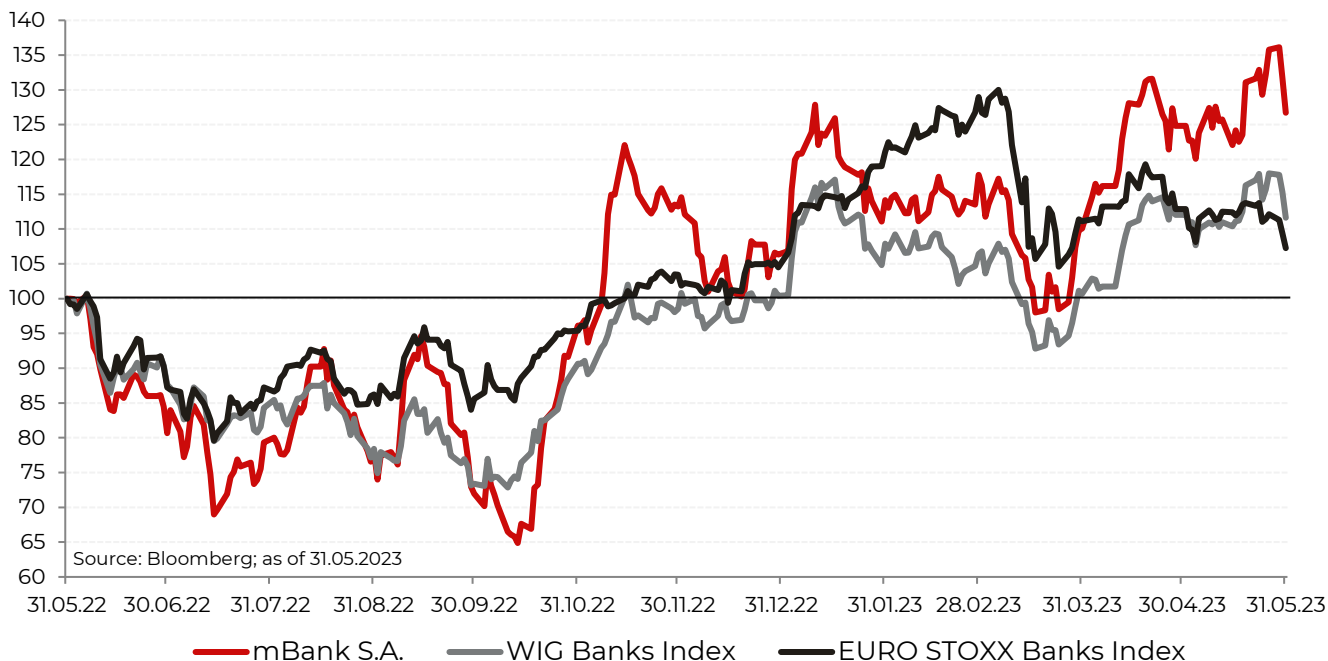


Share price performance summary

In May mBank's share price increased slightly by 1.53%, while the WIG-Banks index declined marginally by 0.36%. The EURO STOXX Banks Index went down by 4.96% in the same period.

Last 12 months – chart



change in the period	2Q'22	3Q'22	4Q'22	2022	1Q'23	2023 YtD
mBank	-36.41%	-10.77%	+47.70%	-31.67%	+3.51%	+19.19%
WIG Banks Index	-28.62%	-16.22%	+36.79%	-27.64%	+0.27%	+11.19%
EURO STOXX Banks Index	-11.82%	-1.91%	+22.08%	-4.56%	+6.35%	+2.65%

Consensus estimates for mBank Group's results

Financials (in PLN million)	2021	2022	2023E		2024E	
			estimate	Δ vs. 2022	estimate	Δ vs. 2023E
Net interest income	4,126	5,909	7,594	+28.5%	7,054	-7.1%
Net fee income	1,868	2,120	2,157	+1.8%	2,235	+3.6%
Total income	6,111	7,842	9,916	+26.4%	9,464	-4.6%
Total costs	-2,457	-3,319	-2,943	-11.3%	-3,129	+6.3%
LLPs & FV change	-879	-835	-1,365	+63.6%	-1,290	-5.5%
Operating profit	18	576	3,650	+533%	4,437	+21.6%
Net result	-1,179	-703	1,767	-/+	2,572	+45.6%
Net loans	117,677	120,183	123,787	+3.0%	128,594	+3.9%
Assets	198,373	209,892	214,289	+2.1%	224,734	+4.9%
Deposits	157,072	174,131	176,714	+1.5%	183,449	+3.8%

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

Note: Results for 2021 and 2022 were negatively impacted by high provisions for legal risk related to mortgage loans in foreign currencies (PLN 2,758 million and PLN 3,112 million, respectively).

Special topic:

Completion of the demerger of mBank Hipoteczny

The demerger of mBank Hipoteczny was completed in May 2023. Part of its assets and liabilities was transferred to mBank as an acquiring company. As a result, PLN 2 billion of loans (mainly financing commercial real estate), as well as IT systems and several employees were shifted. Affected clients gained access to online banking, while the division of responsibilities at mBank Group was put in order.

mBank Hipoteczny, established in 1999, will continue its operations as a mortgage bank. It will issue securities, including specifically covered bonds, as well as perform other treasury-related transactions and in particular derivative transactions. It will service loans secured by a mortgage provided to natural persons for purposes unrelated to any business activity. These agreements were concluded by mBank Hipoteczny in the past or were pooled from mBank.

The detailed terms and conditions have been presented in the Demerger Plan which was agreed in writing by the Management Boards of mBank and mBank Hipoteczny on May 31, 2022. It is available [HERE](#).

Key news regarding mBank Group

mBank's analysts revised its GDP forecast for 2023 up to 1.9% YoY



According to the preliminary estimate published by Statistics Poland, seasonally unadjusted gross domestic product (GDP) in Q1 2023 was lower by 0.3% YoY against the increase of 8.8% in the corresponding quarter of 2022. In constant prices, it grew by 3.8% compared to the previous quarter. The key drivers of annual dynamic were weaker domestic demand (-4.6% YoY) and lower inventories (-4.1% YoY), while export (+4.3% YoY) and investments (+0.6% YoY) improved. Based on the recent data, mBank's analysts revised up the GDP forecast for 2023 to 1.9% YoY. They believe that the technical recession, which commenced in Q2 2022, is over. The economy is entering a recovery phase, with the annual dynamics seen to grow, supported by falling inflation, improving business indicators, tax returns, further fiscal stimulus and negative real interest rates.

Inflation reached 14.7% YoY (+0.9% MoM) in April 2023, compared to 16.1% YoY in the previous month. In May 2023, it decelerated to 13.0% YoY (0.0% MoM). Key driver of the slowing dynamic in April, aside from base effects, was the prices of food, which rose by 0.3% MoM. Despite it being the lowest reading since February 2021, mBank's analysts point out to several mixed signals, such as announced subsidies for sale of crops. Core inflation is estimated to have increased by 12.2% YoY (1.2% MoM) in April 2023. The economists foresee the Consumer Price Index (CPI) to decline to single-digit values this year. Despite that, core inflation is anticipated to remain elevated. The Monetary Policy Council will keep the interest rates stable until mid-2024, given the latest GDP flash estimate, according to mBank's analysts.

Industrial production continues to disappoint the market. In April 2023, the figure receded to -6.4% YoY, materially below the consensus of -3.3% YoY. It was driven by production of energy which decreased by 25.8% MoM. Seasonally adjusted industrial processing decelerated as well, due to base effects. In the recent months, it has been retreating to a lower long-term trend. Furthermore, the slowdown resulted from decelerating GDP and weaker foreign demand. Producer Price Index declined to 6.8% YoY in April 2023, owed to subdued activity on the market and backlog supplies in the warehouses.

Retail sales declined by 7.3% YoY in April 2023, positively surprising the consensus anticipating a deeper decrease (-8.0% YoY). The figure has remained impeded by base effects linked to purchases made by the refugees and to aid them by the Polish households after the outbreak of the war in Ukraine in the corresponding period of 2022. Despite the negative dynamic in annual terms, mBank's analysts point out to strong monthly changes in constant prices. Amongst all major categories, only sale of cars worsened. Furthermore, retail sales in April 2023 was supported by several positive elements such as lower increase of food prices, 13th pension paid out to the retirees, and tax returns received by taxpayers. On a downside, retail sales abide below the long-term trend due to contracting household real income. mBank's analysts foresee those factors to continue also next month.

Employment advanced by 0.4% YoY in April 2023, slightly above the consensus of 0.3% YoY. Although the reading falls into the average of dynamics recorded in the corresponding months in the past, the YtD change disappoints when compared to the pre-pandemic values. mBank's analysts believe these readings are not concerning and they do not expect labour market easing, strong symptoms of recession or spiking unemployment. Wages in April 2023 grew by 12.1% YoY, in line with the estimates. The inflation is still higher than the annual rise of average pay in the corporate sector, therefore real wages remain negative. The elevated nominal dynamics of wages will drive inflation in the coming months, according to mBank's analysts.

Update of mBank's communication strategy to teenagers

mBank updated its communication strategy focused on the youngest clients. As part of it, a new marketing campaign "bo mogę" ("because I can") based on reinvented concepts in all major social media channels has been launched. Like previously, the target group of this action is Generation Z. However, this time mBank has expanded it to younger people aged 13-17 and celebrates together with them important dates such as 13th birthday or starting a new school.

With the new communication strategy, mBank gains an upper hand at acquiring the youngest potential clients amongst intensifying competition. It intends to support the financial independence of teenagers thanks to a wide range of products and services available for holders of "eKonto dla Młodych" account, dedicated to anyone above the age of 13. This account, as well as a card, online transfers and cash withdrawals from ATMs all over the world are free-of-charge. mBank's youngest clients have also an access to the full version of mobile application. They can order a personalized card with almost any picture of their choice.

Forthcoming corporate access events

13.06.2023	Ipopema CEE Conference in Warsaw
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Forthcoming reporting events

02.08.2023	Semi-annual Financial Report of mBank Group for H1 2023
31.10.2023	mBank Group Financial Report for Q3 2023
08.02.2024	Selected non-audited financial data of mBank Group for Q4 2023
01.03.2024	Annual Financial Report of mBank Group for 2023

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 433 495
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-20, WIG-30, WIG-Banks, WIG-ESG

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