

# Results of mBank Group Q1 2021

Good operating performance of core business



Presentation for Investors and Analysts, 29.04.2021

# Agenda



## Key highlights of Q1 2021

3

- Business development
- Summary of financial results

## Analysis of the performance after Q1 2021

17

- Loans and deposits
- Total income and its main components
- Total costs and efficiency
- Loan loss provisions and portfolio quality
- Capital and liquidity position

## Macroeconomic update and outlook

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## Appendix

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# Key highlights of Q1 2021 in mBank Group

- ✓ Total income close to record-high level, fuelled by soaring net fee and commission income
- ✓ Excellent efficiency maintained, anchored in good cost management and right-sized banking platform
- ✓ Sound net profit amid challenging market environment, legal risk related to CHF loans weighs on the results
- ✓ Positive trends in business volumes in both segments, translating into higher market shares
- ✓ Lower risk costs accompanied by resilient asset quality, strong capital and liquidity position
- ✓ Growing number of mobile users and share of sales via digital channels, support in entering e-commerce market

Net interest income  
**-11.1% YoY**

Net fee income  
**+29.1% YoY**

Total costs  
**-9.7% YoY**

Cost/Income ratio  
**36.8%**

Net profit  
**3.5x YoY**

CHF legal reserves  
**PLN 66 million**

Loans  
**+2.7% YoY**

Deposits  
**+17.9% YoY**

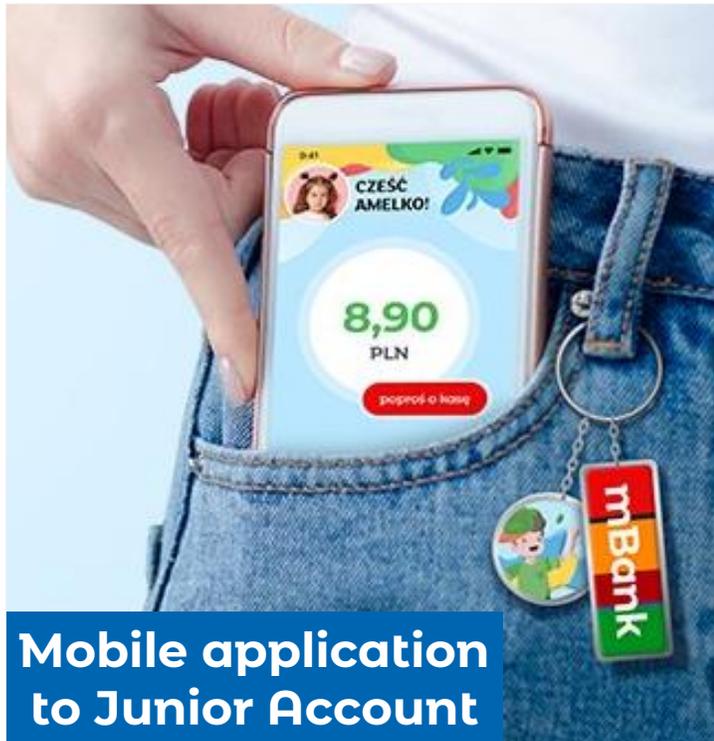
Cost of Risk  
**59 bps**

Total capital ratio  
**19.2%**

Mobile app users  
**2.36 million**

Start in e-commerce  
**5.3k clients**

# Main business achievements and innovations in Q1 2021



## Mobile application to Junior Account

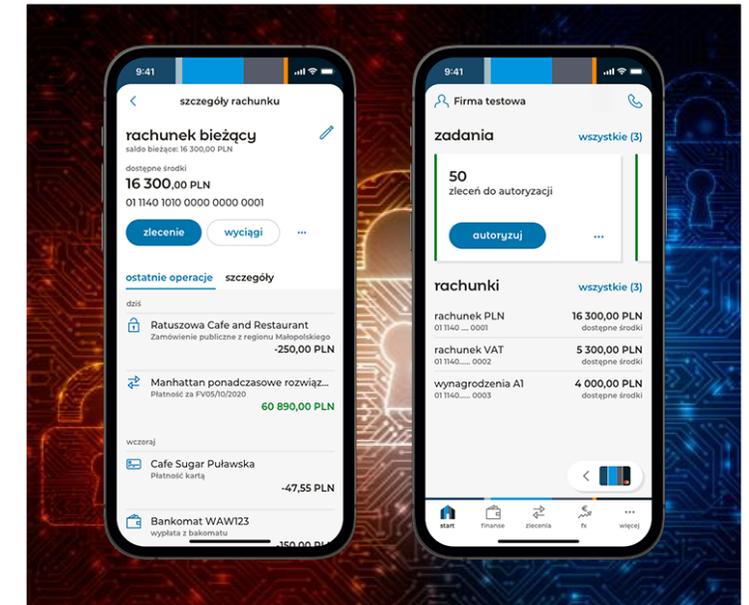
- designed for children below 13 years old and suited to their key needs
- possibility to check the account balance and history of transactions as the first functionalities
- convenient tool to familiarize children with managing their daily spending



- as the main partner and sponsor, mBank has played together with WOŚP for the fourth time in a row
- convenient ways to take part in the fundraising, including dedicated “heart” icon for quick payments in mBank’s mobile application or via website using Paynow



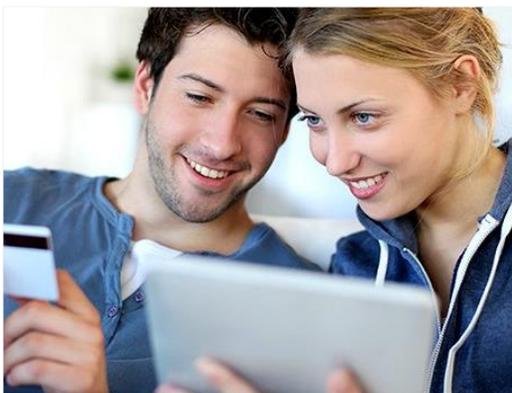
**PLN 20 M  
donated by  
mBank and  
its clients**



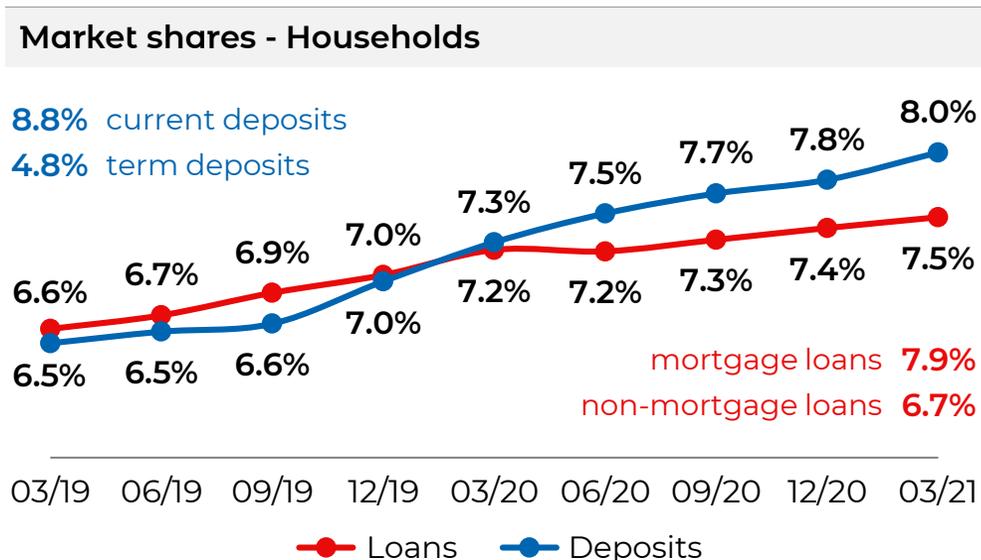
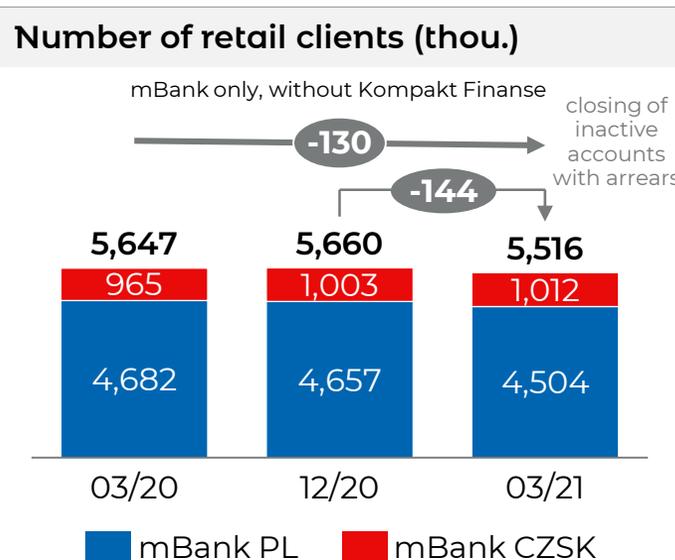
## New mobile application for corporate clients

- two login options: a code or biometric
- a well-structured interface and intuitive navigation for better user experience, with the most important information and functions available on the main screen
- ‘task assistant’ to remind the client about orders waiting for authorization

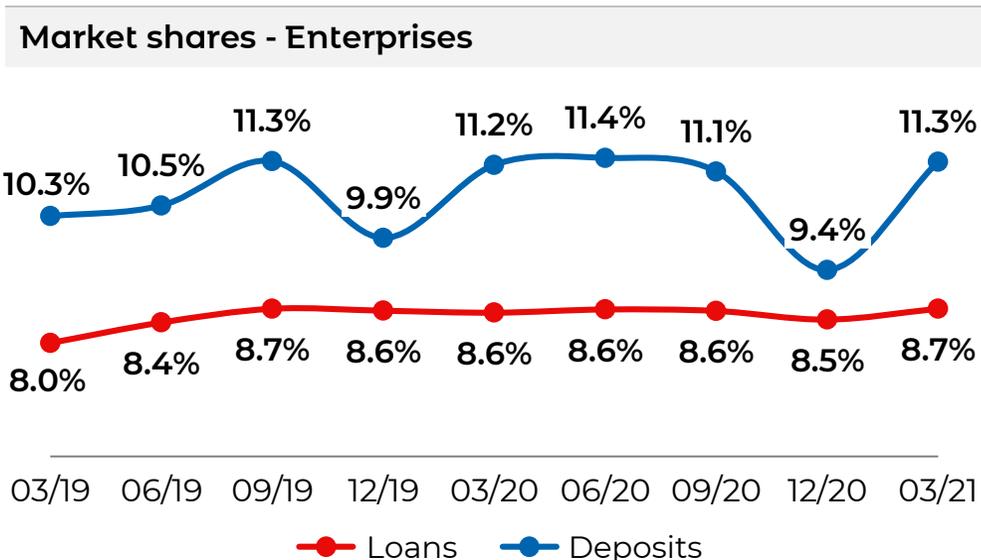
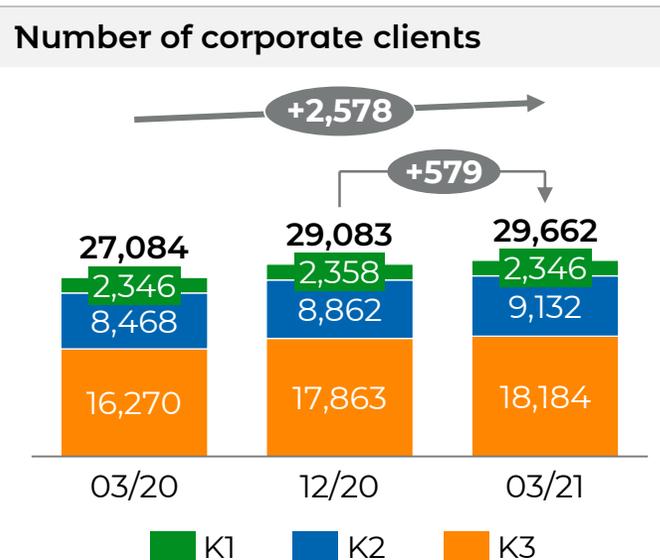
# Client base and market position of retail and corporate banking



## RETAIL BANKING



## CORPORATE BANKING



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

# mBank as a front-runner in mobile banking adoption



#1

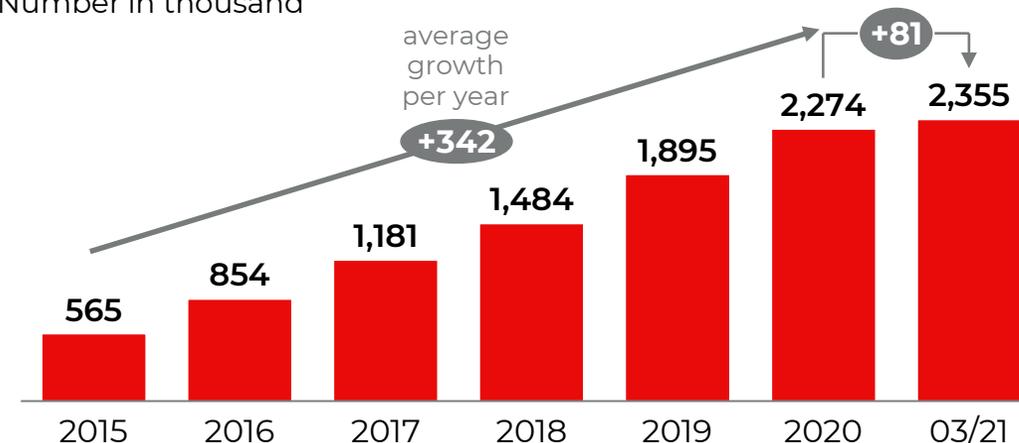
by the share of mobile users in total active customer base

#2

by the number of mobile app users among Polish banks

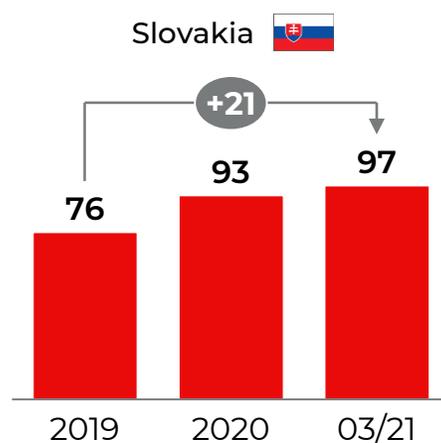
## Active users of mBank's mobile application in Poland

Number in thousand



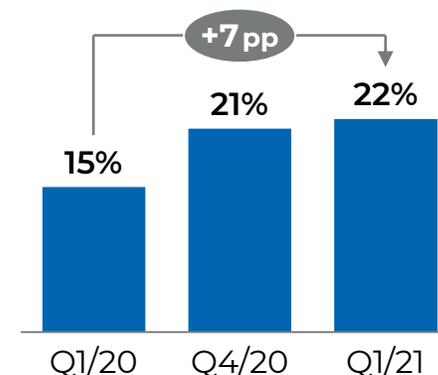
## Active users of mBank's mobile application outside Poland

Number in thousand

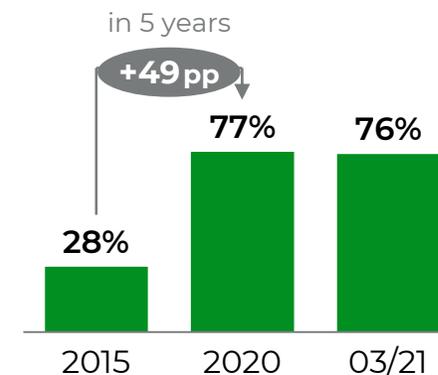


## Growing importance of mobile channel in daily banking

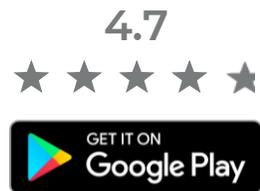
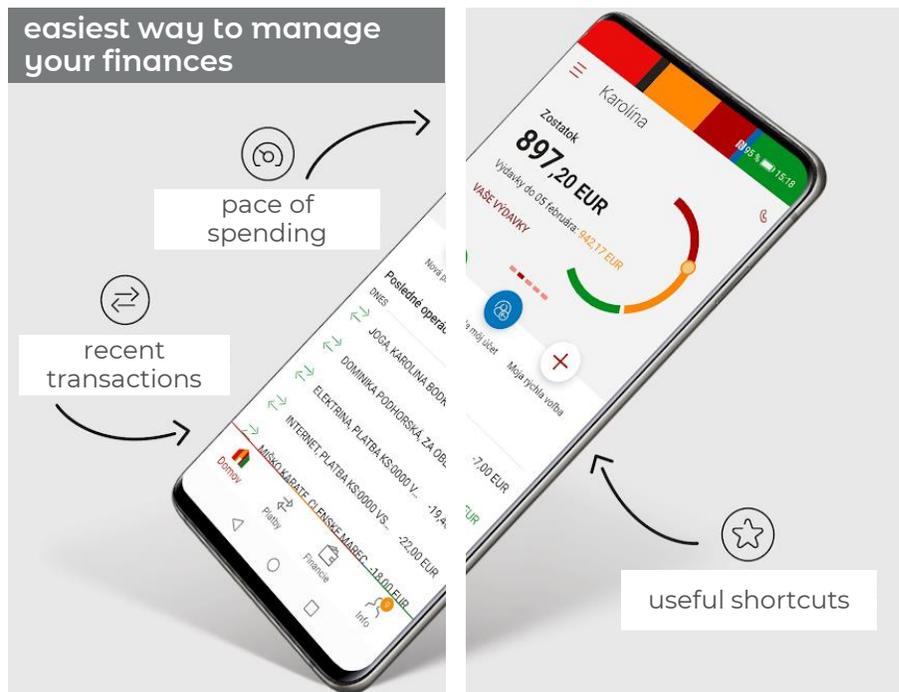
Share of mobile application in the sale of cash loans (by volume)



Share of mobile logins to mBank's services in total digital usage



# Development of leading mobile banking offer for individuals



mBank's application won the 2nd place in the voting of internet users in the prestigious **Mobile Trends Awards** competition in March 2020

Well-designed functionalities for client convenience

fully remote account opening with a selfie and agreement approved via a text message

logging in with a PIN code, fingerprint or Face ID



contactless payments with Google Pay and Apple Pay



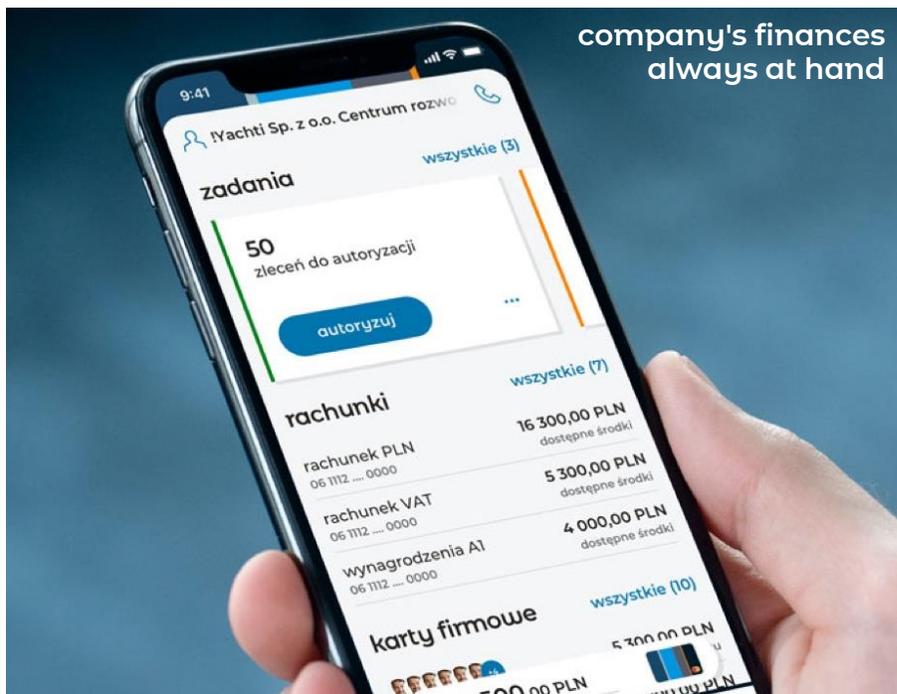
express transfers using telephone numbers and the BLIK system



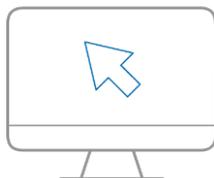
reminders from Payment Assistant and scanning of data to the transfer form from the invoices

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

# Development of best digital banking services for corporate clients



CompanyMobile  
CompanyNet



mBank was named “**World’s Best Corporate/Institutional Digital Bank in CEE 2020**” by Global Finance magazine

First-class digital banking offer for companies



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



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



remote access and constant control via enhanced mBank CompanyMobile application



Administrator Centre for self-managing user permissions and authorisation schemes



electronic sending of documents, signing of agreements



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



# Development of complete solutions for e-commerce segment

mBank's unique payment gateway

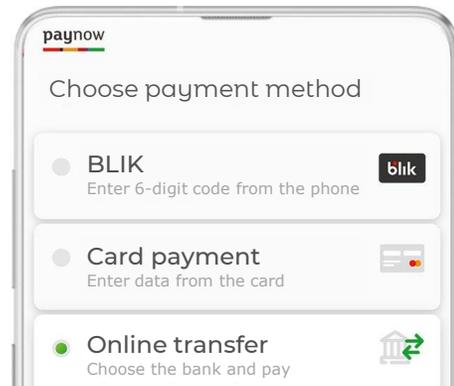
## paynow

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



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

- convenient management through mBank's transactional service
- quick and easy integration with merchant's online shop
- control panel adapted to mobile devices
- no fee for activation and attractive pricing thereafter
- high capacity of the gateway even with a large number of transactions



Processed payments volume has been growing dynamically, with PLN 20 M per month in Q1/21



Comprehensive value proposition for e-merchants



Special social campaign and contest "Digital Revolutions" to support microfirms and SMEs in e-commerce expansion

- tools for opening and running an e-shop for 1 PLN for 3 months (incl. an option to set up an online store for a 14-day free trial period)
- free-of-charge accounting helpline for e-commerce
- dedicated webinars, articles and blog for firms starting sales and already operating in Internet
- mOrganizer to handle invoices



More than 5.3 thousand of clients took advantage of mBank's e-commerce offer until mid-April 2021



# Focus on sustainable and responsible banking

## External ESG assessment



## Membership in ESG indices

**Bloomberg GEI**  
Gender-Equality Index

**FTSE4Good**  
Index Series

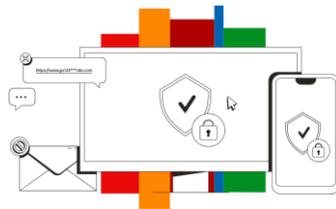
**WIG-ESG index**  
on WSE in Poland

**Green Bond framework**

## Our ESG activities are centred around 3 aspects in line with sustainable development strategy

### ✓ mBank educates

- We support the development of mathematical skills and equalize educational opportunities for the young



- We teach how to use online and mobile banking safely

### ✓ mBank promotes prosperity

- We support organisations that work for social welfare



**We play together**

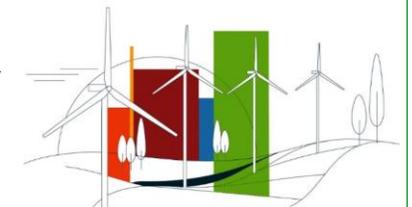


- We are accessible to clients with disabilities (inclusive banking)
- We ensure diversity and equal opportunities

### ✓ mBank cares about the climate and the environment

#### We limit our indirect impact

- Credit policy regarding industries relevant in the context of EU climate policy
- Eco-supportive products in each customer segment
- PLN 4 billion dedicated for Renewable Energy Sources financing



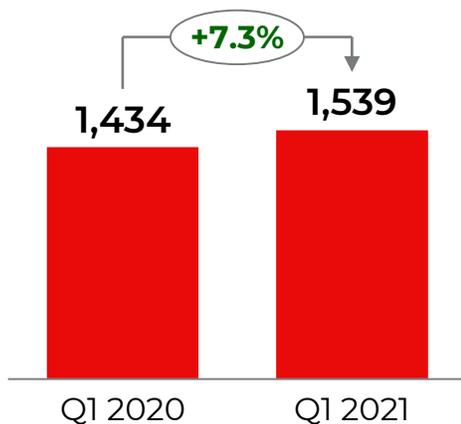
#### We limit our direct impact

- Measurement and reduction of our carbon footprint
- Waste segregation and recycling
- Selection of suppliers by ESG standards

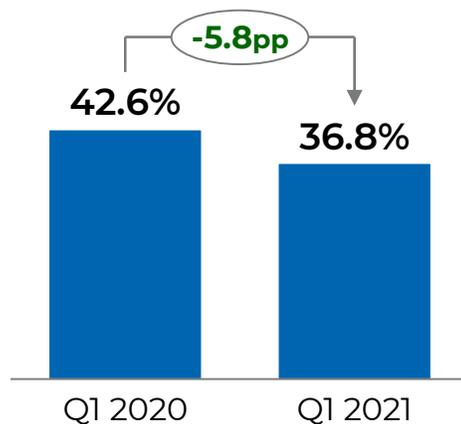
# Summary of key financial highlights

## Total income

PLN M

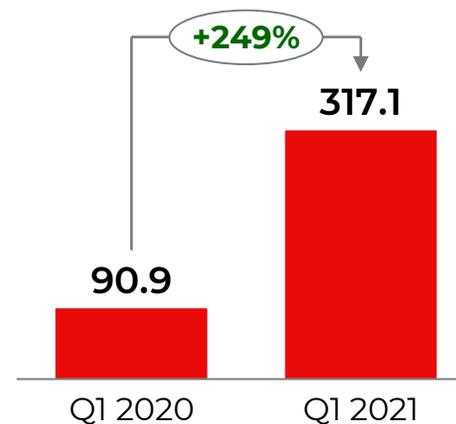


## Cost/Income ratio<sup>1</sup>

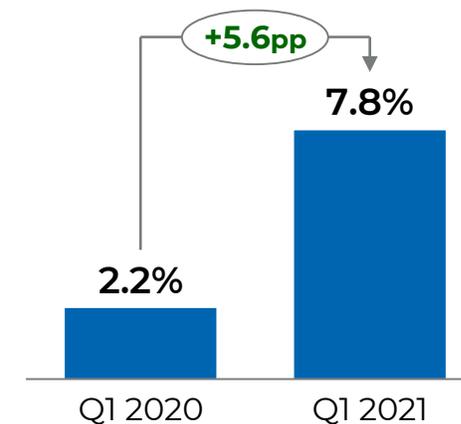


## Net profit

PLN M

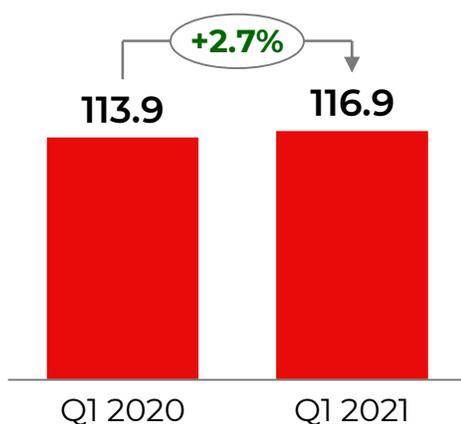


## Return on Equity

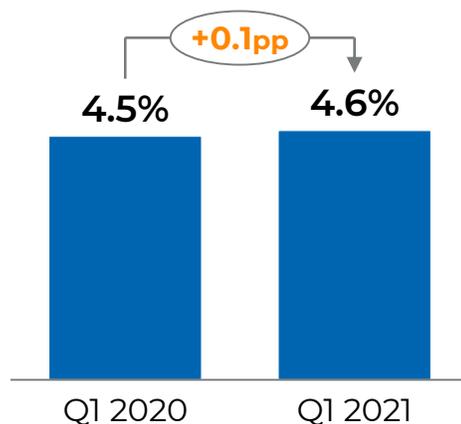


## Gross loans to customers

PLN B

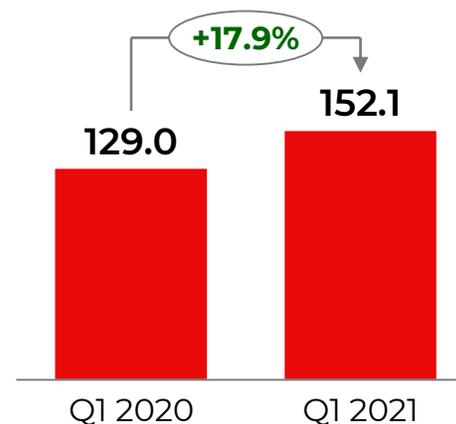


## NPL ratio

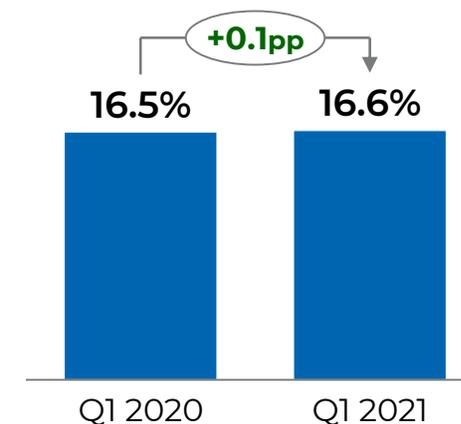


## Customer deposits

PLN B



## Tier 1 capital ratio



<sup>1</sup> Normalized indicator, including ¼ of contribution to the Resolution Fund booked in the first quarter of the year

# Summary of financial results: Profit and Loss Account

PLN million	Q1 2020	Q4 2020	Q1 2021	Δ QoQ	Δ YoY
Net interest income	1,065.5	976.9	946.9	-3.1% ↓	-11.1% ↓
Net fee and commission income	362.7	409.5	468.1	+14.3% ↑	+29.1% ↑
Total income	1,434.3	1,552.3	1,538.8	-0.9% ↓	+7.3% ↑
Total costs (excluding BFG)	-539.1	-502.2	-511.2	+1.8% ↑	-5.2% ↓
Contributions to the BFG <sup>1</sup>	-197.2	-34.4	-153.5	+346.1% ↑	-22.2% ↓
Loan loss provisions and fair value change <sup>2</sup>	-409.3	-262.6	-164.7	-37.3% ↓	-59.8% ↓
Provisions for legal risk related to FX loans	-12.9	-633.0	-66.3	-89.5% ↓	+413.3% ↑
Operating profit	275.8	120.2	643.1	+435.2% ↑	+133.2% ↑
Taxes on the Group balance sheet items	-131.8	-127.8	-138.8	+8.7% ↑	+5.3% ↑
Profit before income tax	143.9	-7.6	504.3	-/+ ↑	+250.4% ↑
Net profit	90.9	-174.7	317.1	-/+ ↑	+248.8% ↑
Net interest margin	2.63%	2.20%	2.10%	-0.10pp	-0.53pp
Cost/Income ratio	51.3%	34.6%	43.2%	+8.6pp	-8.1pp
Cost of risk	1.52%	0.97%	0.59%	-0.38pp	-0.93pp
Return on equity (ROE)	2.2%	-4.2%	7.8%	+12.0pp	+5.6pp
Return on assets (ROA)	0.22%	-0.38%	0.68%	+1.06pp	+0.46pp

<sup>1</sup> Including annual contributions to the Resolution Fund of PLN 167.0 million and PLN 130.4 million in Q1/20 and Q1/21, respectively

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

# Summary of financial results: Balance Sheet

PLN million	Q1 2020	Q4 2020	Q1 2021	Δ QoQ	Δ YoY
Total assets	173,445	178,872	194,217	+8.6% ↑	+12.0% ↑
Gross loans to customers	113,867	112,208	116,925	+4.2% ↑	+2.7% ↑
Individual client loans	62,984	65,952	67,785	+2.8% ↑	+7.6% ↑
Corporate client loans	50,494	46,025	48,901	+6.2% ↑	-3.2% ↓
Customer deposits	128,960	137,699	152,097	+10.5% ↑	+17.9% ↑
Individual client deposits	82,919	97,976	103,583	+5.7% ↑	+24.9% ↑
Corporate client deposits <sup>1</sup>	44,283	39,143	47,711	+21.9% ↑	+7.7% ↑
Total equity	16,585	16,675	16,749	+0.4% ↑	+1.0% ↑
Loan-to-deposit ratio	85.7%	78.8%	74.5%	-4.3pp	-11.2pp
NPL ratio	4.5%	4.8%	4.6%	-0.2pp	+0.1pp
Coverage ratio	60.6%	58.3%	58.5%	+0.2pp	-2.1pp
Tier 1 Capital Ratio	16.5%	17.0%	16.6%	-0.4pp	+0.1pp
Total Capital Ratio	19.4%	19.9%	19.2%	-0.7pp	-0.2pp

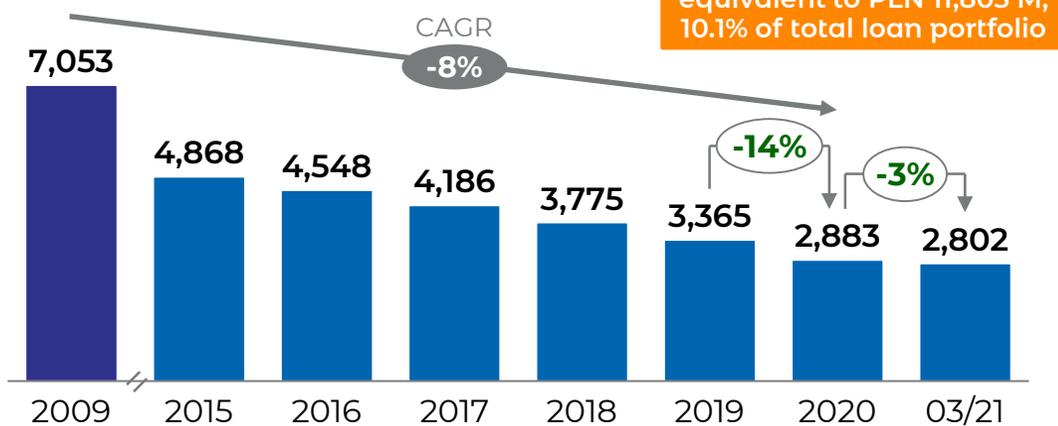
<sup>1</sup> Excluding repo / sell-buy-back transactions

Note: Balance sheet data for Q1/20-Q4/20 restated due to the presentational change related to CHF mortgage loans.

# Summary of litigations and provisions related to CHF portfolio

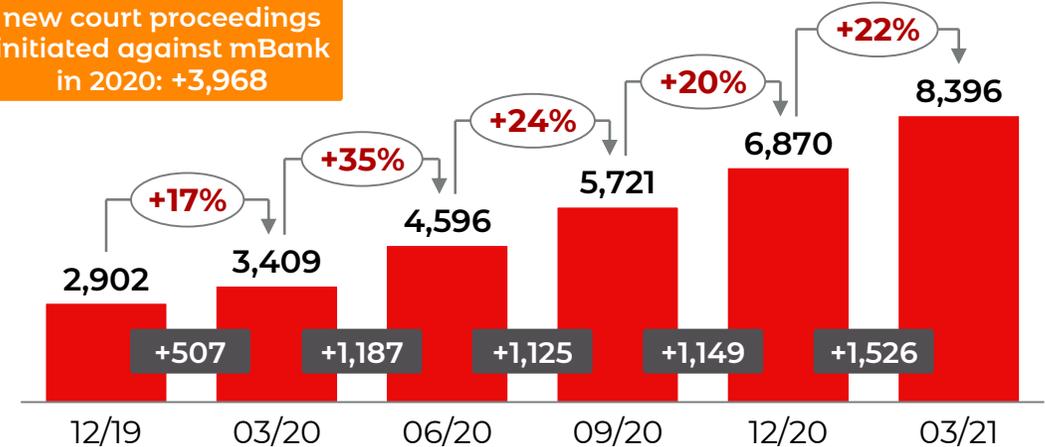
## CHF mortgage loans granted to individual customers

CHF M, carrying amount



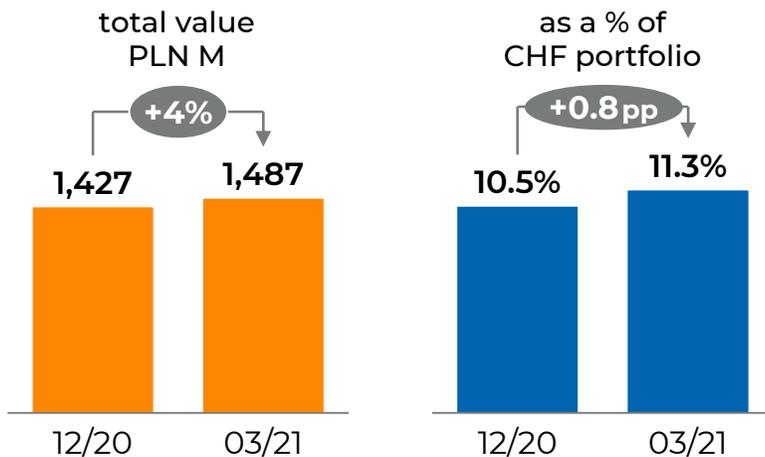
## Number of individual court cases concerning indexation clauses

new court proceedings initiated against mBank in 2020: +3,968



## Provisions created for individual court cases

concerning indexation clauses in CHF mortgage loans

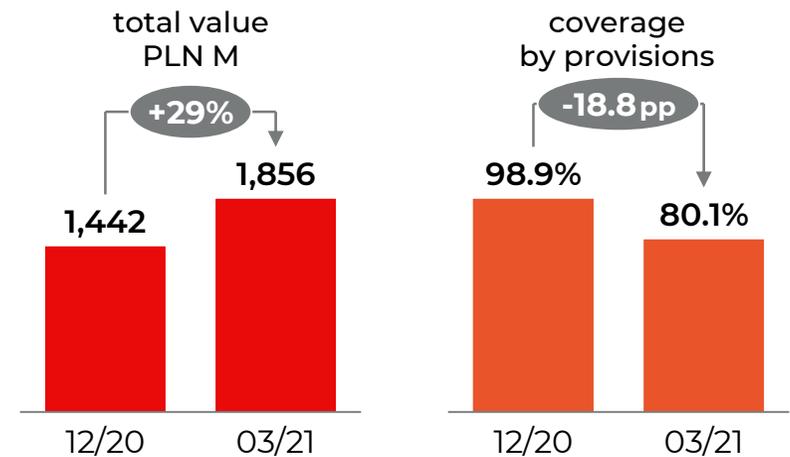


Key parameters for the calculation of portfolio provisions include:

- population of borrowers who will file a lawsuit against the bank projected for a period of 5 years
- probability of loss, defined as a share of negative verdicts in all final judgments in 5-year period
- expected level of loss in case of losing the lawsuit by the bank (taking into account a distribution of 3 possible outcomes)
- CHF/PLN exchange rate

## Claims related to the individual proceedings

concerning indexation clauses in CHF loan agreements



# New segmentation to introduce FX Mortgage Loans segment

## Separation of FX mortgage loan portfolio

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

A two-step approach was applied to make the company's figures more representative:

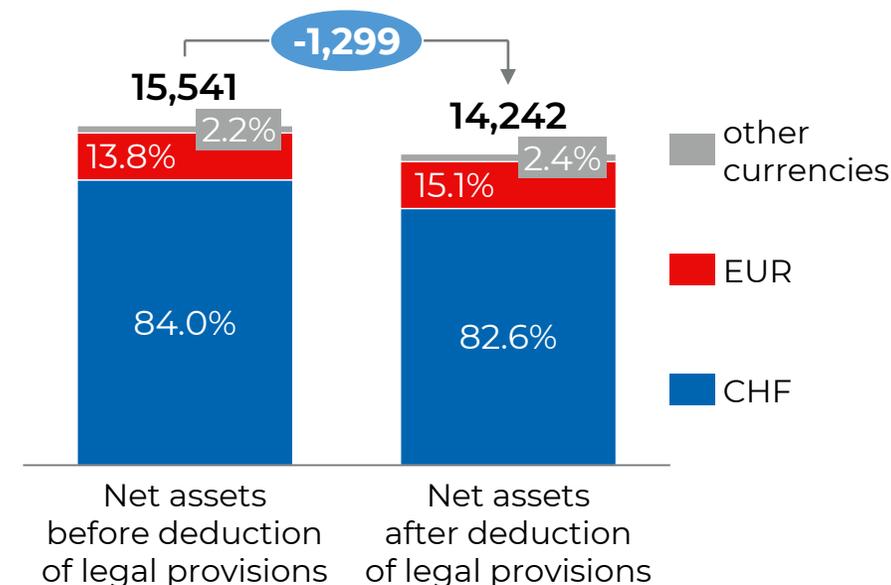
- 1) the non-core assets along with their respective (allocated) P&L items were split from the whole bank, and then
- 2) provisions for legal risk related directly to these contracts were deducted from the portfolio.

The unit is also allocated with the actual funding costs for the portfolio, which will be updated on a semi-annual basis.

As a result, the net outstanding exposure of the non-core segment reached **PLN 14.2 B** (at the end of Q1 2021)

## Currency structure of non-core assets

PLN M, as of 31.03.2021



The capital allocated to the non-core unit amounted to **PLN 2.9 B** as of 31.03.2021.

It is calculated primarily based on:

- risk weight of the portfolio under AIRB method;
- individual FX ML add-on (actual or expected level);

Provisions for legal risk are currently divided into:

- **PLN 1,299 M** reflected through a deduction from gross assets;
- **PLN 188 M** included in the bank's liabilities;

We have redesigned business reporting to provide information on mBank's core activity and run-off portfolio separately.

# New segmentation to show genuine performance of core business

PLN million	2020			Q1 2021		
	Core Business	Non-core <sup>1</sup>	mBank Group	Core Business	Non-core <sup>1</sup>	mBank Group
Net interest income	3,862	148	4,009	914.2	32.7	946.9
Net fee, trading and other income	1,853	4	1,857	603.1	-11.2	591.9
Total income	5,715	152	5,867	1,517.3	21.5	1,538.8
Total costs	-2,391	-20	-2,411	-661.1	-3.6	-664.7
Loan loss provisions and fair value change <sup>2</sup>	-1,238	-55	-1,293	-188.1	23.4	-164.7
Provisions for legal risk related to FX loans	0	-1,022	-1,022	0.0	-66.3	-66.3
Operating profit	2,086	-945	1,141	668.2	-25.1	643.1
Taxes on the Group balance sheet items	-473	-59	-531	-124.5	-14.3	-138.8
Profit before income tax	1,613	-1,003	610	543.7	-39.4	504.3
Net profit	1,107	-1,003	104	356.5	-39.4	317.1
Total assets	164,136	14,736	178,872	179,975	14,242	194,217
Net interest margin	2.47%		2.32%	2.20%		2.10%
Cost/Income ratio	41.8%		41.1%	43.6%		43.2%
Cost of risk	1.33%		1.19%	0.78%		0.59%
Return on equity (ROE)	8.1%		0.6%	10.4%		7.8%
Return on assets (ROA)	0.68%		0.06%	0.82%		0.68%

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

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

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- Summary of financial results

## Analysis of the performance after Q1 2021

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- Total income and its main components
- Total costs and efficiency
- Loan loss provisions and portfolio quality
- Capital and liquidity position

## Macroeconomic update and outlook

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## Appendix

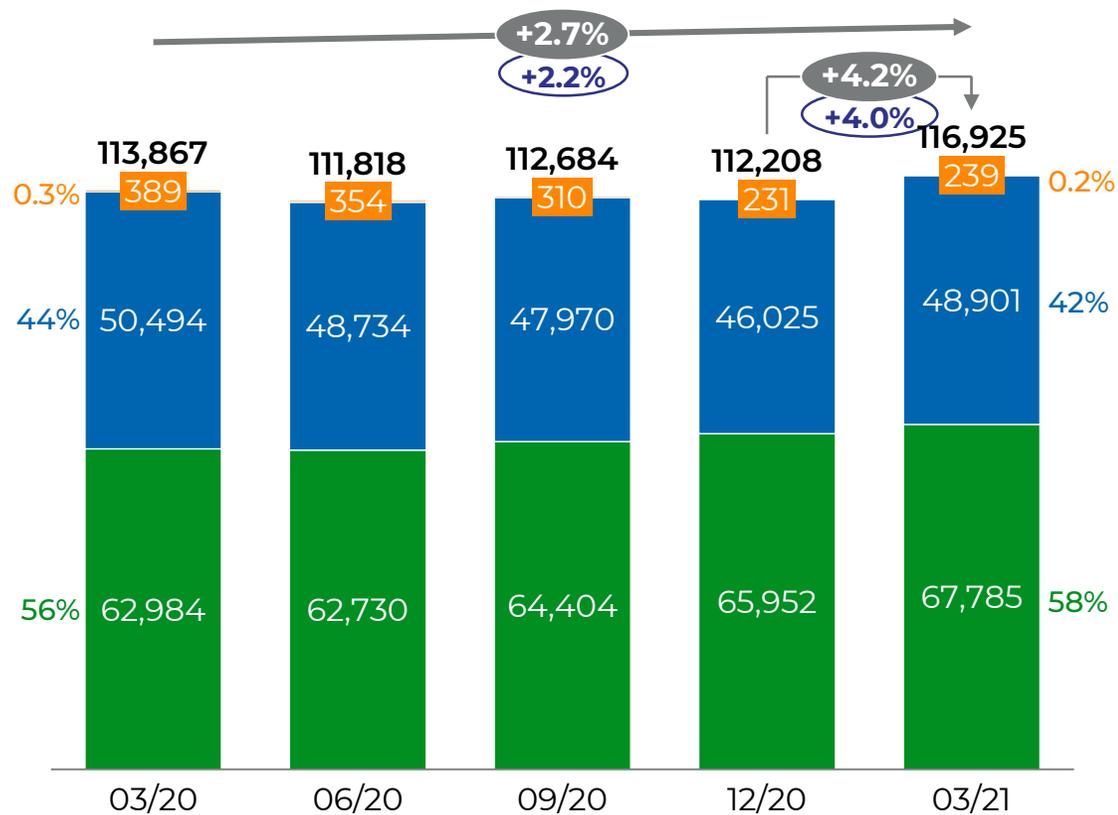
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# Results of mBank Group: Loans to customers

Loan portfolio returned to growth trajectory, positive quarterly dynamics in both segments

## Development of gross loans and advances to customers

PLN M

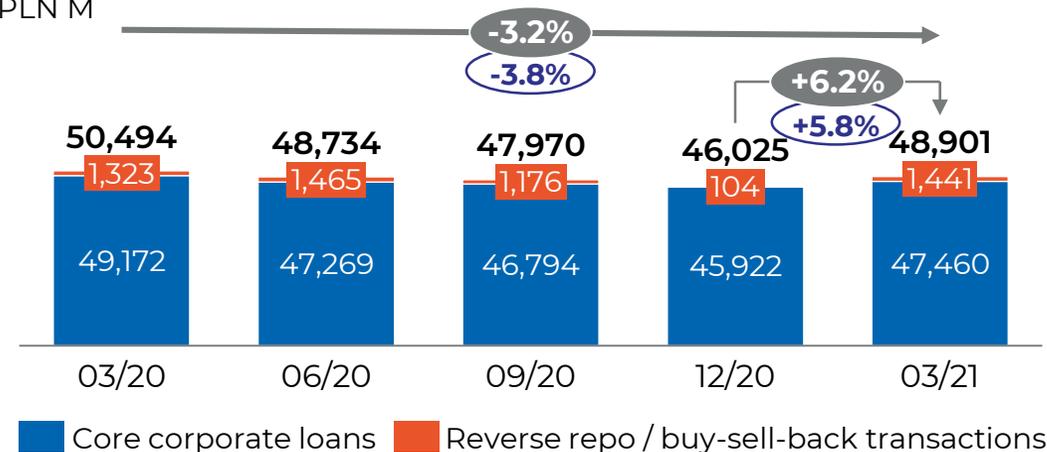


- Individual clients
- Corporate clients
- Public sector

+X.X% Excluding FX effect

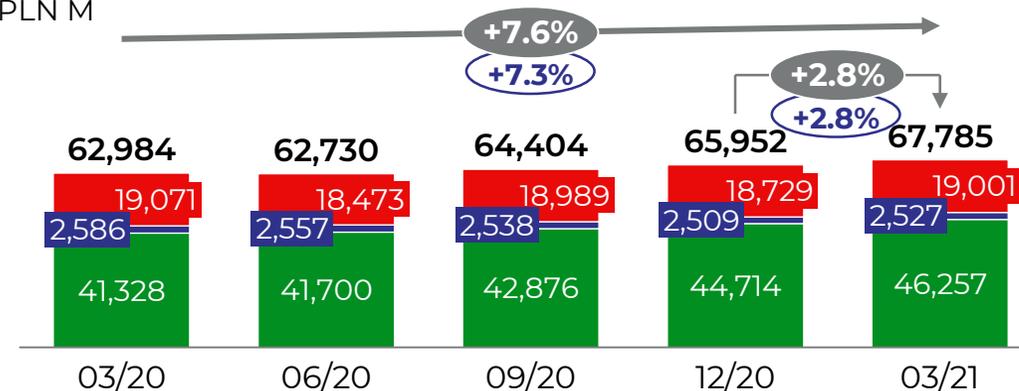
## Gross loans to corporate customers

PLN M



## Gross loans to retail customers

PLN M



Mortgage loans: ■ to individuals ■ to microfirms ■ Non-mortgage loans

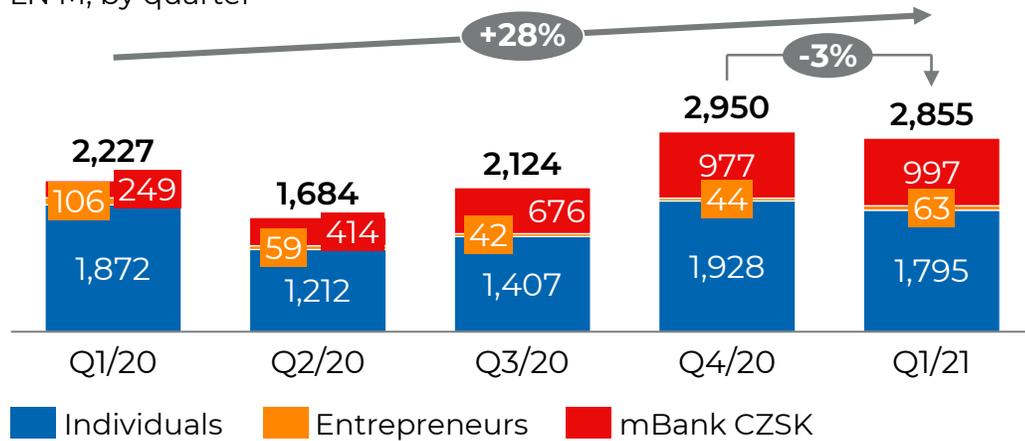
Note: Data for Q1/20-Q4/20 restated due to the presentational change related to CHF mortgage loans.

# Results of mBank Group: New lending business

Good sales of housing loans, accompanied by gradually rebounding consumer lending

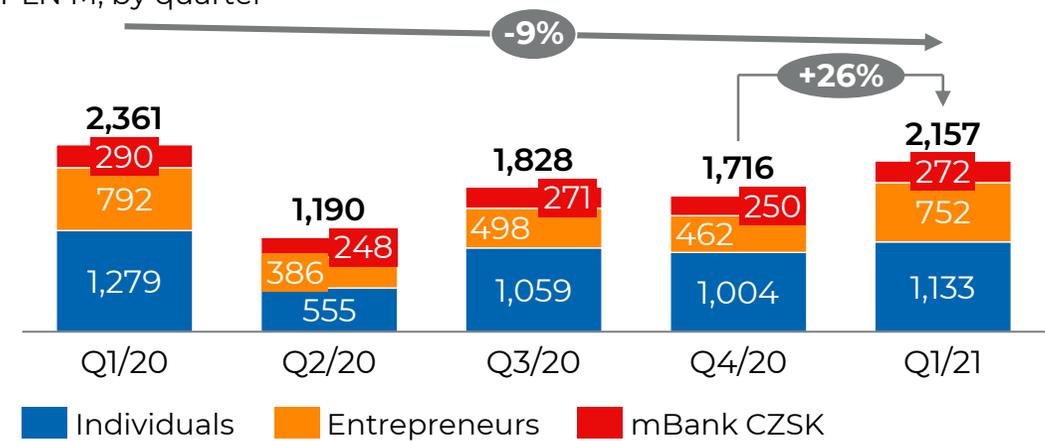
## Sales of mortgage loans

PLN M, by quarter



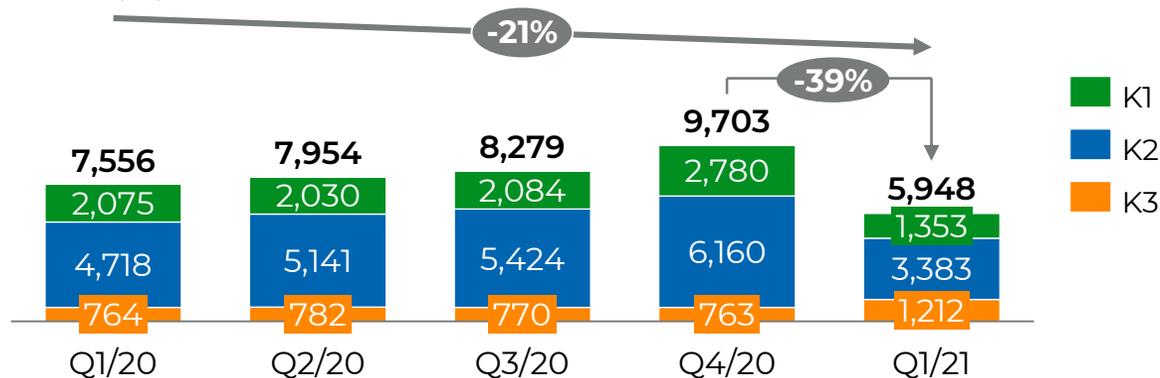
## Sales of non-mortgage loans

PLN M, by quarter



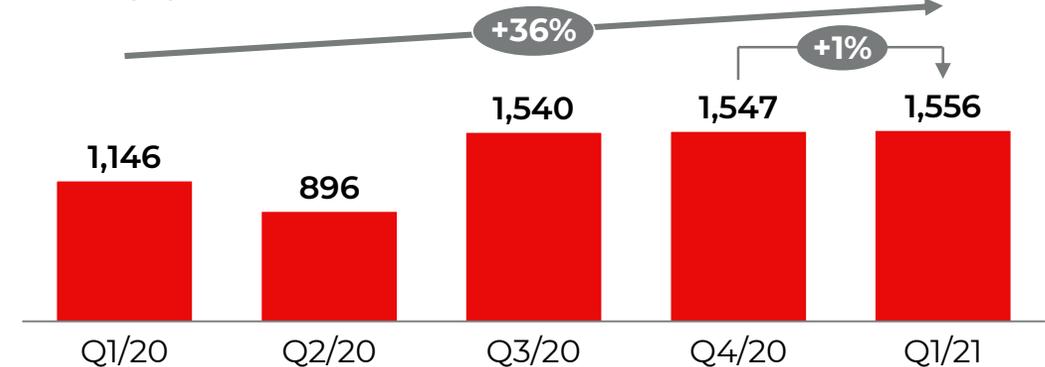
## Sales of corporate loans<sup>1</sup>

PLN M, by quarter



## New leasing contracts

PLN M, by quarter

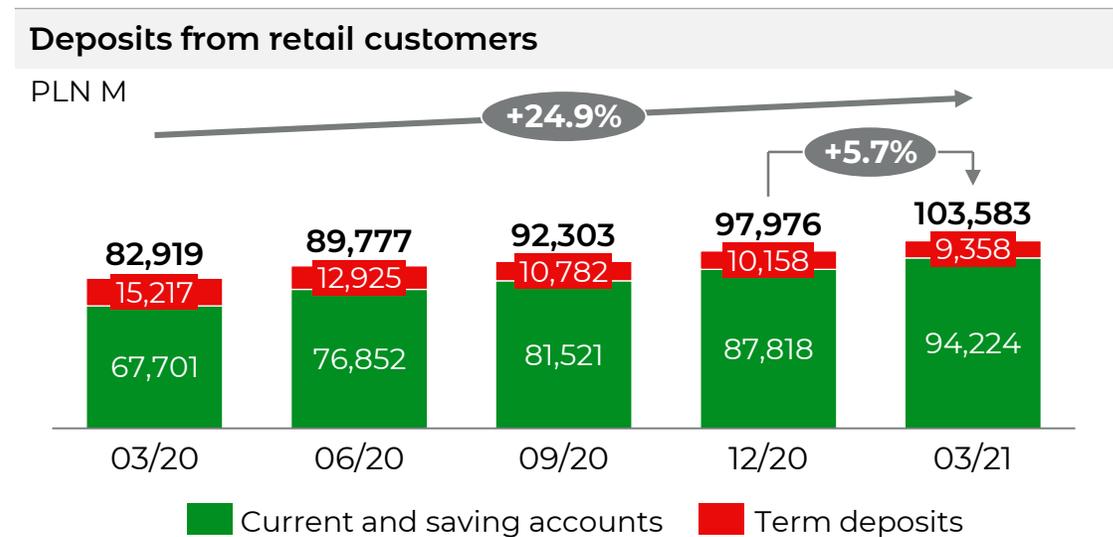
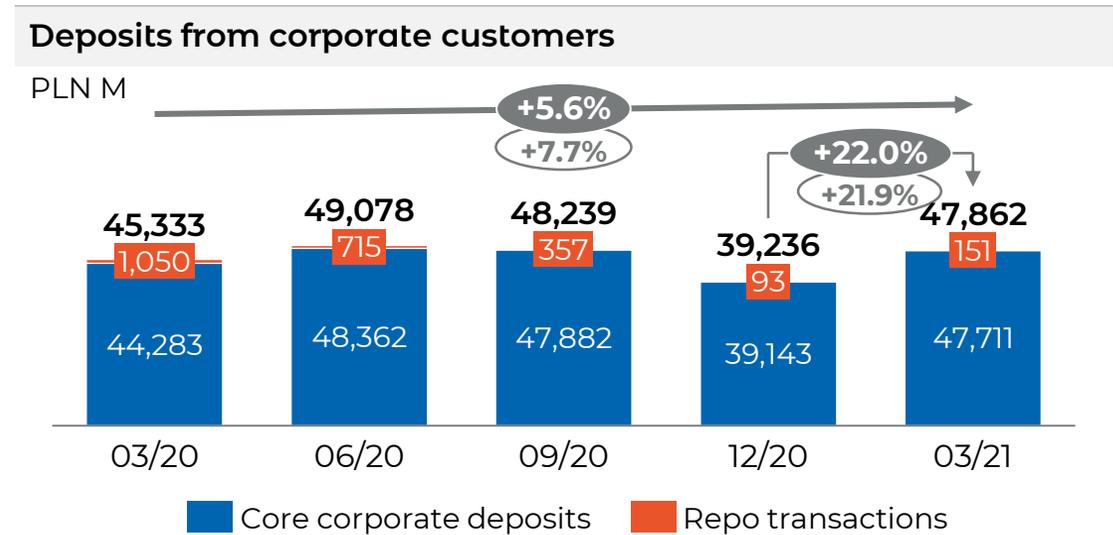
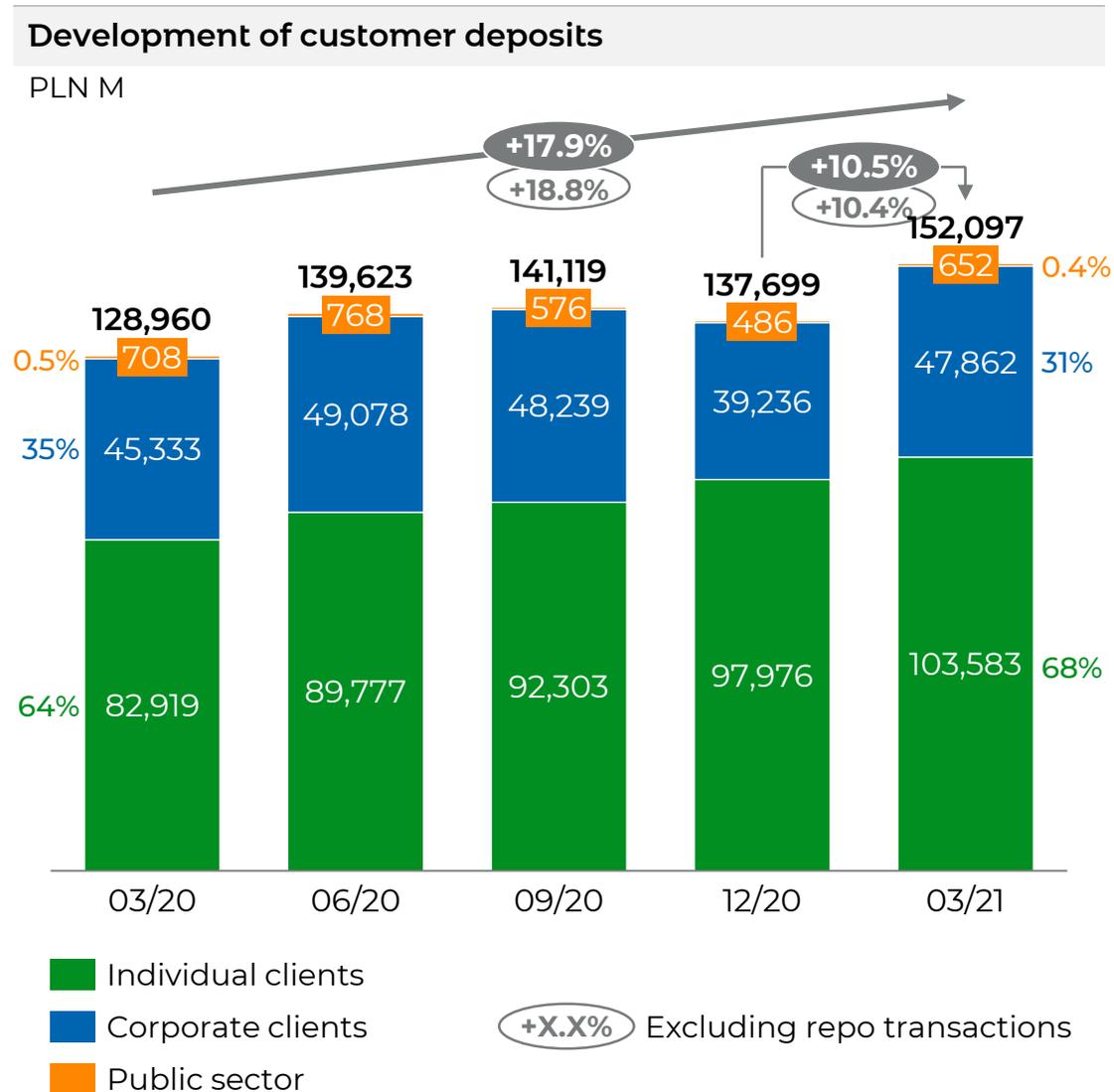


<sup>1</sup> Including new sale, rising and renewal

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 to current accounts continued after intentional year-end reduction of deposits

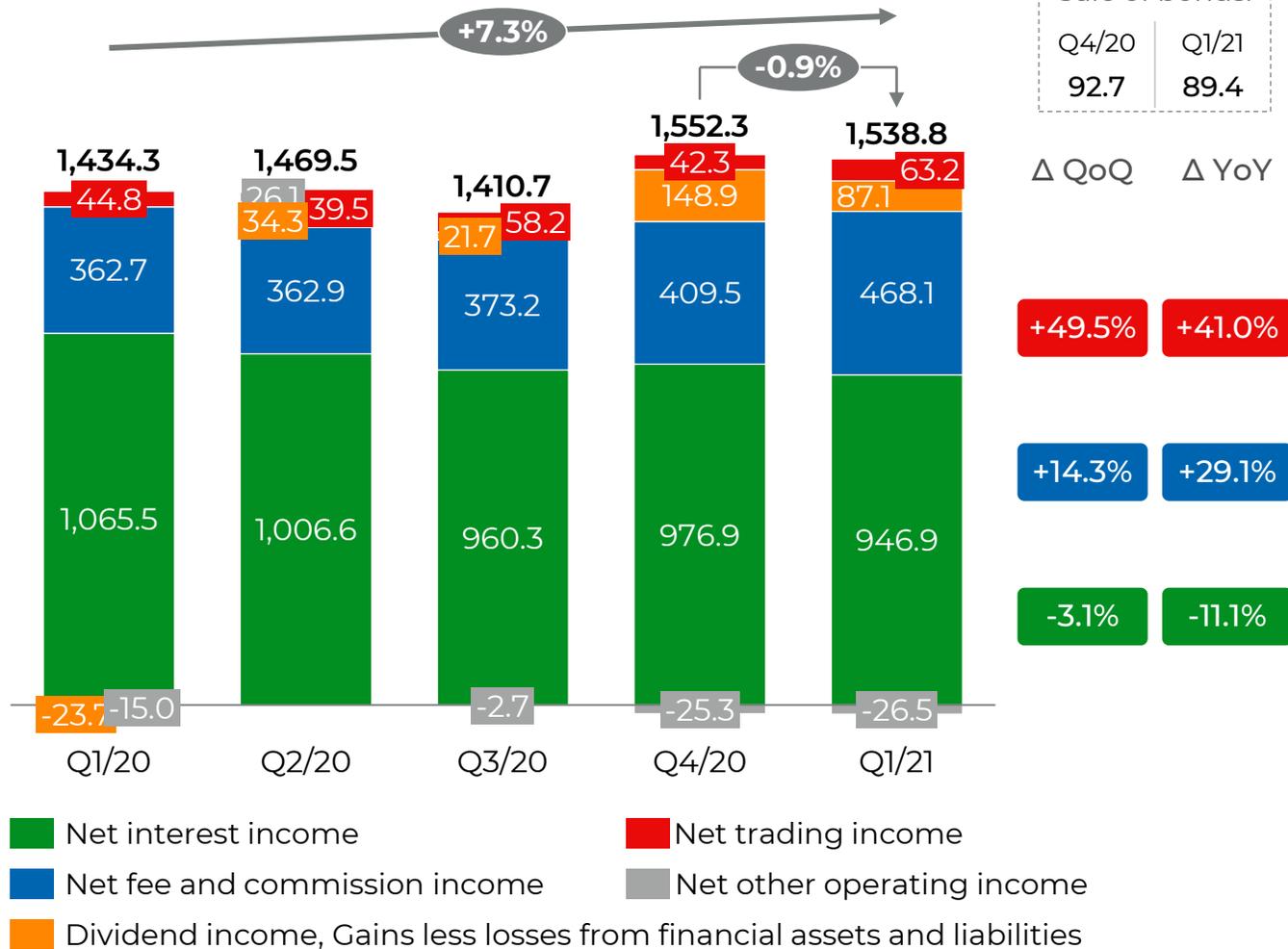


# Results of mBank Group: Total income

Surging net fees and good trading result compensated for pressure on net interest income

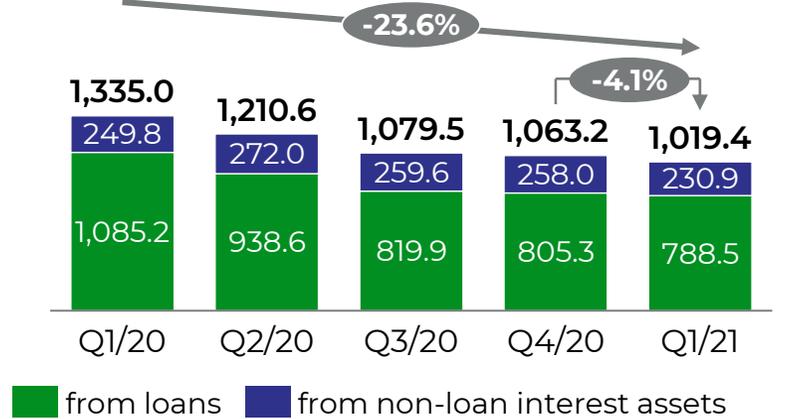
Development of mBank Group's total income

PLN M



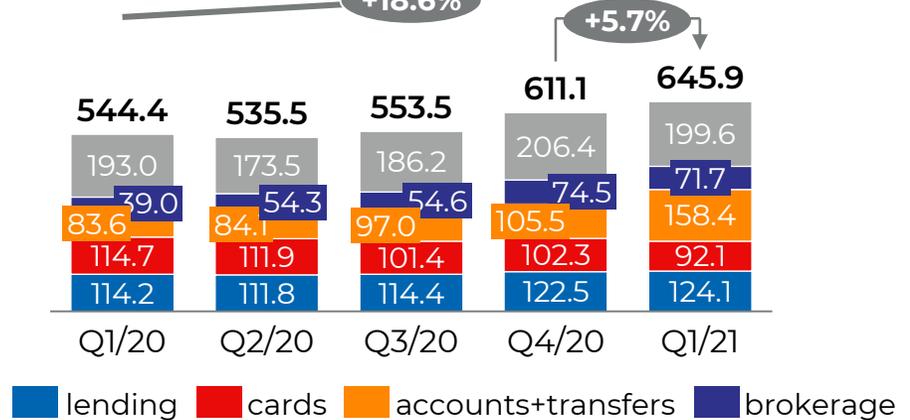
Development of interest income

PLN M



Development of fee and commission income

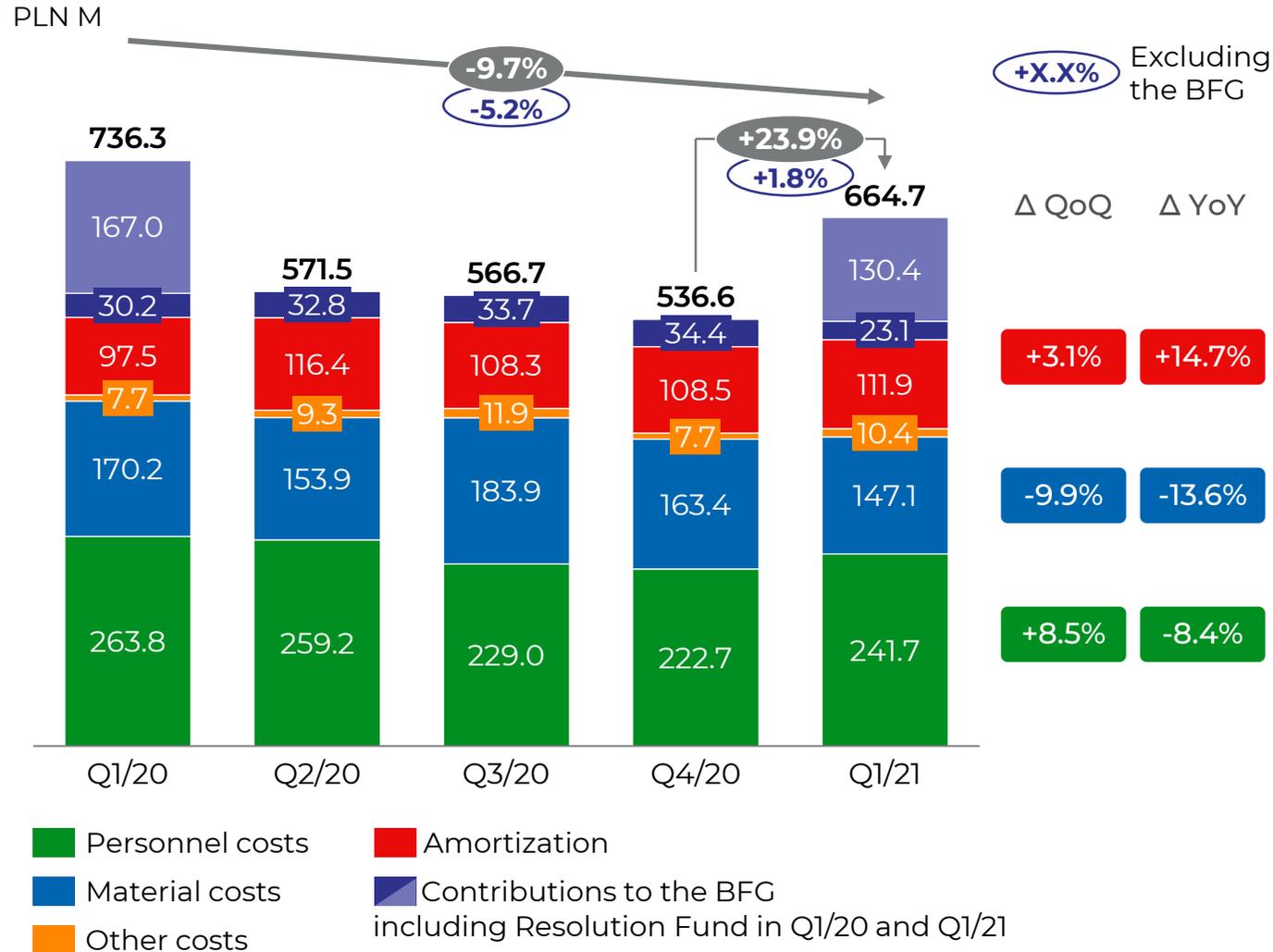
PLN M



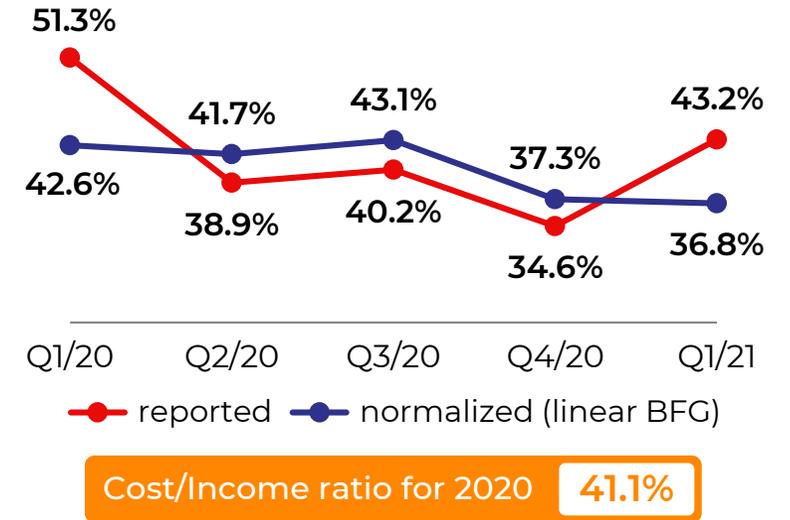
# Results of mBank Group: Total costs and efficiency

Best-in-class efficiency supported by tight cost discipline, while investments continued

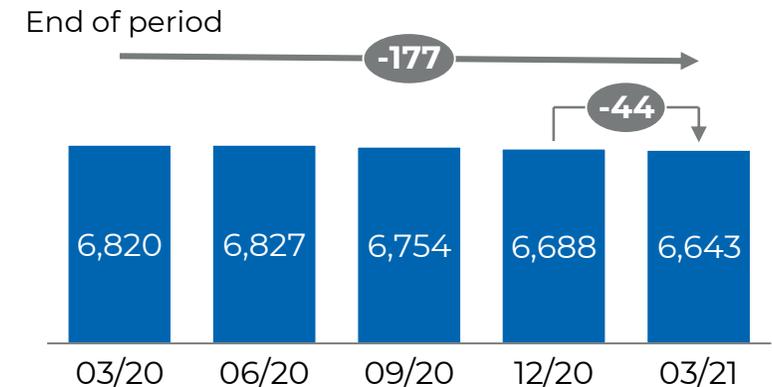
Development of mBank Group's operating costs



Cost/Income ratio of mBank Group – quarterly



Employment of mBank Group (in FTEs)



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

Lower provisions for expected credit losses as most clients seem to be resilient to the pandemic

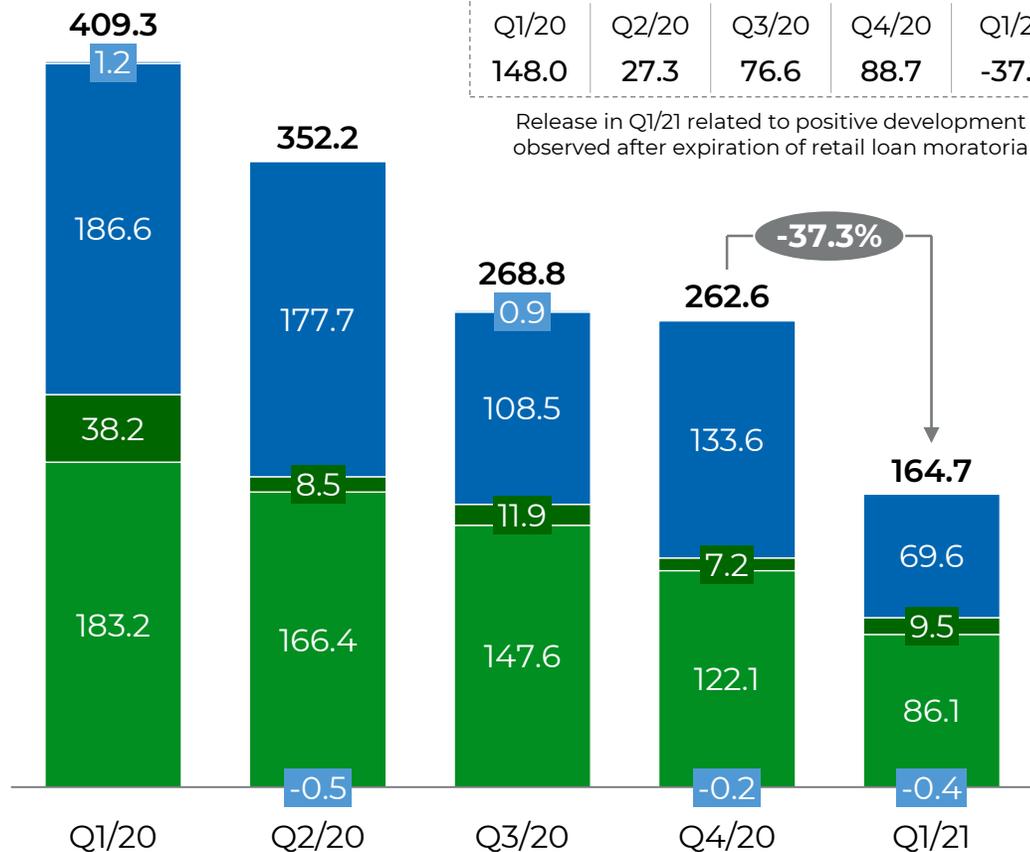
## Net impairment losses and fair value change on loans

PLN M

Impact of COVID-19:

Q1/20	Q2/20	Q3/20	Q4/20	Q1/21
148.0	27.3	76.6	88.7	-37.1

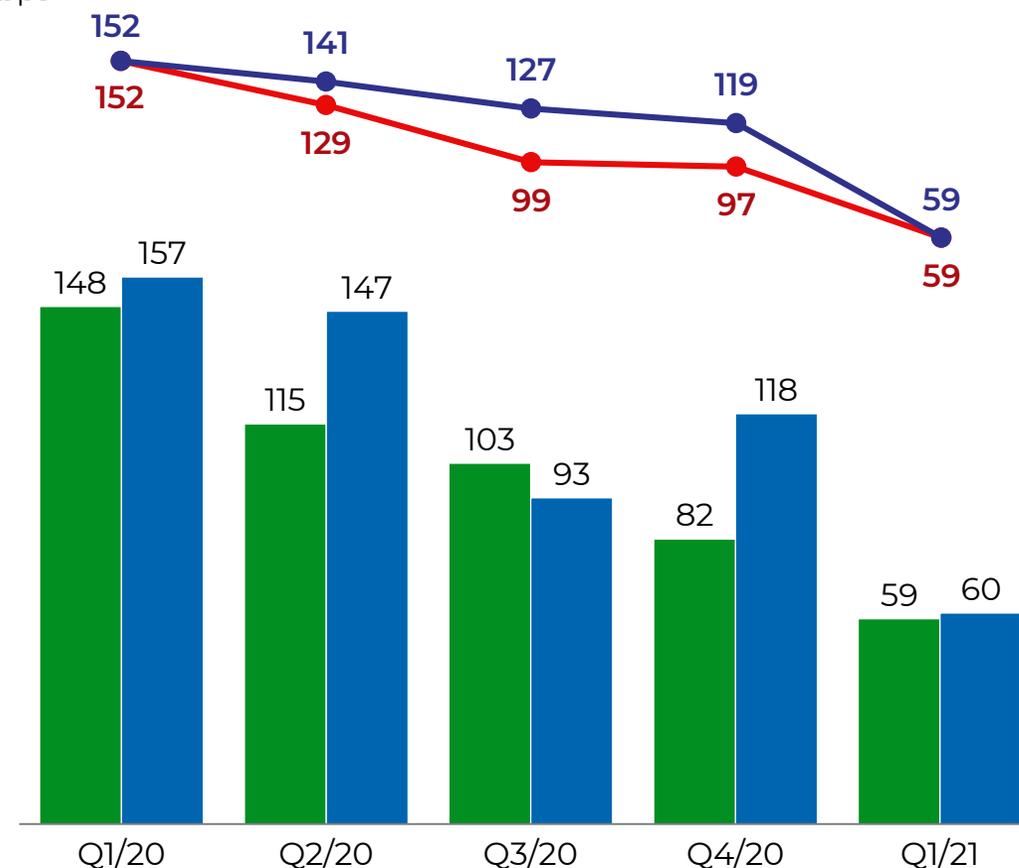
Release in Q1/21 related to positive development observed after expiration of retail loan moratoria



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

## mBank Group's cost of risk, by segment

bps

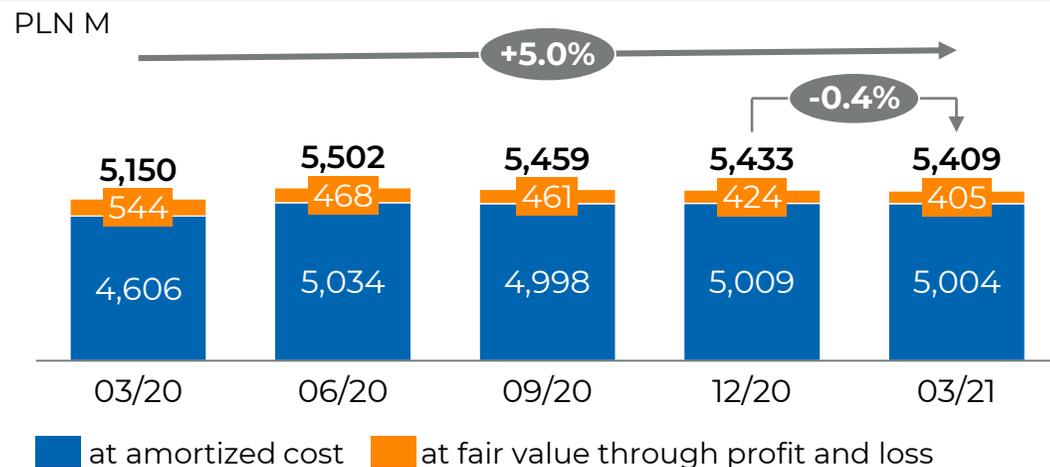


mBank Group's cost of risk: ● quarterly ● YtD  
■ Retail loan portfolio ■ Corporate loan portfolio

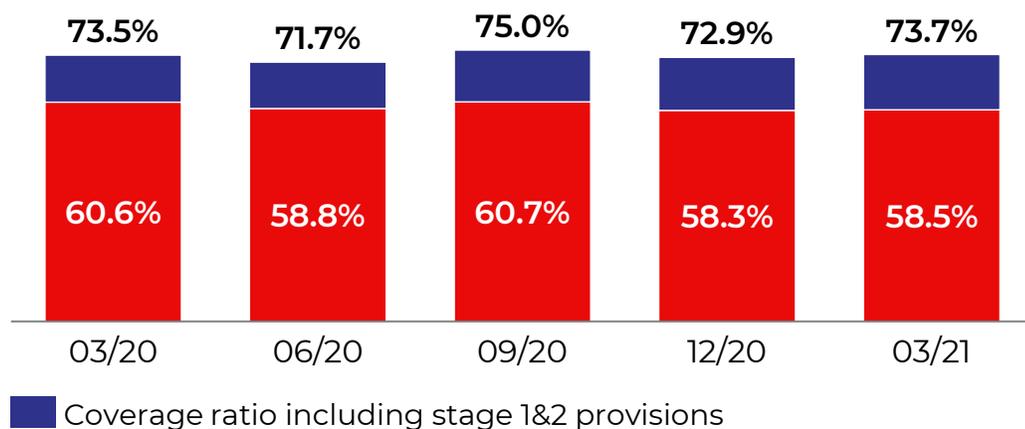
# Results of mBank Group: Loan portfolio quality

Robust asset quality confirmed by no visible deterioration of risk indicators

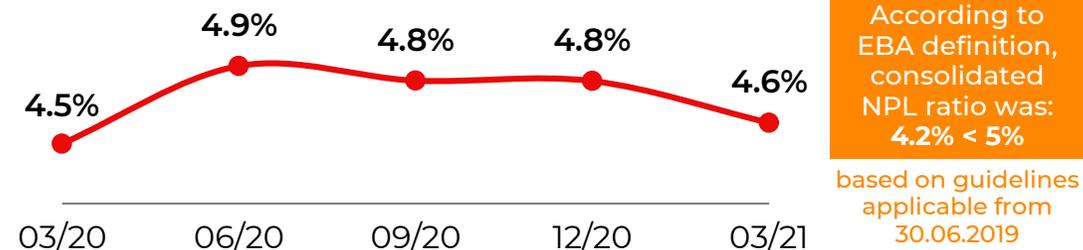
## mBank Group's impaired loans portfolio



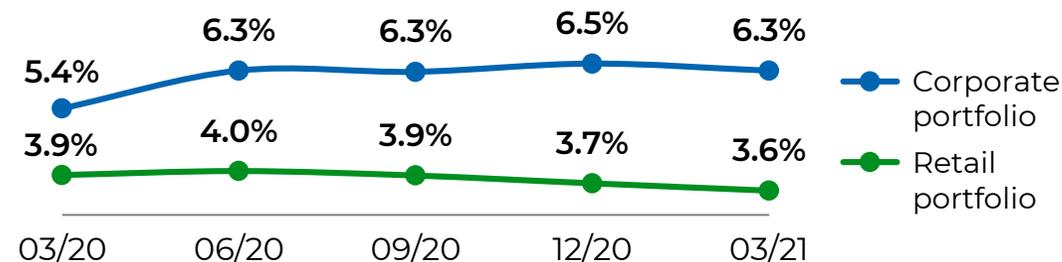
## mBank Group's coverage ratio



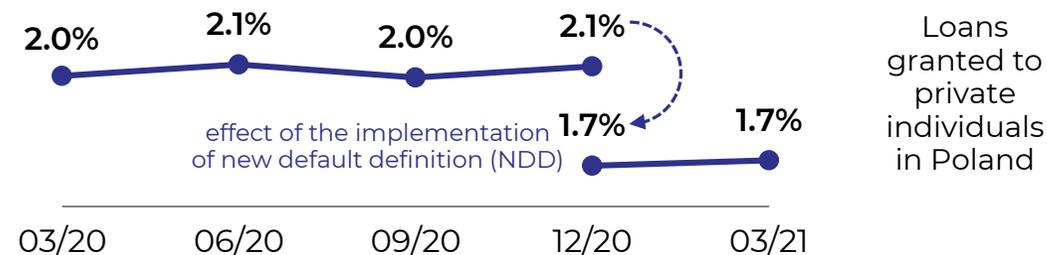
## mBank Group's NPL ratio



## mBank Group's NPL ratio, by segment



## NPL ratio of mortgage loan portfolio

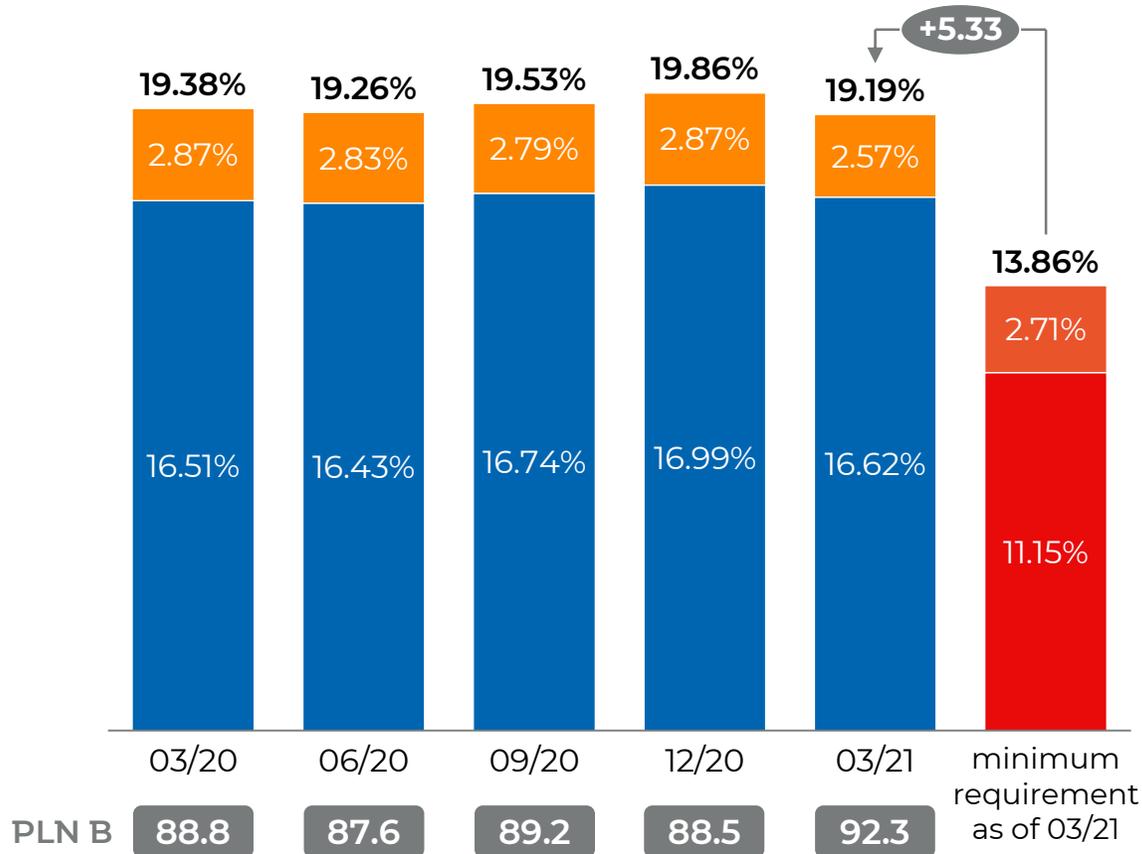


Note: Risk indicators presented for credit portfolio measured both at amortized cost and at fair value through profit or loss. The bank applies a client-oriented approach in its methodology of NPL recognition.

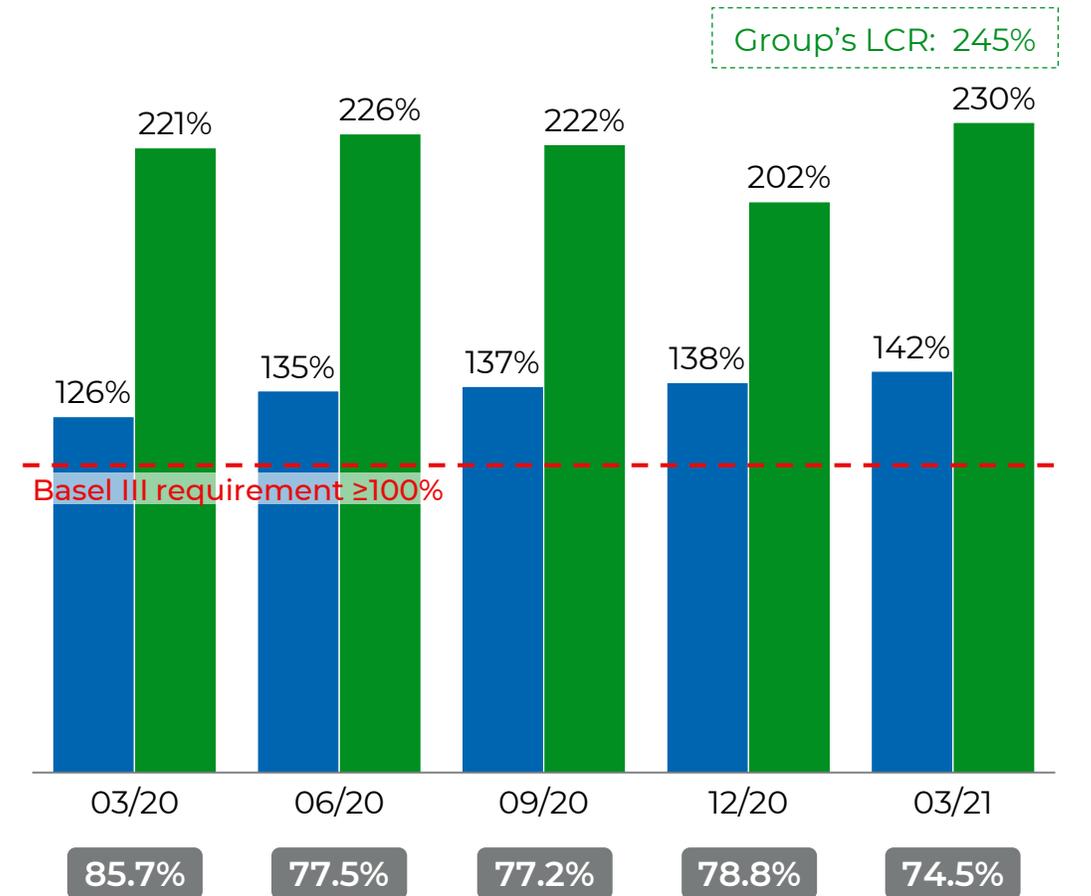
# Results of mBank Group: Capital ratio and liquidity position

Strong capital position and outstanding liquidity securing safety and operational stability

mBank Group's Total Capital Ratio



mBank's NSFR and LCR



xx.x Total risk exposure amount (TREA)

■ Tier 1 capital ratio ■ Tier 2

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

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

# Agenda



## Key highlights of Q1 2021

3

- Business development
- Summary of financial results

## Analysis of the performance after Q1 2021

17

- Loans and deposits
- Total income and its main components
- Total costs and efficiency
- Loan loss provisions and portfolio quality
- Capital and liquidity position

## Macroeconomic update and outlook

26

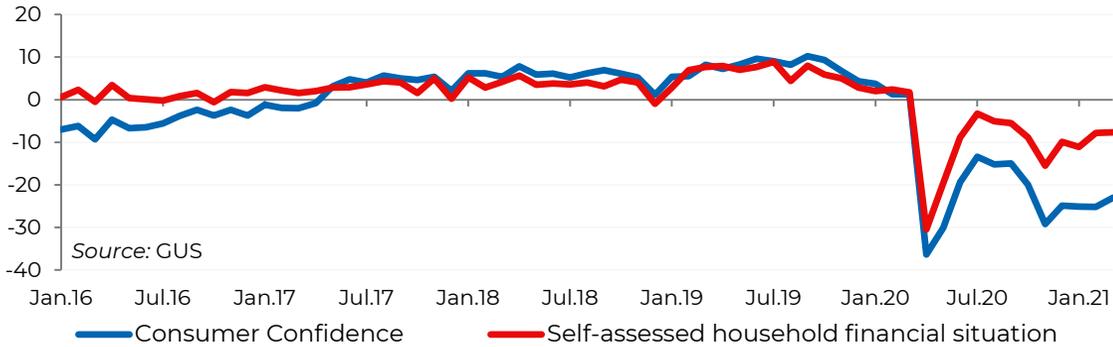
## Appendix

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# Macroeconomic situation and outlook

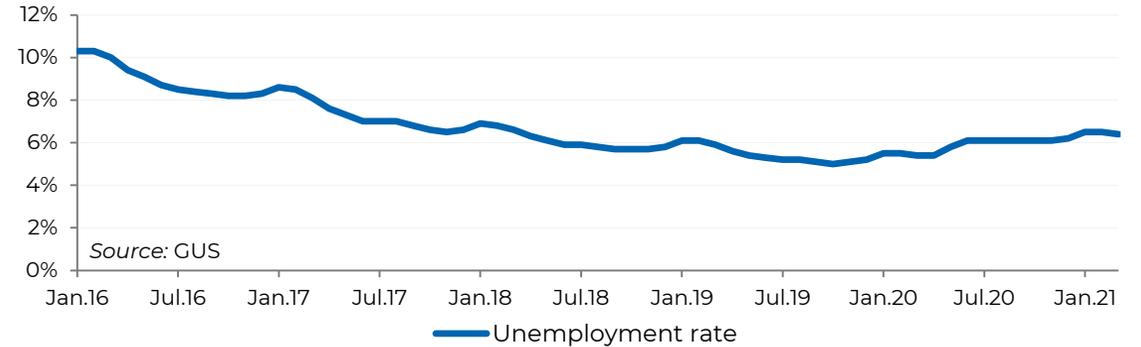
## Services still in the grip of the virus but other sectors are doing much better

Consumers still in the virus-induced bad moods



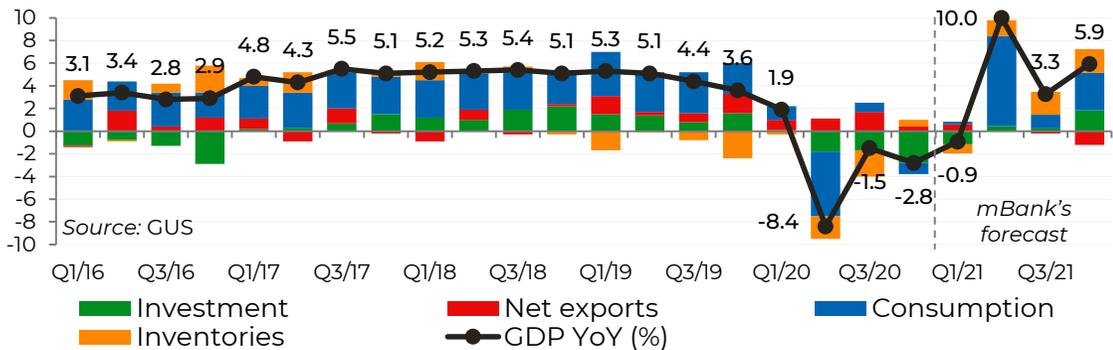
Consumer moods stay under the spell of epidemic restrictions. Their negative impact dissipates over time, though. Weak consumption is being compensated by exports, as visible in stellar performance of manufacturing.

Unemployment rate stabilized but expected to decline



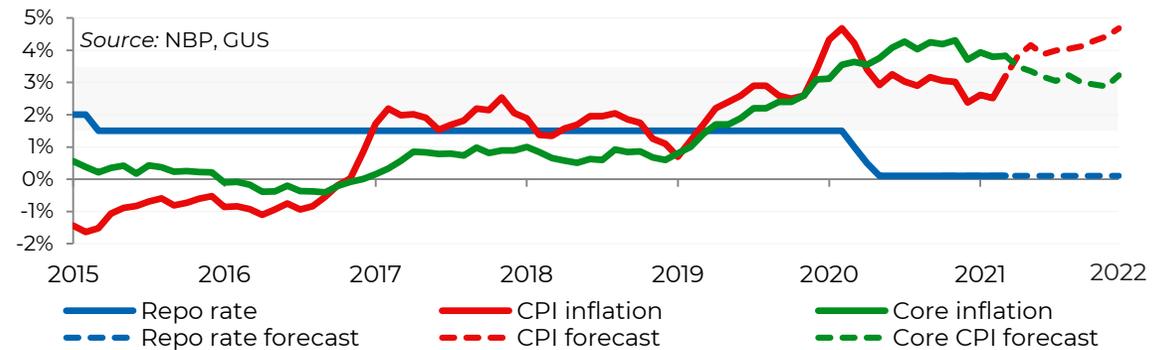
Unemployment rate poised to decline as structural problems (if any?) will be overshadowed by strong cyclical factors. Slow start to the year (restrictions) but acceleration of employment is set to come along with GDP growth.

GDP path and forecast for Poland (% YoY)



GDP growth is expected to speed up to 4.7% in 2021. The start of the year was much better than forecast mostly due to exports. Next quarters should bring more consumption expenditures (services) in the form of pent-up demand.

The trough in inflation is already behind us

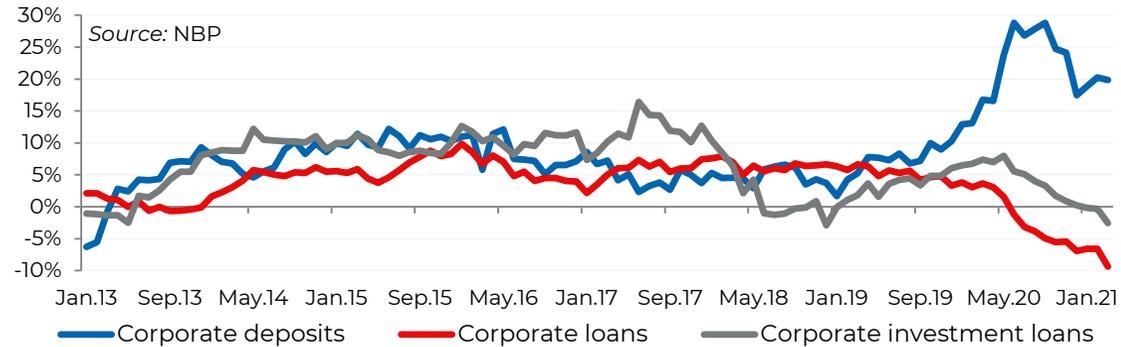


As expected, Q1/21 marked the trough in annual inflation readings for 2021. Substantial acceleration is in the pipeline (3.7% on average) as core inflation proves to be much more persistent (and higher).

# Macroeconomic situation and outlook

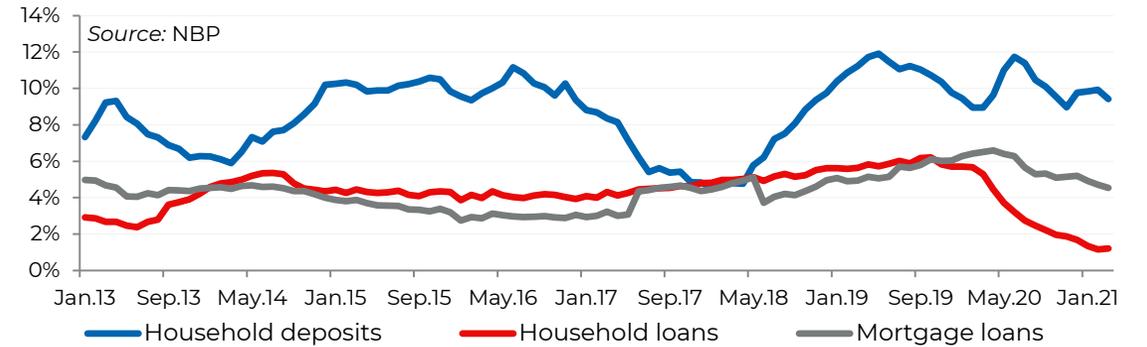
## Demand for credit to pick up somewhat but huge liquidity a damping factor

Corporate loans and deposits (YoY, FX-adjusted)



Deposit base is high and unlikely to be reversed. Growth rates of credit are negative and still point to the downside. Inflection point in growth rates is to be seen this year but credit activity (in terms of volumes) will be rather muted.

Household loans and deposits (YoY, FX-adjusted)



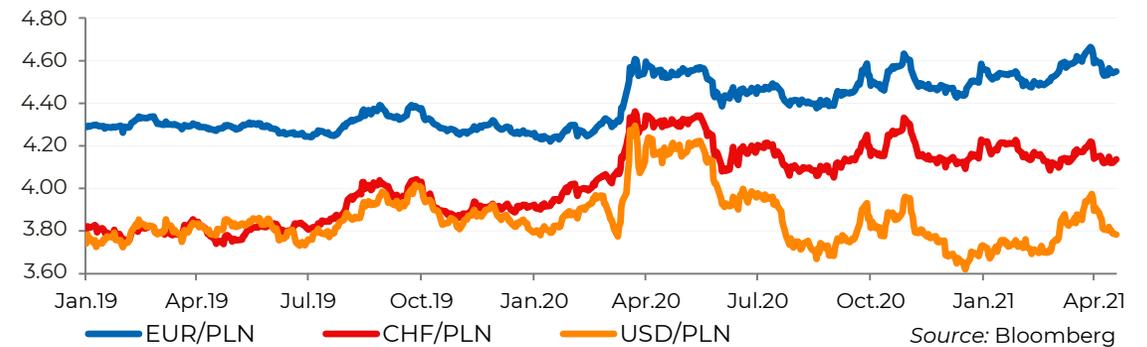
Consumers acquired substantial liquidity buffers (also in cash). Growth rates are slowly stabilizing (turnaround is near). Volumes have been constantly on the rise partially due to good performance of mortgage loans.

Government bonds yields begin to rise (bps)



Q1/21 was marked by an increase in long-term yields, driven by global developments (economic rebound and inflation). NBP's activity allowed the yields to stay substantially below swap rates.

PLN: weak for the most part of 2021



Zloty stayed weaker after NBP's interventions. New tops (4.6800) were made. Negative real, NBP interest rates and CHF legal risks are weighing on the PLN. The outlook brightens a bit along with improving GDP growth.

# Macroeconomic forecasts and outlook for mBank Group

## Operating environment for banks remains difficult due to low rates and high tax burdens

### Key economic indicators for Poland

	2019	2020	2021F	2022F
GDP growth (YoY)	4.5%	-2.8%	4.7%	5.1%
Domestic demand (YoY)	3.5%	-3.8%	5.1%	4.1%
Private consumption (YoY)	4.0%	-3.0%	5.9%	4.6%
Investment (YoY)	7.2%	-8.4%	0.9%	7.8%
Inflation (eop)	3.4%	2.4%	4.4%	4.0%
MPC rate (eop)	1.50%	0.10%	0.10%	0.25%
CHF/PLN (eop)	3.92	4.22	4.11	3.85
EUR/PLN (eop)	4.25	4.56	4.55	4.30

### Polish banking sector – monetary aggregates YoY

	2019	2020	2021F	2022F
Corporate loans	3.0%	-4.8%	4.5%	5.6%
Household loans	6.0%	3.0%	4.8%	6.4%
Mortgage loans	6.6%	7.3%	5.0%	5.1%
Mortgage loans in PLN	12.1%	9.7%	10.1%	10.7%
Non-mortgage loans	5.1%	-3.8%	4.4%	8.7%
Corporate deposits	10.0%	19.0%	15.4%	8.6%
Household deposits	9.7%	10.7%	5.9%	4.9%

Source: mBank's estimates as of 27.04.2021.

Investor Presentation – Q1 2021

### Short-term prospects for mBank (compared to 2020)

#### Net interest income & NIM

negative



- Interest rate cuts to the historically lowest level translating into weaker interest income and strong pressure on margin
- Exhausted space for deposit repricing and reducing funding costs

#### Net fee and commission income

slightly positive



- Reviving customer activity and transactionality along with gradual relaxation of pandemic restrictions
- Selective adjustments of tariff of fees and commissions

#### Total costs

neutral



- Strictly-disciplined management of operating expenses
- Rising amortisation due to ongoing investments in IT
- Announced lower contribution to the Bank Guarantee Fund

#### Loan loss provisions & FV change

slightly positive



- Despite expiration of loan moratoria and anti-crisis aid package, the overall asset quality should not deteriorate materially
- The financial standing of corporate and retail borrowers to be supported by expected recovery of the Polish economy

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# Appendix: Selected Financial Data

## Consolidated Profit and Loss Account – quarterly

Quarterly results (PLN thou.)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net interest income	1,065,464	1,006,611	960,295	976,930	946,895
Net fee and commission income	362,676	362,937	373,201	409,471	468,060
Dividend income	300	4,179	310	137	440
Net trading income	44,805	39,545	58,151	42,251	63,178
Gains less losses from financial assets <sup>1</sup>	-24,007	30,083	21,390	148,812	86,707
Net other operating income	-14,955	26,132	-2,678	-25,267	-26,496
<b>Total income</b>	<b>1,434,283</b>	<b>1,469,487</b>	<b>1,410,669</b>	<b>1,552,334</b>	<b>1,538,784</b>
<b>Total operating costs</b>	<b>-736,323</b>	<b>-571,509</b>	<b>-566,717</b>	<b>-536,579</b>	<b>-664,657</b>
<i>Overhead costs</i>	-638,813	-455,147	-458,452	-428,088	-552,766
<i>Amortisation</i>	-97,510	-116,362	-108,265	-108,491	-111,891
Loan loss provisions and fair value change <sup>2</sup>	-409,279	-352,159	-268,777	-262,606	-164,716
Provisions for legal risk related to FX loans	-12,911	-188,972	-186,851	-632,980	-66,268
<b>Operating profit</b>	<b>275,770</b>	<b>356,847</b>	<b>388,324</b>	<b>120,169</b>	<b>643,143</b>
Taxes on the Group balance sheet items	-131,830	-138,417	-133,365	-127,767	-138,821
<b>Profit before income tax</b>	<b>143,940</b>	<b>218,430</b>	<b>254,959</b>	<b>-7,598</b>	<b>504,322</b>
<b>Net profit attributable to owners of mBank</b>	<b>90,917</b>	<b>86,983</b>	<b>100,613</b>	<b>-174,682</b>	<b>317,125</b>

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

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

# Appendix: Selected Financial Data

## Consolidated Statement of Financial Position – quarterly

<b>Assets (PLN thou.)</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>
Cash and balances with Central Bank	10,823,272	11,141,250	6,683,941	3,968,691	16,355,429
Loans and advances to banks	9,513,378	6,921,359	8,991,355	7,354,268	7,381,296
Trading securities	1,638,764	1,884,596	678,604	676,466	1,495,167
Derivative financial instruments	1,894,511	1,487,670	1,488,869	1,722,353	1,879,166
Loans and advances to customers	110,493,936	108,225,663	108,947,243	108,567,354	113,244,357
Investment securities	34,748,278	48,418,934	50,280,275	51,728,934	48,570,723
Intangible assets	968,233	1,063,925	1,094,258	1,178,698	1,197,772
Tangible fixed assets	1,234,334	1,162,505	1,117,654	1,514,577	1,696,128
Other assets	2,130,707	2,089,799	2,153,505	2,160,276	2,397,014
<b>Total assets</b>	<b>173,445,413</b>	<b>182,395,701</b>	<b>181,435,704</b>	<b>178,871,617</b>	<b>194,217,052</b>
<b>Liabilities (PLN thou.)</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>
Amounts due to banks	1,702,131	2,004,200	1,774,184	2,399,740	2,954,112
Derivative financial instruments	1,687,534	1,028,543	1,087,757	1,338,564	1,731,193
Amounts due to customers	128,960,426	139,622,520	141,118,549	137,698,668	152,097,133
Debt securities in issue	18,000,321	16,408,214	13,849,349	13,996,317	13,652,467
Subordinated liabilities	2,594,304	2,564,133	2,561,855	2,578,327	2,564,462
Other liabilities	3,915,403	3,855,362	4,074,367	4,184,934	4,468,757
<b>Total liabilities</b>	<b>156,860,119</b>	<b>165,482,972</b>	<b>164,466,061</b>	<b>162,196,550</b>	<b>177,468,124</b>
<b>Total equity</b>	<b>16,585,294</b>	<b>16,912,729</b>	<b>16,969,643</b>	<b>16,675,067</b>	<b>16,748,928</b>
<b>Total liabilities and equity</b>	<b>173,445,413</b>	<b>182,395,701</b>	<b>181,435,704</b>	<b>178,871,617</b>	<b>194,217,052</b>

Note: Balance sheet data for Q1/20-Q4/20 restated due to the presentational change related to CHF mortgage loans.

# Appendix: Selected Financial Data

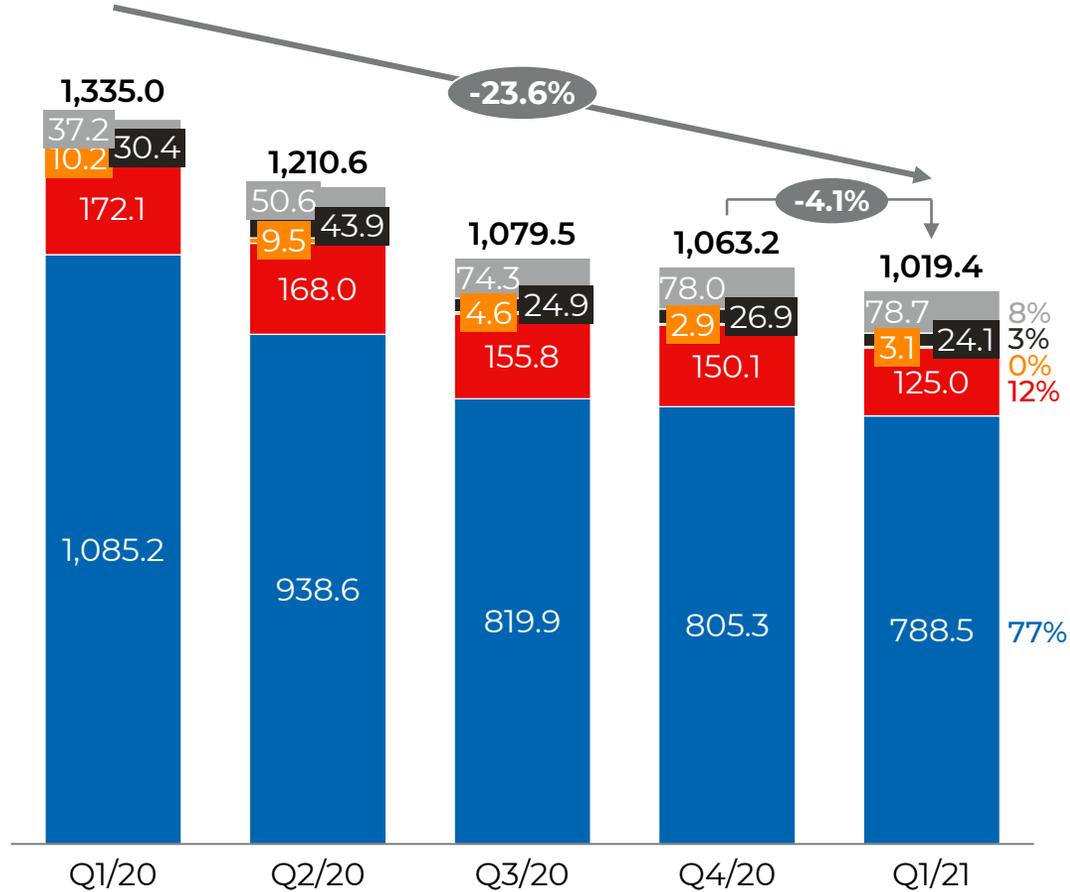
## mBank Group's Ratios – quarterly and cumulatively

Financial Ratios	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net Interest Margin, quarterly	2.63%	2.34%	2.15%	2.20%	2.10%
Net Interest Margin, YtD	2.63%	2.48%	2.37%	2.32%	2.10%
Net Interest Margin, excl. CHF portfolio, YtD	2.81%	2.65%	2.52%	2.47%	2.20%
Cost/Income Ratio, quarterly	51.3%	38.9%	40.2%	34.6%	43.2%
Cost/Income Ratio, YtD	51.3%	45.0%	43.4%	41.1%	43.2%
Cost of Risk, quarterly	1.52%	1.29%	0.99%	0.97%	0.59%
Cost of Risk, YtD	1.52%	1.41%	1.27%	1.19%	0.59%
Return on Equity, ROE net, quarterly	2.24%	2.09%	2.40%	-4.17%	7.79%
Return on Equity, ROE net, YtD	2.24%	2.17%	2.25%	0.63%	7.79%
Return on Assets, ROA net, quarterly	0.22%	0.20%	0.22%	-0.38%	0.68%
Return on Assets, ROA net, YtD	0.22%	0.21%	0.21%	0.06%	0.68%
Loan-to-Deposit Ratio	85.7%	77.5%	77.2%	78.8%	74.5%
Total Capital Ratio	19.38%	19.26%	19.53%	19.86%	19.19%
Tier 1 Capital Ratio	16.51%	16.43%	16.74%	16.99%	16.62%
Leverage ratio	8.0%	7.5%	7.7%	7.8%	7.4%
Equity / Assets	9.6%	9.3%	9.4%	9.3%	8.6%
TREA / Assets	51.2%	48.0%	49.2%	49.5%	47.5%
NPL ratio	4.5%	4.9%	4.8%	4.8%	4.6%
NPL coverage ratio	60.6%	58.8%	60.7%	58.3%	58.5%
NPL coverage ratio incl. stage 1&2 provisions	73.5%	71.7%	75.0%	72.9%	73.7%

# Appendix: Selected Financial Data – Net Interest Income

Structure of mBank Group's interest income

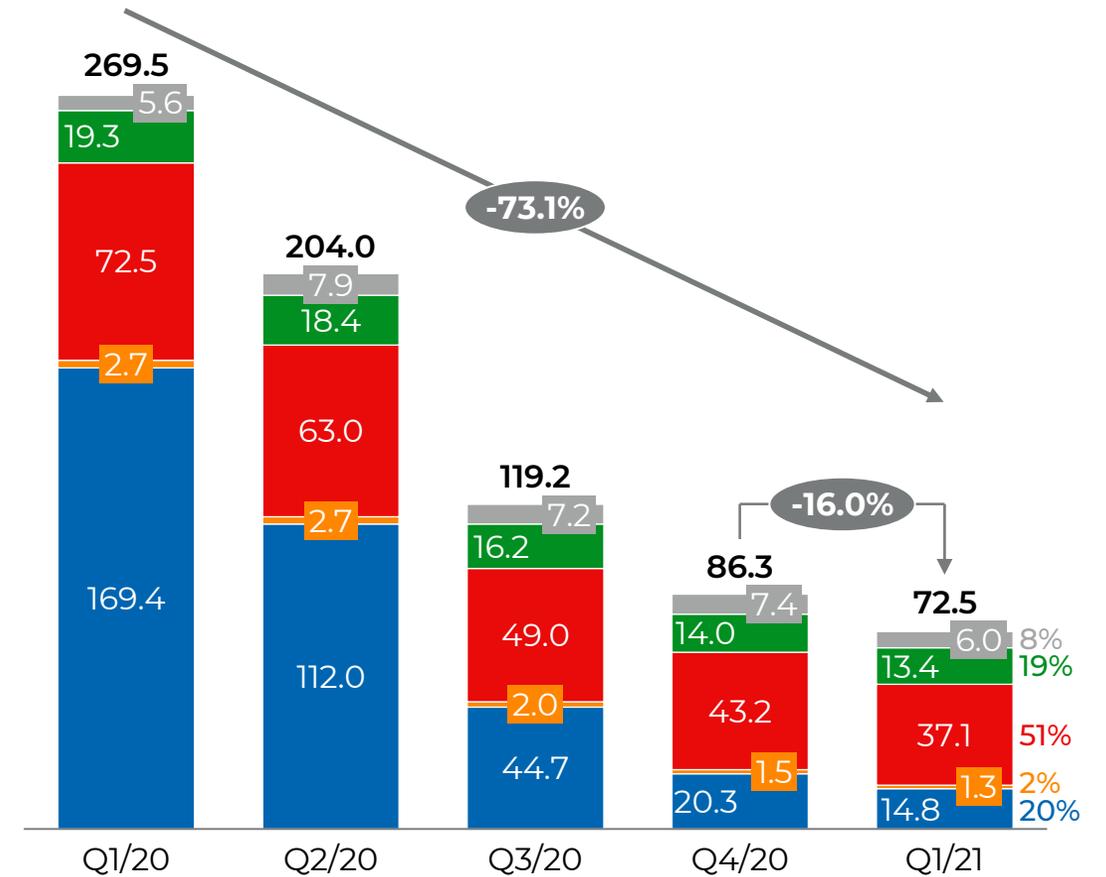
PLN M



- Loans and advances
- Investment debt securities
- Debt securities held for trading
- Derivatives (banking book)
- Other (incl. cash and short-term placements)

Structure of mBank Group's interest expense

PLN M

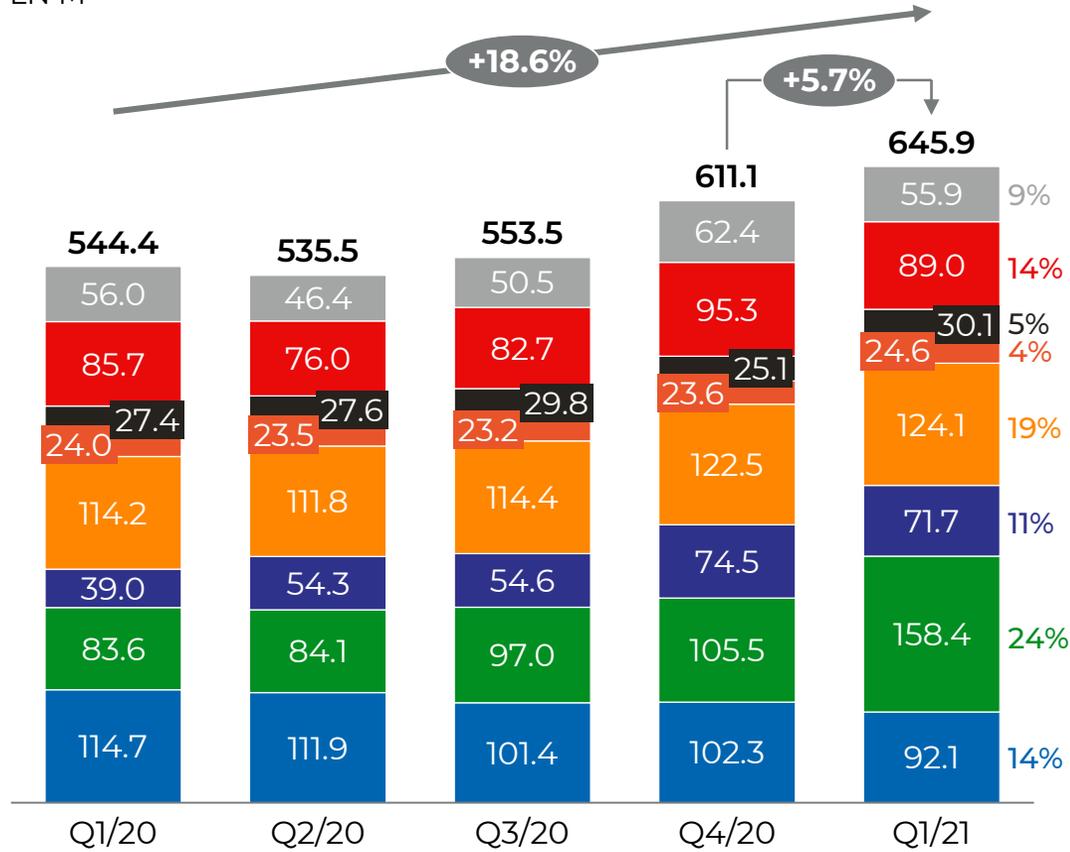


- Deposits (incl. from banks)
- Issue of debt securities
- Loans received
- Subordinated liabilities
- Other

# Appendix: Selected Financial Data – Net Fees and Commissions

Structure of mBank Group's fee and commission income

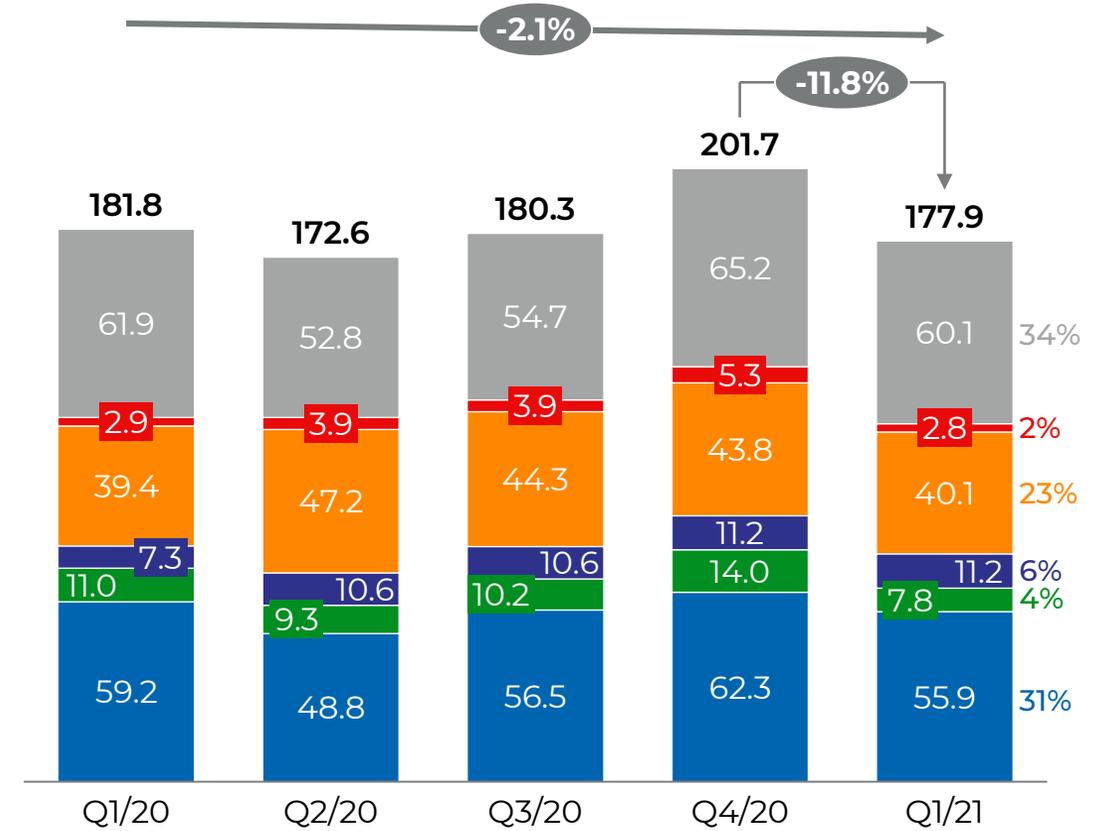
PLN M



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

Structure of mBank Group's fee and commission expense

PLN M

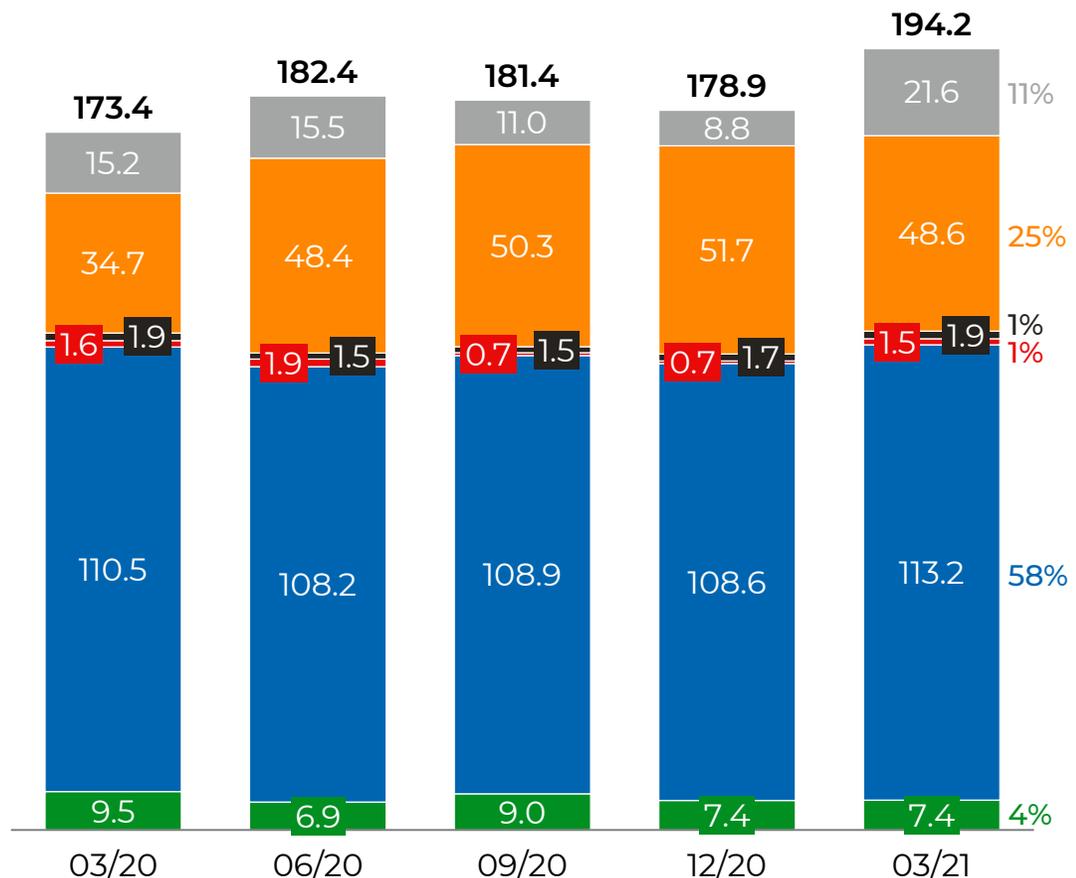


- Payment card fees
- Cash handling fees
- Discharged brokerage fees
- Commissions paid to external entities
- Fees paid to NBP and KIR
- Other (incl. insurance activity)

# Appendix: Selected Financial Data – Balance Sheet Analysis

Structure of mBank Group's total assets

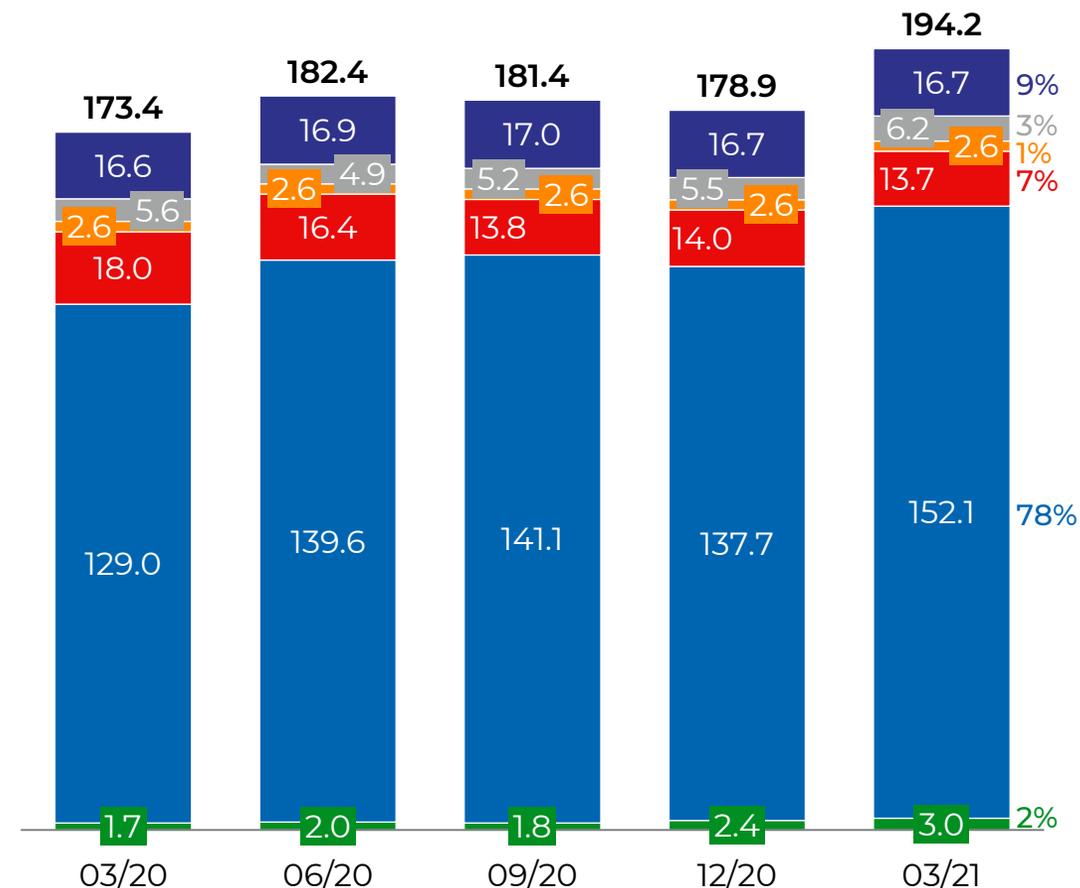
PLN B



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

Structure of mBank Group's liabilities and equity

PLN B

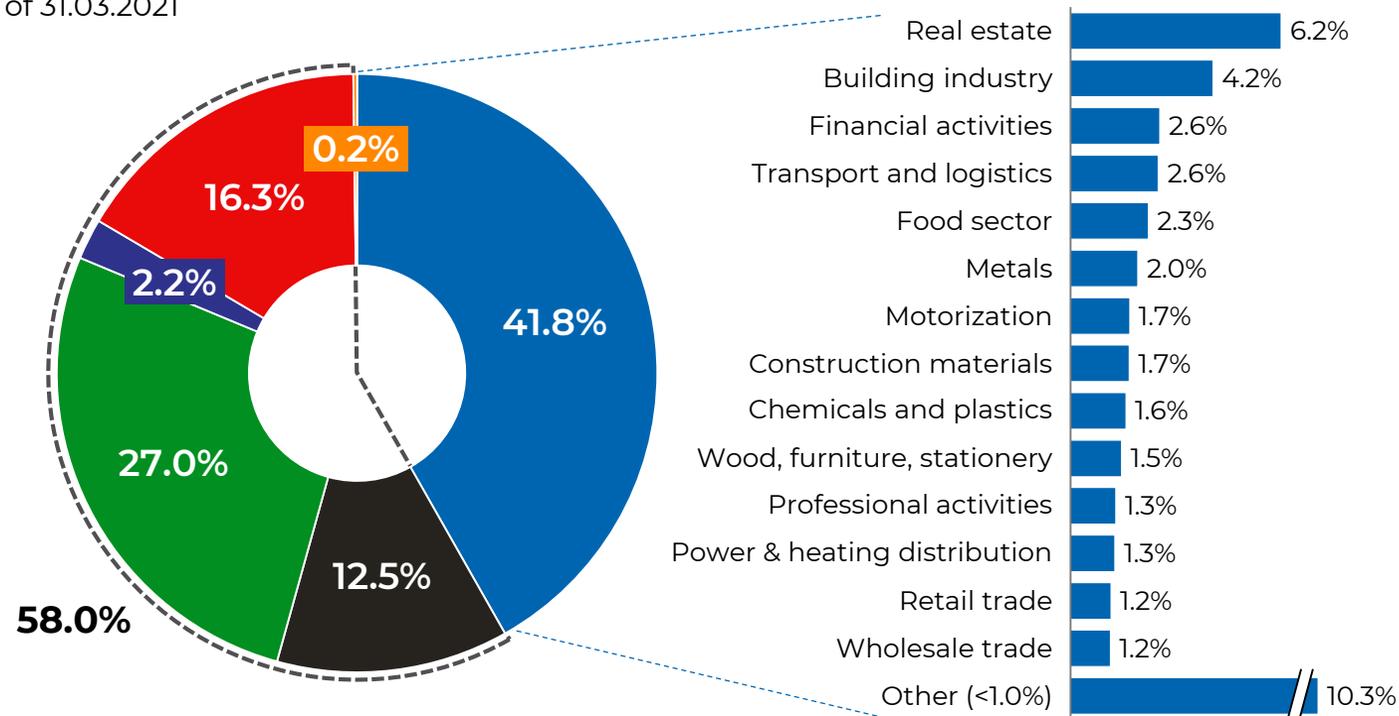


- Amounts due to other banks
- Amounts due to customers
- Debt securities in issue
- Subordinated liabilities
- Other liabilities
- Equity (total)

# Appendix: Selected Financial Data – Structure of Loans and Deposits

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

as of 31.03.2021

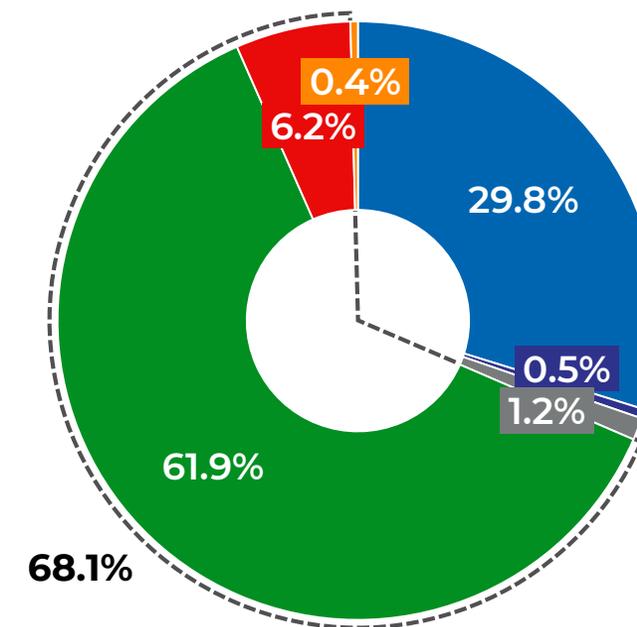


	PLN billion
Corporate loans	48.9
Mortgage loans in FX to individuals	14.7
Mortgage loans in LC to individuals <sup>1</sup>	31.6
Mortgage loans to microfirms	2.5
Non-mortgage retail loans	19.0
Public sector loans	0.2
<b>TOTAL</b>	<b>116.9</b>

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

## Structure of mBank Group's deposits

as of 31.03.2021



	PLN billion
Corporate clients: current accounts <sup>2</sup>	45.3
Corporate clients: term deposits	0.7
Loans and advances received	1.8
Individual clients: current accounts	94.2
Individual clients: term deposits	9.4
Public sector clients	0.7
<b>TOTAL</b>	<b>152.1</b>

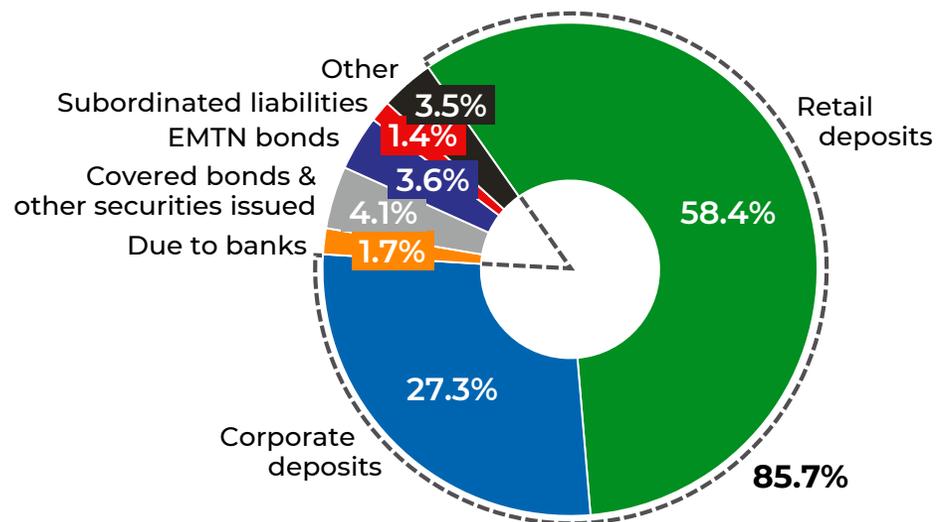
<sup>1</sup> Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

<sup>2</sup> Including repo transactions

# Appendix: Selected Financial Data – Funding profile

## Structure of mBank Group's funding

as of 31.03.2021



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

as of 31.03.2021

Nominal value	Currency	Issue date	Maturity date	Tenor	Coupon
<b>Issues under Euro Medium Term Note (EMTN) Programme</b>					
500 M	EUR	26.11.2014	26.11.2021	7.0 Y	2.000%
200 M	CHF	28.03.2017	28.03.2023	6.0 Y	1.005%
180 M	CHF	07.06.2018	07.06.2022	4.0 Y	0.565%
500 M	EUR	05.09.2018	05.09.2022	4.0 Y	1.058%
125 M	CHF	05.04.2019	04.10.2024	5.5 Y	1.0183%
<b>Subordinated loan and bonds</b>					
250 M	CHF	21.03.2018	21.03.2028	10.0 Y	LIBOR3M +2.75%
750 M	PLN	17.12.2014	17.01.2025	10.1 Y	WIBOR6M +2.10%
550 M	PLN	09.10.2018	10.10.2028	10.0 Y	WIBOR6M +1.80%
200 M	PLN	09.10.2018	10.10.2030	12.0 Y	WIBOR6M +1.95%
<b>Loans and advances received</b>					
113 M	CHF	04.09.2017	04.09.2025	8.0 Y	-
176 M	CHF	30.07.2018	30.07.2025	7.0 Y	-
138 M	CHF	02.08.2019	02.08.2027	8.0 Y	-

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

## Summary of mBank's ratings

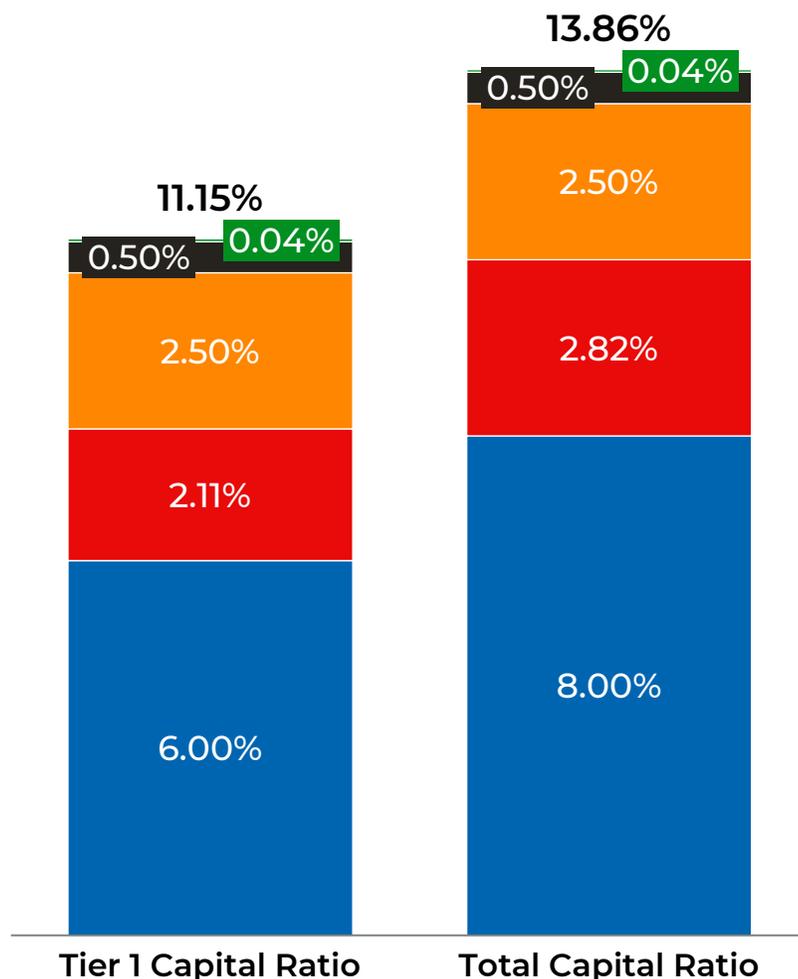
as of 31.03.2021

	Fitch Ratings	S&P Global Ratings
Long-term rating	BBB-	BBB
Outlook	Watch Negative	Negative
Short-term rating	F3	A-2
Viability rating / SACP	bbb-	bbb

# Appendix: Selected Financial Data – Capital Requirements

## Regulatory capital requirements for mBank Group

as of 31.03.2021

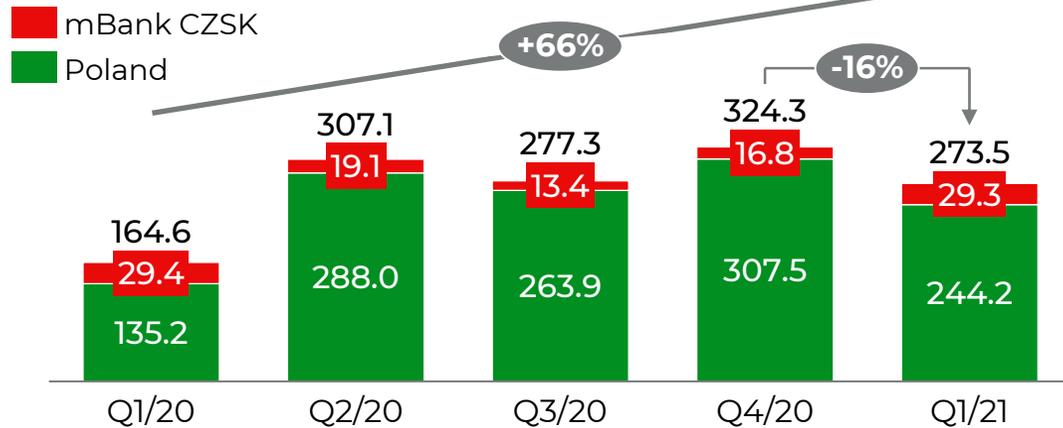


- **Countercyclical Capital Buffer (CCyB)** is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Group are located.
- **Systemic Risk Buffer (SRB)**, originally set at 3.0% in Poland, was reduced to 0% starting from 19.03.2020; for mBank it applies only to domestic exposures.
- **Other Systemically Important Institution (O-SII) Buffer** imposed by an administrative decision of the PFSA, in which mBank has been identified as other systemically important institution; its level is reviewed annually.
- **Conservation Capital Buffer (CCB)** 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; it was implemented gradually and raised from 1.25% to 2.5% starting from 01.01.2019.
- **Individual additional Pillar 2 capital requirement for risk related to FX retail mortgage loans (FXP2)** imposed as a result of risk assessment carried out by the PFSA within the supervisory review and evaluation process ("SREP"); its level is reviewed annually.
- **CRR Regulation minimum level (CRR)** 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.

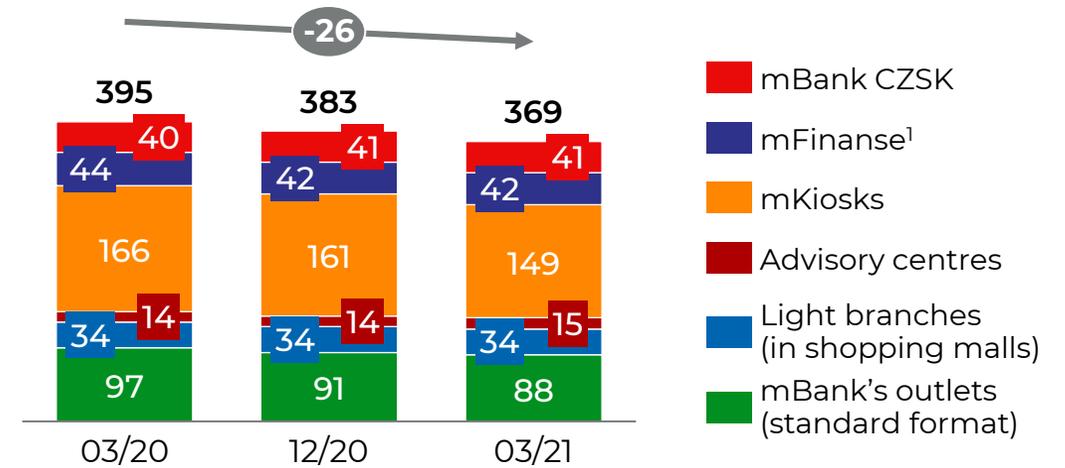
# Appendix: Retail Banking

## Profit before income tax of the segment

PLN M, by quarter

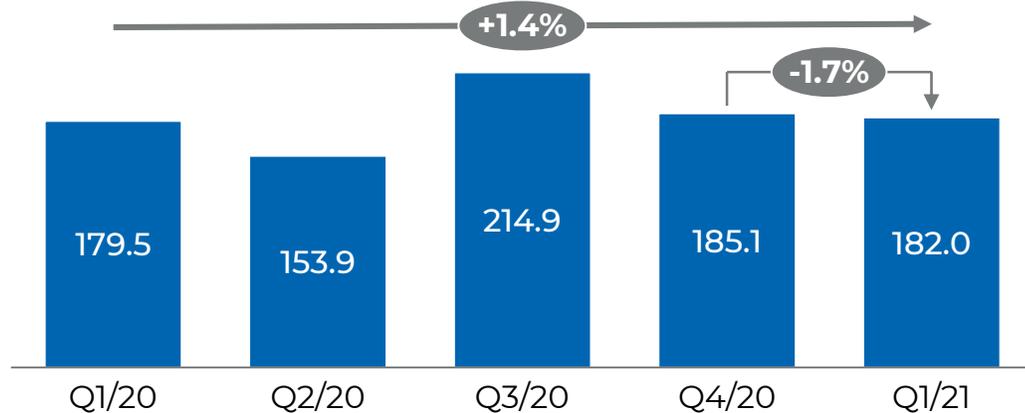


## Number of Retail Service Locations



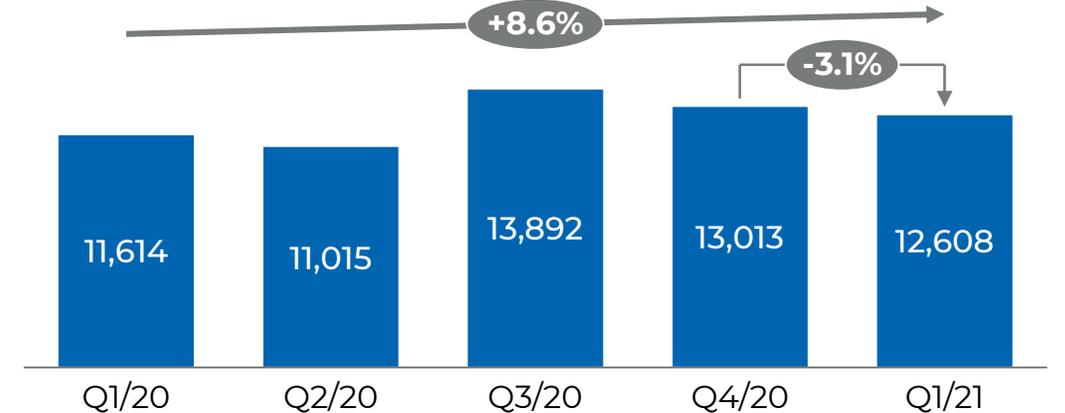
## Number of non-cash transactions with payment cards

M, by quarter



## Value of non-cash transactions with payment cards

PLN M, by quarter

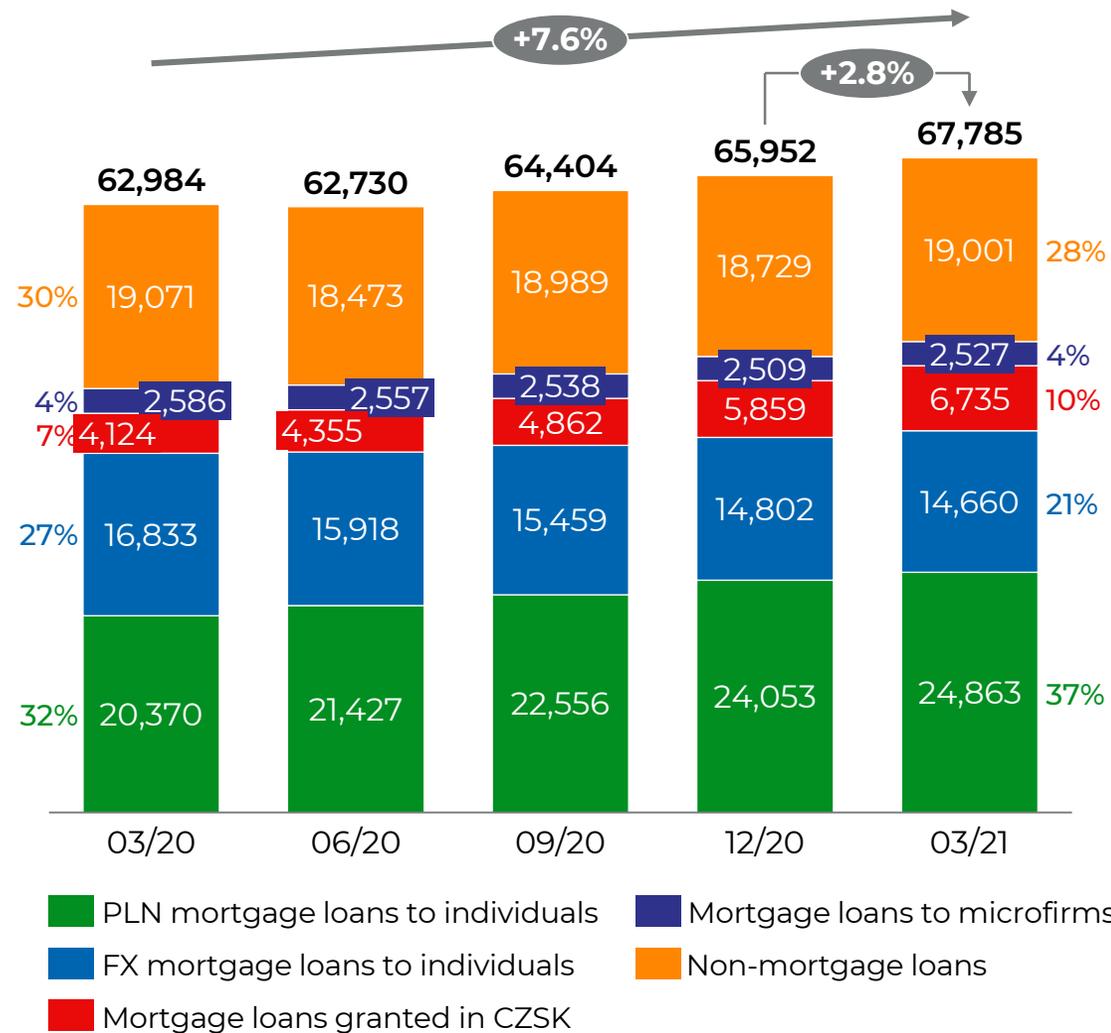


<sup>1</sup> Including financial centres and agency service points

# Appendix: Retail Banking

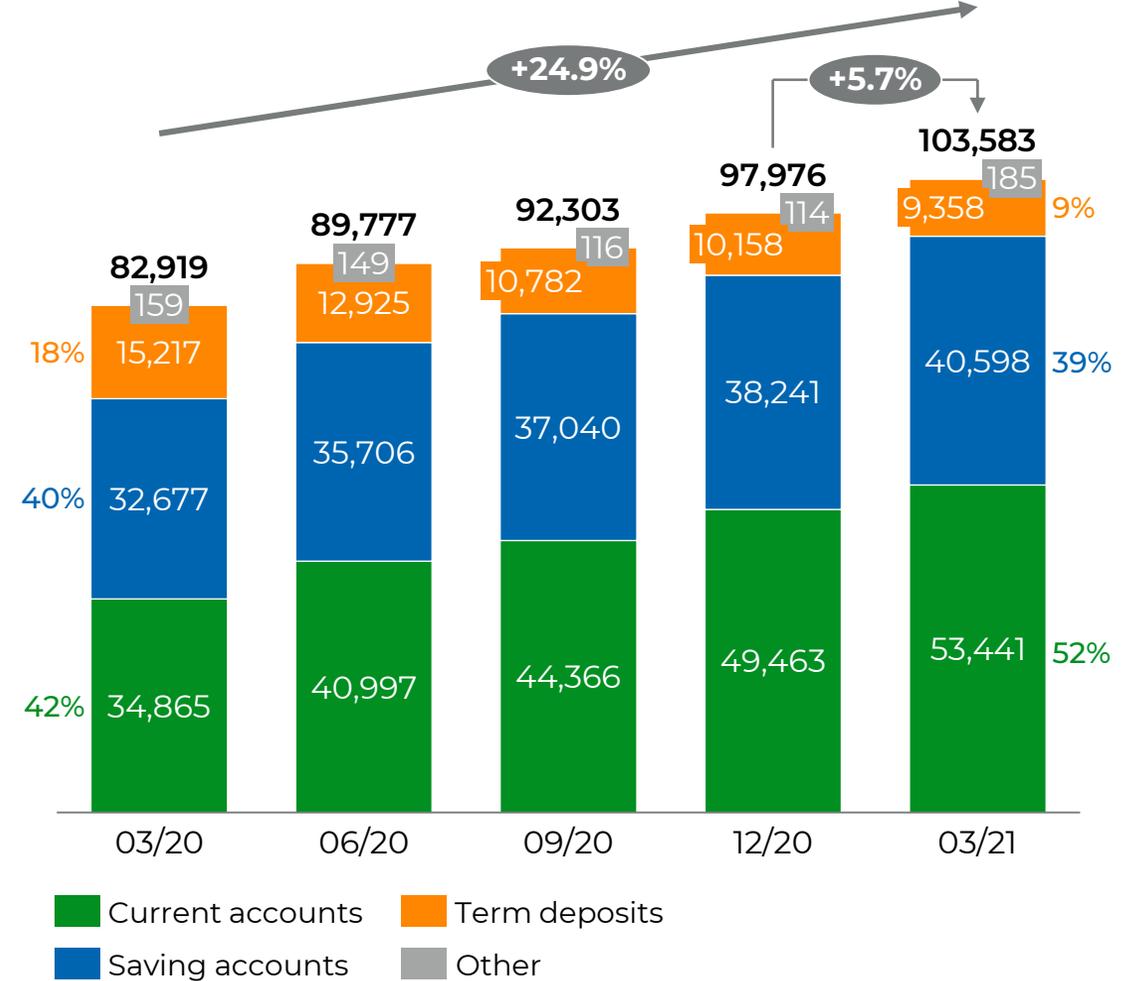
Development of gross loans to retail banking clients

PLN M



Development of deposits from retail banking clients

PLN M

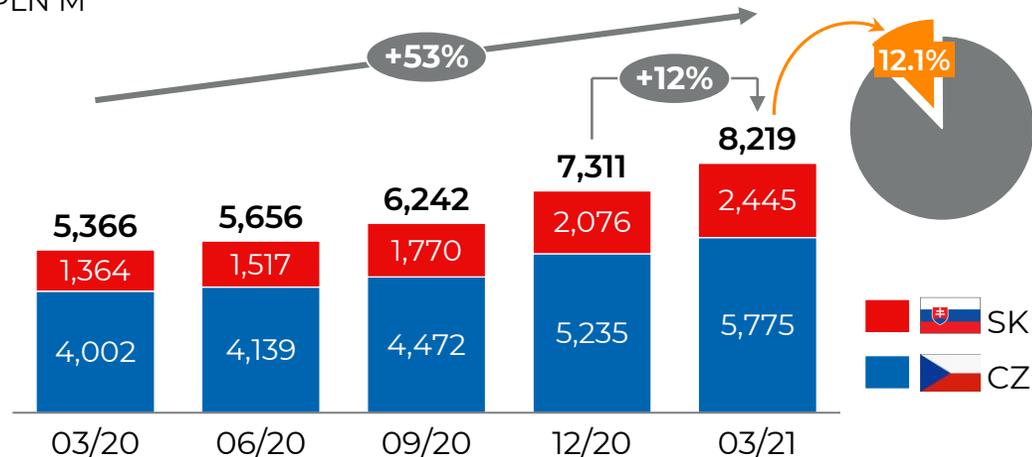


Note: Currency and geographical breakdown based on management information. Data for 2020 restated due to the presentational change related to CHF mortgage loans.

# Appendix: mBank in the Czech Republic and Slovakia

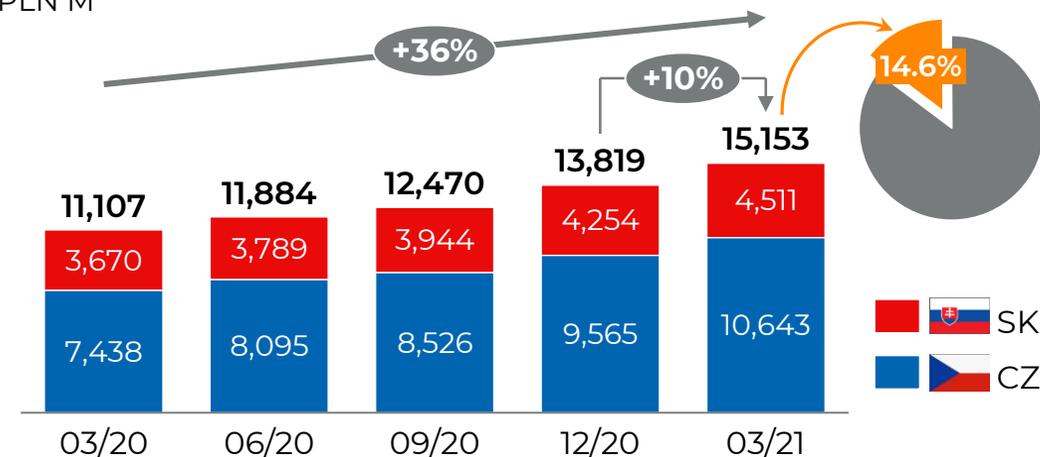
## Gross loans and share in total mBank's retail volume

PLN M



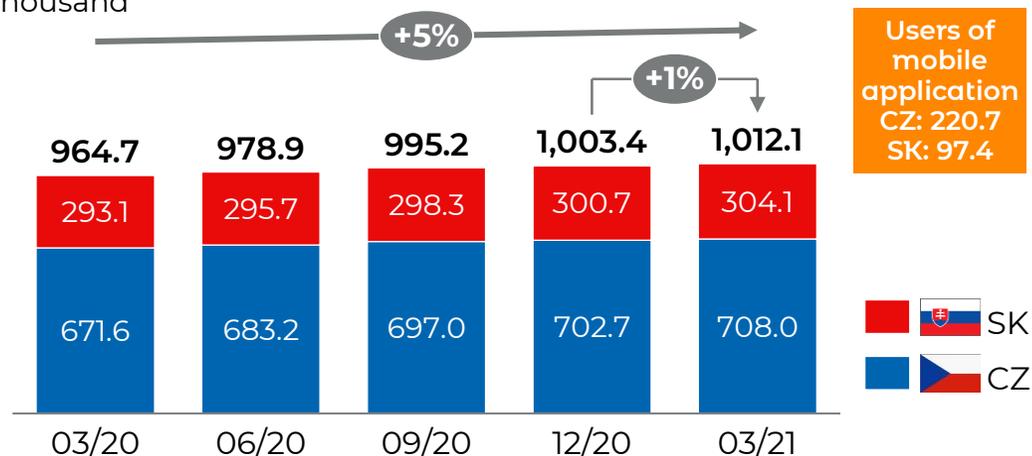
## Deposits and share in total mBank's retail volumes

PLN M



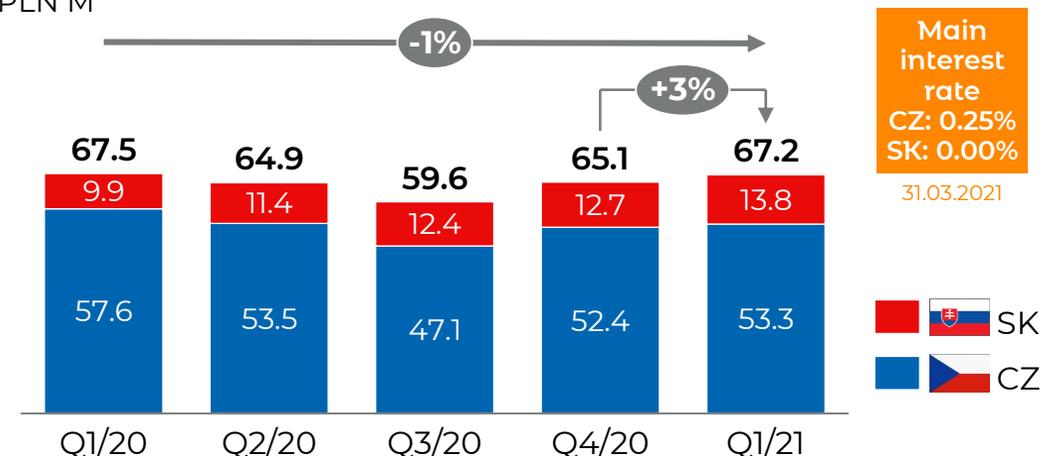
## Number of clients

thousand



## Development of total revenues

PLN M



Note: Volumes based on management information.

# Appendix: mBank in the Czech Republic and Slovakia

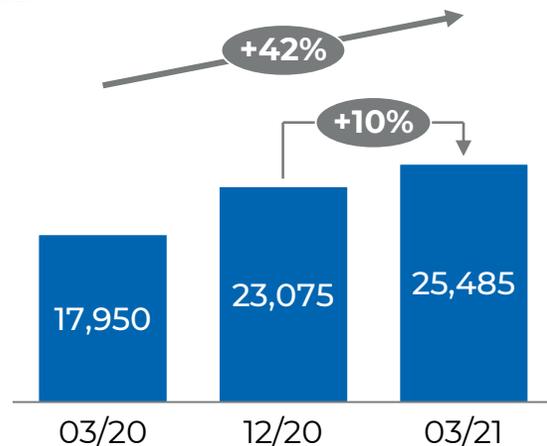


physical network:

7	light branches
4	financial centres
19	mKiosks

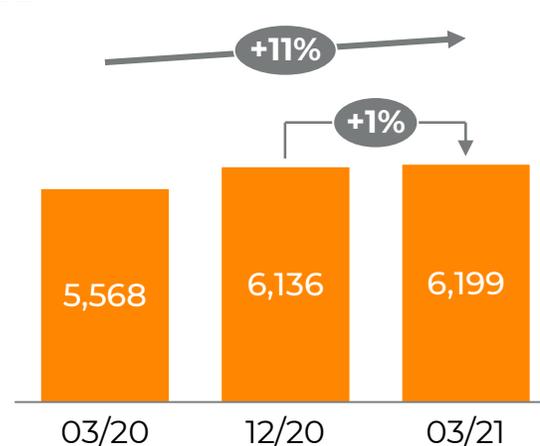
## Mortgage loans

CZK M



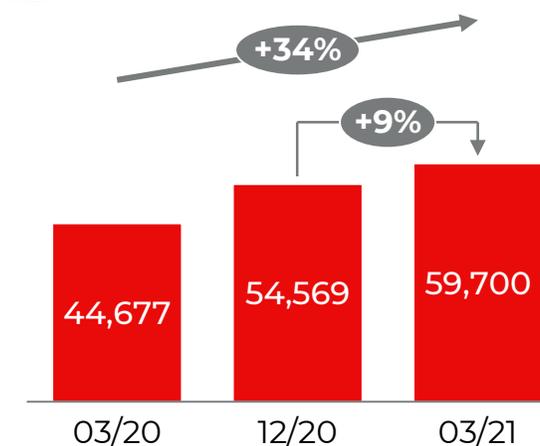
## Non-mortgage loans

CZK M



## Customer deposits

CZK M

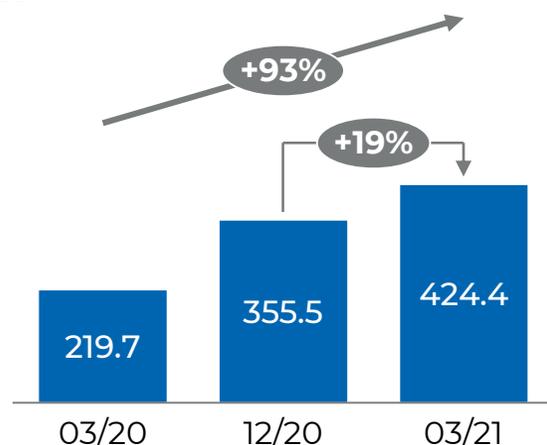


physical network:

2	light branches
2	financial centres
7	mKiosks

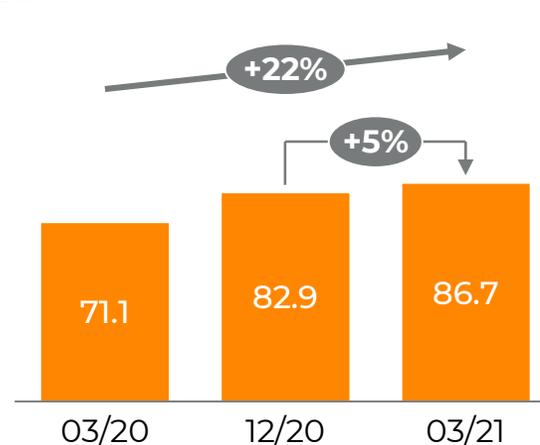
## Mortgage loans

EUR M



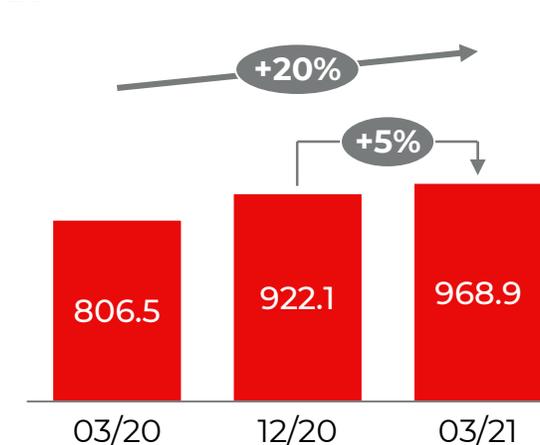
## Non-mortgage loans

EUR M



## Customer deposits

EUR M

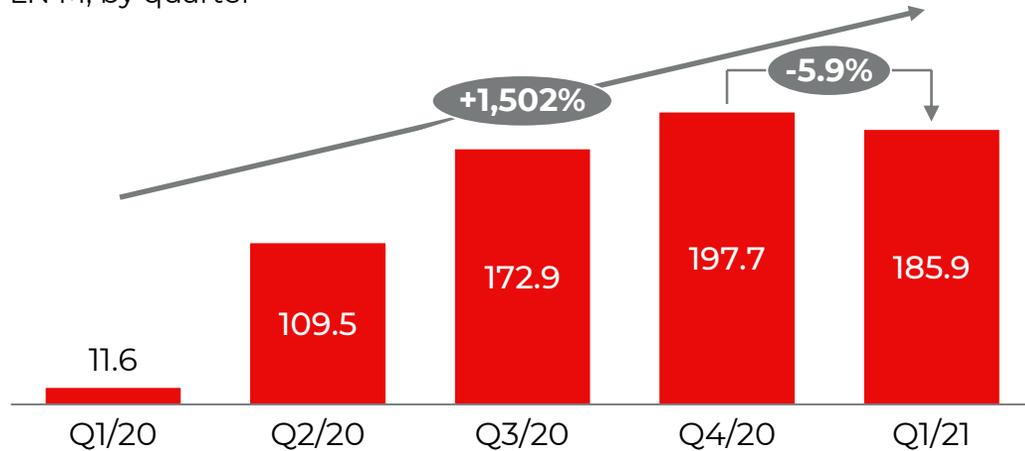


Note: Volumes based on management information.

# Appendix: Corporate & Investment Banking

## Profit before income tax of the segment

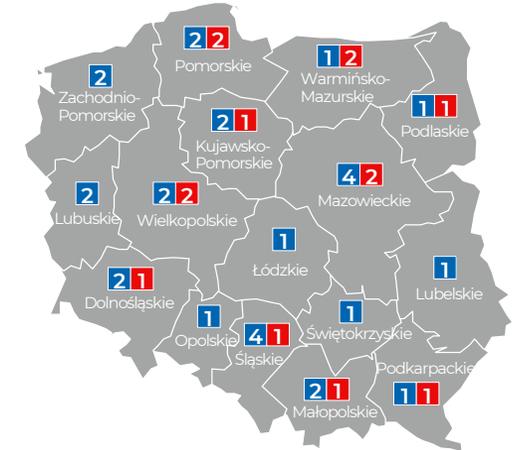
PLN M, by quarter



## Number of corporate service locations

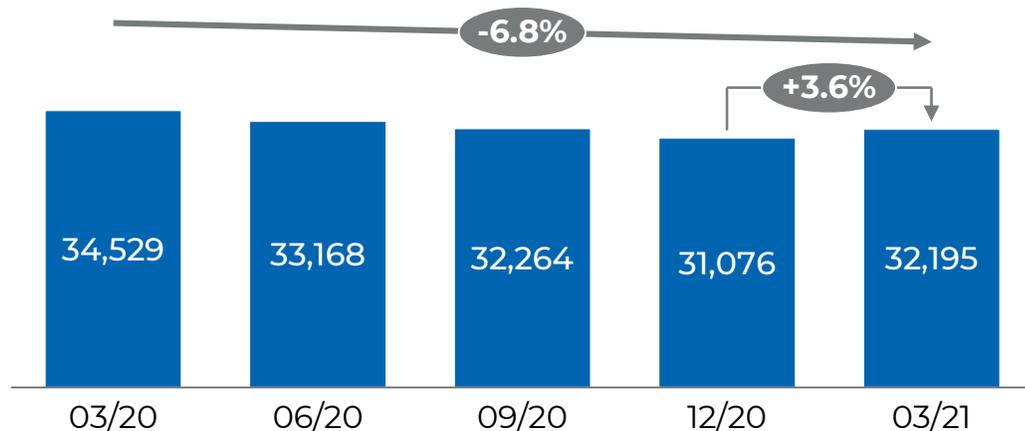
**29** mBank's branches,  
incl. 13 advisory centres

**14** mBank's offices



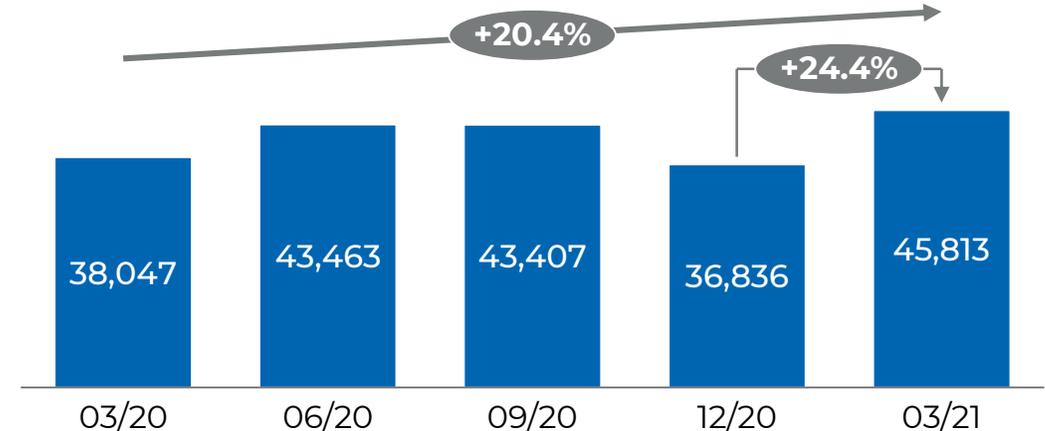
## Development of loans to enterprises<sup>1</sup>

PLN M



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

PLN M

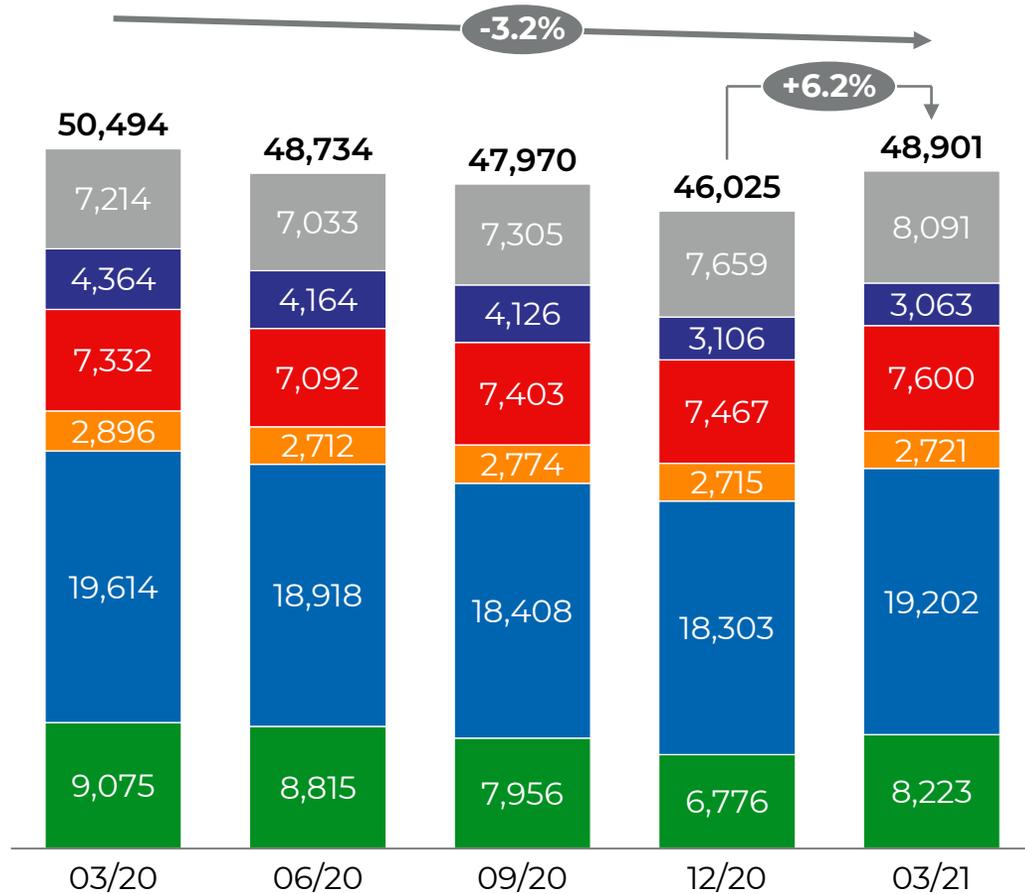


<sup>1</sup> Corporate loan and deposit volumes (for mBank and mBank Hipoteczny) according to NBP rules (monetary reporting system – MONREP)

# Appendix: Corporate & Investment Banking

Development of gross loans to corporate customers

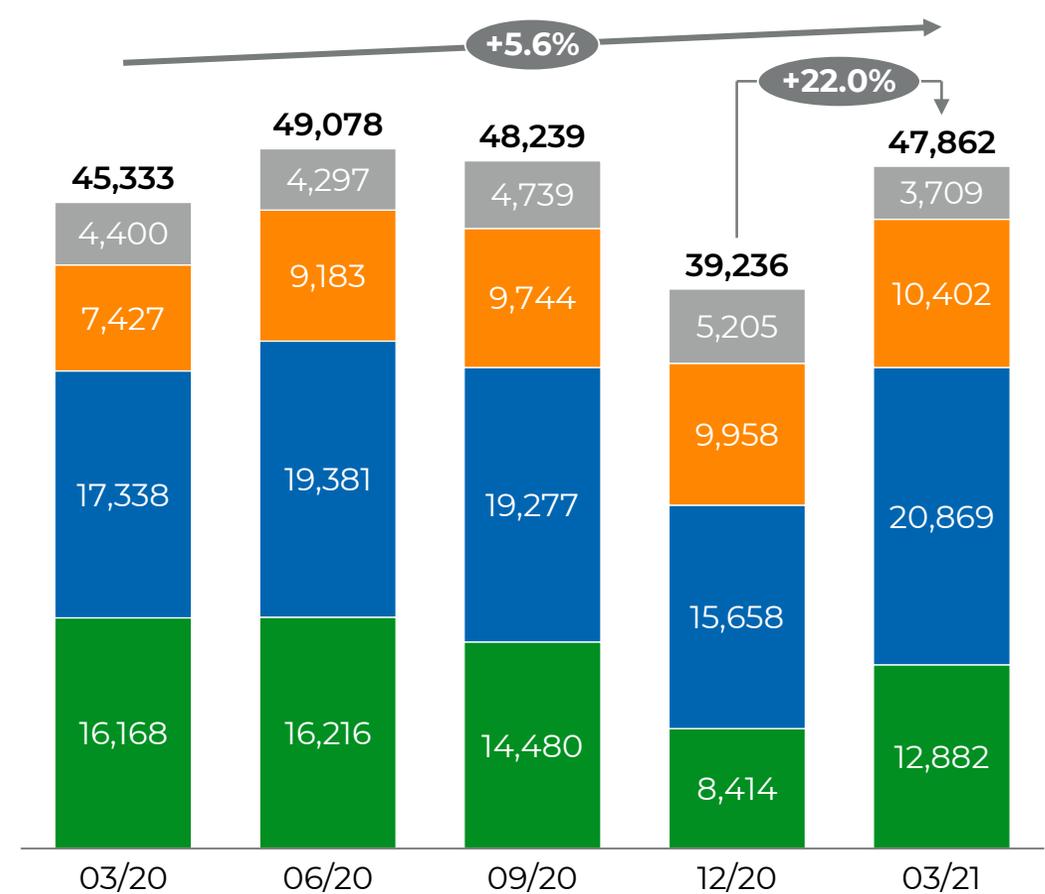
PLN M



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

Development of deposits from corporate customers

PLN M



■ K1 ■ K2 ■ K3 ■ Other

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

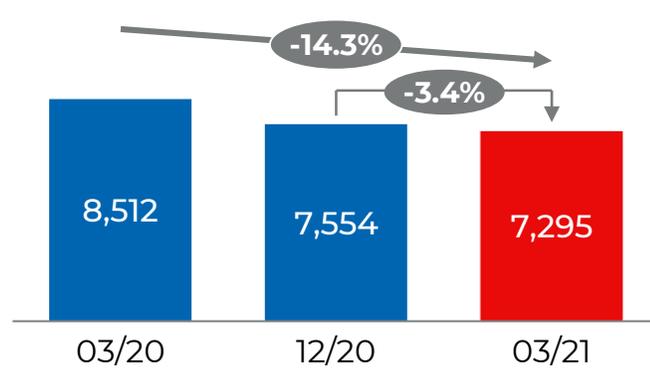
# Appendix: Performance of main subsidiaries of mBank

**m Bank Hipoteczny**  
 established in 1999

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

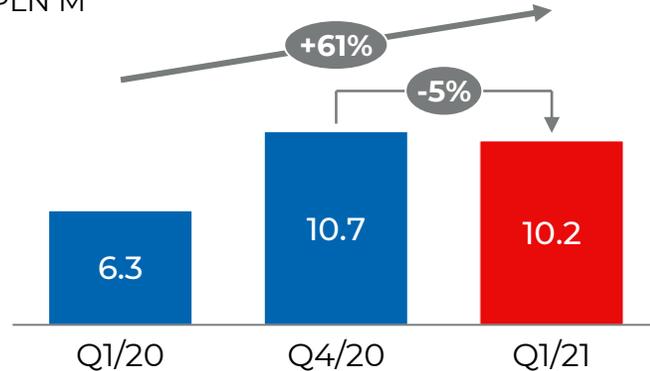
## Outstanding amount of covered bonds

PLN M, nominal value



## Company's profit before income tax

PLN M



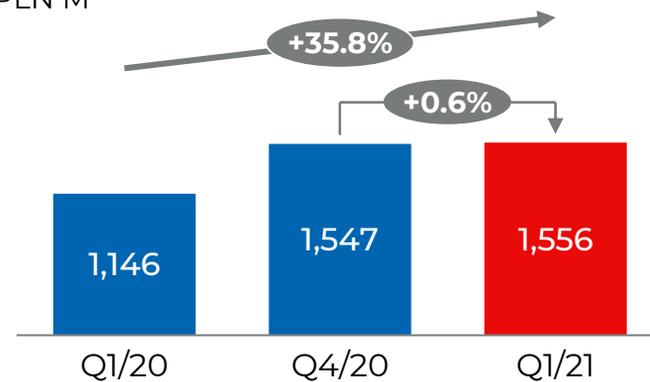
**m Leasing**  
 established in 1991

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

## Leasing contracts

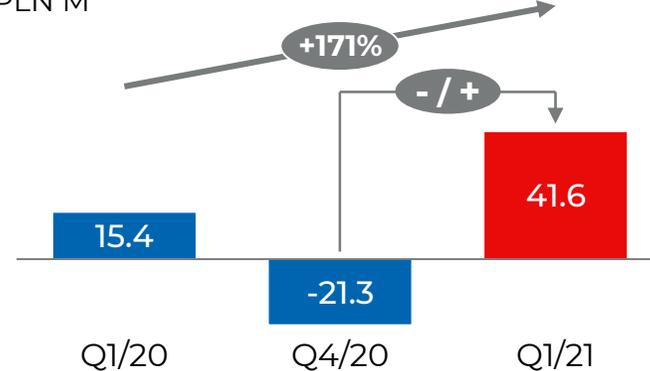
PLN M

Market share in 2020: 7.3%



## Company's profit before income tax

PLN M



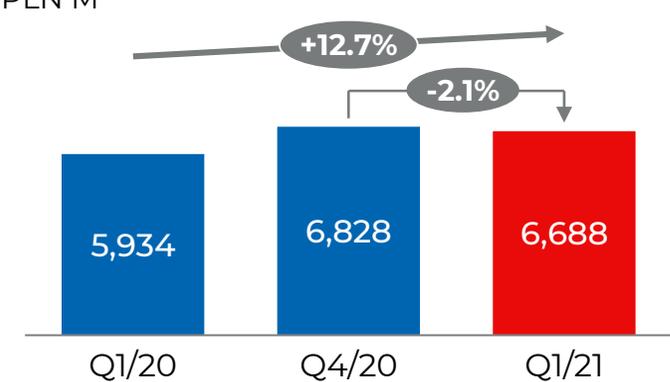
**m Faktoring**  
 established in 1995

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

## Factoring contracts

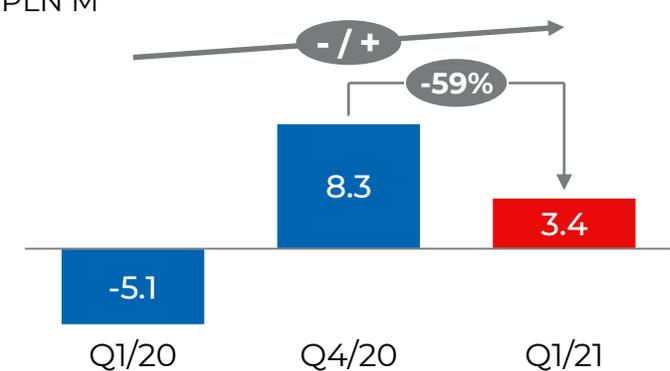
PLN M

Market share in 2020: 8.2%



## Company's profit before income tax

PLN M



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

# Appendix: Historical financial results of mBank Group

PLN million	2016	2017	2018	2019	2020	Δ YoY
Net interest income	2,832.8	3,135.7	3,496.5	4,002.8	4,009.3	+0.2%
Net fee and commission income	906.4	1,249.5	1,257.8	1,270.6	1,508.3	+18.7%
Net trading and other income	556.2	68.4	325.3	251.0	349.2	+39.1%
Total income	4,295.5	4,453.6	5,079.5	5,524.4	5,866.8	+6.2%
Total costs	-1,963.3	-2,043.2	-2,163.9	-2,329.2	-2,411.1	+3.5%
Loan loss provisions and fair value change	-365.4	-507.7	-694.4	-793.8	-1,292.8	+62.9%
Operating profit before legal provisions and taxes	1,966.8	1,902.7	2,221.2	2,401.5	2,162.8	-9.9%
Provisions for legal risk related to FX loans	0.0	0.0	-20.3	-387.8	-1,021.7	+163.5%
Taxes on the Group balance sheet items	-328.9	-375.3	-415.4	-458.7	-531.4	+15.9%
Income tax	-415.5	-432.8	-483.9	-544.8	-506.0	-7.1%
Net profit	1,219.3	1,091.5	1,302.8	1,010.4	103.8	-89.7%
Total assets	133,744	131,424	145,781	158,353	178,872	+13.0%
Gross loans to customers	84,581	87,388	97,808	108,170	112,208	+3.7%
Individual clients	48,950	48,143	52,925	59,993	65,952	+9.9%
Corporate clients	34,174	37,942	44,233	47,786	46,025	-3.7%
Customer deposits	91,418	91,496	102,009	116,661	137,699	+18.0%
Individual clients	53,495	55,694	65,924	77,664	97,976	+26.2%
Corporate clients	37,383	34,590	35,346	38,138	39,236	+2.9%
Total equity	13,051	14,292	15,171	16,153	16,675	+3.2%
Net interest margin	2.3%	2.5%	2.6%	2.7%	2.3%	-0.4pp
Cost/Income ratio	45.7%	45.9%	42.6%	42.2%	41.1%	-1.1pp
Cost of risk	0.46%	0.61%	0.78%	0.79%	1.19%	+0.40pp
Return on equity (ROE)	10.1%	8.3%	9.4%	6.6%	0.6%	-6.0pp
Tier 1 capital ratio	17.3%	18.3%	17.5%	16.5%	17.0%	+0.5pp
Total Capital Ratio	20.3%	21.0%	20.7%	19.5%	19.9%	+0.4pp

# Appendix: mBank's share price performance

Banking stocks gained since Autumn, but CHF-related risks still weigh on mBank

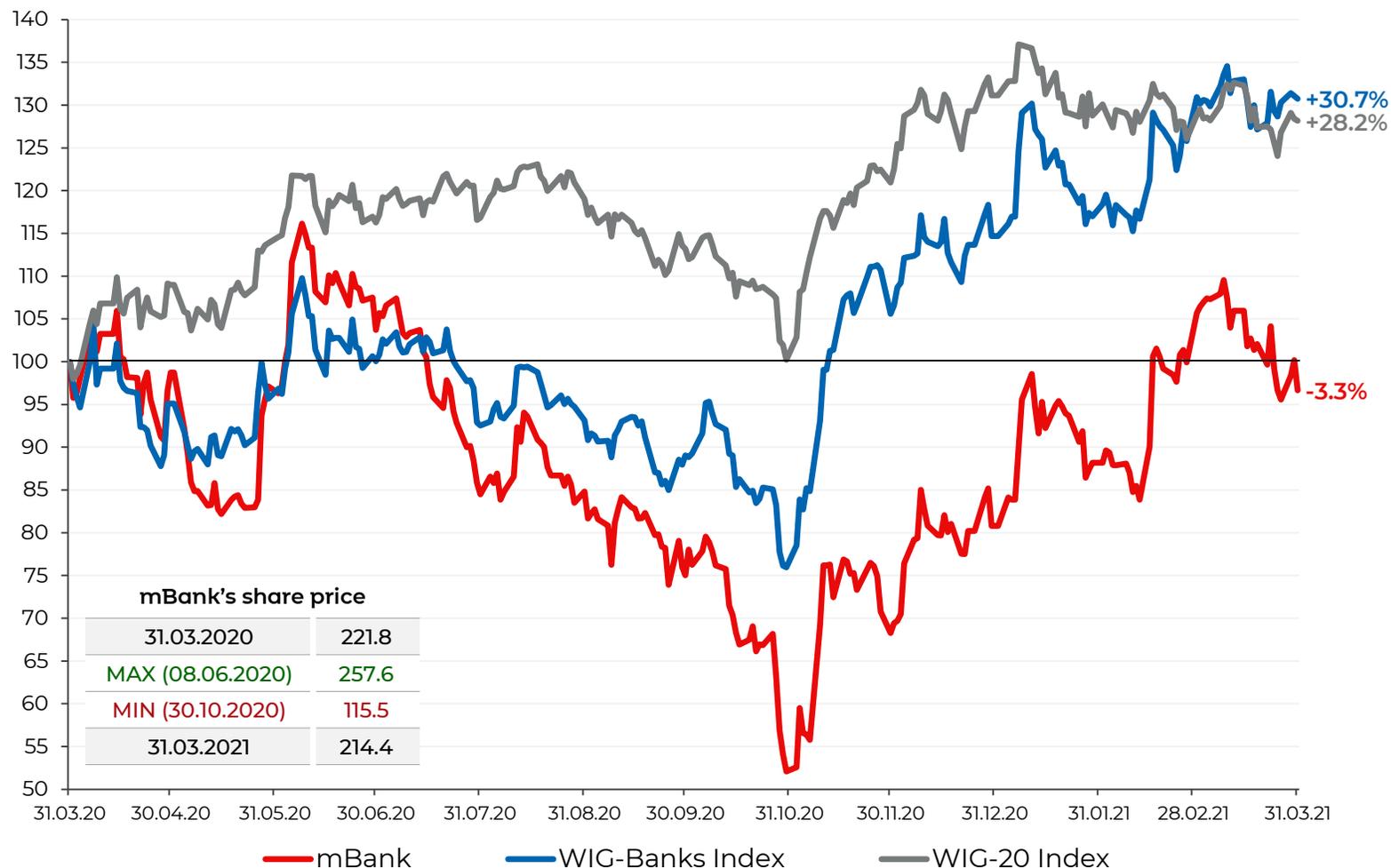
mBank's index membership and weights  
as of 31.03.2021

WIG30		1.287%
mWIG40		4.366%
WIG		0.909%
WIG-Banks		4.371%
WIG-ESG		1.486%
WIG-Poland		0.935%

- mBank has been listed on the Warsaw Stock Exchange since October 1992
- A strategic shareholder, Germany's Commerzbank, owns 69.28% of shares

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 367 040

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



Source: WSE, Bloomberg (data as of 31.03.2021).

# 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 2021, prepared under the International Financial Reporting Standards. For more detailed information on mBank S.A. and mBank Group results, please refer to the respective financial statements and data.

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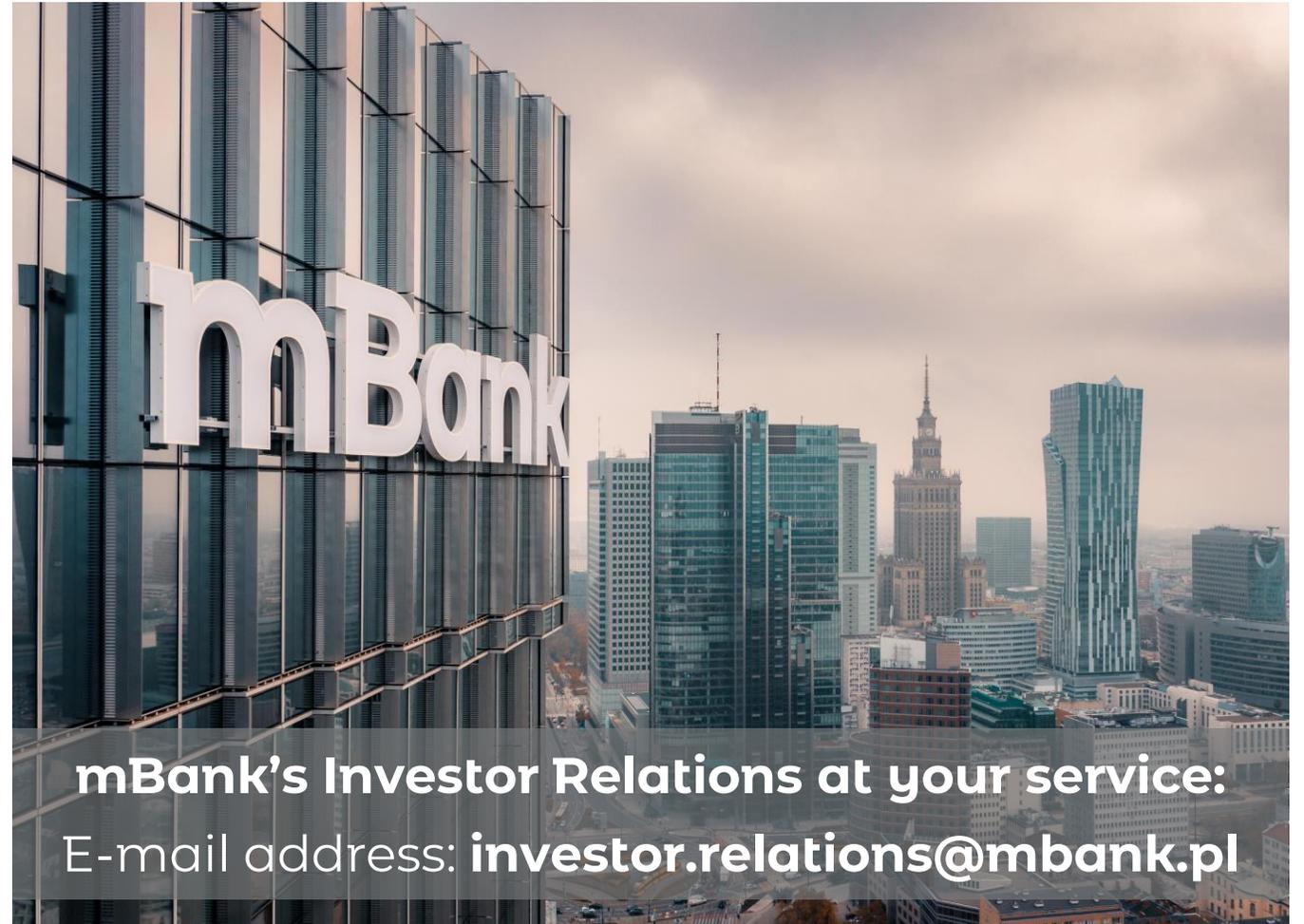
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