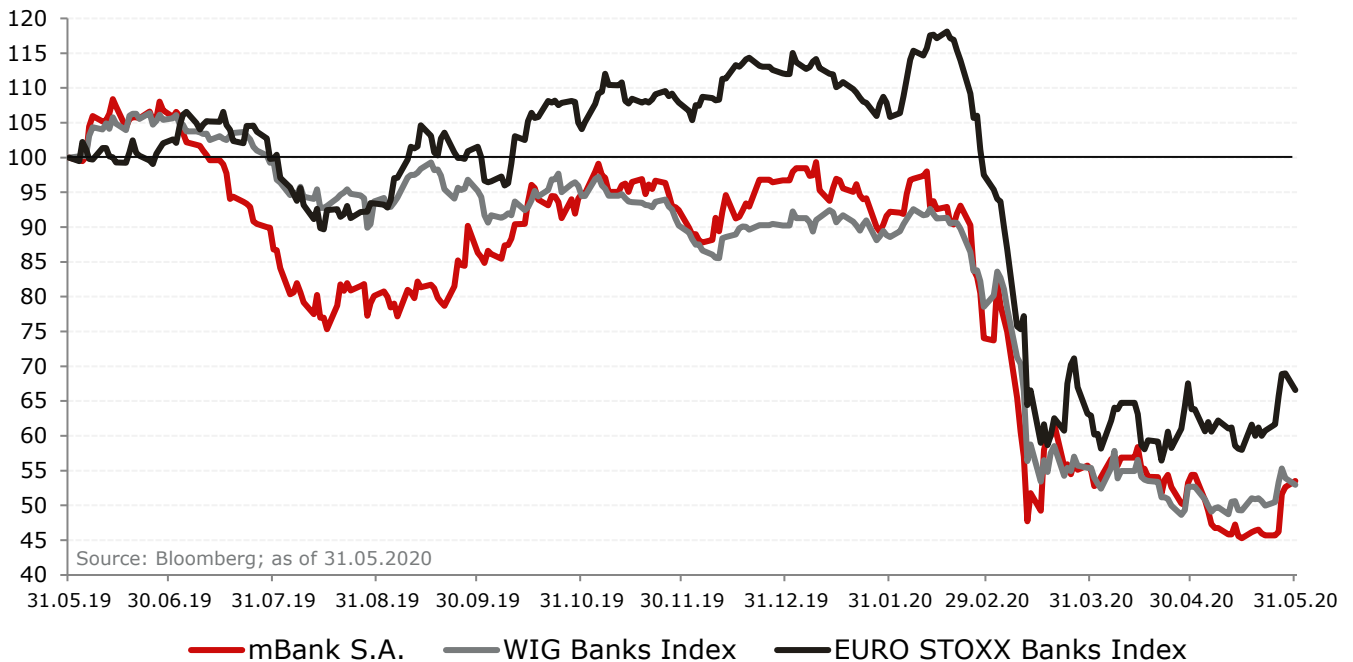


Share price performance summary

In May mBank's share price declined by 1.64%, while the WIG-Banks index increased slightly by 0.56%. The EURO STOXX Banks Index went up by 4.30% in the same period.

Last 12 months - chart



change in the period	2Q'19	3Q'19	4Q'19	2019	1Q'20	2020yTD
mBank	+1.13%	-19.16%	+12.03%	-8.20%	-43.04%	-44.68%
WIG Banks Index	+4.24%	-9.69%	-5.23%	-9.19%	-38.62%	-41.28%
EURO STOXX Banks Index	-5.48%	-0.50%	+10.27%	+11.11%	-43.81%	-40.55%

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	3 907	-2.4%	3 939	+0.8%
Net F&C income	1 258	1 271	1 126	-11.4%	1 152	+2.3%
Total income	5 080	5 524	5 347	-3.2%	5 416	+1.3%
Total costs	-2 164	-2 329	-2 404	+3.2%	-2 443	+1.6%
LLPs & FV change	-694	-794	-1 673	+110.7%	-1 428	-14.6%
Operating profit	2 201	2 014	1 022	-49.2%	1 137	+11.2%
Net profit	1 303	1 010	233	-76.9%	298	+27.8%
Net loans	94 766	105 347	106 075	+0.7%	109 901	+3.6%
Assets	145 781	158 721	162 115	+2.1%	167 323	+3.2%
Deposits	102 009	116 661	119 168	+2.1%	123 697	+3.8%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong, Raiffeisen Centrobank, Societe Generale, Trigon DM, DM BDM (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 mFinance (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 supports e-transformation of its clients

mBank facilitates opening of an e-shop for its existing and new corporate clients. We prepared a set of tools helping to start doing business online: build an online shop, offer fast payments and boost sales. mBank will finance:

- a free online payment platform Paynow (money paid by a client is transferred immediately to the account of a merchant),
- building and hosting of an e-shop on popular platforms RedCart or Shoplo (paying only PLN 1 for the first three months),
- automatic tools supporting the sales and client retention prepared by Samito (with a 50% discount),
- a tool for sales in the social media without having an online shop, offered by 1koszyk.

Key news regarding mBank Group**mBank's economists say unfavourable macroeconomic data in April bodes no good for readings of May and following months**

Inflation in April amounted to 3.4%, in line with consensus expectations. It appears that currently inflation decreases mainly on fuel prices. May flash reading indicates on drop of CPI inflation to 2.9%, but base inflation is likely to go up. Prices will be determined by the categories that basically remain exogenous to monetary policy. mBank's analysts expect the inflation to decline in next months, reaching a bottom level at the beginning of 2021.

GDP growth in 1Q'20 decelerated to 2.0% YoY, slightly above the flash reading of Statistics Poland (1.9%). Actual dynamics exceed both mBank's forecast (1.8%) and consensus (1.5%). The structure of GDP growth came as surprise with individual consumption and public spending on a rise, but disappointing level of investments. 1Q'20 was the first reading impacted by pandemic – the next quarter comprising economic lockdown of the whole April and gradual unfreezing in next months is expected to be hit worse.

Labour market reading in April surprised even the most pessimistic analysts. Employment in the enterprise sector decreased by 2.1% YoY, below both market consensus (-0.6%) and mBank forecast (-0.9%). It implies 152 thousand job posts were lost, compared to the previous month. It is not only April's record low, but also the worst result in the monthly time series known (excluding January statistical adjustments). However, it does not mean that so many employees lost their jobs. Part of them gets care or sick leave benefits and therefore is not included in employment statistics, though being still employed. Number of such employees increased significantly since March, as in April restrictions concerned the whole month (not only 2-3 last weeks of the month). It is a negative signal also for May's reading. Nevertheless part of the employment drop is a result of terminating both fixed and long-term contracts, as well as reduction of full to part-time employment. First massive terminations of job contracts started in March. Hence April is just the first month with lower employment, it will intensify as some contracts have longer (3-month) notice periods. In April, Polish Development Fund initialized the aid program, where loans can be turned to subsidy if enterprises keep their workers for a year. Its impact on employment shall depend on the firms' individual economic calculations.

Wage growth slowed down, with average gross wage in enterprise sector increasing in April by 1.9% YoY, below both mBank (3.8%) and consensus (4.4%) forecasts. Such development implies declines on a monthly basis – average wage decreased from PLN 5,489 in March to PLN

5,285 in April. It is the effect of both national regulations, which enable workers to get lockdown benefits, but also usual negotiations between employers and employees. Declines in both employment and wages result in decrease in wage fund, which shall be also observed in May. Labour market data is going to play a key role in the next few months and be closely monitored by the MPC. In May, MPC surprised the market and decided to cut interest rates in Poland for the third time this year. Following a reduction of 40 bps, applicable starting from May 29, reference rate is set at the level of 0.1%. mBank's economists expect any further stimulation to take form of quantitative easing.

Industrial output plummeted in April by 24.6% YoY, far worse than expected (both mBank and consensus forecasts were at -12.4% YoY). The surprise might potentially be explained by a fact that it is "sold" industrial output, reflecting the demand on industrial goods, not the production itself. To the obvious reasons of lower production, like lockdown in some enterprises, or lack of workers because of care or sick leaves, lower demand also needs to be taken into account. First reason of lower production is decreasing number of new orders, especially in manufacturing of metals, rubber products, coke and petroleum products, motor vehicles and furniture. Next month should be better as the economy is in the process of unfreezing. Also energy production gets better, after drops in March and April, but with no spectacular recovery expected.

Producer prices went down in April by 1.3% YoY. The main driver was connected to energy prices. Prices in coke and oil production dropped by 16.8% MoM. It is of utmost importance then to follow the reading without this category. And indeed core manufacturing prices increased from 1.0% YoY to 1.4% YoY, closely following exchange rate. It is worth to note that correlation works with the level of exchange rate, not growth rates. Given the increase of commodity prices in May and stabilization of exchange rate, market observers should be getting ready for acceleration in producer prices.

Online mortgage process

mBank introduced an online mortgage process with only one visit in the branch needed. All the operations can be performed from home via the phone and a dedicated application to send the documents, and the customer visits the branch only to sign the loan contract. Client signs the application confirmed by the advisor after receiving it via e-mail, and sends the scan or a photo back via the application. The same process is used for other necessary documents.

The solution is safe as all the files are transferred via special application and e-mails to the client are additionally secured with a password sent to the registered phone number. The client is informed about the final decision about granting the mortgage loan via e-mail or by the advisor. Then a visit to the branch is needed in order to sign the agreement. After that, all the documents needed to pay the money to the client can be sent via the application.

Remote onboarding of corporate clients

Corporate clients can open an account at mBank remotely, without meeting an advisor. Fully digital process concerns opening of a bank account as well as obtaining an access to the advanced transactional banking system mBank CompanyNet. All the necessary documents in the process are signed with the use of the qualified electronic signature by both sides. On each stage of the process clients are supported by an advisor via e-mail or telephone.

It is another service digitalized during the pandemic, to care for the health and security of our clients and employees. We are working to introduce further facilities but already now corporate clients are able to perform most operations remotely.

Forthcoming corporate access events

-	No confirmed events for June and July
---	---------------------------------------

Forthcoming reporting events

30.07.2020	Semi-annual Financial Report of mBank Group for H1 2020
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	42 350 367
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**For New Investors
Integrated Annual Report online**Newsletter archive – [click here](#)

For any further information, please contact the IR team.

E-mail address: investor.relations@mbank.plmBank S.A.
Analysis and Investor Relations Department
ul. Senatorska 18
00-950 Warszawa