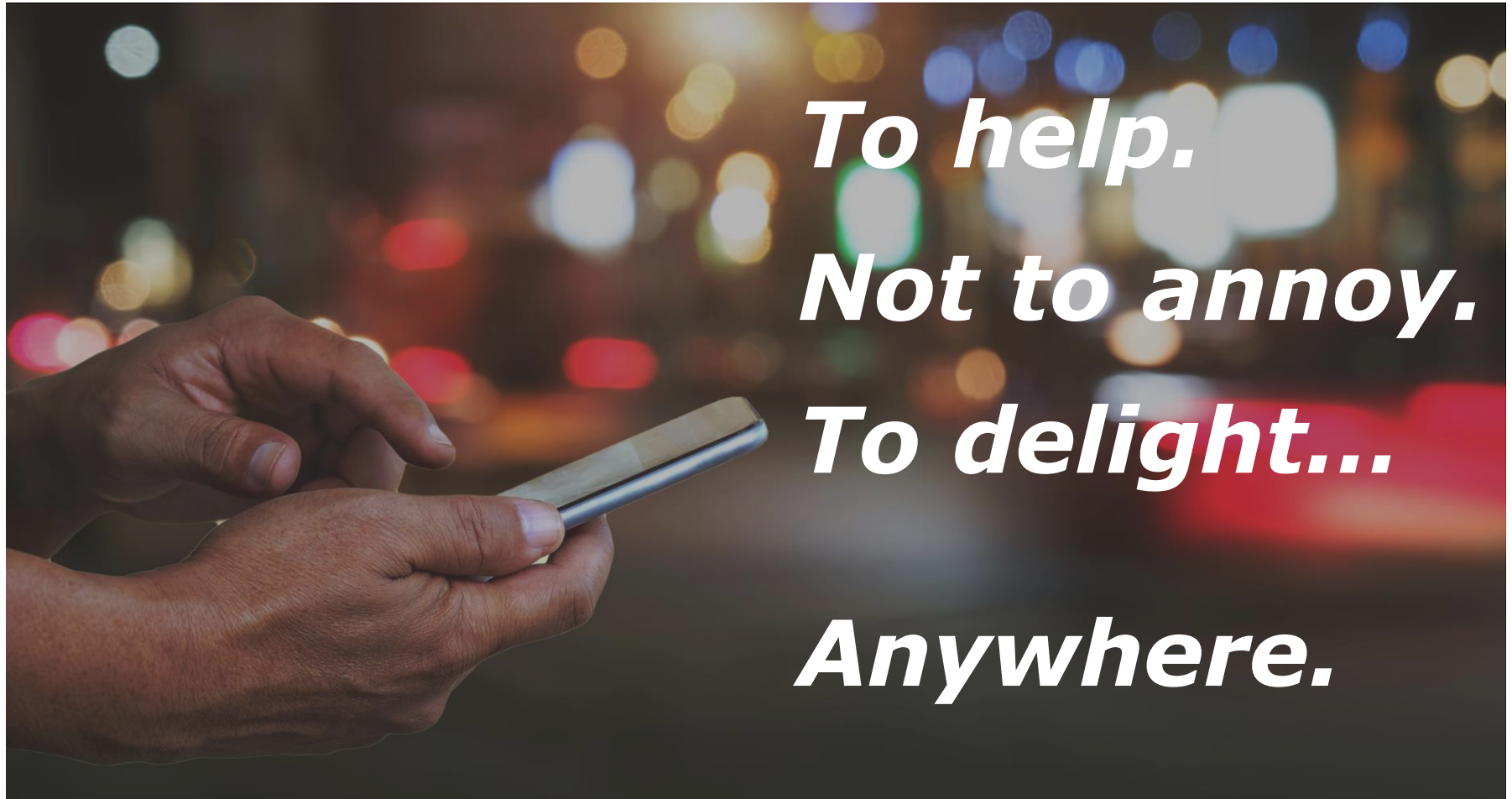


# mBank Group's Strategy for 2016-2020

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



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

# mBank Group's Strategy for 2016-2020

Key three trends to focus

1

**Client era**



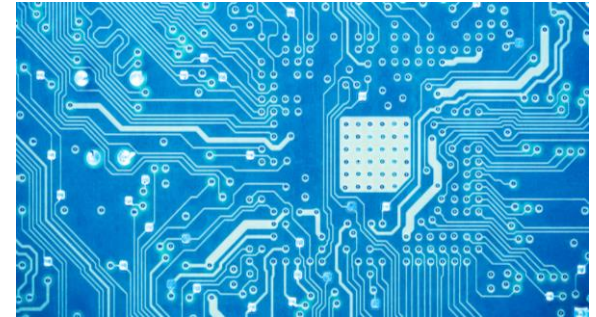
2

**Mobile era**



3

**Efficiency era**



# mBank Group's Strategy for 2016-2020



Today banks operate in a client area

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

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



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



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



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



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

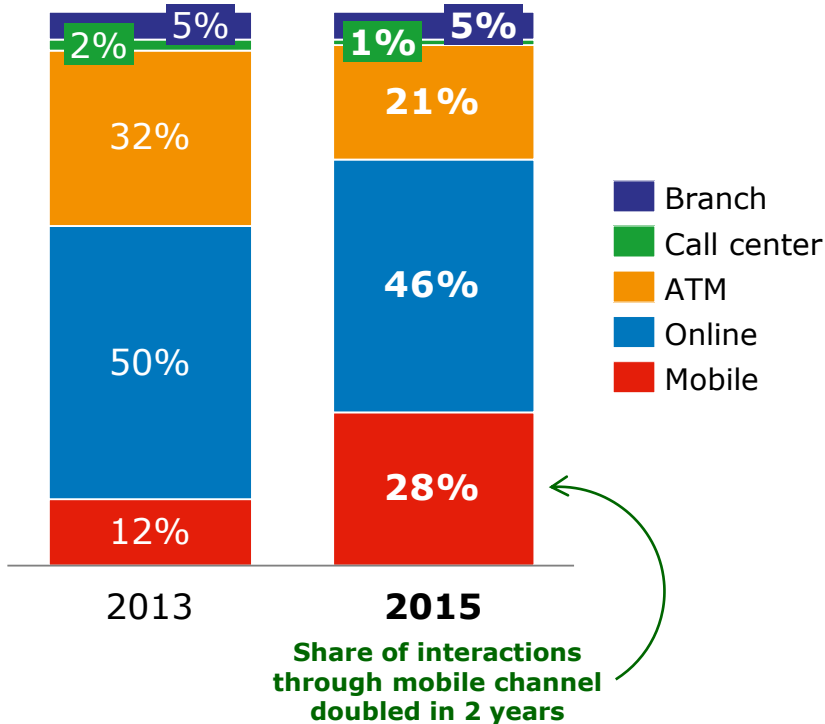
# mBank Group's Strategy for 2016-2020



Today banks operate in a mobile era

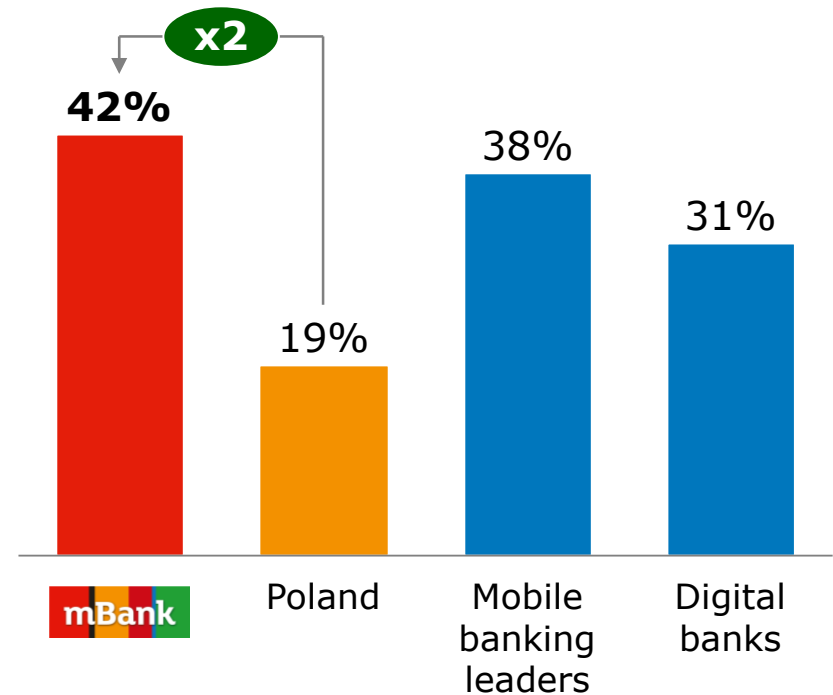
Smartphone revolution moves forward

Evolution of client-bank interactions in Poland by contact channel



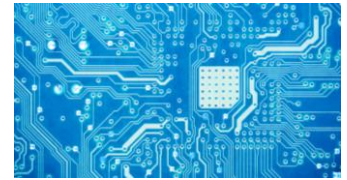
mBank will strengthen its advantage in mobile banking

Clients using mobile banking as percentage of active clients in 2015



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

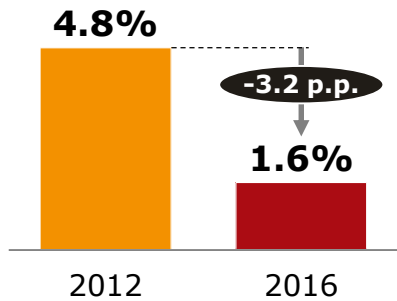
# mBank Group's Strategy for 2016-2020



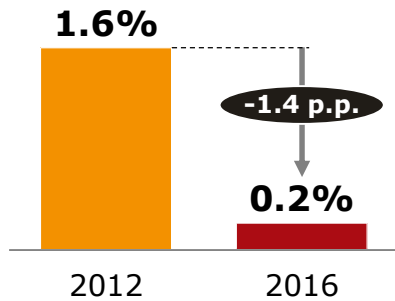
Today banks operate in an efficiency era

The golden age for banks is over

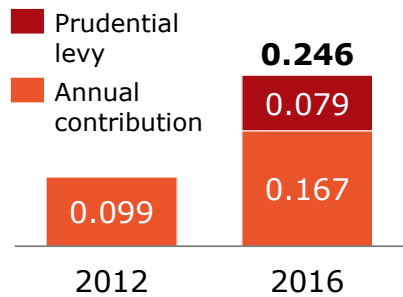
Average 3M WIBOR rate



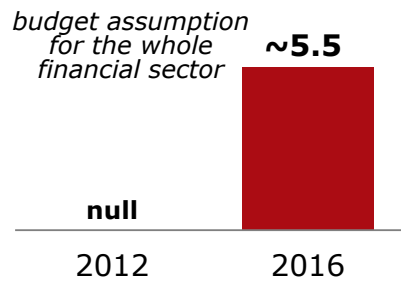
Interchange fee on debit card transaction



Contribution to the BFG % of TREA

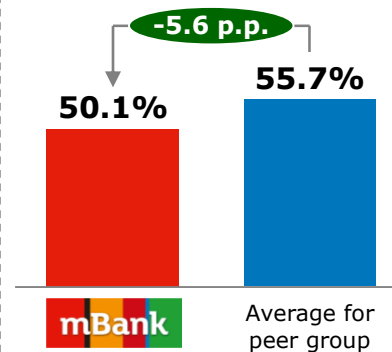


Banking tax PLN B

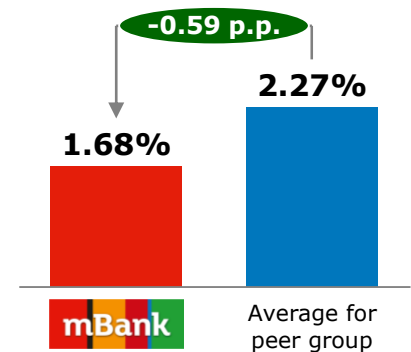


mBank will further build on its light, efficient business model

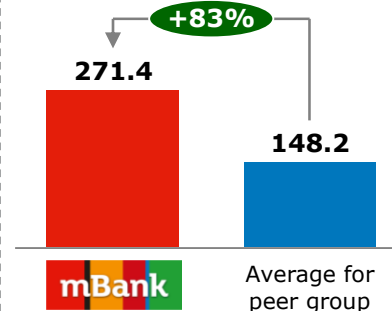
Cost/Income ratio



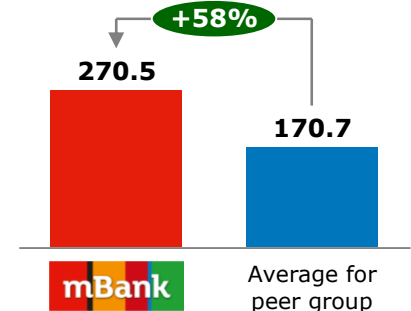
Costs / Average Assets



Gross loans per branch PLN M



Deposits per branch PLN M



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

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

# mBank Group's Strategy for 2016-2020

Strategy sets the azimuth in a dynamically changing environment



1

**Empathy**



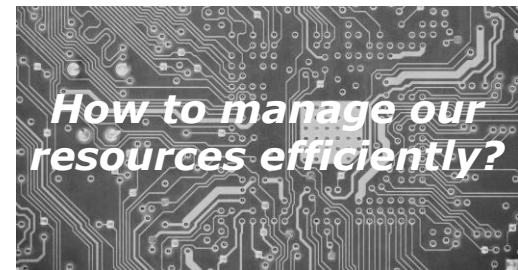
2

**Mobility**



3

**Efficiency**



# mBank Group's Strategy for 2016-2020

Specific business actions will be based on three strategy pillars

1

## Empathy

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



2

## Mobility

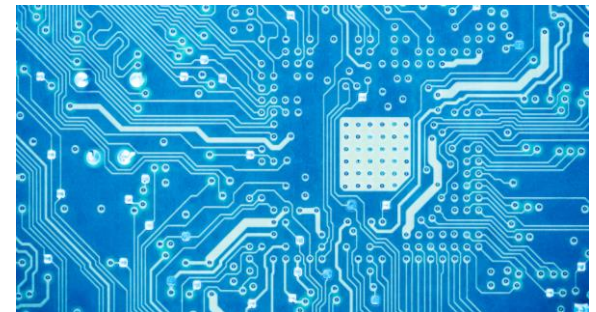
- **Be the point of reference** in terms of **mobile banking**
- **Offer the best** (most convenient, hassle-free, intuitive and engaging) **mobile application on the banking market**
- **Enhance 'mobile first' distribution approach** within the multichannel model
- **Minimize the functionality gap**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



3

## Efficiency

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



# mBank Group's Strategy for 2016-2020

## Financial performance targets – 5 key measures

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