THIRD SUPPLEMENT DATED 2nd December 2016 TO THE BASE PROSPECTUS DATED 23 MARCH 2016

mFINANCE FRANCE S.A.

(*incorporated as a société anonyme in the Republic of France*)

€3,000,000,000
Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by
mBank S.A.

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

This supplement (the **Supplement**) constitutes a third supplement to the Base Prospectus dated 23 March 2016 (the **Base Prospectus**) and must be read in conjunction with the Base Prospectus as supplemented by a first prospectus supplement dated 9 May 2016 (the **First Supplement**) and by a second prospectus supplement dated 1 September 2016 (the **Second Supplement,** together with the Base Prospectus and the First Supplement, **the Prospectus**) prepared by mFinance France S.A. (the **Issuer**) and mBank S.A. (the **Guarantor**) with respect to this €3,000,000,000 Euro Medium Term Note Programme (the **Programme**). All capitalised terms used but not defined herein shall have the meaning ascribed to such term in the Base Prospectus.

Each of the Issuer and the Guarantor accepts responsibility for the information contained or incorporated by reference in this Supplement. To the best of the knowledge of each of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import. This Supplement has been prepared according to Article 13 of Chapter I of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses, as amended (the **Prospectus Act**). This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the **CSSF)** of the Grand Duchy of Luxembourg in its capacity as competent authority (the **Competent Authority**) under the Prospectus Act for the purposes of the Prospectus Directive.

Purpose of the Supplement

The purpose of this Supplement is to: (a) incorporate by reference the Guarantor's unaudited IFRS Condensed Consolidated Financial Statements for nine-month period ended 30 September 2016 (the **mBank S.A. Group third quarter 2016 Financial Statements**) and the Issuer's unaudited financial results for the six month period ended 30 June 2016 and the auditor's review report thereon (the **Issuer's Semi-Annual Financial Statements**); (b) update selected financial information in order to include the mBank S.A Group third quarter 2016 Financial Statements and the Issuer's Semi-Annual Financial Statements; (c) to update and extend information on the Group's key financial ratios; (d) to amend information on the Group's strategy; and (e) to amend a "Description of the Group".

Documents incorporated by Reference

The Guarantor published the mBank S.A. Group third quarter 2016 Financial Statements on 26 October 2016 and the Issuer published the Issuer's Semi-Annual Financial Statements on 30 August 2016. Copies of the mBank S.A. Group third quarter 2016 Financial Statements and the Issuer's Semi-Annual Financial Statements have been filed with the CSSF and, by virtue of this Supplement, are hereby incorporated by reference in, and form part of, the Base Prospectus, including the following pages in particular.

Cross Reference List for the mBank S.A. Group third quarter 2016 Financial Statements:

Sections	**Pages**
Selected financial data	Page 4
Condensed consolidated income statement	Page 31
Condensed consolidated statement of comprehensive income	Page 32
Condensed consolidated statement of financial position	Page 33
Condensed consolidated statement of changes in equity	Pages 34-35
Condensed consolidated statement of cash flows	Page 36
Explanatory notes to the condensed consolidated financial statements	Pages 43-96
Selected explanatory information	Pages 97-108

Cross Reference List for Issuer's Semi-Annual Financial Statements (which includes a translation of the balance sheet and the income statement from French into the English language):

Sections	**Pages**
Balance sheet	Pages 5-6
Income statement	Pages 7
Notes	Pages 8-23
Statutory auditor's review report	Pages 24-25

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

Copies of the documents incorporated by reference in this Supplement can be obtained on the website of the Guarantor (https://www.mbank.pl/en/investor-relations/financial-results/). The Supplement and the documents incorporated by reference will also be available from the website of the Luxembourg Stock Exchange (http://www.bourse.lu).

General Information

There has been no significant change in the financial or trading position of the Issuer since 30 June 2016 and there has been no significant change in the financial or trading position of the Guarantor and the Group taken as a whole since 30 September 2016. Moreover, there has been no material adverse change in the prospects of the Issuer, the Guarantor and the Group taken as a whole since 31 December 2015.

<u>Summary of the Programme</u>

Summary Section, Element B.19/B.12 - Selected historical key financial information of the Group

The mBank S.A. Group third quarter 2016 Financial Statements update selected financial information on pages 17-19 of the summary of the Base Prospectus under the heading "Selected historical key financial information of the Group" in Element B.19/B.12, which is hereby replaced with the following:

B.19/B.12

Selected historical key financial information of the Group:

Consolidated Income Statements

The table below sets out summary information extracted from the Group's unaudited consolidated income statements for the nine-month period ended 30 September 2016 and for the nine-month period ended 30 September 2015 and from the Group's audited consolidated income statements for each of the two years ended 31 December 2015 and 31 December 2014:

	nine-month period ended 30 September 2016	**For the year ended 31 December 2015**	**nine-month period ended 30 September 2015**	**For the year ended 31 December 2014**
		PLN thousands		
	unaudited	*audited*	*unaudited*	*audited*
Net interest income	2,079,573	2,511,373	1,834,740	2,490,658
Net fee and commission income	655,811	897,176	659,776	901,690
Trading and other income*	515,258	684,774	488,324	546,820
Operating income**	**3,250,642**	**4,093,323**	**2,982,840**	**3,939,168**
Overhead costs and Amortisation	(1,471,358)	(2,050,596)	(1,399,641)	(1,770,565)
Net impairment losses on loans and advances	(325,715)	(421,222)	(318,593)	(515,903)
Operating profit	**1,453,569**	**1,621,505**	**1,264,606**	**1,652,700**
Taxes on bank balance sheet items	(236,137)	(3,650)	(2,717)	-

Profit before income tax	**1,217,432**	**1,617,855**	**1,261,889**	**1,652,700**
Net profit	**929,401**	**1,304,128**	**994,767**	**1,289,310**
Net profit attributable to:				
Owners of mBank S.A.	**926,765**	**1,301,246**	**991,760**	**1,286,668**
Non-controlling interests	2,636	2,882	3,007	2,642

Source: Consolidated Financial Statements

** incl. Dividend income, Net trading income, Gains less losses from investment securities, Investments in subsidiaries and associates, the Share in the profits (losses) of joint ventures and Other operating income less Other operating expenses.*

*** Defined as a sum of Net interest income, Net fee and commission income and Trading and other income*

Consolidated Statements of Financial Position

The table below sets out summary information extracted from the Group's consolidated statements of financial position as at 30 September 2016 and 30 September 2015 as well as at 31 December 2015 and 31 December 2014:

	30 September 2016	31 December 2015	30 September 2015	31 December 2014
	PLN thousands			
	unaudited	*audited*	*unaudited*	*audited*
ASSETS				
Cash and balances with the Central Bank	5,859,485	5,938,133	4,630,886	3,054,549
Loans and advances to banks	2,920,734	1,897,334	2,793,756	3,751,415
Trading securities	4,177,242	557,541	2,561,125	1,163,944
Derivative financial instruments	2,087,395	3,349,328	3,737,662	4,865,517
Loans and advances to customers	81,009,630	78,433,546	79,407,211	74,582,350
Investment securities	31,257,850	30,736,949	30,026,139	27,678,614
Other assets*	2,468,387	2,610,190	2,593,364	2,889,433
Total assets	**129,780,723**	**123,523,021**	**125,750,143**	**117,985,822**
LIABILITIES & EQUITY				
Amounts due to other banks	11,562,896	12,019,331	14,783,138	13,383,829
Derivative financial instruments	1,766,557	3,173,638	3,380,521	4,719,056
Amounts due to customers	85,188,225	81,140,866	78,545,901	72,422,479
Debt securities in issue	12,192,188	8,946,195	11,280,897	10,341,742
Subordinated liabilities	3,851,380	3,827,315	3,785,284	4,127,724
Other liabilities**	2,248,936	2,140,712	2,051,325	1,918,012
Total liabilities	**116,810,182**	**111,248,057**	**113,827,066**	**106,912,842**
Total equity	**12,970,541**	**12,274,964**	**11,923,077**	**11,072,980**
Total liabilities and equity	**129,780,723**	**123,523,021**	**125,750,143**	**117,985,822**

Source: Consolidated Financial Statements

	** includes Hedge accounting adjustments related to fair value of hedged items, Investments in joint ventures, Intangible assets, Tangible assets, Current income tax assets, Deferred income tax assets, Other assets and Non-current assets held for sale* *** includes: Amounts due to the central bank, Hedge accounting adjustments related to fair value of hedged items, Other liabilities, Current income tax liabilities, Deferred income tax liabilities, Provisions and Liabilities held for sale.* ***Statements of no significant or material adverse change*** There has been no significant change in the financial or trading position of the Guarantor and the Group since 30 September 2016 and there has been no material adverse change in the prospects of the Guarantor and the Group since 31 December 2015.

Summary Section, Element B.12 - Selected historical key financial information of the Issuer

The Issuer's Semi-Annual Financial Statements update selected financial information included on page 14 of the summary of the Base Prospectus under the heading "Selected historical key financial information of the Issuer" in the Element B.12, which is hereby replaced with the following:

B.12

Selected historical key financial information of the Issuer:

Income Statements

The table below sets out summary information extracted from the Issuer's income statements for the first half of 2016 (01.01.2016-30.06.2016), for the first half of 2015 (01.01.2015-30.06.2015) as well as for each of the two years ended 31 December 2015 and 31 December 2014:

	H1 2016	**2015**	**H1 2015**	**2014**
	EUR			
	unaudited	audited	unaudited	audited
Sold production	1,416,817	158,703	48,704	150,298
Operating income	1,065,214	(3,104)	1,367	6,644
Financial revenue	14,159,215	39,836,109	21,579,855	29,806,322
Financial expenses	14,157,109	(39,929,675)	(21,712,164)	(29,823,753)
Net income/(loss)	**747,686**	**(96,670)**	**(130,942)**	**(10,787)**

Source: Standalone financial statements of the Issuer for the first half of 2016, for the first half of 2015 and for the years ended 31 December 2015 and 31 December 2014

Balance Sheets

The table below sets out summary information extracted from the Issuer's balance sheets as at 30 June 2016 and 30 June 2015 as well as at 31 December 2015 and 31 December 2014:

	As at			
	30.06.2016	**31.12.2015**	**30.06.2015**	**31.12.2014**
	EUR			
	unaudited	audited	unaudited	audited
Total assets	**1,238,032,820**	**1,236,578,191**	**1,762,405,781**	**1,702,214,265**
Supplier debts & related accounts	31,944	39,645	34,373	36,081
Other bonded debts and loans and debts with credit institutions	1,214,997,140	1,214,117,030	1,732,940,177	1,698,334,133
Debts	**1,215,486,553**	**1,214,162,404**	**1,732,974,798**	**1,698,370,214**

	Shareholder's equity	**1,082,197**	**334,510**	**25,238**	**156,180**
	Provisions for risks and expenses	**109,653**	112,460	151,098	18,184
	Translation adjustment - Liabilities	21,354,418	21,968,816	29,254,647	3,669,687
	Total Liabilities	**1,238,032,820**	**1,236,578,191**	**1,762,405,781**	**1,702,214,265**

Source: Standalone financial statements of the Issuer for the first half of 2016, for the first half of 2015 and for the years ended 31 December 2015 and 31 December 2014

Statements of no significant or material adverse change

There has been no significant change in the financial or trading position of the Issuer since 30 June 2016 and there has been no material adverse change in the prospects of the Issuer since 31 December 2015.

Key Financial Ratios

Key Financial Ratios on page 144 of the Base Prospectus included in the section "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition" shall be deleted in their entirety and replaced by the following wording:

"Key Financial Ratios

The table below presents selected financial ratios for the Group as at the dates and for the periods indicated below.

	As at and for the nine-month period ended 30 September		**As at and for the year ended 31 December**	
	2016	**2015**	**2015**	**2014**
	(per cent.)		*(per cent.)*	
	(unaudited)		*(unaudited)*	
ROE gross[1]	13.4	15.3	14.7	16.9
ROE net[2]	10.2	12.1	11.8	13.1
ROA net[3]	1.0	1.1	1.0	1.1
Cost to income ratio (C/I)[4]	45.3	46.9	50.2	44.9
Net interest margin (NIM)[5]	2.3	2.1	2.1	2.3
Non-performing loans ratio (NPL ratio)[6]	5.9	5.9	5.7	6.4
NPL Coverage ratio[7]	64.4	62.6	64.3	56.8
Cost of risk[8]	0.55	0.55	0.54	0.72
Loan to deposit ratio[9]	95.1	101.1	96.7	103.0

Source: The Bank

[1] *Calculated by dividing profit/(loss) before income tax (annualised) by the average total equity net of the year's results attributable to Owners of mBank S.A. The average total equity is calculated on the basis of the balances as at the end of each month.*

[2] *Calculated by dividing net profit/(loss) attributable to Owners of mBank S.A. (annualised) by the average total equity net of the year's results attributable to Owners of mBank S.A. The average total equity is calculated on the basis of the balances as at the end of each month.*

[3] *Calculated by dividing net profit/(loss) attributable to Owners of mBank S.A. (annualised) by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month.*

[4] *Calculated by dividing overhead costs and amortisation by operating income comprising: net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, investments in subsidiaries and associates, the share in the profits (losses) of joint ventures, other operating income and other operating expenses.*

[5] *Calculated by dividing net interest income by average interest earning assets. Interest earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, trading securities. loans and advances to customers (net) and investment securities. The average interest earning assets are calculated on the basis of the balances as at the end of each month.*

[6] *Calculated by dividing the gross carrying value of loans and advances to customers with recognised impairment by the gross carrying value of loans and advances to customers.*

[7] *Calculated by dividing provisions for receivables with impairment including impairment provisions for exposures analysed according to portfolio approach by the gross carrying value of loans and advances to customers with recognised impairment.*

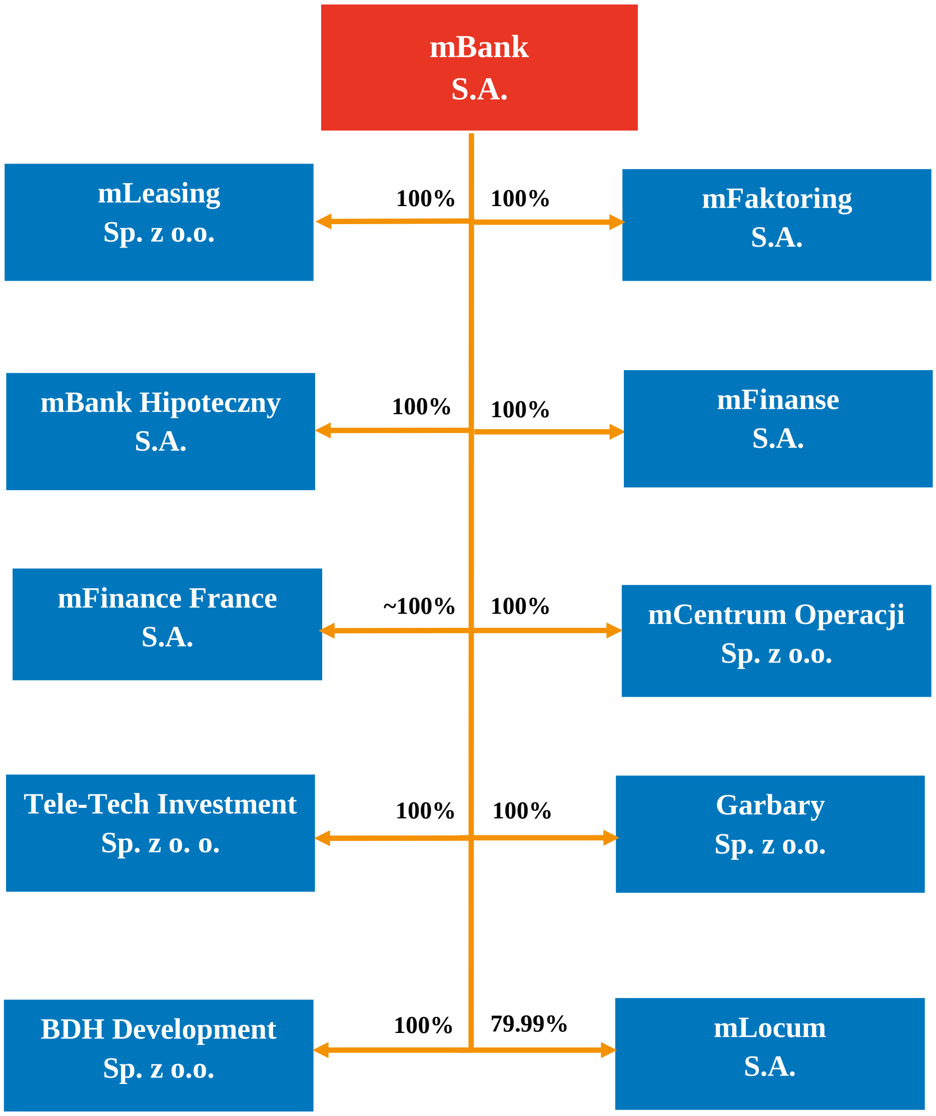
[8] *Calculated by dividing net impairment on loans and advances (annualised)by the average net loans and advances to customers. The average net loans and advances are calculated on the basis of the balances as at the end of each quarter.*

[9] *Calculated by dividing net loans and advances to customers by amounts due to customers."*

Description of the Group

The Bank's subsidiary "Aspiro Spółka Akcyjna" has been renamed to "mFinanse Spółka Akcyjna" and the new name was registered in the National Court Register on 30 September 2016.
As a result of the above change of the company's name, the following amendments are made in the Base Prospectus:

- the diagram which appears on page 13 - element B.5 and page 17 - element B.19/B.5 of the summary of the Base Prospectus under the heading "Description of the Group" and on page 195 of the Base Prospectus under the heading "General Information on the Bank – The Group – the Bank's Material Subsidiaries" is replaced with the following diagram which sets out the position as of 30 September 2016:



- the name ‘Aspiro’ is replaced by ‘mFinanse’ on the following pages of the Base Prospectus: 146, 155, 158, 161, 162, 195, 204 and 205.

<u>Strategy of the Group</u>

In July 2016 the Group published a new strategy for 2016-2020. Therefore a description of the Group’s strategy on pages 151-155 of the Base Prospectus and the description under the heading “Business development foundations for 2016-2020” on page 155 of the Base Prospectus shall be deleted in their entirety and replaced by the following wording:

"Strategy of the mBank Group

Strategy

The Group continues to position itself as an innovative and high quality banking franchise in Poland, which selectively exploits attractive opportunities to grow the business in the retail and corporate segments and continues active balance sheet management with a focus on continuous improvement of the overall profitability of the Group and the generation of attractive returns for shareholders.

The bank has been a champion of organic development of its universal bank business model

mBank currently stands out as a mobile, modern, transactional bank that excels in attracting young and tech-savvy retail clients. On the Corporate and Investment Banking side, mBank is a leader in providing advanced solutions in terms of transactional banking and successfully integrates its traditional lending business with investment banking and specialized services offered by the Group's subsidiaries. In addition, its strategic partnerships with Orange and AXA create potential for broader client reach and product offer breadth in perspective of adverse demographic trends on the market. mBank has a number of compelling strategic advantages, in particular its unique 'future-ready' business model.

The Bank has positioned itself in the Polish market with a strong organically-developed universal bank business model. Being the fourth largest bank in Poland in terms of assets, the Bank is viewed by many recognised banking and innovation experts as a cutting-edge company. Its customer-oriented innovations (internet, mobile banking platform and the "light branch" concept) have been globally recognised. The above advantages put the Bank in a strong position in view of the evolving business environment that all financial institutions are having to face.

The Bank achieved a great majority of its strategic postulates from the previous strategy perspective

Since July 2012, the Group has pursued its "One Bank" Strategy for the period 2012-2016. The Group achieved a great majority of its strategic goals. The structure of balance sheet has been improved in terms of funding diversification, including strengthening of client deposits' role and loan to deposit ratio improvement from 125 per cent. to 95 per cent. Additionally, long-term liquidity has been kept high and the capital position has been organically strengthened. Despite a turbulent environment, which challenged some of the profitability assumptions, the Bank is positioned above the market in terms of profitability, revenue growth and remains one of the best banks in Poland in terms of cost efficiency. At the same time, the Bank kept its focus on internal integration of its business model (including the unification of brands, integration of traditional corporate banking services with investment banking offer, migration of former MultiBank customers to the new mBank platform, consolidation of brokerage business and Private Banking under the umbrella of mBank).

New Strategy emphasise organising the Group businesswise even more around the customer motif

Since June 2016 mBank organises itself according to three critical directions determined in the new strategy of the Group for 2016-2020, called "**mobile Bank**".

mBank's mission is anchored in being more and more pro-active vis-à-vis its clientele

The Group's mission capsulizes the essence of the strategy; it has been defined as: "To help. Not to annoy. To delight... Anywhere." and reflects the emergence of the client and mobility epochs, which are the two most critical factors shaping the business models at financial institutions.

The strategic directions responding to key market trends are threefold: Client, Mobile, Efficiency

"mobile Bank" strategy sets the framework for most important strategic activity directions of the Group. It rests on three directions creating a visionary canvas for implementing specific business actions to be undertaken by the Bank over the coming years. These are: empathy for the client, leveraging on mobility and continued improvement of efficiency.

1. *Empathy for the client* – all the Bank's actions will be driven by clients and their individual needs, preferences and behaviours. The Bank's ultimate goal is to make sure that clients want to choose it permanently and are keen to recommend it, having been highly satisfied with its services. There are the following goals of the "empathy" aspect of the new mission:

- To help. i.e. to offer what clients really need and when they need it; to construct the offer in such way that it fulfils actual needs of the clients; to simplify so that understanding of the offer and making the right decisions takes the minimal amount of time;
- Not to annoy the clients, facilitating the cooperation with the Bank and to minimise the hassle and effort for the customers. To deal efficiently with customers' difficulties during the first contact between a client and the bank, regardless of the contact channel;
- To delight the clients by making them feel special and appreciated thus creating the most valuable brand ambassadors at the Bank. Satisfied employees are also the natural ambassadors of the Bank's services, therefore the Bank will strongly promote the use of its offer and mobile solutions in particular to its employees.

2. *Mobility* – it is the Bank's ambition to be the synonym of mobile banking by focusing on the following priorities: convenience, usability and simplicity from the customer's point of view. Consequently, the development of new application functionalities will be concentrated on three main areas:

- Mobile Hub: a gate in a multichannel strategy in contacting the client - regardless of the starting of a transaction – each distribution channel will be a click away on the client's tablet or smartphone. At the same time the Bank expects, that most contacts in the 2020 perspective will begin on a smartphone, which will be a "gate" for the client to seamlessly switch between channels;
- Reinforcing the role of mobile banking as a contact channel: minimising the functionality gap between mobile and internet – the Bank will ensure greater independence of the mobile channel and will limit its functionality gap compared to other distribution channels;
- Customer engagement through use of innovative, unique functionalities engaging the client – the Bank will create and reinforce the habit of using its mobile application, which will consequently generate additional opportunities to approach customers with an adequate product offering.

3. *Efficiency* **-** focus on efficiency supports the Group's profitability, while the returns from core banking in Poland are under pressure. Business development in terms of asset classes, maturities, sources of financing and concentration of the business activity will be carried out in full compliance with the rules for optimal cost efficiency and process digitalisation, efficient capital allocation and stable funding.

The Group will focus on further process automation and digitalisation. The quality and speed of a process impacts the client's experience, the work standard as well as generating savings. Automated, digital and paperless processes are to be a distinguishing feature of the Bank.

Implementation of specific initiatives will require strong engagement of employees of the entire Group, as well as a targeted, agile IT strategy. As such, the requirements for the strategy implementation are:

- Engaged people – the Bank will create conditions for full engagement of employees in building a friendly working environment allowing them to achieve their ambitions. The priority of the HR strategy is attracting and retaining the best and motivated specialists and managers in the sector.
- Technological advantage – the Bank will skilfully build world class IT organisation and its agile, client-driven IT will become a source of the Bank's competitive advantage.

Financial aspirations of the Group reflects being among the leading banks in Poland

The Bank, leveraging on its key strengths, has been able to outperform most of its competitors in terms of financial results. It remains the Group's strategic goal to be positioned among the leading banks in Poland in terms of key financial measures. Strategic financial targets for 2016-2020 are based on the Bank's ambitious assumptions with regards to cost effectiveness as well as returns. Moreover, the Bank's intention is to pay dividend representing at least 50 per cent. of profits, subject to regulatory consent, as well as to further strengthen its funding base. The Group's financial aspirations are as follows:

- *Cost-to-Income:* to be among the top three in Poland, i.e. every year to be one of three most effective listed banks in Poland;
- *Net Return on Equity*: to be among the top three in Poland, i.e. every year to be among the three most profitable listed banks in Poland from the return on equity standpoint adjusted for dividend distribution;
- *Net Return on Assets:* to be among the top three in Poland in 2020, i.e. to be among three listed banks in Poland with highest return on assets;
- *Common Equity Tier1 capital ratio (CET1 ratio):* to maintain the ability of a dividend pay-out in terms of the CET1 ratio and maintain the ratio minimum 1.5 percentage point above the minimum capital requirement for mBank;
- *Loans-to-Deposits ratio (L/D ratio):* to maintain the L/D ratio at a level not significantly higher than 100 per cent. each year.

The Group will selectively exploit attractive opportunities to expand business in the retail and corporate segments

Retail banking segment

The Group intends to increase its revenues by: (i) attracting new customers through the broad functionality of its current account products which are fully integrated with all of the Bank's retail products, (ii) offering cutting-edge transactional and mobile banking, (iii) better understanding of clients' behavioural and demographic patterns for identifying their current and anticipated future needs and, as a result, increasing the number of products provided to its customers for whom the Bank is not currently its first choice and (iv) using advanced segmentation techniques for its retail customer base and real-time marketing tools to improve the communication relevance, and hence intensify the sale of certain products and services by offering what clients want and when they want.

With regards to the acquisition of new customers, in particular, the Bank's offer will more precisely address the needs of the younger clientele, while leveraging its current well positioning among the young. Acquiring a third of the young clients (18-24 years old) entering the banking market is among the key strategic goals.

With a relevant offering out of the broad and comprehensive range of retail banking products, the Bank believes it can be the first- and only-choice bank for its existing and new customers. The range of products and services the Group intends to cross sell include: (i) saving and investment products, (ii) non-mortgage lending products such as automatic pre-approved loan limits for certain customers, (iii) mortgage loans and (iv) other products such as transaction products, brokerage and bank-assurance products.

The Bank's activities are focused on strengthening the Bank's leading position in mobile and transactional banking. The Group's mobile first approach will leverage on the Bank's best in class mobile banking application, which is targeted to be used by a vast majority of the Bank's active individual and business clients by 2020. The Bank aspires to offer the best, most convenient, friendly, intuitive and client-engaging mobile application on the market. The Bank will mobilise current and future clients to take full advantage of offered mobile solutions, while functionalities and communication in terms of the app itself will be stimulated by the habit of its everyday use.

The Bank will continue to seek new alternative, unconventional acquisition and distribution opportunities, including partnerships and cooperation with well-established market players from different industries. The acquisition of young customers will remain an important part of the Group's focus.

The Group intends to continue to focus on developing co-operation initiatives such as with Orange Polska, which represents one of the first co-operations of this nature and scale in Poland. Through this co-operation, the Group gained access to Orange Polska's client base.

The Bank intends to develop its strategic partnership with the AXA Group, one of the largest insurance institutions in the world, in order to enhance the quality of products and services offered for the Group's clients and to expand the Bank's range of insurance products, particularly in the non-life sector.

The Group strives to increase its revenues in the most lucrative segments in its retail banking business by focusing on (i) existing and potential affluent customers who expect high quality products and services and (ii) business customers and SMEs.

The Group integrated its private banking, wealth management and brokerage business in order to better address the needs of affluent customers. A greater focus on micro-businesses and SMEs will be leveraged by the Bank's competitive strengths, i.e. internet and mobile banking supported by quick processes. Both affluent and business customer segments in Poland have above average market growth potential in the following years.

The Group will develop its operations in the Czech Republic and Slovakia. Existing gaps between Polish and foreign branches of the Bank with regards either to products or operational processes are being gradually closed. By applying best practices developed in Poland, the Group intends to strengthen its revenue generation capabilities in foreign branches. The Bank in the Czech Republic and Slovakia will focus on customer acquisition and sales of high-margin products, including non-mortgage loans. The Bank intends to shift its market perception in the Czech Republic and Slovakia from a deposit-taker to a convenient and trustworthy lending provider for its active (transactional) clientele.

Corporate and investment banking segment

The Group has been consolidating its strong market position in corporate and investment banking by building a competitive advantage in the large companies sub-group (K2, MidCaps) and maintaining its strong position in the large corporations sub-group (K1). The Group will also continue to improve its position in the small and medium-sized enterprises segment (K3), focusing in particular on businesses with a high growth potential and sophisticated banking requirements and which therefore aspire to develop into companies which would fall into the MidCaps sub-group category. This requires more effective use of the Bank's network of branches and offices and a focus on new areas of growth in the corporate and investment banking market. The Group constantly introduces changes in its product range and sales and banking processes based on the expertise of the Bank's business lines and the best practices adopted in the Polish and international banking sectors. The Group intends to further develop its corporate transactional banking services, where the Bank has a leading market position and to increase sales of investment banking products.

The Bank intends to further develop (i) servicing public finance business, (ii) realisation of business opportunities with Polish subsidiaries of international corporations, including Commerzbank's customers and (iii) financing projects conducted with the use of EU funds. The Group expects to attract new clients in all corporate banking segments and benefit from improved cross-selling by tailoring the range of products and services to the needs of corporate clients.

Active Balance Sheet Management and Continued Improvement in Profitability

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 customers segments within the Group. The Bank believes that a comprehensive approach to balance sheet management is based on three pillars of a healthy balance sheet: capital adequacy, stable funding and return on assets.

In order to further diversify its funding profile and to extend the maturities of its funding base the Group intends to continue to focus on sourcing diversified, long-term and attractively priced funding by, in particular, issuing senior unsecured and subordinated bonds in domestic and international markets and covered bonds secured with retail mortgage loans issued by mBank Hipoteczny. Strengthening of the Group's funding self-reliance is also among the key goals of the funding strategy. On top of the above mentioned initiatives a further increase of clients' transactional deposits is assumed as a key driver of funding strategy.

The Bank has adopted a systematic approach to balance sheet management in order to improve the structure of its assets and liabilities and to secure a long-term, stable diversified funding base.

Maintain Prudent Risk Management Approach

The Group intends to maintain a prudent risk management approach through the implementation of a number of measures, including improvement of credit processes by implementing a standard verification mechanism when determining the creditworthiness of existing and potential customers of the Group. A granular customer rating model based on prospective probability of default (**PD**) and expected losses (**EL**) ratios, and a client value at risk model based on a risk return approach (**CVaR**) are maintained. With regard to the structure of the loans and advances to customers, the Group intends to maintain a diversified portfolio (both in terms of industry and rating). In the retail banking segment, the Group intends to maintain a low acceptable risk profile by addressing its non-mortgage loan business primarily to customers with a proven history at the Bank.

In the corporates and financial markets segment, the Group intends to strengthen its risk profile by maintaining the model which risk managers operate at its corporate branches allowing them direct access to information on customers. This in turn enables the Group to make more informed credit decisions while still being able to process credit applications for its customers quickly and to tailor product structures more efficiently to a customer's needs."

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with Article 13 paragraph 2 of the Prospectus Act, investors who have already agreed to purchase or subscribe for the securities before the publication of this first Supplement have the right, exercisable within a time limit of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire at close of business on 6th December 2016.