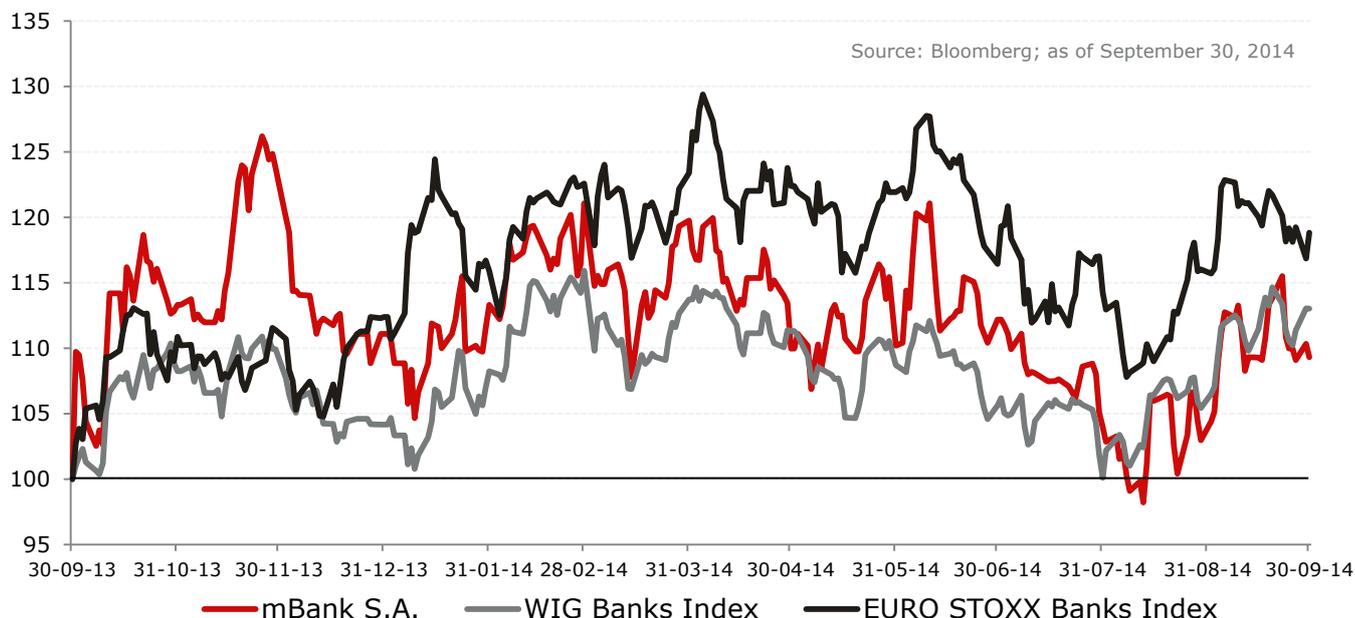


### Share price performance summary

In September mBank's share price increased by 6.15%, while the WIG Banks index went up by 7.18%. The EURO STOXX Banks Index increased by 2.43% in the same period.

#### Last 12 months – chart



| change in the period   | Q4'13   | 2013    | Q1'14  | Q2'14  | Q3'14  | YtD    |
|------------------------|---------|---------|--------|--------|--------|--------|
| mBank                  | +11.09% | +53.37% | +7.80% | -6.31% | -2.57% | -1.60% |
| WIG Banks Index        | +4.18%  | +20.54% | +9.18% | -7.13% | +6.99% | +8.48% |
| EURO STOXX Banks Index | +12.39% | +25.87% | +9.78% | -5.63% | +2.07% | +5.47% |

### 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         | 2 435         | +9.4%         | 2 605         | +7.0%         |
| Net F&C income           | 787           | 835           | 906           | +8.5%         | 952           | +5.1%         |
| <b>Total income</b>      | <b>3 571</b>  | <b>3 674</b>  | <b>3 902</b>  | <b>+6.2%</b>  | <b>4 159</b>  | <b>+6.6%</b>  |
| <b>Costs</b>             | <b>-1 661</b> | <b>-1 678</b> | <b>-1 750</b> | <b>+4.3%</b>  | <b>-1 801</b> | <b>+2.9%</b>  |
| LLPs                     | -445          | -478          | -479          | +0.3%         | -493          | +2.7%         |
| <b>Profit before tax</b> | <b>1 465</b>  | <b>1 518</b>  | <b>1 671</b>  | <b>+10.1%</b> | <b>1 864</b>  | <b>+11.5%</b> |
| <b>Net profit</b>        | <b>1 197</b>  | <b>1 206</b>  | <b>1 327</b>  | <b>+10.0%</b> | <b>1 485</b>  | <b>+11.9%</b> |
| Loans                    | 66 947        | 68 210        | 72 928        | +6.9%         | 78 260        | +7.3%         |
| Assets                   | 102 145       | 104 283       | 109 799       | +5.3%         | 115 701       | +5.4%         |
| Deposits                 | 57 984        | 61 674        | 65 606        | +6.4%         | 70 508        | +7.5%         |

Contributing research (released after February 1, 2014) by: Citi Research, Deutsche Bank, Millennium DM, Raiffeisen, UniCredit, ING Securities, DM BZ WBK, Ipopema, Goldman Sachs, Wood & Company, KBW, PKO DM, Erste Group, Espirito Santo, BoA Merrill Lynch, J.P. Morgan, DI Investors, Noble Securities.

### **Special topic: mBank starts strategic cooperation with AXA**

**On September 11, 2014, mBank's subsidiary Aspiro being the shareholder of BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (BRE TUiR), concluded with AXA the agreement on the sale of 100% of shares of its subsidiary.**

As part of the transaction, after the fulfilment of the conditions precedent, i.e. obtaining necessary approvals of the Competition and Consumer Protection Office (UOKiK) and the Polish Financial Supervision Authority (KNF), the agreements regulating the long-term cooperation between mBank and AXA with regard to the distribution of life and property insurance products for at least 10 years will be concluded.

The total amount of payments to mBank Group on account of the said agreements with AXA Group entities will be c. PLN 570 million. Moreover, the Bank and Aspiro are entitled to an additional earn-out consideration subject to achieving certain targets of life insurance products sales. The one-off impact of the transaction on mBank Group's consolidated pre-tax profit is estimated at approximately PLN 180 million.

Cooperation with AXA will translate into even wider product range and the best quality of service for customers of mBank Group. Clients will gain access to the state-of-the-art insurance products, offered via electronic and mobile platforms as well as traditional outlets. The strategic agreement with AXA is a next step to fully leverage on the potential of mBank's internet and mobile platforms.

The AXA Group is a worldwide leader in insurance and asset management, serving 102 million clients in 56 countries. In 2013, its revenues amounted to EUR 91.2 billion. AXA Group has been operating in Poland since 2006. The transaction will allow AXA to materially strengthen its distribution reach in Poland with an access to mBank's innovative and fast-growing multi-channel distribution model, while shifting its business mix towards more Property & Casualty and Life Protection products.

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

#### **According to mBank's analysts, MPC is ready to embark on a new easing cycle**



Latest released data confirmed weak momentum and non-inflationary environment. Economy decelerates, however, in a gentle way. Momentum in industrial output has come to zero and positive trends in the labour market snapped. At the same time CPI inflation stays below zero and core measures accelerate mainly on base effects. So far mBank analysts are tracking GDP growth in Q3 at 2.5%.

In August annual inflation moderated from -0.2% to -0.3% YoY. It is the lowest CPI print in modern Polish history. Weakness in inflation is not only due to statistical base effects. On a MoM basis prices fell by 0.4%. It is a tradition already that food prices suffer deep declines (-1.6% MoM); other categories, save for communications prices, oscillated around zero.

In the coming months inflation is set to remain negative. Looking farther ahead, there are no signals of fast turnaround in current deflationary environment. Given the risks to growth (stagnation in Europe, recession behind the eastern border, flatter consumption path and a halt in labour market improvement) and falling commodity prices mBank analysts expect downward revisions of mid-term inflation forecasts, including those of the central bank.

Average gross wage increased by 3.5% YoY in August (as much as it did in July). This is the third subsequent month of weak growth in manufacturing wages – a likely result of flat

industrial output in previous quarters. Employment in the private sector rose in August by 0.7% YoY (vs. 0.8% YoY in previous month). mBank's macroeconomists expect the labour market to have entered a period of less dynamic growth. Although slowing GDP should not induce lay-offs, rising uncertainty about the future prospects of the economy (plummeting trade with the east, geopolitical risks and a soft patch in EU) may make entrepreneurs wary of hiring.

Industrial output went down in August by 1.9% YoY (seasonally adjusted +0.7% YoY). August brought - in a sense - a reversal of factor that contributed positively to industrial output a month before. Only auto industry added up to 0.9pp. to manufacturing growth. Industrial output growth and construction growth as well were weaker in Q3 than in the Spring.

Retail sales hit market consensus in August and was higher than mBank's forecast (0.0%). However, the reading at 1.7% is still a tad below the previous month when 2.1% growth was recorded. Real disposable income growth is flattening, high real interest rates encourage to save and uncertainty regarding the future situation dampens spending plans. All this speaks in favour of a flatter consumption growth path and retail data confirm this view. mBank macroeconomists do not envisage sharp drops, although growth rates closer to 2% are set to be achieved at the turn of the year when worse sentiment is going to be backed by unfavourable statistical base effects. They also stress that this slowdown is not peculiar with regard to the so-called stylized facts: consumption is going to stay the pillar of growth and volatility is going to be caused by investment activity and exports.

Recent speeches and interviews of various rates-setters suggest the October cut is treated as a done deal. Therefore a more interesting bet is on the depth and scale of the cycle since with current momentum MPC is going to have hard time to pick a target and the end date of easing. mBank analysts see a start with 25bps and the cycle of 100bps.

### **mBank in the forefront of Polish banks in the rankings of Newsweek and Forbes**



**Forbes**

In September Newsweek and Forbes magazines announced the results of their rankings for the most user-friendly institutions in the Polish banking market and the best bank for business owners. This year, banks could win a total of five awards - four in the "Newsweek Friendly Bank" competition (for the best traditional, internet, mobile and mortgage banking) and one - by Forbes magazine - for the financial institutions that best meet the needs of entrepreneurs. mBank was on the podium in as many as four of the five competition categories.

The survey to recognize the best banks in the plebiscite was conducted by Millward Brown SMG/KRC. The employees of the institute, as mystery shoppers, anonymously incorporated the role of bank customers and assessed the level and standard of customer service, both in the branches and through remote contact channels. In addition, the Forbes ranking included an evaluation of the product range for the entrepreneurs.

mBank maintained a strong position from previous years, with the second place in two categories: internet and mobile banking and the third place among traditional banks offering the highest quality of service.

The Bank was also appreciated by Forbes magazine with the third position in the general ranking "The best bank for businesses", gaining the highest scores for the quality of customer service in the sector of small and medium-sized enterprises.

**Forthcoming corporate access events**

- November 10-11th, 2014: Goldman Sachs CEEMEA One-on-One Conference in London
- December 1-5th, 2014: Wood's Winter in Prague – Emerging Market

**Forthcoming reporting events**

- October 30th, 2014: mBank Group Financial Report for Q3 2014
- February 5th, 2015: mBank Group Financial Report for Q4 2014
- March 3rd, 2015: mBank Group Consolidated Annual Report for 2014

**mBank's shares:**

|                         |                                |
|-------------------------|--------------------------------|
| ISIN                    | PLBRE0000012                   |
| Bloomberg               | MBK PW                         |
| Number of shares issued | 42 207 402                     |
| Listed on WSE since     | 06.10.1992                     |
| Relevant WSE indices    | WIG, WIG-30, WIG-20, WIG-Banks |

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