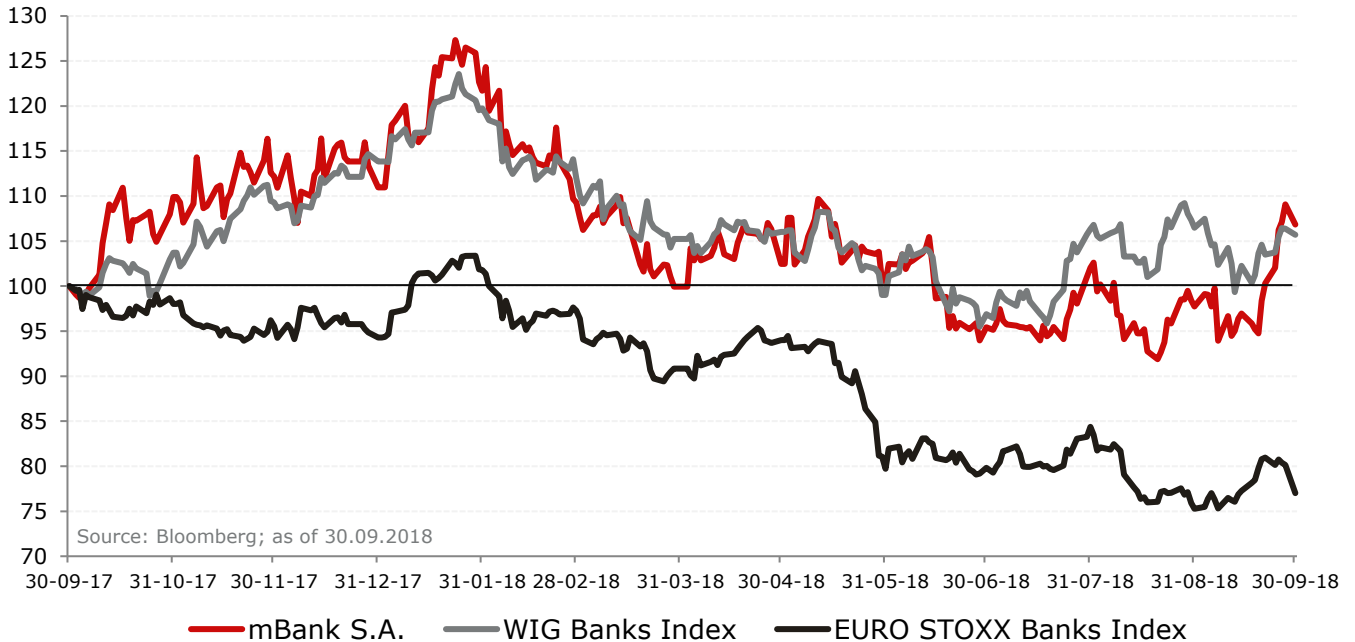


Share price performance summary

In September mBank's share price increased by 9.28%, while the WIG-Banks index declined slightly by 0.73%. The EURO STOXX Banks Index went up by 2.29% in the same period.

Last 12 months – chart



change in the period	4Q'17	2017	1Q'18	2Q'18	3Q'18	2018 YtD
mBank	+10.98%	+38.70%	-9.94%	-4.54%	+11.96%	-3.74%
WIG Banks Index	+13.84%	+35.42%	-7.55%	-7.93%	+9.10%	-7.14%
EURO STOXX Banks Index	-5.71%	+10.89%	-3.67%	-12.13%	-3.53%	-18.34%

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	3 383	+7.9%	3 673	+8.6%
Net F&C income	906	992	1 028	+3.7%	1 078	+4.8%
Total income	4 295	4 454	4 910	+10.3%	5 140	+4.7%
Total costs	-1 963	-2 043	-2 122	+3.9%	-2 186	+3.0%
LLPs	-365	-508	-593	+16.9%	-633	+6.6%
Operating profit	1 967	1 903	2 195	+15.4%	2 321	+5.8%
Net profit	1 219	1 092	1 335	+22.3%	1 412	+5.7%
Net loans	81 763	84 476	90 561	+7.2%	95 334	+5.3%
Assets	133 744	131 424	139 560	+6.2%	146 193	+4.8%
Deposits	91 418	91 496	99 386	+8.6%	104 759	+5.4%

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

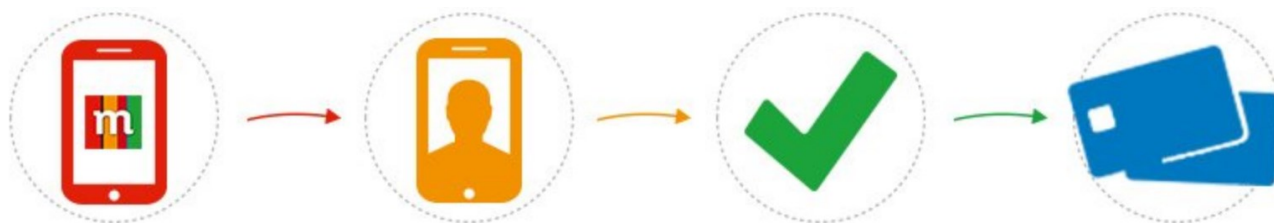
Note: total income includes a gain on the settlement of Visa transaction (PLN 247.7 million) in 2016, and a one-off gain on the sale of an organised part of enterprise of mFinanse (PLN 219.7 million) in 2018.

Special topic:

Bank account opening via a video chat available now for both iOS and Android users

Starting from June 2018, the possibility of opening a bank account during a video chat with mBank's consultant, without the need to visit a branch or order a courier, has been offered to the users of iOS devices. The service for Android users was launched in September 2018.

The new process enables clients to open an account and sign an agreement in the "mobile only" mode, using only their smartphones. The first step is to download the latest version of mBank's mobile application from the official store, and select a dedicated option. During the chat, the client is asked to take a picture of the face and identity card. On this basis, the banking system verifies its authenticity. Thanks to the OCR technology, used for text recognition, the application is automatically filled with data, and the contract is signed via a telecode, what completes the entire account opening process. The customer can also order payment cards. In the case of Android and a virtual card used in Google Pay, it is active almost immediately after finishing the chat.



Key news regarding mBank Group

mBank's analysts see MPC having nothing new to digest



The Monetary Policy Council, during their September meeting, decided to keep the interest rates on hold, and also the press release was barely changed. The *official* announcement indicates the whole 2019 as a period of interest rates stabilization, while the *personal* preferences of the president Glapinski included also 2020. The status quo within the MPC can be revised only as a result of an increase in inflation, especially the core inflation.

CPI inflation hit 2.0% YoY in August, in line with the flash reading. Food prices fell 0.7% MoM, fuel prices dropped by 0.1% and energy prices were propelled by gas price hikes which translated into 0.5% MoM growth of the whole category. It seems that YoY upward trend was confirmed in wearing apparel, education, restaurants and hotels. Insurance prices stopped falling and a reversal applied to recreation and culture. Those lift core inflation to 0.9%.

Until core inflation stays relatively low and the headline CPI is expected to fall, MPC has lots of comfort with current rates and accompanying rhetoric. However, mBank's analysts do not retreat from the call that MPC will start increasing rates in late 2019 since processes causing rises in core inflation rarely die out alone and falling GDP growth can be only a short-term excuse for doing anything since in the reality and in current composition it is still inflationary (widening trade gap).

Employment growth decelerated in August to 3.4% YoY, below market consensus of 3.5%. In absolute terms, enterprise sector lost 2k jobs over July. The reason for this is rather on the supply side as a friction part of the unemployment is very low. Therefore filling a vacancy takes more time than usual and average monthly growth of employment falls. After July's reading extraordinarily boosted by trade and transportation, wages in August rose by 6.8% YoY.

Industrial output grew by 5.0% YoY in August. But next months are set to be decisive as there still remains the issue of capacity utilization in manufacturing (no acceleration of private investment) and forthcoming minor disruptions in supply chains expected with respect to recent new duties in international trade and general imports-substitution implemented by the Chinese government. Euro area is in the doldrums wherein the lion's share of Polish manufacturing is still attached.

Construction activity returned to solid growth of 20% YoY in August, a little bit higher than market consensus. The largest monthly acceleration was recorded in infrastructure-related constructions and much of it can be attributed to political calendar. Higher costs, falling margins and inconclusive tenders are going to cast shadow on this sector's activity in coming months.

In September, the PMI index for Polish manufacturing fell from 52.9 to 51.4. Detailed data are alarmingly consistent. Estimates of new orders, output and employment declined. The assessment of employment is at its lowest level for 9 months, new orders and output were estimated so low in September 2016. It is worth noticing that new export orders are at their lowest level since July 2014, the peak of fears concerning the economic troubles of Ukraine and Russia. Negative contribution of net exports will be one of the main reasons for the GDP slowdown in 2H'18.

Appointment of a new member of the Supervisory Board of mBank

On September 24, 2018, Mr Gurjinder Singh Johal was appointed as the member of the Supervisory Board of mBank S.A., until the end of the current term of the body. He replaced Mr. Thorsten Kanzler, who informed about his resignation on September 11, 2018.

Mr Gurjinder Singh Johal has graduated from the University of East London (UEL), Business & Finance faculty and Said Business School, managerial studies. He started his career at Standard Bank London in 1995 before moving to Commerzbank in 2007. He initially assumed responsibility of the Emerging Markets & Credit Derivatives segment, from 2011 he headed the Global Credit Trading desk. Since 2016 Gurjinder Singh Johal has been divisional board member and head of Group Market Risk Management at Commerzbank AG.

In accordance with the criteria applied by the company, Mr Gurjinder Singh Johal is not an independent member of the Supervisory Board of mBank.

Forthcoming corporate access events

05.10.2018	European Financials Conference by mBank Dom Maklerski in Warsaw
22.11.2018	Banking Conference by Santander Brokerage in Warsaw

Forthcoming reporting events

30.10.2018	mBank Group Financial Report for Q3 2018
28.02.2019	Annual Financial Report of mBank Group for 2018

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 332 466
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer
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