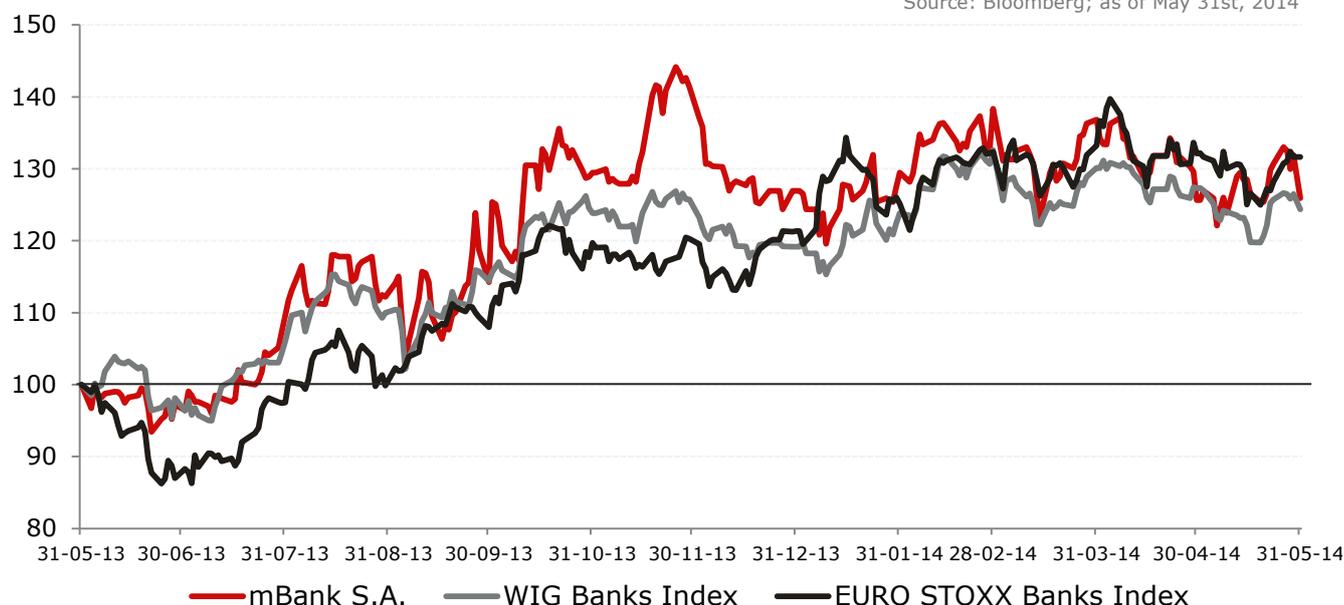


Share price performance summary

In May mBank's share price increased by 0.20%, while the WIG Banks index dropped by 2.34%. The EURO STOXX Banks Index decreased by 0.38% in the same period.

Last 12 months – chart

Source: Bloomberg; as of May 31st, 2014



change in the period	Q2'13	Q3'13	Q4'13	2013	Q1'14	YtD
mBank	+11.99%	+17.52%	+11.09%	+53.37%	+7.80%	-0.80%
WIG Banks Index	+3.60%	+16.58%	+4.18%	+20.54%	+9.18%	+4.35%
EURO STOXX Banks Index	-1.04%	+24.11%	+12.39%	+25.87%	+9.78%	+8.48%

Consensus estimates for mBank Group's results

P&L item (in PLN M)	2012FY	2013FY	2014E		2015E	
			estimate	Δ vs. 2013A	estimate	Δ vs. 2014E
Net interest income	2 280	2 226	2 416	+8.6%	2 636	+9.1%
Net F&C income	787	835	884	+5.9%	934	+5.7%
Total income	3 571	3 674	3 862	+5.1%	4 158	+7.7%
Costs	-1 661	-1 678	-1 726	+2.9%	-1 777	+2.9%
LLPs	-445	-478	-486	+1.7%	-499	+2.7%
Profit before tax	1 465	1 518	1 649	+8.6%	1 880	+14.0%
Net profit	1 197	1 206	1 317	+9.2%	1 503	+14.1%
Loans	66 947	68 210	72 746	+6.6%	78 060	+7.3%
Assets	102 145	104 283	108 719	+4.3%	114 680	+5.5%
Deposits	57 984	61 674	65 246	+5.8%	70 253	+7.7%

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

Special topic: Q1 2014 mBank Group's results compared to the peer group

Item (in PLN thou.)	mBank Group's P&L – Q1 2014			mBank Group's P&L – Q4 2013		
	Q1/14	QoQ change	Peers QoQ change	Q4/13	QoQ change	Peers QoQ change
Net interest income	591 014	+0.5%	+1.2%	588 096	+3.2%	+3.7%
Net fee & commission income	241 406	+5.5%	-5.2%	228 904	+8.6%	+5.1%
Total revenues	956 620	-0.8%	-9.1%*	964 238	+2.0%	+13.8%*
Total operating expense	(430 617)	-2.5%	-5.7%	(441 636)	+6.0%	+9.3%
Loan loss provisions	(89 487)	-23.6%	-14.7%	(117 080)	-32.6%	+17.7%
Profit before tax	436 516	+7.6%	-8.1%*	405 522	+14.4%	+17.1%*
Net profit	337 770	+7.5%	-7.2%	314 200	+8.9%	+14.9%

* The Q4/13 one-offs are NOT excluded from other income and Profit before tax: for PKO BP gains of partial eService disposal (PLN 477 M) and for BZ WBK upward revaluation of its bancassurance business with Aviva (PLN 419 M). After adjustment for analysing only recurrent results, QoQ changes are -0.7% in Q1/14 and +3.4% in Q4/13 for Total revenues and +20.0% in Q1/14 and -8.5% in Q4/13 for Gross profit.

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

Key news regarding mBank Group
mBank's analysts see monetary easing still in play due to low inflation, ECB policy and strengthening zloty


Recent stream of data confirmed yet again that the economy is growing nicely but with no inflationary pressures at all. There is, however, a twist to this story. GDP data are a rear-view mirror and, while without a doubt positive (3.3% YoY is above potential), cannot dispel fears of Ukrainian / Russian fallout since transmission of shocks takes time (currently available evidence gives still a signal that nothing materially changed).

CPI, on the other hand, is more up-to-date and the surprising drop in April (to a mere 0.3% YoY) brought deflation fears back. The drop in inflation should be attributed mainly to a fall in food prices (-0.5% MoM) and further cuts in prices of telecommunication services (-1.5% MoM). As a result, core CPI declined from 1.1% to 0.8% YoY. Low growth rates in both categories have become a familiar part of the inflation landscape and it is self-evident that Poland (just as the other CEE countries) has been importing deflation. In the next month mBank's analysts expect CPI to accelerate slightly, mainly due to the delayed effects of excise tax hike but this should not add more than 0.3-0.4 p.p. to annual CPI growth rate. Furthermore, high statistical base from last year makes another drop to the vicinity of 0.0% likely (July).

Corporate wages grew by 3.8% YoY in April, following a 4.8% increase in March. The current trend in wage dynamics is approaching 4% and will be steepening further in the following months. The real wage bill is growing at the pace of 4.2% YoY. This indicates significant acceleration of private consumption, most likely amounting to approximately 3% YoY as compared to stagnation witnessed few quarters ago. The fundamental factors driving wage growth encompass: the labour-intensive and Germany-dependent model of the Polish economy, unfavourable demographics as well as low labour costs in comparison with other European countries. These suggest that there is scope for further significant growth of wages in Poland.

Corporate employment grew by 0.7% on annual basis, slightly below market consensus. On a monthly basis, employment actually registered a tiny drop (by around 900 jobs). It is possible that the weaker-than-expected result is due to a one-off shift in seasonal hiring patterns (the lack of winter allowed for earlier start to certain seasonal jobs).

The annual dynamics of industrial output in April reached 5.4%, which is exactly the reading witnessed last month. Growth was driven mainly by export sectors and industries with close ties to the construction. The distinct feature of recent industrial production readings is the lack of significant momentum, thus it can be assumed that the Polish industrial sector is waiting for a demand impulse. The negative one (triggered by the tensions in Ukraine), seems not to be strong enough so as to derail the recovery.

mBank for the third time appreciated as the leader of service quality in the branches



In the third edition of the ranking "Quality You Can Bank On", prepared by TNS Poland in cooperation with the "Puls Biznesu" magazine, mBank was again unbeatable. Just like last year, the bank took the first place in terms of the quality of service provided in its branches. This year, the ranking was based on studies carried out in 1,550 retail branches of 21 banks and was performed using the "mystery shopper" method.

The pollsters examined the level of knowledge of the offer by the advisors, analysis of customer needs and presentation of banking products. In all these areas mBank's advisors showed the highest level of expertise and consequently the bank took the first place in the overall ranking for the third time. Importantly, mBank continued its dominance over the competitors with the result of 76.4 percentage points, more by 17.7 p.p. than market average and higher by 4.8 p.p. than the second ranked bank.

Forthcoming corporate access events

- June 11th, 2014: Goldman Sachs 18th Annual European Financials Conference in Madrid

Forthcoming reporting events

- July 30th, 2014: mBank Group Consolidated Financial Report for H1 2014
- October 30th, 2014: mBank Group Financial Report for Q3 2014

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 175 558
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer
Annual Report online**

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