

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 "*Overview 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 25 August 2022, 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 Issuer may request the CSSF to provide competent authorities in member states (each a "Member State") of the EEA with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation (the "Notification"). Following provision of the Notification, the Bank may apply for Notes issued under the Programme to be listed, admitted to trading and/or quoted on the regulated market of any Member State in respect of which a Notification has been provided to the relevant competent authority of such Member State. The Issuer has requested the CSSF to provide each of the competent authorities of the Federal Republic of Germany ("Germany"), The Netherlands, the Republic of Austria ("Austria") and the Republic of Poland ("Poland") with the Notification. The Issuer may request the CSSF to provide the Notification to other competent authorities in any Member States.

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

Amounts payable 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, from the list of the above-named administrators, only 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**").

However, Article 51 (*Transitional provisions*) of the EU Benchmarks Regulation, as amended, provides that providers of benchmarks that qualify as critical benchmarks or as third-country benchmarks already providing a benchmark on 30 June 2016 have until 31 December 2021 to apply for authorisation or registration in accordance with Article 34 (*Authorisation and registration of an administrator*) of the EU Benchmarks Regulation and may continue to provide such an existing critical benchmark until 31 December 2021 or, where the provider submits an application for authorisation or registration, unless and until such authorisation or registration is refused. Similarly, third-country benchmarks already used in the European Union (the "EU") prior to 31 December 2021 can continue to be used. The registration status of any administrator under the EU Benchmarks Regulation 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 the Exempt Notes) to reflect any change in the registration status of the 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 25 August 2021.

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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 by virtue of the European Union (Withdrawal) Act 2018 ("**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 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" label. 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. No representation or assurance is given by any Dealer as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds, nor is any such opinion or certification a recommendation by any Dealer to buy, sell or hold any such Notes. In the event any such Notes are, or are intended to be, listed, or admitted to trading, on a dedicated "green" 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.

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 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 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; or (ii) 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU 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 EU PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS

If the applicable Final Terms (or the 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 United Kingdom (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 by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (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 which were relied on immediately before exit day 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 by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law 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 Final Terms (or the 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 Final Terms (or the Pricing Supplement in the case of the 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 (CHAPTER 289 OF SINGAPORE)

The Final Terms in respect of any Notes (or the Pricing Supplement, in the case of Exempt Notes) may include a legend entitled "Singapore Securities and Futures Act Product Classification", which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**").

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 Bank 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, 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 United Kingdom and Singapore (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 the audited consolidated financial statements of the Group for the financial years ended 2019 and 2020.

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

Certain Defined Terms and Conventions

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

In this Base Prospectus, all references to:

- "**USD**" and "**U.S. dollars**" refer to United States dollars;
- "**Swiss Franc**" and "**CHF**" refer to the lawful currency of Switzerland;
- "**PLN**" and "**złoty**" refer to the lawful currency of Poland;
- "**Sterling**" and "**£**" refer to pounds sterling; and
- "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. On 24 August 2021, the National Bank of Poland (the "**NBP**") exchange rate between the euro and złoty was EUR1 – PLN 4.5848, the exchange rate between U.S. dollars and złoty was USD1 – PLN 3.9086 and the exchange rate between the Swiss Franc and złoty was CHF1 – PLN 4.2811.

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.

OVERVIEW 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 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 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 AG 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:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate such as EURIBOR, PRIBOR, WIBOR, SOFR, Compounded Daily SONIA, Compounded SONIA, Compounded Daily SOFR or SOFR Average, in each case as set out in the applicable Final Terms (or the Pricing Supplement, in the case of Exempt Notes). <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Exempt Notes:	<p>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.</p> <p>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.</p>
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:	<p>The applicable Final Terms(or the 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, 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.</p> <p>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 Pricing Supplement, in the case of Exempt Notes).</p> <p>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.</p> <p>No Notes having a maturity of less than one year may be issued under this Base Prospectus.</p>
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 European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €1,000 (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 Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Selling Restrictions:

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

United States Selling Restrictions:

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

Target Market:

Unless otherwise indicated in the applicable Final Terms (or the Pricing Supplement, in the case of Exempt Notes), Eligible Counterparties and Professional Clients only as defined in Directive 2014/65/EU (as amended, "**MiFID II**") and/or 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 (the "**EUWA**") ("**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 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 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.

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

The risk factors are divided into eight categories depending on their nature, as follows:

Risks related to the Issuer and its Group:

- 1. Risks related to the business and industry of the Issuer and its Group;*
- 2. Risks related to macroeconomic and regulatory conditions; and*
- 3. Risks related to the Group and its relationship with Commerzbank and its affiliates (the Commerzbank Group).*

Risks related to Notes and investment in Notes:

- 4. Risks related to the structure of a particular issue of Notes;*
- 5. Risks related to Notes which are linked to or referencing "benchmarks";*
- 6. Risks related to Notes generally;*
- 7. Risks related to suspension, interruption or termination of trading in Notes; and*
- 8. Risks related to the market generally.*

Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out 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 various risks resulting from granting, financing and securing loans denominated in or indexed to foreign currencies and, in particular, CHF.

The Group has a significant exposure to foreign currency-denominated or foreign currency-indexed loans ("FX Loans"), predominantly retail mortgage loans indexed to CHF. The vast majority of retail customers who have mortgage loans denominated in foreign currencies or indexed to foreign currencies ("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 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. This consideration applies in particular to CHF-indexed retail mortgage loans, which amounted to PLN 12.3 billion and constituted 27.8 per cent. of the Group's total net housing and mortgage loans at amortised cost granted to individual customers as of 31 December 2020. If the increase in the probability of default (the "PD") and 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 and ratio (as applicable) that were assumed in setting interest rates for these loans, then the Group's business, financial condition and results of operations could be adversely affected.

The Bank's significant 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 Group 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 loss given the default ratio applicable to the Bank's foreign currency portfolio. In addition, depreciation of the PLN against CHF will cause an increase in the total risk exposure amount and, consequently, a decrease in the capital ratios of the Group.

Despite the growing number of rulings favourable for borrowers, no uniform line of judgments has developed so far. This lack of uniform line of court judgments on FX housing loans has increased uncertainty with respect to the legal environment in which the Issuer operates.

The uncertainty concerning the nature of the court rulings, significantly affects the Issuer's financial prospects and could give rise to potential capital deficits.

The carrying amount of mortgage and housing loans granted by the Bank to individual customers in CHF as of 30 June 2021 amounted to PLN 11.0 billion (i.e. CHF 2.7 billion) compared with PLN 12.3 billion (i.e. CHF 2.9 billion) as of the end of 2020. Additionally, the volume of the portfolio of loans granted in CHF that were already fully repaid as of 30 June 2021 amounted to PLN 7.0 billion (31 December 2020: PLN 6.8 billion).

As of 30 June 2021, 10,568 individual court proceedings (31 December 2020: 7,508 proceedings) were initiated against the Bank by its customers in connection with CHF loan agreements, with the total value of claims amounting to PLN 2,424.2 million (31 December 2020: PLN 1,454.2 million).

Out of the individual proceedings 10,072 proceedings (31 December 2020: 6,870 proceedings) with the total value of claims amounting to PLN 2,413.9 million (31 December 2020: PLN 1,442.2 million) related to indexation clauses in CHF loan agreements and 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 June 2021, the cumulative impact of the legal risk amounted to PLN 1,689.0 million (as of 31 December 2020: PLN 1,426.6 million), of which PLN 1,468.5 million decreased the gross carrying amount of loans by adjusting the expected cash flows from these assets, and PLN 220.5 million was included in the item "Provisions for legal proceedings" (31 December 2020: PLN 1,264.7 million and PLN 161.9 million, respectively).

The methodology of calculation of the provision applied by the Bank depends on numerous assumptions that take into account historical data adjusted in accordance with the Bank's expectations regarding the future and involve a significant degree of expert judgement. The most important assumptions are: an

expected population of borrowers who will file a lawsuit against the Bank, the probability of losing the case under a final and binding judgement, the distribution of expected verdicts judged by the courts and the loss to be incurred by the Bank in the event of losing the case in court. Further details in this regard, including assumptions and sensitivity analysis, are provided in the consolidated financial statements of the Group for the first half of 2021, in the section titled "Legal risk related to individual court cases concerning indexation clauses in mortgage and housing loans in CHF" (pages 18-20). Additional details are also provided in Note 26 "Rulings of the Court of Justice of the European Union regarding a CHF mortgages, Supreme Court resolutions on loans in CHF, PFSA's Chairman proposal" (pages 67-69). Investors are also encouraged to review the consolidated financial statements of the Group for 2020 where further information on these matters is provided in Note 4 "Provisions for legal risks relating to indexation clauses in mortgage and housing loans in CHF" (pages 92-94) and Note 32 "Class action against mBank S.A. concerning indexation clauses", and "Individual court proceedings concerning indexation clauses to CHF" (pages 151-153).

The increase in the provision in the first half of 2021 resulted mainly from a higher than expected inflow of cases and changes in level of loss on loan exposure in the event of the Bank losing the case.

The method used to calculate the provision is based on parameters that involve high levels of judgement and have a significant range of possible values. It is possible that the provision will have to be adjusted significantly in the future, particularly as important parameters used in calculations are interdependent.

Finally, mBank is exposed to the risks of the IBOR reform. Due to the size of the CHF mortgage loan portfolio outlined above, the most prominent risk is relating to the cessation of the publication of the Swiss Franc LIBOR which is likely to occur in 2022. As of the date of this Base Prospectus, the European Commission is holding a public consultation (taking place between 3 and 31 August 2021) regarding the implementing regulation on the designation of a statutory replacement rate for Swiss Franc LIBOR.

If the costs of legal risk related to foreign currency loans continue to rise, it will 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 or societal norms may be impacted after the pandemic. Unexpected developments and/or changes in the financial markets, in the fiscal, tax and regulatory environments, and in customer and corporate client behaviour may occur, which could have an adverse impact on the business of the Group.

The spread of 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, 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 has been offered.

The pandemic and related counter-measures have affected and continue to affect some of the Group's customers adversely, which in some cases have been and may 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). Both the Group and the Polish government have initiated schemes to provide financial support to entities impacted by the COVID-19 outbreak.

In 2020, as a result of the COVID-19 pandemic, the Group adjusted its risk management policies and processes, including credit policy.

Due to the deterioration of the economic situation in Poland resulting from the COVID-19 pandemic, the Group took additional measures aimed at including this information within expected credit losses models.

In addition, the Group offered its clients a number of assistance tools aimed at supporting them in a difficult situation. 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 Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*, the "KNF") to the EBA. The COVID-19 moratoria in Poland covered supporting instruments granted from 13 March 2020 to 30 September 2020 and 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. The COVID-19 moratoria in the Czech Republic covered supporting instruments granted from 1 April 2020 to 31 December 2020 and in Slovakia from 1 April 2020 to 31 March 2021. The Group in Poland also offered support to retail clients under the so-called Crisis Shield 4.0, effective from 23 June 2020. Those customers who lost jobs or another major source of income, had the right to suspend loan repayments for up to three months without interest being charged during the period of suspension. The scale of applications submitted for this form of assistance was not significant. In Poland, the Czech Republic and Slovakia, the vast majority of loans subject to COVID-19 repayment moratoria, benefited only from the suspension of principal repayments.

The Group incurred certain additional costs in relation to credit risk management as a result of the COVID-19 pandemic. In 2020, the Group identified additional credit risk costs related to the COVID-19 pandemic of PLN 330.3 million across the portfolio measured at amortized cost. In addition, the Group identified an additional cost of PLN 10.3 million due to an impact of the pandemic on the valuation of the loan portfolio at fair value through profit or loss. Detailed financial information in relation to 2019 and 2020 is presented in the section "*Selected financial information of the Issuer and overview of the Group's financial condition*" of this Base Prospectus.

Based on the financial performance of the Group to date, the Issuer expects that COVID-19 pandemic may have a negative impact on its financial results for the year ending 31 December 2021. The ability of the Group's customers to serve their contractual obligations, including their obligations to the Group, may also be adversely affected. The degree to which COVID-19 pandemic impacts the results of the Group's operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Base Prospectus, are uncertain and cannot be predicted.

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, a material deterioration of asset quality in a less favourable business environment, potential losses from legal battles over CHF mortgage loans, substantial and prolonged deterioration in capitalisation, or a downgrade of the rating applicable to Poland. A credit rating could also be adversely affected by the soundness or perceived soundness of the financial sector in which the Bank operates.

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 negative impact on the Issuer's ability to issue MREL-eligible instruments in order to meet MREL requirement.

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 AG, which could result in the 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 come due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, the Bank's ability to use such external funding sources is directly connected with the level of credit lines available to the Bank, and this in turn is dependent on the Bank's financial and credit condition, as well as general market liquidity.

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 (LCR – liquidity covered ratio) and long-term liquidity measures (NSFR – net stable funding ratio).

The reported values of the above measures as of 30.06.2021 are well above regulatory limits. However, a potential loss of liquidity or an inability to raise sufficient funds to finance, 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 loans

Pursuant to the provisions of the Act dated 12 May 2011 on Consumer Credit and the judgement of the Court of Justice of the European Union (the "CJEU") provided judgment in Case C-383/18 issued on 11 September 2019, the Bank shall reimburse to its borrowers certain costs in the case of early repayment of credit, including a commission charged by the Bank with respect to loans.

As of 31 December 2020, the provision recorded within other provisions related to potential reimbursements of commissions in relation to early repayments of loans granted by the Group before the date of the above verdict amounted to PLN 13.8 million. The total negative impact of early repayments of retail loans on the Group's gross profit for 2020 amounted to PLN 56.5 million (2019: - PLN 93.7 million), of which PLN 52.4 million were related to reduced net interest income (2019: PLN 68.7 million) and PLN 4.1 million (2019: PLN 25.0 million) to increased other operating expenses.

As of 30 June 2021, the provision recorded within other provisions related to potential reimbursements of commissions charged by the Bank in relation to early repayments of loans before the date of the above

verdict amounted to PLN 8.5 million. The total negative impact of early repayments of retail loans on the Group's gross profit for the first half of 2021 amounted to PLN 43.6 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. If the Bank recorded an increase in the number of customers requesting the Bank to refund commissions regarding earlier repayments and/or an increase in the rate of loan prepayments, 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) and factors beyond the Group's control (such as any negative developments in Poland's economy resulting in the financial distress or bankruptcy of the Group's customers, or restriction of credit information concerning certain customers).

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

The quality of the Group's loan portfolio experienced only minor changes in 2020 and in the first half of 2021. It cannot be excluded that the liquidity provided by the state-owned company Polish Development Fund S.A. (Polski Fundusz Rozwoju S.A.), credit holidays and other anti-crisis measures relating to the COVID-19 pandemic mask, to a certain extent, the true underlying quality of portfolio. There is a risk of delayed effects with respect to the economic slowdown associated with the COVID-19 pandemic. In addition, the quality of loans may deteriorate in case of borrowers whose loan moratoria (or other forms of aid) have expired.

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 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 total value of the

Group's impairment allowances for expected credit losses is based on the history of losses experienced by the Group, the volume and type of borrowing activity, standards applied in the banking industry, information on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be inaccurate and result in an incorrect assessment by the Group of the risk associated with its loan portfolio.

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 and, in particular the impact of the COVID-19 pandemic on the Group's impairment allowances for expected credit losses.

The COVID-19 pandemic had a significant impact on the increase in provisions for expected credit losses in the Group. In the Group which apply 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 PD and the LGD 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 to Stage 2 involves a significant increase in provisions.

In 2020, the Group's net impairment losses and fair value change on loans and advances (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) increased by 62.9 per cent. compared with 2019, and stood at PLN -1,292.8 million.

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.

In 2020, 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.

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. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level. As a result, the Bank faces counterparty credit risk in situations when the positions are not collateralized. This risk would increase in magnitude in the case of depreciation of the PLN against the foreign currencies.

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 current interest rate margins or commissions on loans.

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

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, increasing competition in the market, changing demand for fixed and floating interest rate loans, possible changes in monetary policy conducted by the Monetary Policy Council, the level of inflation, and changes in interest rates 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; or
- if increased competition on the market and economic recovery push credit spreads down.

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

The Bank adopted significant measures, including asset and deposit repricing, to deal with the impact of the new interest rate environment. Radical deposit repricing in both retail and corporate banking allowed a reduction in the cost of funding. However, a reduction of interest rates to 0.1 per cent resulted in strong pressure on net interest margin and net interest income. The impact of interest rate cuts in the first half of 2020 is expected to be fully reflected in 2021.

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. Gross housing and mortgage loans to individual customers at amortised cost (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 compared with other financial institutions operating in the Polish market, which have credit portfolios with a larger proportion of short-term loans.

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

When granting mortgage loans and calculating the applicable interest rates, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security might be adversely affected and, in cases of foreclosure, the Group may not be able to recover the entire amount of 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 periods of economic downturn. The Group cannot guarantee that if the residential real estate market in Poland deteriorates markedly, the ability to enforce its security in a timely and effective manner would not be limited significantly.

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

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

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 as well as document consignment services, cash support services, cash processing and debt recovery, to third parties. Additionally, the Bank outsources to external service providers the performance of certain services related to the sale of retail banking products offered by the Bank. If any of the third parties on which the bank relies fails to 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 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 below 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.

Although 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, 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 is especially applicable in the response to the COVID-19 pandemic and the shift the Group has experienced in having a significant part of its employees working from their homes for the time being, as its employees access its secure 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. Administrative fines of EUR 20 million or 4 per cent. of a company's annual turnover can be imposed for non-compliance with the GDPR.

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

The Group may fail in implementing its strategy.

In December 2019, the Group introduced a new strategy for 2020-2023 called "Growth fuelled by our clients". In the strategy the Group defined financial targets and four pillars (client, platform, efficiency and employees and organisation culture) that correspond to the key components of its business model. The Group is currently working on the new strategy. The management of mBank believes that the implementation of the strategy should result in strengthening the market position of the Group and in improved profitability thanks to rising revenues, decent cost discipline and a prudent approach to risk management.

The Group may fail to implement its strategy in the coming years, in particular, due to difficult economic or market conditions stemming also from COVID-19 pandemic and legal and regulatory impediments, an increase in competition from other universal banks, changes in customer behaviour and other factors. In addition, internal factors may cause the Group to fail to attain its strategic objectives, including, for example, delays and difficulties in launching new products and solutions in mobile and internet banking, problems in developing cross-selling within the Group, delays in implementing solutions to enhance customer service quality, or difficulties in developing the retail or corporate segments. The occurrence of such factors could lead to the Group losing its position as one of the leading universal banking groups in Poland and the leading institution in terms of internet and mobile banking channels 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 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 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**") and Regulation (EU) No. 2019/877 ("**SRMR 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 will 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 1st January 2018, but due to exceptional socio-economic situation after the outbreak of the COVID-19 pandemic, this requirement was abolished 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 at 31 December 2020, the required minimum capital ratios for the Bank at the individual level were 14.28 per cent. for TCR and 11.47 per cent. for Tier 1 capital ratio. At the consolidated level, the required minimum capital ratios stood at 13.86 per cent. for TCR and 11.15 per cent. for Tier 1 capital ratio.

As at 31 December 2020, the Group reported TCR and Tier 1 capital ratio at 19.86 per cent. and 16.99 per cent., respectively, while stand-alone TCR and Tier 1 capital ratio for the Bank stood at 22.95 per cent. and 19.59 per cent., respectively.

As at 30 June 2021, the required minimum capital ratios for the Bank at the individual level were 14.29 per cent. for TCR and 11.48 per cent. for Tier 1 capital ratio. At the consolidated level, the required minimum capital ratios stood at 13.86 per cent. for TCR and 11.15 per cent. for Tier 1 capital ratio.

As at 30 June 2021, the Group reported TCR and Tier 1 capital ratio at 17.55 per cent. and 15.18 per cent., respectively, while stand-alone TCR and Tier 1 capital ratio for the Bank stood at 20.10 per cent. and 17.32 per cent., respectively.

At the date of this Base Prospectus, the capital adequacy ratios reported by the Bank were above the minimum levels required by 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:

- increasing costs of legal risk related to foreign currency loans;
- an increase in the Group's total risk exposure amount as a result of the rapid expansion of its business or depreciation of the PLN against the foreign currencies in which a part of the Group's assets are denominated;
- deterioration of asset quality leading to a higher level of regulatory expected loss, which would cause an increased amount of capital deductions;
- the Bank's ability to raise capital;
- losses resulting from a deterioration in the Group's asset quality, a reduction in income levels, an increase in expenses or a combination of all of the above;
- a decline in the values of the Group's securities portfolio;
- changes in accounting rules or in the guidelines regarding the calculation of the capital requirements and capital adequacy ratios of banks; and
- additional capital requirements or changes in the minimum capital requirements imposed by the Bank's competent authority.

Also, capital requirements were reduced in light of the COVID-19 pandemic (e.g. systemic risk buffer was reduced by 300 basis points) and there is a risk that these 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 30 June 2021, the LR, LCR and the NSFR with respect to the Bank were above the minimum levels required by the CRR.

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 mBank and its Group 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 its 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 (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. As of the date of this Base Prospectus the relevant bill implementing BRRD II into Polish law has been signed by the President of Republic of Poland (the "**BGF Amendment Act**"). Some legislative changes to the BGF Act, in particular:

- 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

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 BGF Act empowers Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*, the "**BGF**"), which is the Polish resolution authority, to set out individual requirement for own funds and eligible liabilities (the "**MREL**") for the Bank in order to ensure that the Bank is able to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied.

On 5 February 2020, the BGF informed the Issuer that the minimum requirement for own funds and eligible liabilities for the Group would be 14.54 per cent. of the total liabilities and own funds, which corresponds to 27.515 per cent. of total risk exposure amount and the Group should meet this requirement by 1 January 2023. Additionally BGF informed about possible changes in the methodology of calculating MREL in connection with the expected implementation of the BRRD II and CRD V provisions, and the entry into force of CRR II.

On 4 February 2021, the BGF published its new policy on MREL. Individual MREL decisions implementing the new framework will be issued by the BGF after the additional amendments to the EU Banking Reform Legislation, including BRRD II, are implemented into Polish law. The new decisions will replace those issued under the previous legal framework. Each new decision will set out two binding MREL targets, including those for subordination: the binding intermediate target to be met by 1 January 2022 and the fully calibrated MREL (final target) to be met by 1 January 2024. In addition, the combined buffer requirement will be imposed on top of the MREL (i.e. institutions should not use Common Equity Tier 1 capital that is maintained to meet the combined buffer requirement to meet the risk-based components of the MREL requirement). As of the date of this Base Prospectus neither the Issuer nor Commerzbank which is a parent company of the Issuer are classified as globally systematically important banks. The Issuer is also not classified as top tier bank. Therefore, mBank is not subject to MREL of 13.5 per cent. under Pillar I.

As the date of this Base Prospectus, the BGF has not yet set out the MREL requirements under the BRRD II for the Issuer.

As it is difficult to predict the effect MREL requirements may have on the Issuer until MREL has been fully implemented, there is a risk that the requirements of MREL could require the Issuer to issue additional eligible liabilities for the purposes of MREL in order to meet the new requirements within the required time frames. Such actions may increase its funding costs having negative impact on financial results. MREL requirements are expected to have an impact across the market including a potentially adverse effect on the credit rating of the securities issued by the Issuer, and there is a risk that the relative impact may give rise

to a reduction in the competitiveness of the Issuer. If the Issuer were to experience difficulties in raising MREL, it may have to reduce its lending or investments in other operations.

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, the 2008-2009 crisis in the international financial markets and the decline of macroeconomic conditions in Europe, including Poland and Poland's principal trading partners, such as Germany and other EU countries.

The 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, 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 the governments and central banks, the European Central Bank and by the European Union, the COVID-19 pandemic has triggered the deepest economic recession in nearly a century. According to Eurostat, in 2020, GDP in the EU (27 countries) contracted by 6.1 per cent. In the Eurozone real GDP dynamics reached -6.5 per cent. 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 2.7 per cent. year-on-year versus a 4.5 per cent. growth a year earlier. It had a direct impact on the Group's financial results reported in 2020.

The performance of the European markets and economies could still be impacted by the negative impact of the COVID-19 pandemic. Following a pandemic, new concerns may arise over the potential re-emergence of the sovereign debt crisis. 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.

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

The 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.

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. liquidity coverage requirement and supervisory liquidity ratios), 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, increasing levels of financial leverage, increases in the Bank's leverage ratio, the value of its non-performing loans or the concentration of exposure, the Bank's Management Board shall forthwith notify the KNF and the BGF, and shall ensure the implementation of a recovery plan.

The KNF may 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 prohibited or restricted or dismiss one or more members of the management board or persons holding managerial positions, the trustee appointed by the KNF overseeing the execution of a recovery plan or request the Bank to amend its business strategy. 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 or high regulatory burdens, may not be required to implement a recovery plan. Such risk would increase if the banks in Poland converted Swiss Franc mortgage loans into złoty at preferential rates.

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

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 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 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.

On 31 December 2020, the BGF initiated a resolution of Idea Bank. On 3 January 2021, Idea Bank was taken over by Poland's second-largest Polish bank - Bank Polska Kasa Opieki S.A, which received a subsidy from the BGF in order to balance the value of assumed deposits and acquired assets, as well as full protection against the related credit and non-credit risk for eight years from the acquisition date. The costs of the resolution of Idea Bank and any other Polish bank which will be subsidised with a relevant fund managed by the BGF in the long-term are likely to be covered in the form of an increased future contributions of Polish banks (including the Bank) to the BGF.

For the year ended 31 December 2020, the value of the Group's BGF contribution for both funds amounted to PLN 298.1 million, compared with PLN 255.7 million in 2019. 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. In July 2019, the Polish Parliament adopted the new law on amending the Act on support for borrowers in a difficult financial situation who had taken out housing loans (and certain other acts). Support became available for a larger group of borrowers. However, due to the low interest of borrowers and sufficient funds held by the Borrowers Support Fund, so far there has been no need for lenders to make payments on this account.

If the Bank is required to make substantial contributions to the BGF and the funds managed by BGK, it may have a material adverse effect on the Bank Group's 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 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 may identify issues during inspections of the Bank in the future which, if not adequately resolved by the Bank, may result in sanctions, fines or other penalties.

In the course of its activities, the Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors which supervise the financial services sector and other areas in which the Group operates, including the KNF and the Office for Competition and Consumer Protection (*Urząd Ochrony Konkurencji i Konsumentów*) (the "**OCCP**").

In the period from October to December 2018, 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). On 27 February 2020, the Bank received the decision of KNF Office dated 25 February 2020 to initiate administrative proceedings regarding the

imposition of an administrative penalty on the Bank. On 14 May 2020, the Bank formally confirmed the implementation of all recommendations of the KNF. In April 2021 the Bank received a decision of the KNF dated 16 April 2021 regarding this proceeding, imposing a fine on the Bank, for which the Bank created the provision in the total amount of PLN 4.3 million.

If any irregularities are found by these supervisory authorities and the Bank fails to remedy them (provided that an opportunity to do so is given) the Bank may be exposed to sanctions, fines and other penalties as prescribed by the Banking Law. This could affect the business, financial condition and results of operations of the Group.

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, is 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 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 has materially reduced net profit generated by the Group. The amount of the Banking Tax expense of the Group reached PLN 458.7 million in 2019 and PLN 531.4 million in 2020.

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

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 Polish Antimonopoly Act, which may adversely affect the business, financial condition and results of operations of the Group.

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

The Act amending the Act on Protection of Competition and Consumers, which entered into force on 17 April 2016, gives the President of the OCCP certain additional powers. In particular, the President of the OCCP is permitted to issue administrative decisions concerning prohibited clauses in contract templates and ban their further use. The amendment to the Act on Protection of Competition and Consumers introduces a new prohibition on breaching the collective interest of consumers by the mis-selling of financial services. The Group has implemented appropriate procedures to mitigate the risk associated with offering financial services that are inadequate for a particular customer. However, as the concept of mis-selling is broad, there is a risk that the OCCP can initiate proceedings against the Bank if it finds that financial services are inadequate for a particular customer.

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, Commerzbank held 29,352,897 shares, representing 69.28 per cent. of the Bank's share capital, which gave Commerzbank the right to exercise 69.28 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, as indicated above, has historically benefited from its support in different areas. Commerzbank's past efforts do not necessarily mean that it is obliged to provide support and finance to the Group in the future, in particular to subscribe for newly issued shares in any future equity offering or ensure debt financing for the Group.

If the Bank needs further equity injections or debt financing and/or a significant decrease of Commerzbank's shareholding in the Bank in the future were to occur, a lack of financial support from Commerzbank may have a negative reputational effect on the Group. 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 effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing market rates.

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

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

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

Changes to Benchmarks

The applicable Final Terms (or the Pricing Supplement, in the case of Exempt Notes) for a Series of Floating Rate Notes may specify that the Rate of Interest for such Notes will be determined by reference to EURIBOR, PRIBOR, WIBOR, SOFR, SONIA and other reference rates which are deemed to be

"benchmarks". Such benchmarks are the subject of recent 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. Certain risks relating to such benchmarks are described below.

The EU Benchmarks Regulation and the UK Benchmarks Regulation as it forms part of the domestic law of the UK by virtue of the EUWA (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 could have a direct and/or material impact on any Floating Rate Note which specifies Screen Rate Determination in the applicable Final Terms (or the 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); (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.

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.

Discontinuation of EURIBOR

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 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.

Benchmark Discontinuation

The Conditions in respect of Floating Rate 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 (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 (both as defined in the Conditions of the Notes) determined 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. An Adjustment Spread could be positive, negative or zero. Investors should note that the relevant Independent Adviser will have discretion to determine the applicable Adjustment Spread in the circumstances described in the Conditions of the Notes, and, in any event, an Adjustment Spread 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 with the Successor Rate or the Alternative Rate (as the case may be).

The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in any Notes referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate 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.

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 may result in the Rate of

Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate 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 SONIA and SOFR as reference rates for Floating Rate Notes.

Under the Programme the Issuer has the option to issue Notes for which the Rate of Interest is SOFR or SONIA plus or minus a Margin (as specified in the relevant Final Terms). Investors should be aware that the market continues to develop in relation to SONIA and SOFR as reference rates in the capital markets and their adoption as alternatives to sterling London Interbank Offered Rate ("**LIBOR**") or dollar LIBOR, respectively. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA and SOFR, including term SONIA and SOFR reference rates (which seek to measure the market's forward expectation of an average SONIA or SOFR rate over a designated term). The recent development of SONIA and SOFR as interest reference rates for the Eurobond markets, as well as continued development of SONIA- and SOFR- based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility, or could otherwise affect the market price of the Notes. The use of SONIA and SOFR as reference rates for eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SONIA and SOFR. In particular, investors should be aware that several different methodologies have been used in SONIA- and SOFR-linked Notes issued to date, and no assurance can be given that any particular methodology, including those in the Conditions, will gain widespread market acceptance.

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. The Issuer may in future also issue Notes referencing SONIA and SOFR that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SONIA or SOFR reference rates in the eurobond markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA and SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA or SOFR.

SONIA and SOFR differ from LIBOR in a number of material respects and have a limited history.

The Issuer may issue Floating Rate Notes that are calculated by reference to SONIA and SOFR. SONIA and SOFR differ from reference rates they are intended to replace in a number of material respects, including that SONIA and SOFR are backwards-looking, compounded, risk-free overnight rates, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk element based on inter-bank lending. As such, investors should be aware that LIBOR and SONIA or SOFR may behave materially differently 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 from LIBOR, which is an unsecured rate. For example, since publication of SOFR began in 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.

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.

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) extraordinary public financial support is required by the relevant entity in other case than to remedy a serious disturbance in the economy of an EEA member state and to preserve financial stability; or (iv) the group 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.

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.

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 contain a no set-off clause.

The Conditions 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 Noteholders would not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

Notes may be subject to substitution and modification without Noteholder consent.

To the extent that Condition 11 (*Substitution and Variation*) is specified in the relevant Final Terms as being applicable to the Notes provisions relating to the substitution or variation of the Notes, in certain circumstances, such as if a Capital Disqualification Event, an MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 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 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 Final Terms (or the 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 relevant Final Terms 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 in the United Kingdom 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.

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 a second party opinion (the "**Second Party Opinion**") in relation to the Green Bond Framework. The Second Party Opinion provides 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.

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 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 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 depositary 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 the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. In 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, regulated investors established in the EU are restricted under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies

published by the ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES IN THE EUROPEAN ECONOMIC AREA

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in a Member State in circumstances where there is no exemption from the obligation under Article 1(4) of the Prospectus Regulation to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Non-exempt Offer of Notes**".

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

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

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

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

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

This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in Germany, the Netherlands, Austria, Luxembourg and Poland as specified in the applicable Final Terms (each specified Member State a "**Non-exempt Offer Jurisdiction**" and together the "**Non-exempt Offer Jurisdictions**"). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article 5.1 of the Prospectus Regulation*" below and provided such person complies with the conditions attached to that consent.

If the Issuer intends to make or authorise any Non-exempt Offer in one or more Member States other than in Non-exempt Offer Jurisdictions, it will prepare a supplement to this Base Prospectus specifying such Member State(s) and any additional information required by the Prospectus Regulation in respect thereof. Such supplement will also set out provisions relating to the Issuer's consent to use this Base Prospectus in connection with any such Non-exempt Offer.

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

Consent given in accordance with Article 5.1 of the Prospectus Regulation

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

None of the Issuer or any Dealer makes any representation or has any responsibility or liability for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with any applicable

conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer of Notes.

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

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

Consent

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

Specific consent

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

General consent

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

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

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

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
- I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") from time to time, including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor and will immediately inform the Issuer and the relevant Dealer(s) if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
 - II. comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a relevant Dealer and comply with the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II product governance" and/or "UK MiFIR product governance" legend set out in the applicable Final Terms;
 - III. ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
 - IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;
 - V. comply with and take appropriate steps in relation to, applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application moneys;
 - VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer;
 - VII. ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
 - VIII. immediately inform the Issuer and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
 - IX. comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;

- X. make available to each potential Investor in the Notes this Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus and the applicable Final Terms;
- XI. if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Non-exempt Offer of Notes) in connection with the relevant Non-exempt Offer of Notes, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in this Base Prospectus;
- XII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- XIII. co-operate with the Issuer and the relevant Dealer in providing relevant information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) and such further assistance as is reasonably requested upon written request from the Issuer or the relevant Dealer in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process. For this purpose, relevant information is information that is available to or can be acquired by the relevant financial intermediary:
- (i) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or
 - (ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in the Rules; and/or
 - (iii) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements;
- XIV. during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and
- XV. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes

for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

- (B) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer; and
- (C) agrees and accepts that:
- I. the contract between the Issuer and the relevant financial intermediary formed upon acceptance by the relevant financial intermediary of the Issuer's offer to use this Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
 - II. the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Authorised Offeror Contract (including any dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and the relevant financial intermediary submit to the exclusive jurisdiction of the English courts;
 - III. for the purposes of (C)(II), above each of the Issuer and the relevant financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any dispute; and
 - IV. each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (A)(II), (A)(III) and (B) above are together the "**Authorised Offerors**" and each an "**Authorised Offeror**".

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

Common Conditions to Consent

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

- (i) is only valid during the Offer Period specified in the applicable Final Terms; and

- (ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Germany, The Netherlands, Austria, Luxembourg and Poland, as specified in the applicable Final Terms.

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

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

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

Non-exempt Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Non-exempt Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of the relevant Non-exempt Offer and will depend, among other things, on the interest rate applicable to the Notes offered in a Non-exempt Offer and prevailing market conditions at any time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the Non-exempt Offer to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes in that Non-exempt Offer to such Investor.

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;
- perceived risk of sovereign default in the European Union and associated risks relating to the euro;
- 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 consolidated financial statements of the Group for the first half of 2021 ended 30 June 2021 prepared in accordance with IFRS as adopted by the European Union, reviewed by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k., 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/2021/h1-2021-mbank-sa-group-financial-report.zip>:
 - (a) condensed consolidated income statement (page 5);
 - (b) condensed consolidated statement of comprehensive income (page 6);
 - (c) condensed consolidated statement of financial position (page 7);
 - (d) condensed consolidated statement of changes in equity (page 8);
 - (e) condensed consolidated statement of cash flows (page 9); and
 - (f) explanatory notes to the consolidated financial statements (pages 10 to 72).

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 separate independent registered auditor's report on the review of interim condensed consolidated financial statements (pages 1 to 2), which constitutes 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/2021/h1-2021-mbank-sa-group-financial-report.zip>;
3. 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/2020/mbank-group-consolidated-financial-report-pdf.zip>:
 - (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;

4. the separate 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/2020/mbank-group-consolidated-fiancial-report-pdf.zip>);

5. the audited consolidated financial statements of the Group for the year ended 31 December 2019 prepared in accordance with IFRS as adopted by the European Union (the "**2019 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 2019, 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/2019/mbank-group-consolidated-fiancial-report-for-2019.zip>:
 - (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 161 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;

6. the separate independent registered auditor's report on the audit of the 2019 Consolidated Financial Statements (pages 1 to 9 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/2019/mbank-group-consolidated-fiancial-report-for-2019.zip>;
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 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 March 2019 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.

(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 the applicable 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.]

[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 2016/97/EU, as amended ("**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 Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (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 FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, 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

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), 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

[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

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".

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.

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.]

AND/OR

³[MIFID II PRODUCT GOVERNANCE/RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); ***EITHER***⁴ [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services⁵]] ***OR***⁶ [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/and] portfolio management[,/and][non-advised sales] [and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]⁷.]]

[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. [Consider any negative target market.] Any person subsequently offering, selling or recommending the [Notes] (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to 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.].]

AND/OR

[UK MIFIR PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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 retail clients, 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**"), and eligible counterparties, as defined in the FCA

³ Include this legend if parties have agreed to a retail target market.

⁴ Include for bonds that are not ESMA complex.

⁵ This list may not be necessary, especially for bonds that are not ESMA complex where all channels of distribution may be appropriate. It reflects the list used in the examples in the ESMA Guidelines.

⁶ Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

⁷ If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

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 EUWA ("UK MiFIR"); EITHER [and (ii) all channels for distribution of the Notes are appropriate,[including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,and] portfolio management[,and] [non-advised sales] [and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]]. [Consider any negative target market.] Any [distributor/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 is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]⁸.]

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**

(Option 1 – The following legend applies if there will be a public offer of the Notes)

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (b) below, 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 of the Notes may only do so:

- (a) in those Non-exempt Offer Jurisdictions mentioned in Paragraph 6 (x) of Part B below, provided such person is a Dealer, Manager or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (b) 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.]

(Option 2 – The following legend applies if there will not be a public offer of the Notes)

[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.]

⁸ If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

(End of options 1 and 2)

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 25 August 2021 [, 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 and 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 [[2019]/ [2018]/ [2017]/ [2016]/ [2015]/ [2014]/ [2013]/ [2012]] Conditions (the "**Conditions**") incorporated by reference in, and form part of the base prospectus dated 25 August 2021 [, 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. [However, a summary of the issue of the Notes is annexed to these Final Terms.]⁹

(End of options A and B)

The Base Prospectus [and copies of the [[2019]/[2018]/[2017]/[2016]/[2015]/[2014]/[2013]/[2012]] Conditions] [is/are] available for viewing at the investor relations section of the Issuer's website, [•], 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.]

⁹ Not required for Notes with denomination per unit of at least EUR 100,000.

[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute category 'B' information as indicated in relevant Annex to the Prospectus Regulation and consequently trigger the need for an individual drawdown prospectus.]

[Date]

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 <i>[insert date]</i> (if applicable)] |
| 5. | (a) | Specified Denominations: | [•]

<i>(Senior Non-Preferred Notes must have a minimum denomination of PLN 400,000 (or equivalent))</i> |
| | (b) | Calculation Amount: | [•]

<i>(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.)</i> |
| 6. | (a) | Issue Date: | [•] |
| | (b) | Interest Commencement Date: | [[•]/Issue Date/Not Applicable]
<i>(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)</i> |
| 7. | | Maturity Date: | <i>[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]</i>

<i>(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.)</i> |

8. Interest Basis: [[•] per cent. Fixed Rate]
 [[[•] month [EURIBOR/WIBOR/
 PRIBOR[Compounded Daily SONIA]/
 [Compounded SONIA]/ [Compounded Daily
 SOFR]/ [SOFR Average]]
 +/- [•] per cent.
 Floating Rate]
 [Zero Coupon]
 (see paragraph [14]/[15]/[16] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) *[date]* paragraph [14]/[15] applies and for the period from (and including) *[date]* to (but excluding) the Maturity Date, paragraph [14]/[15] applies][Not Applicable]
11. Put/Call Options: Issuer Call pursuant to Condition 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)
- Status: [Ordinary Senior Notes/MREL Senior Notes/Senior Non-Preferred Notes]
 - 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)*
- Status: [Senior Subordinated Notes/Tier 2 Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. 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)*
14. 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]¹⁰
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•]/[Not Applicable]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [•] month [EURIBOR/PRIBOR/WIBOR/ [Compounded Daily SONIA]/ [Compounded SONIA]/ [Compounded Daily SOFR]/ [SOFR Average]]
 - Interest Determination Date(s): [•][London Banking Days / U.S. Government Securities Business Days / TARGET Business Days] prior to the end of each Interest Period

(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)
 - "p": [•]

(In the case of: (i) Compounded Daily SONIA or Compounded SONIA: "p" London Banking Days; (ii) Compounded Daily SOFR or SOFR Average: "p" U.S. Government Securities Business Days, where "p" shall not be less than five without the prior written consent of the Calculation Agent.)
 - Relevant Screen Page: [•][(or any successor or replacement page)]
 - Relevant Time [•]
 - Observation Period: [[•]/Not Applicable]

[Specify Observation Period where Compounded Daily SONIA or Compounded SONIA is the Reference Rate.]
 - Benchmark Discontinuation: [Not Applicable / Condition 5.4(a) (Benchmark Discontinuation – Independent Adviser) applies/ Condition 5.4(b) (Benchmark Discontinuation – ARRC) applies]

¹⁰ Confirm with Agent whether it will act as Calculation Agent. See Clause 8.1(a) of the Agency Agreement.

If the Reference Rate for the Floating Rate Notes is "Compounded Daily SOFR" or "SOFR Average" for U.S. Dollars, Condition 5.4(b) (Benchmark Discontinuation – ARRC) should be specified as applicable.

In the case of the Reference Rate other than "Compounded Daily SOFR" or "SOFR Average" for U.S. Dollars, specify Not Applicable

- (g) ISDA Determination: [Applicable/Not Applicable]
- Reference Rate: [EURIBOR/PRIBOR/WIBOR/ [Compounded Daily SONIA]/ [Compounded SONIA]/ [Compounded Daily SOFR]/ [SOFR Average]]
 - Designated Maturity: [•]
 - Designated Reference: [•]
 - Interest Determination Date(s): [•]
 - ISDA Benchmarks Supplement: [Applicable/Not Applicable]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [•] per cent. per annum
- (j) Minimum Rate of Interest: [•] per cent. per annum
- (k) Maximum Rate of Interest: [•] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(See Condition 5 for alternatives)
15. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [•] per cent. per annum
 - (b) Reference Price: [•]
 - (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2: Minimum period: [30] days
Maximum period: [60] days
17. 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)
18. 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)
19. 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]
20. MREL Disqualification Event [Applicable/Not Applicable]
- (a) Optional Redemption Amount (MREL Disqualification Event): [[•] per Calculation Amount / Not Applicable]
21. Final Redemption Amount: [Par], [[•] per Calculation Amount]

22. 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

23. Form of Notes:

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

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

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

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

(b) New Global Note: [Yes][No]

24. 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)

25. 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.]

26. Waiver of Set-Off: [Applicable]/[Not Applicable]

27. Substitution and Variation: [Applicable]/[Not Applicable]

28. 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.)

29. Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

Investors:

(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, "Applicable" should be specified.)

30. Green Bond:

[Yes]/[No]

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

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

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)

[Estimate of total expenses related to admission to trading:]¹¹

[•]

1. 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 [•] 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

¹¹ Not required for Notes with denomination per unit of less than EUR 100,000.

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.

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

2. 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.]

3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES¹²

(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)

¹² May be deleted if the minimum denomination is at least EUR 100,000.

4. **[YIELD (Fixed Rate Notes only)]**
- Indication of yield: [•]/[Not Applicable].
5. **HISTORIC INTEREST RATES** [Not Applicable/Details of historic
(Floating Rate Notes only)¹³ [EURIBOR//PRIBOR/WIBOR/] rates can be
obtained from [indicate the relevant Reuters page].
6. **OPERATIONAL INFORMATION**
- (i) ISIN Code: [•]
- (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): [•]
- (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

¹³ Delete if the minimum denomination is at least EUR 100,000.

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 and addresses of Managers and underwriting commitments/quotas (material features): | [Not Applicable/ <i>give names, addresses and underwriting commitments</i>]

<i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)</i> |
| (iii) | Date of [Subscription] Agreement: | [•] |
| (iv) | Stabilisation Manager(s) (if any): | [Not Applicable/[•]] |
| (v) | If non-syndicated, name and address of relevant Dealer: | [Not Applicable/[•]] |
| (vi) | Total commission and concession: | [•] per cent. of the Aggregate Nominal Amount |
| (vii) | U.S. Selling Restrictions: | [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]] |
| (viii) | Italian Selling Restriction: | [No sales into Italy] [Sales into Italy subject to certain requirements] [Not Applicable] |
| (ix) | French Selling Restriction: | [No sales into France] [Sales into France subject to certain requirements] [Not Applicable] |
| (x) | Non-exempt Offer: | [Applicable][Not Applicable] <i>(if not applicable, delete the remaining placeholders of this paragraph (ix) and paragraph 9 below)</i> |
| (xi) | Non-exempt Offer Jurisdictions: | [Germany,] [The Netherlands,] [Austria,] [Luxembourg,] and/or [Poland] and <i>[specify each other relevant Member State in which the particular Tranche of Notes can be offered]</i>

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

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

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

General consent: [Not Applicable]
[Applicable]

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

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

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.]

9. **TERMS AND CONDITIONS OF THE OFFER¹⁴**

[Not Applicable]

(Delete whole section if sub-paragraph 6(ix) above is specified to be Not Applicable because there is no Non-exempt Offer)

- (i) Offer Price: [Issue Price/Not Applicable/specify]
- (ii) Conditions to which the offer is subject: [Not Applicable/give details]
- (iii) Description of the application process: [Not Applicable/[•]]
- (iv) Details of the minimum and/or maximum amount of application: [Not Applicable/[•]]
- (v) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[•]]

¹⁴ Delete if the minimum denomination is at least EUR 100,000.

- | | | |
|--------|---|--|
| (vi) | Details of the method and time limits for paying up and delivering the Notes: | [Not Applicable/[•]] |
| (vii) | Manner in and date on which results of the offer are to be made public: | [Not Applicable/[•]] |
| (viii) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/[•]] |
| (ix) | Categories of potential investors to which the Notes are offered: | [Offers may be made by the Authorised Offerors in each of the Non-exempt Offer Jurisdictions to any person during the Offer Period. In other EEA countries and in all jurisdictions (including the Non-exempt Offer Jurisdictions) outside of the Offer Period, offers will only be made by the [Dealers] pursuant to an exemption under the Prospectus Regulation. All offers of the Notes will be made in compliance with all applicable laws and regulations.]/[•]] |
| (x) | Whether tranche(s) have been reserved for certain countries: | [Not Applicable/[•]] |
| (xi) | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/[•]] |
| (xii) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/[•]] |
| (xiii) | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | [The Authorised Offerors identified in paragraph [6] above and identifiable from the Base Prospectus/None/give details] |
| (xiv) | [Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:] | [None/[•]] |

**[ANNEX
SUMMARY OF THE NOTES]¹⁵**

[•]

¹⁵ Not required for Notes with denomination per unit of less than EUR 100,000.

PRO FORMA PRICING SUPPLEMENT

EXEMPT NOTES OF ANY DENOMINATION

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

(Additional 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 the applicable 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 additional 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 (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 "**EU 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 EU 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 by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (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 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 by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law 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. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[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 the domestic law of the United Kingdom by virtue of the [EUWA][European Union (Withdrawal) Act 2018] ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any [person subsequently offering, selling or recommending the Notes (a "**distributor**") [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 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 (Chapter 289 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]

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 Dealer to publish a prospectus or supplement to a prospectus pursuant the Prospectus Regulation, in each case, in relation to such offer.

[This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 25 August 2021 [as supplemented by the supplement[s] dated [date[s]]] (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only

¹ Include these legends if the Notes are or may constituted "packaged" products and no key information document (KID) required by the EU PRIIPs Regulation and UK PRIIPs Regulation has been prepared. Omit if the Instruments clearly do not constitute "packaged" products for the purposes of the EU PRIIPs Regulation and UK PRIIPs Regulation or a key information document (KID) has been prepared.

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

available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] [and the supplement(s) to it dated [•] which are incorporated by reference in the Base Prospectus (as defined below)]. This Pricing Supplement of the Notes must be read in conjunction with the base prospectus dated 25 August 2021 [and the supplement(s) to the base prospectus dated [•]] (the "**Base Prospectus**"), save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus.]

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

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

(Senior Non-Preferred Notes must have a minimum denomination of PLN 400,000 (or equivalent))
- (b) Calculation Amount: [•]

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6. (a) Issue Date: [•]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]

(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7. Maturity Date: [Fixed rate – specify date/ Floating rate – Interest Payment Date falling in or nearest to [specify month]]

(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/[Compounded Daily SONIA]/
 [Compounded SONIA]/ [Compounded Daily
 SOFR]/ [SOFR Average]]
- +/- [•] per cent. Floating Rate]
 [Zero Coupon]
 [specify other]
 (further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on [the Maturity Date]/[•]
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13]/[14] applies and for the period from (but including) [date] to (but excluding) the Maturity Date, paragraph [13]/[14] applies] [Not Applicable]
11. Put/Call Options: Issuer Call pursuant to Condition 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 sub-paragraphs of this paragraph)

- Status: [Ordinary Senior Notes/MREL Senior Notes/Senior Non-Preferred Notes]
 - 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)
- 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
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [•] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]] [Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[•] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [•][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day

Convention in (b) below is specified to be Not Applicable]

("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]³
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•][Not Applicable]
- (f) Screen Rate Determination: [Applicable][Not Applicable]
- Reference Rate: [•] month [EURIBOR/PRIBOR/WIBOR/[Compounded Daily SONIA]/[Compounded SONIA]/[Compounded Daily SOFR]/[SOFR Average]]
 - Interest Determination Date(s): [•/ [London Banking Days / U.S. Government Securities Business Days / TARGET Business Days] prior to the end of each Interest Period
 - "p" [•]
- (In the case of: (i) Compounded Daily SONIA or Compounded SONIA: "p" London Banking Days; (ii) Compounded Daily SOFR or SOFR Average: "p" U.S. Government Securities Business Days where "p" shall not be less than five without the prior written consent of the Calculation Agent.)*
- Relevant Screen Page: [•][(or any successor or replacement page)]
 - Relevant Time [•]
 - Observation Period: [[•]/[Not Applicable]]
- [Specify Observation Period where Compounded Daily SONIA or Compounded SONIA is the Reference Rate.]*
- Benchmark Discontinuation: [Not Applicable / Condition 5.4(a) (Benchmark Discontinuation – Independent Adviser) applies/

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

Condition 5.4(b) (Benchmark Discontinuation – ARRC) applies]

If the Reference Rate for the Floating Rate Notes is "Compounded Daily SOFR" or "SOFR Average" for U.S. Dollars, Condition 5.4(b) (Benchmark Discontinuation – ARRC) should be specified as applicable.

In the case of the Reference Rate other than "Compounded Daily SOFR" or "SOFR Average" for U.S. Dollars, specify Not Applicable

- (g) ISDA Determination: [Applicable][Not Applicable]
- Reference Rate: [EURIBOR/PRIBOR/WIBOR/ [Compounded Daily SONIA]/ [Compounded SONIA]/ [Compounded Daily SOFR]/ [SOFR Average]]
 - Designated Maturity: [•]
 - Designated Reference: [•]
 - Interest Determination Date(s): [•]
 - ISDA Benchmarks Supplement: [Applicable/Not Applicable]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [•] per cent. per annum
- (j) Minimum Rate of Interest: [•] per cent. per annum
- (k) Maximum Rate of Interest: [•] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(See Condition 5 for alternatives)
- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [•]
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Accrual Yield: [•] per cent. per annum
- (b) Reference Price: [•]
- (c) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: [•]
- (d) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

- 17. Notice periods for Condition 7.2: Minimum period: [30] days
Maximum period: [60] days
- 18. 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)
- 19. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (a) Optional Redemption Date(s) or Put Period(s): [•]
 - (b) Optional Redemption Amount: [[•] per Calculation Amount]
 - (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
- 20. Capital Disqualification Event in respect of Tier 2 Subordinated Notes:

- | | | |
|-----|--|---|
| 21. | (a) Optional Redemption Amount (Capital Disqualification Event): | [[•] per Calculation Amount/Condition 7.3 not Applicable] |
| 22. | MREL Disqualification Event: | [Applicable/Not Applicable] |
| 23. | (a) Optional Redemption Amount (MREL Disqualification Event): | [[•] per Calculation Amount/Not Applicable] |
| 24. | Final Redemption Amount: | [Par], [[•] per Calculation Amount] |
| 25. | Early Redemption Amount payable on redemption for taxation reasons or on event of default: | [•] per Calculation Amount/Not Applicable] |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|---|--|
| 26. | Form of Notes: | |
| | (a) Form: | <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [upon an Exchange Event]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]</p> <p>[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]</p> |
| | (b) New Global Note: | [Yes][No] |
| 27. | Additional Financial Centre(s): | <p>[Not Applicable/give details]</p> <p><i>(Note that this paragraph relates to the date of payment and not Interest Period end dates to which sub-paragraphs 15(c) relates)</i></p> |
| 28. | Talons for future Coupons to be attached to Definitive Notes: | [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]/[No.] |
| 29. | Other terms or special conditions: | [Not Applicable/give details] |
| 30. | Waiver of Set-Off: | [Applicable/Not Applicable] |
| 31. | Substitution and Variation: | [Applicable/Not Applicable] |
| 32. | Prohibition of Sales to EEA Retail Investors: | <p>[Applicable]/[Not Applicable]</p> <p><i>(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.)</i></p> |
| 33. | Prohibition of Sales to UK Retail Investors: | <p>[Applicable]/[Not Applicable]</p> <p><i>(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged"</i></p> |

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.)

34. Green Bond: [Yes]/[No]

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

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

LISTING AND ADMISSION TO TRADING

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]

Estimate of total expenses related to admission to trading: [•]

1. 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 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.]

2. **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.]

3. **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)

4. **OPERATIONAL INFORMATION**

(i) ISIN Code: [•]

(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) and number(s)] |
| (vi) | Delivery: | Delivery [against/free of] payment |
| (vii) | Names and addresses of additional Paying Agent(s) (if any): | [•] |
| [(viii) | Intended to be held in a manner which would allow Eurosystem eligibility: | <p>[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.]</p> <p>[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.]</p> |

5. **DISTRIBUTION**

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

- (viii) French Selling Restriction: [No sales into France] [Sales into France subject to certain requirements] [Not Applicable]
- (ix) 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)
- (x) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)
- (xi) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

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) 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) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

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

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

- (a) in relation to any Notes represented by a global note (a "**Global Note**"), units of each Specified Denomination (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 25 August 2021 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 to 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 (or the Pricing Supplement, in the case of Exempt Notes) 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 25 August 2021 and made by the Issuer. The original of the Deed of Covenant is held by the common depository or common safekeeper, as the case may be, for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and by the Agent on behalf of the Noteholders and the Couponholders at its specified office.

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

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

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

Any reference in these 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**

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.

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

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

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

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

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

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

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

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

2. STATUS OF THE NOTES

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

2.1 Status of the Ordinary Senior Notes

The payment obligations of the Issuer under Notes which specify their status as Ordinary 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 (or otherwise), 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) the Senior MREL Priority Liabilities; (C) any liabilities of the Issuer falling into categories from 4 to 10 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 (D) any other present and future obligations of the Issuer which are junior to the Ordinary Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law; and

- (iii) junior to: (A) any liabilities of the Issuer falling into categories 1 and 2 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 are senior to the Ordinary Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish 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 from 1 to 3 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 are senior to the Ordinary Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law; but
 - (iii) senior to: (A) Senior MREL Priority Liabilities; (B) any liabilities of the Issuer falling into categories from 5 to 10 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 are junior to the Ordinary Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law.

2.2 Status of the MREL Senior Notes

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

- (a) in respect of principal:
- (i) *pari passu* among themselves and with any other Senior MREL Priority Liabilities;
 - (ii) senior to (A) accrued but unpaid interest on the Senior MREL Priority Liabilities as of the commencement of any insolvency procedure, (B) any liabilities of the Issuer falling into categories from 4 to 10 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 are junior to the MREL Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law; and
 - (iii) junior to: (A) the Ordinary Senior Notes; (B) other Senior Higher Priority Liabilities; (C) any liabilities of the Issuer falling into categories 1 and 2 of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (D) any present and future obligations of the Issuer which are senior to the MREL Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law.
- (b) in respect of interest:
- (i) *pari passu* among themselves and with any other interest on the Senior MREL Priority Liabilities;

- (ii) junior to: (A) Ordinary Senior Notes and other Senior Higher Priority Liabilities; (B) obligations in respect of principal on the Senior MREL Priority Liabilities; (C) any liabilities of the Issuer falling into categories from 1 to 3 of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (D) any present and future obligations of the Issuer which are senior to the MREL Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law; but
- (iii) senior to (A) any liabilities of the Issuer falling into categories from 5 to 10 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 are junior to the MREL Senior Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law.

2.3 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 and unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer as set out in the 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 from 1 to 5 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 are senior to the Senior Non-Preferred Notes in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law; and
- (c) senior to: (A) any liabilities of the Issuer falling into categories from 7 to 10 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 are junior to the Senior Non-Preferred Liabilities in accordance with the Insolvency Law and/or by their terms, to the extent permitted by Polish law.

2.4 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 which upon the insolvency of the Issuer, rank:
 - (i) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:
 - (A) *pari passu* among themselves and with (i) all other claims in respect of Senior Subordinated Liabilities, and (ii) any other subordinated obligations which by law and/or by their terms, to the extent permitted by Polish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;
 - (B) junior to (i) liabilities of the Issuer falling into categories from 1 to 6 of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including any Senior Higher Priority Liabilities, MREL Higher Priority Liabilities and Senior Non-Preferred Liabilities), and (ii) any other obligations which by law and/or by their terms, to the extent permitted by Polish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and

- (C) senior to: (i) any liabilities of the Issuer falling into categories from 8 to 10 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 and/or by their terms, to the extent permitted by Polish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes; and
- (ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Subordinated Notes of the Issuer:
 - (A) *pari passu* among themselves and with any other subordinated obligations which, by law and/or by their terms, to the extent permitted by Polish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;
 - (B) junior to: (i) any liabilities of the Issuer falling into categories from 1 to 7 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 and/or by their terms, to the extent permitted by Polish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and
 - (C) senior to: (i) any 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 and/or by their terms, to the extent permitted by Polish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes.

2.5 No Interest in Insolvency

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

2.6 MREL

- (a) To the extent allowed by the Applicable Banking Regulations, the MREL Senior Notes, the Senior Non-Preferred Notes Senior Subordinated Notes and 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.

2.7 Definitions

In these Conditions:

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

"**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;

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

"**Senior MREL Priority Liabilities**" means any obligations in respect of principal of the Issuer under any MREL Senior Notes, any other unsecured and unsubordinated obligations of the Issuer

referred to in Article 440.2.3 of the Insolvency Law if classified as the Senior MREL Priority Liabilities 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 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 and/or by their terms, and to the extent permitted by Polish law or the law of any other relevant jurisdiction, rank *pari passu* with the Senior Non-Preferred Liabilities;

"Senior Subordinated Liabilities" means any subordinated obligation of the Issuer, referred to in Article 440.2.7 of the Insolvency Law and any other obligations which, by law and/or by their terms, and to the extent permitted by Polish law or the law of any other relevant jurisdiction, rank *pari passu* with the Senior 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 and/or by their terms, and to the extent permitted by Polish law or the law of any other relevant jurisdiction, rank *pari passu* with the 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 the Issuer shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders; **provided that** the above provisions shall not apply to: (x) any Encumbrance created on property, at the time of purchase thereof, solely as security for the payment of the purchase price thereof and **provided that** the Relevant External Indebtedness thereby secured does not exceed the purchase price thereof; or (y) any Encumbrance on or with respect to the assets, receivables, remittances or other payment rights of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the principal amount of the Relevant External Indebtedness secured by such Encumbrance is substantially limited to the proceeds received by the Issuer in exchange for the sale, assignment, pledge or other transfer of such assets, receivables, remittances or other payment rights.

3.2 **Definitions**

In these Conditions:

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

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

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

4. **WAIVER OF SET-OFF**

If Waiver of Set-Off is specified in the relevant Final Terms as being applicable, 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 or Zero Coupon Notes.

5.1 **Interest on Fixed Rate Notes**

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.

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

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

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

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

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

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

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

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) 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
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) 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
 - (B) 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
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

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

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

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.

(a) Interest Payment Dates

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

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

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

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

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b)(2) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System 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 (as defined in the ISDA Definitions) 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) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the EURIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms;

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.

(d) Screen Rate Determination for Floating Rate Notes (unless the Reference Rate is Compounded Daily SONIA, Compounded SONIA, Compounded Daily SOFR and SOFR Average)

Where "Screen Rate 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**") and the Reference Rate is specified in the applicable Final Terms as being a Reference Rate other than Compounded Daily SONIA, Compounded SONIA, Compounded Daily SOFR and SOFR Average, the Rate of Interest for each Interest Period will (subject to Condition 5.4 (*Benchmark Discontinuation*)), be either:

- (i) the offered quotation for the Reference Rate (if there is only one quotation on the Relevant Screen Page); or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate,

which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the Interest Determination Date in question plus or minus (as specified in the applicable Final Terms) the Relevant Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of

such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if no such offered quotation appears, in each case as at the time specified in the preceding paragraph, the Issuer or a third party (with appropriate experience in the international debt capital markets) on its behalf shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time (as defined below) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Relevant Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the relevant inter-bank market plus or minus (as appropriate) the Relevant Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the relevant inter-bank market plus or minus (as appropriate) the Relevant Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period, in place of the Relevant Margin relating to that last preceding Interest Period).

In this Condition 5.2(d) the expression "**Reference Banks**" means, the principal office of four major banks in the relevant interbank market, in each case selected by the Calculation Agent; and the expression "**Relevant Time**" has the meaning given in the applicable Final Terms.

- (e) Screen Rate Determination for Floating Rate Notes where the Reference Rate is Compounded Daily SONIA

Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SONIA, the Rate of Interest for each Interest Period will be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Relevant Margin.

"**Compounded Daily SONIA**" will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.00005 being rounded upwards:

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

where:

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

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

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

"**p**", for any Interest Period, means the number of London Banking Days specified in the applicable Final Terms;

"**SONIA Reference Rate**", in respect of any London Banking Day, is 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 published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"**SONIA_i**" means, in respect of any London Banking Day "**i**" falling in the relevant Observation Period, the SONIA Reference Rate for that 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.

If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be:

- (i) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread

of the SONIA 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

- (ii) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, 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).

Notwithstanding the paragraph above, if the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the relevant Series of Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

If the relevant Series of Notes becomes due and payable in accordance with Condition 10 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remains outstanding, be that determined on such date.

- (f) Screen Rate Determination for Floating Rate Notes where the Reference Rate is Compounded SONIA

Where "**Screen Rate Determination**" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being Compounded SONIA, the Rate of Interest for each Interest Period will be Compounded SONIA plus or minus (as indicated in the applicable Final Terms) the Relevant Margin.

"**Compounded SONIA**" means, in respect of an Interest Period, the rate calculated by the Calculation Agent, on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards:

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

where:

"**Bloomberg Screen**" means, when used in connection with any designated page, the display page so designated on the Bloomberg service, or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original page or source, or (ii) if the sponsor has not officially designated a successor display page, another published source, service or provider (as the case may be), the successor display page, other published source, service or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor);

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

"**Interest Determination Date**" has the meaning ascribed to it in Condition 5.2(e) above;

"**London Banking Day**" has the meaning ascribed to it in Condition 5.2(e) above;

"p" means the whole number specified in the applicable Final Terms, such number representing a number of London Banking Days and which shall not be specified in the applicable Final Terms as less than five without the prior written consent of the Calculation Agent;

"**SONIA Compounded Index_{End}**" means the Compounded SONIA Index Value on the day which is "p" London Banking Days preceding the Interest Payment Date relating to such Interest Period (or, in the final Interest Period, the Maturity Date) (a "**SONIA Index Determination End Date**");

"**SONIA Compounded Index_{Start}**" means the Compounded SONIA Index Value on the day which is "p" London Banking Days preceding the first date of the relevant Interest Period (a "**SONIA Index Determination Start Date**");

"**SONIA Index Determination Date**" means a SONIA Index Determination Start Date or SONIA Index Determination End Date, as the case may be; the "**SONIA Compounded Index Value**" in relation to a SONIA Index Determination Date, shall be the value that is published or displayed by the administrator of the SONIA Reference Rate or by another information service from time to time (including on Bloomberg Screen page SONCINDX) at 12.30 p.m. (London time) on such SONIA Index Determination Date, as determined by the Calculation Agent; and

"**SONIA Reference Rate**" has the meaning ascribed to it in Condition 5.2(e) above.

Subject as set out below, if, in respect of any SONIA Index Determination Date, the Calculation Agent determines that the SONIA Compounded Index Value is not available or has not otherwise been published or displayed by the administrator of the SONIA Reference Rate or by another information service, as the case may be, "**Compounded SONIA**", for such Interest Period, shall be calculated by the Calculation Agent on the relevant Interest Determination Date on the basis of GBP-SONIA-COMPOUND, as that rate is described in Supplement number 55 to the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.), as published on 23 April 2018 (the "**ISDA Compound SONIA Definition**") and for the purposes of calculating Compounded SONIA on the basis of the ISDA Compound SONIA Definition, references in the ISDA Compound SONIA Definition to "**Calculation Period**" shall be construed as references to the period from, and including, the date which is "p" London Banking Days preceding the first date of the relevant Interest Period to, but excluding, the date which is "p" London Banking Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date (or if the Notes become due and payable in accordance with Condition 10 (*Events of Default*), the date on which the Notes become due and payable (or, if such date is not a London Banking Day, the London Banking Day immediately preceding such date)) (each such period, a "Reference Period").

If the SONIA Reference Rate is not published on a London Banking Day in the relevant Reference Period, as specified in the ISDA Compound SONIA Definition, the Calculation Agent will determine such SONIA Reference Rate in respect of such London Banking Day as being a rate equal to the SONIA Reference Rate in respect of the last London Banking Day for which such rate was published by the authorised distributors of the SONIA Reference Rate.

If, on any London Banking Day following such London Banking Day, the Calculation Agent determines that the SONIA Reference Rate is still not available or has not otherwise been published by the relevant authorised distributors, the Calculation Agent will determine such SONIA Reference Rate in respect of each such London Banking Day as being the rate (inclusive of any spreads or adjustments) recommended as the replacement for the SONIA Reference Rate by (i) the administrator of SONIA (if the administrator of SONIA is the Bank of England or a successor national central bank), or otherwise (ii) a committee or other body officially endorsed or convened by one or both of the Financial Conduct Authority and the Prudential Regulation Authority (including, for the avoidance of doubt, the Financial Conduct Authority and the Prudential Regulation Authority themselves) (or, in each case, any successor thereto) (which rate may be produced by the Bank of England

or another administrator) and as provided or published by the administrator of that rate or, if that rate is not provided or published by the administrator thereof (or a successor administrator), as provided or published by an authorised distributor (the "**GBP Recommended Rate**").

If, in respect of a London Banking Day in the relevant Reference Period, the Calculation Agent determines that no GBP Recommended Rate exists or is published, the Calculation Agent will determine the SONIA Reference Rate in respect of any London Banking Day in respect of which the GBP Recommended Rate would otherwise have applied as being: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on such London Banking Day; plus (ii) 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.

In the event that Compounded SONIA cannot be determined in accordance with the foregoing provisions, Compounded SONIA shall be (i) that determined at the last preceding Interest Determination Date or (ii) if there is no such preceding Interest Determination Date, the initial Interest Rate (minus the Margin) which would have been applicable to the Notes for the scheduled 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.

- (g) Screen Rate Determination for Floating Rate Notes where the Reference Rate is Compounded Daily SOFR

Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR, the Rate of Interest for each Interest Period will be Compounded Daily SOFR plus or minus (as indicated in the applicable Final Terms) the Relevant Margin.

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 Daily 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 in the Observation Period 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 Daily SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 5.2(h) below will apply.

"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);

"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;

"Business Day" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Observation Period**" in respect of each Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period;

"**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) 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;

"**Compounded Daily 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):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"**d_o**," means, for any Observation Period, the number of U.S. Government Securities Business Days in such Observation Period;

"**i**" means, for any Observation Period, 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 such Observation Period to, and including, the last U.S. Government Securities Business Day in such Observation Period;

"**p**" for any Interest Period, means the number of U.S. Government Securities Business Days specified in the applicable Final Terms and which shall not be as less than five without the prior written consent of the Calculation Agent;

"**SOFR_i**" for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is equal to SOFR in respect of that day "i";

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

"**d**" is the number of calendar days in the Observation Period.

- (h) Screen Rate Determination for Floating Rate Notes for SOFR Average

Where "**Screen Rate Determination**" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being SOFR Average, the Rate of Interest for each Interest Period will be SOFR Average plus or minus (as indicated in the applicable Final Terms) the Relevant Margin.

"**SOFR Average**" means, in respect of an Interest Period, the rate calculated by the Calculation Agent, on the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place of a percentage point, with 0.000005 being rounded upwards:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

where:

"**SOFR Index_{Start}**" means the SOFR Index value on the day which is "p" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period (a "**SOFR Index Determination Start Date**");

"**SOFR Index_{End}**" means the SOFR Index value on the day which is "p" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date) (a "**SOFR Index Determination End Date**");

"**p**" means the whole number specified in the applicable Final Terms, such number representing a number of U.S. Government Securities Business Days and which shall not be specified in the applicable Final Terms as less than five without the prior written consent of the Calculation Agent;

"**d_c**" means the number of calendar days from (and including) SOFR Index_{Start} to (but excluding) SOFR Index_{End};

"**Interest Determination Date**" has the meaning ascribed to it in Condition 5.2(e) above;

"**SOFR Index Determination Date**" means a SOFR Index Determination Start Date or a SOFR Index Determination End Date, as the case may be;

"**SOFR Administrator**" has the meaning ascribed to it in Condition 5.2(e) above;

"**SOFR Administrators Website**" has the meaning ascribed to it in Condition 5.2(e) above;

"**SOFR Determination Time**" has the meaning ascribed to it in Condition 5.2(e) above;

the "**SOFR Index**" in relation to any U.S. Government Securities Business Day shall be the value as published by the SOFR Administrator on the SOFR Administrator's Website at the SOFR Determination Time; and

"**U.S. Government Securities Business Day**" has the meaning ascribed to it in Condition 5.2(e);

Subject as set out in Condition 5.4 below, if the SOFR Index is not published on any relevant SOFR Index Determination Date, and a Benchmark Transition Event and related Benchmark Replacement Date have not occurred, "**SOFR Average**" means, for an Interest Determination Date with respect to an Interest Period, USD-SOFR-COMPOUND, i.e., the daily compound interest investment (it being understood that the reference rate for the calculation of such interest is the Secured Overnight Financing Rate (SOFR)), calculated in accordance with only the formula and definitions required for such formula set forth in

USD-SOFR-COMPOUND of Supplement number 57 (for the avoidance of doubt, without applying any fallbacks included therein) to the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.), as published on 16 May 2018 (and for the purposes of such provisions, references to "**Calculation Period**" shall mean, the period from and including the date which is "**p**" U.S. Government Securities Business Days preceding the first date of the relevant Interest Period to, but excluding, the date which is "**p**" U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date) (or if the Notes become due and payable in accordance with Condition 10 (*Events of Default*), the date on which the Notes become due and payable (or, if such date is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such date)).

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred during such Interest Period, the provisions below under Condition 5.4 shall apply to such Interest Period and any future Interest Periods (subject to the occurrence of any future Benchmark Transition Event).

(i) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(j) Determination of Rate of Interest and calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

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

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

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

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366

and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(k) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified to be applicable in the applicable Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Applicable Maturity" means, (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(l) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the

first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (*Agents*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Agents*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(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 Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

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 Agent or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)) 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 Agent prior to the relevant Interest Determination Date relating to the next succeeding Interest Period 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 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 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 subsequently be used in place of the 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 operation of this Condition 5.4(a)); or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall subsequently be used in place of the 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, the Reference Rate applicable to the immediate following Interest Period shall be equal to the last available Reference Rate, as determined by the Agent. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period (though substituting, where a different Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period). For the avoidance of doubt, the proviso in this Condition 5.4(a) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 5.4(a).
- (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, Alternative Rate or 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,

Alternative Rate and/or 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 Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) will, in the absence of manifest error in the determination of the Successor Rate or the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) be binding on the Issuer, the Agent and the Noteholders.

- (vii) 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).

As used in these Conditions:

"**Adjustment Spread**" means either a spread (which may be positive or negative), 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 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 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 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 Reference Rate;

"**Benchmark Event**" means:

- (i) the Reference Rate ceasing to be published on the Relevant Screen Page as a result of such Reference Rate ceasing to be calculated or administered; or
- (ii) the making of a public statement by the administrator of the 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 Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Reference Rate that the 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 Reference Rate that means the 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 Reference Rate that, in the view of such supervisor, such 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, become unlawful for the Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the 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),

provided that the Benchmark Event shall be deemed to occur (a) in the case of subparagraphs (ii) and (iii) above, on the date of the cessation of publication of the Reference Rate or the date of discontinuation of the Reference Rate, as the case may be, (b) in the case of subparagraph (iv) above, on the date of the prohibition of use of the Reference Rate or the date when the use of such Reference Rate becomes subject to restrictions or adverse consequences and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Reference Rate will no longer be (or will be deemed by the relevant supervisor of the administrator of such Reference Rate to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

"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) 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 originally-specified benchmark or screen rate (as applicable) 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

This Condition 5.4(b) shall apply to all Notes where the applicable Final Terms specify this Condition 5.4(b) as being applicable.

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.

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:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) 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.

For the purposes of this Condition 5.4(b):

"Benchmark" means, initially, the Reference Rate specified in the relevant Final Terms (or any relevant component part(s) thereof); *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 such Reference Rate (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 Interpolated Benchmark with respect to the then-current Benchmark; *provided that* if the Issuer cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then **"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) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of (a) Compounded Daily SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) 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 for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (v) the sum of (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark for the applicable Corresponding Tenor 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; or
- (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); or
- (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;

"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

"Interpolated Benchmark" with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"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 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 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 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;

"Term SOFR" means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

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

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 Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Agent of the same, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any 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
- (ii) 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**

This Condition 5.4(c) applies to all Notes where the applicable Final Terms specify Condition 5.4(c) or Condition 5.4(c) as being applicable.

Notwithstanding any other provision of this Condition 5.4(c):

- (i) 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;

- (ii) 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
- (iii) 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 be equal the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.
- (b) Senior Non-Preferred Notes will have a maturity 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 relevant 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 relevant 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 the 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 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.

For the purposes of these Conditions, "**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.

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 relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 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;

"**CRD**" means, taken together, the (i) CRD Directive, (ii) CRR Regulation and (iii) any CRD Implementing Measures;

"**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 relevant 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.

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, 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) 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 it has been granted the approval of or permission from (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the 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 the 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 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 depository 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:

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

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**Y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will

be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

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 the Notes to be purchased: (a) comply with any applicable threshold as may be requested or required by the Relevant Resolution Authority from time to time; and (b) are purchased in order to be surrendered to any Paying Agent for cancellation.

Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the MREL Senior Notes, the Senior Non-Preferred Notes or the 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.

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 payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction in the case of MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes (if permitted by the Applicable MREL Regulations), or interest only, in the case of Tier 2 Subordinated Notes, as would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or

deduction, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (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 ceases or announces an intention to cease to carry on the whole or a substantial part of its business, save for (i) the purposes of a reorganisation of the Issuer and its Subsidiaries taken as a whole on terms approved by an Extraordinary Resolution of the holders or (ii) as otherwise permitted by applicable law and **provided that** a Permitted Disposal shall not constitute a cessation of a substantial part of the business of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or if the Issuer is adjudicated or found bankrupt or insolvent; or

(f) Insolvency/Winding-up

If (i) the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; (ii) proceedings are initiated against any of the Issuer's Material Subsidiaries under any applicable bankruptcy, restructuring, 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.

"Permitted Disposal" means the transfer for fair value on arm's-length terms (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of any assets of the Issuer or any of its Material Subsidiaries pursuant to or in connection with the exercise by Orange Polska S.A. of any option granted to it under the investment agreement dated 19 March 2014 and made between the Issuer and Orange Polska S.A., as amended from time to time.

"Subsidiary" means any company or corporation: (A) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or (B) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or (C) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation, and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

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

- (a) The following events or circumstances (each an **"Event of Default"**) shall be events of default in relation to any Series of MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, namely:
- (i) **Non-Payment of Principal:** there is a default in the payment of any principal or other redemption amount due in respect of the Notes for more than 10 Business Days; or
 - (ii) **Non-Payment of Interest:** there is a default in the payment of interest in respect of the Notes as and when the same becomes due and payable for more than 10 Business Days; or
 - (iii) **Winding up:** an order is made by any competent court commencing insolvency proceedings against the Issuer or an order is made by any competent court or an effective resolution is passed for the winding up or dissolution of the Issuer and such order is continuing.
- (b) If any Event of Default shall occur and is continuing in relation to any Series of MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes:

- (i) in the case of an Event of Default described at (A)(I) or (A)(II) above, any Noteholder of any Note of the relevant Series may, subject as provided below, at its discretion institute proceedings in the Republic of Poland for the winding up or bankruptcy of the Issuer (*provided that* such steps are available for a creditor under applicable law) and prove or claim in the bankruptcy or liquidation of the Issuer but subject to such Noteholder only being able to claim payment in respect of the Notes in the winding up or liquidation, as the case may be, of the Issuer; or
- (ii) in the case of an Event of Default described at (A)(III) above, any Noteholder of any Note of the relevant Series may, subject as provided below, at its discretion give written notice to the Issuer that such Note is, and it shall accordingly thereby immediately become, due and repayable at its principal amount (or such other redemption amount as may be specified in the applicable Final Terms) together with accrued interest (if any) thereon but subject to such Note only becoming due and payable, and to each Noteholder only being able to claim payment in respect of the Notes in the winding-up or liquidation, as the case may be, of the Issuer.

The Noteholder of any Note may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to paragraphs (i) and (ii) above, any obligation for the payment of any principal or interest in respect of the Notes) *provided that* the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of (in the case of the 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. Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes) the Relevant Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

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 the last paragraph of 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 relevant 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 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 the 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 the 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, Adjustment Spread or Benchmark Amendments 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.

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 Polish bail-in power 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 Polish bail-in power 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 Polish bail-in power 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 Polish bail-in power for the purpose of notifying Noteholders of such occurrence. 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 Polish bail-in power by the Competent Authority and/or the Relevant Resolution

Authority with respect to the Issuer, nor the exercise of any Polish bail-in power 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.

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.

The Green Bond Framework is aligned with the ICMA Green Bond Principles published by the International Capital Markets Association (the "**GBP 2018**") which constitute voluntary guidelines recommending transparency and promoting integrity in the development of the green bonds market. The Green Bond Framework has been reviewed by a sustainability specialist, Sustainalytics B.V., which has issued an opinion confirming that the Green Bond Framework is credible, impactful and aligned with the GBP 2018 (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.

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/>.

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).

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

Financial results of the Group in 2020

For the year ended 31 December 2020, the Group's total income was PLN 5,866.8 million, compared with PLN 5,524.4 million for the year ended 31 December 2019, which represents an increase of 6.2 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).

The increase of total income was mainly driven by higher net fee and commission income, higher net trading income and by lower other operating expenses.

As in the year ended 31 December 2019, net interest income was the Group's largest income source in the year ended 31 December 2020 (68.3 per cent. of total income). In the year ended 31 December 2020, net interest income reached PLN 4,009.3 million, compared with PLN 4,002.8 million in the previous year (an increase of 0.2 per cent.). The net interest income was mainly impacted by interest rate cuts by 140 basis points in aggregate in 2020.

In the year ended 31 December 2020, interest income decreased by 7.6 per cent. to PLN 4,688.4 million (compared with PLN 5,071.7 million in the year ended 31 December 2019). With a share of 77.8 per cent., loans and advances constituted the main source of the Group's interest income. In the year ended 31 December 2020, interest income from loans and advances decreased by PLN 305.0 million or 7.7 per cent. to PLN 3,648.9 million. 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. A decrease of interest income from loans and advances resulted mainly from interest rate cuts. For the same reason, interest income from investment securities decreased by PLN 59.0 million or 8.4 per cent. despite a significant increase in the value of the portfolio. In the year ended 31 December 2020, interest income from investment securities reached PLN 646.0 million compared with 705.0 million in the year ended 31 December 2019. 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 44.1 per cent. to PLN 27.2 million from PLN 48.6 million for the year ended 31 December 2019. In the year ended 31 December 2020, interest income on derivatives classified into the banking book decreased by 30.6 per cent. to PLN 126.1 million, compared with PLN 181.8 million in the year ended 31 December 2019.

In the year ended 31 December 2020, interest expenses decreased by PLN 389.8 million or 36.5 per cent., which was mainly attributable to lower cost of deposits (down by PLN 314.8 million or 47.6 per cent.). Interest expenses arising from the issue of the Group's debt securities decreased by PLN 66.6 million or 22.6 per cent. due to a decrease in the value of issued securities following redemption of covered bonds issued by mBank Hipoteczny S.A. and bonds issued by the Issuer under the Programme. Interest expenses arising from loans received decreased by 34.9 per cent. to PLN 8.9 million for the year ended 31 December 2020 (compared with PLN 13.6 million for the year ended 31 December 2019). The Group's net interest margin for the year ended 31 December 2020 was 2.3 per cent., compared with 2.7 per cent. for the year ended 31 December 2019.

The Group's net fee and commission income surged to PLN 1,508.3 million in the year ended 31 December 2020 registering a growth of 18.7 per cent., compared with PLN 1,270.6 million for the year ended 31 December 2019. The primary reason was an increase in fee and commission income.

The Group's fee and commission income increased by 11.6 per cent. to PLN 2,244.6 million for the year ended 31 December 2020 (compared with PLN 2,010.7 million for the year ended 31 December 2019). The largest growth, related to rising interest of retail clients in investments on the Warsaw Stock Exchange, was observed in fees from brokerage activity and debt securities issue. They increased by PLN 135.3 million or 155.5 per cent. to PLN 222.3 million for the year ended 31 December 2020 (compared with PLN 87.0

million for the year ended 31 December 2019). Credit-related fees and commissions increased by PLN 44.9 million or 10.7 per cent. to PLN 462.8 million for the year ended 31 December 2020 (compared with PLN 417.9 million for the year ended 31 December 2019) due to a higher volume of corporate and mortgage loans sold and modifications to the tariff of fees and commissions. Commissions from currency transactions increased by PLN 33.6 million or 11.0 per cent. to PLN 339.6 million for the year ended 31 December 2020 (compared with PLN 306.0 million for the year ended 31 December 2019) owing to higher volatility on the FX market. Commissions from bank accounts increased by 5.4 per cent. to PLN 222.3 million for the year ended 31 December 2020 (compared with PLN 210.9 million for the year ended 31 December 2019), driven by a growing client base. Fees from portfolio management services and other management-related fees increased by 63.8 per cent. to PLN 23.2 million for the year ended 31 December 2020 (compared with PLN 14.2 million for the year ended 31 December 2019), reflecting a strong growth of assets under management. Commissions for agency service regarding sale of insurance products of external financial entities in the year ended 31 December 2020 increased by 9.3 per cent. to PLN 109.8 million compared with the year ended 31 December 2019. The growth in transactional banking and a higher number of transactions resulted in an increase in commissions from money transfers by 1.3 per cent. or PLN 1.9 million to PLN 147.8 million for the year ended 31 December 2020, compared with PLN 145.8 million for the year ended 31 December 2019. Payment cards-related fees decreased by PLN 5.6 million or 1.3 per cent. to PLN 430.2 million for the year ended 31 December 2020 compared with the year ended 31 December 2019 due to a lower number of clients' non-cash transactions. The value of non-cash transactions grew by 6.3 per cent. year-on-year, while the number of transactions dropped by 0.6 per cent. Lower client activity was caused by restrictions imposed to contain the COVID-19 pandemic. The year ended 31 December 2020 also saw a decrease in commissions for agency service regarding sale of products of external financial entities of 9.4 per cent. to PLN 74.5 million (compared with PLN 82.2 million for the year ended 31 December 2019).

For the year ended 31 December 2020, fee and commission expense decreased by 0.5 per cent. to PLN 736.3 million compared with PLN 740.0 million for the year ended 31 December 2019.

Dividend income amounted to PLN 4.9 million for the year ended 31 December 2020, compared with PLN 4.2 million for the year ended 31 December 2019.

The Group recorded net trading income of PLN 184.8 million for the year ended 31 December 2020, which represented an increase of 37.3 per cent. compared with the year ended 31 December 2019. This growth was driven mainly by gains or losses on financial assets and liabilities held for trading.

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 5.0 per cent. or PLN 9.3 million to PLN 176.3 million for the year ended 31 December 2020 compared with PLN 185.5 million for the year ended 31 December 2019. Other income included, among others, the results on the revaluation of shares of Visa Inc. and other companies (Polski Standard Płatności Sp. z o.o., Krajowa Izba Rozliczeniowa S.A. and Biuro Informacji Kredytowej S.A.).

In the year ended 31 December 2020, net other operating income (other operating income net of other operating expenses) amounted to PLN -16.8 million in 2020 compared with PLN -73.2 million for the year ended 31 December 2019, when provisions were set up against future commitments, including potential costs related to settlements with clients who made early repayments of consumer loans and the provision connected with early termination of lease agreements pertaining to two buildings in Warsaw in connection with the planned relocation.

In the year ended 31 December 2020, the Group's total overhead costs and depreciation stood at PLN 2,411.1 million, which represented a 3.5 per cent. increase in comparison with the previous year (PLN 2,329.2 million for the year ended 31 December 2019). The increase was mainly due to higher depreciation, higher contributions to the BGF and higher material costs.

Staff-related expenses decreased by 4.4 per cent. to PLN 974.7 million for the year ended 31 December 2020 (compared with PLN 1,019.3 million for the year ended 31 December 2019) mainly due to reduced variable components of remuneration. The number of full-time equivalents decreased to 6,688 as at 31 December 2020 from 6,771 as at 31 December 2019. Material costs increased by 5.0 per cent. to PLN 671.3 million for the year ended 31 December 2020 (compared with PLN 639.1 million for the year ended 31 December 2019). The increase was driven by consulting costs and IT costs due to measures aimed at strengthening the Bank's leading position in direct banking. The Group's contribution and transfers to the

BGF, rose by 16.6 per cent or PLN 42.4 million to PLN 298.1 million for the year ended 31 December 2020. Depreciation increased by 14.7 per cent. to PLN 430.6 million for the year ended 31 December 2020 (compared with PLN 375.5 million for the year ended 31 December 2019) due to earlier investments.

As a result of changes in income and expenses, the cost-to-income ratio for the year ended 31 December 2020 was 41.1 per cent. (compared with 42.2 per cent. for the year ended 31 December 2019). 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 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 stood at PLN -1,292.8 million, including impairment or reversal of impairment on financial assets not measured at fair value through profit or loss of PLN -1,225.6 million and gains or losses on loans and advances in non-trading financial assets mandatorily at fair value through profit or loss, which amounted to PLN -67.2 million.

The cost of risk in the year ended 31 December 2020 stood at 119 basis points, compared with 79 basis points in the year ended 31 December 2019. Cost of risk in Retail Banking increased significantly mainly due to the application of a macroeconomic scenario assuming the economic impact of the COVID-19 pandemic in the estimation of portfolio provisions as well as the reclassification of some exposures of retail clients who used credit moratoria to Stage 2 due to uncertainty as to full repayment. As a result, additional expected credit loss allowances were booked. Cost of risk in Corporates and Financial Markets increased, among others, due to an additional review of sectors and clients, in particular clients on the watch list in order to test a potentially higher probability of non-implementation of restructuring plans due to changing economic conditions in Poland as a result of the COVID-19 pandemic.

In the year ended 31 December 2020, provisions for legal risk related to foreign currency loans grew to PLN 1,021.7 million from PLN 387.8 million in the year ended 31 December 2019. The Bank's methodology of calculating the provisions depends on a number of assumptions, including mainly the projected population of borrowers who will litigate against the bank, the probability of losing in court in last instance, the distribution of expected court judgments, and losses of the Bank in lost cases. The increase in net provision in 2020 was mainly driven by a higher probability of losing in court, applied in the calculations, as well as a higher number of expected new cases. The methodology is described in detail in Note 4 to the Consolidated Financial Statements of mBank S.A. Group for 2020. Taxes on the Bank's balance sheet items for the year ended 31 December 2020 were PLN 531.4 million compared with PLN 458.7 million for the year ended 31 December 2019.

The Group's profit before income tax for the year ended 31 December 2020 was PLN 609.7 million compared with PLN 1,555.0 million for the year ended 31 December 2019.

The Group's net profit attributable to the Owners of mBank S.A. for the year ended 31 December 2020 was PLN 103.8 million compared with PLN 1,010.4 million generated in the year ended 31 December 2019. The Group's net return on equity stood at 0.6 per cent. as at 31 December 2020 compared with 6.4 per cent. as at 31 December 2019.

The Group's capital adequacy ratios increased in the year ended 31 December 2020 and stayed well above the regulatory minimum capital requirements. As at 31 December 2020, the Total Capital Ratio stood at 19.9 per cent. compared with 19.5 per cent. as at 31 December 2019. The Common Equity Tier 1 capital ratio was 17.0 per cent. as at 31 December 2020, compared with 16.5 per cent. as at 31 December 2019. 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 7.9 per cent. (compared with 8.3 per cent. in the year ended 31 December 2019).

On 15 July 2021, the Bank received from the KNF an individual recommendation letter, in which the regulator recommended to mitigate the risk of the Bank's operations by not paying the dividend from the net profit generated between 1 January 2020 and 31 December 2020, as well as refraining from undertaking,

without prior consultation with the KNF, other actions, in particular those outside the scope of current business and operating activities, which may result in a reduction of the capital base, including possible dividend payments from retained earnings from previous years.

Financial results of the Group in H1 2021

The Group generated total income at the level of PLN 2,981.6 million in the first half of 2021 ended 30 June 2021 ("**H1 2021**") compared with PLN 2,903.8 million in H1 2020 ended 30 June 2020, which represents an increase of PLN 77.8 million or 2.7 per cent. During this period, a drop in net interest income due to series of interest rate cuts by 140 basis points in aggregate in March, April and May 2020, was offset by an increase in other income sources.

Net interest income remained the main source of income of mBank Group in H1 2021 (64.0 per cent. of total income). It stood at PLN 1,908.4 million compared with PLN 2,072.1 million in the first half of 2020 ("**H1 2020**"), representing a decrease by PLN 163.6 million or 7.9 per cent.

Interest income declined by PLN 491.0 million or 19.3 per cent. year on year and stood at PLN 2,054.6 million in H1 2021. Income on loans and advances to clients, constituting the main source of interest income, decreased in H1 2021 by PLN 414.8 million or 20.5 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. In H1 2021, interest income from investment securities was lower than in H1 2020 by PLN 104.3 million or 30.7 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 decreased by PLN 12.9 million or 65.8 per cent. compared with H1 2020. Interest income on derivatives (classified into banking book; concluded under the fair value hedge, and concluded under the cash flow hedge) increased in H1 2021 by PLN 55.0 million or 37.1 per cent. year on year.

Interest expenses declined by PLN 327.4 million or by 69.1 per cent. year on year in H1 2021 and stood at PLN -146.1 million. As a result of repricing, cost of deposits fell by PLN 254.1 million or 90.3 per cent. despite a significant increase in the volume of retail and corporate deposits in H1 2021. Interest expenses arising from the issue of the Group's debt securities, which constitute the Group's second-largest source of funding, decreased by PLN 62.0 million or 45.8 per cent. compared with H1 2020.

Net fee and commission income amounted to PLN 920.6 million in H1 2021, up by PLN 195.0 million or 26.9 per cent. year on year. Fee and commission income increased by PLN 212.4 million or 19.7 per cent. year on year. The highest increase was recorded in commissions from bank accounts, which grew by PLN 96.9 million or 99.5 per cent. year on year. This increase was mainly attributable to the fee determined on the basis of the balance of deposits on the first day of the year for balances surpassing the fixed threshold charged from corporate clients. Fees from brokerage activity and debt securities issue increased by PLN 35.2 million or 37.7 per cent. compared with H1 2020 reflecting increased investors' activity on the Warsaw Stock Exchange and the turnover of mBank's Brokerage Bureau on the equity market. Credit-related fees and commissions increased by PLN 30.4 million or 13.5 per cent. year on year as a result of higher sales of retail mortgage and non-mortgage loans. Commissions for foreign currencies exchange rose by 26.4 million or 16.3 per cent. in H1 2021. The increase was driven by higher activity of both corporate and retail clients. Commissions from money transfers in H1 2021 were higher than in H1 2020 by PLN 17.7 million or 25.2 per cent. mirroring rising transactionality and price adjustments. Fees from portfolio management services and other management-related fees increased by PLN 7.8 million or 126.2 per cent. year on year. Commissions for agency service regarding sale of insurance products of external financial entities in H1 2021 were higher than a year ago by PLN 7.3 million or 13.3 per cent. Commissions for agency service regarding sale of other products of external financial entities increased by PLN 7.2 million or 19.7 per cent. year on year fuelled by higher sales of external financial products by mBank's subsidiary mFinanse S.A.

Payment cards-related fees decreased by PLN 18.7 million or 8.3 per cent. year on year in H1 2021.

Fee and commission expense increased by PLN 17.3 million or 4.9 per cent. year on year in H1 2021, driven mainly by payment cards-related fees, commissions paid for sale of products of external financial entities, discharged brokerage fees and commissions paid for agency service regarding sale of insurance products of external financial entities.

Dividend income amounted to PLN 3.9 million in H1 2021 compared with PLN 4.5 million in H1 2020.

Net trading income amounted to PLN 106.8 million in H1 2021, up by PLN 22.4 million or 26.6 per cent. compared with H1 2020. An increase was reported in foreign exchange result, which in H1 2021 reached PLN 69.6 million compared with PLN 8.4 million in H1 2020. Gains or losses on financial assets and liabilities held for trading decreased by PLN 31.3 million or 40.3 per cent. year on year in H1 2021.

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, stood at PLN 97.3 million in H1 2021 compared with PLN 6.1 million in H1 2020. This significant increase resulted from the gains on the sale of Treasury bonds recognised in H1 2021.

In H1 2021, net other operating income (other operating income net of other operating expenses) stood at PLN -55.5 million, compared with PLN 11.2 million in H1 2020. The negative result in H1 2021 was driven mainly by increased provisions for future commitments.

Total overhead costs of the Group (including depreciation) stood at PLN 1,244.9 million in H1 2021. They were lower than in H1 2020 by PLN 62.9 million or 4.8 per cent. Staff-related expenses decreased by PLN 24.2 million (-4.6 per cent.) year on year mainly due to decreased headcount. Material costs remained relatively stable year on year (-0.8 per cent), while depreciation increased by PLN 10.4 million or 4.8 per cent. year on year in H1 2021 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 stood at PLN 178.5 million in H1 2021 compared with PLN 230.0 million H1 2020. Both H1 2021 and H1 2020 BGF costs comprised the annual contribution to the resolution fund.

As a result of changes in the income and costs of the Group, the cost-to-income ratio of mBank Group was 41.8 per cent. compared with 45.0 per cent in H1 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).

The normalized cost-to-income ratio. i.e. with the costs calculated net of the contribution to the resolution fund attributable to the second half of the year, improved in H1 2021 (down to 39.6 per cent. from 42.2 per cent. in H1 2020).

In H1 2021, 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) stood at PLN -393.1 million compared with PLN -761.4 million in H1 2020 (-48.4 per cent. year on year). In H1 2021, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss amounted to PLN -381.0 million, while gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss amounted to PLN -12.1 million.

The result on provisions for legal risk related to foreign currency loans stood at PLN -314.8 million in H1 2021, while in H1 2020 it amounted to PLN -201.9 million. The methodology of creating provisions for legal risk related to foreign currency loans is described in detail in Note 3 to the mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021. Taxes on the Bank's balance sheet items for H1 2021 were PLN 286.0 million compared with PLN 270.2 million for H1 2020.

The Group's profit before income tax for H1 2021 ended 30 June 2021 was PLN 742.8 million compared with PLN 362.4 million for H1 2020 ended 30 June 2020. The Group's gross return on equity increased from 4.4 per cent. as at 30 June 2020 to 8.9 per cent. as at 30 June 2021.

The Group's net profit attributable to the Owners of mBank S.A. for H1 2021 was PLN 425.8 million compared with PLN 177.9 million generated in H1 2020 (+139.4 per cent. year on year). The Group's net return on equity stood at 5.1 per cent. as at 30 June 2021 compared with 2.1 per cent. as at 30 June 2020.

In the first six months of 2021, 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 1,052.6 million and the net profit attributable to the Owners of mBank S.A in the amount of PLN 735.6 million. The net return on equity on the Group's Core Business after H1 2021 ended 30 June 2021 was 10.7 per cent.

As at 30 June 2021, the Group's loans gross carrying amount of loans and advances to customers stood at PLN 119.9 billion out of which PLN 70.1 billion - to individuals, PLN 49.6 billion - to corporate entities and PLN 0.2 billion - to public sector. It compares with PLN 112.2 billion as at 31 December 2020 (including PLN 66.0 billion - to individuals, PLN 46.0 billion - to corporate entities and PLN 0.2 billion - to public sector).

Amounts due to customers amounted to PLN 156.6 billion as at 30 June 2021 compared with PLN 137.7 billion as at 31 December 2020.

As at 30 June 2021, the Total Capital Ratio of the Group stood at 17.6 per cent. compared with 19.3 per cent. as at 30 June 2020. The Common Equity Tier 1 capital ratio was 15.2 per cent. as at 30 June 2021 compared with 16.4 per cent. as at 30 June 2020. A decrease in the capital ratios was driven by an increase in the total risk exposure amount over that period. The consolidated leverage ratio as at 30 June 2021 amounted to 7.0 per cent. (compared with 7.5 per cent. in H1 2020 ended 30 June 2020).

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 Equivalent ("FTEs"). The average number of FTEs is calculated on the basis of FTE as at the beginning of the year and at the end of each quarter.
ROE gross (Return on equity gross).....	Calculated by dividing profit before income tax by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as at the end of each month. Profit before income tax is annualised based on the number of days in the analysed

APM	Definition
	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 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 attributable to the owners of mBank 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).
ROA net (Return on assets net)	Calculated by dividing net profit attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit 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).
Normalised cost to income ratio (Normalised C/I).....	Calculated by dividing normalised 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. The contribution to the resolution fund of the BGF in normalised costs is calculated in proportion to the period for which the normalised cost is calculated (i.e. the annual fee for the resolution fund is spread evenly over each calendar month of the year).
Net interest margin (NIM).....	Calculated by dividing net interest income by average interest-earning assets. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (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

APM	Definition
	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.
NPL Coverage ratio.....	Calculated by dividing a sum of accumulated provisions for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated provisions for loans and advances to customers mandatorily at fair value through profit or loss by a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default.
Cost of risk	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.

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 2020 AND 31 DECEMBER 2019 AND FOR THE FIRST HALF OF THE YEAR ENDED 30 JUNE 2021 AND 30 JUNE 2020

This section should be read together with the financial data included or incorporated by reference elsewhere in this Base Prospectus.

Comparative Data

- The recognition of FX margin on spot transactions

From January 2020, the Group changed the rules for presenting the FX margin on spot transactions. So far, the FX margin was presented in the Net trading income as part of the Foreign exchange result. After the change, the FX margin is part of the Net fee and commission income and is recognised in the item "Commissions from currency transactions". The change was caused by adjusting the presentation of the FX margin in the income statement to the prevailing market practice. The comparative data for the period from 1 January to 31 December 2019 have been appropriately restated, which resulted in an increase in Fee and commission income and a decrease in the Net trading income by PLN 306,014 thousand.

- Cash equivalents

Since the end of 2020, the Group adjusted the classification of financial assets into cash equivalents. Previously, under cash equivalents, the Bank incorrectly disclosed debt securities issued by the State Treasury held for trading with maturity over three months at acquisition date. Since the end of 2020, the Group has also changed the accounting principles governing the classification of financial assets into cash equivalents and any debt securities issued by the State Treasury held for trading are not presented as cash equivalents. The change was caused by adjusting the presentation of cash equivalents to the prevailing market practice. The Group did not divide the adjustment into the part resulting from the incorrect presentation of securities and the part resulting from the change in accounting principles due to the excessive workload in relation to the information value of such division. The comparative data for the period from 1 January to 31 December 2019 and for the period from 1 January to 31 June 2020 have been restated accordingly.

The above change did not affect the equity and the income statements of the Group and the Bank in the comparative periods presented in mBank S.A. Group IFRS Condensed Consolidated Financial Statements.

- Provisions for individual court cases concerning indexation clauses in mortgage and housing loans in CHF

Starting from 2021, the Group changed the accounting policy for recognising provisions for individual court cases concerning indexation clauses in mortgage and housing loans in CHF. Previously, these provisions were recognised in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as provisions for legal proceedings. As part of these provisions relates to a new estimate of cash flows from the portfolio of existing mortgage and housing loans, the Group has allocated part of the provisions to loan exposures and recognised them in these financial statements as a deduction from the gross carrying amount of mortgage and housing loans for which the Group expects the cash flows to decrease in accordance with IFRS 9 "Financial Instruments" paragraph

B5.4.6. The comparative data as at 1 January 2020, 30 June 2020 and 31 December 2020 and for the period from 1 January to 30 June 2020 have been restated accordingly. The recognition of a portion of the provisions for the repaid loan portfolio and legal costs remained unchanged.

Detailed restatements are presented in Note 2.30 of the mBank S.A. Group IFRS Consolidated Financial Statements 2020 and in Note 2 of the mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

The following tables present consolidated financial data of the Group as at and for the years ended 31 December 2020 and 31 December 2019 and as at and for the first half of the year ended 30 June 2021 and 30 June 2020. They were derived from the Consolidated Financial Statements of the Group 2020 and the Condensed Consolidated Financial Statements of the Group for the first half of 2021.

Consolidated Income Statements

	Year ended 31 December		Six months ended 30 June	
	2020	2019 R	2021	2020
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
	<i>Audited</i>		<i>Unaudited</i>	
Interest income.....	4,688,353	5,071,664	2,054,556	2,545,593
Interest expenses.....	(679,053)	(1,068,892)	(146,124)	(473,518)
Net interest income.....	4,009,300	4,002,772	1,908,432	2,072,075
Fee and commission income.....	2,244,561	2,010,656	1,292,272	1,079,913
Fee and commission expenses.....	(736,276)	(740,039)	(371,643)	(354,300)
Net fee and commission income.....	1,508,285	1,270,617	920,629	725,613
Dividend income.....	4,926	4,220	3,912	4,479
Net trading income.....	184,752	134,516	106,765	84,350
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss.....	15,572	69,259	(6,879)	(43,706)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss.....	93,527	34,832	92,115	2,258
Other operating income.....	218,052	234,487	108,008	116,065
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.....	(1,225,642)	(712,337)	(380,984)	(713,914)
Costs of legal risk related to foreign currency loans.....	(1,021,714)	(387,786)	(314,805)	(201,883)
Overhead costs.....	(1,980,500)	(1,953,657)	(1,020,660)	(1,093,960)
Depreciation.....	(430,628)	(375,498)	(224,227)	(213,872)
Other operating expenses.....	(234,820)	(307,722)	(163,493)	(104,888)
Operating profit.....	1,141,110	2,013,703	1,028,813	632,617
Taxes on the Group balance sheet items.....	(531,379)	(458,658)	(285,986)	(270,247)
Profit before income tax.....	609,731	1,555,045	742,827	362,370
Income tax expense.....	(505,974)	(544,793)	(317,060)	(184,533)
Net profit.....	103,757	1,010,252	425,767	177,837
Net profit attributable to:				
Owners of mBank S.A.	103,831	1,010,350	425,808	177,900
Non-controlling interests.....	(74)	(98)	(41)	(63)

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

Consolidated Statements of Comprehensive Income

	Year ended 31 December		Six months ended 30 June	
	2020	2019	2021	2020
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
	<i>Audited</i>		<i>Unaudited</i>	
Net profit.....	103,757	1,010,252	425,767	177,837
Other comprehensive income net of tax, including:	407,791	(38,128)	(410,773)	577,309
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net).....	3,043	32	357	(303)
Cash flow hedges (net).....	299,988	35,499	(251,334)	367,235
Change in valuation of debt instruments at fair value through other comprehensive income (net).....	111,012	(71,657)	(171,232)	210,377
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net).....	(6,252)	(2,002)	-	-

	Year ended 31 December		Six months ended 30 June	
	2020	2019	2021	2020
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
	<i>Audited</i>		<i>Unaudited</i>	
Investment properties.....	-	-	11,436	-
Total comprehensive income (net)	511,548	972,124	14,994	755,146
Total comprehensive income (net), attributable to:				
Owners of mBank S.A.	511,622	972,222	15,035	755,209
Non-controlling interests	(74)	(98)	(41)	(63)

Source: mBank S.A. Group Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

Consolidated Statements of Financial Position

	As at	As at	As at
	31 December	1 January	30 June
	2020 R	2020 R	2021
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>
	<i>Audited</i>		<i>Unaudited</i>
ASSETS			
Cash and balances with the Central Bank	3,968,691	7,897,010	16,523,318
Financial assets held for trading and hedging derivatives.....	2,586,721	2,866,034	3,071,575
Non-trading financial assets mandatorily at fair value through profit or loss, including:			
Equity instruments	1,784,691	2,267,922	1,676,705
Debt securities.....	202,304	162,616	209,502
Loans and advances to customers.....	76,068	133,774	82,064
Financial assets at fair value through other comprehensive income....	1,506,319	1,971,532	1,385,139
Financial assets at amortised cost, including:			
Debt securities.....	35,498,061	22,773,921	32,046,002
Loans and advances to banks.....	130,179,902	118,412,330	139,646,009
Loans and advances to customers.....	15,952,501	11,234,873	15,083,951
Fair value changes of the hedged items in portfolio hedge of interest rate risk.....	7,354,268	4,341,758	9,750,443
Non-current assets and disposal groups classified as held for sale.....	106,873,133	102,835,699	114,811,615
Intangible assets.....	-	-	161,103
Tangible assets.....	-	10,651	-
Investment properties	1,178,698	955,440	1,207,765
Current income tax assets	1,514,577	1,262,397	1,553,987
Deferred income tax assets	-	-	127,510
Other assets	23,957	12,662	15,461
Total assets	178,871,617	158,353,028	198,470,892
LIABILITIES & EQUITY			
Financial liabilities held for trading and hedging derivatives.....	1,338,564	948,764	1,803,770
Financial liabilities measured at amortised cost, including:			
Amounts due to banks.....	156,673,052	137,763,369	175,007,387
Amounts due to customers.....	2,399,740	1,166,871	2,820,649
Debt securities issued.....	137,698,668	116,661,138	156,583,517
Subordinated liabilities	13,996,317	17,435,143	13,060,997
Fair value changes of the hedged items in portfolio hedge of interest rate risk.....	2,578,327	2,500,217	2,542,224
Liabilities included in disposal groups classified as held for sale.....	59,624	136	33,788
Provisions.....	-	1,315	-
Current income tax liabilities.....	501,691	371,741	562,789
Deferred income tax liabilities.....	225,796	161,534	92,239
Other liabilities.....	690	82	87
Total liabilities	162,196,550	142,199,723	181,777,289
Total equity	16,675,067	16,153,305	16,693,603
Total liabilities and equity	178,871,617	158,353,028	198,470,892

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

Items from Consolidated Cash Flow Statements	Year ended 31 December		Six months ended 30 June	
	2020	2019	2021	2020 R
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
	<i>Audited</i>		<i>Unaudited</i>	
Cash and cash equivalents at the beginning of the reporting period	8,279,388	9,882,675	4,249,046	8,279,388

Items from Consolidated Cash Flow Statements	Year ended 31 December		Six months ended 30 June	
	2020	2019	2021	2020 R
	<i>(PLN thousands)</i>		<i>(PLN thousands)</i>	
Cash flows from/ operating activities.....	1,328,005	546,809	18,457,170	7,281,168
Cash flows from investing activities.....	(444,346)	(449,578)	(324,982)	(191,566)
Cash flows from financing activities.....	(4,944,884)	(1,691,110)	(2,062,194)	(1,185,508)
Effects of exchange rate changes on cash and cash equivalents ...	30 883	(9,408)	8,958	22,640
Cash and cash equivalents at the end of the reporting period	4,249,046	8,279,388	20,327,998	14,206,122
Net increase/decrease in cash and cash equivalents.....	(4,061,225)	(1,593,879)	16,069,994	5,904,094

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

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 June	
	2020	2019	2021	2020
	<i>(per cent.)</i>		<i>(per cent.)</i>	
	<i>Audited</i>		<i>Unaudited</i>	
Total capital ratio	19.86	19.46	17.55	19.26
Common Equity Tier 1 capital ratio/Tier 1 capital ratio	16.99	16.51	15.18	16.43

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

Key Financial Ratios

The table below presents selected financial ratios for the Group (except LCR and NSFR, which are presented for the Bank) as at the dates and for the periods indicated below.

	As at and for the year ended 31 December		As at and for six months ended 30 June	
	2020	2019	2021	2020
	<i>(per cent.)</i>		<i>(per cent.)</i>	
	<i>Unaudited</i>		<i>Unaudited</i>	
ROE gross ¹	3.6	9.9	8.9	4.4
ROE net ²	0.6	6.4	5.1	2.1
ROA net ³	0.06	0.66	0.44	0.21
Cost to income ratio (C/I) ⁴	41.1	42.2	41.8	45.0
Net interest margin (NIM) ⁵	2.3	2.7	2.1	2.5
Non-performing loans ratio (NPL ratio) ⁶	4.8	4.5	4.4	4.9
NPL ratio - corporate portfolio ⁷	6.5	5.1	5.9	6.3
NPL ratio - retail portfolio ⁸	3.7	4.0	3.5	4.0
NPL ratio of mortgage loan portfolio to private individuals (Poland) ⁹	2.1	2.0	1.7	2.1
NPL Coverage ratio ¹⁰	58.3	60.7	58.3	58.8
Cost of risk ¹¹	1.19	0.79	0.70	1.41

	As at and for the year ended 31 December		As at and for six months ended 30 June	
	2020	2019	2021	2020
	(per cent.)		(per cent.)	
	Unaudited		Unaudited	
Loan-to-deposit ratio ¹²	78.8	90.0	74.2	77.5
Equity to assets ¹³	9.3	10.2	8.4	9.3
Liquidity Coverage Ratio (LCR) ¹⁴	202	169	236	226
Net Stable Funding Ratio (NSFR) ¹⁵	138	127	149	135

Source: The Bank.

- ¹ Calculated by dividing profit 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 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).
- ² Calculated by dividing net profit 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. Profit 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).
- ³ Calculated by dividing net profit attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit 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).
- ⁴ Calculated by dividing overhead costs and depreciation by total income comprising: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. 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).
- ⁵ Calculated by dividing net interest income by average interest-earning assets. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (in 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).
- ⁶ 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.
- ⁷ Calculated by dividing a sum of the gross carrying value of loans and advances to corporate customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to corporate customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to corporate customers excluding reverse repo/buy/sell-back transactions.
- ⁸ Calculated by dividing a sum of the gross carrying value of loans and advances to retail customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to retail customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to retail customers.
- ⁹ Calculated by dividing the gross carrying value of mortgage loans to private individuals in Poland with recognised impairment by the total (gross) mortgage loans to private individuals in Poland. The mortgage loan portfolio is measured at amortised cost. The ratio calculated for 30 June 30 2021 includes the impact of the new default definition (NDD) introduced in 2021. The comparable NPL ratio at the end of 2020 including the impact of NDD would amount to 1.7 per cent..
- ¹⁰ Calculated by dividing a sum of accumulated provisions for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated provisions for loans and advances to customers mandatorily at fair value through profit or loss by a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default.
- ¹¹ 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).
- ¹² 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.
- ¹³ Calculated by dividing total equity by total assets.
- ¹⁴ Liquidity Coverage Ratio (LCR) – a relation of liquid assets of the liquidity buffer to the expected net outflows within 30 calendar days.
- ¹⁵ Net Stable Funding Ratio (NSFR) – a relation of own funds and stable liabilities ensuring stable financing to illiquid assets and receivables requiring stable financing.

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. In 2020, 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 5,661,848 retail clients (including 1,003,398 in the Czech Republic and Slovakia) and 29,083 corporate customers as at 31 December 2020. In the first half of 2021 the number of retail customers declined to 5,464,279 (including 1,015,190 in the Czech Republic and Slovakia) due to closing of inactive accounts. The number of corporate customers at the end of June 2021 reached 30,417.

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 2020 was composed of (i) its own organically grown countrywide retail network of 139 locations of mBank branded outlets and 203 outlets comprising mKiosk outlets, mFinanse Financial Centres and agency service points, as well as (ii) 30 fully fledged corporate branches and 16 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.

At the end of the first half of 2021 the Bank's network in Poland included: (i) its own organically grown countrywide retail network of 136 locations of mBank branded outlets and 189 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 stock exchange in Poland (the "**Warsaw Stock Exchange**").

In 1994, the Bank signed a strategic partnership agreement with Commerzbank, which purchased 21 per cent. of the Bank's shares. Subsequently the Bank's share capital was increased. As at the date of this Base Prospectus, Commerzbank holds shares representing 69.28 per cent. of the Bank's share capital and of the total number of votes at the Bank's General Shareholders' Meeting.

In 1998, the Bank merged with Polski Bank Rozwoju S.A. ("**PBR**") following the acquisition of PBR's shares in a public tender offer.

In 2000, the Bank started its retail operations by launching mBank, a fully internet-based bank, which was a pioneering project in the Polish market. During the last decade, it has managed to become the leading online bank in Poland in terms of the number of accounts and has developed a network of small branches.

In 2001, the Bank added a second retail brand, MultiBank, a high street bricks-and-mortar bank. MultiBank offered a broad range of products and services targeted at affluent customers and micro-businesses seeking a high-quality, personalised service.

In November 2007, the Bank expanded into the Czech Republic and Slovakia. Systematically developing the product range and introducing convenient transactional solutions, mBank has become a recognised brand in both countries. At the end of June 2021, the Bank provided services to approximately 1,015,000 customers in the Czech Republic and Slovakia through its internet and mobile platforms and 43 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 at 30 June 2021, 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. On that day, the Bank acquired 100 per cent. of the shares of mTFI S.A., representing 100 per cent. of the voting rights.

Competitive Strengths

Leading Market Position across Key Segments

The Group has a leading position in retail, corporate and investment banking in Poland. As at 30 June 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 9.0 per cent.

As at 30 June 2021, the Group's market share in retail loans stood at 7.6 per cent. (8.0 per cent. in mortgage loans and 6.9 per cent. in non-mortgage loans), while the Group's market share in retail deposits stood at 8.2 per cent. (based on NBP figures). Based on publicly available information from the PRNews.pl reports, the Bank is one of the leading retail banks in Poland, in terms of active users of internet banking (second as at the end of September 2020), active users of mobile banking (second as at the end of December 2020) and the number of personal accounts (third as at the end of December 2020), the number of active debit cards (fifth as at the end of December 2020) and the number of active credit cards for corporate entities (fourth as at the end of December 2020).

As at 30 June 2021, the Group's market share in corporate loans and corporate deposits stood at 8.8 per cent. and 11.7 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 Polska S.A., Rating and Rynek, as at 31 December 2020 the Bank was the market leader for arranging bank debt securities, ranked third 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 2020), as well as money market dealers by the NBP.

Mobile banking icon

mBank remains the leader in mobile banking in Poland. Nominally, mBank has the second largest number of active users of mobile applications according to a PRNews.pl report (2.3 million at the end of December 2020), but it has the highest share of active users of mobile applications in relation to the personal accounts database. 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. According to Finalta's benchmark, mBank is the regional leader in online credit sales per customer and has the highest number of customers per outlet in an effective distribution network in Poland. Increasing numbers of customers take cash loans through the mobile application. Sales via the mobile app accounted for nearly 20.0 per cent. of the total volume in 2020.

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 (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 at 30 June 2021, the Group's retail customer base reached 5,464,279, compared with 5,661,848 as at 31 December 2020. A decrease in the number of the customer base in the first half of 2021 resulted from the closing of inactive accounts.

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 Group's corporate customer base has grown from 26,476 clients as at 31 December 2017 to 29,083 clients as at 31 December 2020 and 30,417 as at 30 June 2021.

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 20 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. Licences for banking systems and retail banking know-how might be granted to other companies in the future.

mBank's widely recognised operational excellence is based on its state-of-the-art user interface for online banking, next-generation mobile applications, video banking and P2P payments via Facebook and text messaging, and real-time, event-driven CRM: targeted messages in online and mobile applications based on customer behaviour patterns.

The Bank's internet transaction platform and mobile banking have been recognised by both clients and external experts, as evidenced by a number of awards and distinctions.

In 2018 the Bank was recognised by Global Finance as the best digital bank for corporate clients in Poland. Moreover, in 2018, Forrester, in its report "The Forrester Banking Wave™: European Mobile Apps, Q2 2018" named mBank's mobile app the third-best app in Europe in recognition of its functionality and usefulness.

In 2019, mBank's mobile application was ranked first in the nationwide Mobile Trends Awards competition, in the "Banking and Finance" category and was ranked third in the category "Mobile Banking" by Newsweek Polska weekly. In the competition organised by the International Banker magazine, mBank was awarded for technologically advanced solutions and co-operation with start-ups, receiving a statuette for the most innovative retail bank in Poland. The Bank obtained also two distinctions in the "Złoty Bankier 2019" ranking: the "Safe Bank – Best Practices" category for best banking security practices and the "Fin-tech Innovation" category (with Digital Fingerprints) for breakthrough behavioural biometrics. Furthermore,

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 the second quarter of 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.

The internet and mobile transaction platform supports a branch-light model, thereby giving the Group a low fixed cost base and a high degree of operating flexibility.

Prudent risk management

The Group views risk management as an essential part of its activities. It has a decisive influence on the Bank's choice of business strategies, selection of target customers and optimisation of profitability versus risks. The quality of its risk management constitutes part of the Group's competitive advantage. The Group's risk management system, which conforms to the highest market standards, includes up-to-date methodology and procedures of risk identification and measurement, and tools supporting measurement and monitoring of risk with respect to individual types of inherent risks in the Group's business.

The Group also considers that one of its competitive strengths is its efficient credit process and strict origination standards, both in respect of corporate and retail customers. At the end of 2020 the NPL ratio in the Group stood at 4.8 per cent., while the NPL ratio of the Polish banking sector, according to the KNF

data, stood at 6.9 per cent. (for the retail loans, the ratios amounted to 3.7 per cent. for the Group and 6.0 per cent. for the sector).

Nonetheless, the Group strives continuously to optimise its lending procedures and to manage and monitor individual customers' exposures actively.

Experienced and dynamic management team driving a culture of innovation

The Bank has a highly qualified, stable and experienced senior management team. The Management Board is chaired by Dr Cezary Stypułkowski, currently the longest serving CEO of a leading financial institution in Poland, with 13 years' experience as CEO at Bank Handlowy S.A. (currently Citibank Group), three years' experience at PZU S.A. and 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) of members of the supervisory body, management body and key function holders in mBank S.A.". The policy introduced the principles which must be fulfilled so that key functions in the Bank are held by individuals who have relevant qualifications, knowledge, skills, professional experience, predispositions and reputation. The Group's management strategy has helped the Group to maintain its leading position in the Polish banking market while consistently improving its financial performance amid a challenging economic environment marked by continued uncertainty in the financial markets globally.

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: 42 per cent. are below the age of 35. They are well-educated: 83 per cent. are graduates of higher education institutions. Many employees undertake post-graduate and MBA studies, thus acquiring new professional qualifications.

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 69.28 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 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 sectors.

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, mBank obtained a subordinated loan from Commerzbank in the amount of CHF 250 million.

Strategy of the Group

In December 2019, the Group adopted the new Strategy of the Group for 2020-2023 titled "Growth fuelled by our clients", which was developed as a response to changes in the market and regulatory environment and the expected trends in the future.

In its strategy for 2020-2023, the Group decided to focus on four areas, corresponding to the key components of its business model:

- Client (acquisition and long-term relationships): the bank is planning to grow organically by constantly attracting new clients (especially young retail clients and firms) and strengthening its position in the 30-45 age group. The bank will try to improve the retention of individual customers by developing products that anchor them in the bank at particular stages of their life cycle. In the corporate segment, the Bank will shape its customer portfolio by anticipating trends and changes in market environment, while maintaining a high diversification of exposures.
- Platform (ecosystem and user experience): the Group will be constantly improving remote bank access channels and promote digital self-service. mBank's mobile application will have the leading role and the same scope of functionality as the Internet banking service, while contact centres and outlets will play a supportive role. Focused on providing convenience, ease and speed of use, the Bank will build the best digital banking for corporations in Poland.
- Efficiency (operational advantage): the Group aims to maintain its technological advantage in the financial sector, relying on agile interdisciplinary teams to design and deliver end-to-end solutions. IT architecture will be modified using industry best practices. The Group will increase the digital self-service of customers while optimising the sales network.
- Employees and organisation culture: the work environment and its organisation in the Group are expected to foster efficiency, co-operation, high engagement and the creation of innovative solutions. The Group will use technology to relieve employees from routine tasks and implement automated tools to facilitate compliance with regulations.

For the first time, the ESG/CSR strategy has also become an integral part of the strategy. The Group intends to conduct its business in accordance with the principles of sustainable development which are describe in more detail in section: "*mBank cares about the climate and environment*" below.

Pillars of the strategy and main directions of development

In view of the dynamically changing business and regulatory environment, the Group is trying to monitor and actively respond to market opportunities and threats. As the Group's growth is expected to be fuelled by new and existing retail and corporate clients, the Group will be focused on acquisitions in the target segments and the development of long-term customer relationships. The key challenge for the coming years will be to maintain mBank's market position in the conditions of unfavourable demographic dynamics.

In line with the market perception of mBank's brand, the Group intends to be a modern, technologically advanced and friendly bank, which offers products that are understandable to the customer as well as fast, intuitive solutions. Transaction rates will remain a key element of our development, as it is a space of daily, most frequent interactions between the bank and the customer.

Key initiatives and business activities have been grouped into four strategic blocks:

Client (acquisition and long-term relation development)

The Group's goals include:

- to grow organically through the continuous acquisition of new customers and strengthen the Group's position in the most profitable age group of 30-45. mBank wants to maintain its advantage in the acquisition in the segment of young people (aged 13-28 years) and start-ups, as well as a high share in the e-commerce market. With relatively high penetration in large agglomerations, the bank wants to strengthen its position in mid-sized cities. Leveraging on the social role of parents, mBank wants to faster enter into relations with clients aged 8-13;
- to improve customers retention and loyalty throughout their life cycle. The Group wants to systematically recognise the needs of its customers at every stage of their lives and satisfy them in the most appropriate form, At the same time, the Group will focus on the products anchoring the client in the bank, in particular convenient mortgage loans, savings and investments;
- to increase the likelihood of recommendations of mBank's services by its existing clients. The Group's activities will be focused on increasing customer confidence, appreciating loyalty and personalising clients' experience;
- to create a platform for co-operation with corporate clients based on partnership, convenience and professionalism. The strength of relational banking is trust based on advisers' competences and experience; therefore, the proactive attitude of employees we will promoted;
- to shape the portfolio of corporate clients anticipating trends and changes in the environment. Preferred industries, in which the Group wants to develop, include: e-commerce, renewable energy sources and businesses engaged in energy transformation, financing of automation and digitisation solutions, new technologies, health care and leisure time industry. mBank's portfolio should comprise dynamic companies with an attractive and prospective business profile;
- to extend our knowledge about the customers in both segments. The Group will organise the available data in order to create useful information that we will use in providing customers with better service and looking for areas for further growth;
- to continue the principles of empathy in contacts with customers as well as take care of the transparency of the offer. The Group will communicate in a clear and understandable way, explaining the circumstances of the Bank's decisions and providing the clients with all the necessary information; and
- to shape the positive image of the Bank and make the brand appealing for retail and corporate customers. The Group will maintain the already existing positive associations with mBank and make up for certain shortcomings by adding attributes that we lack.

Platform (ecosystem, user experience)

The Group's goals include:

- to continuously improve remote bank access channels using the digital first (mobile first) approach. The mobile application, equipped with the same range of functionalities as online banking, will be given a leading role in finance management, whereas the Contact Centre and branches will support remote channels and serve to solve problems;
- to develop mBank's retail platform by complementing it with additional products and services, including non-financial ones, in order to ensure complete customer service. The Group is striving to provide the most convenient and fast mortgage loan on the market. The offer will be expanded through selective partnerships with the use of API and co-operation with the mAccelerator fund; and
- to build the best digital banking offer for corporations in Poland. The guiding principle will be simplification first and then digitisation.

Efficiency (operational)

The Group's goals include:

- to maintain the Bank's technological advantage in the financial sector and optimise IT architecture using leading solutions. The Group wants to expand its business-technology team and, working within it, interdisciplinary teams will ensure the delivery of end-to-end solutions;
- to increase the scope of customer digital self-service and optimise the sales network. We plan to implement a digital assistant and adaptive user interface in the mobile application and transactional service;
- to provide our customers with the highest security standards the Group will improve customer experience in the inter-channel service process (omniservice);
- to improve the operational efficiency of the bank by implementing automation on a large scale and simplifying processes. The main activities assume: centralisation of operational processes, including their takeover entirely by specialised units, elimination of paper document flow within the organisation and the need to archive them, introduction of a unified methodology for managing operations, supported by a central measurement system as well as analytical and process engineering tools; and
- to shorten the time of issuing opinions and internal consultations in implementing new solutions, while maintaining full alignment with regulations and compliance requirements.

Employees and organisation culture

The main assumptions for the HR area include three dimensions:

People

The Group wants to coach smart managers who know how to inspire development and motivate to care about clients. The Group will encourage employees to look for new solutions, automate processes and be open to technologies. They are encouraged to show a holistic approach to customers to support them at every stage of their life cycle and to respond to their needs.

Technology

The Group strives to increase work efficiency by providing the best applications, software and IT equipment. Simple and repetitive tasks will be automated so that employees can focus on key tasks and bring value.

A culture of co-operation

The Group wants to promote the particular value of feedback, agile working methods, focused on breaking down hierarchical organisational structures and operating on the basis of a network of co-operating teams. The Group implemented a transparent Objectives and Key Results system (OKR), linked to the strategic directions of the organisation. The Group wants to increase the diversity of characters, personalities, experiences, gender and age, which will help to make decisions from a multilateral perspective and build better solutions.

These objectives and business assumptions are part of mBank's mission, which remains: "To help. Not to annoy. To delight... Anywhere".

Financial targets of the Group

The Group's strategic goal is to keep its position among top Polish banks in terms of key financial metrics due to rising revenues, decent cost discipline and prudent approach to risk management. Favourable changes in the balance sheet structure are going to translate into gradual improvement of net interest margin, while a growth of total income outpacing inflation of costs will ensure higher efficiency.

The Bank conducts work on the new strategy for 2021-2025, which will allow utilisation of current competitive strengths of the Group, adaptation to new post-COVID-19 environment, address and deal with

any weaknesses and, as a result, establish mBank as the key banking champion in Poland, whilst reaching better valuation.

ESG strategy

The Corporate social responsibility and sustainable development strategy of mBank, which includes ESG targets, is an integral part of mBank's business strategy.

mBank's activities in the CSR area are centred on three aspects:

- 1) mBank educates;
- 2) mBank cares about the climate and the environment; and
- 3) mBank promotes prosperity.

mBank educates

The Bank supports the development of mathematical skills of children and adolescents. The Bank trusts that such knowledge affects a high level of competence in adult life and facilitates a good start in professional careers. Mathematical thinking also helps in decision-making on personal finance issues. Through the activities of mFundacja, the Bank continues to strive to equalise opportunities for students, irrespective of their stage of education and place of living. The Bank organises national competitions and grant programmes.

The Bank wants to provide the users with knowledge on how to safely use internet and mobile banking as well as make our clients aware of cybercrime threats. The bank conducts social campaigns, informing how to avoid the unwanted consequences of online activities and protect finances.

mBank cares about the climate and the environment

The Bank supports behaviours that help to stop and reverse adverse climate and environmental changes. The Bank will pursue an active credit policy towards clients, who seek financing for pro-ecological industrial, infrastructural and housing investments, including special programmes directed to renewable energy sources and issue of green bonds. The Bank implements investment strategies in instruments based on ESG analysis and offers product solutions that build the pro-environmental awareness of consumers. The Bank will implement a credit policy for industries relevant to EU climate policy and strive for further presence in the WIG-ESG index.

The Bank will measure and gradually reduce its total carbon footprint. The Bank strives to limit electricity and energy consumption, thanks to progressive replacement of current equipment with more modern equivalents, introduction of innovative solutions in buildings and use of office space in energy-efficient buildings with high thermal insulation parameters. The Bank saves water and makes employees aware of the need for its rational use. The Bank reduces the use of paper and office supplies, modifying business processes in order to further digitise documents. The Bank will successively replace its car fleet with low-emission vehicles and take care of their regular service and technical condition.

mBank promotes prosperity

The Bank is a signatory to the Ten Principles of the UN Global Compact. In accordance with them, the Bank wants to grow in a sustainable manner, make the world a better place and contribute to the prosperity of customers, employees, investors, partners and society.

Investment in health serves the achievement of this goal. Therefore, the Bank co-operates with the Great Orchestra of Christmas Charity, which has been providing hospitals and clinics with modern medical equipment for 29 years. The Bank wants to conduct inclusive banking and be accessible to customers with disabilities. mBank introduced a service for people with hearing impairments in sign language. mBank's transactional services will be adjusted to the needs of visually impaired people. The outlets and headquarters are adapted for people with reduced mobility.

The Bank is guided by ethical values in dealings with the customer, promotes equality and diversity in the organisation, assisting development of women and eliminating pay inequalities for those in the same positions.

In December 2020, the Bank established the Sustainable Development Committee of the Group, which is led by the Vice-President of the Management Board. It serves as a platform for decision-making, issuing recommendations and dialogue on sustainable development. These tasks comprise analysis of the impact of ESG factors (environmental, social and governance).

The Bank finances projects involving renewable energy sources. mBank's credit policy of financing of renewable energy sources (RES), introduced in 2018, provides PLN 4 billion for wind farms and photovoltaics. mBank was one of the first banks to credit wind energy.

mBank puts a special focus on obligations concerning the climate and environmental care. The Bank excluded the possibility to finance the construction of coal mines, and restricted the possibilities for financing high-emission endeavours. At the same time the Bank develops its expertise in providing financing to projects concerning renewable energy sources. In the brokerage bureau, the Bank implemented investment strategies into instruments based on ESG analysis. The Bank intends to raise pro-ecological awareness of its clients with the support of appropriate products and services.

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 also to issue MREL-eligible senior non-preferred instruments.

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.

In 2020 the Group conducted its operations through the following business segments:

- (a) The Retail Banking segment, which divides its customers into mBank customers and Private Banking customers, and which offers a full range of the Bank's banking products and services as well as specialised products offered by a number of subsidiaries belonging to the Retail Banking

segment. The results of the Retail Banking segment included the results of foreign branches of the Bank in the Czech Republic and Slovakia. The Retail Banking segment also includes the results of mFinance S.A., LeaseLink Sp. z o.o. and mElements S.A. (since January 2020), 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.

- (b) The Corporates and Financial Markets segment. Until the end of September 2020 the segment was divided into two sub-segments:
- (i) Corporate and Investment Banking sub-segment (business line), targeting small, medium- and large-sized companies and public sector entities. The Corporate and Investment Banking sub-segment included the results of the following subsidiaries: mFactoring S.A., G-INVEST Sp. z o.o. (previously named "Garbary Sp. z o.o."), Tele-Tech Investment Sp. z o.o. as well as the results of the corporate segments of mLeasing Sp. z o.o., Asekum Sp. z o.o. and mBank Hipoteczny S.A.
 - (ii) Financial Markets sub-segment (business line) consisting primarily of treasury, financial markets and financial institutions operations, management of liquidity, interest rate and foreign exchange risks of the Bank, its trading and investment portfolios, and conducting market making in PLN-denominated cash and derivative instruments. This sub-segment also included the results of mFinance France S.A. (until its liquidation) as well as the results of mLeasing Sp. z o.o., and mBank Hipoteczny S.A. with regard to funding-related activities.

Operations which are not included in the Retail Banking segment and the Corporates and Financial Markets segment are reported under "Other". In 2020 this segment included the results of BDH Development Sp. z o.o. and Future Tech Fundusz Inwestycyjny Zamknięty, and mCentrum Operacji Sp. z o.o. w likwidacji until the date of liquidation of the company in November 2019. On 16 December 2020, the Bank sold 100 per cent. of its shares in BDH Development. BDH was carrying out and completing construction projects connected with the real estate taken over by the Group subsidiaries in the process of restructuring and investment debt collection.

In connection with the change in the allocation key of income on capital since the beginning of 2020, the comparative data for 2019 regarding the interest results by business segment activities of the Group, and consequently their gross profit have been changed accordingly.

The following table shows the gross profit of the Group's segments according to the 2020 reporting structure for the periods indicated in the table below.

	Year ended 31 December			
	2020		2019	
	Amount	per cent. of total	Amount	per cent. of total
Retail Banking¹	62,803	10.3	808,243	52.0
Corporates and Financial Markets	568,277	93.2	767,260	49.3
- Corporate and Investment Banking.....	365,267	59.9	633,848	40.8
- Financial Markets.....	203,010	33.3	133,412	8.6
Other	(21,349)	-3.5	(20,458)	-1.3
Total	609,731	100.0	1,555,045	100.0

¹ Gross profit of Retail Banking excluding the costs of legal risk related to foreign currency loans in the years ended 31 December 2020 and 31 December 2019 amounts to PLN 1,084.5 million and PLN 1,196.0 million, respectively.

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020.

Since the beginning of 2021, the Group changed the division of activities into segments. The comparative data for 2020 by operating segments have been changed accordingly. The changes included mainly the liquidation of the Financial Markets segment and were a consequence of organisational changes that had been started being implemented in the Bank in the end of 2020. The part of the Financial Markets segment related to operations on foreign exchange markets, capital markets and derivative instruments for own account has been moved to the Corporate and Investment Banking segment. The part of the Financial Markets segment activity related to treasury operations, liquidity and interest rate risks management after the changes is reported in the Treasury and Other segment. Additionally, the FX Mortgage Loans segment has been separated from the Retail Banking segment. This change was aimed at a separate presentation of the results related to the product, which has already been withdrawn from the offer for individual customers,

and at the same time is significant from the point of view of the assigned assets and the impact on the Group's results.

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 and 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., 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. and Tele-Tech Investment Sp. z o.o. (until its sale on 19 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 also included the results of mFinance France S.A. and BDH Development Sp. z.o.o. until the date of discontinuation of consolidation, and it includes the results of mLeasing Sp. z o.o and mBank Hipoteczny S.A. with regard to activities concerning funding and 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. Segment assets include only the active loan portfolio.

The following table shows the gross profit of the Group's segments for the periods indicated in the table below.

	Six months ended 30 June			
	2021		2020	
	Amount <i>(PLN thousands)</i>	per cent. of total	Amount <i>(PLN thousands)</i>	per cent. of total
Retail Banking	621,098	83.6	471,714	130.2
Corporate and Investment Banking	389,026	52.4	121,084	33.4
Treasury and Other	42,515	5.7	(33,567)	-9.3
FX Mortgage Loans	(309,812)	-41.7	(196,861)	-54.3
Total	742,827	100.0	362,370	100.0

Source: mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

Business segment reporting on the activities of the Group for the period from 1 January to 30 June 2021 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.

	Core Business	Non-Core Business (FX Mortgage Loans)	Total figure for the Group
Data regarding consolidated income statement			
<i>(PLN thousands)</i>			
<i>Unaudited</i>			
<i>period from 1 January to 30 June 2021</i>			
Net interest income.....	1,843,473	64,959	1,908,432
Net fee and commission income.....	919,555	1,074	920,629
Dividend income.....	3,912	-	3,912
Net trading income	137,241	(30,476)	106,765
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss.....	(6,892)	13	(6,879)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss.....	92,115	-	92,115
Other operating income	107,995	13	108,008
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.....	(391,534)	10,550	(380,984)
Costs of legal risk related to foreign currency loans.....	-	(314,805)	(314,805)
Overhead costs.....	(1,012,013)	(8,647)	(1,020,660)
Depreciation.....	(223,803)	(424)	(224,227)
Other operating expenses.....	(159,062)	(4,431)	(163,493)
Operating profit.....	1,310,987	(282,174)	1,028,813
Taxes on the Group balance sheet items	(258,348)	(27,638)	(285,986)
Profit before income tax of the segment.....	1,052,639	(309,812)	742,827

Data regarding consolidated statement of financial position

30 June 2021

Assets of the segment	185,135,513	13,335,379	198,470,892
Liabilities of the segment	181,527,962	249,327	181,777,289

Source: mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021

Retail Banking

Retail Banking in Poland

Overview

The Bank is one of the few financial institutions in Poland with an integrated internet offering, combining current accounts as well as investment and insurance products.

As at 31 December 2020, the Group serviced nearly 4.66 million retail customers in Poland. In H1 2021, the number of retail clients dropped by 209,361 and reached 4.45 million. A decrease in the number of customers resulted mainly from the closing of inactive accounts.

The table below presents the growth of the Bank's customer base in Poland

	<u>Dec. 2016</u>	<u>Dec. 2017</u>	<u>Dec. 2018</u>	<u>Dec. 2019</u>	<u>Dec. 2020</u>	<u>June 2021</u>
Number of clients (in thousands).....	4,182.5	4,437.0	4,760.6	4,645.3	4,658.5	4,449.1

Source: the Bank.

As at 30 June 2021, gross loans and advances to customers of the Retail Banking Segment in Poland (without the FX Mortgage Loans Segment) amounted to PLN 52.8 billion and amounts due to retail customers in Poland (including subsidiaries) stood at PLN 91.5 billion.

As at 30 June 2021, the Group's market share in household loans and household deposits stood at 7.6 per cent. (8.0 per cent. in mortgage loans and 6.9 per cent. in non-mortgage loans) and 8.2 per cent., respectively.

The Bank's retail banking products and services include current and savings accounts (including foreign currency accounts), term deposits, lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loan products), debit cards, insurance and investment products and brokerage services offered to retail customers.

mBank Poland

Beginning in 2000, anticipating the development of, and increasing accessibility to, the internet, the Bank established a direct digital retail banking model based on the internet, direct service through call centres, and, subsequently, mobile banking as well as other new technology-based solutions. Starting in 2001, it also operated a second retail banking brand, MultiBank, catering to the mass-affluent, affluent and micro-business enterprises segments. MultiBank was based on the omni-channel model in which the modern format of smaller, sales-oriented branches was supported by internet and call centre channels. Both retail operations were merged in 2013 under the mBank brand following the implementation of the broader "One Bank Strategy". The customers of MultiBank were migrated onto the Bank's platform in October 2015.

The Group currently offers a broad range of products and services primarily targeted at young and aspiring professional customers who seek convenience and 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.

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.

In 2020, the number of active users of the mobile application increased by 20.0 per cent. to 2,274,300. Almost 1.2 million customers were banking only by mobile (mobile only). At the end of 2020, 76.9 per cent. of all logins came from the mobile application. Users log into the application on average 30 times a month. July 2020 was the first month in which the number of customers using the mobile application exceeded the number of users logging in to the traditional transaction website. In the following months, the number of such customers has been growing steadily.

As at 30 June 2021, the number of active users of the mobile application reached 2,422,718.

In 2020, mBank strengthened its position in mobile banking on the Czech and Slovak markets thanks to the launch of the mobile account opening process.

mBank's clients have become increasingly willing to buy banking products in the mobile application. Increasing numbers of customers take cash loans in the mobile application. Sales via the mobile application accounted for almost 20 per cent. of cash loans volume in 2020. In terms of the number of loans, the share is even higher, which results from the lower average value of the loan taken through the application.

All stand-alone insurance products can be purchased in the mobile application. In 2020, 31 per cent. of stand-alone insurance was purchased via a mobile application.

The competitive advantage of the Group in mobile banking results from: (i) mBank's unique brand, including the prefix "m", which is easily associated with mobility; (ii) a relatively young customer demographic, which is relatively more technologically inclined and 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 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;
- express transfers using telephone numbers and the BLIK system;
- reminders from Payment Assistant and scanning of data to the transfer form from the invoices; and
- benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit).

In March 2020, the mBank application won the second place in the voting of internet users in the prestigious Mobile Trends Awards competition. In all editions of the MTA competition, mBank's mobile solutions were awarded a total of 12 times.

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 easy to use. Through the Bank's internet banking platform, customers have access to many of the Bank's retail products and services, including, *inter alia*, accounts, deposits, investment products, brokerage services, cash, car and mortgage loans, insurance, FX platform, pension and comprehensive money transfer handling.

The changes in the internet service in 2020 covered not only the planned implementations, but also adjustments to the situation related to the COVID-19 pandemic. They included, among others, navigation, domestic and foreign transfers and communication and sales on the website. The bank informed on an ongoing basis how to safely use mBank's services without leaving home. It introduced the possibility of confirming income in a cash loan using the AIS service from the PSD2 directive, simplified the complaint path and introduced – a free account with a card for children younger than 13 years old. In the first quarter of 2020, mBank launched its junior mobile application, which is available on the two most popular systems: Android and iOS.

According to PRNews.pl (dd. 15 June 2021), at the end of March 2021 mBank was ranked third in Poland in terms of the number of individual customers with access to electronic banking, i.e. internet or/and mobile applications (3,951,742 users).

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 at 30 June 2021, the number the Bank's network in Poland included: its own organically grown countrywide retail network of 136 locations of mBank-branded outlets and 189 outlets comprising mKiosk outlets, mFinanse Financial Centres and agency service points.

ATM network

mBank clients have access to more than 21,000 ATMs in Poland. From February 2017, the Bank introduced an ATM withdrawal fee for amounts lower than PLN 100. mBank's customers can use their Visa or MasterCard-branded debit cards to access their accounts and withdraw money free of charge at more than 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 mBank's mobile application. Customers are able to withdraw money from ATMs without a card by inputting a one-time security code displayed on their smartphone.

Private Banking and Wealth Management

The Bank's Private Banking service is dedicated to individuals holding with the Bank or the Group liquid assets of a minimum of PLN 1 million.

Private Banking and Wealth Management offers standard banking products (flexible current accounts in zloty or other currencies, negotiable term deposits, overdrafts, mortgage loans, bank insurance products, structured products, internet banking system, prestigious cards and concierge services), a wide range of investment funds (open and closed-end, domestic and foreign), brokerage services, selected commercial papers, treasury, municipal and international bonds, treasury bills 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.

As part of Wealth Management, ESG strategies and the MegaTrends investment strategy enjoy great popularity. The MegaTrends investment strategy focuses on investing in three investment topics: scarcity of resources, new technologies and demographic changes.

As at 31 December 2020, the Group had 6,660 Private Banking and Wealth Management customers. In 2020, the Bank's Private Banking for the ninth time in a row received the highest Five-Star distinction awarded on an annual basis by Forbes magazine. As at 30 June 2021, the number of Private Banking and Wealth Management customers was 6,833.

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. 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 has generated steady growth in sales of mortgage lending for micro-businesses since 2013. In order to provide the Bank's customers with credit-related support programmes, the Bank signed agreements with leading European financial institutions (such as the European Investment Bank ("EIB")) and the Polish government. The programmes include de minimis loan guarantees under an agreement with Bank Gospodarstwa Krajowego and the EIB.

Changed business conditions in connection with the COVID-19 pandemic forced even 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, with the option of attaching all documents directly to the application.

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. It is available for 11 currencies (JPY, NOK, SEK, CZK, DKK, HUF, HRK, EUR, USD, CHF and GBP). 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. The Bank's offer includes a multi-currency Visa Świat Intensive card. When paying with this card, the transaction is automatically converted at a favourable rate of exchange. The customers save on conversion fees when paying with the card in stores or online. The Bank also offers eCards, i.e., online payment wallets, which come without plastic.

As at 31 December 2020, the number of debit cards issued by the Bank in Poland reached 3,472,071. It represented an increase of 7.4 per cent. compared with the previous year. The number of credit cards issued by the Bank stood at 349,402 as at 31 December 2020, representing a decrease by 1.7 per cent. compared with 31 December 2019. In the year ended 31 December 2020, the value of payment card transactions made by mBank's retail clients in Poland exceeded PLN 49.5 billion, which represented a rise by 6.3 per cent. compared with the previous year.

As at 30 June 2021, the number of debit cards issued by the Bank in Poland reached 3,608,979, while the number of credit cards issued by the Bank stood at 343,128.

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 February 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.

Since the launch of the BLIK mobile payment system in 2015, over a billion transactions have been completed through this system. Within six years, BLIK has become the most-used payment method in e-commerce, ahead of payment cards. Almost eight million customers of banks in Poland actively use the BLIK system.

The Bank's offer includes an open platform of investment funds, "Investment Funds Supermarket". The platform provides customers with analytical information, as well as information tools enabling them to monitor and make investment decisions. The open platform of investment funds is fully integrated with customer current accounts.

Brokerage services offered to retail clients include, in particular, securities accounts, stock trades in financial instruments listed on the WSE and placements of subscriptions/purchase orders in public or private offering of equity instruments, including shares, or debt instruments, as well as trades in derivatives. 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.

The Bank continued the transformation of its insurance product portfolio to meet the needs of digital clients who intensively take advantage of direct channels to fulfil their needs and contact the bank. 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 at 31 December 2020, the Bank's retail distribution network in the Czech Republic consisted of 12 financial centres and light branches as well as 18 mKiosks. In Slovakia the network consisted of four financial centres and light branches and seven mKiosks.

As at 30 June 2021, the Bank's retail distribution network in the Czech Republic consisted of seven financial centres and light branches as well as 23 mKiosks. In Slovakia the network consisted of three financial centres and light branches and 10 mKiosks.

In 2020 and in H1 2021, the main focus of foreign branches was on acquisition of the new clients and optimisation of processes related to all products. The branches completed several projects aimed at sales capacity extension and sales processes fine-tuning. In order to improve its proposition for new clients the Bank implemented several new functionalities including the possibility to block transactions by card when payment is offered in the own currency instead of the local one or a surcharge is being applied, meaning in cases when the additional charge would be accounted by the foreign operator when withdrawing money from the ATM. mBank strengthened its position among mobile banks in the Czech market by launching a mobile path of opening the account.

The number of customers in the Czech Republic and Slovakia grew by 44,839 in 2020. As at 31 December 2020, mBank in the Czech Republic and Slovakia had 1,003,398 customers (702,660 at mBank CZ and 300,738 at mBank SK).

As at 30 June 2021, the number of mBank's customers in the Czech Republic and Slovakia was 1,015,190 (709,704 at mBank CZ and 305,486 at mBank SK).

The table below presents the growth of the Bank's customer base in the Bank's foreign branches.

	<u>Dec. 2016</u>	<u>Dec. 2017</u>	<u>Dec. 2018</u>	<u>Dec. 2019</u>	<u>Dec. 2020</u>	<u>June 2021</u>
Number of clients (in thousands).....	869.0	905.3	924.3	958.6	1,003.4	1,015.2

Source: the Bank.

As at 30 June 2021, mBank CZSK's gross loan portfolio stood at PLN 9.0 billion (PLN 6.3 billion at mBank CZ and PLN 2.7 billion at mBank SK). Amounts due to customers in the Czech Republic and Slovakia stood at PLN 15.5 billion as at 30 June 2021 (including PLN 11.0 billion at mBank CZ).

The Retail Banking segment includes the following subsidiaries:

- mBank Hipoteczny S.A. (the retail segment of the company's activity);
- mFinanse S.A.;
- 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

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.

mBank Hipoteczny's bond issuance activity is based on loan portfolios generated in close co-operation with mBank:

- the portfolio of residential mortgage loans for individual clients; and
- the portfolio of loans to commercial real estate refinancing and residential real estate developers.

As at 30 June 2021, mBank Hipoteczny's total gross loan portfolio was PLN 12.0 billion in comparison with PLN 11.5 billion as at 31 December 2020.

As at 30 June 2021, the value of outstanding mortgage covered bonds issued was PLN 6.9 billion. 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 mBank Hipoteczny's mortgage covered bonds ("Aa1", upgraded from "Aa2" on 14 July 2021).

mFinanse

mFinanse S.A. (formerly Aspiro), founded in July 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, leasing services, 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.

mLeasing

mLeasing Sp. z o.o. is one of the largest leasing companies in Poland.

In the retail sector, mLeasing operates the "Leasing in Retail" programme targeted at micro-enterprises and SMEs, which are offered lease contracts using dedicated lease processes.

More information on the company can be found in the section "*Services Provided by Bank's Subsidiaries within Corporates and Institutions*" below.

Asekum

Asekum Sp. z o.o. is a subsidiary consolidated within the Group from October 2018. The company operates as an insurance agent, mainly in the field of insurance of assets leased. The Bank holds indirectly through mLeasing Sp. z o.o., 100 per cent. of the shares in the company.

LeaseLink

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

mElements is a tech company of the Group, consolidated within the Group from January 2020. The subsidiary 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 October 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 at 31 December 2020, the Bank serviced 29,083 corporate customers (up by 2,607 corporate clients compared with 31 December 2019). In H1 2021, the number of corporate customers increased by 1,334 and reached 30,417 as at 30 June 2021.

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. 2016</u>	<u>Dec. 2017</u>	<u>Dec. 2018</u>	<u>Dec. 2019</u>	<u>Dec. 2020</u>	<u>June 2021</u>
K1	2,123	2,093	2,193	2,319	2,358	2,347
K2	6,067	7,088	7,520	8,211	8,862	9,335
K3	12,750	12,867	13,993	15,946	17,863	18,753
Total number of corporate customers	20,940	22,048	23,706	26,476	29,083	30,417

Source: the Bank.

The Bank holds a strong position in the corporate banking segment in Poland. According to NBP data, as at 31 December 2020, the Bank had a market share of 7.6 per cent. in corporate loans and 9.4 per cent. in corporate deposits. The market share of the Group in corporate loans stood at 8.5 per cent.

As at 30 June 2021, the Group's market share in corporate loans and corporate deposits stood at 8.8 per cent. and 11.7 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. Factoring and leasing products are also distributed through the channels of the mBank subsidiaries.

Corporate clients are also serviced by a modern, convenient and technically advanced online banking platform mBank CompanyNet, which allows them to monitor and manage accounts to execute transactions (such as domestic and foreign transfers, selected trade finance transactions, foreign exchange transactions, cash operations and deposits). For convenience and flexibility purposes, in 2013 the Bank launched a mobile banking application.

Products and Services

Transactional banking

Cash management is a service offered by Corporate Banking, which facilitates client planning, monitoring and management of liquid assets 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 – an internet-based electronic banking system. In 2019, mBank CompanyNet was integrated with the systems of Comarch – ERP Optima and ERP XL. Clients who use the systems of Comarch and mBank CompanyNet can directly exchange data with the Bank. They can also check their account balance, authorise transfers, and import their transfer history (the transfers are then booked accordingly by Comarch's system).

In 2020, the Bank implemented full digitisation of the client acquisition and onboarding process. The new 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. The main objectives of the project include shortening the corporate account opening process to one business day and improving its efficiency. 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.

Corporate clients can also use the advanced mobile application, mBank CompanyMobile. In April 2021, mBank released a new version of the application, CompanyMobile. Thanks to a well-structured interface and intuitive navigation the users can conveniently manage the finance of their company and authorise transactions. After the first half of 2021 almost 80 per cent. of mBank's corporate clients used the mobile application.

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.

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 the first half of 2021 the Bank implemented a simple credit process that allows for quick financing for clients from the K2 and K3 segments.

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 December 2018, the bank approved its Credit Policy of Financing Renewable Energy Source Installations. In 2020 the Bank increased the limit for funding Renewable Energy Sources (RES) project under the auction support system to PLN 4 billion. In particular the Bank finances photovoltaic investments and wind farms.

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). mBank also granted liquidity loans to SME companies with a de minimis BGK guarantee as part of the "anti-crisis shield".

Moreover, mBank continues to offer the portfolio guarantee line with a counter-guarantee provided by the European Investment Bank under COSME. The guarantee limit granted by BGK to mBank is PLN 2 billion. As at 30 June 2021, the value of the limit drawn was PLN 1.3 billion.

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).

In 2020, as part of bilateral and syndicated financing, mBank participated in the financing of approximately 130 projects, providing approximately 210 credit risk products.

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 commodity pricing derivative instruments). Market risk hedging instruments enable corporate clients to manage their foreign

exchange, interest rate and commodity risk through the use of derivative instruments such as interest rate swaps, FX 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 at 30 November 2020, the Bank maintained a market share of 10.6 per cent. in treasury bills and bonds and 20.7 per cent. in interest rate swaps/forward rate agreements (IRS/FRA) contracts. The Bank is an active issuer of debt instruments for corporate clients. As at 30 November 2020, the Bank's market share in the non-treasury debt market stood at 11.7 per cent. of corporate debt, 4.0 per cent. of short-term debt and 20.6 per cent. of mid-term bank debt (source: NBP, Fitch Polska S.A., Rating & Rynek).

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, 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 also supports commercial transactions concluded by Polish exporters. The support includes, in particular, offering adequate short-term financing to banking financial institutions. At the same time, mBank continues to serve banks from the Commonwealth of Independent States and offer them medium-term loans secured with KUKE insurance policies.

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);
- G-INVEST Sp. z o.o. (previously named "Garbary Sp. z o.o."); and
- Asekum Sp. z o.o.

Services Provided by Bank's Subsidiaries within Corporates and Institutions

mLeasing

mLeasing offers different types of leasing products to its corporate clients, including the leasing of personal and commercial vehicles, heavy transport vehicles, car fleet management, the leasing of machinery and

equipment and the leasing of real estate. According to data from the Polish Leasing Association, as at 31 December 2020, mLeasing's market share in Poland amounted to 7.1 per cent. The value of movables contracts in the year ended 31 December 2020 amounted to PLN 4.96 billion, compared with PLN 5.00 billion in 2019, while the value of real estate leasing contracts in the year ended 31 December 2020 stood at PLN 0.17 billion, compared with PLN 0.28 billion a year before.

The total value of contracts executed in the first half of 2021 amounted to PLN 3.27 billion, compared with PLN 2.04 billion in the first half of 2020. The value of new contracts increased by 59.9 per cent year on year. mLeasing's market share in Poland as at 30 June 2021 amounted to 8.1 per cent.

mFactoring

mFactoring offers factoring services, including domestic and export recourse and non-recourse factoring, maintenance of debtors' settlement accounts, enforcement of receivables and import guarantees. At the end of 2020, mFactoring served over 900 clients. According to the Polish Factors' Association the company's market share in 2020 stood at 8.2 per cent., with the total value of its factoring turnover amounting to PLN 23.8 billion. In the first half of 2021, the turnover of mFactoring amounted to PLN 14.2 billion, which represented a market share of 8.2 per cent.

Asekum

The company operates as an insurance agent, mainly in the field of insurance of assets leased by corporate clients.

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 June 2021	31 December 2020	30 June 2020	31 December 2019
Bank	5,983	6,034	6,114	6,072
Subsidiaries (consolidated)	658	654	713	699
Total	6,641	6,688	6,827	6,771

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 are no trade unions operating at the Bank.

In the period from 1 January 2011 until the date of this Base Prospectus, there have been no strikes at the Bank or its subsidiaries, and the Bank or its subsidiaries have not been a party to any collective labour disputes.

In 2020, total income per employee in the Group, calculated by dividing total income by the average number of FTEs, stood at PLN 866.3 thousand compared with PLN 830.7 thousand in 2019. 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 Bank provides employee incentive programmes both for members of the management board and employees of the Bank:

The Incentive Programme for the Management Board Members

Under the programme, the Management Board Members of the Bank have the right to receive a bonus, including a non-cash bonus paid in the Bank's shares, or bonds with a pre-emptive right to take up shares, or phantom shares. On 2 March 2015, the Supervisory Board extended the programme until 31 December 2021.

The Employee Programme for the Key Staff of the Group

The aim of the programme is to ensure growth of the Bank's share value by linking the interest of the key staff of the Group with the interest of the Bank and its shareholders and implementing in the Group the policy of variable components of remuneration of persons holding managerial positions. On 2 March 2015, the Supervisory Board extended the duration of the programme from 31 December 2019 until 31 December 2022.

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 existing 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. Nevertheless, the rights arising from bonds acquired under the replaced programmes will be exercised under the rules of those programmes.

The Incentive Programme for the Management Board Members and Key Staff of mBank will be in force from 1 January 2018 to 31 December 2028. Eligible persons under the programme include persons holding positions identified as having a material impact on the bank's risk profile pursuant to the Risk Takers Identification Policy, 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 2020, the Bank issued 16,673 shares pursuant to these incentive schemes.

IT and Operations

The Bank has a centralised and integrated computer system in place which covers its entire distribution network in Poland. The Management Board believes that the telecommunication infrastructure meets market standards and is protected with a business continuity solution which is tested regularly.

The Bank possesses an application environment, which allows for effective management of operating costs and enables future developments. The Bank uses more than 370 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., SWAM 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 (Globus, Altamira and UniFlow) 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
Support rating	-	5
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	
<u>Outlook of long-term Issuer Credit Rating</u>	<u>negative</u>	<u>RWN</u>

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.

Support Ratings (SRs) reflect the agency's view on the likelihood that a financial institution will receive extraordinary support, in case of need, to prevent it defaulting on its senior obligations.

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 SACPs 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 (negative outlook) to the Bank. According to S&P's rating definitions, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. A positive (+) or negative (-) sign denotes relative standing within the major rating categories. An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over an intermediate term (typically six months to two years). A negative designation means that a rating may be lowered.

S&P Global Ratings has assigned a Short-Term Credit Rating A-2 to the Bank. Pursuant to S&P's rating definitions, the assigned short-term credit rating of the Bank means the "obligor has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category".

S&P Global Ratings has assigned to the Bank long- and short-term resolution counterparty ratings ("**RCRs**") at 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.

On 9 June 2015, S&P Global Ratings downgraded the Bank's Long-Term Issuer Credit Rating to BBB from BBB+. This rating action followed a downgrade by S&P Global Ratings of the ratings assigned to Commerzbank AG and other German banks, and was the outcome of a review by S&P Global Ratings of the implications of the introduction of the BRRD in Germany and the reduced prospects of extraordinary government support.

On 28 March 2017, S&P Global Ratings upgraded the Bank's long-term rating from BBB to BBB+ as a result of the upgrading of the rating of Commerzbank from BBB+ to A-.

On 16 July 2018, S&P Global Ratings assigned to the Bank long- and short-term resolution counterparty ratings of BBB+ and A-2, respectively. On 15 October 2018, following the upgrade of Poland's long-term sovereign rating from BBB+ to A- on 12 October 2018, S&P raised the long-term resolution counterparty rating for mBank from BBB+ to A-. At the same time, S&P affirmed the Long-term Issuer Credit Rating for mBank at BBB+ and the short-term rating at A-2.

On 25 September 2019, S&P Global Ratings lowered mBank's Long-term Issuer Credit Rating from BBB+ to BBB and long-term RCR from A- to BBB+. The short-term rating was affirmed at A-2. At the same time S&P changed the rating outlook from negative to developing. The rating action was triggered by the announcement of Commerzbank's 5.0 strategy, which provided for the sale of a majority stake in mBank.

On 27 April 2020, S&P affirmed the ratings of mBank and revised the rating outlook from developing to negative. On 24 June 2021, S&P affirmed the ratings of mBank with a negative outlook, which indicates that the Bank remains highly exposed to the legacy mortgage FX-loans litigation risk.

Fitch Ratings ("**Fitch**") has assigned to the Bank a Long-Term Issuer Default Rating ("**IDR**") of BBB- (RWN – Rating Watch Negative). 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. A Rating Watch is typically event-driven and, as such, it is generally resolved over a relatively short period. The Watch period is typically used to gather further information and/or subject the information to further analysis. Rating Watch Negative indicates a high likelihood that the rating will be downgraded.

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.

On 19 May 2015, Fitch downgraded the Bank's Long-term IDR and senior debt rating to BBB- (positive outlook) from A (negative outlook) following the downgrade of Commerzbank AG. The Bank's short-term IDR was downgraded to F3 from F1 and the Support Rating was lowered to '2' from '1'. The rating action, taken in conjunction with Fitch's review of sovereign support for banks globally, reflected Fitch's view that after the implementation of the "Bank Recovery and Resolution Directive", sovereign support can no longer be relied upon.

On 7 March 2016, Fitch upgraded the long-term IDR for the Bank and the long-term senior unsecured debt rating from BBB- to BBB (stable outlook). The Bank's short-term foreign currency IDR and the short-term senior unsecured debt rating were raised from F3 to F2. The upgrade of the Bank's ratings was driven by the upgrade of the long-term rating of Commerzbank AG from BBB to BBB+. mBank's IDRs, Support Rating and senior debt ratings reflected Fitch's view of a high probability that mBank would be supported by Commerzbank, if required.

On 15 October 2019, Fitch Ratings lowered the long-term IDR for mBank from BBB to BBB- and placed the rating on Rating Watch Positive (RWP).

On 14 April 2020, Fitch affirmed the long-term IDR of mBank at BBB- and viability rating at bbb-. At the same time the ratings were removed from Rating Watch Positive. The removal of the Positive Watch reflected Fitch's view that the sale of mBank by Commerzbank AG ceased to be the baseline scenario. Earlier the agency believed that the sale would be accompanied by the transfer of risks of the Bank's foreign currency mortgage portfolio to the parent, which would support Fitch's assessment of mBank's company profile, risk appetite, asset quality and capital.

On 16 March 2021, Fitch Ratings placed mBank's ratings on Rating Watch Negative (RWN). The rating action reflected Fitch's view that legal risks related to legacy exposures to foreign currency mortgage loans have increased since the last review of the Bank's ratings. In the opinion of the agency, the risk related to this portfolio may materialise in the coming months and could have such a significant impact on the Bank's capital position to warrant negative actions on ratings.

Fitch Ratings 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.

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 2019 to the end of 2020 the L/D Ratio for the Group changed from 90.0 per cent. to 78.8 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. The loans and issuances together with subordinated loans are the core funding source for the portfolio of mortgage loans in CHF. According to the suspension of granting new mortgage loans in CHF, Bank's receivables in this currency have been decreasing successively along with loans repayments.

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 at 30 June 2021 is presented below.

	PLN million	Per cent.
Amounts due to customers.....	156,583.5	86.1%
<i>individual customers</i>	106,699.7	58.7%
<i>corporate customers and public sector</i>	49,883.8	27.4%
Debt securities issued.....	13,061.0	7.2%
Amounts due to banks.....	2,820.6	1.6%
Subordinated liabilities	2,542.2	1.4%
Other sources.....	6,770.0	3.7%

Source: mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

Capital adequacy and capital structure

In accordance with the CRR Regulation, the consolidated own funds consist of consolidated common equity tier 1 capital instruments, 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 net impairment losses and excess of provisions over the expected AIRB recognised losses).

Tier 2 capital of the Group contains capital instruments and the related share premium accounts (subordinated liabilities with specified maturity).

The consolidated own funds of the Group as of 31 December 2020 amounted to PLN 17,588,012 thousand. Additionally, the consolidated common equity tier 1 capital of the Group amounted to PLN 15,046,912 thousand (31 December 2019: PLN 16,363,190 thousand and PLN 13,882,865 thousand respectively).

The capital adequacy ratios are presented in the section *Group Financial Information for the years ended 31 December 2020 and 31 December 2019 and for the first half of the year ended 30 June 2021 and 30 June 2020* (the subsection *Capital Adequacy*).

Material Contracts

In the course of its operations, the Bank concludes various contracts as a matter of day-to-day business. Where mandated by law, the Bank reports the execution and discloses the terms of such agreements, in particular in the form of relevant current reports published by the Bank, as a public company with shares listed on a regulated market and hence bound by the reporting obligations set out in the Public Offering Act, secondary legislation thereto and other applicable provisions of law.

In the past, the Group has entered into a number of financing arrangements with the Commerzbank Group comprising bilateral facility agreements (mostly denominated in CHF), and CHF subordinated debt. These transactions constituted typical and routine transactions in the ordinary course of business concluded on market terms. The financing arrangements provided by Commerzbank have been used for the general financial requirements of the Bank.

The agreements implementing these arrangements contained clauses typical of facility agreements, including: (i) a *pari passu* clause; (ii) a negative pledge (however, not all of the facility agreements contain a negative pledge); and (iii) a change of ownership clause under which the Bank may be required to repay all outstanding loans with all outstanding interest and associated costs if Commerzbank ceases, directly or indirectly, to own at least 50 per cent. plus one share of the Bank's share capital or a corresponding majority of the total number of votes in the Bank.

On 21 March 2018 the Issuer repaid to Commerzbank two series of subordinated bonds in the amount of CHF 80 million and CHF 170 million with an undetermined maturity and simultaneously drew a subordinated loan in the amount of CHF 250 million on the basis of an agreement concluded with Commerzbank on 27 November 2017. The repayment of the loan will occur 10 years after the drawdown date, with a possibility of a prepayment falling on the last day of each interest period, but not earlier than five years after the drawdown date, subject to the permission of the KNF.

As at 30 June 2021 and 31 December 2020, the total outstanding indebtedness (including loans, subordinated liabilities and other liabilities) of the Group to the Commerzbank Group was the equivalent of PLN 2.9 billion and PLN 3.2 billion, respectively.

In addition to the above, as at 30 June 2021, the Group indebtedness (including loans and subordinated liabilities) to banks and other institutions other than Commerzbank was as follows:

- Swiss Franc-denominated loan agreements with the European Investment Bank: PLN 1.8 billion (compared with PLN 1.9 billion as at 31 December 2020); and
- debt securities issued (including Polish złoty-denominated bonds, Euro-denominated bonds, Swiss Franc-denominated bonds and covered bonds denominated in PLN and EUR): 13.1 billion (PLN 14.0 billion as at 31 December 2020).

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.

Significant Tangible Assets

The table below presents, at the dates indicated, the various categories of the Group's tangible assets.

	As at 31 December		As at 30 June
	2020	2019	2021
	<i>(PLN thousands)</i> <i>Audited</i>		<i>(PLN thousands)</i> <i>Unaudited</i>
Tangible assets, including	614,346	698,634	607,132
Land.....	653	1,033	653
Buildings and structures.....	153,403	163,524	74,163
Equipment	166,759	188,496	159,171
Vehicles.....	199,575	238,850	201,243
Other fixed assets.....	93,956	106,731	171,902
Fixed assets under construction	183,142	75,416	98,125
Right of use, including	717,089	488,347	848,730
Real estate	667,387	437,295	837,435
The right of perpetual usufruct of land.....	47,670	48,358	9,579
Cars	1,547	1,561	1,431
Others	485	1,133	285
Total tangible assets	1,514,577	1,262,397	1,553,987

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

As at the date of this Base Prospectus, the material existing tangible assets of the Group are real estate properties. The material real estate of the Group is owned by the Bank.

Significant Intangible Assets

As at the date of this Base Prospectus, the most significant intangible asset of the Group is its computer software as presented in the table below.

	As at 31 December		As at 30 June
	2020	2019	2021
	<i>(PLN thousands)</i> <i>Audited</i>		<i>(PLN thousands)</i> <i>Unaudited</i>
Goodwill.....	27,760	27,760	27,760
Patents, licences and similar assets, including:	897,283	696,491	903,481
- computer software.....	722,688	576,535	743,700
Other intangible assets	8,812	1,199	7,994
Intangible assets under development.....	244,843	229,990	268,530
Total intangible assets	1,178,698	955,440	1,207,765

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2020, mBank S.A. Group IFRS Condensed Consolidated Financial Statements for the first half of 2021.

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 at the date of this Base Prospectus, the Bank and its subsidiaries are party to 12,124 court cases, in 1,207 of which it is the plaintiff and in 10,917 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 4,182.7 million, while the total value of claims brought by the Bank amounts to some PLN 804.7 million. As at 30 June 2021, the provisions for legal proceedings amounted PLN 261.1 million and the impact of the legal risk, which decreased the gross carrying amount of loans by adjusting the expected cash flows from these assets stood at PLN 1,468.5 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

Claims of Interbrok's clients

Since 2008, the Bank has received nine claims for damages in connection with the activities of Interbrok Investment E. Dróżdź i Spółka jawna ("**Interbrok**"). Eight of the nine lawsuits were filed by former clients of Interbrok for the total amount of PLN 800,000 with the proviso that the claims may be extended up to the total amount of PLN 5,950,000. The plaintiffs alleged that the Bank had aided in Interbrok's illegal activities, which caused damage to it. Seven claims have been dismissed and finally concluded. In the eighth case, a plaintiff withdrew their suit, waiving the claim, and the Regional Court dismissed the action. As far as the ninth suit is concerned, the amount in dispute is PLN 276,499,000, including statutory interest and costs of proceedings. According to the claims brought in the suit, this amount comprises the receivables, acquired by the plaintiff by way of assignment, due to the parties aggrieved by Interbrok on account of a reduction (as a result of Interbrok's bankruptcy) of the receivables by a return of the deposits paid by the aggrieved for making investments on the forex market. The plaintiff claims the Bank's liability on the grounds of the Bank's aid in committing the illicit act of Interbrok, consisting in unlicensed brokerage operations.

On 7 November 2017, the Regional Court in Warsaw dismissed the action in its entirety. The ruling is not final. The plaintiff appealed. By the judgment of 25 January 2021, the Court of Appeal in Warsaw dismissed the appeal of the plaintiff. The judgment of the District Court in Warsaw and the judgment of the Court of Appeal in Warsaw are final. The plaintiff may still file a cassation appeal to the Supreme Court.

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 16 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 Plock 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, mBank S.A. filed a response to the lawsuit and requested that the claim be dismissed. The court accepted the Defendants' requests to summon 16 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 the Bank concerning the clause on changing interest rate

On 4 February 2011, the Bank received a class action brought by the Municipal Ombudsman representing a group of 835 of the Bank's retail banking clients. The class action was filed to determine the Bank's liability for the improper performance of mortgage loan agreements. It was, in particular, claimed that the Bank had improperly applied provisions of agreements on changing interest rates, namely that the Bank had not lowered interest on loans, despite the fact that, according to the Plaintiff, it was obliged to do so. The Bank does not agree with the above-mentioned allegations. On 18 February 2011, the Bank responded to the lawsuit filing for its dismissal in whole.

As at 17 October 2012, the Group of class members consisted of 1 247 individuals. On 3 July 2013, the Court announced its judgment allowing the claim in full. According to the Court, the Bank did not properly execute the agreements concluded with consumers, as a result of which they suffered losses. On 30 April 2014, the Court of Appeal in Łódź dismissed the appeal of the Bank, upholding the stance adopted by the Regional Court expressed in the judgment. On 14 May 2015, the Supreme Court revoked the ruling of the Court of Appeal in Łódź and referred the case back to that court for re-examination. By the decision of 24 September 2015, the Court of Appeal in Łódź admitted the expert opinion evidence in order to verify the legality of mBank's actions connected with changing the interest rates on the mortgage loans covered by the class action in the period from 1 January 2009 to 28 February 2010.

On hearing on 15 July 2020, the Bank withdrew its appeal against the ruling of 9 September 2013. In consequence the Appeal Court decided to dismiss proceedings, which means that the ruling of the District Court in Łódź dated 3 July 2013 is final and non-appealable. The ruling dated 3 July 2013 does not question the validity of the concluded credit agreements. Once the ruling becomes final and non-appealable:

- interest on the loans covered by the class action will be charged at the fixed interest rate applicable on the date the loans were granted; and
- a claim of the class members will arise for reimbursement of amounts potentially paid in excess of the fixed interest in the period covered by the class action.

The total value of claims in this class action amounted to PLN 5.2 million. This case has already been validly closed. Up to now mBank has made most of the transfers to consumers taking part in these proceedings and adjusted the interest rate in all the loan contracts included in the proceeding until the sentence.

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 credit agreements. The Bank lodged a complaint about this decision, which the court decided to reject. On 24 July 2020, the Court also rejected the Bank's complaint against the decision to reject the complaint lodged on 13 July 2020 against the decision to grant security. The proceedings before the court of first instance were suspended until the resolution undertaken by the full cabinet of Civil Chamber of the Supreme Court.

As at 30 June 2021, the total value of claims in these class actions amounted to PLN 377 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 June 2021, 10,568 individual court proceedings (31 December 2020: 7,508 proceedings) were initiated against the Bank by its customers in connection with CHF loan agreements with the total value of claims amounting to PLN 2,424.2 million (31 December 2020: PLN 1 454.2 million).

Out of the individual proceedings, 10,072 proceedings (31 December 2020: 6,870 proceedings) with the total value of claims amounting to PLN 2,413.9 million (31 December 2020: PLN 1 442.2 million) related to indexation clauses in CHF loan agreements and 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.

The carrying amount of mortgage and housing loans granted to individual customers in CHF as at 30 June 2021 amounted to PLN 11.0 billion (i.e. CHF 2.7 billion) compared with PLN 12.3 billion (i.e. CHF 2.9 billion) as at the end of 2020. Additionally, the volume of the portfolio of loans granted in CHF that were already fully repaid as of 30 June 2021 amounted to PLN 7.0 billion (31 December 2020: PLN 6.8 billion).

Material administrative proceedings pending within 12 months before the date of the Base Prospectus

Proceedings initiated by the Office of Competition and Consumer Protection (UOKiK)

Proceedings for considering provisions of a template 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 Office of Competition and Consumer Protection ("UOKiK"), 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 UOKiK President 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. mBank responded to the decision on instituting the proceedings in letters dated 28 May 2019 and 10 January 2020. The UOKiK President did not take any further actions

in the case in question, did not take a stance, and did not respond to mBank's letters. The Office extended the proceeding until 30 November 2021.

By a judgment of 2 February 2021, the Court of Appeal in Warsaw dismissed the Bank's appeal in a case concerning UOKiK proceedings initiated in 2015 regarding the application by the Bank of practices violating collective consumer interests, which had been initiated on the allegation that the Bank did not apply a negative interest rate in the case of the negative base rate for LIBOR and changed the judgment of the Court of Competition and Consumer Protection in the part revoking the decision to impose a fine. The Bank complied with the judgment and paid a fine of PLN 6 585 thousand. On 14 June 2021, the Bank filed a cassation complaint with the Supreme Court.

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 (Journal of Laws of 2021, item 605., as later amended).

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 2020 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 for which the Bank created the provision in the total amount of PLN 4.3 million. This decision is not final and is not binding.

Intellectual Property

As at the date of this Base Prospectus, the Group holds protection rights to more than 430 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 98 trademarks registered in the European Union.

The said trademarks are the names and logos of the Bank and its subsidiaries, the Bank's brands (including mBank) as well as the Group's products and services. Some of the Group's trademarks represent old logos and, as such, are no longer material for the Group's operations. Following the rebranding process, the most important trademarks are the "m" and "mBank" figurative trademarks.

Website Domains

The Group maintains 918 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 2020 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. During strategic discussions, the Management Board outlines directions for the development of the Group and particular business lines. The formulated general statements assure the foundation of ongoing dialogue between management and the Management Board, which materialises in the form of portfolio-specific statements. During the central and business general planning process stages, risk appetite statements undergo further deconstruction into key metrics and targets. Key metrics, targets and key results are then passed down into the organisation during the business operating phase of planning. Documentation of risk appetite and its monitoring activates appropriate control mechanism for protecting the Group's goals.

Division of responsibilities in the risk management process

The Supervisory Board

The Supervisory Board exercises constant supervision of the Bank's operations in the risk-taking area, which includes approving the Risk Management Strategy of the Group and supervising its implementation.

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 (KRC); and
- Financial Markets Risk Committee (KRF).

The committees are composed of the representatives of business lines and respective risk management departments in the Bank and respective organisational units in the Group's subsidiaries.

The main function of the above-mentioned committees is to develop the principles of risk management and risk appetite in the given business line, by taking decisions and making recommendations concerning, in particular:

- risk policies;
- processes and tools for risk assessment;
- 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. With its decisions and recommendations, the Committee supports other Group bodies in a consistent approach to sustainable development. It co-ordinates the work in the Group on adapting to regulatory and market requirements in the field of ESG (Environmental, Social, Corporate Governance).

The committee, inter alia:

indicates the main directions of activities and organises the ESG management system;

sets the ESG framework in the Bank – policies and procedures;

supervises the ESG management system in the Group; and

establishes the structure and organises the process of managing funds from the issue of green debt instruments.

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.

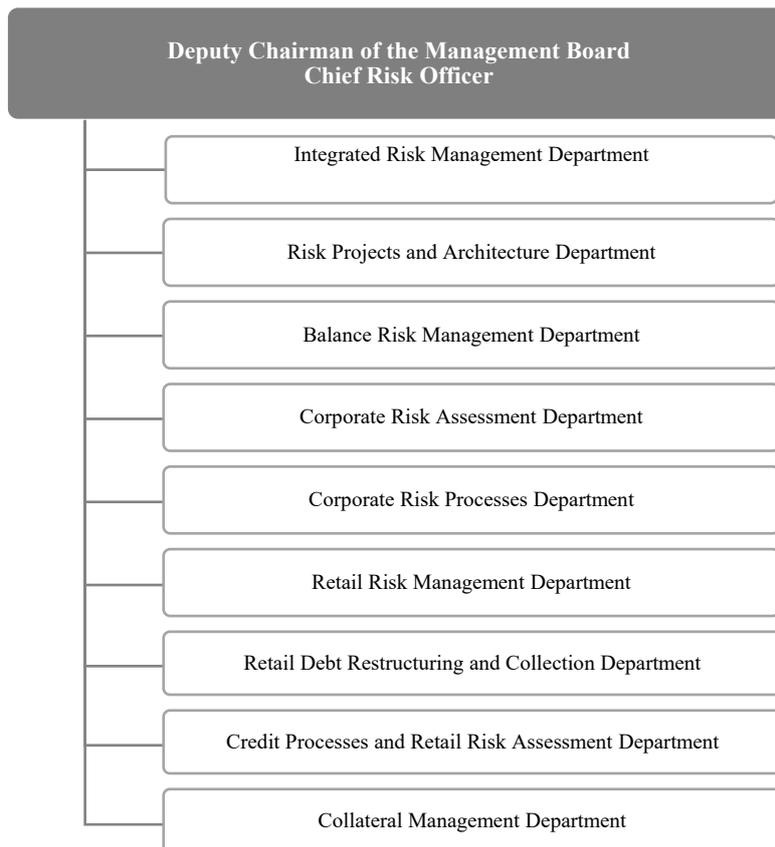
Foreign Branch Supervision Committee of mBank S.A.

The Foreign Branch Supervision Committee of mBank S.A. is responsible, among other things, for issuing recommendations for the Management Board of the Bank in relation to the operational strategy and the rules for stable and prudent management of a particular foreign branch of the Bank, especially with reference to credit risk.

Organisational units of the risk management area

The function of management at the strategic level and the function of control of credit, market, liquidity and operational risks and risk of models used to quantify the aforesaid risk types are performed in the risk management area supervised by the Vice-President of the Management Board in the role of Chief Risk Officer.

The chart below presents the organisational structure of this area:



The roles played by particular organisational units of the risk management area in the process of identifying, measuring, monitoring and controlling risk, which also includes assessing individual credit risk posed by clients 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 Business (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 is Risk (risk management area), Security and Compliance, and is responsible for determining the framework and guidelines concerning managing individual risks, supporting and supervising Business in their implementation as well as independent analysing and assessing of risk. The main goal for the second line functions is to create oversight over the the Group's control environment and risk exposure.
3. The third line of defence is Internal Audit, which independently assesses 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 Vice-President of the Management Board, the Chief Risk Officer and to the appropriate committees of the Bank's Management Board (including committees operating within the Business and Risk Forum).

Integrated information on risk and capital management is provided to the Management Board members in a monthly report. The Management Board, the Risk Committee of the Supervisory Board and the Supervisory Board receive, on a quarterly basis, 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.

Strong macroeconomic fundamentals and policy framework, large and diversified domestic demand and flexible fiscal policy made Poland the only EU country to avoid recession during the post-2007 global economic and financial crisis.

In recognition of its strong economic performance, Poland is assessed highly by international rating agencies and, in September 2018, was upgraded to developed market status by the index provider, FTSE Russell. Poland's upgrade to developed market status represented an acknowledgement of the progress of the Polish economy and capital markets. With the upgrade, Poland is classified as one of the 25 most advanced global economies, including the USA, the UK, Germany, France, Japan and Australia.

In 2020, economic development was determined by the COVID-19 pandemic and the scope of COVID-19 pandemic restrictions. Polish and EU lawmakers and regulators have taken active measures to reduce the negative impact of the COVID-19 pandemic. The initial efforts focused on curbing the spread of the virus. They included, among others, travel restrictions, limits on public gatherings, border controls and the closure of schools, shopping centres, and other places. The key measures to mitigate and reduce the negative impact of the COVID-19 pandemic on the economy and society have been defined in a package of laws making up the so-called "anti-crisis shield". The strongest anti-crisis stimulus measures launched in Poland comprised the following three pillars: direct aid from the state budget, credit guarantees for businesses and financial support for companies granted by the Polish Development Fund ("PFR"). The shields offered the possibility of asking employees to be on stand-by, shortening working hours (with additional payment towards salary), and conditioned the scale of non-reimbursable aid on maintaining stable employment. In effect, despite a significant drop in business activity, the unemployment rate in 2020 increased only slightly and at the end of 2020 stood at 6.2 per cent. In H1 2021 the unemployment rate decreased and in June 2021 stood at 6.0 per cent.

The unemployment rate in Poland is well below the EU average. According to Eurostat, which uses a different methodology, the seasonally adjusted unemployment rate in Poland in December 2020 reached 3.2 per cent. compared with 7.4 per cent. in the European Union (EU-27) and 8.2 per cent. in the Eurozone.

In order to mitigate the impact of the COVID-19 pandemic, the Monetary Policy Council cut base interest rates three times, by 140 basis points in aggregate, to a historic low of 0.10 per cent. The easing of NBP's monetary policy has contributed to lowering interest rates on loans granted to households and enterprises, thereby reducing repayment instalments.

Support for the real economy was accompanied by monetary and regulatory actions targeted at aiding financial sector. The most important measures included:

- NBP operations aimed at improving the liquidity of the sector (repo transactions, bond purchase and others);
- reduction of the systemic risk capital buffer from 3 per cent. to 0 per cent., aimed at freeing up capital and thus providing credit support to the economy during the crisis;
- reduction of the mandatory reserve requirement from 3.5 per cent. to 0.5 per cent.;
- recommendations to retain all profits from previous years instead of paying out dividends;
- milder requirements for the credit assessment of banks required by the KNF (which is intended to provide more support for companies in financial difficulties);
- looser requirements in terms of IFRS 9 (reducing the translation of a crisis situation into risk costs); and
- deferred MREL requirements.

Moreover, both banks and supervisory institutions have introduced so-called "credit holidays" to help the most vulnerable borrowers by temporarily deferring instalments' payments.

In 2020, Poland's economy contracted for the first time since 1996. According to the Central Statistical Office, Poland's GDP contracted 2.7 per cent. year-on-year versus a 4.5 per cent. growth recorded a year earlier. Domestic demand had the biggest impact on the fall in GDP. Private consumption fell by 3 per cent. year-on-year and investment outlays decreased by 9.6 per cent. Net exports provided strong support to GDP, which was reflected by the rebound in manufacturing in the fourth quarter of 2020.

Poland's economic contraction in 2020 due to the COVID-19 pandemic was much lower than the EU recession, which is estimated at -6.3 per cent. (according to Eurostat). Successful implementation of fiscal and monetary support in the first half of 2020 proved effective in preventing a larger drop in GDP.

The beginning of 2021 brought an improvement in economic activity in Poland despite the third wave of the COVID-19 pandemic. According to preliminary estimates of the Central Statistical Office, GDP in Q1 2021 increased by 1.3 per cent. quarter-on-quarter, but was lower than a year ago by 0.9 per cent. This proves the resilience of the Polish economy.

Polish public finance entered the crisis in good condition compared with other EU countries. Poland responded with one of the largest direct fiscal packages in Europe, the implementation of which forced amendments to the Budget Act. Due to anti-crisis actions and decreased income, the fiscal deficit (ESA) in 2020 increased to approximately 7 per cent. of GDP from 0.7 per cent. in 2019.

	2015	2016	2017	2018	2019	2020
	per cent.					
GDP growth (YoY).....	4.2	3.1	4.8	5.4	4.7	-2.7
Domestic demand (YoY).....	3.7	2.3	4.9	5.6	3.6	-3.7
Private consumption (YoY).....	3.8	3.9	4.8	4.3	4.0	-3.0
Investment (YoY).....	6.1	-8.2	4.0	9.4	6.1	-9.6
Exports growth (GUS, YoY).....	7.7	6.7	8.2	6.1	4.4	0.3
Imports growth (GUS, YoY).....	5.3	6.4	10.5	7.1	3.0	-1.5
Current account balance / GDP	-0.9	-0.8	-0.3	-1.3	0.5	3.5
Inflation (Dec./Dec.).....	-0.5	0.8	2.1	1.1	3.4	2.4
Unemployment rate (eop).....	9.7	8.2	6.6	5.8	5.2	6.2

	2015	2016	2017	2018	2019	2020
MPC rate (eop).....	1.50	1.50	1.50	1.50	1.50	0.10
WIBOR 3M (eop).....	1.72	1.73	1.72	1.72	1.71	0.21
			rates of exchange			
EUR/PLN (eop).....	4.2615	4.4240	4.1709	4.3000	4.2585	4.6148
CHF/PLN (eop).....	3.9394	4.1173	3.5672	3.8166	3.9213	4.2641
USD/PLN (eop).....	3.9011	4.1793	3.4813	3.7597	3.7977	3.7584

Source: Central Statistical Office of Poland (Główny Urząd Statystyczny, "GUS"), NBP, GPW.

Poland's monetary policy framework is laid out in the Constitution and the Act on the National Bank of Poland. The NBP is responsible for the implementation of the monetary policy, the basic objective of which is to maintain price stability while supporting the government's economic policy. For nearly 20 years, the Monetary Policy Council (MPC) has been conducting monetary policy with a direct inflation targeting strategy. In 2004, the Monetary Policy Council adopted an inflation target of 2.5 per cent. with a symmetrical tolerance band for deviations of ± 1 p.p. The principles of the monetary policy strategy and the inflation target level remain unchanged.

Inflation in Poland fell from 3.4 per cent. in December 2019 to 2.4 per cent. in December 2020. Base inflation, after eliminating food and energy prices, reached 3.7 per cent. in December 2020 compared with 3.1 per cent. at the end of 2019. The increase in base inflation reflected the increase in administered prices and higher prices of services connected, among other things, with transferring costs of anti-pandemic actions to consumers.

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 3.4 per cent. on an annual basis in December 2020 and it was the highest level recorded in the EU. The average HICP index stood at 0.2 per cent. in the European Union (EU -27) and -0.3 per cent. in the Eurozone.

Normalisation of economic activity in many sectors, the large economic package being implemented by the government, as well as recovery in key trading partners, are expected to support a recovery in 2021. Domestic demand will be a main driver of economic growth. Private consumption and fixed investment are seen expanding, supported by fiscal relief measures. Lifting of the lockdown restrictions triggers a rebound in consumer demand. Household savings have increased strongly during the COVID-19 pandemic. The economic recovery will be supported by households' realisation of demand that was deferred during the COVID-19 pandemic and the relatively high level of their savings. However, uncertainty about the further evolution of the COVID-19 pandemic persisting over the coming quarters will remain a factor curbing the rebound in corporate investment. A revival of private consumption and investment would be critical for sustaining economic growth post-pandemic.

In H1 2021 inflation in Poland accelerated and reached 4.4 per cent. in June 2021. It is likely to stay in the upper end of the target range, near or above 3 per cent., for a longer time. The key drivers of inflation include: high fuel and electricity prices, waste collection fees, higher business costs amid COVID-19 pandemic and supply chain disruptions. The potential to increase rates is increasing, although the Monetary Policy Committee appears split over the most appropriate approach to balance inflation control with protecting the economic recovery amidst COVID-19 pandemic uncertainty.

The outlook for EU funding after 2020 has improved on the back of EU wide fiscal initiatives, such as the new EUR 750 billion Coronavirus Recovery Fund. However, uncertainty about the next stage of the COVID-19 pandemic and the economic recovery clouds the positive outlook.

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 at 31 December 2020, there were 30 commercial banks in Poland, 36 branches of credit institutions and 530 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>30 June 2021</u>
Total number including:	612	600	596	589
Domestic commercial banks.....	32	30	30	30
Branches of foreign credit institutions.....	31	32	36	37
Co-operative banks.....	549	538	530	522

Source: KNF

The level of competition in the Polish banking sector is relatively high. The level of concentration increased in recent years. As at 31 December 2020, the share of five largest banks in total banking assets stood at 54.3 per cent. compared with 49.8 per cent. as at the end of December 2019 and 43.4 per cent. in 2000 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 (core DB Polska without CHF portfolio and DB Securities) to BZ WBK. 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.

In recent years, the ownership structure of the Polish banking sector has changed. As a result of a series of merger and acquisition transactions, the state gained or regained influence over new entities; for example, Alior Bank and Bank Pekao. As a result of this process, known as "repolonisation" or domestication of the banking sector, the importance of domestic investments grew in the Polish banking industry. The State Treasury, directly or indirectly, controls the activities of nine commercial banks.

However, foreign investors still control a significant part of the assets of Poland's banking sector, including 16 commercial banks. According to the KNF, as at 30 June 2021, 42.9 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 2021).

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. With interest rates at 10 basis points and rapid development of digital banking, Polish banks are increasing their focus on the economies of scale to face the ongoing difficult macro environment. 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. 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. Domestic players are likely to adjust their business models to adapt to the low interest rate environment and changes in customer behaviour. Smaller banks have less resilience and flexibility in coping with post-pandemic challenges.

The following factors may encourage banks to participate in the consolidation process in Poland:

- prolonged pressure on the revenue side and limited organic growth opportunities due to low interest rates and the economic downturn triggered by the COVID-19 pandemic;
- additional earnings pressures from MREL issuance and regulatory compliance;
- technological changes requiring investments and digitisation spending, which are particularly expensive for smaller banks; and
- financial and regulatory burdens imposed on the sector (the Banking Tax, contributions to the banking guarantee fund higher capital requirements and liquidity regulations).

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.

Alternative distribution channels, in particular internet banking and mobile banking, have been becoming increasing in importance in Poland. Moreover, new products, such as markets for financial advisory services, wealth management, insurance products and various investment funds in Poland have seen significant growth and are likely to be a significant driver for profitability in the future.

Financial Situation of the Polish Banking Sector

Poland's banking sector has a high income generating capacity. It is, well-capitalised and predominantly deposit-funded. 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 low interest rate environment – interest rates in Poland are at historically low levels. The NBP reference rate stood at 0.1 per cent. and WIBOR 3M reached 0.21 per cent. at the end of 2020. The low interest rate environment depresses generation of net interest income;
- caps on interest and non-interest costs that may be charged by lenders in connection with consumer loan agreements;
- interchange rates, i.e. commissions paid to the bank by the settlement agent for every non-cash transaction made with a payment card issued by the bank, decreased to 0.2 per cent. for debit cards and 0.3 per cent. for credit cards (from the end of January 2015), which restricts the generation of fee and commission income;
- a tax on certain financial institutions (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;

- rapidly growing provisions for legal risks related to mortgage loans in foreign currency and the proposal of the banking regulator to solve the issue by offering out-of-court settlements, which would convert the loans to złoty at the exchange rate from the start of the agreement;
- consolidation of the banking sector – banks with insufficient scale give way to bigger and stronger entities;
- challenges related to the management and storage of personal data and security in the internet – cyber-risk;
- spreading technological solutions and their impact on clients' behaviour; and
- increasing role of non-financial sector players (FinTech companies), gradually entering traditional banking territories and offering innovative financial solutions. The Payment Services Directive 2 abolished banks' monopoly in the market for payment services.

In 2020, the Polish banking sector was affected by a slowdown in economy due to the COVID-19 pandemic.

According to the KNF data, published on 16 August 2021, in the year ended 31 December 2020 the banking sector generated a loss in the amount of PLN 323 million compared with the net profit of PLN 13.806 million generated in the year ended 31 December 2019. This significant drop was mainly due to:

- unfavourable macroeconomic environment caused by the COVID-19 pandemic and particularly its impact on earnings and risk costs of the sector;
- significant provisions for legal risk related to foreign currency loans; and
- the decision of the largest bank, PKO BP, to establish a special fund of PLN 6.7 billion to cover the financial effects of the settlements with consumers concerning FX housing loans (the Extraordinary General Meeting of PKO BP took a decision on this matter on 23 April 2021, but its effects charged the bank's earnings for 2020).

Total net operating income of banks in the year ended 31 December 2020 decreased by 12.3 per cent. year-on-year. Net interest income dropped by 4.0 per cent. year-on-year, mainly due to reductions in interest rates. Tightening of credit policies by banks and deteriorating consumer sentiments also had a negative impact on net interest income, causing a drop in demand for loans. In turn, net fees and commission income recorded an increase of 11.1 per cent. year-on-year thanks to the larger number of transactions performed by customers (mainly in the area of brokerage activities, in asset management businesses and Forex transactions) and in connection with the changes in fee and commission tariffs.

In the year ended 31 December 2020, banks reduced operating costs by 0.3 per cent. year-on-year, while depreciation increased by 3.6 per cent. compared with the year ended 31 December 2019. A considerable part of the high level of loan losses at the beginning of the COVID-19 pandemic resulted from the anticipatory creation of provisions for expected credit losses. This was related to the sudden deterioration of the macroeconomic outlook (an increase in PD and LGD parameters) and the prudent increase – as a result of management decisions – of the provisions above the values resulting from credit risk models.

As a result, in 2020 the banking sector's cost to income ratio reached 63.4 per cent. compared with 55.6 per cent. in the year ended 31 December 2019.

The outbreak of the COVID-19 pandemic was a shock to the economy that had to be factored into the way banks assessed credit risk. The highest increase in loan losses occurred in the first half of 2020, while subsequent quarters already saw smaller provisions for credit risk. In the year ended 31 December 2020 costs of credit risk increased by 39.5 per cent. in comparison to the year ended 31 December 2019. In the case of loans to households, credit losses were limited by the relatively small deterioration of the situation in the labour market. The tightening of lending standards in the first half of 2020 also had a positive impact on credit risk.

Finally, in the year ended 31 December 2020, net ROE of the banking sector stood at -0.1 per cent. compared with 6.7 per cent. in 2019.

The table below shows the financial results of the Polish banking sector:

	For the year ended 31 December (in PLN million)			Change (per cent.)	
	2020	2019	2018	2020/2019	2019/2018
	Total net operating income	61.950	70.627	64.565	-12.3
Total costs (incl. depreciation)	(39.290)	(39.247)	(36.366)	0.1	7.9
Total loan loss provisions	(13.346)	(9.566)	(9,430)	39.5	1.4
Profit before income tax	(3.759)	19.324	18.223	-80.5	6.0
Net profit	(323)	13.806	13.046	+/-93.3	5.8

	For the year ended 31 December (per cent.)		
	2020	2019	2018
	Cost/Income ratio	63.4	55.6
Return on Equity (net ROE)	0.1	6.7	6.4
Return on Assets (net ROA)	0.01	0.70	0.71
Cost of Risk (CoR)	0.98	0.73	0.77

Source: mBank calculation based on KNF data.

At the end of 2020 total assets of the Polish banking sector amounted to PLN 2,350 billion and increased by 17.5 per cent. compared with the end of 2019. In the year ended 31 December 2020, total gross receivables from the non-financial sector increased by 0.5 per cent., while deposits of the non-financial sector increased by 13.0 per cent. year-on-year.

	As at 31 December (in PLN billion)			Change (per cent.)	
	2020	2019	2018	2020/2019	2019/2018
	Polish banks' aggregate assets	2,350.1	2,000.1	1,893.7	17.5
Total liabilities	2.130.4	1,790.8	1,689.8	19.0	6.0
Total equity	219.7	209.3	204.0	4.9	2.6

Source: KNF.

The table below presents dynamics of key banking aggregates of the Polish banking sector.

	For the year ended 31 December (per cent.)		
	2020	2019	2018
	Corporate loans	-4.8	3.0
Household loans	3.0	6.0	6.8
Mortgage loans, incl.	7.3	6.6	6.8
Mortgage loans in PLN	9.7	12.1	11.3
Non-mortgage loans	-3.8	5.1	6.8
Corporate deposits	19.0	10.0	4.3
Household deposits	10.7	9.7	10.1

Source: mBank own calculations based on NBP data.

According to NBP data, in the year ended 31 December 2020, the nominal volume of household loans increased by 3.0 per cent. compared with the year ended 31 December 2019. Mortgage housing loans constituted the only loan category with a positive growth rate. Mortgage loans in PLN increased by 9.7 per cent. compared with the year ended 31 December 2019. CHF mortgage loans decreased by 9.8 per cent. in 2020 due to continued repayments. Non-mortgage loans to retail customers decreased by 3.8 per cent. year-on-year. Loans to non-financial corporations decreased by 4.8 per cent., as they were affected by a substantial downturn in economic growth, lockdown restrictions and reduction in activity. The development of credit demand in the corporate sector was also affected by the subsidy schemes of the Polish Development Fund introduced due to the COVID-19 pandemic. By the end of 2020, almost PLN 61 billion was paid to micro, small and medium-sized enterprises under the PFR 1.0 Financial Shield. A new subsidy scheme under the PFR 2.0 Financial Shield was launched in early 2021. The Financial Shield 2.0 subsidies were targeted only at companies operating in the most pandemic-sensitive industries.

The NPL ratio as at 31 December 2020 reached nearly 7 per cent.: 6.0 per cent. for households and 9.0 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 (BIK), and that the maximum Debt-to-Income ratio should be determined by the bank's management board and approved by the supervisory board.

Growth in deposits accelerated across all segments in 2020. It 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. Due to limited lending activity, deposits have been reinvested mainly in Treasury bonds or other state-guaranteed bonds.

In the year ended 31 December 2020, household deposits increased by 10.7 per cent. compared with 2019. Corporate deposits increased by 19.0 per cent. year-on-year, mirroring good liquidity in the enterprise sector. The Anti-Crisis Shields contributed to the increase in corporate deposits.

Banks in Poland are well-capitalised. The average total capital ratio (compliant with the CRD IV/CRR Regulation approach) as at 31 December 2020 stood at 20.7 per cent. and Tier 1 capital ratio stood at 18.5 per cent. (Source: KNF data).

Prospects for profits in 2021 are mixed. Polish banks will benefit from strong economic recovery. The analysts assume that the net interest income on a monthly basis has already bottomed in 2020. The negative impact of interest rate cuts was lower than earlier expectations, mainly due to a radical reduction of funding costs. Bank deposit rates fell quickly and have stabilised near zero per cent. Bearing in mind the full year of low interest rates, in 2021 net interest income may remain stable or decline slightly on an annual basis. Fee and commission income is likely to increase in 2021. It will be supported by a growing scale of operations, adjustments in the tariffs of banking fees and commissions and further shift of retail customers from low-yielding traditional deposits to capital market-related services.

In light of the pressure on revenues, cost control will remain crucial for the Polish banking sector. The pandemic accelerated the ongoing trend of branch closures, leading to further lay-offs. In 2021, banks' profitability will be positively affected by the reduction of contributions to the deposit guarantee fund and the resolution fund by about PLN 1 billion.

The asset quality in the sector has not deteriorated so far. At the same time, in 2020, cost of risk visibly increased. In 2021, cost of risk is expected to decrease, although it is subject to certain uncertainties.

The banking sector faces significant risks to its profitability as a result of costs associated with mortgage loans in foreign currencies. Banks have been losing the majority of litigations with CHF borrowers since the judgment of the European Court of Justice on 3 October 2019. Some lenders decided to offer amicable settlements with clients. According to the Financial Stability Report published by the National Bank of Poland in June 2021, the legal risk of the mortgage loans in foreign currency is high and has recently become a major threat to financial stability in Poland. The magnitude of potential banking sector losses hinges on future charges to provisions set aside for legal risk, which may be affected by the ruling of the Civil Chamber of the Supreme Court of Poland. The ruling will also affect the willingness of banks and their clients to reach agreements on a voluntary basis.

In December 2020, the Chairman of the KNF called on banks to conclude settlements with borrowers aimed at eliminating the risk of increasing legal disputes under loan agreements denominated in and indexed to the Swiss Franc. A sector wide settlement offer for CHF borrowers is based on applying an equivalent PLN-denominated loan as a reference point for the settlements. Some banks with portfolios of CHF housing loans responded to the proposal of the Chairman of the KNF. The shareholders of PKO BP, the bank with the largest portfolio of such loans in Poland, decided to take action to implement the voluntary conversion of foreign currency loans into złoty loans and adopted a resolution on establishing a special fund (PLN 6.7 billion) to cover the bank's losses arising from the recognition of the financial effects of the settlements concluded with borrowers.

In the coming years, the banking sector will face the challenge of providing own funds and/or eligible liabilities to meet the MREL, which will become fully effective from 2024. According to NBP estimates, a significant part of the sector does not have sufficient excess capital to cover the MREL at the target level. In the absence of the outlook for rapid growth in profitability, it seems that meeting the MREL will require the issuance of either equity or redeemable/convertible debt instruments on a scale far greater than that observed over the recent years.

COVID-19 pandemic accelerated the process of reshaping the banking industry, ushering in a new competitive landscape, stifling 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. In addition to accelerating

digital adoption, the crisis has also served as a litmus test for banks' digital infrastructure. Investments in digitisation and more processes 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 (the "**Minister of Finance**") 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.

Consumer Protection

The Consumer Credit Act dated 12 May 2011 (as amended), the Civil Code regulations and other consumer protection laws impose on the banks several obligations related to agreements signed with natural persons who perform actions which are not directly related to their business or professional activities (consumers). The most important of those are the requirements to inform the consumer about the cost of extended credit and loans, and to include specified terms in the consumer loan agreement as well as the prohibition from including specific clauses which are unfavourable to consumers in agreements. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act, the borrower is authorised under the law to repay the loan in principal amount with interest accrued until the prepayment date. In some circumstances, the borrower may be authorised to repay only the principal amount, without interest, fees and any other amounts due to the bank under the loan agreement.

There is a cap for the maximum interest rates which may be charged by a bank under a loan agreement. The interest rate cap on consumer loans is determined at two times the sum of the applicable reference rate of the National Bank of Poland and 3.5 per cent.

Personal Data Protection

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organisational means that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, the persons to whom such data relates to should have the right to access all of their personal data and to correct it.

The 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, 12th Business Department of the National Court Register.

The Bank was established for an unspecified period.

Legal Regulations Concerning the Bank's Operations

The Bank operates in accordance with the KSH, the Banking Law and other regulations relating to commercial companies and entities engaged in banking operations.

The basic regulation determining the organisation and manner of operations of the Bank is the Bank's Articles of Association.

The Bank's Business Purpose Specified in the Articles of Association

In accordance with paragraph 5 of the Articles of Association, the Bank's business purpose is to provide banking services, consulting and advisory services in financial matters, and to perform economic activity within the scope defined in § 6 of the By-laws.

The Bank's share capital

As at the date of this Base Prospectus, the share capital of the Bank comprised 42,367,040 fully paid-up shares, including: (a) 42,356,040 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.

The shares were issued within 13 series. They were not named specifically and were marked with number starting from I and ending with XIII. The subsequent series of shares are consisted of the following number of shares: series I - 10.000.000; series II - 2.500.000, series III - 2.000.000, series IV - 4.500.000, series V - 3.800.000, series VI - 170.500, series VII - 5.742.625, series VIII - 500.750, series IX - 477.007, series X - 12.371.200, series XI - 182.040, series XII - 114.920 and series XIII - 7.998.

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 10 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' pre-emptive 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 2020, the Bank's share capital increased by PLN 66,692 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*). As at the date of this Base Prospectus, the Bank's registered share capital is PLN 169,468,160, fully paid-up. It is divided into 42,367,040 ordinary bearer shares and ordinary registered shares with a nominal value of PLN 4 each.

Given the Bank's status as a public company within the meaning of the Public Offering Act and the fact that the majority of the shares of the Bank are listed on the regulated main market operated by the WSE, the Bank does not have detailed information on all of its shareholders.

Apart from the information resulting from the content of the Bank's share register (maintained for 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 69.28 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 30.72 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 2020 and 30 June 2021, Nationale- Nederlanden Otworthy Fundusz Emerytalny ("**OFE**") exceeded the 5 per cent. threshold of shares and votes at the General Shareholders' Meeting. According to the notification of 8 December 2020, after the settlement of transactions on the Warsaw Stock Exchange settled on 30 November 2020, Nationale- Nederlanden OFE held mBank shares representing 5.06 per cent. of the share capital and entitling to 5.06 per cent. of votes at the General Shareholders' Meeting. The remaining shareholders individually did not exceed the 5 per cent. threshold of shares and votes at the General Shareholders' Meeting.

The table below sets out information on the shareholding structure of the Bank as at the date of this Base Prospectus:

	Number of shares	Per cent. of voting rights at the General Shareholders' Meeting
Commerzbank AG	29,352,897	69.28 per cent.
Other shareholders	13,014,143	30.72 per cent.
Total	42,367,040	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 at 30 June 2021 and 31 December 2020, the total outstanding indebtedness of the Group to the Commerzbank Group, excluding subordinated debt, was the equivalent of PLN 1.8 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.

mBank also participates in the Commerzbank Group multi-year planning system.

The Group

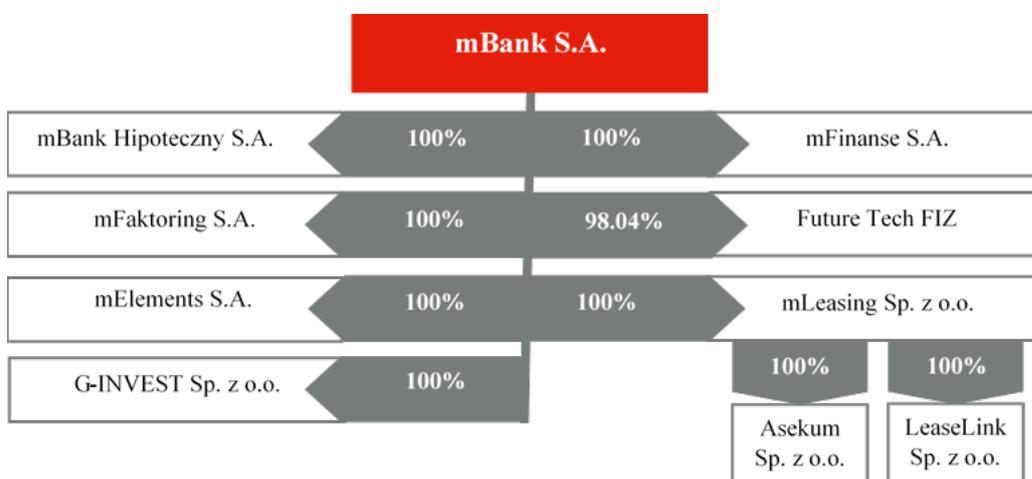
General Information

The Group comprises entities controlled by the Bank and which, in respect of the Bank, are of the following nature:

- strategic: shares and equity interests in companies supporting particular business segments of mBank S.A. (Corporate & Investment Banking, Retail Banking segment and Other) with an investment horizon not shorter than three years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;
- 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 2020 and H1 2021 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 H1 2021, the fund's portfolio was composed of seven companies:

- Digital Fingerprints – a company offering a cyber-security solution based on passive biometrics;
- 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 which develops solutions that enable robotisation of software processes in business operations via the RPA – Robotic Process Automation technology;
- ChatForce – AI-powered platform, allowing automatic exchange of information with customers from mobile communication platforms;
- Samito– which offers comprehensive customer experience solutions which increases sales in e-commerce;
- HCM Deck – an SaaS enterprise platform that lets learning & development departments manage, automate and analyse employee growth in three key areas – learning, communication and feedback; and
- Drobna Ratka (Mercury Financial) – a 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.

G-INVEST (previously named Garbary)

Principal information:

Name and legal form: G-Invest Sp. z o.o. (limited liability company)
Registered office and address: ul. Prosta 18, 00-850 Warsaw, Poland
Share capital: PLN 6,624,000
Core activities: renting and administering real estate, activities related to real estate market performed on order, purchase and sale of real estate on own account. In 2018 the company sold its real estate located at Garbary 101/111 Street in Poznań.

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:

- 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 7,500,000
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.

mFactoring

Principal information:
Name and legal form: mFactoring 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. Fabryczna 17, 90-334 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.

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 (CFM), complex services of financing commercial and office facilities, hotels and warehouses.

Asekum – a fully owned subsidiary of mLeasing Sp. z o.o.

Principal information:

Name and legal form: Asekum Sp z o.o. (limited liability company)
Registered office and address: ul. Prosta 18, 00-850 Warsaw, Poland
Share capital: PLN 32,005,000
Core activities: insurance services related to leased assets.

LeaseLink – a fully owned subsidiary of mLeasing Sp. z o.o.

Principal information:

Name and legal form: LeaseLink. Sp. z o.o.
Registered office and address: ul. Grochowska 306, loc. 308, 03-840 Warsaw, Poland
Share capital: PLN 210,600
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

On 18 April 2018, the Supervisory Board of the Bank appointed the Management Board for a new term in the following composition: Cezary Stypułkowski – President of the Management Board and the Bank's Director-General; Frank Bock – Vice-President of the Management Board and Head of Financial Markets; Andreas Böger – Vice-President of the Management Board and Chief Financial Officer; Krzysztof Dąbrowski – Vice-President of the Management Board and Head of Operations and Information Technology; Lidia Jabłowska-Luba – Vice-President of the Management Board, Head of Risk Management and Chief Risk Officer; Cezary Kocik – Vice-President of the Management Board and Head of Retail Banking; and Adam Pers – Vice-President of the Management Board and Head of Corporate and Investment Banking.

On 25 June 2020, the Supervisory Board of mBank adopted a resolution regarding the dismissal of Frank Bock from the post of Vice-President of the Management Board and Head of Financial Markets of the Bank, as of 31 December 2020. The decision was associated with the reorganisation of the financial markets area within other business areas of the Bank in order to increase efficiency of organisational structure and processes. As a result of the reorganisation, the number of positions in the Management Board of mBank was reduced by one.

On 22 October 2020, Lidia Jabłowska-Luba, Vice President of the Management Board for Risk Management, resigned from the position of Vice President of the Management Board of the Bank. On the same day, the Supervisory Board appointed Marek Lusztyń to the Management Board as of 22 October 2020 as Vice-President of the Management Board until the end of the current term of office of the Management Board. On 3 March 2021, the KNF granted its consent to appointing Marek Lusztyń as the Member of the Management Board of the Bank supervising the management of material risk in the Bank's operations.

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	65	President of the Management Board and the Bank's Director General	1 October 2010	mBank's AGM in 2023
Andreas Böger	48	Vice-President of the Management Board and Chief Financial Officer	1 July 2017	mBank's AGM in 2023
Krzysztof Dąbrowski	46	Vice-President of the Management Board and Head of Operations and Information Technology	1 April 2017	mBank's AGM in 2023
Cezary Kocik	50	Vice-President of the Management Board and Head of Retail Banking	1 April 2012	mBank's AGM in 2023
Marek Lusztyn	44	Vice-President of the Management Board and Chief Risk Officer	22 October 2020	mBank's AGM in 2023
Adam Pers	45	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.

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 is a banker with 25 years' experience in the banking sector. He 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.

Since September 2019, he has been a member of the University Board of the Warsaw School of Economics, to which he was elected by the University Senate with a recommendation of the University's Corporate Partners' Club formed by leading local and international companies closely co-operating with the University. 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 area. 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.

<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>
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

<u>Name</u>	<u>Name of the company</u>	<u>Position</u>	<u>Does the Management Board member continue to serve in this capacity?</u>
	BDH Development Sp. z o.o.**	Chairman of the Supervisory Board	No
	BDH Development Sp. z o.o.**	Member of the Supervisory Board	No
Krzysztof Dąbrowski	mBox Sp z o.o.	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	Yes
	mBox Sp. z o.o.*	Vice-chairman of the Supervisory Board	Yes
		Member 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.*	Member of the Supervisory Board	Yes
Marek Lusztyn	mBank Hipoteczny S.A.*	Member of the Supervisory Board	Yes
		Deputy-Chairman of the Supervisory Board	Yes
	mLeasing S.A.*	Member of the Supervisory Board	Yes
	mTowarzystwo Funduszy Inwestycyjnych S.A.*	Member of the Supervisory Board	Yes
	Związek Banków Polskich	Member of the Union Council	No

<u>Name</u>	<u>Name of the company</u>	<u>Position</u>	<u>Does the Management Board member continue to serve in this capacity?</u>
	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
		Member of the Supervisory Board	Yes
	mFaktoring S.A.*	Chairman of the Supervisory Board	Yes
	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 at 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 at 31 December of the preceding year. Such authorisation is not required if such acquisition results from execution, bankruptcy or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired; (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), Jörg Hessenmüller and Dr. Bettina Orlopp;
- The Audit Committee is composed of: Tomasz Bieske (Chairman), Aleksandra Gren and Jörg Hessenmüller. All members of the Audit Committee have the qualifications required by law, in either accounting or audit;

- The Risk Committee is composed of: Dr. Marcus Chromik (Chairman), Mirosław Godlewski, Dr. Bettina Orlopp and Professor Agnieszka Słomka-Gołębiowska; and
- The Remuneration Committee is composed of: Dr. Bettina Orlopp (Chairwoman), Tomasz Bieske, Mirosław Godlewski and Jörg Hessenmüller.
- The IT Committee is composed of: Aleksandra Gren (Chairwoman), Mirosław Godlewski and Jörg Hessenmüller.

Members of the Supervisory Board

Basic Information

The 33rd Annual General Meeting of Shareholders, held on 27 March 2020, elected the following eight Members of the Supervisory Board for a joint term of three years:

1. Agnieszka Słomka-Gołębiowska – Chairwoman of the Supervisory Board
2. Jörg Hessenmüller – Deputy Chairman of the Supervisory Board
3. Tomasz Bieske – Member of the Supervisory Board
4. Marcus Chromik – Member of the Supervisory Board
5. Mirosław Godlewski – Member of the Supervisory Board
6. Aleksandra Gren – Member of the Supervisory Board
7. Michael Mandel – Member of the Supervisory Board
8. Bettina Orlopp – Member of the Supervisory Board.

On 28 September 2020, due to the termination of his work in the Management Board of Commerzbank, Michael Mandel resigned from his membership in the Supervisory Board of mBank with effect from 23 October 2020.

On 22 October 2020, Sabine Schmittroth was appointed as a member of the Supervisory Board of mBank, effective on 23 October 2020. She decided to resign as member of the Bank's Supervisory Board and member of the Executive and the Nomination Committee and Remuneration Committee of the Supervisory Board with effect from 25 March 2021. Ms. Schmittroth did not mention reasons of her resignation.

On 24 March 2021, Arno Walter was appointed as the member of the Supervisory Board of mBank as of 25 March 2021, until the end of the current term of the Supervisory Board.

The table below sets out information on the members of the Supervisory Board who held their positions as at the date of this Base Prospectus.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date on which the current term began</u>	<u>Expiration of the term of office</u>
Agnieszka Słomka-Gołębiowska	45	Chairwoman of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Jörg Hessenmüller	51	Deputy Chairman of the Supervisory Board	27 March 2020	On the date of the AGM in 2023
Tomasz Bieske	66	Member of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Marcus Chromik	48	Member of the Supervisory Board	27 March 2020	On the date of the AGM in 2023

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date on which the current term began</u>	<u>Expiration of the term of office</u>
Mirosław Godlewski	54	Member of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Aleksandra Gren	49	Member of the Supervisory Board (independent member)	27 March 2020	On the date of the AGM in 2023
Bettina Orlopp	51	Member of the Supervisory Board	27 March 2020	On the date of the AGM in 2023
Arno Walter	54	Member of the Supervisory Board	25 March 2021	On the date of the AGM in 2023

Source: The Bank.

The mandates of all members of the Supervisory Board who are in office as at the date of this Base Prospectus will expire on the day of the General Shareholders' Meeting for approval of the financial statements for the last full financial year of the member of the Supervisory Board being in office at the latest.

Qualifications and professional experience

Agnieszka Słomka-Gołębiowska

Chairwoman of the Supervisory Board of the Bank (independent member)

Agnieszka Słomka-Gołębiowska 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-Gołębiowska possess 14 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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Jörg Hessenmüller

Deputy Chairman of the Supervisory Board of the Bank

Jörg Hessenmüller graduated from Hochschule für Bankwirtschaft in Frankfurt am Main in 1997, specialising in banking and finance, and was awarded a Master's in Management (Diploma – Betriebswirt (FH)). From 1989 to 2009 he worked for Dresdner Bank, holding the positions of, among others, Head of Financial Control responsible for London, New York, Moscow, Sao Paulo and Asia. In 2009, Mr Hessenmüller was appointed Managing Director in Commerzbank Group, working as the Head of Investment Banking Finance and Group Finance, as well as also being responsible for controlling and management reporting of Corporates and Markets, the Portfolio Restructuring Unit, Group Treasury and Public Finance.

From April 2012 to June 2016, he was the Bank's Member of the Management Board, Chief Financial Officer.

From July 2016, Mr Hessenmüller worked as Divisional Board Member for the Group division Digital Transformation and Strategy. On 5 December 2018, Jörg Hessenmüller was appointed to the Board of Managing Directors of Commerzbank AG as the Chief Operating Officer with effect from 15 January 2019. His responsibilities include key enablers for the transformation of Commerzbank, above all the ongoing process of its digitisation.

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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 Warsaw Stock Exchange; 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 – Polska 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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Bettina Orlopp

Member 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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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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Except for Jörg Hessenmüller, who was the member of the Management Board and the Vice-President of the Bank's Management Board, none of the Supervisory Board members have held any positions in the Bank.

Positions held by members of the Supervisory Board in other companies

In the table below, information on other companies in which members of the Supervisory Board held management board or supervisory board positions during the last five years is shown.

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	Yes
	UN World Food Programme	Member of the Audit Committee	Yes
	Bank BPH S.A.	Member of the Supervisory Board Member of Audit Committee, Member of Compensation Committee and Member of Investment Committee	No
Jörg Hessenmüller	Commerzbank AG	Member of the Board of Managing Directors	Yes
	EPI Interim Company, Molenbeek-Saint-Jean	Member of the Board of Directors	Yes
	EUREX Deutschland AöR, Frankfurt am Main	Member of the Exchange Council	Yes
	Frankfurter Wertpapierbörse AöR Frankfurt am Main	Member of the Exchange Council	Yes
	Commerz Services Holding GmbH, Frankfurt am Main	Chairman of the Advisory Board	Yes
	CommerzVentures GmbH, Frankfurt am Main	Chairman of the Board of Directors	Yes
	Main Incubator GmbH, Frankfurt am Main	Chairman of the Board of Directors	Yes
	Commerz Business Consulting GmbH, Frankfurt am Main	Chairman of the Advisory Board	No
	openspace GmbH, Berlin	Deputy Chairman of the Supervisory Board	No
	mBank Hipoteczny S.A.*	Member of the Supervisory Board	No
	mLeasing Sp.z o.o.*	Deputy Chairman of the Supervisory Board	No
	BDH Development Sp. z o.o.*	Chairman of the Supervisory Board	No
mLocum S.A.**	Chairman of the Supervisory Board	No	
Tomasz Bieske	KRUK S.A.	Member of the Supervisory Board	Yes
	PCM S.A.	Member of the Supervisory Board	No
	Altus TFI S.A.	Member of the Supervisory Board	No

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Nest Bank SA	Member of the Supervisory Board	No
Marcus Chromik	Commerzbank AG	Member of the Board of Managing Directors	Yes
	Commerz Real AG, Weisbaden	Deputy Chairman of the Supervisory Board, Member of the Präsidialausschuss, Member of the Nominierungsausschuss Member of the Anlage- und Risikoausschuss	Yes
	Commerz Real Investmentgesellschaft mbH, Weisbaden	Deputy Chairman of the Supervisory Board, Member of the Anlageausschuss, Member of the Aufsichtsratspräsidium	Yes
	Verlagsbeteiligungs- und Verwaltungsgesellschaft mit beschränkter Haftung, Frankfurt am Main	Member of the Supervisory Board	Yes
Mirosław Godlewski	Eubioco Sp. z o.o.	Chairman of the Supervisory Board	Yes
	Absolvent.pl	Member of the Supervisory Board	No
	ONDE S.A.	Member of the Supervisory Board	Yes
	Nikalab Sp. z o.o.	General Director of the Management Board	Yes
	Netia S.A.	Member of the Supervisory Board	No
	Celon Pharma S.A.	Member of the Supervisory Board	No
	ABC Data S.A.	Member of the Supervisory Board, Member of Nomination and Remuneration Committee	No
	SEG	Member of the Supervisory Board	No
	Apteki Gemini	Executive Chairman	No
Aleksandra Gren	Fiserv Polska Sp. z o.o	General Director and Member of the Management Board	No
	Fundacja Głosy Kobiet	Member of the Supervisory Board	Yes
	Fundacja Leopoldy Wild	Member of the Management Board	Yes
Bettina Orlopp	Commerzbank AG	Member of the Board of Managing Directors	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	EIS Einlagensicherungsbank GmbH, Berlin	Chairman of the Advisory Board	Yes
	CommerzVentures GmbH Frankfurt am Main	Deputy Chairman of the Board of Directors	Yes
	Commerz Real AG, Wiesbaden	Member of the Supervisory Board	No
	LSF Loan Solutions Frankfurt GmbH, Eschborn	Member of the Supervisory Board	No
Arno Walter	Commerzbank AG	Divisional Board Member Wealth Management & Small Business customers and acting Head of the Executive area "Marketing & Digital Banking"	Yes
	Commerz Direktservice GmbH, Duisburg	Deputy Chairman of the Supervisory Board and Deputy Chairman of the Aufsichtsratsausschuss	Yes
	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

* Indicates mBank subsidiary

** Indicates former mBank subsidiaries

Source: The Bank

Other information on members of the Management and Supervisory Boards

In accordance with the declarations submitted by members of the Management and Supervisory Boards during the last five years, none of the members of the Management and Supervisory Boards have been in breach of their respective obligations as such members.

There are no family relations between members of the Management and Supervisory Boards.

The total compensation of members of the Management Board consists of: basic salary, bonuses, termination payments of management agreement, prohibition of competitiveness payment, insurance costs and accommodation costs.

The total remuneration paid to the members of the Management Board of the Bank (including former members of the Board) in 2020 and in 2019 was PLN 19,624,030 and PLN 19,765,926 respectively.

The total remuneration paid to the members of the Supervisory Board of the Bank in 2020 and in 2019 stood at PLN 1,381,624 and PLN 2,066,528 respectively.

Except as described above, none of the members of the Management and Supervisory Boards has performed administrative, supervisory or managing roles in any other company or has conducted any activities, outside the Bank, of material significance to the Bank.

As at the date of this Base Prospectus, there are no conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations. As at the date of this Base Prospectus, the Bank is not aware of any potential conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations.

There are no agreements or arrangements between the key shareholders of the Bank, its customers, suppliers or other entities based on which any member of the Management or Supervisory Boards was appointed to the Management Board or the Supervisory Board.

TAXATION

GENERAL

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.

2. Taxation of Polish tax resident individuals (natural persons)

Under Article 3 clause 1 of the Polish Personal Income Tax Act of 26 July 1991, as amended (the "PIT Act"), natural persons with their place of residence in the Republic of Poland are subject to tax on their worldwide income (revenues) regardless of the location of the source of such revenues (unlimited tax liability). Under Article 3 clause 1a of the PIT Act, a person whose place of residence is in the Republic of Poland means a natural person who:

- has his/her centre of personal or economic interests (centre of life interests) in the Republic of Poland; or
- is present in the Republic of Poland for more than 183 days in a tax year.

Withholding tax on interest (including discount) income

According to Article 30a. clause 1 point 2 of the PIT Act, interest income, including discounts from securities, derived by a natural person being a Polish tax resident (as defined above) is subject to a 19 per cent flat-rate tax. As regards details concerning payment of tax, please see "Tax remitter's obligations" below.

If a natural person being Polish tax resident holds the Notes as a business asset, in principle the interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at the 19 per cent. flat rate or the progressive rate of 18 per cent to 32 per cent, depending on the choice of and certain conditions being met by the individual, should be settled by the individual themselves.

Capital gains from disposal of the Notes

Under Article 30b clauses 1 and 5 of the PIT Act, income from a disposal of securities, including the Notes, for remuneration is subject to the 19 per cent. flat rate tax (with a stipulation regarding Notes held as a business asset – see the paragraph below). The tax should be calculated on the total amount of income from the disposal of securities for remuneration, i.e. including the Notes and other securities (if any), in the relevant tax year. In general, the income is calculated as the difference between the sum of revenues earned from the disposal of securities for remuneration and the tax-deductible costs.

In principle, if individuals hold Notes as a business asset, the income should be taxed in the same way as other business income. This will either be taxed at the 19 per cent rate or the 18 per cent to 32 per cent. progressive tax rate, depending on the individual's choice and certain conditions being met.

3. **Taxation of a Polish tax resident corporate income taxpayer**

Under Article 3 clause 1 of the Corporate Income Tax Act of 15 February 1992 (the "CIT Act"), the entire income of taxpayers who have their registered office or management in Poland is subject to tax in Poland, irrespective of where the income is earned (unlimited tax liability).

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. 19 per cent (save for a preferential 9 per cent tax rate which can be applied in general by small taxpayers whose annual gross value of revenue from sales does not exceed EUR 2 million in a given tax year).

A Polish tax resident should be subject to income tax on the Notes (both on any capital gains and on interest/discount) following the same principles as those that apply to any other income earned on capital profits (*zyski kapitałowe*) within this source of income. Under the CIT Act, income is determined separately for each relevant basket, i.e. revenues from capital gains are separated from revenues from other sources. Correspondingly, the tax losses are determined separately for each of these baskets, whereby a tax loss from one basket may not be deducted from the income in another basket. Within the same basket, as a rule, tax losses can be deducted for five tax years, in an amount not exceeding 50 per cent. of the loss in any of those years. Additionally, a one-off deduction of a tax loss incurred since 2019 – up to PLN 5,000,000 – is possible; any tax loss over that amount may be deducted according to the general rules – over a period of five tax years.

As a rule, for Polish income tax purposes, interest is recognised as taxable revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes should be recognised at the time the revenue is achieved. The CIT taxpayer independently (without the involvement of the tax remitter) settles tax on interest (discount) or gains on the Notes, which is aggregated with other income derived from capital gains derived by the taxpayer and attributed to this source of revenues.

4. Notes held by a non-Polish tax resident individual or corporate

Non-Polish tax residents mean:

- natural persons, if they do not have their place of residence in the Republic of Poland (Article 3 clause 2a of the PIT Act);
- corporate income taxpayers, if they do not have their registered office or place of management in the Republic of Poland (Article 3 clause 2 of the CIT Act).

If a non-Polish tax resident receiving interest acts through a permanent establishment in Poland to which the interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

Non-Polish tax residents are subject to Polish income tax only on their income earned in the Republic of Poland (limited tax liability).

Polish source income

Under Article 3 clause 3 of the CIT Act, income (revenues) sourced in the Republic of Poland by non-residents include, in particular, income (revenues) from:

1. all types of activity pursued in the Republic of Poland, including activity conducted through a foreign establishment located in the Republic of Poland;
2. real property located in the Republic of Poland, or the rights to such real property, including the sale of all or part, of it, or the sale of any rights to such property;
3. securities and derivatives other than securities, admitted to public trading in the Republic of Poland on the regulated stock exchange market, including those obtained from the sale of these securities or derivatives, or the exercise of rights resulting thereunder;
4. the transfer of the ownership title to shares in a company, of all rights and obligations in a partnership without legal personality, or participation in an investment fund, a collective investment undertaking or other legal entity and rights of similar nature or receivables that are a consequence of the holding of those shares, rights and obligations, participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, this investment fund, collective investment undertaking or legal entity consists, directly or indirectly, of real properties located in the Republic of Poland, or rights to such real properties;
5. the transfer of ownership title to shares, of all rights and obligations, or participation or rights of similar nature in a real property company (i.e. an entity other than a natural person obliged to submit financial statements under Polish accounting law whose assets directly or indirectly consist in more than 50 per cent. of real property located in Poland with a value exceeding PLN 10,000,000 and generating at least 60 per cent. of total net revenue from rental activity or from sale of rights in those real estate);
6. the receivables settled, including receivables at the disposal of or paid out or deducted by natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance;
7. unrealised gains (subject to the "exit tax").

Under Article 3 clause 5 of the CIT Act, the revenues listed in Article 21 clause 1 thereof, which include interest and discounts on the Notes, will be considered income (revenues) referred to in Article 3 clause 3 point 5, which means that interest and discounts on the Notes will be considered Polish income.

Similar provisions are set out in Article 3 clause 2b and Article 3 clause 2d of the PIT Act. However, Article 3 clause 2d of the PIT Act considers only revenues listed in Article 29 clause 1 of the PIT

Act as Polish, which explicitly excludes the interest mentioned in Article 30a clause 1 of the PIT Act. However, there is no mention about other revenues covered in Article 30a clause 1 of the PIT Act, such as discounts on the Notes. This may cause doubt whether discounts on the Notes should be considered Polish source income under the PIT Act.

It should be noted that the list of incomes (revenues) sourced in Poland, as provided for in Article 3 clause 3 of the CIT Act and Article 3 clause 2b of the PIT Act, is not exhaustive, therefore other income (revenues) may also be considered as sourced in Poland.

Moreover, the current practice of Polish tax administration regarding the taxation of interest and discounts on the securities derived by foreign tax residents individuals shows that these revenues are considered as sourced in Poland.

Withholding tax exemption

Pursuant to Article 21 clause 1 point 130c) of the PIT Act and Article 17 clause 1 point 50c) of the CIT Act, tax exemptions are applicable to revenue earned by a taxpayer referred to in Article 3 clause 2a of the PIT Act, and in Article 3 clause 2 of the CIT Act (i.e. by a non-Polish resident) from interest or discount on the Notes:

- (a) having a tenor of at least one year,
- (b) admitted to trading on the regulated market or introduced to trading in the alternative trading system, in the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (the "**Act on Trading in Financial Instruments**"), within the Republic of Poland or within a state with which the Republic of Poland has concluded a double tax treaty laying down taxation rules applicable to revenues from dividends, interest and royalties.

– unless, at the time of obtaining the revenue, the taxpayer is an affiliate, in the meaning of Article 23m clause 1 point 4 of the PIT Act, or Article 11a clause 1 point 4 of the CIT Act, of the Issuer of such Notes and holds, directly or indirectly, together with other affiliates in the meaning of the provisions, more than 10 per cent of the nominal value of the Notes.

Hence, assuming that the above withholding tax exemption conditions are met, the interest and discount on the Notes obtained by a non-Polish tax resident will not be taxable in Poland.

However, if the above withholding tax exemption conditions are not met, withholding tax at 20 per cent under Article 21.1 of the CIT Act or at 19 per cent under Article 30a.1 of the PIT Act should, in principle, apply to any interest and discount. This is subject to exemptions and reduced withholding tax rates under the relevant double tax treaties and in accordance with the withholding tax 'pay & refund' mechanism applicable from 1 July 2019 (the "Pay&Refund regime"). For details of withholding tax settlements, please see "*Tax remitter's obligation*".

5. **Tax remitter's obligations**

Withholding tax exempt regime

Pursuant to Article 41 clause 24 point 2) of the PIT Act, and Article 26 clause 1aa point 2) of the CIT Act, tax remitters are not obliged to withhold tax on interest or discounts on the Notes:

- (a) having a tenor of at least one year,
- (b) admitted to trading on the regulated market or introduced to trading in the alternative trading system, in the meaning of the Act on Trading in Financial Instruments, in the Republic of Poland, or a state with which the Republic of Poland has concluded a double tax treaty laying down taxation rules applicable to revenues from dividends, interest and royalties.

Non-assessment of the tax occurs subject to the Issuer filing a statement with the tax authority that it has exercised due diligence in informing its affiliates in the meaning of Article 23m clause 1 point 4 of the PIT Act or Article 11a clause 1 point 4 of the CIT Act about the conditions of the

withholding tax exemption referred to in Article 21 clause 1 point 130c) of the PIT Act and Article 17 clause 1 point 50c) of the CIT Act, with respect to such affiliates.

The statement must be filed once, electronically and in relation to each relevant issue of the Notes, no later than by the date when the interest or discount on the Notes is disbursed.

If these conditions of the withholding tax exempt regime are not met and the exemption referred to in Article 21 clause 1 point 130c) of the PIT Act and Article 17 clause 1 point 50c) of the CIT Act is not applicable, the tax remitter (i.e. the Issuer or an entity operating securities accounts or omnibus accounts) is obliged to withhold tax, in general at the 19 per cent flat rate in the case of personal income taxpayers, and at a 20 per cent. flat rate in the case of corporate income taxpayers, subject to exemptions and reduced withholding tax rates under the relevant double tax treaties and the Pay&Refund regime (please see below).

Under Article 41 clause 4 of the PIT Act, tax remitters are under an obligation to withhold 19 per cent. flat-rate income tax on the payments (benefits) made or the cash or monetary values placed at the taxpayer's disposal on the basis specified in Article 30a.1, including interest and discount on the Notes. Under Article 41 clause 4d of the PIT Act, tax on interest or discount on securities is withheld by entities keeping securities accounts for taxpayers, in their capacity as tax remitters, if the income (revenues) is (are) earned in Poland and is (are) associated with the securities registered in these accounts, and, further, if relevant payments are made to the taxpayers through those entities. However, a non-Polish entity operating a securities account will not withhold tax because under established practice foreign entities cannot act as Polish withholding tax remitters.

Under Article 41 clause 4aa of the PIT Act, when verifying the conditions for the application of a reduced withholding tax rate, exemption or the conditions for non-collection of tax resulting from special provisions or double tax treaties, the tax remitter must exercise due diligence. When assessing the exercise of due diligence, the nature and scale of activity conducted by the remitter must be taken into account.

Furthermore, under Article 41 clause 12 of the PIT Act, in the case of qualified payments (including interest and discount on the Notes) to a single taxpayer exceeding in total PLN 2 million in the relevant tax year, the Pay&Refund regime will apply from 1 July 2019 (please see "*Pay&Refund regime*" below).

Tax remitter's obligations under the CIT Act where the withholding tax exempt regime and the withholding tax exemption are not applicable

Under Article 26 clause 1 of the CIT Act, legal persons that disburse the amounts specified in Article 21 clause 1 of that act, including interest and discounts on the Notes, up to an amount not exceeding, in the relevant tax year, PLN 2 million in total to a single taxpayer, are obliged, as tax remitters, to collect, subject to clauses 2, 2b and 2d of Article 26 of the CIT Act, lump-sum income tax on those disbursements on the day they are made. When verifying the conditions for the application of a withholding tax rate, exemption or the conditions for the non-collection of tax resulting from special provisions or double tax treaties, the remitter must exercise due diligence. When assessing the exercise of due diligence, the nature and scale of activity conducted by the remitter must be taken into account.

Under Article 26 clause 2c of the CIT Act, in the case of payments of interest on securities recorded in securities accounts or omnibus accounts paid out to non-Polish tax residents, the obligation to collect and pay withholding tax referred to in Article 26 clause 1 of the CIT Act applies to entities operating securities accounts or omnibus accounts, if the payment takes place through the intermediary of these entities. This obligation also applies to payments made to entities that are not Polish tax residents, but which carry out economic activity through a foreign establishment

situated in Poland, if the account in which the securities are recorded is related to the activity of this establishment.

However, a non-Polish entity operating a securities account will not be obliged to withhold income tax as, under established practice of Polish tax authorities, foreign entities cannot act as Polish withholding tax remitters.

Under Article 26 clause 2e of the CIT Act, in the case of qualified payments (including interest and discounts on the Notes) to a single taxpayer exceeding PLN 2 million in total in the relevant tax year, the Pay&Refund regime applies (please see "*Pay&Refund regime*" below).

Tax remitter obligations of entities operating omnibus accounts

There may be specific withholding tax consequences in respect of payments to omnibus accounts in the meaning of the provisions of the Act on Trading in Financial Instruments (hereinafter, the "**Omnibus Account**"). Pursuant to Article 30a clause 2a of the PIT Act and Article 26 clause 2a of the CIT Act, with respect to income (revenues) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been disclosed to the tax remitter in accordance with the Act on Trading in Financial Instruments, 19 per cent flat tax rate tax in the case of individuals, and 20 per cent. flat rate tax in the case of legal persons, should be withheld by the tax remitter from the aggregate income (revenue) released to all such taxpayers through the Omnibus Account holder. Under Article 41 clause 10 of the PIT Act and Article 26 clause 2b of the CIT Act, the entities operating the Omnibus Accounts through which the amounts due are paid are the tax remitters for securities registered in Omnibus Accounts. The tax is collected on the day when the amounts due are placed at the disposal of the Omnibus Account holder.

Withholding tax obligations do not apply to Omnibus Accounts that do not qualify as Omnibus Accounts in the meaning of the Polish Act on Trading in Financial Instruments. This means that an Omnibus Account kept outside Poland should not, in principle, qualify as an Omnibus Account under the Act on Trading in Financial Instruments. Furthermore, a non-Polish entity operating the Omnibus Account will not be obliged to withhold the tax as, under the established practice of Polish tax authorities, foreign entities are not qualified as Polish withholding tax remitters. Therefore, non-Polish residents operating foreign Omnibus Accounts will not be obliged to withhold tax from interest and discount paid on securities registered in those foreign Omnibus Accounts, except for non-Polish resident tax remitters that conduct economic activity in Poland through a foreign establishment located in Poland, if the Omnibus Account in which the securities are registered is connected with the activity of the establishment (Article 41 clause 10 in fine of the PIT Act and Article 26 clause 2c in fine of the CIT Act).

Under Article 45 clause 3c of the PIT Act, individuals who are Polish tax residents are obliged to disclose the amount of interest (discount) on securities (including Notes) in their annual tax returns if the Notes were registered in an Omnibus Account and the taxpayer's identity was not disclosed to the tax remitter.

Gross-up obligation

If a withholding or deduction of tax is required by law, the Issuer must pay additional amounts as necessary for the net amounts received by the holders of the Notes or Coupons after such withholding or deduction is equal to the respective amounts of principal and interest that the holder of the Notes or Coupons would have received had no such withholding or deduction been required, in line with Condition 8 (Taxation).

Obligations of the Noteholders

Under Article 45 clause 3b of the PIT Act, an individual being a Polish tax resident must disclose tax in their annual tax return if this tax was not withheld by the tax remitter. This means that the individual being a Polish tax resident must settle tax themselves in cases where the tax remitter was not obliged to do so (*a contrario* to Article 30 paragraph 4 of the Tax Ordinance Act of 29 August 1997, as amended (the "**Tax Ordinance**"). Under Article 45 clause 1 of the PIT Act, the annual tax return should be filed by 30 April of the following year. Although there is no equivalent

provision in the CIT Act, corporate income taxpayers should also settle income tax on their own if the tax remitter was not obliged to withhold tax, i.e. pay advances towards income tax on a monthly basis and then settle tax in their annual tax return. Under Article 25 clause 1a of the CIT Act, monthly advances should be paid by the 20th day of the following month, while under Article 27 clause 1 of the CIT Act, the annual tax return should be filed by the end of third month of the following tax year.

The obligation to settle tax is transferred to the holder of the Notes, including if the tax was not withheld by the tax remitter due to applying the withholding tax exempt regime (Article 41 clause 24 point 2) of the PIT Act and Article 26 clause 1aa point 2) of the CIT Act, but where the holder of the Notes, as an affiliate of the Issuer in the meaning of the PIT Act and the CIT Act, holds, directly or indirectly, separately or together with other affiliates, more than 10 per cent of the nominal value of the Notes at the time when the income is derived.

Pay&Refund regime

Under the Pay&Refund regime, which was introduced in 1 July 2019 (though its application has been suspended until 31 December 2021, see comments below), generally, if the total amount of payments to a single taxpayer in the relevant tax year (subject to any withholding tax provided for in Polish tax regulations) exceeds PLN 2 million, then tax remitters will be obliged to collect withholding tax on the disbursements on the day they are made, at the standard Polish rates (i.e. 19 per cent. in the case of individuals, or 20 per cent in the case of legal persons) applicable to interest on the surplus over PLN 2 million without the possibility of not collecting the tax under the relevant double tax treaty, and without taking into account the exemptions or reduced rates as determined under special provisions or double tax treaties. In such a case, the taxpayer or the tax remitter (if the tax remitter paid the withholding tax from its own funds and it bore the economic burden of withholding tax) may claim a withholding tax refund. Under special provisions, withholding tax may not be collected by the tax remitter if it specifically states that: (i) it holds all the documents necessary to apply a withholding tax exemption (including the certificate of tax residence and a statement of beneficiary owner status); and (ii) after verification, it is not aware of any obstacles to the application of a withholding tax exemption (basically that the recipient passes the beneficial ownership test).

- Beneficial owner means an entity that meets jointly the above conditions:
 - receives an amount due for its own benefit, freely decides on the designation thereof and bears the economic risk associated with the loss of such amount due or part thereof;
 - is not an intermediary, representative, trustee or other entity legally or actually obliged to transfer the amount due, or any part thereof, to another entity;
 - conducts genuine economic activity in the country of its registered office, which is examined with reference to factors indicated in Article 30f clause 20 of the PIT Act or Article 24a clause 18 of the CIT Act.
- to examine if genuine economic activity is conducted, the following factors mentioned in Article 30f clause 20 of the PIT Act and article 24a clause 18 of the CIT Act are taken into consideration:
 - the economic 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 economic activity;
 - the taxpayer does not create artificial arrangement without a connection with any economic activity;
 - the taxpayer's actual premises, its personnel or equipment correspond to the scope of its actual economic activity;
 - the agreements concluded by the taxpayer are realistic in economic terms, they

have economic justification and they are not noticeably contrary to the general economic interest of the taxpayer;

- the taxpayer carries out its economic functions independently, using its own resources, including managers who are present in the country of taxpayer's tax residency.

Please note, however, that since 1 July 2019 the entry into force of the Pay&Refund regime has been postponed several times, currently until 31 December 2021. Therefore, until 31 December 2021 the Pay&Refund regime does not apply.

Tax remitter's liability

6. Under Article 30 paragraph 1 of 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 of Article 30 paragraph 5a of the Tax Ordinance).

7. **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.

8. **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 2014/107/EU), equivalent measures continue to apply in Poland pursuant to the Act on the Exchange of Tax Information with other countries of 9 March 2017.

Withholding Tax

(a) ***Non-resident holders of Notes***

Under Luxembourg general tax laws currently, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) ***Resident holders of Notes***

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.]

AUSTRIA

1. **General Information**

The following is a brief summary of certain Austrian tax aspects in connection with the Notes. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Notes. In some cases a different tax regime may apply. Further, this summary does not take into account the tax laws of any country other than Austria nor does it take into account the investors' individual circumstances or any special tax treatment applicable to the investor and it only addresses tax law aspects relevant for private investors, unless explicitly stated otherwise.

It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors are advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition or redemption of the Notes. Only personal advisers are in a position to adequately take into account special tax aspects of the particular Notes in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor.

This summary is based on Austrian law as in force when drawing up this Base Prospectus. The following summary describes the tax laws to be applied to the Notes acquired against consideration.

Prospective investors are explicitly advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition, exchange, exercise, settlement or redemption of the Notes.

In this analysis, Austrian legal concepts are expressed in English terms and not in the original German terms. The Austrian legal concepts concerned may not be identical to the concepts expressed in English terms. Therefore, this analysis may only be relied upon under the express condition that any issues of interpretation will be governed and construed solely in accordance with Austrian law as interpreted by the Austrian courts.

The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. It cannot be ruled out that Austrian tax authorities adopt a view different from that outlined below.

Tax considerations relevant to prospective holders of Notes which are subject to a special tax regime such as for example governmental authorities, charities, private foundations (*Privatstiftungen*) or investment or pension funds are not addressed herein.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into, shares or other securities or rights or which in any other way provide for physical settlement, of the exchange, exercise, physical settlement or redemption of such Notes and/or any tax consequences after the moment of exchange, exercise, physical settlement or redemption. For the purposes of the following it is assumed that the Notes are offered to the public (undefined circle of addressees) from a legal and factual perspective.

2. **Austrian resident taxpayers**

Income derived by individuals or corporation's resident in Austria is taxable pursuant to the Austrian Income Tax Act (*Einkommensteuergesetz*) or the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*). Individuals having a domicile (*Wohnsitz*) or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria or corporations having their corporate seat (*Sitz*) or their place of management (*Ort der Geschäftsleitung*) in Austria are considered residents for Austrian income and corporate income tax law purposes, respectively.

3. **Individuals**

Not only interest amounts (*Zinserträge*) but also realised capital gain (*Einkünfte aus realisierten Wertsteigerungen*) will, irrespective of the period of time the Notes have been held for, qualify as investment income (*Einkünfte aus Kapitalvermögen*) and be subject to income tax at a special rate of 27.5 per cent. Realised capital gains are the difference between (a) the amount realised (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realisation), and (b) the acquisition costs, in each case (amount realised and acquisition costs) including accrued interest, if any. There will be no more withholding tax credits upon the purchase of Notes.

Expenses and costs (*Aufwendungen und Ausgaben*) such as bank charges and custody fees, which are directly connected with income subject to the special tax rate of 27.5 per cent. are not deductible. For Notes held as private assets, the acquisition costs shall not include ancillary acquisition costs (*Anschaffungsnebenkosten*). For the calculation of the acquisition costs of Notes held within the same Notes account and having the same Notes identification number but which are acquired at different points in time, the floating average price (*gleitender Durchschnittspreis*) shall apply.

If an Austrian custodian (*inländische depotführende Stelle*) or an Austrian paying agent (*inländische auszahlende Stelle*) is involved and settles the realisation of the realised capital gain, the income tax will be deducted by applying a 27.5 per cent. withholding tax. The same (withholding tax of 27.5 per cent.) applies to interests if an Austrian paying agent is involved. The 27.5 per cent. withholding tax deduction will result in a final income taxation (*Endbesteuerungswirkung*) for private investors (holding the Notes as private assets) **provided that** the investor has evidenced the factual acquisition costs of the Notes to the custodian. Certain exceptions may apply (in particular for investors whose regular personal income tax rate is lower

than 27.5 per cent. – see details below). Regarding Notes held as a business asset, the withholding tax on capital gains is not a final taxation. The Austrian Income Tax Act foresees, however, a statutory presumption: Capital instruments held by the investor shall be deemed as private assets by the Austrian custodian (*inländische depotführende Stelle*) or the Austrian paying agent (*inländische auszahlende Stelle*) involved, unless shown otherwise.

To the extent that no withholding tax deduction will be effected due to the lack of an Austrian paying agent and of an Austrian custodian, the investment income derived from the Notes will have to be included in an income tax return in line with the provisions of the Austrian Income Tax Act. Such investment income will be also subject to income tax at a special rate of 27.5 per cent. Expenses and costs (*Aufwendungen und Ausgaben*) such as bank charges and custody fees, which are directly connected with such investment income are also not deductible.

Withdrawals (*Entnahmen*) and other transfers of Notes from the securities account will be treated as disposals (sales) unless specific exemptions are fulfilled such as the transfer of the Notes to a securities account owned by the same taxpayer: (i) with the same Austrian bank; (ii) with another Austrian bank if the account holder has instructed the transferring bank to disclose the acquisition costs to the receiving bank; or (iii) with a non-Austrian bank, if the account holder has instructed the transferring bank to transmit the pertaining information to the competent tax office or has himself notified the competent Austrian tax office within a month; or like a transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer has been made without consideration has been evidenced to the securities account keeping agent or the agent has been instructed to inform the Austrian tax office thereof or if the taxpayer has himself notified the competent Austrian tax office within a month, unless a loss or restriction of the taxing right of the Republic of Austria for the Notes is given. Special rules apply if a taxpayer transfers his or her residence outside of Austria or the taxing right of the Republic of Austria for the Notes is otherwise restricted. Upon application of the taxpayer, the exit taxation of the Notes held as private assets can be deferred until the actual disposal of the Notes in case the investor transfers his or her tax residence outside of Austria to an EU Member State or certain Member States of the EEA or transfers the Notes for no consideration to another individual resident in an EU Member State or certain Member States of the EEA. The deferment applies only if the capital assets are not held as business assets. In all other cases of a deemed disposal the taxpayer may apply for a payment of the triggered income tax in instalments over a period of seven years.

Taxpayers, whose regular personal income tax is lower than 27.5 per cent. may opt for taxation of the income derived from the Notes at such regular personal income tax rate. Such application for opting into taxation at the regular personal income tax rate must, however, include all investment income subject to such special tax rate. The tax withheld will then be credited against the income tax. Expenses in connection with income subject to final taxation or to the special 25 and/or 27.5 per cent. income tax rate and incurred by the investor are also not deductible for persons having opted for taxation at the regular personal income tax rate.

Losses from Notes held as private assets may only be set-off against certain other investment income subject to such special tax rate (27.5 per cent.) (excluding, *inter alia*, interest income from bank deposits and other claims against banks) and must not be set off against any other income.

The loss off-setting is conducted on an ongoing basis by the custodian with respect to all income and losses that are realised in all custodian accounts managed by such custodian, with some exceptions, e.g., in the case of business accounts.

For income derived from Notes which have not been offered to the public (undefined circle of addressees) from a legal and factual perspective or which were privately placed no final taxation applies, but the general progressive income tax rate, which amounts up to 50 per cent., and 55 per cent. for income exceeding EUR 1 million (instead of the special rate of 27.5 per cent.), will apply, levied in the individual investor's tax assessment. An Austrian withholding tax, if withheld, would be credited against the individual investor's income tax.

Generally, the same rules apply regarding Notes that are held as business assets by tax residents who are individuals. The most important differences are the following:

Income derived from the Notes which are held as business assets will also be subject to the special tax rate of 27.5 per cent. deducted by way of a withholding tax. However, for realised capital gains, contrary to interest income, no final taxation applies, i.e. they have to be included in the investor's tax return, where they are taxed at the special tax rate of 27.5 per cent. The special rate of 27.5 per cent. for investment income does not apply if the main focus of the investor's business activity is the achieving of realised capital gains. The tax withheld will be credited against the income tax.

For Notes held as business assets, the acquisition costs shall also include ancillary acquisition costs (*Anschaffungsnebenkosten*).

Write-downs to the going-concern value and losses derived from the sale, redemption or other pay-off of Notes held as business assets must primarily be set off against positive income from realised capital gains and write-ups of financial instruments of the same business and only 55 per cent. of the remaining loss may be set off or carried forward against any other income.

Due to special loss-offsetting rules for Notes held as business assets, the loss-offsetting in relation to Notes held with the Austrian custodian on securities accounts qualified as business accounts can only be made in the investor's tax assessment.

4. **Corporations**

Corporate investors deriving business income from the Notes may avoid the application of Austrian withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian entity obliged to deduct the Austrian withholding tax to be forwarded to the tax office. Income including any capital gain derived from the Notes by corporate investors is subject to Austrian corporate income tax at the general rate of 25 per cent. If no declaration of exemption was filed, the withholding tax levied by an Austrian custodian or paying agent on the investment income can be credited to the corporate income tax in the corporate investor's tax assessment. Withholding tax amounts to 25 per cent., if the corporation proves its identity as a corporation to the paying agent.

There is, *inter alia*, a special tax regime for Private Foundations established under Austrian law (*Privatstiftungen*).

5. **Certain aspects of the tax treatment of certain Notes**

Any income and capital gain from the sale or redemption of Notes acquired against consideration will be subject to income tax of 27.5 per cent. and the tax will be deducted by way of a withholding tax if an Austrian paying agent or custodian is involved.

Zero Coupon Notes will, as other notes, fall within the taxation regime for investment income: the difference between the sales price or the redemption amount, as the case may be, and the acquisition costs, including accrued interest if any, will be subject to the 27.5 per cent., withholding tax if paid out by an Austrian custodian or paying agent.

If held as business assets, interest paid upon redemption of the Zero Coupon Notes is not subject to final taxation, but taxed like capital gains (for the taxation of capital gains of the Notes held as business assets see the description above) even if a withholding tax is deducted by an Austrian custodian or paying agent.

6. **Non-residents**

As long as the Issuer has neither its registered seat (*Sitz*) nor place of management (*Ort der Geschäftsleitung*) in Austria nor is otherwise deemed to be resident in Austria for Austrian tax law purposes nor has a branch office (*Zweigstelle*) in Austria, income, including any capital gains derived, from the Notes by individuals who do not have a domicile or their habitual abode in Austria (non-residents) is not taxable in Austria unless the income is attributable to a permanent establishment or other Austrian source income taxable in Austria.

Income, including any capital gain derived from the Notes by corporate investors who do not have their corporate seat or their place of management in Austria (non-residents), is not taxable in

Austria **provided that** the income is not attributable to a permanent establishment or other Austrian source income taxable in Austria.

7. **Repeal of the EU Savings Tax Directive and automatic exchange of information**

The Austrian Common Reporting Standard Act (*Gemeinsamer Meldestandard Gesetz*) has implemented the automatic exchange of information (Common Reporting Standard – CRS), meeting the international obligations and obligations under EU law of Austria. The Austrian Common Reporting Standard Act regulates the exchange of tax-relevant account data, to which Austrian financial institutions are obliged versus the competent tax authorities of other CRS countries regarding individuals and entities domiciled in a CRS country. CRS countries are those participating in the automatic exchange of information (including EU member states, Switzerland, Liechtenstein and many more). The Austrian Common Reporting Standard Act applies to both individuals and entities. The notifications have to be made not later than by the end of June for the previous calendar year.

As a supplementary measure, Austria implemented a bank account register and instruments on reporting on capital outflows: The Austrian bank account register contains all information concerning accounts at banks operating in Austria (*Kontenregister- und Konteneinschaugesetz*). Investors can access such information via FinanzOnline.

In September 2019, the Austrian legislator implemented Directive 2011/16/EU on mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (DAC6). Within the framework of the transposing regulation (EU Meldepflichtgesetz) certain cross-border structures and transactions must be communicated to the tax authorities on an ad hoc basis within 30 days after the triggering event. Only events that fulfil certain hallmarks are reportable. One such hallmark may be that the arrangement may lead to a circumvention of the reporting obligation under the Austrian Common Reporting Standard Act or under equivalent agreements on the automatic exchange of information on financial accounts or that the arrangement takes advantage of the absence of such legislation. The beginning of the initial reporting period was originally scheduled for 1 July 2020. However, the Austrian Ministry of Finance stated that, due to the fact that the possibility of the electronic submission of reports has not been available until October 2020, sanctions for a violation of the reporting obligation were suspended until 31 October 2020.

8. **Other taxes**

No Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) is in effect. However, according to the Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*) gifts have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g., for gifts among relatives that do not exceed an aggregate amount (of gifts between the same persons) of €50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount (of gifts between the same persons) of €15,000 within five years. Intentional violation of the notification obligation may trigger fines of up to 10 per cent. of the fair market value of the assets transferred.

Currently also no wealth tax is levied in Austria.

The sale and purchase of bearer securities is in general not subject to Austrian stamp duty **provided that** no other transaction potentially taxable under the Austrian Stamp Duty Act (*Gebührengesetz*) such as an assignment of rights (*Zession*) is entered into for which a document (*Urkunde*) within the meaning of the Stamp Duty Act is executed.

GERMANY

1. Income tax

(a) Notes held by tax residents as private assets

Taxation of interest

Payments of interest on the Notes to Noteholders who are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

On payments of interest on the Notes to individual tax residents of Germany income tax is generally levied as a flat income tax at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in Germany (the "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Note does not form part of the property of a trade or business, and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Noteholder will have to include its income on the Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

Taxation of capital gains

From 1 January 2009, also capital gains realised by individual tax residents of Germany from the disposition or redemption of the Notes acquired after 31 December 2008 will be subject to the flat income tax on investment income at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax), irrespective of any holding period. This will also apply to Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above), the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously

kept the Notes in its custodial account, withholding tax will be levied on 30 per cent. of the proceeds from the disposition or redemption of the Notes.

If no Disbursing Agent is involved in the payment process, the Noteholder will have to include capital gains from the disposition or redemption of the Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Noteholder in respect of such investment income. Noteholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

(b) ***Notes held by tax residents as business assets***

Payments of interest on Notes and capital gains from the disposition or redemption of Notes held as business assets by German tax resident individuals or corporations (including via a tax transparent partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax if the Notes form part of the property of a German trade or business.

If the Notes are held in a custodial account which the Noteholder maintains with a Disbursing Agent (as defined above), tax at a rate of 25 per cent. (plus a solidarity surcharge of 5.5 per cent. of such tax and, if applicable, church tax) will also be withheld from interest payments on Notes and (since 1 January 2009) generally also from capital gains from the disposition or redemption of Notes held as business assets. In these cases, the withholding tax does not satisfy the income tax liability of the Noteholder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Noteholder.

With regard to capital gains no withholding will generally be required in the case of Notes held by corporations resident in Germany, **provided that** in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Notes held by individuals or partnerships as business assets.

(c) ***Notes held by non-residents***

Interest and capital gains are not subject to German taxation in the case of non-residents, i.e. persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Notes form part of the business property of a permanent establishment maintained in Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German situs property or income from certain capital investments directly or indirectly secured by German situs real estate.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Notes held by tax residents as business assets*" or at "*Notes held by tax residents as private assets*", respectively.

2. **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Note will generally arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

3. **Other Taxes**

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

THE NETHERLANDS

1. **General**

The following is a general summary of certain Dutch tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules.

In view of its general nature, it should be treated with corresponding caution. Noteholders or prospective holders of Notes should consult with their tax advisers with regard to the tax consequences of the acquisition, holding and disposal of the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Dutch national tax legislation, published regulations and published authoritative case law, whereby "Dutch" or the "Netherlands" refers only to the part of the Kingdom of the Netherlands located in Europe, all as in effect on the date hereof and without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

2. **Withholding tax**

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

3. **Taxes on income and capital gains**

- (a) Please note that the summary in this section does not describe the Dutch tax consequences for:
- (b) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Dutch Personal Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Dutch Personal Income Tax Act 2001), directly or indirectly, holds: (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit-sharing rights in that company that relate to 5 per cent. or more of the company's annual profits or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (c) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*)) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (d) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such

holders or certain individuals related to such holder (as defined in the Dutch Personal Income Tax Act 2001).

4. **Corporate Dutch resident taxpayers**

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes, or any gain or loss realised on the disposal or deemed disposal of the Notes, is subject to Dutch corporate income tax at a rate of 15 per cent. with respect to taxable profits up to €245,000 and 25 per cent. with respect to taxable profits in excess of that amount (rates and brackets for 2021).

5. **Individual Dutch resident taxpayers**

If a holder of a Note is an individual resident or deemed to be resident of the Netherlands for Dutch income tax purposes, any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is taxable at the progressive Dutch personal income tax rates (with a maximum of 51.75 per cent. in 2019), if:

- (i) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise, without being a shareholder (as defined in the Dutch Personal Income Tax Act 2001); or
- (ii) the holder of a Note is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed return (with a maximum of 5.69 per cent. in 2021) on the individual's net investment assets (*rendementsgrondslag*) for the year, in so far the individual's net investment assets for the year exceed a statutory threshold (*heffingvrij vermogen*). The deemed return on the individual's net investment assets for the year is taxed at an personal income tax rate of 31 per cent. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. For the net investment assets on 1 January 2021, the deemed return ranges from 1.90 per cent. up to 5.69 per cent. (depending on the aggregate amount of the individual's net investment assets on 1 January 2021). The deemed return will be adjusted annually on the basis of historic market yields.

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 25 August 2021, 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 applicable 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 relevant Final Terms (or the Pricing Supplement, in the case of Exempt Notes).

Prohibition of sales to EEA Retail Investors

If the applicable Final Terms (or the Pricing Supplement, in the case of the Exempt Notes) in respect of any Notes specify "Prohibition of Sales to EEA Retail Investors" as "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 Final Terms (or the 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:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**") ; or
 - (ii) 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
 - (iii) not a qualified investor as defined in Prospectus Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"); and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Final Terms (or the 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 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:

- (i) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (ii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, **provided that** no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the EU 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

If the applicable Final Terms (or the Pricing Supplement in the case of the Exempt Notes) in respect of any Notes specify the "Prohibition of Sales to UK Retail Investors" as "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 Final Terms (or the 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:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (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 (the "EUWA"); or
 - (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 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 the UK Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Final Terms 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 final terms 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;
- (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 and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

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, or in the case of the Issuer would not, if it was not an authorised person, 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.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended from time to time); and
- (iii) in compliance with any other applicable laws and regulations (including article 100 *bis* of the Italian Financial Services Act, where applicable) or requirement imposed by CONSOB or any other Italian authority.

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 defined in Article L.411-2 1° of the French *Code monétaire et financier* 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, the Final Terms 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 (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based 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)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, prior to making any offering of Notes, the Issuer shall make a determination in relation to each issue of Notes, and notify all relevant persons (as defined in Section 309A(1) of the SFA), whether the Notes are either 'prescribed capital markets products' (as defined in the CMP Regulations 2018) or capital markets products other than '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).

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 10 August 2021.

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 25 August 2021.

Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection (or from the date of subsequent publication (as the case may be)) from the specified office of the Paying Agent for the time being at 2, Boulevard Konrad Adenauer, 1115 Luxembourg, Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;
- (b) the audited consolidated financial statements of the Group in respect of the financial years ended 31 December 2019 and 31 December 2020 (with an English translation thereof). The Issuer currently prepares audited consolidated and stand-alone financial statements on an annual basis as well as unaudited condensed consolidated and condensed stand-alone financial statements on a semi-annual basis and unaudited condensed financial statements on a quarterly basis;
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited semi-annual financial statements (if any) of the Issuer (in each case, with an English translation thereof), together with any audit or review reports prepared in connection therewith;
- (d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Base Prospectus;
- (f) any future Base Prospectuses, prospectuses, information memoranda, supplements, Final Terms (or the Pricing Supplement, 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/financial-results/>. 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 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 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, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Material Adverse Change

There has been no material adverse change in the prospects of the Issuer nor has there been any significant change in the financial performance or financial position of the Issuer or its subsidiaries, taken as a whole, which has occurred since 31 December 2020.

Borrowing and Funding Structure

There has been no material change in the Issuer's borrowing and funding structure since 31 December 2020.

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 have been audited since 2018 by Ernst & Young Audyt Polska ("E&Y") spółka z ograniczoną odpowiedzialnością sp. k. (member of the Polish Chamber of Statutory Auditors) as the Issuer's external auditor and an unqualified opinions has been reported thereon.

The auditor's reports in respect of the financial statements for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 (incorporated by reference) 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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Ernst & Young Audyt Polska
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