

## Share price performance summary

In November mBank's share price surged by 17.79%, while the WIG-Banks index increased by 8.70%. The EURO STOXX Banks Index went up by 8.48% in the same period.

### Last 12 months – chart



change in the period	4Q'21	2021	1Q'22	2Q'22	3Q'22	2022 YtD
mBank	+5.40%	+141.74%	-18.47%	-36.41%	-10.77%	-27.24%
WIG Banks Index	+12.83%	+81.32%	-11.54%	-28.62%	-16.22%	-28.99%
EURO STOXX Banks Index	+0.13%	+36.15%	-9.62%	-11.82%	-1.91%	-12.88%

## Consensus estimates for mBank Group's results

Financials (in PLN million)	2020	2021	2022E		2023E	
			estimate	Δ vs. 2021	estimate	Δ vs. 2022E
Net interest income	4 009	4 104	5 810	+41.6%	6 683	+15.0%
Net F&C income	1 508	1 890	2 108	+11.6%	2 138	+1.4%
<b>Total income</b>	<b>5 867</b>	<b>6 111</b>	<b>7 961</b>	<b>+30.3%</b>	<b>8 994</b>	<b>+13.0%</b>
<b>Total costs</b>	<b>-2 411</b>	<b>-2 457</b>	<b>-2 964</b>	<b>+20.6%</b>	<b>-2 930</b>	<b>-1.1%</b>
LLPs & FV change	-1 293	-879	-1 012	+15.2%	-1 424	+40.8%
<b>Operating profit</b>	<b>1 141</b>	<b>18</b>	<b>1 427</b>	<b>81.1x</b>	<b>3 232</b>	<b>+126.5%</b>
<b>Net result</b>	<b>104</b>	<b>-1 179</b>	<b>-20</b>	<b>-119.2%</b>	<b>1 552</b>	<b>-/+</b>
Net loans	108 567	118 055	122 711	+3.9%	124 601	+1.5%
Assets	178 872	199 539	200 488	+0.5%	207 073	+3.3%
Deposits	137 699	159 935	162 033	+1.3%	166 908	+3.0%

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

Note: Results for 2020 and particularly for 2021 were negatively impacted by provisions for legal risk related to mortgage loans in foreign currencies (PLN 1,021.7 million and PLN 2,758.1 million, respectively).

### Special topic:

#### **mBank launched the settlement program for CHF borrowers**

mBank started offering settlements to CHF mortgage borrowers with active loans. The pilot program performed by the bank in H1 2022 showed that clients are interested in individual approach and negotiations rather than receiving a unified offer. mBank proposes the conversion of the loan as well as a reduction of the outstanding loan balance. For the loan in PLN, periodically fixed interest rate on a preferential level is offered (currently 4.99%). Settlements will allow the clients to eliminate the foreign currency risk once and for all, and the interest rate risk for the next five years (it may change in the future depending on market conditions). The bank intends to propose settlements to all its clients repaying CHF loans by mid-2023. The borrowers should wait for the bank to contact them. They will be able to discuss detailed terms and conditions in a phone call with an assigned consultant from mBank. Client can sign the settlement in a branch of their choice during a single visit, with no need to confirm it in court.

### Key news regarding mBank Group

#### **mBank analysts revised up the GDP forecast in 2022 to 4.5% YoY**



The growth of Polish Gross Domestic Product (GDP) in Q3 2022 amounted to 3.6% YoY and 1.0% QoQ (seasonally adjusted). mBank's analysts estimate the improved reading was driven by investment (4.5% YoY) and consumption (2.5% YoY). While they revised up the forecast of GDP growth for 2022 to 4.5% YoY, they expect the dynamics to slow down on a quarterly basis and reach negative values in Q1 2023.

The flash estimate shows that the consumer price index in November 2022 increased by 17.4% YoY (0.7% MoM), while inflation in October surged by 17.9% YoY (1.8% MoM), according to Statistics Poland. Higher prices of food (2.7% MoM), which were stimulated by energy prices (1.9% MoM, the lowest growth since July), contributed the most to the reading. Energy prices brought CPI down by 0.2 p.p. for the first time since February. mBank's analysts expect that coal prices (2.2% MoM) will decrease. The upward trend of inflation is anticipated to prevail in the coming months. mBank's analysts estimate that core inflation accelerated to 11.0–11.1% YoY, compared to 10.7% YoY in the preceding month. Inflation should persist close to the October value until end of the year, as it still remains impacted by fuel prices, and is going to reach its peak in Q1 2023. Monetary Policy Council did not raise interest rates in November.

Industrial production decelerated to 6.8% YoY in October 2022, below the consensus. Industrial processing slowed down to 9.3% YoY. Production and distribution of energy plunged by 16.2% YoY, driven by the base effects. Seasonally adjusted data suggest the dynamics will decrease in the coming months, and they will most likely match the long-term trend, supported by the inventory cycle and production bottlenecks in Asia, according to mBank's analysts. Producer Price Index amounted to 22.9% YoY, compared to the reading of 24.6% YoY in the previous month.

Retail sales grew by 0.7% YoY (0.3% MoM) in October 2022, worse than 3.2% YoY assumed by the consensus. Key drivers behind the disappointing reading were lower consumption of food (-2.3% MoM, seasonally adjusted), lower sale of press (-3.9% MoM) and cloths (-3.3% MoM). According to mBank's analysts, it is increasingly difficult to find categories which are immune to high inflation, worsening sentiment and a generally adverse economic situation. In their opinion, the downward trend will continue in the coming months and increase the pressure on private consumption.

Employment advanced by 2.4% YoY (0.1% MoM) in October 2022, roughly in line with consensus. The number of FTEs increased by 7.0 thousand MoM, the most since 2016, compared to the same period in the previous years. mBank's analysts still anticipate that there will be no visibly strong

growth or decline in the employment in the next quarters. Wages rose by 13.0% YoY (0.0% MoM) in October 2022, below the consensus forecasting ~14.0% YoY. The monthly dynamics slowed down. While the nominal growth pace on a yearly basis stabilizes, the October reading adjusted for the impact of inflation is negative (-4.1% YoY). It is the worst result since at least 2003. The room for bargaining for higher salaries dissipates, according to interpretation of Statistics Poland's commentary by mBank's analysts. The key factor, which has the potential to drive the whole structure of wages, is the minimal pay rise planned for 2023.

### **mBank awarded the title of Best Private Bank in Poland 2022**

mBank's private banking has been prized in an international competition organized by British 'The Banker' and 'Professional Wealth Management' magazine, published by the Financial Times Group. In the Global Private Banking Awards, jury evaluates financial performance, product and tool innovations, the quality of wealth management and the level of service security.

mBank's private banking offer has been recognized as the best in Poland, distinguished mainly by a modern model of cooperation with clients based on digital solutions, service quality and an international style of investment management. In the previous year, mBank launched a fully digital onboarding process for its private banking and wealth management services. Moreover, mBank introduced the possibility of fully remote collaboration with the clients.

### **mBank gained an improvement of ESG rating to A from MSCI**

On November 25, 2022, MSCI updated its ESG rating for mBank and increased it to A from BBB. The upgrade was driven by improvements in mBank's talent management as well as governance initiatives (e.g. employee training on business ethics standards).

MSCI ESG Ratings aim to measure a company's resilience to long-term ESG risks. Companies are scored on an industry-relative AAA-CCC scale across the most relevant Key Issues based on a company's business model.

**Forthcoming corporate access events**

06.12.2022	WOOD's Winter Wonderland - EME Conference in Prague
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**Forthcoming reporting events**

09.02.2023	Selected non-audited financial data of mBank Group for Q4 2022
02.03.2023	Annual Financial Report of mBank Group for 2022

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 422 727
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-20, WIG-30, WIG-Banks, WIG-ESG

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