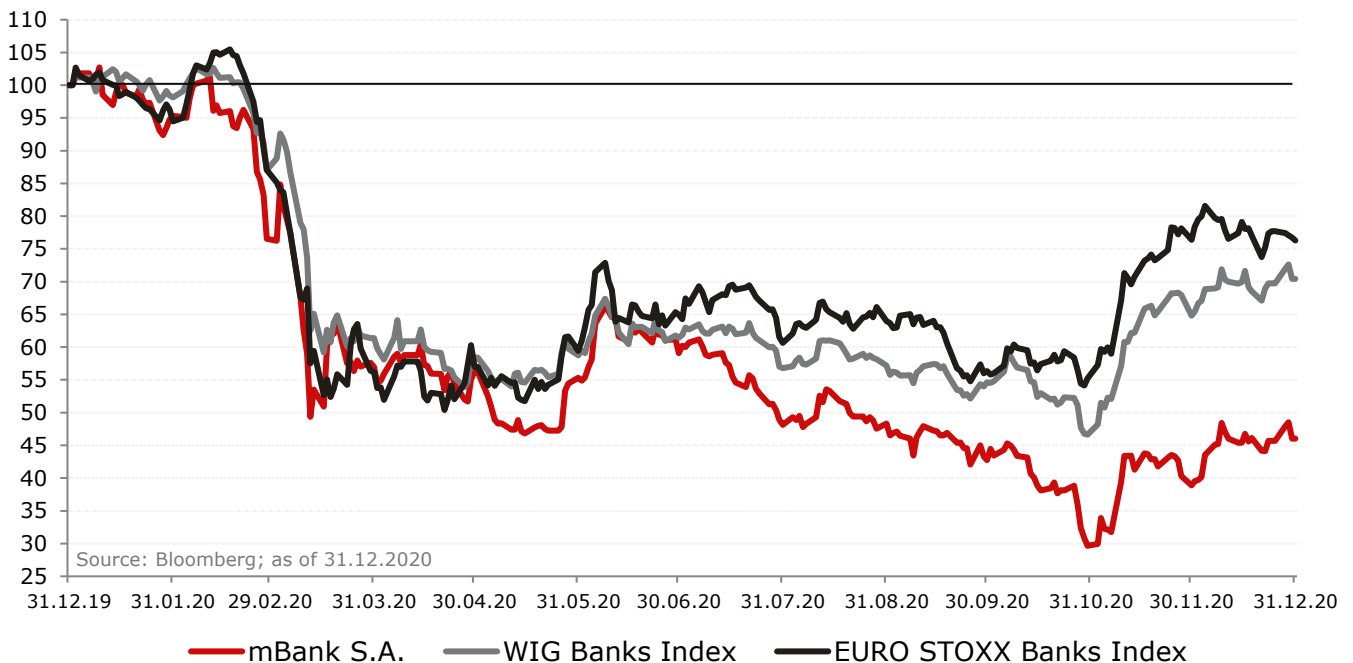


## Share price performance summary

In December mBank's share price increased by 18.36%, while the WIG-Banks index rose by 8.61%. The EURO STOXX Banks Index went marginally down by 0.14% in the same period.

### Last 12 months - chart



change in the period	2019	1Q'20	2Q'20	3Q'20	4Q'20	2020
mBank	-8.20%	-43.04%	+3.70%	-27.65%	+7.69%	-53.98%
WIG Banks Index	-9.19%	-38.62%	+0.06%	-11.03%	+28.84%	-29.59%
EURO STOXX Banks Index	+11.11%	-43.81%	+15.61%	-13.24%	+35.36%	-23.72%

## 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	3 979	-0.6%	3 961	-0.5%
Net F&C income	1 258	1 271	1 477	+16.2%	1 538	+4.2%
<b>Total income</b>	<b>5 080</b>	<b>5 524</b>	<b>5 662</b>	<b>+2.5%</b>	<b>5 695</b>	<b>+0.6%</b>
<b>Total costs</b>	<b>-2 164</b>	<b>-2 329</b>	<b>-2 450</b>	<b>+5.2%</b>	<b>-2 489</b>	<b>+1.6%</b>
LLPs & FV change	-694	-794	-1 421	+79.0%	-1 336	-6.0%
<b>Operating profit</b>	<b>2 201</b>	<b>2 014</b>	<b>1 275</b>	<b>-36.7%</b>	<b>1 295</b>	<b>+1.6%</b>
<b>Net profit</b>	<b>1 303</b>	<b>1 010</b>	<b>329</b>	<b>-67.4%</b>	<b>328</b>	<b>-0.4%</b>
Net loans	94 766	105 347	108 901	+3.4%	113 162	+3.9%
Assets	145 781	158 721	180 302	+13.6%	186 755	+3.6%
Deposits	102 009	116 661	140 302	+20.3%	145 334	+3.6%

Contributing research by: Citi Research, BOŚ Brokerage, Erste Group, PKO Securities, Haitong, Pekao Brokerage, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, DM BDM, Wood & Company.

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: mBank will create its own investment fund company and retain the open architecture of the investment funds supermarket**

The Management Board of mBank decided to establish an investment fund company which will complement the existing investment fund supermarket, currently offering over 250 funds. According to Bartosz Pawłowski, chief investment officer in mBank's Private Banking, owning an investment fund allows for a faster reaction to the clients' needs, especially in a current, fast changing environment. We will also be able to better tailor the offer to the ESG standards.

mBank has started a formal, legal and regulatory process aimed at registration of mTowarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (mTFI S.A.) in the National Court Register and applying for a consent of the Polish Financial Supervision Authority to conduct operations of an investment funds management company.

## **Key news regarding mBank Group**

### **Polish economy still impacted by restrictions in 2020 but revival expected in 2021**



The current macroeconomic forecasts of mBank's analysts stand at 3.1% drop of GDP in 2020 and 3.8% growth in 2021. The economy will revive and the following years may be one of the best in the Polish cycle thanks to the EU transfers. The pandemic restrictions will continue until Spring, but the economic restart is to begin in 1Q'21. Polish GDP shrank by 1.5% YoY in 3Q'20, with consumption rising by 0.4% and investment falling by 9%. Net export contributed by 1.7 p.p. in plus, while inventories by 2.3 p.p. in minus.

Vaccination of major share of the society and distribution of public aid shall bring more optimism to market participants and allow companies to survive until the next cycle of EU funds is available. Polish government aims at reinforcing public aid with PFR 2.0 shield of up to PLN 35 billion available to companies affected by the second pandemic wave since January 2021. Although the restrictions such as a lockdown on non-essential stores in shopping centres have lasted through November 29, it appears more likely than not that consumers will continue to practice social distancing and self-isolation in the time after. Using mBank's internal consumption gauge based on customer card payments, analysts see that Poles have not reduced their expenses as much as the first time, plus, manufacturing activity so far looks less affected as supply chains remain intact with less severe restrictions imposed on factories across Europe.

Industrial production in November surprised to the upside, rising by 5.4% YoY, above consensus of 3.3% YoY. The sold production volume returned to the trend from before the pandemic, not affected by November restrictions. The refrained orders are catching up and companies appear to have learned to function under the restrictions. Expected minor sensitivity of the production to the new lockdown might cause the GDP reading for 4Q'20 be better than previously forecasted. Producers' prices fell by 0.2% YoY, and are expected to continue the trend of stability, influenced by FX changes and commodities' prices.

Retail sales declined by 5.3% YoY in November, which appears to be a good result given a lockdown of the shopping centres. Christmas shopping and deferred demand are going to materialise in December, leading to at least smaller declines in annual terms. The sales turned out to evolve better than in Spring, thanks to, among others, lesser restrictions and holiday shopping (Black Friday). The rebound of sales to the pre-pandemic level depends however on customers' optimism, which is still depressed by fear of the virus. mBank's analysts expect consumers to remain cautious in their spending, as a consequence of the situation on the job

market and development of wages. More dynamic acceleration of consumption is foreseen just for 2021-2022, when the economic rebound shall reinforce.

Labour market data was better than expected another month in a row. The average employment in industrial sector remained at similar level to October, while average wage noted a notable growth. November restrictions seem not to have influenced the job market. Employment declined by 1.2% YoY. Reasons for better readings than during the first pandemic wave comprise among others previous optimisation of staff by the companies and continued activity of many sectors. The impact of November and latter restrictions on the job market remains to be observed, but the rebound in the sentiment shall lead to rebuilding the workforce, although potentially slowly. Wage growth by 4.5% YoY owed partly to distribution of bonuses and pension leave payments. The dynamics of average wage are expected to remain at the level of ca. 4-5%. Only the visible economic revival may translate into melting the currently frozen wage negotiations, potentially to happen in late 2021 or even next years.

Final reading of November inflation was at 3.0% YoY, while the base inflation is estimated at 4.3%. The following months should bring the further decline of inflation and a slow decrease of the base inflation. It will be driven by a high base from the beginning of the year but due to the planned increases of the energy prices (at ca. 12-13%) mBank's analysts do not expect the inflation to fall below 2% in 1Q'21.

### **mBank doubled the limit for Renewable Energy financing up to PLN 4 billion**

mBank has responded to the record-high interest in Renewable Energy Sources (RES) investments and joined the green transition of the energy sector. For years mBank Group has supported the ESG policy, among others by funding the projects which aim at limiting greenhouse emissions. We have been one of the first banks to finance the wind energy and currently we observe an increased role of photovoltaics. Established cooperation with the clients and good prospects for the RES sector are just few among the reasons for increasing mBank's involvement in RES funding. Already in 2018 we declared PLN 500 million for this purpose. In Summer 2019 we doubled that amount to PLN 1 billion and in March 2020 up to PLN 2 billion. The current limit of PLN 4 billion positions mBank among leaders in energy transition funding in Poland.

### **Polish Development Fund's Financial Shield 2.0 available at mBank**

mBank, among other commercial and cooperative banks in Poland, will process the applications for support under the Financial Shield 2.0 of PFR. The subsidies will be offered to micro, small and medium enterprises from nearly 40 sectors, which had to limit or suspend their business activity due to the COVID-19 pandemic. The total amount of the support will amount to PLN 35 billion, of which micro companies and SMEs shall receive around PLN 10 billion. The motions are going to be accepted until February 28, 2021.

### **mBank's mobile application integrated with Huawei Mobile Services**

mBank's mobile application, available in AppGallery since May 2020, was integrated with Huawei Mobile Services. This means that the users of the newest Huawei appliances based on HMS can access fully-transactional tool to conveniently manage their finances. mBank's mobile app is not just an addition to the internet banking, but it is fully operational access channel. Already over 2.2 million clients use our application, therefore we strive to develop it constantly. The application installed on Huawei devices with HMS services Blik mobile payments.

**Forthcoming corporate access events**

-	No events planned for January 2021
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**Forthcoming reporting events**

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	42 367 040
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-40, WIG-Banks, WIG-ESG

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