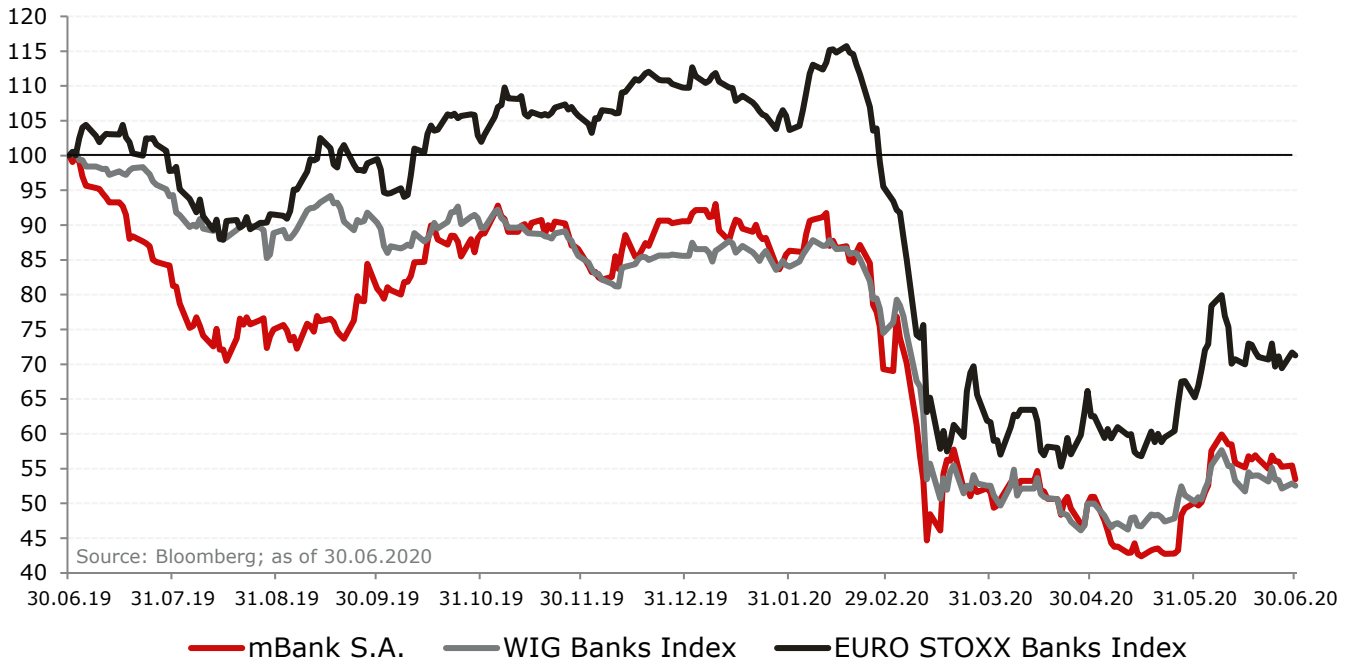


Share price performance summary

In June mBank's share price increased by 6.78%, while the WIG-Banks index rose by 4.61%. The EURO STOXX Banks Index went up by 9.27% in the same period.

Last 12 months - chart



change in the period	3Q'19	4Q'19	2019	1Q'20	2Q'20	2020yTD
mBank	-19.16%	+12.03%	-8.20%	-43.04%	+3.70%	-40.93%
WIG Banks Index	-9.69%	-5.23%	-9.19%	-38.62%	+0.06%	-38.58%
EURO STOXX Banks Index	-0.50%	+10.27%	+11.11%	-43.81%	+15.61%	-35.04%

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	3 905	-2.4%	3 868	-0.9%
Net F&C income	1 258	1 271	1 185	-6.7%	1 215	+2.5%
Total income	5 080	5 524	5 373	-2.7%	5 366	-0.1%
Total costs	-2 164	-2 329	-2 397	+2.9%	-2 419	+0.9%
LLPs & FV change	-694	-794	-1 613	+103.2%	-1 408	-12.7%
Operating profit	2 201	2 014	1 125	-44.1%	1 157	+2.8%
Net profit	1 303	1 010	317	-68.7%	313	-1.0%
Net loans	94 766	105 347	107 119	+1.7%	110 903	+3.5%
Assets	145 781	158 721	164 586	+3.7%	169 266	+2.8%
Deposits	102 009	116 661	123 816	+6.1%	128 330	+3.6%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, DM BDM (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 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: Tender offer relating to certain notes issued by mBank and mFinance France

On May 29, 2020, mBank launched a Tender Offer to the holders of the following outstanding EMTN tranches: EUR 500 million 1.398% fixed rate series 6 notes due on September 26, 2020, issued by mFinance France S.A.; EUR 500 million 2.000% fixed rate series 5 notes due on November 26, 2021, issued by mFinance France S.A. and EUR 500 million 1.058% fixed rate series 9 notes due on September 5, 2022, issued by mBank S.A.

On June 8, 2020, mBank announced that the following notes have been validly tendered:

- the aggregate principal amount of EUR 35,178,000 of the 2020 notes;
- the aggregate principal amount of EUR 72,417,000 of the 2021 notes;
- the aggregate principal amount of EUR 39,970,000 of the 2022 notes;

mBank accepted for purchase the entire aggregate principal amounts of the validly tendered notes without pro-rata. Following the settlement of the Tender Offer, the abovementioned notes were repurchased by mBank and surrendered for cancellation. Following the expiration of the Tender Offer, mBank or mFinance France S.A. may from time to time make opportunistic open market or privately negotiated repurchases of the outstanding notes.

Key news regarding mBank Group**mBank's economists see aid packages to soften the post-pandemic downturn but structural changes in the economy are to be observed**

The Covid-19-caused recession carries substantial structural change for economies. The return to normality will be slow despite temporary strong GDP figures as economies revamp along with the quarantine and distancing measures being relaxed. mBank analysts expect 4.2% recession in 2020 and falling inflation. New EU programme may be an important boost for growth in 2021-2022 and beyond.

Inflation in May declined to 2.9% YoY and base inflation was at 3.7%, slightly below consensus. Fuel prices decreased while food prices remained relatively stable. Those factors, exogenous to the monetary policy, are expected to determine the falling prices in next months. With the end of lockdown, services prices went up by 7.1% YoY. mBank's analysts see the inflation reaching its bottom at the beginning of 2021.

Industrial output fell in May by 17% YoY, in line with consensus. Although the production rebounded from April's slump it has still lagged behind its long-term trend. On an annual basis, production declined in 30 out of 34 categories. Sectors which are strongly linked to global delivery chains, such as car production, were the worst impacted.

Retail sales at fixed prices decreased by 7.7% YoY in May, which is a promising result. The sales of furniture and household appliances exceeded annual dynamics from the pre-pandemic months, following customers' preparations for self-sufficient functioning after limited access to services. A question arises, how much of these expenses are to be seen as replacing the cash flows otherwise directed towards services, hampering their rebound. Consumption is expected to cope better than fret at the beginning of the pandemics, but not necessarily translate into GDP improvement given the flattening effect of exports foreseen in the next quarters. mBank's economists believe that higher consumption might direct MPC's attention towards FX rate as a tool to stimulate exports. After a series of cuts in previous months, in June MPC left interest rates unchanged and is expected to focus on observing the pace of economic recovery.

Employment in May fell by 3.2% YoY, below the market consensus of -2.6%. Nearly 85 thousand jobs were lost in the month, 267 thousand jobs since the beginning of the year. Although the economic lockdown in May softened compared to April, mBank analysts believe the reason for job cuts resulted from decisions taken in previous months (contracts terminating after the notice period). Prolonging the entitlement for the care allowance until the end of school year might add up to the negative observations in June. According to Statistics Poland, unemployment rate amounted to 6.0% in May. Depending on the sector, a part of the increase is owed to actual job reductions, for instance in administration. In other businesses like tourism and restaurants the working hours' reductions may be reversed in next months as their business activity recovers. Wage growth in enterprise sector slowed down from 1.9% YoY in April to 1.2% YoY in May. The labour market is expected to benefit from the economic opening and aid programmes (financial shield) in the next months but employment might continue to fall given i.e. the notice periods coming into force. Weak situation should not drag down the consumption as during the ordinary recession thanks to at least part of the income substituted by the public spending.

Dismissal of a member of the Management Board of mBank S.A.

On June 25, 2020, the Supervisory Board of the Bank adopted a resolution regarding dismissal of Mr. Frank Bock from the post of Vice-President of the Management Board, Head of Financial Markets of mBank S.A. Termination of the contract of Mr. Frank Bock as of 31.12.2020 is associated with the reorganization of the financial markets area within other business areas of mBank in order to increase efficiency of organizational structure and processes, and its effect will be a reduction in the number of positions on the company's Management Board by one. Until the end of the year Mr. Frank Bock will be involved in the re-organization of the area.

mBank, Santander BP and R.POWER with the largest agreement on PV projects financing in Poland

mBank and Santander BP signed an agreement worth PLN 350 million (EUR 79 million) for financing solar power stations project developed by R.POWER, a leading investor and developer of photovoltaic systems in Poland. Each bank shares 50% of the transaction value. Funds will be allocated in the development of 128 solar power plants which won RES (Renewable Energy Sources) auctions last year, with a total power of 121MWp. All the power plants will sign 15-year differential contracts, guaranteeing a fixed level of electric power price. The development project is expected to be closed in 18 months. The transaction is the largest solar power projects financing in Poland so far.

mBank intends to increase its share in the financing of RES projects. The total amount of funds to be allocated by mBank in RES has grown from PLN 500 million in 2018 to PLN 2 billion in 2020.

mBank introduced online opening of account for retail customers

mBank has offered a possibility to open an account from home. To complete this fully remote process, clients need only a smartphone, ID card and a short video. Neither visit to the branch nor a meeting with a courier who delivers documents are required. Customers can accept the agreement with a text message and an account is active after maximum one day. They can add Mastercard card to Google Pay and use it even before the card is delivered.

Account on selfie can be opened using a smartphone with both iOS and Android systems. The online onboarding process adds to the current acquisition channels and allows clients without an easy access to mBank's branch to use our services.

Forthcoming corporate access events

-	No confirmed events for July and August
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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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Integrated Annual Report online**Newsletter archive – [click here](#)

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