

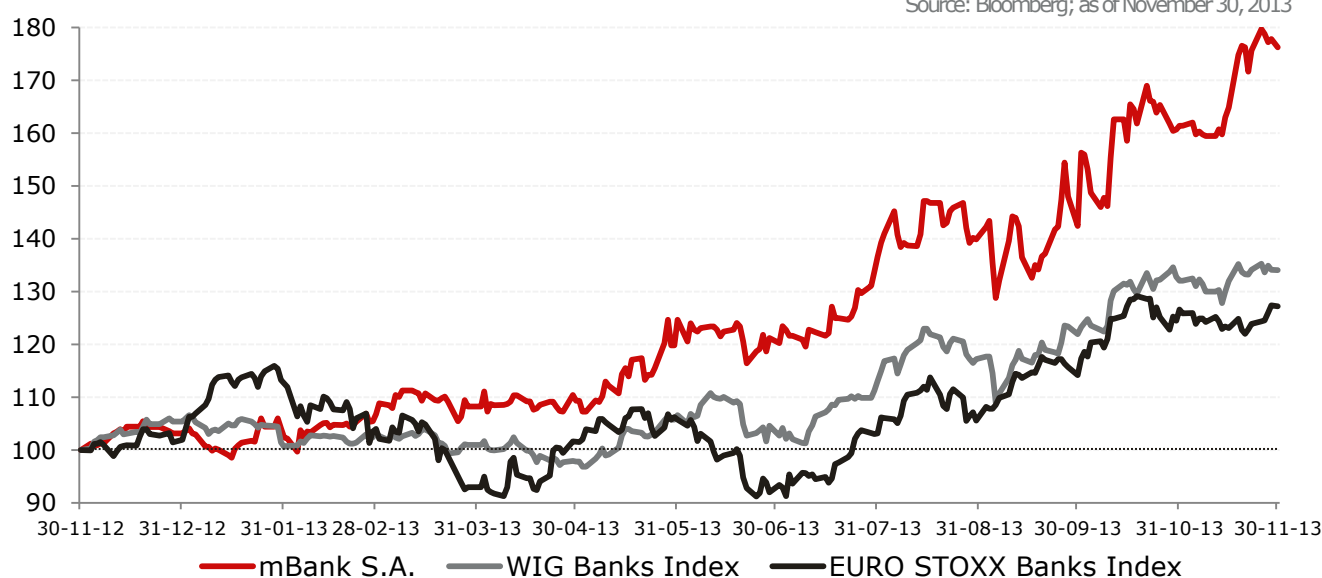
Note: Due to rebranding process, the Bank's ticker on the WSE changed to **MBK**.

### **Share price performance summary**

In November mBank's share price increased by 9.22%, while the WIG Banks index increased by 1.54%. The EURO STOXX Banks Index increased by 0.47% in the same period.

#### **Last 12 months – chart**

Source: Bloomberg; as of November 30, 2013



<i>change in the period</i>	Q4'12	2012	Q1'13	Q2'13	Q3'13	YtD
BRE Bank	+3.23%	+32.52%	+4.91%	+11.99%	+17.52%	+70.86%
WIG Banks Index	+5.87%	+22.64%	-4.20%	+3.60%	+16.58%	+27.18%
EURO STOXX Banks Index	+10.63%	+11.98%	-8.81%	-1.04%	+24.11%	+24.76%

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

P&L item (in PLN M)	2011FY	2012FY	2013E		2014E	
			estimate	Δ vs. 2012A	estimate	Δ vs. 2013E
Net interest income	2 167	2 234	2 135	-4.4%	2 342	+9.7%
F&C income	840	840	843	+0.4%	883	+4.7%
<b>Total income</b>	<b>3 521</b>	<b>3 578</b>	<b>3 552</b>	<b>-0.7%</b>	<b>3 789</b>	<b>+6.7%</b>
<b>Costs</b>	<b>-1 680</b>	<b>-1 661</b>	<b>-1 701</b>	<b>+2.4%</b>	<b>-1 753</b>	<b>+3.1%</b>
LLPs	-373	-445	-443	-0.3%	-460	+3.7%
<b>Profit before tax</b>	<b>1 467</b>	<b>1 472</b>	<b>1 406</b>	<b>-4.5%</b>	<b>1 572</b>	<b>+11.8%</b>
<b>Net Income</b>	<b>1 135</b>	<b>1 203</b>	<b>1 128</b>	<b>-6.3%</b>	<b>1 253</b>	<b>+11.1%</b>
Loans	67 852	67 059	70 976	+5.8%	75 299	+6.1%
Assets	98 876	102 266	106 573	+4.2%	111 684	+4.8%
Deposits	54 244	57 984	61 784	+6.6%	66 261	+7.2%

Contributing research (released after May 1, 2013) by: Citi Research, Deutsche Bank, Goldman Sachs, Millennium DM, BoA Merrill Lynch, Raiffeisen, UniCredit, ING Securities, DM BZ WBK, IDM SA, J.P. Morgan, Wood & Company, KBW, Morgan Stanley, PKO DM, Erste Group, Espirito Santo, DM Banku BPS.

### Special topic: mBank Group's results compared to the peer group

Item (in PLN thou.)	mBank Group's P&L in Q3 2013			mBank Group's P&L after 9M 2013		
	Q3 2013	QoQ change	Peers QoQ change	9M 2013	YoY change	Peers YoY change
Net interest income	556 355	+4.0%	+2.3%	1 595 143	-4.9%	-9.0%
Net F&C income	216 601	-2.2%	-0.7%	635 600	-1.4%	+2.7%
Total revenues	933 224	+0.7%	-2.6%	2 688 719	-2.4%	-4.9%
Total operating expense	-416 829	-0.3%	-4.2%	-1 236 407	+0.7%	-2.5%
Loan loss provisions	-173 585	+8.9%	+1.4%	-360 698	+1.4%	-7.2%
<b>Profit before tax</b>	<b>342 810</b>	<b>-1.8%</b>	<b>+0.5%</b>	<b>1 091 614</b>	<b>-6.9%</b>	<b>-4.0%</b>
<b>Net profit</b>	<b>279 066</b>	<b>+2.4%</b>	<b>0.0%</b>	<b>875 516</b>	<b>-5.9%</b>	<b>-3.4%</b>

Note: Changes for peers are an asset-weighted averages for PKO BP, Pekao SA, BZ WBK (incl. Kredyt Bank), ING BSK, Millennium and Citi Handlowy.

### Key news regarding mBank Group

One brand launched on November 25, 2013, to sum all the strengths



Has **set the standards** of state-of-the-art, comfortable and friendly retail banking

Award-winning platform **for demanding affluent** clients who appreciate high quality service and personal advisory

Full breath of highest-quality services for **corporate and private banking** clients

Now all in one place  
under one brand



## BRE Bank multi-awarded by Global Finance Magazine



In November, the Bank and its services were appreciated in many categories. Firstly, the prestigious Global Finance magazine named BRE Bank "The Best Global and CEE Corporate/Institutional Internet Bank" in the sub-category "Best Online Treasury Services" in its annual competition. This time, Bank's treasury platform iBRE FX has been considered not only as the best in the *regional (CEE)* but also *global* category.

The winners were selected based on strength of strategy for attracting and servicing online customers, success in getting clients to use web offerings, breadth of products offered, evidence of tangible benefits gained from Internet initiatives and web site functionality.

Global Finance is a specialist, international financial magazine dealing with the publication of analyses and information on the finance sector. It also organizes the annual World's Best Internet Banks Award basing on submissions from institutions that wish to be considered. This year, 250 individual banks from around the world entered the competition. The participants have been evaluated by the judging panel comprised of representatives from Infosys. The final decisions belonged to the editors of the Global Finance Magazine.



Secondly, BRE Bank was recognized within the prestigious group of safest banks in Central and Eastern Europe. The award was granted by the international specialists in the third edition of the annual ranking of the "Safest Emerging Markets Banks in Central and Eastern Europe". Institutions were examined on the basis of a comparison of total assets, liquidity management and long-term credit ratings.

The assessment provided by the agencies of Moody's, Standard & Poor's and Fitch were also taken into account. Based on these criteria, BRE Bank was classified as the sixth bank ensuring the highest safety level in the region.



Finally, on November 25, 2013, Global Finance magazine has named the World's Best Foreign Exchange Banks and Providers by country, region and category in an exclusive survey to be published in the January 2014 issue. BRE Bank has been picked for "The Best Foreign Exchange Provider in Poland". The winners were selected by Global Finance editors with input from industry analysts, corporate executives and technology experts.

The criteria for choosing the traditional and online winners included transaction volume, market share, scope of global coverage, customer service, competitive pricing as well as the usage of innovative technologies.

## mBank reached the highest NPS Index and TRI\*M Index in Retail Banking Audit



The results of Retail Banking Audit, conducted by TNS, for the third quarter of 2013, confirm that mBank's customers are among the most satisfied in the market and the brand stands out positively in comparison to other banks. In the last edition of the survey, mBank returned on the first place, with the NPS score at 35% (ahead of Millennium Bank 22% and Alior Bank 21%).

In the category for "Willingness to recommend the bank" mBank maintained the leadership position in the ranking (with the TRI\*M Index at 76), sharing them with Millennium Bank.

Net Promoter Score (NPS Index) is a tool, created by the loyalty marketing specialists, which studies the level of consumer satisfaction. While TRI\*M Index is a weighted average note of

such aspects as: general opinion of a brand, willingness to recommend it, willingness to buy its services again, and strength of brand preference (against other brands). TRI\*M Index informs how attached customers are to their bank (meaning both how satisfied they are with it and how loyal they are to it). It covers as different dimensions as emotional attachment and perceiving functional benefits.

### **mBank's analysts sustain their scenario for rate hikes in the final quarter of 2014**



The combination of rising core inflation and growth usually leads central banks to a traditional textbook reaction: monetary tightening. mBank's experts therefore think that in the current state of expectations, financial markets may be caught on the wrong foot as such adjustment may take a longer while. Nonetheless, mBank's analysts sustain their scenario of rate hikes in the final quarter of 2014, which is faster than what the markets are pricing in at the moment.

**GDP accelerated visibly.** Q3 brought GDP growth to 1.9% YoY. Growth momentum looks better and better with every passing quarter. The Polish economy embarked on an upward growth trajectory. However, compared to the upswing started in 2008 the current recovery looks more modest. So far the upswing is export-driven. Subsequent quarters are set to reveal stronger domestic demand: consumption already started to accelerate, private investment is so far limited but mBank's analysts expect companies to spend more as soon as uncertainty dissipates. Moreover, they await more expansionary fiscal policy and public investment to materialise in H2 2014. Meanwhile, Q4 GDP growth may reach 2.5% with decent momentum and statistical base effects helping to pump annual figures.

**Headline inflation drops on food prices, core inflation rises.** CPI inflation dropped in October to 0.8% YoY from 1.0% in September. The next months will be marked more and more by statistical base effects. Therefore, mBank analysts expect a gradual acceleration of headline CPI towards the NBP's target in mid-2014. mBank's analysts think it would be a good reason for the MPC to lift rates up at the end of 2014, the more so since GDP growth is set to be more sustainable until this date. The central bank is well aware that when core inflation is running close to 2% (a scenario for mid-2014), any negative supply shock in food and fuel markets may lead to substantial overshooting of headline CPI, generating a risk of anchoring inflation expectations at much higher level, especially in the environment of stronger growth and tighter labour markets.

**The data on labour market and industry saw the light.** A wage growth is forming an upward trend, notably visible in both manufacturing and total economy, excluding mining. Average wages increased by 3.1% YoY in October, beating expectations. Although wage growth remains muted, as compared to historical averages, there are signs of steepening trend in the recent data. Employment in the enterprise sector rose by 5k on a monthly basis which allowed annual growth to improve to -0.2% from -0.3% noted in the previous month.

Industrial output grew by 4.4% YoY (seasonally adjusted +3.8%), in line with consensus. Output grew in 26 branches of industry and the list involves both export-oriented and domestic-oriented sectors. As domestic demand returned to play in Q3, industrial output began to accelerate in a significant way. A good start to Q4 suggests that the economy remains on track to achieve a 2.5% YoY growth in the last three months of the year.

**Forthcoming corporate access events**

- December 16-17th, 2013: roadshow: Frankfurt, Copenhagen

**Forthcoming reporting events**

- February 6th, 2014: BRE Bank's Group Financial Report for Q4 2013
- March 4th, 2014: BRE Bank's Group Consolidated Annual Report for 2013

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 174 013
Listed on WSE since	06.10.1992
Belonging to WSE indexes	WIG, WIG-30, WIG-20, WIG-Banks
Free float	30.39%

**mBank Analyzer  
Annual Report online**



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