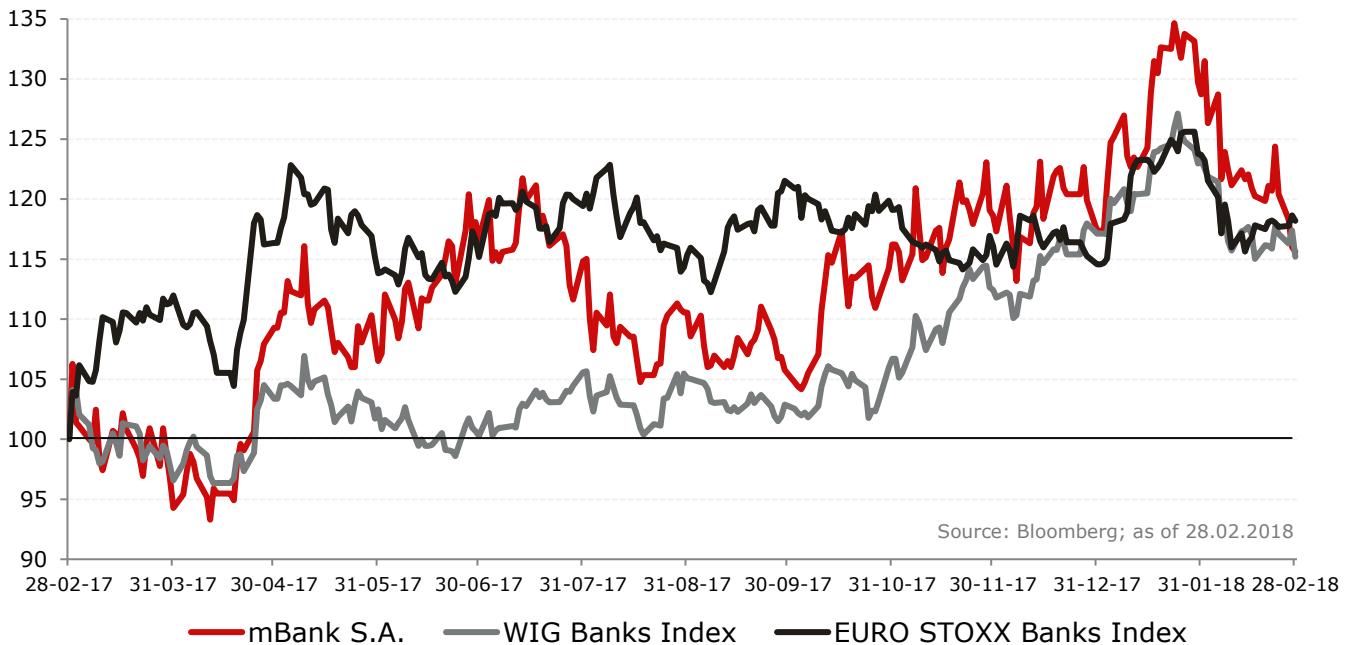


Share price performance summary

In February mBank's share price dropped by 10.20%, while the WIG-Banks index went down by 6.49%. The EURO STOXX Banks Index decreased by 4.42% in the same period.

Last 12 months – chart



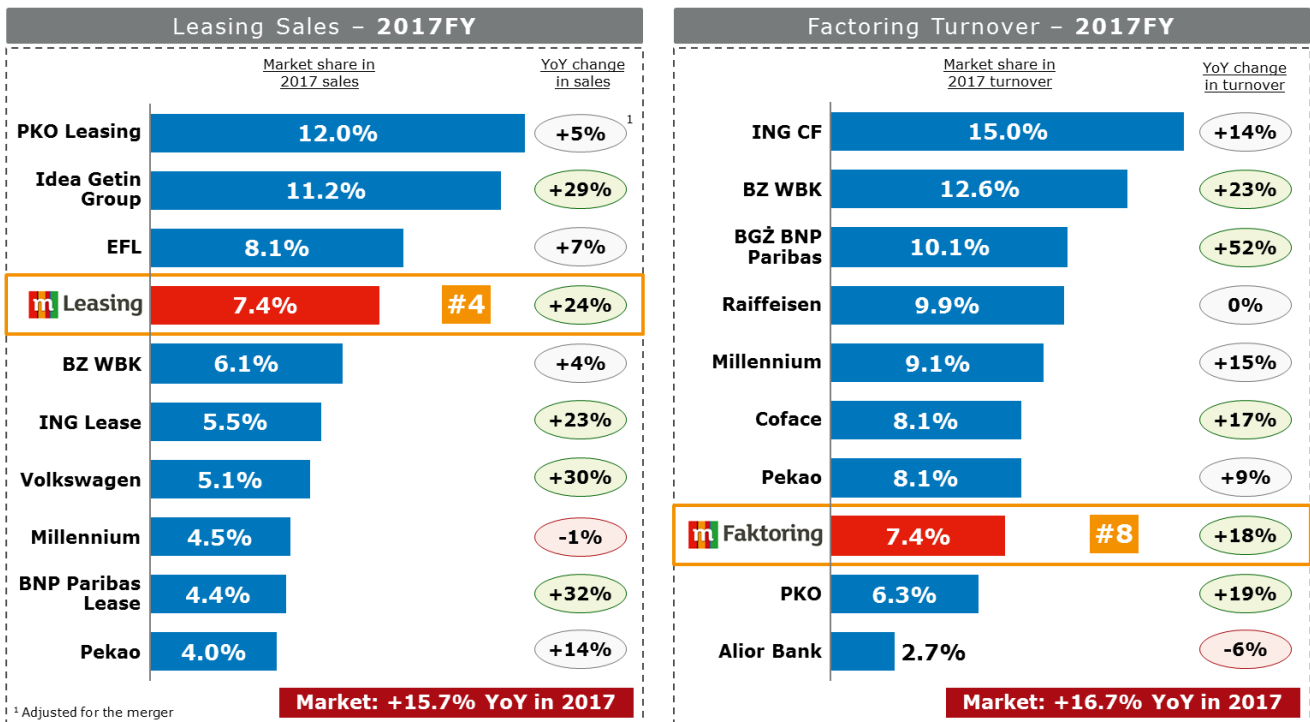
change in the period	1Q'17	2Q'17	3Q'17	4Q'17	2017	2018 Ytd
mBank	+11.41%	+23.72%	-9.33%	+10.98%	+38.70%	-1.51%
WIG Banks Index	+11.63%	+3.86%	+2.60%	+13.84%	+35.42%	-1.66%
EURO STOXX Banks Index	+8.37%	+2.68%	+5.30%	-5.71%	+10.89%	+3.17%

Consensus estimates for mBank Group's results

Financials (in PLN M)	2016	2017	2018E		2019E	
			estimate	Δ vs. 2017	estimate	Δ vs. 2018E
Net interest income	2 833	3 136	3 375	+7.6%	3 718	+10.2%
Net F&C income	906	992	1 055	+6.3%	1 105	+4.8%
Total income	4 295	4 454	4 805	+7.9%	5 194	+8.1%
Total costs	-1 963	-2 043	-2 098	+2.7%	-2 164	+3.1%
LLPs	-365	-508	-558	+10.0%	-601	+7.6%
Operating profit	1 967	1 903	2 148	+12.9%	2 429	+13.0%
Net profit	1 219	1 092	1 292	+18.4%	1 499	+16.0%
Net loans	81 763	84 476	90 714	+7.4%	95 242	+5.0%
Assets	133 744	131 424	140 085	+6.6%	146 722	+4.7%
Deposits	91 418	91 496	99 306	+8.5%	104 595	+5.3%

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

Note: 2016 total income includes a gain on the settlement of Visa transaction (PLN 247.7 million).

Special topic: mBank's position on Polish leasing and factoring market in 2017


Source: mBank's calculations based on data from Polish Leasing Association (PLA) and Polish Factors Association (PFA).

Key news regarding mBank Group
mBank's analysts find January data confirming the rebalancing of Poland's GDP growth


Central Statistical Office announced that GDP growth accelerated to 5.1% YoY in 4Q'17. As for the breakdown, mBank's analysts still see a meaningful acceleration of investment (ca. 11% YoY) and some deceleration of consumption. Elevated investment growth is here to stay for several quarters whereas consumption growth may fade a bit and settle in between 4.0% and 4.5%.

All in all, GDP growth would still be primarily based on domestic demand but its structure would be more balanced and less inflationary. CPI inflation decreased in January to 1.9% YoY from 2.1% YoY. February should bring even lower inflation reading due to base effects and correction of oil prices. The change of weights in consumption basket is unlikely to bring a change to the overall level of inflation.

As expected, recent MPC meeting brought no changes to interest rates. Despite a little more upbeat statement, the overall stance of the Council stays dovish. The dominant MPC take on investment is the one linked to future productivity, not current demand. In this case the structure (more investment, less consumption) matters more than the level of growth itself. Rates will be left on hold in 2018.

Industrial output rose by 8.6% YoY in January, slightly above market consensus. The acceleration from 2.7% YoY recorded in December is obviously the result of a strong calendar effect (working day difference rose from -2 to +1 YoY), but it masks certain weakness in data. On a seasonally adjusted monthly basis, industrial output dropped by 0.8% MoM, which suggests that industrial momentum declined at the turn of the year and right now it is close to zero.

In January construction output skyrocketed, growing by 34.7% on a yearly basis. After seasonal adjustment, monthly growth rate rose to 8.8%, more than twice as much as recent trend. Such a stellar release is not only a result of external factors (first and foremost warm and dry month, which means best weather conditions for any January in XXI century; secondly, favourable calendar), but also the enduring rebound in investment activity. mBank's economists expect that main drive were public investments (mainly rail but also road), which are catching up after lags between EU-fund instalments.

Retail sales rose by 8.2% in January (by 7.7% in real terms). Its composition indicates slow but inevitable normalization of consumption growth. This mild deceleration will be offset by much higher investment growth.

It is too early to estimate 1Q'18 GDP figure accurately, but January data offer first hints regarding its composition and direction. First, weaker industrial momentum was more than matched by the stellar construction data. Secondly, there is no indication that the economy slowed down on a sequential basis in the first quarter – on the contrary, some acceleration can be expected. Thirdly, investment growth might even top the 4Q'17 result (close to 11%). It should be clear that 1Q'18 GDP will likely match the result from the final quarter of 2017, coming in close to 5%.

Forthcoming corporate access events

20-21.03.2018	CEE Capital Markets Conference by PKO Securities and GPW in London
9-11.04.2018	Raiffeisen Centrobank AG Institutional Investor Conference in Zürs

Forthcoming reporting events

10.05.2018	mBank Group Financial Report for Q1 2018
31.07.2018	Semi-annual Financial Report of mBank Group for H1 2018
30.10.2018	mBank Group Financial Report for Q3 2018

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 312 122
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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

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