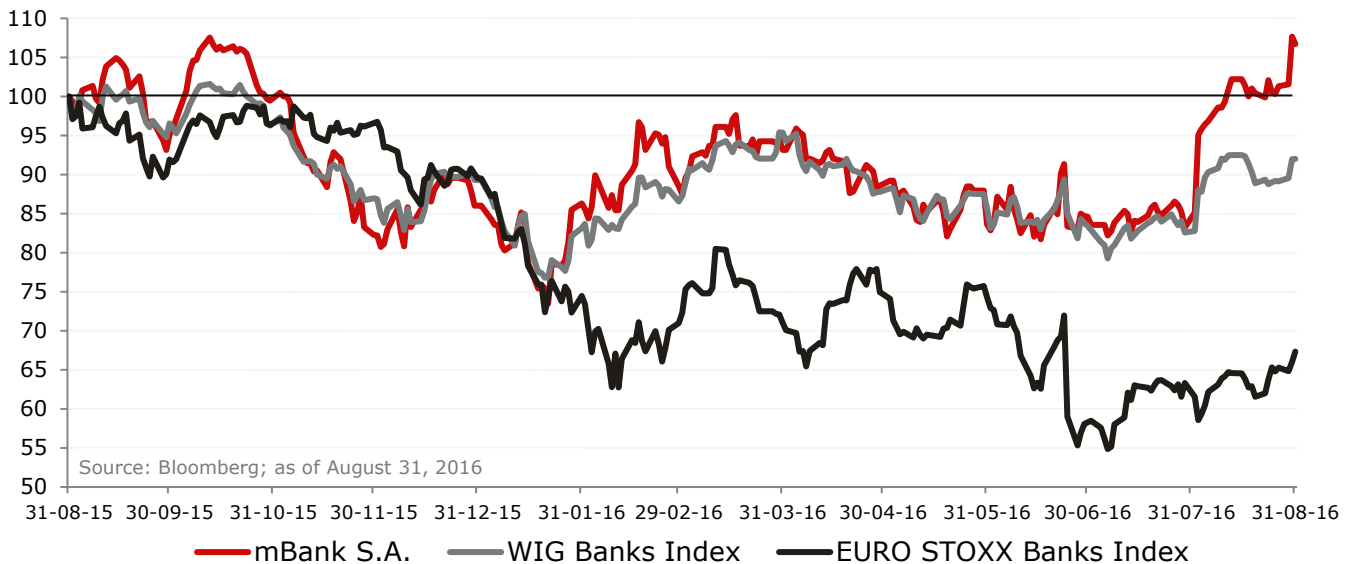


Share price performance summary

In August mBank's share price jumped by 28.21%, while the WIG-Banks index increased by 11.39%. The EURO STOXX Banks Index went up by 6.38% in the same period.

Last 12 months – chart


change in the period	3Q'15	4Q'15	2015	1Q'16	2Q'16	2016YtD
mBank	-15.91%	-9.51%	-36.95%	+8.28%	-9.13%	+24.04%
WIG Banks Index	-11.04%	-7.51%	-23.54%	+6.77%	-12.49%	+3.03%
EURO STOXX Banks Index	-12.39%	-2.64%	-4.94%	-20.72%	-17.88%	-24.78%

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	2 737	+9.0%	2 929	+7.0%
Net F&C income	902	897	920	+2.6%	978	+6.3%
Total income	3 939	4 093	4 274	+4.4%	4 347	+1.7%
Costs	-1 771	-2 054	-1 940	-5.5%	-1 987	+2.4%
LLPs	-516	-421	-440	+4.4%	-496	+12.8%
Profit before tax	1 653	1 618	1 894	+17.1%	1 864	-1.6%
Net profit	1 287	1 301	1 165	-10.5%	1 115	-4.3%
Loans	74 582	78 434	82 415	+5.1%	86 497	+5.0%
Assets	117 986	123 523	128 562	+4.1%	133 092	+3.5%
Deposits	72 422	81 141	86 515	+6.6%	91 559	+5.8%

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).

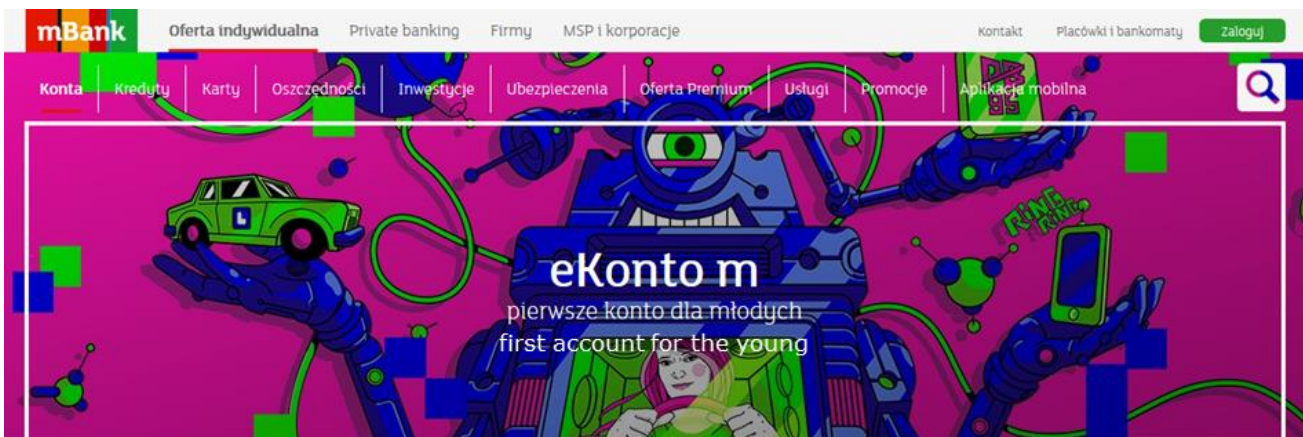
Special topic: mBank launches a new campaign directed to the young

Under its new strategy for 2016-2020, mBank intends to design the offer, which will more precisely address the needs of the young. The bank aspires to acquire 1/3 of the young clients entering the banking market.



With the ongoing technological advancement, digitalization, strong online and mobile shopping development mBank believes that a point in time when a young person opens first bank account is moving towards earlier stage in life. Consequently, the bank's actions will focus on the segment of clients below the age of 24.

During special conference organised on August 2, 2016, mBank inaugurated a 'new opening' in the young segment. The tactics towards the young will include, among others: (i) tailored communication – everything that is associated with the bank should be for young people clear and the bank should speak their language; (ii) accenting the possibilities which the product opens, not the product itself – it will be easier for the bank to win the young's favour if it applies scenarios accenting support which it can offer, not the products themselves; (iii) creation of new value proposition – the bank will consider not only changes in offer but also in a mobile banking.



Key news regarding mBank Group

According to mBank's analysts, the MPC's favourite scenario is increasingly out of touch with reality



According to the flash estimate, Polish GDP rose in 2Q'16 only by 3.1% YoY, compared to market consensus of 3.3%. However, quarterly dynamics was a solid at +0.9%. Interestingly, this was a deviation from the regional pattern of positive surprises (Slovakia, Hungary). Not only was weaker exports the cause this time, as the main reason for unsatisfactory growth rate lies in sluggish investment. Final outcome was most likely balanced by strengthening consumption.

While labour market data surprised to the upside with a nice wage print and yet another acceleration in employment growth, real activity data were a major disappointment, with industrial and construction output posting worst YoY figures since 2012 and 2013, respectively. Retail sales also failed to live up to expectations and no sign of the massive government child subsidy programme has been seen in the data.

Employment in the enterprise sector rose by 3.2% in July, probably due to stronger than usual seasonal effects in trade, tourism and support services that inflated the figures. Average gross wage grew by 4.8% YoY. mBank's macroeconomists note that demographic and institutional factors still favour high wage growth in Poland. It also means that consumption growth will continue to be supported by wage bill growth, in July exceeding 8% in current and 9% YoY in constant prices.

Industrial output fell by 3.4% YoY, significantly below forecasts. If calendar and seasonal effects are stripped, what remains is pretty weak at 1.6% YoY and -1.6% MoM. Construction output declined by 18.8% YoY and came in below consensus. Reasons for this weakness are well-known including cutbacks in public (railways and local governments) and quasi-public investment.

Retail sales rose by 2.0% YoY in July, below market consensus. Given the constant flow of new money connected with '500+ programme' (base effects begin to bite only from 2Q'17 onwards) and strong labour market, consumption is set to accelerate further this year. And given the hiatus in investment this is the only factor keeping GDP growth above 3% at the moment.

Final CPI estimate for July confirmed the flash release at -0.9% YoY. On a monthly basis, food prices fell by 1.0%. This is a significant deviation from regional pattern (Hungary and Czech Republic). Fuel prices dropped by 1.1% monthly. As a result, core inflation fell once again to -0.4% YoY. By year end, it should move back into positive territory (0.5-0.6% YoY) but only because of base effects.

The market is still pricing in only a small chance of rate cuts this year. However, stronger zloty, low inflation and further declines in interest rates throughout the world should favour more aggressive bets regarding Polish rates in the coming weeks. Finally, in current circumstances (hunt for yield, EMs back in vogue) lower GDP growth should not impact Polish credit risk.

mBank has been selected as a systemically important institution



On August 18, 2016, mBank received a decision from the Financial Stability Committee of August 10, 2016, issued upon the request of the Polish Financial Supervision Authority pursuant to Article 39 sections 1 and 3 in conjunction with Article 5 of the Act on macroprudential supervision over the financial system and crisis management in the financial system of August 5, 2015.

In its notification, the Financial Stability Committee expressed a positive opinion on identification of the Bank by the Polish FSA as other systemically important institution (O-SII) and on imposing on mBank by the regulator, on a consolidated and stand-alone basis, a respective buffer equal to 0.50% of the total risk exposure amount. So far, the Bank has not received any information about the date of implementation of the additional capital buffer.

Forthcoming corporate access events

- September 12-13, 2016: 13th Emerging Europe Investment conference in Warsaw

Forthcoming reporting events

- October 26, 2016: mBank Group Financial Report for Q3 2016
- 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	42 253 931
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer
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