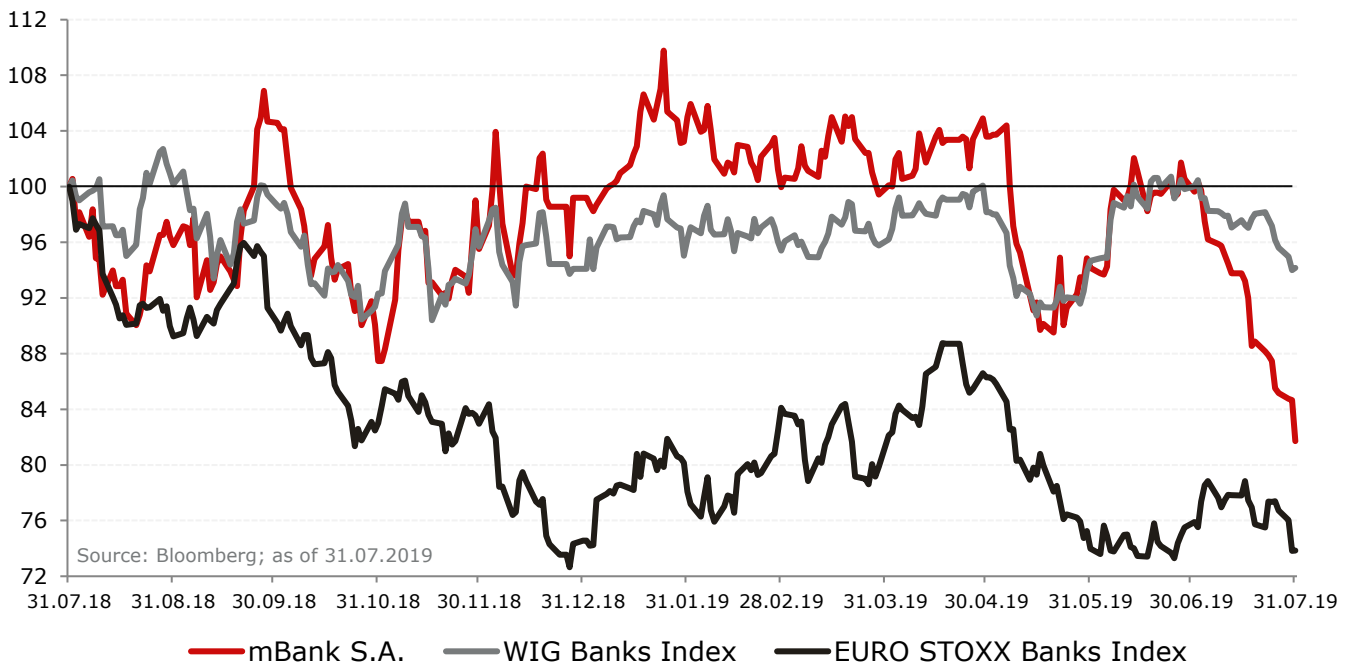


Share price performance summary

In July mBank's share price dropped by 18.74%, while the WIG-Banks index went down by 5.69%. The EURO STOXX Banks Index declined by 2.19% in the same period.

Last 12 months – chart



change in the period	3Q'18	4Q'18	2018	1Q'19	2Q'19	2019yTD
mBank	+11.96%	-5.23%	-8.77%	+0.24%	+1.13%	-17.63%
WIG Banks Index	+9.10%	-5.37%	-12.12%	+1.78%	+4.24%	+0.07%
EURO STOXX Banks Index	-3.53%	-18.31%	-33.29%	+7.13%	-5.48%	-0.95%

Consensus estimates for mBank Group's results

Financials (in PLN million)	2017	2018	2019E		2020E	
			estimate	Δ vs. 2018	Estimate	Δ vs. 2019E
Net interest income	3 136	3 496	3 835	+9.7%	4 146	+8.1%
Net F&C income	992	976	991	+1.5%	1 035	+4.5%
Total income	4 454	5 059	5 209	+3.0%	5 568	+6.9%
Total costs	-2 043	-2 164	-2 288	+5.7%	-2 361	+3.2%
LLPs	-508	-694	-737	+6.1%	-806	+9.3%
Operating profit	1 903	2 201	2 184	-0.8%	2 402	+10.0%
Net profit	1 092	1 316	1 269	-3.6%	1 417	+11.6%
Net loans	84 476	94 723	100 059	+5.6%	105 425	+5.4%
Assets	131 424	145 750	155 092	+6.4%	163 203	+5.2%
Deposits	91 496	102 009	113 291	+11.1%	119 551	+5.5%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong Bank, IPOPEMA, KBW, Pekao Investment Banking, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

Note: total income includes a one-off gain on the sale of an organised part of enterprise of mFinance (PLN 219.7 million) in 2018.

Special topic: mBank approved as Third Party Provider

In July 2019, mBank obtained the approval of the Polish Financial Supervision Authority (KNF) to act as Third Party Provider (TPP). It will allow us to offer modern payment solutions and other services in cooperation with our subsidiary, mElements, specialising in banking API (Application Programming Interface). According to the EU directive PSD2, TPP is a new type of companies that will function on the payments market. In the future, financial market-related TPPs will be able to use bank systems to provide alternative services, such as initiating payments or aggregating information on client transactions.

Earlier this year, mBank launched the sandbox for developers, i.e. the API test environment, which allows TPPs to check the API functionalities. As part of it, these companies can test the functionality of mBank's API to prepare for the production implementation of these services. Not only certified entities can use the environment, but also those who haven't submitted their application yet, but from the bank's perspective they conduct interesting and innovative activities. An interest of external entities in testing mBank's API has been rising, so we are able to constantly improve it on the basis of collected comments and opinions. Sandbox is available at <https://developer.api.mbank.pl/> and is operated by mElements.

Key news regarding mBank Group

mBank's economists keep their forecast for GDP growth despite selective weakness in June data



Following apparent resilience of Polish economy against global slowdown, mBank's economists keep their GDP growth forecast at 5.0% in 2019 and 4.0% in 2020, above market consensus. Apart from private consumption, driving growth in previous months, private investment finally arrived and public spending cycle seems to be stronger than expected, which changes the starting point and the durability of investment activity going forward.

CPI rose by 2.6% YoY in June, in line with the flash reading. Food prices increased by 0.3% MoM and this development can be traced back to no change in vegetable prices and a slight expansion in fruit prices. Over the past year food prices have already grown by a respectable 5.7% YoY. Other non-core items were slightly deflationary, with fuel and energy prices having changed by +0.1% and -0.2% MoM, respectively. Core inflation rose from 1.7% to 1.9% YoY.

Industrial output surprised to the downside in June, having fallen by 2.7% YoY, compared to the overstated expectations of ca. 3% YoY growth. Among other factors, the calendar effect was the primary driver of this deceleration as working day count declined by 3 MoM and the swing in annual terms was a whopping -3. July is set to bring a reversal in the said calendar effect and industrial output growth will return to the 7-8% territory. However, this shift between the two quarters has important implications for near-term GDP forecasts. As a result, mBank's economists revised their GDP nowcasts downward, from 4.6-4.7% YoY to 4.4% YoY in 2Q'19. There is no point denying that the full-year forecast of 5.0% is now in danger. For it to be realized, GDP would have to accelerate considerably in 2H'19.

Construction output, without seasonal and calendar effects, increased monthly by 0.1%. Compared to the previous months, slowdown was mostly a result of weak investments of the public sector: roads, railways, bridges and viaducts, pipelines, waterworks and other transmission lines. Expenditures on commercial construction as well as industrial buildings and structures accelerated in 2Q'19, but the contribution of housing investments (despite high

activity on construction sites) remains very low. Besides the overall slowdown of construction, there is the shift from public (from 0.6 p.p. of GDP in 2018 to 0.1 p.p. of GDP in 2Q'19) to private investments (from 0.15 p.p. of GDP in 2018 to 0.3 p.p. GDP in 2Q'19).

Retail sales slowed down in June from 5.6% to 3.7% YoY (in real terms), as expected. Car sales and sales in other nonspecialized stores decelerated less than anticipated or not at all (from 12.6% to 1.7% YoY and steady at 9.6% YoY, respectively). Semidurables generally fared much better than expected, with sales of clothing and footwear turning from -1.9% to 11.2% YoY, reflecting catching up after weak previous months and perhaps accelerated summer sales due to very high temperatures. There are disappointments in the sales of durable goods, as the category of furniture, radio, TV and household appliances did not rebound after weak May and its dynamics dropped from 17.4% to 9.2% YoY.

A sharp increase in inflation this year has for long been the baseline scenario, but the durability of food price inflation and the surge in core inflation are forcing mBank's analysts to upgrade their CPI trajectory upward. At present, they expect inflation to reach 3.5% YoY at the beginning of 2020, although the fate of electricity prices is still uncertain (this number assumes flat prices in this category). The MPC's stance of no rate changes in Poland in the foreseeable future is maintained.

Consumer spending is set to accelerate further amid record-high consumer sentiment and the ongoing disbursement of fiscal stimulus in the coming months. Investment lifted the overall GDP path upwards, but the U-shape is dependent on household consumption in 2H'19, which is the key factor to watch this year.

Forthcoming corporate access events

29.08.2019	Sector Conference 2019 organised by Commerzbank in Frankfurt
24-25.09.2019	24th Annual Financials CEO Conference 2019 by BofAML in London

Forthcoming reporting events

30.10.2019	mBank Group Financial Report for Q3 2019
06.02.2020	Selected non-audited financial data of mBank Group for Q4 2019
03.03.2020	Annual Financial Report of mBank Group for 2019

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 336 982
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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