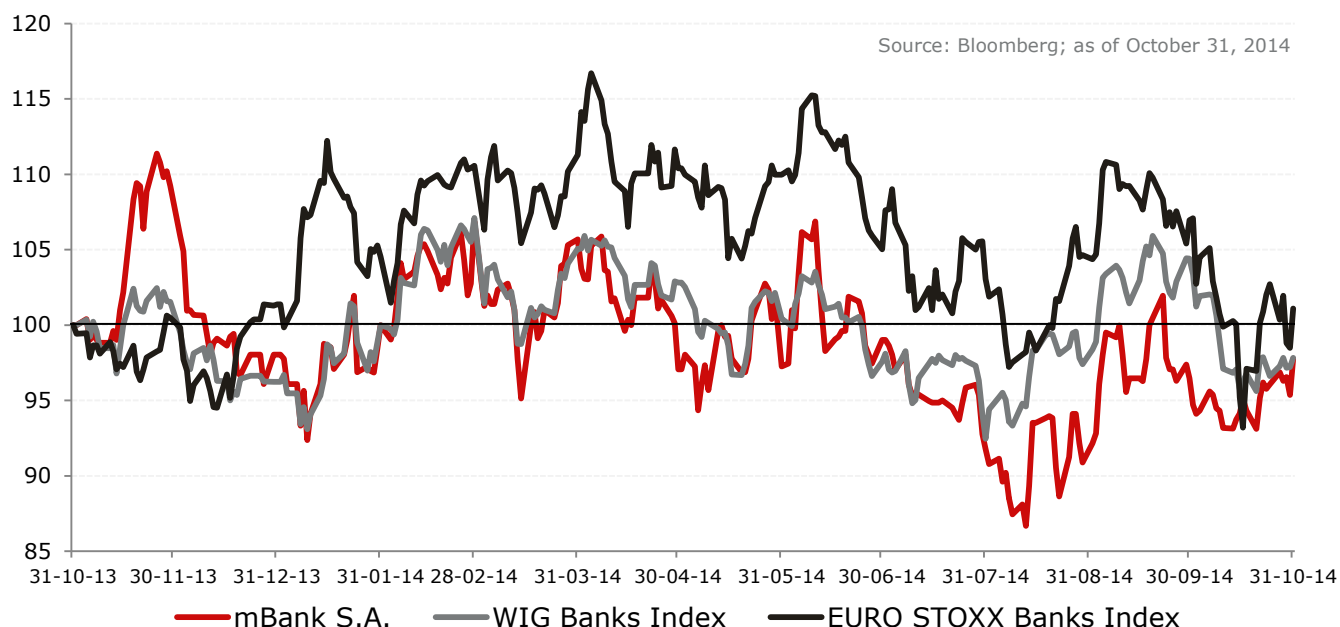


Share price performance summary

In October mBank's share price increased by 1.34%, while the WIG Banks index dropped by 6.31%. The EURO STOXX Banks Index went down by 5.46% in the same period.

Last 12 months – chart



change in the period	Q4'13	2013	Q1'14	Q2'14	Q3'14	YtD
mBank	+11.09%	+53.37%	+7.80%	-6.31%	-2.57%	-0.28%
WIG Banks Index	+4.18%	+20.54%	+9.18%	-7.13%	+6.99%	+1.64%
EURO STOXX Banks Index	+12.39%	+25.87%	+9.78%	-5.63%	+1.84%	-0.26%

Consensus estimates for mBank Group's results

P&L item (in PLN M)	2012FY	2013FY	2014E		2015E	
			estimate	Δ vs. 2013A	estimate	Δ vs. 2014E
Net interest income	2 280	2 226	2 440	+9.6%	2 564	+5.1%
Net F&C income	787	835	918	+9.9%	949	+3.4%
Total income	3 571	3 674	3 924	+6.8%	4 149	+5.7%
Costs	-1 661	-1 678	-1 761	+5.0%	-1 809	+2.7%
LLPs	-445	-478	-501	+4.8%	-515	+2.9%
Profit before tax	1 465	1 518	1 661	+9.4%	1 823	+9.8%
Net profit	1 197	1 206	1 316	+9.0%	1 453	+10.4%
Loans	66 947	68 210	72 746	+6.6%	77 741	+6.9%
Assets	102 145	104 283	110 356	+5.8%	116 080	+5.2%
Deposits	57 984	61 674	65 790	+6.7%	70 387	+7.0%

Contributing research by: Citi Research, Deutsche Bank, Millennium DM, UniCredit, ING Securities, BZ WBK Brokerage, Ipopema, Raiffeisen, Goldman Sachs, Wood & Company, KBW, PKO DM, Erste Group, Espirito Santo, BoA Merrill Lynch, J.P. Morgan, BOŚ DM, Trigon DM, DI Investors, Noble Securities.

Special topic: Q3 2014 mBank Group's results compared to analysts' consensus

[in PLN M]	Market consensus				Actual Results	Difference to consensus
	MIN	Median	Average	MAX		
Net interest income	621.0	633.5	634.0	647.8	649.9	+2.5%
Net fee & commission income	215.7	221.0	221.0	229.0	216.2	-2.2%
Total operating income	990.7	1,010.1	1,006.5	1,017.0	1,018.9	+1.2%
Total costs	(458.0)	(448.0)	(447.4)	(427.0)	(441.2)	-1.4%
Result before provisions	546.0	558.0	559.2	575.0	577.7	+3.3%
Loan loss provisions	(165.4)	(155.0)	(155.0)	(140.0)	(157.9)	+1.9%
Profit before tax	386.0	400.5	404.1	419.0	419.8	+3.9%
Net profit	294.9	310.1	311.4	331.0	315.5	+1.3%

Based on estimates of 16 Analysts: ING Securities, Citi Research, Ipopema, UniCredit, Espirito Santo, DM BZ WBK, Deutsche Bank, Erste Group, PKO Securities, Millennium DM, Wood & Company, Raiffeisen, DM BOŚ, J.P. Morgan, Trigon DM, KBW.

Key news regarding mBank Group
Major developments of mBank Group in Q3 2014

During Q3 2014, mBank Group generated a profit before tax of PLN 419.8 million, representing an increase of 1.7% QoQ. Net profit attributable to shareholders of mBank was 2.9% lower compared to a quarter earlier and amounted to PLN 315.5 million.

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

- **Stable total revenues** of PLN 1,018.9 million (-0.5% QoQ), while the Group's core income reached a record level of PLN 866.1 million. Net interest income increased by 5.3% and net fee and commission income dropped by 11.3%, mainly as a result of a reduction of the card interchange fee effective from July 1, 2014. Net trading income decreased by 12.6%. In Q3 2014, mBank Group reported a dividend income of PLN 16.2 million.
- **Lower operating expenses** (including amortisation and depreciation) compared to the previous quarter, amounting to PLN 441.2 million. Consequently, the effectiveness of mBank Group measured by the cost/income ratio improved further and reached 43.3% in Q3 2014 compared to 44.5% in Q2 2014.
- **Broadly unchanged level of risk costs** which amounted to 89 bps in Q3 2014. Net impairment losses on loans and advances remained stable and stood at PLN 157.9 million.
- **Higher tax rate**, mainly due to an income tax provision recognized in connection with the planned sale of the insurance business.
- **Continued organic growth and business expansion** as demonstrated by: **growth of the retail customer base**, which reached 4,565 thousand (+74 thousand clients compared to Q2 2014); **increase in the number of corporate customers** to record high 17,390 (+384 clients compared to Q2 2014).

Net loans and advances to customers stood at PLN 71,958.4 million at the end of Q3 2014 and were higher by 2.6% compared to the end of Q2 2014. The change was mainly driven by an increase in the volume of both corporate and retail loans. Gross loans to corporate clients and to individual clients stood at PLN 31,534.8 million and PLN 40,555.0 million, respectively.

Customer deposits increased by 9.9% QoQ and reached PLN 69,563.5 million. Retail deposits grew by 2.6% to PLN 36,641.8 million while corporate deposits increased by 18.7% to PLN 31,576.3 million. As a result, the loan to deposit ratio of mBank Group fell compared to the previous quarter and reached 103.4%.

The Group's Basel III capital ratios remained at a safe level. Total capital ratio at the end of September 2014 stood at 15.57%, while Common Equity Tier 1 capital ratio at 13.05%.

Further cut in November is still a baseline of mBank's analysts



Disinflationary processes have become more and more entrenched in the Polish economy. Even though September's CPI surprised to the upside and core inflation ticked up to 0.7%, all momentum measures continue to point out to very low inflation in the next 12 months. In such circumstances it is logical for the Monetary Policy Council to continue cutting in order to counteract the disinflationary environment the economy is operating in.

The Russian-Ukrainian conflict appears to have a limited impact on enterprises with significant exposure to Eastern markets, and there is little evidence that it spilled over to other parts of the economy. This supports a view of mBank's macroeconomists that the slowdown is due to other factors as well, such as the Eurozone troubles and another downswing in construction.

Latest data from the Poland's central statistical office strongly suggest that there is no turnaround in the construction sector as output growth rebounded on working day and calendar effects. Until the state steps up and offers marginal demand in the form of public infrastructure investment (expected starting from 2015), the sector will remain a drag on the economy, especially compared with the second half of 2013.

The pace of improvement in the labour market stalled. Employment visibly lost its momentum and recent increases have been quite modest (annual growth remains wedged between 0.7 and 0.8 YoY). As for wages, the fourth consecutive print of ca. 3.5% would indicate stabilization. mBank's analysts expect nominal wage growth to moderate starting from October and to settle close to 2.5% YoY at year end. The real income is boosted primarily by low inflation.

Retail sales grew by 1.6% YoY in September, having grown by 1.7% in the previous month. It is worth noting that sales have not accelerated despite a very favourable difference in the number of working days. Current growth remains below the YtD average (3.7%) and very close to last year's average (1.8%). Thus, it is still too early to see a turning point in the local downtrend.

Retail sales data confirm the picture of an economy that is unable to break free of negative momentum. With low inflation projection there is no need to keep rates on hold next time and the easing cycle should be extended by a 25-50 bps cut in November.

mBank multiawarded in the global contest by Efma and Accenture



In the contest "Distribution & Marketing Innovation in Retail Financial Services" for the best banking projects in the world, mBank as the only Polish bank won three statuettes, outclassing the rivals from five continents. The competition is organized by Efma - organization comprised of more than 3.3 thou. financial institutions from over 130 countries - and Accenture - a company providing services in the field of consulting, advanced technology and outsourcing. This year almost 600 projects from more than 250 institutions, representing 69 countries, were submitted.

mBank took the first place in three categories: "The Most Disruptive Innovation" for an institution creating new market value in global banking, "The Most Promising Idea" for a loan in 30 seconds, and "The Everyday Banking" for mDiscounts, the first rebate programme in Europe offering discounts by the Bank's partners that take into account the client's profile and shopping preferences.

Changes in the mBank's Supervisory Board

On October 20, 2014, Jan Szomburg, member of the Supervisory Board of mBank, handed in his resignation, effected as of October 27, 2014. The resignation was associated with the proposal received to take over new advisory functions at Commerzbank Group.

During its meeting on October 27, 2014, the Supervisory Board appointed a new member, Agnieszka Słomka-Gołębiowska, who has also become a new member of the Risk Committee of the Supervisory Board. She possesses strong banking-related academic background, wide knowledge in corporate governance and valuable experience in business. Agnieszka Słomka-Gołębiowska is the second woman in the mBank's Supervisory Board.

Forthcoming corporate access events

- November 10-11th, 2014: Goldman Sachs CEEMEA One-on-One Conference in London
- December 1-5th, 2014: Wood's Winter in Prague – Emerging Market

Forthcoming reporting events

- February 5th, 2015: mBank Group Financial Report for Q4 2014
- March 3rd, 2015: mBank Group Consolidated Annual Report for 2014

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 210 057
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

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