

Share price performance summary

In July mBank's share price declined slightly by 1.69%, while the WIG-Banks index dropped by 3.77%. The EURO STOXX Banks Index almost did not change in value (-0.02%) in the same period.

Last 12 months – chart



change in the period	3Q'21	4Q'21	2021	1Q'22	2Q'22	2022 YtD
mBank	+26.46%	+5.40%	+141.74%	-18.47%	-36.41%	-49.03%
WIG Banks Index	+16.95%	+12.83%	+81.32%	-11.54%	-28.62%	-39.23%
EURO STOXX Banks Index	+7.10%	+0.13%	+36.15%	-9.62%	-11.82%	-20.32%

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	5 945	+44.9%	6 296	+5.9%
Net F&C income	1 508	1 890	2 033	+7.6%	2 068	+1.7%
Total income	5 867	6 111	8 127	+33.0%	8 572	+5.5%
Total costs	-2 411	-2 457	-2 789	+13.5%	-2 902	+4.0%
LLPs & FV change	-1 293	-879	-1 048	+19.3%	-1 310	+24.9%
Operating profit	1 141	18	1 928	109.6x	2 864	+48.6%
Net result	104	-1 179	506	-/+	1 287	+154.6%
Net loans	108 567	118 055	122 093	+3.4%	126 261	+3.4%
Assets	178 872	199 539	202 705	+1.6%	211 898	+4.5%
Deposits	137 699	159 935	162 732	+1.7%	171 025	+5.1%

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:

New functionalities in mBank's mobile application

Clients can now pay for car parks in several dozen Polish cities using mBank's application. The parking payments solution was launched together with SkyCash company. Later in the year more functionalities will be supplemented, extending the range of value-added services provided by mBank. The announced features include highway tolls and public transport tickets.

mBank's clients can also apply now for benefits from social programme Dobry Start (300+) in the application. It is aimed at supporting purchase of school layette. Up until now, the request was available only in the transactional system. In the first 10 days of July, 41% of all applications were sent through the mobile channel.

Key news regarding mBank Group

mBank's analysts foresee Polish GDP growth at ~4.6% YoY in 2022



After having reached 8.5% YoY in Q1 2022, the growth of Gross Domestic Product (GDP) in Poland has probably amounted to 6.7% YoY in Q2 2022, according to mBank's analysts. Decelerating industrial production was joined by retail sales and construction output. Polish economy is expected to slow down in 2023 and mBank's analysts foresee it to advance by only 0.4% YoY, as there are no obvious turnaround factors in sight.

Inflation surged to 15.5% YoY in July 2022, according to the flash estimate of Statistics Poland. Top drivers behind this value were the prices of food (+15.3% YoY), energy (+36.6% YoY), and fuel for households (+36.8% YoY). Several one-off factors impacted the dynamics as well. Core inflation equalled to 9.1% YoY in June 2022. It is seen to decelerate only in 2023. Price growth is fuelled by cost adjustments to the disruption of supply, according to mBank's analysts. It is expected to fully materialize at the end of the year. The Monetary Policy Council increased main interest rate to 6.5% in July 2022. mBank's economists assume it to reach 7.0% within coming months, with the last hike in September.

Industrial production rose by 10.4% YoY in June 2022. It continued to be significantly above the pre-pandemic trend. However, it is decelerating. Industrial output is losing momentum. It is primarily about energy generation now but given the state of business tendency indicators and faltering global momentum, mBank's analysts see manufacturing weakening in the months ahead. Producer Price Index (PPI) went up to 25.6% YoY (+1.1% MoM) in June. The rise in oil and gas prices may have triggered further strong immediate secondary effects across the chain. Base prices mounted up, but compared with previous months the increase is not as spectacular.

Retail sales grew by 3.2% YoY in June 2022, compared to recorded 8.2% YoY in May. Looking at the monthly dynamics, they declined in every category. Sales of food, pharmaceuticals and cosmetics slowed down relatively the least. In June, consumption was still driven by the demand generated by the refugees. A sizable drop in retail sales was observed in the fuel category. It was an obvious consequence of fuel prices. mBank's analysts believe that outlook for retail sales seems to be negative. As real wage growth entered negative territory and credit creation in household segment has been falling, there may not be much fuel left (although consumption will be the last to go down). The impact of declining consumers' real purchasing power (due to inflation) is more and more visible, and it will play an important role in the foreseen slowdown.

Employment went up by 2.2% YoY in June 2022. The number of FTEs increased by 5 thousand MoM. According to the estimate of Statistics Poland, the growth of average employment in June was due to, among other things, admissions in units, including seasonal workers. Seasonality

seemed to be what the labour market owed the slight positive dynamics in the monthly perspective. Wages rose by 13.0% YoY, below the consensus estimate of 13.3% YoY. Salaries have been slowing down, although their annual growth rate still remains high.

mBank has proposed special insurance for online buyers

In cooperation with UNIQA, mBank has introduced an insurance policy that protects customers against the risks related to online payments. It offers the widest scope of insurance coverage on the Polish market, including also foreign transactions and e-commerce shopping platforms as well as legal support for customer. The insurance is for situations when a payment does not reach the retailer as a result of a crime, a transfer is made or payment card data are used by an unauthorised party, or when the goods received do not conform to the order or are damaged. To take advantage of the protection, the person has to be mBank's client and pays the insurance premium of PLN 6 per month, which is deducted from the account automatically.

mBank is a partner of Pol'and'Rock Festival for the fifth time

On the occasion of the 28th edition of Pol'and'Rock Festival, mBank prepared unique collectible payment cards designed by Jurek Owsiak, a founder of the Great Orchestra of Christmas Charity. In line with the ESG agenda of mBank Group, collectors can order either a mobile card or an eco-friendly card made in 85% of recycled plastic with stamps inspired by the festival. New clients who open an account during the event will receive small commemorative gifts. mBank is also the patron of the Academy of the Finest Arts, which is an initiative to meet outstanding figures of Polish public and cultural life and enjoys great popularity every year.

Forthcoming corporate access events

5-6.09.2022	19th Annual Emerging Europe Investment Conference by BM Pekao
29-30.09.2022	European Financials Conference in Warsaw by mBank Brokerage House

Forthcoming reporting events

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
02.03.2023	Annual Financial Report of mBank Group for 2022

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 413 932
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-20, WIG-30, WIG-Banks, WIG-ESG

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