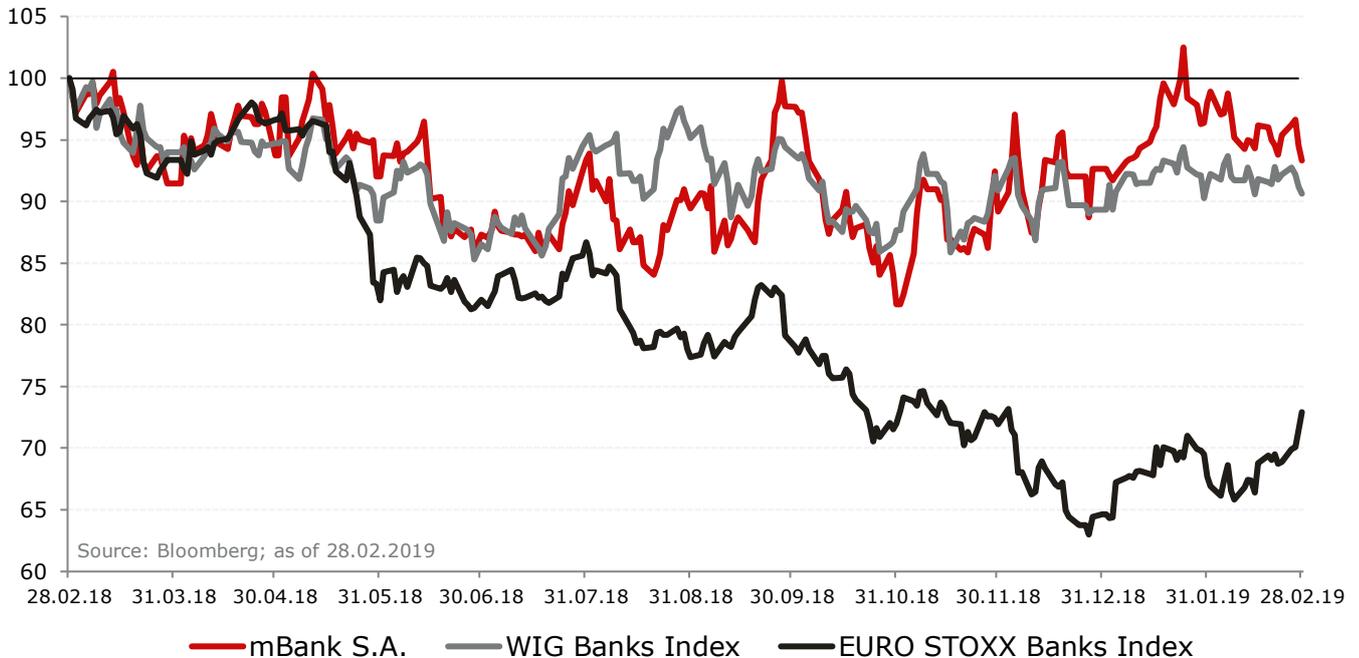


Share price performance summary

In February mBank's share price declined by 4.81%, while the WIG-Banks index went down by 0.85%. The EURO STOXX Banks Index increased by 7.70% in the same period.

Last 12 months – chart



change in the period	1Q'18	2Q'18	3Q'18	4Q'18	2018	2019yTD
mBank	-9.94%	-4.54%	+11.96%	-5.23%	-8.77%	+0.75%
WIG Banks Index	-7.55%	-7.93%	+9.10%	-5.37%	-12.12%	+1.40%
EURO STOXX Banks Index	-3.67%	-12.13%	-3.53%	-18.31%	-33.29%	+12.79%

Consensus estimates for mBank Group's results

Financials (in PLN million)	2017	2018	2019E		2020E	
			estimate	Δ vs. 2018	estimate	Δ vs. 2019E
Net interest income	3 136	3 496	3 785	+8.2%	4 098	+8.3%
Net F&C income	992	976	1 028	+5.3%	1 081	+5.1%
Total income	4 454	5 059	5 185	+2.5%	5 553	+7.1%
Total costs	-2 043	-2 164	-2 239	+3.5%	-2 322	+3.7%
LLPs	-508	-694	-716	+3.1%	-789	+10.1%
Operating profit	1 903	2 201	2 229	+1.3%	2 443	+9.6%
Net profit	1 092	1 316	1 330	+1.0%	1 471	+10.6%
Net loans	84 476	94 723	97 159	+2.6%	101 246	+4.2%
Assets	131 424	145 750	151 615	+4.0%	158 001	+4.2%
Deposits	91 496	102 009	109 469	+7.3%	113 310	+3.5%

Contributing research by: Citi Research, DM BOŚ, PKO Securities, Erste Group, Haitong Bank, IPOPEMA, KBW, Pekao Investment Banking, Raiffeisen Centrobank, Santander Brokerage, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

Note: total income includes a one-off gain on the sale of an organised part of enterprise of mFinance (PLN 219.7 million) in 2018.

Special topic: Summary of mBank's market shares as of 31.12.2018

MARKET SHARES in Poland	12.2018	change [in p.p.]		
		MoM	QoQ	YoY
Non-financial sector				
Loans	6.5%	+0.02	+0.04	+0.18
Deposits	7.0%	-0.17	-0.04	+0.15
Enterprises				
Total loans	6.6%	0.00	+0.03	+0.20
Total deposits	9.0%	-0.89	-0.65	-0.56
Current deposits	10.5%	-0.42	-0.18	-0.35
Term deposits	7.0%	-2.27	-2.05	-1.60
Households				
Total loans	6.5%	+0.03	+0.05	+0.17
Mortgage loans	6.9%	+0.02	+0.02	+0.01
PLN	4.4%	+0.06	+0.12	+0.43
FX	13.0%	-0.01	-0.02	-0.11
Non-mortgage loans	5.8%	+0.03	+0.09	+0.41
Total deposits	6.4%	+0.06	+0.14	+0.46
Current deposits	7.6%	+0.03	+0.07	+0.21
Term deposits	4.4%	+0.10	+0.21	+0.58

- Market share in corporate loans improved by 0.2 p.p. compared to the end of 2017
- Market share in total housing loans impacted by the constant reduction of FX mortgage portfolio
- Market share in non-mortgage lending on growth trajectory
- Market share in total retail deposits has continued to increase on inflows to current accounts, confirming high transactionality of mBank's clients, and also term deposits

Source: mBank's calculation based on data published by the National Bank of Poland (monetary reporting system – MONREP).

Key news regarding mBank Group
mBank's economists see the slowdown set to continue, despite good January's data


Poland's GDP rose by 4.9% YoY in 4Q'18. The final quarter showed a weaker growth of 0.5% QoQ on a seasonally adjusted basis, what is consistent with signals sent by monthly activity data. Both household consumption and investment slowed down visibly. The February meeting of the Monetary Policy Council brought no changes to interest rates and the members are now talking about holding them steady until 2021.

According to the preliminary reading, inflation declined from 1.1% to 0.9% YoY in January, a tad below market consensus of 1.0% YoY. However, due to high uncertainty related to the behaviour of administered prices and the reaction of stickier corporate prices to last year's run-up in labour and commodity costs, the margin of error has always been high. Final data will be published in mid-March, along with the revised CPI basket. The probable correction of energy prices, together with high base effects from the previous year should result in sharp acceleration of inflation in the following months. mBank's economists estimate it to grow to even 1.8-1.9% in February and March.

In January industrial output increased by 6.1% YoY, smashing expectations of ca. 4% YoY. Production accelerated despite the stable YoY arrangement of working days and negative signals sent by multiple indicators, from soft and hard European data, through industrial sentiment indicators from Markit and Statistics Poland. On a monthly basis, industry rose by

1.7% MoM, which is the best result since May last year. The usual list of slowest growing industries did not contain any export-oriented ones.

Construction output rose by 3.2% YoY, significantly below market consensus of ca. 8% YoY. The key factor behind the slowdown is the massive (more than 8 p.p.) statistical base from the previous January (1Q'18 was this investment cycle's strongest quarter). Output grew by 3.2% MoM on a seasonally adjusted basis, despite the unfavourable weather conditions prevailing throughout most of the month. Based on EU fund flows and contracts, local government investment plans and progress in road and railway tenders, mBank's economists judge that public investment will rise only slightly this year (compared to ca. 30% YoY in 2018), implicating slower construction output growth.

Retail sales went up by 5.2% YoY in constant prices, matching market consensus. Food sales rebounded strongly after the weak December (from -1.4% to 6.1% YoY). Fuel sales slowed down less than anticipated due to higher real sales. Sales in other non-specialized stores failed to accelerate, perhaps due to a smaller number of trading Sundays. The 'other' category (mostly building materials) decelerated hard, from 10.9% to 4.9% YoY, likely the lagged effect of lower housing sales in 2018.

In January corporate employment rose by 2.9% YoY, compared to market consensus of 2.0% YoY. While this print is an upside surprise, one has to remember that annual resampling (due to corporates that gained or lost employees in the previous year and either entered or quit the 9+ sample) remains the key factor influencing the MoM change in employment at the turn of the year. Average gross wage increased by 7.5% YoY, beating estimates of 6.8-6.9% YoY. The acceleration from weaker December (6.1% YoY) can be attributed to low base effects in manufacturing wages, while the surprise itself is a result of higher mining bonuses or stronger-than-anticipated wage hikes in certain service sectors. The trend in nominal wage growth has remained flat for 1.5 years.

Real sphere data for January generally surprised to the upside. To some extent, this likely the mirror image of the weak December, not a change in trend. The latter is still a downward one, as seen in filtered industrial and retail data. In addition, construction output was the sole exception (large negative surprise) and the behaviour of this sector is one of the key factors influencing the GDP figure in 1Q'19. mBank's economists believe that the growth is likely to decelerate harder and less smoothly than most forecasters do, and see sub-4% reading for the quarter. Interest rates will remain flat for the foreseeable future.

Contribution to the Bank Guarantee Fund goes up for mBank Group in 2019

In connection with the information of the Bank Guarantee Fund (BFG) published on February 21, 2019, concerning the total amount of contributions to the bank guarantee fund and the resolution fund to be paid by banks in 2019, mBank estimates that the total BFG contribution to be paid by the Group this year will amount to approx. PLN 256 million (on the basis of payment structure in 2018). The estimated amount to be included in the costs of the first quarter of 2019 will amount to approx. PLN 215 million, including the annual contribution to the resolution fund amounting to PLN 202 million.

In the first quarter of 2018, the total mBank Group's contribution to the BFG amounted to PLN 117.3 million, including PLN 97.1 million for the resolution fund and PLN 20.2 million for the bank guarantee fund.

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

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
06.02.2020	Selected non-audited financial data of mBank Group for Q4 2019
03.03.2020	Annual Financial Report of mBank Group for 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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