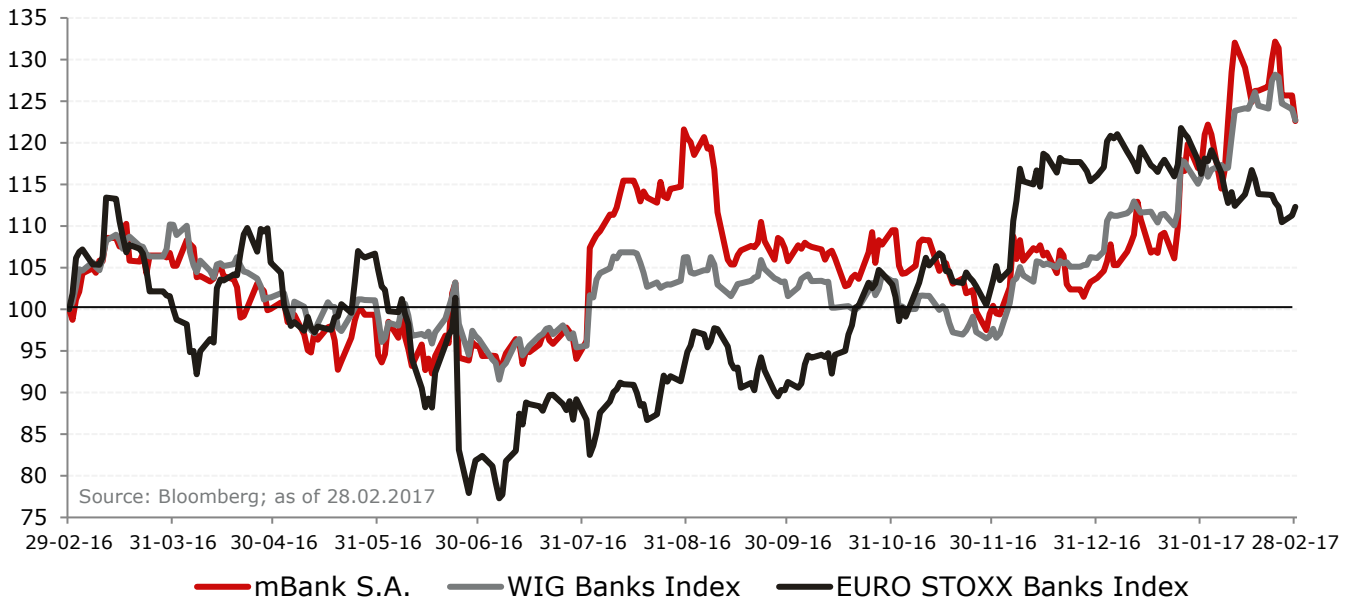


### Share price performance summary

In February mBank's share price increased by 4.81%, while the WIG-Banks index went up by 5.88%. The EURO STOXX Banks Index declined by 3.39% in the same period.

#### Last 12 months – chart



change in the period	1Q'16	2Q'16	3Q'16	4Q'16	2016	2017YtD
mBank	+8.28%	-9.13%	+10.62%	-1.90%	+6.77%	+18.18%
WIG Banks Index	+6.77%	-12.49%	+5.37%	+4.51%	+2.90%	+15.61%
EURO STOXX Banks Index	-20.72%	-17.88%	+11.16%	+27.00%	-8.09%	-3.22%

### Consensus estimates for mBank Group's results

Financials (in PLN M)	2015	2016	2017E		2018E	
			estimate	Δ vs. 2016	estimate	Δ vs. 2017E
Net interest income	2 511	2 833	3 041	+7.4%	3 246	+6.7%
Net F&C income	897	906	946	+4.3%	992	+4.9%
<b>Total income</b>	<b>4 093</b>	<b>4 295</b>	<b>4 366</b>	<b>+1.6%</b>	<b>4 630</b>	<b>+6.1%</b>
<b>Costs</b>	<b>-2 051</b>	<b>-1 963</b>	<b>-2 002</b>	<b>+2.0%</b>	<b>-2 030</b>	<b>+1.4%</b>
LLPs	-421	-365	-499	+36.6%	-536	+7.3%
<b>Operating profit</b>	<b>1 622</b>	<b>1 967</b>	<b>1 865</b>	<b>-5.2%</b>	<b>2 065</b>	<b>+10.7%</b>
<b>Net profit</b>	<b>1 301</b>	<b>1 219</b>	<b>1 130</b>	<b>-7.4%</b>	<b>1 267</b>	<b>+12.1%</b>
Net loans	78 434	81 763	86 517	+5.8%	90 410	+4.5%
Assets	123 523	133 744	135 068	+1.0%	140 287	+3.9%
Deposits	81 141	91 418	93 086	+1.8%	97 648	+4.9%

Contributing research by: Citi Research, Deutsche Bank, BZ WBK Brokerage, Wood & Company, PKO Securities, Erste Group, Ipopema, Haitong Bank, Raiffeisen, J.P. Morgan, Pekao Investment Banking, Trigon DM, BOŚ DM, Vestor DM, Noble Securities, 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 to invest EUR 50 million in FinTech start-ups**

On February 16, 2017, mBank announced the establishment of a EUR 50 million fund aimed at the development and commercialization of technology for financial institutions. The estimated life of the fund is 10 years, with most of the money to be spent in the first 3-5 years. It expects to invest in at least 7 FinTech companies. Initially, the selected start-ups are assumed to cooperate with mBank and offer their services to more than 5 million of bank's clients in Poland, Czech Republic and Slovakia, what will allow FinTechs to build a critical mass. In the next stage, these companies, taking advantage of the funding provided by mBank's fund and the bank's know-how, will expand globally.

The fund will be managed by Jarosław Mastalerz, vice-president of mBank's Management Board, responsible for Operations and Information Technology area (and previously for retail banking), and Wojciech Chmielewski, head of Investor Relations and Group Strategy at mBank. They will leave the bank and will be fully dedicated to the new project.

Investment committee, composed of mBank's CEO Cezary Stypułkowski, CFO Christoph Heins, Head of Retail Banking Cezary Kocik and Head of Corporate and Investment Banking Przemysław Gdański, will approve the recommended FinTechs.

As there are plenty of companies in Poland who have no ability to reach big venture capital funds, gather financing and reach the scale, mBank intends to create a possibility for them to become global leaders and simultaneously reach high ROI.

**Key news regarding mBank Group****mBank's analysts see Polish economy having reaccelerated**

Inflation in Poland has been accelerating quickly both on the consumer and on the producer's side. So far the growth of core measures has been muted but usual economic correlations with the labour market are set to give them a lift as well. Higher headline inflation falls on fertile ground as real sphere publications show that turnaround in the economy was reached in 4Q'16.

According to the flash estimate, Polish GDP grew by 2.7% YoY in last quarter of 2016, which is consistent with annual data. Growth momentum is much more impressive, as after adjusting for calendar and seasonal effects it equals 1.7% QoQ, which is the best result in 9 years.

Composition of annual data allows for estimating the structure of 4Q'16 GDP growth quite precisely. Firstly, the rebound in investment is meagre (-5.5% compared to -7.7% in 3Q'16) and can be attributed to the fact that buildings and structures were the only category of investment that improved its performance in the last quarter. Spending on machinery and equipment remained flat on YoY basis. Secondly, private consumption barely accelerated from 3.9% to 4.1% YoY as spending on goods is a reasonably good predictor of overall consumer spending. Thirdly, public consumption slowed down in 4Q'16 due to statistical base effects. Moreover, net exports contributed positively to the growth and the trump card was inventory formation. The latter category added a whopping 1.4 p.p. to growth and it seems that firms ramped up production, but haven't sold it completely yet.

Although the composition of GDP growth was probably rather unusual, mBank's economists are positive on 2017 GDP expansion. Growth was bottomed out in 3Q'16. Subsequent GDP reading is going to exceed 3.0% YoY in 1Q'17 and come close to 4% at the turn of 2017 and 2018.

Employment in the enterprise sector grew in January by as much as 4.3% on a yearly basis, beating market consensus heavily. On a monthly basis this is a new all-time high (160 thou. jobs were added, which means 2.8% monthly growth rate), while on a yearly basis it is the highest result since the financial crisis (plus 256 thou. jobs). January's releases are to a large extent defined by statistical effects as the Central Statistical Office updates its population of companies employing 9 workers or more. In addition, the jump was inflated not only by good situation on the labour market (existing companies were growing), but also a switch from junk contracts (not counting in this statistic) towards standard employment contracts, which was motivated by legal changes. Average gross wage grew by 4.3% YoY. Demographic factors lead to gradual tightening of the labour market and the imbalance between labour supply and demand will force wages up. Even now the share of enterprises reporting staffing problems is close to all-time highs, despite the sizable inflow of immigrants from Ukraine.

The MPC kept interest rates unchanged during its February meeting. The Council judges that the risk of inflation persistently running above the target in the medium term is low. This kind of wording used to be typical for this body at the turn of 2009/10 and preceded the last monetary tightening cycle in 2011-2012. mBank's analysts think the MPC is unlikely to change its rhetoric much soon. However, breaching 2% by inflation in March/April will be an important checkpoint.

### **Vice-President of mBank's Management Board intends to resign**



On February 16, 2017, Mr Jarosław Mastalerz, Vice-President of the Management Board of mBank S.A. responsible for Operations and Information Technology area, informed about his intention to resign from the position in the nearest future. The reason for the Mr Mastalerz decision is his plans to engage in development and commercializing of new technologies in the finance sector within the project realized in cooperation with the Bank.

Mr. Mastalerz has been a member of mBank's Management Board since August 1, 2007, and he has held a position of Chief Operation Officer since April 1, 2012. Previously, he was Head of mBank's Retail Banking and also served as Chief Executive Officer of BRE Ubezpieczenia Sp. z o.o. and then of BRE Ubezpieczenia TUIR S.A.

**Forthcoming corporate access events**

- March 3, 2017: Mini roadshow with OFE, TFI – Warsaw headquarter
- March 21, 2017: CEE Capital Markets Conference 2017 in London

**Forthcoming reporting events**

- March 1, 2017: Annual Financial Report of mBank Group for 2016
- April 27, 2017: mBank Group Financial Report for Q1 2017
- July 27, 2017: Semi-annual Financial Report of mBank Group for H1 2017
- October 26, 2017: mBank Group Financial Report for Q3 2017

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 280 127
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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