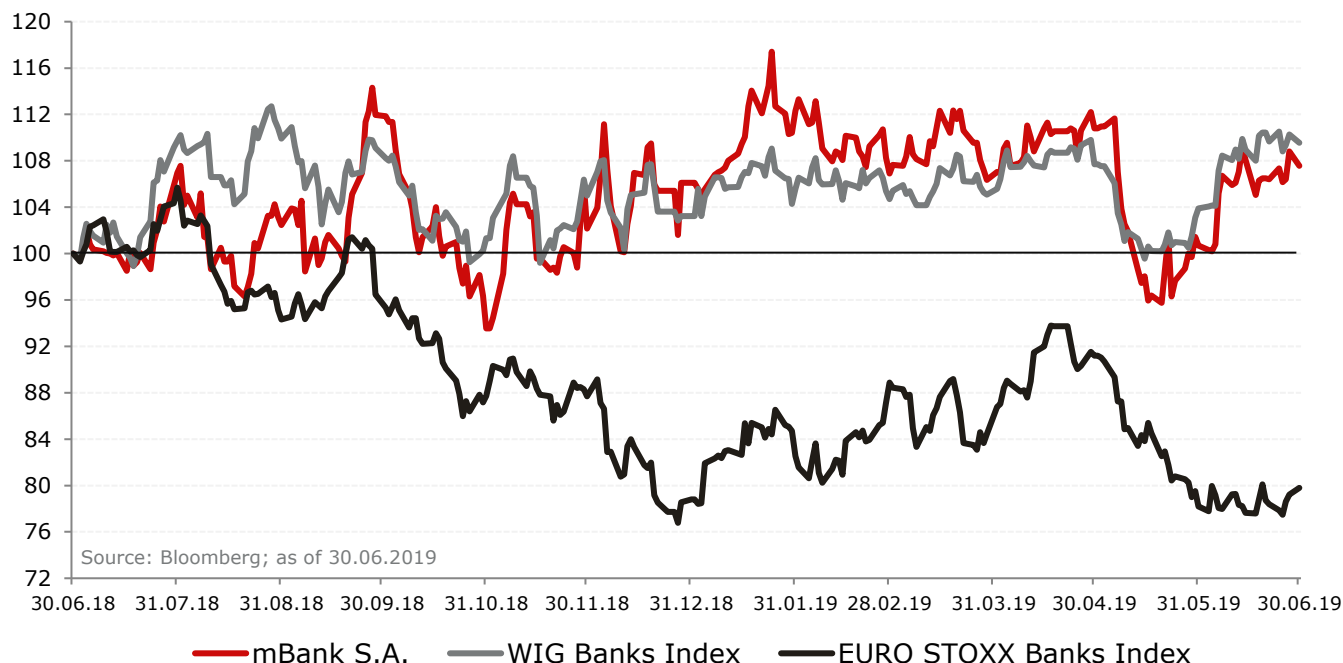


### Share price performance summary

In June mBank's share price increased by 6.81%, while the WIG-Banks index went up by 5.44%. The EURO STOXX Banks Index advanced by 2.06% in the same period.

#### Last 12 months – chart



change in the period	3Q'18	4Q'18	2018	1Q'19	2Q'19	2019YtD
mBank	+11.96%	-5.23%	-8.77%	+0.24%	+1.13%	+1.37%
WIG Banks Index	+9.10%	-5.37%	-12.12%	+1.78%	+4.24%	+6.10%
EURO STOXX Banks Index	-3.53%	-18.31%	-33.29%	+7.13%	-5.48%	+1.26%

### Consensus estimates for mBank Group's results

Financials (in PLN million)	2017	2018	2019E		2020E	
			estimate	Δ vs. 2018	Estimate	Δ vs. 2019E
Net interest income	3 136	3 496	3 819	+9.2%	4 117	+7.8%
Net F&C income	992	976	996	+2.1%	1 039	+4.3%
<b>Total income</b>	<b>4 454</b>	<b>5 059</b>	<b>5 188</b>	<b>+2.5%</b>	<b>5 529</b>	<b>+6.6%</b>
<b>Total costs</b>	<b>-2 043</b>	<b>-2 164</b>	<b>-2 283</b>	<b>+5.5%</b>	<b>-2 351</b>	<b>+3.0%</b>
LLPs	-508	-694	-731	+5.3%	-798	+9.1%
<b>Operating profit</b>	<b>1 903</b>	<b>2 201</b>	<b>2 173</b>	<b>-1.3%</b>	<b>2 380</b>	<b>+9.5%</b>
<b>Net profit</b>	<b>1 092</b>	<b>1 316</b>	<b>1 265</b>	<b>-3.9%</b>	<b>1 403</b>	<b>+10.9%</b>
Net loans	84 476	94 723	99 360	+4.9%	104 669	+5.3%
Assets	131 424	145 750	153 809	+5.5%	161 652	+5.1%
Deposits	91 496	102 009	112 266	+10.1%	118 432	+5.5%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong Bank, IPOPEMA, KBW, Pekao Investment Banking, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

Note: total income includes a one-off gain on the sale of an organised part of enterprise of mFinance (PLN 219.7 million) in 2018.

### **Special topic: New products and services in cooperation with AXA**

mBank together with AXA TFI will offer Employee Capital Plans (PPK) to mBank's corporate customers. The plan is to reach 10% in a specific segment of PPK market – private companies. AXA wants to excel mainly in the quality of service but prepared also a very competitive offer. TFI will not charge the management fee in 2019 and 2020 and will differentiate the fees, depending on the share of equities, between 0.3 and 0.5%, in the next years. AXA will also provide customers with simple interface as well as education of employees.

*mBank's aim is to facilitate the process of introducing PPK for employers*

*More than 40% of travel insurance to mBank's clients are sold via the mobile application*

Moreover, mBank as the first bank on the market, has widened its product offering available on the mobile app and introduced a life insurance. Life and health insurance is the third insurance product available in this channel. So far, customers have had a possibility to buy travel insurance and recently also household insurance (introduced in May) on their smartphones. The purchase of the policy can be confirmed using the code in the app. No additional medical examination is needed. The package include several products which protect the clients and their families, i.a. life insurance up to PLN 300,000, cancer insurance, accident insurance etc. The offer was created in cooperation with AXA.

### **Key news regarding mBank Group**

#### **mBank's economists interpret May data as not changing the overall scenario for 2019**



mBank's economists lowered their estimate of 2Q'19 GDP growth to 4.6% YoY (v. 4.8-4.9% YoY previously) after all the major Polish data for May were published. At the same time, the data remains neutral for the Monetary Policy Council. They prove that the economy is gently slowing down amid temporary elevated inflation. Such scenario was for long consistent with stable rates and nothing changes on that front.

Diving into more details, employment growth in May disappointed, amounting to 2.7% YoY, while the expectations were at 2.9%. In comparison to April, there were 12 thousand jobs less, which classifies this month as the second worst May in history (only 2009 was worse). Weaker employment growth together with still solid wage dynamics indicate that supply constraints are getting stronger. Reasons can be found in expiring inflow of labour force from abroad, or even outflow of migrants to better developed economies. Supply constraints are also consistently indicated by business surveys, where problems with finding employees are still highly reported, despite the lower labour demand from last few quarters. In consequence, week employment growth can become a norm in upcoming months as the result of lack of workers.

Average wage surprised positively in May with yearly growth at 7.7%, which is a higher result than market consensus of 7.1%. Reasons for this surprise can be found in manufacturing, construction and mining which rose by 7.9%, 8.8% and 7.5%, respectively. It seems that the current equilibrium on the labour market is a result of binding supply constraints ameliorated by the slowdown in labour demand. Nominal wage growth will be impacted by several exogenous factors in the coming months: competition between labour income and social transfers, changes in labour tax wedge (the result of lower PIT rate and higher deductibles), further increases in the minimum wage coming into effect in January 2020 and possible rise in inflation expectations in reaction to sustained food price acceleration over the past months. As

a result, household consumption is unlikely to run out of fuel any time soon. Inflation outlook is affected, though. In 2019, services prices have regained their sensitivity to wage growth, but should not accelerate much further. The sustained wage growth means, however, that the increase in core inflation this year is not a one-off, but will likely persist.

Industrial output rose by 7.7% YoY in May, in line with market consensus. The slowdown vs. the previous month is, in the absence of any calendar effects, purely a result of high statistical base from the previous year. Growth appears to be evenly distributed between various industries, exports- and domestically oriented alike. High annual growth rate is, however, hiding a marked pullback in short-term momentum. May was the third consecutive month in which monthly output growth was essentially zero. It is very likely that the entire quarter will end with marginal growth. After the record-high growth in 1Q'19 (likely boosted by stockpiling ahead of the original Brexit date), it should not come as a surprise.

Retail sales rose by 5.6% YoY in real terms in May. It is a minor disappointment with regard to market consensus. However, the unexpected slowdown happened in categories that are usually volatile ("other" category, fuel sales) or the ones that proved to be a bit exaggerated in the prior month (electronics, home appliances). Secondly, consumer optimism has recently marked an all-time high. Thirdly, additional cash injected in the system (pension+ programme, ca. PLN 10 billion in May) does not seem to be visible in current data. Last but not least, given the real retail sales data alone, private consumption actually accelerated in 2Q'19 vs 1Q'19.

The full set of May data does not change the overall scenario for this year, since mBank's recent forecast upgrades were primarily based on the rebound in private investment, which is mostly driven by machinery and equipment spending (whose growth is in double digits).

**Forthcoming corporate access events**

29.08.2019	Sector Conference 2019 organised by Commerzbank in Frankfurt
24-25.09.2019	24th Annual Financials CEO Conference 2019 by BofAML in London

**Forthcoming reporting events**

30.07.2019	Semi-annual Financial Report of mBank Group for H1 2019
30.10.2019	mBank Group Financial Report for Q3 2019
06.02.2020	Selected non-audited financial data of mBank Group for Q4 2019
03.03.2020	Annual Financial Report of mBank Group for 2019

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 336 982
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**For New Investors  
Annual Report online**

Newsletter archive – [click here](#)



For any further information, please contact the IR team.

**E-mail address:** [investor.relations@mbank.pl](mailto:investor.relations@mbank.pl)

mBank S.A.  
Analysis and Investor Relations Department  
ul. Senatorska 18  
00-950 Warszawa