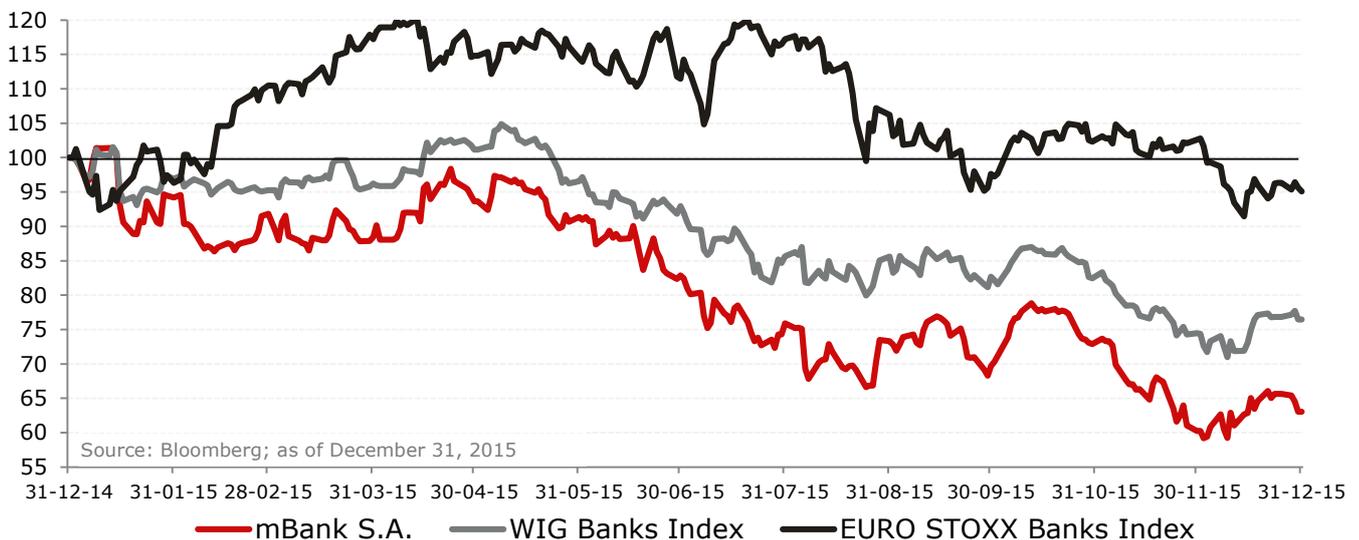


Share price performance summary

In December mBank's share price increased by 4.61%, while the WIG-Banks index went up by 2.68%. The EURO STOXX Banks Index declined by 7.35% in the same period.

Last 12 months – chart



change in the period	2014	Q1'15	Q2'15	Q3'15	Q4'15	2015
mBank	-0.40%	-11.58%	-6.29%	-15.91%	-9.51%	-36.95%
WIG Banks Index	-0.66%	-3.78%	-3.42%	-11.04%	-7.51%	-23.54%
EURO STOXX Banks Index	-4.89%	+17.20%	-4.91%	-12.39%	-2.64%	-4.94%

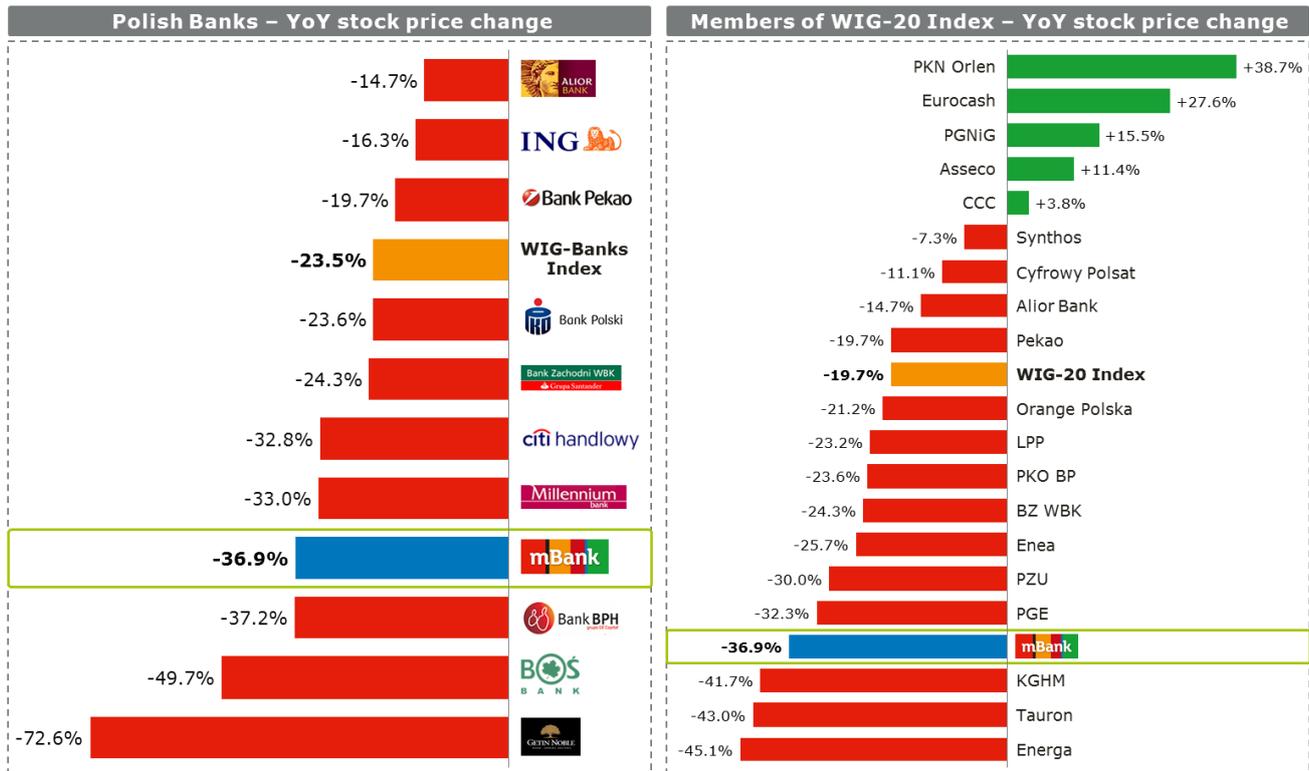
Consensus estimates for mBank Group's results

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	2 475	-0.6%	2 648	+7.0%
Net F&C income	835	902	893	-1.0%	958	+7.3%
Total income	3 674	3 939	4 008	+1.7%	4 136	+3.2%
Costs	-1 678	-1 771	-1 972	+11.4%	-2 040	+3.4%
LLPs	-478	-516	-430	-16.7%	-486	+13.0%
Profit before tax	1 518	1 653	1 594	-3.6%	1 546	-3.0%
Net profit	1 206	1 287	1 247	-3.1%	1 056	-15.3%
Loans	68 210	74 582	80 861	+8.4%	85 681	+6.0%
Assets	104 283	117 986	124 978	+5.9%	130 050	+4.1%
Deposits	61 674	72 422	79 245	+9.4%	84 200	+6.3%

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

Note: Current consensus partially include an additional contribution to the Bank Guarantee Fund (PLN 141.3 million) to cover the cost of payments to deposit holders of bankrupt Cooperative Bank in Wołomin made at the end of November 2015. This had a negative impact of PLN 114.4 million on the net profit of mBank for Q4 2015. In addition, only a few analysts added gain on the sale of PZU shares to their forecast.

Special topic: 2015 share price performance summary



Source: Bloomberg.

Key news regarding mBank Group

Year ends with solid economic data with prolonged deflation



According to mBank's analysts, solid real sphere and labour market data can be interpreted in two ways. First, as confirmation that the Polish economy remains in good shape and is regaining momentum (growth is thus set to at least stabilize at current levels in 4Q'15 and 1Q'16). On the other hand, strong growth should partly dispel fiscal worries in Poland - after all, deficit and debt are more manageable with strong growth.

However, monetary policy in the following months will depend more on inflationary rather than real sphere data. Deflation, due to recently approved cuts in electricity and gas prices, could be more persistent. mBank's economists still see a small correction in NBP rates as the baseline scenario, with a cut by 25 bps probably in March. The MPC will likely test how deep it could go in the environment of diverging Fed / ECB policies.

In November, Polish CPI inflation rose only slightly from -0.7% to -0.6% YoY. The final release was not only lower than all forecasts but also lower than the flash estimate (-0.5%). The main reason for this surprise are low food prices - on a monthly basis they fell by 0.4%. In contrast, fuel prices grew marginally and this, coupled with base effects from last year, was the sole reason inflation grew at all. Core categories either stagnated on a monthly basis, or even declined a bit (communication, recreation and culture, clothing and footwear). Given current trends on the commodity markets and the effect of statistical bases, mBank's economists believe that Poland will exit deflation in January. December is shaping up to come out at -0.2% YoY. Finally, inflation will stay low in 2016, only exceeding 1% at year end.

Industrial output rose by an astonishing 7.8% YoY, much higher than market expectations of 5.7%. Main driver for this acceleration were calendar effects. Seasonally adjusted data, which track the industry's true strength, showed very solid growth of 0.7% MoM. Construction output also surprised positively, rising by 1.2% YoY, much above market consensus which indicated contraction (-3.6%). There is a divergence in subsectors' perspectives: while residential investment shows strong growth and central road investments are also flourishing, business construction struggles with oversupply of commercial and office space and local government and railway investment have to deal with a hiatus in EU fund flows. Year 2016 will bring only modest growth of construction sector.

Retail sales grew by 3.3% YoY, beating consensus of 2.2%. The result is largely due to base effects - car sales which jumped by 20.4% YoY are the main culprit here - and calendar effects. The main surprise is food sales which dropped by 3.1% and shaved off 1.4 p.p. from the headline. All durables and semi-durables accelerated in November. This supports our forecast of significant acceleration in consumption in 2016.

Average wage in Poland rose by 4.0% YoY as compared to 3.3% in the previous month. Structural and demographic factors are, however, still strengthening employee bargaining power and in 2016 this pattern could be even intensified. Expected raises in public sector in 2016 could move "wage benchmark" in small cities and force private employers to also push wages higher. As a result, average wage growth in 2016 could exceed 5% and occur in even more sectors than in 2015.

Employment grew by 9.1 thousand jobs, which translated itself into a slight acceleration in annual growth rate, from 1.1% to 1.2% - for the second time in a row employment surprised to the upside and MoM growth was the fastest since 2007.

Changes in the mBank's Supervisory Board



Pursuant to a resolution of the Supervisory Board dated 1 January 2016, Marcus Chromik was appointed as a new member of the Supervisory Board of mBank and replaced Stefan Schmittmann, who had handed in his resignation. Moreover, Mr Chromik took over as a chairman of the Risk Committee of the Supervisory Board of mBank, and from January 2016 also the position of a member of the management board in charge of risk at Commerzbank AG. Stefan Schmittmann, who stepped down from his position, had been a member of the Supervisory Board for 6 years.

Marcus Chromik, who holds a PhD in nuclear physics, started his professional career with McKinsey in 2001. Afterwards, he joined Postbank Group in 2004, where he held various executive positions, and was responsible, among others, for new projects and syndication, liquidity management and treasury. Marcus Chromik have been Chief Credit Risk Officer of Commerzbank's Core Bank since 2012, having previously served as Market Risk Officer for Commerzbank's Corporates & Markets segment for more than 3 years, where he was responsible for market and liquidity risk management.

Forthcoming corporate access events

- January 20-21, 2016: dbAccess 10th Annual CEEMEA Conference in London

Forthcoming reporting events

- February 4, 2016: mBank Group Financial Report for Q4 2015
- February 25, 2016: Annual Financial Report of mBank Group for 2015

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 238 924
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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