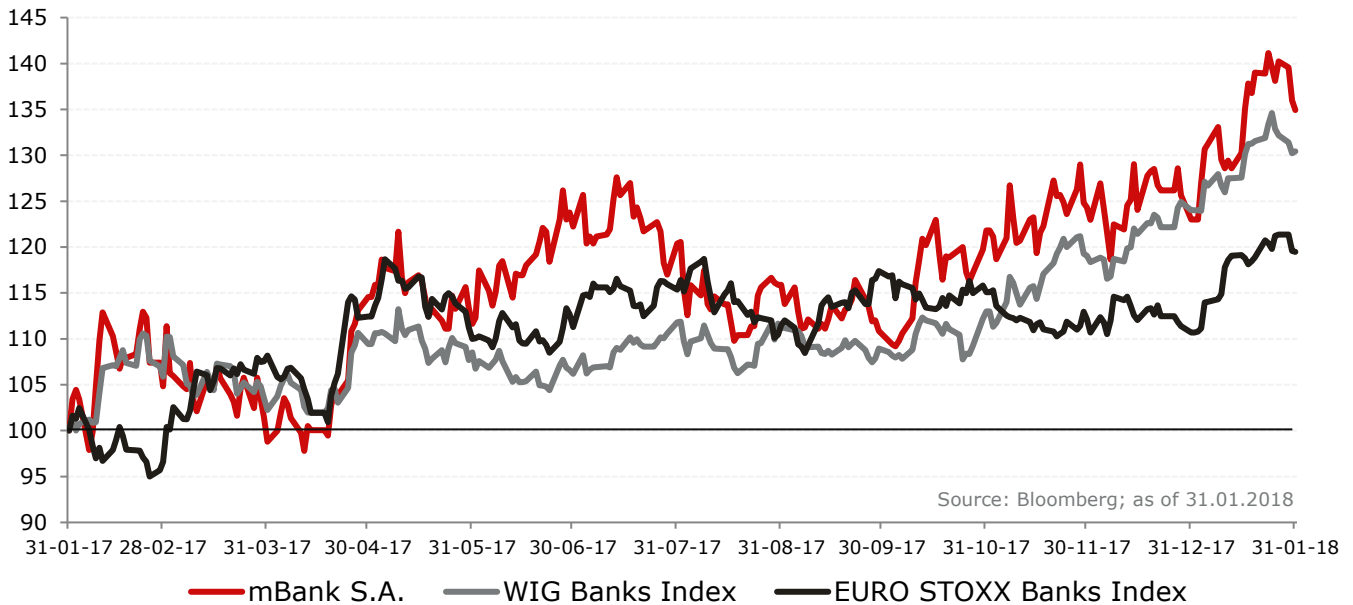


Share price performance summary

In January mBank's share price increased by 9.68%, while the WIG-Banks index went up by 5.17%. The EURO STOXX Banks Index gained 7.94% in the same period.

Last 12 months – chart



change in the period	1Q'17	2Q'17	3Q'17	4Q'17	2017	2018 YtD
mBank	+11.41%	+23.72%	-9.33%	+10.98%	+38.70%	+9.68%
WIG Banks Index	+11.63%	+3.86%	+2.60%	+13.84%	+35.42%	+5.17%
EURO STOXX Banks Index	+8.37%	+2.68%	+5.30%	-5.71%	+10.89%	+7.94%

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	3 124	+10.3%	3 384	+8.3%
Net F&C income	897	906	1 010	+11.4%	1 066	+5.6%
Total income	4 093	4 295	4 465	+4.0%	4 822	+8.0%
Costs	-2 051	-1 963	-2 038	+3.8%	-2 089	+2.5%
LLPs	-421	-365	-499	+36.5%	-552	+10.6%
Operating profit	1 622	1 967	1 929	-1.9%	2 182	+13.1%
Net profit	1 301	1 219	1 114	-8.6%	1 323	+18.7%
Net loans	78 434	81 763	86 485	+5.8%	91 690	+6.0%
Assets	123 523	133 744	135 243	+1.1%	141 895	+4.9%
Deposits	81 141	91 418	94 970	+3.9%	100 895	+6.2%

Contributing research by: Citi Research, Deutsche Bank, DM BOŚ, BZ WBK Brokerage, PKO BP Securities, Erste Group, Ipopema, J.P. Morgan, KBW, BofA Merrill Lynch, Pekao Investment Banking, Raiffeisen Centrobank, 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 has become an official partner and sponsor of the Great Orchestra of Christmas Charity Foundation (WOŚP)

On January 14, 2018, the 26th Grand Finale of the Great Orchestra of Christmas Charity Foundation took place. This year, donations were for equal access to medical care for all newborn babies in Poland and buying equipment to neonatological wards across the country.



mBank, which took over financial service for the finals and the year-long operation of the Foundation, doubled payments made by its customers for the charity goal.

Doubling involved the first transactions of 10, 20, 50 and 100 PLN, carried out by new and existing individual clients. Initially, mBank estimated that the total support under this activity might have amounted to PLN 1 million. Donations could be made in various ways, including in mBank's mobile application (a special payment function), in electronic banking, through mTransfer as well as at the Foundation's volunteers equipped with payment terminals and at designated mBank's outlets (by card, Android Pay or Blik).

In addition, to praise the cooperation with the Great Orchestra of Christmas Charity Foundation, mBank offered a limited edition of debit cards in two versions: for individual customers and for volunteers. The graphics printed on the cards were designed by Jurek Owsiak, the initiator and chief of the Foundation.

Finally, as the clients showed their generosity and exceeded all earlier expectations, mBank decided to donate PLN 7 million instead of declared PLN 1 million for the Foundation, which was the highest one-time payment in history.

Key news regarding mBank Group**mBank's analysts said neither industry nor the economy lost any momentum at the turn of the year**

As the big positive surprise in industry more than offset the slight disappointment in construction, 4Q'17 GDP figures must be revised upwards. Incomplete set of data now points to growth in the range of 4.9-5.1%. But there is considerable uncertainty regarding inventory contribution (the biggest source of statistical base in 4Q'16 GDP).

Final CPI for December came out a tick higher than the flash reading (2.1% vs 2.0% YoY). Compared to November's local top at 2.5%, the decline is strictly the result of base effects in food and fuel prices. Larger than expected drops in clothing and footwear (-1.4% MoM) were balanced by higher prices in the recreation and culture category (+0.3% MoM). Next two months will be under strong base effects from previous year (mainly food prices), which – combined with the latest corrections in trend of Polish inflationary basket (meat, dairy) – will drive CPI under 2%. Core inflation should steadily accelerate as GDP continues to exceed its potential. The turn of the year will also be an occasion for some enterprises to adjust its prices to higher labour costs or generally great economic growth and thus demand for their products.

Employment in the enterprise sector grew in December by 4.6% on a yearly basis, once again beating market consensus. On a monthly basis almost 12k jobs were created, which is probably the best result since the beginning of transition. Previous records were noted in 2006 and 2015 (at ca. +9k jobs). This should mean that weaker growth between August and October was a

result of prolonging time needed by companies to find employees rather than bottlenecks in labour market.

Average gross wage rose by 7.3% YoY. The acceleration from November occurred despite the strong potential drag from base and calendar effects. Wage growth is very broad-based right now. As of November, 65% of the enterprise sector experienced wage increase in excess of 7.5% YoY. Accelerating wages, faster employment growth and lower inflation all pushed wage bill growth to new post-crisis highs. In nominal terms, it rose by 12.2% YoY, while real wage growth accelerated to 10.1% in December. This supports the bullish view on consumption and stands in contrast to many pessimistic forecasts regarding private consumption in 2018.

Industrial output rose by 2.7% YoY in December, slightly below market consensus. Looking back, 4Q'17 has been the best quarter for Polish industry (in YoY terms) since early 2011. From the fundamental perspective, it should be obvious that it is benefitting from the upswing in the global economy and from the rebound in investment. mBank's economists expect both factors to remain in play throughout 2018. Thus, industrial output will probably rise by ca. 8% this year on average.

Construction output grew in December by 12.7% on a yearly basis. After adjusting by seasonal factors, monthly growth rate matched November's release (3%). This confirms that rebound in this category is persistent, but not as significant as expected.

Retail sales slowed down considerably from 10.2% to 5.2% YoY in December. The calendar strongly affected car sales (the category most sensitive to working day count), which cratered from 10.6% to -3.1% YoY. Further, price and volume effects both dampened fuel sales – it decelerated from 10.3% to 4.1% YoY. Last but not least, annual growth rates of most durable good sales declined modestly in December.

From the MPC's point of view the data remains neutral. The Council is and wants to be perceived as utterly dovish. It would take much higher and accelerating GDP growth (on a sequential basis) and inflation substantially breaching 3.0% to make the MPC reconsider its stance. mBank's economists expect strong GDP growth in 2018 and inflation slightly above target. Neither does meet the reconsideration criteria, though.

Forthcoming corporate access events

20-21.03.2018	CEE Capital Markets Conference by PKO Securities and GPW in London
9-11.04.2018	Raiffeisen Centrobank AG Institutional Investor Conference in Zürs

Forthcoming reporting events

08.02.2018	Selected non-audited financial data of mBank Group for Q4 2017
28.02.2018	Annual Financial Report of mBank Group for 2017
10.05.2018	mBank Group Financial Report for Q1 2018
31.07.2018	Semi-annual Financial Report of mBank Group for H1 2018
30.10.2018	mBank Group Financial Report for Q3 2018

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 312 122
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer
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