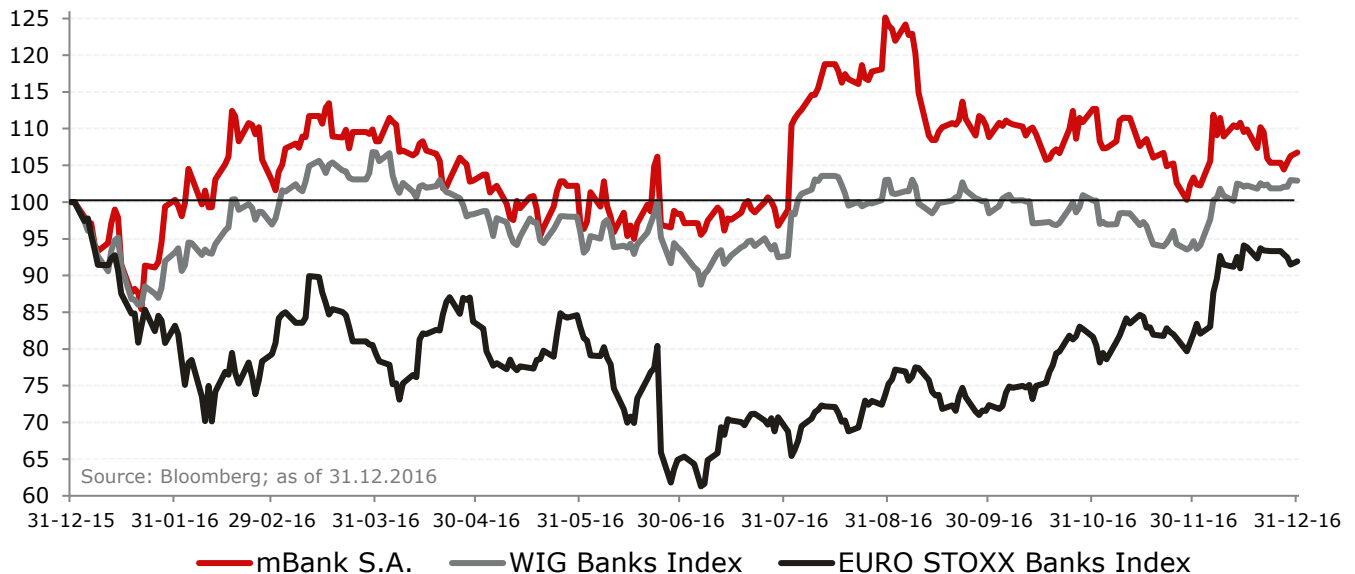


Share price performance summary

In December mBank's share price increased by 3.31%, while the WIG-Banks index gained 8.70%. The EURO STOXX Banks Index went up by 12.01% in the same period.

Last 12 months – chart


change in the period	2015	1Q'16	2Q'16	3Q'16	4Q'16	2016
mBank	-36.95%	+8.28%	-9.13%	+10.62%	-1.90%	+6.77%
WIG Banks Index	-23.54%	+6.77%	-12.49%	+5.37%	+4.51%	+2.90%
EURO STOXX Banks Index	-4.94%	-20.72%	-17.88%	+11.16%	+27.00%	-8.09%

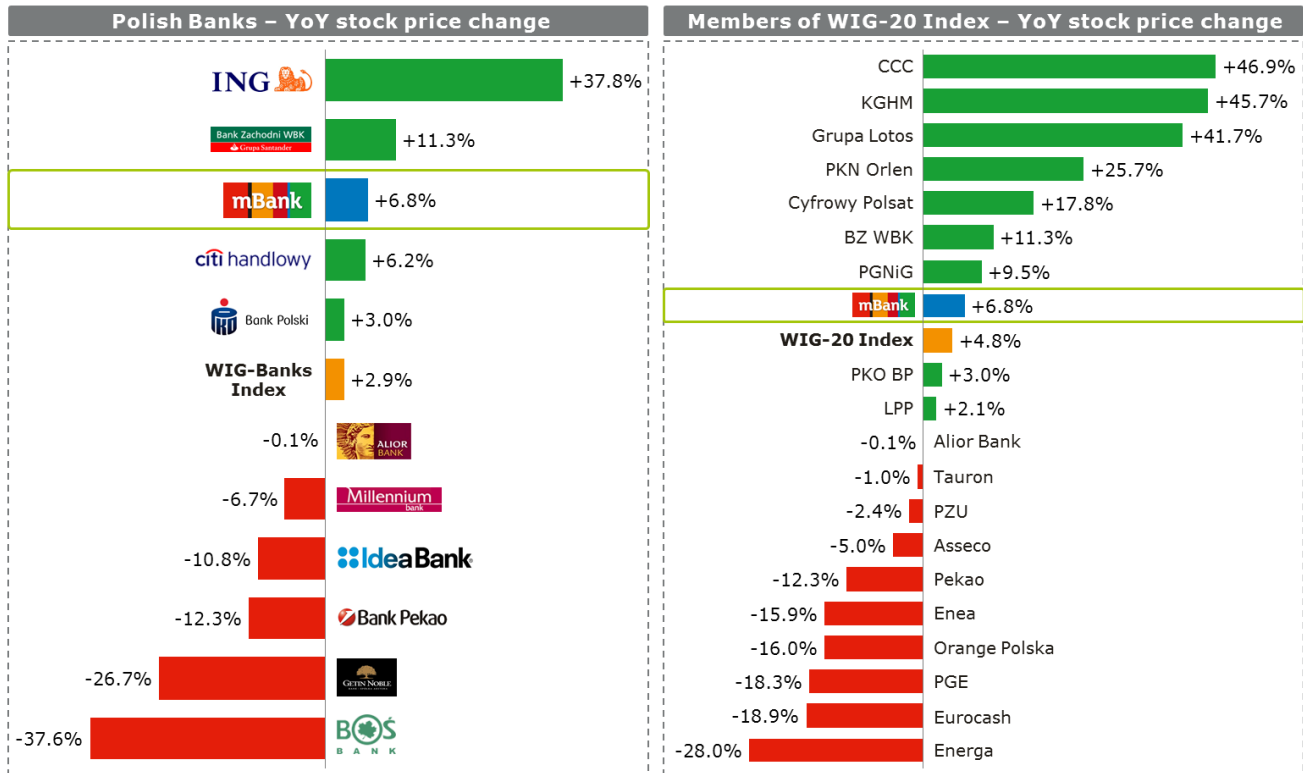
Consensus estimates for mBank Group's results

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	2 771	+10.3%	3 007	+8.5%
Net F&C income	902	897	900	+0.4%	950	+5.6%
Total income	3 939	4 093	4 286	+4.7%	4 367	+1.9%
Costs	-1 771	-2 054	-1 957	-4.7%	-2 000	+2.2%
LLPs	-516	-421	-446	+5.8%	-501	+12.5%
Profit before tax	1 653	1 618	1 884	+16.4%	1 865	-1.0%
Net profit	1 287	1 301	1 164	-10.5%	1 124	-3.5%
Loans	74 582	78 434	82 583	+5.3%	86 549	+4.8%
Assets	117 986	123 523	129 436	+4.8%	133 685	+3.3%
Deposits	72 422	81 141	87 997	+8.5%	93 050	+5.7%

Contributing research by: Citi Research, Deutsche Bank, BZ WBK Brokerage, Wood & Company, PKO Securities, Erste Group, Haitong Bank, Raiffeisen, 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: 2016 share price performance summary



Source: Bloomberg.

Key news regarding mBank Group

mBank's analysts see 4Q'16 GDP growth probably exceeding 2%



mBank's analysts revised their GDP forecast for 4Q'16. Even though they continue to see a slowdown relative to the expansion of 2.5% YoY in 3Q'16, the rebound in construction and positive spillovers to manufacturing point to a much better 4Q'16 than originally forecasted. GDP likely grew by more than 2%, although error bars are wide due to uncertainty regarding public investment.

mBank's economists think that households get slowly used to additional income flowing from social benefits and tighter labour market. Therefore, 4Q'16 may be marked by record high consumption growth for this year. It is worth to stress that retail sales is propelled by income inelastic categories (food, fuels).

Industrial output grew by 3.3% YoY in November, beating market consensus. This is an impressive result, given the strong base effects from last year. A quick review of detailed data suggests that both export- and domestic-oriented industries rebounded in November. A clear culprit for the former is the strong sentiment in Eurozone manufacturing, the latter was likely boosted by the resurgence of construction-related spending in Poland.

Construction output declined in November by 12.8% on a yearly basis, much less than market consensus had indicated. On a monthly basis it grew by 6.7% (seasonally adjusted), which not only is a significant rebound after weak October (-3.0%) but also the highest monthly rise since February 2014. The reason for this surprise could be the on-going change in seasonal

patterns. This data could be the first sign of a revival of investment. It is most probable that local governments' activity picked up earlier than expected.

In November, employment in the enterprise sector grew by 3.1% YoY. October's yearly momentum was thus sustained. Average gross wage went up by 4.0% YoY. In the coming months wage growth will stay high due to increasingly more binding labour supply constraints (demographic trends and possible flows out of labour force driven by 500+ programme). Due to the expected uptick in inflation in the coming months, real household income growth will decline. As a result, consumption growth is expected to moderate in 2017, falling to 3.0-3.5% at the end of the year.

According to the final data, yearly CPI index rose in November to 0.0% from -0.2% in October. After 28 months statistical deflation ended in Poland. On a monthly basis consumer prices grew by 0.1%. However, price pressure in Poland is still very weak, same as in Europe, and the recent upward movement of CPI index is a result of low base in energy prices. mBank's analysts expect to see CPI gradually increasing in the following months. Because of a surge in oil prices, inflation should reach 1.5% in 3-4 months (lower range of inflation target).

From the MPC's perspective this bundle of data is a clear confirmation of their current strategy of waiting out the slowdown. mBank's economists still see a rate cut as a risk but definitely not a baseline scenario.

Polish FSA determined FX-related buffers for mBank Group



On December 15, 2016, mBank received the decision of the Polish Financial Supervision Authority related to fulfilling by the bank at consolidated level an additional capital requirement for covering the risk related to the foreign currency mortgage loans for households at 3.25 p.p. for total capital ratio. Moreover, for Tier 1 capital ratio and CET1 capital ratio the additional capital requirements amount to 2.44 p.p. and 1.82 p.p., respectively.

In the respective decision, PFSA informs that recommended minimum capital requirements for mBank S.A. at the individual level amounts to 13.61% for Tier 1 capital ratio and 17.56% for total capital ratio. At the consolidated level minimum capital requirements are 13.19% for Tier 1 capital ratio and 17.00% for total capital ratio.

mBank S.A. fulfils the PFSA requirements related to the minimum capital ratios on both the individual and consolidated levels.

Vice-President of mBank's Management Board intends to resign



On December 12, 2016, Mr Hans-Dieter Kemler, Vice-President of the Management Board of mBank S.A. responsible for Financial Markets, informed about his intention to resignation from the position. The reason for Mr Kemler's decision is his plans to take on new tasks within the German Helaba Landesbank Hessen-Thüringen as a member of the board responsible for capital markets, treasury and asset management.

Further details in respect of exact timing are being determined and will be communicated in the near future. Mr Kemler has been a member of the Management Board of mBank since July 10, 2009.

Forthcoming corporate access events

- No conference or roadshow scheduled for January

Forthcoming reporting events

- 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	42 280 127
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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