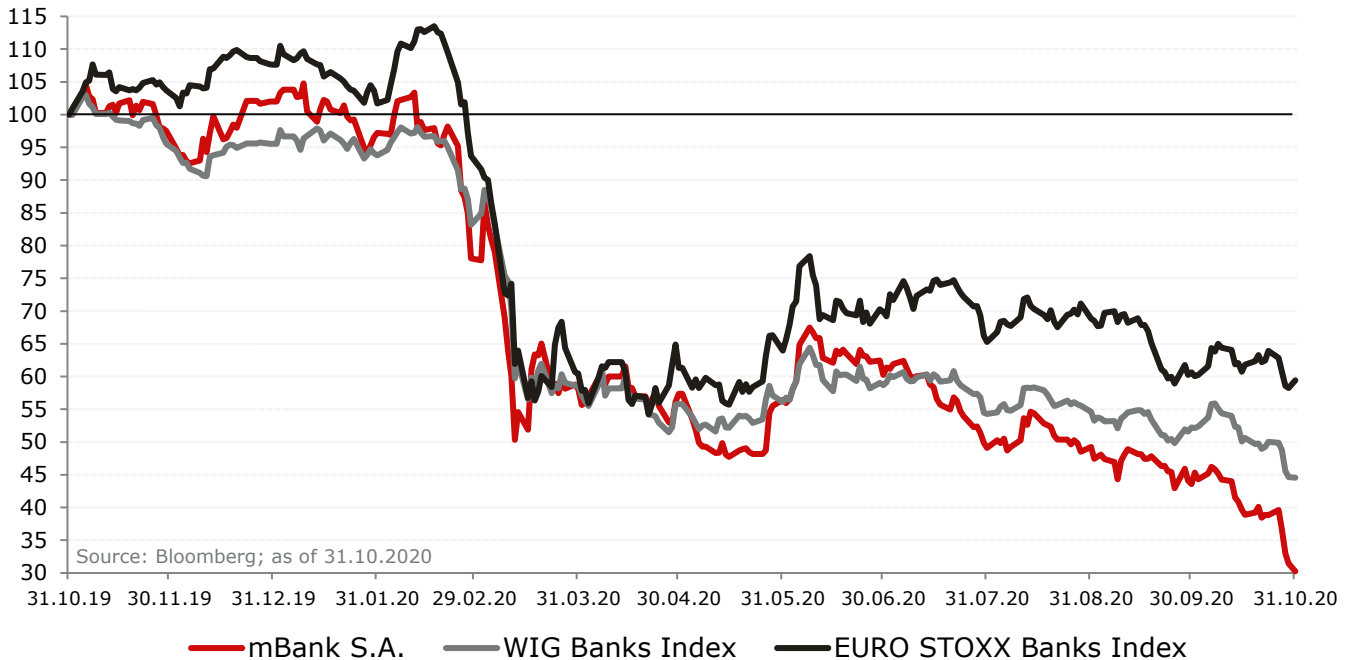


Share price performance summary

In October mBank's share price dropped by 30.59%, while the WIG-Banks index declined by 14.67%. The EURO STOXX Banks Index went down by 2.00% in the same period.

Last 12 months - chart



change in the period	4Q'19	2019	1Q'20	2Q'20	3Q'20	2020yTD
mBank	+12.03%	-8.20%	-43.04%	+3.70%	-27.65%	-70.34%
WIG Banks Index	-5.23%	-9.19%	-38.62%	+0.06%	-11.03%	-53.37%
EURO STOXX Banks Index	+10.27%	+11.11%	-43.81%	+15.61%	-13.24%	-44.77%

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	3 964	-1.0%	3 931	-0.8%
Net F&C income	1 258	1 271	1 407	+10.7%	1 443	+2.5%
Total income	5 080	5 524	5 542	+0.3%	5 522	-0.4%
Total costs	-2 164	-2 329	-2 418	+3.8%	-2 464	+1.9%
LLPs & FV change	-694	-794	-1 535	+93.4%	-1 411	-8.1%
Operating profit	2 201	2 014	1 206	-40.1%	1 201	-0.5%
Net profit	1 303	1 010	317	-68.6%	277	-12.7%
Net loans	94 766	105 347	107 877	+2.4%	111 606	+3.5%
Assets	145 781	158 721	177 918	+12.1%	183 677	+3.2%
Deposits	102 009	116 661	135 769	+16.4%	140 956	+3.8%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong, Pekao Brokerage, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, DM BDM, Wood & Company (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 mFinanse (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: Changes in the Management Board and Supervisory Board of mBank S.A.

On October 22, 2020, Mrs. Lidia Jabłonowska-Luba, Vice-President of the Management Board, Chief Risk Officer of mBank S.A., submitted her resignation from the position of the member of the Management Board and from the function of the Chief Risk Officer, with the immediate effect. The Supervisory Board of mBank adopted a resolution regarding appointment as of October 22, 2020, of Mr. Marek Lusztyn to the Management Board of mBank S.A., for the duration of the present term of the board's office. As of the day the Polish Financial Supervision Authority gives its consent to appoint Mr. Marek Lusztyn to be the Member of the Management Board responsible for risk management in mBank's activities, Mr. Marek Lusztyn will take up the post of the Vice-President of the Management Board, CRO, responsible for significant risk management activities of mBank S.A.

Under a resolution of mBank's Supervisory Board of October 22, 2020, Mrs. Sabine Schmittoth was appointed as the member of the Supervisory Board of mBank S.A., as of October 23, 2020, until the end of the current term of the Supervisory Board. She replaced Mr. Michael Mandel, who resigned with connection of his known exit from Commerzbank.

Key news regarding mBank Group**mBank's analysts have revised their GDP forecast for 2021 downwards to 3.8% from 4.9%, but kept the estimate for 2020 of -3.1% unchanged**

The anticipated quarterly rebound in 2020 was amended given the rising number of infections, restrictions and uncertainties negatively impacting the observations for 4Q'20. New public aid measures, such as package announced on October 27, 2020, among others, for gastronomy and fitness sectors, are expected to have smaller scope than in Spring. Although the GDP forecast still takes into account support from EU Next Generation, its utilisation might be slightly postponed owing to prolonged negotiations.

In September 2020, Polish PMI remained nearly unchanged MoM and reached 50.8 points, below the consensus. New orders increased slightly, driven mainly by foreign demand, which translated into declining inventories. Producers' expectations for 12-months production improved, which shall be viewed cautiously given the surveys were conducted prior to the introduction of new restrictions. Although they are expected to be milder than during the first pandemic wave, producer sentiment might become more polarised.

Industrial production surprised to the upside in September, reaching 5.6% YoY and beating the consensus of 3.4%. The reading can be viewed as a continuation of rebound visible since June, with employees returning to full time jobs and catching-up along with higher demand on the market. However, although Autumn constrains introduced in response to the spread of COVID-19 are not going to be as severe as observed during the first pandemic wave, industrial production might decline given worsened sentiment and supply's hurdles in case more employees would need to be quarantined. Producers' prices fell by 1.6% YoY, partly on the lower prices of fossil fuels. Base prices rose by 0.4% MoM, but declined by 0.8% YoY. As some producers are strongly reacting to FX fluctuations, stabilisation of FX rates might translate into deceleration of prices. According to mBank analysts' forecast, EUR/PLN shall be kept around 4.50.

Retail sales turned out to be better than expected in September, rising by 2.5% YoY in real terms. Car and food sales surprised positively, but remaining data indicates that retail sales have lost impetus. New epidemic restrictions might lead to decline in consumption and services.

However, these effects shall be dispersed along time given better adjustment of customers to the new rules of functioning. Optimistically, with the current trajectory consumption might even reach positive result in an annual reading.

Average wage rose by 5.6% YoY in September compared to 4.1% YoY in August. Employment fell by 1.2% YoY after a drop of 1.5% YoY in the previous month. Nevertheless, robust readings might deteriorate in next months taking into account the worsened epidemic situation in October. Renewed restrictions are going to impact the jobs directly in case of locked-down sectors as fitness clubs, and indirectly through depressed consumption sentiment. Labour market has hibernated well, but did not manage to accelerate before the second wave of pandemic. However, expected reduction in employment will probably be milder than observed in Spring, among others due to the conditions of PFR's aid rules.

Final reading of September inflation confirmed the flash ratio of 3.2% YoY. Key driver is found in base inflation, forecasted by mBank's analysts at the level of 4.3% YoY. Next months are seen to bring deceleration of inflation, but at smaller scale than previously expected. Consequently, mBank's forecast for 2021 inflation was raised slightly to above 2%. Nevertheless, it is unlikely to influence MPC decision on keeping the interest rates unchanged until end of 2022.

Transformation of mBank Group's structure with regards to mFinance France

On October 1, 2020, the process of substitution from mFinance France to mBank as bond issuer was completed. On October 13, 2020, the bank's Management Board adopted the resolution on the liquidation of mFinance France SA, the subsidiary in which the bank holds 100% of shares. The liquidation of the company will take place after fulfilling all necessary procedures according to relevant provisions of law. This change is a consequence of actions taken to simplify the organizational structure of the bank's capital group.

mLeasing launches new online car financing platform

With use of the recently launched mAuto portal, clients can remotely choose a new or used car, adjust an offer and decide on the funding. SME customers may select leasing or long-term rental, while individuals can purchase with cash. New service applies traditional e-commerce virtues, such as delivery to home and possibility to return. mAuto is another step in digital transformation of mLeasing and enables clients to get a car at any time and place, what is particularly important during the pandemic.

mBank granted another funding for photovoltaic projects to R.POWER

New funding of PLN 102 million, granted by mBank to R.POWER in October, constitutes a third agreement between the companies, totalling already PLN 355 million. The latest funding tranche is going to be dedicated to the construction of 32 power plants of 29.4 MWp joint power, located across Poland. The energy generated from this investment shall provide power to over 10.000 households and reduce CO2 emissions by ca. 30.000 tones. Transaction with R.POWER is aligned with mBank's contribution to sustainable development under the RES funding limit of PLN 2 billion.

Forthcoming corporate access events

26-27.11.2020	2020 Annual Financial Sector Conference by Santander Brokerage House
01-04.12.2020	WOOD's Winter Wonderland

Forthcoming reporting events

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	42 365 259
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-40, WIG-Banks, WIG-ESG

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