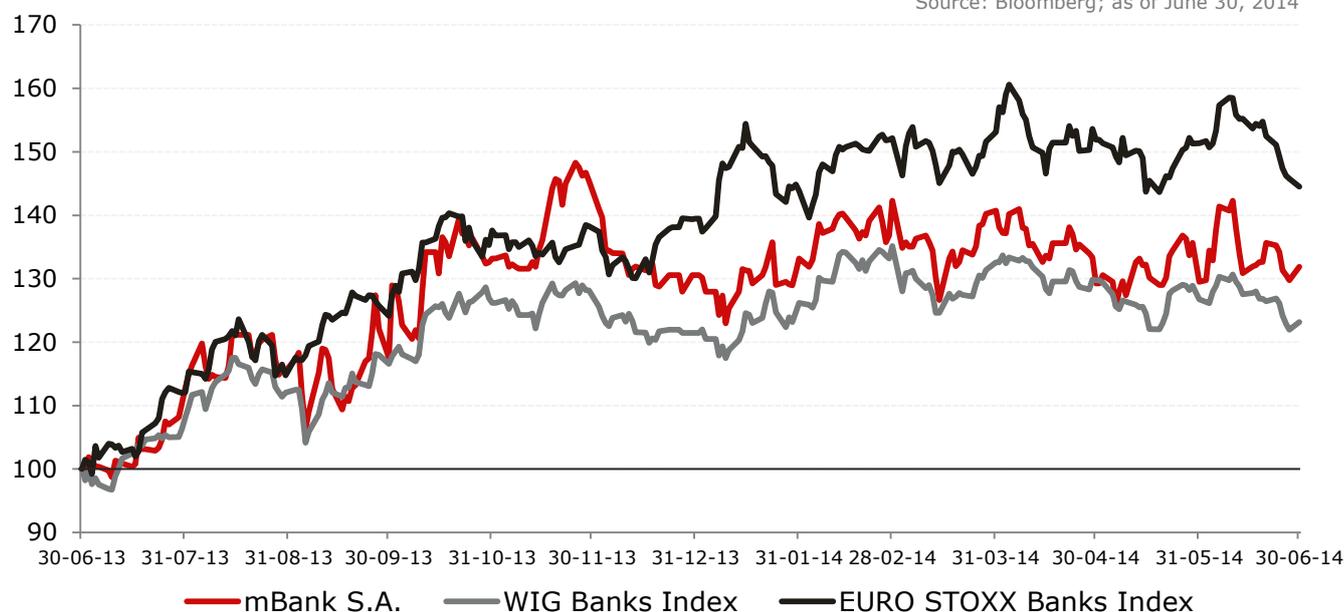


### Share price performance summary

In June mBank's share price increased by 1.81%, while the WIG Banks index decreased by 2.83%. The EURO STOXX Banks Index dropped by 4.50% in the same period.

#### Last 12 months – chart

Source: Bloomberg; as of June 30, 2014



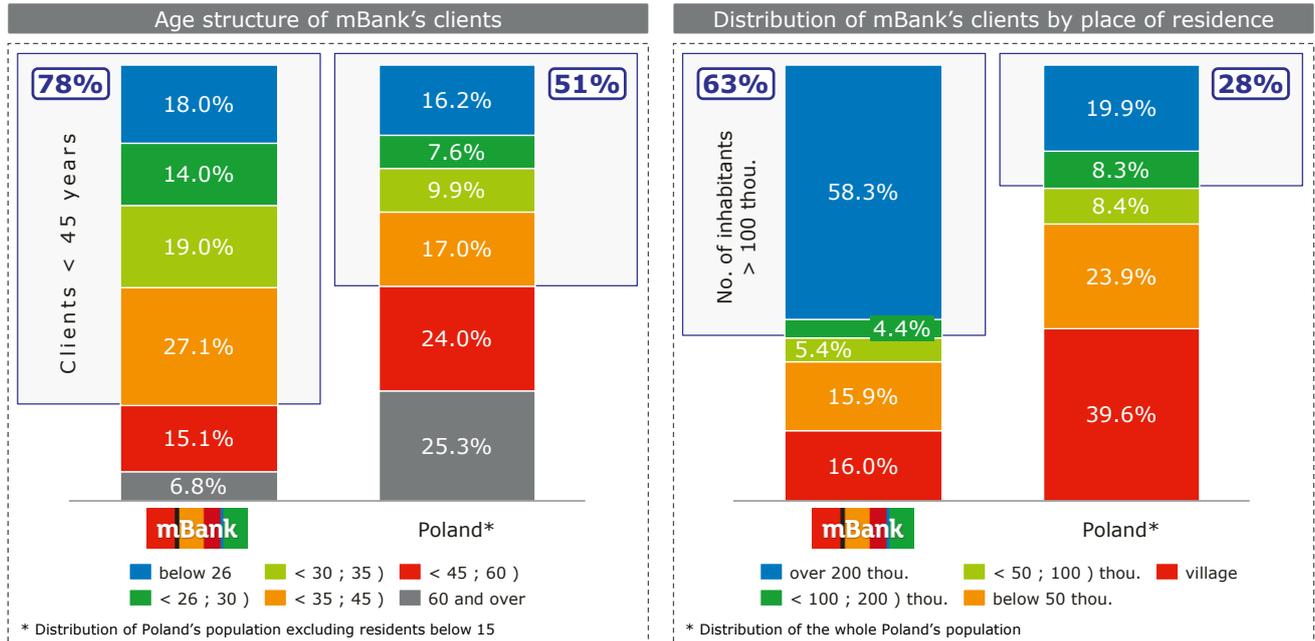
| change in the period   | Q3'13   | Q4'13   | 2013    | Q1'14  | Q2'14  | YtD    |
|------------------------|---------|---------|---------|--------|--------|--------|
| mBank                  | +17.52% | +11.09% | +53.37% | +7.80% | -6.31% | +1.00% |
| WIG Banks Index        | +16.58% | +4.18%  | +20.54% | +9.18% | -7.13% | +1.39% |
| EURO STOXX Banks Index | +24.11% | +12.39% | +25.87% | +9.78% | -5.63% | +3.60% |

### Consensus estimates for mBank Group's results

| P&L item<br>(in PLN M)   | 2012FY        | 2013FY        | 2014E         |               | 2015E         |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                          |               |               | estimate      | Δ vs. 2013A   | estimate      | Δ vs. 2014E   |
| Net interest income      | 2 280         | 2 226         | 2 420         | +8.7%         | 2 644         | +9.2%         |
| Net F&C income           | 787           | 835           | 891           | +6.8%         | 939           | +5.3%         |
| <b>Total income</b>      | <b>3 571</b>  | <b>3 674</b>  | <b>3 882</b>  | <b>+5.7%</b>  | <b>4 164</b>  | <b>+7.3%</b>  |
| <b>Costs</b>             | <b>-1 661</b> | <b>-1 678</b> | <b>-1 728</b> | <b>+3.0%</b>  | <b>-1 778</b> | <b>+2.9%</b>  |
| LLPs                     | -445          | -478          | -476          | -0.4%         | -498          | +4.6%         |
| <b>Profit before tax</b> | <b>1 465</b>  | <b>1 518</b>  | <b>1 677</b>  | <b>+10.5%</b> | <b>1 886</b>  | <b>+12.5%</b> |
| <b>Net profit</b>        | <b>1 197</b>  | <b>1 206</b>  | <b>1 338</b>  | <b>+10.9%</b> | <b>1 506</b>  | <b>+12.6%</b> |
| Loans                    | 66 947        | 68 210        | 72 579        | +6.4%         | 78 039        | +7.5%         |
| Assets                   | 102 145       | 104 283       | 108 813       | +4.3%         | 114 962       | +5.7%         |
| Deposits                 | 57 984        | 61 674        | 65 498        | +6.2%         | 70 474        | +7.6%         |

Contributing research (released after December 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: Supportive demographic profile of mBank's retail client base**



- Retail customer base in Poland features an attractive demographic profile covering younger population
- With 60% between 26-44 years old, mBank's customers feature greater cross-selling potential compared to the broad mature Polish population (34%)
- Majority of mBank's clients are mostly living in urban areas and large cities of more than 100 thou. residents
- Such characteristic makes mBank's clients less exposed to unemployment as well as underpins branch-light and digital model of operations

Source: IR Team calculations based on mBank's internal statistics as of Q1 2014 and Central Statistical Office (GUS) data as of December 31, 2013.

**Key news regarding mBank Group**

**mBank's analysts see inflation one step closer to negative territory**



Inflation fell to 0.2% YoY in May from 0.3% in the previous month. Food prices overwhelmingly contributed to the decline and no symptoms of its reversal can be seen at the moment. The trends indicate that future inflation readings will continue to be skewed to the downside. Consumer prices have probably increased by even less in June and it is virtually certain that negative inflation will be witnessed in the summer.

The imported deflation hypothesis has never been more actual. The lowflation environment is entrenched and, along with it, the stealth monetary tightening as reflected in growing real interest rates. In such circumstances a central scenario of mBank's analysts assumes rate cuts and the base case is a reduction by at least a 50bps.

Latest data releases provide ample room to adjust monetary policy. Corporate wages grew by 4.8% YoY in May, following a 3.8% increase in April. Such growth rates are not an anomaly but a norm now and current trend in wage dynamics is expected to steepen further in the following months. Income base for consumption in Q2 appears solid and the only factor that is capable of slowing household spending down is sharp increase in savings rate, but no such signal is observed. Employment in enterprise sector grew in May by 0.7% YoY, matching growth from the previous month.

Industrial output slowed down to 4.4% YoY in May from 5.4% observed in April. Construction output grew by 10% on annual basis, below mBank's forecast and market consensus (both ca.

14%). On a monthly basis a sharp drop of 3.9% was recorded. We are fairly certain that the weakness can still be reasonably traced back to very favourable conditions in the first quarter which pushed construction output up into unsustainable highs. With no indications of deeper problems, we stand firm by our optimistic forecast for the whole year. The weakness, which is both expected and temporary, should soon be compensated by the first wave of public infrastructure investments set to be launched in the second half of the year.

On one hand, labour market remains robust and wages continue to grow faster than most analysts predicted only a few months ago, which bodes well for mid-term perspectives of the economy. On the other hand, the most cyclically sensitive sectors have run into trouble, confirming multiple signals (PMI and virtually every other business survey). All in all, the second quarter appears to have brought a marked slowdown in growth, as industry basically stagnated and construction output plunged on a QoQ basis.

### **mBank opened its first integrated branch in the new format**



On June 16, 2014, following the strategic "One network" concept, the first integrated advisory centre started offering retail and corporate banking services as well as private banking, leasing, factoring and brokerage products under one roof. The new flagship outlet was opened in the best office location (Lastadia) in Szczecin, near the Oder river. Design and ergonomics of the branch was aimed to provide maximum comfort for both customers and employees.

A project of reorganising and unification of mBank's sales network was prepared in 2013. The new model assumes to adjust the existing branches and their functions to the changing behaviour of the Group clients from different segments and to alternative access channels used by customers. The increase in network availability to all clients and relocation of some outlets to higher customer traffic hubs, such as shopping malls, will allow for boosting sales effectiveness and reducing costs.

**Forthcoming corporate access events**

- September 16-17th, 2014: KBW European Financials Conference in London

**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**Newsletter archive – [click here](#)

For any further information, please contact the IR team.

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