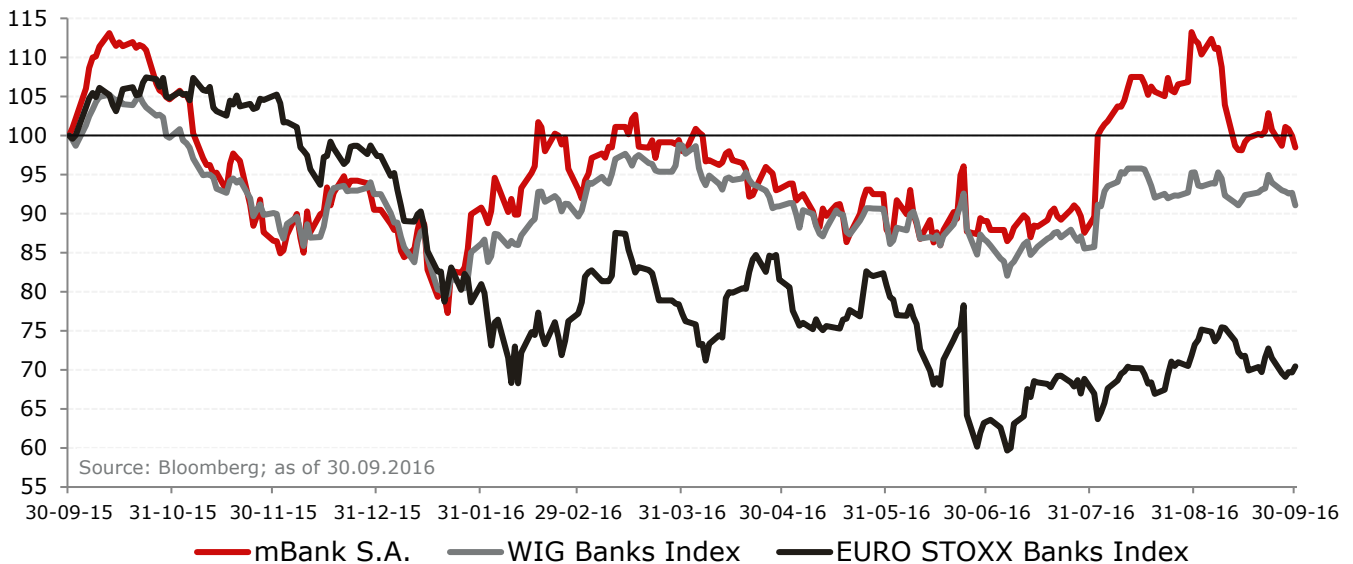


**Share price performance summary**

In September mBank's share price dropped by 12.26%, while the WIG-Banks index decreased by 4.43%. The EURO STOXX Banks Index went down by 3.79% in the same period.

**Last 12 months – chart**


change in the period	4Q'15	2015	1Q'16	2Q'16	3Q'16	2016YtD
mBank	-9.51%	-36.95%	+8.28%	-9.13%	+10.62%	+8.84%
WIG Banks Index	-7.51%	-23.54%	+6.77%	-12.49%	+5.37%	-1.54%
EURO STOXX Banks Index	-2.64%	-4.94%	-20.72%	-17.88%	+11.16%	-27.63%

**Consensus estimates for mBank Group's results**

P&L item (in PLN M)	2014	2015	2016E		2017E	
			estimate	Δ vs. 2015A	estimate	Δ vs. 2016E
Net interest income	2 491	2 511	2 743	+9.2%	2 934	+6.9%
Net F&C income	902	897	916	+2.1%	974	+6.3%
<b>Total income</b>	<b>3 939</b>	<b>4 093</b>	<b>4 279</b>	<b>+4.5%</b>	<b>4 345</b>	<b>+1.5%</b>
<b>Costs</b>	<b>-1 771</b>	<b>-2 054</b>	<b>-1 942</b>	<b>-5.4%</b>	<b>-1 986</b>	<b>+2.2%</b>
LLPs	-516	-421	-436	+3.5%	-492	+12.9%
<b>Profit before tax</b>	<b>1 653</b>	<b>1 618</b>	<b>1 901</b>	<b>+17.5%</b>	<b>1 866</b>	<b>-1.8%</b>
<b>Net profit</b>	<b>1 287</b>	<b>1 301</b>	<b>1 176</b>	<b>-9.6%</b>	<b>1 123</b>	<b>-4.5%</b>
Loans	74 582	78 434	82 394	+5.0%	86 360	+4.8%
Assets	117 986	123 523	128 627	+4.1%	133 076	+3.5%
Deposits	72 422	81 141	86 600	+6.7%	91 637	+5.8%

Contributing research by: Citi Research, Deutsche Bank, BZ WBK Brokerage, Ipopema, Raiffeisen, Wood & Company, PKO Securities, Erste Group, Haitong Bank, BOŚ DM, BoA Merrill Lynch, J.P. Morgan, Pekao Investment Banking, Trigon DM, Vestor DM, KBW.

Note: 2015 costs of mBank Group included an additional contribution to the Bank Guarantee Fund (PLN 141.7 million) to cover the cost of payments to deposit holders of bankrupt Cooperative Bank in Wołomin and a contribution to the support fund for distressed mortgage borrowers (PLN 52.1 million).

**Special topic: mBank issued EUR 500 million of 4-year bonds under EMTN programme**

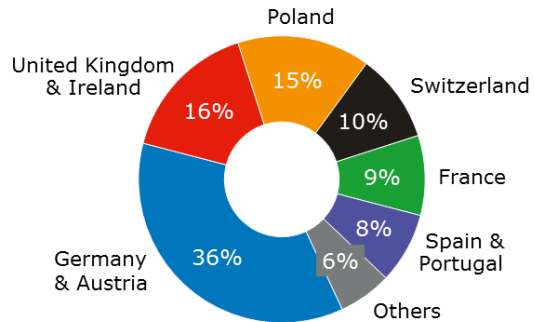
On September 21, 2016, mBank via its foreign unit mFinance France S.A. issued a fifth tranche of Eurobonds with a nominal value of EUR 500 million, maturing in 2020. This 4-year transaction was priced at a level of Mid Swaps + 157bps and the coupon was set at 1.398% per annum.

The issue was of significant interest to investors, with a final order book size of EUR 1.3 billion. The book showed high granularity with the participation of 135 investors, representing broad appeal across the European investor community.

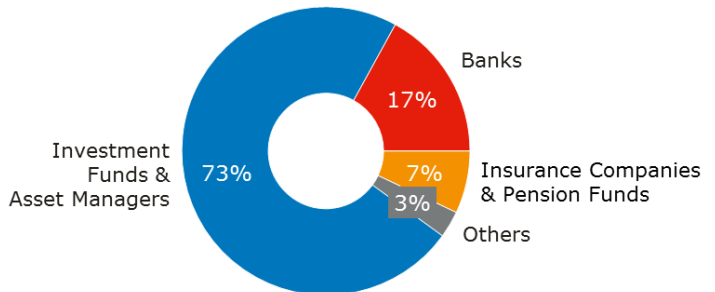
The transaction settlement date was September 26, 2016. The tranche was rated at "BBB" by both S&P Global Ratings and Fitch Ratings. The bonds are listed on Bourse de Luxembourg.

Two other EUR-denominated bonds maturing in 2019 and 2021, as well as a CHF-denominated transaction maturing in 2018 are currently outstanding.

**Distribution by investor location**



**Distribution by investor type**



**Key news regarding mBank Group**

**mBank's analysts see no more hopes for a growth boost in H2 2016**



As expected, Monetary Policy Council did not make any changes in monetary policy during its September meeting and maintained the base rate at 1.50%. It also points out that business outlook is stable and there are no negative effects of deflation. Thus, it is preferable for the MPC to keep interest rates at current levels for some time.

The flash CPI release for August at -0.8% YoY was confirmed by the Central Statistical Office. Food prices declined by 0.6% on a monthly basis and fuel prices decreased by 1.4%, while core categories were completely bland, ranging from stagnation to 0.1 or 0.2% increases MoM. Core inflation held steady at -0.4% YoY. In the following months, CPI is likely to accelerate and will be influenced primarily by base effects in fuels.

Employment in the enterprise sector increased by 3.1% YoY and average nominal wage rose in August by 4.7% YoY. Looming decrease in labour force participation driven by government 'Family 500+' program will still be a significant reason for enterprises to raise wages. Private consumption remains prone, fuelled by decent wage fund.

Industrial output grew by a solid 7.5% YoY in August, beating market forecasts. Such a big swing in annual growth rate was to be expected on the basis of calendar alone and catching up in auto plants. The more adequate measure of economic activity would be the seasonally adjusted MoM change, which amounts to +2.1%. Averaging over 3 months, to filter out specific factors, leads to the conclusion that the momentum of industrial output is still close to zero.

Construction output dropped by 20.5% in annual basis and after seasonal adjustments it declined by a shocking 5.5% MoM. There is no rebound in investment in 3Q'16 and on the contrary it likely even deepened. In addition, the trajectory of investment and construction output in 2016 is reminiscent of 2012/13 slowdown.

Retail sales rose by 5.6% YoY in August. mBank's analysts believed that households would rush for consumption of goods just before the end of holidays and after they had accumulated some buffer savings and had enjoyed holiday spending that concentrated on services in the last 2 months. Real retail sales growth (7.8%) was still below wage bill growth that is running close to 8-10% this year. The shape of consumption path is going to top at the turn of 2016/17. However, with current magnitude it is not going to be sufficient to make up for gloomy investment demand. Hence, sub 3% growth is expected in 2H'16.

This data has still no impact on monetary policy. MPC is focused on the upcoming end of deflation and a rebound of growth in 2Q'16 (by a minimal 0.1 p.p.). Solid employment and enterprise growth are in line with its current stance. However, some market participants, having seen negative surprises in labour market data, could remain themselves about formerly strong correlation between investment activity and employment growth as well as rising wages' impact on enterprise financial results with deflation. Also European environment still favours low rates in Poland and will prevail over other arguments if: (1) PLN strengthens significantly or (2) GDP disappoints again in 3Q'16 or 4Q'16. Thus, mBank's analysts still see possibility of downward rate adjustments in the next 6-9 months.

### **mBank awarded in the ranking of Newsweek**



In September Newsweek magazine announced the results of its rankings for the most user-friendly institutions in the Polish banking market. This year, banks were awarded in four categories: for the best traditional, mortgage, internet and mobile banking. mBank maintained a strong position from previous years and won the "Newsweek Friendly Bank" competition for the best mobile bank, appreciated by smartphone users.

The survey to recognize the best banks in the plebiscite was conducted by Millward Brown company. The employees of the institute, as mystery shoppers, anonymously incorporated the role of bank customers and assessed the quality level and standard of customer service, both in branches and through remote contact channels.

**Forthcoming corporate access events**

- October 6-7, 2016: Financial conference organised by mBank Dom Maklerski in Warsaw

**Forthcoming reporting events**

- October 26, 2016: mBank Group Financial Report for Q3 2016
- February 8, 2017: mBank Group Financial Report for Q4 2016
- March 3, 2017: Annual Financial Report of mBank Group for 2016

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 279 255
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer  
Annual Report online**Newsletter archive – [click here](#)

For any further information, please contact the IR team.

**E-mail address:** [investor.relations@mbank.pl](mailto:investor.relations@mbank.pl)mBank S.A.  
Investor Relations and Group Strategy  
ul. Senatorska 18  
00-950 Warszawa