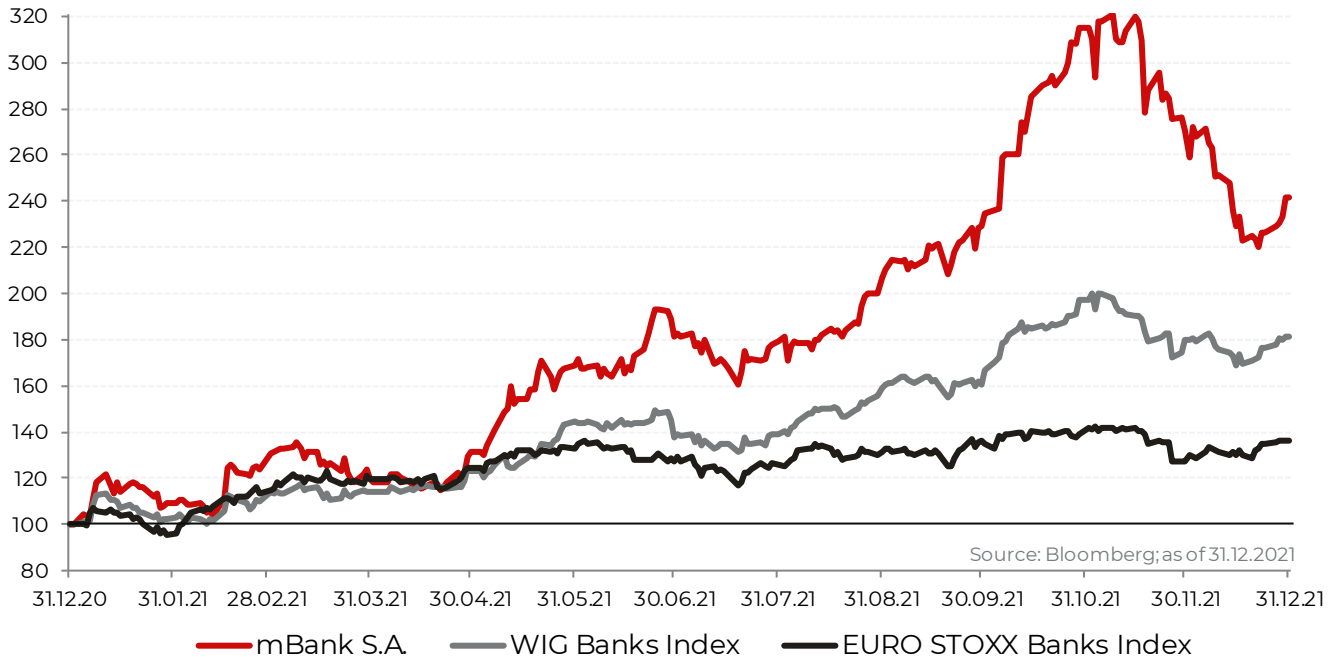


### Share price performance summary

In December mBank's share price dropped by 10.68%, while the WIG-Banks index increased marginally by 0.83%. The EURO STOXX Banks Index went up by 7.08% in the same period.

#### Last 12 months – chart



change in the period	2020	1Q'21	2Q'21	3Q'21	4Q'21	2021
mBank	-53.98%	+19.64%	+51.59%	+26.46%	+5.40%	+141.74%
WIG Banks Index	-29.59%	+13.99%	+20.54%	+16.95%	+12.83%	+81.32%
EURO STOXX Banks Index	-23.72%	+19.38%	+6.35%	+7.10%	+0.13%	+36.15%

### Consensus estimates for mBank Group's results

Financials (in PLN million)	2019	2020	2021E		2022E	
			estimate	Δ vs. 2020	estimate	Δ vs. 2021E
Net interest income	4 003	4 009	3 966	-1.1%	4 822	+21.6%
Net F&C income	1 271	1 508	1 810	+20.0%	1 860	+2.8%
<b>Total income</b>	<b>5 524</b>	<b>5 867</b>	<b>6 005</b>	<b>+2.4%</b>	<b>6 874</b>	<b>+14.5%</b>
<b>Total costs</b>	<b>-2 329</b>	<b>-2 411</b>	<b>-2 444</b>	<b>+1.3%</b>	<b>-2 643</b>	<b>+8.2%</b>
LLPs & FV change	-794	-1 293	-898	-30.5%	-906	+0.9%
<b>Operating profit</b>	<b>2 014</b>	<b>1 141</b>	<b>1 306</b>	<b>+14.5%</b>	<b>1 875</b>	<b>+43.6%</b>
<b>Net profit</b>	<b>1 010</b>	<b>104</b>	<b>196</b>	<b>+88.4%</b>	<b>544</b>	<b>+178.2%</b>
Net loans	104 980	108 567	118 212	+8.9%	125 585	+6.2%
Assets	158 353	178 872	199 667	+11.6%	209 325	+4.8%
Deposits	116 661	137 699	156 430	+13.6%	165 418	+5.7%

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

Note: Results for 2019 and particularly for 2020 were negatively impacted by provisions for legal risk related to mortgage loans in foreign currencies (PLN 387.8 million and PLN 1,021.7 million, respectively).

### Special topic:

#### **mBank launched a pilot program of settlements with FX borrowers**

On December 6, 2021, mBank started the program offering a possibility to convert current FX mortgage loans into PLN. It assumes that part of the debt will be remitted. Prior to the conversion, mBank will compare repayments of the actual FX loan with the repayments of a hypothetical PLN loan. The amount of difference will be split evenly between the bank and the customer. The pilot program is available to 1.3k borrowers until the end of February. The eligible group was chosen based on absence of delay in repayments and possessing of no more than one FX loan.

### Key news regarding mBank Group

#### **mBank's analysts revised Polish GDP growth up to 5.5% YoY in 2021**



Polish GDP rose by 5.3% YoY in Q3 2021, constituting a positive surprise compared to the flash estimate of 5.1%. This was due to the increase in domestic demand, which amounted to 8.6% YoY. Investments went up by 9.3% YoY. These two categories, along with inventories, contributed the most to the improvement of the GDP reading and the narrowing of the gap between the current and the pre-pandemic growth trend. mBank's analysts anticipate the GDP growth to reach 5.5% YoY in 2021 and 3.5-4.0% YoY in 2022.

Inflation accelerated to 7.8% YoY in November breaking new records again. The Energy Regulatory Office raised bills for households more than mBank's analysts had assumed. Average inflation in 2021 is estimated to reach 7.8%. The growth of energy prices is seen to decelerate in Q1 2022 only to rebound when the anti-inflation shield programme concludes. Inflation will amount to around 7.7% in 2022, with a peak of 9% in Q3 2022 (if the anti-inflation shield ends faster), according to mBank's analysts. With the latest comments made by the Monetary Policy Council, inflation is expected to return to the target range at the end of 2023. mBank's analysts believe that further interest rate hikes by 100-200bps in total in 2022 will be necessary to achieve the inflation goal and the reference rate will rise to roughly 4%. In December 2021, the MPC hiked it by 50bps.

Industrial production surprised positively and increased by 15.2% YoY in November compared to the market consensus of 8.5% YoY. The acceleration was attributable to partly resolved supply-chain issues and accumulated inventories. The scale of it is similar to the post-restriction lifts trend, however no major slumps occurred prior to the November hike. Sold production is not seen to be manufactured in November, as the companies couldn't have extended their production capabilities in such a short time. The situation of demand in the economy has not significantly improved yet and impeccable readings of industrial production are anticipated not to repeat. Inventories are seen to remain elevated. Producer Price Index increased by 13.2% YoY, roughly in line with the expectations of 12.9%.

Retail sales rose by 12.1% YoY, beating the consensus estimates. The gap between the current and the pre-pandemic trend has been met. The consumption is expected to further improve in 2022. Business entities have high financial surpluses and are seen as major contributors to the growth of the levels of cash in circuit. They might be responsible for flattening of the consumption trend in the coming months.

Employment growth accelerated to 0.7% YoY in November, positively surprising the analysts. The wages increased by 9.8% YoY, beating the consensus of 8.9% YoY. This pace is above the pre-pandemic trend, indicating that the wage pressure remains strong. According to Statistics Poland, the expansion of wages was attributable to employees receiving various one-off bonuses

as well as regular salary raises. The number of FTEs increased by 12.6 thousand in November. The amount was related to new hires and lesser impact of long absences at work and quarantines.

### **Eco-mortgage loan available at mBank**

Since mid-December 2021, mBank's clients can take advantage of a promotional financing offer for the purchase or construction of an energy-saving real estate. mBank has reduced the loan margin by 0.2 p.p. and does not charge a commission for granting the loan. Clients have to provide Energy Performance Certificate or a declaration of designed energy performance attached to the loan application. After sending these documents, the bank automatically decreases the margin or interests on the loan, depending on whether it is a contract with a variable or fixed rate. In optimal conditions, it can be lowered even to 1.65% for clients who choose the promotion within the Intensive segment and have the own contribution of 20%.

In the coming years, mBank wants to become a leader in sustainable banking and ESG-related financing, and to support clients in eco-friendly activities. Eco-mortgage loan is an example of our product that will help to achieve this goal.

### **Seventh edition of mBank's cybersecurity social campaign**

mBank strives to educate on cybersecurity using its special campaign named "People are amazing". The bank reminds of basic safety rules which are applicable in the digital world, warns of the latest threats and cites real cases. As part of the campaign, the [LudzieSaNiesamowici.pl](https://LudzieSaNiesamowici.pl) website was prepared, where each interested person can find more information on dangerous online attitudes and how to protect oneself against them. The campaign will be broadcasted on the TV, radio and the Internet. This time, mBank also informs about the CyberRescue service. It is free of charge for our customers and provides a 24/7 support of specialists who answer questions and assist in the field of safe use of the Internet. The company which offers the service was established in 2017 as an investment of mAccelerator.

### Forthcoming corporate access events

10-11.01.2022	Citi's 1st Emerging Europe Virtual Conference
21-24.03.2022	CEE Capital Markets Conference organized by PKO BP

### Forthcoming reporting events

08.02.2022	Selected non-audited financial data of mBank Group for Q4 2021
03.03.2022	Annual Financial Report of mBank Group for 2021
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

### **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-30, mWIG-40, WIG-Banks, WIG-ESG

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