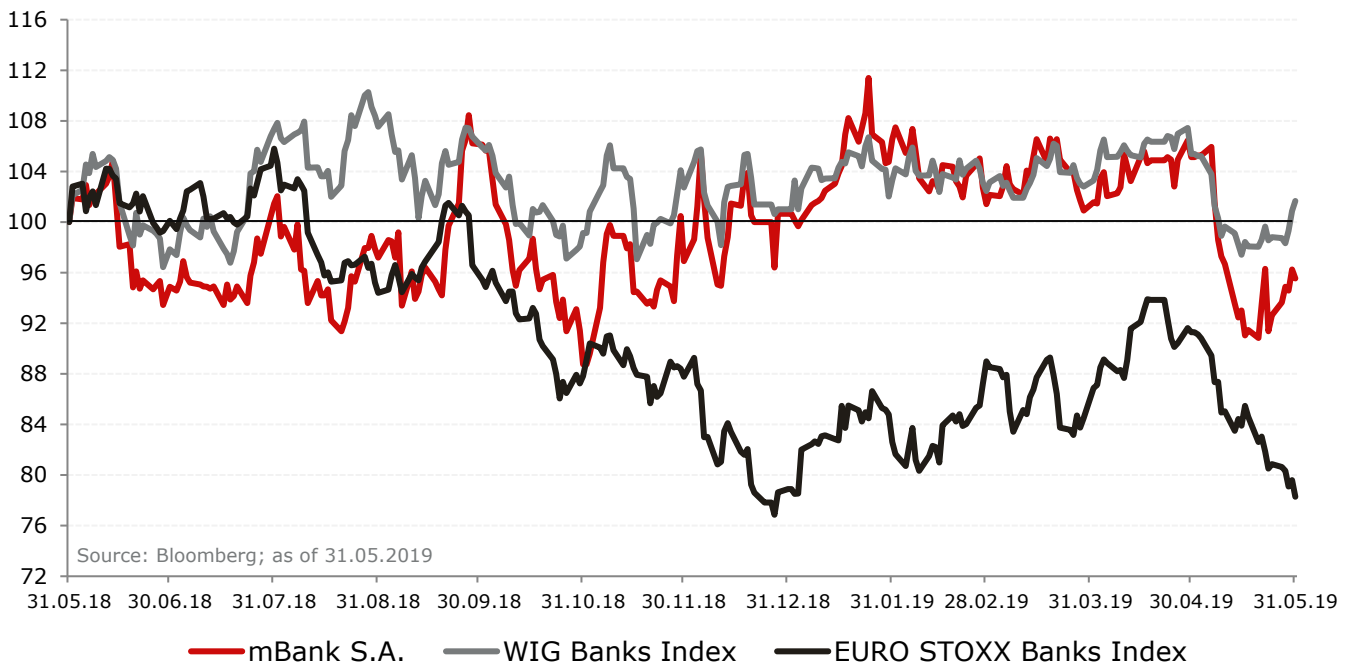


### Share price performance summary

In May mBank's share price declined by 9.12%, while the WIG-Banks index went down by 3.55%. The EURO STOXX Banks Index dropped by 14.27% in the same period.

#### Last 12 months – chart



change in the period	2Q'18	3Q'18	4Q'18	2018	1Q'19	2019YtD
mBank	-4.54%	+11.96%	-5.23%	-8.77%	+0.24%	-5.09%
WIG Banks Index	-7.93%	+9.10%	-5.37%	-12.12%	+1.78%	+0.63%
EURO STOXX Banks Index	-12.13%	-3.53%	-18.31%	-33.29%	+7.13%	-0.78%

### 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	3 805	+8.8%	4 100	+7.7%
Net F&C income	992	976	999	+2.4%	1 042	+4.3%
<b>Total income</b>	<b>4 454</b>	<b>5 059</b>	<b>5 164</b>	<b>+2.1%</b>	<b>5 505</b>	<b>+6.6%</b>
<b>Total costs</b>	<b>-2 043</b>	<b>-2 164</b>	<b>-2 281</b>	<b>+5.4%</b>	<b>-2 349</b>	<b>+2.9%</b>
LLPs	-508	-694	-729	+5.0%	-786	+7.8%
<b>Operating profit</b>	<b>1 903</b>	<b>2 201</b>	<b>2 153</b>	<b>-2.2%</b>	<b>2 370</b>	<b>+10.1%</b>
<b>Net profit</b>	<b>1 092</b>	<b>1 316</b>	<b>1 257</b>	<b>-4.5%</b>	<b>1 400</b>	<b>+11.4%</b>
Net loans	84 476	94 723	98 737	+4.2%	103 933	+5.3%
Assets	131 424	145 750	152 754	+4.8%	160 200	+4.9%
Deposits	91 496	102 009	111 387	+9.2%	117 132	+5.2%

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.

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

**Special topic: mBank is highly considered among the young**

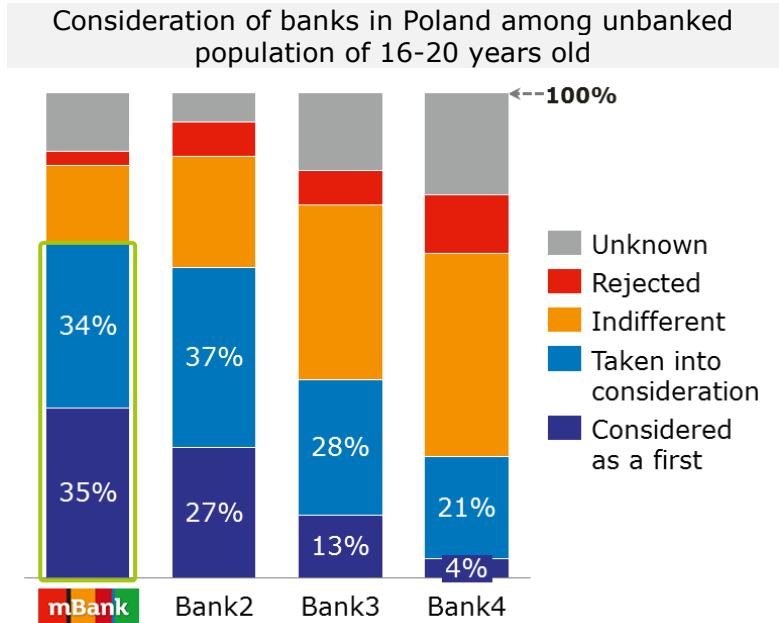
Acquisition of new clients is skewed to the young entering the banking market in order to further support mBank's demographic advantage.

mBank launched the offer for young clients in 2016.

The segment includes young people between 13-20 years old, who usually open their first bank account.

Nearly 80% of young people at mBank regularly log in to the mobile application, every third pays by smartphone and uses BLIK.

Acquisition of the young is supported by dedicated marketing campaigns. Consequently, mBank is a leader of 'account for the young' rankings.



Source: mBank's Retail Banking; IQS Tracking mlodych III 2019, Consideration of banks among unbanked of 16-20.

**Key news regarding mBank Group**

**mBank's economists increase their GDP forecast for 2019 to 5.0%**



Polish economy started the year on a firm footing, having risen by 4.7% YoY. The *flash* reading was revised up by 0.1 percentage point and finally turned out to be in line with mBank's forecast and visibly better than market consensus (4.4% YoY). The sequential growth rate of 1.5% QoQ was consistent with monthly data and reflected one of the largest quarterly increases in industrial and construction output in recent years.

Consumption rose by 3.9% YoY, while investment advanced by 12.6% YoY, what has been the best result since 1Q'15. Strong exports and a deceleration in overall imports imply that net exports added 0.7 percentage point to annual GDP growth.

Real sphere data for April confirmed to be positive. Barring employment, which are more volatile than usually, industrial production, construction output, wages and retail sales surprised to the upside. However, judging also from business activity indicators and the inflow of new money onto the market (13th extra pension paid out in May), mBank's analysts see a chance that 2Q'19 GDP growth will be at least as high as it was in 1Q'19. Therefore, they decided to revise up their already optimistic forecast for the whole 2019 from 4.5% to 5.0%.

Strong 1Q'19 GDP dynamics will not shift the expected NBP rate path in any meaningful way. Polish Monetary Policy Council has already shown that it was capable of becoming more dovish when growth was accelerating, it only makes sense to expect more dovishness as the economy is slowing down (albeit gently).

The inflation story in Poland is one of rapid acceleration. The year started at many-month low of 0.7% YoY, while it rose to 2.2% YoY in April. For May mBank's analysts expect it to slightly overshoot the NBP's target for the first time in years, and reach 2.6-2.7% YoY. The non-core part is driven by energy and food prices. The former, due to electricity price freeze, is moved

mainly by gasoline and other liquid fuels. While May is set to bring another hefty increase (ca. 3-4% MoM), it will likely mark the local top, if oil prices stay where they currently are. On the other hand, food prices are rising fast and the growth is broad-based, observed in both processed and unprocessed food categories. In addition, it is far from clear that the inflationary impulse has ended, as the rapid switch from drought to flood and the spread of ASF in East Asia are likely to put upward pressure on the prices of many food products this year. Core inflation has already risen to a 6.5-year high of 1.7% YoY in April.

The May meeting of the Monetary Policy Council brought no changes to the interest rates or rhetoric. The key passage in the post-meeting statement, describing current interest rate level as optimal, remains in place without any alteration. The NBP governor's statements during the press conference were dovish, as usual. Predictably, quite a lot of time was devoted to the recent increases in inflation. The uptick in the CPI was dismissed as modest and caused by factors outside of central bank influence. The rise in core inflation, in turn, is not seen as part of a more durable trend, but rather as normalization after the long period of sub-1% readings. It seems that Mr Glapinski, being aware of further acceleration in the CPI in the following months, is accustomed to the idea of 3-3.5% inflation at the turn of the year. It will not warrant any reaction from the central bank.

**Forthcoming corporate access events**

12-14.06.2019	EME Financials & Greek Retreat Conference by Wood&Company in Athens
27.08.2019	Sector Conference 2019 organised by Commerzbank in Frankfurt

**Forthcoming reporting events**

30.07.2019	Semi-annual Financial Report of mBank Group for H1 2019
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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