

Results of mBank Group Q1-Q4 2022

Exceptional operating performance of the core business in 2022,
materially impacted by public burdens and costs of legal risk



Presentation for Investors and Analysts, 09.02.2023

Agenda



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 - Summary of financial results
-

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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
-

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Key highlights of 2022 in mBank Group

Total revenues at the highest level in history despite the burden of “credit holidays”

- ▶ Record **total income** of **PLN 7,842 million**, **+28.3% YoY**, generated by growth across mBank’s client franchises
- ▶ Soaring **net interest income** to **PLN 5,909 million**, **+43.2% YoY**, in part driven by rate hikes, significant **margin improvement** to a level of 3.7%
- ▶ Strong **net fees and commissions** of **PLN 2,120 million**, **+13.5% YoY**, benefiting from **higher customer activity** and transactional turnover

Excellent efficiency, but total cost base impacted by additional contributions

- ▶ Best-in-class underlying **Cost/Income ratio** at **34.3%**
- ▶ Payments to the **protection scheme (IPS)** of **PLN 428 million** and **Borrowers' Support Fund** of **PLN 171 million** elevated overall costs
- ▶ Excluding compulsory payments, **total expenses** of **PLN 2,473 million**, **+10.9% YoY**, rising below inflation as cost discipline was maintained

Prudent risk management confirmed by portfolio quality

- ▶ Provisions for expected credit losses and **cost of risk** of **0.68%** reflecting **cautious approach** to lending amid persistent uncertainties
- ▶ **Resilient asset quality** evidenced by low **NPL ratio** of **4.0%**, with some additional support from the sale of non-performing exposures

Superior operating financial performance overshadowed by negative one-off factors

- ▶ **Reported net loss** of **PLN 703 million** under severe **negative impact of legal costs** related to FX legacy portfolio of **PLN 3,112 million**
- ▶ Profitability was further adversely affected by **public burdens** of **PLN 1,933 million** and **banking tax** of **PLN 684 million**
- ▶ **Return of equity** (ROE) for Core Business at **22.1%**, demonstrating robust performance of mBank Group’s operating model

Key highlights of 2022 in mBank Group

Dynamics of loans weakened by slowdown in retail segment and negative adjustments

- ▶ **Gross loan portfolio** of **PLN 123.4 billion**, **+1.1% YoY** excl. FX effect, driven by growing corporate segment, while retail exposure declined
- ▶ New **production of mortgage loans** dropped to **PLN 6.5 billion**, while **sales of consumer credit** kept at similar level of **PLN 9.4 billion**
- ▶ **Market share** in household loans improved further to **8.3%** and in enterprises loans it declined slightly to **8.1%** amid focus on quality

Increase of deposits owed to individuals and corporates

- ▶ **Deposit base** of **PLN 174.1 billion**, **+10.9% YoY**, accompanied by term structure and product evolution
- ▶ **Market share** in household deposits continued on its growth path to **8.8%** and in enterprise deposits it amounted to **10.8%**

Capital ratios well above the regulatory requirements and ample liquidity levels

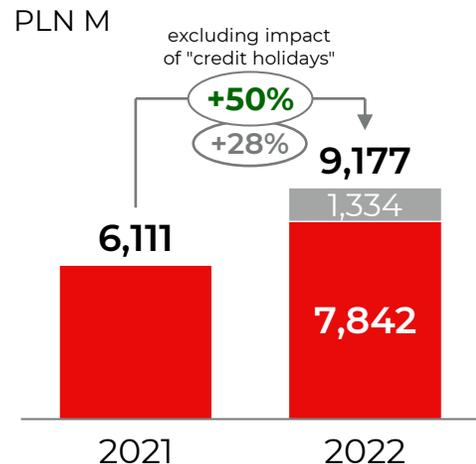
- ▶ Consolidated **Tier 1 ratio** at **13.8%** and **Total Capital Ratio** at **16.4%** safely exceeding required levels by 3.4 p.p. and 3.5 p.p., respectively
- ▶ Individual FX-related capital buffer revised down to 1.76 p.p. for TCR
- ▶ Two **securitisation transactions** concluded on portfolios totalling PLN 12.6 billion, improving year-end TCR of mBank Group by 0.9 p.p.
- ▶ Safe **loan-to-deposit ratio** of **69.0%** and outstanding **LCR** at **186%**

mBank's organic growth fuelled by new and existing clients

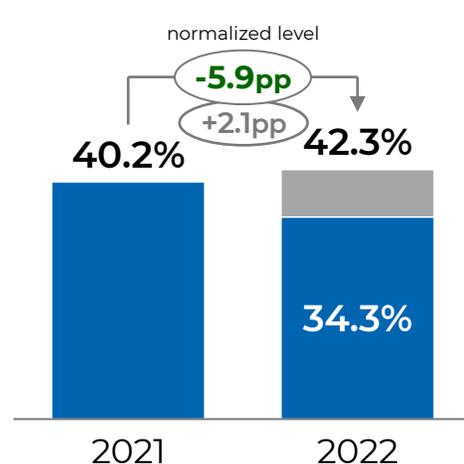
- ▶ **5.6 million retail customers** with favourable demographic profile and **33.0 thousand companies** with good development prospects
- ▶ **3.34 million active users** of mBank's **mobile application** in 3 countries
- ▶ Good progress in implementing the **business and ESG strategy** for 2021-2025, strengthening the franchise and its competitive position

Summary of key financial highlights for mBank Group

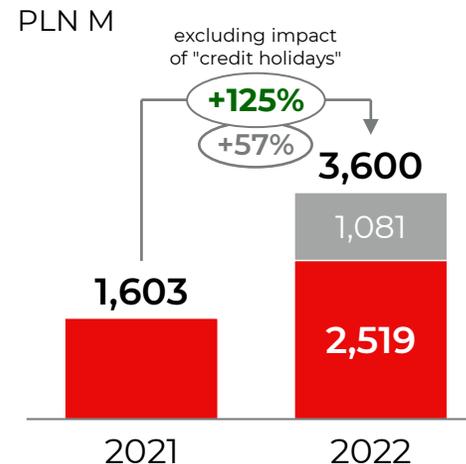
Total income



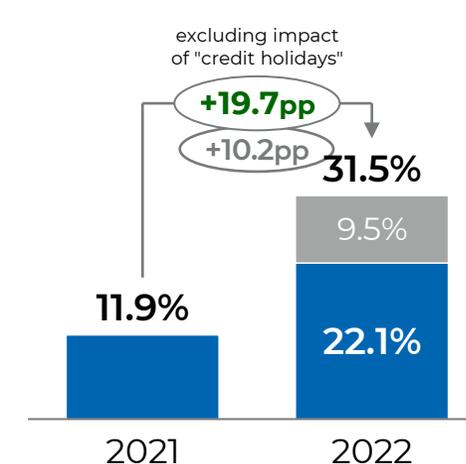
Cost/Income ratio¹



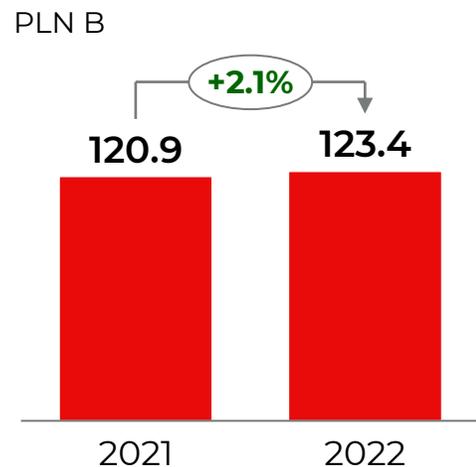
Net profit of Core Business²



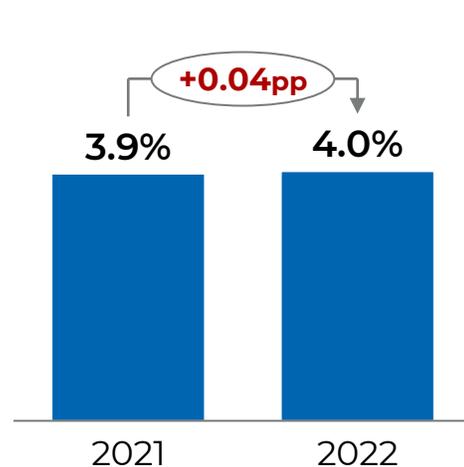
ROE of Core Business²



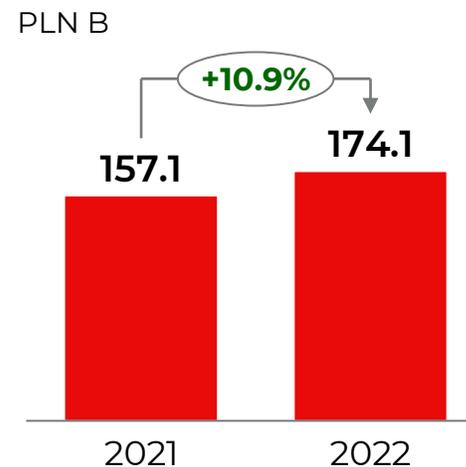
Gross loans to customers



NPL ratio



Customer deposits



Tier 1 capital ratio



¹ Normalized indicator for 2022, excluding impact of "credit holidays" (PLN 1,334 million) and Borrowers' Support Fund (PLN 171 million)

² Defined as mBank Group excluding FX Mortgage Loans segment (the result includes impact of regulatory interventions)

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

mBank's achievements in implementation of its strategy

- New **personal financial management (PFM) functionalities** for better monitoring and planning of personal budgets by the clients.
- **Rising scope of digital sales and service**, with the share of cash loans sold via mobile devices at 55%.
- Extended range of **value-added services** with new functions **available in mBank's mobile application** (car parks, benefits from social programmes).
- mTFI, mBank's own investment fund company, ready to start operating in 2023.
- Dynamic growth of **volumes processed by Paynow (+143% YoY)** thanks to scalable cloud architecture.
- Increasing **cooperation with companies from prospective industries** and continued **support of energy transformation**.
- Focus on **customer relations fulfilling the assumed level of profitability** and capital efficiency (AROR).
- **Upgrade of mBank's mobile and internet solutions** for corporate customers with further development of payment and transfer modules.

- Full, **remote access to public administration services**, using data from online banking, for providing greater client convenience.



- Progress in **redesigning credit process for corporate clients** with a launch of new organizational and operational model.

- Best-in-class **hybrid work model**, supported by **top practices** in management of distributed teams, **advanced workplace technology** and digitized HR processes.



- A **multi-layer cybersecurity defence model**, constant search for weaknesses in mBank's infrastructure and **addressing vulnerabilities** before they are exploited.



"Convenient, secure, focused on your future... mBank – more than a mobile bank".

mBank's actions in pursuing its ESG strategy in 2022

mBank adopts well-recognized methods to progress on its path to climate neutrality and financial inclusion

- mBank joined the **Science Based Targets initiative (SBTi)** and has committed to **develop a decarbonisation path** for the next 5 to 15 years. **Its near-term targets will be officially validated** in terms of scientific evidence on limiting warming to 1.5°C. SBTi's goal is to provide a standard for financial institutions, enabling them to set **targets contributing to a net-zero world by 2050**.
- Based on **disclosure to CDP**, mBank for the first time was evaluated in 2022. CDP runs worldwide database concerning companies' impact on environment. **mBank scored „C” on a scale from A to F**.



ESG rating
from MSCI
“A”

ESG risk rating
from
Sustainalytics
14.8 (“low risk”)



- mBank was the first bank in Poland to join the **Partnership for Carbon Accounting Financials (PCAF)**. Thanks to this cooperation, it will **determine the carbon footprint of its loan portfolio** in accordance with the best global standards and **harmonized approach among financial institutions**. PCAF's mission is to facilitate financial industry **alignment with the Paris Climate Agreement**.
- mBank signed **Commitment to Financial Health and Inclusion** as the first Polish bank. The initiative has been initiated by UNEP-FI and obliges signatories to **set and report on their targets** in this respect.

mBank remains engaged in flagship social actions and responds to current situation

mBank continued to cooperate with the Great Orchestra of Christmas Charity (WOŚP)

- As the main partner and sponsor, **mBank played together with WOŚP during the Grand Finale fundraiser** for the fifth time in a row.
- The most convenient and popular ways to support this charitable endeavour were **dedicated “heart” icon for quick payments in mBank’s mobile application** and contributions via website using Paynow.
- In 2022, **mBank and its clients donated PLN 22 million** for WOŚP.



mBank initiated multiple activities to support victims of the war in Ukraine

- To help refugees, **mBank chose to cooperate with the Polish Center for International Aid (PCPM)**, which is a reputable organization, experienced in delivering humanitarian assistance.
- mBank's clients could support activities of the PCPM foundation using a **dedicated shortcut in online banking service and mobile application**.
- mBank organized **two customized living spaces for refugees, Ukrainian school and day care** along with basic banking solutions.

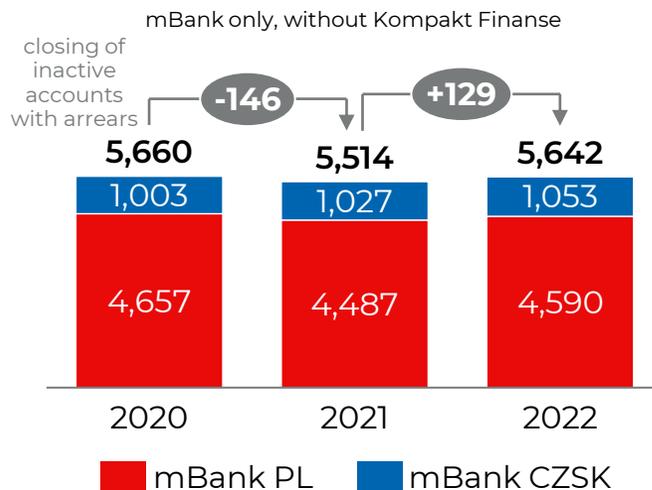


Client base and market position of retail and corporate banking

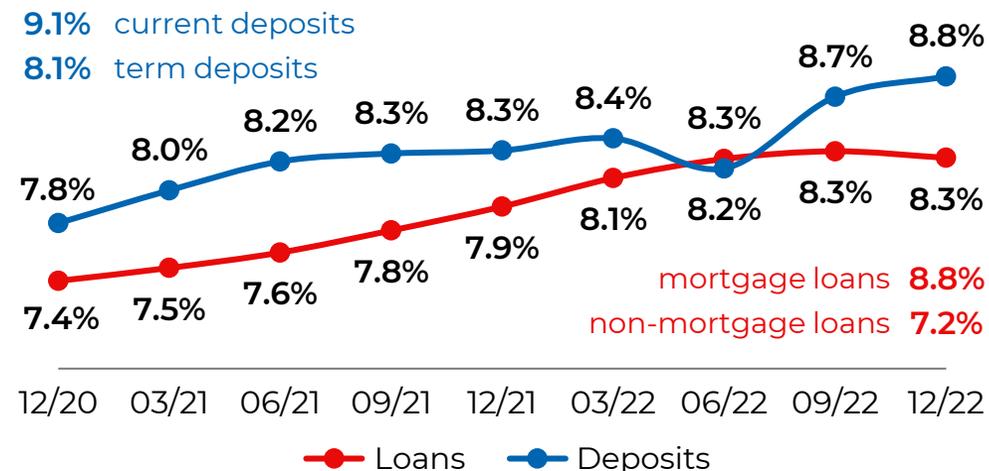


RETAIL BANKING

Number of retail clients (thou.)

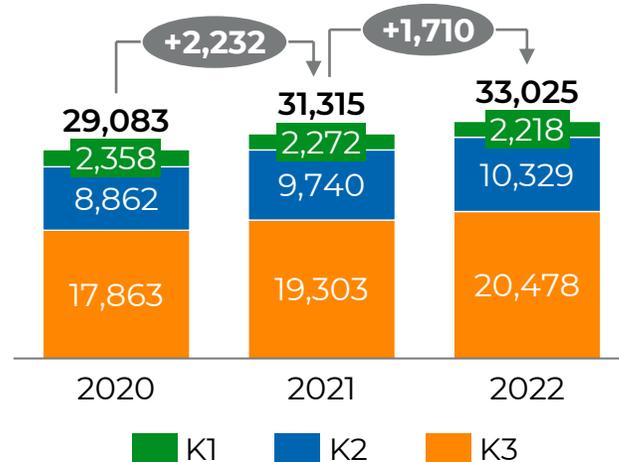


Market shares - Households

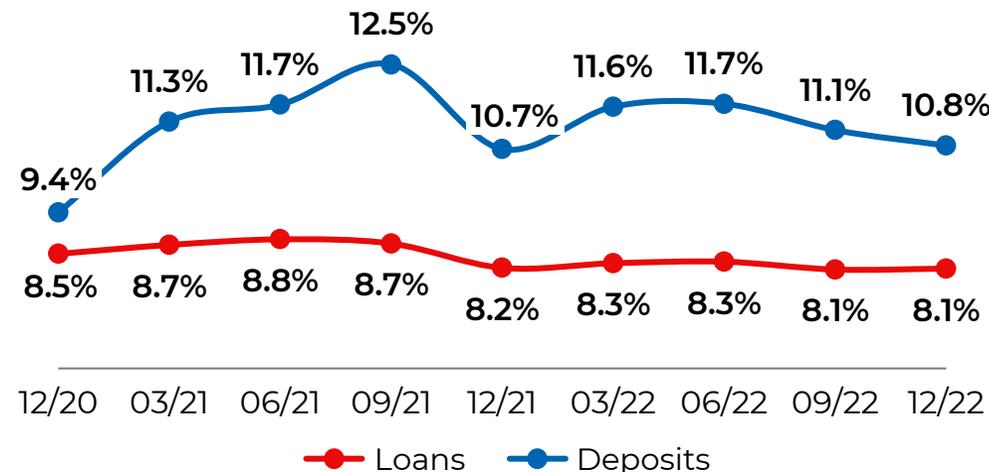


CORPORATE BANKING

Number of corporate clients



Market shares - Enterprises



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

mBank remains a front-runner in mobile banking adoption



#1

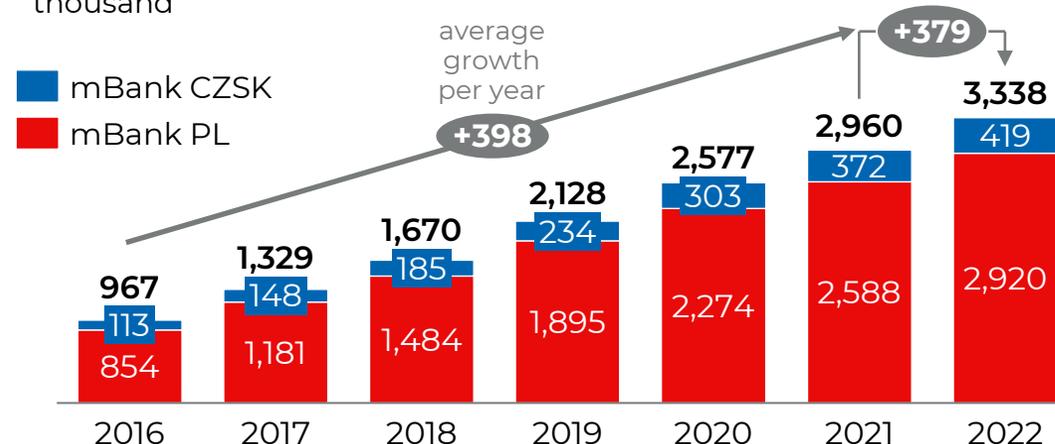
by the share of mobile users in total active customer base

#2

by the number of mobile app users among Polish banks

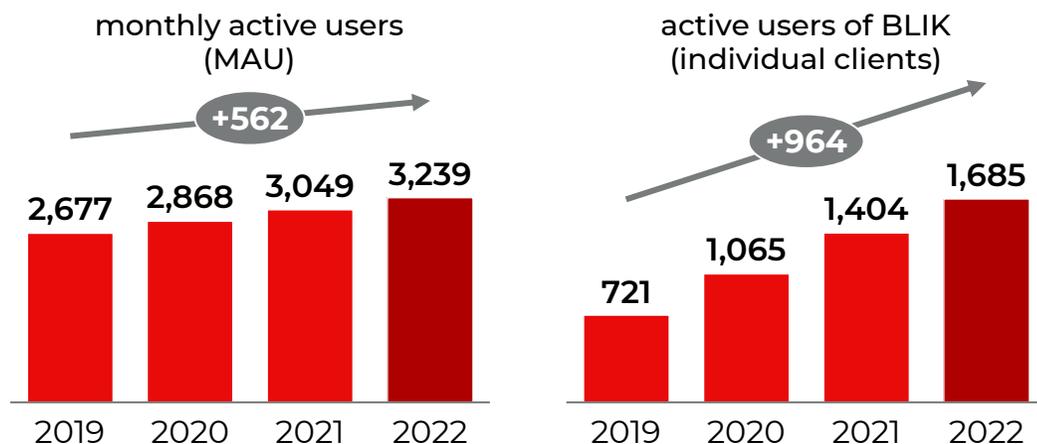
Number of active users of mBank's mobile application

thousand



Number of active users of mBank's services in Poland

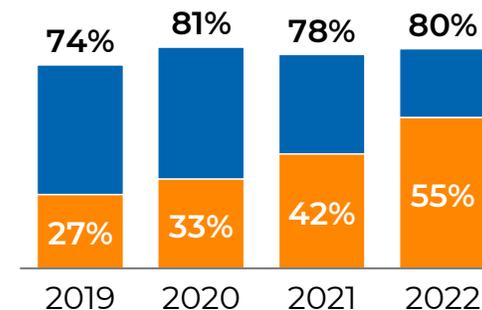
thousand



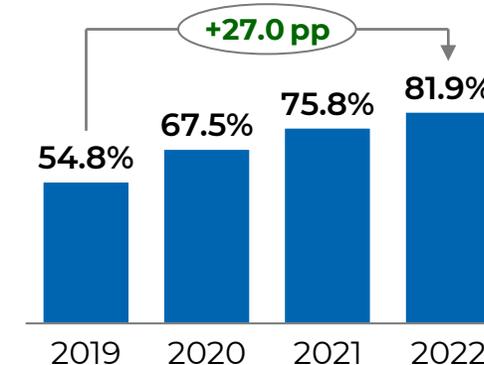
Growing importance of digital channel in daily banking

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

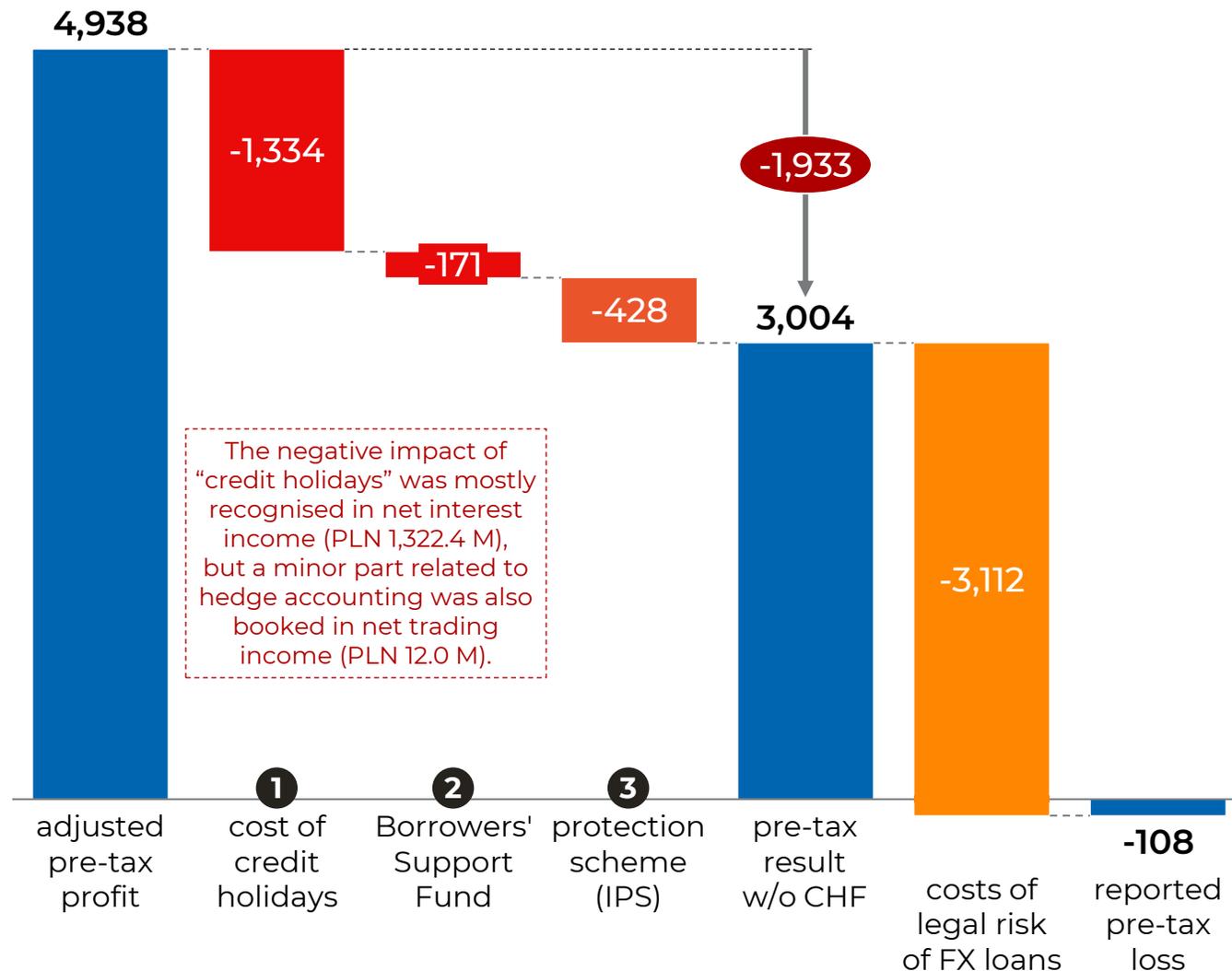


Note: Active user is a client who in a given month performed at least one of the following actions: logging in to the mobile application, internet banking or trusted profile (ePUAP), initiated a transfer or card transaction.

Financial results have been strongly impacted by external factors

mBank Group's result before income tax for 2022 – reported and adjusted for major burdens

PLN M



summary of regulatory interventions

- ### 1 "Credit holidays"

 - The law allows the borrower for a suspension of mortgage loan repayment, giving the right to defer eight instalments: 2 in Q3/22, 2 in Q4/22 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.
 - Total impact for the largest banks in the sector is estimated at ca. PLN 13 B.
- ### 2 Borrowers' Support Fund

 - Originally set up in 2015, it was funded by banks with the amount of PLN 600 M with a goal to help mortgage debtors facing financial difficulties.
 - Total additional contribution from the sector in 2022 was set at PLN 1.4 B. Lenders' payment depends on their share in the sector's non-performing mortgage exposure (90+ DPD).
- ### 3 Protection scheme (IPS)

 - The protection scheme ("SOBK") was formed by the eight largest banks in Poland. The contributions summed up to the **one-off cost for the sector of PLN 3.47 B.**
 - The BFG conducted the resolution of Getin Noble Bank. The SOBK supported this process with the collected funds.
 - The payment made to the IPS is partially offset by the lack of contributions to the Deposit Guarantee Scheme in Q2-Q4 2022 (and probably lower payments in the next years).

mBank Group's financial results in 2022: Profit and Loss Account

PLN million	2020	2021	reported	Δ YoY	adjusted	Δ YoY
			2022		2022	
Net interest income	4,009.3	4,126.3	5,909.2	+43.2% ↑	7,231.6	+75.3% ↑
Net fee and commission income	1,508.3	1,867.8	2,120.1	+13.5% ↑	2,120.1	+13.5% ↑
Net trading and other income	349.2	117.1	-187.2	+/- ↓	-175.2	+/- ↓
Total income	5,866.8	6,111.1	7,842.1	+28.3% ↑	9,176.5	+50.2% ↑
Total costs	-2,411.1	-2,456.9	-3,319.2	+35.1% ↑	-2,720.2	+10.7% ↑
Loan loss provisions and fair value change ¹	-1,292.8	-878.6	-834.5	-5.0% ↓	-834.5	-5.0% ↓
Costs of legal risk related to FX loans	-1,021.7	-2,758.1	-3,112.3	+12.8% ↑	0.0	-
Operating profit	1,141.1	17.6	576.2	32.7x ↑	5,621.8	+102.5% ↑
Taxes on the Group balance sheet items	-531.4	-608.6	-684.2	+12.4% ↑	-684.2	+12.4% ↑
Profit or loss before income tax	609.7	-591.0	-108.0	-81.7% ↓	4,937.6	+127.9% ↑
Net profit or loss	103.8	-1,178.8	-702.7	-40.4% ↓		
Net interest margin (w/o "credit holidays")	2.33%	2.16%	3.70%	+1.54pp		
Cost/Income ratio	41.1%	40.2%	42.3%	+2.1pp		
Cost of risk	1.20%	0.76%	0.68%	-0.08pp		
Return on equity (ROE)	0.6%	-7.2%	-5.3%	+1.9pp		
Return on assets (ROA)	0.06%	-0.59%	-0.34%	+0.25pp		

- adjusted results excluding:
- impact of "credit holidays"
 - Borrowers' Support Fund (BSF)
 - payment to the Protection Scheme (IPS)
 - costs of legal risk related to foreign currency loans

2021 base for calculation of adjusted dynamics excluded legal provisions

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

mBank Group's financial results in 2022: Balance Sheet

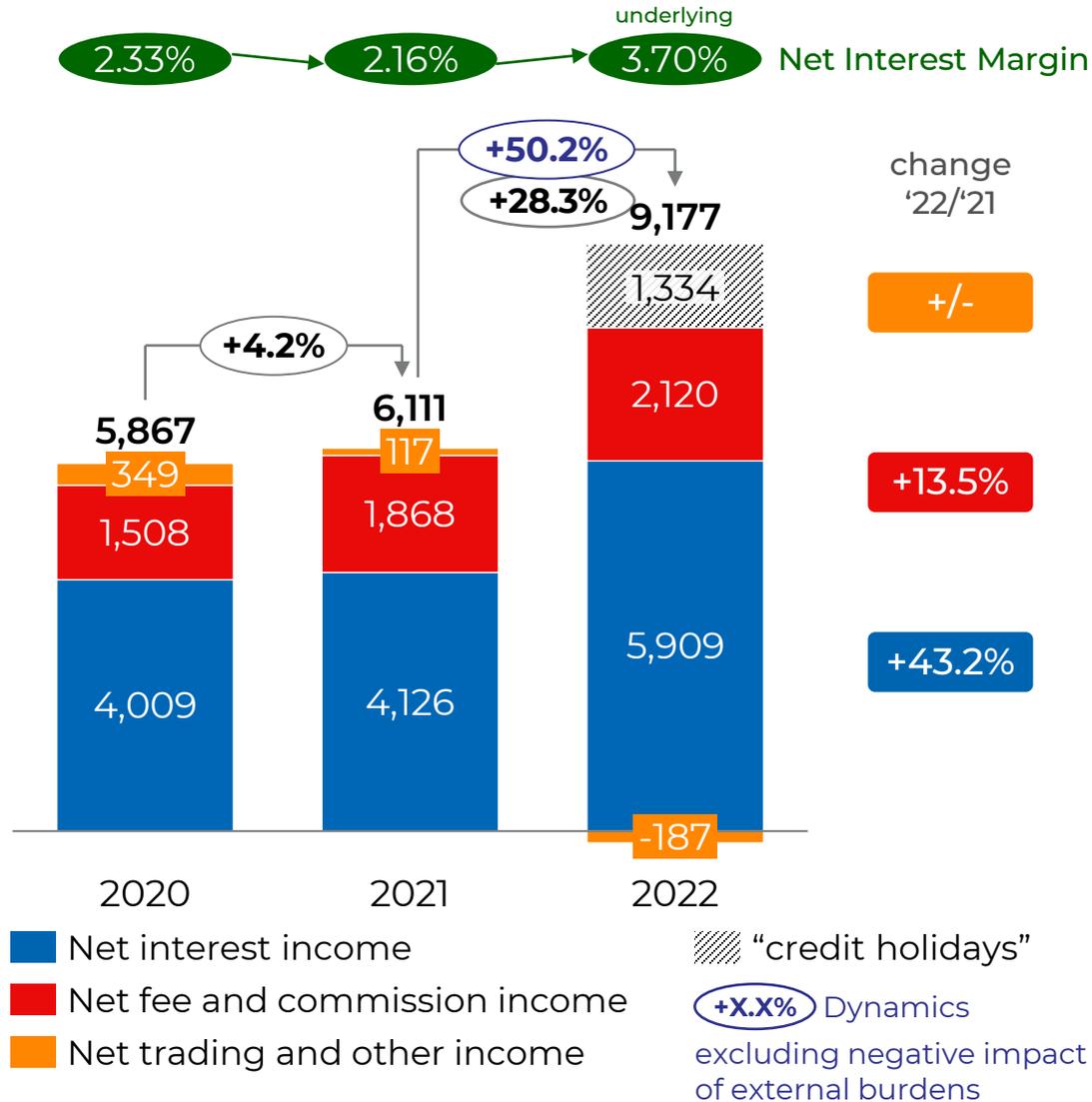
PLN million	2020	2021	2022	Δ YoY
Total assets	178,861	198,373	209,892	+5.8%
Gross loans to customers	111,912	120,856	123,437	+2.1%
Individual client loans	65,655	72,871	71,122	-2.4%
Corporate client loans	46,025	47,832	52,207	+9.1%
Customer deposits	133,672	157,072	174,131	+10.9%
Individual client deposits	97,976	112,446	122,890	+9.3%
Corporate client deposits ¹	35,157	43,930	49,671	+13.1%
Total equity	16,675	13,718	12,715	-7.3%
Loan-to-deposit ratio	81.0%	74.9%	69.0%	-5.9pp
NPL ratio	4.8%	3.9%	4.0%	+0.1pp
Coverage ratio	58.3%	53.1%	52.3%	-0.8pp
Tier 1 Capital Ratio	17.0%	14.2%	13.8%	-0.4pp
Total Capital Ratio	19.9%	16.6%	16.4%	-0.2pp

¹ Excluding repo / sell-buy-back transactions

Revenues on growth trajectory, further improvement of efficiency

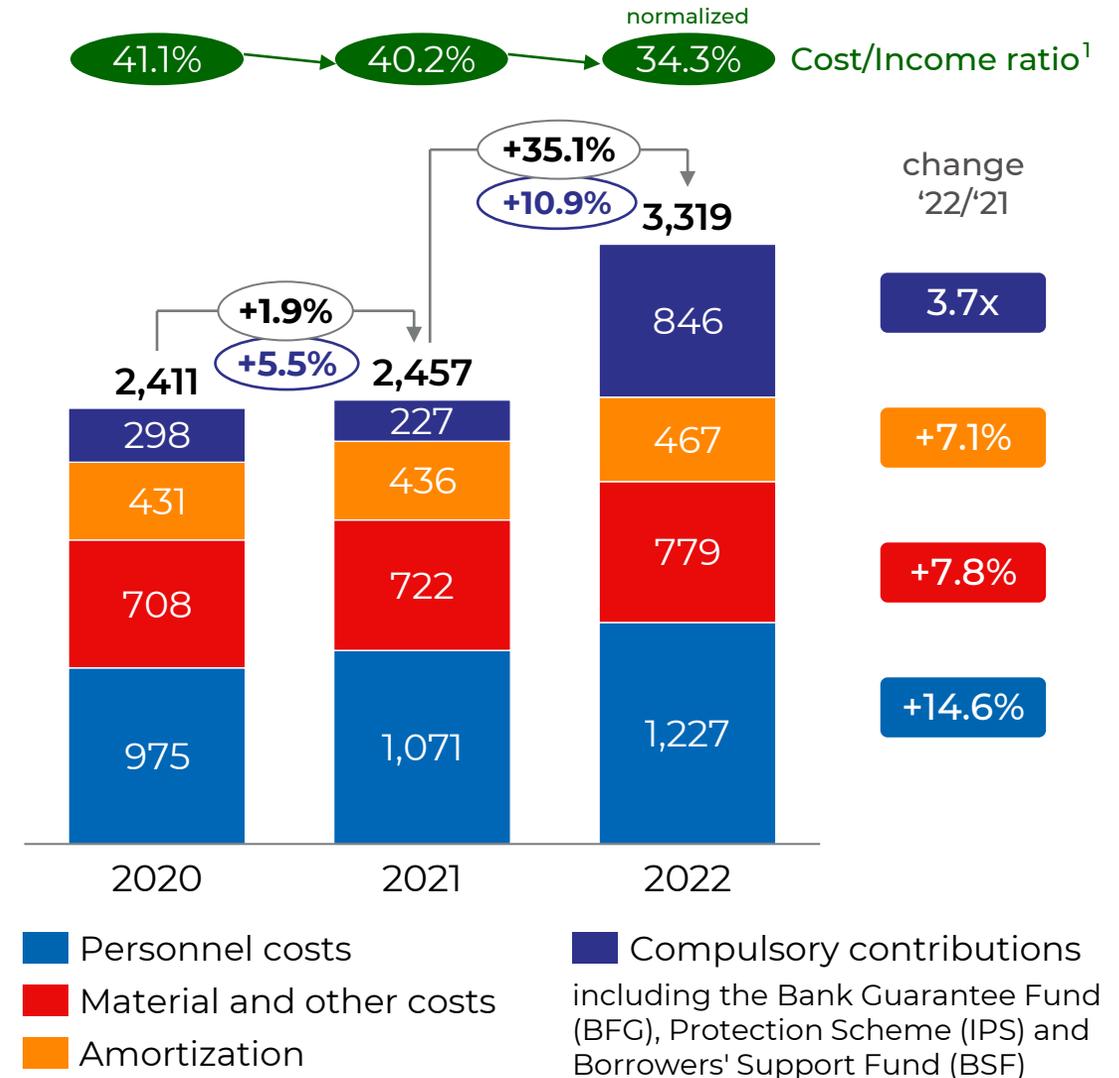
Development of mBank Group's total income and NIM

PLN M



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

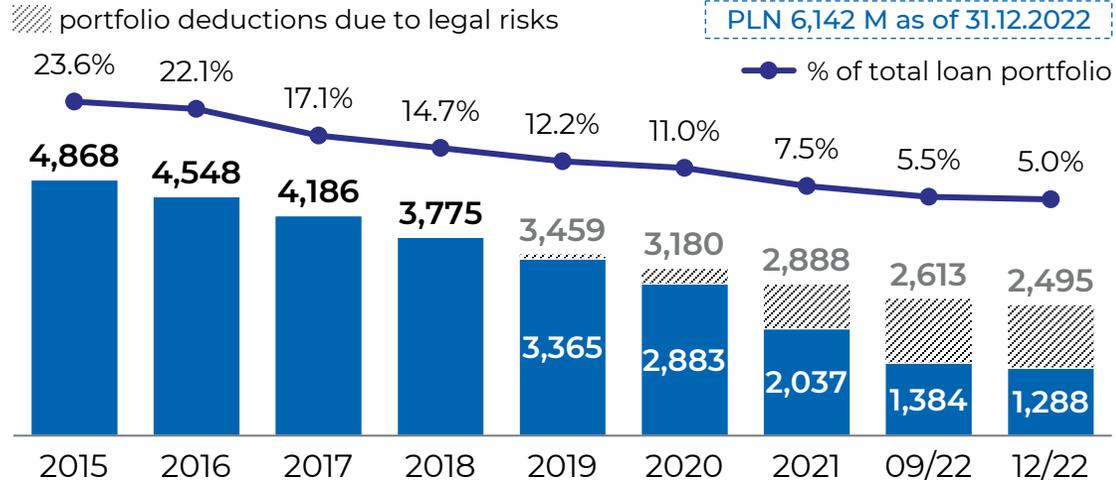
PLN M



¹ indicator for 2022, excluding impact of "credit holidays" and Borrowers' Support Fund

Strong protection against legal risks ensured by high provisions

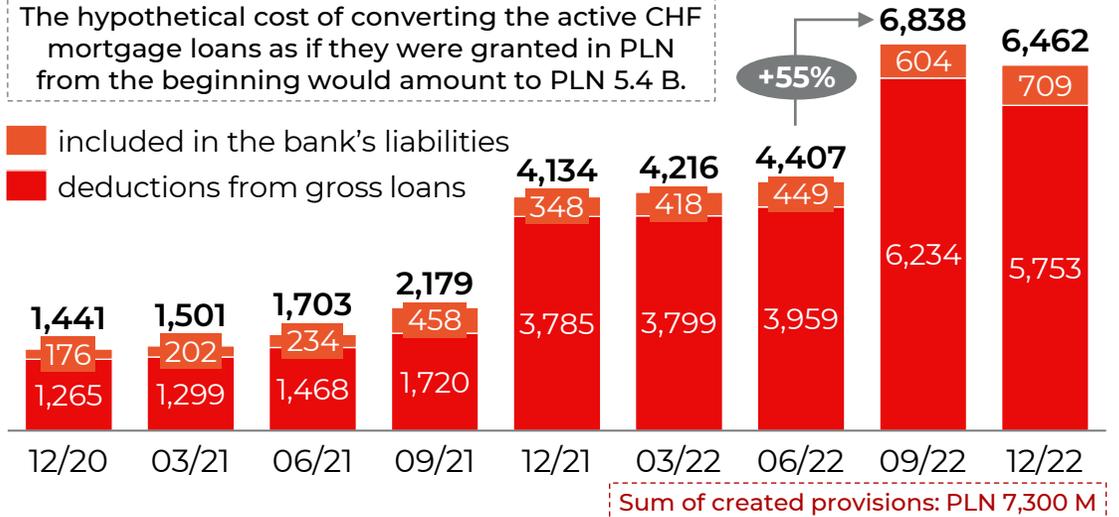
CHF mortgage loans to individual customers (CHF M, net)



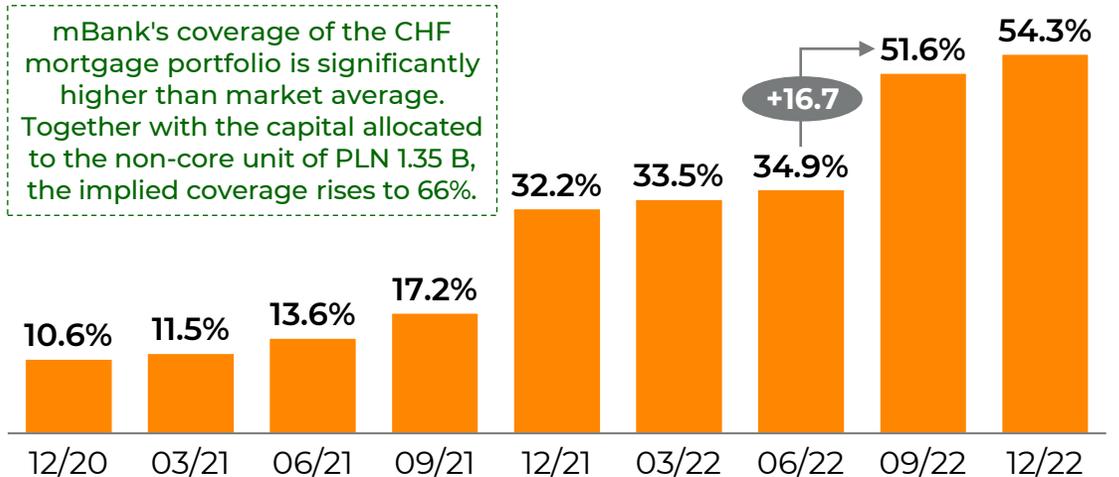
Main assumptions of the methodology

- The current methodology of calculating the provisions for legal risk of CHF portfolio is based on advanced statistical methods for determining the number of clients who will file a lawsuit against the bank.
- In a new approach, mBank assumes a higher number of the future plaintiffs (31,000 compared to 23,000 previously) as well as lower number of clients who will remain passive (neither file a lawsuit, nor enter into settlement with the bank).
- The parameters are derived from the historical data as well as current observations of trends in jurisprudence (probability of losing the case at 95% and no further verdicts with average NBP rate).
- In the updated methodology, it is assumed that a high proportion of cases will end with invalidity of the loan agreement.
- Current legal provisions include also higher costs of settlements.

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

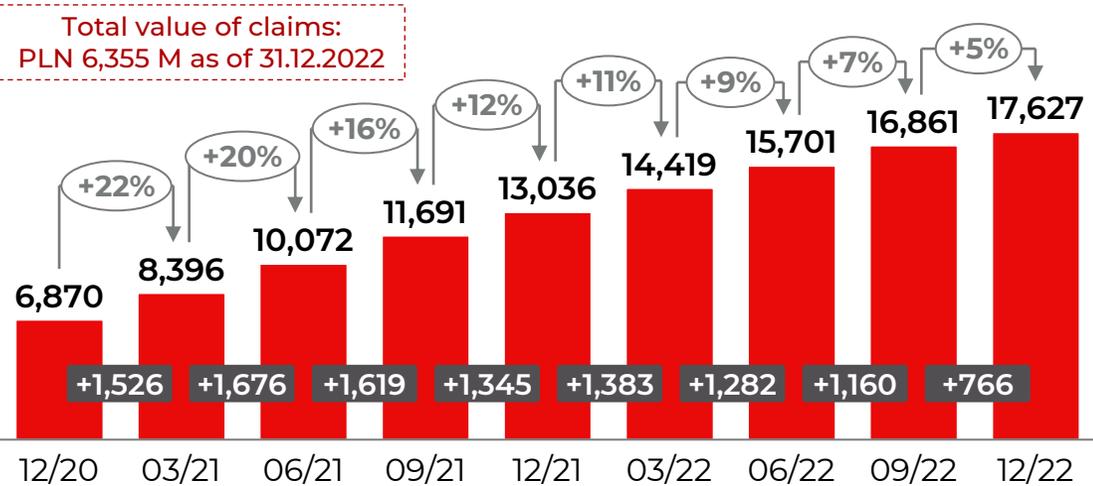


Coverage of CHF portfolio with created provisions for legal risk

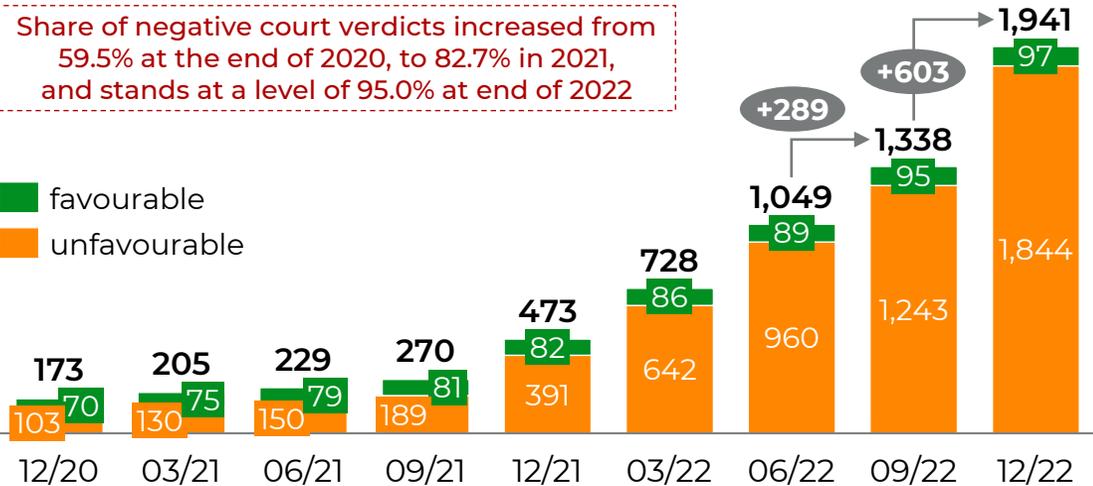


Unfavourable line of jurisprudence and ongoing settlement program

Number of individual court cases concerning indexation clauses¹



Distribution of final rulings received by mBank

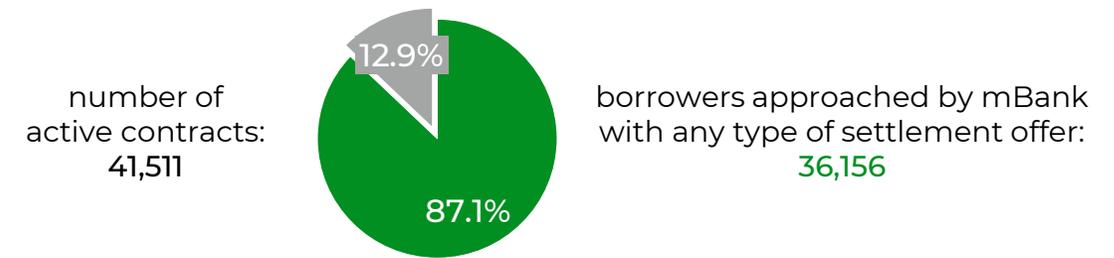


¹ the currently outstanding number of court cases, i.e. new lawsuits minus final verdicts and settlements

Details and statistics of mBank's settlement program

- The offers are going to be directed to all clients with an active Swiss franc mortgage loan, including those in dispute with the bank.
- mBank is proposing the conversion of the loan as well as a reduction of the outstanding loan balance, individually negotiated with the clients.
- Attractive offer for the loan in PLN with periodically fixed interest rate on a preferential level is available for CHF borrowers (currently at 4.99% compared to above 9% in a standard pricing).
- The settlement program started in Q4/22 and will continue to be conducted in stages. All active clients are planned to be approached until the end of Q2/23.

Data as of 31.01.2023:



In the current settlement program, in less than 4 months the offers were presented to 34,655 clients, of which:

- 2,742 (7.9%) settlements were signed or accepted in the process of signing, including 1,104 of settlements concluded in January only
- 28,309 (81.7%) proposals were in progress: offers evaluated by clients or in the process of negotiations

Total number of settlements concluded by mBank amounted to 3,018, including the pilot program and previous offers.

Robust performance of the core business demonstrated in 2022

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

PLN million	Core Business	Non-core ¹	mBank Group
Net interest income	5,834	75	5,909
Net fee, trading and other income	1,992	-60	1,933
Total income	7,826	16	7,842
Total costs	-3,275	-45	-3,319
Loan loss provisions and fair value change ²	-796	-39	-835
Costs of legal risk related to FX loans	0	-3,112	-3,112
Operating profit	3,756	-3,180	576
Taxes on the Group balance sheet items	-643	-41	-684
Profit or loss before income tax	3,113	-3,221	-108
Net profit or loss	2,519	-3,221	-703
Total assets	201,720	8,172	209,892
Net interest margin	3.87%		3.70%
Cost/Income ratio	41.8%		42.3%
Cost of risk	0.70%		0.68%
Return on equity (ROE)	22.1%		-5.3%
Return on assets (ROA)	1.29%		-0.34%

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 shown separately from the total business.
- Non-core assets** are defined as all residential mortgage loans granted to individual customers in Poland that at any point in time were in another currency than PLN. In addition to the FX mortgage loan portfolio, associated provisions for legal risk arising from these contracts are also allocated to the segment.

The capital allocated to the non-core unit amounted to PLN 1.35 B as of 31.12.2022.

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);

From the managerial perspective, growth of mBank's core business is effectively based on lower capital due to its portion being set aside for FX Mortgage Loans segment.

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Key highlights of Q4 2022 in mBank Group

- 
 Stable net interest income (w/o “credit holidays”), but high commission expense halted upward trend of core revenues
- 
 Higher personnel costs partially offset by lower material spending, efficiency remained at excellent level
- 
 Loan loss provisions reflecting resilience of portfolio; costs of CHF-related legal risk continued to weigh on the results
- 
 Solid operating performance; securitisation transaction contributed to an improvement of capital ratios
- 
 Slowdown in loans observed in both business segments, growing deposits anchored in inflows from retail clients
- 
 mBank signed Commitment to Financial Health and Inclusion, and launched dedicated educational webpage

Net interest income
+64.9% YoY

Net fee income
-3.2% YoY

Total costs
+6.0% YoY

Cost/Income ratio
33.5%¹

Cost of risk
61 bps

CHF legal costs
PLN 430 million

Adjusted gross profit
PLN 1,410 million²

Total capital ratio
16.4%

Loans
+2.1% YoY

Deposits
+10.9% YoY

Mobile app users
3.34 million

PFM adoption
1.73 million users

¹ Normalized indicator, excluding impact of “credit holidays” and Borrowers’ Support Fund, while including linear booking of contributions to the BFG and IPS over the year

² Pre-tax result for Q4 2022 excluding costs of legal risk related to foreign currency loans (PLN 430.1 million) as well as releases due to lowering the impact of “credit holidays” (PLN 11.5 million) and the Borrowers’ Support Fund (PLN 13.1 million)

Summary of financial results: Profit and Loss Account

PLN million	Q4 2021	Q3 2022	reported	Δ YoY	adjusted		Δ QoQ
			Q4 2022		Q3 2022	Q4 2022	
Net interest income	1,197.5	732.2	1,974.5	+64.9% ↑	2,014.5	2,014.6	0.0% ↔
Net fee and commission income	483.2	513.8	467.8	-3.2% ↓	513.8	467.8	-9.0% ↓
Total income	1,620.6	1,074.7	2,434.0	+50.2% ↑	2,420.4	2,422.6	+0.1% ↑
Total costs (excl. obligatory contributions)	-570.7	-603.5	-642.7	+12.6% ↑	-603.5	-642.7	+6.5% ↑
Contributions to the BFG, IPS and BSF ¹	-24.8	-221.3	11.6	-/+ ↑	0.0	-1.5	-
Loan loss provisions and fair value change ²	-289.8	-183.0	-188.1	-35.1% ↓	-183.0	-188.1	+2.8% ↑
Costs of legal risk related to FX loans	-2,006.5	-2,314.3	-430.1	-78.6% ↓	0.0	0.0	-
Operating profit	-1,271.2	-2,247.4	1,184.8	-/+ ↑	1,634.0	1,590.4	-2.7% ↓
Taxes on the Group balance sheet items	-164.0	-176.9	-180.3	+9.9% ↑	-176.9	-180.3	+1.9% ↑
Profit or loss before income tax	-1,435.3	-2,424.3	1,004.4	-/+ ↑	1,457.1	1,410.0	-3.2% ↓
Net profit or loss	-1,631.1	-2,279.2	834.5	-/+ ↑			
Net interest margin (w/o "credit holidays")	2.42%	4.02%	4.03%	+1.61pp			
Cost/Income ratio	36.7%	76.7%	25.9%	-10.8pp			
Cost of risk	0.98%	0.58%	0.61%	-0.37pp			
Return on equity (ROE)	-42.5%	-70.4%	26.9%	+69.4pp			
Return on assets (ROA)	-3.14%	-4.32%	1.59%	+4.73pp			

adjusted results for Q3 2022 and Q4 2022 are presented excluding:

- impact of "credit holidays"
- Borrowers' Support Fund (BSF)
- payment to the Protection Scheme (IPS)
- costs of legal risk related to foreign currency loans

¹ In Q3/22 it included additional contribution to the Protection Scheme (IPS) of PLN 37.2 million and Borrowers' Support Fund (BSF) of PLN 184.1 million; in Q4/22, following the precise information, PLN 13.1 million for BSF was released

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

Summary of financial results: Balance Sheet

PLN million	Q4 2021	Q3 2022	Q4 2022	Δ QoQ	Δ YoY
Total assets	198,373	205,676	209,892	+2.0%	+5.8%
Gross loans to customers	120,856	128,677	123,437	-4.1%	+2.1%
Individual client loans	72,871	73,173	71,122	-2.8%	-2.4%
Corporate client loans	47,832	55,375	52,207	-5.7%	+9.1%
Customer deposits	157,072	170,253	174,131	+2.3%	+10.9%
Individual client deposits	112,446	118,549	122,890	+3.7%	+9.3%
Corporate client deposits ¹	43,930	50,766	49,671	-2.2%	+13.1%
Total equity	13,718	11,479	12,715	+10.8%	-7.3%
Loan-to-deposit ratio	74.9%	73.6%	69.0%	-4.6pp	-5.9pp
NPL ratio	3.9%	4.0%	4.0%	0.0pp	+0.1pp
Coverage ratio	53.1%	51.9%	52.3%	+0.4pp	-0.8pp
Tier 1 Capital Ratio	14.2%	12.1%	13.8%	+1.7pp	-0.4pp
Total Capital Ratio	16.6%	14.7%	16.4%	+1.7pp	-0.2pp

¹ Excluding repo / sell-buy-back transactions

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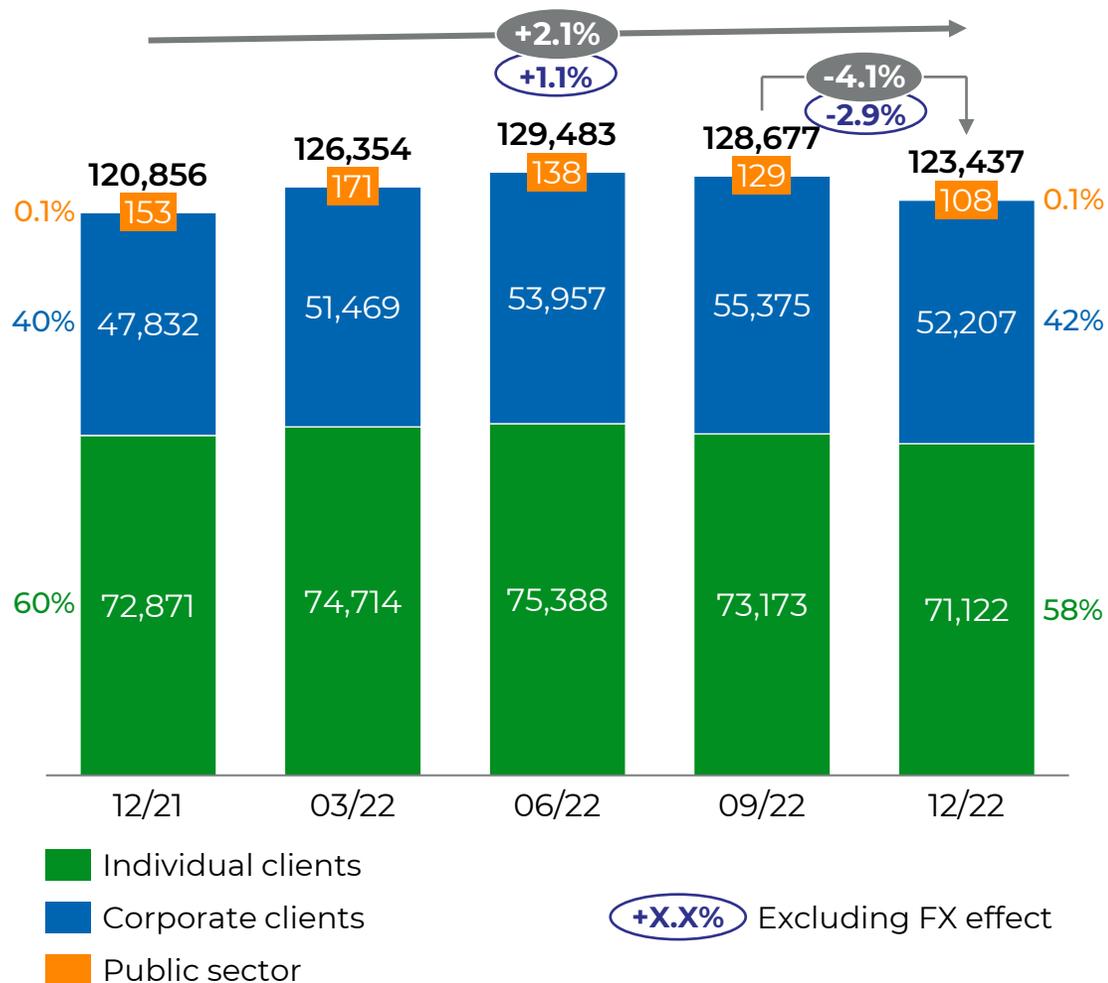
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Results of mBank Group: Loans to customers

Decline of loan portfolio due to slowdown observed in both business segments

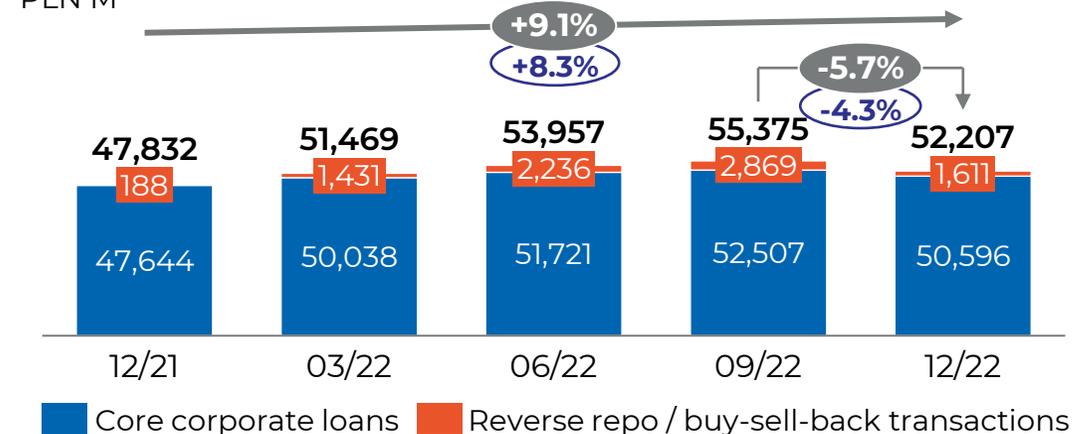
Development of gross loans and advances to customers

PLN M



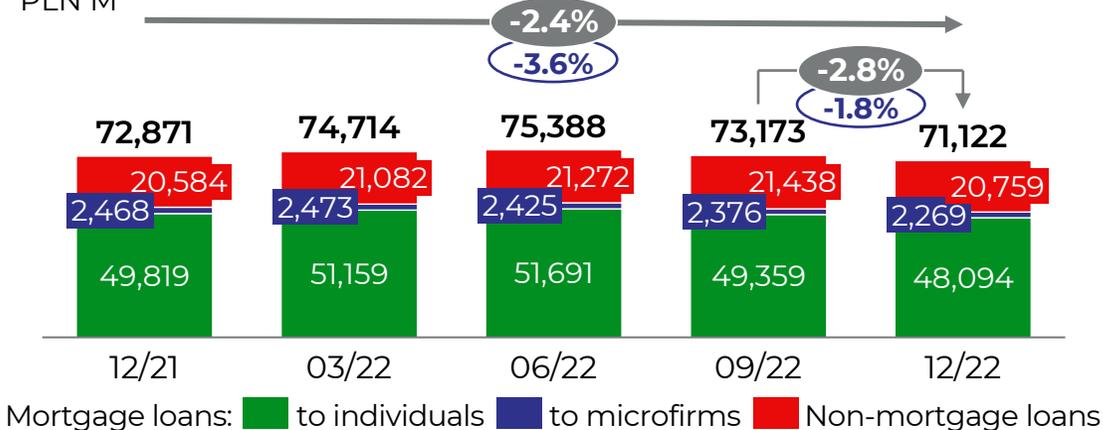
Gross loans to corporate customers

PLN M



Gross loans to retail customers

PLN M



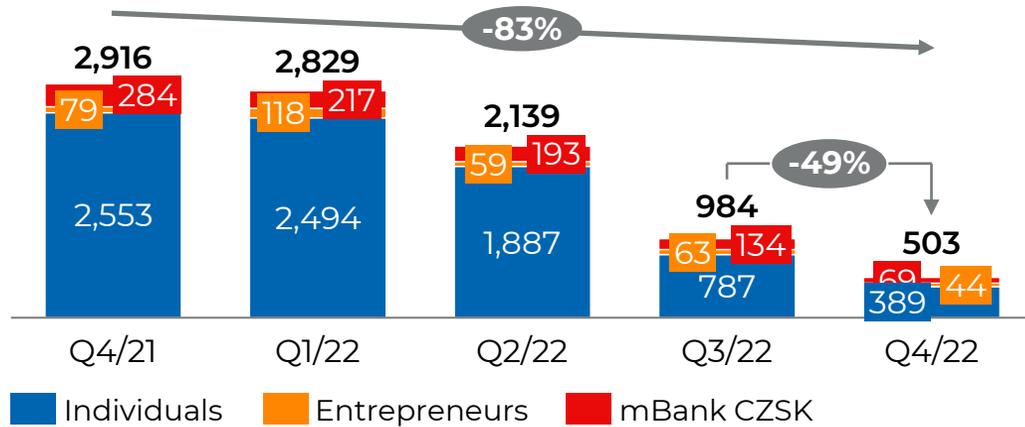
Note: Data for the previous quarters restated due to a change in classification of receivables for the settlement of cash deposit machines and sorting plants.

Results of mBank Group: New lending business

Further drop in new mortgage lending, accompanied by lower sales of consumer credit

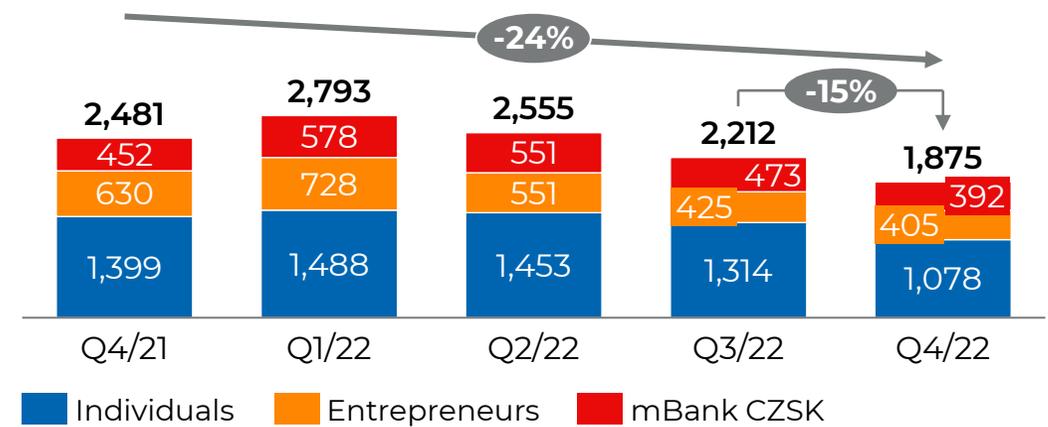
Sales of mortgage loans

PLN M, by quarter



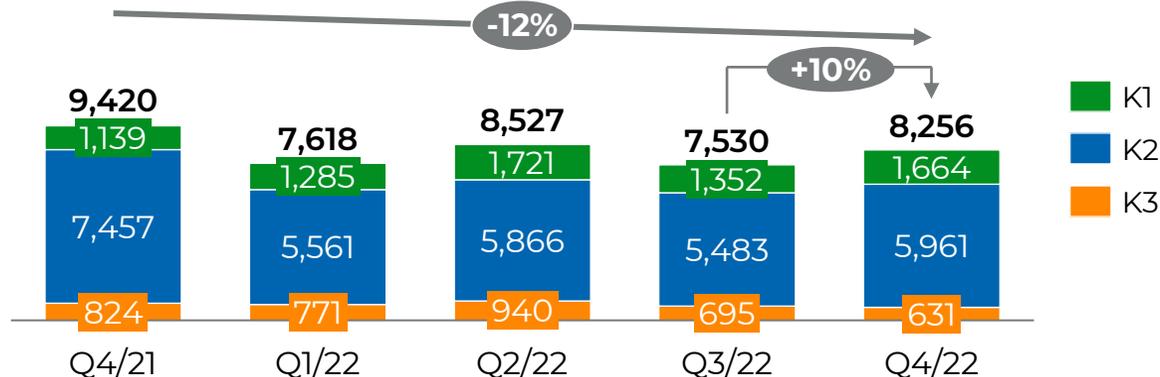
Sales of non-mortgage loans

PLN M, by quarter



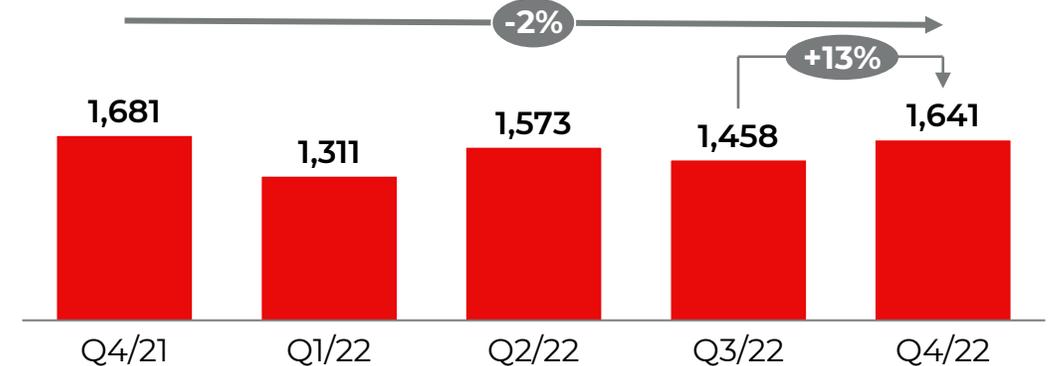
Sales of corporate loans¹

PLN M, by quarter



New leasing contracts

PLN M, by quarter

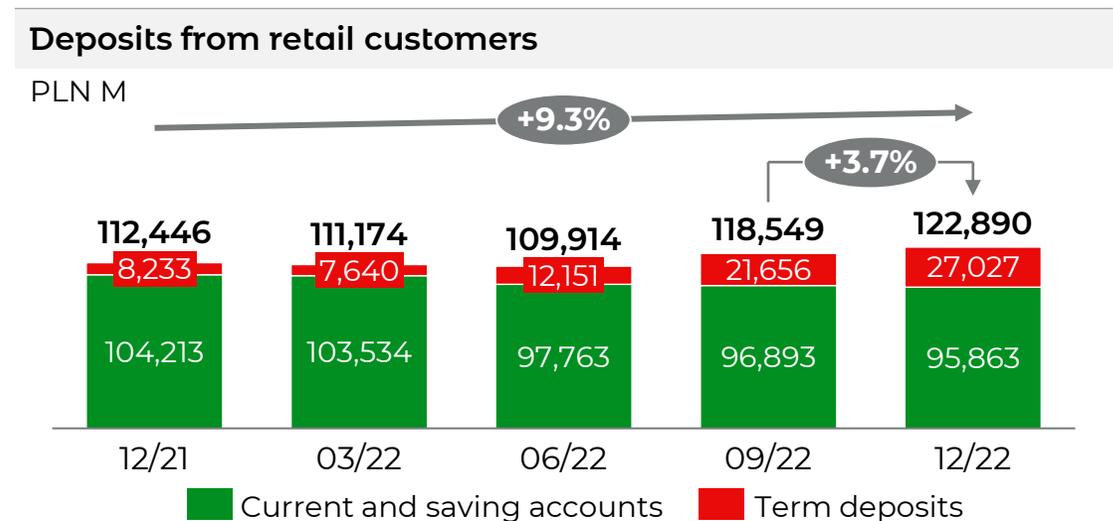
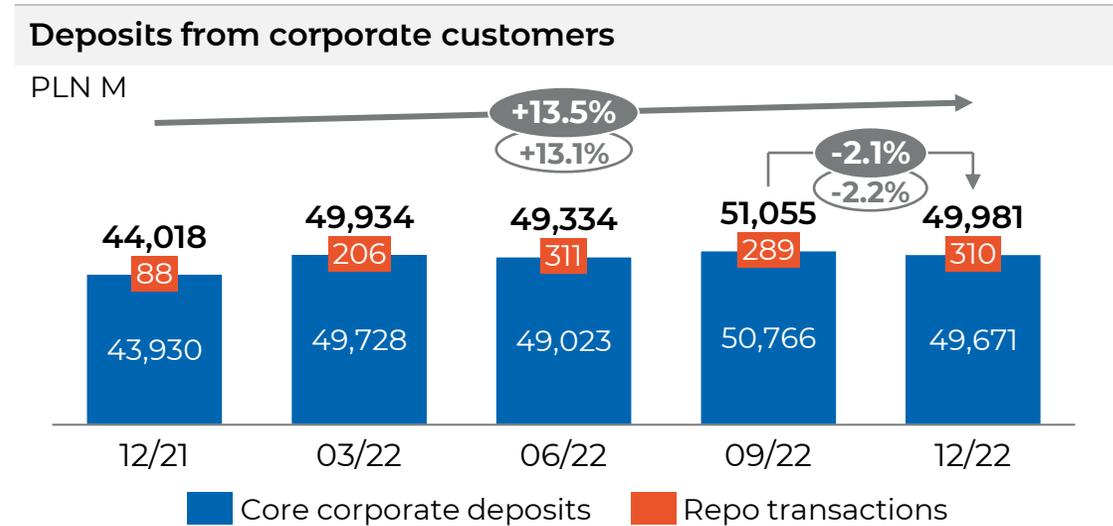
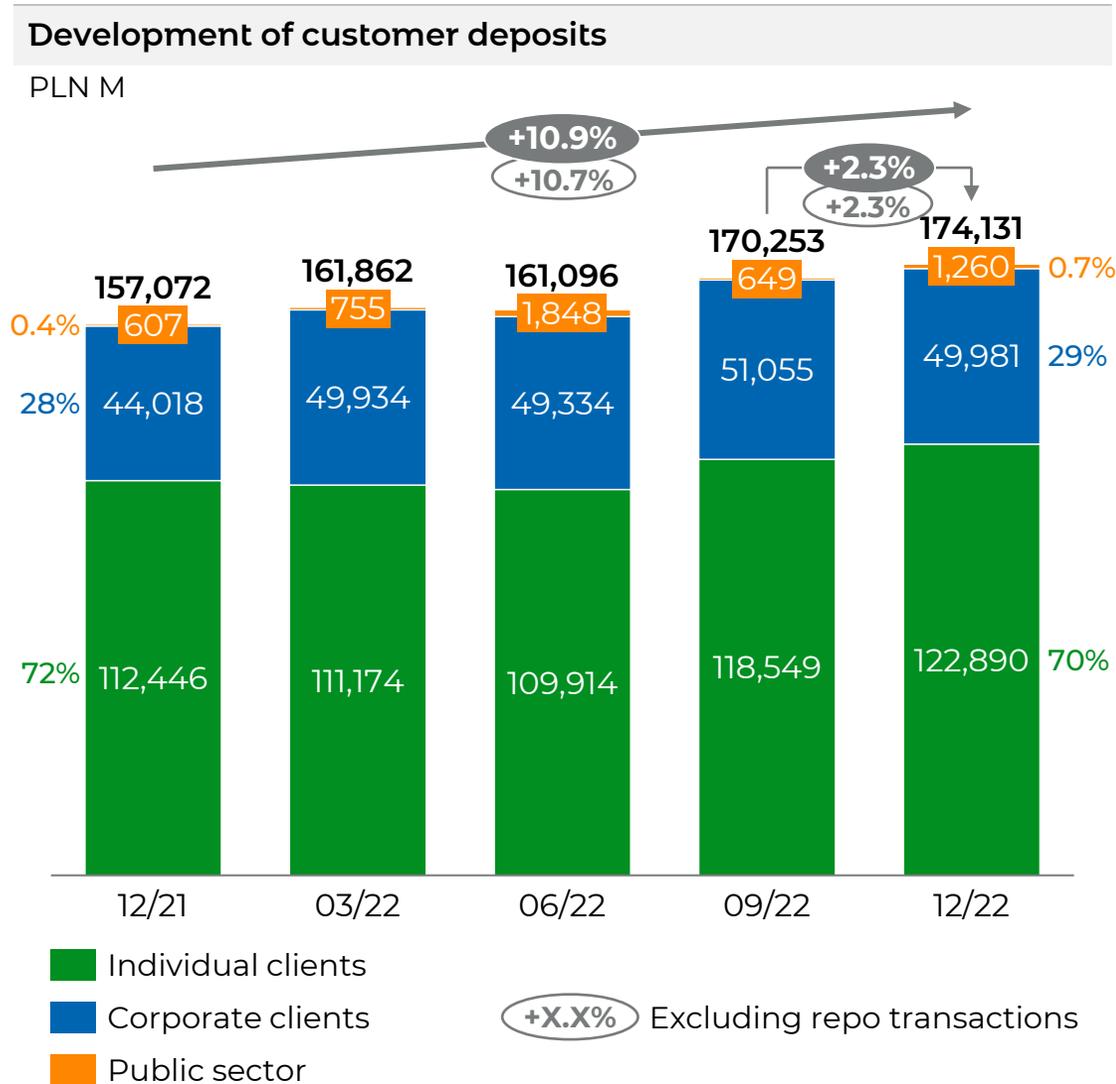


¹ Including new sale, rising and renewal

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

Continued growth of deposit base anchored in rebounding inflows from retail clients



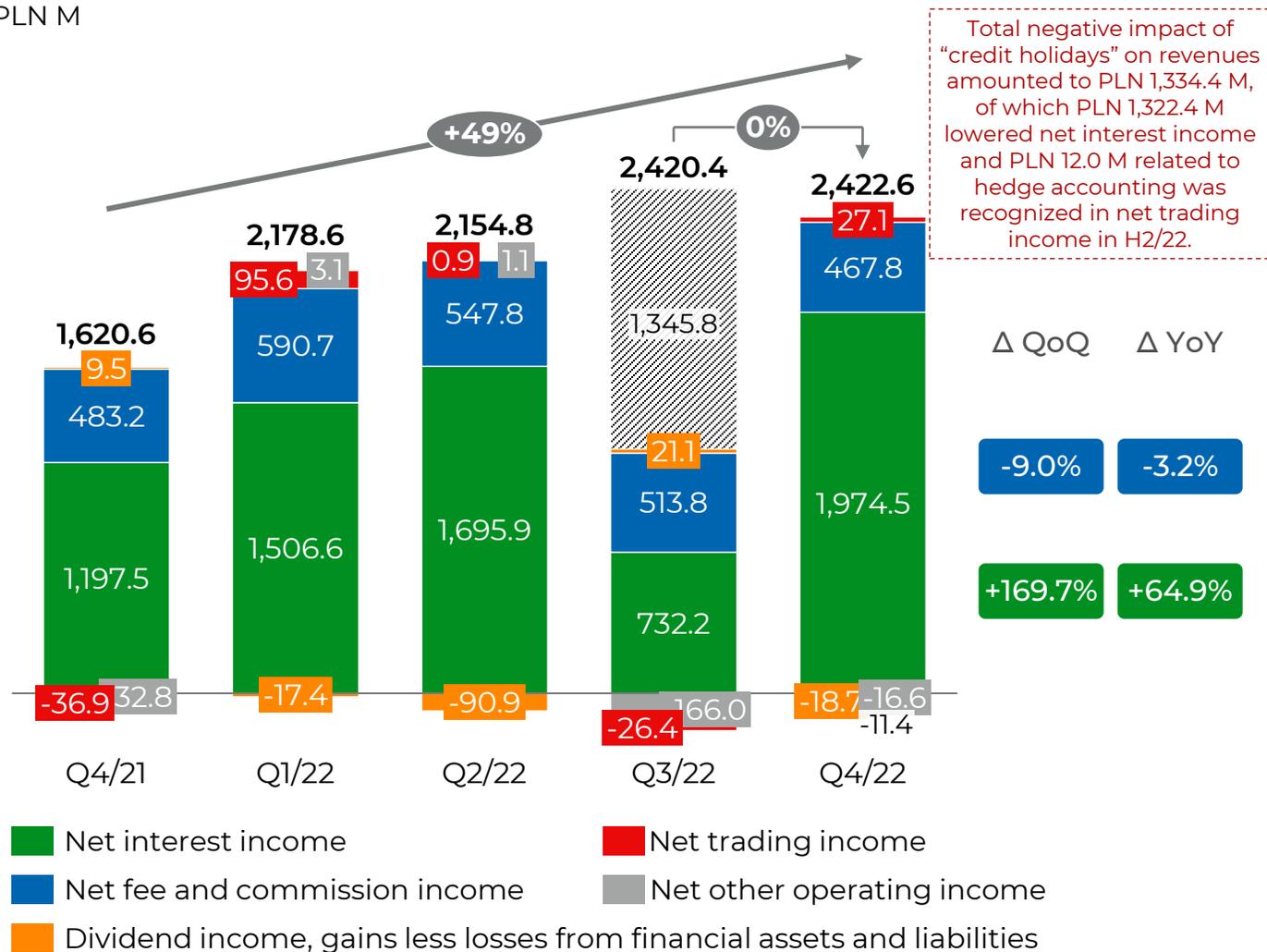
Note: Data for the previous quarters restated due to a change in classification of 'loans and advances received' as well as 'leasing liabilities', which were excluded from 'amount due to customers'.

Results of mBank Group: Total income

Revenues, adjusted for “credit holidays”, kept at record level, with stable net interest income

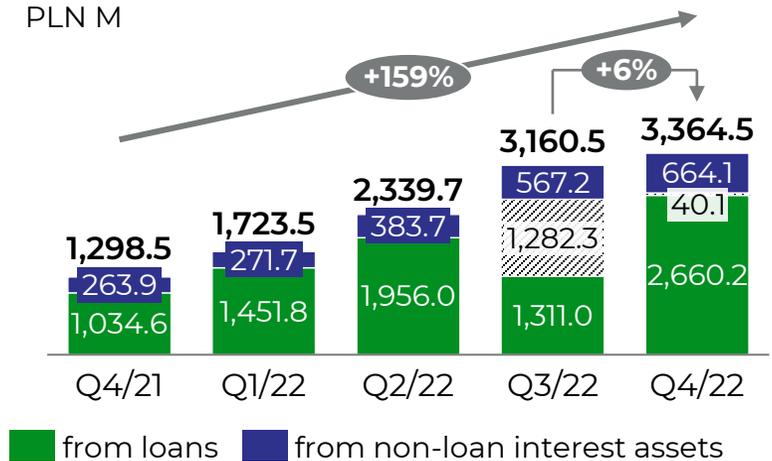
Development of mBank Group’s total income

PLN M



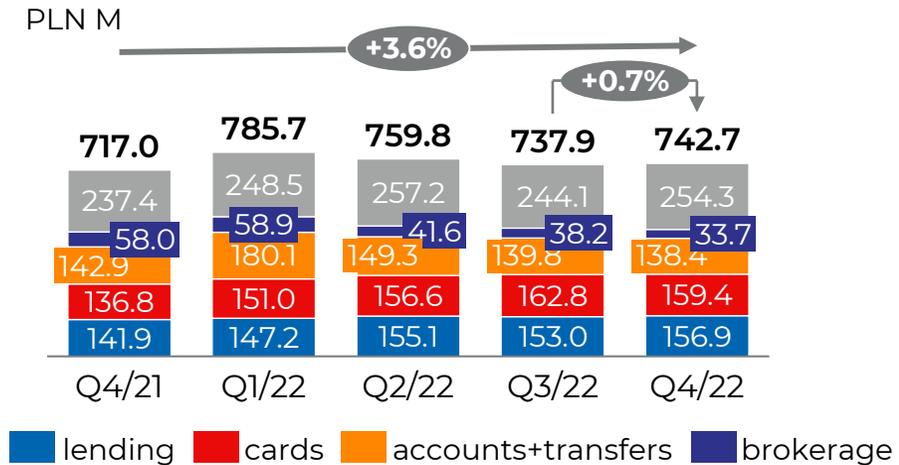
Development of interest income

PLN M



Development of fee and commission income

PLN M

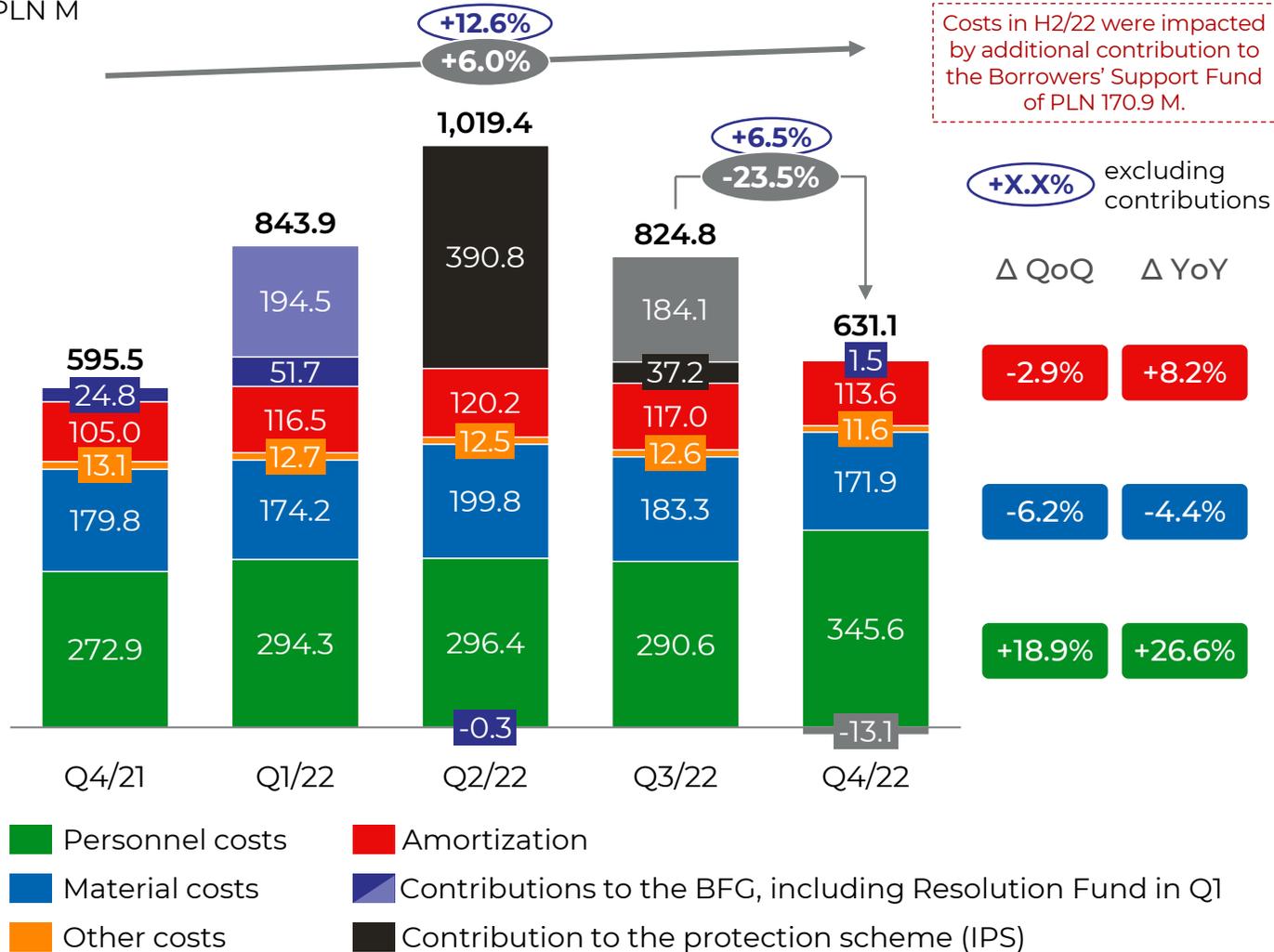


Results of mBank Group: Total costs and efficiency

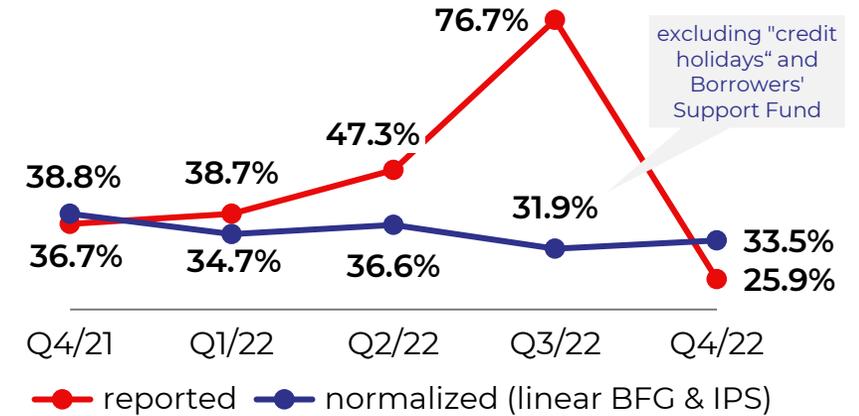
Higher personnel costs partially offset by lower material spending, excellent efficiency

Development of mBank Group's operating costs

PLN M



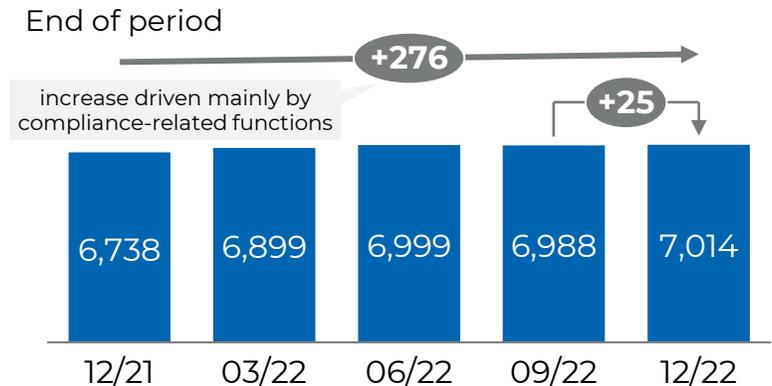
Cost/Income ratio of mBank Group – quarterly



Normalized C/I ratio for 2022 **34.3%**

excluding impact of "credit holidays" and Borrowers' Support Fund

Employment of mBank Group (in FTEs)

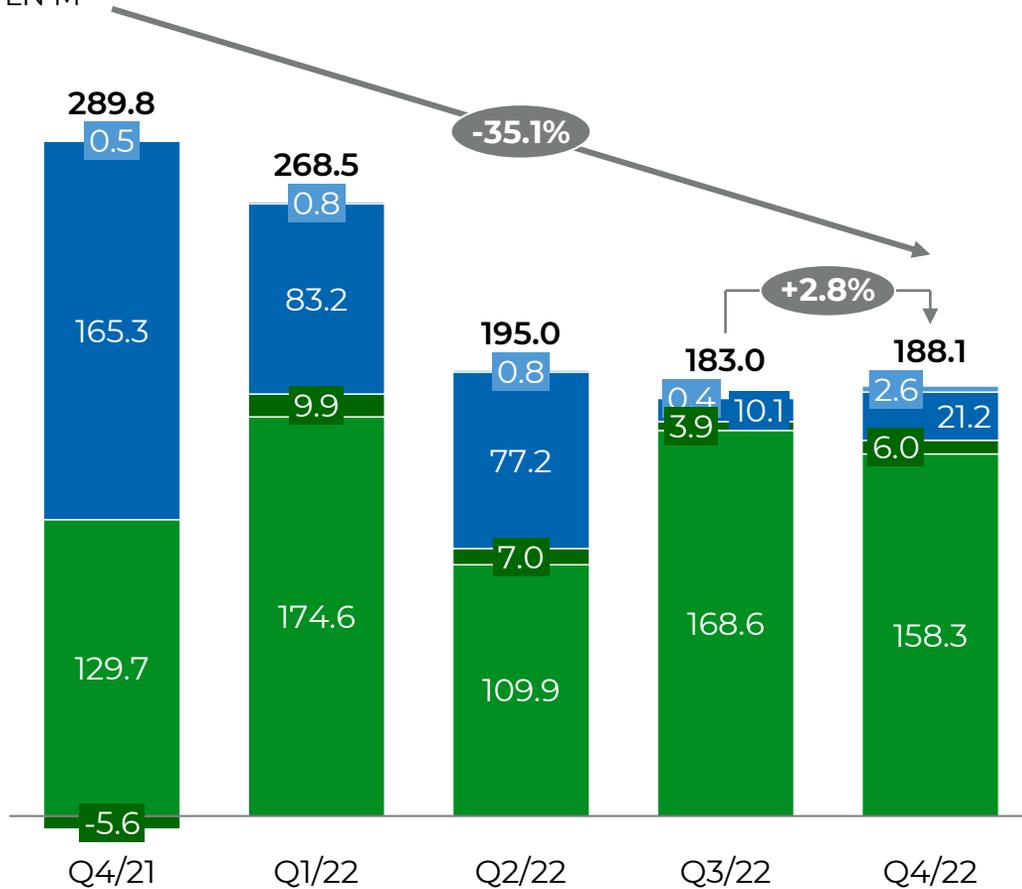


Results of mBank Group: Loan loss provisions and cost of risk

Provisioning level reflecting resilience of credit portfolio and prudent risk management

Net impairment losses and fair value change on loans

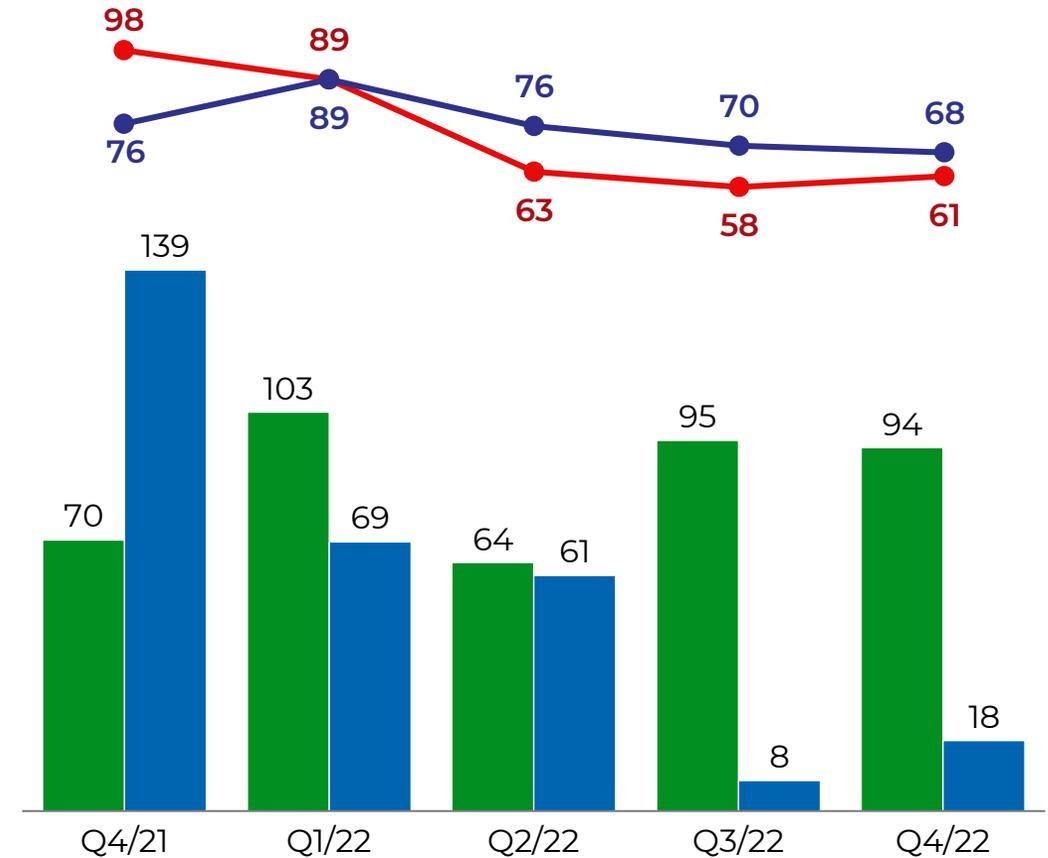
PLN M



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

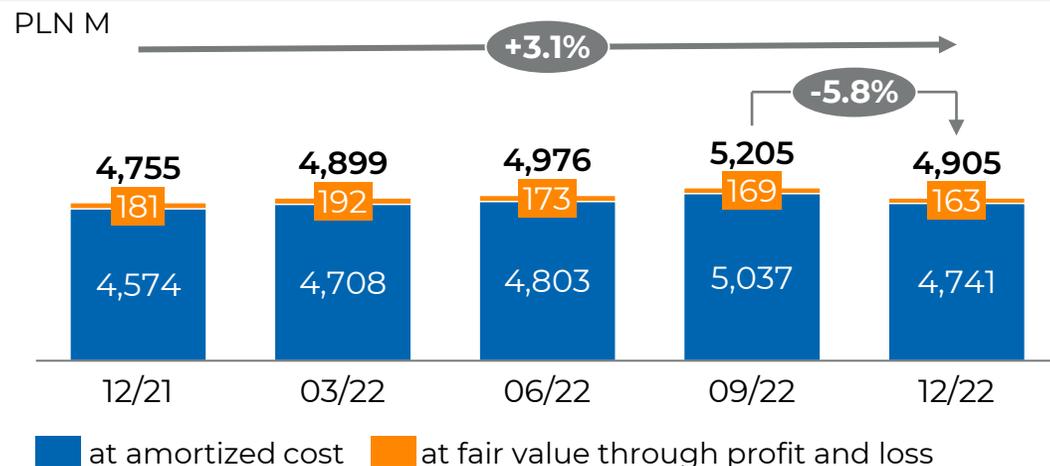


mBank Group's cost of risk: ● quarterly ● YtD
■ Retail loan portfolio ■ Corporate loan portfolio

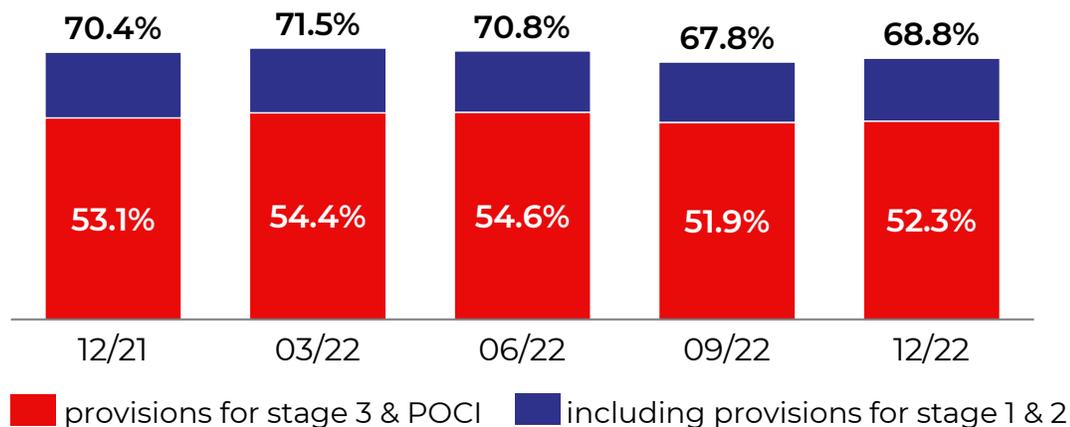
Results of mBank Group: Loan portfolio quality

Good asset quality confirmed by risk indicators, support from sale of non-performing loans

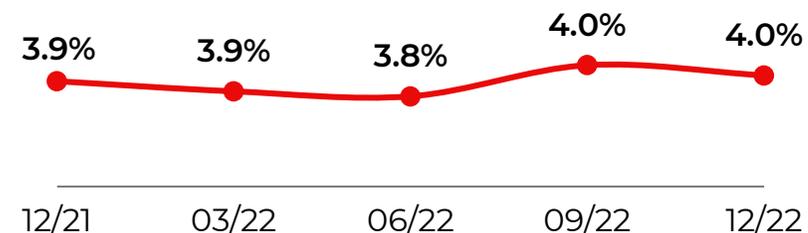
mBank Group's impaired loans portfolio



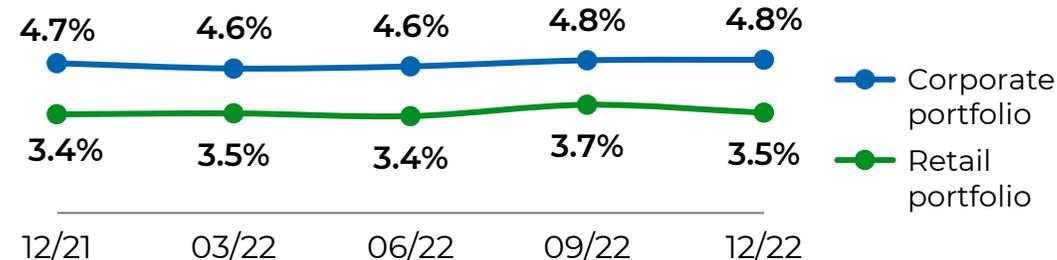
mBank Group's coverage ratio



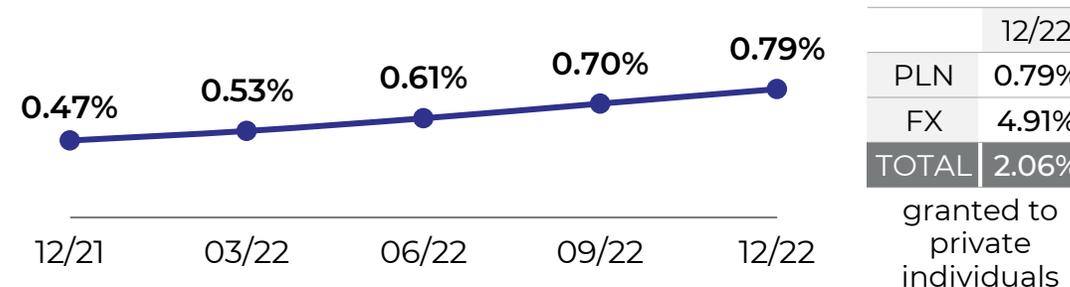
mBank Group's NPL ratio



mBank Group's NPL ratio, by segment



NPL ratio of mortgage loan portfolio in PLN

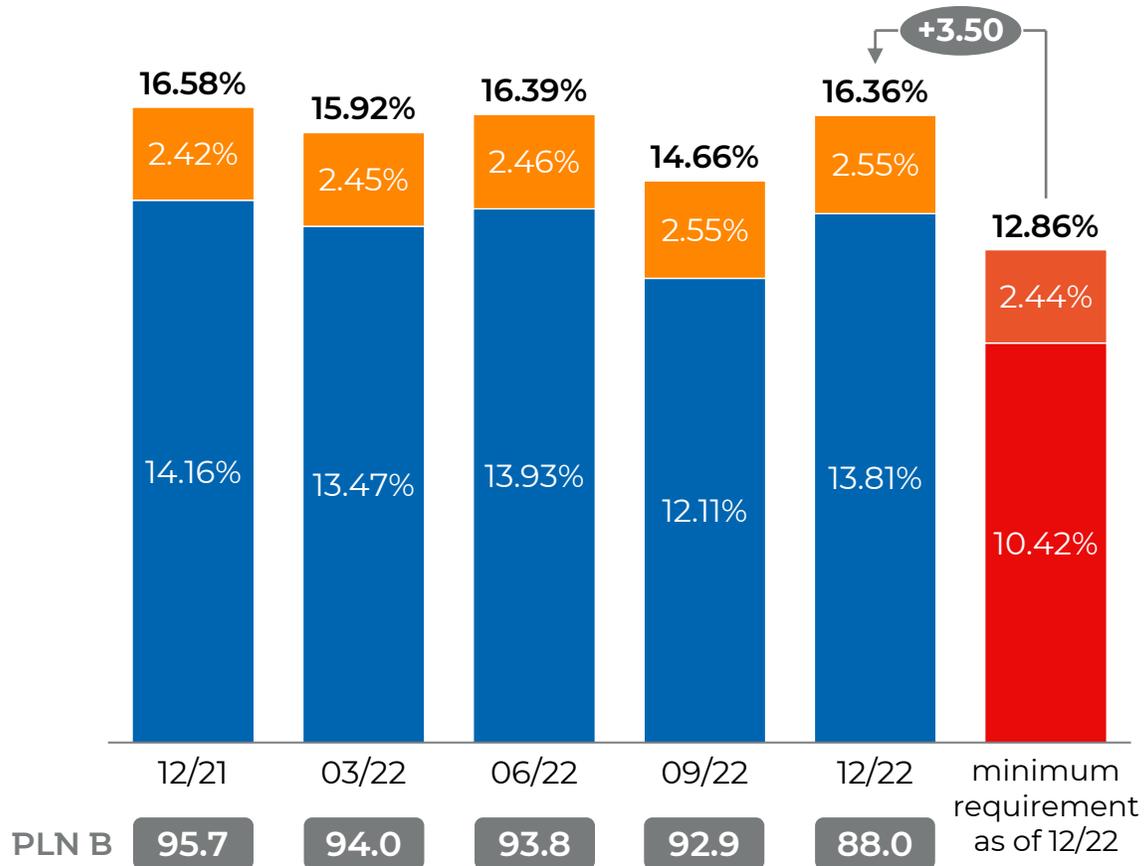


Note: Risk indicators presented for credit portfolio measured both at amortized cost and at fair value through profit or loss. The bank applies a client-oriented approach in its methodology of NPL recognition.

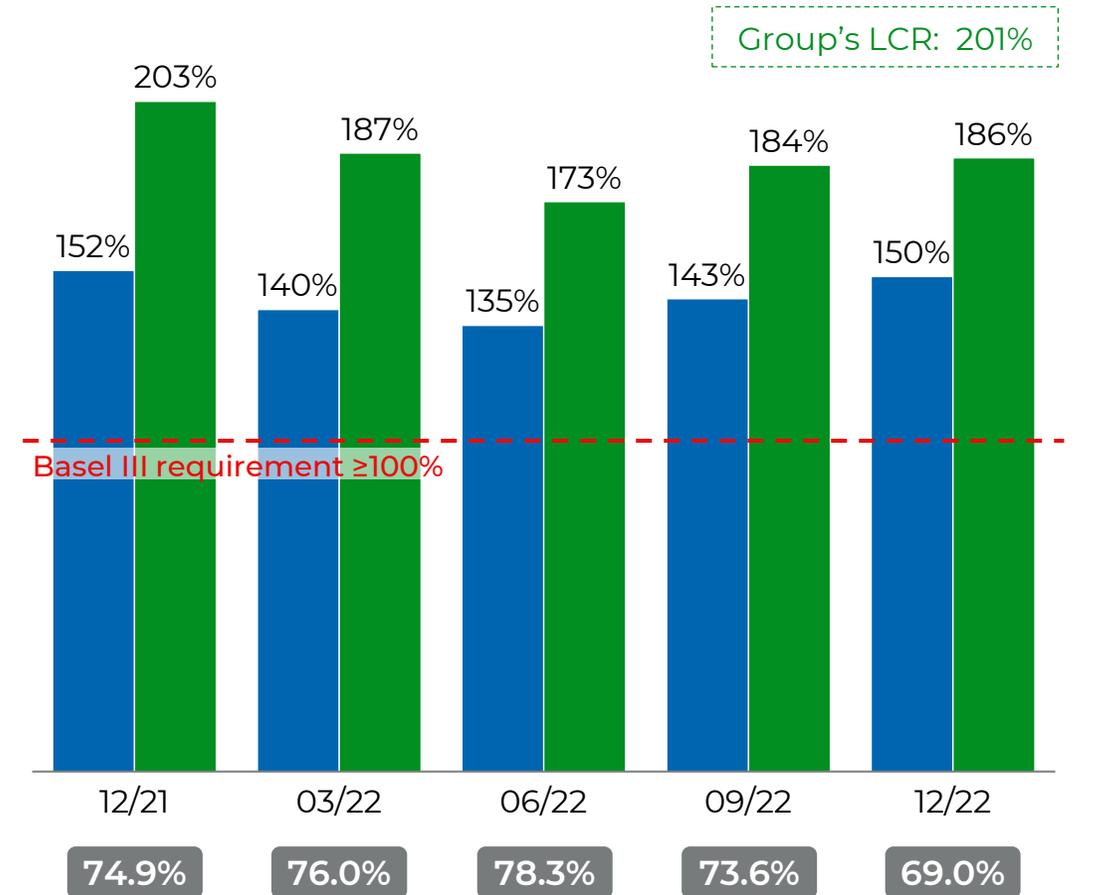
Results of mBank Group: Capital ratio and liquidity position

Strong capital position safely surpassing regulatory requirements, ample liquidity

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)

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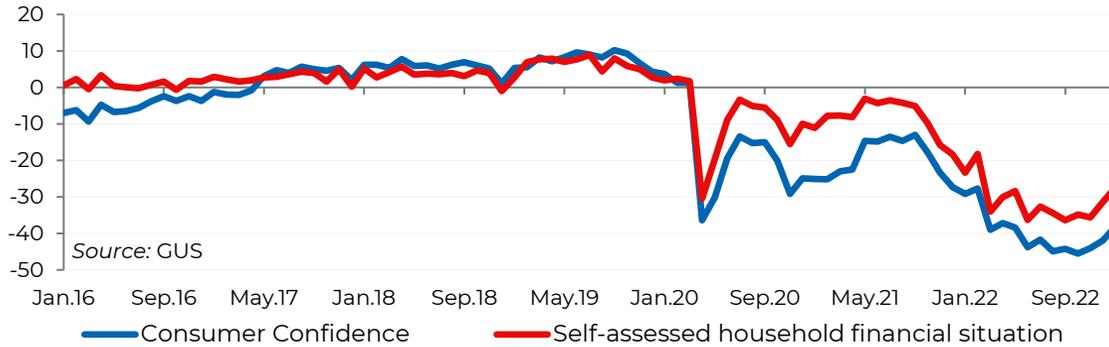
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Macroeconomic situation and outlook

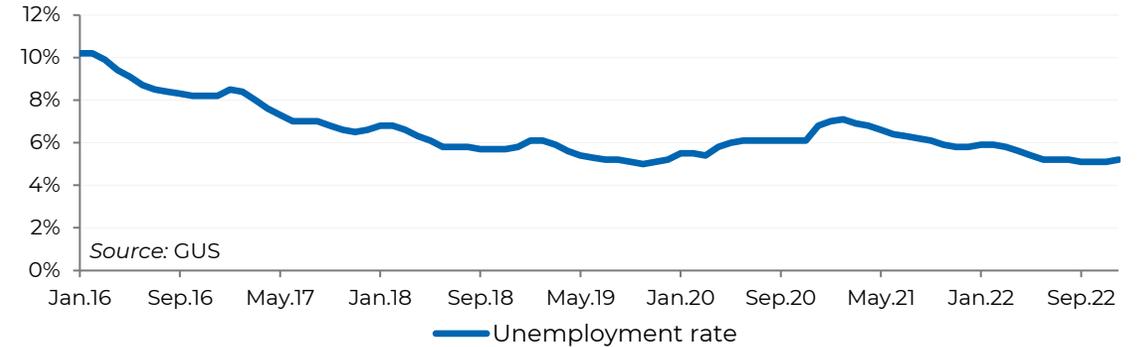
Economic slowdown meets inflation tops.

Consumer moods becoming better



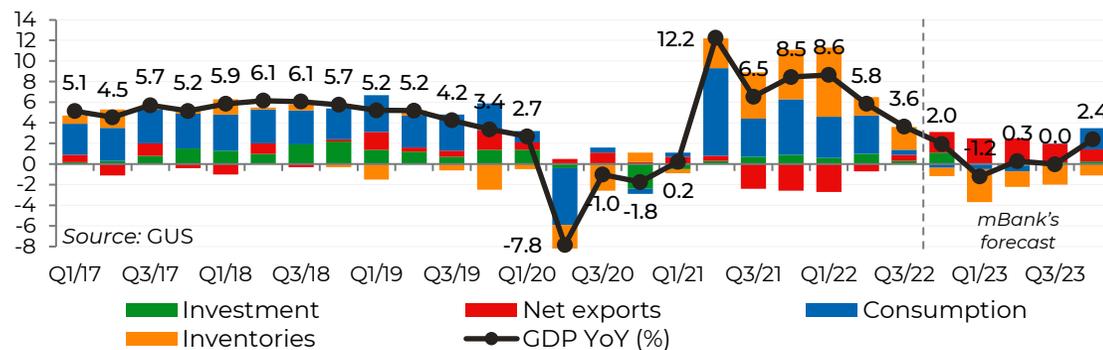
It is possible that consumers were overwhelmed by fear in Q4/22 (gas, cold). Large chunk of worries went away in Q1/23. However, a part relating to falling real wages stays intact. The bottom of consumption lies still ahead of us.

Unemployment rate (still) at cyclical bottoms



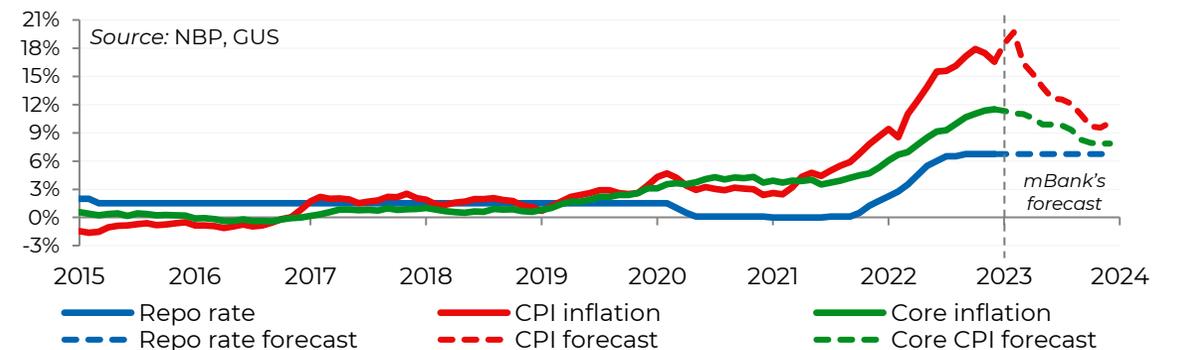
As labour market has typically some inertia, the fall of GDP growth momentum has not yet been seen. The structure of labour market (low supply) implies that an incoming increase in unemployment rate is set to be only small.

GDP path and forecast for Poland (% YoY)



GDP growth in 2022 was better than expected. Momentum is falling, though. Therefore, mBank's forecast still aims for +0.4% YoY in 2023 (some upside skew). Situation may be very dynamic, brace for even substantial adjustments.

Inflation: off 2.5% NBP target but rates reached its peak

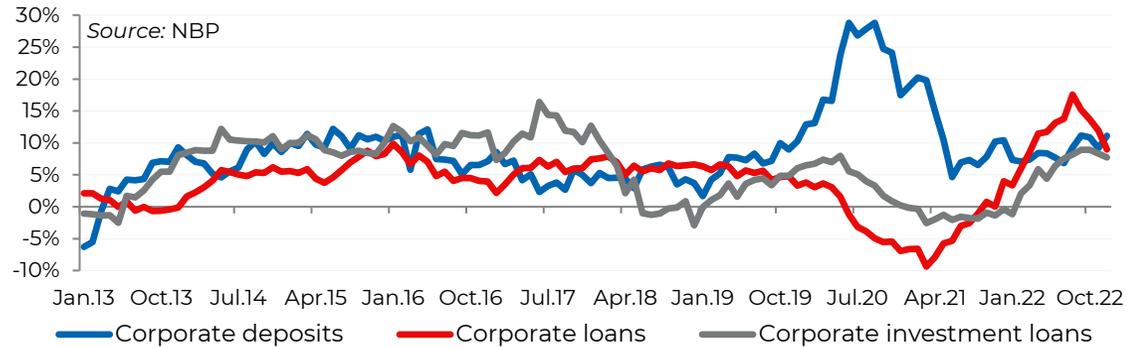


Inflation is yet to reach the top at the beginning of 2023 due to pending energy price increases. Afterwards the fall is inevitable. mBank's analysts see upside risks though and do not expect Monetary Policy Council to cut rates.

Macroeconomic situation and outlook

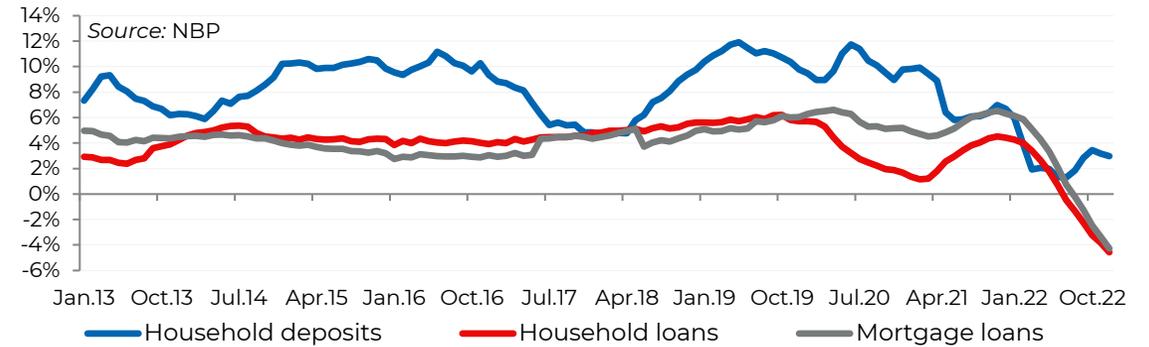
Great deleveraging. Rates and EUR/PLN toppish.

Corporate loans and deposits (YoY, FX-adjusted)



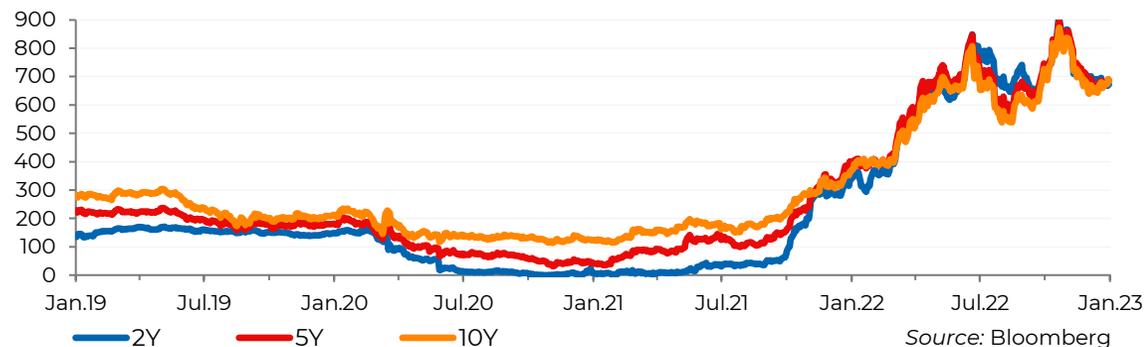
Peak performance of credit activity is here. Lagged effects of interest rate hikes set to slow down (or even reverse) all aggregates. Deposits are growing steadily (yet).

Household loans and deposits (YoY, FX-adjusted)



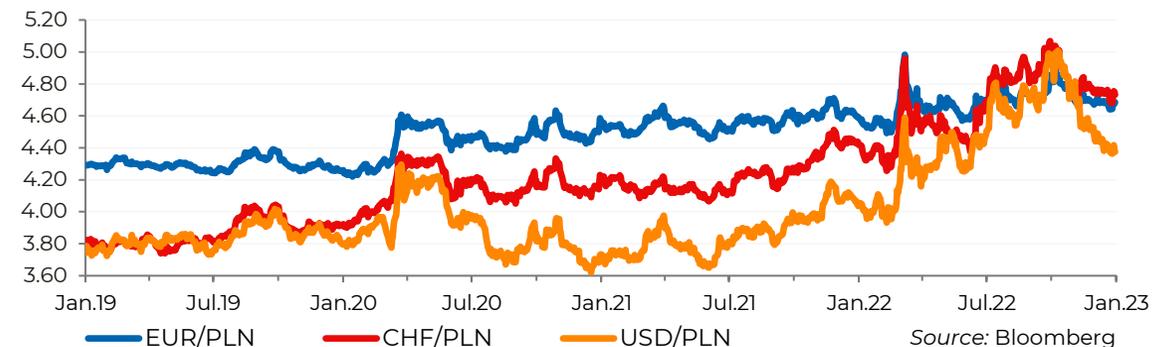
Loan volumes retreat under the weight of higher interest rates, tightened credit standards and weaker business activity. Peak (negative) effects are yet to come. Deposit base bumped by precautionary savings in Q4/22.

Government bond yields off the highs (revisit unlikely) (bps)



After successful government information campaign, fiscal risk receded. The game for rate cuts is on as well. The direction for yields in 2023 is down. Bigger unknown is the pace and the scale.

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 continued being unfavourable and hardly predictable

Key economic indicators for Poland

	2021	2022	2023F	2024F
GDP growth (YoY)	6.8%	4.9%	0.4%	2.6%
Domestic demand (YoY)	8.4%	5.5%	-1.6%	3.0%
Private consumption (YoY)	6.3%	3.0%	-0.3%	3.1%
Investment (YoY)	2.1%	4.6%	0.2%	5.6%
Inflation (eop)	8.6%	16.6%	10.1%	6.0%
MPC rate (eop)	1.75%	6.75%	6.75%	6.00%
CHF/PLN (eop)	4.42	4.73	4.46	4.34
EUR/PLN (eop)	4.59	4.69	4.52	4.44

Polish banking sector – monetary aggregates YoY

	2021	2022	2023F	2024F
Corporate loans	3.9%	9.6%	2.2%	7.1%
Household loans	4.9%	-3.8%	-2.1%	1.5%
Mortgage loans	7.1%	-3.2%	-1.5%	2.3%
Mortgage loans in PLN	12.0%	-0.6%	1.7%	6.1%
Non-mortgage loans	1.1%	-5.1%	-3.2%	-0.1%
Corporate deposits	10.4%	11.6%	0.3%	2.7%
Household deposits	6.7%	3.3%	4.5%	8.9%

Source: mBank's estimates as of 07.02.2023.

Investor Presentation | Q1-Q4 2022

Short-term prospects for mBank (view based on Q4/22)

Net interest income & NIM

slightly negative¹



- With significantly increased rates translating into rising deposit costs, potential for further margin improvement exhausted
- Decelerating loan volumes may impact dynamics of interest income

Net fee and commission income

neutral



- Uptrend in customer base and transactionality may be offset by slowing economy and weaker demand for banking products
- Relevant adjustments to tariff of fees already implemented

Total costs

slightly negative



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

Loan loss provisions & FV change

slightly negative



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

¹ compared to the level adjusted for the impact of "credit holidays"

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Consolidated Profit and Loss Account – quarterly

Quarterly results (PLN thou.)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net interest income	1,197,483	1,506,592	1,695,946	732,219	1,974,482
Net fee and commission income	483,237	590,737	547,772	513,818	467,750
Dividend income	177	835	3,991	287	123
Net trading income	-36,892	95,627	858	-26,398	27,111
Gains less losses from financial assets ¹	9,326	-18,259	-94,861	20,792	-18,848
Net other operating income	-32,776	3,069	1,126	-166,048	-16,598
Total income	1,620,555	2,178,601	2,154,832	1,074,670	2,434,020
Total operating costs	-595,499	-843,894	-1,019,427	-824,772	-631,096
<i>Overhead costs</i>	-490,508	-727,360	-899,263	-707,779	-517,479
<i>Amortisation</i>	-104,991	-116,534	-120,164	-116,993	-113,617
Loan loss provisions and fair value change ²	-289,814	-268,524	-194,956	-182,958	-188,075
Costs of legal risk related to FX loans	-2,006,455	-192,754	-175,094	-2,314,320	-430,097
Operating profit	-1,271,213	873,429	765,355	-2,247,380	1,184,752
Taxes on the Group balance sheet items	-164,047	-159,839	-167,105	-176,904	-180,327
Profit or loss before income tax	-1,435,260	713,590	598,250	-2,424,284	1,004,425
Net result attributable to owners of mBank	-1,631,116	512,329	229,708	-2,279,244	834,516

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.)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Cash and balances with Central Bank	12,202,266	17,971,383	12,522,901	20,488,126	16,014,318
Loans and advances to banks	7,229,681	6,829,976	8,547,677	9,654,087	9,806,262
Trading securities	596,622	1,004,413	1,121,144	1,063,428	984,237
Derivative financial instruments	1,952,028	1,701,204	2,044,790	2,309,677	1,500,695
Loans and advances to customers	117,677,475	123,025,058	126,121,456	125,289,458	120,183,142
Investment securities	52,675,679	46,215,685	45,162,202	39,999,559	54,350,774
Intangible assets	1,283,953	1,301,614	1,299,544	1,323,417	1,391,707
Tangible fixed assets	1,542,250	1,527,159	1,494,499	1,464,949	1,484,933
Other assets	3,213,420	3,660,090	3,856,210	4,083,549	4,176,045
Total assets	198,373,374	203,236,582	202,170,423	205,676,250	209,892,113
Liabilities (PLN thou.)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Amounts due to banks	5,266,179	3,970,565	4,564,953	3,716,459	3,270,223
Derivative financial instruments	2,011,182	2,384,707	2,839,548	3,006,258	2,086,111
Amounts due to customers	157,071,670	161,862,191	161,095,983	170,252,682	174,130,914
Debt securities in issue	13,429,782	13,654,108	12,203,802	9,511,485	9,465,479
Subordinated liabilities	2,624,456	2,645,717	2,702,305	2,807,751	2,740,721
Other liabilities	4,252,189	5,129,308	5,386,239	4,902,681	5,483,634
Total liabilities	184,655,458	189,646,596	188,792,830	194,197,316	197,177,082
Total equity	13,717,916	13,589,986	13,377,593	11,478,934	12,715,031
Total liabilities and equity	198,373,374	203,236,582	202,170,423	205,676,250	209,892,113

Appendix: Selected Financial Data

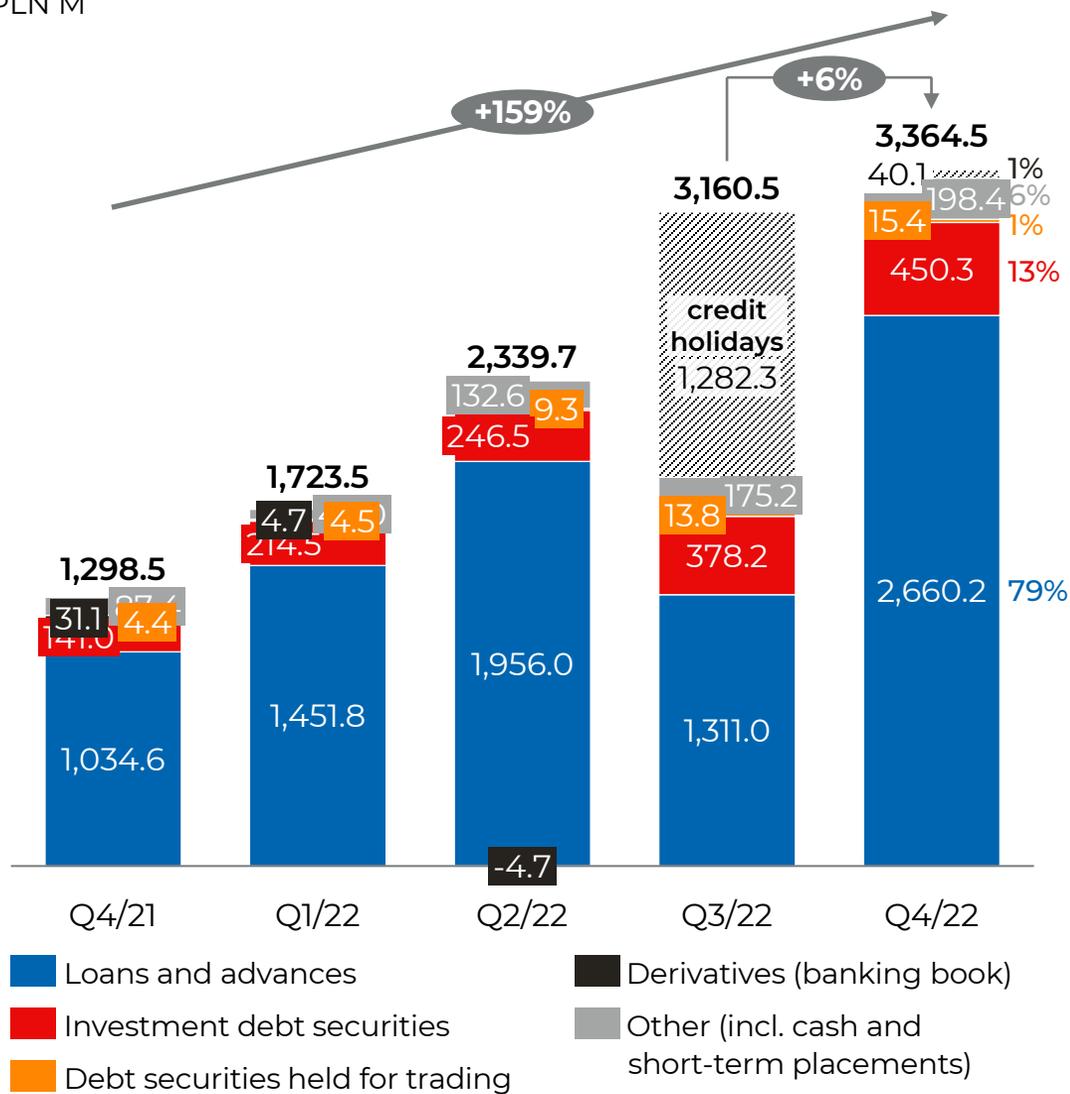
mBank Group's Ratios – quarterly and cumulatively

Financial Ratios	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net Interest Margin, quarterly	2.42%	3.17%	3.56%	4.02%	4.03%
Net Interest Margin, YtD	2.16%	3.17%	3.37%	3.59%	3.70%
Net Interest Margin, excl. CHF portfolio, YtD	2.25%	3.31%	3.51%	3.75%	3.87%
Cost/Income Ratio, quarterly	36.7%	38.7%	47.3%	76.7%	25.9%
Cost/Income Ratio, YtD	40.2%	38.7%	43.0%	49.7%	42.3%
Cost of Risk, quarterly	0.98%	0.89%	0.63%	0.58%	0.61%
Cost of Risk, YtD	0.76%	0.89%	0.76%	0.70%	0.68%
Return on Equity, ROE net, quarterly	-42.5%	15.0%	6.8%	-70.4%	26.9%
Return on Equity, ROE net, YtD	-7.2%	15.0%	10.9%	-15.3%	-5.3%
Return on Assets, ROA net, quarterly	-3.14%	1.03%	0.46%	-4.32%	1.59%
Return on Assets, ROA net, YtD	-0.59%	1.03%	0.74%	-1.00%	-0.34%
Loan-to-Deposit Ratio	74.9%	76.0%	78.3%	73.6%	69.0%
Total Capital Ratio	16.58%	15.92%	16.39%	14.66%	16.36%
Tier 1 Capital Ratio	14.16%	13.47%	13.93%	12.11%	13.81%
Leverage ratio	6.3%	5.9%	6.0%	5.1%	5.5%
Equity / Assets	6.9%	6.7%	6.6%	5.6%	6.1%
TREA / Assets	48.3%	46.3%	46.4%	45.1%	41.9%
NPL ratio	3.9%	3.9%	3.8%	4.0%	4.0%
NPL coverage ratio	53.1%	54.4%	54.6%	51.9%	52.3%
NPL coverage ratio incl. stage 1&2 provisions	70.4%	71.5%	70.8%	67.8%	68.8%

Appendix: Selected Financial Data – Net interest income

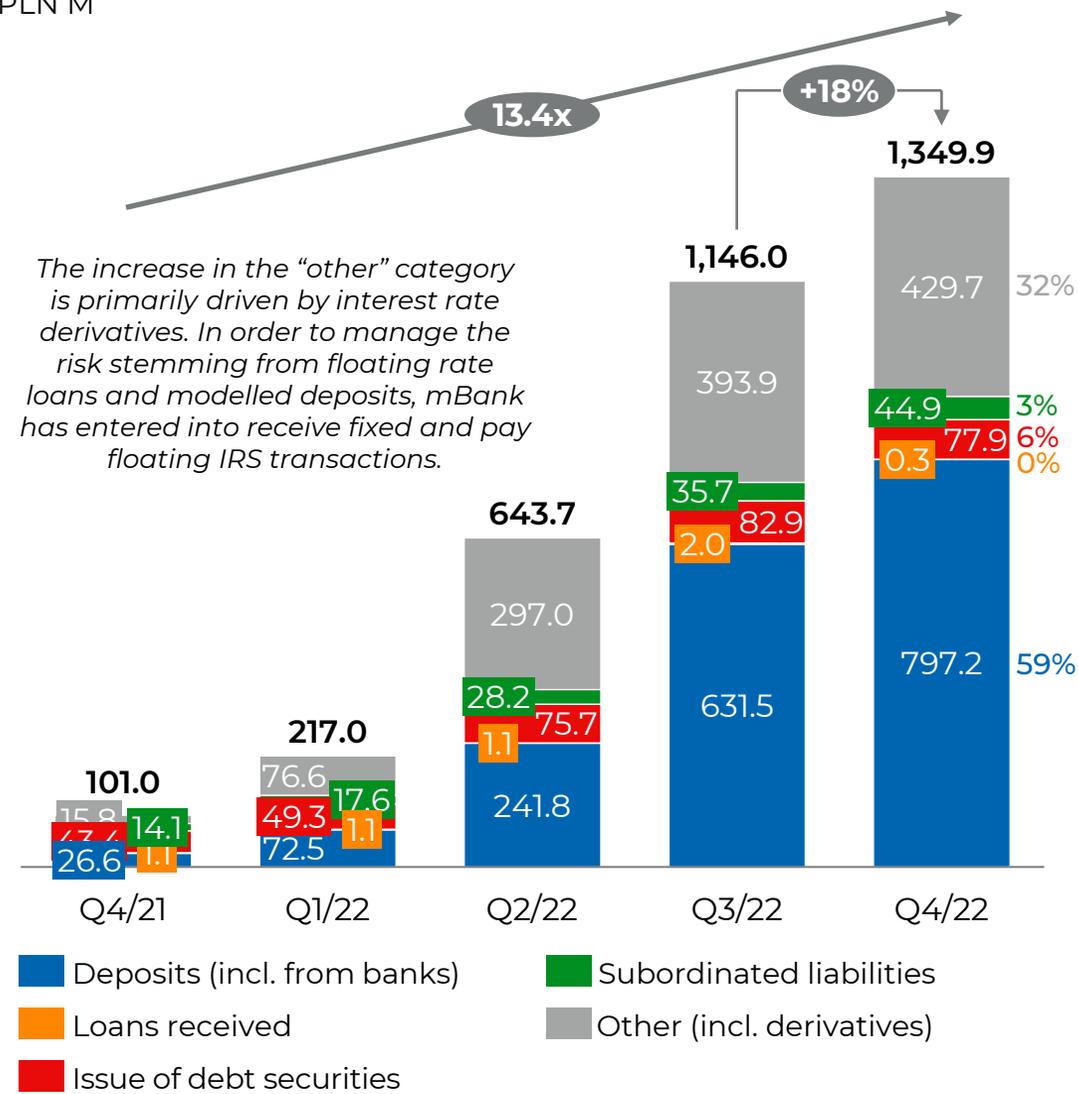
Structure of mBank Group's interest income

PLN M



Structure of mBank Group's interest expense

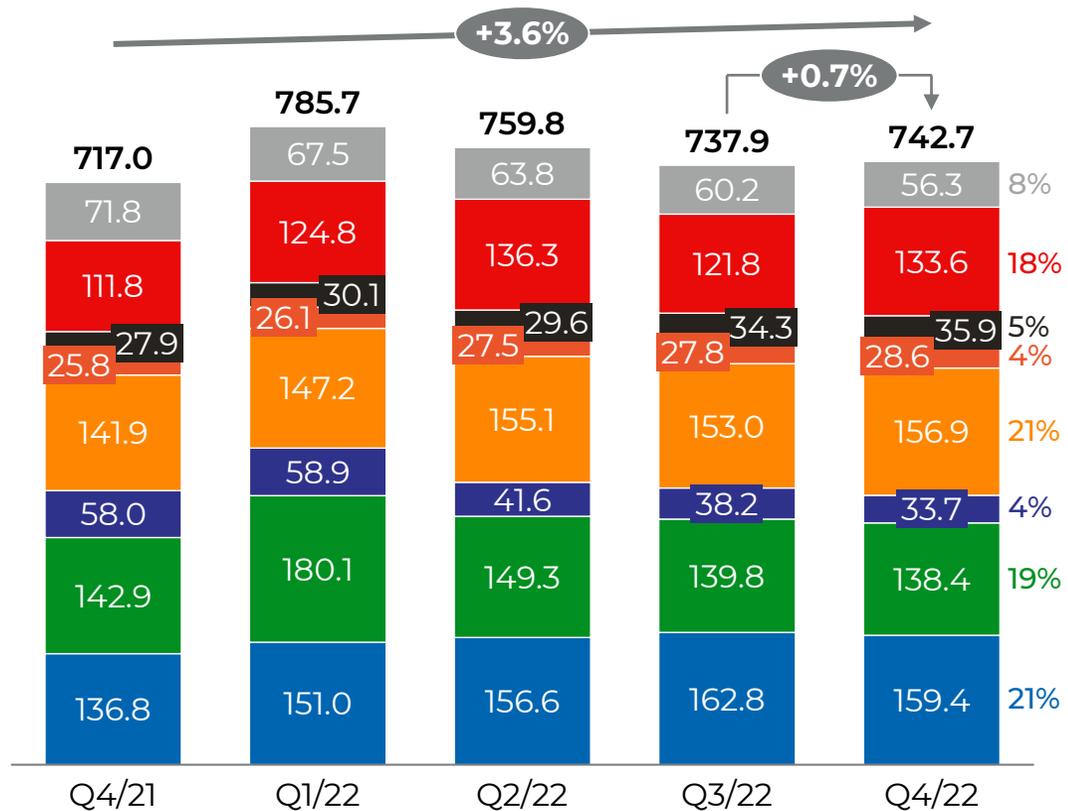
PLN M



Appendix: Selected Financial Data – Net fees and commissions

Structure of mBank Group's fee and commission income

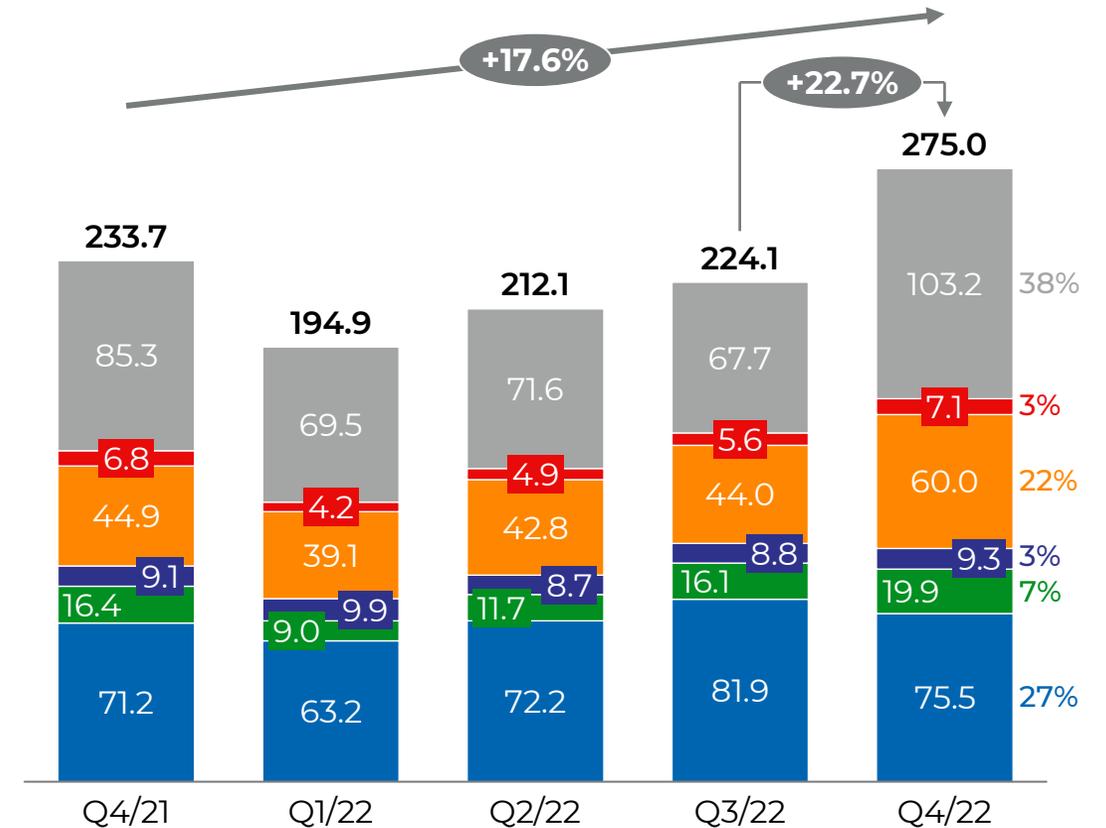
PLN M



- 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

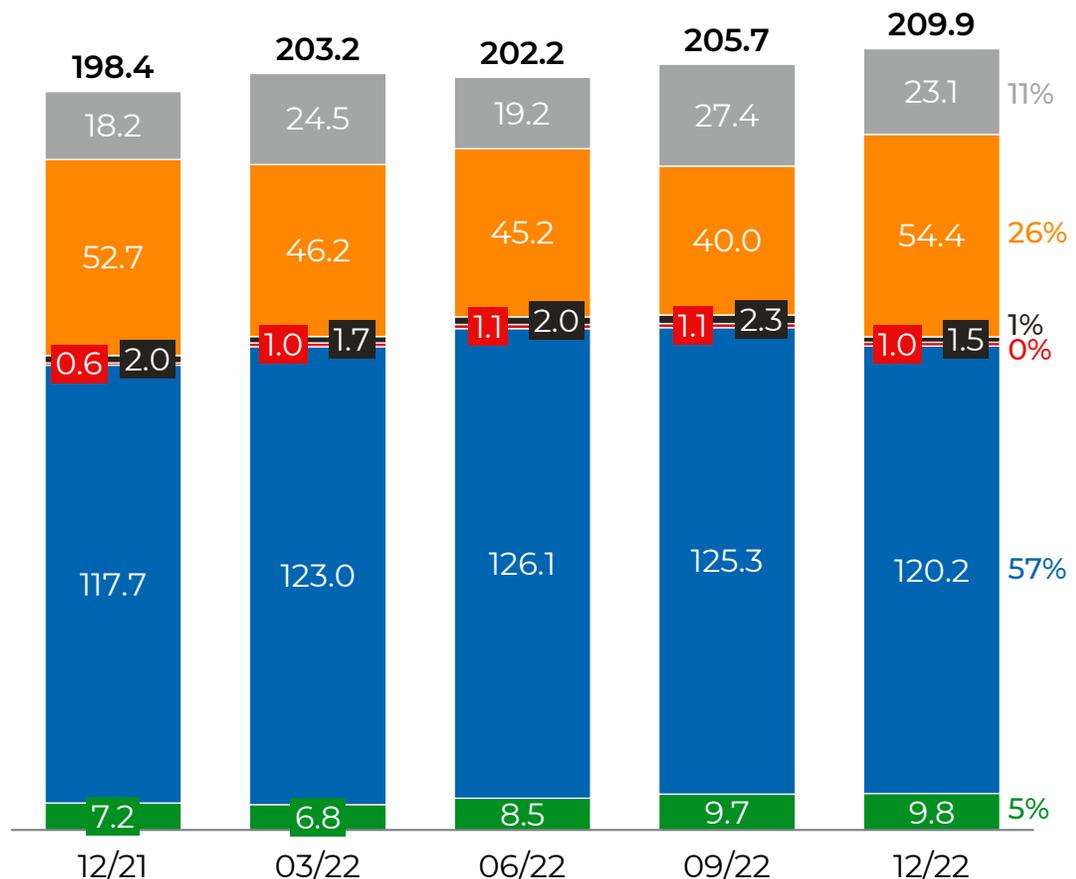


- Payment card fees
- Cash handling fees
- Discharged brokerage fees
- Commissions paid to external entities
- Fees paid to NBP and KIR
- Other (incl. insurance activity)

Appendix: Selected Financial Data – Balance sheet analysis

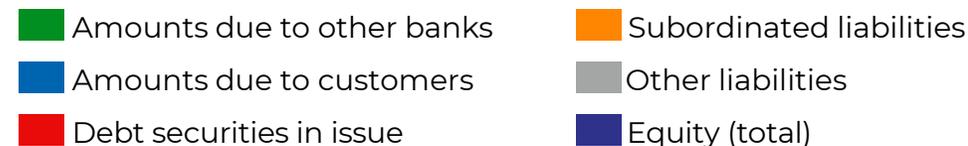
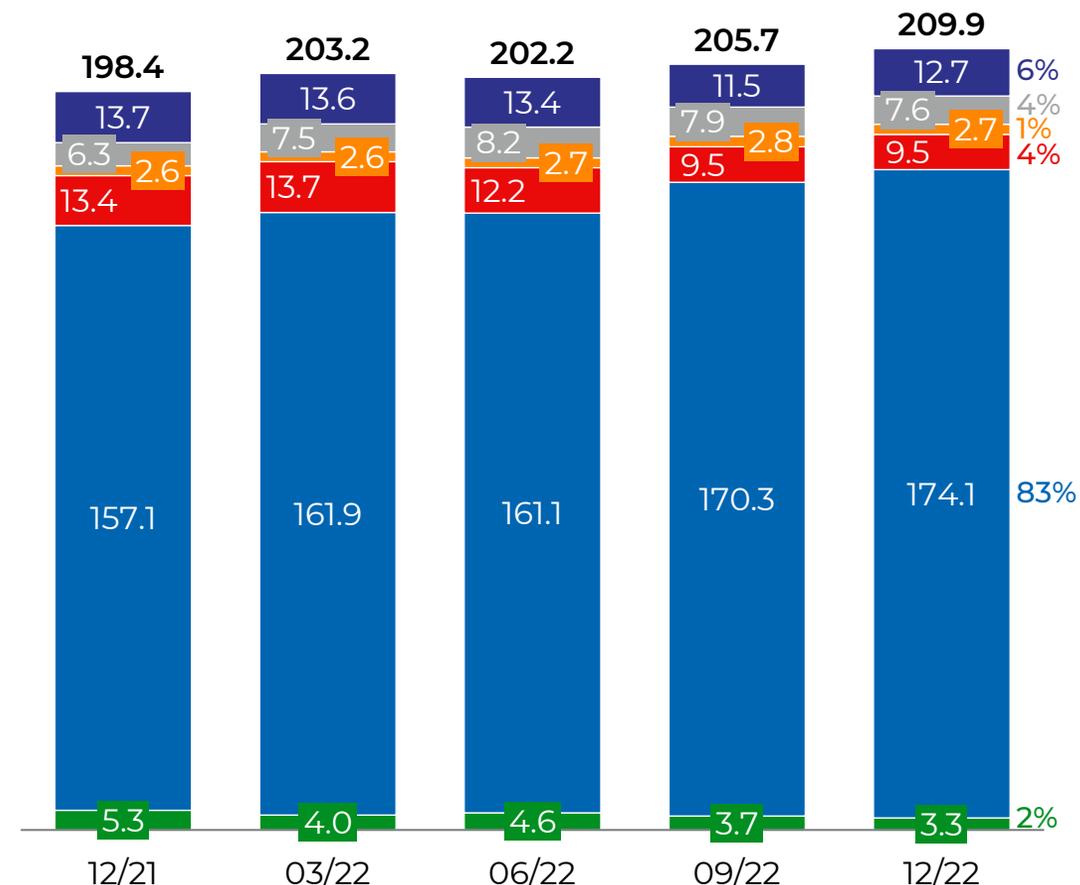
Structure of mBank Group's total assets

PLN B



Structure of mBank Group's liabilities and equity

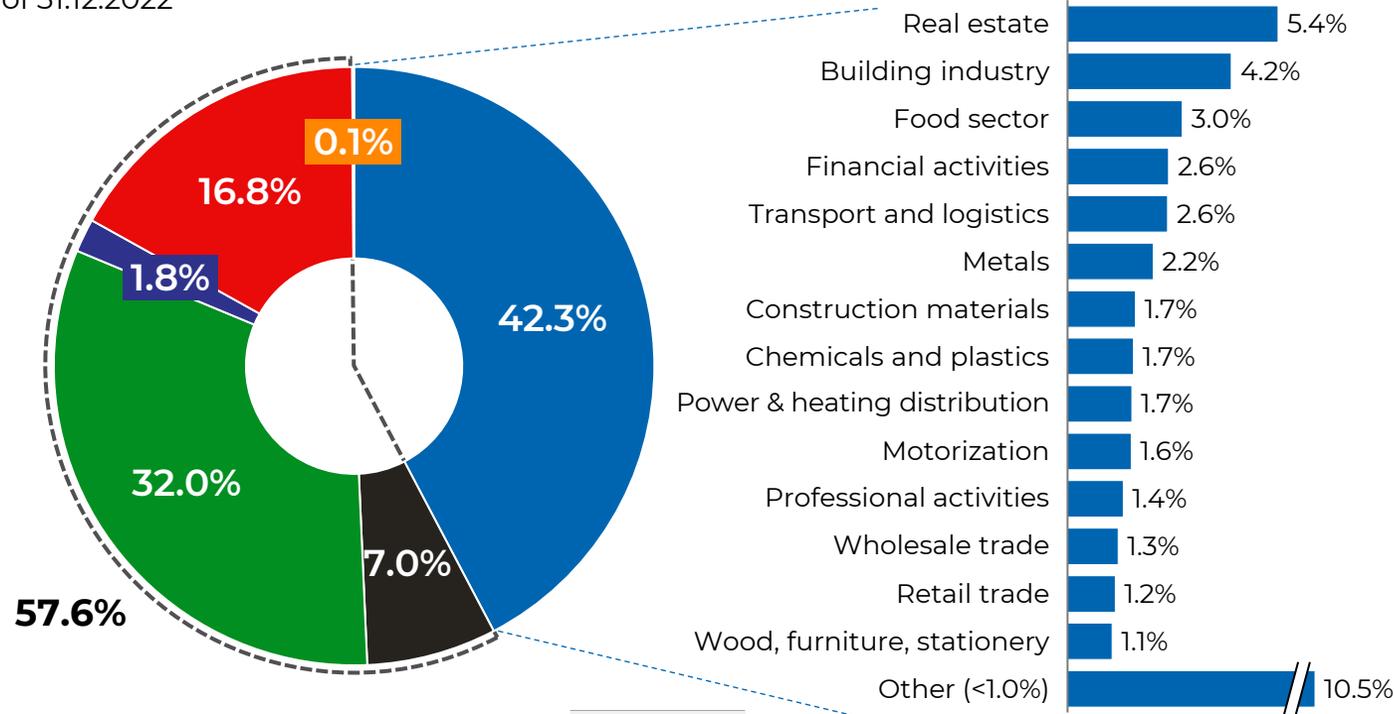
PLN B



Appendix: Selected Financial Data – Structure of loans and deposits

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

as of 31.12.2022

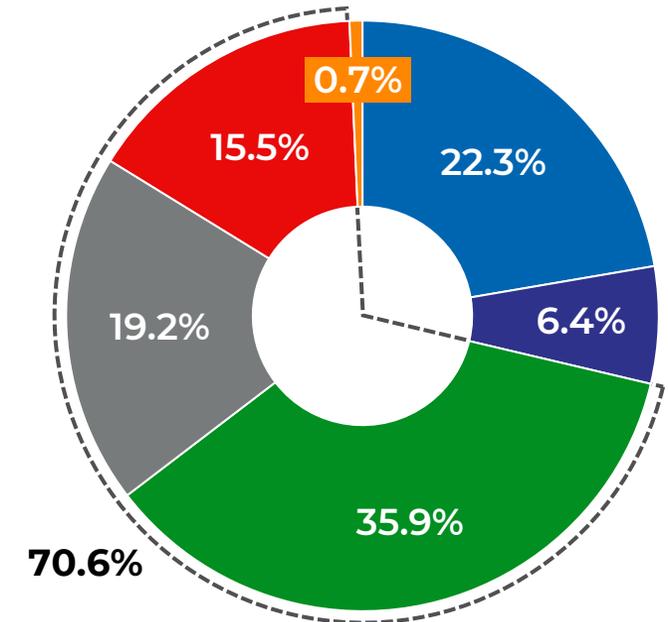


	PLN billion
Corporate loans	52.2
Mortgage loans in FX to individuals	8.6
Mortgage loans in LC to individuals ¹	39.4
Mortgage loans to microfirms	2.3
Non-mortgage retail loans	20.8
Public sector loans	0.1
TOTAL	123.4

A well diversified loan portfolio with granular structure of exposures

Structure of mBank Group's deposits

as of 31.12.2022



	PLN billion
Corporate clients: current accounts ²	38.9
Corporate clients: term deposits	11.1
Individual clients: current accounts	62.4
Individual clients: saving accounts	33.5
Individual clients: term deposits	27.0
Public sector clients	1.2
TOTAL	174.1

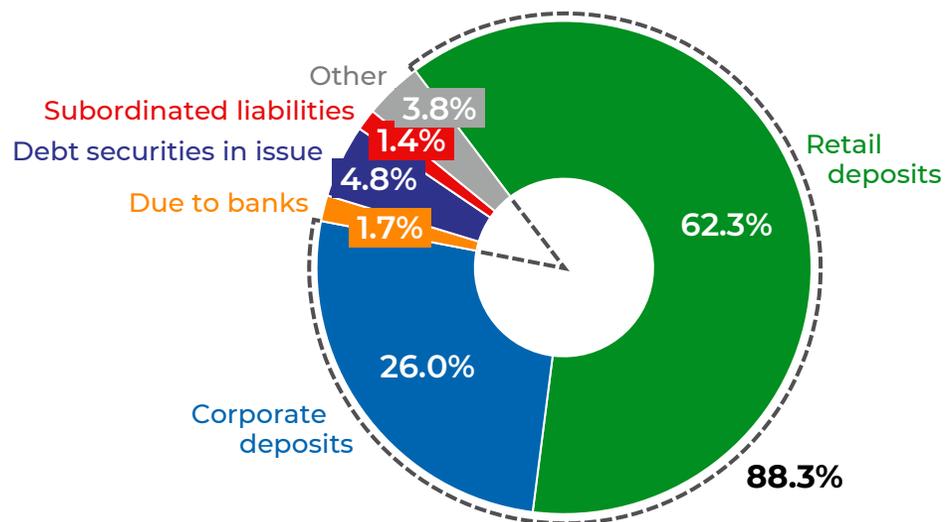
¹ Including local currency mortgage loans granted in Poland, the Czech Republic and Slovakia

² Including repo transactions

Appendix: Selected Financial Data – Funding profile

Structure of mBank Group's funding

as of 31.12.2022



Summary of mBank's long-term funding instruments

as of 31.12.2022

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%
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	-

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

Summary of mBank's ratings

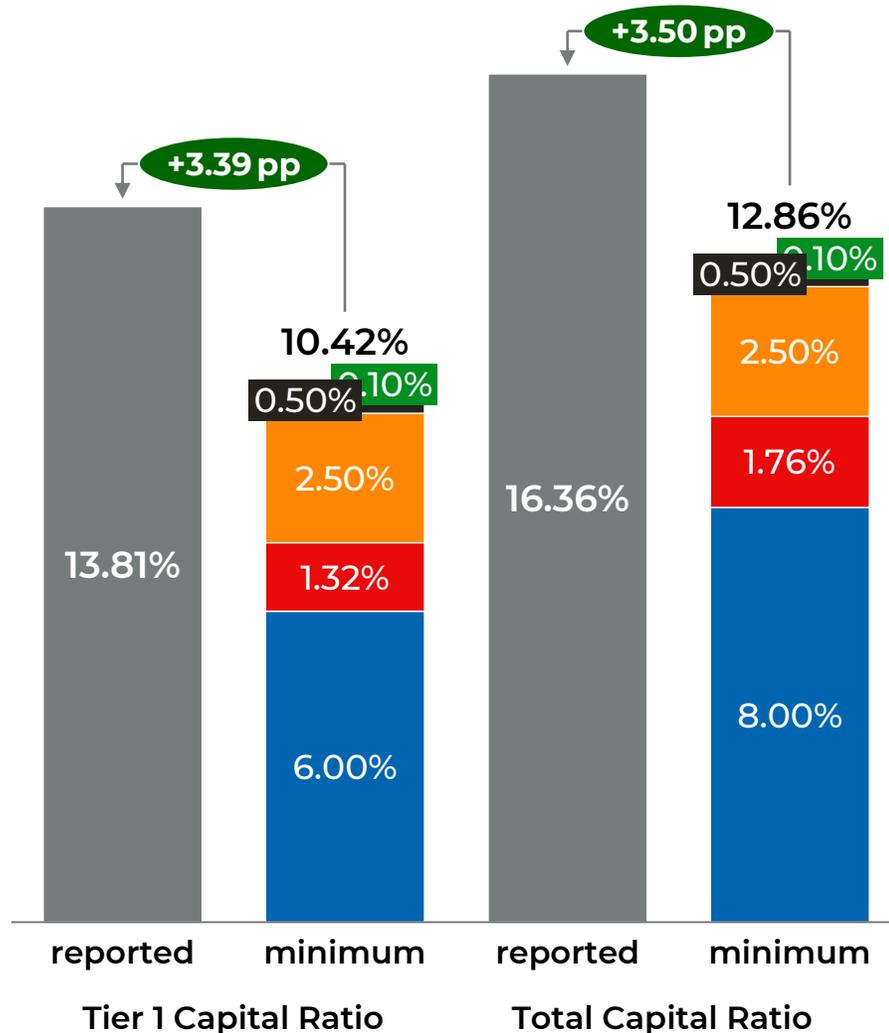
as of 31.12.2022

	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

Appendix: Selected Financial Data – Capital requirements

Regulatory capital requirements for mBank Group

as of 31.12.2022



- 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.

Based on the MREL methodology issued by BFG on 22.09.2022 and current capital requirements, the Bank expects that fully-fledged MREL requirement to be set for mBank at the consolidated level, excluding mBank Hipoteczny, amounts to **18.57%** of the total risk exposure amount (TREA) and should be reached by 31.12.2023. Interim MREL_{TREA} goals will be set at **14.16%** for 2023. The Bank also needs to keep the Combined Buffer Requirement on top of the MREL requirement.

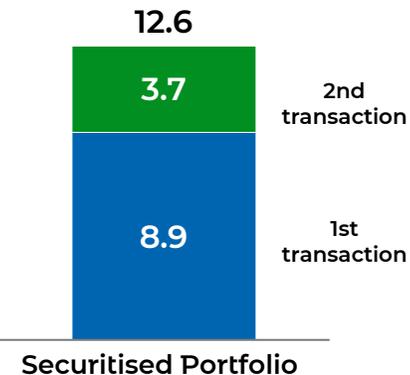
Appendix: mBank's 2nd synthetic securitisation transaction

Description and structure of the transaction

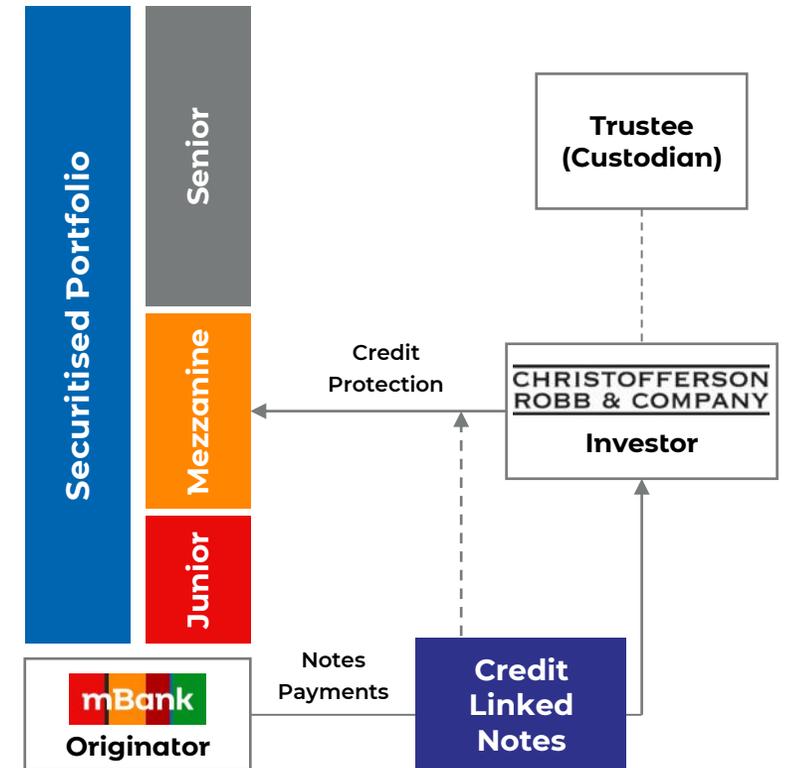
- On 23.12.2022, mBank closed a synthetic securitization transaction based on a corporate loan portfolio with a total value of EUR 801 million.
- The securitized portfolio is based on a EUR-denominated corporate loans granted to large, medium and small Polish companies. Approximately 55% of the portfolio is comprised of Commercial Real Estate exposures. Securitized loans remain on the balance sheet of mBank.
- The investor in the transaction is a fund managed by Christofferson Robb & Company.
- In the transaction, a significant part of the credit risk of securitized portfolio was transferred to the investor through Credit Linked Notes issued by mBank with a nominal value of EUR 64 million. The notes were acquired by the investors and are listed on the Vienna MTF operated by Wiener Börse AG.
- The transaction improved the Common Equity Tier 1 (CET1) ratio for mBank Group by approximately 0.28 p.p., when referenced to the data as of 30.09.2022.

Summary of securitisation transactions executed in 2022

PLN B

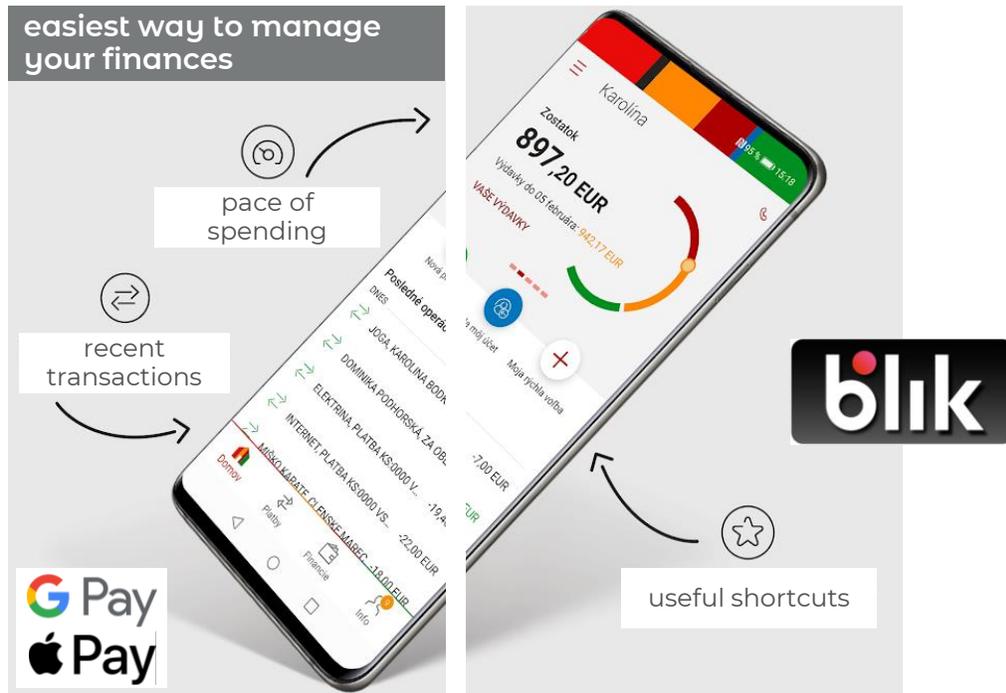


- In 2022, mBank carried out two synthetic securitization transactions based on loan portfolio with a total nominal amount of approximately PLN 12.6 billion.
- The strategy of mBank Group for 2021-2025 focuses on organic growth and business development in the retail and corporate segment. The securitisation transactions help to ensure sufficient space for future expansion, in line with the strategic aspirations.



Credit Linked Notes	
ISIN	XS2565908758
Nominal Value	EUR 64.0 million
Issue Date	23.12.2022
Maturity Date	22.07.2040
Listing	Vienna MTF

Appendix: A leading mobile banking offer for individual clients



Mobile application to Junior Account

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



On average, **78%** of new mBank's clients activate mobile application in the first week from opening the account (in 2022)

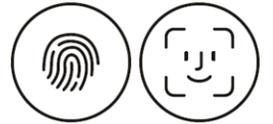
Well-designed functionalities for client convenience



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

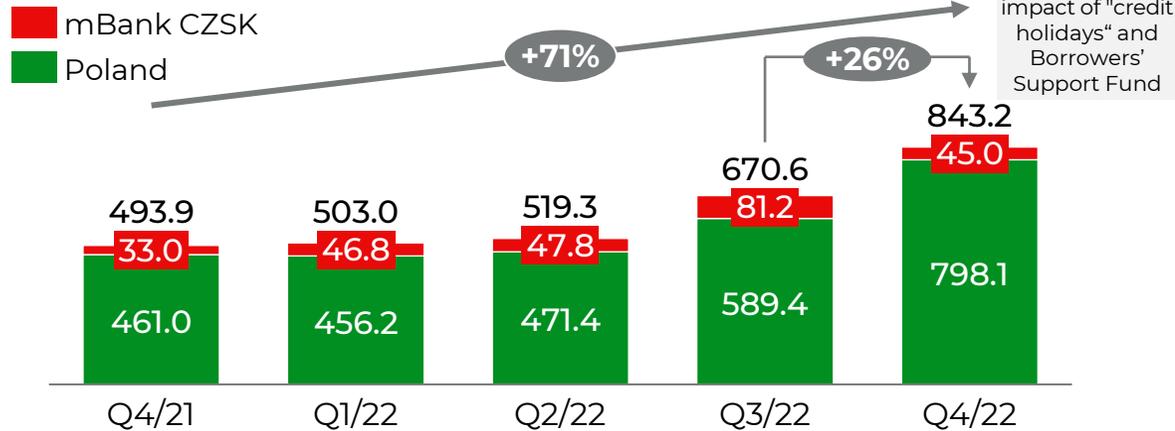


benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit)

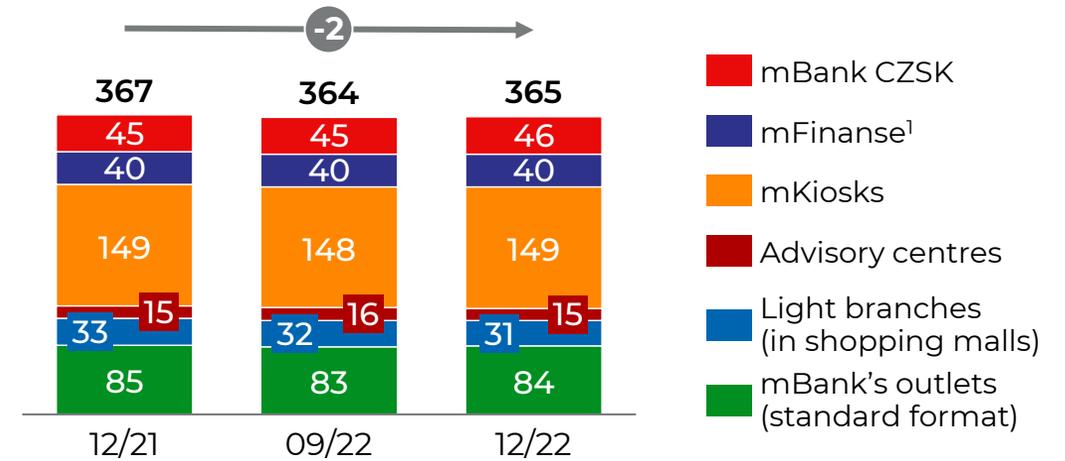
Appendix: Retail Banking – profit and network

Profit before income tax of the segment

PLN M, by quarter

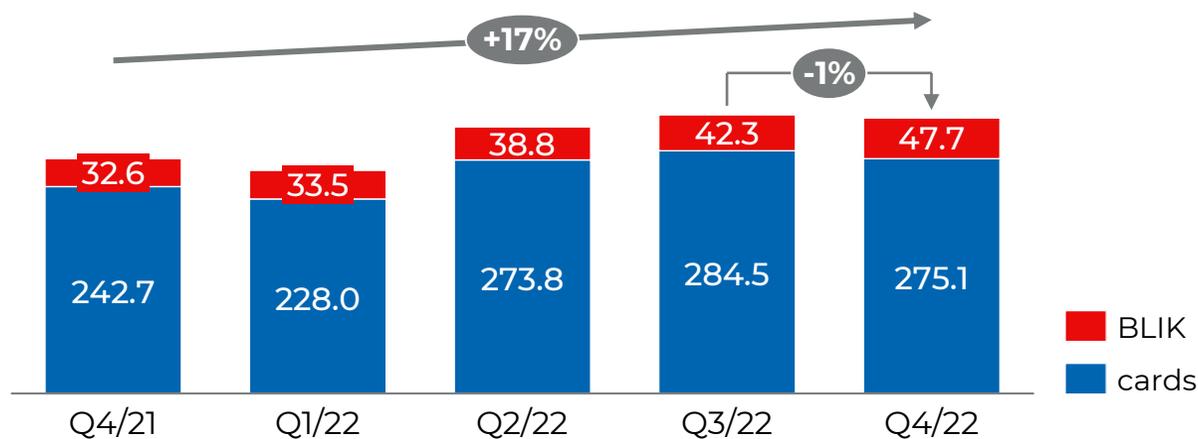


Number of Retail Service Locations



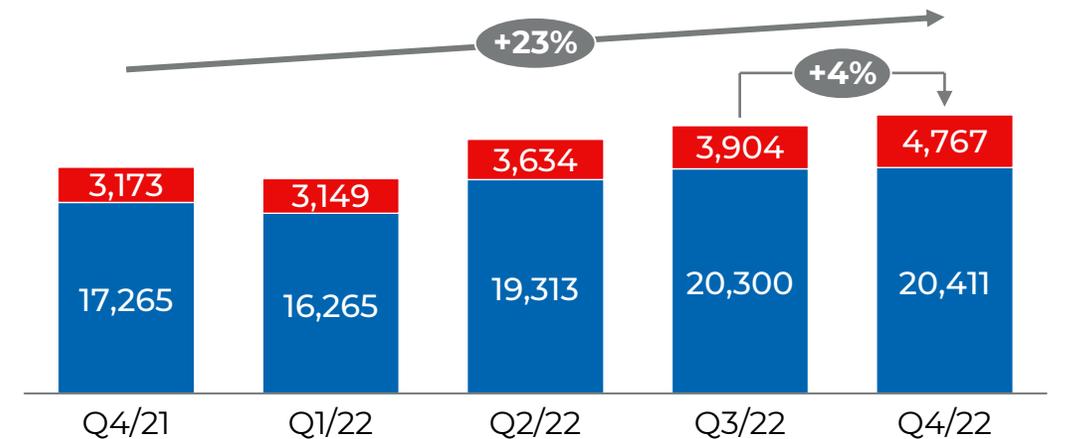
Number of non-cash payments with cards and BLIK

M, by quarter



Value of non-cash payments with cards and BLIK

PLN M, by quarter

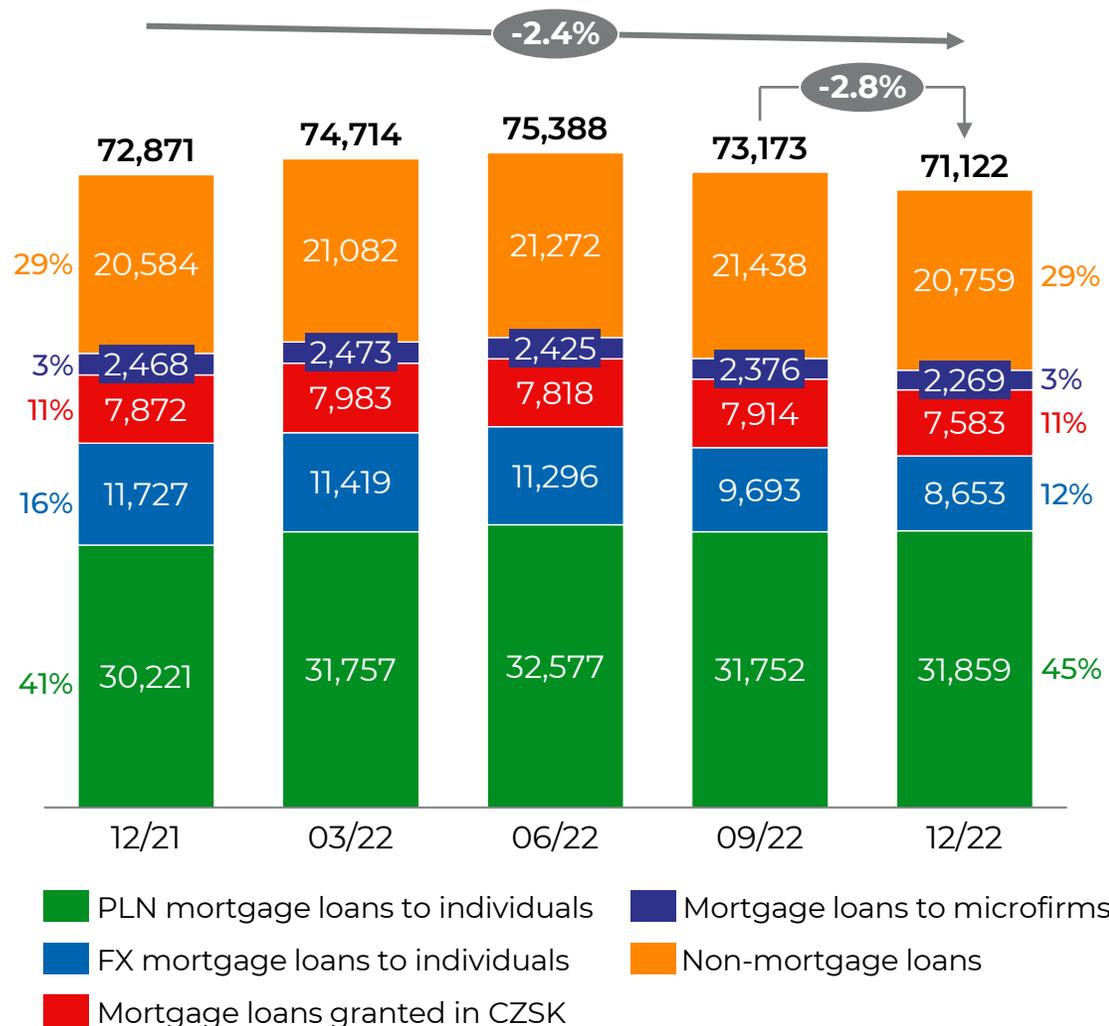


¹ Including financial centres and agency service points

Appendix: Retail Banking – business volumes

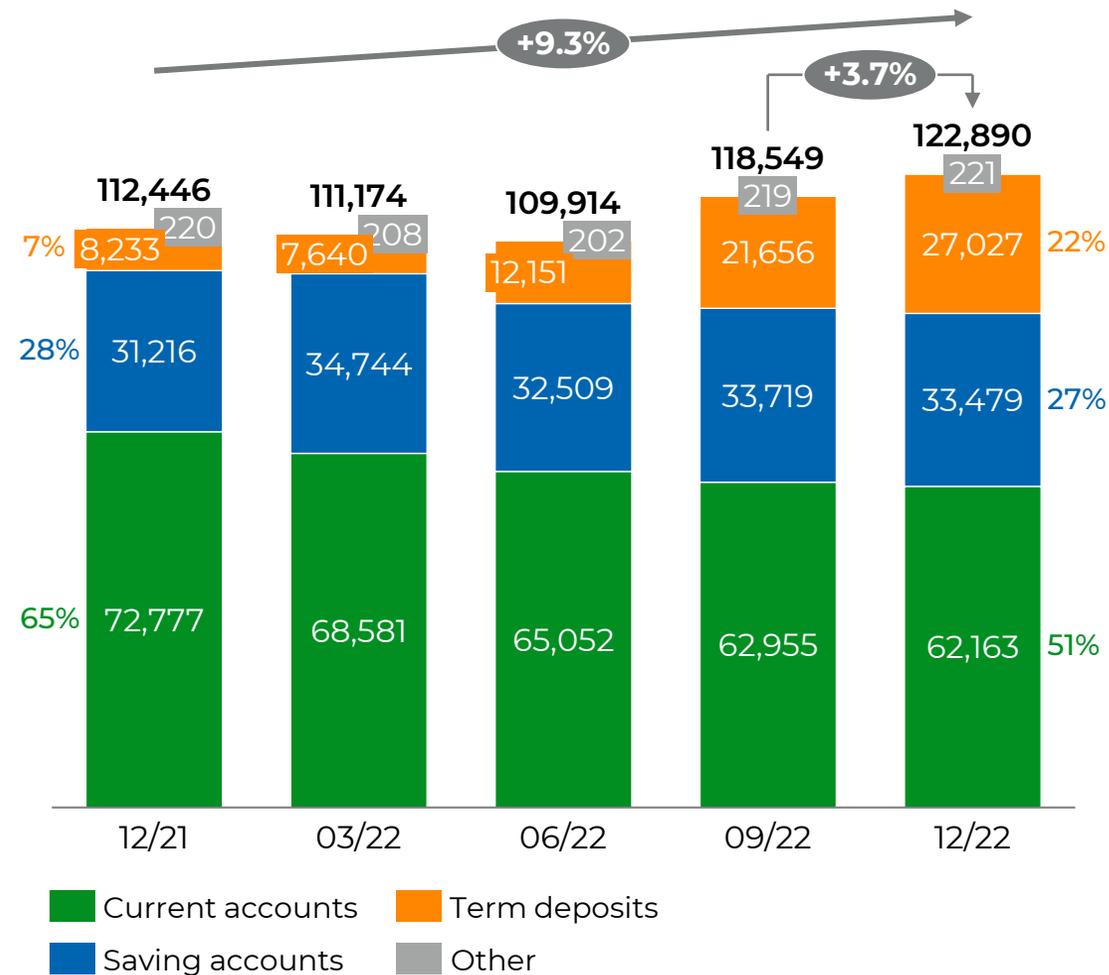
Development of gross loans to retail banking clients

PLN M



Development of deposits from retail banking clients

PLN M



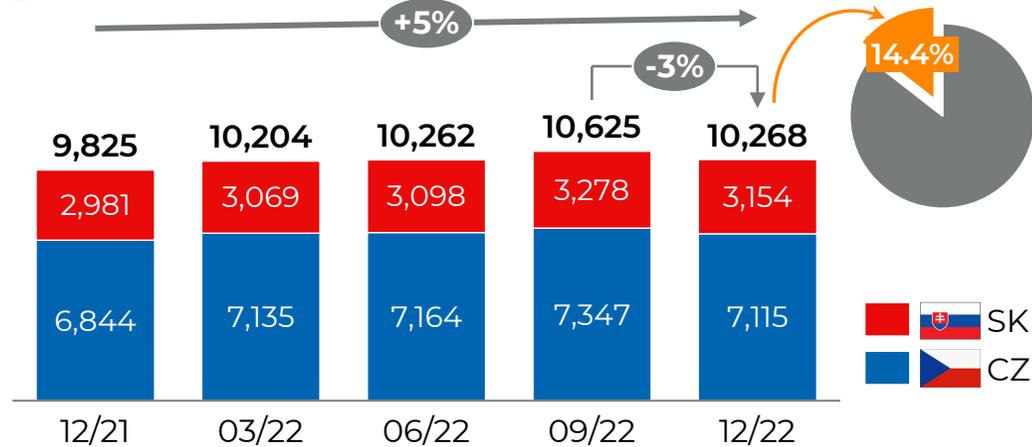
Note: Currency and geographical breakdown based on management information.

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

Appendix: mBank in the Czech Republic and Slovakia

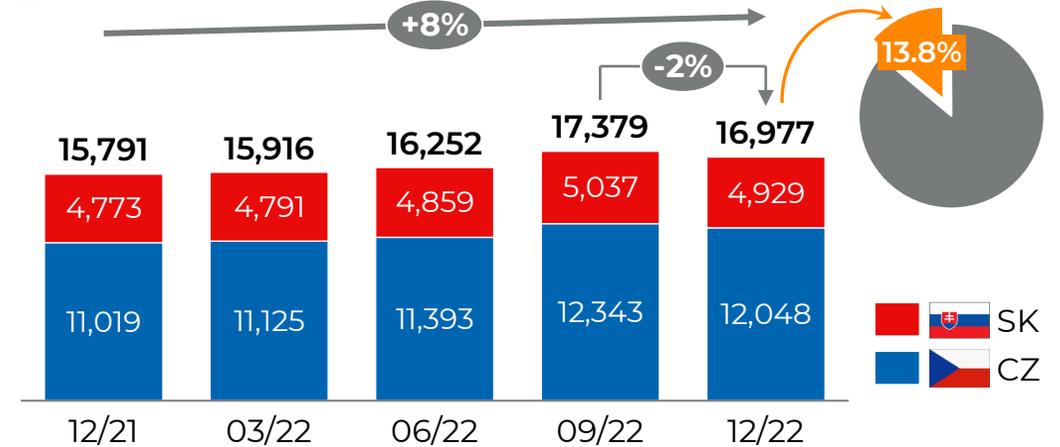
Gross loans and share in total mBank's retail volume

PLN M



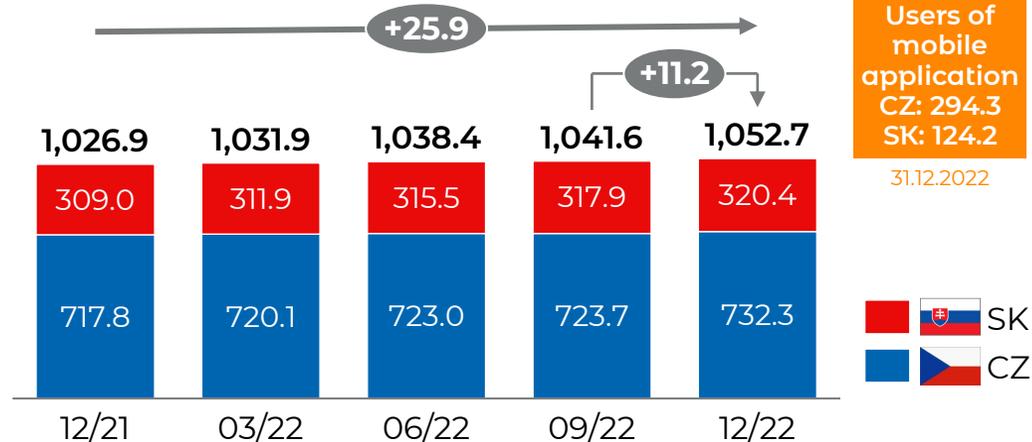
Deposits and share in total mBank's retail volumes

PLN M



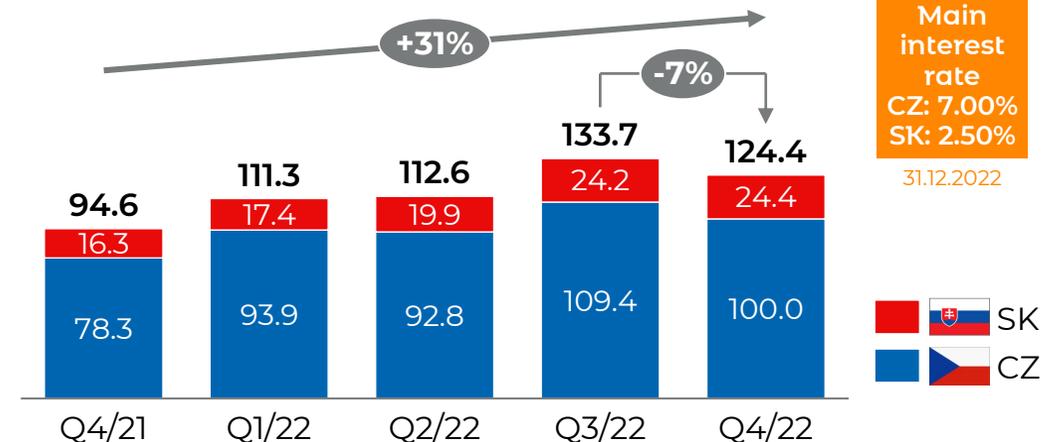
Number of clients

thousand



Development of total revenues

PLN M



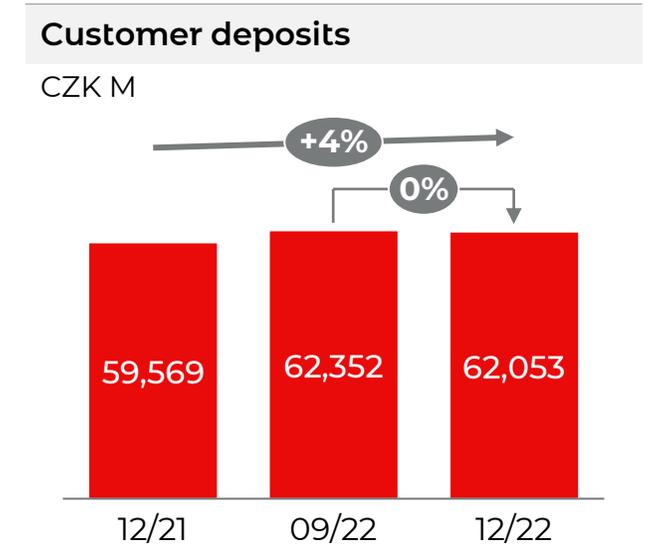
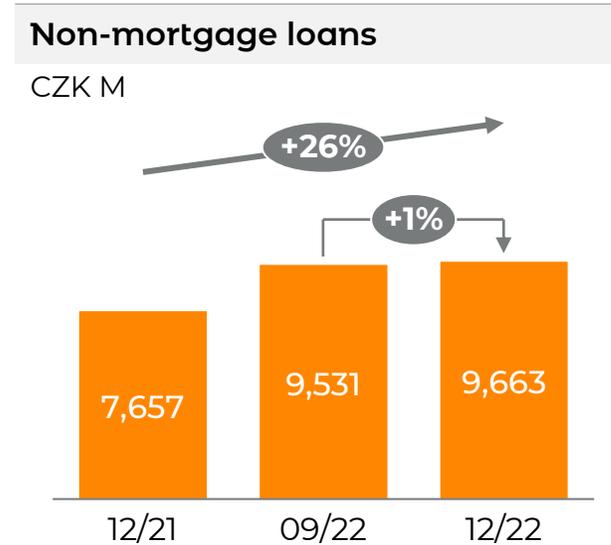
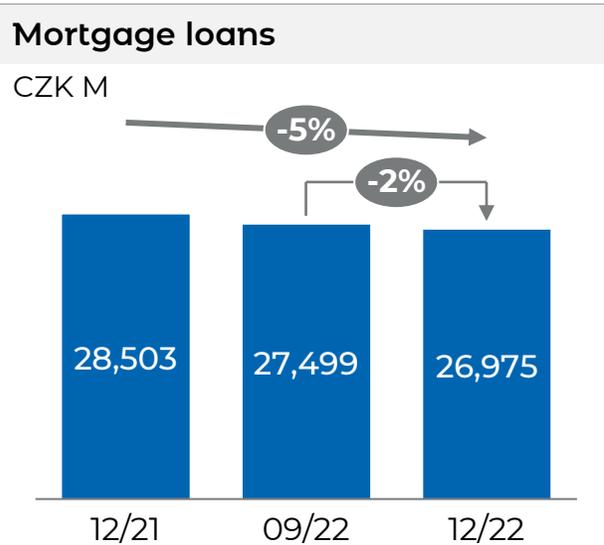
Note: Volumes based on management information.

Appendix: mBank in the Czech Republic and Slovakia



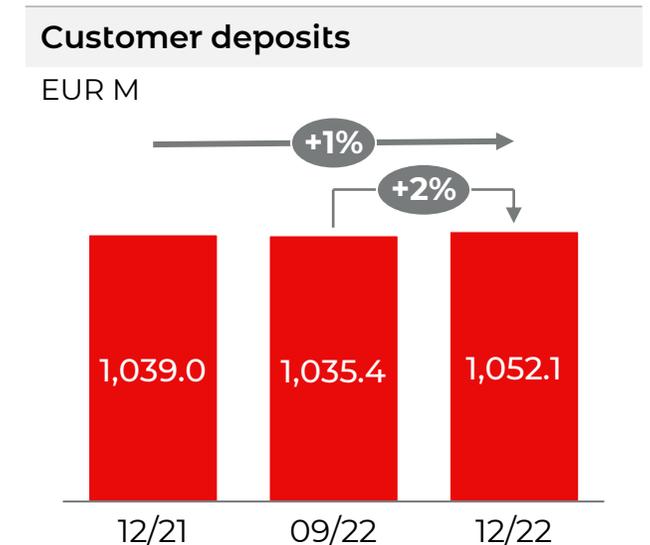
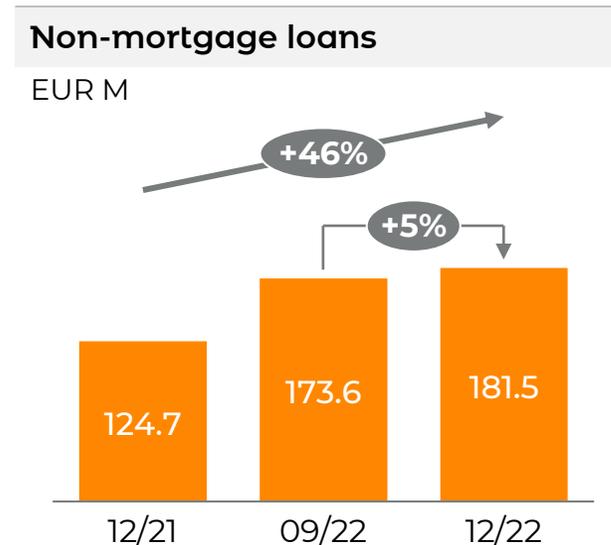
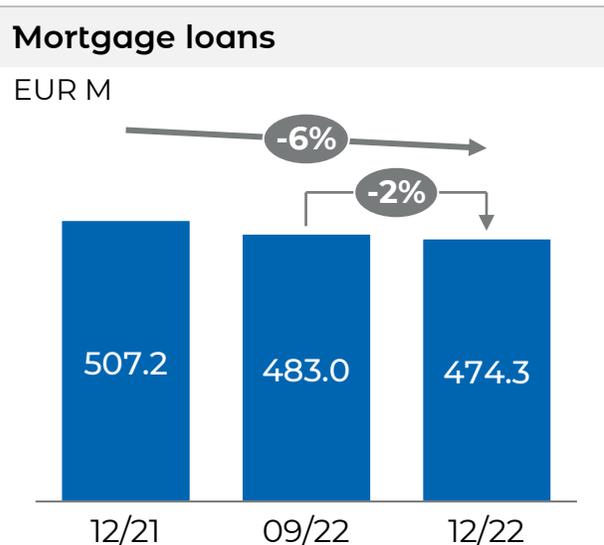
physical network:

6	light branches
7	financial centres
18	mKiosks



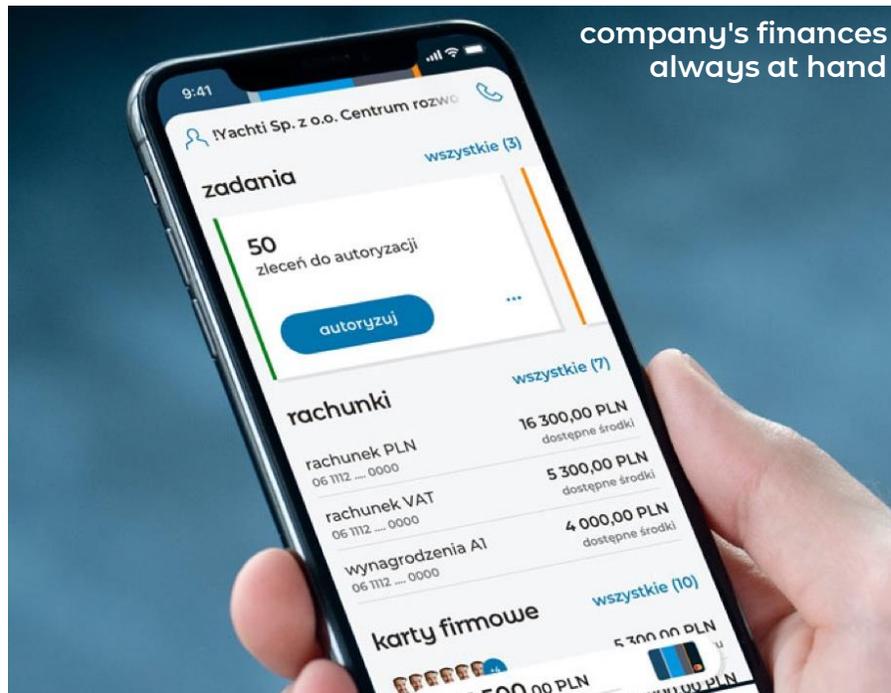
physical network:

2	light branches
4	financial centres
9	mKiosks

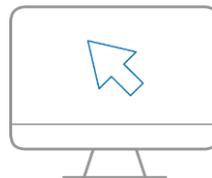


Note: Volumes based on management information.

Appendix: Best digital banking services for corporate clients



CompanyMobile
CompanyNet



86% 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



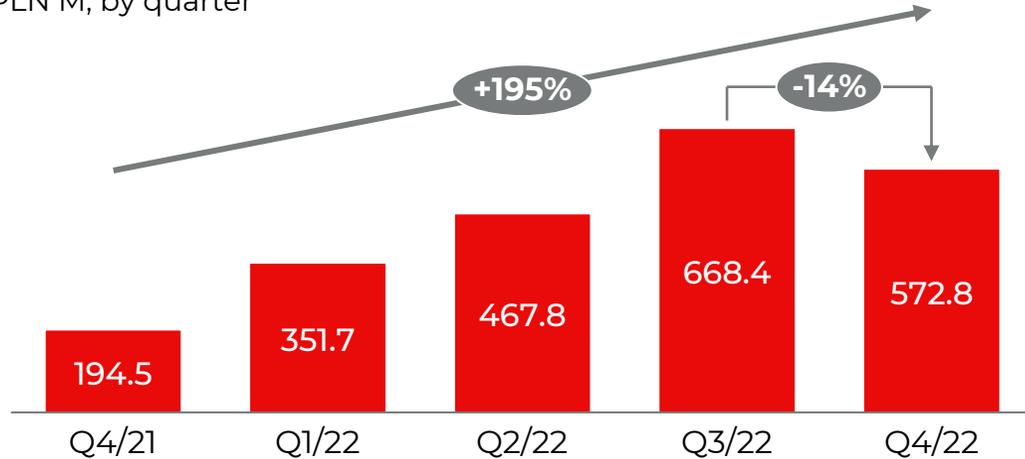
mAuto.pl online platform with an offer of new and used cars, financed by leasing or long-term rental



Appendix: Corporate & Investment Banking – profit and network

Profit before income tax of the segment

PLN M, by quarter



Number of corporate service locations

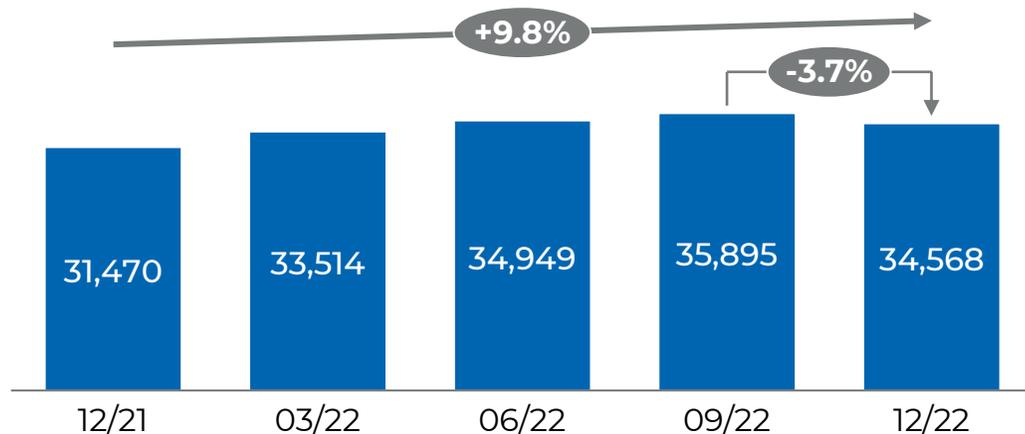
29 mBank's branches,
incl. 13 advisory centres

14 mBank's offices



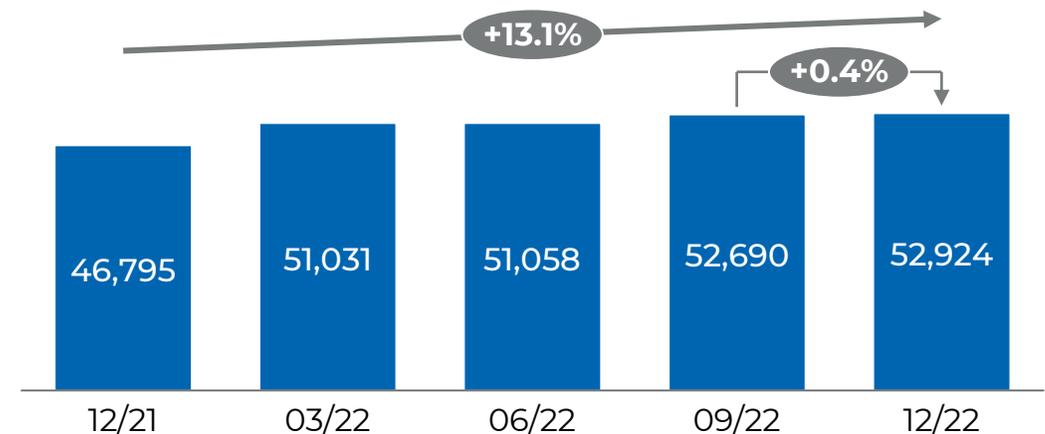
Development of loans to enterprises¹

PLN M



Development of deposits from enterprises¹

PLN M

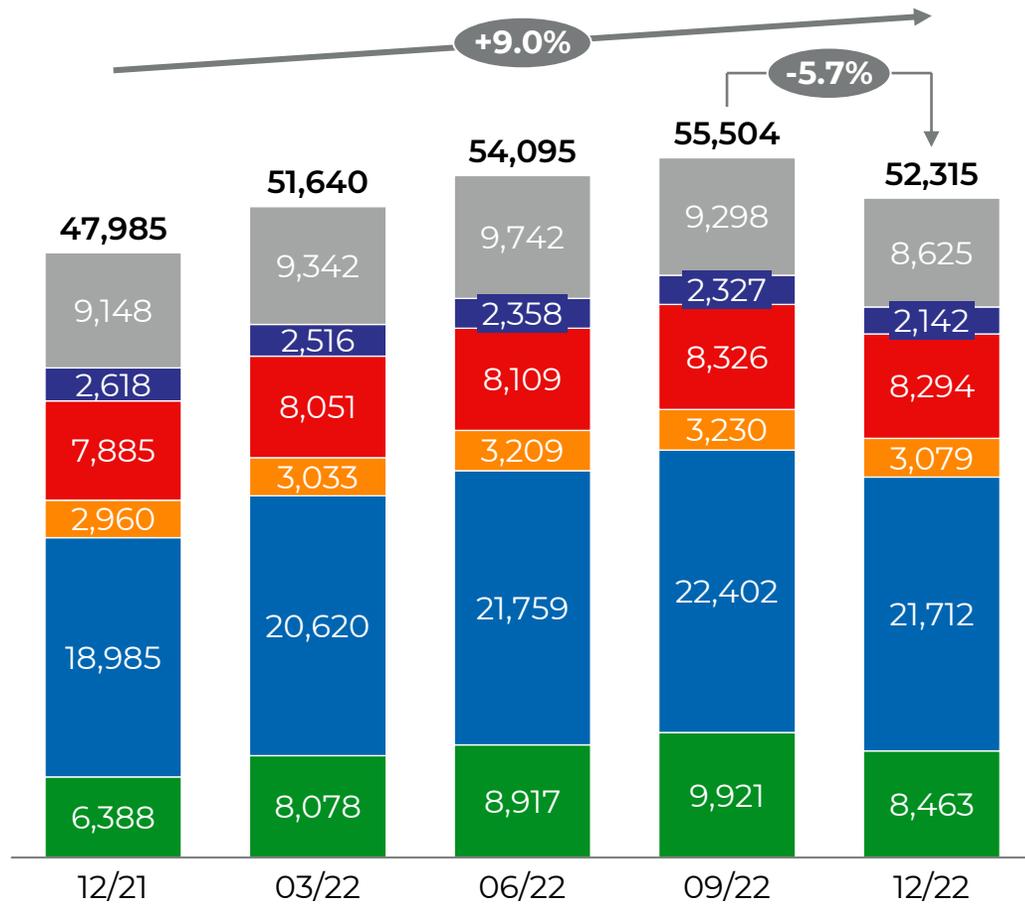


¹ Corporate loan and deposit volumes (for mBank and mBank Hipoteczny) according to NBP rules (monetary reporting system – MONREP)

Appendix: Corporate & Investment Banking – business volumes

Development of gross loans to corporates and public sector

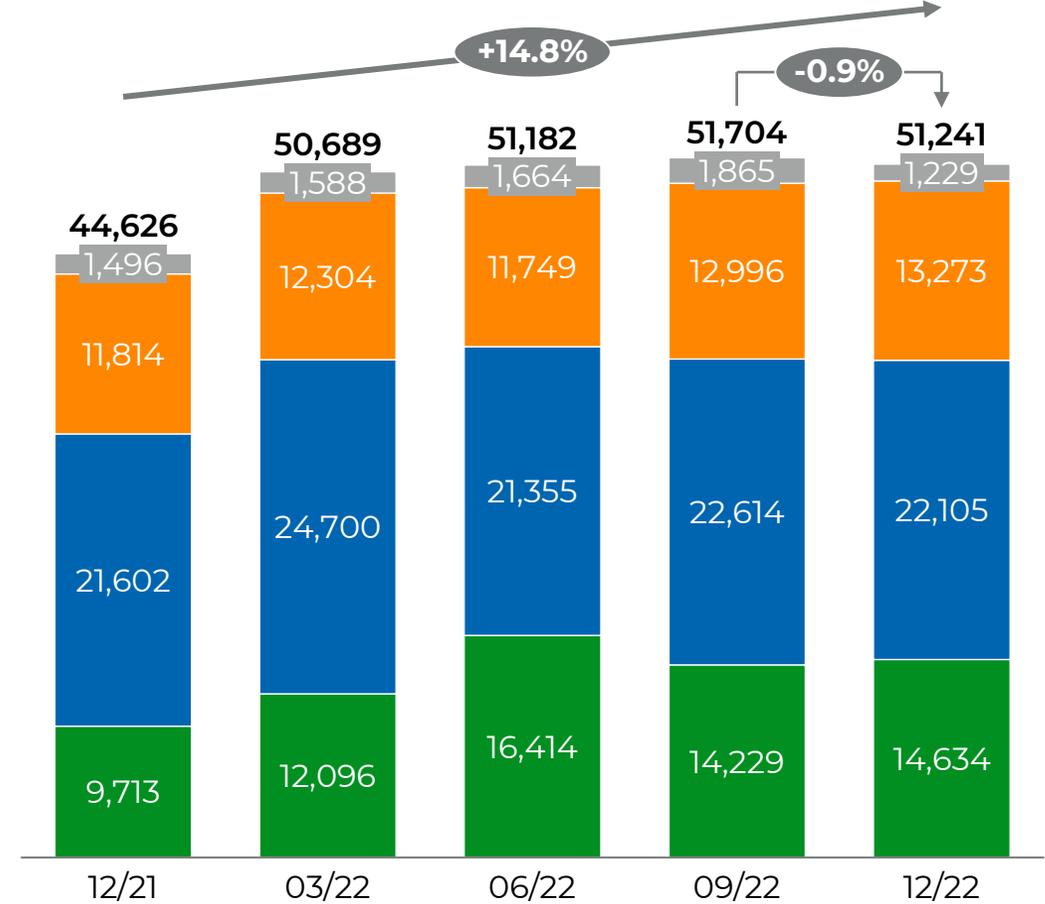
PLN M



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

Development of deposits from corporates and public sector

PLN M



■ K1 ■ K2 ■ K3 ■ Other

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

Appendix: Complete solutions for e-commerce segment

mBank's unique payment gateway

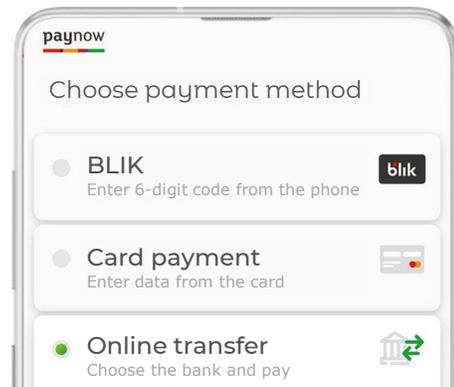
paynow

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



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

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



Processed payments volume has been constantly growing: PLN 926 M in 2022, +143% YoY



Comprehensive value proposition for e-merchants



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

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



Out of almost 500 companies participating in the 3rd edition of mBank's Digital Revolutions, the contest was won by Mroomy and Planteon.



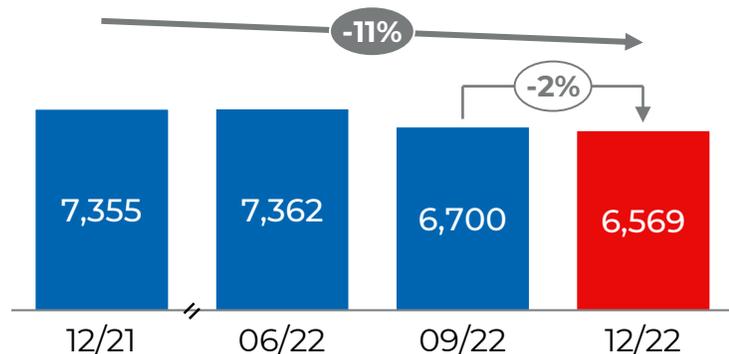
Appendix: Performance of main subsidiaries of mBank

m Bank Hipoteczny
 established in 1999

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

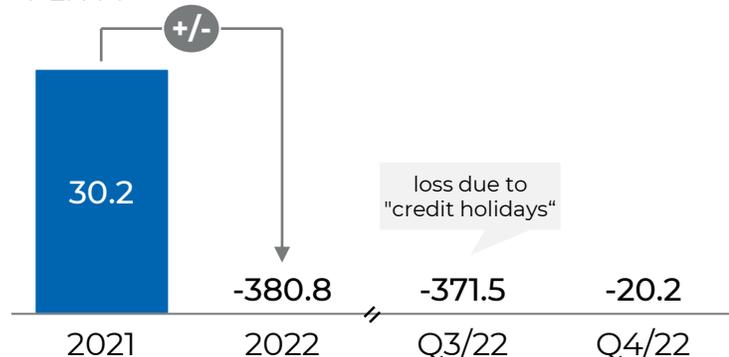
Outstanding amount of covered bonds

PLN M, nominal value, incl. private placement



Company's profit before income tax

PLN M

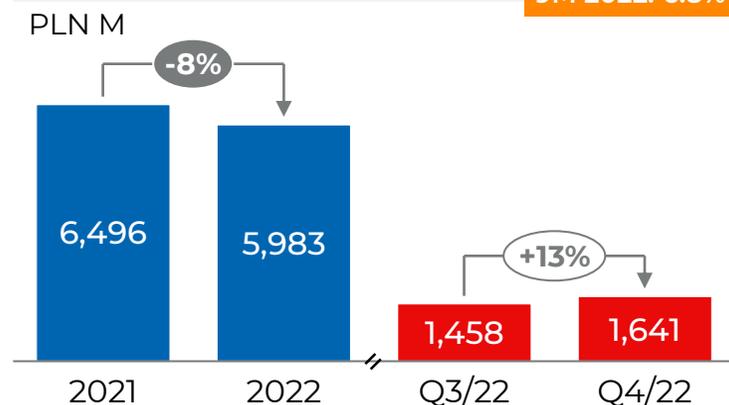


m Leasing
 established in 1991

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

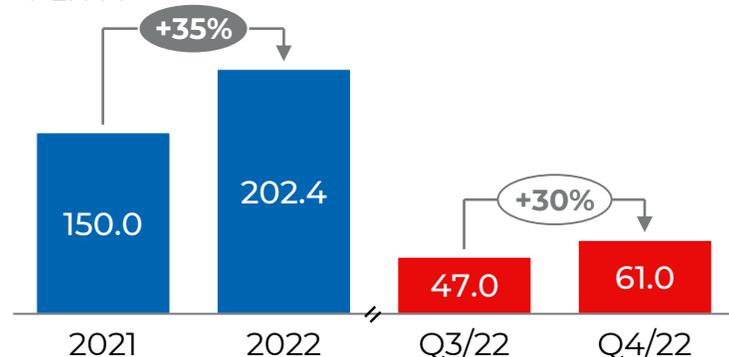
Leasing contracts

Market share 9M 2022: 6.8%



Company's profit before income tax

PLN M

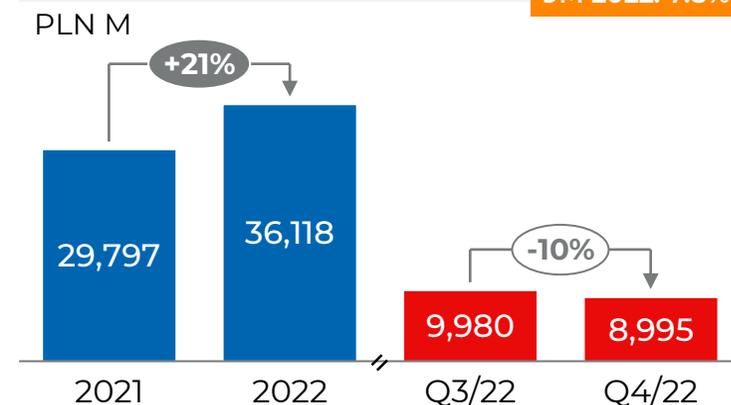


m Faktoring
 established in 1995

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

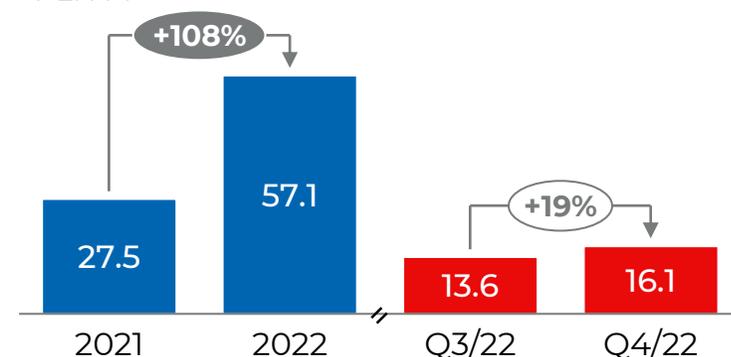
Factoring contracts

Market share 9M 2022: 7.8%



Company's profit before income tax

PLN M



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

Appendix: 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 2030 we will reach climate neutrality in scope 1 and 2.
By 2050 we will become a fully climate-neutral bank.

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

A

as of November 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	2018	2019	2020	2021	2022	Δ YoY
Net interest income	3,496.5	4,002.8	4,009.3	4,126.3	5,909.2	+43.2%
Net fee and commission income	1,257.8	1,270.6	1,508.3	1,867.8	2,120.1	+13.5%
Net trading and other income	325.3	251.0	349.2	117.1	-187.2	+/-
Total income	5,079.5	5,524.4	5,866.8	6,111.1	7,842.1	+28.3%
Total costs	-2,163.9	-2,329.2	-2,411.1	-2,456.9	-3,319.2	+35.1%
Loan loss provisions and fair value change	-694.4	-793.8	-1,292.8	-878.6	-834.5	-5.0%
Operating profit before legal provisions and taxes	2,221.2	2,401.5	2,162.8	2,775.7	3,688.4	+32.9%
Costs of legal risk related to FX loans	-20.3	-387.8	-1,021.7	-2,758.1	-3,112.3	+12.8%
Taxes on the Group balance sheet items	-415.4	-458.7	-531.4	-608.6	-684.2	+12.4%
Income tax	-483.9	-544.8	-506.0	-587.8	-594.5	+1.1%
Net profit or loss	1,302.8	1,010.4	103.8	-1,178.8	-702.7	-40.4%
Total assets	145,781	158,353	178,861	198,373	209,892	+5.8%
Gross loans to customers	97,808	108,170	111,912	120,856	123,437	+2.1%
Individual clients	52,925	59,993	65,655	72,871	71,122	-2.4%
Corporate clients	44,233	47,786	46,025	47,832	52,207	+9.1%
Customer deposits	98,552	113,184	133,672	157,072	174,131	+10.9%
Individual clients	65,924	77,664	97,976	112,446	122,890	+9.3%
Corporate clients	31,889	34,702	35,250	44,018	49,981	+13.5%
Total equity	15,171	16,153	16,675	13,718	12,715	-7.3%
Net interest margin	2.6%	2.7%	2.3%	2.2%	3.7%	+1.5pp
Cost/Income ratio	42.6%	42.2%	41.1%	40.2%	42.3%	+2.1pp
Cost of risk	0.78%	0.79%	1.20%	0.76%	0.68%	-0.08pp
Return on equity (ROE)	8.9%	6.4%	0.6%	-7.2%	-5.3%	+1.9pp
Tier 1 capital ratio	17.5%	16.5%	17.0%	14.2%	13.8%	-0.4pp
Total Capital Ratio	20.7%	19.5%	19.9%	16.6%	16.4%	-0.2pp

Appendix: mBank's share price performance

Banking stocks declined on worsened sentiment due to government interventions and war

mBank's index membership and weights

as of 31.12.2022

WIG20	WIG20	1.858%
WIG30	WIG30	1.824%
WIG	WIG	1.320%
WIG-Banks	WIGbanki	5.580%
WIG-ESG	WIGESG	1.973%
WIG-Poland	WIGPoland	1.376%

- mBank has been listed on the Warsaw Stock Exchange since October 1992
- A strategic shareholder, Germany's Commerzbank, owns 69.17% of shares

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 433 495

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



Source: WSE, Bloomberg (data as of 31.12.2022).

Disclaimer

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Contact details

Karol Prażmo

Managing Director for Treasury and Investor Relations

+48 607 424 464

karol.prazmo@mbank.pl

Joanna Filipkowska

Head of Investor Relations

+48 510 029 766

joanna.filipkowska@mbank.pl

Magdalena Hanuszewska

+48 510 479 500

magdalena.hanuszewska@mbank.pl

Paweł Lipiński

+48 508 468 023

pawel.lipinski@mbank.pl

Marta Polańska

+48 508 468 016

marta.polanska@mbank.pl



Investor Relations website: www.mbank.pl/en/investor-relations/