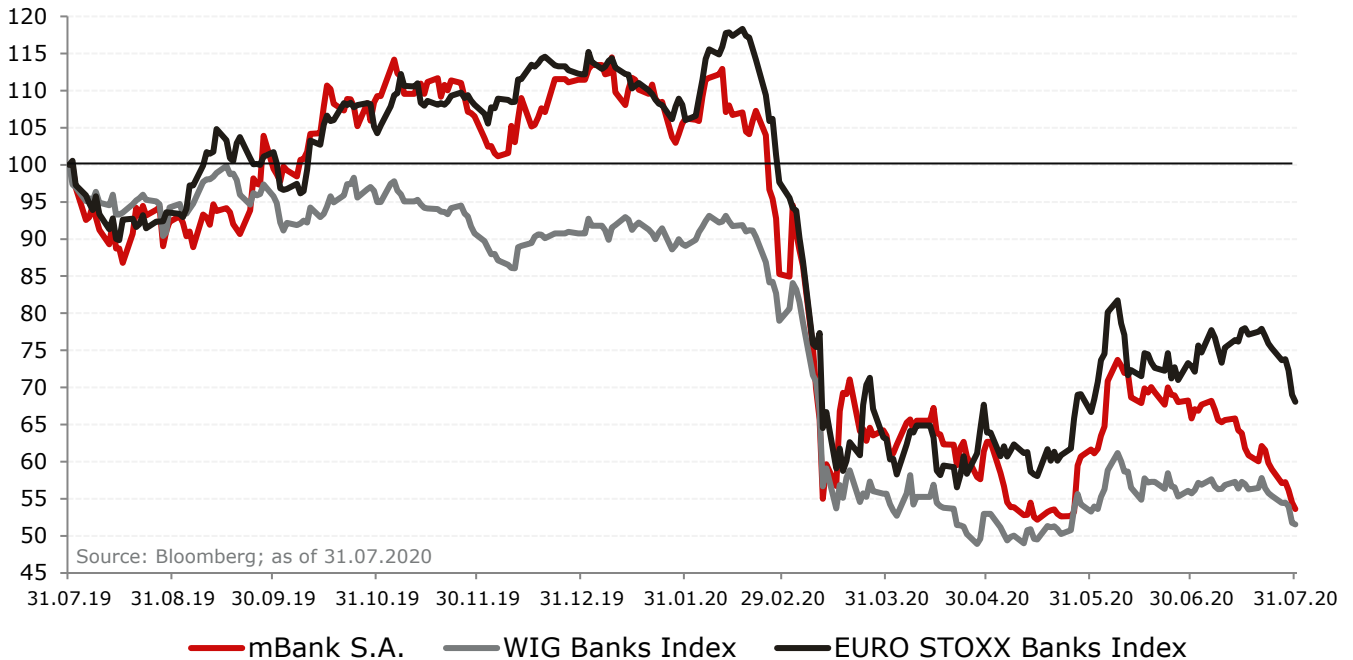


### Share price performance summary

In June mBank's share price decreased by 18.52%, while the WIG-Banks index declined by 7.54%. The EURO STOXX Banks Index went down by 6.61% in the same period.

#### Last 12 months - chart



change in the period	3Q'19	4Q'19	2019	1Q'20	2Q'20	2020yTD
mBank	-19.16%	+12.03%	-8.20%	-43.04%	+3.70%	-51.87%
WIG Banks Index	-9.69%	-5.23%	-9.19%	-38.62%	+0.06%	-43.21%
EURO STOXX Banks Index	-0.50%	+10.27%	+11.11%	-43.81%	+15.61%	-39.33%

### Consensus estimates for mBank Group's results

Financials (in PLN million)	2018	2019	2020E		2021E	
			estimate	Δ vs. 2019	estimate	Δ vs. 2020E
Net interest income	3 496	4 003	3 911	-2.3%	3 894	-0.4%
Net F&C income	1 258	1 271	1 317	+3.6%	1 354	+2.8%
<b>Total income</b>	<b>5 080</b>	<b>5 524</b>	<b>5 441</b>	<b>-1.5%</b>	<b>5 451</b>	<b>+0.2%</b>
<b>Total costs</b>	<b>-2 164</b>	<b>-2 329</b>	<b>-2 409</b>	<b>+3.4%</b>	<b>-2 451</b>	<b>+1.7%</b>
LLPs & FV change	-694	-794	-1 655	+108.5%	-1 499	-9.4%
<b>Operating profit</b>	<b>2 201</b>	<b>2 014</b>	<b>1 074</b>	<b>-46.7%</b>	<b>1 081</b>	<b>+0.6%</b>
<b>Net profit</b>	<b>1 303</b>	<b>1 010</b>	<b>244</b>	<b>-75.8%</b>	<b>221</b>	<b>-9.4%</b>
Net loans	94 766	105 347	107 898	+2.4%	111 970	+3.8%
Assets	145 781	158 721	172 345	+8.6%	178 198	+3.4%
Deposits	102 009	116 661	130 121	+11.5%	135 839	+4.4%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong, Pekao Brokerage, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, DM BDM, Wood & Company (only reports issued after the outbreak of COVID-19 pandemic).

Note: In 2018 total income included a one-off gain on the sale of an organised part of enterprise of mFinanse (PLN 219.7 million). Results for 2019 were under negative impact of provisions for legal risk related to FX loans (PLN 387.8 million).

### **Special topic: Remote account opening for corporate clients**

A fully electronic process enables corporate clients to open a bank account remotely and gain an access to the advanced transactional system mBank CompanyNet. For the clients who possess and use an electronic signature, the whole process can be completed even without contacting the advisor, online. Scanned and electronically-signed documents are sent via e-mail. If needed, at every stage of the process, clients can be assisted by advisors via e-mail or phone.

For those clients who do not use an electronic signature it is also possible to open an account with mBank without visiting a branch, fully online. In such a case, the client proceeds with an intuitive system, which leads her or him through the whole process step by step. mBank's advisor can support the client with correct filling-in the application. Next tasks are communicated via e-mail, while an agreement and any other necessary documents are signed fully paperless, only by SMS. An account for corporate clients can be opened even in one day.

This solution proves a digital character of mBank. Currently both corporate and retail (opening account via selfie) customers can start banking with us remotely.

### **Key news regarding mBank Group**

#### **mBank's economists see aid packages to help economies rebound from their bottoms, but behavioural changes of companies and consumers might become long-lasting**



With pandemics still active around the world, mBank's analysts keep their expectation for the recession of 4.2% in Poland in 2020. Depressed consumption and investments in 2Q'20 have different rebound paths in front of themselves. While consumption is standing a chance for rebound, though relatively closer to zero than high dynamic, investments are seen to have negative annual rates in the next few quarters.

The last summit of EU countries' leaders brought a consensus for combating adverse effects of COVID-19 pandemics. Together with the money from the EU budget, Poland is about to receive EUR 160 billion in 2021-2027, which shall translate into a strong momentum for growth starting from 2021/2022.

Retail sales in June improved more than expected, as their downward march slowed to an annual rate of 1.3% from 7.7% in May (in constant prices), signalling a V-shaped recovery phase. Sales have still some distance to cover before they reach pre-pandemic levels, but post-lockdown shopping effects have mostly dissipated. Compared to expectations, the contraction of June sales turned out to be less severe than the market consensus of -3%. On a reported basis, sales edged slightly lower (-1.9% YoY) due to price deflation. On a seasonally-adjusted basis, at a glance the category which contributed the most to the June recovery were durable goods, specifically "furniture, electronics, and appliances", with sales up by 16.1% YoY, and cars, where the sales losses compared to a year ago were curtailed to -6.4% compared to -55% registered in March. The declines in sales of clothing and footwear narrowed to 3.7% in June from 65% at their worst. With the leaps and bounds already seen in certain categories, going forward the momentum driving the recovery will most likely decelerate considering the little room for improvement left in some other categories (food, energy) and as consumers get used to a post-COVID world and return to normal spending patterns, though for some households disposable income has been diminished amid the coronavirus crisis. The pandemic has also dampened optimism about the future, and discouraged consumers from spending in favour of savings. Last but not least, some services still remain restricted under pandemic conditions.

Unemployment rate reached 6.1% in June and has grown at a slower pace than expected. For the companies employing more than 9 persons, the worst is already behind and no delayed effect of layoffs is visible. However, for the small companies there is still a risk of more registrations to come. The unemployment rate is still expected to rise but shall not exceed 8% at the end of the year, which is already a pessimistic forecast. Average wage increased by 3.6% YoY compared to 1.2% reported last month. The rebound outpaced market's expectations (1.1%). The reasons may include returning to work after the furlough expiration, re-expanding the work to full-time and payout of bonuses. Next months are predicted to be characterised with moderate declines in employment, while wages shall be rising at the low pace.

Final inflation reading confirmed 3.3% rate in June, driven strongly by post-COVID rise in prices of services. Organised tourism, telecommunication services, restaurants and hotels also got more expensive, partly on the higher demand for spending summer holidays in Poland. July's reading of 3.1%, aligned with market consensus, was driven by a decline of food prices by 1.4%. mBank's analysts still expect next months to bring gradual drop of inflation caused by demand gap, partly hampered by keeping the higher charges for sanitary regime's adjustments. Polish Monetary Council kept reference rate at an unchanged level of 0.1% with no direct communicate on projection, but indicating stabilization in the coming months. Non-standard measures and fiscal policy are expected to come first in case of a negative shock, instead of the next rate cut. mBank's economists forecast normalization of rates to appear at the end of 2022 at the earliest, when several new members of the Council are appointed.

Construction and assembly production declined in June by 2.4% YoY, slightly below the consensus of -1.8%. On a monthly basis, it rose by 12.5%, which shall be attributed to the seasonal trend and not post-COVID revival. Construction works have been mostly continued during pandemics, but construction and assembly production has decelerated. The biggest drop YoY can be observed in buildings' construction (-5.7% YoY). This category may suffer the worst also in the coming months (due to private investments). Public investment is believed to sustain construction in other categories.

### **mBank launches social campaign "Cyfrowe rewolucje" ("Digital Revolution")**

mBank helps companies build momentum with the social campaign "Cyfrowe rewolucje" ("Digital Revolution"). The core of the campaign are educational activities which support entrepreneurs in creating a successful online shop. The materials available at the dedicated website include not only expert articles or industry reports, but also profiles of companies which have started a successful e-commerce business and wish to share their experience. The website offers unlimited access to these sources. mBank has also prepared online educational meetings in the form of webinars and the brand new "speed dates" with experts, which will be launched in August 2020.

### **mBank establishes the "M jak Malarstwo" ("P for Painting") fund**

mBank established a dedicated fund called "M jak Malarstwo" to support young Polish painters. In June 2020, the first auction of paintings collected by the bank throughout the years took place. The income from the sale of 30 works of art totalling PLN 5.1 million was credited to the fund. The new collection will consist of paintings by young Polish artists, selected by a commission composed of experts on the contemporary art market.

**Forthcoming corporate access events**

01-04.09.2020	RCB Virtual Emerging Europe Days
01-04.09.2020	DM PKO BP: Virtual Investor's Day: CEE Financials
22-24.09.2020	BofA Global Research 25th Annual Financials CEO Conference

**Forthcoming reporting events**

29.10.2020	mBank Group Financial Report for Q3 2020
09.02.2021	Selected non-audited financial data of mBank Group for Q4 2020
26.02.2021	Annual Financial Report of mBank Group for 2020

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 350 367
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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For any further information, please contact the IR team.

**E-mail address:** [investor.relations@mbank.pl](mailto:investor.relations@mbank.pl)mBank S.A.  
Analysis and Investor Relations Department  
ul. Senatorska 18  
00-950 Warszawa