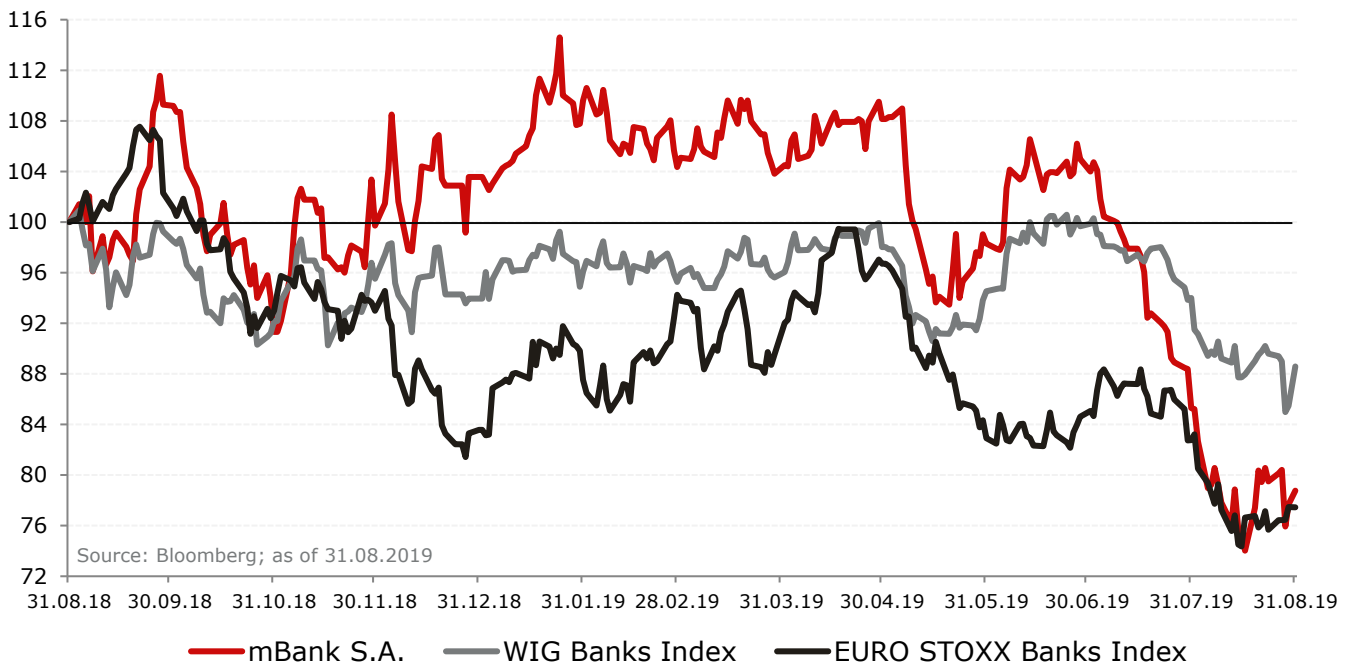


Share price performance summary

In August mBank's share price decreased by 7.67%, while the WIG-Banks index went down by 5.77%. The EURO STOXX Banks Index declined by 6.44% 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%	-23.95%
WIG Banks Index	+9.10%	-5.37%	-12.12%	+1.78%	+4.24%	-5.71%
EURO STOXX Banks Index	-3.53%	-18.31%	-33.29%	+7.13%	-5.48%	-7.33%

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	3 866	+10.6%	4 187	+8.3%
Net F&C income	992	976	983	+0.7%	1 029	+4.7%
Total income	4 454	5 059	5 237	+3.5%	5 599	+6.9%
Total costs	-2 043	-2 164	-2 302	+6.4%	-2 372	+3.0%
LLPs	-508	-694	-752	+8.3%	-824	+9.6%
Operating profit	1 903	2 201	2 183	-0.8%	2 403	+10.1%
Net profit	1 092	1 316	1 263	-4.1%	1 411	+11.7%
Net loans	84 476	94 723	100 728	+6.3%	106 308	+5.5%
Assets	131 424	145 750	155 276	+6.5%	163 635	+5.4%
Deposits	91 496	102 009	111 932	+9.7%	118 322	+5.7%

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

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

Special topic: EIB funding for mBank supporting SME and climate quality

In July 2019, mBank signed a new loan agreement with the European Investment Bank in the amount of EUR 125 million to finance mBank's and mLeasing's loan activity to SMEs and mid-caps, which will take into account measures to improve climate quality. An equivalent of CHF 138 million was received on August 2, 2019. The total amount of support that will go to final beneficiaries will be twice the size of funding obtained.

This is the first funding agreement with a climate finance component signed by mBank. Under the agreement, the bank will support projects in the field of renewable energy, energy efficiency, improvement of the quality of public transport, development of infrastructure for low-carbon transport and waste recovery / recycling. The share of green projects will account for at least 30%. Eligible projects are going to be evaluated according to the EIB's list of eligible sectors and eligibility criteria for climate action, which is available on the webpage: <https://www.eib.org/en/publications/climate-action-lending-eligibility-list.htm>.

Key news regarding mBank Group**Weak July data prompted mBank's economists to lower 2019 GDP forecast**

mBank's economists changed their forecast for the Polish GDP down from 5.0% to 4.6% growth this year, but the overall story remained unchanged. Strong domestic demand, led by private and public consumption and private investment, will shield the Polish economy from the worst effects of the global slowdown. As a result, Poland is set to outperform the euro area by one of the widest margins in history.

The indicators suggest that GDP growth slowed down to 4.3-4.4% in 3Q'19. Hard data on economic activity have turned for the worse in June, with multi-year lows in industrial and construction output growth. Some one-off factors (timing of school year-end, working day count, heat wave) played the decisive role in reducing working time and dampening activity, but all main real activity indicators fell short of economists' expectations again in July, with industrial output accelerating from -2.7% to 5.8% YoY, construction output from -0.7% to 6.6% YoY, and retail sales from 3.7% to 5.7% YoY.

There is some genuine weakness in real activity, which can be traced back to weak external demand and waning public investment surge. As a result, 3Q'19 started on a negative note and the momentum of Polish economy has dropped to a fresh 3-year low. While next two months are likely to improve on this performance, GDP growth is unlikely to be materially different from 2Q'19 figure of 4.5% YoY.

The strongest part of the Polish economy is still consumption. Customers' behaviour also holds the key to the overall performance of the economy in 2H'19. Fresh consumer sentiment data indicate that households continue to assess their financial situation positively and their optimism is hovering slightly below all-time high. This points to acceleration in household consumption in the remaining part of 2019. The main reason seems to be the fiscal stimulus (expanded child subsidy programme and PIT rate cut) that will be hitting the consumers' wallets soon.

Last but not least, the recovery in private investment is continued in 2Q'19. Total investment of non-financial corporations rose by 17.5% YoY in 2Q'19 (down slightly from 22.3% YoY in 1Q'19) and sectors dominated by private enterprises performed well – the largest of them, manufacturing, clocked a 13% increase in investment. Private investment cycles are typically

quite long and that bodes well for this year's investment growth. Enterprises' activity will cushion the slowdown in public investment.

In July, CPI inflation surprised to the upside again (for the fifth time this year) and rose from 2.6% YoY in June to 2.9% YoY, beating market consensus of 2.6-2.7% YoY. Food prices exceeded the historical all-time July high with +0.3% MoM growth. Energy prices did not change, while fuel prices decreased by 1.6% MoM. Once again, the inflation surprise was the effect of rising core inflation, which increased to 2.2% YoY, the level last seen in 2012. It comes from the communication category (+0.4% MoM) as well as refuse collection and the housing category (excluding energy, +0.7% MoM). The sources of increase in core inflation are not drying up, but in the following months it will be difficult to repeat the scale of acceleration observed in recent months.

Despite reaching 7-year high, inflation still will not change the MPC's attitude. In addition, since the MPC sees the bulk of current inflation surge as a result of external factors and one-offs, it will be treated as a negative supply shock and a hit to household disposable income and hence consumption growth. Inflation is neither a hot topic for investors. Global pressure on interest rates deepens the push for lower interest rate in Poland: already one cut in 15 months.

Forthcoming corporate access events

10.09.2019	16th Annual Emerging Europe Investment Conference by PekaoIB in Warsaw
24.09.2019	24th Annual Financials CEO Conference 2019 by BofAML in London
1-2.10.2019	European Financials Conference by mBank Dom Maklerski in Warsaw

Forthcoming reporting events

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

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