

# Results of mBank Group Q1 2015

**Strong results despite market headwinds**

Management Board of mBank S.A.

Investor Presentation

April 29, 2015



# Key highlights of Q1 2015

## Core revenues of PLN 781.3 M under continued pressure

- NII at PLN 587.4 M (-0.6% YoY), amid record low interest rates
- NFC at PLN 193.9 M (-19.7% YoY), due to reduced interchange fees

## Structural cost advantage

- Cost/Income ratio at 40.5%

## Profit & Loss

## Capital ratios well above regulatory requirements

- CET 1 Ratio at 12.9%
- Total Capital Ratio at 16.3%

## Sound liquidity levels even with an elevated CHF rate

- LtD ratio at 109.9%

## Capital & Liquidity

## Total revenues increased to PLN 1,118 M

## Volumes

### Sound volume development

- Gross loans at PLN 81.9 B (+3.7% QoQ, +11.4% YoY)<sup>1</sup>
- Customer deposits at PLN 71.9 B (-2.8% QoQ, +12.7% YoY)<sup>1</sup>

### Retail lending acceleration

- Record high NML<sup>2</sup> sales at PLN 1.2 B in Q1/15 (+12% YoY); mortgage sales at PLN 0.8 B (+37% YoY)

## Business development

### Strategic initiatives to exploit growth opportunities

- Strategic cooperation with Allegro
- Covered bond issuance leadership

### Strong client acquisition

- 4,803 thou. retail clients (+114 thou. QoQ) and 18,133 corporate clients (+346 QoQ)

**Net Profit of PLN 450.9 M,  
+33.5% compared to Q1/14**

<sup>1</sup> Volume dynamics presented excl. reverse repo / buy-sell-back transactions and repo transactions, respectively; <sup>2</sup> Non-mortgage loans

# Agenda



## Summary of Q1/15 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

## Analysis of Q1/15 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 Q1/15 Results in mBank Group

## Key Financials: Profit and Loss Account

<i>in PLN M</i>	Q1/15	Q1/14	Change YoY		Q4/14
Net interest income	587.4	591.0	↓	-0.6%	632.5
Net Fee & Commission income	193.9	241.4	↓	-19.7%	200.4
<b>Total income</b>	<b>1,118.1<sup>1</sup></b>	<b>956.6</b>	↑	<b>+16.9%</b>	<b>939.9</b>
<b>Total costs</b>	<b>(452.8)</b>	<b>(430.6)</b>	↑	<b>+5.2%</b>	<b>(443.5)</b>
Loan Loss Provisions	(100.0)	(89.5)	↑	+11.7%	(112.6)
<b>Profit before tax</b>	<b>565.3</b>	<b>436.5</b>	↑	<b>+29.5%</b>	<b>383.8</b>
<b>Net profit</b>	<b>450.9</b>	<b>337.8</b>	↑	<b>+33.5%</b>	<b>308.6</b>
Net Interest Margin (NIM)	2.06%	2.30%	↓	-0.24 p.p.	2.27%
NIM excl. CHF portfolio	2.38%	2.73%	↓	-0.35 p.p.	2.66%
Cost/Income ratio	40.5%	45.0%	↓	-4.5 p.p.	47.2%
Cost of Risk	0.52%	0.51%	↑	+0.01 p.p.	0.61%
Return on Equity (ROE)	16.2%	13.7%	↑	+2.5 p.p.	12.4%
Return on Assets (ROA)	1.46%	1.26%	↑	+0.20 p.p.	1.04%

<sup>1</sup> Incl. one-off gain on the sale of BRE Ubezpieczenia TUiR (PLN 194.3 M)

# Summary of Q1/15 Results in mBank Group

## Key Financials: Balance Sheet

<i>in PLN M</i>	Q1/15	Q1/14	Change YoY	Q4/14
<b>Gross loans to customers</b>	<b>81,883</b>	<b>73,390</b>	 <b>+11.6%</b>	<b>77,373</b>
Retail client loans	43,788	38,973	 +12.4%	41,560
Core corporate client loans <sup>1</sup>	29,728	26,957	 +10.3%	29,002
<b>Amounts due to customers</b>	<b>71,861</b>	<b>63,596</b>	 <b>+13.0%</b>	<b>72,422</b>
Retail client deposits	39,693	34,784	 +14.1%	39,285
Core corporate client deposits <sup>1</sup>	25,743	23,717	 +8.5%	28,499
Loan to Deposit ratio	109.9%	111.5%	 -1.6 p.p.	103.0%
NPL ratio <sup>2</sup>	6.1%	6.1%	 0.0 p.p.	6.4%
Coverage ratio <sup>2</sup>	53.7%	48.8%	 +4.9 p.p.	51.9%
Common Equity Tier 1 Ratio	12.9%	13.6%	 -0.7 p.p.	12.2%
Total Capital Ratio	16.3%	16.3%	 0.0 p.p.	14.7%

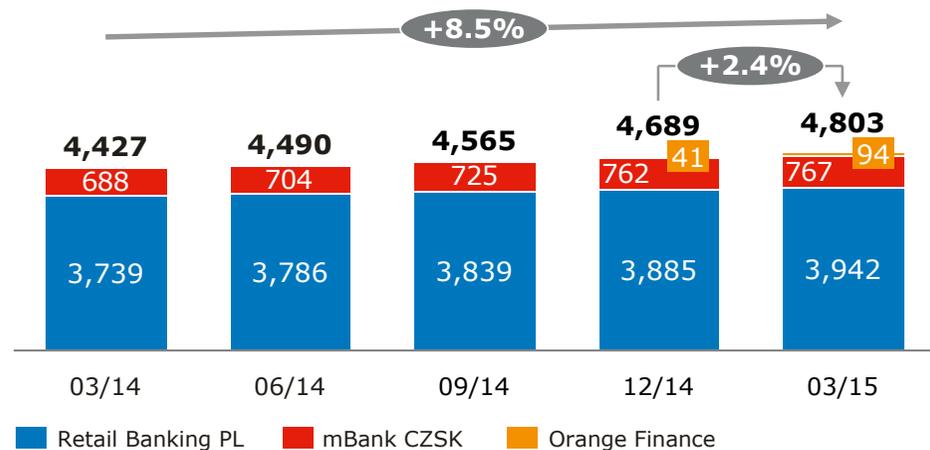
<sup>1</sup> Excl. reverse repo / buy-sell-back transactions for loans and repo transactions for deposits

<sup>2</sup> Since Q4/13 mBank Group has applied a more conservative client-oriented approach in its methodology of retail NPL recognition

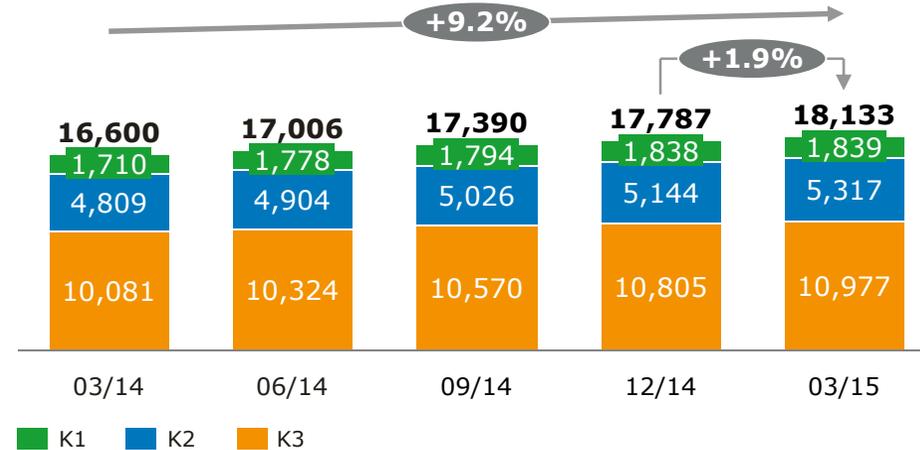
# Summary of Q1/15 in mBank Group

## Business Development: Client acquisition and Market shares

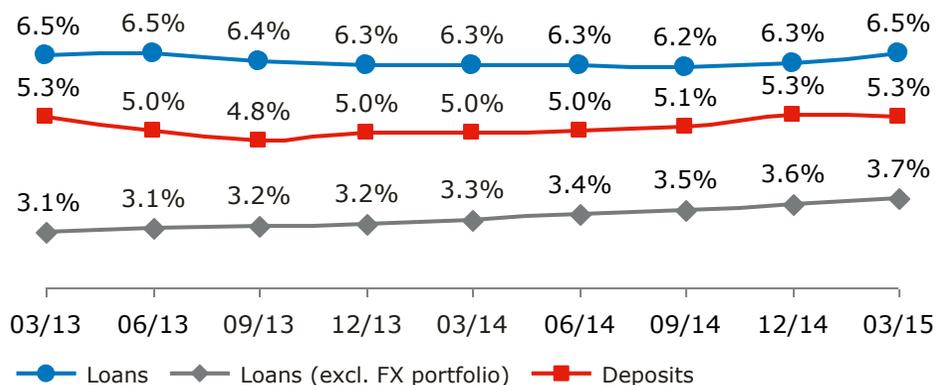
Number of Retail Clients (thou.)



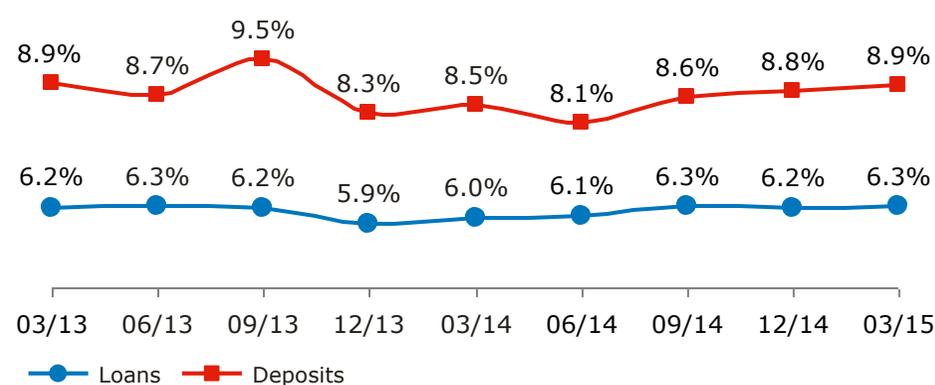
Number of Corporate Clients



Market shares in Retail Banking segment



Market shares in Corporate Banking segment

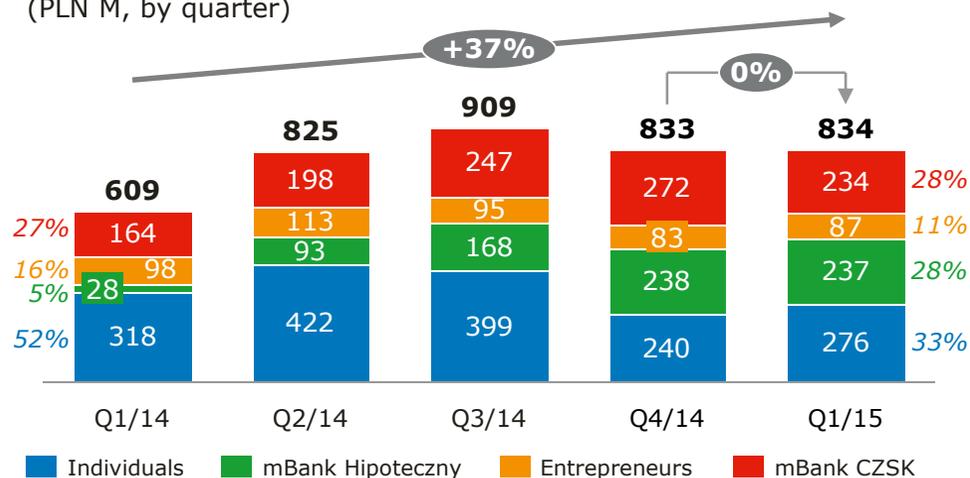


Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

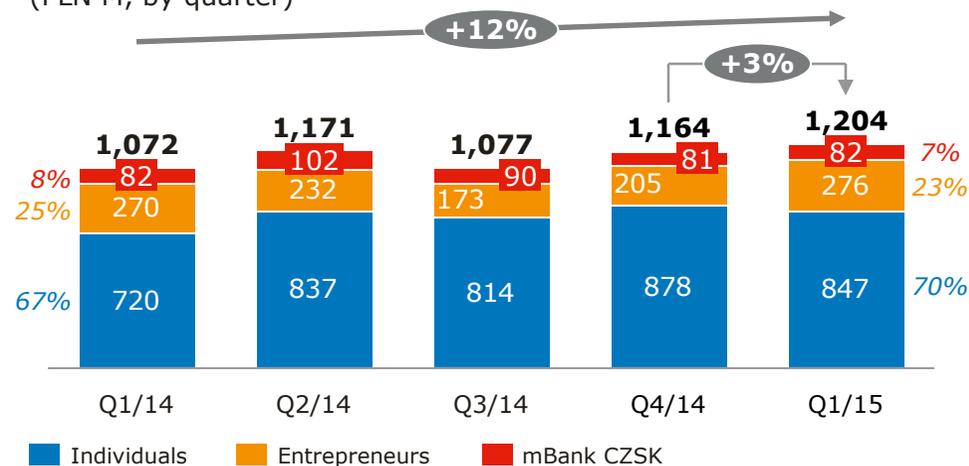
# Summary of Q1/15 in mBank Group

## Development of Retail and Corporate business

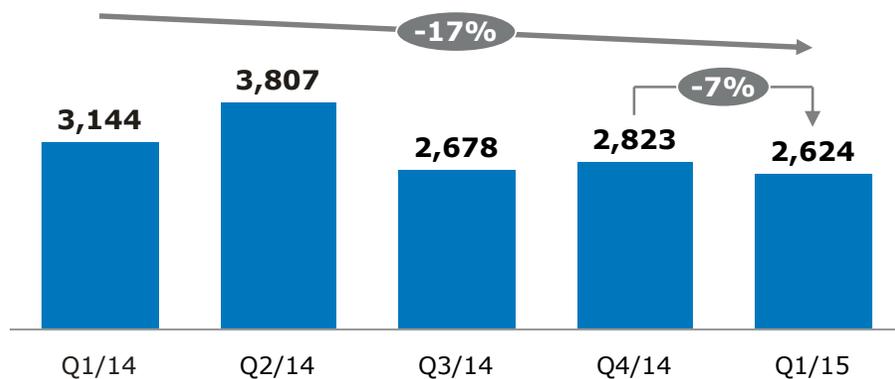
Sales of Mortgage Loans  
(PLN M, by quarter)



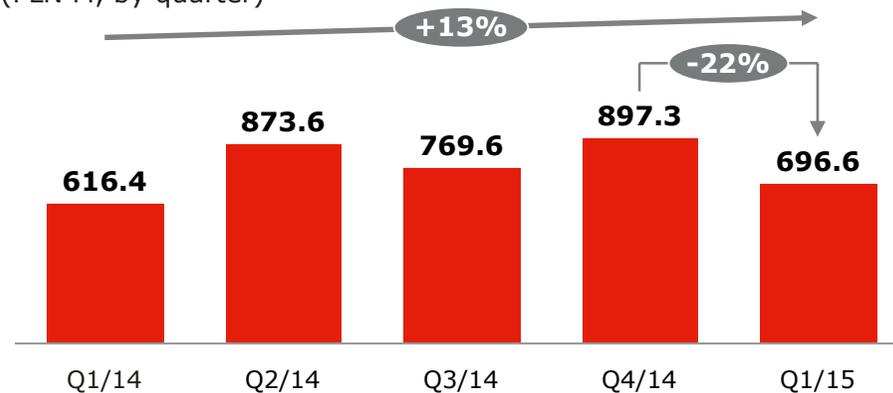
Sales of Non-Mortgage Loans  
(PLN M, by quarter)



Sales of Corporate Loans  
(PLN M, by quarter)



New leasing contracts  
(PLN M, by quarter)



# Agenda

## Summary of Q1/15 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business



## Analysis of Q1/15 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

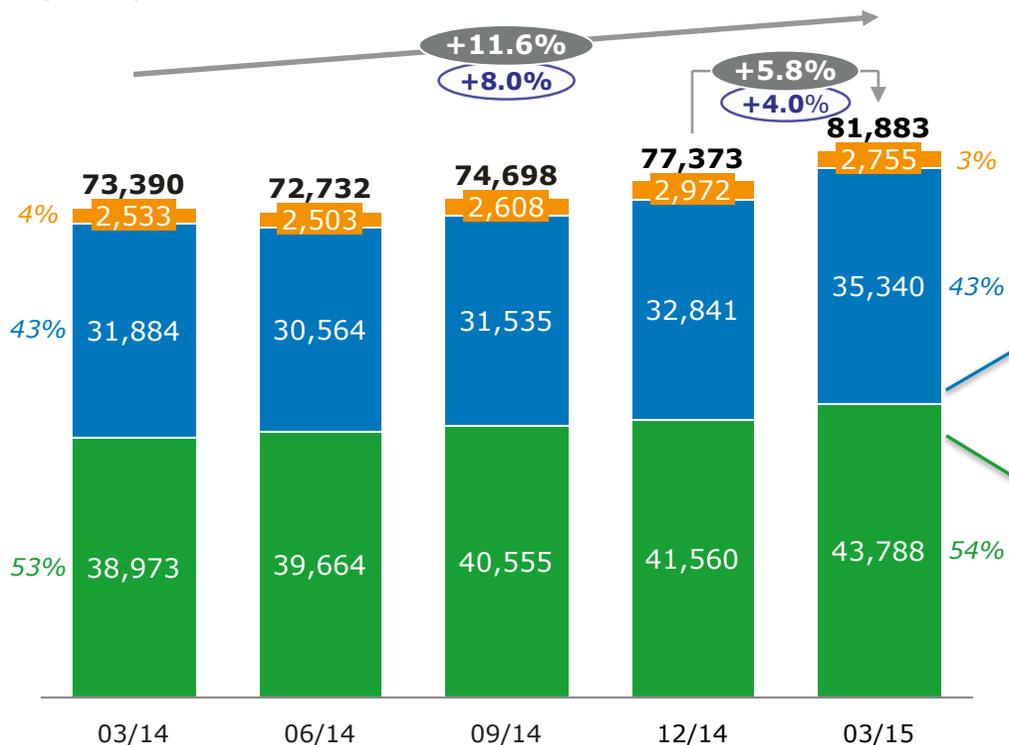
Detailed Results of Business Lines

# Analysis of Q1/15 in mBank Group

Development of Loans to Customers

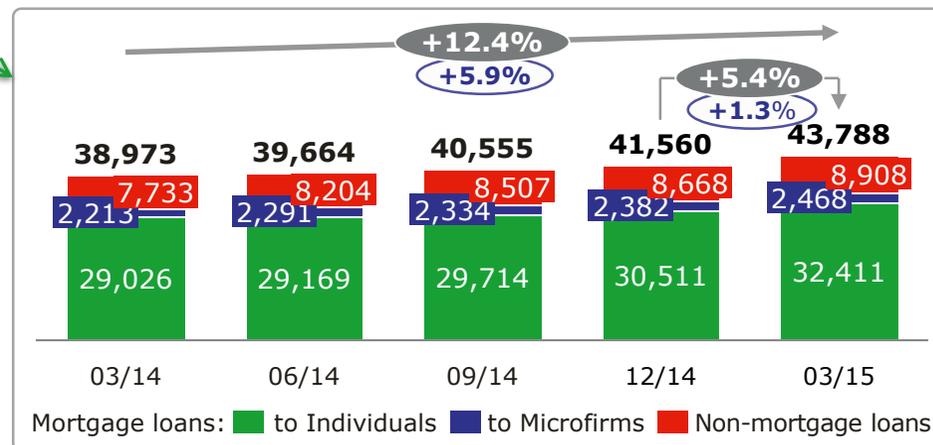
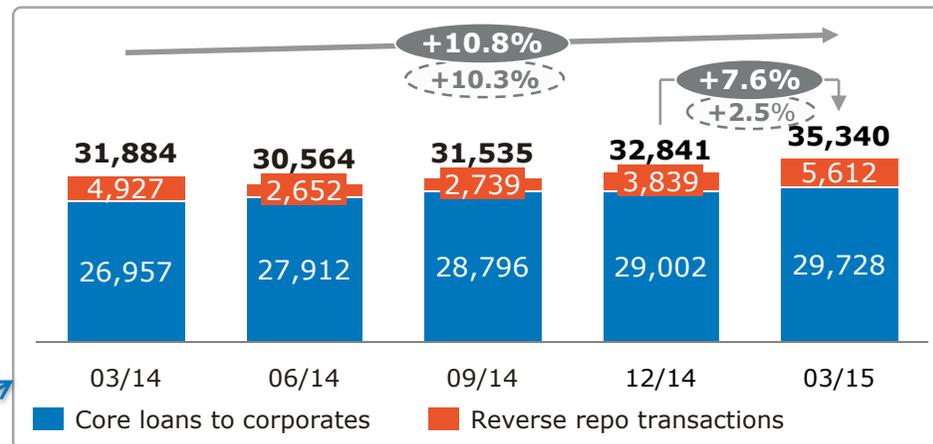
**Loans in both segments continue to see the benefits of economic growth**

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



- Individual clients
- Corporate clients
- Public sector & Other receivables

+X.X% Excluding FX effect  
+X.X% Excluding Reverse repo / buy-sell-back transactions

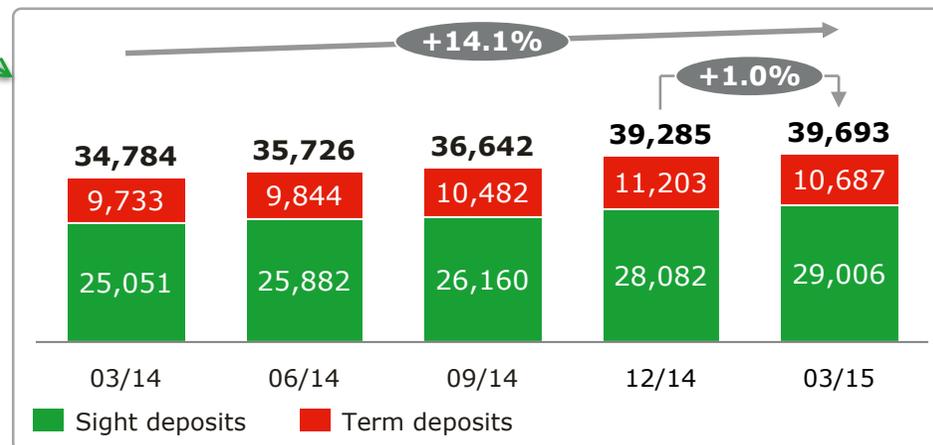
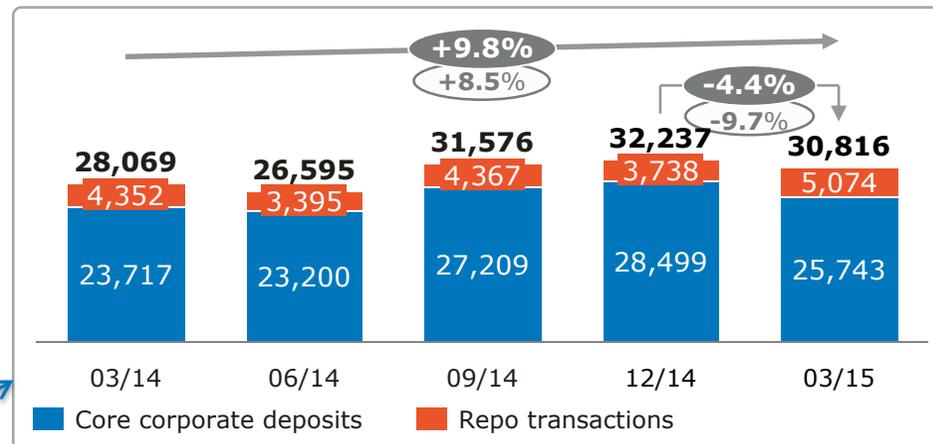
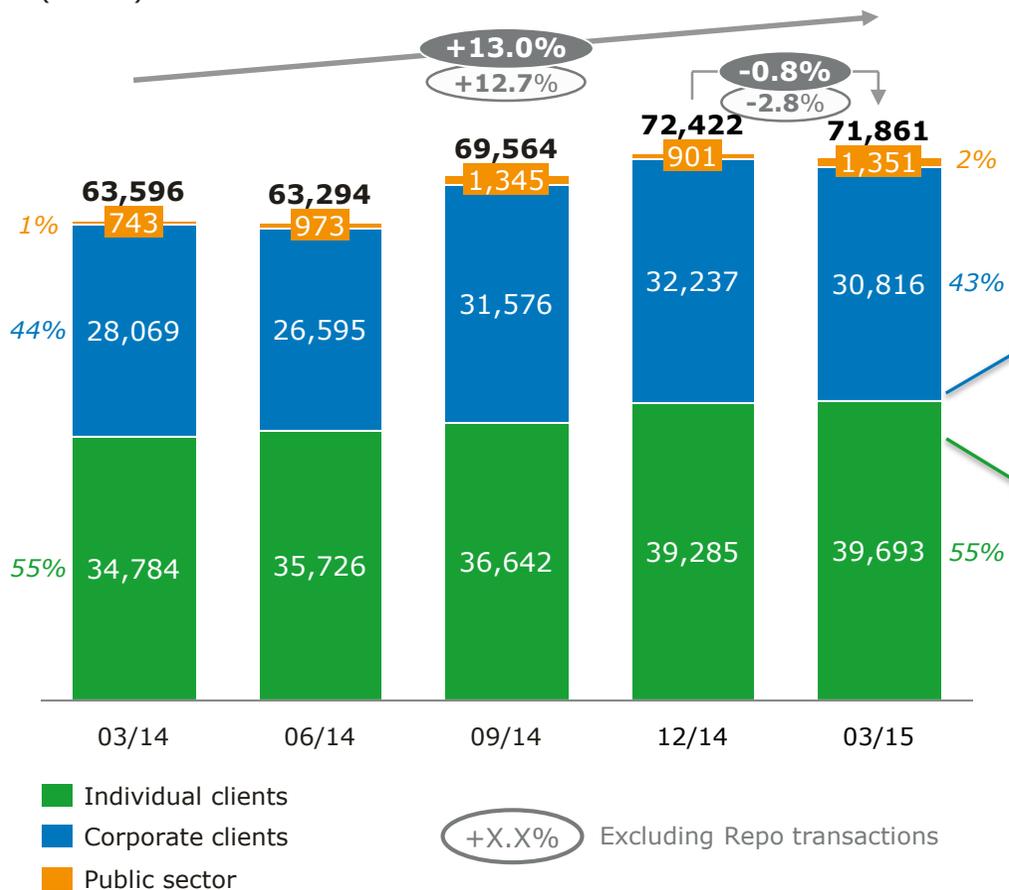


# Analysis of Q1/15 in mBank Group

## Development of Deposits

### Continued growth of balances on current and saving accounts

Development of Amounts due to Customers (PLN M)

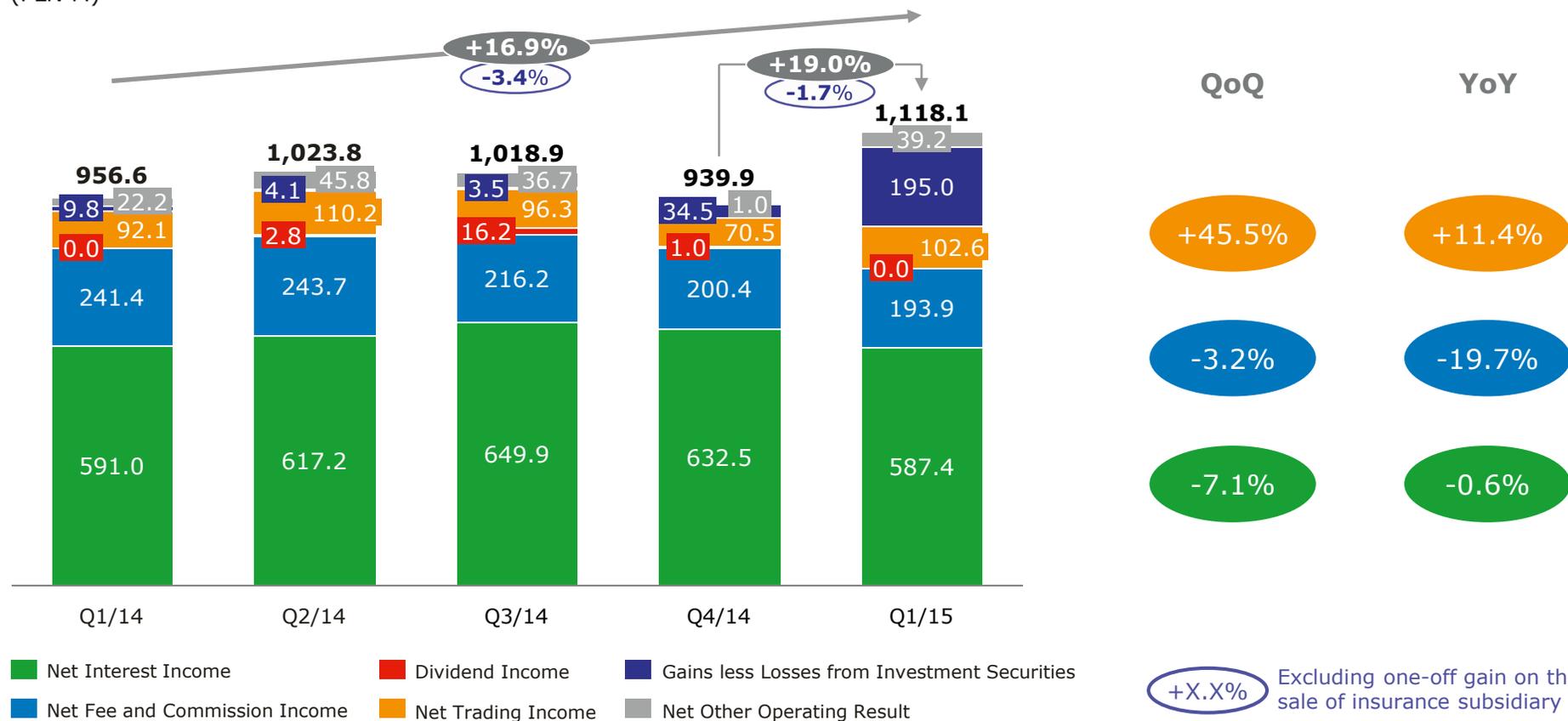


# Analysis of Q1/15 in mBank Group

Income of mBank Group

## Core revenues under market pressure

Development of mBank Group's Income (PLN M)

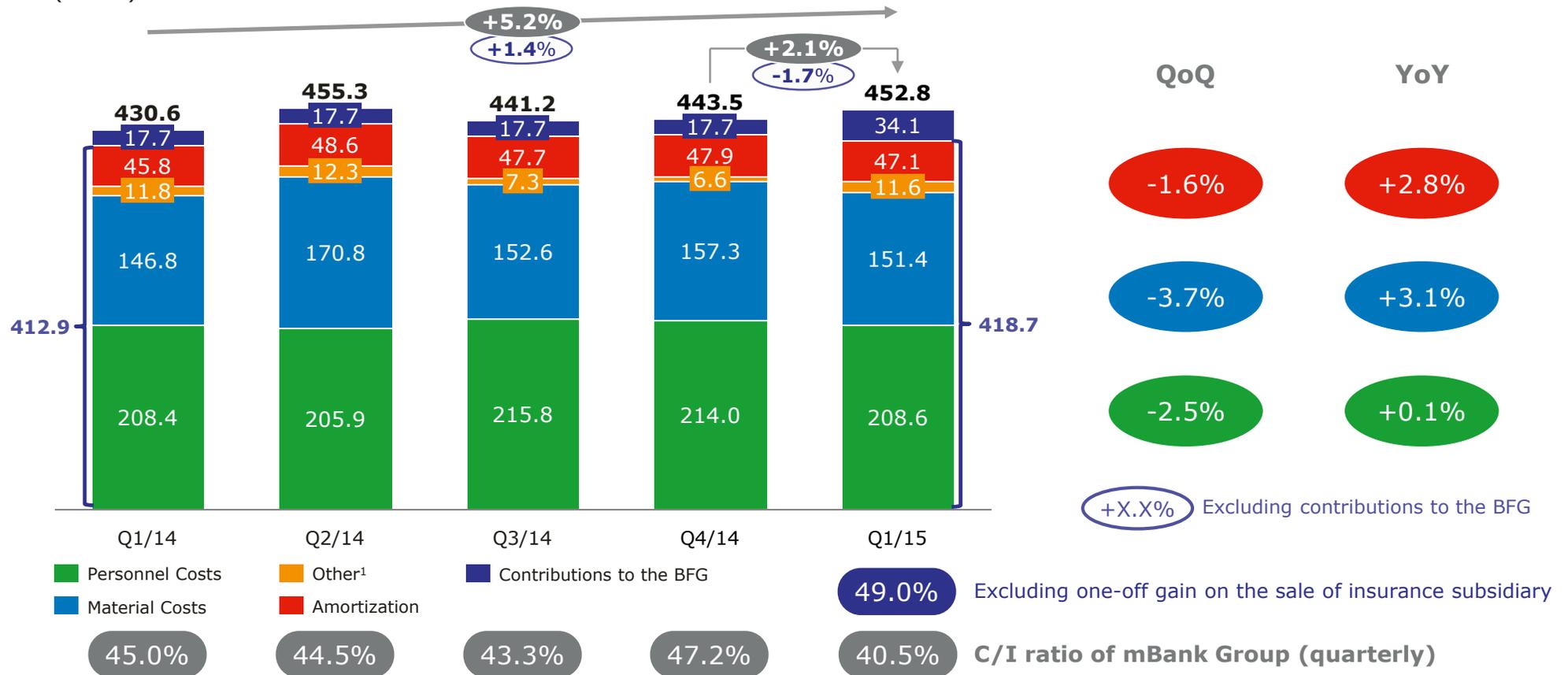


# Analysis of Q1/15 in mBank Group

## Costs of mBank Group

### Stable cost base on a recurrent basis

Development of mBank Group's Costs (PLN M)



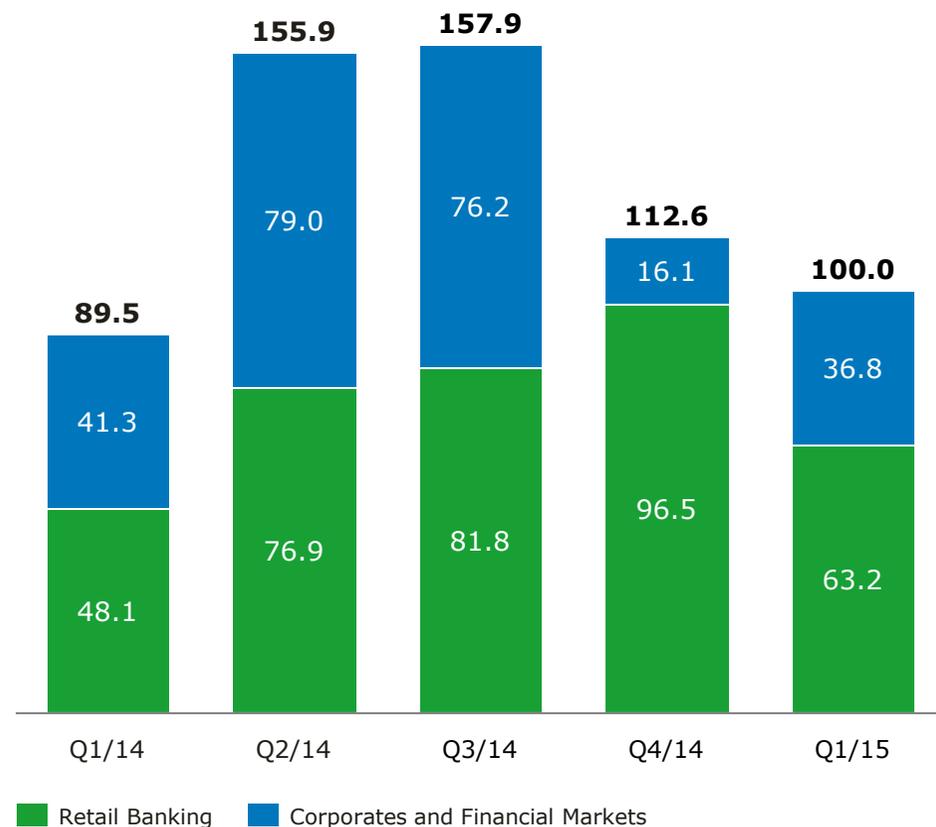
<sup>1</sup> Incl. taxes and fees, contributions to the Social Benefits Fund

# Analysis of Q1/15 in mBank Group

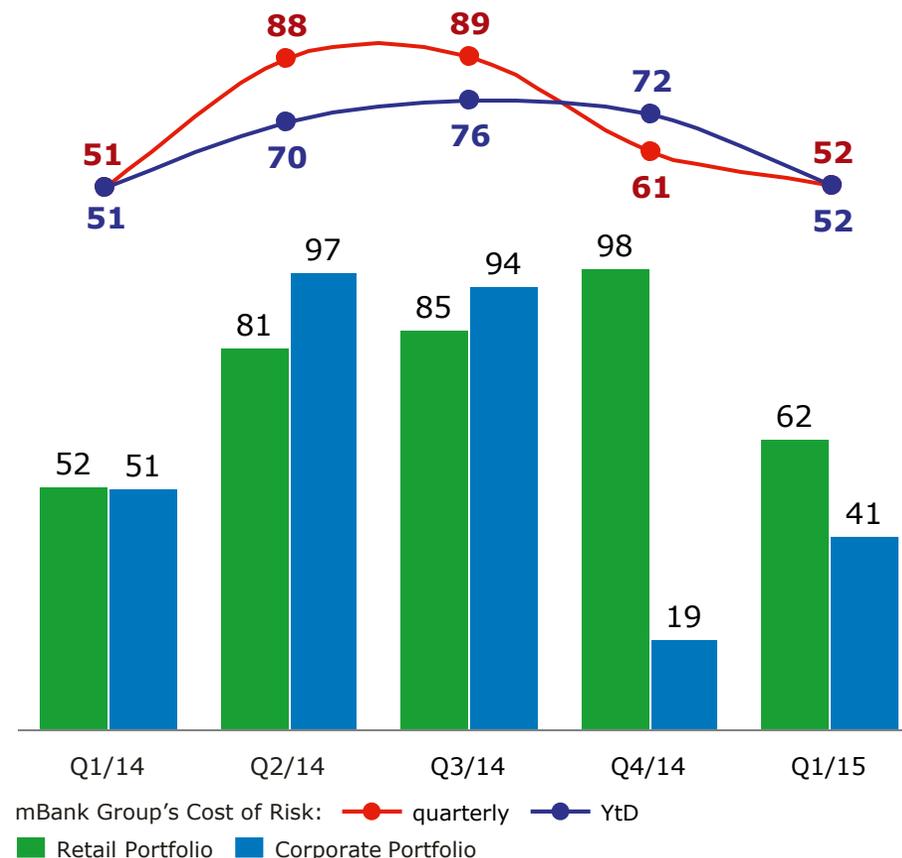
## Loan Loss Provisions & Risk Costs

**Provisioning level reflecting strong financial standing of clients and portfolio charges related to higher CHF/PLN rate**

Net Impairment Losses on Loans and Advances (PLN M)



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



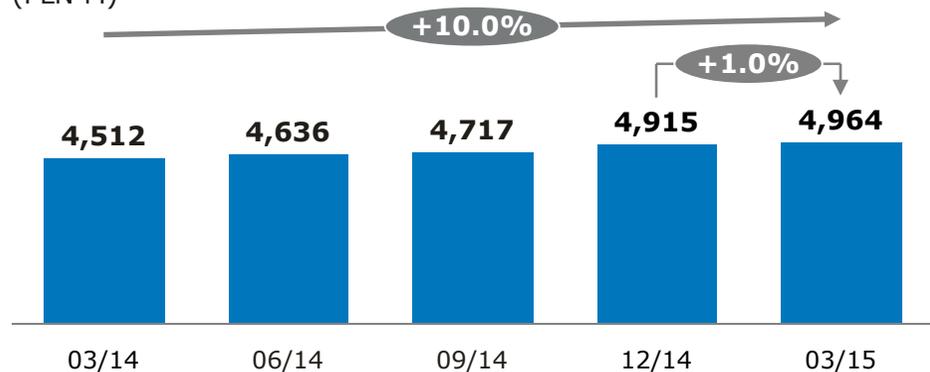
Note: Q1-Q4 2014 segmental data adjusted due to the split of the results of selected mBank Group's subsidiaries into the respective business lines.

# Analysis of Q1/15 in mBank Group

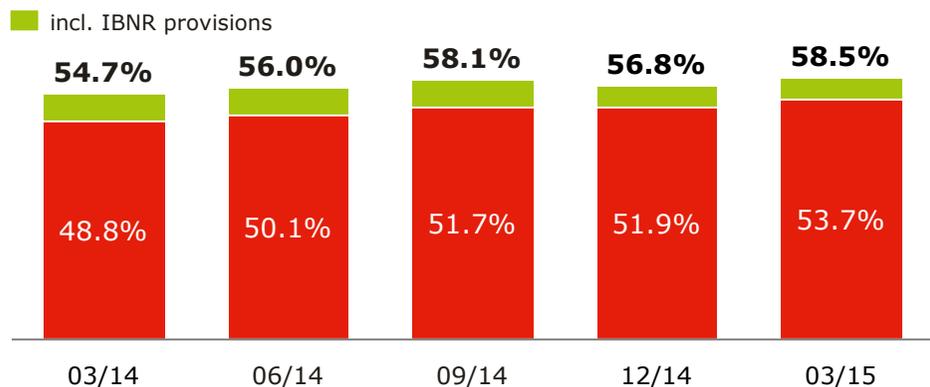
## Loan Portfolio Quality

**Improved portfolio quality, NPL ratios reflecting market's most conservative recognition methodology**

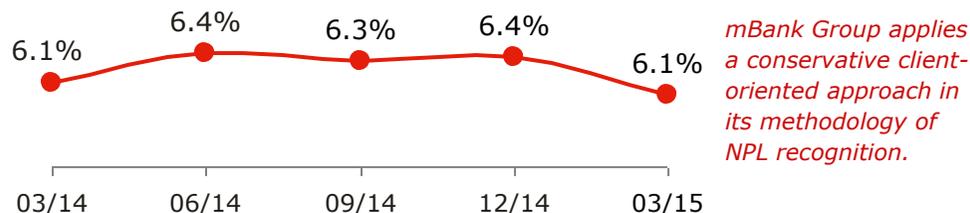
mBank Group's Impaired Loans Portfolio (PLN M)



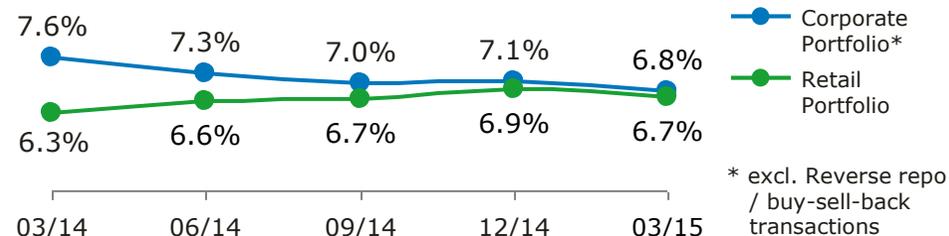
mBank Group's Coverage Ratio



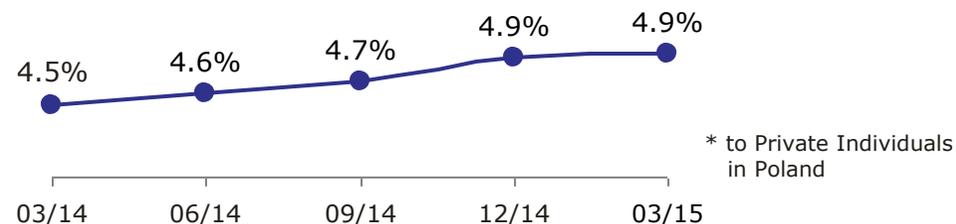
mBank Group's NPL Ratio



mBank Group's NPL Ratio by segment



NPL Ratio of Mortgage Loan Portfolio\*

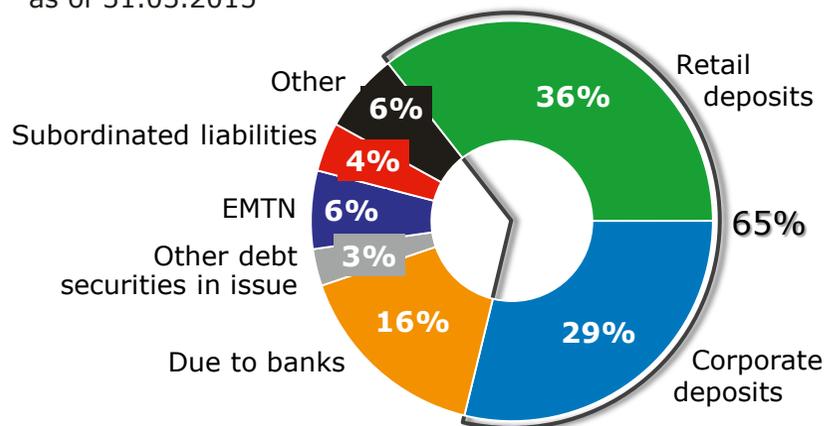


# Analysis of Q1/15 in mBank Group

## Funding Structure Details

### A well diversified and safe funding base

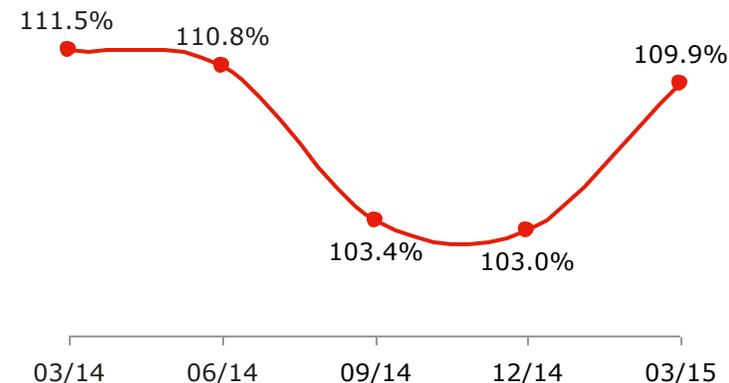
mBank Group's funding structure as of 31.03.2015



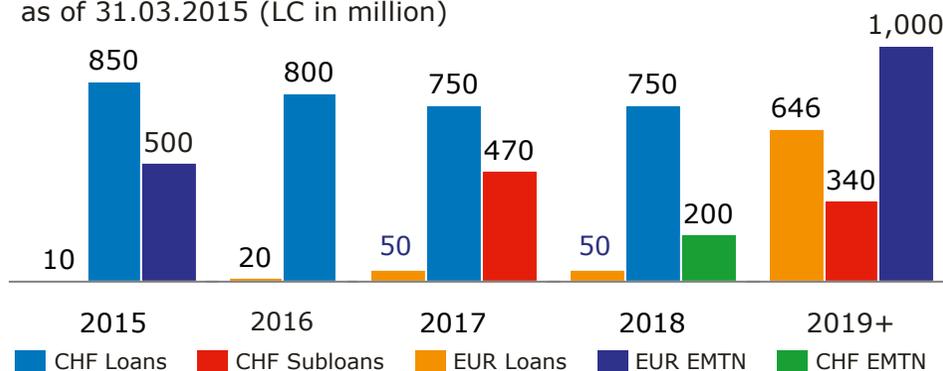
mBank's ratings

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>

Loan to Deposit Ratio



Maturity of long-term funding instruments in original currencies as of 31.03.2015 (LC in million)



Summary of Issues under Euro Medium Term Note (EMTN) Programme

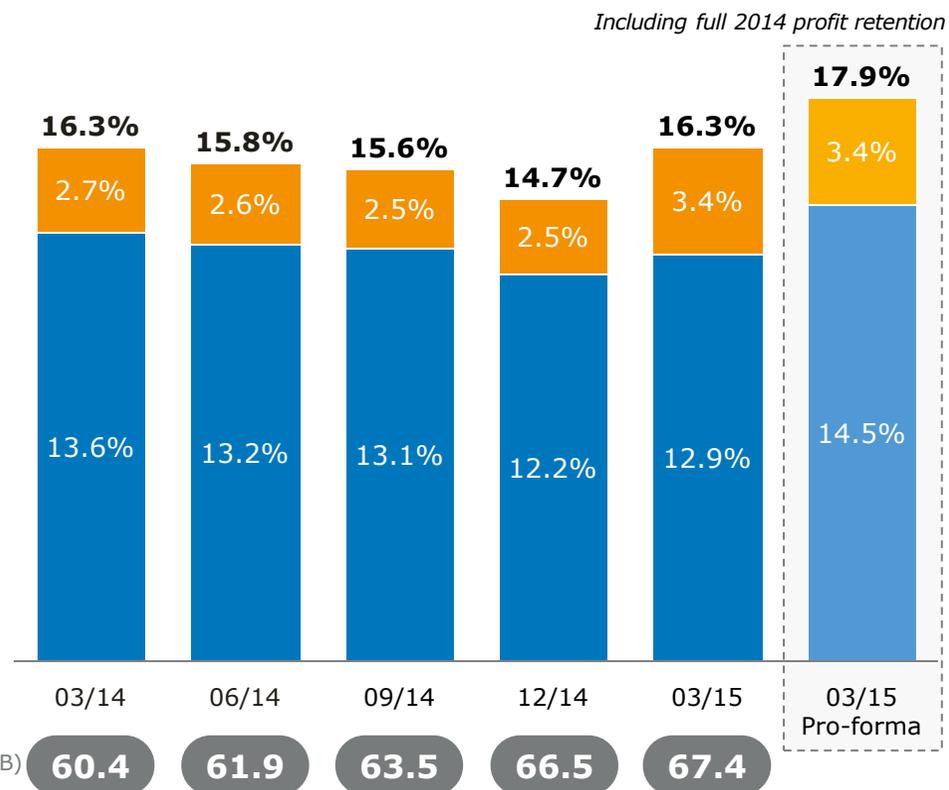
Issue size	Issue date	Maturity date	Tenor	Coupon
EUR 500 M	12-10-2012	12-10-2015	3.0 Y	2.750%
CHF 200 M	08-10-2013	08-10-2018	5.0 Y	2.500%
EUR 500 M	01-04-2014	01-04-2019	<b>5.0 Y</b>	<b>2.375%</b>
EUR 500 M	26-11-2014	26-11-2021	<b>7.0 Y</b>	<b>2.000%</b>

# Analysis of Q1/15 in mBank Group

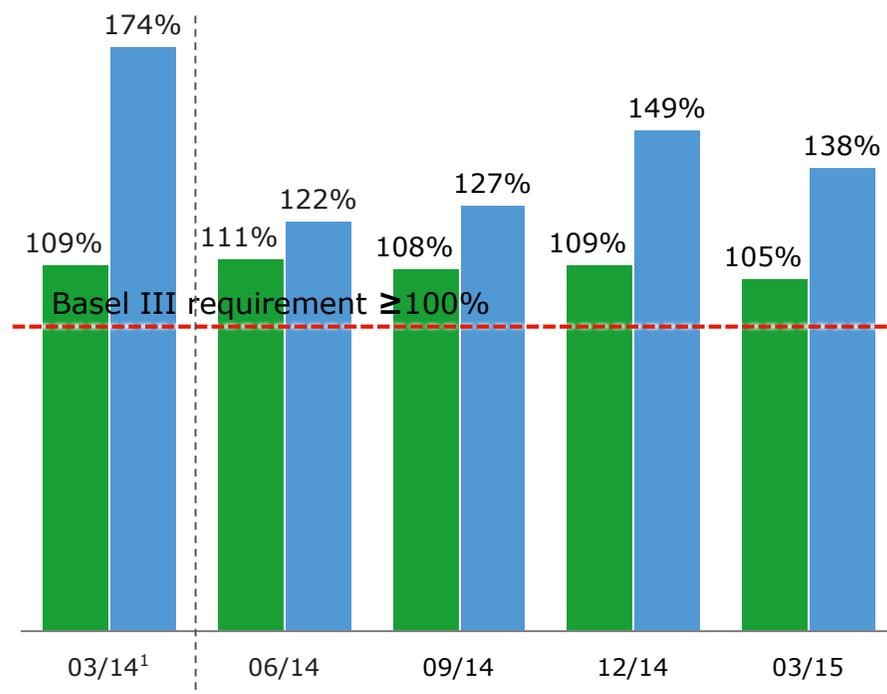
## Key Regulatory Ratios

### Strong capital position and liquidity above regulatory requirements

mBank Group's Total Capital Ratio



mBank's NSFR and LCR



■ CET 1 capital ratio ■ Tier 2 ● xx.x Total risk exposure amount

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

<sup>1</sup> Since Q2/14 the liquidity ratios are calculated in accordance with the new rules introduced by Capital Requirements Regulation (CRR)

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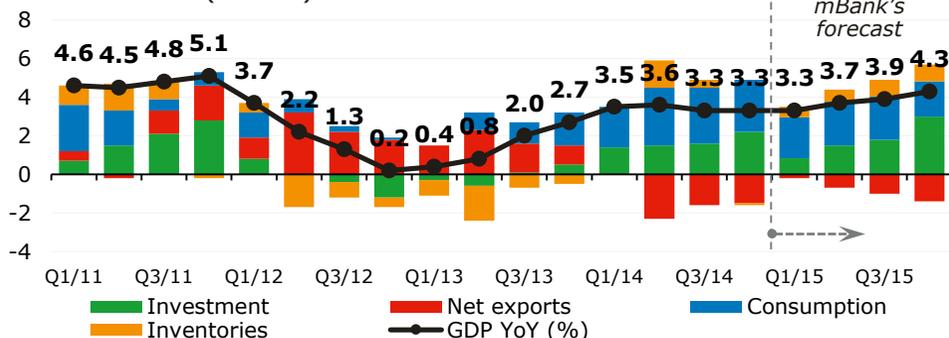
Additional Information: Selected Financial Data

Detailed Results of Business Lines

# Macroeconomic Update (1/2)

## Inflation to stay extremely low. Economic growth set to accelerate.

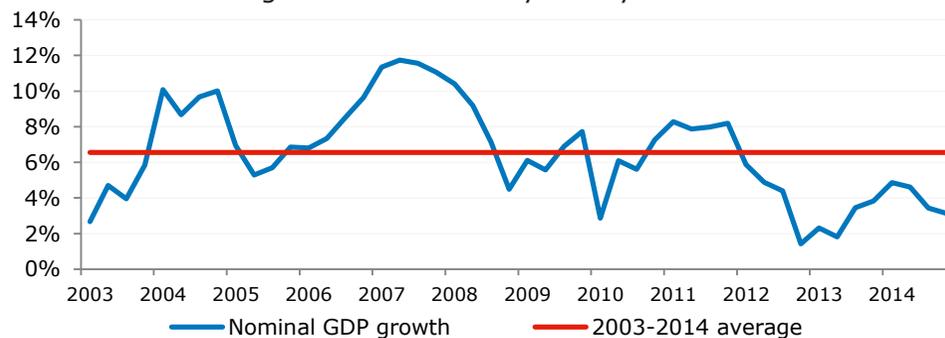
GDP forecast (% YoY)



- Growth to remain flat in Q1/15 but strong momentum suggests that H2/15 will bring re-acceleration on stronger consumption, euro area recovery and public investment as new wave of EU funds kicks in.

Source: GUS, NBP

Nominal YoY GDP growth remains very low by historical standards



- The nominal sphere is still very weak which impacts incomes, earnings, tax receipts and credit conditions. Banks are operating in an unfavourable environment.

Source: GUS, NBP

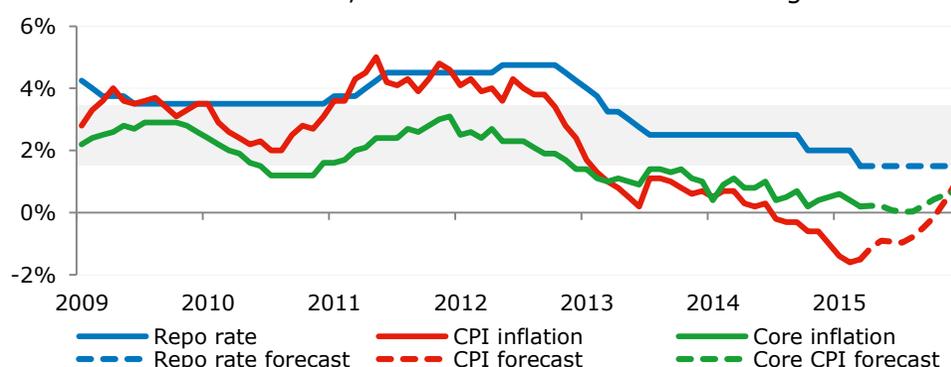
Bright spots in 2015: exports, public investment



- Growth will rest on the shoulders of exporters (revival in the euro area, new markets) and construction companies (public infrastructure investments coming in great numbers in 2015).

Source: GUS, NBP

Inflation at all time lows, core CPI to fall further on strong PLN



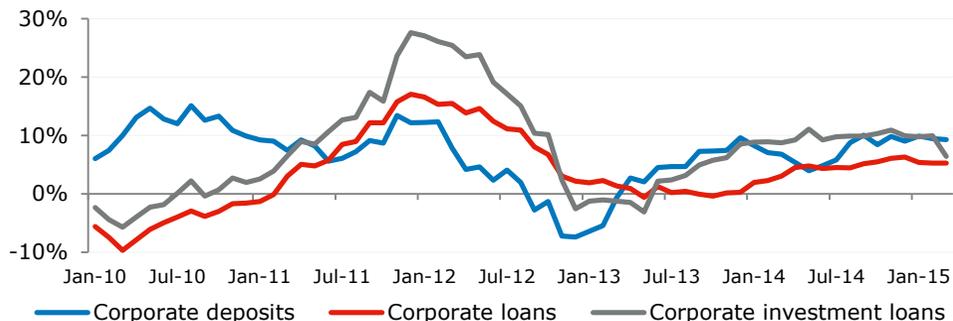
- Disinflation is broad-based and persistent, CPI probably bottomed at -1.6%. Core CPI might turn negative in the summer as strong PLN weights on inflation.

Source: GUS

# Macroeconomic Update (2/2)

## Strong growth in corporate loans, cautious borrowing by households

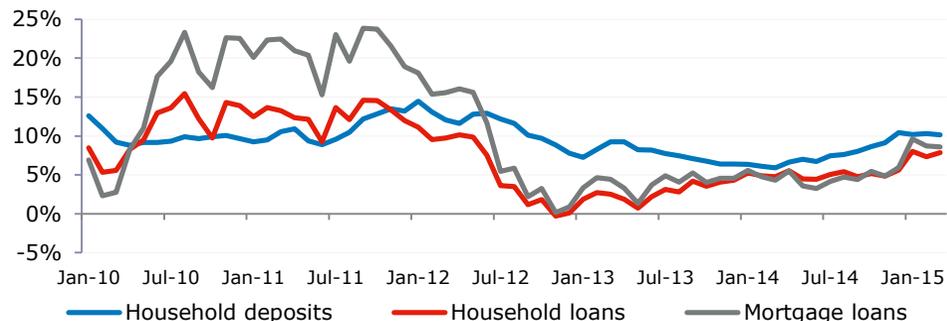
Corporate loans and deposits (% YoY)



- Corporate deposits accelerated, in part thanks to cost-cutting measures. Growth of corporate loans more and more robust and broad-based (not only investment loans). 10% growth likely.

Source: NBP

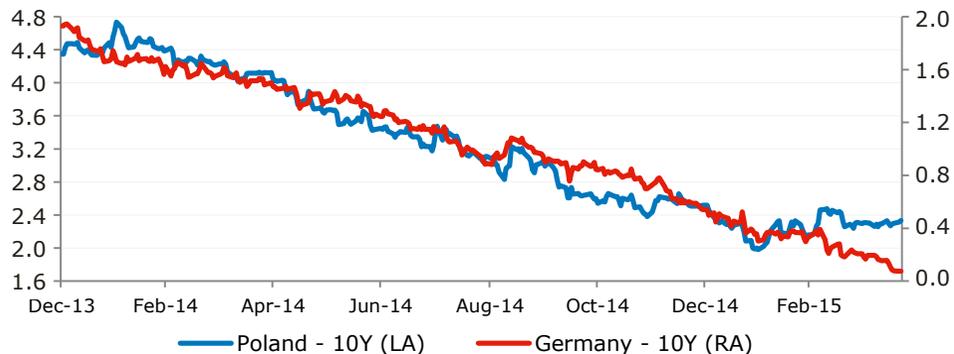
Household loans and deposits (% YoY)



- Household deposits growing robustly despite low rates and firming stock market. Cautious borrowing on households' side continues. No breakthrough in mortgage loans.

Source: NBP

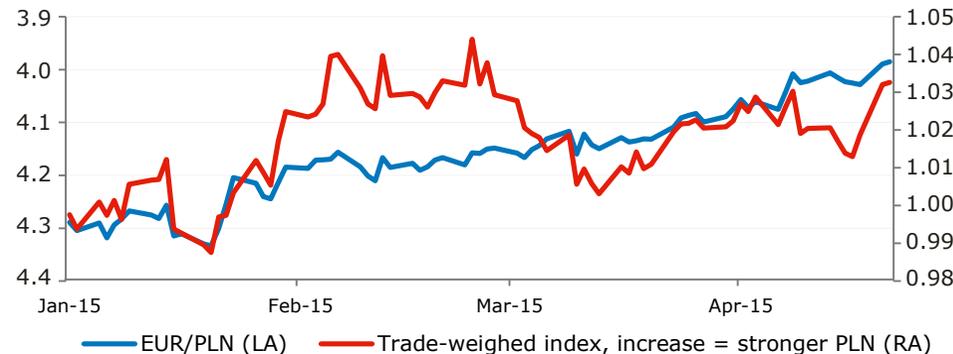
Polish and German 10Y bond yields (YTD, %)



- Polish bonds to stay supported: front end will benefit from strong PLN, low inflation and the lack of rate hike expectations, global factors keeping the long end in a tight range. More volatility ahead likely due to Fed tightening.

Source: Bloomberg

PLN strongest since 2011



- High real rates, strong growth, QE spillovers make PLN a good bet. EUR/PLN below 4.00 and there is no bottom in sight.

Source: Bloomberg

# 2015 in forecasts and the impact on mBank Group

## Macroeconomic environment and challenges for the banking sector

### Key economic indicators

	2013	2014	2015F
GDP growth (YoY)	1.7%	3.4%	3.5%
Domestic demand (YoY)	0.2%	4.6%	4.7%
Private consumption (YoY)	1.1%	3.0%	2.8%
Investment (YoY)	0.9%	9.4%	8.5%
Inflation (eop)	0.7%	-1.0%	1.0%
MPC rate (eop)	2.50	2.00	1.50
CHF/PLN (eop)	3.39	3.57	3.64
EUR/PLN (eop)	4.15	4.29	4.00

### Banking sector – monetary aggregates YoY

	2013	2014	2015F
Corporate loans	0.2%	6.3%	6.9%
Mortgage loans	4.6%	6.0%	5.7%
Non-mortgage loans	3.9%	5.0%	7.5%
Corporate deposits	9.6%	9.0%	9.7%
Retail deposits	6.4%	10.4%	9.4%

Source: mBank's estimates.

### Impact on mBank

Net interest income & NIM (Negative) 

- MPC decision on reduction of interest rates in March
- Growing credit demand thanks to higher loan affordability
- Some room for deposit re-pricing

Net Fee & Commission income (Negative) 

- Negative impact of further interchange fees cuts, but:
  - Dynamic customer acquisitions
  - Partially compensated by continued growth in transactionality in both retail and corporate segment

Total costs (Negative) 

- Higher contribution to the Bank Guarantee Fund
- Reasonable expenses supporting strategic investments

Loan Loss Provisions (Neutral) 

- Uncertainty related to FX mortgage portfolio resulted from strong CHF appreciation
- Solid macroeconomic situation and low unemployment

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



Summary
Historical view
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

Quarterly results (PLN thou.)	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
Net interest income	591,014	617,232	649,880	632,532	587,439
Net fee and commission income	241,406	243,685	216,234	200,365	193,857
Dividend income	0	2,811	16,195	986	31
Net trading income	92,118	110,202	96,324	70,512	102,618
<i>incl. FX result</i>	<i>65,151</i>	<i>69,742</i>	<i>53,539</i>	<i>44,616</i>	<i>78,687</i>
Gains less losses from investment securities	9,845	4,041	3,545	34,495	195,008
Net other operating income	22,237	45,793	36,699	1,017	39,175
<b>Total income</b>	<b>956,620</b>	<b>1,023,764</b>	<b>1,018,877</b>	<b>939,907</b>	<b>1,118,128</b>
<b>Total operating costs</b>	<b>(430,617)</b>	<b>(455,277)</b>	<b>(441,203)</b>	<b>(443,468)</b>	<b>(452,839)</b>
<i>Overhead costs</i>	<i>(384,785)</i>	<i>(406,665)</i>	<i>(393,523)</i>	<i>(395,570)</i>	<i>(405,708)</i>
<i>Amortisation</i>	<i>(45,832)</i>	<i>(48,612)</i>	<i>(47,680)</i>	<i>(47,898)</i>	<i>(47,131)</i>
Loan loss provisions	(89,487)	(155,860)	(157,917)	(112,639)	(99,971)
<b>Profit before tax</b>	<b>436,516</b>	<b>412,627</b>	<b>419,757</b>	<b>383,800</b>	<b>565,318</b>
<b>Net profit attributable to owners of mBank</b>	<b>337,770</b>	<b>324,827</b>	<b>315,454</b>	<b>308,617</b>	<b>450,936</b>

# Appendix

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



Summary

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<b>Assets (PLN thou.)</b>	<b>Q1/14</b>	<b>Q2/14</b>	<b>Q3/14</b>	<b>Q4/14</b>	<b>Q1/15</b>
Cash and balances with Central Bank	2 089 199	1 418 016	4 176 981	3 054 549	2 406 938
Loans and advances to banks	1 500 011	4 933 231	3 721 009	3 751 415	4 052 272
Trading securities	1 180 071	2 812 471	2 637 559	1 163 944	2 043 083
Derivative financial instruments	2 216 630	3 017 875	4 073 025	4 865 517	4 824 571
<b>Loans and advances to customers</b>	<b>70 923 030</b>	<b>70 137 177</b>	<b>71 958 401</b>	<b>74 582 350</b>	<b>78 977 052</b>
Investment securities	26 605 235	27 128 055	28 154 394	27 678 614	28 442 073
Intangible assets	431 959	460 135	448 246	465 626	458 185
Tangible fixed assets	705 955	710 505	700 870	717 377	706 458
Other assets	1 491 167	1 329 980	1 456 810	1 706 430	1 383 256
<b>Total assets</b>	<b>107 143 257</b>	<b>111 947 445</b>	<b>117 327 295</b>	<b>117 985 822</b>	<b>123 293 888</b>
<b>Liabilities (PLN thou.)</b>	<b>Q1/14</b>	<b>Q2/14</b>	<b>Q3/14</b>	<b>Q4/14</b>	<b>Q1/15</b>
Amounts due to other banks	19 481 097	22 297 031	19 777 664	13 383 829	17 839 429
Derivative financial instruments	2 120 892	2 915 003	3 969 956	4 719 056	4 838 248
<b>Amounts due to customers</b>	<b>63 596 439</b>	<b>63 293 721</b>	<b>69 563 534</b>	<b>72 422 479</b>	<b>71 861 014</b>
Debt securities in issue	5 658 722	7 696 154	8 009 714	10 341 742	10 382 134
Subordinated liabilities	3 453 003	3 278 869	3 312 935	4 127 724	4 436 572
Other liabilities	2 966 900	2 147 252	1 913 576	1 918 012	2 336 627
<b>Total liabilities</b>	<b>97 277 053</b>	<b>101 628 030</b>	<b>106 547 379</b>	<b>106 912 842</b>	<b>111 694 024</b>
<b>Total equity</b>	<b>9 866 204</b>	<b>10 319 415</b>	<b>10 779 916</b>	<b>11 072 980</b>	<b>11 599 864</b>
<b>Total equity and liabilities</b>	<b>107 143 257</b>	<b>111 947 445</b>	<b>117 327 295</b>	<b>117 985 822</b>	<b>123 293 888</b>

# Appendix

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

<b>Summary</b>
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<b>Financial Ratios</b>	<b>Q1/14</b>	<b>Q2/14</b>	<b>Q3/14</b>	<b>Q4/14</b>	<b>Q1/15</b>
Net Interest Margin ( <i>quarterly</i> )	2.30%	2.30%	2.32%	2.27%	2.06%
Net Interest Margin YtD	2.30%	2.30%	2.31%	2.30%	2.06%
Net Interest Margin YtD (excl. CHF portfolio)	2.73%	2.72%	2.72%	2.70%	2.38%
Cost to Income Ratio ( <i>quarterly</i> )	45.0%	44.5%	43.3%	47.2%	40.5%
Cost to Income Ratio YtD	45.0%	44.7%	44.2%	44.9%	40.5%
Cost of Risk ( <i>quarterly</i> )	0.51%	0.88%	0.89%	0.61%	0.52%
Cost of Risk YtD	0.51%	0.70%	0.76%	0.72%	0.52%
ROE net ( <i>quarterly</i> )	13.74%	13.55%	12.84%	12.43%	16.22%
ROE net YtD	13.74%	13.64%	13.37%	13.13%	16.22%
ROA net YtD	1.26%	1.21%	1.16%	1.13%	1.46%
Loans to Deposits	111.5%	110.8%	103.4%	103.0%	109.9%
Total Capital Ratio	16.26%	15.79%	15.57%	14.66%	16.28%
Common Equity Tier 1 Ratio	13.58%	13.20%	13.05%	12.24%	12.89%
Equity / Assets	9.2%	9.2%	9.2%	9.4%	9.4%
RWA / Assets	56.4%	55.3%	54.2%	56.2%	54.7%
NPL ratio <sup>1</sup>	6.1%	6.4%	6.3%	6.4%	6.1%
NPL coverage ratio <sup>1</sup>	48.8%	50.1%	51.7%	51.9%	53.7%
NPL coverage ratio incl. general provisions <sup>1</sup>	54.7%	56.0%	58.1%	56.8%	58.5%

<sup>1</sup> Since Q4/13 mBank Group has applied a more conservative client-oriented approach in its methodology of retail NPL recognition

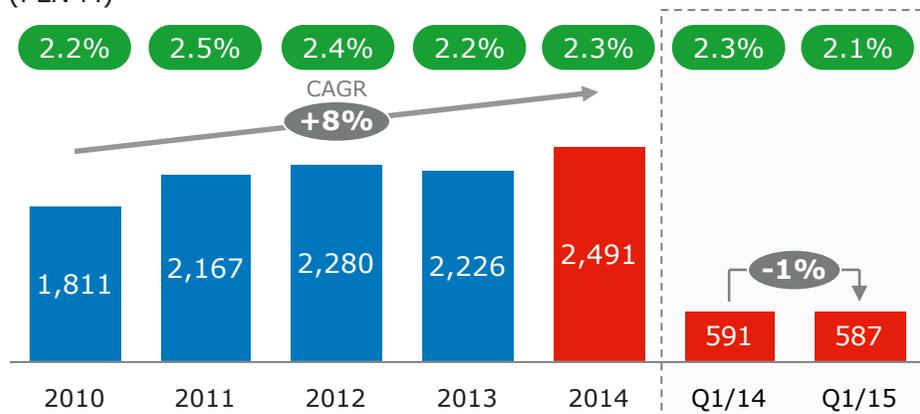
# Appendix

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

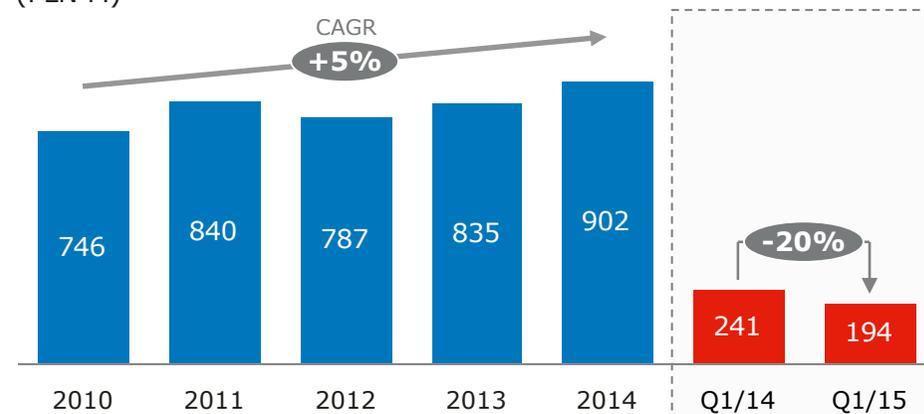


Summary
<b>Historical view</b>
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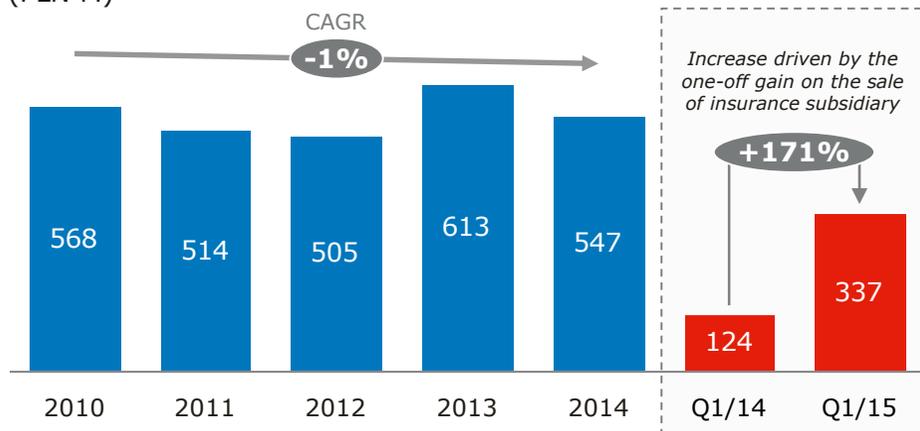
Net Interest Income & NIM  
(PLN M)



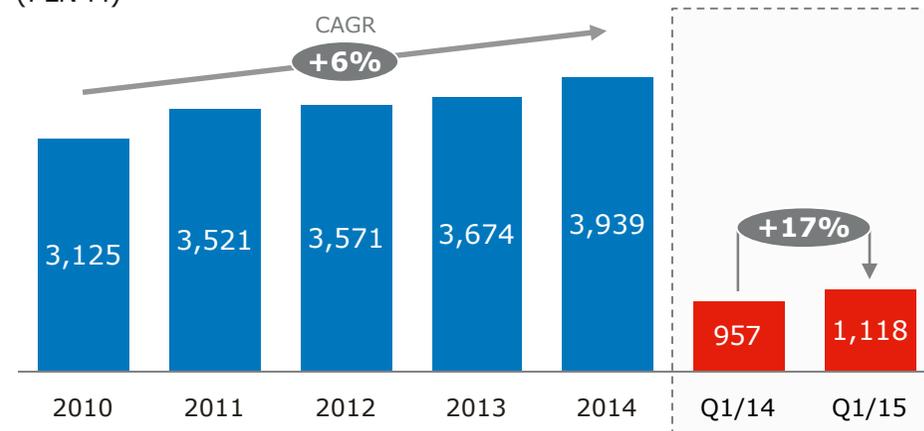
Net Fee and Commission Income  
(PLN M)



Trading and Other Income  
(PLN M)



Total Income  
(PLN M)



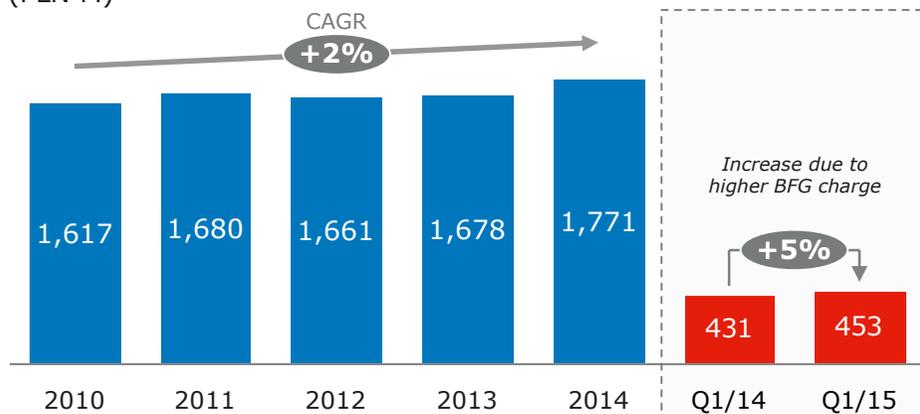
# Appendix

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



Summary
<b>Historical view</b>
Profit & Loss
Balance Sheet
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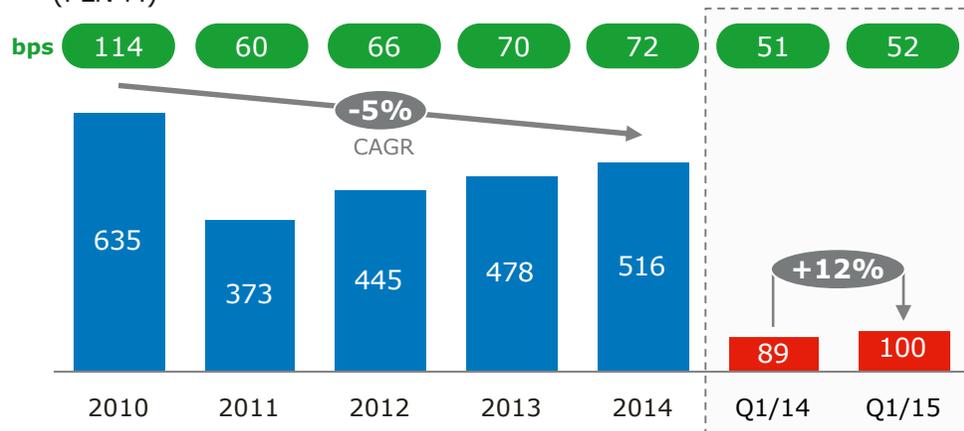
Operating Costs  
(PLN M)



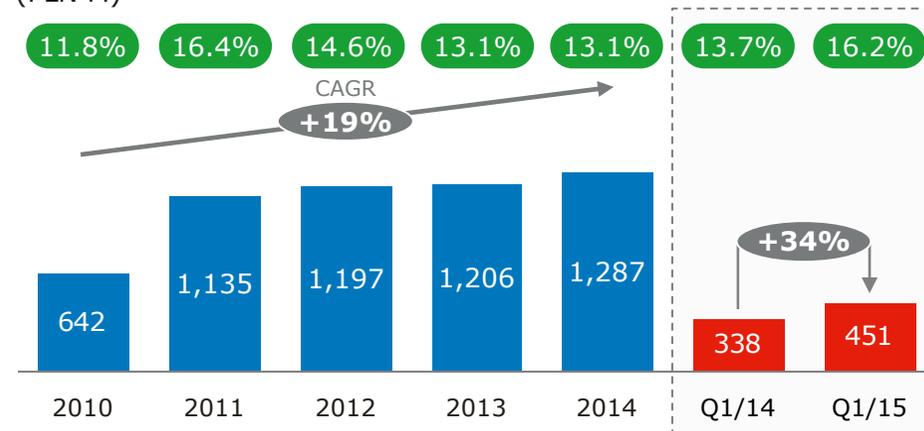
Pre-provision Income & C/I ratio  
(PLN M)



Loan Loss Provisions & Cost of Risk  
(PLN M)



Net Profit & Return on Equity  
(PLN M)



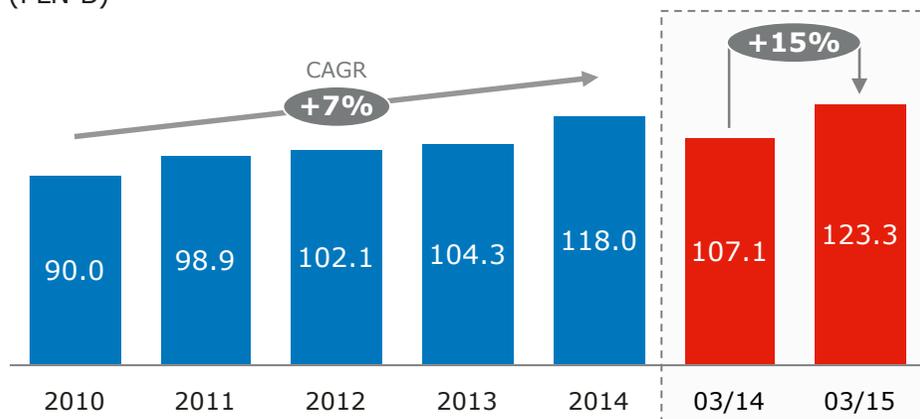
# Appendix

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

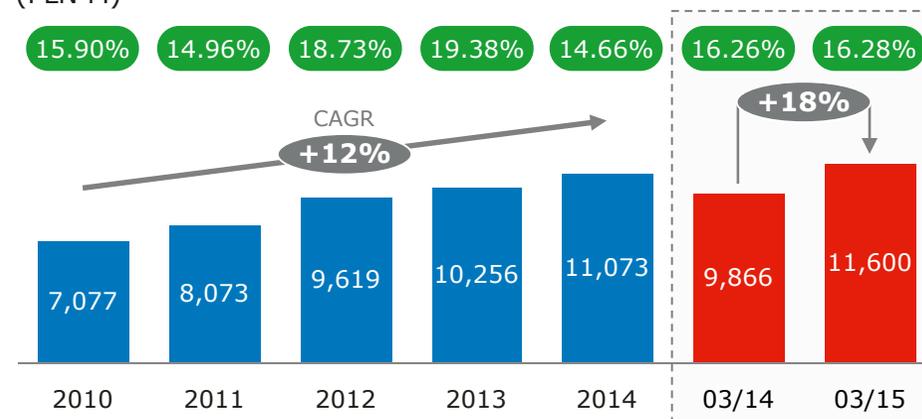


Summary
<b>Historical view</b>
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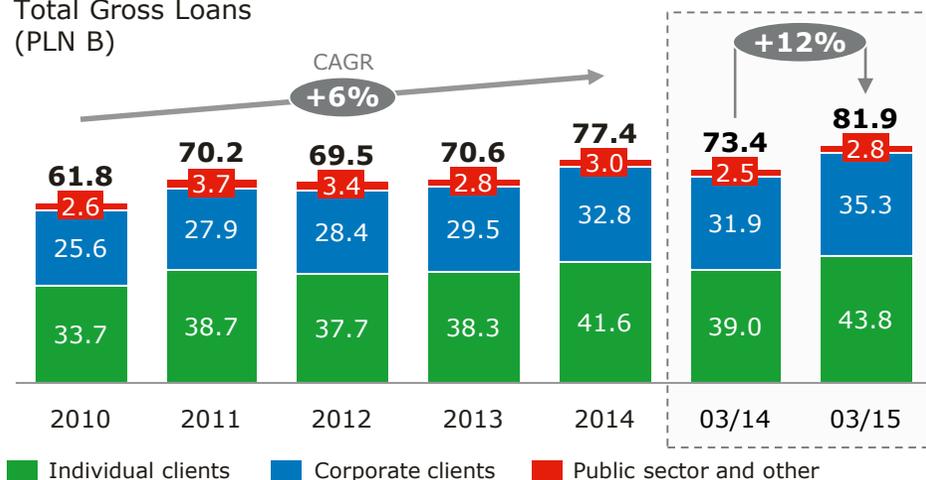
Total Assets  
(PLN B)



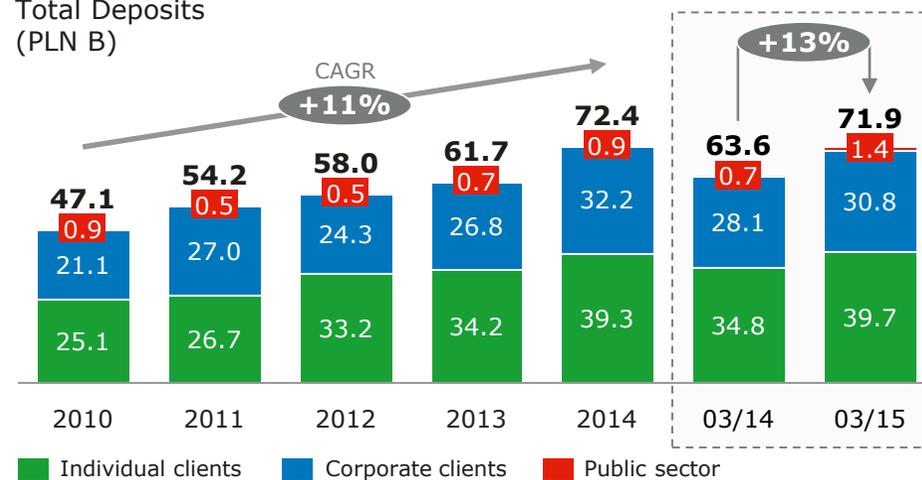
Equity & CAR  
(PLN M)



Total Gross Loans  
(PLN B)



Total Deposits  
(PLN B)



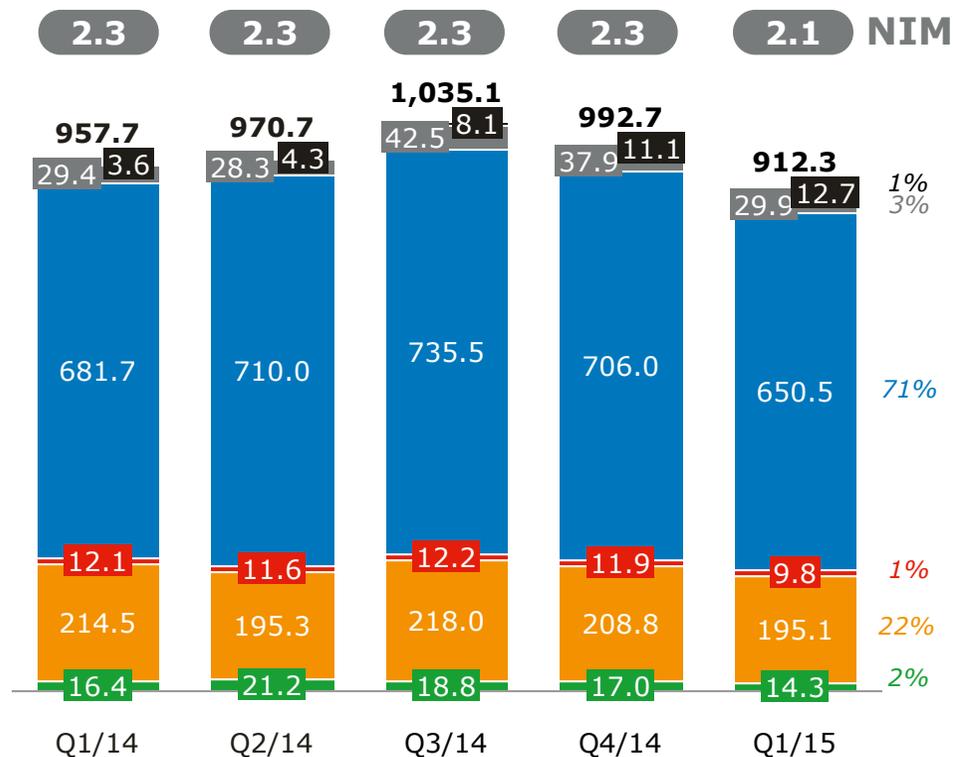
# Appendix

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



Summary
Historical view
<b>Profit &amp; Loss</b>
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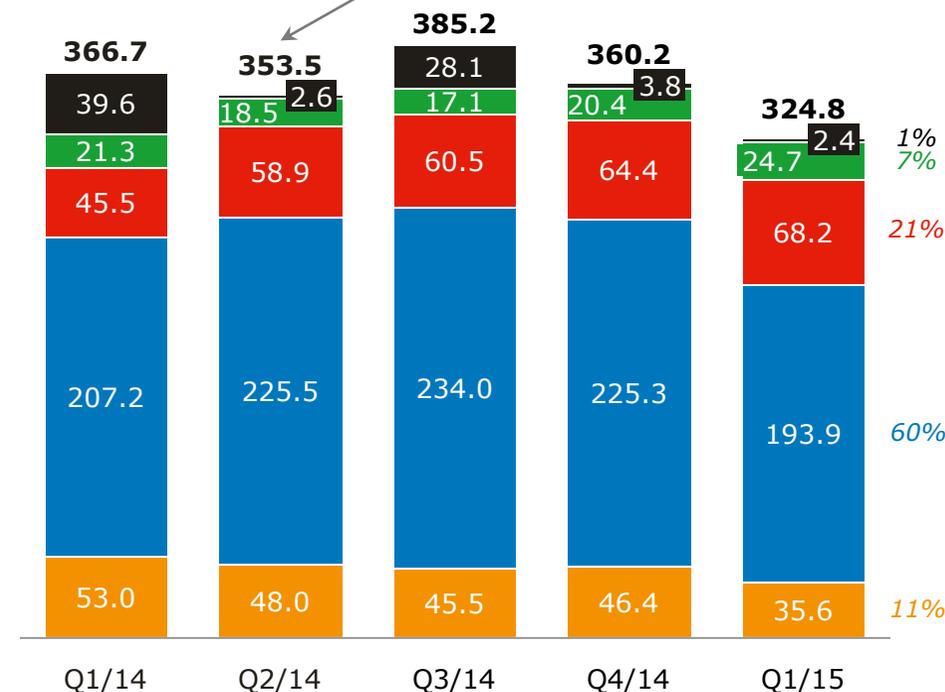
Interest Income Structure  
(PLN M)



- Cash and short-term deposits
- Investment securities
- Debt securities held for trading
- Loans and advances
- Derivatives classified into banking book
- 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
- Amounts due to customers
- Issue of debt securities
- Subordinated liabilities
- Other

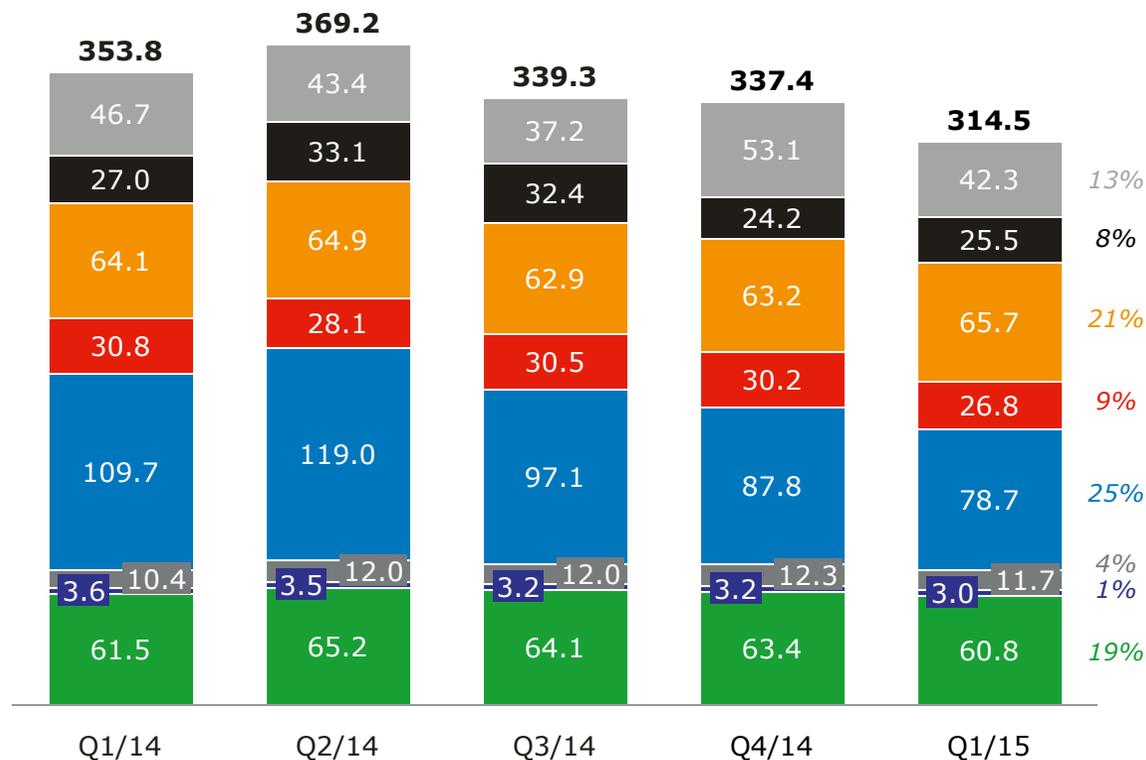
# Appendix

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



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Fee and Commission Income Structure  
(PLN M)



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

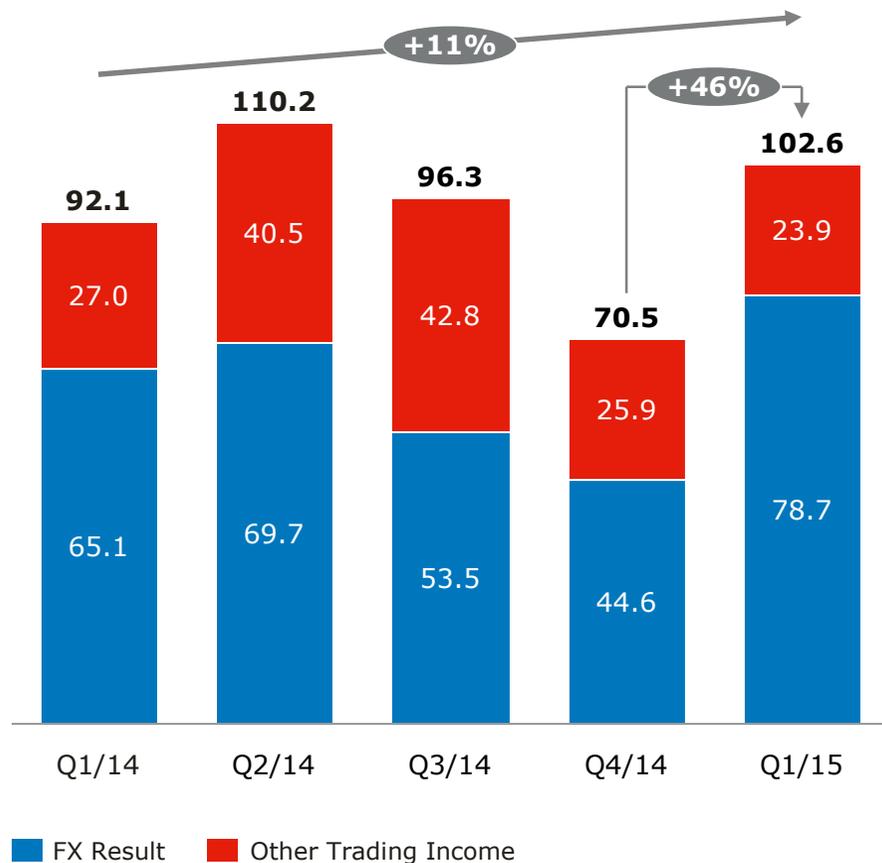
# Appendix

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

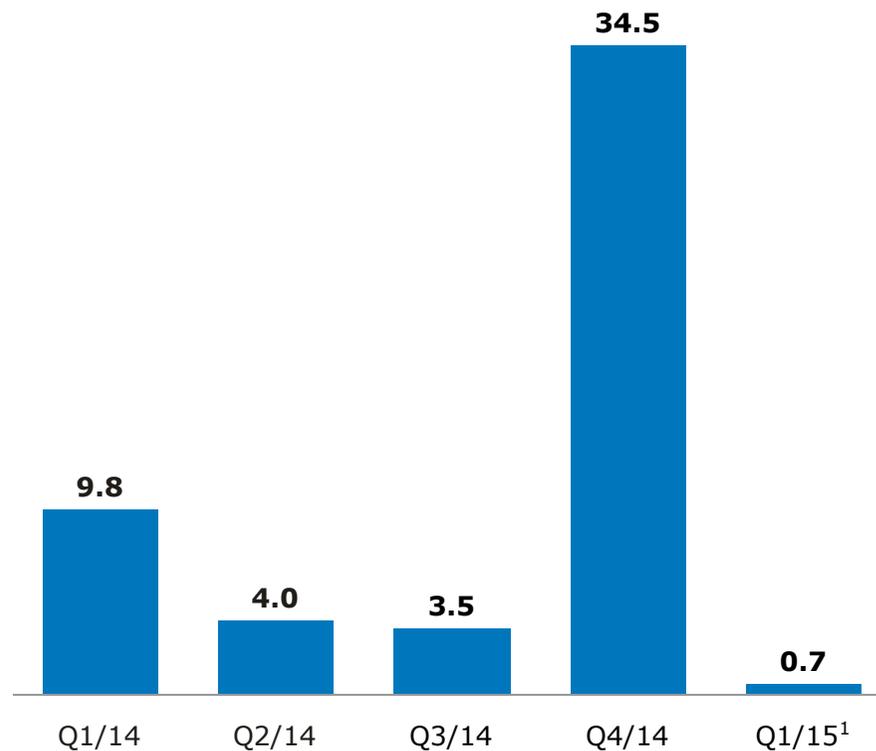


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Net Trading Income Structure  
(PLN M)



Gains less Losses from Investment Securities  
(PLN M)



<sup>1</sup> Excl. one-off gain on the sale of BRE Ubezpieczenia TUIR (PLN 194.3 M)

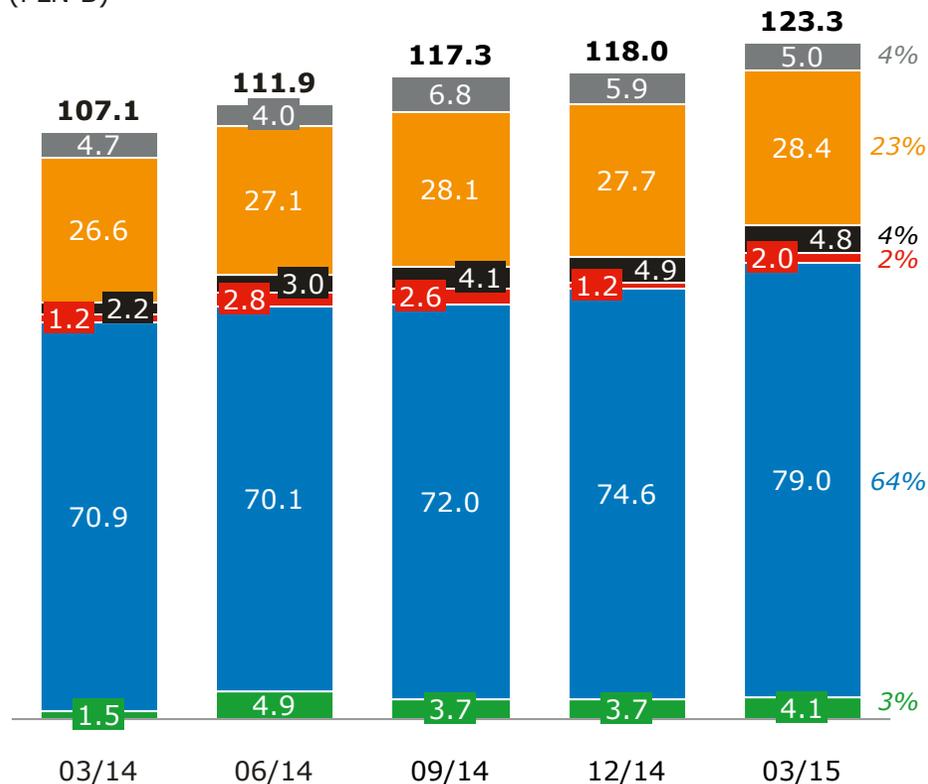
# Appendix



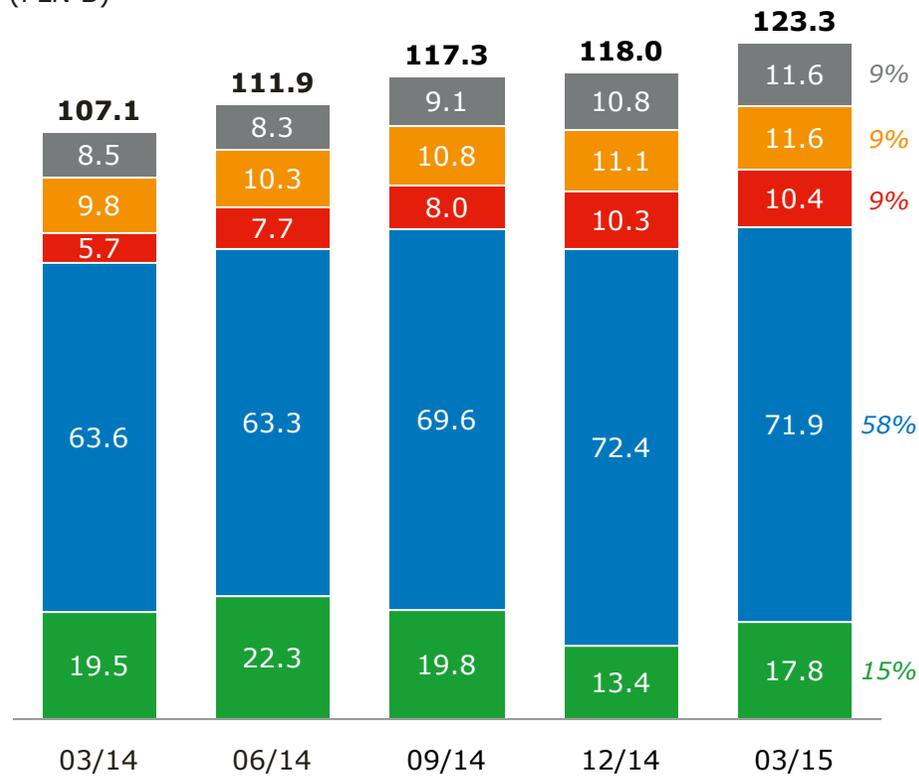
Summary
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## Additional Information: Selected Financial Data Balance Sheet Analysis: Assets & Liabilities

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

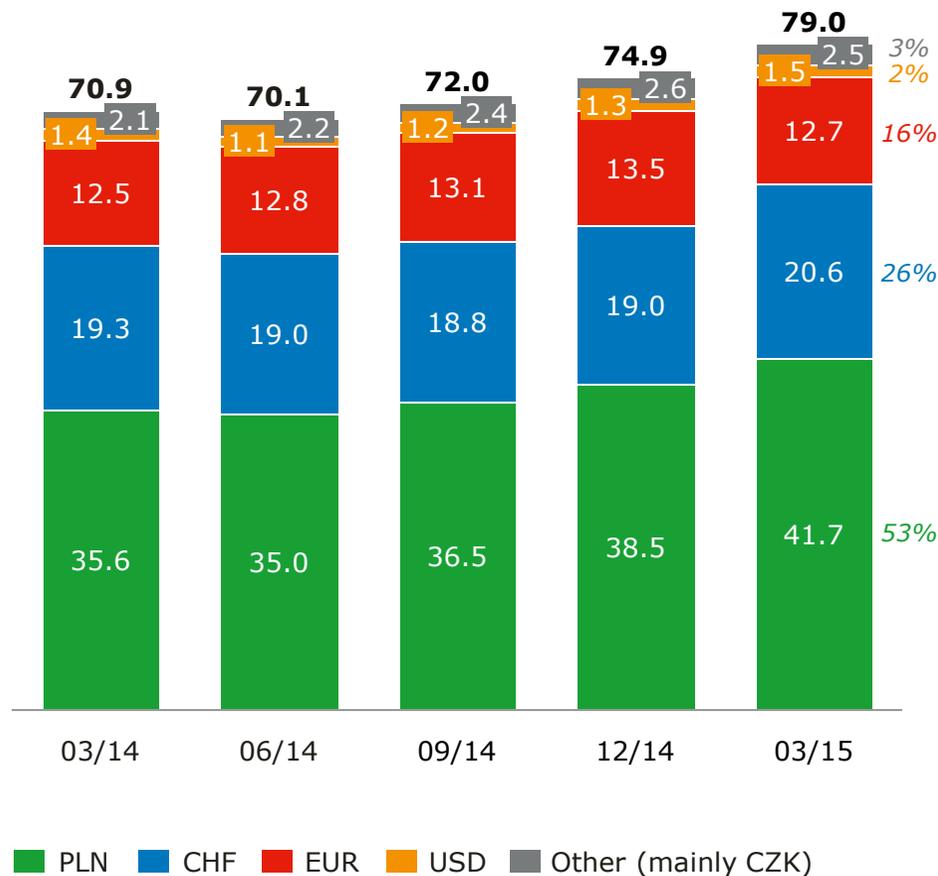
# Appendix



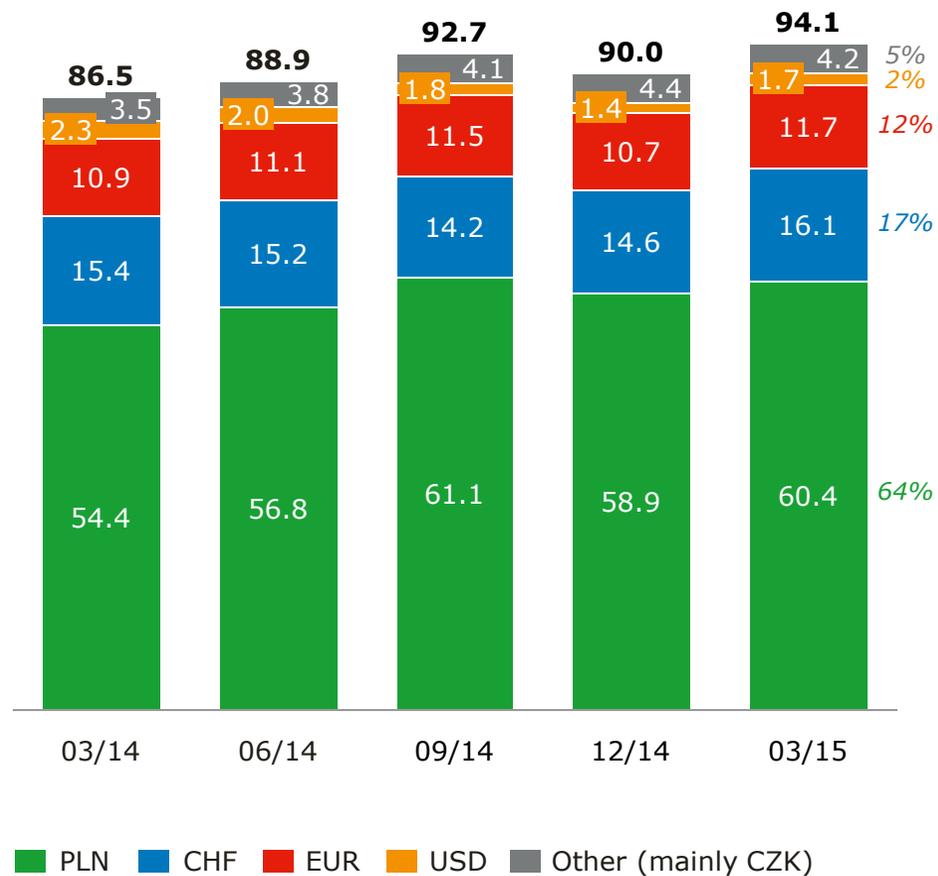
Summary
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## Additional Information: Selected Financial Data Balance Sheet Analysis: Currency Structure

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



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



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

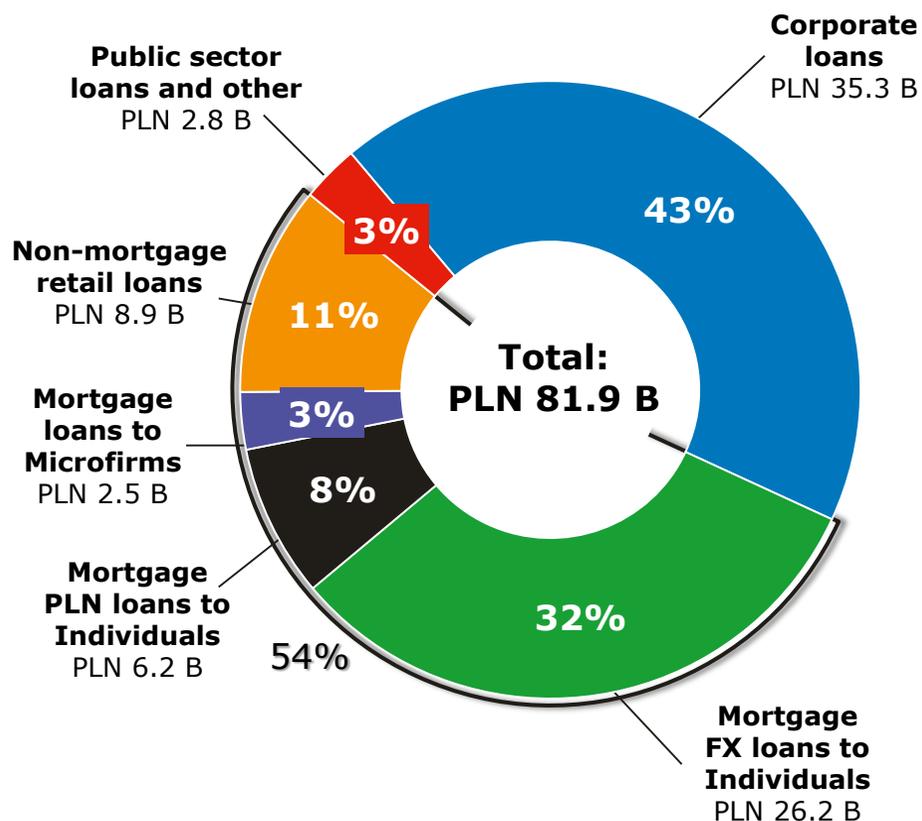
# Appendix



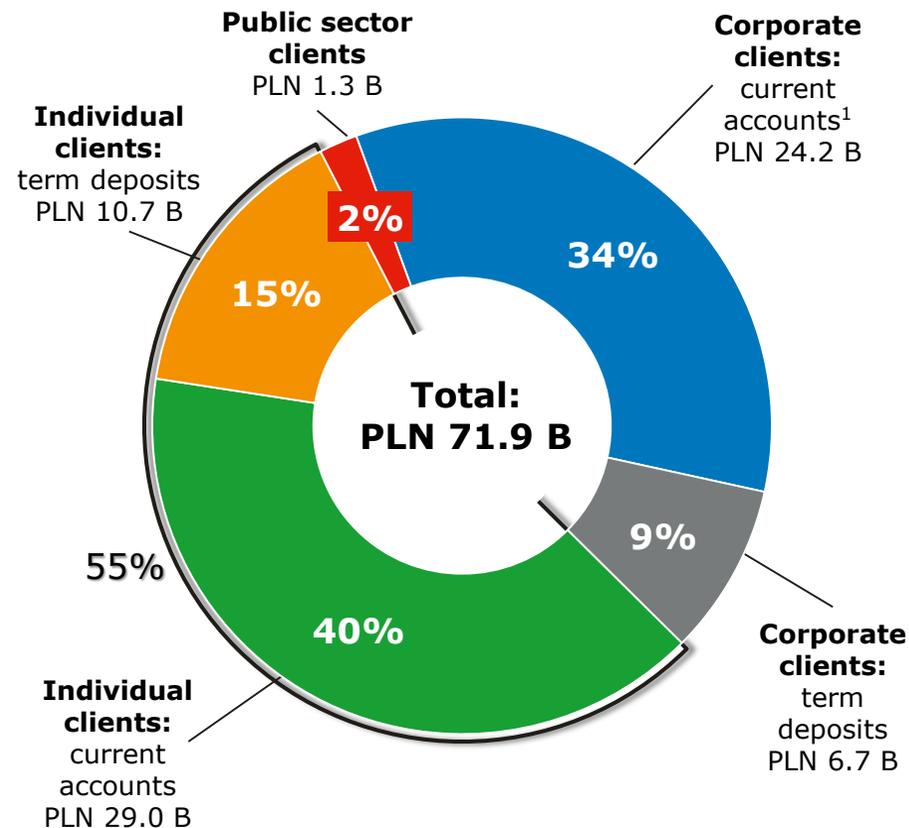
Summary
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## Additional Information: Selected Financial Data Balance Sheet Analysis: Structure of Loans and Deposits

Structure of mBank Group's Gross Loans as of 31.03.2015



Structure of mBank Group's Deposits as of 31.03.2015

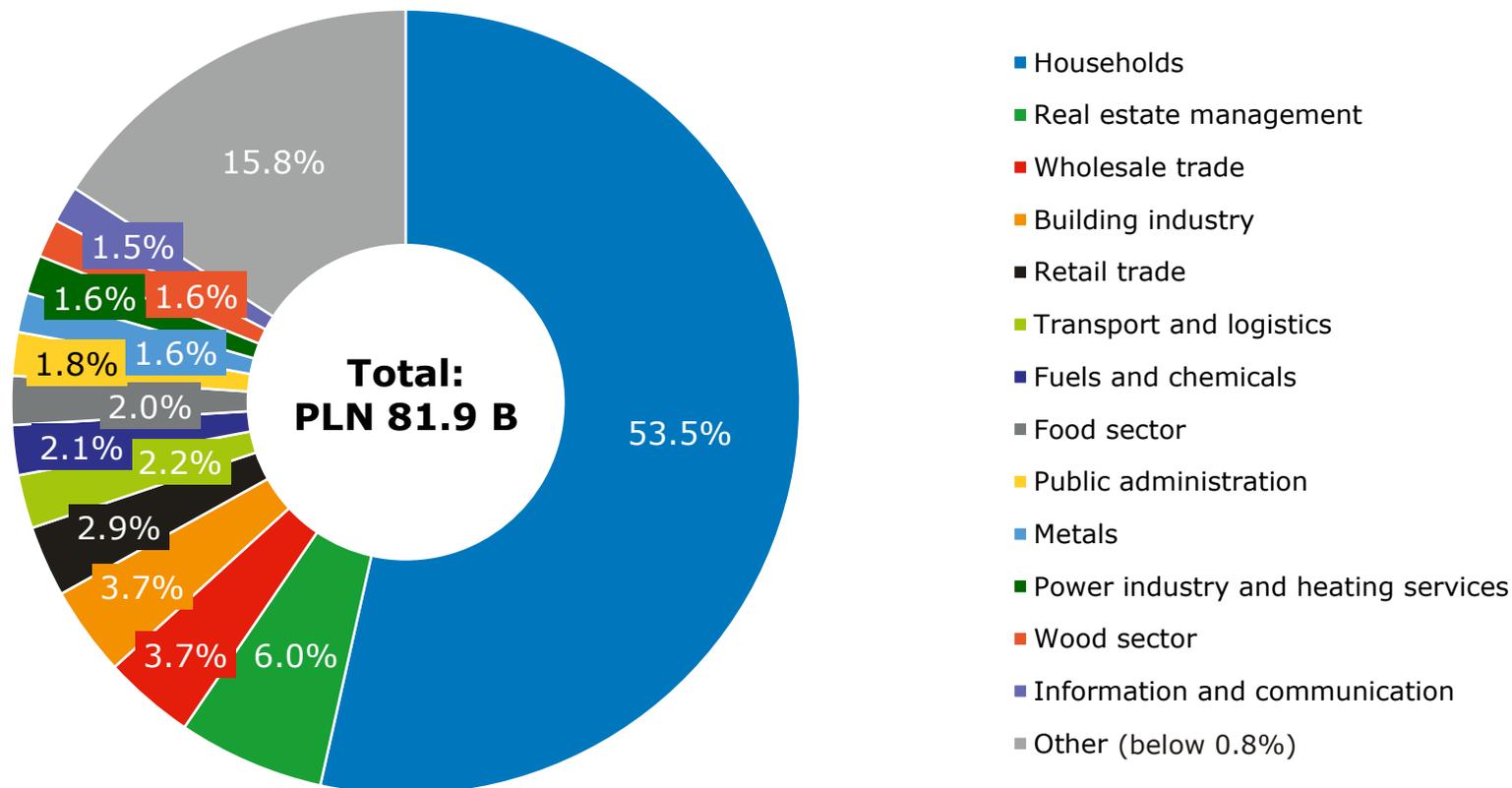


<sup>1</sup> incl. repo transactions, loans and advances received, other liabilities

# Appendix

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

mBank Group's Sector Exposure by Industry  
as of 31.03.2015



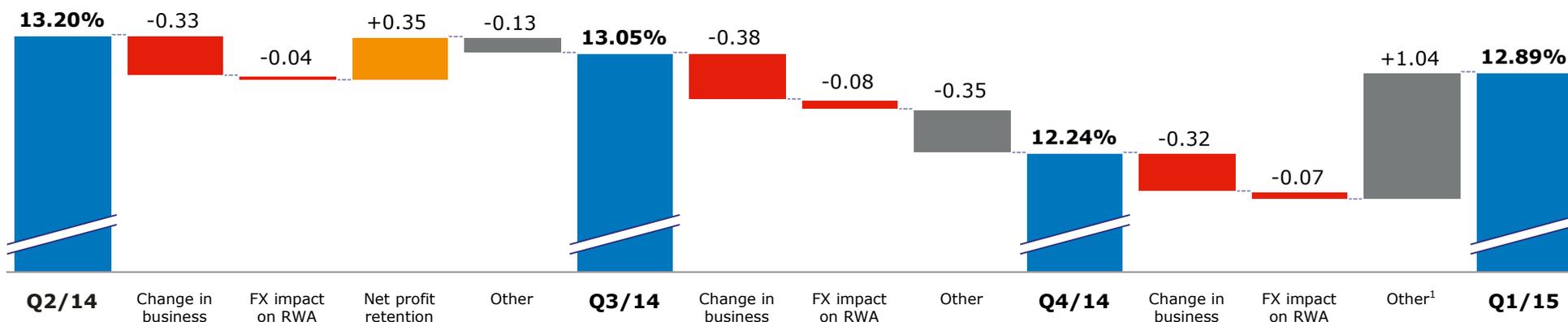
**A well diversified loan portfolio with granular structure**

# Appendix

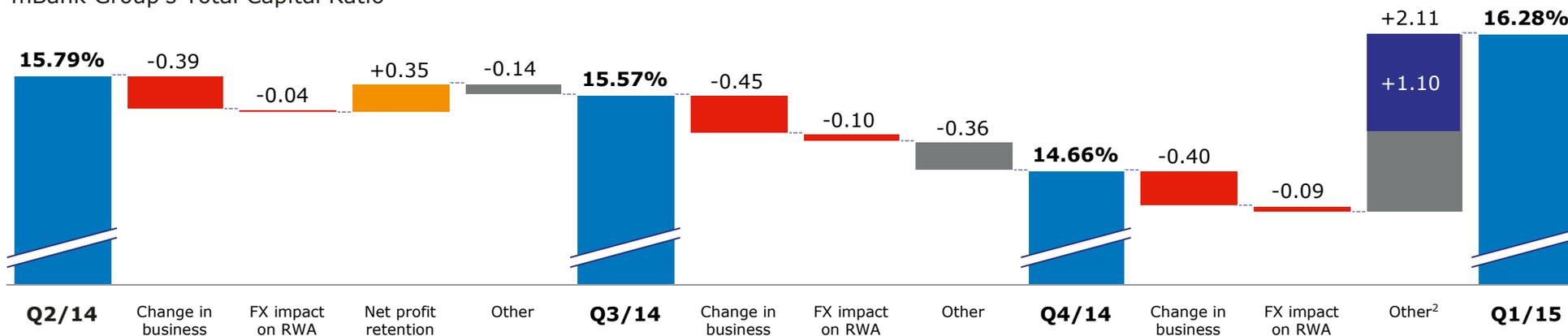
## Additional Information: Selected Financial Data Balance Sheet Analysis: Detailed Development of Capital Ratios

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mBank Group's Common Equity Tier 1 (CET 1) Ratio



mBank Group's Total Capital Ratio

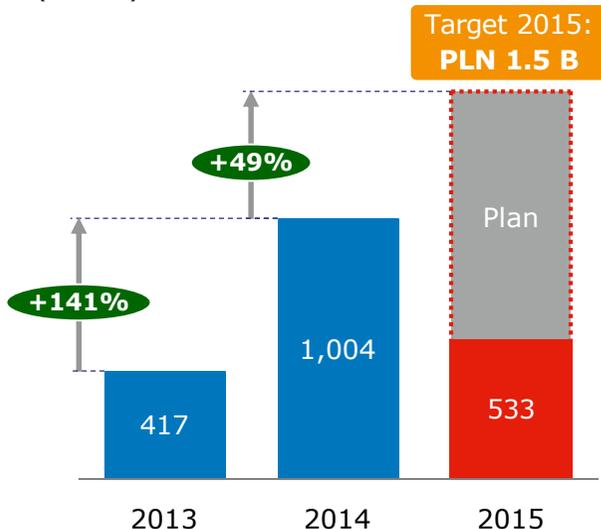


<sup>1</sup> Inclusion in the Common Equity Tier 1 capital: (i) 40% of unrealized gains according to the Polish FSA recommendation and (ii) the capital of Aspiro after the sale of insurance subsidiary

<sup>2</sup> Inclusion of Tier 2 subordinated debt of PLN 750 M issued in December 2014 after obtaining the consent from the Polish FSA

## Issuance Activity on the Covered Bonds Market Residential mortgage loans to rise in cover pool

Covered Bonds Issuance  
(PLN M)

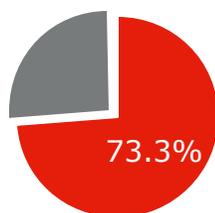


- mBank Hipoteczny issued planned PLN 1 billion of covered bonds in 2014 and its target for 2015 amounts to PLN 1.5 billion
- Covered bond issuance to become the dominant long-term financing source for the Group's mortgage lending and a competitive advantage in a tightening regulatory environment

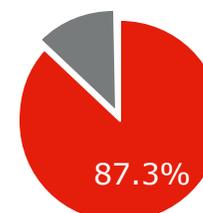
Summary of Mortgage Covered Bonds issued in 2014 and 2015

Amount	Currency	Issue date	Maturity date	Tenor (years)	Coupon
7.5 M	EUR	17-02-2014	15-02-2018	4.0	EURIBOR 6M + 80bps
8.0 M	EUR	28-02-2014	28-02-2029	15.0	Fixed (3.50%)
15.0 M	EUR	17-03-2014	15-03-2029	15.0	Fixed (3.50%)
20.0 M	EUR	30-05-2014	30-05-2029	15.0	Fixed (3.20%)
300.0 M	PLN	28-07-2014	28-07-2022	8.0	WIBOR 6M + 93bps
200.0 M	PLN	04-08-2014	20-02-2023	8.5	WIBOR 6M + 93bps
20.0 M	EUR	22-10-2014	22-10-2018	4.0	Fixed (1.115%)
50.0 M	EUR	28-11-2014	15-10-2019	4.9	EURIBOR 3M + 87bps
200.0 M	PLN	20-02-2015	28-04-2022	7.2	WIBOR 6M + 78bps
20.0 M	EUR	25-02-2015	25-02-2022	7.0	Fixed (1.135%)
250.0 M	PLN	15-04-2015	16-10-2023	8.5	WIBOR 6M + 87bps

### mBank Hipoteczny is a leader of the Polish covered bonds market



Total outstanding amount of Polish covered bonds at the end of 2014:  
**PLN 4,129 M**  
of which *mBH*: PLN 3,027 M



Total value of new issues of covered bonds by Polish banks in 2014:  
**PLN 1,150 M**  
of which *mBH*: PLN 1,004 M

Source: mBank calculation based on data from Polish Mortgage Credit Foundation.

## Detailed Results of the Business Lines in Q1/15

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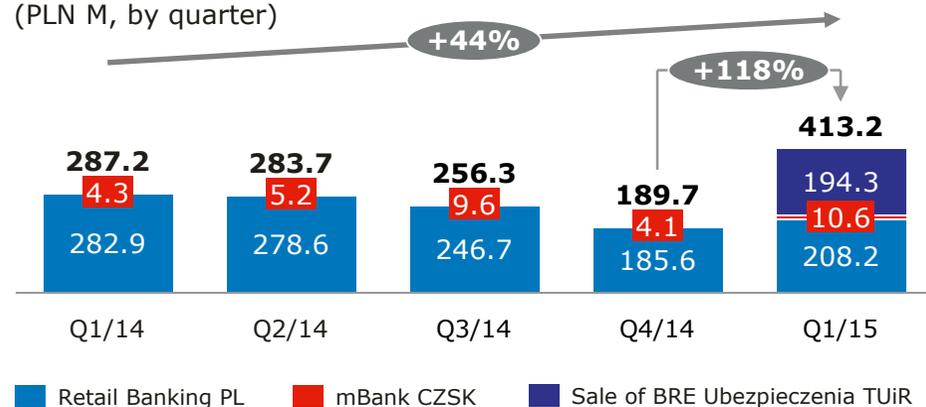
## Retail Banking

# Appendix

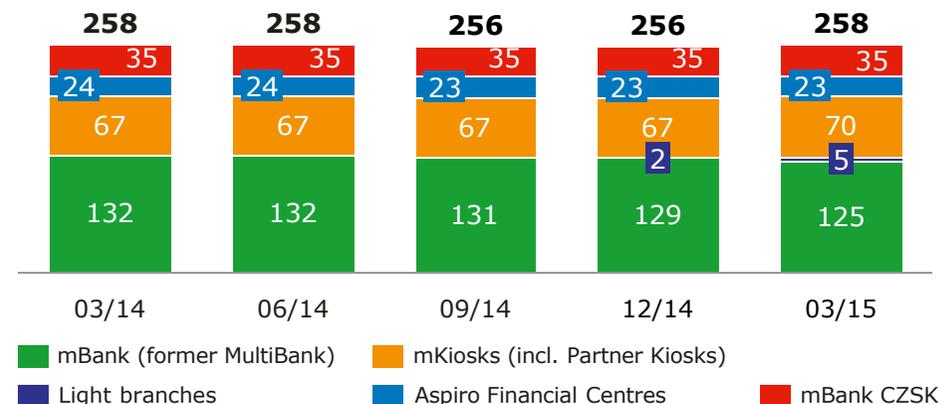
## Retail Banking Summary of Q1/15: Financial Results

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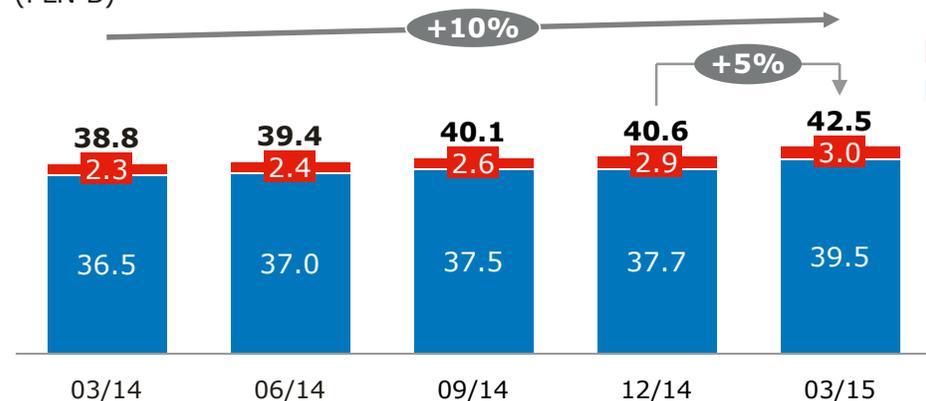
Profit before Tax of the Segment  
(PLN M, by quarter)



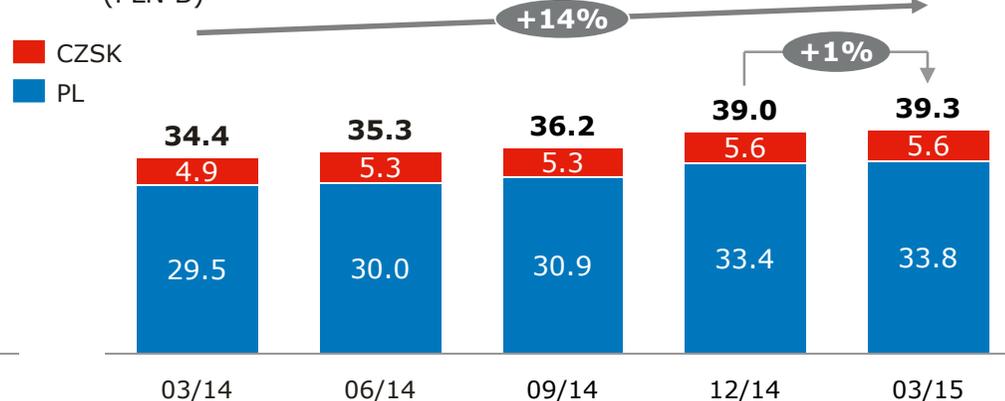
Number of Retail Outlets



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



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



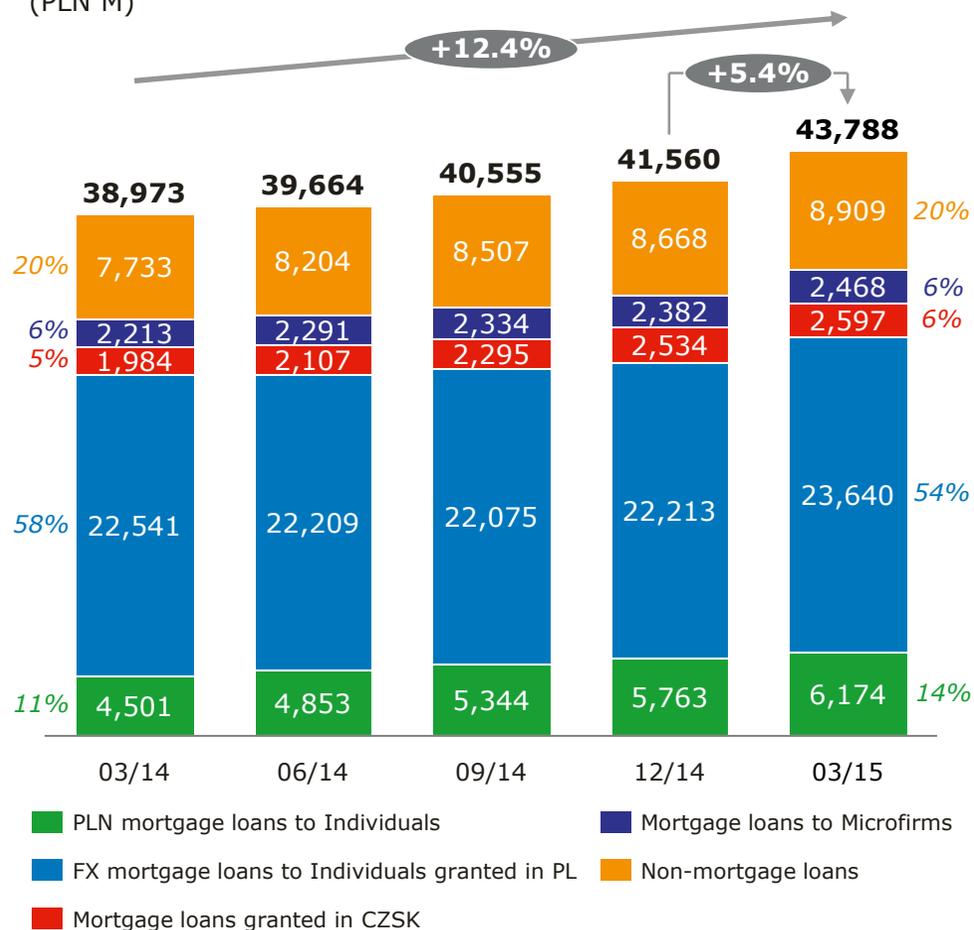
<sup>1</sup> Based on management information

# Appendix

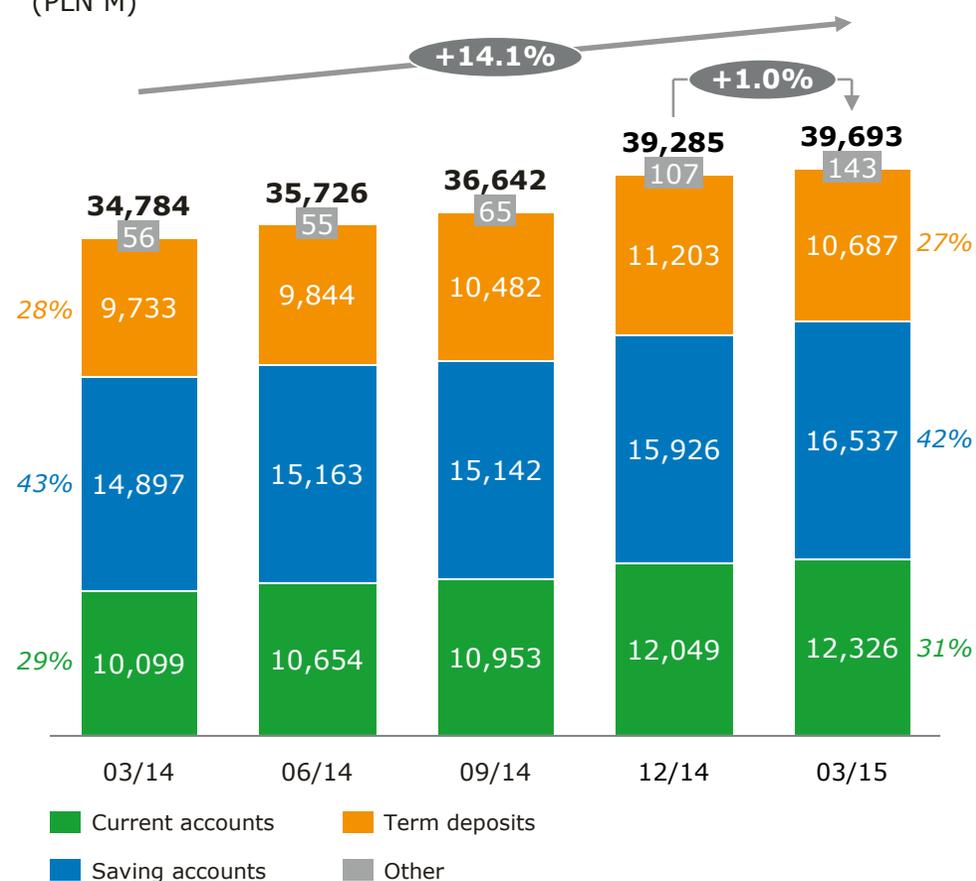
## Retail Banking Summary of Q1/15: Loans and Deposits

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Gross Loans to Retail Banking Clients<sup>1</sup>  
(PLN M)



Deposits from Retail Banking Clients  
(PLN M)



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

# Appendix

## Retail Banking

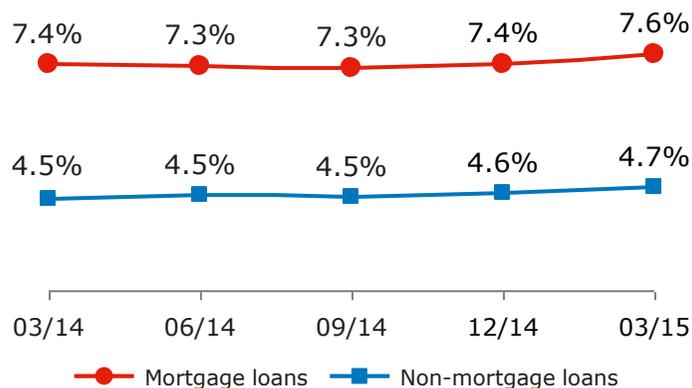
### Mortgage and Non-mortgage Loans: Portfolio Structure and Key Parameters

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

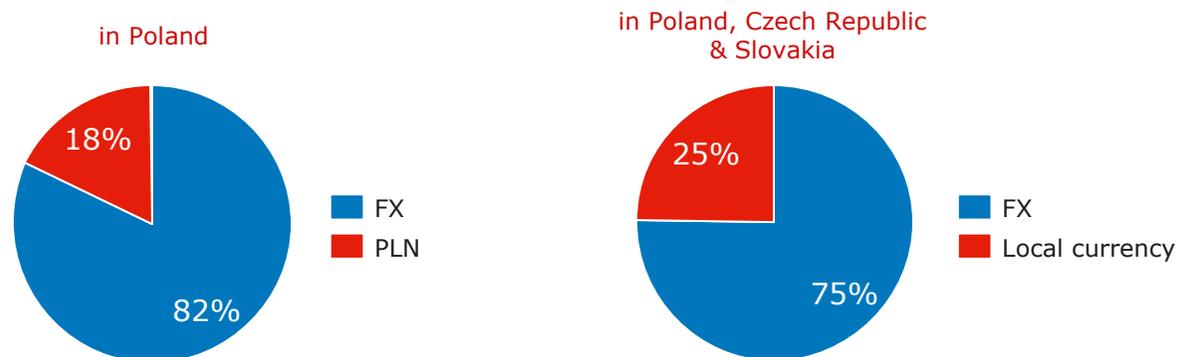
Balance-sheet value (PLN B)	29.4
Average contractual maturity (years)	20.2
Average value per loan (PLN thou.)	290.6
Average LTV (%)	84.3
NPL (%)	4.9

As of 31.03.2015

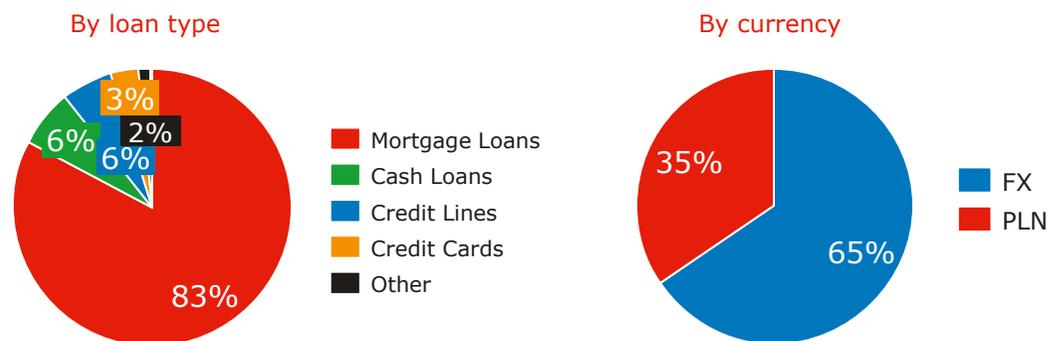
Market shares



Currency Structure of Retail Banking Mortgage Loan Portfolio  
(Household Loans, mBank only) at 31.03.2015



Structure of Retail Banking Loan Portfolio  
(Household Loans, Retail Banking PL) at 31.03.2015

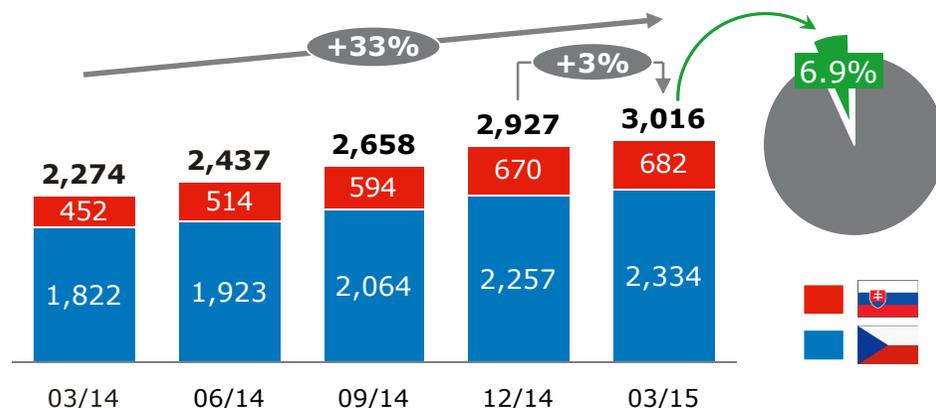


# Appendix

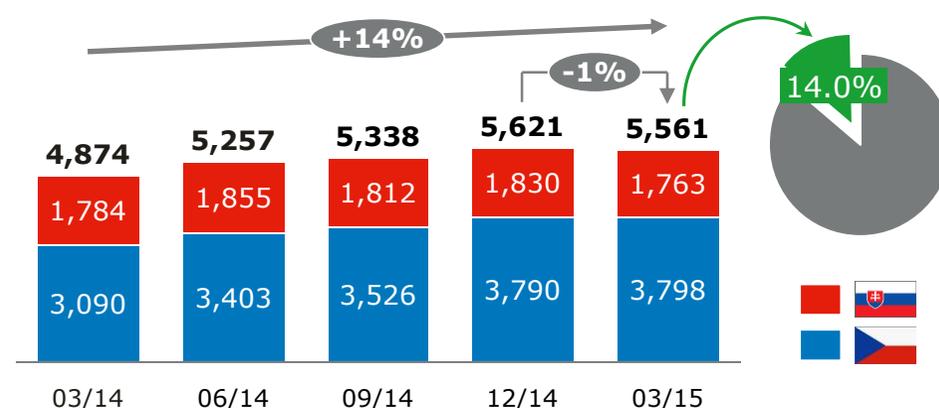
## Retail Banking mBank in the Czech Republic and Slovakia

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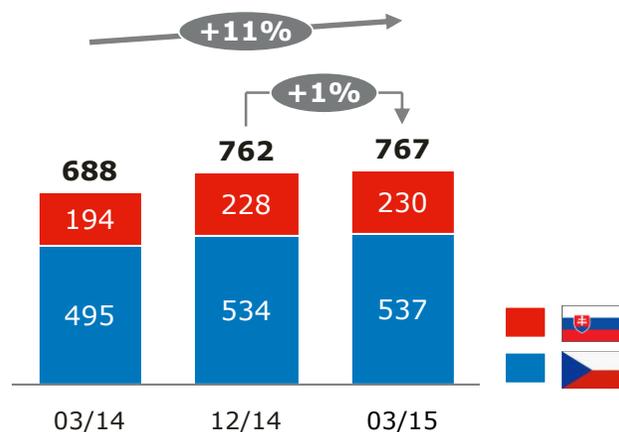
Gross Loans (PLN M) and Share in Total mBank's retail volume



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



Clients (thou.)

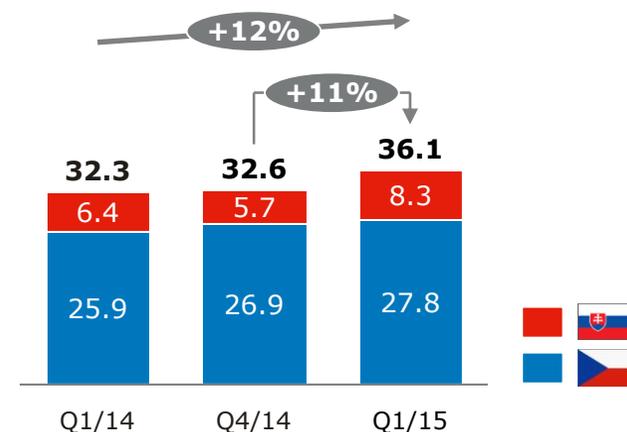


### mBank's credit products recognized as the best in the Czech market

In February 2015, financial news portal Finparáda.cz selected and awarded the best financial products in the Czech Republic. mBank won in two categories: **mPůjčka Plus** with a guaranteed interest rate of 9.9% p.a. was the best lending product and **mHypotéka Light** topped the ranking of mortgage loans.



Total revenues (PLN M)



Note: Volumes based on management information.

# Appendix

## Retail Banking mBank in the Czech Republic and Slovakia

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

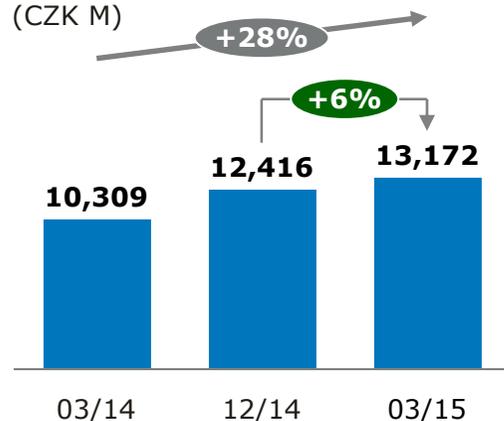


### Czech Republic

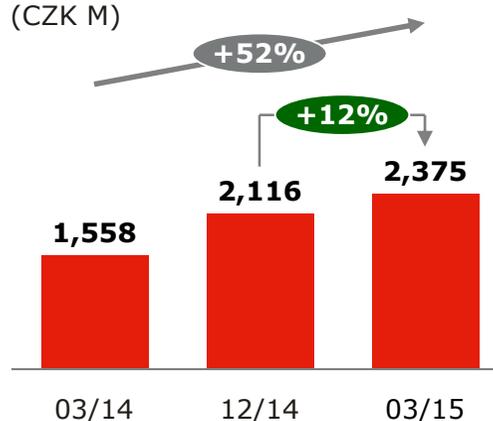
Clients:  
**536.9 thou.**

**9** financial centres &  
**17** mKiosks

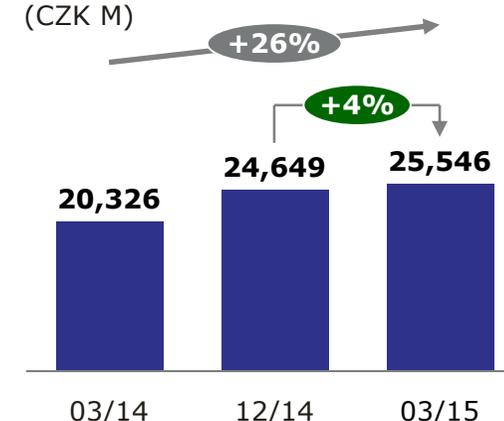
Mortgage Loans  
(CZK M)



Non-mortgage Loans  
(CZK M)



Customer deposits  
(CZK M)

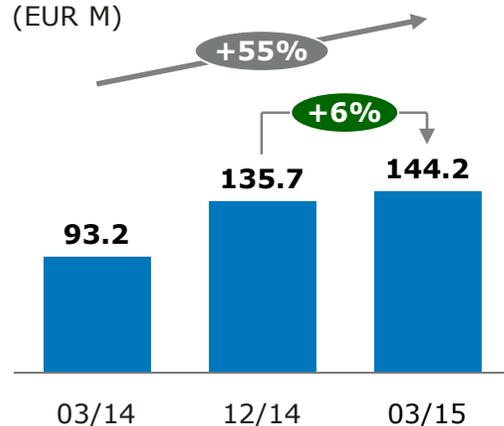


### Slovakia

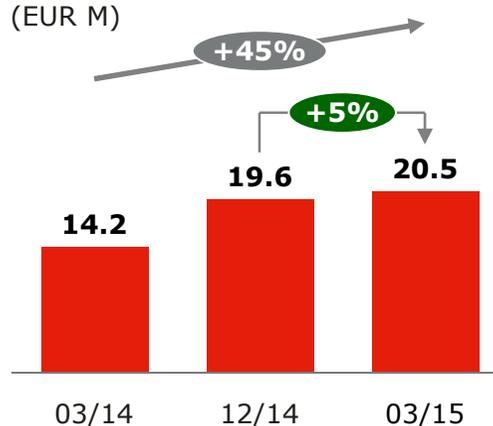
Clients:  
**230.2 thou.**

**4** financial centres &  
**5** mKiosks

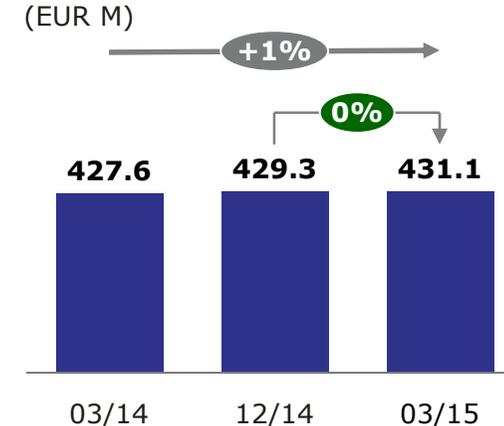
Mortgage Loans  
(EUR M)



Non-mortgage Loans  
(EUR M)



Customer deposits  
(EUR M)



Note: Volumes based on management information.

## Detailed Results of the Business Lines in Q1/15

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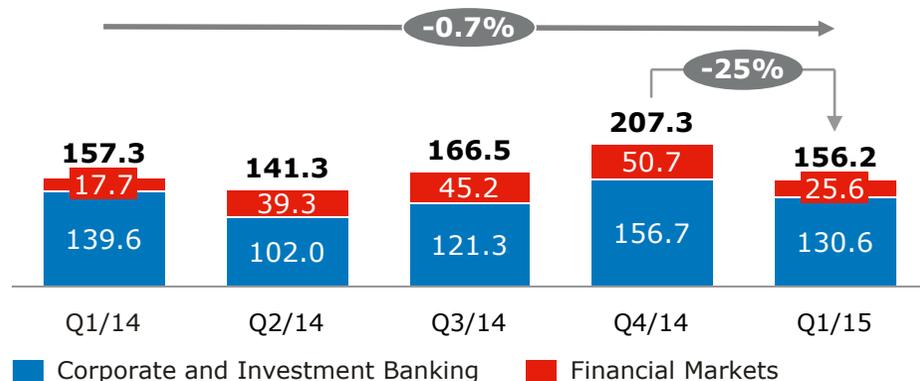
# Corporates & Financial Markets

# Appendix

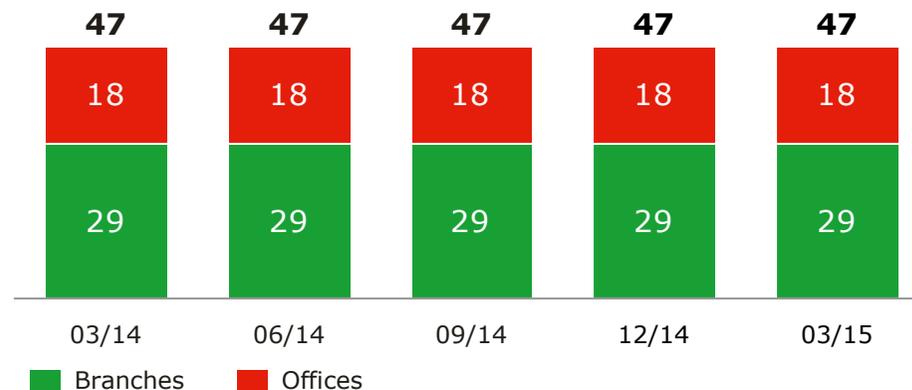
## Corporates and Financial Markets Summary of Q1/15: Financial Results

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

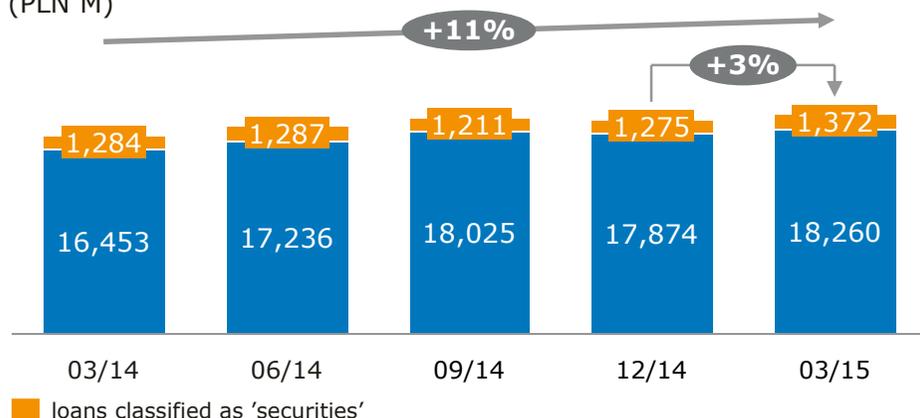
Profit before Tax of the Segment  
(PLN M, by quarter)



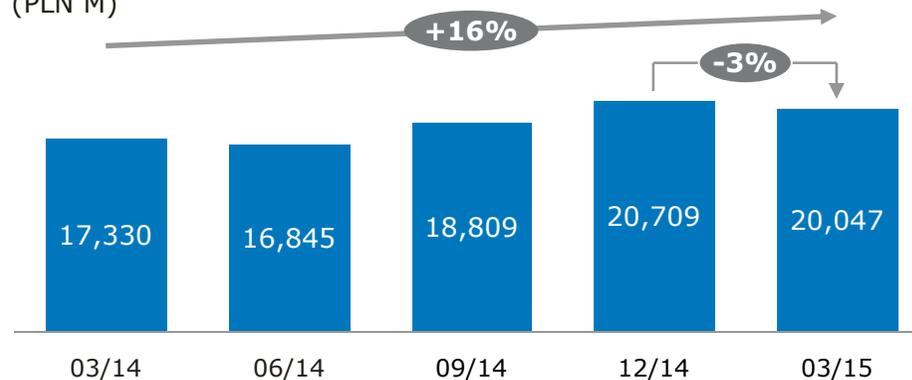
Corporate Branch Network



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



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



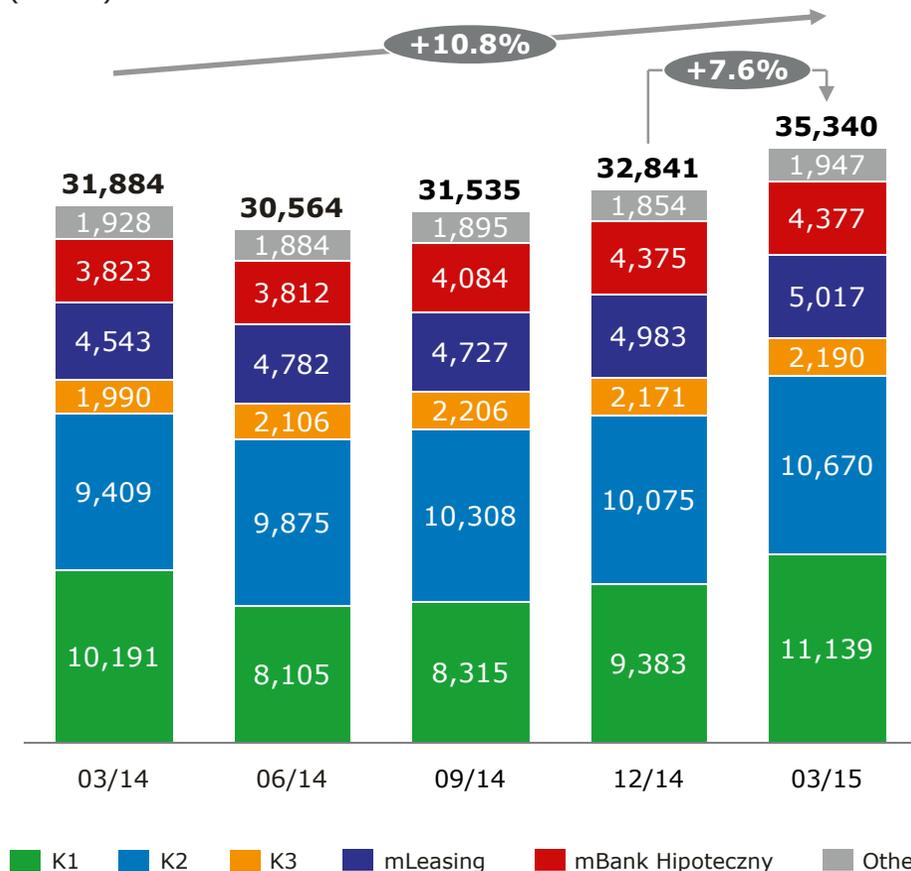
<sup>1</sup> Corporate loan and deposit volumes according to current NBP rules

# Appendix

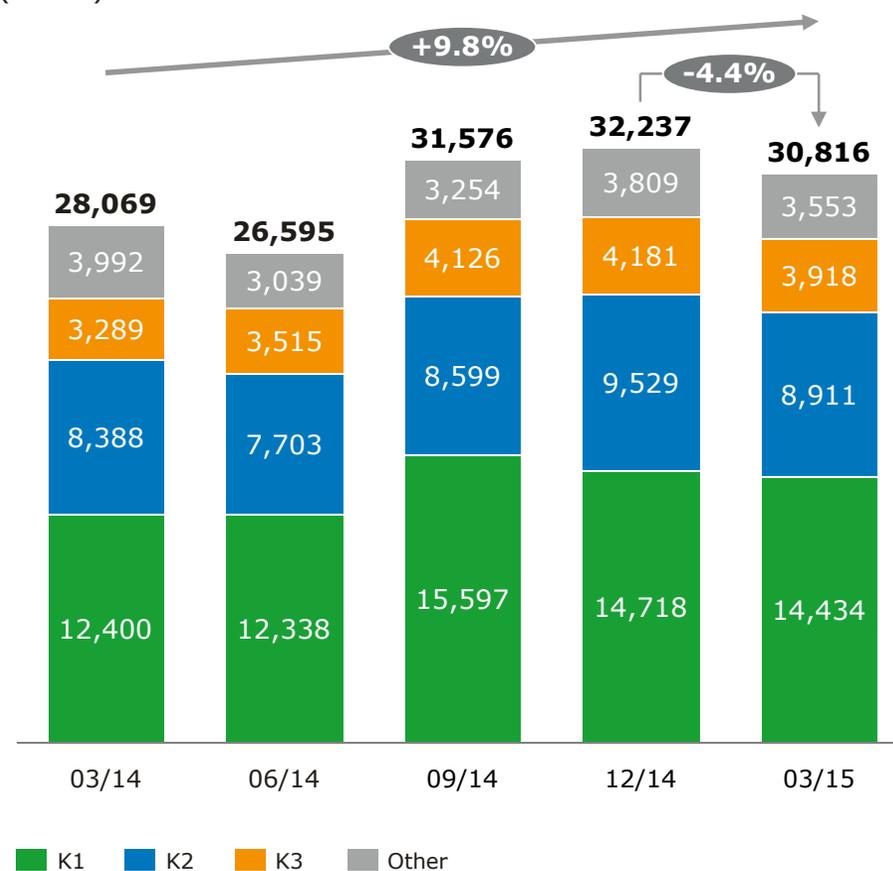
## Corporates and Financial Markets Summary of Q1/15: Loans and Deposits

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)



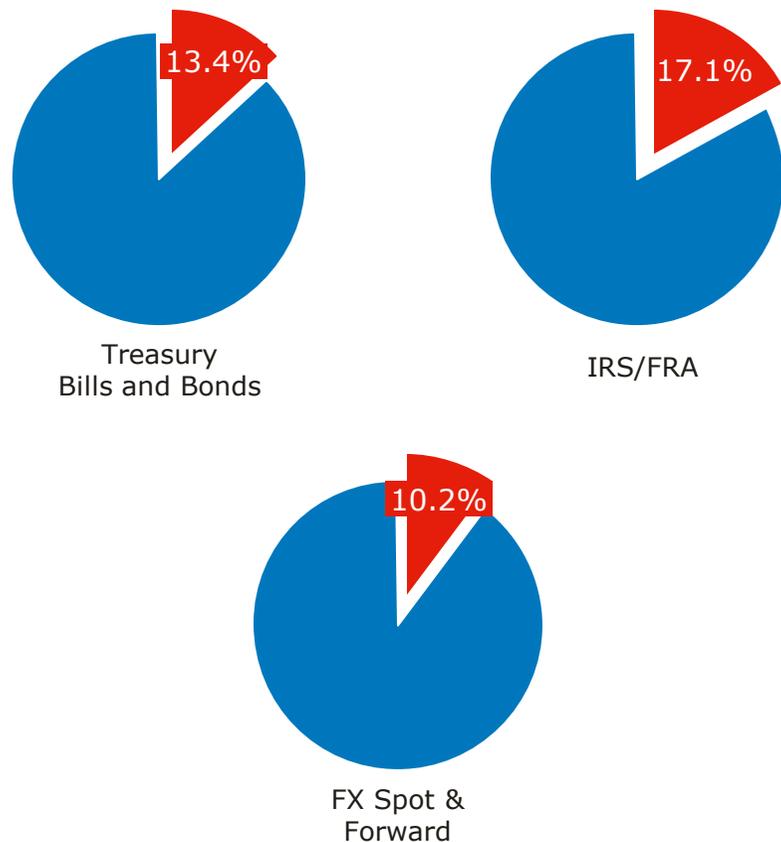
Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

# Appendix

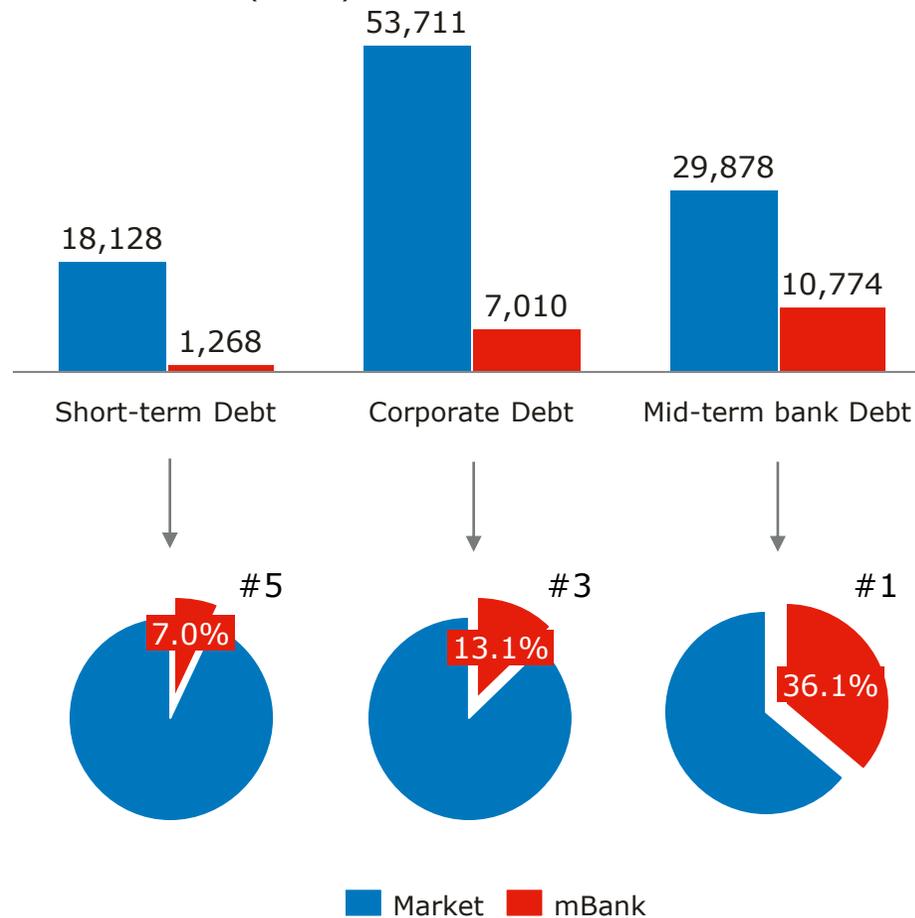
## Corporates and Financial Markets Market Shares

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<sup>2</sup>  
as of 31.03.2015 (PLN M)



<sup>1</sup> As of 28.02.2015; mBank calculations based on NBP data

<sup>2</sup> Based on Fitch Polska S.A., Rating & Rynek, 31.03.2015 (excluding BGK road bonds)

## Detailed Results of the mBank Group's companies in Q1/15

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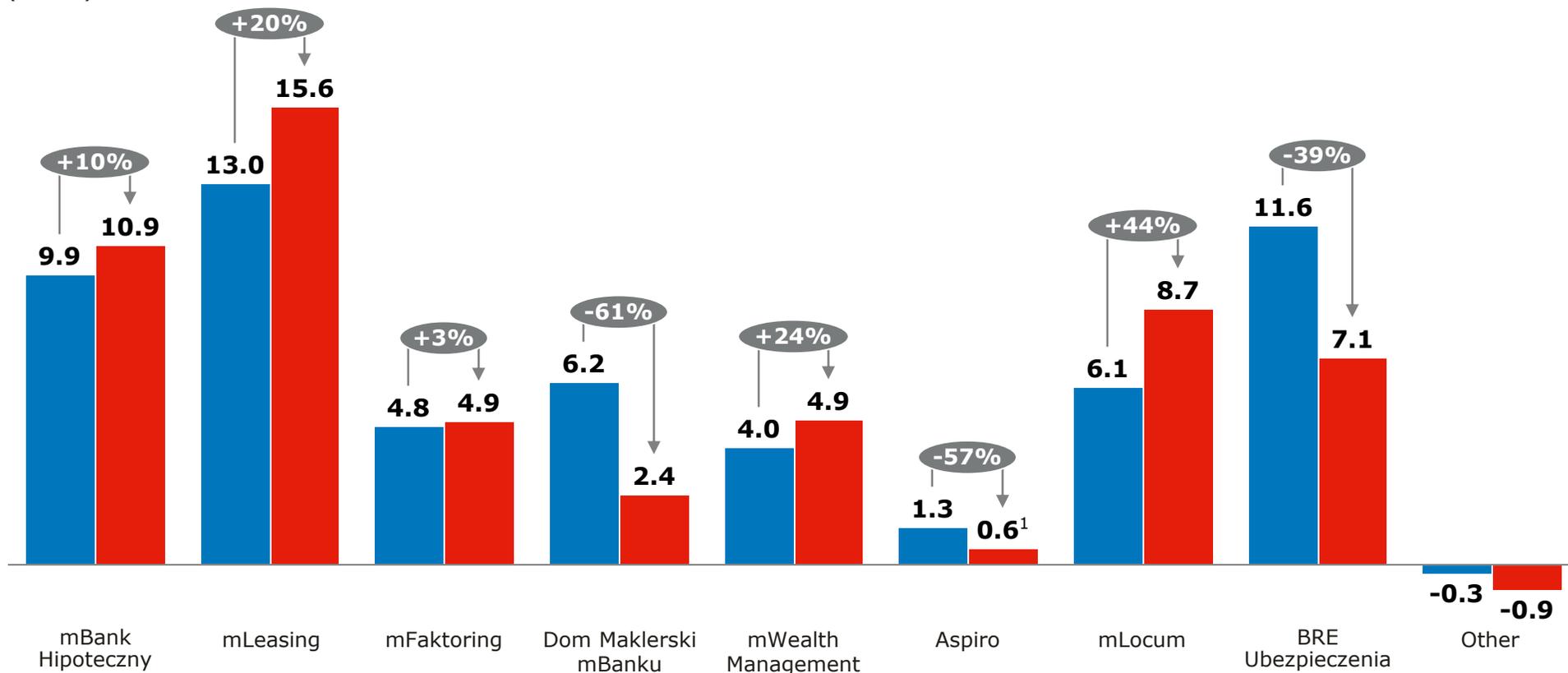
# Subsidiaries

# Appendix

## mBank Group's Subsidiaries Summary of Q1/15: Financial Results of Major Companies

Profit before Tax of Consolidated Subsidiaries  
(PLN M)

■ Q1/14 ■ Q1/15



**Profit before tax of consolidated subsidiaries at PLN 54.3 M in Q1/15 v. PLN 56.6 M in Q1/14 (-4.1%)**

<sup>1</sup> Excluding one-off gain on the sale of shares of BRE Ubezpieczenia TUiR

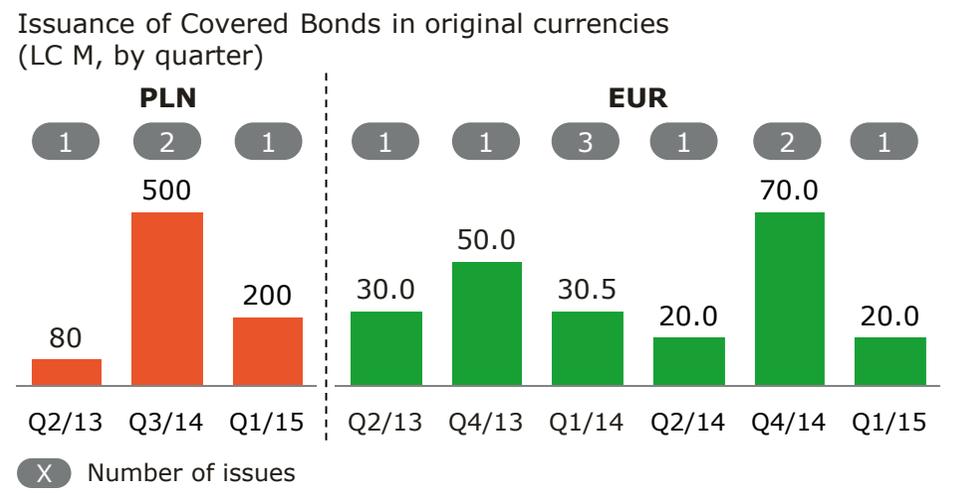
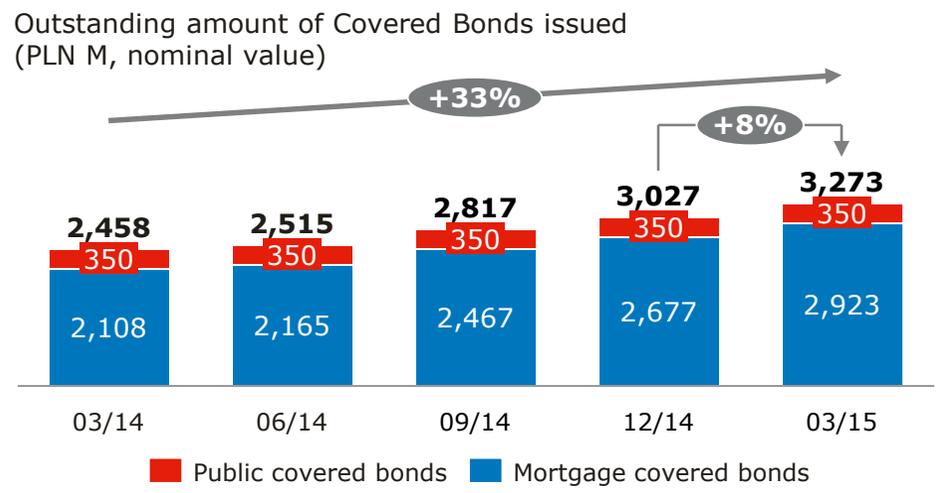
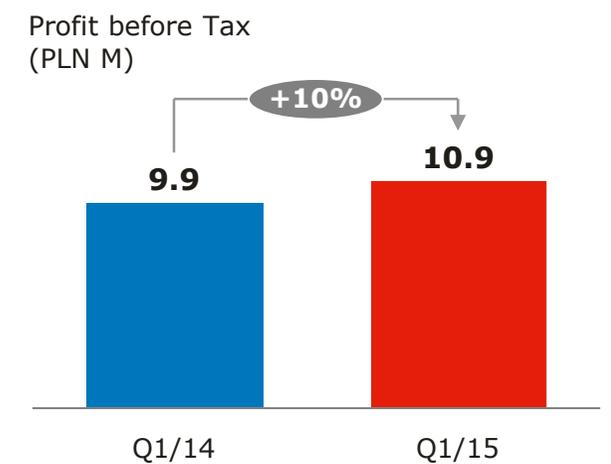
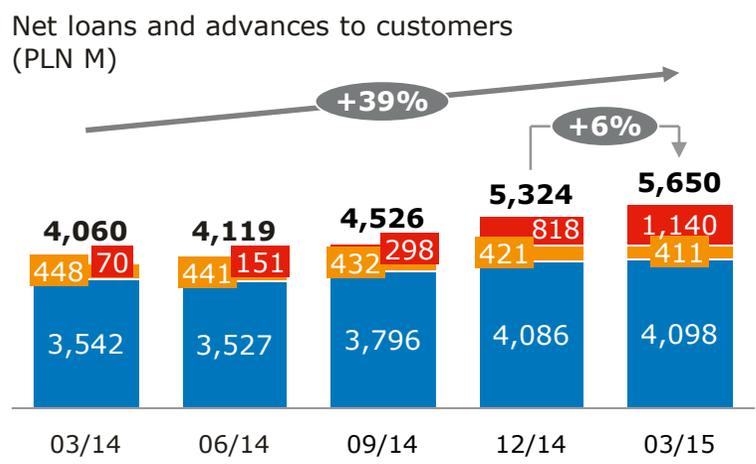
# Appendix

## 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 and pooling transactions)
- Local government loans
- Commercial loans



# Appendix

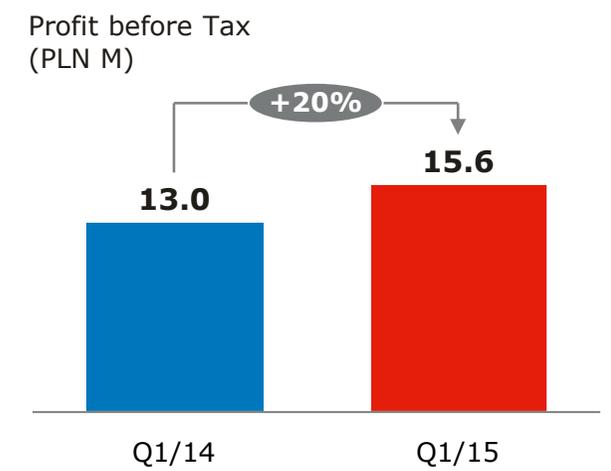
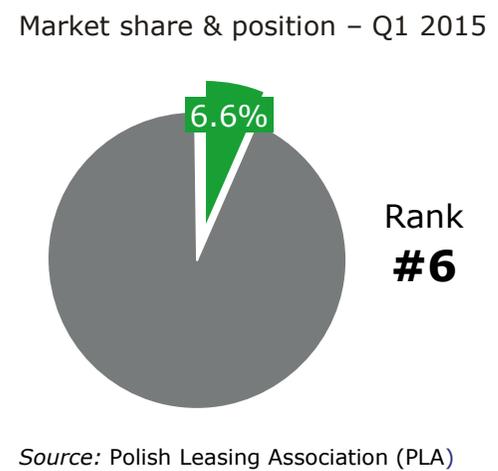
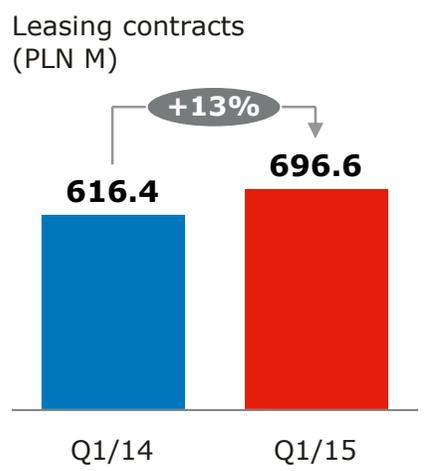
## mBank Group's Subsidiaries Leasing and Factoring

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

**m Leasing**

established in 1991

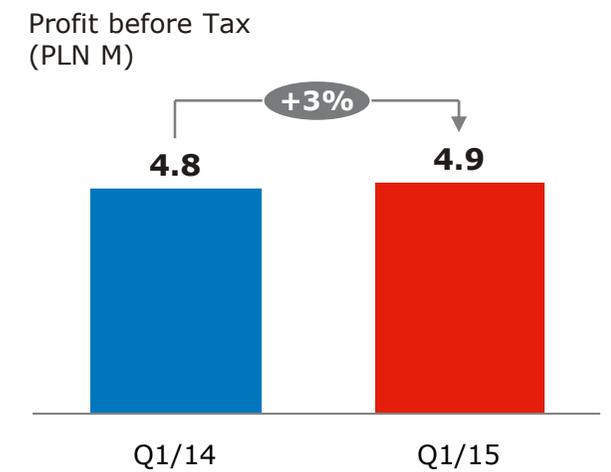
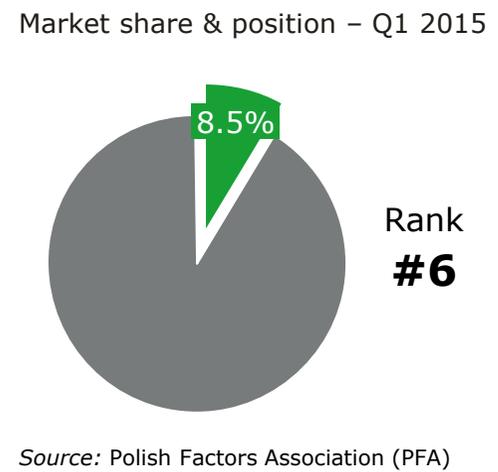
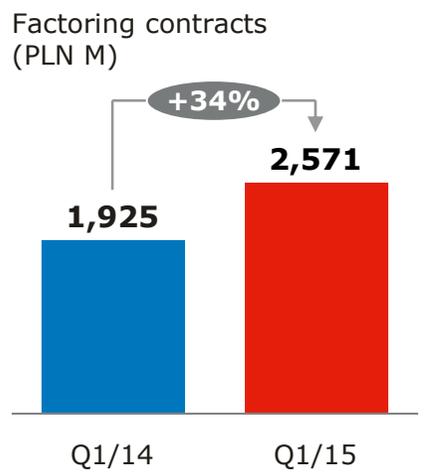
provides financial and operating leasing of cars, trucks, machinery and real estate



**m Faktoring**

established in 1995

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



# Appendix

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



established in 1991

providing a full range of services and products to institutional and retail investors as well as issuers

Number of Accounts in Q1/15 (thou.)

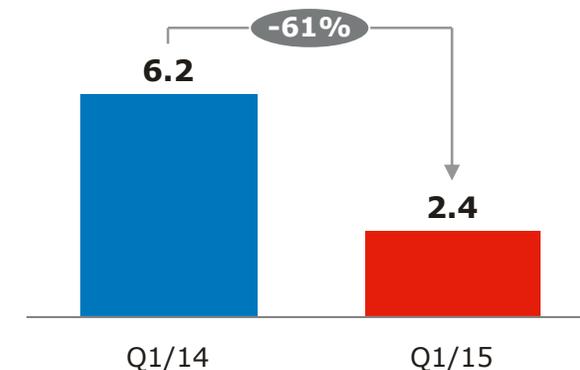
mDM accounts	48.3
Brokerage Service in mBank	246.2
<b>TOTAL</b>	<b>294.5</b>

Market Shares in Q1/15, by volume

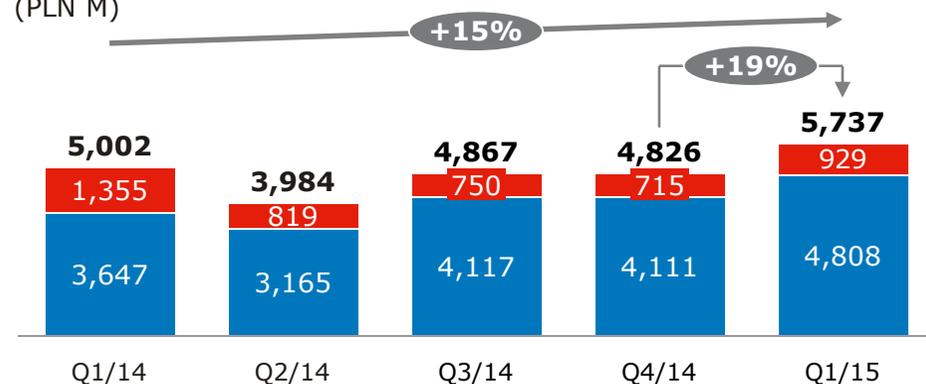
	incl. block transactions		Session transactions	
Equities	5.10%	#6	5.45%	#7
Bonds	5.68%	#4	5.78%	#4
Futures	18.22%	#2	18.19%	#2
Options	15.62%	#3	15.15%	#3

Source: mBank calculations based on WSE data

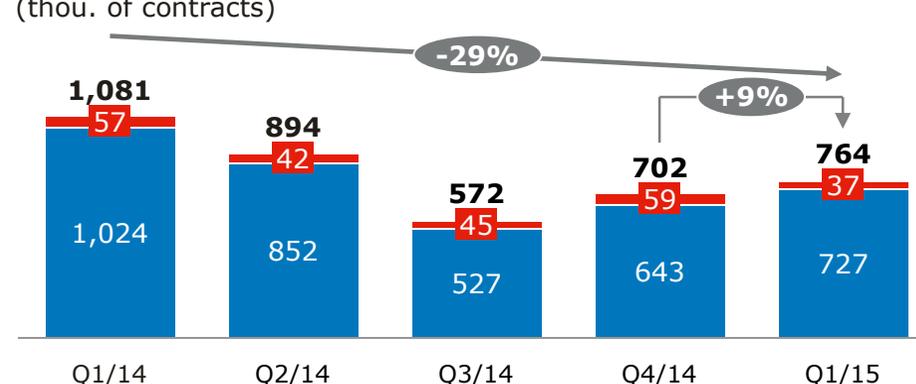
Profit before Tax (PLN M)



mDM Equities Trading WSE (PLN M)



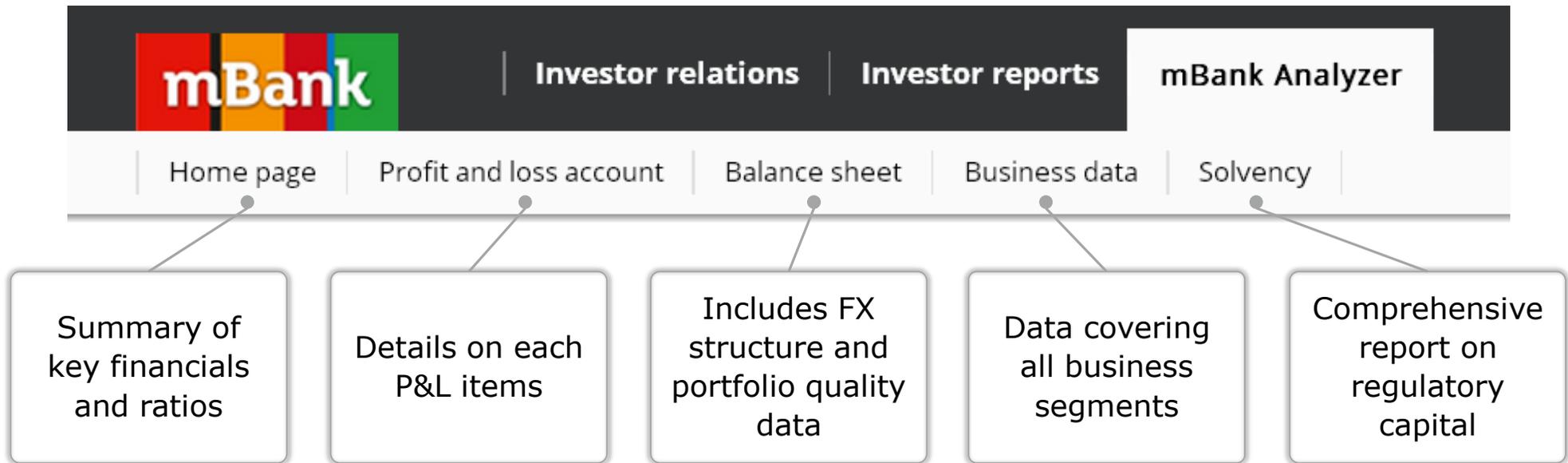
mDM Futures Trading WSE (thou. of contracts)



Trading via mBank's brokerage services (red) Direct trading via mDM (blue)

## 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**

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

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