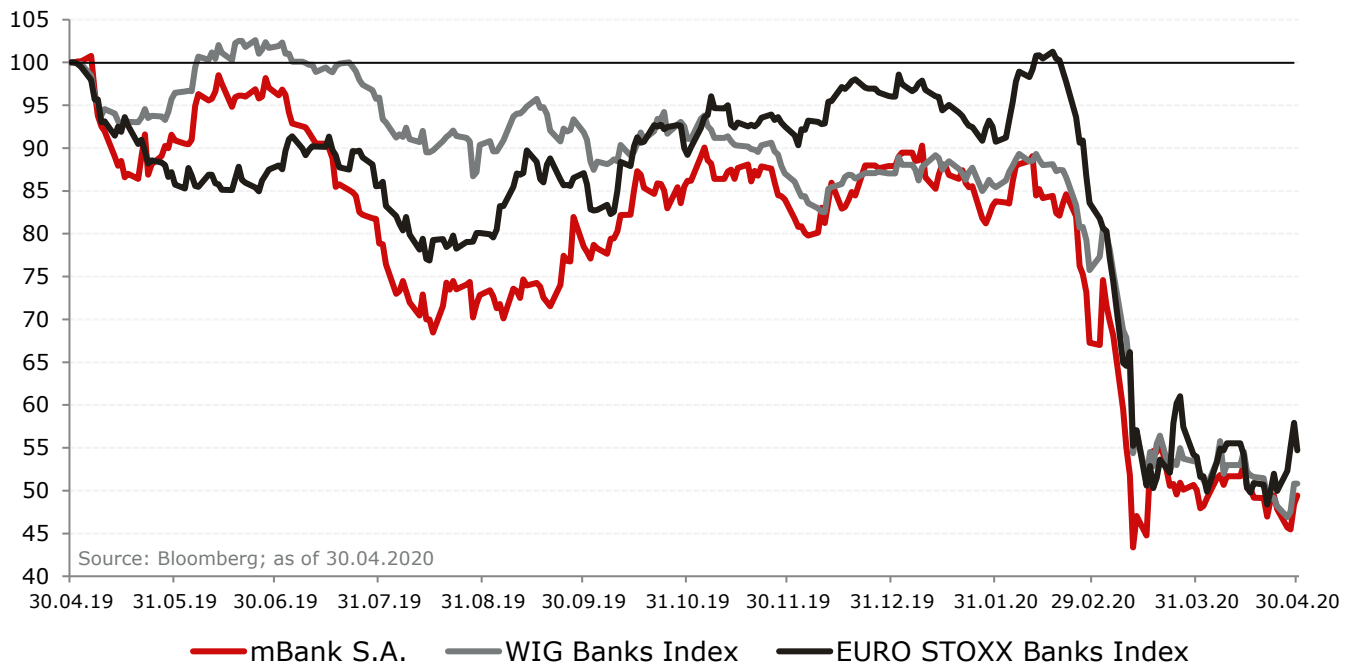


### Share price performance summary

In April mBank's share price decreased by 1.26%, while the WIG-Banks index declined by 4.88%. The EURO STOXX Banks Index went up slightly by 1.44% 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%	-43.76%
WIG Banks Index	+4.24%	-9.69%	-5.23%	-9.19%	-38.62%	-41.61%
EURO STOXX Banks Index	-5.48%	-0.50%	+10.27%	+11.11%	-43.81%	-43.00%

### 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	4 059	+1.4%	4 179	+3.0%
Net F&C income	1 258	1 271	1 083	-14.8%	1 113	+2.8%
<b>Total income</b>	<b>5 080</b>	<b>5 524</b>	<b>5 486</b>	<b>-0.7%</b>	<b>5 648</b>	<b>+3.0%</b>
<b>Total costs</b>	<b>-2 164</b>	<b>-2 329</b>	<b>-2 410</b>	<b>+3.5%</b>	<b>-2 462</b>	<b>+2.1%</b>
LLPs & FV change	-694	-794	-1 394	+75.6%	-1 275	-8.5%
<b>Operating profit</b>	<b>2 201</b>	<b>2 014</b>	<b>1 559</b>	<b>-22.6%</b>	<b>1 715</b>	<b>+10.0%</b>
<b>Net profit</b>	<b>1 303</b>	<b>1 010</b>	<b>643</b>	<b>-36.4%</b>	<b>714</b>	<b>+11.2%</b>
Net loans	94 766	105 347	107 601	+2.1%	111 846	+3.9%
Assets	145 781	158 721	164 211	+3.5%	170 957	+4.1%
Deposits	102 009	116 661	122 585	+5.1%	128 218	+4.6%

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

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 continues to assist clients amid COVID-19 pandemic**

mBank supports its clients in the difficult time of pandemic with its own initiatives and participating in the programmes prepared by the government.

Under the governmental aid package for the firms, a part of an anti-crisis shield, mBank provides liquidity loans to micro-, small- and medium-sized enterprises combined with the de minimis guarantee from Bank Gospodarstwa Krajowego (BGK). Compared with standard de minimis guarantee product, the support package increases the guarantee level to 80% of the loan and prolongs its maturity to 39 months for working capital loans. There are no fees for granting or extending the guarantees until the end of the year. Easily available and cheaper loans are meant to enable corporate customers to maintain their liquidity and continue the business.

Starting from April 29, enterprises employing from 1 to 249 people can submit applications for funds from the PFR Financial Shield assistance program through mBank's transactional systems. Clients can apply for subsidies from the Polish Development Fund via both the retail banking online service for firms and mBank CompanyNet system for SMEs and corporations. Submission and handling of the application are free of charge. We are convinced that the fast distribution of these funds will help companies to survive this difficult period.

Apart from the sector-wide measures, mBank has offered loan repayment moratorium and reduction of leasing instalments up to 6 months. Business clients can manage their banking from home. Moreover, we suspended fees for using Paynow e-commerce payment gateway. We also encourage our clients to stay at home and limit their interactions during the time of pandemic. To make the everyday challenges easier we prepared special website "the best is from home", with numerous advices and tips for online banking and dealing with public authorities' services, such as settling the income tax payment online.

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

#### **mBank's economists wait to see much intense declines of most economic categories in coming months**



March was the last month with inflation above 4%. April and May will bring solid slowdown. mBank's analysts expect some gradual decreases in prices of recreation and culture as well as hotels and restaurants. This should lead to decline of core inflation from 3.6-3.7% in March to between 0-1% at the end of the year. Total inflation is projected to go down to about 2% at the end of 2020.

Inflation in March slowed down only slightly to 4.6% YoY from 4.7% a month before. The reading was a result of some opposing trends. Fuel prices significantly decreased (-4.6% MoM), while food prices increased by 0.8% MoM. Higher inflation will not bother members of the MPC as they currently see deflationary pressure. Estimates based on output gap imply huge effect in 2021 (in core inflation). However, decline of inflation will depend on food prices. If drought in agriculture intensifies, it will result in higher vegetable, cereals, and later fruit prices. In addition there will be problems with seasonal workers.

Employment in March increased by 0.3% YoY, less than market consensus expected (0.8%). On monthly basis, employment decreased by 34 thousand posts, which is a record low. Adjustment in employment due to coronavirus began. But this reading is not as pessimistic as it seems, because lower employment is not only a reason of termination of contracts, but also a result of care benefits. Due to school closings, parents went on care leaves. They are still

employed, but statistics considers them as not employed. In the methodology, it is stated that people receiving sick, maternity, paternity, parental and care benefits are not included in employment. Next months will bring more decreases and they are expected to stop about July/August when governmental programs (so-called anti-crisis and financial shields) should inhibit some of dismissals.

Average wages increased in March by 6.3% YoY. Impact of current economic situation was not significant, as contracts were mostly negotiated in February before first cases of COVID-19 in Poland. Some part of wages (dependent on hours worked) was lower, but it was compensated by wage increases in companies with more intensive period due to pandemic (cashiers in food shops, couriers). In the coming months mBank's economists expect a significant slowdown of wages. Companies cutting down their employment will not increase salaries. Therefore wage dynamics can drop to zero.

Industrial output in March declined by 2.3% YoY. Reasons for such development are quite obvious: lack of workers (some of them are on paid care leaves due to schools closing), reduced time of work in some factories, and finally lower new orders due to upcoming recession. The most intense declines were in categories of manufacture of motor vehicles (-28.6% YoY, category strongly dependent on global supply chains) and manufacture of wearing apparel (category affected by restrictions, like closed shopping centres). Negative dynamics occurred in categories of about 40% total production value. Leader of growth was production of pharmaceuticals (+39.7% YoY), which could have added about 0.5 p.p. to overall production. mBank's analysts expect stronger declines in April. First, restriction period is extended compared to March and covers the whole month. Secondly, the drop in new orders will be much more significant and many companies may decide to stop production at all.

Retail sales in constant prices declined in March by 9.0% YoY, while in current prices, the result was slightly better at -7.1%. There was some stockpiling ahead of the lockdown (food and non-specialized stores), but also physical (quarantine and restrictions) and psychological limitations (fear of COVID-19, lesser activity, mostly online shopping) that consumer faced last month. In April, market polls indicated that the value of Easter shopping basket declined by around 10%. Together with low sales in everything except for food and pharmaceuticals, it implies another whopping declines in retail sales. Thus, mBank's economists assume a fall of consumption of 20% in 2Q'20. Especially that nationwide restrictions are eased slowly which has the biggest impact on services (not included in retail sales).

### **Support for the Intervention Fund from mBank**

As a banking partner of Great Orchestra of Christmas Charity (WOŚP), an NGO, mBank made a donation of PLN 500 thousand to the Intervention Fund dedicated to fight COVID-19. It is aimed to support hospitals and medical facilities that save the life and health of people infected with coronavirus. We also encourage all mBank's clients to take part in the action via a special website, in internet banking and mobile application.

### **New cybersecurity service for mBank's clients**

mBank in cooperation with CyberRescue, one of the companies from mAccelerator's portfolio, are first on the market to launch a complete security package "CyberSecurity+". The package consists of F-Secure SAFE or BitDefender Internet Security software and 24/7 support by experts in case of cyber threats. The new product enhances previous support service by CyberRescue experts by anti-virus programmes at competitive prices. This service is of special importance at the time of increased online activity of the society.

**Forthcoming corporate access events**

-	No confirmed events for May and June
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**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

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For any further information, please contact the IR team.

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