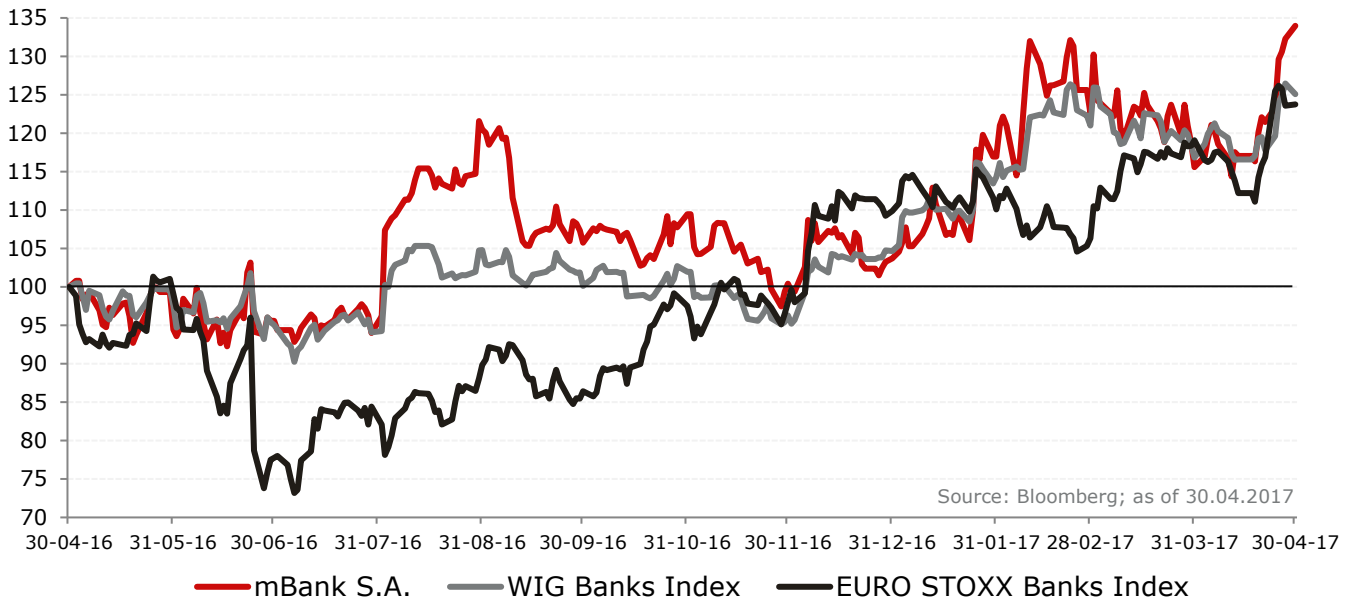


### Share price performance summary

In April mBank's share price gained 15.93%, while the WIG-Banks index went up by 7.05%. The EURO STOXX Banks Index increased by 3.91% in the same period.

#### Last 12 months – chart



change in the period	2Q'16	3Q'16	4Q'16	2016	1Q'17	2017YtD
mBank	-9.13%	+10.62%	-1.90%	+6.77%	+11.41%	+29.16%
WIG Banks Index	-12.49%	+5.37%	+4.51%	+2.90%	+11.63%	+19.50%
EURO STOXX Banks Index	-17.88%	+11.16%	+27.00%	-8.09%	+8.37%	+12.61%

### 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	3 057	+7.9%	3 279	+7.3%
Net F&C income	897	906	957	+5.6%	1 001	+4.6%
<b>Total income</b>	<b>4 093</b>	<b>4 295</b>	<b>4 379</b>	<b>+1.9%</b>	<b>4 658</b>	<b>+6.4%</b>
<b>Costs</b>	<b>-2 051</b>	<b>-1 963</b>	<b>-2 000</b>	<b>+1.9%</b>	<b>-2 029</b>	<b>+1.5%</b>
LLPs	-421	-365	-495	+35.4%	-533	+7.7%
<b>Operating profit</b>	<b>1 622</b>	<b>1 967</b>	<b>1 884</b>	<b>-4.2%</b>	<b>2 096</b>	<b>+11.2%</b>
<b>Net profit</b>	<b>1 301</b>	<b>1 219</b>	<b>1 137</b>	<b>-6.7%</b>	<b>1 288</b>	<b>+13.2%</b>
Net loans	78 434	81 763	86 056	+5.2%	90 005	+4.6%
Assets	123 523	133 744	135 212	+1.1%	140 599	+4.0%
Deposits	81 141	91 418	93 731	+2.5%	98 269	+4.8%

Contributing research by: Citi Research, Deutsche Bank, BZ WBK Brokerage, Wood & Company, PKO Securities, Erste Group, Ipopema, Haitong, Raiffeisen, J.P. Morgan, Pekao Investment Banking, Trigon DM, BOS DM, Vestor DM, Noble Securities, BoA Merrill Lynch, 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: mBank launched its New Mobile Application**

On April 12, 2017, mBank introduced a new mobile application with the Android Pay functionality, the possibility of logging in with a fingerprint, and a display of the clients' spending to help them control their budget. The design of the app was inspired by users' opinions and habits. The software, available to all the bank's clients via Google Play and App Store, has a new interface and simpler navigation.

To perform banking operations, users need to log into the system, and now it can be done simply by using a fingerprint, also in mobile phones with Android system. So far, authorisation by fingerprint sensor has only been available on Apple devices equipped with iOS.

Android Pay mobile payments are one of the key functionalities in the new app of mBank. For the first time in Europe, such a functionality has been offered in an entirely different model, in which adding a card to Android Pay takes place at the level of the bank's app. To make a contactless payment by phone, clients only need to select a card to be debited with the use of their smartphones from the list of cards displayed in the app, and in a few simple steps add it to Android Pay payments. It means that for the first time the user does not have to download a separate Android Pay app. Thanks to this improvement, the activation of a mobile card in a smartphone is faster and more intuitive.



An innovative solution available in the new app is the functionality for monitoring one's spending rate, which helps to control the budget. In a simple graphic form, the app presents whether in a given period of the current month the user has spent more or less than in the same period of the previous three months. If the pointer is in the "green" field, there is still the chance to save, if it is in the "red" – the user should be careful with his spending.

**Key news regarding mBank Group****mBank's analysts think MPC stays calm and waits rises in headline inflation out**

Polish Monetary Policy Council did not change interest rates during its April meeting (main rate still equals 1.50%). The statement about the limited risk of inflation running persistently above the target over the medium term remained unchanged. The post-meeting press conference had a dovish and optimistic tone as everything is going according to plan and forecasts known by the Council. Governor Glapiński pointed out that he does not see any need to raise interest rates not only till the end of the year but also in 2018.

In March inflation declined from 2.2% to 2.0% YoY. This was mainly related to the steep drop in food prices (0.5% MoM), while fuel prices decreased by 1.3% MoM. In the coming months food prices might continue to retrace their earlier increases, which will be conducive for stable (around 2.0%) inflation. However, fuel and food prices are volatile enough to cause surprises and deviations from the upward CPI trend in both directions. Core inflation is set to accelerate further as real sphere factors will have an increasing influence over prices.

After the final round of March data, mBank's analysts see their optimistic GDP forecast (1Q'17: 3.6% YoY, whole year 4.0%) having upside risk attached. By now, 2017 has a record growth

in employment in the enterprise sector and the reading of 4.5% in March could be treated as a correction after astonishing results in January and February. Average gross wage grew by 5.2% on annual basis, beating market consensus. The labour market continues to tighten and the recent inflation spike probably encouraged wage demands, which in turn, is supporting real wages.

Industrial output grew by a whopping 11.1% YoY in March, beating estimates by a large margin, and this was the fastest annual growth since 2010. After seasonal adjustments, output increased by 8.8% YoY and 2.1% MoM. The composition strongly suggests that both exports- and domestic-oriented sections are developing at a brisk pace. Construction output grew by 17.2% YoY. Warm March and working day effects explain such the acceleration itself, but not its scale. It can be assumed that this rebound was a broad-based one. The factors behind it include: base effects in pipeline and energy investment, launch of public investment (including local governments, who are at the beginning of their election-related spending cycles), as well as booming residential investment.

Retail sales accelerated to 9.7% YoY. It is spectacular growth given the shifts in Easter timing. The situation in retail market is best summarized in auto sales together with wearing apparel and home appliances. Such a combo records growth rates clearly above 10% and speaks in favour of the theory that consumers feel a lot more confident while planning purchases. This also corroborates the view of mBank's analysts that consumption growth rate around 4% (or even more) this year should be regarded as baseline. Consumers not only did get an additional income (500+) they calculate as permanent one but also made some buffer savings to weather the effect of higher inflation in coming months.

### Recent changes in the composition of mBank's Management Board



Recently communicated changes in the composition of mBank's Management Board include three members. On March 30, 2017, two Vice-presidents of the Management Board, Mr. Jarosław Mastalerz and Mr. Christoph Heins, resigned from their functions at the Bank. Moreover, due to the resignation of Vice-president of the Management Board, Mr. Hans-Dieter Kemler, from his functions at the Bank with effect from April 30, 2017, Mr. Frank Bock, currently the Managing Director in the Treasury Line of Commerzbank AG, was appointed Vice-president of the Management Board, Head of Financial Markets, as of May 1, 2017, until the end of the current term of the Management Board.

Mr. Jarosław Mastalerz submitted his resignation with effect from March 31, 2017, and the reason behind this decision is his intention to engage in the development and commercialisation of new technologies in the financial sector within the scope of a project implemented in cooperation with mBank. At the same time, under a resolution of the Bank's Supervisory Board of March 30, 2017, Mr. Krzysztof Dąbrowski was appointed as Vice-president of the Management Board, Head of Operations and Information Technology, as of April 1, 2017. He has been the CIO/CTO and managing director at mBank since 2014.

Vice-President of the Management Board, Chief Financial Officer, Mr. Christoph Heins, resigned from his functions at the Bank with effect from June 30, 2017, without giving the reason for his resignation. mBank's Supervisory Board appointed Andreas Böger to act in the capacity of Vice-president of the Management Board and CFO, with effect from July 1, 2017, until the end of the current term of office of the Management Board. Mr. Böger is currently the head of the Corporate Finance division within Commerzbank's Group Development and Strategy.

**Forthcoming corporate access events**

- June 7-8, 2017: *Emerging Europe Financials* conference by Wood&Company in Warsaw

**Forthcoming reporting events**

- July 27, 2017: Semi-annual Financial Report of mBank Group for H1 2017
- October 26, 2017: mBank Group Financial Report for Q3 2017
- February 8, 2018: mBank Group Financial Report for Q4 2017

**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  
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