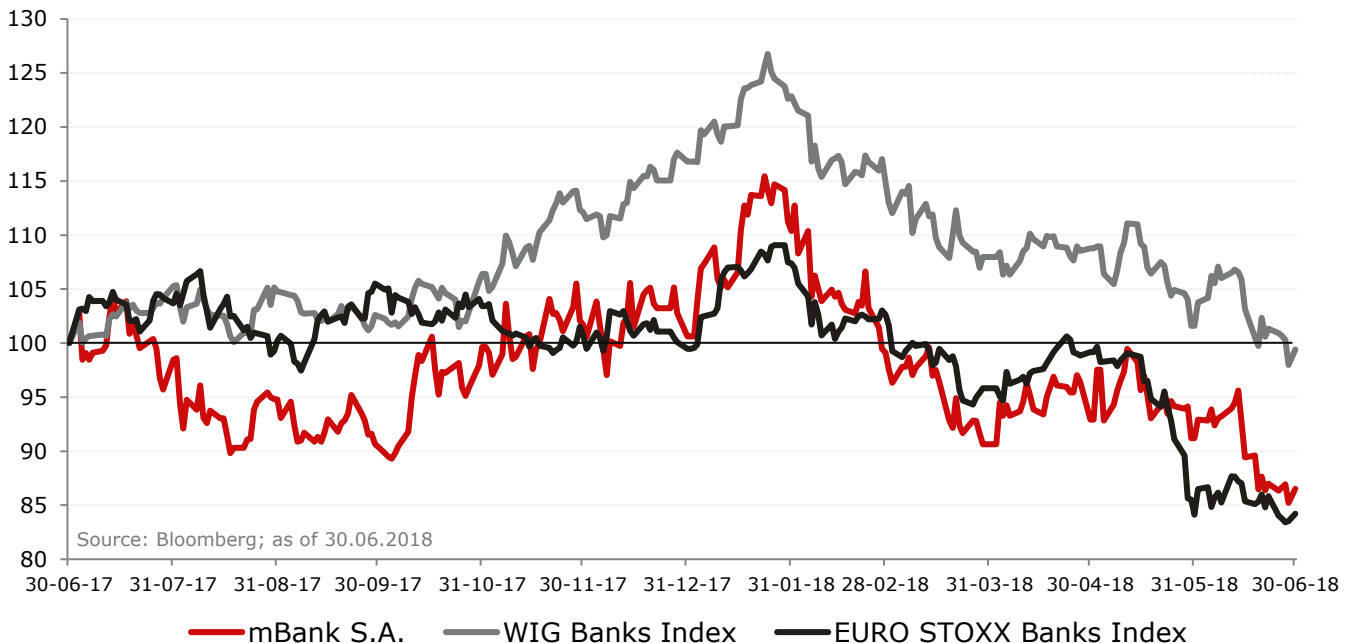


### Share price performance summary

In June mBank's share price dropped by 5.13%, while the WIG-Banks index declined by 2.15%. The EURO STOXX Banks Index increased marginally by 0.11% in the same period.

#### Last 12 months – chart



change in the period	3Q'17	4Q'17	2017	1Q'18	2Q'18	2018 YtD
mBank	-9.33%	+10.98%	+38.70%	-9.94%	-4.54%	-14.02%
WIG Banks Index	+2.60%	+13.84%	+35.42%	-7.55%	-7.93%	-14.89%
EURO STOXX Banks Index	+5.30%	-5.71%	+10.89%	-3.67%	-12.13%	-15.35%

### 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	3 361	+7.2%	3 676	+9.4%
Net F&C income	906	992	1 037	+4.6%	1 091	+5.2%
<b>Total income</b>	<b>4 295</b>	<b>4 454</b>	<b>4 832</b>	<b>+8.5%</b>	<b>5 142</b>	<b>+6.4%</b>
<b>Total costs</b>	<b>-1 963</b>	<b>-2 043</b>	<b>-2 104</b>	<b>+3.0%</b>	<b>-2 173</b>	<b>+3.3%</b>
LLPs	-365	-508	-575	+13.2%	-620	+7.8%
<b>Operating profit</b>	<b>1 967</b>	<b>1 903</b>	<b>2 153</b>	<b>+13.2%</b>	<b>2 349</b>	<b>+9.1%</b>
<b>Net profit</b>	<b>1 219</b>	<b>1 092</b>	<b>1 295</b>	<b>+18.7%</b>	<b>1 435</b>	<b>+10.8%</b>
Net loans	81 763	84 476	90 309	+6.9%	94 818	+5.0%
Assets	133 744	131 424	139 020	+5.8%	145 498	+4.7%
Deposits	91 418	91 496	98 655	+7.8%	103 841	+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.

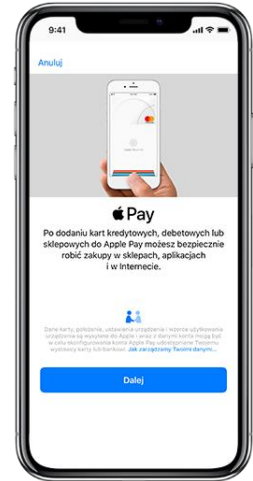
Note: total income includes a gain on the settlement of Visa transaction (PLN 247.7 million) in 2016, and a one-off gain on the sale of an organised part of enterprise of mFinanse (PLN 219.7 million) in 2018.

**Special topic: Apple Pay launched in Poland, available to mBank's clients**

On June 19, 2018, Apple Pay mobile payments became available for customers of mBank and seven other banks operating in Poland. Now customers can add an eligible Visa or MasterCard credit or debit card issued by participating banks and financial institutions to the Wallet app in order to start using Apple Pay on their iPhone, iPad, Mac or Apple Watch in stores, apps and on websites.

Privacy and security are key attribute at Apple Pay. In payments with a card, its number is not saved, either in the device's memory or on Apple's servers. Instead, a unique Device Account Number is assigned which, after encryption, is stored using the so-called secure element of the device. Then, each transaction is authorized with a unique, dynamically generated, one-time security code.

At mBank, every third user of the mobile application pays by smartphone.

**Key news regarding mBank Group****mBank's analysts see recent data as proving a resilience of Polish economy**

The recent series of macroeconomic data (from labour market to industrial output, construction spending and retail sales) has shown that the Polish economy continues to display resilience and dynamism. Despite a number of negative factors arrayed against them in May (high statistical base, lower working day count, very favourable arrangement of public holidays), the majority of real sphere indicators surprised to the upside.

Based on this data, mBank's analysts expect GDP to accelerate to 5.2-5.4% YoY in 2Q'18, with low sequential growth, though. At the same time, the uncertainty regarding the composition of growth has intensified. Until proven otherwise, investment growth is assumed to be driven by buildings and structures (mainly by local governments, other public institutions and residential investors), with minimal input from corporate spending on machinery and equipment. It is also unclear whether industry jumped in May on stronger exports, inventory drawdown, higher machinery spending or a combination of all of the above.

Inflation in May rose by 1.7% YoY compared to consensus of 1.9%. This relatively low print and its unfavourable structure are reducing the likelihood of reaching the inflation target even further. In current circumstances the boost from higher fuel prices, especially now that oil prices have stabilized, will not be enough to push inflation beyond 2% in the summer. Persistently low core inflation (at 0.5% YoY in May) will thus allow the MPC to keep its dovish rhetoric even if wages accelerate further. mBank's analysts think that in 2019 the Council is going to only signal its intentions to tighten monetary policy by a single rate hike (by 25 bps).

Employment in the enterprise sector fell in May by 2.1k jobs on a monthly basis (worst May since 2009), while yearly growth stabilized at 3.7%. Two factors most probably are to blame here. The first one is effect of Sunday trade ban, which revealed itself with a lag as an on-off in retail sales category. The other reason is the general shortage of labour in Polish economy and longer times needed to fill vacancies.

Average gross wage increased by 7.0% YoY in May. Working days were both less numerous (-1 YoY) and arranged in a way that encouraged long weekends at the beginning of the month. As a result, working time-dependent parts of manufacturing and construction wages were

sluggish last month. Fundamentally, imbalances between labour demand and supply have persisted and the uptrend in wages is still solid.

Sold industrial output surprised to the upside, having risen by 5.4% YoY in May, above market consensus of 3.6% YoY. Furthermore, the rebound in industry appears to be broad-based and unrelated to any particular sector. Additionally, the strong reading could be a result of manufacturers selling off their elevated inventories (as seen in 1Q'18 GDP composition, when inventory added 1.9 p.p. to the growth).

Construction output grew in May by a solid 20.8% on a yearly basis, beating market expectations. Large part of this increase should be attributed to base effect from 2017. After seasonal adjustment monthly growth reached 2.6%, thus ending 3 months of contraction. An acceleration of local government investments before the local election incoming in Autumn is expected to cumulate in 3Q'18.

Retail sales rose by 7.6% YoY in nominal terms and by 6.1% YoY in constant prices. Fuel sales accelerated from 13.8% to 18.9% YoY, entirely due to a price effect. Food sales and sales in other nonspecialized stores rebounded and are on their way towards normalization after the Easter-related slump. Sales of durable goods decelerated a bit, driven by clothing and footwear (down from 13.7% to 4.7% YoY), likely suffering from high base effect and exceptionally warm Spring weather which pushed seasonal sales forward (to April).

#### **Termination of the cooperation agreement with Orange Polska S.A.**

On June 18, 2018, mBank announced that it concluded a settlement with Orange Polska S.A. on terminating the cooperation agreement concerning the Orange Finance Project signed on 19 March 2014. The expiry date is scheduled for 31 December 2018.

**Forthcoming corporate access events**

27.08.2018	<i>Best of Poland</i> conference in Frankfurt organized by mBank's Brokerage
10-11.09.2018	Pekao's 15th Annual Emerging Europe Investment Conference in Warsaw

**Forthcoming reporting events**

31.07.2018	Semi-annual Financial Report of mBank Group for H1 2018
30.10.2018	mBank Group Financial Report for Q3 2018
28.02.2019	Annual Financial Report of mBank Group for 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

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

For any further information, please contact the IR team.

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