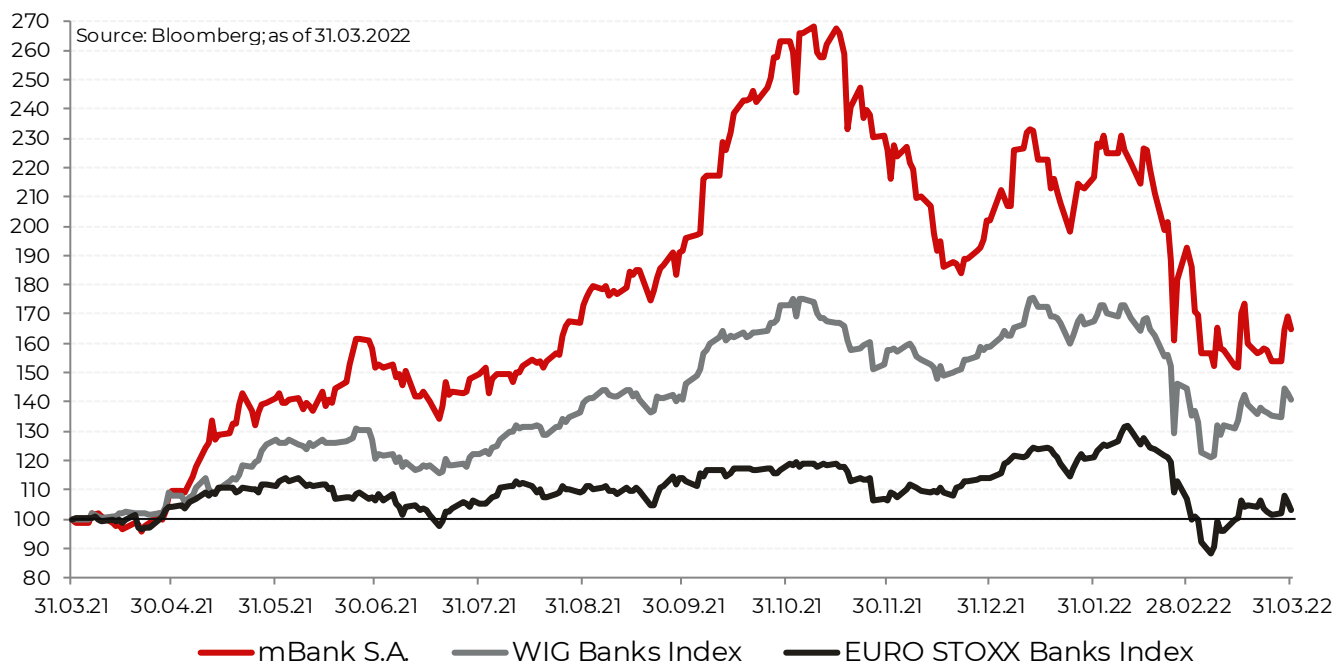


## Share price performance summary

In March mBank's share price dropped by 14.48%, while the WIG-Banks index declined by 2.69%. The EURO STOXX Banks Index went down by 3.43% in the same period.

### Last 12 months – chart



change in the period	1Q'21	2Q'21	3Q'21	4Q'21	2021	2022 YtD
mBank	+19.64%	+51.59%	+26.46%	+5.40%	+141.74%	-18.47%
WIG Banks Index	+13.99%	+20.54%	+16.95%	+12.83%	+81.32%	-11.54%
EURO STOXX Banks Index	+19.38%	+6.35%	+7.10%	+0.13%	+36.15%	-9.62%

## Consensus estimates for mBank Group's results

Financials (in PLN million)	2020	2021	2022E		2023E	
			estimate	Δ vs. 2021	estimate	Δ vs. 2022E
Net interest income	4 009	4 104	4 989	+21.6%	5 404	+8.3%
Net F&C income	1 508	1 890	1 908	+0.9%	1 967	+3.1%
<b>Total income</b>	<b>5 867</b>	<b>6 111</b>	<b>7 080</b>	<b>+15.8%</b>	<b>7 566</b>	<b>+6.9%</b>
<b>Total costs</b>	<b>-2 411</b>	<b>-2 457</b>	<b>-2 668</b>	<b>+8.6%</b>	<b>-2 786</b>	<b>+4.4%</b>
LLPs & FV change	-1 293	-879	-953	+8.5%	-1 041	+9.2%
<b>Operating profit</b>	<b>1 141</b>	<b>18</b>	<b>1 924</b>	<b>109.3x</b>	<b>2 561</b>	<b>+33.1%</b>
<b>Net result</b>	<b>104</b>	<b>-1 179</b>	<b>551</b>	<b>-/+</b>	<b>1 094</b>	<b>+98.6%</b>
Net loans	108 567	118 055	126 082	+6.8%	134 193	+6.4%
Assets	178 872	199 539	209 280	+4.9%	223 058	+6.6%
Deposits	137 699	159 935	167 194	+4.5%	180 765	+8.1%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Erste Group, Ipopema, Pekao Brokerage, Santander Brokerage, Raiffeisen, SocieteGenerale, Trigon DM, Wood & Company.

Note: Results for 2020 and particularly for 2021 were negatively impacted by provisions for legal risk related to mortgage loans in foreign currencies (PLN 1,021.7 million and PLN 2,758.1 million, respectively).

### Special topic:

#### **mBank and PGGM entered into PLN 9 billion credit risk sharing transaction**

mBank and PGGM entered into a credit risk sharing transaction based on mBank's corporate loan portfolio. The transaction relates to a PLN 8.9 billion credit exposure to large, medium and small local corporates. The transaction marks the first partnership with a Polish bank for the Dutch pension fund PGGM, and the first securitization transaction for mBank.

As part of the transaction, mBank transferred a significant part of the credit risk of a selected securitized portfolio to an investor, while the exposure itself remains on the balance sheet of the bank. On March 24, 2022, mBank issued Credit Linked Notes with a total nominal value of PLN 642.5 million. They were introduced to trading on the Vienna MTF (Multilateral Trading Facility), operated by the Vienna Stock Exchange.

The transaction represents a significant milestone for the Polish market due to its volume - the largest ever securitized portfolio in the Central and Eastern Europe (CEE), as well as in innovation and complexity - the first STS synthetic securitization from Poland. It is also the first transaction in the Polish market executed entirely with a private sector investor and the first trade with Credit Linked Notes issued directly by the bank.

For mBank, this transaction will assist in delivering on the objectives defined in the strategy of mBank Group for 2021-2025. It has increased the consolidated Common Equity Tier 1 (CET1) capital ratio by ca. 0.6 percentage points, when referenced to reported figures at the end of 2021.

### Key news regarding mBank Group

#### **mBank's analysts see Polish GDP growth at ~4.1% YoY in 2022**



Polish Gross Domestic Product (GDP) in 2021 advanced by 5.7% YoY. In Q4 2021, the growth amounted to 7.3% YoY and 1.7% QoQ. Consumption increased by 7.9% YoY, while investments accelerated to 11.7% YoY. mBank's analysts expect Polish economy to slow down in 2022 and 2023 as a consequence of Russian aggression against Ukraine, elevated inflation, detrimental consumer sentiment, impended effects of high prices of commodities (in particular crude oil), and rate hikes.

Inflation slipped to 8.5% YoY in February 2022. In January, it amounted to 9.4% YoY. Core inflation in February 2022 climbed to 6.6-6.8% YoY. Mounting one-offs are seen to drive up prices to 11-12% in 2022, according to mBank's analysts. Inflation in March is expected to reach double digit value. It will drop below 10% at the turn of 2022 and 2023 with stabilizing prices of commodities, food and energy, as well as steadying base effects. Rate hikes, normalised supply (thanks to mended supply chains) and labour market slack will reduce the pace of inflation. Taking into account recent developments in Ukraine, mBank's analysts anticipate rates to be hiked to 5.5% in Poland.

Industrial production increased to 17.6% YoY in February 2022, consequently beating the consensus. mBank's analysts believe that although it is above the long-term trend, it won't remain elevated permanently. In March and April, sold production will drop. Overall, it could rise if new orders and the volume of unrealised orders are sustained. Producer Price Index increased by 15.9% YoY in February. For January 2022, the value of PPI was corrected to 16.1% YoY (from 14.8% YoY previously). PPI is seen to grow due to the conflict in Ukraine.

Retail sales grew by 8.1% YoY in February 2022, in line with the consensus. Fuel sales and food sales were one-time impacted by the military conflict in Ukraine. mBank's analysts expect food sales to remain elevated in March. However, climbing food prices will impede their sales. Drugstore and cosmetic sales are rising as well. Sale of cars remained an underperforming category, restricted by

insufficient supplies. Sale of furniture disappointed as well. Coming months will be shaped by the consumption generated by the refugees and by the declining real income of households. mBank's analysts remain moderately hopeful about the forecast for consumption for 2022.

Employment increased by 2.2% YoY and 0.2% MoM in February 2022. The commentary published by Statistics Poland suggests the increase is associated with both seasonal workers and building regular employment. Coming months will be influenced by outflow of labour connected to the situation in Ukraine, contraction of labour demand in export-related industries and industries hampered by supply-chain issues, and increasing labour supply of employees with different qualifications to those who left the country. mBank's analysts anticipate the employment growth to decelerate in March and April and rebuild later on. Wages went up by 11.7% YoY in February. The employers disbursed one-off bonuses and overtime pay, as well as raised salaries. mBank's experts do not believe the wage trend will accelerate, due to the oncoming slowdown of the economy. GDP growth in Q1 2022 should reach 7.2% YoY.

### **mBank and Polish Center for International Aid (PCPM) support Ukrainian war victims**

mBank has undertaken different activities to help refugees from Ukraine. It decided to cooperate with the Polish Center for International Aid (PCPM), which is a reputable organization with extensive experience in providing humanitarian aid. Thanks to the choice of such partner, mBank's clients can be sure that by joining the fundraiser, they donate money for specific life and health-saving activities.

In order to support the goals of the PCPM foundation, mBank's clients can now use a convenient shortcut after logging into the online banking service and mobile application. Collected money will fund the evacuation of Ukrainians as well as purchase of basic goods and equipment for humanitarian aid points, where safe shelters for fleeing families are provided.

mBank also shared one of its office buildings in Warsaw to those who need shelter. Currently, 40 refugees live in the customized office space. The rooms have been equipped with the help of mBank's employees. Additionally, a school for 120 children from Ukraine is located in mBank's premises. The institution and its employees are also helping the refugees to find jobs and placements for their children in nursery and schools.

**Forthcoming corporate access events**

05-06.04.2022	Financials Conference organized by Pekao Brokerage
08-10.06.2022	Wood & Co.'s Spring Fling conference in Prague

**Forthcoming reporting events**

05.05.2022	mBank Group Financial Report for Q1 2022
03.08.2022	Semi-annual Financial Report of mBank Group for H1 2022
27.10.2022	mBank Group Financial Report for Q3 2022
09.02.2023	Selected non-audited financial data of mBank Group for Q4 2022

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 384 884
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-20, WIG-30, WIG-Banks, WIG-ESG

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