

# Results of mBank Group Q2 2014

**PLN 1 billion in revenues**

Management Board of mBank S.A.

Investor Presentation

July 30, 2014



# Key highlights of Q2 2014

## Record high total income driven by core revenues

- NII up 4.4% QoQ and 12.2% YoY amid accelerating lending
- NFC up 0.9% QoQ and 16.5% YoY on growing client business

## Best-in-class efficiency

- Cost/Income ratio at 44.5%

## Profit & Loss

## Capital ratios supporting further growth

- CET 1 Ratio at 13.2%
- Total Capital Ratio at 15.8%

## Funding profile based on diversified financing sources

## Comfortable liquidity levels

- LtD ratio at 110.8%

## Capital & Liquidity

## Net Profit of PLN 324.8 M ...

## Volumes

### Volumes on upward trajectory

- Gross loans at PLN 72.7 B (+2.4% QoQ, +1.1% YoY)<sup>1</sup>
- Customer deposits at PLN 63.3 B (+1.1% QoQ, +6.3% YoY)<sup>1</sup>

### Acceleration in lending across segments

- New retail production at PLN 2.0 B (+19% QoQ, +37% YoY)

## Business development

### Continued implementation of 'One Bank' approach

- The first integrated branch opened
- Strategic targets of 2012-2016 agenda practically met

### Dynamic client acquisition

- 4,490 thou. retail clients (+62.8 thou. QoQ) and 17,006 corporate clients (+406 QoQ)

... **+16.9% compared to Q2/13**

<sup>1</sup> Volume dynamics presented excl. reverse repo / buy-sell-back transactions and repo transactions, respectively

# Agenda

## Summary of Q2/14 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

## Analysis of Q2/14 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

## Macroeconomic Update














## Appendix

Additional Information: Selected Financial Data

Detailed Results of Business Lines

# Summary of Q2/14 Results in mBank Group

## Key Financials: Profit and Loss Account












<i>in PLN M</i>	Q2/14	Q1/14	Change Q2/Q1		Q2/13
Net interest income	617.2	591.0		+4.4%	550.2
Net Fee & Commission income	243.7	241.4		+0.9%	209.3
<b>Total income</b>	<b>1,023.8</b>	<b>956.6</b>		<b>+7.0%</b>	<b>932.9</b>
<b>Total costs</b>	<b>(455.3)</b>	<b>(430.6)</b>		<b>+5.7%</b>	<b>(417.9)</b>
Loan Loss Provisions	(155.9)	(89.5)		+74.2%	(159.5)
<b>Profit before tax</b>	<b>412.6</b>	<b>436.5</b>		<b>-5.5%</b>	<b>355.5</b>
<b>Net profit</b>	<b>324.8</b>	<b>337.8</b>		<b>-3.8%</b>	<b>277.9</b>
Net Interest Margin (NIM)	2.30%	2.30%		0.00 p.p.	2.15%
NIM excl. CHF portfolio	2.68%	2.71%		-0.03 p.p.	2.54%
Cost/Income ratio	44.5%	45.0%		-0.5 p.p.	44.8%
Cost of Risk	0.88%	0.51%		+0.37 p.p.	0.92%
Return on Equity (ROE) <sup>1</sup>	13.6%	13.7%		-0.1 p.p.	12.2%
Return on Assets (ROA) <sup>1</sup>	1.16%	1.26%		-0.10 p.p.	1.03%

<sup>1</sup> Post-tax

Note: Q2-Q3 2013 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

# Summary of Q2/14 Results in mBank Group

## Key Financials: Balance Sheet

<i>in PLN M</i>	Q2/14	Q1/14	Change Q2/Q1		Q2/13
<b>Gross loans to customers</b>	<b>72,732</b>	<b>73,390</b>		<b>-0.9%</b>	<b>74,426</b>
Retail client loans	39,664	38,973		+1.8%	39,042
Core corporate client loans <sup>1</sup>	27,912	26,957		+3.5%	27,442
<b>Amounts due to customers</b>	<b>63,294</b>	<b>63,596</b>		<b>-0.5%</b>	<b>62,195</b>
Retail client deposits	35,726	34,784		+2.7%	33,689
Core corporate client deposits <sup>1</sup>	23,200	23,717		-2.2%	21,489
Loans to Deposits ratio	110.8%	111.5%		-0.7 p.p.	115.4%
NPL ratio <sup>2</sup>	6.4%	6.1%		+0.3 p.p.	4.9%
Coverage ratio <sup>2</sup>	50.1%	48.8%		+1.3 p.p.	66.4%
Core Tier 1 / CET 1 <sup>3</sup>	13.2%	13.6%		-0.4 p.p.	13.1%
CAR / Total Capital Ratio <sup>3</sup>	15.8%	16.3%		-0.5 p.p.	18.2%

<sup>1</sup> Excl. reverse repo / buy-sell-back transactions for loans and repo transactions for deposits

<sup>2</sup> Since Q4/13 a modified methodology of NPL recognition in retail area has been applied

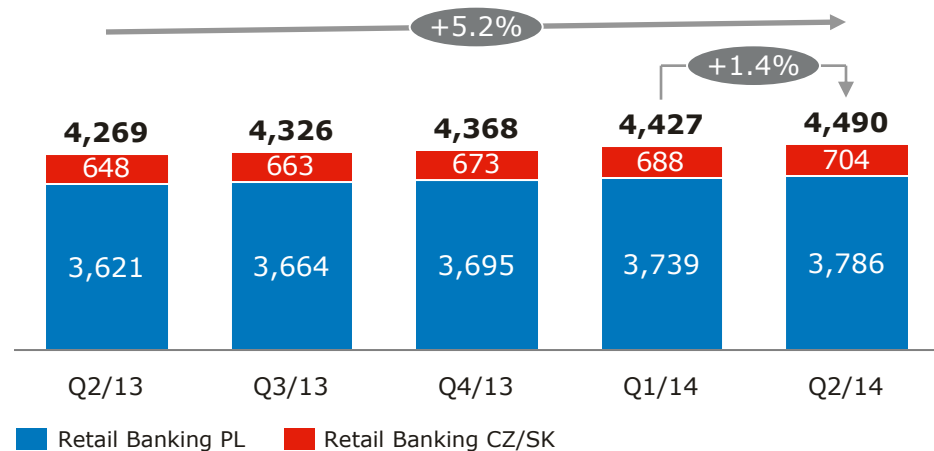
<sup>3</sup> Since the end of March 2014 the capital ratios are calculated in accordance with Basel III rules

Note: Q2-Q3 2013 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

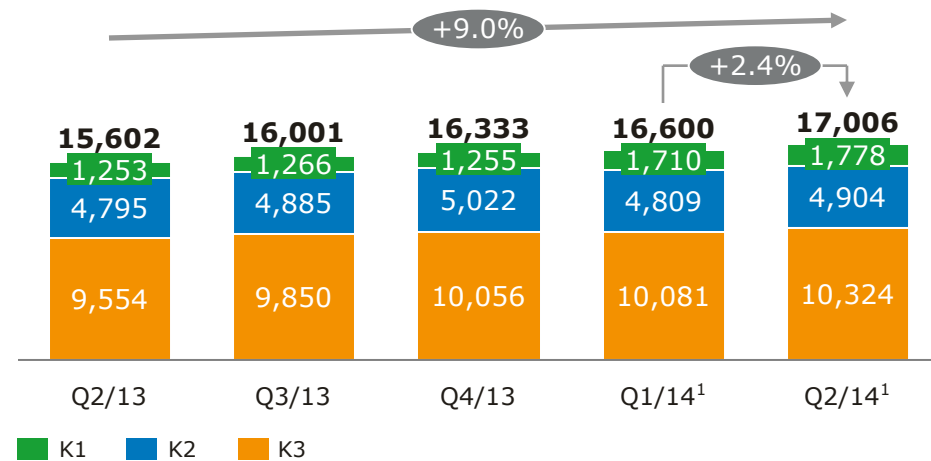
# Summary of Q2/14 in mBank Group

## Business Development: Client acquisition and Market shares

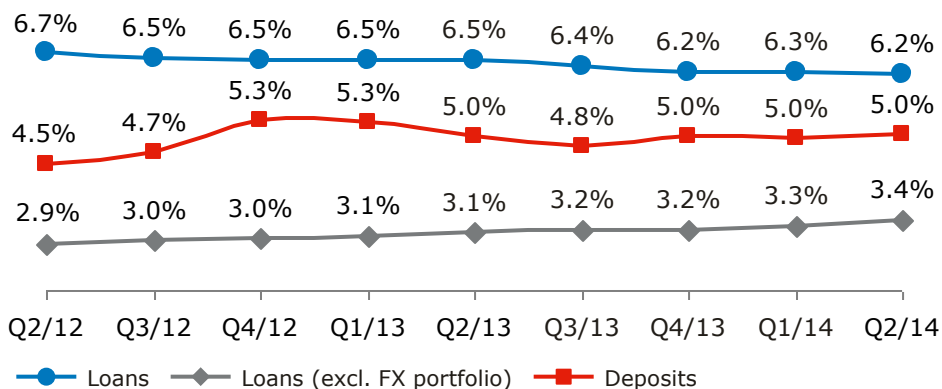
Number of Retail Clients (thou.)



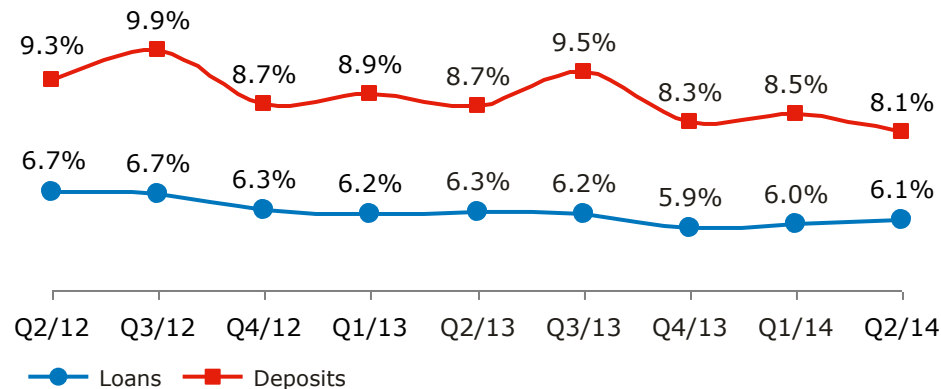
Number of Corporate Clients



Market shares in Retail Banking segment



Market shares in Corporate Banking segment

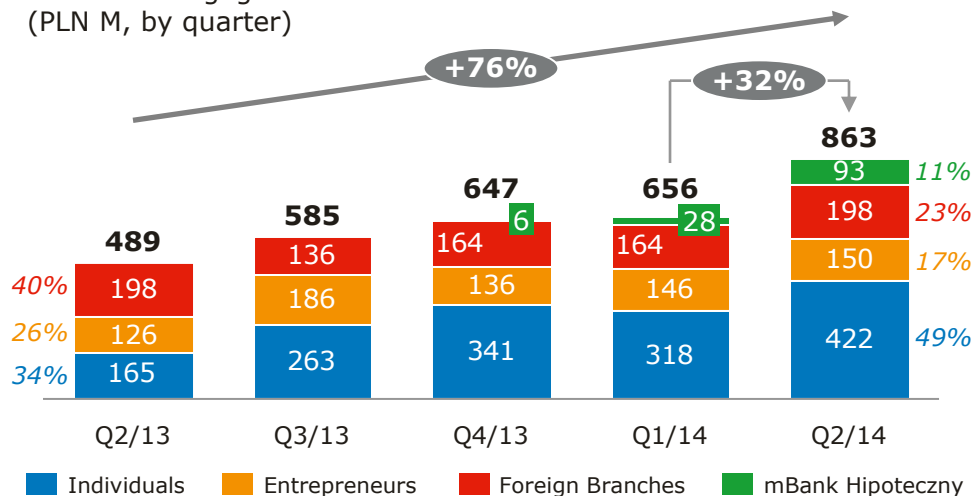


<sup>1</sup> Since 2014 all non-banking financial institutions were reclassified and moved to the K1 segment (the change concerned ca. 400 clients, mainly from K2 segment)  
 Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

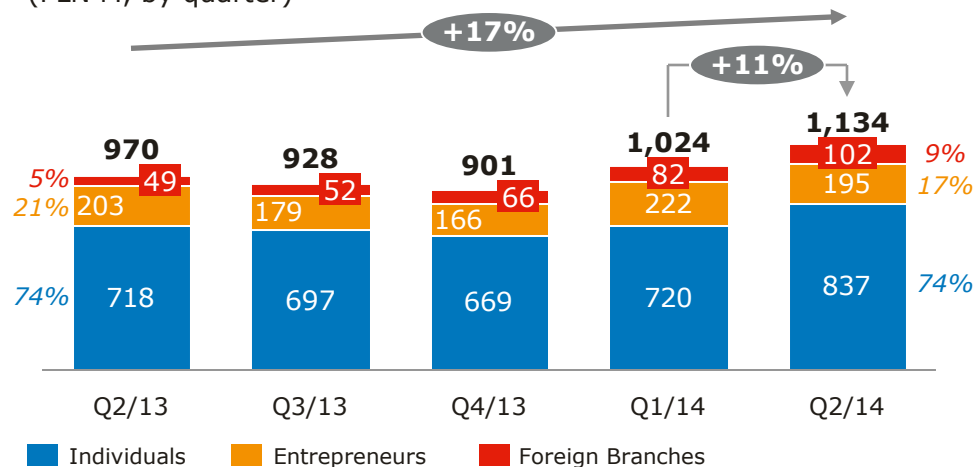
# Summary of Q2/14 in mBank Group

## Development of Retail and Corporate business

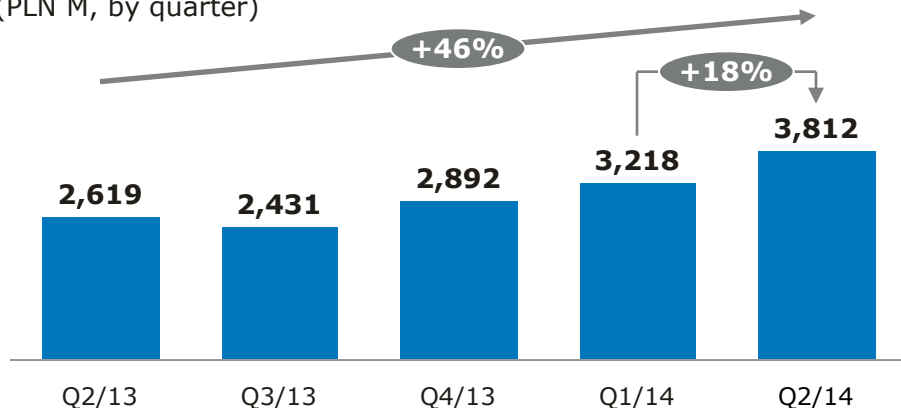
Sales of Mortgage Loans  
(PLN M, by quarter)



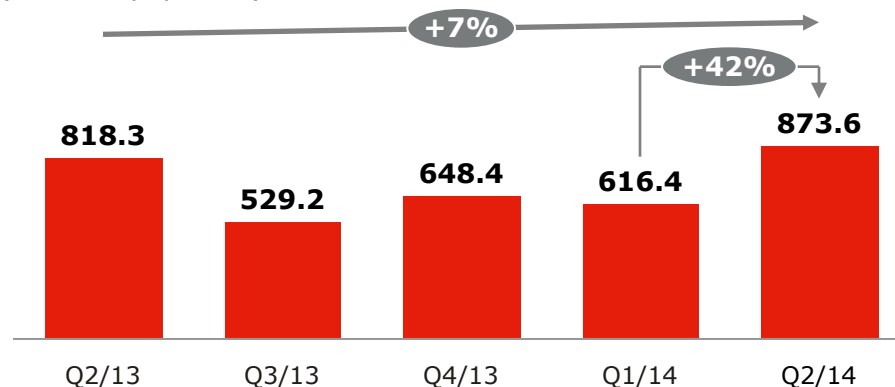
Sales of Non-Mortgage Loans  
(PLN M, by quarter)



Sales of Corporate Loans  
(PLN M, by quarter)



New leasing contracts  
(PLN M, by quarter)



# Agenda

## Summary of Q2/14 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business



## Analysis of Q2/14 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

## Macroeconomic Update

## Appendix

Additional Information: Selected Financial Data

Detailed Results of Business Lines

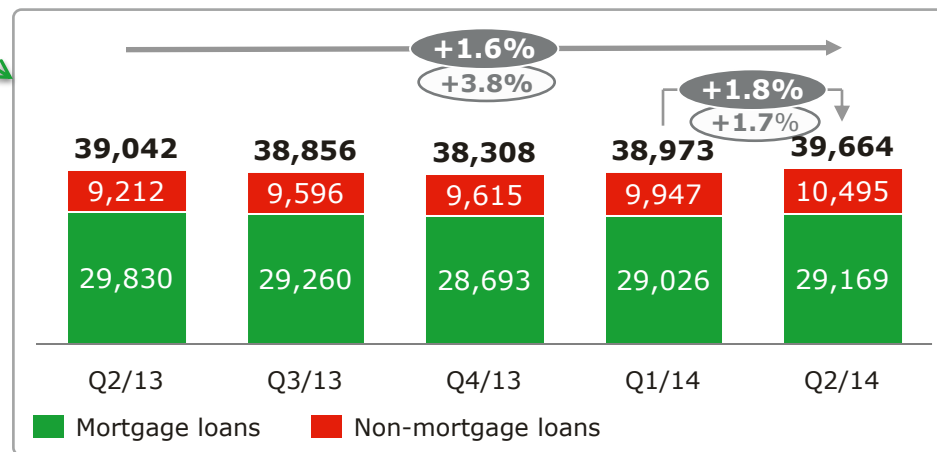
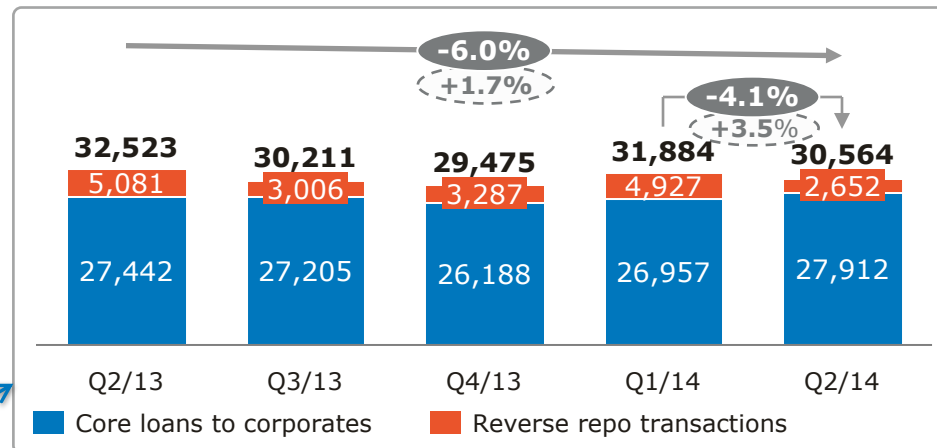
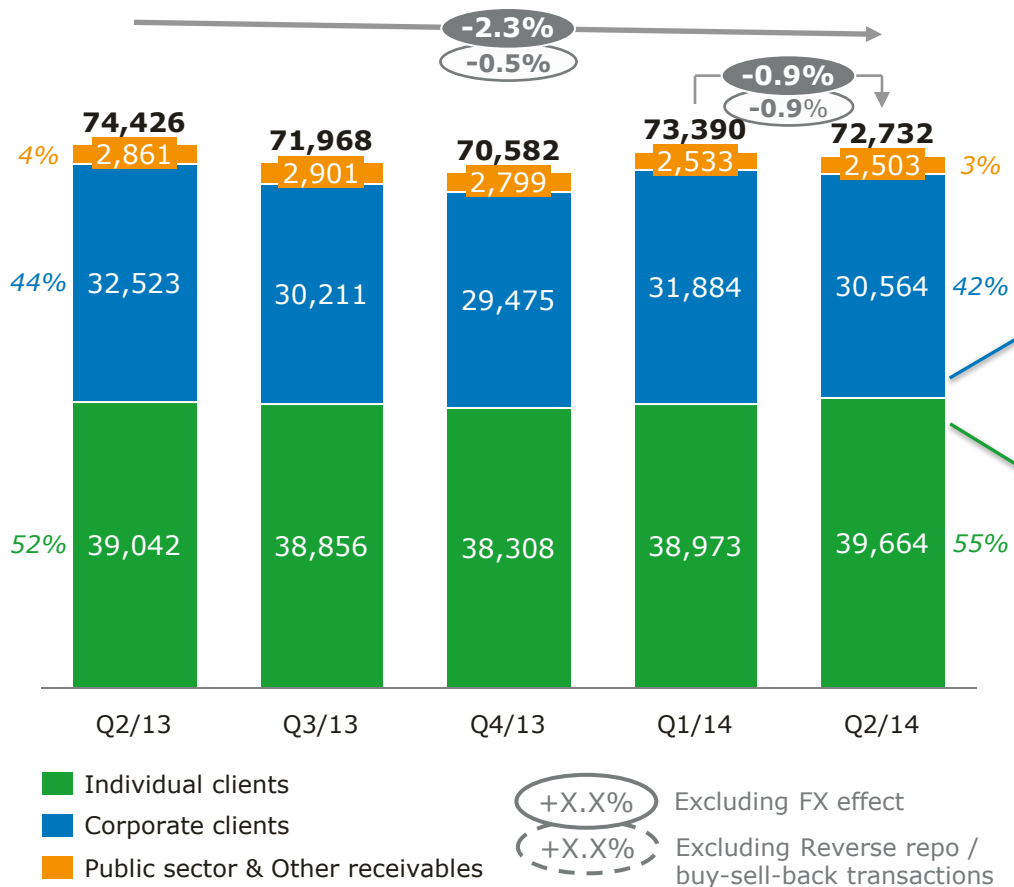


# Analysis of Q2/14 in mBank Group

## Development of Loans to Customers

### Growth in core lending continues

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

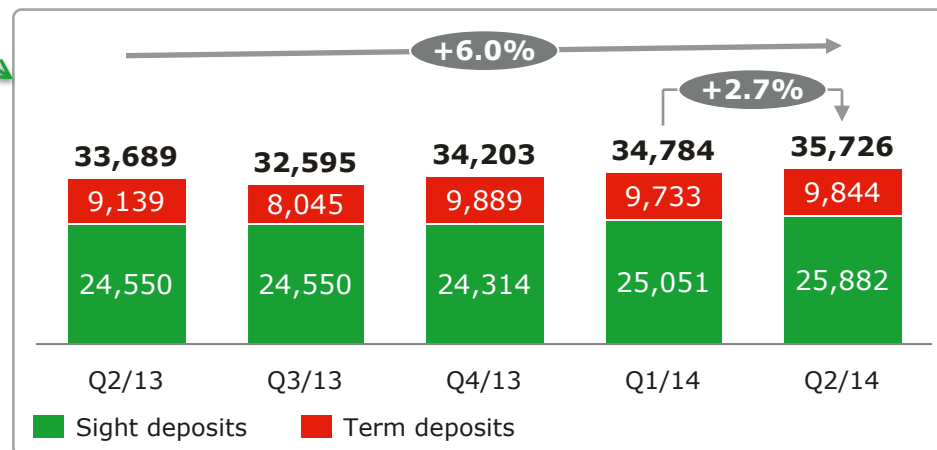
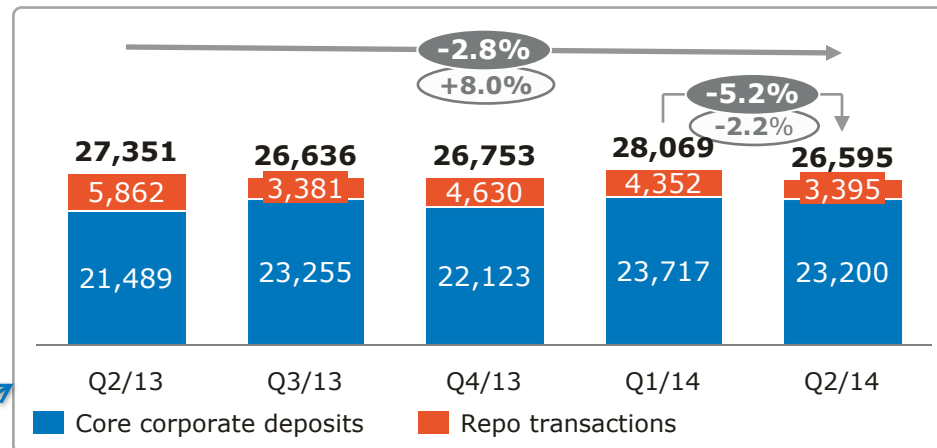
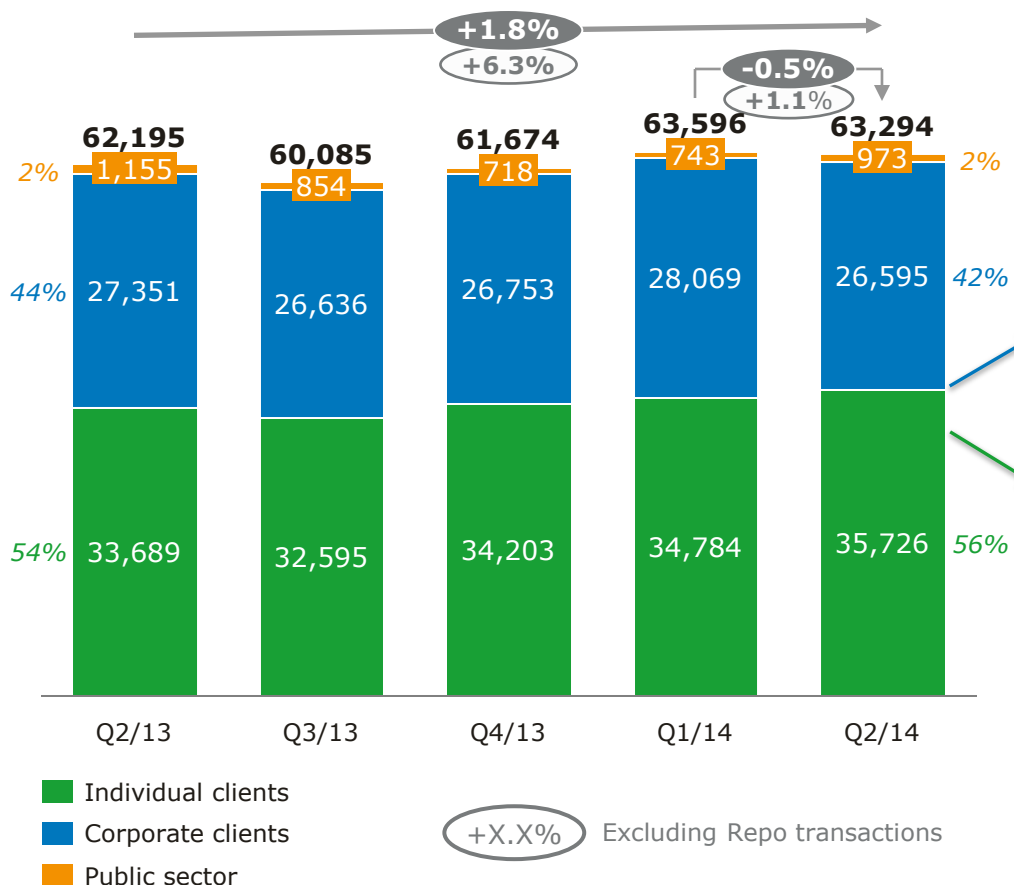


# Analysis of Q2/14 in mBank Group

## Development of Deposits

### Dynamic deposit growth in retail, core corporate deposits stable

Development of Amounts due to Customers  
(PLN M)

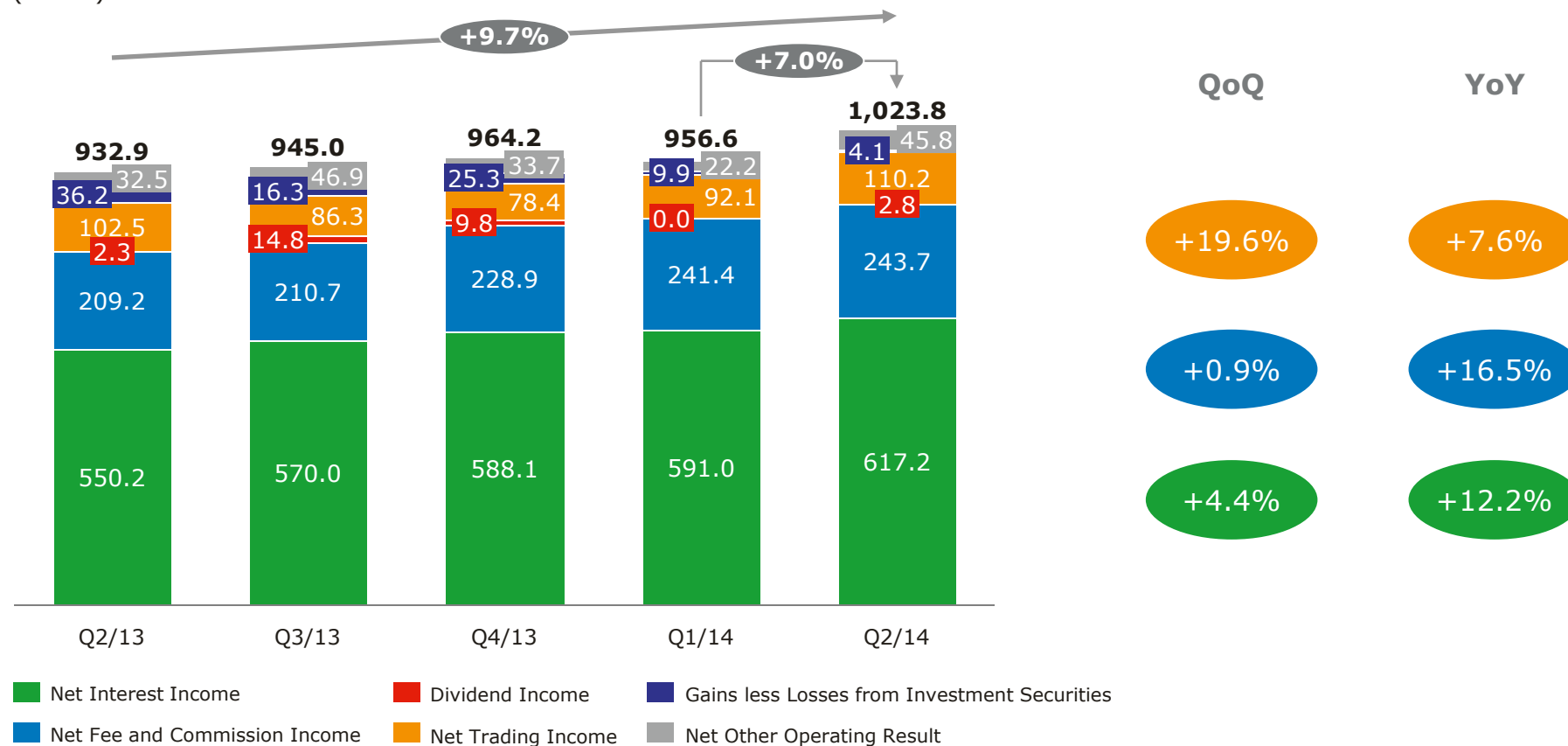


# Analysis of Q2/14 in mBank Group

Income of mBank Group

## Robust revenues at record high levels

Development of mBank Group's Income (PLN M)



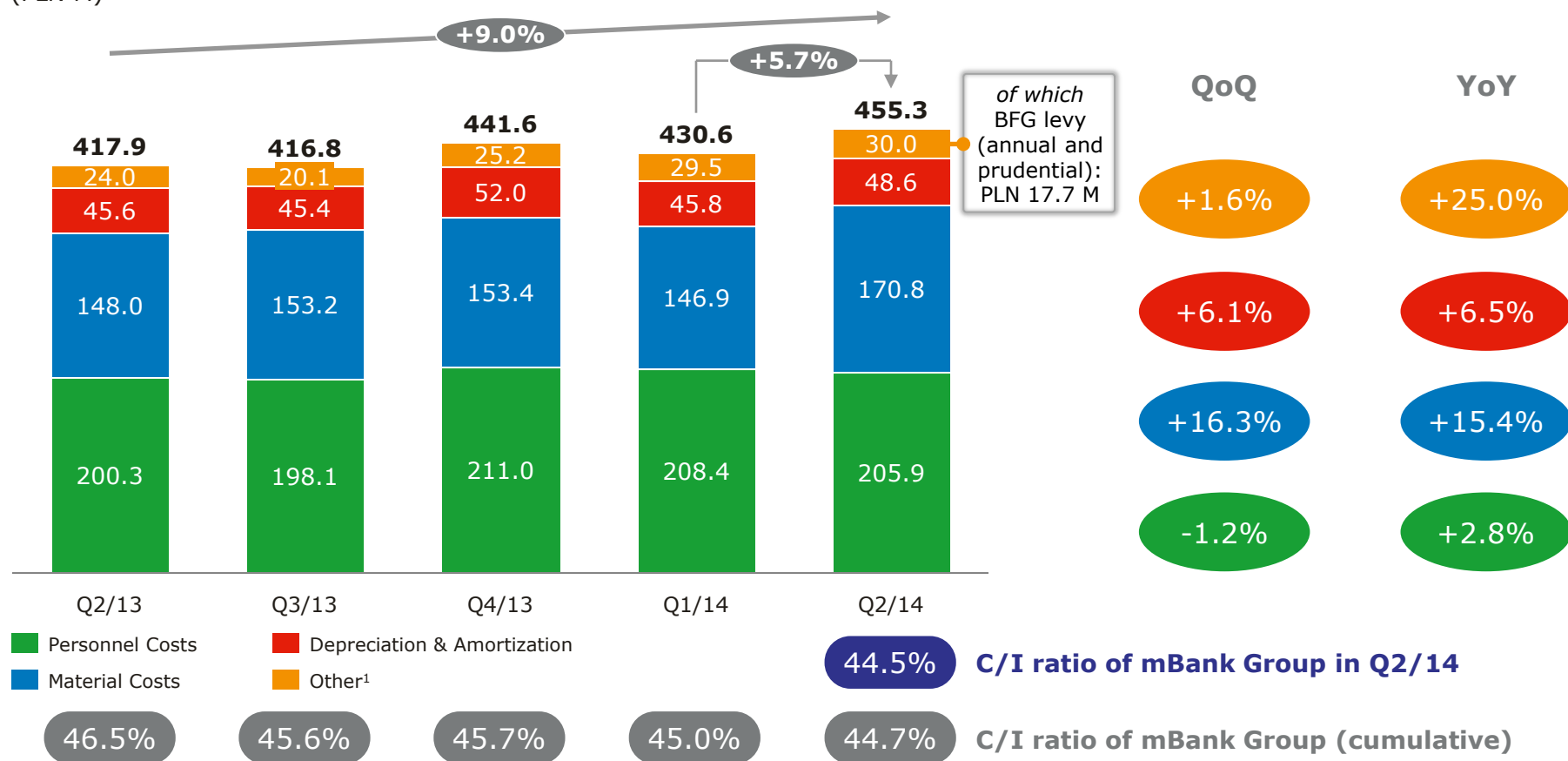
Note: Q2-Q3 2013 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

# Analysis of Q2/14 in mBank Group

## Costs of mBank Group

### Best-in-class efficiency with C/I ratio below 45%

Development of mBank Group's Costs (PLN M)



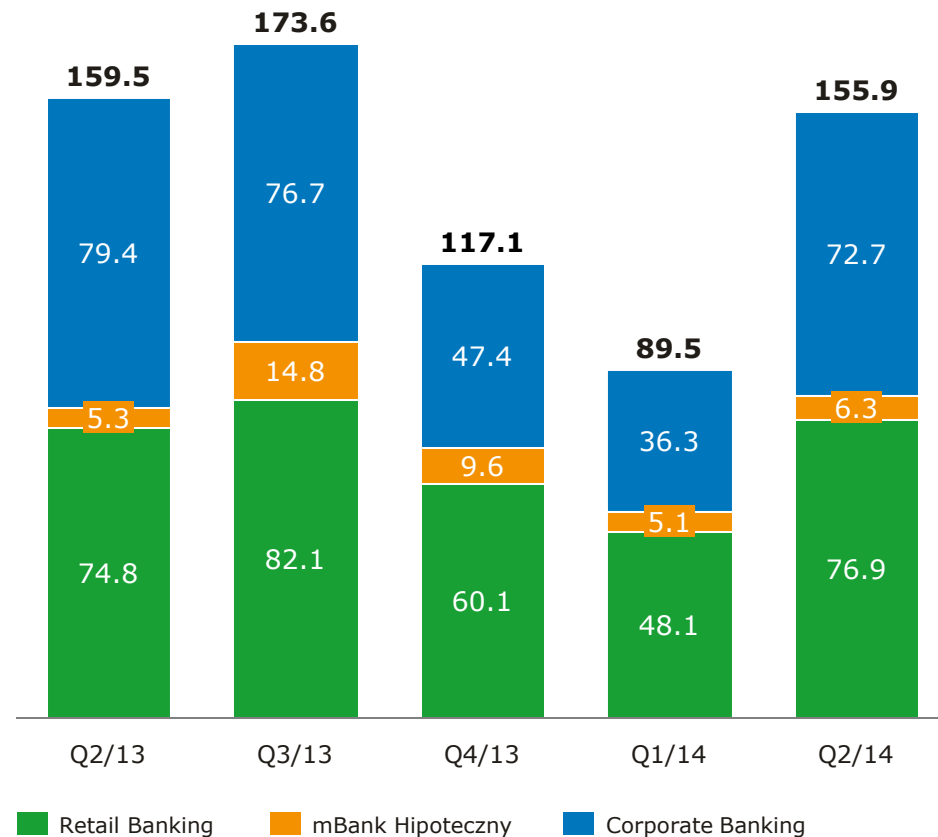
<sup>1</sup> incl. Taxes and fees, Contributions and transfers to the Bank Guarantee Fund, Contributions to the Social Benefits Fund

# Analysis of Q2/14 in mBank Group

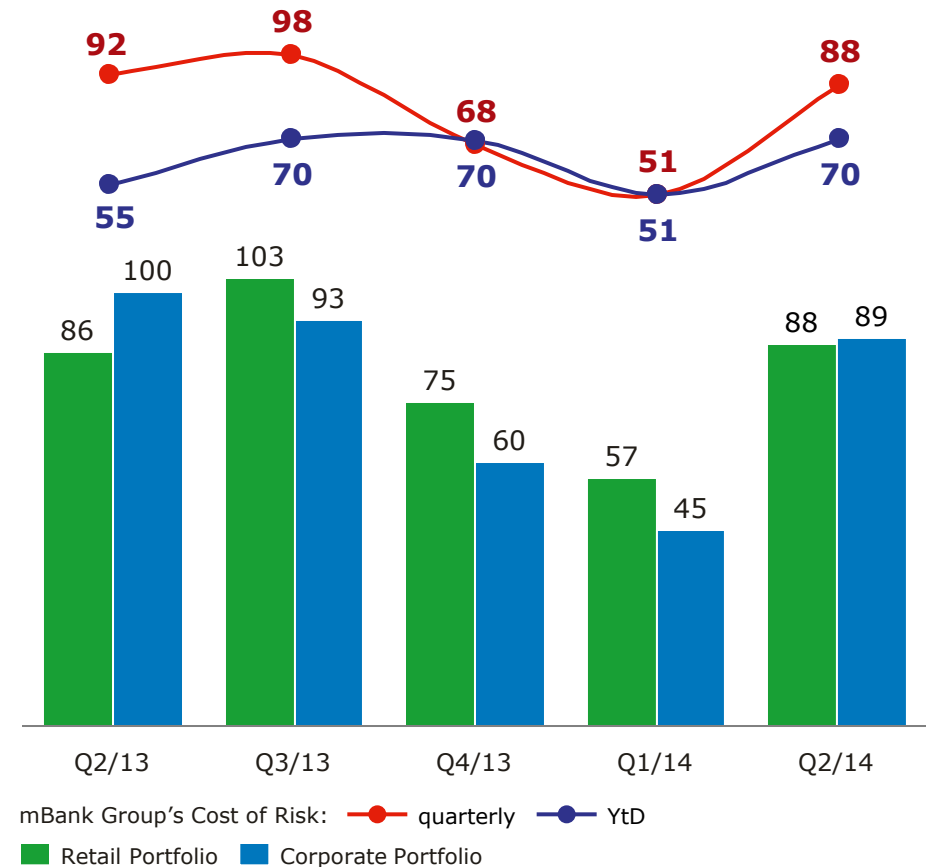
## Loan Loss Provisions & Risk Costs

### Cost of risk in line with full year guidance

Net Impairment Losses on Loans and Advances  
(PLN M)



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

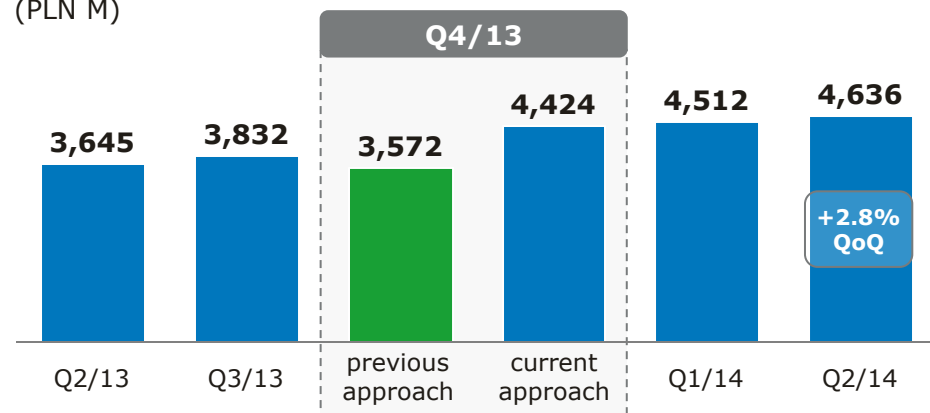


# Analysis of Q2/14 in mBank Group

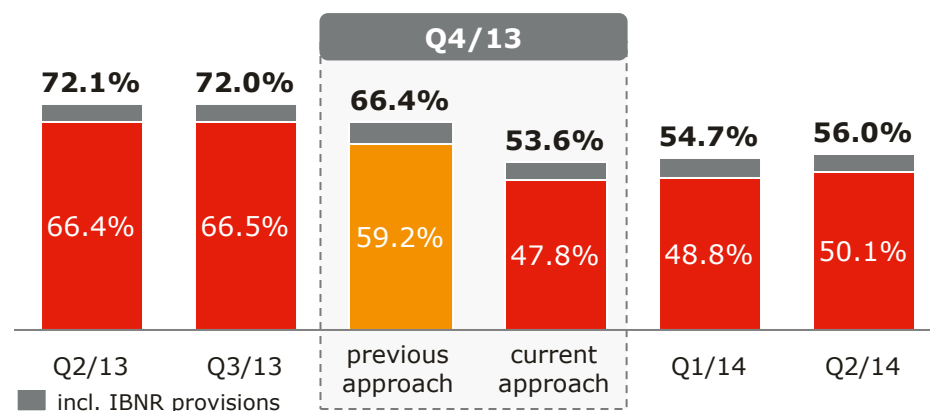
## Loan Portfolio Quality

### A conservative NPL recognition approach and sound asset quality

mBank Group's Impaired Loans Portfolio (PLN M)

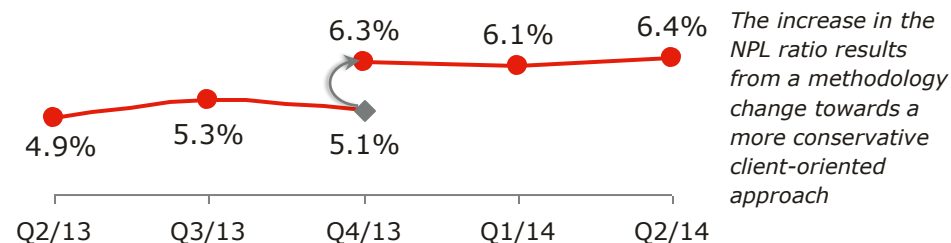


mBank Group's Coverage Ratio

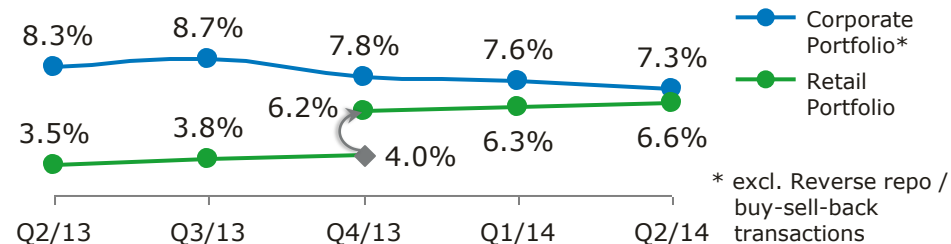


Note: Since Q4/13 a modified methodology of NPL recognition in retail area has been applied.

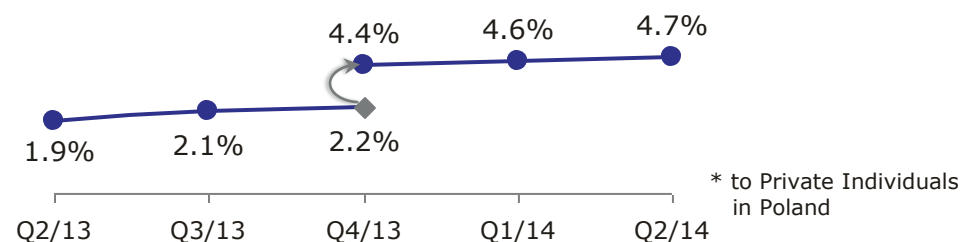
mBank Group's NPL Ratio



mBank Group's NPL Ratio by segment



NPL Ratio of Mortgage Loan Portfolio\*

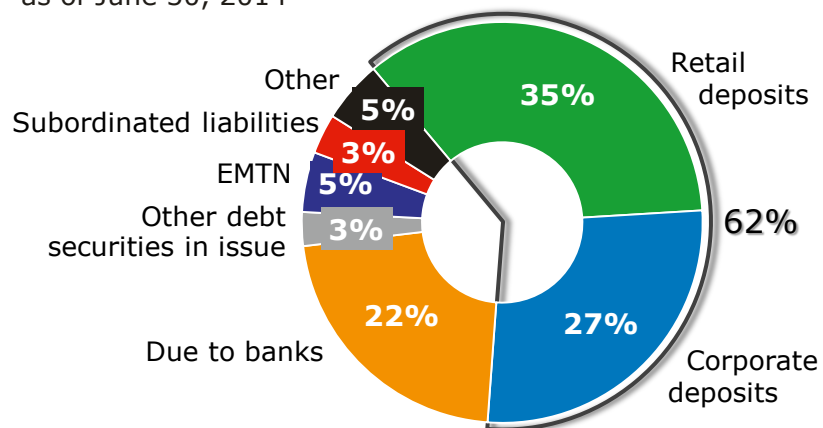


# Analysis of Q2/14 in mBank Group

## Funding Structure Details

### A well diversified and safe funding profile

mBank Group's funding structure as of June 30, 2014



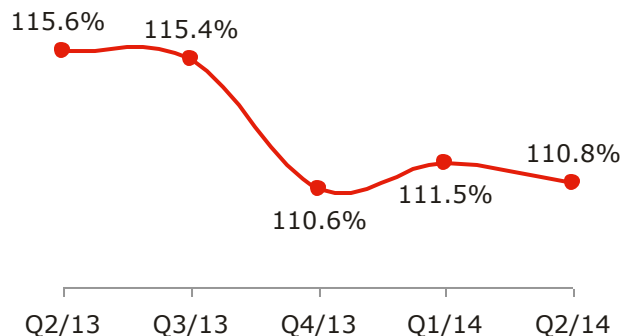
mBank's ratings

Fitch	
Long-term rating	<b>A</b>
Short-term rating	<b>F1</b>
Standard & Poor's	
Long-term credit rating	<b>BBB+</b>
Short-term credit rating	<b>A-2</b>

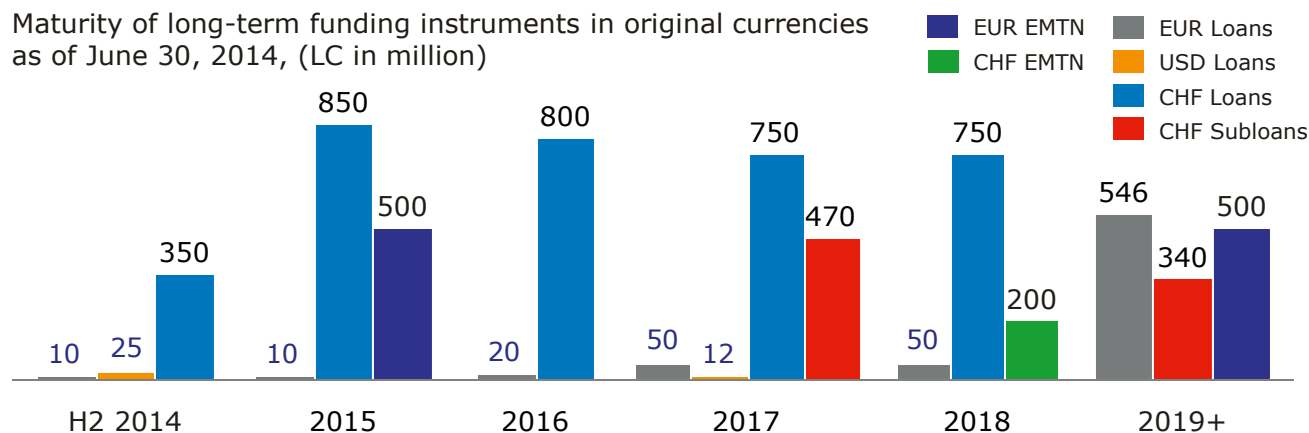
mBank Group's funding strategy

- Funding needs reduced by CHF loan book repayments (c. CHF 350-400 M per annum)
- EUR 3 B EMTN programme in place:
  - Four tranches issued: EUR 500 M in 2012, CHF 200 M and CZK 500 M in 2013, and again EUR 500 M in 2014
- Early redemption of CHF 90 M of subordinated bonds in March 2014
- Partial pre-payment of a subordinated loan in the amount of CHF 50 M in June 2014

Loans to Deposits Ratio



Maturity of long-term funding instruments in original currencies as of June 30, 2014, (LC in million)

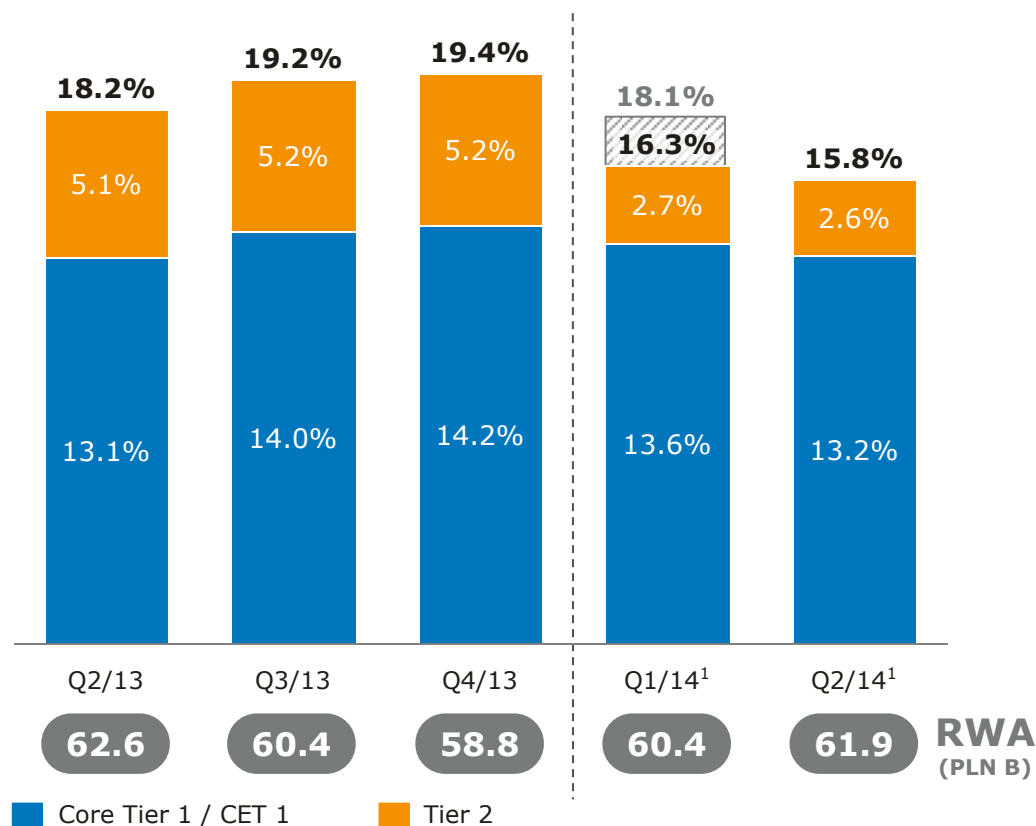


# Analysis of Q2/14 in mBank Group

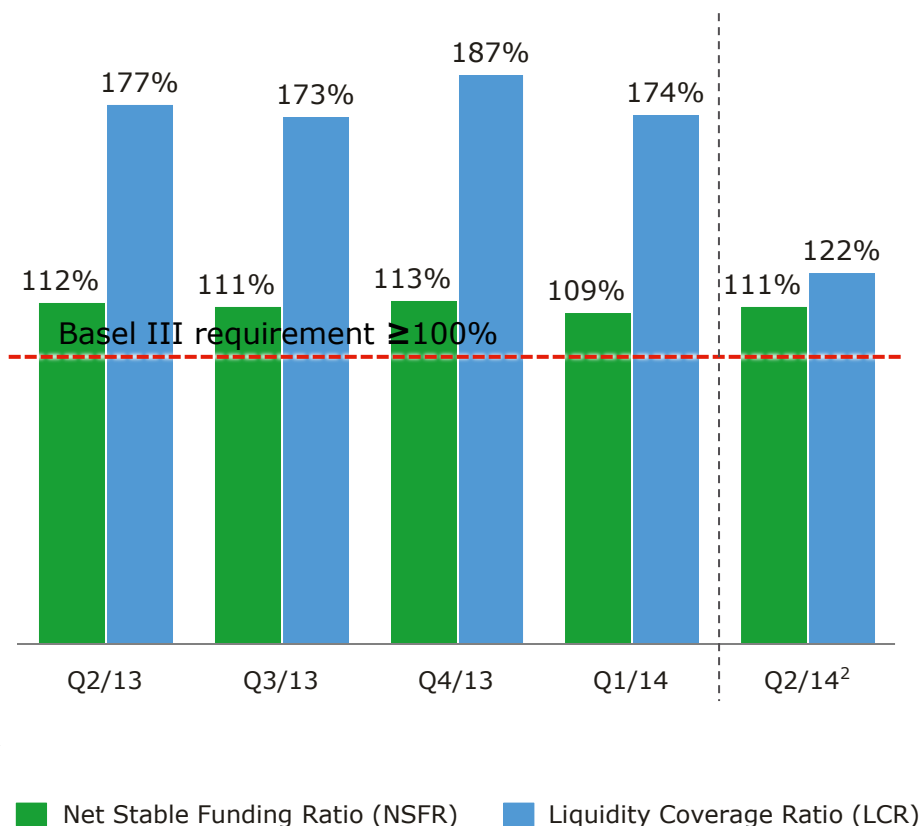
## Key Regulatory Ratios

### A Basel III ready and liquid balance sheet

mBank Group's Capital Adequacy Ratio / Total Capital Ratio



mBank's NSFR and LCR



<sup>1</sup> Since the end of March 2014 the capital ratios are calculated in accordance with Basel III rules

<sup>2</sup> Since Q2/14 the liquidity ratios are calculated in accordance with the new rules introduced by Capital Requirements Regulation (CRR)



# Agenda

## Summary of Q2/14 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

## Analysis of Q2/14 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

## Macroeconomic Update

## Appendix

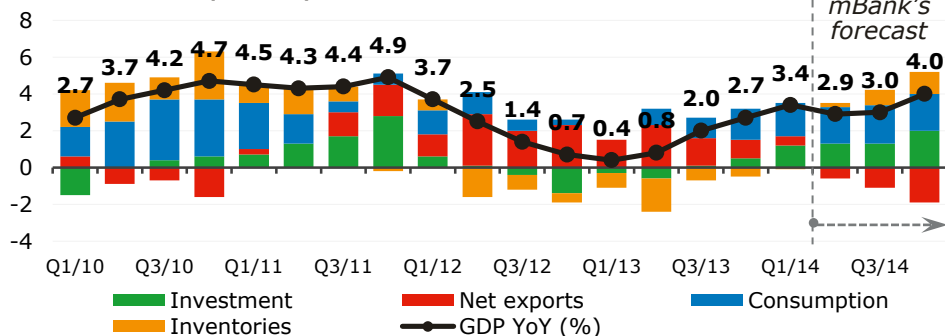
Additional Information: Selected Financial Data

Detailed Results of Business Lines

# Macroeconomic Update (1/2)

**A soft patch, just a soft patch. Inflation is nowhere to be seen.**

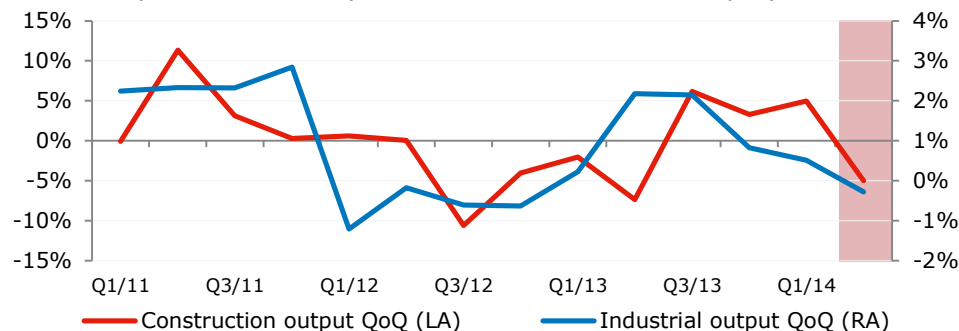
GDP forecast (% YoY)



- After a sharp acceleration to 3.4% in Q1, there is time for negative payback. The bank expects softer readings for Q2 and Q3 but the recovery itself seems hardly in danger.

Source: GUS, NBP

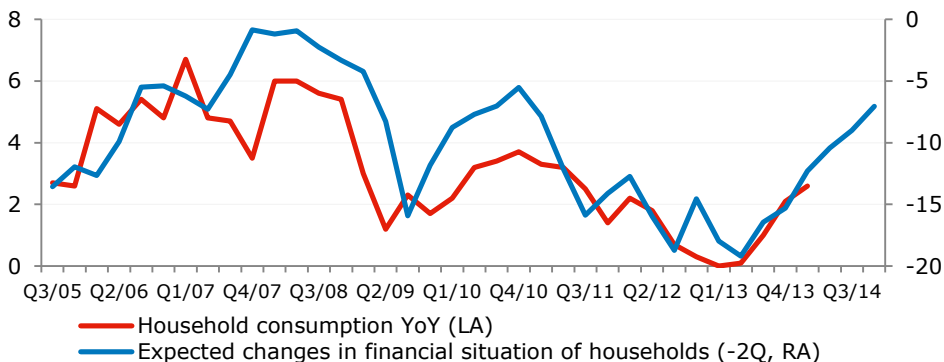
The soft patch is a reality; more than one reason at play



- The weakness in recent data is driven by the collapse in demand from Ukraine and Russia, weak construction (after a strong Q1) and, likely, weaker growth in the Eurozone.

Source: GUS, NBP

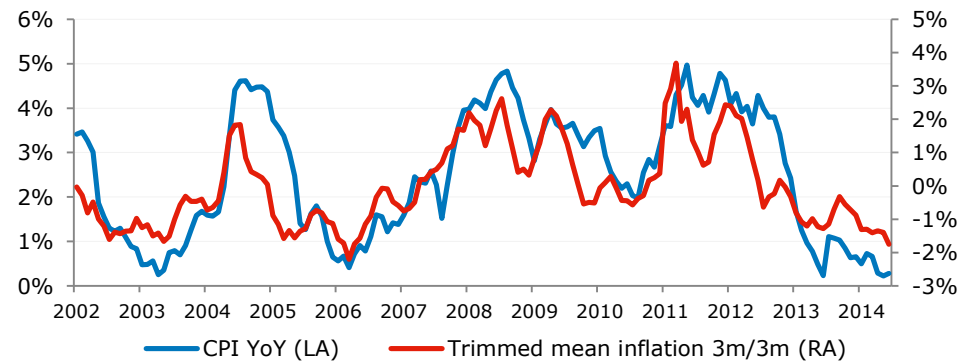
Consumption is set to remain a bright spot in the Polish economy



- Consumption supported by rising real income and strengthening labour market. Bright consumer sentiment continues to point out to accelerating consumer spending in H2.

Source: GUS, NBP

Still no signs of a turnaround in inflation



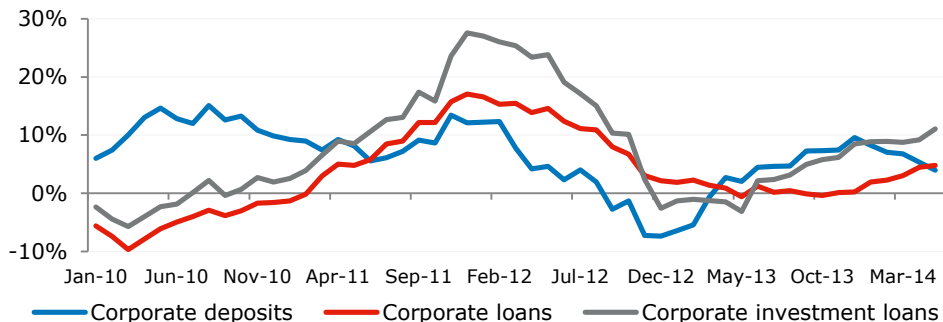
- No end to low-inflation environment in sight, disinflation is broad and persistent. With growth slowing, this will be sufficient for the MPC to cut rates in the autumn.

Source: GUS

# Macroeconomic Update (2/2)

## Green shoots in bank credit, household deposits still sluggish

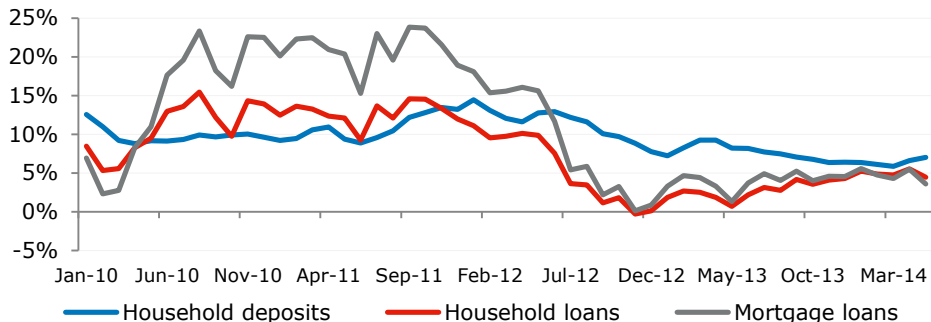
Corporate loans and deposits (% YoY)



- Corporate deposits slowed, possibly thanks to higher private investment. Growth of corporate loans more robust and broad-based (not only investment loans).

Source: NBP

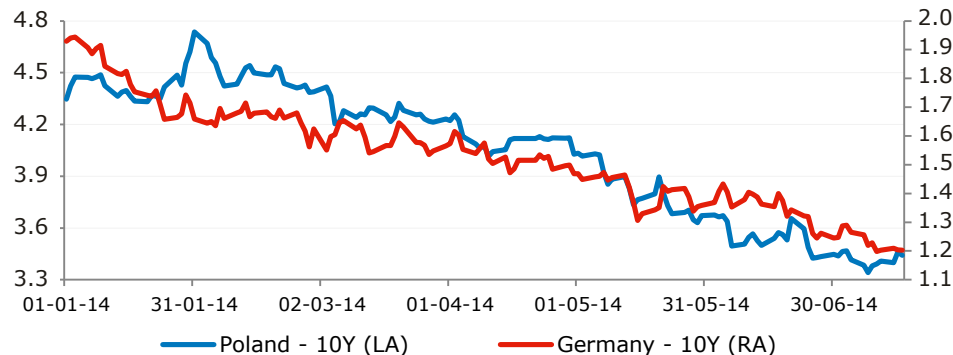
Household loans and deposits (% YoY)



- Household deposits grow at a slowest pace since 2006. Cautious borrowing on the households' side should ease in 2014 as mortgage lending accelerate (despite new LTV restrictions).

Source: NBP

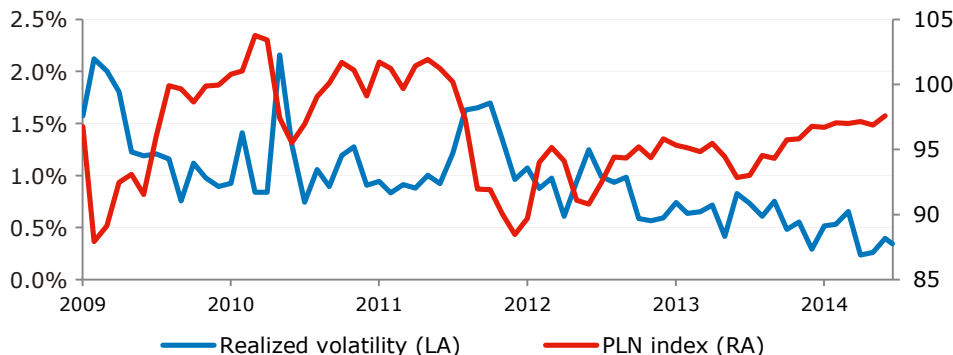
Polish and German 10Y bond yields (YTD, %)



- The rally in Polish bonds has been unstoppable, supported by core markets, dovish central banks, low inflation, rate cut expectations. For now, no significant upside in yields.

Source: Bloomberg

PLN index (higher = appreciation), low realized volatility



- PLN stable, with a bias towards strengthening. Volatility has fallen significantly, especially compared to other EMs. A regional star / safe haven?

Source: Bloomberg

# Agenda

## Summary of Q2/14 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

## Analysis of Q2/14 Results

Development of Loans and Deposits

Development of Income and Costs

Loan Portfolio Quality

Funding Structure Details

Capital and Liquidity Ratios

## Macroeconomic Update



## Appendix

Additional Information: Selected Financial Data

Detailed Results of Business Lines

# Appendix

<b>Additional Information: Selected Financial Data</b>	<b>Page No.</b>
Consolidated Profit and Loss Account under IFRS	22
Consolidated Statement of Financial Position	23
mBank Group's Ratios	24
mBank Group's Historical Performance	25-27
Net Interest Income & Margin	28
Fee and Commission Income	29
Trading and Other Income	30
Balance Sheet Analysis: Assets & Liabilities	31
Balance Sheet Analysis: Currency structure	32
Balance Sheet Analysis: Structure of loans and deposits	33
Balance Sheet Analysis: Loan portfolio structure	34
Balance Sheet analysis: Development of Core Tier 1 and CAR	35

<b>Detailed Results of the Business Lines</b>	<b>Page No.</b>
<b>Retail Banking</b>	<b>36-40</b>
Summary of Q2/14: Financial Results and Volumes	37-38
Mortgage Loans: Portfolio Structure & Key parameters	39
mBank in the Czech Republic and Slovakia	40
<b>Corporates &amp; Financial Markets</b>	<b>41-44</b>
Summary of Q2/14: Financial Results and Volumes	42-43
Financial Markets Activity: Market Shares	44
<b>mBank Group's Subsidiaries</b>	<b>45-50</b>
Results of Consolidated Companies	46
mBank Hipoteczny (mBH)	47
Leasing and Factoring	48
Dom Maklerski mBanku (mDM)	49
BRE Ubezpieczenia (BRE Insurance)	50
<b>mBank Analyzer</b>	<b>51</b>
<b>Contact Details</b>	<b>52</b>

# Appendix

## Additional Information: Selected Financial Data Consolidated Profit and Loss Account under IFRS



Summary

Historical view

Profit & Loss

Balance Sheet

Business Lines

Subsidiaries

Quarterly results (PLN thou.)	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14
Net interest income	550,232	570,000	588,096	591,014	617,232
Net fee and commission income	209,256	210,689	228,904	241,406	243,685
Dividend income	2,283	14,768	9,779	0	2,811
Net trading income	102,460	86,282	78,438	92,118	110,202
<i>incl. FX result</i>	<i>74,482</i>	<i>71,698</i>	<i>67,387</i>	<i>65,151</i>	<i>69,742</i>
Gains less losses from investment securities	36,160	16,368	25,276	9,845	4,041
Net other operating income	32,493	46,870	33,745	22,237	45,793
<b>Total income</b>	<b>932,884</b>	<b>944,977</b>	<b>964,238</b>	<b>956,620</b>	<b>1,023,764</b>
<b>Total operating costs</b>	<b>(417,876)</b>	<b>(416,829)</b>	<b>(441,636)</b>	<b>(430,617)</b>	<b>(455,277)</b>
<i>Overhead costs</i>	<i>(372,216)</i>	<i>(371,404)</i>	<i>(389,605)</i>	<i>(384,785)</i>	<i>(406,665)</i>
<i>Depreciation &amp; Amortisation</i>	<i>(45,660)</i>	<i>(45,425)</i>	<i>(52,031)</i>	<i>(45,832)</i>	<i>(48,612)</i>
Loan loss provisions	(159,459)	(173,585)	(117,080)	(89,487)	(155,860)
<b>Profit before tax</b>	<b>355,549</b>	<b>354,563</b>	<b>405,522</b>	<b>436,516</b>	<b>412,627</b>
<b>Net profit attributable to owners of mBank</b>	<b>277,853</b>	<b>288,586</b>	<b>314,200</b>	<b>337,770</b>	<b>324,827</b>

Note: Q2-Q3 2013 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

# Appendix

## Additional Information: Selected Financial Data Consolidated Statement of Financial Position



Summary

Historical view

Profit & Loss

Balance Sheet

Business Lines

Subsidiaries

<b>Assets (PLN thou.)</b>	<b>Q2/13</b>	<b>Q3/13</b>	<b>Q4/13</b>	<b>Q1/14</b>	<b>Q2/14</b>
Cash and balances with Central Bank	2 039 840	794 706	1 650 467	2 089 199	1 418 016
Loans and advances to banks	4 828 511	2 935 740	3 471 241	1 500 011	4 933 231
Trading securities	1 741 743	1 402 650	763 064	1 180 071	2 812 471
Derivative financial instruments	2 544 434	2 309 053	2 349 585	2 216 630	3 017 875
<b>Loans and advances to customers</b>	<b>71 796 954</b>	<b>69 206 663</b>	<b>68 210 385</b>	<b>70 923 030</b>	<b>70 137 177</b>
Investment securities	22 681 955	24 894 354	25 341 763	26 605 235	27 128 055
Intangible assets	415 428	421 170	455 345	431 959	460 135
Tangible fixed assets	736 680	723 088	709 552	705 955	710 505
Other assets	1 358 313	1 312 696	1 331 359	1 491 167	1 329 980
<b>Total assets</b>	<b>108 143 858</b>	<b>104 000 120</b>	<b>104 282 761</b>	<b>107 143 257</b>	<b>111 947 445</b>
<b>Liabilities (PLN thou.)</b>	<b>Q2/13</b>	<b>Q3/13</b>	<b>Q4/13</b>	<b>Q1/14</b>	<b>Q2/14</b>
Amounts due to other banks	23 427 634	21 416 248	19 224 182	19 481 097	22 297 031
Derivative financial instruments	3 087 827	2 472 433	2 459 715	2 120 892	2 915 003
<b>Amounts due to customers</b>	<b>62 195 198</b>	<b>60 085 074</b>	<b>61 673 527</b>	<b>63 596 439</b>	<b>63 293 721</b>
Debt securities in issue	4 904 909	4 869 607	5 402 056	5 658 722	7 696 154
Subordinated liabilities	3 347 965	3 310 880	3 762 757	3 453 003	3 278 869
Other liabilities	1 576 210	1 955 860	1 504 086	2 966 900	2 147 252
<b>Total liabilities</b>	<b>98 539 743</b>	<b>94 110 102</b>	<b>94 026 323</b>	<b>97 277 053</b>	<b>101 628 030</b>
<b>Total equity</b>	<b>9 604 115</b>	<b>9 890 018</b>	<b>10 256 438</b>	<b>9 866 204</b>	<b>10 319 415</b>
<b>Total equity and liabilities</b>	<b>108 143 858</b>	<b>104 000 120</b>	<b>104 282 761</b>	<b>107 143 257</b>	<b>111 947 445</b>

# Appendix

## Additional Information: Selected Financial Data mBank Group's Ratios

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Financial Ratios	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14
Net Interest Margin ( <i>quarterly</i> )	2.15%	2.23%	2.31%	2.30%	2.30%
Net Interest Margin YtD	2.14%	2.17%	2.21%	2.30%	2.30%
Net Interest Margin YtD (excl. CHF portfolio)	2.54%	2.57%	2.61%	2.71%	2.69%
Cost to Income Ratio ( <i>quarterly</i> )	44.8%	44.1%	45.8%	45.0%	44.5%
Cost to Income Ratio YtD	46.5%	45.6%	45.7%	45.0%	44.7%
Cost of Risk ( <i>quarterly</i> )	0.92%	0.98%	0.68%	0.51%	0.88%
Cost of Risk YtD	0.55%	0.70%	0.70%	0.51%	0.70%
ROE net ( <i>quarterly</i> )	12.16%	12.67%	13.75%	13.74%	13.55%
ROE net YtD	13.00%	12.89%	13.10%	13.74%	13.64%
ROA net YtD	1.15%	1.13%	1.14%	1.26%	1.21%
Loans to Deposits	115.4%	115.2%	110.6%	111.5%	110.8%
Capital Adequacy Ratio / Total Capital Ratio <sup>1</sup>	18.18%	19.17%	19.38%	16.26%	15.79%
Core Tier 1 / Common Equity Tier 1 <sup>1</sup>	13.10%	14.02%	14.21%	13.58%	13.20%
Equity / Assets	8.9%	9.5%	9.8%	9.2%	9.2%
RWA / Assets	57.9%	58.1%	56.4%	56.4%	55.3%
NPL ratio <sup>2</sup>	4.9%	5.3%	6.3%	6.1%	6.4%
NPL coverage ratio <sup>2</sup>	66.4%	66.5%	47.8%	48.8%	50.1%
NPL coverage ratio incl. general provisions <sup>2</sup>	72.1%	72.0%	53.6%	54.7%	56.0%

<sup>1</sup> Since the end of March 2014 the capital ratios are calculated in accordance with Basel III rules

<sup>2</sup> Since Q4/13 a modified methodology of NPL recognition in retail area has been applied



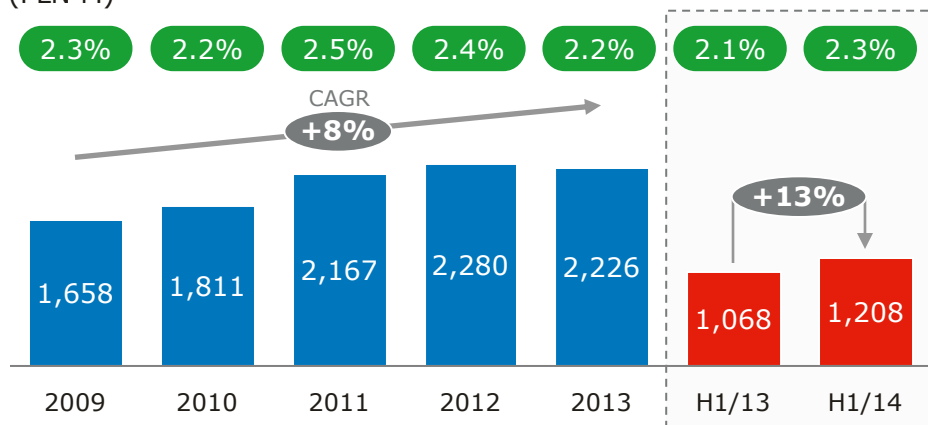
# Appendix

## mBank Group's historical performance (1/3)

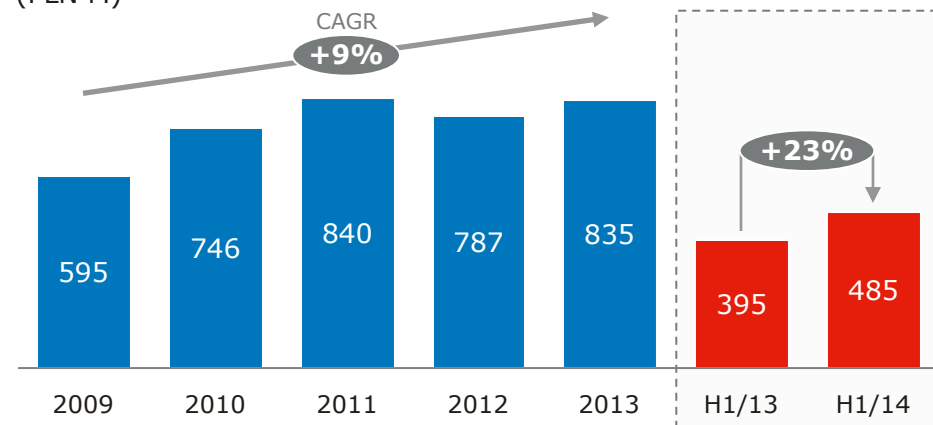


Summary
<b>Historical view</b>
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

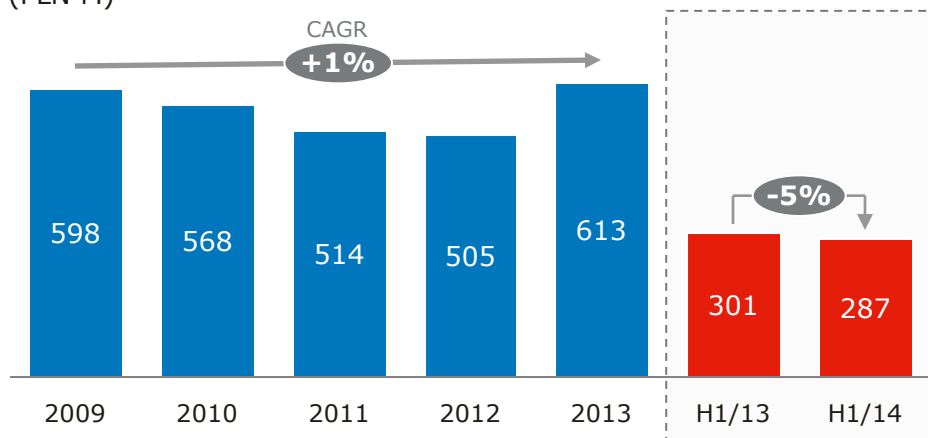
Net Interest Income & NIM  
(PLN M)



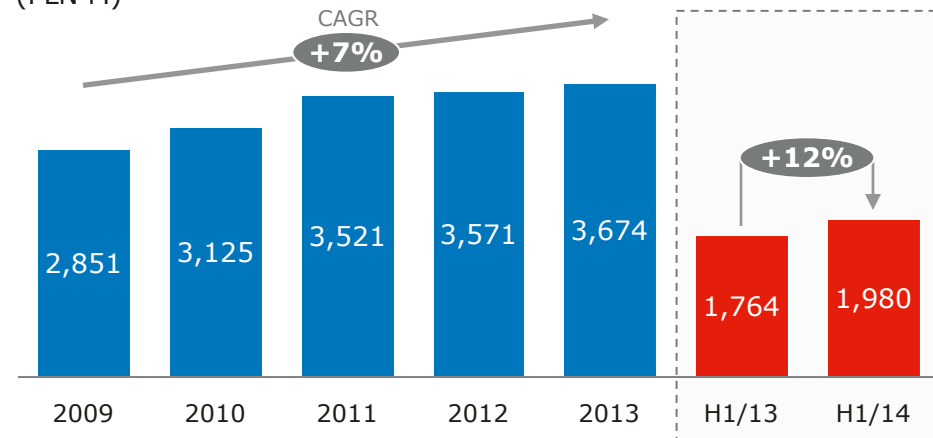
Net Fee and Commission Income  
(PLN M)



Trading and Other Income  
(PLN M)



Total Income  
(PLN M)



Note: 2012 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

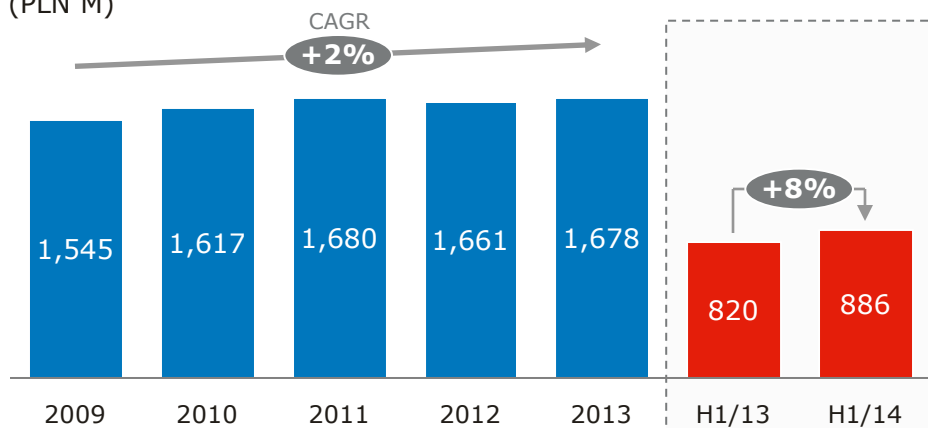
# Appendix

## mBank Group's historical performance (2/3)

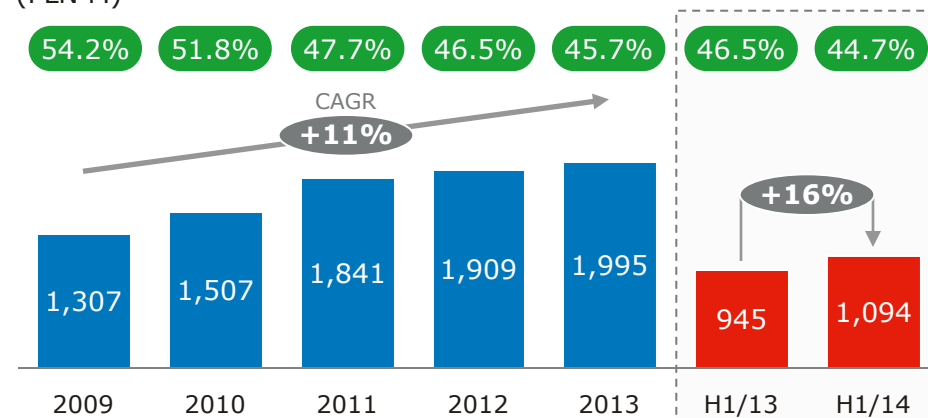


Summary
<b>Historical view</b>
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

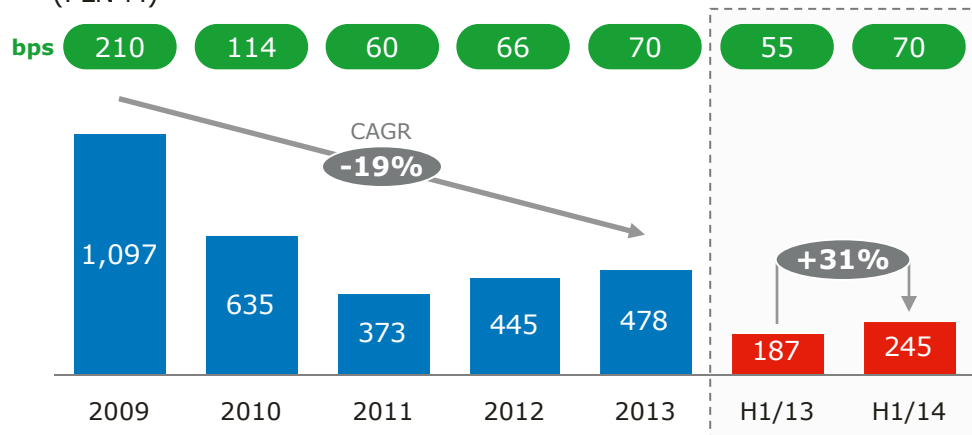
Operating Costs (PLN M)



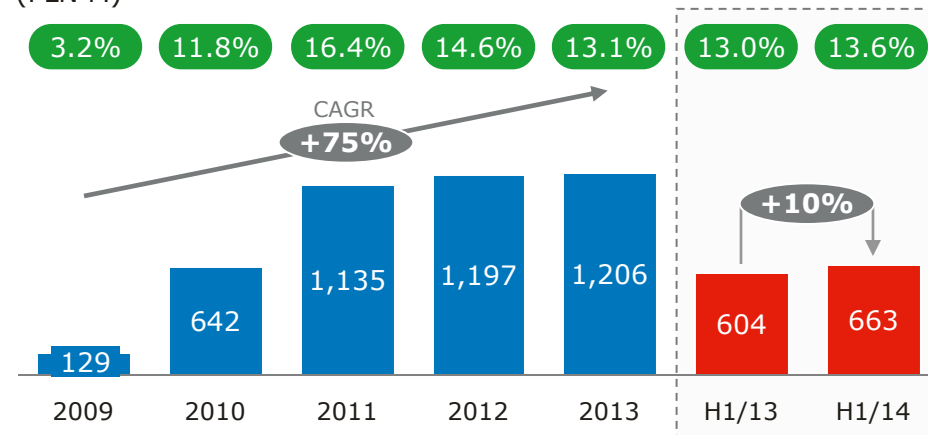
Pre-provision Income & C/I ratio (PLN M)



Loan Loss Provisions & Cost of Risk (PLN M)



Net Profit & Return on Equity (PLN M)



Note: 2012 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

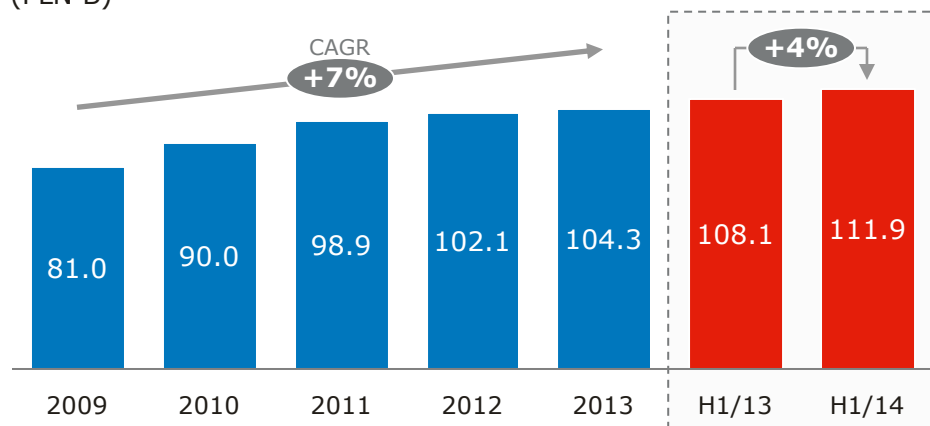
# Appendix

## mBank Group's historical performance (3/3)

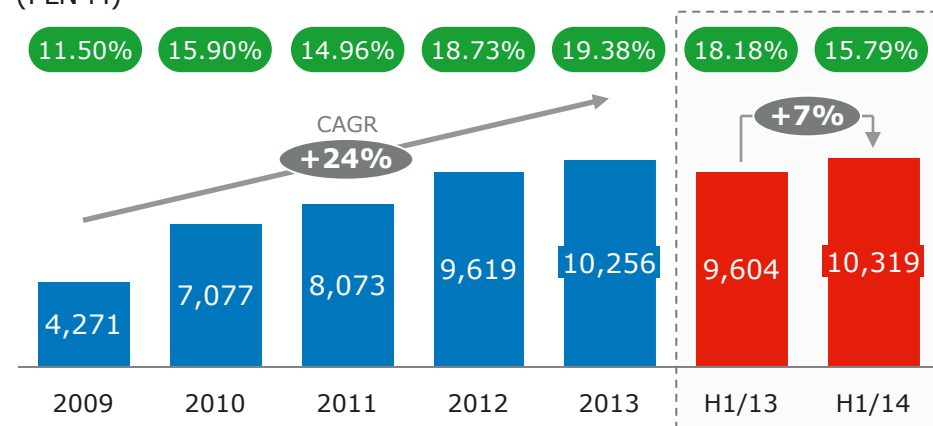


Summary
<b>Historical view</b>
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

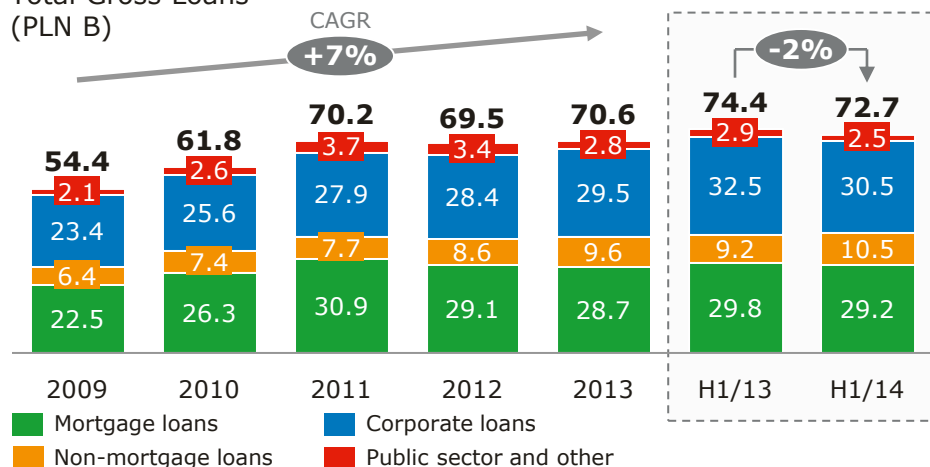
Total Assets  
(PLN B)



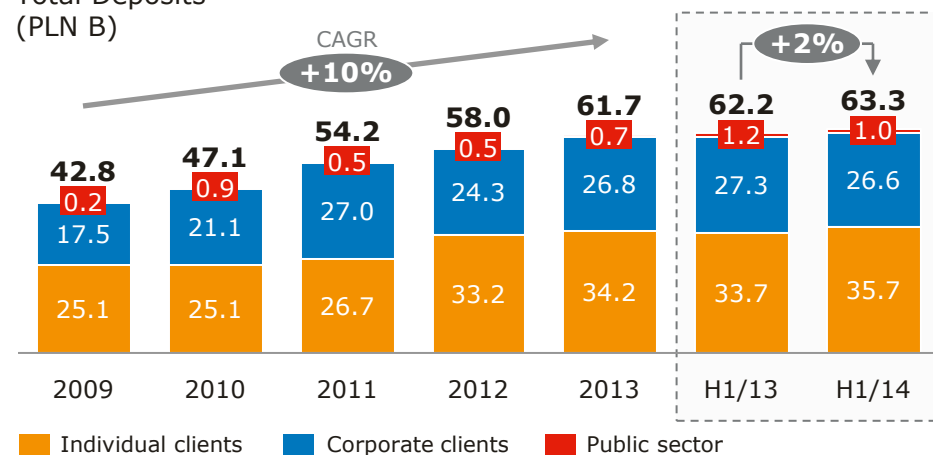
Equity & CAR  
(PLN M)



Total Gross Loans  
(PLN B)



Total Deposits  
(PLN B)



Note: 2012 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

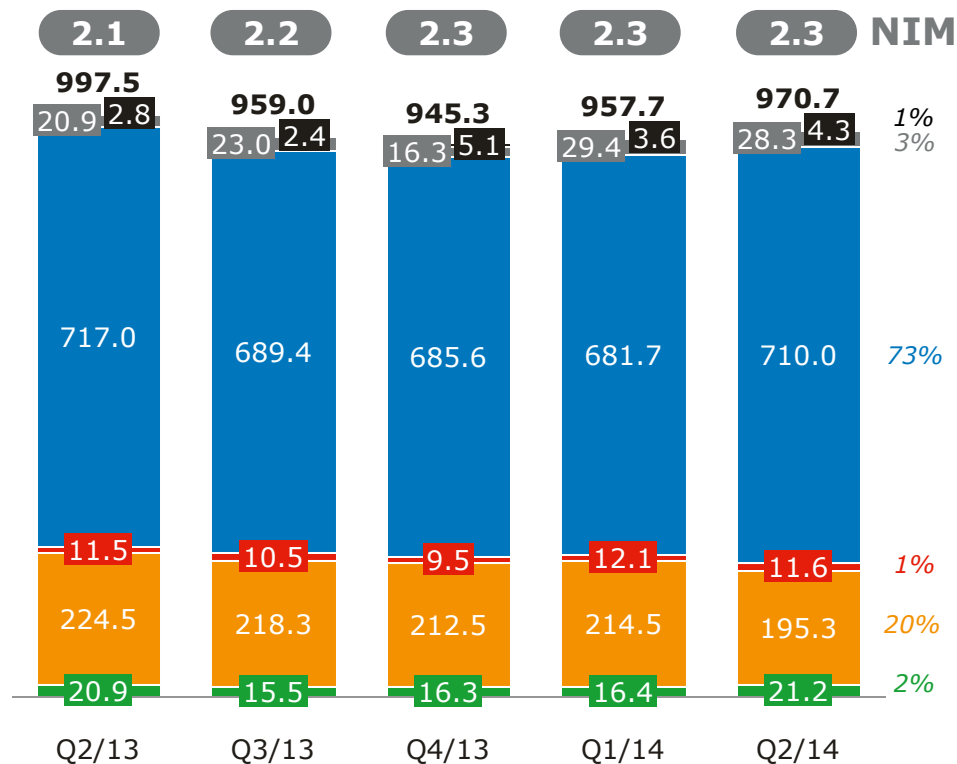
# Appendix

## Additional Information: Selected Financial Data Net Interest Income & Margin



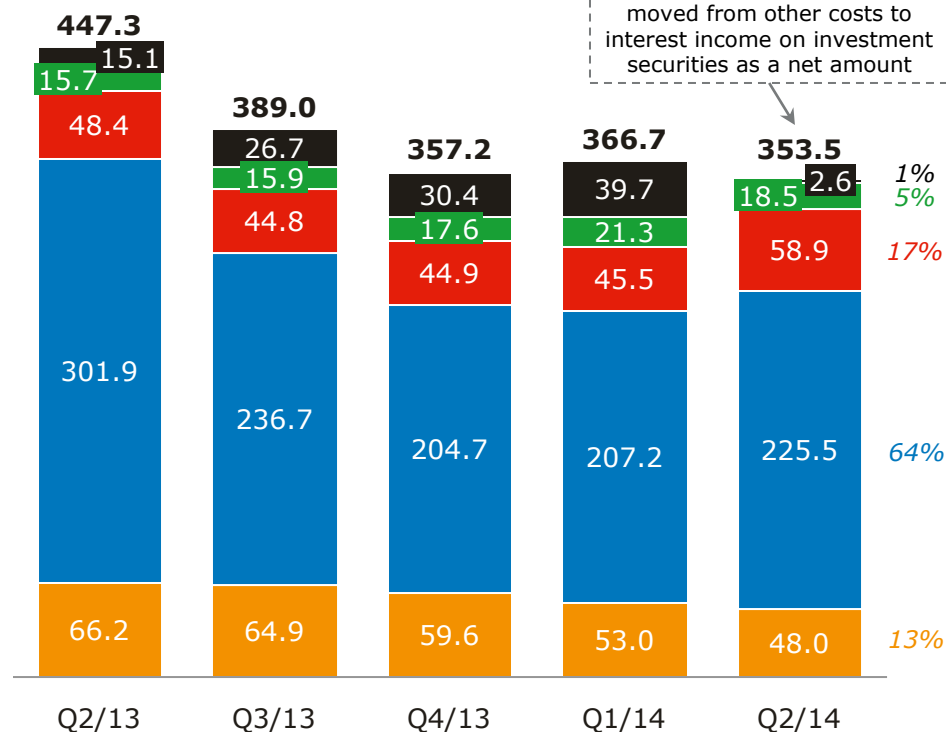
Summary
Historical view
<b>Profit &amp; Loss</b>
Balance Sheet
Business Lines
Subsidiaries

Interest Income Structure  
(PLN M)



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

Interest Expense Structure  
(PLN M)



Change in the presentation of premiums on bonds: since Q2/14 this item is moved from other costs to interest income on investment securities as a net amount

- Amounts due to banks
- Subordinated liabilities
- Amounts due to customers
- Other
- Issue of debt securities

Note: Q2-Q3 2013 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

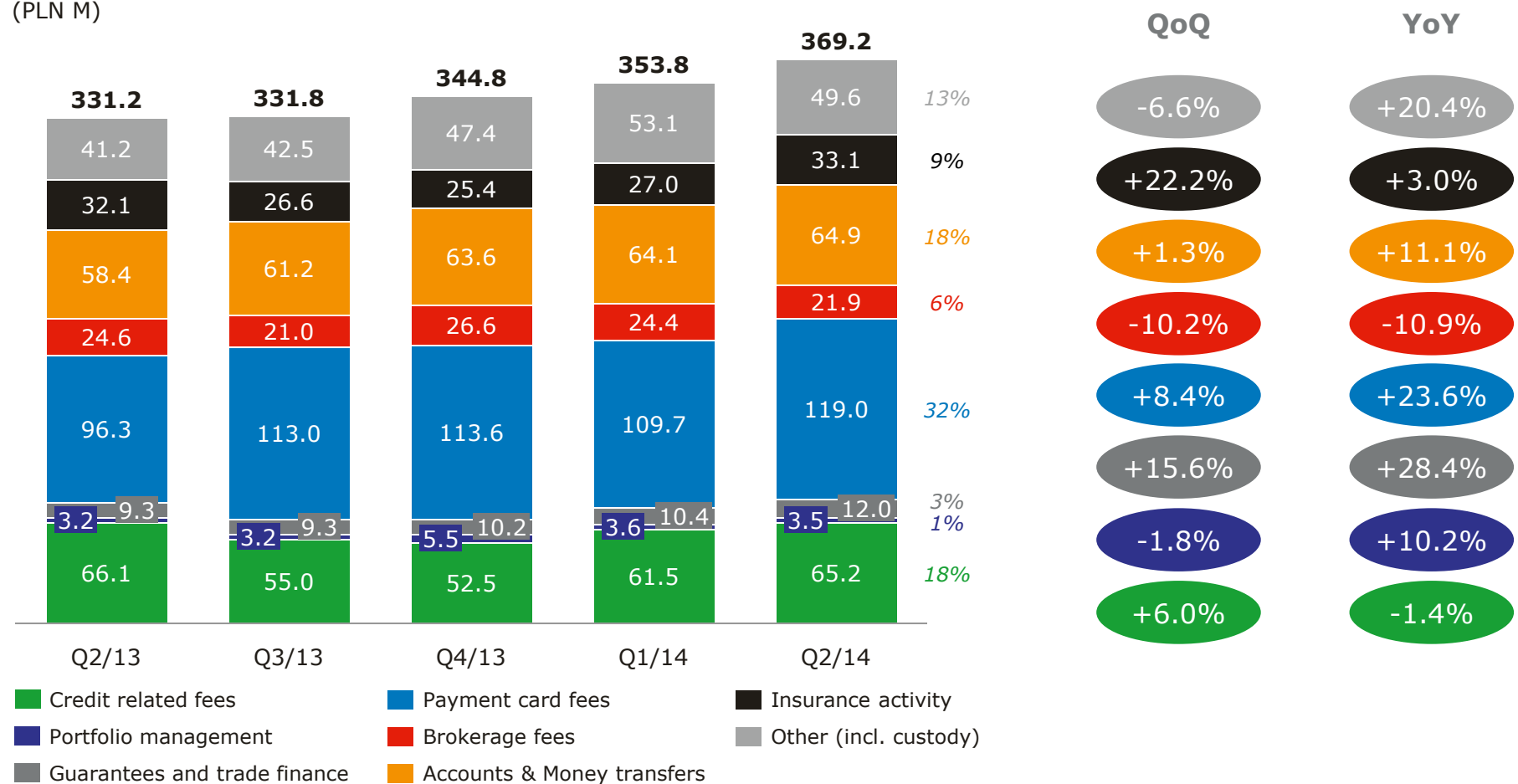
# Appendix

## Additional Information: Selected Financial Data Fee and Commission Income



Summary
Historical view
<b>Profit &amp; Loss</b>
Balance Sheet
Business Lines
Subsidiaries

Fee and Commission Income Structure  
(PLN M)



Note: Q2-Q3 2013 results were restated due to the adjustments in booking of bancassurance related income in line with KNF guidance.

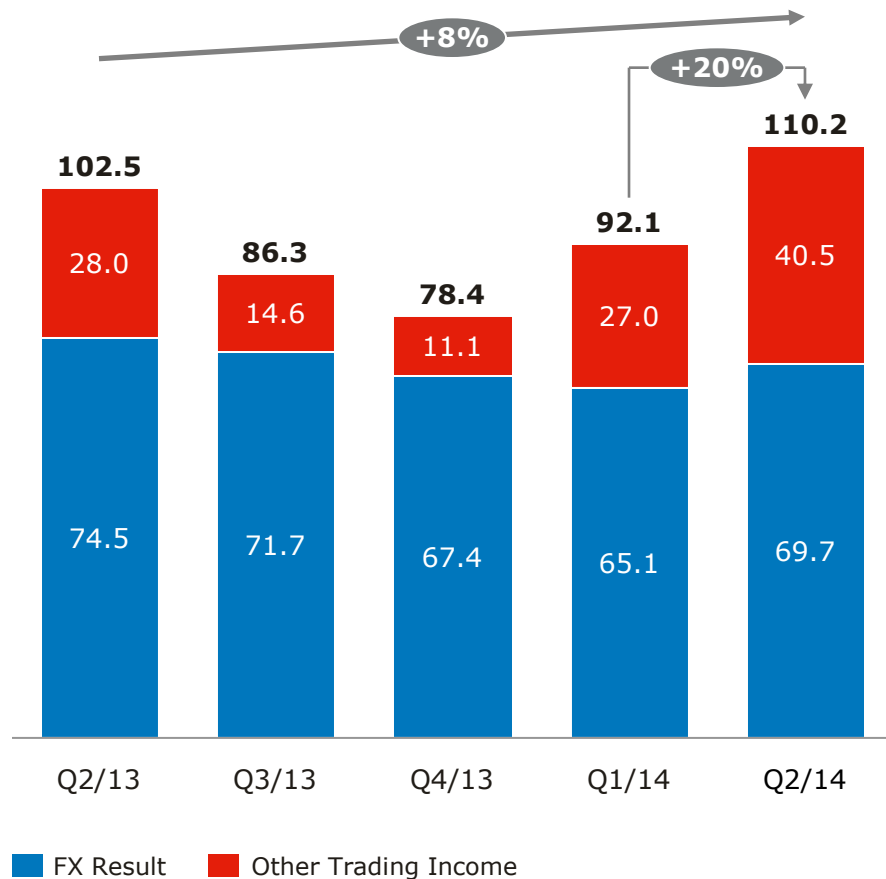
# Appendix



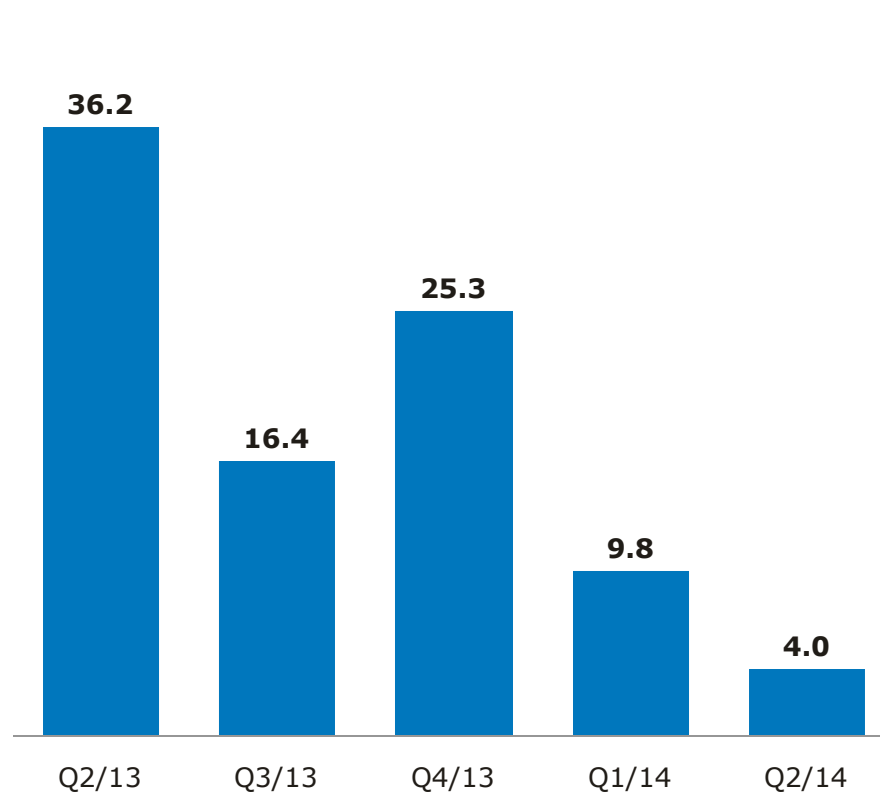
Summary
Historical view
<b>Profit &amp; Loss</b>
Balance Sheet
Business Lines
Subsidiaries

## Additional Information: Selected Financial Data Trading and Other Income

Net Trading Income Structure  
(PLN M)



Gains less Losses from Investment Securities  
(PLN M)



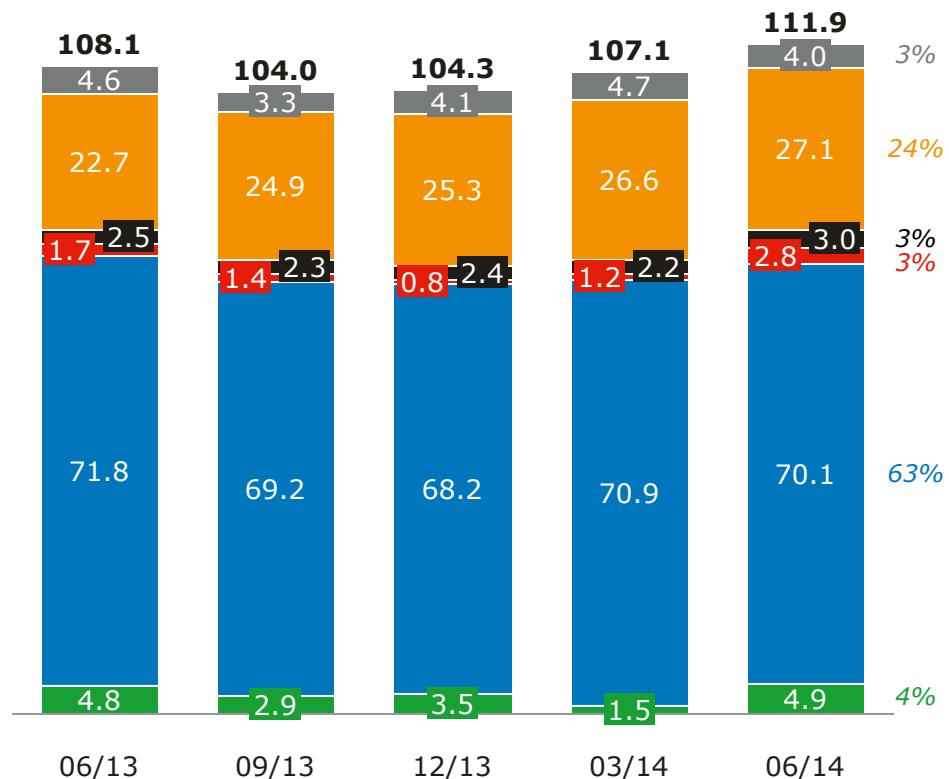
# Appendix



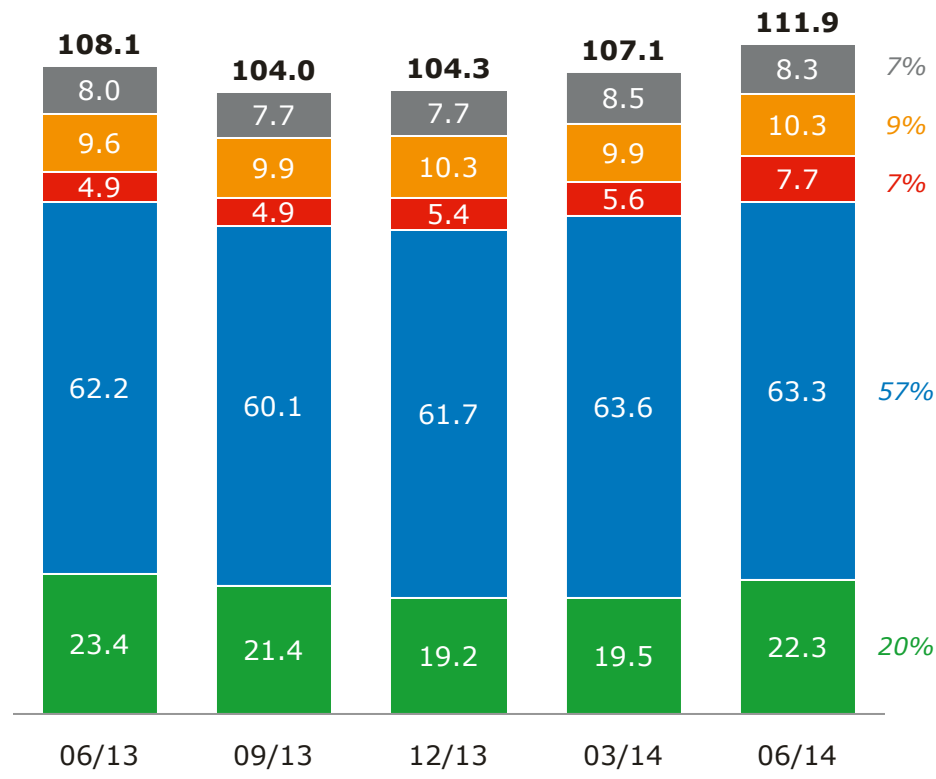
Summary
Historical view
Profit & Loss
<b>Balance Sheet</b>
Business Lines
Subsidiaries

## Additional Information: Selected Financial Data Balance Sheet Analysis: Assets & Liabilities

Structure of Assets  
(PLN B)



Structure of Liabilities  
(PLN B)



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

- Amounts due to other banks
- Amounts due to customers
- Debt securities in issue
- Equity
- Other

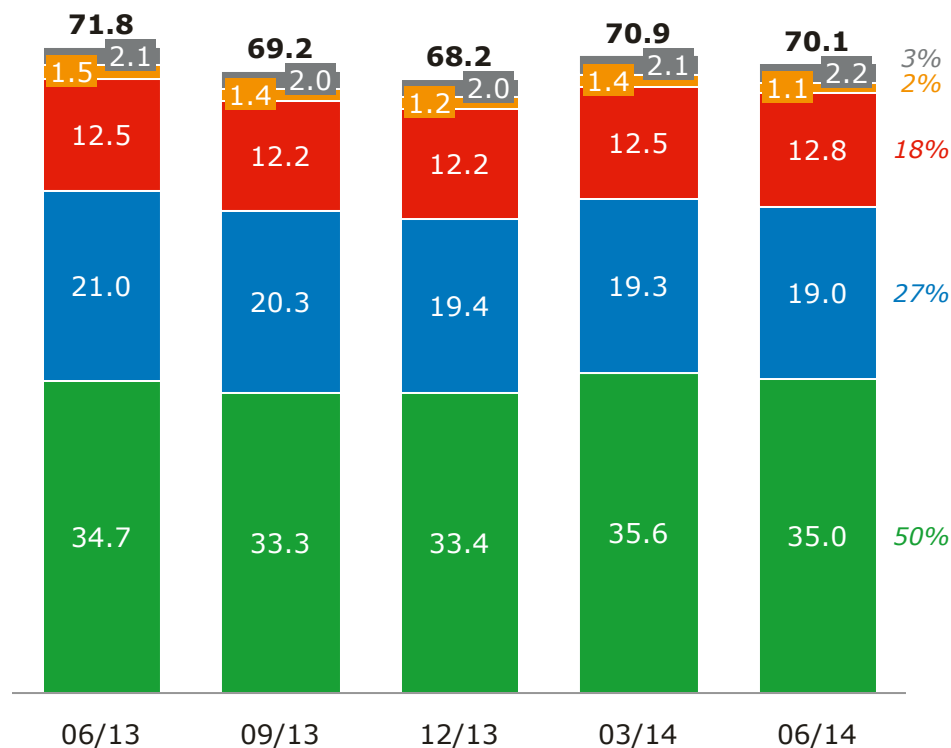
# Appendix



Summary
Historical view
Profit & Loss
<b>Balance Sheet</b>
Business Lines
Subsidiaries

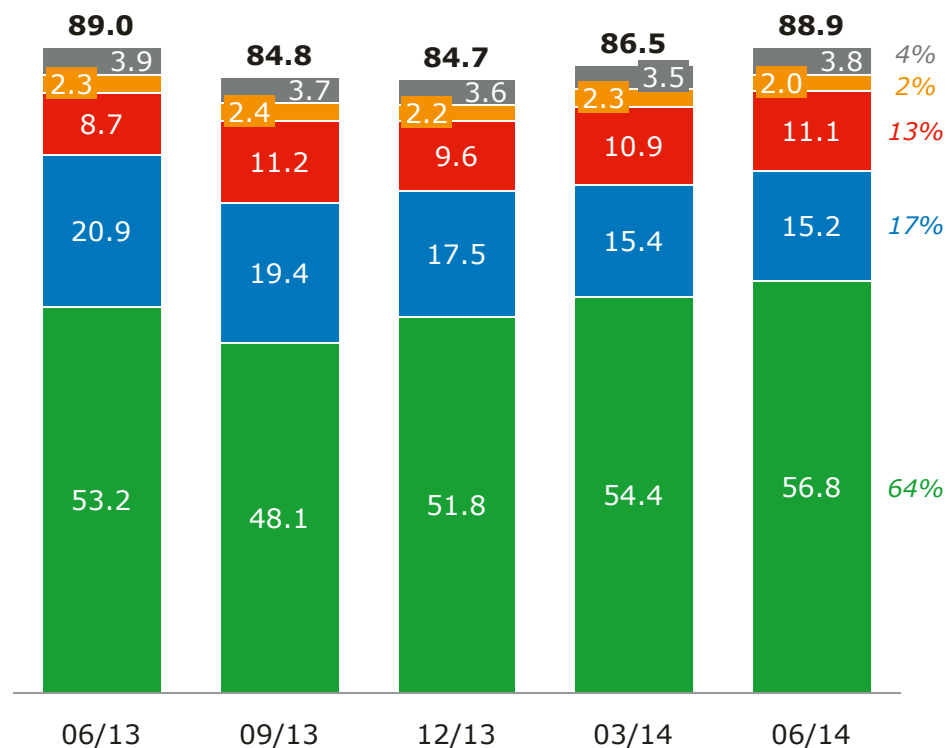
## Additional Information: Selected Financial Data Balance Sheet Analysis: Currency Structure

Currency Structure of Loans to Customers (net)  
(PLN B)



■ PLN ■ CHF ■ EUR ■ USD ■ Other (mainly CZK)

Currency Structure of Amounts due to Banks and Customers<sup>1</sup>  
(PLN B)



■ PLN ■ CHF ■ EUR ■ USD ■ Other (mainly CZK)

<sup>1</sup> incl. amounts due to other banks and customers and subordinated liabilities



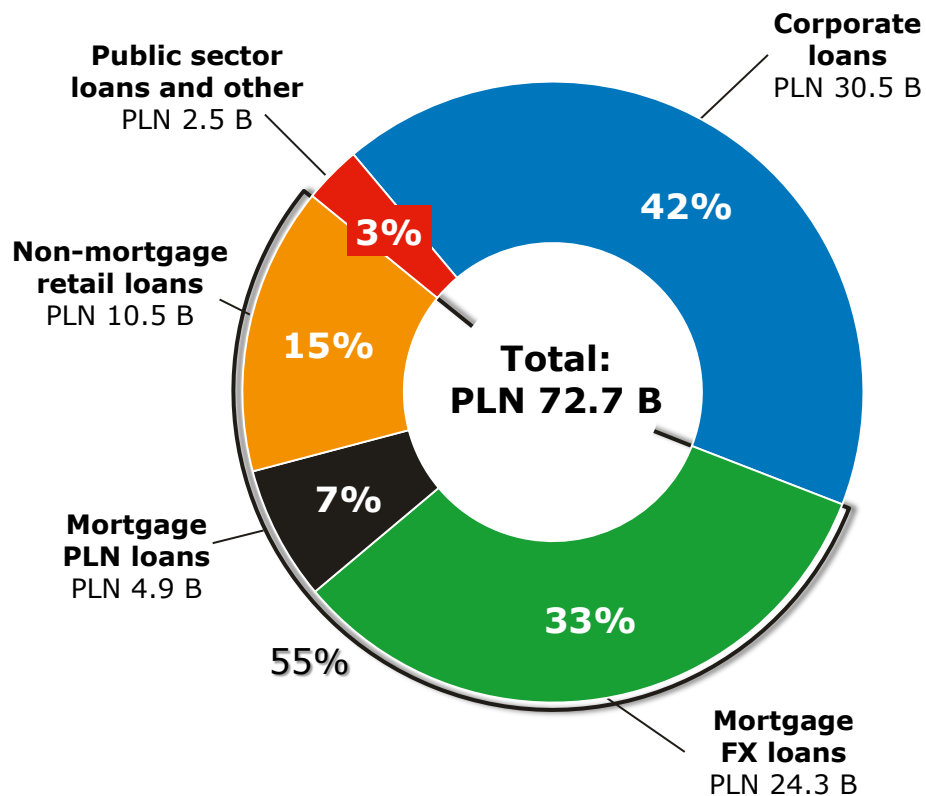
# Appendix



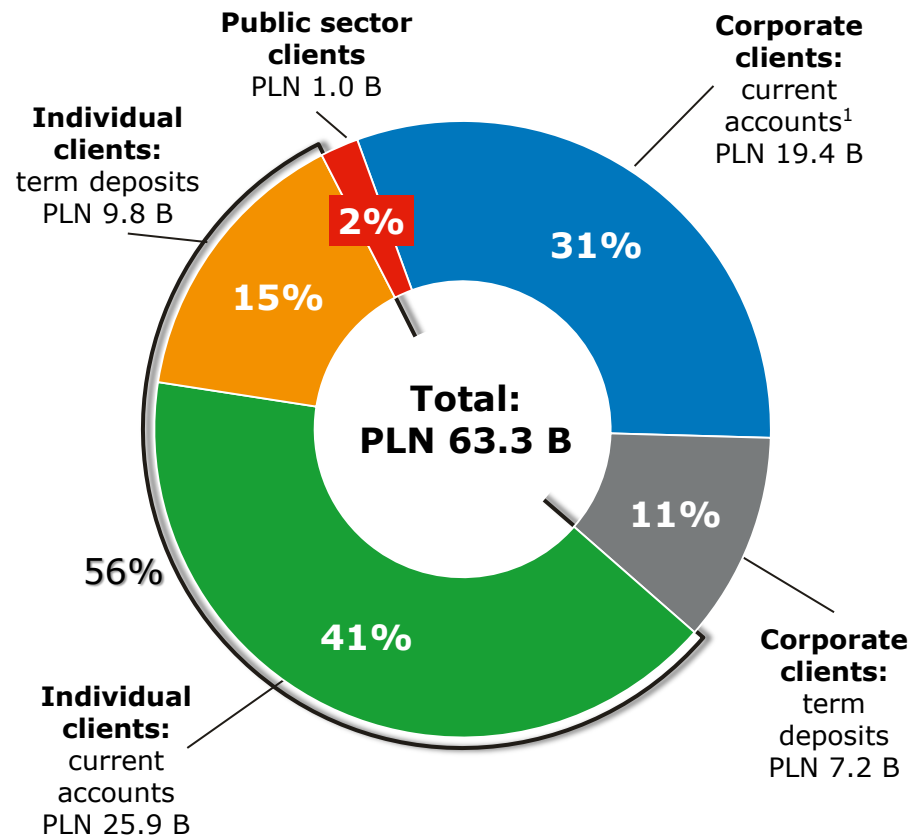
Summary
Historical view
Profit & Loss
<b>Balance Sheet</b>
Business Lines
Subsidiaries

## Additional Information: Selected Financial Data Balance Sheet Analysis: Structure of Loans and Deposits

Structure of mBank Group's Gross Loans as of June 30, 2014



Structure of mBank Group's Deposits as of June 30, 2014

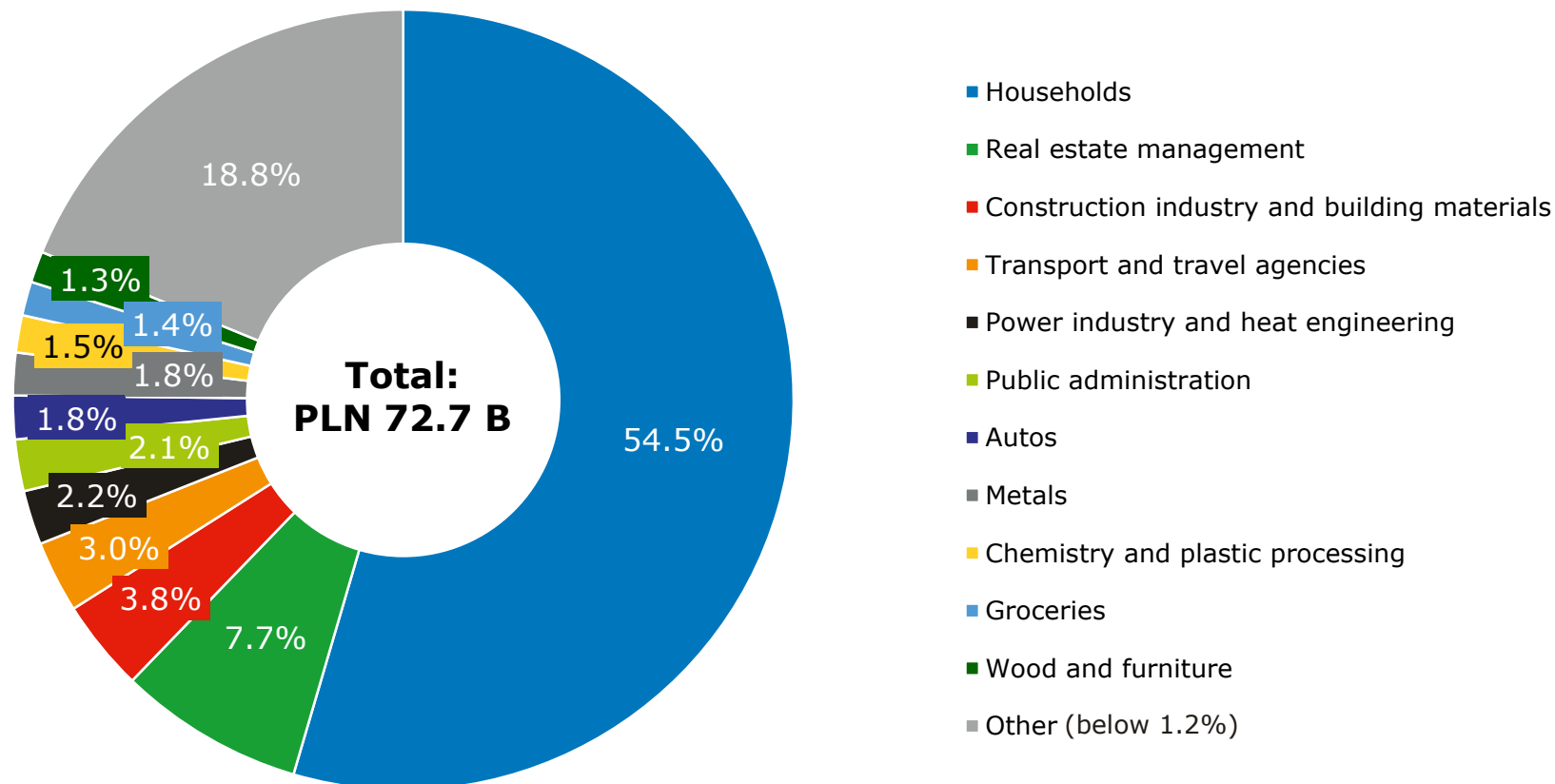


<sup>1</sup> incl. repo transactions, loans and advances received, other liabilities

# Appendix

## Additional Information: Selected Financial Data Balance Sheet Analysis: Loan Portfolio Structure

mBank Group's Sector Exposure by Industry  
as of June 30, 2014



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

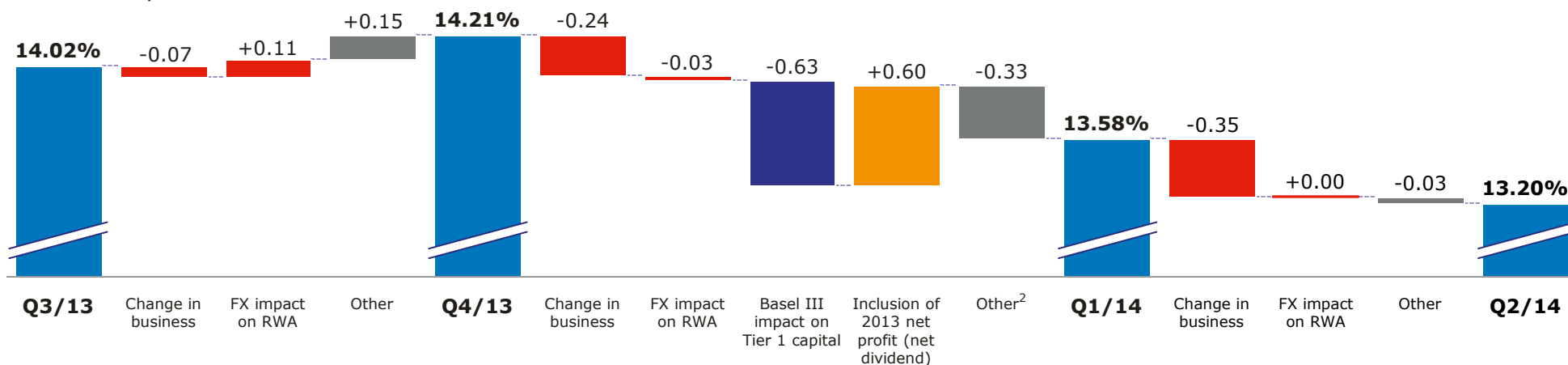
# Appendix

## Additional Information: Selected Financial Data

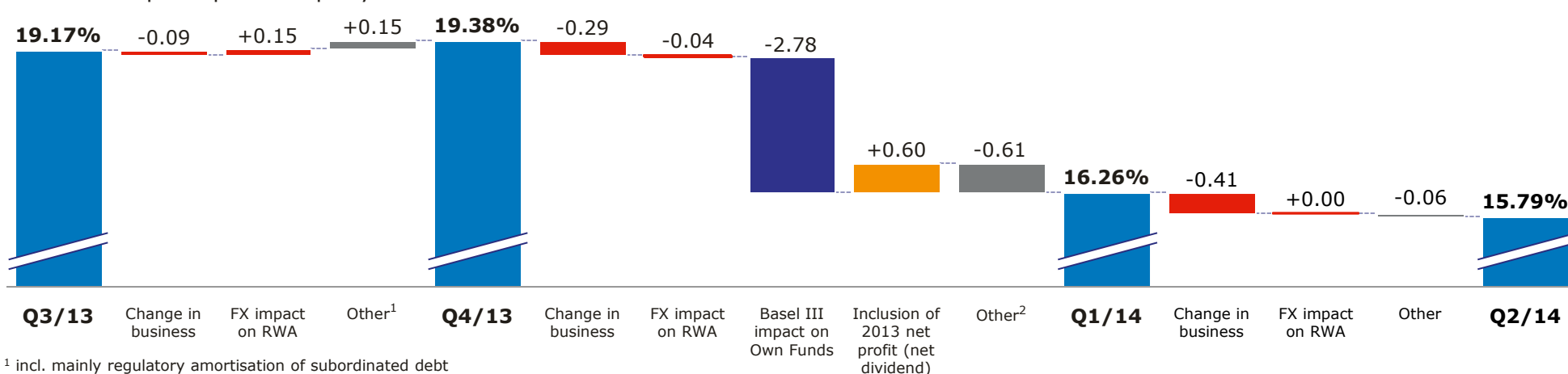
### Balance Sheet Analysis: Detailed Development of Core Tier 1 and CAR

Summary
Historical view
Profit & Loss
<b>Balance Sheet</b>
Business Lines
Subsidiaries

mBank Group's Core Tier 1 Ratio



mBank Group's Capital Adequacy Ratio



<sup>1</sup> incl. mainly regulatory amortisation of subordinated debt

<sup>2</sup> mainly due to higher operational risk

## Detailed Results of the Business Lines in Q2/14

---

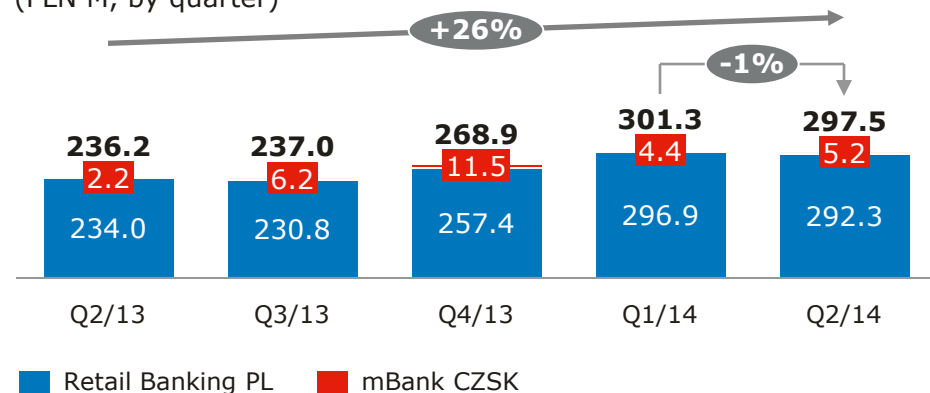
# Retail Banking

# Appendix

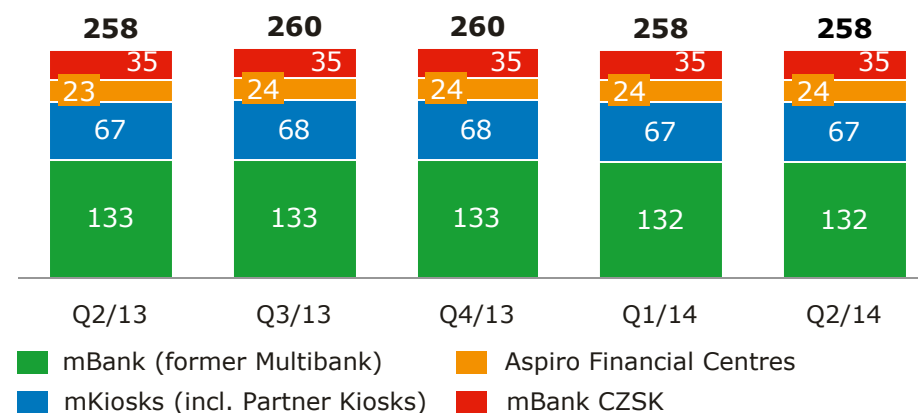
## Retail Banking Summary of Q2/14: Financial Results

Summary
Historical view
Profit & Loss
Balance Sheet
<b>Business Lines</b>
Subsidiaries

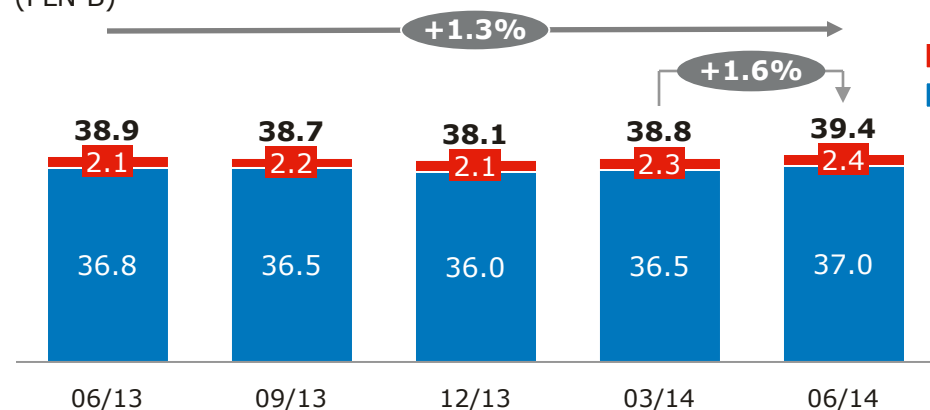
Profit before Tax of the Segment  
(PLN M, by quarter)



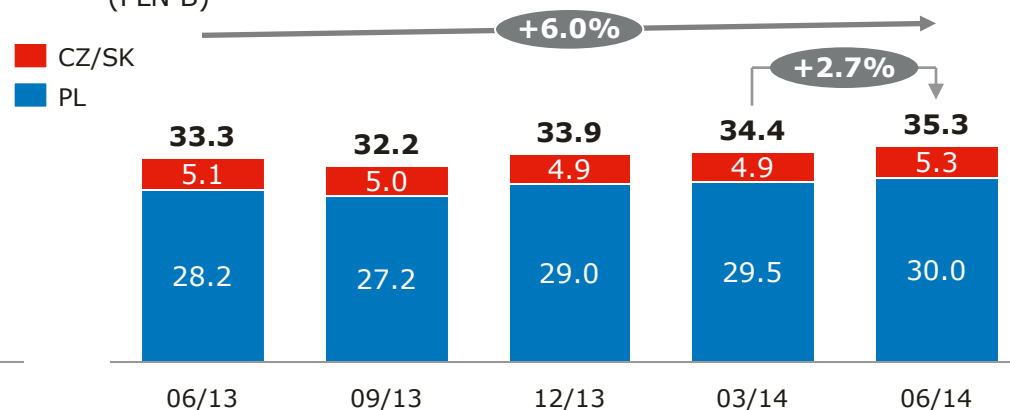
Number of Retail Outlets



Total Retail Gross Loans<sup>1</sup>  
(PLN B)



Total Retail Deposits<sup>1</sup>  
(PLN B)



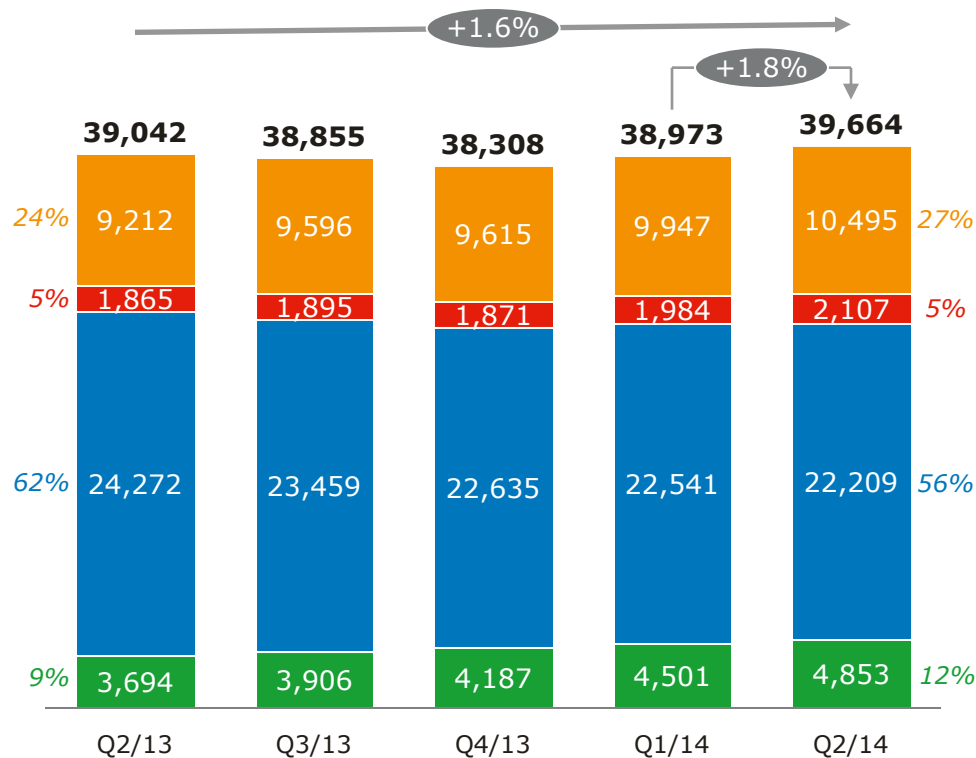
<sup>1</sup> Based on management information

# Appendix

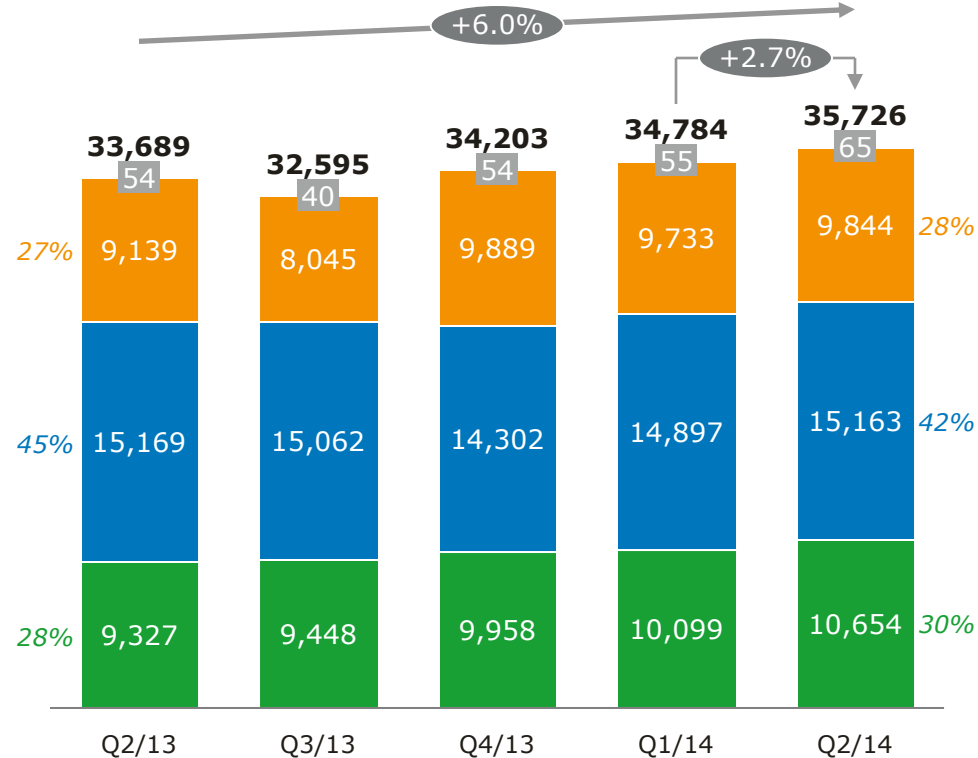
## Retail Banking Summary of Q2/14: Loans and Deposits

Summary
Historical view
Profit & Loss
Balance Sheet
<b>Business Lines</b>
Subsidiaries

Gross Loans to Individuals<sup>1</sup>  
(PLN M)



Deposits from Individual Customers  
(PLN M)



■ Mortgage loans in PLN      ■ Mortgage loans granted in CZ/SK  
■ FX mortgage loans granted in PL      ■ Non-mortgage loans

■ Current accounts      ■ Term deposits  
■ Saving accounts      ■ Other

<sup>1</sup> Currency and geographical breakdown based on management information

# Appendix

## Retail Banking

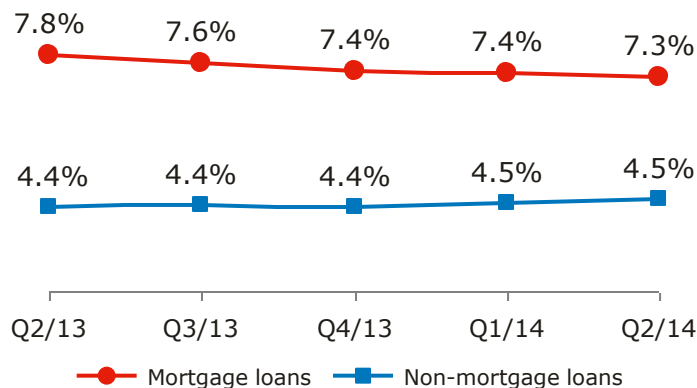
### Mortgage and Non-mortgage Loans: Portfolio Structure and Key Parameters

mBank's Mortgage Loan Portfolio  
(Loans to individuals of Retail Banking PL)

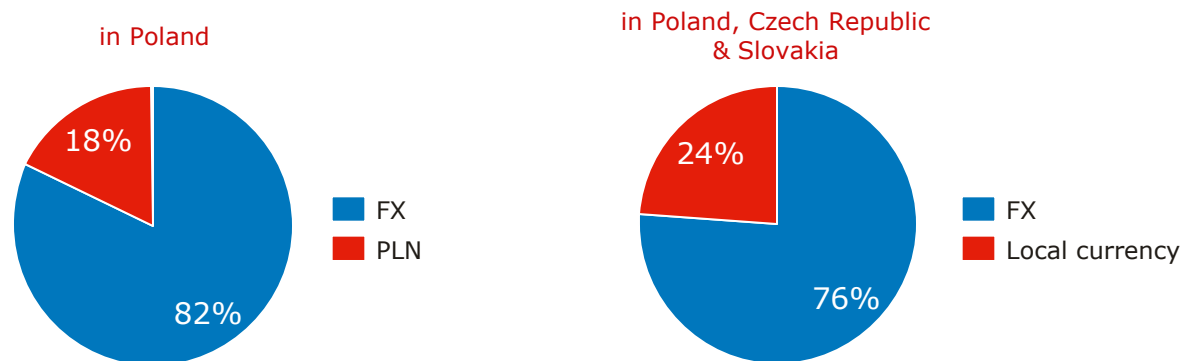
Balance-sheet value (PLN B)	26.7
Average contractual maturity (years)	20.5
Average value per loan (PLN thou.)	271.8
Average LTV (%)	80.1
NPL (%)	4.7

As of 30.06.2014

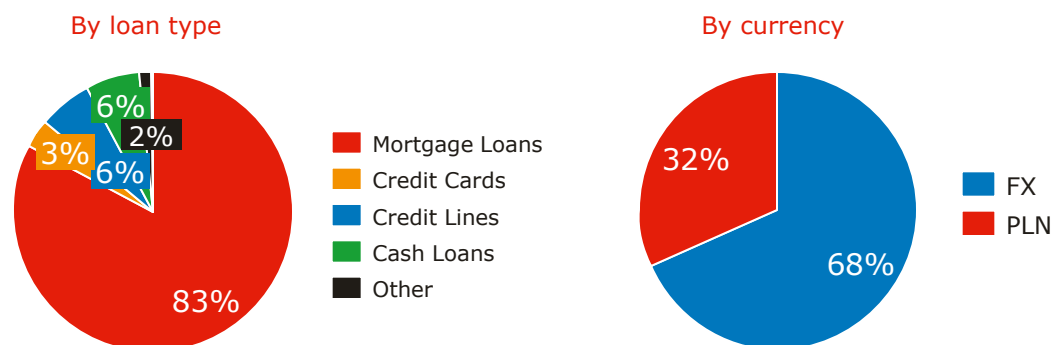
Market shares



Currency Structure of Retail Banking Mortgage Loan Portfolio  
(Household Loans) at 30.06.2014



Structure of Retail Banking Loan Portfolio  
(Household Loans, mBank PL only) at 30.06.2014

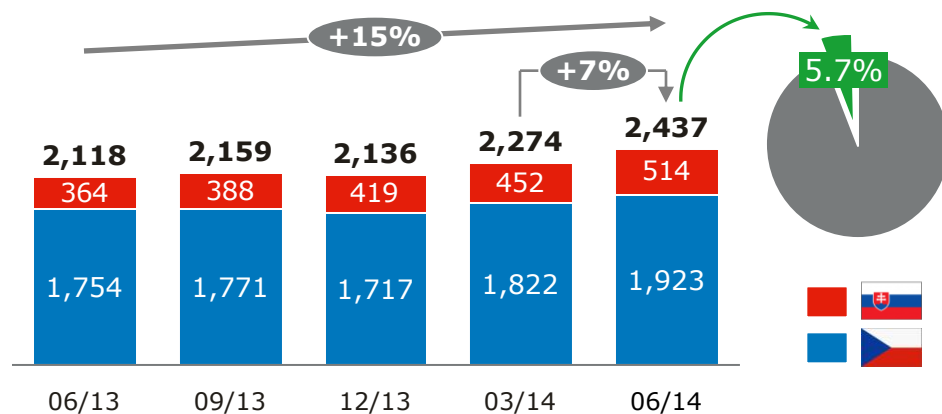


# Appendix

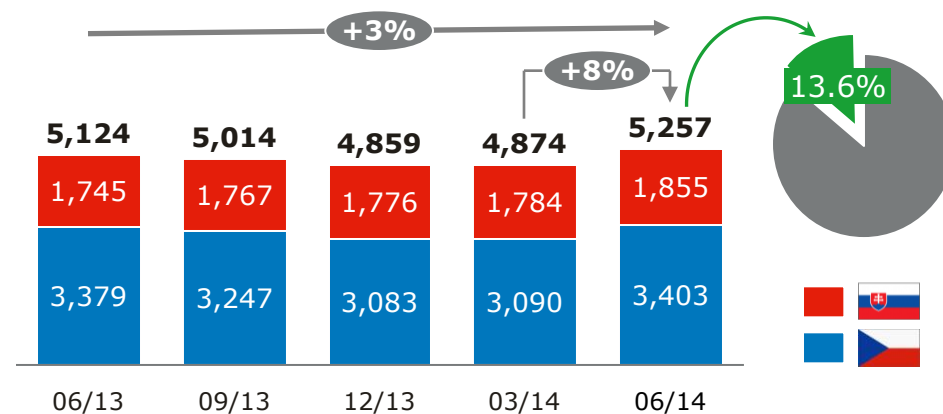
## Retail Banking mBank in the Czech Republic and Slovakia

Summary
Historical view
Profit & Loss
Balance Sheet
<b>Business Lines</b>
Subsidiaries

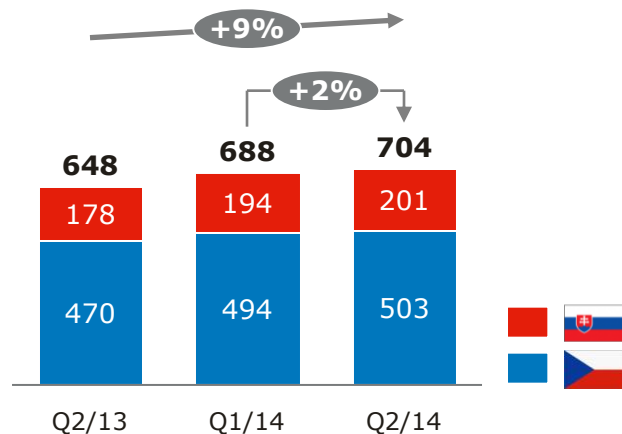
Gross Loans (PLN M) and Share in Total mBank's retail volume



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



Clients (thou.)



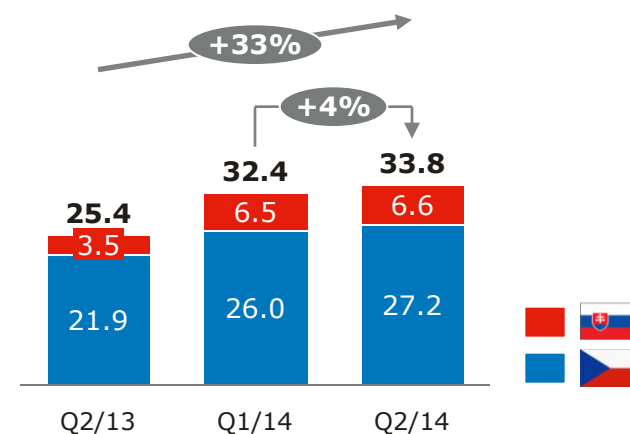
### Champion in attracting new clients

In June 2014, mBank CZSK succeeded to expand its client base to **0.5 M in the Czech Republic and 0.2 M in Slovakia**



This strengthens the position of mBank CZ as **the fifth largest bank by number of customers** in the Czech market. The strategy is still the same: to bring innovative products at unbeatable prices.

Total revenues (PLN M)



Note: Volumes based on management information.



## Detailed Results of the Business Lines in Q2/14

---

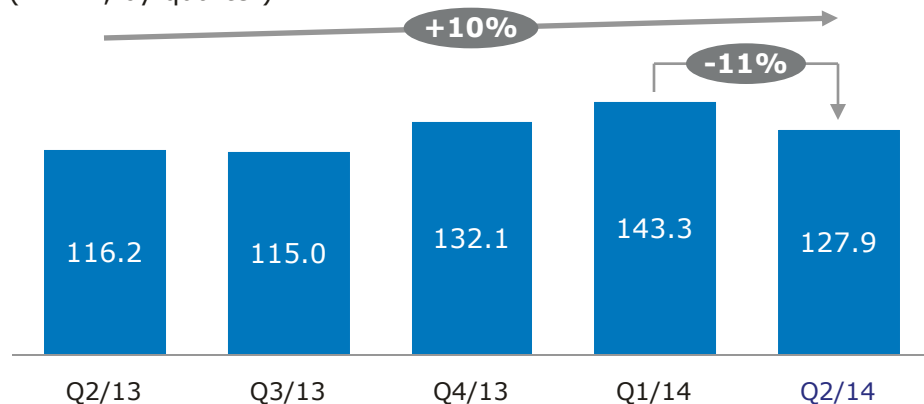
# Corporates & Financial Markets

# Appendix

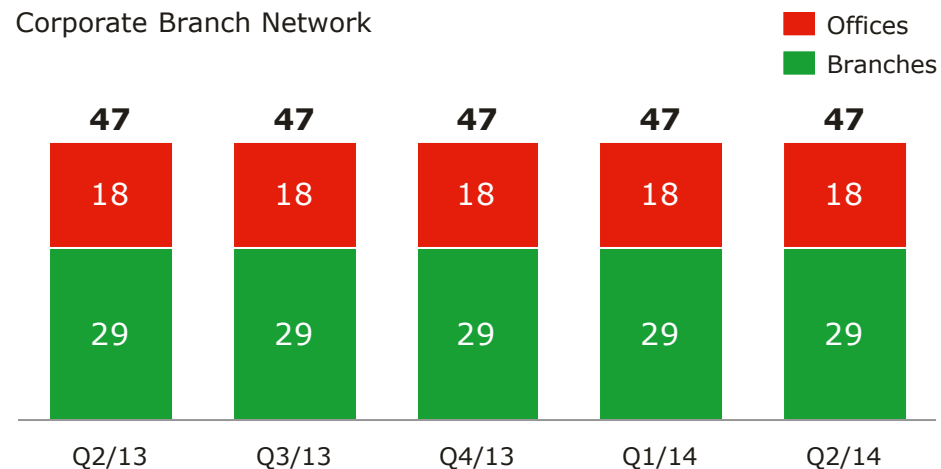
## Corporates and Financial Markets Summary of Q2/14: Financial Results

Summary
Historical view
Profit & Loss
Balance Sheet
<b>Business Lines</b>
Subsidiaries

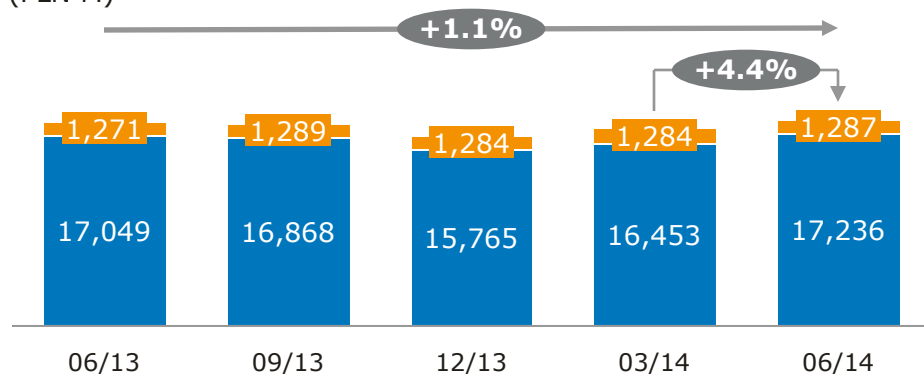
Profit before Tax of the Segment  
(PLN M, by quarter)



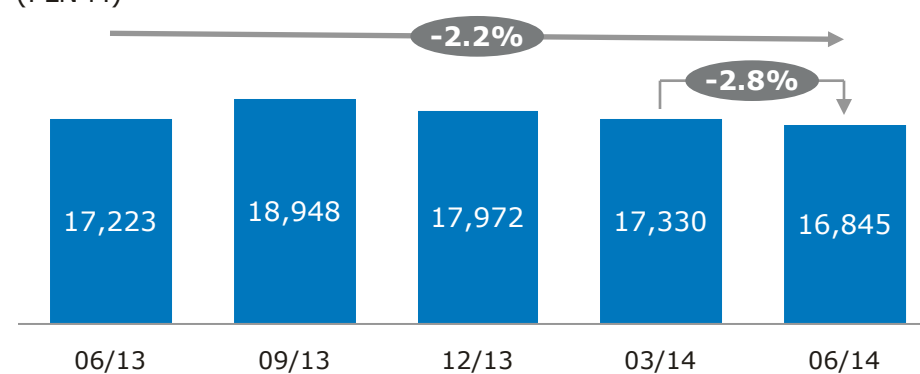
Corporate Branch Network



Loans to enterprises<sup>1</sup>  
(PLN M)



Deposits of enterprises<sup>1</sup>  
(PLN M)



■ loans classified as 'securities'

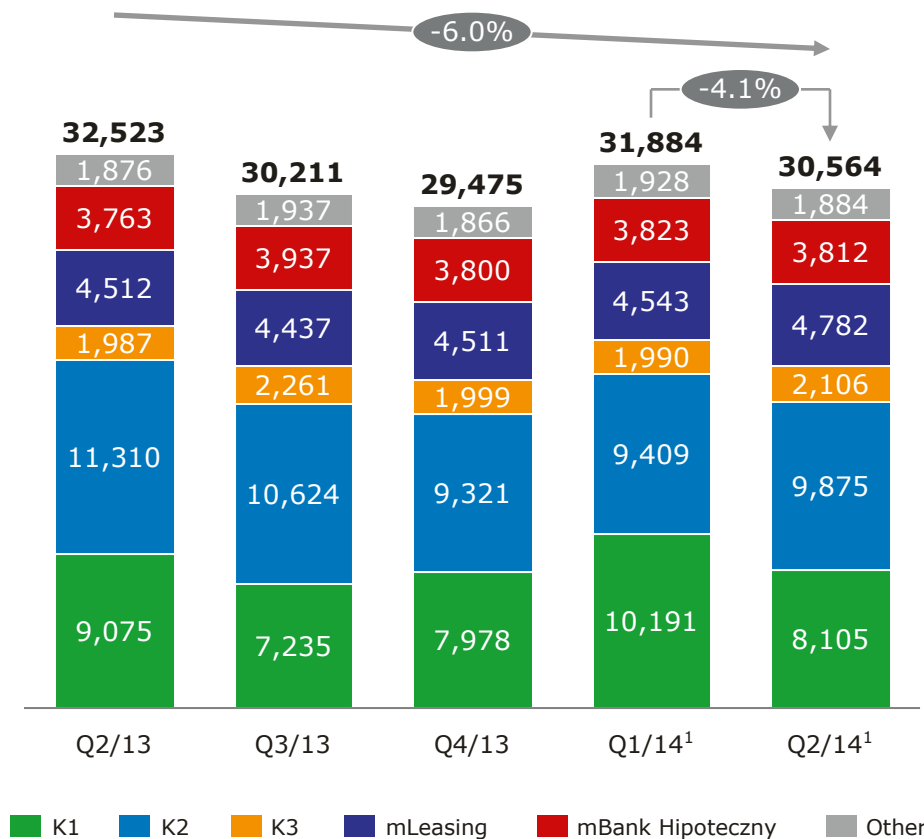
<sup>1</sup> Corporate loan and deposit volume according to current NBP rules

# Appendix

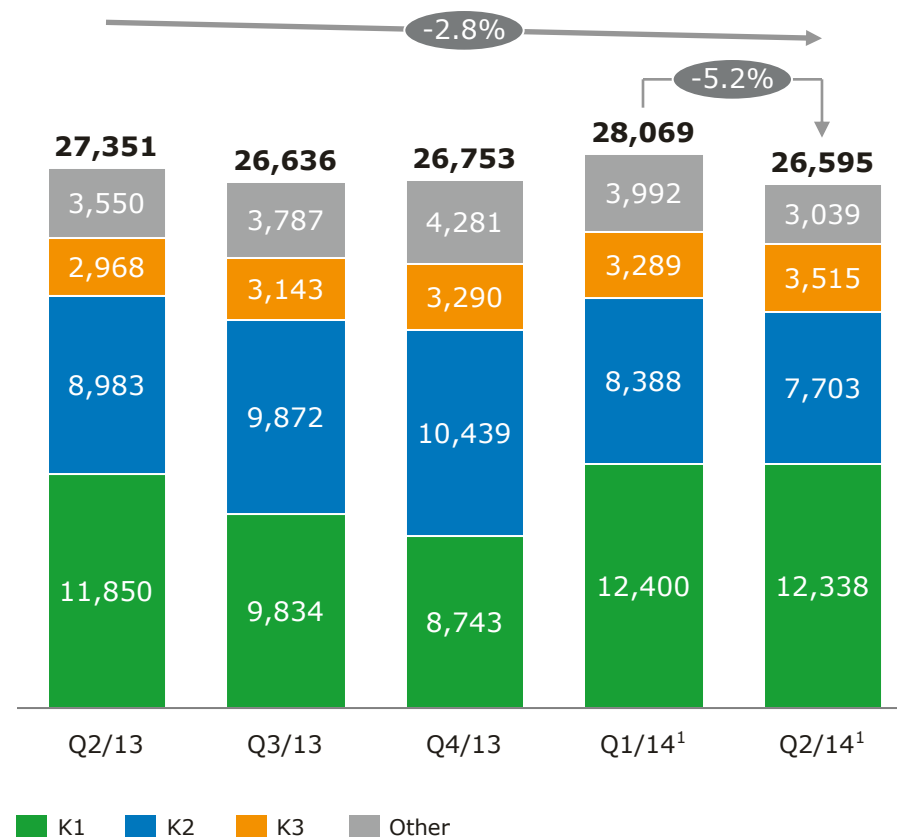
## Corporates and Financial Markets Summary of Q2/14: Loans and Deposits

Summary
Historical view
Profit & Loss
Balance Sheet
<b>Business Lines</b>
Subsidiaries

Gross Loans to Corporate Entities  
(PLN M)



Deposits from Corporate Customers  
(PLN M)



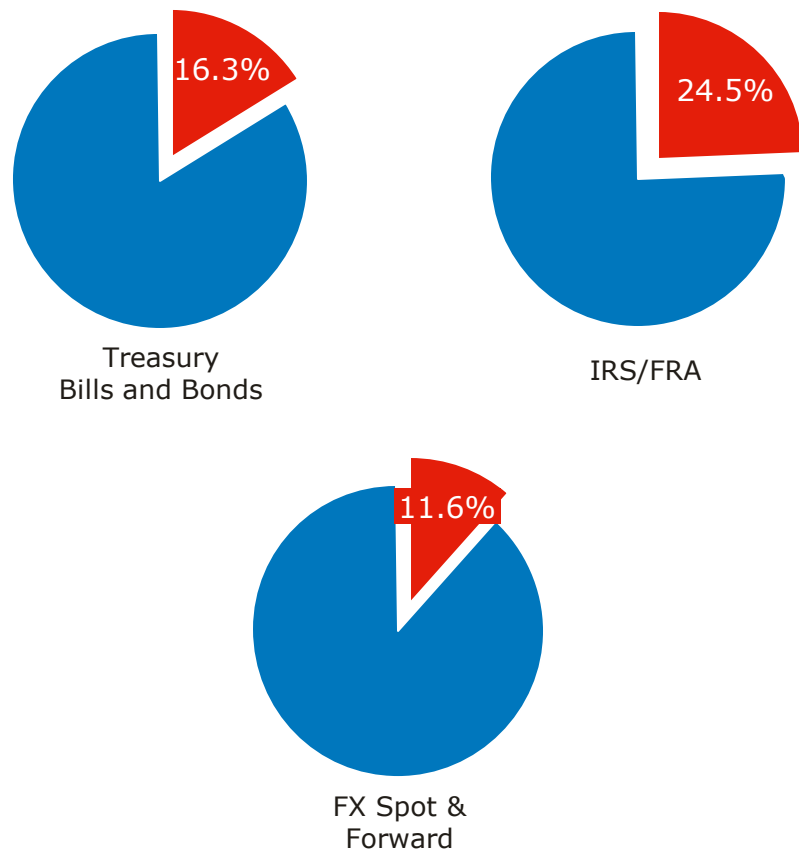
<sup>1</sup> Since 2014 all non-banking financial institutions were reclassified and moved to the K1 segment (the change concerned ca. 400 clients, mainly from K2 segment)  
Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

# Appendix

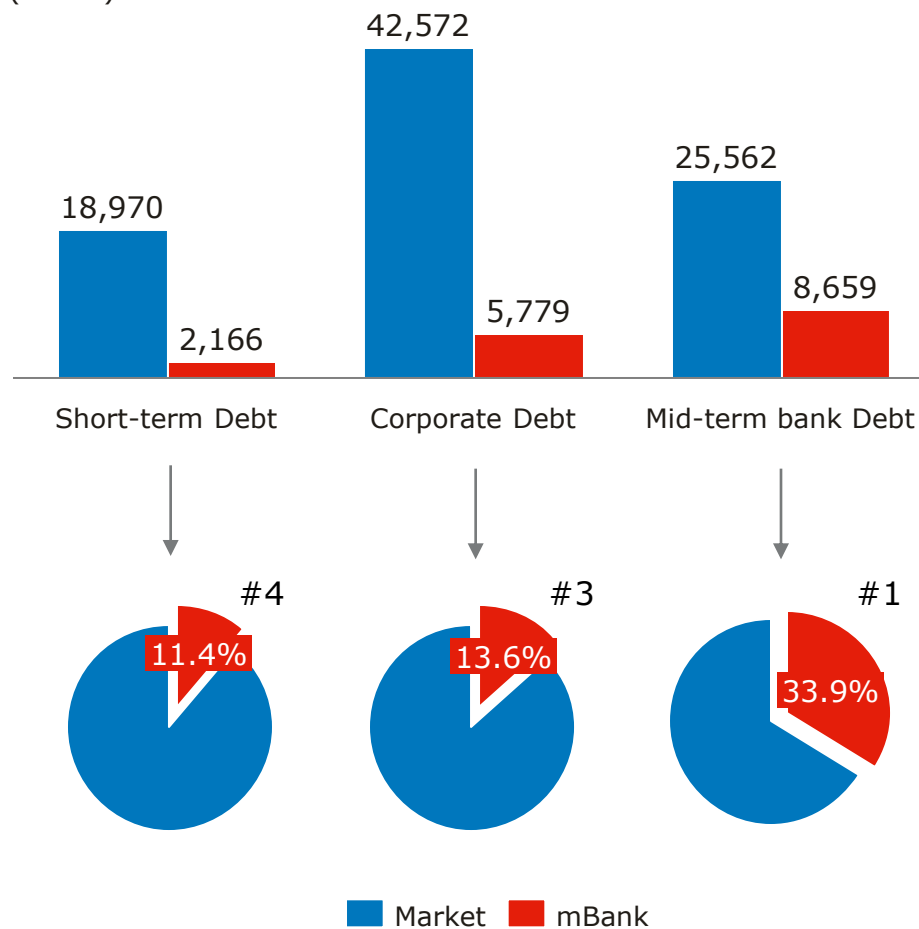
## Corporates and Financial Markets Market Shares

Summary
Historical view
Profit & Loss
Balance Sheet
<b>Business Lines</b>
Subsidiaries

mBank's Market Shares in Investment Banking Services<sup>1</sup>



mBank in the Market for Non-Treasury Debt for Q2/14<sup>2</sup>  
(PLN M)



<sup>1</sup> As of 31.05.2014; calculations based on own and NBP data

<sup>2</sup> Based on Fitch Polska S.A., Rating & Rynek, 30.06.2014 and own calculations (excluding BGK road bonds)

## Detailed Results of the mBank Group's companies in Q2/14

---

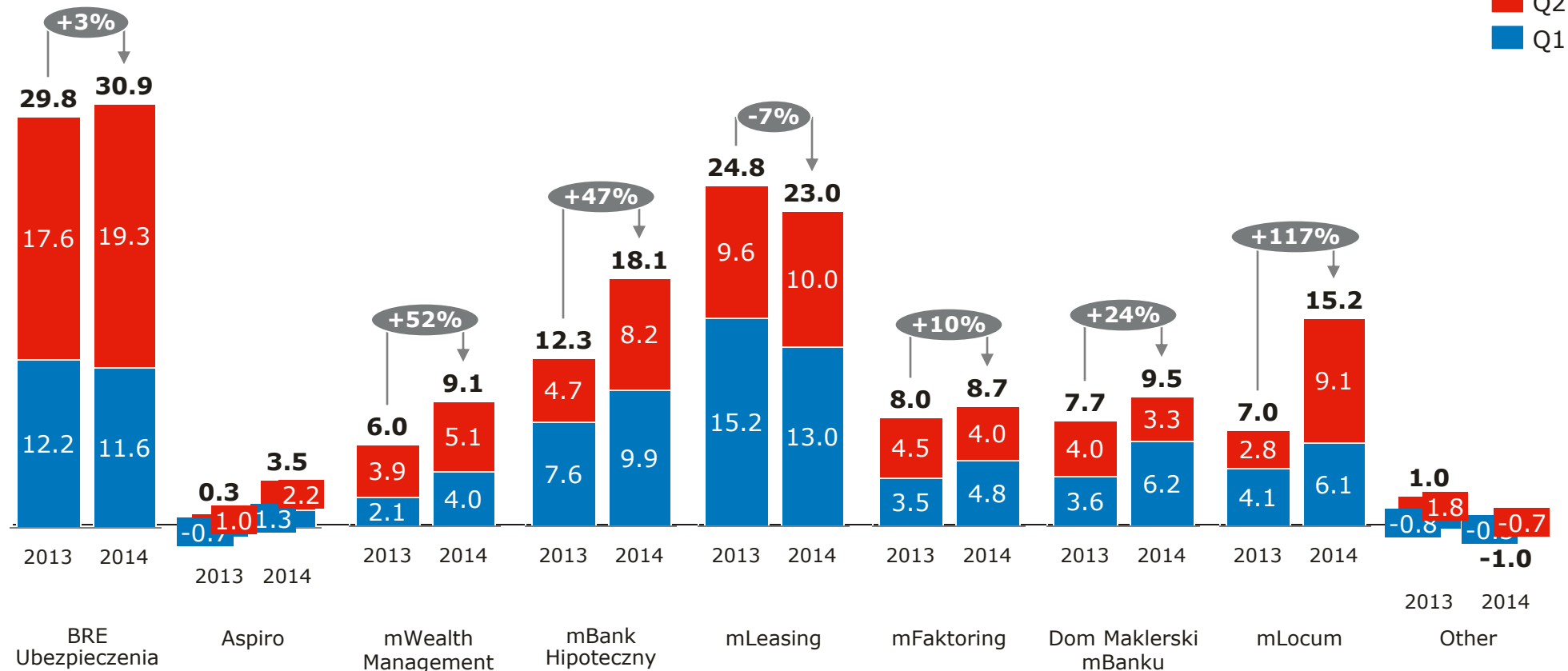
## Subsidiaries

# Appendix

## mBank Group's Subsidiaries Summary of Q2/14: Financial Results of Major Companies

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
<b>Subsidiaries</b>

Profit before Tax of Consolidated Subsidiaries  
(PLN M)



**Profit before tax of consolidated subsidiaries at PLN 60.4 M in Q2/14 v. PLN 50.0 M in Q2/13 (+20.8%)**

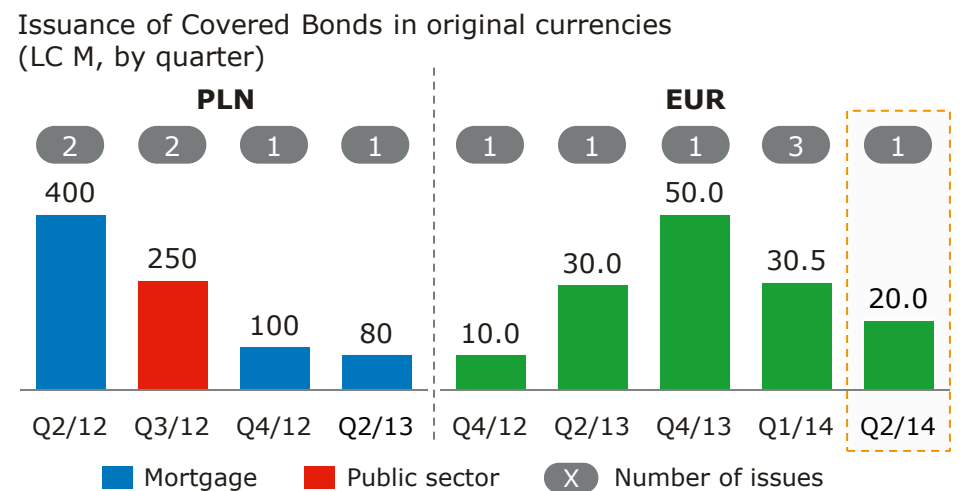
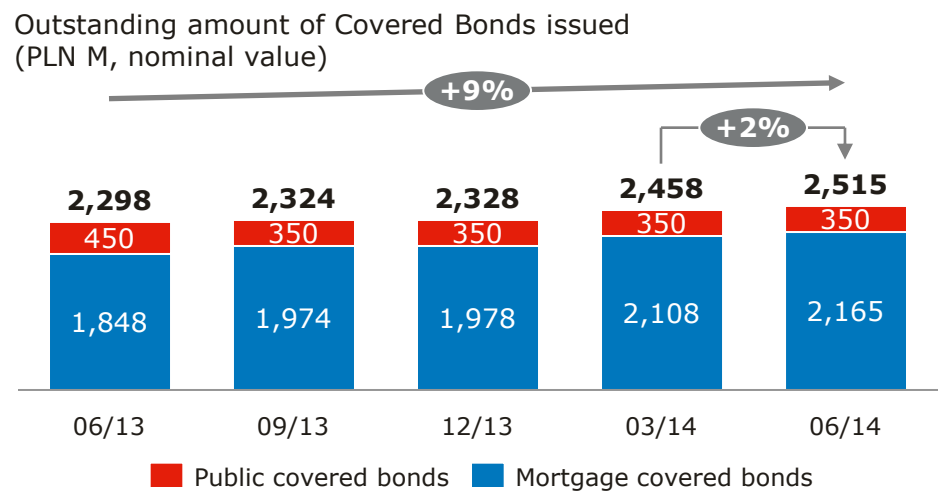
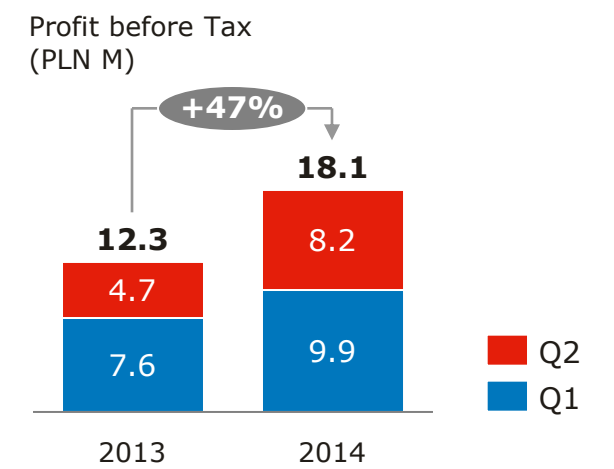
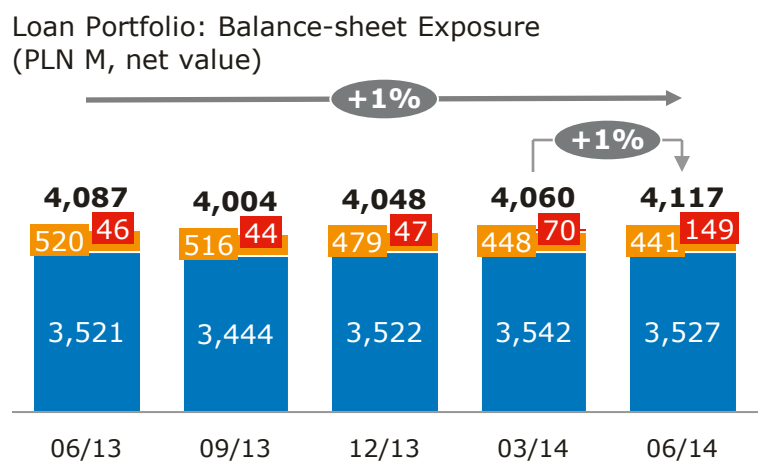
# Appendix

## mBank Group's Subsidiaries mBank Hipoteczny (mBH)

Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
<b>Subsidiaries</b>

**m Bank Hipoteczny**  
 established in 1999  
 specialised mortgage bank and  
 the largest issuer of covered bonds  
 in the Polish market

- Housing loans (incl. new sales)
- Local government loans
- Commercial loans



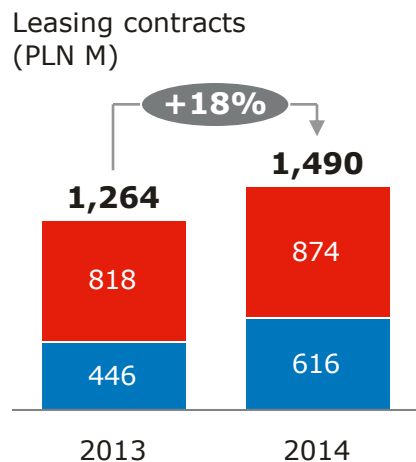
# Appendix

## mBank Group's Subsidiaries Leasing and Factoring (Poland)

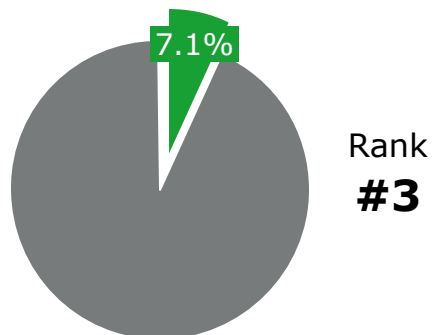
**m Leasing**

established in 1991

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

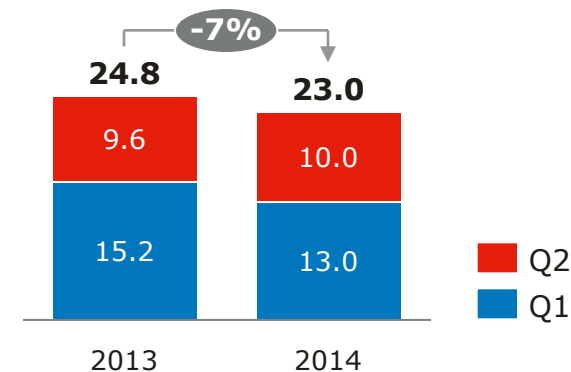


Market share & position – H1 2014



Source: Polish Leasing Association (PLA)

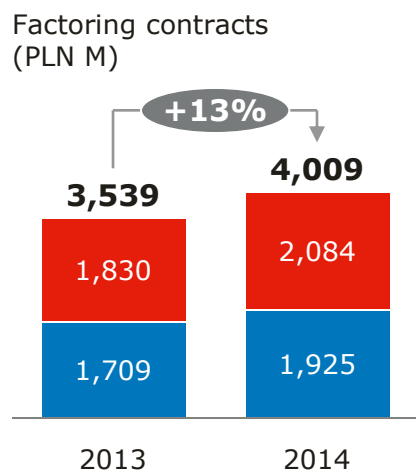
Profit before Tax (PLN M)



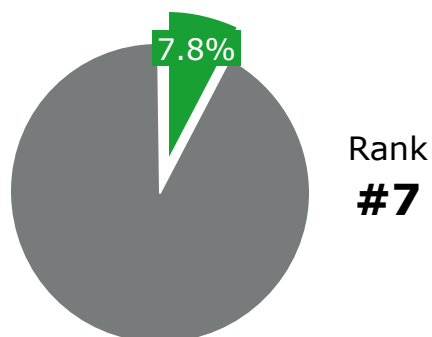
**m Faktoring**

established in 1995

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

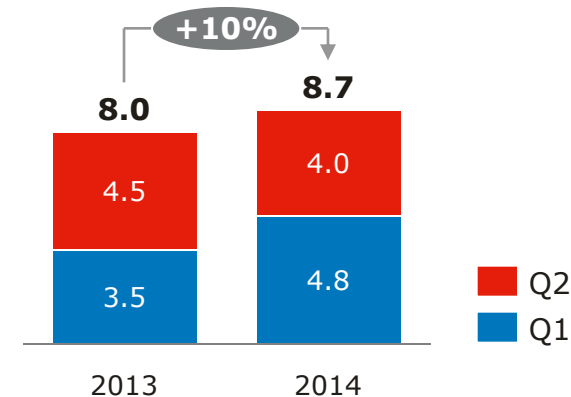


Market share & position – H1 2014



Source: Polish Factors Association (PFA)

Profit before Tax (PLN M)





# Appendix

## mBank Group's Subsidiaries Dom Maklerski mBanku (mDM)



**Dom Maklerski**  
established in 1991  
providing a full range of services and products to institutional and retail investors as well as issuers

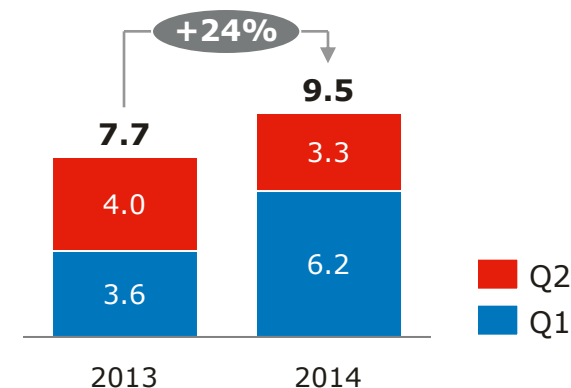
Number of Accounts in Q2/14 (thou.)	
mDM accounts	47.7
Brokerage Service in mBank	244.4
<b>TOTAL</b>	<b>292.1</b>

Market Shares in Q2/14, by volume

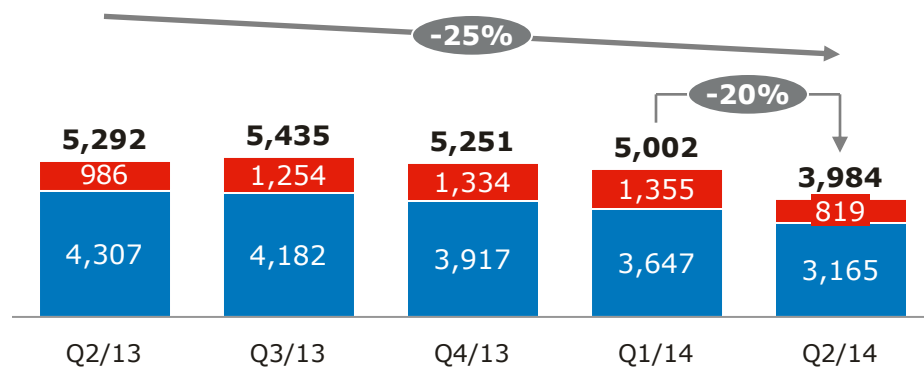
	incl. block transactions		Session transactions	
Equities	3.48%	#9	3.83%	#8
Bonds	3.00%	#5	2.74%	#6
Futures	21.33%	#1	18.45%	#2
Options	21.06%	#1	22.20%	#1

Source: own calculations based on WSE data

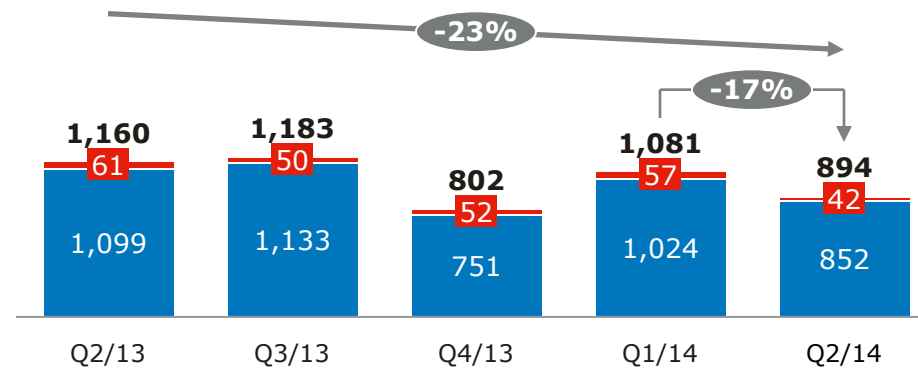
Profit before Tax (PLN M)



mDM Equities Trading WSE (PLN M)



mDM Futures Trading WSE (thou. of contracts)

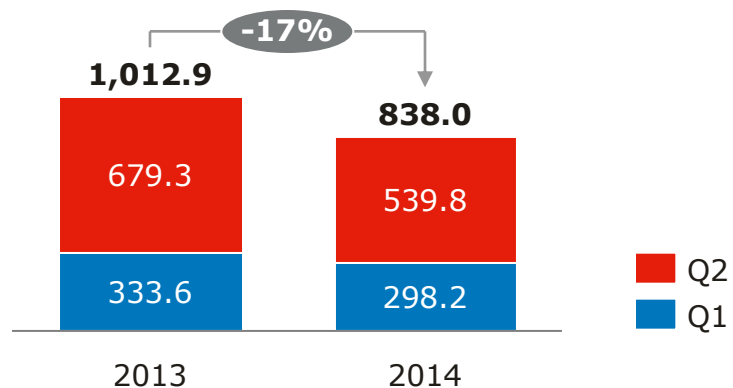


■ Trading via mBank's brokerage services ■ Direct trading via mDM

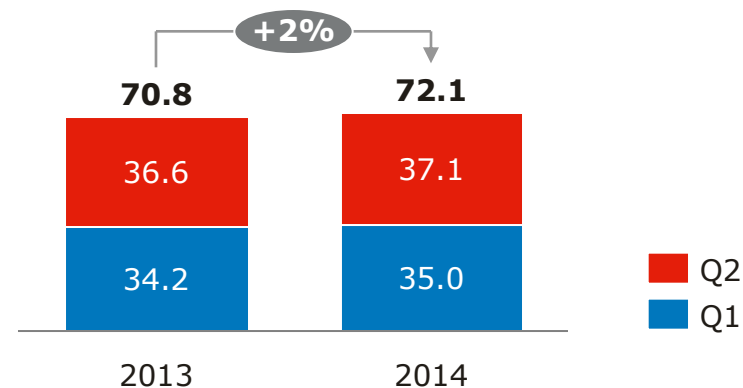
# Appendix

## mBank Group's Subsidiaries BRE Ubezpieczenia (BRE Insurance)

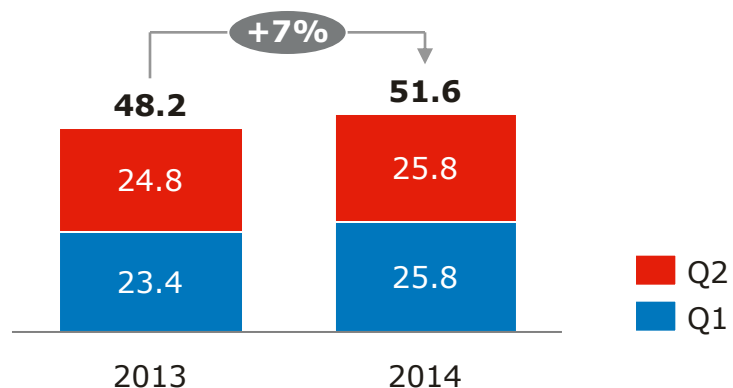
Bancassurance Retail  
Gross Written Premiums (PLN M)



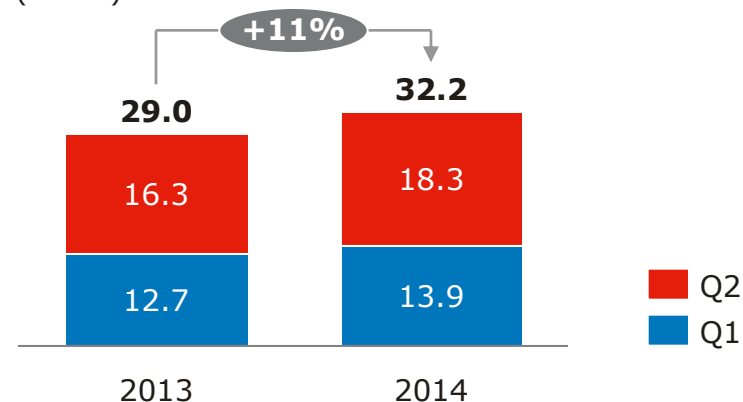
Direct Insurance (Internet platform)  
Gross Written Premiums (PLN M)



Co-operation with mLeasing  
Gross Written Premiums (PLN M)



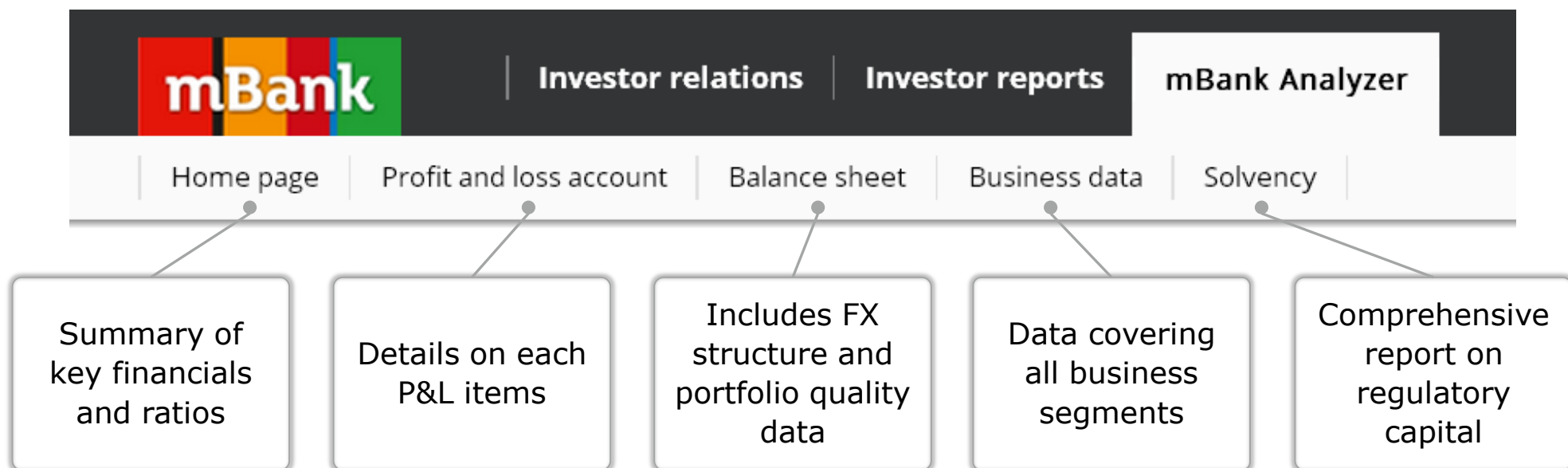
Profit before Tax<sup>1</sup>  
(PLN M)




<sup>1</sup> Gross profit of BRE Ubezpieczenia according to its statutory financial statements (including deferred acquisition costs)

## Further enhancing our reporting standard

**Analyse, customise, export and print selected data on mBank Group, covering all periods since Q1/06 in quarterly and annual series**



▶ Clicking on  icon where available in the presentation provides direct access to specific data in **mBank Analyzer**

# Contact details

## mBank's Investor Relations at your service:

E-mail address: [investor.relations@mbank.pl](mailto:investor.relations@mbank.pl)

### **Wojciech Chmielewski**

Head of Investor Relations

Direct dial: +48 22 829 14 34

E-mail: [wojciech.chmielewski@mbank.pl](mailto:wojciech.chmielewski@mbank.pl)

### **Paweł Lipiński**

Debt Investors & Ratings

Direct dial: +48 22 829 15 33

E-mail: [pawel.lipinski@mbank.pl](mailto:pawel.lipinski@mbank.pl)

### **Joanna Filipkowska**

Equity Investors & Analysts

Direct dial: +48 22 829 04 53

E-mail: [joanna.filipkowska@mbank.pl](mailto:joanna.filipkowska@mbank.pl)

### **Marta Polańska**

Equity Investors & Analysts

Direct dial: +48 22 483 31 09

E-mail: [marta.polanska@mbank.pl](mailto:marta.polanska@mbank.pl)

Investor Relations website: [www.mbank.pl/en/investor-relations/](http://www.mbank.pl/en/investor-relations/)

mBank Analyzer: [analyzer.mbank.pl](http://analyzer.mbank.pl)

mBank S.A.  
Investor Relations and Group Strategic Investments  
ul. Senatorska 18  
00-950 Warszawa

