



SELECTED NON-AUDITED CONSOLIDATED FINANCIAL INFORMATION OF MBANK S.A. GROUP FOR THE FOURTH QUARTER OF 2020

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 2020 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 01.10.2020 to 31.12.2020	4 Quarters (current year) period from 01.01.2020 to 31.12.2020	4th Quarter (previous year) period from 01.10.2019 to 31.12.2019 - restated	4 Quarters (previous year) period from 01.01.2019 to 31.12.2019 - restated
Interest income, including:	1 063 235	4 688 353	1 276 147	5 071 664
<i>Interest income accounted for using the effective interest method</i>	937 241	4 207 276	1 157 707	4 523 483
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	125 994	481 077	118 440	548 181
Interest expenses	(86 305)	(679 053)	(265 646)	(1 068 892)
Net interest income	976 930	4 009 300	1 010 501	4 002 772
Fee and commission income	611 132	2 244 561	541 564	2 010 656
Fee and commission expenses	(201 661)	(736 276)	(196 816)	(740 039)
Net fee and commission income	409 471	1 508 285	344 748	1 270 617
Dividend income	137	4 926	271	4 220
Net trading income	42 251	184 752	29 103	134 516
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	49 890	15 572	18 422	69 259
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	92 006	93 527	11 991	34 832
Other operating income	52 859	218 052	58 497	234 487
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(255 690)	(1 225 642)	(165 957)	(712 337)
Result on provisions for legal risk related to foreign currency loans	(632 980)	(1 021 714)	(293 453)	(387 786)
Overhead costs	(428 088)	(1 980 500)	(428 239)	(1 953 657)
Depreciation	(108 491)	(430 628)	(105 487)	(375 498)
Other operating expenses	(78 126)	(234 820)	(73 129)	(307 722)
Operating profit	120 169	1 141 110	407 268	2 013 703
Tax on the Bank's balance sheet items	(127 767)	(531 379)	(121 380)	(458 658)
Profit before income tax	(7 598)	609 731	285 888	1 555 045
Income tax expense	(167 092)	(505 974)	(169 670)	(544 793)
Net profit	(174 690)	103 757	116 218	1 010 252
Net profit attributable to:				
- Owners of mBank S.A.	(174 682)	103 831	116 252	1 010 350
- Non-controlling interests	(8)	(74)	(34)	(98)
Net profit attributable to Owners of mBank S.A.	(174 682)	103 831	116 252	1 010 350
Weighted average number of ordinary shares	42 365 937	42 355 695	42 349 129	42 340 263
Earnings per share (in PLN)	(4.12)	2.45	2.75	23.86
Weighted average number of ordinary shares for diluted earnings	42 389 968	42 379 726	42 367 395	42 358 529
Diluted earnings per share (in PLN)	(4.12)	2.45	2.74	23.85

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

	4th Quarter (current year) period from 01.10.2020 to 31.12.2020	4 Quarters (current year) period from 01.01.2020 to 31.12.2020	4th Quarter (previous year) period from 01.10.2019 to 31.12.2019	4 Quarters (previous year) period from 01.01.2019 to 31.12.2019
Net profit	(174 690)	103 757	116 218	1 010 252
Other comprehensive income net of tax, including:	(124 904)	407 791	(55 627)	(38 128)
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	3 508	3 043	(356)	32
Cash flows hedges (net)	(54 372)	299 988	(41 155)	35 499
Change in valuation of debt instruments at fair value through other comprehensive income (net)	(67 788)	111 012	(12 116)	(71 657)
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	(6 252)	(6 252)	(2 000)	(2 002)
Total comprehensive income (net)	(299 594)	511 548	60 591	972 124
Total comprehensive income (net), attributable to:				
- Owners of mBank S.A.	(299 586)	511 622	60 625	972 222
- Non-controlling interests	(8)	(74)	(34)	(98)

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

ASSETS	31.12.2020	30.09.2020	31.12.2019
Cash and balances with the Central Bank	3 968 691	6 683 941	7 897 010
Financial assets held for trading and derivatives held for hedges	2 586 721	2 353 905	2 866 034
Non-trading financial assets mandatorily at fair value through profit or loss, including:	1 784 691	1 919 046	2 267 922
<i>Equity instruments</i>	202 304	252 397	162 616
<i>Debt securities</i>	76 068	71 615	133 774
<i>Loans and advances to customers</i>	1 506 319	1 595 034	1 971 532
Financial assets at fair value through other comprehensive income	35 498 061	35 484 841	22 773 921
Financial assets at amortised cost, including:	131 444 579	131 339 607	118 779 885
<i>Debt securities</i>	15 952 501	14 471 422	11 234 873
<i>Loans and advances to banks</i>	7 354 268	8 991 355	4 341 758
<i>Loans and advances to customers</i>	108 137 810	107 876 830	103 203 254
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	1 381	-
Non-current assets and disposal groups classified as held for sale	-	15 261	10 651
Intangible assets	1 178 698	1 094 258	955 440
Tangible assets	1 514 577	1 117 654	1 262 397
Current income tax assets	23 957	16 030	12 662
Deferred income tax assets	853 880	820 296	937 712
Other assets	1 282 439	1 300 537	956 949
TOTAL ASSETS	180 136 294	182 146 757	158 720 583
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities held for trading and derivatives held for hedges	1 338 564	1 087 757	948 764
Financial liabilities measured at amortised cost, including:	156 673 052	159 303 937	137 763 369
<i>Amounts due to banks</i>	2 399 740	1 774 184	1 166 871
<i>Amounts due to customers</i>	137 698 668	141 118 549	116 661 138
<i>Debt securities issued</i>	13 996 317	13 849 349	17 435 143
<i>Subordinated liabilities</i>	2 578 327	2 561 855	2 500 217
Fair value changes of the hedged items in portfolio hedge of interest rate risk	59 624	55 258	136
Liabilities included in disposal groups classified as held for sale	-	417	1 315
Provisions	1 766 368	1 142 243	739 296
Current income tax liabilities	225 796	228 882	161 534
Deferred income tax liabilities	690	87	82
Other liabilities	3 397 133	3 358 533	2 952 782
TOTAL LIABILITIES	163 461 227	165 177 114	142 567 278
EQUITY			
Equity attributable to Owners of mBank S.A.	16 673 133	16 967 701	16 151 303
Share capital:	3 587 035	3 586 249	3 579 818
Registered share capital	169 468	169 461	169 401
Share premium	3 417 567	3 416 788	3 410 417
Retained earnings, including:	12 501 597	12 672 047	12 394 775
- Profit from the previous years	12 397 766	12 393 534	11 384 425
- Profit for the current year	103 831	278 513	1 010 350
Other components of equity	584 501	709 405	176 710
Non-controlling interests	1 934	1 942	2 002
TOTAL EQUITY	16 675 067	16 969 643	16 153 305
TOTAL LIABILITIES AND EQUITY	180 136 294	182 146 757	158 720 583
Total capital ratio	19.75	19.53	19.46
Common Equity Tier 1 capital ratio	16.88	16.74	16.51
Book value	16 673 133	16 967 701	16 151 303
Number of shares	42 367 040	42 365 259	42 350 367
Book value per share (in PLN)	393.54	400.51	381.37

mBank S.A. stand-alone financial information

Income statement of mBank S.A.

	4th Quarter (current year) period from 01.10.2020 to 31.12.2020	4 Quarters (current year) period from 01.01.2020 to 31.12.2020	4th Quarter (previous year) period from 01.10.2019 to 31.12.2019 - restated	4 Quarters (previous year) period from 01.01.2019 to 31.12.2019 - restated
Interest income, including:	922 199	4 109 239	1 120 546	4 454 856
<i>Interest income accounted for using the effective interest method</i>	802 511	3 647 495	1 007 975	3 946 091
<i>Income similar to interest on financial assets at fair value through profit or loss</i>	119 688	461 744	112 571	508 765
Interest expenses	(68 144)	(568 077)	(226 113)	(910 160)
Net interest income	854 055	3 541 162	894 433	3 544 696
Fee and commission income	575 878	2 095 250	506 773	1 859 935
Fee and commission expenses	(172 846)	(636 291)	(170 357)	(642 257)
Net fee and commission income	403 032	1 458 959	336 416	1 217 678
Dividend income	137	31 271	271	320 295
Net trading income	36 131	183 724	29 399	136 775
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	50 515	17 740	17 897	72 103
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	108 603	95 114	6 639	18 387
Other operating income	14 434	45 343	17 139	52 015
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(202 585)	(1 031 276)	(148 000)	(633 130)
Result on provisions for legal risk related to foreign currency loans	(632 980)	(1 021 714)	(293 453)	(387 786)
Overhead costs	(381 085)	(1 774 844)	(377 941)	(1 747 369)
Depreciation	(93 560)	(376 363)	(90 026)	(329 546)
Other operating expenses	(47 175)	(125 972)	(36 607)	(174 208)
Operating profit	109 522	1 043 144	356 167	2 089 910
Tax on the Bank's balance sheet items	(119 765)	(500 030)	(113 590)	(426 432)
Share in profits (losses) of entities under the equity method	4 181	29 882	26 702	(179 013)
Profit before income tax	(6 062)	572 996	269 279	1 484 465
Income tax expense	(164 520)	(479 949)	(162 839)	(503 485)
Net profit	(170 582)	93 047	106 440	980 980
Net profit	(170 582)	93 047	106 440	980 980
Weighted average number of ordinary shares	42 365 937	42 355 695	42 349 129	42 340 263
Earnings per share (in PLN)	(4.03)	2.20	2.51	23.17
Weighted average number of ordinary shares for diluted earnings	42 389 968	42 379 726	42 367 395	42 358 529
Diluted earnings per share (in PLN)	(4.02)	2.20	2.51	23.16

Statement of comprehensive income of mBank S.A.

	4th Quarter (current year) period from 01.10.2020 to 31.12.2020	4 Quarters (current year) period from 01.01.2020 to 31.12.2020	4th Quarter (previous year) period from 01.10.2019 to 31.12.2019	4 Quarters (previous year) period from 01.01.2019 to 31.12.2019
Net profit	(170 582)	93 047	106 440	980 980
Other comprehensive income net of tax, including:	(47 709)	249 412	(63 705)	(6 143)
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	3 386	2 854	(358)	9
Cash flows hedges (net)	(54 366)	283 530	(38 147)	38 507
Share of other comprehensive income of entities under the equity method	4 232	9 898	7 966	3 250
Debt instruments at fair value through other comprehensive income (net)	5 274	(40 635)	(31 186)	(45 929)
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	(6 235)	(6 235)	(1 980)	(1 980)
Total comprehensive income (net)	(218 291)	342 459	42 735	974 837

Statement of financial position of mBank S.A.

ASSETS	31.12.2020	30.09.2020	31.12.2019
Cash and balances with the Central Bank	3 939 298	6 640 003	7 861 776
Financial assets held for trading and derivatives held for hedges	2 493 535	2 358 111	2 921 749
Non-trading financial assets mandatorily at fair value through profit or loss, including:	1 585 029	1 709 469	2 035 189
<i>Equity instruments</i>	136 480	178 757	87 597
<i>Debt securities</i>	76 068	71 615	133 774
<i>Loans and advances to customers</i>	1 372 481	1 459 097	1 813 818
Financial assets at fair value through other comprehensive income	47 731 612	46 350 700	30 298 647
Financial assets at amortised cost, including:	110 792 043	111 835 542	101 310 293
<i>Debt securities</i>	15 952 501	14 471 422	11 234 873
<i>Loans and advances to banks</i>	10 845 844	13 200 191	7 337 703
<i>Loans and advances to customers</i>	83 993 698	84 163 929	82 737 717
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	1 381	-
Investments in subsidiaries	2 204 922	2 209 013	2 164 112
Non-current assets and disposal groups classified as held for sale	-	7 229	91 605
Intangible assets	1 013 746	935 711	823 109
Tangible assets	1 246 496	838 145	945 606
Current income tax assets	22 826	14 834	11 878
Deferred income tax assets	206 924	198 886	273 257
Other assets	773 253	742 128	491 052
TOTAL ASSETS	172 009 684	173 841 152	149 228 273
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities held for trading and derivatives held for hedges	1 414 374	1 133 388	987 933
Financial liabilities measured at amortised cost, including:	149 315 812	151 872 288	128 979 983
<i>Amounts due to banks</i>	2 624 286	1 809 763	1 180 782
<i>Amounts due to customers</i>	137 778 034	144 066 081	121 936 987
<i>Debt securities issued</i>	6 335 165	3 434 589	3 361 997
<i>Subordinated liabilities</i>	2 578 327	2 561 855	2 500 217
Fair value changes of the hedged items in portfolio hedge of interest rate risk	59 624	55 258	136
Provisions	1 779 888	1 142 685	737 167
Current income tax liabilities	225 029	223 715	150 859
Deferred income tax liabilities	89	87	82
Other liabilities	2 747 176	2 732 741	2 257 106
TOTAL LIABILITIES	155 541 992	157 160 162	133 113 266
EQUITY			
Share capital	3 587 035	3 586 249	3 579 818
Registered share capital	169 468	169 461	169 401
Share premium	3 417 567	3 416 788	3 410 417
Retained earnings, including:	12 460 606	12 626 981	12 364 550
- Profit from the previous years	12 367 559	12 363 352	11 383 570
- Profit for the current year	93 047	263 629	980 980
Other components of equity	420 051	467 760	170 639
TOTAL EQUITY	16 467 692	16 680 990	16 115 007
TOTAL LIABILITIES AND EQUITY	172 009 684	173 841 152	149 228 273
Total capital ratio	22.95	22.56	22.84
Common Equity Tier 1 capital ratio	19.59	19.26	19.42
Book value	16 467 692	16 680 990	16 115 007
Number of shares	42 367 040	42 365 259	42 350 367
Book value per share (in PLN)	388.69	393.74	380.52

Summary of mBank S.A. Group results in Q4 2020

The net loss attributable to the shareholders of mBank generated by mBank Group in Q4 2020 totalled PLN -174,7 million compared with net profit of PLN 100,6 million in Q3 2020.

Total income posted by mBank Group increased by 10.0% on the previous quarter to PLN 1,552.3 million. Core income improved as well, helped by higher net interest income and net fee and commission income. The rise in net interest income resulted from reduced interest expenses, mostly on account of deposits and issue of debt securities. The net interest margin of mBank Group increased quarter on quarter and reached 2.20% in Q4 2020, up from 2.15% in Q3 2020. Net fee and commission income grew by 9.7%, driven mainly by higher fees from brokerage activity, currency exchange, and portfolio management. Net trading income dropped by 27.3% on lower gain/loss from hedge accounting. Gain/loss from derecognition of financial assets and liabilities not measured at fair value through profit or loss stood at PLN 92.0 million as a result of the sale of bonds from a debt securities portfolio measured through other comprehensive income. Gain/loss from non-trading equity instruments and debt securities mandatorily measured at fair value through profit or loss rose to PLN 56.8 million from PLN 22.1 million in Q3 2020, helped by revaluation of shares in Krajowa Izba Rozliczeniowa S.A. (KIR), Polski Standard Płatności Sp. z o.o. (PSP), and Biuro Informacji Kredytowej S.A. (BIK), and C-series Visa shares as well as the sale of A-series Visa shares. Other operating income net of other operating costs stood at -PLN 25.3 million, largely due to new provisions for future liabilities.

In Q4 2020 total overhead costs of mBank Group (including depreciation) shrank by -5.3% compared with the previous quarter, to PLN 536.6 million. The decrease was helped by reduced staff-related expenses and material costs. The latter fell mostly thanks to lower costs of consulting services and IT costs. Quarter-on-quarter depreciation was stable.

Consequently, the trends outlined above helped the bank to considerably lower its cost to income ratio from 40.2% in Q3 2020 to 34.6% in Q4 2020.

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 gain/loss from non-trading loans and advances mandatorily measured at fair value through profit or loss) amounted to PLN 262.6 million in Q4 2020, which represents a quarter-on-quarter decrease by -2.3%. Compared with the previous quarter, net provisions in Q4 2020 dropped in the retail segment and rose in the corporate segment.

Result on provisions for legal risk related to foreign currency loans (PLN -633.0 million vs PLN -186.9 million in Q3 2020) weighed heavily on the operating profit of mBank Group.

Additional information on provisions for legal risk related to foreign currency loans is presented below.

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 losing in court. 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.

The Group closely observes the developments in courts verdicts in legal proceedings regarding mortgage and housing loans in CHF, including impact of the Court of Justice of the European Union (CJEU) judgment. As of 31 December 2020, the Group recognized a provision for individual court cases concerning indexation clauses in mortgage and housing loans in CHF in the amount of PLN 1,426.6 million (as of 31 December 2019: PLN 417.7 million). This provision has been calculated in accordance with the calculation methodology implemented in 2019 based on the 'expected value' method allowed by the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in which the obligation is estimated by weighting all possible outcomes by their associated probabilities. The methodology applied by the Bank depends on numerous assumptions that take into account historical data adjusted with the Bank's expectations regarding the future and associated with significant degree of expert judgement. The most important assumptions 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 increase in the provision in the fourth quarter of 2020 alone resulted mainly from (i) the changes in probability of losing in court assumed in the calculation (ii) changes in assumptions regarding the number of the projected cases and (iii) changes in level of loss on loan exposure in case of losing the case by the Bank. The Bank believes that since the current line of jurisprudence in CHF cases is inconsistent, the probability of losing court cases must, to a large extent, be based on expert opinion until Polish Supreme Court and the CJEU address all the legal uncertainties (in particular, whether abusive provisions can be replaced with other provisions, whether the theory of balance or the theory of two conditionalities will apply, what is a limitation period for parties' claims and whether banks may receive a compensation for usage of the principal granted).

As at 31 December 2020 – 7 508 individual court proceedings (31 December 2019: 3 715 proceedings) were initiated against the Bank by its customers in connection with CHF loan agreements with the total value of claims amounting to PLN 1,454.2 million (31 December 2019: PLN 443.2 million). Out of the individual proceedings 6 870 proceedings (31 December 2019: 2 902 proceedings) with the total value of claims amounting to PLN 1,442.2 million (31 December 2019: PLN 430.1 million) related to indexation clauses in CHF loan agreements and include claims for declaring ineffectiveness or invalidity in part (i.e. to the extent that the agreement contains contractual provisions related to indexation) or invalidity in whole of the loan agreements.

The carrying amount of mortgage and housing loans granted to individual customers in CHF as at 31 December 2020 amounted to PLN 13.6 billion (i.e. CHF 3.2 billion) compared to PLN 13.6 billion (i.e. CHF 3.5 billion) as at the end of 2019. Additionally the volume of the portfolio of loans granted in CHF that were already fully repaid as of 31 December 2020 amounted to PLN 6.8 billion (31 December 2019: PLN 6.3 billion).

The population of borrowers who will file a lawsuit against the Bank has been projected for a period of 5 years (since 31 December 2020) based on the Bank's history of legal cases in the past and assumes a significant increase in inflow of new cases. The Bank assumes that vast majority of the projected cases will be filed until 2022, and then their number will drop following the expected clarification of the legal environment.

For the purpose of calculating the provisions mBank assumes that approximately 18% of FX borrowers (with both, active and repaid loans) filed or will file a lawsuit against the Bank. The Bank observes that clients with higher loan amounts were the first ones to file the claims (18% of customers represent 24% of the total CHF loan portfolio), and therefore that average ticket of the suing population will be decreasing over time. The assumption, due to significant legal uncertainties surrounding CHF cases as well as other external factors that may shape clients preferences to file the lawsuits, is highly judgmental and may be a subject to an adjustment in future. In 2020 the Bank increased the assumed number of the cases by 74.0% when compared to 31 December 2019. If an additional 1% of the borrowers (both holding active loans in CHF as well as borrowers who already repaid their loans in CHF) filed a lawsuit against the Bank, the amount of the provision would increase by approximately PLN 61 million (while other relevant assumptions remain constant) as compared to 31 December 2020.

The probability of losing in court has been calculated taking into account, among others, data from the Bank's history of final and binding positive and negative verdicts. As of 31 December 2020 mBank received 173 final rulings in individual lawsuits (31 December 2019: 80 final rulings), out of which 70 rulings were favourable to the Bank and 103 rulings were unfavourable (31 December 2019: 22 rulings unfavourable).

At the same time 193 proceedings at the second instance courts have remained suspended due to the legal issues referred to the Supreme Court and the CJEU. The Bank submits cassation appeals to the Supreme Court against legally binding judgments unfavorable for the Bank. Unfavorable judgments were issued based on the same patterns of facts which resulted in different verdicts. Approximately 50% of unfavourable verdicts led to the invalidation of the loan agreement, others led to the conversion of the agreement into PLN + LIBOR / WIBOR.

Since, in the opinion of the Bank, 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 losing in court takes also into account expert judgements of the Bank supported by legal opinion about the future trends in the court verdicts as well as upcoming verdicts of the Supreme Court and CJEU. In 2020 the Bank revised the probability of losing in court and assumed, based on its own judgement and the external legal opinion, the level of 50% as of 31 December 2020 (30% as of 31 December 2019). If the assumed probability of losing in court changed by +/- 1 percentage point and all other relevant assumptions remained constant, the amount of the provision would change by +/- PLN 29.0 million.

The projected loss rate 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 the Bank took into account three possible losing scenarios: (i) the contract remains valid 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 because deleting the exchange rate clause would be too far-reaching change (based on assumption that this clause defines the main subject matter of the contract), and (iii) the contract remains a mortgage indexed to CHF, but the FX clause is substituted by the fixing rate of the NBP. Under scenario (ii), the Bank takes into account two versions of the invalidity, assuming that the parties settle each other's claims at the same time. The first version assumes that the consumer is obliged to return the disbursed capital together with the remuneration for using it, and the second assumes that the consumer is only obliged to return the capital without remuneration. Each of these scenarios is associated with a different level of predicted losses for the Bank. The Bank calculated the average level of loss weighted with the probabilities of occurrence of the given 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 legal advisor.

If the assumed weighted average loss changed by +/- 1 percentage point and all other relevant assumptions remained constant the amount of the provision would change by +/- PLN 24.5 million. The weighted average loss assumed in the calculation as of 31 December 2020 increased by 8.9% compared to 31 December 2019.

The method used to calculate the provision is based on parameters that are highly judgmental and with a high range of possible values. It is possible that the provision will have to be adjusted significantly in the future, particularly that important parameters used in calculations are interdependent.

PFSA's Chairman proposal

The general assumptions of the PFSA's Chairman proposal to convert F/X loans to PLN have been announced in December 2020. As of the date of release of this financial information the details of the proposal have not been specified, including the legal and tax framework of the conversion and the population of clients to be addressed with conversion settlements.

The PFSA's Chairman proposal assumes that CHF loan would be converted as it was from beginning a PLN loan with an interest rate of WIBOR 3M increased by a margin used historically for such loans.

The Bank analyzed the costs it would have to incur in the indicated scenario, as the sum of the differences of two components:

- 1) between the current CHF loan balance and the hypothetical PLN loan balance based on the 3M WIBOR rate increased by a margin granted at the same time and for the same period as the CHF loan,
- 2) between realized CHF loan repayments and hypothetical repayments of a PLN loan based on the 3M WIBOR rate increased by a margin granted at the same time and for the same period as the CHF loan.

The total potential impact of implementation of the conversion plan on mBank would be:

- 5.4 billion PLN if 100% of active and repaid portfolio was converted,
- 4.7 billion PLN if only active portfolio was converted.

As of the date of release of this financial information mBank has not made any decisions on offering settlements according to the PFSA's Chairman proposal. It will be a subject of further analysis and discussions with financial authorities.

As part of the analysis of the proposal, the banks participating in the working group – including mBank - submitted a letter to the NBP initiating dialogue to better understand the central bank's potential readiness to conduct transactions that may be necessary in the process. The preliminary nature of this dialogue needs to be underscored.

The President of the National Bank of Poland in his press conference on 5 February 2021 referred to the PFSA's proposal stating that there was no specific proposal that the NBP could comment on and that the NBP was ready to familiarize itself with the details of the proposal once they were elaborated. He also added that the final solution should eliminate all risks related to FX loans.

The President of the NBP supported the usage of an average NBP FX rate as a solution and advocated for compensation for the usage of capital. He also underlined that FX rate tables are allowed by the banking law and are a common market practice.

At the same time the President of the NBP took a critical view of possibility of converting the CHF loans into "PLN + LIBOR" since such construction has no economic grounds.

Ruling of the Court of Justice of the European Union regarding a CHF mortgage

On 3 October 2019 the Court of Justice of the European Union issued the ruling in the prejudicial mode regarding a mortgage linked to the Swiss franc granted by a Polish bank. The submitted prejudicial questions were to determine, among other things, if a generally applicable custom can be used where there is no provision in domestic law that could replace an abusive exchange rate clause. In accordance with CJEU's ruling, the question of abusiveness will be decided by Polish courts. CJEU did not refer to this issue. In addition, CJEU did not make a clear-cut decision regarding the consequences of an exchange rate clause being considered abusive by a domestic court. However, the possibility of a credit agreement being performed further in PLN and with interest calculated according to LIBOR was found doubtful by the Court. If an exchange rate clause is found abusive, a domestic court must decide whether the agreement in question can be performed further or should be declared invalid, taking into account the client's will and the consequences of invalidity for the client. CJEU approved the application of a disposable norm (in the bank's opinion article 358 of the Polish Civil Code referring to the NBP fixing rate can be considered to be a disposable norm), if the invalidity of the agreement would be unfavourable for the client. CJEU rejected the application of general provisions referring to a custom or equity principles.

In October 2020, prejudicial questions were referred to CJEU in two individual cases against mBank. The question referred in first case aims at determining the starting point for the limitation period in the case of consumer claims for undue performance. The question referred in the second case aims at determining whether, in the event of declaring the exchange rate clause abusive, it is possible to apply in its place the provision of the Civil Code referring to the average NBP exchange rate.

The Bank expects decisions on both these matters at the turn of 2021 and 2022.

Supreme Court resolution on loans in CHF

On 29 January 2021 the motion for adopting a resolution has been submitted to the Supreme Court by the First President of the Supreme Court. The Supreme Court will answer to abusive provisions can be replaced with provisions of civil law or common practice, whether it is possible to maintain indexed/denominated loan as a PLN loan with an interest rate based on LIBOR, whether the theory of balance or the theory of two conditionalities will apply on the event of the CHF loan invalidity, the starting point of the limitation period in the case of the bank's claim for reimbursement of the amounts paid under the loan and whether banks and consumers can receive a remuneration from for using use of their funds by the other party.

The Supreme Court will hold a non-public seating on 25 March 2021. The bank will analyse the content of the resolution after its publication, in particular its expected impact on further jurisprudence and the parameters used in the calculation of legal risk provisions.

Net interest income

	for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019
Interest income					
Interest income accounted for using the effective interest method		937 241	4 207 276	1 157 707	4 523 483
Interest income of financial assets at amortised cost, including:		864 721	3 835 996	1 046 354	4 050 646
- <i>Loans and advances</i>		789 736	3 551 480	967 792	3 761 757
- <i>Debt securities</i>		77 578	274 714	63 175	232 177
- <i>Cash and short-term placements</i>		584	20 511	14 029	56 204
- <i>Gains or losses on modification (net)</i>		(4 541)	(15 993)	(761)	(6 811)
- <i>Other</i>		1 364	5 284	2 119	7 319
Interest income on financial assets at fair value through other comprehensive income		72 520	371 280	111 353	472 837
- <i>Debt securities</i>		72 520	371 280	111 353	472 837
Income similar to interest on financial assets at fair value through profit or loss, including:		125 994	481 077	118 440	548 181
Financial assets held for trading		3 980	32 425	10 100	52 996
- <i>Loans and advances</i>		1 052	5 259	1 399	4 434
- <i>Debt securities</i>		2 928	27 166	8 701	48 562
Non-trading financial assets mandatorily at fair value through profit or loss, including:		14 468	92 198	39 114	187 712
- <i>Loans and advances</i>		14 468	92 198	39 114	187 712
Interest income on derivatives classified into banking book		26 934	126 104	39 792	181 834
Interest income on derivatives concluded under the fair value hedge		24 918	85 714	19 559	75 135
Interest income on derivatives concluded under the cash flow hedge		55 694	144 636	9 875	50 504
Total interest income		1 063 235	4 688 353	1 276 147	5 071 664

	for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019
Interest expenses					
Financial liabilities measured at amortised cost, including:		(80 330)	(658 619)	(262 365)	(1 057 925)
- <i>Deposits</i>		(20 281)	(346 468)	(166 787)	(661 228)
- <i>Loans received</i>		(1 492)	(8 867)	(3 118)	(13 615)
- <i>Issue of debt securities</i>		(43 166)	(227 640)	(69 986)	(294 266)
- <i>Subordinated liabilities</i>		(13 967)	(67 888)	(19 182)	(76 167)
- <i>Other financial liabilities</i>		(804)	(5 277)	(2 347)	(9 690)
- <i>Lease agreements</i>		(620)	(2 479)	(945)	(2 959)
Other		(5 975)	(20 434)	(3 281)	(10 967)
Total interest expense		(86 305)	(679 053)	(265 646)	(1 068 892)

Net fee and commission income

	for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019 - restated	from 01.01.2019 to 31.12.2019 - restated
Fee and commission income					
Payment cards-related fees		102 314	430 242	121 246	435 878
Credit-related fees and commissions		122 459	462 807	111 440	417 888
Commissions from currency transactions		95 281	339 629	83 265	306 014
Commissions for agency service regarding sale of insurance products of external financial entities		25 084	109 787	26 100	100 424
Fees from brokerage activity and debt securities issue		74 456	222 317	21 751	86 996
Commissions from bank accounts		65 288	222 312	55 896	210 930
Commissions from money transfers		40 194	147 779	38 221	145 841
Commissions due to guarantees granted and trade finance commissions		23 607	94 341	23 708	93 017
Commissions for agency service regarding sale of other products of external financial entities		19 610	74 455	24 181	82 151
Commissions on trust and fiduciary activities		7 568	31 454	8 084	28 027
Fees from portfolio management services and other management-related fees		13 555	23 196	4 209	14 161
Fees from cash services		10 203	42 586	11 867	48 570
Other		11 513	43 656	11 596	40 759
Fee and commission income		611 132	2 244 561	541 564	2 010 656

	for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019
Fee and commission expense					
Payment cards-related fees		(62 332)	(226 851)	(59 218)	(241 198)
Commissions paid to external entities for sale of the Group's products		(43 796)	(174 796)	(49 780)	(190 636)
Commissions paid for agency service regarding sale of insurance products of external financial entities		(2 911)	(12 067)	(1 293)	(8 635)
Commissions paid for sale of products of external financial entities		(5 756)	(21 242)	(5 644)	(21 520)
Discharged brokerage fees		(11 152)	(39 663)	(6 724)	(28 846)
Cash services		(13 963)	(44 464)	(11 804)	(41 944)
Fees to NBP and KIR		(5 255)	(15 910)	(4 671)	(14 706)
Other discharged fees		(56 496)	(201 283)	(57 682)	(192 554)
Total fee and commission expense		(201 661)	(736 276)	(196 816)	(740 039)

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

	for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019
Equity instruments		50 893	72 041	17 823	75 382
Debt securities		5 913	10 710	9 505	75 324
Loans and advances		(6 916)	(67 179)	(8 906)	(81 447)
Total gains or losses on non-trading financial assets mandatorily at fair value through profit or loss		49 890	15 572	18 422	69 259

Overhead costs

for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019
Staff-related expenses	(222 657)	(974 670)	(249 527)	(1 019 340)
Material costs, including:	(163 357)	(671 289)	(153 209)	(639 101)
- costs of administration and real estate services	(72 075)	(259 224)	(55 968)	(254 211)
- IT costs	(43 213)	(181 763)	(36 802)	(163 419)
- marketing costs	(35 628)	(127 246)	(39 567)	(141 802)
- consulting costs	(8 974)	(88 171)	(16 750)	(67 030)
- other material costs	(3 467)	(14 885)	(4 122)	(12 639)
Taxes and fees	(7 653)	(27 304)	(8 702)	(31 226)
Contributions and transfers to the Bank Guarantee Fund	(34 407)	(298 061)	(14 848)	(255 710)
Contributions to the Social Benefits Fund	(14)	(9 176)	(1 953)	(8 280)
Total overhead costs	(428 088)	(1 980 500)	(428 239)	(1 953 657)

Staff-related expenses

for the period	from 01.10.2020 to 31.12.2020	from 01.01.2020 to 31.12.2020	from 01.10.2019 to 31.12.2019	from 01.01.2019 to 31.12.2019
Wages and salaries	(177 871)	(788 234)	(203 230)	(825 389)
Social security expenses	(23 182)	(129 832)	(28 889)	(136 657)
Employee contributions related to post-employment benefits	(14)	(14)	(16)	(16)
Remuneration concerning share-based payments, including:	(5 091)	(10 321)	(2 660)	(10 702)
- share-based payments settled in mBank S.A. shares	(4 986)	(10 159)	(2 385)	(9 947)
- cash-settled share-based payments	(105)	(162)	(275)	(755)
Other staff expenses	(16 499)	(46 269)	(14 732)	(46 576)
Staff-related expenses, total	(222 657)	(974 670)	(249 527)	(1 019 340)

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

Assets of mBank Group

The balance sheet total of mBank Group stood at PLN 180,136.3 million at the end of 2020 and was slightly lower (-1.1%) compared with the end of September 2020.

As at the end of 2020 net loans and advances stood at PLN 109,832.0 million (up by PLN 173.7 million or +0.2% quarter on quarter).

Gross loans and advances to corporate clients fell to PLN 46,025.4 million, i.e. by -4.1% compared with Q3 2020 (excluding reverse repo/buy sell back transactions and the FX effect, the drop accounted for -2.5%).

The volume of loans to retail clients rose by 3.2% compared with the end of Q3 2020 and amounted to PLN 67,216.3 million. Mortgages and housing loans granted to individuals grew by 5.5% quarter on quarter (to PLN 45,978.7 million), driven mainly by dynamic growth in sales of new loans.

Investment securities were the second largest asset category at the end of 2020, amounting to PLN 51,728.9 million, which is by PLN 1,448.7 million (-2.9%) less quarter on quarter.

Equity and liabilities of mBank Group

In Q4 2020, amounts due to clients, which are the Group's principal source of funding, decreased by PLN 3,419.9 million (-2.4%) quarter on quarter.

Retail deposits stood at PLN 97,976.4 million at the end of 2020, up by 6.1% on Q3 2020. Clients' deposits in current and savings accounts grew by PLN 6,298.0 million (+7.7%) with the volume of term deposits down by PLN 623.6 million (-5.8%).

Amounts due to corporate clients stood at PLN 39,236.1 million at the end of Q4, which represents a quarter-on-quarter drop by 18.7%. In the period covered by this report, deposits in current accounts fell by PLN 3,190.4 million (-8.7%), which was coupled with a PLN 5,856.9 million outflow of term deposits (-89.1%).

The share of equity in total liabilities and equity of mBank Group accounted for 9.4% at the end of 2020.

The capital ratios reported by mBank Group rose slightly in Q4 2020, driven predominantly by lower total risk exposure amount. The Total Capital Ratio stood at 19.75% and the Common Equity Tier 1 ratio at 16.88% at the end of 2020.

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

	31.12.2020	30.09.2020	31.12.2019
Equity instruments	202 304	252 397	162 616
- Other financial corporations	139 718	180 729	106 250
- Non-financial corporations	62 586	71 668	56 366
Debt securities	76 068	71 615	133 774
- Other financial corporations	76 068	71 615	133 774
Loans and advances to customers	1 506 319	1 595 034	1 971 532
Individual customers	1 216 809	1 325 443	1 685 799
Corporate customers	288 777	267 560	279 062
Public sector customers	733	2 031	6 671
Total non-trading financial assets mandatorily at fair value through profit or loss	1 784 691	1 919 046	2 267 922

Financial assets at amortised cost

31.12.2020	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	15 952 501	15 952 636	-	-	-	(135)	-	-	-
- General governments, including:	11 303 908	11 303 908	-	-	-	-	-	-	-
<i>pledged assets</i>	2 705 060	2 705 060	-	-	-	-	-	-	-
- Credit institutions	1 984 770	1 984 770	-	-	-	-	-	-	-
- Other financial corporations	2 663 823	2 663 958	-	-	-	(135)	-	-	-
Loans and advances to banks	7 354 268	7 354 870	-	-	-	(602)	-	-	-
Loans and advances to customers	108 137 810	92 375 263	14 379 227	4 729 948	294 198	(296 810)	(441 217)	(2 871 497)	(31 302)
Individual customers	64 194 569	55 461 025	8 265 151	2 162 827	110 450	(164 491)	(291 489)	(1 341 134)	(7 770)
Corporate customers	43 713 672	36 687 052	6 111 911	2 566 052	183 748	(132 050)	(149 727)	(1 529 782)	(23 532)
Public sector customers	229 569	227 186	2 165	1 069	-	(269)	(1)	(581)	-
Total financial assets at amortised cost	131 444 579	115 682 769	14 379 227	4 729 948	294 198	(297 547)	(441 217)	(2 871 497)	(31 302)

30.09.2020	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	14 471 422	14 471 502	-	-	-	(80)	-	-	-
- General governments, including:	10 393 924	10 393 924	-	-	-	-	-	-	-
<i>pledged assets</i>	2 700 080	2 700 080	-	-	-	-	-	-	-
- Credit institutions	1 975 346	1 975 346	-	-	-	-	-	-	-
- Other financial corporations	2 102 152	2 102 232	-	-	-	(80)	-	-	-
Loans and advances to banks	8 991 355	8 992 274	-	-	-	(919)	-	-	-
Loans and advances to customers	107 876 830	92 746 539	13 869 249	4 690 178	308 031	(295 097)	(426 096)	(2 994 010)	(21 964)
Individual customers	61 950 975	53 802 152	7 714 146	2 161 288	111 786	(169 937)	(295 793)	(1 369 119)	(3 548)
Corporate customers	45 618 494	38 637 210	6 155 103	2 527 821	196 245	(124 867)	(130 303)	(1 624 299)	(18 416)
Public sector customers	307 361	307 177	-	1 069	-	(293)	-	(592)	-
Total financial assets at amortised cost	131 339 607	116 210 315	13 869 249	4 690 178	308 031	(296 096)	(426 096)	(2 994 010)	(21 964)

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>	1 799 235	1 799 235	-	-	-	-	-	-	-
- 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)

Loans and advances to customers

Loans and advances to customers 31.12.2020	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	11 762 492	7 389 930	4 371 243	1 319
Term loans, including:	84 827 745	58 318 303	26 280 341	229 101
- housing and mortgage loans to natural persons	45 978 684	45 978 684		
Reverse repo / buy-sell back	103 832	-	103 832	-
Finance leases	12 253 821	-	12 253 821	-
Other loans and advances	2 523 145	-	2 523 145	-
Other receivables	307 601	291 220	16 381	-
Total gross carrying amount	111 778 636	65 999 453	45 548 763	230 420

Loans and advances to customers 31.12.2020	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	(848 459)	(582 742)	(265 717)	-
Term loans, including:	(2 286 946)	(1 222 142)	(1 063 953)	(851)
- housing and mortgage loans to natural persons	(464 821)	(464 821)		
Finance leases	(453 398)	-	(453 398)	-
Other loans and advances	(52 023)	-	(52 023)	-
Total accumulated impairment	(3 640 826)	(1 804 884)	(1 835 091)	(851)

Total gross carrying amount	111 778 636	65 999 453	45 548 763	230 420
Total accumulated impairment	(3 640 826)	(1 804 884)	(1 835 091)	(851)
Total carrying amount	108 137 810	64 194 569	43 713 672	229 569

Loans and advances to customers 30.09.2020	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	12 872 989	7 495 291	5 376 275	1 423
Term loans, including:	82 808 774	55 984 292	26 517 662	306 820
- housing and mortgage loans to natural persons	43 587 389	43 587 389		
Reverse repo / buy-sell back	1 176 154	-	1 176 154	-
Finance leases	11 971 533	-	11 971 533	-
Other loans and advances	2 453 978	-	2 453 978	-
Other receivables	330 569	309 789	20 777	3
Total gross carrying amount	111 613 997	63 789 372	47 516 379	308 246

Loans and advances to customers 30.09.2020	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public sector customers
Current accounts	(1 011 627)	(654 420)	(357 207)	-
Term loans, including:	(2 282 895)	(1 183 977)	(1 098 033)	(885)
- housing and mortgage loans to natural persons	(442 679)	(442 679)		
Finance leases	(392 094)	-	(392 094)	-
Other loans and advances	(50 551)	-	(50 551)	-
Total accumulated impairment	(3 737 167)	(1 838 397)	(1 897 885)	(885)

Total gross carrying amount	111 613 997	63 789 372	47 516 379	308 246
Total accumulated impairment	(3 737 167)	(1 838 397)	(1 897 885)	(885)
Total carrying amount	107 876 830	61 950 975	45 618 494	307 361

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

Amounts due to banks and customers

31.12.2020	Total amounts due to banks	Total amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	1 665 284	132 795 741	97 862 007	34 488 153	445 581
Current accounts	1 026 011	121 812 481	87 703 713	33 677 641	431 127
Term deposits	-	10 890 036	10 158 294	717 288	14 454
Repo / sell-buy back transactions	639 273	93 224	-	93 224	-
Loans and advances received	500	3 254 591	-	3 254 591	-
Other financial liabilities	733 956	1 648 336	114 355	1 493 343	40 638
Liabilities in respect of cash collaterals	487 667	510 195	37 892	472 303	-
Lease liabilities	-	771 935	-	731 349	40 586
Other liabilities	246 289	366 206	76 463	289 691	52
Total	2 399 740	137 698 668	97 976 362	39 236 087	486 219

30.09.2020	Total amounts due to banks	Total amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	1 174 820	136 522 243	92 187 598	43 799 174	535 471
Current accounts	496 349	118 644 190	81 405 744	36 868 086	370 360
Term deposits	-	17 521 181	10 781 854	6 574 216	165 111
Repo / sell-buy back transactions	678 471	356 872	-	356 872	-
Loans and advances received	-	3 198 190	-	3 198 190	-
Other financial liabilities	599 364	1 398 116	115 742	1 241 926	40 448
Liabilities in respect of cash collaterals	362 043	544 614	38 488	506 126	-
Lease liabilities	-	461 807	-	421 418	40 389
Other liabilities	237 321	391 695	77 254	314 382	59
Total	1 774 184	141 118 549	92 303 340	48 239 290	575 919

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

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

For the period from 1 January to 31 December 2020	Corporates & Financial Markets		Retail Banking	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
Net interest income	1 076 324	211 245	2 711 146	10 585	4 009 300
- sales to external clients	1 070 515	746 445	2 191 451	889	4 009 300
- sales to other segments	5 809	(535 200)	519 695	9 696	-
Net fee and commission income	767 593	(12 684)	778 204	(24 828)	1 508 285
Dividend income	-	-	-	4 926	4 926
Trading income	81 001	84 373	36 202	(16 824)	184 752
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(1 370)	-	(10 647)	27 589	15 572
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss	(6 324)	107 900	(2 185)	(5 864)	93 527
Other operating income	132 604	132	70 691	14 625	218 052
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(610 087)	1 471	(619 282)	2 256	(1 225 642)
Result on provisions for legal risk related to foreign currency loans	-	-	(1 021 714)	-	(1 021 714)
Overhead costs	(665 793)	(94 242)	(1 215 233)	(5 232)	(1 980 500)
Depreciation	(123 289)	(17 260)	(288 614)	(1 465)	(430 628)
Other operating expenses	(108 360)	(611)	(104 563)	(21 286)	(234 820)
Operating profit	542 299	280 324	334 005	(15 518)	1 141 110
Taxes on Group balance sheet items	(177 032)	(77 314)	(271 202)	(5 831)	(531 379)
Gross profit of the segment	365 267	203 010	62 803	(21 349)	609 731
Income tax					(505 974)
Net profit attributable to Owners of mBank S.A.					103 831
Net profit attributable to non-controlling interests					(74)

31.12.2020	Corporates & Financial Markets		Retail Banking	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
Assets of the segment	42 960 176	62 711 948	72 038 051	2 426 119	180 136 294
Liabilities of the segment	35 635 409	24 156 384	100 573 219	3 096 215	163 461 227

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	1 071 396	217 093	2 700 832	13 451	4 002 772
- sales to external clients	1 078 555	731 226	2 192 790	201	4 002 772
- sales to other segments	(7 159)	(514 133)	508 042	13 250	-
Net fee and commission income	717 581	(16 266)	589 687	(20 385)	1 270 617
Dividend income	-	-	-	4 220	4 220
Trading income	72 183	34 747	38 315	(10 729)	134 516
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	808 337	170 244	1 048 561	(13 439)	2 013 703
Taxes on Group balance sheet items	(174 489)	(36 832)	(240 318)	(7 019)	(458 658)
Gross profit of the segment	633 848	133 412	808 243	(20 458)	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

Comparative data**■ The recognition of FX margin on spot transactions**

From January 2020, the Group changed the rules for presenting the FX margin on spot transactions. So far, the FX margin was presented in the Net trading income as part of the Foreign exchange result. After the change, the FX margin is part of the Net fee and commission income and is recognized in the item "Commissions from currency transactions". The change was caused by adjusting the presentation of the FX margin in the income statement to the prevailing market practice. The comparative data for the period from 1 January to 31 December 2019 have been appropriately restated, which resulted in an increase in Fee and commission income and a decrease in the Net trading income by PLN 306 014 thousand.