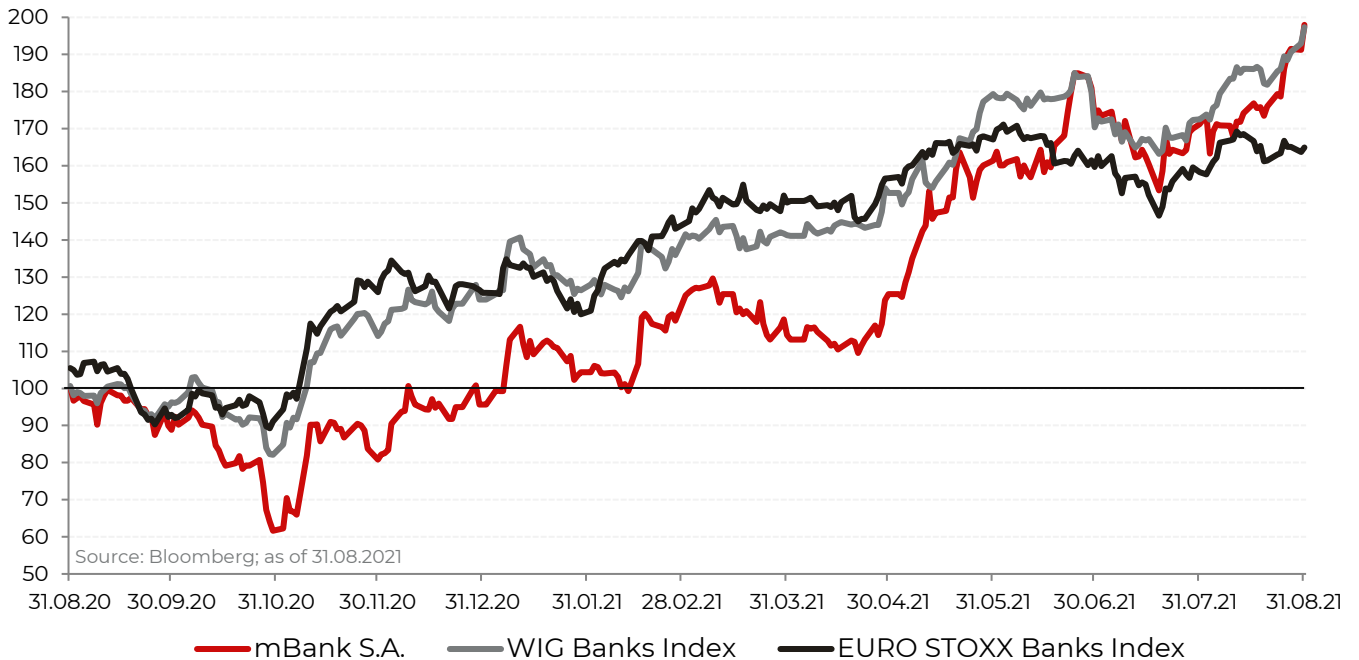


Share price performance summary

In August mBank's share price rose by 15.65%, while the WIG-Banks index increased by 14.40%. The EURO STOXX Banks Index went slightly up by 4.19% 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%	107.03%
WIG Banks Index	-11.03%	+28.84%	-29.59%	+13.99%	+20.54%	59.19%
EURO STOXX Banks Index	-13.24%	+35.36%	-23.72%	+19.38%	+6.35%	31.16%

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	3 961	-1.2%	4 279	+8.0%
Net F&C income	1 271	1 508	1 706	+13.1%	1 760	+3.1%
Total income	5 524	5 867	5 916	+0.8%	6 259	+5.8%
Total costs	-2 329	-2 411	-2 412	0.0%	-2 525	+4.7%
LLPs & FV change	-794	-1 293	-1 061	-17.9%	-937	-11.7%
Operating profit	2 014	1 141	988	-13.4%	1 774	+79.5%
Net profit	1 010	104	-124	+/-	552	-/+
Net loans	104 980	108 567	115 976	+6.8%	122 955	+6.0%
Assets	158 353	178 872	192 272	+7.5%	201 696	+4.9%
Deposits	116 661	137 699	149 797	+8.8%	158 136	+5.6%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, DM BDM, Haitong, Ipopema, Pekao Brokerage, Raiffeisen, Santander Brokerage, Societe Generale, Trigon DM, 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:

Financial operations in mBank's mobile application are even more secure now

mBank has introduced a new function of confirming operations with biometric data such as face and fingerprint scan in the mobile application. It is available for both iOS and Android users. Thanks to that using services of the bank on the smartphone will be even more convenient, faster and easier. The transactions over PLN 3,000 will be still confirmed with the PIN code. The new feature is switched off by default and requires a manual change in the user's settings.

Key news regarding mBank Group

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



The preliminary GDP dynamics in Q2 2021 turned out to be higher than the flash estimate published by Statistics Poland in mid-August. The GDP growth in Poland accelerated to 11.1% YoY (i.e. 0.2 p.p. more than indicated previously), while seasonally adjusted GDP rose by 2.1% QoQ. However, compared to monthly data from the real economy (industrial production, sales), it is still a certain disappointment.

The main culprit behind the worse-than-expected GDP reading are investments, which increased only by 5% YoY. On the other hand, consumption expanded by 13.3% YoY.

Inflation advanced to as much as 5.4% YoY in August 2021 and was the highest in the last 20 years. Core inflation amounted to 3.9% YoY. The readings were roughly in line with forecast of mBank's analysts. Inflation was boosted by energy prices (+0.8% MoM), fuel prices (+1.8% MoM) and by lower than anticipated drops in the food prices (-0.3% MoM). Although mBank's economists expect core inflation to decelerate in the coming months, inflation is seen to reach its peak in December 2021. It will remain above the upper target band of the National Bank of Poland in 2022. However, "Minutes" from the meeting of the Monetary Policy Council imply that most of the members still consider the inflation to be cost-push based (diminished real income) and do not acknowledge demand-pull inflation. Although, the probability of sooner tightening builds up, mBank's analysts continue to anticipate the first interest rate hike to happen in Q1 2022.

Industrial production rose by 9.8% YoY in July, less than market expectations of 10.8% YoY. Despite supply chain issues and shortages of materials, it is in line with the strong pre-pandemic trend. Producer Price Index (PPI) climbed to 8.2% YoY, the highest level over the last decade. Supply side factors will keep the leading role in shaping the monthly results of industrial production and are expected to have negative impact on it. The demand for services backed by reopening of the economy should increase, while demand for products will decline. PPI is supported by crude oil prices. However, price shock will subside in the coming months and consequently PPI will slightly decelerate after crossing the 9.0% mark in August 2021, according to mBank's analysts.

Retail sales slowed down to 3.9% YoY in July, missing the consensus of 4.8% YoY. Seasonally adjusted retail sales declined by 1.5% MoM, and fell off the trend followed in 2014-2019, amplifying volumes lost during the pandemic. Seasonally unadjusted retail sales increased by 2.1% MoM. Weaker dynamics were a result of subsiding impact of pandemic restrictions and base effects. The sales of furniture and electronics shrank by 1.9% YoY, mainly due to high base, as did the sales of cars and motor vehicles. The sales of clothes and shoes contributed the most to the growth of retail sales. The impact of sales of commodities on consumer spending declines, while the influence from sales of services is gaining ground.

Employment growth decelerated to 1.8% YoY in July, below the consensus of 2.0% YoY. Wages stepped up by 8.7% YoY, broadly in line with the expectations of 8.6% YoY. The number of FTEs

increased marginally by 2.4 thousand in July, which might have resulted from detrimental impact of settlement of the aid programme of the Polish Development Fund (PFR Financial Shield), according to mBank's analysts. They also pointed out the seasonal character of the development in FTE number in July, which was reflected mostly in the gastronomy and the accommodation sector. Lower reading of wages originated from high base and disadvantageous number of working days. However, the labour market situation remains hopeful, with employment gradually returning to the pre-pandemic levels.

Winners of the Digital Revolutions contest selected

HOUSE TO GO and WObit are the winners of the second edition of Digital Revolutions. The projects of these firms were considered as the best out of 823 participants competing in the contest. The winners will receive two prize packages worth PLN 110,000 each to help them spread their wings in e-commerce. The competition was a part of mBank's social campaign Digital Revolutions aimed at supporting SMEs in developing their online business. In order to take part in it, the companies had to introduce their activity, justify why it is likely to succeed in e-commerce and describe how they intend to use the prizes.

Forthcoming corporate access events

01.09.2021	Virtual Investor's Day by PKO Securities: CEE Financials
06.09.2021	Emerging Europe Investment Conference by Pekao Brokerage
22.09.2021	26th Annual Financials CEO Virtual Conference 2021 by BofA Securities
30.09-01.10.2021	European Financials Conference (online) by mBank/Commerzbank

Forthcoming reporting events

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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