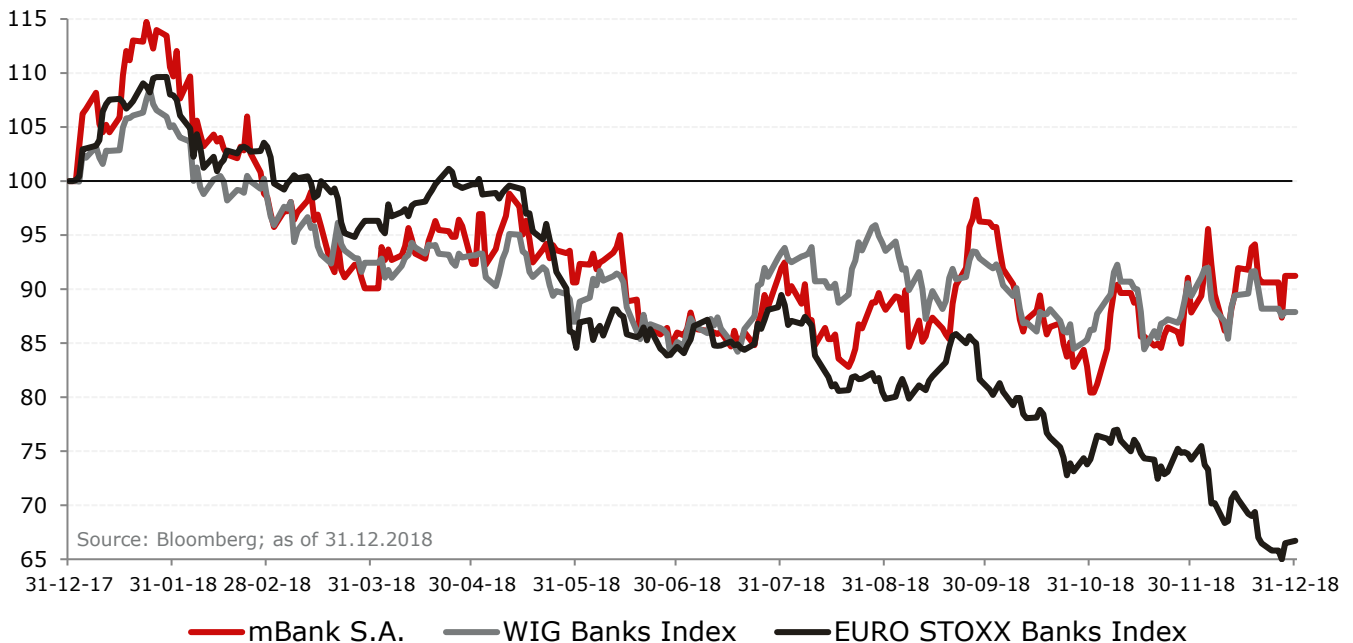


Share price performance summary

In December mBank's share price increased by 3.87%, while the WIG-Banks index went down by 1.66%. The EURO STOXX Banks Index declined by 10.13% in the same period.

Last 12 months – chart



change in the period	2017	1Q'18	2Q'18	3Q'18	4Q'18	2018
mBank	+38.70%	-9.94%	-4.54%	+11.96%	-5.23%	-8.77%
WIG Banks Index	+35.42%	-7.55%	-7.93%	+9.10%	-5.37%	-12.12%
EURO STOXX Banks Index	+10.89%	-3.67%	-12.13%	-3.53%	-18.31%	-33.29%

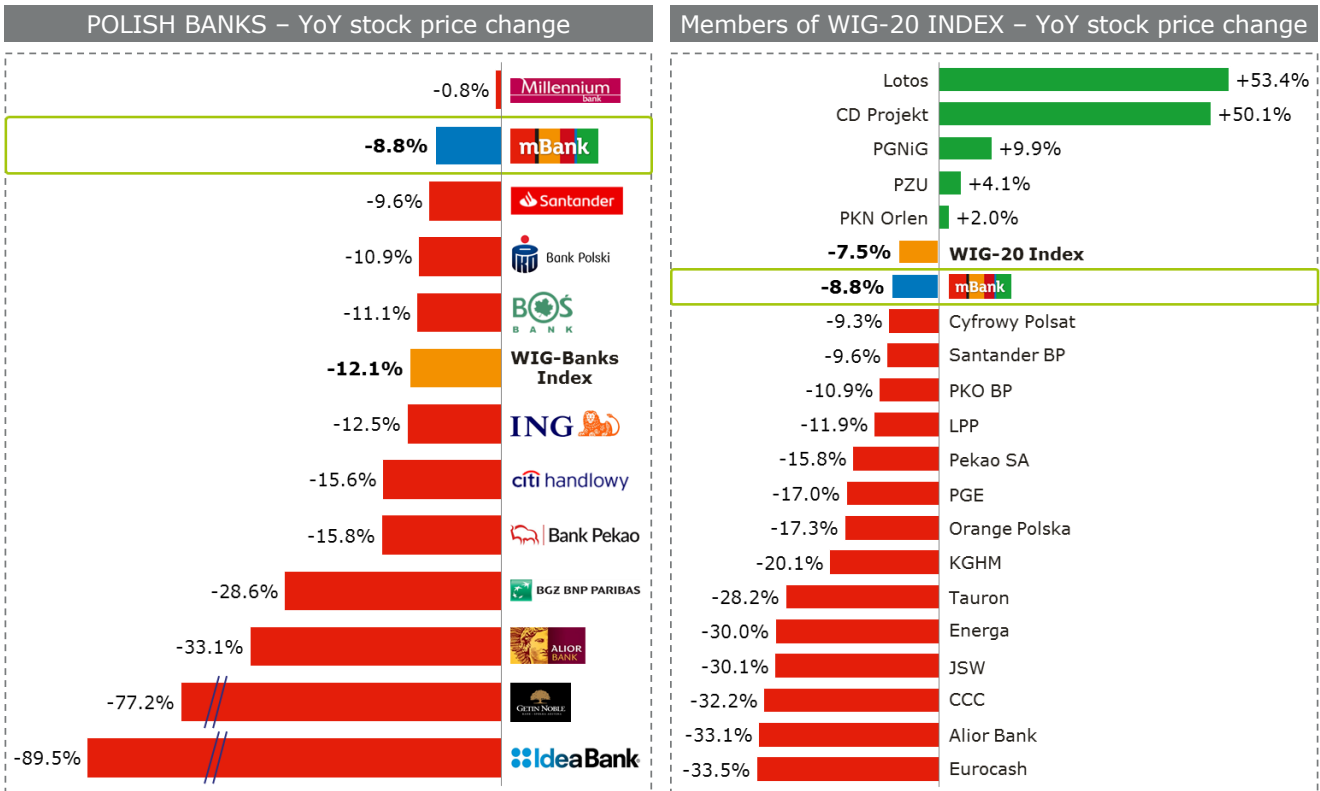
Consensus estimates for mBank Group's results

Financials (in PLN M)	2016	2017	2018E		2019E	
			estimate	Δ vs. 2017	estimate	Δ vs. 2018E
Net interest income	2 833	3 136	3 427	+9.3%	3 749	+9.4%
Net F&C income	906	992	1 018	+2.6%	1 054	+3.6%
Total income	4 295	4 454	4 957	+11.3%	5 178	+4.5%
Total costs	-1 963	-2 043	-2 140	+4.8%	-2 217	+3.6%
LLPs	-365	-508	-650	+28.0%	-690	+6.3%
Operating profit	1 967	1 903	2 167	+13.9%	2 270	+4.7%
Net profit	1 219	1 092	1 309	+19.9%	1 360	+3.9%
Net loans	81 763	84 476	91 316	+8.1%	96 359	+5.5%
Assets	133 744	131 424	143 237	+9.0%	150 539	+5.1%
Deposits	91 418	91 496	102 191	+11.7%	107 976	+5.7%

Contributing research by: Citi Research, Deutsche Bank, DM BOŚ, Santander 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: 2018 share price performance summary



Source: Bloomberg.

Key news regarding mBank Group

mBank's economists find growth momentum in Poland slowing down



There are indications that the boost from public investment and inventories in 3Q'18 might have been transient or at least will fade somewhat in the final quarter of 2018. As a result, GDP growth will likely drift to 4.8% YoY in 4Q'18 and ca. 4% in 2019. Inflation in the end of the year should stay around the level of 1.2%, which will be a strong argument for the MPC to maintain the status quo.

The surprisingly strong 3Q'18 GDP figure of 5.1% YoY was confirmed. Household consumption finally slowed down materially for the first time in many quarters and grew by 4.5% YoY (compared to 4.9% YoY in 2Q'18). This does not mean that Poland's consumer boom is over, but rather that consumption is shifting to a different equilibrium with modestly slower growth, while its foundations are still intact. Investment surprised to the upside, having grown by 9.9% YoY, which is the best result since early 2015 (boosted by spending of local governments ahead of the elections and public sector). At the same time, investment of private companies slowed down significantly in 3Q'18. The change in inventories proved to be a large positive contributor to 3Q'18 GDP figure. This category added 1 p.p. to the growth in annual terms and includes both pre-WLTP purchases of cars by dealers and the likely effects of unanticipated negative demand shock from abroad. Net exports subtracted 0.9 p.p. from GDP growth.

Inflation in November fell surprisingly to 1.3% YoY from 1.8% YoY in October, while the consensus was at 1.6%. Partly, it is due to the fuel prices (the final reading reached +0.8% MoM, impacted by high statistical base from the previous year), relatively low energy prices

(+0.2% MoM) and very low dynamics of food prices (0.0% MoM). The remaining divergence compared to the forecast came from development of core categories. Core inflation decelerated to 0.7% YoY in November, from 0.9% YoY recorded in October.

Employment in the enterprise sector grew by 3.0% YoY in November, in line with market consensus. Lower dynamics resulted from the base effect of previous year (record-high increase in employee count in 2017). In absolute terms there were 5 thousand posts added, which was the worst result since November 2013. Slowdown of the employment dynamics is a consequence of both supply (increasing problems with finding workers and extending searching time) and demand (confirmed in a whole cross-section set of macro indices) factors.

Average gross wage rose by 7.7% YoY in November, above the market expectations of 7.1-7.2% YoY. However, it is still indicative of a stable growth rate, not of significant acceleration. Another wave of wage hikes, pushing its growth rate above 8% is simply not happening. It might change next year, when Germany liberalizes its labour market for Ukrainian workers and the resulting outflow of migrants exacerbates the persistent supply problems in Poland. Solid wage growth coupled with markedly lower inflation has boosted real income growth and it should ensure a smooth and gentle deceleration in household consumption.

Industrial output increased by 4.7% YoY, a bit above market expectations of 4.0% YoY. The slowdown from October's reading of 7.4% YoY is a result of less favourable calendar. On a monthly basis, industrial production rose by 0.1% MoM (seasonally adjusted), therefore its momentum is quite low. The fundamentals of Polish industry remain unchanged, though. The world economy has slowed down considerably and the trend shows no signs of abating, let alone reversing, but domestic demand continues to support the situation in Poland.

Construction output in November was higher by 17.1% compared to the previous year, and close to the market consensus of 16.5% YoY. As in October, in favour of this reading acted good weather (dry and warm month), while it could be limited by additional non-working day and a high base from 2017. The largest annual growth was recorded in civil engineering works (20.4% YoY) and specialized construction activities (18.4% YoY).

From the MPC's point of view the data continue to be neutral for monetary policy outlook. With short-term indicators consistent with recent projections and widespread doubts about the link between output gap and inflation, the status quo might only be changed by actual buildup of inflationary (demand-pull) pressures. Based on current data and forecasts, it is highly unlikely that inflation would reach alarming levels in 2019.

mBank among the companies included in the RESPECT Index again

On December 12, 2018, the Warsaw Stock Exchange announced a new composition of the RESPECT Index, consisting of the companies which are highly praised for their activities for the environment, society and employees. Following an annual review, a number of index members in the 12th edition increased to 31, compared to 28 participating companies in the previous year. mBank's inclusion in the RESPECT Index has confirmed the effectiveness of our CSR initiatives.

The RESPECT Index is Central and Eastern Europe's first social responsibility index. The project was initiated by the Warsaw Stock Exchange in 2009 when the first index composition was published. The RESPECT Index portfolio covers Polish and foreign companies listed on the WSE Main Market. The participating companies are screened in a three-step process by WSE and the Association of Listed Companies (SEG) in a review of their market communications, including current and periodic reports as well as corporate websites, while social responsibility is evaluated in a survey by the project auditor. Index participants are selected on the basis of a score won in the assessment.

Forthcoming corporate access events

18-19.03.2019	CEE Capital Markets Conference by PKO Securities and GPW in London
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Forthcoming reporting events

07.02.2019	Selected non-audited financial data of mBank Group for Q4 2018
27.02.2019	Annual Financial Report of mBank Group for 2018
30.04.2019	mBank Group Financial Report for Q1 2019
30.07.2019	Semi-annual Financial Report of mBank Group for H1 2019
30.10.2019	mBank Group Financial Report for Q3 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

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

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