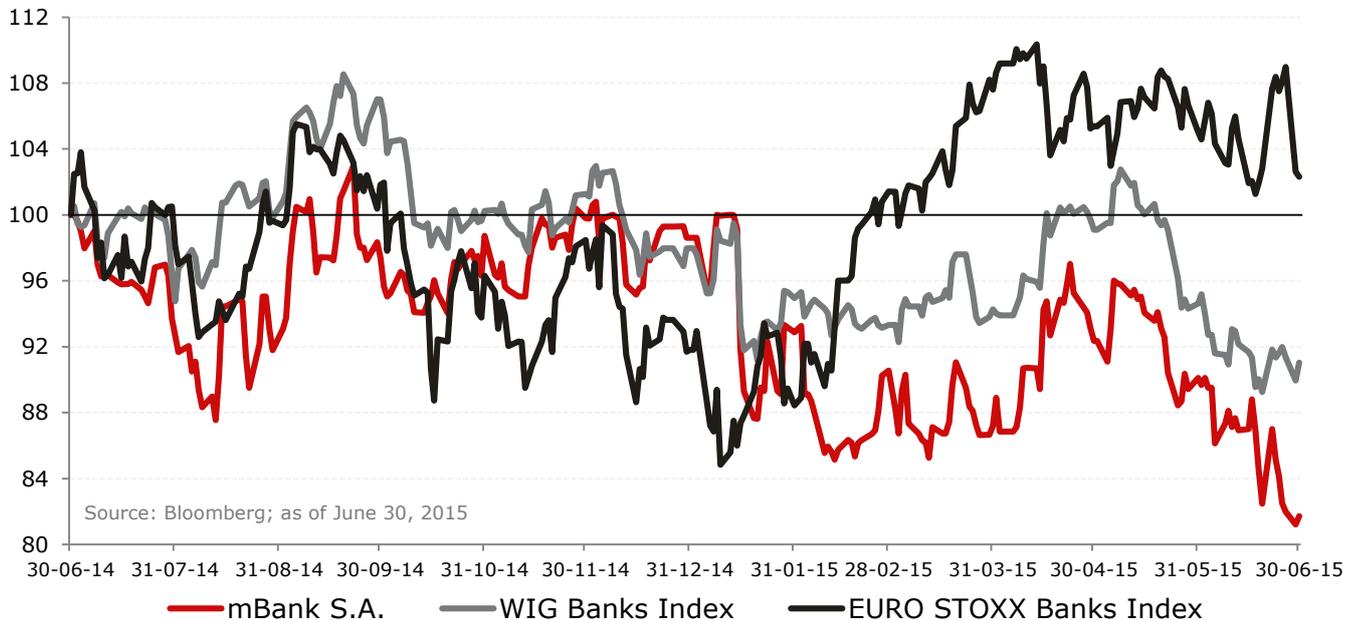


Share price performance summary

In June mBank's share price decreased by 9.31%, while the WIG Banks index went down by 3.78%. The EURO STOXX Banks Index declined by 2.59% in the same period.

Last 12 months – chart



change in the period	Q3'14	Q4'14	2014	Q1'15	Q2'15	2015 YtD
mBank	-2.57%	+1.22%	-0.40%	-11.58%	-6.29%	-17.14%
WIG Banks Index	+6.99%	-8.43%	-0.66%	-3.78%	-3.42%	-7.07%
EURO STOXX Banks Index	+1.84%	-9.85%	-4.89%	+17.20%	-4.91%	+11.45%

Consensus estimates for mBank Group's results

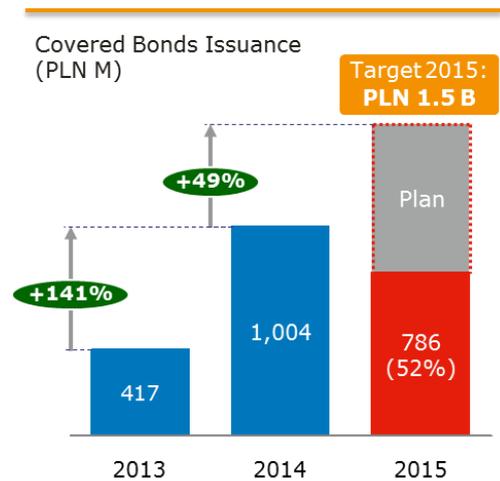
P&L item (in PLN M)	2013	2014	2015E		2016E	
			estimate	Δ vs. 2014A	estimate	Δ vs. 2015E
Net interest income	2 226	2 491	2 467	-1.0%	2 712	+10.0%
Net F&C income	835	902	860	-4.6%	914	+6.3%
Total income	3 674	3 939	4 086	+3.7%	4 211	+3.1%
Costs	-1 678	-1 771	-1 880	+6.2%	-1 965	+4.5%
LLPs	-478	-516	-537	+4.0%	-577	+7.4%
Profit before tax	1 518	1 653	1 667	+0.9%	1 667	0.0%
Net profit	1 206	1 287	1 327	+3.1%	1 325	-0.1%
Loans	68 210	74 582	80 906	+8.5%	85 918	+6.2%
Assets	104 283	117 986	124 751	+5.7%	130 764	+4.8%
Deposits	61 674	72 422	77 162	+6.5%	82 530	+7.0%

Contributing research by: Citi Research, Deutsche Bank, Millennium DM, ING Securities, BZ WBK Brokerage, Ipopema, Raiffeisen, Wood & Company, PKO Securities, Erste Group, BESİ Research, DM Banku BPS, Goldman Sachs, BOŚ DM, BoA Merrill Lynch, J.P. Morgan, Trigon DM, Vestor DM, KBW.

Special topic: Well on track with the 2015 plan of covered bonds issuance

In 2014 mBank Hipoteczny issued planned PLN 1 billion of covered bonds and its target for 2015 amounts to PLN 1.5 billion. In H1 2015, mBank's mortgage unit issued 5 series of covered bonds denominated both in Polish zloty and euro with a total value of PLN 786 million. It translates into the execution of full-year plan at 52%.

Covered bond issuance is seen to become the dominant long-term financing source for the mBank Group's mortgage lending and a competitive advantage in a tightening regulatory environment. Moreover, the transactions not only helped the bank to cut the financing costs, but also better match maturity and currency of assets and liabilities.


Summary of mortgage covered bonds issued in 2015

Amount	Currency	Issue date	Maturity date	Tenor (years)	Coupon
200.0 M	PLN	20-02-2015	28-04-2022	7.2	WIBOR 6M + 78bps
20.0 M	EUR	25-02-2015	25-02-2022	7.0	Fixed (1.135%)
250.0 M	PLN	15-04-2015	16-10-2023	8.5	WIBOR 6M + 87bps
11.0 M	EUR	24-04-2015	24-04-2025	10.0	Fixed (1.285%)
50.0 M	EUR	24-06-2015	24-06-2020	5.0	EURIBOR 3M + 69bps

Key news regarding mBank Group
mBank's analysts say the rationale for monetary tightening is conspicuously absent


Seen through the lens of May data, Polish economy seems healthy, albeit there is a visible loss of momentum. Stronger euro, ever-slowing emerging markets and return to (almost flat) trend growth are reaching back through trade links to Polish economy. At the same time, Poland is coming out of deflation more slowly than anticipated.

The current rise in inflation might easily be overstated as momentum measures remain consistent with inflation running below 1%. In such an environment the rationale for a hike of interest rates is absent, probably until the second half of 2016.

In May CPI inflation in Poland grew from -1.1% YoY to -0.9%, significantly lower than market consensus. The main reason for this surprise is unusual, taking into account data from marketplaces as well as regional patterns (Hungary, Czech Republic, Romania), movement of food prices. Instead of rising, food prices fell in May by 0.1% MoM. Secondly, core categories were extremely weak. Next month, inflation should increase to ca. -0.6%.

Wage growth slowed down to 3.2% YoY in May from 3.7% in April. The key culprit was slower growth in manufacturing wages and high statistical bases in construction and transport. In the view of mBank's analysts, this deviation from trend (currently oscillating around 4%) is temporary in nature and should reverse itself next month.

Employment in the enterprise sector rose in May by 2 thou. MoM, which resulted in 1.1% growth on a yearly basis. It seems that industry (except few sectors which add 1-2 thou. jobs depending on business cycle) is close to full employment with current wages, capital and GDP growth. Employment growth is mainly carried out outside enterprise sector, in companies employing less than 9 persons and in the public sector. Now, the movements will be primarily generated by seasonal sections, like construction, trade and transport.

Industrial output grew by 2.8% YoY after 2.3% growth in April (when it was underestimated due to one-off effects, including the timing of Easter). After seasonal adjustments output grew by 5.3% YoY and 0.9% MoM. The momentum of industrial output weakened in the second quarter what remains consistent with the behaviour of analogous aggregates in the euro area.

Retail sales re-accelerated in May to 1.8% YoY from -1.5% in April. It does not look spectacular and should not be treated this way. It is hard to see more than just a normalization after the weak April dampened by the timing of Easter. Private consumption comprises mostly of services. mBank's macroeconomists do not see any signs that could prove the change in trend from sideways to rising. They stick to the scenario of meagre consumption growth in this cycle of around 3%.

Early repayment of a subordinated loan by mBank



On June 24, 2015, mBank repaid early the subordinated loan in the amount of CHF 90 million (the equivalent of PLN 359 million at the average exchange rate of the National Bank of Poland). The reason for the repayment was the fact that this loan had not been fully included in the Tier II capital calculation in accordance with the respective regulation of European Parliament and the Council on prudential requirements for credit institutions and investment firms.

The Polish Financial Supervision Authority (KNF) approved the early repayment on January 8, 2015. In December 2014, mBank issued PLN 750 million of subordinated debt, which since January 2015 has been fully included in the Tier II capital calculation.

Forthcoming corporate access events

- No conference or roadshow scheduled for July

Forthcoming reporting events

- July 30, 2015: mBank Group Consolidated Semi-annual Report for H1 2015
- October 29, 2015: mBank Group Financial Report for Q3 2015

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 210 157
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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