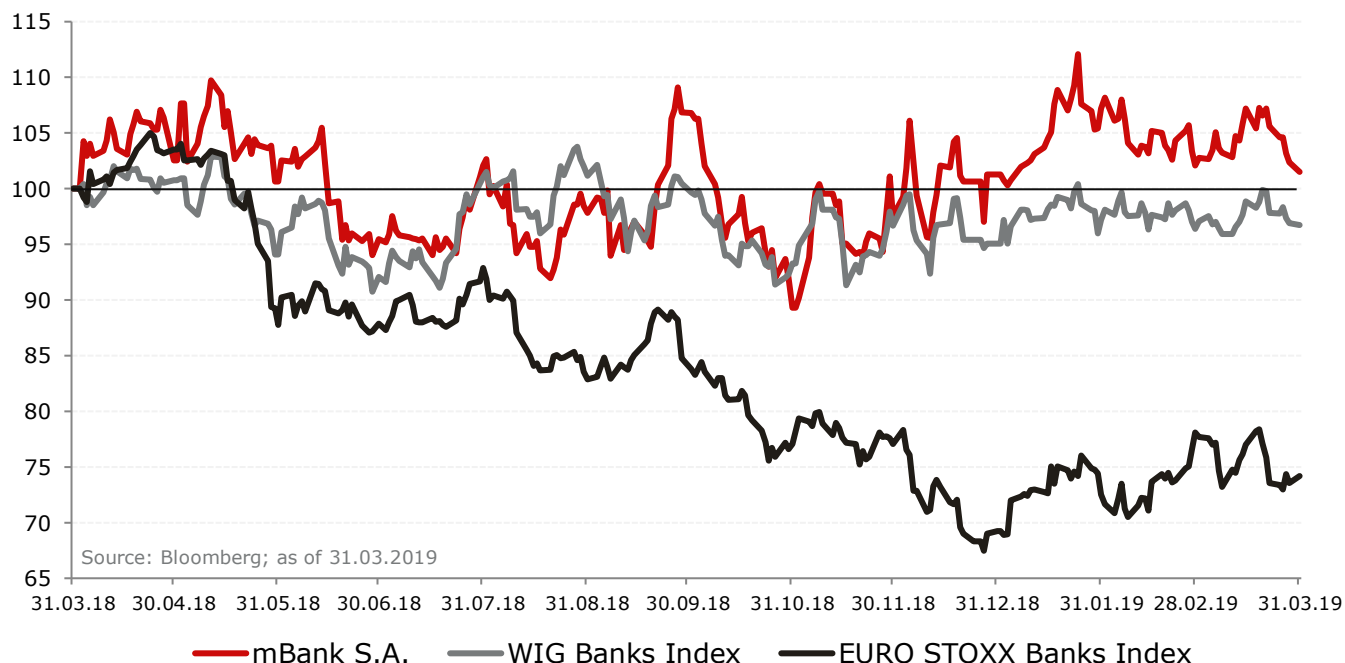


Share price performance summary

In March mBank's share price declined by 0.51%, while the WIG-Banks index went up by 0.37%. The EURO STOXX Banks Index decreased by 5.01% in the same period.

Last 12 months – chart



change in the period	1Q'18	2Q'18	3Q'18	4Q'18	2018	2019yTD
mBank	-9.94%	-4.54%	+11.96%	-5.23%	-8.77%	+0.24%
WIG Banks Index	-7.55%	-7.93%	+9.10%	-5.37%	-12.12%	+1.78%
EURO STOXX Banks Index	-3.67%	-12.13%	-3.53%	-18.31%	-33.29%	+7.13%

Consensus estimates for mBank Group's results

Financials (in PLN million)	2017	2018	2019E		2020E	
			estimate	Δ vs. 2018	estimate	Δ vs. 2019E
Net interest income	3 136	3 496	3 785	+8.2%	4 098	+8.3%
Net F&C income	992	976	1 028	+5.3%	1 081	+5.1%
Total income	4 454	5 059	5 185	+2.5%	5 553	+7.1%
Total costs	-2 043	-2 164	-2 239	+3.5%	-2 322	+3.7%
LLPs	-508	-694	-716	+3.1%	-789	+10.1%
Operating profit	1 903	2 201	2 229	+1.3%	2 443	+9.6%
Net profit	1 092	1 316	1 330	+1.0%	1 471	+10.6%
Net loans	84 476	94 723	97 159	+2.6%	101 246	+4.2%
Assets	131 424	145 750	151 615	+4.0%	158 001	+4.2%
Deposits	91 496	102 009	109 469	+7.3%	113 310	+3.5%

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

Note: total income includes a one-off gain on the sale of an organised part of enterprise of mFinanse (PLN 219.7 million) in 2018.

Special topic: mLeasing buys LeaseLink and increases its share in servicing SMEs

On March 8, 2019, mLeasing, a fully-owned subsidiary of mBank, completed the purchase of 100% of shares in LeaseLink, which is a fintech company specializing in leasing payment services. The acquisition strengthens the position of mLeasing in financing of small- and medium-sized enterprises and opens new possibilities related to the financing of lower value assets. The transaction value was PLN 31.6 million.

LeaseLink's solution is primarily offered on the Internet. This unique payment method is similar to a popular payment by bank transfer (pay-by-link). Thanks to a fully digitized process and an innovative approach to providing a leasing, entrepreneurs can instantly finance the purchase of a fixed asset (worth between PLN 1-50 thousand) regardless of the time and place of the transaction, without paper documentation. The whole process takes only a few minutes. LeaseLink's services are offered by nearly two thousand e-shops, including some of the largest, such as: Allegro, MediaMarkt, RTV Euro AGD, and brick-and-mortar retailers, including IKEA Center for companies and FotoJoker.



mLeasing will be the sole owner of LeaseLink. Currently, the merger of both companies is not planned, and the brand of the acquired entity will be kept on the market.

mLeasing, established in 1991, is one of the leading leasing companies in Poland. According to the data from the Polish Leasing Association, the company was ranked 4th on the market in terms of sales value in 2018. It offers leasing of vehicles of up to 3.5 tonnes, heavy transport vehicles, machines and equipment (including medical ones), as well as car fleet management (CFM) services. It also finances commercial and office facilities, hotels, and warehouses.

Key news regarding mBank Group**mBank's economists increase their GDP forecast for 2019 to about 4.5%**

Good industrial output, retail sales and construction data both in January and February indicate that the beginning of the year will not be weak. Therefore, mBank's analysts decided to raise their GDP forecast for 1Q'19 from 3.9% to 4.5% YoY. The Poland's economy barely slowed down when it should have borne the brunt of adjustment to weak external demand, higher household savings rate and lower public investment growth.

As a result, the overall trajectory this year must be adjusted upwards commensurably. Polish GDP will grow by ca. 4.5 YoY in 2019.

Industrial production rose in February by 6.9% YoY, significantly above consensus of 4.7%. Surprise comes partly from the good mining reading, which accelerated from 0% to about 16% YoY and added 0.8 p.p. to overall production growth. Without this, the result would repeat the previous statistic. Manufacturing also posted respectable figures (7.0% YoY). Monthly industrial production increased by 1.7% (adjusted for seasonal and calendar effects), which pushed the momentum to the level around 1% MoM.

Employment rose in February by 10 thousand workers in MoM terms. It resulted in the annual employment growth rate of 2.9% YoY. It is definitely a positive surprise, especially given that previous months disappointed. However, it is hard to expect any change in the trend, as business cycle indicators are still going down. Average gross wage increased yearly by 7.6%,

slightly above both last month's result (7.5% YoY) and market consensus (7.2% YoY), but it does not show any signs of further acceleration. In fact, the result around 7% has been the anchor for nominal wages dynamics for about 2 years.

Dynamics of total wage bill, both in nominal (10.7% YoY) and real terms (9.5% YoY) were on the relatively high level, suggesting solid growth of household disposable income and keeping consumption dynamics around 4% in 1Q'19. From the MPC's point of view, this reading supports the scenario presented on the press conferences or in the last projection. Growth of the average wage, if it does not translate into inflation, will not be treated as a cause for concern or a sign to change the monetary policy stance.

Retail sales increased in February nominally by 6.5% YoY (and 5.6% in real terms). Better reading perfectly fits the set of other surprises in the real sphere. Car sales (with the dynamics close to the previous month) and clothing and footwear (better than a month ago, but this category will not increase significantly until March, when the higher temperatures arrive) were seen negative. The positive surprise was primarily sales in nonspecialized stores (with almost 10 p.p. monthly acceleration) as well as the category of furniture, electronics and household appliances. The return of consumer optimism to the tops and no signs of weakening housing demand will support strong increases of the category this year.

The extraordinarily good behaviour of the economy at the beginning of the year (including exports) implies the possibility of a number of adjustments. First of all, companies will be able to handle wage increases more easily (in this context, supply continues to create its own demand and the consumer remains the driving force for the economy). Secondly, although the decline in investments was expected ca. 2-3 months ago (because of the decline in production factors used), a more strong economic growth automatically increases the likelihood of a stronger response to capital formation or other forms of increasing production potential.

The latest CPI inflation projection published in March ideally hits the inflation target within the monetary policy horizon, which is a strong argument against any change in interest rates. The paths presented (GDP, inflation) are burdened by asymmetric downward risks, which translate into very dovish rhetoric of governor Glapinski.

mBank limits coal financing and focuses on renewable energy sources

In March 2019, mBank adopted the new rules for financing the mining and energy sector. They supplement "Policy on providing services and financing to entities operating in areas that are particularly sensitive in terms of mBank's reputation risk", introducing restrictions in servicing and/or financing of enterprises that run a controversial activity from a social point of view. This document also regulates the approach towards nuclear power plants and states that mBank does not engage in financing investments related to their construction and development.

Now, following the international trend on the financial markets, mBank wants to be more active in supporting projects that reduce CO2 emissions and increases its commitment to green energy. In parallel, starting from April 1, 2019, mBank will abandon the financing of new coal mines and coal-fired power units. No business relations will be undertaken with companies for which the share of electricity from this resource (calculated on the basis of measurement of production capacity) is over 50%.

In 4Q'18, mBank also adopted new credit policy for the financing of wind farms and photovoltaic systems aimed at supporting a development of renewable energy sources.

Forthcoming corporate access events

11.04.2019	Roadshow with Raiffeisen to Vienna
12-14.06.2019	EME Financials & Greek Retreat Conference by Wood&Company in Athens

Forthcoming reporting events

30.04.2019	mBank Group Financial Report for Q1 2019
30.07.2019	Semi-annual Financial Report of mBank Group for H1 2019
30.10.2019	mBank Group Financial Report for Q3 2019
06.02.2020	Selected non-audited financial data of mBank Group for Q4 2019
03.03.2020	Annual Financial Report of mBank Group for 2019

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 336 982
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer
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