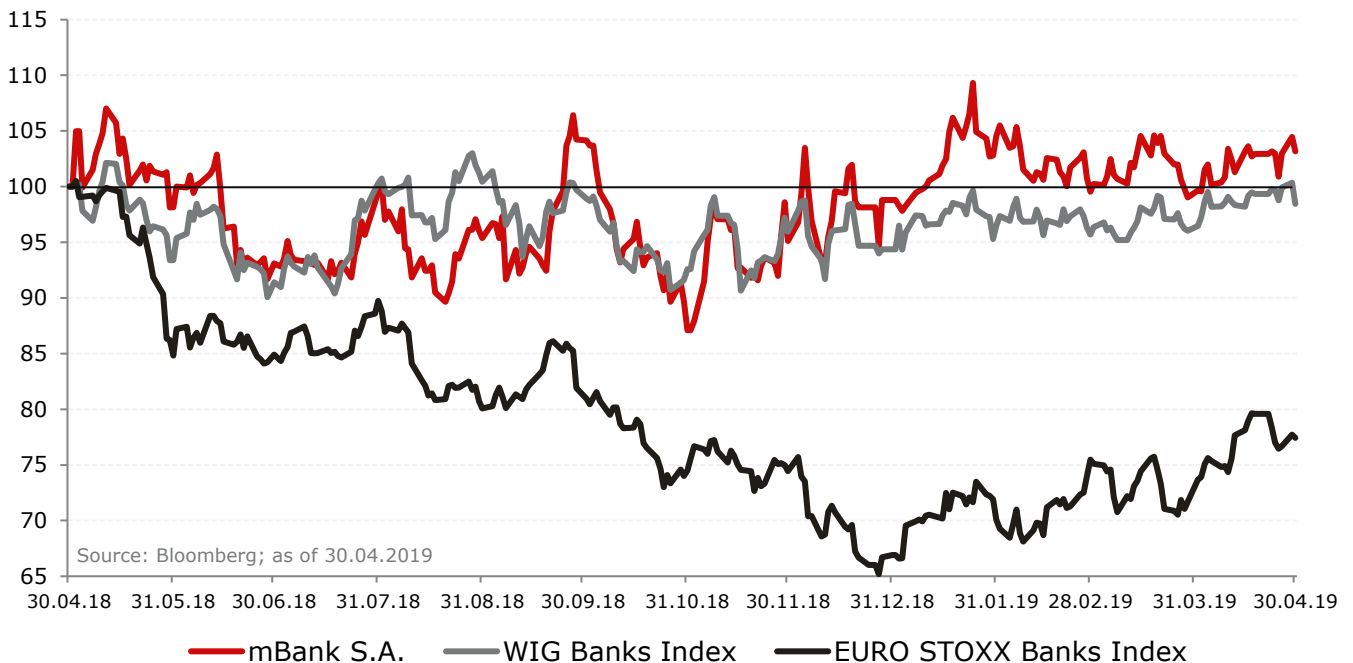


### Share price performance summary

In April mBank's share price increased by 4.19%, while the WIG-Banks index went up by 2.51%. The EURO STOXX Banks Index advanced by 8.02% in the same period.

#### Last 12 months – chart



change in the period	2Q'18	3Q'18	4Q'18	2018	1Q'19	2019yTD
mBank	-4.54%	+11.96%	-5.23%	-8.77%	+0.24%	+4.43%
WIG Banks Index	-7.93%	+9.10%	-5.37%	-12.12%	+1.78%	+4.33%
EURO STOXX Banks Index	-12.13%	-3.53%	-18.31%	-33.29%	+7.13%	+15.73%

### Consensus estimates for mBank Group's results

Financials (in PLN million)	2017	2018	2019E		2020E	
			estimate	Δ vs. 2018	estimate	Δ vs. 2019E
Net interest income	3 136	3 496	3 805	+8.8%	4 114	+8.1%
Net F&C income	992	976	1 007	+3.2%	1 056	+4.8%
<b>Total income</b>	<b>4 454</b>	<b>5 059</b>	<b>5 175</b>	<b>+2.3%</b>	<b>5 537</b>	<b>+7.0%</b>
<b>Total costs</b>	<b>-2 043</b>	<b>-2 164</b>	<b>-2 273</b>	<b>+5.0%</b>	<b>-2 348</b>	<b>+3.3%</b>
LLPs	-508	-694	-734	+5.6%	-799	+8.9%
<b>Operating profit</b>	<b>1 903</b>	<b>2 201</b>	<b>2 168</b>	<b>-1.5%</b>	<b>2 390</b>	<b>+10.2%</b>
<b>Net profit</b>	<b>1 092</b>	<b>1 316</b>	<b>1 276</b>	<b>-3.1%</b>	<b>1 421</b>	<b>+11.4%</b>
Net loans	84 476	94 723	98 048	+3.5%	102 751	+4.8%
Assets	131 424	145 750	151 731	+4.1%	158 810	+4.7%
Deposits	91 496	102 009	109 172	+7.0%	114 431	+4.8%

Contributing research by: Citi Research, BOŚ Brokerage, PKO Securities, Haitong Bank, IPOPEMA, KBW, Pekao Investment Banking, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

Note: total income includes a one-off gain on the sale of an organised part of enterprise of mFinanse (PLN 219.7 million) in 2018.

**Special topic: mBank issues CHF 125 million of 5.5-year bonds under EMTN programme**

On April 2, 2019, mBank successfully launched a new 5.5-year CHF 125 million Senior Unsecured transaction. It was marketed during a one-day roadshow in Zurich. The bonds, maturing in 2024, were priced at a level of Mid Swaps + 140bps and the coupon was set at 1.0183% per annum. Bookrunners were UBS, Credit Suisse and Commerzbank.

The transaction settlement date was April 5, 2019. The tranche is rated at "BBB+" by S&P Global Ratings and at "BBB" by Fitch Ratings. The bonds will be listed on SIX Swiss Exchange.

Issuer	mBank S.A.
Format	Senior Unsecured Debt out of EMTN programme
Issue rating	BBB (Fitch) / BBB+ (S&P)
Issue size	CHF 125 million
Settlement date	5 April 2019
Maturity date	4 October 2024
Reoffer spread	MS+140bps
Coupon	1.0183%
Listing	SIX Swiss Exchange

Two other CHF-denominated tranches maturing in June 2022 and in March 2023 as well as three EUR-denominated bonds maturing in 2020, 2021 and 2022 are currently outstanding.

**Key news regarding mBank Group**
**mBank's economists find Polish industry maintaining strong momentum**


Polish economy continues to show great resilience to global slowdown and domestic consumers seem unfazed by pretty much anything. mBank's analysts are forecasting the GDP growth to reach 4.5% YoY in 2019 and 4.0% YoY in 2020. Recent data proved their earlier revisions to be accurate. No rate changes in Poland are expected in the foreseeable future, although the rise in inflation may generate some noise from MPC members.

In March, Polish manufacturing PMI surprised to the upside, having risen from 47.6 to 48.7. The rebound was primarily driven by better assessment of output and new orders. The latter, in turn, was entirely due to strong increase in domestic orders, since new export orders have been falling at the fastest rate since June 2009. Headline PMI was dragged by worse employment prospects (lowest since April 2013). Delivery times have not shortened despite lower pressure on supply chains. But it is worth noting that the PMI has been a poor predictor of GDP growth and hard data in general.

Industrial output rose in March by 5.6% YoY, visibly above the consensus of 4.4% YoY. This is the best three-month sequence of surprises since late 2011. The slight slowdown on annual basis, from 6.9% YoY recorded in February, is entirely attributable to less favourable working day count, partly mitigated by low statistical base from last year. In addition, headline figure understates the strength of Polish industry as both mining and energy output (the latter suffered from relatively good weather) contributed to the deceleration.

Momentum of industry production rose to its highest since 2010. There are several independent reasons for this: (1) the strength of Polish exports and its diversification (whereas exports to Germany flagged at the turn of the year, it accelerated to other destinations), (2) its cost competitiveness, and (3) the enduring resilience of Polish domestic demand (the composition of industry production growth hints at strong investment). However, yet another positive surprise from the Polish economy will not impress the MPC much. It is likely that it will

be categorized as confirming the Council's optimistic economic scenario and will not be seen as contributing to inflation in any meaningful way.

Retail sales grew in March by 3.1% YoY in nominal terms and 1.8% YoY in real terms. The magnitude of the deceleration was overstated by the difference in working days and, primarily, by the Easter effect pushing the reading downwards. Food sales and non-specialized store sales growth both dived by 10 p.p., while a sharp turnaround is expected in April.

The flash CPI reading of 1.7% YoY for March was confirmed. Some of the price hikes (housing, in particular, refuse collection) are administrative in nature and will not accelerate further in the coming months. Producer price growth declined from the 2.9% YoY in the previous month to 2.5% YoY in March. In terms of outlook, the solid growth in oil prices implies that the next two months will be marked by strong increases in fuel prices (7-10% over April and May). In addition, the story of ASF in China deserves more attention. It occurred on a cyclical low in swine herds and has already raised pork prices considerably. mBank's analysts expected pork prices to contribute positively to inflation due to cyclical factors but Chinese demand is a factor of a completely different magnitude. It is a classic negative supply shock which will raise food prices growth by 0.5-0.8 p.p., pushing CPI upwards toward the central bank's target.

The inflation might hit the NBP target in the summer. This path will overshoot the latest staff projection and might impact the MPC's rhetoric. The hawks (Gatnar, Zubelewicz, Hardt) will feel compelled to argue for a rate hike as soon as the pork supply story hits the wires. The rest of the Council is likely to shrug this off, though. After all, it is a negative supply shock and secondary impact through higher inflation expectations (which are completely adaptive anyway) will appear to be a weak argument. Without a clear price-wage transmission channel, the supply shock will work largely through lower household disposable income and lower consumption path. Such an adjustment (through real variables) will favour keeping interest rates at present levels. In addition, agricultural markets are cyclical in nature and there will be oversupply and lower prices somewhere down the road. The latter effect might even coincide with cyclical economic downturn and the Council has already shown that it is prone to thinking about the economic outlook for 2021 and beyond.

**Forthcoming corporate access events**

23.05.2019	Investor day CEE Financials by PKO BP in Warsaw
12-14.06.2019	EME Financials & Greek Retreat Conference by Wood&Company in Athens

**Forthcoming reporting events**

30.07.2019	Semi-annual Financial Report of mBank Group for H1 2019
30.10.2019	mBank Group Financial Report for Q3 2019
06.02.2020	Selected non-audited financial data of mBank Group for Q4 2019
03.03.2020	Annual Financial Report of mBank Group for 2019

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 336 982
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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