

# Results of mBank Group

## Q3 2015

**Record core revenues in a challenging market**

Management Board of mBank S.A.

Investor Presentation

October 29, 2015



# Key highlights of Q3 2015

## Core revenues of PLN 877.3 M at historical high

- NII at PLN 641.8 M (+6.0% QoQ), amid record low interest rates
- NFC at PLN 235.6 M (+2.3% QoQ), on rising client transactionality

## Structural cost advantage

- Cost/Income ratio at 47.4%

## Profit & Loss

## Strong liquidity levels

- LtD ratio at 101.1%

## Capital ratios well above regulatory requirements

- CET 1 Ratio at 14.1%/16.6%<sup>2</sup>
- Total Capital Ratio at 17.0%/20.1%<sup>2</sup>

## Issues of covered bonds add to long-term financing sources

## Capital & Liquidity

## Total revenues increased to PLN 979.9 M QoQ

## Volumes

### Sound volume development

- Gross loans at PLN 82.4 B (+0.5% QoQ, +10.9% YoY)<sup>1</sup>
- Customer deposits at PLN 78.5 B (+4.7% QoQ, +15.7% YoY)<sup>1</sup>

### Retail lending acceleration

- Mortgage loan sales at PLN 1.3 B in Q3/15 (+47% YoY); non-mortgage loan sales at PLN 1.2 B (+11% YoY)

## Business development

### Strengthening the position as mobile and transactional bank

- Migration of MultiBank clients onto New mBank platform completed

### Strong client acquisition

- 5,054 thou. retail clients (+130 thou. QoQ) and 19,086 corporate clients (+432 QoQ)

**Net Profit of PLN 319.5 M,  
+44.4% compared to Q2/15**

<sup>1</sup> Volume dynamics presented excl. reverse repo / buy-sell-back transactions and repo transactions, respectively; <sup>2</sup> Stand-alone capital ratios assumed as basis for the Polish FSA capital buffers

# Agenda



## Summary of Q3/15 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business

## Analysis of Q3/15 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 Q3/15 Results in mBank Group

## Key Financials: Profit and Loss Account

<i>in PLN M</i>	<b>Q3/15</b>	<b>Q3/14</b>	<i>Change YoY</i>		<b>Q2/15</b>
Net interest income	641.8	649.9		-1.3%	605.5
Net Fee & Commission income	235.6	216.2		+8.9%	230.3
<b>Total income</b>	<b>979.9</b>	<b>1,018.9</b>		<b>-3.8%</b>	<b>884.9</b>
<b>Total costs</b>	<b>(464.2)</b>	<b>(441.2)</b>		<b>+5.2%</b>	<b>(485.3)</b>
Loan Loss Provisions	(111.0)	(157.9)		-29.7%	(107.7)
<b>Profit before tax</b>	<b>404.7</b>	<b>419.8</b>		<b>-3.6%</b>	<b>291.9</b>
<b>Net profit</b>	<b>319.5</b>	<b>315.5</b>		<b>+1.3%</b>	<b>221.3</b>
Net Interest Margin (NIM)	2.12%	2.32%		-0.20 p.p.	2.11%
NIM excl. CHF portfolio	2.48%	2.72%		-0.24 p.p.	2.49%
Cost/Income ratio	47.4%	43.3%		+4.1 p.p.	54.8%
Cost of Risk	0.57%	0.89%		-0.32 p.p.	0.55%
Return on Equity (ROE)	11.6%	12.8%		-1.2 p.p.	8.1%
Return on Assets (ROA)	1.00%	1.07%		-0.07 p.p.	0.73%

# Summary of Q3/15 Results in mBank Group

## Key Financials: Balance Sheet

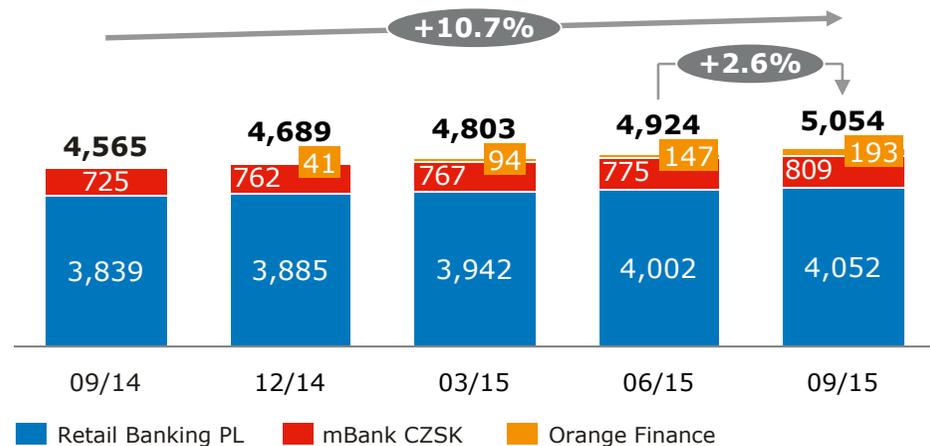
<i>in PLN M</i>	<b>Q3/15</b>	<b>Q3/14</b>	<i>Change YoY</i>	<b>Q2/15</b>
<b>Gross loans to customers</b>	<b>82,449</b>	<b>74,698</b>	 <b>+10.4%</b>	<b>80,261</b>
Retail client loans	45,381	40,555	 +11.9%	45,329
Core corporate client loans <sup>1</sup>	32,305	28,796	 +12.2%	31,384
<b>Amounts due to customers</b>	<b>78,546</b>	<b>69,564</b>	 <b>+12.9%</b>	<b>73,058</b>
Retail client deposits	42,458	36,642	 +15.9%	41,411
Core corporate client deposits <sup>1</sup>	31,833	27,209	 +17.0%	28,663
Loan to Deposit ratio	101.1%	103.4%	 -2.3 p.p.	105.7%
NPL ratio	5.9%	6.3%	 -0.4 p.p.	6.0%
Coverage ratio	57.1%	51.7%	 +5.4 p.p.	56.9%
Common Equity Tier 1 Ratio	14.1%	13.1%	 +1.0 p.p.	13.5%
Total Capital Ratio	17.0%	15.6%	 +1.4 p.p.	16.4%

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

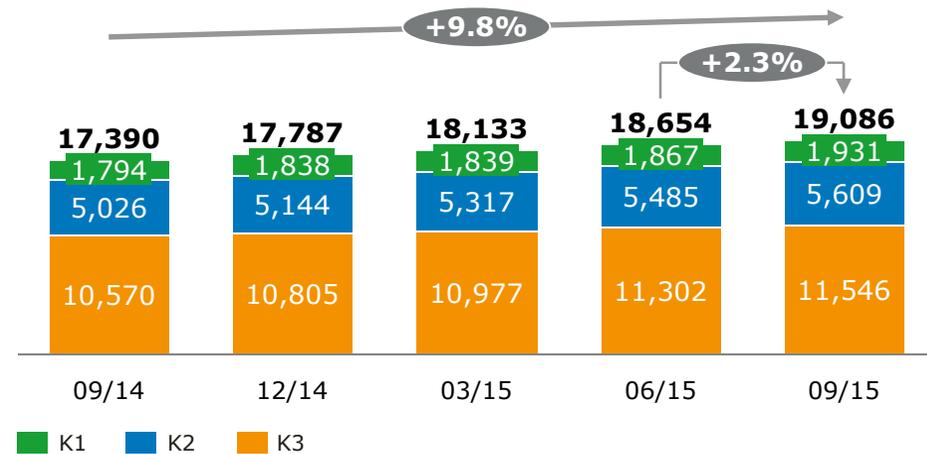
# Summary of Q3/15 in mBank Group

## Business Development: Client acquisition and Market shares

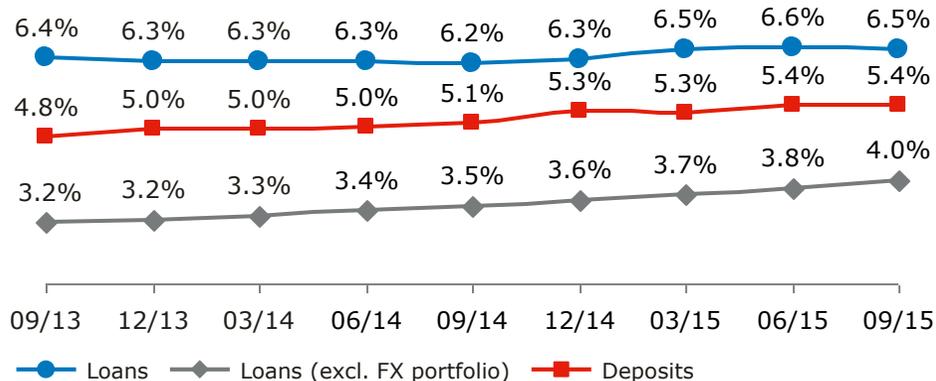
Number of Retail Clients (thou.)



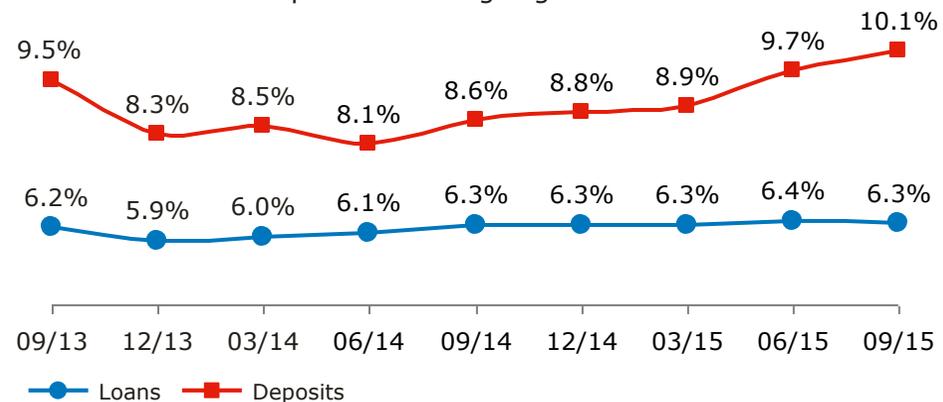
Number of Corporate Clients



Market shares in Retail Banking segment



Market shares in Corporate Banking segment

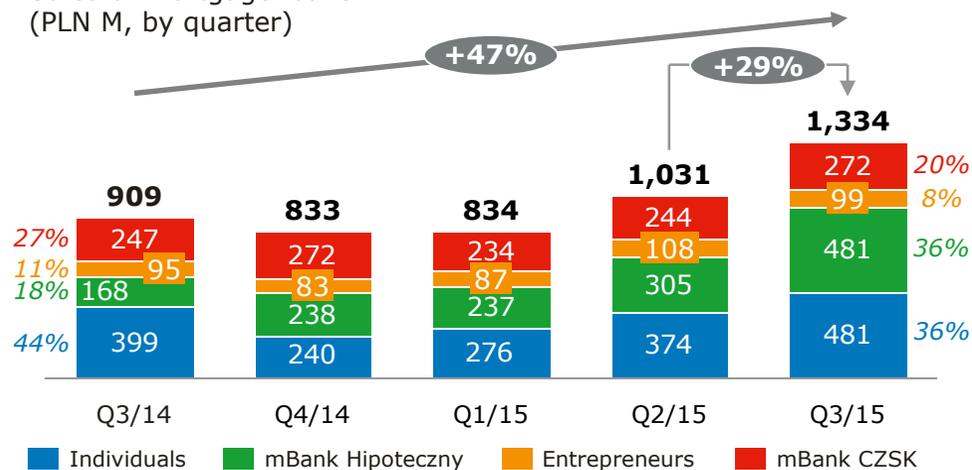


Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

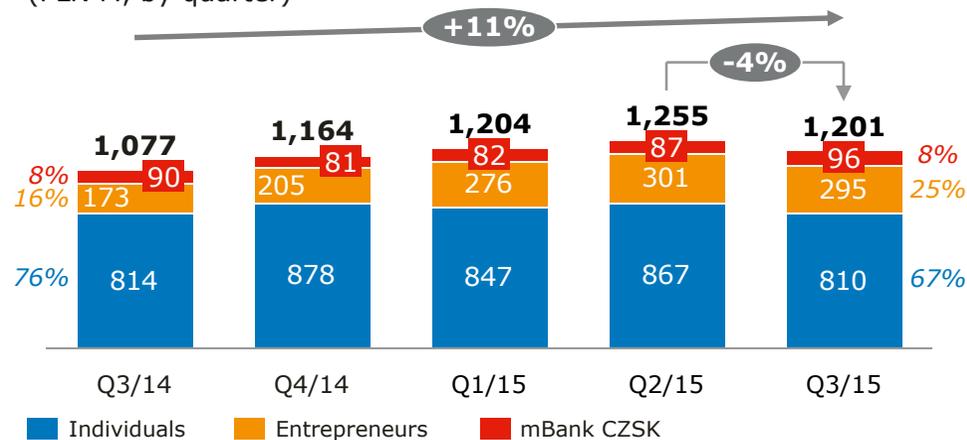
# Summary of Q3/15 in mBank Group

## Development of Retail and Corporate business

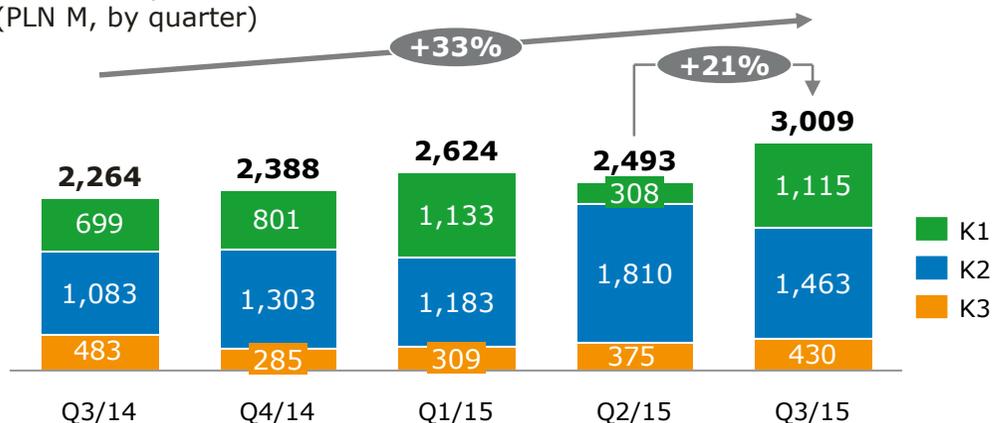
Sales of mortgage loans  
(PLN M, by quarter)



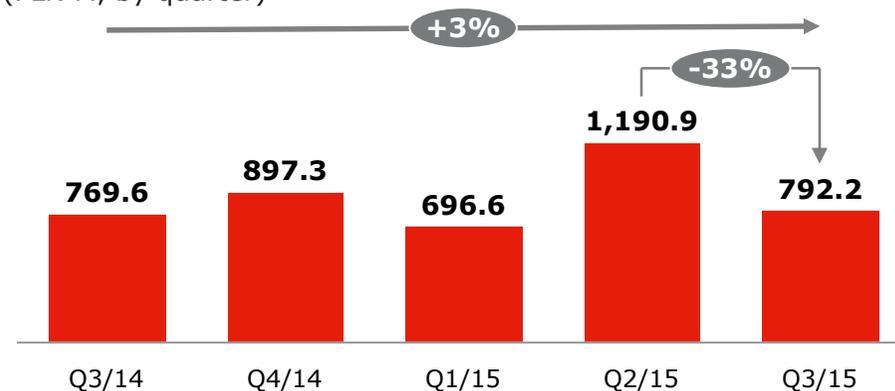
Sales of non-mortgage loans  
(PLN M, by quarter)



Sales of corporate loans  
(PLN M, by quarter)



New leasing contracts  
(PLN M, by quarter)

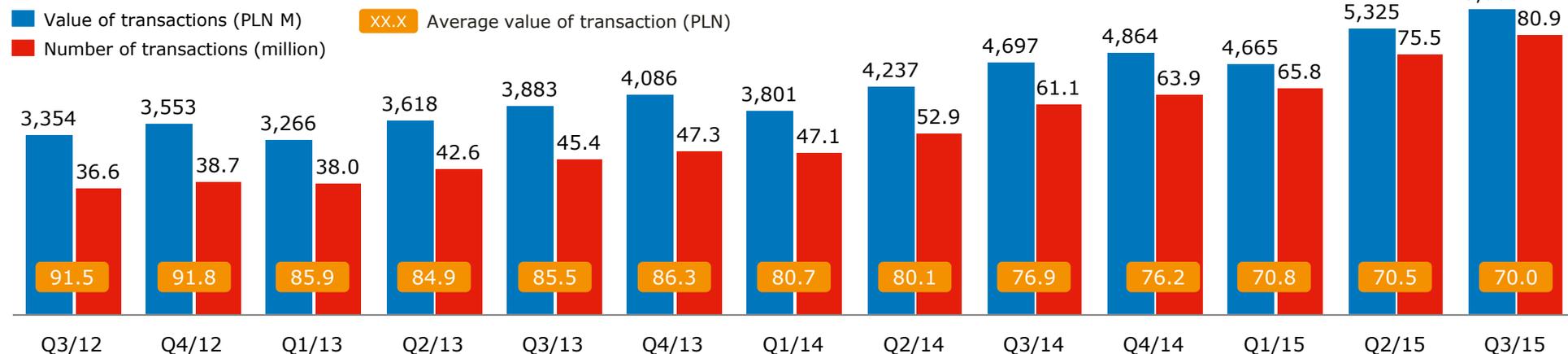


Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

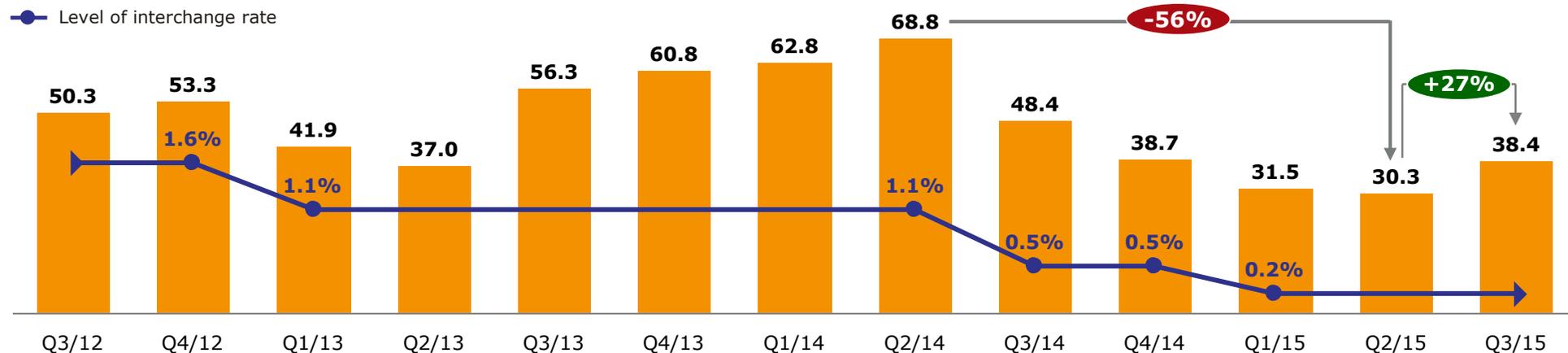
# Summary of Q3/15 in mBank Group

Rapid growth of client transactionality, rebound in interchange revenues

Development of value and number of non-cash transactions with mBank's payment cards



Development of mBank's net payment cards-related fees (PLN M) and the average rate of interchange on debit card transaction



# Agenda

## Summary of Q3/15 in mBank Group

Key Financials

Client acquisition and Market shares

Development of retail and corporate business



## Analysis of Q3/15 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

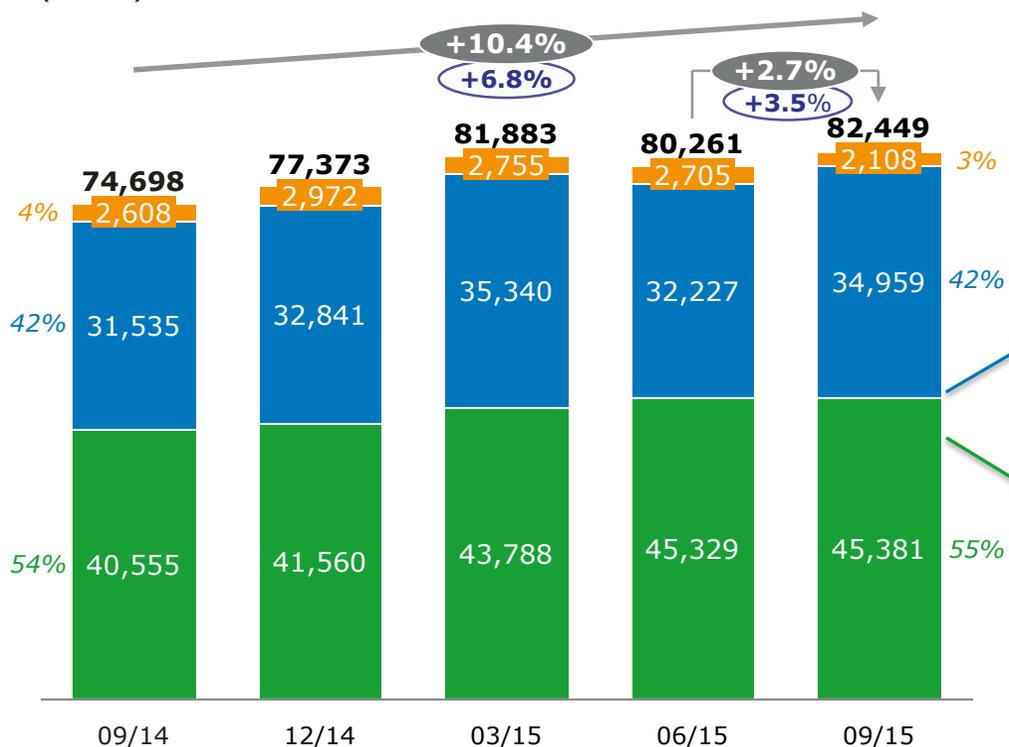
Detailed Results of Business Lines

# Analysis of Q3/15 in mBank Group

## Development of Loans to Customers

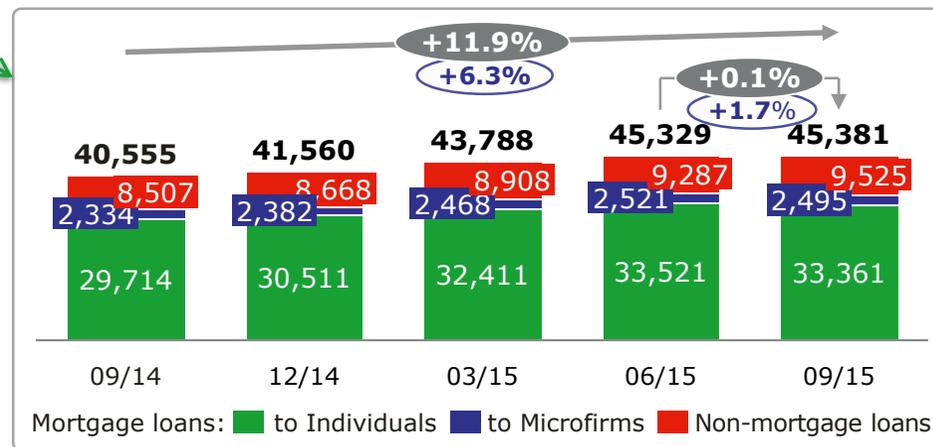
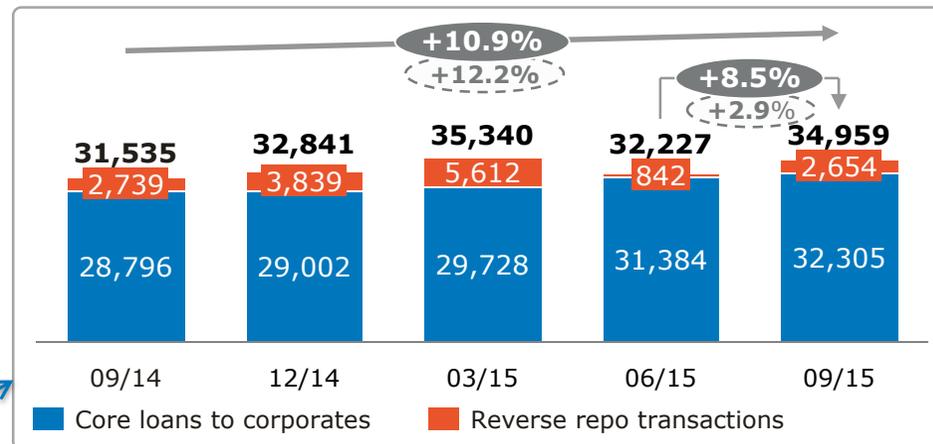
### Core lending remains strong across segments

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

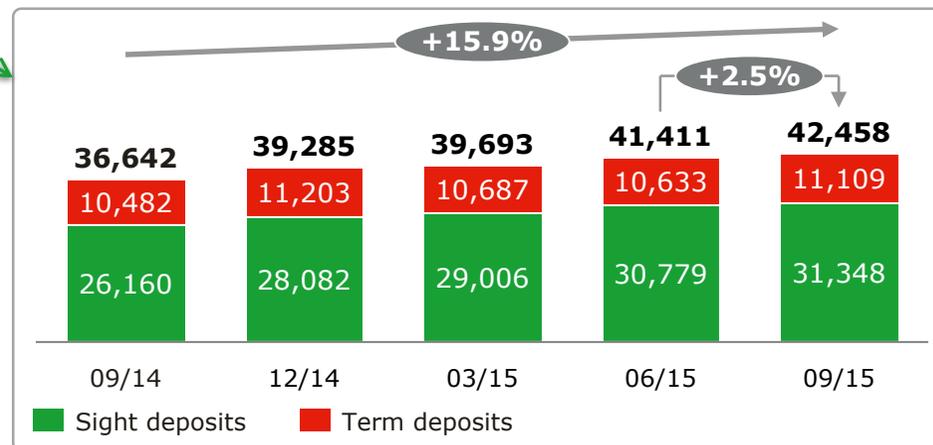
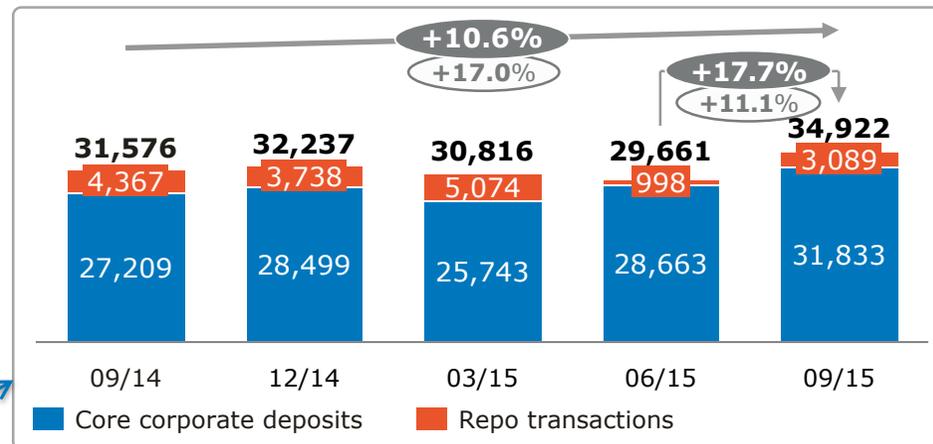
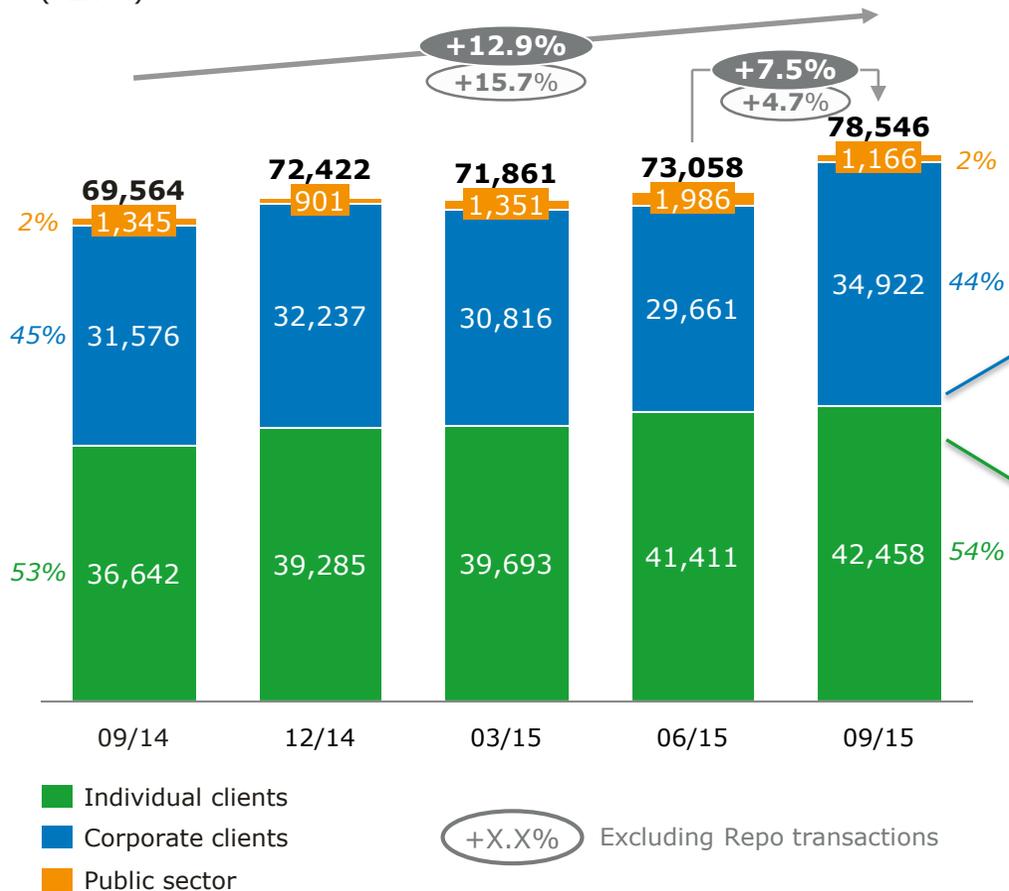


# Analysis of Q3/15 in mBank Group

## Development of Deposits

### Dynamic deposit growth in both corporate and retail segment

Development of Amounts due to Customers (PLN M)

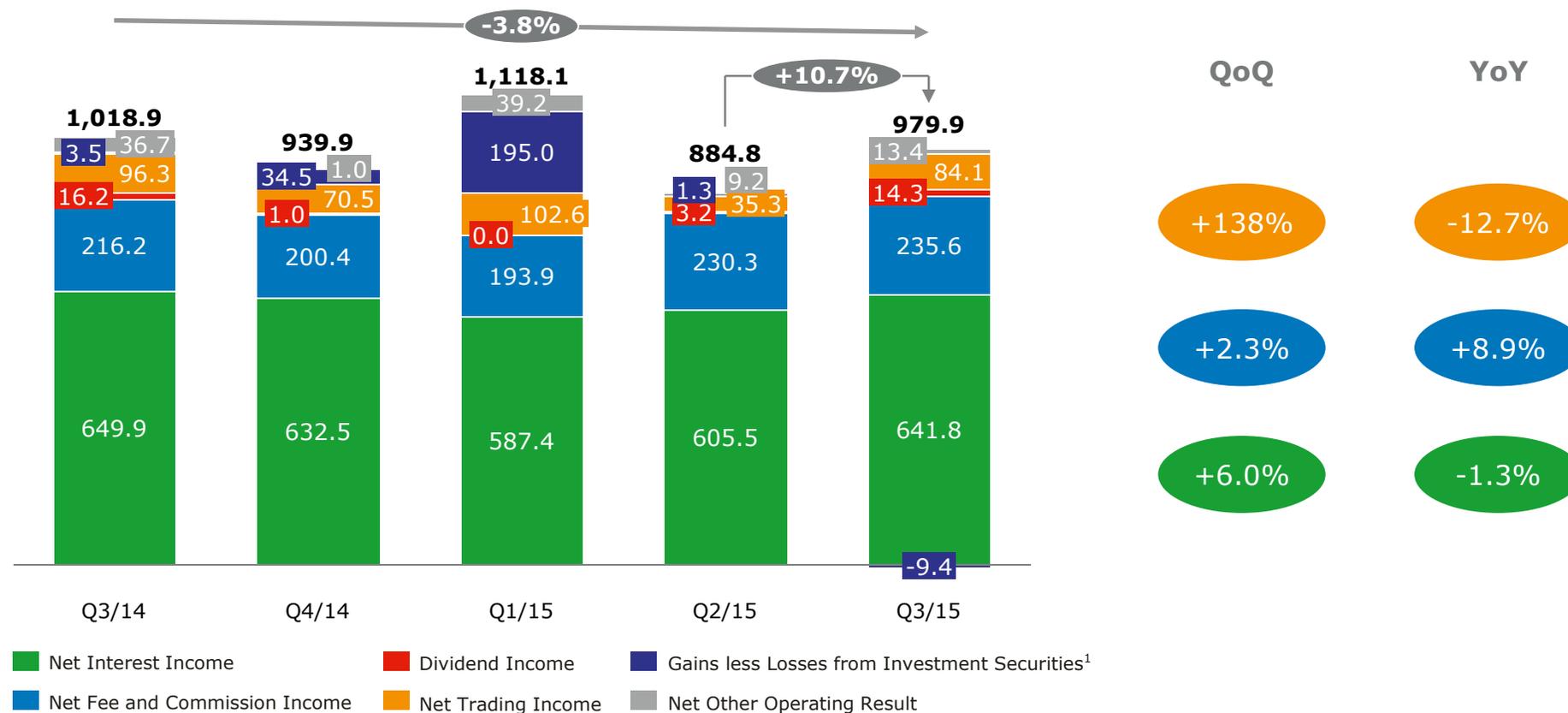


# Analysis of Q3/15 in mBank Group

Income of mBank Group

## Core revenues at historical high

Development of mBank Group's Income (PLN M)



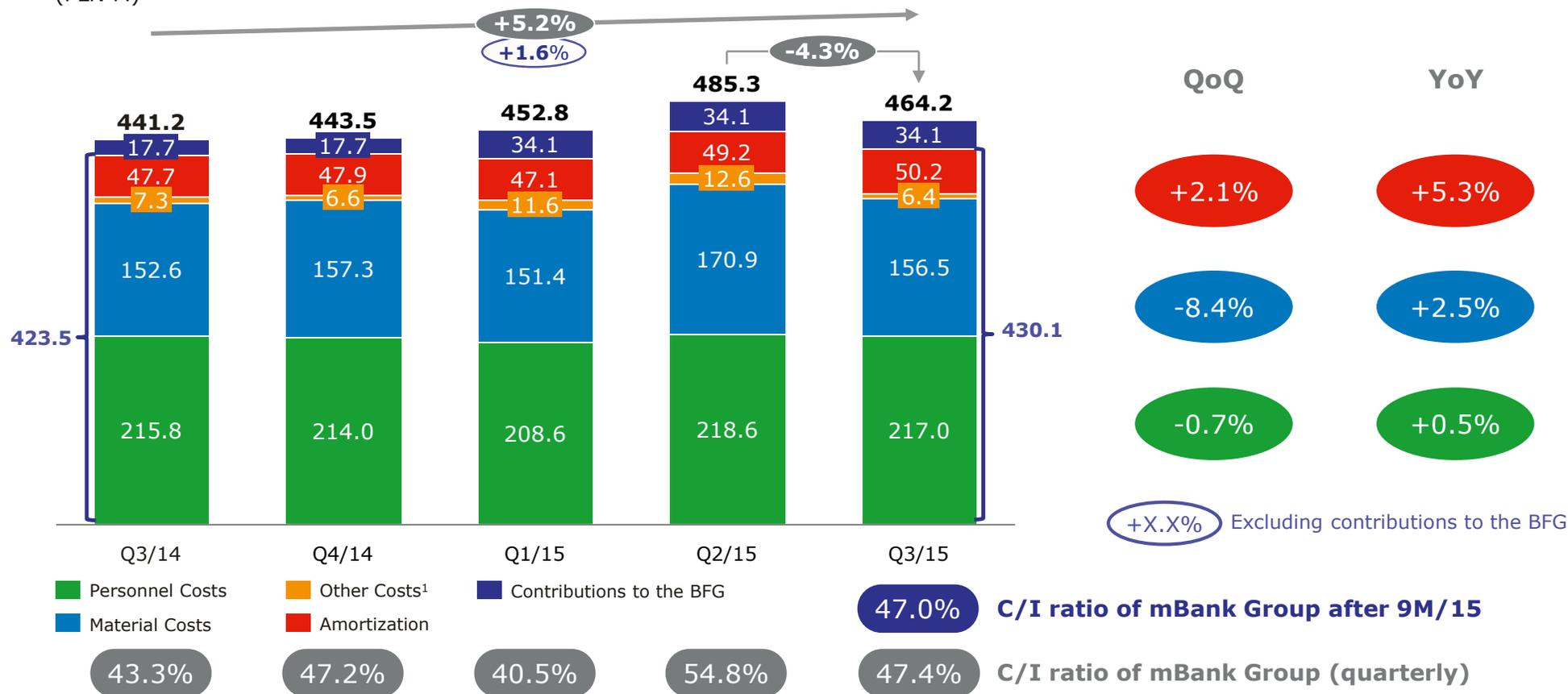
<sup>1</sup> Incl. one-off gain on the sale of BRE Ubezpieczenia TUiR (PLN 194.3 M) in Q1/15

# Analysis of Q3/15 in mBank Group

## Costs of mBank Group

### Structural cost advantage resulting in strong efficiency

Development of mBank Group's Costs (PLN M)



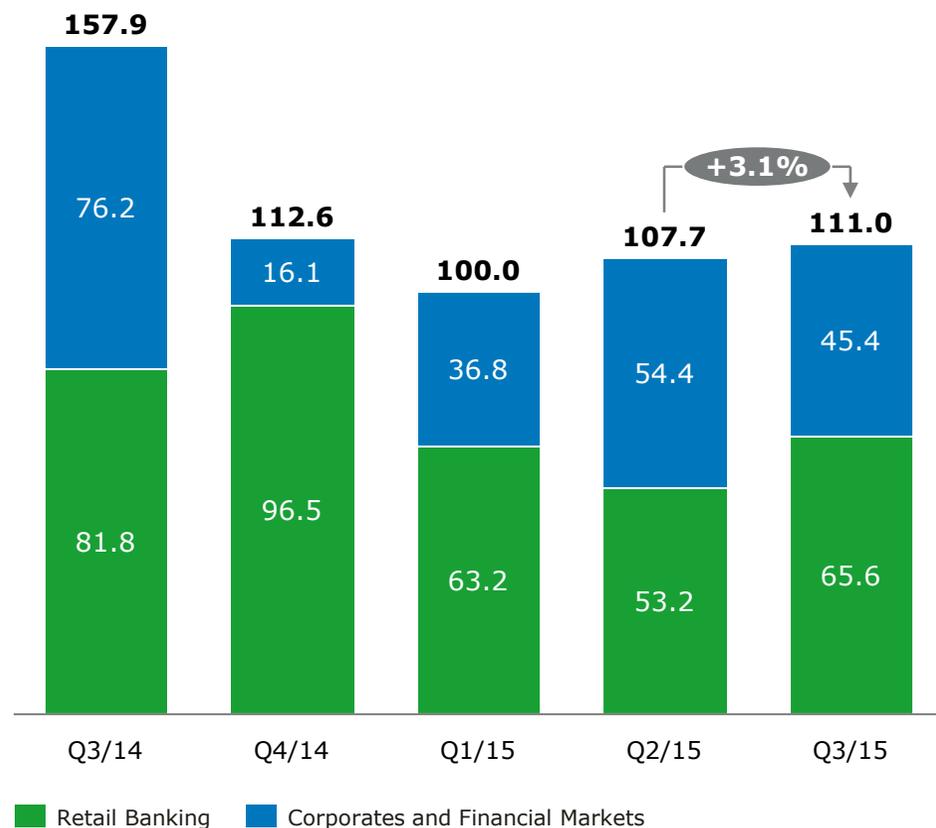
<sup>1</sup> Incl. taxes and fees, contributions to the Social Benefits Fund

# Analysis of Q3/15 in mBank Group

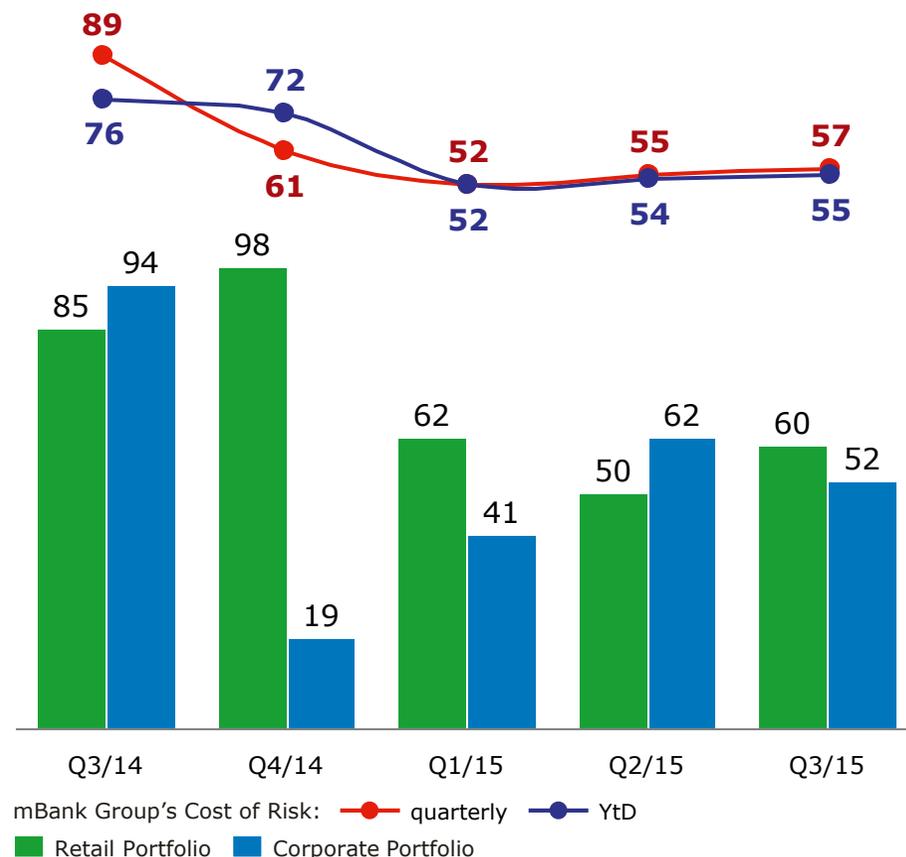
## Loan Loss Provisions and Risk Costs

### Stable cost of risk reflecting strong financial standing of clients

Net Impairment Losses on Loans and Advances  
(PLN M)



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



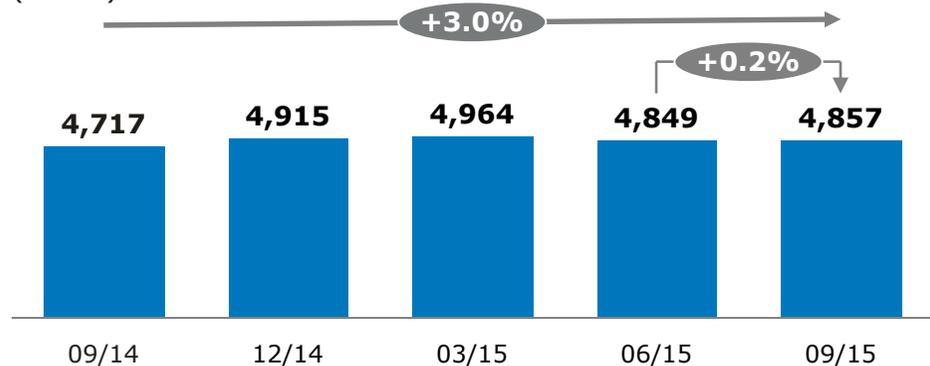
Note: Q3-Q4 2014 segmental data adjusted due to the split of the results of selected mBank Group's subsidiaries into the respective business lines.

# Analysis of Q3/15 in mBank Group

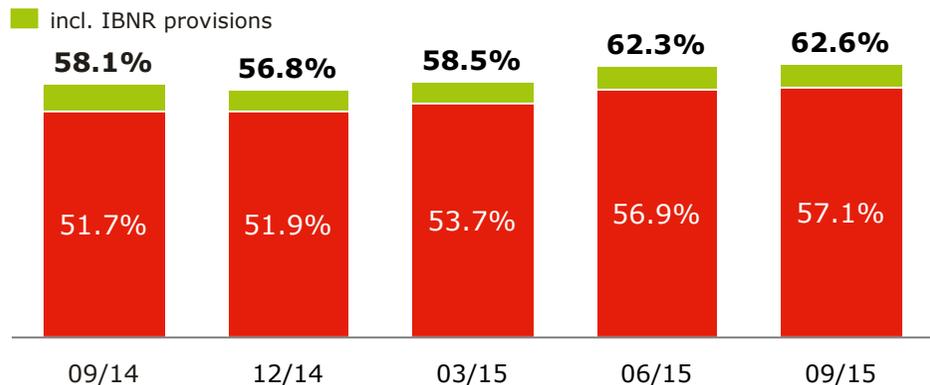
## Loan Portfolio Quality

### Resilient portfolio quality and improving coverage ratio

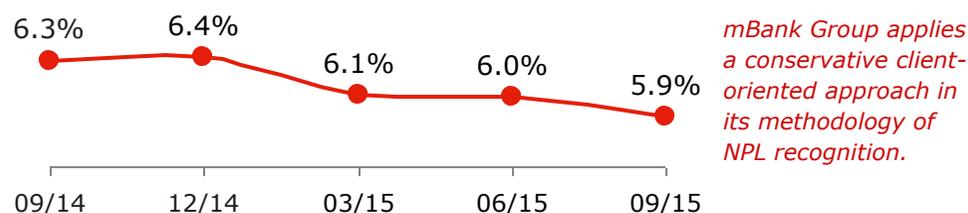
mBank Group's Impaired Loans Portfolio (PLN M)



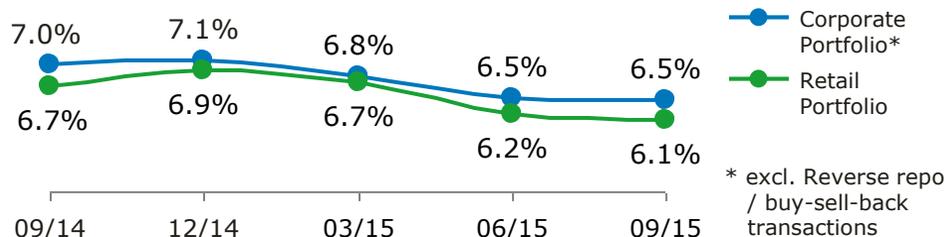
mBank Group's Coverage Ratio



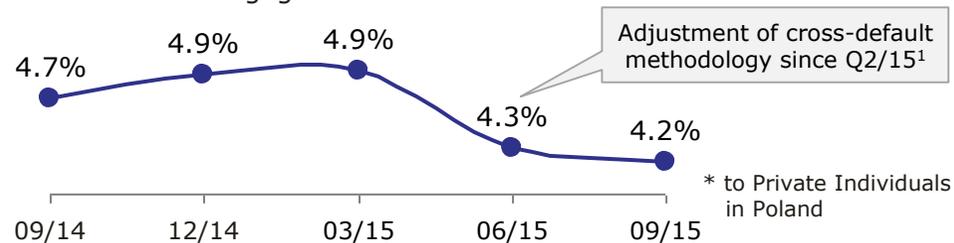
mBank Group's NPL Ratio



mBank Group's NPL Ratio by segment



NPL Ratio of Mortgage Loan Portfolio\*



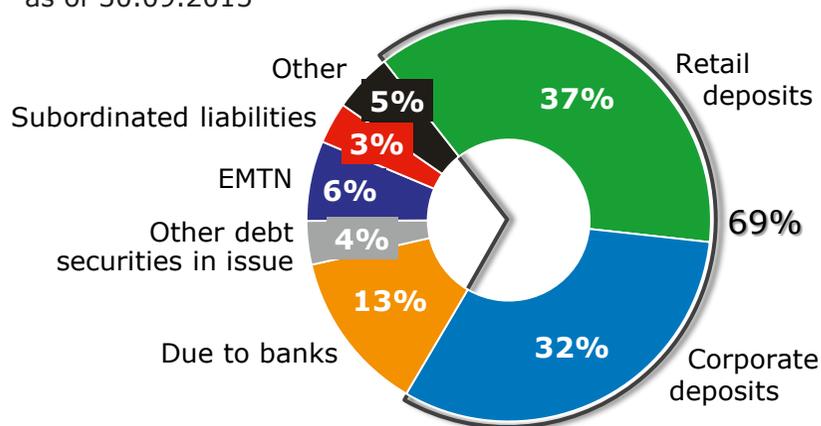
<sup>1</sup> Starting from Q2/15 overdue fees on current accounts and payment cards are excluded from cross-default conditions due to lack of relevance for ML servicing capacity by borrowers

# Analysis of Q3/15 in mBank Group

## Funding Structure Details

### A well diversified funding profile and improving liquidity levels

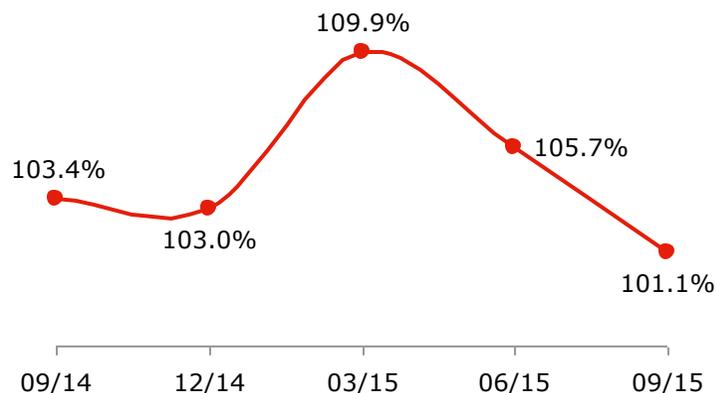
mBank Group's funding structure as of 30.09.2015



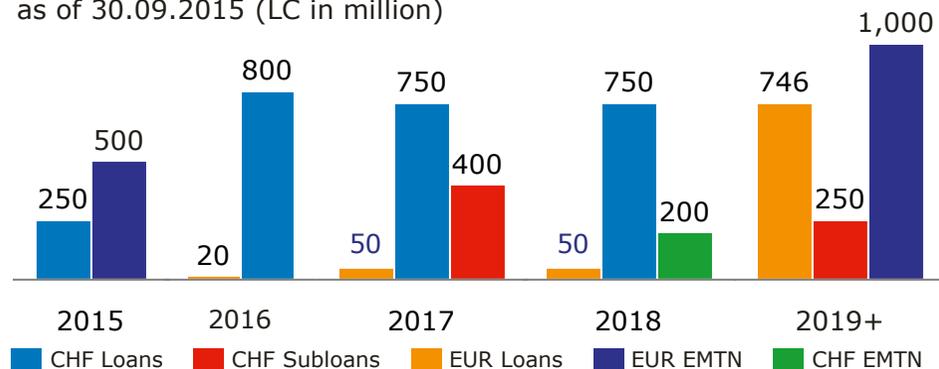
mBank's ratings

Fitch	
Long-term rating	<b>BBB-</b>
Short-term rating	<b>F3</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 30.09.2015 (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 <sup>1</sup>	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>

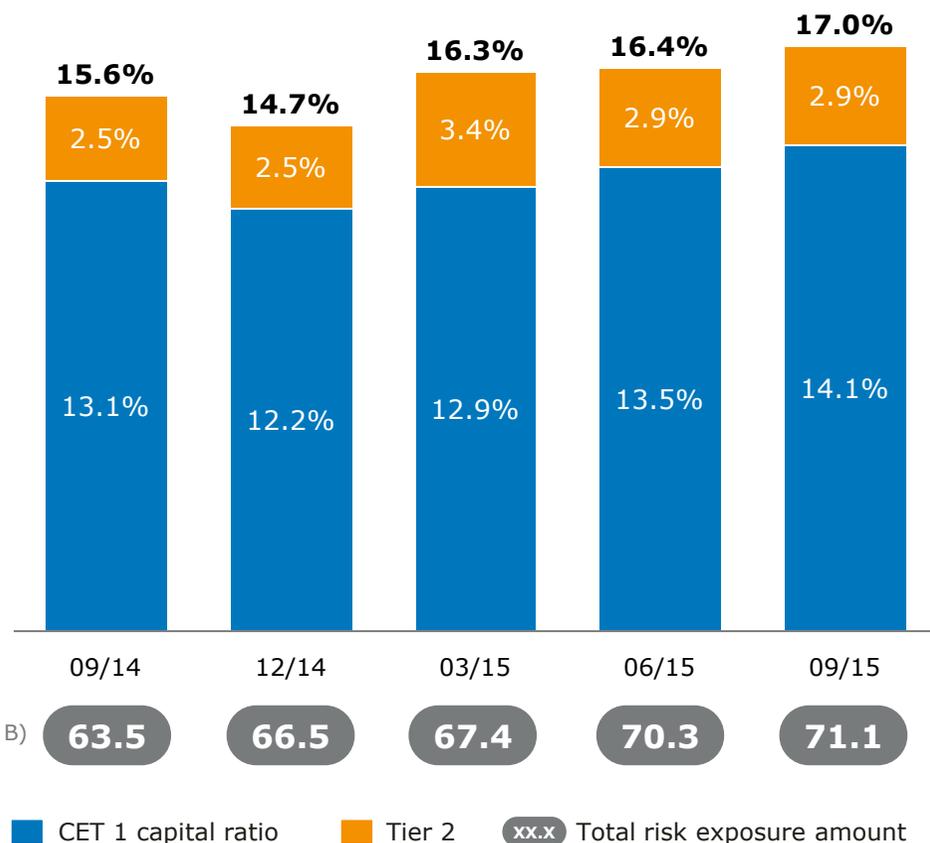
<sup>1</sup> redeemed at maturity

# Analysis of Q3/15 in mBank Group

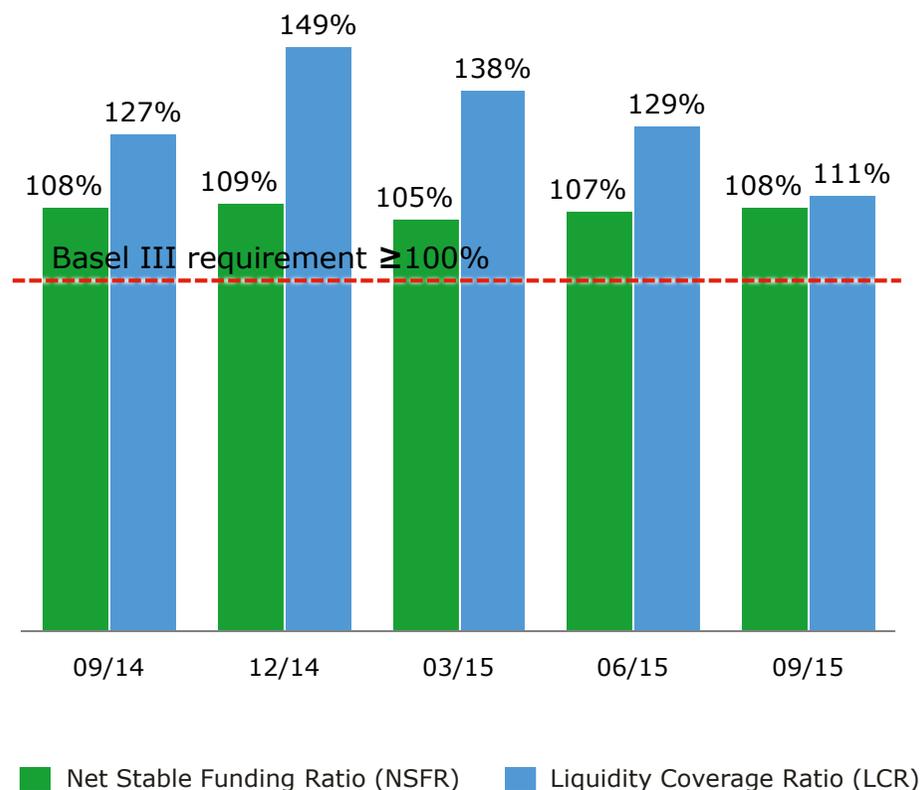
## Key Regulatory Ratios

### Strong capital position and liquidity above regulatory requirements

mBank Group's Total Capital Ratio



mBank's NSFR and LCR

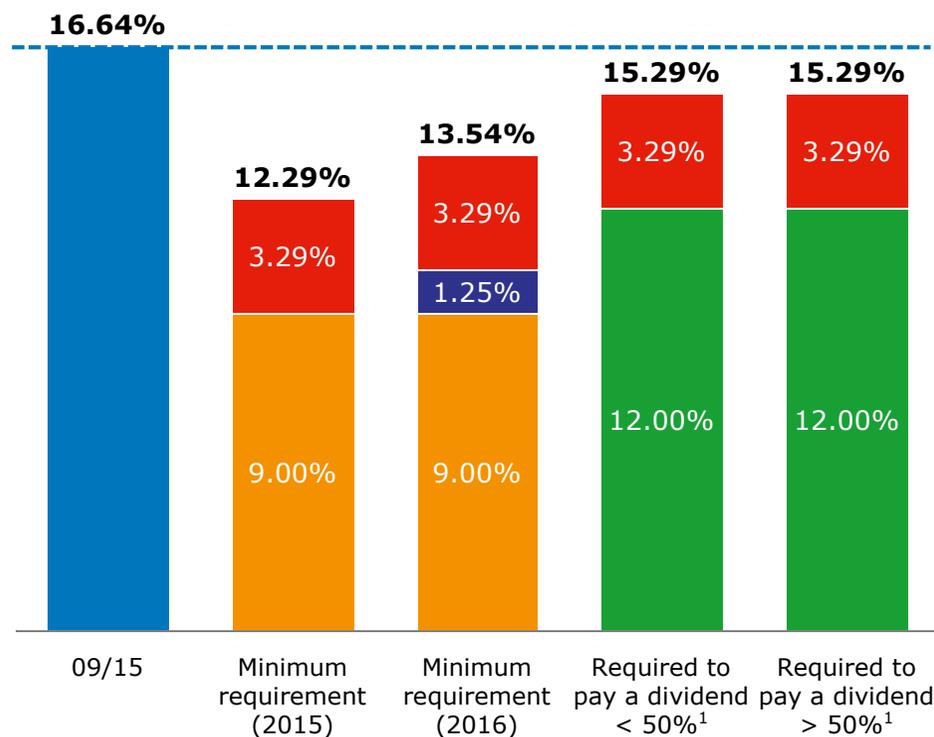


# Analysis of Q3/15 in mBank Group

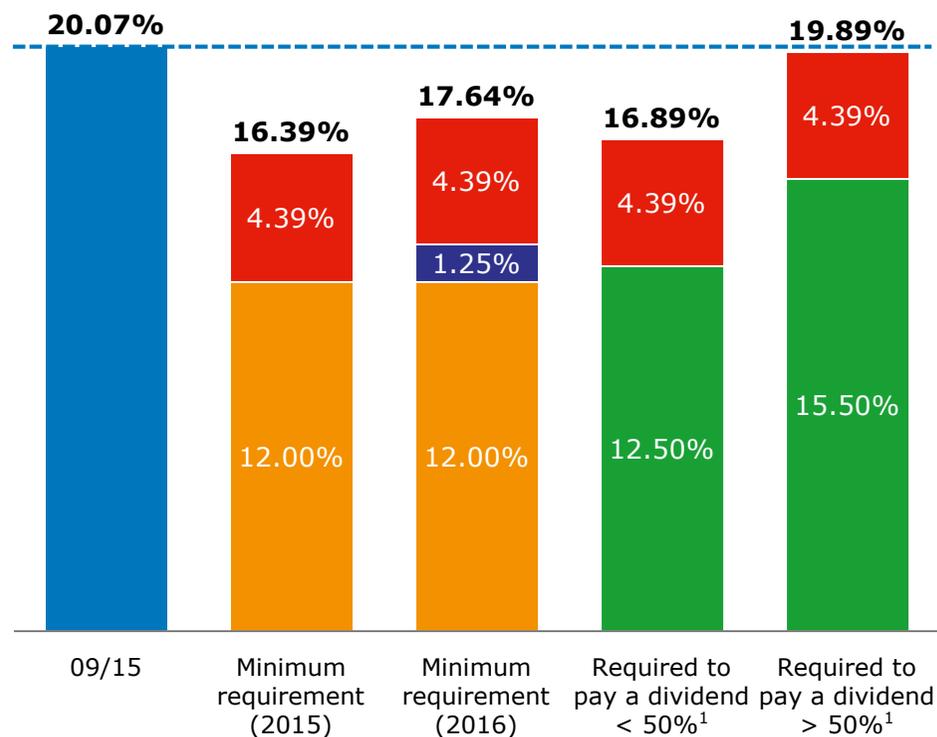
Additional capital buffers for mBank

**Abundant capital levels allowing for significant strategic flexibility**

Common Equity Tier 1 Ratio (CET1) – bank level



Total Capital Ratio (TCR) – bank level



■ Stand-alone mBank's capital ratios as of 30.09.2015
 ■ Additional capital requirement
 ■ Capital conservation buffer

The Polish Financial Supervision Authority recommends mBank to retain at least 50% of 2014 net profit

<sup>1</sup> From 2014 profit

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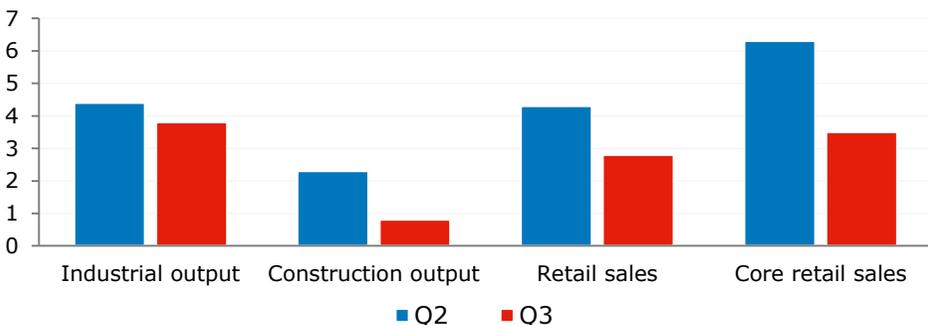
Additional Information: Selected Financial Data

Detailed Results of Business Lines

# Macroeconomic Update (1/2)

## Stable economic growth and very low inflation, hence no reason to hike rates

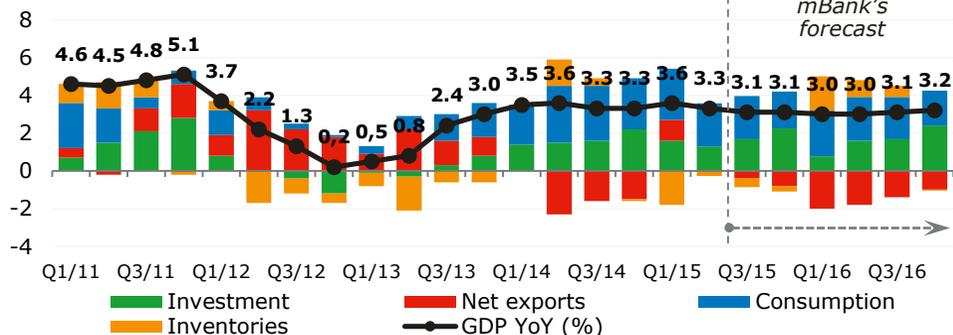
A mild slowdown of economic activity (% YoY)



- Monthly data for Q3/15 disappointed. This suggests that the economy (with emphasis on industry and construction) continued to lose steam.

Source: GUS, NBP

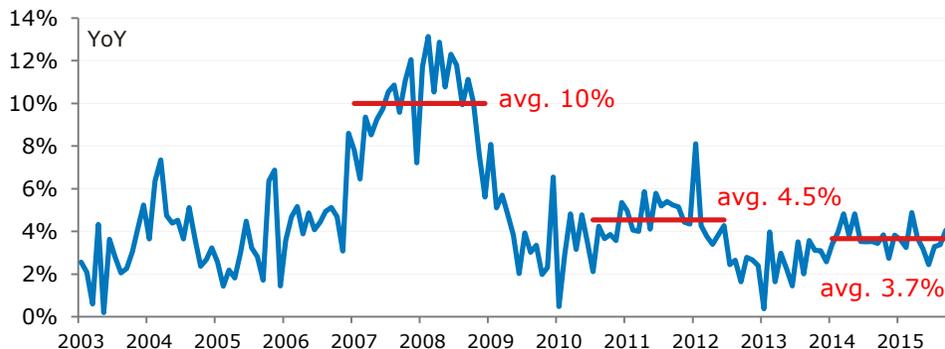
GDP forecast (% YoY)



- Economic growth a notch above 3%. Due to weaker exports and some setbacks in public investment growth is unlikely to accelerate significantly in 2015 and 2016. Flat GDP growth.

Source: GUS, NBP

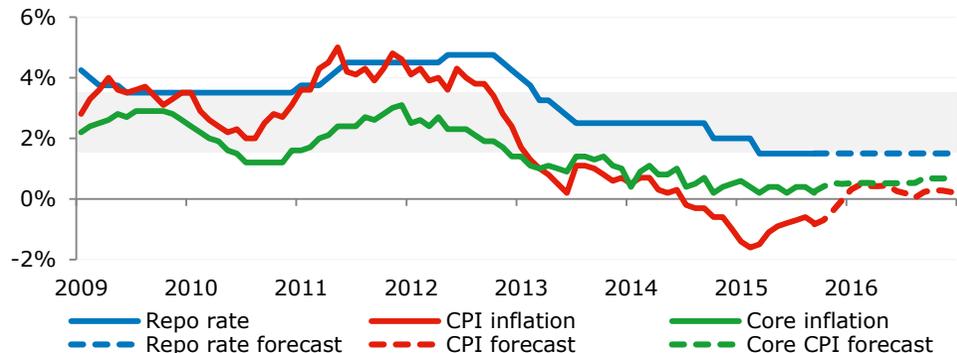
With wage growth still subdued, inflation will not come from there



- While unemployment has been declining steadily, there has not been a whiff of wage pressures on the Polish labour market. No support for inflation from there, either.

Source: GUS, NBP

Inflation deeply negative, no reason to raise rates now (or in 2016)

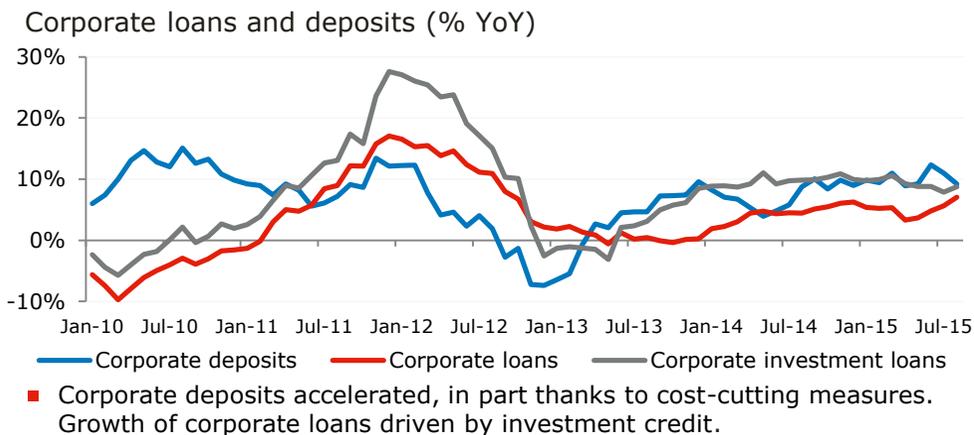


- Inflation to remain in the negative territory until December and unlikely to return to target before 2017. The likelihood of monetary easing in 2016 is close to 50%.

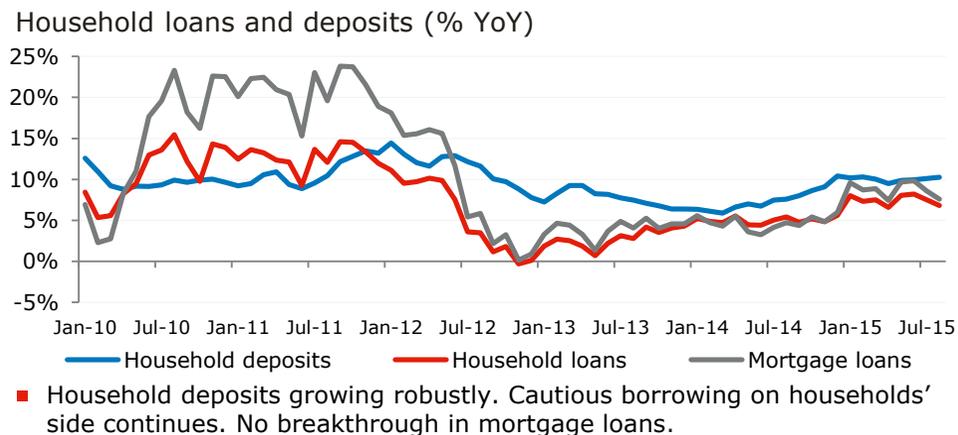
Source: GUS

# Macroeconomic Update (2/2)

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



Source: NBP



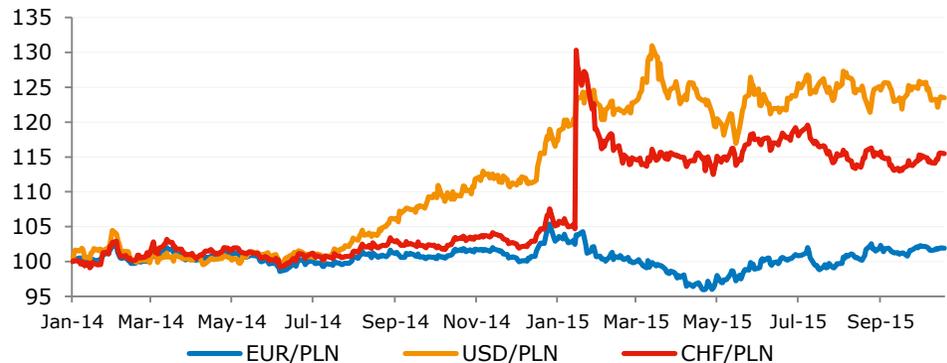
Source: NBP

## Low interest rates entirely justified by global factors



Source: Bloomberg

## PLN to remain weak, appreciation will be gradual



Source: Bloomberg

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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.)	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15
Net interest income	649,880	632,532	587,439	605,548	941,753
Net fee and commission income	216,234	200,365	193,857	230,336	235,583
Dividend income	16,195	986	31	3,158	14,345
Net trading income	96,324	70,512	102,618	35,312	84,105
<i>incl. FX result</i>	<i>53,539</i>	<i>44,616</i>	<i>78,687</i>	<i>66,000</i>	<i>67,825</i>
Gains less losses from investment securities	3,545	34,495	195,008	1,342	-9,372
Net other operating income <sup>1</sup>	36,699	1,017	39,175	9,153	13,449
<b>Total income</b>	<b>1,018,877</b>	<b>939,907</b>	<b>1,118,128</b>	<b>884,849</b>	<b>979,863</b>
<b>Total operating costs</b>	<b>(441,203)</b>	<b>(443,468)</b>	<b>(452,839)</b>	<b>(485,300)</b>	<b>(464,219)</b>
<i>Overhead costs</i>	<i>(393,523)</i>	<i>(395,570)</i>	<i>(405,708)</i>	<i>(436,133)</i>	<i>(414,006)</i>
<i>Amortisation</i>	<i>(47,680)</i>	<i>(47,898)</i>	<i>(47,131)</i>	<i>(49,167)</i>	<i>(50,213)</i>
Loan loss provisions	(157,917)	(112,639)	(99,971)	(107,666)	(110,956)
<b>Profit before tax</b>	<b>419,757</b>	<b>383,800</b>	<b>565,318</b>	<b>291,883</b>	<b>404,688</b>
<b>Net profit attributable to owners of mBank</b>	<b>315,454</b>	<b>308,617</b>	<b>450,936</b>	<b>221,323</b>	<b>319,501</b>

<sup>1</sup> Incl. The share in the profits (losses) of joint ventures

# 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>Q3/14</b>	<b>Q4/14</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>Q3/15</b>
Cash and balances with Central Bank	4 176 981	3 054 549	2 406 938	3 187 463	4 630 886
Loans and advances to banks	3 721 009	3 751 415	4 052 272	2 071 953	2 793 756
Trading securities	2 637 559	1 163 944	2 043 083	2 597 284	2 561 125
Derivative financial instruments	4 073 025	4 865 517	4 824 571	3 345 943	3 737 662
<b>Loans and advances to customers</b>	<b>71 958 401</b>	<b>74 582 350</b>	<b>78 977 052</b>	<b>77 241 598</b>	<b>79 407 211</b>
Investment securities	28 154 394	27 678 614	28 442 073	29 515 812	30 026 139
Intangible assets	448 246	465 626	458 185	469 853	477 160
Tangible fixed assets	700 870	717 377	706 458	691 833	692 640
Other assets	1 456 810	1 706 430	1 383 256	1 482 376	1 423 564
<b>Total assets</b>	<b>117 327 295</b>	<b>117 985 822</b>	<b>123 293 888</b>	<b>120 604 115</b>	<b>125 750 143</b>
<b>Liabilities (PLN thou.)</b>	<b>Q3/14</b>	<b>Q4/14</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>Q3/15</b>
Amounts due to other banks	19 777 664	13 383 829	17 839 429	15 675 919	14 783 139
Derivative financial instruments	3 969 956	4 719 056	4 838 248	3 302 248	3 380 521
<b>Amounts due to customers</b>	<b>69 563 534</b>	<b>72 422 479</b>	<b>71 861 014</b>	<b>73 058 259</b>	<b>78 545 901</b>
Debt securities in issue	8 009 714	10 341 742	10 382 134	11 013 855	11 280 897
Subordinated liabilities	3 312 935	4 127 724	4 436 572	3 896 612	3 785 284
Other liabilities	1 913 576	1 918 012	2 336 627	2 109 689	2 051 324
<b>Total liabilities</b>	<b>106 547 379</b>	<b>106 912 842</b>	<b>111 694 024</b>	<b>109 056 582</b>	<b>113 827 066</b>
<b>Total equity</b>	<b>10 779 916</b>	<b>11 072 980</b>	<b>11 599 864</b>	<b>11 547 533</b>	<b>11 923 077</b>
<b>Total liabilities and equity</b>	<b>117 327 295</b>	<b>117 985 822</b>	<b>123 293 888</b>	<b>120 604 115</b>	<b>125 750 143</b>

# Appendix

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

<b>Summary</b>
Historical view
Profit & Loss
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Subsidiaries

<b>Financial Ratios</b>	<b>Q3/14</b>	<b>Q4/14</b>	<b>Q1/15</b>	<b>Q2/15</b>	<b>Q3/15</b>
Net Interest Margin ( <i>quarterly</i> )	2.32%	2.27%	2.06%	2.11%	2.12%
Net Interest Margin YtD	2.31%	2.30%	2.06%	2.08%	2.10%
Net Interest Margin YtD (excl. CHF portfolio)	2.72%	2.70%	2.38%	2.43%	2.45%
Cost to Income Ratio ( <i>quarterly</i> )	43.3%	47.2%	40.5%	54.8%	47.4%
Cost to Income Ratio YtD	44.2%	44.9%	40.5%	46.8%	47.0%
Cost of Risk ( <i>quarterly</i> )	0.89%	0.61%	0.52%	0.55%	0.57%
Cost of Risk YtD	0.76%	0.72%	0.52%	0.54%	0.55%
ROE net ( <i>quarterly</i> )	12.84%	12.43%	16.40%	8.12%	11.62%
ROE net YtD	13.37%	13.13%	16.40%	12.28%	12.06%
ROA net YtD	1.16%	1.13%	1.48%	1.10%	1.07%
Loans to Deposits	103.4%	103.0%	109.9%	105.7%	101.1%
Total Capital Ratio	15.57%	14.66%	16.26%	16.38%	16.99%
Common Equity Tier 1 Ratio	13.05%	12.24%	12.88%	13.45%	14.09%
Equity / Assets	9.2%	9.4%	9.4%	9.6%	9.5%
RWA / Assets	54.2%	56.4%	54.7%	58.3%	56.5%
NPL ratio	6.3%	6.4%	6.1%	6.0%	5.9%
NPL coverage ratio	51.7%	51.9%	53.7%	56.9%	57.1%
NPL coverage ratio incl. general provisions	58.1%	56.8%	58.5%	62.3%	62.6%

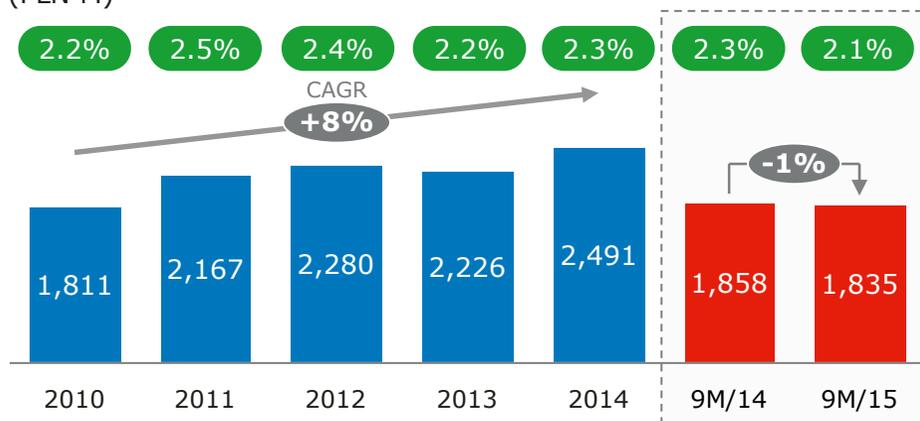
# Appendix

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

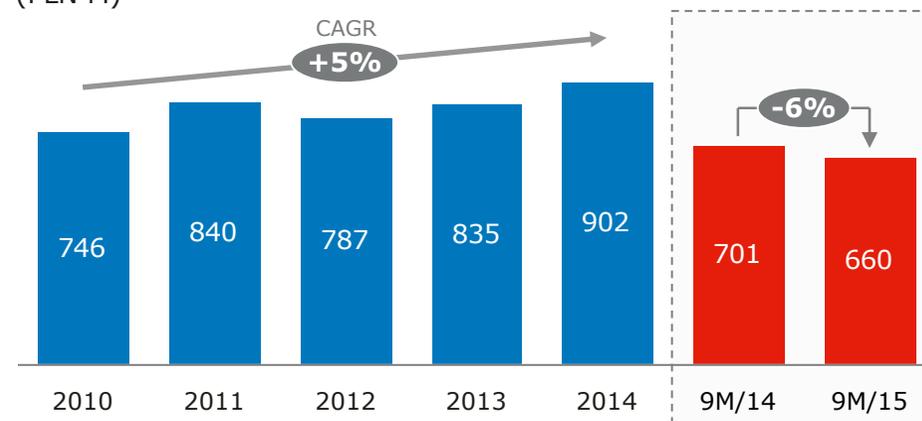


Summary
<b>Historical view</b>
Profit & Loss
Balance Sheet
Business Lines
Subsidiaries

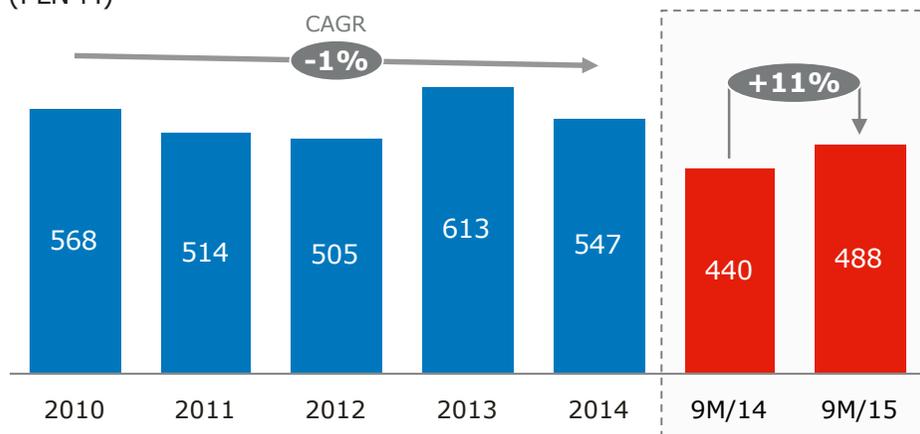
Net Interest Income & NIM  
(PLN M)



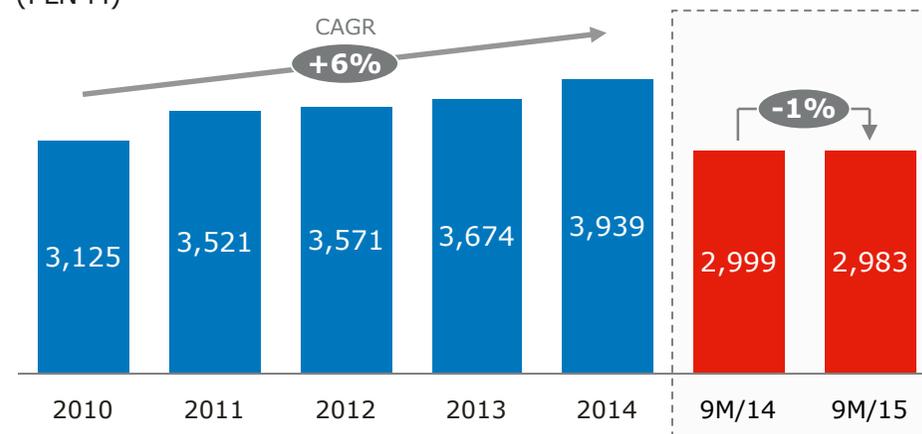
Net Fee and Commission Income  
(PLN M)



Trading and Other Income  
(PLN M)



Total Income  
(PLN M)



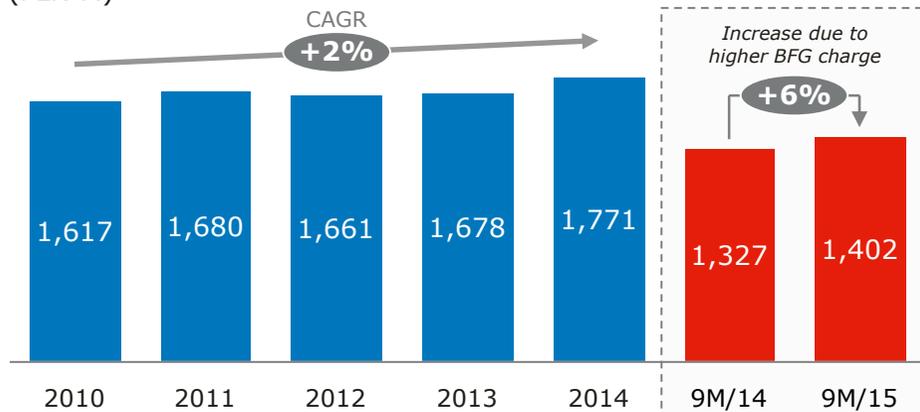
# Appendix

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

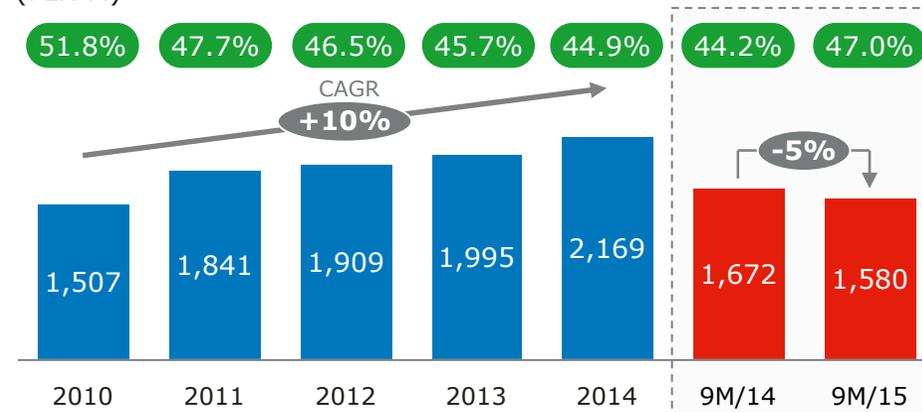


Summary
<b>Historical view</b>
Profit & Loss
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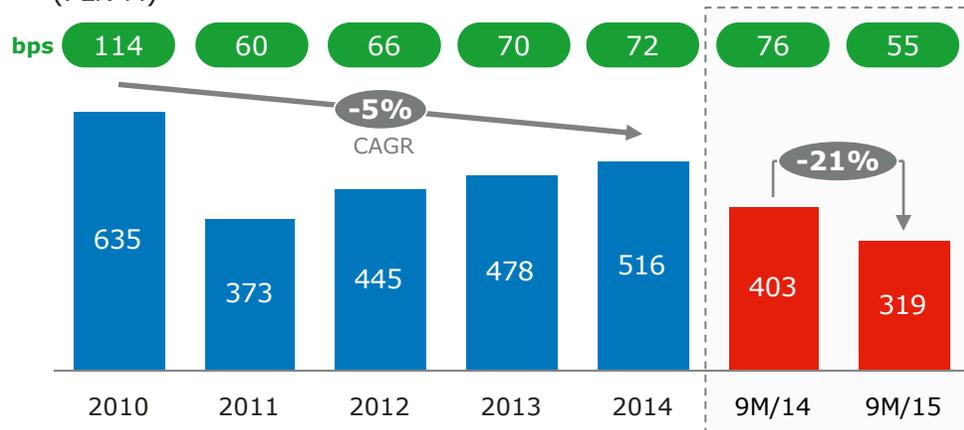
Operating Costs (PLN M)



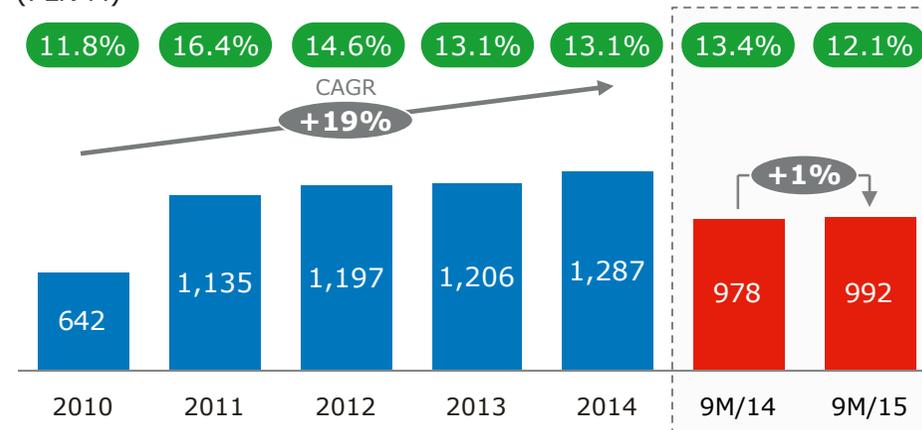
Pre-provision Income & C/I ratio (PLN M)



Loan Loss Provisions & Cost of Risk (PLN M)



Net Profit & Return on Equity (PLN M)



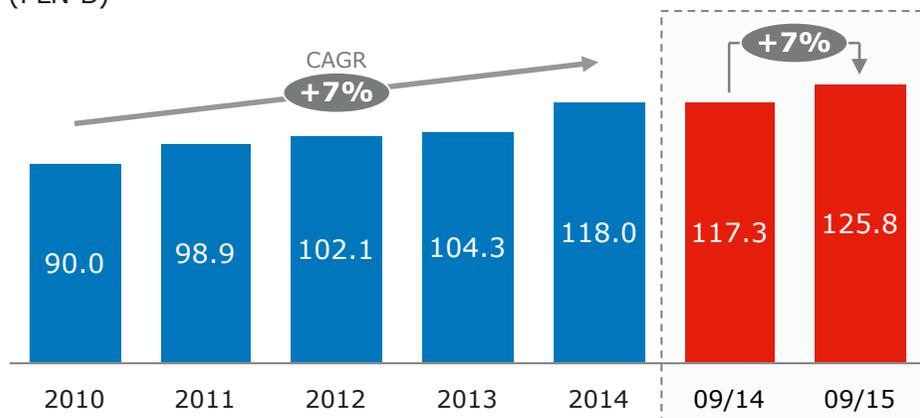
# Appendix

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



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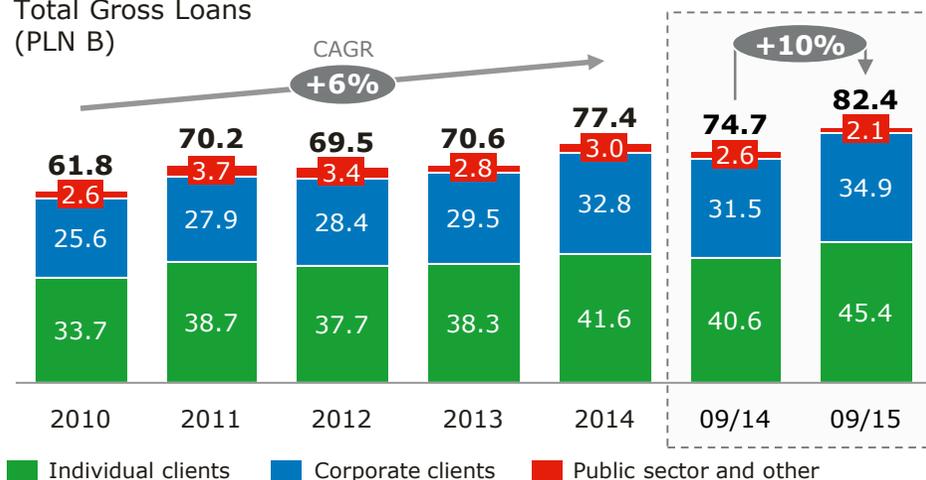
Total Assets  
(PLN B)



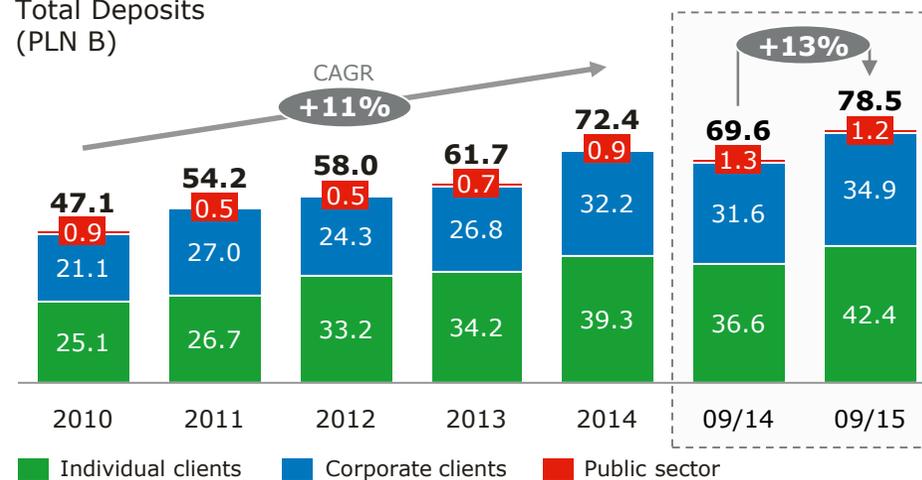
Equity & Total Capital Ratio  
(PLN M)



Total Gross Loans  
(PLN B)



Total Deposits  
(PLN B)



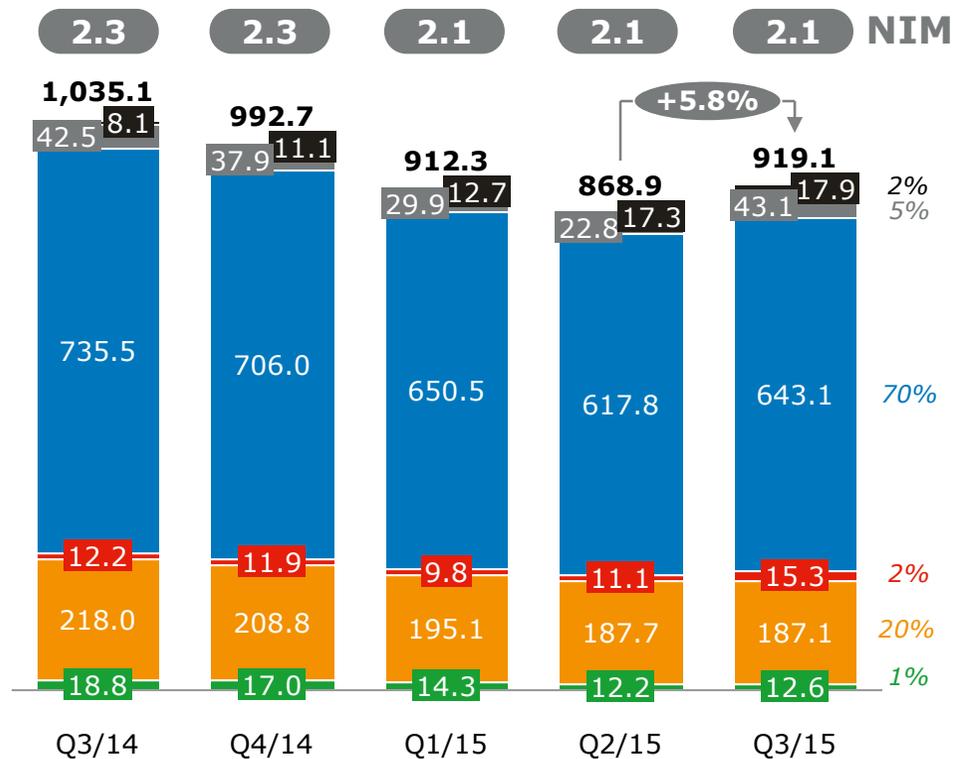
# Appendix



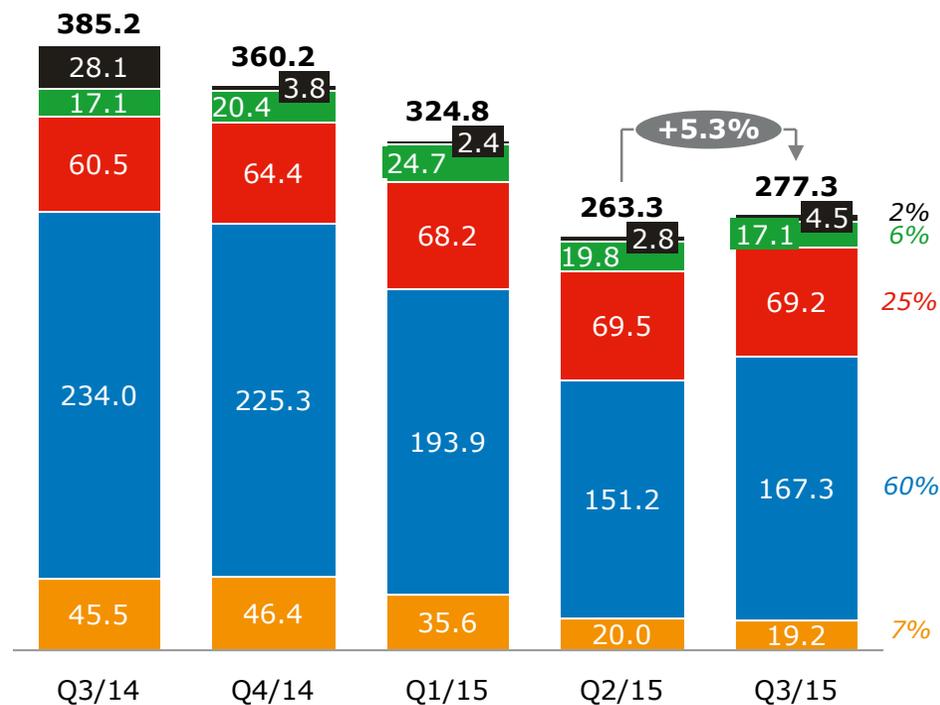
Summary
Historical view
<b>Profit &amp; Loss</b>
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## Additional Information: Selected Financial Data Net Interest Income & Margin

Interest Income Structure  
(PLN M)



Interest Expense Structure  
(PLN M)



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

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

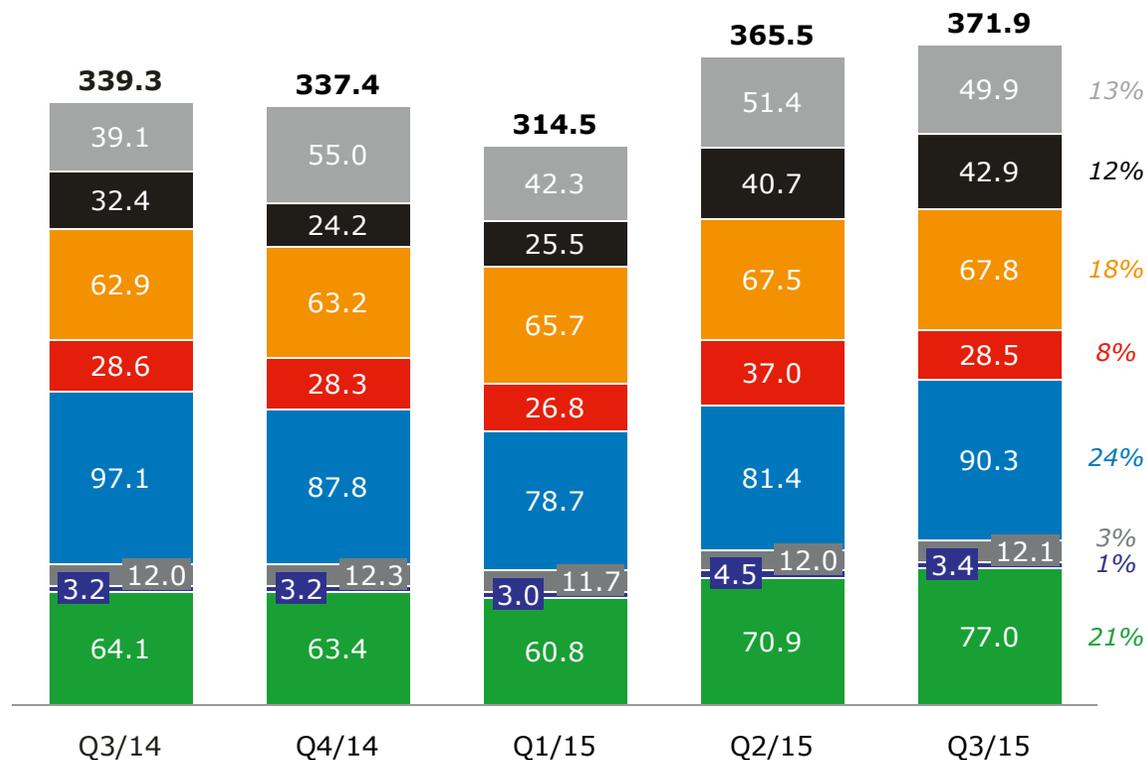
# Appendix

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



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<b>Profit &amp; Loss</b>
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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

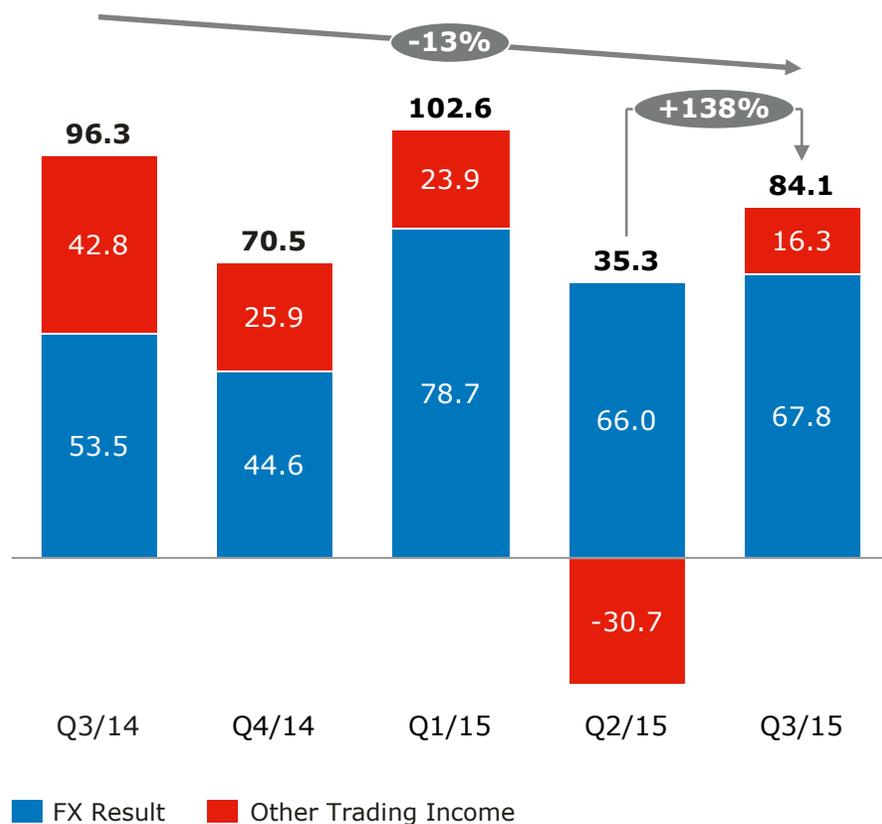
# Appendix

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

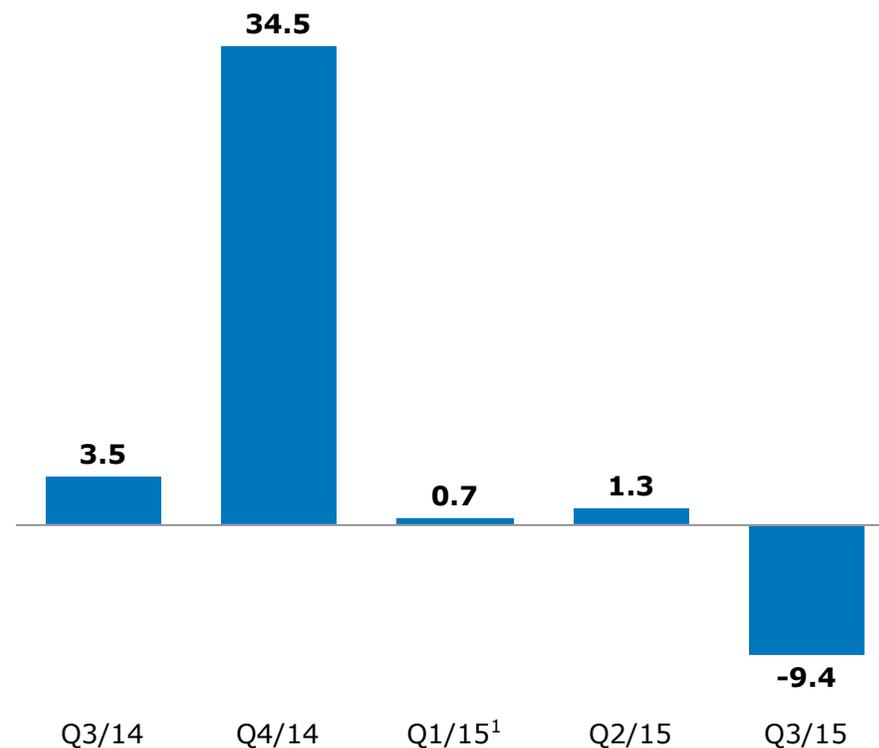


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Net Trading Income Structure  
(PLN M)



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)

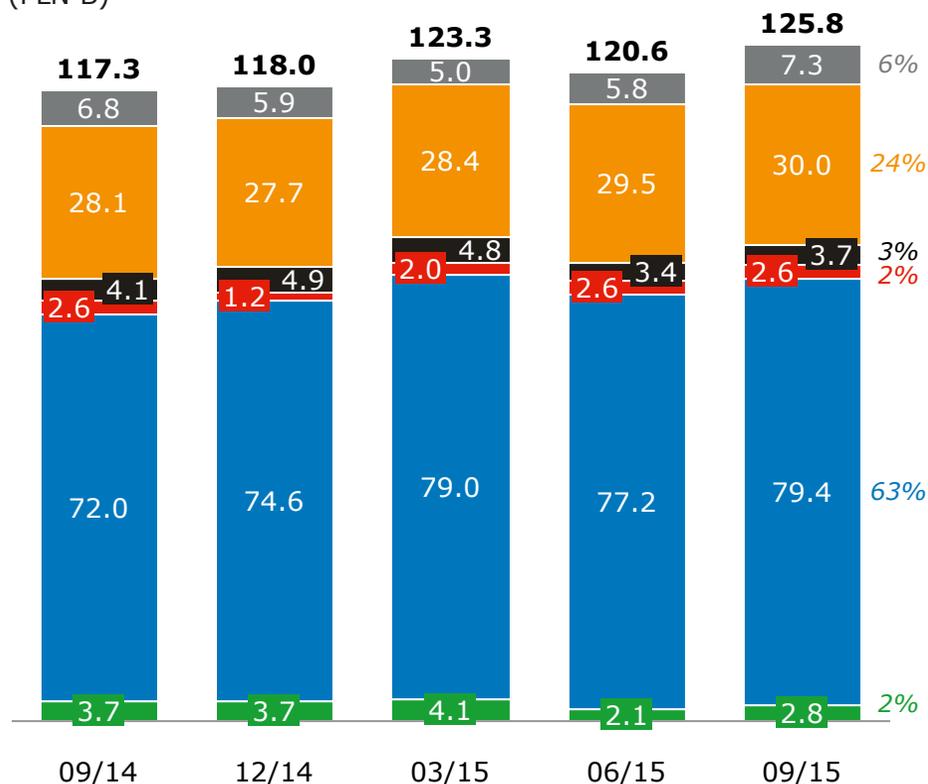
# Appendix

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

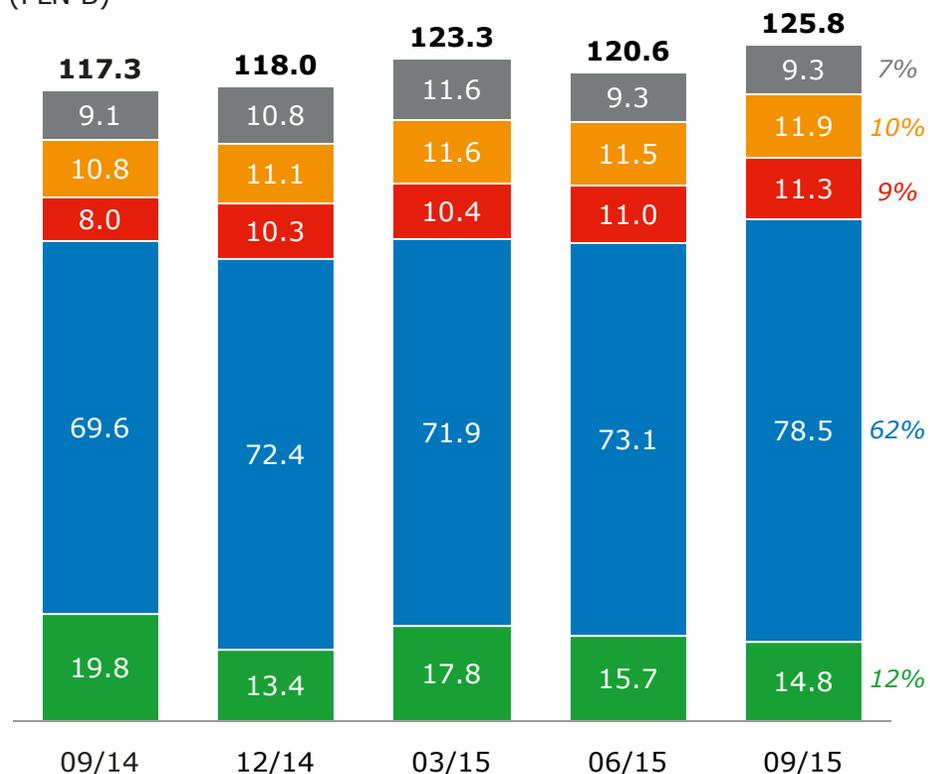


Summary
Historical view
Profit & Loss
<b>Balance Sheet</b>
Business Lines
Subsidiaries

Structure of Assets  
(PLN B)



Structure of Liabilities and Equity  
(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

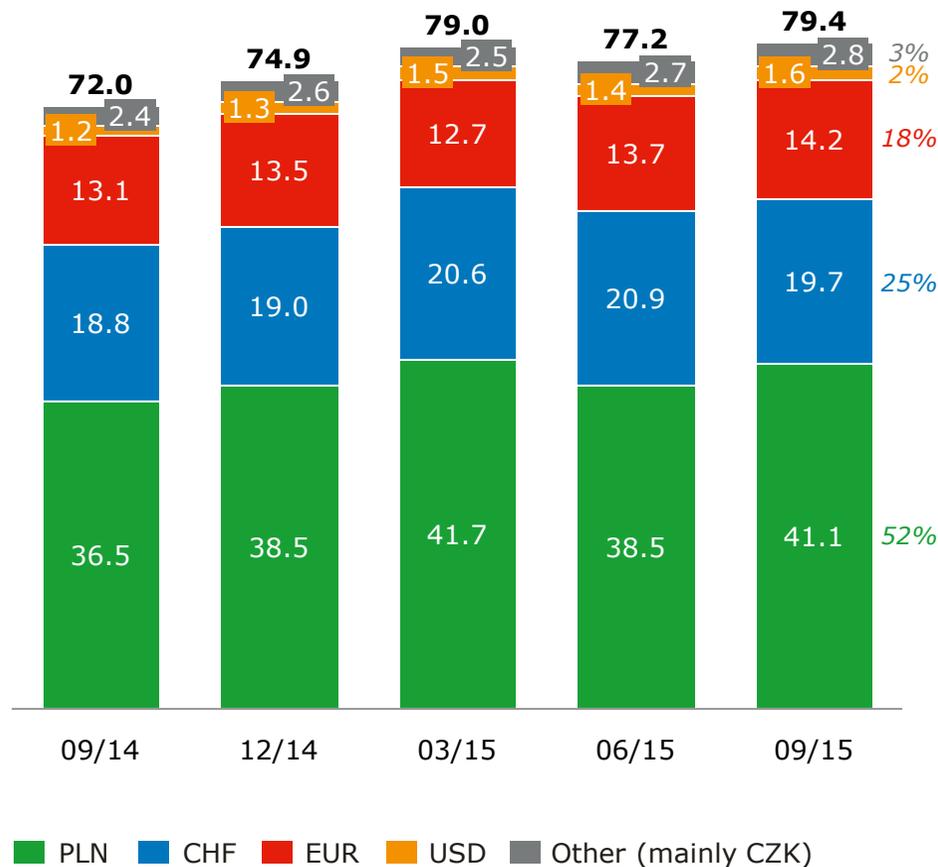
# Appendix



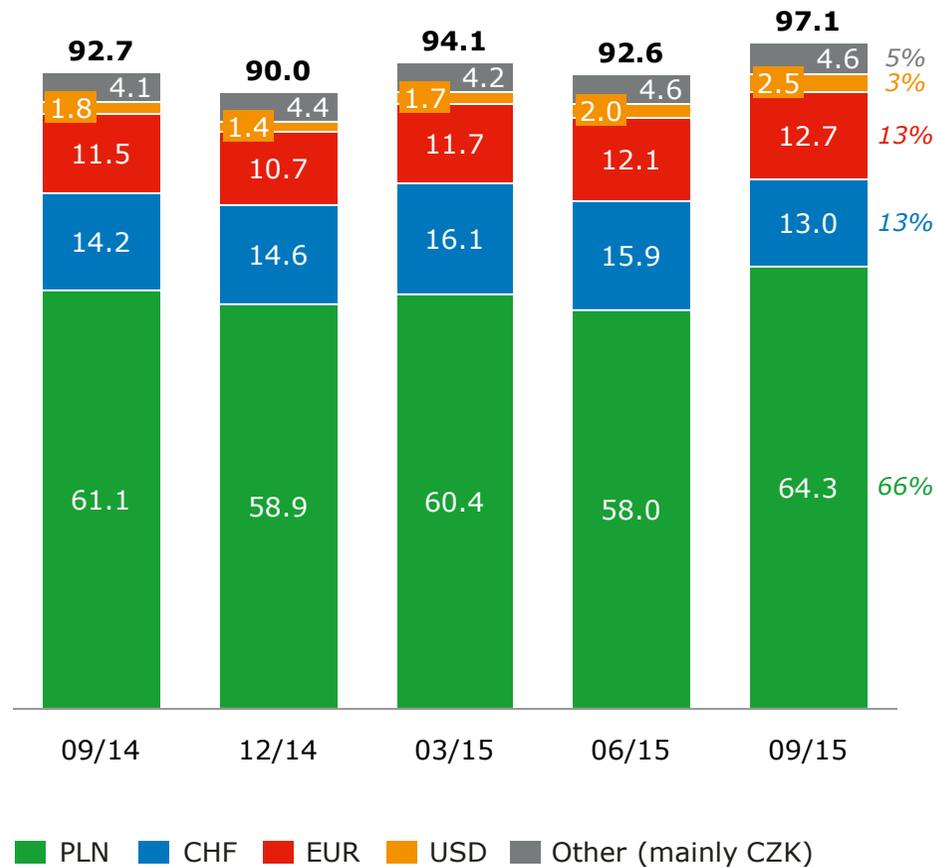
Summary
Historical view
Profit & Loss
<b>Balance Sheet</b>
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## Additional Information: Selected Financial Data Balance Sheet Analysis: Currency Structure

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

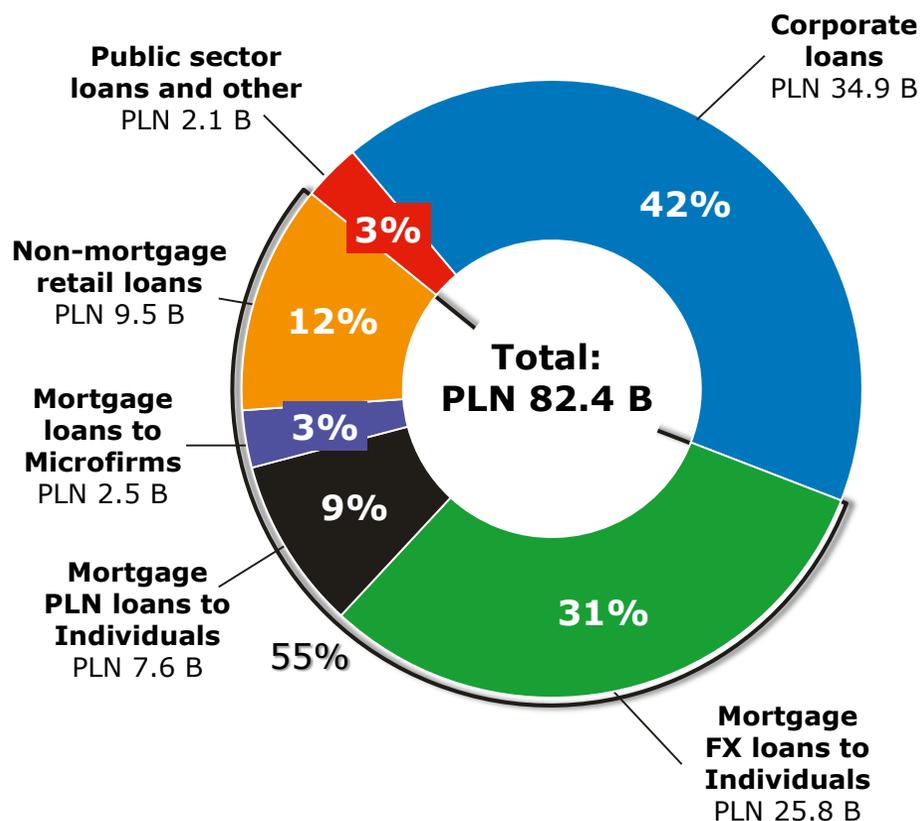
# Appendix



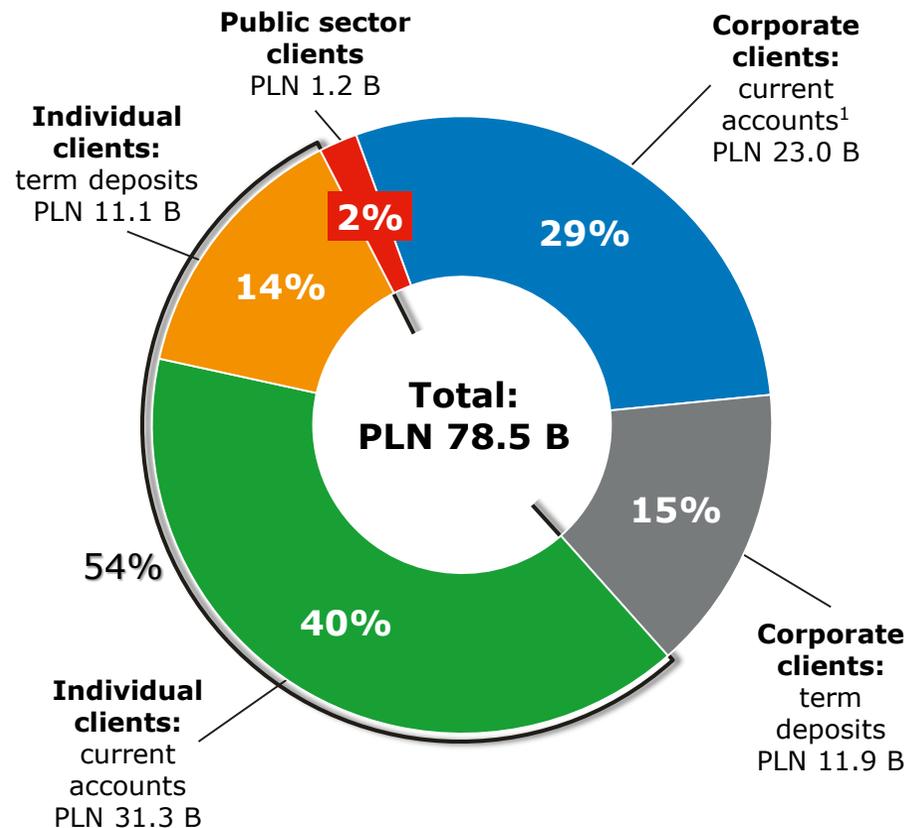
Summary
Historical view
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## Additional Information: Selected Financial Data Balance Sheet Analysis: Structure of Loans and Deposits

Structure of mBank Group's Gross Loans as of 30.09.2015



Structure of mBank Group's Deposits as of 30.09.2015



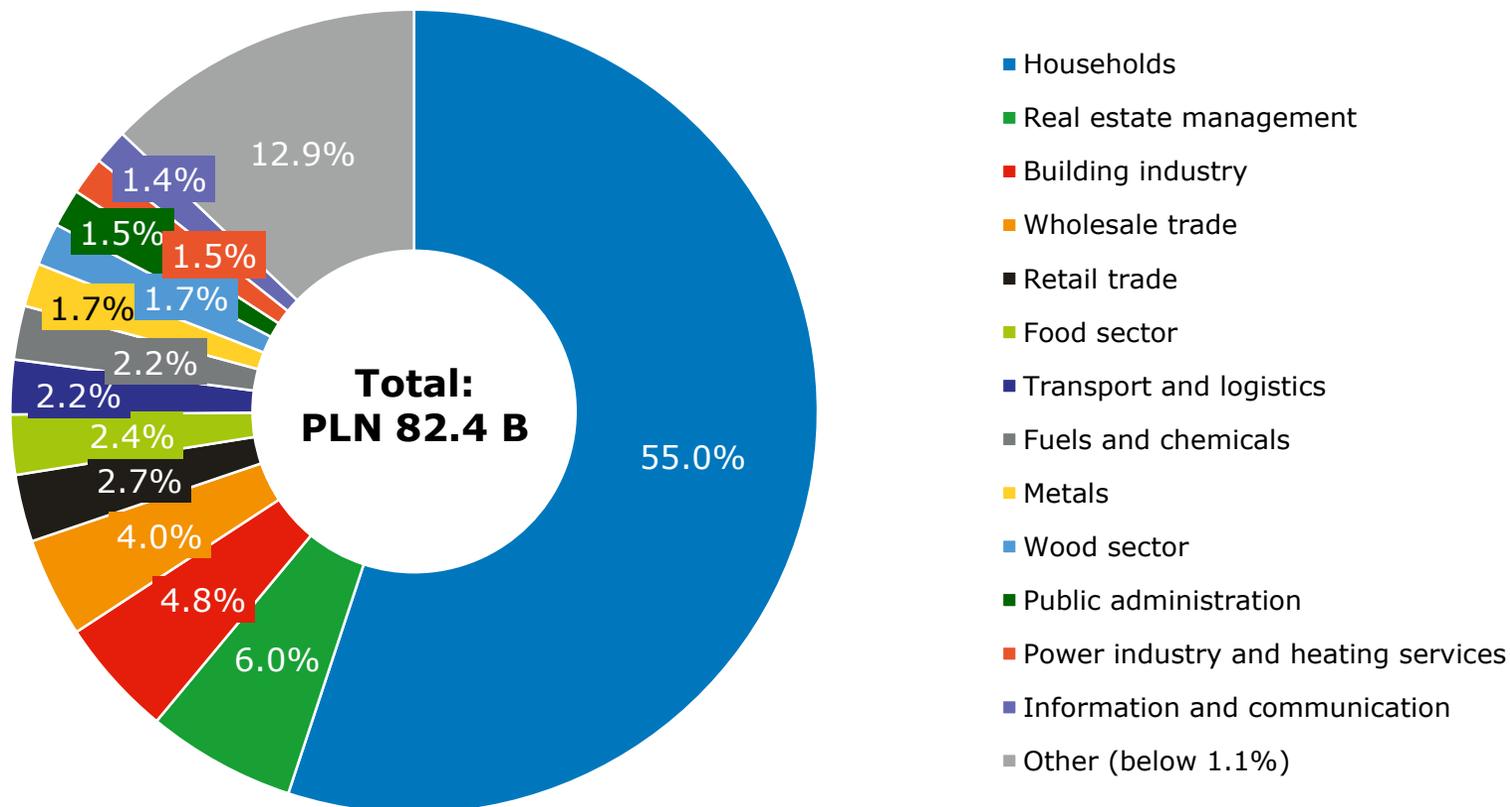
<sup>1</sup> incl. repo transactions, loans and advances received, other liabilities

# Appendix

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

Summary
Historical view
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<b>Balance Sheet</b>
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mBank Group's Sector Exposure by Industry  
as of 30.09.2015



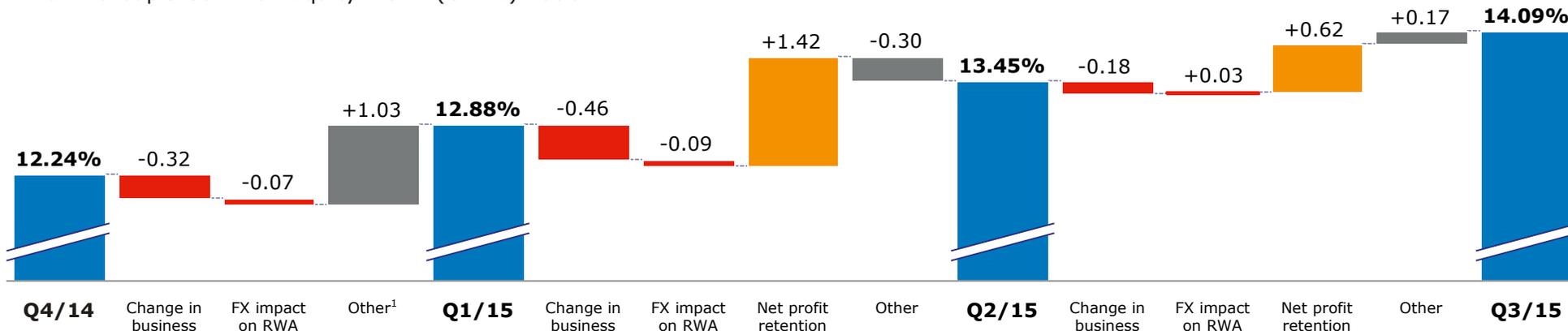
**A well diversified loan portfolio with granular structure**

# Appendix

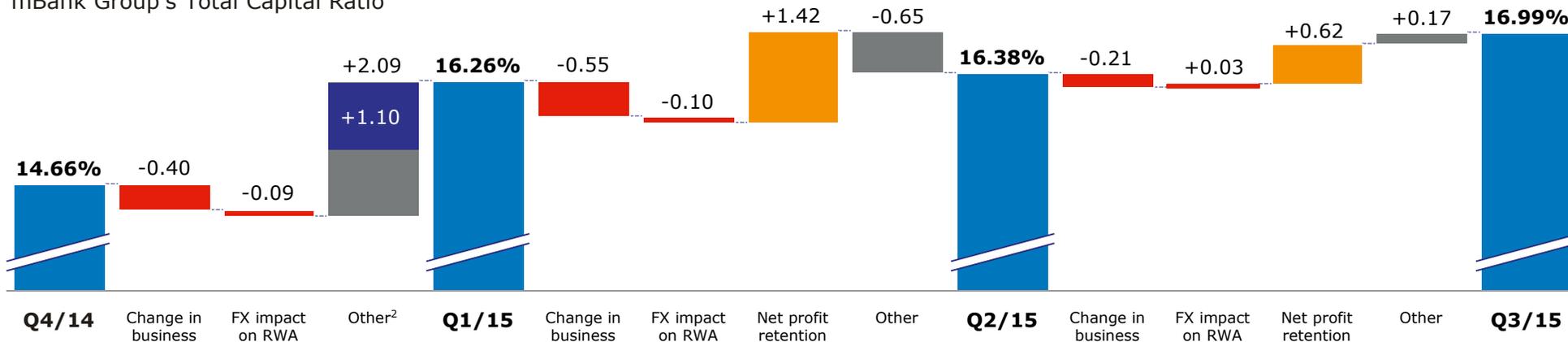
## Additional Information: Selected Financial Data Balance Sheet Analysis: Detailed Development of Capital Ratios

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



mBank Group's Total Capital Ratio

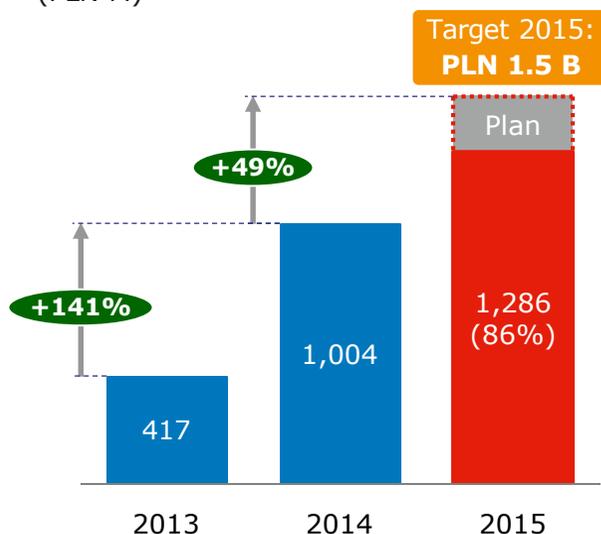


<sup>1</sup> Inclusion in the Common Equity Tier 1 capital: (i) 40% of unrealized gains according to the Polish FSA recommendation and (ii) the capital of Aspiro after the sale of insurance subsidiary

<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
11.0 M	EUR	24-04-2015	24-04-2025	10.0	Fixed (1.285%)
50.0 M	EUR	24-06-2015	24-06-2020	5.0	EURIBOR 3M + 69bps
500.0 M	PLN	17-09-2015	10-09-2020	5.0	WIBOR 3M + 110bps

## Detailed Results of the Business Lines in Q3/15

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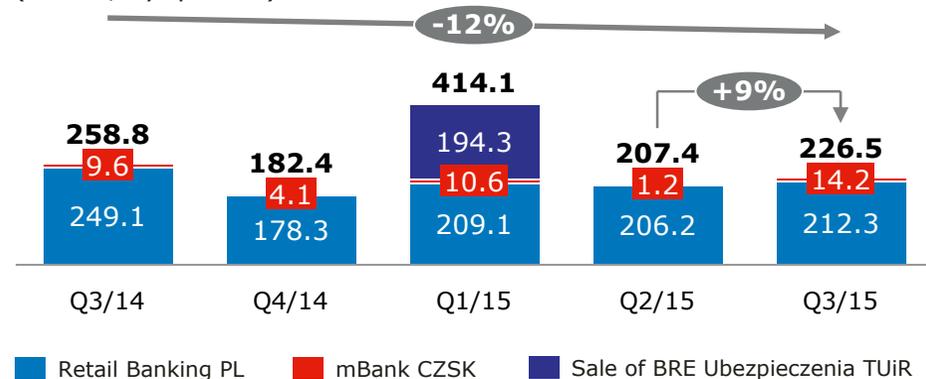
# Retail Banking

# Appendix

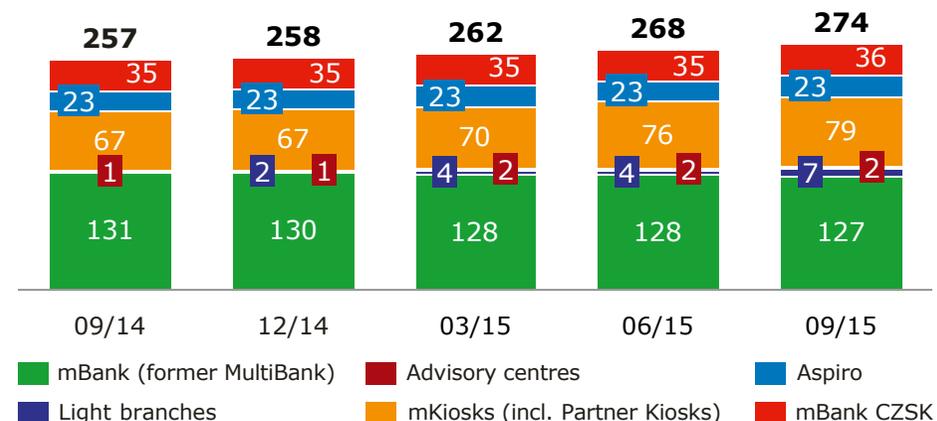
## Retail Banking Summary of Q3/15: Financial Results

Summary
Historical view
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<b>Business Lines</b>
Subsidiaries

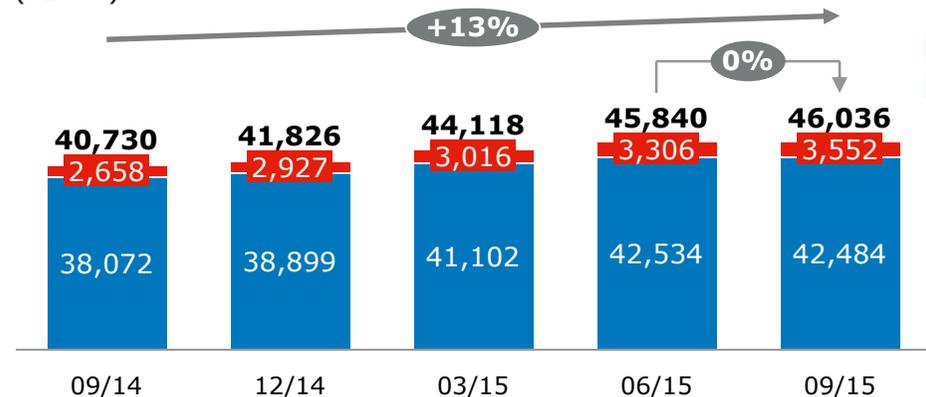
Profit before Tax of the Segment  
(PLN M, by quarter)



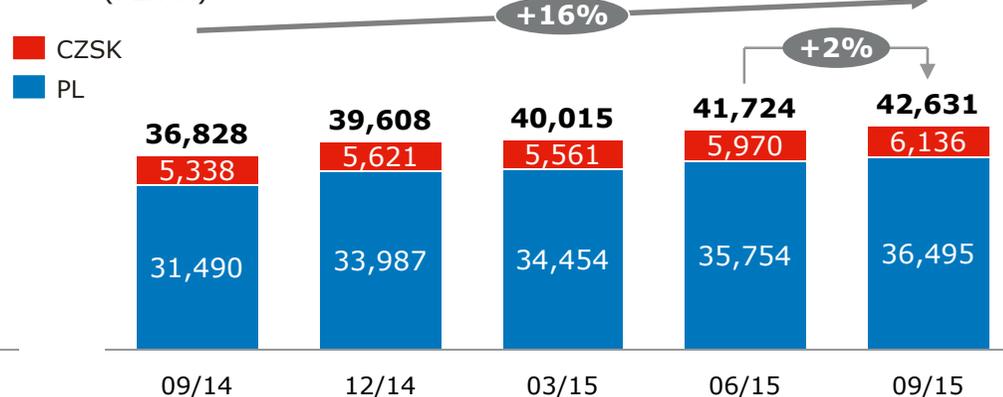
Number of Retail Service Locations



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



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



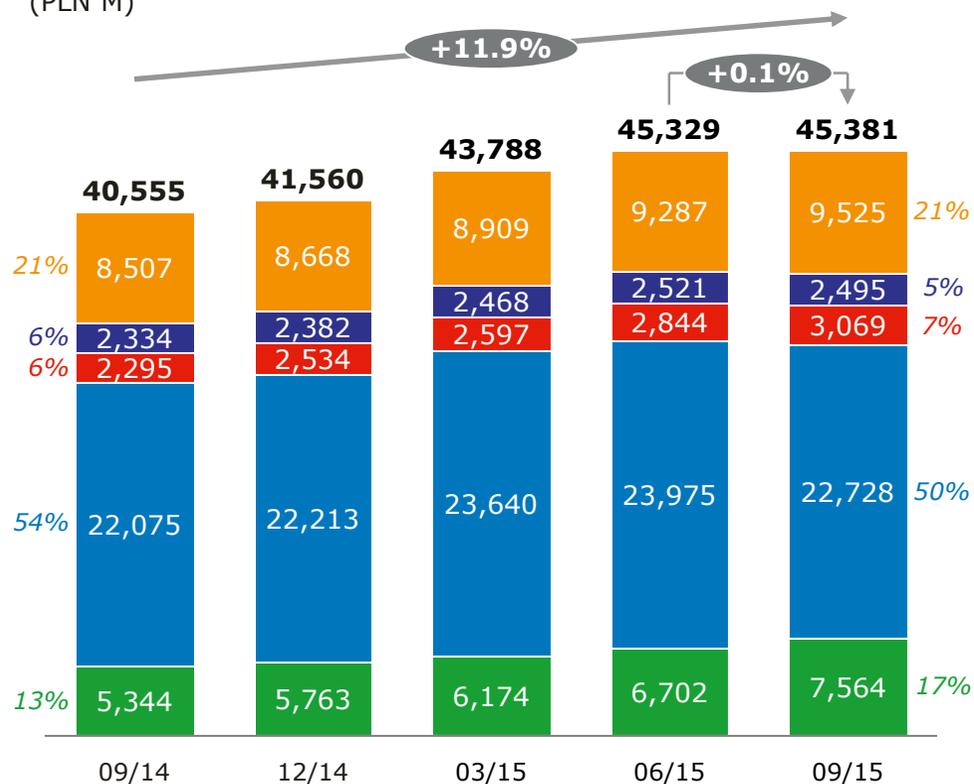
<sup>1</sup> Based on management information

# Appendix

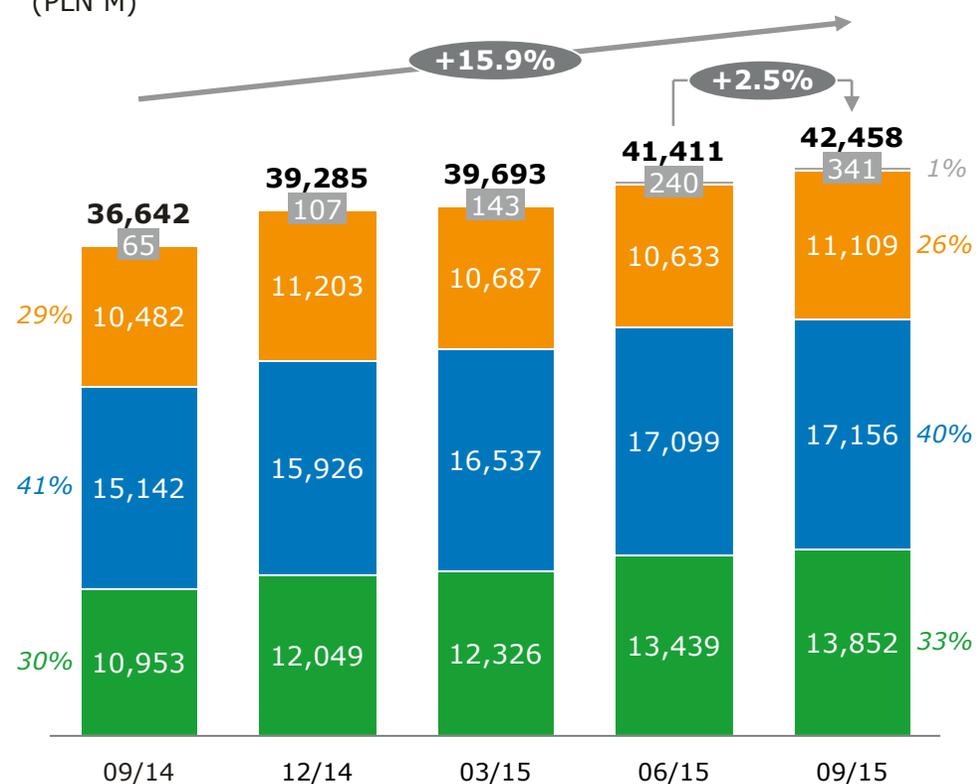
## Retail Banking Summary of Q3/15: Loans and Deposits

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



Deposits from Retail Banking Clients  
(PLN M)



- PLN mortgage loans to Individuals
- Mortgage loans to Microfirms
- FX mortgage loans to Individuals granted in PL
- Non-mortgage loans
- Mortgage loans granted in CZSK

- Current accounts
- Saving accounts
- Term deposits
- Other

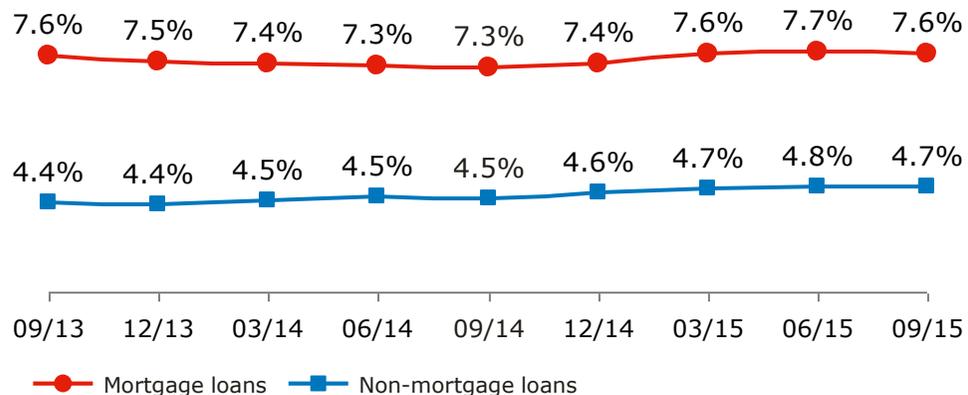
<sup>1</sup> Currency and geographical breakdown based on management information

# Appendix

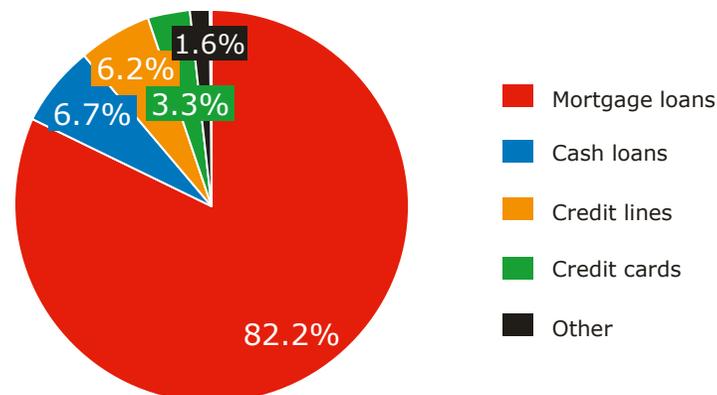
## Retail Banking Loan Portfolio Structure of mBank Group in Poland

Summary
Historical view
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<b>Business Lines</b>
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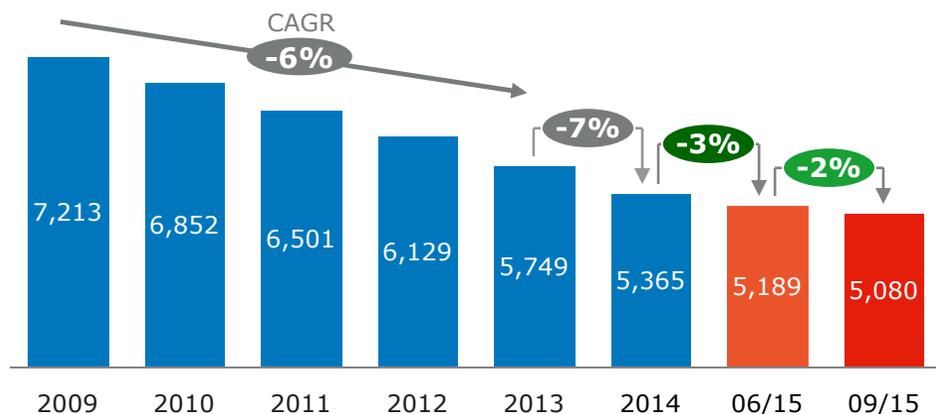
Market Shares in Household Loans in Poland



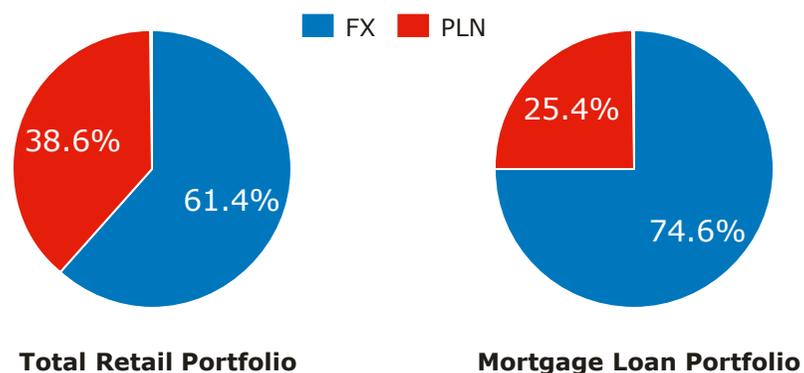
Product Structure of Retail Banking Loan Portfolio in Poland as of 30.09.2015



mBank's Gross CHF Loan Portfolio to Retail Clients (CHF M)



Currency Structure of Retail Banking Loan Portfolio in Poland as of 30.09.2015

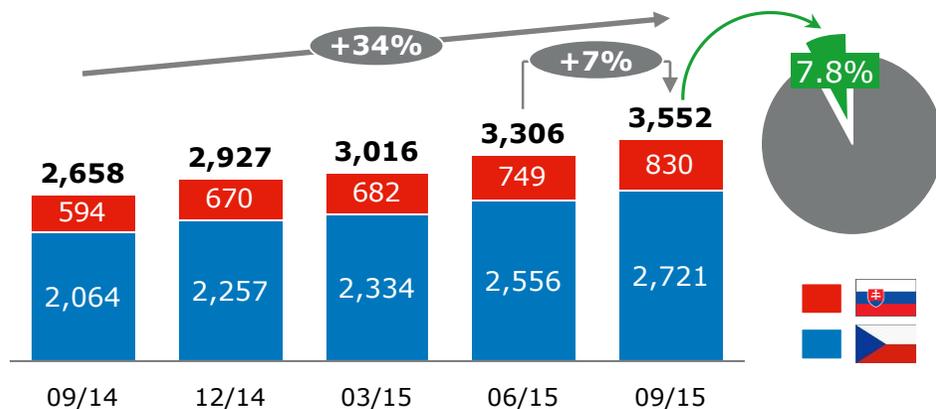


# Appendix

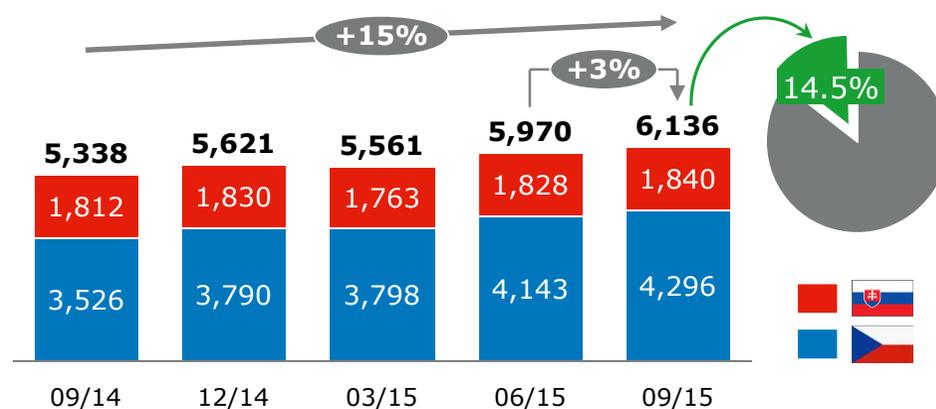
## Retail Banking mBank in the Czech Republic and Slovakia

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

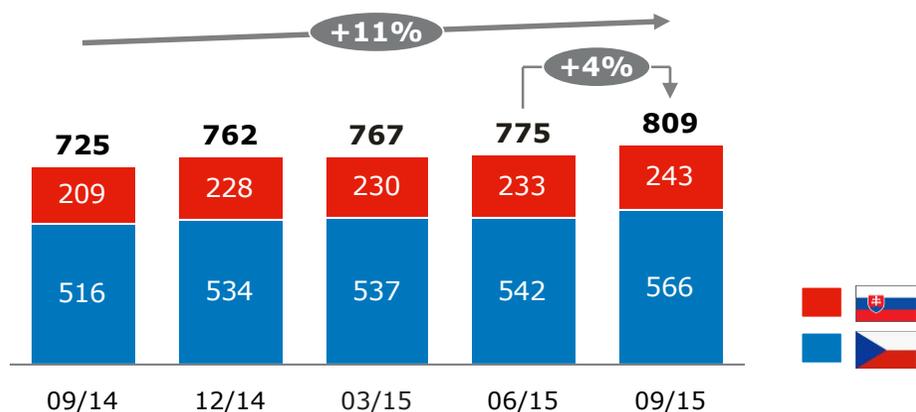
Gross Loans (PLN M) and Share in Total mBank's retail volume



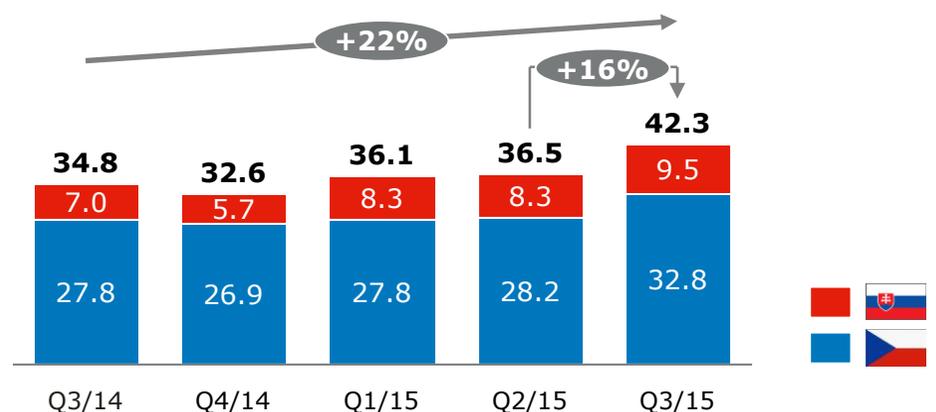
Deposits (PLN M) and Share in Total mBank's retail volume



Number of clients (thou.)



Total revenues (PLN M)



Note: Volumes based on management information.

# Appendix

## Retail Banking mBank in the Czech Republic and Slovakia

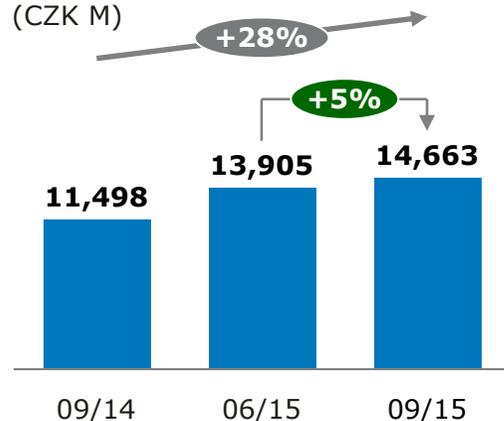


### Czech Republic

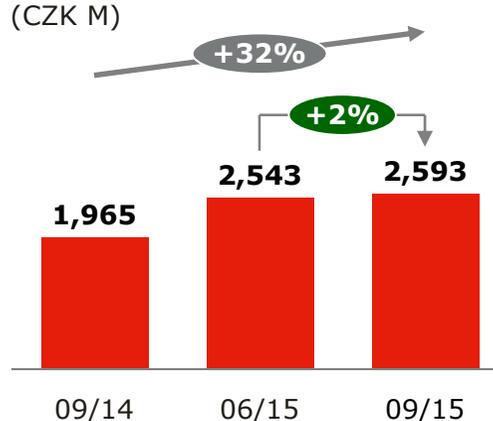
Clients:  
**565.6 thou.**

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

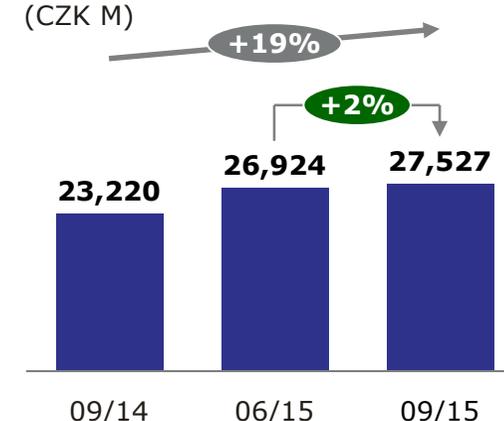
Mortgage Loans  
(CZK M)



Non-mortgage Loans  
(CZK M)



Customer deposits  
(CZK M)

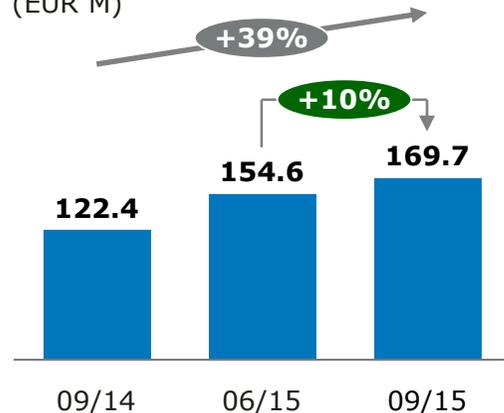


### Slovakia

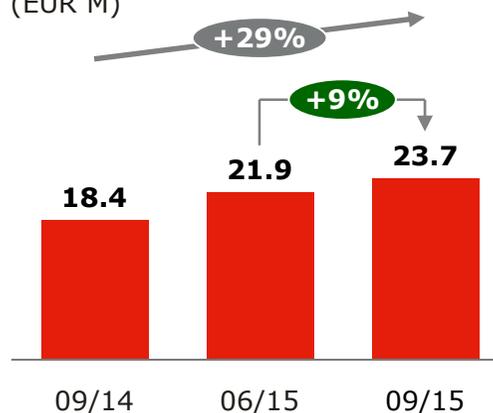
Clients:  
**243.0 thou.**

**1** light branch,  
**4** financial centres &  
**5** mKiosks

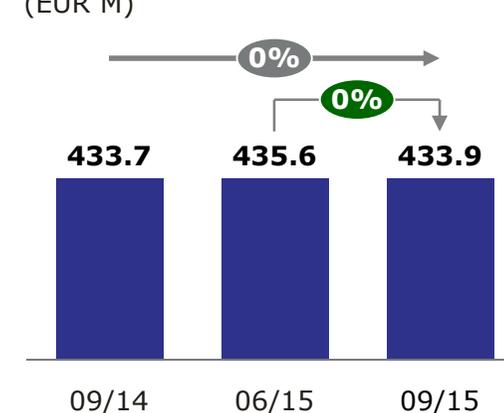
Mortgage Loans  
(EUR M)



Non-mortgage Loans  
(EUR M)



Customer deposits  
(EUR M)



Note: Volumes based on management information.

## Detailed Results of the Business Lines in Q3/15

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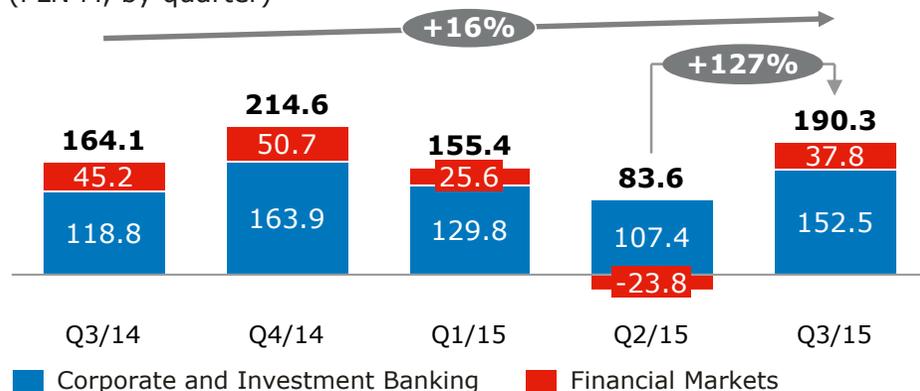
# Corporates & Financial Markets

# Appendix

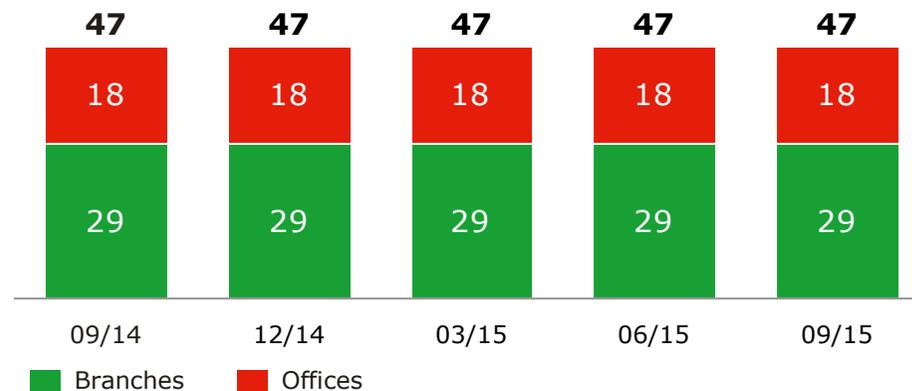
## Corporates and Financial Markets Summary of Q3/15: Financial Results

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

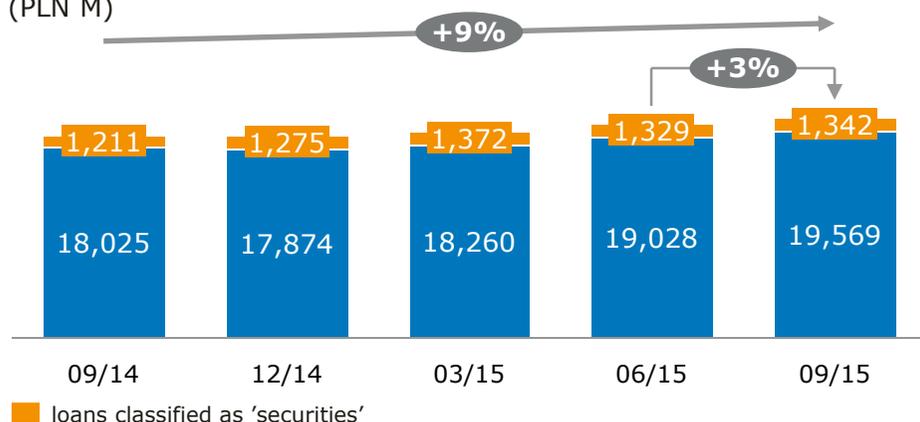
Profit before Tax of the Segment  
(PLN M, by quarter)



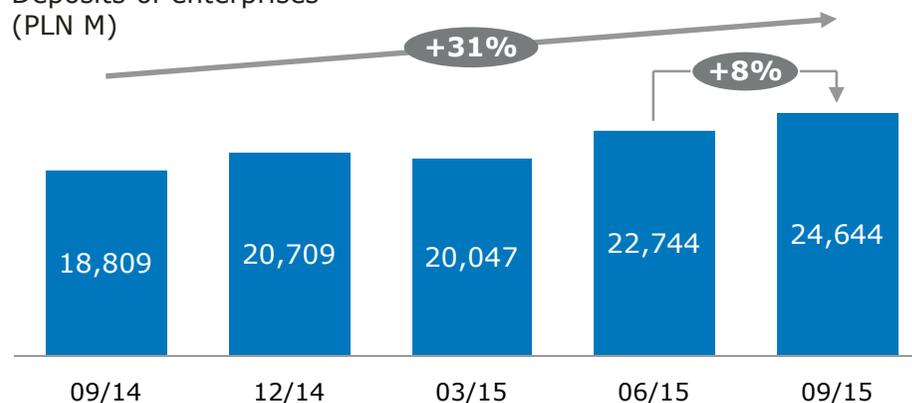
Corporate Branch Network



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



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



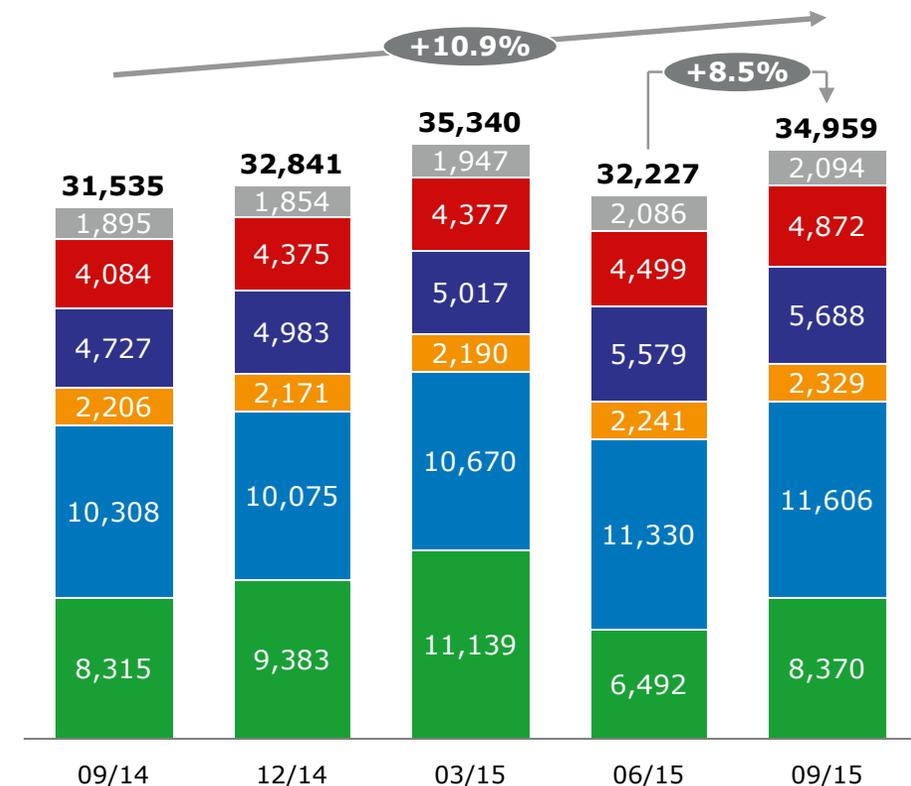
<sup>1</sup> Corporate loan and deposit volumes according to current NBP rules

# Appendix

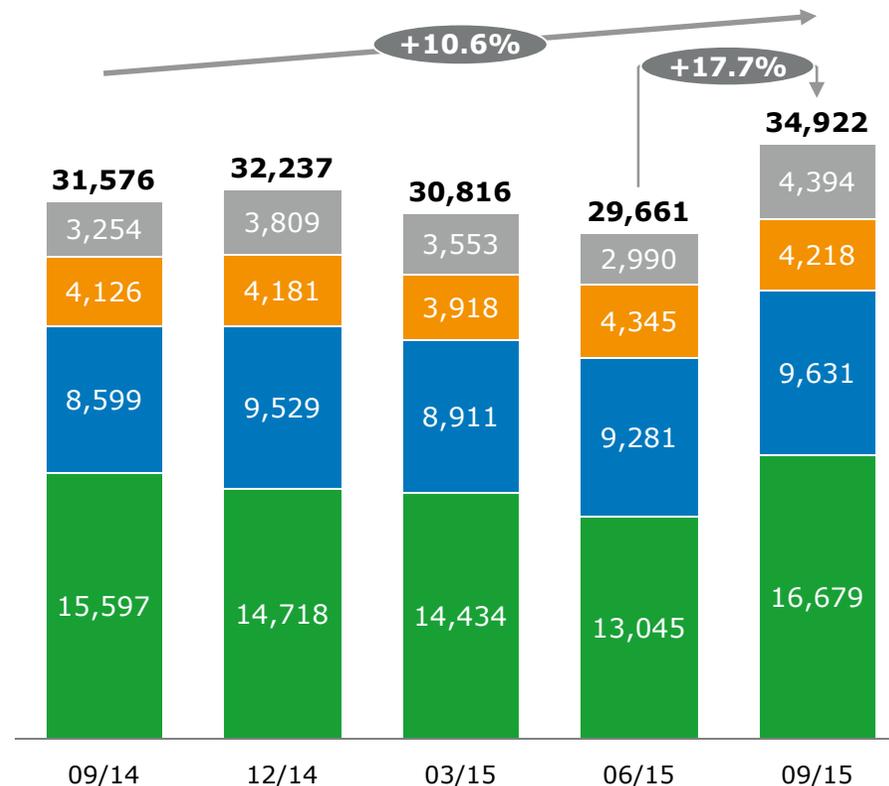
## Corporates and Financial Markets Summary of Q3/15: Loans and Deposits

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)



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

■ K1  
 ■ K2  
 ■ K3  
 ■ Other

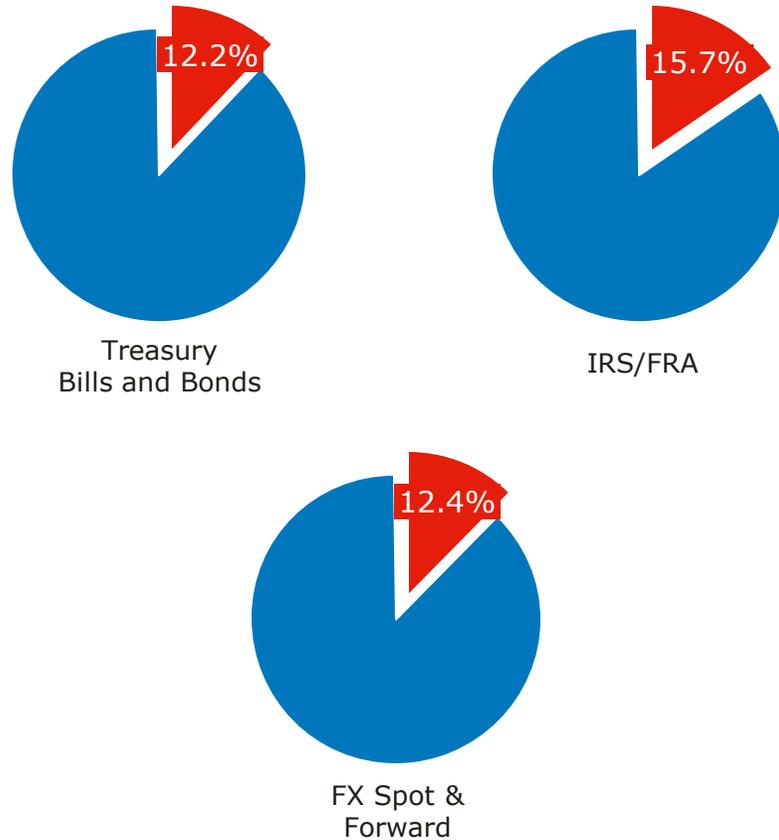
Note: Corporate clients split: K1 – annual sales over PLN 500 M and non-banking financial institutions; K2 – annual sales PLN 30 M to PLN 500 M; K3 – annual sales below 30 M.

# Appendix

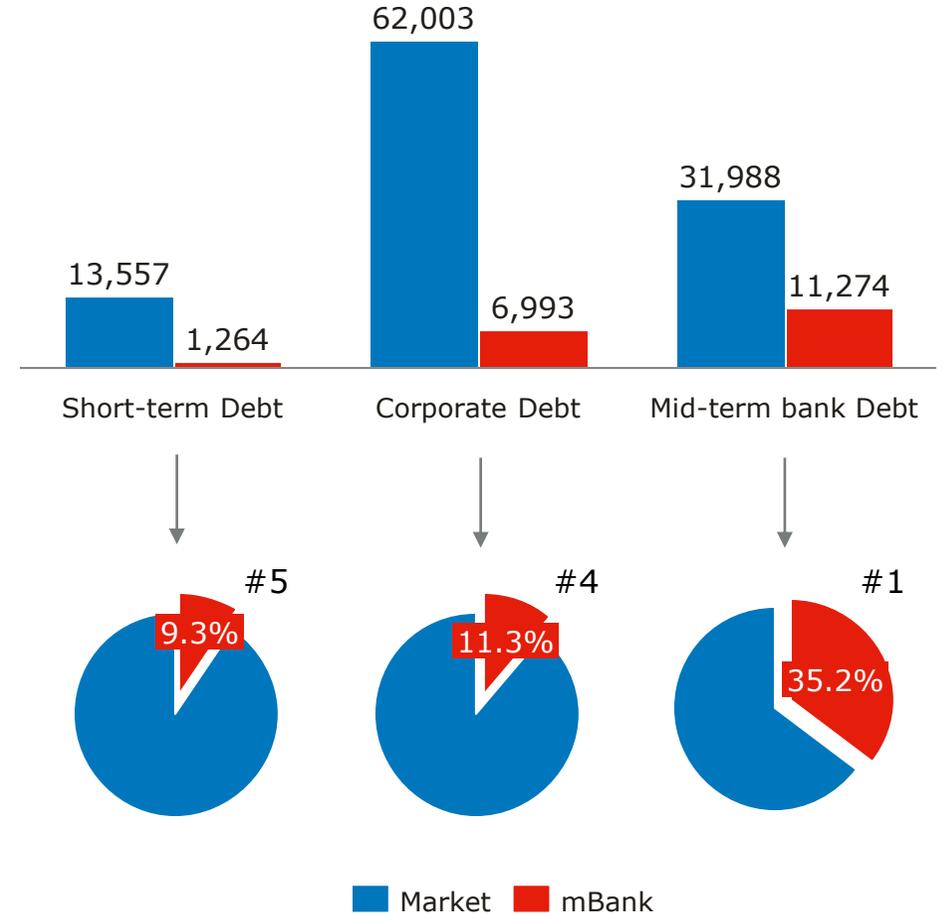
## Corporates and Financial Markets Market Shares

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 30.09.2015 (PLN M)



<sup>1</sup> As of 31.08.2015; mBank calculations based on NBP data

<sup>2</sup> Based on Fitch Polska S.A., Rating & Rynek, 30.09.2015 (excluding BGK road bonds)

## Detailed Results of the mBank Group's companies in Q3/15

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## Subsidiaries

# Appendix

## mBank Group's Subsidiaries

### Development of Profit before Tax of Consolidated Companies

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

PLN thou.	Q3/14	Q3/15	Change YoY	9M/14	9M/15	Change YoY
mBank Hipoteczny	6,055	9,076	+49.9%	24,644	17,381	-29.5%
mLeasing	13,939	17,535	+25.8%	36,905	45,291	+22.7%
mFactoring	5,375	-19,827	+/-	14,121	-17,023	+/-
Dom Maklerski mBanku	4,510	6,502	+44.2%	14,016	22,476	+60.4%
mWealth Management	4,758	6,823	+43.4%	13,810	19,988	+44.7%
Aspiro <sup>1</sup>	5,988	43,483	+626.2%	9,509	81,009	+751.9%
mLocum	1,982	7,535	+280.2%	17,159	18,642	+8.6%
BRE Ubezpieczenia <sup>2</sup>	13,536	-	-100.0%	44,396	7,069	-84.1%
Other <sup>3</sup>	-4,637	-1,696	-63.4%	-5,654	-3,206	-43.3%
<b>Total</b>	<b>51,506</b>	<b>69,431</b>	<b>+34.8%</b>	<b>168,906</b>	<b>191,626</b>	<b>+13.5%</b>

<sup>1</sup> Excluding intragroup dividend in Q2/14 and one-off gain on the sale of shares of BRE Ubezpieczenia TUIR in Q1/15

<sup>2</sup> The company was sold to AXA Group at the end of Q1/15

<sup>3</sup> Other subsidiaries include mFinance France, MLV-45, mCentrum Operacji, BDH Development, Garbary and Transfinance in 2014; Tele-Tech Investment has been consolidated since Q3/15

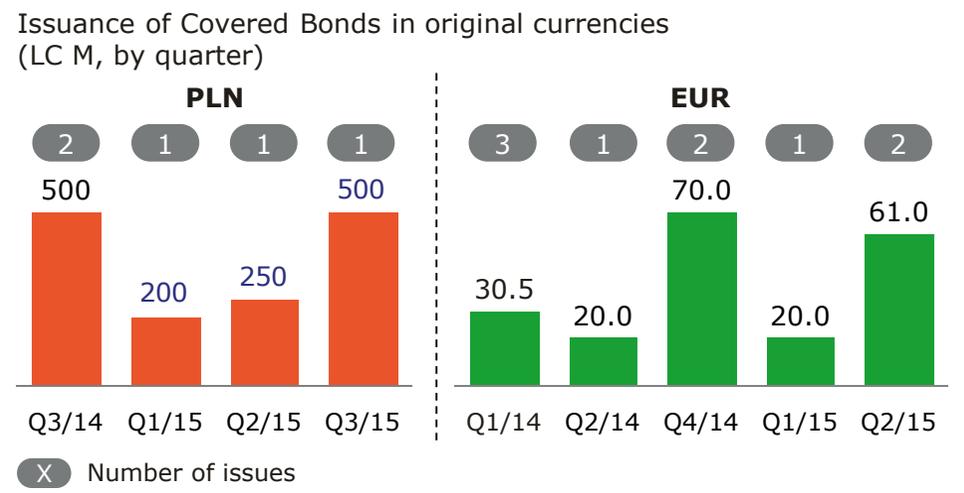
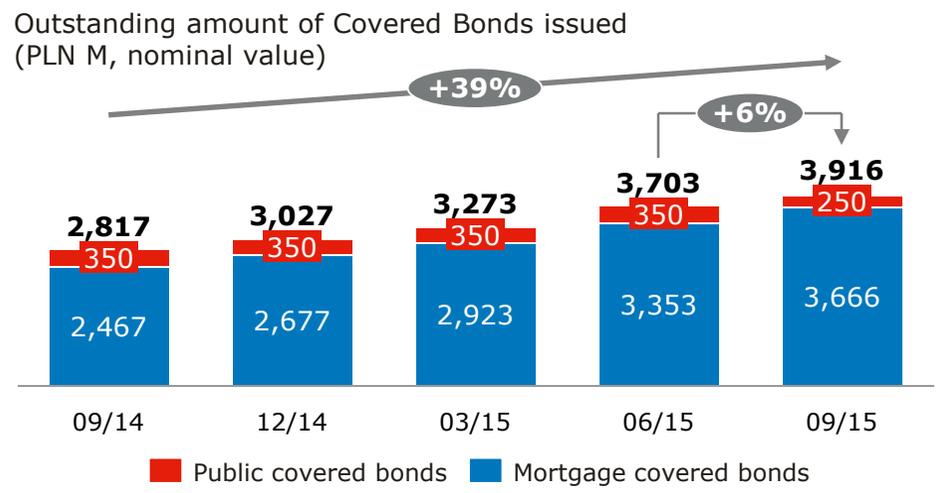
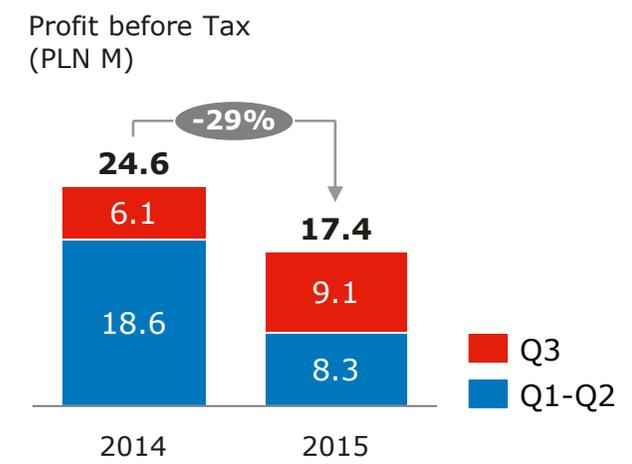
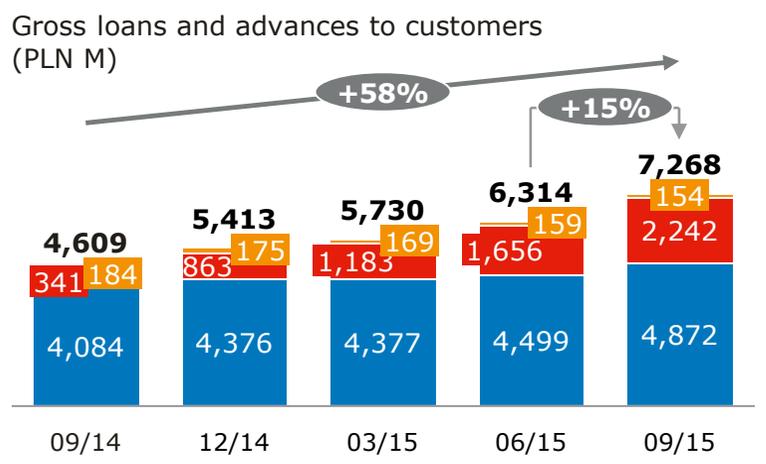
# Appendix

## 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

- Public sector loans and other receivables
- Housing loans to individual customers (incl. new sales and pooling transactions)
- Commercial loans



# Appendix

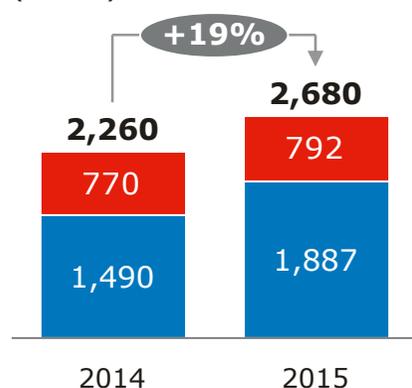
## mBank Group's Subsidiaries Leasing and Factoring

### m Leasing

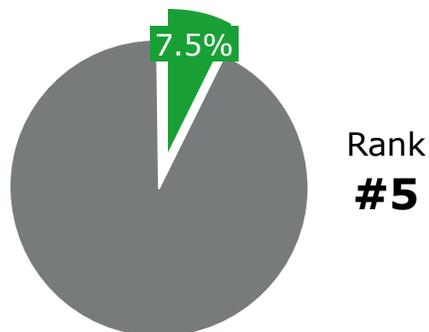
established in 1991

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

Leasing contracts (PLN M)

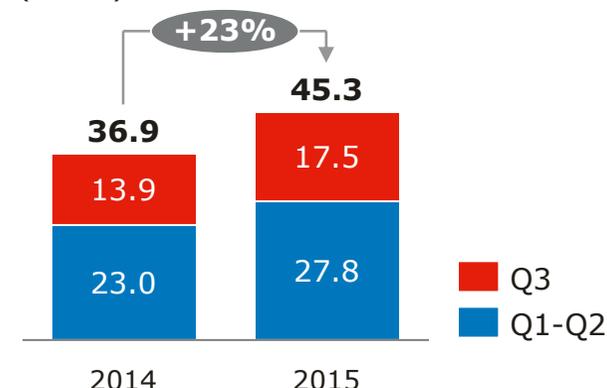


Market share & position – 9M/15



Source: Polish Leasing Association (PLA)

Profit before Tax (PLN M)

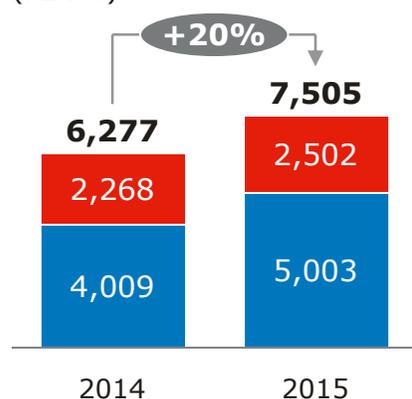


### m Faktoring

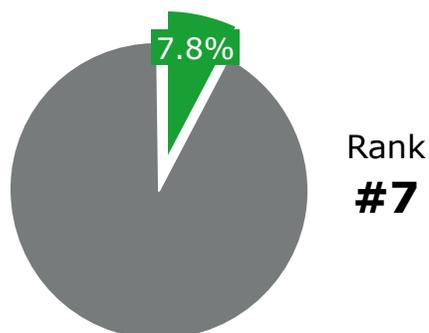
established in 1995

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

Factoring contracts (PLN M)

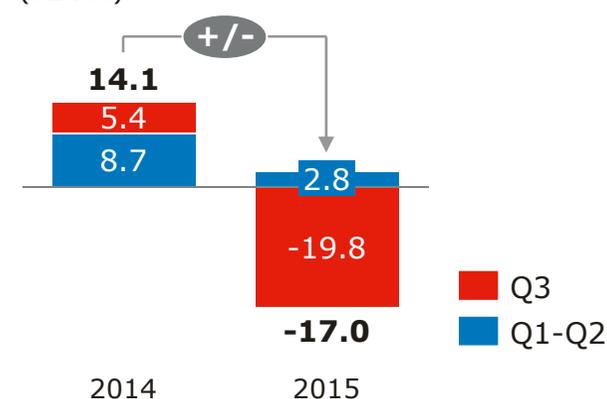


Market share & position – 9M/15



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

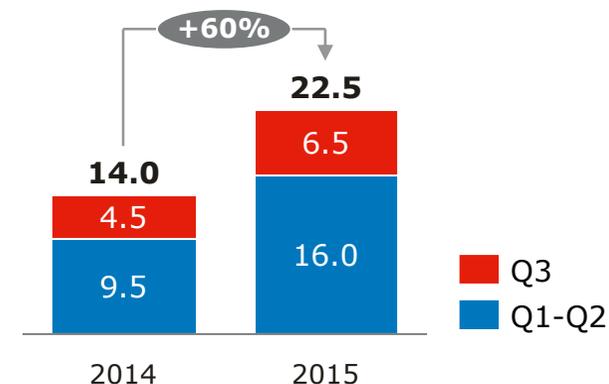
Number of Accounts in Q3/15 (thou.)	
mDM accounts	49.2
Brokerage Service in mBank	246.7
<b>TOTAL</b>	<b>295.9</b>

Market Shares in Q3/15, by volume

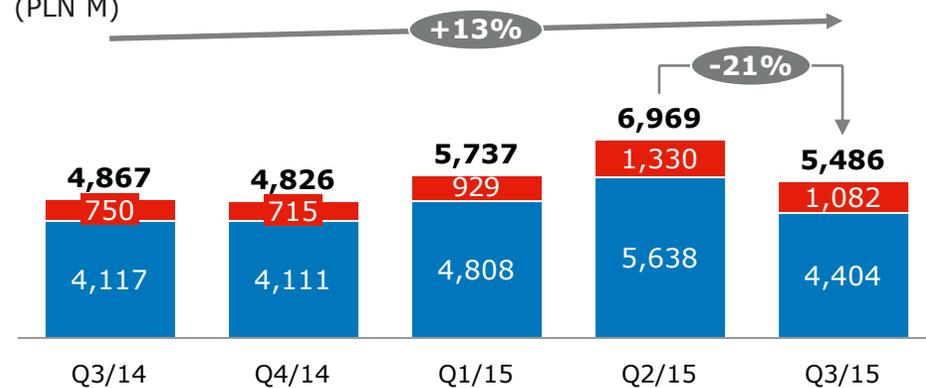
	incl. block transactions		Session transactions	
Equities	4.33%	#9	5.17%	#8
Bonds	10.72%	#2	10.39%	#2
Futures	13.06%	#2	15.09%	#2
Options	11.90%	#4	12.85%	#4

Source: mBank calculations based on WSE data

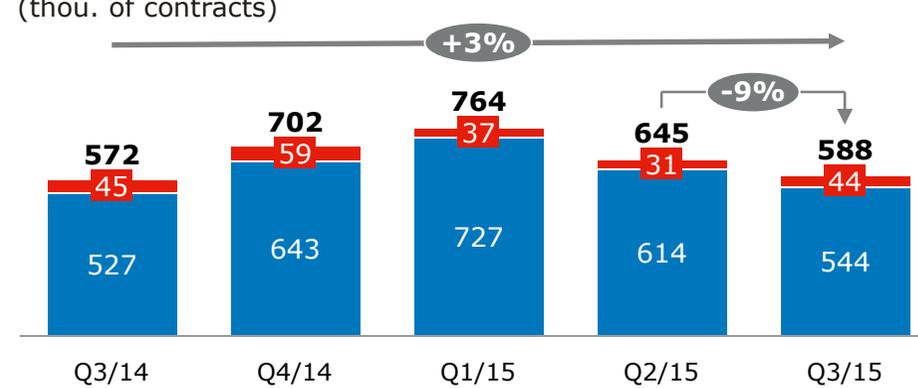
Profit before Tax (PLN M)



mDM Equities Trading WSE (PLN M)



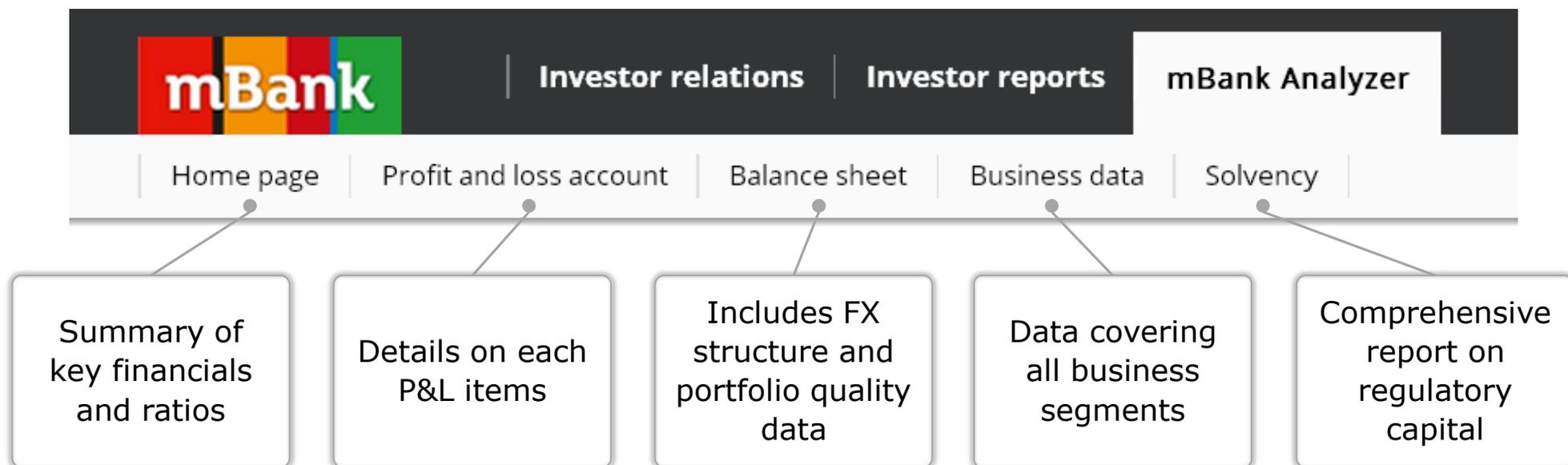
mDM Futures Trading WSE (thou. of contracts)



Trading via mBank's brokerage services    Direct trading via mDM

## 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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