

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 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 under "*Subscription and Sale*" below), subject to any increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" below 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 for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

This document constitutes a base prospectus (the "**Base Prospectus**") for the purposes of Article 8(1) of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), in its capacity as competent authority under Article 6(1) of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities (the "**Luxembourg Prospectus Law**"), as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the Notes issued under the Programme during the period of 12 months after the date hereof. The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in line with the provisions of Article 6(4) of the Luxembourg Prospectus Law. Applications have been made for such Notes to be admitted during the period of 12 months after the date hereof to listing on the official list (the "**Official List**") and to trading on the regulated market (the "**Regulated Market**") of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**").

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.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for use for a period of up to 12 months after its approval and shall expire on 28 November 2023, at the latest. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation 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 1(4) and/or 3(2) of the Prospectus Regulation. References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Regulation.

The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes (including the Pricing Supplement (as defined therein)).

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 REGULATIONS 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; (b) MREL Senior Notes; or (c) Senior Non-Preferred Notes and, if Subordinated Notes, whether such Notes are: (a) Senior Subordinated Notes; or (b) Tier 2 Subordinated Notes.

Amounts payable under the Floating Rate Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute ("**EMMI**"), the Prague Interbank Offered Rate ("**PRIBOR**"), which is provided by Czech Financial Benchmark Facility s.r.o. ("**Czech Financial Benchmark**"), the Secured Overnight Financing Rate ("**SOFR**"), which is provided by the Federal Reserve Bank of New York, the Sterling Overnight Index Average ("**SONIA**"), which is provided by the Bank of England, or the Warsaw Interbank Offered Rate ("**WIBOR**"), which is provided by GPW Benchmark S.A. ("**GPW Benchmark**"). As at the date of this Base Prospectus, EMMI, Czech Financial Benchmark and GPW Benchmark are included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**EU Benchmarks Regulation**") but are not included in the register of administrators of the United Kingdom ("**UK**") Financial Conduct Authority under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Benchmarks Regulation**" and, together with the EU Benchmarks Regulations, the "**Benchmarks Regulations**"). As at the date of this Base Prospectus, the administrators of SONIA and SOFR are not included in such registers. As far as the Issuer is aware, under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, the administrator of SONIA, the Bank of England, and the administrator of SOFR, the Federal Reserve Bank of New York, are not required to obtain authorisation or registration as of the date of this Base Prospectus. The registration status of any administrator under the Benchmarks Regulations is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Base Prospectus or any Final Terms (or the Pricing Supplement, in the case of Exempt Notes) to reflect any change in the registration status of an administrator.

An investment in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. A revision, suspension, reduction, or withdrawal of a rating may adversely affect the market price of the Notes.

Arranger
Commerzbank

Dealers

**Barclays
Credit Suisse
HSBC
UBS Investment Bank**

**Commerzbank
Erste Group
J.P. Morgan
UniCredit**

The date of this Base Prospectus is 28 November 2022

CONTENTS

	Page
IMPORTANT NOTICES	5
GENERAL DESCRIPTION OF THE PROGRAMME	10
RISK FACTORS	15
FORWARD-LOOKING STATEMENTS	56
DOCUMENTS INCORPORATED BY REFERENCE	57
SUPPLEMENTS TO THIS BASE PROSPECTUS	60
FORM OF THE NOTES	61
FORM OF FINAL TERMS	63
PRO FORMA PRICING SUPPLEMENT	81
TERMS AND CONDITIONS OF THE NOTES	98
GREEN BOND FRAMEWORK	154
USE OF PROCEEDS	155
SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION	156
DESCRIPTION OF THE GROUP	170
RISK MANAGEMENT	208
MARKET AND LEGAL ENVIRONMENT	214
GENERAL INFORMATION ON THE BANK	225
MANAGEMENT AND SUPERVISORY CORPORATE AUTHORITIES	232
TAXATION	249
SUBSCRIPTION AND SALE	260
GENERAL INFORMATION	265

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of the Prospectus Regulation. When used in this Base Prospectus, "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

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 deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*" below). This Base Prospectus shall be read and construed on the basis that those documents are incorporated in 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 lifetime of the Programme or to advise any investor in the Notes issued under the Programme of any information coming to their attention.

None of the Dealers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds (as defined herein) and neither any Dealer nor the Issuer makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels. None of the Dealers is responsible for the use of proceeds for any Notes issued as Green Bonds, nor the impact or monitoring of such use of proceeds. In addition none of the Dealers have conducted any due diligence on the Issuer's Green Bond Framework (as defined herein). Sustainalytics B.V. has issued an independent opinion, dated 18 February 2022, on the Issuer's Green Bond Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by any Dealer as to

the suitability or reliability of the Second Party Opinion or any other opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds. As at the date of this Base Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by any Dealer or any other person to buy, sell or hold any such Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Issuer's Green Bond Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Issuer's Green Bond Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Base Prospectus. In the event any such Notes are, or are intended to be, listed, or admitted to trading, on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by any Dealer that such listing or admission will be obtained or maintained for the lifetime of the Notes.

As a result of the implementation of the BRRD (as defined herein) into Polish law or the law of any other relevant jurisdiction, Noteholders may be subject to write-down or conversion into instruments eligible for the Issuer's own funds on any application of the general bail-in tool and non-viability loss absorption, which may result in such Noteholders losing some or all of their investment.

Investors should consult the Issuer should they require a copy of the 2006 ISDA Definitions or the 2021 ISDA Definitions (each as defined herein).

STABILISATION

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 the applicable Pricing Supplement, in the case of Exempt Notes) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than the price that 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.

IMPORTANT- PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes include a legend entitled "*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 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 MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution 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 the Prospectus Regulation. 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.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS

If the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes include a legend entitled "*Prohibition of sales to UK 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 UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms (or the applicable Pricing Supplement in the case of Exempt Notes) in respect of any Notes may 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 MiFID 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.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes may include a legend entitled "*UK MiFIR 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 distributor subsequently offering, selling or recommending the Notes should take into consideration the target market assessment; however, a UK distributor subject to the UK Financial Conduct Authority (the "**FCA**") Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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 UK MiFIR 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 UK MiFIR Product Governance Rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any 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 2001 of Singapore, as modified or amended from time to time (the "**SFA**").

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded 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).

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 represents 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 assumes any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), no action has been taken by the Issuer or the Dealers that 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, the UK, France, Singapore and Switzerland (see "*Subscription and Sale*" below).

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 of any financial variable that which might have a negative impact on the return on the Notes; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) 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.

A potential investor may not rely on the Issuer, the Arranger or any of the Dealers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

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 (i) the audited consolidated financial statements of the Group for the financial years ended 2020 and 2021 and (ii) the condensed interim consolidated financial statements of the Group for the nine months ended 30 September 2022.

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 annual audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. The Group's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 '*Interim Financial Reporting*' as adopted by the European Union.

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:

- "**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 24 November 2022, the National Bank of Poland (the "**NBP**") exchange rate between the euro and zloty was EUR1 – PLN 4.6993, the exchange rate between U.S. dollars and zloty was USD1 – PLN 4.5101 and the exchange rate between the Swiss Franc and zloty was CHF1 – PLN 4.7808;
- "**Italy**" refer to the Republic of Italy;
- "**PLN**" and "**zloty**" refer to the lawful currency of the Republic of Poland;
- "**Poland**" refer to the Republic of Poland;
- "**Sterling**" and "**£**" refer to pounds sterling;
- "**Swiss Franc**" and "**CHF**" refer to the lawful currency of Switzerland;
- "**United States**" refer to the United States of America; and
- "**USD**" and "**U.S. dollars**" refer to United States dollars.

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.

GENERAL DESCRIPTION OF THE PROGRAMME

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980, and must be read as an introduction to this Base Prospectus. Any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any supplement hereto and the documents incorporated by reference herein. The following overview does not purport to be complete and is taken from, and is qualified 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 the applicable Pricing Supplement, in the case of Exempt Notes). Words and expressions defined in the terms and conditions of the Notes or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.

Issuer:	mBank S.A.
Description:	Euro Medium Term Note Programme
LEI:	259400DZXF7UJKK2AY35
Programme:	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency as may be agreed between the Issuer and the relevant Dealer. The aggregate nominal amount, any interest rate or interest calculation, the issue price and any other terms and conditions contained herein with respect to each Series of Notes will be determined at the time of issuance and set forth in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).
Arranger:	Commerzbank Aktiengesellschaft
Dealers:	Barclays Bank Ireland PLC Commerzbank Aktiengesellschaft Credit Suisse Bank (Europe), S.A. Erste Group Bank AG HSBC Continental Europe J.P. Morgan SE 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.
No Notes having a maturity of less than one year:	No Notes having a maturity of less than one year will be issued under this Base Prospectus.
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, MREL 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 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:	Floating Rate Notes will bear interest at a rate determined:

- (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 (as specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes))) or the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), each as published by ISDA (or any successor) on its websites (www.isda.org), on the date of issue of the first Tranche of Notes of such Series; or
- (b) on the basis of the reference rate such as EURIBOR, PRIBOR, WIBOR, SONIA, SONIA Compounded Index, SOFR or SOFR Compounded Index, in each case as set out in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

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.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

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.

Reset Notes:

Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms (or the applicable Pricing Supplement in the case of Exempt Notes). Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to the aggregate of a mid-market swap rate or government security for the relevant Specified Currency, and for a period equal to the reset period, and any applicable margin, in each case as may be specified in the applicable Final Terms (or the applicable Pricing Supplement in the case of Exempt Notes). Such interest will be payable in arrear on the Interest Payment Date(s) specified in the applicable Final Terms or determined pursuant to the Conditions of the Notes.

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 Regulation. 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.

Benchmark discontinuation:

On the occurrence of a Benchmark Event or Benchmark Transition Event the Issuer may (subject to certain conditions and following consultation with an Independent Adviser (as defined in the Conditions)) determine a Benchmark Replacement and an Adjustment Spread, if any, and any amendments in line with the Conditions.

Redemption:

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) will indicate either that: the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, in the case of Ordinary Senior Notes, or following an Event of Default or, in the case of MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, upon the occurrence of an 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 Noteholders.

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 the applicable Pricing Supplement, in the case of Exempt Notes).

Any early redemption of Subordinated Notes, Senior Non-Preferred Notes or MREL Senior Notes will be subject to the prior consent of the Competent Authority to the extent required, in accordance with Applicable Banking Regulations.

No Notes having a maturity of less than one year may be issued under this Base Prospectus.

Negative Pledge:

The terms of the Ordinary Senior Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).

Denomination of Notes:

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 and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Approval, Listing and Admission to Trading:

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 additional 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 the 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 EEA, the UK, France, Singapore and Switzerland 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 D/TEFRA C/TEFRA not applicable, as specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

Target Market:

Unless otherwise indicated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), Eligible Counterparties and Professional Clients only as defined in MiFID II and/or UK MiFIR; (all distribution channels).

Regulatory Matters:

Each issue of Notes 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 "*Subscription and Sale*".

Use of proceeds:

The net proceeds from each issue of Notes will be applied by the Issuer for: (i) its general corporate purposes, which include making a profit; or (ii) any other purpose stated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) such as, without limitation, the refinancing or financing, in whole or in part, of eligible projects (as defined in the Green Bond Framework). If, in respect of an issue, there is a particular identified use of proceeds, such will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

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 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 in this Base Prospectus a number of factors which could materially adversely affect its 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.

RISKS RELATED TO THE ISSUER AND ITS GROUP

1. Risks related to the business and industry of the Issuer and its Group

The Group is exposed to the legal risks related to loans denominated in or indexed to CHF.

The legal risk associated with the Bank's portfolio of foreign currency-denominated or foreign currency-indexed loans ("**FX loans**"), predominantly retail mortgage loans indexed to CHF ("**FX mortgage loans**") has increased over the past few years. In most proceedings, the mortgage servicing provisions were deemed to be "abusive" clauses and therefore such findings have resulted in these provisions not being binding on or enforceable against the borrowers. Since the judgment of the Court of Justice of the European Union (the "**CJEU**") on 3 October 2019 ("**CJEU October 2019 Judgment**") confirming that a court's declaration of the invalidity of a loan agreement following the exclusion of any "abusive" conversion provisions in such loan agreement would be binding on the parties thereto, the number of court actions brought by borrowers against Polish banks has increased significantly. Due to the lack of the decisive opinion of the full panel of the Civil Chamber of the Supreme Court on the fundamental issues concerning FX loans, the common courts issue judgments against the background of the jurisprudence contained in previous rulings of the CJEU and the Supreme Court.

In August 2021 a question was addressed to the CJEU, the subject of which was to determine whether in the event of cancellation of the loan agreement, the parties, in addition to the reimbursement of money paid in the performance of this agreement and statutory interest for delay from the moment of the call for payment, may also claim any other benefits, in particular remuneration, unjust enrichment, compensation, reimbursement or valorisation of the benefit. The hearing before the CJEU took place on 12 October 2022, and the verdict is expected in 2023. The ruling issued in this case will be of significant importance for the shaping of jurisprudence in matters of foreign currency indexed loans. The approach taken is also expected to be reflected in the parameters of the Bank's provisioning model, such as the distribution of expected court rulings or scenarios, determining the behaviour of borrowers towards accepting settlements or filing lawsuits.

The continuing uncertainty in relation to the outcomes of such court rulings may significantly affect the financial condition and prospects of the Issuer.

Amid such persisting uncertainty as to the trend of final court decisions in FX loan cases, in December 2020, the Chairman of the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) (the "**KNF**") called on banks to conclude settlements with borrowers aimed at eliminating the risk of an increasing number of legal disputes under loan agreements denominated in and indexed to the CHF. The proposal of the Chairman of the KNF assumes that under a settlement agreement a loan indexed to or denominated in CHF would be converted as if it was, from the beginning, a PLN loan with a floating interest rate based on three month WIBOR increased by a margin used historically for such loans. The proposal of the Chairman of the KNF also assumes that only the active portfolio will be converted. The Bank estimated that the potential impact of implementation of this proposed conversion plan on the Bank, calculated as of 30 September 2022, would amount to PLN 6.1 billion if the active portfolio only was converted (unaudited data).

In August 2011, the Bank discontinued offering mortgage loans in CHF. As of 30 September 2022, the carrying amount of mortgage and housing loans granted by the Issuer to individual customers in CHF

amounted to PLN 7.0 billion (i.e. CHF 1.4 billion) compared with PLN 9.1 billion (CHF 2.0 billion) as of 31 December 2021. Additionally, the volume of the portfolio of loans granted in CHF to individuals that were already fully repaid as of 30 September 2022, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 7.1 billion (31 December 2021: PLN 6.6 billion).

As of 30 September 2022, 17,103 individual lawsuits were initiated against the Bank by its customers in connection with CHF loan agreements (compared with 13,373 proceedings as of 31 December 2021), with the total value of claims amounting to PLN 5,256.1 million (compared with PLN 3,506.5 million as of 31 December 2021). Out of the individual lawsuits, 16,861 proceedings with the total value of claims amounting to PLN 5,250.9 million were related to indexation clauses in FX mortgage loans (as of 31 December 2021: 13,036 lawsuits with a total value of claims amounting to PLN 3,499.9 million).

As of 30 September 2022, the Bank received 1,338 final rulings in individual lawsuits (31 December 2021: 473 final rulings), out of which 95 rulings were favourable to the Bank and 1,243 rulings were unfavourable (31 December 2021: 82 rulings favourable and 391 rulings unfavourable).

The Bank has proposed out-of court settlements with CHF borrowers (see further "*Description of the Group - FX Mortgage Loans segment - non-core business*").

Between January and September 2022 total costs of legal risks related to foreign currency loans recognised by the Bank were PLN 2,682.2 million. The most significant contributing factor to these costs in the first three quarters of 2022 was the increase in the legal risk related to individual court cases primarily as a result of a change in the Bank's assessment of the expected judgments, an increase in the expected population of borrowers who may file a lawsuit against the Bank, and an increase in the expected cost of settlements with such borrowers as a result of the launch of the Bank's settlement programme.

The total cost of legal risk related to foreign currency loans recognised by the Issuer for 2021 amounted to PLN 2,758.1 million, whereas in 2020 such costs amounted to PLN 1,021.7 million.

As a result of the recognition of the costs of legal risk referred to above, as of 30 September 2022, the cumulative impact of legal risk of both individual lawsuits and class actions related to indexation clauses in FX mortgage loans and the settlement programme amounted to PLN 6,838.4 million (as of 31 December 2021: PLN 4,133.6 million).

As of 30 September 2022, the above mentioned cumulative impact of PLN 6,838.4 million was composed of:

- the legal risks concerning lawsuits related to active loans and the Bank's settlement programme being recognised as a reduction of gross carrying amount of loans: PLN 6,234.1 million, and
- the legal risks concerning individual lawsuits and the class actions related to repaid loans and low value active loans being recorded as provisions for legal proceedings: PLN 604.3 million.

The methodology for calculation of the provision for losses of individual lawsuits applied by the Bank depends on numerous assumptions that take into account historical data adjusted in accordance with the Bank's expectations of the future and as such involve a certain degree of judgment by the Bank. The most important assumptions include: the expected population of borrowers who may file a lawsuit against the Bank, the expected judgments in such lawsuits, the losses to be incurred by the Bank if the judgment is unfavourable to the Bank and the potential level of settlement acceptances. It is possible that the expected impact of such legal risk will have to be adjusted in the future, which may result in an increase in total costs of legal risk for the Bank.

The Group is exposed to the risk of depreciation of PLN against CHF in connection with the Group granting, financing and securing loans denominated in or indexed to CHF.

The Group has significant exposure to FX mortgage loans. The vast majority of retail customers who have FX mortgage loans 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 an FX loan is denominated or to which is indexed, which is not sufficiently compensated by a decrease in the relevant interest 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) 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 repaying their 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, all of which may adversely affect the business, financial condition and results of operations of the Group. If the increase in the probability of default or the loss given default, i.e. the percentage of exposure lost in case of default (the "**LGD**"), of the Group's loans and advances significantly exceeds the rate or 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 Bank's portfolio of FX loans is funded both through balance sheet financing and derivative transactions. The typical maturities of both the balance sheet instruments and derivative contracts are shorter than the maturities of the underlying FX loans. As a result, the Bank is required to renew such contracts when they mature. The Bank is therefore exposed to roll-over risk as well as price risk when the instruments mature. Further, since the derivatives instruments are subject to mark-to-market, the Bank is also exposed to the market price fluctuations. Consequently, significant volatility in the prices of such derivative contracts as well as in costs of balance sheet financing may 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 portfolio of the FX mortgage loans to fall below the outstanding value of such loans, which may in turn increase the LGD ratio applicable to the Bank's foreign currency portfolio. In addition, depreciation of the PLN against the CHF will cause an increase in the total risk exposure amount and, consequently, a decrease in the capital ratios of the Group.

The Group is exposed to the risk associated with the Swiss National Bank's policies in connection with the Group granting, financing and securing loans denominated in or indexed to CHF.

On 16 June 2022, the Swiss National Bank (the "**SNB**") raised interest rates for the first time in 15 years, joining other European central banks in tightening monetary policy in response to increasing inflation. The SNB's benchmark rate was increased to -0.25 per cent. from -0.75 per cent. On 22 September 2022, the SNB increased interest rates by 75 basis points to 0.5 per cent.

Such decisions of the SNB are important for CHF mortgages in Poland. Firstly, such decisions may lead to a depreciation of PLN against CHF, and this was seen following the SNB's decisions in 2022 referred to above, which may impact the nominal value of the portfolio of CHF mortgages. Secondly, after the repricing, the interest rates payable by borrowers on their CHF mortgages may increase. This directly affects the amount of the loan instalments payable by the borrowers. It cannot be ruled out that in the future the SNB may increase interest rates further to stabilise inflation which may in turn impact borrowers of CHF mortgages in Poland.

The Group is exposed to risks associated with CHF LIBOR reform in connection with the Group granting, financing and securing loans denominated in or indexed to CHF.

The Group is exposed to risks relating to the reform of interbank offered rates ("**IBORs**"). Due to the size of the Bank's CHF mortgage loan portfolio (as outlined above), the most prominent risk to the Bank in respect of IBOR reform is related to the cessation of the publication of CHF LIBOR. In accordance with the Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021 on the designation of a statutory replacement for certain settings of CHF LIBOR, published on 22 October 2021, CHF LIBOR was replaced by a compounded Swiss Average Rate Overnight ("**SARON**") rate on 1 January 2022. Although the replacement of CHF LIBOR with SARON is directly applicable in all EU member states, including Poland, there is a risk that the replacement of CHF LIBOR in financial contracts may lead to disputes between banks and borrowers. This in turn may lead to an increase in the costs and risks associated with the Bank's portfolio loans denominated in or indexed to CHF, which could adversely affect the business, financial condition and results of operations of the Group.

The COVID-19 pandemic has materially impacted the business of the Group. The continuance of the pandemic or any future outbreak of any other highly contagious diseases could materially and adversely impact the business, financial condition, liquidity and results of operations of the Group.

On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic negatively impacted, and could continue to negatively impact, the Group's counterparties and clients. Moreover, the macroeconomic business environment and societal norms have been, and may continue to be, impacted as a result of the pandemic. Unexpected developments and/or changes in the financial markets, the fiscal, tax and regulatory environments, and customer and corporate client behaviour may occur, which could have an adverse impact on the business of the Group.

The spread of the COVID-19 pandemic has led the Group to modify its operational practices, and it may take such further actions that may be required by authorities or that the Group determines to be in the best interests of its employees, customers and other stakeholders. For example, in 2020 the Group enabled most of its office staff to work remotely after the outbreak of the pandemic, employees at branches were equipped with protection equipment and a number of solutions to support remote use of services by clients were offered. Many of the remote access solutions in respect of the Bank's products have been retained on a permanent basis since. The pandemic and related counter-measures have affected some of the Group's customers adversely, which in some cases have been, and may continue to be, material and which could in turn have an adverse impact on the Group (e.g., through the deterioration of asset quality and higher impairments).

The Group offered its clients a number of assistance tools aimed at supporting them in difficult situations as a result of the pandemic. The purpose of these tools was to help maintain the financial liquidity of customers by reducing their financial burden in the short term. The supporting measures offered by the Group were in line with the Polish banks' position regarding the unification of the rules for offering supporting measures in the banking sector. Such measures included non-legislative moratoria within the meaning of the European Banking Authority (the "EBA") guidelines on legislative and non-legislative moratoria on loan repayments applied in light of the COVID-19 crisis and have been notified by the KNF to the EBA. The COVID-19 moratoria in Poland covered supporting instruments granted from 13 March 2020 to 30 September 2020. Afterwards – from 18 January 2021 to 31 March 2021 – these supporting instruments were dedicated to businesses in those sectors which had suffered the most as a result of the COVID-19 pandemic. Almost all support programmes expired in 2021.

As a result of these measures, in 2020, the Group incurred certain additional costs in relation to credit risk management as a result of the COVID-19 pandemic, including additional credit risk costs of PLN 330.3 million across the portfolio measured at amortised cost.

The COVID-19 pandemic is not over and there remains the risk that new variants of COVID-19 may emerge. New variants or an increase in the spread of COVID-19 in the future may result in further measures to contain the spread, such as social distancing and the closure of public spaces, which in turn could slow economic growth. The ongoing COVID-19 pandemic, or any other future pandemic, may adversely impact the Group and its customers. In particular, if the Group's customers face financial difficulties as the result of the ongoing COVID-19 pandemic, or any future pandemic, this may result in an increase in the cost of credit risk and deterioration of the quality of the Issuer's loan portfolio and may affect the sales dynamics of the Group's financial products. The persistence of the COVID-19 pandemic, or any other future pandemic, may negatively affect global financial markets, which in turn may limit funding opportunities. Difficulties in this respect could have a negative impact on the availability and cost of financing for the Issuer. In addition to this, the ongoing COVID-19 pandemic, or any other future pandemic, may result in new support solutions being imposed on the Issuer by its regulators which in turn may generate additional costs for the Issuer.

The impact of the COVID-19 pandemic, or any other future pandemic, on the Group's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Base Prospectus, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of pandemic, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimuli taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can resume.

Credit rating agencies may downgrade, suspend or withdraw a credit rating of the Bank and its subsidiaries and/or Commerzbank as parent company and/or the sovereign rating, and such action could negatively affect the refinancing conditions for the Bank, in particular its access to debt capital markets.

A credit rating agency may downgrade, suspend or withdraw a credit rating assigned to the Issuer. A credit rating may also be suspended or withdrawn if the Issuer were to terminate the agreement with the relevant credit rating agency or to determine that it would not be in its interest to continue to provide financial data to the credit rating agency.

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A downgrading of the Group companies' credit ratings may lead to a restriction of access to funds and consequently to 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. In addition, under the terms of certain derivative contracts and financing instruments, a reduction in the credit rating of the Bank may lead to the need for the posting of additional collateral, termination of contracts, and/or the repayment of financing.

Pressure on the Bank's credit ratings may arise; for example, in the event of significantly weaker capital generation driven by poorer financial performance or negative valuation of treasury securities measured at fair value through other comprehensive income, a material deterioration of asset quality in a less favourable business environment, substantial provisions being required for legal risks relating to CHF mortgage loans, deterioration in the operating environment of banks in Poland, or a downgrade of the rating applicable to Poland.

A downgrade in the rating of the Bank or/and its subsidiaries could increase the cost of funding of the Group and adversely affect interest margins, which could have a material adverse effect on the Group's results. Additionally, it may have a negative impact on the Bank's ability to issue eligible instruments in order to meet the Minimum Requirement for Eligible Liabilities and Own Funds (the "MREL") requirement set by the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*, the "BGF").

Similarly, a credit rating agency may downgrade a sovereign rating of Poland and/or may downgrade, suspend or withdrawn a credit rating of the parent company, Commerzbank, which could result in increased costs associated with the Bank's capital markets transactions and could adversely affect the Bank's liquidity and competitive position.

The Group faces liquidity risk.

Liquidity risk is the risk that the Group 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, the Bank might not be able to meet its obligations as they become 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.

One of the Bank's sources of risk for off-balance sheet liabilities is clients' behaviour and unexpected drawdowns of granted lines and utilisation of intraday and overdraft lines by custody and corporate clients. This risk may be material to the Bank's business, financial condition and results of operations where such clients have a high concentration of commitments. In respect of derivative transactions concluded under framework agreements or settled through a central clearing counterparty, liquidity risk can materialise as a result of adverse or severe changes in global market conditions resulting in a sudden decrease in the valuation of derivative instruments and requirements to provide additional collateral.

In compliance with Regulation (EU) No 575/2013 of the European Parliament and of the Council (the "CRR"), the Bank calculates the short-term liquidity measures (liquidity coverage ratio, "LCR") and long-term liquidity measures (net stable funding ratio, "NSFR").

The Bank's ongoing analysis covers liquidity under normal and stressed conditions which may result in potential liquidity loss. In order to determine the Bank's resistance to major unfavourable events, the Bank conducts scenario analyses based on extreme assumptions on the operation of financial markets and/or behavioural events relative to the Bank's clients. In order to support the process of liquidity risk management, a system of early warnings indicators and recovery indicators was developed in the Bank.

Despite the above-mentioned procedures, there remains a risk that events may occur which lead to a decrease in liquid assets which in turn could result in the Issuer being unable to meet its commitments when they become due. Such events may be sudden, unpredictable and, at the same time, affect the entire banking sector in Poland, Europe or worldwide.

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

Risks related to reimbursements of commissions in relation to early repayments of retail loans

Pursuant to the provisions of the Act dated 12 May 2011 on Consumer Credit and the judgment the CJEU provided in case C-383/18 issued on 11 September 2019, the Bank is required to reimburse its borrowers certain costs in the case of early repayment of credit, including a commission charged by the Bank with respect to loans, where they are consumer loans granted on or after 18 December 2011, in the amount not exceeding PLN 255,550 or its equivalent in other currencies or mortgage loans granted on or after 22 July 2017, with no limit of the loan amount, which have been fully or partially repaid.

As of 31 December 2021, the provision recorded within other provisions related to potential reimbursements of commissions in relation to early repayments of loans before the date of the CJEU verdict amounted to PLN 4.8 million (PLN 13.8 million as of 31 December 2020). The total negative impact of early repayments of retail loans on the Group's gross profit in 2021 amounted to PLN 91.8 million (in 2020: PLN 56.5 million).

The above estimates are burdened with significant uncertainty regarding the number of customers who will request the Bank to refund commissions regarding earlier repayments as a result of the CJEU's verdict, as well as the expected rate of loan prepayments in the future.

In the third quarter of 2022, the Bank created additional provisions related to the CJEU's verdict on consumer loans amounting to PLN 10.0 million.

If the Bank recorded an increase of provisions related to potential reimbursements of commissions in relation to early repayments of loans granted before the date of the CJEU's verdict, it would adversely affect the 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 in the changing operating environment) and factors beyond the Group's control (such as any negative developments in Poland's, European and global 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 portfolio 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 and the implied volatility of foreign exchange options), operational failures and increased economic and political uncertainty. If the level of 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*" below.

There is a risk that the quality of the Group's loan portfolio may deteriorate as a result of the impact of the Russia-Ukraine war on some of the Group's customers, disruptions in supply chains, sudden increases in the prices of gas, coal and other raw materials, economic slowdown and excessive instalment burdens due to increased market interest rates.

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*" below.

The quality of the Group's debt securities portfolio is substantially dependent upon the ability of the issuers of the securities 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 potential global financial crisis, liquidity concerns, increased credit risk and other macroeconomic factors.

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 Bank's determination of an appropriate amount of impairment allowances for expected credit losses is subject to the evaluation of credit risk and may be affected by numerous factors, including depreciation of the PLN against the CHF and uncertainties relating to the current macroeconomic environment, in particular the impact of the COVID-19 pandemic and the Russia-Ukraine war.

The COVID-19 pandemic had a significant impact on the increase in provisions for expected credit losses within the Group. For the Group, which applies the International Financial Reporting Standards, it was mainly a consequence of the deterioration in the predicted macroeconomic scenarios in connection with the COVID-19 pandemic, resulting in an increase in the probability of default and loss given default parameters in the credit risk models used for estimating credit losses. The value of Stage 2 loans has also increased, especially for loans to industries heavily affected by the pandemic. This has resulted in an increase in credit losses, since the transition of loans from Stage 1 (being exposures for which expected credit losses are calculated on a 12-month basis) to Stage 2 (being exposures for which, as at the reporting date, a significant

increase in credit risk was identified compared to the date of their initial recognition with such expected credit losses calculated over the lifetime of a loan) involves a significant increase in provisions.

In addition, the Group's credit risk management aimed at limiting losses on its loan portfolio and minimising the risk of impaired exposures while maintaining the expected profitability level may prove ineffective. Taking into account the variety of lending activities the Group is involved in, the Group's policies, procedures and methods relating to credit risk assessment, the creation of impairment losses on loans and advances, risk control and monitoring of the credit process and debt collection processes in a market characterised by increased volatility may not achieve the intended goals. In such cases, it would have an adverse impact on the financial results of the Group.

The Group could also be required to increase its expected credit losses on loans and advances in the future as a result of increases in non-performing assets or for other reasons.

Any material increases in the Group's expected credit losses on loans and advances, any loan losses in excess of the previously determined expected credit losses on loans and advances with respect thereto or changes in the estimate of the provision for expected losses on loans and advances of the Group 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.

During the period of severity of the COVID-19 pandemic in 2020 and 2021, the exposure of the Group (as well as the exposure of the entire banking sector) to treasury bonds and bonds guaranteed by the State Treasury increased significantly. The main reason behind such increase was significant inflows of customer deposits, which were partly invested in treasury bonds. 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 in order to finance budget deficits, (ii) sales of such securities by investors in the secondary market, (iii) increases in domestic interest rates, (iv) a decrease in the credit ratings for Poland's sovereign debt, or (v) 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.

A significant part of the Group's debt securities is measured at fair value through other comprehensive income (i.e. equity). A series of interest rate increases initiated by the Monetary Policy Council in October 2021 resulted in a decline in the valuation of fixed-rate debt securities held by the Group.

Pursuant to Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020, banks have the option to temporarily treat unrealised gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic. In 2021 and 2022 the Issuer applied this solution, which allowed it to limit to some extent the impact of the negative valuation of treasury bonds it held on own funds, and thus on its capital ratios. However, this solution is only available until 31 December 2022 and it is unknown if it will be extended.

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 trading is carried out within set market risk limits. In addition, market movements may also adversely affect realised results of the trading book.

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. Credit exposures arising from concluded derivative transactions are managed by the Group as a part of clients' general credit limits, taking into account the potential impact of changes in market parameters on the value of such exposures. Existing agreements with counterparties obligate the Bank to monitor the value of its exposure to such client on a daily basis and provide for additional collateral against the exposure to be contributed by either the client or the Bank. At the same time, the agreements also contemplate early settlement of the derivative transaction with the client in the event the client cannot fulfil certain obligations, including the delivery of collateral, under the agreement.

In the event of significant changes in the PLN exchange rate against certain foreign currencies, some clients who purchased foreign exchange derivatives may not be able to provide the required collateral. As a result, the Bank faces counterparty credit risk in situations when sufficient collateral isn't provided. This risk would increase in magnitude in the case of depreciation of the PLN against the foreign currencies. A permanent or ongoing failure to deliver the required collateral under the agreement could result in the early termination of the transaction which could in turn result in a loss for the Bank depending on market conditions at the time the early termination takes place.

Although the Group actively manages its liquidity requirements and foreign exchange position and hedges its exposure to foreign exchange and interest rate risks, 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 Group may not be able to improve or sustain its interest rate margins or commissions on loans.

Net interest income is a key source of the Group's income. Net interest income is highly sensitive to changes in macroeconomic and market conditions.

The net interest income generated 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 on interbank markets.

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 or charging fees on deposits;
- if interest rates payable on deposits increase resulting from additional competition among banks or other factors beyond the Group's control and the Group is not able to offset such effect by an increase in lending margins; or
- if increased competition on the market and economic recovery push credit spreads down.

As market interest rates are linked to reference rates, any changes in reference rates could impact the Group's net interest income and interest margins.

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 improve or sustain interest rate margins and commissions on granted 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 results of 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. Housing and mortgage loans to individual customers (retail mortgage loans) constitute the biggest part of the Group's total gross loans and advances to individual customers at amortised cost. 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 in the market.

This limited ability of the Group to reprice its loan portfolio may adversely affect the net interest margin and have an impact on products offered to customers.

Moreover, 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 collateral might be adversely affected and, in cases of foreclosure, the Group may not be able to recover the entire amount of such loans 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 a period of economic downturn. In the event of a significant collapse or crisis on the real estate market in Poland, the effectiveness and efficiency of enforcement proceedings may decrease significantly.

The Group is exposed to operational and reputational risk related to the outsourcing of certain services.

The Group outsources the performance of specific activities on its behalf, including IT services, correspondence service, cash support services, cash processing and debt collection, cloud computing, personalisation of payment cards, archiving and handling of documentation as well as payment services 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 perform in accordance with the terms of its agreement 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 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 Bank's Management Board. In addition, the Group uses distribution channels based on an IT platform comprising online banking, mobile banking and call centres.

The Group is exposed to third-party attacks on its IT systems 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'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 works with its clients, vendors, service providers, counterparties and other third parties to develop secure data and information processing, storage and transmission capabilities to prevent information security risk. Nevertheless, there is a risk that such measures will not be effective against all cyber-attack threats given their changing nature and sophistication. A successful cyber-attack may lead to significant loss of customer information, damage to computer systems, loss of the Group's reputation, as well as the imposition of regulatory penalties and/or financial losses to the Issuer.

The Group routinely manages personal, confidential and proprietary information by electronic means, and it may be the target of attempted cyber-attacks or subject to other information security incidents or breaches. This risk has increased due to the hybrid working mode within the Group, as when working from home the Group's employees have access to the Group's networks through their home networks.

If the Group cannot maintain effective and secure electronic data and information, management and processing systems or if it fails to maintain complete physical and electronic records, this could result in disruptions to its operations, claims from customers, regulators, employees and other parties, violations of applicable privacy and other laws, regulatory sanctions and serious reputational and financial harm to the Group.

The Group may be exposed to compliance risks related to anti-money laundering, counter-terrorism financing, and other financial crime activities.

The Group maintains updated policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and other financial crime related activities. Financial crime is continually evolving and is subject to increasingly stringent regulatory oversight and focus. This requires proactive and adaptable responses from the Group. The Group relies on its employees to assist the Group by spotting such activities and reporting them, and its employees have varying degrees of experience in recognizing criminal tactics and understanding the level of sophistication of criminal organizations. If the Group is unable to fully comply with applicable laws, regulations and expectations, regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on the Group.

The Group stores and processes significant amounts of personal data; therefore, it is exposed to potential breach of personal data protection regulations.

As part of its day-to-day operations, the Group stores and processes personal data of its customers on a large scale. The storage and processing of personal data by the Group must comply with the laws governing personal data protection. From May 2018, following the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "GDPR"), the obligations related to storage and processing of personal data have been substantially expanded. The GDPR imposes obligations and guidelines on companies in the management and processing of personal data.

Depending on the type of breach, the President of the Personal Data Protection Office may impose two types of administrative fines for violating the GDPR:

- up to EUR 10 million, or up to 2 per cent. of its total annual turnover from the previous financial year, whichever is higher; or

- up to EUR 20 million or up to 4 per cent. of its total annual turnover from the previous financial year, whichever is higher.

The GDPR also lists violations that may result in the imposition of each of the penalties mentioned above.

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 its 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. Furthermore, any breaches of personal data protection laws may have an adverse effect on the reputation 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 Group generates fee and commission income primarily from the placement of new loans, payment cards, foreign currency transactions, bank account products, money transfers, offering insurance products of third parties, cash services, agency service regarding sale of other products of external financial entities, portfolio management, leasing services, business accounts, cash management, financial markets instruments, custodian services, brokerage services and debt origination, guarantees and trade finance products with corporate banking customers. The Group's fee and commission income has grown significantly over the last years as a result of its business activities.

However, a slowdown in business activity in the markets in which the Group is present as a result of the current or future economic or regulatory environment could reduce the demand for these products, which could have a material adverse effect on the Group's fee and commission income and consequently on the Group's business and financial results.

The Group may fail in implementing its strategy.

In October 2021, the Group introduced a new strategy for 2021-2025 entitled 'From an icon of mobility to an icon of possibility' (the "**New Strategy**"). The New Strategy is designed to leverage the Group's competitive strengths, adapt to the new market environment, address weaknesses and as a result enable the Bank to retain its competitive position in Poland whilst achieving better valuation.

The Group may fail to implement the New Strategy in the coming years, in particular, due to difficult economic or market conditions stemming from the COVID-19 pandemic, legal and regulatory impediments, the impact of the Russia-Ukraine war on the economy and financial standing of the Group's clients, new burdens and obligations imposed on the banking sector in Poland, an increase in competition from other universal banks and non-banking financial companies, 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 (as determined based on data published by the KNF and the NBP) and the leading institution in terms of internet and mobile banking channels (as ranked by prnews.pl) and in consequence it may have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group faces fierce competition in Poland's banking industry.

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 addition, 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 "*Market and Legal Environment – Development of the Polish Banking Sector*".

The competitive position of the Bank 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 the Bank. Moreover, new entrants, such as FinTech companies, providing online financial services, are also increasingly competing for customers and market share. These entities are characterised by light structures, innovation and the use of new technologies. At the same time, they are subject to a lighter regulatory regime, which makes it easier for them to compete with traditional banks in terms of selected products and services. Large tech companies are becoming lending platforms without having to comply with most banking regulations. Their role, although still relatively small overall, is growing.

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 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 IT, 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.

2. Risks relating to macroeconomic and regulatory conditions

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

In recent years, capital adequacy requirements have become more stringent, which impact the Group's profitability, profit distribution and operational flexibility.

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:

- 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 (as amended, the "**Capital Requirements Directive**") and 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 (as amended, the "**CRR Regulation**" or the CRR and, together with the Capital Requirements Directive, the "**CRD**");
- 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**");

- Regulation (EU) No. 2019/876 ("**CRR II**"), Directive (EU) No. 2019/878 ("**CRD V**"), Directive (EU) No. 2019/879 ("**BRRD II**"), which came into force on 27 June 2019 (the "**EU Banking Reform Legislation**"), with certain provisions applying from 27 June 2019 and other provisions gradually being phased in and/or being subject to national implementation;
- the Banking Act of 29 August 1997 (as further amended) (the "**Banking Law**");
- the Act on Macro-prudential 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 the application of higher risk weights to credit exposures secured by mortgages on real estate property.

The EU Banking Reform Legislation has covered multiple areas, including the capital ratio framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macro-prudential tools, the MREL framework and the integration of the minimum total loss-absorbing capacity into the EU legislation. The adopted solutions have a significant impact on the banks' capital requirements, risk models, financial structure and reporting systems.

The minimum levels of mandatory capital adequacy ratios for banks in Poland in 2021 specified by the KNF in line with the CRD regime are:

- the capital requirements arising from the 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 (a 3 per cent. buffer was introduced from 1 January 2018, but due to the exceptional socio-economic situation after the outbreak of the COVID-19 pandemic, this requirement was abolished by the Regulation of the Minister of Finance as of 19 March 2020); and
- an additional capital charge in Pillar II to address the risk of foreign currency linked mortgage portfolios.

Taking into account the capital buffers and capital add-on, as of 31 December 2021, the required minimum capital ratios for the Bank at the individual level were 13.50 per cent. for TCR and 10.88 per cent. for Tier 1 capital ratio. At the consolidated level, the required minimum capital ratios stood at 13.17 per cent. for TCR and 10.64 per cent. for Tier 1 capital ratio.

As of 31 December 2021, the Group reported TCR and Tier 1 capital ratio at 16.58 per cent. and 14.16 per cent., respectively, while stand-alone TCR and Tier 1 capital ratio for the Bank stood at 19.01 per cent. and 16.23 per cent., respectively.

As of 30 September 2022, the required minimum capital ratios for the Bank at the individual level were 13.54 per cent. for TCR and 10.92 per cent. for Tier 1 capital ratio. At the consolidated level, the required minimum capital ratios stood at 13.19 per cent. for TCR and 10.66 per cent. for Tier 1 capital ratio.

As of 30 September 2022, the Group reported TCR and Tier 1 capital ratio at 14.7 per cent. and 12.1 per cent., respectively, while stand-alone TCR and Tier 1 capital ratio for the Bank stood at 17.4 per cent. and 14.5 per cent., respectively.

In 2021 and 2022 the Group applied transitional provisions regarding the temporary treatment of unrealised gains and losses on financial instruments measured at fair value through other comprehensive income in connection with the COVID-19 pandemic, pursuant to the regulation of the European Parliament and of the Council (EU) 2020/873 of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic in the calculation of own funds, capital ratios and the leverage ratio.

The application of the transitional provisions was intended to mitigate the negative impact of unrealised losses on government and local government debt instruments during the COVID-19 pandemic and the decision to apply them allowed the Group to limit the impact of a significant part of the volatility of the market valuation of the government bonds portfolio. However, it is not known whether these transitional provisions will be extended into 2023.

At the date of this Base Prospectus, the capital adequacy ratios reported by the Bank were above the minimum levels required by the KNF on both the individual and consolidated basis.

However, certain developments could affect the Group's ability to continue to satisfy the minimum capital adequacy requirements, including:

- reduction in own funds due to losses resulting from high costs of legal risk related to foreign currency loans, deterioration in the quality of the Group's assets, lower income levels, increase in costs (including additional burdens imposed on banks by regulators) or a combination of all these options;
- reduction of Tier 2 capital as a result of amortisation and subsequent repayment of subordinated liabilities;
- deterioration of asset quality leading to a higher level of loan loss provisions, which could cause an increased amount of capital deductions;
- an increase in the Group's total risk exposure amount as a result of the expansion of its business or depreciation of the PLN against the foreign currencies in which a part of the Group's assets is denominated as well as due to regulatory factors, such as the implementation of the EBA guidelines to probability of default and loss given default models and changes caused by applying the new default definition;
- the Bank's ability to raise capital;
- a decline in the values of the Group's securities portfolio measured at fair value through other comprehensive income;
- 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.

Moreover, capital requirements were reduced in light of the COVID-19 pandemic (e.g., systemic risk buffer was reduced by 300 basis points) and might be increased in the future.

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.

In addition to the above, the CRR Regulation also includes a requirement for the Bank to calculate a leverage ratio (the "LR"), the liquidity coverage ratio (the "LCR") and the net stable funding ratio requirements (the "NSFR") introduced under the CRR II. As of 31 December 2021 and 30 September 2022,

the LR, LCR and the NSFR with respect to the Bank are maintained at a safe level above the minimum requirements.

A breach of existing laws relating to minimum capital adequacy ratios and other 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.

The implementation of the BRRD and BRRD II into Polish law may adversely affect the Group's business, financial condition, and results of operations or prospects.

The Bank and its Group is subject to Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) no 1093/2010 and (EU) no 648/2012 of the European Parliament and of the Council (the "**BRRD**") (implemented into Polish law by the Act dated 10 June 2016 on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Resolution (the "**BGF Act**")) amended by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

Pursuant to the BRRD, the so-called "resolution authorities" are vested with the necessary powers to apply resolution tools to the Bank and its subsidiaries 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 the Bank (or certain entities from its Group) and to convert debt claims to equity without the consent of such creditors. With respect to the Bank and/or certain entities from the Group, 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". In addition, resolution authorities are given broad powers to vary the terms of any "finance document" to which the Bank or the certain entities from its Group are parties, to the extent necessary to give effect to any bail-in tool, including a power to amend or alter the maturity of debt instruments qualified as eligible liabilities. The BRRD also provides the possibility for a resolution authority to suspend the Bank's (and/or certain entities from its Group) payment obligations resulting from the eligible liabilities when it is necessary to assess whether resolution action is in the public interest or when choosing the appropriate resolution actions.

Pursuant to the BRRD, the Bank ought to contribute annually in relation to its share of specific liabilities in the total size of the national financial sector in order to reach a target funding level of at least: (i) 1 per cent. of deposits until 31 December 2024 and; (ii) 1.2 per cent. of deposits until 31 December 2030. If the ex-ante funds are insufficient to cover the resolution of a financial institution, further contributions will be raised ex-post.

As part of the EU Banking Reform Legislation, the BRRD has been amended by BRRD II. The provisions of BRRD II were implemented into Polish law by the Act of 8 July 2021 amending the Act on Bank Guarantee Fund, the Deposit Guarantee Scheme and Resolution and some other acts.

The legislative changes to the BGF Act include:

- the introduction of a pre-resolution moratorium, i.e. granting the resolution authority the power to temporarily suspend certain payment obligations of the resolution entity towards specific creditors (which, in some cases, may include suspension of the servicing of deposits, including guaranteed deposits) in the pre-resolution phase, provided that such suspension may take place only if a resolution entity meets conditions for early intervention or whether a resolution entity is failing or likely to fail;
- giving the resolution authority the power to impose restrictions on the distribution of profits in case the combined buffer requirement is not met due to the lack of MREL-eligible instruments; and
- the introduction of provisions aimed at protecting retail investors against the risk of investing in the bank's instruments which may be subject to bail-in tool,

which may have an adverse effect on the Group's business, financial conditions and results of operations.

The Bank and the Group may be unable to satisfy its minimum MREL requirement.

The BRRD and the BGF Act implementing into the Polish law regulations concerning resolution introduced the MREL for banks. The MREL responds to the need for an adequate level of liabilities that can be converted to capital (or written down) in the event of material financial distress and that such resolution can be carried out without involving public funds.

In connection with the adoption of the EU Banking Reform Legislation and the subsequent amendments to the BGF Act which came into force on 15 September 2021, the BGF has modified its existing approach to the determination of the MREL requirement. This new methodology was published by the BGF in September 2021. The changes to the methodology are related to, among other things, the determination of the MREL requirement, which is calculated on the basis of the Total Risk Exposure Amount (the "TREA") and the Total Exposure Measure (the "TEM") and the exclusion of the combined buffer requirement from MREL, which has to be met on top of the MREL requirement. The changes also extend to the deadline for complying with the target MREL, which is now set at 31 December 2023, as well as the interim goals.

As of the date of this Base Prospectus, the Issuer is classified neither as a globally systematically important bank nor as a top tier bank.

According to information received from the BGF on 5 May 2022, the target MREL requirement in relation to the TREA, which the Bank has to meet by 31 December 2023 at a consolidated level, has been set at the level of 19.22 per cent., including with respect to own funds and subordinated liabilities at 18.60 per cent. of the TREA. In relation to the TEM, the MREL has been set at the level of 5.91 per cent., while for own funds and subordinated liabilities at the level of 5.67 per cent. of the TEM.

The MREL has been set taking into account the resolution strategy of Commerzbank, i.e. the Multiple Point of Entry, where the Group constitutes a separate resolution group. mBank Hipoteczny S.A. is excluded from the consolidation for the purposes of MREL.

The Bank also received information concerning the path designated by the BGF to meet the above requirement. The interim MREL from 5 May 2022 and from the end of 2022 in relation to the TREA has been set at 14.67 per cent. and 16.94 per cent., respectively, including in respect to own funds and subordinated liabilities at 14.36 per cent. and 16.48 per cent., respectively. In relation to the TEM, the interim MREL goals are 3.00 per cent. from 5 May 2022 and 4.46 per cent. for the end of 2022, including in respect of own funds and subordinated liabilities of 3.00 per cent. and 4.34 per cent., respectively.

However, on 22 September 2022, the BGF decided to amend the path of meeting the target minimum MREL requirements expressed as a percentage of the TREA by changing the approach to setting the interim MREL targets. The BGF took into account limited capacities of issuing capital and debt instruments by banks due to macroeconomic uncertainty caused by, among others, aggression of Russian Federation against Ukraine and costs of credit holidays shouldered by the banks. The BGF decided that the interim targets as at the end of 2022 will be determined based on the same formula as the interim targets applicable from 1 January 2022, on the basis of the current capital requirements (no significant increase of limit at the end of 2022).

Issuances of additional eligible liabilities for the purposes of MREL in order to meet the requirements set by the BGF, in particular in unfavourable market conditions, may increase the Issuer's funding costs and have a negative impact on its profitability and financial results.

If the Issuer were to experience difficulties in raising MREL, it may have to reduce its lending or investments in other operations, and, consequently, it may have an adverse effect on the business, financial condition and results of operations of the Group.

The Group faces ESG-related risks.

Due to the constant development and implementation of legal regulations (including, inter alia, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment) and market recommendations for "green", "sustainable", "social" or other equivalently labeled projects ("ESG"), there is a risk that the ESG projects implemented

by the Issuer or the Group will not achieve the efficiency goals in any of these aspects or that there will be adverse environmental, social and/or other effects during the implementation of such projects.

Furthermore, the Issuer cannot assure investors that any ESG projects or investments will comply with future ESG regulations, ordinances, standards or performance requirements or that the status of ESG projects or investments may not be withdrawn at any time.

Failure to meet the above-described ESG requirements or standards with regard to the implementation of ESG projects or investments carried out by the Issuer may adversely affect the reputation and competitive position of the Issuer and the Group and, consequently, may have a negative impact on the operations, financial condition, results and prospects of the Issuer and the Group.

The Group faces risks resulting from the temporary suspension of mortgage repayments.

The Act on crowdfunding for business ventures and aid to borrowers of 7 July 2022 (the "**Crowdfunding Act**") provides for a possibility of suspending repayment of a mortgage loan granted to a consumer in Polish currency upon his request (the so-called "**credit holidays**") for a period of up to eight months.

Consumers with PLN mortgage loan agreements were given the right to suspend their loan repayments on the following terms:

- from 1 August 2022 to 30 September 2022 - for two months;
- from 1 October 2022 to 31 December 2022 - for two months; and
- from 1 January 2023 to 31 December 2023 - one month in each calendar quarter.

The loan repayment suspension period is not included in the loan period, and the loan period and the dates provided for in the mortgage loan agreement are extended by the loan repayment suspension period.

During the suspension period a borrower does not have to make payments under the mortgage loan agreement, except for insurance charges related to this agreement. In addition, during the suspension period, no interest or fees are charged, other than fees for the previously indicated insurance.

The suspension of loan repayment provided for in the Crowdfunding Act applies only to one mortgage loan agreement concluded to meet the consumer's own housing needs before 1 July 2022 and only to mortgage loan agreements denominated in PLN.

Pursuant to the requirements of the IFRS 9 '*Financial Instruments*' ("**IFRS 9**"), the entitlement for customers to suspend their loan repayments introduced by the provisions of the Crowdfunding Act requires the adjustment of the gross carrying amount of the above-mentioned loans by designating and recognising in the Group's financial result the estimated cost resulting from the payment suspensions as the difference between:

- the present value of the expected cash flows from the loan portfolio that meets the criteria of the Crowdfunding Act (gross carrying amount of this portfolio); and
- the present value of the expected cash flows of the portfolio, determined based on the modified cash flows taking into account the terms of the Crowdfunding Act (i.e. the possibility of suspending the repayment of loan installments within the specified time frame with the simultaneous extension of the loan period) discounted with the current effective interest rate of the above-mentioned portfolio,

taking into account the estimated level of participation of eligible customers who, in the Group's opinion, will exercise this right. This circumstance has a significant impact on the financial results of the Issuer.

The Group recognised a negative impact of "credit holidays" on the gross result of the Group for the third quarter of 2022 in the amount of PLN 1.35 billion (including the impact on the Group's net interest income in the amount of PLN 1.28 billion). To calculate the impact of credit holidays, the Group estimated that customers owning 86.9 per cent. of the value of assumed eligible mortgage loan portfolio would apply for the credit holidays and that they would request on average 7.5 months of credit holidays. By 30 September 2022, customers owning 80.0 per cent. of the value of the assumed eligible mortgage loan portfolio had submitted applications applying for an average of 6.4 months of credit holidays.

If the amount of mortgage loans covered by credit holidays is higher than assumed by the Issuer or the period of credit holidays is extended by the legislator beyond 2023, this would entail additional financial

burdens for the Group, and it would have an adverse effect on the Group's business, financial conditions and results of operations.

The Group faces legal risk related to potential claims arising in respect of WIBOR-based loan agreements.

Since October 2021, interest rates have risen significantly in Poland. This in turn has had a direct impact on instalments paid on PLN mortgage loans, as their amount is primarily based on WIBOR. As a result, borrowers dissatisfied with rising instalments have started to seek grounds for invalidating their WIBOR-based loan agreements.

The Bank does not consider such allegations to be justified. As of the date of this Base Prospectus the Bank is not aware of any final judgments being issued in respect of this type of dispute. As such, there remains uncertainty as to the outcome of jurisprudence in this area and whether borrowers' claims would be upheld. In the event of unfavorable jurisprudence for banks in Poland, including the Bank, an inflow of lawsuits from PLN mortgage borrowers may arise, as was seen in respect of CHF borrowers (see "*The Group is exposed to the legal risks related to loans denominated in or indexed to CHF.*" above). This in turn could increase the Bank's costs of legal risk and could have a negative effect on the Group's operations, financial condition and results.

The replacement of WIBOR by a new benchmark may result in financial and legal risks.

The Crowdfunding Act provides for the possibility of introducing a new benchmark in Poland.

The alternative benchmark and the date of its introduction, taking into account the increase in systemic risk in the financial system, caused by the discontinuation or liquidation of the key WIBOR benchmark, will be determined by the Regulation of the Minister of Finance after consultation with the KNF. The input data of the new benchmark will be based on overnight transactions. The new benchmark will eventually replace WIBOR, which is a key interest rate benchmark within the meaning of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**") and which is used in financial contracts (e.g., loan agreements), financial instruments (e.g., debt securities or derivative instruments) and by investment funds (e.g., in determining management fees).

In July 2022, a national working group for the reform of benchmarks (the "**NWG**") was established, composed of, inter alia, representatives of the Ministry of Finance, the National Bank of Poland, the Office of the KNF, as well as the largest banks, insurance companies and investment companies in Poland.

One of the purposes of the NWG is to lead the implementation of the transition in such a way as to ensure the security of the financial system in Poland. In the context of the planned replacement of the WIBOR index with a different benchmark, the following risks may be identified:

- financial risks for financial market participants, including the Group, resulting mainly from the impact of the benchmark interest rate on interest income and costs (impact on banks' interest income from loans and advances based on WIBOR; holders of floating rate bonds based on WIBOR issued for example by the Polish Treasury; holders of deposits based on the Warsaw interbank offer bid rate ("**WIBID**"), parties to interest rate derivative transactions in Polish zlotys and the impact on entrepreneurs in connection with their financing agreements and securing the related interest rate risk); and
- legal risk related to how the change is implemented.

On 28 September 2022 the NWG announced a roadmap for phasing out WIBOR and replacing it with a new benchmark, the Warsaw Interest Rate Overnight ("**WIRON**"). Under the roadmap, financial products based on WIRON will be introduced in 2023 and WIBOR will be withdrawn in 2025. Due to the ongoing works on the introduction of a replacement for WIBOR, as at the date of this Base Prospectus, the Issuer is not able to estimate the possible impact of the planned change on the Group's operations and results.

Risks related to the Russia-Ukraine war.

Throughout 2021, the Russian military advance along the border of Ukraine escalated tensions between Russia and Ukraine and strained bilateral relations. These events have continued in 2022 with Russia commencing a full-scale military invasion of Ukraine on 24 February 2022 (the "**Russia-Ukraine war**"). Following Russia's invasion of Ukraine, the EU, the United States, the UK, Switzerland, Canada, Japan, Australia and certain other countries imposed wide-ranging sanctions and export controls targeting the Russian economy.

As of the date of this Base Prospectus, the Group does not have direct balance sheet exposure towards Ukraine and its direct balance sheet exposure towards Russia and Belarus, which supports Russia, is negligible.

However, as of 30 September 2022, the Group identified indirect balance sheet exposure of PLN 496.3 million and an off-balance sheet exposure of PLN 290.3 million through corporate clients whose business is indirectly exposed to the risks related to the Russia-Ukraine war. The Group determines indirect risk to be clients of which at least 30 per cent. of their exports or imports are connected to countries affected by the Russia-Ukraine war, or whose main shareholder is a resident of Russia, Belarus or Ukraine, or who have transactions under which collateral is held in the above countries. As of 30 September 2022, the accumulated impairment allowance for the abovementioned indirect exposure was PLN -55.5 million.

The Russia-Ukraine war may also have an indirect impact on the Group's operations by affecting the Polish economy and financial markets, including commodity and fuel price volatility, increased inflation, PLN depreciation, problems related to the inflow of Ukrainian refugees and valuation of bonds in banks' portfolios.

Significant risks may also arise as a result of the cessation of supply of natural gas from Russia, coal shortages in Poland after the cessation of imports from Russia and potential winter power cuts in Poland due to energy shortages, which may affect the operating activities and financial situation of the Group's customers. Although it may be possible to obtain alternative supplies and energy sources, encourage a decline in the use of energy in households and businesses, and enter into agreements to share gas and energy across countries, the time require to implement such measures may result in declines in energy sources in the interim.

Therefore, depending on the future development of the Russia-Ukraine war, it is not possible to exclude the risk of adverse effects on the Group. A potential slowdown in economic growth in Poland caused by the Russia-Ukraine war might affect the Group's lending activity and the quality of its loan portfolio. A significant and permanent weakening of the PLN against foreign currencies might affect the Group's borrowers' ability to repay FX loans. This may also cause an increase in the Group's risk-weighted assets, which would have a negative impact on the Group's capital ratios. Uncertainty in the local and global markets resulting from economic and geopolitical concerns caused by the Russia-Ukraine war may also lead to an increase in funding costs and execution risks related to debt issuance in the capital markets.

Any of these factors could have material adverse effects on the financial position and results of operations of the Group.

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 COVID-19 pandemic and the decline of macroeconomic conditions in Europe, including Poland and Poland's principal trading partners, such as Germany and other EU countries.

The COVID-19 pandemic in 2020 was a major shock for the European and global economies. It caused disruptions to both supply and demand in the world economy. On the supply side, COVID-19 infections reduced labour supply and productivity, while lockdowns, business closures and social distancing also caused supply disruptions. On the demand side, layoffs and the loss of income and worsened economic prospects reduced household consumption and investments of corporates.

Despite the quick and decisive measures taken by governments, central banks, the European Central Bank and by the European Union, the COVID-19 pandemic has triggered the deepest economic recession in Poland in nearly a century. In 2020, Poland's economy contracted for the first time since 1996. According to the Central Statistical Office, in 2020, Poland's GDP decreased by 2.0 per cent. year-on-year versus a

4.5 per cent. growth a year earlier. This decrease had a direct impact on the Group's financial results reported in 2020.

In 2021, the COVID-19 pandemic situation improved and economic growth in Europe and Poland accelerated. According to Eurostat, GDP growth in the European Union was 5.4 per cent. In Poland, GDP increased by 6.8 per cent. year-on-year in 2021 according to the revised estimate of the Central Statistical Office published in October 2022.

However, in 2022, the post-COVID-19 pandemic recovery was impacted by a significant global supply shock, which adversely affected economic growth and increased inflation. The Russia-Ukraine war and the implementation of economic sanctions and export controls on Russia have put global energy, oil and gas supplies at risk. Therefore, the leading Polish and international research institutions forecast a decelerating rate of economic growth in 2022 and a deep slowdown or a mild recession in 2023 in Europe.

The main factors behind such weaker economic performance include disruptions in supply chains causing interruptions in manufacturing processes compounded by the impact of sanctions imposed on Russia by many countries and retaliatory sanctions imposed by Russia, as well as rising prices of energy, metals, agricultural products and food. The current and future tightening of monetary policy and a significant slowdown of the Chinese economy caused by the severe restrictions introduced by the government of this country in connection with the worsening of the pandemic situation have a negative impact on global economic growth.

The global economy is facing an uncertain outlook; the Russia-Ukraine war could end European gas supply from Russia altogether, rising prices could cause widespread food insecurity and social unrest and geopolitical fragmentation may impede global trade and cooperation. Further developments in the European economy will depend on many political and economic factors including, among others, the effectiveness of measures taken by the ECB and the European Commission.

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.

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 vast 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.

The economic activity in Poland in 2020 and 2021 was affected by the COVID-19 pandemic and government actions taken to mitigate the negative effects of the COVID-19 pandemic. The most important factor affecting the economic situation in Poland, which appeared in 2022, was the Russia-Ukraine war which led to a disruption of supply chains from Ukraine and Russia, sharp increases in prices of raw materials and energy, the acceleration of inflation and the enormous increase in economic uncertainty affecting investment decisions. These factors are expected to have both direct and indirect impact on business operations in Poland in the remainder of 2022 and in 2023.

A potential prolonged economic slowdown in Poland could have a detrimental effect on 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 condition 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 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 in economic, business, political and social conditions in Poland may have a material adverse effect on the business, financial condition and 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 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.

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.

The Bank may be required to implement a recovery plan or other early intervention measures under Polish banking law.

In the event of a breach by the Bank, or of a threat of breach, with respect to capital adequacy ratios and other ratios and requirements (e.g. LCR and NSFR), or 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, increases in the Bank's leverage ratio, the number 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 undertake with respect to the Bank the supervisory measures, in particular, it may require that a recovery plan or restructuring of liabilities is adopted and implemented by the Bank or that some Bank's operations are terminated or restricted or it may dismiss one or more members of the management board or persons holding managerial positions or appoint a trustee overseeing the execution of a recovery plan or request the Bank's management board to convene an extraordinary general meeting in order to assess the Bank's situation, make a decision to cover the balance sheet loss or adopt other resolutions or request the Bank to amend its business strategy or articles of association. The above measures, if taken by the KNF, may have a significant impact on the operations of the Bank and may hamper the realisation of its business strategy.

There can be no assurance that the Bank, especially in the event of a deterioration of the results of its operations, high regulatory burdens or creation of high provisions for legal risk related to foreign currency mortgage loans, may not be required to implement a recovery plan. This could affect the business and results of operations of the Group.

The Bank may be required to make substantial mandatory contributions, including contributions to the BGF, the Borrowers' Support Fund and the Institutional Protection Scheme.

Pursuant to the provisions of the BGF Act, 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 Deposit Guarantee Fund and the Resolution Fund has been calculated by the BGF individually for the Bank.

The total amount of contributions to the mandatory Deposit Guarantee Fund for a given calendar year due quarterly from banks and branches of foreign banks is determined by the BGF, taking into account, inter alia, the current balance of funds in the Deposit Guarantee Fund and the planned path to reach the target level.

On 26 October 2022, the Council of the BGF adopted the resolution which lowered the target level of the deposit guarantee fund from 2.6 per cent. to 1.6 per cent. of covered deposits. As of the date of this resolution the funds gathered in a deposit guarantee fund accounted for 1.83 per cent. of the covered deposits. As a result, the condition specified in Art. 294 paragraph. 1 of the BFG Act regarding non-collection of contributions to a deposit guarantee fund was met. However, contributions in following years will depend on the dynamics of covered deposits.

The basis for the calculation of contributions to the Deposit Guarantee Fund 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. The BGF takes into account the bank's risk profile by assessing the risk in the areas of capital, liquidity and funding, asset quality, business and management model and potential losses of the Fund in the event that the guarantee condition is met against a given bank and the bank's membership in an institutional protection scheme.

The obligation to pay the contribution to the Resolution Fund is on the first day of the third quarter; however, 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) as at the last approved annual financial statements before 31 December of the year preceding the year of contribution. When determining the amount of the contribution, the institution's risk profile is taken into account by assessing the risk in the areas of risk exposure, stability and diversification of funding sources, the importance of the institution for the stability of the financial system or the economy, and additional indicators determined at the national level.

For the year ended 31 December 2021, the value of the Group's BGF contribution for both funds amounted to PLN 227.4 million, compared with PLN 298.1 million in 2020. For the first three quarters of 2022, the Group's BGF contribution was PLN 245.9 million. Due to the relatively large scale of the Bank's operations, if a member of the mandatory guarantee system was to declare bankruptcy, the Bank may be obligated to make larger payments to the BGF than many other members of the deposit guarantee system.

In addition, a Borrowers' Support Fund managed by Bank Gospodarstwa Krajowego ("**BGK**") was established pursuant to the Act of 9 October 2015 in order to support residential borrowers in financial difficulties. The Group was obliged to make related one-off contributions to the Borrowers' Support Fund. (PLN 52.1 million in 2015). Under the Crowdfunding Act, Polish lenders are required to make additional contributions to the Borrowers' Support Fund in the total amount of PLN 1.4 billion by 31 December 2022. The following factors determine the contribution of a given bank:

- the share of a lender in the gross carrying amount of non-performing (90 or more days delinquent) housing loan portfolio of the entire banking sector in Poland; and
- any exemption from the obligation to make contributions to the Borrowers' Support Fund for those lenders who do not meet the regulatory capital and liquidity requirements.

In the third quarter of 2022, the Group recognised a contribution to the Borrowers' Support Fund in the amount of PLN 184.1 million.

In June 2022, the Issuer, together with seven other Polish commercial banks, established the Institutional Protection Scheme (the "**IPS**") in the form of a joint stock company the Polish Commercial Banks' Protection System (System Ochrony Banków Komercyjnych S.A., "**SOBK**"). As part of IPS, an aid fund has been established, to which the participating banks provided cash contributions. The purpose of the aid fund is to ensure liquidity and solvency of the participants of the scheme (up to the level of available contributions), support resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Art. 146b paragraph 1 of the Banking Law. The Issuer's contribution to the aid fund made in the second and third quarters of 2022 amounted to PLN 428.1 million. Further contributions to the aid fund will require a unanimous resolution of the general meeting of SOBK.

If the Bank is required to make substantial contributions to the BGF, the Borrowers' Support Fund and/or the IPS, it may have a material adverse effect on the Bank Group's financial results.

The Group faces risks related to its business activity in the Czech Republic and Slovakia.

The Bank conducts retail banking business in Czech Republic and Slovakia through its foreign branches. The Bank's operations in these countries are exposed to a wide range of risks accompanying international business arising from unexpected enactments and changes in laws, regulations, policies, and taxation, and divergences in the interpretation and application thereof, uncertainties in the economic environment including currency fluctuations, level of inflation, deflation, economic recession, local market disruption, social unrest, changes in disposable income or gross national product, variations in interest rates, economic growth and other similar factors.

The adverse effects of these factors could lead to an increase in defaults by the Issuer's customers resulting in a deterioration of the Issuer's earnings. Political developments or changes in the fiscal policy in the Czech Republic or Slovakia could have an adverse effect on the overall economic and political stability of these countries. The Issuer is exposed to the macroeconomic or other factors that may affect growth in the Czech and Slovak banking markets and the credit worthiness of Czech and Slovak retail customers. There can be no assurance that any political or economic instability will not occur in the Czech Republic or Slovakia or that any such instability will not adversely affect the Issuer's business.

Any of these developments and/or a decrease in the number of customers of foreign branches or a decline in the credit worthiness of these customers could have a material adverse effect on the Group's business, results of operations, financial condition, liquidity, capital base, prospects or reputation.

The KNF or other authorities 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, the Office for Competition and Consumer Protection (*Urząd Ochrony Konkurencji i Konsumentów*) (the "OCCP") and tax authorities.

In the period from October to December 2018, the KNF carried out an inspection of the Bank in order to investigate whether the activities of the Bank in the area of fulfilling its duties as depositary were in conformity with the law and agreements on the performance of functions of a depositary, in particular in conformity 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). In April 2021 the Bank received a decision of the KNF regarding this inspection which imposed a fine on the Bank in the total amount of PLN 4.3 million. The Bank paid the fine on 17 March 2022. In January 2022, the Issuer submitted a complaint to the Voivodeship Administrative Court against the decision of the KNF. On 24 August 2022, the Voivodeship Administrative Court dismissed the Bank's complaint against the decision of the KNF.

mFinanse S.A., a subsidiary of the Bank, is currently under inspection by the Social Insurance Institution ("ZUS"), which focuses on the correctness and reliability of calculating social insurance contributions and other contributions that ZUS is required to collect, as well as reporting for social insurance and health insurance for the years 2018 to 2021.

mFinanse S.A. is in dispute with ZUS over the interpretation of the application of social security regulation in the area of the cooperation model involving the simultaneous employment of intermediaries on a part-time basis and a civil law contract. There are currently eight cases under consideration by the courts relating to the cooperation model used by mFinanse S.A. The Group's position is that the cooperation model used by mFinanse S.A. complies with the provisions of the law, including the Banking Law in terms of providing credit intermediaries with access to data covered by bank secrecy, however the decisions of the courts have not yet been made. In connection with this, the Group created provisions which, as of 30 September 2022, amounted to PLN 99.3 million.

Other administrative proceedings are described in the subsection of the Base Prospectus entitled "*Legal, Administrative and Arbitration Proceedings*".

In the future, if any irregularities are found by the Group's 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 applicable law. This could affect the business, financial condition, reputation and results of operations of the Group.

Additional tax burdens may be imposed on Polish banks, or the 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, was to impose tax on the assets of financial institutions, including banks. The tax (the "**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 that it will not be raised in the future or that additional taxes will not be levied on the Bank. Since it was introduced, the Banking Tax had material negative impact on net profit generated by the Group. The amount of the Banking Tax expense of the Group reached PLN 503.8 million in the period between January and September 2022, PLN 608.6 million in 2021 and PLN 531.4 million in 2020.

The Banking Tax is not a tax-deductible cost for corporate income tax purposes. Therefore, it significantly increases the effective tax rate for the Group.

In 2022, certain European politicians proposed imposing a windfall tax on excess profits for companies which generate a significant increase in their earnings due to circumstances or events for which they are not responsible. In 2022, some countries, such as Italy, Romania, Hungary and the UK, have already levied this type of tax. A windfall tax for banks and energy companies was also under debate in the Czech Republic in the third quarter of 2022. In October 2022, the Czech government announced a draft of the windfall tax on the banking sector which would be paid from 2023, 2024 and 2025 profits.

In September 2022 the Polish Ministry of State Assets announced its intention to introduce a windfall tax targeting large corporates, including banks. However, the scope and timing of such a tax has not been determined.

Any changes in the Banking Tax which increase the level of the tax payable by the Bank or any new taxes, including windfall taxes, imposed on banks may affect the financial results of the Group and could have a material adverse effect on its business, financial condition and results of operations.

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.

Similarly, 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 view of the 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.

The operations of the Group's subsidiaries and the related disclosures in tax returns may be challenged by tax authorities as being non-compliant with tax laws. There is a risk of changes in tax laws and adoption by tax authorities of tax rulings different from those underlying the calculation of tax liabilities by the Group's subsidiaries.

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 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, 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 Act on Protection of Competition and Consumers, 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 amended Act on Protection of Competition and Consumers introduced 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.

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.

3. 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, the Bank's principal shareholder, Commerzbank, held 29,352,897 shares, representing 69.2 per cent. of the Bank's share capital, which gave Commerzbank the right to exercise 69.2 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) (the "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 has historically benefited from its support in different areas. Commerzbank's past efforts do not necessarily mean that it will be obliged to provide support and finance to the Group in any case 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 potential 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.

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

RISKS RELATED TO NOTES AND INVESTMENT IN NOTES

4. Risks related to the structure of a particular issue of Notes

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 execute 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.

Risks relating to Reset Notes.

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Reset Reference Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate**"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

5. Risks related to Notes which are linked to or referencing "benchmarks"

Changes to Benchmarks.

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) for a Series of Floating Rate Notes or Reset Notes may specify that the Rate of Interest for such Notes will be determined by reference to EURIBOR, PRIBOR, WIBOR, SOFR, SONIA or other reference rates which are deemed to be "benchmarks". Such benchmarks are the subject of ongoing international, national and other regulatory discussions, guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause some benchmarks to perform differently than in the past or disappear entirely, or have other consequences that cannot be predicted. Any such consequence could have a material adverse effect on any Notes (including the value and/or liquidity thereof and/or the return thereon) referencing such a benchmark.

The EU Benchmarks Regulation and the UK Benchmarks Regulation apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and the UK, respectively. Each of the EU Benchmarks Regulation and the UK Benchmarks Regulation among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based or non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU or UK supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based or non-UK-based, not deemed equivalent or recognised or endorsed).

In addition, the EU Benchmarks Regulation was further amended by Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 which introduces a harmonised approach to deal with the cessation or wind-down of certain benchmarks (such as EURIBOR) by conferring the power to designate a statutory replacement for certain benchmarks on the Commission or the relevant national authority, such replacement being limited to contracts and financial instruments (such as certain Notes issued under the Programme) which contain no fallback provisions or no suitable fallback provisions before the date of cessation of the benchmark concerned. For instance, if pursuant to a fallback provision included in Condition 5.4 (*Benchmark Discontinuation*) a benchmark is replaced by a benchmark which no longer reflects or which significantly diverges from the underlying market or the economic reality that the benchmark in cessation is intended to measure, a statutory replacement of such benchmark may be designated. This replacement could have a negative impact on the value or liquidity of, and return on, certain Notes issued under the Programme linked to or referencing such benchmark and may not operate as intended at the relevant time or may perform differently from the discontinued or otherwise unavailable benchmark. However, there are still some uncertainties as to the application of these regulatory provisions as implementing acts must be adopted.

The EU Benchmarks Regulation and the UK Benchmarks Regulation, as applicable, could have a direct and/or material impact on any Notes linked to EURIBOR, PRIBOR, WIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of EU Benchmarks Regulation or the UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the or affecting the volatility of the published rate or level, of the benchmark.

Floating Rate Notes which specify Screen Rate Determination in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) as the manner in which the Rate of Interest is to be determined; in particular (but without limitation) may be impacted if (i) a benchmark could not be

used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction or non-UK jurisdiction, the administrator is not recognised as equivalent or recognised or endorsed and the transitional provisions do not apply; and/or (ii) if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation or the UK 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. In addition, either of the above examples could potentially lead to the Floating Rate Notes being de-listed, adjusted or redeemed early or otherwise impacted, depending on the particular benchmark and the applicable terms of the Floating Rate Notes, or have other adverse effects or unforeseen consequences.

More broadly, any of the international, national or other proposals for reform, 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, PRIBOR, WIBOR, SOFR and SONIA): (i) discourage market participants from continuing to administer or contribute to such benchmark; (ii) trigger changes in the rules or methodologies used in certain benchmarks; or (iii) lead to the discontinuation or unavailability of quotes of certain benchmarks. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations could have a material adverse effect on the value of and return on any Floating Rate Notes or Reset Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the benchmark-related reforms and investigations in making any investment decision with respect to any Floating Rate Notes or Reset Notes.

Benchmark Discontinuation.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk-free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the Eurozone. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the Eurozone. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The PRIBOR and WIBOR are also in the process of reform to comply with the requirements of the EU Benchmarks Regulation, and it is uncertain how long they will continue in their current forms or whether they will be replaced with risk-free rates or other alternative benchmarks.

The Programme provides for the issuance of Notes with a floating rate of interest determined on the basis of benchmarks including those mentioned above. Any of the above changes or any other consequential changes to benchmarks as a result of international, national or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the trading market for, liquidity of, value of and return on any such affected Floating Rate Notes or Reset Notes.

The Conditions in respect of Floating Rate Notes and Reset Notes provide for certain fallback arrangements in the event that an Original Reference Rate (as defined in the Conditions of the Notes) and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event or a Benchmark Transition Event, as applicable (each as defined in the Conditions of the Notes) otherwise occurs. Such fallback arrangements include the possibility that the rate of interest or other amounts payable under the Notes could be set by reference to a Successor Rate or an Alternative Rate or a Benchmark Replacement, as applicable (each as defined in the Conditions of the Notes) determined, in the case of a Successor Rate or an Alternative Rate by an Independent Adviser (as defined in the Conditions of the Notes) acting in good faith and in a commercially reasonable manner as described more fully in the Conditions of the Notes. If a Successor Rate or an Alternative Rate (as the case may be) is so determined, an Adjustment Spread (as defined in the Conditions of the Notes) shall also be determined by the relevant Independent Adviser in accordance with the Conditions of the Notes, and amendments to

the Conditions of the Notes may be made by the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner and following consultation with the Issuer) to follow market practice in relation to the Successor Rate or Alternative Rate (as applicable) or to ensure the proper operation of the Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread. Where a Benchmark Replacement replaces the then-current Benchmark (as defined in the Conditions of the Notes) a Benchmark Replacement Adjustment as defined in the Conditions of the Notes shall be determined by the Issuer or its designee to apply to the Benchmark Replacement. An Adjustment Spread or Benchmark Replacement Adjustment could be positive, negative or zero. Investors should note that the relevant Independent Adviser or the Issuer or its designee, as the case may be, will have discretion to determine the applicable Adjustment Spread or Benchmark Replacement Adjustment in the circumstances described in the Conditions of the Notes, and, in any event, an Adjustment Spread or Benchmark Replacement Adjustment, as applicable may not be effective in reducing or eliminating any economic prejudice or benefit to investors arising out of the replacement of the relevant Original Reference Rate or Benchmark, as applicable with the Successor Rate or the Alternative Rate or the Benchmark Replacement, as applicable, (as the case may be).

The use of a Successor Rate or Alternative Rate or Benchmark Replacement, as applicable, (including with the application of an Adjustment Spread or Benchmark Replacement Adjustment, respectively) will still result in any Notes referencing an Original Reference Rate or Benchmark, as applicable, performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate or Benchmark, as applicable, were to continue to apply in its current form. No consent of the Noteholders or Couponholders shall be required in connection with effecting any relevant Successor Rate or Alternative Rate (as applicable) or any other related adjustments and/or amendments described above.

No Successor Rate, Alternative Rate or Adjustment Spread or Benchmark Replacement or Benchmark Replacement Adjustment (as applicable) will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Ordinary Senior Notes, MREL Senior Notes or Senior Non-Preferred Notes or the relevant Series of Senior Subordinated Notes or Tier 2 Subordinated Notes as "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity. In the case of Ordinary Senior Notes, MREL Senior Notes or Senior Non-Preferred Notes, no Successor Rate, Alternative Rate or Adjustment Spread or Benchmark Replacement or Benchmark Replacement Adjustment (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to Condition 5.4(c) (*Benchmark Discontinuation – Additional Provisions*), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating an Interest Payment Date as the effective maturity date of the Notes.

Any such adjustment or amendment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder or Couponholder, any such adjustment will be favourable to each Noteholder or Couponholder.

In certain circumstances (including where, following the occurrence of a Benchmark Event, the Independent Adviser appointed by the Issuer fails to make the necessary determination of a Successor Rate or Alternative Rate or (in either case) the applicable Adjustment Spread), the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period or Reset Period (as applicable) may result in the Rate of Interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Any of the above changes or any other consequential changes to benchmarks as a result of international, national or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the trading market for value of and return on any Notes linked to such benchmark.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to risk-free rates, including SONIA and SOFR, as reference rates for Notes.

Under the Programme the Issuer has the option to issue Notes for which the Rate of Interest is determined by reference to SONIA or SOFR (as specified in the applicable Final Terms, or in the case of Exempt Notes, the applicable Pricing Supplement). The use of risk-free rates, including those such as SONIA and SOFR, as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing SONIA and SOFR, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions of the Notes and used in relation to Notes that reference such risk-free rates, such as SONIA and SOFR, under this Programme. The Issuer may in future also issue Notes referencing SONIA and SOFR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SOFR or any related indices.

Risk-free rates, such as SONIA and SOFR, may differ from other inter-bank offered rates in a number of material respects and have a limited history.

The Issuer may issue Notes that are calculated by reference to risk-free rates such as SONIA and SOFR. Risk-free rates, such as SONIA and SOFR, may differ from the London Interbank Offered Rate ("**LIBOR**") and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Publication of SONIA and SOFR began in April 2018 and the rates therefore have a limited history. The future performance of SONIA and SOFR may therefore be difficult to predict based on the limited historical performance. The levels of SONIA and SOFR during the term of the Notes may bear little or no relation to

the historical levels of SONIA and SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA and SOFR, such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, the interest on Notes which reference SOFR or SONIA is only capable of being determined at the end of the relevant Observation Period or Interest Period (as applicable) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SOFR or SONIA to estimate reliably the amount of interest which 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 Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 10 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The administrator of SONIA or SOFR may make changes that could change the value of SONIA or SOFR or discontinue SONIA or SOFR.

In relation to any Notes linked to SONIA or SOFR, The Bank of England or the New York Federal Reserve (or a successor), as administrator of SONIA and SOFR, respectively, may, after the relevant Issue Date, make methodological or other changes that could change the value of SONIA or SOFR, including changes related to the method by which SONIA or SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SONIA or SOFR, or timing related to the publication of SONIA or SOFR. In addition, the relevant administrator may after the relevant Issue Date alter, discontinue or suspend calculation or dissemination of SONIA or SOFR (in which case the fallback methods of determining the Rate of Interest on the Notes will apply). The relevant administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA or SOFR.

6. Risks related to Notes generally

Notes may be required to absorb losses as a result of statutory powers conferred on the Relevant Resolution Authority.

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 Relevant Resolution Authority.

The powers provided to the Relevant Resolution Authority under the BRRD include, among others, a statutory write-down and conversion powers that can be used to ensure that tier 1 and tier 2 subordinated capital instruments (which could include Tier 2 Subordinated Notes) fully absorb losses at the point of non-viability of an institution or its group and before any resolution action is taken. There is also a separate resolution tool, the "bail-in tool", which gives the Relevant Resolution Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities. The bail-in tool can be used to recapitalise an institution that is failing or likely to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. Under the BRRD the point of non-viability of a resolution entity is the point at which the relevant resolution authority determines that the resolution entity or its group: (i) meets conditions for resolution; or (ii) will no longer be viable unless the relevant instruments (such as Notes issued under the Programme) are written down or converted into equity; (iii) requires extraordinary public financial support other than to remedy a serious disturbance in the economy of an EEA member state and to preserve financial stability; or (iv) infringes or, in the near future, will infringe its consolidated prudential requirements in a way that would justify action by the resolution authority.

In addition, the powers granted to the Relevant Resolution Authority under the BRRD include the following resolution tools: (i) to direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) to transfer all or part of the business of the relevant financial

institution to a "bridge bank" (a publicly controlled entity) and (iii) to transfer the assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. The BRRD also grants powers to enable the Relevant Resolution Authority to implement the resolution tools, including the power to replace or substitute the relevant financial institution as obligor in respect of debt instruments, the power to modify the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or the power to discontinue the listing and admission to trading of financial instruments. Any application of the "bail-in" power shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

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-viable 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.

Under the terms of the Notes, investors will agree to be bound by and consent to the exercise of any bail-in power or stay powers.

The Notes may be subject to the exercise, in the future, of a bail-in power by the Relevant Resolution Authority and the Notes include a contractual consent to the application of the bail-in power and, consequently, investors may lose part or all of their investment in the Notes.

By acquiring Notes, each Noteholder acknowledges, accepts, consents and agrees to be bound by (a) the effect of the exercise of any bail-in power by the Relevant Resolution Authority that may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under, or in respect of, the Notes; (ii) the conversion of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under, or in respect of, the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any bail-in power by the Relevant Resolution Authority. The exercise of any such powers or any suggestion of, or perception of there being an increased likelihood of, such exercise could materially adversely affect the rights of Noteholders, the price or value of the Notes or the ability of the Issuer to satisfy its obligations under the Notes.

Additionally, the Notes may be subject to the exercise, in the future, of other resolution measures such as stay powers by the relevant resolution authority. The Notes include a contractual consent to the application of the stay powers and so by subscribing, purchasing and/or holding Notes, each Noteholder acknowledges and accepts that, where a resolution measure is taken in relation to the Issuer or any member of the same group as the Issuer which is an entity within the scope of Article 71a of the BRRD and any relevant implementing measures in any EEA member state, the Notes may be subject to the exercise of stay powers by a relevant resolution authority and the Noteholder shall be bound by the application or exercise of any such stay powers. Consequently, investors may lose part or all of their investment in the Notes as a result of the application or exercise of such stay powers.

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 MREL Senior Notes, 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 Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.2 (*Redemption for tax reasons*).

Furthermore, if a Capital Disqualification Event occurs as a result of a change (or any pending change which the Competent Authority 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 Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.3 (*Early Redemption due to Capital Disqualification Event*).

If a 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, MREL Senior Notes, 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 Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.4 (*Early Redemption due to MREL Disqualification Event*).

In respect of Tier 2 Subordinated Notes, the regulatory conditions include the requirement under CRD that, if such Notes are to be redeemed during the first five years after the issuance of the relevant Series of such Notes, the Issuer must demonstrate to the satisfaction of the Competent Authority that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Notes and, in the case of an early redemption relating to the tax treatment of the Notes, that the change in tax treatment is material and, in the case of an early redemption relating to a Capital Disqualification Event, that such change is sufficiently certain. These foreseeability and materiality conditions to redemption contained in CRD only apply to a redemption of Tier 2 Subordinated Notes occurring in the first five years after the issue date of the relevant Series of such Notes and, therefore, an issuer of regulatory capital securities, such as the Tier 2 Subordinated Notes, could opt to redeem such Notes for tax or regulatory reasons after such fifth anniversary, including based upon an event that occurred within the first five years of issue. There can therefore be no assurances that Tier 2 Subordinated Notes will not be called for tax or regulatory reasons prior to any specified optional call date.

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 or in the event of a resolution in respect 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 described in Condition 2 (*Status of the Notes*).

Under certain circumstances, the Issuer's ability to redeem or repurchase the Notes may be limited.

The CRD or BRRD, as applicable, prescribes certain conditions for the granting of permission by the Competent Authority to a request by the Issuer to redeem or repurchase the Notes prior to their stated maturity date. Those conditions include the following: (i) before such redemption the Notes shall be replaced with other MREL-eligible instruments of equal or higher quality; (ii) the Issuer shall demonstrate to the satisfaction of the Competent Authority that following such redemption the MREL-eligible instruments of the Issuer exceed the requirements specified in the CRD and/or BRRD by at least the margin the Competent Authority considers necessary; or (c) the Issuer shall demonstrate to the satisfaction of the Competent Authority that the partial or full replacement of the Notes constituting the eligible liabilities with instruments classified as own funds is necessary to ensure compliance with capital requirements applicable to the Issuer. The Issuer may redeem or repurchase the Notes prior to their stated maturity date only if such redemption or repurchase is in accordance with the Applicable Banking Regulations and it has been granted the approval of or permission from the Competent Authority and any other requirements of the Applicable Banking Regulations applicable to such redemptions or repurchases at the time have been complied with by the Issuer. The rules under CRD and/or BRRD may be modified from time to time after the Issue Date of the Notes.

Some Notes may be subordinated to most of the Issuer's liabilities.

If Notes are subordinated or senior non-preferred obligations of the Issuer, and the Issuer is declared insolvent and/or a winding up is initiated, claims in respect of such Notes will rank as described in the Conditions and the Issuer will be required to pay certain of its other creditors in full before it can make any payments on such Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under its subordinated or senior non-preferred Notes. Investors in such Notes could therefore lose some or all of their investment should the Issuer become insolvent or should the Notes become subject to the exercise of bail in and loss absorption powers by the Relevant Resolution Authority.

The terms of the Notes (other than Ordinary Senior Notes) contain a no set-off clause.

The Conditions of the Notes (other than Ordinary Senior Notes) provide that there is no 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, Holders of any Notes (other than Ordinary Senior Notes) 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 applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) 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 7.2 (*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 Subordinated Notes or towards the Issuer's MREL Requirements as applicable.

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 Ordinary Senior Notes in place of the Issuer, as more fully described in Condition 16 (*Meetings of Noteholders, Modification and Substitution*).

In addition, 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.

The value of the Notes could be adversely affected by a change in law.

The conditions of the Notes are based on applicable 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.

In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds from an offer of those Notes, whether directly or indirectly, for projects and activities that satisfy certain eligibility requirements that purport to promote climate-friendly and other environmental purposes (the "**Green Assets**"). Prospective investors should have regard to the information in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary.

In particular, no assurance is or can be given by the Issuer, the Group or any of the Dealers to investors that the use of such proceeds for any Green Assets will satisfy, in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments is or are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses the subject of, or related to, the relevant Green Assets.

No assurance is or can be given by the Issuer, the Group or any of the Dealers to investors that any projects or uses the subject of, or related to, any Green Assets will meet or continue to meet on an ongoing basis any or all investor expectations regarding "green", "sustainable", "social" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "**EU Taxonomy**") or Regulation (EU) 2020/852 as it forms part of domestic law of the UK by virtue of the EUWA), or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Assets.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change.

Accordingly, no assurance is or can be given by the Issuer, the Group or any of the Dealers to investors that any projects or uses the subject of, or related to, any Green Assets will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Assets.

Each prospective investor should have regard to the factors described in the Issuer's Green Bond Framework and the relevant information contained in this Base Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of such Notes before deciding to invest. The Issuer's Green Bond Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Issuer's Green Bond Framework does not form part of, nor is incorporated by reference, in this Base Prospectus.

No assurance or representation is given by the Issuer, the Group or any of the Dealers as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Green Assets to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion or certification was initially issued, and the criteria and/or considerations that informed the provider of such opinion or certification may change at any time. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In particular, the Bank appointed Sustainalytics B.V. to provide the Second Party Opinion in relation to the Green Bond Framework. The Second Party Opinion provides an opinion on certain environment-related considerations on the potential impact of the issue of Series of Notes linked to the Green Assets. However, the Second Party Opinion does not form part of this Base Prospectus and is only an opinion and not a statement of fact. The Second Party Opinion and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in any Notes, including without limitation market price, marketability, investor preference or suitability to any security or any other factors that may affect the value of such Notes. The Second Party Opinion and any other opinion or certification is not a recommendation to buy, sell or hold any such Notes and is current only as of the date it was issued. The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Noteholders will have no recourse against Sustainalytics B.V. in its capacity of a provider of the Second Party Opinion. In addition, it will not constitute an event of default under the terms of any Series of Notes if the Issuer fails to observe the provisions in the Green Bond Framework relating to the envisaged use of proceeds of such Series of Notes or the Issuer's intentions as regards ongoing reporting on environmental impact provided for in the Green Bond Framework. A negative change to, or a withdrawal of, any evaluation of the Green Bond Framework may affect the value of the Series of Notes linked to the Green Assets and may have consequences for certain investors mandated to invest in sustainable assets.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investment criteria or guidelines with which such investor is required, or intends, to comply. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Arranger, the Dealers or any other person that any such listings or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the lifetime of the Notes.

Payment of any principal or interest in respect of such Notes will be made from the Issuer's general funds and will not be directly linked to the performance of any Green Assets. While it is the intention of the Issuer

to apply an amount equal to the net proceeds of the issue of any Notes issued as Green Bonds in, or substantially in, the manner described in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), there is no contractual or regulatory obligation to do so. Additionally, no assurance is or can be given by the Issuer, the Group or any of the Dealers that, at any time, (i) any assets or type(s) of assets qualifying as Green Assets will be available or meet the Eligibility Criteria; (ii) any Green Asset will continue to meet the relevant Eligibility Criteria, or that the Issuer will be able to replace any Green Assets; or (iii) any Green Asset will be, or will be capable of being, implemented or completed in, or substantially in, the intended manner and/or in accordance with any timing schedule or specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer and that, accordingly, any proceeds of such Notes will be used as intended. There may be periods when a sufficient aggregate amount of Green Assets is not available or has not been allocated to fully cover the proceeds of each Green Bond. Additionally, the maturity of any Green Asset may not match the minimum duration of any Note issued as a Green Bond.

For the avoidance of doubt, there is no direct or contractual link between Notes issued as Green Bonds and the Green Assets (or any other environmental, social, governance or similar targets set by the Issuer), Noteholders will have no direct or indirect interest in, or recourse to, or preferred right against, any Green Asset, and Green Assets are not collateral for the Issuer's obligations under the Notes. Additionally, none of:

- the occurrence of any or all of the factors described in the preceding paragraph;
- a failure by the Issuer (either totally or partially) to use an amount equal to the net proceeds of the issuance of any Notes issued as Green Bonds to finance, or refinance, in whole or in part, Green Assets as described in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), this Base Prospectus and the Green Bond Framework;
- a failure of the Issuer (either totally or partially) to evaluate, select and report on Green Assets, or to manage the proceeds from each Green Bond, or procure any external review and verification, each as described in this Base Prospectus and the Green Bond Framework;
- a failure of a third party to issue (or the withdrawal by a third party of, or amendment of) an opinion or certification in connection with the Green Bond Framework or any Notes issued as Green Bonds (whether or not solicited by the Issuer), and/or any such third party opinion or certification stating that the Issuer is not complying or fulfilling relevant criteria, in whole or in part, with respect to any matters for which such opinion or certification is opining or certifying, and/or the amendment of any criteria on which such opinion or certification was given;
- a failure of the Issuer to obtain or publish any report, assessment, opinion, certification and/or label relating to the Green Bonds;
- the failure of any Note issued as a Green Bond to meet investors' expectations requirements regarding any "green", "ESG" or similar label(s) or characteristic(s); or
- a failure of any Note issued as a Green Bond to be or continue to be listed or admitted to trading on any dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market as aforesaid,

will (i) constitute an Event of Default under the Notes, or (ii) be a breach of contract with respect to any of the Notes issued as Green Bonds, or (iii) give rise to any other claim or right (including, for the avoidance of doubt, any redemption option or right to accelerate the Notes) of a holder of such Green Bonds against the Issuer, or (iv) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes or (v) affect the regulatory treatment of such Notes as tier 2 capital instruments or MREL eligible liabilities (as applicable). Prospective investors should note that all MREL Senior Notes, Senior Non-Preferred Notes or Subordinated Notes including if any such Notes are issued as Green Bonds, will only contain limited enforcement events.

Likewise, Green Bonds, as any other Notes, will be fully subject to the application of CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments and, as such, proceeds from Green Bonds qualifying as own funds or eligible liabilities will be fully available to cover any and all losses

arising on the balance sheet of the Issuer (in the same way as the Issuer's other instruments not classified as Green Bonds) regardless of their "green", "ESG" or similar label or characteristics. Their labelling as Green Bonds will not affect the regulatory treatment of such Notes as tier 2 capital instruments or MREL eligible liabilities (as applicable) and will not have any impact on their status. Furthermore, Green Bonds will be subject to application of the bail-in tool, to the same extent and with the same ranking as any other Note which is not a Green Bond.

The occurrence of any of the above factors may cause damage to the Issuer's reputation and may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Assets and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose (which consequences may include the need to sell such Notes as a result of such Notes not falling within the investor's investment criteria or mandate).

In addition, any such event or failure may have a material adverse effect on the value of such Notes and potentially the value of any other Notes which are intended to finance Green Assets and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

7. Risks related to 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 or 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 or her 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 or her 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.

8. 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 or her 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 or she will be exposed to movements in exchange rates adversely affecting the value of his or her 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 on 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 an issue of 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 the event a rating assigned to the Notes and/or the Issuer is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under Regulation (EU) NO. 1060/2009 on credit rating agencies (the "**EU CRA Regulation**") or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under Regulation (EU) No. 1060/2009 on credit rating agencies as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**") or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

If the status of a credit agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes "forward-looking statements". All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references to assumptions.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results to be materially different from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- economic and financial market conditions, in particular, the Polish and European economies;
- negative occurrences in the markets in which the Issuer's loan portfolio is concentrated;
- negative impact of the COVID-19 pandemic;
- volatility in interest rates;
- a downgrade in the Polish Republic's or the Issuer's credit ratings;
- operational risk;
- credit and counterparty risk;
- liquidity risk and adverse capital and credit market conditions;
- the Issuer's inability to manage risks through derivatives;
- the occurrence of catastrophic events, terrorist attacks and similar events;
- significant adverse regulatory developments;
- an interruption, failure or breach of the Issuer's operational system including the Issuer's IT systems and other systems on which it depends;
- the ineffectiveness of the Issuer's risk management policies and procedures; and
- failure to deliver by third parties to which the Issuer has outsourced certain functions.

The Issuer's risks are more specifically described under "*Risk Factors*". If one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, the Issuer's actual results, performance or achievements or industry results may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this Base Prospectus (or any supplement hereto) or as of such earlier date at which such statements are expressed to be given. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein (or in any supplement) to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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 condensed interim consolidated financial statements of the Group for the nine months ended 30 September 2022 prepared in accordance with IAS 34 *'Interim Financial Reporting'* as adopted by the European Union (the "**Q3 2022 Consolidated Financial Statements**"), which constitute a free translation from the Polish version into the English language and can be viewed online at: <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2022/consolidated-financial-report-of-mbank-sa-group-for-q3-2022.pdf>:
 - (a) condensed consolidated income statement (page 20);
 - (b) condensed consolidated statement of comprehensive income (page 21);
 - (c) condensed consolidated statement of financial position (page 22);
 - (d) condensed consolidated statement of changes in equity (page 23);
 - (e) condensed consolidated statement of cash flows (page 24); and
 - (f) explanatory notes to the consolidated financial statements and selected explanatory information (pages 25 to 82).

Any other information incorporated by reference that is not included in the cross-reference list above is not incorporated by reference and is either not relevant for investors or covered elsewhere in this Base Prospectus;

2. the audited consolidated financial statements of the Group for the year ended 31 December 2021 prepared in accordance with IFRS as adopted by the European Union (the "**2021 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 2021, which constitute a free translation from the Polish version into the English language and can be viewed online at: <https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-ifs-financial-statements-2021.pdf>:
 - (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 177 inclusive).

Any other information incorporated by reference that is not included in the cross-reference list above is not incorporated by reference and is either not relevant for investors or covered elsewhere in the Base Prospectus;

3. the independent registered auditor's report on the audit of the 2021 Consolidated Financial Statements (pages 1 to 12 inclusive), which constitutes a free translation from the Polish version into the English language and can be viewed online at: <https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-independent-auditor-report-consolidated-2021.pdf>;
4. the audited consolidated financial statements of the Group for the year ended 31 December 2020 prepared in accordance with IFRS as adopted by the European Union (the "**2020 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 2020, which constitute a free translation from the Polish version into the English language and can be viewed online at: https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/mbank-group-consolidated-financial-statements_ye_2020.pdf:

- (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 179 inclusive).

Any other information incorporated by reference that is not included in the cross-reference list above is not incorporated by reference and is either not relevant for investors or covered elsewhere in the Base Prospectus;

- 5. the independent registered auditor's report on the audit of the 2020 Consolidated Financial Statements, which constitutes a free translation from the Polish version into the English language and can be viewed online at: <https://www.mbank.pl/pdf/relacje-inwestorskie/raport-roczny/2021/ye20-mbank-independent-auditors-report-consolidated-e.pdf>;
- 6. the "Terms and Conditions of the Notes" set out on pages 96 to 146 inclusive of the base prospectus relating to the Programme dated 25 August 2021 (the "**2021 Conditions**") and can be viewed online at: <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/base-prospectus-25-august-2021-euro-medium-term-note-programme.pdf>;
- 7. the "Terms and Conditions of the Notes" set out on pages 108 to 147 inclusive of the base prospectus relating to the Programme dated 28 March 2019 (the "**2019 Conditions**") and can be viewed online at: <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-z-28-marca-2019-emetn.pdf>;
- 8. the "Terms and Conditions of the Notes" set out on pages 114 to 138 inclusive of the base prospectus relating to the Programme dated 17 May 2018 (the "**2018 Conditions**") (can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-17-maja-2018.pdf>) as amended by a first supplement dated 22 August 2018 to the Base Prospectus dated 17 May 2018 (can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/suplement-do-prospektu-emisyjnego-z-dnia-17-maja-2018-22-sierpnia-2018.pdf>);
- 9. the "Terms and Conditions of the Notes" set out on pages 114 to 140 inclusive of the base prospectus relating to the Programme dated 8 March 2017 (the "**2017 Conditions**") and can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-8-marca-2017.pdf>;
- 10. the "Terms and Conditions of the Notes" set out on pages 111 to 137 inclusive of the base prospectus relating to the Programme dated 23 March 2016 (the "**2016 Conditions**") and can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-23-marca-2016.pdf>;
- 11. the "Terms and Conditions of the Notes" set out on pages 108 to 134 inclusive of the base prospectus relating to the Programme dated 24 March 2015 (the "**2015 Conditions**") and can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-24-marca-2015.pdf>;

12. 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**") and can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-14-marca-2014.pdf>;
13. 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 can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-8-kwietnia-2013.pdf>; and
14. 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**") and can be viewed online at <https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-12-kwietnia-2012.pdf>.

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.

If the information incorporated by reference in this Base Prospectus itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form 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).

For at least ten years from the date of this Base Prospectus, a copy of any document containing the information incorporated by reference in this Base Prospectus can be obtained from the Issuer's website at <https://www.mbank.pl/en/investor-relations/financial-results/>. For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the Issuer's website does not form part of this Base Prospectus.

SUPPLEMENTS TO THIS BASE PROSPECTUS

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

If the terms of the Programme are modified or amended in a manner that would make this Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus or supplement will be prepared.

If, at any time following the publication of this Base Prospectus, the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer shall prepare and make available an appropriate supplement to this Base Prospectus as required by Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified shall not, except as so modified, constitute a part of this Base Prospectus.

The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Base Prospectus is no longer valid. For this purpose, "valid" means valid for making admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement this Base Prospectus is only required within its period of validity between the time when this Base Prospectus is approved and the time when trading on a regulated market begins, whichever occurs later.

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 depository 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 Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of 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 10 (*Events of Default*)) 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 15 (*Notices*)

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 the applicable 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 10 (*Event of Default*). 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 or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated on or about 28 November 2022 and executed by the Issuer.

FORM OF FINAL TERMS

Form of Final Terms for an issue by mBank S.A. under the €3,000,000,000 Euro Medium Term Note Programme.

(Option – Include if any stabilisation)

[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 these Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than the price that 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.]

(End of option)

[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"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution 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 the Prospectus Regulation. 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.]

[PROHIBITION OF SALES TO UK 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 United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97]/[the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]¹

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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. 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

¹ Legend to be included unless the Final Terms for an offer of Notes specifies "Prohibition of Sales to EEA Retail Investors" and "Prohibition of Sales to UK Retail Investors" as "Not Applicable".

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.]

[UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) 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.].]

[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 2001 of Singapore, as modified or amended from time to time (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).]²

[Date]

FINAL TERMS

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKK2AY35

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

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any member state of the European Economic Area (each, a “Member State”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any [Manager/Dealer] to publish a prospectus pursuant to Article 1 of the Prospectus Regulation or a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any [Manager/Dealer] has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended).

(Option A – The following legend applies if the first Tranche of the Series of Notes is issued under the current base prospectus)

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the base prospectus of the Issuer dated 28 November 2022 [, as supplemented by the supplement(s) to it dated [•]] (the “**Base Prospectus**”) issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation.]

² For any Notes to be offered to Singapore investors, the Bank to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus (including any supplements thereto) in order to obtain all the relevant information.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus.]

(Option B – The following legend applies if the first Tranche of the Series of Notes is issued under a previous base prospectus)

[Terms used herein shall be deemed to be defined as such for the purposes of the [[2021]/ [2019]/ [2018]/ [2017]/ [2016]/ [2015]/ [2014]/ [2013]/ [2012]] Conditions (the "**Conditions**") incorporated by reference in, and form part of the base prospectus dated 28 November 2022 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information, 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 and the Base Prospectus.]

(End of options A and B)

The Base Prospectus [and copies of the [[2021]/[2019]/[2018]/[2017]/[2016]/[2015]/[2014]/[2013]/[2012]] Conditions] [is/are] available for viewing at the investor relations section of the Issuer's website, [<https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/issue-programs.html>], and at the offices of the Paying Agents specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents.

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation; and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

[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 specified for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, 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 23 of the Prospectus Regulation.]

PART A – CONTRACTUAL TERMS

- | | | | |
|----|-----|--|---|
| 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 [<i>provide issue amount/ISIN/maturity date/issue date of earlier Tranches</i>] 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 [<i>date</i>]][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: [•]
- (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]]
(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 [EURIBOR/PRIBOR/WIBOR/SONIA/SONIA Compounded Index/SOFR/SOFR Compounded Index]
 +/- [•] per cent. Floating Rate]
 [Reset Notes]
 [Zero Coupon]
 (see paragraph [14]/[15]/[16]/[17] 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 7.6 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below]

Investor Put pursuant to Condition 7.7 (*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 7.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]

Issuer Call – MREL Disqualification Event pursuant to Condition 7.4 (*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–MREL 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)

(i) Status: [Ordinary Senior Notes/MREL Senior Notes/Senior Non-Preferred Notes]

(ii) Events of Default: [Condition 10.1 (*Events of Default relating to Ordinary Senior Notes*) applies / Condition 10.3 (*Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes*) applies]

(b) Subordinated: [Applicable/Not Applicable]

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

(i) 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]
(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 any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
("Specified Period" and "Specified Interest Payment Dates" are alternatives. A "Specified Period", rather than "Specified Interest Payment Dates", will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "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): [•]/[Not Applicable]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [[•] shall be the Calculation Agent]/[Not Applicable]³
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- (i) Reference Rate: [•][•] [EURIBOR/PRIBOR/WIBOR/SONIA/ SONIA Compounded Index/SOFR/ SOFR Compounded Index]
- (ii) Observation Method: [Lag/Observation Shift/Not Applicable]

³ Confirm with Agent whether it will act as Calculation Agent. See Clause 8.1(a) of the Agency Agreement.

- (iii) Lag Period: [5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
- (iv) Observation Shift Period: [5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable]
- (NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
- (v) D: [360/365/[•]] / [Not Applicable]
- (vi) Index Determination – SONIA [Applicable]/[Not Applicable]
- Relevant Decimal Place: [•] [5] *(unless otherwise specified in these Final Terms, this will be the fifth decimal place)*
 - Relevant Number of London Banking Days: [•] [5] *(unless otherwise specified in these Final Terms, the Relevant Number shall be 5)*
- (vii) Index Determination – SOFR [Applicable]/[Not Applicable]
- Relevant Decimal Place: [•] [5] *(unless otherwise specified in these Final Terms, this will be the fifth decimal place)*
 - Relevant Number of U.S. Government Securities Business Days: [•] [5] *(unless otherwise specified in these Final Terms, the Relevant Number shall be 5)*
- (viii) Interest Determination Date(s): [The first Business Day in the relevant Interest Period]/ *(select where Interest Determination Date has the meaning specified in Condition 5.2(e), Condition 5.2(f), Condition 5.2(g), Condition 5.2(h))* [•] [London Banking Days/U.S. Government Securities Business Days/TARGET Settlement Days] prior to each Interest Payment Date]
(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)
- (ix) Relevant Screen Page: [•]
- (x) Relevant Time [•]

- (xi) Benchmark Discontinuation: [Not Applicable / Condition 5.4(a) (*Benchmark Discontinuation – Independent Adviser*) applies/ Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) applies]
- If the Reference Rate for the Floating Rate Notes is "SONIA" or "SONIA Compounded Index", Condition 5.4(a) (Benchmark Discontinuation – Independent Adviser) should be specified as applicable.*
- If the Reference Rate for the Floating Rate Notes is "SOFR" or "SOFR Compounded Index" for U.S. Dollars, Condition 5.4(b) (Benchmark Discontinuation – ARRC) should be specified as applicable.)*
- (g) ISDA Determination: [Applicable/Not Applicable]
- (i) ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- (ii) Floating Rate Option: [•]
- (iii) Designated Maturity: [•]
- (Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate)*
- (iv) Reset Date: [•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(b)] above and as specified in the ISDA Definitions]
- (v) Compounding: [Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
- Compounding Method: [Compounding with Lookback:
 - Lookback: [•] Applicable Business Days
 [Compounding with Observation Period Shift:
 - Observation Period Shift: [•] Observation Period Shift Business Days
 - Observation Period Shift Additional Business Days: [[•] / Not Applicable]]
 [Compounding with Lockout:
 - Lockout: [•] Lockout Period Business Days
 - Lockout Period Business Days: [[•]/Applicable Business Days]]

- (vi) Averaging: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Averaging Method: [Averaging with Lookback:
 - Lookback: [•] Applicable Business Days
[Averaging with Observation Period Shift:
 - Observation Period Shift: [•] Observation Period Shift Business Days
 - Observation Period Shift Additional Business Days: [[•]/Not Applicable]]
[Averaging with Lockout:
 - Lockout: [•] Lockout Period Business Days
 - Lockout Period Business Days: [[•]/Applicable Business Days]]
- (vii) Index Provisions: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Index Method: Compounded Index Method with Observation Period Shift:
 - Observation Period Shift: [•] Observation Period Shift Business Days
 - Observation Period Shift Additional Business Days: [[•] / 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 5 for alternatives)
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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]
17. Reset Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Rate of Interest: [•] per cent. per annum payable in arrear [on each Interest Payment Date] up to (and including) [•]
- (b) First Margin: [+/-][•] per cent. per annum
- (c) Subsequent Margin: [[+/-][•] per cent. per annum]/[Not Applicable]
- (d) Interest Payment Date(s): [•] [and [•]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 17(p)]
- (e) Fixed Coupon Amount up to (but excluding) the First Reset Date: [[•] per Calculation Amount] / [Not Applicable]
- (f) Broken Amount(s): [[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]] / [Not Applicable]
- (g) First Reset Date: [•] [subject to adjustment in accordance with paragraph 17(p)]
- (h) Second Reset Date: [Not Applicable] / [[•] [subject to adjustment in accordance with paragraph 17(p)]]
- (i) Subsequent Reset Date(s): [Not Applicable] / [[•] [and [•]] [subject to adjustment in accordance with paragraph 17(p)]]
- (j) Relevant Screen Page: [•]
- (k) Reset Reference Rate: [Reference Bond Rate / Mid-Swap Rate]
- (l) Mid-Swap Rate: [Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Not Applicable]
- (m) Mid-Swap Maturity: [•]
- (n) Reference Banks: [•]
- (o) Reset Reference Rate Conversion: [Applicable/Not Applicable]
- (p) Original Reset Reference Rate Basis: [•]/[Not Applicable]
- (q) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (r) Reset Determination Dates: [[•] in each year / The provisions in the Conditions apply]
- (s) Reset Determination Time: [•]
- (t) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
- (u) Relevant Financial Centre: [•]

- (v) Determination Agent: [•]
- (w) Mid-Swap Floating Leg [EURIBOR/PRIBOR/
Benchmark Rate: WIBOR/SONIA/ SONIA Compounded Index/
SOFR/ SOFR Compounded Index]

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition 7.2: Minimum period: [30] days
Maximum period: [60] days
19. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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)
20. 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)
21. Capital Disqualification Event in respect of Tier 2 Subordinated Notes: [Applicable/Not Applicable]
- (a) Optional Redemption Amount (Capital Disqualification Event): [[•] per Calculation Amount/Condition 7.3 not Applicable]
22. MREL Disqualification Event [Applicable/Not Applicable]

- (a) Optional Redemption Amount (MREL Disqualification Event): [[•] per Calculation Amount / Not Applicable]
23. Final Redemption Amount: [Par], [[•] per Calculation Amount]
24. 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**
25. 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]
26. 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)
27. 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.]
28. Waiver of Set-Off: [Applicable]/[Not Applicable]
29. Substitution and Variation: [Applicable]/[Not Applicable]

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] 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)

- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

[The 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]

Option 1 - CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[[•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [As of the date of these Final Terms, [•] appears on the list of registered credit rating agencies on the ESMA website www.esma.europa.eu]. [The rating [•] has given to the Notes is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/ [[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/ [[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA / European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 2 – CRA established in the EEA, not registered under the CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[[•] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority/European Securities and Markets Authority]. [As of the date of these Final Terms, [•] appears on the list of registered credit rating agencies on the ESMA website www.esma.europa.eu]. [The rating [•]

has given to the Notes is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").][[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").][[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 3 – CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[[•] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [As of the date of these Final Terms, [•] appears on the list of registered credit rating agencies on the ESMA website www.esma.europa.eu.] [The rating [•] has given to the Notes is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").][[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").] [[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 4 – CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the EEA or certified under the EU CRA Regulation

[[•] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**"). As of the date of these Final Terms, [•] appears on the list of registered credit rating agencies on the FCA website www.fca.org.uk/markets/credit-ratingagencies/registered-certified-cras. [The rating [•] has given to the Notes to be issued under the Programme is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[•] has been certified under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[•] has not been certified under Regulation (EU) No 1060/2009, as amended as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

Option 5 – CRA not established in the EEA or the UK but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation (EU) AND/OR under the UK CRA Regulation

[[•] is not established in the EEA or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") [and] [[•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018]].

Option 6 – CRA not established in the EEA or the UK and relevant rating is not endorsed under the CRA Regulation (EU) or the UK CRA Regulation but CRA is certified under the CRA Regulation (EU) AND/OR under the UK CRA Regulation

[[•] is not established in the EEA or the UK but is certified under Regulation (EU) No 1060/2009, as amended [(the "EU CRA Regulation")] [and] [Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA / European Union (Withdrawal) Act 2018].

Option 7 – CRA neither established in the EEA or the UK nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation

[[•] is not established in the EEA or the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the "EU CRA Regulation") or Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "UK CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.

[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], 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./[•]/Not Applicable.]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: [The net proceeds of the issue of the Notes will be used by the Bank for general corporate purposes.]

[An amount equivalent to the net proceeds of an issue of the Notes (being Green Bonds) will be used in accordance with the Group's Green Bond Framework (as defined and further described in the section of the Base Prospectus entitled "Green Bond Framework")/ [•]

(If reasons for offer different from what is disclosed in "Use of Proceeds" in the Base Prospectus, give detail)

(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: [•]/[Not Applicable].

(If applicable, include breakdown of expenses)

(iv) Green Bond [Yes/Not Applicable]

(A) Second Party Opinion [Sustainalytics B.V.]/[•]
Provider:

(B) Date of Second Party [18 February 2022]/[•]
Opinion:

5. **[YIELD (*Fixed Rate Notes/Reset Notes only*)]**

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

6. **OPERATIONAL INFORMATION**

(i) ISIN: [•]

(ii) Common Code: [•]

(iii) CFI: [[•], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/[*other*]].

(iv) FISN: [[•], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable//[*other*]].

(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): [•]/[Not Applicable]

(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/*give names*]
 - Date of [Subscription] Agreement: [•]
 - Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]
- (v) Prohibition of sales to EEA Retail Investors: [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

- (vi) Prohibition of sales to UK Retail Investors: [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

8. **[THIRD PARTY INFORMATION]**

[[•] has been extracted from [•]. The Bank 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 [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

PRO FORMA PRICING SUPPLEMENT

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. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**") FOR THE ISSUE OF NOTES DESCRIBED BELOW AND THE LUXEMBOURG COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER (IN ITS CAPACITY AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION) HAS NEITHER APPROVED NOR REVIEWED INFORMATION RELATING TO THE NOTES DESCRIBED BELOW CONTAINED IN THIS PRICING SUPPLEMENT.

(Option – Include if any stabilisation)

[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 this 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 the price that 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.]

(End of option)

[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**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution 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 the Prospectus Regulation. 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.

[PROHIBITION OF SALES TO UK 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been

prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]⁴

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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. 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.]

[UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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 only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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.].]

[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 2001 of Singapore, as modified or amended from time to time (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).]⁵

[Date]

PRICING SUPPLEMENT

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKK2AY35

**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 [Manager/Dealer] to publish a prospectus or supplement to a prospectus pursuant the Prospectus Regulation, in each case, in relation to such offer.

(Option A – The following legend applies if the first Tranche of the Series of Notes is issued under the current base prospectus)

⁴ Include these legends if the Notes are or may constituted "packaged" products and no key information document (KID) required by the PRIIPs Regulation and UK PRIIPs Regulation has been prepared. Omit if the Instruments clearly do not constitute "packaged" products for the purposes of the PRIIPs Regulation and UK PRIIPs Regulation or a key information document (KID) has been prepared.

⁵ For any Notes to be offered to Singapore investors, the Bank to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the base prospectus of the Issuer dated 28 November 2022 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus.]

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus (including any supplements thereto) in order to obtain all the relevant information.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of this Pricing Supplement and the Base Prospectus.]

(Option B – The following legend applies if the first Tranche of the Series of Notes is issued under a previous base prospectus)

[Terms used herein shall be deemed to be defined as such for the purposes of the [[2021]/ [2019]/ [2018]/ [2017]/ [2016]/ [2015]/ [2014]/ [2013]/ [2012]] Conditions (the "**Conditions**") incorporated by reference in, and form part of the base prospectus dated 28 November 2022 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information, 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 this Pricing Supplement and the Base Prospectus.]

(End of options A and B)

The Base Prospectus [and copies of the [[2021]/[2019]/[2018]/[2017]/[2016]/[2015]/[2014]/[2013]/[2012]] Conditions] [is/are] available for viewing at the investor relations section of the Issuer's website, [<https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/issue-programs.html>], and at the offices of the Paying Agents specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation; and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[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 specified for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Pricing Supplement.]

PART A – CONTRACTUAL TERMS

- | | | | |
|----|-----------------------------------|--|---|
| 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]*]
- (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 [EURIBOR/ PRIBOR/ WIBOR/SONIA/SONIA Compounded Index/SOFR/SOFR Compounded Index]
- +/- [•] per cent. Floating Rate]
[Reset Notes]
[Zero Coupon]
[specify other]
(see paragraph [14]/[15]/[16]/[17]/[•] 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 7.6 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below]
Investor Put pursuant to Condition 7.7 (*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 7.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]
Issuer Call – MREL Disqualification Event pursuant to Condition 7.4 (*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-MREL 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)
- (i) Status: [Ordinary Senior Notes/MREL Senior Notes/Senior Non-Preferred Notes]
- (ii) Events of Default: [Condition 10.1 (*Events of Default relating to Ordinary Senior Notes*) applies / Condition 10.3 (*Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes*) applies]
- (b) Subordinated: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) 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]
(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 any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

("Specified Period" and "Specified Interest Payment Dates" are alternatives. A "Specified Period", rather than "Specified Interest Payment Dates", will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "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): [•]/[Not Applicable]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [[•] shall be the Calculation Agent]/[Not Applicable]⁶
- (f) Screen Rate Determination: [Applicable/Not Applicable]

⁶ Confirm with Agent whether it will act as Calculation Agent. See Clause 8.1(a) of the Agency Agreement.

- (i) Reference Rate: [•][•] [EURIBOR/PRIBOR/WIBOR/SONIA/ SONIA Compounded Index/SOFR/ SOFR Compounded Index]
- (ii) Observation Method: [Lag/Observation Shift/Not Applicable]
- (iii) Lag Period: [5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
- (iv) Observation Shift Period: [5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable]
- (NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)
- (v) D: [360/365/[•]] / [Not Applicable]
- (vi) Index Determination – SONIA [Applicable]/[Not Applicable]
- Relevant Decimal Place: [•] [5] (unless otherwise specified in this Pricing Supplement, it will be the fifth decimal place)
 - Relevant Number of London Banking Days: [•] [5] (unless otherwise specified in this Pricing Supplement, the Relevant Number shall be 5)
- (vii) Index Determination – SOFR [Applicable]/[Not Applicable]
- Relevant Decimal Place: [•] [5] (unless otherwise specified in this Pricing Supplement, it will be the fifth decimal place)
 - Relevant Number of U.S. Government Securities Business Days: [•] [5] (unless otherwise specified in this Pricing Supplement, the Relevant Number shall be 5)
- (viii) Interest Determination Date(s): [The first Business Day in the relevant Interest Period]/ (select where Interest Determination Date has the meaning specified in Condition 5.2(e), Condition 5.2(f), Condition 5.2(g), Condition 5.2(h)) [•] [London Banking Days/U.S. Government Securities Business Days/TARGET Settlement Days] prior to each Interest Payment Date]
(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)
- (ix) Relevant Screen Page: [•]
- (x) Relevant Time [•]
- (xi) Benchmark Discontinuation: [Not Applicable / Condition 5.4(a) (Benchmark Discontinuation – Independent Adviser) applies/ Condition 5.4(b) (Benchmark Discontinuation –

ARRC) applies]

(If the Reference Rate for the Floating Rate Notes is "SONIA" or "SONIA Compounded Index", Condition 5.4(a)

(Benchmark Discontinuation – Independent Adviser) should be specified as applicable.

If the Reference Rate for the Floating Rate Notes is "SOFR" or "SOFR Compounded Index" for U.S. Dollars, Condition 5.4(b)

(Benchmark Discontinuation – ARRC) should be specified as applicable.)

- (g) ISDA Determination: [Applicable/Not Applicable]
- (i) ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- (ii) Floating Rate Option: [•]
- (iii) Designated Maturity: [•]
- (Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate)*
- (iv) Reset Date: [•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(b)] above and as specified in the ISDA Definitions]
- (v) Compounding: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Compounding Method: [Compounding with Lookback:
 - Lookback: [•] Applicable Business Days][Compounding with Observation Period Shift:
 - Observation Period Shift: [•] Observation Period Shift Business Days
 - Observation Period Shift Additional Business Days: [[•] / Not Applicable]][Compounding with Lockout:
 - Lockout: [•] Lockout Period Business Days
 - Lockout Period Business Days: [[•]/Applicable Business Days]]
- (vi) Averaging: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Averaging Method: [Averaging with Lookback:
 - Lookback: [•] Applicable Business Days][Averaging with Observation Period Shift:

		<ul style="list-style-type: none"> • Observation Period Shift: [•] Observation Period Shift Business Days • Observation Period Shift Additional Business Days: [[•]/Not Applicable]]
		[Averaging with Lockout:
		<ul style="list-style-type: none"> • Lockout: [•] Lockout Period Business Days • Lockout Period Business Days: [[•]/Applicable Business Days]]
(vii)	Index Provisions:	[Applicable/Not Applicable] <i>(If not applicable delete the remaining sub-paragraphs of this paragraph)</i>
	<ul style="list-style-type: none"> • Index Method: 	Compounded Index Method with Observation Period Shift:
		<ul style="list-style-type: none"> • Observation Period Shift: [•] Observation Period Shift Business Days • Observation Period Shift Additional Business Days: [[•] / 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 (<i>specify for each short or long interest period</i>)]
(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:	[30/360] [Actual/Actual (ICMA)]
		<i>(See Condition 5 for alternatives)</i>
(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] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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]

17. Reset Note Provisions:	[Applicable/Not Applicable]
	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a) Initial Rate of Interest:	[•] per cent. per annum payable in arrear [on each Interest Payment Date] up to (and including) [•]
(b) First Margin:	[+/-][•] per cent. per annum
(c) Subsequent Margin:	[[+/-][•] per cent. per annum]/[Not Applicable]
(d) Interest Payment Date(s):	[•] [and [•]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 17(p)]
(e) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[•] per Calculation Amount] / [Not Applicable]
(f) Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]] / [Not Applicable]
(g) First Reset Date:	[•] [subject to adjustment in accordance with paragraph 17(p)]
(h) Second Reset Date:	[Not Applicable] / [[•] [subject to adjustment in accordance with paragraph 17(p)]]
(i) Subsequent Reset Date(s):	[Not Applicable] / [[•] [and [•]] [subject to adjustment in accordance with paragraph 17(p)]]
(j) Relevant Screen Page:	[•]
(k) Reset Reference Rate:	[Reference Bond Rate / Mid-Swap Rate]
(l) Mid-Swap Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Not Applicable]
(m) Mid-Swap Maturity:	[•]
(n) Reference Banks:	[•]
(o) Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(p) Original Reset Reference Rate Basis:	[•]/[Not Applicable]
(q) Day Count Fraction:	[30/360]
(r) Reset Determination Dates:	[[•] in each year / The provisions in the Conditions apply]
(s) Reset Determination Time:	[•]
(t) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]

- (u) Relevant Financial Centre: [•]
- (v) Determination Agent: [•]
- (w) Mid-Swap Floating Leg Benchmark Rate: [EURIBOR/PRIBOR/WIBOR/SONIA/ SONIA Compounded Index/ SOFR/ SOFR Compounded Index]

PROVISIONS RELATING TO REDEMPTION

- 18. Notice periods for Condition 7.2:
 - Minimum period: [30] days
 - Maximum period: [60] days
- 19. Issuer Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs 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)
- 20. 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)
- 21. Capital Disqualification Event in respect of Tier 2 Subordinated Notes: [Applicable/Not Applicable]

22. (a) Optional Redemption Amount (Capital Disqualification Event): [[•] per Calculation Amount/Condition 7.3 not Applicable]
23. MREL Disqualification Event: [Applicable/Not Applicable]
24. (a) Optional Redemption Amount (MREL Disqualification Event): [[•] per Calculation Amount/Not Applicable]
25. Final Redemption Amount: [Par], [[•] per Calculation Amount]
26. 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

27. 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]
28. 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)
29. 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.]
30. Other terms or special conditions: [Not Applicable/*give details*]
31. Waiver of Set-Off: [Applicable/Not Applicable]
32. Substitution and Variation: [Applicable/Not Applicable]

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

By: By:
Duly authorised Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [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]
- (ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

[The 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]

Option 1 – CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [As of the date of this Pricing Supplement, [•] appears on the list of registered credit rating agencies on the ESMA website www.esma.europa.eu.] [The rating [•] has given to the Notes is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[•] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority/European Securities and Markets Authority]. [As of the date of this Pricing Supplement, [•] appears on the list of registered credit rating agencies on the ESMA website www.esma.europa.eu.] [The rating [•] has given to the Notes is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 3 – CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[•] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [As of the date of this Pricing Supplement, [•] appears on the list of registered credit rating agencies on the ESMA website www.esma.europa.eu]. [The rating [•] has given to the Notes is endorsed by [•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").] [[•] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").] [[•] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 4 - CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the EEA or certified under the EU CRA Regulation

[•] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**"). As of the date of this Pricing Supplement, [•] appears on the list of registered credit rating agencies on the FCA website www.fca.org.uk/markets/credit-ratingagencies/registered-certified-cras. [The rating [•] has given to the Notes to be issued under the Programme is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[•] has been certified under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[•] has not been certified under Regulation (EU) No 1060/2009, as amended as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

Option 5 – CRA not established in the EEA or the UK but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation (EU) AND/OR under the UK CRA Regulation

[•] is not established in the EEA or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") [and] [[•], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018]].

Option 6 - CRA not established in the EEA or the UK and relevant rating is not endorsed under the CRA Regulation (EU) or the UK CRA Regulation but CRA is certified under the CRA Regulation (EU) AND/OR under the UK CRA Regulation

[•] is not established in the EEA or the UK but is certified under Regulation (EU) No 1060/2009, as amended [(the "**EU CRA Regulation**") [and] [Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA / European Union (Withdrawal) Act 2018]].

Option 7 – CRA neither established in the EEA or the UK nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation

[•] is not established in the EEA or the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") or Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is

not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.

[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], 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./[•]/Not Applicable.]]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: [The net proceeds of the issue of the Notes will be used by the Bank for general corporate purposes.]

[An amount equivalent to the net proceeds of an issue of the Notes (being Green Bonds) will be used in accordance with the Group's Green Bond Framework (as defined and further described in the section of the Base Prospectus entitled "Green Bond Framework")/ [•]

(If reasons for offer different from what is disclosed in "Use of Proceeds" in the Base Prospectus, give detail)

(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 [•]/[Not Applicable].

(If applicable: include breakdown of expenses)

(iv) Green Bond [Yes/Not Applicable]

• Second Party Opinion Provider: [Sustainalytics B.V.]/[•]

• Date of Second Party Opinion: [18 February 2022]/[•]

5. **[YIELD (Fixed Rate Notes only)]**

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

6. **OPERATIONAL INFORMATION**

(i) ISIN: [•]

(ii) Common Code: [•]

(iii) CFI: [•], as updated, as set out on the website of the Association of National Numbering Agencies

(ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other].

(iv) FISN: [•], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other].

(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): [•]/[Not Applicable]

(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.]

7. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated:

• Names of Managers: [Not Applicable/give names]

• Date of [Subscription] Agreement: [•]

- Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]
- (v) Additional selling restrictions: [Not Applicable/*give details*]
(*Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes*)
- (vi) Prohibition of sales to EEA Retail Investors: [Applicable/Not Applicable]
(*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
- (vii) Prohibition of sales to UK Retail Investors: [Applicable/Not Applicable]
(*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (subject to completion by the applicable Final Terms or the applicable Pricing Supplement, in the case of Exempt Notes) will be endorsed upon 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 with 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) (or the applicable Pricing Supplement, in the case of Exempt Notes) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "applicable Final Terms" or "applicable Pricing Supplement" (in the case of Exempt Notes) for a description of the content of Final Terms or Pricing Supplement, as applicable, 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 (as defined below) in the Specified Currency (as defined below);
- (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 November 2022 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 Regulation (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 in the Conditions to "**applicable Final Terms**" shall be deemed to include a reference to "**applicable Pricing Supplement**" where relevant. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended).

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 will state in particular whether this Note is an Ordinary Senior Note (the "**Ordinary Senior Note**"), an MREL Senior Note (the "**MREL Senior Note**") or a Senior Non-Preferred Note (the "**Senior Non-Preferred Note**", together with the Ordinary Senior Note and the MREL Senior Notes, the "**Senior Notes**") or a Subordinated Note (the "**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 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 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 November 2022 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary 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 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 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 "Terms and Conditions" or "Conditions" are to these Conditions, or a correspondingly numbered provision hereof.

1. **FORM, DENOMINATION AND TITLE**

- (a) 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. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.
- (b) 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.
- (c) This Note may be an Ordinary Senior Note, an MREL Senior Note, a Senior Non-Preferred Note, a Senior Subordinated Note or a Tier 2 Subordinated Note.

- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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 or MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes.

2.1 Status of the Ordinary Senior Notes and MREL Senior Notes

The payment obligations of the Issuer under Notes which specify their status as Ordinary Senior Notes or MREL Senior Notes in the applicable Final Terms constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provisions of law, upon the insolvency of the Issuer as set out in the Polish Act dated 28 February 2003 Insolvency Law, as may be amended from time to time (the "**Insolvency Law**"), such payment obligations rank:

- (a) in respect of principal:
 - (i) *pari passu* among themselves and with any other Senior Higher Priority Liabilities;
 - (ii) senior to (A) accrued but unpaid interest on the Senior Higher Priority Liabilities as of the commencement of any insolvency procedure; (B) any liabilities of the Issuer falling into categories 4 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including but not limited to the Senior Non-Preferred Liabilities); and (C) any other present and future obligations of the Issuer which rank junior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law; and

- (iii) junior to: (A) any liabilities of the Issuer falling into categories 1, 2 and 3(a) to (c) (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (B) any present and future obligations of the Issuer which rank senior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law.
- (b) in respect of interest:
 - (i) *pari passu* among themselves and with any other interest on the Senior Higher Priority Liabilities;
 - (ii) junior to: (A) obligations in respect of principal on the Senior Higher Priority Liabilities; and (B) any liabilities of the Issuer falling into categories 1 to 3 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (C) any present and future obligations of the Issuer which rank senior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law; but
 - (iii) senior to: (A) any liabilities of the Issuer falling into categories 4(b) to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including but not limited to the Senior Non-Preferred Liabilities); and (B) any other present and future obligations of the Issuer which rank junior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law.

2.2 Status of the Senior Non-Preferred Notes

The payment obligations of the Issuer under Notes which specify their status as Senior Non-Preferred Notes in the applicable Final Terms constitute direct, unconditional and unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law, upon the insolvency of the Issuer as set out in the Insolvency Law, such payment obligations rank:

- (a) *pari passu* among themselves and with any other Senior Non-Preferred Liabilities;
- (b) junior to: (A) any liabilities of the Issuer falling into categories 1 to 5 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (B) any other present and future obligations of the Issuer which rank senior to the Senior Non-Preferred Notes in accordance with the Insolvency Law; and
- (c) senior to: (A) any liabilities of the Issuer falling into categories 7 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (B) any other present and future obligations of the Issuer which rank junior to the Senior Non-Preferred Liabilities in accordance with the Insolvency Law.

2.3 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 on account of principal constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law upon the insolvency of the Issuer as set out in the Insolvency Law, such payment obligations 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, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;

- (B) junior to (i) liabilities of the Issuer falling into categories 1 to 6 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including any Senior Higher Priority Liabilities and Senior Non-Preferred Liabilities), and (ii) any other obligations which by law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and
 - (C) senior to: (i) any liabilities of the Issuer falling into categories 8 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (ii) any other obligations of the Issuer which, by law, rank junior to the obligations of the Issuer under the relevant Senior Subordinated Notes; and
- (ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Subordinated Notes of the Issuer:
- (A) *pari passu* among themselves and with any other subordinated obligations which, by law, rank *pari passu* with the Issuer's obligations under the Tier 2 Subordinated Notes;
 - (B) junior to: (i) any liabilities of the Issuer falling into categories 1 to 7 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; (ii) any other present and future obligations of the Issuer which, in accordance with the Insolvency Law, rank senior to the Tier 2 Subordinated Notes, and (iii) any other obligations which, by law, rank senior to the Issuer's obligations under the Tier 2 Subordinated Notes; and
 - (C) senior to: (i) any liabilities of the Issuer falling into categories 9 and 10 of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; (ii) any other present or future obligations of the Issuer which, in accordance with the Insolvency Law, rank lower than Tier 2 Subordinated Notes and (iii) any other subordinated obligations of the Issuer which by law, rank junior to the obligations of the Issuer under the Tier 2 Subordinated Notes.

2.4 No Interest in Insolvency

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

2.5 MREL

- (a) To the extent allowed by the Applicable Banking Regulations, the MREL Senior Notes, the Senior Non-Preferred Notes, the Senior Subordinated Notes and the Tier 2 Subordinated Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (the "MREL"). In such case, the applicable Final Terms shall comply with the requirements set out in the Applicable Banking Regulations.
- (b) The rights of holders of the MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes shall be subject to any present or future Polish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Poland which are or will be applicable to such Notes only as a result of the operation of such laws or regulations.

2.6 Definitions

In these Conditions:

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy or resolution then in effect in the Republic of Poland including, without limitation to the generality of the foregoing, the CRD Implementing

Measures, the CRD Regulation, BRRD, the Creditor Hierarchy Directive, the BGF Act, the Insolvency Law and those regulations, requirements, guidelines and policies relating to capital adequacy or resolution adopted by the BGF or other Competent Authority from time to time and 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);

"**BGF**" means Bankowy Fundusz Gwarancyjny;

"**BGF Act**" means a Polish Act of 10 June 2016 on bank guarantee fund, the deposit guarantee scheme and resolution (as amended from time to time);

"**BRRD**" means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time, including, without limitation, as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms;

"**Competent Authority**" means the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) or any successor or replacement thereto having primary responsibility for the prudential oversight and supervision of the Issuer and/or the Relevant Resolution Authority (if applicable), in any case as determined by the Issuer;

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

"**CRD 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, as the same may be amended or replaced from time to time, including, without limitation, as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019;

"**CRD Implementing Measures**" means any rules implementing the CRD 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 Competent Authority 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 prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time, including, without limitation, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019.

"**Creditor Hierarchy Directive**" means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy, or any equivalent legislation that supersedes or replaces it;

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

"**Relevant Resolution Authority**" means the BGF, 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;

"**Senior Higher Priority Liabilities**" means any obligations in respect of principal of the Issuer under any Ordinary Senior Notes or MREL Senior Notes, any other unsecured and unsubordinated obligations of the Issuer referred to in Article 440.2.3(d) of the Insolvency Law 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 or MREL Senior Notes;

"Senior Non-Preferred Liabilities" means any unsubordinated and unsecured senior non-preferred obligations of the Issuer referred to in Article 108 paragraph 2 of the BRRD and referred to in Article 440.2.6 of the Insolvency Law (including any Senior Non-Preferred Notes) and any other obligations which, by law, rank *pari passu* with the Senior Non-Preferred Liabilities;

"Senior Subordinated Liabilities" means any subordinated obligation of the Issuer, referred to in Article 440.2.7 of the Insolvency Law and any other obligations which, by law, rank *pari passu* with the Senior Subordinated Liabilities; and

"Tier 2 Subordinated Notes" means any subordinated obligations of the Issuer referred to in Article 440.2.8 of the Insolvency Law and any other obligations which, by law, rank *pari passu* with the Tier 2 Subordinated Notes.

3. **NEGATIVE PLEDGE**

3.1 **Negative Pledge**

This Condition 3 is applicable only in relation to the Ordinary Senior Notes. So long as any Ordinary 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 (i) such Encumbrance or other arrangement is 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 or (ii) all amounts payable by the Issuer under the Ordinary Senior Notes are secured either (A) by such Encumbrance equally and rateably with such Relevant External Indebtedness or (B) such other Encumbrance as is approved by an Extraordinary Resolution; **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. **WAIVER OF SET-OFF**

In the case of any MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes, no Noteholder shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes or Coupons. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit

of any sum in respect of any Note or related Coupon by virtue of any such set-off or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

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.

5. INTEREST

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

5.1 Interest on Fixed Rate Notes

- (a) This Condition 5.1 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 5.1 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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:
 - (i) 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
 - (ii) 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.

- (f) In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (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;

"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.

5.2 Interest on Floating Rate Notes

This Condition 5.2 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 5.2 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. In these Conditions, "**Calculation Agent**" means the party responsible for calculating the amount of interest due as specified in the applicable Final Terms or, if not otherwise specified in the applicable Final Terms, the Agent, as applicable.

- (a) *Interest Payment Dates*
- (i) Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:
 - (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
 - (B) 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.
 - (ii) 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.
 - (iii) 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 5.2(a)(i)(B) 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.
 - (iv) 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 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 (the "**Rate of Interest**") will be determined in the manner specified in the applicable Final Terms.

(c) *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 for each Interest Period the relevant ISDA Rate (subject to Condition 5.4 (*Benchmark Discontinuation*)) plus or minus (as specified in the Final Terms) the Relevant Margin (if any) where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) if the applicable Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
 - (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;
 - (C) the relevant Reset Date, unless otherwise specified in the applicable Final Terms, has the meaning given to it in the ISDA Definitions;
 - (D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the rate for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (1) one rate 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
 - (2) the other rate 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 than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent

Adviser acting in good faith and in a commercially reasonable manner, determines appropriate;

- (E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the applicable Final Terms and:
 - (1) if Compounding with Lookback is specified as the Compounding Method in the applicable Final Terms then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the applicable Final Terms;
 - (2) if Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the applicable Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the applicable Final Terms; or
 - (3) if Compounding with Lockout is specified as the Compounding Method in the applicable Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the applicable Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Final Terms;
- (F) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the applicable Final Terms and:
 - (1) if Averaging with Lookback is specified as the Averaging Method in the applicable Final Terms then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the applicable Final Terms;
 - (2) if Averaging with Observation Period Shift is specified as the Averaging Method in the applicable Final Terms then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the applicable Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the applicable Final Terms; or
 - (3) if Averaging with Lockout is specified as the Averaging Method in the applicable Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the applicable Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Final Terms; and
- (G) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the applicable Final Terms, the Compounded Index Method with Observation Period Shift

shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the applicable Final Terms and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the applicable Final Terms;

- (ii) references in the ISDA Definitions to:
 - (A) "**Confirmation**" shall be references to the applicable Final Terms;
 - (B) "**Calculation Period**" shall be references to the relevant Interest Period;
 - (C) "**Termination Date**" shall be references to the Maturity Date; and
 - (D) "**Effective Date**" shall be references to the Interest Commencement Date;
- (iii) if the Final Terms specify "2021 ISDA Definitions" as being applicable:
 - (A) "Administrator/Benchmark Event" shall be disapplied; and
 - (B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate";
- (iv) Unless otherwise defined capitalised terms used in this Condition 7(d) shall have the meaning ascribed to them in the ISDA Definitions; and
- (v) In these Conditions:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org); and

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

- (d) *Screen Rate Determination for Floating Rate Notes (unless the Reference Rate is SONIA or SOFR or any related index)*

Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined (the "**Rate of Interest**") the Rate of Interest for each Interest Period will be (other than in respect of Notes for which SONIA or SOFR or any related index is specified as the Reference Rate in the applicable Final Terms) determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if 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 Calculation Agent by straight-line linear interpolation by

reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date; and
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(e) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is SONIA*

- (i) This Condition 5.2(e) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the applicable Final Terms as being "SONIA".
- (ii) Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the applicable Final Terms) the Margin, all as determined by the Calculation Agent.
- (iii) For the purposes of this Condition 5.2(e):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"**D**" is the number specified in the applicable Final Terms (or, if no such number is specified, 365);

"**d_o**" means the number of London Banking Days in:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"**i**" means a series of whole numbers from one to **d_o**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "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 are due and payable).

"**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;

"**n_i**" for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "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**" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the applicable Final Terms or if no such period is specified, five London Banking Days;

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**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 (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIA_i**" means the SONIA Reference Rate for:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day "i";

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.

- (iv) If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 5.4(a) (*Benchmark Discontinuation (Independent Adviser)*), be:
 - (A) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference 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; or
 - (B) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A).
- (v) Subject to Condition 5.4(a) (*Benchmark Discontinuation (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(e), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though 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) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the 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 Margin applicable to the first Interest Period).
- (f) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is SONIA Compounded Index*
 - (i) This Condition 5.2(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and "Index Determination - SONIA" is specified in the applicable Final Terms as being applicable.

- (ii) Where "Index Determination - SONIA" is specified in the applicable Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{\text{SONIA Compounded Index End}}{\text{SONIA Compounded Index Start}} - 1 \right) \times \frac{365}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**d**" is the number of calendar days from (and including) the day on which the SONIA Compounded Index_{Start} is determined to (but excluding) the day on which the SONIA Compounded Index_{End} is determined;

"**End**" means the day falling the Relevant Number of London Banking Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards);

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five;

"**SONIA Compounded Index_{End}**" means the SONIA Compounded Index value on the End date;

"**SONIA Compounded Index_{Start}**" means the SONIA Compounded Index value on the Start date;

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 a.m. (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source; and

"**Start**" means the day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period.

- (iii) If, with respect to any Interest Period, the relevant rate is not published for the SONIA Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if "Index Determination – SONIA" was not specified in the applicable Final Terms and as if Compounded Daily SONIA (as defined in Condition 5.2(e)(iii)) had been specified instead in the applicable Final Terms, and "Observation Shift" had been specified as the Observation Method in the applicable Final Terms, and where the Observation Period for the purposes of that definition in Condition 5.2(e)(iii) shall be deemed to be the same as the Relevant Number specified in the applicable Final Terms and where the Relevant Screen Page will be determined by the Issuer. For the avoidance of doubt, if a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 5.4(a) (*Benchmark Discontinuation – Independent Adviser*) shall apply.

(g) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is SOFR*

- (i) This Condition 5.2(g) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in

which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the applicable Final Terms as being "SOFR".

- (ii) Where "SOFR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the applicable Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.
- (iii) For the purposes of this Condition 5.2(g):

"Benchmark" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 5.2(g).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 5.4(b) (Benchmark Discontinuation – ARRC) will apply.

"Compounded SOFR" with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"d" is the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"D" is the number specified in the applicable Final Terms (or, if no such number is specified, 360);

"d_o" is the number of U.S. Government Securities Business Days in:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"i" is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period,

to and including the last U.S. Government Securities Business Day in such period;

"Interest Determination Date" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"n_i" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"Observation Period" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"p" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the applicable Final Terms or if no such period is specified, five U.S. Government Securities Business Days;

"SOFR" with respect to any U.S. Government Securities Business Day, means:

- (i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or
- (ii) Subject to Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, or any successor source;

"SOFR_i" means the SOFR for:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling

"p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day "i"; and

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(h) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is SOFR Compounded Index*

- (i) This Condition 5.2(h) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and "Index Determination - SOFR" is specified in the applicable Final Terms as being applicable.
- (ii) Where "Index Determination - SOFR" is specified in the applicable Final Terms as being applicable, the Rate of Interest for each Interest Period will be SOFR Compounded Index for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{\text{SOFR Compounded Index End}}{\text{SOFR Compounded Index Start}} - 1 \right) \times \frac{360}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"d" is the number of calendar days from (and including) the day on which the SOFR Compounded Index_{Start} is determined to (but excluding) the day on which the relevant SOFR Compounded Index_{End} is determined;

"End" means the day falling the Relevant Number of U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"Relevant Decimal Place" shall, unless otherwise specified in the Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards);

"Relevant Number" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five;

"SOFR Compounded Index_{End}" means the SOFR Compounded Index value on the End date;

"SOFR Compounded Index_{Start}" means the SOFR Compounded Index value on the Start date;

"SOFR Compounded Index" means the Compounded SOFR rate as published at 3:00 p.m. (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**Start**" means the day falling the Relevant Number of U.S. Government Securities Business Days prior to the first day of the relevant Interest Period.

(iii) If, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if "Index Determination – SOFR" was not specified in the applicable Final Terms and as if Compounded SOFR (as defined in Condition 5.2(g)) had been specified instead in the applicable Final Terms, and "Observation Shift" had been specified as the Observation Method in the applicable Final Terms, and where the Observation Period for the purposes of that definition in Condition 5.2(g) shall be deemed to be the same as the Relevant Number specified in the applicable Final Terms. For the avoidance of doubt, if a Benchmark Transition Event and its related Benchmark Replacement Date has occurred in respect of SOFR, the provisions of Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) apply.

(i) *Interest – Reset Note Provisions*

(i) This Condition 5.2(i) is applicable to the Notes only if the Reset Note Provisions are specified in the applicable Final Terms as being applicable.

(ii) Such Notes shall bear interest on the outstanding principal amount of the Notes:

(A) from (and including) the Interest Commencement Date specified in the applicable Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the Interest Payment Date(s) so specified in the applicable Final Terms (subject to adjustment as described in Condition 5.2(a) (*Interest on Floating Rate Notes – Interest Payment Dates*)) and on the Maturity Date, as applicable. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 5.1 (*Interest on Fixed Rate Notes*).

(iii) If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 12.00 p.m. in the Relevant Financial Centre of the Specified Currency on the Reset Determination Date in question.

(iv) If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

(v) If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as

provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Relevant Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Relevant Margin relating to the relevant Reset Period, in place of the Relevant Margin relating to that last preceding Reset Period).

- (vi) If Reset Reference Rate Conversion is so specified as being applicable, the First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Basis specified in the applicable Final Terms to a basis which matches the per annum frequency of Interest Payment Dates in respect of the relevant Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).
- (vii) If Business Day Convention is specified in the applicable Final Terms, "Floating Rate Convention", "Following Business Day Convention", "Modified Following Business Day Convention" and "Preceding Business Day Convention" shall have the meanings ascribed to them in Condition 5.2(a) (*Interest on Floating Rate Notes – Interest Payment Dates*).
- (viii) For the purposes of this Condition 5.2(i):

"First Margin" means the margin specified as such in the relevant Final Terms;

"First Reset Date" means the date specified in the relevant Final Terms;

"First Reset Period" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date or date of any final redemption;

"First Reset Rate of Interest" means, in respect of the First Reset Period and subject to this Condition 5.2(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the First Margin;

"Initial Rate of Interest" has the meaning specified in the relevant Final Terms;

"Mid-Market Swap Rate" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency);

"Mid-Market Swap Rate Quotation" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"Mid-Swap Floating Leg Benchmark Rate" means the rate as specified in the relevant Final Terms;

"Mid-Swap Rate" means, in relation to a Reset Determination Date and subject to this Condition 5.2(i), either:

- (i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:
 - (A) with a term equal to the relevant Reset Period; and
 - (B) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:
 - (A) with a term equal to the relevant Reset Period; and
 - (B) commencing on the relevant Reset Date, which appear on the Relevant Screen Page, in either case, as at approximately 11.00 a.m. in the Relevant Financial Centre of the Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"Original Reset Reference Rate Basis" has the meaning given in the relevant Final Terms and shall be annual, semi-annual, quarterly or monthly;

"Rate of Interest" means in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

"Reference Bond Price" means, with respect to any Reset Determination Date

- (i) the arithmetic average (as determined by the Calculation Agent) of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or
- (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average (as determined by the Calculation Agent) of all such quotations;

"Reference Bond Rate" means, with respect to any Reset Period, the rate per annum equal to the yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reset Determination Date, as determined by the Calculation Agent, provided that if only one Reference Government Bond Dealer Quotation is received or if no Reference Government Bond Dealer Quotations are received in respect of the determination of the Reference Bond Price, the Rate of Interest shall not be determined by reference to the Reference Bond Rate and the Rate of Interest

shall instead be, in the case of the First Reset Rate of Interest, the Initial Rate of Interest and, in the case of any Subsequent Reset Rate of Interest, the Rate of Interest as at the last preceding Reset Date (though substituting, where a different Relevant Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Relevant Margin relating to the relevant Reset Period, in place of the Relevant Margin relating to that last preceding Reset Period);

"Reference Government Bond Dealer Quotations" means, with respect to any Reference Government Bond Dealer and any Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the Reset Reference Bond (expressed in each case as a percentage of its principal amount) as at the Reset Determination Time and quoted in writing to the Calculation Agent by such Reference Government Bond Dealer;

"Relevant Margin" means the First Margin and/or the Subsequent Margin(s), as the case may be, as specified in the relevant Final Terms;

"Reset Date" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final Terms) in accordance with Condition 5 as if the relevant Reset Date was an Interest Payment Date;

"Reset Determination Date" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period, or in each case as specified in the relevant Final Terms;

"Reset Determination Time" means in relation to a Reset Determination Date, 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date or such other time as may be specified in the relevant Final Terms;

"Reset Note" means a Note on which interest is calculated at reset rates payable in arrear on a fixed date or dates in each year and/or at intervals of one, two, three, six or 12 months or at such other date or intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"Reset Period" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"Reset Reference Bond" means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be deemed to be Germany) agreed between the Issuer and the Determination Agent as having the nearest actual or interpolated maturity comparable with the relevant Reset Period and that (in the opinion of the Issuer, after consultation with the Determination Agent) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a maturity comparable to the relevant Reset Period;

"Reset Reference Rate" means either (i) the Mid-Swap Rate, or (ii) the Reference Bond Rate, as specified in the relevant Final Terms;

"Second Reset Date" means the date specified in the relevant Final Terms;

"**Subsequent Margin**" means the margin specified as such in the relevant Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or, if no further Subsequent Reset Date is specified in the relevant Final Terms, the Maturity Date or date of any final redemption; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to this Condition 5.2(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the relevant Subsequent Margin.

(j) *Minimum Rate of Interest and/or Maximum Rate of Interest*

- (i) 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.
- (ii) 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.

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

(k) *Determination of Rate of Interest and calculation of Interest Amounts*

- (i) The Calculation 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.
- (ii) The Calculation 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:
 - (A) 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
 - (B) 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.

(iii) "**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

- (A) 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);
- (B) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) 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;
- (D) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) 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;

- (F) 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;

- (G) 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.

- (I) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period or Reset Period (as applicable) and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Reset Notes (as applicable) are for the time being listed (by no later than the first day of each Interest Period or Reset Period (as applicable)) 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 or Reset Period (as applicable). Any such amendment

will promptly be notified to each stock exchange on which the relevant Floating Rate Notes or Reset Notes (as applicable) 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.

(m) *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 5.2, by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the 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 Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 **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*).

5.4 **Benchmark Discontinuation**

(a) *Benchmark Discontinuation – Independent Adviser*

This Condition 5.4(a) apply to all Notes where the applicable Final Terms specify this Condition 5.4(a) as being applicable. Notwithstanding the provisions above in this Condition 5, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part(s) thereof) remains to be determined by reference to such Original Reference Rate the following provisions of this Condition 5.4(a) shall apply.

- (i) The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread (if applicable) and any Benchmark Amendments no later than three business days in the specified office of the Calculation Agent prior to the relevant Interest Determination Date or Reset Determination Date (as applicable) relating to the next succeeding Interest Period or Reset Period (as applicable) for purposes of determining the Rate of Interest (or the relevant component part(s) thereof) applicable to the Notes (subject to the subsequent operation of this Condition 5.4(a)).
- (ii) An Independent Adviser appointed pursuant to this Condition 5.4(a) shall act in good faith and in a commercially reasonable manner, and (in the absence of fraud) shall have no liability whatsoever to the Issuer, the Calculation Agent, the Agent or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.4(a).
- (iii) If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in this Condition 5.4(a)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5.4(a) in the event of a further Benchmark Event affecting the Successor Rate); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in this Condition 5.4(a)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5.4(a) in the event of a further Benchmark Event affecting the Alternative Rate),

provided, however, that if the Issuer fails to determine a Successor Rate or an Alternative Rate in accordance with this Condition 5.4(a) prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Reference Rate applicable to the relevant Interest Period or Reset Period (as applicable) shall be the Reference Rate applicable as at the last preceding Interest Determination Date or Reset Determination Date (as applicable). If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period or the first Reset Period (as applicable). For the avoidance of doubt, any adjustment pursuant to this Condition 5.4(a) shall apply only to the relevant Interest Period or Reset Period (as applicable). Any subsequent Interest Period or Reset Period (as applicable) may be subject to the subsequent operation of this Condition 5.4(a)). Where a different Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest or First Margin or Subsequent Margin (as the case may be) is to be applied to the relevant Interest Period or Reset Period (as applicable) from that which applied to the last preceding Interest Period or Reset Period (as applicable), the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest or First Margin or Subsequent Margin (as applicable) relating to the relevant Interest Period or Reset Period (as applicable) shall be substituted in place of the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest or First Margin or Subsequent Margin (as the case may be) relating to that last preceding Interest Period or Reset Period (as applicable)). For the avoidance of doubt, the proviso in this Condition 5.4(c)(iii) shall apply to the immediately following Interest Period or Reset Period (as applicable) only.

- (iv) If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) 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 Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable). If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (v) If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 5.4 and the Issuer, following consultation with the Independent Adviser, or (if the Issuer is

unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

- (vi) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.4(a) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will, in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and Adjustment Spread (if any) and the Benchmark Amendments (if any) be binding on the Issuer, the Calculation Agent, the Paying Agents and the Noteholders.
- (viii) Without prejudice to the obligations of the Issuer under Conditions 5.4(a)(i), 5.4(a)(ii), 5.4(a)(iii) and 5.4(a)(iv), the Reference Rate and the fallback provisions provided for in the Conditions above, as the case may be, will continue to apply unless and until (1) a Benchmark Event occurs and an Independent Adviser is appointed and (2) either a Successor Rate or Alternative Rate is determined, and any Adjustment Spread and Benchmark Amendments are determined, in each case pursuant to this Condition 5.4(a).
- (ix) As used in these Conditions:

"**Adjustment Spread**" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) (if no such recommendation has been made, or in the case of an Alternative Rate), the Issuer, following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (iii) (where neither (i) above nor (ii) applies), the Issuer, following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"Alternative Rate" means an alternative benchmark or screen rate which the Issuer determines in accordance with these Conditions has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part(s) thereof) for the same interest period and in the same Specified Currency as the Notes or, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in accordance with these Conditions is most comparable to the Original Reference Rate;

"Benchmark Event" means:

- (i) the Original Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified future date, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified future date, be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes, in each case by a specified future date; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is or will, by a specified future date, be no longer representative of its relevant underlying market; or
- (vi) it has or will, by a specified future date within the following six months, become unlawful for the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including without limitation, under the EU Benchmarks Regulation or the UK Benchmarks Regulation, if applicable and including because of the withdrawal of the authorisation or registration of the relevant benchmark administrator).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv), or (v) above and the specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified future date;

"EU Benchmarks Regulation" means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as amended;

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer;

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) (including, for the avoidance of doubt, any Mid-Swap Floating Leg Benchmark Rate referenced in the applicable Final Terms of Reset Notes) used to determine the Rate of Interest (or any component part(s) thereof) on the Notes provided that if, following one or more Benchmark Events, such originally-specified benchmark or screen rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **"Original Reference Rate"** shall include any such Successor Rate or Alternative Rate;

"Reference Rate" means the benchmark or screen rate (as applicable) (including, for the avoidance of doubt, any Mid-Swap Floating Leg Benchmark Rate in respect of Reset Notes) used to determine the Rate of Interest (or any component part(s) thereof) on the Notes *provided that* if, following one or more Benchmark Events, such originally-specified benchmark or screen rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **"Reference Rate"** shall include any such Successor Rate or Alternative Rate;

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank, reserve bank, monetary authority or any such similar institution for the currency to which the benchmark or screen rate (as applicable) relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (a) the central bank, reserve bank, monetary authority or any such similar institution for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities, (d) the Financial Stability Board or any part thereof, or (e) the European Commission or any part thereof;

"Relevant Regulator" means the BGF or such other authority tasked with matters relating to the qualification of securities of the Issuer, as the case may be, under the applicable MREL regulations;

"Successor Rate" means a successor to or replacement of the Reference Rate (and related alternative screen page or source if available) which is formally recommended by any Relevant Nominating Body; and

"UK Benchmarks Regulation" means the EU Benchmarks Regulation as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

- (b) *Benchmark Discontinuation – ARRC*

- (i) This Condition 5.4(b) shall apply to all Notes where the applicable Final Terms specify this Condition 5.4(b) as being applicable.
- (ii) Notwithstanding the provisions above in this Condition 5, if the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of Noteholders.
- (iii) Any determination, decision or election that may be made by the Issuer pursuant to this Condition 5.4(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:
 - (A) will be conclusive and binding absent manifest error;
 - (B) will be made in the sole discretion of the Issuer; and
 - (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.
- (iv) For the purposes of this Condition 5.4(b):

"**Benchmark**" means, initially, Compounded SOFR, as such term is defined in Condition 5.2(g)(iii) above, *provided that* if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" shall mean the applicable Benchmark Replacement;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the

Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"ISDA Fallback Adjustment" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means 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 or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (v) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 5.4(b) will be notified promptly by the Issuer to the Calculation Agent, the Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.
- (vi) No later than notifying the Calculation Agent and the Agent of the same, the Issuer shall deliver to the Calculation Agent and the Agent a certificate signed by two authorised signatories of the Issuer:
 - (A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, the Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5.4(b); and

- (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.
- (c) *Benchmark Discontinuation – Additional Provisions*
- (i) This Condition 5.4(c) applies to all Notes where the applicable Final Terms specify Condition 5.4(a) (*Benchmark Discontinuation – Independent Adviser*) or Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) as being applicable.
 - (ii) Notwithstanding any other provision of this Condition 5.4(c):
 - (A) no Successor Rate, Alternative Rate or Adjustment Spread or Benchmark Replacement or Benchmark Replacement Adjustment (as applicable) will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Ordinary Senior Notes, MREL Senior Notes or Senior Non-Preferred Notes or the relevant Series of Senior Subordinated Notes or Tier 2 Subordinated Notes as "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity;
 - (B) in the case of Ordinary Senior Notes, MREL Senior Notes or Senior Non-Preferred Notes, no Successor Rate, Alternative Rate or Adjustment Spread or Benchmark Replacement or Benchmark Replacement Adjustment (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5.4(c), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating an Interest Payment Date as the effective maturity date of the Notes; and
 - (C) in connection with any variation or amendment in accordance with this Condition 5.4(c), the Issuer shall comply with the rules of any stock exchange on which the relevant Notes are for the time being listed or admitted to trading.

6. PAYMENTS

6.1 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.

6.2 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 8 (*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 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.3 **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 6.1 (*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 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*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.

6.4 **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.

6.5 **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 or her 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.

6.6 **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 9 (*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):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation;
 - (ii) in 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, on 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.

6.7 **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 (*Redemption and Purchase*);
- (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 7.5 (*Restrictions on early redemption*)); 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 8 (*Taxation*).

7. REDEMPTION AND PURCHASE

7.1 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 equal to 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 as 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.

7.2 Redemption for tax reasons

Subject to Condition 7.6 (*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 Subordinated 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 8 (*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 Competent Authority 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 applicable Final Terms) 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 applicable Final Terms) 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 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 MREL Senior Notes, Senior Non-Preferred Notes, the Senior Subordinated Notes or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, a copy of the Competent Authority's (and in particular, in the case of Senior Non-Preferred Notes and MREL Senior Notes, the Resolution Authority's) consent to the redemption.

Upon the expiry of any such notice as is referred to in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

7.3 **Early Redemption due to Capital Disqualification Event**

If, in respect of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs as a result of a change (or any pending change which the Competent Authority 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.

The appropriate notice referred to in this Condition 7.3 is a notice given by the Issuer to the Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

- (a) that a Capital Event has occurred and is continuing;
- (b) that the Issuer has obtained the prior written consent of the Competent Authority, provided that at the relevant time such consent is required to be given; and
- (c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Tier 2 Subordinated Notes redeemed pursuant to this Condition 7.3 will be redeemed at their early redemption amount (the "**Early Redemption Amount (Capital Disqualification Event)**") (which shall be their principal amount or such other Early Redemption Amount (Capital Disqualification Event) as may be specified in the applicable 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 7.3 is subject to the prior consent of the Competent 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:

"Capital Disqualification Event" means the determination by the Issuer, after consultation with the Competent Authority, that as a result of a change in Polish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date (including as a result of the implementation or applicability in Poland of CRD on or after the Issue Date) which change was not reasonably foreseeable by the Issuer as at the Issue Date of such Series, the aggregate outstanding nominal amount of the Tier 2 Subordinated Notes is fully excluded or partially excluded from inclusion in the Tier 2 Subordinated Capital of the Issuer or the Group; and

"Tier 2 Subordinated Capital" means Tier 2 Subordinated Capital as provided under the Applicable Banking Regulations.

7.4 **Early Redemption due to MREL Disqualification Event**

If, in the case of Senior Subordinated Notes, Senior Non-Preferred Notes and MREL Senior Notes following the MREL Requirement Date, an 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).

The appropriate notice referred to in this Condition is a notice given by the Issuer to the Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

- (a) that an MREL Disqualification Event has occurred and is continuing;
- (b) that the Issuer has obtained the prior written consent of the Relevant Resolution Authority, provided that at the relevant time such consent is required to be given; and
- (c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Any refusal by the Relevant Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

Notes redeemed pursuant to this Condition 7.5 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 applicable Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Subordinated Notes, Senior Non-Preferred Notes and MREL Senior Notes for regulatory reasons pursuant to this Condition 7.5 will be subject to the prior consent of the Competent Authority (and in particular, in the case of Senior Non-Preferred Notes and MREL Senior Notes, the Resolution Authority).

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, 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);

"**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 the EU legislation and relevant implementing legislation and regulation in Poland or any other relevant jurisdiction;

"**MREL Disqualification Event**" means in respect of the Senior Subordinated Notes, Senior Non-Preferred Notes and MREL Senior Notes, the determination by the Issuer that, as a result of any amendment to, or change in, or replacement of, the relevant Applicable Banking Regulations or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the relevant Series of the Notes, the whole or any part of the outstanding aggregate principal amount of such Series at any time is not included in, ceases or (in the opinion of the Issuer or the Relevant Resolution Authority) will cease to count towards, the Issuer's or the Group's eligible liabilities and/or loss-absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations and provided that such change was not reasonably foreseeable by the Issuer as at the Issue Date of such Series); *provided that* an MREL Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the relevant Series of Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards, such eligible liabilities and/or loss-absorbing capacity due to: (a) the remaining maturity of such Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations; or (b) any applicable limits on the amount of "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL requirements applicable to the Issuer and/or the Group being exceeded;

"**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.

7.5 **Restrictions on early redemption**

- (a) The Issuer may redeem in accordance with the terms of these Conditions (and give notice thereof to the Noteholders) MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes only if such redemption is in accordance with the Applicable Banking Regulations and, to the extent required, it has been granted the approval of or permission from (in the case of Tier 2 Subordinated Notes) the Competent Authority or (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) the Relevant Resolution Authority and:
 - (i) before or at the same time as such redemption or repurchase of any Notes, the Issuer replaces such Notes with own funds instruments (or, in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, eligible liabilities instruments) of an equal or higher quality at terms that are sustainable for its income capacity; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority (in the case of Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, for own funds and eligible liabilities) under CRD and BRRD by a margin that (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) the Relevant Resolution Authority, in agreement with the Competent Authority, or (in the case of Tier 2 Subordinated Notes) the Competent Authority, considers necessary; or

- (iii) in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes only, the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRD for continuing authorisation; and
- (iv) in the case of redemption of Tier 2 Subordinated Notes before five years after the Issue Date of the last Tranche of such Series of Notes if the conditions listed in paragraphs (i) or (ii) above and one of the following conditions are met:
 - (A) in the case of redemption due to the occurrence of a Capital Disqualification Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Disqualification Event was not reasonably foreseeable at the time of the issuance of the Notes; or
 - (B) in the case of redemption due to the occurrence of a taxation reason, the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the Issue Date of the most recent Tranche of the Notes of the relevant Series;
 - (C) before or at the same time as such redemption or repurchase of the relevant Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
 - (D) the Notes are repurchased for market-making purposes.

Any refusal by (in the case of Tier 2 Subordinated Notes) the Competent Authority or (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) the Relevant Resolution Authority to grant its approval or permission as described above will not constitute an event of default under the relevant Notes.

In these Conditions, "**Relevant Resolution Authority**" means the BGF or any successor to or replacement for the BGF and/or any resolution authority with the ability to exercise any Bail-in and Loss Absorption Powers in relation to the Issuer and/or the Group or with primary responsibility for the oversight and supervision of the Issuer's and/or the Group's eligible liabilities and/or loss-absorbing capacity from time to time.

7.6 **Redemption at the option of the Issuer (Issuer Call)**

This Condition 7.6 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than where Condition 7.2 (*Redemption for tax reasons*) applies), 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 7.6 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 MREL Senior Notes, redemption at the option of the Issuer pursuant to this Condition 7.6 will be subject to the prior consent of the Competent Authority (and in particular, in the case of Senior Non-Preferred Notes and MREL Senior Notes, 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.

7.7 **Redemption at the option of the Noteholders (Investor Put)**

This Condition 7.7 applies to Ordinary Senior 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 7.7 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, in respect of the Ordinary Senior Notes, 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 Ordinary Senior 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 their instruction by Euroclear, Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be, or by 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 7.7 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 7.7 and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default*).

7.8 **Early Redemption Amounts**

For the purpose of Condition 7.2 (*Redemption for tax reasons*) and Condition 10 (*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:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

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).

7.9 Purchases

Subject to Condition 7.5 (*Restrictions on Early Redemption*), 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 and if the Notes to be purchased: (a) comply with any applicable threshold as may be requested or required by the Competent Authority from time to time; and (b) are purchased in order to be surrendered to any Paying Agent for cancellation.

Any refusal by the Competent Authority to grant its approval or permission as described above will not constitute an Event of Default under the relevant Notes.

7.10 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 7.7 (*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.

7.11 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 7.1 (*Redemption at maturity*), 7.2 (*Redemption for tax reasons*), 7.3 (*Early Redemption due to Capital Disqualification Event*) or 7.4 (*Early Redemption due to MREL Disqualification Event*) above or upon its becoming due and repayable as provided in Condition 10 (*Event of Default*) 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 7.8(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*).

8. TAXATION

All amounts payable in respect of the Notes (whether in respect of interest or, in the case of Ordinary Senior Notes only, principal, redemption amount or otherwise) 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 or charges 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, or interest only, in the case of MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or 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:

- (a) 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;
- (b) 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
- (c) 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 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*).

9. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

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 6.3 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 6.3 (*Presentation of definitive Notes and Coupons*).

10. EVENTS OF DEFAULT

10.1 Events of Default relating to Ordinary Senior Notes

This Condition 10.1 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 the 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 hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any holder of the 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 thereof 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 (i) ceases or announces an intention to cease to carry on the whole or a substantial part of its business (save for 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) 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

(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, liquidation, insolvency or composition laws or a receiver or manager under or in respect of any such law 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 (iii) 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, liquidation, insolvency or composition 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) in relation to any such law or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) under any above law; 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.

10.2 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 Conditions, means any other firm of certified accountants of international standing or repute in Poland nominated by the Issuer;

"**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 15 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; and

"**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.

10.3 Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes

Save as provided below, there are no events of default under the MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes or Tier 2 Subordinated Notes, which could lead to an acceleration of the relevant MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes or Tier 2 Subordinated 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 Noteholder 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. If any order is made by any competent court declaring the bankruptcy of the Issuer, the principal amount of such Notes together with any accrued and unpaid interest thereon shall become due on the day the Issuer is declared bankrupt.

10.4 Notices relating to Events of Default

Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of any Polish bail-in power by the Competent Authority with respect to the Issuer, nor the exercise of any Polish bail-in power by the Competent Authority with respect to the Notes pursuant to Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*), will be an Event of Default.

10.5 Occurrence of Event of Default

Subject to Condition 10.3 (*Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes*) 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 (which shall be its outstanding principal amount or, if such Note is non interest bearing, its Amortised Face Amount (as defined in Condition 7.6 (*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 applicable 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.

11. SUBSTITUTION AND VARIATION

If Substitution and Variation is specified in the applicable Final Terms 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 7.2 (*Redemption for tax reasons*) occurs and is continuing, or to ensure the effectiveness or enforceability of Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*), 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 Competent Authority or the Relevant Resolution Authority, as applicable, if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time, **provided that** in each case

- (a) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities;
- (b) such variation or substitution would not itself directly lead to a downgrade in any of the credit ratings solicited by the Issuer of the Notes as assigned to such Notes by any Rating Agency immediately prior to such variation or substitution (unless any such downgrade is solely attributable to the effectiveness and enforceability of Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*)); and

- (c) such variation or substitution is not materially less favourable to Noteholders of the relevant Notes (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*)).

Any refusal by (in the case of Tier 2 Subordinated Notes) the Competent Authority or (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) the Relevant Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

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 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 (*Acknowledgement of Bail-in and Loss Absorption Powers*), 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 (*Substitution and Variation*), the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 11 (*Substitution and Variation*), the date such variation becomes effective, provided that such securities shall:

- (a) (i) in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, 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 Subordinated 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 (*Substitution and Variation*); 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 (*Substitution and Variation*); 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 (*Substitution and Variation*); and
- (e) have at least the same ranking; and
- (f) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, an MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 7.2 (*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 (*Substitution and Variation*).

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 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 6.5 (*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 15 (*Notices*).

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 9 (*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 on the Issuer's website <https://www.mbank.pl/en/home-page> 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 (including by way of conference call or by use of a videoconference platform) 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 5.4 (*Benchmark Discontinuation*) in connection with effecting any Alternative Reference Rate, Successor Rate, Benchmark Replacement, Adjustment Spread, Benchmark Replacement Adjustment, Benchmark Amendments or Benchmark Replacement Conforming Changes referred to in Condition 5.4 (*Benchmark Discontinuation*) 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.

In respect of Ordinary Senior Notes (other than MREL Senior Notes) only, 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 10 (*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 10 (*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 (*Status of the Notes*), Condition 4 (*Waiver of set off*) and Condition 20 (*Acknowledgement of bail-in and loss absorption powers*) 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. **ACKNOWLEDGEMENT OF BAIL-IN AND LOSS ABSORPTION POWERS**

20.1 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 and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Note of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes;
 - (iv) amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
 - (v) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any Polish bail-in power by the Competent Authority and/or the Relevant Resolution Authority.

- (b) By its acquisition of the Notes, each Noteholder (including, for these purposes, each holder of a beneficial interest in the Notes): (a) acknowledges, accepts, consents and agrees to be bound by the exercise of any Bail-in and Loss Absorption Powers as it may be exercised without any prior notice by the Competent Authority and/or the Relevant Resolution Authority of its decision to exercise such power with respect to such Notes; and (b) shall be deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg, any accountholder in Euroclear or Clearstream, Luxembourg or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in and Loss Absorption Powers with respect to such Notes as it may be exercised, without any further action or direction on the part of such Noteholder or any Agent.
- (c) Upon the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Agents for information purposes. Each Noteholder acknowledges, accepts, consents and agrees that any delay or failure by the Issuer to notify the Noteholders under this paragraph shall not affect (or be deemed to operate to affect) the validity and enforceability of the exercise of Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority.
- (d) Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person or the variation of the terms of the Notes, as a result of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes pursuant to this Condition 20, will be an Event of Default.

In these Conditions:

"Bail-in and Loss Absorption Powers" means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or resolution-related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Republic of Poland, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created under the BRRD pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period); and

"Relevant Amounts" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority.

21. RECOGNITION OF STAY POWERS

- 21.1 By its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes), where a resolution measure is taken in relation to the Issuer or any member of the same group as the Issuer which is an EU BRRD undertaking:
 - (a) acknowledges and accepts that the Notes may be subject to the exercise of Stay Powers;
 - (b) acknowledges and accepts that it is bound by the application or exercise of any such Stay Powers; and

- (c) confirms that this Condition 21 represents the entire agreement with the Issuer on the potential impact of Stay Powers in respect of the Notes, to the exclusion of any other agreement, arrangement or understanding between parties, to the extent that such Stay Powers apply to the Notes.
- 21.2 In accordance with Article 68 (*Exclusion of certain contractual terms in early intervention and resolution*) of the BRRD and any relevant implementing measures in any member state, by its subscription and/or purchase and holding of the Notes, each Noteholder further acknowledges and agrees that the application or exercise of any such Stay Powers shall not, *per se*, be deemed to be an enforcement event within the meaning of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements or as insolvency proceedings within the meaning of Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems, and that Noteholders shall not be entitled to take any of the steps outlined under Article 68(3) of the BRRD and any relevant implementing measures in any member state against the Issuer.
- 21.3 For the purpose of these Conditions:
- (a) "**Stay Powers**" means the powers of a relevant resolution authority to suspend or restrict rights and obligations under:
 - (i) Article 33a (*Power to suspend payment or delivery obligations*);
 - (ii) Article 69 (*Power to suspend payment or delivery obligations*);
 - (iii) Article 70 (*Power to restrict the enforcement of any security interest*); and
 - (iv) Article 71 (*Power to temporarily suspend any termination right*), of the BRRD and any relevant implementing measures in any member state including Articles 142 - 144 of the Act on Bank Guarantee Fund;
 - (b) "**EU BRRD undertaking**" means an entity within the scope of Article 71a of the BRRD and any relevant implementing measures in any EEA member state; and
 - (c) "**resolution measure**" means "resolution" or the application of a "resolution tool", "crisis prevention measure" or "crisis management measure" within the meaning of the BRRD and any relevant implementing measures in any member state.

GREEN BOND FRAMEWORK

The Group has established its green bond framework (the "**Green Bond Framework**") under which the Issuer and other members of the Group may issue debt instruments (the "**Green Bonds**") to finance and re-finance, in whole or in part, eligible projects, as defined, selected and reported in accordance with the Green Bond Framework.

In February 2022 the Issuer updated the Green Bond Framework. The Green Bond Framework is aligned with, and therefore meets all relevant criteria set out in, the ICMA Green Bond Principles published by the International Capital Markets Association in June 2021 (the "**GBP 2021**") which constitute voluntary guidelines recommending transparency and promoting integrity in the development of the green bonds market. The updated Green Bond Framework has been reviewed by Sustainalytics B.V. the ("**Second Party Opinion Provider**"), which has issued an opinion confirming that the Green Bond Framework is credible, impactful and aligned with the GBP 2021 (the "**Second Party Opinion**").

The Issuer may, in the future, update the Green Bond Framework to reflect corporate strategy, technology and market developments. Any updates to the Green Bond Framework will be approved by the Issuer's Management Board but, for the avoidance of doubt, will not require a supplement to the Base Prospectus.

Each of the Green Bond Framework, the Second Party Opinion, any updates to the Green Bond Framework and any public reporting by or on behalf of the Issuer in respect of the application of an amount equal to the net proceeds of any such Green Bonds will be available on the Issuer's website at <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/green-bonds/>.

For the avoidance of doubt, neither the Green Bond Framework nor the Second Party Opinion are, nor shall either of them be deemed to be, incorporated in, and/or form part of, this Base Prospectus.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for (i) its general corporate purposes, or (ii) any other purpose stated in the applicable Final Terms such as, without limitation, the refinancing or financing, in whole or in part, of eligible projects (as defined in the Green Bond Framework). If, in respect of a particular issue, there is a particular identified use of proceeds, for example the funding of eligible projects in line with the Green Bond Framework, this will be stated in the applicable Final Terms (or the Pricing Supplement, in the case of Exempt Notes).

For the purposes of this section:

"eligible projects" means either Green Buildings Projects or Renewable Energy Projects which meet the environmental and social criteria defined in the Green Bond Framework and which, prior to the relevant Issue Date, will be: (i) approved by the Issuer and, where applicable, reviewed by the Second Party Opinion Provider, and (ii) made available on the Issuer's website at <https://www.mbank.pl/pdf/mgp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/ratingi/mbank-green-bond-framework.pdf>;

"Green Buildings Projects" means the construction, renovation or acquisition of buildings that meet one of the following eligibility criteria:

- (i) representing the TOP (as defined in the Green Bond Framework) 15 per cent. low carbon buildings in Poland (best-in-class approach);
- (ii) its year of construction is 2017 or newer (complying with Technical Condition 2017 or Technical Condition 2021), depending on year of bond issuance and bond duration, based on the Climate Bond Initiative's (the "CBI") Low Carbon Buildings Criteria in compliance with the CBI's established residential market proxy for Poland; or
- (iii) upgrade and retrofit of asset will result in 30-50 per cent. improvement in carbon dioxide emissions (based on the data in its energy performance certificate); and

"Renewable Energy Projects" means the development, acquisition, maintenance and operation of renewable energy sources, in particular:

- (i) onshore and offshore wind energy; and
- (ii) solar energy, including photovoltaic (provided that 85 per cent. or more of the electricity production comes from solar energy sources),

provided an environmental and social impact assessment of these projects has been carried out (with any identified risks being reasonably mitigated) by the Issuer.

In respect of (i) Green Buildings Projects, the CBI's Low Carbon Buildings Sector Criteria will be applied and (ii) Renewable Energy Projects, the CBI's Sector Criteria for Wind Energy or Solar Energy will be applied (each as referred to in the Green Bond Framework).

SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION

Financial results of the Group in 2021

In the year ended 31 December 2021, the Group's financial results were heavily impacted by costs of legal risk related to FX mortgage loans (see *"Risk Factors - The Group is exposed to the legal risks associated with granting, financing and securing loans."*). The Group generated a net loss in the amount of PLN -1,178.8 million for the year ended 31 December 2021, compared with a net profit of PLN 103.8 million generated in the year ended 31 December 2020. Despite this net loss, the Group's capital and liquidity ratios (see further *"Risk Factors - The Bank and the Group may be unable to satisfy its or their required minimum capital adequacy and other ratios"*) remained materially above regulatory requirements.

For the year ended 31 December 2021, the Group's total income was PLN 6,111.1 million, compared with PLN 5,866.8 million for the year ended 31 December 2020, which represents an increase of 4.2 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. Other income comprises gains or losses on derecognition of 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 income remained the Group's largest income source in the year ended 31 December 2021 (67.2 per cent. of total income). In the year ended 31 December 2021, net interest income reached PLN 4,104.0 million, compared with PLN 4,009.3 million in the previous year (an increase of 2.4 per cent.).

In the year ended 31 December 2021, interest income declined by 5.5 per cent. to PLN 4,431.7 million (compared with PLN 4,688.4 million in the year ended 31 December 2020). Interest income from loans and advances decreased by PLN 145.3 million, or 4.0 per cent., to PLN 3,503.6 million in the year ended 31 December 2021. Interest income from loans and advances includes interest income from loans and advances on the following items: assets held for trading, non-trading financial assets measured mandatorily at fair value through profit or loss and financial assets measured at amortised cost. This decrease in interest income from loans and advances was primarily as a result of the impact of interest rate cuts by 140 basis points in aggregate in 2020, although this was partly offset by interest rate hikes in the fourth quarter of 2021 by 165 basis points in aggregate. Interest income from investment securities decreased by PLN 165.8 million or 25.7 per cent. in the year ended 31 December 2021 to PLN 480.2 million, compared with PLN 646.0 million in the year ended 31 December 2020. Interest income from investment securities includes interest income on the following items: non-trading financial assets measured mandatorily at fair value through profit or loss, including debt securities, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost, including debt securities. At the same time, interest income on debt securities held for trading declined by 37.0 per cent. to PLN 17.1 million from PLN 27.2 million for the year ended 31 December 2020. In the year ended 31 December 2021, interest income on derivatives classified into the banking book decreased by 25.1 per cent. to PLN 94.5 million, compared with PLN 126.1 million in the year ended 31 December 2020.

In the year ended 31 December 2021, interest expense decreased by PLN 351.4 million or 51.7 per cent. to PLN 327.7 million. As a result of repricing, deposit expenses declined by PLN 280.5 million or 81.0 per cent. to PLN 66.0 million, despite a significant increase in the volume of the Group's retail and corporate deposits in the same period. Costs of debt securities issued, which constitute the Group's second-largest source of funding, decreased by PLN 72.6 million or 31.9 per cent. to PLN 155.0 million. Interest expenses arising from loans received decreased by 47.9 per cent. to PLN 4.6 million for the year ended 31 December 2021 (compared with PLN 8.9 million for the year ended 31 December 2020). The Group's net interest margin for the year ended 31 December 2021 was 2.1 per cent., compared with 2.3 per cent. for the year ended 31 December 2020.

The Group's net fee and commission income surged to PLN 1,890.0 million in the year ended 31 December 2021 registering a growth of 25.3 per cent., compared with PLN 1,508.3 million for the year ended 31 December 2020. The primary reason was an increase in fee and commission income.

The Group's fee and commission income increased by 21.0 per cent. to PLN 2,714.9 million for the year ended 31 December 2021 (compared with PLN 2,244.6 million for the year ended 31 December 2020). The highest growth was recorded in commissions from bank accounts, which grew by PLN 139.5 million or

62.8 per cent. year-on-year and reached PLN 361.8 million for the year ended 31 December 2021 (compared with PLN 222.3 million for the year ended 31 December 2020). This increase was primarily as a result of a higher number of active clients, price adjustments in the retail and corporate segments and the collection of fees from corporate clients determined on the basis of the balance of deposits on the first day of the year for balances surpassing the fixed threshold. Credit-related fees and commissions increased by PLN 76.5 million or 16.5 per cent. year-on-year to PLN 539.3 million for the year ended 31 December 2021 (compared with PLN 462.8 million for the year ended 31 December 2020), mainly as a result of higher sales of retail mortgage and non-mortgage loans. Commissions from currency transactions increased by PLN 68.5 million or 20.2 per cent. to PLN 408.1 million for the year ended 31 December 2021 (compared with PLN 339.6 million for the year ended 31 December 2020) owing to intense activity of both corporate and retail clients amid higher volatility in the foreign exchange market.

Payment card related fees grew by PLN 55.5 million or 12.9 per cent. to PLN 485.8 million for the year ended 31 December 2021 (compared with PLN 430.2 million for the year ended 31 December 2020) reflecting an increased number in and value of card transactions by clients. Growth in transactional banking, seen through a higher number of transactions, resulted in an increase in commissions from money transfers by 29.6 per cent. or PLN 43.8 million to PLN 191.5 million for the year ended 31 December 2021, compared with PLN 147.8 million for the year ended 31 December 2020.

The year ended 31 December 2021 also saw an increase in commissions for agency services regarding the sale of products of external financial entities by 38.4 per cent. or PLN 28.6 million to PLN 103.1 million (compared with PLN 74.5 million for the year ended 31 December 2020). This increase was driven by income from the sale of investment fund units and increased commissions from the sale of external products by mFinance in the year ended 31 December 2021. Commissions for agency services regarding the sale of insurance products of external financial entities in the year ended 31 December 2021 increased by 19.6 per cent. to PLN 131.4 million compared with the year ended 31 December 2020 (PLN 109.8 million). Fees from brokerage activity and debt securities issues increased by PLN 17.8 million or 8.0 per cent. to PLN 240.1 million for the year ended 31 December 2021 (compared with PLN 222.3 million for the year ended 31 December 2020), reflecting increased investor activity on the Warsaw Stock Exchange (the "WSE") and the turnover of mBank's Brokerage Bureau on the equity market. Fees from portfolio management services and other management-related fees increased by 19.7 per cent. to PLN 27.8 million for the year ended 31 December 2021 (compared with PLN 23.2 million for the year ended 31 December 2020), mirroring the Group's growing assets under management.

For the year ended 31 December 2021, fee and commission expenses increased by 12.0 per cent. to PLN 824.9 million, compared with PLN 736.3 million for the year ended 31 December 2020.

Dividend income amounted to PLN 5.0 million for the year ended 31 December 2021, compared with PLN 4.9 million for the year ended 31 December 2020.

The Group recorded net trading income of PLN 96.9 million for the year ended 31 December 2021, which represented a decrease of 47.6 per cent. compared with the year ended 31 December 2020. This decrease was mainly driven by gains or losses on financial assets and liabilities held for trading. Due to losses recorded on interest rate derivatives, gains or losses on financial assets and liabilities held for trading amounted to PLN -77.3 million for the year ended 31 December 2021 compared to PLN 123.1 million for the year ended 31 December 2020. An increase was reported in foreign exchange results in 2021, which reached PLN 191.7 million compared with PLN 72.6 million for the year ended 31 December 2020.

Other income, including gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity instruments and debt securities mandatorily measured at fair value through profit or loss, decreased by 41.2 per cent. or PLN 72.6 million to PLN 103.6 million for the year ended 31 December 2021, compared with PLN 176.3 million for the year ended 31 December 2020.

In the year ended 31 December 2021, net other operating income (other operating income net of other operating expenses) amounted to PLN -88.5 million, compared with PLN -16.8 million for the year ended 31 December 2020. This deterioration was primarily driven by higher provisions for future commitments.

In the year ended 31 December 2021, the Group's total overhead costs and depreciation was PLN 2,456.9 million, which represented a 1.9 per cent. increase compared with the previous year (PLN 2,411.1 million for the year ended 31 December 2020).

Staff-related expenses increased by 9.9 per cent. to PLN 1,070.9 million for the year ended 31 December 2021 (compared with PLN 974.7 million for the year ended 31 December 2020) mainly due to higher variable components of remuneration. The number of full-time equivalents increased to 6,738 as of 31 December 2021 from 6,688 as of 31 December 2020. Material costs increased by 0.8 per cent. to PLN 676.4 million for the year ended 31 December 2021 (compared with PLN 671.3 million for the year ended 31 December 2020). The Group's contribution and transfers to the BGF decreased by 23.7 per cent. or PLN 70.6 million to PLN 227.4 million for the year ended 31 December 2021. Depreciation increased by 1.3 per cent. to PLN 436.3 million for the year ended 31 December 2021 (compared with PLN 430.6 million for the year ended 31 December 2020) due to earlier investment outlays on fixed and intangible assets.

As a result of changes in income and expenses, the cost-to-income ratio for the year ended 31 December 2021 was 40.2 per cent. (compared with 41.1 per cent. for the year ended 31 December 2020). 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. Other income comprises gains or losses on derecognition of 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 2021, the cost of risk in 2021 decreased notably primarily due to positive macroeconomic developments and the creation of additional provisions for risks related to the COVID-19 pandemic in 2020. 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 was PLN -878.6 million (compared with PLN -1,292.8 million for the year ended 31 December 2020), including impairment or reversal of impairment on financial assets not measured at fair value through profit or loss of PLN -873.2 million (compared with PLN -1,225.6 million for the year ended 31 December 2020) 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 -5.3 million (compared with PLN -67.2 million for the year ended 31 December 2020). The cost of risk in the year ended 31 December 2021 was 76 basis points, compared with 119 basis points in the year ended 31 December 2020.

In the year ended 31 December 2021, the Group's results were strongly affected by elevated costs of legal risk related to foreign currency loans. Cost of legal risk related to foreign currency loans reached PLN 2,758.1 million, compared with PLN 1,021.7 million in the year ended 31 December 2020. The key components of such provisions in 2021 were related to the increased impact of legal risk related to individual lawsuits (PLN 1,298.7 million) and potential costs of voluntary settlement programme (PLN 1,009.8 million).

Taxes on the Group's balance sheet items for the year ended 31 December 2021 were PLN 608.6 million, compared with PLN 531.4 million for the year ended 31 December 2020.

Consequently, in the year ended 31 December 2021, the Group generated a loss before income tax in the amount of PLN -591.0 million, compared with a profit before income tax of PLN 609.7 million for the year ended 31 December 2020.

The Group's net loss attributable to the Owners of the Bank for the year ended 31 December 2021 was PLN -1,178.8 million, compared with the net profit of PLN 103.8 million generated in the year ended 31 December 2020. The Group's net return on equity for the year ended 31 December 2021 was negative and amounted to -7.2 per cent., compared with 0.6 per cent. for the year ended 31 December 2020.

In the year ended 31 December 2021, the Group's business excluding the FX mortgage loans segment (the "**core business**") generated profit before income tax in the amount of PLN 2,190.5 million (compared with PLN 1,613.2 million in the year ended 31 December 2020) and net profit attributable to the Owners of the Bank in the amount of PLN 1,602.7 million (compared with PLN 1,107.3 million in the year ended 31 December 2020). The net return on equity on the Group's core business for the year ended 31 December 2021 was 11.9 per cent., compared with 8.1 per cent. in the previous year.

As of 31 December 2021, the Group's gross carrying amount of loans and advances to customers was PLN 121.2 billion out of which PLN 73.2 billion was attributable to individuals, PLN 47.8 billion was attributable to corporate entities and PLN 0.2 billion was attributable to the public sector. In contrast, the Group's gross carrying amount of loans and advances to customers was PLN 112.2 billion as of 31

December 2020 (including PLN 66.0 billion attributable to individuals, PLN 46.0 billion attributable to corporate entities and PLN 0.2 billion attributable to the public sector).

Amounts due to customers amounted to PLN 159.9 billion as of 31 December 2021, compared with PLN 137.7 billion as of 31 December 2020.

As of 31 December 2021, the total capital ratio of the Group was 16.58 per cent. compared with 19.86 per cent. as of 31 December 2020. The Common Equity Tier 1 capital ratio was 14.16 per cent. as of 31 December 2021, compared with 16.99 per cent. as of 31 December 2020. The consolidated leverage ratio calculated in accordance with the provisions of the CRR 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 6.32 per cent. (compared with 7.85 per cent. in the year ended 31 December 2020).

Financial results of the Group in the nine month period ended 30 September 2022

Between January and September 2022, the Group's net financial result was depressed by the substantial provisions for legal risks relating to CHF mortgage loans, the impact of credit holidays for PLN mortgage borrowers and high regulatory charges related to the Borrowers' Support Fund, contributions to the Institutional Protection Scheme and to the BGF and as well as by the Banking Tax. However, the Group's underlying profitability (excluding the effects of one-offs and legal risk provisions) remained strong.

The Group generated total income in the amount of PLN 5,408.1 million in the nine-month period ended 30 September 2022 ("**Q1-Q3 2022**") compared with PLN 4,490.6 million in the nine-month period ended 30 September 2021 ("**Q1-Q3 2021**"), which represents an increase of PLN 917.5 million or 20.4 per cent. During this period, an increase of revenues was driven predominantly by net interest income and net fee and commission income.

Net interest income of the Group in Q1-Q3 2022 accounted for 72.3 per cent. of total income amounting to PLN 3,911.9 million compared with PLN 2,913.3 million in Q1-Q3 2021 representing an increase by PLN 998.7 million or 34.3 per cent. The increase in net interest income was fuelled mainly by a series of interest rate hikes. Between October 2021 and September 2022, the reference rate was raised by 665 bps in aggregate to 6.75 per cent. in September 2022. In the third quarter of 2022, the positive impact of interest rates hikes was to a large extent consumed by the negative impact of credit holidays for borrowers who have mortgage loans in PLN.

Interest income increased by PLN 2,778.6 million or 88.5 per cent. year-on-year and was PLN 5,918.6 million in Q1-Q3 2022. Income on loans and advances to clients, constituting the main source of interest income, increased in Q1-Q3 2022 by PLN 3,502.5 million or 141.5 per cent. year-on-year. Interest income from loans and advances includes interest income from loans and advances on the following items: assets held for trading, non-trading financial assets measured mandatorily at fair value through profit or loss and financial assets measured at amortised cost. The impact of credit holidays recognised in the interest income of Q1-Q3 2022 was PLN -1,282.3 million. To calculate the impact of credit holidays, the Group estimated that customers owning 86.9 per cent. of the value of assumed eligible mortgage loan portfolio would apply for the credit holidays and that they would request on average 7.5 months of credit holidays.

In Q1-Q3 2022, interest income from investment securities was higher than in Q1-Q3 2021 by PLN 500.0 million or 147.4 per cent. Interest income from investment securities includes interest income on debt securities in the following items: non-trading financial assets measured mandatorily at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost. Interest income from debt securities held for trading increased by PLN 14.9 million or 116.9 per cent. compared with Q1-Q3 2021.

Interest expenses increased by PLN 1,780.0 million or by 785.1 per cent. year-on-year in Q1-Q3 2022 and were PLN -2,006.7 million. As a result of increased interest rates on customer deposits and higher volumes of corporate and retail deposits, in Q1-Q3 2022, cost of deposits surged by PLN 906.4 million or approximately 24 times year-on-year. Interest expenses arising from the issue of the Group's debt securities increased by PLN 96.2 million or 86.1 per cent. compared with Q1-Q3 2021. In Q1-Q3 2022, interest expense on derivatives classified into banking book, concluded under the fair value hedge and concluded under the cash flow hedge totaled PLN -708.5 million, while in Q1-Q3 2021 derivatives classified into

banking book, concluded under the fair value hedge and concluded under the cash flow hedge generated interest income in the amount of PLN 309.9 million.

Net fee and commission income amounted to PLN 1,675.2 million in Q1-Q3 2022, up by PLN 275.1 million or 19.6 per cent. year-on-year. Fee and commission income increased by PLN 315.0 million or 15.8 per cent. year-on-year. The highest increase was recorded in payment cards-related fees, which grew by PLN 121.4 million or 34.8 per cent. year-on-year, reflecting higher number and value of non-cash transactions. Commissions from currency transactions rose by PLN 86.6 million or 29.2 per cent. in Q1-Q3 2022. The increase was driven by higher activity of both corporate and retail clients amid high volatility of exchange rates. Credit-related fees and commissions increased by PLN 57.8 million or 14.6 per cent. year-on-year mainly as a result of higher sales of corporate loans and changes in the banking tariff. Commissions from bank accounts in Q1-Q3 2022 grew by PLN 30.4 million or 11.1 per cent. year-on-year, while commissions from money transfers increased by PLN 28.3 million or 20.7 per cent. year-on-year mirroring rising transactions and price adjustments. Commissions for agency service regarding sale of insurance products of external financial entities in Q1-Q3 2022 were higher than a year ago by PLN 20.1 million or 20.8 per cent. Most of the other categories of commission income also increased year-on-year. In Q1-Q3 2022, a decrease in the activity of investors on the WSE was observed compared with the previous year, which resulted in a decrease in fees from brokerage activity and debt securities issue by PLN 43.4 million, i.e. 23.8 per cent. year-on-year.

Fee and commission expense increased by PLN 39.9 million or 6.8 per cent. year-on-year in Q1-Q3 2022. This increase was driven mainly by payment cards-related fees, expenses related to cash services and commissions paid for sale of external financial entities' products.

Dividend income amounted to PLN 5.1 million in Q1-Q3 2022 compared with PLN 4.9 million in Q1-Q3 2021.

Net trading income amounted to PLN 70.1 million in Q1-Q3 2022, down by PLN 63.7 million or 47.6 per cent. compared with Q1-Q3 2021. This decline can be explained primarily by the increased differential between PLN interest rates versus the rates in EUR and USD, which affects the results on FX swaps. A decrease was reported in foreign exchange result, which in Q1-Q3 2022 was PLN -3.8 million compared with PLN 110.7 million in Q1-Q3 2021. Gains or losses on financial assets and liabilities held for trading increased by PLN 88.0 million or 205.6 per cent. year-on-year in Q1-Q3 2022, mostly on interest-bearing derivative instruments. The result on hedge accounting was negative (PLN -57.0 million compared with PLN -19.8 million in Q1-Q3 2021) mainly due to a negative impact of credit holidays (PLN -63.5 million).

Other income, including gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity instruments and debt securities mandatorily measured at fair value through profit or loss, was PLN -92.3 million in Q1-Q3 2022 compared with PLN 94.3 million in Q1-Q3 2021. The negative result in Q1-Q3 2022 was related mainly to the recognition of losses from the sale of Treasury bonds and the revaluation of shares in companies, in which the Bank holds minority stakes.

In Q1-Q3 2022, net other operating income (other operating income net of other operating expenses) was PLN -161.9 million, compared with PLN -55.7 million in Q1-Q3 2021. Other operating income increased by PLN 49.5 million or 30.0 per cent. year-on-year, while other operating expenses grew by PLN 155.6 million or 70.6 per cent. year-on-year due to higher provisions for future commitments. In Q1-Q3 2022, the provisions for future commitments included mainly provisions for settlements with the Social Insurance Institution (ZUS) in mFinanse S.A. and for reimbursement of bridge insurance in PLN mortgage loans.

Total overhead costs of the Group (including depreciation) amounted to PLN 2,688.1 million in Q1-Q3 2022. They were higher than in Q1-Q3 2021 by PLN 826.7 million or 44.4 per cent. Staff-related expenses increased by PLN 83.3 million (or 10.4 per cent.) year-on-year due to increased headcount and pay rises of employees in certain areas of the Group's operations. Material costs increased by PLN 60.6 million (or 12.2 per cent.) and depreciation increased by PLN 22.4 million or 6.8 per cent. year-on-year in Q1-Q3 2022 due to earlier investment outlays on fixed and intangible assets, in particular IT systems and licensing costs related to an IT system used by the Bank.

The Group's contribution and transfers to the Bank Guarantee Fund was PLN 245.9 million in Q1-Q3 2022 compared with PLN 202.7 million Q1-Q3 2021. In Q1-Q3 2022, the Group booked the contribution to the Institutional Protection System in the amount of PLN 428.1 million and the contribution to the Borrowers'

Support Fund in the amount of PLN 184.1 million. The Institutional Protection System was established by eight Polish banks in June 2022 pursuant to Art. 4 sec. 1 point 9a of the Banking Law of August 29, 1997. The obligation to make an additional contribution to the Borrowers' Support Fund was introduced by the Act on crowdfunding for business ventures and aid to borrowers of 7 July 2022.

As a result of changes in the income and costs of the Group, in Q1-Q3 2022, the cost-to-income ratio of mBank Group was 49.7 per cent. compared with 41.5 per cent. in Q1-Q3 2021. 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. Other income comprises gains or losses on derecognition of 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 normalised cost-to-income ratio for Q1-Q3 2022, i.e. with the costs including three quarters of the contributions to the BGF and the IPS and excluding the contribution to the Borrowers' Support Fund booked in the nine-month period ended 30 September 2022 and with the income excluding the impact of credit holidays was 34.6 per cent.

In Q1-Q3 2022, net impairment losses and fair value change on loans and advances of mBank Group (calculated as the sum of two items: impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss) was PLN -646.4 million compared with PLN -588.8 million in Q1-Q3 2021 (an increase of 9.8 per cent. year-on-year). In Q1-Q3 2022, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss amounted to PLN -623.7 million, while gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss amounted to PLN -22.7 million.

The result on provisions for legal risk related to foreign currency loans was PLN -2,682.2 million in Q1-Q3 2022, while in Q1-Q3 2021 it amounted to PLN -751.6 million. The increase of the cost of legal risk resulted from the changes of the Bank's assumptions regarding the distribution of expected court rulings scenarios due to adoption of historical observations in the model, an increase in the forecasted population of the borrowers who will file a lawsuit against the Bank and an increase in the cost of the settlements as a result of the Bank's decision to launch the settlement program.

Taxes on the Bank's balance sheet items for Q1-Q3 2022 were PLN 503.8 million compared with PLN 444.6 million for Q1-Q3 2021.

In Q1-Q3 2022, the Group generated loss before income tax in the amount of PLN -1,112.4 million, while in Q1-Q3 2021, the Group's profit before income tax was PLN 844.2 million. The Group's net result attributable to the Owners of mBank S.A. for Q1-Q3 2022 was PLN -1,537.2 million compared with PLN 452.4 million generated in Q1-Q3 2021. The Group's net return on equity was -15.3 per cent. in Q1-Q3 2022 compared with 3.6 per cent. in Q1-Q3 2021.

In the first nine months of 2022, the Group's Core Business (i.e. the Group without FX mortgage loans segment) generated the profit before income tax in the amount of PLN 1,670.2 million and the net profit attributable to the Owners of mBank S.A. in the amount of PLN 1,245.5 million. This is already after the credit holidays effects. The net return on equity on the Group's Core Business for the period ended 30 September 2022 was 14.3 per cent.

As of 30 September 2022, the Group's gross carrying amount of loans and advances to customers was PLN 129.1 billion, out of which PLN 73.6 billion was to individuals, PLN 55.4 billion was to corporate entities and PLN 0.1 billion was to the public sector. It compares with PLN 121.2 billion as of 31 December 2021 (including PLN 73.2 billion to individuals, PLN 47.8 billion to corporate entities and PLN 0.2 billion to the public sector).

Amounts due to customers amounted to PLN 173.3 billion as of 30 September 2022 (including PLN 118.5 billion related to individual clients, PLN 54.1 billion related to corporate clients and PLN 0.7 billion related to the public sector) compared with PLN 159.9 billion as of 31 December 2021.

As of 30 September 2022, the Total Capital Ratio of the Group was 14.7 per cent. compared with 16.6 per cent. as of 31 December 2021. The Common Equity Tier 1 capital ratio was 12.1 per cent. as of 30 September 2022, compared with 14.2 per cent. as of 31 December 2021. A decrease of the Group's capital ratios was driven by a drop of own funds due to negative net result for the first nine months of 2022 and an increase of negative valuation of the State Treasury debt securities.

Due to the Group's expected loss for 2022 caused by additional cost of legal risk related to CHF mortgage loans and credit holidays, on 28 September 2022, the Supervisory Board of the Bank approved the Capital management policy of the Group, which assumes no dividend pay out from the profit earned in 2023.

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.

APM	Definition
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.....	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.
	Other income comprises gains or losses on derecognition of 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).
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/loss before income tax by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as at the end of each month. Profit/loss before income tax is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
ROE net (Return on equity net)	Calculated by dividing net profit/loss attributable to Owners of the Bank by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the Owners of the Bank is annualised based on the number of days in the analysed period (the

APM	Definition
	annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
ROA net (Return on assets net).....	Calculated by dividing net profit/loss 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. Net profit/loss attributable to Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
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 income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of 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. In 2022, net interest income excludes gains or losses on modification, which includes costs of credit holidays. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest-earning assets are calculated on the basis of the balances as at the end of each month. Net interest income is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
NPL ratio (Non-performing loans ratio).....	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 of 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.....	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. The mortgage loan portfolio is measured at amortised cost.
NPL ratio – retail portfolio	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.

APM	Definition
NPL Coverage ratio	Calculated by dividing a sum of accumulated impairment allowances for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated impairment allowances for loans and advances to customers mandatorily at fair value through profit or loss in default 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	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 (the sum of loans and advances to customers recognised in: financial assets measured at amortised cost, non-trading financial assets mandatorily measured at fair value through profit or loss and financial assets held for trading). 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. 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 are annualised based on the number of quarters in the analysed period (the annualisation ratio is calculated as the quotient of the number of quarters in a year and the number of quarters in the analysed period).
Loan-to-deposit ratio	Calculated by dividing net loans and advances to customers by amounts due to customers. Net loans and advances to customers are calculated as a sum of loans and advances to customers at amortised cost, loans and advances to customers mandatorily at fair value through profit or loss and loans in financial assets held for trading.
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.
Total Capital Ratio (TCR)	Calculated by dividing the own funds (the sum of Tier 1 and Tier 2 capital) by the Total Risk Exposure Amount.
Tier 1 capital ratio	Calculated by dividing the Tier 1 capital by the Total Risk Exposure Amount.

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 2021 AND 31 DECEMBER 2020 AND FOR THE FIRST THREE QUARTERS ENDED 30 SEPTEMBER 2022 AND 30 SEPTEMBER 2021

This section should be read together with the financial data included or incorporated by reference elsewhere in this Base Prospectus.

Comparative Data

- Impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in CHF

Starting from 2021, the Group changed the accounting policy for recognizing the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in CHF. Until the end of 2020 the Group recognized provisions for legal proceedings in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in relation to both active and repaid loans. In view of changes in conditions, such as the growing number of court cases and the predominantly unfavourable court judgments stating the invalidity of the contract in whole or certain provisions thereof the Group expects that it will not obtain the full amount of contractual cash flow. Therefore, in relation to active loans the Group revised its estimates of cash flows and adjusted the gross carrying amount of those loans in accordance with IFRS 9 paragraph B5.4.6. as the change in expected cash flows is not related to credit risk and therefore is not recognised as expected credit losses.

The comparative data as of 1 January 2020 and 31 December 2020 and for the period from 1 January to 31 December 2020 have been restated accordingly. The recognition of the impact of legal risk related to repaid loans remained unchanged.

The above change did not affect the equity and the income statements of the Group and the Bank in the comparative periods presented in these financial statements. The data on capital ratios for comparative periods remained unchanged.

Detailed restatements are presented in Note 2.31 of the 2021 Consolidated Financial Statements.

The following tables present consolidated financial data of the Group as of and for the years ended 31 December 2021 and 31 December 2020 and as of and for the nine-month periods ended 30 September 2022 and 30 September 2021. They were derived from the 2021 Consolidated Financial Statements and the Q3 2022 Consolidated Financial Statements.

Consolidated Income Statements

	Year ended 31 December		Nine months ended 30 September	
	2021	2020	2022	2021
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
Interest income.....	4,431,737	4,688,353	5,918,609	3,139,989
Interest expenses.....	(327,694)	(679,053)	(2,006,675)	(226,712)
Net interest income	4,104,043	4,009,300	3,911,934	2,913,277

	Year ended 31 December		Nine months ended 30 September	
	2021	2020	2022	2021
Fee and commission income	2,714,896	2,244,561	2,306,190	1,991,195
Fee and commission expenses	(824,875)	(736,276)	(631,040)	(591,128)
Net fee and commission income	1,890,021	1,508,285	1,675,150	1,400,067
Dividend income.....	5,046	4,926	5,113	4,869
Net trading income.....	96,890	184,752	70,087	133,782
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	4,608	15,572	(57,809)	(9,429)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	93,690	93,527	(57,236)	93,229
Other operating income.....	232,384	218,052	214,114	164,642
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(873,226)	(1,225,642)	(623,721)	(578,240)
Costs of legal risk related to foreign currency loans	(2,758,079)	(1,021,714)	(2,682,168)	(751,624)
Overhead costs.....	(2,020,629)	(1,980,500)	(2,334,402)	(1,530,121)
Depreciation.....	(436,254)	(430,628)	(353,691)	(331,263)
Other operating expenses	(320,898)	(234,820)	(375,967)	(220,380)
Operating profit / (loss)	17,596	1,141,110	(608,596)	1,288,809
Taxes on the Group balance sheet items	(608,627)	(531,379)	(503,848)	(444,580)
Profit / (loss) before income tax	(591,031)	609,731	(1,112,444)	844,229
Income tax expense.....	(587,782)	(505,974)	(424,618)	(391,914)
Net profit / (loss).....	(1,178,813)	103,757	(1,537,062)	452,315
Net profit / (loss) attributable to:				
Owners of mBank S.A.	(1,178,753)	103,831	(1,537,207)	452,363
Non-controlling interests.....	(60)	(74)	145	(48)

Source: mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Year ended 31 December		Nine months ended 30 September	
	2021	2020	2022	2021
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
Net profit / (loss)	(1,178,813)	103,757	(1,537,062)	452,315
Other comprehensive income net of tax, including:	(1,788,889)	407,791	(712,772)	(597,227)
<i>Items that may be reclassified subsequently to the income statement</i>				
Exchange differences on translation of foreign operations (net)	4,898	3,043	11,469	1,997
Cash flow hedges (net).....	(919,332)	299,988	(416,490)	(371,200)
Change in valuation of debt instruments at fair value through other comprehensive income (net).....	(892,950)	111,012	(307,751)	(239,460)
<i>Items that will not be reclassified to the income statement</i>				
Actuarial gains and losses relating to post-employment benefits (net).....	7,059	(6,252)	-	-
Investment properties	11,436	-	-	11,436
Total comprehensive income (net)	(2,967,702)	511,548	(2,249,834)	(144,912)
Total comprehensive income (net), attributable to:				
Owners of mBank S.A.....	(2,967,642)	511,622	(2,249,979)	(144,864)
Non-controlling interests.....	(60)	(74)	145	(48)

Source: mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.

Consolidated Statements of Financial Position

	As of 30 September 2022	As of 31 December 2021	As of 31 December 2020*
	<i>(PLN thousands)</i>	<i>(PLN thousands)</i>	<i>(PLN thousands)</i>
ASSETS			
Cash and balances with the Central Bank.....	20,488,126	12,202,266	3,968,691
Financial assets held for trading and hedging derivatives.....	3,410,380	2,589,076	2,586,721
Non-trading financial assets mandatorily at fair value through profit or loss, including:	1,109,868	1,417,191	1,784,691
Equity instruments	174,101	224,389	202,304
Debt securities.....	43,308	81,128	76,068
Loans and advances to customers.....	892,459	1,111,674	1,506,319
Financial assets at fair value through other comprehensive income	20,726,003	36,206,059	35,498,061
Financial assets at amortised cost, including:	153,460,310	140,296,538	130,179,902
Debt securities.....	19,056,147	16,164,103	15,952,501
Loans and advances to banks	9,654,087	7,229,681	7,354,268
Loans and advances to customers.....	124,750,076	116,902,754	106,873,133
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,897,835	1,055,478	-
Non-current assets and disposal groups classified as held for sale .	31,247	31,247	-
Intangible assets	1,323,417	1,283,953	1,178,698
Tangible assets	1,464,949	1,542,250	1,514,577
Investment properties	140,372	127,510	-
Current income tax assets.....	21,034	28,147	23,957
Deferred income tax assets.....	1,868,266	1,392,350	853,880
Other assets	1,639,165	1,366,820	1,282,439
Total assets.....	207,580,972	199,538,885	178,871,617
LIABILITIES & EQUITY			
Financial liabilities held for trading and hedging derivatives	3,006,258	2,011,182	1,338,564
Financial liabilities measured at amortised cost, including:.....	187,309,135	179,348,925	156,673,052
Amounts due to banks.....	1,685,276	3,359,558	2,399,740
Amounts due to customers	173,304,623	159,935,129	137,698,668
Debt securities issued	9,511,485	13,429,782	13,996,317
Subordinated liabilities.....	2,807,751	2,624,456	2,578,327
Fair value changes of the hedged items in portfolio hedge of interest rate risk	6,887	110,033	59,624
Liabilities included in disposal groups classified as held for sale...	7,340	7,425	-
Provisions.....	1,385,323	811,455	501,691
Current income tax liabilities	436,793	61,910	225,796
Deferred income tax liabilities	94	89	690
Other liabilities.....	3,950,208	3,469,950	3,397,133
Total liabilities.....	196,102,038	185,820,969	162,196,550
Total equity.....	11,478,934	13,717,916	16,675,067
Total liabilities and equity	207,580,972	199,538,885	178,871,617

* Restated.

Source: mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.

Items from Consolidated Cash Flow Statements

	Year ended 31 December		Nine months ended 30 September	
	2021	2020*	2022	2021
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
Cash and cash equivalents at the beginning of the reporting period	4,249,046	8,279,388	12,540,599	4,249,046
Cash flows from operating activities.....	10,803,934	1,328,005	12,372,518	21,058,578
Cash flows from investing activities.....	(508,006)	(444,346)	(347,951)	(410,142)
Cash flows from financing activities.....	(1,994,726)	(4,944,884)	(3,973,600)	(60,110)
Effects of exchange rate changes on cash and cash equivalents...	(9,649)	30 883	172,739	36,635
Cash and cash equivalents at the end of the reporting period.....	12,540,599	4,249,046	20,764,305	24,874,007
Net increase/decrease in cash and cash equivalents.....	8,301,202	(4,061,225)	8,050,967	20,588,326

* *Restated.*

Source: *mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.*

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		30 September	
	2021	2020	2022	2021
	<i>(per cent.)</i>		<i>(per cent.)</i>	
Total capital ratio.....	16.58	19.86	14.7	17.5
Common Equity Tier 1 capital ratio/Tier 1 capital ratio.....	14.16	16.99	12.1	15.2

Source: *mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.*

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 of and for the year ended 31 December		As of and for nine months ended 30 September	
	2021	2020	2022	2021
	<i>(per cent.)</i>		<i>(per cent.)</i>	
ROE gross	-3.6	3.6	-11.1	6.7
ROE net.....	-7.2	0.6	-15.3	3.6
ROA net	-0.59	0.06	-1.00	0.31
Cost to income ratio (C/I).....	40.2	41.1	49.7	41.5
Net interest margin (NIM).....	2.1	2.3	3.6	2.1
Non-performing loans ratio (NPL ratio).....	3.9	4.8	4.0	4.0
NPL ratio – corporate portfolio	4.7	6.5	4.8	5.1
NPL ratio – retail portfolio.....	3.4	3.7	3.7	3.4
NPL ratio of mortgage loan portfolio to private individuals (Poland)	1.7	1.7	2.1	1.7
NPL Coverage ratio.....	53.1	58.3	51.9	57.2
Cost of risk.....	0.76	1.19	0.70	0.69
Loan-to-deposit ratio	73.8	78.8	72.5	72.9
Equity to assets.....	6.9	9.3	5.5	7.9
Liquidity Coverage Ratio (LCR) ¹	203	202	184	260
Net Stable Funding Ratio (NSFR) ²	152	138	143	155

Source: The Bank.

¹ Liquidity Coverage Ratio (LCR) – a relation of liquid assets of the liquidity buffer to the expected net outflows within 30 calendar days.

² Net Stable Funding Ratio (NSFR) – a relation of own funds and stable liabilities ensuring stable financing to illiquid assets and receivables requiring stable financing.

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. The Group's leading positions are confirmed by data published by the KNF and the NBP, as well as by Fitch publications "*Rating and Rynek*" or PRNews.pl reports. After the first half of 2022, the Group was the fifth largest banking group in the Polish market in terms of total assets, 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, 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 5,514,613 retail clients (including 1,026,851 in the Czech Republic and Slovakia) and 31,315 corporate customers as of 31 December 2021. In the first nine months of 2022, the number of retail customers increased to 5,645,927 (including 1,041,556 in the Czech Republic and Slovakia). The number of corporate customers at the end of September 2022 reached 33,014.

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 Bank relies mainly on mobile and online distribution channels supported by a network of branches and the Contact Centre.

The physical distribution network of the Bank in Poland at the end of 2021 was composed of (i) its own organically grown countrywide retail network of 133 locations of mBank branded outlets and 189 outlets comprising mKiosk outlets, mFinanse Financial Centres and agency service points, as well as (ii) 29 fully fledged corporate branches and 14 corporate offices located in the largest cities throughout Poland.

The Bank is constantly optimising its branch network, taking into account the economic rationale for operations of particular outlets.

As of 30 September 2022, the Bank's distribution network in Poland included: (i) its own organically grown countrywide retail network of 131 locations of mBank branded outlets and 188 outlets comprising mKiosk

outlets, mFinanse Financial Centres and agency service points; as well as (ii) 29 corporate branches and 14 corporate offices.

The internet and mobile transaction platform supported by branch-light model gives 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 WSE.

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 69.2 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 first decade of the 21st century, 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. Systematically developing the product range and introducing convenient transactional solutions, mBank has become a recognised brand in both countries. At the end of September 2022, the Bank provided services to 1,041,556 customers in the Czech Republic and Slovakia through its internet and mobile platforms and 45 branches.

The rebranding of the "BRE Bank" and "MultiBank" brands as 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 co-operation arrangement with the AXA Group. 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 regulated long-term co-operation between the Bank and the AXA Group for the distribution of life and non-life insurance products. In April 2021, AXA companies co-operating with mBank were incorporated into the UNIQA Group. mBank continues to develop co-operation with UNIQA in the field of bancassurance.

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 was 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 of 30 September 2022, 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).

In 2018, the Bank refreshed 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 – a company specialising in innovative banking application programming interface (API) solutions. mElements maintains mBank's API platform, which was created as a result of the EU PSD 2, and uses its established know-how to expand the Group's offer. In 2020, mElements and mBank implemented the Paynow payment gateway. It is an online payment system for e-commerce that uses cloud solutions.

In December 2019, the Management Board of mBank adopted and the Supervisory Board approved the new Strategy of the Group for 2020-2023, titled "Growth fuelled by our clients", which focussed on the following areas: client (acquisition and development of long-term relationships); platform (ecosystem, user experience); efficiency (operational); and employees and organisation culture.

In December 2020, the Management Board of mBank decided to establish its own investment fund company under the name of mTowarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (mTFI S.A.). mTFI will complement the existing mutual funds supermarket, where customers can purchase units of more than 250 funds. The company was founded on 8 April 2021. The Bank acquired 100 per cent. of the shares of mTFI S.A., representing 100 per cent. of the voting rights.

On 29 October 2021, the Management Board of mBank adopted, and the Supervisory Board approved, the new Strategy of mBank Group for 2021-2025 entitled "From an icon of mobility to an icon of possibility". While preparing the new strategy, the Group took into account, among others, expected economic and market prospects, regulatory requirements, technological progress, evolution of consumer behaviour and its dynamics, local constraints and internal conditions.

Competitive Strengths

Leading Market Position across Key Segments

As of 31 December 2021, the Group's market share in total assets of the Polish banking sector was 7.8 per cent. according to monthly data published by the KNF. The Group has a leading position in retail, corporate and investment banking in Poland. As of 31 December 2021, the market share of the Group in total loans to the non-financial sector was 7.9 per cent., while the Group's share in total deposits of the non-financial sector was 8.8 per cent. according to monthly data published by the NBP on the assets and liabilities of monetary financial institutions.

As of 31 December 2021, the Group's market share in retail loans was 7.9 per cent. (8.4 per cent. in mortgage loans and 7.1 per cent. in non-mortgage loans), while the Group's market share in retail deposits was 8.3 per cent. according to monthly data published by the NBP on the assets and liabilities of monetary financial institutions.

As of 31 December 2021, the Group's market share in corporate loans and corporate deposits was 8.2 per cent. and 10.7 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 Newsletter, as of 30 November 2021 the Bank was ranked second in the market for arranging bank debt securities, fourth in the market for providing corporate bonds and was fifth in the market for providing short-term debt securities. The Bank is also ranked among the leading government debt securities primary dealers by the Polish Ministry of Finance (the Bank was ranked first in the Treasury Dealers ranking in 2021), as well as money market dealers by the NBP.

As of 30 September 2022, the Group's market share in retail loans and retail deposits was 8.3 per cent. and 8.7 per cent. respectively (based on NBP figures). The Group's market share in corporate loans and corporate deposits was 8.1 per cent. and 11.1 per cent. respectively.

Mobile banking icon

mBank remains the leader in mobile banking in Poland. Nominally, the Bank has the second largest number of active users of mobile applications according to a PRNews.pl report, but it has the highest share of active users of mobile applications in relation to the personal accounts database. As of 31 December 2021, the number of active users of the mBank's mobile application was 2,960 thousand (including 2,588 thousand in Poland) compared with 2,577 thousand users (including 2,274 users in Poland) as of 31 December 2020. Between January and September 2022, the number of active users of the mBank's mobile application increased by 165 thousand and reached 3,125 thousand (2,726 thousand in Poland) at the end of September 2022.

The use of mobile banking is developing at a faster pace than the acquisition of new customers. The Bank is also distinguished by growing client transaction rates.

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; and
- "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 sales and client acquisition to a greater extent than competing banks in Poland, which have historically maintained a more traditional and outlet-based distribution model.

Global trends such as mobility, self-service and e-commerce development will shape the expansion opportunities and expectations of customers in relation to distribution channels. Over the past years, mBank has already achieved significant progress in this area: the number of logins to mobile applications exceeded the number of logins to transactional services. The dynamic of sales in digital channels is significantly higher than the dynamic of business growth in general. Increasing numbers of customers take cash loans through the mobile application. Share of the mobile application in the sale of non-mortgage loans increased to 42 per cent. at the end of 2021 and to 54 per cent. at the end of September 2022 compared with 33 per cent. in 2020. mBank's investment platform - the Investment Fund Supermarket - is available in the mBank mobile application. mBank is the leader in Poland in terms of the number of mobile wallets offered to individual and business clients. The popularity of mobile cards has been growing year by year. All stand-alone insurance products, including car, home, travel, and health and life insurance for clients and their close ones, are available in the mBank mobile application.

In 2021, mBank released a new version of the CompanyMobile app dedicated to SMEs and corporates. Its clear interface and intuitive navigation allow users to manage their company's finances and authorise transactions in a convenient manner.

Light structure and contact channels

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 compared with 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.

mBank's customers highly appreciate the availability of financial services via remote channels (contact / interaction via chat, call centre and video calls) and the facilities that mBank provides for customers with disabilities (e.g. sign language communication).

Favourable demographics

mBank's innovative and unique business model puts the Bank in a good position to target young, aspiring, tech-savvy clients.

Thanks to its digital approach from the start, mBank has been able to acquire younger customers (it is the first-choice bank for young clients), located in larger cities compared with other Polish banks. Acquisition of young customers is a strong factor determining future higher profitability of the client base as it gives the Bank a higher probability to be a first-choice bank when it comes to a serious financial decision. mBank's customer base will be ageing over next years, which will have a positive impact on its revenues.

mBank's average client age is well below the age at which a bank's revenue per client reaches its maximum. Therefore, this demographic effect should be considered as a factor in mBank's value. The vast number of mBank clients will start or continue maturing in their financial life which is the main driver of future growth. The Bank believes that this puts it in a strong position to benefit from additional cross-selling opportunities with respect to 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 supporting the asset quality of the Group and the responsiveness of its clients to cross-selling initiatives. Moreover, mBank's mortgage clients live predominantly 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.

As of 30 September 2022, the Group's retail customer base reached 5,645,927 compared with 5,514,613 as of 31 December 2021.

Strong corporate and investment banking business

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 Bank introduces new products to the offer on a regular basis and pays special attention to providing remote access to its services.

The Group's corporate customer base has grown from 29,083 clients as of 31 December 2020 to 31,315 clients as of 31 December 2021 and 33,014 as of 30 September 2022.

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.

mBank's widely recognised operational excellence is based on the state-of-the-art user interface for online banking, next-generation mobile application and video banking, as well as real-time, event-driven CRM based on client behaviour patterns. The whole product offer is centred around the current account, with a broad spectrum of financial services accessible in just "one click", as the strategic aim of mBank is to be the most convenient transactional bank on the market. mBank's internet platform available to clients is modern, convenient, easy-to-access and user-friendly. The bank has also been systematically expanding the mobile application to provide customers with the possibility of managing their finances wherever they are.

Giving priority to users' comfort, mBank regularly improves its offer and thus remains at the forefront of institutions introducing new solutions, such as BLIK, Google Pay and Apple Pay payments. mBank has been accompanying its customers in their everyday lives for 22 years, providing a wide range of additional services based on online or mobile banking. These involve, among others, the possibility to create a free-of-charge trusted profile in mBank's transactional platform in order to handle administrative matters online in the public administration services, and the possibility to submit an application for the "Family 500+" benefit online. Further benefits include additional services, such as mOkazje (mDiscounts).

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.

Changed business conditions in connection with the COVID-19 pandemic forced even faster implementation of innovative digital processes. mBank focused on enabling clients to finalise loan applications without leaving home. It translated into implementation of two key initiatives fulfilling this need: a possibility of confirming income in a cash loan, using the account information access service (AIS), introduced by the PSD2 directive for mBank's internal clients and a possibility to attach income documents for mBank loan products directly to the application. In mortgage processes, the Bank has introduced the option of submitting a loan application in a remote process without leaving home. The Bank also implemented online account opening with a selfie, remote account opening for corporate clients and an e-commerce package which helps clients to build an internet shop, offer quick payments, and increase sales.

The Bank has launched the mBox project to license its retail banking solutions to partners outside Poland. The licence 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.

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 will develop its retail and corporate platforms. Customers will be able to sign an agreement, manage any product, and initiate any interaction with mBank without a need of personal meeting. Transactional platform mBank CompanyNet together with application mBank CompanyMobile will be the gateway to any product or service.

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.

mBank was the winner of a competition organised by Global Finance magazine in the category "World's Best Corporate/Institutional Digital Banks in CEE" in 2019 and 2020. In the annual Euromoney Cash Management Survey, in which customers rate the quality of banking service, in 2020 the Bank took first place in the category of Best Overall Services in Poland.

In 2021, mBank was named the Polish leader in the contest "The Best Treasury & Cash Management Banks and Providers 2021" by Global Finance. For several years mBank has been recognised by that magazine, among other transactional banking providers. Moreover, in 2021, the Bank for the seventh time has been announced the best digital bank for corporations in Poland by Global Finance. The jury of the contest awarded the Bank the title of the Best Corporate Digital Bank in Poland 2021. In the first quarter of 2022, mBank received three Mobile Trends Awards (MTA). The mBank Junior app won the main prize in MTA 2021 and the first place in the Banking and Finance for Children category. In addition, the mBank app was ranked second by votes of clients. The Mobile Trends Awards are granted to mobile technology projects based on the criteria of innovation, creativity, flawlessness and customer-friendliness. In 2022, the Bank received awards in four categories in the Golden Banker 2022 league table organised by Bankier.pl and Puls Biznesu (1st place in the Mortgage Loan category, 1st place in the Cash Loan category, 3rd place in the Social Media category and distinction in the Secure Bank – Best Practice category). Moreover, the Bank was awarded by Global Finance as the Best Corporate Digital Bank in Poland 2022.

The internet and mobile transaction platform support 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 2021, the NPL ratio in the Group was 3.9 per cent., while the NPL ratio of the Polish banking sector, according to the KNF data, was 5.8 per cent. (for the retail loans, the ratios amounted to 3.4 per cent. for the Group and 5.1 per cent. for the sector). Despite difficult macroeconomic environment in 2022, the NPL ratio of the Group increased only marginally and reached 4.0 per cent. as of 30 September 2022.

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 nearly 11 years' experience at the Bank. In March 2021, Cezary Stypułkowski was recognised in the top three of "Banker of the Year" by Forbes Polska Magazine.

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), Appointment and Dismissal of Members of the Bank's Body at mBank S.A. and Brokerage Office authorities.". 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.

Competent employees

mBank is "distinguished by people", and the commitment, competence and work input of its employees are the foundations of mBank's achievements. mBank's employees are relatively young: 39 per cent. are below the age of 35. They are well-educated: 81 per cent. are graduates of higher education institutions. Many employees undertake post-graduate and MBA studies, thus acquiring new professional qualifications. The Bank launched many programs and initiatives aimed at supporting its employees and teams. In 2021, the Bank started the implementation of the competences of the future program in the organization. These are: database competences, cybersecurity, critical thinking, artificial intelligence / machine learning / robotization, cloud solutions and creativity / innovation. Two platforms were created to enable employees to develop their competences of the future: Data Academy and the Security Academy.

Highly motivated and involved employees, decision making and responsibility at lower levels of the organisation and an organisational culture based on openness, trust and empathy represent an important competitive advantage.

The Ethics Officer helps to develop ethical standards for the bank and co-ordinates their execution, among others by issuing opinions on motions tabled to the Management Board, providing education to employees and supporting them in resolving ethical dilemmas.

The Group supports employee motivation through the remuneration policy as well as in non-financial ways, for instance by opening opportunities for professional development. The incentive system plays a key role in the acquisition and retention of competent human resources, necessary to build our competitive advantage.

Commerzbank as the strategic shareholder of the Group

Commerzbank is the principal shareholder of the Bank. As of the date of this Base Prospectus, Commerzbank holds shares representing 69.2 per cent. of the Bank's share capital and of the total number of votes at the General Shareholders' Meeting. Commerzbank is a leading bank for the German Mittelstand and a strong partner for corporate client groups and private and small-business customers in Germany. Commerzbank offers a comprehensive portfolio of financial services in the two business segments "Private and Small-Business Customers" and "Corporate Clients". The bank focuses on the German Mittelstand, large companies and institutional clients. In international business, the bank supports clients who have business links with Germany and companies in selected future-oriented industries. Commerzbank is present internationally in almost 40 countries in the corporate clients' business. Following the integration of comdirect, which was merged into Commerzbank in November 2020, private and small-business customers will benefit from the services offered by one of Germany's most advanced online banks combined with personal advisory support on site.

On the domestic market, Commerzbank manages its branch network serving all customer groups from its headquarters in Frankfurt am Main. Outside Germany, the bank is active through its subsidiaries, branches and representative offices and is represented in all major financial centres, such as London, New York, Tokyo and Singapore. However, the focus of its international activities is on Europe.

The Group benefits from its relationship with Commerzbank as its strategic shareholder. A technical co-operation 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 co-operation in many areas, e.g., co-operation 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 co-operation concerns especially the exchange of experiences regarding the implementation of new European regulations (for example, product development, risk management and access to global capital markets) and access to foreign exchange-denominated funding provided by Commerzbank. Moreover, the Bank obtained a subordinated loan from Commerzbank in the amount of CHF 250 million.

Strategy of mBank Group for 2021-2025

On 29 October 2021, the Management Board of the Bank adopted, and the Bank's Supervisory Board approved, the new Strategy of mBank Group for 2021-2025 entitled "From an icon of mobility to an icon of possibility". The new strategy replaced the Group's strategy for 2020-2023 entitled "Growth fuelled by

our clients". Whilst preparing the new strategy, the Group took into account, among other things, expected economic and market prospects, regulatory requirements, technological progress, evolution of consumer behaviour and its dynamics, local constraints and internal conditions.

The Bank believes that the Group's strategy will contribute to strengthening of its position by focusing on fundamental banking values such as stability, security and secrecy.

The Group's strategy is based on the following seven guiding principles:

- understanding the needs of customers in their life cycle and calibrating products adequately to support them effectively;
- helping customers to keep their finances in order by providing them with financial management capabilities and regularly improving these functionalities;
- improving mobile access through being the core medium/channel for interaction with the customer;
- ensuring the security of customers' payments and customers' assets placed with the Bank;
- committing to banking secrecy and the Group's promise to protect customer information, personal data and financial profile of customers' activities;
- offering a deep experience for the Group's customers in e-commerce; and
- executing the Group's ESG strategy focused on the Group's responsibility for climate, society and the financial health of customers.

mBank Group's strategy for 2021-2025 focuses on five areas:

- **Retail banking:** The Group aspires to be a leading retail banking franchise integrated with the needs of customers in their life cycle. The Bank's successful organic growth is expected to continue to be fuelled by the acquisition of new (primarily young) clients and the keeping of the existing client base. The Group will be organised around demographic segments to develop a comprehensive offer and a value proposition responding closely to needs arising at different phases of the customer lifecycle. The Bank will focus on mortgage lending expansion (through a revised underwriting process), its comprehensive investment offering (via its own newly-established TFI), personal financial management (PFM) tools and offering of non-banking services. With a reinforced mobile-first approach, the Bank's contact channels will be aligned to focus on remote access and digital sales. The Bank will support entrepreneurs and small firms by providing them with industry-customised expertise and an integrated platform for managing their different business-related activities.
- **E-commerce:** The Bank aspires to be the preferred bank for merchants and online shops, as well as a favourite platform for customers making on-line purchases. The Group wants its payment integrator Paynow to gain a significant share in processing online transactional volumes. The Group is planning to extend the range of value-added services and financing tailored for online sellers with a view to increase the importance of their relationships with mBank and cooperate with them in the most important parts of their e-commerce activity. The Bank also plans to modernise and extend the existing mDiscounts (mOkazje) platform.
- **Corporate banking:** The Group wants to grow its corporate banking business, optimising exposures towards higher profitability. The Group will initiate, develop and intensify cooperation with companies from prospective industries and the fastest growing sectors of the economy, in alignment with the Group's ESG strategy. A greater focus on the SME segment will allow the Group to progress its e-commerce offering. The Bank is **planning** to provide the premium end-to-end digital banking experience for corporates in Poland in order to further improve customer satisfaction and internal efficiency. The Bank will also redesign its credit process so as to support business development as well as ensuring prudent risk management. In parallel, the Group intends to strengthen relationships with its customers through additional knowledge-based services and through the assistance of top-rated advisers and in-depth industry expertise.
- **Technology, security and data:** One of the Group's primary goals is to provide to customers high quality services and solutions delivered with high availability and security. By being cloud-ready, the Group will maintain its technological advantage in the financial sector which should in turn boost flexibility, foster innovation in business applications, shorten time-to-market and enlarge the scalability of used technology. The Bank will strive to prioritise continuous development of a multi-layer cybersecurity defence model and the assurance of data secrecy. The Bank aims to offer the highest possible security with respect to its mobile application and to deliver the most secure and

client-friendly identity confirmation process across all digital channels. At the same time, the Group plans to employ artificial intelligence and data science to support the creation of innovative customer products and better risk assessment, as well as to increase the effectiveness of internal systems and workflows.

- **Employees and organisation culture:** The Group aims to create a culture where cooperation is based on trust, with the intention to give people a comfortable space to experiment, innovate and make bold decisions. The Group is **planning** to develop a best-in-class hybrid work environment. The Bank's managers will acquire practical skills in managing distributed teams, while the employees will take advantage of new communication and collaboration technology. The Group will make people capabilities a competitive advantage for the company through a strengths-based approach to leverage individual talents and focus on future skills needed for the organisation to succeed. The Group will amend the remuneration scheme to make it attractive from the employee perspective and supporting company objectives.

Strategic financial targets of the Group for 2025

The Group seeks to maintain its position among the top Polish banks not only in terms of business growth but also in key financial metrics. In the coming years, the Group's profitability should systematically improve due to rising revenues, effective cost discipline and a prudent approach to risk management.

The Group aims to optimise the balance sheet of the Group from both profitability and structural perspectives. In particular, the Group intends to constantly increase the share of higher yielding assets (retail and SME loans) and maintain diversification of funding sources (in terms of maturity, currency and products). Such changes, together with interest rate hikes, should result in increased margins. Consequently, the management predicts that the return generated for the shareholders will be attractive compared to other players in the Polish banking sector.

The activities of the Group in 2021-2025 will be focused on achieving the following strategic financial targets:

Efficiency

- Cost/Income ratio ("**CI**"): ~40 per cent. in 2025.

Stability

- Capital ratios: significantly above the KNF requirements – under the current regulatory regime and adopted assumptions with year-end Tier 1 capital ratio at least 2.5 per cent. above the minimum.
- Cost of risk ("**COR**"): ~0.80 per cent. in the mid-term perspective.

Growth

- Average annual growth rate (CAGR) between 2021 and 2025 at: ~8 per cent. for loans, ~8-9 per cent. for deposits and ~9-10 per cent. for total revenues.

Profitability

- Net interest margin ("**NIM**"): ~2.5 per cent. in 2025.
- Return on equity ("**ROE**"): above 10 per cent. in 2025.

The Bank's long-term goal is to pay 50 per cent. of net profit as a dividend. The adopted policy allows for keeping capital ratios at the safe levels.

The above assumptions and strategic goals do not constitute a forecast or estimate of results, including financial ones, and are only information on the planned areas of the Bank's activities and potential directions of development for 2021-2025.

The financial targets for 2025 reflect a base scenario for the Group's development, and they may be affected both positively and negatively by a number of factors.

Upside potential to the basic revenue trajectory and profitability may stem from:

- faster and bigger interest rate hikes than assumed in the financial plan;
- higher dynamics of fee and commission income resulting from better contribution from new business/services and more adjustments to the price lists; and
- considerably increased new mortgage loan production.

On the negative side, the Group's financial performance and capital position may deteriorate due to:

- adverse FX mortgage loan scenario and regulatory instability;
- worsening macroeconomic conditions (lower GDP growth, high unemployment rate, lack of private investments) and unfavourable market development (PLN depreciation) impacting business volumes and risk profile; and
- persistent inflation and tightening labour market putting pressure on cost base.

ESG strategy of mBank Group

The Sustainable Development Committee of the Group, which is headed by the Chief Risk Officer, supervises ESG management in the company, monitors ESG-related KPIs, oversees green bond issuances and the process of calculating our carbon footprint, facilitates implementation of the EU Taxonomy for Sustainable Finance and enhances non-financial reporting. The Group integrates ESG issues and standards into business, risk and management processes, assigns responsibility and sets ESG goals to the top management. The Group plans constantly to enhance ESG disclosure standards so as to be favourably viewed by the shareholders and the broader investment community.

The Group's activities in the ESG area will be centred around four aspects:

1. Responsibility for climate

By 2050 the Bank aims to become a fully climate-neutral bank and by 2030 it plans to reach climate neutrality in scope 1 and 2.

The Bank plans to limit direct emissions from company-owned and controlled resources as well as reduce indirect emissions from the generation of energy purchased by the Bank. The particular goals are to be defined every five years to reach net zero standards.

The Bank is planning to promote green financing in both the corporate and retail segments of its business. The Bank intends to finance sustainable development, guide its clients in their energy transformation and encourage them to implement ESG standards in their business activities. The Bank intends to sell more mortgage loans collateralised on residential buildings that meet low carbon trajectory requirements. In the coming years, the Bank will increasingly prefer real estate investments reaching Net Zero Energy Building standard. The Bank plans to continue to provide ESG-compliant investment solutions for private banking customers and also to clients of the newly established investment fund company. The Group plans to introduce a special offer for small firms, favouring pro-ecological investments. By also launching other eco-friendly products, the Bank wants to be the first choice bank for customers looking for financing of eco-projects.

In line with the strategy, the Bank joined the Science Based Targets Initiative. This organization will check whether the Bank's decarbonisation pathway is in line with the objectives of the Paris Climate Agreement, which set out a global framework to avoid dangerous climate change by limiting global warming.

2. Responsibility for financial health of the Bank's clients

Further to its aim to be an ethical, fair and transparent organisation, the Bank plans to educate and support its stakeholders in better understanding its offer, policies and activity. Prices and tariffs are expected to be communicated in a legible, comprehensible manner and to present in a transparent way the risks associated with specific financial products. The Bank plans to continue to promote safe online banking and personal data protection. The Group's services are to be further adjusted to the needs of people with various disabilities. To ensure equal access to banking services for everyone, the Bank plans to have in its offer a free basic account for those in need.

3. Responsibility for being an organisation in line with ESG values

The Bank wants to build an ESG-oriented working environment. The Bank aims to foster an ESG-focused mindset among its employees through the implementation of specific education and information programmes. The Bank aims to promote diversity, innovation, entrepreneurship, responsibility, cooperation and the adoption of hybrid work systems. The Bank aims to incorporate ESG bases and/or criteria into its business and employee processes, such as recruitment and succession, on-boarding, development activities, assessment of attitudes (feedback), methods of work and project management. In addition, the Bank aims to introduce a special code and incorporate ESG criteria in purchasing procedures.

The Bank seeks to promote diversity and inclusiveness as integral parts of its structure and business, while contributing to improved business performance in a variety of aspects of the Group's business. The Bank

would like to be a merit-based organisation. The Bank is committed to ensuring equal opportunity and a level playing field for all employees. Diversity is therefore a part of Bank's management competency model.

The Bank is engaged in cooperation within the banking sector and with other organisations (e.g., trade associations and foreign aid banks) and takes part in initiatives supporting the achievement of Sustainable Development Goals at a local, national and global level.

4. Responsibility for society

The Bank plans to act for the financial and non-financial benefit of society through a variety of social and charitable initiatives, including, but not limited to, educational programmes for children and adolescents launched via its "mBank Foundation" and enabling support of NGOs and foundations via mBank's mobile application.

The Bank plans to continue supporting and promoting young painters through a dedicated fund (m jak malarstwo) as well as its partnership with and sponsoring of the Great Orchestra of Christmas Charity (WOŚP).

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. The Group increased the share of higher yielding assets and customer deposits and maintained diversification of funding sources (in terms of maturity, currency and products).

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 covered bonds through mBank Hipoteczny.

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 issued by mBank Hipoteczny. Strengthening the Group's funding self-reliance is also among the key goals of the funding strategy. The Bank intends to remain an active participant of the international market of debt instruments to fulfil the MREL requirement. The Bank will focus on issuance of non-preferred senior debt in EUR (under Green Bond Framework) and subordinated debt in PLN that are eligible funding from this perspective.

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 offers a full range of the products and services to individual customers, including Private Banking customers and micro-businesses. The key products and services offered to customers in this segment include lending products (mortgage loans, overdrafts, cash loans, car loans and credit cards), deposit products (current and savings accounts, term deposits), debit cards, insurance products, brokerage services, investment advice, asset management services

and leasing services. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of mFinanse S.A., mFinanse CZ s.r.o., mFinanse SK s.r.o., LeaseLink Sp. z o.o. and mElements 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 Corporate and Investment Banking segment, which offers financial services to small, medium and large-sized companies, public sector entities, financial institutions and banks. The key products offered to these customers include transactional banking (cash management, current accounts, term deposits, internet banking, trade finance services, letters of credit and guarantees), working capital and investment loans, project finance, structured and mezzanine finance services as well as custody, leasing and factoring services. The products of this segment include operations in the foreign exchange, capital and derivatives markets, both for own account and on behalf of customers, as well as services for arranging and financing securities issues, financial consulting and brokerage services for financial institutions. The Corporate and Investment Banking segment also generates result of foreign exchange risk management. This segment includes the results of the following subsidiaries: mFaktoring S.A., G-INVEST Sp. z o.o. before its deconsolidation and Tele-Tech Investment Sp. z o.o. until its sale in July 2021 as well as the results of corporate segments of mLeasing Sp. z o.o., Asekum Sp. z o.o. and mBank Hipoteczny S.A.
- The Treasury and Other segment consists primarily of treasury and money markets operations, liquidity and interest rate risks management of the Bank and its investment portfolio. The results of the segment include the results of internal settlements of fund transfer pricing, the results of items classified as hedge accounting and results not allocated to other segments. This segment includes also the results of mLeasing Sp. z o.o and mBank Hipoteczny S.A. with regard to activities concerning funding and the results of Future Tech Fundusz Inwestycyjny Zamknięty.
- FX Mortgage Loans segment (non-core segment) consists primarily of foreign currency mortgage loans with indexation clauses granted to individual customers. These types of loans are no longer offered to customers. The segment's assets include only the portfolio of active mortgage loans originally granted in foreign currencies (mainly in CHF, EUR and USD). The segment's liabilities do not include the financing of the portfolio of such loans, which was included in the liabilities of other segments.

The table shows the gross profit / (loss) of the Group's segments for the periods indicated in the table below.

	Year ended 31 December 2021		Nine months ended 30 September 2021		Nine months ended 30 September 2022	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
		(PLN thousands)		(PLN thousands)		(PLN thousands)
Retail Banking.....	1,505,095	-254.7	1,027,661	121.7	226,517	-20.4
Corporate and Investment Banking	803,121	-135.9	608,639	72.1	1,487,842	-133.7
Treasury and Other.....	(117,754)	19.9	(21,091)	-2.5	(44,135)	4.0
FX Mortgage Loans	(2,781,493)	470.6	(770,980)	-91.3	(2,782,668)	250.1
Total	(591,031)	100.0	844,229	100.0	(1,112,444)	100.0

Source: mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.

Business segment reporting on the activities of the Group for the periods from 1 January to 31 December 2021 and from 1 January 2022 to 30 September 2022 with the separated non-core business segment is presented below. Non-core assets are defined as all residential mortgage loans granted to individual customers in Poland that at any point in time were in another currency than PLN. In addition to the FX mortgage loan portfolio risk, other legal risks arising from FX mortgage contracts are also allocated to the non-core business segment.

Business segment reporting: Core Business* and Non-core business

Data regarding consolidated income statement	Year ended 31 December 2021			Nine months ended 30 September 2022		
	Core Business	Non-core business		Core Business	Non-core business	
		(FX Mortgage Loans)	Total figure for the Group		(FX Mortgage Loans)	Total figure for the Group
	<i>(PLN thousands)</i>			<i>(PLN thousands)</i>		
Net interest income.....	3,978,220	125,823	4,104,043	3,841,330	70,604	3,911,934
Net fee and commission income.....	1,897,040	(7,019)	1,890,021	1,686,213	(11,063)	1,675,150
Dividend income	5,046	-	5,046	5,113	-	5,113
Net trading income	136,695	(39,805)	96,890	80,417	(10,330)	70,087
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss.....	4,608	-	4,608	(57,816)	7	(57,809)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	93,690	-	93,690	(57,236)	-	(57,236)
Other operating income	231,422	962	232,384	213,921	193	214,114
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(859,997)	(13,229)	(873,226)	(585,954)	(37,767)	(623,721)
Costs of legal risk related to foreign currency loans	-	(2,758,079)	(2,758,079)	-	(2,682,168)	(2,682,168)
Overhead costs	(2,000,057)	(20,572)	(2,020,629)	(2,290,430)	(43,972)	(2,334,402)
Depreciation	(435,450)	(804)	(436,254)	(353,145)	(546)	(353,691)
Other operating expenses.....	(304,933)	(15,965)	(320,898)	(340,991)	(34,976)	(375,967)
Operating profit.....	2,746,284	(2,728,688)	17,596	2,141,422	(2,750,018)	(608,596)
Taxes on the Group balance sheet items.....	(555,822)	(52,805)	(608,627)	(471,198)	(32,650)	(503,848)
Profit before income tax of the segment.....	2,190,462	(2,781,493)	(591,031)	1,670,224	(2,782,668)	(1,112,444)

	Data regarding consolidated statement of financial position as of 31 December 2021			Data regarding consolidated statement of financial position as of 30 September 2022		
	Core Business	Non-core business		Core Business	Non-core business	
		(FX Mortgage Loans)	Total figure for the Group		(FX Mortgage Loans)	Total figure for the Group
	<i>(PLN thousands)</i>			<i>(PLN thousands)</i>		
Assets of the segment.....	188,235,975	11,302,910	199,538,885	198,425,420	9,155,552	207,580,972
Liabilities of the segment.....	185,394,551	426,418	185,820,969	195,488,781	613,257	196,102,038

* Core Business includes the following segments: Retail Banking, Corporate and Investment Banking, Treasury and Other.

Source: The Bank.

Key financial ratios for the Core Business as of and for the year ended 31 December 2021 and for the nine month period ended 30 September 2022 are as follows:

	As of and for the year ended 31 December 2021	As of and for nine months ended 30 September 2022
	<i>(per cent.)</i>	<i>(per cent.)</i>
ROE net ¹	11.9	14.3
ROA net ²	0.86	0.86
Cost to income ratio (C/I) ³	40.3	49.0
Net interest margin (NIM) ⁴	2.2	3.7
Cost of Risk ⁵	0.85	0.72

¹ Calculated by dividing net profit of the Core Business attributable to Owners of the Bank by the average equity of the Core Business attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as of the end of each month. Net profit of the Core Business attributable to Owners of the Bank is annualised based on the number of days in the

analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

- ² Calculated by dividing net profit of the Core Business attributable to Owners of the Bank by the average total assets of the Core Business. The average total assets are calculated on the basis of the balances as of the end of each month. Net profit of the Core Business attributable to Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
- ³ Calculated by dividing overhead costs and depreciation of the Core Business by total income of the Core Business comprising: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of 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).
- ⁴ Calculated by dividing net interest income of the Core Business by average interest-earning assets of the Core Business. In 2022, net interest income excludes gains or losses on modification, which includes costs of credit holidays. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest-earning assets are calculated on the basis of the balances as of the end of each month. Net interest income is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
- ⁵ Calculated by dividing a sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss of the Core Business and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers of the Core Business by the average net loans and advances to customers of the Core Business (the sum of loans and advances to customers recognised in: financial assets measured at amortised cost, non-trading financial assets mandatorily measured at fair value through profit or loss and financial assets held for trading). 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. 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 are annualised based on the number of quarters in the analysed period (the annualisation ratio is calculated as the quotient of the number of quarters in a year and the number of quarters in the analysed period).

Source: The Bank.

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 of 31 December 2021, the Group serviced nearly 4.49 million retail customers in Poland compared to 4.66 million as of 31 December 2020. A decrease in the number of customers in 2021 resulted mainly from the closing of inactive accounts. As of 30 September 2022, the number of retail customers in Poland was 4.6 million.

The table below presents the growth of the Bank's customer base in Poland.

	<u>Dec. 2017</u>	<u>Dec. 2018</u>	<u>Dec. 2019</u>	<u>Dec. 2020</u>	<u>Sep. 2021</u>	<u>Dec. 2021</u>	<u>Sep. 2022</u>
Number of clients (in thousands)	4,437.0	4,760.6	4,645.3	4,658.5	4,457.7	4,487.8	4,604.4

Source: the Bank.

As of 30 September 2022, gross loans and advances to customers of the Retail Banking Segment in Poland and the FX Mortgage Loans Segment amounted to PLN 68.2 billion and amounts due to retail customers in Poland (including subsidiaries) were PLN 101.2 billion.

As of 31 December 2021, the Group's market share in loans was 7.9 per cent. (8.4 per cent. in mortgage loans and 7.1 per cent. in non-mortgage loans). The market share of the Group in household deposits was 8.3 per cent. at the end of 2021.

In the first three quarters of 2022, the Group increased its market share in loans. As of 30 September 2022, the Group's market share in household loans and household deposits was 8.3 per cent. (8.9 per cent. in mortgage loans and 7.3 per cent. in non-mortgage loans) and 8.7 per cent., respectively.

The Group'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, leasing services for microfirms, insurance and investment products, asset management 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 an 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 ("SMEs"), the Bank offers among others 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 credit application for SME in the mobile application makes it possible to apply for a loan from any place.

The Bank enables its clients to set up a business in 10 minutes fully online. The offer includes a fully online factoring service. 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 2021, mBank launched open banking. This service allows clients to see all their accounts (transaction history, account balance) together in one place, wherever they bank. The service is provided in accordance with EU's PSD 2.

Distribution channels

The Bank uses the omni-channel model in its distribution model. It operates:

- modern mobile banking;
- cutting-edge online banking;
- a sales-effective call centre; and
- a top-quality service, mid-sized physical distribution network.

Mobile banking

mBank's mobile application, launched in 2014, has won a large group of new users over the last six years, and has been enriched with a number of new features that cater for the needs of clients. mBank remains the leader of mobile banking in Poland. According to PRNews nominally, mBank has the second largest number of active users of mobile applications, but the highest share in relation to the personal accounts

database. Since July 2017, the number of monthly logins with mobile devices has been higher than the number of monthly logins via desktops and laptops.

The significance of the mobile channel continues to rise. As of 30 September 2022, the number of active users of the mobile application in Poland reached 2,726 thousand compared with 2,588 thousand at the end of 2021. Approximately 78 per cent. of new mBank's clients activate mobile application in the first week from opening the account. Share of the mobile application in the sale of non-mortgage loans increased to 54 per cent. at the end of the third quarter of 2022 compared with 42 per cent. at the end of 2021. The Bank acquires approximately 10 per cent. of all new clients via a mobile channel using convenient KYC processes. All stand-alone insurance products can be purchased in the mobile application. In 2021, 27 per cent. of stand-alone insurance products was purchased via a mobile application.

In order to keep up with business challenges and follow clients' suggestions, the Bank introduced several new functions and improvements in 2021, including among others:

- BLIK-C - the contactless payment service BLIK, which allows clients to pay with their smartphones. At the end of 2021, more than 2 million mBank clients used the BLIK service, while the number of active users of BLIK (those who make at least one transaction per month) exceeded 1.5 million.
- Biometric authorisation –clients can authorise mobile operations with a fingerprint or facial recognition and use biometrics to log into the app.
- Card details - this function enables access to all card details without reaching for the physical card.
- Instructions - clients can submit various instructions relating to the handling of products, filing of complaints, change of personal data and submission of family benefits applications.

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 is therefore more receptive to new methods of accessing banking services and products; and (iii) the digitisation of business processes, as a consequence of the Retail Banking Division's online, internet origins.

Key functionalities of mobile banking application include:

- fully remote account opening with e-ID or a selfie and agreement approved via a text message;
- logging in with a PIN code, fingerprint or Face ID;
- contactless payments with Google Pay and Apple Pay and "Safe online payments and shopping" insurance protecting clients from online scams;
- express transfers using telephone numbers and the BLIK system;
- reminders from Payment Assistant and scanning of data to the transfer form from the invoices;
- benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit), and
- personal financial manager ("**PFM**"), which allows for better planning and monitoring of personal budgets of mBank's clients.

In Q3 2022, new functionalities were implemented in mBank's mobile application, among others paying for car parking in several dozen Polish cities by phone and applying for benefits from social programme Dobry Start (300+) aimed at supporting purchase of school layette.

In 2022, mBank received three Mobile Trends Awards ("**MTA**"). The mBank Junior app won the main prize in MTA 2021 and the first place in the Banking and Finance for Children category. In addition, the mBank app was ranked second by votes of clients. The Mobile Trends Awards are granted to mobile technology projects based on the criteria of innovation, creativity, flawlessness and customer-friendliness.

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. Since 2018, the Bank refreshed the online banking platform in order to make it more flexible and easier 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.

In 2021, changes in online banking covered not only the planned implementations, but also adjustments to the situation related to the COVID-19 pandemic. The selected most important changes implemented in the internet banking service included, among others:

- Online banking in the Responsive Web Design version – a design of individual webpages, i.e. the dashboard, transfers or transaction history, adapts to the screen size to guarantee ultimate mobile experience.
- Synerise analytics in IB 3.0 - a system analysing customer data and modelling their behavioural profiles in online banking.
- Subscription filters - clients may view their payments for subscriptions on cards in one place thanks to new transaction history filters in online banking.
- Presentation of accounts with other banks - enables clients to view the balance and transaction history in accounts held with other institutions.
- A new version of the programme for recommending mBank's services to friends, which is now available in online banking and in the mobile app.
- Model investment advisory service - clients can choose one of four strategies suitable for their individual investment profile with varying risk levels and investment horizons.
- Investment goals - a new investment method which allows clients to estimate the amount needed, set cyclical automatic transfers and monitor investment progress on an ongoing basis.
- Upcoming payments 3.0 – improvements in the Payment Assistant and in the list of planned transactions in online banking.
- my ID - a secure tool for confirming identity remotely when using various commercial and public services.

Contact Centre

The Group has one Contact Centre in Poland in Łódź, providing high-quality service to the Bank's existing and potential clients. The Contact 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-attrition and retention campaigns and processes.

Physical distribution network

As of 31 December 2021, the number the Bank's network in Poland included: its own organically grown countrywide retail network of 133 locations of mBank-branded outlets and 189 outlets comprising mKiosk outlets and mFinanse Financial Centres and agency service points.

As of 30 September 2022, the Bank's distribution network consisted of 131 locations of mBank-branded outlets and 188 of mKiosk outlets and mFinanse Financial Centres and agency service points.

ATM network

mBank clients have access to more than 21,000 ATMs in Poland. The Bank's customers can use their Visa or MasterCard-branded debit cards to access their accounts and withdraw money free of charge at nearly 13,000 mBank, Euronet, Planet Cash and Santander Bank Polska S.A networks, if they withdraw at least PLN 100. Customers can avoid paying this fee if they use the BLIK service in the Bank'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 and alternative investments, as well as standard and non-standard investment strategies. The mBank expert team offers professional funds investment on the basis of a power of attorney granted by the client in accordance with the selected investment strategy taking into account preferences, investment goals, risk appetite and expected return rate within the set period.

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.

The individual strategies are prepared and managed in accordance with the individual profile and investment expectations of the client with regard to asset classes, allocation and fees. The minimum asset amount necessary to start a strategy is PLN 5 million.

Model strategies are addressed to clients relying on experts' knowledge. The manager purchases and sells securities and other financial instruments, and takes all actions necessary for proper management of the entrusted funds. The manager constantly monitors the portfolio and introduces changes thereto, depending on the market situation. The offer includes model strategies at various risk levels. Since 2019, Private Banking clients of mBank can invest responsibly in line with the ESG standards.

The Bank offers also reliable solutions which allow to secure accumulated wealth and transfer it in an optimal manner, without additional tax charges.

The clients of mBank's Private Banking, under an open product architecture, may use a wide range of over 700 investment funds, both Polish and foreign, open and closed, as well as support from our experts in the choice of funds to the portfolio.

As of 31 December 2021, the Group had 6,966 Private Banking and Wealth Management customers.

In 2021, the Bank's Private Banking was recognised as the best in Poland by the Financial Times. Moreover, international experts awarded the Best Private Bank title for mBank's wealth management services. The Bank won in the Digital Portfolio Management category in Central and Eastern Europe. The winners were selected in the contest organised by the Professional Wealth Management (PWM) magazine published by the Financial Times group. In addition, in 2021 mBank was distinguished by Euromoney as one of the ten best banks delivering private banking services in Central and Eastern Europe.

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, mortgage loans 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. In August 2011, the Bank discontinued offering mortgage loans in CHF. The CHF mortgage portfolio therefore decreases every year due to repayments and – to a lesser extent – due to conversion of CHF loans into zloty. From the beginning of 2021, foreign currency mortgage loans with indexation clauses granted to individual customers are included in a separate FX Mortgage Loans segment.

The Bank sales also mortgage loans to micro-businesses. 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 BGK and the EIB.

Changed business conditions in connection with the COVID-19 pandemic forced faster implementation of innovative digital processes. The Bank focused on enabling clients to finalise loan applications without leaving home. This approach translated into implementation of two key initiatives fulfilling this need. The first one is to provide the possibility of confirming income in a cash loan, using the account information access service (AIS), introduced by the PSD2 directive for mBank's internal clients. The second one is a possibility to attach income documents for mBank loan products directly to the application. Also in mortgage processes, the Bank introduced the option of submitting a loan application in a remote process without leaving home.

On the deposit side, the Bank focuses on savings and current accounts as well as term deposits. 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 tiny amounts each time after payments, transfers or cash withdrawals from an ATM. To meet more sophisticated clients' needs, the Bank offers deposits with investment funds, which combine investments with saving.

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. VISA and MasterCard card holders can use the multi-currency service. Thanks to the multi-currency service, a debit card can be linked not only to a client's main PLN account, but also to FX accounts. According to PRNews.pl (May 2022) mBank is the leader in Poland in terms of the number of mobile wallets offered to individual and business clients. The popularity of mobile cards has been growing year by year. The details of such cards are available in the app, while mobile payment solutions allow clients to pay in stores or make ATM withdrawals.

As of 31 December 2021, the number of debit cards issued by the Bank in Poland reached 3,777.2 thousand. The number of credit cards issued by the Bank was 340.5 thousand as of 31 December 2021. In 2021, the value of payment card transactions made by mBank's retail clients in Poland amounted to PLN 61.7 billion, which represented an increase by 24.6 per cent. year-on-year. The number of transactions made by mBank clients increased by 22.0 per cent. year-on-year.

As of 30 September 2022, the number of debit cards issued by the Bank in Poland reached 4,026.2 thousand, while the number of credit cards issued by the Bank was 327.8 thousand. The value of payments made by mBank retail banking clients with cards in Poland between January and September 2022 was PLN 55.9 billion, representing an increase of 25.7 per cent. year-on-year. The number of transactions made by mBank clients increased by 20.5 per cent. year-on-year.

The Bank entered into a strategic co-operation 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 withdraw cash from ATMs and send P2P transfers. BLIK uses an open standard developed by Polish Payment Standard, a company formed by the Bank, Alior Bank, Bank Millennium, Bank Zachodni WBK (currently Santander Bank Polska), ING and PKO Bank Polski. In 2021, the Bank implemented fully digital, contactless BLIK payments.

Since the launch of the BLIK mobile payment system in 2015, it has become the most-used payment method in e-commerce, ahead of payment cards. More than 2 million mBank's clients use the BLIK service and the number of active users of BLIK, who made at least one BLIK transaction per month, reached 1.59 million.

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. goal in the future. The open platform of investment funds is fully integrated with customer current accounts. It is available in the mBank mobile application. In April 2021, the Bank established its own investment company mTowarzystwo Funduszy Inwestycyjnych Spółka Akcyjna (mTFI). On 14 October 2022, the KNF granted its consent to mTI to conduct operations of an investment funds management company. The creation of mTFI will allow mBank greater flexibility in adjusting its product range to changing expectations of clients and market fluctuations.

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. The Brokerage Bureau enables clients to trade in regulated markets in Poland and abroad as well as in the OTC (CFD) market.

The Group co-operates with UNIQA Group in the area of bancassurance. This co-operation includes the sale of insurance to mBank customers and focuses in particular on the stand-alone segment including motor, travel, home and life insurance, as well as on the segment of products linked to banking products, e.g., loans. All stand-alone products (i.e. motor, home, travel, and life and health insurance) can be purchased in the Bank's mobile app.

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.

As of 31 December 2021, the Bank's retail distribution network in the Czech Republic consisted of 13 financial centres and light branches as well as 18 mKiosks. In Slovakia the network consisted of five financial centres and light branches and nine mKiosks.

As of 30 September 2022, the Bank's retail distribution network in the Czech Republic consisted of 13 financial centres and light branches as well as 17 mKiosks. In Slovakia the network consisted of 6 financial centres and light branches and 9 mKiosks.

In 2021 and in Q1-Q3 2022, the main focus of foreign branches was on acquisition of the new clients customers, further automation and digitalization of processes and strengthening of non-mortgage lending. In order to improve the profitability of the Czech and Slovak branches, in the second half of 2021, the Bank successfully switched part of its resources from mortgage area to non-mortgage loans (cash loan) area. As a result, the sales of cash loans were record-high. The Bank continues to implement the improvements of mortgage loan processes by introducing its new version on the Slovak market. During 2021, the mobile application became the most widely used distribution channel. Approximately 65 per cent. of active clients in the Czech Republic and Slovakia use mobile banking. As of 30 September 2022, the number of active users of mBank's mobile application in the Czech Republic and Slovakia was 399 thousand.

As of 30 September 2022, the number of debit cards issued by the Bank in the Czech Republic and Slovakia reached 712.8 thousand, while the number of credit cards issued by foreign branches was 35.2 thousand.

As of 31 December 2021, mBank in the Czech Republic and Slovakia had 1,026.9 thousand customers (717.8 thousand customers at mBank CZ and 309.1 thousand customers at mBank SK). In the first nine months of 2022 ended 30 September 2022, the number of customers in foreign branches increased by 14.7 thousand. As of 30 September 2022, the number of mBank's customers in the Czech Republic and Slovakia was 1,041.6 thousand (723.7 thousand customers at mBank CZ and 317.9 thousand customers at mBank SK).

The table below presents the growth of the Bank's customer base in the Bank's foreign branches.

<u>Dec. 2017</u>	<u>Dec. 2018</u>	<u>Dec. 2019</u>	<u>Dec. 2020</u>	<u>Sep. 2021</u>	<u>Dec. 2021</u>	<u>Sep. 2022</u>
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Number of clients (in thousands)	905.3	924.3	958.6	1,003.4	1,022.7	1,026.9	1,041.6
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Source: the Bank.

As of 30 September 2022, mBank CZSK's gross loan portfolio was PLN 10.6 billion (PLN 7.3 billion at mBank CZ and PLN 3.3 billion at mBank SK). Amounts due to customers in the Czech Republic and Slovakia was PLN 17.4 billion as of 30 September 2022 (including PLN 12.4 billion at mBank CZ and PLN 5.0 billion at mBank SK).

The Retail Banking segment includes the following subsidiaries:

- mBank Hipoteczny S.A. (the retail segment of the company's activity);
- mFinanse S.A.;
- mFinanse CZ s.r.o.;
- mFinanse SK s.r.o.;
- mLeasing Sp. z o.o. (the retail segment of the company's activity);
- Asekum Sp. z o.o. (the retail segment of the company's activity);
- LeaseLink Sp. z o.o.; and
- mElements S.A.

Services Provided by Bank's Subsidiaries within Retail Banking

mBank Hipoteczny S.A.

mBank Hipoteczny S.A. is a specialised bank established and functioning under the Act on mortgage bonds and mortgage banks of 29 August 1997. mBank Hipoteczny is the longest operating mortgage bank and the second largest issuer of mortgage bonds in Poland. It plays a strategic role in the Group by securing stable, long-term and affordable funding for loans backed by real estate. To this end, mBank Hipoteczny issues covered bonds both on domestic and foreign capital markets.

Due to the transfer of the entire retail loan sales process to mBank from 22 July 2017, pooling transactions are the source of supplying the Bank's loan portfolio with retail assets. From 1 January 2019, the process of selling commercial loans was also transferred to mBank.

As of 30 September 2022, mBank Hipoteczny's total gross loan portfolio was PLN 12.0 billion in comparison with PLN 11.9 billion as of 31 December 2021.

As of 30 September 2022, the value of outstanding mortgage covered bonds issued was PLN 6.7 billion (including private placements). 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 Moody's Investors Service to mortgage covered bonds issued by mBank Hipoteczny ("Aa1", upgraded from "Aa2" on 14 July 2021).

mFinanse S.A.

mFinanse S.A. (formerly Aspiro), founded in 2005, is a financial and insurance broker. It acts as a distribution agent and financial adviser for banking products and services. The company entered 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 (mKiosk located in shopping centres, stationary branches and outlets of credit partners). It gives clients a possibility to compare few offers in a one place. Experts of mFinanse are available in approximately 190 outlets in Poland, where they provide information on financial products and help clients in the process of obtaining a loan.

mFinanse offers products for individual clients like personal accounts, mortgage loans, consumer loans and credit cards, as well as business products, including accounts, credit cards, investment loans, working capital loans, mortgage loans and car loans. mFinanse also operates as an insurance agent. In the field of insurance intermediation, the company acts as an intermediary in servicing insurance products for mortgage and cash loans, accounts, cards and insurance for leasing, as well as in the field of property and personal and life insurance products.

mFinanse CZ s.r.o. and mFinanse CZ s.r.o.

The subsidiaries started operating activities since the beginning of 2022. mFinanse CZ s.r.o. and mFinanse CZ s.r.o. operate in the area of financial intermediation in the sale of banking products distributed by mBank's branches in the Czech Republic and Slovakia. They took over the tasks that were previously carried out by mBank's branches in these countries.

mLeasing Sp. z o.o.

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.

More information on the company can be found in the section "*Services Provided by Bank's Subsidiaries within Corporates and Institutions*" below.

Asekum Sp. z o.o.

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. of the shares in the company.

LeaseLink Sp. z o.o.

LeaseLink Sp. z o.o. was acquired by mLeasing in 2019. The company specialises in financing the purchases of entrepreneurs made in e-shops and stationary outlets.

mElements S.A.

mElements is a tech company of the Group, which operates in the construction and development of IT solutions including API solutions, online and mobile payments and services dedicated to e-commerce online sellers, including the Paynow payment integrator.

In 2019, mElements S.A. received from the KNF permission to operate as a National Payment Institution. mElements is a member of the Chamber of Electronic Economy, associating the largest entities operating for the development of e-commerce in Poland.

Corporate and Investment Banking

Overview

As of 31 December 2021, the Bank serviced 31,315 corporate customers (up by 2,232 corporate clients compared with 31 December 2020). Between January and September 2022, the number of corporate customers increased by 1,699 and reached 33,014 as of 30 September 2022.

Corporate Banking Customers are divided into three segments:

- 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 non-bank financial institutions (including pension and investment funds and insurance companies);
- 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

- 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.

	<u>Dec. 2017</u>	<u>Dec. 2018</u>	<u>Dec. 2019</u>	<u>Dec. 2020</u>	<u>Sep. 2021</u>	<u>Dec 2021</u>	<u>Sep. 2022</u>
K1	2,093	2,193	2,319	2,358	2,305	2,272	2,225
K2	7,088	7,520	8,211	8,862	9,492	9,740	10,322
K3	12,867	13,993	15,946	17,863	19,119	19,303	20,467
Total number of corporate customers	22,048	23,706	26,476	29,083	30 916	31,315	33,014

Source: the Bank.

The Bank holds a strong position in the corporate banking segment in Poland. According to NBP data, as of 31 December 2021, the Bank had a market share of 7.5 per cent. in corporate loans and 10.7 per cent. in corporate deposits. The market share of the Group in corporate loans was 8.2 per cent.

As of 30 September 2022, the Group's market share in corporate loans and corporate deposits was 8.1 per cent. and 11.1 per cent., respectively.

Distribution channels

Corporate clients are serviced through 29 corporate branches and 14 corporate offices located in the largest cities throughout Poland. 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.

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). The Virtual Branch is an integral part of the mBank CompanyNet system where clients can submit electronic applications to the bank in the key areas of bank-client interactions. In 2021, clients were even more willing and more likely to use remote channels of the bank, resulting in a 97 per cent. year-on-year increase in the number of matters handled digitally. In many cases, electronic processes accounted for 100 per cent. of all processes, eliminating paper document circulation.

For convenience and flexibility purposes, the Bank provides corporate clients with a mobile banking application. In April 2021, the Bank released a new version of the CompanyMobile app dedicated to SMEs and corporates. Its clear interface and intuitive navigation allow users to manage their company's finances and authorise transactions in a convenient manner. Mobile solutions are gaining popularity. More than 80 per cent. of mBank's corporate clients use mBank's mobile app.

Products and Services

Transactional banking

Cash management is a service offered by Corporate Banking, which facilitates client planning, monitoring and management of liquid assets and 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 electronic banking system.

The Bank provides full digitisation of the client acquisition and onboarding process. The solution is based on a state-of-the-art platform enabling the sales forces to interact with the client, which supports the sales and formal onboarding process. Thanks to the system, paper versions of applications, agreements and signature specimen cards are no longer needed. Moreover, the system enables automation of the exchange of information with external sources. The platform for the fully digital process of corporate customer acquisition enables modern sales interaction with the customer and onboarding of most transactional banking products.

Specialised, tailor-made transactional banking products include advanced liquidity management services (such as cash pooling, consolidation of balances and 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. In order to respond to challenging market conditions, mBank has been continuously enhancing its SME customer service processes and adjusting its product portfolio to client needs and the legal environment.

The Bank offers a customer service model dedicated to business clients who have so far not been actively using banking products or seeking support from advisers. The service is provided by a team of virtual advisers entitled to render the services of traditional advisers. Thanks to this new solution every SME client, regardless of the scale of business, can receive help from advisers and get in touch with the Bank more readily.

Cash deposit machines for businesses

To address the needs of businesses and the market, mBank develops a service called the smart cash deposit machine. When integrated with a company's internal system and mBank's online banking, the solution allows for depositing cash and booking payments in real time without leaving the company's premises. Each product is tailored to the needs and nature of a given business. Furthermore, to address the unique demands of its clients, the Bank also offers a more complex machine consisting of a cash recycler which dispenses particular banknotes, and a cash deposit machine which allows clients to deposit their revenue.

eCommerce and the Paynow gateway

mBank intends to be the bank of first choice for clients who are dynamically growing their sales in both traditional and modern channels. Paynow is a fast, reliable and state-of-the-art gateway embedded in the cloud and connected to mBank's electronic banking systems. Clients can easily integrate the gateway with their online shops thanks to the API and plug-ins for major retail platforms. The Bank supports the most popular payment methods, while maintaining the highest security standards.

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). In 2021, the Bank implemented a simple credit process that allows for quick financing for clients from the K2 and K3 segments. The process significantly reduced the range of documents required from clients and the time to a decision.

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 co-operation 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 supports green transformation. In particular the Bank finances photovoltaic investments and wind firms. In 2018, the Bank introduced its Credit Policy on Financing Renewable Energy Source Systems. In 2020, the limit for funding Renewable Energy Sources (RES) project under the auction support system was increased to PLN 4 billion. In 2021, the Bank liberalised the RES policy to allow for the financing of RES projects for clients in the SME segment and the financing of projects outside the auction support scheme.

De minimis guarantees and COSME

The Bank continues to perform the Portfolio De Minimis Guarantee Line (PLD) Agreement as part of the government programme "Supporting Entrepreneurship through BGK Sureties and Guarantees".

On 25 June 2018, mBank signed another Portfolio De Minimis Guarantee Line Agreement (PLD-KFG) as a continuation of the previous agreement (PLD).

Moreover, the Bank offers the portfolio guarantee line with a counter-guarantee provided by the European Investment Bank under COSME. The guarantee limit granted by BGK to the Bank is PLN 2 billion. As of 31 December 2021, the value of the limit drawn was PLN 1.6 billion.

The following guarantees are also offered the Bank:

- BiznesMax portfolio guarantee line agreement (FG POIR),
- portfolio liquidity guarantee line agreement (FGP), and
- agricultural portfolio guarantee line agreement (FGR).

Structured finance, project finance, syndicated loans

As part of the Corporate and Investment Banking segment, the Bank offers structured and mezzanine financing, in particular, for mergers and acquisitions and investment projects, including renewable energy projects (wind farms and photovoltaic).

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 purposes. 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 derivative instruments hedging against price fluctuations for commodities and raw materials). 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 forwards, 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 of 31 December 2021, the Bank maintained a market share of 11.0 per cent. in treasury bills and bonds and 19.9 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 of 30 November 2021, the Bank's market share

in the non-treasury debt market was 10.3 per cent. of corporate debt, 1.8 per cent. of short-term debt and 19.5 per cent. of mid-term bank debt (source: NBP, Rating & Rynek – Fitch Ratings).

Custody services

mBank provides services including settlement of transactions in securities registered in local and foreign markets, safe-keeping of clients' assets, maintenance of securities accounts and registers of securities in non-public trading, maintenance of asset registers of pension funds and investment funds and monitoring the valuation of their assets and processing corporate actions. mBank's custody clients are mainly financial institutions, in particular investment and pension funds, local and foreign financial institutions, banks offering custodian and investment services, insurance companies, asset management institutions and non-financial institutions.

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.

Financial institutions

The Bank maintains relations with financial institutions, focusing mainly on raising capital from other banks and placing excess funds with them.

Thanks to very good business relations with banking clients and excellent service quality, the Bank maintains its strong position as regards handling settlements in PLN. The Bank supports also trade transactions concluded by Polish exporters by offering short-term financing to financial institutions, as well as granting financing as part of syndicated loans. Due to Russia's aggression towards Ukraine, the Bank restricted providing services to banks from Russia and Belarus related to medium-term loans secured with the KUKI policy and short-term financing of transactions related to these countries.

The following subsidiaries operate within the Corporate and Investment Banking segment:

- mLeasing Sp. z o.o. (the corporate segment of the company's activity);
- mFactoring S.A.;
- mBank Hipoteczny S.A. (the corporate segment of the company's activity); and
- Asekum Sp. z o.o. (the corporate segment of the company's activity).

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 of 31 December 2021, mLeasing's market share in Poland amounted to 7.4 per cent. In the first half of 2022 it decreased to 6.9 per cent.

The value of contracts concluded by mLeasing in the year ended 31 December 2021 reached PLN 6.50 billion in 2021, up from PLN 5.13 billion recorded a year before. The value of contracts regarding movables concluded in the year ended 31 December 2021 reached PLN 6.30 billion, while the value of contracts regarding real property reached PLN 0.20 billion.

The total value of leasing contracts concluded by mLeasing between January and September 2022 amounted to PLN 4.34 billion. During this period the company purchased predominantly new movable assets.

mFaktoring

mFaktoring offers factoring services, including domestic and export recourse and non-recourse factoring, maintenance of debtors' settlement accounts, enforcement of receivables and import guarantees. In the year ended 31 December 2021 its turnover (the value of purchased invoices) was historically high at PLN 29.8 billion. According to the Polish Factors' Association the company's market share in 2021 was 8.2 per cent. In the first half of 2022 it decreased to 7.7 per cent. In the first nine months of 2022, the turnover of mFaktoring was PLN 27.1 billion.

mBank Hipoteczny

In 2023 mBank Hipoteczny plans to transfer part of corporate mortgage loans currently under its management to mBank. The majority of these loans are commercial real estate loans. The takeover will be completed through a division of mBank Hipoteczny by separation and a transfer of the separated part of its business to mBank. The division will be made by way of universal succession, which means that on the day the division is registered in the National Court Register (KRS) mBank will assume all rights and obligations of mBank Hipoteczny arising from the acquired business, including from mortgage agreements. Pursuant to Article 550 of the Code of Commercial Companies, since the Bank is the only shareholder of the Demerged Company (mBank Hipoteczny) there is no intention to increase the share capital of the Bank in connection with the Bank's acquisition of a part of the estate of the Demerged Company.

Asekum

The company operates as an insurance agent, mainly in the field of insurance of assets leased by corporate clients.

FX Mortgage Loans segment - non-core business

FX Mortgage Loans segment (non-core segment) consists primarily of foreign currency mortgage loans with indexation clauses granted to individual customers.

As of 30 September 2022, the carrying amount of mortgage and housing loans granted by the Issuer to individual customers in CHF amounted to PLN 7.0 billion (CHF 1.4 billion) compared with PLN 9.1 billion as of 31 December 2021 (CHF 2.0 billion).

On 6 December 2021, the Issuer started a pilot programme of out-of-court settlements with borrowers under FX mortgage loans. Each settlement was based on converting the CHF loan into the PLN loan, after which the Issuer had to write off a part of the borrower's debt. Prior to the conversion, the Issuer compared repayments of the actual FX mortgage loan with the repayments of a hypothetical PLN loan and the difference was split equally between the Issuer and the borrower. The offer was addressed to borrowers under nearly 1,300 active contracts, which in the Bank's opinion was a representative sample of the whole portfolio of active FX mortgage loans. The first phase of the pilot ended in the first quarter of 2022 with the result of approx. 8 per cent. of the settlements signed. During the pilot programme, some external factors may have had an impact on its results and clients' decisions. These were, among others: uncertainty regarding the tax treatment of signed settlements, the rising exchange rate of CHF against PLN, an increase in the cost of loans in PLN following interest rate hikes by the Monetary Policy Council and existing uncertainty regarding the economic environment and challenges related to the Russia-Ukraine military conflict. Moreover, in the first quarter of 2022, the Bank continued the pilot of the settlement programme and offered settlements to a new group of clients (approximately 1,800 contracts). The second phase of the pilot concluded in the second quarter of 2022 with the result of approximately 11 per cent. of the settlements signed. The pilot showed that clients are interested in individual approach, which was confirmed in surveys and research.

Based on the observations made during the pilot programme, on 26 September 2022, the Issuer launched a new settlement programme offered to all individual clients holding an active CHF loan, including clients who filed a lawsuit against the Bank. In accordance with the proposed terms, the loan will be converted into PLN and the outstanding loan balance will be substantially reduced. The redemption amount will be negotiated with clients individually. After conversion, the customer will be able to decide which type of interest rate to choose, periodically fixed or variable. The Bank plans to offer a preferential interest rate on the loan after conversion to the clients that will sign the settlement. By deciding to sign a settlement with the Bank, the client will benefit from a reduction in the outstanding loan balance, eliminate the currency

risk and due to the offered preferential interest rate and the possibility to choose a periodically fixed interest rate, will minimize the interest rate risk. Settlements will be concluded in an out-of-court mode, however, at the client's request, the Bank will enable a settlement at an arbitration court. The settlement program started in October 2022 and will be conducted in stages.

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 FTE			
	30 September 2022	31 December 2021	30 September 2021	31 December 2020
Bank.....	6,335	6,075	6,096	6,034
Subsidiaries (consolidated)	653	663	630	654
Total.....	6,988	6,738	6,726	6,688

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 the Group have a similar range of employee benefits, e.g., from access to medical services under healthcare packages to sports facilities. Additionally, employees have the possibility of joining group life insurance.

The Group's has a planning and employee appraisal system, being 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. The 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 is one trade union operating at the Bank (Independent Trade Union of mBank Employees).

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 2021, total income per employee in the Group, calculated by dividing total income by the average number of FTEs, was PLN 913.8 thousand compared with PLN 866.3 thousand in 2020. 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 incentive system is based on the remuneration policy and intangible elements (e.g., career development opportunities). The incentive system plays a key role in developing corporate culture and builds competitive advantage by helping the bank acquire and retain competent employees.

The remuneration policy of the Bank covers the base salary (fixed component) and a variable part depending on the objectives achieved by the whole organisation and by individual employees. It also

includes bonuses granted to management board members and other employees. This applies also to employees having a material impact on the bank's risk profile in a given calendar year (Risk Takers).

The Bank provides employee incentive programmes both for members of the management board and employees of the Bank.

The 2018 Incentive Programme for the Management Board Members and Key Staff of the Group – Risk Takers

On 7 June 2018, the Supervisory Board, acting in line with the recommendation of the Remuneration Committee and the AGM decision of 9 May 2018, adopted the mBank S.A. Incentive Programme Rules. The Programme replaced the previous programmes, i.e. the employee programme introduced by the EGM resolution of 27 October 2008, as amended, and the programme for the Management Board Members, introduced by the AGM resolution of 14 March 2008, as amended. In 2021, the Bank completed the last settlements of these programs - rights to deferred tranches as part of the bonus granted for 2017.

The Incentive Programme for the Management Board Members and Key Staff of mBank will be in force until 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, referred to as Risk Takers I or Risk Takers II, excluding Risk Takers II – Members of the Management Board of mBank Hipoteczny S.A., which applies a separate incentive programme. Risk Taker I is defined as a Member of the Management Board of mBank. Risk Taker II is defined as a person holding a position identified as having a material impact on the Bank's risk profile pursuant to the Risk Takers Identification Policy, including a person holding a position of a management board member in the Group subsidiary. On the Conditions stipulated in the Incentive Programme 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 2021, the Bank issued 17,844 shares pursuant to incentive schemes. In Q1-Q3 2022, the number of shares of the Bank increased by 37,843 on the basis of resolution of the Incentive Programme adopted in 2018.

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 380 applications. About 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) CHDB – 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+, 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 relationship 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., CRM 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+, UniFlow and Custody) and are utilised and/or further developed by the Group under standard software licence agreements. About half of the 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.

	S&P Global Ratings	Fitch Ratings
Long-term Issuer Credit Rating.....	BBB	BBB-
Short-term Issuer Credit Rating.....	A-2	F3
Viability rating.....	-	bbb-
SACP (stand-alone credit profile).....	bbb	-
Long-Term Financial Institution Resolution Counterparty Rating.....	BBB+	-
Short -Term Financial Institution Resolution Counterparty Rating.....	A-2	-
Outlook of long-term Issuer Credit Rating.....	developing	negative

Source: Fitch Ratings and S&P Global Ratings

Definitions:

The Issuer Credit Rating is a forward-looking opinion about the Issuer's overall creditworthiness. The Long-term Issuer Credit Ratings focus on the Issuer's capacity and willingness over the long-term to meet all of its financial commitments as they come due, whereas the Issuer Short-term Credit Rating focuses on the Issuer's capacity and willingness over the short-term to meet all of its financial commitments as they come due.

Viability Ratings (VRs) measure the intrinsic creditworthiness of a financial institution and reflect Fitch's opinion on the likelihood that the entity will fail.

The SACP's refer to S&P Global Ratings' opinion of an issue's or issuer's creditworthiness, in the absence of extraordinary intervention from its parent or affiliate or related government.

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).

Rating outlook assesses the potential direction of a long-term credit rating over the intermediate term.

S&P Global Ratings Europe Limited ("**S&P Global Ratings**" or "**S&P**") has assigned the Long-Term Credit Rating BBB (developing 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 developing outlook indicates that S&P may raise, lower or affirm the ratings over the next 12-24 months.

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 BBB+ 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 long-term resolution counterparty rating of 'BBB' indicates good creditworthiness in reference to RCR liabilities, but the obligor is more likely to be affected by adverse business or operating conditions than are obligors with higher resolution counterparty ratings. The addition of a plus (+) sign shows relative (higher) 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.

Fitch Ratings Ireland Limited ("**Fitch**") has assigned to the Bank a Long-Term Issuer Default Rating ("**IDR**") of BBB- (negative 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. The modifier (-) appended to a rating denotes relative status within the rating category. Rating Outlooks indicate the direction a rating is likely to move over a one- to two-year period. The negative outlook means that a rating may be lowered.

Fitch has assigned the Bank a Short-Term Issuer Default Rating of F3. Pursuant to Fitch's rating definitions, the assigned short-term rating of the Bank denotes fair short-term credit quality. The intrinsic capacity for the timely payment of financial commitments is adequate.

Fitch Ratings Ireland Limited 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.

Funding sources

The Bank's funding policy is designed to provide it with flexibility to respond to investor demand. This approach seeks to strengthen relations with investors and enable the Bank to attract funding on competitive terms. The Bank diversifies stable funding sources in terms of clients' groups (from whom it acquires deposits), products and currencies groups, and at the same time, maintains liquidity buffer and optimizes its balance sheet in terms of profitability. Long-term activities of the Bank in this scope are carried out taking into account conditions on funding capacity and business profitability. The Bank raises funding in several currencies, with the terms and conditions tailored to the needs of both institutional and private investors. Relevant analysis of the stability and structure of the funding sources, including the core and concentration level of term deposits and current accounts are performed. Additionally, the Bank analyses the volatility of balance sheet and off-balance sheet items, in particular open credit line facilities and current accounts and overdrafts limits utilisation.

mBank Group is characterized by a diversified financing profile which allows for maintaining supervisory and internal liquidity measures at a safe level and stable growth of assets. Diversification of the funding structure concerns in particular sources, tenors and currency structure, with an emphasis on the main currencies (PLN, EUR, CHF, CZK) in which the Group conducts its lending activities, as well as limiting large exposures to individual funding providers and taking care of geographic diversification.

The strategic assumptions concerning the diversification of funding sources and profitable structure of the balance sheet are reflected in the financial plan of the Group defined by selected measures, e.g., loans to deposits ratio (the "**L/D Ratio**"). From the end of 2020 to the end of 2021 the L/D Ratio for the Group changed from 78.8 per cent. to 73.8 per cent. As of 30 September 2022, the Group's L/D Ratio was 72.5 per cent.

The Bank aims at building a stable deposit base by offering to clients deposit and investment products, regular and specific-purpose savings offerings. Funds acquired from the Bank's clients constitute the major funding source for the business activity along with the portfolio of long-term loans from banks and issuances of debt securities with maturities over one year. Moreover, in order to acquire funding (also in foreign currencies) the Bank uses mid-term and long-term instruments, including credit line facilities on the international markets, unsecured issuances, bilateral loans as well as FX swap and CIRS transactions.

When making funding-related decisions, in order to match the term structure of its funding sources with the structure of long-term assets, the Group takes into consideration the supervisory liquidity measures and limits, as well as the internal liquidity risk limits.

The funding structure of the Group as of 31 December 2021 and 30 September 2022 is presented below.

	31 December 2021		30 September 2022	
	PLN million	per cent.	PLN million	per cent.
Amounts due to customers	159,935.1	86.1	173,304.6	88.4
- individual customers	112,446.1	60.5	118,549.0	60.5
- corporate customers and public sector	47,489.0	25.6	54,755.6	27.9
Debt securities issued	13,429.8	7.2	9,511.5	4.9
Amounts due to banks	3,359.6	1.8	1,685.3	0.9
Subordinated liabilities.....	2,624.5	1.4	2,807.8	1.4
Other sources.....	6,472.0	3.5	8,792.9	4.5

* Other sources include: Financial liabilities held for trading and hedging derivatives, Fair value changes of the hedged items in portfolio hedge of interest rate risk, Liabilities included in disposal groups classified as held for sale, Provisions, Current income tax liabilities, Deferred income tax liabilities and Other liabilities.

Source: mBank S.A. Group Audited 2021 Consolidated Financial Statements, mBank S.A. Group Unaudited Q3 2022 Condensed Consolidated Financial Statements.

Capital adequacy and capital structure

In accordance with the CRR Regulation, the consolidated own funds consist of consolidated common equity tier 1 capital, consolidated additional Tier 1 capital and consolidated tier 2 capital, however, items that could be treated as additional tier 1 capital are not identified in the Group.

Common equity tier 1 capital of the Group contains: (i) paid up capital instruments and the related share premium accounts, (ii) previous years retained earnings, (iii) independently reviewed interim profits, (iv) accumulated other comprehensive income, (v) other reserves, (vi) funds for general banking risk, and (vii) items deducted from a common equity tier 1 capital (fair value gains and losses arising from the institution's own credit risk related to derivative liabilities, value adjustments due to the requirements for prudent valuation, intangible assets, the Internal Ratings Based Approach (the "AIRB") shortfall of credit risk adjustments to expected losses, own Tier 1 instruments, regulatory adjustments relating to accumulated other comprehensive income and intangible assets, the amount from the deferred tax assets exceeding the 10 per cent. threshold of common equity tier 1 capital and net impairment losses).

Tier 2 capital of the Group contains capital instruments and the related share premium accounts (subordinated liabilities with specified maturity and excess of provisions over the expected AIRB recognized losses in case of its occurrence).

The consolidated own funds of the Group as of 31 December 2021 amounted to PLN 15,871,711 thousand and the consolidated common equity tier 1 capital of the Group amounted to PLN 13,552,027 thousand (31 December 2020: PLN 17,588,012 thousand and PLN 15,046,912 thousand respectively).

The capital adequacy ratios are presented in the section "*Selected Financial Information of the Issuer and Overview of the Group's Financial Condition - Group Financial Information for the years ended 31 December 2021 and 31 December 2020 and for the first nine months of the period ended 30 September 2022 and 30 September 2021 - Capital Adequacy*".

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 (D&O) insurance.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

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 subsidiaries, mBank Hipoteczny S.A. and mTowarzystwo Funduszy Inwestycyjnych S.A.

mTowarzystwo Funduszy Inwestycyjnych S.A. was founded on 8 April 2021, but has not started operations yet.

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*) below. 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 of 31 October 2022, the Bank and its subsidiaries are party to 22,697 court cases, in 4,893 of which it is the plaintiff and in 17,801 it is 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 6,919.4 million, while the total value of claims brought by the Bank amounts to some PLN 1,397.4 million.

As of 30 September 2022, the provisions for legal proceedings amounted to PLN 653.1 million. This amount includes PLN 613.4 million of provisions for legal proceedings relating to loans in foreign currencies.

The cumulative impact of legal risk associated with litigation (individual lawsuits and class actions) related to indexation clauses in CHF mortgages and housing loans and the settlement program as of 30 September 2022 was PLN 6,838.4 million. This includes the impact of legal risk related to active loans and settlement program recognised as a reduction of gross carrying amount of loans in the amount of PLN 6,234.1 million and the impact of legal risk concerning individual lawsuits and class actions case related to repaid loans and low value active loans recorded as provisions for legal proceedings in the amount of PLN 604.3 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

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 96,307,000 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 another 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.

On 16 August 2018, the Bank has submitted its statement of defence and requested that the action be dismissed. The court accepted the Defendants' requests to summon sixteen banks to join the proceedings and ordered that the banks be served with the summons. Two banks have notified of their intention to intervene in the case as an indirect intervener.

A lawsuit filed by Polski Koncern Naftowy ORLEN S.A.

On 7 February 2020, the Bank received a lawsuit filed by Polski Koncern Naftowy ORLEN S.A. ("**Orlen**") with its registered office in Płock seeking damages amounting to PLN 635,681,000 on account of interchange fee. In the lawsuit, Orlen petitioned the court for awarding the damages jointly from mBank S.A. and other domestic banks and from Master Card Europe and Visa Europe Management Services.

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, i.e. a collusion restricting competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of card payments for goods and services purchased by clients on the territory of Poland. On 28 May 2020, the Bank filed a response to the lawsuit and requested that the claim be dismissed. The court accepted the Defendants' requests to summon sixteen banks to participate in the case and ordered the banks to be served with the letters with the request for the summons. Two banks joined the case as secondary interveners.

Class action against mBank S.A. concerning indexation clauses

On 4 April 2016, the Municipal Consumer Ombudsman, representing a group of 390 individuals, retail clients of the Bank, who had entered into CHF-indexed mortgage loans with the Bank, filed a class action with the Regional Court in Łódź against the Bank.

The class action includes alternative claims for declaring invalidity of the loan agreements in part i.e. in the scope of the provisions related to indexation, or in whole; or for finding that the indexation provisions are invalid as they permit indexation of over 20 per cent. and below 20 per cent. at the CHF exchange rate from the table of exchange rates of the Bank applicable as at the date of conclusion of each of the loan agreements.

As decided by the Court on 13 March 2018, the Group is composed of 1,731 persons. On 19 October 2018 the court issued a judgment in which it dismissed all claim 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 referred to the validity of loan agreements indexed by CHF, stressing that both the contract itself and the indexation clause are in compliance with both applicable regulations and rules of social coexistence. On 11 January 2019, the appeal of the plaintiff was lodged, to which the Bank submitted a response. On 27 February 2020, a hearing was held at the Court of Appeal in Łódź. On 9 March 2020, a verdict was passed in a case in which the Court of Appeal referred the case for re-examination of the Regional Court. On 9 June 2020, the Court of Appeal agreed to the plaintiff's motion to secure the plaintiff's claims by suspending the obligation to repay principal and interest instalments and prohibiting the Bank from issuing calls for payment and terminating loan agreements.

On 12 January 2022, a hearing was held before the Regional Court in Łódź, and on 9 February 2022 the court issued a verdict dismissing the claim of the group of 1,731 persons in its entirety. The plaintiff appealed against this verdict. As of 30 September 2022, the amount of provisions related to the class action was PLN 307.4 million.

Individual court proceedings concerning indexation clauses to CHF

Apart from the class action proceeding, there are also individual court proceedings initiated against the Bank by its customers in connection with CHF loan agreements. As of 30 September 2022, 17,103 individual court proceedings (31 December 2021: 13,373 proceedings) were initiated against the Bank by its customers in connection with CHF loan agreements, with the total value of claims amounting to PLN 5,256.1 million (31 December 2021: PLN 3,506.5 million).

Out of the individual proceedings, 16,861 proceedings (31 December 2021: 13,036 proceedings) with the total value of claims amounting to PLN 5,250.9 million (31 December 2021: PLN 3,499.9 million) were related to indexation clauses in CHF loan agreements. They include claims for declaring ineffectiveness or invalidity in part (i.e. to the extent that the agreement contains contractual provisions related to indexation) or invalidity in whole of the loan agreements.

As of 30 September 2022, the Bank received 1,338 final rulings in individual lawsuits (31 December 2021: 473 final rulings), out of which 95 rulings were favourable to the Bank and 1,243 rulings were unfavourable (31 December 2021: 82 rulings favourable and 391 unfavourable). At the same time (as of 30 September 2022), 39 proceedings at the second instance courts have remained suspended due to the legal issues referred to the Supreme Court and the CJEU. The Bank submits cassation appeals to the Supreme Court against legally binding judgments unfavourable for the Bank.

The carrying amount of mortgage and housing loans granted to individual customers in CHF as of 30 September 2022 amounted to PLN 7.0 billion (i.e. CHF 1.4 billion) compared to PLN 9.1 billion (i.e. CHF 2.0 billion) as at the end of 2021. Additionally the volume of the portfolio of loans granted in CHF to individual customers that were already fully repaid as of 30 September 2022, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 7.1 billion (31 December 2021: PLN 6.6 billion).

Material administrative proceedings pending within 12 months before the date of the Base Prospectus

Proceedings initiated by the OCCP

- Proceedings for considering provisions of a master agreement as abusive were instituted *ex officio* on 12 April 2019. The proceedings concern amendment clauses stipulating under which circumstances the Bank is authorised to amend the Conditions of the agreement, including the amount of fees and commissions. In the opinion of the President of the OCCP, the amendment clauses used by the Bank give it an unlimited right to unilaterally and freely change the manner of performing the agreement. As a consequence, the President of the OCCP represents the view that the clauses used by the bank define the rights and obligations of consumers contrary to good morals and grossly violate their interest and, thus, are abusive. The Bank does not agree with this stance and presented arguments supporting its position in subsequent letters. In a letter of 2 August 2022, the President of the OCCP extended the proceedings until 31 December 2022.
- On 21 July 2017, the OCCP instigated proceedings against the Bank with regard to violation of consumers' collective interests. The OCCP charged the Bank with failing to adequately inform clients about FX risk and about shifting FX risk onto consumers, and with incorrectly determining (inflating) credit instalments. In the letter dated 18 August 2017 the Bank responded to the charges. In the letter dated 18 February 2019 the President of the OCCP requested detailed information on the handling of mortgages indexed to foreign currencies, to which the Bank replied. In the letter dated 14 October 2021 the President of the OCCP informed the Bank that the evidentiary proceedings had ended and appointed a time limit for the Bank to peruse the case file and to comment on the evidence collected in the case. The Bank commented on the evidence collected within the prescribed period. The President of the OCCP extended the termination of the proceedings until 31 July 2022. As at the date of the Base Prospectus, the Group has not received information about another extension of the proceedings.
- On 18 July 2022, the OCCP initiated proceedings for violation of the collective interests of consumers through:
 - failing, after a consumer notification an unauthorised transaction, to refund the unauthorised transaction or restore the account to its pre-transaction state; and
 - providing consumers with information in response to complaints that proper authentication of the transaction complained of, excludes the obligation to refund the transaction.

Proceedings have also been initiated against four other banks.

Previously, the OCCP had conducted an investigation into the matter, initiated on 23 June 2021, in which the Bank provided explanations on 4 August 2021. In a letter of 22 August 2022, the Bank adopted a position on the allegations contained in the decision of 18 July 2022.

Inspection by the KNF Office

Between October and December 2018 the KNF carried out an inspection in the Bank in order to investigate 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 the depositary, in particular in conformity with the Act of 27 May 2004 on Investment Funds and Management of Alternative Investment Funds.

The detailed findings of the inspection were presented in the protocol delivered to the Bank on 11 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. On 1 April 2019, the Bank received the KNF response to the objections to the inspection protocol as well as recommendations in regard to the adjustment of the Bank's activity as a depositary bank for investment funds to the applicable law. All objections of the Bank have been rejected by the regulator.

On 25 April 2019, the Bank submitted to the KNF Office a declaration of actions taken as realisation of post-inspection recommendations. On 4 September 2019, the KNF objected to the implementation of selected recommendations. On 11 October 2019, the Bank submitted to the KNF the response addressing given objections, in which the description of taken actions was further specified as well as some new solutions for implementation were presented. On 5 December 2019, the KNF sent to the Bank a reply to the letter containing the acceptance of some of the Bank's activities aimed at implementing post-audit recommendations and clarifications of other expectations that are being implemented. On 14 May 2020, the Bank formally confirmed the implementation of all the KNF recommendations.

On 27 February 2020, the Bank received the decision of the KNF dated 25 February 2020 to initiate administrative proceedings regarding the imposition of an administrative penalty on the Bank, pursuant to the provisions of the Act dated 27 May 2004 on investment funds and management of alternative investment funds. On 23 April 2021, the Bank received a decision of the KNF dated 16 April 2021 regarding this proceeding, imposing a fine on the Bank in the total amount of PLN 4.3 million, which was paid on 17 March 2022.

On 7 May 2021, the Bank applied to the KNF for reconsideration of the case. On 17 December 2021, the KNF upheld its decision of 16 April 2021. On 21 January 2022, the Bank filed a complaint with the Voivodship Administrative Court against the decision of the KNF. On 24 August 2022, the Voivodship Administrative Court in Warsaw dismissed the Bank's complaint against the decision of the KNF. The Bank analyses whether it is justified to bring a cassation appeal to the Supreme Administrative Court.

Tax inspections

On 11 May 2021, the Head of the Customs and Tax Office in Opole has initiated tax audits regarding the correctness and reliability of withholding tax settlements on payments listed in Art. 21 sec. 1 of the Act of 15 February 1992 on corporate income tax for the years 2018 and 2019. The tax audit is under way.

On 9 September 2022, the Office for Selected Economic Entities (*Úrad pre vybrané hospodárske subjekty*) in Bratislava initiated tax audits regarding the correctness of settlements of corporate income tax for the year 2019 in mBank S.A. Slovak Branch. As of the date of this Base Prospectus, the tax audit is under way.

The tax authorities may inspect at any time the books and records within five years subsequent to the reported tax year and may impose additional tax assessments and penalties. In the opinion of the Management Board there are no circumstances, which would indicate that crystallising of material tax liabilities in this respect is probable.

Inspection by ZUS

On 16 May 2022, mFinanse S.A., a subsidiary of the Bank, received a notice of intent to initiate an inspection by ZUS regarding the correctness and reliability of calculating social insurance contributions and other contributions that ZUS is required to collect, as well as reporting for social insurance and health insurance for the years 2018-2021. As of the date of the Base Prospectus, the inspection has not been completed.

The company is in dispute with the ZUS over the interpretation of the application of the social security regulation in the area of the cooperation model involving the simultaneous employment of intermediaries on a part-time basis and a civil law contract. There are currently eight cases at the court stage in the area of

the cooperation model used by the company. The Group's position is that the cooperation model used by the company complies with the provisions of the law, including the Banking Law in terms of providing credit intermediaries with access to data covered by bank secrecy.

In connection with the above inspection, as of 30 September 2022, the Group created a provision in the amount of PLN 99.3 million.

Intellectual Property

As at the date of this Base Prospectus, the Group holds protection rights to more nearly 280 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 70 trademarks registered in the European Union Intellectual Property Office and 34 trademarks registered in the World Intellectual Property Organization.

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 the "m" and "mBank" figurative trademarks.

Website Domains

The Group maintains 970 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 2021 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 co-operation 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 the Group – Governing Principles" are applied. Those measures result in the 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 the 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 the 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 Group's risk management, and thus impacts the budgeting process and the capital allocation process.

Risk appetite results from an assessment of the Group risk profile and risk capacity from the perspective of:

- capital;
- funding;
- non-financial risks;
- factors related to environmental (mainly climate), social and corporate governance threats; and
- Risk Adjusted Performance Measures.

Risk appetite is the starting point for an ongoing dialogue about the risk profile within the organisation. Strategic dialogue on risk appetite is primarily a structured, several-stage discussion between the members of the Management Board. This discussion is supported by bottom-up analyses and expert panel discussions. Thanks to this formula: (i) the opportunities and threats facing the Group in a broad perspective can be captured, (ii) actions to support the implementation of plans and the necessary actions to mitigate threats can be considered.

As a result of strategic discussions, the Management Board outlines general 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 planning process, risk appetite statements undergo further deconstruction into key metrics and targets, which are then passed down into the organisation. 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 exercises constant supervision over the Bank's risk management system, which includes approving the Risk Management Strategy of the Group and supervising its implementation.

The Risk Committee of the Supervisory Board

The Risk Committee of the Supervisory Board exercises constant supervision over the credit, market, liquidity and non-financial (including operational) risks. In particular, the Committee issues recommendations regarding approval of risk management strategies, by the Supervisory Board. In addition, the Committee issues recommendations in terms of individual counterparty risk, in accordance with the parameters defined by the Supervisory Board.

The Management Board

The Management Board of the Bank designs, implements and ensures the operation of the risk management system. In particular, the Management Board defines and implements 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 Risk Management Strategy. Moreover, the Management Board defines the organisational structure of the Bank and allocates tasks and responsibilities to individual organisational units, ensuring the appropriate distribution of roles in risk management.

The Management Board ensures that the Bank manages all material types of risk and has procedures in place to manage these risks. In particular, the Management Board is responsible for preparation, implementation, effectiveness and update of written strategies, policies and procedures which address the risk management system, internal capital adequacy assessment process, capital management and capital planning and internal control system.

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 and 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 of the Group

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 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 (KRK); 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;
- the risk limitation system;
- assessing the quality and profitability of portfolio of exposures to 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 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 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.

Capital, Assets and Liabilities Committee

Capital, Assets and Liabilities Committee is responsible for the systematic monitoring of the balance sheet structure and capital, and the allocation of funds within acceptable risks. Its purpose is to optimise the financial result, as well as to shape and allocate capital in a way that maximises return on equity of the Group.

Credit Committee of the Group

The Credit Committee of the Group makes loan decisions and issues recommendations, and thus has an impact on the implementation of concentration risk management principles in particular in terms of exposures to individual clients and group of affiliated entities, including large exposures. The Committee also takes decisions on debt conversion into shares, stocks, etc. as well as decisions 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.

Sustainable Development Committee of the Group

The Sustainable Development Committee of the Group is a platform for making decisions and issuing recommendations, and dialogue on sustainable development between the organisational units of the Bank,

and between the Bank and the Group subsidiaries. The Committee shapes, promotes and monitors sustainable development in the Group.

In particular, the committee:

- supervises the ESG management system in the Group;
- indicates the main directions of activities and organises the ESG management system;
- monitors the implementation of the ESG goals set out in the Group's strategy;
- carries out tasks related to the issuance of green debt instruments;
- initiates and gives opinions on new initiatives and activities supporting the implementation of ESG goals in the Group.

The Committee for Data Quality and Information Systems Development

The Committee for Data Quality and Information Systems Development ensures conditions for the creation, maintenance and development of an effective data quality management system and development of information systems within the rules set out in the Bank's Data Governance Procedures.

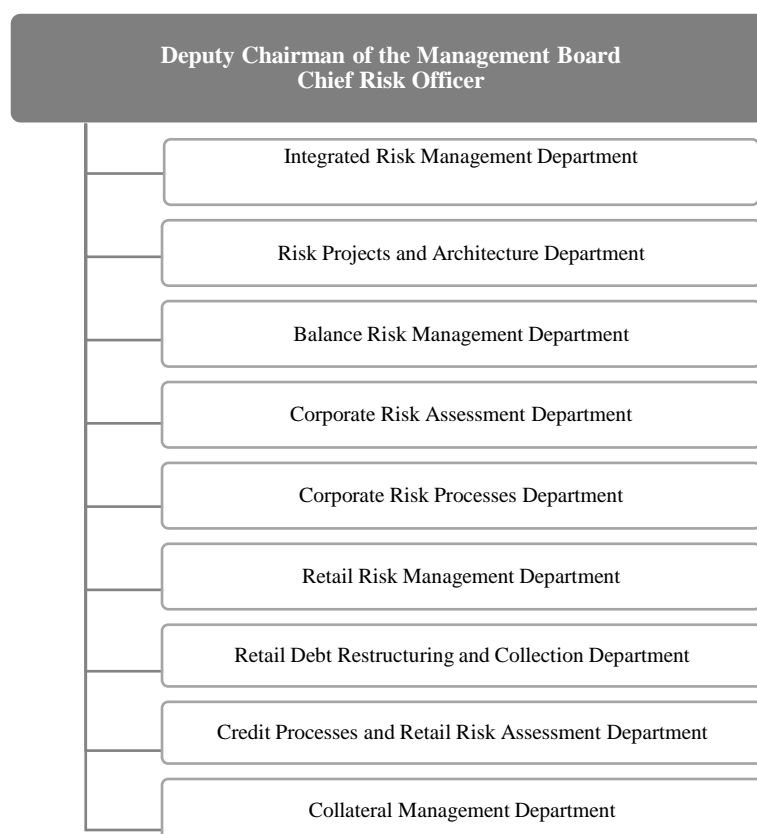
Foreign Branch Supervision Committee

The Foreign Branch Supervision Committee 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 Deputy Chairman 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 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

Risk culture is understood as the norms, attitudes and behaviours that relate to risk awareness, risk taking, risk management, and the control mechanisms that shape risk decisions. A proper and consistent risk culture is a key element of effective risk management. The risk culture influences the decisions and risks taken by the management and employees in the course of day-to-day operations. That is why it is developed and promoted. The foundations of the risk culture implemented in the Group have been specified in the Risk Management Strategy of the Group and strategies for managing individual types of risk approved by the Management Board and the Supervisory Board of mBank.

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 the Business (i.e. the Group's business lines), whose task is to take risk and capital aspects into consideration when making all business decisions, within the risk appetite set for the Group.
2. The second line of defence, mainly the organisational units of the risk management area (Risk), Security and Compliance function, creates framework and guidelines concerning managing individual risks, supports and supervises Business in their implementation and independently analyses and assesses the risk. The main goal for the second line functions is to create oversight over the Group's control environment and risk exposure. The second line of defence acts independently of the Business.

3. The third line of defence is Internal Audit, which independently assesses risk management activities of both the first and the second lines of defence.

Philosophy of risk management

The risk management framework in the Group rests on the three pillars concept:

1. Supporting sustainable growth through the development of tools and processes designed from the client's perspective.
2. Pursuing prudent and stable risk management – shaping a safe and profitable balance sheet, managing risk in the Group in an integrated manner.
3. Developing the risk management area in response to the challenges of the changing world.

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 Deputy Chairman 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, a comprehensive Risk and Capital Monitor ("**RCM**") report. The RCM report 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. Poland, with 38.4 million residents, remains the largest accession member of the EU and the sixth largest EU country by population.

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 and 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.

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 MPC adopted an inflation target of 2.5 per cent. with a symmetrical tolerance band for deviations of ± 1 per cent. The principles of the monetary policy strategy and the inflation target level remain unchanged.

In 2021, the Polish economy grew by 6.8 per cent. Private consumption increased by 6.3 per cent. year-on-year and investment outlays by 2.1 per cent. Poland's GDP surpassed the pre-pandemic levels. Strong GDP growth allowed for tightening in the labour market manifested in employment increase, spectacular wage increases and falling unemployment. The unemployment rate decreased to 5.4 per cent. in December 2021 from 6.3 per cent. in December 2020. The unemployment rate in Poland was well below the EU average. According to Eurostat, which uses its own methodology, the seasonally adjusted unemployment rate in Poland in December 2021 reached 3.0 per cent. compared with 6.4 per cent. in the European Union (EU-27) and 7.0 per cent. in the Eurozone.

	2016	2017	2018	2019	2020	2021
GDP growth (YoY).....	3.1	4.8	5.9	4.5	-2.0	6.8
Domestic demand (YoY).....	2.3	4.9	6.3	3.3	-2.7	8.4
Private consumption (YoY).....	3.9	4.8	4.4	3.5	-3.6	6.3
Investment (YoY).....	-8.2	4.0	12.6	6.2	-2.3	2.1
Exports growth (GUS, YoY).....	6.7	8.2	6.1	4.4	1.0	12.8
Imports growth (GUS, YoY).....	6.4	10.5	7.1	3.0	0.2	15.5
Current account balance / GDP	-0.8	-0.3	-1.3	0.5	2.9	-0.6
Inflation (Dec./Dec.)	0.8	2.1	1.1	3.4	2.4	8.6

	2016	2017	2018	2019	2020	2021
Unemployment rate (eop).....	8.2	6.6	5.8	5.2	6.3	5.4
MPC rate (eop).....	1.50	1.50	1.50	1.50	0.10	1.75
WIBOR 3M (eop)	1.73	1.72	1.72	1.71	0.21	2.54
EUR/PLN (eop).....	4.4240	4.1709	4.3000	4.2585	4.6148	4.5994
CHF/PLN (eop).....	4.1173	3.5672	3.8166	3.9213	4.2641	4.4484
USD/PLN (eop).....	4.1793	3.4813	3.7597	3.7977	3.7584	4.0600

Source: Central Statistical Office of Poland (Główny Urząd Statystyczny, "GUS"), NBP, WSE.

In 2022, supply chain problems, the Ukraine invasion and the energy crisis have transformed the global macro environment and adversely impacted the Polish economy.

The Polish economy entered 2022 with high momentum. The Russian invasion in Ukraine at the end of February 2022 undermined the economic outlook. The war in Ukraine led to a sudden deterioration in the business climate assessments among households and enterprises in Poland. The global shock on the raw materials markets accompanied by a sharp depreciation of the Polish currency strengthened inflation processes.

The GDP growth in Poland in the first quarter of 2022 reached 8.5 per cent. year-on-year. The largest contribution to growth came from inventories. Consumption grew by 6.6 per cent. year-on-year. It was supported by rising spending fuelled by wage growth, favourable labour market dynamics and a large influx of Ukrainian refugees. According to the flash estimate released by Statistics Poland, GDP in the second quarter of 2022 grew by 5.3 per cent. year-on-year. Seasonally-adjusted GDP in the second quarter fell 2.3 per cent. quarter on quarter. A sharp slowdown resulted mainly from lower contribution of change in inventories, which was extremely strong in the first quarter and weak investments due to increased uncertainty and rising interest rates. Lower GDP growth in the second quarter and disappointing readings from other countries, such as Germany, significantly raise the risk that economic downturn is underway in Poland.

The deceleration of GDP results from several factors, including the global slowdown, interest rate hikes and the real effects of price increases. However, demand for labour remains strong, with the second-lowest reported unemployment in the EU. In September 2022, the unemployment rate in Poland was 5.1 per cent.

Inflation in Poland increased from 2.4 per cent. in December 2020 to 8.6 per cent. in December 2021. Average inflation in 2021 was 5.1 per cent. Base inflation, after eliminating food and energy prices, was 5.7 per cent. in December 2021 compared with 3.7 per cent. at the end of 2020. The Harmonised Index of Consumer Prices ("HICP") in Poland, which is computed by Member States of the European Union according to a uniform methodology, reached 8.0 per cent. on an annual basis in December 2021 and it was higher than the average level recorded in the EU. The average HICP index was 5.3 per cent. in the European Union (EU-27) and 5.0 per cent. in the Eurozone.

Between January and September 2022, inflation in Poland accelerated markedly. The effects of the war in Ukraine came on top of previous increases of the Consumer Price Index driven by supply-side and global factors – higher prices of natural gas, coal, oil and food prices as well as disruptions in supply chains due the COVID-19 pandemic. The government responded with discretionary cuts in taxes to lower prices of some goods, like food, fuel, energy, natural gas and heat (the anti-inflation shield). In June 2022, inflation in Poland reached 15.5 per cent. Core inflation rose as well and in June 2022 was 9.1 per cent. year-on-year. The HICP in Poland was 14.2 per cent. compared with 9.6 per. cent. in the European Union (EU-27). Despite anti-inflation shields introduced by the government the inflation rate in October 2022 reached 17.9 per cent. year-on-year.

In 2021, accelerating inflation and low interest rates caused the PLN to stay weak for most of the year. On top of this, there were also temporary factors that additionally fuelled depreciation pressure: tensions on Poland's eastern border, the conflict between the European Union's institutions and the Polish government on the rule of law in Poland and a delay in the European Commission's approval of the Recovery and Resilience Facility for Poland. The outbreak of the war in Ukraine resulted in further weakening of the PLN. Due to the geographic proximity of the conflict in Ukraine, the currencies and bonds of CEE countries, including Poland, suffered particularly heavy losses. Domestic bond yields rose significantly. Increased credit risk in Poland amid deteriorating global sentiment and increases in interest rates caused a sell-off in

the bond market. The market remained under the weight of low liquidity, which was indirectly reflected in higher asset swap spreads and higher volatility.

In response to rising inflation the MPC raised the reference interest rate in 11 hikes from 0.1 per cent. in October 2021 to 6.75 per cent. at the end of September 2022. In October 2022, the MPC left the interest rates unchanged, taking into consideration the signs of an impending economic slowdown. Further decisions of the MPC will depend on incoming information regarding perspectives for inflation and economic activity, including the impact of the Russian military aggression against Ukraine on the Polish economy.

In the coming quarters, the economic slowdown will be accompanied by high inflation. Consumption is likely to decline amid soaring inflation and higher interest rates. The scale of the decline of GDP growth will be mitigated by adjustments in fiscal policy introduced as part of the anti-inflation shields implemented by the government. The changes in taxes implemented in 2022 are also beneficial for the majority of tax-payers.

Factors which hamper economic activity include persistent disruptions in supply chains, increases in the prices of energy commodities, metals and some agricultural products, sanctions imposed on Russia and the retaliatory sanctions from Russia. The future economic developments will also depend on the scale of the disruptions in the functioning of the global economy due to the war in Ukraine and the related sanctions and the adverse impact of the pandemic on global supply chains.

High interest rates will contribute to the slowing growth of household loan volumes. The economic slowdown and high interest rate environment will also adversely impact the dynamics of corporate loans. In the Bank's opinion, early repayments of loans will also exert their adverse impact and corporate deposits will decelerate. Looking at household deposits, slight increases can be expected, supported by higher nominal wages and precautionary savings. However, the volume of household deposits will be negatively affected by the decelerating economic growth and, consequently, the labour market as well as by retail bond offerings.

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 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 of 30 June 2022, there were 30 commercial banks in Poland, 35 branches of credit institutions and 500 relatively small co-operative banks.

The table below presents the number of banks and branches of foreign credit institutions conducting business activities in Poland:

	<u>31 Dec. 2018</u>	<u>31 Dec. 2019</u>	<u>31 Dec. 2020</u>	<u>31 Dec. 2021</u>	<u>30 June 2022</u>
Total number including:	612	600	596	578	565
Domestic commercial banks.....	32	30	30	30	30
Branches of foreign credit institutions.	31	32	36	37	35
Co-operative banks.....	549	538	530	511	500

Source: KNF

The level of concentration increased in recent years. As of 31 December 2021, the share of five largest banks in total banking assets was 56.6 per cent. compared with 54.3 per cent. as at the end of December 2020 and 43.4 per cent. in 2010 according to the European Central Bank statistics.

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 to Santander Bank Polska. In April 2018, BNP Paribas announced an acquisition of an organised part of Raiffeisen Bank Polska (without foreign currency loans and selected corporate exposures) from its Austrian owner. 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. On 3 January 2021, Idea Bank was taken over by Pekao S.A. following the application of a resolution tool by the BGF. On 30 September 2022 the BGF applied a resolution tool to Getin Noble Bank whose business was transferred to a bridge institution owned by BGF and IPS.

The ownership structure of the Polish banking sector has changed over the last decade. As a result of a series of merger and acquisition transactions, the state gained or regained influence over new entities; for example, Alior Bank (in 2015) and Bank Pekao (in 2017). 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. The State Treasury, directly or indirectly, controls the activities of eight commercial banks.

However, foreign investors still control a significant part of the assets of Poland's banking sector, including 17 commercial banks. According to the KNF, as of 30 June 2022, 43.1 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups (Source: Monthly data of the banking sector - June 2022 published on 5 August 2022).

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. Polish banks are increasing their focus on the economies of scale to face the ongoing difficult macro environment. The COVID-19 pandemic has intensified the pressures on profitability. A number of smaller market players generate relatively low revenues, which are subject to rising pressure. They may strive to increase their scale of operations to achieve a satisfactory return on equity. Some banks will have to adapt their strategies to address their profitability squeeze and other challenges, including the ongoing threat from fintech and implementing effective environmental, social and governance goals. This may force further consolidation if profitability is eroded. Although Poland remains a less attractive banking market for new entrants, due to high regulatory contributions, capital requirements and legacy CHF exposures, the transformation of the Polish banking industry will continue. Smaller banks have less resilience and flexibility in coping with post-pandemic challenges.

The consolidation process in Poland will be driven by the following factors:

- prolonged pressure on the revenue side and limited organic growth opportunities due to financial and regulatory burdens imposed on the sector (the Banking Tax, contributions to the banking guarantee fund, the Borrowers' Support Fund and the Institutional Protection Scheme);
- a necessity to meet regulatory capital and MREL requirements;

- additional earnings pressures resulting from credit holidays, MREL issuance and regulatory compliance; and
- technological changes requiring investments and digitisation spending, which are particularly expensive for smaller banks;

Potential cross-border activity among EU banks could lead to further ownership changes in Polish banking assets. Increasing sector concentration driven by the 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.

Financial Situation of the Polish Banking Sector

The Polish banking sector remains the largest in the CEE region with total assets amounting to PLN 2.7 trillion (EUR 567 billion) at the end of June 2022. Assets are dominated by loans and advances, which are the key source of banks' revenues. Over the last five years more than 70 per cent. of the revenues of Polish banks were generated by the net interest income.

Poland's banking sector is well-capitalised and predominantly deposit-funded. In recent years the Polish banking sector has gradually improved its funding profile, making it more resilient to external shocks. However, the Polish banking industry operates in a challenging market environment. Currently, the following factors impact the operations of the banking sector in Poland:

- A rising interest rate environment. A series of unprecedented NBP interest rate hikes had a strong positive impact on net interest income, and consequently on the revenues generated by the banking sector. At the same time they adversely affected the valuation of derivatives and financial assets based on a fixed interest rate and valued at fair value. In addition, weaker borrowers, especially those who took out their loans when interest rates were at historic lows (2020-2021), may struggle to service their debt. The rapid increases in borrowing costs for customers may increase impairment charges of banks.
- Profitability pressure from legal risk provisions set aside against Swiss franc mortgage portfolios. Rising numbers of court cases related to CHF mortgage loans amid negative line of ruling and a significant delay of the Supreme Court ruling prolong the uncertainty period. Progress on amicable settlements is not promising.
- High regulatory burdens:
 - the Banking Tax introduced in February 2016 in the amount of 0.44 per cent. of assets (excluding state bonds, own funds and a PLN 4 billion tax-free amount) annually;
 - BGF charges – the charge for the deposits guarantee fund is based on the level of guaranteed deposits (the majority of retail deposits), while the charge for the resolution fund is based on the level of total assets, excluding own funds and guaranteed deposits – both percentage rates in Poland are higher than the EU requirements; strict regulatory requirements, putting pressure on capital, costs and operations;
 - a possibility of up to 8 months of credit holidays in 2022-2023 for PLN mortgage borrowers at no cost to the borrower;
 - additional contributions to the Borrowers' Support Fund (PLN 1.4 billion in 2022), which was set up in 2015 to support struggling mortgage borrowers, possible further contributions in 2023;
 - contributions of eight commercial banks to the Institutional Protection Scheme (PLN 3.5 billion in 2022, contributions in the following years cannot be excluded).
- Planned replacement of the interbank interest rate benchmark WIBOR by a new benchmark rate based on overnight transactions (WIRON).
- 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;

- 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 internet security – 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. The Payment Services Directive 2 abolished banks' monopoly in the market for payment services.
- The consequences of the war in Ukraine, such as sanctions and restrictions causing worldwide disruptions to trade and investment and impacting consumers of food and fuel globally.

According to the KNF data, in the year ended 31 December 2021 the banking sector generated a net profit in the amount of PLN 5,976 million compared with a net loss of PLN 322 million generated in the year ended 31 December 2020. This significant improvement, amid favourable macroeconomic environment, was mainly due to:

- higher net fee and commission income as well as trading and other income; and
- a decrease in loan loss provisions and provisions for legal risk related to foreign currency loans.

Total net operating income of banks in the year ended 31 December 2021 increased by 8.7 per cent. year-on-year. Net interest income decreased by 1.1 per cent. year-on-year. Net fees and commission income recorded an increase of 15.5 per cent. year-on-year, mainly due to the larger number of transactions performed by customers and the changes in fee and commission tariffs.

In the year ended 31 December 2021, the banking sector increased total costs by 2.0 per cent. compared with the year ended 31 December 2020 mainly as a result of higher staff expenses and depreciation.

As a result, in 2021 the banking sector's cost-to-income ratio (including the Banking Tax) reached 59.5 per cent., compared with 58.1 per cent. in the year ended 31 December 2020.

In the year ended 31 December 2021, net ROE of the banking sector was 2.7 per cent., compared with -0.1 per cent. in 2020.

The table below shows the financial results of the Polish banking sector:

	For the year ended 31 December (in PLN million)			Change (per cent.)	
	2021	2020	2019	2021/2020	2020/2019
Total net operating income.....	67,372	61,964	70,627	8.7	-12.3
Total costs (incl. depreciation)	(40,097)	(39,300)	(39,247)	2.0	0.1
Total loan loss provisions.....	(7,147)	(13,348)	(9,566)	-46.5	39.5
Profit before income tax	12,111	3,761	19,317	222.0	-80.5
Net profit.....	5,976	(322)	13,806	+/-	+/-

Source: KNF - Monthly data on the banking sector - July 2022.

	For the year ended 31 December (per cent.)		
	2021	2020	2019
Cost/income ratio	59.5	58.1	55.6
Return on Equity (net ROE).....	2.7	-0.1	6.7
Return on Assets (net ROA).....	0.24	-0.01	0.70
Cost of Risk (CoR).....	0.52	0.98	0.73
Loan-to-Deposit ratio (L/D)	76.5	79.2	90.2

Source: mBank calculation based on KNF data (Monthly data on the banking sector – July 2022).

In the first half of 2022, the banking sector generated net profit in the amount of PLN 11,525 million compared with PLN 6,098 million reported in the first half of 2021. Total revenues increased by 38.9 per

cent. due to higher net interest income (+69.9 per cent. year-on-year) and net fee and commission income (+13.9 per cent. year-on-year). Net ROE after the first half of 2022 was 11.8 per cent.

In July 2022, the banking sector recorded a PLN 6,629 million combined net loss, bringing year to day result to a positive PLN 4,895 million down by 36 per cent. year-on-year. A loss in July 2022 resulted from booking the cost related to credit holidays.

As of 31 December 2021, total assets of the Polish banking sector amounted to PLN 2,572.5 billion and increased by 9.5 per cent. compared with the end of 2020. In the year ended 31 December 2021, total net loans increased by 6.4 per cent., while deposits of the non-financial sector increased by 10.2 per cent. year-on-year.

	As of 31 December (in PLN billion)			Change (per cent.)	
	2021	2020	2019	2021/2020	2020/2019
Polish banks' aggregate assets	2,572.5	2,350.0	2,000.1	9.5	17.5
Total liabilities	2,373.0	2,130.4	1,790.8	11.4	19.0
Total equity	199.5	219.7	209.3	-9.2	4.9

Source: KNF - Monthly data on the banking sector – July 2022.

In the first half of 2022, total assets of the Polish banking sector increased by 4.8 per cent. compared with the end of 2021 and as of 30 June 2022 was PLN 2,694.7 billion. During this period net loans increased by 3.9 per cent. and deposits by 2.5 per cent.

The table below presents dynamics of key banking aggregates of the Polish banking sector.

	For the year ended 31 December (per cent.)		
	2021	2020	2019
Corporate loans	3.9	-4.8	3.0
Household loans	4.9	3.0	6.0
Mortgage loans, incl.	7.1	7.3	6.6
Mortgage loans in PLN	12.0	9.7	12.1
Non-mortgage loans	1.1	-3.8	5.1
Corporate deposits	10.4	19.0	10.0
Household deposits	6.7	10.7	9.7

Source: mBank own calculations based on NBP data.

According to NBP data, in the year ended 31 December 2021, the nominal volume of household loans increased by 4.9 per cent. compared with the year ended 31 December 2020. Mortgage housing loans increased by 7.1 per cent. compared with the year ended 31 December 2020. Non-mortgage loans to retail customers increased by 1.1 per cent. year-on-year after a drop recorded in 2020.

The NPL ratio as of 31 December 2021 was 5.8 per cent.: 5.1 per cent. for households and 7.4 per cent. for corporate clients (Source: NBP 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 and recommends a repayment period no longer than 25 years for retail customers. 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, 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 slowed down across all segments in 2021. A high deposits growth in 2020 was caused by inflows of funds paid out to companies under anti-crisis shields and additionally by the effect of the accumulation of savings in anticipation of a worsening economic environment. In the year ended 31 December 2021, household deposits increased by 6.7 per cent. compared with 2020. Corporate deposits increased by 10.4 per cent. year-on-year, mirroring good liquidity in the enterprise sector.

A combination of losses on bond valuations and continued provisions for mortgage loans in foreign currency has already led to a material decline in the capital position of Polish banks. The average total capital ratio (compliant with the CRD IV/CRR Regulation approach) as of 31 December 2021 was 19.3 per

cent. and Tier 1 capital ratio was 17.3 per cent. compared with 20.7 per cent. and 18.5 per cent. as of 31 December 2020, respectively. (Source: KNF data). In the first half of 2022, the total capital ratio and Tier 1 capital ratio of the banking sector decreased further and as of 30 June 2022 amounted to 18.8 per cent. and 16.9 per cent. respectively.

As demonstrated by low loan-to-deposit ratio (approximately 77 per cent. in June 2022 according to the KNF), high LCR ratio (168 per cent. for commercial banks in June 2022 according to the KNF) and high volume of NBP bills, the sector is still over-liquid. A part of this liquidity is invested in long term bonds.

In 2022, Polish banks benefit from the economic growth and interest rate hikes. In the first half of 2022, rising interest rates lifted revenues of banks. However, in the third quarter, the net interest income of banks was significantly impacted by credit holidays. Repricing of loans is expected to decelerate by the end of 2022, while upward deposit pricing is accelerating. NIM may marginally decline in the coming quarters as banks will continue to offer high interest rates for new deposits and to increase rates for outstanding saving accounts, while clients will continue to transfer money from current accounts to term and saving accounts.

Fee and commission income in 2022 is expected to be strong, but in the second half of 2022 is affected by a substantial drop in mortgage lending, weakening revenues from capital markets due to a lower turnover on the WSE, outflows from mutual funds and the impact of the economic slowdown on corporate clients.

The operating costs in 2022 will increase year-on-year due to elevated obligatory contributions (BGF, the Borrowers' Support Fund and IPS) and inflationary pressures.

Asset quality of Polish banks remains strong and the provision coverage ratio is relatively high. Cost of risk in 2022 may be somewhat affected by increased loan instalments after interest rates hikes. Credit holidays for PLN mortgage loans are part of the measures taken by the Polish Government to respond to the consequences of high inflation and rising interest rates. The gas crisis in Europe may lead to higher cost of risk related to corporate clients, but it is difficult to predict further developments.

The banking sector still faces significant risks to its profitability as a result of costs associated with mortgage loans in foreign currencies. The number and value of litigations related to CHF mortgage loans continue to rise. Banks have been losing the majority of litigations with CHF borrowers since the judgment of the European Court of Justice on 3 October 2019. The amicable settlements leading to conversion of a CHF mortgage loan to a PLN-denominated loan are becoming less attractive to the borrowers, because of the increased interest rate differential between the PLN and the CHF after a number of interest rate hikes in Poland. Therefore, the inflow of new lawsuits is likely to continue in the coming quarters and banks will continue to book provisions related to CHF mortgage loans.

The financial position of some credit institutions remains weak. However this does not pose significant risks to the stability of the entire banking sector. On 30 September 2022, the BGF initiated a resolution of Getin Noble Bank S.A. The main assets and liabilities of Getin Noble Bank (except the equity and subordinated debt, which were fully written down to absorb losses) were transferred to a bridge bank created by the BGF and SOBK. Poland has committed to start an open, transparent and non-discriminatory sales process for the newly created bridge bank with the aim of finding a suitable purchaser who would ensure its long term viability. Getin Noble Bank has been encountering difficulties since 2016 due to low profitability, which led to the depletion of its capital. The resolution of Getin Noble Bank allowed to protect its customer deposits in the amount of PLN 39.5 billion.

In the coming years, the banking sector will face the challenge of providing own funds and/or eligible liabilities to meet MREL, which will become fully effective from 2024. The BGF has set the so-called roadmap for banks, under which interim MREL requirement levels for 2022 and 2023 are determined. According to NBP estimates, a significant part of the sector does not have sufficient excess capital to cover the MREL at the target level. Complying with MREL will prove to be challenging for banks and will require the issuance of equity or MREL-eligible debt and subordinated instruments on a scale far greater than that observed over the recent years.

The COVID-19 pandemic accelerated the process of reshaping the banking industry, the shift to online services, ushering in a new competitive landscape, constraining growth in some traditional product areas, prompting a new wave of innovation, recasting the role of branches, and accelerating digitisation in many spheres of banking and capital markets. The COVID-19 pandemic has acted as a catalyst for digitisation of financial services. Investments in digitisation and more process automation leading to cost savings and

better cross-selling opportunities may prove key in gaining a competitive advantage in a post-coronavirus world.

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:

- assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;
- estimating, maintaining and reviewing internal capital;
- auditing the quality of risk management systems, and in particular of the risk management system and internal control system;
- auditing compliance of the bank's activities with the appropriate regulations; and
- 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:

- the OCCP with respect to protecting market competition and consumers' collective rights;
- the Personal Data Protection Office with respect to collecting, processing, managing and protecting personal data; and
- the minister responsible for financial institutions and the General Inspector for Financial Information with respect to the prevention of money laundering and financing of terrorism.

Bank Guarantee Fund

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 and investment and pension funds are not covered by the guarantee system.

Institutional protection scheme for commercial banks

On 10 June 2022, the KNF approved the agreement and recognised the institutional protection scheme created in accordance with Article 130c of the Banking Law Act of 29 August 1997 by eight Polish commercial banks (Alior Bank S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., mBank S.A., Bank Millennium S.A., Bank Polska Kasa Opieki S.A. PKO Bank Polski S.A. and Santander Bank Polska S.A.). The above-mentioned banks signed the protection scheme agreement and established SOBK. The protection scheme can be joined by other local banks provided they satisfy the terms and conditions set out in general law and in the protection scheme agreement.

As part of the system, an aid fund has been established to which the participating banks provided cash contributions. Further contributions to the aid fund will require a unanimous resolution of the general meeting of shareholders of SOBK. The aid fund may be used to ensure liquidity and solvency the participants of the scheme, support resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Art. 146b paragraph. 1 of the Banking Law. On 30 September 2022, the BGF initiated a resolution of Getin Noble Bank. The activities and main assets and liabilities of Getin Noble Bank were transferred to a bridge bank created by the BGF, in which SOBK acquired 49 per cent. of the share capital.

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 the sum of the applicable reference rate of the National Bank of Poland and 3.5 per cent. multiplied by two.

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 GDPR 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. Prosta 18, 00-850 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, 13th 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.

The Bank's share capital

As at the date of this Base Prospectus, the share capital of the Bank comprised 42,422,727 fully paid-up shares, including: (a) 42,411,727 ordinary bearer shares listed on the main market of the WSE; and (b) 11,000 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.

Over the past 11 years the Bank's new shares were issued under several conditional share capital increases in connection with 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), 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 and the incentive programme for the Management Board Members and key staff of the Group – mBank Risk Takers based on the resolution No. 38 of the Annual General Meeting of the Bank dated 9 May 2018 on the issue of subscription warrants, conditional share capital increase with divestment of the existing shareholders' preemptive right to subscription warrants and shares, change of the company's by-Laws and on applying for admission of shares to trading on the regulated market, and dematerialisation of shares.

In 2021, the Bank's share capital increased by PLN 71,376 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*). Between January and September 2022, the number of shares of the Bank increased by 37,843 and the Bank's share capital increased by PLN 151,372.

As at the date of this Base Prospectus, the Bank's registered share capital is PLN 169,690,908 fully paid-up. It is divided into 42,422,727 ordinary bearer shares and ordinary registered shares with a nominal value of PLN 4 each.

The Management Board shall be authorised to increase the share capital of the Bank by the amount not higher than PLN 60,000,000 by way of single or repeated share capital increase within the limits indicated above by way of bearer shares issue (the "**authorised capital**"). The Management Board of the Bank shall be authorised to increase the share capital within the limits of the authorised capital provided the Supervisory Board gives its consent to such capital increase and an appropriate resolution in the form of a notarial deed is adopted by the Management Board.

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 11,000 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.

Major Shareholders

As at the date of this Base Prospectus, Commerzbank was the Bank's majority shareholder, holding 29,352,897 shares representing 69.19 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*".

The remaining 30.81 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 2021 and 30 September 2022, no shareholder exceeded the 5 per cent. threshold of shares and votes at the General Meeting at the General Shareholders' Meeting. The open-end pension funds jointly held 17.7 per cent. of mBank shares in accordance with the lists of shares of WSE-listed companies held in funds' portfolios as at the end of 2021 published by open-end pension funds.

The Bank is a public company and its shares are listed on the regulated market of the WSE. Therefore, the Bank does not have detailed information on all of its shareholders. The Bank only receives information on its significant shareholders if these shareholders comply with the notification requirements prescribed by Polish law.

The table below sets out information on the shareholding structure of the Bank as at the date of this Base Prospectus, based on the most recent notifications made to the Bank:

	Number of shares	Per cent. of voting rights at the General Shareholders' Meeting
Commerzbank AG	29,352,897	69.19 per cent.
Other shareholders	13,069,830	30.81 per cent.
Total	42,422,727	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

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. The nominal value of subordinated loans from Commerzbank stands at CHF 250 million.

In addition, in the past the Bank has periodically used funding from Commerzbank. As of 30 September 2022 and 31 December 2021, the total outstanding indebtedness of the Group to the Commerzbank Group, excluding subordinated debt, was the equivalent of PLN 1.5 billion and PLN 2.1 billion respectively.

A technical co-operation 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 co-operation in many areas e.g., co-operation 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 co-operation concerns are especially on 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.

The Bank also participates in the Commerzbank Group multi-year planning system.

The Group

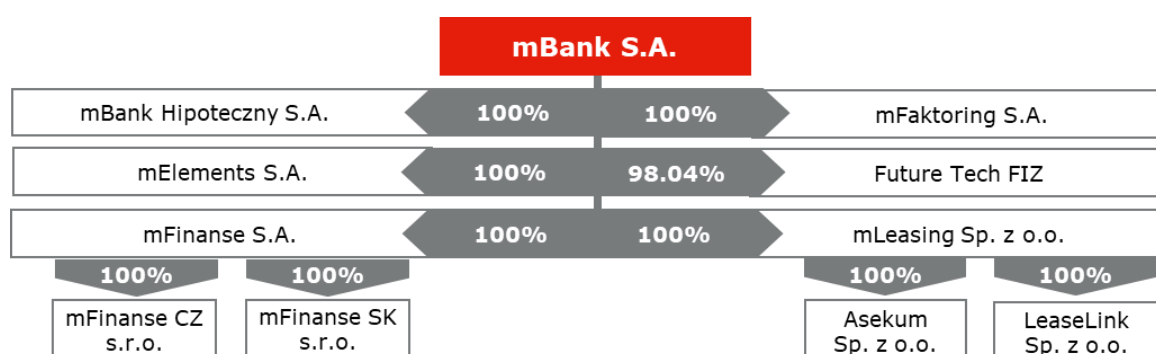
General Information

The Group comprises entities controlled by the Bank and which, in respect of the Bank, are of the following nature:

- strategic: shares and equity interests in companies supporting particular business segments of mBank S.A. (Corporate & Investment Banking, Retail Banking segment, Treasury 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;
- 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 (consolidated)



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 2021 and Q1-Q3 2022 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.

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.

At the end of September 2022, the fund's portfolio was composed of seven companies:

- CyberRescue – a company which helps and supports customers in the event of cyber-crimes like hacking or identity theft with an all-round step-by-step service to limit and repair the damage inflicted;
- Digital Teammates – a company which develops solutions that enable robotisation of software processes in business operations via the RPA – Robotic Process Automation technology;
- Digital Operations – a company providing outsourcing services, including banking, accounting, insurance and customer service processes, using the latest technologies (RPA- Robotic Process Automation technology, chatbots, remote communication tools);
- ChatForce – AI-powered platform, allowing automatic exchange of information with customers from mobile communication platforms;
- Samito – a company offering marketing automation tools for online shops that aim to personalise their offers to clients;
- HCM Deck – a technological HR platform, which supports HR departments in managing, automating and analysing processes related to employee development in larger organizations; and
- Drobna Ratka (Mercury Financial) – a fully digital lender, which aims to increase the affordability of the insurance market by providing quick and seamless instalment financing of MTPL (motor third party liability insurance) products.

On 30 May 2022, Future Tech sold all shares of Digital Fingerprints – a company offering a cyber-security solution based on passive biometrics. Digital Fingerprints was founded in July 2017 as mAccelerator's first investment. In co-operation with the Bank, the company developed an authentication technology for digital banking end-users.

mBank Hipoteczny

Principal information

Name and legal form:	mBank Hipoteczny S.A. (joint-stock company)
Registered office and address:	ul. Prosta 18, 00-850 Warsaw, Poland
Share capital:	PLN 336,000,000
Core activities:	providing stable, long-term and affordable funding for loans backed by real estate through issuance of covered bonds both on domestic and foreign capital markets based on loan portfolios built in close co-operation with mBank: <ul style="list-style-type: none">- residential mortgage loans for individual clients, and- loans refinancing commercial real estate and loans to residential real estate developers.

mElements

Principal information

Name and legal form:	mElements S.A. (joint-stock company)
Registered office and address:	ul. Prosta 18, 00-850, Warsaw, Poland
Share capital:	PLN 14,500,000
Core activities:	developing IT solutions, including API solutions, online and mobile payments as well as services dedicated to online sellers, including the Paynow payment integrator; the company can operate as a National Payment Institution.

mFaktoring

Principal information

Name and legal form:	mFaktoring S.A. (joint-stock company)
Registered office and address:	ul. Prosta 18, 00-850 Warsaw, Poland
Share capital:	PLN 11,505,000
Core activities:	factoring services for domestic, export and import transactions: providing clients with financing of current activity, professional management of receivables, accepting the risk of insolvency, maintenance of settlement accounts of creditors and effective enforcement of receivables.

mFinanse

Principal information

Name and legal form:	mFinanse S.A. (joint-stock company)
Registered office and address:	ul. Jana Kilińskiego 74, 90-119 Łódź, Poland
Share capital:	PLN 115,245,000
Core activities:	a distribution agent and financial adviser for financial products and services, sales of the Bank's and third-party financial products, including current accounts, mortgage loans, cash loans, insurance products, investment products and leasing.

Since the beginning of 2022, the Group started to consolidate two subsidiaries fully owned by mFinanse S.A.

mFinanse CZ

Principal information

Name and legal form:	mFinanse CZ s.r.o (limited liability company)
Registered office and address:	Pernerova 691/42, Karlín, 186 00 Praha, Czech Republic
Core activities:	financial intermediation in the sale of banking products distributed by mBank's branches in the Czech Republic.

mFinanse SK s.r.o.

Principal information

Name and legal form: mFinanse SK s.r.o (limited liability company)
Registered office and address: Pribinova 10, 811 09 Bratislava, Slovakia
Core activities: financial intermediation in the sale of banking products distributed by mBank's branches in Slovakia.

mLeasing

Principal information

Name and legal form: mLeasing Sp z o.o. (limited liability company)
Registered office and address: ul. Prosta 18, 00-850 Warsaw, Poland
Share capital: PLN 6,121,500
Core activities: leasing of vehicles of up to 3.5 tonnes, heavy transport vehicles, machines and devices, including medical ones, car fleet management, complex services of financing commercial and office facilities, hotels and warehouses.

The consolidated financial statements of the Bank cover two fully owned subsidiaries of mLeasing Sp. z o.o.

Asekum

Principal information:

Name and legal form: Asekum Sp z o.o. (limited liability company)
Registered office and address: ul. Prosta 18, 00-850 Warsaw, Poland
Core activities: insurance services related to leased assets.

LeaseLink

Principal information:

Name and legal form: LeaseLink. Sp. z o.o.
Registered office and address: ul. Grochowska 306, loc. 308, 03-840 Warsaw, Poland
Core activities: leasing in e-commerce: financing the purchases of entrepreneurs made in e-stores and stationary outlets; LeaseLink's dedicated application allows leasing payment services (Pay By Link).

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, must 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 Management Board Members and Managing 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 and it requires approval from the Supervisory 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

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	66	President of the Management Board and the Bank's Director General	1 October 2010	mBank's AGM in 2023
Andreas Böger	49	Vice-President of the Management Board and Chief Financial Officer	1 July 2017	mBank's AGM in 2023
Krzysztof Dąbrowski	47	Vice-President of the Management Board and Head of Operations and Information Technology	1 April 2017	mBank's AGM in 2023
Cezary Kocik	51	Vice-President of the Management Board and Head of Retail Banking	1 April 2012	mBank's AGM in 2023
Marek Lusztyn	45	Vice-President of the Management Board and Chief Risk Officer	22 October 2020	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>
Adam Pers	46	Vice-President of the Management Board and 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, 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 a member of the board of the Institute of International Finance in Washington 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.

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 and 2013, Mr Böger worked in Deutsche Bank in Frankfurt. In 2007 to 2013, he was a managing director of Global Capital Markets and co-head of 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 headed the Corporate Finance division within Group Development & Strategy of Commerzbank. His responsibilities included strategic balance sheet and capital management for Commerzbank Group and various further tasks concerning financial and regulatory bank steering.

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 and 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. In 2021, Krzysztof Dąbrowski was named the Most Inspirational European Digital Leader of the Year 2021.

He was appointed Vice-President of the Management Board, Head of Operations and IT as of 1 April 2017.

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 and in 2018 Strategic Management in Banking course in INSEAD. 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 several 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.

Marek Lusztyn

Marek Lusztyn holds a Doctorate in Economics from the Warsaw School of Economics, an Executive MBA of the University of Illinois at Urbana-Champaign and the University of Warsaw, is an alumnus of INSEAD and he also holds a bachelor's degree in Computer Science Engineering. He also completed numerous courses in the field of banking and management, among others at the Singularity University and the Stanford Graduate School of Business. He started his professional career at the Bank Handlowy w Warszawie S.A., where from 1996 to 2000 he worked in the Treasury and Foreign Exchange Departments. For the next 20 years he worked at the Bank Pekao S.A., which from 1999 until 2017 belonged to Unicredit Group. During 2000 to 2008 he was the head of market risk trading book and then Financial Risk Department Director. For the following almost 10 years he held senior executive positions within the international structures of UniCredit SpA, where he was responsible for the global risk management functions. From July 2017 until June 2020 he assumed roles in the Management Board of the Bank Pekao S.A., where he held positions of Chief Risk Officer and Chief Executive Officer.

He was a member of the board of the Warsaw School of Economics from September 2019 to the end of 2020. In 2014, he was named the Future Leader in Global Finance by the Institute of International Finance, Washington, DC. He is an author of numerous academic publications in the field of banking and risk management, and for a number of years lecturer in the subjects of his expertise.

On 22 October 2020, Mr Lusztyn was appointed Vice President of the Management Board, and on 3 March 2021 he was approved by the KNF as the Chief Risk Officer.

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., and then worked in Raiffeisen Bank Polska S.A. Group for many years, at first in the 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. 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 sales. Then, as a managing director, he supervised the integration of the financial markets 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.

Business Address

The business address of all members of the Management Board is: ul. Prosta 18, 00-850 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	mBox Sp. z o.o.*	Chairman of the Supervisory Board	Yes
		Member of the Supervisory Board	Yes
	mServices Sp. z o.o.*	Chairman of the Supervisory Board	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
		Chairman of the Supervisory Board	Yes
	mLeasing Sp. z o.o.*	Member of the Supervisory Board	Yes
	BDH Development Sp. z o.o.**	Chairman of the Supervisory Board	No
	BDH Development Sp. z o.o.**	Member of the Supervisory Board	No
Krzysztof Dąbrowski	mBox Sp z o.o.	Member of the Supervisory Board	Yes
		Member of the Supervisory Board	Yes
	mCentrum Operacji Sp. z o.o.**	Chairman of the Supervisory Board	No
Cezary Kocik	mFinanse S.A.*	Chairman of the Supervisory Board	No
		Member of the Supervisory Board	No

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
	mBox Sp. z o.o.*	Deputy Chairman of the Supervisory Board	Yes
	Krajowa Izba Rozliczeniowa S.A.	Member of the Supervisory Board	Yes
	mBank Hipoteczny S.A.*	Chairman of the Supervisory Board	No
		Member of the Supervisory Board	No
	mLeasing S.A.*	Deputy Chairman of the Supervisory Board	No
	mTowarzystwo Funduszy Inwestycyjnych S.A.*	Deputy Chairman of the Supervisory Board	Yes
Marek Lusztyn	mBank Hipoteczny S.A.*	Deputy-Chairman of the Supervisory Board	Yes
	mLeasing S.A.*	Member of the Supervisory Board	Yes
	mTowarzystwo Funduszy Inwestycyjnych S.A.*	Chairman of the Supervisory Board	Yes
	System Ochrony Banków Komercyjnych S.A.	Member of the Supervisory Board	Yes
	Związek Banków Polskich	Member of the Union Council	No
	Szkoła Główna Handlowa w Warszawie (Warsaw School of Economics)	Member of the University Council	No
	Pekao Bank Hipoteczny S.A.	Member of the Supervisory Board	No
	Pekao Investment Banking S.A.	Member of the Supervisory Board	No
	Pekao Leasing Sp. z o.o.	Member of the Supervisory Board	No
Adam Pers	mLeasing Sp. z o.o.*	Chairman of the Supervisory Board	Yes
	mFaktoring S.A.*	Chairman 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>
	mInvestment Banking S.A.*	Chairman of the Supervisory Board	Yes

* Indicates mBank subsidiaries, ** indicates 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 must 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) above.

The Supervisory Board elects the Chairman and Deputy Chairmen from among its members.

A member of the Supervisory Board, whose term expired during 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) exercising supervision over introduction and assurance of functioning of adequate and effective system of risk management and system of internal control; (b) approving the proposals of the Management Board concerning the Bank's essential organisational structure; (c) approving the Bank's annual financial plans and multi-annual development plans; (d) examining all motions and matters subject to resolutions of the General Shareholders' Meeting; (e) issuing or approving rules provided for in the Articles of Association; (f) defining management contracts and setting remuneration for members of the Management Board; (g) 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; (h) approving conclusion or amendment of each significant agreement or arrangement with the members of the Management Board or the Supervisory Board; (i) approving conclusion, amendment or termination of any significant affiliation agreements or co-operation treaties; (j) receiving information on expected deviations from the annual budget; (k) issuing general guidelines for the Management Board regarding the level and structure of remuneration for senior management of the Bank; (l) approving the policy on variable items of remuneration of the persons holding managerial positions at the Bank; (m) 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 of 31 December of the preceding year. Opinions of the Supervisory Board are not required with regards to derivative transactions where risk is limited through collateral posting, however, the Supervisory Board will be informed of such transactions); (n) approving changes at the position of a person managing the Internal Audit Department and the Compliance Department; (o) approving of entering by the Bank into material transaction with an associated entity, to the extent as required by commonly binding provisions of law, applicable to public companies; and (p) preparing of annual report on remuneration of members of the Management Board and the Supervisory Board, to the extent as required by commonly binding provisions of law, applicable to public companies.

The Supervisory Board passes resolutions if at least half of its members are present, and if 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 of 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; (c) recommending candidates to the Management Board and Supervisory Board based on the criteria for suitability of the Management Board and Supervisory Board as a whole and of individual Management Board and Supervisory Board members designated under the Suitability Policy of mBank, as well as on the diversity criteria for the composition of the Management Board and Supervisory Board; (d) defining the scope of duties for a candidate for the Management Board and Supervisory Board and requirements for knowledge and expertise, as well as assessing the expected time commitment necessary to perform the function; (e) effectuating periodic evaluation of a structure, size, composition and effectiveness of activities of the Management Board and recommending changes with this respect to the Supervisory Board; and (f) effectuating periodic evaluation of knowledge, competence and experience of the Management Board as a whole and each of its members, as well as informing the Management Board about the results of this evaluation.
- The Audit Committee, whose authority includes, among others, the following: (a) formulating and presenting recommendations regarding election of entity entitled to audit the financial statements of the Bank by the General Shareholders' Meeting; (b) recommending approval or rejection of financial statements by the Supervisory Board; (c) monitoring the financial reporting process, effectiveness of internal control and risk management systems, as well as internal audit and financial audit activities; (d) recommending to the Supervisory Board acceptance or refusal of acceptance for appointment and dismissal of a person managing the Internal Audit Department and the Compliance Department; (e) preparing policies and procedures regarding election of entity entitled to audit financial statements of the Bank, as well as providing by this entity of permitted non-audit service; (f) providing the Supervisory Board with an opinion regarding annual evaluation of adequacy and effectiveness of the control function, Compliance Department and Internal Audit Department; (g) recommending approval or disapproval to the Supervisory Board of the Bank's principles of capital adequacy disclosure; and (h) 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 shall include at least three members, however, at least one member of the Audit Committee shall have knowledge and skills in accounting or audits of financial statements. Majority of members of the Audit Committee, including its Chairman, shall be Independent Supervisory Board Members.
- The Risk Committee, whose authority includes, among others, the following: (a) exercising regular supervision of credit risks, liquidity risks and nonfinancial risks, including operational risk, 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 IT Committee, whose authority includes, among others, the following: (a) performing ongoing supervision over the Bank's activities in the field of IT and IT security in the periods between meetings of the Supervisory Board; (b) analysing the Bank's periodic reports presented to the Supervisory Board in the field of IT and IT security; (c) presenting to the Supervisory Board conclusions from the review of the Bank's periodic reports in the field of IT and IT security; (d) recommending the Supervisory Board to approve or reject the Bank's IT and cybersecurity strategies, as well as changes to them; (e) monitoring the implementation of the IT Strategic Road Map and the introduction of IT strategic initiatives; and (f) monitoring the effectiveness of the IT operational risk management system, IT security and internal IT governance.

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: Professor Agnieszka Słomka-Gołębiowska (Chairwoman), Dr Marcus Chromik and Dr Bettina Orlopp;
- The Audit Committee is composed of: Tomasz Bieske (Chairman), Dr Armin Barthel and Aleksandra Gren;
- The Risk Committee is composed of: Dr Marcus Chromik (Chairman), Mirosław Godlewski, Dr Bettina Orlopp and Professor Agnieszka Słomka-Gołębiowska;
- The Remuneration Committee is composed of: Dr Bettina Orlopp (Chairwoman), Tomasz Bieske, Dr Marcus Chromik and Mirosław Godlewski; and
- The IT Committee is composed of: Aleksandra Gren (Chairwoman), Dr Marcus Chromik and Mirosław Godlewski.

Members 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.

Name	Age	Position	Date on which the current term began	Expiration of the term of office
Agnieszka Słomka-Gołębiowska	46	Chairwoman of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Bettina Orlopp	52	Deputy Chairwoman of the Supervisory Board	27 March 2020	On the date of the AGM in 2023

Name	Age	Position	Date on which the current term began	Expiration of the term of office
Armin Barthel	49	Member of the Supervisory Board	25 October 2021	On the date of the AGM in 2023
Tomasz Bieske	67	Member of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Marcus Chromik	49	Member of the Supervisory Board	27 March 2020	On the date of the AGM in 2023
Mirosław Godlewski	55	Member of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Aleksandra Gren	50	Member of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Arno Walter	55	Member of the Supervisory Board	25 March 2021	Resignation as of 30 March 2023

Source: The Bank.

The mandates of the 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. Arno Walter, due to his resignation, will cease to perform his function in the Bank's Supervisory Board as of 30 March 2023.

Qualifications and professional experience

Agnieszka Słomka-Golębiowska

Chairwoman of the Supervisory Board of the Bank (independent member)

Agnieszka Słomka-Golębiowska is a Professor at the Department of International Comparative Studies at the Warsaw School of Economics. She holds PhD in Economics and MSc. in Finance and Banking from the Warsaw School of Economics, as well as completing an MBA from the French Institute of Management and MA in International Business at the Copenhagen Business School. She has participated in numerous Executive Education courses, including in the IESE / Harvard Business School Program 'Value Creation through Effective Boards'. In 2000 to 2002 she worked at Arthur Andersen. In 2006, she was appointed Director of the Privatisation Department of the Industrial Development Agency, responsible for corporate governance and privatisation.

Agnieszka Słomka-Golębiowska possess 15 years of extensive experience on the boards of large international publicly listed and private companies, including active participation in audit, risk, remuneration and nomination committees as well as IT and security.

She has received prestigious awards over the years, including the Alexander von Humboldt Fellowship and Polish-American Fulbright Fellowship at the University of California, Berkeley (Haas), where she co-operated with prof. Oliver Williamson – Nobel Prize winner in economics. She was a visiting scholar at universities in Cambridge (MIT), Tucson (UOA), Munster, Copenhagen (CBS), Birmingham (BBS), Berlin

(HSoG), Genoa (UoG – Law School), Florence (UnFI) and Vienna (WU). Since 2005, she has been a member of the Polish Institute of Directors, a founding member of the board of experts of the Forum of Supervisory Boards established in co-operation with PricewaterhouseCoopers and the Polish Association of Listed Companies (SEG) and co-operates with the Institute of Accounting and Taxes. In 2019, she received the Corporate Governance Personality Award. She is a global ambassador of the Bank of America and Vital Voices Partnership Program on women entrepreneurship and empowerment.

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Bettina Orlopp

Deputy Chairwoman of the Supervisory Board of the Bank

Bettina Orlopp graduated from the University of Regensburg with Diploma in business and administration (finance and production). She completed a Ph.D. at the University of Regensburg.

Bettina Orlopp is Member of the Board of Managing Directors of Commerzbank AG. As of 1 March 2020, she was appointed as Chief Financial Officer at Commerzbank AG responsible for the Group-wide Finance, Treasury, Tax as well as Investor Relations functions. She became Deputy Chairwoman of the Board of Managing Directors with effect from 17 June 2021.

In 2014, Mrs. Orlopp started at Commerzbank AG as a Divisional Board Member for Group Development & Strategy, focus of work: Strategy, M&A, Corporate Finance (strategic balance sheet and capital management), Corporate Investments, Central Eastern Europe (CEE) Head office, CommerzVentures (Corporate ventures unit). In 2016, she was appointed Executive Board Member, responsible for Compliance, HR and Legal. She became a Member of the Board of Managing Directors by end of 2017, being responsible for the same divisions. Before joining Commerzbank, she had worked for McKinsey since 1995 (since 2002 as partner).

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Armin Barthel

Member of the Supervisory Board of the Bank

Since April 2016, Armin Barthel has been holding the positions of the Chief Compliance Officer (CCO) and Anti-Money Laundering Officer of Commerzbank AG Group. He is responsible for all compliance units of Commerzbank Group, including the compliance units in the foreign branches and subsidiaries of Commerzbank.

After graduating in law in Marburg and the United Kingdom, passing the bar exam and receiving a PhD in law in Hamburg, Dr Armin Barthel began his career in 2003 in the Frankfurt branch of the Hengeler Mueller law firm.

In 2005, he joined the legal department of Commerzbank AG in Frankfurt, where he held various positions. From 2012 he worked as the General Counsel and the Head of Legal for North America in the New York branch of Commerzbank.

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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 1988, he moved to the Arthur Andersen office in Frankfurt, and a year later he co-founded Arthur Andersen in Poland and became the Head of Financial Markets Group. He was responsible for working with clients in the financial sector, auditing the financial statements of leading banks in Poland, transactions of sale of bank irregular loan portfolios and valuation of private banks' shares. In 2001, he was appointed Partner and Director of the Financial Markets Group, the Audit and Business Advisory at Ernst & Young. He worked for Ernst & Young until 30 June 2013.

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, such as: development of the concept of privatising of the WSE; preparation of an operational change plan at the Ministry of Finance; and the merger of four state-owned banks at Pekao S.A., prior to its privatisation.

Since 2011, he has been participating in the work of the committee for legal and business regulatory changes of the co-operative banking sector, closely co-operating with the Polish Bank Association (Związek Banków Polskich) and the National Association of Co-operative Banks (Krajowy Związek Banków Spółdzielczych). Tomasz Bieske has a licence of a Polish statutory auditor. In 2019, he completed Oxford Fintech Programme. From 2019 he has been a member of the Association of Independent Supervisory Board Members.

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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. Then 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.

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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.

Mr. Godlewski is Senior Adviser at BCG, Chairman of Supervisory Board at Eubioco Sp z o. o. and so called "Angel Investor" & Partner with Hedgehog Fund. Mr Godlewski was a Member of the Supervisory Board of Netia S.A., Celon Pharma S.A., Absolvent.pl and ABC Data S.A, where he was also 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 – Poland Sp. z o.o., DEC Sp. z o.o. and MEMRB Polska.

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Aleksandra Gren

Member of the Supervisory Board of the Bank (independent member)

Aleksandra Gren graduated from Harvard Business School (Negotiations), London School of Economics (European Policy and Politics) and University of British Columbia (International Relations).

Ms Gren is a FinServ technology executive with more than 22 years of professional experience in banking technology and banking. She started her career at the Royal Bank of Canada in Vancouver and has since worked for US-based fintech companies in the US, Middle East and Europe.

For over 15 years she has been holding managerial positions as a board member or adviser. She has a proven track record of valuable, successful partnerships and transformation initiatives in the banking sector. Ms Gren was recognised by London-based Banking Technology Awards and PayTech Leadership Awards in Top 10 women in tech in 2016 and 2018.

She was named Global Ambassador and Mentor by Bank of America GAP Global Leadership Development and Mentoring Program for emerging entrepreneurs in the US in March 2019.

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Arno Walter

Member of the Supervisory Board of the Bank

Arno Walter has been the Head of Wealth Management & Small Business Clients at Commerzbank AG since 1 January 2020 and is also responsible for the integration of Comdirect Bank into Commerzbank. In addition, he holds the position of Deputy Chairman of the Supervisory Board of Commerz Direktservice GmbH. From 2015 onwards he was CEO of Comdirect Bank AG, where he was responsible for Corporate Development & Strategy, Corporate Communications, Treasury & Business Partners as well as Audit.

After completing his apprenticeship as a banker at Dresdner Bank AG, Mr. Walter studied Business Administration at the Goethe University Frankfurt am Main until 1995 (Diploma for business administration). After further stints in retail banking at Dresdner Bank, in 2000 he moved to Deutsche Börse Group. In 2002, as Head of Division to Commerzbank, where he held management positions in various areas. Until his move to Comdirect Bank AG, Mr. Walter was responsible for the branch-based Retail, Private and Business Banking in the South-West Germany region and was a Divisional Board Member in the Private Customers segment.

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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.

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
Agnieszka Słomka-Gołębiowska	Budimex S.A.	Member of the Supervisory Board	No
	Ghelamco Invest	Member of the Supervisory Board, Chairwoman of Audit Committee	Yes
	UN World Food Programme	Member of the Audit Committee	Yes
	Grupa Pracuj S.A.	Member of the Supervisory Board, Chairwoman of Audit Committee	Yes
	Fundacja Polski Instytut Myśli Gospodarczej	Member of the Foundation Council	No
Bettina Orlopp	Trans EU SA	Member of the Supervisory Board	No
	Commerzbank AG	Member of the Board of Managing Directors	Yes
	EIS Einlagensicherungsbank GmbH, Berlin	Chairwoman of the Advisory Board	Yes
	CommerzVentures GmbH Frankfurt am Main	Chairwoman of the Board of Directors	Yes
	Commerz Real AG, Wiesbaden	Member of the Supervisory Board	No
	Frankfurter Wertpapierbörse, Frankfurt am Main	Member of the Exchange Council	Yes
	EUREX Deutschland, Frankfurt am Main	Member of the Exchange Council	Yes
Armin Barthel	Commerz Services Holding GmbH, Frankfurt am Main	Member of the Advisory Board	Yes
	Commerzbank AG	Divisional Board Member Group Compliance	Yes
Tomasz Bieske	KRUK S.A.	Member of the Supervisory Board	No
	PCM S.A.	Member of the Supervisory Board	No

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Altus TFI S.A.	Member of the Supervisory Board	No
Marcus Chromik	Commerzbank AG	Member of the Board of Managing Directors	Yes
	Commerz Real AG, Wiesbaden	Deputy Chairman of the Supervisory Board and member of the Präsidialausschuss and the Anlage- und Risikoausschuss (sub-committees)	Yes
	Commerz Real Investmentgesellschaft mbH, Wiesbaden	Deputy Chairman of the Supervisory Board and member of the Anlageausschuss and the Aufsichtsratspräsidium (sub-committees)	Yes
	Verlagsbeteiligungs und Verwaltungsgesellschaft mit beschränkter Haftung, Frankfurt am Main	Member of the Advisory Board	Yes
Mirosław Godlewski	Eubioco S.A.	Member of the Supervisory Board	Yes
	Absolvent.pl Sp. z o.o.	Member of the Supervisory Board	No
	ONDE S.A.	Member of the Supervisory Board	Yes
	Nikalab Sp. z o.o.	Member of the Supervisory Board	Yes
	Netia S.A.	General Director of the Management Board	No
	Celon Pharma S.A.	Member of the Supervisory Board	No
	Apteki Gemini	Executive Chairman	No
Aleksandra Gren	Fiserv Polska Sp. z o.o	Member of the Management Board	No
	Fundacja Głosy Kobiet	Member of the Foundation Council	Yes
	Fundacja Leopoldy Wild	Member of the Management Board	Yes
Arno Walter	Commerzbank AG	Divisional Board Member Wealth Management & Business Customers and Divisional Board Member Marketing & Digital Banking (acting)	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	EURO Kartensysteme GmbH, Frankfurt am Main	Member of the Supervisory Board	Yes
	Commerz Direktservice GmbH, Duisburg	Deputy Chairman of the Supervisory Board and Deputy Chairman of the Aufsichtsratsausschuss	No
	NEUGELB STUDIOS GmbH, Berlin	Member of the Board of Directors	Yes
	Baden-Württembergische Wertpapierbörse zu Stuttgart AöR, Stuttgart	Member of the Exchange Council	No
	Comdirect Versicherungsmakler AG, Quickborn	Chairman of the Supervisory Board	No
	European Bank for Financial Services GmbH (ebase), Aschheim	Chairman of the Supervisory Board	No
	Main Incubator GmbH, Frankfurt am Main	Member of the Board of Directors	No
	OnVista Aktiengesellschaft, Frankfurt am Main	Chairman of the Supervisory Board	No

Source: The Bank

Other information on members of the Management and Supervisory Boards

No Management Board or Supervisory Board member has any actual or potential conflict of interest between his/her duties to the Bank and his/her private interests and other duties.

TAXATION

GENERAL

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Notes, or in other jurisdictions in which the holder of Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

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 should not be understood as tax advice. It is based on 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, sale, redemption or transfer without consideration of the Notes. The information provided below does not cover the 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.

For the purpose of this Section:

"Affiliated Entities" means:

- (a) entities of which one entity Exercises a Significant Influence on at least one other entity; or
- (b) entities on which a Significant Influence is Exercised by:
 - (i) the same other entity; or
 - (ii) the spouse or a relative by consanguinity or affinity up to the second degree of a natural person exercising a significant influence on at least one entity; or
- (c) a partnership without legal personality and its partners (partner); or
- (d) limited partnerships and limited joint-stock partnership with their registered office or management in the territory of the Republic of Poland and its general partner; or
- (e) specific general partnerships with their registered office or management in the territory of the Republic of Poland and its partner; or
- (f) a taxable person and their foreign establishment, and in the case of a tax capital group - a company being its part and its foreign establishment.

(each of being a manifestation of an existence of an **Affiliation**)

"Exercising a Significant Influence" means:

- (a) holding directly or indirectly at least 25 per cent. of:
 - (i) shares in the capital; or
 - (ii) voting rights in the supervisory, decision-making or managing bodies; or
 - (iii) shares in or rights to participate in the profits, losses or the property or their expectative, including participation units and investment certificates; or
- (b) the actual ability of a natural person to influence key economic decisions taken by a legal person or an organisational unit without legal personality, or
- (c) being the spouse or a relative by consanguinity or by affinity up to the second degree.

2. **Notes admitted to public trading under specific conditions**

Tax exemption for non-residents

Under Art. 17.1.50c of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**"), tax-free income is income earned by a CIT taxpayer subject to limited tax liability (ie. non-residents) in Poland in respect of interest or a discount on securities:

- (i) having a maturity of at least one year;
- (ii) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties,

unless the taxpayer is an Affiliated Entity of the Issuer of such securities, and holds, directly or indirectly, together with other affiliates within the meaning of those regulations, more than 10 per cent. of the nominal value of those securities.

Exclusion from withholding

Regardless whether payment is made to tax exempt or non-exempt investor, under Art. 26.1aa-1ac of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the securities (such as Notes) meeting the above requirements, provided that the Issuer submits to the tax authority competent for the taxpayer a declaration that it has acted with due diligence in informing Affiliated Entities, about the exemption conditions applying to those Affiliated Entities. The declaration is made once in relation to a given issue of securities, not later than the date of the payment of interest or discount on the securities.

Analogous provisions apply to personal income tax (Art. 21.1.130c and Art. 41.24-26 of the Personal Income Tax Act dated 26 July 1991 (the "**PIT Act**")).

It must be noted, that with respect to interest payments made from and including 1 January 2023, a tax remitter, in order to be able to apply the abovementioned exemption, will no longer be required to file a statement to the tax office.

If the abovementioned criteria are not met and the interest (discount) payments are not eligible for of the special exemption described in this section, following rules of taxation described below will apply.

3. **Taxation of a Polish tax resident individual**

Under Art. 3.1 of the PIT Act, natural persons, if residing in the Republic of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Art. 3.1a of the PIT Act, a Polish tax resident individual is a natural person who (i) has their centre of personal or business interests located in Poland or (ii) stays in Poland for longer than 183 days in a year, unless any relevant tax treaty dictates otherwise.

(a) Withholding Tax on Interest Income

According to Article 30a.7 of the PIT Act, interest income, including discount, derived by a Polish tax resident individual does not cumulate with general income subject to the progressive tax rate but under Art. 30a.1.2 of the PIT Act is subject to 19 per cent. flat rate tax.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19 per cent. tax upon any interest payment.

Under Art. 41.4d of the PIT Act, the entities operating securities accounts for individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in Poland and is connected with securities registered in said accounts, and the interest payment to the individual (the taxpayer) is made through those entities; this principle also applies to remitters who are payers of corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a foreign establishment in Poland and the securities account is linked to that establishment's operations.

There are no regulations defining in which cases income earned (revenue) by a Polish tax resident should be considered income (revenue) earned in Poland. However, we can expect those cases to be analogous to those of non-residents. Pursuant to Art. 3.2b of the PIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

- (i) work performed in the Republic of Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship irrespective of the place where remuneration is paid;
- (ii) activity performed in person in the Republic of Poland irrespective of the place where remuneration is paid;
- (iii) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (iv) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from disposal of any rights to such property;
- (v) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- (vi) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without legal personality, participation in an investment fund, a collective investment undertaking, or other legal entity and rights of similar character or from receivables being a consequence of holding those shares, rights and obligations participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking

or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;

- (vii) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the PIT Act);
- (viii) the receivables settled, including receivables put at disposal, 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 concluding and performing the agreement; and
- (ix) unrealised gains as referred to in the exit tax regulations.

The above list is not exhaustive; therefore, the tax authorities may also consider that income (revenues) not listed above is sourced in Poland.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident individual from the Notes is considered to be income sourced in Poland and whether the entity operating the securities account for the individual will withhold the tax. Since the Issuer is a Polish entity, as a rule, interest from the Notes should be considered as earned in the territory of Poland.

According to Article 45.3b and Art. 45.1 of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Separate, specific rules apply to interest income on securities held in Polish omnibus accounts (within the meaning of the provisions of the Act on Trading in Financial Instruments, hereinafter "**Omnibus Accounts**"). Under Art. 41.10 of the PIT Act, insofar as securities registered in Omnibus Accounts are concerned, the entities operating Omnibus Accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the Omnibus Account holder. This rule also applies to remitters who are payers of corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a foreign establishment and the securities account is linked to that establishment's operations.

Additionally, under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities (including the Notes referred to herein) registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter (under Art. 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes referred to herein) in the annual tax return if the Notes were registered in Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

(b) Income from Notes other than interest

Income other than interest, including income from transfer of Notes against a consideration, derived by a Polish tax resident individual from financial instruments, such as the Notes, held as non-business assets, qualify as capital income according to Article

17 of the PIT Act. Such income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax.

Under Art. 30b.2. of the PIT Act the income from disposal of securities is calculated as the difference between the sum of revenues from a transfer of securities against a consideration and tax deductible costs, calculated on the basis of the relevant provisions of the PIT Act under Art. 30b.2. of the PIT Act. Based on Art. 17.2 and Art. 19.1 of the PIT Act, if the price expressed in the contract without a valid reason significantly deviates from the market value, the amount of income is determined by the tax authority or fiscal control authority in the amount of the market value.

The taxpayer itself is obliged to settle the tax on the transfer of securities (including the Notes) against a consideration. Taxpayers should prepare their annual tax return by the end of April of the year following the tax year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

Furthermore, capital gains are subject to 4 per cent. solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and settled by the individuals themselves.

(c) Notes held as business assets

Income from the Notes, such as income from a transfer of Notes against a consideration (but not interest income), should be treated as income from business activities and should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 12 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions, should be settled by the individuals themselves.

Furthermore, business income is subject to 4 per cent. solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and settled by the individuals themselves.

4. **Taxation of a Polish tax resident corporate income taxpayer**

Under Art. 3.1 of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**") the entire income of taxpayers who have their registered office or management in Poland is subject to tax obligation in Poland, irrespective of where the income is earned.

According to Art. 3.1a of the CIT Act, a taxpayer has a place of management in the territory of the Republic of Poland, inter alia, when the current affairs of this taxpayer are conducted in an organized and continuous manner on the territory of the Republic of Poland, based in particular on:

- (a) an agreement, decision, court ruling or other act regulating the establishment or functioning of the taxpayer; or
- (b) powers of attorney; or
- (c) Affiliations.

Income (revenue) from the Notes, both on account of interest/discount and other income, including transfer of securities against a consideration, earned by a Polish tax resident corporate income taxpayer whose entire income is subject to tax liability in Poland, is subject to income tax following the same general principles as those which apply to any other income received from business activity within the same source of income. As a rule, for Polish income tax purposes, interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. Income from a transfer of securities against a consideration is in principle their value expressed in the price specified in the contract. According to Art. 14 of the CIT Act, if the price expressed in the contract, without a valid reason, significantly deviates from the market value, the revenue amount is determined by the tax authority in the amount of the market value. In the case of income from the transfer of securities against a consideration, tax deductible costs are generally recognized when the corresponding revenue has been achieved. The taxpayer itself (without the

remitter's participation) settles income tax on interest/discount and on the transfer of securities against a consideration, which is settled along with other income from the taxpayer's business activity within the same source of income.

Regarding the proper source of revenue, in principle, the income (revenue) from the Notes, including their transfer against a consideration, is combined with revenues from capital gains (Art. 7b.1 of the CIT Act). In the case of insurers, banks and some other entities (financial institutions), this revenue is included in revenues other than revenues from capital gains (Art. 7b (2) of the CIT Act).

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. 19 per cent.

Although, in principle, no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, under specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, for income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such tax is withheld for a Polish tax resident corporate income taxpayer, to receive a refund of such tax, the entity should contact its tax advisor.

Any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than the tax calculated in accordance with the applicable domestic tax rate, can be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

5. **Notes held by a non-Polish tax resident (natural person or corporation)**

Under Art. 3.2a of the PIT Act, natural persons, if they do not reside in Poland, are liable to pay tax only on income (revenue) earned in Poland (limited obligation to pay tax).

Under Art. 3.2 of the CIT Act, in the case of taxpayers who do not have their registered office or management in Poland, only the income they earn in Poland is subject to tax obligation in Poland.

Non-Polish residents are subject to Polish income tax only with respect to their income earned in Poland. Under Art. 3.3 of the CIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

- (a) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (b) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;
- (c) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- (d) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without legal personality, participation in an investment fund or a collective investment undertaking, or other legal entity and rights of similar character or from receivables being a consequence of holding those shares, rights and obligations participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;
- (e) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the CIT Act);

- (f) the receivables settled, including receivables put at disposal, 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 concluding or performing the agreement; and
- (g) unrealised gains referred to in the exit tax chapter.

Similar provisions are included in Art. 3.2b of the PIT Act.

It should be noted that the list of incomes (revenues) gained in Poland, as provided in Art. 3.3. of the CIT Act and Art. 3.2b of the PIT Act is not exhaustive, therefore, other income (revenues) may also be considered as earned in Poland.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident from the Notes is considered to be income sourced in Poland. However, since the Issuer is a Polish entity, income from the Notes is likely be considered as earned in Poland and Polish withholding tax should apply.

General rules for Polish withholding taxation

If income from the Notes is considered as sourced in Poland, the following applies:

In the case of taxpayers subject to limited tax liability in Poland, the interest (discount) on the Notes earned in the Polish territory is taxed as a general rule at a flat rate of 20 per cent. in the case of corporate income tax payers (Art. 21.1.1 of the CIT Act) or 19 per cent. in the case of natural persons (Art. 30a.1.2 of the PIT Act). Under Art. 26.1 of the CIT Act, interest payers, other than individuals not acting within the scope of their business activity, should withhold this tax and a similar provisions are provided in Art. 41.4 of the PIT Act.

Under Art. 26.2c.1 of the CIT Act, the entities operating securities accounts and Omnibus Accounts for taxpayers, acting as tax remitters, should withhold this interest income if such interest income (revenue) was earned in Poland and is connected with securities registered in said accounts, and the interest payment to the taxpayer is made through said entities. Although it is considered that foreign entities do not act as Polish tax remitters, according to the discussed provision, this obligation applies to non-residents to the extent they operate a permanent establishment in Poland and the account, on which securities are registered, is linked to the activity of this permanent establishment. Similar provisions concerning interest payments to individuals are provided in Art. 41.4d of the PIT Act.

The described rules of taxation may be modified by the relevant provisions of double tax treaties concluded by Poland, based on which a reduced tax rate or income tax exemption may apply to income (revenue) obtained from interest/discount (Art. 21.2 of the CIT Act, Art. 30a.2 of the PIT Act). To benefit from the tax rate or income tax exemption under the tax treaty, the taxpayer should present a valid certificate of its tax residence. As a rule, the tax residence certificate is considered valid for twelve consecutive months from its date of issue. Tax remitters may require additional documentation in order to be able to apply double tax treaty benefits described above, such as the confirmation of the recipient's beneficial owner status towards the interest payments.

Moreover, many tax treaties provide protection only for beneficial owners. Pursuant to Art. 4a.29 of the CIT Act and, respectively, Art. 5a.33d of the PIT Act, beneficial owner means an entity meeting all of the following conditions:

- (a) it receives the amount due for its own benefit, which includes deciding independently about its purpose, and bears the economic risk associated with the loss of that receivable or part of it;
- (b) it is not an intermediary, representative, trustee, or another entity obliged to transfer the receivable in whole or in part to another entity; and
- (c) it conducts real business activity in the country of its registration, if the receivables are obtained in connection with the conducted business activity whereas when assessing

whether the entity conducts real business activity, the nature and scale of such activity in the scope of received receivables are taken into account.

Although the definition of the beneficial owner does not refer to Art. 24a.18 of the CIT Act and Art. 30f. 20 of the PIT Act those are the only places in the income tax legislation where real business activity is defined. Therefore, it cannot be ruled out that factors listed there will be taken into account by the tax authorities in determining beneficial ownership status. Those factors include:

- (a) the business activity carried out by the taxpayer is performed through an existing enterprise that actually performs activities constituting an economic activity; in particular, it possesses premises, qualified personnel and equipment used for performing business activity;
- (b) the taxpayer does not create artificial arrangement without a connection with any business activity;
- (c) the taxpayer's actual premises, its personnel or equipment correspond to the scope of its actual business activity;
- (d) the agreements concluded by the taxpayer are realistic in economic terms, they have economic justification and they are not noticeably contrary to the general business interest of the taxpayer;
- (e) the taxpayer carries out its business functions independently, using its own resources, including managers who are present in the country of taxpayer's tax residency. The majority of double tax treaties concluded by Poland provide for an exemption from income tax on capital gains, including income from the sale of securities obtained in Poland by a tax resident of a given country.

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. Also, in cases where Polish withholding tax should not apply on interest payable to non-Polish tax residents (natural persons or corporate income taxpayers), under specific rules applicable to interest income on securities held in Omnibus Accounts there is a risk that such tax would be withheld. Under Art. 26.2a of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such tax is withheld for non-Polish tax resident taxpayers, to receive a refund of such tax, the entity should contact its tax advisor.

If a person or an entity subject to limited tax liability in Poland acts through a foreign establishment in Poland to which income is related, as a matter of principle provisions of law should apply that are analogous to taxpayers subject to unlimited tax liability in Poland, with some necessary additional requirements (e.g. the requirement to present the interest payer with a certificate of tax residence along with a declaration that the interest is related to the establishment's activities).

6. **Pay & Refund regime**

In addition to the rules set out above, the following regime applies.

Corporate income tax

Under Art. 26.2e of the CIT Act, if the total amount paid out between Affiliated Entities on account of the items listed in Art. 21.1 of the CIT Act (including interest / discount on securities) and Art. 22.1 of the CIT Act to the same taxpayer exceeds Polish Zloty 2,000,000 in the tax year of the payer, payers are, as a general rule, required to withhold, on the day of payment, a flat-rate income

tax at the basic rate (20 per cent. in the case of interest/discount on securities) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (hereinafter the "**Pay & Refund**").

Under Art. 26.2i and 26.2j of the CIT Act, if the payer's tax year is longer or shorter than 12 months, the amount to which the Pay & Refund applies is calculated by multiplying 1/12 of Polish Zloty 2,000,000 and the number of months that have begun in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer's tax year, the Pay & Refund shall apply accordingly to the payer's current financial year and, in its absence, with respect to the payer's other period with features specific to the financial year, no longer however than 23 consecutive months.

Based on Art. 26.2ca of the CIT Act, the entities making payments through securities accounts or Omnibus Accounts are obliged to provide the entities maintaining these accounts, at least 7 days before the payment is made, with information about the existence of Affiliations between them and the taxpayer and about exceeding the amount of PLN 2,000,000. Entities providing this information are required to update it before making the payment in the event of a change in the circumstances covered by the information.

Under Art. 26.2k of the CIT Act, if the payment was made in a foreign currency, to determine whether the amount to which the Pay & Refund applies was exceeded, the amounts paid are converted into Polish Zloty at the average exchange rate published by the National Bank of Poland on the last business day preceding the payment day.

Under Art. 26.2l of the CIT Act, if it is not possible to determine the amount paid to the same taxpayer, it is presumed that it exceeded the amount from which the & Refund applies.

Pursuant to the Regulation of the Minister of Finance dated 31 December 2018 regarding the exclusion or limited application of Art. 26.2e of the CIT Act (the "Regulation"), in respect of securities held on securities accounts or Omnibus Accounts, until 31 December 2022 the application of the Pay & Refund regime is excluded to interest payable to taxpayers having their registered office or management outside the territory of the Republic of Poland.

Furthermore, there are certain exemptions from the Pay & Refund regime that require the tax remitter to undertake certain actions.

In the case of withholding tax being a result of the Pay & Refund, if double tax treaties or special regulations provide for a tax exemption or reduced tax rate, the taxpayer or tax remitter (if the tax remitter has paid tax with its own funds and has borne the economic burden of such tax, e.g. as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations. When recognizing that the refund is justified, the tax authorities shall carry it out within six months.

Pay & Refund does not apply in the case of the special exemption applicable to Notes meeting certain conditions referred to in the section entitled "Specific exemption for Notes meeting special conditions" above.

Personal income tax

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous Pay & Refund mechanism, while the Regulation of the Minister of Finance of 31 December 2018 regarding the exclusion or limited application of Art. 41.12 of the PIT Act is the equivalent of the Regulation.

7. Withholding taxation of certain payments made to tax havens

Based on Art. 26.1m of the CIT Act, if a tax remitter makes a payment on account of certain capital profits (eg. revenues from financial instruments, including interest and capital gains) to a corporate entity with its registered seat or effective place of management in a tax haven, such tax remitter is obliged to withhold tax at 19% rate calculated from the amount being paid out.

The list of the tax havens is included in the Regulation of the Minister of Finance from 28 March 2019 on identifying the countries and territories applying harmful tax competition for corporate taxation purposes.

Tax remitter's liability

8. Under Article 30 paragraph 1 of the Act of 29 August 1997 – Tax Ordinance (the "**Tax Ordinance**"), a tax remitter that has not performed its obligation to calculate and withhold tax from a taxpayer, or to 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 of the Tax Ordinance, the provisions on the tax remitter's liability do not apply if separate provisions provide otherwise, or if the tax has not been withheld through the taxpayer's fault (save for particular cases set out in Article 30 paragraph 5a of the Tax Ordinance).

9. **Civil Law Activities Tax**

Neither an issue of Notes nor the 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 concluded 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 concluded. If an exchange agreement is concluded, the CLAT is payable jointly and severally by both parties to the agreement. However, if any 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.

10. **European Union Directives on Administrative Co-operation 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 co-operation 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 2004/48/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.

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 November 2022, 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 "*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

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.

The United States of America

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 the preceding sentence have the meaning given to them by Regulation S.

Notes in bearer form 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 United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, (the "**Code**") and regulations thereunder. The applicable terms of the Notes will identify whether the TEFRA D or TEFRA C apply or whether TEFRA is not applicable.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, and as described below, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time, or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Series, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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 the preceding sentence have the meaning given to them by Regulation S.

In addition, until forty days after the commencement of the offering of Notes comprising any Series, any offer or sale of Notes of such Series within the United States by a Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each purchaser of Notes sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S), and (b) it is not an affiliate of the Bank or a person acting on behalf of such an affiliate.

- (ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 905 of Regulation S, in accordance with any applicable securities laws of any State of the United States.
- (iii) It understands that such Notes, unless otherwise determined by the Bank in accordance with applicable law, will bear a legend in or substantially in the following form:

"THIS INSTRUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT."
- (iv) It understands that the Bank, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. Furthermore, each Series of Notes will also be subject to such further United States selling restrictions as the Bank and the relevant Dealer or Dealers may agree and as indicated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

Prohibition of sales to EEA Retail Investors

Unless the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes specified the "Prohibition of sales to EEA Retail Investors" 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 this Base Prospectus as completed by the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the European Economic Area (the "**EEA**"). For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**");
- (b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Regulation.

Public Offer Selling Restriction Under the Prospectus Regulation

If the applicable Final Terms (or applicable Pricing Supplement, in the case of the Exempt Notes) in respect of any Notes specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member state of the EEA ("**Member State**"), 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 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 (or applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any 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 for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes specified the "Prohibition of sales to UK Retail Investors" 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 this Base Prospectus as completed by the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA");
- (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or
- (c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

Public Offer Selling Restriction Under the UK Prospectus Regulation

If the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes specify "Prohibition of Sales to UK Retail Investors" 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 made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offeror; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes 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.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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
- (b) *General compliance*: 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.

France

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as referred to in Article L.411-2 1° of the French *Code monétaire et financier* and defined in Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Base Prospectus, any Final Terms (or Pricing Supplements, in the case of Exempt Notes) or any other offering material relating to the Notes.

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 and will not be registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each Dealer has represented, warranted, acknowledged and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and 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 the 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 2001 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 derivatives 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)(c)(ii) 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 Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except pursuant to and in accordance with an exemption from the prospectus requirements of the FinSA. No application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

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 per cent. 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 per cent. of the nominal amount of the Notes (the "**Obligation**"). The Obligation applies to Notes issued under the Programme. 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 2 November 2022.

Approval, 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 (other than Exempt 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 November 2022.

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 Q3 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements;
- (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 (or 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).

For at least ten years from the date of this Base Prospectus, a copy of any document containing the information incorporated by reference in this Base Prospectus can be obtained from the Issuer's website at <https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/issue-programs.html>. For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the Bank's website does not form part of this Base Prospectus.

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 the applicable Pricing Supplement, in the case of Exempt Notes). If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

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 S.A., 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 or Reset Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes). 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/Material Adverse Change

There has been no material adverse change in the prospects of the Issuer and its subsidiaries, taken as a whole, since 31 December 2021. There has been no significant change in the financial position or financial performance of the Issuer and its subsidiaries, taken as a whole, since 30 September 2022.

Litigation

There are not and have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

Auditors

The financial statements of the Issuer from 2018 to 2021 have been audited by Ernst & Young Audyt Polska (spółka z ograniczoną odpowiedzialnością sp. k. as the Issuer's external auditor and unqualified opinions have been reported thereon. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. is registered on the list of audit firms maintained by the Polish Audit Oversight Agency under the number 130.

On 31 March 2022 KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. was appointed as the external auditor of the Group in respect of the financial statements for the years 2022 - 2023. KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is registered on the list of audit firms maintained by the Polish Audit Oversight Agency under the number 3546.

The auditor's reports in respect of the 2021 Consolidated Financial Statements and the 2020 Consolidated Financial Statements (each as incorporated by reference herein) are incorporated herein in the form and context in which they appear.

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.

Validity of the Base Prospectus

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

ISSUER

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Austria

HSBC Continental Europe

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France

J.P. Morgan SE

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Germany

UBS Europe SE

Bockenheimer Landstraße 2-4
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Germany

UniCredit Bank AG

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Deutsche Bank Aktiengesellschaft

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60325 Frankfurt am Main
Germany

LISTING AGENT

Deutsche Bank Luxembourg S.A.

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From 31 March 2022:

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