



**Selected non-audited
consolidated financial data of mBank S.A. Group
for fourth quarter of 2018**

Legal basis: article 17 (1) of Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (MAR).

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Condensed consolidated income statement of mBank S.A. Group

	4th Quarter (current year) period from 01.10.2018 to 31.12.2018	4 Quarters (current year) period from 01.01.2018 to 31.12.2018	4th Quarter (previous year) period from 01.10.2017 to 31.12.2017	4 Quarters (previous year) period from 01.01.2017 to 31.12.2017
Interest income, including:	1 193 163	4 518 190	1 056 539	4 052 074
<i>Interest income on financial assets at amortised cost</i>	887 429	3 379 450	813 651	3 079 904
<i>Interest income on financial assets at fair value through other comprehensive income</i>	127 050	488 601	177 240	693 175
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	178 684	650 139	65 648	278 995
Interest expenses	(269 834)	(1 021 716)	(231 427)	(916 414)
Net interest income	923 329	3 496 474	825 112	3 135 660
Fee and commission income	412 873	1 678 779	414 281	1 659 673
Fee and commission expenses	(193 627)	(702 929)	(180 803)	(667 515)
Net fee and commission income	219 246	975 850	233 478	992 158
Dividend income	222	3 558	162	3 428
Net trading income, including:	105 874	347 336	72 982	294 063
<i>Foreign exchange result</i>	102 758	323 472	67 187	289 112
<i>Gains or losses on financial assets and liabilities held for trading</i>	(1 120)	30 571	7 742	17 606
<i>Gains or losses from hedge accounting</i>	4 236	(6 707)	(1 947)	(12 655)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(68 166)	(160 041)	n/a	n/a
Gains less losses from investment securities, investments in subsidiaries and associates	n/a	n/a	18 505	(3 937)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates, including:	6 439	14 495	n/a	n/a
<i>Gains less losses from debt securities measured at fair value through other comprehensive income</i>	9 118	16 465	n/a	n/a
<i>Gains less losses from investments in subsidiaries and associates</i>	(4 012)	(4 034)	n/a	n/a
<i>Gains less losses from derecognition</i>	1 333	2 064	n/a	n/a
Other operating income	55 426	407 620	45 423	242 360
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(95 484)	(527 573)	(139 979)	(507 721)
Overhead costs	(457 380)	(1 911 340)	(426 706)	(1 818 949)
Depreciation	(65 377)	(252 592)	(67 801)	(224 219)
Other operating expenses	(56 891)	(192 953)	(54 133)	(210 171)
Operating profit	567 238	2 200 834	507 043	1 902 672
Tax on the Bank's balance sheet items	(101 631)	(401 760)	(95 412)	(375 256)
Share in profits (losses) of entities under the equity method	344	1 240	294	486
Profit before income tax	465 951	1 800 314	411 925	1 527 902
Income tax expense	(133 260)	(483 945)	(100 301)	(432 832)
Net profit	332 691	1 316 369	311 624	1 095 070
Net profit attributable to:				
- Owners of mBank S.A.	332 737	1 316 451	311 638	1 091 530
- Non-controlling interests	(46)	(82)	(14)	3 540
Net profit attributable to Owners of mBank S.A.	332 737	1 316 451	311 638	1 091 530
Weighted average number of ordinary shares	42 346 407	42 321 377	42 311 943	42 290 313
Earnings per share (in PLN)	7.86	31.11	7.37	25.81
Weighted average number of ordinary shares for diluted earnings	42 371 929	42 346 899	42 335 013	42 313 383
Diluted earnings per share (in PLN)	7.85	31.09	7.36	25.80

Condensed consolidated statement of comprehensive income of mBank S.A. Group

	4th Quarter (current year) period from 01.10.2018 to 31.12.2018	4 Quarters (current year) period from 01.01.2018 to 31.12.2018	4th Quarter (previous year) period from 01.10.2017 to 31.12.2017	4 Quarters (previous year) period from 01.01.2017 to 31.12.2017
Net profit	332 691	1 316 369	311 624	1 095 070
Other comprehensive income net of tax, including:	79 155	109 366	11 407	165 219
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	43	60	(174)	477
Cash flows hedges (net)	74 763	88 841	(2 264)	(3 653)
Change in valuation of available for sale financial assets (net)	n/a	n/a	16 917	171 461
Debt instruments at fair value through other comprehensive income (net)	20 130	23 013	n/a	n/a
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	(2 548)	(2 548)	(3 072)	(3 066)
Fair value changes of equity instruments measured at fair value through other comprehensive income (net)	(13 233)	-	n/a	n/a
Total comprehensive income (net)	411 846	1 425 735	323 031	1 260 289
Total comprehensive income (net), attributable to:				
- Owners of mBank S.A.	411 892	1 425 817	323 045	1 256 749
- Non-controlling interests	(46)	(82)	(14)	3 540

Condensed consolidated statement of financial position of mBank S.A. Group

ASSETS	31.12.2018	30.09.2018	31.12.2017
Cash and balances with the Central Bank	9 199 264	9 643 274	7 384 869
Financial assets held for trading and derivatives held for hedges	2 104 302	3 652 723	2 761 685
Loans and advances to banks	n/a	n/a	1 707 722
Non-trading financial assets mandatorily at fair value through profit or loss, including:	2 836 060	2 554 340	n/a
<i>Equity instruments</i>	72 775	75 770	n/a
<i>Debt securities</i>	58 130	-	n/a
<i>Loans and advances to customers</i>	2 705 155	2 478 570	n/a
Investment securities	n/a	n/a	32 144 699
Financial assets at fair value through other comprehensive income	24 338 284	25 153 377	n/a
Loans and advances to customers	n/a	n/a	84 475 844
Financial assets at amortised cost, including:	103 564 317	102 153 244	n/a
<i>Debt securities</i>	9 000 539	8 856 425	n/a
<i>Loans and advances to credit institutions</i>	2 546 346	4 469 853	n/a
<i>Loans and advances to customers</i>	92 017 432	88 826 966	n/a
Investments in associates	-	29 951	28 680
Non-current assets and disposal groups classified as held for sale	-	-	42 134
Intangible assets	776 176	722 219	710 642
Tangible assets	785 026	748 167	758 738
Current income tax assets	9 336	7 372	9 688
Deferred income tax assets	959 076	934 269	629 250
Other assets	1 178 278	1 057 381	770 068
Total Assets	145 750 119	146 656 317	131 424 019
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities held for trading and derivatives held for hedges	981 117	946 017	1 095 365
Financial liabilities measured at amortised cost, including:	125 611 195	127 598 635	113 050 373
<i>Amounts due to banks</i>	3 078 387	3 887 349	5 073 351
<i>Amounts due to customers</i>	102 009 062	102 425 018	91 496 027
<i>Debt securities issued</i>	18 049 583	19 083 289	14 322 852
<i>Subordinated liabilities</i>	2 474 163	2 202 979	2 158 143
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	44 854
Provisions	258 283	266 640	190 975
Current income tax liabilities	352 962	283 845	179 685
Deferred income tax liabilities	83	83	81
Other liabilities	3 330 399	2 758 543	2 571 130
Total liabilities	130 534 039	131 853 763	117 132 463

Equity	31.12.2018	30.09.2018	31.12.2017
Equity attributable to Owners of mBank S.A.	15 213 980	14 800 400	14 289 370
Share capital:	3 574 686	3 572 641	3 564 176
Registered share capital	169 348	169 330	169 248
Share premium	3 405 338	3 403 311	3 394 928
Retained earnings:	11 424 456	11 080 055	10 574 294
Profit from the previous years	10 108 005	10 096 341	9 482 764
Profit for the current year	1 316 451	983 714	1 091 530
Other components of equity	214 838	147 704	150 900
Non-controlling interests	2 100	2 154	2 186
Total equity	15 216 080	14 802 554	14 291 556
Total liabilities and equity	145 750 119	146 656 317	131 424 019
Total capital ratio	20.69	20.21	20.99
Common Equity Tier 1 capital ratio	17.47	17.32	18.31
Book value	15 213 980	14 800 400	14 289 370
Number of shares	42 336 982	42 332 466	42 312 122
Book value per share (in PLN)	359.35	349.62	337.71

mBank S.A. stand-alone financial information

Income statement of mBank S.A.

	4th Quarter (current year) period from 01.10.2018 to 31.12.2018	4 Quarters (current year) period from 01.01.2018 to 31.12.2018	4th Quarter (previous year) period from 01.10.2017 to 31.12.2017	4 Quarters (previous year) period from 01.01.2017 to 31.12.2017
Interest income, including:	1 046 903	3 961 606	921 764	3 550 968
<i>Interest income on financial assets at amortised cost</i>	<i>643 730</i>	<i>2 755 453</i>	<i>692 223</i>	<i>2 625 413</i>
<i>Interest income on financial assets at fair value through other comprehensive income</i>	<i>246 496</i>	<i>602 191</i>	<i>173 549</i>	<i>678 120</i>
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	<i>156 677</i>	<i>603 962</i>	<i>55 992</i>	<i>247 435</i>
Interest expenses	(230 609)	(874 097)	(194 611)	(792 483)
Net interest income	816 294	3 087 509	727 153	2 758 485
Fee and commission income	372 554	1 504 002	357 173	1 405 071
Fee and commission expenses	(166 942)	(612 800)	(161 208)	(588 155)
Net fee and commission income	205 612	891 202	195 965	816 916
Dividend income	(68 778)	126 391	162	166 285
Net trading income, including:	102 755	352 317	76 034	303 383
<i>Foreign exchange result</i>	<i>85 499</i>	<i>303 985</i>	<i>67 730</i>	<i>290 535</i>
<i>Gains or losses on financial assets and liabilities held for trading</i>	<i>14 762</i>	<i>52 721</i>	<i>10 199</i>	<i>23 768</i>
<i>Gains or losses from hedge accounting</i>	<i>2 494</i>	<i>(4 389)</i>	<i>(1 895)</i>	<i>(10 920)</i>
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(66 270)	(155 485)	n/a	n/a
Gains less losses from investment securities, investments in subsidiaries and associates	n/a	n/a	18 505	8 231
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates, including:	9 667	13 396	n/a	n/a
<i>Gains less losses from debt securities measured at fair value through other comprehensive income</i>	<i>8 573</i>	<i>16 149</i>	<i>n/a</i>	<i>n/a</i>
<i>Gains less losses from investments in subsidiaries and associates</i>	<i>312</i>	<i>290</i>	<i>n/a</i>	<i>n/a</i>
<i>Gains less losses from derecognition</i>	<i>782</i>	<i>(3 043)</i>	<i>n/a</i>	<i>n/a</i>
Other operating income	31 027	64 047	27 151	113 938
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(86 389)	(468 902)	(129 879)	(457 889)
Overhead costs	(408 401)	(1 704 400)	(371 702)	(1 589 578)
Depreciation	(58 725)	(227 743)	(61 706)	(200 856)
Other operating expenses	(40 407)	(154 103)	(46 301)	(107 119)
Operating profit	436 385	1 824 229	435 382	1 811 796
Tax on the Bank's balance sheet items	(94 790)	(374 192)	(88 685)	(350 830)
Share in profits (losses) of entities under the equity method	111 838	256 938	58 954	9 258
Profit before income tax	453 433	1 706 975	405 651	1 470 224
Income tax expense	(119 380)	(389 490)	(93 865)	(380 520)
Net profit	334 053	1 317 485	311 786	1 089 704
Net profit	334 053	1 317 485	311 786	1 089 704
Weighted average number of ordinary shares	42 346 407	42 321 377	42 311 943	42 290 313
Earnings per share (in PLN)	7.89	31.13	7.37	25.77
Weighted average number of ordinary shares for diluted earnings	42 371 929	42 346 899	42 335 013	42 313 383
Diluted earnings per share (in PLN)	7.88	31.11	7.36	25.75

Statement of comprehensive income

	4th Quarter (current year) period from 01.10.2018 to 31.12.2018	4 Quarters (current year) period from 01.01.2018 to 31.12.2018	4th Quarter (previous year) period from 01.10.2017 to 31.12.2017	4 Quarters (previous year) period from 01.01.2017 to 31.12.2017
Net profit	334 053	1 317 485	311 786	1 089 704
Other comprehensive income net of tax, including:	41 460	70 595	11 696	165 227
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	184	176	(126)	617
Cash flows hedges (net)	74 763	88 841	(2 264)	(3 653)
Share of other comprehensive income of entities under the equity method	(1 167)	(650)	1 507	4 507
Change in valuation of available for sale financial assets (net)	n/a	n/a	15 667	166 844
Debt instruments at fair value through other comprehensive income (net)	(16 579)	(15 264)	n/a	n/a
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	(2 508)	(2 508)	(3 088)	(3 088)
Fair value changes of equity instruments measured at fair value through other comprehensive income (net)	(13 233)	-	n/a	n/a
Total comprehensive income (net)	375 513	1 388 080	323 482	1 254 931

Statement of financial position

ASSETS	31.12.2018	30.09.2018	31.12.2017
Cash and balances with the Central Bank	9 182 971	9 613 745	7 383 518
Financial assets held for trading and derivatives held for hedges	2 126 112	5 129 042	2 781 351
Loans and advances to banks	n/a	n/a	6 063 702
Non-trading financial assets mandatorily at fair value through profit or loss, including:	2 567 330	2 278 105	n/a
<i>Equity instruments</i>	12 226	11 212	n/a
<i>Debt securities</i>	58 130	-	n/a
<i>Loans and advances to customers</i>	2 496 974	2 266 893	n/a
Investment securities	n/a	n/a	31 110 560
Financial assets at fair value through other comprehensive income	28 173 110	24 193 506	nd
Loans and advances to customers	n/a	n/a	73 431 738
Financial assets at amortised cost, including:	91 111 844	92 894 371	n/a
<i>Debt securities</i>	9 000 540	8 856 425	n/a
<i>Loans and advances to credit institutions</i>	5 909 341	7 712 487	n/a
<i>Loans and advances to customers</i>	76 201 963	76 325 459	n/a
Investments in subsidiaries	2 300 324	2 193 524	2 060 847
Investments in associates	-	29 567	28 680
Intangible assets	693 210	648 837	648 191
Tangible assets	537 001	505 090	509 773
Current income tax assets	9 336	7 372	6 558
Deferred income tax assets	295 347	313 954	129 037
Other assets	652 585	628 934	415 528
Total Assets	137 649 170	138 436 047	124 569 483
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities held for trading and derivatives held for hedges	1 016 214	975 670	1 141 035
Financial liabilities measured at amortised cost, including:	118 342 044	120 052 365	106 579 430
<i>Amounts due to banks</i>	3 136 771	3 916 608	5 089 716
<i>Amounts due to customers</i>	109 873 386	111 128 718	99 331 571
<i>Debt securities issued</i>	2 857 724	2 804 060	-
<i>Subordinated liabilities</i>	2 474 163	2 202 979	2 158 143
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	27 046
Provisions	255 882	263 368	190 914
Current income tax liabilities	244 389	204 098	172 003
Deferred income tax liabilities	83	83	81
Other liabilities	2 615 515	2 142 608	2 171 413
Total liabilities	122 474 127	123 638 192	110 281 922

Equity	31.12.2018	30.09.2018	31.12.2017
Share capital:	3 574 686	3 572 641	3 564 176
Registered share capital	169 348	169 330	169 248
Share premium	3 405 338	3 403 311	3 394 928
Retained earnings:	11 423 575	11 077 871	10 572 341
Profit from the previous years	10 106 090	10 094 439	9 482 637
Profit for the current year	1 317 485	983 432	1 089 704
Other components of equity	176 782	147 343	151 044
Total equity	15 175 043	14 797 855	14 287 561
Total liabilities and equity	137 649 170	138 436 047	124 569 483
Total capital ratio	24.20	23.73	24.62
Common Equity Tier 1 capital ratio	20.46	20.38	21.51
Book value	15 175 043	14 797 855	14 287 561
Number of shares	42 336 982	42 332 466	42 312 122
Book value per share (in PLN)	358.43	349.56	337.67

Summary of mBank Group results in Q4 2018

The net profit attributable to the shareholders of mBank generated by mBank Group in Q4 2018 totalled PLN 332.7 million, which represents a 16.6% increase compared with Q3 2018.

The total income posted by mBank Group increased by 4.2% compared with the previous quarter and amounted to PLN 1,260.5 million. Core income grew slightly and reached an all-time high. A drop in net fee and commission income (-8.2%) was offset by a 2.3% rise in net interest income. The growth in net interest income was propelled mainly by higher interest income from loans and advances. The net interest margin of mBank Group increased quarter on quarter and reached 2.60% in Q4 2018, up from 2.56% in Q3 2018. Net commission income dropped due to lower commissions for agency service regarding sale of other products of external financial entities and higher commission expense. Net trading income rose sharply (by 46.5%) compared with Q3 2018, helped largely by higher FX result. Gains less losses on financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates grew on a quarter-on-quarter basis, helped by the sale of bonds from the portfolio of assets available for sale.

In Q4 2018, the total operational costs of mBank Group (including depreciation) declined by 1.7% to PLN 522.8 million compared with Q3 2018 amid a drop (-5.7%) in material costs. To a large extent it was a consequence of a reduction in IT costs and costs of administration and real estate services. Staff-related expenses remained stable with depreciation up by 4.2%. Consequently, the trends in income and costs helped improve the cost to income ratio from 43.9% in Q3 2018 to 41.5% in Q4 2018.

In Q4 2018, impairment on and movements in the fair value of loans and advances of mBank Group (being the sum of: impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss) amounted to PLN 170.5 million, down by PLN 14.6 million (-8.0%) compared with Q3 2018. The quarterly drop in impairment on and movements in the fair value of loans and advances was reported in both the corporate and retail clients segment.

The changes in the Group's performance translated into an increase in net ROE from 8.2% in Q3 2018 to 9.5% in Q4 2018.

Net interest income

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Interest income				
Interest income of financial assets at amortised cost, including:	887 429	3 379 450	813 651	3 079 904
- Loans and advances	820 617	3 116 363	795 725	3 014 793
- Debt securities	52 583	203 518	n/a	n/a
- Cash and short-term placements	13 762	55 687	15 976	59 872
- Other	467	3 882	1 950	5 239
Interest income on financial assets at fair value through other comprehensive income	127 050	488 601	177 240	693 175
- Debt securities	127 050	488 601	n/a	n/a
Investment securities	n/a	n/a	177 240	693 175
Income similar to interest on financial assets at fair value through profit or loss, including:	178 684	650 139	65 648	278 995
Financial assets held for trading	18 278	73 693	9 141	62 806
- Loans and advances	1 324	1 324	n/a	n/a
- Debt securities	16 954	72 369	9 141	62 806
Non-trading financial assets mandatorily at fair value through profit or loss, including:	78 331	271 239	n/a	n/a
- Loans and advances	78 331	271 239	n/a	n/a
Interest income on derivatives classified into banking book	45 302	180 409	33 735	133 601
Interest income on derivatives concluded under the fair value hedge	23 759	84 441	17 772	66 808
Interest income on derivatives concluded under the cash flow hedge	13 014	40 357	5 000	15 780
Total interest income	1 193 163	4 518 190	1 056 539	4 052 074

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Interest expenses				
Arising from amounts due to banks	(10 704)	(55 297)	(12 394)	(58 270)
Arising from amounts due to customers	(145 365)	(557 800)	(121 809)	(493 022)
Arising from issue of debt securities	(84 647)	(318 870)	(77 041)	(280 211)
Arising from subordinated liabilities	(23 009)	(75 300)	(16 873)	(69 017)
Other	(6 109)	(14 449)	(3 310)	(15 894)
Total interest expense	(269 834)	(1 021 716)	(231 427)	(916 414)

Net fee and commission income

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Fee and commission income				
Payment cards-related fees	109 104	426 947	90 267	372 887
Credit-related fees and commissions	99 375	381 995	82 075	324 784
Commissions for agency service regarding sale of insurance products of external financial entities	19 570	100 639	46 823	187 388
Fees from brokerage activity and debt securities issue	25 224	104 494	31 135	135 450
Commissions from bank accounts	53 946	207 941	48 699	186 677
Commissions from money transfers	35 862	133 297	32 184	119 876
Commissions due to guarantees granted and trade finance commissions	22 316	84 727	19 355	71 395
Commissions for agency service regarding sale of other products of external financial entities	17 030	103 189	30 838	136 558
Commissions on trust and fiduciary activities	6 352	26 478	6 498	26 344
Fees from portfolio management services and other management-related fees	2 318	11 594	3 823	14 794
Fees from cash services	12 550	54 788	13 301	53 258
Other	9 226	42 690	9 283	30 262
Fee and commission income	412 873	1 678 779	414 281	1 659 673

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Fee and commission expense				
Payment cards-related fees	(67 825)	(250 563)	(64 844)	(244 656)
Commissions paid to external entities for sale of the Bank's products	(37 426)	(141 527)	(34 176)	(130 686)
Commissions paid for agency service regarding sale of insurance products of external financial entities	(2 653)	(5 147)	(684)	(2 515)
Discharged brokerage fees	(8 145)	(26 772)	(6 927)	(28 626)
Cash services	(13 555)	(50 060)	(10 868)	(47 537)
Fees to NBP and KIR	(4 475)	(13 456)	(4 527)	(13 057)
Other discharged fees	(59 548)	(215 404)	(58 777)	(200 438)
Total fee and commission expense	(193 627)	(702 929)	(180 803)	(667 515)

Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss				
Equity instruments	(164)	(217)	n/a	n/a
Debt securities	7 028	7 028	n/a	n/a
Loans and advances	(75 030)	(166 852)	n/a	n/a
Total gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(68 166)	(160 041)	n/a	n/a

Overhead costs

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Staff-related expenses	(242 815)	(952 291)	(228 628)	(902 879)
Material costs, including:	(184 077)	(744 903)	(174 859)	(705 197)
- costs of administration and real estate services	(87 153)	(366 005)	(93 825)	(358 892)
- IT costs	(36 021)	(164 335)	(30 818)	(151 898)
- marketing costs	(42 320)	(135 282)	(30 308)	(112 099)
- consulting costs	(16 339)	(68 606)	(17 714)	(70 011)
- other material costs	(2 244)	(10 675)	(2 194)	(12 297)
Taxes and fees	(7 647)	(25 971)	(6 092)	(23 169)
Contributions and transfers to the Bank Guarantee Fund	(21 396)	(180 434)	(15 525)	(180 076)
Contributions to the Social Benefits Fund	(1 445)	(7 741)	(1 602)	(7 628)
Total overhead costs	(457 380)	(1 911 340)	(426 706)	(1 818 949)

Staff-related expenses

the period	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017
Wages and salaries	(198 986)	(776 676)	(189 145)	(738 705)
Social security expenses	(27 710)	(126 303)	(27 175)	(118 570)
Employee contributions related to post-employment benefits	4	(26)	(652)	(702)
Remuneration concerning share-based payments, including:	(1 714)	(10 703)	(1 274)	(9 703)
- share-based payments settled in mBank S.A. shares	(1 657)	(10 224)	(1 023)	(8 700)
- cash-settled share-based payments	(57)	(479)	(251)	(1 003)
Other staff expenses	(14 409)	(38 583)	(10 382)	(35 199)
Staff-related expenses, total	(242 815)	(952 291)	(228 628)	(902 879)

Comment to the consolidated statement of financial position of mBank Group

The balance sheet total of mBank Group stood at PLN 145,750.1 million at the end of 2018 and was slightly (0.6%) lower compared with the end of September 2018.

Assets of mBank Group

Loans and advances to clients were the largest asset category of mBank Group at the end of 2018, accounting for 65.0% of the Group's total assets. As at the end of the year, net loans and advances stood at PLN 94,722.6 million (up by PLN 3,417.1 million or 3.7% quarter on quarter).

Gross loans and advances to corporate clients grew to PLN 44,189.9 million (+5.3%) compared with Q3 2018 (excluding reverse repo / buy-sell-back transactions and the FX effect, the volume of loans and advances to corporate clients grew by 2.3%).

The volume of loans to individuals rose by 2.1% compared with the end of Q3 2018 and amounted to PLN 52,925.4 million. Mortgage and housing loans grew by 1.6% quarter on quarter (to PLN 34,696.8 million), driven mainly by higher sales of PLN mortgage loans and a weaker zloty.

Investment securities were the second largest asset category at the end of 2018 and stood at PLN 33,469.7 million, accounting for 23.0% of total assets, down by PLN 615.8 million (-1.8%) quarter on quarter.

Equity and liabilities of mBank Group

In Q4 2018, amounts due to clients, which are the Group's principal source of funding, fell slightly compared with Q3 2018 (by PLN 416.0 million, i.e. 0.4%). They accounted for 70.0% of equity and liabilities, up from 69.8% at the end of September 2018.

Retail deposits had the greatest share in amounts due to clients at 64.6% (PLN 65,923.6 million at the end of Q4, i.e. +6.9% quarter on quarter). Clients' deposits in current accounts grew by PLN 3,253.6 million (+6.7%) with the volume of term deposits up by 7.3% (+PLN 934.1 million).

Amounts due to corporate clients stood at PLN 35,346.3 million at the end of 2018. In the discussed period, deposits in current accounts picked up by PLN 1,276.0 million (+6.3%), which was coupled with a PLN 2,434.1 million outflow of term deposits (-21.3%).

The share of equity in mBank Group's equity and liabilities increased to 10.4% quarter on quarter (up from 10.1% at the end of September 2018).

The level of capital ratios rose slightly in Q4 2018, driven largely by a rise in own funds (resulting from partial appropriation of the Q3 2018 profit and qualification of subordinated bonds worth PLN 750 million as Tier 2 capital, combined with early repayment of subordinated bonds worth PLN 500 million). The Total Capital Ratio stood at 20.7% and the Common Equity Tier 1 ratio at 17.5% at the end of 2018.

Non-trading financial assets mandatorily at fair value through profit or loss

	31.12.2018	30.09.2018	31.12.2017
Equity instruments	72 775	75 770	<i>n/a</i>
- Other financial corporations	12 934	16 792	<i>n/a</i>
- Non-financial corporations	59 841	58 978	<i>n/a</i>
Debt securities	58 130	-	<i>n/a</i>
- Other financial corporations	58 130	-	<i>n/a</i>
Loans and advances to customers	2 705 155	2 478 570	<i>n/a</i>
Individual customers	2 370 872	2 140 504	<i>n/a</i>
Corporate customers	321 380	323 621	<i>n/a</i>
Public sector customers	12 903	14 445	<i>n/a</i>
Total non-trading financial assets mandatorily at fair value through profit or loss	2 836 060	2 554 340	<i>n/a</i>

Financial assets at amortised cost

31.12.2018	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	9 000 539	9 000 626	-	-	-	(87)	-	-	-
- General governments	7 742 000	7 742 000	-	-	-	-	-	-	-
<i>pledged securities</i>	<i>2 137 273</i>	<i>2 137 273</i>	-	-	-	-	-	-	-
- Other financial corporations	1 258 539	1 258 626	-	-	-	(87)	-	-	-
Loans and advances to banks	2 546 346	2 547 864	-	-	-	(1 518)	-	-	-
Loans and advances to customers	92 017 432	82 159 668	8 714 545	3 976 749	209 017	(214 875)	(220 963)	(2 599 882)	(6 827)
Individual customers	48 924 332	42 757 830	5 588 684	2 103 477	104 512	(110 937)	(171 820)	(1 345 048)	(2 366)
Corporate customers	42 456 817	38 765 918	3 125 861	1 872 269	104 505	(103 368)	(49 143)	(1 254 764)	(4 461)
Public sector customers	636 283	635 920	-	1 003	-	(570)	-	(70)	-
Total financial assets at amortised cost	103 564 317	93 708 158	8 714 545	3 976 749	209 017	(216 480)	(220 963)	(2 599 882)	(6 827)

30.09.2018	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	8 856 425	8 856 491	-	-	-	(66)	-	-	-
- General governments, including:	7 933 425	7 933 425	-	-	-	-	-	-	-
<i>pledged securities</i>	3 647 852	3 647 852	-	-	-	-	-	-	-
- Other financial corporations	923 000	923 066	-	-	-	(66)	-	-	-
Loans and advances to banks	4 469 853	4 471 324	-	-	-	(1 471)	-	-	-
Loans and advances to customers	88 826 966	79 373 328	8 227 666	4 229 327	218 786	(205 877)	(217 101)	(2 820 283)	21 120
Individual customers	47 817 741	41 815 282	5 321 964	2 426 542	116 252	(103 812)	(166 524)	(1 592 428)	465
Corporate customers	40 288 908	36 837 998	2 905 702	1 801 793	102 534	(101 400)	(50 577)	(1 227 797)	20 655
Public sector customers	720 317	720 048	-	992	-	(665)	-	(58)	-
Total financial assets at amortised cost	102 153 244	92 701 143	8 227 666	4 229 327	218 786	(207 414)	(217 101)	(2 820 283)	21 120

Loans and advances to customers

Loans and advances to customers 31.12.2018	Gross carrying amount	Individual customers	Corporate customers	Public sector customers
Current accounts	12 073 809	6 474 555	5 598 673	581
Term loans, including:	68 498 140	43 720 475	24 141 323	636 342
- <i>housing and mortgage loans to individual customers</i>	34 696 807	34 696 807	-	-
Reverse repo / buy-sell-back	1 146 263	-	1 146 263	-
Finance leases	10 555 560	-	10 555 560	-
Other loans and advances	2 411 802	-	2 411 802	-
Other receivables	374 405	359 473	14 932	-
Total gross carrying amount	95 059 979	50 554 503	43 868 553	636 923

Loans and advances to customers 31.12.2018	Accumulated impairment	Individual customers	Corporate customers	Public sector customers
Current accounts	(931 926)	(664 656)	(267 270)	-
Term loans, including:	(1 837 896)	(965 515)	(871 741)	(640)
- <i>housing and mortgage loans to individual customers</i>	(453 300)	(453 300)	-	-
Finance leases	(243 170)	-	(243 170)	-
Other loans and advances	(29 555)	-	(29 555)	-
Total accumulated impairment	(3 042 547)	(1 630 171)	(1 411 736)	(640)
Total gross carrying amount	95 059 979	50 554 503	43 868 553	636 923
Total accumulated impairment	(3 042 547)	(1 630 171)	(1 411 736)	(640)
Total carrying amount	92 017 432	48 924 332	42 456 817	636 283

Loans and advances to customers 30.09.2018	Gross carrying amount	Individual customers	Corporate customers	Public sector customers
Current accounts	12 633 077	6 861 047	5 771 223	807
Term loans, including:	66 730 528	42 617 136	23 393 159	720 233
- <i>housing and mortgage loans to individual customers</i>	34 155 915	34 155 915	-	-
Reverse repo / buy-sell-back	10 887	-	10 887	-
Finance leases	10 124 456	-	10 124 456	-
Other loans and advances	2 284 009	-	2 284 009	-
Other receivables	266 150	201 857	64 293	-
Total gross carrying amount	92 049 107	49 680 040	41 648 027	721 040

Loans and advances to customers 30.09.2018	Accumulated impairment	Individual customers	Corporate customers	Public sector customers
Current accounts	(1 075 212)	(808 327)	(266 885)	-
Term loans, including:	(1 875 839)	(1 053 972)	(821 144)	(723)
- housing and mortgage loans to individual customers	(502 738)	(502 738)	-	-
Finance leases	(240 298)	-	(240 298)	-
Other loans and advances	(30 792)	-	(30 792)	-
Total accumulated impairment	(3 222 141)	(1 862 299)	(1 359 119)	(723)
Total gross carrying amount	92 049 107	49 680 040	41 648 027	721 040
Total accumulated impairment	(3 222 141)	(1 862 299)	(1 359 119)	(723)
Total carrying amount	88 826 966	47 817 741	40 288 908	720 317

The following note presents loans and advances to customers according to IAS 39, as at 31 December 2017.

	31.12.2017
Loans and advances to individuals:	48 142 786
- current accounts	7 324 329
- term loans, including:	40 818 457
housing and mortgage loans	32 593 180
Loans and advances to corporate entities:	37 941 722
- current accounts	5 187 588
- term loans:	30 599 981
corporate & institutional enterprises	5 030 702
medium & small enterprises	25 569 279
- reverse repo / buy-sell-back transactions	57 119
- other	2 097 034
Loans and advances to public sector	995 570
Other receivables	307 627
Total (gross) loans and advances to customers	87 387 705
Provisions for loans and advances to customers (negative amount)	(2 911 861)
Total (net) loans and advances to customers	84 475 844

Provisions for loans and advances

	31.12.2017
Incurred but not identified losses	
Gross balance sheet exposure	82 883 395
Impairment provisions for exposures analysed according to portfolio approach	(243 810)
Net balance sheet exposure	82 639 585
Receivables with impairment	
Gross balance sheet exposure	4 504 310
Provisions for receivables with impairment	(2 668 051)
Net balance sheet exposure	1 836 259

Amounts due to customers

	31.12.2018	30.09.2018	31.12.2017
Individual customers:	65 923 565	61 692 808	55 693 608
Current accounts	52 064 464	48 810 862	43 733 114
Term deposits	13 701 560	12 767 510	11 819 154
Other liabilities, due to:	157 541	114 436	141 340
- liabilities in respect of cash collaterals	51 390	56 833	62 279
- other	106 151	57 603	79 061
Corporate customers:	35 346 303	38 610 511	34 589 603
Current accounts	21 595 872	20 319 849	21 463 748
Term deposits	8 985 380	11 419 505	8 037 151
Loans and advances received	3 457 264	4 681 629	4 142 944
Repo transactions	713 081	1 684 561	439 637
Other liabilities, due to:	594 706	504 967	506 123
- liabilities in respect of cash collaterals	345 314	314 366	348 268
- other	249 392	190 601	157 855
Public sector customers:	739 194	2 121 699	1 212 816
Current accounts	462 435	443 672	623 231
Term deposits	276 200	1 673 335	585 389
Other liabilities, due to:	559	4 692	4 196
Total amounts due to customers	102 009 062	102 425 018	91 496 027

Business segments

Business segment reporting on the activities of mBank S.A. Group for the period from 1 January to 31 December 2018 (PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporate and Investment Banking	Financial Markets				
Net interest income	922 829	253 535	2 310 513	9 597	3 496 474	3 496 474
- sales to external clients	931 528	671 346	1 886 643	6 957	3 496 474	
- sales to other segments	(8 699)	(417 811)	423 870	2 640	-	
Net fee and commission income	456 746	(10 050)	538 818	(9 664)	975 850	975 850
Dividend income	-	4	-	3 554	3 558	3 558
Trading income	252 755	(32 091)	127 263	(591)	347 336	347 336
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(54 142)	-	(112 711)	6 812	(160 041)	(160 041)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates	181	18 181	-	(3 867)	14 495	14 495
Investments in joint ventures	-	-	-	-	-	-
Other operating income	83 025	1 613	309 651	13 331	407 620	407 620
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(183 907)	161	(343 399)	(428)	(527 573)	(527 573)
Overhead costs	(647 635)	(98 438)	(1 159 946)	(5 321)	(1 911 340)	(1 911 340)
Amortisation	(81 123)	(10 818)	(159 726)	(925)	(252 592)	(252 592)
Other operating expenses	(49 070)	(2 157)	(121 255)	(20 471)	(192 953)	(192 953)
Operating profit	699 659	119 940	1 389 208	(7 973)	2 200 834	2 200 834
Taxes on Group balance sheet items	(153 919)	(36 533)	(205 899)	(5 409)	(401 760)	(401 760)
Share in profits (losses) of entities under the equity method	-	-	-	1 240	1 240	1 240
Gross profit of the segment	545 740	83 407	1 183 309	(12 142)	1 800 314	1 800 314
Income tax	-	-	-	-	(483 945)	(483 945)
Net profit attributable to Owners of mBank S.A.	-	-	-	-	1 316 451	1 316 451
Net profit attributable to non-controlling interests	-	-	-	-	(82)	(82)
Assets of the segment	42 262 523	45 241 697	56 475 056	1 770 843	145 750 119	145 750 119
Liabilities of the segment	32 620 034	28 783 798	67 336 104	1 794 103	130 534 039	130 534 039
Expenditures incurred on fixed assets and intangible assets	228 759	16 396	270 194	17 001	532 350	

Business segment reporting on the activities of mBank S.A. Group
for the period from 1 January to 31 December 2017
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Total figure for the Group	Statement of financial position reconciliation/ income statement reconciliation
	Corporate and Investment Banking	Financial Markets				
Net interest income	832 749	282 176	2 013 103	7 632	3 135 660	3 135 660
- sales to external clients	897 740	595 308	1 638 103	4 509	3 135 660	
- sales to other segments	(64 991)	(313 132)	375 000	3 123	-	
Net fee and commission income	406 289	(7 602)	582 321	11 150	992 158	992 158
Dividend income	-	11	-	3 417	3 428	3 428
Trading income	246 341	(64 902)	114 184	(1 560)	294 063	294 063
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates	(6 050)	20 783	-	(18 670)	(3 937)	(3 937)
Investments in joint ventures	-	-	-	-	-	-
Other operating income	58 067	877	55 871	127 545	242 360	242 360
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(168 099)	2 119	(342 625)	884	(507 721)	(507 721)
Overhead costs	(639 970)	(93 360)	(1 059 197)	(26 422)	(1 818 949)	(1 818 949)
Amortisation	(74 088)	(9 849)	(137 278)	(3 004)	(224 219)	(224 219)
Other operating expenses	(40 138)	(1 147)	(89 603)	(79 283)	(210 171)	(210 171)
Operating profit	615 101	129 106	1 136 776	21 689	1 902 672	1 902 672
Taxes on Group balance sheet items	(141 748)	(32 264)	(195 832)	(5 412)	(375 256)	(375 256)
Share in profits (losses) of entities under the equity method	-	-	-	486	486	486
Gross profit of the segment	473 353	96 842	940 944	16 763	1 527 902	1 527 902
Income tax					(432 832)	(432 832)
Net profit attributable to Owners of mBank S.A.					1 091 530	1 091 530
Net profit attributable to non-controlling interests					3 540	3 540
Assets of the segment	37 438 110	41 469 251	50 963 246	1 553 412	131 424 019	131 424 019
Liabilities of the segment	31 408 233	27 320 647	57 764 732	638 851	117 132 463	117 132 463
Expenditures incurred on fixed assets and intangible assets	199 415	19 834	260 484	25 084	504 817	