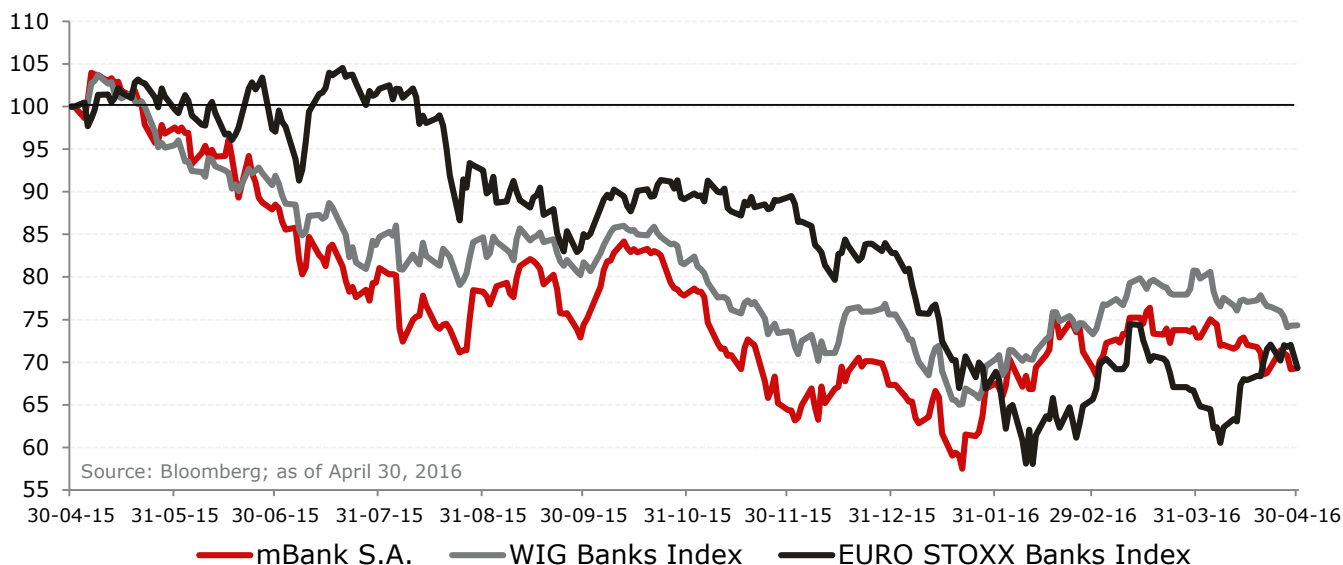


Share price performance summary

In April mBank's share price declined by 4.94%, while the WIG-Banks index went down by 7.92%. The EURO STOXX Banks Index increased by 5.63% in the same period.

Last 12 months – chart



change in the period	2Q'15	3Q'15	4Q'15	2015	1Q'16	2016YtD
mBank	-6.29%	-15.91%	-9.51%	-36.95%	+8.28%	+2.93%
WIG Banks Index	-3.42%	-11.04%	-7.51%	-23.54%	+6.77%	-1.68%
EURO STOXX Banks Index	-4.91%	-12.39%	-2.64%	-4.94%	-20.72%	-16.25%

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	2 701	+7.5%	2 902	+7.5%
Net F&C income	902	897	944	+5.2%	1 006	+6.6%
Total income	3 939	4 093	4 197	+2.5%	4 356	+3.8%
Costs	-1 771	-2 054	-1 979	-3.7%	-2 022	+2.2%
LLPs	-516	-421	-453	+7.5%	-507	+11.8%
Profit before tax	1 653	1 618	1 765	+9.1%	1 827	+3.5%
Net profit	1 287	1 301	1 103	-15.2%	1 147	+4.0%
Loans	74 582	78 434	82 764	+5.5%	86.674	+4.7%
Assets	117 986	123 523	127 995	+3.6%	132.680	+3.7%
Deposits	72 422	81 141	84 659	+4.3%	89 343	+5.5%

Contributing research by: Citi Research, Deutsche Bank, Millennium DM, ING Securities, BZ WBK Brokerage, Ipopema, Raiffeisen, Wood & Company, PKO Securities, Erste Group, Haitong Bank, Goldman Sachs, BOŚ DM, BoA Merrill Lynch, J.P. Morgan, Pekao IB, Trigon DM, Vestor DM.

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: Q1 2016 mBank Group's results compared to analysts' consensus

in PLN million	Market consensus				Actual Results	Difference to consensus
	MIN	Average	Median	MAX		
Net interest income	660.0	674.9	676.4	687.0	676.4	+0.2%
Net fee & commission income	202.0	217.1	220.0	230.0	211.7	-2.5%
Total operating income	888.0	985.3	988.0	1,015.0	1,008.9	+2.4%
Total costs	(489.9)	(474.1)	(473.0)	(462.0)	(480.8)	+1.4%
Result before provisions	415.0	511.1	515.0	533.1	528.2	+3.3%
Loan loss provisions	(106.0)	(90.3)	(90.2)	(67.0)	(68.5)	-24.1%
Operating profit	402.8	429.2	428.0	453.0	459.6	+7.1%
Taxes on balance sheet items	(63.0)	(59.4)	(59.5)	(56.3)	(57.3)	-3.5%
Profit before tax	310.0	365.3	368.1	392.0	402.3	+10.1%
Net profit	234.0	283.0	283.0	303.0	307.8	+8.7%

mBank's Investor Relations Research based on estimates of 17 Analysts, including: Citi Research, ING Securities, Erste Group, Wood & Company, BZ WBK Brokerage, Deutsche Bank, PKO Securities, Haitong, Millennium DM, Trigon DM, DM BOŚ, Vestor DM, Pekao Investment Banking, Raiffeisen, Goldman Sachs, J.P. Morgan, BoA Merrill Lynch.

Key news regarding mBank Group
mBank's analysts see the central bank to take a more active role in 2H'16


Inflation in Poland exhibits zero momentum and at the moment nothing points to a sudden reversal. In view of mBank's economists, inflation will turn positive only after September 2016. Persistently low inflation obviously shows how big the room to cut rates really is. That this has not happened yet, is a result of exchange rate volatility and current MPC's communication strategy. Monetary easing is supported by both fundamental and market-related reasons (regional easing).

March was the 21st month in a row with deflation in Poland. Final CPI inflation release confirmed the flash reading of -0.9% YoY and it was 0.1 p.p. lower than in February. Food prices rose just slightly by 0.4% on a monthly basis, while fuel prices grew by 1.3%. Looking into remaining categories there were mainly declines, including culture and recreation category falling by 1.7%, lower housing prices. As a result, this was the 3rd month in a row with negative core inflation.

Employment in the enterprise sector rose in March by 2.7% YoY (market consensus and mBank's forecast were just 2.5%). On a monthly basis, 16 thousand jobs were created, which is the best month since 2007. Labour market perspectives have improved significantly. Apart from good economic outlook (higher labour demand) there could also be structural changes, where alternative forms of employment („junk contracts”) are being replaced by standard contracts.

In March wage growth declined from 3.9 to 3.3% YoY. However, all the ingredients for faster wage growth are already in place: unemployment will soon breach multi-decade lows and that signifies an increasing mismatch between available labour and rising demand for it; due to demographic reasons, labour supply is set to decline over the coming years; the new child subsidy programme will probably lower labour supply at the margins (for the lowest deciles of wage distribution). As a result, wage growth in excess of 5% this year is very likely.

Taking into account the strong labour market and Easter effect, retail sales for March was very disappointing. A growth of only 0.8% on a yearly basis is a result of relatively low food prices, clothing, electronics and furniture.

Industrial output went up by a meagre 0.5% YoY compared to 6.7% recorded in February, but NBP surveys does not show any dramatic decline in economic activity. Although there may be some spillovers from weak construction activity. In March construction output surprised to the downside, having dropped by 15.8% on annual basis (seasonally adjusted -3% MoM). mBank's analysts believe it is related to the end of EU spending on the basis of 2007-2013 EU budget. This generates a major pothole in public investment, mainly in railway investment and local government spending, which cannot be filled by road investment and housing investment.

March data point to significantly lower GDP growth rate already in 1Q'16 (3.5% YoY) as compared to the revised figure of 4.3% YoY recorded in 4Q'15. Lower growth rate may be temporary, although one should remember that Polish economy will be functioning with lower public investment outlays and possible spillovers from them in the future.

mBank's CFO appointed new Head of Group Strategy and Development in Commerzbank



On 12 April 2016 mBank received an information from Jörg Hessenmüller, vice-president of the bank and Chief Financial Officer, about his resign from the position of member of the management board as of 30 June 2016. Starting from July, Mr. Hessenmüller will assume the position of Head of Group Strategy and Development in Commerzbank.

Jörg Hessenmüller embarked on his career in banking in 1989. In 2009 he was appointed managing director in Commerzbank Group and worked as Head of Investment Banking Finance, Group Finance, responsible also for controlling and reporting. He has been a member of mBank's management board since 16 April 2012.

mBank again awarded in the Golden Banker plebiscite



In the seventh edition of the Golden Banker plebiscite, mBank won two statuettes for the best advertising spot and socially responsible bank (CSR) as well as gained a special distinction for the best practices in the field of information systems security. In the main competition for the Golden Bank statuette mBank was ranked on the second place with 72.9 points, only 2.1 less compared to the winner. The aim of the plebiscite, organized by financial portal Bankier.pl and the newspaper Puls Biznesu, is to select the best financial products and institutions on the Polish market.

The verdict was derived from the results of a 3-month study of quality and safety at the banks (200 mystery shoppers, 1,200 visits to randomly selected branches, 108 tests of websites, 90 applications tested, 220 banking products analyzed) as well as votes of Internet users, who chose the winners through the dedicated website.

Forthcoming corporate access events

- June 1-2, 2016: Wood's Emerging Europe Financials Conference in Warsaw

Forthcoming reporting events

- July 28, 2016: Semi-annual Financial Report of mBank Group for H1 2016
- October 26, 2016: mBank Group Financial Report for Q3 2016
- February 8, 2017: mBank Group Financial Report for Q4 2016

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 238 924
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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