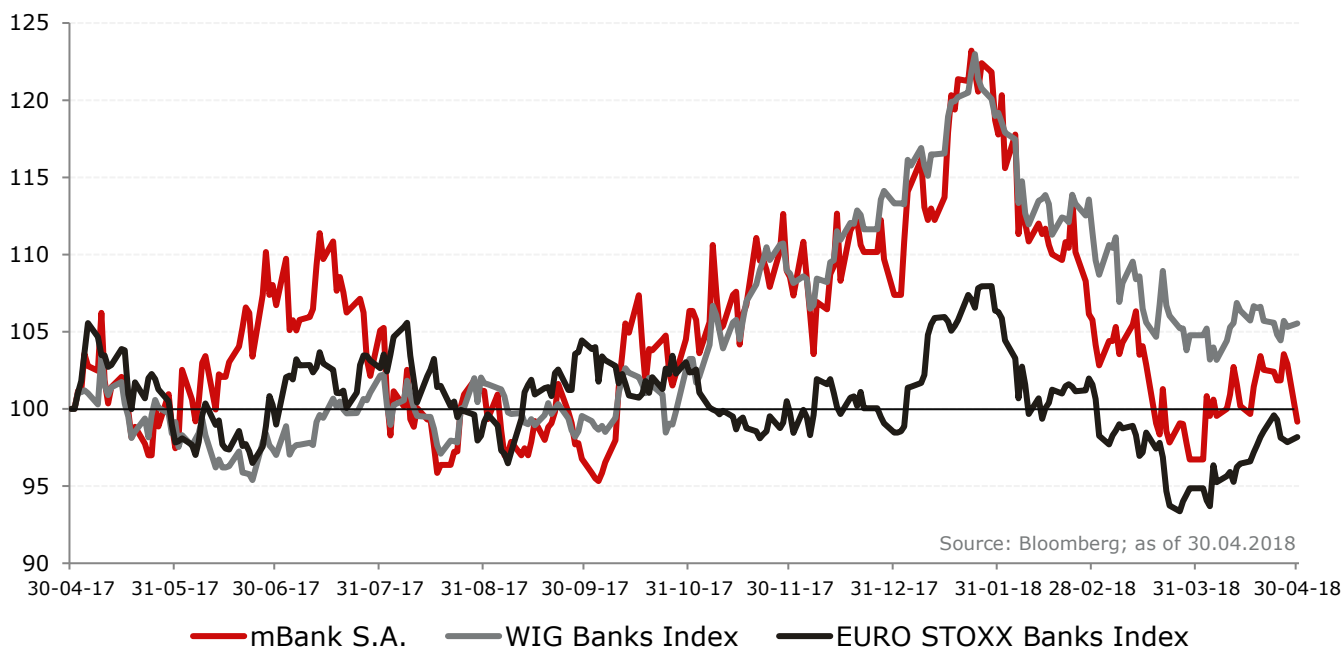


Share price performance summary

In April mBank's share price increased by 2.53%, while the WIG-Banks index went up by 0.74%. The EURO STOXX Banks Index gained 3.49% in the same period.

Last 12 months – chart



change in the period	2Q'17	3Q'17	4Q'17	2017	1Q'18	2018 YtD
mBank	+23.72%	-9.33%	+10.98%	+38.70%	-9.94%	-7.66%
WIG Banks Index	+3.86%	+2.60%	+13.84%	+35.42%	-7.55%	-6.87%
EURO STOXX Banks Index	+2.68%	+5.30%	-5.71%	+10.89%	-3.67%	-0.31%

Consensus estimates for mBank Group's results

Financials (in PLN M)	2016	2017	2018E		2019E	
			estimate	Δ vs. 2017	estimate	Δ vs. 2018E
Net interest income	2 833	3 136	3 362	+7.2%	3 681	+9.5%
Net F&C income	906	992	1 037	+4.5%	1 090	+5.2%
Total income	4 295	4 454	4 819	+8.2%	5 147	+6.8%
Total costs	-1 963	-2 043	-2 097	+2.6%	-2 165	+3.2%
LLPs	-365	-508	-576	+13.5%	-619	+7.4%
Operating profit	1 967	1 903	2 145	+12.8%	2 363	+10.1%
Net profit	1 219	1 092	1 291	+18.2%	1 447	+12.1%
Net loans	81 763	84 476	90 349	+7.0%	94 866	+5.0%
Assets	133 744	131 424	139 184	+5.9%	145 675	+4.7%
Deposits	91 418	91 496	99 755	+7.9%	103 948	+5.3%

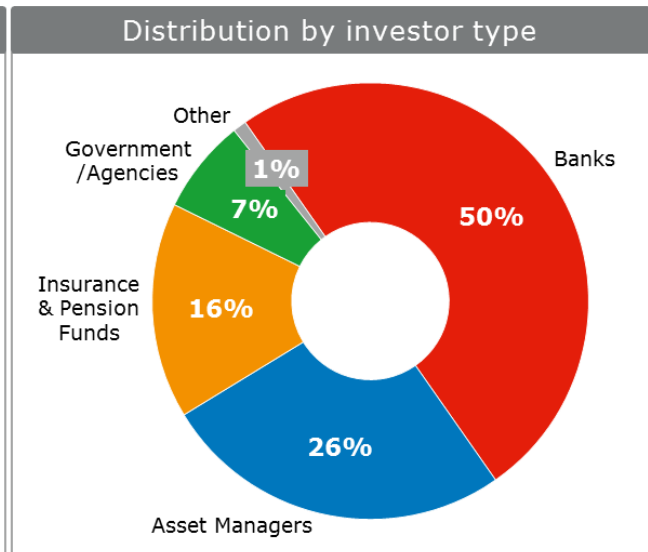
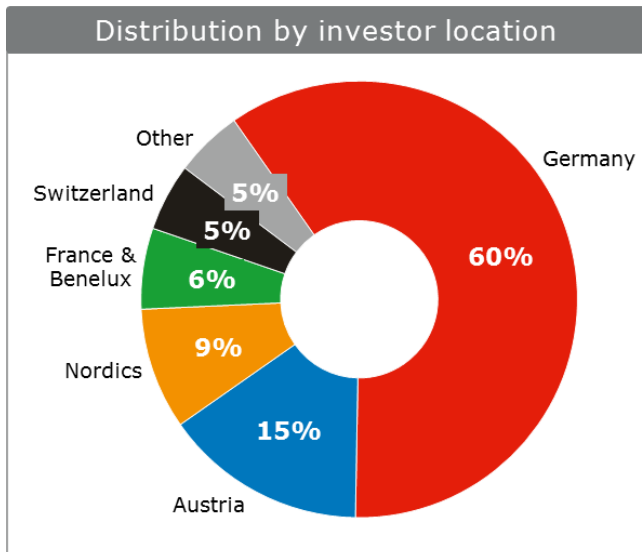
Contributing research by: Citi Research, Deutsche Bank, DM BOŚ, BZ WBK Brokerage, PKO BP Securities, Erste Group, Ipopema, Haitong, J.P. Morgan, KBW, Pekao Investment Banking, Raiffeisen Centrobank, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

Note: 2016 total income includes a gain on the settlement of Visa transaction (PLN 247.7 million).

Special topic: mBank Hipoteczny successfully priced its first EUR-denominated mini-benchmark covered bond transaction

mBank Hipoteczny successfully priced its inaugural covered bond mini-benchmark transaction with a EUR 300 million size. From mBank Group's perspective, it is the longest (tenor of short 7 years) and most advantageously placed (coupon at 1.073%) debt issue on the international market in the history. Initially, the bank came out with a margin of around 48 bps, which was reduced by 6 bps to the final level of 42 bps. The transaction was preceded by a three-day European roadshow, following the main financial centers. As a result, the demand from investors exceeded the assumed issue level by 2.7 times. Over 60 investors provides orders for a total amount of over EUR 800 million. The final allocation was as follows:

Security type	Mortgage covered bond, backed by Polish PLN- and EUR-denominated mortgage loans
Issue type	Fixed rate, soft bullet / Conditional pass-through covered bonds
Rating	A (positive outlook) by Fitch
Size	EUR 300 million
Issue date	26 April 2018
Maturity date	5 March 2025
Tenor	short 7 years
Re-offer spread	MS + 42bps
Coupon	1.073% (annual)
Listing	Luxembourg Stock Exchange
Bookrunners	Commerzbank, Erste Group, J.P. Morgan, LBBW, SocGen CIB



Source: mBank Hipoteczny

Key news regarding mBank Group

mBank's analysts see GDP likely to have slowed down marginally in 1Q'18



mBank's analysts expect GDP to have grown by 4.8% YoY (and solid 1%+ on a QoQ basis) in 1Q'18. It seems that the rebound in construction will mitigate the slowdown in industry. As expected, Polish MPC left interest rates unchanged at the last meeting, with the main reference rate kept at 1.5%.

The conference was a little bit dovish as the governor's specific forward guidance of stable rates was extended to 2020 and the final straw was the talk of possible monetary policy

loosening as the next step beyond that horizon. Zloty would be increasingly exposed to rate differentials and much of the positive news regarding the economy had been already priced in.

CPI rose by 1.3% YoY in March, below the consensus of 1.7%. Food prices were relatively low (-0.1% MoM) and fuel prices also declined on a monthly basis (-0.9% MoM). mBank's economists forecast core inflation to rise to 1.7-1.9% YoY in December 2018, as the effect of currency appreciation fades and the lagged impact of higher wages is seen in services prices.

Industrial output expanded by a mere 1.8% YoY in March, below market consensus of 3.0%. The slowdown from February's 7.4% YoY is a result of several factors. The high statistical base and unfavourable working day difference were taken into account by forecasters. The true source of the surprise is the behaviour of manufacturing that rose by 0.6% YoY. Had it not been for the massive increase in energy output 19% YoY (effect of very cold weather), industry aggregate would have grown just by 0.2% YoY.

Construction output rose by 16.2% YoY on annual basis. This translated into stagnation on a seasonally adjusted MoM basis. Nevertheless, 1Q'18 was one of the best in history in terms of QoQ growth. The rebound in investment this year suggests that double-digit growth in construction will be maintained in the coming months.

Producer prices rose by 0.3% YoY, beating expectations. To some extent, the surprise might be attributed to higher commodity prices, seen both in mining output prices and in some manufacturing branches (coke and oil refining products, basic metals).

Employment in the enterprise sector increased in March by 3.7% YoY. Annual growth rates are slowly falling towards new equilibrium facilitated by wages. It seems that the decrease in employment growth stems from supply factors, as firms find it more and more hard to hire proper workers and hence recruitment process gets longer every month. Average gross wage went up by 6.7% YoY in March, broadly in line with market consensus of 6.5% YoY and barely changed from the February's print of 6.8% YoY. Labour market imbalances have not abated yet. On the contrary, the share of enterprises reporting staffing problems has continued to grow and this spilled over to industries with relatively high wages. All in all, it seems that the market will find its equilibrium at a much higher level of wages.

There were no positive surprises in the March set of monthly data and several of them surprised to the downside. While labour market data show a slower pace of hiring and strong wage growth, industry and construction data weakened somewhat. It might be seen as confirmation of the downward-sloping trajectory of GDP growth foreseen by the NBP. With current inflation subdued, some members of the MPC might even start thinking of future easing.

mBank resumes dividend payment after a three-year break

On 12 April 2018, the 31st Annual General Meeting of mBank adopted a resolution on the distribution of net profit for 2017, and thereby decided on the dividend payment.

In line with the Management Board's recommendation, the amount of PLN 217.9 million will be earmarked for dividends due to shareholders and the dividend per share will amount to PLN 5.15. The record date was scheduled for 24 May 2018 and the dividend payment date was set for 7 June 2018.

Forthcoming corporate access events

23-24.05.2018	WOOD's CEE Investor Days 2018 in New York
14.06.2018	WOOD's Emerging Europe Financials Conference in Warsaw

Forthcoming reporting events

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
Annual Report online**Newsletter archive – [click here](#)

For any further information, please contact the IR team.

E-mail address: investor.relations@mbank.plmBank S.A.
Analysis and Investor Relations Department
ul. Senatorska 18
00-950 Warszawa