



**Selected non-audited  
consolidated financial data of mBank S.A. Group  
for fourth quarter of 2017**

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

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## Consolidated income statement of mBank S.A. Group

	4th Quarter (current year) period from 01.10.2017 to 31.12.2017	4 Quarters (current year) period from 01.01.2017 to 31.12.2017	4th Quarter (previous year) period from 01.10.2016 to 31.12.2016	4 Quarters (previous year) period from 01.01.2016 to 31.12.2016
Interest income	1 056 539	4 052 074	1 003 297	3 872 855
Interest expense	(231 427)	(916 414)	(250 027)	(1 040 012)
<b>Net interest income</b>	<b>825 112</b>	<b>3 135 660</b>	<b>753 270</b>	<b>2 832 843</b>
Fee and commission income	414 281	1 659 673	429 218	1 550 843
Fee and commission expense	(180 803)	(667 515)	(178 584)	(644 398)
<b>Net fee and commission income</b>	<b>233 478</b>	<b>992 158</b>	<b>250 634</b>	<b>906 445</b>
Dividend income	162	3 428	299	3 327
Net trading income, including:	72 982	294 063	26 629	244 631
<i>Foreign exchange result</i>	67 187	289 112	50 407	270 451
<i>Other net trading income and result on hedge accounting</i>	5 795	4 951	(23 778)	(25 820)
Gains less losses from investment securities, investments in subsidiaries and associates, including:	18 505	(3 937)	10 749	261 281
<i>Gains less losses from investment securities</i>	18 505	9 982	10 511	261 482
<i>Gains less losses from investments in subsidiaries and associates</i>	-	(13 919)	238	(201)
The share in the profits (losses) of joint ventures	-	-	-	(107)
Other operating income	45 423	242 360	48 424	243 749
Net impairment losses on loans and advances	(139 979)	(507 721)	(39 679)	(365 394)
Overhead costs	(426 706)	(1 818 949)	(438 073)	(1 739 643)
Amortisation	(67 801)	(224 219)	(53 853)	(223 641)
Other operating expenses	(54 133)	(210 171)	(45 293)	(196 815)
<b>Operating profit</b>	<b>507 043</b>	<b>1 902 672</b>	<b>513 107</b>	<b>1 966 676</b>
Taxes on the Group balance sheet items	(95 412)	(375 256)	(92 802)	(328 939)
Share in profits (losses) of entities under the equity method	294	486	-	-
<b>Profit before income tax</b>	<b>411 925</b>	<b>1 527 902</b>	<b>420 305</b>	<b>1 637 737</b>
Income tax expense	(100 301)	(432 832)	(127 482)	(415 513)
<b>Net profit</b>	<b>311 624</b>	<b>1 095 070</b>	<b>292 823</b>	<b>1 222 224</b>
<b>Net profit attributable to:</b>				
- Owners of mBank S.A.	311 638	1 091 530	292 517	1 219 282
- Non-controlling interests	(14)	3 540	306	2 942
<b>Net profit attributable to Owners of mBank S.A.</b>	<b>311 638</b>	<b>1 091 530</b>	<b>292 517</b>	<b>1 219 282</b>
<b>Weighted average number of ordinary shares</b>	<b>42 311 943</b>	<b>42 290 313</b>	<b>42 279 975</b>	<b>42 252 790</b>
<b>Earnings per share (in PLN)</b>	<b>7.37</b>	<b>25.81</b>	<b>6.92</b>	<b>28.86</b>
<b>Weighted average number of ordinary shares for diluted earnings</b>	<b>42 335 872</b>	<b>42 314 242</b>	<b>42 335 872</b>	<b>42 278 599</b>
<b>Diluted earnings per share (in PLN)</b>	<b>7.36</b>	<b>25.80</b>	<b>6.91</b>	<b>28.84</b>

**Consolidated statement of comprehensive income of mBank S.A. Group**

	4th Quarter (current year) period from 01.10.2017 to 31.12.2017	4 Quarters (current year) period from 01.01.2017 to 31.12.2017	4th Quarter (previous year) period from 01.10.2016 to 31.12.2016	4 Quarters (previous year) period from 01.01.2016 to 31.12.2016
<b>Net profit</b>	<b>311 624</b>	<b>1 095 070</b>	<b>292 823</b>	<b>1 222 224</b>
<b>Other comprehensive income net of tax, including:</b>	<b>11 407</b>	<b>165 219</b>	<b>(205 652)</b>	<b>(447 125)</b>
<b>Items that may be reclassified subsequently to the income statement</b>				
Exchange differences on translation of foreign operations (net)	(174)	477	1 592	422
Change in valuation of available for sale financial assets (net)	16 917	171 461	(205 585)	(445 422)
Cash flows hedges (net)	(2 264)	(3 653)	(1 938)	(2 404)
<b>Items that will not be reclassified to the income statement</b>				
Actuarial gains and losses relating to post-employment benefits (net)	(3 072)	(3 066)	279	279
<b>Total comprehensive income (net)</b>	<b>323 031</b>	<b>1 260 289</b>	<b>87 171</b>	<b>775 099</b>
<b>Total comprehensive income (net), attributable to:</b>				
- Owners of mBank S.A.	323 045	1 256 749	86 865	772 157
- Non-controlling interests	(14)	3 540	306	2 942

**Consolidated statement of financial position of mBank S.A. Group**

<b>ASSETS</b>	<b>31.12.2017</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Cash and balances with the Central Bank	7 384 869	6 028 470	9 164 281
Loans and advances to banks	1 707 722	2 403 911	3 082 855
Trading securities	1 525 382	1 990 360	3 800 634
Derivative financial instruments	1 236 303	1 348 821	1 808 847
Loans and advances to customers	84 475 844	85 531 969	81 763 277
Investment securities	32 144 699	32 448 706	31 393 352
Investments in associates	28 680	28 387	-
Non-current assets held for sale	42 134	-	-
Intangible assets	710 642	636 272	582 663
Tangible assets	758 738	701 845	757 371
Current income tax assets	9 688	8 770	1 310
Deferred income tax assets	629 250	561 590	540 756
Other assets	770 068	788 925	848 156
<b>Total assets</b>	<b>131 424 019</b>	<b>132 478 026</b>	<b>133 743 502</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to the Central Bank	-	2	-
Amounts due to other banks	5 073 351	8 451 807	8 486 753
Derivative financial instruments	1 095 365	1 014 022	1 599 266
Amounts due to customers	91 496 027	90 677 502	91 417 962
Debt securities in issue	14 322 852	13 685 190	12 660 389
Hedge accounting adjustments related to fair value of hedged items	44 854	57 728	116 871
Other liabilities	2 571 130	2 125 424	2 178 790
Current income tax liabilities	179 685	120 835	104 999
Provisions for deferred income tax	81	1 380	1 208
Provisions	190 975	172 151	182 754
Subordinated liabilities	2 158 143	2 204 523	3 943 349
<b>Total liabilities</b>	<b>117 132 463</b>	<b>118 510 564</b>	<b>120 692 341</b>
<b>Equity</b>			
<b>Equity attributable to Owners of mBank S.A.</b>	<b>14 289 370</b>	<b>13 965 261</b>	<b>13 023 756</b>
<b>Share capital:</b>	<b>3 564 176</b>	<b>3 563 854</b>	<b>3 551 096</b>
- Registered share capital	169 248	169 245	169 121
- Share premium	3 394 928	3 394 609	3 381 975
<b>Retained earnings:</b>	<b>10 574 294</b>	<b>10 261 914</b>	<b>9 486 979</b>
- Profit from the previous years	9 482 764	9 482 022	8 267 697
- Profit for the current year	1 091 530	779 892	1 219 282
<b>Other components of equity</b>	<b>150 900</b>	<b>139 493</b>	<b>(14 319)</b>
<b>Non-controlling interests</b>	<b>2 186</b>	<b>2 201</b>	<b>27 405</b>
<b>Total equity</b>	<b>14 291 556</b>	<b>13 967 462</b>	<b>13 051 161</b>
<b>Total liabilities and equity</b>	<b>131 424 019</b>	<b>132 478 026</b>	<b>133 743 502</b>
<b>Total capital ratio</b>	<b>20.99</b>	<b>20.47</b>	<b>20.29</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>18.31</b>	<b>17.83</b>	<b>17.32</b>
<b>Book value</b>	<b>14 289 370</b>	<b>13 965 261</b>	<b>13 023 756</b>
<b>Number of shares</b>	<b>42 312 122</b>	<b>42 311 255</b>	<b>42 280 127</b>
<b>Book value per share (in PLN)</b>	<b>337.71</b>	<b>330.06</b>	<b>308.03</b>

## mBank S.A. stand-alone financial information

## Income statement of mBank S.A.

	4th Quarter (current year) period from 01.10.2017 to 31.12.2017	4 Quarters (current year) period from 01.01.2017 to 31.12.2017	4th Quarter (previous year) period from 01.10.2016 to 31.12.2016	4 Quarters (previous year) period from 01.01.2016 to 31.12.2016
Interest income	921 764	3 550 968	879 115	3 394 096
Interest expense	(194 611)	(792 483)	(221 386)	(927 910)
<b>Net interest income</b>	<b>727 153</b>	<b>2 758 485</b>	<b>657 729</b>	<b>2 466 186</b>
Fee and commission income	357 173	1 405 071	366 286	1 259 269
Fee and commission expense	(161 208)	(588 155)	(162 572)	(576 047)
<b>Net fee and commission income</b>	<b>195 965</b>	<b>816 916</b>	<b>203 714</b>	<b>683 222</b>
Dividend income	162	166 285	32 893	166 833
Net trading income, including:	76 034	303 383	27 615	249 545
<i>Foreign exchange result</i>	<i>67 730</i>	<i>290 535</i>	<i>47 442</i>	<i>265 741</i>
<i>Other net trading income and result on hedge accounting</i>	<i>8 304</i>	<i>12 848</i>	<i>(19 827)</i>	<i>(16 196)</i>
Gains less losses from investment securities, investments in subsidiaries and associates, including:	18 505	8 231	10 506	261 213
<i>Gains less losses from investment securities</i>	<i>18 505</i>	<i>9 908</i>	<i>10 506</i>	<i>261 652</i>
<i>Gains less losses from investments in subsidiaries and associates</i>	<i>-</i>	<i>(1 677)</i>	<i>-</i>	<i>(439)</i>
Other operating income	27 151	113 938	16 580	68 750
Net impairment losses on loans and advances	(129 879)	(457 889)	(16 687)	(312 195)
Overhead costs	(371 702)	(1 589 578)	(384 619)	(1 491 553)
Amortisation	(61 706)	(200 856)	(47 983)	(199 826)
Other operating expenses	(46 301)	(107 119)	(22 058)	(102 941)
<b>Operating profit</b>	<b>435 382</b>	<b>1 811 796</b>	<b>477 690</b>	<b>1 789 234</b>
Taxes on the Bank's balance sheet items	(88 685)	(350 830)	(87 580)	(312 254)
Share in profits (losses) of entities under the equity method	58 954	9 258	19 707	93 174
<b>Profit before income tax</b>	<b>405 651</b>	<b>1 470 224</b>	<b>409 817</b>	<b>1 570 154</b>
Income tax expense	(93 865)	(380 520)	(112 662)	(350 815)
<b>Net profit</b>	<b>311 786</b>	<b>1 089 704</b>	<b>297 155</b>	<b>1 219 339</b>
<b>Net profit attributable to Owners of mBank S.A.</b>	<b>311 786</b>	<b>1 089 704</b>	<b>297 155</b>	<b>1 219 339</b>
<b>Weighted average number of ordinary shares</b>	<b>42 311 943</b>	<b>42 290 313</b>	<b>42 279 975</b>	<b>42 252 790</b>
<b>Earnings per share (in PLN)</b>	<b>7.37</b>	<b>25.77</b>	<b>7.03</b>	<b>28.86</b>
<b>Weighted average number of ordinary shares for diluted earnings</b>	<b>42 335 872</b>	<b>42 314 242</b>	<b>42 307 471</b>	<b>42 280 286</b>
<b>Diluted earnings per share (in PLN)</b>	<b>7.36</b>	<b>25.75</b>	<b>7.02</b>	<b>28.84</b>

## Statement of comprehensive income

	4th Quarter (current year) period from 01.10.2017 to 31.12.2017	4 Quarters (current year) period from 01.01.2017 to 31.12.2017	4th Quarter (previous year) period from 01.10.2016 to 31.12.2016	4 Quarters (previous year) period from 01.01.2016 to 31.12.2016
<b>Net profit</b>	<b>311 786</b>	<b>1 089 704</b>	<b>297 155</b>	<b>1 219 339</b>
<b>Other comprehensive income net of tax, including:</b>	<b>11 696</b>	<b>165 227</b>	<b>(206 050)</b>	<b>(447 125)</b>
<b>Items that may be reclassified subsequently to the income statement</b>				
Exchange differences on translation of foreign operations (net)	(126)	617	1 507	337
Change in valuation of available for sale financial assets (net)	15 667	166 844	(204 893)	(444 189)
Cash flow hedges (net)	(2 264)	(3 653)	(1 938)	(2 404)
Share in other comprehensive income of entities under the equity method (net)	1 507	4 507	(1 059)	(1 202)
<b>Items that will not be reclassified to the income statement</b>				
Actuarial gains and losses relating to post-employment benefits (net)	(3 088)	(3 088)	333	333
<b>Total comprehensive income net of tax, total</b>	<b>323 482</b>	<b>1 254 931</b>	<b>91 105</b>	<b>772 214</b>

**Statement of financial position**

<b>ASSETS</b>	<b>31.12.2017</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Cash and balances with the Central Bank	7 383 518	6 021 685	9 158 751
Loans and advances to banks	6 063 702	7 635 501	7 308 769
Trading securities	1 547 802	2 041 620	3 837 606
Derivative financial instruments	1 233 549	1 354 284	1 818 306
Loans and advances to customers	73 431 738	74 672 195	72 304 131
Investment securities	31 110 560	31 368 783	30 467 780
Investments in subsidiaries	2 060 847	1 998 119	1 782 219
Investments in associates	28 680	28 387	-
Intangible assets	648 191	581 688	540 452
Tangible assets	509 773	435 871	481 695
Current income tax assets	6 558	5 003	1 067
Deferred income tax assets	129 037	101 158	146 693
Other assets	415 528	413 393	367 796
<b>Total assets</b>	<b>124 569 483</b>	<b>126 657 687</b>	<b>128 215 265</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to the Central Bank	-	2	-
Amounts due to other banks	5 089 716	8 592 747	8 503 014
Derivative financial instruments	1 141 035	1 043 062	1 644 250
Amounts due to customers	99 331 571	98 761 881	98 960 320
Hedge accounting adjustments related to fair value of hedged items	27 046	38 977	87 566
Other liabilities	2 171 413	1 766 000	1 792 740
Current income tax liabilities	172 003	115 301	77 475
Provisions for deferred income tax	81	83	100
Provisions	190 914	172 058	182 648
Subordinated liabilities	2 158 143	2 204 523	3 943 349
<b>Total liabilities</b>	<b>110 281 922</b>	<b>112 694 634</b>	<b>115 191 462</b>
<b>Equity</b>			
<b>Share capital:</b>	<b>3 564 176</b>	<b>3 563 854</b>	<b>3 551 096</b>
- Registered share capital	169 248	169 245	169 121
- Share premium	3 394 928	3 394 609	3 381 975
<b>Retained earnings:</b>	<b>10 572 341</b>	<b>10 259 851</b>	<b>9 486 890</b>
- Profit for the previous years	9 482 637	9 481 933	8 267 551
- Net profit for the current year	1 089 704	777 918	1 219 339
<b>Other components of equity</b>	<b>151 044</b>	<b>139 348</b>	<b>(14 183)</b>
<b>Total equity</b>	<b>14 287 561</b>	<b>13 963 053</b>	<b>13 023 803</b>
<b>Total liabilities and equity</b>	<b>124 569 483</b>	<b>126 657 687</b>	<b>128 215 265</b>
<b>Total capital ratio</b>	<b>24.62</b>	<b>24.16</b>	<b>24.07</b>
<b>Common Equity Tier 1 capital ratio</b>	<b>21.51</b>	<b>21.08</b>	<b>20.59</b>
<b>Book value</b>	<b>14 287 561</b>	<b>13 963 053</b>	<b>13 023 803</b>
<b>Number of shares</b>	<b>42 312 122</b>	<b>42 311 255</b>	<b>42 280 127</b>
<b>Book value per share (in PLN)</b>	<b>337.67</b>	<b>330.06</b>	<b>308.04</b>

## Summary of mBank Group results in Q4 2017

Net profit attributable to the shareholders of mBank generated in 2017 totalled PLN 311.6 million in Q4 2017, which represents an increase by 6.9% compared with Q3 2017.

The total income generated by mBank Group decreased marginally against the previous quarter and amounted to PLN 1,141.5 million. Core income grew slightly and reached its all-time high. The 3.6% net interest income increase offset the 9.0% drop in the net fee and commission income. The growth of the net interest income was mainly attributable to higher interest income on loans and advances to customers. Net interest margin of mBank Group increased quarter on quarter and reached 2.6% in Q4 2017, compared with 2.5% in Q3 2017. Net commission income dropped due to lower income from payment cards and brokerage operations, and higher commission expenses. Net trading income decreased by 12.2% quarter on quarter. The drop was driven by the foreign exchange result, whereas other net trading income increased in the period under review. Gains less losses from investment securities and investments in subsidiaries and associates increased significantly quarter on quarter owing to the sale of bonds from the portfolio of assets available for sale. Net other operating income (other operating income net of other operating expenses) went down compared with Q3 2017, mainly due to the creation of provisions for future commitments.

In Q4 2017, total overhead costs of mBank Group (including amortisation) stood at PLN 494.5 million and were up by 1.8% quarter on quarter. The increase was attributable to higher amortisation, while overhead costs declined by 1.3%. Staff-related expenses grew slightly (0.7%), whereas material costs fell by 3.3% thanks to lower IT and consulting services costs. Amortisation and depreciation costs went up as a result of higher IT equipment depreciation which involved, among others, a one-off accelerated server depreciation.

The above trends in the incomes and costs resulted in a slight growth of the cost/income ratio to 43.3% (compared with 42.3% in the previous quarter).

Net impairment losses on loans and advances in mBank Group amounted to PLN 140.0 million in Q4 2017. They decreased by PLN 24.4 million, i.e. 14.9%, quarter on quarter. In the corporate clients segment, the provisions set up during the quarter decreased, while the provisions in the retail segment grew slightly.

The changes in the Group's results translated into net ROE at 9.4% in Q4 2017.

## Net interest income

the period	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016
<b>Interest income</b>				
Loans and advances including the unwind of the impairment provision discount	795 725	3 014 793	718 067	2 753 185
Investment securities	177 240	693 175	174 043	707 974
Cash and short-term placements	15 976	59 872	16 701	57 263
Trading debt securities	9 141	62 806	25 289	76 957
Interest income on derivatives classified into banking book	33 735	133 601	46 853	196 762
Interest income on derivatives concluded under the fair value hedge	17 772	66 808	16 346	59 936
Interest income on derivatives concluded under the cash flow hedge	5 000	15 780	3 981	15 874
Other	1 950	5 239	2 017	4 904
<b>Total interest income</b>	<b>1 056 539</b>	<b>4 052 074</b>	<b>1 003 297</b>	<b>3 872 855</b>
<b>Interest expense</b>				
Arising from amounts due to banks	(13 213)	(59 089)	(5 493)	(63 678)
Arising from amounts due to customers	(121 809)	(493 022)	(142 999)	(638 687)
Arising from issue of debt securities	(77 041)	(280 211)	(79 796)	(256 992)
Arising from subordinated liabilities	(16 873)	(69 017)	(17 711)	(68 661)
Other	(2 491)	(15 075)	(4 028)	(11 994)
<b>Total interest expense</b>	<b>(231 427)</b>	<b>(916 414)</b>	<b>(250 027)</b>	<b>(1 040 012)</b>



**Net fee and commission income**

the period	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016
<b>Fee and commission income</b>				
Payment cards-related fees	90 267	372 887	99 119	361 907
Credit-related fees and commissions	82 075	324 784	85 601	308 497
Commissions for agency service regarding sale of insurance products of external financial entities	46 823	187 388	46 643	166 784
Fees from brokerage activity and debt securities issue	31 135	135 450	48 487	142 024
Commissions from bank accounts	48 699	186 677	44 007	170 153
Commissions from money transfers	32 184	119 876	28 861	110 584
Commissions due to guarantees granted and trade finance commissions	19 355	71 395	15 567	58 819
Commissions for agency service regarding sale of other products of external financial entities	30 838	136 558	32 060	115 351
Commissions on trust and fiduciary activities	6 498	26 344	6 116	25 017
Fees from portfolio management services and other management-related fees	3 823	14 794	3 700	13 533
Fees from cash services	13 301	53 258	13 733	51 082
Other	9 283	30 262	5 324	27 092
<b>Total fee and commission income</b>	<b>414 281</b>	<b>1 659 673</b>	<b>429 218</b>	<b>1 550 843</b>

the period	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016
<b>Fee and commission expense</b>				
Payment cards-related fees	(64 844)	(244 656)	(58 982)	(229 856)
Commissions paid to external entities for sale of the Bank's products	(34 176)	(130 686)	(32 189)	(123 010)
Commissions paid for agency service regarding sale of insurance products of external financial entities	(684)	(2 515)	(418)	(2 085)
Discharged brokerage fees	(6 927)	(28 626)	(18 945)	(56 271)
Cash services	(10 868)	(47 537)	(14 340)	(47 906)
Fees to NBP and KIR	(4 527)	(13 057)	(3 924)	(11 453)
Other discharged fees	(58 777)	(200 438)	(49 786)	(173 817)
<b>Total fee and commission expense</b>	<b>(180 803)</b>	<b>(667 515)</b>	<b>(178 584)</b>	<b>(644 398)</b>

**Overhead costs**

the period	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016
Staff-related expenses	(228 628)	(902 879)	(220 423)	(876 705)
Material costs, including:	(174 859)	(705 197)	(168 370)	(671 314)
- logistics cost	(93 826)	(358 893)	(84 035)	(337 722)
- IT costs	(30 818)	(151 898)	(39 129)	(146 112)
- marketing costs	(30 308)	(112 099)	(29 775)	(121 965)
- consulting costs	(17 714)	(70 011)	(12 066)	(53 329)
- other material costs	(2 193)	(12 296)	(3 365)	(12 186)
Taxes and fees	(6 092)	(23 169)	1 484	(22 836)
Contributions and transfers to the Bank Guarantee Fund	(15 525)	(180 076)	(49 231)	(161 748)
Contributions to the Social Benefits Fund	(1 602)	(7 628)	(1 533)	(7 040)
<b>Total overhead costs</b>	<b>(426 706)</b>	<b>(1 818 949)</b>	<b>(438 073)</b>	<b>(1 739 643)</b>

**Staff-related expenses**

the period	from 01.10.2017 to 31.12.2017	from 01.01.2017 to 31.12.2017	from 01.10.2016 to 31.12.2016	from 01.01.2016 to 31.12.2016
Wages and salaries	(189 145)	(738 705)	(181 728)	(720 132)
Social security expenses	(27 175)	(118 570)	(25 140)	(112 534)
Employee contributions related to post-employment benefits	(652)	(702)	(700)	(700)
Remuneration concerning share-based payments, including:	(1 274)	(9 703)	(2 704)	(11 408)
- share-based payments settled in mBank S.A. shares	(1 023)	(8 700)	(1 600)	(9 088)
- cash-settled share-based payments	(251)	(1 003)	(1 104)	(2 320)
Other staff expenses	(10 382)	(35 199)	(10 151)	(31 931)
<b>Total staff-related expenses</b>	<b>(228 628)</b>	<b>(902 879)</b>	<b>(220 423)</b>	<b>(876 705)</b>

**Comment to the consolidated statement of financial position of mBank Group**

The balance sheet total of mBank Group stood at PLN 131,424.0 million at the end of Q4 2017, down by 0.8% compared with the end of September 2017.

**Assets of mBank Group**

Loans and advances to customers were the largest asset category of mBank Group at the end of Q4 2017, accounting for 64.3% of the Group's asset structure. As at the end of Q4 2017, net loans and

advances stood at PLN 84,475.8 million and were down by PLN 1,056.1 million or 1.2% on the previous quarter.

Gross loans and advances to corporate clients decreased slightly quarter on quarter to PLN 37,941.7 million, i.e. 0.9% (excluding reverse repo / buy-sell-back transactions and the FX effect, the volume of loans and advances to corporate clients grew by 0.2%).

The volume of loans to individual clients fell by PLN 1.6% compared with the end of Q3 2017 and amounted to PLN 48,142.8 million. The volume of mortgage and housing loans decreased by 3.3% quarter on quarter (PLN 32,593.2 million), mainly owing to the strengthening of the zloty.

Investment securities were the Bank's second largest asset category at the end of Q4 2017 and stood at PLN 32,144.7 million, accounting for 24.5% of total assets, down by PLN 304.0 million, i.e. 0.9%, quarter on quarter.

#### mBank Group's total liabilities and equity

In Q4 2017, amounts due to clients, which are the Group's principal source of funding, increased by PLN 818.5 million, i.e. 0.9%, quarter on quarter. The share of amounts due to clients in total liabilities and equity reached 69.6% compared with 68.4% at the end of September 2017.

Retail deposits had the greatest share in liabilities to customers at 60.9% (55,693.6 million at the end of Q4, i.e. +3.1% quarter on quarter). Funds in current accounts increased by 4.4%, whereas the volume of term deposits decreased by 2.1%.

Amounts due to corporate clients stood at PLN 34,589.6 million at the end of 2017. The inflow of funds in current accounts (+10.9%) was partially offset by the 75.4% drop in repo transactions.

The share of equity in total liabilities and equity of mBank Group increased quarter on quarter to 10.9% (against 10.5% at the end of September 2017).

The level of mBank Group's capital ratios rose in Q4 2017, mainly in due to an increase of own funds (resulting from the inclusion of the part of Q3 2017 net profit) and a decline in the total risk exposure amount related to the stronger zloty. As at the end of 2017, the Total Capital Ratio of mBank Group stood at 21.0% and the Common Equity Tier 1 ratio at 18.3%.

#### Impact of IFRS 9 implementation

The total fully-loaded impact of IFRS 9 calculated as on 1 January 2018 is insignificant (no more than 5bps) on Group and Bank TCR and Tier1 ratio.

The Bank decided, for the purpose of capital adequacy calculation, including calculation of own funds, based on the Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 (Regulation) amending Regulation (EU) No 575/2013 in light of Article 1 paragraph 9 of the Regulation, not to apply the transitional arrangements that would mitigate the impact on capital resulting from the introduction of IFRS9.

**Loans and advances to customers**

	31.12.2017	30.09.2017	31.12.2016
<b>Loans and advances to individuals:</b>	<b>48 142 786</b>	<b>48 949 143</b>	<b>48 949 829</b>
- current receivables	7 324 329	7 244 258	6 458 369
- term loans, including:	40 818 457	41 704 885	42 491 460
- housing and mortgage loans	32 593 180	33 693 342	35 369 113
<b>Loans and advances to corporate entities:</b>	<b>37 941 722</b>	<b>38 287 508</b>	<b>34 174 289</b>
- current receivables	5 187 588	5 750 421	4 125 405
- term loans:	30 599 981	30 451 837	28 267 897
- corporate & institutional enterprises	5 030 702	5 327 095	5 037 182
- medium & small enterprises	25 569 279	25 124 742	23 230 715
- reverse repo / buy-sell-back transactions	57 119	55 649	56 676
- other	2 097 034	2 029 601	1 724 311
<b>Loans and advances to public sector</b>	<b>995 570</b>	<b>1 035 255</b>	<b>1 228 230</b>
<b>Other receivables</b>	<b>307 627</b>	<b>212 273</b>	<b>228 424</b>
<b>Total (gross) loans and advances to customers</b>	<b>87 387 705</b>	<b>88 484 179</b>	<b>84 580 772</b>
Provisions for loans and advances to customers (negative amount)	(2 911 861)	(2 952 210)	(2 817 495)
<b>Total (net) loans and advances to customers</b>	<b>84 475 844</b>	<b>85 531 969</b>	<b>81 763 277</b>

**Currency structure of housing and mortgage loans granted to individual customers**

	31.12.2017	30.09.2017	31.12.2016
<b>Housing and mortgage loans to individuals (in PLN 000's), including:</b>	<b>32 593 180</b>	<b>33 693 342</b>	<b>35 369 113</b>
- PLN	11 102 044	10 770 562	9 500 619
- CHF	14 932 401	16 129 299	18 725 950
- EUR	3 307 662	3 518 873	3 915 620
- CZK	2 973 145	2 975 764	2 850 232
- USD	248 198	266 446	336 694
- Other currency	29 730	32 398	39 998

**Housing and mortgage loans to individuals in original currencies (main currencies in 000's)**

- PLN	11 102 044	10 770 562	9 500 619
- CHF	4 186 029	4 287 541	4 548 114
- EUR	793 034	816 615	885 086
- CZK	18 217 800	17 980 447	17 411 313
- USD	71 295	72 961	80 562

**Provisions for loans and advances**

	31.12.2017	30.09.2017	31.12.2016
<b>Incurred but not identified losses</b>			
Gross balance sheet exposure	82 883 395	83 904 487	80 043 614
Impairment provisions for exposures analysed according to portfolio approach	(243 810)	(244 678)	(226 430)
<b>Net balance sheet exposure</b>	<b>82 639 585</b>	<b>83 659 809</b>	<b>79 817 184</b>
<b>Receivables with impairment</b>			
Gross balance sheet exposure	4 504 310	4 579 692	4 537 158
Provisions for receivables with impairment	(2 668 051)	(2 707 532)	(2 591 065)
<b>Net balance sheet exposure</b>	<b>1 836 259</b>	<b>1 872 160</b>	<b>1 946 093</b>

**Amounts due to customers**

	31.12.2017	30.09.2017	31.12.2016
<b>Individual customers:</b>	<b>55 693 608</b>	<b>54 037 180</b>	<b>53 494 909</b>
Current accounts	43 733 114	41 878 277	38 051 354
Term deposits	11 819 154	12 076 967	15 380 844
Other liabilities:	141 340	81 936	62 711
- liabilities in respect of cash collaterals	62 279	37 683	31 098
- other	79 061	44 253	31 613
<b>Corporate customers:</b>	<b>34 589 603</b>	<b>34 725 104</b>	<b>37 383 484</b>
Current accounts	21 463 748	19 362 566	22 065 224
Term deposits	8 037 151	8 426 194	8 911 873
Loans and advances received	4 142 082	4 503 882	4 201 768
Repo transactions	439 637	1 788 504	1 600 487
Other liabilities:	506 985	643 958	604 132
- liabilities in respect of cash collaterals	348 268	453 212	392 425
- other	158 717	190 746	211 707
<b>Public sector customers:</b>	<b>1 212 816</b>	<b>1 915 218</b>	<b>539 569</b>
Current accounts	623 231	514 662	466 078
Term deposits	585 389	1 394 637	65 507
Other liabilities:	4 196	5 919	7 984
- liabilities in respect of cash collaterals	-	-	3
- other	4 196	5 919	7 981
<b>Total amounts due to customers</b>	<b>91 496 027</b>	<b>90 677 502</b>	<b>91 417 962</b>

**Business segments**

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

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
<b>Net interest income</b>	<b>832 749</b>	<b>282 176</b>	<b>2 013 103</b>	<b>7 632</b>	<b>3 135 660</b>
- sales to external clients	897 740	595 308	1 638 103	4 509	3 135 660
- sales to other segments	(64 991)	(313 132)	375 000	3 123	-
<b>Net fee and commission income</b>	<b>406 289</b>	<b>(7 602)</b>	<b>582 321</b>	<b>11 150</b>	<b>992 158</b>
<b>Dividend income</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>3 417</b>	<b>3 428</b>
<b>Trading income</b>	<b>246 341</b>	<b>(64 902)</b>	<b>114 184</b>	<b>(1 560)</b>	<b>294 063</b>
<b>Gains less losses from investment securities, investments in subsidiaries and associates</b>	<b>(6 050)</b>	<b>20 783</b>	<b>-</b>	<b>(18 670)</b>	<b>(3 937)</b>
<b>Other operating income</b>	<b>58 067</b>	<b>877</b>	<b>55 871</b>	<b>127 545</b>	<b>242 360</b>
<b>Net impairment losses on loans and advances</b>	<b>(168 099)</b>	<b>2 119</b>	<b>(342 625)</b>	<b>884</b>	<b>(507 721)</b>
<b>Overhead costs</b>	<b>(607 721)</b>	<b>(111 090)</b>	<b>(1 074 961)</b>	<b>(25 177)</b>	<b>(1 818 949)</b>
<b>Amortisation</b>	<b>(74 088)</b>	<b>(9 849)</b>	<b>(137 278)</b>	<b>(3 004)</b>	<b>(224 219)</b>
<b>Other operating expenses</b>	<b>(40 138)</b>	<b>(1 147)</b>	<b>(89 603)</b>	<b>(79 283)</b>	<b>(210 171)</b>
<b>Operating profit</b>	<b>647 350</b>	<b>111 376</b>	<b>1 121 012</b>	<b>22 934</b>	<b>1 902 672</b>
<b>Taxes on Group balance sheet items</b>	<b>(141 748)</b>	<b>(32 264)</b>	<b>(195 832)</b>	<b>(5 412)</b>	<b>(375 256)</b>
<b>Share in profits (losses) of entities under the equity method</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>486</b>	<b>486</b>
<b>Gross profit of the segment</b>	<b>505 602</b>	<b>79 112</b>	<b>925 180</b>	<b>18 008</b>	<b>1 527 902</b>
Income tax	-	-	-	-	(432 832)
Net profit attributable to Owners of mBank S.A.	-	-	-	-	1 091 530
Net profit attributable to non-controlling interests	-	-	-	-	3 540
<b>Assets of the segment</b>	<b>37 438 110</b>	<b>41 469 251</b>	<b>50 963 246</b>	<b>1 553 412</b>	<b>131 424 019</b>
<b>Liabilities of the segment</b>	<b>31 408 233</b>	<b>27 320 647</b>	<b>57 764 732</b>	<b>638 851</b>	<b>117 132 463</b>

Business segment reporting on the activities of mBank S.A. Group  
for the period from 1 January to 31 December 2016  
(PLN'000)

	Corporates & Financial Markets		Retail Banking (including Private Banking)	Other	Total figure for the Group
	Corporate and Investment Banking	Financial Markets			
<b>Net interest income</b>	<b>750 522</b>	<b>314 536</b>	<b>1 762 440</b>	<b>5 345</b>	<b>2 832 843</b>
- sales to external clients	753 889	702 398	1 373 712	2 844	2 832 843
- sales to other segments	(3 367)	(387 862)	388 728	2 501	-
<b>Net fee and commission income</b>	<b>378 797</b>	<b>(4 560)</b>	<b>517 665</b>	<b>14 543</b>	<b>906 445</b>
<b>Dividend income</b>	<b>-</b>	<b>410</b>	<b>5</b>	<b>2 912</b>	<b>3 327</b>
<b>Trading income</b>	<b>243 641</b>	<b>(103 253)</b>	<b>100 272</b>	<b>3 971</b>	<b>244 631</b>
<b>Gains less losses from investment securities, investments in subsidiaries and associates</b>	<b>20 973</b>	<b>17 280</b>	<b>230 455</b>	<b>(7 427)</b>	<b>261 281</b>
<b>The share in the profits (losses) of joint ventures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(107)</b>	<b>(107)</b>
<b>Other operating income</b>	<b>56 348</b>	<b>83</b>	<b>41 074</b>	<b>146 244</b>	<b>243 749</b>
<b>Net impairment losses on loans and advances</b>	<b>(76 548)</b>	<b>(1 653)</b>	<b>(284 922)</b>	<b>(2 271)</b>	<b>(365 394)</b>
<b>Overhead costs</b>	<b>(641 582)</b>	<b>(94 940)</b>	<b>(973 052)</b>	<b>(30 069)</b>	<b>(1 739 643)</b>
<b>Amortisation</b>	<b>(75 442)</b>	<b>(9 480)</b>	<b>(135 573)</b>	<b>(3 146)</b>	<b>(223 641)</b>
<b>Other operating expenses</b>	<b>(38 015)</b>	<b>(774)</b>	<b>(55 913)</b>	<b>(102 113)</b>	<b>(196 815)</b>
<b>Operating profit</b>	<b>618 694</b>	<b>117 649</b>	<b>1 202 451</b>	<b>27 882</b>	<b>1 966 676</b>
<b>Taxes on Group balance sheet items</b>	<b>(120 113)</b>	<b>(26 788)</b>	<b>(178 539)</b>	<b>(3 499)</b>	<b>(328 939)</b>
<b>Gross profit of the segment</b>	<b>498 581</b>	<b>90 861</b>	<b>1 023 912</b>	<b>24 383</b>	<b>1 637 737</b>
Income tax	-	-	-	-	(415 513)
Net profit attributable to Owners of mBank S.A.	-	-	-	-	1 219 282
Net profit attributable to non-controlling interests	-	-	-	-	2 942
<b>Assets of the segment</b>	<b>34 384 935</b>	<b>46 111 056</b>	<b>51 914 792</b>	<b>1 332 719</b>	<b>133 743 502</b>
<b>Liabilities of the segment</b>	<b>32 083 584</b>	<b>32 622 759</b>	<b>55 026 967</b>	<b>959 031</b>	<b>120 692 341</b>