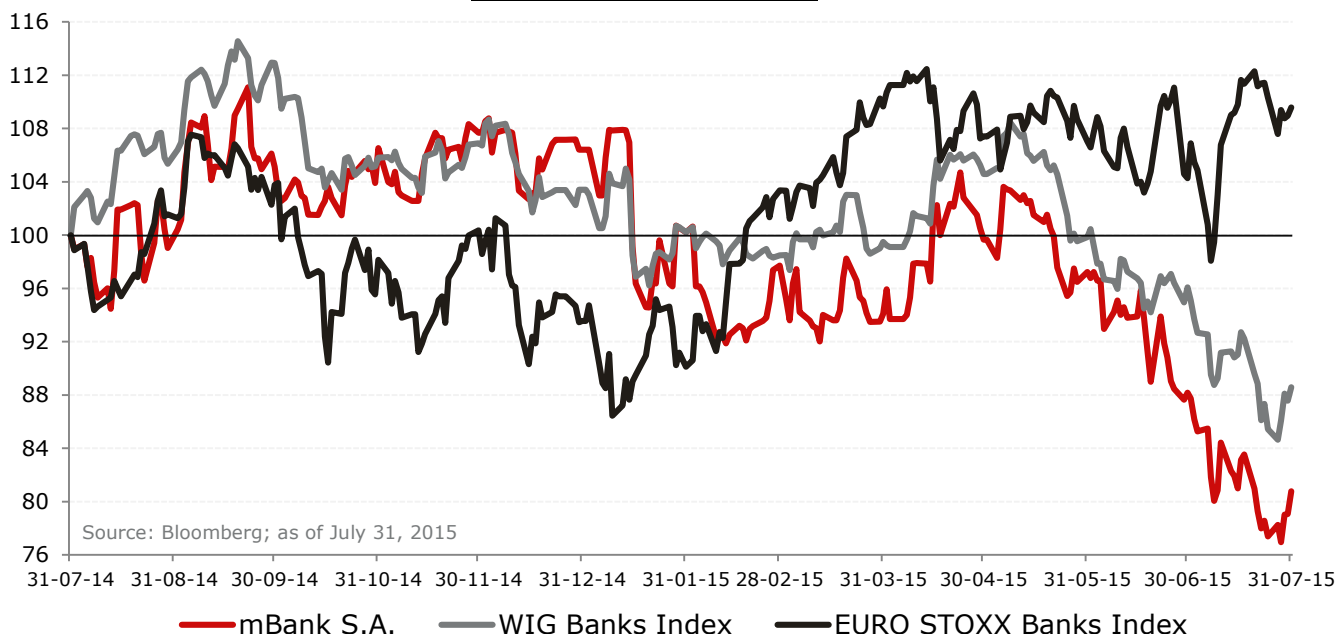


### Share price performance summary

In July mBank's share price declined by 8.40%, while the WIG Banks index went down by 7.81%. The EURO STOXX Banks Index increased 5.10% in the same period.

#### Last 12 months – chart



change in the period	Q3'14	Q4'14	2014	Q1'15	Q2'15	2015 Ytd
mBank	-2.57%	+1.22%	-0.40%	-11.58%	-6.29%	-24.10%
WIG Banks Index	+6.99%	-8.43%	-0.66%	-3.78%	-3.42%	-14.33%
EURO STOXX Banks Index	+1.84%	-9.85%	-4.89%	+17.20%	-4.91%	+17.14%

### Consensus estimates for mBank Group's results

P&L item (in PLN M)	2013	2014	2015E		2016E	
			estimate	Δ vs. 2014A	estimate	Δ vs. 2015E
Net interest income	2 226	2 491	2 465	-1.0%	2 717	+10.2%
Net F&C income	835	902	846	-6.1%	896	+5.9%
<b>Total income</b>	<b>3 674</b>	<b>3 939</b>	<b>4 042</b>	<b>+2.6%</b>	<b>4 177</b>	<b>+3.3%</b>
<b>Costs</b>	<b>-1 678</b>	<b>-1 771</b>	<b>-1 884</b>	<b>+6.4%</b>	<b>-1 989</b>	<b>+5.6%</b>
LLPs	-478	-516	-512	-0.8%	-580	+13.3%
<b>Profit before tax</b>	<b>1 518</b>	<b>1 653</b>	<b>1 644</b>	<b>-0.5%</b>	<b>1 607</b>	<b>-2.3%</b>
<b>Net profit</b>	<b>1 206</b>	<b>1 287</b>	<b>1 309</b>	<b>+1.7%</b>	<b>1 277</b>	<b>-2.4%</b>
Loans	68 210	74 582	81 193	+8.9%	86 257	+6.2%
Assets	104 283	117 986	125 528	+6.4%	131 401	+4.7%
Deposits	61 674	72 422	77 080	+6.4%	82 555	+7.1%

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

**Special topic: Q2 2015 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	592.0	603.7	604.0	610.0	605.5	+0.3%
Net fee & commission income	200.0	215.1	210.0	243.0	230.3	+7.1%
<b>Total operating income</b>	<b>851.9</b>	<b>879.3</b>	<b>877.2</b>	<b>920.0</b>	<b>884.9</b>	<b>+0.6%</b>
<b>Total costs</b>	<b>(493.6)</b>	<b>(480.7)</b>	<b>(482.0)</b>	<b>(465.0)</b>	<b>(485.3)</b>	<b>+0.9%</b>
Result before provisions	375.0	398.9	397.9	449.0	399.6	+0.2%
Loan loss provisions	(128.0)	(107.5)	(106.0)	(99.0)	(107.7)	+0.1%
<b>Profit before tax</b>	<b>270.0</b>	<b>291.6</b>	<b>289.9</b>	<b>334.0</b>	<b>291.9</b>	<b>+0.1%</b>
<b>Net profit</b>	<b>216.0</b>	<b>231.5</b>	<b>232.0</b>	<b>266.0</b>	<b>221.3</b>	<b>-4.4%</b>

mBank's Investor Relations Research based on estimates of 19 Analysts, incl. Citi Research, ING Securities, Ipopema, Wood & Company, BZ WBK Brokerage, Deutsche Bank, PKO Securities, BESI Research, DM Banku BPS, DM BOŚ, Millennium DM, Trigon DM, Vestor DM, Erste Group, Raiffeisen, Goldman Sachs, J.P. Morgan, BoA Merrill Lynch, KBW.

**Key news regarding mBank Group**
**Major developments of mBank Group in Q2 2015**

In Q2 2015, mBank Group generated a profit before income tax of PLN 291.9 million, which represents a decrease of 48.4% compared to Q1 2015 when the results were boosted by the gain on the sale of BRE Ubezpieczenia TUiR (an insurance unit). The net profit attributable to owners of mBank reached PLN 221.3 million, compared with PLN 450.9 million in Q1 2015.

The main factors determining changes in the financial results were as follows:

- Increase in net interest income by 3.1% to PLN 605.5 million, driven mainly by an 18.9% decrease in interest expense; as a result NIM rebounded slightly to 2.11%;
- Increase in net fee and commission income by 18.8% to PLN 230.3 million, mainly due to rising income from credit activity, fees for intermediation in the sale of insurance products as well as commissions related to brokerage activity and securities issue;
- Decrease in net trading income compared to the previous quarter by 65.6%, as Q2 2015 was marked by a loss on the valuation of interest rate instruments and a negative result on hedge accounting;
- Higher level of overhead costs (including amortization) by 7.2% QoQ, which stood at PLN 485.3 million, driven by an increase in staff-related expenses, marketing and IT costs;
- Increase in net impairment losses on loans and advances by 7.7% to PLN 107.7 million, resulting in the cost of risk at 55 basis points in Q2 2015;
- Continued organic growth and business expansion as demonstrated by: growth of the retail customer base to 4,924 thousand (+121 thousand customers QoQ), and an increase in the number of corporate customers to 18,654 clients (+521 customers QoQ).

As at the end of Q2 2015, gross loans and advances to customers stood at PLN 80,260.6 million and dropped by 2.0% QoQ, mainly due to a decrease in loans and advances to corporate entities resulting from the reduced volume of reverse repo transactions. Gross loans and advances to individuals rose by 3.5% QoQ. In Q2 2015 mBank Group granted PLN 1,030.8 million of mortgage loans and PLN 1,248.8 million of non-mortgage loans.

At the same time, amounts due to customers went up by 1.7% to PLN 73,058.3 million, despite a decrease in deposits from corporate entities by 3.7%, however, net of repo transactions, this volume rose by 11.3%. Amounts due to individuals grew by 4.3% QoQ. Consequently, the loan to deposit ratio of mBank Group improved to 105.7%.

mBank Group's capital ratios remained at safe levels. As at the end of June 2015, the total capital ratio stood at 16.4% and the Common Equity Tier 1 ratio at 13.5%.

### **mBank's analysts say big picture of Polish economy still favours low rates**



Following all significant data releases, the big picture in July is unchanged and favours low rates. Although inflation passed the trough, its march forwards realizes only in small steps. After the spectacular first months of the year, Q2 2015 suggests a slight loss of momentum of the real sphere (only marginal improvement in GDP YoY growth rates), visible also in the labour market.

In June industrial output grew by 7.6% v. 2.8% recorded in May. The reading was driven by the difference in working days and should be treated at most neutral. In seasonally adjustment terms growth of output stays flat at close to 5%. Acceleration of industrial output coincided with decent growth in retail sales. June's reading amounted to 3.8% v. previous 1.8%.

June wage growth was depressed from 3.2% YoY to 2.5%. NBP surveys suggest wages pressures stay muted even though labour market slowly turns into the one driven by supply (decent fall in unemployment rate, demographic factors negatively influencing labour force). At the same time, employment in enterprise sector rose by only 0.9% YoY in June. Growth in monthly terms was close to zero. For several months the mBank's analysts indicated that employment in enterprise sector understates the shape of the Polish labour market. Statistical sample covers only enterprises employing more than 9 workers, and this is also the segment where a progress in productivity is the highest which translates into lower demand for labour.

CPI inflation in June amounted to -0.8% compared to -0.9% in the previous month. This way coming out of deflation is very slow and, barring normalization of food prices, deflation could have been even more severe. Producer prices jumped in June to -1.6% from previously reported -2.1%. The acceleration stems from exchange rate developments and some catching up in prices connected to commodities and the dollar. Fuels rose by 1.8% MoM while vast majority of other categories oscillated around zero. Falls in communication, education and services prices moved core inflation down from 0.4% to 0.2% YoY. Core inflation could stay at this level for several months, and escaping deflation would be possible only due to food prices. By the end of the year inflation (principally because of base effects from Q4) should not exceed 1% and its return to NBP target is still far away.

### **mBank opened the first light branch abroad**



On July 8, 2015, the first branch of mBank CZSK corresponding to the new network concept was opened in Bratislava. It is located on the lowest floor of the Europea shopping mall and will be used to test a new approach to customer service on the Czech and Slovak market. The branch is equipped with LED screens, tablets, digital ATM for children and a separate seating for advisers. The facility uses a high quality, durable materials, and its design opted for simple and practical solutions.

**Forthcoming corporate access events**

- No conference or roadshow scheduled for August

**Forthcoming reporting events**

- October 29, 2015: mBank Group Financial Report for Q3 2015
- February 4, 2016: mBank Group Financial Report for Q4 2015
- March 4, 2016: Annual Financial Report of mBank Group for 2015

**mBank's shares:**

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 228 969
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer  
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