



SELECTED NON-AUDITED CONSOLIDATED FINANCIAL INFORMATION OF MBANK S.A. GROUP FOR THE FOURTH QUARTER OF 2019

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).

These Selected Non-Audited Consolidated Financial Information of mBank S.A. Group for the Fourth Quarter of 2019 does not meet the definition of an interim report included in the International Accounting Standard 34 Interim Financial Reporting or the Regulation of the Minister of Finance of 29 March 2018 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state.

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Condensed consolidated income statement of mBank S.A. Group

	4th Quarter (current year) period from 01.10.2019 to 31.12.2019	4 Quarters (current year) period from 01.01.2019 to 31.12.2019	4th Quarter (previous year) period from 01.10.2018 to 31.12.2018 - restated	4 Quarters (previous year) period from 01.01.2018 to 31.12.2018 - restated
Interest income, including:	1 276 147	5 071 664	1 193 163	4 518 190
<i>Interest income accounted for using the effective interest method</i>	<i>1 157 707</i>	<i>4 523 483</i>	<i>1 041 954</i>	<i>3 868 051</i>
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	<i>118 440</i>	<i>548 181</i>	<i>151 209</i>	<i>650 139</i>
Interest expenses	(265 646)	(1 068 892)	(269 834)	(1 021 716)
Net interest income	1 010 501	4 002 772	923 329	3 496 474
Fee and commission income	458 299	1 704 642	399 769	1 630 341
Fee and commission expenses	(196 816)	(740 039)	(180 523)	(654 491)
Net fee and commission income	261 483	964 603	219 246	975 850
Dividend income	271	4 220	222	3 558
Net trading income, including:	112 368	440 530	105 874	347 336
<i>Foreign exchange result</i>	<i>88 745</i>	<i>381 547</i>	<i>102 758</i>	<i>323 472</i>
<i>Gains or losses on financial assets and liabilities held for trading</i>	<i>23 172</i>	<i>50 788</i>	<i>(1 120)</i>	<i>30 571</i>
<i>Gains or losses from hedge accounting</i>	<i>451</i>	<i>8 195</i>	<i>4 236</i>	<i>(6 707)</i>
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	18 422	69 259	(80 138)	(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, including:	11 991	34 832	6 439	14 495
<i>Gains less losses from debt securities measured at fair value through other comprehensive income</i>	<i>7 667</i>	<i>34 995</i>	<i>9 118</i>	<i>16 465</i>
<i>Gains less losses from investments in subsidiaries and associates</i>	<i>4 644</i>	<i>(277)</i>	<i>(4 012)</i>	<i>(4 034)</i>
<i>Gains less losses from derecognition</i>	<i>(320)</i>	<i>114</i>	<i>1 333</i>	<i>2 064</i>
Other operating income	58 497	234 487	53 456	404 994
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(165 957)	(712 337)	(99 851)	(527 573)
Result on provisions for legal risk related to foreign currency loans	(293 453)	(387 786)	(2 974)	(20 349)
Overhead costs	(428 239)	(1 953 657)	(457 380)	(1 911 340)
Depreciation	(105 487)	(375 498)	(65 377)	(252 592)
Other operating expenses	(73 129)	(307 722)	(51 947)	(169 978)
Operating profit	407 268	2 013 703	550 899	2 200 834
Tax on the Bank's balance sheet items	(121 380)	(458 658)	(104 510)	(415 425)
Share in profits (losses) of entities under the equity method	-	-	344	1 240
Profit before income tax	285 888	1 555 045	446 733	1 786 649
Income tax expense	(169 670)	(544 793)	(130 154)	(483 945)
Net profit	116 218	1 010 252	316 579	1 302 704
Net profit attributable to:				
- Owners of mBank S.A.	116 252	1 010 350	316 625	1 302 786
- Non-controlling interests	(34)	(98)	(46)	(82)
Net profit attributable to Owners of mBank S.A.	116 252	1 010 350	316 625	1 302 786
Weighted average number of ordinary shares	42 349 129	42 340 263	42 334 233	42 318 253
Earnings per share (in PLN)	2.75	23.86	7.48	30.79
Weighted average number of ordinary shares for diluted earnings	42 367 395	42 358 529	42 359 755	42 343 775
Diluted earnings per share (in PLN)	2.74	23.85	7.47	30.77

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

	4th Quarter (current year) period from 01.10.2019 to 31.12.2019	4 Quarters (current year) period from 01.01.2019 to 31.12.2019	4th Quarter (previous year) period from 01.10.2018 to 31.12.2018 - restated	4 Quarters (previous year) period from 01.01.2018 to 31.12.2018 - restated
Net profit	116 218	1 010 252	316 579	1 302 704
Other comprehensive income net of tax, including:	(55 627)	(38 128)	92 388	109 366
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	(356)	32	43	60
Cash flows hedges (net)	(41 155)	35 499	74 763	88 841
Change in valuation of debt instruments at fair value through other comprehensive income (net)	(12 116)	(71 657)	20 130	23 013
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	(2 000)	(2 002)	(2 548)	(2 548)
Total comprehensive income (net)	60 591	972 124	408 967	1 412 070
Total comprehensive income (net), attributable to:				
- Owners of mBank S.A.	60 625	972 222	409 013	1 412 152
- Non-controlling interests	(34)	(98)	(46)	(82)

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

ASSETS	31.12.2019	30.09.2019 - restated	31.12.2018 - restated	01.01.2018 - restated
Cash and balances with the Central Bank	7 897 010	8 454 457	9 199 264	7 384 869
Financial assets held for trading and derivatives held for hedges	2 866 034	2 141 635	2 134 741	2 499 349
Non-trading financial assets mandatorily at fair value through profit or loss, including:	2 267 922	2 388 906	2 836 060	3 745 933
<i>Equity instruments</i>	162 616	129 876	72 775	41 087
<i>Debt securities</i>	133 774	128 985	58 130	46 538
<i>Loans and advances to customers</i>	1 971 532	2 130 045	2 705 155	3 658 308
Financial assets at fair value through other comprehensive income	22 773 921	24 199 667	24 338 284	23 491 032
Financial assets at amortised cost, including:	118 779 885	117 514 160	103 564 317	91 160 239
<i>Debt securities</i>	11 234 873	10 297 536	9 000 539	8 520 172
<i>Loans and advances to banks</i>	4 341 758	4 792 282	2 546 346	1 707 223
<i>Loans and advances to customers</i>	103 203 254	102 424 342	92 017 432	80 932 844
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	63	-	-
Investments in associates	-	-	-	28 680
Non-current assets and disposal groups classified as held for sale	10 651	-	-	42 134
Intangible assets	955 440	876 595	776 175	710 642
Tangible assets	1 262 397	1 268 686	785 026	758 738
Current income tax assets	12 662	8 207	9 336	9 688
Deferred income tax assets	937 712	867 751	959 076	698 639
Other assets	956 949	1 053 918	1 178 279	771 013
TOTAL ASSETS	158 720 583	158 774 045	145 780 558	131 300 956
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities held for trading and derivatives held for hedges	948 764	1 051 119	981 117	1 095 365
Financial liabilities measured at amortised cost, including:	137 763 369	137 666 987	125 641 634	113 173 991
<i>Amounts due to banks</i>	1 166 871	2 458 291	3 108 826	5 073 351
<i>Amounts due to customers</i>	116 661 138	115 965 629	102 009 062	91 619 645
<i>Debt securities issued</i>	17 435 143	16 716 850	18 049 583	14 322 852
<i>Subordinated liabilities</i>	2 500 217	2 526 217	2 474 163	2 158 143
Fair value changes of the hedged items in portfolio hedge of interest rate risk	136	-	-	44 854
Liabilities included in disposal groups classified as held for sale	1 315	-	-	-
Provisions	739 296	396 684	258 283	235 299
Current income tax liabilities	161 534	41 510	352 962	179 685
Deferred income tax liabilities	82	85	83	81
Other liabilities	2 952 782	3 527 294	3 375 272	2 604 919
TOTAL LIABILITIES	142 567 278	142 683 679	130 609 351	117 334 194
EQUITY				
Equity attributable to Owners of mBank S.A.	16 151 303	16 088 346	15 169 107	13 964 576
Share capital	3 579 818	3 579 068	3 574 686	3 564 176
Registered share capital	169 401	169 394	169 348	169 248
Share premium	3 410 417	3 409 674	3 405 338	3 394 928
Retained earnings	12 394 775	12 276 941	11 379 583	10 294 928
Profit from the previous years	11 384 425	11 382 843	10 076 797	10 294 928
Profit for the current year	1 010 350	894 098	1 302 786	-
Other components of equity	176 710	232 337	214 838	105 472
Non-controlling interests	2 002	2 020	2 100	2 186
TOTAL EQUITY	16 153 305	16 090 366	15 171 207	13 966 762
TOTAL LIABILITIES AND EQUITY	158 720 583	158 774 045	145 780 558	131 300 956
Total capital ratio	19.46	19.79	20.69	
Common Equity Tier 1 capital ratio	16.51	16.82	17.47	
Book value	16 151 303	16 088 346	15 169 107	13 964 576
Number of shares	42 350 367	42 348 437	42 336 982	42 312 122
Book value per share (in PLN)	381.37	379.90	358.29	330.04

mBank S.A. stand-alone financial information

Income statement of mBank S.A.

	4th Quarter (current year) period from 01.10.2019 to 31.12.2019	4 Quarters (current year) period from 01.01.2019 to 31.12.2019	4th Quarter (previous year) period from 01.10.2018 to 31.12.2018 - restated	4 Quarters (previous year) period from 01.01.2018 to 31.12.2018 - restated
Interest income, including:	1 120 546	4 454 856	1 046 903	3 961 606
<i>Interest income accounted for using the effective interest method</i>	1 007 975	3 946 091	898 553	3 357 644
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	112 571	508 765	148 350	603 962
Interest expenses	(226 113)	(910 160)	(230 609)	(874 097)
Net interest income	894 433	3 544 696	816 294	3 087 509
Fee and commission income	423 508	1 553 921	362 785	1 467 005
Fee and commission expenses	(170 357)	(642 257)	(157 173)	(575 803)
Net fee and commission income	253 151	911 664	205 612	891 202
Dividend income	271	320 295	(68 778)	126 391
Net trading income, including:	112 664	442 789	103 933	352 317
<i>Foreign exchange result</i>	91 715	381 018	85 499	303 985
<i>Gains or losses on financial assets and liabilities held for trading</i>	20 591	57 986	15 940	52 721
<i>Gains or losses from hedge accounting</i>	358	3 785	2 494	(4 389)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	17 897	72 103	(78 242)	(155 485)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates, including:	6 639	18 387	9 667	13 396
<i>Gains less losses from debt securities measured at fair value through other comprehensive income</i>	9 850	37 178	8 573	16 149
<i>Gains less losses from investments in subsidiaries and associates</i>	(1 135)	(1 247)	312	290
<i>Gains less losses from derecognition</i>	(2 076)	(17 544)	782	(3 043)
Other operating income	17 139	52 015	24 127	56 491
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(148 000)	(633 130)	(91 934)	(468 902)
Result on provisions for legal risk related to foreign currency loans	(293 453)	(387 786)	(2 974)	(20 349)
Overhead costs	(377 941)	(1 747 369)	(403 471)	(1 699 470)
Depreciation	(90 026)	(329 546)	(58 725)	(227 743)
Other operating expenses	(36 607)	(174 208)	(35 463)	(131 128)
Operating profit	356 167	2 089 910	420 046	1 824 229
Tax on the Bank's balance sheet items	(113 590)	(426 432)	(97 669)	(387 857)
Share in profits (losses) of entities under the equity method	26 702	(179 013)	111 838	256 938
Profit before income tax	269 279	1 484 465	434 215	1 693 310
Income tax expense	(162 839)	(503 485)	(116 274)	(389 490)
Net profit	106 440	980 980	317 941	1 303 820
Net profit	106 440	980 980	317 941	1 303 820
Weighted average number of ordinary shares	42 349 129	42 340 263	42 334 233	42 318 253
Earnings per share (in PLN)	2.51	23.17	7.51	30.81
Weighted average number of ordinary shares for diluted earnings	42 367 395	42 358 529	42 359 755	42 343 775
Diluted earnings per share (in PLN)	2.51	23.16	7.51	30.79

Statement of comprehensive income of mBank S.A.

	4th Quarter (current year) period from 01.10.2019 to 31.12.2019	4 Quarters (current year) period from 01.01.2019 to 31.12.2019	4th Quarter (previous year) period from 01.10.2018 to 31.12.2018 - restated	4 Quarters (previous year) period from 01.01.2018 to 31.12.2018 - restated
Net profit	106 440	980 980	317 941	1 303 820
Other comprehensive income net of tax, including:	(63 705)	(6 143)	54 693	70 595
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	(358)	9	184	176
Cash flows hedges (net)	(38 147)	38 507	74 763	88 841
Share of other comprehensive income of entities under the equity method	7 966	3 250	(1 167)	(650)
Debt instruments at fair value through other comprehensive income (net)	(31 186)	(45 929)	(16 579)	(15 264)
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	(1 980)	(1 980)	(2 508)	(2 508)
Total comprehensive income (net)	42 735	974 837	372 634	1 374 415

Statement of financial position of mBank S.A.

ASSETS	31.12.2019	30.09.2019	31.12.2018 - restated	01.01.2018 - restated
Cash and balances with the Central Bank	7 861 776	8 335 497	9 182 971	7 383 518
Financial assets held for trading and derivatives held for hedges	2 921 749	2 216 621	2 156 551	2 519 015
Non-trading financial assets mandatorily at fair value through profit or loss, including:	2 035 189	2 167 261	2 567 330	3 494 652
<i>Equity instruments</i>	87 597	69 804	12 226	9 934
<i>Debt securities</i>	133 774	128 985	58 130	46 538
<i>Loans and advances to customers</i>	1 813 818	1 968 472	2 496 974	3 438 180
Financial assets at fair value through other comprehensive income	30 298 647	30 396 992	28 173 110	25 013 655
Financial assets at amortised cost, including:	101 310 293	102 708 997	91 111 844	82 191 823
<i>Debt securities</i>	11 234 873	10 297 536	9 000 540	8 520 172
<i>Loans and advances to banks</i>	7 337 703	9 315 019	5 909 341	5 662 764
<i>Loans and advances to customers</i>	82 737 717	83 096 442	76 201 963	68 008 887
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	63	-	-
Investments in subsidiaries	2 164 112	2 237 963	2 300 324	2 038 294
Investments in associates	-	-	-	28 680
Non-current assets and disposal groups classified as held for sale	91 605	-	-	-
Intangible assets	823 109	753 700	693 210	648 191
Tangible assets	945 606	963 894	537 001	509 773
Current income tax assets	11 878	7 946	9 336	6 558
Deferred income tax assets	273 257	208 378	295 347	192 940
Other assets	491 052	572 913	652 585	416 474
TOTAL ASSETS	149 228 273	150 570 225	137 679 609	124 443 573
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities held for trading and derivatives held for hedges	987 933	1 101 119	1 016 214	1 141 035
Financial liabilities measured at amortised cost, including:	128 979 983	130 040 398	118 372 483	106 703 048
<i>Amounts due to banks</i>	1 180 782	2 604 691	3 167 210	5 089 716
<i>Amounts due to customers</i>	121 936 987	121 437 362	109 873 386	99 455 189
<i>Debt securities issued</i>	3 361 997	3 472 128	2 857 724	-
<i>Subordinated liabilities</i>	2 500 217	2 526 217	2 474 163	2 158 143
Fair value changes of the hedged items in portfolio hedge of interest rate risk	136	-	-	27 046
Provisions	737 167	395 676	255 882	231 820
Current income tax liabilities	150 859	31 029	244 389	172 003
Deferred income tax liabilities	82	85	83	81
Other liabilities	2 257 106	2 932 038	2 660 388	2 205 202
TOTAL LIABILITIES	133 113 266	134 500 345	122 549 439	110 480 235
EQUITY				
Share capital	3 579 818	3 579 068	3 574 686	3 564 176
Registered share capital	169 401	169 394	169 348	169 248
Share premium	3 410 417	3 409 674	3 405 338	3 394 928
Retained earnings:	12 364 550	12 256 468	11 378 702	10 292 975
Profit from the previous years	11 383 570	11 381 928	10 074 882	10 292 975
Profit for the current year	980 980	874 540	1 303 820	-
Other components of equity	170 639	234 344	176 782	106 187
TOTAL EQUITY	16 115 007	16 069 880	15 130 170	13 963 338
TOTAL LIABILITIES AND EQUITY	149 228 273	150 570 225	137 679 609	124 443 573
Total capital ratio	22.84	23.26	24.20	
Common Equity Tier 1 capital ratio	19.42	19.80	20.46	
Book value	16 115 007	16 069 880	15 130 170	13 963 338
Number of shares	42 350 367	42 348 437	42 336 982	42 312 122
Book value per share (in PLN)	380.52	379.48	357.37	330.01

Summary of mBank S.A. Group results in Q4 2019

The net profit attributable to owners of mBank generated by mBank Group in Q4 2019 amounted to PLN 116.3 million which represents a 67.6% decrease compared to Q3 2019.

The total income of mBank Group declined by 5.8% compared to the previous quarter and reached PLN 1,409.3 million. Core income decreased due to lower net interest income, while net fee and commission income increased on a quarterly basis. The decrease of net interest income by PLN 53.7 million or 5.0% was caused by the negative impact of early repayments of retail loans in connection with the verdict of Court of Justice of the European Union regarding the consumer's right to reduce the cost of loan in the event of early repayment of the amount due under the loan agreement in the amount of PLN 68.5 million. Net interest margin decreased to 2.60% compared to 2.81% in Q3 2019. Net fee and commission income grew by 5.2% to PLN 261.5 million mainly thanks to better result on payment cards as well as higher credit-related fees and commissions from bank accounts. Net trading income declined by 7.7% mainly due to lower FX result. Net operating result remained negative but relieved compared to the previous quarter, when higher provisions for future commitments were created (including provision for potential return of fees related to early repayments of loans before the verdict of the Court of Justice of the European Union which amounted to PLN 9.6 million in Q4 2019 and to PLN 15.2 million in Q3 2019).

In Q4 2019 total overhead cost including amortization decreased by 1.6% compared to Q3 2019 and amounted to PLN 533.7 million. It was mainly the result of lower staff-related expenses, which declined by 6.3%. Material costs were also reduced by 2.9%, mainly thanks to decreased administration and real estate costs and IT spending. Consequently, the described trends were reflected in cost to income ratio of 37.9%, which was slightly higher than 36.2% recorded in the previous quarter.

In Q4 2019, impairment and fair value change of loans and advances at 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 174.9 million, down by PLN 74.5 million or 29.9% on a quarterly basis. The decrease was noted in the retail banking segment (in the previous quarter an elevated level of impairment on loans and advances was caused by the recalibration of models used to measure loan impairment).

Significant negative impact on the operating profit of mBank Group stemmed from the negative result on provisions for legal risk related to foreign currency loans amounting to PLN 293.5 million compared to PLN 66.6 million in Q3 2019. The increase resulted from the change of methodology of calculation of the legal risk provisions related to the individual court cases concerning to the mortgage and housing loans in CHF.

Provisions for legal risk relating to indexation clauses in mortgage and housing loans in CHF

Provisions for legal proceedings are recognized for the value in dispute and other costs on each reporting date based on an estimate of the probability of loss. However, the Group's final liability may differ from the provisions that have been recognized, as a high degree of judgement is involved in assessing the probability of uncertain liabilities in such legal proceedings and quantifying them. These estimates may turn out to be inaccurate at a later stage of the proceedings.

As far as the legal proceedings relating to indexation clauses in mortgage and housing loans in CHF are concerned, in the opinion of the Management Board of the Bank, the current state of judicial decisions is unstable and the line of verdicts is not consistent, hence it is extremely difficult to estimate the level of provisions for the legal risk associated with this portfolio of loans. The Bank believes that currently observed market practice of implementing of portfolio approach towards creation of provisions for legal risk relating to such cases is to some extent the response to ongoing public debate and position of audit firms. These methodologies are burdened with numerous doubts and assumptions that reflect current court cases statistics and the level of understanding of extremely diversified judgments that cannot yet be interpreted as a shaping line of verdicts at this stage. In the opinion of the Management Board of the Bank a large part of court judgments unfavourable to banks results from misunderstanding of the essence of banking activity, which is reflected in the content of justifications for judgments issued. They undermine the basic paradigms of banking activity and regulatory directives to which banks are subject, which can lead to a deep redefinition of banking activity and questioning the current understanding of such categories as loan and interest.

The Group closely observes the developments in courts verdicts in legal proceedings regarding mortgage and housing loans in CHF, including impact of the CJEU judgment. In the 4th quarter of 2019 the Group decided to change the methodology of the measurement of provisions for legal risk regarding individual court cases concerning indexation clauses in mortgage and housing loans in CHF as a result of the observed increase of total number of individual court cases as well as change in verdicts issued by the courts in such legal cases. As at 31 December 2019 the Group measured the provisions for the population of mortgage and housing loans in CHF using "expected value" method allowed by the IAS 37 in which the obligation is estimated by weighting all possible outcomes by their associated probabilities. The amount of provisions

for individual cases concerning indexation clauses calculated using the new approach amounted to PLN 417 653 thousand which represented an increase of PLN 387 088 thousand compared to the amount as of 31 December 2018.

The methodology applied by the Bank depends on numerous assumptions, all associated with the significant degree of expert judgement made by the Bank, among which the most important are: an expected population of borrowers who will file a lawsuit against the Bank, the probability of losing the case having final and binding judgement, the distribution of expected verdicts judged by the courts and the loss to be incurred by the Bank in case of a losing the case in court.

The population of borrowers who will file a lawsuit against the Bank has been projected for a period of next 5 years based on the Bank's history of legal cases in the past and assumes a significant increase in inflow of new cases.

The probability of loss has been calculated using the available as of 31 December 2019 Bank's history of final and binding positive and negative verdicts. The final rulings to-date in the indexation clauses proceedings are favourable to the Group in the majority of the cases. As the number of final verdicts is not statistically representative (too few binding verdicts have been issued by courts in cases related to mBank) the assumption of probability of loss takes into account the additional buffer for expected adverse trends in the courts decisions in the nearest future.

The methodology also takes into account the expected level of loss in case of losing the case by the Bank. The loss was calculated using the probabilities of different verdicts that may be issued. As currently there is still no homogenous line of verdicts taken by the courts in such cases the Bank took into account three possible losing scenarios of outcomes in legal proceedings: (i) the contract is partially invalid; the contract is not invalid, but the indexation mechanism is eliminated, which transforms a loan indexed to CHF into a PLN loan subject to the interest rate of the loan indexed to CHF, (ii) the contract is invalid in whole; the change in the contract resulting from deletion of the exchange rate norm (assuming that the norm defines the main subject matter of the contract) would be too far-reaching and (iii) the contract on a mortgage indexed to the Swiss franc is not invalid and the loan remains a mortgage indexed to the Swiss franc; the gap should be filled by interpreting the contract based on a norm referring to the fixing rate of the NBP. Each of this scenarios is associated with a different level of losses for the Bank. The Bank calculated the average level of loss weighted with the probabilities of occurrence of those scenario in case of negative final and binding judgement. The probabilities of those scenarios applied by the Bank has been based on the assessment of the Bank consulted with the external legal advisor.

Net interest income

for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018
Interest income				
Interest income accounted for using the effective interest method	1 157 707	4 523 483	1 041 954	3 868 051
Interest income of financial assets at amortised cost, including:	1 046 354	4 050 646	914 904	3 379 450
- <i>Loans and advances</i>	967 792	3 761 757	848 092	3 116 363
- <i>Debt securities</i>	63 175	232 177	52 583	203 518
- <i>Cash and short-term placements</i>	14 029	56 204	13 762	55 687
- <i>Other</i>	1 358	508	467	3 882
Interest income on financial assets at fair value through other comprehensive income	111 353	472 837	127 050	488 601
- <i>Debt securities</i>	111 353	472 837	127 050	488 601
Income similar to interest on financial assets at fair value through profit or loss, including:	118 440	548 181	151 209	650 139
Financial assets held for trading	10 100	52 996	18 278	73 693
- <i>Loans and advances</i>	1 399	4 434	1 324	1 324
- <i>Debt securities</i>	8 701	48 562	16 954	72 369
Non-trading financial assets mandatorily at fair value through profit or loss, including:	39 114	187 712	50 856	271 239
- <i>Loans and advances</i>	39 114	187 712	50 856	271 239
Interest income on derivatives classified into banking book	39 792	181 834	45 302	180 409
Interest income on derivatives concluded under the fair value hedge	19 559	75 135	23 759	84 441
Interest income on derivatives concluded under the cash flow hedge	9 875	50 504	13 014	40 357
Total interest income	1 276 147	5 071 664	1 193 163	4 518 190

for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018
Interest expenses				
Financial liabilities measured at amortised cost, including:	(262 365)	(1 057 925)	(258 588)	(1 007 267)
- <i>deposits</i>	(166 787)	(661 228)	(144 571)	(576 285)
- <i>loans received</i>	(3 118)	(13 615)	(5 855)	(29 243)
- <i>issue of debt securities</i>	(69 986)	(294 266)	(84 647)	(318 870)
- <i>subordinated liabilities</i>	(19 182)	(76 167)	(23 009)	(75 300)
- <i>lease agreements</i>	(945)	(2 959)	nd	nd
- <i>other financial liabilities</i>	(2 347)	(9 690)	(506)	(7 569)
Other	(3 281)	(10 967)	(11 246)	(14 449)
Total interest expense	(265 646)	(1 068 892)	(269 834)	(1 021 716)

Net fee and commission income

	for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018 - restated	from 01.01.2018 to 31.12.2018 - restated
Fee and commission income					
Payment cards-related fees		121 246	435 878	99 335	389 950
Credit-related fees and commissions		111 440	417 888	96 040	370 554
Commissions for agency service regarding sale of insurance products of external financial entities		26 100	100 424	19 570	100 639
Fees from brokerage activity and debt securities issue		21 751	86 996	25 224	104 494
Commissions from bank accounts		55 896	210 930	53 946	207 941
Commissions from money transfers		38 221	145 841	35 862	133 297
Commissions due to guarantees granted and trade finance commissions		23 708	93 017	22 316	84 727
Commissions for agency service regarding sale of other products of external financial entities		24 181	82 151	17 030	103 189
Commissions on trust and fiduciary activities		8 084	28 027	6 352	26 478
Fees from portfolio management services and other management-related fees		4 209	14 161	2 318	11 594
Fees from cash services		11 867	48 570	12 550	54 788
Other		11 596	40 759	9 226	42 690
Fee and commission income		458 299	1 704 642	399 769	1 630 341

	for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018 - restated	from 01.01.2018 to 31.12.2018 - restated
Fee and commission expense					
Payment cards-related fees		(59 218)	(241 198)	(58 056)	(213 566)
Commissions paid to external entities for sale of the Bank's products		(49 780)	(190 636)	(37 426)	(141 527)
Commissions paid for agency service regarding sale of insurance products of external financial entities		(1 293)	(8 635)	(2 653)	(5 147)
Commissions paid for sale of products of external financial entities		(5 644)	(21 520)	(4 017)	(13 159)
Discharged brokerage fees		(6 724)	(28 846)	(8 145)	(26 772)
Cash services		(11 804)	(41 944)	(13 555)	(50 060)
Fees to NBP and KIR		(4 671)	(14 706)	(4 475)	(13 456)
Other discharged fees		(57 682)	(192 554)	(52 196)	(190 804)
Total fee and commission expense		(196 816)	(740 039)	(180 523)	(654 491)

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

	for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018
Equity instruments		17 823	75 382	(164)	(217)
Debt securities		9 505	75 324	(9 311)	7 028
Loans and advances		(8 906)	(81 447)	(70 663)	(166 852)
Total gains or losses on non-trading financial assets mandatorily at fair value through profit or loss		18 422	69 259	(80 138)	(160 041)

Overhead costs

for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018
Staff-related expenses	(249 527)	(1 019 340)	(242 815)	(952 291)
Material costs, including:	(153 209)	(639 101)	(184 077)	(744 903)
- costs of administration and real estate services	(55 968)	(254 211)	(87 153)	(366 005)
- IT costs	(36 802)	(163 419)	(36 021)	(164 335)
- marketing costs	(39 567)	(141 802)	(42 320)	(135 282)
- consulting costs	(16 750)	(67 030)	(16 339)	(68 606)
- other material costs	(4 122)	(12 639)	(2 244)	(10 675)
Taxes and fees	(8 702)	(31 226)	(7 647)	(25 971)
Contributions and transfers to the Bank Guarantee Fund	(14 848)	(255 710)	(21 396)	(180 434)
Contributions to the Social Benefits Fund	(1 953)	(8 280)	(1 445)	(7 741)
Total overhead costs	(428 239)	(1 953 657)	(457 380)	(1 911 340)

Staff-related expenses

for the period	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019	from 01.10.2018 to 31.12.2018	from 01.01.2018 to 31.12.2018
Wages and salaries	(203 230)	(825 389)	(198 986)	(776 676)
Social security expenses	(28 889)	(136 657)	(27 710)	(126 303)
Employee contributions related to post-employment benefits	(16)	(16)	4	(26)
Remuneration concerning share-based payments, including:	(2 660)	(10 702)	(1 714)	(10 703)
- share-based payments settled in mBank S.A. shares	(2 385)	(9 947)	(1 657)	(10 224)
- cash-settled share-based payments	(275)	(755)	(57)	(479)
Other staff expenses	(14 732)	(46 576)	(14 409)	(38 583)
Staff-related expenses, total	(249 527)	(1 019 340)	(242 815)	(952 291)

Comment to the consolidated statement of financial position of mBank S.A. Group

At the end of 2019, the balance sheet total of mBank Group stood at PLN 158,720.6 million and was stable compared to the end of September 2019.

Assets of mBank Group

Net loans and advances to clients stood at PLN 105,347.5 million (+PLN 621.9 million or +0.6% QoQ).

Gross loans and advances to corporate clients declined in Q4 2019 to PLN 47,785.7 million or 1.8% (excluding reverse repo / buy-sell back transactions and the FX effect, the volume of loans and advances to corporate clients grew by 0.7%).

The volume of loans to individuals rose from the end of Q3 2019 by 2.3% to PLN 60,360.7 million. Mortgage and housing loans increased by 1.5% compared to the end of September 2019 (to PLN 38,979.0 million) thanks to dynamically growing new sales.

Investment securities were the second largest asset category at the end of 2019 and stood at PLN 34,305.2 million, down by PLN 450.9 million or 1.3% in the quarter.

Total liabilities and equity of mBank Group

In Q4 2019, amounts due to customers, which are the Group's principal source of funding, grew compared to the end of previous quarter by PLN 695.5 million or 0.6%.

Deposits from individual customers reached PLN 77,664.4 million at the end of Q4 2019, up 7.7% QoQ. Balances on current and saving accounts grew by PLN 5,580.0 million or 9.8% and term deposits declined by PLN 68.9 million or 0.5%.

Amounts due to corporate customers reached PLN 38,137.9 million at the end of Q4 2019. Clients' deposits on the current accounts increased by PLN 905.0 million or 3.8% in the period under review, while term deposits declined by PLN 4,550.2 million (-33.4%).

The share of equity in mBank Group's total liabilities and equity was at 10.2% at the end 2019.

The level of capital ratios decreased slightly in Q4 2019, driven mainly by a decrease of own funds (connected to higher deductions of own funds due to intangible assets and impairment or reversal of impairment on financial assets not measured at fair value through profit or loss). The Total Capital Ratio stood at 19.5% and the Tier 1 capital ratio at 16.5% at the end of 2019.

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

	31.12.2019	30.09.2019	31.12.2018
Equity instruments	162 616	129 876	72 775
- Other financial corporations	106 250	85 348	12 934
- Non-financial corporations	56 366	44 528	59 841
Debt securities	133 774	128 985	58 130
- Other financial corporations	133 774	128 985	58 130
Loans and advances to customers	1 971 532	2 130 045	2 705 155
Individual customers	1 685 799	1 838 958	2 370 872
Corporate customers	279 062	282 862	321 380
Public sector customers	6 671	8 225	12 903
Total non-trading financial assets mandatorily at fair value through profit or loss	2 267 922	2 388 906	2 836 060

Financial assets at amortised cost

31.12.2019	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	11 234 873	11 234 952	-	-	-	(79)	-	-	-
- General governments, including:	9 975 484	9 975 484	-	-	-	-	-	-	-
<i>pledged assets</i>	1 734 898	1 734 898	-	-	-	-	-	-	-
- Other financial corporations	1 259 389	1 259 468	-	-	-	(79)	-	-	-
Loans and advances to banks	4 341 758	4 342 890	-	-	-	(1 132)	-	-	-
Loans and advances to customers	103 203 254	94 130 201	7 920 046	4 105 697	237 588	(313 118)	(258 035)	(2 603 391)	(15 734)
Individual customers	56 999 856	52 456 328	4 076 251	2 039 606	102 706	(189 868)	(198 492)	(1 284 124)	(2 551)
Corporate customers	45 819 083	41 290 212	3 843 795	2 065 043	134 882	(122 923)	(59 543)	(1 319 200)	(13 183)
Public sector customers	384 315	383 661	-	1 048	-	(327)	-	(67)	-
Total financial assets at amortised cost	118 779 885	109 708 043	7 920 046	4 105 697	237 588	(314 329)	(258 035)	(2 603 391)	(15 734)

30.09.2019	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	10 297 536	10 297 613	-	-	-	(77)	-	-	-
- General governments, including:	9 046 015	9 046 015	-	-	-	-	-	-	-
<i>pledged assets</i>	1 699 672	1 699 672	-	-	-	-	-	-	-
- Other financial corporations	1 251 521	1 251 598	-	-	-	(77)	-	-	-
Loans and advances to banks	4 792 282	4 793 291	-	-	-	(1 009)	-	-	-
Loans and advances to customers	102 424 342	91 408 061	9 875 322	4 286 444	252 586	(276 545)	(298 564)	(2 787 962)	(35 000)
Individual customers	55 411 019	49 039 869	5 890 388	2 107 163	106 203	(159 875)	(232 828)	(1 334 926)	(4 975)
Corporate customers	46 528 207	41 883 655	3 984 934	2 178 244	146 383	(116 276)	(65 736)	(1 452 972)	(30 025)
Public sector customers	485 116	484 537	-	1 037	-	(394)	-	(64)	-
Total financial assets at amortised cost	117 514 160	106 498 965	9 875 322	4 286 444	252 586	(277 631)	(298 564)	(2 787 962)	(35 000)

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, including:	7 742 000	7 742 000	-	-	-	-	-	-	-
<i>pledged assets</i>	2 137 273	2 137 273	-	-	-	-	-	-	-
- 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)

Loans and advances to customers

Loans and advances to customers 31.12.2019	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	13 455 553	7 493 468	5 958 926	3 159
Term loans, including:	78 051 279	50 819 397	26 850 332	381 550
- housing and mortgage loans to natural persons	38 979 040	38 979 040		
Reverse repo / buy-sell back	13 398	-	13 398	-
Finance leases	11 631 675	-	11 631 675	-
Other loans and advances	2 629 690	-	2 629 690	-
Other receivables	611 937	362 026	249 911	-
Total gross carrying amount	106 393 532	58 674 891	47 333 932	384 709

Loans and advances to customers 31.12.2019	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	(966 201)	(664 889)	(301 312)	-
Term loans, including:	(1 901 009)	(1 010 146)	(890 469)	(394)
- housing and mortgage loans to natural persons	(414 932)	(414 932)		
Finance leases	(289 832)	-	(289 832)	-
Other loans and advances	(33 236)	-	(33 236)	-
Total accumulated impairment	(3 190 278)	(1 675 035)	(1 514 849)	(394)

Total gross carrying amount	106 393 532	58 674 891	47 333 932	384 709
Total accumulated impairment	(3 190 278)	(1 675 035)	(1 514 849)	(394)
Total carrying amount	103 203 254	56 999 856	45 819 083	384 315

Loans and advances to customers 30.09.2019	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	13 824 308	7 402 851	6 419 943	1 514
Term loans, including:	76 738 042	49 433 896	26 820 086	484 060
- housing and mortgage loans to natural persons	38 409 508	38 409 508		
Reverse repo / buy-sell back	789 653	-	789 653	-
Finance leases	11 548 807	-	11 548 807	-
Other loans and advances	2 584 120	-	2 584 120	-
Other receivables	337 483	306 876	30 607	-
Total gross carrying amount	105 822 413	57 143 623	48 193 216	485 574

Loans and advances to customers 30.09.2019	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	(1 021 821)	(694 037)	(327 784)	-
Term loans, including:	(2 057 278)	(1 038 567)	(1 018 253)	(458)
- housing and mortgage loans to natural persons	(446 015)	(446 015)		
Finance leases	(286 334)	-	(286 334)	-
Other loans and advances	(32 638)	-	(32 638)	-
Total accumulated impairment	(3 398 071)	(1 732 604)	(1 665 009)	(458)

Total gross carrying amount	105 822 413	57 143 623	48 193 216	485 574
Total accumulated impairment	(3 398 071)	(1 732 604)	(1 665 009)	(458)
Total carrying amount	102 424 342	55 411 019	46 528 207	485 116

Loans and advances to customers 31.12.2018	Gross carrying amount	including:		
		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
- housing and mortgage loans to natural persons	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	including:		
		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)
- housing and mortgage loans to natural persons	(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

Amounts due to banks and customers

31.12.2019	Total amounts due to banks	Total amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	528 448	112 424 332	77 525 267	34 083 016	816 049
Current accounts	424 200	88 073 656	62 639 670	24 823 049	610 937
Term deposits	-	24 175 269	14 885 597	9 084 560	205 112
Repo / sell-buy back transactions	104 248	175 407	-	175 407	-
Loans and advances received	189 901	2 980 294	-	2 980 294	-
Other financial liabilities	448 522	1 256 512	139 105	1 074 601	42 806
Liabilities in respect of cash collaterals	301 021	423 059	43 854	377 593	1 612
Lease liabilities	-	496 912	-	456 052	40 860
Other liabilities	147 501	336 541	95 251	240 956	334
Total	1 166 871	116 661 138	77 664 372	38 137 911	858 855

30.09.2019	Total amounts due to banks	Total amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	1 791 098	111 551 695	72 014 202	38 053 715	1 483 778
Current accounts	624 804	81 513 181	57 059 707	23 918 041	535 433
Term deposits	770 168	29 537 600	14 954 495	13 634 760	948 345
Repo / sell-buy back transactions	396 126	500 914	-	500 914	-
Loans and advances received	200 001	3 096 372	-	3 096 372	-
Other financial liabilities	467 192	1 317 562	113 096	1 162 416	42 050
Liabilities in respect of cash collaterals	243 036	522 021	17 050	504 190	781
Lease liabilities	-	519 180	-	478 518	40 662
Other liabilities	224 156	276 361	96 046	179 708	607
Total	2 458 291	115 965 629	72 127 298	42 312 503	1 525 828

31.12.2018	Total amounts due to banks	Total amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	1 851 562	97 798 992	65 766 024	31 294 333	738 635
Current accounts	864 189	74 122 771	52 064 464	21 595 872	462 435
Term deposits	156 391	22 963 140	13 701 560	8 985 380	276 200
Repo / sell-buy back transactions	830 982	713 081	-	713 081	-
Loans and advances received	747 381	3 457 264	-	3 457 264	-
Other financial liabilities	509 883	752 806	157 541	594 706	559
Liabilities in respect of cash collaterals	348 776	396 704	51 390	345 314	-
Other liabilities	161 107	356 102	106 151	249 392	559
Total	3 108 826	102 009 062	65 923 565	35 346 303	739 194

Business segment reporting on the activities of mBank S.A. Group

For the period from 1 January to 31 December 2019	Corporates & Financial Markets		Retail Banking	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
Net interest income	1 066 640	235 534	2 696 814	3 784	4 002 772
- sales to external clients	1 078 555	731 266	2 192 790	161	4 002 772
- sales to other segments	(11 915)	(495 732)	504 024	3 623	-
Net fee and commission income	513 855	(16 349)	486 732	(19 635)	964 603
Dividend income	-	-	-	4 220	4 220
Trading income	275 909	34 794	141 271	(11 444)	440 530
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	119	-	21 383	47 757	69 259
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates	1 348	36 073	(130)	(2 459)	34 832
Other operating income	91 661	90	75 787	66 949	234 487
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(282 268)	833	(428 769)	(2 133)	(712 337)
Result on provisions for legal risk related to foreign currency loans	-	-	(387 786)	-	(387 786)
Overhead costs	(688 171)	(87 982)	(1 175 363)	(2 141)	(1 953 657)
Depreciation	(102 829)	(13 387)	(262 863)	3 581	(375 498)
Other operating expenses	(72 683)	(957)	(122 532)	(111 550)	(307 722)
Operating profit	803 581	188 649	1 044 544	(23 071)	2 013 703
Taxes on Group balance sheet items	(174 489)	(36 832)	(240 318)	(7 019)	(458 658)
Gross profit of the segment	629 092	151 817	804 226	(30 090)	1 555 045
Income tax					(544 793)
Net profit attributable to Owners of mBank S.A.					1 010 350
Net profit attributable to non-controlling interests					(98)

31.12.2019	Corporates & Financial Markets		Retail Banking	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
Assets of the segment	44 805 002	46 845 014	64 989 636	2 080 931	158 720 583
Liabilities of the segment	35 685 057	25 498 967	79 052 093	2 331 161	142 567 278
Expenditures incurred on fixed assets and intangible assets	211 500	10 816	162 706	180	385 202

Business segment reporting on the activities of mBank S.A. Group

For the period from 1 January to 31 December 2018	Corporates & Financial Markets		Retail Banking	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
Net interest income	922 829	253 535	2 310 513	9 597	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
Dividend income	-	4	-	3 554	3 558
Trading income	252 755	(32 091)	127 263	(591)	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)
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
Other operating income	83 025	1 613	307 025	13 331	404 994
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)
Result on provisions for legal risk related to foreign currency loans	-	-	(20 349)	-	(20 349)
Overhead costs	(647 635)	(98 438)	(1 159 946)	(5 321)	(1 911 340)
Amortisation	(81 123)	(10 818)	(159 726)	(925)	(252 592)
Other operating expenses	(49 070)	(2 157)	(98 280)	(20 471)	(169 978)
Operating profit	699 659	119 940	1 389 208	(7 973)	2 200 834
Taxes on Group balance sheet items	(153 919)	(36 533)	(205 899)	(19 074)	(415 425)
Share in profits (losses) of entities under the equity method	-	-	-	1 240	1 240
Gross profit of the segment	545 740	83 407	1 183 309	(25 807)	1 786 649
Income tax					(483 945)
Net profit attributable to Owners of mBank S.A.					1 302 786
Net profit attributable to non-controlling interests					(82)

31.12.2018	Corporates & Financial Markets		Retail Banking	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
Assets of the segment	42 262 523	45 272 136	56 475 056	1 770 843	145 780 558
Liabilities of the segment	32 620 034	28 859 110	67 336 104	1 794 103	130 609 351
Expenditures incurred on fixed assets and intangible assets	228 759	16 396	270 194	17 001	532 350

Comparative data

■ Presentation of result on provisions for legal risk related to foreign currency loans

Since the end of 2019 a new line item in the income statement has been separated in which the Group presents the result on provisions for legal risk related to foreign currency loans. Previously the expenses of creating provisions for court cases relating to foreign currency loans were presented as Other operating expenses, and income relating to release of those provisions was presented within Other operating income. The change in presentation is relevant to the understanding of the financial performance of the Group. The comparative data have been adjusted accordingly, which resulted in the decrease of other operating income in 2018 by PLN 2 626 thousand and decrease of other operating expenses by PLN 22 975 thousand. The result on provisions for legal risk related to foreign currency loans in 2018 was negative and amounted to PLN 20 349 thousand.

■ The recognition of some transactions of purchase and sale of securities

Based on the analysis performed by the Group, some transactions of purchase and sale of securities which, when considered jointly, should be treated as equivalent to buy-sell back ("BSB") or sell-buy back ("SBB") transactions taking into account their economic nature. Such transactions in previous years had been incorrectly recognised by the Bank as unconditional sale or purchase transactions in line with their legal nature.

In accordance with substance over form principle, the Group adjusted the recognition of those transactions. This adjustment resulted in an increase in the carrying amount of debt securities held for trading and in the amounts due to banks arising from SBB transactions by PLN 30 439 thousand as at 31 December 2018, and an increase in receivables arising from BSB transactions presented in the item "Loans and advances to clients measured at amortised cost" by PLN 385 954 thousand, an increase in the amounts due to clients by PLN 123 618 thousand and a decrease in the value of debt securities held for trading by PLN 262 336 thousand as at 1 January 2018.

The said adjustment resulted also in recognising an additional tax on selected financial institutions (banking tax). In the period from 1 February 2016 to 31 December 2017 the tax on selected financial institutions (together with late payment interest) should have been higher by PLN 31 208 thousand and in the period from 1 January 2018 to 31 December 2018 by PLN 13 665 thousand. Due to the above the Group adjusted the retained earnings by the respective amounts in correspondence with the liabilities to tax authorities. AS a result the Group also corrected the preliminary recognition of provision for the banking tax through the income statement of 2019.

■ Netting revenues and costs due to fees and commissions related to car fleet management

In accordance with the requirements of IFRS 15 "Revenue from contracts with customers", the Group made changes in the presentation of revenues and costs that required restatement of comparative data for 2018. In accordance with the requirements of IFRS 15, the Group decreased by PLN 11 441 thousand fees and commissions expenses for the period from 1 January to 31 December 2018, i.e. by the amount of fees and commissions income related to the leasing car fleet management, which were reimbursed to the Group. The change did not affect the result on fees and commissions.

The detailed information on the changes in comparative data will be presented in the annual consolidated financial statements of the Group for 2019.