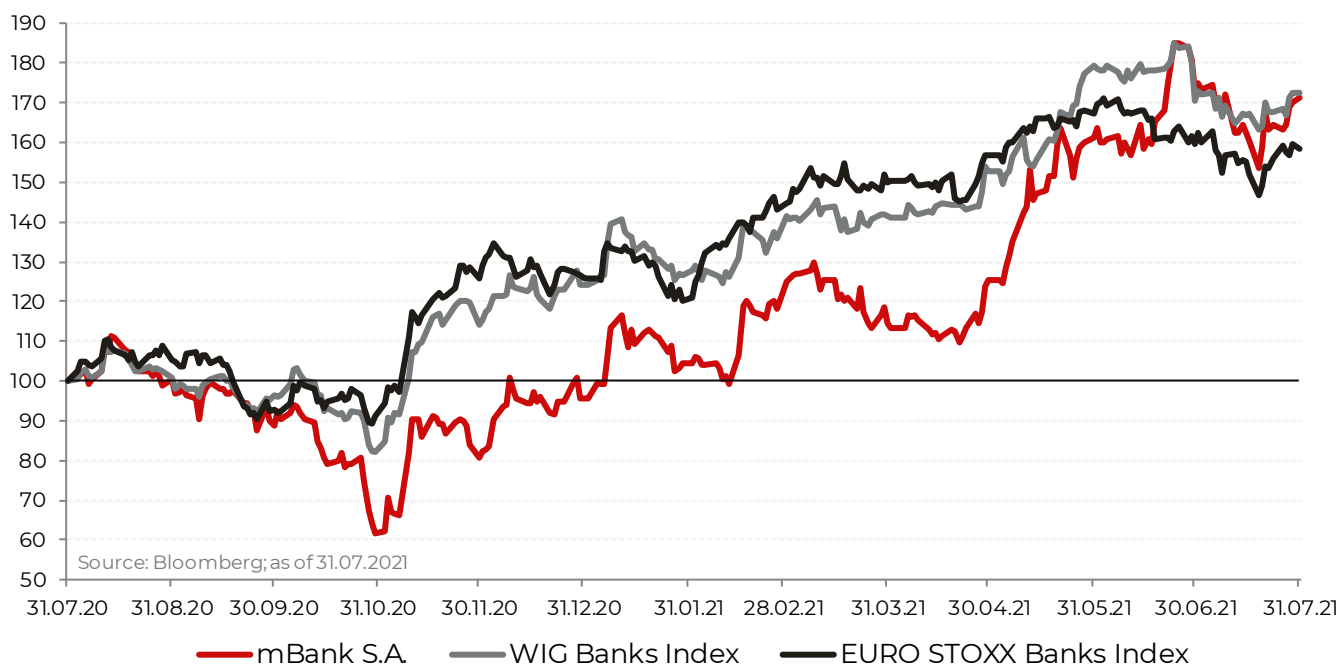


Share price performance summary

In July mBank's share price declined by 1.29%, while the WIG-Banks index increased by 1.27%. The EURO STOXX Banks Index went slightly down by 0.84% in the same period.

Last 12 months – chart



change in the period	3Q'20	4Q'20	2020	1Q'21	2Q'21	2021YtD
mBank	-27.65%	+7.69%	-53.98%	+19.64%	+51.59%	+79.02%
WIG Banks Index	-11.03%	+28.84%	-29.59%	+13.99%	+20.54%	+39.15%
EURO STOXX Banks Index	-13.24%	+35.36%	-23.72%	+19.38%	+6.35%	+25.89%

Consensus estimates for mBank Group's results

Financials (in PLN million)	2019	2020	2021E		2022E	
			estimate	Δ vs. 2020	estimate	Δ vs. 2021E
Net interest income	4 003	4 009	3 996	-0.3%	4 278	+7.1%
Net F&C income	1 271	1 508	1 680	+11.4%	1 740	+3.6%
Total income	5 524	5 867	5 907	+0.7%	6 214	+5.2%
Total costs	-2 329	-2 411	-2 412	0.0%	-2 511	+4.1%
LLPs & FV change	-794	-1 293	-1 093	-15.5%	-942	-13.7%
Operating profit	2 014	1 141	1 014	-11.2%	1 803	+77.9%
Net profit	1 010	104	-92	+/-	592	-/+
Net loans	104 980	108 567	115 366	+6.3%	122 214	+5.9%
Assets	158 353	178 872	191 934	+7.3%	201 054	+4.8%
Deposits	116 661	137 699	149 831	+8.8%	158 098	+5.5%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, DM BDM, Haitong, Ipopema, Pekao Brokerage, Raiffeisen, Santander Brokerage, Societe Generale, TrigonDM, Wood & Company.

Note: Results for 2019 and particularly for 2020 were negatively impacted by provisions for legal risk related to mortgage loans in foreign currencies (PLN 387.8 million and PLN 1,021.7 million, respectively).

Special topic:

mBank introduces loans with fixed interest rate

Since June 30, 2021, we have offered loans at interest rates fixed for a term of five years. They are available to new and existing PLN mortgage borrowers. If clients accept this option, their instalments will be fixed for five years irrespective of the floating WIBOR. Fixed interest rates are set on a case-by-case basis depending on the margin paid by the borrower when the loan agreement is signed. The bank will present a new offer two months ahead of the end of the five-year term.

Both for existing and new customers, the process can be entirely remote and the client visits the bank branch only once to sign the prepared agreement. The rest of formalities can be done via telephone and a special application for sending documents.

Key news regarding mBank Group

mBank's analysts forecast Polish GDP to grow by 5.7% YoY in 2021



GDP growth in Poland was robust in 1H'21. Net of seasonal effects, it rose by 1.1% QoQ in 1Q'21. Available high-frequency data (retail sales, industrial output, construction) and service indicators suggest that 2Q'21 will have been much stronger, with estimated increase of 2.5% QoQ. This solid development is mainly driven by the economy's adaptation to pandemic conditions and the contribution of additional (delayed) demand which surged after the last lockdown had ended.

Inflation advanced to 5.0% YoY in July, while in June it had amounted to 4.4% YoY. Core inflation was equal to approximately 3.6%-3.7% YoY in July, compared to 3.5% YoY in the preceding month. Recent higher reading drives up the long-term expectation. Inflation in July was boosted by fuel prices, which grew by 4.4% MoM. In view of unhurried attitude of the Monetary Policy Council, mBank's analysts still anticipate the first interest rate hike to happen in 1Q'22. Although, the probability of sooner tightening builds up. Inflation will continue to climb this year. While it will slow down in 2022, it will remain above the target band of the National Bank of Poland both in 2021 and 2022, according to mBank's analysts.

Industrial production rose by 18.4% YoY in June, matching the consensus. This reading was slightly disappointing compared to the levels from the last three months. On a monthly basis, seasonally adjusted industrial production increased marginally by 0.2%. Base effect continues to influence the dynamics, however its impact subsides. Rebuilding of production lost during the pandemic restrictions progresses, though it is seen to conclude before autumn. Companies pointed out a shortage of raw materials as the most significant development hurdle, which gives issues on the supply side the leading role in shaping the monthly results of industrial production. However, the demand for services backed by reopening of the economy should increase, while demand for products is expected to decrease. mBank's analysts anticipate producer prices to accelerate in the coming months.

Retail sales decelerated to 8.6% YoY in June, marginally beating the market forecast of 8.4% YoY. Seasonally adjusted retail sales grew by 0.8% MoM, less than in May when it was significantly affected by reopening of shopping malls. Weaker dynamics of retail sales are a result of diminishing material impact of pandemic restrictions. Pent-up demand was largely realized in May and did not support the reading in June. Retail sales has not matched the pre-pandemic trend and is not anticipated to restore anytime soon to that level, according to mBank's analysts. The sales of clothes and shoes, backed by consumers returning to the traditional shopping malls,

contributed the most to the growth of retail sales. The impact of sales of commodities on consumer spending declines, while the services are gaining ground. mBank's analysts expect consumption to have rebounded by approximately 14% YoY in 2Q'21.

Employment increased by 2.8% YoY in June, while wages stepped up by 9.8% YoY, both exceeding the market consensus of 2.7% YoY and 9.5% YoY, respectively. The readings fuel market sentiment and the outlook for the labour market remains hopeful, despite the prevailing base effects. The number of FTEs rose by 20.8 thousand MoM, marking it as the best June's reading since 2007. According to Statistics Poland, new hires and extended time of work contributed the most to the growth, along with lower number of employees having taken a sick leave. mBank's analysts believe the development is driven by accelerating economy and lifted restrictions. They also point out the seasonal character of the increase in employment in June, however it was significantly higher in 2021 compared to the last four years. So far, the settlement of the aid programme of the Polish Development Fund (PFR Financial Shield) has not proven to be detrimental to the labour market situation.

823 companies to compete in Digital Revolutions contest

More than 800 companies applied for a Digital Revolutions contest, up by almost 300 compared to the last year's edition. The competition is a part of mBank's social campaign supporting micro-, small- and medium-sized enterprises in starting an online business.

Most of the contestants have already gained some experience in e-commerce and operate usually in IT, commercial and clothing sectors. These are mostly new companies, established in 2019 and 2020, employing 1-3 persons. They are competing for 8 prizes with a total amount of PLN 300,000 (two main prizes of PLN 100,00 each and six smaller awards). Winners will be selected by a jury composed of e-commerce experts from i.a. Ceneo and DPD on August 23, 2021.

Forthcoming corporate access events

22.09.2021	26th Annual Financials CEO Virtual Conference 2021 by BofA Securities
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Forthcoming reporting events

03.08.2021	Semi-annual Financial Report of mBank Group for H1 2021
03.11.2021	mBank Group Financial Report for Q3 2021
08.02.2022	Selected non-audited financial data of mBank Group for Q4 2021
03.03.2022	Annual Financial Report of mBank Group for 2021

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, mWIG-40, WIG-Banks, WIG-ESG

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