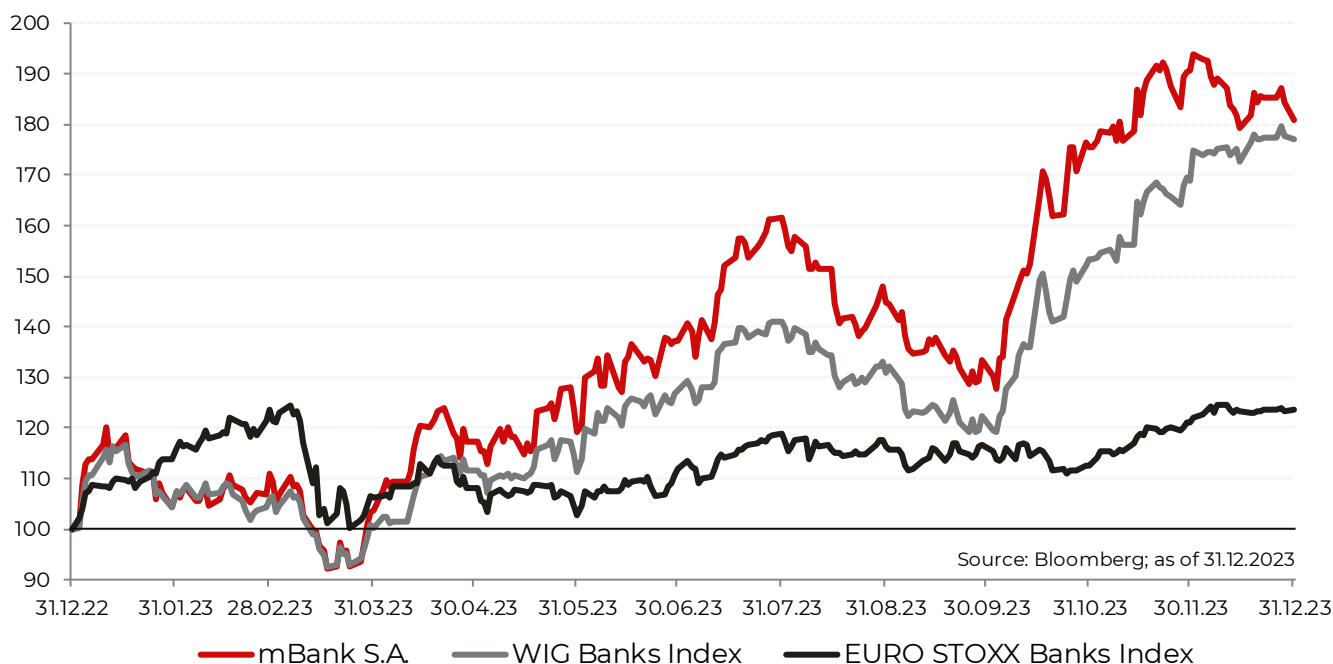


Share price performance summary

In December, mBank's share price decreased by 5.18%, while the WIG-Banks index rose by 4.89%. The EURO STOXX Banks Index went up by 1.88% in the same period.

Last 12 months – chart



change in the period	2022	1Q'23	2Q'23	3Q'23	4Q'23	2023
mBank	-31.67%	+3.51%	+32.54%	-2.66%	+35.34%	+80.74%
WIG Banks Index	-27.64%	+0.27%	+27.01%	-3.83%	+44.48%	+76.94%
EURO STOXX Banks Index	-4.56%	+6.35%	+5.30%	+4.19%	+5.84%	+23.49%

Consensus estimates for mBank Group's results

Financials (in PLN million)	2021	2022	2023E		2024E	
			estimate	Δ vs. 2022	estimate	Δ vs. 2023E
Net interest income	4,126	5,924	8,574	+44.7%	8,127	-5.2%
Net fee income	1,868	2,120	1,965	-7.3%	2,036	+3.6%
Total income	6,111	7,857	10,490	+33.5%	10,251	-2.3%
Total costs	-2,457	-3,319	-3,025	-8.9%	-3,361	+11.1%
LLPs & FV change	-879	-849	-961	+13.2%	-984	+2.3%
Operating profit	18	576	2,415	+319%	4,793	+98.4%
Net result	-1,179	-703	409	-/+	2,762	+576%
Net loans	117,677	120,183	116,264	-3.3%	119,541	+2.8%
Assets	198,373	209,892	225,098	+7.2%	236,657	+5.1%
Deposits	157,072	174,131	186,429	+7.1%	194,550	+4.4%

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

Note: Results for 2021 and 2022 were negatively impacted by high provisions for legal risk related to mortgage loans in foreign currencies (PLN 2,758 million and PLN 3,112 million, respectively).

Special topic:

Expiry of the additional capital requirement related to risk of FX mortgage loans

In December 2023, the Polish FSA informed mBank about its decision on the expiry of the additional capital requirement related to risk of foreign currency mortgage loans for households on the stand-alone and consolidated basis (P2R). Before receiving the decision, the bank on the consolidated basis was obliged to maintain own funds for the coverage of the additional capital requirement related to risk of foreign currency mortgage loans for households at the level of 1.18 p.p. which consisted of at least 75% of Tier 1 capital (equivalent to 0.89 p.p.) and at least of 56.25% of Common Equity Tier 1 capital (equivalent to 0.66 p.p.). Consequently, current capital requirements for mBank Group amount to 9.15% for the Tier 1 capital ratio and 11.15% for the Total Capital Ratio.

Key news regarding mBank Group

mBank's economists expect Polish Gross Domestic Product to grow by 0.4% in 2023



Polish GDP grew by 0.5% YoY in Q3 2023. The reading was supported mainly by a strong rebound of private spending (+0.8% YoY). mBank's analysts believe the solid data to prevail, backed by an increase of minimum wage and valorisation of "500+" benefit for children. Investment rose by 7.6% YoY. Although the momentum declines, investment lingers above the long-term trend. mBank's economists expect GDP growth in subsequent quarters to improve, driven by robust domestic demand and investments supported by unlocked inflows of EU funds.

Inflation amounted to 6.6% YoY (+0.7% MoM) in November 2023, repeating the same value as recorded in the preceding month. The reading was driven by rebounding price of fuel (+8.8% MoM), rising price of food (+0.9% MoM), but also lower price of energy (-0.2% MoM). Core inflation decelerated to 7.3-7.4% YoY, while seasonally adjusted monthly dynamic stagnated at 0.4-0.5%, according to estimation of mBank's analysts. They anticipate inflation will linger at ~5.0% YoY in H2 2024, but advance to 7-8% YoY at the end of 2024, backed by accelerating economy and potential fast-paced loosening of monetary policy worldwide. In 2024, Monetary Policy Council should not cut interest rates, while the development of FX rates should foster disinflationary processes, according to the view of mBank's economists.

Industrial production decreased by 0.7% YoY in November 2023, materially below the consensus which had assumed an increase. In monthly terms, seasonally adjusted industrial production edged up by 0.2%. Taking into account its exceptional surge at the turn of November and December last year, annual dynamics were detrimentally affected by base effects. These are expected to carry on to the data for December 2023. Industrial production follows the long-term trend, although its curve abides above it. The Producer Price Index (PPI) shrank by 4.7% YoY (-0.8% MoM) in November 2023, representing another impactful decline. PPI continued to be lowered by FX effects (appreciation of PLN), but also by competitive forces.

Retail sales retreated by 0.3% YoY in November 2023, compared to an expansion of 2.8% YoY in October. Despite the disappointing dynamic, retail sales in Q4 2023 remains promising. mBank's analysts point to persistently favourable macroeconomic conditions nurturing consumption and investments. In monthly terms, seasonally adjusted retail sales sank by 2.8% MoM. As anticipated, the reading was substantially impeded by sale of fuel (-18.7% MoM), which finally retracted after government-backed lower prices recoiled. Aggregated data from October and November (therefore adjusted for one-off effect related to fuel) suggest that revival of

consumption lost momentum but persists. mBank's analysts believe that falling inflation, fiscal interventions and good consumer sentiment should support growth of retail sales.

Employment slipped by 0.2% YoY in November 2023, below the market expectations. Compared to the corresponding period in the previous years, the reading disappoints. Nevertheless, forthcoming economic recovery driven by domestic demand should stabilize the trend of employment in the coming months and incite enterprises to hire new staff in 2024, according to mBank's analysts. Wages in November 2023 increased by 11.8% YoY (+1.7% MoM, seasonally adjusted). Declining inflation combined with prevailing strong dynamic of nominal wages resulted in improving real wages. They will be further supported by the payment of bonuses and premiums promised by the new government during the pre-election campaign, increase of salaries in the public sector and hike of minimum wage announced for 2024.

Appointment of a new member of the Supervisory Board of mBank

On December 14, 2023, Bernhard Spalt was appointed as a new member of mBank's Supervisory Board. His term will begin on January 1, 2024. Bernhard Spalt graduated from the University of Vienna with a master's degree in law with a specialization in European law. In addition, he completed the Stanford Executive Program about Management Skills. He has more than twenty-five years of professional experience in the financial sector and he has held management and board positions for more than twenty years. He gained his experience working for international financial institutions, including in Austria, Romania, Slovakia, Hungary and Czechia, focusing on risk management in banking operations.

Decision on further provisions related to legal risk of FX mortgage loans

On December 21, 2023, mBank announced that the costs of legal risk related to loans indexed to foreign currencies recognized in Q4 2023 amounted to PLN 1,208.5 million. As a result, the estimated preliminary net result for the final quarter of the year will be either positive or around zero. At the same time, the bank informed that favourable trends in the core business continued in Q4 2023. Assuming no other negative unforeseen events, the expected net result for 2023 will be either positive or around zero.

Increase of provisions related to legal risk of FX mortgage loans reflected the updated cost of the settlement program, the projected distribution of court verdicts and amendments of other model and market parameters.

A loan for the construction of a photovoltaic farm to provide power for the wind tunnels

mBank granted loans to the subsidiary of Flyspot Group, AT Energia, for a total amount exceeding PLN 6.8 million to finance the construction of a photovoltaic farm with a capacity of approximately 2MW in Zajęczków, Poland.

Flyspot has three wind tunnels under its brand, which are dispatched in three cities. They are located in Warsaw, Wrocław and Katowice. Consecutive investment of Flyspot in Gdańsk is expected to be commissioned in the near future. The tunnel will use powerful fans to generate wind force reaching up to 300 km/h. High consumption of power incited the company to search for alternative energy sources.

Funding construction of photovoltaic farms supports the implementation of mBank Group's ESG strategy, as one of its pillars is the financing of transition to green economy.

Forthcoming corporate access events

08.04.2024	3rd Financial Conference organized by Pekao Brokerage in Warsaw
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Forthcoming reporting events

08.02.2024	Selected non-audited financial data of mBank Group for Q4 2023
29.02.2024	Annual Financial Report of mBank Group for 2023
30.04.2024	mBank Group Financial Report for Q1 2024
01.08.2024	Semi-annual Financial Report of mBank Group for H1 2024
31.10.2024	mBank Group Financial Report for Q3 2024

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 465 167
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-20, WIG-30, WIG-Banks, WIG-ESG

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