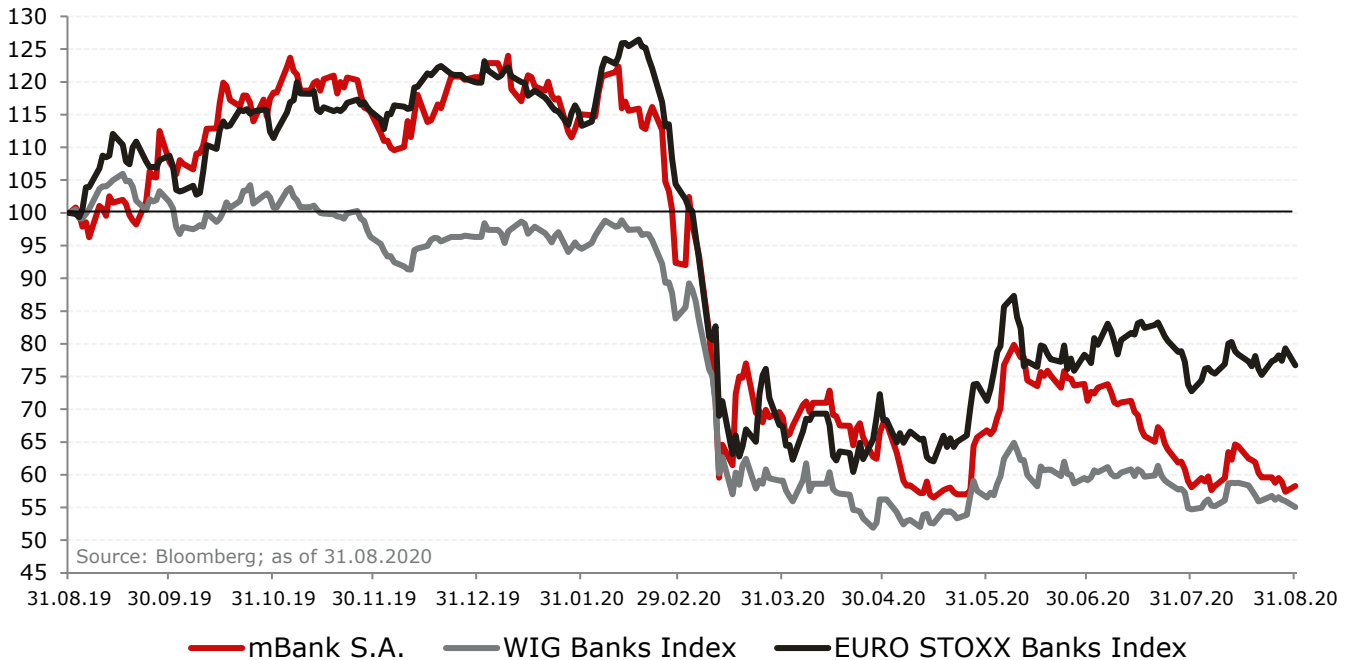


Share price performance summary

In August mBank's share price increased marginally by 0.37%, while the WIG-Banks index grew by 0.67%. The EURO STOXX Banks Index went up by 5.44% in the same period.

Last 12 months - chart



change in the period	3Q'19	4Q'19	2019	1Q'20	2Q'20	2020yTD
mBank	-19.16%	+12.03%	-8.20%	-43.04%	+3.70%	-51.69%
WIG Banks Index	-9.69%	-5.23%	-9.19%	-38.62%	+0.06%	-42.83%
EURO STOXX Banks Index	-0.50%	+10.27%	+11.11%	-43.81%	+15.61%	-36.04%

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	3 942	-1.5%	3 885	-1.4%
Net F&C income	1 258	1 271	1 368	+7.7%	1 407	+2.8%
Total income	5 080	5 524	5 497	-0.5%	5 467	-0.6%
Total costs	-2 164	-2 329	-2 414	+3.6%	-2 456	+1.8%
LLPs & FV change	-694	-794	-1 629	+105.3%	-1 476	-9.4%
Operating profit	2 201	2 014	1 143	-43.2%	1 118	-2.2%
Net profit	1 303	1 010	282	-72.1%	230	-18.4%
Net loans	94 766	105 347	108 140	+2.7%	112 087	+3.6%
Assets	145 781	158 721	176 063	+10.9%	181 670	+3.2%
Deposits	102 009	116 661	134 135	+15.0%	139 384	+3.9%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong, Pekao Brokerage, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, DM BDM, Wood & Company (only reports issued after the outbreak of COVID-19 pandemic).

Note: In 2018 total income included a one-off gain on the sale of an organised part of enterprise of mFinanse (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 together with local accountants help to open a company

As the first bank on the market, mBank introduced an innovative system for accounting firms which helps to quickly register a company, open a bank account and connect it with an accounting service integrated with the transactional system – all in one visit and with a support of an experienced accountant.

Since 2018 new entrepreneurs can register a company in mBank's transactional system online in 10 minutes. Now we are adding a human support to the process so that clients can not only register a company and open an account but also receive an accounting advice. The service of company opening supported by an accountant is free of charge. All you need to do is to enter a webpage <https://szukaj.lokalniaksiegowi.pl/>, find the closest accounting firm co-operating with mBank and arrange a meeting with an accountant.

Key news regarding mBank Group**Economic data readings do not change mBank economists' full-year GDP expectations as aid packages, which brought stabilisation effects, terminate and accommodation effects might be observed in longer perspective**

Poland's GDP decreased by 8.2% YoY in Q2 2020, slightly better than median expectation of ca. 9% YoY and above mBank analysts' forecast. The scale of the divergence from initial assumption is small enough not to change the full-year forecast of -4.2%. Private consumption, which fell by 11% YoY, was the major downturn factor – to no surprise, given the services temporary freezing and limited expenditure amid economic uncertainty.

Although consumption is expected to rebound soon, investments' prospects are rather gloomy. It surprised positively in Q2 2020, declining by only 10.9% YoY compared to -13% forecasted by mBank analysts and consensus of -12%, but cost-cutting measures and prevailing economic unpredictability halt investment appetite. Net exports, which turned out very favourable in June, might lose its positive impact in the coming months when goods import revives. GDP reading places Poland among countries with relatively mild recession thanks to, among others, prompt exports' rebound and small share of HoReCa in GDP composition. mBank analysts predict that even in case Polish central bank revises its forecast given the current data, leading to higher inflation trajectory, no interest rate rise should be expected. Economic slowdown is going to be strong enough to keep the dovish sentiment of the Monetary Policy Council.

Polish consumers' sentiment worsened in August compared to the previous month, breaking the improvement path lasting since May. Key reasons for consumer pessimism refer to expected rise of COVID-19 infections in autumn and consequent economic disruptions, negatively impacting personal finances. People fear for their personal health and public health in general. Job market is also viewed less favourably as companies are going to rely on themselves again after the public support period. Interestingly, households' savings are placed on a relatively high level, similarly to readiness to make important purchases. However, fear of the pandemics might trim consumption – it is going to be observed whether this pessimism translates into lower spending.

Sales and industrial production are returning to pre-pandemics streams, indicating end of recession in these categories. Industrial production in July grew by 1.1% YoY while producers' prices fell by 0.6%. Nevertheless, no V-shaped recovery is expected for the whole economy. Services are rebounding at much slower pace, and public and private investments are also going

to lag behind. Retail sales beat market expectations and followed the trajectory for industrial production. Key drivers are delayed consumption and food purchases, partly owing to domestically-spent holiday. Services unfreezing shall translate into lower demand for goods which used to serve their functions at homes, but rising number of infections might cause a slight downturn in spending both for goods and services in autumn. Construction and assembly production represent an investment issue, with a decrease of 10.9% YoY. Termination of public investment cycle halts the private investment, both expected to rebound in 2021 partly thanks to EU Next Generation funds. GDP is going to be dragged down by depressed investments: after catching up in Q2/Q3, revival will slow down and reach 2019 level no sooner than in 2021.

July's employment fell by 2.3% YoY, less than expected by both mBank analysts (-3% YoY) and market consensus (-3.1%). It implies an improvement of 1.1% MoM, driven mainly by returns to the full-time jobs and ceasing of attendance allowances. Although this normalization originates mainly from end of furlough, Statistics Office shared information on new hiring. The sentiment among consumers concerning their employment prospects also improved. However, the category shall be closely observed as some sectors might be reviving from the pandemic-driven crisis over next years. Job market might also be impacted after termination of specified time of maintained employment, which was a condition for receiving public support. Average remuneration growth matched mBank's forecast of 3.8%, higher than consensus of 2.9% YoY. However, extension of working hours back to full time and ceased attendance allowances make it a poor indicator for future path of wages' growth.

Base inflation reached 4.3% in July, fuelled by administrative prices growth at the beginning of the year and increase in prices justified by pandemic countermeasures. Higher prices in hotels and restaurants boosted by preference for domestic holiday destinations, as well as insurance cost rise, also translated into the relatively high reading. Nevertheless, base inflation contributors are starting to decelerate and its lowest dynamics are expected at the beginning of 2021.

Next steps in being "less waste" and eco-friendly organization

Thanks to the engagement and creativity of our employees, mBank's branch in Zabrze has been equipped with the solar system installed on the roof. The installation covers 100% of the branch's energy needs. Additionally, the team changed their diesel car to electric one.

We will save 5 tons of paper annually after we decided to stop printing paper leaflets. Information on our services will be presented to our clients only electronically. Additionally, the introduction of a print management system as well as remote work of a major part of our employees have let us save 4 million of A4 pages. This is yet another step towards being "less waste" and eco-friendly organization.

Forthcoming corporate access events

01-04.09.2020	RCB Virtual Emerging Europe Days
01-04.09.2020	DM PKO BP: Virtual Investor's Day: CEE Financials
23.09.2020	BofA Global Research 25th Annual Financials CEO Conference

Forthcoming reporting events

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	42 358 193
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks, WIG-ESG

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