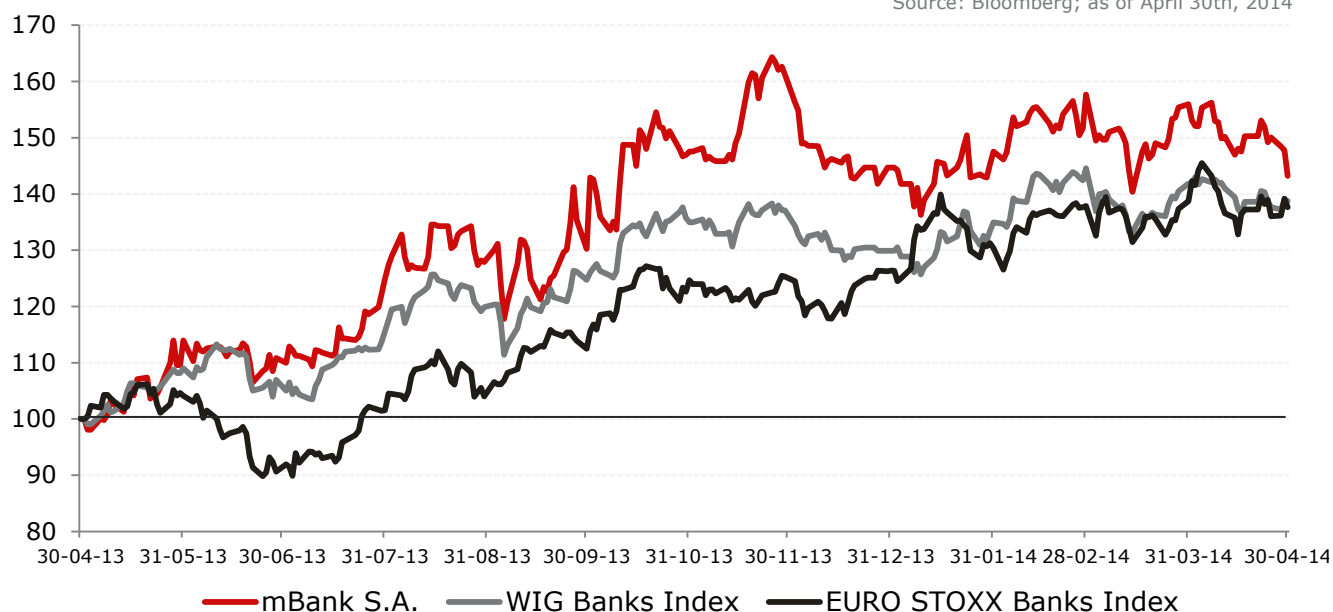


Share price performance summary

In April mBank's share price dropped by 8.16%, while the WIG Banks index decreased by 2.14%. The EURO STOXX Banks Index decreased by 0.81% in the same period.

Last 12 months – chart

Source: Bloomberg; as of April 30th, 2014



change in the period	Q2'13	Q3'13	Q4'13	2013	Q1'14	YtD
mBank	+11.99%	+17.52%	+11.09%	+53.37%	+7.80%	-1.00%
WIG Banks Index	+3.60%	+16.58%	+4.18%	+20.54%	+9.18%	+6.85%
EURO STOXX Banks Index	-1.04%	+24.11%	+12.39%	+25.87%	+9.78%	+8.89%

Consensus estimates for mBank Group's results

P&L item (in PLN M)	2012FY	2013FY	2014E		2015E	
			estimate	Δ vs. 2013A	estimate	Δ vs. 2014E
Net interest income	2 280	2 226	2 409	+8.2%	2 624	+8.9%
Net F&C income	787	835	882	+5.6%	929	+5.3%
Total income	3 571	3 674	3 854	+4.9%	4 142	+7.5%
Costs	-1 661	-1 678	-1 723	+2.7%	-1 772	+2.8%
LLPs	-445	-478	-487	+1.9%	-501	+3.0%
Profit before tax	1 465	1 518	1 643	+8.2%	1 867	+13.6%
Net profit	1 197	1 206	1 314	+8.9%	1 495	+13.7%
Loans	66 947	68 210	72 675	+6.5%	77 923	+7.2%
Assets	102 145	104 283	108 487	+4.0%	114 274	+5.3%
Deposits	57 984	61 674	65 244	+5.8%	70 305	+7.8%

Contributing research (released after November 1, 2013) by: Citi Research, Deutsche Bank, Goldman Sachs, Millennium DM, Raiffeisen, UniCredit, ING Securities, DM BZ WBK, Ipopema, IDM SA, Wood & Company, KBW, Morgan Stanley, PKO DM, Erste Group, Espirito Santo, BoA Merrill Lynch, DI Investors, Noble Securities.

Special topic: Q1 2014 mBank Group's results compared to analysts' consensus

[in PLN M]	Market consensus				Actual Results	Difference to consensus
	MIN	Average	Median	MAX		
Net interest income	583.4	593.1	593.5	602.0	591.0	-0.3%
Net fee & commission income	210.0	226.0	226.7	240.0	241.4	+6.8%
Total operating income	921.0	950.9	954.0	976.0	956.6	+0.6%
Total costs	(441.0)	(426.2)	(425.2)	(417.0)	(430.6)	+1.0%
Result before provisions	499.9	524.7	526.4	556.0	526.0	+0.2%
Loan loss provisions	(121.0)	(110.2)	(110.5)	(95.0)	(89.5)	-18.8%
Profit before tax	383.0	414.2	414.5	445.0	436.5	+5.4%
Net profit	303.7	330.6	331.5	356.0	337.8	+2.2%

Based on estimates of 16 Analysts: ING Securities, Citi Research, Ipopema, Wood & Company, UniCredit, Espirito Santo, DM BZ WBK, Deutsche Bank, Goldman Sachs, Erste Group, PKO DM, Millennium DM, Morgan Stanley, Raiffeisen, IDM SA, DI Investors.

Key news regarding mBank Group
Major developments of mBank Group in Q4 2013

During Q1 2014, mBank Group generated a profit before income tax of PLN 436.5 million, representing an increase of 7.6% QoQ. Net profit attributable to the shareholders of mBank increased by 7.5% QoQ and reached PLN 337.8 million.

The main factors determining the changes in the results were as follows:

- **Stable revenues** at PLN 956.6 million, lower by only 0.8% compared with Q4 2013. The Group generated the highest core income in its history, as net interest income increased by 0.5% and net fee and commission income grew by 5.5% QoQ. Net trading income also improved, despite slightly weaker FX result.
- **Decrease of operating expenses** (including amortisation and depreciation) compared to the previous quarter, which stood at PLN 430.6 million. Consequently, the effectiveness of mBank Group improved and the cost/income ratio reached 45.0% in Q1 2014 compared to 45.8% in Q4 2013.
- **Falling risk costs** to 51 bps in Q1 2014. Net impairment losses on loans and advances dropped by 23.6% QoQ. The decrease was driven by lower provisions in both Retail Banking and the Corporates and Financial Markets area.
- **Continued organic growth and business expansion** as demonstrated by: growth of the retail customer base, which reached 4,427 thou. (+59 thou. clients compared to Q4 2013); increase in the number of corporate customers to a record high of 16,600 (+267 clients compared to Q4 2013).

Net loans and advances to customers stood at PLN 70,923.0 million at the end of Q1 2014 and were higher by 4.0% compared to the end of Q4 2013. The change was driven by an increase of volumes of both corporate and retail segments. Gross loans to corporate clients and to individual clients stood at PLN 31,884.2 million and PLN 38,972.5 million, respectively.

Customer deposits increased by 3.1% QoQ and reached PLN 63,596.4 million. Retail deposits grew by 1.7% to PLN 34,784.3 million, while corporate deposits increased by 4.9% to PLN

28,068.6 million. As a result, the loans to deposits ratio of mBank Group increased slightly compared to the previous quarter and reached 111.5%.

The changes in the Group's financial results translated into the net ROE of 13.7%. The Group's **capital ratios** remained at a safe level. Total capital ratio at the end of March 2014 stood at 16.26% while Common Equity Tier 1 capital ratio at 13.58%. The ratios were calculated in accordance with the rules based on Basel III.

mBank's analysts see low inflation amid strengthening domestic demand



Recent bout of data confirms the domestic engine of growth is accelerating whereas exports may be suffering from solid deceleration of demand from Russia and Ukraine. In the opinion of mBank's analysts such a setup is very unlikely to derail the cyclical upswing but may be sufficient to challenge the already optimistic growth expectations and transform into a soft patch manifested in flat GDP growth path in H1.

At the same time inflation stays subdued, rising only on statistical base effects and one-off price increases in telecommunications. mBank's analysts think there is still plenty of time before inflation starts to mirror demand pressures. In March CPI grew by 0.7%, unchanged from the previous month's reading. Food prices dropped by 0.4% MoM which makes for a strong deviation from typical seasonal patterns. Inflation reached the bottom in the first quarter. In the coming months a steady march upwards will be primarily led by statistical base effects. The excise tax hikes should also eventually feed into retail prices, supporting this trend.

For now, it would however be unreasonable to think that inflation rises due to fundamental, theoretically grounded factors. This will change in H2, when core CPI decisively turns around, reflecting a closing output gap. In real terms wages grew at the fastest rate since January 2009. In such circumstances household consumption should accelerate beyond 2% YoY.

Employment in the enterprise sector rose by 0.5% YoY. Industrial output growth accelerated from 5.3% YoY in February to 5.4% YoY in March. Similar to the previous month's release, industrial output was lowered by poor performance of mining (-6.3% YoY) and energy generation (-7.3% YoY), manufacturing disappointed as well. On a monthly basis industrial output grew by 0.2% (seasonally adjusted). This is yet another sign that there is a distinct lack of upward momentum in the Polish industry. As in the previous month, construction was again the brightest part of the data release. Contrary to some expectations, there was no negative payback from the record-high growth in February.

Finally, it must be noted that companies enjoy relatively full order books (as measured by GUS in its enterprise surveys) and private investment has already rebounded strongly.

mBank took the first position for the Digital Model Bank category



At the beginning of April, during the conference in New York, the experts of the consultancy and advisory firm Celent Research awarded mBank with the first prize for the "Digital Model Bank". Celent chose the winner based on a review of the development of online and mobile banking as well as excellent design of value-added services for clients. As banks have to move away from providing basic transaction engines to offering value-driven interactive solutions, the mBank platform was appreciated as a system where user experience and functionality go hand in hand. This year, over 80 banks around the world competed in the contest.

Forthcoming corporate access events

- May 12-13th, 2014: U.K. roadshow (London and Edinburgh)
- May 14th, 2014: HSBC's Financial Institutions Conference in London
- May 29th, 2014: Deutsche Bank conference "Polish Banking Day" in Warsaw

Forthcoming reporting events

- July 30th, 2014: mBank Group Consolidated Financial Report for H1 2014
- October 30th, 2014: mBank Group Financial Report for Q3 2014

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 175 558
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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