

Share price performance summary

In October mBank's share price rose by 37.35%, while the WIG-Banks index increased by 22.77%. The EURO STOXX Banks Index went slightly up by 2.36% in the same period.

Last 12 months – chart



change in the period	4Q'20	2020	1Q'21	2Q'21	3Q'21	2021YtD
mBank	+7.69%	-53.98%	+19.64%	+51.59%	+26.46%	+215.01%
WIG Banks Index	+28.84%	-29.59%	+13.99%	+20.54%	+16.95%	+97.28%
EURO STOXX Banks Index	+35.36%	-23.72%	+19.38%	+6.35%	+7.10%	+39.19%

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	3 965	-1.1%	4 353	+9.8%
Net F&C income	1 271	1 508	1 736	+15.1%	1 792	+3.2%
Total income	5 524	5 867	5 956	+1.5%	6 369	+6.9%
Total costs	-2 329	-2 411	-2 405	-0.3%	-2 525	+5.0%
LLPs & FV change	-794	-1 293	-1 023	-20.9%	-930	-9.1%
Operating profit	2 014	1 141	1 064	-6.8%	1 729	+62.5%
Net profit	1 010	104	-63	+/-	508	-/+
Net loans	104 980	108 567	116 385	+7.2%	123 447	+6.1%
Assets	158 353	178 872	192 710	+7.7%	201 765	+4.7%
Deposits	116 661	137 699	150 428	+9.2%	158 589	+5.4%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, DM BDM, Haitong, 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 has signed UN Principles for Responsible Banking

Signing of the 6 principles, designed by UN initiative for sustainable finance, confirms mBank's engagement in social and environmental issues. mBank is the first Polish institution, which joined this initiative independently (without the support of its foreign investor).

Principles for Responsible Banking were designed by United Nations Environment Programme Finance Initiative (UNEP FI). They constitute a global standard, introduced by largest financial institutions in the world, who are leaders in terms of the sustainable development. Joining the initiative by mBank confirms that we implement the social and environmental objectives set out in the Sustainable Development Goals and the Paris Climate Agreement.

As a signatory of the Principles for Responsible Banking, mBank will measure its impact on the society and environment, set and execute ambitious targets in the areas where this impact is the largest, and regularly inform about the progress. Our membership in UNEP FI will also help us better understand the risk and leverage on opportunities related to the transformation of the economy towards more green and socially responsible business.

Key news regarding mBank Group

mBank's analysts revised Polish GDP growth down to 5.2% YoY in 2021



GDP growth in Q3 2021 is expected to have amounted roughly to 5% YoY. According to mBank's analysts, Poland is approaching deceleration of GDP dynamics at the turn of 2021 and 2022. They are anticipated to reach 5.2% YoY in 2021 and 4.8% YoY in the following year.

Inflation climbed to 5.9% YoY in September 2021. Food and fuel prices accelerated, and together with post-pandemic core inflation adjustments, contributed the most to the reading. mBank's analysts assess that the core inflation amounted to 4.2% YoY in September 2021. Based on flash estimate published by the Statistics Poland, inflation in October 2021 jumped to 6.8% YoY. It was driven by external factors which remain out of the MPC's control. The oncoming supply-side shocks as well as gas, fuel, energy and food price hikes will boost inflation even further this year and prolong its peak in 2022. Inflation will be higher than 6% in 2022 and might reach 7% at the turn of 2021 and 2022. mBank's analysts anticipate another interest rate increase to take place in November 2021.

Industrial production increased by 8.8% YoY in September 2021, beating the consensus. Car production was the category which fell the most (-17.3% YoY). The situation in the remaining industries was optimistic. It is in line with the pre-pandemic trends, both short-term and long-term. Although quarterly dynamics are decelerating, industrial production rose by 0.9% MoM (seasonally adjusted data). mBank's analysts anticipate it will slow down in the coming months due to global issues. Producer Price Index accelerated to 10.2% YoY. PPI was boosted by repricing of coke and refined petroleum products and remains elevated in October, according to mBank's analysts. On a monthly basis, PPI's growth dynamics are subsiding (+0.5% MoM).

Retail sales rose by 5.1% YoY, as forecasted by the consensus. Sales in constant prices are growing at a similar pace as before the pandemic, making the gap between current volume and the previous trend essentially unchanged. Although nominal retail sales are above the pre-Covid tendency, the prospects for retail sales in real value are pessimistic in the coming months, according to mBank's analysts. It is attributable mostly to concerns about the labour market, weaker savings and worse assessment of the economy. However, base effect might create a misconception of improvement of those readings. Sales of cars dropped the most by 4% MoM.

Employment decelerated to 0.6% YoY in September, disappointing the analysts. The number of FTEs decreased by 4.8 thousand MoM, driven most likely by shorter worktime of employees amid supply-chain disruptions and shortages of materials. According to Statistics Poland, the decline resulted mainly from termination and nonrenewal of fixed-term employment contracts (including due to the Covid-19 pandemic), seasonal factors and sick leaves. It might also be attributed to detrimental impact of settlement of the aid programme of the Polish Development Fund (PFR Financial Shield), according to mBank's analysts. Wages advanced to 8.7% YoY, in line with the consensus estimate of 8.6% YoY. They were driven by high level of inflation, overtime in some production lines and maintaining employees in some industries where demand was strong despite disrupted supply chains (downtimes). As a result, development of wages remains above the pre-pandemic trend.

Voicebot launched in mLine

mBank has introduced voicebot named Marek, who is designed to answer the calls in contact centre. Marek's task is to help clients with most frequent issues. This way we want to limit the time to answer customers' calls and direct them to the relevant consultant who will tackle more complex cases.

Voicebot is the latest technology added to mBank's contact center. Marek has its own personality, human voice and a clear task to help clients with simple daily issues. Initially during the call it will be possible to service 7 requests, from card activation to assistance in setting new temporary password for mLine. For clients, it will also mean easier access to the contact center. mBank estimates that the average time to answer the call will amount to less than 5 seconds. Marek is expected to service up to 20% of the incoming calls.

Forthcoming corporate access events

16.11.2021	mBank Group's conference on new strategy for 2021-2025 via Teams
22-23.11.2021	2021 Annual Financial Sector Conference by Santander Brokerage
07.12.2021	WOOD's Winter Wonderland - EME Conference in Prague

Forthcoming reporting events

03.11.2021	mBank Group Financial Report for Q3 2021
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

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 377 061
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, mWIG-40, WIG-Banks, WIG-ESG

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