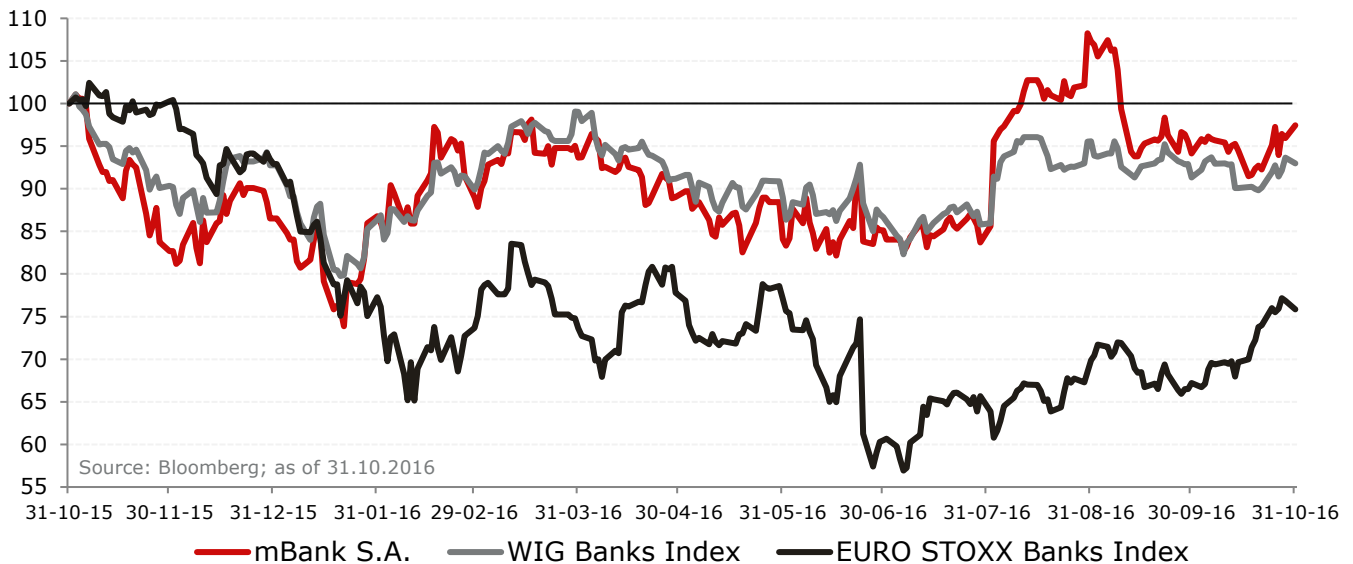


Share price performance summary

In October mBank's share price increased by 3.53%, while the WIG-Banks index went up by 1.80%. The EURO STOXX Banks Index gained 12.82% in the same period.

Last 12 months – chart



| change in the period | 4Q'15 | 2015 | 1Q'16 | 2Q'16 | 3Q'16 | 2016YtD |
|------------------------|--------|---------|---------|---------|---------|---------|
| mBank | -9.51% | -36.95% | +8.28% | -9.13% | +10.62% | +12.68% |
| WIG Banks Index | -7.51% | -23.54% | +6.77% | -12.49% | +5.37% | +0.23% |
| EURO STOXX Banks Index | -2.64% | -4.94% | -20.72% | -17.88% | +11.16% | -18.35% |

Consensus estimates for mBank Group's results

| P&L item (in PLN M) | 2014 | 2015 | 2016E | | 2017E | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | | | estimate | Δ vs. 2015A | estimate | Δ vs. 2016E |
| Net interest income | 2 491 | 2 511 | 2 751 | +9.6% | 2 960 | +7.6% |
| Net F&C income | 902 | 897 | 898 | +0.1% | 954 | +6.2% |
| Total income | 3 939 | 4 093 | 4 272 | +4.4% | 4 343 | +1.7% |
| Costs | -1 771 | -2 054 | -1 952 | -5.0% | -1 996 | +2.2% |
| LLPs | -516 | -421 | -438 | +3.9% | -492 | +12.3% |
| Profit before tax | 1 653 | 1 618 | 1 882 | +16.3% | 1 855 | -1.4% |
| Net profit | 1 287 | 1 301 | 1 158 | -11.0% | 1 106 | -4.5% |
| Loans | 74 582 | 78 434 | 82 592 | +5.3% | 86 560 | +4.8% |
| Assets | 117 986 | 123 523 | 128 922 | +4.4% | 133 389 | +3.5% |
| Deposits | 72 422 | 81 141 | 87 340 | +7.6% | 92 294 | +5.7% |

Contributing research by: Citi Research, Deutsche Bank, BZ WBK Brokerage, Ipopema, Raiffeisen, Wood & Company, PKO Securities, Erste Group, Haitong Bank, BOŚ DM, BoA Merrill Lynch, J.P. Morgan, Pekao Investment Banking, Trigon DM, Vestor DM, KBW.

Note: 2015 costs of mBank Group included an additional contribution to the Bank Guarantee Fund (PLN 141.7 million) to cover the cost of payments to deposit holders of bankrupt Cooperative Bank in Wołomin and a contribution to the support fund for distressed mortgage borrowers (PLN 52.1 million).

Special topic: Q3 2016 mBank Group's results compared to analysts' consensus

| [in PLN million] | mBank's Investor Relations Research | | | | | |
|-------------------------------|-------------------------------------|----------------|----------------|----------------|----------------|------------------|
| | MIN | Average | Median | MAX | Actual results | % Δ to consensus |
| Net interest income | 692.4 | 707.0 | 706.8 | 719.0 | 718.7 | +1.7% |
| Net fee & commission income | 213.9 | 220.3 | 220.1 | 230.0 | 234.4 | +6.4% |
| Total operating income | 1,005.0 | 1,017.3 | 1,016.5 | 1,032.0 | 1,038.7 | +2.1% |
| Total costs | (501.0) | (494.3) | (494.0) | (486.0) | (499.9) | +1.1% |
| Result before provisions | 505.0 | 522.9 | 524.2 | 537.0 | 538.9 | +3.1% |
| Loan loss provisions | (152.0) | (133.6) | (134.0) | (115.0) | (139.5) | +4.3% |
| Operating profit | 373.0 | 389.2 | 390.0 | 401.0 | 399.4 | +2.6% |
| Taxes on balance sheet items | (93.7) | (91.1) | (91.0) | (88.7) | (89.8) | -1.4% |
| Profit before tax | 283.0 | 298.8 | 300.0 | 309.0 | 309.6 | +3.6% |
| Net profit | 206.0 | 219.0 | 220.0 | 230.0 | 230.5 | +5.3% |

mBank's Investor Relations Research is based on estimates of 15 Analysts, including: IPOPEMA, Citi Research, Wood & Company, Erste Group, BZ WBK Brokerage, Deutsche Bank, PKO Securities, Haitong, Trigon DM, DM BOŚ, Pekao Investment Banking, Millennium DM, J.P. Morgan, Raiffeisen, KBW. Data as of 25.10.2016.

Key news regarding mBank Group
mBank's analysts find a full set of 3Q'16 data confirming further slowdown


After the full set of September data mBank's economists reaffirm their forecast of 2.6% growth in 3Q'16. Such a figure (to be released in mid-November) would be an unpleasant surprise for the very optimistic Monetary Policy Council, which is focused on the upcoming end of deflation and regarded GDP growth as stable. Strong labour market will probably not impact the MPC's thinking.

Contrary to popular opinions, the relationship between the labour market and inflation is far from straightforward: throughout the world it is definitely weaker than before the crisis (flat Philips curve) and wages have been growing fast (and faster than productivity) since 2013. The market should see 3Q'16 GDP figure (with full extent of the slump in investment quite visible) as a rationale for pricing in at least a risk of monetary easing.

Industrial production grew in September by 3.2% YoY after 7.5% YoY growth in August. After seasonal adjustment, production fell by 0.2% on a monthly basis. Among declining sectors were energy production, but also manufacturing of chemical and petrochemical products. Relatively lower rise in production is generally a result of slowdown in German exports (downward trend is visible for several quarters), but also weaker investment in Poland. Rebound in consumption (driven by government child subsidy "500+ programme") is mainly fuelling imports and does not boost local production.

Industrial production momentum is currently only just above zero what suggests GDP growth below 3% YoY. Latter months of 2015 brought high statistical base in manufacturing

(associated with EU-financed spending ahead of the end of the previous programming period), so next three months could exhibit very low production growth (even negative).

Construction output declined by 15.3% YoY, but at the same time it is a first monthly increase (by 3.3%) in a long time. However, activity has dropped to 2007 levels and all available information (legislative setbacks related to pipeline construction, lack of ready projects in local governments and railways, softer residential investment) point to a delayed rebound. Double-digit declines are certain until the end of the year or even longer.

Retail sales disappointed, having grown by 4.8% YoY in September. It suggests that the uptick in August was not as meaningful as initially thought. The impact of "500+ programme" is definitely real, but there is no consumer boom and consumption should accelerate to 4.0-4.5% YoY in 3Q'16 and 4Q'16.

Employment in the enterprise sector rose in September by 3.2% YoY, while average gross wage grew by 3.9% YoY, down from August's pace of 4.7%. It is possible that wage growth is currently constrained by the huge influx of immigrant labour from Ukraine (around 1 million now). Such a hypothesis would explain why services prices have not grown and why the introduction of child subsidy programme did not have a more visible impact on the labour market.

Inflationary tendencies in the Polish economy are still non-existent. The expected increase in inflation in the coming months (it should reach ca. 1% YoY at the beginning of next year) is purely due to base effects. In view of mBank's analysts, higher headline CPI prints will not make the MPC more hawkish. On the contrary, weaker GDP data will lead to renewed monetary easing.

mBank awarded in "The Best Annual Report 2015" contest



The Best Annual Report

On October 20, 2016, during the special gala mBank was granted with as many as three awards in the "The Best Annual Report 2015" contest for listed companies organised by the Tax and Accounting Institute (IRiP). mBank won the prestigious "The Best of The Best" prize for the best annual report in the category of financial institutions, with a significant points advantage over the competitors. The jury appreciated its high utility value for shareholders and investors.

Moreover, the bank received a distinction for the best management board report describing the company activity and performance. Finally, the culmination of the event was to grant mBank a special prize of the Warsaw Stock Exchange related to its 25th anniversary for the long-term presence on the Polish market and record results in the previous editions of the contest.

Forthcoming corporate access events

- November 15-17, 2016: U.S. roadshow – New York, Chicago, Boston
- November 29, 2016: conference Wood's Winter in Prague

Forthcoming reporting events

- February 8, 2017: mBank Group Financial Report for Q4 2016
- March 3, 2017: Annual Financial Report of mBank Group for 2016

mBank's shares:

| | |
|-------------------------|--------------------------------|
| ISIN | PLBRE0000012 |
| Bloomberg | MBK PW |
| Number of shares issued | 42 280 127 |
| Listed on WSE since | 06.10.1992 |
| Relevant WSE indices | WIG, WIG-30, WIG-20, WIG-Banks |

**mBank Analyzer
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