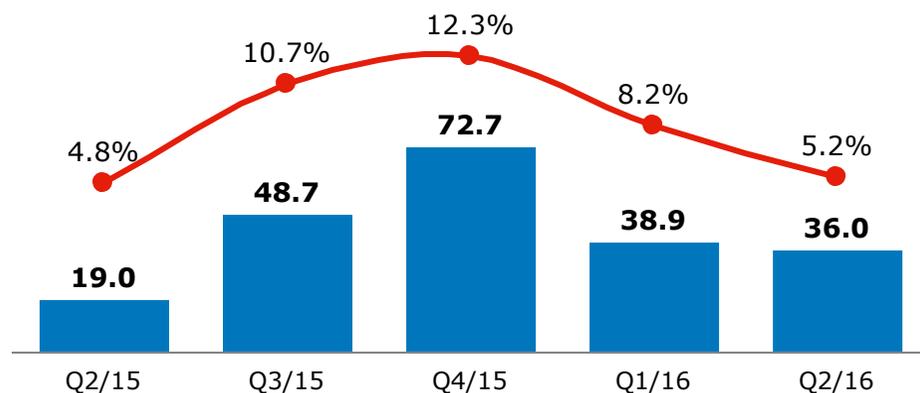
mDM Equities Trading on WSE and Market Share in Turnover (PLN M, by quarter)



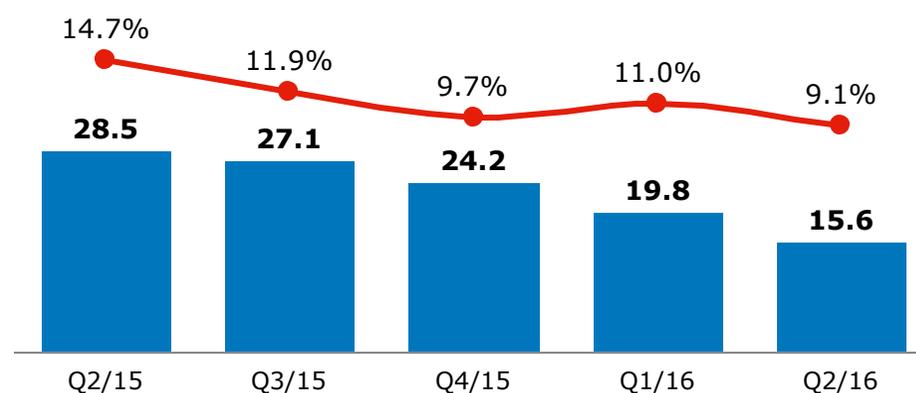
mDM Futures Trading on WSE and Market Share in Turnover (thou. of contracts, by quarter)



mDM Bonds Trading on WSE and Market Share in Turnover (PLN M, by quarter)



mDM Options Trading on WSE and Market Share in Turnover (thou. of contracts, by quarter)



Source: mBank calculations based on WSE data.

mBank's share price performance in H1/16

Sentiment towards Polish banking stocks has remained negative this year

mBank's index membership and weights*

WIG-30	WIG30	2.515%
WIG-20	WIG20	2.603%
WIG	WIG	1.668%
WIG-Banks	WIGbanki	6.373%
WIG-Poland	WIGPoland	1.719%

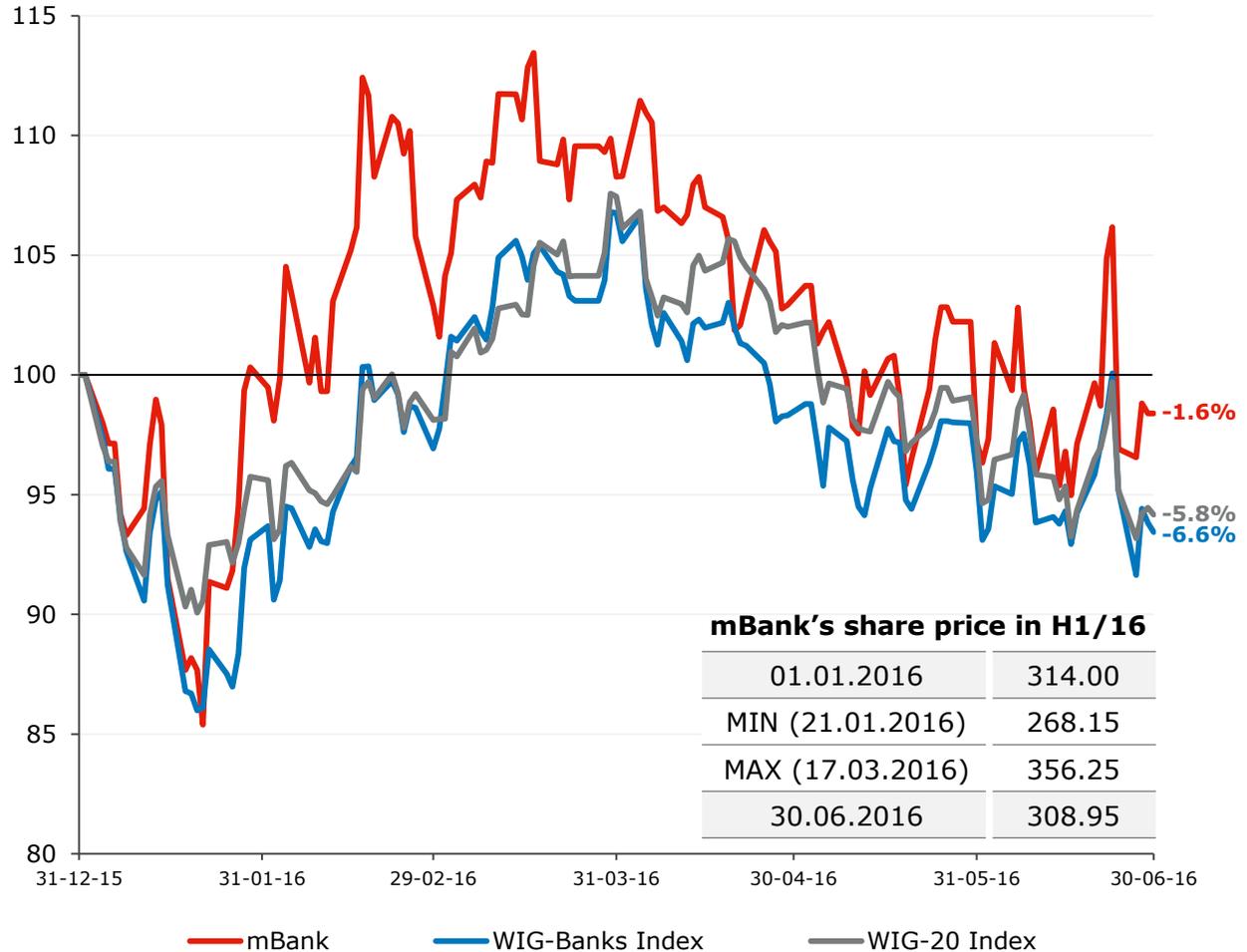
* Share in index as of July 5, 2016

- Listed on the Warsaw Stock Exchange since October 1992
- The only share belonging to WIG-20 blue chip index since its inception in April 1994
- A strategic shareholder, Germany's Commerzbank, owns 69.5% of shares

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 238 924

Source: Bloomberg, WSE.

mBank's share performance v. main indices (rebased to 100)



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