

31. Debt securities in issue

As at 31 December 2017

Debt securities in issue by category	Nominal value	Contractual interest rate	Guarantee/collateral	Redemption date	Carrying value
Short-term issues	2 270 220				2 160 720
Bonds (in PLN)	10 000	2.03%	no collateral	05-01-2018	9 998
Bonds (in PLN)	15 000	2.13%	no collateral	05-01-2018	14 995
Bonds (in PLN)	20 000	2.01%	no collateral	08-01-2018	20 267
Bonds (in PLN)	20 000	2.26%	no collateral	10-01-2018	19 988
Bonds (in PLN)	30 000	2.13%	no collateral	10-01-2018	29 982
Bonds (in PLN)	10 000	2.09%	no collateral	11-01-2018	10 625
Bonds (in PLN)	20 000	2.00%	no collateral	11-01-2018	19 988
Bonds (in PLN)	10 000	2.26%	no collateral	12-01-2018	9 993
Bonds (in PLN)	20 000	2.15%	no collateral	12-01-2018	19 986
Bonds (in PLN)	20 000	2.15%	no collateral	12-01-2018	19 986
Bonds (in PLN)	15 000	2.13%	no collateral	16-01-2018	14 986
Bonds (in PLN)	12 000	2.13%	no collateral	26-01-2018	11 982
Bonds (in PLN)	20 000	2.13%	no collateral	26-01-2018	20 017
Bonds (in PLN)	15 000	2.26%	no collateral	05-02-2018	14 966
Bonds (in PLN)	20 000	2.10%	no collateral	06-02-2018	19 957
Bonds (in PLN)	20 000	2.03%	no collateral	09-02-2018	19 955
Bonds (in PLN)	20 000	2.13%	no collateral	09-02-2018	19 953
Bonds (in PLN)	20 000	2.13%	no collateral	09-02-2018	19 953
Bonds (in PLN)	20 000	2.13%	no collateral	13-02-2018	19 948
Mortgage bonds (in EUR)	31 282	0.529%	mortgage bond register	15-02-2018	31 339
Bonds (in PLN)	10 000	2.13%	no collateral	16-02-2018	9 972
Bonds (in PLN)	20 000	2.10%	no collateral	16-02-2018	19 945
Bonds (in PLN)	20 000	2.09%	no collateral	16-02-2018	19 946
Bonds (in PLN)	20 000	2.09%	no collateral	19-02-2018	19 942
Bonds (in PLN)	50 000	2.09%	no collateral	02-03-2018	49 824
Bonds (in PLN)	30 000	2.26%	no collateral	05-03-2018	29 880
Bonds (in PLN)	10 000	2.13%	no collateral	05-03-2018	9 962
Bonds (in PLN)	32 000	2.26%	no collateral	08-03-2018	31 865
Bonds (in PLN)	20 000	2.02%	no collateral	19-03-2018	19 912
Bonds (in PLN)	18 000	2.12%	no collateral	20-03-2018	17 917
Bonds (in PLN)	40 000	2.02%	no collateral	21-03-2018	39 819
Bonds (in PLN)	50 000	2.12%	no collateral	21-03-2018	49 766
Bonds (in PLN)	20 000	2.12%	no collateral	22-03-2018	19 905
Bonds (in PLN)	9 200	2.02%	no collateral	28-03-2018	9 155
Bonds (in PLN)	20 000	2.11%	no collateral	27-04-2018	19 862
Bonds (in PLN)	25 000	2.11%	no collateral	17-05-2018	24 798
Bonds (in PLN)	20 000	2.21%	no collateral	07-06-2018	19 808
Bonds (in PLN)	50 000	2.11%	no collateral	13-06-2018	49 516
Bonds (in PLN)	10 000	2.11%	no collateral	13-06-2018	9 903
Mortgage bonds (in PLN)	200 000	3.50%	mortgage bond register	15-06-2018	200 259
Bonds (in PLN)	10 000	2.21%	no collateral	21-06-2018	9 895
Bonds (in PLN)	20 000	2.30%	no collateral	04-09-2018	19 685
Bonds (in CHF)	823 913	2.50%	guarantee	08-10-2018	716 247
Mortgage bonds (in EUR)	208 545	0.801%	mortgage bond register	22-10-2018	208 768
Mortgage bonds (in EUR)	83 418	1.115%	mortgage bond register	22-10-2018	83 503
Bonds (in CZK)	81 862	2.32%	guarantee	06-12-2018	81 802

Long-term issues	12 584 085				12 162 132
Bonds (in PLN)	20 000	3.26%	no collateral	16-01-2019	20 289
Bonds (in PLN)	60 000	3.18%	no collateral	21-01-2019	60 347
Bonds (in EUR)	2 212 000	2.375%	guarantee	01-04-2019	2 118 706
Mortgage bonds (in PLN)	80 000	2.81%	mortgage bond register	21-06-2019	79 999
Mortgage bonds (in EUR)	208 545	0.541%	mortgage bond register	15-10-2019	208 566
Mortgage bonds (in PLN)	47 900	2.91%	mortgage bond register	28-04-2020	48 767
Mortgage bonds (in PLN)	100 000	2.91%	mortgage bond register	28-04-2020	101 824
Mortgage bonds (in EUR)	208 545	2.91%	mortgage bond register	24-06-2020	208 248
Mortgage bonds (in EUR)	125 127	2.75%	mortgage bond register	28-07-2020	125 615
Mortgage bonds (in PLN)	465 200	2.83%	mortgage bond register	10-09-2020	464 924
Bonds (in EUR)	2 212 000	1.398%	guarantee	26-09-2020	2 089 634
Mortgage bonds (in PLN)	300 000	2.93%	mortgage bond register	05-03-2021	300 076
Mortgage bonds (in EUR)	208 545	0.541%	mortgage bond register	21-06-2021	208 147
Mortgage bonds (in PLN)	255 000	2.87%	mortgage bond register	20-09-2021	254 668
Bonds (in EUR)	2 212 000	2.00%	guarantee	26-11-2021	2 079 370
Mortgage bonds (in EUR)	83 418	1.135%	mortgage bond register	25-02-2022	83 663
Mortgage bonds (in PLN)	200 000	2.59%	mortgage bond register	28-04-2022	200 369
Mortgage bonds (in EUR)	291 963	0.612%	mortgage bond register	22-06-2022	291 246
Mortgage bonds (in PLN)	283 200	2.74%	mortgage bond register	28-07-2022	285 704
Mortgage bonds (in PLN)	500 000	2.48%	mortgage bond register	10-09-2022	499 315
Mortgage bonds (in PLN)	196 000	2.74%	mortgage bond register	20-02-2023	197 326
Bonds (in CHF)	795 455	1.005%	guarantee	28-03-2023	716 059
Mortgage bonds (in PLN)	739 900	2.54%	mortgage bond register	15-09-2023	737 406
Mortgage bonds (in PLN)	250 000	2.68%	mortgage bond register	16-10-2023	250 533
Mortgage bonds (in EUR)	103 855	0.94%	mortgage bond register	01-02-2024	104 470
Mortgage bonds (in EUR)	45 880	1.285%	mortgage bond register	24-04-2025	45 988
Mortgage bonds (in EUR)	54 222	1.18%	mortgage bond register	20-09-2026	54 179
Mortgage bonds (in EUR)	145 982	1.183%	mortgage bond register	20-09-2026	145 920
Mortgage bonds (in EUR)	33 367	3.50%	mortgage bond register	28-02-2029	33 773
Mortgage bonds (in EUR)	62 564	3.50%	mortgage bond register	15-03-2029	63 363
Mortgage bonds (in EUR)	83 418	3.50%	mortgage bond register	30-05-2029	83 638
Debt securities in issue (carrying value in PLN '000)					14 322 852

As at 31 December 2016

Debt securities in issue by category	Nominal value	Contractual interest rate	Guarantee/collateral	Redemption date	Carrying value
Short-term issues	1 102 190				1 101 802
Bonds (in PLN)	86 000	2.09%	no collateral	02-01-2017	85 995
Bonds (in PLN)	100 000	2.10%	no collateral	04-01-2017	99 982
Bonds (in PLN)	50 000	1.94%	no collateral	05-01-2017	49 987
Bonds (in PLN)	25 000	1.93%	no collateral	09-01-2017	24 988
Bonds (in PLN)	10 000	2.12%	no collateral	10-01-2017	9 995
Bonds (in PLN)	10 000	2.12%	no collateral	11-01-2017	9 995
Bonds (in PLN)	25 000	1.92%	no collateral	12-01-2017	24 984
Bonds (in PLN)	18 000	1.92%	no collateral	16-01-2017	17 985
Bonds (in PLN)	20 000	1.96%	no collateral	17-01-2017	19 981
Bonds (in PLN)	10 000	2.12%	no collateral	20-01-2017	9 988
Bonds (in PLN)	18 000	2.01%	no collateral	30-01-2017	17 970
Bonds (in PLN)	15 000	2.12%	no collateral	03-02-2017	14 970
Bonds (in PLN)	12 000	2.12%	no collateral	09-02-2017	11 972
Bonds (in PLN)	30 000	2.01%	no collateral	09-02-2017	29 933
Bonds (in PLN)	17 000	2.13%	no collateral	16-02-2017	16 953
Bonds (in PLN)	10 000	2.04%	no collateral	17-02-2017	9 973
Bonds (in PLN)	70 000	2.04%	no collateral	21-02-2017	69 795
Bonds (in PLN)	11 000	2.09%	no collateral	21-02-2017	10 967
Bonds (in PLN)	3 600	2.10%	no collateral	21-02-2017	3 589
Bonds (in PLN)	37 200	2.13%	no collateral	02-03-2017	36 951
Bonds (in PLN)	15 000	2.13%	no collateral	13-03-2017	14 936
Bonds (in PLN)	22 000	2.13%	no collateral	21-03-2017	21 896
Bonds (in PLN)	30 000	2.13%	no collateral	24-03-2017	29 853
Bonds (in PLN)	20 000	2.15%	no collateral	04-04-2017	19 888
Bonds (in PLN)	39 900	2.20%	no collateral	20-04-2017	39 606
Mortgage bonds (in PLN)	200 000	3.09%	mortgage bond register	20-04-2017	201 188
Mortgage bonds (in PLN)	153 250	2.79%	mortgage bond register	16-06-2017	153 104
Mortgage bonds (in EUR)	44 240	1.696%	mortgage bond register	19-10-2017	44 378

Long-term issues	11 522 883				11 558 587
Mortgage bonds (in EUR)	33 180	0.611%	mortgage bond register	15-02-2018	33 202
Mortgage bonds (in PLN)	108 900	3.50%	mortgage bond register	15-06-2018	107 954
Bonds (in CHF)	823 913	2.50%	guarantee	08-10-2018	826 810
Mortgage bonds (in EUR)	221 200	0.817%	mortgage bond register	22-10-2018	221 338
Mortgage bonds (in EUR)	88 480	1.115%	mortgage bond register	22-10-2018	88 459
Bonds (in CZK)	81 862	2.320%	guarantee	06-12-2018	81 994
Bonds (in PLN)	12 000	3.24%	no collateral	16-01-2019	12 030
Bonds (in PLN)	50 000	3.17%	no collateral	21-01-2019	50 055
Bonds (in EUR)	2 212 000	2.375%	guarantee	01-04-2019	2 243 819
Mortgage bonds (in PLN)	80 000	2.81%	mortgage bond register	21-06-2019	80 015
Mortgage bonds (in EUR)	221 200	0.559%	mortgage bond register	15-10-2019	221 138
Mortgage bonds (in PLN)	47 900	2.91%	mortgage bond register	28-04-2020	48 737
Mortgage bonds (in PLN)	100 000	2.91%	mortgage bond register	28-04-2020	101 698
Mortgage bonds (in EUR)	221 200	0.373%	mortgage bond register	24-06-2020	220 904
Mortgage bonds (in EUR)	132 720	2.75%	mortgage bond register	28-07-2020	132 936
Mortgage bonds (in PLN)	415 200	2.83%	mortgage bond register	10-09-2020	415 014
Bonds (in EUR)	2 212 000	1.398%	guarantee	26-09-2020	2 215 056
Mortgage bonds (in PLN)	300 000	2.93%	mortgage bond register	05-03-2021	300 040
Mortgage bonds (in EUR)	221 200	0.556%	mortgage bond register	21-06-2021	220 776
Mortgage bonds (in PLN)	255 000	2.88%	mortgage bond register	20-09-2021	254 664
Bonds (in EUR)	2 212 000	2.00%	guarantee	26-11-2021	2 202 780
Mortgage bonds (in EUR)	88 480	1.135%	mortgage bond register	25-02-2022	88 701
Mortgage bonds (in PLN)	200 000	2.58%	mortgage bond register	28-04-2022	200 391
Mortgage bonds (in PLN)	283 200	2.72%	mortgage bond register	28-07-2022	285 582
Mortgage bonds (in PLN)	200 000	2.72%	mortgage bond register	20-02-2023	201 224
Mortgage bonds (in PLN)	250 000	2.67%	mortgage bond register	16-10-2023	250 506
Mortgage bonds (in EUR)	48 664	1.285%	mortgage bond register	24-04-2025	48 781
Mortgage bonds (in EUR)	57 512	1.18%	mortgage bond register	20-09-2026	57 450
Mortgage bonds (in EUR)	154 840	1.183%	mortgage bond register	20-09-2026	154 819
Mortgage bonds (in EUR)	35 392	3.50%	mortgage bond register	28-02-2029	35 816
Mortgage bonds (in EUR)	66 360	3.50%	mortgage bond register	15-03-2029	67 198
Mortgage bonds (in EUR)	88 480	3.20%	mortgage bond register	30-05-2029	88 700
Debt securities in issue (carrying value in PLN '000)					12 660 389

The Group did not note any violations of contractual terms related to liabilities in respect of issued debt securities.

Issues in 2017

- In 2017, mBank Hipoteczny S.A. (mBH) issued long-term mortgage bonds with a nominal value of PLN 1 500 000 thousand, and the nominal value of EUR 124 900 thousand (equivalent to PLN 520 945 thousand according to the average exchange rate of the National Bank of Poland as at 31 December 2017). Moreover, the company has issued the short-term bonds with a nominal value of PLN 2 773 700 thousand.
- On 14 March 2017, the company mFinance France S.A. (mFF) issued Eurobonds with a nominal value of CHF 200 000 thousand (PLN 807 320 thousand at the average exchange rate of the National Bank of Poland as at 14 March 2017) maturing on 28 March 2023. On the basis of an agreement dated 14 March 2017, the funds from the issue in the amount of CHF 199 275 thousand (PLN 804 393 thousand at the average exchange rate of the National Bank of Poland as at 14 March 2017) were placed by mFF in mBank as a security deposit used to back the guarantee issued by mBank to secure all amounts that may be payable in respect of debt securities issued under the Issue Eurobonds Programme.

Issues in 2016

- In 2016, mBank Hipoteczny S.A. (mBH) issued long-term mortgage bonds with a nominal value of PLN 850 000 thousand, and the nominal value of EUR 168 000 thousand (equivalent to PLN 743 232 thousand according to the average exchange rate of the National Bank of Poland as at 31 December 2016). In addition, the company has issued the long-term bonds with a nominal value of PLN 768 000 thousand.

- On 21 September 2016, the company mFinance France S.A. (mFF) issued Eurobonds with a nominal value of EUR 500 000 thousand (PLN 2 151 700 thousand at the average exchange rate of the National Bank of Poland as at 21 September 2016) maturing on 26 September 2020. On the basis of an agreement dated 21 September 2016, the funds from the issue in the amount of EUR 498 750 thousand (PLN 2 146 321 thousand at the average exchange rate of the National Bank of Poland as at 21 September 2016) were placed by mFF in mBank as a security deposit used to back the guarantee issued by mBank to secure all amounts that may be payable in respect of debt securities issued under the Issue Eurobonds Programme.

Movements in debt securities in issue

	31.12.2017	31.12.2016
As at the beginning of the period	12 660 389	8 946 195
Additions (issue)	5 597 924	7 859 557
Disposals (redemption)	(3 483 381)	(4 226 595)
Exchange differences	(683 234)	266 976
Other changes	231 154	(185 744)
Debt securities in issue as at the end of the period	14 322 852	12 660 389

In 2017, mBH redeemed mortgage bonds in the amount of PLN 300 000 thousand issued respectively: PLN 200 million in the year 2012 and PLN 100 million in the year 2011.

In 2017, mBH redeemed mortgage bonds in the amount of EUR 10 000 thousand issued in the year 2012.

Moreover, the company redeemed the short term bonds issued in 2017 with a nominal value of PLN 3 041 000 thousand.

In 2016, mBH redeemed mortgage bonds in the amount of EUR 450 000 thousand issued in 2011 and 2012 in the amounts: PLN 200 000 thousand and PLN 250 000 thousand respectively. Moreover, the company redeemed the short term bonds issued in 2016 with a nominal value of PLN 3 127 700 thousand.

According to the Act on mortgage bonds and mortgage banks, the Bank can refinance loans secured by a mortgage and acquired liabilities of other banks resulting from mortgage-secured loans granted with means obtained from issuance of covered bonds; the refinancing in respect of a single loan or single liability cannot exceed the amount equivalent to 60% of the mortgage lending value of the real property, and in the case of residential real property - 80% of the mortgage lending value.

The Bank is required to maintain, separately for mortgage covered bonds and public sector mortgage bonds, a surplus created from the funds forming the Substitute collateral, equal to or higher than the aggregate nominal value of interest on the outstanding mortgage covered bonds or public sector mortgage bonds, as applicable, due over the next 6 months (hereinafter referred to as the "Surplus"). Such surplus funds may not serve as a basis for issuing mortgage bonds.

The sum of nominal amounts of the mBank Hipoteczny claims:

- from loans secured with a mortgage and the Substitute collateral, entered in the register of collaterals of mortgage bonds, constituting the basis for issuing mortgage covered bonds, cannot be lower than 110% of the total amount of nominal values of the outstanding mortgage covered bonds, and the sum of nominal amounts of claims of the Bank secured by mortgages, constituting the basis for issuing mortgage covered bonds, cannot be lower than 85% of the total amount of nominal values;
- of the outstanding mortgage covered bonds, in respect of loans granted to local self-government entities or loans secured by local self-government sureties and substitute collaterals entered in the register of collaterals of mortgage bonds, constituting the basis for issuing public mortgage bonds, cannot be lower than 110% of the total amount of nominal values of the public mortgage bonds currently in trading, and the sum of nominal amounts of liabilities of the Bank in respect of loans granted to local self-government entities or loans secured by local self-government sureties, constituting the basis for issuing public mortgage bonds, cannot be lower than 85% of the total amount.

The tables below show data related to the issuance of mortgage bonds as of 31 December 2017 and as of 31 December 2016.

	31.12.2017	31.12.2016	
	Mortgage bond register	Mortgage bond register	Public bond register
1. Nominal value of covered bonds listed on the market	6 438 802	5 267 828	-
2. The nominal value of receivables entered in the collateral register of covered bonds underlying the issue of covered bonds (value on not matured capital)	8 591 745	7 297 062	322 753
3. Cash in Bank, as a treasury bonds, entered in the collateral register of covered bonds additionally underlying the issue of covered bonds (Substitute collateral)	106 620	33 465	-
4. Level of collateral the covered bonds by receivables (2/1)	133.44%	138.52%	-
5. Total covered bonds collateral level (2+3) / 1	135.09%	139.16%	-
6. The value of receivables as collateral issue of mortgage covered bonds to the part which not exceeding 60% of the mortgage lending value of real estate for commercial real estate	3 355 035	3 394 475	-
7. The value of receivables as collateral issue of mortgage covered bonds to the part which not exceeding 80% of the mortgage lending value of real estate for residential property	4 385 960	2 988 910	-

Permissible value of Substitute collateral	31.12.2017	31.12.2016
	Mortgage bond register	Mortgage bond register
1. Cash invested in treasury bonds	180 000	90 000
2. Interests from covered bonds on the market which will be paid in the next 6 months (Surplus)	73 380	56 535
3. Permissible value of Substitute collateral (1-2)	106 620	33 465

Transactions regarding Bank's bonds included in subordinated liabilities have been described under Note 32 below.