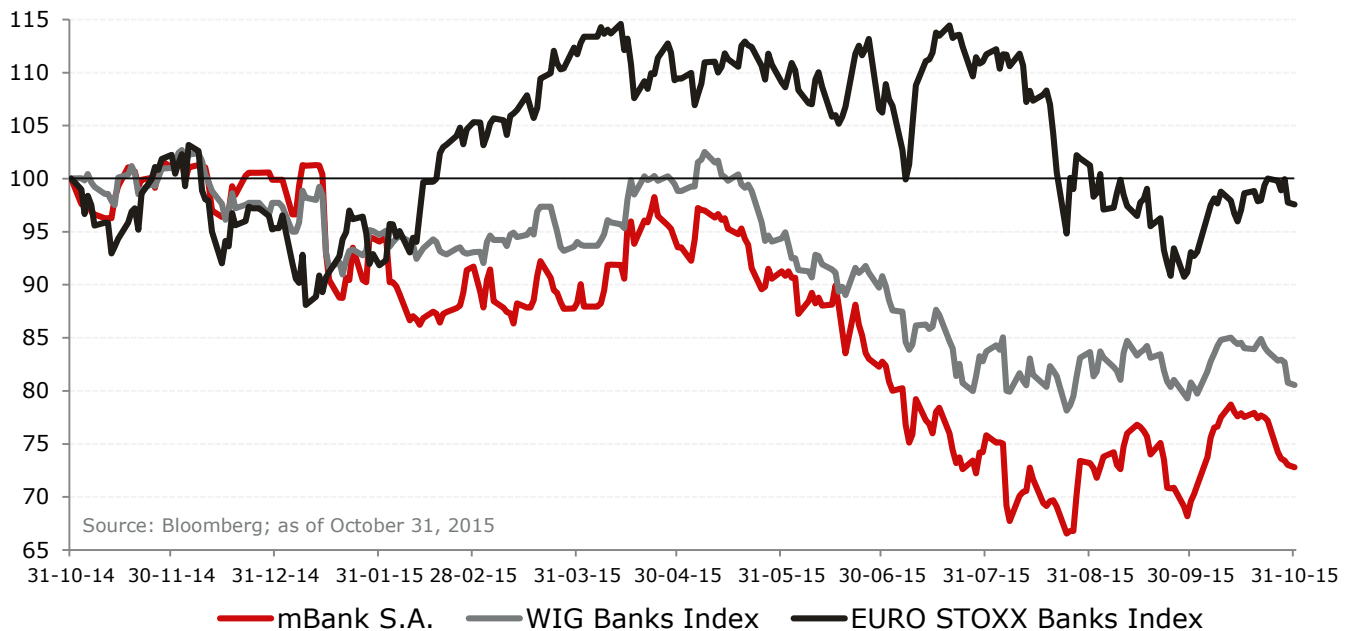


Share price performance summary

In October mBank's share price increased by 4.61%, while the WIG Banks index declined by 0.29%. The EURO STOXX Banks Index went up by 4.81% in the same period.

Last 12 months – chart



| change in the period | Q4'14 | 2014 | Q1'15 | Q2'15 | Q3'15 | 2015 YtD |
|------------------------|--------|--------|---------|--------|---------|----------|
| mBank | +1.22% | -0.40% | -11.58% | -6.29% | -15.91% | -27.11% |
| WIG Banks Index | -8.43% | -0.66% | -3.78% | -3.42% | -11.04% | -17.57% |
| EURO STOXX Banks Index | -9.85% | -4.89% | +17.20% | -4.91% | -12.39% | +2.34% |

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 | 2 459 | -1.3% | 2 692 | +9.5% |
| Net F&C income | 835 | 902 | 862 | -4.4% | 915 | +6.1% |
| Total income | 3 674 | 3 939 | 3 998 | +1.5% | 4 146 | +3.7% |
| Costs | -1 678 | -1 771 | -1 894 | +7.0% | -2 056 | +8.5% |
| LLPs | -478 | -516 | -469 | -9.1% | -546 | +16.4% |
| Profit before tax | 1 518 | 1 653 | 1 635 | -1.1% | 1 515 | -7.3% |
| Net profit | 1 206 | 1 287 | 1 293 | +0.5% | 1 177 | -9.0% |
| Loans | 68 210 | 74 582 | 80 592 | +8.1% | 85 764 | +6.4% |
| Assets | 104 283 | 117 986 | 124 124 | +5.2% | 130 139 | +4.8% |
| Deposits | 61 674 | 72 422 | 77 308 | +6.7% | 83 070 | +7.5% |

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, Trigon DM, Vestor DM.

Special topic: Q3 2015 mBank Group's results compared to analysts' consensus

| in PLN million | Market consensus | | | | Actual Results | Difference to consensus |
|-------------------------------|------------------|----------------|----------------|----------------|----------------|-------------------------|
| | MIN | Median | Average | MAX | | |
| Net interest income | 602.1 | 615.0 | 616.0 | 634.0 | 641.8 | +4.2% |
| Net fee & commission income | 205.0 | 225.0 | 223.5 | 233.1 | 235.6 | +5.4% |
| Total operating income | 921.0 | 936.6 | 939.8 | 977.0 | 979.9 | +4.3% |
| Total costs | (487.8) | (478.0) | (478.4) | (470.0) | (464.2) | -3.0% |
| Result before provisions | 439.0 | 461.0 | 461.5 | 495.0 | 515.6 | +11.7% |
| Loan loss provisions | (126.0) | (111.0) | (111.7) | (103.0) | (111.0) | -0.6% |
| Profit before tax | 313.0 | 351.0 | 350.0 | 392.0 | 404.7 | +15.6% |
| Net profit | 249.0 | 275.0 | 275.0 | 305.0 | 319.5 | +16.2% |

mBank's Investor Relations Research based on estimates of 19 Analysts, incl. Citi Research, ING Securities, Ipopema, Wood & Company, BZ WBK Brokerage, Deutsche Bank, PKO Securities, DM Banku BPS, DM BOŚ, Millennium DM, Haitong, Trigon DM, Vestor DM, Erste Group, Raiffeisen, Goldman Sachs, J.P. Morgan, BoA Merrill Lynch, KBW.

Key news regarding mBank Group
Major developments of mBank Group in Q3 2015

In Q3 2015, mBank Group generated a profit before tax of PLN 404.7 million, which represents an increase of 38.6% compared with Q2 2015. **Net profit attributable to owners of mBank** was higher by 44.4% QoQ and amounted to PLN 319.5 million.

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

- **Increase in total income** by 10.7% QoQ to PLN 979.9 million, as net interest income grew by 6.0% and net fee and commission income was higher by 2.3%. Net trading income increased to PLN 84.1 million, after weak Q2 2015.
- **Decrease in operating expenses** (including amortisation) by 4.3% QoQ to PLN 464.2 million. As a result, the cost/income ratio reached 47.7% in Q3 2015 compared with 54.8% in Q2 2015;
- **Marginal increase in net impairment losses on loans and advances** to PLN 111.0 million, while the overall sound asset quality was maintained. As a consequence the cost of risk reached 57 basis points in Q3 2015, compared with 55 basis points a quarter earlier;
- **Continued organic growth and business expansion** as demonstrated by: growth of the retail customer base to 5,054 thou. (+130 thou. customers QoQ), and increase in the number of corporate customers to 19,086 clients (+432 customers QoQ).

As at the end of Q3 2015, **gross loans and advances stood at PLN 82,449 million and grew by 2.7% QoQ**. The change was driven predominantly by an increase in the volume of corporate loans, while the retail portfolio remained stable due to systematic repayments of mortgage loans denominated in CHF and strengthening of the zloty. In Q3 2015 mBank Group granted PLN 1,334 million of mortgage loans and PLN 1,201 million of non-mortgage loans.

In Q3 2015 **amounts due to customers went up by 7.5% QoQ to 78,546 million**. The growth was mainly driven by a 17.7% increase in corporate deposits, however, net of repo transactions, this volume rose by 11.1%. Amounts due to individuals grew by 2.5%.

As a result, the loan to deposit ratio of mBank Group improved to 101.1%.

mBank Group's capital ratios remained at safe levels. As at the end of September 2015, the total capital ratio stood at 17.0% and the Common Equity Tier 1 ratio at 14.1%. Both ratios increased by 0.6 basis points, mainly due to inclusion of part of H1 2015 profit into Common Equity Tier 1 capital.

mBank's analysts assess the probability of rate cuts in 2016 at 50%



Given the broadly deflationary environment, one cannot count on inflationary momentum in the coming months. Inflation is set to rise only due to base effects (huge declines in fuel prices in late 2014). The likely delay in U.S. rate hikes increases the probability of an interest rate cut in Poland. In such an environment the Polish yield curve should be steepening. GDP growth is unlikely to exceed 3.1% YoY in the final quarters of the year.

In September Polish annual CPI fell to -0.8% from -0.6% month before. The main reason for this was a drop in core inflation (from 0.4% to 0.2% YoY). Food prices category has deviated from its 3-year seasonal pattern and grew to 0.7% on a monthly basis. Moreover, there was a sharp drop in fuel prices (-4.8% MoM) and a decline in recreation and culture prices (-1.8% MoM). The latter is a result of lower textbook prices, seasonal decline in package holiday prices and another downward correction in prices of cable TV services.

Due to the acceleration in nominal wage growth and slightly lower inflation, wage bill has grown at a fastest rate in six months, i.e. 5.1% in current prices and 5.9% in real terms. Employment in enterprise sector grew in September by 1% YoY. mBank's macroeconomists do not see the recent gyrations in wage bill growth as indicative of any changes in consumption trajectory. The marginal increases in real income are probably saved at this point. As a result, September labour market data support the forecast of 3% consumption growth.

Industrial output grew by 4.1% YoY in September. However, seen in a broader perspective, Polish industry remains in stagnation. Output is still below the cyclical peak from March 2015, current momentum is precisely zero. Prospects of acceleration in industry are meagre as global economy is slowing down and the VW scandal will weigh negatively in CEE industries.

mBank again awarded at a global competition organised by Efma and Accenture



In an international contest organised by Efma and Accenture for the most innovative banking projects, mBank was once again among the best banks in the world. This time, members of a jury and voting Efma members recognised the marketing online banking platform of mBank the best for the "Digital Marketing" category. Additionally, a strategic alliance between mBank and telco company Orange Polska - Orange Finanse - was ranked the second for the category "Best new product or service".

Also, mBank itself received the third prize for "Global Innovator" category in recognition of all projects submitted to this year's competition.

The international competition "Distribution & Marketing Innovation Awards" has been organised for the third time by Efma, an organisation that brings together over 3.3 thousand financial institutions from more than 130 countries, and Accenture, a company specialising in modern technologies, consulting and outsourcing services. The competition is to award the most interesting and innovative projects of financial institutions worldwide, which are addressed to the retail clients.

Forthcoming corporate access events

- November 2-4, 2015: U.S. roadshow – New York, Boston
- November 17, 2015: Deutsche Bank Conference in Warsaw
- December 2, 2015: Wood's Winter in Prague – Emerging Market

Forthcoming reporting events

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

mBank's shares:

| | |
|-------------------------|--------------------------------|
| ISIN | PLBRE0000012 |
| Bloomberg | MBK PW |
| Number of shares issued | 42 238 537 |
| Listed on WSE since | 06.10.1992 |
| Relevant WSE indices | WIG, WIG-30, WIG-20, WIG-Banks |

**mBank Analyzer
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