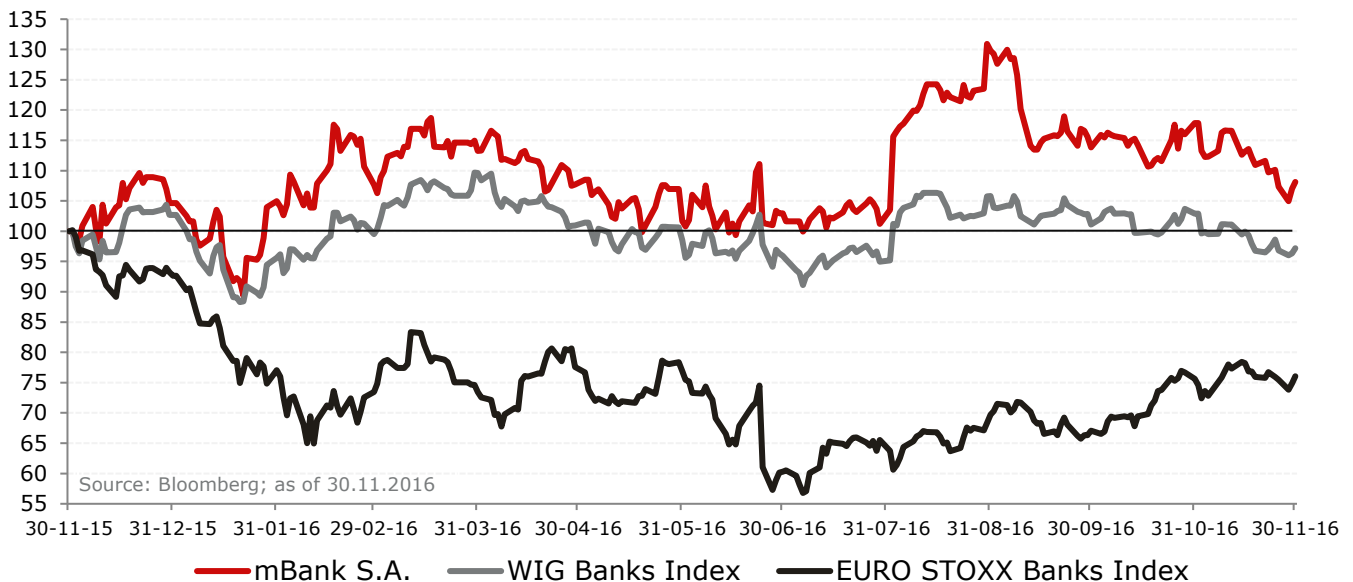


### Share price performance summary

In November mBank's share price dropped by 8.28%, while the WIG-Banks index decreased by 5.54%. The EURO STOXX Banks Index went up by 0.55% 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%	+3.34%
WIG Banks Index	-7.51%	-23.54%	+6.77%	-12.49%	+5.37%	-5.33%
EURO STOXX Banks Index	-2.64%	-4.94%	-20.72%	-17.88%	+11.16%	-17.91%

### 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	2 759	+9.9%	2 987	+8.2%
Net F&C income	902	897	893	-0.5%	942	+5.5%
<b>Total income</b>	<b>3 939</b>	<b>4 093</b>	<b>4 269</b>	<b>+4.3%</b>	<b>4 345</b>	<b>+1.8%</b>
<b>Costs</b>	<b>-1 771</b>	<b>-2 054</b>	<b>-1 948</b>	<b>-5.2%</b>	<b>-1 991</b>	<b>+2.2%</b>
LLPs	-516	-421	-439	+4.1%	-495	+12.8%
<b>Profit before tax</b>	<b>1 653</b>	<b>1 618</b>	<b>1 882</b>	<b>+16.3%</b>	<b>1 860</b>	<b>-1.2%</b>
<b>Net profit</b>	<b>1 287</b>	<b>1 301</b>	<b>1 162</b>	<b>-10.7%</b>	<b>1 113</b>	<b>-4.2%</b>
Loans	74 582	78 434	82 785	+5.5%	86 802	+4.9%
Assets	117 986	123 523	129 038	+4.5%	133 538	+3.5%
Deposits	72 422	81 141	87 931	+8.4%	93 118	+5.9%

Contributing research by: Citi Research, Deutsche Bank, BZ WBK Brokerage, Wood & Company, PKO Securities, Erste Group, Haitong Bank, Raiffeisen, 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: mBank won the *Best New Service or Product* silver award for its mAccountant – Automated Accounting System**

In the Global Innovation Awards 2016 contest organized by Efma and Accenture, mBank took the second place in the category for the *Best New Service or Product* for its Automated Accounting System dedicated to SME customers. This solution offers the strongest integration of banking and accounting systems ever developed to utilize advanced tools of Machine Learning and Knowledge Work Automation to automatize bookkeeping, tax calculations and to provide contextual assistance.

mAccountant system is available within mBank's internet banking, under one login with personal and business finances. It is the only service on the market that allows not only for simple invoicing, but running full accountancy within the internet banking system, including tax and social security settlements, submitting government documents, live taxes calculation and on-line contact with dedicated accountant. Since launch in February 2016 almost 50% of SME clients that started with mBank opted for mAccountant.

Efma and Accenture announced the winners of their annual Global Distribution & Marketing Innovation Awards for retail banking for the fourth time. The program, jointly launched by these companies, aims to identify the most innovative projects and initiatives in the retail banking sector at a global level. More than 200 financial institutions from 61 countries submitted over 460 case studies of innovations within 10 categories: Customer Experience; Digital Marketing; Physical Distribution; Digital Distribution; Payments and Wallets; Salesforce Change Management; Big Data, Analytics and AI; Best New Service or Product; Global Innovator; and Most Disruptive Innovation.



The winners were selected by a combination of votes from a panel of judges comprised of senior retail bankers from around the world and online votes from Efma members and non-members. Three criteria were taken into account when assessing entrants: the originality of the innovation, the impact it is having on the industry and how adaptable it is for use in other markets and countries.

**Key news regarding mBank Group**

**mBank's analysts see 4Q'16 GDP growth even lower than 2%**



According to the preliminary estimate, Polish GDP rose in 3Q'16 only by 2.5% YoY, while quarterly dynamics fell to sluggish 0.2%. Given market consensus of 2.9%, those numbers are undeniably a disappointment. Economic growth pace is slowing more abruptly than most analysts expected. Annual CPI in October was at -0.2%. Price pressure in Poland (also in Eurozone) is still very sluggish, inflation indices are growing only because of statistical base effects.

mBank's economists think that even if rebound in EU funds-based investment will be enough to put growth back above the 3% threshold in 2H'17, global environment still poses a threat. Deflationary environment and low growth in Europe could negatively affect Polish exports, while possible escalation of EM problems would be problematic for exports diversification outside EU. The general picture of stagnating industry is complemented by weaker purchasing activity. Since the beginning of 2015, the PMI index has been drifting lower.

Industrial production fell in October by 1.3% on a yearly basis, after growing by 3.2% in September. Lower reading is overall a result of slowdown of foreign trade in Germany (a downward trend has been seen there since several quarters) and setback in investment activity in Poland. Consumption fuelled by government "Family 500+" program is not growing as fast as expected. Moreover, it is boosting imports rather than domestic production. Retail sales in October decelerated to 3.7% YoY.

The negative surprise regarding GDP expansion could also influence economic sentiment among enterprises and put an end to overoptimistic MPC comments about state of Polish economy, eventually resulting in much more dovish statements. mBank's analysts do not see any inflationary pressure in medium term, thus rate hikes in Poland are definitely off the table for a long period of time.

Soft patch has arrived to Polish economy. The momentum of industrial output stays negative. Retail sales are proceeding slower than expected given the magnitude of exogenous support. Investment activity is still in doldrums. Consequently, Polish GDP growth will fail to reach 2.0% in 4Q'16. Deeper slowdown should at least be a source of discomfort for the MPC as current rhetoric of strong growth does not seem to be matching reality.

### mBank named the Best Private Bank in Poland



mBank's private banking, with more than PLN 13 billion of assets under management, was recognized as the best in the country and gained a title of *Best Private Bank in Poland 2016* in the contest organized by PwM and The Banker, prestigious magazines belonging to the Financial Times group. The objective of the promoters is to gather qualitative and quantitative information from the entities to be able to give a set of awards for excellence. Private banks are judged on the progress they have made in their business/growth strategy and how they were able to boost inflows and profits.

They are also evaluated on their client relationship management blueprints and asked how they have adapted portfolio management, asset allocation and product strategy to meet investors' changing needs and attitude to risk. With many investors reeling from mis-selling scandals, education, training of advisers, due diligence and risk management are key areas of evaluation. This year the submissions were judged by an expert panel of fifteen industry professionals based in North America, Asia, Europe and the Middle East.

In 2015, mBank launched a model advisory scheme aimed at making the role of a client's personal adviser more relevant. The bank is determined to continuously improve the qualifications of its relationship managers, running a programme that prepares its advisers for the European Financial Planner exams. mBank currently employs 58 client-facing staff, servicing just under 6000 private clients. Potential customers are mainly acquired through recommendations from existing customers, personal contacts of private banking advisers, and marketing and PR activities. In 2015, emphasis was placed on co-operation with the wider mBank Group to expand its wealth management operations.

**Forthcoming corporate access events**

- No conference or roadshow scheduled for December

**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  
Annual Report online**Newsletter archive – [click here](#)

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