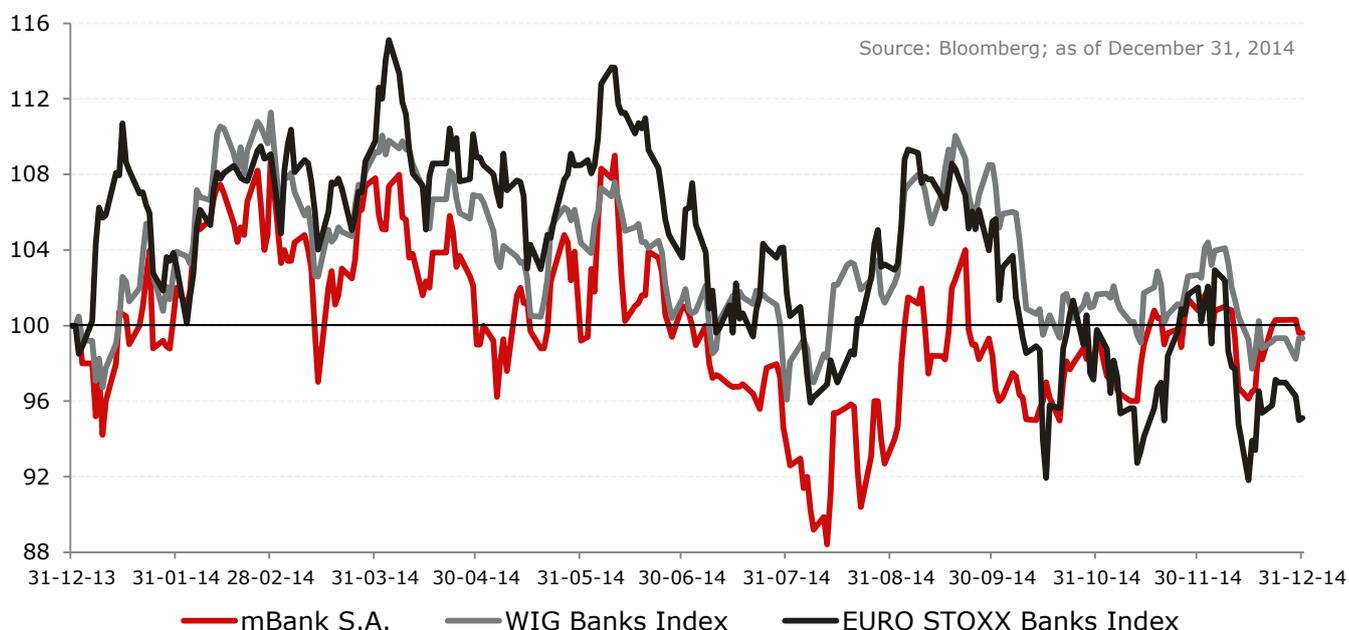


### Share price performance summary

In December mBank's share price decreased by 1.19%, while the WIG Banks index declined by 3.26%. The EURO STOXX Banks Index went down by 6.77% in the same period.

#### Last 12 months – chart

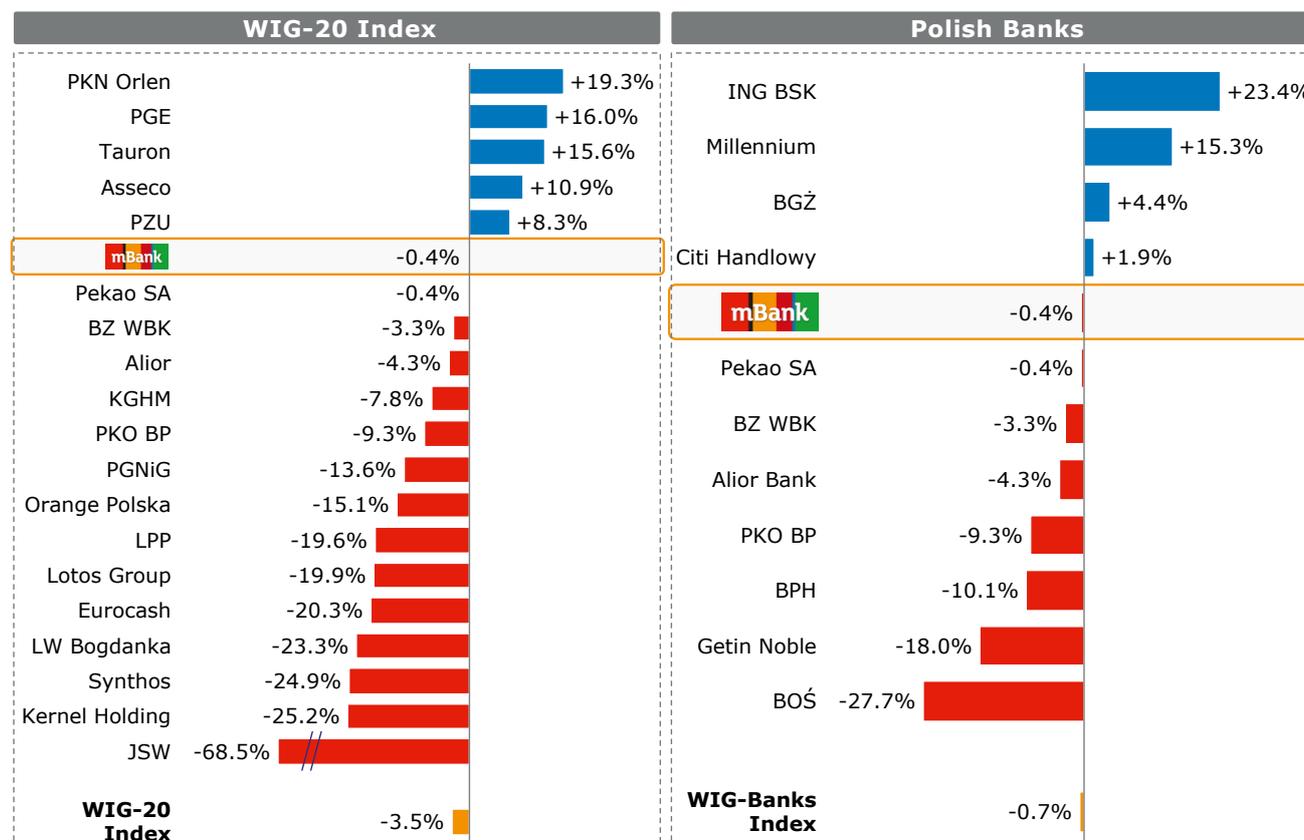


change in the period	2013	Q1'14	Q2'14	Q3'14	Q4'14	2014
mBank	+53.37%	+7.80%	-6.31%	-2.57%	+1.22%	-0.40%
WIG Banks Index	+20.54%	+9.18%	-7.13%	+6.99%	-8.43%	-0.66%
EURO STOXX Banks Index	+25.87%	+9.78%	-5.63%	+1.84%	-9.85%	-4.89%

### 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	2 448	+10.0%	2 546	+4.0%
Net F&C income	787	835	916	+9.8%	926	+1.0%
<b>Total income</b>	<b>3 571</b>	<b>3 674</b>	<b>3 940</b>	<b>+7.2%</b>	<b>4 140</b>	<b>+5.1%</b>
<b>Costs</b>	<b>-1 661</b>	<b>-1 678</b>	<b>-1 768</b>	<b>+5.4%</b>	<b>-1 831</b>	<b>+3.5%</b>
LLPs	-445	-478	-524	+9.7%	-530	+1.2%
<b>Profit before tax</b>	<b>1 465</b>	<b>1 518</b>	<b>1 647</b>	<b>+8.5%</b>	<b>1 778</b>	<b>+8.0%</b>
<b>Net profit</b>	<b>1 197</b>	<b>1 206</b>	<b>1 296</b>	<b>+7.5%</b>	<b>1 414</b>	<b>+9.1%</b>
Loans	66 947	68 210	72 427	+6.2%	76 852	+6.1%
Assets	102 145	104 283	111 954	+7.4%	117 034	+4.5%
Deposits	57 984	61 674	66 571	+7.9%	70 902	+6.5%

Contributing research by: Citi Research, Deutsche Bank, Millennium DM, UniCredit, ING Securities, BZ WBK Brokerage, Ipopema, Raiffeisen, Goldman Sachs, Wood & Company, KBW, PKO DM, Erste Group, Espirito Santo, BoA Merrill Lynch, J.P. Morgan, BOŚ DM, Trigon DM, DI Investors, Noble Securities.

**Special topic: 2014 share price performance summary**


Source: Bloomberg

**Key news regarding mBank Group**
**Absence of inflation will eventually trigger another round of monetary easing**


In December, inflation surprised to the downside, while real sphere data remained consistent with neutral momentum. In addition, the financial meltdown in Russia is set to have negative economic consequences over the coming quarters as the country falls into a deep recession. Against such a backdrop, recent statements from the MPC seem encouraging and point to a further monetary easing.

In November CPI inflation held steady at a record low of -0.6%. The reading is a result of a fall in food prices (the downward trend in this category is still very strong). Fuel prices declined by 3.2% MoM. Core CPI accelerated from 0.2% to 0.4% but only due to statistical base in telecommunication prices (large cut in telecom fees last November). There are no signs of a reversal in downward trends in prices. Moreover, the recent declines in oil prices have not been fully reflected in retail gasoline prices. In the view of mBank's macroeconomists, inflation has not bottomed out yet, as CPI is set to fall by c. 1% in the first quarter of 2015.

Average wage grew by 2.7% YoY in November, compared to 3.8% noted in October. The drop can be traced back to shifts in mining pensions and high statistical base in manufacturing wages. Employment grew by 6.2 thousand jobs which translated into an acceleration from 0.8% to 0.9% YoY. This is also the best result since November 2007, much above typical seasonal pattern. Even though the labour market remains one of the brightest spots in the Polish

economy, current growth momentum in the environment of various risks should be sufficient to bring a 1-1.5% annual employment growth in 2015.

Industrial output grew in November only by 0.3% YoY after an increase of 1.6% in October. Moving average of MoM dynamics, is still close to zero, what can be interpreted as confirmation of neutral momentum in the Polish industry. Construction output grew by 2.5% on a monthly basis which is a consequence of very good weather. Nevertheless, more activity is expected in Spring at the earliest, when construction works on motorways and highways begin (tenders are being systematically completed).

mBank's analysts still think that monetary easing will be resumed because growth is still modest, but timing is uncertain as the MPC's decision process remains chaotic and a rate cut could happen at any meeting. However, current market situation (fears of financial crisis in Russia, weaker PLN due to portfolio sell-off, Fed-related risks) should move rate cut expectations to March (the moment new inflation projections are published) or even Spring.

### **mBank issued a PLN 750 million subordinated debt (Tier II)**



On December 17th, 2014, mBank issued subordinated bonds with a total nominal value of PLN 750 million. The maturity is 10 years and the redemption date is January 17th, 2025. The coupon was set at WIBOR 6M + 210 bps and the payments are semi-annual. Investors will be able to trade in the bonds on the BondSpot ASO platform of the Catalyst market at the Warsaw Stock Exchange.

The bank applied for a consent by the Polish Financial Supervision Authority to add the funds raised through the issue of subordinated debt to the bank's supplementary capital (Tier II).

### **mBank launched new mobile application in the Czech Republic and Slovakia**



In mid-December 2014, mBank as one of the most innovative banks operating on the Czech and Slovak market launched a new mobile application. Its graphic interface is similar to the internet banking platform, which was made available for mBank's clients in February 2014. The new mobile application mBank 2.0 fully meets customer needs and expectations, because the bank carried out a survey of the reasons for using mobile banking and focused on development of the most desirable functionalities.

The analysis showed that customers most often check their account balance (95%), make a transfer (67%), monitor their transaction history (64%), insert a permanent payment order (30%) and search for the nearest ATM (30%).

There is no need to log in to the application to display such data as the balance of the current account. The user sets the individual PIN code and receives full access to all features and information about personal finances. Moreover, mobile banking has not offered so quick and easy ways of payments yet: even if the account number of the counterparty is not known, a transfer can be performed by selecting the recipient's mobile phone number in the application.

**Forthcoming corporate access events**

- January 21-23rd, 2015: dbAccess CEEMEA Conference in London

**Forthcoming reporting events**

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



Happy New Year Greetings for 2015  
from mBank's IR Team!

*May the upcoming New Year  
bring you plenty of success,  
prosperity, positive changes,  
inspirations, as well as satisfaction  
from owning mBank's shares.*

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 210 057
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](#)



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