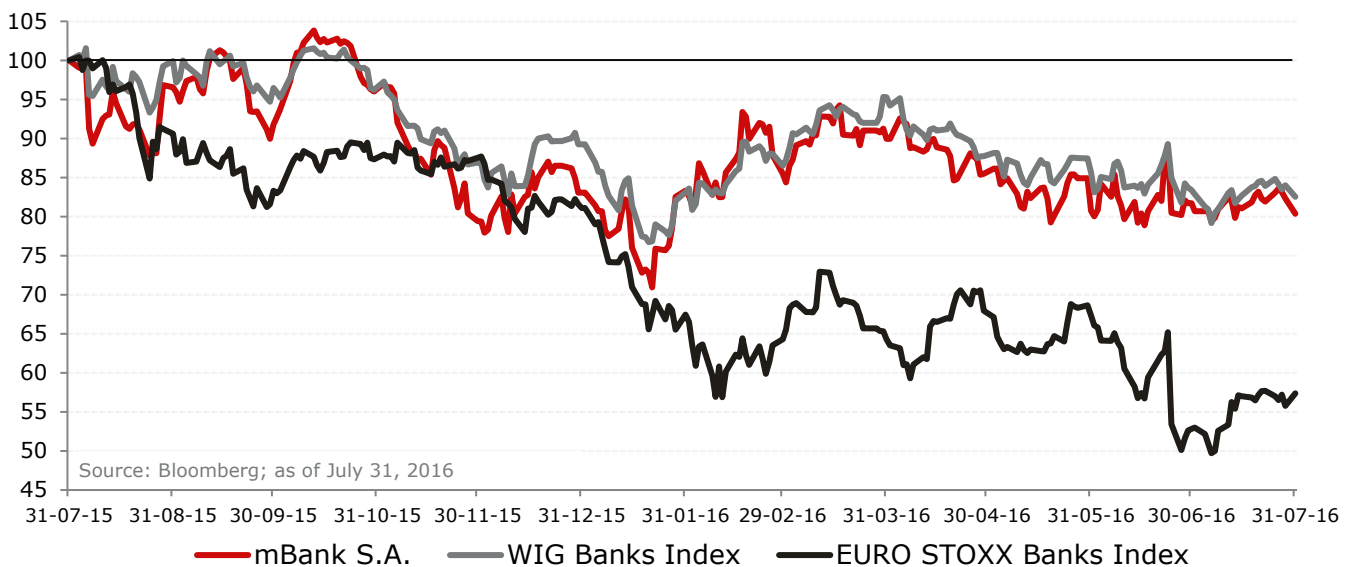


Share price performance summary

In July mBank's share price decreased by 1.67%, while the WIG-Banks index declined by 1.01%. The EURO STOXX Banks Index went up by 8.61% 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%	-3.25%
WIG Banks Index	-11.04%	-7.51%	-23.54%	+6.77%	-12.49%	-7.51%
EURO STOXX Banks Index	-12.39%	-2.64%	-4.94%	-20.72%	-17.88%	-29.29%

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	2 731	+8.8%	2 924	+7.1%
Net F&C income	902	897	926	+3.2%	984	+6.2%
Total income	3 939	4 093	4 266	+4.2%	4 353	+2.0%
Costs	-1 771	-2 054	-1 940	-5.6%	-1 987	+2.4%
LLPs	-516	-421	-444	+5.5%	-500	+12.5%
Profit before tax	1 653	1 618	1 882	+16.3%	1 866	-0.8%
Net profit	1 287	1 301	1 151	-11.6%	1 118	-2.8%
Loans	74 582	78 434	82 576	+5.3%	86 659	+4.9%
Assets	117 986	123 523	128 301	+3.9%	132 820	+3.5%
Deposits	72 422	81 141	86 093	+6.1%	90 103	+5.8%

Contributing research by: Citi Research, Deutsche Bank, ING Securities, BZ WBK Brokerage, Ipopema, Raiffeisen, Wood & Company, PKO Securities, Erste Group, Haitong Bank, BOŚ DM, BoA Merrill Lynch, J.P. Morgan, Pekao IB, 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: Q2 2016 mBank Group's results compared to analysts' consensus

[in PLN million]	Market consensus				Actual results	% Δ to consensus
	MIN	Median	Average	MAX		
Net interest income	677.0	684.0	684.0	690.0	684.4	+0.1%
Net fee and commission income	201.0	210.0	209.0	215.0	209.7	+0.3%
Total operating income	1,183.0	1,214.0	1,216.6	1,265.0	1,203.0	-1.1%
Total costs	(515.0)	(492.0)	(494.0)	(476.0)	(490.7)	-0.7%
Result before provisions	691.0	720.0	722.6	750.0	712.3	-1.4%
Loan loss provisions	(137.0)	(127.0)	(126.0)	(112.0)	(117.7)	-6.6%
Operating profit	569.0	597.0	596.6	627.0	594.6	-0.3%
Taxes on balance sheet items	(92.0)	(86.3)	(88.0)	(84.0)	(89.0)	+1.1%
Profit before tax	479.0	507.0	507.8	535.0	505.5	-0.4%
Net profit	363.1	388.0	388.3	408.4	388.5	+0.1%

mBank's Investor Relations Research is based on estimates of 15 Analysts, including: Citi Research, ING Securities, Erste Group, Wood & Company, BZ WBK Brokerage, Deutsche Bank, PKO Securities, Haitong, Trigon DM, DM BOŚ, Pekao Investment Banking, Millennium DM, Raiffeisen, J.P. Morgan, KBW. Data as of July 27th, 2016.

Key news regarding mBank Group
mBank Group announced its new strategy for 2016-2020

mBank Group's strategy until 2020, titled **mobile Bank**, was accepted by the bank's Supervisory Board on June 10, 2016. The strategy sets the framework for most important strategic activity directions of the Group. It rests on three pillars creating a canvas for implementing specific business actions to be undertaken by mBank over the next years. There are: client centricity, leveraging on mobility and continued improvement of efficiency. The document also defines the foundations for the strategy implementation, including engagement of mBank's employees, principles of the organization development and a framework for the bank's technological agility.

Specific business actions will be based on three strategy pillars

1 Empathy	2 Mobility	3 Efficiency
<ul style="list-style-type: none"> Offer the best customer experience i.e. give clients what they need just in time they need Make banking easy Focused customer acquisition oriented on development of active client base, incl. mBank's aspiration to acquire 1/3 of the young entering the banking market Broaden the sources of information about the client to target our offer more precisely 	<ul style="list-style-type: none"> Be the point of reference in terms of mobile banking Offer the best (most convenient, hassle-free, intuitive and engaging) mobile application on the banking market Enhance 'mobile first' distribution approach within the multichannel model Minimize the functionality gap between mobile and internet Expand base of active mobile app users and sales via mobile channel 	<ul style="list-style-type: none"> Grow while keeping the FTE base at current level Increase average revenues per client every year Enhance assets profitability through an active management of balance sheet structure Strengthen funding independence through rising volume of covered bonds and clients transactional deposits Simplify, streamline, automate and digitalise all processes to be a paperless bank

Financial performance targets of mBank Group – 5 key measures

Financial measure	Target point
1 Cost efficiency: Cost/Income ratio	Top3 in Poland, every year to be one of three most efficient listed banks in Poland
2 Owner's capital profitability: Return on Equity (ROE net)	Top3 in Poland, every year to be among the three most profitable listed banks in Poland, assuming ROE adjusted for dividend payment
3 Balance sheet profitability: Return on Assets (ROA net)	Top3 in Poland, in 2020 to be one of three listed banks in Poland with the highest ROA
4 Capital position in terms of core capital: CET 1 ratio	Maintain CET 1 ratio min. 1.5 p.p. above capital requirement for mBank and the ability to pay dividend every year
5 Financial stability and liquidity: Loan-to-Deposit ratio	Maintain L/D ratio at the level not significantly higher than 100% , every year

mBank's analysts see the MPC to remain unimpressed by decent real sphere and great labour market data



On its first meeting under governor Glapinski, Monetary Policy Council left interest rates unchanged. According to MPC, Poland has a perfectly balanced economy. Currently, every rate adjustment would be not only unnecessary but also harmful, because it could disturb this equilibrium. This consensus is nothing new as it was inherited from previous Council. Data on retail sales and industrial output are consistent with 3.3-3.4% GDP growth in 2Q'16.

Growth is set to be biased towards consumption whereas investment activity is expected to stay subdued. Labour market stays in perfect shape. Not only employment is increasing swiftly (+3.1% YoY) but also wage growth is creeping higher (+5.3% YoY). Owing to such positive developments, real labour fund is close to double digit growth. It is a positive sign for consumption (supported also by 500+ child benefit program) which makes up for investment slump and meagre exports performance in 2Q'16.

Industrial output grew by 6.0% YoY in June after 3.5% recorded in May. It was boosted by working days count whereas seasonally adjusted reading was estimated at 3.6% YoY. Despite big decrease in construction, manufacturing fared much better. Retail sales grew by 4.6% on annual basis in June.

June CPI confirmed the flash reading of -0.8% YoY, while core inflation rose from -0.4% to -0.2%, showing the first increase since October 2015. These figures do not change the overall picture. Inflation is set to breach zero no sooner than in 4Q'16 and it would stem mainly from base effects.

MPC is not going to be much impressed by the data as it seems to be only corroborating their current view of stable rates. It is too early to abandon the possibility of rate cuts, though. Global risks, investment slump, scarce evidence that corporates really increase prices in response to higher labour costs suggests that Poland is not out of the woods yet. So mBank's economists still think that window of opportunity may re-open for rate cuts soon.

Forthcoming corporate access events

- No conference or roadshow scheduled for August

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

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