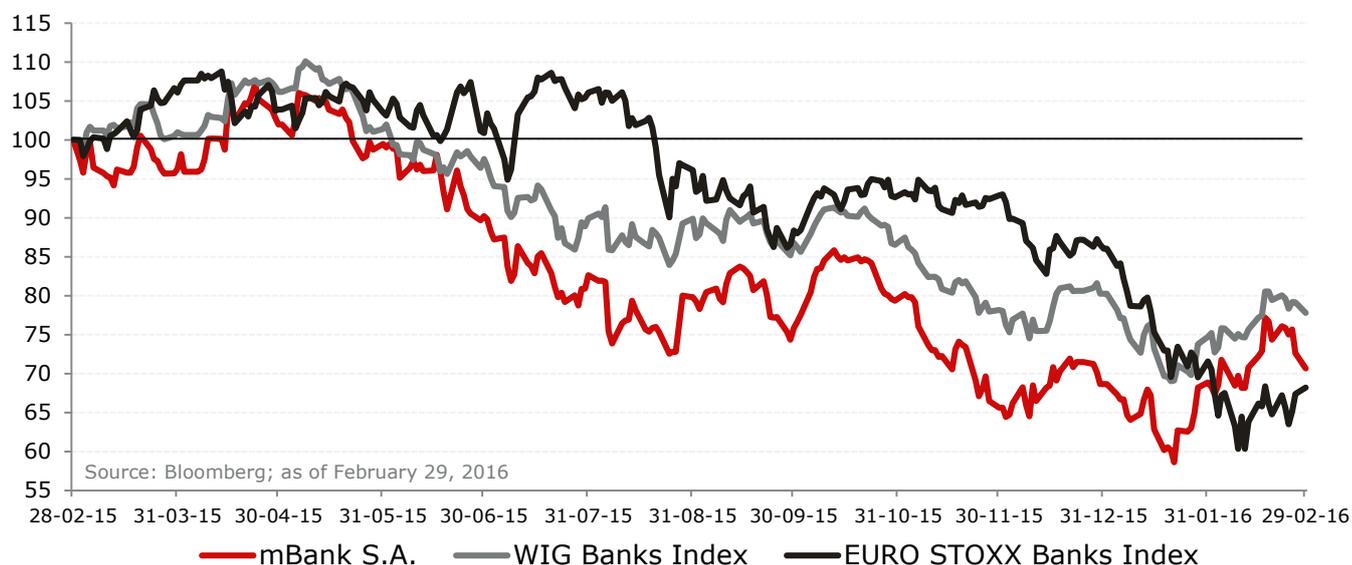


**Share price performance summary**

In February mBank's share price increased by 2.57%, while the WIG-Banks index went up by 4.08%. The EURO STOXX Banks Index declined by 4.67% in the same period.

**Last 12 months – chart**


| change in the period   | 1Q'15   | 2Q'15  | 3Q'15   | 4Q'15  | 2015    | 2016YtD |
|------------------------|---------|--------|---------|--------|---------|---------|
| mBank                  | -11.58% | -6.29% | -15.91% | -9.51% | -36.95% | +2.90%  |
| WIG Banks Index        | -3.78%  | -3.42% | -11.04% | -7.51% | -23.54% | -3.07%  |
| EURO STOXX Banks Index | +17.20% | -4.91% | -12.39% | -2.64% | -4.94%  | -20.71% |

**Consensus estimates for mBank Group's results**

| P&L item<br>(in PLN M)   | 2014          | 2015          | 2016E         |               | 2017E         |              |
|--------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
|                          |               |               | estimate      | Δ vs. 2015A   | estimate      | Δ vs. 2016E  |
| Net interest income      | 2 491         | 2 511         | 2 650         | +5.5%         | 2 872         | +8.4%        |
| Net F&C income           | 902           | 897           | 959           | +6.8%         | 1 013         | +5.7%        |
| <b>Total income</b>      | <b>3 939</b>  | <b>4 093</b>  | <b>4 141</b>  | <b>+1.2%</b>  | <b>4 365</b>  | <b>+5.4%</b> |
| <b>Costs</b>             | <b>-1 771</b> | <b>-2 054</b> | <b>-2 002</b> | <b>-2.6%</b>  | <b>-2 046</b> | <b>+2.2%</b> |
| LLPs                     | -516          | -421          | -473          | +12.3%        | -533          | +12.6%       |
| <b>Profit before tax</b> | <b>1 653</b>  | <b>1 618</b>  | <b>1 633</b>  | <b>+0.9%</b>  | <b>1 774</b>  | <b>+8.6%</b> |
| <b>Net profit</b>        | <b>1 287</b>  | <b>1 301</b>  | <b>1 044</b>  | <b>-19.7%</b> | <b>1 145</b>  | <b>+9.7%</b> |
| Loans                    | 74 582        | 78 434        | 84 668        | +7.9%         | 89 132        | +5.3%        |
| Assets                   | 117 986       | 123 523       | 129 540       | +4.9%         | 134 759       | +4.0%        |
| Deposits                 | 72 422        | 81 141        | 84 308        | +3.9%         | 89 047        | +5.6%        |

Contributing research by: Citi Research, Deutsche Bank, Millennium DM, ING Securities, BZ WBK Brokerage, Ipopema, Raiffeisen, Wood & Company, PKO Securities, Erste Group, Haitong Bank, DM Banku BPS, Goldman Sachs, BOŚ DM, BoA Merrill Lynch, J.P. Morgan, Pekao IB, Trigon DM, Vestor DM.

Note: 2015 costs of mBank Group included an additional contribution to the Bank Guarantee Fund (PLN 141.7 million) to cover the cost of payments to deposit holders of bankrupt Cooperative Bank in Wołomin and a contribution to the support fund for distressed mortgage borrowers (PLN 52.1 million).

### **Special topic: mBank was unrivalled at Mobile Trends Awards 2015**



In mid-February 2016, the prestigious prizes Mobile Trends Awards for outstanding projects in the field of mobile technology were granted for the fifth time. This year the jury selected winners among 68 nominees in 17 categories. mBank won in two of them: (i) "mobile banking" for mobile banking application, and (ii) "company supporting the development of mobile technologies" for mobile mTransfer (together with PayU).

mBank also gained two another statuettes at the gala. The next distinctions were special awards from the customers, who voted via the Internet. mBank took the first place for its mobile banking application and the second place for mobile mTransfer. At the same time the bank proved that its services are even better than the solutions offered by the most popular brands from other areas like restaurants, games, education, e-commerce or health and sport.

In addition, in the plebiscite of Business Traveller magazine mBank's credit card with a special loyalty programme Miles & More Premium allowing for exchanging miles for airline tickets was recognized the best for a traveling businessman.

### **Key news regarding mBank Group**

#### **mBank's analysts see the Polish growth story remaining intact**



The final set of January data managed to upset consensus forecasts in every possible way – while labour market data came out firmly on the upside, real activity data (industrial and construction output, retail sales) surprised to the downside across the board. A closer look at the data reveals multiple distortions and the underlying trend is probably still very positive and unlikely to change materially in the coming weeks.

Moreover, even though no hard data has come out yet, there are positive signals from the fiscal sphere and the government seem determined to bridge the VAT gap as soon as possible.

Average gross wage increased by 4.0% YoY in January and the reading is consistent with recent trend of 3.5-4.0% annual growth. mBank's analysts expect this to steepen later this year as labour market tightening begins to bite as a result of demographic changes and the negative impact of the upcoming child subsidy programme on labour supply (especially in the lowest decile of wage income distribution). Consequently, wage growth will accelerate to 5% this year.

Employment grew by as 2.3% on annual basis, much above market consensus of 1.5%. However, this jump has little to do with actual hiring in January and almost everything with annual resampling done by the Central Statistical Office.

January industrial output rose by 1.4% YoY vs. 6.7% recorded in December. Positive annual growth rates were recorded in 21 out of 34 industry sections and were mainly driven by exports orders. Negative yearly dynamics were most striking in production of remaining transport vehicles pointing to correction of a surge recorded in the previous month.

Construction output fell by 8.6% YoY in January, much below market consensus of -3.9%. This figure should not have been overinterpreted as the typical range of variation of January output growth is very large. Nevertheless, there's no reason for optimism either. Construction is dragged down by a deep contraction in local government investment (by 25%) and a slowdown in office and retail investment. Strong growth in road and residential investment is merely compensating the abovementioned sources of weakness.

Retail sales also surprised to the downside, growing by 0.9% YoY. Several factors contributed to the slowdown, including softer car sales (from 16.7% to 2.2% YoY), weaker fuel sales and slow growth in books and newspaper sales. Most durable goods categories showed no signs of slowdown. Thus, the view on consumption remains unchanged – due to the strong nominal income growth mBank's economists expect consumption to accelerate to 4% YoY this year.

CPI inflation amounted to -0.7% YoY in January. It was a preliminary reading, subject to revision due to changing basket weights. Fuel and transport services prices declined, accompanied by lower residential energy prices. The next months are bound to bring a gradual increase in inflation due to base effects, exchange rate pass-through, slight increase in fuel prices, higher path of food prices, a continuous acceleration in services. Inflation will return to positive values in Q3 2016.

MPC has already taken the prolonged period of deflation into its baseline scenario. Interest rate cuts are still about adjusting the restrictiveness of monetary policy to the deflationary global environment and to quantitative easing in the Eurozone, taking into account exchange rate stability. However, CPI releases such as January's reading could build up expectations for monetary easing in Poland and should support Polish government bonds.

### **mBank's Private Banking appreciated by Euromoney**



mBank's Private Banking for the eighth time was appreciated by the prestigious British magazine Euromoney in the category "Best private banking services overall in Poland". The ranking was based primarily on the judgment of experts and professionals, who evaluated nearly 450 institutions from around the world, with a particular emphasis on the qualitative and quantitative factors.

Apart from the main prize, mBank was also recognized in the six subcategories, taking in them the first places: (i) Net-worth-specific services (for Ultra High Net Worth clients - greater than USD 30 million), (ii) Net-worth-specific services (for High Net Worth clients - USD 5 million to USD 30 million), (iii) Net-worth-specific services (for Super affluent clients - USD 1 million to USD 5 million), (iv) Asset Management, (v) Commercial Banking Capabilities, and (vi) Succession Planning Advice and Trusts.

The ranking published by Euromoney has become a reliable guide for clients where they can find in one place such information as banks' assets under management, the offered services and the principles of cooperation with the customers.

**Forthcoming corporate access events**

- March 15-17, 2016: Morgan Stanley 11<sup>th</sup> Annual European Financials Conference in London
- March 15-17, 2016: CEE Capital Day in London organized by GPW and DM PKO BP
- March 16-18, 2016: Roadshow in the U.S.

**Forthcoming reporting events**

- April 28, 2016: mBank Group Financial Report for Q1 2016
- July 28, 2016: Semi-annual Financial Report of mBank Group for H1 2016
- October 26, 2016: mBank Group Financial Report for Q3 2016

**mBank's shares:**

|                         |                                |
|-------------------------|--------------------------------|
| ISIN                    | PLBRE0000012                   |
| Bloomberg               | MBK PW                         |
| Number of shares issued | 42 238 924                     |
| Listed on WSE since     | 06.10.1992                     |
| Relevant WSE indices    | WIG, WIG-30, WIG-20, WIG-Banks |

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