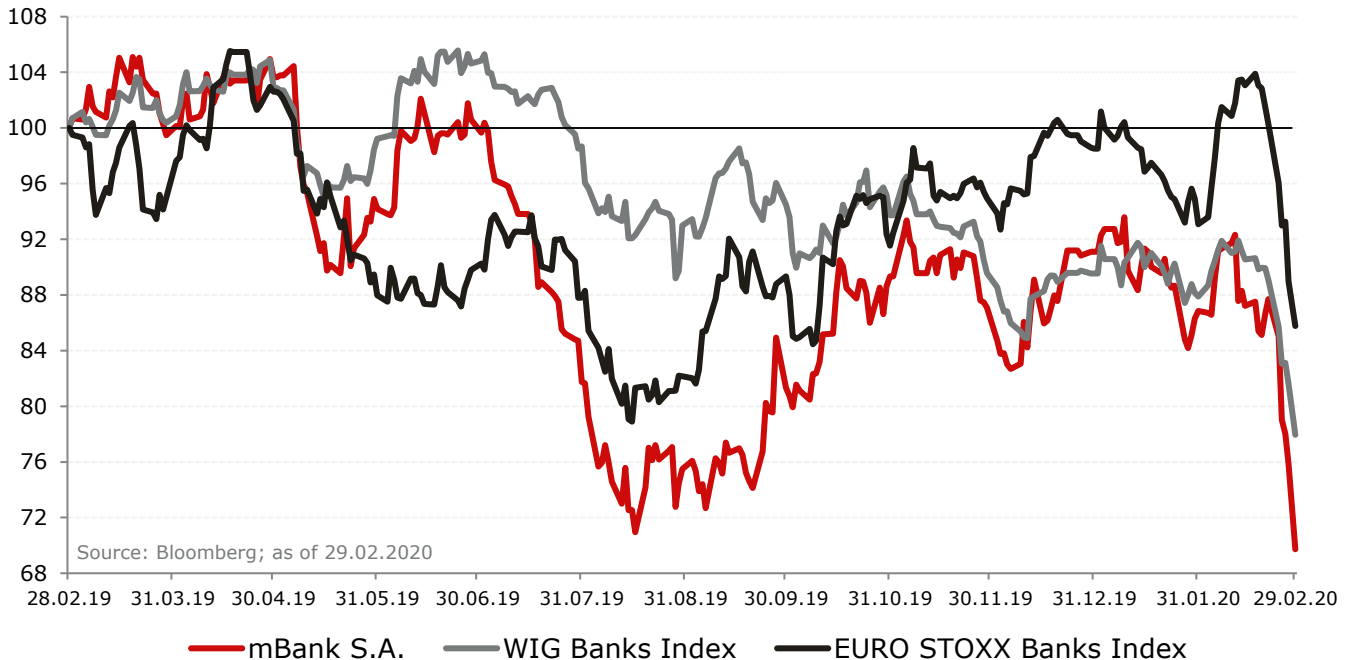


Share price performance summary

In February mBank's share price decreased by 19.72%, while the WIG-Banks index declined by 11.31%. The EURO STOXX Banks Index dropped by 7.87% in the same period.

Last 12 months – chart



change in the period	1Q'19	2Q'19	3Q'19	4Q'19	2019	2020yTD
mBank	+0.24%	+1.13%	-19.16%	+12.03%	-8.20%	-23.47%
WIG Banks Index	+1.78%	+4.24%	-9.69%	-5.23%	-9.19%	-12.95%
EURO STOXX Banks Index	+7.13%	-5.48%	-0.50%	+10.27%	+11.11%	-12.94%

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	4 356	+8.8%	4 651	+6.8%
Net F&C income	976	965	1 001	+3.7%	1 044	+4.4%
Total income	5 080	5 524	5 769	+4.4%	6 117	+6.0%
Total costs	-2 164	-2 329	-2 428	+4.2%	-2 495	+2.8%
LLPs	-694	-794	-902	+13.6%	-963	+6.8%
Operating profit	2 201	2 014	2 439	+21.1%	2 658	+9.0%
Net profit	1 303	1 010	1 374	+36.0%	1 505	+9.6%
Net loans	94 766	105 347	111 150	+5.5%	117 149	+5.4%
Assets	145 781	158 721	168 603	+6.2%	177 981	+5.6%
Deposits	102 009	116 661	123 891	+6.2%	130 834	+5.6%

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

Note: In 2018 total income included a one-off gain on the sale of an organised part of enterprise of mFinance (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 is well on track with its CSR strategy**New cybersecurity social campaign by mBank**

mBank has launched another edition of its cybersecurity social campaign. It aims at education on the cyber risk and methods for its prevention. Current campaign, titled "People are incredible", warns against threats in the cyber world and goes beyond banking services. It is planned to be broadcast in TV, internet, cinemas, press and other channels – the same as our acquisition initiatives, but its purpose is purely informational and not commercial. mBank continues to popularise the knowledge on cyber threats and ways to protect from them. We launched a dedicated website: <https://ludziesaniesamowici.pl/>, where we expose dangerous behaviour and corrective actions.

Next mathematics book published by mFoundation

New mathematics book for children under 6 years old, titled "Child's-play maths", was published by mBank Foundation to promote easy plays improving mathematic skills of the youngest. Based on the research that pre-school age is crucial in developing valuable skills, we encourage parents to play with their children, help them support their talents and build positive attitude towards learning. The book was co-authored by a psychologist and primary education teachers, and benefited from their long-term experience in working with children. Drawing on the success of our first book "Mathematics is everywhere", of which nearly 100,000 pieces were distributed, we continue to inspire mathematics education. The book can be ordered free of charge on the website: mjakmatematyka.pl. Anyone interested - not limited to mBank's clients – can place a request for the book until end of March and collect at mBank's branch.

Key news regarding mBank Group**mBank's economists share the view that inflation surprised to the upside**

The first estimate of January inflation popped at 4.4% YoY, which is still based on "old" consumption basket, about to be switched in March. Food prices surprised to the upside (+1.7% MoM). Prices related to housing increased by 2.3% MoM, probably due to garbage collection fees (over 20% MoM) and energy-related prices (+3.0% MoM). It is likely that inflation is going to accelerate further in February.

However, the consumption basket revision is set to bring the CPI most likely slightly down given the historical evidence and behavioural law that consumers shun higher prices and substitution effect is in place. In mBank's view, inflation is not going to drop substantially over the course of the year, but 1Q'20 will mark a peak. Given the fact that inflation target should be treated as an anchor for some longer horizon, and the MPC is sticking to such approach, the decision to hike rates in Poland is not going to be taken. Inflation projection (to be revealed in March) is expected to confirm that higher price growth is transitory.

Retail sales increased in January by 3.4% YoY in real terms. Food sales dynamics was at the similar level as a month before (-0.9% YoY compared to -0.2% YoY in December). Fuel sales grew by 2.5% YoY, pace equal to 2019 average. Among core categories, lower increases in the sales of durable and semi-durable goods were recorded (furniture, radio, TV and household appliances slowed down from 13.7% to 5.8% YoY, newspapers and books from 7.9% to -3.7% YoY, pharmaceuticals from 8.9% to 5.2% YoY). Downward trend in retail sales has decelerated over the last months.

Average gross wage rose by 7.1% YoY in January, in line with the market consensus. In mBank's view, the acceleration from December was primarily driven by manufacturing and some services sectors. The number of industries exhibiting positive and statistically significant relationship with minimum wage hikes is surprisingly small. While a large part of the workforce was subject to the minimum wage increase, the impact on overall wage distribution was limited as the smallest enterprises, where the share of minimum wage earners is highest, are not included in this statistics. Nominal wages have accelerated, but weaker employment growth and surging inflation are bad omens for wage bill growth. In nominal terms, it decelerated from 9.0% to 8.3% YoY, in real terms from 5.7% to 4.0% YoY (weakest since 2014). mBank's analysts expect household income to slow down to a mere 2-3% YoY by the end of 2020, thereby putting a brake on consumption even further, also visible in the steadily deteriorating consumer sentiment indicators.

Employment in enterprise sector went up by 45k in January, which was a smaller change than the last year's one and annual growth collapsed to 1.1% (from 2.6%). It arises from statistical issues rather than a fundamental change in labour demand. Therefore, the figures do not entail any changes in the actual shape of the economy. Due to the fact that the starting point is lower and labour demand may soften further as economy decelerates, it is quite possible that annual growth of employment turns negative this year.

Construction output rebounded significantly and increased by 6.5% YoY, above the market consensus (-2.1% YoY). Growth adjusted for seasonal and calendar effects was at the level of +9.4% MoM. When looking at this reading one needs to be cautious because of the role of the weather and strong seasonality in January. Available details suggest that 2020 will be a year of further declines in public investments (mainly local government and road infrastructure) and still a solid contribution from private investments, due to housing and commercial projects.

A request for a money transfer to a phone between mBank's users of BLIK

mBank was the first to provide its clients with a service to request for a money transfer on a telephone number via BLIK mobile payment system. Our new service makes settlements between friends easier and faster. A request for payment has to be accepted by the other person in her/his mobile application with one click. An instant money transfer is available for BLIK users, what enhances security as the users are already verified in the banking ecosystem. It requires only selecting the right person, typing short description and money amount, while the remaining details are automatically filled by mBank. Time for acceptance by the receiver is 72 hours. The new service is free of charge and operates for transfers up to PLN 500. Currently it is available between mBank's clients, but awaits to be extended as soon as other banks supporting BLIK introduce this functionality.

Fastest e-commerce payment platform available for mBank's business clients

mBank has introduced the fastest online payment platform Paynow. The service designed for e-commerce payments is based on a panel integrated with mBank's transactional system and offered to our business customers. Its activation is free of charge and only a fee of 0.95% of the transaction value is collected, regardless of the turnover, which is the lowest price on the market. Paynow is distinguished by its speed – the money is available on the seller's account immediately after the payment transaction is completed by the buyer. Payment integrator uses cloud solution. The service is designed for a convenient usage on mobile devices. Pay-by-link and BLIK payments are already available at Paynow, with credit cards and instalment payments to be added soon.

Forthcoming corporate access events

16-17.03.2020	CEE Capital Markets Conference organised by PKO BP Securities in London
23.03.2020	Financial Sector in Poland - 2020 outlook conference by Pekao IB in Warsaw

Forthcoming reporting events

30.04.2020	mBank Group Financial Report for Q1 2020
30.07.2020	Semi-annual Financial Report of mBank Group for H1 2020
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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