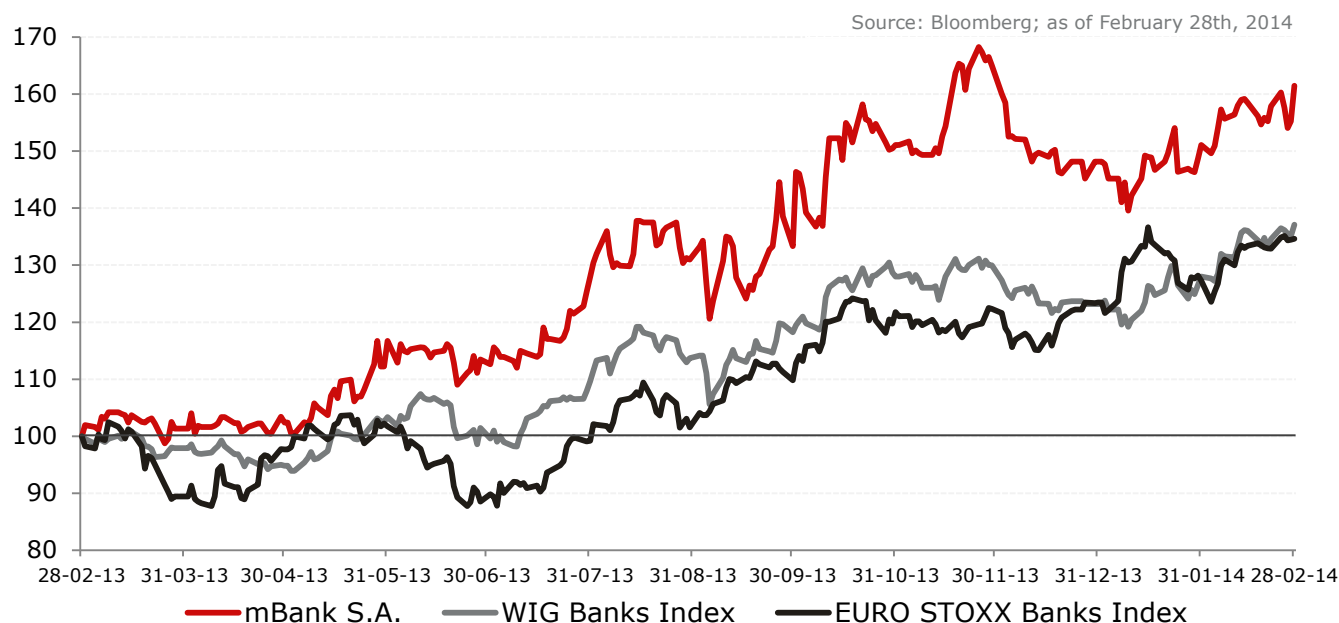


### Share price performance summary

In February mBank's share price increased by 6.86%, while the WIG Banks index increased by 7.10%. The EURO STOXX Banks Index increased by 5.76% in the same period.

#### Last 12 months – chart



change in the period	Q1'13	Q2'13	Q3'13	Q4'13	2013	YtD
mBank	+4.91%	+11.99%	+17.52%	+11.09%	+53.37%	+9.00%
WIG Banks Index	-4.20%	+3.60%	+16.58%	+4.18%	+20.54%	+11.29%
EURO STOXX Banks Index	-8.81%	-1.04%	+24.11%	+12.39%	+25.87%	+9.06%

### Consensus estimates for mBank Group's results

P&L item (in PLN M)	2012FY	2013FY	2014E		2015E	
			estimate	Δ vs. 2013A	estimate	Δ vs. 2014E
Net interest income	2 280	2 226	2 413	+8.4%	2 647	+9.7%
Net F&C income	787	835	889	+6.5%	939	+5.7%
<b>Total income</b>	<b>3 571</b>	<b>3 674</b>	<b>3 862</b>	<b>+5.1%</b>	<b>4 173</b>	<b>+8.1%</b>
<b>Costs</b>	<b>-1 661</b>	<b>-1 678</b>	<b>-1 730</b>	<b>+3.1%</b>	<b>-1 782</b>	<b>+3.0%</b>
LLPs	-445	-478	-491	+2.7%	-504	+2.7%
<b>Profit before tax</b>	<b>1 465</b>	<b>1 518</b>	<b>1 639</b>	<b>+8.0%</b>	<b>1 886</b>	<b>+15.0%</b>
<b>Net profit</b>	<b>1 197</b>	<b>1 206</b>	<b>1 308</b>	<b>+8.4%</b>	<b>1 506</b>	<b>+15.2%</b>
Loans	66 947	68 210	73 713	+8.1%	79 392	+7.7%
Assets	102 145	104 283	109 826	+5.3%	116 352	+5.9%
Deposits	57 984	61 674	65 612	+6.4%	70 838	+8.0%

Contributing research (released after October 1, 2013) by: Citi Research, Deutsche Bank, Goldman Sachs, Millennium DM, BoA Merrill Lynch, Raiffeisen, ING Securities, DM BZ WBK, IDM SA, J.P. Morgan, Wood & Company, KBW, Morgan Stanley, PKO DM, Erste Group, Espirito Santo, DM Banku BPS, DI Investors.

**Special topic: Q4 2013 mBank Group's results compared to analysts' consensus**

[in PLN M]	Market consensus				Actual Results	Difference to consensus
	MIN	Average	Median	MAX		
Net interest income	559.0	571.0	570.3	582.6	588.1	+3.0%
Net fee & commission income	214.0	221.7	221.0	230.4	228.9	+3.2%
<b>Total operating income</b>	<b>915.5</b>	<b>938.2</b>	<b>937.0</b>	<b>977.0</b>	<b>964.2</b>	<b>+2.8%</b>
<b>Total costs</b>	<b>(455.0)</b>	<b>(432.2)</b>	<b>(433.0)</b>	<b>(422.0)</b>	<b>(441.6)</b>	<b>+2.2%</b>
Result before provisions	465.0	506.0	505.0	536.6	522.6	+3.3%
Loan loss provisions	(166.0)	(137.8)	(140.0)	(115.0)	(117.1)	-15.0%
<b>Profit before tax</b>	<b>321.0</b>	<b>367.9</b>	<b>372.5</b>	<b>421.6</b>	<b>405.5</b>	<b>+10.2%</b>
<b>Net profit</b>	<b>253.0</b>	<b>295.1</b>	<b>298.0</b>	<b>327.8</b>	<b>314.2</b>	<b>+6.5%</b>

Based on estimates of 18 Analysts: ING Securities, Citi Research, J.P. Morgan, Morgan Stanley, Ipopema, Espirito Santo, UniCredit, DM BZ WBK, Deutsche Bank, DM Banku BPS, Erste Group, DM PKO, Millennium DM, Wood & Company, IDM SA, Raiffeisen, KBW Securities, Goldman Sachs.

**Key news regarding mBank Group**
**Major developments of mBank Group in Q4 2013**

During Q4 2013, mBank Group generated a profit before income tax of PLN 405.5 million, representing an increase of 14.4% QoQ. Net profit attributable to the shareholders of mBank increased by 8.9% QoQ to reach PLN 314.2 million.

The main factors determining the changes in the results were as follows:

- **Increase of revenues** to PLN 964.2 million (+2.0% QoQ) supported by an increase in net interest income (to PLN 588.1 million, +3.2% QoQ), an increase in net fee and commission income (to PLN 228.9 million, +8.6%) and the additional dividend paid by PZU, which amounted to PLN 9.4 million.
- **Increase of operating expenses** (including depreciation and amortisation) compared to the previous quarter, which stood at PLN 441.6 million. Consequently, the effectiveness of mBank Group remained stable on a quarter-on-quarter basis. The cost/income ratio after Q4 2013 reached 45.7% compared to 45.6% after Q3 2013.
- **Decrease of risk costs** to 68 bps in Q4 2013. Net impairment losses on loans and advances decreased by 32.5% QoQ and amounted to PLN 117.1 million. The change was driven by lower provisions in both retail and corporate segments.
- **Continued organic growth and business expansion** as demonstrated by: **growth of the retail customer base**, which reached 4,368 thou. (+42 thou. customers compared to Q3 2013, +235 thou. from the beginning of 2013); and **increase in the number of corporate customers** to a record high of 16,333 clients (+332 compared to Q3 2013, +1,238 from the beginning of 2013).

**Net loans and advances to customers** stood at PLN 68,210.4 million at the end of Q4 2013 and were lower by 1.4% QoQ. The reduction was driven by a decrease of the volume of corporate loans by 2.4% and the volume of loans to individual clients by 1.4%. The volumes of gross corporate loans and loans to individual clients amounted to PLN 29,475.3 million and PLN 38,307.9 million, respectively.

**Customer deposits** increased by 2.6% QoQ to PLN 61,673.5 million. Retail deposits gained 4.9% and reached PLN 34,203.1 million, whereas corporate deposits increased by 0.4% to PLN 26,752.9 million. Consequently, the loans to deposits ratio of mBank Group declined compared to the previous quarter and stood at 110.6%.

The changes in the Group's financial results translated into the net ROE of 13.1%. The Group's capital ratios remained at a safe level. The capital adequacy ratio (CAR) stood at 19.38% at the end of December 2013, while the Core Tier 1 ratio amounted to 14.21%.

### **The economy has not lost momentum in January, according to mBank's analysts**



At first glance, last data releases were a mixed bag. Employment remained flat on annual basis, industrial output slowed down and construction output contracted, despite expectations of sustained annual growth. But January is in many ways special: strong seasonality, base effects and methodological changes. Below the mixed headlines there is a sustained momentum that should carry the Polish economy onwards.

Inflation remains very low in January with consumer prices growing by 0.7% YoY. Even though these are preliminary data and might be revised along with the introduction of new CPI basket, inflationary pressures are nowhere to be seen.

Employment in the enterprise sector stayed remained on annual basis in January, while wages grew by 3.4% YoY after 2.7% in the previous month. mBank's analysts sustain their view that the trend in manufacturing wages is steepening and now hovers around 3.5% versus 2.5% some months ago. Wages are set to grow by 4.5% in the second half of the year.

Industrial output grew by 4.1% YoY in January after a 6.6% gain in December. Seasonally adjusted data point to an acceleration of output from 5.2% YoY in December to 6.3% in the following month. Next months are going to bring the growth of output to around 8% supporting the notion that economic upswing is gaining traction. In such circumstances GDP growth may exceed 3% in Q1 2014.

Stable producer prices and low overall CPI inflation constitute a very comfortable situation for the MPC and for investors as well corroborating - at least at this very moment - that the holy grail of macroeconomics (non-inflationary growth) is possible. mBank's macroeconomists stress that still low inflation, very dovish MPC, European and regional context should restrain expectations for swift monetary policy tightening and support Polish debt. Moreover, GDP is accelerating nicely along the path set a few months ago and a 3.5% growth target this year is slowly becoming more and more likely.

### **mBank with a consent to include a PLN 500 million subordinated debt in Tier 2 capital**



On February 14th, 2014, the Polish Financial Supervision Authority (KNF) granted a permission to include the amount of PLN 500 million, constituting a subordinated liability due to bonds issue, in the calculation of Tier 2 capital of mBank. The issuance of subordinated debt took place on December 3rd, 2013. The maturity of bonds is 10 years and the call option date is December 20th, 2018. The coupon was set at WIBOR 6M + 225 bps.

## Launch of New mBank in the Czech Republic and Slovakia



For more than 8 months the international team consisting of Czech and Slovak employees as well as their Polish counterparts worked intensively in Prague, Bratislava, Łódź and Warsaw to prepare the launch of New mBank on the foreign markets. The new internet banking was officially presented and made available to Czech and Slovak clients on February 10th, 2014, starting the migration process from the old transactional platform. The pre-launch communication of New mBank, started in November 2013, was supported by the introduction video available on the website.

The New mBank offers access to many new functionalities, which have been appreciated by the Polish clients already since June 2013. The developments include: peer to peer payments (via Facebook, SMS), personal finance manager, google-like quick search, gamification, geolocation.

## A new mBank mobile banking application for smartphones



In mid-February 2014 mBank launched a new mobile application for Android, iOS and Windows Phone with easy access to accounts, cards, loans, deposits, insurance, stock quotes, exchange rates and investment portfolio of mBank's customers. There is no need to log in to the application to check the balance of the current account, search for discounts and read alerts from mBank. The user sets the individual PIN code and receives full access to all features and information about personal finances.

Mobile banking has not offered so quick and easy ways of payments yet: even if the account number of the counterparty is not known, a transfer can be performed by selecting the recipient's mobile phone number in the application. Moreover, for a selected group of customers with individually calculated credit offer, the process of applying for a cash loan is available. Users also get access to the map of mDiscounts, including the information on the distance to the nearest offers.

## mBank again appreciated for the highest quality of services



In the seventh edition of the "Service Quality" ranking, mBank topped in the financial sector category. The jury of the contest comprises users of the internet platform [jakoscobslugi.pl](http://jakoscobslugi.pl), who vote via the website. The best firms form the TOP 100 group and gain the title of the most friendly company and the Star Service Quality emblem. An indicator of consumer satisfaction in a given sector is calculated on the basis of client assessment.

This year, customers set higher scores to companies than in the previous year and the overall consumer satisfaction index increased. In the finance category (banks and insurers), it reached 69.3%. Among these institutions, mBank won the Star Service Quality emblem in two areas: for the quality of the services provided by both internet and traditional banking (achieving the scores at the level of 74.6% and 85.0%, respectively). The highest quality of service as well as appearance and competence of advisors in the bank's branches have been appreciated for the sixth time (previously the bank won awards in the category operating under the MultiBank brand, which was changed to mBank in November 2013).

**Forthcoming corporate access events**

- March 24-25th, 2014: Morgan Stanley Central & Eastern Europe Conference in London
- March 24-26th, 2014: U.S. roadshow (Boston and New York)
- March 25-27th, 2014: Morgan Stanley 10th Annual European Financials Conference

**Forthcoming reporting events**

- March 3rd, 2014: mBank Group Consolidated Annual Report for 2013
- April 28th, 2014: mBank Group Financial Report for Q1 2014

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 175 558
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer  
Annual Report online**

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