

Results of mBank Group Q1 2019

Strong performance momentum continues

Management Board of mBank S.A.

Investor Presentation

April 30, 2019



Disclaimer

This presentation has been prepared by mBank S.A. for information purposes only and is based on the Condensed Consolidated Financial Statements for the first quarter of 2019, prepared under the International Financial Reporting Standards. For more detailed information on the Bank's and Group's results, please refer to the respective financial statements and data.

Estimates presented in this document rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

The presentation should not be treated as a recommendation to purchase securities, an offer, invitation or a solicitation of an offer to purchase, invest or conclude any transaction on securities, in particular with respect to securities of the Bank and its subsidiaries.

This presentation has been completed as of the date indicated at the beginning and will not be updated.

Agenda



Summary of Main Trends in Q1/19

Business Development of Retail and Corporate Segment

Key Financials



Analysis of the Results after Q1/19

Loans and Deposits

Total Income and its Main Components

Total Costs and Efficiency

Loan Loss Provisions and Portfolio Quality

Capital and Liquidity Ratios



Macroeconomic Update and Outlook



Appendix

Selected Financial Data

Detailed Results of Business Lines



Key highlights of Q1 2019



Net profit of PLN 164.0 M, impacted by contribution to the Resolution Fund

Historically high core income of PLN 1,159.1 M fuelled by rising net interest income

- Net interest income at PLN 930.3 M (+13.9% YoY) on increasing volumes and changing asset mix
- Net fee and commission income at PLN 228.8 M (-14.9% YoY), amid market pressure

Normalized Cost/Income ratio at 45.0%¹, confirming high efficiency

- Uptrending total recurrent revenues (+8.5% YoY), accompanied by good cost control (+4.2% YoY, excl. BFG)



Dynamic growth in business volumes, driven by positive trends in core products

- Gross loans at PLN 100.8 B (+3.1% QoQ, +13.9% YoY), expansion of both corporate and retail portfolio
- Customer deposits at PLN 107.6 B (+5.5% QoQ, +14.1% YoY), strong inflows recorded in all segments

Focus on higher margin lending reflected in changing asset mix

- New production of non-mortgage loans reached a record level of PLN 2.58 B (+29% YoY)
- Rising sales of housing loans at PLN 1.49 B (+50% YoY); constant reduction of CHF portfolio (-9.0% YoY)



Capital ratios well above regulatory requirements and sound liquidity level

- Consolidated Tier 1 Capital Ratio at 17.55% and Total Capital Ratio at 20.65%²

Good asset quality supported by conservative risk management approach

- Cost of risk at 61 bps, lower loan loss provisions in corporate segment
- Stable NPL ratio at 4.8% and coverage ratio at 62.4% confirming loan portfolio resilience

Issuance of CHF-denominated 5.5-year bonds under EMTN programme

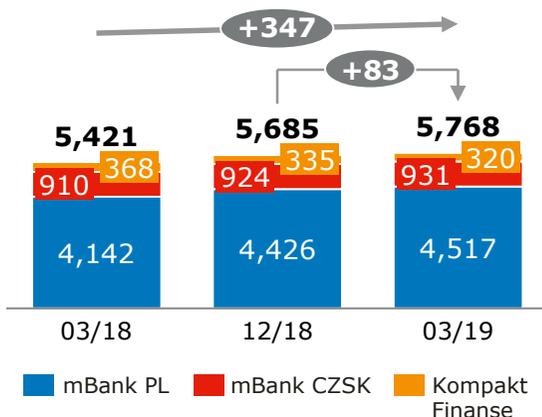
¹ Including ¼ of contribution to the Resolution Fund booked in Q1/19; ² Stand-alone capital ratios were Tier 1 Capital Ratio of 20.74% and Total Capital Ratio of 24.34%

Summary of Q1/19 in mBank Group

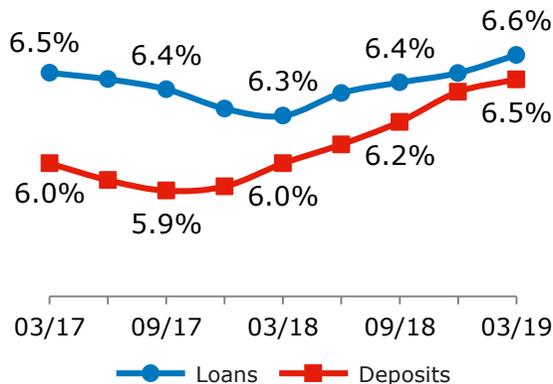
Business Development of Retail Banking and Corporate Banking

Retail Banking

Number of Retail Clients (thou.)



Market shares - Households

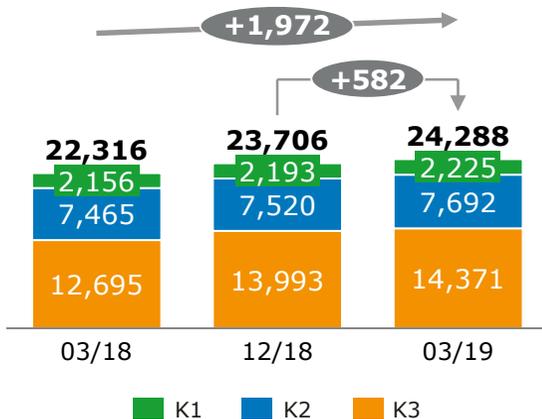


Innovations and new products

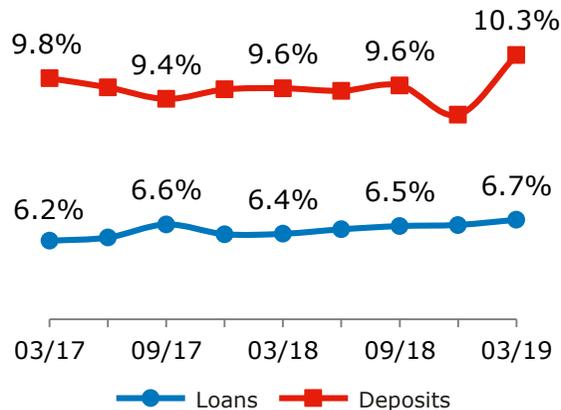
- ✓ Two new personal accounts based on simple rules for young and mass customers replaced the previous more complex offer
- ✓ mBank was among the first institutions that launched Apple Pay in the Czech Republic
- ✓ mBank adopted the new rules for financing the mining and energy sector, abandoning the financing of new coal mines and coal-fired power units
- ✓ mLeasing acquired LeaseLink, a fintech company specializing in leasing payment services, to strengthen its position in financing to SME segment
- ✓ Sandbox opened for third-party developers to test mBank's API

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.

Summary of Q1/19 in mBank Group

Key Financials: Profit and Loss Account

PLN million	Q1/18	Q4/18	Q1/19	change QoQ	change YoY
Net interest income	816.4	923.3	930.3	+0.7%	+13.9%
Net fee and commission income	268.9	219.2	228.8	+4.4%	-14.9%
Total income¹	1,382.4	1,260.5	1,261.4	+0.1%	-8.8%
Total costs (excl. BFG)	-483.7	-501.4	-504.1	+0.6%	+4.2%
Contributions to the BFG ²	-117.3	-21.4	-211.6	+889.1%	+80.4%
Loan loss provisions and fair value change ³	-121.7	-170.5	-145.6	-14.6%	+19.7%
Operating profit	659.7	567.2	399.9	-29.5%	-39.4%
Taxes on the Group balance sheet items	-98.5	-101.6	-109.1	+7.4%	+10.8%
Profit before income tax	561.6	466.0	290.8	-37.6%	-48.2%
Net profit	412.6	332.7	164.0	-50.7%	-60.3%
Net Interest Margin	2.59%	2.60%	2.60%	0.00 p.p.	+0.01 p.p.
Cost/Income ratio	43.5%	41.5%	56.7%	+15.2 p.p.	+13.2 p.p.
Cost of Risk	0.57%	0.73%	0.61%	-0.12 p.p.	+0.04 p.p.
Return on Equity (ROE)	11.9%	9.5%	4.4%	-5.1 p.p.	-7.5 p.p.
Return on Assets (ROA)	1.27%	0.91%	0.44%	-0.47 p.p.	-0.83 p.p.

¹ In Q1/18 mBank Group sold an organised part of the enterprise of mFinance and booked a one-off gain of PLN 219.7 million (pre-tax)

² Including annual contributions to the Resolution Fund of PLN 97.1 million and PLN 197.3 million in Q1/18 and Q1/19, respectively

³ 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 Q1/19 in mBank Group

Key Financials: Balance Sheet

<i>PLN million</i>	Q1/18	Q4/18	Q1/19	<i>change QoQ</i>	<i>change YoY</i>
Total assets	133,640	145,750	150,819	+3.5% ↑	+12.9% ↑
Gross loans to customers	88,505	97,765	100,813	+3.1% ↑	+13.9% ↑
Retail client loans	48,802	52,925	54,076	+2.2% ↑	+10.8% ↑
Corporate client loans	38,760	44,190	46,140	+4.4% ↑	+19.0% ↑
Customer deposits	94,309	102,009	107,648	+5.5% ↑	+14.1% ↑
Retail client deposits	57,720	65,924	68,221	+3.5% ↑	+18.2% ↑
Corporate client deposits ¹	33,183	34,633	36,539	+5.5% ↑	+10.1% ↑
Total equity	14,486	15,216	15,313	+0.6% ↑	+5.7% ↑
Loan to Deposit ratio	90.8%	92.9%	90.7%	-2.2 p.p.	-0.1 p.p.
NPL ratio	5.2%	4.8%	4.8%	0.0 p.p.	-0.4 p.p.
Coverage ratio	58.0%	62.8%	62.4%	-0.4 p.p.	+4.4 p.p.
Tier 1 Capital Ratio	17.9%	17.5%	17.6%	+0.1 p.p.	-0.3 p.p.
Total Capital Ratio	20.9%	20.7%	20.7%	0.0 p.p.	-0.2 p.p.

¹ Excluding repo / sell-buy-back transactions

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Macroeconomic Update and Outlook



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Selected Financial Data

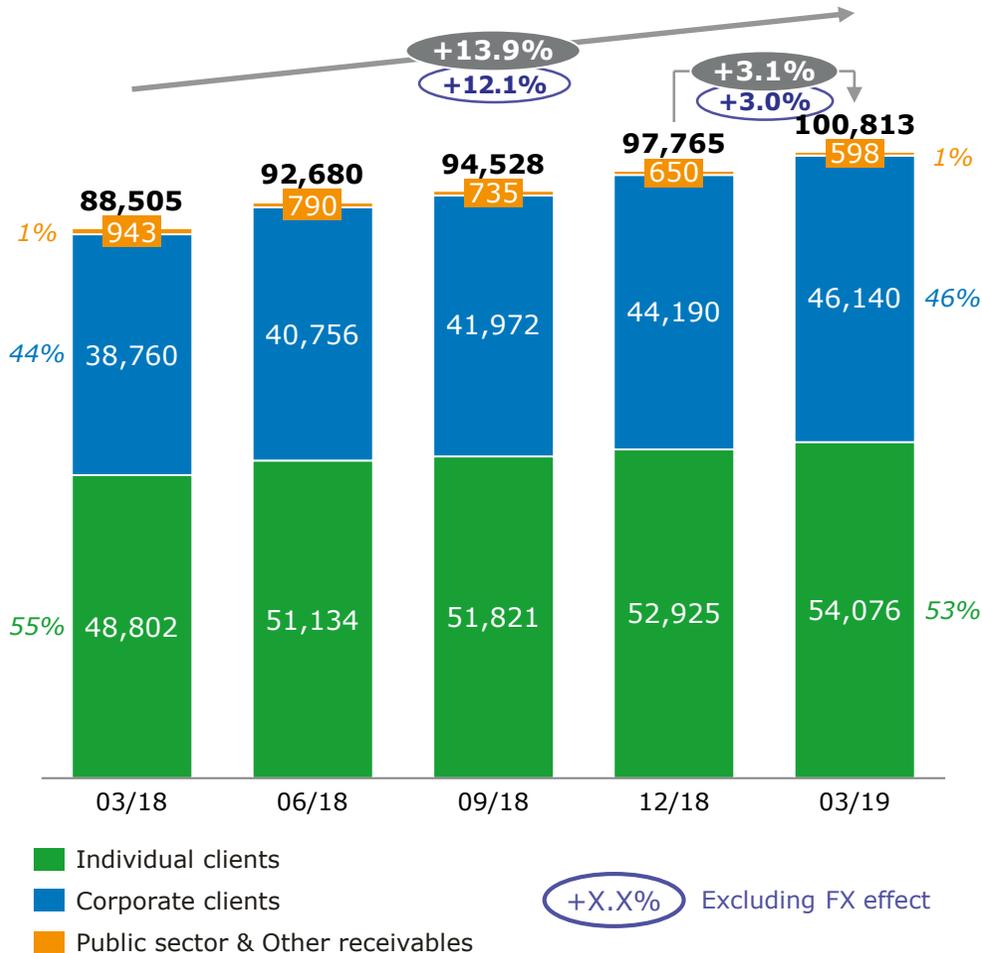
Detailed Results of Business Lines



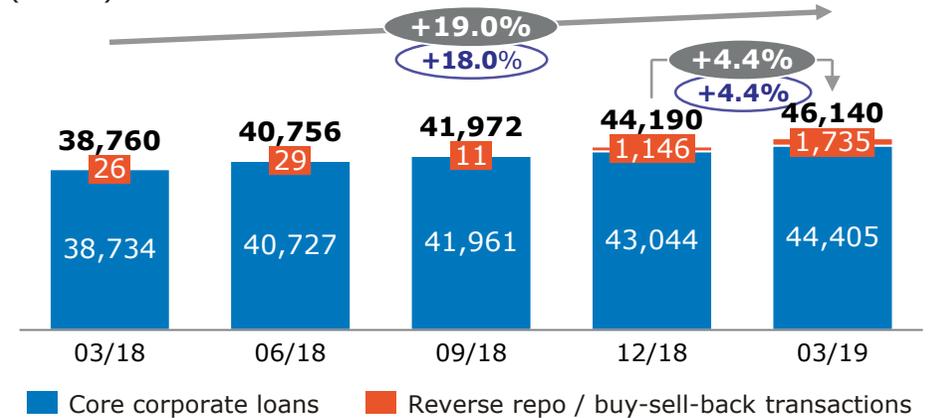
Results of mBank Group: Loans to customers

Upward trend in both corporate and retail loans benefitting from strong economic conditions

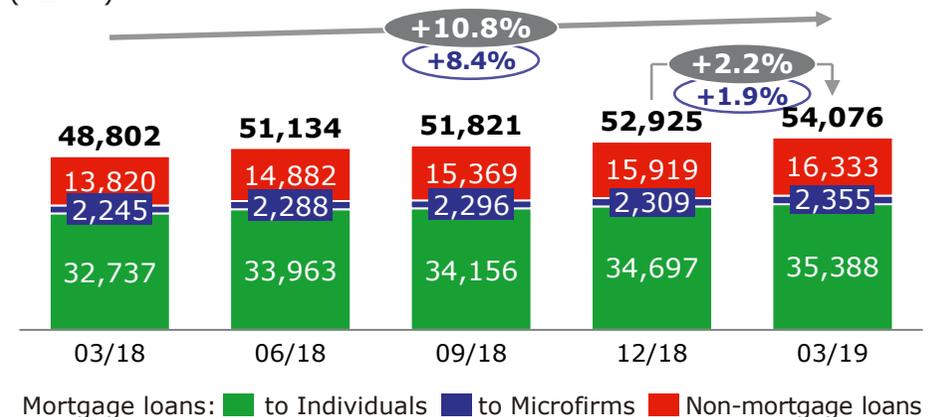
Development of Gross Loans and Advances to Customers (PLN M)



Gross Loans to Corporate Entities (PLN M)



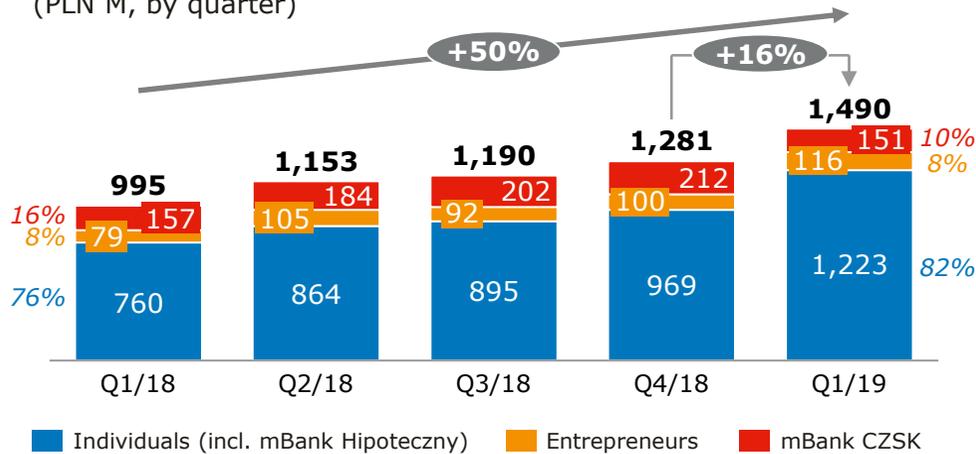
Gross Loans to Retail Customers (PLN M)



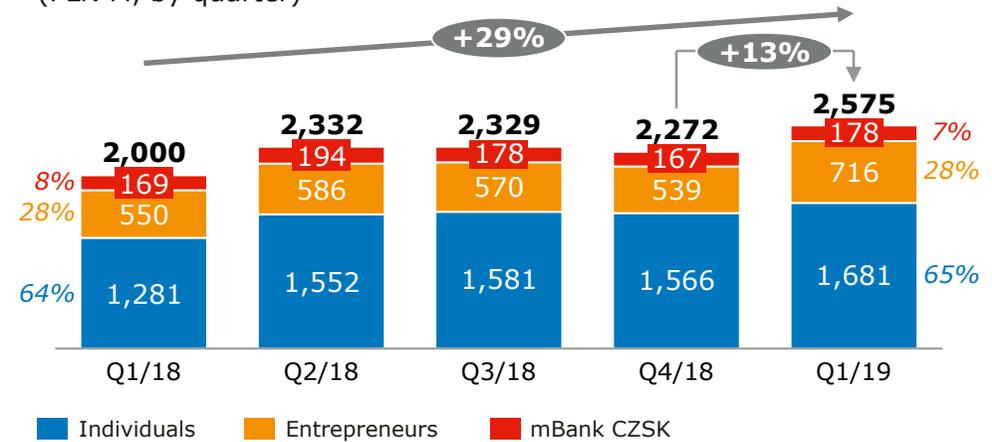
Results of mBank Group: New lending business

Accelerating origination of housing loans, record high non-mortgage lending

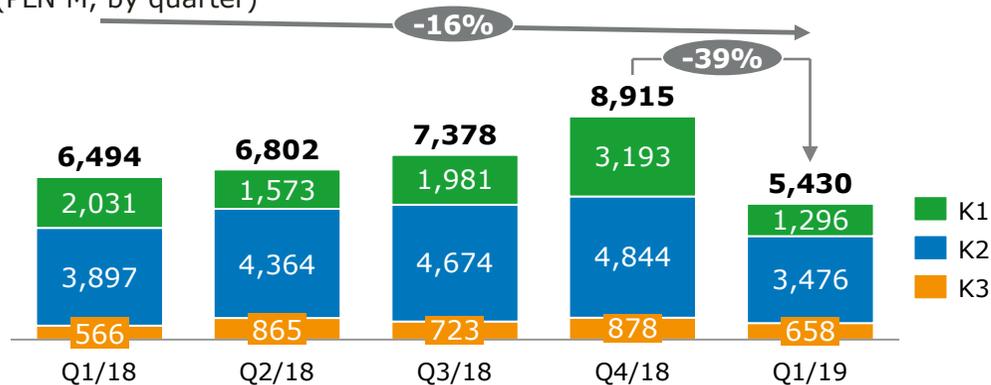
Sales of Mortgage Loans
(PLN M, by quarter)



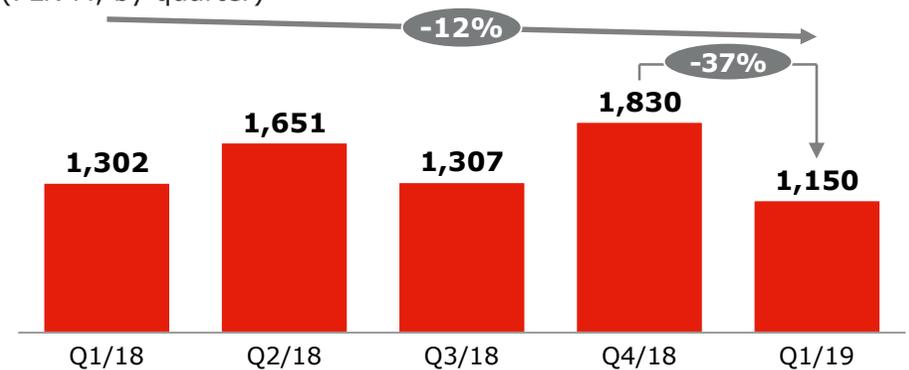
Sales of Non-mortgage Loans
(PLN M, by quarter)



Sales of Corporate Loans¹
(PLN M, by quarter)



New Leasing Contracts
(PLN M, by quarter)



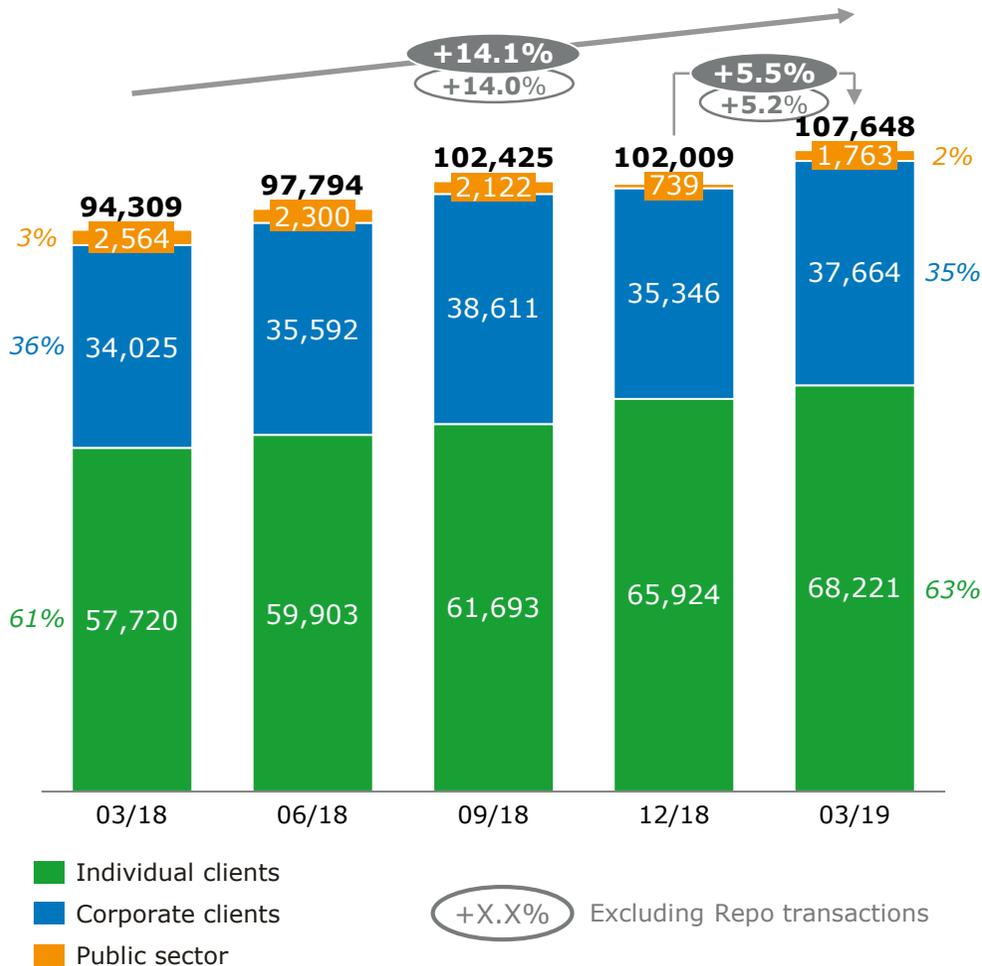
¹ Including new sale, rising and renewal

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.

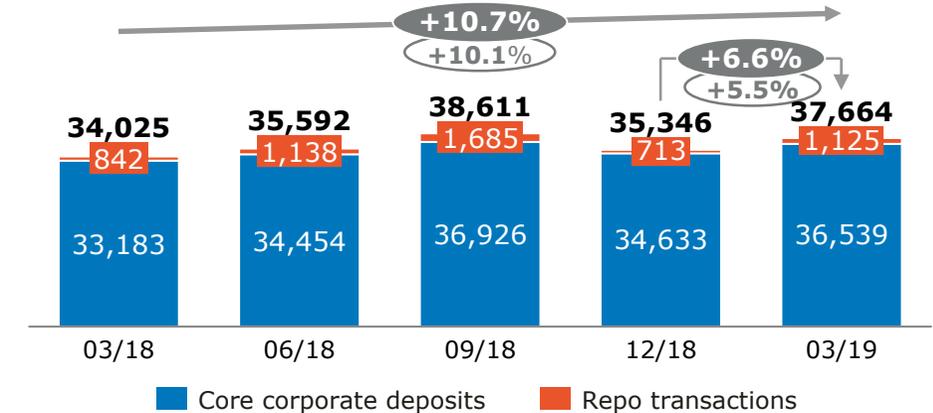
Results of mBank Group: Customer deposits

Strong inflows recorded in all segments, high share of current accounts in deposit base

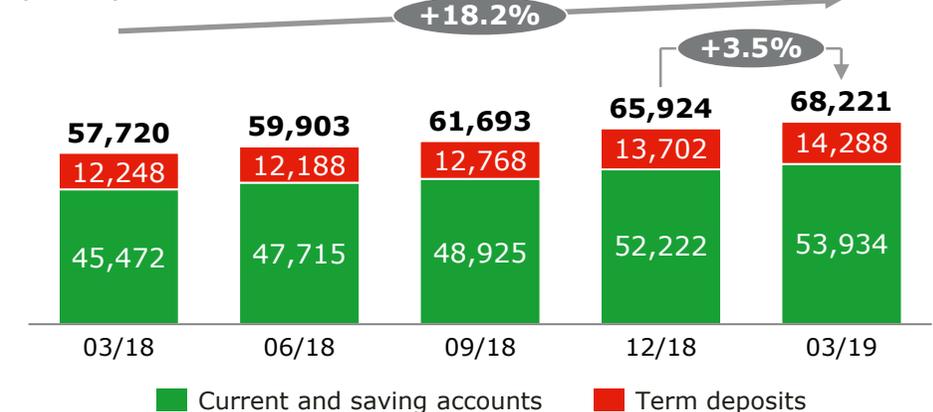
Development of Customer Deposits (PLN M)



Deposits from Corporate Entities (PLN M)



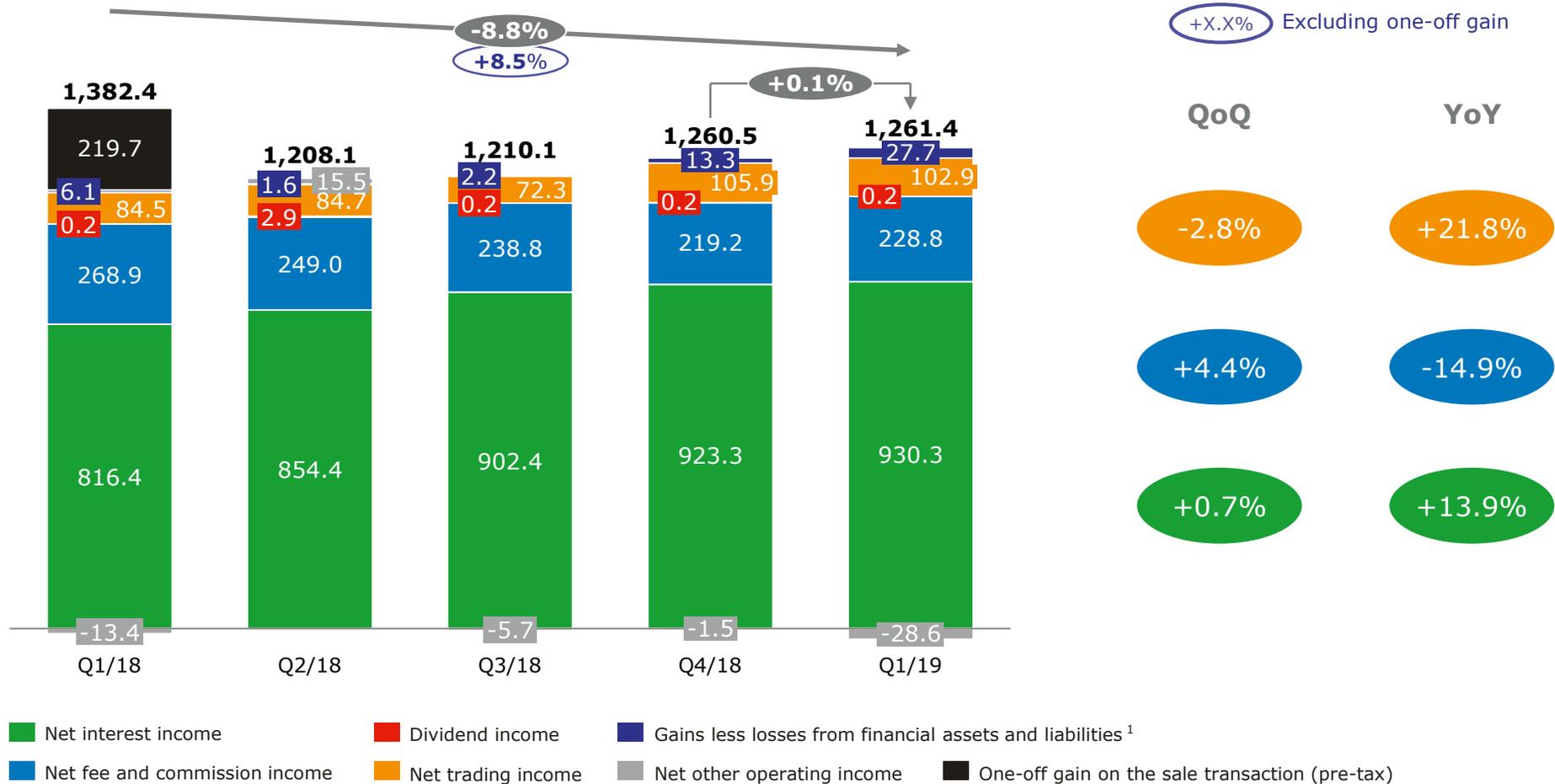
Deposits from Retail Customers (PLN M)



Results of mBank Group: Total income

Core income at record high level despite a shorter quarter, slight rebound of net fees

Development of mBank Group's Total Income (PLN M)

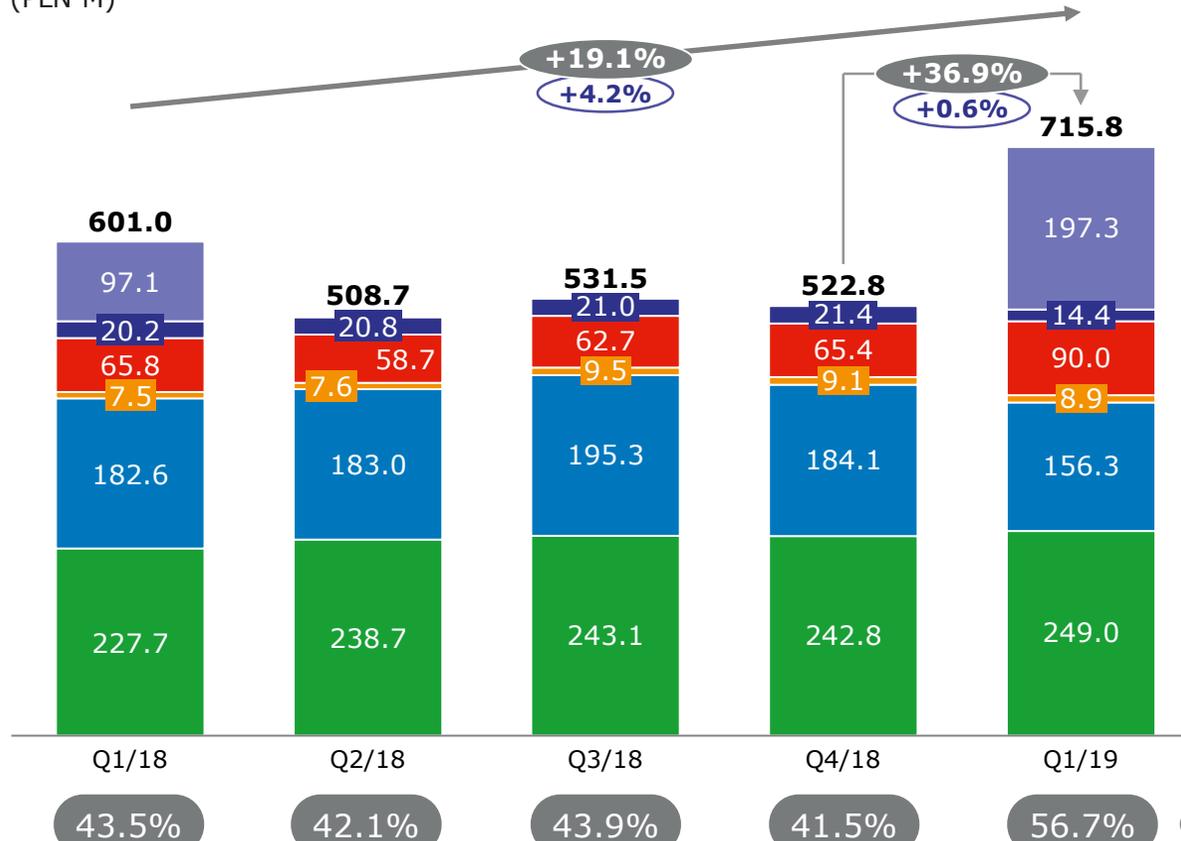


¹ Including a part of 'Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss' related to equity instruments and debt securities (without related to loans and advances)
 Note: Results for Q1/18 were restated to reflect retrospectively the reclassification of Visa Inc.'s preferred shares (done in Q4/18) and impact of its valuation on profit and loss account.

Results of mBank Group: Total costs

Underlying costs kept under control, total level inflated by contributions to the BFG

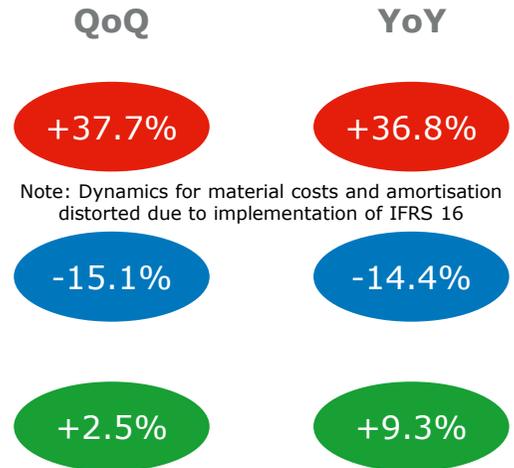
Development of mBank Group's Costs (PLN M)



Annual contribution to the Resolution Fund:

- PLN 116.8 million in Q1/17
- PLN 97.1 million in Q1/18
- PLN 197.3 million in Q1/19

+X.X% Excluding contributions to the BFG



■ Personnel costs
 ■ Other costs¹
 ■ Contributions to the BFG
■ Material costs
 ■ Amortization

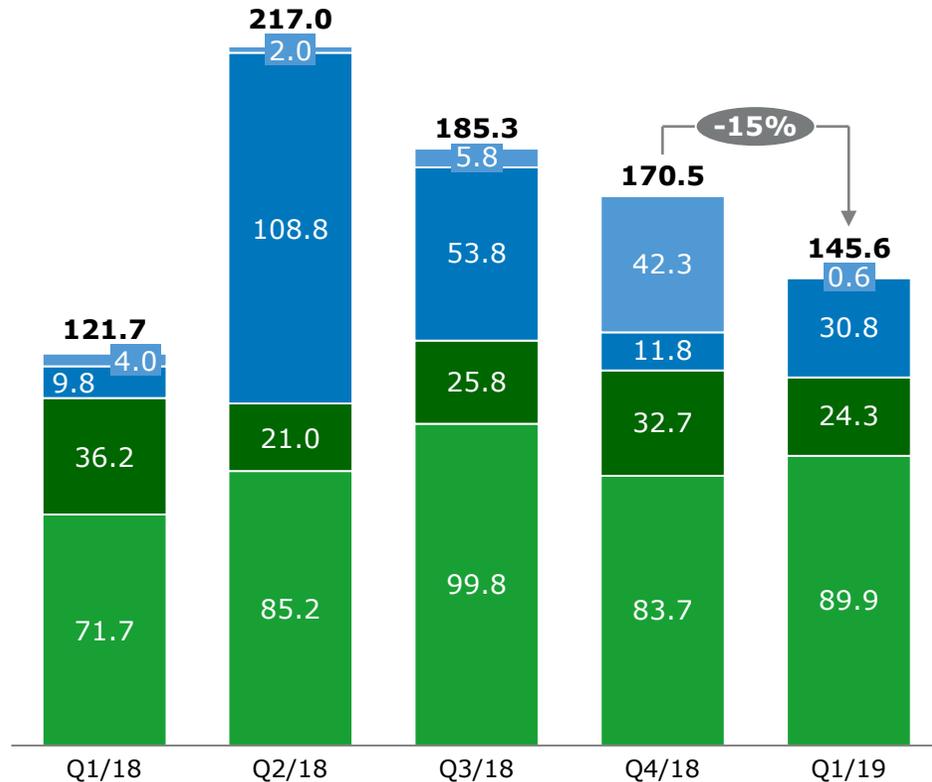
45.0% **Normalized C/I ratio of mBank Group for Q1/19**
 (including ¼ of the contribution to the Resolution Fund)

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

Results of mBank Group: Cost of risk

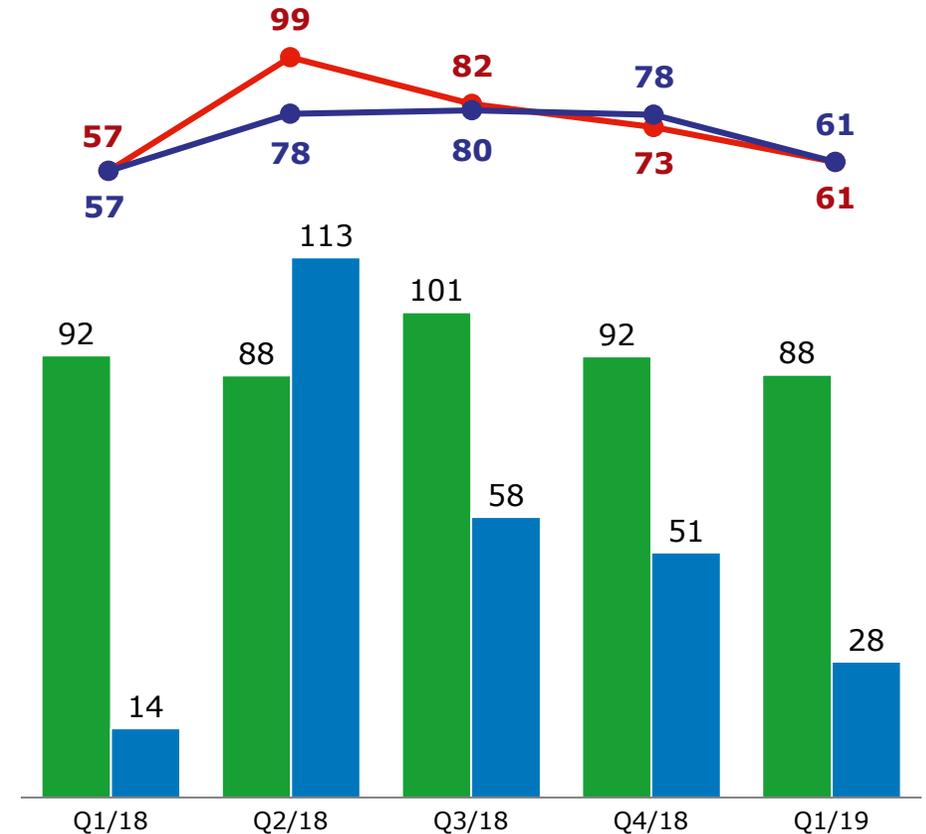
Lower cost of risk driven by corporate segment, provisioning spread across several sectors

Net Impairment Losses and Fair Value Change on Loans¹
(PLN M)



Retail Banking: ■ at amortized cost ■ at fair value
 Corporates and Financial Markets: ■ at amortized cost ■ at fair value

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



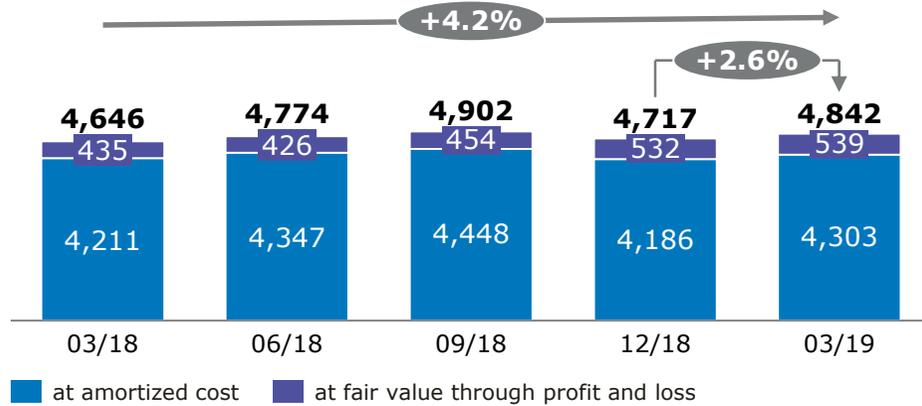
mBank Group's Cost of Risk: —●— quarterly —●— YtD
■ Retail Portfolio ■ Corporate Portfolio

¹ 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)

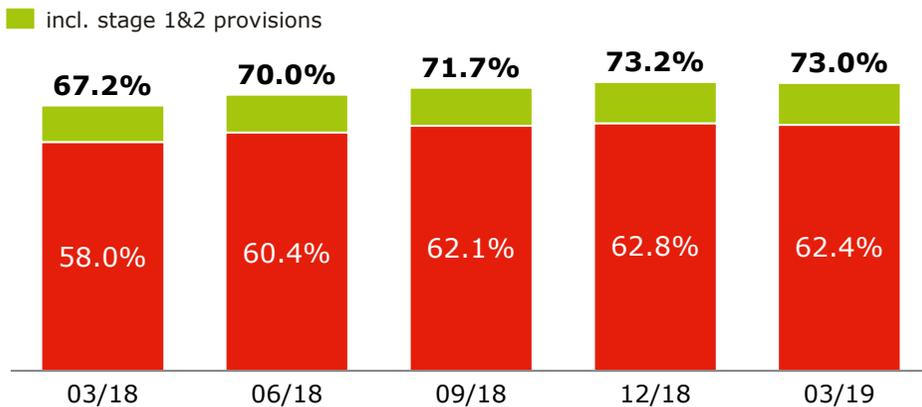
Results of mBank Group: Loan portfolio quality

Good quality of loan portfolio evidenced by resilient risk indicators

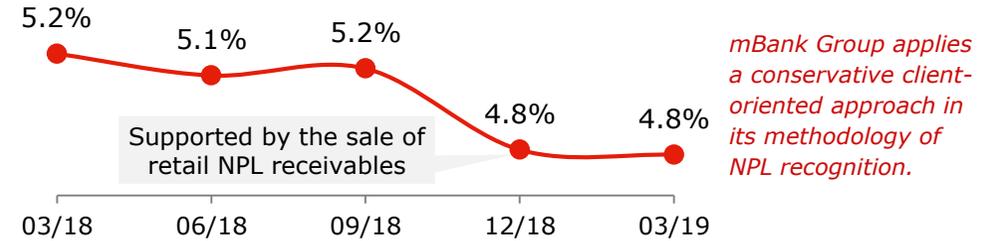
mBank Group's Impaired Loans Portfolio (PLN M)



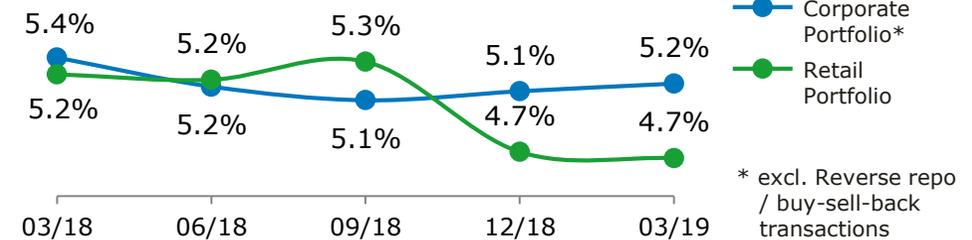
mBank Group's Coverage Ratio



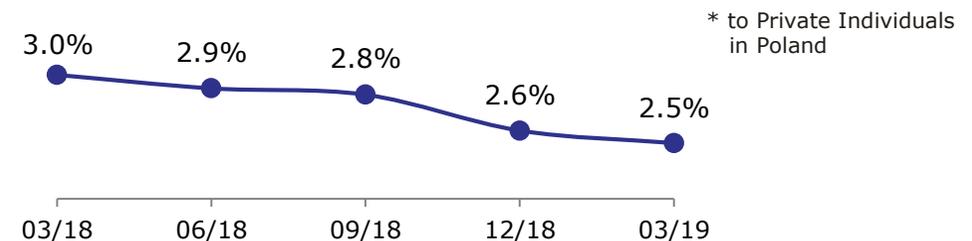
mBank Group's NPL Ratio



mBank Group's NPL Ratio by segment



NPL Ratio of Mortgage Loan Portfolio*

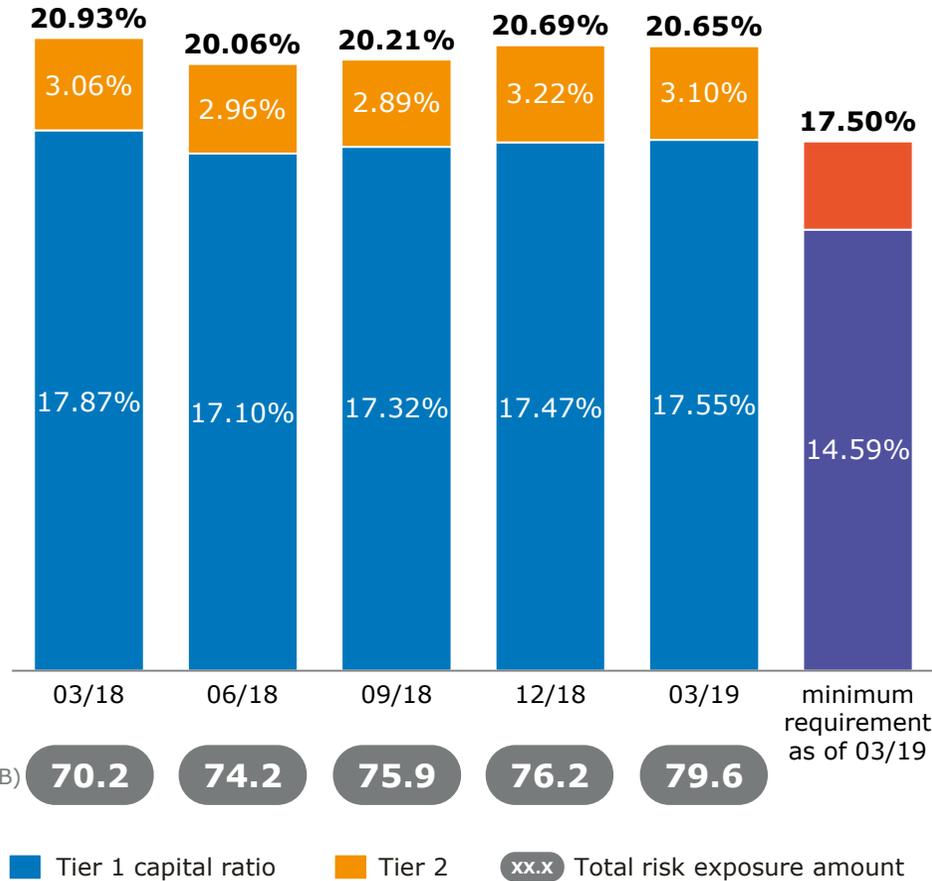


Note: Risk indicators presented for credit portfolio measured both at amortized cost and at fair value through profit or loss.

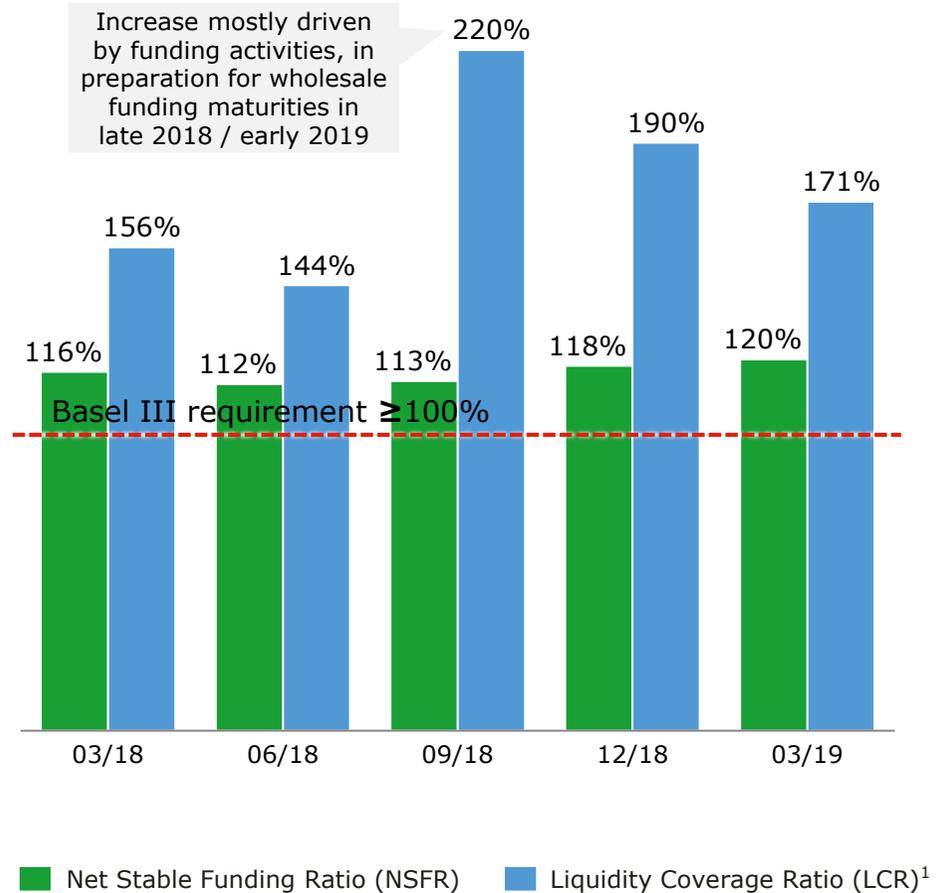
Results of mBank Group: Key regulatory ratios

Strong capital and liquidity position allowing for business expansion

mBank Group's Total Capital Ratio



mBank's NSFR and LCR



¹ LCR for mBank Group was at 206% as of 31.03.2019

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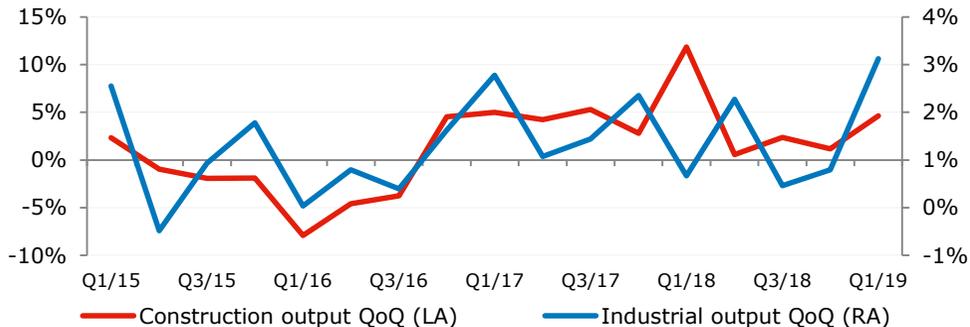
Detailed Results of Business Lines



Macroeconomic Update (1/2)

Economic growth to reach 4.5% in 2019

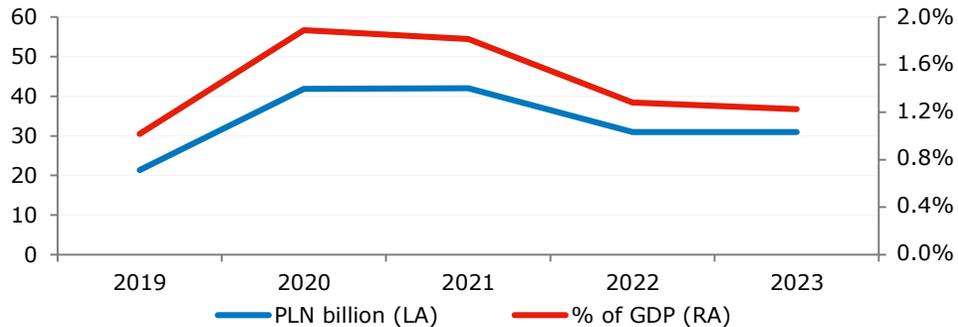
Polish economy is showing strong momentum in Q1/19



- Polish economy continues to show great resilience. Against the backdrop of slowing public investment and nosediving industrial sentiment globally, huge gains in industrial and construction output were recorded.

Source: GUS

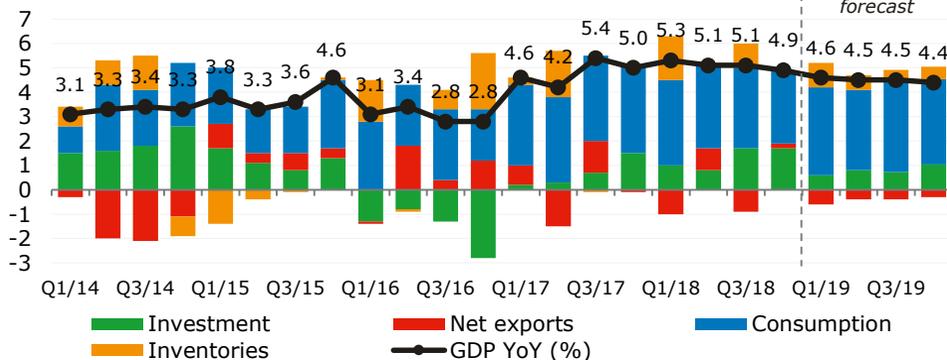
Fiscal stimulus will boost growth in H2/19



- The new tax (PIT rate cut) and spending (extended child subsidy programme, pension bonus) package will boost consumption and economic growth in 2019 and 2020 (by ca. 0.5 p.p.).

Source: own elaboration

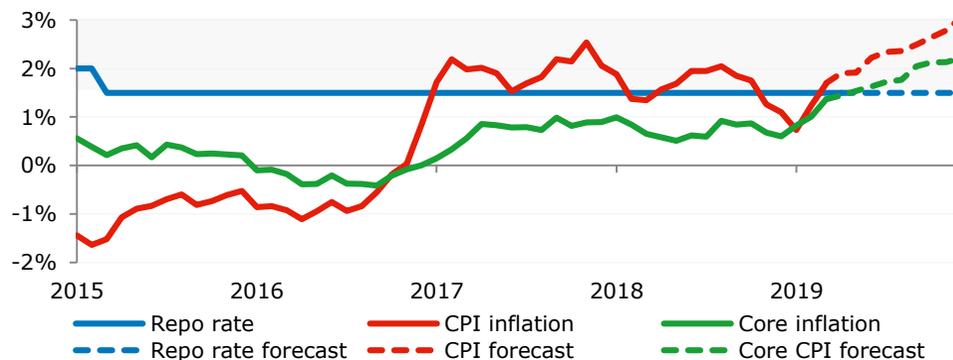
GDP forecast (% YoY)



- mBank's analysts have upgraded GDP forecasts twice and now expect the economy to grow by 4.5% in 2019 and by 4.0% in 2020. The path will be mostly flat this year.

Source: GUS

Inflation will hit the NBP target in the summer, the MPC will stay put



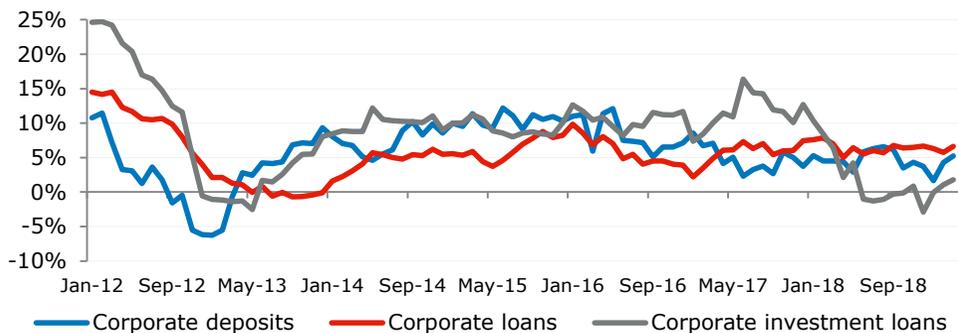
- Boosted by fuel and food prices as well as relatively high core inflation, CPI will accelerate this year and hit the target in the summer. 3% is possible at the turn of the year. MPC poised to wave this away as driven by external factors.

Source: GUS

Macroeconomic Update (2/2)

Robust credit growth, massive acceleration in deposits

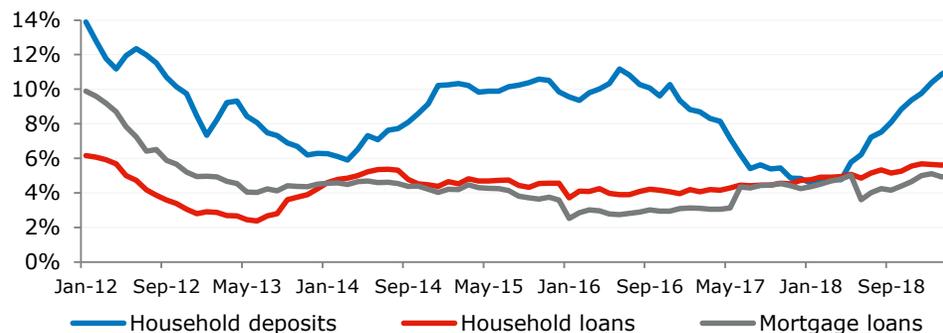
Corporate loans and deposits (% YoY, FX-adjusted)



- Corporate deposits rebounded a bit, but the pressure on profit margins is reducing their growth. Corporate lending (now dominated by current loans) will likely follow GDP growth.

Source: NBP

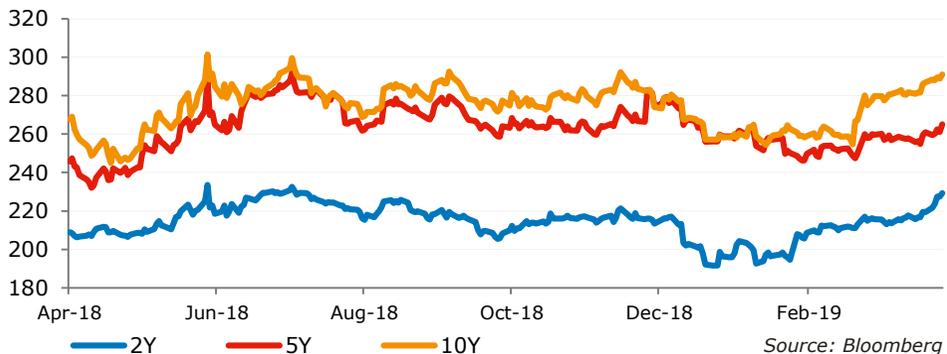
Household loans and deposits (% YoY, FX-adjusted)



- Household deposits accelerated visibly as alternative forms of saving lose their shine and nominal income growth remains solid (more to come in the form of social spending).

Source: NBP

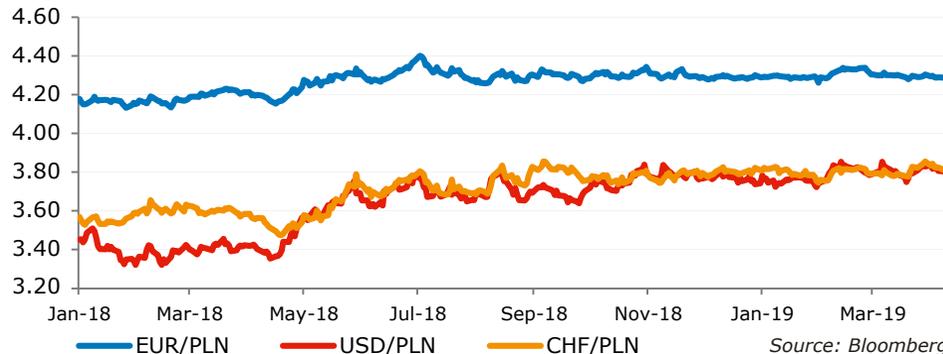
Interest rate disparities (v. Germany, in basis points)



- Low inflation, growth fears and dovish central banks brought Polish yields to new lows. However, the announcement of a fiscal package coupled with incipient signs of a rebound in the global economy caused PL-GER spreads to widen again.

Source: Bloomberg

PLN remained very stable in Q1/19



- Extremely low realized volatility in Q1/19, with average EUR/PLN rate at 4.3. Balance of risks for EUR/PLN continues to be balanced, as domestic data flow match persistent growth fears abroad.

Source: Bloomberg

2019 in forecasts and the impact on mBank Group

Macroeconomic environment and challenges for the banking sector

Key economic indicators

	2017	2018	2019F
GDP growth (YoY)	4.8%	5.1%	4.5%
Domestic demand (YoY)	4.9%	5.3%	4.6%
Private consumption (YoY)	4.9%	4.5%	4.2%
Investment (YoY)	3.9%	7.3%	4.5%
Inflation (eop)	2.1%	1.1%	2.2%
MPC rate (eop)	1.50	1.50	1.50
CHF/PLN (eop)	3.57	3.81	3.76
EUR/PLN (eop)	4.18	4.29	4.25

Banking sector – monetary aggregates YoY

	2017	2018	2019F
Corporate loans	5.9%	7.5%	8.8%
Household loans	1.9%	6.8%	5.5%
Mortgage loans	-0.1%	6.8%	5.4%
Non-mortgage loans	5.3%	6.8%	5.7%
Corporate deposits	2.4%	4.3%	9.6%
Household deposits	4.2%	10.1%	10.8%

Source: mBank's estimates as of 02.04.2019.

Outlook for mBank

Net interest income & NIM (Slightly positive) 

- Continued gradual increase of margin driven by changing structure of loan portfolio (more higher-yielding products)
- No room for further reduction of funding costs

Net Fee & Commission income (Neutral) 

- Constantly rising client transactionality and strong acquisition in both retail and corporate segment
- Adjustment of fees difficult due to fierce competition in the sector and regulatory limitations

Total costs (Slightly negative) 

- Expenses dependent from the bank's management to be kept under control
- Rising amortisation due to ongoing investments in IT
- Higher contribution to the Bank Guarantee Fund

Loan Loss Provisions (Slightly negative) 

- Some downside risk due to changing loan book mix
- Resilient asset quality supported by good macroeconomic situation and low unemployment

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Consolidated Profit and Loss Account

Summary
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries
Historical view

Quarterly results (PLN thou.)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Net interest income	816,424	854,351	902,370	923,329	930,253
Net fee and commission income	268,876	248,977	238,751	219,246	228,846
Dividend income	167	2,936	233	222	223
Net trading income	84,493	84,698	72,271	105,874	102,882
<i>incl. FX result</i>	<i>71,427</i>	<i>79,620</i>	<i>69,667</i>	<i>102,758</i>	<i>89,240</i>
Gains less losses from financial assets ¹	6,128	1,617	2,201	13,303	27,716
Net other operating income	206,300	15,512	-5,680	-1,465	-28,570
Total income	1,382,388	1,208,091	1,210,146	1,260,509	1,261,350
Total operating costs	-600,993	-508,654	-531,528	-522,757	-715,782
<i>Overhead costs</i>	<i>-535,161</i>	<i>-449,991</i>	<i>-468,808</i>	<i>-457,380</i>	<i>-625,744</i>
<i>Amortisation</i>	<i>-65,832</i>	<i>-58,663</i>	<i>-62,720</i>	<i>-65,377</i>	<i>-90,038</i>
Loan loss provisions and fair value change ²	-121,655	-216,966	-185,290	-170,514	-145,634
Operating profit	659,740	482,471	493,328	567,238	399,934
Taxes on the Group balance sheet items	-98,463	-98,287	-103,379	-101,631	-109,104
Result on entities under the equity method	289	299	308	344	0
Profit before income tax	561,566	384,483	390,257	465,951	290,830
Net profit attributable to owners of mBank	412,583	287,435	285,279	332,737	164,001

¹ 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)

² 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)

Note: Results for Q1/18 were restated to reflect retrospectively the reclassification of Visa Inc.'s preferred shares (done in Q4/18) and impact of its valuation on profit and loss account.

Appendix

Selected Financial Data Consolidated Statement of Financial Position

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Assets (PLN thou.)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Cash and balances with Central Bank	5,354,319	5,514,886	9,643,274	9,199,264	5,553,368
Loans and advances to banks	3,811,337	3,786,979	4,469,853	2,546,346	4,020,545
Trading securities	3,162,933	3,444,954	2,618,180	1,098,223	3,546,199
Derivative financial instruments	1,137,925	1,189,919	1,034,543	1,006,079	991,096
Loans and advances to customers	85,663,383	89,601,410	91,305,536	94,722,587	97,680,630
Investment securities	31,655,013	33,388,424	34,085,572	33,469,728	34,672,335
Intangible assets	692,258	703,524	722,219	776,175	814,898
Tangible fixed assets	730,463	715,542	748,167	785,026	1,324,958
Other assets	1,432,585	1,672,155	2,028,973	2,146,691	2,214,630
Total assets	133,640,216	140,017,793	146,656,317	145,750,119	150,818,659
Liabilities (PLN thou.)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Amounts due to banks	4,475,332	4,548,768	3,887,349	3,078,387	2,473,528
Derivative financial instruments	900,830	1,110,810	946,017	981,117	981,254
Customer deposits	94,308,572	97,794,387	102,425,018	102,009,062	107,648,204
Debt securities in issue	14,414,161	16,817,711	19,083,289	18,049,583	18,441,265
Subordinated liabilities	2,157,269	2,206,733	2,202,979	2,474,163	2,482,086
Other liabilities	2,897,717	3,018,770	3,309,111	3,941,727	3,479,217
Total liabilities	119,153,881	125,497,179	131,853,763	130,534,039	135,505,554
Total equity	14,486,335	14,520,614	14,802,554	15,216,080	15,313,105
Total liabilities and equity	133,640,216	140,017,793	146,656,317	145,750,119	150,818,659

Appendix

Selected Financial Data mBank Group's Ratios

Summary
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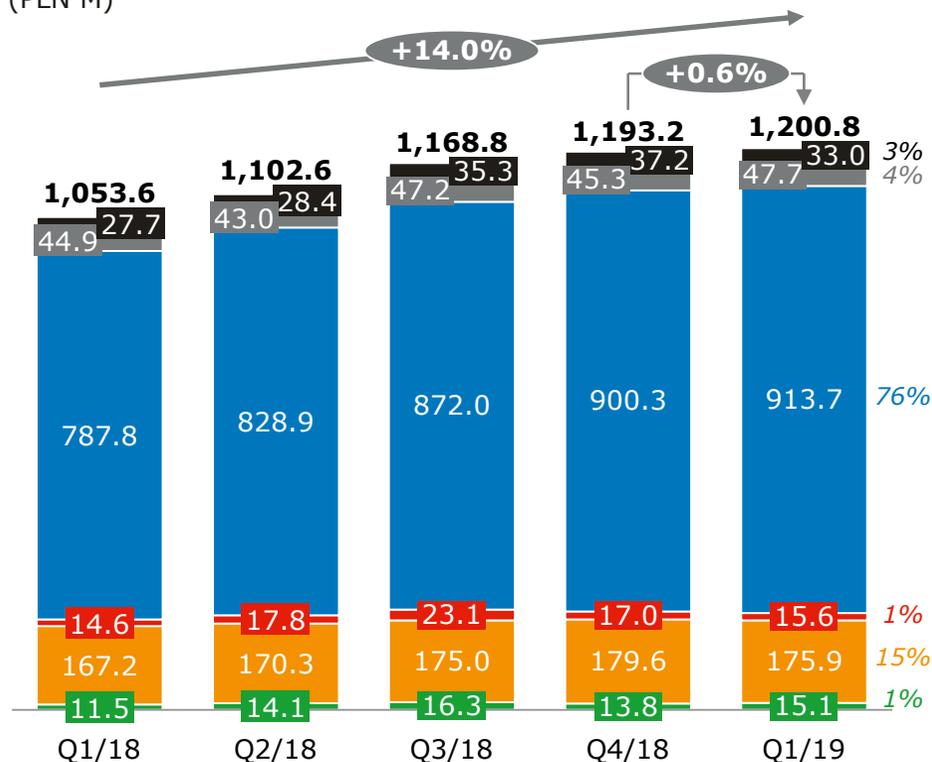
Financial Ratios	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19
Net Interest Margin (<i>quarterly</i>)	2.59%	2.56%	2.56%	2.60%	2.60%
Net Interest Margin YtD	2.59%	2.57%	2.57%	2.58%	2.60%
Net Interest Margin YtD (excl. CHF portfolio)	2.89%	2.86%	2.85%	2.86%	2.85%
Cost to Income Ratio (<i>quarterly</i>)	43.5%	42.1%	43.9%	41.5%	56.7%
Cost to Income Ratio YtD	43.5%	42.9%	43.2%	42.8%	56.7%
Cost of Risk (<i>quarterly</i>)	0.57%	0.99%	0.82%	0.73%	0.61%
Cost of Risk YtD	0.57%	0.78%	0.80%	0.78%	0.61%
ROE net (<i>quarterly</i>)	11.95%	8.33%	8.19%	9.53%	4.38%
ROE net YtD	11.95%	10.12%	9.47%	9.49%	4.38%
ROA net (<i>quarterly</i>)	1.27%	0.83%	0.78%	0.91%	0.44%
ROA net YtD	1.27%	1.04%	0.95%	0.94%	0.44%
Loan-to-Deposit Ratio	90.8%	91.6%	89.1%	92.9%	90.7%
Total Capital Ratio	20.93%	20.06%	20.21%	20.69%	20.65%
Tier 1 Capital Ratio	17.87%	17.10%	17.32%	17.47%	17.55%
Equity / Assets	10.8%	10.4%	10.1%	10.4%	10.2%
TREA / Assets	52.5%	53.0%	51.8%	52.3%	52.8%
NPL ratio	5.2%	5.1%	5.2%	4.8%	4.8%
NPL coverage ratio	58.0%	60.4%	62.1%	62.8%	62.4%
NPL coverage ratio incl. stage 1&2 provisions	67.2%	70.0%	71.7%	73.2%	73.0%

Appendix

Selected Financial Data Profit and Loss Account: Net Interest Income

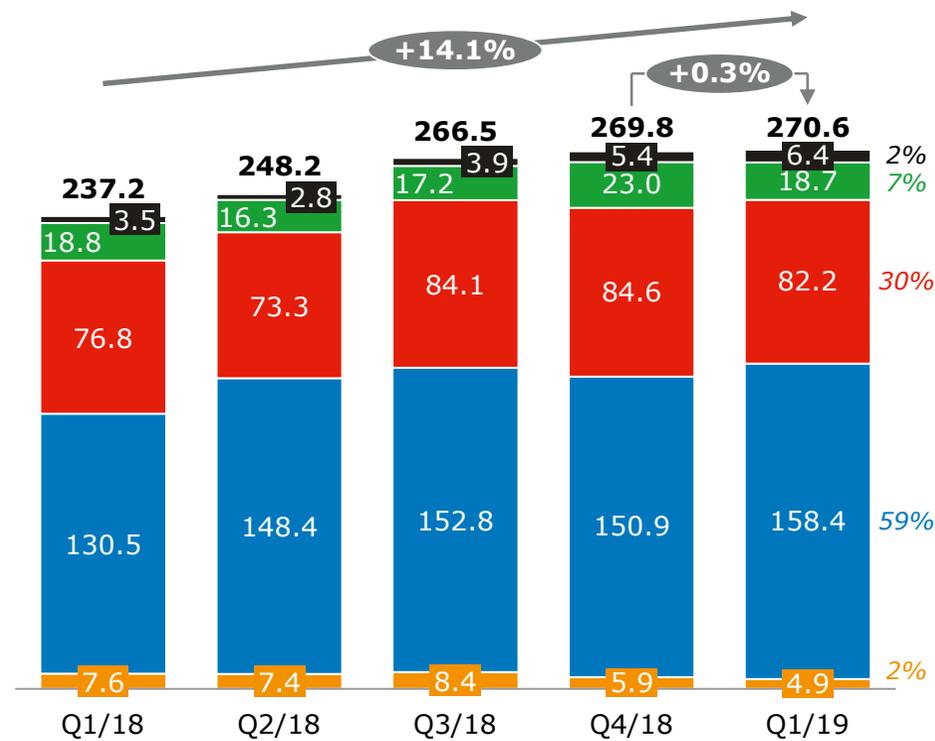
Summary
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Interest Income Structure
(PLN M)



- Cash and short-term deposits
- Loans and advances
- Investment securities
- Derivatives classified into banking book
- Debt securities held for trading
- Other

Interest Expense Structure
(PLN M)



- Loans received
- Deposits (incl. from banks)
- Issue of debt securities
- Subordinated liabilities
- Other

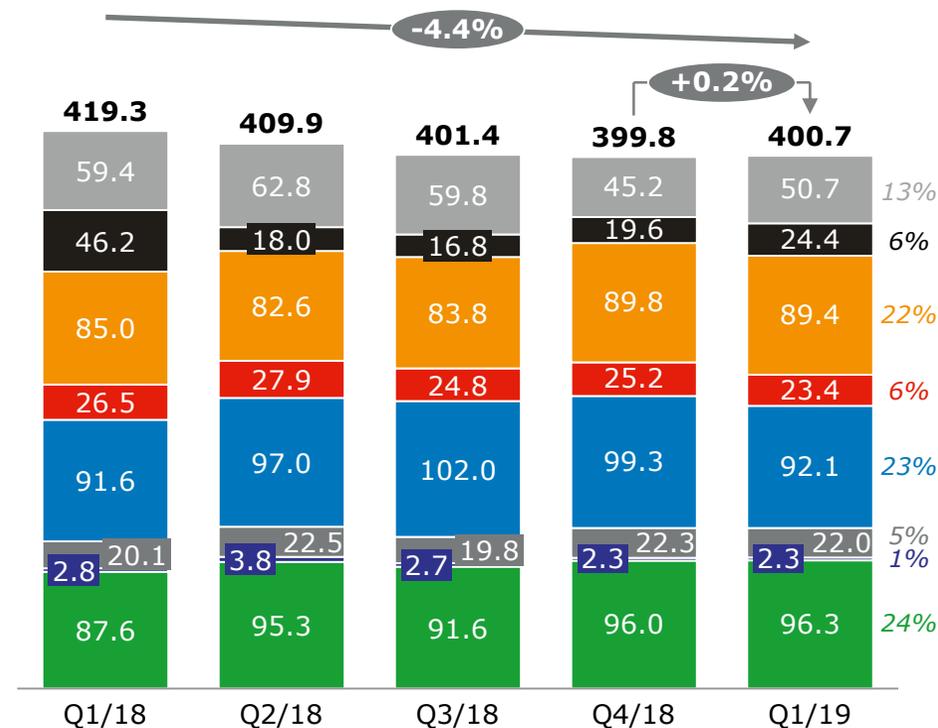
Appendix

Selected Financial Data

Profit and Loss Account: Net Fee and Commission Income

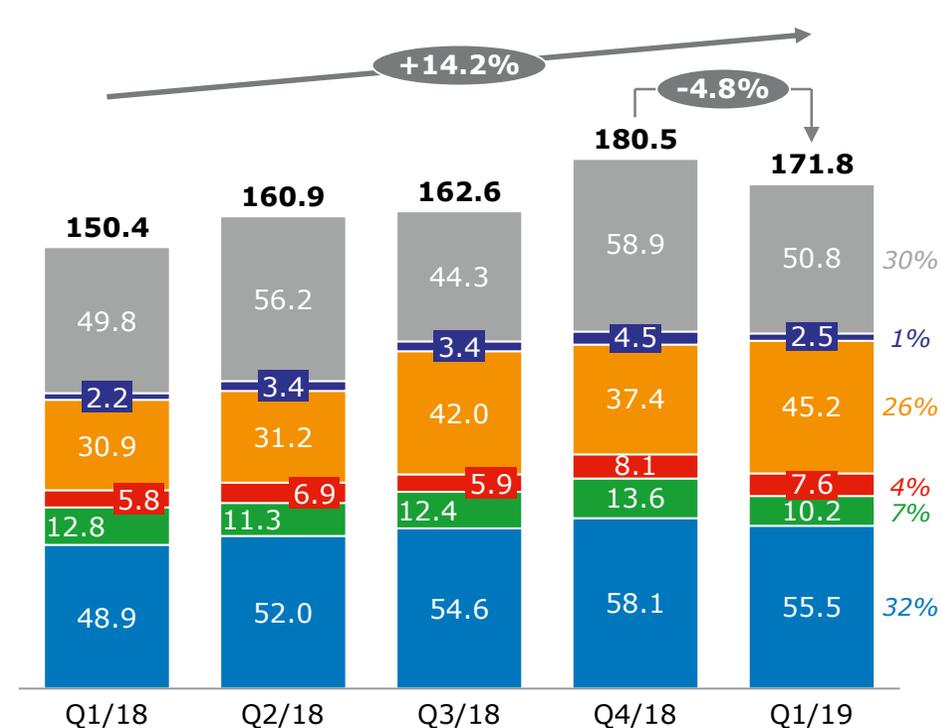
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Fee and Commission Income Structure (PLN M)



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

Fee and Commission Expense Structure (PLN M)



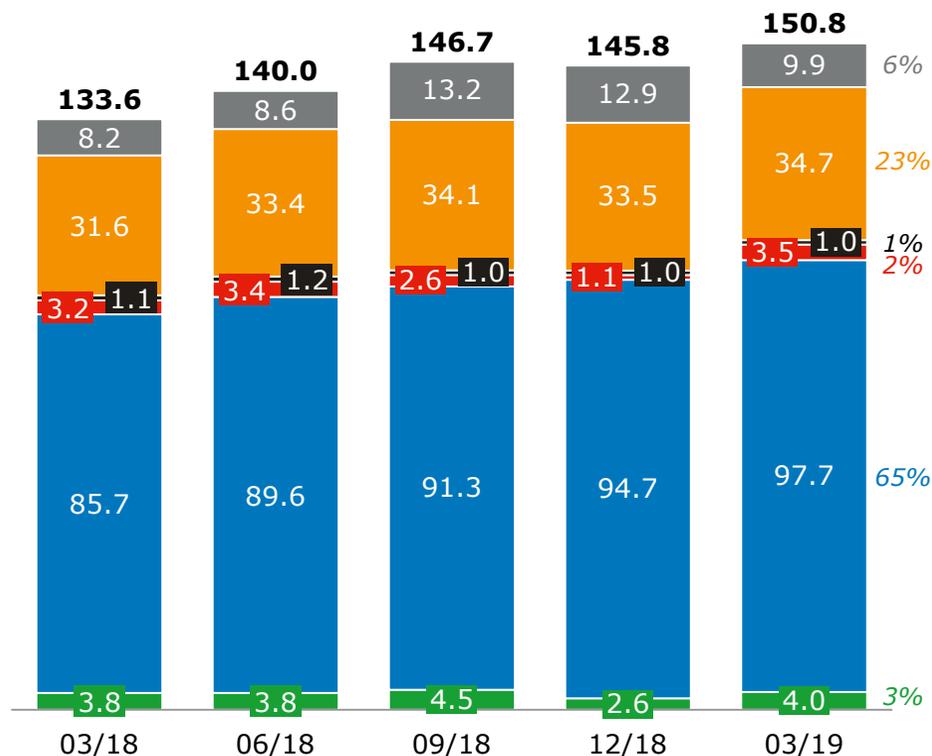
- Payment card fees
- Cash handling fees
- Discharged brokerage fees
- Commissions paid to external entities
- Fees paid to NBP and KIR
- Other (incl. insurance activity)

Appendix

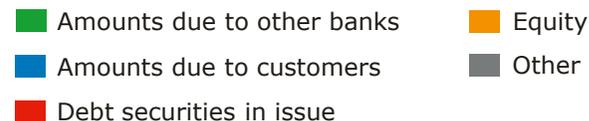
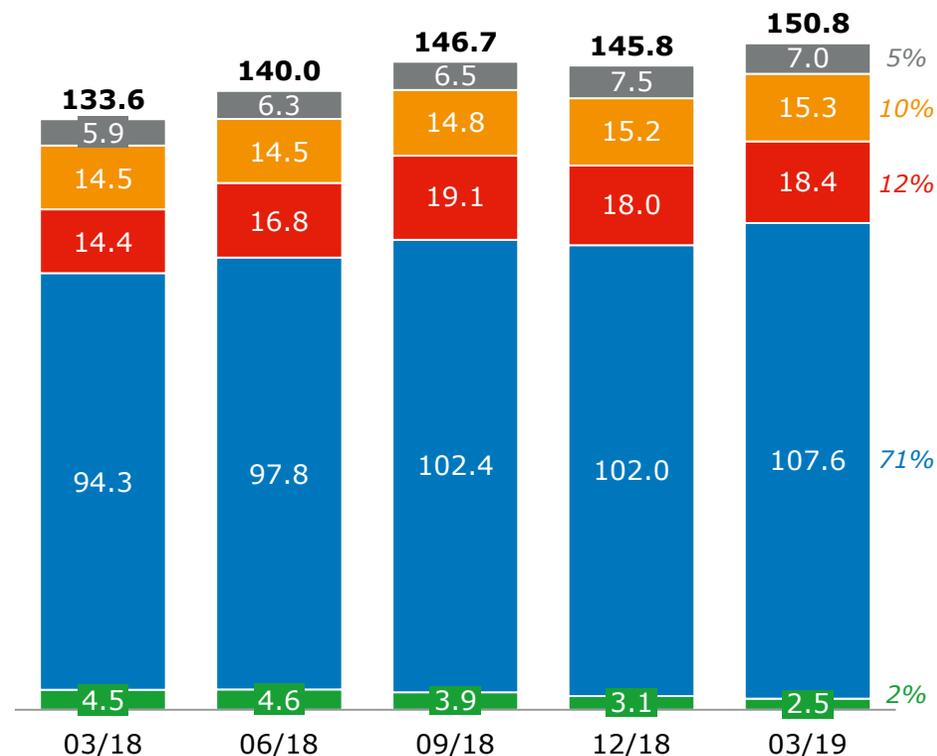
Selected Financial Data Balance Sheet Analysis: Assets & Liabilities

Summary
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Subsidiaries
Historical view

Structure of Assets
(PLN B)



Structure of Liabilities and Equity
(PLN B)



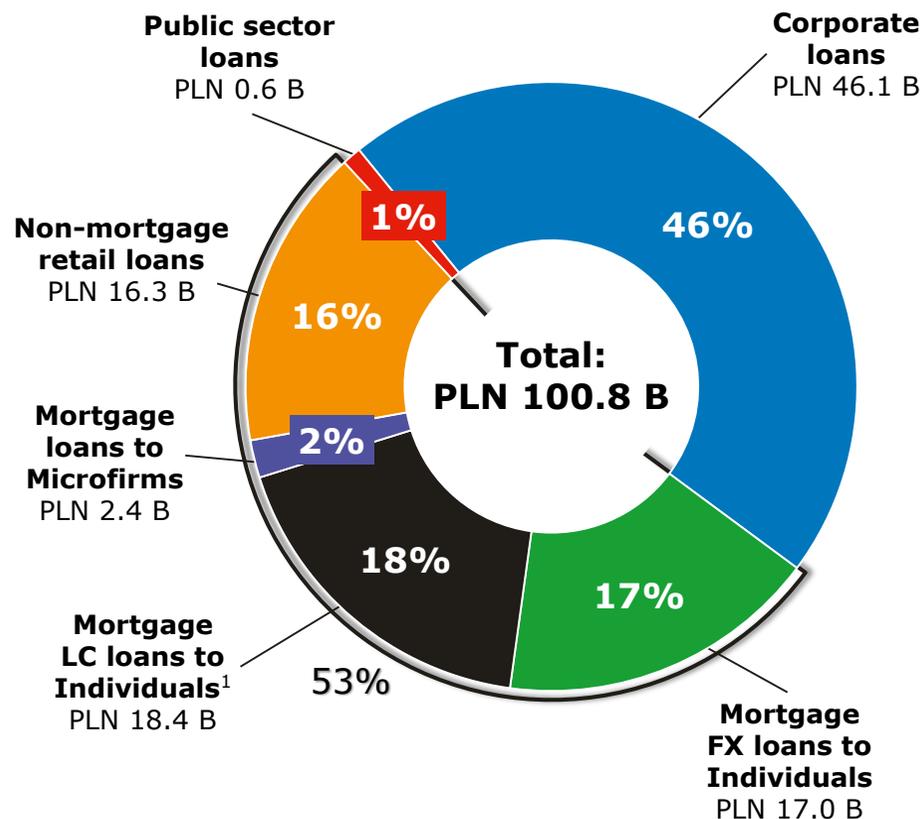
Appendix

Selected Financial Data

Balance Sheet Analysis: Structure of Loans and Deposits

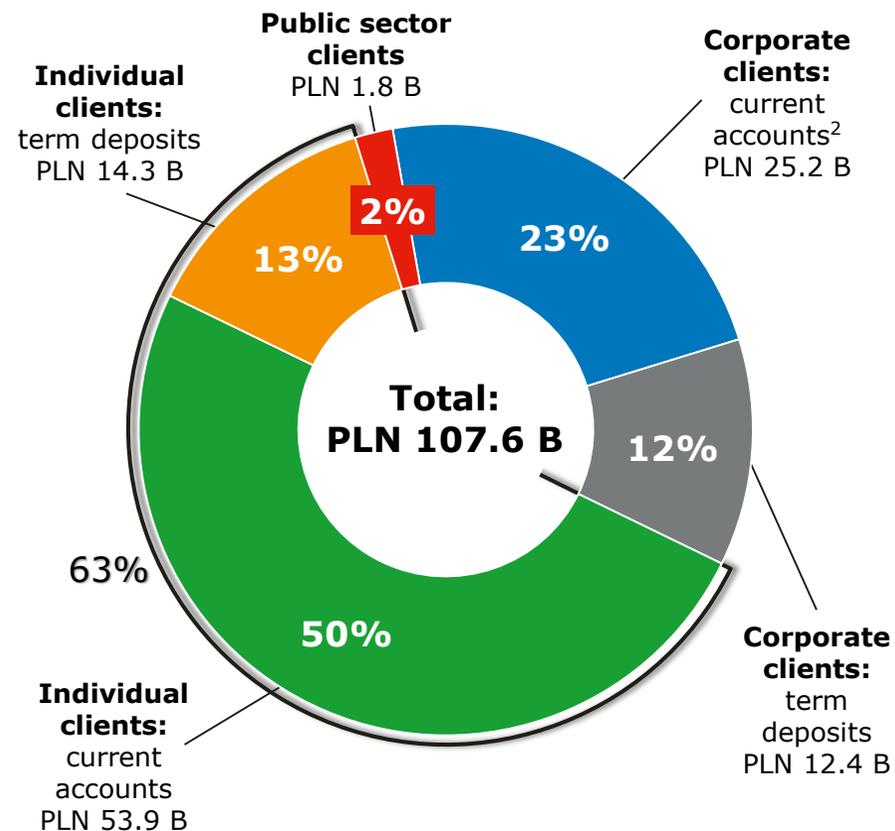
Summary
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Structure of mBank Group's Gross Loans as of 31.03.2019



¹ Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

Structure of mBank Group's Deposits as of 31.03.2019



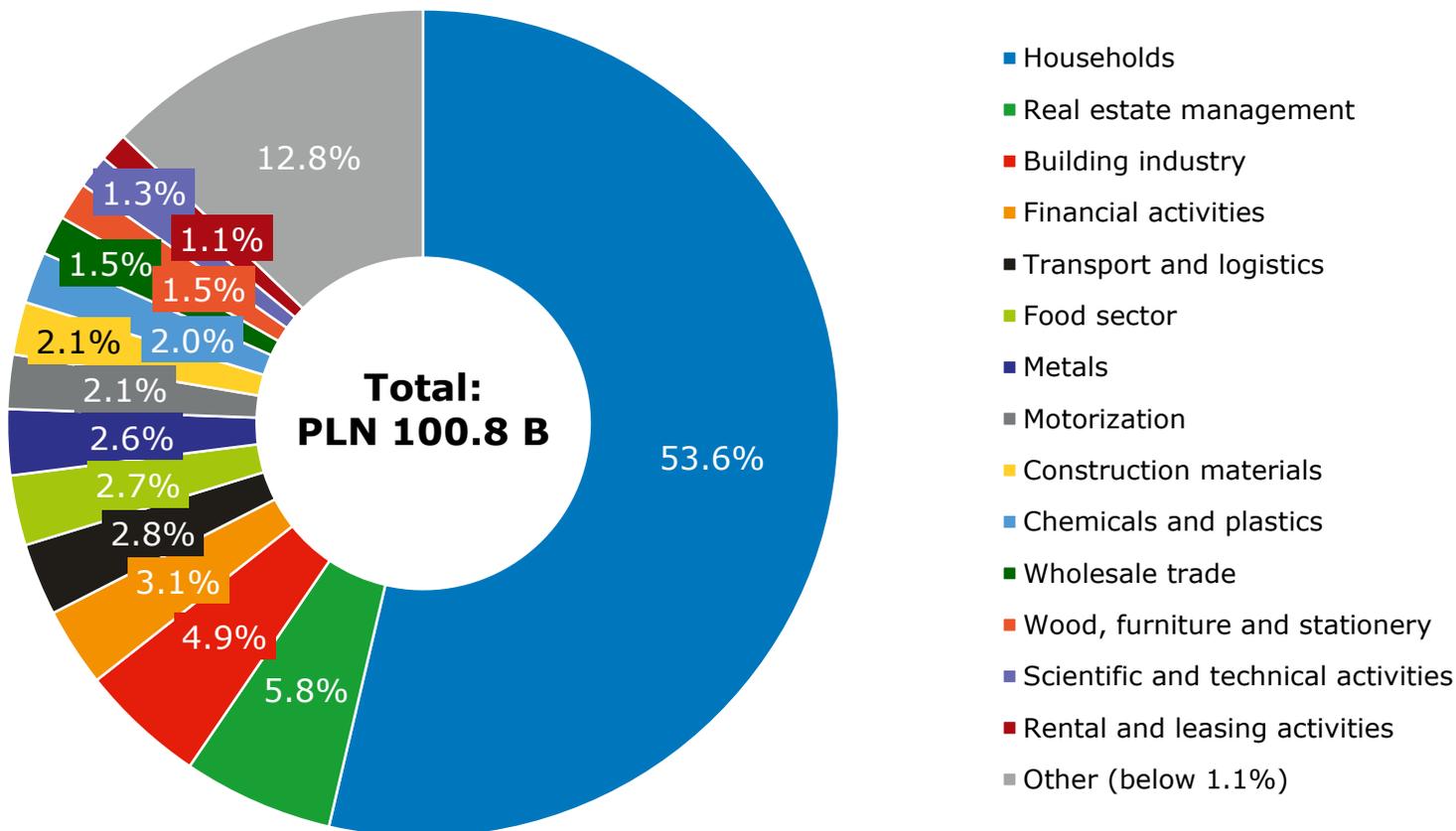
² Including repo transactions, loans and advances received, other liabilities

Appendix

Selected Financial Data Balance Sheet Analysis: Loan Portfolio Structure

Summary
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Historical view

mBank Group's Sector Exposure by Industry
as of 31.03.2019



A well diversified loan portfolio with granular structure

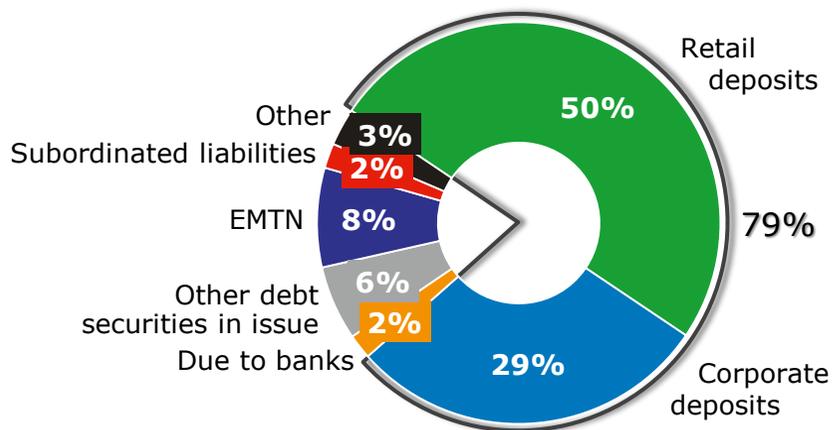
Appendix

Selected Financial Data

Balance Sheet Analysis: Funding Structure and Liquidity Levels

Summary
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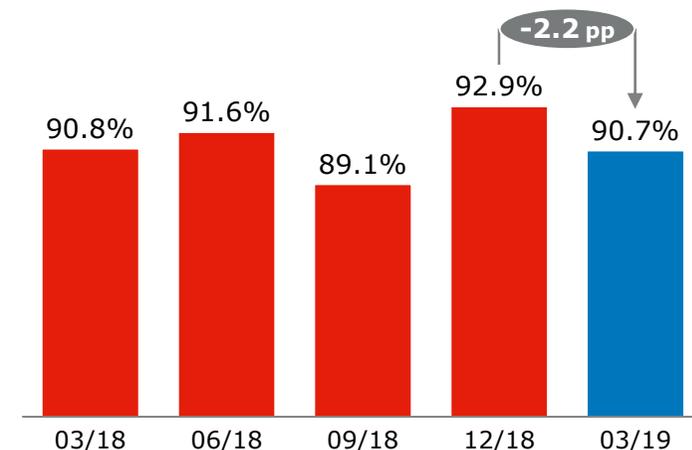
mBank Group's Funding Structure as of 31.03.2019



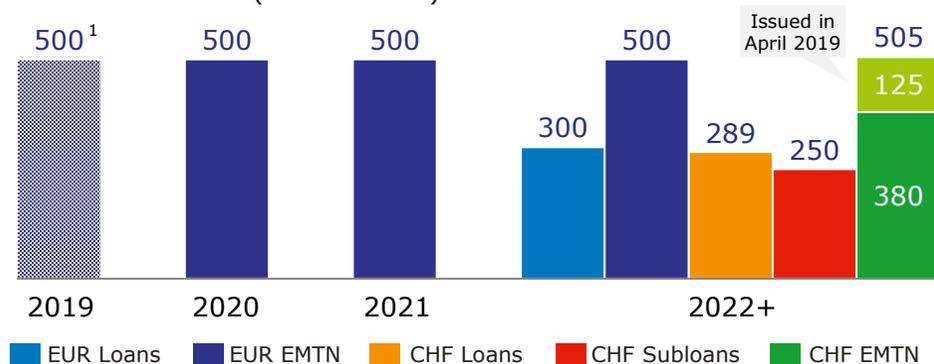
mBank's ratings

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 31.03.2019 (LC in million)



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

Issue size	Issue date	Maturity date	Tenor	Coupon
EUR 500 M	01-04-2014	01-04-2019 ¹	5.0 Y	2.375%
EUR 500 M	26-11-2014	26-11-2021	7.0 Y	2.000%
EUR 500 M	26-09-2016	26-09-2020	4.0 Y	1.398%
CHF 200 M	28-03-2017	28-03-2023	6.0 Y	1.005%
CHF 180 M	07-06-2018	07-06-2022	4.0 Y	0.565%
EUR 500 M	05-09-2018	05-09-2022	4.0 Y	1.058%
CHF 125 M	05-04-2019	04-10-2024	5.5 Y	1.0183%

¹ redeemed at maturity on April 1, 2019

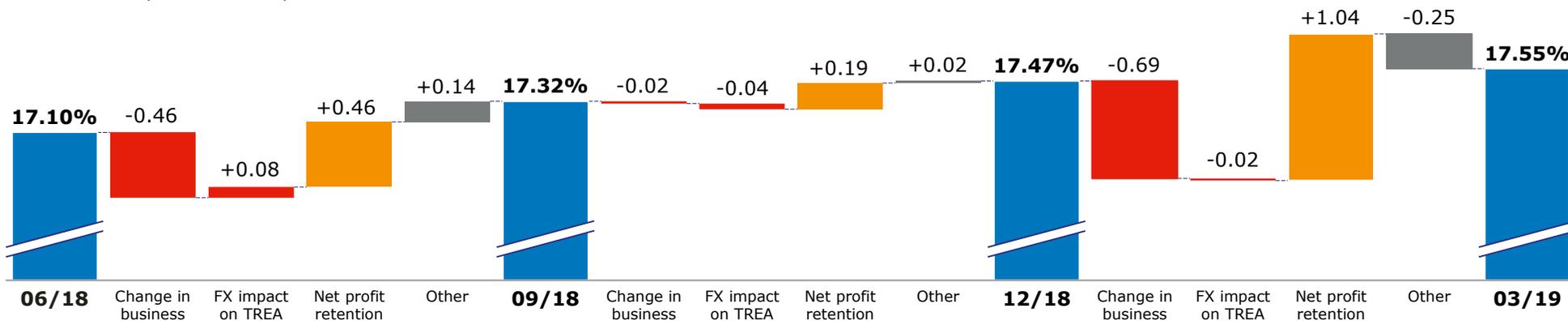
Appendix

Selected Financial Data

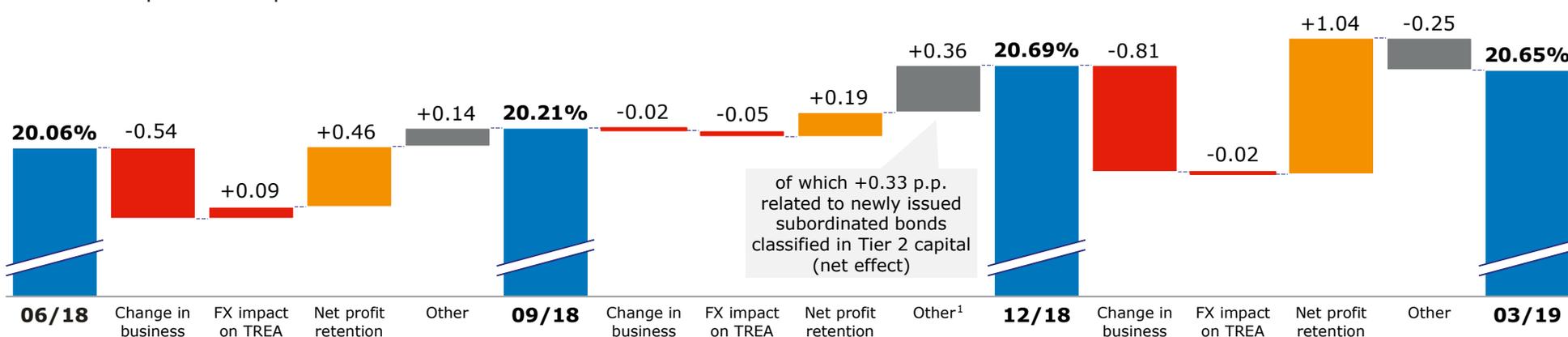
Balance Sheet Analysis: Detailed Development of Capital Ratios

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mBank Group's Tier 1 Capital Ratio



mBank Group's Total Capital Ratio



¹ Inclusion of new subordinated bonds in Tier 2 instruments: mBank issued PLN 550 million and PLN 200 million, while performed an early redemption of PLN 500 million maturing in 2023;

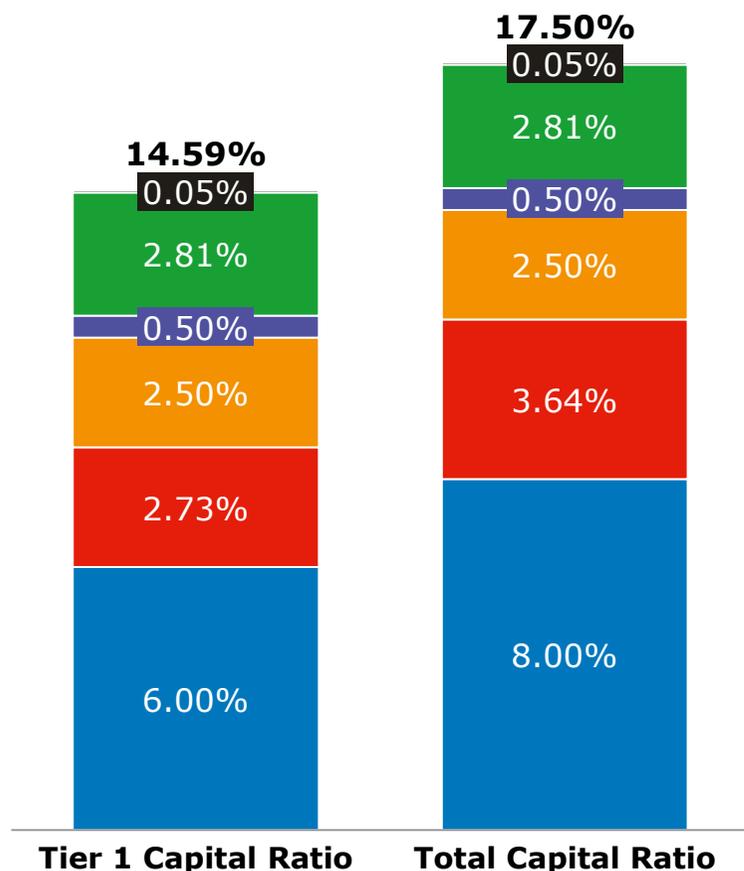
Appendix

Selected Financial Data

Balance Sheet Analysis: Details of Capital Requirements

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Regulatory capital requirements for mBank Group as of 31.03.2019



- **Countercyclical Capital Buffer** is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Group are located.
- **Systemic Risk Buffer** determined at 3.0% in Poland entering into force from 01.01.2018; it replaced the previous Polish FSA add-on; for mBank it applies only to domestic exposures.
- **Other Systemically Important Institution (O-SII) Buffer** imposed by an administrative decision of the PFSA, in which mBank has been identified as other systemically important institution; its level is reviewed annually.
- **Conservation Capital Buffer** is 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; the implementation was gradual and it was raised from 1.25% to 1.875% from 01.01.2018 and to 2.5% from 01.01.2019.
- **Individual additional Pillar 2 capital requirement for risk related to FX retail mortgage loans** imposed as a result of risk assessment carried out by the PFSA within the supervisory review and evaluation process ("SREP"); its level is reviewed annually.
- **CRR Regulation minimum level** based on Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Detailed Results of the Business Lines in Q1/19

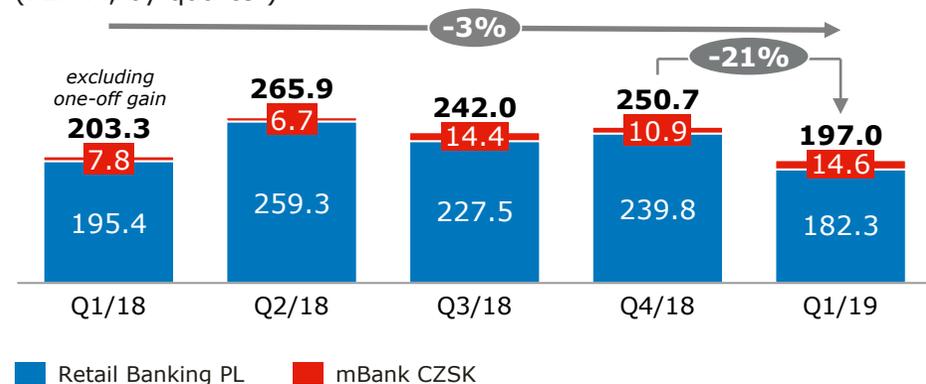
Retail Banking

Appendix

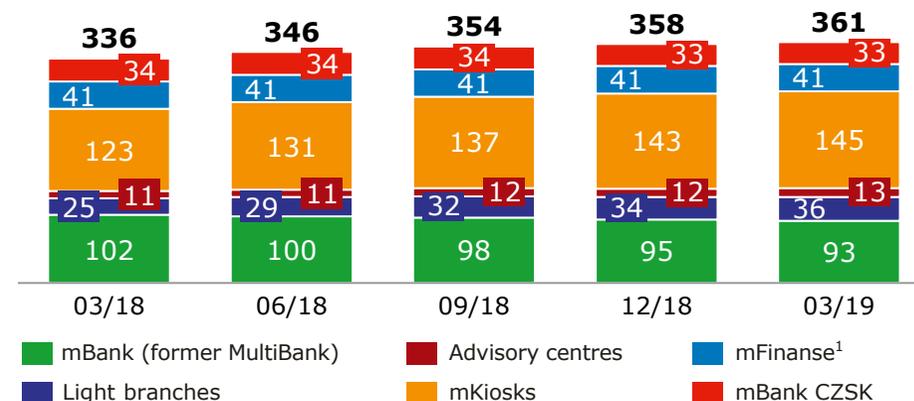
Retail Banking Summary of Q1/19: Financial and Business Results

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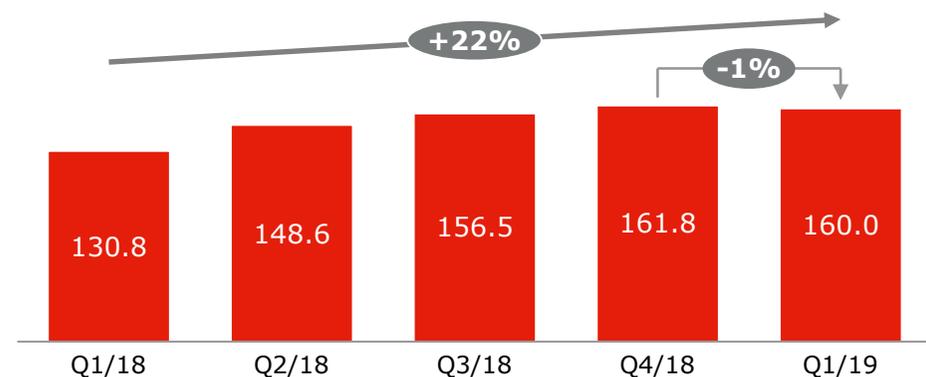
Profit before Tax of the Segment
(PLN M, by quarter)



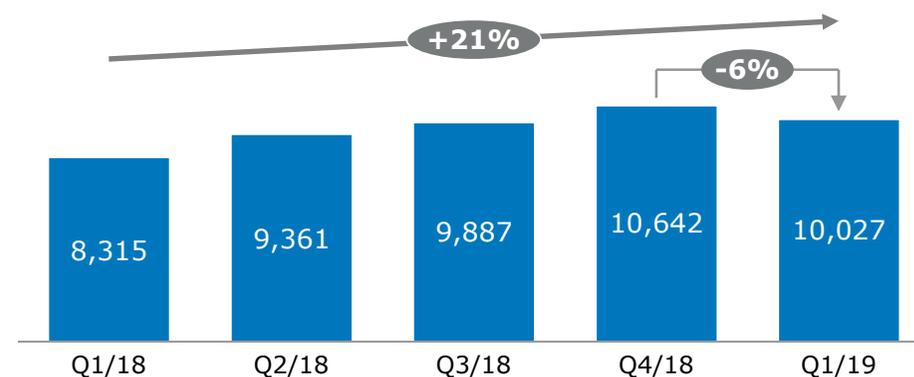
Number of Retail Service Locations



Number of non-cash transactions with payment cards
(M, by quarter)



Value of non-cash transactions with payment cards
(PLN M, by quarter)



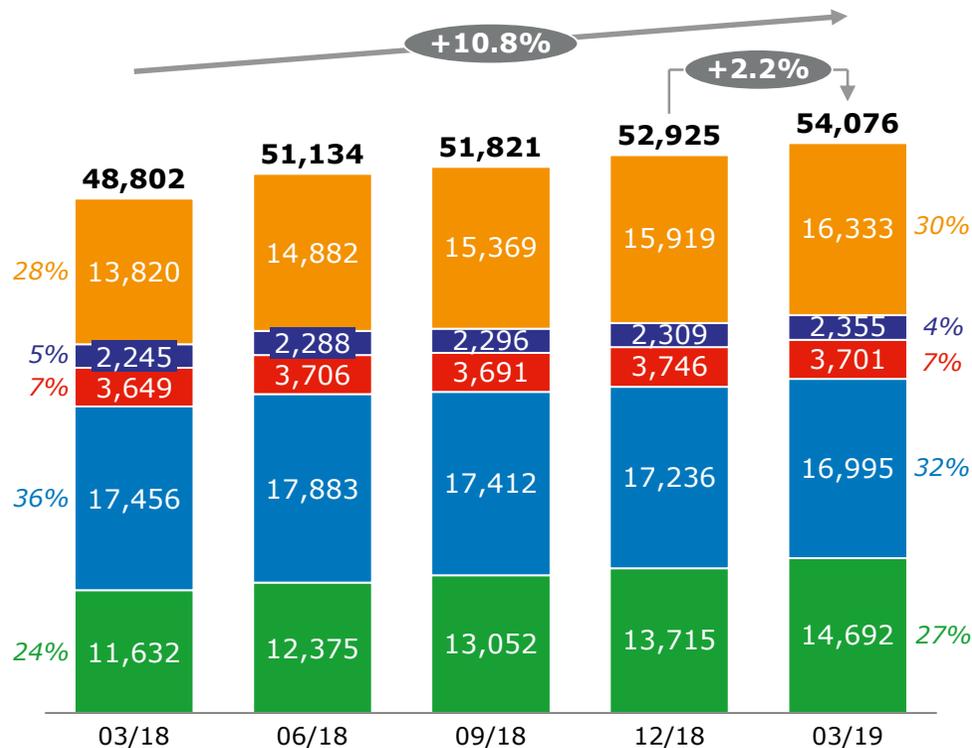
¹ Including financial centres and agency service points

Appendix

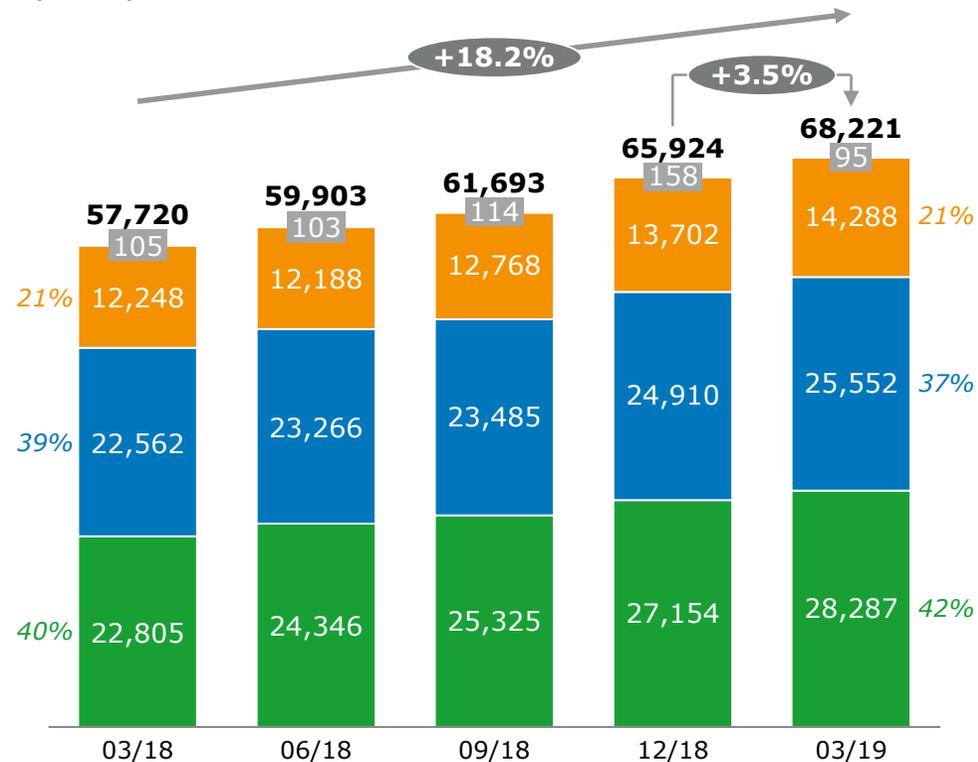
Retail Banking Summary of Q1/19: Loans and Deposits

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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

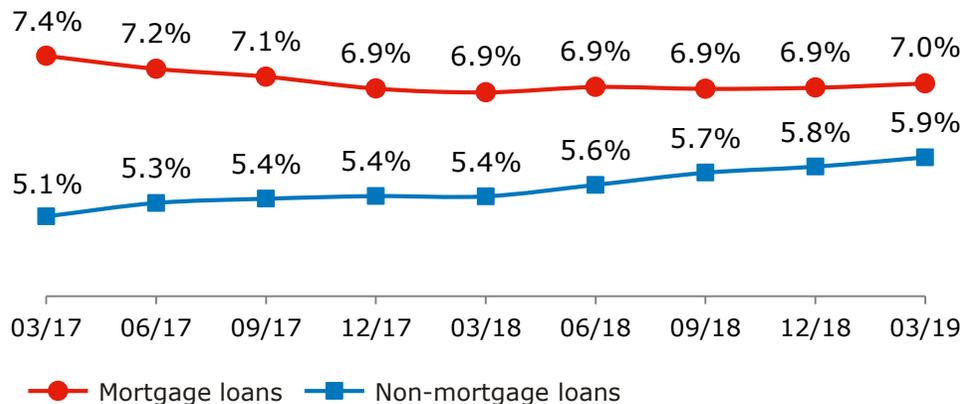
¹ Currency and geographical breakdown based on management information

Appendix

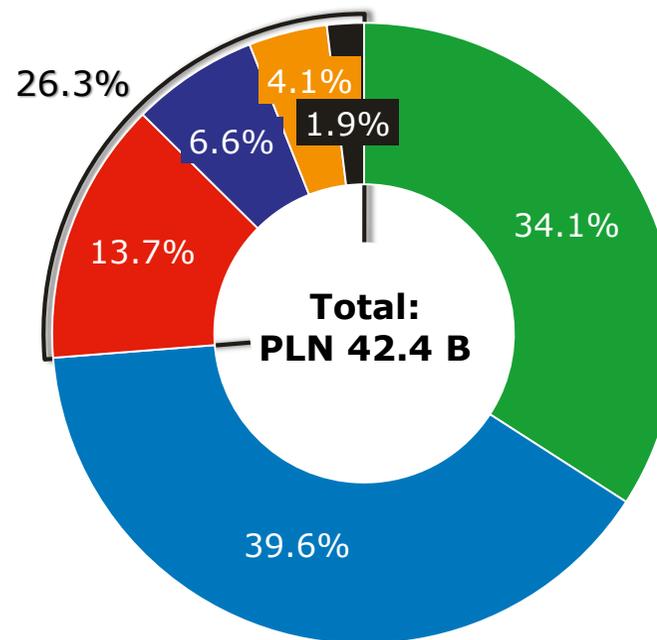
Retail Banking Loan Portfolio Structure of mBank Group in Poland

- Summary
- Profit & Loss
- Balance Sheet
- Business Lines**
- Subsidiaries
- Historical view

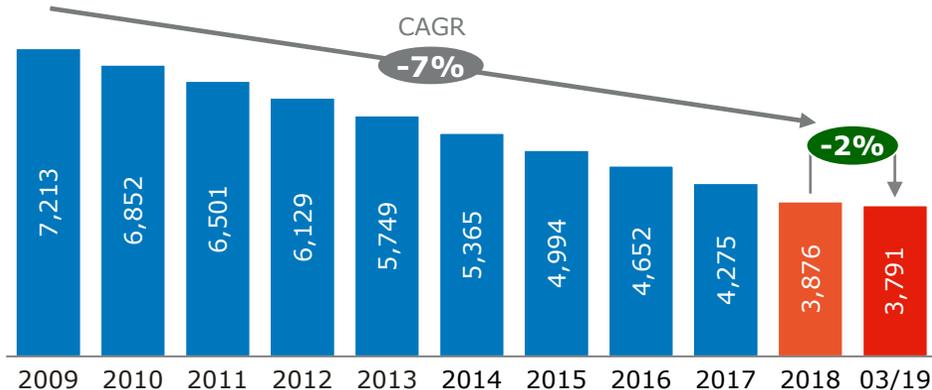
Market Shares in Household Loans in Poland



Product Structure of Retail Banking Loan Portfolio in Poland as of 31.03.2019



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



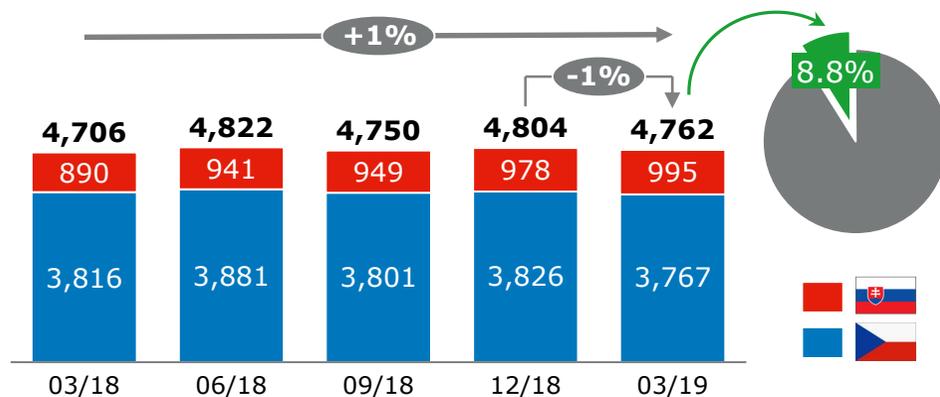
- PLN Mortgage loans
- Cash loans
- Credit cards
- FX Mortgage loans
- Credit lines
- Other

Appendix

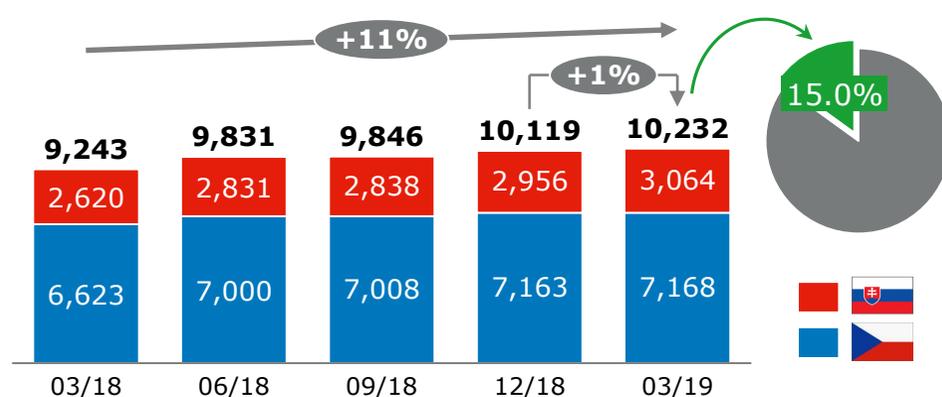
Retail Banking mBank in the Czech Republic and Slovakia

- Summary
- Profit & Loss
- Balance Sheet
- Business Lines**
- Subsidiaries
- Historical view

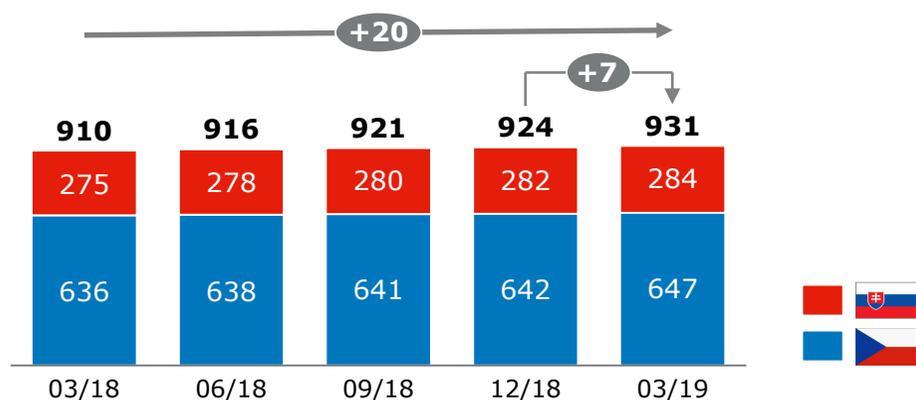
Gross Loans (PLN M) and Share in Total mBank's retail volume



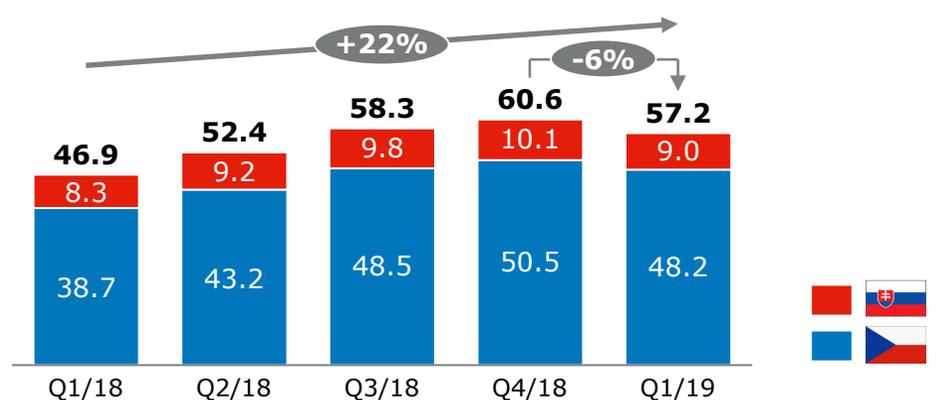
Deposits (PLN M) and Share in Total mBank's retail volume



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
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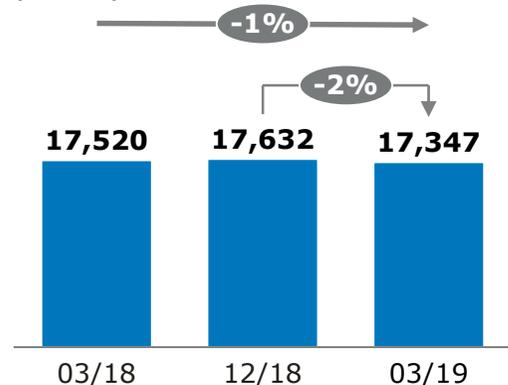


Czech Republic

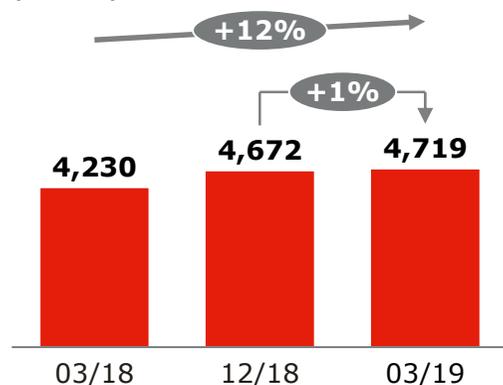
Clients:
646.6 thou.

5 light branches,
6 financial centres &
13 mKiosks

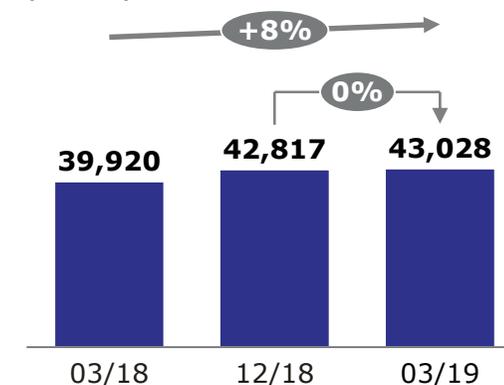
Mortgage Loans
(CZK M)



Non-mortgage Loans
(CZK M)



Customer deposits
(CZK M)

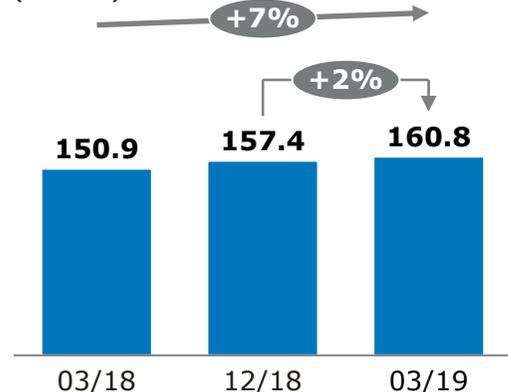


Slovakia

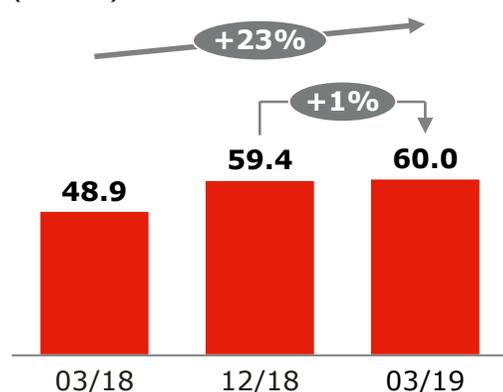
Clients:
284.3 thou.

2 light branches,
2 financial centres &
5 mKiosks

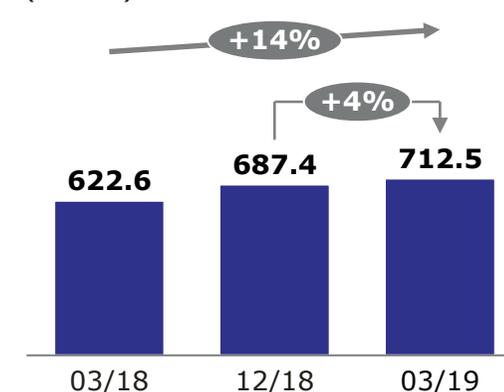
Mortgage Loans
(EUR M)



Non-mortgage Loans
(EUR M)



Customer deposits
(EUR M)



Note: Volumes based on management information.

Detailed Results of the Business Lines in Q1/19

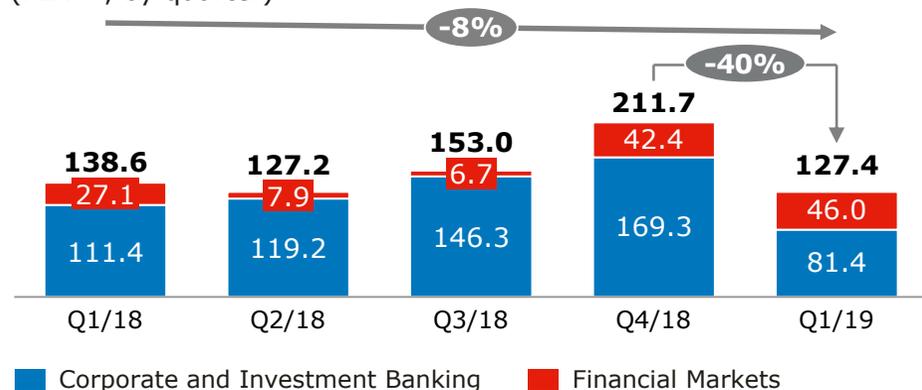
Corporates & Financial Markets

Appendix

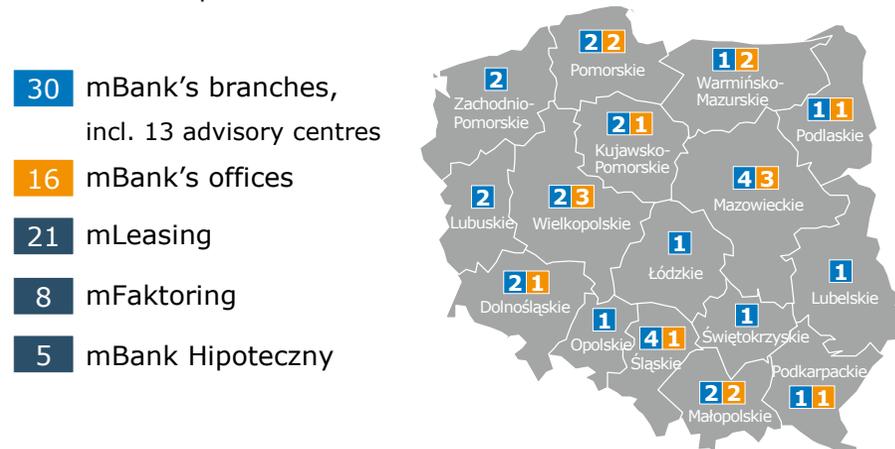
Corporates and Financial Markets Summary of Q1/19: Financial and Business Results

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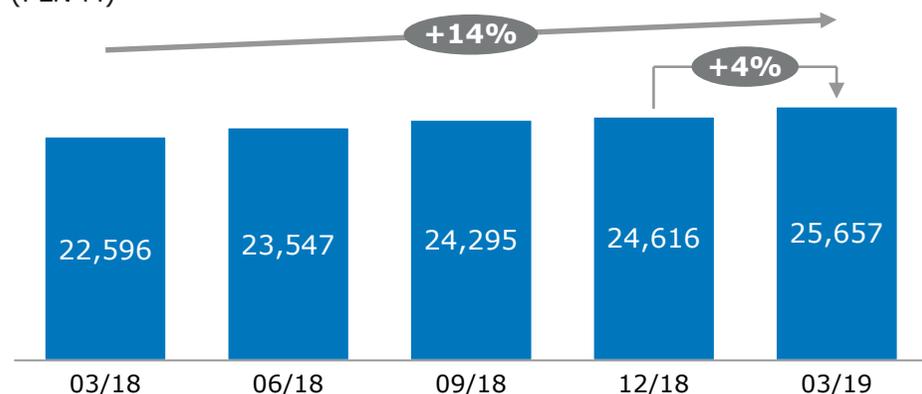
Profit before Tax of the Segment
(PLN M, by quarter)



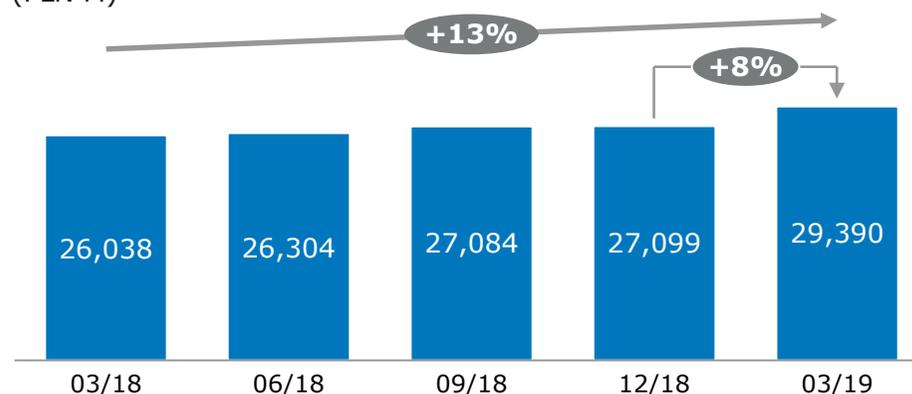
Number of Corporate Service Locations



Loans to enterprises¹
(PLN M)



Deposits of enterprises¹
(PLN M)



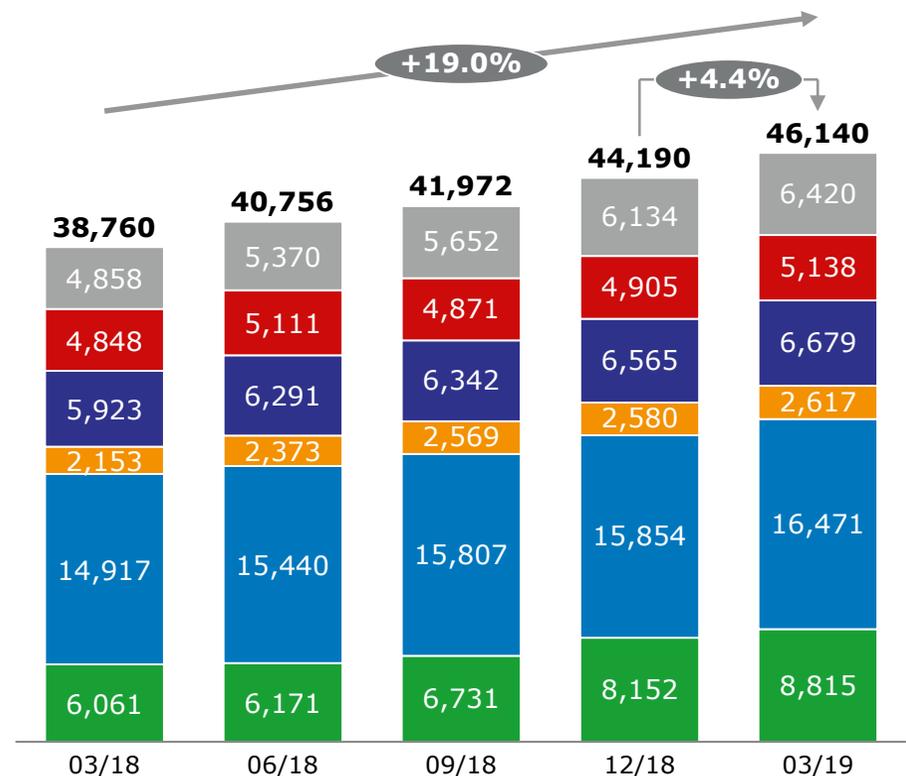
¹ Corporate loan and deposit volumes (for mBank only) according to NBP rules (monetary reporting system – MONREP)

Appendix

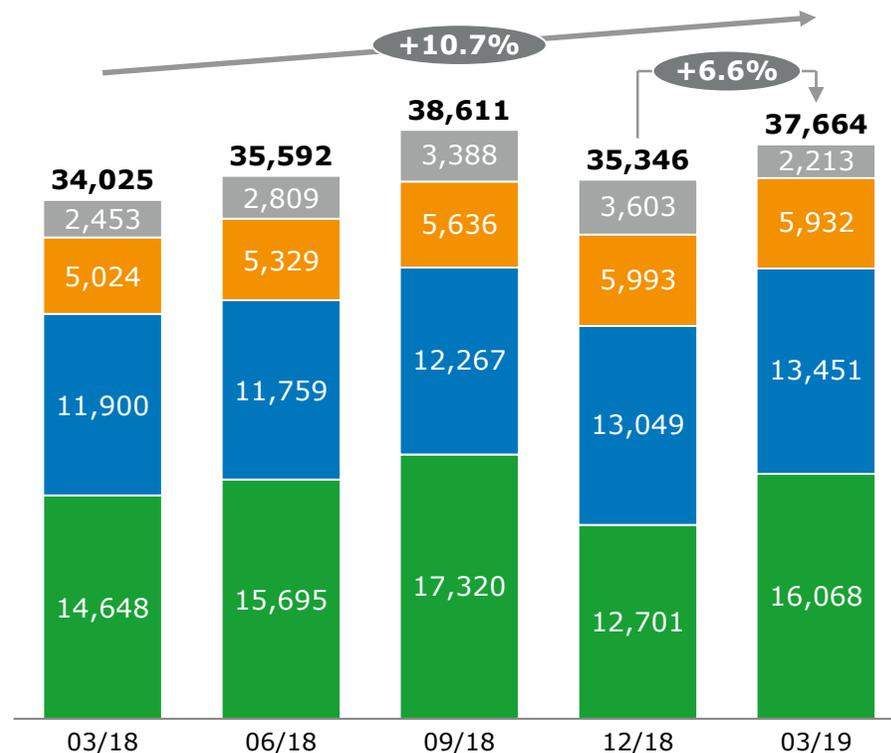
Corporates and Financial Markets Summary of Q1/19: Loans and Deposits

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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 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.

Detailed Results of mBank Group's major companies in Q1/19

Subsidiaries

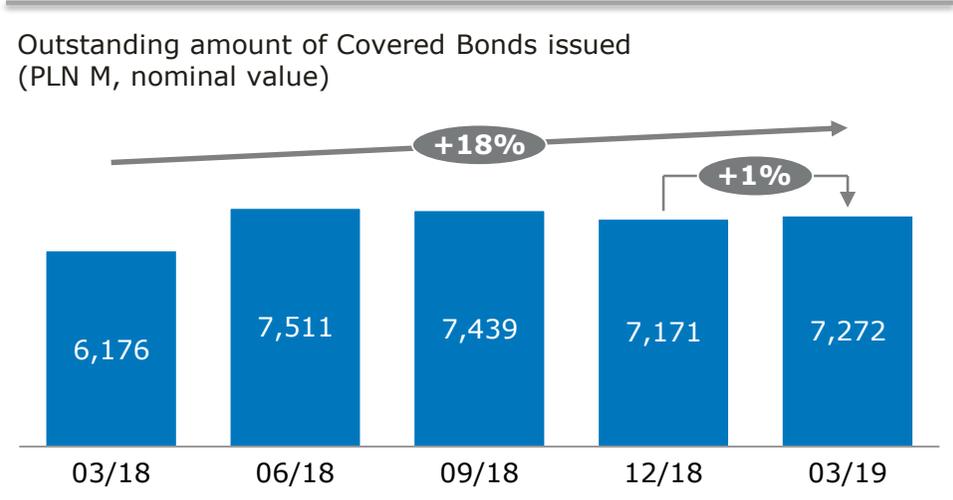
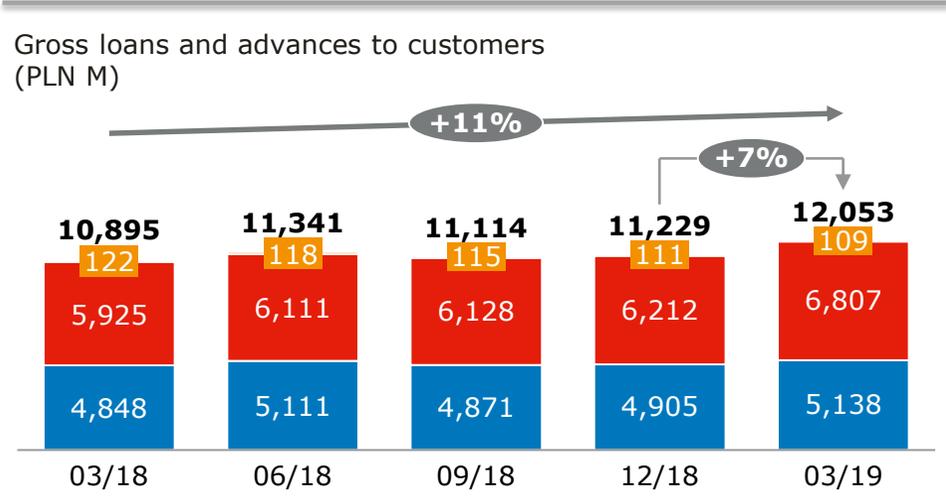
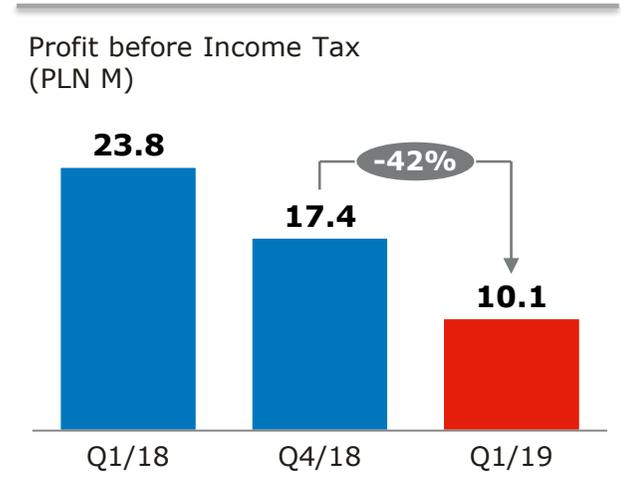
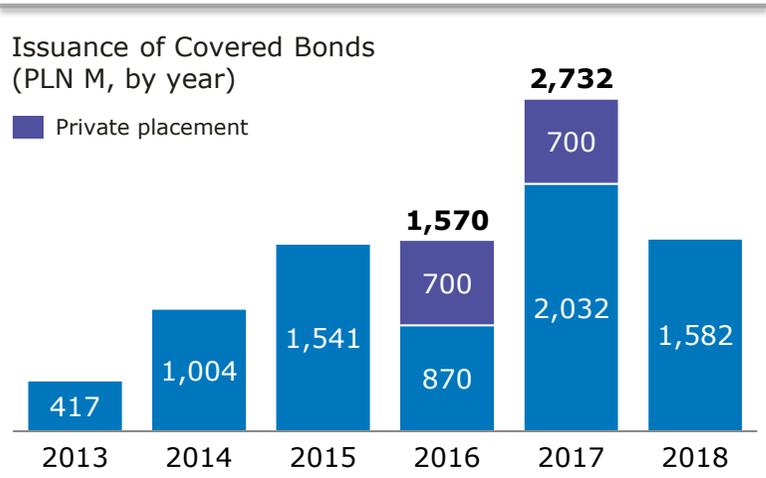
Appendix

mBank Group's Subsidiaries mBank Hipoteczny (mBH)

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m Bank Hipoteczny
established in 1999
specialised mortgage bank and active 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

mBank Hipoteczny (mBH): Issuance Activity on the Covered Bonds Market

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Summary of Mortgage Covered Bonds issued in 2014-2019 (public issues)

Amount	Currency	Issue date	Maturity date	Tenor (years)	Coupon
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
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%)
13.0 M	EUR	28-09-2016	20-09-2026	10.0	Fixed (1.18%)
35.0 M	EUR	26-10-2016	20-09-2026	9.9	Fixed (1.183%)
24.9 M	EUR	01-02-2017	01-02-2024	7.0	Fixed (0.94%)
500.0 M	PLN	29-09-2017	10-09-2022	5.0	WIBOR 3M + 75bps
1,000.0 M	PLN	11-10-2017	15-09-2023	5.9	WIBOR 3M + 82bps
100.0 M	EUR	30-10-2017	22-06-2022	4.6	Fixed (0.612%)
300.0 M	EUR	26-04-2018	05-03-2025	6.9	Fixed (1.073%)
310.0 M	PLN	22-06-2018	10-06-2024	6.0	WIBOR 3M + 58bps
100.0 M	PLN	22-02-2019	20-12-2019	9.8	WIBOR 3M + 80bps

Appendix

mBank Group's Subsidiaries Leasing and Factoring

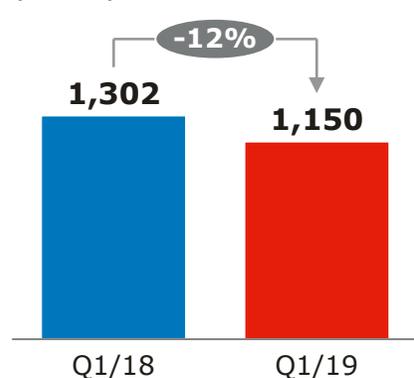
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m Leasing

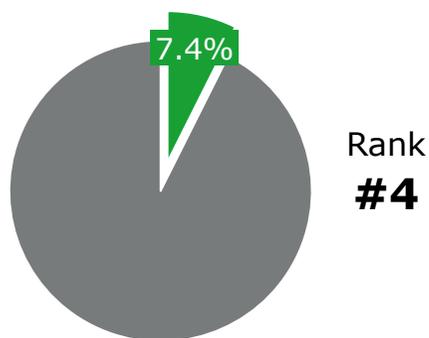
established in 1991

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

Leasing contracts (PLN M)

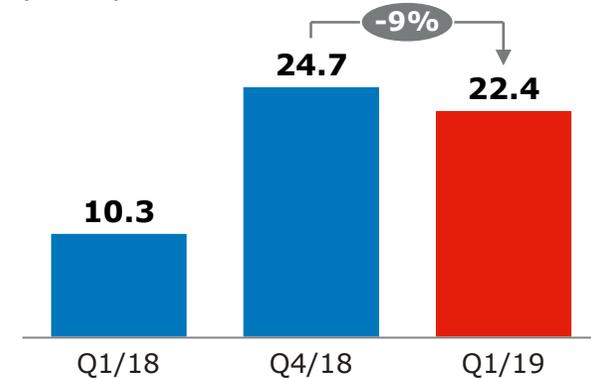


Market share & position – 2018
[data for Q1/19 not available]



Source: Polish Leasing Association (PLA)

Profit before Tax (PLN M)

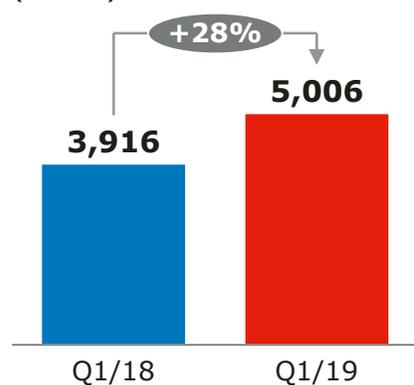


m Faktoring

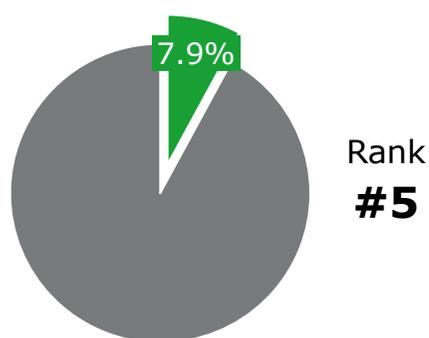
established in 1995

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

Factoring contracts (PLN M)

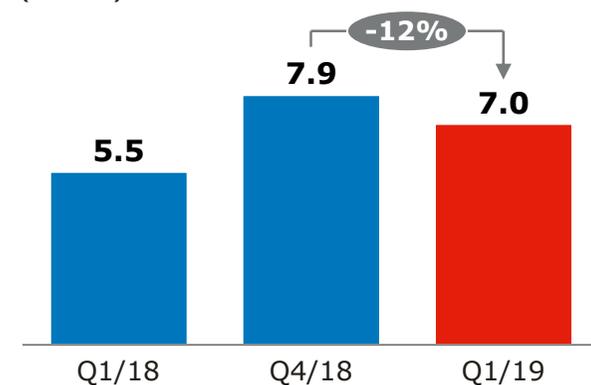


Market share & position – Q1/19



Source: Polish Factors Association (PFA)

Profit before Tax (PLN M)



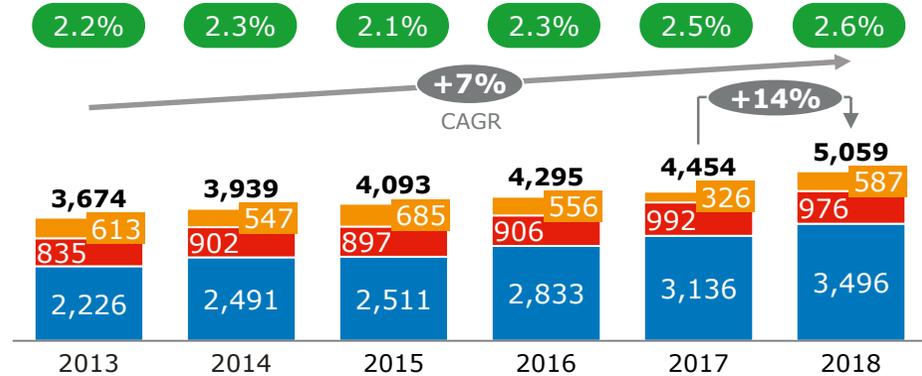
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mBank Group's historical performance: Profit and Loss Account

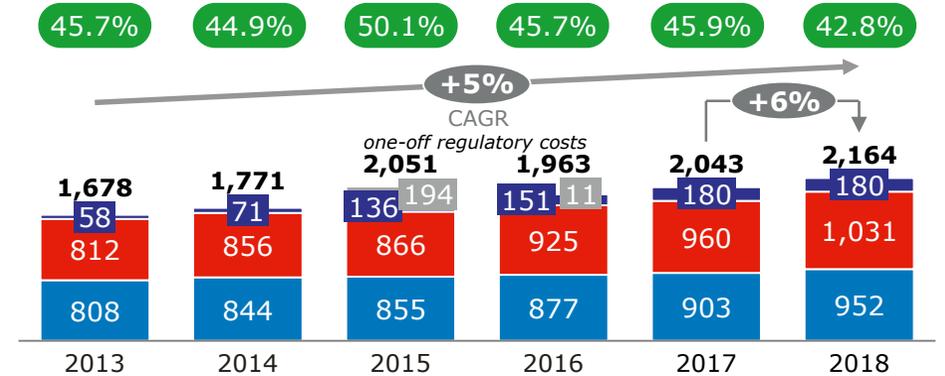
Total Income & Margin (PLN M)

■ NII ■ NFC ■ Trading and other

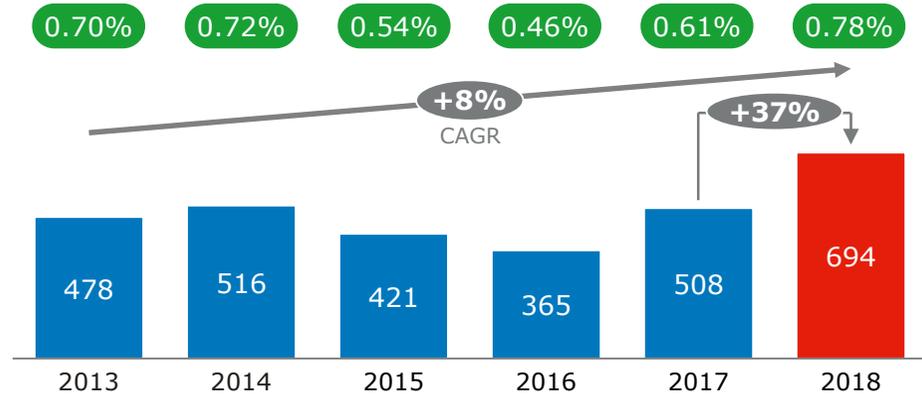


Total Costs & C/I ratio (PLN M)

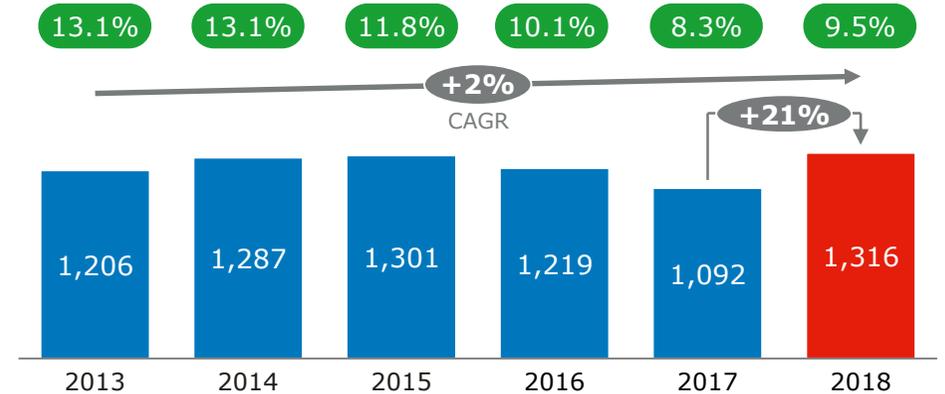
■ Personnel ■ Material and other ■ BFG



Loan Loss Provisions & Cost of Risk (PLN M)



Net Profit & Return on Equity (PLN M)

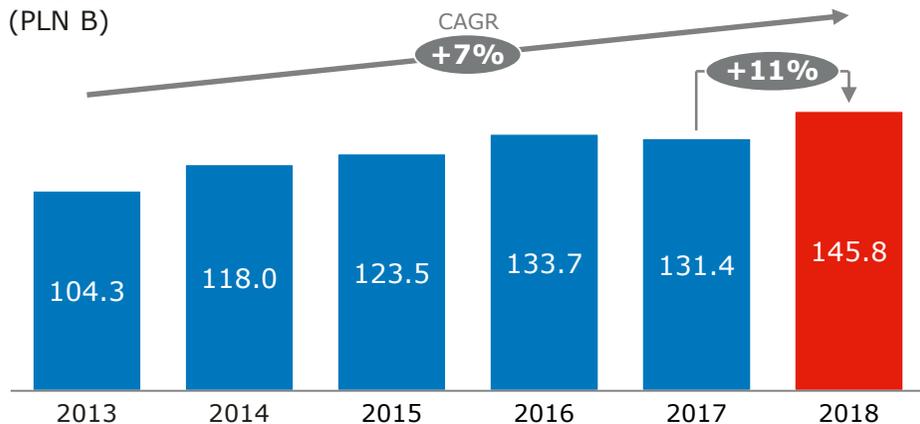


Appendix

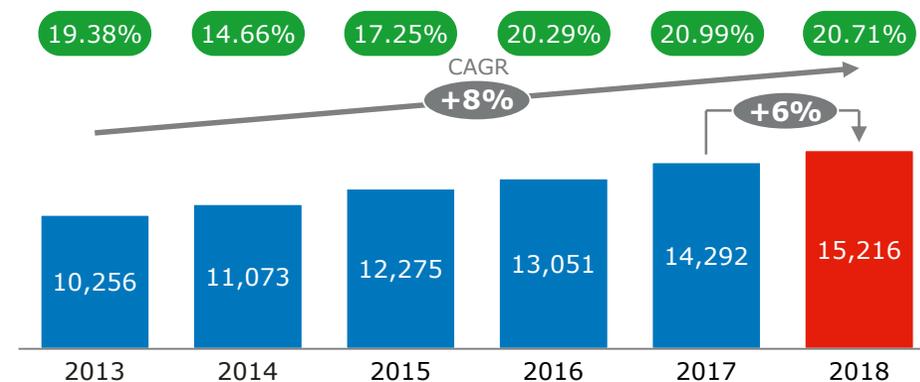
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mBank Group's historical performance: Balance Sheet

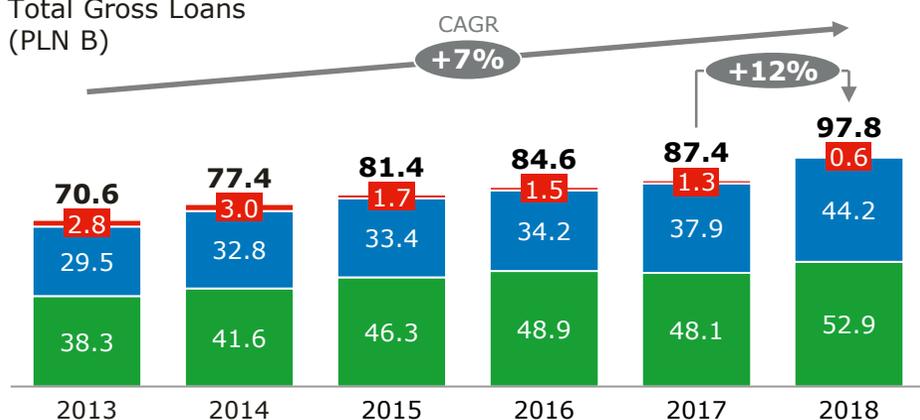
Total Assets
(PLN B)



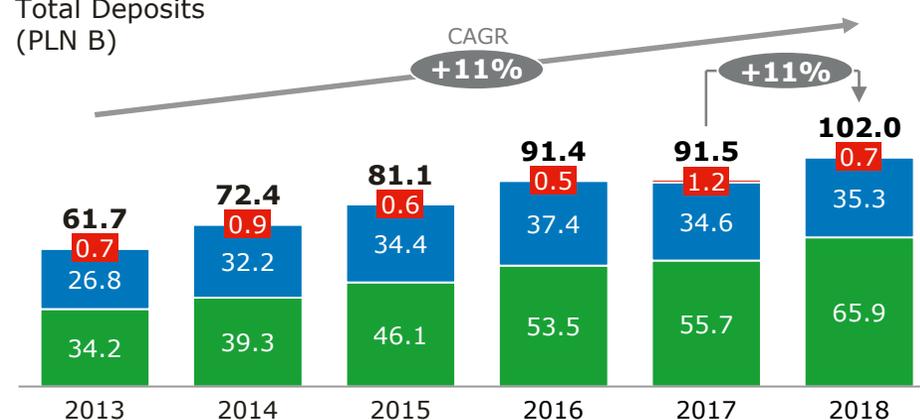
Equity & Total Capital Ratio
(PLN M)



Total Gross Loans
(PLN B)



Total Deposits
(PLN B)



Individual clients Corporate clients Public sector and other

Individual clients Corporate clients Public sector

mBank's share price performance

No clear trends detected in fluctuations of share prices over the last year

mBank's index membership and weights*

WIG-30	WIG30	2.391%
WIG-20	WIG20	2.521%
WIG	WIG	1.819%
WIG-Banks	WIGbanki	6.288%
WIG-Poland	WIGPoland	1.857%

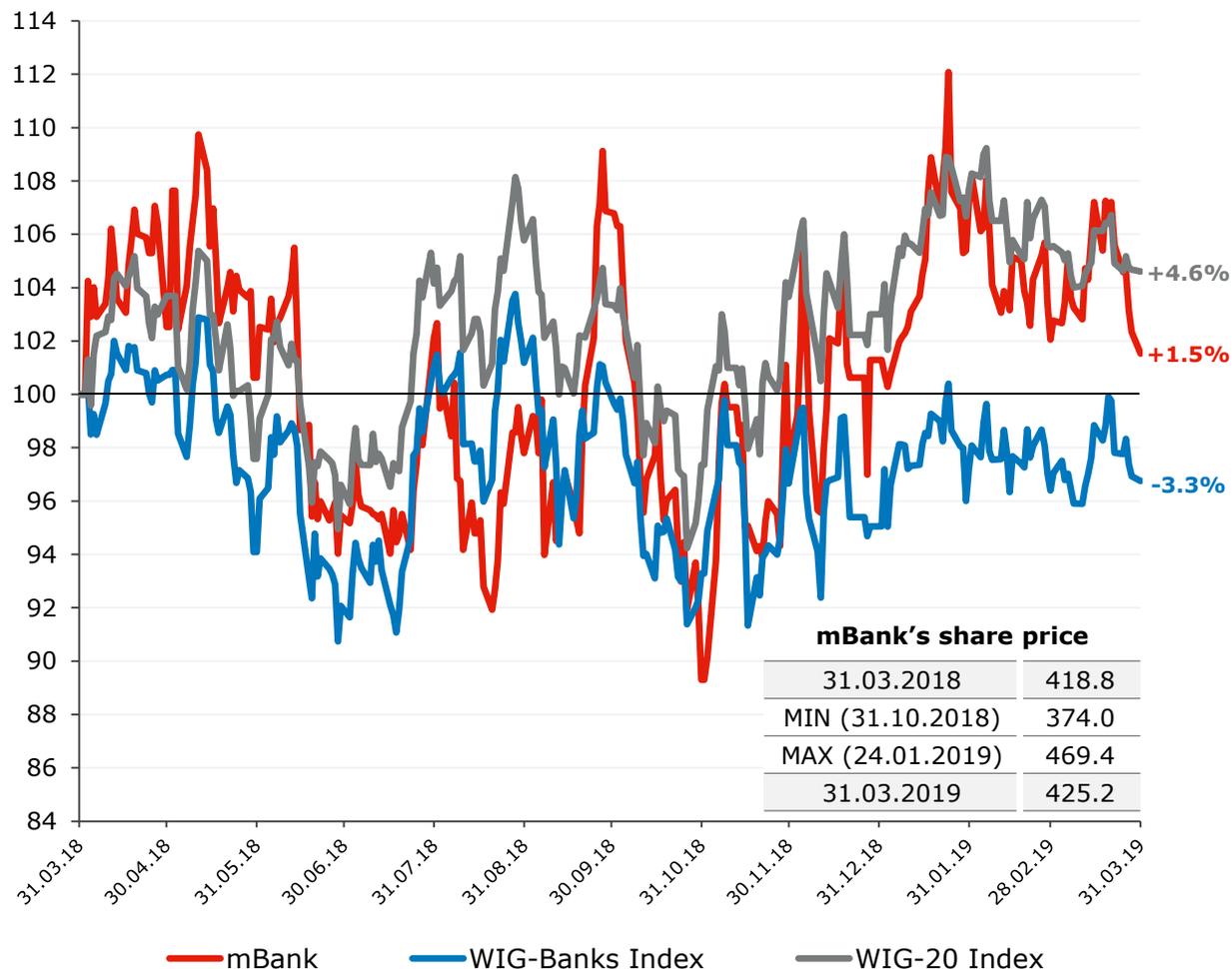
* Share in index as of 29.03.2019

- 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 69.33% of shares

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 336 982

Source: WSE, Bloomberg (data as of 31.03.2019).

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



mBank's Mobile Banking

Focus on client convenience through well-designed functionalities

mBank launched a new mobile application in April 2017

Key functionalities of the app, inspired by users' opinions and habits, include:

- **Android Pay** and **Apple Pay** (for Visa and MasterCard holders) for contactless payments with a phone in POS;
- The possibility of **logging in with a fingerprint**;
- A display with **a pace of the client's spending** to help the users control their budget;
- **Payment Assistant** – reminders of regular payments, allowing the users to quickly settle invoices;
- **mLine in a click** – connection with consultants directly from the application, without the need of ID and telecode;



- **Mobile authorisation** – confirmation of operations made in the transaction system via the mobile application (instead of entering the code received in text message);
- **Quick cash loan** with a decision in 1 minute from request submission, based on pre-approved limit determined for the client;
- **Express transfers** using telephone numbers within the BLIK system;

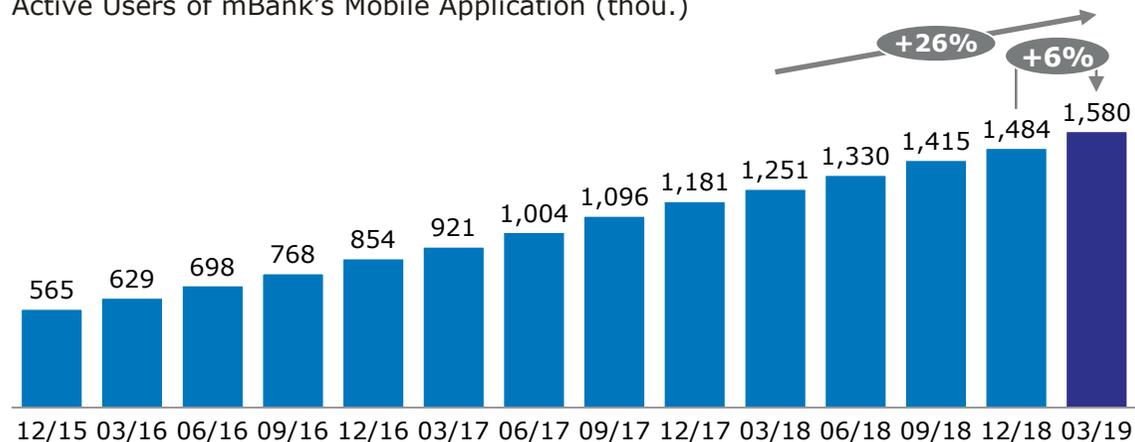


In July 2017 the share of clients who logged in to their accounts via mobile devices exceeded the logins from computers; in December 2018 it reached 62.5%, compared to 55% in December 2017, 37% in 2016 and 28% in 2015.



The number of mobile application users at mBank is the second highest among Polish banks.

Active Users of mBank's Mobile Application (thou.)



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**

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

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 the 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 a 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

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