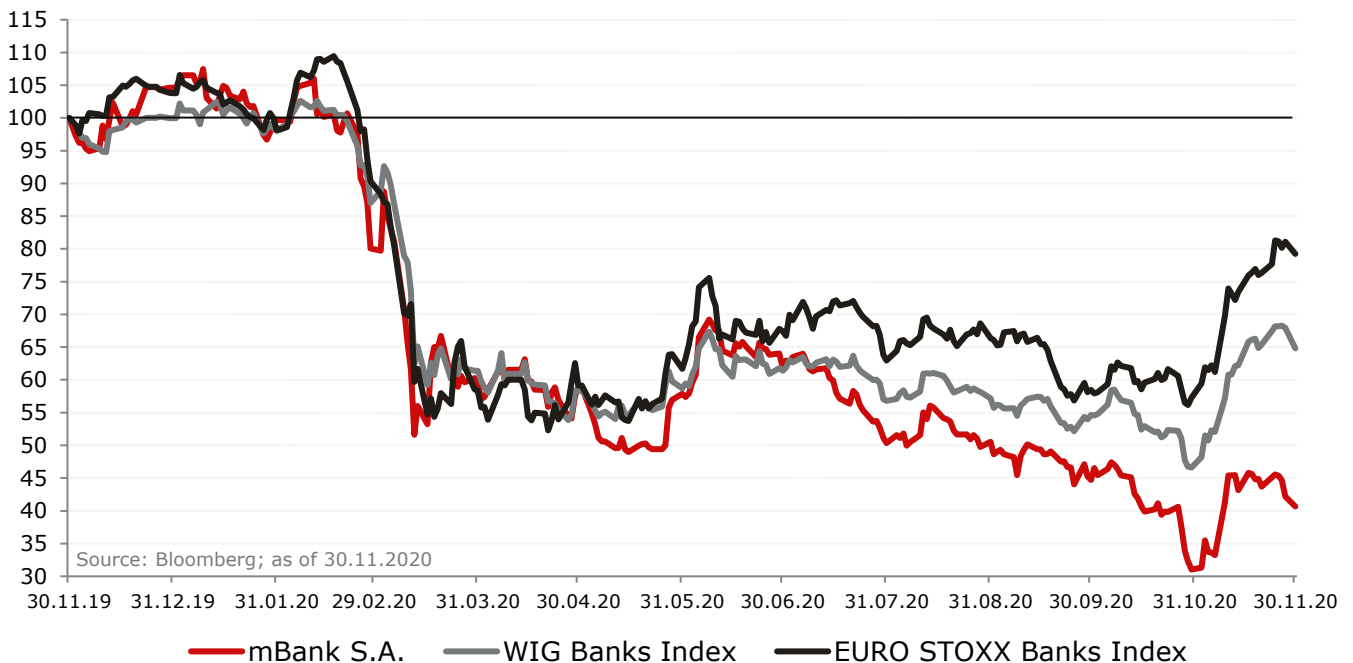


Share price performance summary

In November mBank's share price increased by 31.08%, while the WIG-Banks index recovered by 39.02%. The EURO STOXX Banks Index went up by 38.31% in the same period.

Last 12 months - chart



change in the period	4Q'19	2019	1Q'20	2Q'20	3Q'20	2020yTD
mBank	+12.03%	-8.20%	-43.04%	+3.70%	-27.65%	-61.12%
WIG Banks Index	-5.23%	-9.19%	-38.62%	+0.06%	-11.03%	-35.18%
EURO STOXX Banks Index	+10.27%	+11.11%	-43.81%	+15.61%	-13.24%	-23.62%

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	3 958	-1.1%	3 904	-1.4%
Net F&C income	1 258	1 271	1 418	+11.6%	1 460	+3.0%
Total income	5 080	5 524	5 572	+0.9%	5 552	-0.4%
Total costs	-2 164	-2 329	-2 440	+4.8%	-2 480	+1.6%
LLPs & FV change	-694	-794	-1 530	+92.8%	-1 470	-3.9%
Operating profit	2 201	2 014	1 195	-40.6%	1 125	-5.9%
Net profit	1 303	1 010	295	-70.8%	214	-27.6%
Net loans	94 766	105 347	108 105	+2.6%	111 609	+3.2%
Assets	145 781	158 721	178 690	+12.6%	183 928	+2.9%
Deposits	102 009	116 661	136 728	+17.2%	141 435	+3.4%

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 moves its headquarters to a new location

After 22 years mBank changed its address to 18 Prosta Street, where it has its new headquarters. The building is ecological and equipped in modern technologies. mBank is a main tenant of the 140-meter tower, a part of Mennica Legacy Tower complex in the center of Warsaw. In the *mBank Tower* (a name chosen by employees) the bank will occupy 21 out of 28 office floors. The target number of employees working there is over 3,000 and offices are organized in a "hot desk" formula, with less desks than staff (places for 70%).

As befits the "mobile icon's" headquarters, the building is equipped with friendly technological solutions. After opening the gateway with smartphone, the lift to a proper floor is called automatically. The mobile app gives employees a possibility to book a room for a meeting or register a guest. Comfort module in the mobile app steers the lights, temperature and window covers so that employees are able to adjust the working environment to their needs.

mBank Tower is also rich in various ecological solutions, minimizing the energy usage and our impact on the environment, confirmed by BREEAM certificate. The garage located underground can accommodate 300 bikes.

Key news regarding mBank Group

mBank's analysts revised their GDP forecast downwards because of new pandemic restrictions. GDP is expected to decline by 3.4% in 2020 and to rise by 3.0% in 2021.



The GDP forecast revision from -3.1% in 2020 and +3.8% in 2021 resulted from material risk of reimposing restrictions among the persisting spread of COVID-19. The new expectations might be subject to upside risks. mBank's analysts see the economic restart to begin in 1Q'21. Polish GDP shrank by 1.5% YoY in 3Q'20, with consumption rising by 0.4% and investment falling by 9%. Net export contributed by 1.7 p.p. in plus, while inventories by 2.3 p.p. in minus.

Vaccination of major share of the society and distribution of public aid shall bring more optimism to market participants and allow companies to survive until the next cycle of EU funds is available. Polish government aims at reinforcing public aid with PFR 2.0 shield of up to PLN 35 billion available to companies affected by the second pandemic wave since January 2021. Notification of the programme by the European Commission is expected before Christmas. Meanwhile, various restrictions and lockdown measures were introduced at the beginning of 4Q'20. They have a noticeable effect in consumer behaviour, which will only become more apparent in the weeks to come. Although the restrictions such as a lockdown on nonessential stores in shopping centres have lasted through November 29th, it appears more likely than not that consumers will continue to practice social distancing and self-isolation in the time after. Using mBank's internal consumption gauge based on customer card payments, analysts see that Poles have not reduced their expenses as much as the first time, plus, manufacturing activity so far looks less affected as supply chains remain intact with less severe restrictions imposed on factories across Europe. Investment will probably remain low in the quarters ahead as businesses are reluctant to take on long-term debt amid persistent uncertainty.

Industrial production in October increased by 1% YoY, in line with the market consensus. Lower annual dynamic compared to September owes to negative difference of business days and last year's basis. Producers have not been affected with the second pandemic wave as strong as in the Spring. Nevertheless, industrial sentiment deteriorated to -16.9 points from -7.0 points last month. Producers' prices surprised to the upside with a reading of +0.4% YoY compared to the expected -0.9%. They moved along with raw materials' prices and FX fluctuations.

Retail sales declined by 2.3% YoY in October, stronger than market expectations of -0.7%. mBank's analysts see the reason for this drop in consumer self-restriction. Card payments' data indicates that November reading might turn out even worse, in particular due to closed shopping centres by nearly whole month. While customers tend to purchase less in general, the share of transactions concluded via the internet channel rose again in October to 7.3% from 6.8%.

Labour market data was better than expected. Average wage rose by 4.7% YoY in October. It might imply that no significant declines linked to the number of working hours took place. Next months may bring temporary deceleration of wage growth. However, the general upward trend shall continue, although at slower pace than in previous years. Employment declined by 1% YoY in October. Restrictions appear not to have considerable impact on the reading. Still, November data can be already affected owing to the stricter rules binding then, influencing the number of working hours, especially in the stores subject to lockdown. Nevertheless, this effect is expected to be interim, given that companies more often believe that approaching vaccination should allow for normalisation of economic activity. No mass redundancies are foreseen.

Final reading of October inflation, oscillating around 3.05% YoY, was only slightly higher than the flash ratio of 3.0% YoY. Product prices rose by 1.5% YoY, while services prices kept the high dynamic of 7.3% YoY. The prices in such categories as transport, recreation and culture, as well as food and fuel declined, while energy, clothes and shoes prices went up. Base inflation reached the level of 4.2% YoY, decelerating from 4.3% YoY in the previous month. mBank's analysts expect inflation to slow down further, mainly along with dropping food prices and gradual, but continued halting of base inflation. It remains unlikely that MPC's approach towards interest rates would change due to the recent inflation development. The newest projection indicates on slowing inflation and CPI close to NBP target. The central bank's attention shall focus on real economy and impact of restrictions on the business activity.

mBank introduced a remote identity verification with myID (mojeID)

mBank's clients will be able to confirm their identity and thus get access to online services in an easy and safe way. myID is a tool for remote verification of identity in the commercial and public services. It applies for a wide range of providers from various sectors – insurance, medical care, financial, energy and entertainment. Thanks to myID, clients of these companies can register to get access to dedicated portals, recover passwords, sign agreements or use direct debit. mBank's clients, using myID, have a full control over the data transferred to the service providers – after logging in to the online banking platform they see only the data needed by the specified institution and every time give their consent to transfer it within the given service.

mBank entered Paybynet system with the use of API Premium

mBank provided transfers in the Paybynet system, similar to Pay by link system but serviced directly by KIR (Poland's National Payment Processor). Thanks to that, a payment originator visible for the payment recipient is always the client who makes the transfer. Thus, the system can be used for public services where such characteristic is key. Thanks to mBank's API Premium, KIR connected directly to the bank's system so that clients have access to payments in all the services operated by Paybynet, including government's webpages (gov.pl).

Forthcoming corporate access events

01.12.2020	WOOD's Winter Wonderland
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Forthcoming reporting events

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	42 367 040
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-40, WIG-Banks, WIG-ESG

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