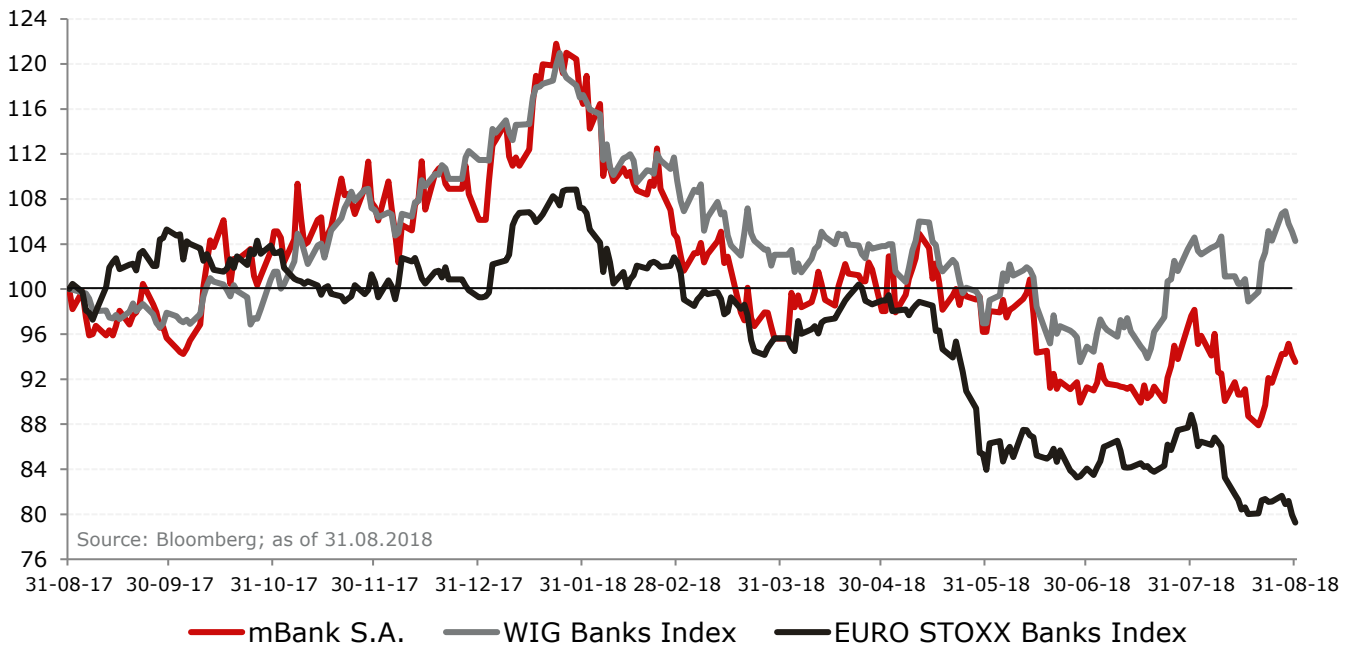


### Share price performance summary

In August mBank's share price declined by 4.21%, while the WIG-Banks index increased marginally by 0.16%. The EURO STOXX Banks Index dropped by 10.77% 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%	-11.91%
WIG Banks Index	+2.60%	+13.84%	+35.42%	-7.55%	-7.93%	-6.46%
EURO STOXX Banks Index	+5.30%	-5.71%	+10.89%	-3.67%	-12.13%	-20.17%

### 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	3 383	+7.9%	3 673	+8.6%
Net F&C income	906	992	1 028	+3.7%	1 078	+4.8%
<b>Total income</b>	<b>4 295</b>	<b>4 454</b>	<b>4 910</b>	<b>+10.3%</b>	<b>5 140</b>	<b>+4.7%</b>
<b>Total costs</b>	<b>-1 963</b>	<b>-2 043</b>	<b>-2 122</b>	<b>+3.9%</b>	<b>-2 186</b>	<b>+3.0%</b>
LLPs	-365	-508	-593	+16.9%	-633	+6.6%
<b>Operating profit</b>	<b>1 967</b>	<b>1 903</b>	<b>2 195</b>	<b>+15.4%</b>	<b>2 321</b>	<b>+5.8%</b>
<b>Net profit</b>	<b>1 219</b>	<b>1 092</b>	<b>1 335</b>	<b>+22.3%</b>	<b>1 412</b>	<b>+5.7%</b>
Net loans	81 763	84 476	90 561	+7.2%	95 334	+5.3%
Assets	133 744	131 424	139 560	+6.2%	146 193	+4.8%
Deposits	91 418	91 496	99 386	+8.6%	104 759	+5.4%

Contributing research by: Citi Research, Deutsche Bank, DM BOŚ, BZ WBK Brokerage, PKO BP Securities, Erste Group, Ipopema, Haitong, 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: mBank issues EUR 500 million of 4-year bonds under EMTN programme**

On August 29, 2018, mBank successfully launched a new 4-year EUR 500 million Senior Unsecured transaction. It was marketed during a two-day roadshow in Frankfurt and London. The bonds, maturing in 2022, were priced at a level of Mid Swaps + 90bps and the coupon was set at 1.058% per annum. Bookrunners were Commerzbank, HSBC, J.P. Morgan, Morgan Stanley, UBS.

The transaction settlement date is September 5, 2018. The tranche is rated at "BBB+" by S&P Global Ratings and at "BBB" by Fitch Ratings. Bonds will be listed on Bourse de Luxembourg.

Issuer	mBank S.A.
Format	Senior Unsecured Debt out of EMTN programme
Issue rating	BBB (Fitch) / BBB+ (S&P)
Issue size	EUR 500 million
Settlement date	5 September 2018
Maturity date	5 September 2022
Reoffer spread	MS+90bps
Coupon	1.058% p.a.
Listing	Bourse de Luxembourg

Three other EUR-denominated bonds maturing in 2019, 2020 and 2021 as well as three CHF-denominated tranches maturing in October 2018, 2022 and in 2023 are currently outstanding.

**Key news regarding mBank Group**
**mBank's analysts found composition of Poland's 2Q'18 GDP growth surprising**


GDP in 2Q'18 rose by 5.1% YoY, roughly in line with market consensus. On a sequential basis, the growth decelerated from 1.6% to 0.9% QoQ, but its pace remained brisk. Dynamics of household consumption went up by 4.9% YoY. The Easter effects that weighed so heavily on 2Q'18 retail sales did not impact overall household spending. Investments disappointed with an expansion of 4.5% YoY.

CPI inflation held steady at 2.0% YoY in July. Prices of food and non-alcoholic beverages were down by 0.7% MoM, residential energy prices rose by a small amount (+0.1% MoM), and fuel price growth amounted to 0.7% MoM. In the coming months inflation is set to fall on strong base effects, and mBank's analysts forecast that it will reach 1.3% YoY in December 2018. The data will be seen as neutral by the MPC. Fast, noninflationary growth is a confirmation of the Council's enduring optimism, not a cause for concern.

Employment in the enterprise sector rose in July by 3.5% YoY, a tad lower than market consensus. On a monthly basis exactly 9 thousand jobs were created. General picture remains unchanged. Lack of skilled workers and lower influx of migrants from Ukraine will be prolonging time to fill vacancies, thus dampening employment growth in the following months. In July average gross wage decelerated from 7.5% to 7.2% YoY, below the market consensus of 7.6% YoY. In the coming months real wage growth will be supported by falling inflation. These factors continue to underpin fast consumption growth.

Industrial output rose by 10.3% YoY in July. The sizable acceleration from the previous month is a result of favourable calendar and low base. Adjusted for seasonal effects, it was unchanged on a monthly basis. Furthermore, industrial production continues to be boosted by strong energy output driven by high temperatures – in July it rose by 15.9% YoY. From the fundamental side, the looming downtrend in industrial output growth can be associated with weaker demand from Western European trading partners and stabilization of domestic demand.

Construction sector grew in July by 18.7% YoY, below market consensus of 22.3%. On a monthly basis, after seasonal adjustment, it contracted by 1%, thus ending 2-month period of solid growth (ca. 2.5% MoM). Incoming local government elections boosted previous releases, leaving a hole afterwards. This could be inhibiting growth in the next few months. It could be retracted also by labour shortages and failed tenders for public investment (due to unrealistically low prices).

Retail sales growth amounted to 9.3% YoY in July. The downside surprise in food sales (and hypermarket sales) was balanced by higher increase of auto sales (>10% YoY). Overall, core retail sales stayed unchanged that supports predictions of high consumption growth in the quarters to come. Strong labour market, rising consumer sentiment and low leverage are still the same arguments in favour of such development.

Real activity data for July have more or less come in line with expectations, any surprise must be deemed as insignificant. However, there are several conclusions to be drawn. First, the long-awaited peak in GDP growth most likely occurred in 1H'18 and subsequent readings are set to fall below 5% YoY. The average for the whole year should land at 4.9% or 5.0% YoY. Second, construction output growth, led to some extent by pre-election local government spending and constrained by supply issues, is no longer accelerating. Moreover, there is still no evidence of a sustained rebound in machinery spending and investment by private enterprises. In addition, household consumption continues to be the key engine of growth, with solid consumer spending, sky-high sentiment and real wage bill decelerating just barely. Only resurgent inflation has the potential to upend the dovish status quo within MPC.

**Forthcoming corporate access events**

10-11.09.2018	Pekao's 15th Annual Emerging Europe Investment Conference in Warsaw
25-26.09.2018	23rd Annual Financials CEO Conference by BoA Merrill Lynch in London

**Forthcoming reporting events**

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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