

Results of mBank Group Q2 2022

Strong results continue, but headwinds ahead



Presentation for Investors and Analysts, 03.08.2022

Agenda



Key highlights of Q2 2022

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- Business development
- Summary of financial results

Analysis of the performance after Q2 2022

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- 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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Key highlights of Q2 2022 in mBank Group

- ✓ Historically high core revenues over PLN 2.2 billion, driven by growing net interest income and very strong fee result
- ✓ Costs impacted by contribution to the protection scheme (IPS); underlying efficiency remained excellent
- ✓ Solid net profit despite further costs of legal risk related to FX loans and one-off factors, with core business on track
- ✓ Loan and deposit volumes under increasing pressure resulting from market turbulences and interest rate hikes
- ✓ Provisioning level reflecting prudent risk approach and resilience of portfolio; sound capital and liquidity position
- ✓ Pursuing its business and ESG strategy, mBank remains focused on convenient digital solutions and eco-products

Net interest income
+75.6% YoY

Net fee income
+22.7% YoY

Total costs
+75.7% YoY

Cost/Income ratio
47.3%

Net profit
PLN 230 million

CHF legal costs
PLN 175 million

Loans
+8.3% YoY

Deposits
+4.7% YoY

Cost of risk
62 bps

Total capital ratio
16.4%

Mobile app users
3.1 million

PFM adoption
674 thou. users

since launch in April 2022

Summary of regulatory measures introduced by the government

Three pillars of support for borrowers

Government interventions result in large transfers of economic value from banks to mortgage borrowers !

“Credit holidays”

Estimated impact for the largest banks in the sector of **PLN 12.1-13.0 billion** in 2022-2023.

- The law allows for the suspension of mortgage loan repayment, giving the borrower the right to miss eight instalments: 4 in H2 2022 and 4 in 2023.
- The option is available for one mortgage loan in PLN currency taken for personal living purposes regardless of the financial situation of the borrower.
- Moratorium constitutes a fully payment-free period for the borrower (no principal and interests) and extends the loan maturity by the corresponding time span.

Expected impact on mBank Group's profit before tax is quantified in the range of **PLN 1.0-1.4 billion** in Q3/22.

Borrowers' Support Fund

Additional contribution from the sector at **PLN 1.4 billion** in 2022.

- Originally set up in 2015, it was funded by banks with the amount of PLN 600 million with a goal to help mortgage debtors facing financial difficulties.
- Lenders' contribution will depend on their share in the sector's non-performing mortgage exposure (90+ DPD); however, troubled banks will be exempted from it.

mBank Group's contribution of **up to PLN 154 million** in Q3/22.

WIBOR replacement

Impact on the sector is not quantifiable yet.

- A new rate may be introduced as early as from January 2023.
- WIBOR transition roadmap is currently being worked out by the National Working Group.
- Phase-out date is still to be decided.

Protection scheme (IPS) as an additional system resilience mechanism

- The objective of the protection scheme is to support the resolution procedure pursued by the Bank Guarantee Fund (BFG) for a bank being a joint-stock company, as well as ensure liquidity and solvency of the member banks on the agreed terms.
- The aid fund is formed of the contributions made by 8 largest banks being 0.4% of the amount of the guaranteed deposits. It translates into expected cost for the sector at PLN 3.2 billion. The contribution to IPS is assumed to be partially offset by the lack of payments to Deposit Guarantee Scheme in Q2-Q4 2022 (and potentially lower payments in the next years).

mBank's contribution to the IPS booked in Q2/22 amounted to **PLN 390.8 million (pre-tax)**.

Potential risks stem from the government aid programme

Possible implications of government interventions on the banking sector and local economy



Strong reduction of mortgage loans origination potential in Poland

- ▶ **PLN 13 billion** of estimated costs for the largest banks would equal to ca. **PLN 300 billion of possible new mortgage loan volume**, i.e. almost $\frac{3}{4}$ of the total current outstanding PLN mortgage loans in the sector or equivalent to ca. **750 thousand new flats**, with a housing gap in Poland estimated at ca. 2 million dwellings



Potential impact on new lending to enterprises amid increasingly challenging conditions

- ▶ Higher financing needs of companies during economic slowdown and rising inflation
- ▶ Necessity to co-finance investments made from EU financing, including Next Generation EU
- ▶ Leading role of banks in supporting energy transition and projects towards climate neutrality



Lower capacity to buy Treasury bonds by Polish banks

- ▶ Domestic banks have remained the main investors in the government's debt, holding as much as **44.0% of total Treasury securities** or **PLN 466 billion** (at the end of Q1 2022)
- ▶ Between September 2021 and May 2022, aggregated **capital base of Polish banking sector shrank by PLN 26.5 billion (or -12.1%)**, mainly due to increase in bond yields and swap rates



Additional fiscal stimulation increasing the cost of anti-inflationary actions in Poland



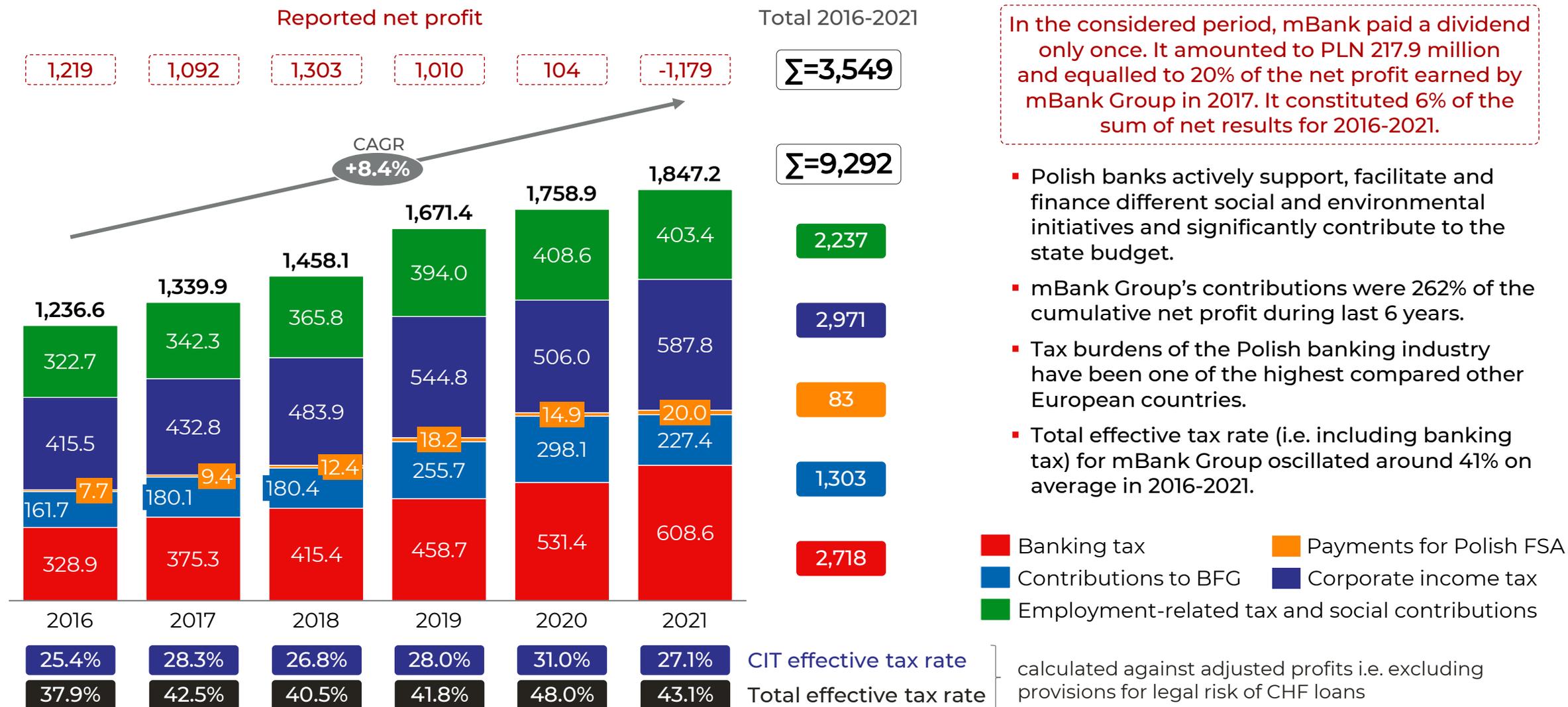
Effects of the replacement of WIBOR are still not quantifiable



Moral hazard shaping wrong attitudes in the Polish society

Tax and social burdens borne by mBank Group

Development of obligatory contributions paid by mBank Group (PLN million)



mBank's key achievements and new solutions in Q2 2022

Credit Information Bureau (BIK) invested in a fintech from mAccelerator's portfolio

- On May 30, the acquisition of Digital Fingerprints was finalized as a result of an agreement concluded between BIK S.A. and mAccelerator, a venture capital fund established by mBank.
- Digital Fingerprints is a Polish start-up, operating since 2017, which offers cybersecurity solutions based on behavioural biometrics.
- The innovative technology of Digital Fingerprints will strengthen BIK's existing competences in building sectoral anti-fraud systems and services for banks and clients.

 **DIGITAL**
FINGERPRINTS



 **Accelerator**



Pursuing its ESG strategy, mBank added eco-loan for small companies to the offer



mBank awarded as the best in ESG category of "Banking Stars" competition

- mBank supports entrepreneurs in eco-transformation and has offered preferential conditions for financing between PLN 30,000-200,000 aimed at reducing energy consumption, gas emissions and pollutants.
- Companies that spend the borrowed funds for environmental purposes will pay no commission for granting the loan, and the margin will be lowered by 1 percentage point.

mBank in cooperation with UNIQA proposed special insurance for online buyers

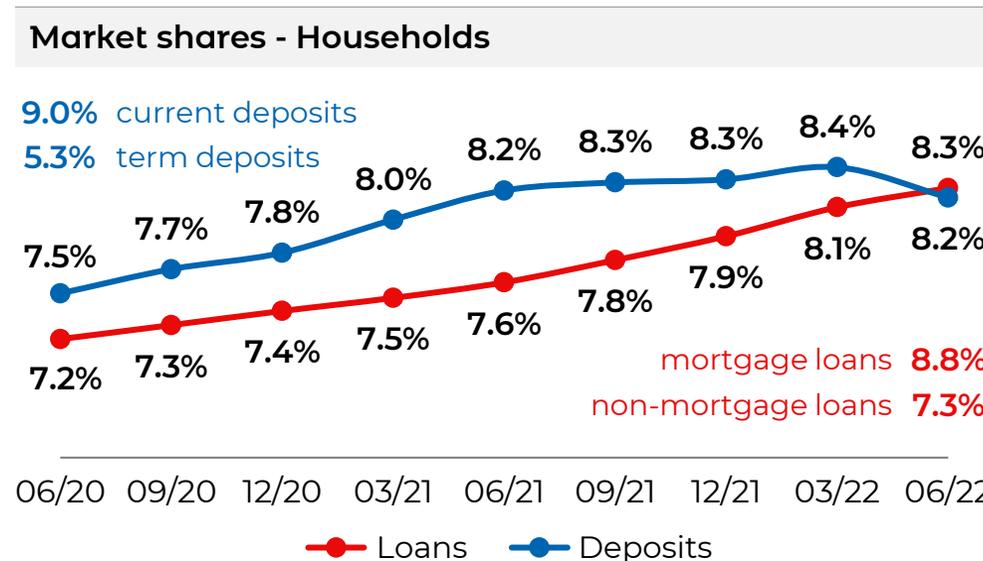
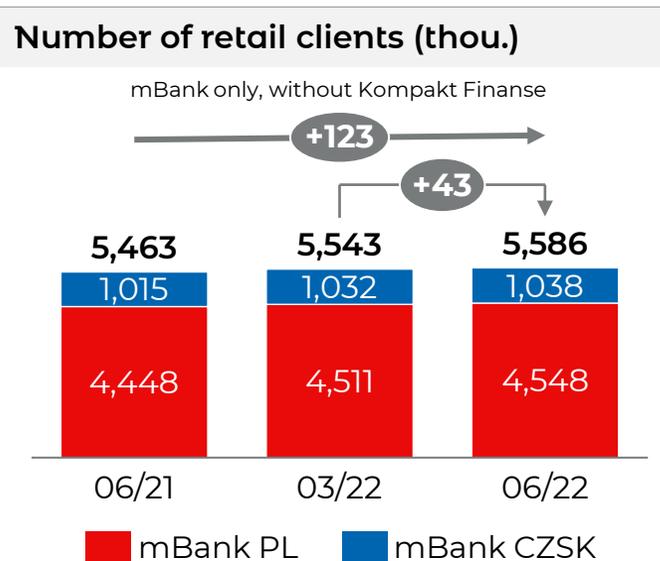
- Together with UNIQA, mBank has introduced an insurance policy that protects customers against the risks related to online payments.
- It offers the widest scope of insurance coverage on the Polish market, including also foreign transactions and e-commerce shopping platforms as well as legal support for customer.
- To take advantage of the protection, the person has to be mBank's client and pays the insurance premium of PLN 6 per month, which is deducted from the account automatically.



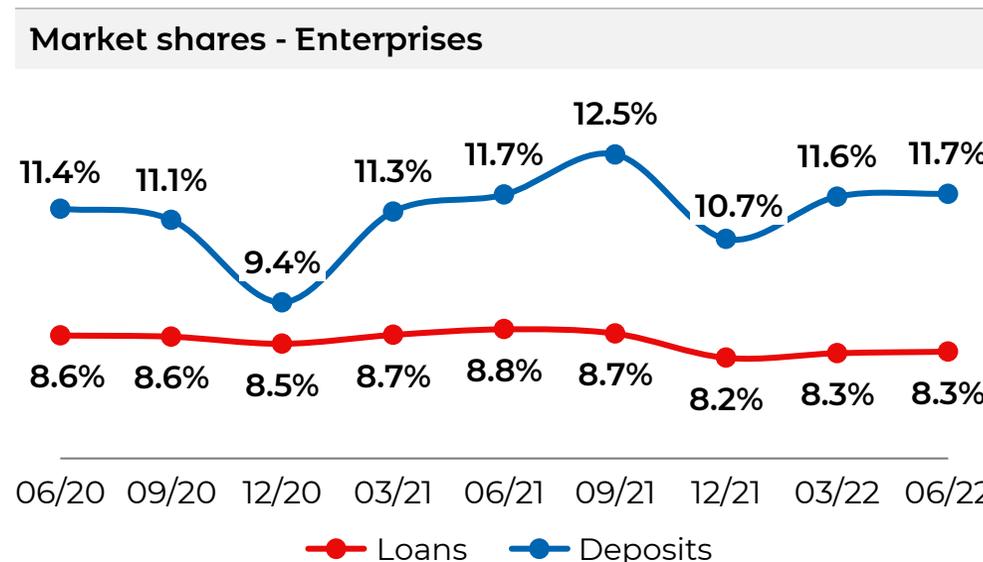
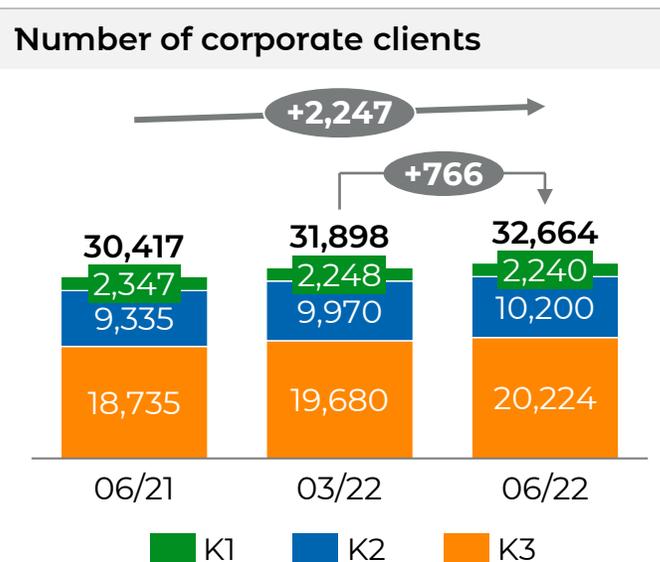
Client base and market position of retail and corporate banking



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 remains a front-runner in mobile banking adoption

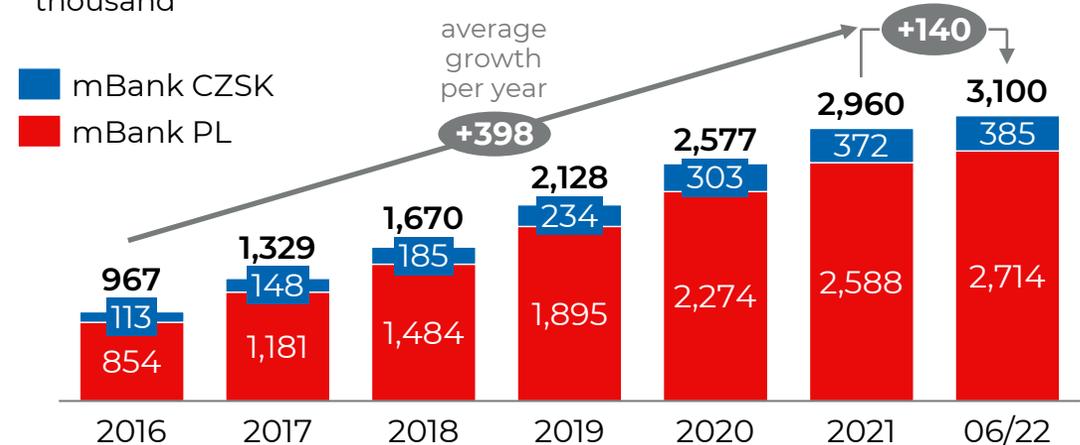


#1 by the share of mobile users in total active customer base

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

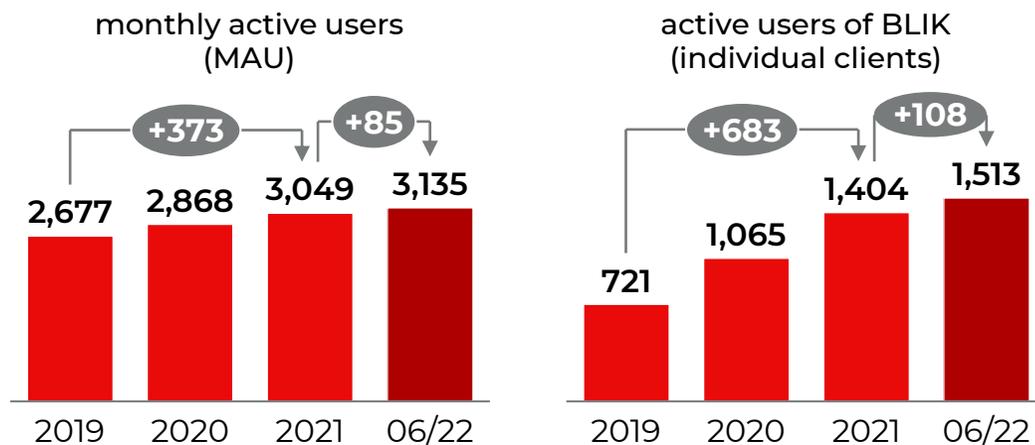
Number of active users of mBank's mobile application

thousand



Number of active users of mBank's services in Poland

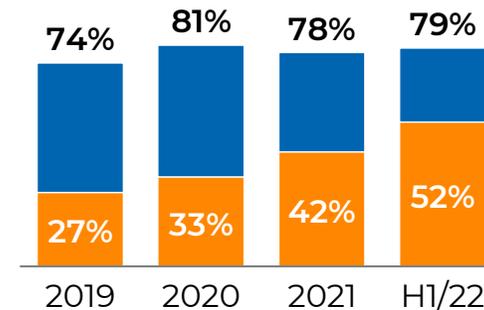
thousand



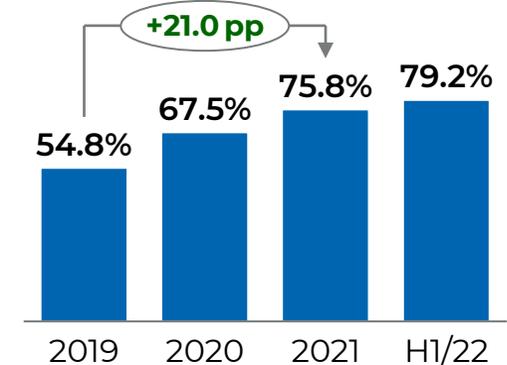
Growing importance of digital channel in daily banking

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

of which: ■ mobile



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

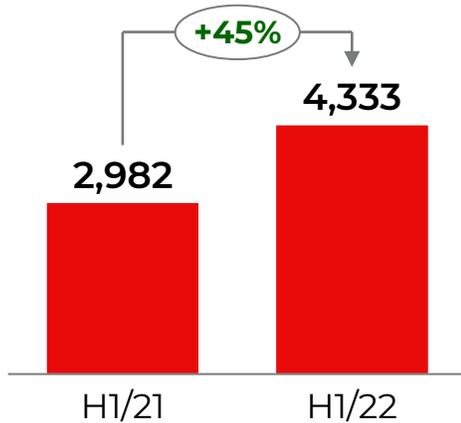


Note: Active user is a client who in a given month performed at least one of the following actions: logging in to the mobile application, internet banking or trusted profile (ePUAP), initiated a transfer or card transaction.

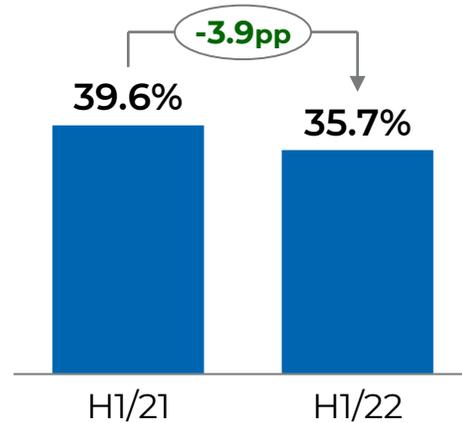
Summary of key financial highlights for mBank Group

Total income

PLN M

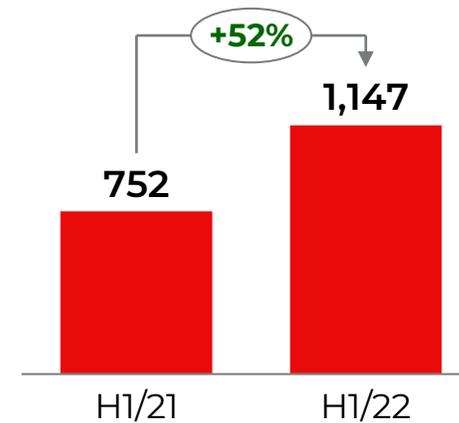


Cost/Income ratio¹

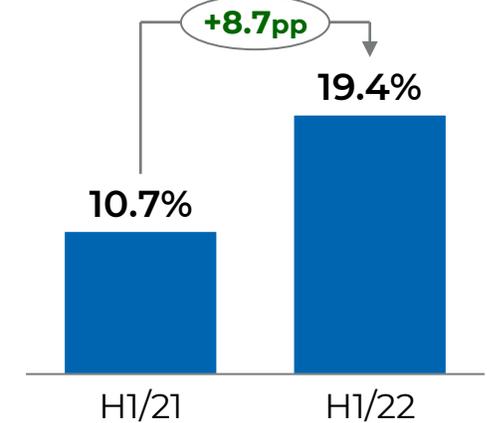


Net profit of Core Business²

PLN M

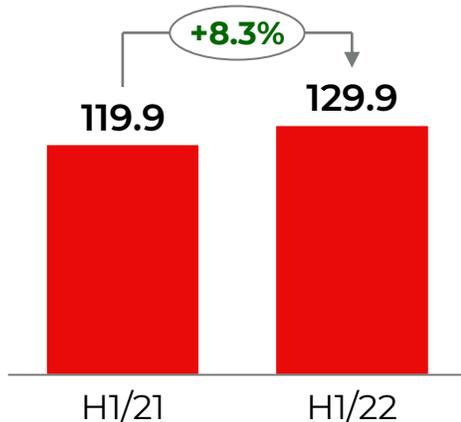


ROE of Core Business²

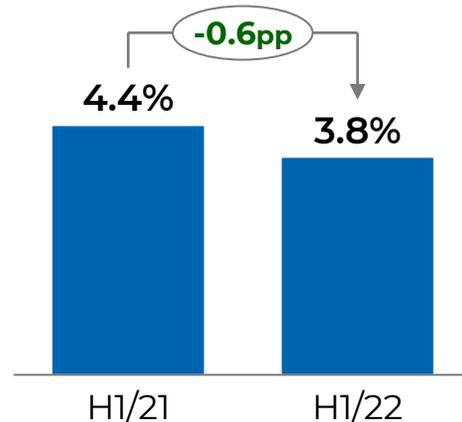


Gross loans to customers

PLN B

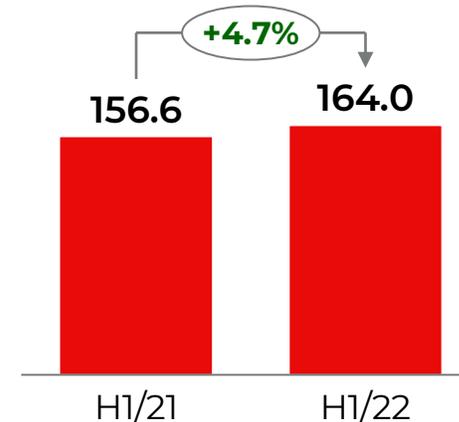


NPL ratio

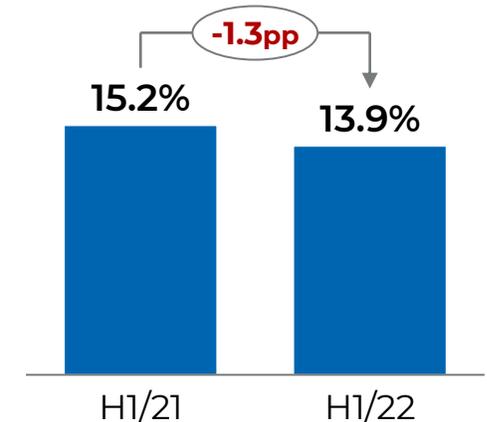


Customer deposits

PLN B



Tier 1 capital ratio



¹ Normalized indicator, including ½ of contribution to the Resolution Fund booked in the first quarter of the year and ½ of payment to the IPS booked in Q2/22; ² Defined as mBank Group excluding FX Mortgage Loans segment

Summary of financial results: Profit and Loss Account

PLN million	Q2 2021	Q1 2022	Q2 2022	Δ QoQ	Δ YoY
Net interest income	961.5	1,499.3	1,688.4	+12.6%	+75.6%
Net fee and commission income	452.6	598.0	555.3	-7.1%	+22.7%
Total income	1,442.8	2,178.6	2,154.8	-1.1%	+49.4%
Total costs (excluding BFG and IPS)	-555.3	-597.7	-628.9	+5.2%	+13.3%
Contributions to the BFG and IPS	-25.0	-246.2	-390.5	+58.6%	+1464.2%
Loan loss provisions and fair value change ¹	-228.4	-268.5	-195.0	-27.4%	-14.6%
Costs of legal risk related to FX loans	-248.5	-192.8	-175.1	-9.2%	-29.6%
Operating profit	385.7	873.4	765.4	-12.4%	+98.4%
Taxes on the Group balance sheet items	-147.2	-159.8	-167.1	+4.5%	+13.5%
Profit or loss before income tax	238.5	713.6	598.3	-16.2%	+150.8%
Net profit or loss	108.7	512.3	229.7	-55.2%	+111.4%
Net interest margin	2.04%	3.15%	3.54%	+0.39pp	+1.50pp
Cost/Income ratio	40.2%	38.7%	47.3%	+8.6pp	+7.1pp
Cost of risk	0.80%	0.89%	0.62%	-0.27pp	-0.18pp
Return on equity (ROE)	2.6%	15.0%	6.8%	-8.2pp	+4.2pp
Return on assets (ROA)	0.22%	1.03%	0.46%	-0.57pp	+0.24pp

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

Summary of financial results: Balance Sheet

PLN million	Q2 2021	Q1 2022	Q2 2022	Δ QoQ	Δ YoY
Total assets	198,471	204,914	204,397	-0.3% ↓	+3.0% ↑
Gross loans to customers	119,949	126,773	129,937	+2.5% ↑	+8.3% ↑
Individual client loans	70,093	75,122	75,822	+0.9% ↑	+8.2% ↑
Corporate client loans	49,635	51,480	53,976	+4.8% ↑	+8.7% ↑
Customer deposits	156,584	164,743	164,014	-0.4% ↓	+4.7% ↑
Individual client deposits	106,700	111,174	109,914	-1.1% ↓	+3.0% ↑
Corporate client deposits ¹	48,876	52,577	51,908	-1.3% ↓	+6.2% ↑
Total equity	16,694	13,626	13,378	-1.6% ↓	-19.9% ↓
Loan-to-deposit ratio	74.2%	74.9%	77.2%	+2.2pp	+2.9pp
NPL ratio	4.4%	3.9%	3.8%	-0.1pp	-0.6pp
Coverage ratio	58.3%	54.4%	54.6%	+0.2pp	-3.7pp
Tier 1 Capital Ratio	15.2%	13.5%	13.9%	+0.4pp	-1.3pp
Total Capital Ratio	17.6%	15.9%	16.4%	+0.5pp	-1.2pp

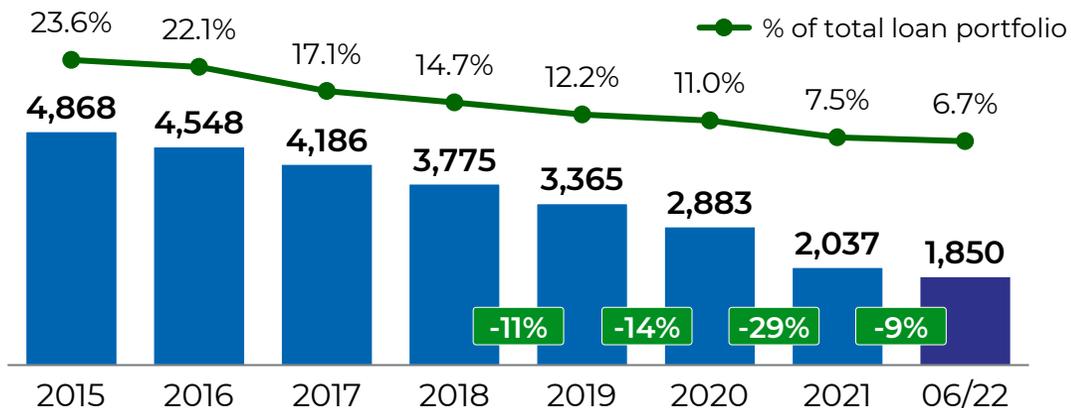
¹ Excluding repo / sell-buy-back transactions

Strong protection against legal risks related to CHF portfolio

CHF mortgage loans granted to individual customers

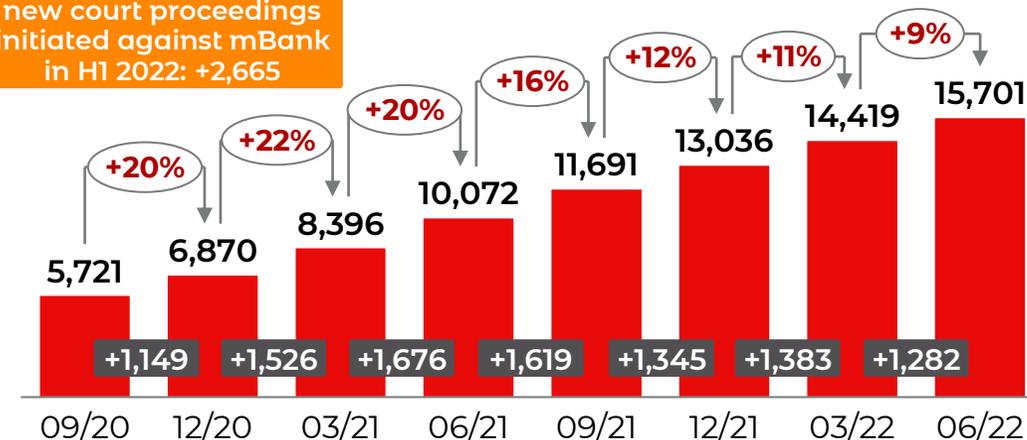
CHF M, carrying amount

equivalent to: PLN 8,676 M as of 30.06.2022



Number of individual court cases concerning indexation clauses

new court proceedings initiated against mBank in H1 2022: +2,665



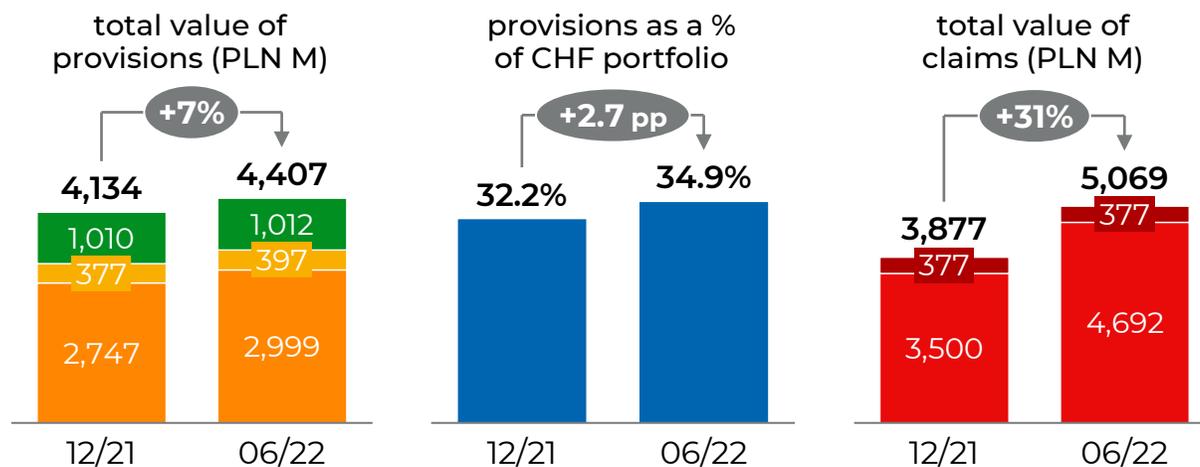
Provisions created in relation to legal risk and claims resulting from court proceedings

concerning indexation clauses in CHF mortgage loans

mBank's coverage of CHF portfolio with created provisions continues to be high relative to peer group.

Components of legal costs:

- potential settlements
- class action
- individual cases



Key factors driving the development of costs of legal risk related to individual lawsuits include:

- expected population of borrowers who will file a lawsuit against the bank
- the probability of losing the case (currently assumed at the level of 50% given inconsistent line of jurisprudence and not statistically representative number of final verdicts)
- the projected loss rate (calculated using the probabilities of different verdicts that may be issued)

Thorough review of the methodology expected in Q3/22.

Excellent performance of the core business demonstrated in H1 2022

Summary of financial results for mBank's core activity and run-off portfolio in H1 2022

PLN million	Core Business	Non-core ¹	mBank Group
Net interest income	3,134.1	53.7	3,187.7
Net fee, trading and other income	1,162.9	-17.2	1,145.7
Total income	4,297.0	36.5	4,333.4
Total costs	-1,821.1	-42.2	-1,863.3
Loan loss provisions and fair value change ²	-454.7	-8.7	-463.5
Costs of legal risk related to FX loans	0.0	-367.8	-367.8
Operating profit	2,021.1	-382.4	1,638.8
Taxes on the Group balance sheet items	-304.7	-22.2	-326.9
Profit or loss before income tax	1,716.4	-404.6	1,311.8
Net profit or loss	1,146.6	-404.6	742.0
Total assets	193,598	10,799	204,397
Net interest margin	3.49%		3.34%
Cost/Income ratio	42.4%		43.0%
Cost of risk	0.81%		0.76%
Return on equity (ROE)	19.4%		10.9%
Return on assets (ROA)	1.21%		0.74%

¹ Equivalent of "FX Mortgage Loans segment" in the financial statement

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

Separation of FX mortgage loan portfolio

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

The capital allocated to the non-core unit amounted to PLN 1.8 B as of 30.06.2022.

It is calculated primarily based on:

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

Provisions for legal risk are currently divided into:

- PLN 3,958.7 M reflected through a deduction from gross assets;
- PLN 448.8 M included in the bank's liabilities;

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Macroeconomic update and outlook

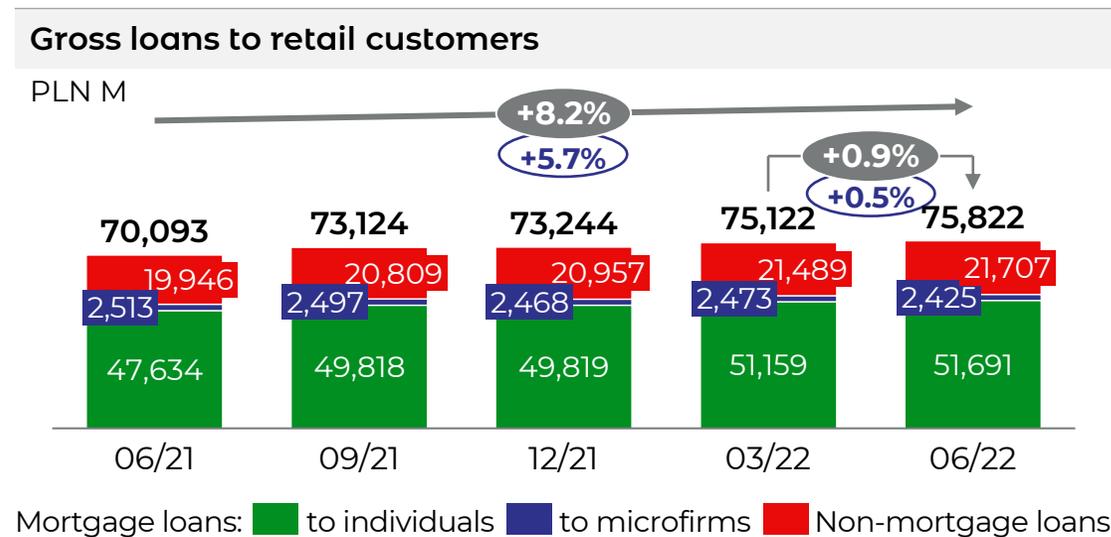
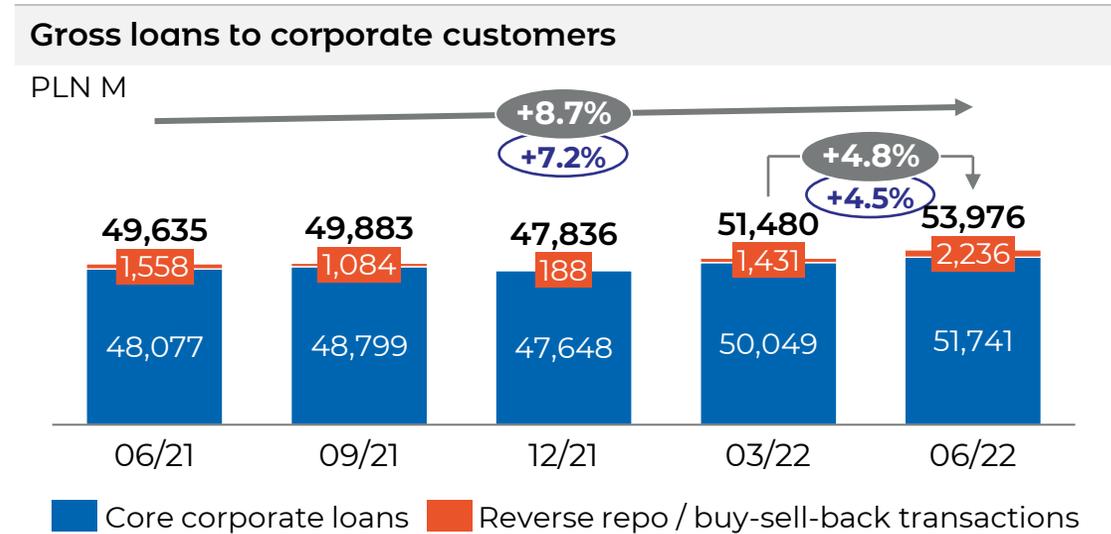
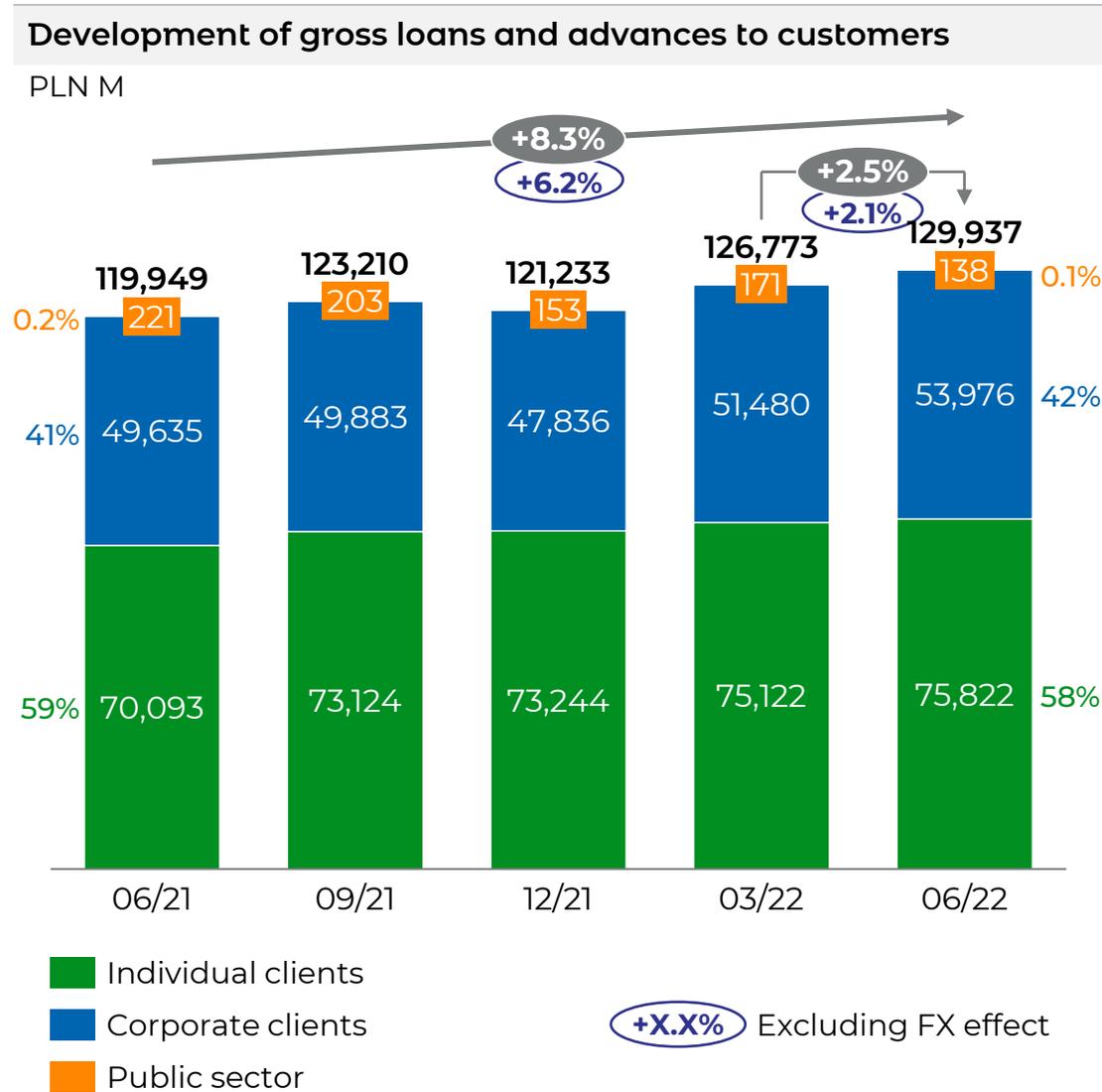
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Appendix

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Results of mBank Group: Loans to customers

Slowdown of retail loan portfolio offset by selective expansion in corporate segment

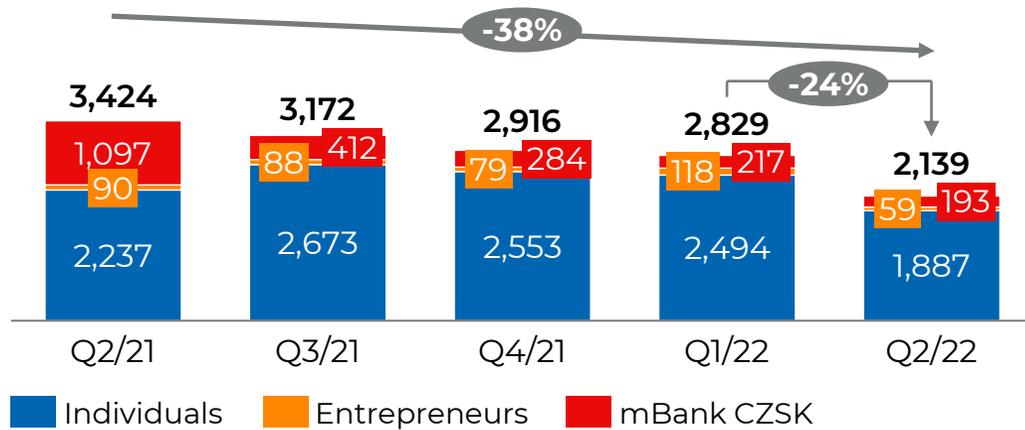


Results of mBank Group: New lending business

A noticeable decline in new mortgage lending, but sales of consumer credit kept at high level

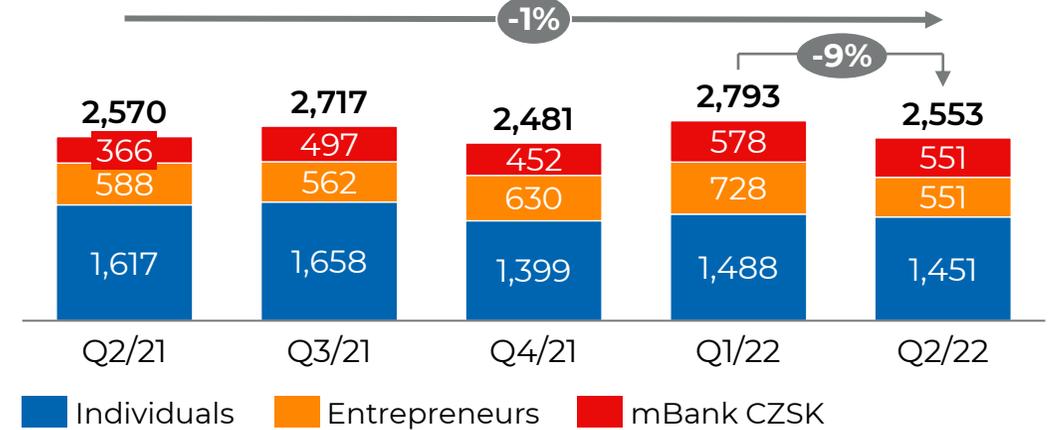
Sales of mortgage loans

PLN M, by quarter



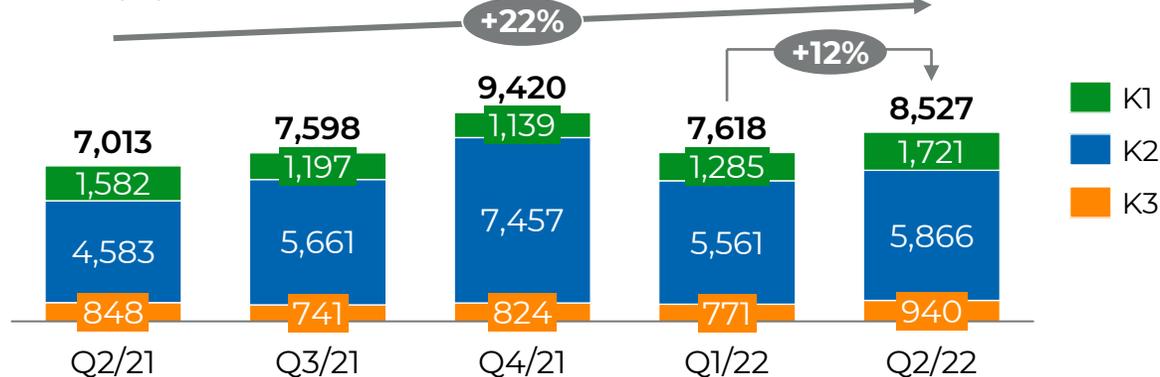
Sales of non-mortgage loans

PLN M, by quarter



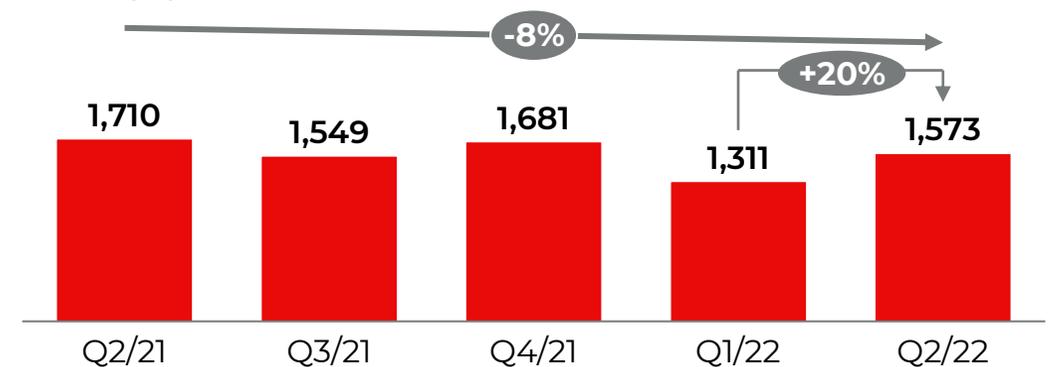
Sales of corporate loans¹

PLN M, by quarter



New leasing contracts

PLN M, by quarter

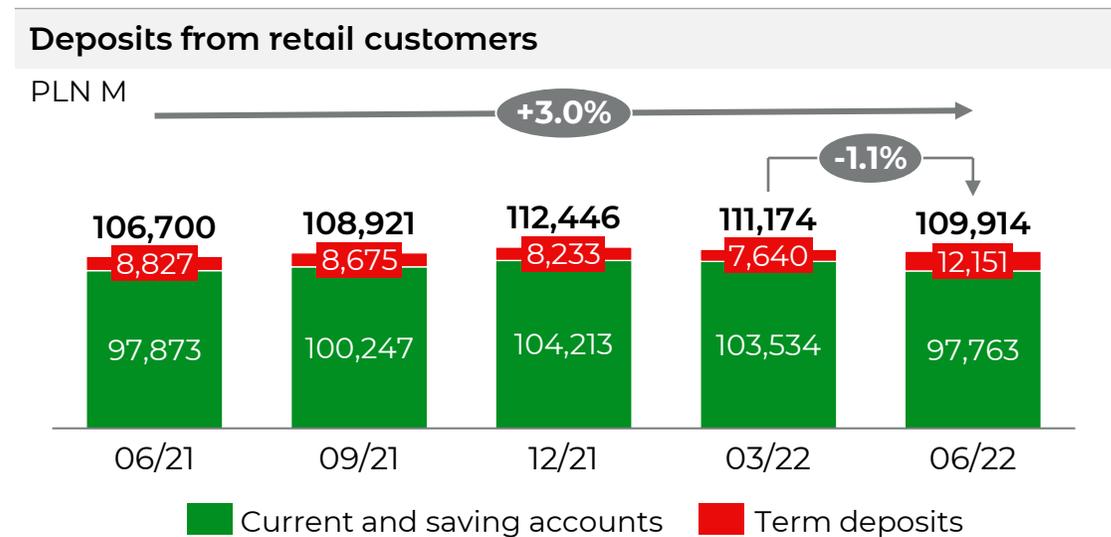
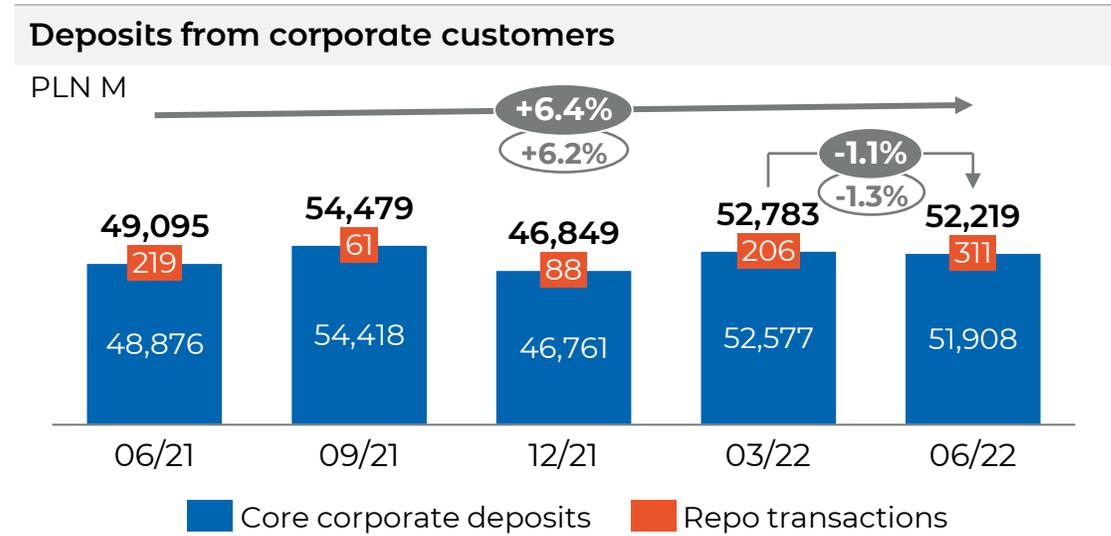
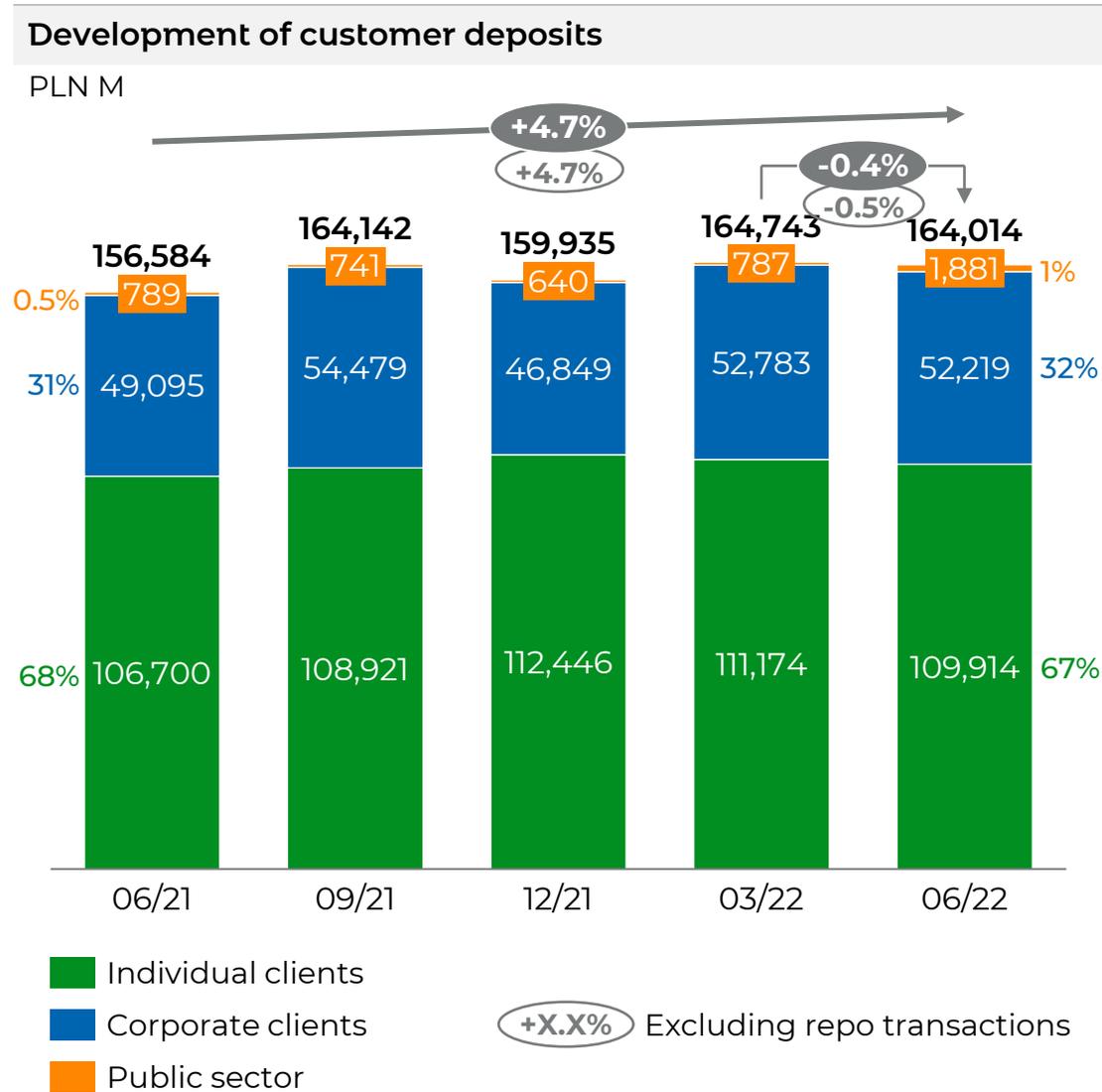


¹ Including new sale, rising and renewal

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

Deposit base affected by market situation, retail T-bonds and intensifying competition

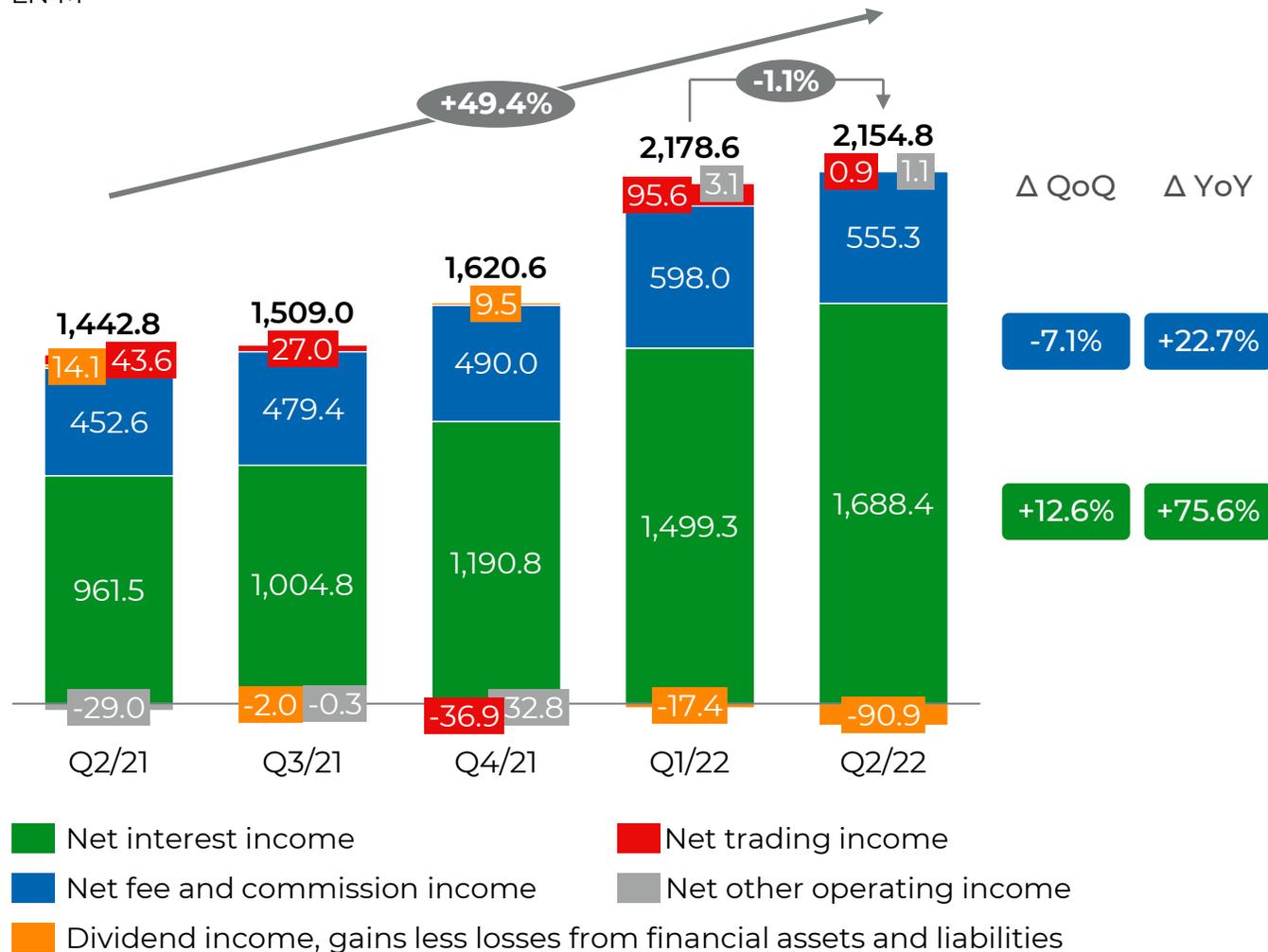


Results of mBank Group: Total income

Historically high core revenues driven by growing net interest income and strong fee result

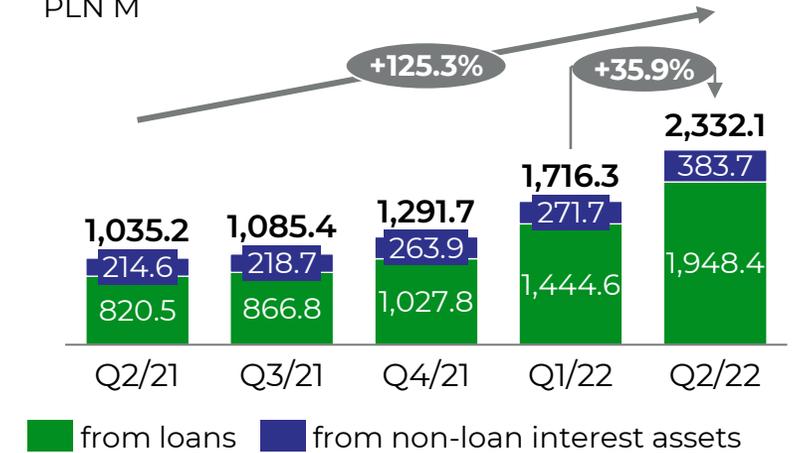
Development of mBank Group's total income

PLN M



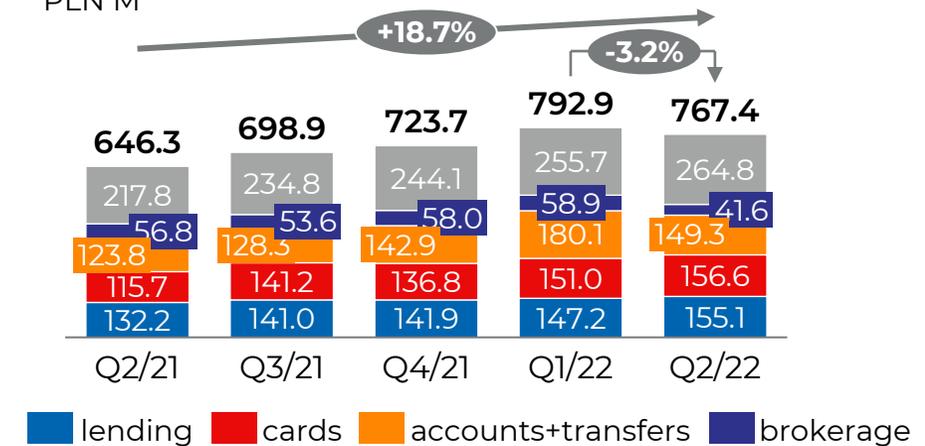
Development of interest income

PLN M



Development of fee and commission income

PLN M

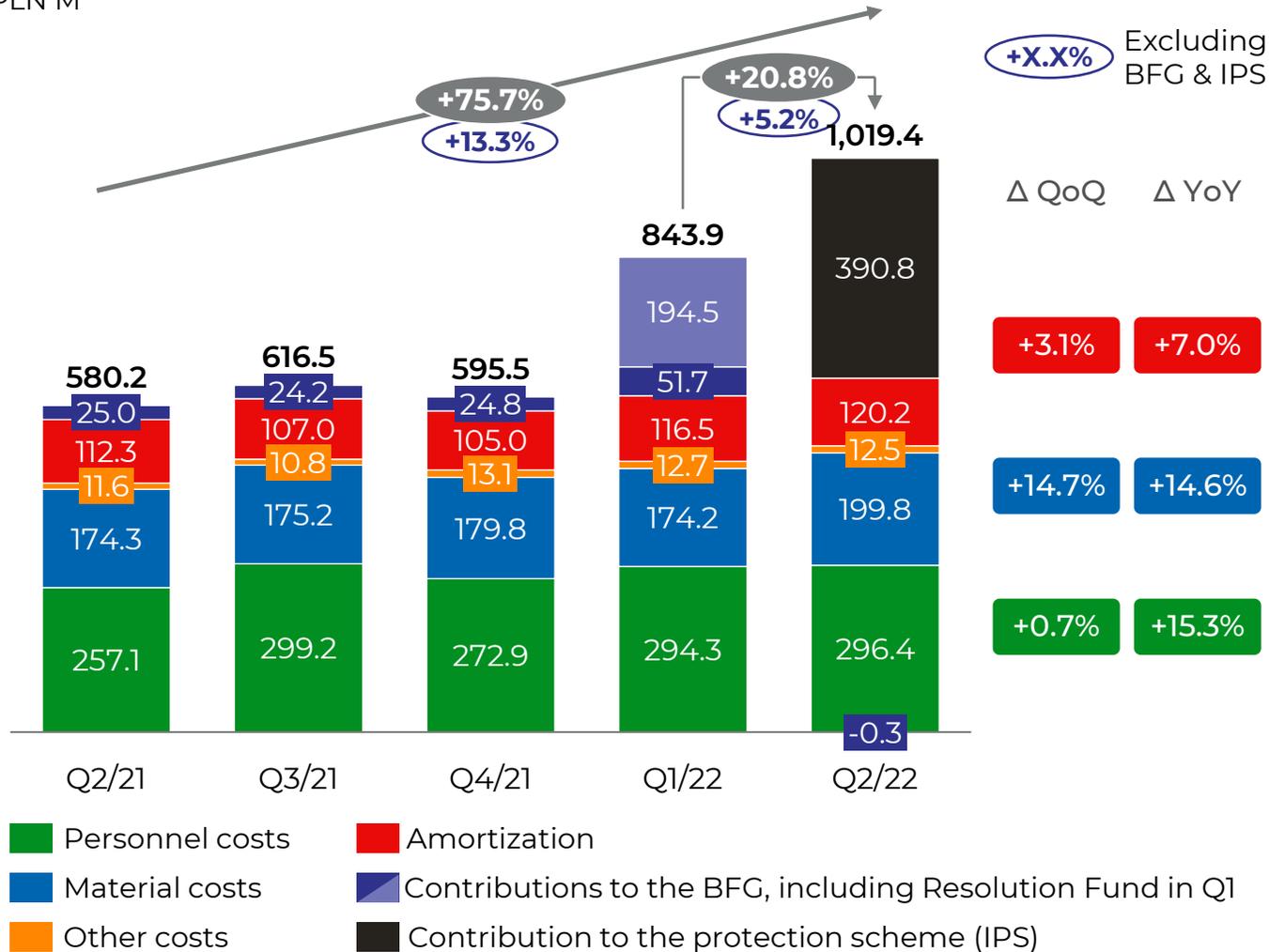


Results of mBank Group: Total costs and efficiency

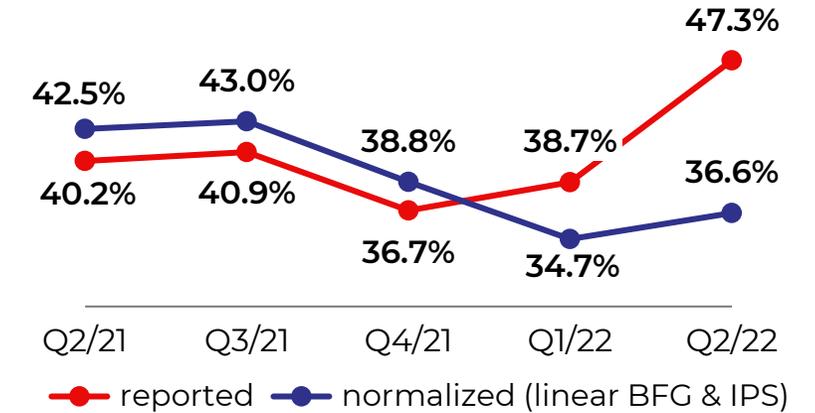
Costs inflated by contribution to the IPS, but underlying efficiency remained excellent

Development of mBank Group's operating costs

PLN M

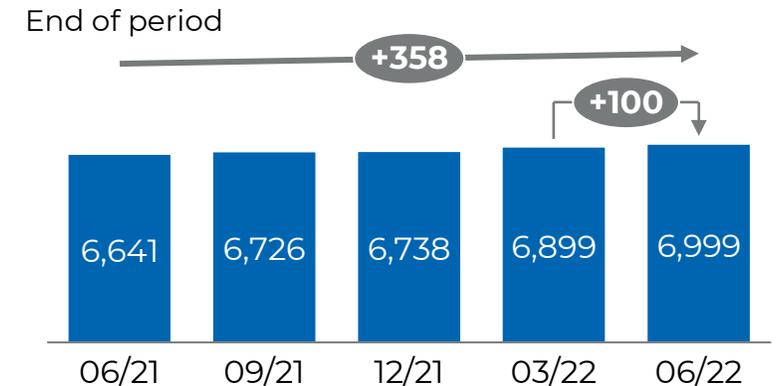


Cost/Income ratio of mBank Group – quarterly



Cost/Income ratio for 2021 **40.2%**

Employment of mBank Group (in FTEs)

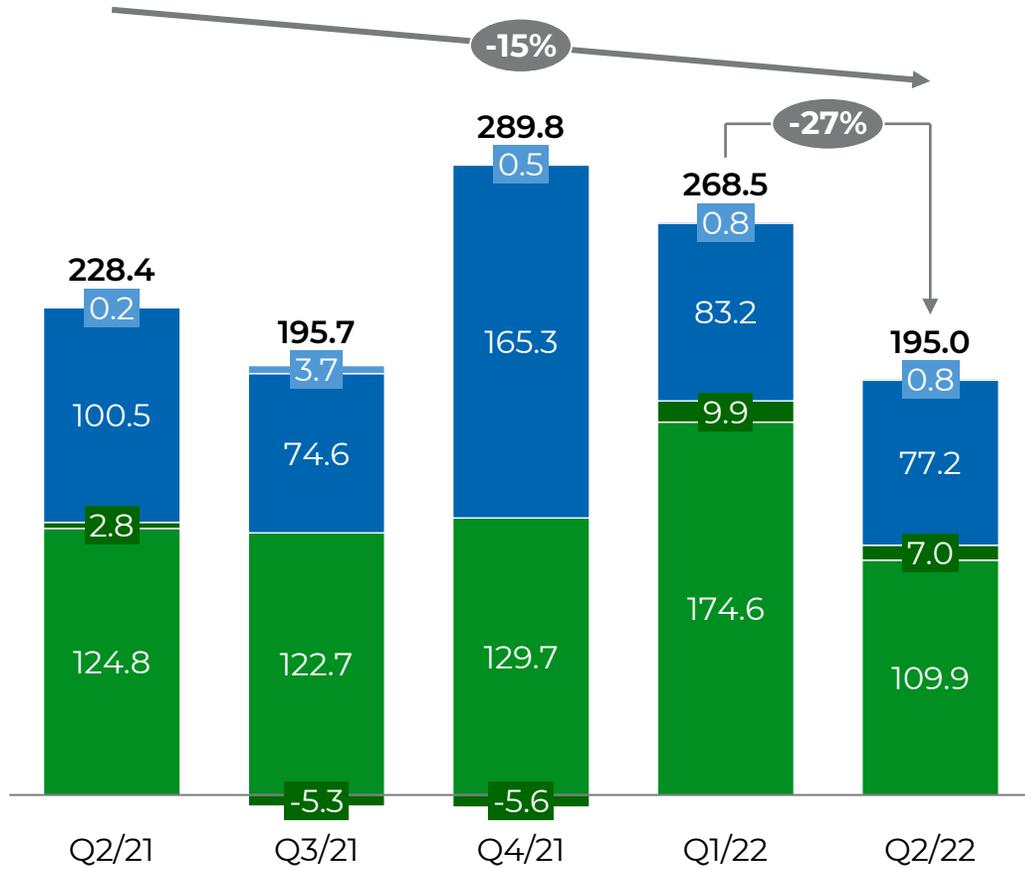


Results of mBank Group: Loan loss provisions and cost of risk

Provisioning level reflecting prudent risk approach amid persistent uncertainties

Net impairment losses and fair value change on loans

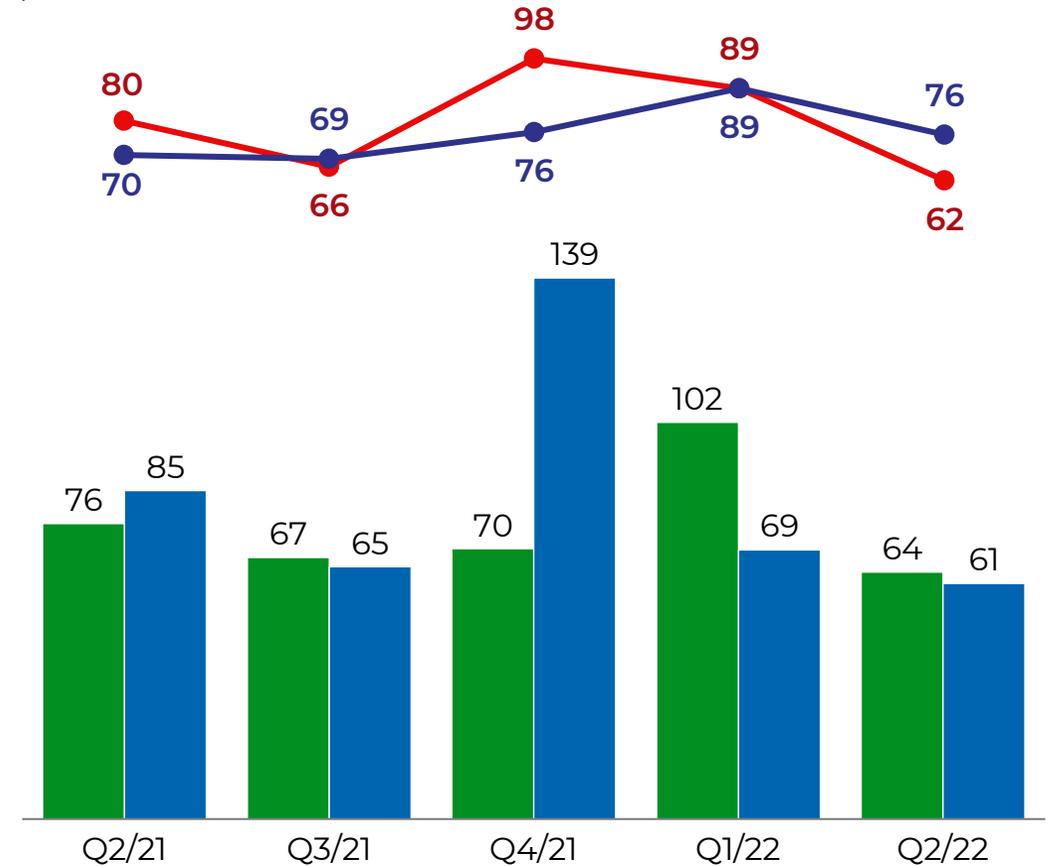
PLN M



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

mBank Group's cost of risk, by segment

bps

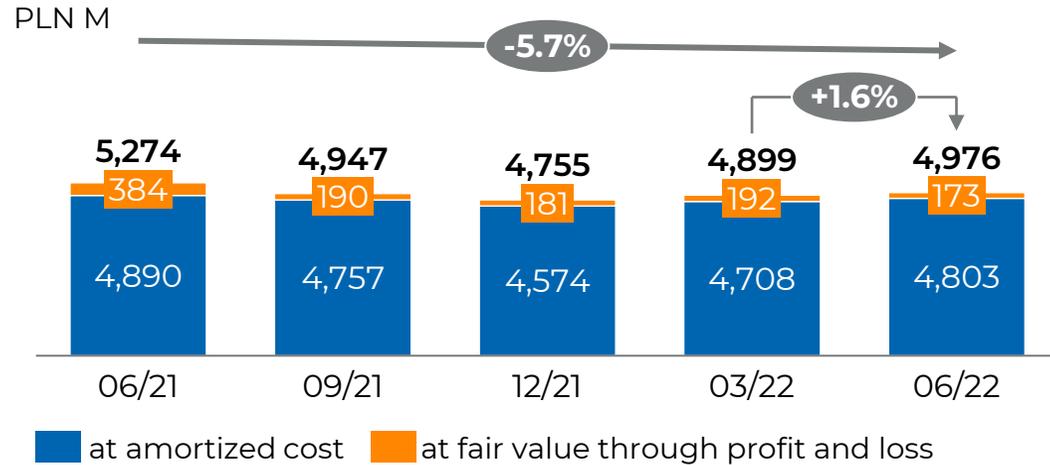


mBank Group's cost of risk: ● quarterly ● YTD
■ Retail loan portfolio ■ Corporate loan portfolio

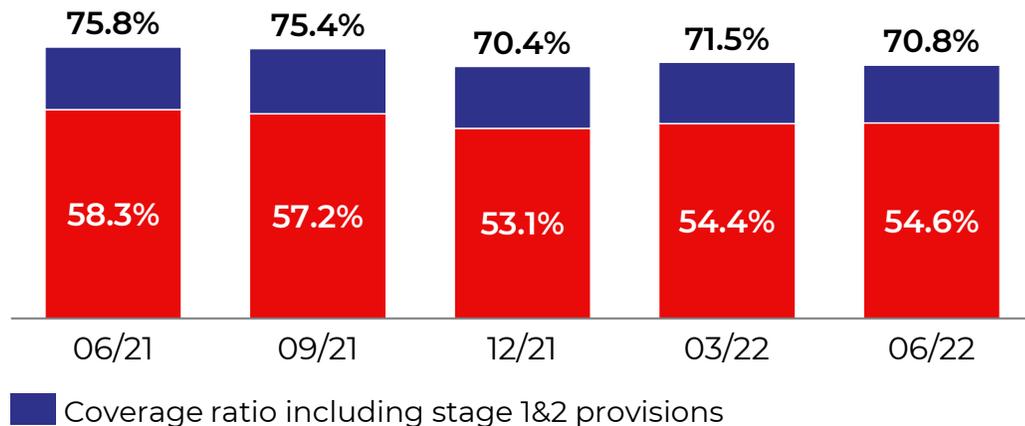
Results of mBank Group: Loan portfolio quality

Robust asset quality confirmed by resilient risk indicators, some support from sale of NPLs

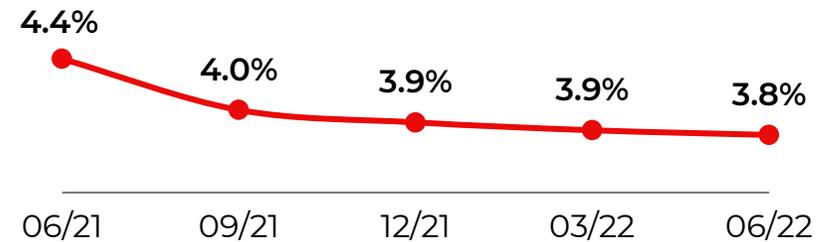
mBank Group's impaired loans portfolio



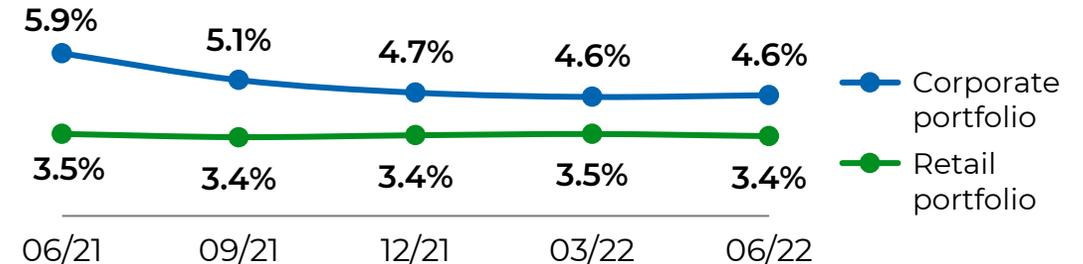
mBank Group's coverage ratio



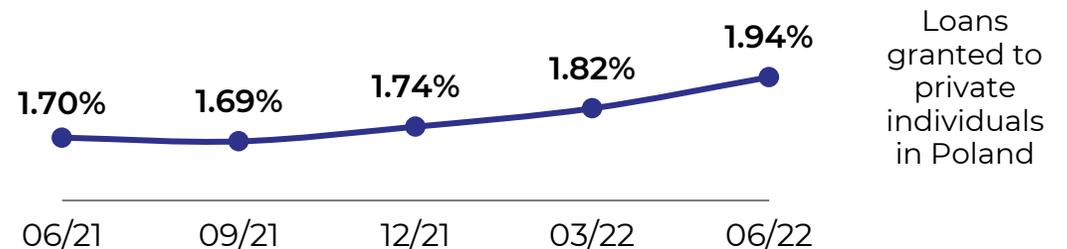
mBank Group's NPL ratio



mBank Group's NPL ratio, by segment



NPL ratio of mortgage loan portfolio



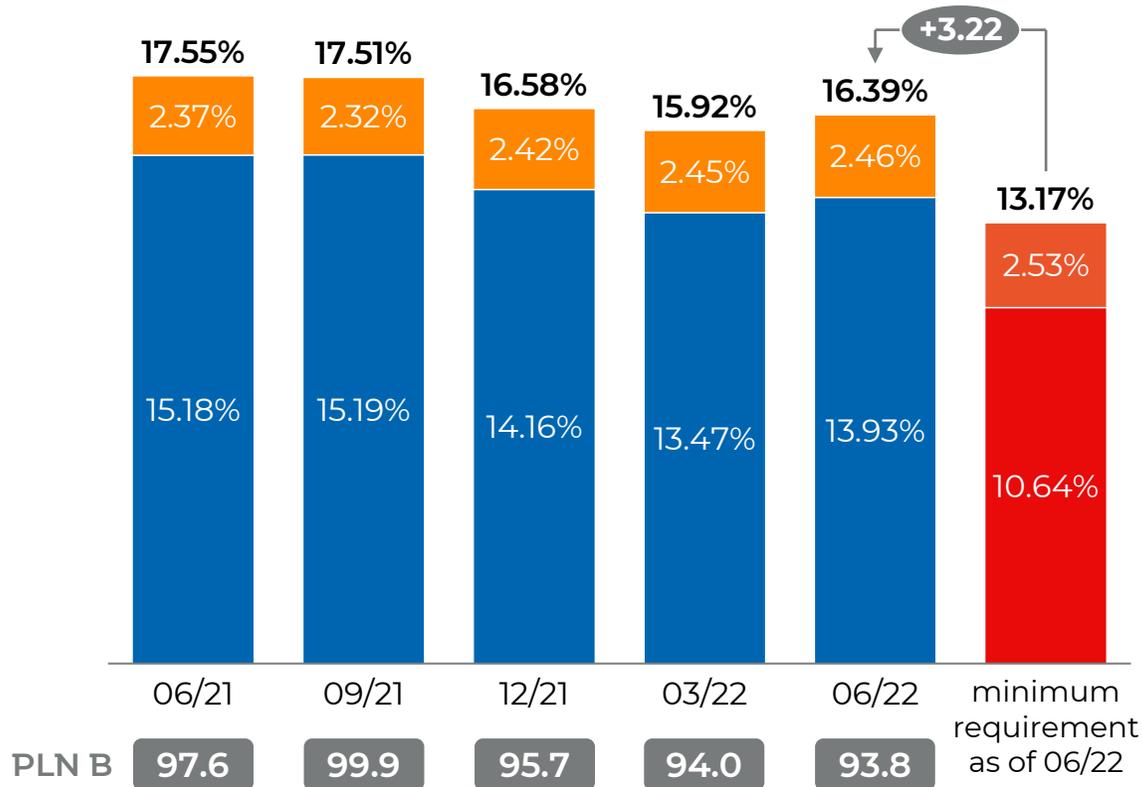
Note: Risk indicators presented for credit portfolio measured both at amortized cost and at fair value through profit or loss. The bank applies a client-oriented approach in its methodology of NPL recognition.

Results of mBank Group: Capital ratio and liquidity position

Solid capital position and outstanding liquidity securing safety and operational stability

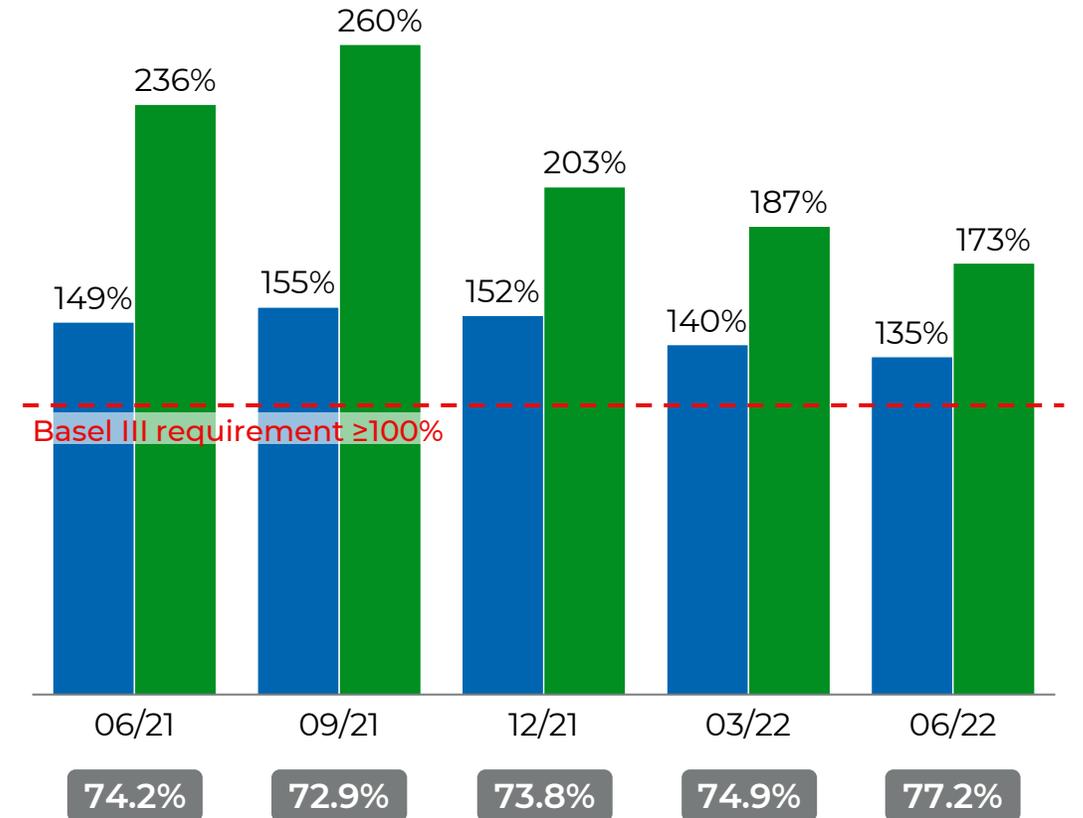
mBank Group's Total Capital Ratio

The impact of negative bond valuation on capital ratios amounted to -0.11 p.p. QoQ (including mitigation factor).



mBank's NSFR and LCR

Group's LCR: 184%



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 Q2 2022

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- Business development
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- 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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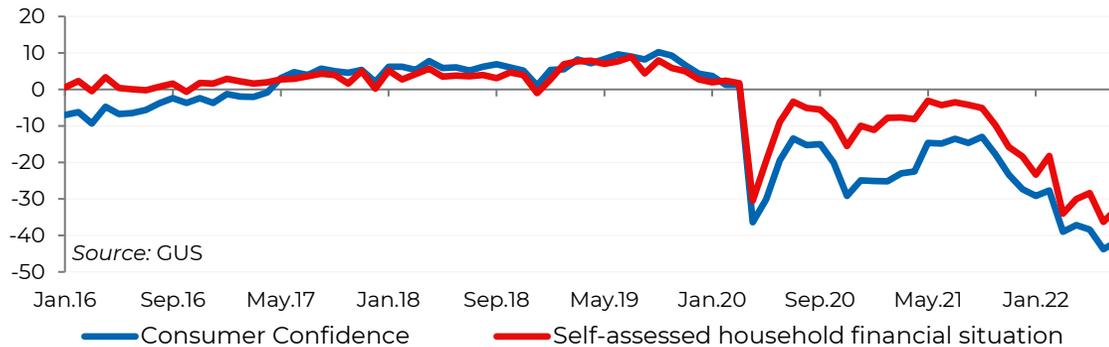
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Macroeconomic situation and outlook

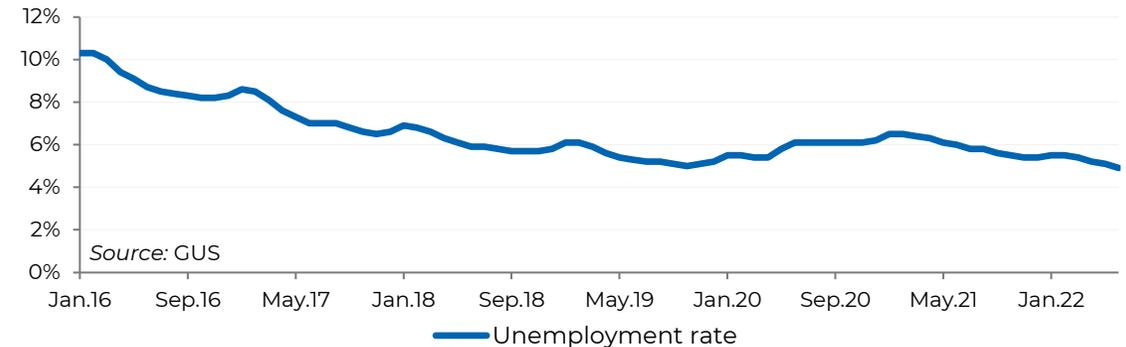
Cyclical, inflationary upswing more and more likely to turn stagflationary

Consumers under constant, broadening pressure



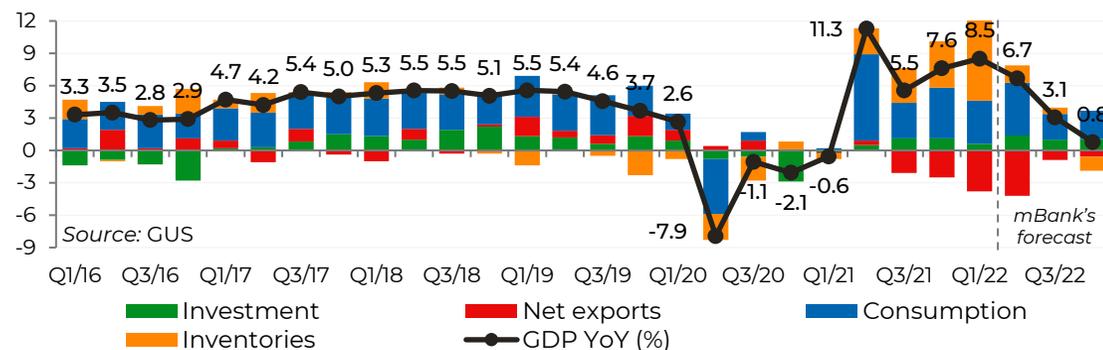
Bad consumer moods have finally arrived in the real spending data. Consumers are going to crack more under the spell of higher prices, negative real wages growth, uncertainty and tightened monetary policy.

Unemployment rate at cyclical bottoms



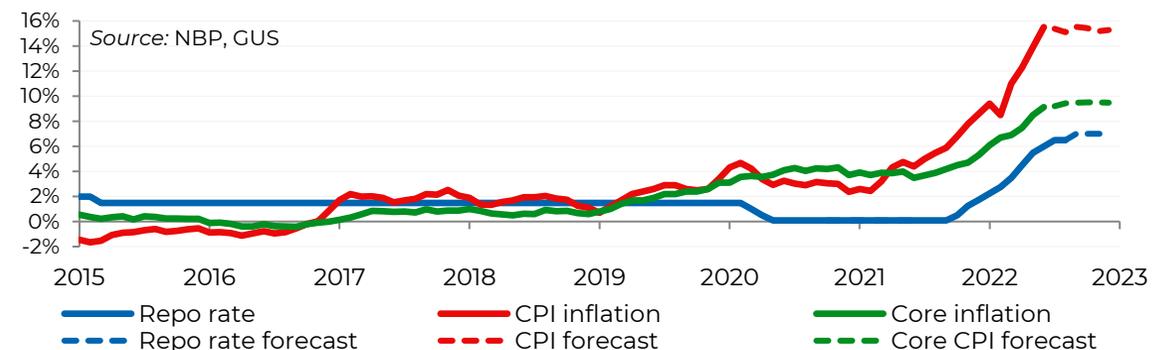
As labour market has typically some inertia, the fall of GDP growth momentum has not yet been seen. However, it is just a matter of time for Poland before unemployment rate starts to rise.

GDP path and forecast for Poland (% YoY)



Brilliant start of the year keeps average 2022 GDP numbers high (at the level of 4.6%). Mind the falling trajectory, though. There are no obvious turnaround factors in sight and 2023 cyclical picture is much gloomier.

Inflation: off 2.5% NBP target, central bank in rate hike cycle

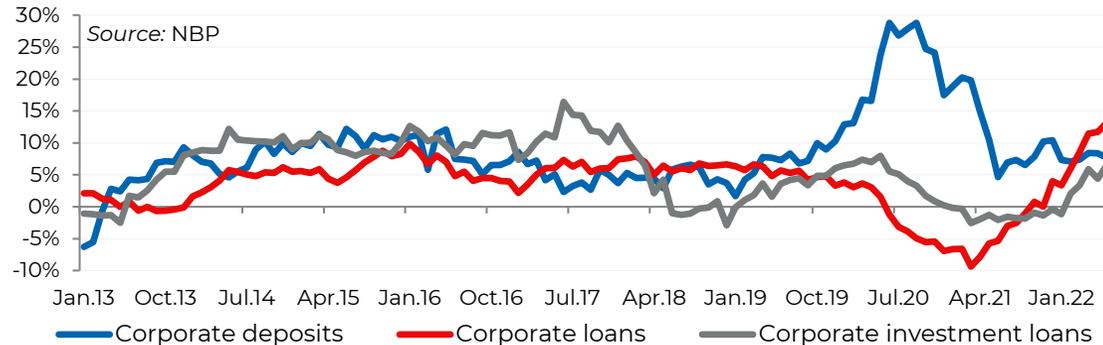


Inflation is yet to reach the top at the start of 2023 due to pending energy price increases. However, inflation momentum is falling. Therefore, the peak in rates is coming closer and ~7% seems to be still a reasonable ceiling to rely on.

Macroeconomic situation and outlook

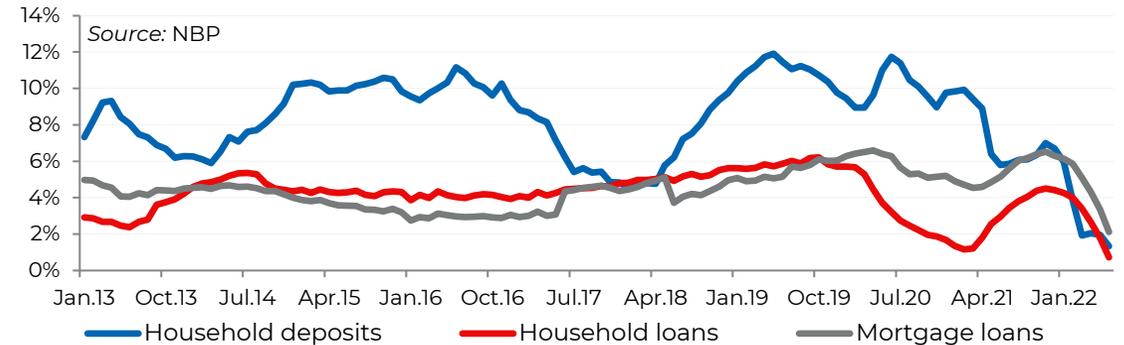
Household credit lost momentum, corporate credit has still some juice left

Corporate loans and deposits (YoY, FX-adjusted)



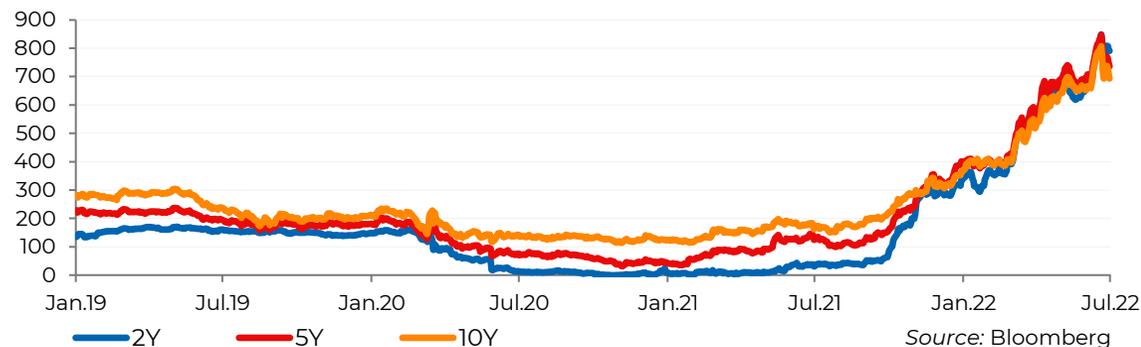
Corporate credit still enjoys decent growth rates, but momentum is slowly faltering. Economic cycle seems to be inevitable going forward. At the same time, deposit base is growing steadily.

Household loans and deposits (YoY, FX-adjusted)



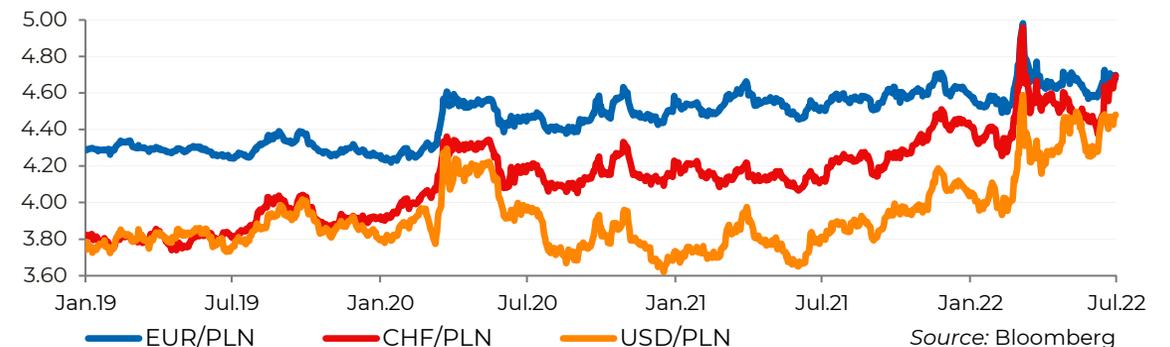
New credit creation dropped like a stone, especially in mortgage segment due to high interest rates and regulatory requirements. Growth of household deposits weakens but it is unlikely to turn negative.

Government bond yields: on the rise (bps)



Bond yields exploded amidst higher inflation, higher expected rate path and some repricing (higher) in credit risk. And then fell even faster. Due to recession fears, it is unlikely to revisit the tops again.

PLN: weak and bleak perspectives for spectacular improvement



Zloty is subject to a series of shocks, with war (and its consequences) being not the last one. There is some room for improvement on the basis of falling risk aversion but chances for swift appreciation are slim (cycle turns negative).

Macroeconomic forecasts and outlook for mBank Group

Operating environment for banks has become difficult and increasingly unpredictable

Key economic indicators for Poland				
	2020	2021	2022F	2023F
GDP growth (YoY)	-2.2%	5.9%	4.6%	0.4%
Domestic demand (YoY)	-2.9%	7.6%	7.3%	-1.2%
Private consumption (YoY)	-3.0%	6.1%	5.3%	1.8%
Investment (YoY)	-4.9%	3.8%	5.5%	-1.3%
Inflation (eop)	2.4%	8.6%	15.3%	8.0%
MPC rate (eop)	0.10%	1.75%	7.00%	5.00%
CHF/PLN (eop)	4.22	4.42	4.79	4.49
EUR/PLN (eop)	4.56	4.59	4.65	4.55

Polish banking sector – monetary aggregates YoY				
	2020	2021	2022F	2023F
Corporate loans	-4.8%	3.9%	10.0%	3.9%
Household loans	3.0%	4.9%	-1.3%	-1.0%
Mortgage loans	7.3%	7.1%	-0.4%	0.2%
Mortgage loans in PLN	9.7%	12.0%	-0.5%	4.6%
Non-mortgage loans	-3.8%	1.1%	-2.8%	-3.4%
Corporate deposits	19.0%	10.4%	1.2%	-4.7%
Household deposits	10.7%	6.7%	2.3%	4.3%

Source: mBank's estimates as of 29.07.2022.

Investor Presentation | Q2 2022

Short-term prospects for mBank (4 quarters ahead)	
Net interest income & NIM	neutral 
<ul style="list-style-type: none"> Ongoing cycle of rate hikes translating into rising cost of deposits, exhausted potential for further margin improvement Material negative impact of credit vacations on interest income 	
Net fee and commission income	slightly positive 
<ul style="list-style-type: none"> Uptrend anchored in growing customer base and transactionality, as well as extending investment product offering Relevant adjustments to tariff of fees already implemented 	
Total costs	negative 
<ul style="list-style-type: none"> Visible wage and inflationary pressure weights on operating costs Investments in future growth along with increasing revenues An additional contribution to the Borrowers' Support Fund 	
Loan loss provisions & FV change	slightly negative 
<ul style="list-style-type: none"> The overall asset quality should not deteriorate materially thanks to prudent approach in loan origination Financial standing of borrowers may be affected by the changing macroeconomic environment and geopolitical developments 	

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Appendix: Selected Financial Data

Consolidated Profit and Loss Account – quarterly

Quarterly results (PLN thou.)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net interest income	961,537	1,004,845	1,190,766	1,499,335	1,688,372
Net fee and commission income	452,569	479,438	489,954	597,994	555,346
Dividend income	3,472	957	177	835	3,991
Net trading income	43,587	27,017	-36,892	95,627	858
Gains less losses from financial assets ¹	10,613	-3,001	9,326	-18,259	-94,861
Net other operating income	-28,989	-253	-32,776	3,069	1,126
Total income	1,442,789	1,509,003	1,620,555	2,178,601	2,154,832
Total operating costs	-580,230	-616,497	-595,499	-843,894	-1,019,427
<i>Overhead costs</i>	-467,894	-509,461	-490,508	-727,360	-899,263
<i>Amortisation</i>	-112,336	-107,036	-104,991	-116,534	-120,164
Loan loss provisions and fair value change ²	-228,352	-195,691	-289,814	-268,524	-194,956
Costs of legal risk related to FX loans	-248,537	-436,819	-2,006,455	-192,754	-175,094
Operating profit	385,670	259,996	-1,271,213	873,429	765,355
Taxes on the Group balance sheet items	-147,165	-158,594	-164,047	-159,839	-167,105
Profit or loss before income tax	238,505	101,402	-1,435,260	713,590	598,250
Net result attributable to owners of mBank	108,683	26,555	-1,631,116	512,329	229,708

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

Appendix: Selected Financial Data

Consolidated Statement of Financial Position – quarterly

Assets (PLN thou.)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Cash and balances with Central Bank	16,523,318	18,015,638	12,202,266	17,971,383	12,522,901
Loans and advances to banks	9,750,443	14,398,589	7,229,681	6,829,976	8,547,677
Trading securities	1,327,844	1,235,480	596,622	1,004,413	1,121,144
Derivative financial instruments	1,699,144	2,029,842	1,952,028	1,701,204	2,044,790
Loans and advances to customers	116,241,341	119,667,078	118,054,854	123,443,552	126,575,656
Investment securities	47,421,519	47,160,934	52,675,679	46,215,685	45,162,202
Intangible assets	1,207,765	1,220,375	1,283,953	1,301,614	1,299,544
Tangible fixed assets	1,553,987	1,537,352	1,542,250	1,527,159	1,494,499
Other assets	2,745,531	2,886,512	4,001,552	4,919,435	5,628,735
Total assets	198,470,892	208,151,800	199,538,885	204,914,421	204,397,148
Liabilities (PLN thou.)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Amounts due to banks	2,820,649	2,556,140	3,359,558	2,090,424	2,651,752
Derivative financial instruments	1,803,770	2,317,815	2,011,182	2,384,707	2,839,548
Amounts due to customers	156,583,517	164,141,601	159,935,129	164,743,229	164,013,605
Debt securities in issue	13,060,997	15,462,944	13,429,782	13,654,108	12,203,802
Subordinated liabilities	2,542,224	2,579,721	2,624,456	2,645,717	2,702,305
Other liabilities	4,966,132	4,557,411	4,460,862	5,806,250	6,608,543
Total liabilities	181,777,289	191,615,632	185,820,969	191,324,435	191,019,555
Total equity	16,693,603	16,536,168	13,717,916	13,589,986	13,377,593
Total liabilities and equity	198,470,892	208,151,800	199,538,885	204,914,421	204,397,148

Appendix: Selected Financial Data

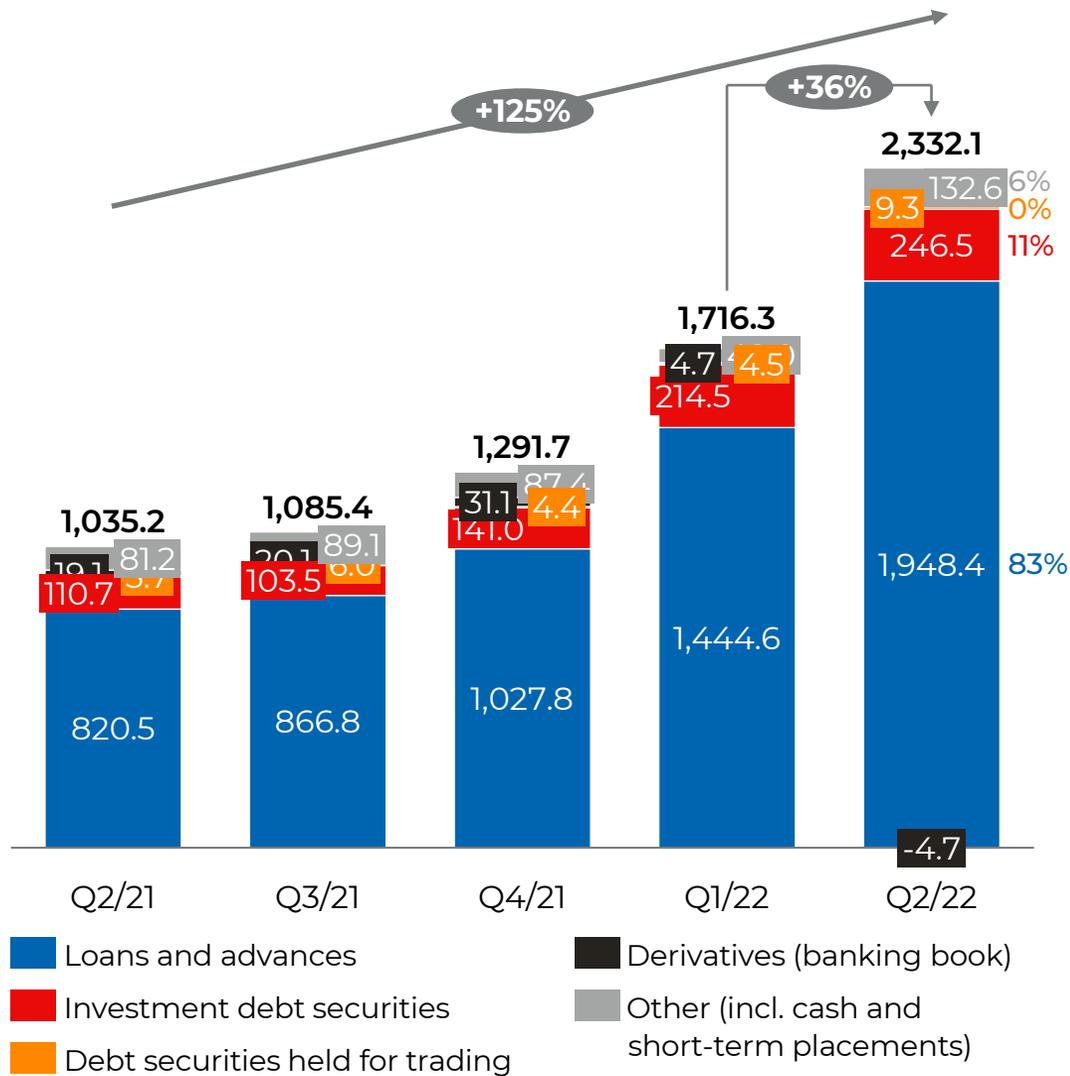
mBank Group's Ratios – quarterly and cumulatively

Financial Ratios	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net Interest Margin, quarterly	2.04%	2.02%	2.39%	3.15%	3.54%
Net Interest Margin, YtD	2.07%	2.05%	2.14%	3.15%	3.34%
Net Interest Margin, excl. CHF portfolio, YtD	2.16%	2.14%	2.23%	3.28%	3.49%
Cost/Income Ratio, quarterly	40.2%	40.9%	36.7%	38.7%	47.3%
Cost/Income Ratio, YtD	41.8%	41.5%	40.2%	38.7%	43.0%
Cost of Risk, quarterly	0.80%	0.66%	0.98%	0.89%	0.62%
Cost of Risk, YtD	0.70%	0.69%	0.76%	0.89%	0.76%
Return on Equity, ROE net, quarterly	2.60%	0.63%	-42.48%	15.01%	6.80%
Return on Equity, ROE net, YtD	5.12%	3.61%	-7.19%	15.01%	10.93%
Return on Assets, ROA net, quarterly	0.22%	0.05%	-3.14%	1.03%	0.46%
Return on Assets, ROA net, YtD	0.44%	0.31%	-0.59%	1.03%	0.74%
Loan-to-Deposit Ratio	74.2%	72.9%	73.8%	74.9%	77.2%
Total Capital Ratio	17.55%	17.51%	16.58%	15.92%	16.39%
Tier 1 Capital Ratio	15.18%	15.19%	14.16%	13.47%	13.93%
Leverage ratio	7.0%	6.8%	6.3%	5.9%	6.1%
Equity / Assets	8.4%	7.9%	6.9%	6.6%	6.5%
TREA / Assets	49.2%	48.0%	48.0%	45.9%	45.9%
NPL ratio	4.4%	4.0%	3.9%	3.9%	3.8%
NPL coverage ratio	58.3%	57.2%	53.1%	54.4%	54.6%
NPL coverage ratio incl. stage 1&2 provisions	75.8%	75.4%	70.4%	71.5%	70.8%

Appendix: Selected Financial Data – Net Interest Income

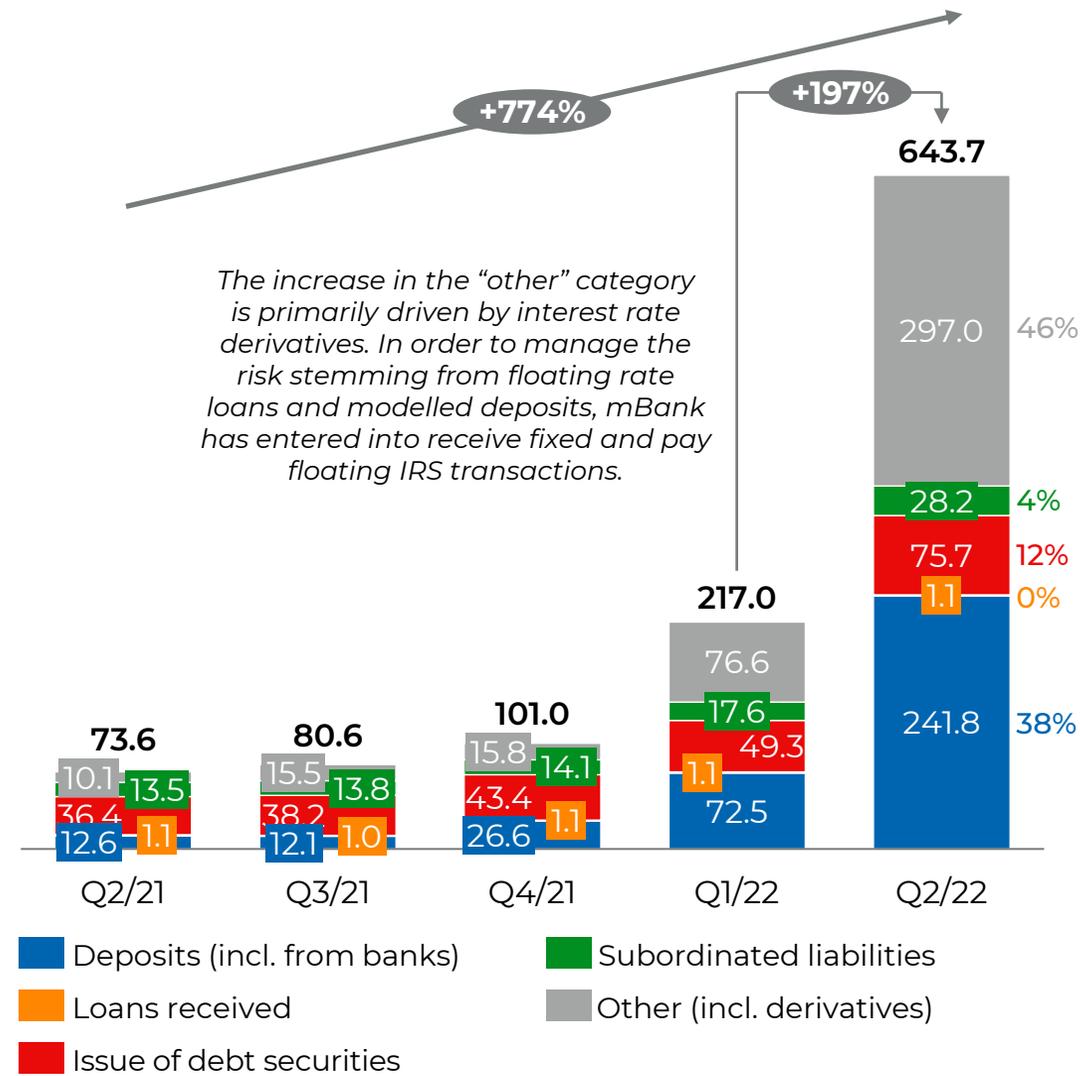
Structure of mBank Group's interest income

PLN M



Structure of mBank Group's interest expense

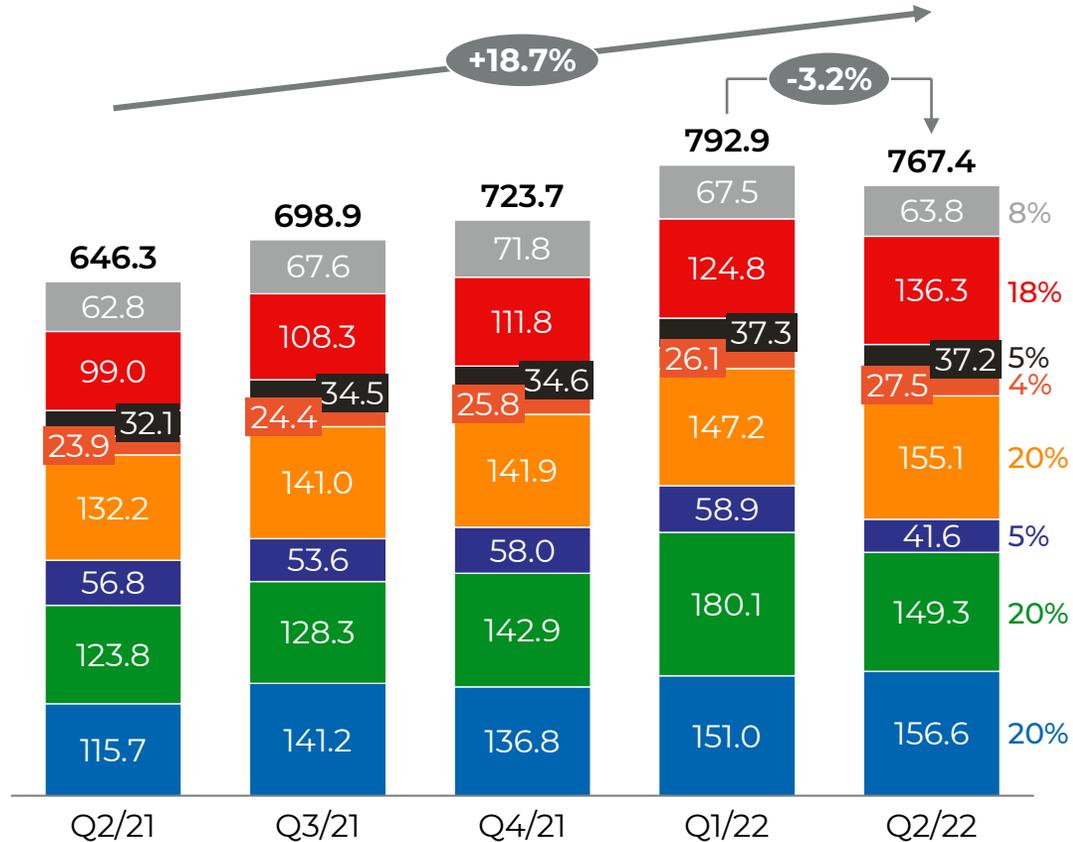
PLN M



Appendix: Selected Financial Data – Net Fees and Commissions

Structure of mBank Group's fee and commission income

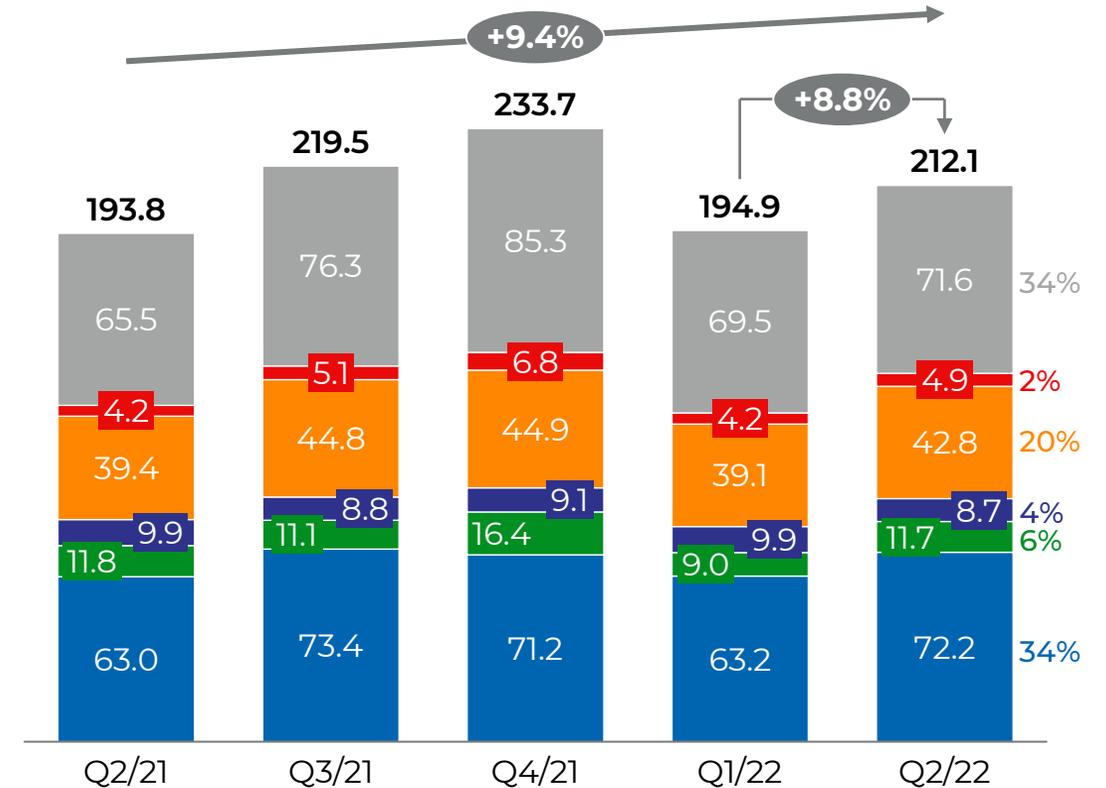
PLN M



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

Structure of mBank Group's fee and commission expense

PLN M

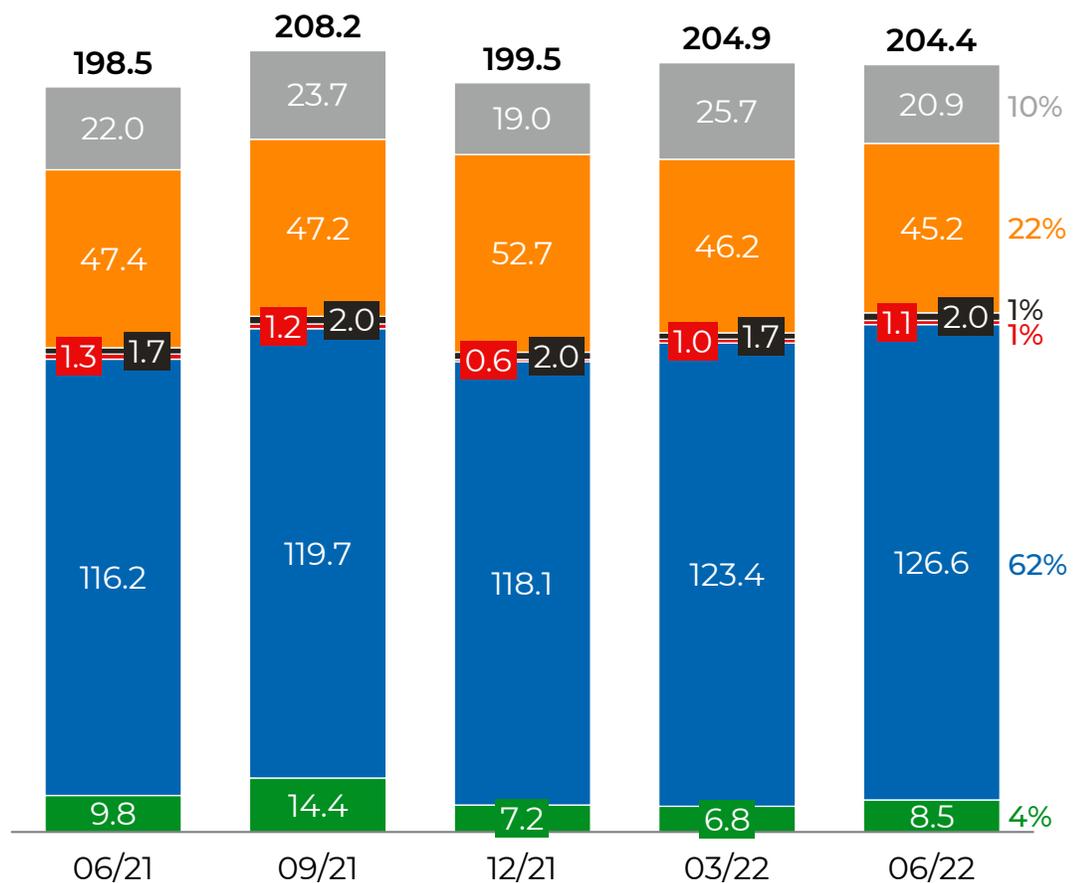


- Payment card fees
- Cash handling fees
- Discharged brokerage fees
- Commissions paid to external entities
- Fees paid to NBP and KIR
- Other (incl. insurance activity)

Appendix: Selected Financial Data – Balance Sheet Analysis

Structure of mBank Group's total assets

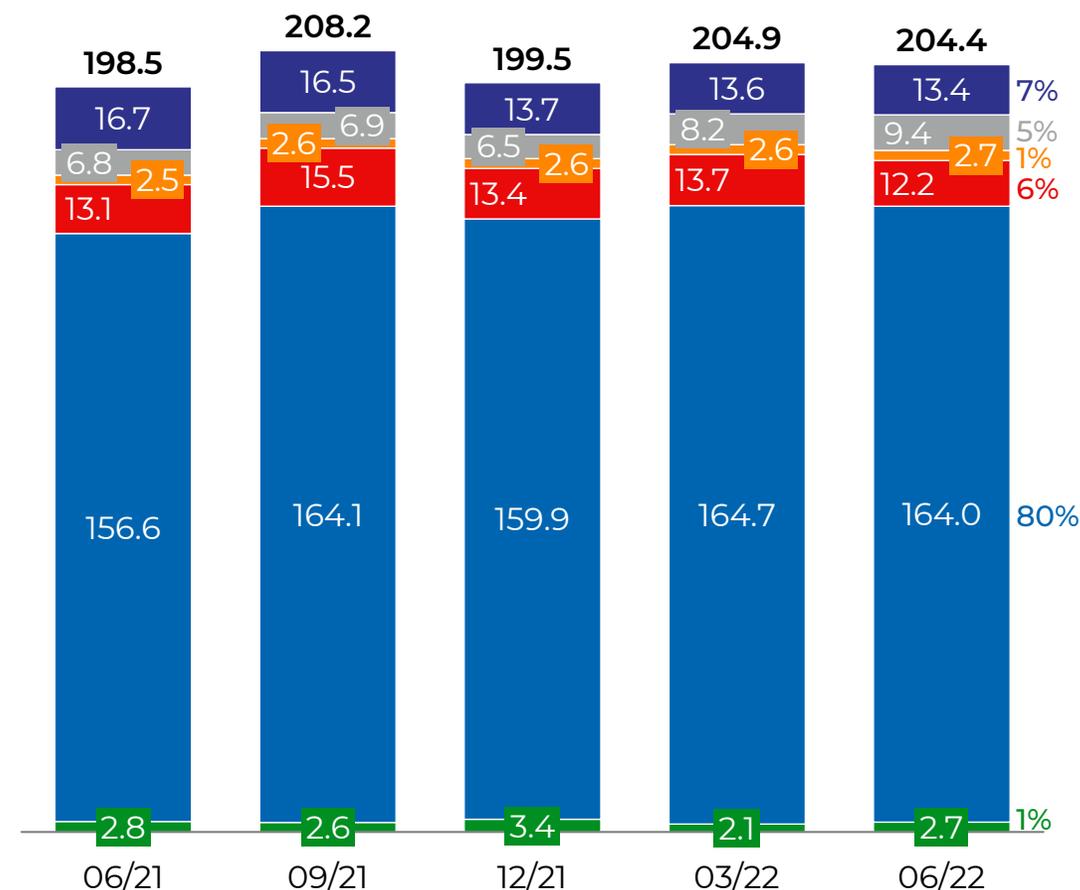
PLN B



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

Structure of mBank Group's liabilities and equity

PLN B

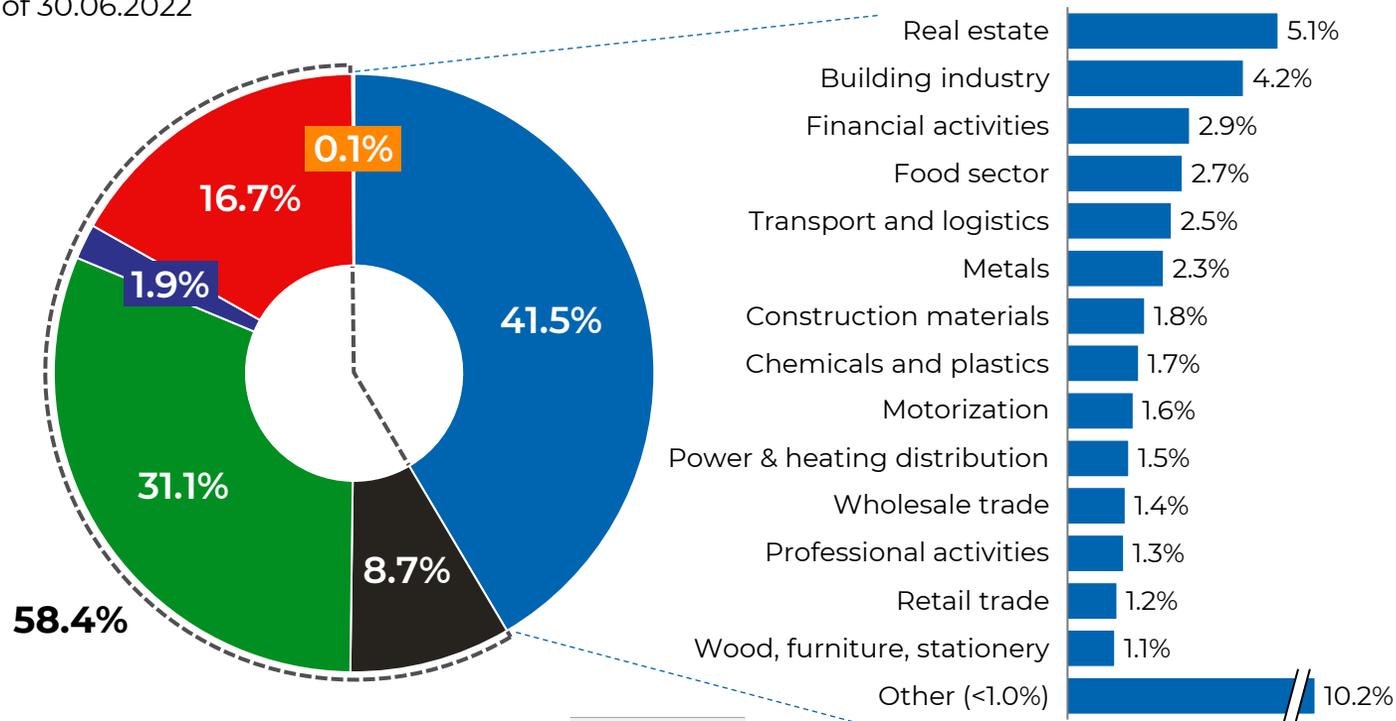


- Amounts due to other banks
- Amounts due to customers
- Debt securities in issue
- Subordinated liabilities
- Other liabilities
- Equity (total)

Appendix: Selected Financial Data – Structure of Loans and Deposits

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

as of 30.06.2022

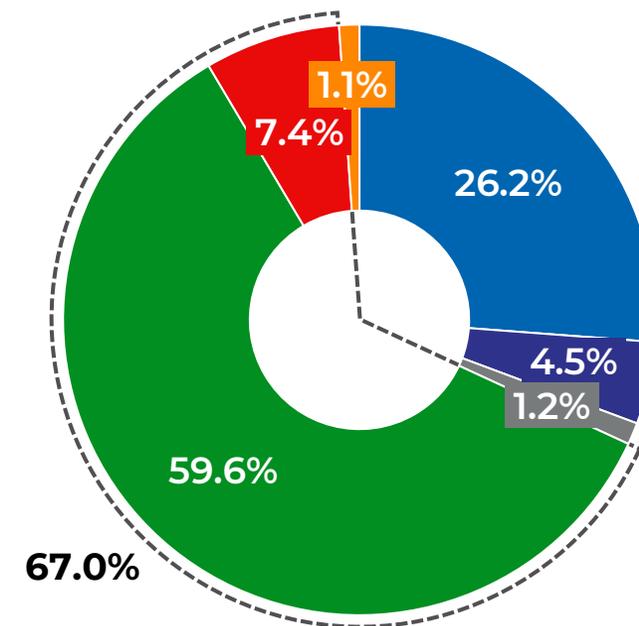


	PLN billion
Corporate loans	54.0
Mortgage loans in FX to individuals	11.3
Mortgage loans in LC to individuals ¹	40.4
Mortgage loans to microfirms	2.4
Non-mortgage retail loans	21.7
Public sector loans	0.1
TOTAL	129.9

A well diversified loan portfolio with granular structure of exposures

Structure of mBank Group's deposits

as of 30.06.2022



	PLN billion
Corporate clients: current accounts ²	43.0
Corporate clients: term deposits	7.3
Loans and advances received	1.9
Individual clients: current accounts	97.8
Individual clients: term deposits	12.1
Public sector clients	1.9
TOTAL	164.0

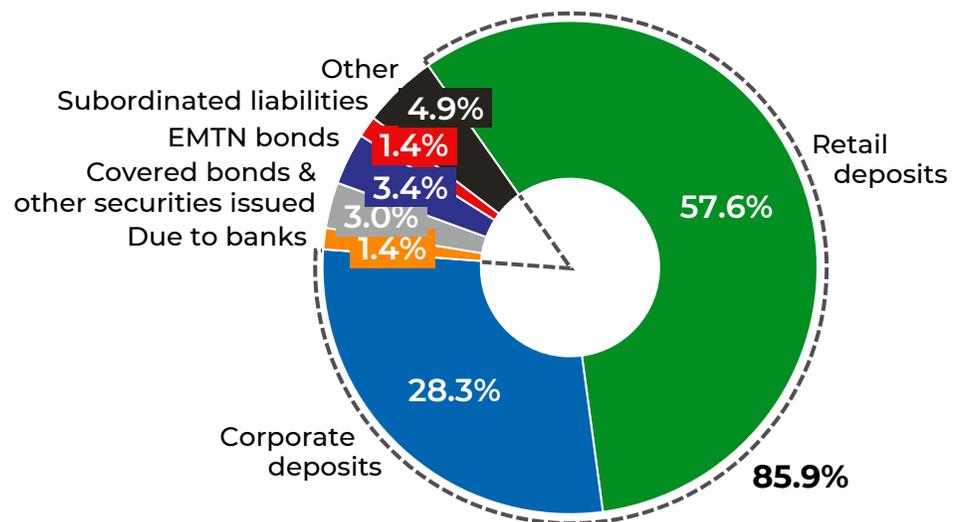
¹ Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

² Including repo transactions

Appendix: Selected Financial Data – Funding profile

Structure of mBank Group's funding

as of 30.06.2022



Summary of mBank's long-term funding instruments

as of 30.06.2022

Nominal value	Currency	Issue date	Maturity date	Tenor	Coupon
Issues under Euro Medium Term Note (EMTN) Programme					
200 M	CHF	28.03.2017	28.03.2023	6.0 Y	1.005%
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%
500 M	EUR	20.09.2021	21.09.2027	6.0 Y	0.966%
Subordinated loan and bonds					
250 M	CHF	21.03.2018	21.03.2028	10.0 Y	LIBOR3M +2.75%
750 M	PLN	17.12.2014	17.01.2025	10.1 Y	WIBOR6M +2.10%
550 M	PLN	09.10.2018	10.10.2028	10.0 Y	WIBOR6M +1.80%
200 M	PLN	09.10.2018	10.10.2030	12.0 Y	WIBOR6M +1.95%
Loans and advances received					
113 M	CHF	04.09.2017	04.09.2025	8.0 Y	-
176 M	CHF	30.07.2018	30.07.2025	7.0 Y	-
138 M	CHF	02.08.2019	02.08.2027	8.0 Y	-

Summary of mBank's ratings

as of 30.06.2022

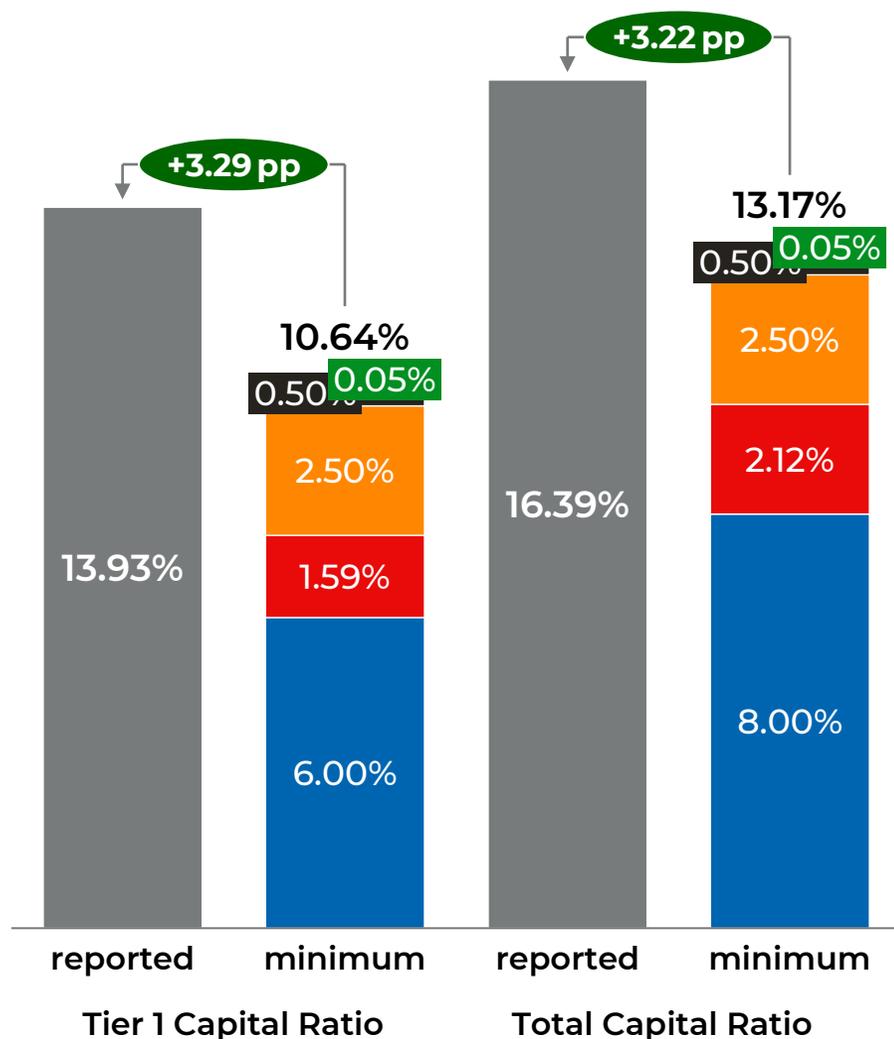
	Fitch Ratings	S&P Global Ratings
Long-term rating	BBB-	BBB
Outlook	<i>Negative</i>	<i>Developing</i>
Short-term rating	F3	A-2
Viability rating / SACP	bbb-	bbb

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

Appendix: Selected Financial Data – Capital Requirements

Regulatory capital requirements for mBank Group

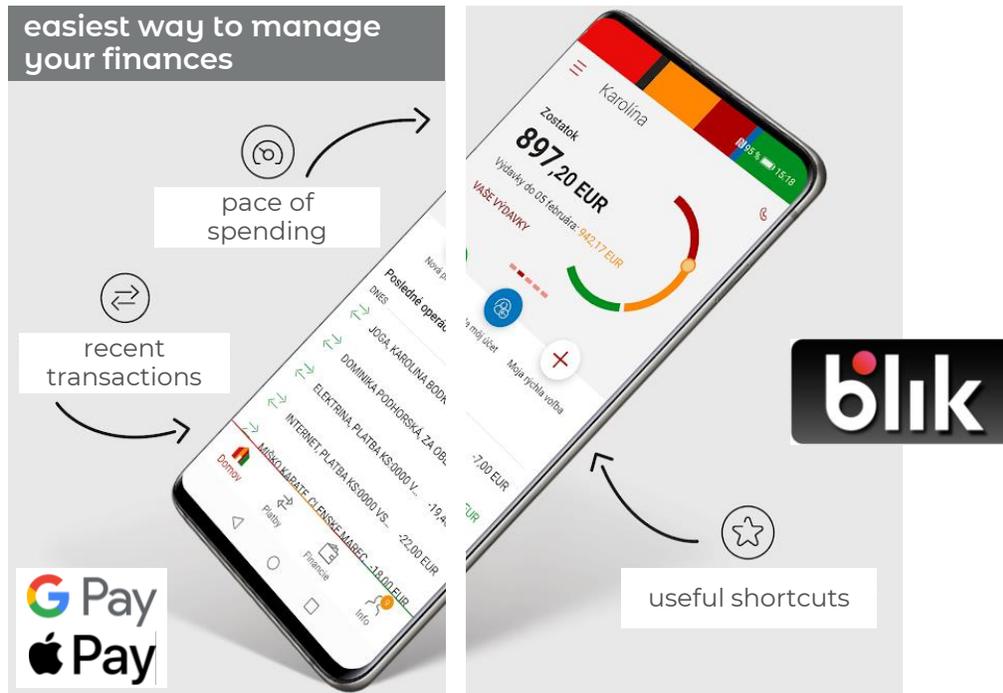
as of 30.06.2022



- 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.

The updated target MREL requirement set for mBank at the consolidated level, excluding mBank Hipoteczny, amounts to **19.22%** of the total risk exposure amount (TREA) and should be reached by 31.12.2023. Interim MREL_{TREA} goals are **14.67%** at the moment the decision is communicated and **16.94%** at the end of 2022.

Appendix: A leading mobile banking offer for individual clients



Mobile application to Junior Account
designed for children below 13 years old and suited to their needs



78% of new mBank's clients activate mobile application in the first week from opening the account

Well-designed functionalities for client convenience



fully remote account opening with e-ID or a selfie and agreement approved via a text message



logging in and confirmation of transactions with a PIN code, fingerprint or Face ID



contactless payments with Google Pay and Apple Pay, express transfers using telephone numbers and BLIK



initial set of personal financial management (PFM) functionalities and value added services



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



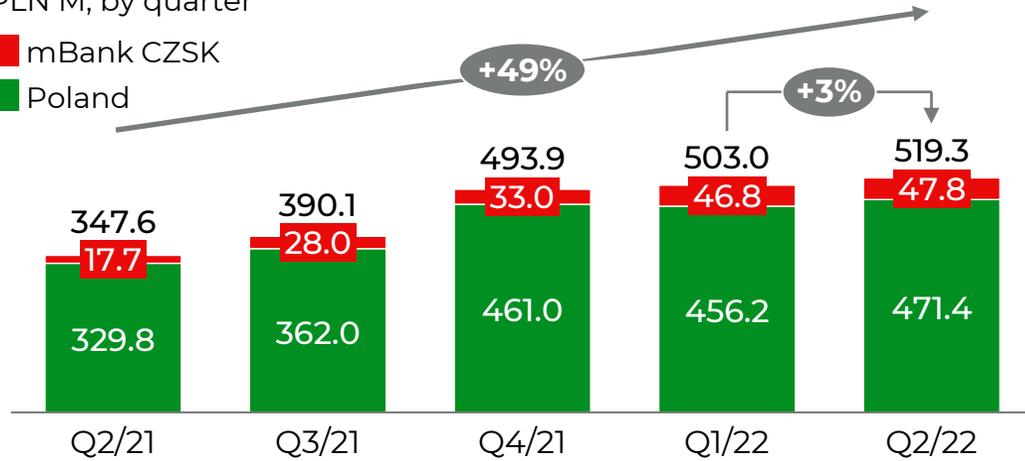
benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit)

Appendix: Retail Banking – profit and network

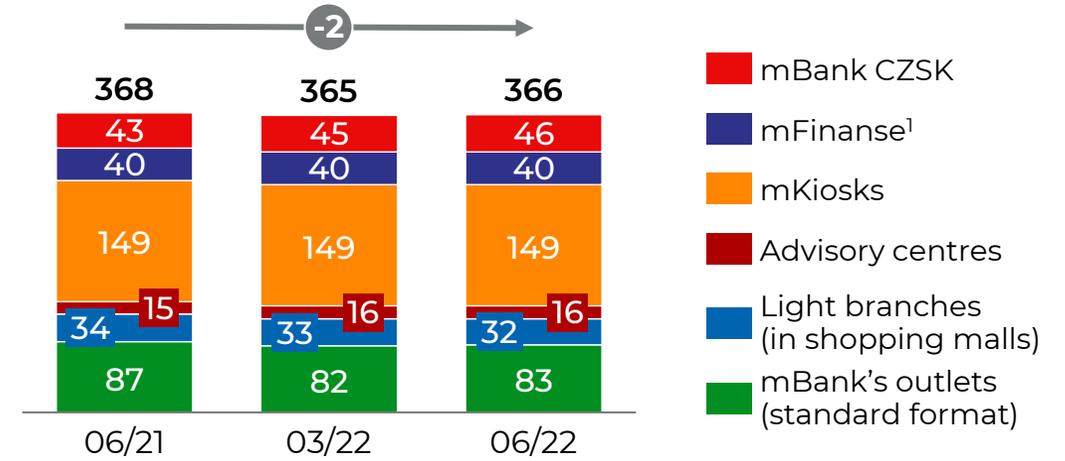
Profit before income tax of the segment

PLN M, by quarter

■ mBank CZSK
■ Poland

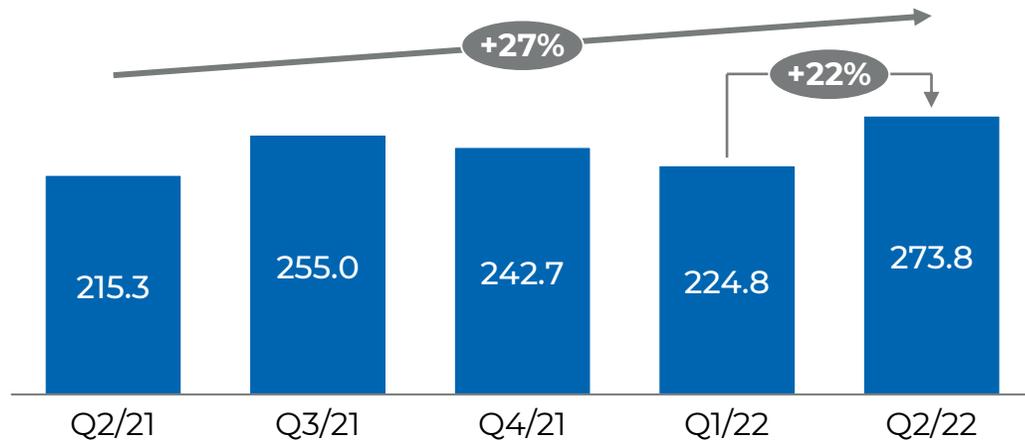


Number of Retail Service Locations



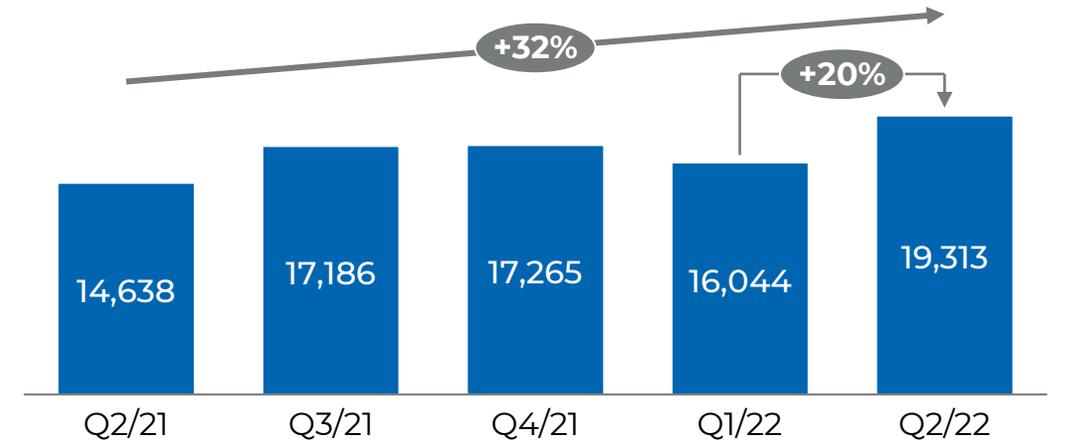
Number of non-cash transactions with payment cards

M, by quarter



Value of non-cash transactions with payment cards

PLN M, by quarter

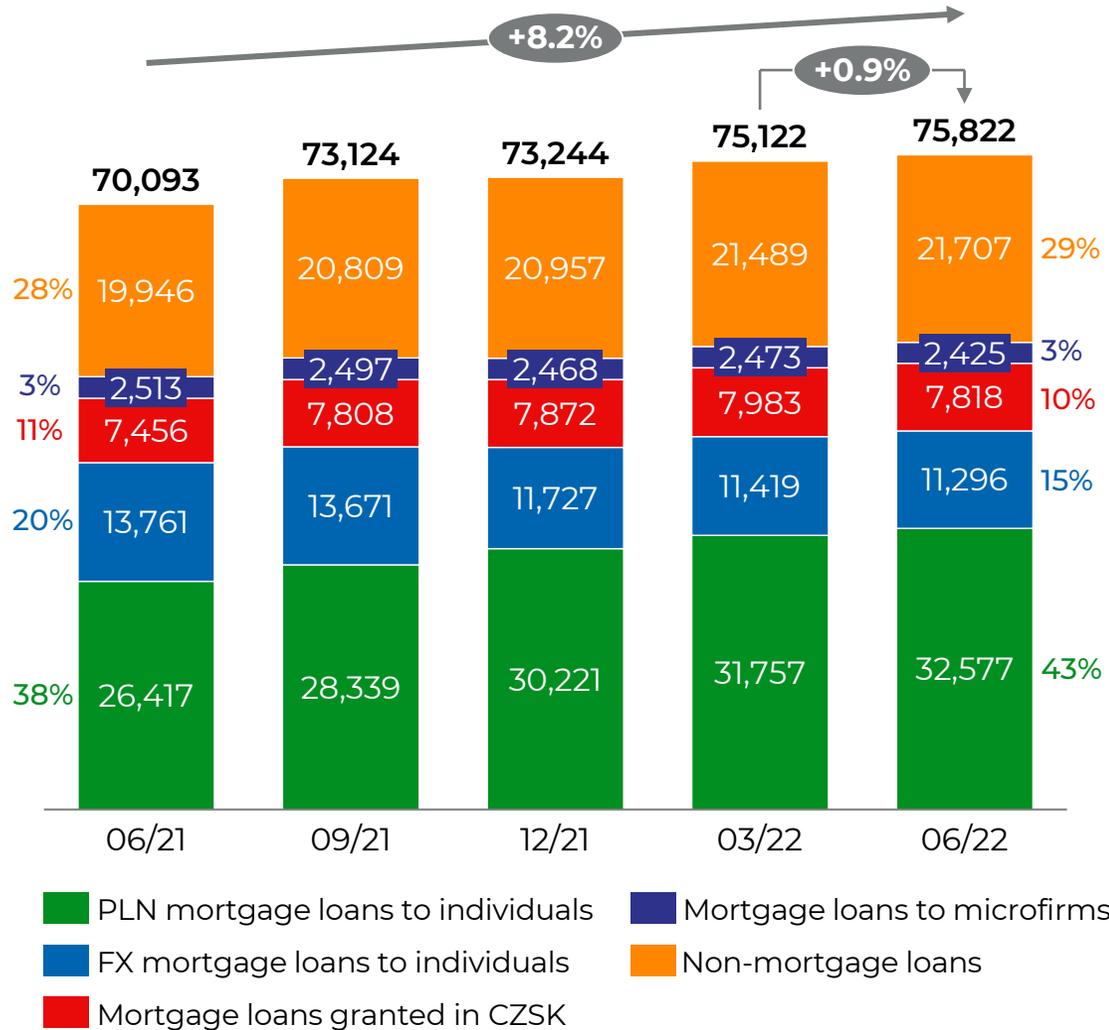


¹ Including financial centres and agency service points

Appendix: Retail Banking – business volumes

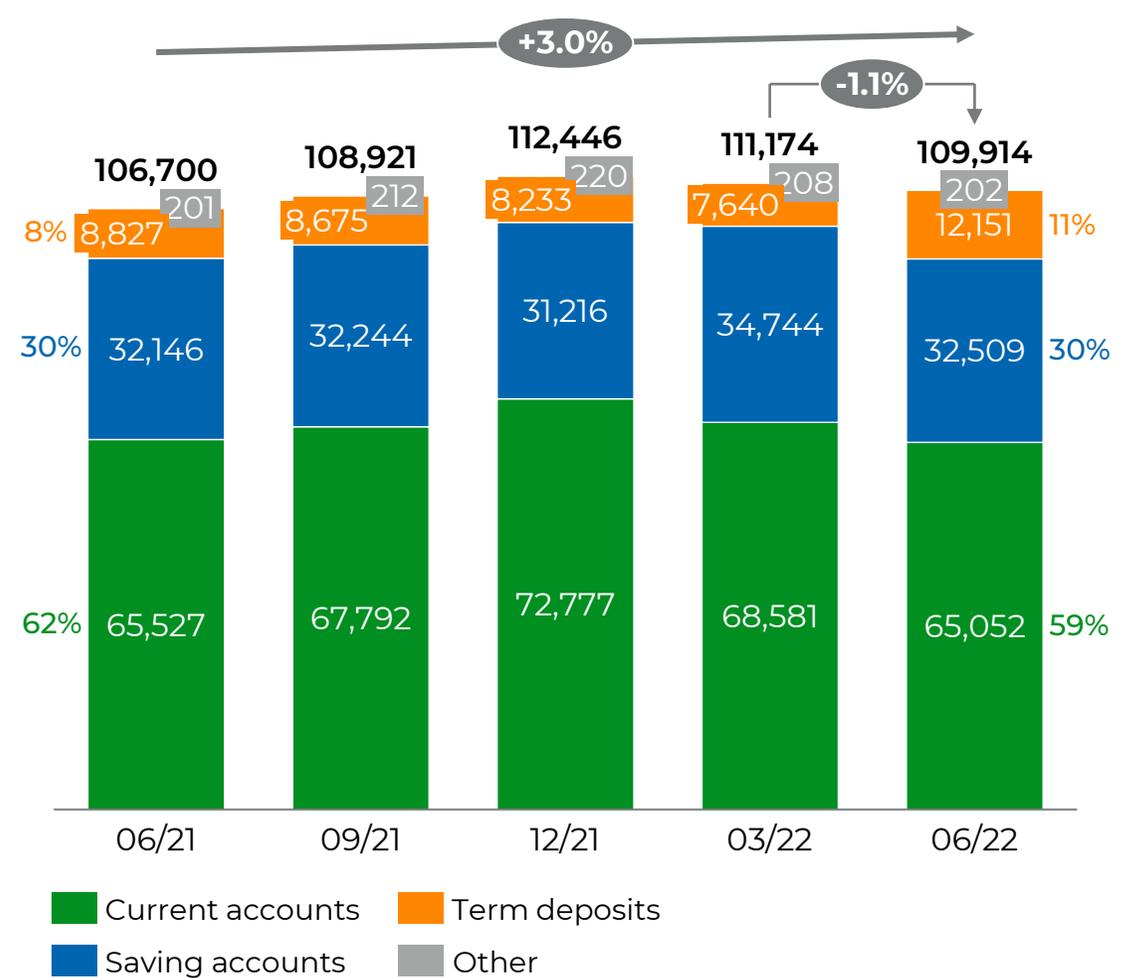
Development of gross loans to retail banking clients

PLN M



Development of deposits from retail banking clients

PLN M



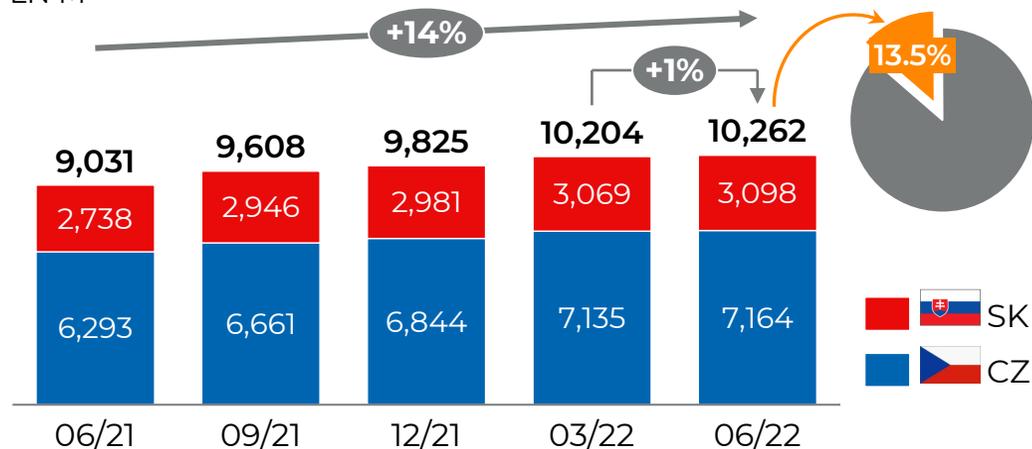
Note: Currency and geographical breakdown based on management information.

Note: Split for 2021 restated due to alignment between management and accounting reporting classification.

Appendix: mBank in the Czech Republic and Slovakia

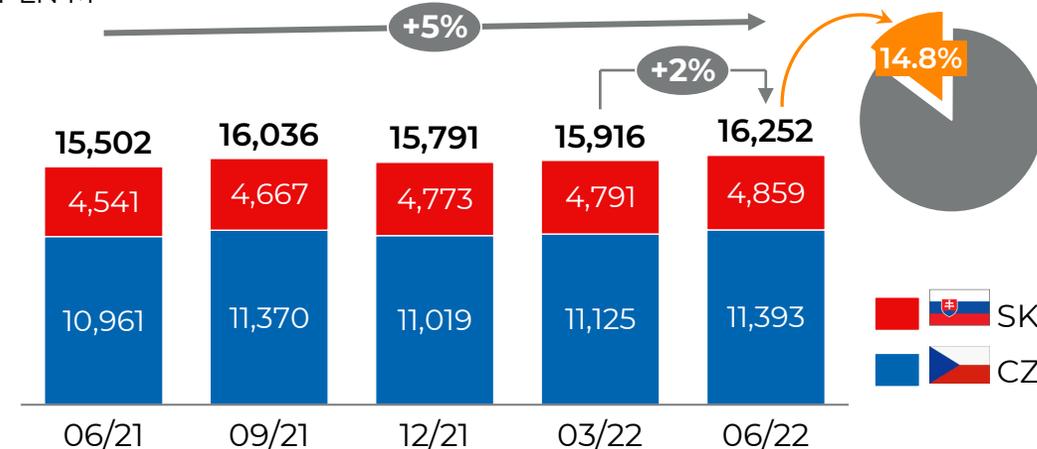
Gross loans and share in total mBank's retail volume

PLN M



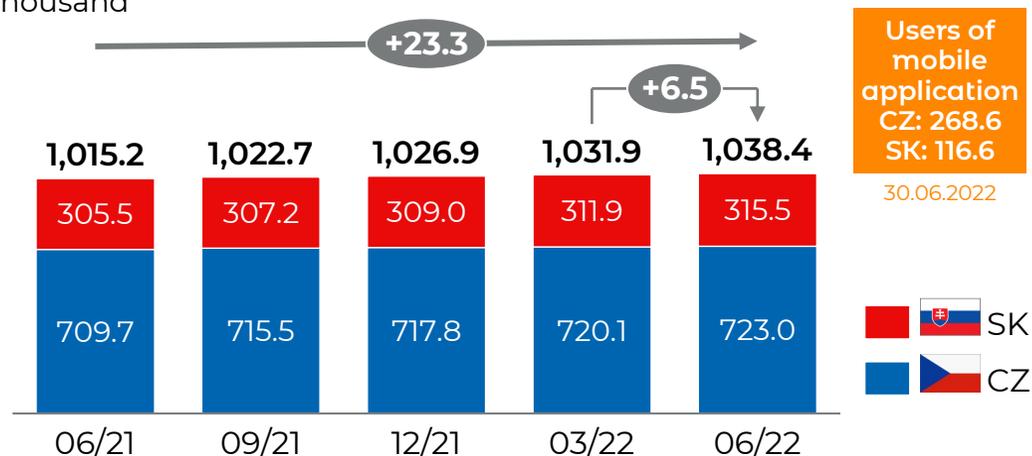
Deposits and share in total mBank's retail volumes

PLN M



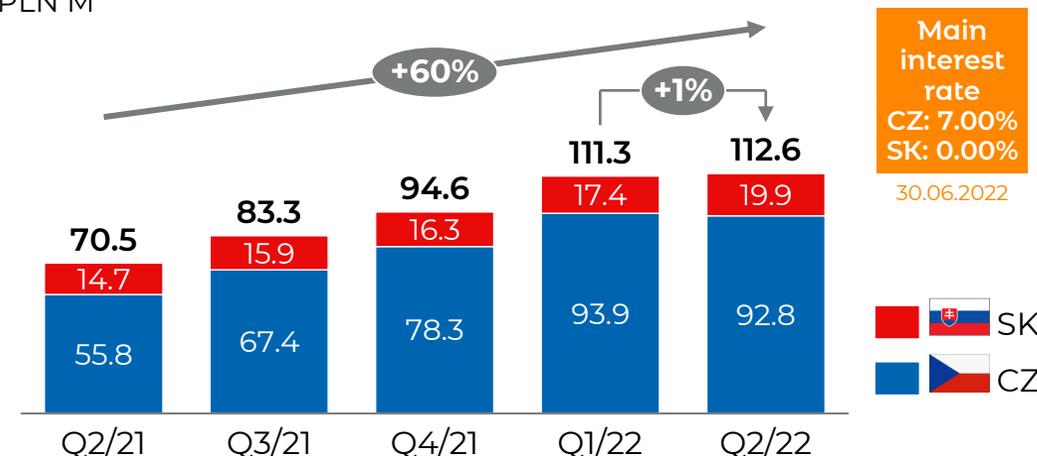
Number of clients

thousand



Development of total revenues

PLN M



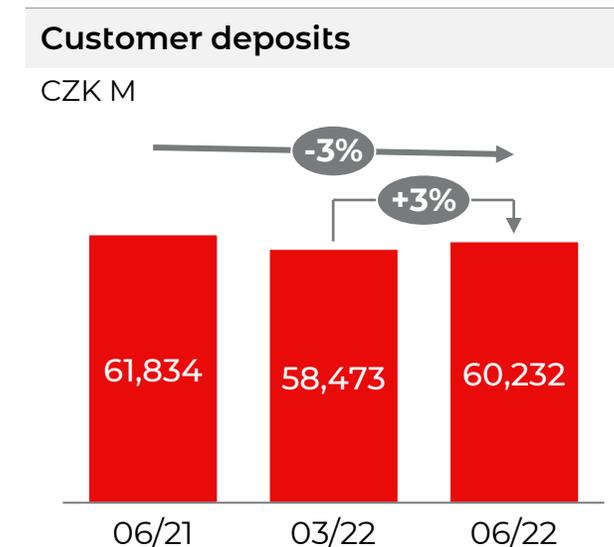
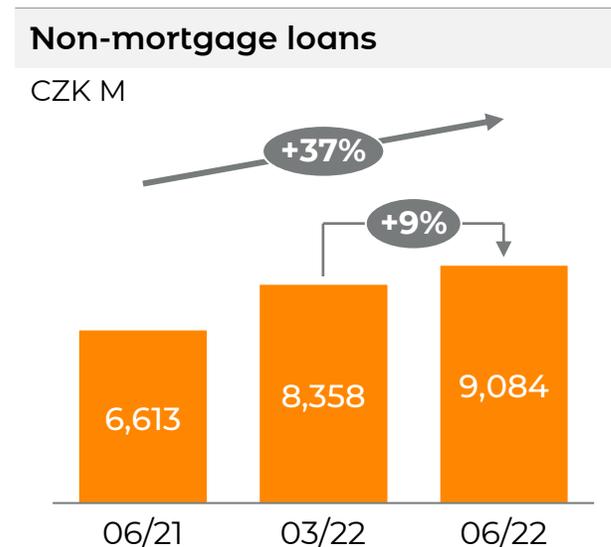
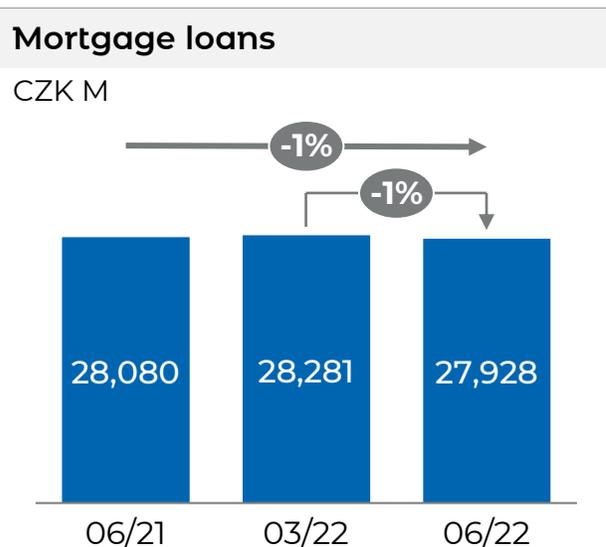
Note: Volumes based on management information.

Appendix: mBank in the Czech Republic and Slovakia



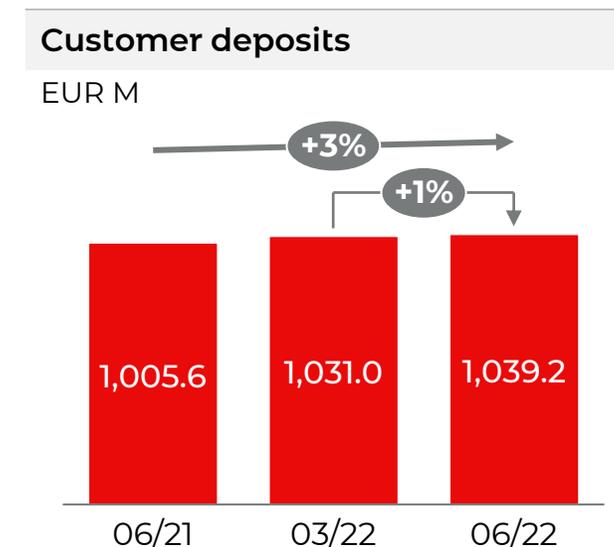
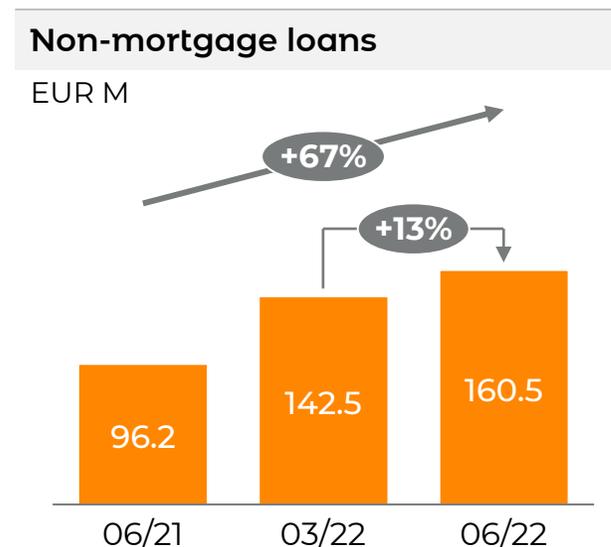
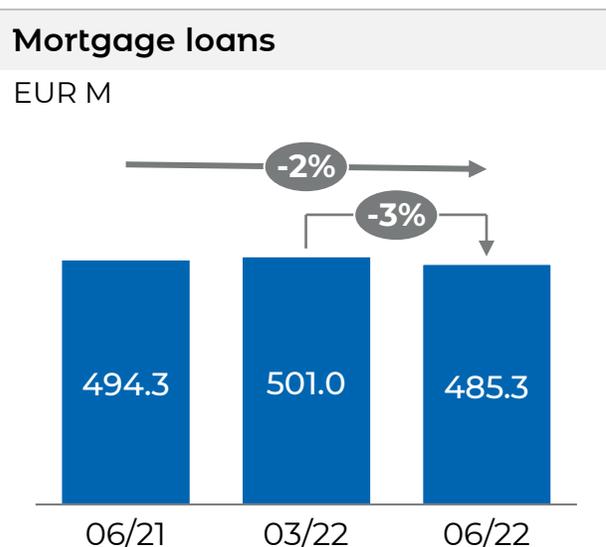
physical network:

6	light branches
7	financial centres
18	mKiosks



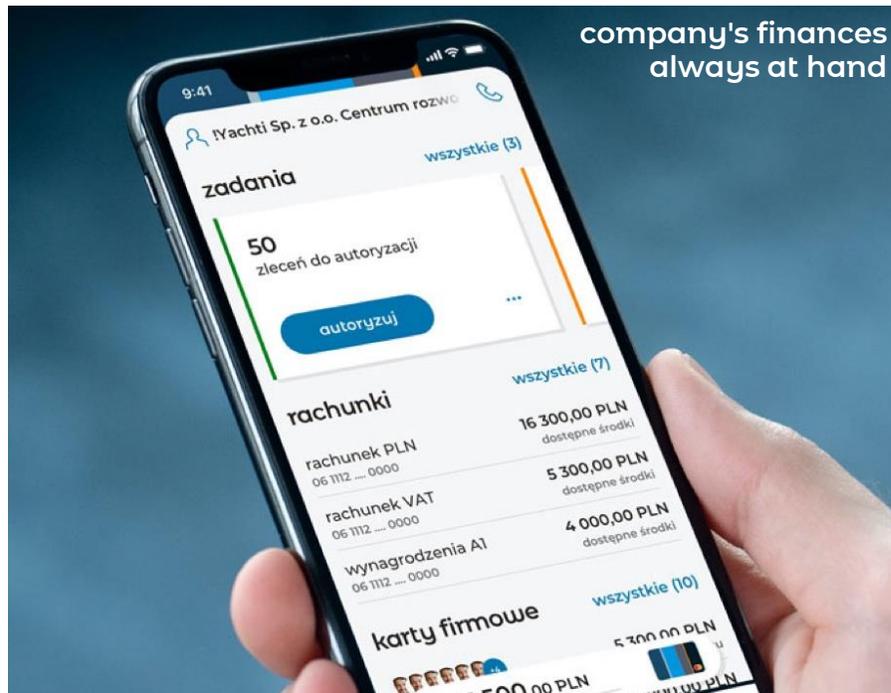
physical network:

2	light branches
4	financial centres
9	mKiosks

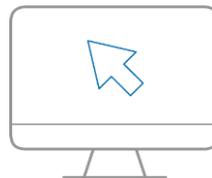


Note: Volumes based on management information.

Appendix: Best digital banking services for corporate clients



CompanyMobile
CompanyNet



81% of corporate customers have at least one user of mBank's mobile application

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



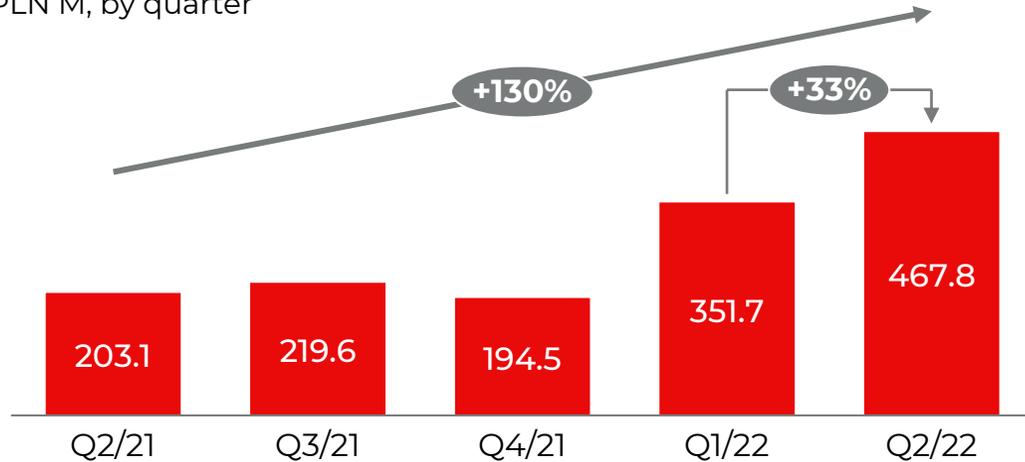
mAuto.pl online platform with an offer of new and used cars, financed by leasing or long-term rental



Appendix: Corporate & Investment Banking – profit and network

Profit before income tax of the segment

PLN M, by quarter



Number of corporate service locations

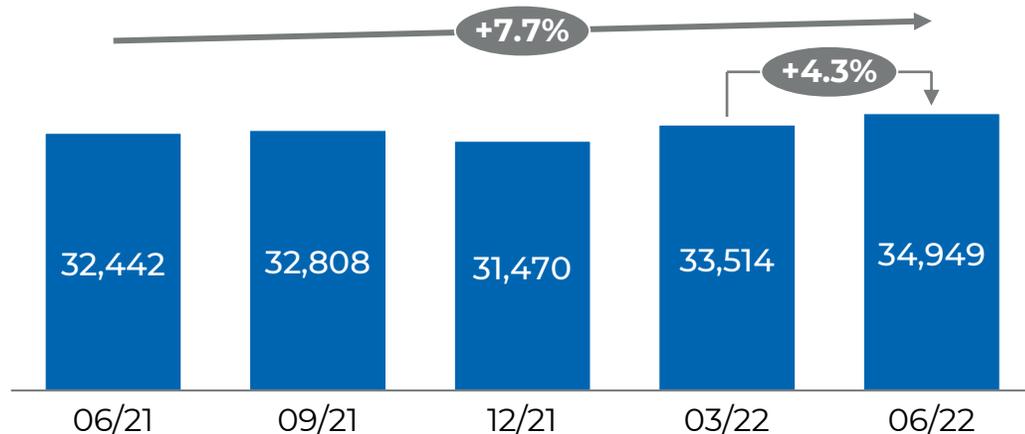
29 mBank's branches,
incl. 13 advisory centres

14 mBank's offices



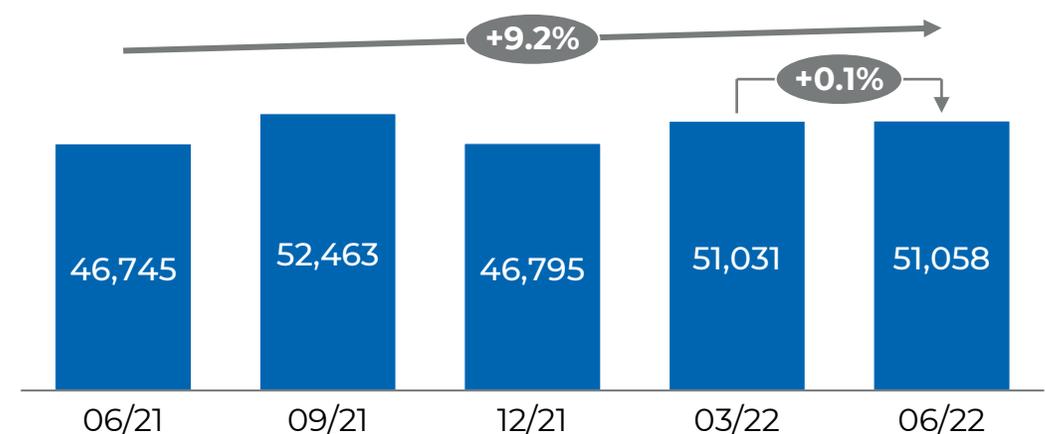
Development of loans to enterprises¹

PLN M



Development of deposits from enterprises¹

PLN M

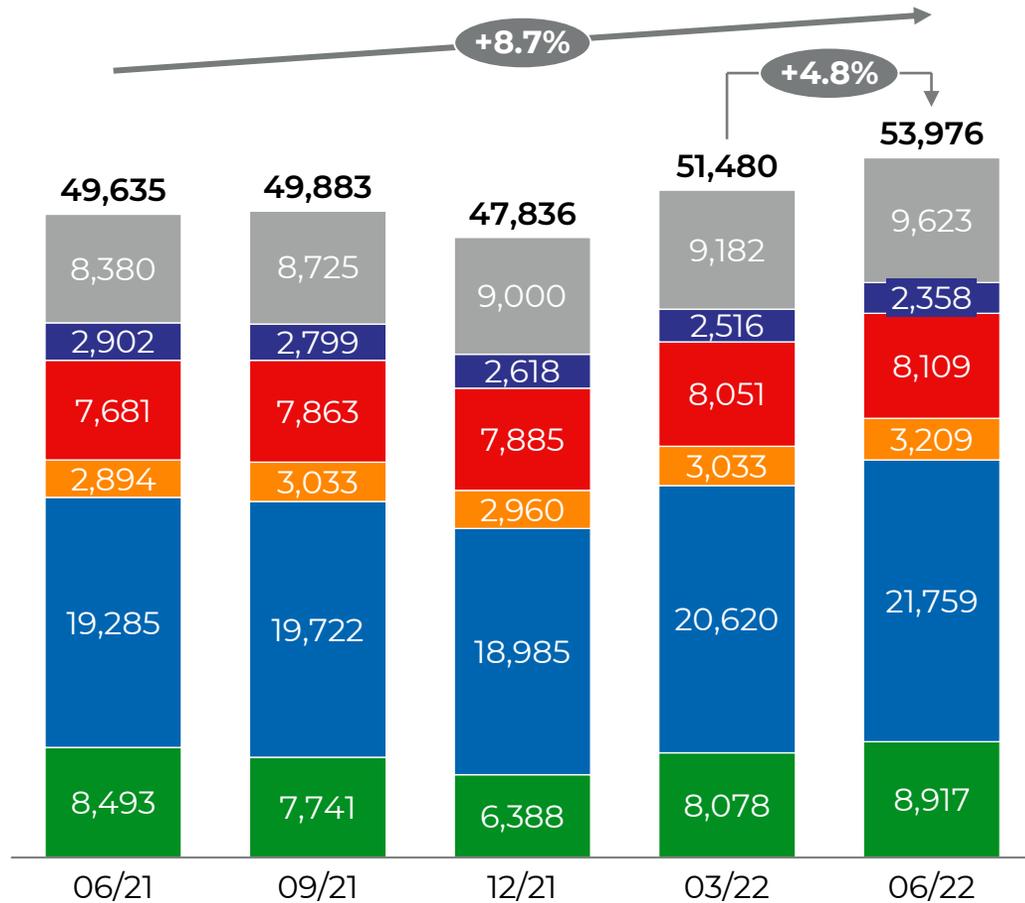


¹ Corporate loan and deposit volumes (for mBank and mBank Hipoteczny) according to NBP rules (monetary reporting system – MONREP)

Appendix: Corporate & Investment Banking – business volumes

Development of gross loans to corporate customers

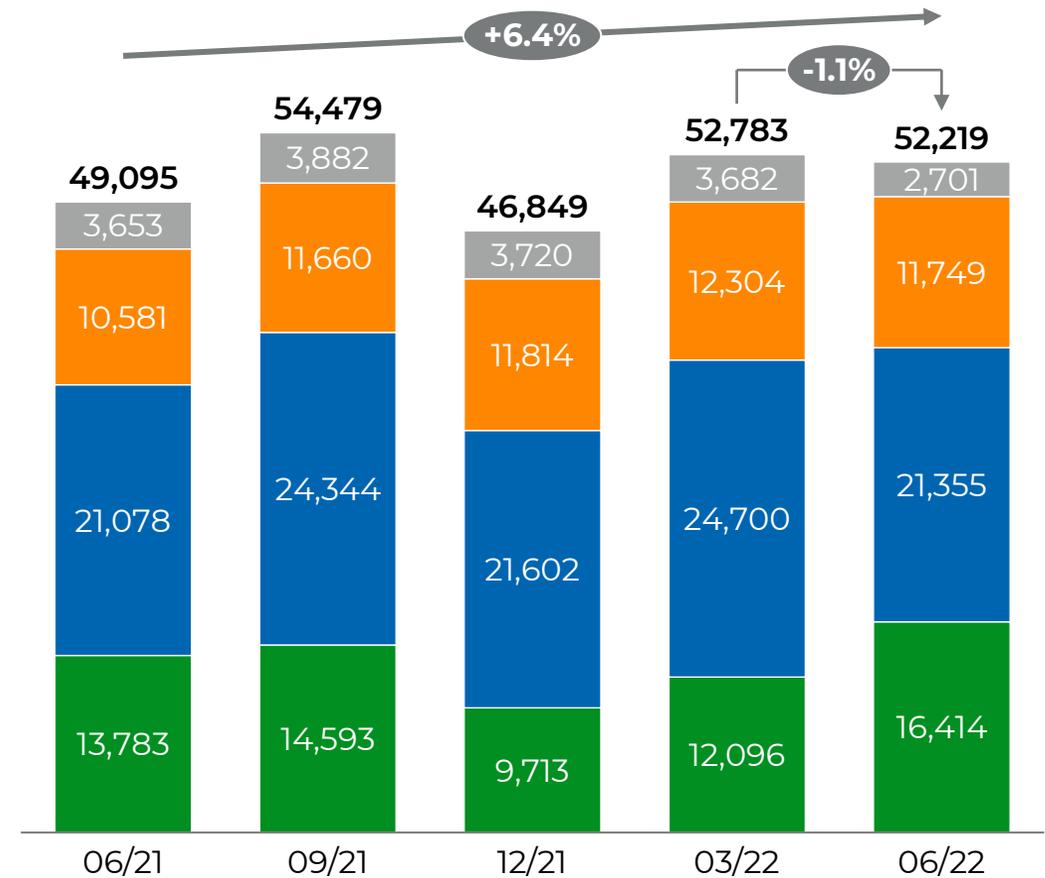
PLN M



■ 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: Complete solutions for e-commerce segment

mBank's unique payment gateway

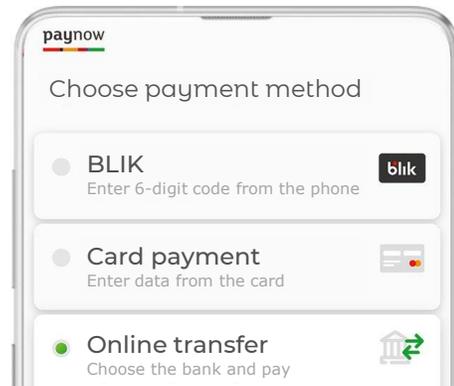
paynow

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



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

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



Processed payments volume has been constantly growing: PLN 176 M in Q2/22, +16% QoQ, +128% YoY



Comprehensive value proposition for e-merchants



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

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



Paynow gateway was selected "the best digital payment system 2020" in the eTrade Awards competition.



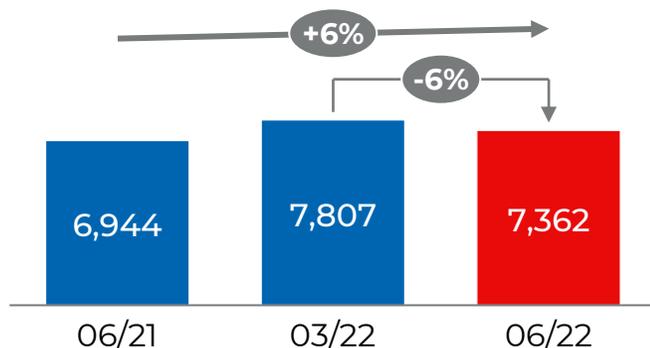
Appendix: Performance of main subsidiaries of mBank

m Bank Hipoteczny
 established in 1999

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

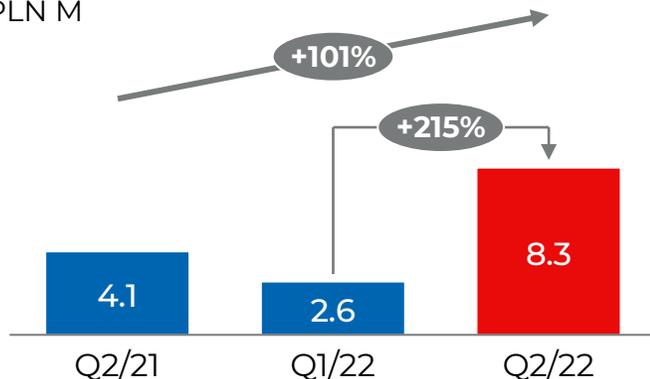
Outstanding amount of covered bonds

PLN M, nominal value, incl. private placement



Company's profit before income tax

PLN M



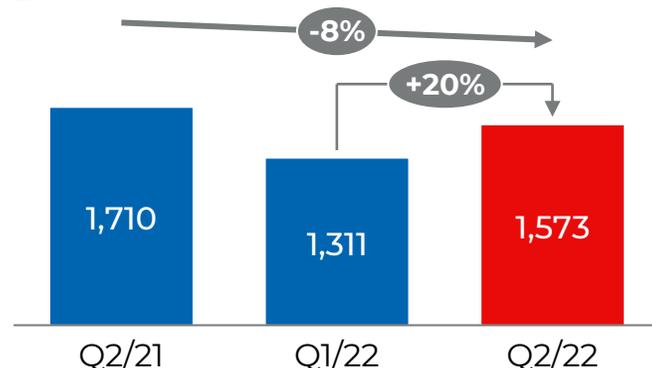
m Leasing
 established in 1991

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

Leasing contracts

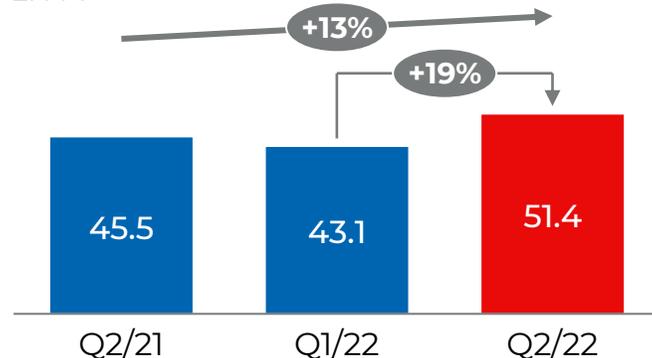
Market share 2021: 7.4%

PLN M



Company's profit before income tax

PLN M



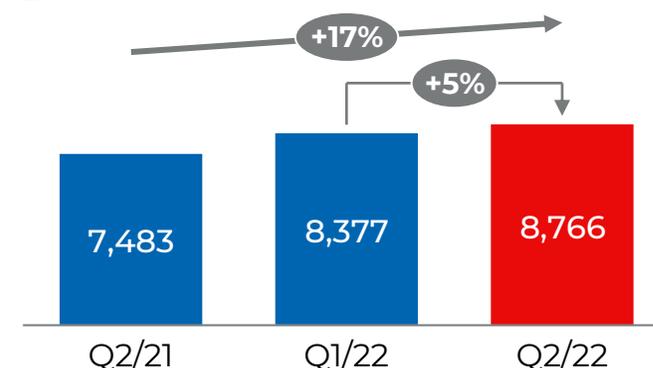
m Faktoring
 established in 1995

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

Factoring contracts

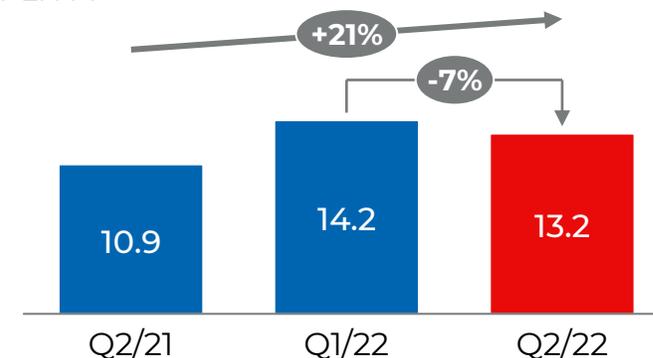
Market share 2021: 8.2%

PLN M



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: ESG is well embedded in mBank Group's strategy

ESG aspects play a crucial role in the way we manage our company

Responsibility for climate



By 2050 we will become a fully climate-neutral bank. By 2030 we will reach climate neutrality in scope 1 and 2. Our goal is to **reduce own environmental footprint of mBank Group** and to **be a leading bank supporting energy transition of our clients** by:

- using clean energy, developing data aggregation system for direct emissions, replacing mBank's fleet with low-emission vehicles, eliminating paper
- providing PLN 10 B of funds for RES segment, granting PLN 25 B of eco-mortgage loans in Poland, promoting ESG-compliant investment products

Responsibility for being an organization in line with ESG values



We walk the talk. We first accomplish and then communicate. We build corporate culture based on values and incorporate ESG into our daily life.

Our goal is to **introduce ESG factors into business and employee processes** by:

- setting 10% of top managers' objectives related to ESG
- preserving a gender diversity in the recruitment
- implementing Taxonomy in processes; cooperating with partners and suppliers fulfilling ESG standards

Responsibility for financial health of our clients



We support customers in safe and convenient banking as well as making conscious financial decisions.

Our goal is to **take care of good financial standing and future of our clients** by:

- developing the personal finance management (PFM) functionalities to give clients the control over their budgets and support in preparation for life events
- continuing educational campaigns on cybersecurity
- conducting responsible sale, transparently presenting the risks associated with specific financial products

Responsibility for society



We will contribute to social well-being. We will be a responsible corporate citizen. We will take care of our employees and their families.

Our goal is to **act for the financial and non-financial benefit of the society** by:

- supporting mathematical education in Poland
- cooperating with the Great Orchestra of Christmas Charity (WOŚP) and being its sponsor
- creating a collection of paintings by young artists



As the first Polish bank, we have independently signed the **Principles for Responsible Banking**.

ESG Risk Rating
by Sustainalytics
14.8 (low risk)

as of 02.05.2022

MSCI ESG Rating¹
BBB

as of February 2022

Bloomberg GEI
Gender-Equality Index

WIG-ESG index
on WSE in Poland

¹ please see [the webpage](#) for disclaimer statement

Appendix: Historical financial results of mBank Group

PLN million	2017	2018	2019	2020	2021	Δ YoY
Net interest income	3,135.7	3,496.5	4,002.8	4,009.3	4,104.0	+2.4%
Net fee and commission income	1,249.5	1,257.8	1,270.6	1,508.3	1,890.0	+25.3%
Net trading and other income	68.4	325.3	251.0	349.2	117.1	-66.5%
Total income	4,453.6	5,079.5	5,524.4	5,866.8	6,111.1	+4.2%
Total costs	-2,043.2	-2,163.9	-2,329.2	-2,411.1	-2,456.9	+1.9%
Loan loss provisions and fair value change	-507.7	-694.4	-793.8	-1,292.8	-878.6	-32.0%
Operating profit before legal provisions and taxes	1,902.7	2,221.2	2,401.5	2,162.8	2,775.7	+28.3%
Costs of legal risk related to FX loans	0.0	-20.3	-387.8	-1,021.7	-2,758.1	+169.9%
Taxes on the Group balance sheet items	-375.3	-415.4	-458.7	-531.4	-608.6	+14.5%
Income tax	-432.8	-483.9	-544.8	-506.0	-587.8	+16.2%
Net profit or loss	1,091.5	1,302.8	1,010.4	103.8	-1,178.8	+/-
Total assets	131,424	145,781	158,353	178,872	199,539	+11.6%
Gross loans to customers	87,388	97,808	108,170	112,208	121,233	+8.0%
Individual clients	48,143	52,925	59,993	65,952	73,244	+11.1%
Corporate clients	37,942	44,233	47,786	46,025	47,836	+3.9%
Customer deposits	91,496	102,009	116,661	137,699	159,935	+16.1%
Individual clients	55,694	65,924	77,664	97,976	112,446	+14.8%
Corporate clients	34,590	35,346	38,138	39,236	46,849	+19.4%
Total equity	14,292	15,171	16,153	16,675	13,718	-17.7%
Net interest margin	2.5%	2.6%	2.7%	2.3%	2.1%	-0.2pp
Cost/Income ratio	45.9%	42.6%	42.2%	41.1%	40.2%	-0.9pp
Cost of risk	0.61%	0.78%	0.79%	1.19%	0.76%	-0.43pp
Return on equity (ROE)	8.0%	8.9%	6.4%	0.6%	-7.2%	-7.8pp
Tier 1 capital ratio	18.3%	17.5%	16.5%	17.0%	14.2%	-2.8pp
Total Capital Ratio	21.0%	20.7%	19.5%	19.9%	16.6%	-3.3pp

Appendix: mBank's share price performance

Banking stocks declined on worsened sentiment due to package of governmental proposals

mBank's index membership and weights

as of 30.06.2022

WIG20	WIG20	1.538%
WIG30	WIG30	1.386%
WIG	WIG	1.026%
WIG-Banks	WIGbanki	4.637%
WIG-ESG	WIGESG	1.591%
WIG-Poland	WIGPoland	1.063%

- mBank has been listed on the Warsaw Stock Exchange since October 1992
- A strategic shareholder, Germany's Commerzbank, owns 69.21% of shares

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 413 932

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



Source: WSE, Bloomberg (data as of 30.06.2022).

Disclaimer

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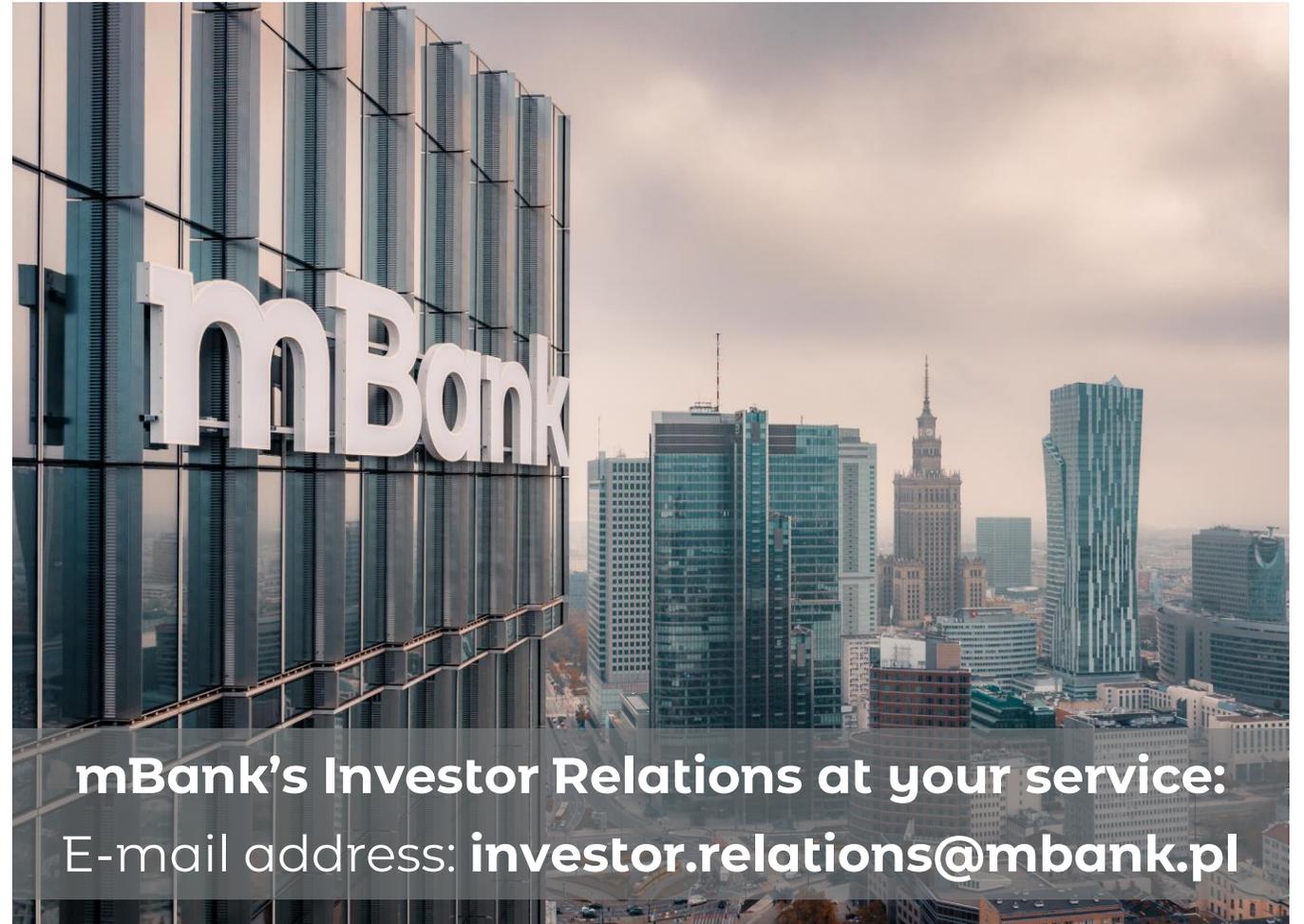
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