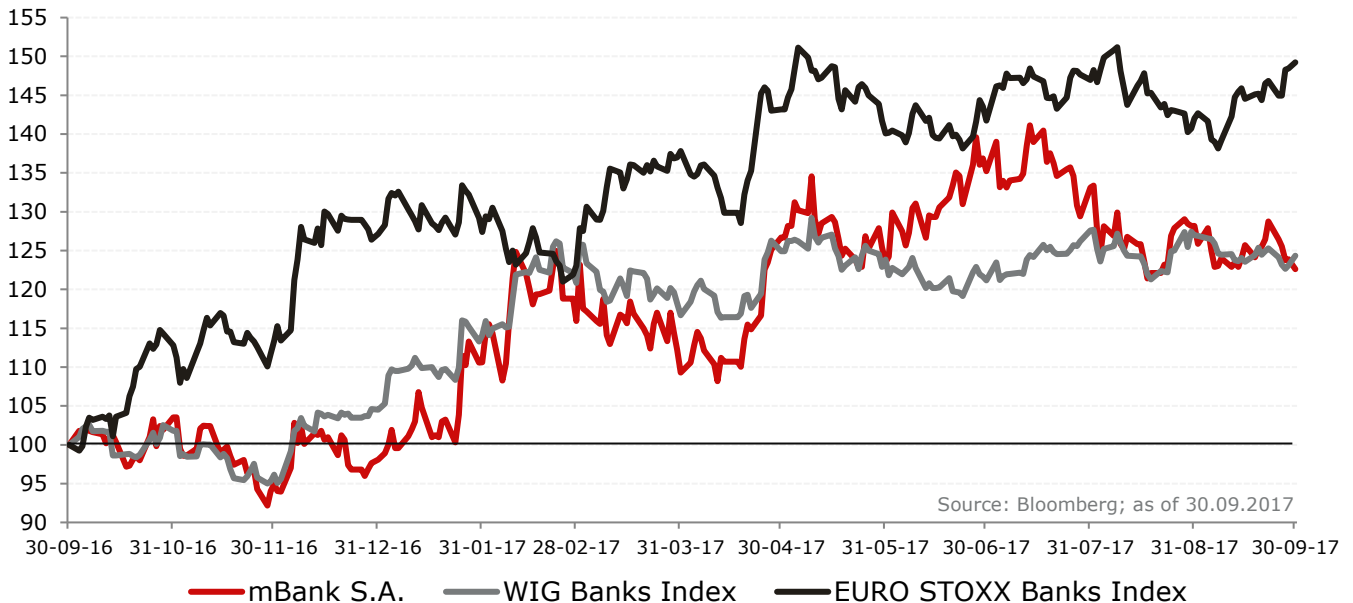


Share price performance summary

In September mBank's share price declined by 4.34%, while the WIG-Banks index went down by 2.08%. The EURO STOXX Banks Index increased by 5.09% in the same period.

Last 12 months – chart



change in the period	4Q'16	2016	1Q'17	2Q'17	3Q'17	2017YtD
mBank	-1.90%	+6.77%	+11.41%	+23.72%	-9.33%	+24.98%
WIG Banks Index	+4.51%	+2.90%	+11.63%	+3.86%	+2.60%	+18.95%
EURO STOXX Banks Index	+27.00%	-8.09%	+8.37%	+2.68%	+5.30%	+17.37%

Consensus estimates for mBank Group's results

Financials (in PLN M)	2015	2016	2017E		2018E	
			estimate	Δ vs. 2016	estimate	Δ vs. 2017E
Net interest income	2 511	2 833	3 072	+8.5%	3 286	+6.9%
Net F&C income	897	906	997	+10.0%	1 049	+5.2%
Total income	4 093	4 295	4 397	+2.4%	4 688	+6.6%
Costs	-2 051	-1 963	-2 008	+2.3%	-2 048	+2.0%
LLPs	-421	-365	-468	+28.0%	-519	+10.9%
Operating profit	1 622	1 967	1 921	-2.3%	2 121	+10.4%
Net profit	1 301	1 219	1 156	-5.2%	1 302	+12.6%
Net loans	78 434	81 763	85 583	+4.7%	90 015	+5.2%
Assets	123 523	133 744	135 469	+1.3%	141 809	+4.7%
Deposits	81 141	91 418	93 340	+2.1%	98 496	+5.5%

Contributing research by: Citi Research, DM BOŚ, BZ WBK Brokerage, PKO BP Securities, Erste Group, Haitong Bank, Ipopema, J.P. Morgan, KBW, BofA Merrill Lynch, Noble Securities, Pekao Investment Banking, Raiffeisen, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

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 nominated in "Distribution & Marketing Innovation" contest

In the contest organized by Efma & Accenture, mBank is nominated in two categories:

Big Data, Analytics and AI – with a ChatMe&mAIA Program

It is a full chat interaction service programme focused on omnichanneling involving AI support. Customers can talk to mBank like they do with friends through messaging apps – using natural language & 24h/7d. Following the chat in online banking, it has been also launched in the mobile app and branches. Moreover, the standard marketing communication has been replacing with interactive chats run by AI bot, which provides human like experience. mBank has introduced a complex event processing mechanism that analyses all customer behaviour in real time and therefore provides AI with the reason to talk in the right time.



New Business Ecosystem – with mPower Business Starter



effects:

Shorter time

10-30 days  **10 minutes**

Clear process

200 fields  **6 fields**

Convenience

5 locations  **1 web form**

It is a revolution to new business opening process by integrating government, bank and accounting services into one easy and intuitive experience, which makes customer a complete entrepreneur in just 10 minutes. mBank developed integrated, 100% automated and online process that allows to quickly set up a fully operative company in Poland. No further visits in any institutions are needed. This end-to-end solution includes creation of a state digital signature, opening a business bank account, signing up for accounting services and finally officially registering a new company with all information required.

Key news regarding mBank Group

mBank's analysts foresee 3Q'17 GDP growth above 4.5%



With very strong industrial output figures and robust increase in construction output mBank's analysts estimate GDP growth at 4.5-4.7% in 3Q'17. It is too early to offer a definite breakdown, but both investment and household consumption are likely to grow by 5% YoY. As expected, the MPC kept rates unchanged during its September meeting and the accompanying statement was barely altered compared to the previous months.

Mr Glapinski's earlier expectation of stable rates until end-2018 was reiterated. This announcement remains broadly consistent with current market pricing that puts the first rate hike in May 2019. Given the well-known relations between labour market conditions, wage growth and inflation, it is reasonable to expect that inflationary pressures (especially in consumer services) will continue to rise. As a result, current market pricing might be too optimistic. mBank's economists expect the MPC to acknowledge this in mid-2018 and raise rates in 3Q'18.

Inflation rose from 1.7% to 1.8% YoY in August, matching the flash release and market consensus. Prices of food and non-alcoholic beverages fell by 0.6% in monthly terms. The main reason for the relatively shallow decline in food prices lies in unusually high vegetable prices due to delayed season (a result of cold weather in Spring). Fuel prices rose 2.2% MoM. Finally, core inflation fell from 0.8% to 0.7% YoY.

Employment in the enterprise sector rose in August by 4.6% YoY (same as in July). The minor monthly growth to expected to be distributed among manufacturing and construction, which picked up lately. Bigger picture remains the same with employment in Poland growing at a remarkable pace. Average gross wage increased by 6.6% YoY in August and remains at 8-year high. In these circumstances, wage bill growth accelerated 11.6% YoY in nominal and to 9.8% YoY in real terms.

Industrial output rose by 8.8% YoY in August, crushing all forecasts and market consensus of 5.9%. The surprise was mirrored by a very strong monthly increase and the seasonally adjusted +3.2% MoM made last August the best single month for industry since March 2010.

Construction output rose in August by 23.5% on a yearly basis, matching market estimates. However, after seasonal adjustment, it fell slightly on a monthly basis (by 0.8%), which means that yearly growth was driven mainly by base effects. Nevertheless, private investment is in a good shape and public sector is lagging here. Its share in GDP fell on the turn of 2016 and 2017 to pre-EU accession levels (ca. 3%).

Retail sales increased by 7.6% YoY in nominal terms in August. The very first fiscal impulse (500+ expenditures) went through the economy and with a little bit better business activity worldwide generated second round effects that tightened labour market and lifted consumer confidence to all-time highs. At the moment it is highly possible that consumption growth in 3Q'17 will be still hovering only a bit short of 5%.

As long as inflation remains below the target and core inflation shows little signs of demand-pull pressure, the MPC is unlikely to react and markets will buy its dovish rhetoric completely. Nevertheless, higher GDP growth will mechanically raise the NBP's projection of GDP and, indirectly, core CPI (via smaller output gap). This, along with another stellar month in fiscal data, means that local factors are supportive for Poland's risk premia and bond yields.

Vice President of the Management Board Przemysław Gdański leaves mBank



On September 12, 2017, Vice President of the Management Board, Head of Corporate and Investment Banking, Przemysław Gdański resigned from his functions at the bank with effect from October 25, 2017, without giving the reason for his decision. He was a member of mBank's Management Board since November 2008. At the same time, Chairman of the Bank's Supervisory Board Maciej Leśny informed that he recommends Managing Director for Financial Market Adam Pers as a replacement.

mBank recognised as the best bank for businesses by Forbes



In September Forbes magazine announced the results of its ranking for the best bank for business owners and small companies in the Polish banking market. For the second time a row, mBank won this competition and was recognised as the financial institution that to the highest degree meets the needs of entrepreneurs. The bank received 81.4 out of 100 points.

The score included the maximum rating from Forbes editors and the assessment conducted by Kantar Millward Brown market research firm using the mystery shopper method. mBank was appreciated for its quality level and standard of customer service, both in branches and through remote contact channels, as well as the product range for the entrepreneurs.

Forthcoming corporate access events

- October 5-6, 2017: European Financials Conference organized by mBank Dom Maklerski in Warsaw
- October 16-17, 2017: U.S. Roadshow with Wood & Company – Boston and New York

Forthcoming reporting events

- October 26, 2017: mBank Group Financial Report for Q3 2017
- February 8, 2018: mBank Group Financial Report for Q4 2017
- March 2, 2018: Annual Financial Report of mBank Group for 2017

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 311 255
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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