

*This prospectus constitutes a base prospectus (the "**Base Prospectus**" or the "**Prospectus**") in respect of non-equity securities within the meaning of Article 22 Para.(6) No. 4 of the Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (the "**Prospectus Regulation**").*

BASE PROSPECTUS



MBANK S.A.

€3,000,000,000

Euro Medium Term Note Programme

(incorporated as a joint stock company in the Republic of Poland)

Under this €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), mBank S.A. (the "**Issuer**" or the "**Bank**", and together with its consolidated subsidiaries, the "**Group**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The Programme was originally established by mFinance France S.A. which has ceased to be an issuer under the Programme.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

Application has been made to the Commission de Surveillance du Secteur Financier (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the "**Prospectus Act 2005**"), to approve this document as a base prospectus (*Loi relative aux prospectus pour valeurs mobilières*, which implements Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003) (as amended or superseded, the "**Prospectus Directive**"). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus and the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. This Base Prospectus will be published in electronic form, together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu). Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List of the Luxembourg Stock Exchange and have been admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU, as amended) ("**MiFID II**").

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "**EEA**") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer has requested the CSSF to provide each of the competent authorities of the Federal Republic of Germany ("**Germany**"), The Netherlands, the Republic of Austria ("**Austria**"), the United Kingdom and the Republic of Poland ("**Poland**") with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Act 2005. The Issuer may request the CSSF to provide the competent authorities in additional Member States of the EEA with similar certificates of approval.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see "*Subscription and Sale*").

The aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined herein) of Notes will be set out in a final terms document (the "**Final Terms**") which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Official List of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the "**Pricing Supplement**").

The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) for each Tranche of Notes will state whether the Notes of such Tranche are to be: (i) Senior Notes; or (ii) Subordinated Notes and, if Senior Notes, whether such notes are: (a) Ordinary Senior Notes; or (b) Senior Non-Preferred Notes and, if Subordinated Notes, whether such Notes are: (a) Senior Subordinated Notes; or (b) Tier 2 Subordinated Notes.

Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, LIBOR, PRIBOR, WIBOR, SOFR or SONIA, as specified in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes). As at the date of this Base Prospectus, the administrators of EURIBOR and WIBOR are not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"); the administrators of LIBOR and PRIBOR are included in ESMA's register. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute and GPW Benchmark S.A. are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Arranger
Commerzbank

Dealers

Barclays
Credit Suisse
Erste Group
J.P. Morgan

Commerzbank
DZ BANK AG
HSBC
UBS Investment Bank

UniCredit Bank

The date of this Base Prospectus is 28 March 2019.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer confirms that any information which has been extracted from an external source has been accurately reproduced and that, so far as it is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to its date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes issued under the Programme of any information coming to their attention.

As a result of the implementation of the BRRD (as defined herein) into Polish law or the law of any other relevant jurisdiction, holders of the Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption, which may result in such holders losing some or all of their investment. See "*Risk Factors - The Council of the European Union has adopted a bank recovery and resolution directive which has been implemented in Poland and which is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer could materially affect the value of any payment under the Notes*" and Condition 20 (*Write-Down or Conversion Power; Acknowledgement of Bail-In Tool*).

IMPORTANT – EEA RETAIL INVESTORS – Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors – Legend" as "Not Applicable", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these

purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

None of the Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Investors should consult the Issuer should they require a copy of the 2006 ISDA Definitions.

The rating of certain Series of Senior Notes to be issued under the Programme may be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). Whether or not each credit rating applied for in relation to the relevant Series of Senior Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the Final Terms. At the date of this Base Prospectus, the Subordinated Notes are not intended to be rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Product Classification Pursuant to Section 309B of the Securities and Futures Act (Chapter 289 of Singapore) – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) will constitute notice to "relevant persons" for the purposes of section 309B(1)(c) of the SFA.

References to Legislation – Any reference in this Base Prospectus to any legislation (whether primary legislation or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended, superseded or re-enacted.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer and the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the United Kingdom and Italy, see "*Subscription and Sale*") and Singapore.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the

relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Group has been derived from the audited consolidated financial statements of the Group for the financial years ended 2018 and 2017.

The Group's financial year ends on 31 December and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

The financial information relating to the Group's CHF funding profile, as set out in the section headed "*Description of the Group – Strategy of the Group – Active Balance Sheet Management*" has been extracted from the Group's management accounts as at 31 December 2018 and is unaudited.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus.

In this Base Prospectus, all references to:

- "**USD**", "**U.S. dollars**" and "**U.S.\$**" refer to United States dollars;
- "**Swiss Franc**" and "**CHF**" refer to the lawful currency of Switzerland;
- "**PLN**", "**zloty**" or "**zlotys**" refer to the lawful currency of Poland;
- "**Sterling**" and "**£**" refer to pounds sterling; and
- "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. On 27 March 2019, the National Bank of Poland (the NBP) exchange rate between the euro and zloty was EUR1 – PLN 4.2991, the exchange rate between United States dollars and zloty was USD1 – PLN 3.8113, and the exchange rate between the Swiss Franc and zloty was CHF1 – PLN 3.8373.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CONTENTS

	Page
SUMMARY OF THE PROGRAMME.....	2
RISK FACTORS.....	20
IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES.....	57
OVERVIEW OF THE PROGRAMME.....	63
DOCUMENTS INCORPORATED BY REFERENCE.....	66
FORM OF THE NOTES.....	69
APPLICABLE FINAL TERMS.....	71
APPLICABLE PRICING SUPPLEMENT.....	97
TERMS AND CONDITIONS OF THE NOTES.....	108
USE OF PROCEEDS.....	147
SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION.....	148
DESCRIPTION OF THE GROUP.....	159
RISK MANAGEMENT.....	189
MARKET AND LEGAL ENVIRONMENT.....	195
GENERAL INFORMATION ON THE BANK.....	202
MANAGEMENT AND SUPERVISORY CORPORATE AUTHORITIES.....	209
TAXATION.....	228
SUBSCRIPTION AND SALE.....	246
GENERAL INFORMATION.....	251
INDEX OF DEFINED TERMS.....	254

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

Section A – Introduction and warnings

Element	
A.1	<ul style="list-style-type: none"> • This summary should be read as an introduction to the Base Prospectus;
	<ul style="list-style-type: none"> • any decision to invest in any Notes should be based on consideration of this Base Prospectus as a whole by the investor;
	<ul style="list-style-type: none"> • where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated; and
	<ul style="list-style-type: none"> • civil liability attaches only to those persons who have tabled this summary, including any translation hereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or, it does not provide, when read together with the other parts of this Base Prospectus, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Notes.
A.2	<p>[Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Non-exempt Offer".]¹</p> <p>[Not Applicable; the Notes are not being offered to the public as part of a Non-exempt Offer.]</p> <p>[<i>Consent</i>: Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes by [<i>insert names of Managers</i>] (together, the "Managers")], [<i>names of specific financial intermediaries listed in final terms,</i>] [and] [each financial intermediary whose name is published on the Issuer's website (https://www.mbank.pl/en/home-page) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under applicable legislation implementing MiFID II) and publishes on its website the following statement (with the information in square brackets being duly completed):</p> <p><i>"We, [<i>insert legal name of financial intermediary</i>], refer to the offer of the [<i>insert title of relevant Notes</i>] (the "Notes") described in the Final Terms dated [<i>insert date</i>] (the "Final Terms") published by [<i>•</i>] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [<i>specify Member State(s)</i>] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and we are using the Base Prospectus accordingly."</i></p>

¹ Delete this paragraph when preparing an issue specific summary.

Element	
	<p><i>Offer period:</i> The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [<i>offer period for the issue to be specified here</i>] (the "Offer Period").</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent (in addition to the conditions referred to above) are that such consent: (a) is only valid during the Offer Period; and (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [<i>specify: Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and/or Poland and each other relevant Member State in which the particular</i>].</p> <p>AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]</p>

Section B – Issuer

Element	Title	
B.1	Legal and commercial name of the Issuer	mBank S.A. (the " Issuer " or the " Bank ")
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is incorporated as a joint stock company in the Republic of Poland and operates under Polish law. The Issuer has its seat in Warsaw and is domiciled in Warsaw, Poland. The Issuer was formerly known as BRE Bank S.A.
B.4b	Trend information	Not Applicable – There are no known trends affecting the Issuer and the industries in which it operates.
B.5	Description of the Group	<p>The Issuer, together with its consolidated subsidiaries (the "Group") is one of the largest financial services groups in Poland providing retail, corporate and investment banking as well as other financial services. Moreover, the Group has leading positions in brokerage, commercial real estate financing, factoring, leasing and the distribution of insurance products.</p> <p>The diagram below shows the structure of the Group as at the date of this Base Prospectus:</p> <div style="text-align: center;"> <pre> graph TD mBank[mBank S.A.] -- 100% --> mBankHip[mBank Hipoteczny S.A.] mBank -- 100% --> mFinanse[mFinanse S.A.] mBankHip -- 100% --> mFaktoring[mFaktoring S.A.] mBankHip -- 100% --> BDH[BDH Development Sp. z o.o.] mFinanse -- 100% --> mCentrum[mCentrum Operacji Sp. z o.o.] mFinanse -- 98.04% --> FutureTech[Future Tech FIZ] mFaktoring -- 100% --> Garbary[Garbary Sp. z o.o.] mFaktoring -- 100% --> TeleTech[Tele-Tech Investment Sp. z o.o.] mFinanse -- ~100% --> mLeasing[mLeasing Sp. z o.o.] mLeasing -- 100% --> Asekum[Asekum Sp. z o.o.] </pre> </div>
B.9	Profit forecast or estimate	Not Applicable – No profit forecasts or estimates have been made in the Base Prospectus.
B.10	Audit report qualifications	Not Applicable – No qualifications are contained in any audit opinion included or incorporated by reference in the Base Prospectus.
B.12	Selected historical key financial information of the Group:	<p>Consolidated Income Statements</p> <p>The table below sets out summary information extracted from the Group's audited consolidated income statements for each of the two years ended 31 December 2018 and 31 December 2017:</p>

Element	Title	Year ended 31 December	
		2018	2017
		(PLN thousands)	
		Audited	
Interest income.....		4,518,190	4,052,074
Interest expenses.....		(1,021,716)	(916,414)
Net interest income.....		3,496,474	3,135,660
Fee and commission income.....		1,641,782	1,659,673
Fee and commission expenses.....		(665,932)	(667,515)
Net fee and commission income.....		975,850	992,158
Dividend income.....		3,558	3,428
Net trading income.....		347,336	294,063
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss.....		(160,041)	n/a
Gains less losses from investment securities, investments in subsidiaries and associates.....		n/a	(3,937)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates..		14,495	n/a
Other operating income.....		407,620	242,360
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.....		(527,573)	(507,721)
Overhead costs.....		(1,911,340)	(1,818,949)
Depreciation.....		(252,592)	(224,219)
Other operating expenses.....		(192,953)	(210,171)
Operating profit.....		2,200,834	1,902,672
Taxes on the Group balance sheet items.....		(401,760)	(375,256)
Share in profits (losses) of entities under the equity method.....		1,240	486
Profit before income tax.....		1,800,314	1,527,902
Income tax expense.....		(483,945)	(432,832)
Net profit.....		1,316,369	1,095,070
Net profit attributable to:			
Owners of mBank S.A.....		1,316,451	1,091,530
Non-controlling interests.....		(82)	3,540
<i>Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018</i>			
Consolidated Statements of Financial Position			
The table below sets out summary information extracted from the Group's audited consolidated statements of financial position as at 31 December 2018 and 31 December 2017:			
Consolidated Statements of Financial Position			
		Year ended 31 December	
		2018	2017
		(PLN thousands)	
		Audited	
ASSETS			
Cash and balances with the Central Bank.....		9,199,264	7,384,869
Financial assets held for trading and derivatives held for hedges.....		2,104,302	2,761,685
Loans and advances to banks.....		n/a	1,707,722
Non-trading financial assets mandatorily at fair value through profit or loss, including:			
Equity instruments.....		2,836,060	n/a
Debt securities.....		72,775	n/a
Loans and advances to customers.....		58,130	n/a
Investment securities.....		2,705,155	n/a
Financial assets at fair value through other comprehensive income.....		n/a	32,144,699
Loans and advances to customers.....		24,338,284	n/a
Financial assets at amortised cost, including:			
Loans and advances to customers.....		n/a	84,475,844
Debt securities.....		103,564,317	n/a
Loans and advances to credit institutions.....		9,000,539	n/a
Loans and advances to customers.....		2,546,346	n/a
Investments in associates.....		92,017,432	n/a
Non-current assets and disposal groups classified as held for sale.....		-	28,680
Intangible assets.....		-	42,134
Tangible assets.....		776,175	710,642
Current income tax assets.....		785,026	758,738
Deferred income tax assets.....		9,336	9,688
Other assets.....		959,076	629,250
Total assets.....		1,178,279	770,068
		145,750,119	131,424,019

Element	Title		
	LIABILITIES & EQUITY		
	Financial liabilities held for trading and derivatives held for hedges	981,117	1,095,365
	Financial liabilities measured at amortised cost, including:	125,611,195	113,050,373
	Amounts due to banks	3,078,387	5,073,351
	Amounts due to customers	102,009,062	91,496,027
	Debt securities issued	18,049,583	14,322,852
	Subordinated liabilities.....	2,474,163	2,158,143
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	44,854
	Provisions	258,283	190,975
	Current income tax liabilities	352,962	179,685
	Deferred income tax liabilities	83	81
	Other liabilities.....	3,330,399	2,571,130
	Total liabilities	130,534,039	117,132,463
	Total equity	15,216,080	14,291,556
	Total liabilities and equity	145,750,119	131,424,019
	<i>Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018</i>		
	Statements of no significant or material adverse change		
	There has been no significant change in the financial or trading position of the Issuer and the Group since 31 December 2018 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2018.		
B.13	Events impacting the Issuer's solvency	Not Applicable – There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.	
B.14	Dependence upon other group entities	The Issuer relies on its subsidiary companies to offer additional services and products to its clients, including: financial intermediation, factoring and leasing.	
B.15	The Issuer's principal activities	The Bank provides retail, corporate and investment banking as well as other financial services in Poland. In addition, its retail banking products and services are offered in the Czech Republic and Slovakia. The Bank offers its retail clients a full range of products and services, including current and savings accounts (including foreign currency accounts), term deposits, lending products (including mortgage loans, consumer loans, car loans, cash loans, overdrafts, credit cards and other products), debit cards, insurance and investment products, and brokerage services.	
		The Bank offers its corporate banking customers a broad range of products and services, including current accounts, internet banking-based cash management services, term deposits, foreign exchange transactions, short-term financing and investment loans, cross-border credit, project finance and trade finance solutions, structured and mezzanine finance services, and investment banking services and products.	
B.16	Controlling shareholders	Commerzbank is the principal shareholder of the Bank. As of the date of the Base Prospectus, Commerzbank holds shares representing 69.33 per cent. of the Bank's share capital and of the total number of votes at the General Meeting.	
B.17	Credit ratings	The Issuer has been assigned the following ratings as at the date of this Base Prospectus:	

Element	Title																													
		<table border="0"> <thead> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;">Fitch Polska S.A.</th> <th style="text-align: center; border-bottom: 1px solid black;">S&P Global Ratings Europe Limited</th> </tr> </thead> <tbody> <tr> <td>Long-Term Issuer Credit Rating.....</td> <td style="text-align: center;">BBB</td> <td style="text-align: center;">BBB+</td> </tr> <tr> <td>Short-Term Issuer Credit Rating</td> <td style="text-align: center;">F2</td> <td style="text-align: center;">A-2</td> </tr> <tr> <td>Support rating.....</td> <td style="text-align: center;">2</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Viability rating</td> <td style="text-align: center;">bbb-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>SACP (stand-alone credit profile)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">bbb</td> </tr> <tr> <td>Long-Term Financial Institution Resolution Counterparty Rating.....</td> <td></td> <td style="text-align: center;">A-</td> </tr> <tr> <td>Short-Term Financial Institution Resolution Counterparty Rating.....</td> <td></td> <td style="text-align: center;">A-2</td> </tr> <tr> <td>Outlook of long-term Issuer Credit Rating</td> <td style="text-align: center;">stable</td> <td style="text-align: center;">negative</td> </tr> </tbody> </table>		Fitch Polska S.A.	S&P Global Ratings Europe Limited	Long-Term Issuer Credit Rating.....	BBB	BBB+	Short-Term Issuer Credit Rating	F2	A-2	Support rating.....	2	-	Viability rating	bbb-	-	SACP (stand-alone credit profile)	-	bbb	Long-Term Financial Institution Resolution Counterparty Rating.....		A-	Short-Term Financial Institution Resolution Counterparty Rating.....		A-2	Outlook of long-term Issuer Credit Rating	stable	negative	<p><i>Source: Fitch Polska S.A., S&P Global Ratings Europe Limited</i></p> <p>S&P Global Ratings Europe Limited ("S&P Global Ratings" or "S&P") has assigned the long-term credit rating BBB+ (negative outlook). Pursuant to S&P's rating definitions, "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments". A plus (+) or minus (-) sign shows relative standing within the major rating categories. An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). Negative means that a rating may be lowered.</p> <p>S&P Global Ratings has assigned a short-term credit rating A-2. Pursuant to S&P's rating definitions, the assigned short-term credit rating of the Bank means the "obligor has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category."</p> <p>S&P Global Ratings has assigned to the Bank long and short-term resolution counterparty ratings ("RCRs") at A- and A-2 respectively. An S&P Global Ratings financial institution resolution counterparty rating ("RCR") is a forward-looking opinion about an entity's creditworthiness in reference to the timely fulfilment of the terms of certain financial obligations that may be protected from default within an applicable bail-in resolution process ("RCR Liabilities").</p> <p>A RCR of 'A' indicates strong creditworthiness in reference to RCR Liabilities, but the obligor is somewhat more likely to be affected by adverse business or operating conditions than are obligors with higher resolution counterparty ratings. The addition of a minus (-) sign shows relative (lower) standing within the rating category. A short-term resolution counterparty rating of A-2 indicates satisfactory creditworthiness in reference to RCR Liabilities. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors with higher short-term RCR.</p>
	Fitch Polska S.A.	S&P Global Ratings Europe Limited																												
Long-Term Issuer Credit Rating.....	BBB	BBB+																												
Short-Term Issuer Credit Rating	F2	A-2																												
Support rating.....	2	-																												
Viability rating	bbb-	-																												
SACP (stand-alone credit profile)	-	bbb																												
Long-Term Financial Institution Resolution Counterparty Rating.....		A-																												
Short-Term Financial Institution Resolution Counterparty Rating.....		A-2																												
Outlook of long-term Issuer Credit Rating	stable	negative																												

Element	Title	
		<p>Fitch Polska S.A. ("Fitch") has assigned the long-term credit rating BBB (stable outlook) to the Bank. Pursuant to Fitch's rating definitions, BBB denotes expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. Stable outlook indicates that the credit rating is likely to be stable over a one to two-year period.</p> <p>Fitch has assigned a short-term credit rating F2 to the Bank. Pursuant to Fitch's rating definitions, the assigned short-term credit rating of the Bank denotes good short-term credit quality. The intrinsic capacity for timely payment of financial commitments is good.</p> <p>Fitch and S&P Global Ratings are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). As such, Fitch and S&P Global Ratings are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulations.</p> <p>In 2013, the Bank elected to cease soliciting ratings from Moody's Investors Service ("Moody's"). Any ratings published by Moody's ratings entities in connection with the Bank are unsolicited and are based purely on publicly available information. Such ratings are therefore not disclosed in this Base Prospectus.</p> <p>The rating of certain Series of Senior Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Senior Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. At the date of this Base Prospectus, the Subordinated Notes are not intended to be rated.</p> <p>[Not Applicable – no ratings have been assigned to the Notes at the request of or with the cooperation of the Issuer in the rating process.]</p> <p>[The Notes [have been/are expected to be] rated [specify rating(s) of Tranche being issued] by [specify rating agenc(ies)].]</p>

Section C – Securities

Element	Title	
C.1	Description of Notes/ISIN	<p>The Notes issued under this Programme may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of the foregoing.²</p> <p>The Notes are [£/€/U.S.\$/other] [] [[] per cent./Floating Rate/Zero Coupon] Notes due [].</p> <p>International Securities Identification Number ("ISIN"): []</p> <p>Common Code: []</p> <p>[The Notes will be consolidated and form a single series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [date]].]</p>
C.2	Currency	<p>Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.³</p> <p>The currency of this Series of Notes is [].</p>
C.5	Restrictions on transferability	Not Applicable – there are no restrictions on the free transferability of the Notes.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p>Status and Subordination (Ranking)</p> <p>Notes may be issued on either a senior or a subordinated basis.</p> <p>[The Notes are Senior Notes constituting direct, unconditional, unsubordinated and (subject to the provisions of negative pledge below) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.]</p> <p>[The Notes are Subordinated Notes and [the Coupons] constitute unsecured subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and (save for certain obligations required to be preferred by law) at least <i>pari passu</i> with all present and future, direct, unconditional unsecured and subordinated obligations of the Issuer outstanding from time to time.]</p>

² Delete this paragraph when preparing an issue specific summary.

³ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>Negative pledge</p> <p>[The terms of the Senior Notes contain a negative pledge provision which provides that the Issuer will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Issuer shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that:</p> <ul style="list-style-type: none"> (a) all amounts payable by the Issuer under the Senior Notes are secured by the Encumbrance equally and rateably with the Relevant External Indebtedness; or (b) such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders, <p>provided that the above provisions shall not apply to certain types of Encumbrances.]</p> <p>[The terms of the Subordinated Notes will not contain a negative pledge provision.]</p> <p><i>The Notes may immediately become due and repayable prior to the Maturity Date upon the occurrence of certain events</i></p> <p>[The terms of the Senior Notes will contain, amongst others, the following events of default which, if any of them should occur and be continuing in relation to any Series of Notes, that Series may immediately become due and payable if the appropriate termination notice is given by a holder of such Note of the relevant Series:</p> <ul style="list-style-type: none"> (a) default in payment of principal or interest due in respect of the Notes, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer of any of its other material obligations under the conditions of the Notes or the Agency Agreement, in certain cases continuing for a specified period of time;

Element	Title	
		<p>(c) (i) the Relevant Indebtedness of the Issuer or certain subsidiaries of the Issuer becomes due and payable prematurely by reason of any event of default; or (ii) the Issuer or certain subsidiaries fail to make a payment in respect of any Relevant Indebtedness (in certain cases continuing for a specified period of time); or (iii) any security given by the Issuer or certain subsidiaries for any Relevant Indebtedness becomes enforceable; or (iv) default is made by the Issuer or certain subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Relevant Indebtedness of any other person, provided that no event shall be an event of default unless the Relevant Indebtedness or other relative liability either alone or when aggregated shall be continuing and amount to at least €10,000,000 or its equivalent in any other currency;</p> <p>(d) events relating to the cessation of business, the insolvency or winding up of the Issuer or certain subsidiaries of the Issuer; and</p> <p>(e) if the banking operations of the Issuer are suspended or the Issuer's banking licence is withdrawn pursuant to applicable Polish banking law.</p> <p>[The terms of the Subordinated Notes will not contain any events of default.]</p> <p><i>Meetings of Noteholders</i></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><i>Taxation</i></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by Poland. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>The Issuer is entitled to redeem the Notes prior to their Maturity Date for taxation reasons.</p> <p>All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.</p>

Element	Title	
		<p><i>Governing law</i></p> <p>The Notes and the rights attaching to the Notes shall be governed and construed in accordance with English law except the subordination provisions of Condition 2.2 and Condition 19 which shall be governed by, and construed in accordance with, Polish law.</p> <p><i>MREL</i></p> <p>The Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (MREL).</p> <p><i>Recognition of Bail-in</i></p> <p>Each Noteholder acknowledges, accepts and agrees to be bound by the application of, any Bail-in Tool (as defined below) by the Polish Bank Guarantee Fund or any successor or replacement thereto and/or such other authority which has the ability to apply any Bail-in Tool to the Issuer (the "Relevant Resolution Authority"). Each Noteholder further acknowledges and agrees that the rights of the Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the application of any Bail-in Tool by the Relevant Resolution Authority.</p> <p>"Bail-in Tool" means the mechanism for effecting the exercise by a Relevant Resolution Authority of any write-down and/or conversion or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland or any other relevant jurisdiction, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "BRRD") and/or the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and the compulsory restructuring (the "Act on Bank Guarantee Fund"), and/or Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolutions Fund and amended Regulation (EU) No. 1093/2010 (as amended or superseded from time to time) and any instruments, rules and standards created thereunder, pursuant to which liabilities of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified and/or converted into shares or other securities or obligations of the Issuer or any other person.</p>
C.9	Interest/Redemption	<p><i>Interest</i></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating</p>

Element	Title	
		<p>rate.⁴</p> <p>[The Notes bear interest [from their date of issue/from [] at the fixed rate of [] per cent. per annum. The yield of the Notes is [] per cent. Interest will be paid [annually] in arrear on [] in each year. The first interest payment will be made on [].]</p>
		<p>[The Notes bear interest [from their date of issue/from [] at floating rates calculated by reference to [specify reference rate for Notes being issued] [plus/minus] a margin of [] per cent. Interest will be paid [semi-annually] in arrear on [] and [] in each year, subject to adjustment for non-business days. The first interest payment will be made on [].]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p> <p>Redemption</p> <p>The terms under which the Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issuance of the relevant Notes.⁵</p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on [].</p> <p>The Notes may be redeemed prior to their stated maturity for tax reasons [or [specify any other early redemption option (including Issuer Call or Investor Put applicable to the Notes being issued)] at [specify the early redemption price applicable to the Notes being issued].]</p> <p>Representative of holders</p> <p>Not Applicable – No representative of the Noteholders has been appointed by the Issuer.</p> <p>Please also refer to Element C.8.</p>
C.10	Derivative component in the interest payments	Not applicable – There is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	Admission to trading	<p>Notes issued under the Programme may be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or such other stock exchange or market specified below, or may be issued on an unlisted basis.⁶</p> <p>[Application [has been][is expected to be] made for the Notes to be admitted to trading on the [Regulated Market] of the [Luxembourg Stock Exchange].]</p>

⁴ Delete this paragraph when preparing an issue specific summary.

⁵ Delete this paragraph when preparing an issue specific summary.

⁶ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		[Not applicable – The Notes are not intended to be admitted to trading on any regulated market.]

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer	<p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified a number of factors which could materially adversely affect its and the Group's businesses and ability to make payments due under the Notes. These factors include risks associated with:</p> <ul style="list-style-type: none"> • the granting, financing and securing of loans denominated in foreign currencies and, in particular, in CHF; • regulatory and political risks related to a significant exposure to foreign currency-denominated loans, predominantly retail mortgage loans denominated in CHF in the context of proposals to reduce the indebtedness of CHF borrowers and the potential adverse impact on banks; • counterparties – risks arising from the potential inability of the Group's counterparties to fulfil their obligations under transactions and financial instruments entered into with the Bank due to a number of factors, including, bankruptcies, lack of market or individual customer liquidity, economic downturns, adverse financial and market movements, operational failures and increased economic and political uncertainty; • risk management methods. These may prove ineffective at mitigating credit risk; • a failure to successfully introduce new products and services or to implement the Group's strategy and raise brand awareness of the Group; • a failure of IT systems or loss or wrongful processing of personal customer data; • the Group's credit ratings. These may be lowered or withdrawn by the relevant rating agencies and any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest margins;

Element	Title	
		<ul style="list-style-type: none"> • the general macroeconomic environment in which the Group operates. Such risks include regulatory changes which may affect the members of the Group including the Bank. The effects of the global financial crisis and its impact on the local economies in which the Group operates may have an adverse effect on the Group's business, financial condition and results of operations; • the adverse impact of the Polish Banking Tax introduced in Poland from 1 February 2016; • an increase of the Issuer's mandatory contributions, including contributions to the BGF; • general disruptions experienced in the international capital markets. These may result in a reduction of available financing; • the Group's relationship with Commerzbank. Commerzbank holds corporate control over the Issuer and Commerzbank is not required to support the Issuer; and • by acquiring Notes, each investor agrees to be bound by the effect of the exercise of any general bail-in power by the Relevant Resolution Authority and the variation of the terms of the Notes, if necessary, to give effect to the exercise of any general bail-in power by the Relevant Resolution Authority.
D.3	Key risks regarding the Notes	<p>There are also risks associated with the Notes including a range of market risks as follows:</p> <ul style="list-style-type: none"> • [if the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds to achieve a similar effective return;] • [if the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned;] • [Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates;] • [The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks";] • [Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR;]

Element	Title	
		<ul style="list-style-type: none"> • [an investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency and further, under certain conditions, interest payments under Subordinated Notes must be deferred such that investors may experience a significant delay in receiving any interest due under the Notes and, in extreme cases, may lose their entitlement to interest;] • the conditions of the Notes may be modified without the consent of the holder in certain circumstances; • the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law; • investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them; • [investors who purchase Notes in denominations that are not an integral multiple of the specified denomination may be adversely affected if definitive Notes are subsequently required to be issued;] • there may be no or only a limited secondary market in the Notes and this would adversely affect the value at which an investor could sell his Notes; • the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency[;/.] • [changes in interest rates will affect the value of Notes which bear interest at a fixed rate;] • [any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes.] • [<i>Floating Rate Notes which reference SONIA or SOFR</i> - The market continues to develop in relation to SONIA and SOFR as reference rates for Floating Rate Notes and the manner in which these rates are calculated is subject to change.]

Section E – Offer

Element	Title	
E.2b	Use of proceeds and reasons for the offer	<p>The net proceeds from the issue of Notes will be used by the Issuer for general corporate purposes, which include making a profit, and may also be applied for particular uses, as determined by the Issuer.⁷</p> <p>The net proceeds from the issue of Notes will [be used by the Issuer for general corporate purposes, which include making a profit [and []].</p>
E.3	Terms and conditions of the offer	<p>Under the Programme, the Notes may be offered to the public in a Non-exempt Offer in Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and Poland.⁸</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms. An Investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Offeror will do so, and offers and sales of such Notes to an Investor by such Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements.⁹</p> <p>[The Notes are not being offered to the public as part of a Non-exempt Offer.]</p> <p>[This issue of Notes is being offered in a Non-exempt Offer in [<i>specify: Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and/or Poland and each other relevant Member State in which the particular Tranche of Notes can be offered</i>].]</p> <p>The issue price of the Notes is [] per cent. of their nominal amount.</p> <p>[<i>Summarise any public offer, copying the language from paragraphs 8(ix) and 9 of Part B of the Final Terms.</i>]</p>
E.4	Interest of natural and legal persons involved in the issue/offer	<p>The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.¹⁰</p>

⁷ Delete this paragraph when preparing an issue specific summary.

⁸ Delete this paragraph when preparing an issue specific summary.

⁹ Delete this paragraph when preparing an issue specific summary.

¹⁰ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>The [Dealers/Managers/Financial Intermediaries] will be paid aggregate commissions equal to [] per cent. of the nominal amount of the Notes. Any [Dealer/Manager] and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.</p> <p>[Other than as mentioned above, [and save for [],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p>
E.7	Estimated expenses charged to the investor by the Issuer or the Offeror	Not Applicable – No expenses will be charged to investors by the Issuer or the Offeror.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. In addition, the Issuer has described certain general risks applicable to an investment in Poland and to the Polish banking industry which are associated with an investment in the Notes. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings as given to them in this section.

Prospective investors should note that the risks relating to the Issuer summarised in the section of this document headed "Summary of the Programme" are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary of the Programme" but also, among other things, the risks and uncertainties described below.

Risks relating to the business and industry of the Issuer

The Group is exposed to various risks resulting from granting, financing and securing loans denominated in foreign currencies and, in particular, in CHF

The Group has a significant exposure to foreign currency-denominated loans (predominantly retail mortgage loans denominated in CHF). The vast majority of retail customers who have mortgage loans denominated in foreign currencies earn their income in PLN. These customers are usually not protected against the fluctuations of the exchange rates of the PLN against the currency of the loan. Consequently, any depreciation of the PLN against a foreign currency in which the loan is denominated, which is not sufficiently compensated by a decrease in the relevant reference rate, will result in an increase of the PLN value of repayments of principal and payments of interest by the Bank's customers (although this may be mitigated where there is a compensating decrease in the relevant reference rate, such as CHF LIBOR rate) and in an increase of credit risk related to borrowers with loans in foreign currencies. A significant and prolonged depreciation of the PLN, which results in an increase of the PLN value of repayments of principal and payments of interest by the Bank's customers, may result in the Bank's customers experiencing difficulties in the repayment of the loans, which in turn may lead to a decrease in the quality of the Group's loan portfolio and an increase in impairment allowances on loans and advances, and may adversely affect the business, financial condition and results of operations of the Group. This consideration applies in particular to CHF-denominated housing and mortgage loans to individuals, which amounted to PLN 14.5 billion and constituted 41.8 per cent. of the Group's total gross housing and mortgage loans at amortised cost granted to individual customers as of 31 December 2018.

Due to the Bank's significant portfolio of loans denominated in foreign currencies, the Group is exposed to foreign exchange risk. The Group partly manages its foreign exchange risk through derivative transactions. The typical maturities of these derivative contracts are shorter than the maturities of the underlying loans that are denominated in foreign currencies. As a result, the Group is required to renew such contracts when they mature, and is exposed to market price fluctuations of these derivatives. Consequently, significant increases in the prices of such derivative contracts may adversely affect the funding costs of the Group's foreign currency-denominated loan portfolio which, in turn, could adversely affect the business, financial condition and results of operations of the Group.

A material depreciation of the PLN may also cause the value of the collateral securing the Bank's foreign currency-denominated mortgage loans to fall below the outstanding value of such loans, which may in turn increase the loss given the default ratio applicable to the Bank's foreign currency portfolio. In addition, depreciation of the PLN against CHF will cause an increase in the total risk exposure amount and, consequently, a decrease in the capital ratios of the Group.

The occurrence of any of the factors mentioned above may have a material adverse effect on the business, financial condition, and results of operations of the Group.

The Group is exposed to regulatory and political risks related to its CHF-denominated loans

In common with other Polish banks holding portfolios of foreign currency-denominated mortgage loans, the Group faces the risk that a decision could be made by the Polish Parliament to change the financial terms of loans granted in foreign currencies and/or convert loans denominated in foreign currencies to PLN, and thereby to transfer to banks all or a significant portion of the economic cost of such loans.

On 15 January 2015, the Swiss National Bank (the "SNB") decided to discontinue its policy of maintaining a minimum exchange rate of CHF 1.20 per 1.00 euro (the "SNB Announcement"). As a result of the SNB Announcement, the PLN depreciated significantly within a very short time frame against the CHF. Polish banks have a significant position in CHF-denominated loans resulting from the significant origination of such loans between 2006-2008. According to the National Bank of Poland, CHF loans accounted for approximately 25 per cent. of total mortgage loans within Poland as at 31 December 2018. Various proposals have been put forward for consideration by the Polish government, the Polish Financial Supervision Authority (the "KNF"), the Financial Stability Committee (the "KSF") and politicians, each of which seeks to reduce the impact on Polish borrowers of the depreciation of PLN against CHF.

On 2 August 2016, the President of Poland submitted to the lower house of the Polish Parliament (the "Sejm") a bill on the terms of the refund of certain amounts payable under credit and loan agreements. The bill does not provide for the conversion of credit facilities into other currencies; instead, it introduces a requirement to refund the amounts collected at draw-down and the repayment of credit facilities in excess of the acceptable level of spread. According to the Chancellery of the President of Poland, the costs borne by the Polish banking sector as a consequence of adopting this bill should not exceed PLN 4 billion. According to the National Bank of Poland (the "NBP"), the actual costs may be twice as large, while the KNF calculated the costs at PLN 9.1 billion. The draft was sent to the Public Finance Committee in the Sejm, but from 20 October 2016 it has no longer been processed.

On 2 August 2017, the Chancellery of the President of Poland presented a bill to the Polish Parliament to amend the existing law on support to home loan borrowers in difficult financial conditions and to amend the law on corporate income tax. The main purposes of the draft law are to: (1) change the mechanism for providing financial support to those borrowers who find themselves in a difficult financial situation and are also required to repay instalments on a home loan that represents a significant burden on their household budgets; and (2) introduce a new instrument to facilitate the voluntary restructuring of loans denominated in or indexed to a foreign currency. The draft law would extend the scope of the law on support to borrowers in a difficult financial situation by introducing rules for granting a loan to pay back the remaining part of the home loan and by specifying the conditions of use for the repayment loan if the amount obtained from the sale of the property fails to cover the entire obligation. Furthermore, the draft law would modify the criteria for granting financial aid and defines criteria for granting repayment loans. The draft law would extend the duration of financial aid from 18 to 36 months and would increase the maximum amount of financial aid from PLN 1,500 to PLN 2,000 per month, up to a maximum of PLN 72,000 over three years. The funds are to be repaid in 144 equal, interest-free monthly instalments. If a borrower repays 100 instalments without any delay or postponement, the remaining 44 instalments would be cancelled.

Under the draft law financial support would be financed by a supporting fund and a restructuring (conversion) fund. The supporting fund would be used to make financial aid payments and disburse repayment loans, while the restructuring (conversion) fund would be used to support the voluntary restructuring of foreign currency-denominated or indexed home loans. The supporting fund would be financed mainly by quarterly contributions from creditors in proportion to the portfolio of home loans whose principal or interest has been outstanding for more than 90 days. The quarterly contributions would not exceed 1 per cent. of the carrying amount of the portfolio of home loans referred to above. The restructuring (conversion) fund would be financed mainly by quarterly contributions from creditors in proportion to the portfolio of home loans denominated or indexed in a foreign currency and income from the investment of funds from the restructuring fund. Quarterly contributions made by creditors to the restructuring fund may not exceed 0.5 per cent. of the carrying amount of the portfolio of home loans denominated or indexed in a currency other than the currency of the borrower's income. Such funds may only be used by the creditor for voluntary restructuring agreements concluded within six months from the end of the quarter in which the contribution was made. If the creditor failed to fulfil its responsibilities, or

if the creditor and the borrower failed to reach an agreement, the funds would be divided among all other creditors contributing to a restructuring fund.

The bill may have a considerable impact on the profitability of the Polish banking sector, particularly when the quarterly contributions to both funds are set at their maximum level. In such a case, according to the European Central Bank (the "ECB") contributions could reduce the profits of the banking sector by up to 20 per cent. of the current total pre-tax operating profit of the sector. Consequently, it could reduce the Polish banking sector's capacity to provide loans. The impact would be unevenly distributed across the sector, with banks holding large portfolios of foreign currency loans being particularly affected.

The draft bill was submitted to the Polish Parliament on 2 August 2017 and was directed to the Public Finance Committee for further proceedings. On 21 February 2019 the Public Finance Committee of Poland's lower chamber of the Parliament Sejm approved a draft bill on relief for mortgage borrowers. The commission approved a number of amendments, including one that exempts banks under recovery procedure from participating in the FX mortgage relief programme. Polish lawmakers moved forward with a bill to help foreign-currency mortgage holders despite objections of lawyers who state that it violates European Union rules.

As at the date of this Base Prospectus, there is no clarity as to the final form of the draft law or that it will receive parliamentary approval. If the proposed legislation is adopted it will have a material negative impact on the banking sector in Poland and will adversely affect the business, financial condition and results of operations of the Group.

The Group may not be able to maintain the quality of its loan, investment, proprietary investment or trading book portfolios

The quality of the assets in the Group's loan portfolio is affected by changes in the creditworthiness of its customers, their ability to repay their loans on time, the Group's ability to enforce its security interests on customers' collateral should such customers fail to repay their loans, and whether the value of such collateral is sufficient to cover the full amounts of those loans.

The quality of the Group's loan and investment portfolio may deteriorate due to various other reasons, including internal factors (such as failure of risk management procedures) and factors beyond the Group's control (such as any negative developments in Poland's economy resulting in the financial distress or bankruptcy of the Group's customers, or restriction of credit information concerning certain customers).

The quality of the Group's loan portfolios can also be influenced by counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions, to fulfil their obligations under transactions and financial instruments entered into with the Bank due to a number of factors, including, in particular, bankruptcies, lack of market or individual customer liquidity, economic downturns, adverse financial and market movements (e.g. in interest rates or foreign currency exchange rates, commodity prices, the implied volatility of foreign exchange options), operational failures and increased economic and political uncertainty. If the level of the counterparty risk increases, it would adversely impact the creditworthiness and financial standing of the counterparties, and as a result, could trigger additional adverse consequences in the financial contracts of the Group's customers, which could worsen their financial exposure and make it more difficult for them to fulfil their obligations to the Bank. See "*The Group has significant exposure to counterparty credit risk in connection with its banking operations*" in this section.

The Group's proprietary investment and trading book portfolio consists of stocks, shares, debt securities and derivatives. The quality of the Group's proprietary investment portfolio is affected by macroeconomic and other factors, including the general business environment, the financial standing of companies in which the Group invests and the stock market. The quality of the trading book depends significantly on developments in financial markets and on the creditworthiness and financial standing of counterparties of the transactions in this portfolio. See "*The value of the Group's investment and trading portfolios may decrease*" in this section.

The quality of the Group's debt securities portfolio is substantially dependent upon the ability of the issuers of the securities in the portfolios to make payments on the securities when due. The ability of the issuers to make such payments may be affected by changes in their financial standing, including liquidity issues, as

well as by the global financial crisis, liquidity concerns, increased credit risk and other macroeconomic factors.

Realisation of these risks described above could have an adverse effect on the Group's business, financial condition and results of operations.

Material increases in the Group's impairment allowances for expected credit losses may have an adverse effect on the Group's business, financial condition and results of operations

In connection with its credit operations, the Group regularly writes down assets and records impairment allowances for expected credit losses in the profit and loss account of the Group. The total value of the Group's impairment allowances for expected credit losses is based on the history of losses experienced by the Group, the volume and type of borrowing activity, standards applied in the banking industry, information on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be inaccurate and result in an incorrect assessment by the Group of the risk associated with its loan portfolios.

Although the Management Board uses its best efforts to establish an appropriate amount of impairment allowances for expected credit losses, that determination is subject to the evaluation of credit risk and may be affected by numerous factors, including depreciation of the PLN against CHF and uncertainties relating to the current macroeconomic environment. The Group could be required to increase its impairment allowances for expected credit losses in the future as a result of increases in non-performing assets or for other reasons. Any material increase in the Group's impairment allowances for expected credit losses, could have an adverse effect on the Group's business, financial condition and results of operations.

The value of the Group's investment and trading portfolios may decrease

The Group's portfolio of securities comprises debt and equity securities. The quality of the Group's portfolio of securities may be affected by macroeconomic factors, the general business environment and developments in the financial markets, and by the creditworthiness and financial position of counterparties to the Group's transactions. The quality of debt securities held by the Group is dependent upon the ability of issuers of the securities to make payments on the securities when due, which in turn may be affected by changes in their financial standing.

As at 31 December 2018, debt instruments issued by general governments (in debt securities at fair value through other comprehensive income, in debt securities at amortised cost and in financial assets held for trading) stood at PLN 29.8 billion. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them, (ii) increases in domestic interest rates, or (iii) a decrease in the credit ratings for Poland's sovereign debt, and (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The Group's portfolio includes negotiable financial instruments whose daily valuations depend on certain market parameters (such as foreign exchange rates, interest rates, prices of bonds and stocks, stock indices values, futures prices, and implied volatilities of options). As these parameters vary continuously according to market forces, valuations of the financial instruments also change accordingly, which may adversely impact unrealised results of these portfolios, even though certain components of market risk of those portfolios are hedged and the trading is carried out within set market risk limits. In addition, market movements may also adversely affect realised results of the trading book. Any occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

The Group has significant exposure to counterparty credit risk in connection with its banking operations

The Group is exposed to counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions, to fulfil their obligations under transactions and financial instruments entered into with the Group due to a number of factors, including, in particular, bankruptcies, a lack of market or individual customer liquidity, economic downturns, adverse financial and market movements (e.g. in interest rates or foreign currency exchange rates, commodity

prices, the implied volatility of foreign exchange options, etc.), operational failures and increased economic and political uncertainty. A reduction in the ability of the Group's counterparties to fulfil such obligations, or a default by, or even concerns about the creditworthiness and financial standing of, one or more of the Group's counterparties could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group has substantial assets, associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level. Due to the significant changes of the PLN exchange rate against certain foreign currencies many customers who purchased foreign exchange derivatives have been unable to provide the required collateral.

Continued foreign exchange rate volatility of the PLN against foreign currencies could increase the pressure on the Group's counterparties and could lead to increased defaults of the Group's counterparties and further losses incurred by the Group on its foreign exchange derivatives. Such developments could have an adverse effect on the business, financial condition and results of operations of the Group.

The implementation of the Bank Recovery and Resolution Directive into Polish law may adversely affect the Group's business, financial condition, results of operations or prospects

Based on the reform measures developed by the Financial Stability Board (Effective Resolution of Systemically Important Financial Institutions) and Basel III, the European Parliament and the Council of the European Union adopted the BRRD. The aim of the BRRD is to minimise the burden on taxpayers in the event of failure on the part of banks to meet their obligations while ensuring that shareholders and creditors bear the costs thereof.

Pursuant to the BRRD, the so-called "resolution authorities" are vested with the necessary powers to apply resolution tools to institutions that meet the applicable conditions for resolution. The resolution tools include, inter alia, the instrument of "bail-in", which gives resolution authorities the power to write down the claims of the unsecured creditors of a failing institution and to convert debt claims to equity without the consent of the creditors. The resolution authorities are also vested with the power to write down "relevant capital instruments" in full and on a permanent basis or to convert them in full into common equity Tier 1 instruments before any resolution action is taken if and when one or more specific circumstances apply, such as the determination by the relevant resolution authority that the institution meets the conditions for resolution and that the institution concerned has reached the point of "non-viability". A write-down follows the allocation of losses and ranking in insolvency so that equity absorbs the losses in full before any debt claim is subject to a write-down.

Pursuant to the BRRD, the costs of resolution are to be borne by the banking sector. The European Union Countries ("**Member States**") should set up their own financing arrangements funded with contributions from banks and investment firms, made by those entities proportionally to their liabilities and risk profile. Banks ought to contribute annually in relation to their share of specific liabilities in the total size of the national financial sector in order to reach a target funding level of at least 1 per cent. of deposits (over a 10-year period). If the ex ante funds are insufficient to cover the resolution of a financial institution, further contributions will be raised ex-post.

The relevant regulations of the BRRD were implemented in Poland under the Act on the Bank Guarantee Fund, which came into force on 9 October 2016 (certain provisions of this legislation came into force on 11 February 2017). The Act on the Bank Guarantee Fund modified the legal framework of the deposit guarantee scheme in Poland operated by the BGF, and developed a framework allowing for the orderly resolution of financial institutions. The Act on the Bank Guarantee Fund also repealed the existing restructuring and support measures under Polish law to bring the relevant provisions in line with the BRRD framework. In this respect, the Act on the Bank Guarantee Fund amended several other related legal acts, including legislation on financial instruments, insolvency, financial market supervision and recapitalisation of financial institutions. The Bank has to comply with the Act on the Bank Guarantee Fund and has adjusted its operations to comply with the new requirements.

The BRRD also impacts on how large a capital buffer an institution will need, in addition to those requirements set out in the CRR Regulation/CRD IV. To ensure that institutions always have sufficient loss-absorbing capacity, the BRRD requires institutions to maintain at all times a sufficient aggregate

amount of own funds (as defined in Article 4(1)(118) of the CRR Regulation) and 'eligible liabilities' (namely, liabilities and other instruments that do not qualify as Tier 1 or Tier 2 capital and that may be bailed-in using the bail-in tool) – minimum requirements for own funds and eligible liabilities (MREL). Under the BRRD, there is no mandatory subordination of the eligible instruments. Therefore, they may be senior or subordinated, provided they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law or through contractual provisions. No subordination requirement means that a liability eligible for MREL may rank in insolvency at the same level (*pari passu*) as certain other liabilities which are not able to be bailed-in, or which can be bailed-in but are excluded from the bail-in tool by the resolution authority under exceptional circumstances. This could lead to situations where bailed-in bondholders may claim they have been treated worse under resolution than under a hypothetical insolvency. In such case, they would need to be compensated. To avoid this risk, it is currently being considered that national resolution authorities may decide that the MREL requirement should be met with instruments that rank in insolvency below other liabilities that are either not able to be bailed-in by law or are difficult to bail-in.

The introduction of the new regulations and the resulting changes in the regulatory requirements may have an adverse effect on the Group's business, financial conditions and results of operations.

Any reduction in the credit rating of the Bank and its subsidiaries could increase its cost of funding and adversely affect its interest margins

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A reduction in the Group companies' credit ratings could increase the costs associated with its interbank and capital market transactions and could adversely affect the Group's liquidity and competitive position, undermine confidence in the Group, increase its borrowing costs and adversely affect its interest margins. Furthermore, should the rating of the Bank be downgraded below investment grade, this could significantly impair the operating business of the Bank, the refinancing costs of the Group and the Bank's eligibility to act as a counterparty to derivative transactions for some market participants.

Rating agencies' assessments are driven by a number of factors, including franchise value, capitalisation, profitability, applicable sovereign ratings, refinancing opportunities and liquidity as well as potential parental support. Pressure on the Bank's credit ratings may arise; for example, in the event of significantly weaker capital generation driven by poorer financial performance, a material deterioration of asset quality in a less favourable business environment, the downgrade of the parent company, Commerzbank, or a downgrade of the rating applicable to Poland.

A downgrade in the rating of the Bank and its subsidiaries could increase the financing costs associated with transactions on the interbank market and could adversely affect the Group's business, financial condition and results of operations.

The Group faces risk associated with KUKE insurance

The Bank provides some of its corporate clients with products and services relating to export trade. In some of the markets in respect of which the risk is difficult to fully estimate, in order to address economic and political risk, the Group uses insurance coverage provided by the Polish Export Credit Insurance Corporation ("**KUKE**"). KUKE is the only insurance company in Poland authorised to provide export insurance guaranteed by the State Treasury of Poland. Its offer also covers long-term export projects financed by credit loans granted for periods exceeding two years. Loans insured by KUKE bear higher political and geographical risk and in principle are granted for longer periods of time.

Although the Bank has made a limited number of claims from KUKE in respect of loans insurance provided by it and, in some cases, has received payment in respect of those claims, the Bank has a limited track record in making such claims. Accordingly, there is uncertainty in relation to the likelihood of making successful claims under KUKE insurance.

There is, therefore, a risk that, in the event that the Bank makes a substantial claim in respect of a KUKE-insured loan in its portfolio, the Group may face difficulties in receiving payment in full from KUKE, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's portfolio of loans and advances in foreign currency is vulnerable to PLN depreciation

Loans denominated in foreign currency (net) account for approximately 37 per cent. of total (net) loans and advances made by the Bank to customers (comprising loans and advances made by the Bank to customers at amortised cost and loans and advances to customers mandatorily at fair value through profit or loss). In retail banking, CHF-denominated mortgage loans constitute the majority of foreign currency loans advanced by the Bank to customers. As a result of the depreciation of the PLN against CHF, the outstanding principal balance of retail mortgage loans denominated in CHF calculated in PLN may exceed the value of collateral securing such loans and, as a result, the loss given default ratio (the "LGD", being the percentage of exposure lost in case of default) applicable to the Group's foreign currency portfolio may increase.

If the default rate and LGD of the Group's loans and advances significantly exceeds the rate and ratio (as applicable) that were assumed in setting interest rates for these loans, then the Group's business, financial condition and results of operations could be adversely affected.

The Group may not be able to improve or sustain its current interest rate margins or commissions on loans

The net interest income achieved by the Group depends to a large extent on the levels of the Group's interest-bearing assets and liabilities and the average interest rates on interest-earning assets and interest-bearing liabilities.

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, increasing competition in the market, changing demand for fixed and floating interest rate loans, possible changes in monetary policy conducted by the Monetary Policy Council, the level of inflation, and changes in interest rates (WIBOR and LIBOR) on interbank markets.

Between 2013 and 2015, the Monetary Policy Council carried out an expansionary monetary policy which was reflected in the scale and frequency of interest rate cuts: cutting the benchmark interest rate by 175 basis points to 2.50 per cent. during 2013 (six interest rate cuts), by 50 basis points to 2 per cent. in October 2014, and by a further 50 basis points to 1.50 per cent. in March 2015. In the years from 2016 to 2018, interest rates remained flat.

The Group could suffer decreasing interest rate margins for various reasons, including:

- if market interest rates on floating interest rate loans decline and the Group is unable to offset such effect by decreasing the rates payable on deposits;
- if interest rates payable on deposits increase resulting from additional competition among banks or other factors beyond the Group's control; or
- if increased competition on the market and economic recovery push credit spreads down.

Interest charged on retail loans granted by the Group cannot exceed the maximum interest rate permitted by Polish law. Additionally, an amendment to the Consumer Credit Act which came into force on 11 March 2016 establishes caps on non-interest charges and default interest chargeable under consumer loans.

The Group's inability to maintain interest rate margins and commissions on loans may result in lower net income and could materially adversely affect the business, financial condition and results of operations of the Group.

A high proportion of long-term mortgages in the Group's loan portfolio makes it difficult for the Group to adjust its loan margins to market terms whilst any deterioration of residential real estate prices and decrease in value of collateral provided to the Bank may negatively affect the Group's business, financial condition and/or the results of its operations

In accordance with Polish law, the Bank or any member of the Group is not able to unilaterally change the terms of granted loans and advances to individuals, including credit margins. As at 31 December 2018, as part of financial assets at amortised cost, gross housing and mortgage loans to individual customers (retail mortgage loans) constituted a material part (68.6 per cent.) of the Group's total gross loans and advances to individual customers. As a result, the Group is limited in its ability to change its average credit portfolio

margins through the generation of new mortgage loans and advances reflecting current credit margins on the market compared with other financial institutions operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans. Moreover, the Group was not able to recover the cost of the Polish Banking Tax (see "*Additional tax burdens may be imposed on Polish banks or the existing tax burden may be increased*" in this section) from its clients with respect to the portfolio of mortgage loans originating before the introduction of the banking tax. This limited ability to reprice its loan portfolio may adversely affect the business, financial condition and results of operations of the Group.

When granting mortgage loans and calculating the applicable interest rates, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security might be adversely affected and in cases of foreclosure, the Group may not be able to recover the entire amount of the loan if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared with other types of investments and such liquidity may further deteriorate in periods of economic downturn. The Group cannot guarantee that if the residential real estate market in Poland deteriorates markedly, the ability to enforce its security in a timely and effective manner would not deteriorate significantly.

As a result of the depreciation of the PLN against CHF, the outstanding principal balance of retail mortgage loans denominated in CHF calculated in PLN may exceed the value of collateral securing such loans and, as a result, the LGD applicable to the Group's foreign currency portfolio may increase.

This could have an adverse effect on the Group's business, financial condition and the results of its operation.

The Group is exposed to risks resulting from providing non-mortgage loans

The Group has increased its market share of non-mortgage loans in the retail credit portfolio. In recent years the Group offered consumer credit products mostly to existing, low-risk customers. If, as a result of its increased market share in non-mortgage retail loans, the Group has increased its exposure to customers with a higher credit risk, then this could have an adverse effect on the business, financial condition, and the results of operations of the Group.

In addition, Polish banks (including the Issuer) are subject to restrictions on the maximum interest rates which may be charged under a loan agreement. According to the Polish Civil Code, the maximum rate of interest cannot be higher than two times the sum of the applicable reference rate of the National Bank of Poland and 3.5 percentage points. Furthermore, the maximum rate of default interest cannot be higher than two times the sum of the default statutory interest rate (equal to the reference rate of the NBP) plus 5.5 percentage points. Any reduction to the applicable reference rate is reflected in the rate which the Bank is able to charge customers on non-mortgage loans. A deterioration in interest rates may therefore have an adverse effect on the Group's business, financial condition and the results of its operations.

The Group's risk management methods may prove ineffective at mitigating credit risk

Losses relating to credit risk may arise if the risk management policies, procedures and assessment methods implemented by the Group to mitigate credit risk and to protect against credit exposures prove less effective than expected. The Group employs qualitative tools and metrics for managing risk that are based on observed historical market behaviour. These tools and procedures may fail to predict future risk exposures, especially in a market characterised by increased volatility and falling prices. Given the Group's variety of lending activities, the risk management systems employed by the Group may prove insufficient in measuring and managing risk.

The occurrence of any of the factors mentioned above may have a material adverse effect on the business, financial condition, results of operations of the Group.

The Group is exposed to operational risk related to its business activities

Operational risk accompanies all processes at banks and its consequences can often be significant. The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human errors, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, or external events. Typical categories of operational loss include: errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for

example, software or hardware failures and communication breakdowns), fraud (including related to credit cards), legal claims over transactions or operations and damage to assets. In addition, because some of the Group's business transactions are conducted via internet platforms, the Group is exposed to third-party attacks on its IT systems (see "*The Group's IT systems may fail or their security may be compromised*") which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure the error-free and timely transfer of data within the IT structure of the Bank and the Group.

The Group also outsources the performance of specific activities on its behalf, including IT services as well as document consignment services, cash support services, cash processing and debt recovery, to third parties. Additionally, the Bank outsources to external service providers the performance of certain services related to the sale of retail banking products offered by the Bank. If any of the third parties on which the bank relies fails to duly perform in accordance with the terms of their agreements with the Bank, then this could result in operational deficiencies or reputational risk for the Group. Furthermore, the Group may be exposed to the risk of liability to its customers and reputational loss if such external providers fail to duly perform their services or, specifically, if they perform their services in breach of applicable law or banking regulations or if they take improper actions which result in an infringement of third party rights.

Additionally, failures of the Group's operational risk management system to detect or prevent operational problems of third parties which prevent them from performing the activities outsourced to them could affect the Group's business, financial condition, results of operations and/or prospects.

The occurrence of the factors described above could have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group's fee and commission income may be negatively affected by a decline in business activity in the markets in which the Group is present

The Bank generates fee and commission income primarily from the placement of new loans, the bank account products, money transfers, sales of card products and electronic online banking products with retail customers, portfolio management, new leasing and debt origination, business accounts, cash management, financial markets instruments, custodian services, brokerage services and trade finance products with corporate banking customers. A slowdown in business activity in the markets in which the Group is present as a result of the current or future economic environment could reduce the demand for these products, which could have a material adverse effect on its fee and commission income and, therefore, the business, financial condition and results of operations.

The introduction of new products and services by the Group and the commencement or continuation of business activities in new markets may involve increased risk

The Group concentrates its business activities in retail banking, corporate banking and investment banking. As part of its development strategy, the Group has undertaken steps to diversify its business by providing a wider range of new products and services to its retail, corporate and investment banking customers in the expectation of generating new revenues, raising brand awareness and attracting new customers. However, there can be no assurance that the historical performance of the Group's products and services will be indicative of the future performance of these new products and services. In addition, these new products may involve increased credit risk.

Any failure of these new products and services to generate additional revenues for the Group, raise brand awareness of the Group's products and services or attract new customers or the increased credit risk associated with new products or services, may adversely affect the business, financial condition and results of operations of the Group.

The Group may also decide in the future to commence operations in new markets, which may expose it to risks relating to conducting foreign operations, including economic, political and regulatory risks.

The Group may fail in implementing its strategy

In June 2016, the Group introduced a new strategy for 2016-2020 called "mobile Bank". The new strategy is based on three critical elements: empathy for the client, leveraging mobility, and continued improvements

in efficiency. Strategic financial targets for 2016-2020 are based on the Group's ambitious assumptions with regards to cost-effectiveness and returns.

The Group may fail to implement its strategy in the coming years, in particular due to difficult economic or market conditions and legal and regulatory impediments, an increase in competition from other universal banks, changes in customer behaviour and other factors. In addition, internal factors may cause the Group to fail to attain its strategic objectives, including, for example, delays and difficulties in launching new products and solutions in mobile and internet banking, problems in developing cross-selling within the Group, delays in implementing solutions to enhance customer service quality, or difficulties in developing the retail or corporate segments. The occurrence of such factors could lead to the Group losing its position as one of the leading universal banking groups in Poland and the leading institution in terms of internet and mobile banking channels.

If the Group does not successfully implement its strategy, or implements it only partially, this may have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group faces increasing competition in Poland's banking industry

Since Poland's accession to the EU, at which time restrictions on foreign financial institutions conducting certain type of business activities were lifted, the Polish banking sector has been marked by low barriers to entry and increasing competition, which has resulted in a number of acquisitions and market entries by non-Polish financial institutions. The Group primarily faces competition in its universal banking activities, where its competitors include large Polish and international banks operating in Poland's retail, corporate and investment banking markets. In particular, taking into account the large investments made by other banks in new technologies, the Group faces increasing competition in internet and mobile banking, in respect of which the Bank has historically held a leading position.

High levels of competition in the banking industry could also lead to increased pricing pressures on the Group's products and services, which would have a material adverse effect on the business, financial condition and results of operations of the Group. In particular, increased competition for deposits may lead to a higher loans-to-deposit ratio and an increase in the Group's cost of funding.

In addition in recent years, the Polish banking sector has experienced an ongoing trend of consolidation, which may allow certain of the Group's competitors to benefit from an increased scale of operations. See "*Development of the Polish Banking Sector*".

The competitive position of banks, including mBank, is also affected by other financial service providers – entities that are not banks, but which engage in the provision of financial services. While not regulated by the KNF, these entities might be able to offer potential customers more attractive terms for financial services than regulated banks. As a result, the Polish banking sector is exposed to competition from non-regulated entities.

Moreover, new entrants such as FinTech companies, providing online financial services, are also increasingly competing for customers and market share. The developing relationships between FinTech companies and traditional banks are a significant trend and may have a marked impact on the existing market structure for banking services. New players could seek to offer financial services traditionally provided by banks.

These additional competitors are likely to add pressure on margins, especially if they are able to benefit from lower cost structures and less onerous regulatory requirements.

If the Group is unable to maintain its competitive position in the Polish banking sector, this may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet current and future (including contingent) payment obligations as they become due. Liquidity risk may result from internal factors (for example, the impact of negative publicity and/or reputational damage, resulting for instance in excessive withdrawal of cash by the Bank's clients or the materialisation of credit risk) and external factors (turbulence and crises in the financial markets, country risk or disruption in the operation of clearing systems).

The Group becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. In particular, the Group may be exposed to increased liquidity risk as a result of its holdings of real estate mortgage loans, which are long-term assets. Although generally holdings of real estate mortgage loans are covered by long and mid-term funding, they are partially financed by short-term and on-demand deposits.

Maturity mismatches between the Group's assets and liabilities may have a material adverse effect on the Group's business, financial condition, and results of operations if the Group is unable to obtain new deposits or find alternative sources of funding for existing and future loan and advances portfolios.

In terms of current and short-term liquidity risk, if a substantial portion of the Bank's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, as would be the case with many other banks, the Bank's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by the Bank in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially, in such circumstances, the Bank might not be able to meet its obligations as they come due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, the Bank's ability to use such external funding sources is directly connected with the level of credit lines available to the Bank, and this in turn is dependent on the Bank's financial and credit condition, as well as general market liquidity.

A loss of liquidity or an inability to raise sufficient funds to finance its operations, particularly its lending operations, may have an adverse effect on the business, financial condition and results of operations of the Group.

The Group may not be able to hire, train or retain a sufficient number of qualified personnel

The success of the Group's business depends, among other things, on its ability to recruit and maintain qualified personnel. The Group is dependent upon high-level management to implement its strategy and day-to-day operations. The Group endeavours to reduce the risk of losing key employees through various measures, including in particular through management and career development measures. Despite these measures, the Group may not succeed in attracting or retaining highly qualified employees in the future. In Poland, there is strong competition for qualified personnel specialising in banking and finance, especially at middle and upper management levels.

Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and offer incentives to qualified personnel. In addition, the Group's senior management or key employees of the Group's companies may resign or file a termination notice at any time, which could harm the relationships the Group's companies have developed with its customers. The Group's companies may not be able to retain such employees, and if they do resign, the Group's companies may not be able to replace them with persons of the same ability and experience. This could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Group's IT systems may fail or their security may be compromised

The Group relies heavily on numerous IT systems for a variety of functions, including processing applications, providing information to customers, maintaining financial records and providing crucial financial and market data to the Management Board. In addition, the Group uses distribution channels based on an IT platform comprising online banking, mobile banking and call centres.

The Group's activities involve the use and continual development of several IT platforms dedicated to the various segments of the Group. In particular, the business model of the Bank's retail segment, which involves offering banking services through an online transactional system and mobile applications, is significantly dependent on the availability, functionality and security of the Group's IT systems and, as a result of its high reliance on online platforms, it is also particularly exposed to third-party attacks via the internet, e.g. cyber-attacks. Malfunctions, in particular with respect to the use of and interactions between the Group's IT platforms, information leakages, service interruptions or similar events may affect the relationship between the Group and its customers. The Group constantly modifies and enhances the protective measures it takes to counteract these risks. Nevertheless, there is a risk that such measures may not be effective against all threats related to cyber-attacks, taking into account their varying nature and evolving sophistication. A successful attack could result in material losses of client or customer

information, damage of computer systems, damage to the Group's reputation and lead to regulatory penalties or financial losses.

The Polish Supreme Court ruling issued in January 2018 states that banks (such as the Bank) bear partial responsibility and cost of the results of fraud in internet banking on the basis that it cannot be expected that banking clients will be in a position to address cybersecurity issues on their own. This ruling indicates that cyber threats may lead to significant financial losses for banks.

On 5 July 2018, Poland passed the Act on the National Cybersecurity System, which imposes additional cybersecurity requirements on the providers of services deemed vital for maintaining the Polish economy and society (including banks such as the Bank). The Act obliges banks to:

- notify serious incidents within 24 hours of their occurrence to the relevant government authority;
- conduct periodical risk assessments in relation to cybersecurity; and
- appoint a person or entity responsible for cybersecurity.

Moreover, programming errors and similar disruptions could impact the Group's ability to serve the needs of its customers on a timely basis, interrupt the Group's operations, damage the Group's reputation or require it to incur significant technical, legal and other expenses. In addition, the integrated IT system or upgraded information technology systems may fail to meet the needs of the Group's growing and changing business.

The Group is also subject to regulation regarding the use of personal data. The new Data Protection Regulation in Poland imposes new obligations and guidelines on companies in the management and processing of personal data. Administrative fines of EUR 20 million or 4 per cent. of a company's annual turnover can be imposed for non-compliance with the Data Protection Regulation.

The Group has procedures in place to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers, and has also implemented security measures to prevent cyber-theft. However, if the Group or any of the third-party service providers fails to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Group could be subject to investigative and enforcement action by relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates, or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to macroeconomic and regulatory conditions

Global economic conditions have had, and will continue to have, an effect on the Group's business, financial condition and results of operations

The performance of the Group is generally influenced by the condition of the global economy and, in particular, the crisis in the international financial markets and the decline of macroeconomic conditions in Europe, including Poland and Poland's principal trading partners, such as Germany and other EU countries.

The financial crisis of 2008-2009 adversely affected developed countries, while developing markets, including Poland, experienced a significant economic downturn. The resulting slowdown in economic growth, the erosion of trust in financial institutions, restricted access to the interbank market and other forms of financing, increased unemployment rates and declines in stock market valuations caused disruptions in financial markets worldwide and impacted liquidity and funding in the international banking system.

In 2010, the crisis severely impacted the financial conditions of various sovereign nations, especially in the Eurozone, causing further pressure on the European financial sector as a result of emerging sovereign credit risk. Negative developments led to a deterioration in the credit ratings of a number of countries and raised doubts as to the ability of those national economies to meet their sovereign debt obligations

The bail-out packages and the purchase of government bonds by the ECB from countries under pressure calmed the markets and progress has been made in stabilising the economies of certain countries. However these measures have not eliminated concerns in relation to the sustainability of the situation. Concerns remain as to whether it would be possible to support larger European economies, such as Italy or Spain, if

the crisis reappears in regard to those countries. The economic situation in Greece remains fragile. Additionally, the Italian banking sector is burdened by non-performing loans.

The performance of the European markets and economies could deteriorate significantly as a result of the difficulties related to the potential re-emergence of the sovereign debt crisis, the consequences of the United Kingdom's exit from the European Union and certain doubts over the stability of the financial system in the Eurozone. Further developments in the Eurozone will depend on many political and economic factors including, among others, the effectiveness of measures taken by the ECB and the European Commission in connection with the sovereign debt in certain European countries and the role of the euro as the common currency in the face of a diverse economic and political situation in individual Eurozone countries.

Poland's strong trade and financial links with the Eurozone, including links through participation in German supply chains, make it susceptible to shocks emanating from major trading partners in the Eurozone.

Adverse macroeconomic conditions or negative developments in the financial markets would create an unfavourable environment for the banking sector and may have a material adverse effect on the business, financial condition, results of operations and/or the prospects of the Group.

The United Kingdom's exit from the European Union may affect the business of the Group

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("**Brexit**"). The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets, either during a transitional period or more permanently. The United Kingdom and the EU agreed to a draft withdrawal agreement including a 21-month transition plan in November 2018. But on 15 January 2019, the British Parliament voted against the plan. . A hard Brexit without a trade agreement would eliminate Britain's tariff-free trade status with the remaining EU members. The long-run impact from a hard Brexit would be spread across the EU as a result of the economic and financial ties spanning the region. The UK ranks among the EU's three largest trading partners, accounting for 13 per cent. of trade in goods and services. There are also complex supply chain links between companies across the bloc. A hard Brexit could adversely affect European or worldwide economic market conditions and could contribute to instability in global financial and foreign exchange markets.

Brexit may have negative implications for the Polish economy, as Poland is the largest beneficiary of European Union structural funds and the United Kingdom is one of the largest net contributors to the European Union budget. The United Kingdom's exit from the European Union may cause a need to adjust the European Union budget, which could reduce the amount of funds available to and received by Poland. Moreover, Brexit may cause exchange rate fluctuations and instability in the Euro exchange rate. Volatility, or adverse macroeconomic developments in Poland, may have an effect on the business, financial condition and results of operations of the Group.

Any of these effects of Brexit, and others the Group cannot anticipate, could adversely affect the Group's business, results of operations, financial condition and cash flows, and could negatively impact the value of the Notes.

The economic conditions in Central and Eastern Europe and the devaluation of the currencies in these countries could have an adverse effect on the Group's business, financial condition and results of operations

There is a perception amongst certain investors that the economic or financial conditions of Central and Eastern European countries influence the economic or financial conditions of Poland, and that financial assets of Central and Eastern European countries may be treated as the same "asset class" by foreign investors. As a result, investors may reduce their investments in Polish financial assets due to deteriorating economic or financial conditions in other countries of Central and Eastern Europe. Specifically, the devaluation or depreciation of any of the currencies in Central and Eastern Europe could impair the strength of the PLN. A depreciation of the PLN against foreign currencies may make it more difficult for the Bank's customers to repay their foreign currency loans, which would have a negative impact on the Group's business, financial condition and results of operations. In addition, depreciation of the PLN against foreign currencies would affect the value of the foreign exchange derivatives held by many of the Group's customers. As a result, these customers could become unable to repay amounts due under these foreign exchange derivatives, which could also have a material adverse effect on the Group's business, financial condition and results of operations. The financial problems faced by the Group's customers could also

adversely affect the Group's business, financial condition and results of operations. Market turmoil and economic deterioration could adversely affect the respective liquidity, businesses and/or financial conditions of the Group's borrowers, which could in turn further increase the Group's non-performing loan ratios, impair its loan and other financial assets and result in reduced demand for the Group's products. In an environment of significant market turmoil, economic deterioration and increasing unemployment, coupled with declining consumer spending, the value of assets collateralising the Group's secured loans, including real estate, could also decline significantly.

The occurrence of any of these developments could have a material adverse effect on the business, financial condition, results of operations and/or the prospects of the Group.

Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations

The Group principally conducts its operations in Poland where the overwhelming majority of its customers are located. As a result, the macroeconomic situation in Poland has a material impact on the business, financial condition and result of operations of the Group.

The economic situation in Poland depends on a number of factors, including measures by which a government attempts to influence the economy, such as setting levels of taxation, government budgets, the money supply and interest rates as well as the labour market, the demographic situation in the country, macroeconomic conditions in the world and in Europe and the inflow of funds from the European Union.

A potential prolonged economic slowdown in Poland would damage the Group's operations. Higher unemployment and lower consumption, as well as fluctuations in the financial markets (including the currency market), may adversely affect the financial conditions of the Group's customers, which could, in turn, impair the quality and volume of the Group's loans and advances portfolio and other financial assets and result in decreased demand for the Group's products. In addition, in unstable market conditions, the value of assets securing loans already granted or to be granted by the Group, including real estate, may decline significantly.

The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing obligations, make deposits and acquire new financial products offered by the Group. The financial situation of Polish households, including the Group's customers, is highly correlated with the unemployment rate. An increase in the unemployment rate in Poland could cause an increase in the Group's impairment allowances for expected credit losses or hinder growth of the Group's loans and advances portfolio.

The level of risk that is acceptable to customers may also decrease with respect to investments in securities, investment fund units or other investment products offered by the Group. Significant fluctuations or a decline in financial markets may discourage potential customers from buying investment products offered by the Group and current holders may withdraw or reduce their exposure to such products, which may have an adverse effect, in particular, on the Group's fee and commission income.

Any deterioration of the economic, business, political and social conditions in Poland may have a material adverse effect on the business, financial condition and operations of the Group.

The Bank and the Group may be unable to satisfy its or their required minimum capital adequacy ratios

In recent years, capital adequacy requirements have become more stringent, which impact the Group's profitability, profit distribution and operational flexibility. In particular, the Group is subject to increased capital requirements under the Act on Macro-prudential Supervision of the Financial System and Crisis Management of 5 August 2015 and decisions and recommendations issued by the KNF.

The adequacy assessment of the Group's capital base (including among others the calculation of capital ratios and the leverage ratio, own funds and the total capital requirement) is made according to the following regulations:

- the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("**CRR Regulation**");

- the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council with further amendments ("**ITS Regulation**");
- the Banking Act of 29 August 1997 with further amendments (the "**Banking Law**");
- the Act on Macro-prudential Supervision of the Financial System and Crisis Management of 5 August 2015; and
- Regulation of the Minister of Development and Finance of 25 May 2017 on the application of higher risk weights to credit exposures secured by mortgages on real estate property.

The minimum level of mandatory capital adequacy ratios for banks in Poland encompasses:

- the capital requirement arising from CRR Regulation – a Total Capital Ratio ("**TCR**") of 8 per cent. and a Tier 1 capital ratio of 6 per cent.;
- a combined buffer requirement, which includes a capital conservation buffer, a countercyclical capital buffer, an O-SII buffer (individual for particular banks) and a systemic risk buffer; and
- an additional capital charge in Pillar II to address the risk of FX-linked mortgage portfolio.

Taking into account the capital buffers and capital add-on, as of 1 January 2019, the required minimum capital ratios for the Bank at the individual level were 18.02 per cent. for TCR and 14.98 per cent. for Tier 1 capital ratio. At the consolidated (Group) level, the required minimum capital ratios stood at 17.50 per cent. for TCR and 14.59 per cent. for Tier 1 capital ratio.

As of 31 December 2018, the Group reported TCR and the Tier 1 capital ratio at 20.69 per cent. and 17.47 per cent., respectively, while stand-alone TCR and the Tier 1 capital ratio for the Bank stood at 24.20 per cent. and 20.46 per cent., respectively. At the date of this Base Prospectus, the capital adequacy ratios reported by the Bank were above the minimum levels required by KNF on both the individual and consolidated levels. However, certain developments could affect the Group's ability to continue to satisfy the minimum capital adequacy requirements, including:

- an increase in the Group's total risk exposure amount as a result of the rapid expansion of its business or depreciation of the PLN against the foreign currencies in which a part of the Group's assets are denominated;
- deterioration of asset quality leading to a higher level of regulatory expected loss, which would cause an increased amount of capital deductions;
- the Bank's ability to raise capital;
- losses resulting from a deterioration in the Group's asset quality, a reduction in income levels, an increase in expenses or a combination of all of the above;
- additional costs to be incurred due to the mBank contribution to the new restructuring (conversion) fund in the case of entry into force of the amendments to the Act on law on support to home loan borrowers in difficult financial conditions which is currently being processed in Parliament;
- a decline in the values of the Group's securities portfolio;
- changes in accounting rules or in the guidelines regarding the calculation of the capital requirements and capital adequacy ratios of banks; and
- additional capital requirements or changes in the minimum capital requirements imposed by the Bank's competent authority.

The Group's ability to raise additional capital may be limited by numerous factors, including:

- the Group's future financial condition, results of operations and cash flows;

- any necessary government regulatory approvals;
- the financial condition of the Bank's majority shareholder;
- financial markets disruption;
- the Bank's credit rating;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

Moreover, there can be no assurance that the Bank will be able to comply with potentially more stringent prudential regulations concerning capital adequacy, including further changes to the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (the "**CRD IV**"), the CRR Regulation and the possible introduction of Basel IV.

In addition to the above, the CRR Regulation also includes a requirement for institutions to calculate a leverage ratio (the "**LR**"), report it to the relevant regulatory bodies and to disclose it publicly from 1 January 2015 onwards. More precisely, Article 429 of the CRR Regulation requires institutions to calculate their LR in accordance with the methodology laid down in that Article. In January 2014, the Basel Committee finalised a definition of how the LR should be prepared and set an indicative benchmark (namely 3 per cent. of Tier 1 capital). Such 3 per cent. Tier 1 LR has been tested during a monitoring period until the end of 2017, although the Basel Committee had already proposed the final calibration at 3 per cent. Tier 1 LR. Accordingly, whilst the CRR Regulation does not currently contain a requirement for institutions to have a capital requirement based on the LR, prospective investors should note the European Commission's proposal to amend the CRR Regulation which contains a binding 3 per cent. Tier 1 LR requirement (that would be in addition to the own funds requirements in Article 92 of the CRR Regulation) and which institutions must meet in addition to their risk-based requirements. However, the full implementation of the LR requirements is currently under consultation.

Furthermore, Article 45 of the BRRD provides that Member States shall ensure that institutions meet, at all times, a minimum requirement for own funds and eligible liabilities (the "**MREL**"). The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. The European Banking Authority (the "**EBA**") was in charge of drafting regulatory technical standards on the criteria for determining MREL (the "**MREL RTS**"). On 3 July 2015 the EBA published the final draft MREL RTS. In application of Article 45(2) of the BRRD, the current version of the MREL RTS is set out in a Commission Delegated Regulation (EU) No. 2016/1450 that was adopted by the Commission on 23 May 2016 (the "**MREL Delegated Regulation**").

The MREL Requirements (as defined in the Terms and Conditions of the Notes) were scheduled to come into force by January 2016. However, Article 8 of the MREL Delegated Regulation gave discretion to resolution authorities to determine appropriate transitional periods to each institution. On 21 July 2017, the Bank Guarantee Fund (Bankowy Fundusz Gwarancyjny) (the "**BGF**") which is the Polish resolution authority issued a recommendation regarding application of the MREL to Polish banks, as amended on 15 February 2019 (the "**MREL Recommendation**"). The new version of the MREL Recommendation was published on 26 November 2018. As set out in the MREL Recommendation, Polish banks are required to be fully compliant with MREL Requirements by 1 January 2023, with a phase-in period until that date.

According to the MREL Recommendation, the MREL level depends on the resolution actions which banks are subject to in the resolution proceedings. If the BGF determines that the liquidity proceedings shall be applied to the relevant entity within its resolution scheme, the MREL will be established at the level of currently binding capital requirements. If the resolution scheme requires the BGF to permanently write down or convert some instruments, the MREL will be established at the level which allows to cover losses suffered by the relevant entity and ensures its resolvability. However, in the case of banks that would be restructured through acquisition, the established MREL level will allow for covering the losses of the bank in the resolution, and will constitute an internal source of funding for the increased costs of capital

requirements at the acquiring entity, resulting from the acquisition of the rights and obligations of the bank subject to the bank resolution.

According to the BGF Act, the instrument may be used to meet the MREL ratio if:

- it has been issued and fully paid;
- it is not owned, guaranteed or otherwise secured by the issuing entity;
- its purchase has not been funded directly or indirectly by the issuing entity;
- it has an initial contractual maturity of at least one year;
- it is not a derivative and its value is not dependent on embedded derivatives; and
- it does not arise from a deposit which is ranked higher in the insolvency proceedings.

Additional criteria regarding MREL-eligible instruments are included in the MREL Recommendation. The BGF expects that: (i) the MREL will be met with own funds and subordinated instruments only having ranking in the insolvency proceedings lower than the fifth category; (ii) MREL-eligible instruments will not be offered to retail investors; and (iii) a nominal value of MREL-eligible instruments per unit will be of at least PLN 400,000. The Polish Bank Guarantee Fund also indicated some other requirements, in particular in the event that the liabilities are to be MREL-eligible at a consolidated level.

The general approach of the Polish resolution authority may be changed later, or may be adjusted for the relevant entity subject to its resolution scheme.

According to the Act of 17 January 2019 (the "**Amendment Act**") which came into force on 7 March 2019 and amended, amongst others, the BGF Act, in the event of the insolvency of a credit institution subject to the resolution scheme ordinary claims will be classified as either senior "preferred" claims or senior "non-preferred" claims, the latter having a lower ranking than the former. An ordinary claim will only be considered as "non-preferred" if it meets all the conditions established for such purposes under the Amendment Act.

The Amendment Act also amended the Insolvency Law to include senior non-preferred ordinary claims, which will be those arising from debt instruments that meet the following criteria:

- have an initial contractual maturity of at least one year;
- are not derivatives, have no feature of a derivative and have no characteristic of structured financial products;
- include a contractual provision specifically referring to its ranking; and
- have a denomination per unit of at least PLN 400,000 (or a foreign currency equivalent), determined using the average exchange rate for that currency published by the National Bank of Poland on the date when the decision on the issue of such bonds was taken).

Non-preferred ordinary claims which meet those conditions will rank behind the ordinary claims referred to in Article 440 paragraph 2 point 5 of the Insolvency Law and ahead of the subordinated claims included in Article 440 paragraph 2 point 7 of the Insolvency Law (and therefore will be repaid before any subordinated debt).

Taking into account, that according to the MREL Recommendation, Polish banks are expected to meet the liability proportion of the MREL Requirements with own funds and subordinated obligations only, the Bank cannot provide any assurance that any Ordinary Senior or Senior Non Preferred Notes will be (or will thereafter remain) eligible liabilities of the Bank, or that the manner in which Polish banks are expected to meet the liability portion of the MREL Requirements will not change in the future.

The European Commission committed to review the existing MREL rules with a view to provide full consistency with the Total Loss-absorbing Capacity ("**TLAC**") standard by considering the findings of a report that the EBA is required to provide to the European Commission under Article 45(19) of the BRRD.

On 14 December 2016, the EBA published its final report on the implementation and design of the MREL framework where it stated that, although there was no need to change the key principles underlying the MREL Delegated Regulation, certain changes would be necessary with a view to improve the technical soundness of the MREL framework and implement the TLAC standard as an integral component of the MREL framework. On 20 December 2017, the Single Resolution Board ("**SRB**") published its second policy statement on MREL, which will serve as a basis for setting binding MREL targets. On 23 November 2016, the European Commission published, amongst other things, proposals to amend the CRR Regulation; the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, the CRD IV); the BRRD; and the Single Resolution Mechanism Regulation (Regulation EU 806/2014). The proposals covered multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macro-prudential tools, a new category of "non-preferred" senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 instruments, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above. The proposals also cover a harmonised national insolvency ranking of unsecured debt instruments to facilitate the issuance by credit institutions of such "non-preferred" senior debt. Due to, amongst others, the adoption of the Directive (EU)2017/2399, the Council of the European Union on 23 May 2018 published compromise proposals relating to the changes proposed by the European Commission. The proposals related to the European Commission's proposed revisions to the BRRD and the implementation of the TLAC standard (known collectively as BRRD II) are to be considered by the European Parliament and the Council of the EU and therefore remain subject to change. The final package of new legislation may not include all elements of the proposals and new or amended elements may be introduced throughout the course of the legislative process. Until all the proposals are in final form and are finally implemented into the relevant legislation, it is uncertain how the proposals will affect the Bank or the Noteholders. One of the main objectives of these proposals is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules (the TLAC/MREL Requirements) thereby avoiding duplication from the application of two parallel requirements. As mentioned above, although TLAC and MREL pursue the same regulatory objective, there are, nevertheless, some differences between them in the way they are constructed. The European Commission is proposing to integrate the TLAC standard into the existing MREL rules and to ensure that both requirements are met with largely similar instruments, with the exception of the subordination requirement, which will be institution-specific and determined by the resolution authority. Under these proposals, institutions such as the Bank would continue to be subject to an institution-specific MREL requirement, which may be higher than the requirement of the TLAC standard. Any failure by an institution to meet the applicable minimum TLAC/MREL Requirements is intended to be treated in the same manner as a failure to meet minimum regulatory capital requirements (the imposition of restrictions or prohibitions on discretionary payments by the Bank), where resolution authorities must ensure that they intervene and place an institution into resolution sufficiently early if it is deemed to be failing or likely to fail and there is no reasonable prospect of recovery.

Additionally, the Basel Committee is currently in the process of reviewing and issuing recommendations in relation to risk asset weightings which may lead to increased regulatory scrutiny of risk asset weightings in the jurisdictions that are members of the Basel Committee. On 7 December 2017, the Group of Governors and Heads of Supervision ("**GHOS**") published the final version of the Basel III post-crisis regulatory reform agenda. This review of the regulatory framework covers credit, operational and credit valuation adjustment (CVA) risks, introduces a floor to the consumption of capital by internal ratings-based methods (IRB) and the revision of the calculation of the leverage ratio. The main features of the reform are: (i) a revised standard method for credit risk, which will improve the soundness and sensitivity to risk of the current method; (ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of non-compliance; (iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the inclusion of a standardised, and basic method; (iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the advanced measurement approaches (AMA); (v) the introduction of a leverage ratio buffer for G-SIIs; and (vi) regarding capital consumption, it establishes a minimum limit on the aggregate results (output floor), which prevents the risk-weighted assets (RWA) of the banks generated by internal models from being lower than the 72.5 per cent. of the RWA that are calculated with the standard methods of the Basel III framework.

The GHOS have extended the implementation of the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks.

In addition to the above, the Bank should also comply with the liquidity coverage ratio (LCR) requirements provided in CRR Regulation. According to article 460.2 of CRR Regulation, the LCR has been progressively introduced since 2015 with the following phasing-in: (a) 60 per cent. of the LCR in 2015; (b) 70 per cent. as of 1 January 2016; (c) 80 per cent. as of 1 January 2017; and (d) 100 per cent. as of 1 January 2018. As of 31 December 2017, the Bank's LCR was 141 per cent., comfortably exceeding the regulatory requirement.

Failure to maintain the required capital adequacy ratios or to otherwise maintain sufficient levels of capital may lead to restrictive measures imposed upon the Bank under the Banking Law or the Act dated 10 June 2016 on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Mandatory Restructuring (the Act on the Bank Guarantee Fund), implementing the Bank Recovery and Resolution Directive (the BRRD) in Poland, and may have an adverse effect on the business, financial condition and results of operations of the Group.

Moreover, a breach of existing laws relating to minimum capital adequacy ratios may result in entities in the Group being subject to administrative sanctions, which may result in an increase of the operating costs of the Group, loss of reputation, and, consequently, it may have an adverse effect on the business, financial condition and results of operations of the Group.

Changes to or an increase in the regulation of the financial services and banking industry in Poland and internationally could have an adverse effect on the Group's business

Regulations governing the banking and financial services industries in Poland and internationally are likely to increase, particularly in the current market environment, where supervisors have recently moved to tighten regulations governing financial institutions. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed on the Group as a result of governmental or regulatory initiatives, such as the recommendations of the European Union, recommendations of the KNF and new regulations from the Basel Committee on Banking Supervision), the Group may face greater regulation in Poland and other countries in which it conducts operations. Compliance with such changes may increase its capital requirements and costs, heighten disclosure requirements, hinder the entering into or carrying out of certain types of transactions, affect the Group's strategy and limit or require modification of the rates or fees that it charges on certain loan and other products, any of which could lower the return ratio on its investments, assets and equity. The Group may also thus face increased compliance costs and limitations on its ability to pursue certain business opportunities.

As a result of new recommendations from the KNF, as well as other possible changes in existing recommendations and the issuance of new recommendations affecting supervision, the Bank may become subject to more onerous and strict supervision, increased capital adequacy requirements, changes in its risk model and risk management or be required to incur additional costs, as well as be subject to restrictions on certain types of transactions.

The occurrence of any of the above-mentioned factors may affect the Group's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

Additional tax burdens may be imposed on Polish banks or existing taxes may be increased

In December 2015, the Polish Parliament adopted the Act on Tax Imposed on Certain Financial Institutions (the "**2015 Tax Act**"). The purpose of the 2015 Tax Act, which entered into force on 1 February 2016 is to impose tax on the assets of financial institutions, including banks. The tax (the "**Polish Banking Tax**") is calculated by reference to the total assets of a bank, subject to a tax-free amount of PLN 4 billion. Own funds and treasury bonds are excluded from the new tax.

The tax rate, which is charged monthly, is currently set at 0.0366 per cent., but there is no guarantee it will not be raised in the future or that additional taxes will not be levied on the Bank. Since it was introduced, the Polish Banking Tax has materially reduced net profit generated by the Group. The amount of the Polish Banking Tax expense of the Group between February and December 2016 reached PLN 328.9 million, the tax expense in 2017 stood at PLN 375.3 million and in 2018 it reached PLN 401.8 million.

Any changes in the Polish Banking Tax which increase the level of the tax payable by the Bank will affect the financial results of the Group and could have a material adverse effect on its business, financial condition and results of operations.

The Bank may be required to make substantial mandatory contributions, including contributions to the BGF

Pursuant to the provisions of the Polish Act on the Bank Guarantee Fund, the Bank is a member of a mandatory guarantee system and is obliged to contribute to a deposit guarantee fund and a resolution fund.

Since 2017, the amount of contributions to the bank guarantee fund and the resolution fund is calculated by the BGF individually for each bank. Contributions to the deposit guarantee fund are paid quarterly. The basis for the calculation of fees for a given quarter is the value of the covered deposits at a bank at the end of the quarter immediately preceding the quarter to which the contribution relates. Contributions to the resolution fund of banks are paid once a year. The obligation to pay the fee contribution is on the first day of the third quarter; however, in accordance with the guidelines of the BGF and International Financial Reporting Standards Interpretations Committee's (IFRIC) 21, the contribution is booked in the first quarter. The basis for calculating contributions is the sum of a bank's liabilities (net of own funds and covered deposits) in a bank as at the last approved annual financial statements before 31 December of the year preceding the year of contribution.

In 2015 and 2016, the BGF has requested additional contributions from the banking sector to cover the cost of payments to deposit holders of bankrupt banks. In 2015, the KNF submitted a bankruptcy filing for the cooperative bank Spółdzielczy Bank Rzemiosła i Rolnictwa w Wołominie. As a result, based on the Act on Bank Guarantee Fund, the Group was obliged to pay a contribution of PLN 141.7 million to the BGF. In 2016, the Group's additional contribution for the repayment of guaranteed deposits to the depositors of Bank Spółdzielczy in Nadarzyn reached PLN 10.9 million.

In November 2018, the liquidity of Getin Noble Bank and Idea Bank, two banks controlled by Mr Leszek Czarnecki (being the "Relevant Banks"), significantly deteriorated. At that time, the Relevant Banks borrowed PLN 5.8 billion from the National Bank of Poland to cover their outflow of deposits and maintain liquidity. By the end of March 2019, both of the Relevant Banks had repaid refinancing loans borrowed from the National Bank of Poland and their liquidity ratios improved to be approximately equal to the market average. As the scale of the Relevant Banks' operations is much larger, and the amount of guaranteed deposits held by both Relevant Banks is much higher, than that of the cooperative banks mentioned above, the BGF contribution (related to the resolution process and guaranteed deposits) by Polish banks (including the Bank) would be significantly higher than any other BGF contribution to date. As of 30 September 2018, a total amount of PLN 46.1 billion was due to Getin Noble Bank's customers (PLN 37.4 billion of such amount was due to retail customers), and a total amount of PLN 19.3 billion was due to Idea Bank's customers (PLN 17.5 billion of such amount was due to retail customers). The amount of covered deposits held by Getin Noble Bank and Idea Bank is not publicly available. According to the latest available data published by the BGF, as of 31 December 2017, the total amount of the Deposit Guarantee Fund was PLN 12.3 billion; it can therefore be concluded that upon the hypothetical bankruptcy of either Relevant Bank, the BGF funds are unlikely to be sufficient to cover the Relevant Banks' guaranteed deposits.

As of the date of this Base Prospectus, the Relevant Banks do not satisfy the minimum capital requirements. As of 30 September 2018: (i) Getin Noble Bank group reported a Total Capital Ratio ("TCR") of 12.1 per cent. and a Tier 1 capital ratio of 9.6 per cent, but the minimum capital requirements as of the date of the release of the consolidated financial statements for the third quarter of 2018 (26 November 2018) were 14.2 per cent and 11.9 per cent., respectively; and (ii) Idea Bank group reported a TCR of 9.6 per cent. and a Tier 1 capital ratio of 8.2 per cent, but the minimum capital requirements were 12.9 per cent. and 10.9 per cent., respectively. In accordance with Article 60 paragraph 1 of the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in the financial system, both Relevant Banks have prepared capital protection plans. The capital protection plan of Getin Noble Bank was approved by the KNF in April 2018 and is being implemented. It is not known whether the capital protection plan of Idea Bank has been approved by the KNF.

The information presented in this section regarding the Relevant Banks has been extracted from publicly available sources, i.e. the websites of the Relevant Banks and the website of BGF: <http://www.getinnoblebank.pl/>; <https://www.ideabank.pl/>; <https://www.bfg.pl/>.

For the year ended 31 December 2018, the value of the Group's BGF contribution for both funds amounted to PLN 180.4 million, compared with PLN 180.1 million in 2017. The BGF contribution to be paid by the Group in 2019, estimated on the basis of the total amount of BGF contributions to be paid by Polish banks in 2019 and on the Group's payment structure in 2018, will amount to approximately PLN 256 million, including the annual contribution to the resolution fund amounting to PLN 202 million. Due to the relatively large scale of the Bank's operations, if a member of the mandatory guarantee system were to declare bankruptcy, the Bank may be obligated to make larger payments to the BGF than other members of the deposit guarantee system.

In addition, a Borrowers' Support Fund was established pursuant to the Act of 9 October 2015 in order to support residential borrowers in financial difficulties. This fund, managed by Bank Gospodarstwa Krajowego ("**BGK**"); the state development bank, is intended to provide support to private individuals who find themselves in difficult financial situations and who are required to repay housing loans which significantly encumber their household budgets. The Borrowers' Support Fund is funded predominantly from contributions made by lenders in proportion to their housing loan portfolio for households, for which the delay in repayment of principal or interest exceeds 90 days. The Group was obliged to make related one-off contributions to the Borrowers' Support Fund (PLN 52.1 million in 2015). A draft law amending the law on support to home loan borrowers, which is before the Polish Parliament, would extend the scope of the law on support to borrowers in a difficult financial position and would introduce a rule of quarterly contributions of creditors to a support fund and a restructuring (conversion) fund. The latter fund would be used to support the voluntary restructuring of foreign currency-denominated or indexed home loans. (See "*The Group is exposed to regulatory and political risks related to its CHF-denominated loans*" in this section).

If the Bank is required to make substantial contributions to the BGF and the funds managed by BGK, it may have a material adverse effect on the Bank Group's strategy, its growth potential and profit margins and, consequently, could have a material adverse effect on its business, financial condition, and results of operations.

The Group may fail to comply with, or be subject to changes in, certain regulatory requirements applicable to banking and other regulated business, or with the guidelines set forth by financial supervisory authorities on the markets where the Group is present

Apart from its banking operations, the Group also renders other regulated financial services and offers transactional banking products, products relating to the market for financial instruments and insurance products that are subject to the supervision of the KNF, the authority supervising financial markets, including the banking sector in Poland and other relevant authorities in the jurisdictions where it operates. The scope of supervision and regulation of these products and services is also dependent on directives and regulations issued by European regulatory authorities.

The increasing number and ambiguity of certain regulatory requirements, and their application to the Group on the markets where the Group is present, together with changes to the regulatory requirements and guidelines, has placed an increased burden on the Bank and other Group entities to amend their internal policies and procedures in order to meet the requirements of the competent supervisory authorities, and EU directives and regulations, which in some cases may have led to instances of non-compliance by the Bank and other Group entities. In addition, the requirements and obligations stemming from different jurisdictions and the application thereof may be unclear and contradictory and in some cases may have led to instances of non-compliance by the Bank and other Group entities.

Uncertainty with regard to the new rules and guidelines during the period in which they are implemented in the jurisdictions relevant to the Group as well as potential further changes to European or Polish banking regulations might impact the Group's ability to access capital or carry out certain business activities.

A failure to satisfy these requirements may expose the Bank or other Group entities to sanctions, fines and other penalties, which may have a material adverse effect on the business, financial condition and results of operations of the Group.

Changes in accounting principles relating to financial instruments may have an impact on the Group's financial statements and results

In July 2014, the International Accounting Standards Board ("**IASB**") published International Financial Reporting Standard 9 "Financial Instruments" ("**IFRS 9**"), effective for annual periods beginning on or after 1 January 2018, which replaced the International Accounting Standard 39 "Financial instruments: recognition and measurement" (IAS 39). The European Commission adopted IFRS 9 as published by the IASB on 24 July 2014 in Resolution No. 2016/2067 issued on 22 November 2016. IFRS 9 introduced a new impairment model based on the concept of "expected credit losses", changes to the rules of classification and measurement of financial instruments (particularly of financial assets), as well as a new approach towards hedge accounting.

As of 1 January 2018, the total negative impact of the implementation of IFRS 9 in the amount of PLN 362.975 million and the tax effect resulting from the implementation of IFRS 9 in the form of an increase in net deferred tax asset in the amount of PLN 69.389 million caused a decrease in the retained earnings and other items of the Group's equity by PLN 293.586 million.

In addition, the International Financial Reporting Standard 16 "Leases" ("**IFRS 16**") published by the International Accounting Standards Board on 13 January 2016 and approved by European Union, on 31 October 2017, is binding for annual periods starting on or after 1 January 2019.

IFRS 16 introduces new principles for the recognition of leases. The main amendment is the elimination of the classification of leases as either operating leases or finance leases and, instead, the introduction of a single lessee accounting model. Applying a single accounting model, a lessee is required to recognise lease assets and corresponding liability in the statement of financial position, except for leases with a term of less than 12 months and leases of an underlying asset of low value. A lessee is also required to recognise depreciation costs of lease assets separately from interest costs on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting approach. It means that the lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The application of a new standard has an impact on the recognition, presentation, measurement and disclosure of operating lease assets and corresponding liability in the financial statements of the Group as lessor. Due to the inclusion of lease agreements in the Group's balance sheet, the total amount of risk exposures increased, and thus the total capital ratio of the Group decreased by approximately 15 basis points.

Any amendment to the International Financial Reporting Standards which, in the future, may be adopted by the European Union and which concerns the valuation of the balance sheet, off-balance sheet items, disclosures or creating write-downs and provisions, may have a negative impact on the financial and economic situation of the Group.

The KNF may identify issues during inspections of the Bank in the future which, if not adequately resolved by the Bank, may result in sanctions, fines or other penalties

In the course of its activities, the Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors which supervise the financial services sector and other areas in which the Group operates, including the KNF and the Office for Competition and Consumer Protection (*Urząd Ochrony Konkurencji i Konsumentów*) (the "**OCCP**"). The latest inspection of the Bank was conducted by the KNF in the fourth quarter of 2018. The inspection was focused on whether the activities of the Bank in the area of fulfilling its duties as the depositary were in conformity with the law and agreements on the performance of functions of a depositary, in particular in line with the Act of 27 May 2004 on Investment Funds and Management of Alternative Investment Funds (Journal of Laws of 2018, item 1355, as later amended).

The detailed findings of the inspection were presented in the protocol delivered to the Bank on 11 February 2019. On 25 February 2019, the Bank delivered to the KNF its objections to the protocol as well as additional explanations related to the issues being the subject of the inspection.

If any irregularities are found by these supervisory authorities and the Bank fails to remedy them (**provided that** an opportunity to do so is given) the Bank may be exposed to sanctions, fines and other penalties as

prescribed by the Banking Law. This could affect the business, financial condition and results of operations of the Group.

Interpretation of Polish laws and regulations may be unclear and Polish laws and regulations may change

The Bank has been established and operates under Polish law. The Polish legal system is based on statutory law enacted by the Parliament. A significant number of regulations relating to the issue of and trading in securities, shareholders' rights, foreign investments, issues related to corporate operation and corporate governance, commerce, taxes and business activity have been or may be changed. These regulations are subject to different interpretations and may be interpreted in an inconsistent manner. Moreover, not all court decisions are published in official journals and, as a matter of general rule, they are not binding in other cases and are thus of limited importance as legal precedent. The Bank cannot provide assurance that its interpretation of Polish laws and regulations will not be challenged and any successful challenge could result in fines or penalties or could require the Bank to modify its practices, all of which would have an adverse effect on the Group's business, financial condition and results of operations.

Interpretation of Polish tax law regulations may be unclear and Polish tax laws and regulations may change

The Polish tax system is subject to frequent changes. Some provisions of Polish tax law are ambiguous and often there is no unanimous or uniform interpretation of law or uniform practice by the tax authorities. Because of different interpretations of Polish tax law, the risk connected with Polish tax law may be greater than that under other tax jurisdictions in more developed markets. The Bank cannot guarantee that the Polish tax authorities will not take a different, unfavourable interpretation of tax provisions implemented by the Bank or any Group member, which may have an adverse effect on the business, financial condition and results of operations of the Group.

Moreover, in relation to the cross-border character of the Group's business, the double tax treaties to which the Republic of Poland is a party also have an effect on the Group's business. Different interpretations of double tax treaties by the tax authorities and changes to these treaties may have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Bank may be required to implement a recovery plan under Polish banking law

In the event of a breach by a bank, or of a threat of breach, of capital adequacy requirements, significant deterioration of the financial situation of the bank, including the occurrence of a balance sheet loss or a threat thereof, a threat of insolvency or liquidity loss, increasing levels of financial leverage, increases in the Bank's leverage ratio, the value of its non-performing loans or the concentration of exposure, the Bank's Management Board shall forthwith notify the KNF and the BGF and shall ensure the implementation of a recovery plan.

The KNF may by way of a decision:

- address the management board of a bank with a request to implement a recovery plan, including taking the measures specified in the recovery plan or an update thereof if the premises for its implementation differ from the premises adopted during development of the recovery plan or to take, within a specified period of time, actions provided for in the updated recovery plan in order to fulfil the capital adequacy requirements as they apply to the Bank or to improve the Bank's financial situation;
- prohibit or restrict granting credit and loans to shareholders (members) and members of the management board, supervisory board and employees of a bank;
- order the reduction or withholding of payments of certain variable components of remuneration of persons holding managerial positions in a bank;
- request the management board of a bank to convene an extraordinary general meeting of shareholders in order to assess the situation of a bank, adopt a decision to cover a balance sheet loss or to adopt other resolutions, including resolutions on an increase in own funds;

- request to dismiss one or more members of the management board or persons holding managerial positions if these persons fail to guarantee prudent and sound management of the bank;
- order, on considering a recovery plan, the preparation and implementation of a restructuring plan of liabilities towards some or all creditors;
- request a bank to amend its business strategy; or
- order the amendment of the statutes of a bank or its organisational structure.

The KNF may also appoint a trustee to oversee the execution of the recovery plan. The trustee may participate in the meetings of a bank's governing bodies and have access to all information necessary to perform its duties. The trustee may also file with the relevant court an objection against the decisions of the management board and the supervisory board. In addition, with the consent of the KNF, the trustee may convene an extraordinary general meeting of the Bank.

If the measures ordered by the KNF are insufficient, or in order to ensure the effectiveness of the recovery plan being implemented, or if the implementation of the recovery plan is insufficient to remedy the situation of the bank, the KNF may decide to establish a conservatorship in respect of the Bank. Upon the establishment of a conservatorship, the supervisory board shall be suspended, whereas the management board members of the bank shall be removed by operation of law and previously established proxy and powers of attorney shall expire.

There can be no assurance that the Bank, especially in the event of a deterioration of the results of its operations or high regulatory burdens, may not be required to implement a recovery plan. Such risk would increase if the banks in Poland were forced to convert Swiss franc mortgage loans into zloty at preferential rates. Any failure of the Bank to correctly implement the recovery plan may have an adverse effect on the Group's business, financial condition and results of operations and on the Group's ability to implement its strategies as set forth in this Base Prospectus.

The impact of competition and anti-monopoly legislation

The Group's business must comply with regulations regarding competition, consumer protection and public aid. Under the Polish Antimonopoly Act, the President of the OCCP has the right to issue a decision stating that a business entity is participating in an arrangement which aims at or results in the limitation of competition. Moreover, the President of the OCCP may accuse business entities having a dominant position in the Polish market of an abuse of such position. Having determined that such practice has taken place, the President of the OCCP may order the discontinuance of such practices and may also impose a fine. The President of the OCCP also has the authority to declare that the provisions of agreements, as well as the tariffs and fees used by a particular business, violate the collective interest of consumers and, as a consequence, it may order the discontinuance of such agreements and impose a fine on the business.

If there is any suspicion of a breach which could impact trade between Member States, the Treaty establishing the European Community and other community legislation apply directly, while the authority competent to enforce them is the European Commission or the President of the OCCP. Within the scope of their competencies, the European Commission or the President of the OCCP may come to the conclusion that a specific action of a business entity constitutes a prohibited action that restricts competition and is an abuse of market position or breach of common consumer interests, and they may prohibit any such practices or apply other sanctions provided for in the community law regulations or the Polish Antimonopoly Act, which may adversely affect the business, financial condition and results of operations of the Group.

Moreover, acquisitions by the Bank of businesses operating in the financial services and banking sectors may require consents for concentration issued by Polish authorities, foreign competition authorities or financial sector regulatory authorities. The grant of any such consent depends, among other things, on the evaluation of the consequences that the relevant concentration may have on the competition in the market. No assurance can be given that any such consents would be granted. If consent for concentration is refused for a particular acquisition, it will prevent the completion of such acquisition and would restrict the Group's ability to grow.

The Act amending the Act on Protection of Competition and Consumers, which entered into force on 17 April 2016, gives the President of the OCCP certain additional powers. In particular, the President of the

OCCP is permitted to issue administrative decisions concerning prohibited clauses in contract templates and ban their further use. The amendment to the Act on Protection of Competition and Consumers introduces a new prohibition on breaching the collective interest of consumers by the mis-selling of financial services. The Group has implemented appropriate procedures to mitigate the risk associated with offering financial services that are inadequate for a particular customer. However, as the concept of mis-selling is broad, there is a risk that the OCCP can initiate proceedings against the Bank if it finds that financial services are inadequate for a particular customer.

On 21 April 2017, the Polish Parliament adopted the act on damages actions on the basis of a breach of antitrust rules which allows for the Bank to be sued directly by any person who suffers from the Bank's breach of the antitrust rules. Although such damages actions could be brought previously, based on the general rules indicated in the Polish civil law, the act's adoption and entry into force has modified the existing general rules for such damages actions so as to make them in general more favourable in the interests of the customer and/or other business partners of a given entity which breached antitrust rules. The current developments regarding the strengthening of consumer rights might lead to further obligations being imposed on the Group, which, in the case of a failure to comply with such rules, could adversely affect the business, financial condition and results of operations of the Group.

Factors beyond the Group's control could adversely affect the Group's business, financial condition and results of operations

Factors beyond the Group's control, such as catastrophic events, terrorist attacks, natural disasters, acts of war or hostilities, pandemic diseases and other similar unpredictable events, and responses to those events or acts, may create economic and/or political uncertainties, which could have a negative impact on the Polish economy and, more specifically, could impede the Group's business and result in substantial losses. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets or key employees.

If the Group's plans do not fully address these events, or if its plans cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to additional operating costs, such as higher insurance premiums and the implementation of back-up systems. Insurance coverage for certain risks may also be unavailable, thus increasing the risk to the Group. The Group's inability to effectively manage these risks could have an adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the Group and its relationship with Commerzbank and its affiliates (the Commerzbank Group)

Commerzbank holds corporate control over the Bank

As at the date of this Base Prospectus, Commerzbank held 29,352,897 shares, representing 69.33 per cent. of the Bank's share capital which gave Commerzbank the right to exercise 69.33 per cent. of the total number of votes at any General Shareholders' Meeting.

Commerzbank is able to exercise corporate control over the Bank due to its share in the capital of the Bank and in the total number of votes at the General Meeting. In particular, Commerzbank has majority voting power at the General Meeting, and thus has a decisive voice regarding major corporate actions, such as the amendment of the Articles of Association, issuance of new shares of the Bank, decrease of the Bank's share capital, issuance of convertible bonds, payment of dividends and other actions which, according to the Polish Code of Commercial Companies and Partnerships of 15 September 2000 (as amended) ("**KSH**"), require a qualified or simple majority vote at a General Shareholders' Meeting for approval. In addition, Commerzbank holds a sufficient number of votes to appoint a majority of the members of the Supervisory Board, which in turn appoints the members of the Management Board. As a result, Commerzbank has the ability to exercise considerable control over the Bank's operations.

If the interests of Commerzbank and the interests of the Group conflict, this could have an adverse effect on the business, financial condition and results of operations of the Group.

The Bank's shareholders are not required to support the Bank

The Bank is an independent entity from its principal shareholder (Commerzbank) and, as indicated above, has historically benefited from its support in different areas. Commerzbank's past efforts do not necessarily

mean that it is obliged to provide support and finance to the Group in the future, in particular to subscribe for newly-issued shares in any future equity offering or ensure debt financing for the Group. If the Bank needs further equity injections or debt financing and/or a significant decrease of Commerzbank's shareholding in the Bank in the future were to occur, a lack of financial support from Commerzbank may have a negative reputational effect on the Group. A loss of control over the Bank by Commerzbank in the future may lead to negative consequences resulting from the agreements based on which the Group obtained debt financing, in particular the potential necessity to repay such debt financing earlier. Moreover, the Bank's issuer default ratings by S&P Global Ratings and Fitch incorporate uplift driven by parental support, which would be removed if Commerzbank lost control over the Bank.

The occurrence of any of these situations may have a material adverse effect on the Group's business, financial condition or results of operations.

Potential conflicts of interest

The Bank is not aware of any conflicts of interest at the date of this Base Prospectus which would be material for the issue and subscription of the Notes. It is not excluded that a potential conflict of interest between the Issuer and Commerzbank as Arranger or Dealer (since the Issuer is part of the Commerzbank Group) could affect the Noteholders.

Dispute resolution risk

Litigation, administrative or other proceedings or actions may adversely affect the Group's business, financial condition and results of operations

Due to the nature of its business, the Group may be exposed to a risk of court, administrative or other proceedings being instituted against it by customers, employees, shareholders and other persons in connection with its business.

The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions against the Bank or the Group's companies may seek recovery in large or indeterminate amounts or other remedies that may affect the Bank's or the Group companies' ability to conduct their business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation against the particular Group's companies that could damage the reputation of the Group or particular Group companies, regardless of whether the allegations are valid or whether the Group is ultimately found liable.

As a result, litigation, administrative and other proceedings may adversely affect the Group's business, financial condition and results of operations.

Since July 2010, changes have been introduced into Polish law making it possible to bring class action lawsuits. The ability of customers to group their lawsuits against a bank in a single class action significantly lowers the legal fees and other costs of such lawsuits, which may cause court actions against the Bank or other Group companies to become more frequent. There are currently two class action suits regarding the protection of consumers against the Bank.

No assurance can be given that the Bank will be successful in these proceedings. Moreover, as a consequence of the above class actions, a number of other clients of the Bank in circumstances similar to those described above may file claims for compensation.

See "*Business of the Group – Legal, Administrative and Arbitration Proceedings*".

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the programme

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed, and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/ Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared with more conventional interest-bearing securities having comparable maturities.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including EURIBOR, LIBOR, PRIBOR, WIBOR, SOFR and SONIA) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting

of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including EURIBOR, LIBOR, PRIBOR, WIBOR, SOFR and SONIA: (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time, or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

The market continues to develop in relation to SONIA and SOFR as reference rates for Floating Rate Notes

On 29 November 2017, the Bank of England and the FCA announced that the Bank of England's Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to SONIA over the following four years across sterling bond, loan and derivatives markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term).

SOFR is published by the Federal Reserve Bank of New York (the "**Federal Reserve**") and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by U.S. Treasury securities and a current preferred replacement rate to the U.S. LIBOR.

The market or a significant part thereof may adopt an application of SONIA and/or SOFR that differs markedly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA or SOFR rate issued under the Programme. The Issuer may in future also issue Notes referencing SONIA or SOFR that differ materially in terms of interest determination when compared with any previous SONIA or SOFR-referenced Notes issued by it under the Programme. The development of Compounded Daily SONIA and Weighted Average SOFR as interest reference rates for the Eurobond markets, as well as the continued development of SONIA and SOFR-based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA or SOFR-referenced Notes issued under the Programme from time to time.

Furthermore, interest on Notes which reference Compounded Daily SONIA or Weighted Average SOFR is only capable of being determined at the end of the relevant Observation Period or on the SOFR Reset

Date immediately prior to the first day of the relevant Suspension Period (as applicable) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes that reference a SONIA or SOFR rate to reliably estimate the amount of interest that will be payable on such Notes and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to other Floating Rate Notes, if the Notes that reference a SONIA or SOFR rate become due and payable as a result of an event of default under Condition 9, the Rate of Interest payable for the final Interest Period shall only be determined on the date the Notes became due and payable and shall not be reset thereafter. In addition, the manner of adoption or application of SONIA or SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes referencing a SONIA or SOFR rate. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

Since both SONIA and SOFR are relatively new market indices, Notes linked to SONIA or SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SONIA or SOFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if SONIA or SOFR do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to SONIA or SOFR may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that SONIA and/or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes referencing SONIA and/or SOFR, as the case may be. For example, the Federal Reserve notes on its publication page for SOFR that the Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. If the manner in which SONIA or SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank *pari passu* without any preference among themselves and at least *pari passu* with all present and future, direct, unconditional, unsecured and subordinated obligations of the Issuer outstanding from time to time, save for certain obligations required to be preferred by Polish law. In the event of a bankruptcy, insolvency, liquidation, dissolution or winding up of the Issuer, and to the extent permitted by Polish law, the rights of a holder of such Subordinated Notes shall be subordinated in right of payment only to claims against the Issuer of all unsubordinated creditors of the Issuer, as more fully described in Condition 2.2 (*Status of the Subordinated Notes*).

Risks related to Notes generally

Set out below is a description of certain risks relating to the Notes generally:

The Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital Disqualification Event or an MREL Disqualification Event, subject to certain conditions

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Poland or any political subdivision or any authority thereof or therein having power to tax (a "**Tax Jurisdiction**"), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with the Conditions. The Notes may be also redeemed for taxation reasons if: (i) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced; or (ii) if the applicable tax treatment of the Notes is materially affected. In each case, the Issuer may only redeem such

Notes if such: (i) additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, Senior Non-Preferred Notes and Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 6.2 (*Redemption for tax reasons*).

Furthermore, if a Capital Disqualification Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Polish law or law of any other relevant jurisdiction, Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Issuer may redeem all, and not some only, of any Series of the Tier 2 Subordinated Notes subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 6.3 (*Early Redemption due to Capital Disqualification Event*).

If an MREL Disqualification Event occurs as a result of a change (or any pending change which the competent authority considers sufficiently certain) in Polish law, law of any other relevant jurisdiction or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, Ordinary Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms, Senior Non-Preferred Notes and Senior Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 6.4 (*Early Redemption due to MREL Disqualification Event*).

As above mentioned, the redemption of Tier 2 Subordinated Notes of the Issuer at the option of the Issuer is subject to the permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required) and pursuant to article 78(1) of the CRR Regulation such permission will be given only if either of the following conditions is met:

- (a) on or before such redemption of the Tier 2 Subordinated Notes, the Issuer replaces the Tier 2 Subordinated Notes with own funds of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer has demonstrated to the satisfaction of the competent authority that its own funds would, following such redemption, exceed the capital ratios required under CRD IV by a margin that the Regulator may consider necessary on the basis set out in CRD IV.

Likewise, the early redemption of Notes that qualify as eligible liabilities for the purposes of MREL, such as Ordinary Senior Notes eligible to comply with MREL Requirements, Senior Non-Preferred Notes and Senior Subordinated Notes, may also be subject in the future to the prior consent of the Regulator and/or the Relevant Resolution Authority. The proposal for a regulation amending CRR Regulation published by the European Commission on 23 November 2016 (the "**Proposed CRR Regulation Amendment**") provides that the redemption of eligible liabilities prior to the date of their contractual maturity is subject to the prior permission of the competent authority. According to this proposal, such permission will be given only if either of the following conditions are met:

- (a) on or before such redemption, the institution replaces the instruments with own funds or eligible liabilities instruments of equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or
- (b) the institution has demonstrated to the satisfaction of the competent authority that the own funds and eligible liabilities of the institution would, following such redemption, exceed the requirements

laid down in the CRR Regulation, the CRD IV and the BRRD by a margin that the competent authority considers necessary.

It is not possible to predict whether or not any further change in the laws or regulations of Poland or the application or interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes or, in the case where any prior permission of the Regulator and/or the Relevant Resolution Authority for such redemption is required, whether such permission will be given. Early redemption features are also likely to limit the market value of the Notes. During any period when the Issuer can redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the Notes may become eligible for redemption in the near term.

Early redemption and purchase of the Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and/or Senior Subordinated Notes may be restricted

Any early redemption or purchase of Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and/or Senior Subordinated Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable MREL Regulations at the relevant time, including any requirements applicable to such redemption or repurchase due to the qualification of such Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and/or Senior Subordinated Notes at such time as eligible liabilities available to meet the MREL Requirements.

The qualification of the Senior Subordinated Notes, the Senior Non-Preferred Notes and certain Ordinary Senior Notes as being eligible to comply with Applicable MREL Regulations is subject to uncertainty

The Senior Subordinated Notes, the Senior Non-Preferred Notes and certain Ordinary Senior Notes may be intended to comply with Applicable MREL Regulations. However, there is uncertainty regarding the final substance of the Applicable MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that the Senior Subordinated Notes, the Senior Non-Preferred Notes and certain Ordinary Senior Notes will or may be (or thereafter remain) in compliance with Applicable MREL Regulations.

If for any reason the Senior Subordinated Notes, the Senior Non-Preferred Notes and the Ordinary Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms do not comply with Applicable MREL Regulations or if they initially comply with Applicable MREL Regulations and subsequently become ineligible due to a change in Polish law, the law of any other relevant jurisdiction or Applicable MREL Regulations, then a MREL Disqualification Event will occur, with the consequences indicated in the Terms and Conditions. See "*Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital Disqualification Event or an MREL Disqualification Event, subject to certain conditions*" and "*Notes may be subject to substitution and modification without Noteholder consent*".

Notes may be required to absorb losses as a result of statutory powers conferred on resolution and recovery authorities in Poland or any other relevant jurisdiction

The Noteholders are subject to the risk that such Notes may be required to absorb losses as a result of statutory powers conferred on the resolution and recovery authority in Poland or any other relevant jurisdiction.

The BRRD provides member states' authorities with a set of tools and powers for dealing with failing banks and requires banks to facilitate this process by providing information for recovery and resolution planning purposes. The purpose of the BRRD is to guarantee that the restructuring of banks on the verge of insolvency occurs without imposing any additional costs on taxpayers and that the costs of restructuring are distributed between the banks' shareholders and creditors. The BRRD contains the following resolution tools that may be used alone or in combination in the event that the relevant resolution authority believes that: (i) an institution is failing or likely to fail; (ii) there is no reasonable prospect of any alternative private sector measures preventing the failure of such institution within a reasonable timeframe; and (iii) a resolution action is in the public interest:

- the sale of a business – enabling the resolution authorities to direct the sale of the institution or a part of its business;
- a bridge institution – enabling the resolution authorities to transfer all or a part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially under public control);
- asset separation – enabling the resolution authorities to transfer impaired or under-performing assets to a publicly owned asset management vehicle to allow them to be managed with a view to maximising their value through a potential sale or orderly wind-down (this can be used together with another resolution tool only); and
- a bail-in – giving resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity.

The powers provided to resolution and competent authorities (BGF in Poland) in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as Notes issued under the Programme) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring. For the purposes of the application of any non-viability loss absorption measure (i) the point of non-viability of a relevant entity under the BRRD is the point at which the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group meets the conditions for resolution or will no longer be viable unless the relevant capital instruments (such as Notes issued under the Programme) are written down or converted into equity or extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the economy of an EEA member state and to preserve financial stability; and (ii) the point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated prudential requirements in a way that would justify action by the appropriate authority, including but not limited to because the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds.

As a result, the BRRD contemplates that resolution authorities may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into Common Equity Tier 1 instruments at the point of non-viability (which Common Equity Tier 1 instruments may also be subject to any application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. The application of any non-viability loss absorption measure may result in Noteholders losing some or all of their investment. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Any such exercise, or any suggestion that the Notes could become subject to such exercise, could, therefore, materially adversely affect the value of the Notes.

Minimum requirements for own funds and eligible liabilities (MREL)

As described above in the risk factor "*The Council of the European Union has adopted a bank recovery and resolution directive which has been implemented in Poland and which is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer could materially affect the value of any payment under the Notes*", in order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all in-scope institutions have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (the BGF in Poland) on a case-by-case basis. The MREL requirement applies to all EU credit institutions (and certain investment firms), not just to those identified as being of a particular size or of systemic importance.

In determining the level of an institution's MREL requirement, the resolution authority must have regard to certain criteria specified in the BRRD and the MREL requirement for that institution will be comprised of a number of key elements, including the required loss-absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the

resolution planning process. Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "eligible liabilities", meaning liabilities which, inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments that are effectively subordinated to other eligible liabilities in a bail-in or insolvency of the relevant institution.

The Act on the Bank Guarantee Fund, in line with BRRD, requires that Polish banks shall hold a minimum level of own funds and eligible liabilities in relation to total liabilities and own funds. The Act on the Bank Guarantee Fund also empowers the BGF to set out individual MREL requirements for each Polish bank in order to ensure that each Polish bank is able to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied.

BRRD's provisions relating to MREL will be supplemented by regulatory technical standards drafted by the European Banking Authority with a view to being adopted by the European Commission. The extent and nature of the MREL requirements are currently being developed and so it is not possible to determine the exact impact that they will have on the Issuer once implemented. The Issuer may be required to issue a significant amount of additional eligible liabilities in order to meet the new MREL requirements within the required time frames. If the Issuer was to experience difficulties in raising eligible liabilities, it may have to reduce its lending or investments in other operations.

Absence of events of default in respect of Subordinated Notes, Senior Non-Preferred Notes, and certain Ordinary Senior Notes

The Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes do not provide for any events of default. The Noteholders will not be able to accelerate the maturity of such Notes. Accordingly, if the Issuer fails to meet any obligations under such Notes, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to the Noteholders and, where applicable, the Couponholders for the recovery of amounts owing in respect of any payment of principal or interest on such Notes will be the institution of judicial proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be required to pay any sum or sums sooner than the same would otherwise have been due and payable by it.

Senior Non-Preferred Notes constitute obligations ranking junior to the Ordinary Senior Notes

The Issuer's obligations under the Senior Non-Preferred Notes including, where applicable any related Coupons, are unsecured so they will rank junior in priority of payment to other creditors (such as depositors and creditors in respect of principal or interest on Senior Higher Priority Liabilities (including the Ordinary Senior Notes)) of the Issuer, as more fully described herein. Although the Senior Non-Preferred Notes may pay a higher rate of interest than comparable notes that are senior to them, there is a substantial risk that investors in notes such as the Senior Non-Preferred Notes will lose all or some of their investment should the Issuer become insolvent or become subject to any resolution procedure. Noteholders of Senior Non-Preferred Notes face an increased risk compared with the Noteholders of the Ordinary Senior Notes.

Subordinated Notes constitute subordinated obligations ranking junior to the Senior Notes

The Issuer's obligations under the Subordinated Notes including, where applicable any related Coupons, are unsecured and subordinated so they will rank junior in priority of payment to other creditors (such as depositors and other unsecured and unsubordinated creditors of the Bank (including the Senior Preferred Notes and the Senior Non-Preferred Notes)) of the Issuer, as more fully described herein. Although the Subordinated Notes may pay a higher rate of interest than comparable notes that are not subordinated, there is a substantial risk that investors in subordinated notes such as the Subordinated Notes will lose all or some of their investment should the Issuer become insolvent or become subject to any resolution procedure. Subordinated Noteholders face an increased risk compared with the Noteholders of the Senior Notes.

The terms of the Notes may contain a waiver of set-off rights

The Proposed CRR Regulation Amendment provides that Notes qualifying as Tier 2 instruments and eligible liabilities may not be subject to set-off or netting rights that would undermine their loss-absorbing capacity in resolution. The exercise of set-off rights in respect of the Issuer's obligations under the Notes

upon the opening of a resolution procedure in any relevant jurisdiction would be prohibited by Article 68 of BRRD (as transposed into Polish law or the law of any other relevant jurisdiction from time to time).

The Conditions of the Notes provide that, if so specified in the Final Terms or Pricing Supplement (as the case may be), Noteholders waive any deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note against any right, claim, or liability the Issuer has or may have or acquire against any Noteholder, directly or indirectly howsoever arising. As a result Noteholders would not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

Notes may be subject to substitution and modification without Noteholder consent

To the extent that Condition 11 (*Substitution and Variation*) is specified in the relevant Final Terms as being applicable to the Notes provisions relating to the substitution or variation of the Notes, in certain circumstances, such as if a Capital Disqualification Event, an MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 6.2 (*Redemption for tax reasons*) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, to ensure that such substituted or varied Notes continue to qualify as Tier 2 Capital or towards the Issuer's MREL Requirements as applicable, or in order to ensure the effectiveness of Condition 20 (*Write-down or conversion power; acknowledgement of bail-in tool*).

While the Issuer cannot make changes to the terms of the Notes that, in its reasonable opinion, are materially less favourable to a Noteholder of such Note, there can be no assurances as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer may, with the consent of the Agent, but, without the consent of Noteholders, (i) amend the Conditions of the Notes to correct a manifest error, cure any ambiguity or cure, correct or supplement any defective provision contained therein, or (ii) amend the Conditions of the Notes in any manner which is not materially prejudicial to the interests of holders of such Notes, or (iii) substitute for itself another company as principal debtor under any Notes in place of the Issuer, as more fully described in Condition 16 (*Meetings of Noteholders, Modification and Substitution*).

In addition, pursuant to Condition 4.4 (*Benchmark replacement*), certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial securities such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms or Pricing Supplement (if applicable) but to ask their own tax adviser's for advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms or Pricing Supplement (if applicable).

The value of the Notes could be adversely affected by a change in English law, Polish law or administrative practice

The conditions of the Notes (except the provisions of Conditions 2.2 (*Status of the Subordinated Notes*) which will be governed by, and construed in accordance with, Polish law) are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, Polish law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Risk of suspension, interruption or termination of trading in the Notes

The listing of the Notes may, depending on the rules applicable to the relevant stock exchange, be suspended or interrupted by the respective stock exchange or a competent regulatory authority for a number of reasons, including a violation of price limits, a breach of statutory provisions, the occurrence of operational problems involving the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of investors. Furthermore, trading in the Notes may be terminated either upon the decision of the stock exchange or a regulatory authority or upon application by the Issuer.

Because the global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg (as defined above), investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more global Notes. Such global Notes will be deposited with a common depository or common safekeeper (as the case may be) for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the global Notes.

While the Notes are represented by one or more global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global Notes.

Noteholders of beneficial interests in the global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Clearing system risk of discontinuance

Secondary market sales of book-entry interests in the global Notes will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time.

Secondary market sales of interests in the global Notes may be conducted in accordance with the normal rules and operating procedures of the domestic clearing system, or interests in the global Notes may be transferred to a direct or indirect participant of another clearing system in accordance with the standard arrangements for such cross-market transfers. None of Euroclear, Clearstream, Luxembourg nor any other Clearing System is under any obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time.

Any such discontinuance could have a material adverse effect on an investor's holding of Notes or his ability to resell the Notes in the secondary market.

The Notes may be delisted, which may materially affect an investor's ability to resell

Any Notes that are listed on any listing authority, stock exchange or quotation system may be delisted. If any Notes are delisted, the Issuer is obliged to endeavour promptly to obtain an alternative listing. Although

no assurance is made as to the liquidity of the Notes as a result of listing on any listing authority, stock exchange or quotation system, delisting the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield of the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European-regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in "*Description of the Group – Ratings*" of this Base Prospectus and further details may be disclosed in the Final Terms or the Pricing Supplement (in the case of Exempt Notes).

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer of Notes**".

If, in the context of a Non-exempt Offer, you are offered Notes by any entity, you should check that such entity has been given consent to use this Base Prospectus for the purposes of making its offer before agreeing to purchase any Notes. The following entities have consent to use this Base Prospectus in connection with a Non-exempt Offer of Notes:

- any entity named as a Dealer or Manager in the applicable Final Terms;
- any financial intermediary specified in the applicable Final Terms as having been granted specific consent to use the Base Prospectus;
- any financial intermediary named on the Issuer's website (<https://www.mbank.pl/en/home-page>) as an Authorised Offeror in respect of the Non-exempt Offer (if that financial intermediary has been appointed after the date of the applicable Final Terms); and
- if Part B of the applicable Final Terms specifies "General Consent" as "Applicable", any financial intermediary authorised to make such offers under MiFID II who has published the Acceptance Statement (set out below) on its website.

The entities listed above have been given consent to use the Base Prospectus only during the Offer Period specified in the applicable Final Terms and only in the Public Offer Jurisdictions specified in the applicable Final Terms. Other than as set out above, the Issuer has not authorised the making of any Non-exempt Offer by any person and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes.

Please see below for certain important legal information relating to Non-exempt Offers.

Restrictions on Non-exempt Offers of Notes in relevant Member States

This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in Germany, the Netherlands, Austria, Luxembourg, the United Kingdom and Poland as specified in the applicable Final Terms (each specified Member State a "**Non-exempt Offer Jurisdiction**" and together the "**Non-exempt Offer Jurisdictions**"). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" below and provided such person complies with the conditions attached to that consent.

Save as provided above, none of the Issuer and any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of a Non-exempt Offer of Notes, the Issuer accepts responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Notes in a Non-exempt Offer of Notes made by a Dealer or an Authorised Offeror in that connection (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and **provided that** the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer of Notes and none of the Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, none of the Issuer and, for the avoidance of doubt, any Dealer has authorised the making of any Non-exempt Offer of Notes by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer of Notes made without the consent of the Issuer is unauthorised and none of the Issuer and, for the avoidance of doubt, any

Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.

If, in the context of a Non-exempt Offer of Notes, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Non-exempt Offer of Notes and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

Specific consent

- (a) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes during the relevant Offer Period stated in the applicable Final Terms by:
 - (i) the relevant Dealer(s) or Manager(s) stated in the applicable Final Terms;
 - (ii) any financial intermediaries specified in the applicable Final Terms; and
 - (iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website <https://www.mbank.pl/en/home-page> and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and

General consent

- (b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes during the relevant Offer Period stated in the applicable Final Terms by any other financial intermediary which satisfies the following conditions:
 - (i) it is authorised to make such offers under applicable legislation implementing MiFID II; and
 - (ii) it accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

"We, [insert legal name of financial intermediary], refer to the offer of the [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by [•] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and we are using the Base Prospectus accordingly."

The "**Authorised Offeror Terms**", being the terms to which the relevant financial intermediary agrees in connection with using this Base Prospectus, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
 - I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") from time to time, including, without limitation and in each

case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;

- II. comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a relevant Dealer and consider the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II product governance" legend set out in the applicable Final Terms;
- III. ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
- IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;
- V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer;
- VII. ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- VIII. immediately inform the Issuer and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- IX. comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
- X. make available to each potential Investor in the Notes this Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus and the applicable Final Terms;
- XI. if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Non-exempt Offer of Notes) in connection with the relevant Non-exempt Offer of Notes, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Dealer

accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in this Base Prospectus;

- XII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
 - XIII. co-operate with the Issuer and the relevant Dealer in providing relevant information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) and such further assistance as is reasonably requested upon written request from the Issuer or the relevant Dealer in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process. For this purpose, relevant information is information that is available to or can be acquired by the relevant financial intermediary:
 - (i) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or
 - (ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in the Rules; and/or
 - (iii) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements;
 - XIV. during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and
 - XV. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (B) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or

failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer; and

- (C) agrees and accepts that:
- I. the contract between the Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the Issuer's offer to use this Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
 - II. the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the relevant financial intermediary submit to the exclusive jurisdiction of the English courts;
 - III. for the purposes of (C)(II), each of the Issuer and the relevant financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute; and
 - IV. each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b) above are together the "**Authorised Offerors**" and each an "**Authorised Offeror**".

Any Authorised Offeror falling within paragraph (b) above who meets the conditions set out in paragraph (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the Acceptance Statement.

Common Conditions to Consent

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Non-exempt Offer are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

- (i) is only valid during the Offer Period specified in the applicable Final Terms; and
- (ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and Poland, as specified in the applicable Final Terms.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

The only relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any relevant Member States are so specified) as indicated in (ii) above will be Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and Poland, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and Poland, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF

SUCH OFFER. NONE OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event, in the case of Notes other than Exempt Notes, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Prospectus Regulation.

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this overview.

Issuer:	mBank S.A.
Description:	Euro Medium Term Note Programme
Arranger:	Commerzbank Aktiengesellschaft
Dealers:	Barclays Bank PLC Barclays Bank Ireland PLC Commerzbank Aktiengesellschaft Credit Suisse Securities (Europe) Limited DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main Erste Group Bank AG HSBC Bank plc J.P. Morgan Securities plc UBS Europe SE UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus. Notes having a maturity of less than one year Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (" FSMA ") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
Issuing and Principal Paying Agent:	Deutsche Bank Aktiengesellschaft
Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in any currency or currencies agreed between the Issuer and the Dealers, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Notes:	Notes may be either Senior Notes (in which case they will be Ordinary Senior Notes or Senior Non-Preferred Notes) or Subordinated Notes (in which case they will be Senior Subordinated Notes or Tier 2 Subordinated Notes) as more fully described in Condition 2 (<i>Status of the Notes</i>).

Maturities:	A maturity of at least one year in the case of Senior Notes and Senior Subordinated Notes and a minimum maturity of five years in the case of Tier 2 Subordinated Notes, as indicated in the applicable Final Terms or Pricing Supplement (as the case may be) or such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of the Notes:	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <p>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</p> <p>(b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Exempt Notes:	The Issuer may issue Exempt Notes which are Notes for which no Prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes. The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Conditions in which event the relevant provisions will be included in the applicable Pricing Supplement.
Redemption:	The applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or, in the case of Ordinary Senior Notes, following an Event of Default or, in the case of Senior Subordinated Notes and Senior Non-Preferred Notes if so specified in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement), the Ordinary Senior Notes, upon the occurrence of a MREL Disqualification Event, or, in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Disqualification Event) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may

be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Any early redemption of Subordinated Notes, Senior Non-Preferred Notes or Ordinary Senior Notes eligible to comply with the Applicable MREL Regulations will be subject to the prior consent of the competent authorities (including relevant resolution authorities), to the extent required, in accordance with Applicable Banking Regulations.

Notes having a maturity of less than one year are/may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above. The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Denomination of Notes:

Certain Conditions of the Notes:

Rating:

Listing and Admission to Trading:

See Element C.8 of "*Summary of the Programme*" for a summary description of certain terms and conditions applicable to all Notes issued under the Programme.

See Element B.17 of "*Summary of the Programme*".

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including Italy and the United Kingdom) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes).

DOCUMENTS INCORPORATED BY REFERENCE

The documents set out below that are incorporated by reference in this Base Prospectus are, where indicated, free translations into English from the original Polish language documents. To the extent that there are any inconsistencies between the originals and the translations, the originals shall prevail. The Issuer takes responsibility for such translations. The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the audited consolidated financial statements of the Group for the year ended 31 December 2018 prepared in accordance with IFRS as adopted by the European Union (the "**2018 Consolidated Financial Statements**"), audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. included in the consolidated annual report of the Group for the year ended 31 December 2018, which constitute a free translation from the Polish version into the English language:
 - (a) consolidated income statement (page 5);
 - (b) consolidated statement of comprehensive income (page 6);
 - (c) consolidated statement of financial position (page 7);
 - (d) consolidated statement of changes in equity (page 9);
 - (e) consolidated statement of cash flows (page 10); and
 - (f) explanatory notes to the consolidated financial statements (pages 11 to 195).

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation;

2. the separate independent registered auditor's report on the audit of the 2018 Consolidated Financial Statements (pages 1 to 12) which constitutes a free translation from the Polish version into the English language;
3. the audited consolidated financial statements of the Group for the year ended 31 December 2017 prepared in accordance with IFRS as adopted by the European Union (the "**2017 Consolidated Financial Statements**"), audited by PricewaterhouseCoopers sp. z o.o. included in the consolidated annual report of the Group for the year ended 31 December 2017, which constitute a free translation from the Polish version into the English language:
 - (a) consolidated income statement (page 5);
 - (b) consolidated statement of comprehensive income (page 6);
 - (c) consolidated statement of financial position (page 7);
 - (d) consolidated statement of changes in equity (page 8);
 - (e) consolidated statement of cash flows (page 9); and
 - (f) explanatory notes to the consolidated financial statements (pages 10 to 164).

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation;

4. the separate independent registered auditor's opinion on the 2017 Consolidated Financial Statements (pages 1 to 10) which constitutes a free translation from the Polish version into the English language;
5. the audited consolidated financial statements of the Group for the year ended 31 December 2016 prepared in accordance with the IFRS as adopted by the European Union (the "**2016 Consolidated**

Financial Statements"), audited by PricewaterhouseCoopers sp. z o.o. included in the consolidated annual report of the Group for the year ended 31 December 2016, which constitute a free translation from the Polish version into the English language:

- (a) consolidated income statement (page 5);
- (b) consolidated statement of comprehensive income (page 6);
- (c) consolidated statement of financial position (page 7);
- (d) consolidated statement of changes in equity (page 8);
- (e) consolidated statement of cash flows (page 9); and
- (f) explanatory notes to the consolidated financial statements (pages 10 to 173).

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation;

- 6. the separate independent registered auditor's opinion on the 2016 Consolidated Financial Statements (pages 1 to 3) which constitutes a free translation from the Polish version into the English language;
- 7. the audited consolidated financial statements of the Group for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the European Union (the "**2015 Consolidated Financial Statements**"), audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. included in the consolidated annual report of the Group for the year ended 31 December 2015, which constitute a free translation from the Polish version into the English language:

- (a) consolidated income statement (page 5);
- (b) consolidated statement of comprehensive income (page 6);
- (c) consolidated statement of financial position (page 7);
- (d) consolidated statement of changes in equity (page 8);
- (e) consolidated statement of cash flows (page 9); and
- (f) explanatory notes to the consolidated financial statements (pages 10 to 162).

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation;

- 8. the separate independent registered auditor's opinion on the 2015 Consolidated Financial Statements (pages 1 and 2) which constitutes a free translation from the Polish version into the English language;
- 9. the audited consolidated financial statements of the Group for the year ended 31 December 2014 prepared in accordance with IFRS as adopted by the European Union (the "**2014 Consolidated Financial Statements**" and, together with the 2018 Consolidated Financial Statements, the 2017 Consolidated Financial Statements, the 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements, the "**Consolidated Financial Statements**"), included in the consolidated annual report of the Group for the year ended 31 December 2014, which constitute a free translation from the Polish version into the English language audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.:

- (a) consolidated income statement (page 5);

- (b) consolidated statement of comprehensive income (page 6);
- (c) consolidated statement of financial position (page 7);
- (d) consolidated statement of changes in equity (page 8);
- (e) consolidated statement of cash flows (page 9); and
- (f) explanatory notes to the consolidated financial statements (pages 10 to 157).

This information is provided for information purposes only;

- 10. the separate independent registered auditor's opinion on the 2014 Consolidated Financial Statements (pages 1 to 2) which constitutes a free translation from the Polish version into the English language. This information is provided for information purposes only;
- 11. the "Terms and Conditions of the Notes" set out on pages 114 to 138 of the base prospectus relating to the Programme dated 17 May 2018 (the "**2018 Conditions**");
- 12. the "Terms and Conditions of the Notes" set out on pages 114 to 140 of the base prospectus relating to the Programme dated 8 March 2017 (the "**2017 Conditions**");
- 13. the "Terms and Conditions of the Notes" set out on pages 111 to 137 of the base prospectus relating to the Programme dated 23 March 2016 (the "**2016 Conditions**");
- 14. the "Terms and Conditions of the Notes" set out on pages 108 to 134 of the base prospectus relating to the Programme dated 24 March 2015 (the "**2015 Conditions**");
- 15. the "Terms and Conditions of the Notes" set out on pages 103 to 129 of the base prospectus relating to the Programme dated 14 March 2014 (the "**2014 Conditions**");
- 16. the "Terms and Conditions of the Notes" set out on pages 81 to 106 of the base prospectus relating to the Programme dated 8 April 2013 (the "**2013 Conditions**"); and
- 17. the "Terms and Conditions of the Notes" set out on pages 81 to 108 of the base prospectus relating to the Programme dated 12 April 2012 (the "**2012 Conditions**").

Any non-incorporated parts of a document referred to herein are either deemed not relevant for the investor or covered in another part of the Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and Luxembourg. The documents incorporated by reference in this Base Prospectus will also be available from the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

Each Tranche of Notes will be in bearer form and initially be issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the applicable Final Terms, a permanent global note (a "**Permanent Global Note**" and, together with a Temporary Global Note, each a "**Global Note**") which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event

occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms (or Pricing Supplement in the case of Exempt Notes):

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined herein), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act, "**Regulation S**") applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated on or about 28 March 2019 and executed by the Issuer.

APPLICABLE FINAL TERMS

NOTES WITH A DENOMINATION OF LESS THAN €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY), OTHER THAN EXEMPT NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of less than €100,000 (or its equivalent in any other currency) issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.]¹¹

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[MiFID II product governance / Retail investors, professional investors and ECPs – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [non-advised sales] [and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/"capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"]/"Specified Investment

¹¹ Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[Date]

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKKZAY35

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €3,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 28 March 2019 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. N.B. when using a post-1 July 2012 approved base prospectus to tap a previous issue under a pre-1 July 2012 approved base prospectus, the final terms in the post-1 July 2012 base prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.

[Terms used herein shall be deemed to be defined as such for the purposes of the [[2018]/[2017]/[2016]/[2015]/[2014]/[2013]/[2012]] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus (as defined below). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 28 March 2019 [and the supplement(s) to it dated [•], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [•]]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.)

(When adding any information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

1. (a) Series Number: [•]
- (b) Tranche Number: [•]

- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [•]
3. Aggregate Nominal Amount:
- (a) Series: [•]
- (b) Tranche: [•]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: [•]
- (Senior Non-Preferred Notes must have a minimum denomination of PLN 400,000 (or equivalent))
- (b) Calculation Amount: [•]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6. (a) Issue Date: [•]
- (b) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]] (If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency)
- (Senior Non-Preferred Notes will have a maturity of not less than one year or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)
- (Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)
8. Interest Basis: [[•] per cent. Fixed Rate]
- [[[•] month [LIBOR/EURIBOR/WIBOR/PRIBOR/SOFR/SONIA]]
- +/- [•] per cent.
- Floating Rate]

- [Zero Coupon]
(see paragraph [14]/[15]/[16] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) *[date]* paragraph [14]/[15] applies and for the period from (and including) *[date]* to (but excluding) the Maturity Date, paragraph [14]/[15] applies][Not Applicable]
11. Put/Call Options: Issuer Call pursuant to Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below]
- Investor Put pursuant to Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) is [Applicable/Not Applicable] [See paragraph 19 below]
- Issuer Call – Capital Disqualification Event pursuant to Condition 6.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]
- Issuer Call – MREL Disqualification Event pursuant to Condition 6.4 (*Early Redemption due to MREL Disqualification Event*) is [Applicable/Not Applicable]
- [(further particulars specified below)]
12. Status of the Notes: [Senior Notes–Ordinary Senior Notes/Senior Notes–Senior Non-Preferred Notes/Subordinated Notes–Senior Subordinated Notes/Subordinated Notes–Tier 2 Subordinated Notes]
- (a) Senior: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Status: [Ordinary Senior Notes/Senior Non-Preferred Notes]
 - Events of Default: [Condition 9.1 (*Events of Default relating to Ordinary Senior Notes*) applies / Condition 9.3 (*Events of Default relating to Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes*) applies]
- (b) Subordinated: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*

- Status: [Senior Subordinated Notes/Tier 2 Subordinated Notes]
13. Date of [Board] approval for issuance of Notes obtained: [•]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [[•] per cent. per annum payable in arrear on each Interest Payment Date]
 - (b) Interest Payment Date(s): [[•] in each year up to and including the Maturity Date]
 - (c) Fixed Coupon Amount(s): [•] per Calculation Amount
(Applicable to Notes in definitive form.)
 - (d) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] [Not Applicable]
(Applicable to Notes in definitive form.)
 - (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
 - (f) Determination Date(s): [[•] in each year] [Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
15. Floating Rate Note Provisions: [Applicable/Not Applicable][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [•]
 - (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
 - (c) Additional Business Centre(s): [•]

- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]¹²
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•][Not Applicable]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [•] month [LIBOR/EURIBOR/PRIBOR/WIBOR/SOFR/SONIA]
 - Interest Determination Date(s): [•]
(*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, second Prague business day prior to the start of each Interest Period if PRIBOR, second Warsaw business day prior to the start of each Interest Period if WIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, and the date falling "p" London Banking Days prior to the start of each Interest Period if SONIA*)
 - Relevant Screen Page: [•]
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately. In the case of WIBOR, reference should be either to Reuters Screen WIBOR or WIBOR=.*)
 - Observation Look-back Period: [•]/[Not Applicable] (which shall not, without the prior written agreement of the [Calculation] Agent, be less than five)

(*In the case of SONIA: "p" London Banking Days*)
- (g) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]

(*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)

(*N.B. The fallback provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR*)

¹² Confirm with Agent whether it will act as Calculation Agent. See Clause 8.1(a) of the Agency Agreement.

which, depending on market circumstances, may not be available at the relevant time)

- ISDA Benchmarks Supplement: [Applicable/Not Applicable]
 - (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
 - (i) Margin(s): [+/-] [•] per cent. per annum
 - (j) Minimum Rate of Interest: [•] per cent. per annum
 - (k) Maximum Rate of Interest: [•] per cent. per annum
 - (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(See Condition 4 for alternatives)
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [•] per cent. per annum
 - (b) Reference Price: [•]
 - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6.2: Minimum period: [30] days
Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [•]
 - (b) Optional Redemption Amount: [•] per Calculation Amount
 - (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Optional Redemption Date(s) or Put Period(s): [•]
- (b) Optional Redemption Amount: [•] per Calculation Amount
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
20. Capital Disqualification Event in respect of Tier 2 Subordinated Notes:
- (a) Optional Redemption Amount (Capital Disqualification Event): [[•] per Calculation Amount / Condition 6.3 not Applicable]
21. MREL Disqualification Event [Applicable/Not Applicable]
- (a) Optional Redemption Amount (MREL Disqualification Event): [[•] per Calculation Amount / Not Applicable]
22. Final Redemption Amount: [Par], [[•] per Calculation Amount]
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [•] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time at the request of the Issuer options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof*

up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

- (b) New Global Note: [Yes][No]
25. Additional Financial Centre(s): [Not Applicable/[•]]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purpose of calculating the amount of interest to which sub- paragraph 15(c) relates)
26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]
27. Waiver of Set-Off: [Applicable/Not Applicable]
28. Substitution and Variation: [Applicable/Not Applicable]

THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of **mBank S.A.:**

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] with effect from [•].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] with effect from [•].]

[[The [name of original Series of Notes] issued on [date of issue of original Series of Notes] listed on the [Official List of the Luxembourg Stock Exchange] and were admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] on [•].] (Include where documenting a fungible issue)
2. **RATINGS**

Ratings:

[The Senior Notes to be issued [have been]/[are expected to be] rated [•] by [insert the legal name of the relevant credit rating agency entity(ies)]]

[Not Applicable]

[Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealer] and any on-lending arrangement of the net proceeds of the issue of the Notes between the Issuer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]
4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**
 - (i) [Reasons for the offer: [•]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit)

and/or hedging certain risks will need to include those reasons here.)]

(ii) Estimated net proceeds: [•]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: [•].

(Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".)

5. **YIELD** (Fixed Rate Notes Only)

Indication of yield: [•]/[Not Applicable].

6. **HISTORIC INTEREST RATES** (Floating Rate Notes Only)

[Details of historic [LIBOR/EURIBOR/PRIBOR/WIBOR/SOFR/SONIA] rates and their volatility can be obtained from [Reuters].]/[Not Applicable.]

7. **OPERATIONAL INFORMATION**

(i) ISIN Code: [•]

(ii) Common Code: [•]

(iii) CFI: [[•]/Not Applicable]

(iv) FISN: [[•]/Not Applicable]

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): [•]

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments/quotas (material features): [Not Applicable/*give names, addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (iii) Date of [Subscription] Agreement: [•]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/[•]]
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable/[•]]
- (vi) Total commission and concession: [•] per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions: [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]
- (viii) Italian Selling Restriction: [No sales into Italy] [Sales into Italy subject to certain requirements] [Not Applicable]
- (ix) Non-exempt Offer: [Applicable][Not Applicable] *(if not applicable, delete the remaining placeholders of this paragraph (ix) and also paragraph 9 below)*

Non-exempt Offer Jurisdictions: [Germany,] [The Netherlands,] [Austria,] [Luxembourg,] the United Kingdom and/or [Poland] and *[specify each other relevant Member State in which the particular Tranche of Notes can be offered]*

(Specify relevant Member State(s) where the Issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions select from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)

Offer Period: [Specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [•] Business Days thereafter"] (the "Offer Period")

Financial Intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it: [Insert names and addresses of financial intermediaries receiving consent (specific consent)]

General consent: [Not Applicable]
[Applicable]

Other Authorised Offeror Terms: [Not Applicable]
[[Add here any other Authorised Offeror Terms] (Authorised Offeror Terms should only be included here where General Consent is applicable.)]

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

(x) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

9. TERMS AND CONDITIONS OF THE OFFER

[Not Applicable]

(Delete whole section if sub-paragraph 8(ix) above is specified to be Not Applicable because there is no Non-exempt Offer)

(i) Offer Price: [Issue Price/Not Applicable/specify]

(ii) Conditions to which the offer is subject: [Not Applicable/give details]

(iii) Description of the application process: [Not Applicable/[•]]

(iv) Details of the minimum and/or maximum amount of application: [Not Applicable/[•]]

(v) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[•]]

(vi) Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[•]]

- | | | |
|--------|---|--|
| (vii) | Manner in and date on which results of the offer are to be made public: | [Not Applicable/[•]] |
| (viii) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/[•]] |
| (ix) | Whether tranche(s) have been reserved for certain countries: | [Not Applicable/[•]] |
| (x) | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/[•]] |
| (xi) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/[•]] |
| (xii) | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | [The Authorised Offerors identified in paragraph [8] above and identifiable from the Base Prospectus/None/ <i>give details</i>] |
| (xiii) | [Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:] | [None/[•]] |

ANNEX

ISSUE-SPECIFIC SUMMARY OF THE NOTES

[•]

NOTES WITH A DENOMINATION OF €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY) OR MORE, OTHER THAN EXEMPT NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

¹³**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[']s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[']s target market assessment) and determining appropriate distribution channels.]

[MiFID II product governance / Retail investors, professional investors and ECPs – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; **EITHER** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [non-advised sales] [and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[']s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[']s target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

¹³ Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[Date]

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKKZAY35

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €3,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 28 March 2019 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. N.B. when using a post-1 July 2012 approved base prospectus to tap a previous issue under a pre-1 July 2012 approved base prospectus, the final terms in the post-1 July 2012 base prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.

[Terms used herein shall be deemed to be defined as such for the purposes of the [[2018]/ [2017]/ [2016]/ [2015]/ [2014]/ [2013]/ [2012]] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus (as defined below). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 28 March 2019 [and the supplement(s) to it dated [•], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [•]]. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.)

(When adding any information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

- | | | | |
|----|-----|--|--|
| 1. | (a) | Series Number: | [•] |
| | (b) | Tranche Number: | [•] |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred |

to in paragraph 21 below, which is expected to occur on or about [date]][Not Applicable]

2. Specified Currency or Currencies: [•]
3. Aggregate Nominal Amount:
- (a) Series: [•]
- (b) Tranche: [•]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: [•]
- (N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (Senior Non-Preferred Notes must have a minimum denomination of PLN 400,000 (or equivalent))*
- (b) Calculation Amount: [•]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (a) Issue Date: [•]
- (b) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [Fixed rate – specify date/
Floating rate – Interest Payment Date falling in or nearest to [specify month]]
- (If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency)*
- (Senior Non-Preferred Notes will have a maturity of not less than one year or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)*

(Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)

8. Interest Basis: [[•] per cent. Fixed Rate]
[[[•] month [LIBOR/EURIBOR/ PRIBOR/
WIBOR/SOFR/SONIA]]
+/- [•] per cent.
Floating Rate]
[Zero Coupon]
(see paragraph [14]/[15]/[16] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [14]/[15] applies and for the period from (and including) [date] to (but excluding) the Maturity Date, paragraph [13]/[14] applies][Not Applicable]
11. Put/Call Options: Issuer Call pursuant to Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below]
- Investor Put pursuant to Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) is [Applicable/Not Applicable] [See paragraph 19 below]
- Issuer Call – Capital Disqualification Event pursuant to Condition 6.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]
- Issuer Call – MREL Disqualification Event pursuant to Condition 6.4 (*Early Redemption due to MREL Disqualification Event*) is [Applicable/Not Applicable]
- [(further particulars specified below)]
12. Status of the Notes: [Senior Notes–Ordinary Senior Notes/Senior Notes–Senior Non-Preferred Notes/Subordinated Notes–Senior Subordinated Notes/Subordinated Notes–Tier 2 Subordinated Notes]
- (a) Senior: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Status: [Ordinary Notes/Senior Non-Preferred Notes]
 - Events of Default: [Condition 9.1 (*Events of Default relating to Ordinary Senior Notes*) applies / Condition 9.3]

(Events of Default relating to Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes) applies]

(b) Subordinated: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

• Status: [Senior Subordinated Notes/Tier 2 Subordinated Notes]

13. [Date of [Board] approval for issuance of Notes obtained: [•]

(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Rate(s) of Interest: [[•] per cent. per annum payable in arrear on each Interest Payment Date]

(b) Interest Payment Date(s): [[•] in each year up to and including the Maturity Date]

(N.B. Amend appropriately in the case of irregular coupons)

(c) Fixed Coupon Amount(s): [•] per Calculation Amount
(Applicable to Notes in definitive form.)

(d) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•] [Not Applicable]
(Applicable to Notes in definitive form.)

(e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

(f) Determination Date(s): [[•] in each year] [Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

15. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Specified Period(s)/Specified Interest Payment Dates: [•] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (c) Additional Business Centre(s): [•]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]¹⁴
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•][Not Applicable]
- (f) Screen Rate Determination: [Applicable][Not Applicable]
- Reference Rate: [•] month [LIBOR/EURIBOR/PRIBOR/WIBOR/SOFR/SONIA]
 - Interest Determination Date(s): [•]
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, second Prague business day prior to the start of each Interest Period if PRIBOR, second Warsaw business day prior to the start of each Interest Period if WIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, and the date falling "p" London Banking Days prior to the start of each Interest Period if SONIA)
 - Relevant Screen Page: [•]
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately. In the case of WIBOR, reference should be either to Reuters Screen WIBOR or WIBOR=.)
 - Observation Look-back Period: [•]/[Not Applicable] (which shall not, without the prior written agreement of the [Calculation] Agent, be less than five)

(In the case of SONIA: "p" London Banking Days)
- (g) ISDA Determination: [Applicable][Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]

¹⁴ Confirm with Agent whether it will act as Calculation Agent. See Clause 8.1(a) of the Agency Agreement.

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

(N.B. The fallback provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)

- ISDA Benchmarks Supplement: [Applicable/Not Applicable]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [•] per cent. per annum
- (j) Minimum Rate of Interest: [•] per cent. per annum
- (k) Maximum Rate of Interest: [•] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(See Condition 4 for alternatives)
- 16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Accrual Yield: [•] per cent. per annum
 - (b) Reference Price: [•]
 - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

- 17. Notice periods for Condition 6.2: Minimum period: [30] days
Maximum period: [60] days
- 18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Optional Redemption Date(s): [•]
 - (b) Optional Redemption Amount: [•] per Calculation Amount
 - (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution)

of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Put Period(s): [•]
- (b) Optional Redemption Amount: [•] per Calculation Amount
(NB: The Optional Redemption Amount cannot be other than a specified amount per Calculation Amount)
- (c) Notice periods: Minimum period: [15] days
 Maximum period: [30] days
(N.B When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
20. Capital Disqualification Event in respect of Tier 2 Subordinated Notes:
- (a) Optional Redemption Amount (Capital Disqualification Event): [[•] per Calculation Amount / Condition 6.3 not Applicable]
21. MREL Disqualification Event: [Applicable/Not Applicable]
- (a) Optional Redemption Amount (MREL Disqualification Event): [[•] per Calculation Amount / Not Applicable]
22. Final Redemption Amount: [Par], [[•] per Calculation Amount]
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [•] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [upon an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time at the request of the Issuer options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)

- (b) New Global Note: [Yes][No]
25. Additional Financial Centre(s): [Not Applicable/[•]]
(Note that this paragraph relates to the date of payment and not the Interest Period end dates to which sub-paragraph 14(c) relates)
26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
27. Waiver of Set-Off: [Applicable/Not Applicable]
28. Substitution and Variation: [Applicable/Not Applicable]

THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of **mBank S.A.:**

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] with effect from [•].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] with effect from [•].]
- [The [name of original Series of Notes] issued on [date of issue of original Series of Notes] were listed on the [Official List of the Luxembourg Stock Exchange] were admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] on [•].] (Include where documenting a fungible issue)
- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

- Ratings: [The Senior Notes to be issued [have been]/[are expected to be] rated [•] by [insert the legal name of the relevant credit rating agency entity(ies)].]
- [Not Applicable]
- [Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**")].]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer] and any on-lending arrangement of the net proceeds of the issue of the Notes between the Issuer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. **YIELD** (Fixed Rate Notes Only)

Indication of yield: [•]/[Not Applicable].

5. **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

[Details of historic [LIBOR/EURIBOR/PRIBOR/WIBOR/SOFR/SONIA] rates and volatility can be obtained from [Reuters].]/[Not Applicable.]

6. **OPERATIONAL INFORMATION**

(i) ISIN Code: [•]

(ii) Common Code: [•]

(iii) CFI: [[•]/Not Applicable]

(iv) FISN: [[•]/Not Applicable]

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): [•]

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

- | | | |
|--------|---|---|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| (iii) | Date of [Subscription] Agreement: | [•] |
| (iv) | Stabilisation Manager(s) (if any): | [Not Applicable/ <i>give name</i>] |
| (v) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i>] |
| (vi) | U.S. Selling Restrictions: | [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]] |
| (vii) | Italian Selling Restrictions: | [No sales into Italy][Sales into Italy subject to certain requirements][Not Applicable] |
| (viii) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]

<i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)</i> |

APPLICABLE PRICING SUPPLEMENT

EXEMPT NOTES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) or a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹⁵

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[MiFID II product governance / Retail investors, professional investors and ECPs – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [non-advised sales] [and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

¹⁵ Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[Date]

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKKZAY35

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €3,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

[This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 28 March 2019 [as supplemented by the supplement[s] dated [date[s]]] (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] [and the supplement(s) to it dated [•] which are incorporated by reference in the Base Prospectus (as defined below)]. This Pricing Supplement of the Notes must be read in conjunction with the base prospectus dated 28 March 2019 [and the Supplement to the base prospectus dated [•]] (the "**Base Prospectus**"), save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus.]

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.)

1. (a) Series Number: [•]
(b) Tranche Number: [•]
(c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date/issue date of earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [•]
3. Aggregate Nominal Amount:
(a) Series: [•]
(b) Tranche: [•]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: [•]

(Senior Non-Preferred Notes must have a minimum denomination of PLN 400,000 (or equivalent))

- (b) Calculation Amount: [•]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (a) Issue Date: [•]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [Fixed rate – specify date/
Floating rate – Interest Payment Date falling in or nearest to [specify month]]
(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.)
- (Senior Non-Preferred Notes will have a maturity of not less than one year or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)*
- (Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)*
8. Interest Basis: [[•] per cent. Fixed Rate]
[[[•] month [LIBOR/EURIBOR/ PRIBOR/
WIBOR/SOFR/SONIA]]
+/- [•] per cent. Floating Rate]
[Zero Coupon]
[specify other]
(further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on [the Maturity Date]/[•]
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13]/[14] applies and for the period from (but including) [date] to (but excluding) the Maturity Date, paragraph [13]/[14] applies] [Not Applicable]
11. Put/Call Options: Issuer Call pursuant to Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below]

Investor Put pursuant to Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) is [Applicable/Not Applicable] [See paragraph 19 below]

Issuer Call – Capital Disqualification Event pursuant to Condition 6.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]

Issuer Call – MREL Disqualification Event pursuant to Condition 6.4 (*Early Redemption due to MREL Disqualification Event*) is [Applicable/Not Applicable]

[(further particulars specified below)]

12. Status of the Notes: [Senior Notes–Ordinary Senior Notes/Senior Notes–Senior Non-Preferred Notes/Subordinated Notes–Senior Subordinated Notes/Subordinated Notes–Tier 2 Subordinated Notes]
- (a) Senior: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Status: [Ordinary Notes/Senior Non-Preferred Notes]
 - Events of Default: [Condition 9.1 (*Events of Default relating to Ordinary Senior Notes*) applies / Condition 9.3 (*Events of Default relating to Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes*) applies]
- (b) Subordinated: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Status: [Senior Subordinated Notes/Tier 2 Subordinated Notes]
13. Date of [Board] approval for issuance of Notes obtained: [•]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date]
- (b) Interest Payment Date(s): [•] in each year up to and including the Maturity Date

(Amend appropriately in the case of irregular coupons)

- (c) Fixed Coupon Amount(s): [•] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]] [Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[•] in each year][Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

15. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: [•][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [•]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]¹⁶
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•][Not Applicable]
- (f) Screen Rate Determination: [Applicable][Not Applicable]
- Reference Rate: [•] month [LIBOR/EURIBOR/PRIBOR/WIBOR/SOFR/SONIA].
(Either LIBOR, EURIBOR, PRIBOR, WIBOR, SOFR, SONIA or other, although additional information is required if other, including fallback provisions in the Agency Agreement and the Conditions will need amending.)

¹⁶ Confirm with Agent whether it will act as Calculation Agent. See Clause 8.1(a) of the Agency Agreement.

- Interest Determination Date(s): [•]
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, second Prague business day prior to the start of each Interest Period if PRIBOR, second Warsaw business day prior to the start of each Interest Period if WIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, and the date falling "p" London Banking Days prior to the start of each Interest Period if SONIA)
 - Relevant Screen Page: [•]
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.
In the case of WIBOR, reference should be either to Reuters Screen WIBOR or WIBOR=.)
 - Observation Look-back Period: [•]/[Not Applicable] (which shall not, without the prior written agreement of the [Calculation] Agent, be less than five)

(In the case of SONIA: "p" London Banking Days)
- (g) ISDA Determination: [Applicable][Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

(N.B. The fallback provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)
 - ISDA Benchmarks Supplement: [Applicable/Not Applicable]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (i) Margin(s): [+/-] [•] per cent. per annum
- (j) Minimum Rate of Interest: [•] per cent. per annum
- (k) Maximum Rate of Interest: [•] per cent. per annum

- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]
(See Condition 4 for alternatives)
- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [•]
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [•] per cent. per annum
- (b) Reference Price: [•]
- (c) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: [•]
- (d) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6.2: Minimum period: [30] days
Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount: [[•] per Calculation Amount]
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Optional Redemption Date(s) or Put Period(s): [•]
- (b) Optional Redemption Amount: [[•] per Calculation Amount]
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
20. Capital Disqualification Event in respect of Tier 2 Subordinated Notes:
21. (a) Optional Redemption Amount (Capital Disqualification Event): [[•] per Calculation Amount / Condition 6.3 not Applicable]
22. MREL Disqualification Event: [Applicable/Not Applicable]
23. (a) Optional Redemption Amount (MREL Disqualification Event): [[•] per Calculation Amount / Not Applicable]
24. Final Redemption Amount: [Par], [[•] per Calculation Amount]
25. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [•] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
- (b) New Global Note: [Yes][No]
27. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not Interest Period end dates to which sub- paragraphs 14(c) relates)
28. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

29. Other terms or special conditions: [Not Applicable/*give details*]
30. Waiver of Set-Off: [Applicable/Not Applicable]
31. Substitution and Variation: [Applicable/Not Applicable]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of **mBank S.A.:**

By: By:
Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

1. **LISTING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market – note this should not be a regulated market*] with effect from [•].] [Not Applicable]
2. **RATINGS**
Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].
[Not Applicable]
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**
[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]
4. **OPERATIONAL INFORMATION**
- (i) ISIN Code: [•]
- (ii) Common Code: [•]
- (iii) CFI: [[•]/Not Applicable]
- (iv) FISN: [[•]/Not Applicable]
- (If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [•]
- [(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the

Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

5. DISTRIBUTION

- | | | |
|--------|---|---|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| (iii) | Date of [Subscription] Agreement: | [<i>give date</i>] |
| (iv) | Stabilisation Manager(s) (if any): | [Not Applicable/ <i>give name</i>] |
| (v) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i>] |
| (vi) | U.S. Selling Restrictions: | [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]] |
| (vii) | Italian Selling Restriction: | [No sales into Italy] [Sales into Italy subject to certain requirements] [Not Applicable] |
| (viii) | Additional selling restrictions: | [Not Applicable/ <i>give details</i>]
<i>(Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes)</i> |
| (ix) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]
<i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)</i> |

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent will the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by mBank S.A. (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated on or about 28 March 2019 and made between the Issuer and Deutsche Bank Aktiengesellschaft as issuing and principal paying agent (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents). The Agent and the Paying Agents are together referred to as the "**Agents**".

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**") or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an "**Exempt Note**"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference to the Conditions to "**applicable Final Terms**" shall be deemed to include a reference to "**applicable Pricing Supplement**" where relevant. The expression "**Prospectus Directive**" means Directive 2003/71/EU (as amended or superseded) and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The applicable Final Terms or Pricing Supplement (as the case may be) will state in particular whether this Note is an Ordinary Senior Note (the "**Ordinary Senior Note**") or a Senior Non-Preferred Note (the "**Senior Non-Preferred Note**", together with the Ordinary Senior Note the "**Senior Notes**") or a Subordinated Note, which may be, in turn, a Senior Subordinated Note (the "**Senior Subordinated Note**") or a Tier 2 Subordinated Note (the "**Tier 2 Subordinated Note**"), each as more fully described in Condition 2 (*Status of the Subordinated Notes*).

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated on or about 28 March 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depository or common safekeeper as the case may be for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and by the Agent on behalf of the Noteholders and the Couponholders at its specified office.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent. If the Notes are to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu), save that, if this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Any reference in these Terms and Conditions to any legislation (whether primary legislation or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended, superseded or re-enacted. References herein to "Conditions" or "Terms and Conditions" are to these Terms and Conditions, or a correspondingly numbered provision hereof.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**"), specified in the applicable Final Terms or Pricing Supplement (as the case may be). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Senior Non-Preferred Notes will be issued in denominations of at least PLN 400,000 or the equivalent in any other specified currency as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Ordinary Senior Note, a Senior Non-Preferred Note, a Senior Subordinated Note or a Tier 2 Subordinated Note.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. **STATUS OF THE NOTES**

The applicable Final Terms will indicate whether the Notes are Ordinary Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes.

2.1 **Status of the Senior Notes**

(a) The payment obligations of the Issuer under Notes which specify their status as Ordinary Senior Notes or as Senior Non-Preferred Notes in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) constitute direct, unconditional, unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer as set out in the Polish Act dated 28 February 2003 Insolvency Law (the "**Insolvency Law**"), such payment obligations rank:

(i) in the case of Ordinary Senior Notes, in respect of principal:

(A) *pari passu* among themselves and with any Senior Higher Priority Liabilities;

(B) senior to (i) accrued but unpaid interest on the Senior Higher Priority Liabilities as of the commencement of any insolvency procedure (ii) Senior Non-Preferred Liabilities and (iii) any present and future subordinated obligations (*zobowiązania podporządkowane*) of the Issuer in accordance with the Insolvency Law and obligations constituting regulatory capital instruments of the Issuer under the CRR Regulation; and

(C) obligations in respect of interest on Ordinary Senior Notes shall rank junior to obligations in respect of principal on Senior Higher Priority Liabilities, but senior to (i) Senior Non-Preferred Liabilities and (ii) any

present and future subordinated obligations (*zobowiązania podporządkowane*) of the Issuer in accordance with the Insolvency Law and obligations constituting regulatory capital instruments of the Issuer under the CRR Regulation; and

- (ii) in the case of Senior Non-Preferred Notes:
 - (A) *pari passu* among themselves and with any Senior Non-Preferred Liabilities;
 - (B) junior to (i) the Senior Higher Priority Liabilities and (ii) accrued but unpaid interest on the Senior Higher Priority Liabilities as of the commencement of any insolvency procedure; and
 - (C) senior to any present and future subordinated obligations (*zobowiązania podporządkowane*) of the Issuer in accordance with the Insolvency Law and obligations constituting regulatory capital instruments of the Issuer under the CRR Regulation.

No interest shall accrue from the date of the declaration of insolvency of the Issuer.

2.2 Status of the Subordinated Notes

- (a) The payment obligations of the Issuer under Notes which specify their status as Senior Subordinated Notes or Tier 2 Subordinated Notes in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) on account of principal constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which upon the insolvency of the Issuer rank:
 - (i) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:
 - (A) *pari passu* among themselves and with (i) all other claims in respect of Senior Subordinated Liabilities, and (ii) any other subordinated obligations which by law and/or by their terms, to the extent permitted by Polish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;
 - (B) junior to (i) any unsubordinated obligations of the Issuer (including any Senior Non-Preferred Liabilities), and (ii) any other subordinated obligations which by law and/or by their terms, to the extent permitted by Polish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and
 - (C) senior to (i) any obligations constituting regulatory capital instruments of the Issuer under the CRR Regulation, and (ii) any other subordinated obligations of the Issuer which by law and/or by their terms, to the extent permitted by Polish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes; and
 - (ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Notes of the Issuer:
 - (A) *pari passu* among themselves and with any other subordinated obligations which by law and/or by their terms, to the extent permitted by Polish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;
 - (B) junior to (i) any unsubordinated obligations of the Issuer (including any Senior Non-Preferred Liabilities), (ii) any present and future obligations of the Issuer which, in accordance with the Insolvency Law, rank senior to the Tier 2 Notes, (iii) any other subordinated obligations which by law

and/or by their terms, to the extent permitted by Polish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and

- (C) senior to (i) any present or future obligations of the Issuer which, in accordance with the Insolvency Law, rank lower than Tier 2 Notes and (ii) any other subordinated obligations of the Issuer which by law and/or by their terms, to the extent permitted by Polish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes.

2.3 MREL

The Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (MREL). In such case the relevant Final Terms or Pricing Supplement (as the case may be) shall comply with the requirements set out in Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (as amended or replaced from time to time), the Polish Act of 10 June 2016 on Bank Guarantee Fund, the deposit guarantee scheme and compulsory restructuring (as amended from time to time) (the "**Act on Bank Guarantee Fund**"), the secondary European Union legislation and any other legislation which may be applicable.

2.4 Definitions

In these Conditions:

"**Additional Tier 1 Note**" means any subordinated obligation of the Issuer which constitutes an Issuer's additional tier 1 instrument within the meaning of the CRR Regulation;

"**BRRD**" means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Polish law or the law of any other applicable jurisdiction, as amended or replaced from time to time and including any other relevant implementing regulatory provisions;

"**CRD IV**" means any, or any combination of, the CRD IV Directive, the CRR Regulation, and any CRD IV Implementing Measures;

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended from time to time, or such other directive as may come into effect in place thereof;

"**CRD IV Implementing Measures**" means any rules implementing the CRD IV Directive or the CRR Regulation which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Regulator or any other relevant authority, which are applicable to the Issuer (on a stand-alone basis) or the Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital or the minimum requirement for own funds and eligible liabilities, as the case may be, of the Issuer (on a stand-alone basis) or the Group (on a consolidated basis);

"**CRR Regulation**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms, as amended from time to time, or such other regulation as may come into effect in place thereof;

"**Directive (EU) 2014/59/EU**" means Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy as amended by Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017;

"**Group**" means the Issuer and its consolidated subsidiaries;

"Regulated Entity" means any entity to which BRRD, as implemented in Poland or any other relevant jurisdiction and as amended or superseded from time to time, or any other relevant piece of legislation relating to the Bail-in Tool, applies, which includes, certain credit institutions, investment firms, and certain of their parent or holding companies;

"Regulator" means the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) or such other or successor governmental authority exercising primary bank supervisory authority from time to time, in each case with respect to prudential matters in relation to the Issuer and/or the Group;

"Senior Higher Priority Liabilities" means any obligations in respect of principal of the Issuer under any Ordinary Senior Notes and any other unsecured and unsubordinated obligations of the Issuer having the same ranking in respect of the principal as the obligations of the Issuer under the Ordinary Senior Notes, other than the Senior Non-Preferred Liabilities;

"Senior Non-Preferred Liabilities" means any unsubordinated and unsecured senior Non-Preferred obligations of the Issuer referred to in Article 108 paragraph 2 of Directive (EU) 2014/59/EU and referred to in Article 440.2.6 of the Insolvency Law in accordance with the provisions of Polish law or the law of any other relevant jurisdiction implementing Directive (EU) 2014/59/EU, and as further amended from time to time, (including any Senior Non-Preferred Notes) and any other obligations which, by law and/or by their terms, and to the extent permitted by Polish law or the law of any other relevant jurisdiction, rank *pari passu* with the Senior Non-Preferred Liabilities;

"Senior Subordinated Liabilities" means any subordinated obligation of the Issuer, ranking as subordinated debt which is not an Additional Tier 1 Note or a Tier 2 Note; and

"Tier 2 Note" means any subordinated obligation of the Issuer, which constitutes the Issuer's tier 2 instrument within the meaning of the CRR Regulation.

3. **NEGATIVE PLEDGE**

3.1 **Negative Pledge**

This Condition 3 is applicable only in relation to Senior Notes. So long as any Senior Note remains outstanding (as defined in the Agency Agreement) the Issuer will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Issuer shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders; **provided that**, the above provisions shall not apply to: (x) any Encumbrance created on property, at the time of purchase thereof, solely as security for the payment of the purchase price thereof and **provided that** the Relevant External Indebtedness thereby secured does not exceed the purchase price thereof; or (y) any Encumbrance on or with respect to the assets, receivables, remittances or other payment rights of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the principal amount of the Relevant External Indebtedness secured by such Encumbrance is substantially limited to the proceeds received by the Issuer in exchange for the sale, assignment, pledge or other transfer of such assets, receivables, remittances or other payment rights.

3.2 **Definitions**

In these Conditions:

"Encumbrance" means any mortgage, pledge, lien, charge, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement;

"Relevant External Indebtedness" means any Relevant Indebtedness which is payable in or by reference to a currency which is not the lawful currency for the time being of Poland; and

"Relevant Indebtedness" means: (A) any obligation with a maturity greater than one year for the payment of borrowed money which is in the form of, represented or evidenced by a note, bond, debenture or other security or a similar instrument, which is, or is capable of, being quoted, listed, dealt in or traded on a stock exchange or other recognised securities market; or (B) any present or future guarantee or indemnity in respect of any of the foregoing.

4. **INTEREST**

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

4.1 **Interest on Fixed Rate Notes**

This Condition 4.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **"Fixed Interest Period"** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

"Determination Period" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 **Interest on Floating Rate Notes**

This Condition 4.2 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(a) **Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b)(2) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "**Target 2 System**") is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the

relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the "TARGET 2 System" is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms or Pricing Supplement (as the case may be)) and, if specified in the relevant Final Terms or Pricing Supplement (as the case may be), as supplemented by any applicable supplement to the ISDA Definitions) as published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (i): "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions; and (ii) "**ISDA Benchmarks Supplement**" means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms or Pricing Supplement (as the case may be))) published by the International Swaps and Derivatives Association, Inc.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Notes (other than Floating Rate Instruments that reference SOFR or SONIA)*

Subject to Condition 4.4 (*Benchmark replacement*), where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and if a Reference Rate and a Relevant Screen Page are so specified and the Reference Rate so specified is not SOFR or SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, PRIBOR or WIBOR as specified in the applicable Final

Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Prague time, in the case of PRIBOR, or Warsaw time, in the case of WIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent.

If the Agent cannot determine the Reference Rate as aforementioned, because the Screen Page is not published, or if the Agent cannot make such determination for any other reason, then the Reference Rate for the respective Interest Period shall be the arithmetic mean, rounded, if necessary, to the nearest one hundred thousandth of a percentage point, (0.000005 per cent. being rounded upwards), determined by the Agent of the interest rates which five reference banks selected by the Agent in conjunction with the Issuer (the "**Reference Banks**"), quote to prime banks on the relevant Interest Determination Date for deposits in the Issue Currency for such Interest Period.

Should two or more of the Reference Banks provide the relevant quotation, the arithmetic mean shall be calculated as described above on the basis of the quotations supplied.

If less than two Reference Banks provide a quotation, then the Reference Rate for the respective Interest Period shall be determined as at the last preceding Interest Determination Date.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4.2(b)(ii), the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotation was offered (though if a Margin applies, plus or minus such Margin, substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(iii) *Provisions relating to Floating Rate Notes which reference SONIA*

If the relevant Final Terms or Pricing Supplement (as the case may be) specifies the Rate of Interest applicable to the Notes as being Floating Rate and the Reference Rate specified in the applicable Final Terms is SONIA, the Rate of Interest applicable to the relevant Notes for the relevant Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus the applicable relevant margin (for the purposes of this Condition 4.2(b)(iii), the "**Relevant Margin**") specified in the relevant Final Terms or Pricing Supplement (as the case may be), all as determined by the Calculation Agent.

For the purposes of this Condition 4.2(b)(iii):

"**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_{i-pl.BD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

"**d**" means, for any Interest Period, the number of calendar days in such Interest Period;

"**do**" means, for any Interest Period, the number of London Banking Days in such Interest Period;

"**i**" means, for any Interest Period, a series of whole numbers from one to do, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Interest Period to, but excluding, the last London Banking Day in such Interest Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**ni**" means, for any London Banking Day "i", the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Look-back Period**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (as the case may be);

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date which is "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means the whole number specified as the Observation Look-back Period in the applicable Final Terms or Pricing Supplement (as the case may be), such number representing a number of London Business Days and which shall not be specified in the applicable Final Terms as less than five without the prior agreement of the Calculation Agent;

"**SONIA**" means the Sterling Overnight Index Average;

"**SONIA_i**" means, in respect of any London Banking Day, "i", a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the London Banking Day immediately following such London Banking Day; and

"**SONIA_{i-pLBD}**" means, in respect of any London Banking Day falling in the relevant Interest Period, the SONIA rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

Subject to Condition 4.4, if, in respect of any London Banking Day in the relevant Observation Period, the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA rate to the Bank Rate over the previous five London Banking Days on which a SONIA rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different

Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to such Interest Period, in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Relevant Margin applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 6 (*Redemption and Purchase*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms or Pricing Supplement (as the case may be), be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(iv) *Provisions relating to Floating Rate Notes which reference SOFR*

If the relevant Final Terms or Pricing Supplement (as the case may be) specifies the Rate of Interest applicable to the Notes as being Floating Rate and the Reference Rate specified in the applicable Final Terms is SOFR, the Rate of Interest applicable to the relevant Notes for the relevant Interest Period will, subject as provided below, be Weighted Average SOFR plus or minus the applicable relevant margin (for the purposes of this Condition 4.2(b)(iv), the "**Relevant Margin**") specified in the relevant Final Terms, all as determined by the Calculation Agent.

For the purposes of this Condition 4.2(b)(iv):

"**Federal Reserve's Website**" means the website of the Board of Governors of the Federal Reserve System, currently at <http://www.federalreserve.gov>, or any successor website of the Board of Governors of the Federal Reserve System;

"**New York City Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"**New York Federal Reserve's Website**" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org/>, or any successor website of the Federal Reserve Bank of New York;

"**OBFR Index Cessation Date**" means, in respect of an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Overnight Bank Funding Rate) ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding Rate may no longer be used;

"**OBFR Index Cessation Event**" means the occurrence of one or more of the following events:

- (A) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide an Overnight Bank Funding Rate; or
- (B) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) has ceased or will cease to provide the

Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate;

"**SIFMA**" means the Securities Industry and Financial Markets Association or any successor thereto;

"**SOFR**" means, with respect to any SOFR Reset Date:

- (A) the Secured Overnight Financing Rate published at 5:00 p.m. (New York time) on the New York Federal Reserve's Website on such SOFR Reset Date for trades made on the related SOFR Determination Date;
- (B) subject to Condition 4.4, if the rate specified in (A) above does not so appear, and a SOFR Index Cessation Event and SOFR Index Cessation Date have not both occurred, the Secured Overnight Financing Rate published on the New York Federal Reserve's Website for the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the New York Federal Reserve's Website;
- (C) subject to Condition 4.4, if the rate specified in (A) above does not so appear, and a SOFR Index Cessation Date has occurred and if the Issuer determines that a SOFR Index Cessation Event has occurred, the rate that was notified to the Calculation Agent by the Issuer as being the rate that was recommended as the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads as also notified to the Calculation Agent by the Issuer) or, if no such rate has been notified by the Issuer to the Calculation Agent as being recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Date, the Overnight Bank Funding Rate (published on the New York Federal Reserve's Website at or around 5:00 p.m. (New York time) on the relevant New York City Banking Day) for any SOFR Reset Date falling on or after the SOFR Index Cessation Date (it being understood that the Overnight Bank Funding Rate for any such SOFR Reset Date will be for trades made on the related SOFR Determination Date); or
- (D) if the Calculation Bank is required to use the Overnight Bank Funding Rate in paragraph (C) above and the OBFR Index Cessation Date has occurred and if the Issuer determines that an OBFR Index Cessation Event has occurred, then for any SOFR Reset Date falling on or after the later of the SOFR Index Cessation Date and the OBFR Index Cessation Date, the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Reset Date, or if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Reset Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range);

"**SOFR Determination Date**" means, with respect to any SOFR Reset Date and with respect to (x) the Secured Overnight Financing Rate and (y) the Overnight Bank Funding Rate: (i) in the case of (x), the first U.S. Government Securities Business Day immediately preceding such SOFR Reset Date; and (ii) in the case

of (y), the first New York City Banking Day immediately preceding such SOFR Reset Date;

"SOFR Index Cessation Date" means, in respect of a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used;

"SOFR Index Cessation Event" means the occurrence of one or more of the following events:

- (E) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a Secured Overnight Financing Rate; or
- (F) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate;

"SOFR Reset Date" means each U.S. Government Securities Business Day during the relevant Interest Period, provided however that if the SOFR Index Cessation Date has occurred and if the Issuer determines that a SOFR Index Cessation Event has occurred, it shall mean: (i) in respect of the period from, and including, the first day of the Interest Period in which the SOFR Index Cessation Date falls (such Interest Period, the **"Affected Interest Period"**) to, but excluding, the SOFR Index Cessation Date (such period, the **"Partial SOFR Period"**), each U.S. Government Securities Business Day during the Partial SOFR Period; (ii) in respect of the period from, and including, the SOFR Index Cessation Date to, but excluding, the Interest Payment Date in respect of the Affected Interest Period (such period, the **"Partial Fallback Period"**), each New York City Banking Day during the Partial Fallback Period; and (iii) in respect of each Interest Period subsequent to the Affected Interest Period, each New York City Banking Day during the relevant Interest Period;

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"Weighted Average SOFR" means the arithmetic mean of the SOFR in effect for each SOFR Reset Date during the relevant Interest Period, calculated by multiplying the relevant SOFR by the number of SOFR Reset Dates such SOFR is in effect, determining the sum of such products and dividing such sum by the number of SOFR Reset Dates in the relevant Interest Period, provided however that the last four SOFR Reset Dates of such Interest Period shall be a **"Suspension Period"**. During a Suspension Period, the SOFR for each day during that Suspension Period will be the value for the SOFR Reset Date immediately prior to the first day of such Suspension Period.

(c) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) is less than such Minimum Rate of

Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) ***Notification of Rate of Interest and Interest Amounts***

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (*Agents*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Agents*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Agents*).

4.4 **Benchmark replacement**

In addition, notwithstanding the foregoing provisions in this Condition 4, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (a) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner) no later than three Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**") a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (c) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.4); provided, however, that if sub-paragraph (b) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the Rate of Interest for the initial Interest Period) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (c) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.4);
- (d) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Interest Determination Date, and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or

methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Agent shall, provided that such amendments do not (without its consent) either increase its obligations or duties, or decrease its rights or protections, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement, and these Conditions as may be required in order to give effect to this Condition 4.4. Consent of the Noteholders of the relevant Notes shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Agent (if required); and

- (e) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Calculation Agent, the Agent, the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions,

For the purposes of this Condition 4.4:

"Adjustment Spread" means a spread (which may be zero, positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (f) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (g) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (h) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"Alternative Reference Rate" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

"Benchmark Event" means:

- (i) the Reference Rate ceases to be published or ceases to exist;
- (j) a public statement by the administrator of the Reference Rate that it will, by a specified date within the following six months, cease publishing the Reference Rate permanently or

indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate);

- (k) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;
- (l) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (m) it has become unlawful for any Agent, Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Reference Rate;

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"Relevant Nominating Body" means, in respect of a reference rate:

- (n) the central bank for the currency to which the reference rate relates, any central bank which is responsible for supervising the administrator of the reference rate, or any other relevant supervisory or regulatory authority or national legislative body of the country for the currency to which the reference rate relates; or
- (o) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank which is responsible for supervising the administrator of the reference rate, (c) any other relevant supervisory or regulatory authority or national legislative body of the country for the currency to which the reference rate relates, (d) a group of the aforementioned central banks or other authorities, or (e) the Financial Stability Board or any part thereof; and

"Successor Rate" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.2 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

5.3 **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the "**United States**" (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Taxation*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.4 **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.5 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.6 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
 - (iii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

5.7 **Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and

- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

- (a) Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least be equal the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.
- (b) Senior Non-Preferred Notes will have a maturity of not less than one year or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.
- (c) Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.

6.2 Redemption for tax reasons

Subject to Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 13 (*Agents*), the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if:

- (a) in the case of any Notes which are not Tier 2 Notes, as a result of any change in, or amendment to, the laws or regulations of the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after an agreement is reached to issue the first Tranche of the Notes:
 - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in the case of Senior Non-Preferred Notes and Senior Subordinated Notes, the Issuer is no longer entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced or the applicable tax treatment of the Senior Non-Preferred Notes or Senior Subordinated Notes changes; or
- (c) in the case of Tier 2 Subordinated Notes, there is a change in the applicable tax treatment of the instruments and the Issuer demonstrates to the satisfaction of the Regulator that such change is material and was not reasonably foreseeable at the Issue Date,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms or Pricing Supplement (as the case may be)) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms or Pricing Supplement (as the case may be)) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (A) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment; and (C) in the case of the Senior Notes or the Senior Subordinated Notes eligible to comply with the Applicable MREL Regulations or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, a copy of the Regulator's and/or Relevant Resolution Authority's consent to the redemption.

Upon the expiry of any such notice as is referred to in this Condition 6.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 6.2.

For the purposes of these Conditions, "**Relevant Resolution Authority**" means the BGF (*Bankowy Fundusz Gwarancyjny*), the Single Resolution Board (SRB) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Tool from time to time.

6.3 **Early Redemption due to Capital Disqualification Event**

If, in the case of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Polish law, the law of any other relevant jurisdiction or Applicable Banking Regulations becoming effective on or after the Issue Date, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the Agent and, in accordance with Condition 13 (*Agents*), the Noteholders of the Tier 2 Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Tier 2 Subordinated Notes.

Tier 2 Subordinated Notes redeemed pursuant to this Condition 6.3 will be redeemed at their early redemption amount (the "**Early Redemption Amount (Capital Disqualification Event)**") (which shall be their principal amount or a such other Early Redemption Amount (Capital Disqualification Event) as may be specified in the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 6.3 is subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

For the purposes of these Conditions:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect of the Regulator and/or the Relevant Resolution Authority, in each case to the extent then in effect in Poland or any other relevant jurisdiction (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**Capital Disqualification Event**" means a change in the regulatory classification of the Tier 2 Subordinated Notes that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, which, if the redemption of the relevant Tier

2 Subordinated Notes is proposed to be made prior to the fifth anniversary of the Issue Date, the Regulator considers to be sufficiently certain and the Issuer demonstrates to the satisfaction of the Regulator that the change in the regulatory classification was not reasonably foreseeable at the Issue Date; and

"**Tier 2 Capital**" means tier 2 capital as provided under the Applicable Banking Regulations.

6.4 **Early Redemption due to MREL Disqualification Event**

If, in the case of Senior Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes where the MREL Disqualification Event has been specified as applicable in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), following the MREL Requirement Date, a MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13 (*Agents*), the Noteholders of the relevant Notes (as applicable) (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable). Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

Notes redeemed pursuant to this Condition 6.4 will be redeemed at their early redemption amount (the "**Early Redemption Amount (MREL Disqualification Event)**") (which shall be their principal amount or such other Early Redemption Amount (MREL Disqualification Event) as may be specified in or determined in accordance with the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes), for regulatory reasons pursuant to this Condition 6.4 will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority as set out in Conditions 6.10 (*Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes*) and 6.11 (*Conditions to Redemption and Purchase of Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and Senior Subordinated Notes*).

For the purposes of these Conditions:

"**Applicable MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Poland or any other relevant jurisdiction giving effect to MREL or any successor principles then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies giving effect to MREL or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**EC Proposals**" means the European Commission's proposals to amend and supplement certain provisions of the CRD IV Directive, the CRR Regulation, the SRM Regulation and the BRRD;

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Poland or any other relevant jurisdiction), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under EU legislation and relevant implementing legislation and regulation in Poland or any other relevant jurisdiction;

"**MREL Disqualification Event**" means at any time, on or following the MREL Requirement Date, that all or part of the outstanding nominal amount of: the Senior Subordinated Notes; the Senior Non-Preferred Notes or the Ordinary Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms or Pricing Supplement (as the case

may be), does not fully qualify as MREL-Eligible Notes of the Issuer and/or the Group, except where such non-qualification: (i) is due solely to the remaining maturity of the relevant Notes (as applicable) being less than any period prescribed for MREL-Eligible Notes by the Applicable MREL Regulations; or (ii) is as a result of the relevant Notes (as applicable) being bought back by or on behalf of the Issuer or a buy back of the relevant Notes which is funded by or on behalf of the Issuer; or (iii) in the case of Ordinary Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms or Pricing Supplement (as the case may be), is due to the relevant Ordinary Senior Notes not meeting any requirement in relation to their ranking upon insolvency of the Issuer or any limitation on the amount of such Notes that may be eligible for the inclusion in the amount of MREL-Eligible Notes of the Issuer and/or the Group.

"MREL-Eligible Notes" means an instrument that complies with the Applicable MREL Regulations;

"MREL Requirement Date" means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements; and

"MREL Requirements" means the minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable MREL Regulations.

"SRM Regulation" means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014.

6.5 **Redemption at the option of the Issuer (Issuer Call)**

This Condition 6.5 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an **"Issuer Call"**. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.5 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Agents*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not part) of the relevant Series of Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

In the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, redemption at the option of the Issuer pursuant to this Condition 6.5 will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

6.6 **Redemption at the option of the Noteholders (Investor Put)**

This Condition 6.6 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an **"Investor Put"**. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6.6 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Agents*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date or within the time period(s) specified in the applicable Final Terms (the **"Put Period(s)"**) (in the case of a Put Period such notice shall specify an Optional Redemption Date for the Notes) and at the

Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, or any common depository or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 6.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6 and instead to declare such Note forthwith due and payable pursuant to Condition 9 (*Events of Default*).

6.7 **Early Redemption Amounts**

For the purpose of Condition 6.2 (*Redemption for tax reasons*) above and Condition 9 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{\text{Y}}$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**Y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number

of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.8 **Purchases**

Subject to Condition 6.11 (*Conditions to Redemption and Purchase of Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and Senior Subordinated Notes*) in respect of Ordinary Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, and Condition 6.10 (*Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes*) below in respect of Tier 2 Subordinated Notes, the Issuer or any Subsidiary of the Issuer may at any time purchase Notes (**provided that**, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

Tier 2 Subordinated Notes may only be purchased by the Issuer or any of the Issuer's subsidiaries, if and to the extent permitted by the Applicable Banking Regulations at the relevant time the Notes to be purchased: (a) comply with any applicable threshold as may be requested or required by the Relevant Resolution Authority from time to time; and (b) are purchased in order to be surrendered to any Paying Agent for cancellation.

6.9 **Cancellation**

All Notes purchased for cancellation will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.10 **Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes**

Any redemption or purchase of Tier 2 Subordinated Notes in accordance with Conditions 6.2 (*Redemption for tax reasons*), 6.3 (*Early Redemption due to Capital Disqualification Event*), 6.5 or 6.8 (*Purchases*) above is subject to:

- (a) the Issuer giving notice to the relevant Regulator and such Regulator granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the relevant Applicable Banking Regulations, including Articles 77(b) and 78 of the CRD IV Regulation); and
- (b) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Applicable Banking Regulations for the time being.

6.11 **Conditions to Redemption and Purchase of Ordinary Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and Senior Subordinated Notes**

Any redemption or purchase in accordance with Conditions 6.2 (*Redemption for tax reasons*), 6.3 (*Early Redemption due to Capital Disqualification Event*), 6.5 (*Redemption at the option of the Issuer (Issuer Call)*) or 6.8 (*Purchases*) above, eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and/or Senior Subordinated Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable MREL Regulations at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Ordinary Senior Notes, eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and/or Senior Subordinated Notes at such time as eligible liabilities available to meet the MREL Requirements).

6.12 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), 6.2 (*Redemption for tax reasons*), 6.3 (*Early Redemption due to Capital Disqualification Event*) or 6.4 (*Early Redemption due to MREL*

Disqualification Event) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7(c) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Agents*).

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction in the case of Ordinary Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes (if permitted by the Applicable MREL Regulations), or interest only, in the case of Tier 2 Subordinated Notes, as would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with a Tax Jurisdiction other than the mere holding of the Note or Coupon;
- (ii) where the relevant Note or Coupon is presented or surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or payment on the last day of such period of 30 days; or
- (iii) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

As used herein:

- (i) "**Tax Jurisdiction**" means Poland or any other relevant jurisdiction, or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Agents*).

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.3

(*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.3 (*Presentation of definitive Notes and Coupons*).

9. **EVENTS OF DEFAULT**

9.1 **Events of Default relating to Ordinary Senior Notes**

This Condition 9.1 is applicable in relation to Ordinary Senior Notes only.

The following events or circumstances (each an "**Event of Default**") shall be events of default in relation to the Ordinary Senior Notes of any Series, namely:

(a) ***Non-payment***

The Issuer fails to pay any amount of interest or principal due in respect of the Ordinary Senior Notes of the relevant Series or any of them on the due date for payment thereof and such default continues for a period of five days on which banks are open for business in Poland; or

(b) ***Breach of Other Obligations***

If the Issuer fails to perform or observe any of its other material obligations under these Conditions in respect of Ordinary Senior Notes of the relevant Series or the Agency Agreement and (except in any case where the failure is incapable of remedy when no continuation or notice as if hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any holder of Ordinary Senior Notes on the Issuer of notice requiring the same to be remedied; or

(c) ***Cross Default***

If any Relevant Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of any event of default (however described) or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Relevant Indebtedness on the due date therefor as extended by any applicable grace period or any security given by the Issuer or any of its Material Subsidiaries for any Relevant Indebtedness becomes enforceable or if default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Relevant Indebtedness of any other person, **provided that** no such event shall constitute an Event of Default unless the Relevant Indebtedness or other relative liability either alone or when aggregated with other Relevant Indebtedness and/or other liabilities relative to all (if any) other such event which shall have occurred and be continuing shall amount to at least €10,000,000 or its equivalent in any other currency; or

(d) ***Dissolution***

If any order is made by any competent court or a resolution is passed for the dissolution of the Issuer or any of its Material Subsidiaries; or

(e) ***Cessation of Business***

If the Issuer or any of its Material Subsidiaries ceases or announces an intention to cease to carry on the whole or a substantial part of its business, save for (i) the purposes of a reorganisation of the Issuer and its Subsidiaries taken as a whole on terms approved by an Extraordinary Resolution of the holders or (ii) as otherwise permitted by applicable law and **provided that** a Permitted Disposal shall not constitute a cessation of a substantial part of the business of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or if the Issuer is adjudicated or found bankrupt or insolvent; or

(f) ***Insolvency/Winding-up***

if (i) the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; (ii) proceedings are initiated against any of the Issuer's Material Subsidiaries under any applicable bankruptcy, restructuring, recovery, liquidation, insolvency, composition, or other similar laws or a receiver, manager, administrator or other similar official is appointed in relation to any of the Issuer's Material Subsidiaries or, as the case may be, in relation to the whole or a part of the undertaking or assets of any of them, or any encumbrance takes possession of the whole or a part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets of any of them and (ii) in any case is not discharged within 21 days; or if any of the Issuer's Material Subsidiaries initiates or consents to judicial or other proceedings relating to itself under any applicable bankruptcy, restructuring, recovery, liquidation, insolvency, composition or other similar laws or makes a transfer of title or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(g) ***Withdrawal of Banking Licence***

If the banking operations of the Issuer are suspended or the Issuer's banking licence is withdrawn pursuant to applicable Polish banking law.

9.2 **Definitions**

In these Conditions:

"**Auditors**" means the auditors from time to time of the Issuer, as the context may require, or, in the event of any of them being unable or unwilling to carry out any actions requested from them pursuant to these Terms and Conditions, means any other firm of certified accountants of international standing or repute in Poland nominated by the Issuer;

If any Event of Default shall occur and be continuing in relation to any Series, any holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Paying Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its outstanding principal amount or, if such Note is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.5 (*Redemption at the option of the Issuer (Issuer Call)*)) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

"**Material Subsidiary**" means any Subsidiary of the Issuer: (a) whose gross profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated gross profits of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated, or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary of the Issuer, all as more particularly defined in the Agency Agreement. A certificate by the Management Board of the Issuer

confirming that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary of the Issuer accompanied by a report of the Auditors addressed to the Issuer (as to proper extraction of the figures used by the Management Board of the Issuer in determining the Material Subsidiaries of the Issuer and mathematical accuracy of the calculation) shall, in the absence of manifest error, be conclusive and binding on all parties.

"Permitted Disposal" means the transfer for fair value on arm's-length terms (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of any assets of the Issuer or any of its Material Subsidiaries pursuant to or in connection with the exercise by Orange Polska S.A. of any option granted to it under the investment agreement dated 19 March 2014 and made between the Issuer and Orange Polska S.A., as amended from time to time.

"Subsidiary" means any company or corporation: (A) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or (B) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or (C) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation, and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

9.3 **Events of Default relating to Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes**

Save as provided below, there are no events of default under the Subordinated Notes, the Senior Non-Preferred Notes and, to the extent so specified in the relevant Final Terms or Pricing Supplement (as the case may be), the Ordinary Senior Notes, which could lead to an acceleration of the relevant Subordinated Notes, Senior Non-Preferred Notes or Ordinary Senior Notes.

However, if an order is made by any competent court commencing insolvency proceedings against the Issuer or if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer and such order is continuing, then any holder of a Note may, unless there has been a resolution to the contrary by the Noteholders, by written notice addressed by the Noteholder thereof to the Issuer and delivered to the Issuer and to the specified office of the Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall become immediately due and payable without further action or formality.

Notwithstanding the above, if default is made in the payment of any interest or principal due in respect of the Notes and such default continues for a period of 14 days then unless there has been a resolution to the contrary by the Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Senior Non-Preferred Notes or Ordinary Senior Notes, as the case may be, held by such Noteholder, may institute proceedings for the winding up or dissolution of the Issuer but may take no further or other action in respect of such default.

Neither a cancellation of the Notes, a reduction, in part or in full, of the principal amount of the Notes or any accrued and unpaid interest on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Tool by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in Tool by the Relevant Resolution Authority with respect to the Notes will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Noteholders to any remedies (including equitable remedies), which are hereby expressly waived.

10. **Waiver of Set-off**

If this Condition 10 is specified in the relevant Final Terms or Pricing Supplement (as the case may be) as being applicable to the Notes, no Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Note) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable

law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition.

For the purposes of these Conditions:

"Waived Set-Off Rights" means any and all rights of or claims of any Noteholder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

11. **SUBSTITUTION AND VARIATION**

If this Condition 11 is specified in the relevant Final Terms or Pricing Supplement (as the case may be) as being applicable to the Notes, and (i) a Capital Disqualification Event, (ii) an MREL Disqualification Event or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 6.2 (*Redemption for tax reasons*) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) and the Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Conditions:

"Qualifying Notes" means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 20 (*Write-Down or Conversion Power; Acknowledgement of Bail-in Tool*), have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes provided that the Issuer shall have delivered a certificate signed by two authorised signatories to that effect to the Noteholders not less than five Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 11, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 11, the date such variation becomes effective, provided that such securities shall:

- (a) (i) in the case of Notes eligible to comply with Applicable MREL Regulations, if the MREL Requirement Date has occurred, contain terms which comply with the then current requirements for MREL-Eligible Notes as embodied in the Applicable MREL Regulations, and (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer; and

- (b) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11; and
- (c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 11; and
- (d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11; and
- (e) have at least the same ranking as set out in Condition 2; and
- (f) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, a MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 6.2 (*Redemption for tax reasons*), as applicable; and
- (g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 11.

12. **REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. **AGENTS**

The initial Agents and are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, **provided that:**

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent, which may be the Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

15. **NOTICES**

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. **MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION**

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes, the Coupons or any of the provisions of the Agency Agreement or the Deed of Covenant. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Deed of Covenant or the Agency Agreement (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of

the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of Notes of any Series will be binding on all holders of the Notes of such Series, whether or not they are present at the meeting, and on all holders of Coupons relating to Notes of such Series.

The Issuer may, with the consent of the Agent, but without the consent of the holders of the Notes of any Series or Coupons, agree to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

In addition, the parties to the Agency Agreement may agree such modifications to the Agency Agreement, the Notes, these Conditions and the Deed of Covenant as may be required in order to give effect to Condition 4.4 in connection with effecting any Alternative Reference Rate, Successor Rate, Adjustment Spread or Benchmark Amendments referred to in Condition 4.4 without the requirement for the consent or sanction of the Noteholders or Couponholders.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Agents*) above as soon as practicable thereafter.

The Issuer, or any previous substituted company, may at any time, without the consent of the holders of the Notes of any Series or Coupons, substitute for itself as principal debtor under the Notes, the Coupons and the Talons any company (the "**Substitute**") that is a Subsidiary of the Issuer, **provided that** no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 7, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each holder of a Note, Coupon or Talon against any tax, duty, assessment or governmental charge that is imposed on it by, or by any authority in or of, the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Coupons, Talons and the Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the holders of Notes shall have been delivered to them (care of the Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of paragraph (iii) above and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the holders of Notes, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to holders of Notes, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 9 (*Events of Default*) shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

17. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

19.1 **Governing law**

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons, are and shall be governed by, and construed in accordance with, English law except the provisions of Condition 2.2 (*Status of the Subordinated Notes*) which shall be governed by, and construed in accordance with, Polish law.

19.2 **Submission to jurisdiction**

- (a) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 19.2, each of the Issuer and any Noteholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

19.3 **Appointment of Process Agent**

The Issuer irrevocably appoints Commerzbank Aktiengesellschaft at its office at 30 Gresham Street, London EC2V 7PG as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Commerzbank Aktiengesellschaft being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19.4 **Other documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

20. **WRITE-DOWN OR CONVERSION POWER; ACKNOWLEDGEMENT OF BAIL-IN TOOL**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges, accepts and agrees to be bound by the application of,

any Bail-in Tool by the Polish Bank Guarantee Fund or any successor or replacement thereto and/or such other authority which has the ability to apply any Bail-in Tool to the Issuer (the "**Relevant Resolution Authority**") that may result in the write-down, reduction or cancellation of all, or a portion, of the principal amount of, or payments of interest or other distributions on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or payments of interest or other distributions on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Bail-in Tool. Each Noteholder further acknowledges and agrees that the rights of the Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the application of any Bail-in Tool by the Relevant Resolution Authority.

For these purposes, a "**Bail-in Tool**" means the mechanism for effecting the exercise by a Relevant Resolution Authority of any write-down and/or conversion or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland or any other relevant jurisdiction, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") and/or the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and the compulsory restructuring (the "**Act on Bank Guarantee Fund**") and/or Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolutions Fund and amended Regulation (EU) No. 1093/2010 (as amended or superseded from time to time), and any instruments, rules and standards created thereunder, pursuant to which liabilities of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified and/or converted into shares or other securities or obligations of the Issuer or any other person.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual application of the Bail-in Tool to the Issuer or the date from which the Bail-in Tool shall be effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. The Issuer will also deliver a copy of such notice to the Agent for information purposes. Any delay or failure by the Issuer to give such notice shall not affect the validity and enforceability of the Bail-in Tool nor the effects on the Notes described in this Condition.

The application of the Bail-in Tool by the Relevant Resolution Authority with respect to the Notes shall not constitute an Event of Default and these Conditions shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes, subject to any modification of the amount of interest or other distributions payable to reflect the reduction of the principal amount, and any further modification of these Conditions that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland or any other relevant jurisdiction.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Tool to the Notes.

If the Relevant Resolution Authority applies the Bail-in Tool with respect to less than the total prevailing outstanding amount of the Notes, and any accrued and unpaid interest on the Notes that has not been previously cancelled or otherwise is no longer due, unless otherwise decided by the Issuer or the Relevant Resolution Authority or the Polish Financial Supervision Authority, any write-down or conversion made in respect of the Notes pursuant to the Bail-in Tool will be made on a *pro-rata* basis.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche will be used by the Issuer for general corporate purposes which will include making a profit. If in respect of an issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION

For the year ended 31 December 2018, the Group's total income was PLN 5,059.2 million, compared with PLN 4,453.6 million for the year ended 31 December 2017, which represents an increase of 13.6 per cent. Total income is calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. In 2017, other income comprised gains less losses from investment securities, investments in subsidiaries and associates, while in 2018 it comprised gains less losses from financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).

The increase of total income was mainly driven by higher net interest income, net trading income and other operating income, which was supported by a gross profit on the sale of the organised part of the enterprise of mFinanse S.A. related to insurance intermediation activities in the field of group insurance contracts as an insurance agent.

As in the year ended 31 December 2017, net interest income was the Group's largest income source in the year ended 31 December 2018 (69.1 per cent. of total income). In the year ended 31 December 2018, net interest income reached PLN 3,496.5 million, compared with PLN 3,135.7 million in the previous year (an increase of 11.5 per cent.).

In the year ended 31 December 2018, interest income grew by 11.5 per cent. to PLN 4,518.2 million (compared to PLN 4,052.1 million in the year ended 31 December 2017). With a share of 75.0 per cent., loans and advances constituted the main source of the Group's interest income. In the year ended 31 December 2018, interest income from loans and advances increased by 12.4 per cent. to PLN 3,387.6 million (compared with PLN 3,014.8 million in the year ended 31 December 2017). In the year ended 31 December 2018, interest income from loans and advances was calculated as the sum of interest income from loans and advances to customers recognised in financial assets measured at amortised cost and in non-trading financial assets mandatorily measured at fair value through profit or loss. An increase of interest income from loans and advances was driven mainly by a growing volume of loans and a change in the structure of the Group's loans portfolio: an increased share of high margin products, with a simultaneous decrease in the share of mortgage loans denominated in foreign currencies and characterised by lower margins. In the year ended 31 December 2018, interest income on investment securities (i.e. the sum of interest income from: debt securities included in financial assets measured at fair value through other comprehensive income, debt securities included in assets measured at amortised cost and non-trading equity and debt securities mandatorily measured at fair value through profit or loss) decreased marginally (by 0.2 per cent.) to PLN 692.1 million, compared with PLN 693.2 million in the year ended 31 December 2017. At the same time interest income on debt securities held for trading increased by 15.3 per cent. to PLN 72.4 million from PLN 62.8 million for the year ended 31 December 2017. In the year ended 31 December 2018, interest income on derivatives classified into the banking book increased by 35.0 per cent. to PLN 180.4 million, compared with PLN 133.6 million in the year ended 31 December 2017, due to an increase in the volume of CIRS transactions and changes in the currency structure of foreign currency swaps.

The increase in interest expenses in the year ended 31 December 2018 of 11.5 per cent. compared with the previous year related mainly to higher interest expenses arising from deposits (an increase of 16.9 per cent. to PLN 576.3 million for the year ended 31 December 2018) due to the higher volume of retail and corporate deposits. Interest expenses arising from loans received decreased by 47.3 per cent. to PLN 29.2 million for the year ended 31 December 2018, mainly as an effect of a decrease in the balance of received loans and advances driven mainly by repayment of loans granted by Commerzbank AG in the total amount of CHF 750 million. Interest expenses arising from the issue of the Group's debt securities increased by 13.8 per cent. to PLN 318.9 million for the year ended 31 December 2018, (compared with PLN 280.2 million for the year ended 31 December 2017), as a result of an increase in the value of the Group's outstanding debt securities (new EMTN tranches in the amount of CHF 180 million and EUR 500 million and three public issues of covered bonds totalling PLN 1.6 billion carried out by mBank Hipoteczny). Interest expenses arising from subordinated liabilities in the year ended 31 December 2018 were higher by 9.1 per cent. than in the previous year (PLN 75.3 million for the year ended 31 December 2018 compared with PLN 69.0 million for the year ended 31 December 2017) reflecting additional costs related to subordinated bonds issued in October 2018.

The Group's net interest margin for the year ended 31 December 2018 was 2.6 per cent., compared with 2.5 per cent. for the year ended 31 December 2017.

The Group's net fee and commission income declined by 1.6 per cent. to PLN 975.9 million, compared with PLN 992.2 million for the year ended 31 December 2017.

The Group's fee and commission income declined by 1.1 per cent. to PLN 1,641.8 million for the year ended 31 December 2018 (compared with PLN 1,659.7 million for the year ended 31 December 2017). Payment card-related fees increased by 4.6 per cent. to PLN 390.0 million for the year ended 31 December 2018 (compared with PLN 372.9 million for the year ended 31 December 2017), driven by increases in the Group's number of clients and payment cards, and increases in the volume of transactions. Credit-related fees and commissions increased by 17.6 per cent. to PLN 382.0 million for the year ended 31 December 2018 (compared with PLN 324.8 million for the year ended 31 December 2017) due to an increase in the Group's generation of loans. Commissions from bank accounts increased by 11.4 per cent. to PLN 207.9 million for the year ended 31 December 2018 (compared with PLN 186.7 million for the year ended 31 December 2017), driven by a growing client base. The growth in transactional banking and a higher number of transactions resulted in an increase in commissions from money transfers of 11.2 per cent. to PLN 133.3 million for the year ended 31 December 2018, compared with PLN 119.9 million for the year ended 31 December 2017. The year ended 31 December 2018 also saw an increase in commissions due to guarantees granted and trade finance commissions of 18.7 per cent. to PLN 84.7 million (compared with PLN 71.4 million for the year ended 31 December 2017). Commissions for agency services regarding the sale of insurance products of external financial entities in the year ended 31 December 2018 decreased by 46.3 per cent. to PLN 100.6 million compared with the year ended 31 December 2017 due to the sale of the organised part of the enterprise of mFinanse S.A. operating in the field of group insurance business. Commissions for agency service regarding the sale of other products of external financial entities decreased by 24.4 per cent. to PLN 103.2 million due to smaller interest of customers in the investment fund market and regulatory changes. A 22.9 per cent. decrease (to PLN 104.5 million in the year ended 31 December 2018) compared with the year ended 31 December 2017 was also reported in fees from brokerage activity and debt securities issued in connection with the negative impact of MIFiD II regulations, the unfavourable situation on the capital market and a substantial drop in turnover on the Warsaw Stock Exchange.

For the year ended 31 December 2018, fee and commission expense decreased by 0.2 per cent. to PLN 665.9 million compared with PLN 667.5 million for the year ended 31 December 2017. The decrease was driven by a fall in payment card-related fees and discharged brokerage fees, while the highest growth was recorded in other discharged fees and in commissions paid to external entities for sale of the Bank's products. Please see Note 7 of the 2018 Consolidated Financial Statements for further details.

Dividend income amounted to PLN 3.6 million for the year ended 31 December 2018, compared with PLN 3.4 million for the year ended 31 December 2017.

The Group recorded net trading income of PLN 347.3 million for the year ended 31 December 2018, which represented an increase of 18.1 per cent. compared with the year ended 31 December 2017. This growth was driven mainly by a higher foreign exchange result, as well as by increased gains on financial assets and liabilities held for trading. In addition, in the year ended 31 December 2018, losses from hedge accounting were lower than in the year ended 31 December 2017.

In the year ended 31 December 2018, gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates stood at PLN 14.5 million. These were generated mainly by the sale of treasury securities. Gains less losses on investment securities and investments in subsidiaries and associates for the year ended 31 December 2017 recorded a loss of PLN 3.9 million, as they were impacted by a write-off connected with the sale of mLocum S.A.'s shares and the revaluation of certain assets. Other net operating income (other operating income net of other operating expenses) amounted to PLN 214.7 million for the year ended 31 December 2018 compared with PLN 32.2 million for the year ended 31 December 2017. Other operating income increased by 68.2 per cent. to PLN 407.6 million for the year ended 31 December 2018 (compared with PLN 242.4 million for the year ended 31 December 2017). This significant increase resulted predominantly from the profit recognised on the sale of the organised part of the enterprise of mFinanse S.A. (including the one-off income in the amount of PLN 219.7 million booked in the first quarter of 2018). At the same time, other operating expenses decreased by 8.2 per cent. to PLN 193.0 million for the year ended 31 December 2018 (compared with PLN 210.2 million for the year ended 31 December 2017).

In the year ended 31 December 2018, the Group's total overhead costs and depreciation stood at PLN 2,163.9 million, which represented a 5.9 per cent. increase in comparison with the previous year (PLN 2,043.2 million for the year ended 31 December 2017). This increase was driven by staff-related expenses, material costs and depreciation. Staff-related expenses increased by 5.5 per cent. to PLN 952.3 million for the year ended 31 December 2018 (compared with PLN 902.9 million for the year ended 31 December 2017) mainly due to an increase in wages and salaries costs. The number of full-time equivalents increased to 6,524 as at 31 December 2018 from 6,455 as at 31 December 2017. Material costs increased by 5.6 per cent. to PLN 744.9 million for the year ended 31 December 2018 (compared with PLN 705.2 million for the year ended 31 December 2017). The increase was driven by marketing costs connected with promotional campaigns addressed mainly to young customers and SMEs, by IT costs due to measures aimed at strengthening the Bank's position as a leader of digital banking, and by administration and real estate costs connected with the launch of new outlets. The Group's contribution to the BGF remained pretty stable (PLN 180.4 million for the year ended 31 December 2018 compared with PLN 180.1 million for the year ended 31 December 2017). Depreciation increased by 12.7 per cent. to PLN 252.6 million for the year ended 31 December 2018 (compared with PLN 224.2 million for the year ended 31 December 2017).

As a result of changes in income and expenses, the cost-to-income ratio for the year ended 31 December 2018 was 42.8 per cent. (compared with 45.9 per cent. for the year ended 31 December 2017). The cost-to-income ratio is calculated by dividing overhead costs and depreciation by total income comprising: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. In the year ended 31 December 2017, other income comprised gains less losses from investment securities, investments in subsidiaries and associates. In the year ended 31 December 2018, other income comprised gains less losses from financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).

In the year ended 31 December 2018, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on loans and advances in non-trading financial assets mandatorily at fair value through profit or loss stood at PLN 694.4 million, including impairment or reversal of impairment on financial assets not measured at fair value through profit or loss of PLN 527.6 million and gains or losses on loans and advances in non-trading financial assets mandatorily at fair value through profit or loss, which amounted to PLN 166.9 million. In the year ended 31 December 2017, net impairment losses on loans and advances stood at PLN 507.7 million. Increased impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on loans and advances in non-trading financial assets mandatorily at fair value through profit or loss in Retail Banking (+33.1 per cent. compared with the year ended 31 December 2017) were driven by a higher volume of loans and changes in the structure of the retail credit portfolio with a growing contribution of non-mortgage (unsecured) loans as well as changes in risk models triggered by the implementation of IFRS 9 from the beginning of 2018. Higher impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on loans and advances in non-trading financial assets mandatorily at fair value through profit or loss in the Corporates and Financial Markets segment, (+43.3 per cent. compared with the year ended 31 December 2017) were driven by increased provisions on corporate exposures in different sectors and a different valuation method of corporate bonds in the portfolio of non-trading financial assets mandatorily measured at fair value through profit or loss.

Taxes on the Group's balance sheet items for the year ended 31 December 2018 were PLN 401.8 million compared with PLN 375.3 million for the year ended 31 December 2017.

The Group's profit before income tax for the year ended 31 December 2018 was PLN 1,800.3 million compared with PLN 1,527.9 million for the year ended 31 December 2017. The Group's gross return on equity increased from 11.6 per cent. as at 31 December 2017 to 13.0 per cent. as at 31 December 2018.

The Group's net profit attributable to the owners of mBank S.A. for the year ended 31 December 2018 was PLN 1,316.5 million, representing an increase of 20.6 per cent. compared with the previous year. The Group's net return on equity stood at 9.5 per cent. as at 31 December 2018 compared with 8.3 per cent. as at 31 December 2017.

The Group's capital adequacy ratios decreased in the year ended 31 December 2018 due to an increase in the total risk exposure amount. As at 31 December 2018, the Total Capital Ratio stood at 20.7 per cent. compared with 21.0 per cent. as at 31 December 2017. The Common Equity Tier 1 capital ratio was 17.5

per cent. as at 31 December 2018, compared with 18.3 per cent. as at 31 December 2017. The consolidated leverage ratio calculated in accordance with the provisions of the CRR Regulation and Commission Delegated Regulation (EU) 2015/62 of 10 October 2014, amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio, amounted to 8.6 per cent. (compared with 9.0 per cent. in the year ended 31 December 2017).

PRESENTATION OF THE GROUP FINANCIAL AND OTHER INFORMATION

Alternative Performance Measures

The Base Prospectus includes certain data which the Issuer considers to constitute alternative performance measures ("APMs") for the purposes of the European Securities Markets Authority ("ESMA") Guidelines on Alternative Performance Measures.

These Alternative Performance Measures are not defined by, or presented in accordance with, IFRS. The Alternative Performance Measures are not measurements of the Bank's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Bank's liquidity.

<u>APM</u>	<u>Definition</u>
Core income	The sum of net interest income and net fee and commission income.
Net other operating income	Other operating income less other operating expenses.
Total income.....	In 2017, calculated as the sum of net interest income, net fee and commission income, dividend income, other income, other operating income and other operating expenses. Other income comprises gains less losses from investment securities, investments in subsidiaries and associates. In 2018, other income comprises gains less losses from financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily measured at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).
Total income per employee	Calculated by dividing total income by the average number of Full-time Equivalents ("FTEs"). The average number of FTEs is calculated on the basis of FTE as at the beginning of the year and at the end of each quarter.
ROE gross (Return on equity gross)	Calculated by dividing profit before income tax by the average equity attributable to Owners of the Bank net of the year's results. The average equity is calculated on the basis of the balances as at the end of each month.
ROE net (Return on equity net)	Calculated by dividing net profit attributable to Owners of the Bank by the average equity attributable to Owners of the Bank net of the year's results. The average equity is calculated on the basis of the balances as at the end of each month.
ROA net (Return on assets net)	Calculated by dividing net profit attributable to Owners of mBank S.A. by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month.
Cost to income ratio (C/I).....	Calculated by dividing overhead costs and depreciation by total income comprising: net interest income, net fee and commission income, dividend income, net trading income, other operating income and other operating expenses. In 2017, and in the years preceding, other income comprises gains less losses from investment securities, investments in subsidiaries and associates. In 2018, other income comprises gains less losses from financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).
Net interest margin (NIM).....	Calculated by dividing net interest income by average interest-earning assets. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities

APM	Definition
	(in 2018 – in all valuation methods) and loans and advances to customers (net; in 2018 – in all valuation methods). The average interest-earning assets are calculated on the basis of the balances as at the end of each month.
NPL ratio (Non-performing loans ratio).....	In 2017, and in the years preceding, calculated by dividing the gross carrying value of loans and advances to customers with recognised impairment by the total (gross) loans and advances to customers. In 2018, calculated by dividing a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value loans and advances mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to customers.
NPL ratio – corporate portfolio	In 2017, and in the years preceding, calculated by dividing the gross carrying value of loans and advances to corporate customers with recognised impairment by the total (gross) loans and advances to corporate customers excluding reverse repo/ buy/sell-back transactions. In 2018 calculated by dividing a sum of the gross carrying value of loans and advances to corporate customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to corporate customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to corporate customers excluding reverse repo/ buy/sell-back transactions.
NPL ratio of mortgage loan portfolio to private individuals in Poland	Calculated by dividing the gross carrying value of mortgage loans to private individuals in Poland with recognised impairment by the total (gross) mortgage loans to private individuals in Poland. In 2018, the mortgage loan portfolio is measured at amortised cost.
NPL ratio – retail portfolio	In 2017, and in the years preceding, calculated by dividing the gross carrying value of loans and advances to retail customers with recognised impairment by the total (gross) loans and advances to retail customers. In 2018, calculated by dividing a sum of the gross carrying value of loans and advances to retail customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to retail customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to retail customers.
NPL Coverage ratio	In 2017, and in the years preceding, calculated by dividing provisions for receivables with impairment by the gross carrying value of loans and advances to customers with recognised impairment. In 2018, calculated by dividing a sum of accumulated provisions for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated provisions for loans and advances to customers mandatorily at fair value through profit or loss by a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default.
Cost of risk	In 2017, and in the years preceding, calculated by dividing net impairment losses on loans and advances by the average net loans and advances to customers. The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter. In 2018 calculated by dividing a sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers by the average net loans and advances to

APM	Definition
Loan-to-deposit ratio	customers (at amortised cost and at fair value through profit or loss). The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter. Calculated by dividing net loans and advances to customers by amounts due to customers. In 2018, net loans and advances to customers are calculated as a sum of loans and advances to customers at amortised cost and loans and advances to customers mandatorily at fair value through profit or loss.
Equity to assets	Calculated by dividing total equity by total assets.
TREA to assets	Calculated by dividing the Total Risk Exposure Amount (the "TREA") by total assets. TREA shall mean the total of risk-weighted exposure amount for credit risk, counterparty credit risk and (multiplied by 12.5) own funds requirements for other types of risk, i.e.: <ul style="list-style-type: none"> - market risk; - operational risk; and - other risks, e.g. credit valuation adjustment risk, large exposures in the banking book, etc.

The Issuer believes that the above measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Group, the quality of its assets and the fundamentals of its business.

In particular:

- (i) the ratios presented by the Issuer are aimed at quantifying certain aspects of the Issuer's business and its strengths within the context of the Polish banking system; and
- (ii) the alternative performance measures, although not required by law in the preparation of financial statements, allow for comparisons with other banks, over different periods of time and between the Issuer and the average industry standards.

GROUP FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017

The following tables present consolidated financial data of the Group as at and for the years ended 31 December 2018 and 31 December 2017 which were derived from the Consolidated Financial Statements of the Group.

This section should be read together with the financial data included or incorporated by reference elsewhere in this Base Prospectus.

Consolidated Income Statements

	Year ended 31 December	
	2018	2017
	<i>(PLN thousands)</i>	
	<i>audited</i>	
Interest income	4,518,190	4,052,074
Interest expenses	(1,021,716)	(916,414)
Net interest income	3,496,474	3,135,660
Fee and commission income	1,641,782	1,659,673
Fee and commission expenses	(665,932)	(667,515)
Net fee and commission income	975,850	992,158
Dividend income	3,558	3,428
Net trading income	347,336	294,063
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(160,041)	n/a
Gains less losses from investment securities, investments in subsidiaries and associates	n/a	(3,937)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates	14,495	n/a
Other operating income	407,620	242,360
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(527,573)	(507,721)
Overhead costs	(1,911,340)	(1,818,949)

	Year ended 31 December	
	2018	2017
	<i>(PLN thousands)</i> <i>audited</i>	
Depreciation	(252,592)	(224,219)
Other operating expenses	(192,953)	(210,171)
Operating profit	2,200,834	1,902,672
Taxes on the Group balance sheet items	(401,760)	(375,256)
Share in profits (losses) of entities under the equity method	1,240	486
Profit before income tax	1,800,314	1,527,902
Income tax expense	(483,945)	(432,832)
Net profit	1,316,369	1,095,070
Net profit attributable to:		
Owners of mBank S.A.	1,316,451	1,091,530
Non-controlling interests	(82)	3,540

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018

Consolidated Statements of Comprehensive Income

	Year ended 31 December	
	2018	2017
	<i>(PLN thousands)</i> <i>audited</i>	
Net profit	1,316,369	1,095,070
Other comprehensive income net of tax, including:	109,366	165,219
<i>Items that may be reclassified subsequently to the income statement</i>		
Exchange differences on translation of foreign operations (net)	60	477
Cash flow hedges (net)	88,841	(3,653)
Change in valuation of available for sale financial assets (net)	n/a	171,461
Debt instruments at fair value through other comprehensive income (net)	23,013	n/a
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gains and losses relating to post-employment benefits (net)	(2,548)	(3,066)
Total comprehensive income (net)	1,425,735	1,260,289
Total comprehensive income (net), attributable to:		
Owners of mBank S.A.	1,425,817	1,256,749
Non-controlling interests	(82)	3,540

Source: Consolidated Financial Statements 2018

Consolidated Statements of Financial Position

	31 December	31 December
	2018	2017
	<i>(PLN thousands)</i> <i>audited</i>	
ASSETS		
Cash and balances with the Central Bank	9,199,264	7,384,869
Financial assets held for trading and derivatives held for hedges	2,104,302	2,761,685
Loans and advances to banks	n/a	1,707,722
Non-trading financial assets mandatorily at fair value through profit or loss, including:	2,836,060	n/a
Equity instruments	72,775	n/a
Debt securities	58,130	n/a
Loans and advances to customers	2,705,155	n/a
Investment securities	n/a	32,144,699
Financial assets at fair value through other comprehensive income	24,338,284	n/a
Loans and advances to customers	n/a	84,475,844
Financial assets at amortised cost, including:	103,564,317	n/a
Debt securities	9,000,539	n/a
Loans and advances to credit institutions	2,546,346	n/a
Loans and advances to customers	92,017,432	n/a
Investments in associates	-	28,680
Non-current assets and disposal groups classified as held for sale	-	42,134
Intangible assets	776,175	710,642
Tangible assets	785,026	758,738
Current income tax assets	9,336	9,688
Deferred income tax assets	959,076	629,250
Other assets	1,178,279	770,068
Total assets	145,750,119	131,424,019

	31 December 2018	31 December 2017
	<i>(PLN thousands)</i> <i>audited</i>	
LIABILITIES & EQUITY		
Financial liabilities held for trading and derivatives held for hedges	981,117	1,095,365
Financial liabilities measured at amortised cost, including:	125,611,195	113,050,373
Amounts due to banks	3,078,387	5,073,351
Amounts due to customers	102,009,062	91,496,027
Debt securities issued	18,049,583	14,322,852
Subordinated liabilities	2,474,163	2,158,143
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	44,854
Provisions	258,283	190,975
Current income tax liabilities	352,962	179,685
Deferred income tax liabilities	83	81
Other liabilities	3,330,399	2,571,130
Total liabilities	130,534,039	117,132,463
Total equity	15,216,080	14,291,556
Total liabilities and equity	145,750,119	131,424,019

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018

Items from Consolidated Cash Flow Statements

	Year ended 31 December	
	2018	2017
	<i>(PLN thousands)</i> <i>audited</i>	
Cash and cash equivalents at the beginning of the reporting period	9,824,260	15,000,049
Net cash generated from/(used in) operating activities	1,132,740	(2,855,235)
Net cash generated from/(used in) investing activities	41,757	(409,411)
Net cash generated from/(used in) financing activities	(388,784)	(1,871,459)
Effects of exchange rate changes on cash and cash equivalents	20,996	39,684
Cash and cash equivalents at the end of the reporting period	10,630,969	9,824,260
Net increase/decrease in cash and cash equivalents.....	785,713	(5,136,105)

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018

Capital Adequacy

The Group is required to comply with the following regulations when calculating, among others, its capital ratios, its own funds and its total capital requirement:

- the CRR Regulation,
- the ITS Regulation;
- the Banking Law;
- the Act on Macroprudential Supervision of the Financial System and Crisis Management of 5 August 2015; and
- the Regulation of the Minister of Development and Finance of 25 May 2017 on credit exposures secured by mortgages on real estate property.

The entities included in the scope of prudential consolidation according to the rules of the CRR Regulation are taken into account in the process of calculating the consolidated own funds and the own funds requirements.

The table below presents selected data concerning capital ratios of the Group as at the dates indicated below.

	31 December	
	2018	2017
	<i>audited</i> <i>(per cent.)</i>	
Total capital ratio	20.69	20.99

	31 December	
	2018	2017
	<i>audited</i> (per cent.)	
Common Equity Tier 1 capital ratio/Tier 1 capital ratio.....	17.47	18.31

Source: mBank S.A. Group IFRA Consolidated Financial Statements 2018

Key Financial Ratios

The table below presents selected financial ratios for the Group (except LCR and NSFR, which are presented for the Bank) as at the dates and for the periods indicated below.

	As at and for the year ended 31 December	
	2018	2017
	<i>(per cent.)</i> <i>(unaudited)</i>	
ROE gross ¹	13.0	11.6
ROE net ²	9.5	8.3
ROA net ³	0.9	0.8
Cost to income ratio (C/I) ⁴	42.8	45.9
Net interest margin (NIM) ⁵	2.6	2.5
Non-performing loans ratio (NPL ratio) ⁶	4.8	5.2
NPL ratio - corporate portfolio ⁷	5.1	5.3
NPL ratio - retail portfolio ⁸	4.7	5.2
NPL ratio of mortgage loan portfolio to private individuals (Poland) ⁹	2.6	3.3
NPL Coverage ratio ¹⁰	62.8	59.2
Cost of risk ¹¹	0.78	0.61
Loan-to-deposit ratio ¹²	92.9	92.3
Equity to assets ¹³	10.4	10.9
Liquidity Coverage Ratio (LCR) ¹⁴	190	165
Net Stable Funding Ratio (NSFR) ¹⁵	118	114

Source: The Bank

¹ Calculated by dividing profit before income tax by the average equity attributable to Owners of the Bank net of the year's results. The average equity is calculated on the basis of the balances as at the end of each month.

² Calculated by dividing net profit attributable to Owners of the Bank, by the average equity attributable to Owners of the Bank net of the year's results. The average equity is calculated on the basis of the balances as at the end of each month.

³ Calculated by dividing net profit attributable to Owners of the Bank, by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month.

⁴ Calculated by dividing overhead costs and depreciation by total income comprising: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. In 2017, other income comprises gains less losses from investment securities, investments in subsidiaries and associates. In 2018, other income comprises gains less losses from financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).

⁵ Calculated by dividing net interest income by average interest-earning assets. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (in 2018 – in all valuation methods) and loans and advances to customers (net; in 2018 – in all valuation methods) The average interest-earning assets are calculated on the basis of the balances as at the end of each month.

⁶ In 2017, calculated by dividing the gross carrying value of loans and advances to customers with recognised impairment by the total (gross) loans and advances to customers. In 2018, calculated by dividing a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value loans and advances mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to customers.

⁷ In 2017, calculated by dividing the gross carrying value of loans and advances to corporate customers with recognised impairment by the total (gross) loans and advances to corporate customers excluding reverse repo/ buy-sell/-back transactions. In 2018, calculated by dividing a sum of the gross carrying value of loans and advances to corporate customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to corporate customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to corporate customers excluding reverse repo/ buy-sell/-back transactions.

⁸ In 2017, calculated by dividing the gross carrying value of loans and advances to retail customers with recognised impairment by the total (gross) loans and advances to retail customers. In 2018, calculated by dividing a sum of the gross carrying value of loans and advances to retail customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to retail customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to retail customers.

⁹ Calculated by dividing the gross carrying value of mortgage loans to private individuals in Poland with recognised impairment by the total (gross) mortgage loans to private individuals in Poland. In 2018, the mortgage loan portfolio is measured at amortised cost.

¹⁰ In 2017, calculated by dividing provisions for receivables with impairment by the gross carrying value of loans and advances to customers with recognised impairment. In 2018, calculated by dividing a sum of accumulated provisions for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated provisions for loans and advances to customers mandatorily at fair value through profit or loss by a sum of the gross carrying value of loans and advances to customers

at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default.

¹¹ In 2017, calculated by dividing net impairment losses on loans and advances by the average net loans and advances to customers. The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter. In 2018 calculated by dividing a sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers by the average net loans and advances to customers (at amortised cost and at fair value through profit or loss). The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter.

¹² Calculated by dividing net loans and advances to customers by amounts due to customers. In 2018 net loans and advances to customers are calculated as a sum of loans and advances to customers at amortised cost and loans and advances to customers mandatorily at fair value through profit or loss.

¹³ Calculated by dividing total equity by total assets.

¹⁴ Liquidity Coverage Ratio (LCR) – a relation of liquid assets of the liquidity buffer to the expected net outflows within 30 calendar days.

¹⁵ Net Stable Funding Ratio (NSFR) – a relation of own funds and stable liabilities ensuring stable financing to illiquid assets and receivables requiring stable financing.

SELECTED HISTORICAL DATA FOR THE GROUP

The table below presents selected consolidated financial data for the Group (except LCR and NSFR which are presented for the Bank alone) as at the dates and for the periods indicated below. Please see "Alternative Performance Measures" for further details.

	2014	2015	2016	2017	2018
	(PLN thousands)				
Total assets.....	117,985,822	123,523,021	133,743,502	131,424,019	145,750,119
Loans and advances to customers.....	74,582,350	78,433,546	81,763,277	84,475,844	94,722,587
Amounts due to customers	72,422,479	81,140,866	91,417,962	91,496,027	102,009,062
Total equity	11,072,980	12,274,964	13,051,161	14,291,556	15,216,080
Net interest income	2,490,658	2,511,373	2,832,843	3,135,660	3,496,474
Net fees and commission income	901,690	897,176	906,445	992,158	975,850
Total income ¹	3,939,168	4,093,323	4,295,354	4,453,561	5,059,191
Total costs ²	(1,770,565)	(2,050,596)	(1,963,284)	(2,043,168)	(2,163,932)
Net impairment losses on loans and advances (2014-2017); Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss (2018).....	(515,903)	(421,222)	(365,394)	(507,721)	(527,573)
Gains or losses on loans and advances mandatorily at fair value through profit or loss	-	-	--		(166,852)
Net profit attributable to Owners of mBank S.A.	1,286,668	1,301,246	1,219,282	1,091,530	1,316,451
	(per cent.)				
Net interest margin.....	2.3	2.1	2.3	2.5	2.6
Cost-to-income ratio (C/I).....	44.9	50.1	45.7	45.9	42.8
Cost of risk.....	0.72	0.54	0.46	0.61	0.78
ROE net.....	13.1	11.8	10.1	8.3	9.5
ROA net.....	1.1	1.0	1.0	0.8	0.9
Common Equity Tier 1 capital ratio*	12.2	14.3	17.3	18.3	17.5
Total Capital Ratio*	14.7	17.3	20.3	21.0	20.7
Loan-to-deposit ratio.....	103.0	96.7	89.4	92.3	92.9
NPL ratio.....	6.4	5.7	5.4	5.2	4.8
NPL ratio – corporate portfolio	7.1	6.2	5.8	5.3	5.1
NPL ratio – retail portfolio.....	6.9	5.7	5.2	5.2	4.7
NPL ratio of mortgage loan portfolio for private individuals	4.9	3.8	3.7	3.3	2.6
NPL Coverage ratio.....	51.9	58.9	57.1	59.2	62.8
Liquidity Coverage Ratio for the Bank (LCR)	149	144	199	165	190
Net Stable Funding Ratio for the Bank (NSFR)	109	109	114	114	118

* Source: Consolidated Financial Statements

- ^{1.} *Loans and advances to customers – starting from 2018, this item covers the sum of loans and advances to customers recognised in: financial assets measured at amortised cost, and non-trading financial assets mandatorily measured at fair value through profit or loss.*
- ^{2.} *Total income is calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. In 2014-2017, other income comprises gains less losses from investment securities, investments in subsidiaries and associates. In 2018, other income comprises gains less losses from financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances)*
- ^{3.} *Total costs include Overhead costs and Depreciation.*

DESCRIPTION OF THE GROUP

Overview

The Group is one of the largest financial services groups in Poland providing retail, corporate and investment banking as well as other financial services. It is the fourth-largest banking group in the Polish market in terms of total assets and fifth in terms of customer loans and deposits according to the financial statements published by Polish banks. Furthermore, the Group has leading positions in Poland in mobile and internet banking, brokerage, commercial real estate financing, factoring, leasing and distribution of insurance products.

Despite strong competition in the Polish financial sector, the Bank's client base has grown almost entirely organically, reaching 5,685,000 retail clients (including 924,000 in the Czech Republic and Slovakia) and 23,706 corporate customers as at 31 December 2018.

The main products and services which the Group provides to retail customers, including private banking customers, comprise, in particular, current and saving accounts, business accounts for microbusinesses, credit products, deposit products, payment cards, investment products, insurance products (including bancassurance products), brokerage services, and leasing for microbusinesses. The Group offers a wide variety of credit products to its retail customers, including consumer loans, mortgage loans and brokerage lines. On the deposit side, the Bank focuses on savings and current accounts as well as term deposits. The Bank also offers its retail customers brokerage products, investment funds, transaction services and foreign exchange services.

The Bank has replicated its retail banking model in foreign markets. In 2007, the Bank launched operations in the Czech Republic and Slovakia, focusing initially on transactional and deposit products and then expanding also into non-mortgage and mortgage loans as the bank has been able to establish and develop strong client relationships. At the end of 2014, mBank launched the new mobile application for clients of its foreign branches in the Czech Republic and Slovakia, building on its success in the domestic market. As a result, mBank in the Czech Republic and Slovakia is a fully fledged retail bank representing a successful extension of the Polish model.

The Group's range of products and services for corporate clients is focused on transactional banking products and services (primarily business accounts, local and foreign transfers, payment cards, cash services and liquidity management products). They are combined with business financing products which are used as a means for maintaining long-term banking relationships with clients and a platform for cross-selling more sophisticated non-capital intensive products and services (such as hedging instruments, services relating to the equity capital markets ("**ECM**"), debt capital markets ("**DCM**") and mergers and acquisitions ("**M&A**"), as well as factoring and leasing).

The Management Board of the Bank believes that the Bank's distribution concept for its clients combines the most technologically advanced solutions adapted for the Polish banking market and the current and future operating environment, including internet and mobile-based tools (such as its retail banking platform and corporate banking internet platform "**mBank CompanyNet**"), premium service quality and a mid-sized physical distribution network located throughout Poland. The physical distribution network of the Bank in Poland is composed of (i) its own organically grown countrywide retail network of 141 locations of mBank branded outlets and 184 outlets comprising mKiosk outlets, mFinanse Financial Centres and agency service points, as well as (ii) 29 fully fledged corporate branches and 17 corporate offices located in the largest cities throughout Poland. The internet and mobile transaction platform supports a branch-light model, thereby giving the Group a low fixed cost base and a high degree of operating flexibility.

History

The Bank was established in 1986 under the business name of Bank Rozwoju Eksportu SA. The State Treasury of the Republic of Poland and the NBP were among its founding shareholders. The Bank was originally dedicated solely to serving corporate customers and focused on granting foreign currency loans to Polish exporters for the purchase of investment goods and technology.

Following its initial public offering in 1992 under which the State Treasury of the Republic of Poland sold a portion of its shareholding, the Bank's shares were admitted to trading on the regulated market operated by the stock exchange in Poland (the "**Warsaw Stock Exchange**").

In 1994, the Bank signed a strategic partnership agreement with Commerzbank, which purchased 21 per cent. of the Bank's shares. Subsequently the Bank's share capital was increased. As at the date of this Base Prospectus, Commerzbank holds shares representing 69.33 per cent. of the Bank's share capital and of the total number of votes at the Bank's General Shareholders' Meeting.

In 1998, the Bank merged with Polski Bank Rozwoju S.A. ("**PBR**") following the acquisition of PBR's shares in a public tender offer.

In 2000, the Bank started its retail operations by launching mBank, a fully internet-based bank, which was a pioneering project in the Polish market. During the last decade, it has managed to become the leading online bank in Poland in terms of the number of accounts and has developed a network of small branches.

In 2001, the Bank added a second retail brand, MultiBank, a high street bricks-and-mortar bank. MultiBank offered a broad range of products and services targeted at affluent customers and micro-businesses seeking a high-quality, personalised service.

In November 2007, the Bank expanded into the Czech Republic and Slovakia. At the end of 2018, the Bank provided services to approximately 924,000 customers in the Czech Republic and Slovakia through its internet and mobile platforms and 33 branches.

The rebranding of the "BRE Bank" and "MultiBank" brands with the "mBank" brand on 25 November 2013 represented a significant milestone for the Group and "mBank" branding has subsequently been used in every market and in every area of the Bank's operations. As part of the rebranding process, most Group companies have also changed their names by adding the prefix "m". The principal objective of the rebranding was to create a coherent banking offer across all businesses previously represented by distinctive brands, including BRE Bank, mBank, MultiBank as well as BRE Private Banking & Wealth Management.

In 2014, the Bank entered into a strategic cooperation arrangement with the AXA Group, one of the largest insurance institutions in the world, in order to enhance the quality of products and services offered for the Group clients and to expand the Bank's range of insurance products. In March 2015, the Group sold its insurance subsidiary, BRE Ubezpieczenia TUiR, to the AXA Group and entered into agreements with the AXA Group which regulate long-term cooperation between the Bank and the AXA Group for the distribution of life and non-life insurance products.

In October 2015, the Bank conducted a successful migration of customers of the former MultiBank and customers of Private Banking to the Bank. Approximately 630,000 customers, along with their products and full transaction history, were moved onto the Bank's new platform.

Since mid-2016, the Bank has been guided by its "Mobile Bank" strategy, which is based on three pillars and forms a framework for the Bank's business initiatives and operational activities. These pillars are client-centricity (empathy), developing the Bank's competitive advantage in the area of mobility and continued efficiency improvements.

In 2017, the Bank funded its mAccelerator project by purchasing PLN 221.2 million of investment certificates in the Future Tech FIZ Closed-End Investment Fund (the "**Fund**"). The Fund is the Bank's EUR 50 million venture capital fund, launched in June 2017. As at 31 December 2018, the Bank held 98.04 per cent. of the Fund's investment certificates. The Fund engages in seed as well as later-stage investments in start-ups with solutions applicable to the banking and financial sectors, with a current focus on cybersecurity, biometry, robotic process automation, artificial intelligence and digital marketing (including chatbots and messengers). At the end of 2018, the fund's portfolio was composed of four companies: Centrum Bezpieczeństwa Cyfrowego – a provider of cybersecurity solutions based on passive biometrics and 24h customer support in the area of online security; Digital Teammates – a company specialising in Robotic Process Automation (RPA); Bot4Business (B4B) – an AI-powered messaging platform; and SaveCart – a developer of personalised offers from online shops.

In 2018, the Bank started to refresh its online banking for individuals and SMEs (except for mBank CompanyNet addressed to corporate clients). The Bank also changed and added new features to its mobile application launched in February 2014. Focusing on new challenges and maximising efficiency, the Bank launched e-commerce services via mElements, which is a company specialising in innovative banking application programming interface (API) solutions. mElements maintains mBank's API platform created as a result of the EU PSD 2 and uses the established know-how to expand mBank Group's offer.

Competitive Strengths

In 2016, the Group announced its "mobile Bank" strategy for the period 2016-2020, which is based on three pillars: client centricity, leveraging mobility and continued improvement of efficiency.

Leading Market Position across Key Segments

The Group has a leading position in retail, corporate and investment banking in Poland. As at 31 December 2018, mBank's market share in retail loans stood at 6.5 per cent. (6.9 per cent. in mortgage loans and 5.8 per cent. in non-mortgage loans), while mBank's market share in retail deposits stood at 6.4 per cent. (based on NBP figures). Based on publicly available information from the PRNews.pl reports, the Bank is one of the leading retail banks in Poland, in terms of active users of internet banking (second as at the end of December 2018), active users of mobile banking (second as at the end of December 2018) and the number of personal accounts (third as at the end of September 2018).

As at 31 December 2018, the Bank's market share in corporate loans and corporate deposits stood at 6.6 per cent. and 9.0 per cent., respectively (based on NBP figures). Furthermore, the Bank has been consistently ranked as one of the leading banks providing investment banking services in Poland. According to Fitch Polska S.A., Rating and Rynek, as at 31 December 2018 the Bank was the market leader for arranging bank debt securities and ranked third in the market for providing corporate bonds and short-term debt securities. The Bank is also ranked among the leading government debt securities primary dealers by the Polish Ministry of Finance as well as money market dealers by the NBP (in 2018 – no. 1 in both rankings).

The Bank's "mobile first" model is:

- "light" in the sense that it relies mainly on mobile and online distribution channels supported by a network of mBank branches and the Contact Centre, as well as
- "tailored" in that it seeks to adjust to changing customer preferences (for example, increasingly customer contact with banking institutions is largely transferring to remote channels). The Bank employs digital channels for sale and client acquisition to a greater extent than competing banks in Poland, which have historically maintained a more traditional and outlet-based distribution model.

Given its multi-channel approach, which has been designed to anticipate and follow the changing needs of clients, the Management Board believes that the Bank's current sales mix is already ahead of what is expected to be the pattern of distribution prevailing in the banking sector in the coming years, most importantly mobile, internet, video and call centre channels rapidly gaining importance as demonstrated by the sales levels of various banking products generated by these channels as compared to traditional branches. The Bank promotes a self-service model in which retail customers operate their accounts via mobile banking, the internet and telephone banking, allowing the Bank to leverage its premium client access by proactively using modern real time marketing.

Favourable demographics

mBank's innovative and unique business model puts the Bank in a good position to target young, aspiring, tech-savvy clients. The Bank's retail client base has an advantageous demographic profile as compared to the Polish market.

The Bank estimates that approximately half of its retail clients are under the age of 35 and are expected to reach their highest personal income levels in the future. The Bank believes that this puts it in a strong position to benefit from additional cross-selling opportunities of banking and insurance products. The Bank believes that the maturity profile of the Bank's customer base provides a natural source for revenue growth as well as supports the asset quality of the Group and the responsiveness of its clients to cross-selling initiatives. Moreover, mBank's mortgage clients predominantly live in urban areas and large cities of more than 100,000 residents. The Bank believes that its retail customer base consists of a high socio-economic demographic.

The Group's retail customer base has grown from 5,342,000 customers as at 31 December 2017 to 5,685,000 customers as at 31 December 2018.

Strong Corporate and Investment Banking Business

The Corporates and Markets segment of the Bank is organised into two sub-segments: (i) Corporate & Investment Banking, which covers a comprehensive corporate banking product and services offering; and (ii) Financial Markets, which focuses on trading and other activities on financial markets.

The strong position of the Bank's corporate and investment banking business in Poland results primarily from its comprehensive offering of financial products and services, diversified distribution channels, including a branch and office network exclusively dedicated to corporate customers and an integrated mBank CompanyNet internet platform, as well as long-standing relationships with its customers. In addition to its standard range of corporate banking products and services, the Bank provides tailor-made product solutions to meet the increasingly complex demands of its clients.

The Bank also operates a modern customer relationship management ("**CRM**") system which enables it to perform comprehensive analyses of corporate customers' potential and needs for banking products and services. The tool effectively supports the Bank's increasing cross-selling activities.

The Bank's comprehensive cash management offer supports long-term relationships with clients. The Bank offers state-of the-art solutions to facilitate planning, monitoring and management of most liquid assets, cash processing and electronic banking.

The Bank's investment banking functions are integrated with its corporate banking functions in order to offer to its corporate clients fully integrated commercial banking products, services and solutions along with its investment banking services, such as ECM, DCM and M&A advisory services, and to build potential for the future extension of its integrated corporate and investment banking offer to medium-sized corporate clients. The Bank's investment banking products and services, as well as commercial lending products, structured finance and market risk hedging instruments complement its core transactional banking products offered to corporate clients.

The Group's corporate customer base has grown from 22,048 clients as at 31 December 2017 to 23,706 clients as at 31 December 2018.

Unique, Award Winning, High-Tech, Branch-Light Platform underpins the Bank's Rapid Growth of Operations and gives the Group a competitive advantage

The Bank has built an advanced, innovative and versatile high-tech internet and mobile transaction platform that is adapted for the banking market where the Bank is present and the current and future operating environment.

The Bank has an innovative, integrated and reliable IT platform. This platform architecture allows the Bank to develop and introduce new products, services and sales channels rapidly, inexpensively and with a low operational risk. The Bank's data warehouse gives fast, high-quality, detailed and aggregated reporting of: service quality, network, customer and product profitability, risk performance, and employee performance. The Management Board believes that the Bank's flexible IT infrastructure will enable the Bank to manage its business expansion strategy.

As an innovator in the market, the Bank has sought to constantly improve its internet and mobile transaction platform. In 2017, mBank launched a new mobile application, which offered new customers features such as: Android Pay (from June 2018 also Apple Pay); a spending tracker (a graphic presentation of a client's spending behaviour); "mLine at a click" (a feature that makes it possible for a user to talk to a Bank consultant without having to enter their ID and telephone password); "Online Expert" (the possibility of video and chat connection to the Bank for customers using the application on both iOS and Android); fast cash loans with credit decisions issued within one minute from the submission of an application based on a pre-defined limit assigned to the client; instant money transfers in the BLIK system using a mobile phone number instead of an account number; mobile authorisation in branches; "My Objectives" saving programme (which enables the user to set and manage saving objectives; and "mobile eMakler", which offers mobile access to the full range of services related to investing in the stock market.

The account-integrated internet transaction platform enables the Bank to provide real-time marketing and effectively cross-sell its products and services to its customers. The highly innovative and user-friendly internet and mobile platform allows the Bank to attract new clients to the Bank, while the ability to bundle

new products and services to existing clients increases their loyalty to the Bank and supports client retention rates.

The Bank has launched the mBox project to license its retail banking solutions to partners outside Poland. The license scope included electronic platforms as well as products, processes and sales know-how. The first licence was bought in 2017 by La Banque Postale, owned by the French postal service company La Poste. Licences for banking systems and retail banking know-how might be granted to other companies in the future.

mBank's widely recognised operational excellence is based on its state-of-the-art user interface for online banking, next-generation mobile applications, video banking and P2P payments via Facebook and text messaging, and real-time, event-driven CRM: targeted messages in online and mobile applications based on customer behaviour patterns.

The Bank's internet transaction platform and mobile banking have been recognised by both clients and external experts, as evidenced by a number of awards and distinctions, including, *inter alia*, EFMA Innovation Awards for Digital & Mobile Excellence (in 2014) and Most Disruptive Innovation (in 2013 and 2014). In 2016, mBank was named the Best of Digital Bank in Poland by Global Finance and distinguished in the Best Online Treasury Services category in this edition of the annual contest. The Bank's mobile application received several national and international awards in 2017. The Bank's mobile authorisation won the Special Award in the Mobile Trend Awards 2016 competition. In addition, the mobile application secured the Bank second place in the "Innovation" category of the Golden Banker 2017 competition. In 2017, the Bank's mobile application was named one of the best in Europe (second place), according to Forrester Research (a global research and advisory company). The application was appreciated for its unique features and user-friendliness. Taking the third spot in the ranking of "Newsweek's Friendly Bank", the application was also appreciated by Newsweek Polska, which evaluated the quality of retail banking services. In 2018 the Bank was recognised by Global Finance as the best digital bank for corporate clients in Poland. Moreover, in 2018, Forrester, in its report "The Forrester Banking Wave™: European Mobile Apps, Q2 2018" named mBank's mobile app the third-best app in Europe in recognition of its functionality and usefulness.

The internet and mobile transaction platform supports a branch-light model, thereby giving the Group a low fixed cost base and a high degree of operating flexibility.

Prudent Risk Management

The Group views risk management as an essential part of its activities. It has a decisive influence on the Bank's choice of business strategies, selection of target customers and optimisation of profitability versus risks. The quality of its risk management constitutes part of the Group's competitive advantage. The Group's risk management system, which conforms to the highest market standards, includes up-to-date methodology and procedures of risk identification and measurement, and tools supporting measurement and monitoring of risk with respect to individual types of inherent risks in the Group's business.

The Group also considers that one of its competitive strengths is its efficient credit process and strict origination standards, both in respect of corporate and retail customers. At the end of 2018, the NPL ratio in the Group stood at 4.8 per cent., while the NPL ratio of the Polish banking sector, according to the KNF data, stood at 6.8 per cent. (for the retail loans, the ratios amounted to 4.7 per cent. for the Group and 5.9 per cent. for the sector).

Nonetheless, the Group strives continuously to optimise its lending procedures and to manage and monitor individual customers' exposures actively.

Experienced and Dynamic Management Team driving a Culture of Innovation

The Bank has a highly qualified, stable and experienced senior management team. The Management Board is chaired by Dr Cezary Stypułkowski, currently the longest serving CEO of a leading financial institution in Poland, with 13 years' experience as CEO at Bank Handlowy S.A. (currently Citibank Group), three years' experience at PZU S.A. and more than seven years' experience at the Bank. In addition, the Management Board comprises bankers with extensive experience of working in Polish and international financial institutions.

The senior management team has a strong track record and has been instrumental in the development of the Bank's business model, its culture of innovation and in delivering the Group's high levels of profitability on a consistent basis.

The Management Board and the Supervisory Board of the Bank apply the "Policy for the assessment of qualifications (suitability) of members of the supervisory body, management body and key function holders in mBank S.A.". The policy introduced the principles which must be fulfilled so that key functions in the Bank are held by individuals who have relevant qualifications, knowledge, skills, professional experience, predispositions and reputation. The Group's management strategy has helped the Group to maintain its leading position in the Polish banking market while consistently improving its financial performance amid a challenging economic environment marked by continued uncertainty in the financial markets globally.

Commerzbank as the Strategic Shareholder of the Group

Commerzbank is the principal shareholder of the Bank. As of the date of this Prospectus, Commerzbank holds shares representing 69.33 per cent. of the Bank's share capital and of the total number of votes at the General Shareholders' Meeting. Commerzbank is one of Germany's leading private-sector banks for retail and business customers as measured by total assets. It has one of the densest branch networks of all German private-sector banks, serving all customer groups. With two core segments, 'Private and Small-Business Customers' and 'Corporate Clients', Commerzbank offers a comprehensive portfolio of banking and capital market services. Alongside its business in Germany, the Bank is also active internationally through its subsidiaries, branches and investments. The focus of its international activities lies in Poland and on the provision of comprehensive services to German companies in Western Europe, Central and Eastern Europe and Asia. On 17 March 2019 Commerzbank and Deutsche Bank Aktiengesellschaft agreed to start discussions with an open outcome on a potential merger.

The Group benefits from its relationship with Commerzbank as its strategic shareholder, including access to foreign exchange-denominated funding provided by Commerzbank and operational and know-how support in various areas of business (for example, product development, risk management, and access to global capital markets).

Strategy of the Group

Financial aspirations of the Group reflect being among the leading banks in Poland

It remains the Group's strategic goal to be positioned among the leading banks in Poland in terms of key financial measures. Strategic financial targets for 2016-2020 are based on the Bank's ambitious assumptions with regard to cost-effectiveness as well as returns. Moreover, the Bank's intention is to pay a dividend representing at least 50 per cent. of profits, subject to regulatory consent, as well as to further strengthen its funding base. The Group's financial aspirations are as follows:

- Cost-to-Income: to be one of the three most effective listed banks in Poland each year;
- Net Return on Equity: to be among the three most profitable listed banks in Poland from the return on equity standpoint adjusted for dividend distribution each year;
- Net Return on Assets: to be among the three listed banks in Poland with the highest return on assets by 2020;
- Common Equity Tier 1 capital ratio (CET1 ratio): to maintain the ability of a dividend pay-out in terms of the CET1 ratio and maintain the ratio minimum 1.5 percentage points above the minimum capital requirement for mBank; and
- Loans-to-Deposits ratio (L/D ratio): to maintain the L/D ratio at a level not significantly higher than 100 per cent. each year.

In order to achieve its financial objectives, the Bank intends to:

- grow while keeping the FTE base at a stable level;
- increase average revenues per client on an annual basis;

- enhance asset profitability through an active management of the Bank's balance sheet;
- strengthen funding independence through increasing volumes of covered bonds and client transactional deposits clients; and
- simplify, streamline, automate and digitalise all Bank processes to be a paperless bank.

The Group will selectively exploit attractive opportunities to expand business in the retail and corporate segments

Retail banking segment

The Group intends to increase its revenues by: (i) attracting new customers through the broad functionality of its current account products which are fully integrated with all of the Bank's retail products; (ii) offering cutting-edge transactional and mobile banking; (iii) improving its understanding of clients' behavioural and demographic patterns in order to identify their current and anticipated future needs and, as a result, increasing the number of products provided to its customers for whom the Bank is not currently its first choice; and (iv) using advanced segmentation techniques for its retail customer base and real-time marketing tools to improve the relevance of communication, and hence intensify the sale of certain products and services, by offering products and services when clients want them.

In order to attract new customers, the Bank seeks to create products and services which more precisely meet the needs of younger customers, whilst leveraging its already strong position among young customers. The Bank has set the acquisition of one-third of 18-24 year-old clients entering the banking market in Poland as a key strategic goal.

The range of products and services the Group intends to cross sell include: (i) saving and investment products; (ii) non-mortgage lending products such as automatic pre-approved loan limits for certain customers; (iii) mortgage loans; and (iv) other products such as transaction products, brokerage and bank-assurance products.

The Bank's activities are focused on strengthening the Bank's leading position in mobile and transactional banking. The Group's first approach will leverage on the Bank's best in class mobile banking application. More than one million clients regularly use the Bank's mobile application. Almost two-thirds of the Bank's active clients access the Bank's services via mobile channels, while the number of monthly logins with mobile devices has been higher than the number of monthly logins via desktops and laptops since July 2017.

The Bank will continue to seek new alternative, unconventional acquisition and distribution opportunities, including partnerships and cooperation with well-established market players from different industries. The acquisition of young customers will remain an important part of the Group's focus.

The Group integrated its private banking, wealth management and brokerage business in order to better address the needs of affluent customers. A greater focus on micro-businesses and SMEs will be leveraged by the Bank's competitive strengths, i.e. internet and mobile banking supported by quick processes. Both affluent and business customer segments in Poland have above average market growth potential in the coming years.

The Group will aim to strengthen its current position in the Czech and Slovak markets. Existing gaps between Polish and foreign branches of the Bank, with regard either to products or operational processes, are being gradually closed. By applying best practices developed in Poland, the Group intends to strengthen its revenue generation capabilities in foreign branches.

The Bank intends to accelerate development of its Czech business. The main directions are as follows:

- the leading offer on the market;
- the best mobile platform;
- new communication focused on client acquisition;
- branch network development;

- improved service, including transformation of contact centre;
- digitisation of credit processes; and
- agile development in all areas.

Ultimately, the criterion of success in the Czech Republic will be an increase in gross revenue and the acquisition of new active clients. The main goal in Slovakia is to achieve a positive gross result.

Corporate and investment banking segment

The Group has been consolidating its strong market position in corporate and investment banking by building a competitive advantage in the large companies sub-group (K2, MidCaps) and maintaining its strong position in the large corporations sub-group (K1). The Group will also continue to improve its position in the small and medium-sized enterprises segment (K3), focusing in particular on businesses with a high growth potential and sophisticated banking requirements and which therefore aspire to develop into companies which would fall into the MidCaps sub-group category. This requires more effective use of the Bank's network of branches and offices and a focus on new areas of growth in the corporate and investment banking market. At the end of 2017, a new structure of Corporate and Investment Banking was introduced. Its main objective is to ensure dynamic development of the Bank in the K3 segment and maintain a strong position in the K2 segment. Moreover, the new structure places a greater emphasis on further streamlining and the simplification of the credit process, documentation, account opening process and introduction of new transactional packages alongside a number of improvements to enhance the client's banking experience.

The Group constantly introduces changes in its product range and sales and banking processes based on the expertise of the Bank's business lines and the best practices adopted in the Polish and international banking sectors. The Group intends to further develop its corporate transactional banking services, where the Bank has a leading market position and to increase sales of investment banking products. In 2017, the Bank's corporate clients gained access to a new version of the Bank's transactional system, mBank CompanyNet. The portal is easier to use, more intuitive and can be customised to match individual customer's expectations. In 2018, the Bank implemented mobile authorisation – a new, convenient and safe way of logging into mBank CompanyNet or authorising instructions in the system. In addition, the Bank added the Administrator's Centre in mBank CompanyNet, which allows clients to manage users.

The Bank intends to further develop: (i) servicing public finance business; (ii) realisation of business opportunities with Polish subsidiaries of international corporations, including Commerzbank's customers; and (iii) financing projects conducted with the use of EU funds. The Group expects to attract new clients in all corporate banking segments and benefit from improved cross-selling by tailoring the range of products and services to the needs of corporate clients.

Active Balance Sheet Management

The Group seeks to diversify its balance sheet structure (both in terms of funding sources and tenors) and business activity to encompass a broad spectrum of products and customer segments within the Group. The Bank believes that a comprehensive approach to balance sheet management is based on three pillars of a healthy balance sheet: capital adequacy, stable funding and return on assets.

In the past, the Group's CHF mortgage loan portfolio was predominantly funded by long-term CHF-denominated senior unsecured funding from Commerzbank and subordinated CHF-denominated bonds held by Commerzbank.

The Group has significantly reduced its reliance on funding from Commerzbank and has diversified its funding profile by repaying maturing loans and replacing them with increasing amounts of stable deposits, and by issuing senior unsecured bonds and issuing covered bonds through mBank Hipoteczny.

In 2016, the Bank repaid loans to Commerzbank in the amount of CHF 800 million. In 2017, the Bank repaid to Commerzbank loans in the amount of CHF 750 million and CHF 400 million of subordinated bonds, which were not eligible for inclusion in the Bank's Tier 2 capital. In 2018, the Bank repaid to Commerzbank CHF 750 million of loans. Thus, the process of repayment of unsecured loans in CHF with Commerzbank was completed.

In March 2018, the Bank repaid two series of perpetual subordinated bonds in the amount of CHF 80 million and CHF 170 million (not eligible for inclusion in the Bank's Tier 2 capital from the beginning of 2018). Simultaneously, the Bank drew a subordinated loan in the amount of CHF 250 million on the basis of an agreement concluded with Commerzbank in November 2017.

In addition, the Bank has an agreement with Commerzbank on a revolving credit facility in the amount of CHF 100 million.

As at 31 December 2018, the CHF retail loan portfolio, which amounted to CHF 3,877 million, was funded predominantly by long-term funding sources: CHF long-term denominated loans and bonds (including loans in the amount of CHF 288.7 million from EIB and subordinated loan from Commerzbank in the amount of CHF 250 million; and unsecured bonds of CHF 380 million issued under the EMTN Programme) and long-term cross currency swaps and repos amounted to CHF 2,661 million.

In order to further diversify its funding profile by sources, geographical location and funding providers and to extend the maturities of its funding base, the Group intends to continue to focus on sourcing diversified, long-term and attractively priced funding by, in particular, issuing senior unsecured and subordinated bonds in domestic and international markets and covered bonds secured with retail mortgage loans issued by mBank Hipoteczny. Strengthening the Group's funding self-reliance is also among the key goals of the funding strategy. The Bank intends also to issue MREL-eligible senior non-preferred instruments. A further increase of clients' transactional deposits is assumed as a key driver of the Group's funding strategy.

The Bank has adopted a systematic approach to balance sheet management in order to improve the structure of its assets and liabilities and to secure a long-term, stable, diversified funding base.

Operations

The Group offers a broad range of retail, corporate, and investment banking services and products to individual retail customers, micro-businesses, small and medium-sized companies, large corporations, non-banking financial institutions and public sector entities (including large and medium-sized local governments).

The Group conducts its business through different business segments, which offer specific products and services targeted at specific client groups and market segments. The Group currently conducts its operations through the following business segments:

- The Retail Banking segment, which divides its customers into mBank customers and Private Banking customers and which offers a full range of the Bank's banking products and services as well as specialised products offered by a number of subsidiaries belonging to the Retail Banking segment. The key products in this segment include current and savings accounts (including accounts in foreign currencies), term deposits, lending products (retail mortgage loans and non-mortgage loans such as cash loans, car loans, overdrafts, credit cards and other loan products), debit cards, insurance products, investment products, brokerage and leasing services offered to both individual customers and to micro-businesses.
- The results of the Retail Banking segment include the results of foreign branches of the Bank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of: mFinanse S.A., as well as the results of the retail segments of mLeasing Sp. z o.o., Asekum Sp. z o.o. and mBank Hipoteczny S.A.
- The Corporates and Financial Markets segment, which is divided into two sub-segments:
 - (i) Corporate and Investment Banking sub-segment (business line), which targets small, medium- and large-sized companies and public sector entities. The key products offered to these customers include transactional banking products and services, including current account products, multifunctional internet banking, tailor-made cash management and trade finance services, term deposits, foreign exchange transactions, a comprehensive offer of short-term financing and investment loans, cross-border credit, project finance, structured and mezzanine finance services, investment banking products, including foreign exchange options, forward contracts, interest rate derivatives and commodity swaps and options, structured deposit products with embedded options (interest on

structured deposit products is directly linked to the performance of certain underlying financial instruments such as foreign exchange options, interest rate options and stock options), debt origination for corporate clients, treasury bills and bonds, non-government debt, medium-term bonds, buy sell back and sell buy back transactions and repo transactions, as well as leasing, factoring and brokerage services.

The Corporate and Investment Banking sub-segment includes the results of the following subsidiaries: mFaktoring S.A., Garbary Sp. z o.o., Tele-Tech Investment Sp. z o.o. as well as the results of the corporate segments of mLeasing Sp. z o.o, Asekum Sp. z o.o and mBank Hipoteczny S.A.

- (ii) Financial Markets sub-segment (business line) consists primarily of treasury, financial markets, and financial institutions operations, manages the liquidity, interest rate and foreign exchange risks of the Bank, its trading and investment portfolios, and conducts market making in PLN denominated cash and derivative instruments. The Bank also maintains an extensive correspondent banking network and also develops relationships with other banks providing products such as current accounts, overdrafts, stand-alone and syndicated loans and loans insured by KUKI to support the Polish export market.

This sub-segment also includes the results of mFinance France S.A. as well as the results of mLeasing Sp. z o.o, and mBank Hipoteczny S.A. with regard to funding-related activities.

- Operations which are not included in the Retail Banking segment and the Corporates and Financial Markets segment are reported under "Other". This segment includes the results of mCentrum Operacji Sp. z o.o., BDH Development Sp. z o.o and Future Tech Fundusz Inwestycyjny Zamknięty.

The following table shows the gross profit of the Group's segments according to the 2018 reporting structure for the periods indicated in the table below. In connection with the change of the cost allocation key for the BGF since the beginning of 2018, the comparative data for 2017 regarding overhead costs of business segments, and consequently their gross profit, have been changed accordingly.

	Year ended 31 December			
	2018		2017	
	Amount	per cent. of total	Amount	per cent. of total
	(PLN thousands) (audited)		(PLN thousands) (audited)	
Retail Banking (incl. Private Banking)	1,183,309	65.7	940,944	61.6
Corporates and Financial Markets	629,147	34.9	570,195	37.3
- Corporate and Investment Banking	545,740	30.3	473,353	31.0
- Financial Markets	83,407	4.6	96,842	6.3
Other	(12,142)	-0.7	16,763	1.1
Total	1,800,314	100.0	1,527,902	100.0

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018

Retail Banking

Retail Banking in Poland

Overview

The Bank is one of the few financial institutions in Poland with an integrated internet offering, combining current accounts as well as investment and insurance products.

As at 31 December 2018, the Group serviced nearly 4.8 million retail customers in Poland.

The table below presents the growth of the Bank's customer base in Poland over the last five years.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of clients (<i>in thousands</i>)	3,789.4	3,866.3	4,182.5	4,437.0	4,760.6

As of 31 December 2018 gross loans and advances to customers of the Retail Banking Segment in Poland (including subsidiaries) amounted to PLN 52.2 billion and amounts due to retail customers (including subsidiaries) stood at PLN 55.9 billion.

The Bank's retail banking products and services include current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loan products), debit cards, insurance and investment products and brokerage services offered to retail customers.

mBank Poland

Beginning in 2000, anticipating the development of, and increasing accessibility to, the internet, the Bank established a direct digital retail banking model based on the internet, direct service through call centres, and, subsequently, mobile banking as well as other new technology-based solutions. Starting in 2001, it also operated a second retail banking brand, MultiBank, catering to the mass-affluent, affluent and micro-business enterprises segments. MultiBank was based on the omni-channel model in which the modern format of smaller, sales, oriented branches was supported by internet and call centre channels. Both retail operations were merged in 2013 under the mBank brand following the implementation of the broader "One Bank Strategy". The customers of MultiBank were migrated onto the Bank's platform in October 2015.

The Group currently offers a broad range of products and services primarily targeted at young and aspiring professional customers who seek convenience and integrated end-to-end experience in banking services. The Bank also has dedicated services for micro and small business clients. The services include: online current and savings accounts (including foreign currency accounts); term deposits; lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loan products); debit cards; insurance and investment products as well as brokerage services. Customers have access to all of the Bank's products and services and can manage their products online with one integrated transactional internet platform. The Bank provides an "Investment Fund Supermarket" and an insurance portal through which customers can manage their investment products and buy insurance products. Individual clients and small and medium-sized enterprises also have access to mKantor, which allows customers to carry out foreign exchange transactions via a mobile application.

In the area of small and medium-sized enterprises ("**SME**"), in 2016, the Bank launched the mAccounting service which provides SMEs with functionalities which, have only been available to the Bank's corporate clients, including automatic monitoring of payments, quick invoicing, simplified invoice payment, analysis of business partners, electronic settlement of tax returns and up-to-date tax data. A new credit application form for SME in the mobile application, introduced in 2018, makes it possible to apply for a loan from any place.

In 2018, mBank launched the new service called "Firmootwieracz". It is an integrated and fully online process enabling clients to set up a business in 10 minutes. The project is yet another example of cooperation between mBank and public authorities producing client-friendly solutions. In addition, the Bank offers payment terminals within the Cashless Poland programme. mBank's retail clients do not pay interchange fees for 12 months and enjoy a free subscription period of up to 24 months.

In June 2018, mBank and Orange Polska agreed to terminate the cooperation agreement related to the Orange Finanse project with effect as of 31 December 2018. Under this project, initiated in March 2014, Orange Finanse offered banking products, i.e. personal accounts and complementary products such as deposits, unsecured loans, credit and debit cards, products designed for micro-enterprises and a package of "benefits" for the clients of Orange Polska via a mobile application, the transaction website www.OrangeFinanse.com and across several hundred Orange outlets. After 31 December 2018, clients of Orange Finanse are serviced by the mBank platform and application. mBank intends to wind down the project. Clients of Orange Finanse obtained a special offer to transfer their accounts to mBank's main e-banking and mobile banking platform.

Distribution Channels

The Bank uses the omni-channel model in its distribution model. It operates:

- cutting-edge online banking;
- modern mobile banking;
- a sales-effective call centre; and
- a top-quality service, mid-sized physical distribution network.

Internet

The Bank's technologically advanced integrated internet banking platform serves as its important distribution channel dedicated to retail customers. As an innovator in the market, the Bank has been constantly improving its internet transaction platform and launched the new mBank platform in 2013 with more than 200 new features, solutions and improvements, such as 24-hour assistance offered by online experts via video, voice or text chat, a mobile-enabled user interface, advanced and integrated personal financial management tools, redesigned customer-centric navigation and social media-integrated offers. In 2018, the Bank started to refresh the online banking platform in order to make it more flexible and easy to use. Through the Bank's internet banking platform, customers have access to many of the Bank's retail products and services, including, *inter alia*, accounts, deposits, investment products, brokerage services, cash, car and mortgage loans, insurance, FX platform, pension and comprehensive money transfer handling.

According to PRNews.pl (dd. 22 November 2018), at the end of September 2018 mBank was ranked second in Poland in terms of the number of individual customers with access to internet banking (3,766,186 customers).

Mobile banking

mBank's mobile application, launched in 2014, has won a large group of new users over the last four years and has been enriched with a number of new features that cater for the needs of clients. More than 1.3 million clients are systematically banking via mBank's mobile application. Also, a total of 1.6 million are using mobile solutions via the application, a light version of the transaction service or log into the standard version of online banking on their smartphones. Since July 2017, the number of monthly logins with mobile devices has been higher than the number of monthly logins via desktops and laptops.

New app features were introduced to users in 2017, including: the quick cash loan with a credit decision available in one minute from filing an application; and the online expert service, which allows users to connect with mBank via text or video chat.

In 2018, the mobile application was given a new look and feel, with easier navigation and a range of new features. In particular, card and limit management underwent a major overhaul. Furthermore, the Bank introduced a number of new features and improvements, including:

- video-function allowing mobile app users to open an account on their smartphones during one conversation with a consultant;
- Google Pay – the fast and simple way to make contactless payments, and Apple Pay – available to iPhone, Apple Watch and iPad users – allowing MasterCard and Visa card holders to complete secure payments;
- an option to use a smartphone to scan transfer details;
- eCard – the mobile app which allows clients having virtual cards to top up any amount just before making a transaction;
- secure mobile authorisation – mBank was the first bank in Poland to launch mobile authorisation for corporate clients;
- mobile authorisation for 3-D Secure payments made by debit or credit card; and

- split payment – a type of transfer in which the purchaser specifies not only the gross amount, but also the amount of VAT indicated in the invoice; the net amount is transferred to the counterparty's current account and the VAT amount to a dedicated VAT account of the seller.

Compared with other banks, mBank has the largest share of mobile users in its client base, accounting for 38 per cent. of all its clients actively banking in the mobile application.

mBank's clients have become increasingly willing to buy banking products in the mobile application. Half of all applications for non-mortgage loans submitted in digital channels are filed in the mobile application. In addition, 36 per cent. of travel insurance products and 10 per cent. of cash loans bought from mBank are purchased in the mobile application.

The competitive advantage of the Group in mobile banking results from: (i) mBank's unique brand, including the prefix "m", which is easily associated with mobility; (ii) a relatively young customer demographic, which is relatively more technologically inclined and are therefore more receptive to new methods of accessing banking services and products; and (iii) the digitalisation of business processes, as a consequence of the Retail Banking Division's online, internet origins.

According to PRNews.pl (dd. 27 February 2019), at the end of December 2018 mBank, with 1,919,907 of mobile banking users who log in to the bank at least once a month from a mobile device, was ranked second in Poland.

Telephone Banking

The Group has one call centre in Poland in Łódź (with a back-up location), providing high-quality service to the Bank's existing and potential clients. The call centre operates 24 hours a day, seven days a week, 365 days a year. The scope of activities includes, among others, customer support for debit cards, credit cards and personal accounts; money transfers; providing information on the offers of the Group and selling selected products and services such as credit cards, cash loans, personal accounts and insurance products; and performing activation, anti-attribution and retention campaigns and processes.

Physical Distribution Network

As at 31 December 2018, the Bank's physical retail distribution channel in Poland consisted of the following:

- 95 mBank branches (formerly MultiBank);
- 34 light branches;
- 12 advisory centres;
- 143 mKiosks; and
- 41 Financial Centres and agency service points of mFinanse.

ATM network

The Bank does not operate its own ATM network. From February 2017, the Bank introduced an ATM withdrawal fee for amounts lower than PLN 100. mBank's customers can use their Visa or MasterCard branded debit cards to access their accounts and withdraw money free of charge at all Euronet, Santander Bank Polska S.A. and Planet Cash networks, if they withdraw at least PLN 100. Customers can avoid paying this fee if they use the BLIK service in mBank's mobile application. Customers are able to withdraw money from ATMs without a card by inputting a one-time security code displayed on their smartphone.

Private Banking and Wealth Management

The Bank's Private Banking service is dedicated to individuals holding with the Bank or the Group liquid assets of a minimum of PLN 1 million.

Private Banking and Wealth Management offers standard banking products (flexible current accounts in zloty or other currencies, negotiable term deposits, overdrafts, mortgage loans, bank insurance products,

structured products, internet banking system, prestigious cards and concierge services), a wide range of investment funds (open and closed-end, domestic and foreign), brokerage services, selected commercial papers, treasury, municipal and international bonds, treasury bills, alternative investments, as well as standard and non-standard investment strategies.

Each customer has a dedicated relationship manager, who is responsible for the customer's relations with the Bank, the management of the customer's account and the execution of transactions in accordance with the customer's instructions.

In 2018, mBank, for the second time, won the title of Best Private Bank in Poland in the competition organised by prestigious magazines PWM and The Banker. Moreover, in Euromoney Private Banking and Wealth Management Survey 2018, mBank was ranked second in Poland in the category of Best Private Banking Services and was the best in Poland in the category of High Net Worth clients (USD5 million to USD30 million). In 2017, the Bank's Private Banking service, for the sixth consecutive year, received the highest Five-Star distinction awarded on an annual basis by Forbes magazine.

As at 31 December 2018, the Group had 6,309 Private Banking and Wealth Management customers.

Products and Services in Poland

Since 2000, the Bank has applied a client-oriented approach based on its modern online banking business model, focusing on anticipating trends in the banking sector in Poland and the development of products and services that will meet its clients' needs.

The Group's main retail products and services include current and saving accounts, business accounts for microbusinesses, credit products, deposit products, payment cards, investment products, insurance products, brokerage services, and leasing for microbusinesses.

The Bank's credit product offering comprises non-mortgage loans ("NML"), mortgage loans ("ML") and credit products offered to micro-businesses. The Bank offers non-mortgage loans to both internal and external customers in the form of cash loans, car loans, consolidation loans, overdraft facilities and credit cards. The vast majority (over 90 per cent.) of unsecured loans are granted exclusively via electronic channels (online and mobile banking).

The Group offers residential mortgage loans in PLN. One of the strategic goals of the Bank is to refinance PLN mortgages with covered bonds. In August 2011, the Bank discontinued offering mortgage loans in CHF. The CHF mortgage portfolio therefore decreases every year due to repayments. At the end of 2018, the Bank's gross CHF mortgage loans to individuals amounted to CHF 3.8 billion and represented the majority of the total loans to retail customers.

The Bank has generated steady growth in sales of mortgage lending for micro-businesses since 2013. In order to provide the Bank's customers with credit-related support programmes, the Bank signed agreements with leading European financial institutions (such as the European Investment Bank ("EIB")) and the Polish government. The programmes include *de minimis* loan guarantees under an agreement with Bank Gospodarstwa Krajowego and the EIB.

On the deposit side, the Bank focuses on savings and current accounts as well as term deposits. Savings accounts offer higher interest rates than current accounts, but there is a limit on free withdrawals per month. Customers interested in regular saving have access to a range of a retirement savings accounts and purpose savings accounts as part of the "My objectives" programme, which allows customers to set aside a fixed amount monthly or small amounts each time after payments, transfers or cash withdrawals from an ATM. Customers who are interested in depositing higher amounts of money can negotiate all the terms of deposit, such as duration and interest rate. To meet more sophisticated clients' needs, the Bank offers structured deposits that combine the features of capital protection until maturity with investment in diverse capital markets.

The Bank offers a wide range of debit cards linked to personal accounts, pre-paid cards and credit cards issued in conjunction with VISA and MasterCard. In 2017, the Bank's clients were offered the multi-currency card Visa Aquarius World. The card allows conversion into over 150 currencies with no commission charged, and withdrawals from ATMs around the world free of charge.

As at 31 December 2018, the number of debit cards issued by the Bank in Poland reached 3,319,900, which represented an increase of 5.8 per cent. compared to the previous year. The number of credit cards issued by the Bank stood at 341,200 as at 31 December 2018, representing an increase of 4.7 per cent. compared to 31 December 2017. In the year ended 31 December 2018, the value of payment card transactions made by mBank's retail clients in Poland exceeded PLN 38.2 billion, which represented a rise by 21.2 per cent. compared to the previous year.

The Bank entered into a strategic cooperation with leading banks in Poland relating to a joint standard for mobile payments. In response to the challenge of the ongoing mobile technology revolution, in 2015 mBank, together with five large national banks, launched the local mobile payment system BLIK. This allows customers to pay with their mobile phones in retail and online stores, as well as to withdraw cash from ATMs and send P2P transfers. BLIK uses an open standard developed by Polish Payment Standard ("PSP"), a company formed by the Bank, Alior Bank, Bank Millennium, Bank Zachodni WBK (currently Santander Bank Polska), ING and PKO Bank Polski. At the end of 2018, 14 financial institutions offered BLIK services. The system is open to all market participants, including other banks and retailers, and supports all transaction types: purchase of goods and services, ATM withdrawal, ecommerce and P2P money transfers. Currently, approximately 850,000 customers of the Bank use BLIK services.

The Bank's offer includes an open platform of investment funds, "Investment Funds Supermarket". The platform provides customers with analytical information, as well as information tools enabling them to monitor and make investment decisions. The open platform of investment funds is fully integrated with customer current accounts.

Brokerage services offered to retail clients include, in particular, securities accounts, stock trades in financial instruments listed on the WSE and placements of subscriptions/purchase orders in public or private offering of equity instruments, including shares, or debt instruments, as well as trades in derivatives. In 2018, the Brokerage Bureau generated 4.1 per cent. of all stock trades in Poland, 15.6 per cent. of all futures trades, and 12.0 per cent. of all options trades on the WSE.

In 2018, the Group continued its cooperation with AXA Group, one of the largest insurance institutions in the world, in order to enhance the quality of products and services offered for the Group clients and to expand the Bank's range of insurance products.

The Bank's clients can access insurance products using both electronic and mobile platform and in physical branches. The Bank offers clients a wide range of insurance products, including products attached to banking products, e.g. different types of credit products and standalone products, such as motor insurance, travel insurance, home insurance, healthcare insurance and life insurance.

Retail Banking in the Czech Republic and Slovakia (mBank CZ/SK)

The Bank entered the Czech and Slovak market in 2007 as a retail internet bank. The product range includes both products and services for retail customers (current and savings accounts, deposits, credit and debit cards, mortgage and consumer loans as well as insurance), and for business owners (with overdrafts). The Bank in the Czech Republic and Slovakia promotes a self-service model, in which customers operate their account via a mobile banking application, internet and telephone banking, as the Bank's branches serve mainly as advisory centres for arranging mortgage loans. In the Czech Republic, the Bank's retail distribution network consists of six financial centres, five light branches and 13 mKiosks, and in Slovakia, the Bank's retail distribution network consists of two financial centres, two light branches and five mKiosks.

In 2018, the activities of the Bank in the Czech Republic and Slovakia continued to be focused on non-mortgage lending enhancement and optimisation of processes related to non-mortgage loans products. mBank continued to strengthen its position of a mobile banking leader. The Bank started to offer new features such as loans granted based on the pre-approved creditworthiness assessment as well as the option to open current accounts via a mobile application. Together with the refreshed interface and new features, such as fingerprint and face ID login, Google Pay and Apple Pay, the new application fully follows the key directions of the Group's strategy: mobility, simplicity and empathy.

The number of customers in the Czech Republic and Slovakia grew by nearly 19,000 in 2018. As at 31 December 2018, mBank in the Czech Republic and Slovakia had more than 924,300 customers (approximately 642,200 at mBank CZ and 282,100 at mBank SK).

The table below presents the growth of the Bank's customer base in the Bank's foreign branches over the last five years.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of clients (in thousands).....	762.1	796.4	869.0	905.3	924.3

The Bank's foreign operations successfully grew both loan portfolios levels and levels of customer deposits. mBank CZSK's gross loan portfolio increased by 6.6 per cent. for the year ended 31 December 2018 and reached PLN 4.7 billion (PLN 3.8 billion at mBank CZ and PLN 0.9 billion at mBank SK). Deposits in the Czech Republic and Slovakia exceeded PLN 10.1 billion as at 31 December 2018 (nearly PLN 7.2 billion at mBank CZ and PLN 3.0 billion at mBank SK), which represents an increase of 14.0 per cent. year on year.

Retail Banking segment includes the following subsidiaries:

- mBank Hipoteczny S.A. (the retail segment of the company's activity);
- mFinanse S.A. (formerly Aspiro S.A.);
- mLeasing Sp. z o.o. (the retail segment of the company's activity); and
- Asekum sp. z o.o. (the retail segment of the company's activity)

Services Provided by Bank's Subsidiaries within Retail Banking

mBank Hipoteczny

mBank Hipoteczny S.A. is a specialised bank established and functioning under the Act on mortgage bonds and mortgage banks of 29 August 1997. Its primary specialisation involves the issuance of covered bonds. mBank Hipoteczny has a long track record of issuing covered bonds on the Polish capital markets. As at 31 December 2018, the value of mortgage covered bonds issued amounted to PLN 7.2 billion. This specialisation determines the scope of products offered by mBank Hipoteczny. mBank Hipoteczny offers loans to finance commercial real estate clients and loans to finance housing projects for real estate developers. In the past, mBank Hipoteczny also offered mortgage loans for individuals.

As at the end of July 2017, the entire sale of mortgage loans for financing residential real estate for individuals is carried out exclusively by the Bank as part of a uniform sales and loan service process. Therefore an approach based on the purchase of receivables from the Bank has replaced the previous lending model based on the sale of mortgage retail loans directly by mBank Hipoteczny.

As at 31 December 2018, mBank Hipoteczny's gross loan portfolio was PLN 11.3 billion (an increase of 3.8 per cent. in comparison with 2017).

Covered bonds issued by mBank Hipoteczny are characterised by low investment risk, which is a result of the statutory obligation to apply complex security mechanisms while issuing and trading in such instruments. This has been affirmed by the ratings assigned by Fitch Ratings to mBank Hipoteczny's mortgage covered bonds ("A" with a stable outlook).

mFinanse

mFinanse S.A. (formerly Aspiro), originally founded in July 2005, acts as a distribution agent and financial adviser for banking products and services, including the Bank's products and services. mFinanse enters into distribution agreements with the Bank and other banks and financial institutions operating in the Polish market under which it sells retail banking products through a distribution network which it operates.

mFinanse also operates as an insurance agent in the scope of mortgage, cash, account, cards and leasing loans insurances within the Group. In 2018, activities of an open platform of financial products distribution remained under the influence of organisational changes resulting from the sale of an organised part of enterprise related to providing insurance intermediary services in the area of group insurance. In 2018, mFinanse continued its sales network development project. An additional 20 outlets were established in 2018 and at the end of the year the company managed 143 mKiosks.

mLeasing

mLeasing Sp. z o.o. is one of the largest leasing companies in Poland.

In the retail sector, mLeasing operates the "Leasing in Retail" programme targeted at micro-enterprises and SMEs, which are offered lease contracts using dedicated lease processes. During the year ended 31 December 2018, mLeasing financed fixed assets obtained in cooperation with Retail Banking worth PLN 642.3 million.

More information on the company can be found in the section "Corporates and Financial Markets" below.

Asekum

Asekum Sp. z o.o is a subsidiary consolidated within the Group from October 2018, The company operates as an insurance agent, mainly in the field of insurance of assets leased. The Bank holds indirectly through mLeasing Sp. z o.o., 100 per cent. shares in the company.

Corporates and Financial Markets

The Corporates and Financial Markets segment includes two business lines: Corporate and Investment Banking, which is the key area of customer relations, and Financial Markets business, which manages liquidity and market risks, as well as client relationships with financial institutions.

Corporate and Investment Banking

Overview

As at 31 December 2018, the Bank serviced 23,706 corporate customers (up by 1,658 corporate clients compared to 31 December 2017).

Corporate Banking Customers are divided into three segments:

- (a) K1 customers, which are capital groups and large companies with annual revenues exceeding PLN 1 billion, the largest public sector entities (including the largest local governments), state funds and, since 1 January 2014, non-bank financial institutions (including pension and investment funds, and insurance companies);
- (b) K2 customers, which are medium-sized enterprises with annual revenues of between PLN 50.0 million and PLN 1 billion and medium-sized public sector companies (including local governments); and
- (c) K3 customers, which are small and medium-sized enterprises with annual revenues up to PLN 50 million.

The table below sets out Corporate Banking Customers by segments over the last five years.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
K1	1,838	1,983	2,123	2,093	2,193
K2	5,144	5,748	6,067	7,088	7,520
K3	10,805	11,831	12,750	12,867	13,933

The Bank holds a strong position in the corporate banking segment in Poland. According to NBP data, as at 31 December 2018, the Bank had a market share of 6.6 per cent. in corporate loans and 9.0 per cent. in corporate deposits.

Distribution Channels

Corporate clients are serviced through 29 corporate branches and 17 corporate offices located in the largest cities throughout Poland. Additionally, corporate clients are serviced by the Bank's subsidiaries' outlets, including 21 mLeasing outlets, eight mFactoring outlets and five mBank Hipoteczny outlets. Each corporate client is provided with full relationship banking services by a team of experts dedicated to developing the individual customer's relationship with the Bank and its respective subsidiaries. Each team comprises a client relationship manager responsible for each aspect of the customer relationship, a business

analyst and product advisers from key product lines, as well as a risk officer. This business model allows the Group to provide its corporate clients with tailor-made products and services to support their business needs. Factoring and leasing products are also distributed through the channels of the mBank subsidiaries.

Corporate clients are also serviced by a modern, convenient and technically advanced online banking platform: mBank CompanyNet, which allows them to monitor and manage accounts to execute transactions (such as domestic and foreign transfers, selected trade finance transactions, foreign exchange transactions, cash operations and deposits). For convenience and flexibility purposes, in 2013 the Bank launched a mobile banking application.

Products and Services

Transactional Banking

Cash management is a service offered by Corporate Banking, which facilitates client planning, monitoring and management of liquid assets, cash processing, as well as electronic banking. The solutions offered aim to facilitate daily financial operations, enhance effective cash flow management, and optimise interest income and costs.

The Bank offers its corporate clients transactional banking solutions ranging from traditional transactional banking products to specialised, tailor-made products.

The standard traditional transactional banking products include accounts (in all major foreign currencies), transfers (domestic and foreign), cash operations management, credit, pre-paid and payment cards, foreign exchange transactions, overdrafts, overnight deposits and term deposits.

A significant majority of the Bank's transactional banking products are available through mBank CompanyNet – an internet-based electronic banking system. In 2017, the Bank implemented a new version of mBank CompanyNet, which is easier to use and offers greater customer customisation. Corporate clients can also use the advanced mobile application mBank CompanyMobile.

Specialised, tailor-made transactional banking products include advanced liquidity management services (such as cash pooling, consolidation of balances, term deposits) and advanced cash management products, including mass payment collection and identification services, as well as financial surplus management.

In addition to traditional business accounts, the Bank provides its corporate clients with escrow and securities accounts (including escrow accounts dedicated to real estate developers and custody services provided to most sophisticated non-bank financial institutions). The Bank's product range also includes packages of integrated products and services dedicated to SMEs.

Short-term and long-term financing

The Bank provides short-term financing through overdraft facilities and revolving loans, as well as comprehensive packages of short-term multi-product and multi-currency financing (an umbrella credit facility, including commercial working capital financing as well as a wide range of guarantees, and trade finance products).

The Bank offers tailor-made, long-term financing dedicated to customers' investments needs which is adjusted to the complexity, profile, scope, structure and tenor of specific projects.

The Bank also offers loans granted in cooperation with BGK, EIB and EU funds which are aimed at supporting SMEs and special types of investments (in compliance with the criteria of various EU programmes and priorities). The Bank continues to offer the portfolio guarantee line with a counter-guarantee provided by the European Investment Bank under the COSME programme (a European Union programme supporting the competitiveness of enterprises in 2014-2020). The BGK guarantee limit for mBank stands at PLN 550 million. As at 31 December 2018, the amount drawn under the limit reached PLN 389.8 million. In July 2018, the Bank signed a new agreement with the European Investment Bank (EIB) to open an EUR 150 million credit line dedicated to financing projects and obligations related to the production cycle of SMEs (entities with fewer than 250 employees) or MID-CAPs (entities with a headcount ranging from over 250 to fewer than 3,000 employees). The credit was drawn in CHF. The Bank participates in the Portfolio Guarantee Line De Minimis (PLD) Agreement as part of the government's "Supporting Entrepreneurship through BGK Sureties and Guarantees" programme. As at 31 December

2018, the amount drawn under the limit reached PLN 2,507.8 million. In June 2018, the Bank signed a new Portfolio Guarantee Line De Minimis Agreement. As at 31 December 2018, the amount drawn under this agreement reached PLN 294.3 million.

Structured finance

As part of the Corporate and Investment Banking segment, the Bank offers structured and mezzanine financing, including mergers and acquisition finance, project finance and syndicated finance.

Investment banking and market risk hedging instruments

Investment banking and hedging instruments complement the core transactional banking products and services offered to corporate clients. The Group offers to its corporate clients ECM services and M&A advisory services with regard to both private and publicly traded companies and offers debt origination and primary and secondary market trading in a wide range of corporate bonds of various tenors. In addition, the Bank may participate in raising funds required for M&A processes. The Group also offers its corporate clients corporate finance services, including economic and financial analyses of companies, valuations of companies, assessments of investment projects, equity research, preparation of business plans, business due diligence processes, and fairness opinion analysis.

The Bank also provides a wide range of brokerage services and financial advice with regard to equity and debt capital markets transactions. In addition to advisory services, the Bank also offers soft underwriting services for the above types of capital markets transactions.

The Bank provides its customers with market risk hedging instruments (FX, IR and commodity pricing derivative instruments). Market risk hedging instruments enable corporate clients to manage their foreign exchange, interest rate and commodity risk through the use of derivative instruments such as interest rate swaps, FX forward, FX and IR swap transactions, FX and IR call and put options, and various option strategies. The Bank's liquidity management and investment products include negotiable term deposits, debt securities and sell/buy-back or repo transactions. Sales of hedging instruments as well as debt securities are conducted by dedicated corporate sales representatives who are located both at the Bank's headquarters in Warsaw and in selected corporate branches.

The Group holds a strong market share in selected investment banking services. The core products and services provided by the Bank to non-bank financial institution clients include liquidity management, treasury bonds and debt securities, as well as hedging instruments, and custody services.

As at 31 December 2018, the Bank maintained a market share of 14.3 per cent. in treasury bills and bonds and 10.7 per cent. in interest rate swaps/forward rate agreements (IRS/FRA) contracts. The Bank is an active issuer of debt instruments for corporate clients. As at 31 December 2018, the Bank's market share in the non-treasury debt market consisted of 12.0 per cent. of corporate debt, 11.6 per cent. of short-term debt and 23.4 per cent. of mid-term bank debt (*source: NBP, Fitch Polska S.A., Rating & Rynek*).

Trade Finance Products

The Bank offers a wide range of trade finance products, including various types of guarantees, documentary collections, letters of credit, receivables assignment and forfeiture services. These products are designed to mitigate companies' risk related to the non-performance of a contract.

The following subsidiaries operate within the Corporate and Investment Banking sub-segment:

- mLeasing Sp. z o.o. (the corporate segment of the company's activity)
- mFaktoring S.A.
- mBank Hipoteczny S.A. (the corporate segment of the company's activity)
- Garbary Sp. z o.o.
- Tele-Tech Investment Sp. z o.o.
- Asekum Sp. z o.o.

Services Provided by Bank's Subsidiaries within Corporates and Institutions

mLeasing

mLeasing offers different types of leasing products to its corporate clients, including the leasing of personal and commercial vehicles, heavy transport vehicles, car fleet management, the leasing of machinery and equipment and the leasing of real estate. According to data from the Polish Leasing Association, as at 31 December 2018, mLeasing's market share in Poland amounted to 7.4 per cent. and the company was ranked fourth in terms of new sales of lease contracts. The value of movables contracts in the year ended 31 December 2018 amounted to PLN 6.0 billion, compared with PLN 4.6 billion in 2017, while the value of real estate leasing contracts in the year ended 31 December 2018 stood at PLN 0.1 billion, compared with PLN 0.3 billion a year before.

mFactoring

mFactoring offers factoring services, including domestic and export recourse and non-recourse factoring, maintenance of debtors' settlement accounts, enforcement of receivables and import guarantees. According to the Polish Factors' Association (the "PZF") the company's market share in 2018 stood at 7.9 per cent., with the total value of its factoring turnover amounting to PLN 19.2 billion. At the end of 2018, mFactoring served over 600 clients.

Tele-Tech Investment

The company's core business involves investment in securities and trading in receivables, executing securities transactions on its own account, management of controlled companies as well as business and management consulting services.

Asekum

The company operates as an insurance agent, mainly in the field of insurance of assets leased by corporate clients.

Financial Markets

Overview

The Bank's Financial Markets sub-segment is divided into the following departments: (i) Treasury Department; (ii) Financial Markets Department; (iii) Financial Markets Sales Department; (iv) Financial Institutions Department; (v) Institutional Clients Department; (vi) Custody Department; and (vii) Financial Markets Business Development Department.

The financial results of a Financial Markets subsegment also include the results of mFinance France S.A., the results of mLeasing Sp. z o.o., and the results of mBank Hipoteczny S.A. with regard to activities concerning funding and operates as a market maker.

Treasury Department

The Treasury Department is responsible for the Bank's liquidity management, asset and liability management ("ALM") and the interest rate risk management of the banking book. In addition, the Treasury department implements the decisions of the Asset and Liability Committee ("ALCO"), which is composed of certain Management Board members and department heads and is responsible for strategic decisions in relation to the Bank's liquidity which is managed mainly through money market transactions, foreign exchange swaps, interest rate derivatives, the purchase of Treasury bills and bonds and monetary bills of the NBP and repo transactions as well as the issuance of short- to long-term debt instruments in the local and also foreign debt capital markets. The treasury department, together with the controlling department, set internal transfer prices for loans and deposits and manages the interest rate models in the banking book. Furthermore, the treasury department is responsible for the funding activities of the Bank in the domestic and international capital markets.

Financial Markets Department

The main activities of the Financial Markets Department include:

- managing the foreign exchange risk of the Bank, interbank foreign exchange trading (spot and derivatives), interest rate instruments trading (government bonds and bills, interest rate derivatives); and
- trading and sale of non-government debt securities.

Financial Markets Sales Department

The Financial Markets Sales Department is responsible for, *inter alia*:

- direct sales of financial markets products to corporate banking, SME clients and selected Private Banking clients; and
- structuring financial products in the area of foreign exchange, fixed income and commodities as well as development of appropriate systems used in their distribution.

Financial Institutions Department

The Financial Institutions Department is responsible for establishing and maintaining relationships with other banks, providing current accounts, overdrafts and loans, including syndicated loans and loans guaranteed by KUKI to support the Polish export market. The Financial Institutions Department is also responsible for arranging loans in the interbank market.

Institutional Clients Department

The main activities of the Institutional Clients Department include:

- direct sales of financial markets products to non-banking financial institutions (such as pension funds, mutual funds, asset management companies) and selected Private Banking clients; and
- supervision (by the head of the Department) over the sales of equity products made by, and equity research carried out by, Brokerage Bureau.

Financial Markets Business Development Department

The main activities of the Financial Markets Business Development Department include:

- developing solutions and resources with special emphasis on the product offer, document infrastructure and systems; and
- ensuring that appropriate processes are used in the financial markets sales area.

Custody Services Department

The main activities of the Custody Services Department include:

- direct sales of custody services to corporate customers, non-banking financial institutions and selected banks;
- provision of custody services for all types of domestic securities as well as foreign securities; and
- depository functions for pension and investment funds.

The following subsidiaries operate within the Financial Markets sub-segment:

- mFinance France S.A.
- mBank Hipoteczny S.A. (in relation to funding activities)

- mLeasing Sp. z o.o. (in relation to funding activities)

mFinance France S.A.

The core business of mFinance France S.A. was to raise funds for the Bank by issuing notes on the international capital markets. mFinance France S.A. established and maintained the Programme until 17 May 2018. The Bank guaranteed the obligations of mFinance France S.A. under the Programme.

The following table presents a summary of notes issued via mFinance France under the Programme which are currently outstanding.

Issue Date	Nominal value	Redemption Date	Coupon
1 April 2014	EUR 500 million	1 April 2019	2.375%
26 November 2014	EUR 500 million	26 November 2021	2.000%
26 September 2016	EUR 500 million	26 September 2020	1.398%
28 March 2017	CHF 200 million	28 March 2023	1.005%

Employees

Employment Structure

The table below presents the number of employees employed (expressed in Full-time Equivalents – FTE) by the Bank and the Group as at the indicated dates.

	Number of Employees as at 31 December	
	2018	2017
Bank.....	5,839	5,414
Subsidiaries (consolidated).....	685	1,041
Total	6,524	6,455

Source: The Bank

Training programmes offered to the Bank's employees are aimed at developing the employee's competencies. The training policy is focused specifically on the improvement of the qualifications and skills of key employees, providing training in introducing new technologies and developing techniques aimed at increasing sales effectiveness. These objectives are supported by unifying the rules on the eligibility of employees for specialist training and implementing solutions to improve internal communication.

Employees of mBank Group have a similar range of employee benefits, e.g. access to medical services under health care packages and to sports facilities. Additionally, employees have the possibility of joining group life insurance.

mBank Group's has a planning and employee appraisal system, being the part of Management by Objectives ("MbO"). The MbO system assumes that employee motivation, initiative and activity constitute the most valuable assets of the company, which have a decisive impact on the company's performance. mBank Group's managers and employees jointly determine and negotiate the objectives and indicators of desired results and jointly assess their achievements.

The Bank enters into two types of non-compete agreements with its Management Board members and its employees for the duration of their employment as well as for a period post-employment.

As at the date of this Base Prospectus, there are no trade unions operating at the Bank.

In the period from 1 January 2011 until the date of this Base Prospectus, there have been no strikes at the Bank or its subsidiaries, and the Bank or its subsidiaries have not been a party to any collective labour disputes.

In 2018, total income per employee in the Group, calculated by dividing total income by the average number of FTEs, stood at PLN 787.3 thousand compared to PLN 686.1 thousand in 2017. The average number of FTEs is calculated on the basis of the number of FTEs as at the beginning of the year and at the end of each quarter.

Employees' Involvement in the Bank's Capital

The Bank provides employee incentive programmes both for members of the management board and employees of the Bank:

(i) *The Incentive Programme for the Management Board Members*

Under the programme, the Management Board Members of the Bank have the right to receive a bonus, including a non-cash bonus paid in the Bank's shares, or bonds with a pre-emptive right to take up shares, or phantom shares. On 2 March 2015, the Supervisory Board extended the programme until 31 December 2021.

(ii) *The Employee Programme for the Key Staff of mBank Group*

The aim of the programme is to ensure growth of the Bank's shares value by linking the interest of the key staff of the Group with the interest of the Bank and its shareholders and implementing in the Group the policy of variable components of remuneration of persons holding managerial positions. On 2 March, 2015, the Supervisory Board extended the duration of the programme from 31 December 2019 until 31 December 2022.

(iii) *The 2018 Incentive Programme for the Management Board Members and Key Staff of mBank Group – Risk Takers*

The Incentive Programme replaced the employee programme and the programme for the Management Board Members. Nevertheless, the rights arising from bonds acquired under the replaced programmes will be exercised under the rules of those programmes. The programme will be in force from 1 January 2018 to 31 December 2028. Eligible persons under the programme include persons holding positions identified as having a material impact on the Bank's risk profile pursuant to the Risk Takers Identification Policy. On the terms and conditions stipulated in the Rules and the Risk Takers Remuneration Policy, the employees identified as Risk Takers are able to acquire warrants free of charge, and, by way of exercising the rights arising from the warrants, to acquire shares.

In 2018, the Bank issued 24,860 shares pursuant to these incentive schemes.

IT and Operations

The Bank has a centralised and integrated computer system in place which covers its entire distribution network in Poland. The Management Board believes that the telecommunication infrastructure meets market standards and is protected with a business continuity solution which is tested regularly.

The Bank possesses an application environment, which allows for effective management of operating costs and enables future developments. The Bank uses more than 150 applications. More than half of them support the core business of the Bank.

The information technology systems of material importance to the operations of the Bank are: (i) Globus – the Group's central transaction and accounting system for corporate and investment transactions which also serves as the legacy system; (ii) Altamira – a system used in the Retail Banking segment for providing complex services to customers with respect to banking products through access to the database of the Group's products; (iii) HDB – a comprehensive, common and structured source of historical information regarding corporate, retail, investment and private banking information of the Group (it acts as a data warehouse for all IT related information of the Group); (iv) Kondor 2.6 – which registers all transactions conducted by dealers and presents the transaction data in a form that allows it to be assessed by risk management (it also reports on risk and profitability from concluded transactions and controls limits); (v) UniFlow – the workflow tracking tool for the Retail Banking segment with all other credit applications running through it; (vi) CRD SE – the Group's credit risk calculation tool which assists in the obligatory process of measuring the capital adequacy of the Bank and the Group calculating the credit risk exposure of the Group; (vii) CRM – which handles customer relation management for corporate and retail customers;

and (viii) applications for ERB settlements (dealing with the NBP with respect to all collateral management matters) and applications that help to restructure the Group's suppliers (e.g. ALGO, SWAM, Collateral and Custody).

Some of the IT systems material to the operations of the Bank and its subsidiaries have been acquired from external suppliers (e.g. Globus, Altamira, Kondor 2.6, UniFlow, ALGO and Custody) and are utilised and/or further developed (Globus, Altamira and UniFlow) by the Group under standard software licence agreements. The other systems referred to above have been developed internally by the Bank. Furthermore, the Group has secured maintenance and service support in the event of any IT system breakdowns, as well as IT system updates. As at the date of this Base Prospectus, neither the Bank nor any of its subsidiaries is dependent on any key suppliers of IT services and can replace them at any given point in time.

Ratings

The table below sets forth information regarding the ratings assigned to the Bank as at the date of this Base Prospectus.

	<u>Fitch Polska S.A.</u>	<u>S&P Global Ratings Europe Limited</u>
Long-term Issuer Credit Rating	BBB	BBB+
Short-term Issuer Credit Rating	F2	A-2
Support rating	2	-
Viability rating	bbb-	-
SACP (stand-alone credit profile)	-	bbb
Long-Term Financial Institution Resolution Counterparty Rating		A-
Short -Term Financial Institution Resolution Counterparty Rating		A-2
<u>Outlook of long-term Issuer Credit Rating</u>	<u>stable</u>	<u>negative</u>

Source: Fitch Polska S.A. and S&P Global Ratings Europe Limited

S&P Global Ratings Europe Limited ("**S&P Global Ratings**" or "**S&P**") has assigned the Long-Term Credit Rating BBB+ (negative outlook) to the Bank. According to S&P's rating definitions, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. A positive (+) or negative (-) sign denotes relative standing within the major rating categories. An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over an intermediate term (typically six months to two years). A positive designation means that a rating may be raised and a negative means that a rating may be lowered.

S&P Global Ratings has assigned a Short-Term Credit Rating A-2 to the Bank. Pursuant to S&P's rating definitions, the assigned short-term credit rating of the Bank means the "obligor has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category".

S&P Global Ratings has assigned to the Bank long- and short-term resolution counterparty ratings (RCRs) at A- and A-2, respectively. An S&P Global Ratings financial institution resolution counterparty rating is a forward-looking opinion about an entity's creditworthiness in reference to the timely fulfilment of the terms of certain financial obligations that may be protected from default within an applicable bail-in resolution process (RCR liabilities). A resolution counterparty rating of A indicates strong creditworthiness in reference to RCR liabilities, but the obligor is somewhat more likely to be affected by adverse business or operating conditions than are obligors with higher resolution counterparty ratings. The addition of a minus (-) sign shows relative (lower) standing within the rating category. A short-term resolution counterparty rating of A-2 indicates satisfactory creditworthiness in reference to RCR liabilities. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors with higher short-term resolution counterparty ratings.

On 9 June 2015, S&P Global Ratings downgraded the Bank's Long-Term Issuer Credit Rating to BBB from BBB+. This rating action followed a downgrade by S&P Global Ratings of the ratings assigned to Commerzbank AG and other German banks and was the outcome of a review by S&P Global Ratings of the implications of the introduction of the BRRD in Germany and the reduced prospects of extraordinary government support. On 28 March 2017, S&P Global Ratings upgraded the Bank's long-term rating from BBB to BBB+ as a result of the upgrading of the rating of Commerzbank from BBB+ to A-. The long-term

rating outlook for the Bank after the upgrade is negative, which mirrors the negative outlook for Commerzbank's long-term rating.

On 16 July 2018, S&P Global Ratings assigned to the Bank long- and short-term resolution counterparty ratings of BBB+ and A-2, respectively. On 15 October 2018, following the upgrade of Poland's long-term sovereign rating from BBB+ to A- on 12 October 2018, S&P raised the long-term resolution counterparty rating for mBank from BBB+ to A-. At the same time, S&P affirmed the Long-term Issuer Credit Rating for mBank at BBB+ and the short-term rating at A-2.

Fitch Polska S.A. ("**Fitch**") has assigned the Bank a Long-Term Issuer Default Rating (IDR) of BBB (stable outlook). Pursuant to Fitch's rating definitions, BBB ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered strong, but adverse business or economic conditions are more likely to impair this capacity. Stable outlook indicates the rating is likely to be stable over a one- to two-year period.

Fitch has assigned the Bank a Short-Term Issuer Default Rating of F2. Pursuant to Fitch's rating definitions, the assigned short-term rating of the Bank denotes good short-term credit quality. The intrinsic capacity for the timely payment of financial commitments is good.

On 19 May 2015, Fitch downgraded the Bank's Long-term IDR and senior debt rating to BBB- (positive outlook) from A (negative outlook) following the downgrade of Commerzbank AG. The Bank's short-term IDR was downgraded to F3 from F1 and the Support Rating was lowered to '2' from '1'. The rating action, taken in conjunction with Fitch's review of sovereign support for banks globally, reflected Fitch's view that after the implementation of the "Bank Recovery and Resolution Directive", sovereign support can no longer be relied upon. On 7 March 2016, Fitch upgraded the long-term IDR for the Bank and the long-term senior unsecured debt rating from BBB- to BBB. The Bank's short-term foreign currency IDR and the short-term senior unsecured debt rating were raised from F3 to F2. The outlook for the long-term rating is stable. The upgrade of the Bank's ratings was driven by the upgrade of the long-term rating of Commerzbank AG from BBB to BBB+. mBank's IDRs, Support Rating and senior debt ratings reflect Fitch's view of a high probability that mBank would be supported by Commerzbank, if required. On 30 November 2018, Fitch affirmed all the ratings and the outlook on the Bank's long-term rating.

Fitch and S&P Global Ratings Europe Limited are established in the European Union and are registered under the CRA Regulation. As such, Fitch and S&P Global Ratings Europe Limited are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

In 2013, the Bank elected to cease soliciting ratings from Moody's Investors Service ("**Moody's**"). Any ratings published by Moody's ratings entities in connection with the Bank are unsolicited and are based purely on publicly available information. Such ratings are therefore not disclosed in this Base Prospectus.

Material Contracts

In the course of its operations, the Bank concludes various contracts as a matter of day-to-day business. Where mandated by law, the Bank reports the execution and discloses the terms of such agreements, in particular in the form of relevant current reports published by the Bank, as a public company with shares listed on a regulated market and hence bound by the reporting obligations set out in the Public Offering Act, secondary legislation thereto and other applicable provisions of law.

In the past, the Group has entered into a number of financing arrangements with the Commerzbank Group comprising bilateral facility agreements (mostly denominated in CHF), and CHF subordinated debt. These transactions constituted typical and routine transactions in the ordinary course of business concluded on market terms. The financing arrangements provided by Commerzbank have been used for the general financial requirements of the Bank.

The agreements implementing these arrangements contained clauses typical of facility agreements, including: (i) a *pari passu* clause; (ii) a negative pledge (however, not all of the facility agreements contain a negative pledge); and (iii) a change of ownership clause under which the Bank may be required to repay all outstanding loans with all outstanding interest and associated costs if Commerzbank ceases, directly or indirectly, to own at least 50 per cent. plus one share of the Bank's share capital or a corresponding majority of the total number of votes in the Bank.

The Group regularly repaid the loans from Commerzbank at their maturity dates. In 2018, the Group repaid CHF funding from Commerzbank in the total amount of CHF 750 million. Moreover, on 21 March 2018 the Issuer repaid to Commerzbank two series of subordinated bonds in the amount of CHF 80 million and CHF 170 million with an undetermined maturity and simultaneously drew a subordinated loan in the amount of CHF 250 million on the basis of an agreement concluded with Commerzbank on 27 November 2017. The repayment of the loan will occur 10 years after the drawdown date, with a possibility of a prepayment falling on the last day of each interest period, but not earlier than five years after the drawdown date, subject to the permission of the KNF.

As at 31 December 2018 and 2017, the total outstanding indebtedness (including loans, subordinated liabilities and other liabilities) of the Group to the Commerzbank Group was the equivalent of PLN 1.3 billion and PLN 3.8 billion, respectively. The total outstanding short-term indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 0.4 billion as at 31 December 2018 and PLN 2.9 billion as at 31 December 2017.

In addition to the above, as at 31 December 2018, the Group indebtedness (including loans and subordinated liabilities) to banks and other institutions other than Commerzbank was as follows:

- Euro denominated loan agreements with the European Investment Bank: PLN 2.3 billion;
- Swiss franc denominated loan agreements with the European Investment Bank: PLN 1.1 billion;
- loan agreement with Industrial and Commercial Bank of China (Europe) under which ICBC granted mBank a three-year Euro-denominated loan: PLN 0.6 billion;
- loan agreements with other banks: PLN 0.2 billion; and
- debt securities issued (including Polish zloty denominated bonds, Euro denominated bonds, Swiss franc denominated bonds and covered bonds denominated in PLN and EUR): PLN 18.0 billion.

In the area of the insurance business, on 30 March 2015 mBank Group and AXA Group signed strategic agreements accompanying the sale of shares of BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji and distribution agreements, governing long-term cooperation between mBank Group and AXA Group with regard to distribution of life and non-life insurance products. The cooperation with AXA Group is being reflected in the expansion of the product mix and improvement in the quality of services for mBank Group's clients, who have access to the most innovative insurance products offered via both electronic and mobile platforms, as well as traditional branches.

Insurance Coverage

The Bank maintains insurance coverage against risks of physical damage or loss to fixed assets. The Bank has insurance coverage against fire, lightning, hurricane, hail, flood, earthquake, and others, as well as theft and burglary, acts of vandalism, riots, strikes and acts of terror. Moreover, the Bank has insurance coverage against civil liability towards third parties for any assets held or activities conducted with professional business activity covered under its professional liability policy. Insurance policies are renewed annually.

The Bank maintains professional liability insurance coverage for its business in connection with potential customer claims due to errors, mistakes or wrongful acts committed by the Bank and/or its employees during rendering of professional services. In addition, the Bank is insured against banking crime risks, with such insurance specifically covering damages related to money, funds or property misappropriated by employees and for damages resulting from unauthorised operations by a third party related to information technology crimes.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

In addition, the members of the Management Board and the Supervisory Board and the members of the management and supervisory boards of certain subsidiaries are subject to civil liability insurance related to their functions, including director and officer liability insurance (D&O). Such civil liability insurance is covered by Commerzbank's insurance.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

Significant Tangible Assets

The table below presents, at the dates indicated, the various categories of the Group's tangible assets.

	As at 31 December	
	2018	2017
	<i>(PLN thousands) (audited)</i>	
Tangible assets, including	668,460	623,228
Land.....	1,033	1,038
Buildings and structures.....	160,804	162,546
Equipment	177,868	161,574
Vehicles	219,275	224,964
Other fixed assets.....	109,480	73,106
Fixed assets under construction.....	116,566	135,510
Total tangible assets	785,026	758,738

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018

As at the date of this Base Prospectus, the material existing tangible assets of the Group are real estate properties. The material real estate of the Group is owned by the Bank.

Significant Intangible Assets

As at the date of this Base Prospectus, the most significant intangible asset of the Group is its computer software as presented in the table below.

	As at 31 December	
	2018	2017
	<i>(PLN thousands) (audited)</i>	
Goodwill	3,532	3,532
Patents, licences and similar assets, including:.....	440,636	379,288
- computer software.....	367,822	264,764
Other intangible assets	1,968	3,150
Intangible assets under development.....	330,039	324,672
Total intangible assets	776,175	710,642

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2018

Regulatory Issues

The operations of the Group carried out in the financial sector are subject to supervision and the need to obtain relevant permits by the Group.

The activities subject to supervision are carried out by the Bank and its subsidiary: mBank Hipoteczny.

The operations of the Group are subject to the strict supervision of the KNF and other supervisory authorities and are in accordance with EU and Polish regulations and the provisions of local law, as well as with specific recommendations, instructions, guidelines and operational and equity-related requirements (see Market and Legal Environment). In the course of its business, the Group is subject to various inspections, checks, audits and inquiries conducted by different regulatory authorities supervising the financial services sector and other areas of activities of the Group.

Legal, Administrative and Arbitration Proceedings

Introduction

To the best of the Bank's knowledge, as at the date of this Base Prospectus, the Bank and its subsidiaries are party to 3,995 court cases, in 987 of which it is the plaintiff and in 3,008 the defendant. To the best of the Bank's knowledge, as at the date of this Base Prospectus, the total value of claims in which the Bank is acting as defendant amounts to some PLN 1,290.0 million, while the total value of claims brought by the Bank amounts to some PLN 969.7 million. As at 31 December 2018, the total value of the provisions created against any litigation amounts to PLN 103.2 million.

According to information available to the Bank, as at the date of this Base Prospectus and over the 12 months preceding the date of this Base Prospectus, no administrative, civil, arbitration or criminal proceedings, which could have impacted or recently have impacted the financial position of the Group or its operating results, other than the proceedings described in this Base Prospectus, were pending against the Bank or the Group companies.

Material court proceedings pending within 12 months before the date of this Base Prospectus

Proceedings related to foreign exchange derivative transactions

As at the date of this Base Prospectus, the Bank is a party to nine court proceedings related to foreign exchange derivative transactions (futures transactions, CIRS, foreign exchange options). Of these nine court proceedings, in seven cases the Bank is the defendant and in two cases the Bank is both the plaintiff and the defendant. The aggregate value of claims subject to court dispute in these cases amounts to PLN 160.0 million. The highest individual claim is for PLN 233.1 million by Piecexport-Piecbud S.A. (PCX) before the Court of General Jurisdiction.

It is possible that 10 further clients will institute similar claims against the Bank to avoid paying their obligations under derivative contracts entered into with the Bank.

Claims of former clients of Interbrok

Since 14 August 2008, 171 entities which have been clients of Interbrok Investment E. Dróżdź i Spółka jawna (hereinafter Interbrok) called the Bank for amicable settlement for the total amount of PLN 386,086,000 via the District Court in Warsaw. Nine compensation lawsuits were filed against the Bank. Eight of the nine lawsuits were filed by former clients of Interbrok for the total amount of PLN 800,000 with the proviso that the claims may be extended up to a total amount of PLN 5,950,000. The plaintiffs alleged that the Bank had aided in Interbrok's illegal activities, which caused damage to them. Seven claims have been dismissed and finally concluded. In the eighth case, the claimant withdrew the suit waiving the claim and the Regional Court dismissed the action. As far as the ninth suit is concerned, the amount in dispute is PLN 275,423,000, including statutory interest and costs of proceedings. According to the claims brought in the suit, this amount comprises the receivables acquired by the plaintiff by way of assignment, due to the parties aggrieved by Interbrok on account of a reduction (as a result of Interbrok's bankruptcy) of the receivables by a return of the deposits paid by the aggrieved for making investments on the forex market. The plaintiff claims the Bank's liability on the grounds of the Bank's aid in committing the illicit act of Interbrok, consisting in unlicensed brokerage operations. On 7 November 2017, the Regional Court in Warsaw dismissed the claim in its entirety. The ruling is not final. The plaintiff appealed.

Class action against the Bank concerning changes in interest rate clause

On 4 February 2011, the Bank received a class action brought by the Municipal Ombudsman representing a group of 835 of the Bank's retail banking clients. The petitioners claimed that the Bank improperly applied provisions of loan agreements concerning interest rate adjustments. The Bank unsuccessfully applied to dismiss the claim, which, as at 17 October 2012, had grown to 1,247 members. After several initial hearings, a hearing was held on 22 June 2013 and, on 3 July 2013, the court announced its judgment that the Bank had improperly applied provisions concerning interest rate adjustments. The Bank appealed the court's judgment on 9 September 2013, which was dismissed by the Court of Appeal in Łódź on 20 April 2014.

The Bank subsequently appealed the Court of Appeal's judgment on 3 October 2014. On 14 May 2015, the Supreme Court revoked the judgment of the Court of Appeal and remanded the case to the Court of Appeal for re-examination. On 24 September 2015, the Court of Appeal admitted expert evidence to verify the propriety of adjustments made by the Bank to interest rates. On 24 February 2017, a trial was held during which the court admitted oral supplementary expert opinion as evidence; however, the opinion did not allay the Court's concerns, so by the resolution of 6 April 2017, the Court of Appeal admitted a written supplementary expert opinion as evidence. The supplementary opinion was issued by an expert and presented to the parties for comments. On 29 September 2017, the Bank submitted a comprehensive response with its comments on the opinion. On 30 April 2018, a hearing was held before the Court which accepted supplementary verbal testimony of an expert as evidence. The Court issued a decision obliging mBank to submit certificates containing the history of changes in interest rates applied to each credit agreement covered by the proceedings by 15 June 2018. The court granted the Plaintiff's attorney a period of 21 days to collect data necessary to supplement the opinion by an expert. In June, the Bank filed a

comprehensive pleading, which, among others, includes a call for an expert change. The date of the next court hearing has not been set yet.

Class action against mBank S.A. concerning indexation clauses

On 4 April 2016, the Municipal Consumer Ombudsman, representing a group of 390 individuals and retail clients who had entered into CHF-indexed mortgage loans with the Bank, filed a class action with the Regional Court in Łódź against the Bank. With subsequent pleadings, the plaintiff reported other individuals who gradually joined the class action. The statement of claim included alternative claims to either declare the invalidity of the mortgage loan agreements in part (particularly, the provisions relating to indexation) or in whole. On 19 December 2016, the court decided that the claim would proceed as a class action. The Bank filed a complaint against the above-mentioned decision; however, the Court of Appeal in Łódź dismissed the complaint on 15 March 2017. By its decision of 9 May 2017, the Regional Court in Łódź allowed individuals whose claims may be covered by the class action to join the proceedings within a period of three months from the date of publication of the decision. Subsequently, an additional 352 individual persons joined the lawsuit.

As decided by the Court on 13 March 2018, the group is composed of 1,731 persons. The said decision was appealed against by both parties. Regardless of the appeal proceedings, the Court scheduled a hearing for 5 October 2018. On 5 October 2018, after conducting the substantive hearing, hearing the parties and presenting final votes, the court closed the hearing. On 19 October 2018, the court issued a judgment in which it dismissed all claims of the plaintiff. In the oral justification, the court stated that the Plaintiff had not shown that he had a legal interest in bringing the claim in question, and also referred to the validity of loan agreements indexed by CHF, stressing that both the contract itself and the valorisation clause are in compliance with both applicable regulations and rules of social coexistence. On 11 January 2019, the appeal of the plaintiff to which the Bank will prepare the replica has been served.

A lawsuit filed by LPP S.A.

On 17 May 2018, the Bank received a lawsuit filed by LPP S.A. with its registered office in Gdańsk seeking damages amounting to PLN 96,307,009 on account of interchange fee. In the lawsuit, LPP S.A. petitioned the court for awarding the damages jointly from mBank S.A. and from other domestic bank.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union. In the plaintiff's opinion, the collusion took the form of an agreement in restriction of competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of payments for goods purchased by them with payment cards in the territory of Poland. According to the plaintiff:

- (a) the banks agreed on the interchange fee amount for transactions made with VISA and/or MasterCard payment cards and charged the plaintiff these amounts;
- (b) the sued banks as well as other banks operating in Poland collaborating with the sued banks charged the plaintiff the interchange fees in the amount agreed on in the collusion and amounts of interchange fees paid by the plaintiff to the sued banks and other banks collaborating with the sued banks in the years 2008-2014;
- (c) the plaintiff suffered losses due to the collusion of the sued banks and other banks operating in Poland as the banks agreed on the interchange fee amount and charged the plaintiff the fee; and
- (d) the sued banks were aware of the legal nature of the collusion and economic consequences the plaintiff had to face due to the collusion (the plaintiff's losses: the plaintiff had to pay more than it would have paid if the sued banks and other banks collaborating with the sued banks had not entered in the collusion).

The Bank has submitted its statement of defence on 16 August 2018. The hearing was held on 23 November 2018. The court postponed the hearing and requested the Plaintiff to address formal irregularities in a pleading (reply to the statement of defence). The court accepted the Defendants' requests to summon 16 banks to join the proceedings and ordered that the banks be served with the summons.

Material administrative proceedings pending within 12 months before the date of the Base Prospectus

Court proceedings resulting from the administrative decision of the President of the OCCP regarding the "interchange fee" on transactions with the use of Visa and MasterCard cards

In 2006, the OCCP initiated proceedings against Visa and Europay and Polish banks issuing Visa and MasterCard payment cards. The OCCP claimed that the involved parties engaged in anti-competitive practices affecting the Polish card payments market. According to the OCCP, these practices involved a price fixing agreement under which the parties illegally fixed interchange fees for transactions with the use of Visa and MasterCard cards. In 2006, the OCCP imposed fines on the banks, including the Bank, which was required to pay PLN 7.7 million. The banks appealed against this decision to the Court of Competition and Consumer Protection ("**SOKiK**"), which, in 2008, overruled the OCCP decision. In 2010, the Court of Appeal overruled SOKiK's ruling and the case was referred back to SOKiK. In 2013, SOKiK issued a judgment whereby the fines imposed on banks under the previous decision were reduced. All parties to the dispute, including the Bank and the OCCP, appealed against this ruling. The Court of Appeal ruled in favour of the OCCP, dismissed the banks' appeals and restored the fines imposed initially. The Bank has already paid this fine. In 2016, the Bank and other banks brought a cassation appeal against the ruling of the Court of Appeal before the Supreme Court. The banks requested that the ruling be overruled in whole or that the fines should be cancelled or reduced.

Intellectual Property

As at the date of this Base Prospectus, the Group holds protection rights to 298 trademarks registered in the territory of Poland. In addition to the domestic registrations (and/or applications), the Group's trademarks are protected (and/or applied for registration) in the territory of some other European countries, of which the most important are the Czech Republic and Slovakia, as well as in the territory of the entire European Union as community trademarks. There are 71 trademarks registered in the European Union.

The said trademarks are the names and logos of the Bank and its subsidiaries, the Bank's brands (including mBank) as well as the Group's products and services. Some of the Group's trademarks represent old logos and, as such, are no longer material for the Group's operations. Following the rebranding process, the most important trademarks are "m" and "mBank" figurative trademarks.

Website Domains

The Group maintains 868 domain names, of which the most important is "mbank.pl". The website located under the said domain name includes information on the Bank and its subsidiaries, as well as on the products and services offered by the Group.

RISK MANAGEMENT

The following is a summary only of the Group's risk management system. For a more detailed discussion of the Group's risk management system, see Note 3 in the 2018 Consolidated Financial Statements.

Overview

The Group's risk management system is a crucial component of the overall management of its activities and is designed to: (i) identify and assess the various risks associated with the activities of each of the Group's individual business lines and the Group as a whole; (ii) control and mitigate such risks, (iii) ensure that the Group's activities comply with regulatory requirements; and (iv) optimise the use of the Group's economic and regulatory capital.

The underlying principle of risk management is to optimise the allocation of the Group's available resources, being the available funding base, its own capital, and its ability to generate current profits to fund the achievement of the pursued business goals, while ensuring liquidity and adequate capitalisation. The Group's risk management system addresses all the risk types relevant for the Group. In cooperation with the Group subsidiaries, the Bank identifies and assesses all the risk types relevant from the point of view of the scale and scope of the Group's operations. For this purpose, the principles laid down in the document entitled "Internal Capital and Liquidity Adequacy Assessment Process (ICAAP/ILAAP) in mBank Group – Governing Principles" are applied. Those measures result in estimation of capital necessary to cover risk.

The risk management process takes place at every level of the Bank's operations: from individual business units, through specialised units responsible for identification, measurement, monitoring, control and mitigation of risk, to the major decision-making bodies, i.e. the Management Board and the Supervisory Board of the Bank (including Risk Committee of the Supervisory Board).

Individual risks are monitored and controlled by relevant organisational units within the Bank and those of its subsidiaries. Internal policies and procedures have been implemented with respect to the management, mitigation and reporting of these risks. In selected risk management areas, contingency plans and procedures have been implemented to address any particular risks and are intended to be applied if a particular risk increases significantly.

Risk appetite is defined within the Group as the maximum risk, in terms of both amount and structure, which the Bank is willing and able to incur in pursuing its business objectives under a going concern scenario (beyond the inherent existential risks). Risk appetite resulting from the available capital and funding base is the starting point in the Bank's risk management, and thus impacts the budgeting process and the capital allocation process.

Risk appetite is based on an assessment of the Group risk profile and risk capacity from the perspective of:

- capital;
- funding;
- non-financial risks; and
- Risk Adjusted Performance Measures.

Risk appetite is the starting point for an ongoing dialogue about the risk profile within the organisation. During strategic discussions, the Management Board outlines directions for the development of the Group and particular business lines. The formulated general statements assure the foundation of ongoing dialogue between management and the Management Board, which materialises in the form of portfolio-specific statements. During the central and business general planning process stages, risk appetite statements undergo further decomposition into key metrics and targets, which are then passed down into the organisation during the business operating phase of planning. Documentation of risk appetite and its monitoring activates appropriate control mechanism for protecting the Group's goals.

Division of responsibilities in the risk management process

The Supervisory Board

The Supervisory Board, through its Risk Committee, exercises constant supervision of the Bank's operations in the risk-taking area, which includes approving the Risk Management Strategy of mBank Group and supervising its implementation.

The Management Board

The Management Board of the Bank accepts the Risk Management Strategy of the Group and is responsible for establishing and implementing the principles of managing individual risk types and for their coherence with the Strategy. Moreover, the Management Board defines the organisational structure of the Bank, ensuring the appropriate distribution separation of key roles from the point of view of the risk management, and allocates the tasks and responsibility to individual organisational units.

The Management Board undertakes activities designed to ensure that the Bank conducts a policy which enables management of all types of risk which are essential for the Bank's operations and has procedures in place to manage these risks. In particular, it is responsible for preparation, implementation, effectiveness and update of written strategies and procedures which address: internal control system, risk management system, internal capital adequacy assessment process, and capital management and capital planning.

The Chief Risk Officer

The Chief Risk Officer is responsible for integrated management of the risk and capital of the Bank and the Group in the scope of: defining strategies and policies, measuring, controlling and independent reporting on all risk types (in particular credit risk, market risk, liquidity risk, non-financial risk, including operational risk), approving limits (according to internal regulations), and for processes of managing the risk of the retail credit portfolio and corporate portfolio.

Committees:

Business and Risk Forum

The Business and Risk Forum is a platform for making decisions and dialogue for organisational units in particular business lines and the risk management area in mBank as well as between mBank and of the Group subsidiaries.

The Business and Risk Forum is constituted by the following bodies:

- Retail Banking Risk Committee (KRD);
- Corporate and Investment Banking Risk Committee (KRC); and
- Financial Markets Risk Committee (KRF).

The committees are composed of the representatives of business lines and respective risk management departments in the Bank and respective organisational units in the Group's subsidiaries.

The main function of the above-mentioned committees is to develop the principles of risk management and risk appetite in the given business line, by taking decisions and making recommendations concerning in particular:

- risk policies;
- processes and tools for risk assessment;
- risk limitation system;
- assessing the quality and profitability of portfolio of exposures to corporate clients;
- liquidity risk issues such as methodology and limits; and

- approval of introducing new products to the offer.

Model Risk Committee

The Model Risk Committee is a dedicated body responsible for supervising the model risk management process. The Committee performs information, discussion, decision and legislative functions. In particular, the Committee:

- approves new and redesigned models, as well as significant amendments thereto (in accordance with the internal process of accepting amendments), and decides also about the resignation from the application of the model;
- takes decisions on the scope of application of the group and external models, including central models, in banking processes;
- recommends the tolerance level for model risk and submits its findings to the decision of the Management Board and the Supervisory Board;
- takes the final decision regarding approval of the significance assigned to a given model;
- approves preventive and remedial measures indicated within the results of monitoring; and
- accepts the schedule for validation of models and the results of each model validation.

The functioning of the Committee ensures an adequate level of independence between the various participants in the model risk management process and enables the avoidance of conflicts of interest between them. The Committee also provides the Validation Unit with the ability to issue binding recommendations with an adequate priority.

Balance Sheet Management Committee (the "BSM")

The Balance Sheet Management Committee (since 18 December 2018) is responsible for the systematic monitoring of the bank's balance sheet structure and the allocation of funds within acceptable risks in order to optimise the financial result. In particular, the Committee:

- introduces the principles of managing the bank's balance sheet;
- implements activities ensuring an adequate level of financing in the bank; and
- recommends the Bank's Management Board changes in the strategic approach to the balance sheet management.

Assets and Liabilities Committee

The Assets and Liabilities Committee of the mBank Group ("**ALCO**") is an expert committee responsible for monitoring the structure of assets and liabilities and recommending their optimisation to the BSM. ALCO is also responsible for preparing materials for discussion at the BSM Committee.

Capital Management Committee

The Capital Management Committee is responsible, in particular, for managing capital. Based on the decisions made, the Committee issues recommendations for the Management Board of the Bank on:

- measures in respect of capital management, capital level and structure;
- increasing the effectiveness of capital utilisation; and
- the internal procedures related to capital management and capital planning.

Credit Committee of the Group

The Credit Committee of the Group is responsible, in particular, for the supervision of concentration risk and large exposures at the Group level by taking decisions and making recommendations. The Committee also makes credit decisions and decisions on debt conversion into shares and on taking over properties in return for debts (applies to the Bank).

Investment Banking Committee

The Investment Banking Committee is responsible, in particular, for the control and management of risks (including market, credit, reputational and operational) of the Brokerage Bureau transactions and making decisions regarding the execution of these transactions.

Data Quality and IT Systems Development Committee

The Data Quality and IT Systems Development Committee is responsible for the tasks and decision-making process in scope of principles and structure of operation of the data quality management system, approving operational standards of data management, assessing the effectiveness of the data quality management system, initiating actions aimed at improving data quality at the Bank, in particular, taking into account the Bank's needs related to calculating the regulatory capital requirements of the Bank under the AIRB approach.

Foreign Branch Supervision Committee of mBank S.A.

The Foreign Branch Supervision Committee of mBank S.A. is responsible, among other things, for issuing recommendations for the Management Board of the Bank in relation to the operational strategy and the rules for stable and prudent management of a particular foreign branch of the Bank, especially with reference to credit risk.

Organisational units of the risk management area

The function of management at the strategic level and the function of control of credit, market, liquidity and operational risks and risk of models used to quantify the aforesaid risk types are performed in the risk management area supervised by the Vice-President of the Management Board in the role of Chief Risk Officer.

The chart below presents the organisational structure of this area:



The roles played by particular organisational units of the risk management area in the process of identifying, measuring, monitoring and controlling risk, which also includes assessing individual credit risk posed by clients and establishing the client selection rules, have been strictly defined. Within the scope of their powers, the units develop methodologies and systems supporting the aforesaid areas. Furthermore, the risk control units also report on risk and support the major authorities of the Bank.

Risk culture

Lines of defence

Risk management roles and responsibilities in the Group are organised around the three lines of defence scheme:

1. The first line of defence is Business (business lines), whose task is to take risk and capital aspects into consideration when making all business decisions, within the risk appetite limits set for the Group.
2. The second line of defence is Risk (risk management area), IT, Security and Compliance, and is responsible for determining the framework and guidelines concerning managing individual risks, supporting Business in their implementation as well as supervising the control functions and risk exposure. To ensure that the Business is supported and supervised in an objective manner, the second line of defence acts independently of the Business.
3. The third line of defence is Internal Audit, ensuring independent assessment of activities connected with risk management performed by the first and the second line of defence.

Pillars of risk management

The risk management framework in the Group rests on the three pillars concept:

1. Customer Focus – which means striving to understand and balance the specific needs of the risk's management area's diverse stakeholders (Business, Management Board, Supervisory Board, shareholders, regulatory authorities).

2. One Risk – understood as an integrated approach to risk management and responsibility to the clients for all types of risk defined in the Risk Catalogue of mBank Group.
3. Risk vs Rate of Return perspective – understood as supporting the business decision-making processes on the basis of long-term relationship between risk and rate of return avoiding tail risks.

Risk reporting

The Bank has adopted the principle of double risk reporting. On the one hand, the directors of the Bank's organisational units that deal with risk management on an operational level report directly and on an ongoing basis to the Management Board members responsible for the relevant units. On the other hand, the risk management area's departments that monitor and control quantifiable risks submit independent risk reports to the Vice-President of the Management Board, the Chief Risk Officer and to the appropriate committees of the Bank's Management Board (including committees operating within the Business and Risk Forum).

Integrated information on risk and capital management is provided to the Management Board members in a monthly report. The Management Board, the Risk Committee of the Supervisory Board and the Supervisory Board receive, on a quarterly basis, comprehensive Risk and Capital Monitor (RCM) report. The RCM covers credit, market, liquidity and non-financial risks (including operational risk) as well as capital adequacy of the Group. Moreover, this report also covers the most important risk signals and observations as well as early warning information.

MARKET AND LEGAL ENVIRONMENT

Market

The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources, such as the KNF or government publications, none of it has been independently verified by the Group, the Arranger or the Dealers or any of their affiliates or the Group's advisers in connection with the Programme.

The Bank does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, subject to the duties resulting from generally binding regulations.

The Polish Economy

Poland is the largest economy in the Central and Eastern European ("CEE") region, with a track record of steady growth despite prolonged turmoil on the international financial markets.

The Polish economy's strength is underpinned by the following factors:

- the private debt of non-financial enterprises and households is relatively low;
- the currency regime in Poland is flexible;
- Poland's exports and economy do not depend on a single sector and the domestic market is broad;
- the Polish banking sector remains well-capitalised, liquid and profitable; and
- the macroeconomic policy is geared towards maintaining long-term, high, sustainable growth.

Since joining the EU in 2004, Poland has benefited significantly from EU structural funds, allowing the government to invest in infrastructural and social development. Adjustments to the EU standards have supported the country's modernisation.

In recognition of its strong economic performance, Poland is assessed highly by international rating agencies and in September 2018 was upgraded to developed market status by the index provider FTSE Russell. Poland's upgrade to developed market status represents an acknowledgement of the progress of the Polish economy and capital markets. With the upgrade, Poland is classified as one of the 25 most advanced global economies, including the USA, UK, Germany, France, Japan and Australia. Furthermore, Poland was the first country in almost a decade, and the first Central and Eastern European country, to be upgraded to developed market status.

Strong macroeconomic fundamentals and policy framework, large and diversified domestic demand and flexible fiscal policy made Poland the only EU country to avoid recession during the post-2007 global economic and financial crisis, growing by 33 per cent. between 2008 and 2016, with an average annual GDP growth of approximately 3 per cent.

Poland is the eighth-largest economy in the EU in real GDP terms, with a buoyant private sector, internationally competitive export-oriented companies, as well as well-educated and skilled human capital.

The Polish economy slowed markedly in 2012. Weaknesses in euro area growth spread to Poland's main trading partners, with a negative impact on Polish consumers and business confidence. As a result, international demand was subdued and private investment and consumption weakened. The labour market deteriorated and credit growth trends reduced. Since the second half of 2013, the Polish economy has begun to improve, but in 2014 the economy was hit by a number of negative shocks, including mainly a sharp decline of demand for Polish products among Poland's eastern trade partners, as well as an economic slowdown in the Eurozone. According to the Central Statistical Office ("GUS"), the GDP growth rate in Poland reached 3.4 per cent. in 2014 and accelerated to 3.6 per cent. in 2015. In 2016, Poland's GDP growth rate slowed down to 2.9 per cent. The slump in private investment, weaker-than-expected household consumption and reduced inflows of EU funds were the main drivers behind the weak economic growth. In 2017, Poland's GDP growth accelerated to 4.6 per cent.

Economic growth was driven by domestic demand; however, strong economic activity in Poland's neighbours and the EU have also helped the Polish economy. Household consumption expenditures remained the main engine of the economy supported by good conditions in the labour market, record consumer confidence levels and generous social spending (child benefits under the Family 500+ Programme, which provides financial support for the Polish families). After contracting sharply in 2016, investment expanded 5.2 per cent. in 2017, with the biggest contribution coming from the general government sector.

In 2018, Poland's economy continued to perform rapidly. According to preliminary data, GDP growth reached 5.1 per cent. driven by booming consumption, strong exports and further growth of public investment. Private consumption growth was supported by increasing employment, rising wages and social transfers. At the same time, public investments and disbursements of EU funds have been picking up, while export growth remained buoyant. The private sector investment remained relatively low despite the positive market outlook reported by firms, no liquidity problems, high availability of credit and the falling level of idle capacities. The positive trends in the labour market continued: labour demand increased, unemployment declined and growth in real wages remained at a relatively high level. The inflow of foreign workers (mainly temporary) has relieved labour shortages and dampened inflationary pressures. According to the Finance Ministry, Poland's general government deficit shrank to 0.5 per cent. of GDP in 2018 from 1.4 per cent. of GDP in 2017. It resulted mainly from a significant increase in government revenue combined with a number of measures aimed at tightening the tax system and closing loopholes.

Poland's general government deficit shrank to 0.5 per cent. of GDP in 2018 from 1.4 per cent. of GDP in 2017. It resulted mainly from a significant increase in government revenue combined with a number of measures aimed at tightening the tax system and closing loopholes.

The unemployment rate in Poland is well below the EU average. According to Eurostat, in December 2018, the seasonally adjusted unemployment rate in Poland reached 3.7 per cent. compared to 6.6 per cent. in the European Union (EU-28) and 7.8 per cent. in the Eurozone.

Poland's monetary policy framework is laid out in the Constitution and the Act on the National Bank of Poland. The NBP is responsible for the implementation of the monetary policy, the basic objective of which is to maintain price stability while supporting the government's economic policy. For nearly 20 years, the Monetary Policy Council (MPC) has been conducting monetary policy with a direct inflation targeting strategy. In 2004, the Monetary Policy Council adopted an inflation target of 2.5 per cent. with a symmetrical tolerance band for deviations of ± 1 p.p. The principles of the monetary policy strategy and the inflation target level remain unchanged.

Cautious monetary policy carried out by the Polish Monetary Policy Council is underpinned by:

- clearly defined monetary policy target;
- lack of asset purchase programmes; and
- attention to ensuring wider macroeconomic stability.

Inflation in Poland dropped in 2018 (prices rose by 1.6 per cent. year on year on average) and in December 2018 reached 1.1 per cent. year on year (compared to 2.1 per cent. in December 2017). Inflation is expected to accelerate through the first half of 2019, largely due to base effects, but should not exceed the monetary policy target. With the euro-area consumer price index at 1.6 per cent. in December 2018, weak "import" price pressure will keep Polish inflation low in 2019. The Monetary Policy Council has kept the NBP's interest rates unchanged since March 2015, with the reference rate at 1.5 per cent. The majority of market participants currently expect NBP interest rates to remain stable in 2019. At the end of 2018, the MPC's declarations to keep interest rates unchanged were extended by the end of its current term of office (2022). The MPC has assessed the current level of interest rates to be conducive to keep the Polish economy on a sustainable growth path as well as to maintain macroeconomic stability.

In 2019, economic growth is projected to remain solid, but ease gradually because of certain shortages on the labour market and growing production costs. Domestic demand will continue to be a main driver of economic growth. Domestic consumption is expected to be supported by a tight labour market and investment will be fuelled by the disbursements of EU structural funds and a favourable environment of low interest rates.

Development of the Polish Banking Sector

Between 1989 and 1991, a two-tiered banking sector was established, separating the central bank from the rest of the banking sector. Nine regional commercial banks were created out of the NBP's commercial and retail banking operations. The NBP branch network and respective commercial loan portfolios of those branches were divided among the newly established banks to give each new bank a regional base. All of these regional banks were transformed into joint stock companies in October 1991 and were subsequently privatised between 1993 and 2001. Since 1991, Polish banking law has allowed licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result, there has been a rapid expansion in the number of banks due to foreign banking groups entering the market.

The global financial crisis impacted the quality of loan portfolios and the level of earnings in the Polish banking sector, and also increased pressure on funding for banks. However, because: (i) banks in Poland did not have significant exposure to toxic assets prior to the crisis; (ii) there were no significant speculative asset bubbles in Poland; (iii) deposits are the main source of banks' funding; (iv) Polish banks have relatively high capital adequacy ratios (with a high proportion of high-quality Tier 1 capital); and (v) Poland has experienced a stable macroeconomic situation (evidenced by the fact that Poland did not enter into a recession), the impact of the crisis on the Polish banking sector was limited in comparison to the Eurozone. The inflow of funds from abroad declined and the availability of funding on the inter-bank market was reduced following a lack of trust in the market. As a result, banks sought alternative sources of funding which significantly increased competition on the deposit market. In addition, a few large international financial institutions which suffered as a result of the global financial crisis have reassessed their international strategies, putting their Polish operations up for review and sale (for example, KBC Group and Rabobank).

These moves have added to the ongoing trend of increasing concentration in the hands of a few large banking groups.

According to the KNF, as at 31 December 2018, there were 32 commercial banks in Poland, 31 branches of credit institutions and 549 relatively small cooperative banks.

The level of competition in the Polish banking sector is relatively high. The level of concentration remains relatively stable. According to the KNF data as at 30 September 2018, the share of the 10 largest banks in total banking assets, loans to the non-financial sector and deposits of the non-financial sector stood at 71.1 per cent., 69.4 per cent. and 74.7 per cent., respectively (compared to 70.1 per cent., 69.3 per cent. and 74.6 per cent., respectively, as at the end of December 2017).

Among the other factors having an impact on competition is a consolidation trend in recent years. For example: in 2013, the merger of BZ WBK S.A. (in September 2018 renamed to Santander Bank Polska S.A.) and Kredyt Bank S.A., the acquisition of Dexia Kommunalkredit Bank Polska S.A. by Getin Noble Bank S.A., and the acquisition of the retail operations of DnB Nord Polska S.A. by Getin Noble Bank S.A.; in 2014, the merger of Nordea Bank Polska S.A. with PKO Bank Polski SA, the taking of control over Santander Consumer Bank by Bank Zachodni WBK S.A.; and, in 2015, the merger of Bank BGŻ S.A. with BNP Paribas S.A. and the acquisition of Meritum Bank ICB S.A. by Alior Bank S.A.; and in 2016, the merger of BGŻ BNP Paribas S.A. with Sygma Bank Polska S.A. and the merger of Alior Bank S.A. with core business of BPH. In December 2017, Deutsche Bank AG sold its Polish retail operations (core DB Polska without CHF portfolio and DB Securities) to BZ WBK. On 10 April 2018, Raiffeisen Bank International AG agreed to sell the core banking operations of Raiffeisen Bank Polska S.A. by way of demerger to Bank BGŻ BNP Paribas S.A. In November 2018, Millennium Bank, majority owned by Portugal's BCP, agreed to buy Euro Bank S.A., the Polish business of France's Société Générale. Finally, in January 2019, Getin Noble Bank and Idea Bank, both controlled by Leszek Czarnecki, announced that they agreed terms of the merger. As the acquiring entity, Idea Bank will take over all of Getin's assets and liabilities in an all-share deal. The merger is expected to be finalised in the third quarter of 2019. In parallel, the process of attracting financial investors to recapitalise the merged bank will be continued.

According to the KNF, the Polish banking industry enjoys a good balance between deep consolidation seen in Scandinavia and fragmented retail banking in Germany. However, the Polish banking sector is expected to continue to experience consolidation in the medium term. A number of smaller market players generate relatively low revenues, which will be subject to rising pressure. This may force further consolidation if profitability is eroded. Given pressure on the revenue side (low interest rates, regulatory measures), technological changes requiring investments and additional burdens (Polish banking tax, higher capital

requirements and liquidity regulations), some banks will strive to increase their scale of operations to achieve a satisfactory return on equity. Potential cross-border activity among EU banks could lead to further ownership changes in Polish banking assets. Increasing sector concentration driven by exit of foreign players and potential consolidation of state-owned banks may lead to higher profitability of the sector in the long term through increased pricing power and cost synergies.

In recent years, the ownership structure of the Polish banking sector has changed. As a result of a series of merger and acquisition transactions, the state gained or regained influence over new entities; for example, Alior Bank and Bank Pekao. As a result of this process, known as "repolonisation" or "domestication" of the banking sector, the importance of domestic investments grew in the Polish banking industry. However, foreign investors still control a significant part of the assets of Poland's banking sector, including 20 commercial banks and all branches of EU credit institutions. As at 30 June 2018, 45.9 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups compared to 45.5 per cent. at the end of 2017, 56.6 per cent. at the end of 2016 and 65.0 per cent. at the end of 2011 (Source: KNF data).

Alternative distribution channels, in particular internet banking and mobile banking, have been becoming increasingly important in Poland. Moreover, new products, such as markets for financial advisory services, wealth management, insurance products and various investment funds in Poland have seen significant growth and are likely to be a significant driver for profitability in the future.

Financial Situation of the Polish Banking Sector

Poland's banking sector is generally profitable, well capitalised and predominantly deposit-funded. In 2018, the Polish banking industry operated in a changing market environment. Currently, the following factors impact the operations of the banking sector in Poland:

- a low interest rate environment – interest rates in Poland are at historically low levels. The NBP reference rate stood at 1.5 per cent. and WIBOR 3M reached 1.72 per cent. at the end of 2018. The low interest rate environment depresses generation of net interest income;
- interchange rates, i.e. commissions paid to the bank by the settlement agent for every non-cash transaction made with a payment card issued by the bank, decreased to 0.2 per cent. for debit cards and 0.3 per cent. for credit cards (from the end of January 2015), which restricts the generation of fee and commission income;
- a tax on certain financial institutions ("**Polish banking tax**") introduced in February 2016 in the amount of 0.44 per cent. of assets annually;
- stricter regulatory requirements, putting pressure on capital, costs and operations;
- legislative proposals which seek to reduce the indebtedness of CHF borrowers by sharing losses with banks in Poland;
- consolidation of the banking sector – banks with insufficient scale give way to bigger and stronger entities;
- challenges related to the management and storage of personal data and security in the Internet – cyber-risk;
- spreading technological solutions and their impact on clients' behaviour; and
- increasing role of non-financial sector players (FinTech companies), gradually entering traditional banking territories and offering innovative financial solutions. Additionally, the PSD2 Directive (Payment Services Directive 2) abolishes banks' monopoly in the market for payment services.

In 2018, the financial and business results of the banking sector were supported by the favourable economic situation in Poland, good financial standing of households and positive mood among enterprises. The banking sector's net profit generated in 2018 reached PLN 14.7 billion and was 7.5 per cent. higher than in 2017.

In the year ended 31 December 2018, net interest income was a main driver of the revenue growth. It increased by PLN 2.3 billion, or 4.0 per cent., compared to the year ended 31 December 2017 due to higher volumes and changes in asset mix. Net fee and commission income decreased by PLN 1.4 billion or 10.5 per cent. year on year. Total costs increased by PLN 0.5 billion, or 1.4 per cent., compared to the year ended 31 December 2017, fuelled by higher staff expenses and general administrative expenses. As a result, in 2018 the banking sector's cost to income ratio reached 56.1 per cent. compared to 56.3 per cent. in the year ended 31 December 2017. Total loan loss provisions, including impairment on financial assets not measured at fair value through profit or loss, impairment on non-financial assets and other provisions decreased by PLN 65 million, or 0.7 per cent., year on year. In the year ended 31 December 2018, net ROE of the banking sector improved to 7.2 per cent. from 7.1 per cent. in 2017, despite the increased equity influenced by high regulatory and supervisory burdens. (Source: KNF.)

The year 2018 was marked by an acceleration in credit volumes. According to the KNF, total loans to the non-financial sector increased by 6.0 per cent. compared to 3.2 per cent. registered in 2017. Loan growth was supported by a low interest rate environment, growing creditability of households, declining unemployment and increasing investments of corporate clients. Housing loans in PLN increased by 11.6 per cent. compared to the previous year. Housing loans in foreign currency declined by 2.2 per cent. in 2018 due to continued repayment of CHF mortgage loans. The annual growth rate of consumer loans in 2018 reached 5.2 per cent. (compared to 8.6 per cent. registered in 2017). Loans to non-financial corporations increased by 7.3 per cent. compared to 2017 (vs. a 6.5 per cent. growth registered in 2017).

In 2018, the value of NPLs to the non-financial sector increased by 6.3 per cent. The NPL ratio as at 31 December 2018 stood at 6.8 per cent. (5.9 per cent. for households, 2.5 per cent. for total mortgage loans, 3.0 per cent. for mortgage loans in foreign currency and 8.7 per cent. for corporate clients) (Source: KNF data). A conservative regulatory environment has a positive impact on the asset quality of Polish banks. Recommendation S of the KNF introduces a limitation on loan-to-value, recommends a repayment period no longer than 25 years for retail customers and allows offering foreign-currency mortgage loans to borrowers earning permanent income in the loan currency. Recommendation T of the KNF instructs that assessment of the client's standing should be based on certificates of income and external databases, e.g. the Credit Information Bureau (BIK) and that the maximum Debt-to-Income ratio should be determined by the bank's management board and approved by the supervisory board.

Growth in deposits rebounded across all segments. Household deposits increased by 10.2 per cent. compared with 2017, reflecting growing wages and salaries and investment funds outflows. Corporate deposits increased by 3.0 per cent. mirroring good liquidity in the enterprise sector. As at 31 December 2018, the Loan-to-deposit ratio stood, at 92.4 per cent. according to the KNF.

Banks in Poland are well-capitalised. The average total capital ratio (compliant with the CRD IV/CRR Regulation approach) as at 31 December 2018 stood at 19.1 per cent. and Tier 1 capital ratio stood at 17.2 per cent. (Source: KNF data).

Polish banks are expected to continue their strong financial performance in 2019, driven by moderate lending growth, and a possible small uptick of NIMs achieved through changes in the loan mix. Solid capitalisation should be supported by a moderate loan growth, good financial results and conservative dividend payment eligibility requirements imposed by the Polish regulator. Poland's banking sector may expect a continuation of lending growth in the mortgage, consumer and corporate sectors. Deposits are also expected to increase, supported by rising revenues of households and corporate customers. The expected economic slowdown may translate into a slight increase of impairment charges, but downside risks to asset-quality metrics are limited due to low exposures to volatile sectors and conservative underwriting. In 2019, banks will likely start building their debt buffers in relation to MREL through both subordinated and senior issuances. This should also help to mitigate the risks stemming from increased reliance on short-term customer deposits and allow for diversification of funding sources.

At the same time, several developments may weaken the Polish banking sector. In particular, the banking sector faces significant risks to its profitability as a result of costs associated with the legislative proposals concerning mortgage loans denominated in foreign currencies. There are also certain risk factors in the external environment that may adversely affect the Polish economy and, consequently, the situation of the banking sector. In addition, traditional banks will have to deal with increased competition from FinTech companies and expectations of customers who demand convenience and availability of advanced technologies.

Legal environment

Specific Requirement for the Banks

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations made by the KNF. The most important of these obligations relate to the Bank's own funds, the capital adequacy ratio, solvency ratio, exposure concentration, risk management systems and financial management conducted by the Bank.

Banks have a duty to protect banking secrecy. Regulations on personal data protection are particularly important for the functioning of banks in order to protect individual customers. Personal data may be processed exclusively in compliance with detailed regulations, using technical and organisational resources which ensure the protection of personal data against unauthorised processing, including making it available to third parties.

The Bank must also comply with regulations for the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Certain restrictions also apply if banks retain any third parties for the performance of banking activities for and on behalf of the bank or for the performance of any banking-related operations (so-called "**outsourcing**").

Agreements concluded by banks with their customers are subject to detailed regulations (see also "*Consumer Protection*" below).

Banking Supervision Exercised by the KNF

In Poland, banking supervision is currently exercised by the KNF and covers, in particular:

- (a) assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;
- (b) estimating, maintaining and reviewing internal capital;
- (c) auditing the quality of risk management systems, and in particular of the risk management system and internal control system;
- (d) auditing compliance of the bank's activities with the appropriate regulations; and
- (e) monitoring and controlling the bank's compliance with the exposure concentration limits and standards for the risk acceptable in banks' operations as determined by the KNF.

The KNF has wide powers and legal instruments which enable it to carry out supervision over banks (including the possibility to conduct inspections).

Other Supervisory Authorities

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are as follows:

- (a) the OCCP with respect to protecting market competition and consumers' collective rights;
- (b) the Personal Data Protection Office ("**GIODO**") with respect to collecting, processing, managing and protecting personal data; and
- (c) the minister responsible for financial institutions (the "**Minister of Finance**") and the General Inspector for Financial Information with respect to the prevention of money laundering and financing of terrorism.

BGF

The BGF covers the monetary assets deposited in bank accounts or receivable in respect of claims confirmed by documents issued by banks with a guarantee system. Participation in the BGF is mandatory for all Polish banks and, in certain instances, for branches of foreign banks operating in Poland. Banks covered by the guarantee system make mandatory annual payments to the BGF and are obliged to set up a guaranteed funds protection fund. The mandatory guarantee system ensures that if a bank becomes insolvent, the funds deposited in bank accounts, up to an amount specified in the regulations, are returned. As at the date of this Base Prospectus, funds up to the amount equivalent to EUR 100,000 per single person in respect of deposits in all accounts in a given bank are fully covered by the guarantee system. Funds deposited in particular by government administration authorities, other banks, credit institutions, insurance companies, investment and pension funds are not covered by the guarantee system.

Consumer Protection

The Consumer Credit Act dated 12 May 2011 (as amended), the Civil Code regulations and other consumer protection laws impose on the banks several obligations related to agreements signed with natural persons who perform actions which are not directly related to their business or professional activities (consumers). The most important of those are the requirements to inform the consumer about the cost of extended credit and loans and to include specified terms in the consumer loan agreement as well as the prohibition from including specific clauses which are unfavourable to consumers in agreements. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act, the borrower is authorised under the law to repay the loan in principal amount with interest accrued until the prepayment date. In some circumstances, the borrower may be authorised to repay only the principal amount, without interest, fees and any other amounts due to the bank under the loan agreement.

There is a cap for the maximum interest rates which may be charged by a bank under a loan agreement. The interest rate cap on consumer loans is determined at two times the sum of the applicable reference rate of the National Bank of Poland and 3.5 per cent.

Personal Data Protection

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organisational means that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, the persons to whom such data relates to should have the right to access all of their personal data and to correct it.

The Regulation of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data (the "GDPR") was adopted in April 2016 and entered into force on 25 May 2018. It imposed new obligations and guidelines on companies in the management and processing of personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making it available to relevant employees.

The key challenges resulting from the GDPR implementation result from:

- the broader definition of personal data, including identifying the person related to the data;
- automated processing of personal data permitted under certain conditions;
- considerably increased legal rights of the individual;
- new obligations related to providing technical and organisational protection of personal data for personal data processors, controllers and Data Protection Officers; and
- administrative fines for non-compliance with the Regulation, which can reach EUR 20 million, or 4 per cent. of an organisation's annual worldwide turnover. Moreover, individuals have the right to judicial redress and claim compensation beyond the statutory fines.

GENERAL INFORMATION ON THE BANK

Introduction

Name:	mBank Spółka Akcyjna
Legal form:	Joint-stock company established and operating under Polish law
Registered office:	Warsaw
Address:	ul. Senatorska 18, 00-950 Warsaw, Poland
Telephone:	+48 (22) 829 00 00
Website address:	www.mbank.pl
E-mail address:	relacje.inwestorskie@mbank.pl
National Court Register registration number:	0000025237
REGON (STATISTICAL NUMBER):	001254524
NIP:	526-021-50-88

History

The Bank was established on the basis of Resolution No. 99 of the Council of Ministers dated 20 June 1986 as Bank Rozwoju Eksportu Spółka Akcyjna, and it commenced operations on 2 January 1987.

On 4 March 1999, the 9th Extraordinary General Shareholders' Meeting passed a resolution to change the name of the Bank to BRE Bank Spółka Akcyjna.

On 11 April 2013, the 16th General Shareholders' Meeting passed a resolution to change the name of the Bank from BRE Bank Spółka Akcyjna to mBank Spółka Akcyjna.

Currently, the registration court with jurisdiction over the Bank is the District Court for the capital city of Warsaw, 12th Business Department of the National Court Register.

The Bank was established for an unspecified period.

Legal Regulations Concerning the Bank's Operations

The Bank operates in accordance with the KSH, the Banking Law and other regulations relating to commercial companies and entities engaged in banking operations.

The basic regulation determining the organisation and manner of operations of the Bank is the Bank's Articles of Association.

The Bank's Business Purpose Specified in the Articles of Association

In accordance with paragraph 5 of the Articles of Association, the Bank's business purpose is to provide banking services, consulting and advisory services in financial matters, and to perform economic activity within the scope defined in § 6 of the By-laws.

Major Shareholders

As at the date of this Base Prospectus, the share capital of the Bank comprised 42,336,982 shares, including; (a) 42,324,982 ordinary bearer shares listed on the main market of the WSE; and (b) 12,000 registered dematerialised shares which are not listed on the main market of the WSE.

There are no preferences attached to shares and each share entitles the holder to a right to one vote at the General Shareholders' Meeting.

In the past eight years the Bank's new shares were issued under: (i) a share capital increase carried out by a way of a rights issue registered on 16 July 2010 (12,371,200 shares with a total nominal value of PLN 49,484,800); and (ii) several conditional share capital increases in connection with two management option programmes: the motivation programme for the members of the Management Board of the Bank based on the resolution No. 21 of the 21st Ordinary General Meeting of the Bank of 14 March 2008 (on the issuance of bonds with pre-emptive rights to acquire shares of the Bank and the conditional increase of share capital by the issuance of shares with no subscription rights for the existing shareholders in order to enable

beneficiaries of the long-term incentive programme to take up shares in the Bank, on application for admission of the shares to trading on the regulated market and on dematerialisation of the shares) and the motivation programme for the key employees of the Group based on resolutions No. 2 and 3 of the Extraordinary General Meeting of 27 October 2008.

In 2018, the Bank's share capital increased by PLN 99,440 as a result of issuances related to the motivation programmes as well as the registration of the shares by the National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych*, the "**KDPW**"). As at the date of this Base Prospectus, the Bank's registered share capital is PLN 169,347,928. It is divided into 42,336,982 ordinary bearer shares and ordinary registered shares with a nominal value of PLN 4 each.

Given the Bank's status as a public company within the meaning of the Public Offering Act and the fact that the majority of the shares of the Bank are listed on the regulated main market operated by the WSE, the Bank does not have detailed information on all of its shareholders.

Apart from the information resulting from the content of the Bank's share register (maintained for 12,000 registered shares of the Bank), the Bank has information on its shareholders based on notifications provided to the Bank under Article 69 of the Public Offering Act.

As at the date of this Base Prospectus, Commerzbank was the Bank's majority shareholder, holding 29,352,897 shares representing 69.33 per cent. of the share capital of the Bank and the same proportion of the voting rights at the General Shareholders' Meeting. Commerzbank holds only ordinary bearer shares, each of which gives the right to one vote at the General Shareholders' Meeting. Commerzbank does not have any additional voting rights at the General Shareholders' Meeting. For a more detailed discussion on Commerzbank's control over the Bank, see "Control of Commerzbank over the Bank".

As at the date of this Base Prospectus, only Commerzbank AG exceeded the five per cent. threshold of shares and votes at the General Meeting, which requires disclosure of holdings. The remaining 30.67 per cent. of mBank shares in free float are held mainly by financial investors, including Polish pension funds, and Polish and foreign investment funds. As of 31 December 2018, Nationale Nederlanden Otwarty Fundusz Emerytalny (OFE) had more than 5 per cent. of votes at the General Meeting. On 4 February 2019, the Bank was notified by Nationale-Nederlanden Otwarty Fundusz Emerytalny about decreasing the share in the total number of votes at the General Meeting of the Bank below 5 per cent. The table below sets out information on the shareholding structure of the Bank as at the date of this Base Prospectus:

	Number of shares	Per cent. of voting rights at the General Shareholders' Meeting
Commerzbank AG	29,352,897	69.33 per cent.
Other shareholders	12,984,085	30.67 per cent.
Total	42,336,982	100.00 per cent.

Control of Commerzbank over the Bank

Nature of Control

Commerzbank, as a holder of the majority of voting rights at the General Shareholders' Meeting of the Bank, can execute decisive influence on the resolutions adopted by this body, and in particular on the resolutions on key issues relating to the Bank's organisation and operations, including: (a) the appropriation of the profit/offsetting of losses incurred by the Bank; (b) the approval of the due performance of their duties by the Bank's bodies; (c) the appointments and dismissals of the members of the Supervisory Board; (d) the amendments of the Articles of Association; (e) the increases and decreases in the share capital of the Bank; (f) the redemption of shares; (g) the utilisation of the supplementary capital and other reserves by the Bank; (h) the issue of convertible bonds or bonds with a pre-emptive right; (i) the determination of remuneration rules for the Supervisory Board members; and (j) the Bank's liquidation, merger, demerger or transformation. Since Management Board members are appointed and dismissed by the Supervisory Board, Commerzbank, by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board. At the date of this Base Prospectus, no entity other than Commerzbank has control over the Bank.

In the opinion of the Bank, neither the Articles of Association nor the Regulations of the General Shareholders' Meeting, Supervisory Board and Management Board contain any provisions which might delay, forestall or prevent a change of control over the Bank.

Mechanisms Preventing the Abuse of Control

There are a number of legal instruments aimed at preventing the abuse of control over the Bank by its major shareholder specified in the provisions of the Public Offering Act and the KSH.

The Bank's Position in the Commerzbank Group

Commerzbank is one of the leading international commercial banks, with branches and offices in almost 50 countries. In the two business segments, Private and Small Business Customers and Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to its clients' needs. Commerzbank finances approximately 30 per cent. of Germany's foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries – Comdirect in Germany and mBank in Poland – are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges.

In accordance with the declaration of the Management Board of Commerzbank, mBank remains Commerzbank's most important subsidiary in Central and Eastern Europe.

Under a strategic agreement signed in 1994, mBank has received several capital injections from Commerzbank, the last of which was in 2010 and totalled approximately PLN 1.4 billion as Commerzbank acquired approximately 70.0 per cent. of the new issue of shares during mBank's capital increase. Moreover, mBank has received subordinated loans in CHF. As at 31 December 2018, the subordinated debt from Commerzbank stood at CHF 250 million. It was equivalent of PLN 954.2 million (at an exchange rate of 1 CHF = PLN 3.8166, as at 31 December 2018). On 21 March 2018, the Bank redeemed two series of perpetual subordinated bonds in the total amount of CHF 250 million (which were no longer included in the Bank's Tier II capital) and on the same day, the Bank received a subordinated loan from Commerzbank of CHF 250 million (on 29 March 2018, the KNF gave consent for qualifying funds from this subordinated loan to be included in the Bank's Tier II capital).

In addition, the Bank has periodically used funding from Commerzbank. As at 31 December 2018 and 31 December 2017, the total outstanding indebtedness of the Group to the Commerzbank Group, excluding subordinated debt, was the equivalent of PLN 0.4 billion and PLN 2.9 billion respectively.

A technical cooperation agreement gives mBank access to the network of Commerzbank and its correspondent banks around the world. In addition, Commerzbank offers its know-how to mBank under separate agreements, enabling cooperation in many areas e.g. cooperation in serving international clients (including Commerzbank clients), compliance and money laundering prevention or shared reporting systems in accounting and controlling. In the key area of Risk control, the cooperation concerns; especially; the exchange of experiences regarding the implementation of new European regulations.

Within the basic agreement on methodologies between mBank and Commerzbank, mBank is fully responsible and ensures decisions independence in all Risk Management areas, especially in credit operations.

mBank also participates in the Commerzbank Group multi-year planning system.

The Group

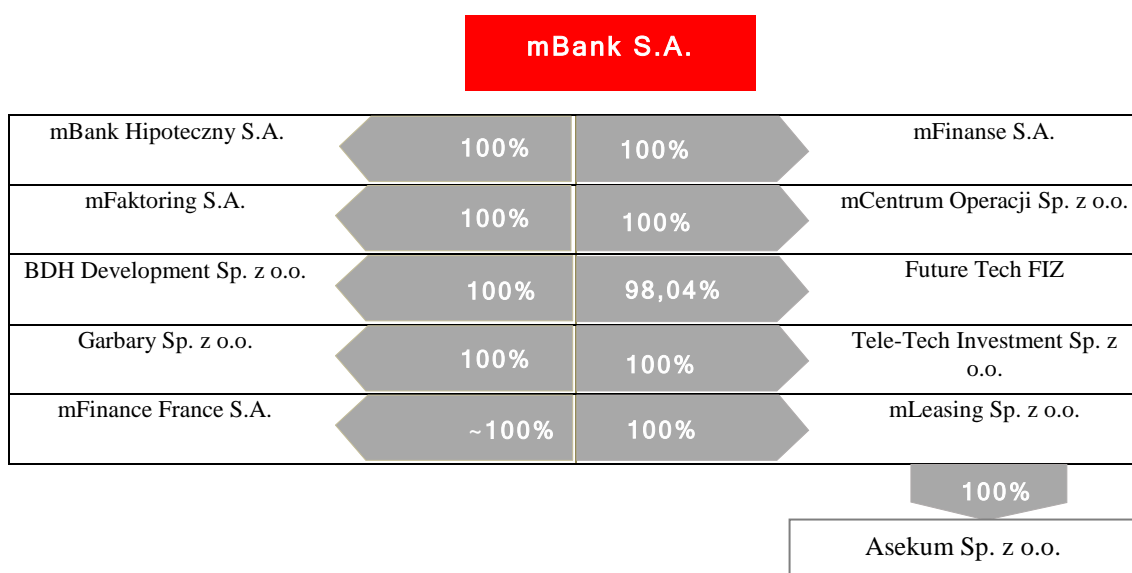
General Information

The Group comprises entities controlled by the Bank and which, in respect of the Bank, are of the following nature:

- (a) strategic: shares and equity interests in companies supporting particular business segments of mBank S.A. (Corporates and Financial markets, Retail Banking segment and Other) with an investment horizon not shorter than three years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- (b) other: shares and equity interests in companies acquired in exchange for receivables, in transactions resulting from composition and work out agreements with debtors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

The diagram below shows the structure of the Group as at the date of this Base Prospectus.

The Bank's Material Subsidiaries



Introduction

General information on the Bank's consolidated subsidiaries, listed in alphabetical order, is presented below. All material subsidiaries referred to below were included in the 2018 Consolidated Financial Statements. Unless otherwise stated, the Bank holds, directly and indirectly, 100 per cent. of the share capital of each subsidiary, which entitles it to exercise 100 per cent. of the voting rights of the General Shareholders Meetings of the subsidiary. The core activities of the Bank's material subsidiaries comprise sales of the Bank's and third party financial products, including loans, business products, leasing and factoring.

BDH Development

Principal information:

Name and legal form: BDH Development Sp. z o.o. (limited liability company)
Registered office and address: Piotrkowska 173/515, 90-447 Łódź, Poland
Share capital: PLN 30,065,000
Core activities: carrying out and completing construction projects connected with the real estate taken over by the Group subsidiaries in the process of restructuring and investment debt collection, with the aim of procuring the most effective recovery of their value

Future Tech Fundusz Inwestycyjny Zamknięty

mBank holds 98.04 per cent. in the number of the Fund's investment certificates and voting rights.

Principal information:

Name and legal form: Future Tech Fundusz Inwestycyjny Zamknięty (closed-end investment fund)
Registered office and address: ul. Nowy Świat 6/12, 00-400 Warsaw, Poland
Initial value of investment certificates: PLN 223,416,000
Core activities: an investment vehicle of which within the framework of the mAccelerator project, the aim of which is to develop and then commercialise high-potential projects in the field of modern technologies supporting the financial services sector (FinTech). The governing body of the Fund is Quercus TFI S.A.

Garbary

Principal information:

Name and legal form: Garbary Sp. z o.o. (limited liability company)
Registered office and address: ul. Królewska 14, 00-065 Warszawa, Poland
Share capital: PLN 61,952,000
Core activities: administering real estate consisting of land located at ul. Garbary 101/111 in Poznań.

In December 2017, Garbary Sp. z o.o. signed a preliminary agreement on the sale of the real estate at Garbary 101/11 Street in Poznań. On 27 April 2018, Garbary Sp. z o.o. signed the final agreement on the sale of real estate.

mBank Hipoteczny

Principal information:

Name and legal form: mBank Hipoteczny S.A. (joint-stock company)

Registered office and address: Al. Armii Ludowej 26, 00-609 Warsaw, Poland

Share capital: PLN 321,000,000

Core activities: obtaining long-term funding through the issuance of covered bonds in order to improve the stability, and diversify, the financing of the Group's operations;

financing commercial real estate investments, including office buildings, shopping centres and facilities, hotels, warehouse and logistics areas and housing estates;

financing of public sector projects in the area of municipal investments and real estate for local government.

mCentrum Operacji

Principal information:

Name and legal form: mCentrum Operacji Sp. z o.o. (limited liability company)

Registered office and address: ul. Traktorowa 143, 91-203 Łódź, Poland

Share capital: PLN 26,551,500

Core activities: providing services in respect of settlement and servicing databases, electronic archives, traditional archives and entering data.

On 1 March 2018, the Bank took over most of the tasks performed by mCentrum Operacji, together with its employees, property components and agreements assigned to them.

mFaktoring

Principal information:

Name and legal form: mFaktoring S.A. ((joint-stock company)

Registered office and address: ul. Królewska 14, 00-065 Warsaw, Poland

Share capital: PLN 11,505,000

Core activities: providing factoring services for domestic, export and import transactions.

mFinance France

The Bank holds, directly and indirectly, shares representing 99.998 per cent. of the share capital of mFinance France, which entitles it to exercise 99.998 per cent. of the total number of voting rights at the General Shareholders' Meeting of this Company.

Principal information:

Name and legal form: mFinance France S.A.

Registered office and address: 23, rue de la Paix – 3, Place de l'Opéra, 75002 Paris, France

Share capital: EUR 500,000

Core activities: special purpose entity, whose purpose is to raise funds for the Bank through the issuance of debt securities on international financial markets.

mFinanse (formerly Aspiro S.A)

Principal information:

Name and legal form: mFinanse S.A. (joint-stock company)

Registered office and address: Kilińskiego 74, 90-119 Łódź, Poland

Share capital: PLN 115,245,000

Core activities: sales of the Bank's and third-party financial products, including mortgage loans, cash loans, insurance products, investment products, leasing and factoring.

mLeasing

Principal information:

Name and legal form: mLeasing Sp z o.o. (limited liability company)

Registered office and address: ul. Ks. I. Skorupki 5, 00-963 Warsaw, Poland

Share capital: PLN 6,121,500

Core activities: acquiring, renting and leasing real estate as well as acquiring, creating, renting and leasing all types of plots of land, buildings and facilities.

Asekum Sp. z o.o. – a fully owned subsidiary of mLeasing Sp. z o.o.

Principal information:

Name and legal form: Asekum Sp z o.o. (limited liability company)

Registered office and address: ul. Ks. I. Skorupki 5, 00-963 Warsaw, Poland

Share capital: PLN 32,005,000

Core activities: insurance services related to leased assets

Tele-Tech Investment Sp. z o.o.

Principal information:

Name and legal form: Tele-Tech Investment Sp. z o.o. (limited liability company)

Registered office and address: ul. Senatorska 18A, 00-950 Warsaw, Poland

Share capital: PLN 564,500

Core activities: investments in securities and trading in receivables, executing securities transactions on its own account, management of controlled companies as well as business and management consulting services.

MANAGEMENT AND SUPERVISORY CORPORATE AUTHORITIES

In accordance with the KSH and Banking Law regulations, the Bank is managed by the Management Board and overseen by the Supervisory Board. The information provided below relating to the organisation, competencies and activities of the Management Board and Supervisory Board has been prepared based on the provisions of the KSH and the Banking Law, the Articles of Association of the Bank and the internal regulations of such bodies binding as at the date of this Base Prospectus.

Management Board

The governing body of the Bank is the Management Board.

Organisation and Competencies of the Management Board

The Management Board is composed of at least three members appointed for a joint term of office of five years by the Supervisory Board. The Management Board comprises the President and other members of the Management Board. The Supervisory Board may appoint members to the Management Board to the position of First Vice-President or Vice-President of the Management Board.

At least half of the members of the Management Board, including the President of the Management Board, have to hold Polish citizenship.

The term of a member of the Management Board expires, at the latest, at the General Shareholders' Meeting for approval of the financial statements for the last full financial year of the term of office of the Management Board. The term of a member of the Management Board also expires in the case of death, resignation or dismissal of the member from the Management Board. The term of a member of the Management Board, appointed before the end of the term of office, expires on the expiration of the terms of the other members of the Management Board.

Two members of the Management Board, including the President of the Management Board, are appointed with the consent of the KNF. The Supervisory Board requests consent for the appointment and then must inform the KNF of the composition of the Management Board and of any changes made to its composition immediately after appointing or changing the composition of the Management Board. The Supervisory Board also informs the KNF of members of the Management Board who, under the segregation of duties, are responsible specifically for risk management and internal audit.

The President of the Management Board is the head of the Management Board. The responsibilities of the President include, among others:

- (a) heading the Management Board;
- (b) representing the Bank;
- (c) issuing internal regulations and instructions, rules and other provisions that regulate the Bank's activities; however, if required by a provision of law or internal regulation of the Bank, such internal regulations and instructions, rules and other provisions should be based on a prior resolution of the Management Board on this respect; and
- (d) dividing competences among the Bank's directors, based on a resolution of the Management Board; however, no resolution in this respect can be passed without the consent of the President of the Management Board. Members of the Management Board manage the Bank's activities in accordance with the regulations of the Management Board.

Members of the Management Board may be entrusted by the President of the Management Board with supervision over specific areas of the Bank's activities.

The Management Board works on the basis of internal regulations approved by the Supervisory Board. The internal regulations determine, among other things, matters which require collective review and resolution by the Management Board.

The Management Board manages the Bank's business, represents the Bank, reviews the Bank's current matters and: (a) specifies the guidelines for the Bank's operations, specifically those exposed to risk; (b)

monitors management reporting; (c) participates in defining the Bank's medium and long-term development plans; (d) oversees preparation and implementation of budgets and preparation of the Bank's financial statements; (e) reviews policies relating to human resources including bonuses and remuneration; (f) takes decisions relating to investments within the Management Board's powers; (g) grants and revokes proxies; (h) manages issues related to the Bank's organisation or otherwise submitted for review by the Supervisory Board and the General Shareholders' Meeting; and (i) determines detailed principles and organisation of accounting, capital adequacy, capital management, internal controls and risk management.

Issues requiring the passing of a resolution by the Management Board include among other things: (a) approving the Bank's financial statements and related matters for the previous financial year; (b) approving the report regarding Bank's operations for the previous financial year; (c) determining certain information policies for risk and capital adequacy management; (d) as a rule, approving acquisitions and disposals of real estate or other shares by the Bank; (e) as a rule, incurring liabilities or managing assets whose total value in respect of one entity exceeds 5 per cent. of the Bank's own funds; (f) securing proxies; (g) establishing organisational matters for the Bank; (h) establishing and liquidating branch offices and other organisational entities of the Bank; and (i) all decisions and transactions which require the consent or authorisation of the Supervisory Board.

Resolutions of the Management Board are passed by a majority of votes of the members of the Management Board present at the meeting and, in the event that an even amount of votes is cast for and against, the President of the Management Board has a casting vote.

Without the consent of the Supervisory Board, members of the Management Board cannot engage in competing activities or have an interest in another competing legal entity. This restriction extends to members of the Management Board who hold at least 10 per cent. of the shares in the competing entity, or who have the right to appoint at least one member of its management board.

Members of the Management Board

The mandates of all members of the Management Board expired on 12 April 2018, i.e. on the day of the Annual General Meeting approving financial statements of the Bank for 2017. On the same day the Supervisory Board of the Bank appointed the Management Board for a new term. The composition of the Management Board has not changed.

Basic information on the members of the Management Board in office as at the date of this Base Prospectus is set out below.

<u>Full name</u>	<u>Age</u>	<u>Position on the Management Board</u>	<u>Date of coming into office</u>	<u>Date of end of the term of office</u>
Cezary Stypułkowski	63	President of the Management Board, the Bank's Director General	1 October 2010	mBank's AGM in 2023
Franck Bock	52	Vice President of the Management Board, Head of Financial Markets	1 May 2017	mBank's AGM in 2023
Andreas Böger	46	Vice-President of the Management Board, Chief Financial Officer	1 July 2017	mBank's AGM in 2023
Krzysztof Dąbrowski	44	Vice-President of the Management Board, Head of Operations and Information Technology	1 April 2017	mBank's AGM in 2023
Lidia Jabłonowska-Luba	56	Vice-President of the Management Board, Chief Risk Officer	12 April 2013	mBank's AGM in 2023

<u>Full name</u>	<u>Age</u>	<u>Position on the Management Board</u>	<u>Date of coming into office</u>	<u>Date of end of the term of office</u>
Cezary Kocik	48	Vice-President of the Management Board, Head of Retail Banking	1 April 2012	mBank's AGM in 2023
Adam Pers	43	Vice-President of the Management Board, Head of Corporate and Investment Banking	26 October 2017	mBank's AGM in 2023

Source: The Bank

The mandates of all members of the Management Board who are in office as at the date of this Base Prospectus will expire on the day of the Annual Shareholders' Meeting in 2023 approving financial statements of the Bank for 2022.

Qualifications and Professional Experience

Cezary Stypułkowski

Cezary Stypułkowski holds a Ph.D. in Law from the University of Warsaw. In the late 1980s, he studied at Columbia University Business School in New York as a participant of the Fulbright Programme. Starting in 1991, he chaired the management board of Bank Handlowy S.A. (currently Citibank Group) for nearly 13 years. Mr Stypułkowski was appointed as President of the management board of the PZU Group in 2003. He managed the company for three years. From 2006 to 2010 he worked for J.P Morgan in London, and from 2007 as Managing Director of J.P. Morgan Investment Bank in Central and Eastern Europe. Mr Stypułkowski was also a member of the International Advisory Board for Deutsche Bank Management Board, INSEAD International Advisory Board and the Geneva Association. Since 2012, Mr Stypułkowski has been co-chair of the Emerging Markets Advisory Council of the Institute of International Finance in Washington (IFF).

He was appointed President of the Management Board of the Bank on 2 August 2010, President of the Management Board of the Bank as of 1 October 2010 and approved as a President of the Management Board by the KNF on 27 October 2010.

Frank Bock

Frank Bock graduated from the Technical University in Karlsruhe (Germany) with a specialisation in financial engineering and IT. During his professional career, Mr. Bock gained considerable experience in the scope of risk and treasury management in numerous institutions in Germany, the United States (New York) and Great Britain (London). Starting from 2009, Mr. Bock was the Managing Director for Treasury at Commerzbank AG. His duties included asset and liability management, market risk management and liquidity management at Commerzbank in Central and Eastern Europe, as well as functional support in strategic subsidiaries of Commerzbank: Comdirect, Commerz Real and mBank. Previously, as the Asset and Liability Management Director in Group Capital and Treasury Management of Dresdner Bank AG in Frankfurt am Main, he was responsible for the management of market risk and liquidity portfolio. Prior to joining Dresdner Bank AG, Mr Bock worked for WestLB AG in Düsseldorf as Credit Treasury Head in Group Treasury and was a senior manager for risk management.

He was appointed Vice-President of the Management Board, Head of Financial Markets as of 1 May 2017.

Andreas Böger

Andreas Böger studied in Frankfurt and San Diego. He graduated from the Frankfurt School of Finance & Management, and holds the CFA certificate. Mr Böger started his professional career in HypoVereinsbank in Munich in 1994, where he headed the team responsible for assets and liability management and capital advisory. Between 2003-2013, Mr Böger worked in Deutsche Bank in Frankfurt. In 2007-2013, he was a managing director of Global Capital Markets and Capital Solutions Europe & CEEMEA at Deutsche Bank in London. Mr Andreas Böger joined Commerzbank in 2013. Prior to taking up the position at mBank, he managed the corporate finance division within Commerzbank's Group Development and Strategy. His

duties included preparation of the strategic balance sheet and management of Commerzbank Group's capital, as well as other tasks related to finance and regulatory activities.

He was appointed Vice-President of the Management Board, Chief Financial Officer as of 1 July 2017.

Krzysztof Dąbrowski

Krzysztof Dąbrowski graduated from Warsaw University of Technology, Faculty of Electronics and Information Technology. In 2011, he completed the Executive MBA programme at the University of Warsaw and the University of Illinois. Between 1995-2003, he worked in the internet and telecommunications industry for Polska Online and TDC Internet, where he was responsible for the development of hosting systems and services. Between 2004 and 2011, as the head of the Software Development Department, he co-created the Polish service centre of F. Hoffman-La Roche. In the following years, as the CTO of Allegro Group, Mr Dąbrowski supervised one of the largest agile transformations in the region. Since 2014, he has performed the function of the managing director for IT and technology at mBank.

He was appointed Vice-President of the Management Board, Head of Operations and IT as of April 1 2017.

Adam Pers

Adam Pers graduated from the Poznań University of Economics. In 2008, he completed an MBA programme organised by the Warsaw School of Economics. He gathered comprehensive banking knowledge and experience working in three institutions. He commenced his professional career as an intern in Wielkopolski Bank Kredytowy S.A., then he worked in Raiffeisen Bank Polska S.A. Group for many years, at first in back office, then in corporate banking and finally in the financial markets area. He was responsible for strategic projects concerning the reshaping of the dealing room and for one of the pillars of the bank's strategy and during the financial crisis, as the operational committee member, he was responsible for the bank's liquidity. In 2012, Mr Pers joined BRE Bank/mBank, where his first task was to restructure the financial markets practice. Then, as a managing director, he supervised the integration of the financial markets practice area with financial institutions and finally, trading.

He was appointed Vice-President of the Management Board, Head of Corporate and Investment Banking as of 26 October 2017.

Lidia Jabłowska-Luba

Lidia Jabłowska-Luba graduated from the Mathematics Institute of the University of Gdańsk. From 1994 to 2001, Ms Jabłowska-Luba was Vice-President of Schroder Salomon Smith Barney Poland, where she advised a number of clients, financial institutions in particular, on M&A and public equity transactions. In 2002, Ms Jabłowska-Luba joined Citigroup in Poland, first as the Head of the Financial Institutions & Public Sector Division and from November 2003 as the Member of the Management Board in charge of finance and operational risk management, capital management and the implementation of the New Capital Accord. From 2008 to 2010, she served as Vice-President of the Management Board of Kredyt Bank and Adviser to the CEO of Warta S.A. and TUnŻ Warta S.A., acting as Chief Finance and Risk Officer. From 2010 to 2012, Ms Jabłowska-Luba was the Senior General Manager at KBC Group in Brussels. Additionally, Ms Jabłowska-Luba held the position of Vice Chairman of the Group Risk Management Committee and also served as a member of the Group Risk and Capital Oversight Committee and ALCO at KBC Group. In 2012, she served as a member of the Supervisory Board of Kredyt Bank.

On 11 April 2013, Ms Jabłowska-Luba was appointed as Vice-President of the Management Board of the Bank; approved as Vice-President of the Management Board responsible for the risk management, Chief Risk Officer, by the KNF on 17 September 2013.

Cezary Kocik

Cezary Kocik graduated with a degree in Banking and Finance from the University of Łódź. In 2015, he completed the Advanced Management Program at Harvard Business School. He is a licensed stockbroker. From 1994 to 1996 Mr Kocik was employed at the brokerage house of Bank PBG as a stockbroker. In 1996 he joined PBG Bank's Investment Banking Department as a chief specialist in charge of arrangement and execution of acquisitions of strategic companies. From 1997 to 2000, he successfully carried out a number of corporate loan restructuring processes in PBG Bank and then in its successor – Bank Pekao S.A. Between

2000 and 2004, he was a director of Pekao's branch in Łódź, the then fifth largest branch in the bank's network. He has been shaping mBank's retail banking since 2004: first in the retail credit risk area (where he introduced the bank's first guaranteed limits for retail clients), then in the sales and business processes area, contributing to successful implementation of CRM system and substantially improving the effectiveness of key sales processes in direct channels.

Since 1 April 2012, he has been a Member of the Management Board. Currently, Mr Kocik is Vice President of the Management Board, Head of Retail Banking.

Business Address

The business address of all members of the Management Board is: ul. Senatorska 18, 00-950 Warsaw Poland

Positions held by members of the Management Board in other companies

The table below presents information on other companies and partnerships in which, during the last five years, the current members of the Management Board: (i) held positions in management or supervisory bodies; (ii) held shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, in a number representing more than 1 per cent. of the votes at the general meeting of such company); or (iii) were partners.

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
Cezary Stypułkowski	Dom Maklerski mBanku*	Chairman of the Supervisory Board	No
	mBox Sp. z o.o.*	Chairman of the Supervisory Board	Yes
	mServices Sp. z o.o.*	Chairman of the Supervisory Board	Yes
Frank Bock	mBank Hipoteczny S.A.*	Chairman of the Supervisory Board	Yes
	Dresdner Bank Group/Commerzbank Group	Head of Treasury Europe, Managing Director, Member of the Management Committee of Group Treasury, Head of ALM – Market Risk	No
Andreas Böger	Düsseldorfer Hypothekenbank AG	Member of the Supervisory Board	No
	VALOVIS BANK GmbH (current name: ENDIR 1 Abwicklungsgesellschaft mbH)	Member of the Supervisory Board	No
	mBank Hipoteczny S.A.*	Member of the Supervisory Board	Yes
	mLeasing Sp. z o.o.*	Member of the Supervisory Board	Yes

<u>Name</u>	<u>Name of the company</u>	<u>Position</u>	<u>Does the Management Board member continue to serve in this capacity?</u>
	BDH Development Sp. z o.o.*	Chairman of the Supervisory Board	No
	BDH Development Sp. z o.o.*	Member of the Supervisory Board	Yes
Krzysztof Dąbrowski	mBox Sp z o.o.	Member of the Supervisory Board	Yes
	mCentrum Operacji Sp. z o.o.*	Chairman of the Supervisory Board	Yes
Lidia Jabłonowska-Luba	mBank Hipoteczny S.A.*	Deputy Chairman of the Supervisory Board	Yes
	mLeasing Sp. z o.o.*	Member of the Supervisory Board	Yes
	Stowarzyszenie Mariański Komitet Gospodarczy	Member of the Supervisory Board	Yes
	Stowarzyszenie Wspierania Edukacji i Rodziny STERNIK	Member of the Supervisory Board	Yes
Cezary Kocik	mFinanse S.A.*	Chairman of the Supervisory Board	No
	mFinanse S.A.*	Member of the Supervisory Board	Yes
	mBank Hipoteczny S.A.*	Chairman of the Supervisory Board	No
	mBank Hipoteczny S.A.*	Member of the Supervisory Board	Yes
	mLeasing S.A.*	Deputy Chairman of the Supervisory Board	No
	BRE Ubezpieczenia TUiR S.A.*	Deputy Chairman of the Supervisory Board	No
	mWealth Management*	Chairman of the Supervisory Board	No
	BRE Ubezpieczenia Sp. z o.o. *	Deputy Chairman of the Supervisory Board	No
	BRE Agent Ubezpieczeniowy Sp. z o.o. *	Deputy Chairman of the Supervisory Board	No

<u>Name</u>	<u>Name of the company</u>	<u>Position</u>	<u>Does the Management Board member continue to serve in this capacity?</u>
	BRE Agent Ubezpieczeniowy Sp. z o.o.*	Member of the Supervisory Board	No
	mBox Sp. z o.o.*	Vice-chairman of the Supervisory Board	Yes
	Krajowa Izba Rozliczeniowa S.A.	Member of the Supervisory Board	Yes
Adam Pers	mLeasing Sp. z o.o.*	Chairman of the Supervisory Board	Yes
	mFactoring S.A.*	Chairman of the Supervisory Board	Yes
	mCorporate Finance S.A.*	Vice-chairman of the Supervisory Board	Yes

* Indicates mBank subsidiaries (or former mBank subsidiaries)
Source: The Bank

Supervisory Board

The Supervisory Board exercises regular supervisions over the Bank's operations.

Organisation and Competences of the Supervisory Board

The Supervisory Board is comprised of not less than five members elected by the General Shareholders' Meeting, for a joint term of office of three years.

At least half of the members of the Supervisory Board, including the Chairman, have Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used in supervision of the Bank.

The Supervisory Board elects the Chairman and Deputy Chairmen from among its members. The terms of members of the Supervisory Board expire, at the latest, on the day of the General Shareholders' Meeting for approval of the financial statements of the Bank for the last full year of the term of office of the members of the Supervisory Board. The term of a member of the Supervisory Board also expires in the case of death, resignation, or dismissal of the member. The term of a member of the Supervisory Board, appointed before the end of the term of office, expires at the same time as the expiry of the term of other members of the Supervisory Board.

The number of members of the Supervisory Board is determined by the General Shareholders' Meeting. At least two of the Supervisory Board members have to be independent Supervisory Board members, unless the General Shareholders' Meeting decides otherwise. An independent member of the Supervisory Board is a member of the Supervisory Board who, as of the date of its election, meets all the following conditions:

- (a) during the last five years has not held the position of the Management Board member at the Bank;
- (b) during the last five years has not held the position of Management Board member at any associate company of the Bank within the meaning prescribed by the Accounting Act;
- (c) during the last three years has not been an employee of the Bank, any entity dependent on the Bank or an employee of any associate company of the Bank within the meaning prescribed by the Accounting Act;

- (d) does not have any factual and essential relations with a shareholder having the right to exercise at least 5 per cent. of all votes at the General Meeting of the Bank;
- (e) has not received any remuneration from the Bank nor from any associate company of the Bank, within the meaning prescribed by the Accounting Act, of any kind, except for remuneration for participation in the Supervisory Board of the Bank;
- (f) is not a shareholder of the Bank and does not represent any shareholder acting as a dominating entity in respect of the Bank;
- (g) during the last year, has not been a significant client or business partner of the Bank or any associate company of the Bank, within the meaning prescribed by the Accounting Act, directly or in the form of an associate, shareholder, director, or senior management officer at an entity being in such relation with the Bank;
- (h) during the last three years, has not been an associate or employee of the current or former chartered auditor of the Bank or any associate company of the Bank;
- (i) is not a member of the management board at a company in which a member of the Management Board of the Bank is a member of the supervisory board, and has no other significant associations with members of the Management Board of the Bank by participation in other companies or governing bodies;
- (j) may not hold the position of an independent member of the Bank's Supervisory Board for longer than 12 years; and
- (k) is not a spouse, descendant, adoptee, daughter-in-law or son-in-law of a member of the Management Board or the Supervisory Board of the Bank or any persons mentioned in (a) to (j).

The Supervisory Board elects the Chairman and Deputy Chairmen from among its members.

A member of the Supervisory Board, whose term expired in the course of the joint term of office of the Supervisory Board, can be replaced by another person elected by the Supervisory Board. The election of members of the Supervisory Board within the joint term of office of the Supervisory Board requires the approval of the next General Shareholders' Meeting. If the General Shareholders' Meeting refuses to approve any member of the Supervisory Board elected within the joint term of office, the General Shareholders' Meeting shall elect another member of the Supervisory Board in lieu of the person whose election was refused. If the number of members of the Supervisory Board is less than five, due to the expiration of the terms of members of the Supervisory Board within the joint term of office, the Supervisory Board shall elect new members to replace the members whose terms have expired.

In addition to the rights and obligations prescribed by law and the Articles of Association, the responsibilities of the Supervisory Board specifically include the following matters: (a) approving the proposals of the Management Board concerning the Bank's essential organisational structure; (b) approving the Bank's annual financial plans and multi-annual development plans; (c) examining all motions and matters subject to resolutions of the General Shareholders' Meeting; (d) issuing or approving rules provided for in the Articles of Association; (e) defining management contracts and setting remuneration for members of the Management Board; (f) receiving information on formation, acquisition, closing and disposal of branches, permanent establishments and parts of a business as well as of initiating and terminating lines of business and fields of activity in advance; (g) approving conclusion or amendment of each significant agreement or arrangement with the members of the Management Board or the Supervisory Board; (h) approving conclusion, amendment or termination of any significant affiliation agreements or cooperation treaties; (i) receiving information on expected deviations from the annual budget; (j) issuing general guidelines for the Management Board regarding the level and structure of remuneration for senior management of the Bank; (k) approving the policy on variable items of remuneration of the persons holding managerial positions at the Bank; and (l) issuing opinions regarding transactions with related entities (if the total expected amount of a single transaction exceeds 20 per cent. of the Bank's own funds, calculated as at 31 December of the preceding year. Opinions of the Supervisory Board will not be required with regards to derivative transactions where risk is limited through collateral posting, however, the Supervisory Board will be informed of such transactions).

The Supervisory Board passes resolutions if at least half of its members are present and all of its members were invited. In specific cases, members of the Supervisory Board may participate in passing resolutions, voting in writing via another member of the Supervisory Board. Voting in writing cannot refer to issues introduced to the agenda at the Supervisory Board meeting. The Supervisory Board may pass resolutions in writing or using direct remote communication. A resolution is valid when all the members of the Supervisory Board have been notified of the content of the draft resolution. Resolutions of the Supervisory Board require an ordinary majority of votes, however, in the event of an even number of votes cast for and against, the vote of the Chairman of the Supervisory Board prevails. Without the consent of the majority of independent members of the Supervisory Board resolutions on the following issues should not be passed: (a) performance of any kind by the Bank or entities related to the Bank on behalf of members of the Management Board; and (b) granting consent to the Bank's concluding of a material contract with an entity related to the Bank, member of the Supervisory Board or Management Board and with their related entities.

Standing Committees of the Supervisory Board

The Supervisory Board may appoint a Standing Committee; whose members perform their functions as members of the Supervisory Board, delegated to carry out specific supervision activities at the Bank. The scope of authority of a Standing Committee is set out in a resolution of the Supervisory Board. In particular, the Supervisory Board may appoint the following Standing Committees:

- The Executive and Nomination Committee, whose authority includes, among others, the following: (a) exercising regular supervision of the operations of the Bank between meetings of the Supervisory Board; (b) authorising the Board of Management to acquire, encumber and sell real estate, a perpetual usufruct or part of real estate and shares in companies as well as other fixed assets, if the value of these transactions exceeds 1 per cent. of the Bank's own funds as at 31 December of the preceding year. Such authorisation is not required if such acquisition results from execution, bankruptcy or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired; and (c) performing the initial recruitment process of candidates for Members of the Management Board and the Supervisory Board of the Bank.
- The Audit Committee, whose authority includes, among others, the following: (a) giving opinions about the election of the independent auditor by the General Shareholders' Meeting and being informed about the Bank's quarterly reports of balance sheets and profit and loss accounts before their publication; (b) recommending approval or rejection of financial statements by the Supervisory Board, (c) exercising regular supervision over the internal audit system at the Bank, including supervision over the activity of the Internal Audit Department; (d) approving personnel changes, proposed by the Management Board, to the posts of head of the Internal Audit Department and head of the Compliance Department; (e) recommending approval or disapproval to the Supervisory Board of the Bank's principles of capital adequacy disclosure; and (f) recommending approval or disapproval to the Supervisory Board of the Bank's compliance policy, and the annual report on compliance risk management at the Bank.

The Audit Committee includes at least one independent Supervisory Board member qualified and experienced in accounting and finance;

- The Risk Committee, whose authority includes, among others, the following: (a) exercising regular supervision of credit risks, market risks and operational risks, as well as approving individual counterparty risk according to the parameters defined by the Supervisory Board from time to time; (b) recommending approval or disapproval to the Supervisory Board for transactions between the Bank and the members of the Bank's bodies, as provided by the Banking Law; (c) recommending approval or disapproval to the Supervisory Board of the Bank's principles of risk management disclosure; (d) recommending approval or disapproval to the Supervisory Board of strategies and policies prepared by the Management Board, in particular outlined in the internal capital adequacy assessment process, and as defined by resolutions of the Supervisory Board; (e) issuing opinions about the Bank's overall current and future risk appetite and strategy; and (f) issuing opinions about the Bank's risk management strategy developed by the Management Board and reviewing information regarding the execution of this strategy presented by the Management Board, and supporting the Supervisory Board in supervising implementation of the Bank's risk management strategy by senior management.

- The Remuneration Committee, whose authority includes, among others, the following: (a) reviewing principles and amounts of remuneration of Members of the Management Board, including the setting of relevant amounts; (b) tabling opinions concerning approval for Members of the Management Board of the Bank to engage in competitive activity; (c) issuing recommendations to the Supervisory Board regarding general guidelines for the Management Board on the level and structure of remuneration for the senior management of the Bank and the policy of variable items of remuneration of the persons holding managerial positions at the Bank; (d) monitoring the level and structure of remuneration of the senior management; and (e) issuing opinions and monitoring the remuneration policy adopted by the Bank and assisting in the development and implementation of this policy.

The Standing Committees of the Supervisory Board present annual reports to the Supervisory Board on their activities. The Bank makes the report available to the shareholders before the Ordinary General Shareholders' Meeting.

As at the date of this Base Prospectus:

- The Executive and Nomination Committee is composed of: Maciej Leśny (Chairman), Andre Carls, Stephan Engels and Teresa Mokrysz;
- The Audit Committee is composed of: Tomasz Bieske (Chairman), Andre Carls, Janusz Fiszer, Jörg Hessenmüller and Agnieszka Słomka-Gołębiowska. The Audit Committee includes three members who meet the independence criteria (Tomasz Bieske, Janusz Fiszer and Agnieszka Słomka-Gołębiowska). All members of the Audit Committee have the qualifications required by law, in either accounting or audit;
- The Risk Committee is composed of: Marcus Chromik (Chairman), Mirosław Godlewski, Gurjinder Singh Johal and Agnieszka Słomka-Gołębiowska; and
- The Remuneration Committee is composed of: Andre Carls (Chairman), Tomasz Bieske, Stephan Engels and Maciej Leśny.

Members of the Supervisory Board

Basic Information

The 30th Annual General Meeting of Shareholders, held on 30 March 2017, elected the following 12 Members of the Supervisory Board for a joint term of three years:

1. Maciej Leśny – Chairman of the Supervisory Board
2. Stephan Engels – Deputy Chairman of the Supervisory Board
3. Tomasz Bieske – Member of the Supervisory Board
4. Andre Carls – Member of the Supervisory Board
5. Marcus Chromik – Member of the Supervisory Board
6. Janusz Fiszer – Member of the Supervisory Board
7. Mirosław Godlewski – Member of the Supervisory Board
8. Jörg Hessenmüller – Member of the Supervisory Board
9. Thorsten Kanzler – Member of the Supervisory Board
10. Michael Mandel – Member of the Supervisory Board
11. Teresa Mokrysz – Member of the Supervisory Board
12. Agnieszka Słomka-Gołębiowska – Member of the Supervisory Board

On 11 September 2018, Maciej Leśny, Chairman of the Bank's Supervisory Board, received a letter from Thorsten Kanzler, who decided to resign as member of the Bank's Supervisory Board and member of the Risk Committee of the Bank's Supervisory Board as of 21 September 2018.

On 24 September 2018, by the resolution of the Supervisory Board of mBank, Gurjinder Singh Johal was appointed as a member of the Supervisory Board of mBank until the end of the current term of office of the Supervisory Board.

The table below sets out information on the members of the Supervisory Board who held their positions as at the date of this Base Prospectus.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date on which the current term began</u>	<u>Expiration of the term of office</u>
Maciej Leśny	73	Chairman of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Stephan Engels	56	Deputy Chairman of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Tomasz Bieske	64	Member of the Supervisory Board (independent member)	30 March 2017	On the date of the AGM in 2020
Andre Carls	55	Member of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Marcus Chromik	46	Member of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Janusz Fiszler	62	Member of the Supervisory Board (independent member)	30 March 2017	On the date of the AGM in 2020
Mirosław Godlewski	52	Member of the Supervisory Board (independent member)	30 March 2017	On the date of the AGM in 2020
Jörg Hessenmüller	49	Member of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Gurjinder Singh Johal	48	Member of the Supervisory Board	24 September 2018	On the date of the AGM in 2020
Michael Mandel	52	Member of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Teresa Mokrysz	67	Member of the Supervisory Board	30 March 2017	On the date of the AGM in 2020
Agnieszka Słomka-Gołębiowska	43	Member of the Supervisory Board (independent member)	30 March 2017	On the date of the AGM in 2020

Source: The Bank

The mandates of all members of the Supervisory Board who are in office as at the date of this Base Prospectus will expire on the day of the General Shareholders' Meeting for approval of the financial statements for the last full financial year of the member of the Supervisory Board being in office at the latest.

Qualifications and professional experience

Maciej Leśny

Chairman of the Supervisory Board of the Bank

In 1969, Maciej Leśny completed his studies at the Faculty of Economic Sciences at the Warsaw University. During his professional career, Mr Leśny worked for six years in the shipbuilding industry in Gdańsk and eight years for Zakłady Elektronicznej Techniki Obliczeniowej. For more than 22 years he had worked in the central state administration, including eight years in the position of Undersecretary of State: in the Ministry of Foreign Economic Cooperation; the Ministry of Economy; the Ministry of Economy, Labour and Social Policy; and finally in the Ministry of Infrastructure.

He completed post-graduate studies and training in the United States at the Michigan University (Business School of Administration) and De Paul University (Chicago). In 1992-1993, as a scholarship holder of the US government, Mr Leśny studied at the American University in Washington, DC. During his scholarship he served a four-month internship at the World Bank and completed a privatisation training course in the International Monetary Fund.

From March 1994 to 1998, Mr Leśny was the Chairman of the Supervisory Board of BRE Bank (currently mBank). By December 2001, he had become a Member of the Supervisory Board. In 2004, Mr Leśny was re-elected Chairman of the Supervisory Board.

Business address:
mBank S.A.
ul. Senatorska 18
00-950 Warsaw
Poland

Stephan Engels

Deputy Chairman of the Supervisory Board of the Bank

Stephan Engels studied Business Administration at the University of St. Gallen. Between 1988 and 1993 he worked at Daimler-Benz AG's internal audit department. Between 1993 and 1996 he headed the Regional Controlling Europe at debis AG. From 1996 to 2000, he served as Chief Financial Officer at debis AirFinance B.V. In 2000, he joined DaimlerChrysler Bank AG, initially as Member of the Board for Credit and later as Chief Financial Officer and IT.

From 2003, he worked at DaimlerChrysler Services AG, as a Member of the Board for Finance, Controlling, Risk Management and Strategy. From 2007 to 2012, he was a Member of the Executive Committee of Mercedes-Benz Car Group for Finance & Controlling and Head of Management Group Controlling at Daimler AG.

Mr Engels has been a Member of the Board of Managing Directors at Commerzbank AG since April 2012.

Business address:
Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main Germany

Tomasz Bieske

Member of the Supervisory Board of the Bank (independent member)

Mr Bieske studied economics at the University of Cologne. He worked in Dresdner Bank's head office in Frankfurt for six years. In 1990, he co-founded Arthur Andersen in Poland and became the Head of Financial Markets Group responsible for cooperation with financial sector clients. He participated in key projects in the financial services sector, including the preparation of public offerings of PKO BP S.A and Kredyt Bank S.A., as well as audits of financial statements of the National Bank of Poland, PKO BP S.A., Pekao S.A., Getin Holding and a number of other banks. He managed many advisory projects in the banking sector.

Since 2011, he has been participating in the work of the committee for legal and business regulatory changes of the cooperative banking sector and closely cooperating with the Polish Bank Association (Związek Banków Polskich) and the National Association of Cooperative Banks (Krajowy Związek Banków Spółdzielczych). Tomasz Bieske has the professional qualifications of a Polish statutory auditor. Until June 30, 2013, he worked for Ernst & Young.

Business address:
mBank S.A.
ul. Senatorska 18
00-950 Warsaw
Poland

Andre Carls

Member of the Supervisory Board of the Bank

Having studied business economics and completed a doctorate at the University of Cologne, Dr Carls joined Commerzbank through an international trainee programme in 1990.

He subsequently held various positions in Corporate Finance and Capital Markets in Frankfurt and from 1998 to 2000 was Executive Director of the Investment Banking Division of Commerzbank in London. From 2000 to 2008, Dr Carls was a member of the Board of Managing Directors of comdirect bank AG, from September 2002 to November 2004 as CFO and from November 2004 to March 2008 as CEO. From March 2008, to September 2008 he held the position of Vice-President of the Management Board and CFO of BRE Bank S.A. (currently mBank S.A.).

From March 2008 to December 2013, Dr Carls has been CEO of Commerzbank Auslandsbanken Holding AG and CEO of Central & Eastern Europe-Holding of Commerzbank AG.

Between 2014-2015, Dr. Carls held the position of Managing Director of the segment of medium-sized corporate clients for the northern regions and western Germany, while from 2015 he has been responsible for the Western Germany region.

Business Address:
Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Marcus Chromik

Member of the Supervisory Board of the Bank

Marcus Chromik studied in Munich, Göttingen, and Kiel. He also spent time in the US engaged in scientific research in Michigan. Mr Chromik holds a PhD in nuclear physics. He started his professional career with McKinsey in 2001. In 2004 he joined Postbank Group, where he held various executive positions, including new issues and syndication, liquidity management, and Credit Treasury. Dr Chromik served as Chief Market Risk Officer for Commerzbank for more than three years and was responsible for the Bank's market and liquidity risk management.

Dr Chromik has been a Divisional Board Member and Chief Credit Risk Officer for the Core Bank since 2012. On 4 November 2015, the Supervisory Board of Commerzbank appointed him to the Board of Managing Directors. He took up his post as Chief Risk Officer on 1 January 2016.

Business Address:
Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Janusz Fiszer

Member of the Supervisory Board of the Bank (independent member)

Dr Janusz Fiszer is a legal adviser and a certified tax adviser. He is a graduate of the Faculty of Law and Administration of the University of Warsaw, and is a specialist in the field of tax and financial law. Since 1980, Dr Fiszer has been an employee of the University of Warsaw, the Faculty of Management. In addition, between 1991 and 1998, he was a senior adviser at the international law firm White & Case and served as a partner between 1998 and 2012. From 2012 to 2013, Dr Fiszer was a partner in the tax & legal department of the PricewaterhouseCoopers (PwC), and in January 2014 he joined the GESSEL law firm as a partner.

Dr Janusz Fiszer is a lecturer in international tax law at the Postgraduate Programme of International Tax Strategies at Warsaw School of Economics (SGH). He was a scholarship holder of the University of Kansas School of Business in Lawrence, Kansas, USA (1982-1983) and of Deutscher Akademischer Austauschdienst (DAAD), as well as of the Fritz Thyssen Foundation (Fritz Thyssen Stiftung) at the University of Munich in Germany (1988-1989 and 1990). Since 1993, he has been a member of the editorial board of the Monitor Podatkowy monthly journal. Since the 1990s, he has worked as a correspondent for the Tax Notes International professional periodical in the United States. Dr Fiszer is a co-founder and a member of the Supervisory Board of the Polish branch of the International Fiscal Association (IFA).

Business address:
mBank S.A.
ul. Senatorska 18
00-950 Warsaw
Poland

Mirosław Godlewski

Member of the Supervisory Board of the Bank (independent member)

Mirosław Godlewski completed the MBA programme at Warsaw University of Technology, the MBA programme at Ashridge Management College and the Harvard Business School Advanced Management Program.

He is the Executive Chairman of Apteka Gemini, Senior Adviser at BCG, a Member of the Supervisory Board of Celon Pharma S.A., a Member of the Supervisory Board of Netia S.A. and the so-called "Angel Investor" at Hedgehog Fund.

Mr Godlewski was a member of the Supervisory Board at ABC Data S.A. and a member of the Nomination and Remuneration Committee. Between 2007 and 2014, he was the President and CEO of Netia S.A..

He also held executive positions with Opoczno S.A., Pepsi Cola General Bottlers – Polska Sp. z o.o., DEC Sp. z o.o. and MEMRB Polska.

Business address:
mBank S.A.
ul. Senatorska 18
00-950 Warsaw
Poland

Jörg Hessenmüller

Member of the Supervisory Board of the Bank

Jörg Hessenmüller graduated from Hochschule für Bankwirtschaft in Frankfurt am Main in 1997, specialising in banking and finance, and was awarded a Master's in Management (Diplom – Betriebswirt (FH)). From 1989 to 2009 he worked for Dresdner Bank, holding the positions of, among others, Head of Financial Control responsible for London, New York, Moscow, Sao Paulo and Asia. In 2009, Mr Hessenmüller was appointed Managing Director in Commerzbank Group and worked as the Head of Investment Banking Finance, Group Finance and was also responsible for controlling and management reporting of Corporates and Markets, the Portfolio Restructuring Unit, Group Treasury and Public Finance.

From April 2012 to June 2016, he was the Bank's Member of the Management Board, Chief Financial Officer.

From July 2016, Mr Hessenmüller worked as Divisional Board Member for the Group division Digital Transformation and Strategy. On 5 December 2018, Jörg Hessenmüller was appointed to the Board of Managing Directors of Commerzbank AG as the Chief Operating Officer with effect from 15 January 2019.

Business address:
Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Michael Mandel

Member of the Supervisory Board of the Bank

Michael Mandel studied business administration at the University of Münster. Between 1986 and 2000, he was associated with Dresdner Bank, where he was responsible for private banking. Between 2000 and 2002, he was a consultant with McKinsey & Company.

Since 2002, Mr Mandel has worked for Commerzbank AG, first as the Head of Business Development for the Private Customer Segment, and then as the Group Manager for Private and Business Customers. In 2008, he was appointed CEO of Comdirect Bank AG. Since 2010, he was a Member of the Divisional Board of Commerzbank AG – Private Customers. In May 2016, Mr Mandel was appointed a Member of the Board of Managing Directors at Commerzbank AG, responsible for the segment of Private and Business Customers.

Business address:
Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Teresa Mokrysz

Member of the Supervisory Board of the Bank

A graduate of the Academy of Economics (now the University of Economics) in Katowice (1978).

In 1990, Teresa Mokrysz created the brand "Mokate", one of the most recognisable Polish brands in the world. She transformed a small family-run company into a group of international companies with worldwide operations. As a co-owner, she directs nine Mokate companies, with their business seats in Poland and Central Europe. She has built, from scratch, production plants in Żory and Ustroń and has expanded a production plant near Prague (production of coffee, tea, confectionary, ingredients for the food industry). She has also successfully launched her products in several dozen countries, on all continents.

In 2000, the International Association of Women Entrepreneurs from Los Angeles awarded her with the title "The Leading Women Entrepreneurs of the World". Teresa Mokrysz has been the recipient of numerous prestigious awards in Poland and abroad, including the "Leader of the Decade" title granted by Gazeta Wyborcza, and the "Success of the Decade" title granted by the Businessman Magazine. She funds scholarships for talented and underprivileged young people and provides financial support to health care institutions, nursing care homes, orphanages and schools.

Business address:
MOKATE S.A.
ul. Katowicka 265a
43-450 Ustroń
Poland

Gurjinder Singh Johal

Member of the Supervisory Board of the Bank

Gurjinder Singh Johal graduated with a degree in Business & Finance from the University of East London UEL in 1994. In addition, he completed managerial studies at Said Business School.

He started his career at Standard Bank London in 1995, before moving to Commerzbank in 2007. He initially assumed responsibility of the Emerging Markets & Credit Derivatives segment. From 2011, he headed the Global Credit Trading desk.

Between 2016 and 2018, Gurjinder Singh Johal was Divisional Board Member and Head of Group Market Risk Management at Commerzbank AG. In October 2018, Gurjinder Singh Johal was appointed Divisional Board Member, responsible for Group Treasury of Commerzbank AG.

Business address:
Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Agnieszka Słomka-Gołębiowska

Member of the Supervisory Board of the Bank (independent member)

Agnieszka Słomka-Gołębiowska holds a PhD in Economics and MSc. in Finance and Banking from the Warsaw School of Economics, as well as a MBA from the French Institute of Management (IFG).

Ms Słomka-Gołębiowska works as a lecturer at Warsaw School of Economics and she conducts research on corporate governance. She has attended several Executive Education courses, e.g. the IESE-Harvard Business School programme.

From 2006 to 2009, she was the Director in the Industrial Development Agency responsible for corporate governance, and before that, a consultant for private and public companies at Arthur Andersen. Since 2006, she has been a member of supervisory boards. Ms Słomka-Gołębiowska was a holder of the Alexander von Humboldt Fellowship at the University of Münster and the Polish-American Fulbright Fellowship at the University of California, Berkeley. She was also a visiting scholar at universities in Cambridge (MIT), Tucson (UOA), Münster, Copenhagen (CBS), Birmingham (BBS), Berlin (HSoG), Genoa (UoG – Law School), Vienna (WU) and Florence (UniFi). She is the author of many publications on corporate governance.

Business address:
Warsaw School of Economics (SGH)
Al. Niepodległości 162
02-554 Warszawa
Poland

Except for Dr Andre Carls and Jörg Hessenmüller, who were members of the Management Board and the Vice-Presidents of the Bank's Management Board, none of the Supervisory Board members have held any positions in the Bank.

Positions held by members of the Supervisory Board in other companies

In the table below, information on other companies in which members of the Supervisory Board held management board or supervisory board positions during the last five years is shown.

<u>Name</u>	<u>Name of company</u>	<u>Position</u>	Does the Supervisory Board member continue to serve in that capacity?
Maciej Leśny	Fusion Invest Polska S.A.	Member of the Supervisory Board	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Track Tec S.A.	Member of the Supervisory Board	Yes
Stephan Engels	Commerzbank AG	Member of the Board of Managing Directors	Yes
	CommerzVentures GmbH	Deputy Chairman of the Board of Administration	Yes
	Mercedes-Benz Car Group	Member of the Executive Committee	No
	Daimler AG	Authorised Signatory	No
	MBtech Group	Member of the Executive Committee	No
	MBtech Verwaltungs-GmbH	Member of the Advisory Board	No
	Mercedes-Benz Belgium Luxembourg S.A.	Member of the Board of Directors	No
	Mercedes-Benz Museum GmbH	Member of the Advisory Board	No
	Mercedes-Benz USA, LLC	Member of the Board of Directors	No
	EIS Einlagensicherungsbank GmbH	Member of the Advisory Board	Yes
Tomasz Bieske	KRUK SA	Member of the Supervisory Board	Yes
	PCM SA	Member of the Supervisory Board	Yes
	ALTUS TFI SA	Member of the Supervisory Board	Yes
	Nest Bank SA	Member of the Supervisory Board	No
Andre Carls	Arvato infoscore GmbH	Member of the Advisory Board	No
	Frankfurt am Main Chamber of Commerce	Member of the Banking Committee	No
	Commerzbank Auslandbanken Holding AG	Chief Executive Officer	No
	JSC Bank "Forum"	Member of the Supervisory Board	No
	Commerzbank Eurasija ZAO	Deputy Chairman of the Supervisory Board	No
	Commerzbank Zrt.	Member of the Supervisory Board	No
	Joint Stock Company Promsvyazbank (Moscow)	Member of the Board of Directors	No
	Carl Spaeter Gesellschaft mit beschränkter Haftung, Duisburg,	Member of the Supervisory Board	Yes
Marcus Chromik	Commerzbank AG	Member of the Board of Managing Directors	Yes
	Valovis Bank AG	Member of the Supervisory Board	No
	Argor-Heraeus S.A.	Member of the Board of Administration	No

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Duesseldorfer Hypothekenbank AG	Member of the Supervisory Board	No
Janusz Fiszer	International Tax Society in Poland Kancelaria Gessel	Member of the Supervisory Board Partner	Yes Yes
Mirosław Godlewski	ABC Data SA Netia SA SEG Apteki Gemini Celon Pharma SA Netia SA BCG	Member of the Supervisory Board CEO Member of the Supervisory Board Executive Chairman Member of the Supervisory Board Member of the Supervisory Board Senior Adviser	No No Yes Yes Yes Yes
Jörg Hessenmüller	Commerzbank AG mBank Hipoteczny* mLeasing* Transfinance a.s.** mLocum** BDH Development* Hypothekenbank Frankfurt AG CommerzVentures GmbH CommerzVentures GmbH Frankfurt Commerz Business Consulting GmbH, Frankfurt openspace GmbH, Berlin Main Incurbator GmbH, Frankfurt am Main	Member of the Supervisory Board Member of the Supervisory Board Deputy Chairman of the Supervisory Board Chairman of the Supervisory Board Chairman of the Supervisory Board Chairman of the Supervisory Board Member of the Supervisory Board Member of Board of Directors Member of Board of Directors Chairman of the Advisory Board Deputy Chairman of the Supervisory Board of Administration Chairman of the Board of Directors	Yes No No No No No No Yes Yes Yes Yes Yes Yes
Michael Mandel	Commerzbank AG comdirect bank AG Commerz Real AG, Eschborn Commerz Real Investmentgesellschaft mbH, Wiesbaden SCHUFA Holding AG, Wiesbaden CommerzVentures GmbH, Frankfurt am Main	Member of the Board of Managing Directors Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Member of the Board of Directors	Yes Yes Yes Yes Yes Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
Teresa Mokrysz	MOKATE S.A.	Deputy Chairman of the Supervisory Board	No
	MOKATE Sp. z o.o.	Shareholder	Yes
		Commercial proxy	Yes
	FPUH MOKATE Sp. z o.o.	Shareholder	Yes
		Commercial proxy	Yes
	MOKATE International Hungary Sp. z o.o.	Commercial proxy	Yes
		Shareholder	Yes
	KETTNER Group Sp. z o.o.	Shareholder	Yes
		Commercial proxy	Yes
	Global Coffee Group SP. z o.o.	Commercial proxy	Yes
Commercial proxy		Yes	
Agnieszka Słomka-Gołębiowska	Bank BPH	Member of the Supervisory Board, Member of Audit Committee and Member of Compensation Committee and Member of Investment Committee	No

* Indicates mBank Subsidiary

** Indicates former mBank Subsidiaries.

Source: the Bank

Other information on members of the Management and Supervisory Boards

In accordance with the declarations submitted by members of the Management and Supervisory Boards during the last five years, none of the members of the Management and Supervisory Boards have been in breach of their respective obligations as such members.

There are no family relations between members of the Management and Supervisory Boards.

The total remuneration paid to the members of the Management Board of the Bank (including former members of the Board) in 2018 and in 2017 was PLN 20,081,900 and PLN 19,960,950, respectively. The total remuneration paid to the members of the Supervisory Board of the Bank in 2018 and in 2017 stood at PLN 2,425,920 and PLN 2,332,175 respectively.

Except as described above, none of the members of the Management and Supervisory Boards has performed administrative, supervisory or managing roles in any other company or has conducted any activities, outside the Bank, of material significance to the Bank.

As at the date of this Base Prospectus, there are no conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations. As at the date of this Base Prospectus, the Bank is not aware of any potential conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations.

There are no agreements or arrangements between the key shareholders of the Bank, its customers, suppliers or other entities based on which any member of the Management or Supervisory Boards was appointed to the Management Board or the Supervisory Board.

TAXATION

GENERAL

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, establishment or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

POLAND

1. General Information

The following is a discussion on certain Polish tax considerations relevant to an investor who is a resident of Poland or otherwise subject to Polish taxation. This statement must not be understood as tax advice. It is based on the Polish tax laws and their interpretation in effect as at the date of this Base Prospectus which may be subject to change. Such changes may also be retroactive and may adversely affect the tax treatment described below. This description does not purport to be complete with respect to the tax information that may be relevant for investors due to their personal circumstances. Prospective purchasers of the Notes are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the Notes. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (e.g. domestic or foreign investment funds). References to "interest" and to any other terms in the paragraphs below mean "interest" or any other term, respectively, as understood in Polish tax law.

2. Taxation of Polish tax resident individuals (natural persons)

Under Article 3 clause 1 of the Polish Personal Income Tax Act of 26 July 1991, as amended (the "PIT Act"), natural persons are subject to tax on their worldwide income (revenues) regardless of the location of the source of such revenues (unlimited tax liability) if their place of residence is in the Republic of Poland. Under Article 3 clause 1a of the PIT Act, a person whose place of residence is in the Republic of Poland means a natural person who:

- has his/her centre of personal or economic interests (centre of life interests) in the Republic of Poland; or
- is present in the Republic of Poland for more than 183 days in a tax year (Article 3 clause 1a of the PIT Act).

Withholding tax on interest (including discount) income

According to Article 30a. clause 7 and 30a clause 1 point 2 of the PIT Act, interest income, including discount, derived by a Polish tax resident individual (as defined above) is not added to general income, which is subject to the progressive tax rate, but is subject to 19 per cent. flat-rate tax. As regards payment of tax, please see "Tax remitter's obligations" below.

If a Polish tax resident individual holds the Notes as a business asset, in principle interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at the 19 per cent. flat rate or the progressive rate of 18 per cent. to 32 per cent, depending on the choice of and certain conditions being met by the individual, should be settled by the individual himself/herself.

Capital gains from disposal of the Notes

Under Article 30b clause 5 of the PIT Act, income from a disposal of securities, including the Notes, for remuneration is not added to general income, which is subject to the progressive tax rate, but under Article 30b clause 1 of the PIT Act it is subject to the 19 per cent. flat rate tax (with a stipulation regarding Notes held as a business asset - see paragraph below). The tax should be calculated on the total amount of income on the disposal of securities for remuneration, i.e. including the Notes and other securities (if any), in the relevant tax year. In general, the income is

calculated as the difference between the sum of revenues earned from the disposal of securities for remuneration and the tax-deductible costs.

In principle, if individuals hold Notes as a business asset, the income should be taxed in the same way as other business income. This will either be tax at the 19 per cent. rate or the 18 per cent. to 32 per cent. progressive tax rate, depending on the individual's choice and certain conditions being met.

3. **Taxation of a Polish tax resident corporate income taxpayer**

Under Article 3 clause 1 of the Corporate Income Tax Act of 15 February 1992 (the "**CIT Act**"), the entire income of taxpayers who have their registered office or management in Poland is subject to the tax obligation in Poland, irrespective of where the income is earned (unlimited tax liability).

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. 19 per cent. (save for a preferential 9 per cent. tax rate which can be applied in general by a small tax-payers which annual gross value of revenue from sales do not exceed EUR 1.2 million (EUR 2 million in 2020)).

A Polish tax resident should be subject to income tax on the Notes (both on any capital gains and on interest/discount) following the same principles as those that apply to any other income earned on business activity within the same source of income (capital profits – *zyski kapitałowe*). Under the CIT Act, income is determined separately for each relevant basket, i.e. revenues from capital gains are separated from revenues from other sources. Correspondingly, the tax losses are determined separately for each of these baskets, whereby a tax loss from one basket may not be deducted from the income in another basket. Within the same basket, as a rule, tax losses can be deducted for five tax years, in an amount not exceeding 50 per cent. of the loss in any of those years. Additionally, a one-off deduction of a loss of up to PLN 5,000,000 is allowed – any tax loss over that amount may be deducted according to the general rules – within a period of five tax years).

As a rule, for Polish income tax purposes, interest is recognised as taxable revenue on a cash basis, that is when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes should be recognised at the time the revenue is achieved. The taxpayer independently (without the involvement of the tax remitter) settles tax on interest (discount) or capital gains on Notes, which is aggregated with other income derived from business operations conducted by the taxpayer and attributed to the same source of revenues.

4. **Notes held by a non-Polish tax resident individual or corporate**

Non-Polish tax residents mean:

- natural persons, if they do not have their place of residence in the Republic of Poland (Article 3 clause 2a of the PIT Act);
- corporate income taxpayers, if they do not have their registered office or place of management in the Republic of Poland (Article 3 clause 2 of the CIT Act).

If a non-Polish tax resident recipient of interest acts through a permanent establishment in Poland to which the interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

Non-Polish tax residents are subject to Polish income tax only on their income earned in the Republic of Poland (limited tax liability).

Polish source income

Under Article 3 clause 3 of the CIT Act, income (revenues) sourced in the Republic of Poland by non-residents include, in particular, income (revenues) from:

1. all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;

2. immovable property located in the Republic of Poland or rights to such property, including under a disposal thereof in whole or in part, or under a disposal of any rights to such property;
3. securities and derivatives other than securities, admitted to public trading in the Republic of Poland on the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting thereunder;
4. the transfer of ownership title to shares in a company, of all rights and obligations in a partnership without legal personality, or participation in an investment fund, a collective investment undertaking or other legal entity or receivables that are a consequence of the holding of those shares, rights and obligations or participation, if at least 50 per cent. of the value of assets of the company, partnership, investment fund, collective investment undertaking or legal entity consists of, directly or indirectly, immovable properties located in the Republic of Poland, or rights to such immovable properties;
5. the receivables settled, including receivables put at the disposal of or paid out or deducted by, natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance;
6. unrealized gains.

Under Article 3 clause 5 of the CIT Act, revenues listed in Articles 21 clause 1, which include interest and discount on the Notes, will be considered income (revenues) referred to in clause 3 point 5, which means that interest and discount on the Notes will be considered Polish source income.

Similar provisions are set out in Article 3 clause 2b and Article 3 clause 2d of the PIT Act. However, Article 3 clause 2d of the PIT Act considers only revenues listed in Article 29 clause 1 of the PIT Act as Polish source incomes without reference to Article 30a clause 1 of the PIT Act, which covers interest and discount on the Notes. This may cause doubt whether interest and discount on the Notes should be considered Polish source income under the PIT Act.

However, it should be noted that the list of incomes (revenues) sourced in Poland, as provided for in Art. 3 clause 3 of the CIT Act and Art. 3 clause 2b of the PIT Act, is not exhaustive, therefore other income (revenues) may also be considered as sourced in Poland.

Withholding tax exemption

Pursuant to Article 21 clause 1 point 130c) of the PIT Act and Article 17 clause 1 point 50c) of the CIT Act, tax exemptions are applicable to revenue earned by a taxpayer referred to in Article 3 clause 2a of the PIT Act and in Article 3 clause 2 of the CIT Act (i.e. by a non-Polish resident) from interest or discount on the Notes:

- (a) having a tenor of no less than one year,
- (b) admitted to trading on the regulated market or introduced to trading in the alternative trading system, in the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (the "**Act on Trading in Financial Instruments**"), within the Republic of Poland or within a state with which the Republic of Poland has concluded a double tax treaty laying down taxation rules applicable to revenues from dividends, interest and royalties

– unless, at the time of obtaining the revenue, the taxpayer is an affiliate, in the meaning of Article 23m clause 1 point 4 of the PIT Act or Article 11a clause 1 point 4 of the CIT Act, of the Issuer of such Notes and holds, directly or indirectly, together with other affiliates in the meaning of the said provisions, more than 10 per cent. of the nominal value of such Notes.

Hence, assuming that the above withholding tax exemption conditions are met, the interest and discount on the Notes obtained by a non-Polish tax resident will not be taxable in Poland.

However, if the above withholding tax exemption conditions are not met, withholding tax at 20 per cent. under Art. 21.1 of the CIT Act or at 19 per cent. under Art. 30a.1 of the PIT Act should in principle apply to interest and discount, subject to exemptions and reduced withholding tax rates under the relevant double tax treaties and in accordance with the withholding tax pay&refund mechanism applicable from 1 July 2019 (the "**Pay&Refund regime**"). For details of withholding tax settlements, please see "*Tax remitter's obligation*".

5. **Tax remitter's obligations**

Withholding tax exempt regime

Pursuant to Article 41 clause 24 point 2) of the PIT Act and Article 26 clause 1aa point 2) of the CIT Act, tax remitters are not obliged to withhold tax on interest or discount on the Notes:

- (a) having a tenor of no less than one year,
- (b) admitted to trading on the regulated market or introduced to trading in the alternative trading system, in the meaning of the Act on Trading in Financial Instruments, in the Republic of Poland or a state with which the Republic of Poland has concluded a double tax treaty laying down taxation rules applicable to revenues from dividends, interest and royalties.

Non-assessment of tax occurs subject to the Issuer's filing a statement with the tax authority that it exercised due diligence in informing its affiliates in the meaning of Article 23m clause 1 point 4 of the PIT Act or Article 11a clause 1 point 4 of the CIT Act of the conditions of the withholding tax exemption referred to in Article 21 clause 1 point 130c) of the PIT Act and Article 17 clause 1 point 50c) of the CIT Act with respect to such affiliates.

The statement must be filed once in relation to each relevant issue of the Notes, by no later than the date the interest or discount on the Notes is disbursed.

If the above-mentioned conditions of the withholding tax exempt regime are not met and the exemption referred to in Article 21 clause 1 point 130c) of the PIT Act and Article 17 clause 1 point 50c) of the CIT Act is not applicable, the tax remitter (i.e. the Issuer or an entity operating securities accounts or omnibus accounts) is obliged to withhold tax, in general at the 19 per cent. flat rate in the case of personal income taxpayers and the 20 per cent. flat rate in the case of corporate income taxpayers, subject to exemptions and reduced withholding tax rates under the relevant double tax treaties and the Pay&Refund regime (please see below).

Tax remitter's obligations under the PIT Act where the withholding tax exempt regime and the withholding tax exemption are not applicable

Under Article 41 clause 4 of the PIT Act, tax remitters are under an obligation to withhold 19 per cent. flat-rate income tax on the payments (benefits) made or the cash or monetary values placed at the taxpayer's disposal on the basis specified in Article 30a.1, including interest and discount on the Notes. Under Article 41 clause 4d of the PIT Act, tax on interest or discount on securities is withheld by entities keeping securities accounts for taxpayers, in their capacity as tax remitters, if the income (revenues) is (are) earned in Poland and is (are) associated with the securities registered in these accounts, and, further, if relevant payments are made to the taxpayers through those entities. However, a non-Polish entity operating a securities account will not withhold tax because under established practice foreign entities cannot act as Polish withholding tax remitters.

Under Article 41 clause 4aa of the PIT Act, when verifying the conditions for the application of a reduced withholding tax rate, exemption or the conditions for non-collection of tax resulting from special provisions or double tax treaties, the tax remitter must exercise due diligence. When assessing the exercise of due diligence, the nature and scale of activity conducted by the remitter must be taken into account.

Furthermore, under Article 41 clause 12 of the PIT Act, in the case of qualified payments (including interest and discount on the Notes) to a single taxpayer exceeding in total PLN 2 million in the relevant tax year, the Pay&Refund regime will apply from 1 July 2019 (please see below).

Tax remitter's obligations under the CIT Act where the withholding tax exempt regime and the withholding tax exemption are not applicable

Under Article 26 clause 1 of the CIT Act, among others, legal persons that disburse the amounts specified in Article 21 clause 1, including interest and discount on the Notes, up to an amount not exceeding, in the relevant tax year, PLN 2 million in total to a single taxpayer, are obliged, as tax remitters, to collect, subject to clause 2, 2b and 2d of Article 26 of the CIT Act, lump-sum income tax on the said disbursements on the day they are made. When verifying the conditions for the application of a withholding tax rate, exemption or the conditions for non-collection of tax resulting from special provisions or double tax treaties, the remitter must exercise due diligence. When assessing the exercise of due diligence, the nature and scale of activity conducted by the remitter must be taken into account.

Under Article 26c clause 2c of the CIT Act, in the case of payments of interest on securities recorded in securities accounts or omnibus accounts paid out to the non-Polish tax residents, the obligation to collect and pay withholding tax referred to in Art. 26 clause 1 of the CIT Act applies to entities operating securities accounts or omnibus accounts, if the payment takes place through the intermediary of these entities. This obligation also applies to entities that are not Polish tax residents to the extent they carry out economic activity through a foreign establishment situated in the Republic of Poland if the account in which the securities are recorded is related to the activity of the establishment. However, a non-Polish entity operating the securities account will not withhold the tax as under established practice foreign entities cannot act as Polish withholding tax remitters.

Under Art. 26 clause 2e of the CIT Act, in the case of qualified payments (including interest and discount on the Notes) to a single taxpayer exceeding in total PLN 2 million in the relevant tax year, the Pay&Refund regime will apply from 1 July 2019 (please see below).

Tax remitter obligations of entities operating omnibus accounts

There may be specific withholding tax consequences in respect of payments to omnibus accounts in the meaning of the provisions of the Act on Trading in Financial Instruments (hereinafter, the "**Omnibus Account**"). Pursuant to Article 30a clause 2a of the PIT Act and Article 26 clause 2a of the CIT Act, with respect to income (revenues) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been disclosed to the tax remitter in accordance with the Act on Trading in Financial Instruments, 19 per cent. flat tax rate tax in the case of individuals and 20 per cent. flat rate tax in the case of legal persons should be withheld by the tax remitter from the aggregate income (revenue) released to all such taxpayers through the Omnibus Account holder. Under Article 41 clause 10 of the PIT Act and Article 26 clause 2b of the CIT Act, the entities operating the Omnibus Accounts through which the amounts due are paid are the tax remitters for securities registered in Omnibus Accounts. The tax is collected on the day the amounts due are placed at the disposal of the Omnibus Account holder.

Withholding tax obligations do not apply to Omnibus Accounts that do not qualify as Omnibus Accounts in the meaning of the Polish Act on Trading in Financial Instruments. This means that an Omnibus Account kept outside Poland should not in principle qualify as an Omnibus Account under the Act on Trading in Financial Instruments. Furthermore, a non-Polish entity operating the Omnibus Account will not withhold the tax as under established practice foreign entities cannot act as Polish withholding tax remitters. Therefore, the non-Polish residents operating foreign Omnibus Accounts will not withhold tax from interest and discount paid on securities registered in such foreign Omnibus Accounts, except for non-Polish resident tax remitters that conduct economic activity in Poland through a foreign establishment located in Poland, if the Omnibus Account in which the securities are registered is connected with the activity of the establishment (Article 41 clause 10 *in fine* of the PIT Act and Article 26 clause 2c *in fine* of the CIT Act).

Under Article 45 clause 3c of the PIT Act, individuals are obliged to disclose the amount of interest (discount) on securities (including Notes) in their annual tax return if Notes were registered in an Omnibus Account and the taxpayer's identity was not disclosed to the tax remitter.

Gross-up obligation

If a withholding or deduction of tax is required by law, the Issuer must pay such additional amounts as are necessary so that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction is equal to the respective amounts of principal and interest that holder of the Notes or Coupons, as the case may be, would have received had no such withholding or deduction been required, in line with Condition 7 (*Taxation*).

Obligations of the Noteholders

Under Article 45 clause 3b of the PIT Act, the individual must disclose tax in his/her annual tax return if tax was not withheld by the tax remitter, which basically means that the individual must settle tax himself/herself in cases where the tax remitter was not obliged to do so (a *contrario* to Article 30 paragraph 4 of the Tax Ordinance Act of 29 August 1997, as amended (the "**Tax Ordinance**"). Under Article 45 clause 1 of the PIT Act, the annual tax return should be filed by 30 April of the following year. Although there is no equivalent provision in the CIT Act, corporate income taxpayers should also settle income tax on their own if the tax remitter was not obliged to withhold tax, i.e. pay advances towards income tax on a monthly basis and then settle tax in their annual tax return. Under Article 25 clause 1a of the CIT Act, monthly advances should be paid by the 20th day of the following month, while under Article 27 clause 1 of the CIT Act, the annual tax return should be filed by the end of third month of the following tax year.

The obligation to settle tax rests with the holder of the Notes *inter alia* if the tax was not withheld by the tax remitter due to application of the withholding tax exempt regime (Article 41 clause 24 point 2) of the PIT Act and Article 26 clause 1aa point 2) of the CIT Act), but the holder of the Notes, as an affiliate of the Issuer in the meaning of the PIT Act and the CIT Act, holds, directly or indirectly, separately or together with other affiliates, more than 10 per cent. of the nominal value of the Notes.

Pay&Refund regime

Under the Pay&Refund regime, which will apply from 1 July 2019, generally, if the total amount of payments to a single taxpayer in the relevant tax year (subject to any withholding tax provided for in Polish tax regulations) exceeds PLN 2 million, tax remitters will be obliged to collect withholding tax on the said disbursements on the day they are made, at the standard Polish rates (i.e. 19 per cent. in the case of individuals or 20 per cent. in the case of legal persons) applicable to interest on the surplus over PLN 2 million without the possibility of non-collection of the tax under the relevant double tax treaty, and without taking into account the exemptions or reduced rates as determined under special provisions or double tax treaties. In such a case, the taxpayer or the tax remitter (if it paid the withholding tax from its own funds and it bore the economic burden of withholding tax) may claim a withholding tax refund. Under special provisions, withholding tax may not be collected by the tax remitter if it specifically states that: (i) it holds all the documents necessary for the application of a withholding tax exemption (basically, a certificate of tax residence) and (ii) after verification it is not aware of any obstacles to the application of a withholding tax exemption (basically that the recipient passes the beneficial ownership test).

- Beneficial owner means an entity which:
 - receives an amount due for its own benefit, freely decides on the designation thereof and bears the economic risk associated with the loss of such amount due or part thereof;
 - is not an intermediary, representative, trustee or other entity legally or actually obliged to transfer the amount due, in whole or in part, to another entity;
 - conducts genuine economic activity in the country of its registered office.

- Genuine economic activity means that:
 - the economic activity carried out by the taxpayer is performed through an enterprise that actually performs activities constituting an economic activity, and in particular it possesses premises, qualified personnel and equipment used for performing economic activity;

- the taxpayer does not create artificial arrangement without a connection with to economic activity;
- the taxpayer's actual premises, its personnel or equipment correspond to the scale of its actual economic activity;
- the agreements concluded by the taxpayer are realistic in economic terms, they have economic justification and they are not noticeably contrary to the general economic interest of the taxpayer;
- the taxpayer carries out its economic functions independently, using its own resources, including managers who are present in the country of taxpayer's tax residency.

Tax remitter's liability

Under Article 30 paragraph 1 of the Tax Ordinance, a tax remitter that has not fulfilled its obligation to calculate and withhold tax from a taxpayer or transfer the appropriate amount of tax to the relevant tax office, is liable for tax not withheld or tax withheld but not transferred to the relevant tax office. The remitter is liable for those obligations with all of its assets. Under Article 30 paragraph 5, the provisions on the tax remitter's liability do not apply only if separate provisions provide otherwise or if the tax has not been withheld through the taxpayer's fault (save for particular cases foreseen in clause 5a of Article 30 of the Tax Ordinance).

6. **Civil Law Activities Tax**

Neither an issue of Notes nor redemption of Notes is subject to the civil law activities tax (the "CLAT").

Under Article 1 clause 1 point 1)a) of the Act on the Civil Law Activities Tax of 9 September 2000 (the "CLAT Act"), agreements for the sale or exchange of assets or proprietary rights are subject to civil law activities tax. The Notes should be considered as representing proprietary rights. Transactions are taxable if the following are the subject thereof:

- assets located in Poland or proprietary rights exercisable in Poland;
- assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was effected in Poland.

Although this is not clearly addressed in the law, in principle the Notes should be considered rights exercisable in Poland.

The CLAT on the sale of the Notes (which, as a rule, are considered rights) is 1 per cent. of their market value and is payable by the purchaser within 14 days after the sale agreement is entered into. If an exchange agreement is concluded, the CLAT is payable jointly and severally by both parties to the agreement. However, if such agreement is entered into in notarial form, the CLAT due should be withheld and paid by the notary public.

However, under Article 9 clause 9 of the CLAT Act, a CLAT exemption applies to the sale of proprietary rights that are financial instruments (including the Notes):

- (i) to investment firms or foreign investment firms,
- (ii) through the intermediary of investment firms or foreign investment firms,
- (iii) in organised trading, or
- (iv) outside organised trading by investment firms or foreign investment firms if the proprietary rights were acquired by those firms in organised trading,

within the meaning of the provisions of the Act on Trading in Financial Instruments.

7. **European Union Directives on Administrative Cooperation in the Field of Taxation and the Taxation of Savings Income**

The European Union adopted Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, on administrative cooperation in the field of taxation and repealing Council Directive 2003/48/EC, regarding the taxation of savings income. From 1 July 2005, Member States have been required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person to an individual resident in another Member State. A number of non-EU countries and territories (referred to in that Directive) adopted equivalent measures from the same date.

Notwithstanding the repeal of Council Directive 2003/48/EC (as amended by Directive 2014/107/EU), equivalent measures continue to apply in Poland pursuant to the Act on the Exchange of Tax Information with other countries of 9 March 2017.

Withholding Tax

(a) ***Non-resident holders of Notes***

Under Luxembourg general tax laws currently, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) ***Resident holders of Notes***

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

AUSTRIA

1. **General Information**

The following is a brief summary of certain Austrian tax aspects in connection with the Notes. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Notes. In some cases a different tax regime may apply. Further, this summary does not take into account the tax laws of any country other than Austria nor does it take into account the investors' individual circumstances or any special tax treatment applicable to the investor and it only addresses tax law aspects relevant for private investors, unless explicitly stated otherwise.

It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors are advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition or redemption of the Notes. Only personal advisers are in a position to adequately take into account special tax aspects of the particular Notes in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor.

This summary is based on Austrian law as in force when drawing up this Base Prospectus. The following summary describes the tax laws to be applied to the Notes acquired against consideration.

Prospective investors are explicitly advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition, exchange, exercise, settlement or redemption of the Notes.

In this analysis, Austrian legal concepts are expressed in English terms and not in the original German terms. The Austrian legal concepts concerned may not be identical to the concepts expressed in English terms. Therefore, this analysis may only be relied upon under the express condition that any issues of interpretation will be governed and construed solely in accordance with Austrian law as interpreted by the Austrian courts.

The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. It cannot be ruled out that Austrian tax authorities adopt a view different from that outlined below.

Tax considerations relevant to prospective holders of Notes which are subject to a special tax regime such as for example governmental authorities, charities, private foundations (*Privatstiftungen*) or investment or pension funds are not addressed herein.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into, shares or other securities or rights or which in any other way provide for physical settlement, of the exchange, exercise, physical settlement or redemption of such Notes and/or any tax consequences after the moment of exchange, exercise, physical settlement or redemption. For the purposes of the following it is assumed that the Notes are offered to the public (undefined circle of addressees) from a legal and factual perspective.

2. **Austrian resident taxpayers**

Income derived by individuals or corporations resident in Austria is taxable pursuant to the Austrian Income Tax Act (*Einkommensteuergesetz*) or the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*). Individuals having a domicile or their habitual abode in Austria or corporations having their corporate seat or their place of management in Austria are considered residents for Austrian income and corporate income tax law purposes, respectively.

3. **Individuals**

Not only interest amounts (*Zinserträge*) but also realised capital gain (*Einkünfte aus realisierten Wertsteigerungen*) will, irrespective of the period of time the Notes have been held for, qualify as investment income (*Einkünfte aus Kapitalvermögen*) and be subject to income tax at a special rate of 27.5 per cent. Realised capital gains are the difference between (a) the amount realised (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realisation) and (b) the acquisition costs, in each case (amount realised and acquisition costs) including accrued interest, if any. There will be no more withholding tax credits upon the purchase of Notes.

Expenses and costs (*Aufwendungen und Ausgaben*) which are directly connected with income subject to the special tax rate of 27.5 per cent. are not deductible. For Notes held as private assets, the acquisition costs shall not include ancillary acquisition costs (*Anschaffungsnebenkosten*). For the calculation of the acquisition costs of Notes held within the same Notes account and having the same Notes identification number but which are acquired at different points in time, the floating average price (*gleitender Durchschnittspreis*) shall apply.

If an Austrian custodian (*inländische depotführende Stelle*) or an Austrian paying agent (*inländische auszahlende Stelle*) is involved and settles the realisation of the realised capital gain, the income tax will be deducted by applying a 27.5 per cent. withholding tax. The same (withholding tax of 27.5 per cent.) applies to interests if an Austrian paying agent is involved. The 27.5 per cent. withholding tax deduction will result in a final income taxation (*Endbesteuerungswirkung*) for private investors (holding the Notes as private assets) **provided that** the investor has evidenced the factual acquisition costs of the Notes to the custodian. Certain exceptions may apply (in particular for investors whose regular personal income tax rate is lower than 27.5 per cent. - see details below). Regarding Notes held as a business asset, the withholding tax on capital gains is not a final taxation. The Austrian Income Tax Act foresees, however, a

statutory presumption: Capital instruments held by the investor shall be deemed as private assets by the Austrian custodian (*inländische depotführende Stelle*) or the Austrian paying agent (*inländische auszahlende Stelle*) involved, unless shown otherwise.

To the extent that no withholding tax deduction will be effected due to the lack of an Austrian paying agent and of an Austrian custodian, the investment income derived from the Notes will have to be included in an income tax return in line with the provisions of the Austrian Income Tax Act. Such investment income will be also subject to income tax at a special rate of 27.5 per cent. Expenses and costs (*Aufwendungen und Ausgaben*) which are directly connected with such investment income are also not deductible.

Withdrawals (*Entnahmen*) and other transfers of Notes from the securities account will be treated as disposals (sales) unless specific exemptions are fulfilled such as the transfer of the Notes to a securities account owned by the same taxpayer (i) with the same Austrian bank, (ii) with another Austrian bank if the account holder has instructed the transferring bank to disclose the acquisition costs to the receiving bank or (iii) with a non-Austrian bank, if the account holder has instructed the transferring bank to transmit the pertaining information to the competent tax office or has himself notified the competent Austrian tax office within a month; or like a transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer has been made without consideration has been evidenced to the securities account keeping agent or the agent has been instructed to inform the Austrian tax office thereof or if the taxpayer has himself notified the competent Austrian tax office within a month, unless a loss or restriction of the taxing right of the Republic of Austria for the Notes is given. Special rules apply if a taxpayer transfers his residence outside of Austria or the taxing right of the Republic of Austria for the Notes is otherwise restricted. Upon application of the taxpayer, the exit taxation of the Notes held as private assets can be deferred until the actual disposal of the Notes in case the investor transfers his or her tax residence outside of Austria to an EU Member State or certain Member States of the EEA or transfers the Notes for no consideration to another individual resident in an EU Member State or certain Member States of the EEA. The deferment applies only if the capital assets are not held as business assets. In all other cases of a deemed disposal the taxpayer may apply for a payment of the triggered income tax in instalments over a period of seven years.

Taxpayers, whose regular personal income tax is lower than 27.5 per cent. may opt for taxation of the income derived from the Notes at such regular personal income tax rate. Such application for opting into taxation at the regular personal income tax rate must, however, include all investment income subject to such special tax rate. The tax withheld will then be credited against the income tax. Expenses in connection with income subject to final taxation or to the special 25 and/or 27.5 per cent. income tax rate and incurred by the investor are also not deductible for persons having opted for taxation at the regular personal income tax rate.

Losses from Notes held as private assets may only be set-off against certain other investment income subject to such special tax rate (27.5 per cent.) (excluding, *inter alia*, interest income from bank deposits and other claims against banks) and must not be set off against any other income.

The loss off-setting is conducted on an ongoing basis by the custodian with respect to all income and losses that are realised in all custodian accounts managed by such custodian, with some exceptions, e.g. in case of business accounts.

For income derived from Notes which have not been offered to the public (undefined circle of addressees) from a legal and factual perspective or which were privately placed no final taxation applies, but the general progressive income tax rate, which amounts up to 50 per cent., and 55 per cent. for income exceeding EUR 1 million (instead of the special rate of 27.5 per cent.), will apply, levied in the individual investor's tax assessment. An Austrian withholding tax, if withheld, would be credited against the individual investor's income tax.

Generally, the same rules apply regarding Notes that are held as business assets by tax residents who are individuals. The most important differences are the following:

Income derived from the Notes which are held as business assets will also be subject to the special tax rate of 27.5 per cent. deducted by way of a withholding tax. However, for realised capital gains, contrary to interest income, no final taxation applies, i.e. they have to be included in the investor's

tax return, where they are taxed at the special tax rate of 27.5 per cent. The special rate of 27.5 per cent. for investment income does not apply if the main focus of the investor's business activity is the achieving of realised capital gains. The tax withheld will be credited against the income tax.

For Notes held as business assets, the acquisition costs shall also include ancillary acquisition costs (*Anschaffungsnebenkosten*).

Write-downs to the going-concern value and losses derived from the sale, redemption or other pay-off of Notes held as business assets must primarily be set off against positive income from realised capital gains and write-ups of financial instruments of the same business and only 55 per cent. of the remaining loss may be set off or carried forward against any other income.

Due to special loss-offsetting rules for Notes held as business assets, the loss-offsetting in relation to Notes held with the Austrian custodian on securities accounts qualified as business accounts can only be made in the investor's tax assessment.

4. **Corporations**

Corporate investors deriving business income from the Notes may avoid the application of Austrian withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian entity obliged to deduct the Austrian withholding tax to be forwarded to the tax office. Income including any capital gain derived from the Notes by corporate investors is subject to Austrian corporate income tax at the general rate of 25 per cent. If no declaration of exemption was filed, the withholding tax levied by an Austrian custodian or paying agent on the investment income can be credited to the corporate income tax in the corporate investor's tax assessment. Withholding tax amounts to 25 per cent., if the corporation proves its identity as a corporation to the paying agent.

There is, *inter alia*, a special tax regime for Private Foundations established under Austrian law (*Privatstiftungen*).

5. **Certain aspects of the tax treatment of certain Notes**

Any income and capital gain from the sale or redemption of Notes acquired against consideration will be subject to income tax of 27.5 per cent. and the tax will be deducted by way of a withholding tax if an Austrian paying agent or custodian is involved.

Zero Coupon Notes will, as other notes, fall within the taxation regime for investment income: the difference between the sales price or the redemption amount, as the case may be, and the acquisition costs, including accrued interest if any, will be subject to the 27.5 per cent., withholding tax if paid out by an Austrian custodian or paying agent.

If held as business assets, interest paid upon redemption of the Zero Coupon Notes is not subject to final taxation, but taxed like capital gains (for the taxation of capital gains of the Notes held as business assets see the description above) even if a withholding tax is deducted by an Austrian custodian or paying agent.

6. **Non-residents**

As long as the Issuer has neither its registered seat (*Sitz*) nor place of management (*Ort der Geschäftsleitung*) in Austria nor is otherwise deemed to be resident in Austria for Austrian tax law purposes nor has a branch office (*Zweigstelle*) in Austria, income, including any capital gains derived, from the Notes by individuals who do not have a domicile or their habitual abode in Austria (non-residents) is not taxable in Austria unless the income is attributable to a permanent establishment or other Austrian source income taxable in Austria.

Income, including any capital gain derived from the Notes by corporate investors who do not have their corporate seat or their place of management in Austria (non-residents), is not taxable in Austria **provided that** the income is not attributable to a permanent establishment or other Austrian source income taxable in Austria.

7. **Repeal of the EU Savings Tax Directive and automatic change of information**

The Austrian Common Reporting Standard Act (*Gemeinsamer Meldestandard Gesetz*) has implemented the automatic exchange of information (Common Reporting Standard – CRS), meeting the international obligations and obligations under EU law of Austria. The Austrian Common Reporting Standard Act regulates the exchange of tax-relevant account data, to which Austrian financial institutions are obliged versus the competent tax authorities of other CRS countries regarding individuals and entities domiciled in a CRS country. CRS countries are those participating in the automatic exchange of information (including EU member states, Switzerland, Liechtenstein and many more). The Austrian Common Reporting Standard Act applies to both individuals and entities. The notifications have to be made not later than by the end of June for the previous calendar year.

As a supplementary measure, Austria implemented a bank account register and instruments on reporting on capital outflows: The Austrian bank account register contains all information concerning accounts at banks operating in Austria (*Kontenregister- und Konteneinschaugesetz*). Investors can access such information via FinanzOnline.

8. **Other taxes**

No Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) is in effect. However, according to the Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*) gifts have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed an aggregate amount (of gifts between the same persons) of €50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount (of gifts between the same persons) of €15,000 within five years. Intentional violation of the notification obligation may trigger fines of up to 10 per cent. of the fair market value of the assets transferred.

The sale and purchase of bearer securities is in general not subject to Austrian stamp duty **provided that** no other transaction potentially taxable under the Austrian Stamp Duty Act (*Gebührengesetz*) such as an assignment of rights (*Zession*) is entered into for which a document (*Urkunde*) within the meaning of the Stamp Duty Act is executed.

GERMANY

1. **Income tax**

(a) ***Notes held by tax residents as private assets***

Taxation of interest

Payments of interest on the Notes to Noteholders who are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

On payments of interest on the Notes to individual tax residents of Germany income tax is generally levied as a flat income tax at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Note does not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Noteholder will have to include its income on the Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

Taxation of capital gains

From 1 January 2009, also capital gains realised by individual tax residents of Germany from the disposition or redemption of the Notes acquired after 31 December 2008 will be subject to the flat income tax on investment income at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax), irrespective of any holding period. This will also apply to Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Notes in its custodial account, withholding tax will be levied on 30 per cent. of the proceeds from the disposition or redemption of the Notes.

If no Disbursing Agent is involved in the payment process the Noteholder will have to include capital gains from the disposition or redemption of the Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

(b) *Notes held by tax residents as business assets*

Payments of interest on Notes and capital gains from the disposition or redemption of Notes held as business assets by German tax resident individuals or corporations (including via a tax transparent partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax if the Notes form part of the property of a German trade or business.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above) tax at a rate of 25 per cent. (plus a solidarity surcharge of 5.5 per cent. of such tax and, if applicable, church tax) will also be withheld from interest payments on Notes and (since 1 January 2009) generally also from capital gains from the disposition or redemption of Notes held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Noteholder, as in the case of the flat income tax, but will be credited as advance

payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Noteholder.

With regard to capital gains no withholding will generally be required in the case of Notes held by corporations resident in Germany, **provided that** in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Notes held by individuals or partnerships as business assets.

(c) **Notes held by non-residents**

Interest and capital gains are not subject to German taxation in the case of non-residents, i.e. persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Notes form part of the business property of a permanent establishment maintained in Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German situs property or income from certain capital investments directly or indirectly secured by German situs real estate.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Notes held by tax residents as business assets*" or at "*Notes held by tax residents as private assets*", respectively.

2. **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Note will generally arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

3. **Other Taxes**

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

THE NETHERLANDS

1. **General**

The following is a general summary of certain Dutch tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules.

In view of its general nature, it should be treated with corresponding caution. Noteholders or prospective holders of Notes should consult with their tax advisers with regard to the tax consequences of the acquisition, holding and disposal of the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Dutch national tax legislation, published regulations and published authoritative case law, whereby "Dutch" or the "Netherlands" refers only to the part of the Kingdom of the Netherlands located in Europe, all as in effect on the date hereof and without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

2. **Withholding tax**

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

3. **Taxes on income and capital gains**

- (a) Please note that the summary in this section does not describe the Dutch tax consequences for:
- (b) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Dutch Personal Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Dutch Personal Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (c) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*)) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (d) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holder (as defined in the Dutch Personal Income Tax Act 2001).

4. **Corporate Dutch resident taxpayers**

Generally speaking, if the holder of a Note is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes, or any gain or loss realized on the disposal or deemed disposal of the Notes, is subject to Dutch corporate income tax at a rate of 19 per cent. with respect to taxable profits up to €200,000 and 25 per cent. with respect to taxable profits in excess of that amount (rates and brackets for 2019).

5. **Individual Dutch resident taxpayers**

If a holder of a Note is an individual resident or deemed to be resident of the Netherlands for Dutch income tax purposes, any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is taxable at the progressive Dutch personal income tax rates (with a maximum of 51.75 per cent. in 2019), if:

- (i) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise, without being a shareholder (as defined in the Dutch Personal Income Tax Act 2001); or
- (ii) the holder of a Note is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives

benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed return (with a maximum of 5.60 per cent. in 2019) on his/her net investment assets (rendementsgrondslag) for the year, insofar his/her net investment assets for the year exceed a statutory threshold (heffingsvrij vermogen). The deemed return on his/her net investment assets for the year is taxed at an personal income tax rate of 30 per cent.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. For the net investment assets on 1 January 2019, the deemed return ranges from 1.94 per cent. up to 5.60 per cent. (depending on the aggregate amount of the net investment assets on 1 January 2019). The deemed return will be adjusted annually on the basis of historic market yields. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax.

UNITED KINGDOM

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

1. UK Withholding Tax on Interest Payments by the Issuer

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "Act")) or admitted to trading on a "multilateral trading facility" (within the meaning of section 987 of the Act).

The Luxembourg Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available.

2. Payments under Deed of Covenant

Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.

3. Other Rules Relating to United Kingdom Withholding Tax

Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated on or about 28 March 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors – Selling Restriction" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"); and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors – Selling Restriction" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded, by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding,

managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify either (i) which of the below two options apply, or (ii) whether the Italian selling restriction is deemed not applicable.

- (d) *No sales into Italy*

No Notes may be offered, sold or delivered, nor may copies of the Base Prospectus, the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) or of any other document relating to the Notes be distributed in the Republic of Italy.

- (e) *Sales into Italy subject to certain requirements*

Upon prior compliance of the relevant licensing the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20907 of 15 February 2018 (as amended from time to time), Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"), and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy issued on 25 August 2015, as amended on 10 August 2016, pursuant to which the Bank of Italy may request information on the securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer

appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and it will not offer or sell any Notes or cause any Notes to be made the subject of an invitation for subscription or purchase, and it has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities based derivative contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investment) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Each Dealer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Information for the Affiliated Entities (as defined below) of the Issuer

In order to comply with the obligation to act with due care, as referred to in Article 41 section 25 of the PIT Act and Article 26 section 1ab of the CIT Act, the Issuer informs the Noteholders being the Affiliated Entities (as defined below) that the exemption from income tax pursuant to Article 21 section 1 point 130c) of the PIT Act and Article 17 section 1 point 50c) of the CIT Act applies to income from interest, whereby the note generating the income:

- a) has a maturity of not less than one year;

b) has been admitted to trading on a regulated market or introduced to an alternative trading system, within the meaning of the Act on Trading in Financial Instruments, in the Republic of Poland or in a state that is a party to a double taxation treaty concluded with the Republic of Poland, the provisions of which set out the principles of taxing income from dividends, interest and royalties; and

c) in the event that the income is earned by a taxpayer referred to in Article 3 section 2a of the PIT Act, or Article 3 section 2 of the CIT Act, who, at the moment of generating income, is an affiliated entity within the meaning of Article 23m section 1 point 4 of the PIT Act, or within the meaning of Article 11a section 1 point 4 of the CIT Act (the "**Affiliated Entities**") with the issuer of the bonds, then that taxpayer may not hold, directly or indirectly, together with other affiliated entities within the meaning of these regulations, more than 10% of the nominal value of these bonds.

In view of point c) above, the Issuer informs the Noteholders being the Affiliated Entities that they must not acquire more than 10% of the nominal amount of the Notes (the "**Obligation**"). The Obligation applies to Notes issued under the Programme, starting from 1 January 2019, and any time thereafter, until further notice. The Obligation does not apply to Notes issued before this date. The Issuer informs the Noteholders being the Affiliated Entities that in the event the Affiliated Entity fails to comply with the Obligation, they may expect to lose the tax exemption referred to in Article 41 section 25 of the PIT Act and Article 26 section 1ab of the CIT Act.

GENERAL INFORMATION

Authorisation

The update of the Programme has been duly authorised by a resolution of the Management Board of the Issuer dated 19 March 2019.

Listing of Notes and Admission to Trading

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II. The listing of the Programme in respect of Notes is expected to be granted on 28 March 2019.

Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection (or from the date of subsequent publication (as the case may be)) from the specified office of the Paying Agent for the time being at 2, Boulevard Konrad Adenauer, 1115 Luxembourg, Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited consolidated financial statements of the Group in respect of the financial years ended 31 December 2017 and 31 December 2018 (with an English translation thereof). The Issuer currently prepares audited consolidated and standalone financial statements on an annual basis as well as unaudited condensed consolidated and condensed standalone financial statements on a semi-annual basis and unaudited condensed financial statements on a quarterly basis;
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited semi-annual financial statements (if any) of the Issuer (in each case, with an English translation thereof), together with any audit or review reports prepared in connection therewith;
- (d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus;
- (f) any future Base Prospectuses, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (g) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code, ISIN, FISN and CFI code for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear

through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer and the Group taken as a whole since 31 December 2018 and there has been no material adverse change in the prospects of the Issuer and the Group taken as a whole since 31 December 2018.

Litigation

Save as disclosed in the Base Prospectus at pages 185 to 188, neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or any member of the Group.

Auditors

On 12 April 2018, the Bank appointed Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. to act as the Issuer's external auditor for the years ended 31 December 2018 and 31 December 2019.

Ernst & Young Audyt Polska sp. z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw (00-124 Warszawa, Rondo ONZ 1) audited the consolidated financial statements of the Group for the year ended 31 December 2018 and issued unqualified auditor's opinions on the aforementioned financial statements. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. audited the standalone financial statements of the Bank for the year ended 31 December 2018 and issued unqualified opinions on the aforementioned financial statements. The standalone financial statements of the Bank audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. are not incorporated into this Base Prospectus by reference.

PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw (00-638 Warszawa, ul. Lecha Kaczynskiego 14), audited the consolidated financial statements of the Group for the years ended 31 December 2017 and 31 December 2016 and issued unqualified auditor's opinions on the aforementioned financial statements. PricewaterhouseCoopers Sp. z o.o. audited the standalone financial statements of the Bank for the years ended 31 December 2017 and 31 December 2016 and issued unqualified opinions on the aforementioned financial statements. The standalone financial statements of the Bank audited by PricewaterhouseCoopers Sp. z o.o. are not incorporated into this Base Prospectus by reference.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. is registered in the register of auditors held by the National Chamber of Statutory Auditors under No. 130. On behalf of Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k., the consolidated financial statements of the Group for the year ended 31 December 2018 was audited by Arkadiusz Krasowski (certified auditor, licence No. 10018).

PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw (00-638 Warszawa, ul. Lecha Kaczynskiego 14), audited the consolidated financial statements of the Group for the year ended 31 December 2017 and issued unqualified auditor's opinions on the aforementioned financial statements. PricewaterhouseCoopers Sp. z o.o. audited the standalone financial statements of the Bank for the year ended 31 December 2017 and, issued unqualified opinions on the aforementioned financial statements. The standalone financial statements of the Bank audited by PricewaterhouseCoopers Sp. z o.o. are not incorporated into this Base Prospectus by reference.

PricewaterhouseCoopers Sp. z o.o. is registered in the register of auditors held by the National Chamber of Statutory Auditors under No. 144. On behalf of PricewaterhouseCoopers Sp. z o.o., the consolidated financial statements of the Group for the years ended 31 December 2017 was audited by Agnieszka Accordi (certified auditor, licence No. 11665).

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer, and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

INDEX OF DEFINED TERMS

<p>£ vii</p> <p>€ vii</p> <p>2014 Consolidated Financial Statements..... 67</p> <p>2015 Consolidated Financial Statements..... 67</p> <p>2015 Tax Act..... 38</p> <p>2016 Consolidated Financial Statements..... 67</p> <p>2017 Consolidated Financial Statements..... 66</p> <p>2018 Consolidated Financial Statements..... 66</p> <p>Acceptance Statement 58</p> <p>Accrual Period..... 115</p> <p>Act on Bank Guarantee Fund 12, 112, 146</p> <p>Additional Tier 1 Note..... 112</p> <p>Adjustment Spread 127</p> <p>Affected Interest Period..... 122</p> <p>Affiliated Entities 250</p> <p>Agency Agreement..... 108</p> <p>Agent 108</p> <p>Agents..... 108</p> <p>ALCO 178, 191</p> <p>ALM 178</p> <p>Alternative Reference Rate..... 127</p> <p>Amortised Face Amount..... 135</p> <p>an offer of Notes to the public 247</p> <p>APMs..... 151</p> <p>Applicable Banking Regulations 132</p> <p>applicable Final Terms 108</p> <p>Applicable MREL Regulations 133</p> <p>applicable Pricing Supplement 108</p> <p>Auditors..... 139</p> <p>Austria ii</p> <p>Authorised Offeror 61</p> <p>Authorised Offeror Contract..... 61</p> <p>Authorised Offeror Terms 58</p> <p>Authorised Offerors..... 61</p> <p>AY 135</p> <p>Bail-in Tool 12, 146</p> <p>Bank i, 4</p> <p>Banking Law 34</p> <p>Base Prospectus i, 72, 86, 98</p> <p>Benchmark Event 127</p> <p>Benchmarks Regulation..... ii, 46</p> <p>BGF 35</p> <p>Brexit..... 32</p> <p>BRRD 12, 112, 146</p> <p>Business Day 116</p> <p>Calculation Agent..... 117</p> <p>Capital Disqualification Event 132</p> <p>CEE 195</p> <p>CHF vii</p> <p>CIT Act..... 229</p> <p>CLAT 234</p> <p>CLAT Act..... 234</p> <p>Clearstream, Luxembourg 110</p> <p>Code 128</p> <p>Commission's Proposal..... 244</p> <p>Common Depository..... 69</p>	<p>Common Safekeeper 69</p> <p>Compounded Daily SONIA 118</p> <p>Conditions 72, 86, 98, 108</p> <p>Consolidated Financial Statements 67</p> <p>Couponholders 109</p> <p>Coupons 108</p> <p>CRA Regulation..... iv, 80, 94</p> <p>CRD IV 35, 112</p> <p>CRD IV Directive 112</p> <p>CRD IV Implementing Measures..... 112</p> <p>CRM..... 162</p> <p>CRR Regulation 33</p> <p>CSSF i</p> <p>d 119</p> <p>D₁ 124, 125</p> <p>D₂ 124, 125</p> <p>Day Count Fraction 115, 123</p> <p>DCM 159</p> <p>Dealer..... i</p> <p>Dealers i</p> <p>Deed of Covenant..... 70, 109</p> <p>Deed Poll..... 144</p> <p>Designated Maturity..... 117, 125</p> <p>Determination Period 115</p> <p>Directive (EU) 2014/59/EU 112</p> <p>Disbursing Agent 239</p> <p>Dispute 61, 145</p> <p>distributor..... 71, 85, 97</p> <p>d_o 119</p> <p>Early Redemption Amount (Capital Disqualification Event) 132</p> <p>Early Redemption Amount (MREL Disqualification Event) 133</p> <p>Early Termination Amount 139</p> <p>EC Proposals 133</p> <p>ECB 22</p> <p>ECM..... 159</p> <p>EEA ii, 71, 85, 97</p> <p>EIB 172</p> <p>Elements..... 2</p> <p>Encumbrance..... 113</p> <p>ESMA 56, 151</p> <p>EUR vii</p> <p>euro vii, 109</p> <p>Euroclear 110</p> <p>Event of Default 138</p> <p>Exchange Date 69</p> <p>Exchange Event 69</p> <p>Exempt Note 108</p> <p>Exempt Notes..... ii</p> <p>Federal Reserve's Website 120</p> <p>Final Terms ii, 2, 58</p> <p>Financial Services Act 248</p> <p>Fitch 8, 183</p> <p>Fixed Interest Period 114</p> <p>Floating Rate 117</p>
---	--

Floating Rate Option	117	MREL-Eligible Notes	134
FSMA	63, 248	NBP	21
FTEs	151	New York City Banking Day	120
Fund	160	New York Federal Reserve's Website	120
GDPR	201	NGN	69
Germany	ii	n _i 119	
GHOS	37	NML	172
GIODO	200	Non-exempt Offer	247
Global Note	69, 108	Non-exempt Offer Jurisdiction	57
Group	i, 4, 112	Non-exempt Offer Jurisdictions	57
GUS	195	Non-exempt Offer of Notes	57
holder of Notes	110	Noteholder	110
holders	109	Noteholders	109
i 119		Notes	i, 2, 58, 108
IA Determination Cut-off Date	126	OBFR Index Cessation Date	120
IFRS	vii	OBFR Index Cessation Event	120
IFRS 16	41	Obligation	250
Independent Adviser	128	Observation Period	119
Insolvency Law	110	OCCP	41
Insurance Mediation Directive	iv, 85, 97, 246	offer	247
Interest Amount	123	Offer Period	3, 83
Interest Payment Date	116	Omnibus Account	232
Interest Period	116	Ordinary Senior Note	108
Investor	57	outsourcing	200
Investor Put	134	p 119	
Investor's Currency	55	Partial Fallback Period	122
ISDA Definitions	117	Partial SOFR Period	122
ISDA Rate	117	participating Member States	244
ISIN	9	Pay&Refund regime	231
Issuer	i, 2, 4, 58, 108	Paying Agents	108
Issuer Call	134	Payment Day	130
ITS Regulation	34	PBR	160
KDPW	203	Permanent Global Note	69
KNF	21	Permitted Disposal	140
KSF	21	PIT Act	228
KSH	44	PLN	vii
KUKE	25	Poland	ii
LBD	119	Polish banking tax	198
LGD	26	Polish Banking Tax	38
London Banking Day	119	Pricing Supplement	ii
London Business Day	125	PRIIPs Regulation	iv, 71, 85, 97
Long Maturity Note	129	Programme	i
LR	35	Programme Agreement	246
M&A	159	Prospectus	i
M ₁	124, 125	Prospectus Act 2005	i
M ₂	124, 125	Prospectus Directive	108, 247
Managers	2	Prospectus Regulation	i
Material Subsidiary	139	PSP	173
mBank CompanyNet	159	Put Notice	135
MbO	180	Put Period(s)	134
Member States	24	PZF	178
MiFID II	iv, 71, 85, 97	Qualifying Notes	141
MiFID Product Governance Rules	iv	Reference Banks	118
Minister of Finance	200	Regulated Entity	113
ML	172	Regulation No. 11971	248
Moody's	8, 183	Regulation S	70
MREL	133	Regulator	113
MREL Disqualification Event	133	Relevant Date	137
MREL Requirement Date	134	relevant Dealer	i
MREL Requirements	134	Relevant External Indebtedness	114

Relevant Implementation Date	247	Specified Currency.....	109
Relevant Indebtedness	114	Specified Denomination(s).....	109
Relevant Margin	118, 120	SRB	37
Relevant Member State	247	SRM Regulation.....	134
Relevant Nominating Body	128	Sterling.....	vii
Relevant Resolution Authority	12, 132, 146	Subsidiary	140
Relibi Law	235	Substitute.....	144
Reset Date	117	sub-unit	115
retail investor.....	246	Successor Rate	128
Risk Factors.....	i	Suspension Period.....	122
RP.....	135	Swiss Franc	vii
Rules.....	58	Talons.....	108
S&P	7, 182	Target 2 System	116
S&P Global Ratings	7, 182	TARGET 2 System	117
Securities Act	ii	Tax Jurisdiction.....	137
Sejm.....	21	Tax Ordinance.....	233
Senior Higher Priority Liabilities	113	TCR.....	34
Senior Non-Preferred Liabilities	113	Temporary Global Note	69
Senior Non-Preferred Note.....	108	Tier 2 Capital	133
Senior Notes	108	Tier 2 Note	113
Senior Subordinated Liabilities	113	Tier 2 Subordinated Note	108
Senior Subordinated Note.....	108	TLAC.....	36
Series	109	Tranche	109
SIFMA.....	121	U.S. dollars.....	vii
SME.....	169	U.S. Government Securities Business Day ...	122
SNB	21	U.S.\$	vii
SNB Announcement.....	21	United States	129
SOFR.....	121	USD	vii
SOFR Determination Date	121	Waived Set-Off Rights.....	141
SOFR Index Cessation Date.....	122	Warsaw Stock Exchange.....	159
SOFR Index Cessation Event	122	Weighted Average SOFR.....	122
SOFR Reset Date.....	122	Y 135	
SOKiK.....	188	Y ₁	124
SONIA.....	119	Y ₂	124
SONIA _i	119	zloty	vii
SONIA _{i-pLBD}	119	zlotys.....	vii

ISSUER

mBank S.A.
ul. Senatorska 18
00-950 Warsaw
Poland

ARRANGER AND DEALER
Commerzbank Aktiengesellschaft

Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2
DO2RF29
Ireland

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ
United Kingdom

**DZ BANK AG Deutsche Zentral-
Genossenschaftsbank, Frankfurt am Main**

Platz der Republik
60325 Frankfurt am Main
Germany

Erste Group Bank AG
Am Belvedere 1
1100 Vienna
Austria

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

UBS Europe SE
Bockenheimer Landstraße 2-4
60306 Frankfurt am Main
Germany

UniCredit Bank AG

Arabellastraße 12
81925 Munich
Germany

ISSUE AND PRINCIPAL PAYING AGENT

Deutsche Bank Aktiengesellschaft

Trust & Security Services
Taunusanlage 12
60325 Frankfurt am Main
Germany

LISTING AGENT

Deutsche Bank Luxembourg S.A.

2, Boulevard Konrad Adenauer
1115 Luxembourg
Luxembourg

AUDITORS

In relation to the 2018 Financial Statements

**Ernst & Young Audyt Polska spółka z
ograniczoną odpowiedzialnością spółka
komandytowa**
ul. Rondo ONZ 1
00-124 Warsaw
Poland

*In relation to the 2017 and 2016 Financial
Statements*

PricewaterhouseCoopers Sp. z o.o.
ul. Lecha Kaczyńskiego 14
00-638 Warsaw
Poland

LEGAL ADVISERS

To the Issuer as to English law

Gide Loyrette Nouel LLP
125 Old Broad Street
London EC4M 7WS
United Kingdom

To the Issuer as to Polish law

**Gide Tokarczuk Grześkowiak Spółka
Komandytowa**
Metropolitan Building Plac Pilsudskiego
00-078 Warsaw
Poland

To the Arranger and Dealers as to English law

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Arranger and Dealers as to Polish law

**Clifford Chance
Janicka, Krużewski, Namiotkiewicz i wspólnicy
Sp.k**
Norway House
ul. Lwowska 19
00-660 Warsaw
Poland