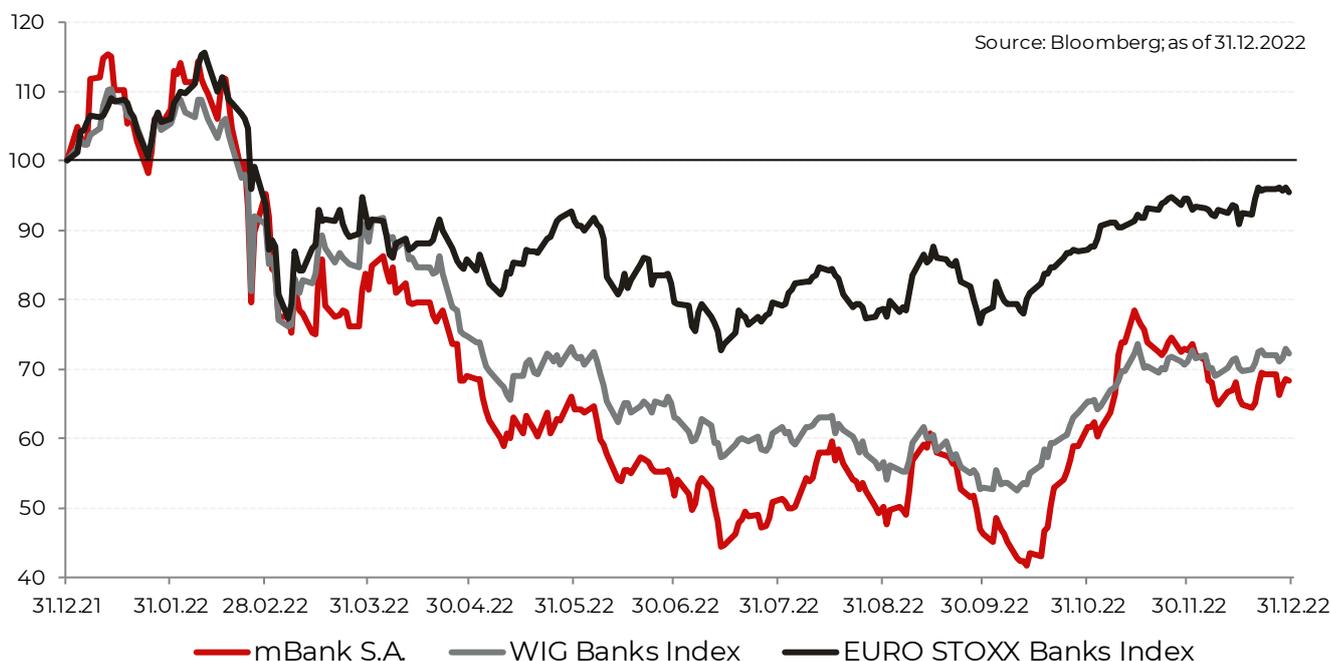


## Share price performance summary

In December mBank's share price declined by 6.09%, while the WIG-Banks index increased by 1.91%. The EURO STOXX Banks Index edged up by 0.99% in the same period.

### Last 12 months – chart



change in the period	2021	1Q'22	2Q'22	3Q'22	4Q'22	2022
mBank	+141.74%	-18.47%	-36.41%	-10.77%	+47.70%	-31.67%
WIG Banks Index	+81.32%	-11.54%	-28.62%	-16.22%	+36.79%	-27.64%
EURO STOXX Banks Index	+36.15%	-9.62%	-11.82%	-1.91%	+22.08%	-4.56%

## 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	5 763	+40.4%	7 231	+25.5%
Net fee income	1 508	1 890	2 178	+15.3%	2 196	+0.8%
<b>Total income</b>	<b>5 867</b>	<b>6 111</b>	<b>7 919</b>	<b>+29.6%</b>	<b>9 618</b>	<b>+21.5%</b>
<b>Total costs</b>	<b>-2 411</b>	<b>-2 457</b>	<b>-3 231</b>	<b>+31.5%</b>	<b>-2 953</b>	<b>-8.6%</b>
LLPs & FV change	-1 293	-879	-975	+11.0%	-1 459	+49.6%
<b>Operating profit</b>	<b>1 141</b>	<b>18</b>	<b>1 043</b>	<b>59.3x</b>	<b>3 713</b>	<b>+256.1%</b>
<b>Net result</b>	<b>104</b>	<b>-1 179</b>	<b>-442</b>	<b>-62.5%</b>	<b>1 869</b>	<b>-/+</b>
Net loans	108 567	118 055	124 306	+5.3%	125 647	+1.1%
Assets	178 872	199 539	206 595	+3.5%	212 638	+2.9%
Deposits	137 699	159 935	171 764	+7.4%	174 634	+1.7%

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 conducted the settlement of PLN 3.7 billion credit risk transfer transaction**

mBank entered into a credit risk sharing transaction with the sole investor Christofferson Robb & Company (CRC). Transaction is based on mBank's corporate loan portfolio with a total value of EUR 801.1 million, equivalent of approximately PLN 3.7 billion. This is a second securitization transaction for mBank, following the debut from March 2022.

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 December 23, 2022, mBank issued Credit Linked Notes with a total nominal value of EUR 64 million, equivalent of approximately PLN 297 million. They were introduced to trading on the Vienna MTF (Multilateral Trading Facility), operated by the Vienna Stock Exchange.

The transaction increased the Common Equity Tier 1 (CET1) capital ratio by approximately 0.28 percentage points at the consolidated level, when referenced to reported figures at the end of September 2022.

### Key news regarding mBank Group

#### **mBank analysts revised up the GDP forecast in 2022 to 4.5% YoY**



The growth of Polish Gross Domestic Product (GDP) in Q3 2022 is estimated to have increased by 3.6% YoY, according to preliminary data by Statistics Poland. mBank's analysts believe the improved reading was driven by demand (3.1% YoY) and investments (2.0% YoY). While they revised the forecast of GDP growth for 2022 up to 4.5% YoY, they expect the dynamics to slow down on a quarterly basis and reach negative territory in Q4 2022.

Inflation decelerated to 17.5% YoY in November 2022, according to statistical office's data, from 17.9% YoY recorded in October. Higher prices of food (+1.6% MoM) and lower prices of fuel (-1.2% MoM) contributed the most to the reading. Coal prices, the key driver of energy prices, flattened MoM. mBank's analysts foresee inflation to slow down further in December. It is expected to reach its peak at ca. 19-20% in Q1 2023 and then decrease. Core inflation accelerated to 11.4% YoY in November 2022, compared to 11.0% YoY in the preceding month. The growth was influenced by seasonal effects. mBank's analysts anticipate core inflation to increase further in 2023 given the pressure on base prices from, among others, changes in the minimal wage, transferring energy costs to products and indexation mechanisms. Monetary Policy Council kept the interest rates unchanged in December. mBank's analysts expect they to remain stable until 2024.

Industrial production surprised positively, growing by 4.6% YoY (+2.7% MoM) in November 2022 (less seasonal effects), above the consensus. Industrial processing remained in trend, which is a good information given the weakening GDP. Producer Price Index decelerated to 20.8% YoY, compared to the reading of 22.9% YoY in the previous month. According to the Polish economic institute, this is the result of, among other things, a slowdown in energy prices - oil and gas prices on world markets and wholesale electricity prices in Poland have fallen since August. Despite this, commodity prices are significantly higher than a year ago.

Retail sales grew by 1.6% YoY (+0.3% MoM) in November 2022. According to Statistics Poland, the highest increase compared with the corresponding period of 2021 was recorded by units trading in textile, clothing, footwear by 18.9% YoY (+8.9% MoM). At the same time, sales of durable goods such as furniture/RTV/AGD and cars declined, in line with foreign trends. mBank's analysts are pessimistic about the consumption in the coming quarters, in particular due to high prices, which impact real sales.

Employment advanced by 2.3% YoY in November 2022, while the number of FTEs increased by 6.6 thousand MoM. mBank's analysts still anticipate no visible changes in employment in the next quarters. Wages rose by 13.9% YoY (+2.5% MoM) in November 2022 above the consensus by 1 percentage point. According to Statistics Poland, the growth in average monthly gross salaries in the enterprise sector in November 2022 compared to October 2022 was caused by disbursement of, among others, quarterly and Christmas bonuses, Miner's Day awards, annual rewards, and also pay rises and bonus payments due to inflation and overtime. The room for bargaining for higher wages dissipates, according to an interpretation of this commentary by mBank's analysts. The key factor, which has the potential to drive the whole structure of wages, is the minimal pay rise planned for 2023.

### **mBank's Commitment to Financial Health and Inclusion**

mBank signed the Commitment to Financial Health and Inclusion, as part of the United Nations Environment Program Financial Initiative (UNEP-FI). It is the first such initiative to support the banking sector in the fight against financial exclusion and to advocate financial health for clients. The signatories are committed to:

- set targets within 18 months of signing the commitment that contribute significantly to financial health and financial inclusion,
- report within 18 months on their financial health and inclusion targets, and annually thereafter on their progress towards achieving those targets as part of their Principles for Responsible Banking reporting.

At the same time, mBank launched an educational website <https://twojaspokojnaglowa.pl/>. It assists users with taking care of their financial health and with improving the way they manage their personal finances.

**Forthcoming corporate access events**

04-05.04.2023	2nd Financial Conference organized by Pekao Brokerage in Warsaw
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**Forthcoming reporting events**

09.02.2023	Selected non-audited financial data of mBank Group for Q4 2022
02.03.2023	Annual Financial Report of mBank Group for 2022
28.04.2023	mBank Group Financial Report for Q1 2023
28.09.2023	Semi-annual Financial Report of mBank Group for H1 2023
31.10.2023	mBank Group Financial Report for Q3 2023

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 433 495
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-20, WIG-30, WIG-Banks, WIG-ESG

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