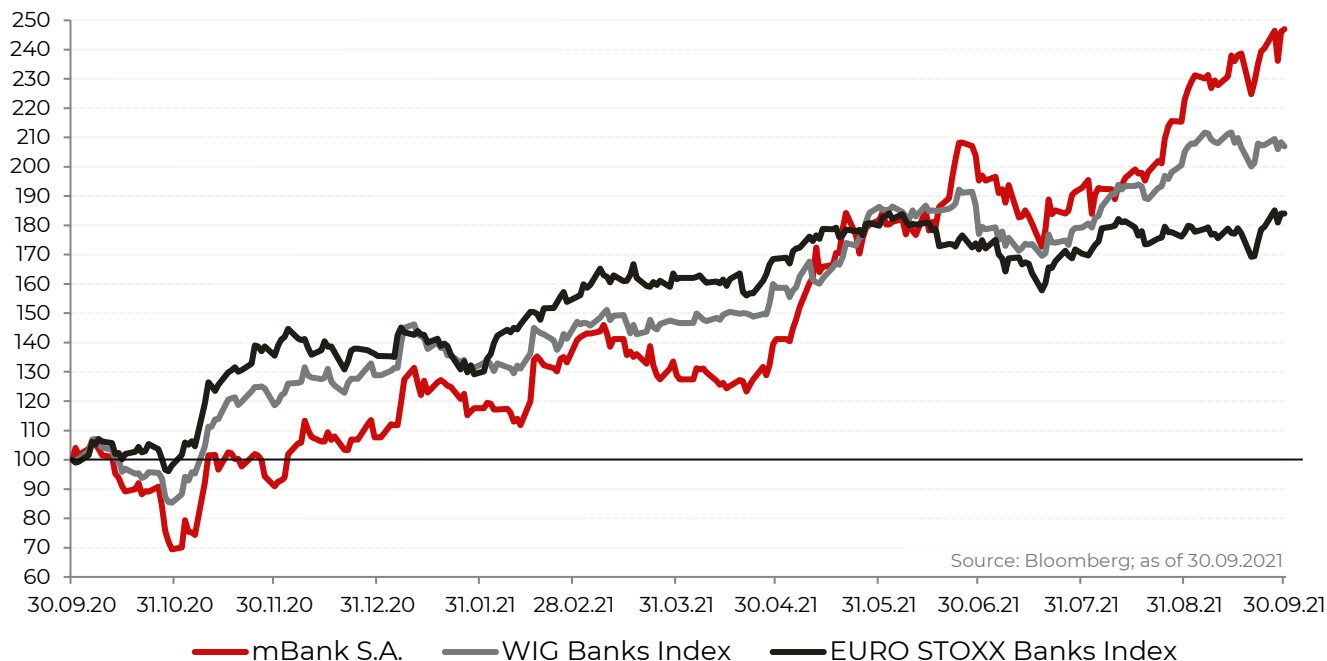


## Share price performance summary

In September mBank's share price rose by 10.78%, while the WIG-Banks index increased slightly by 0.95%. The EURO STOXX Banks Index went up by 3.67% in the same period.

### Last 12 months – chart



change in the period	4Q'20	2020	1Q'21	2Q'21	3Q'21	2021YtD
mBank	+7.69%	-53.98%	+19.64%	+51.59%	+26.46%	+129.35%
WIG Banks Index	+28.84%	-29.59%	+13.99%	+20.54%	+16.95%	+60.70%
EURO STOXX Banks Index	+35.36%	-23.72%	+19.38%	+6.35%	+7.10%	+35.98%

## 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	3 959	-1.2%	4 295	+8.5%
Net F&C income	1 271	1 508	1 729	+14.6%	1 787	+3.4%
<b>Total income</b>	<b>5 524</b>	<b>5 867</b>	<b>5 940</b>	<b>+1.3%</b>	<b>6 306</b>	<b>+6.2%</b>
<b>Total costs</b>	<b>-2 329</b>	<b>-2 411</b>	<b>-2 399</b>	<b>-0.5%</b>	<b>-2 517</b>	<b>+4.9%</b>
LLPs & FV change	-794	-1 293	-1 032	-20.2%	-930	-9.9%
<b>Operating profit</b>	<b>2 014</b>	<b>1 141</b>	<b>1 045</b>	<b>-8.4%</b>	<b>1 675</b>	<b>+60.21%</b>
<b>Net profit</b>	<b>1 010</b>	<b>104</b>	<b>-77</b>	<b>+/-</b>	<b>459</b>	<b>-/+</b>
Net loans	104 980	108 567	116 220	+7.0%	123 220	+6.0%
Assets	158 353	178 872	192 378	+7.6%	201 395	+4.7%
Deposits	116 661	137 699	150 061	+9.0%	158 228	+5.4%

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:

#### **mBank issued Green Bonds worth EUR 500 million**

On September 15, 2021, mBank launched its debut EUR 500 million Senior Non-Preferred Green Bonds under the Eurobond program (EMTN) updated in August 2021. The instruments with a maturity of 6 years, an early redemption option after 5 years and a coupon of 0.966% (125 basis points above the Mid Swap rate) were issued at par. The bonds were subscribed by institutional investors and are listed on the Luxembourg Stock Exchange. This is both the first non-preferred senior MREL issuance and the first EUR benchmark green bond issuance placed by a Polish financial institution.

mBank will use the proceeds of this green bond transaction to refinance part of the retail mortgage portfolio that is granted for energy efficient buildings, meeting the eligibility criteria defined in the mBank SA Group Green Bond Framework. A Second Party Opinion for the framework was delivered by Sustainalytics and a pre-issuance certification by Climate Bonds Initiative was also obtained. The orderbook enjoyed a solid momentum with demand reaching EUR 1.2 billion. The deal received orders from 110 investors while the spread was ultimately set at MS+125 bps, allowing mBank for a sizeable optimization of funding costs.

### 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 for August 2021 was revised up to 5.5% YoY. Although the previous estimation indicated 5.4% YoY, the final higher readings of food prices (up by 0.1 p.p. to -0.2% MoM) and energy prices (up by 0.4 p.p. to 1.2% MoM) elevated inflation even more. The prices exceeded expectations due to surges of gas prices. mBank's analysts do not anticipate the revision to influence the Monetary Policy Council's approach to rate hikes. Inflation, boosted by food, energy and gas prices, should reach its peak in December 2021. NBP Governor Adam Glapinski implied that MPC might be inclined to tightening in case of risk of permanent breach of inflation target driven by permanent demand pressure in strong labour market environment (no material unemployment, prosperity). mBank's analysts still foresee the first rate hike to take place in Q1 2022.

Industrial production slightly decelerated to 13.2% YoY in August, missing consensus of 13.8% YoY. Weaker reading was a bleak outcome of issues on the supply side and price surges which adversely impacted aggregated demand. Seasonally adjusted data indicated that industrial production marginally dropped by 0.3% MoM in August. The temporary decreases are not strong enough to imply significant departure from the trend. Industrial production is still on track of the pre-pandemic path. mBank's analysts do not anticipate demand to pose a material obstacle for production, as despite potential fluctuations it remains elevated. Industrial production will be driven by gradual dissipation of bottlenecks and realization of postponed production and backed by new cycle of infrastructural investments in Poland. PPI accelerated to 9.5% YoY and is seen to reach 10% mark in September, according to mBank's analysts.

Retail sales rose by 5.4% YoY in August, slightly less than the consensus of 5.7%. Sales are growing at a similar rate as before the pandemic, making the gap between current volume and the pre-pandemic trend essentially unchanged. Seasonally adjusted retail sales increased by 0.4% MoM. Vaccination against Covid-19 and the reopening of the economy have hoisted real sales barely in line with the pre-pandemic level. In August 2021, an acceleration of online sales could be observed (seasonally unadjusted growth of 5.6% MoM), as well as substitution of sales of commodities with sales of services.

Employment decelerated to 0.9% YoY in August, disappointing the economists for a second month in a row who had expected it to reach 1.1% YoY. However, wages advanced to 9.5% YoY, beating consensus estimate of 8.7% YoY. The number of FTEs decreased by 9.7 thousand MoM in August, what makes it one of the worst reading for this particular month in recent years. According to Statistics Poland, the decline was attributable mainly to termination and nonrenewal of fixed-term employment contracts, as well as seasonal character of employment and sick leaves. It might also result from detrimental impact of settlement of the aid programme of the Polish Development Fund (PFR Financial Shield), according to mBank's analysts. Despite the temporary slowdown, they believe the labour market situation remains hopeful and will improve with the incoming strong economic growth.

### **The first bank in Poland with remote account opening for private banking**

Clients interested in opening the private banking account with mBank can do it without leaving home with the use of an eID and the eDO App or with the help of a banking consultant. This solution was first used by corporate customers, then the process was extended to individual clients, and now mBank launched it in the private banking segment. This is an innovative solution in this business area.

To open an account the customer needs a phone with NFC function and the eDO App. This application can also be useful when setting up a trusted profile, applying for a tachograph card at the Info-Car service or unlocking and changing the PIN to the e-card. Customers can also open an account remotely with the help of a private banking consultant. First, they fill in the application form online and then sign the agreement during the meeting with advisor at a place convenient for the customer.

### **mBank in the cloud for its employees**

mBank was one of the first banks in Poland who provided cloud feature to over 8.3 thousand employees. The cloud is a modern communication tool. Thanks to an implementation of Microsoft Office 365, employees have access to files from any place and, what is more, the bank may create new applications.

Following its digital and technological advancement, today mBank sets the direction of banking development towards the cloud. mBank has already used cloud-based solutions such as Paynow payment gateway and now it is changing the way of working in the organization through the use of public cloud.

**Forthcoming corporate access events**

30.09-01.10.2021	European Financials Conference (online) by mBank/Commerzbank
22-23.11.2021	2021 Annual Financial Sector Conference by Santander Brokerage
07.12.2021	WOOD's Winter Wonderland - EME Conference in Prague

**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	42 368 696
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, mWIG-40, WIG-Banks, WIG-ESG

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For any further information, please contact the IR team.

**E-mail address:** [investor.relations@mbank.pl](mailto:investor.relations@mbank.pl)mBank S.A.  
Investor Relations  
ul. Prosta 18  
00-850 Warszawa